



# ANNEXES

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# BUSINESS SUPPORTED TABLES

## Export credits

Destination Market	Exporter/Investor	Buyer/Airline/ Operating Lessor/Borrower	Project/goods and services	Product	Maximum Liability (£)
Angola	Elecnor Servicios y Proyectos SAU	ANGOLA, MINISTRY OF FINANCE	Rehabilitation of the Quiminha Dam and associated water and electrical infrastructure	DL LOAN (ENHANCED)	27,568,727
Angola	INNOVO PROJECTS LIMITED T/A ASGC UK LIMITED	ANGOLA, MINISTRY OF FINANCE	Upgrade of critical infrastructure in Benguela Province, Angola	BUYER CREDIT GUARANTEE	573,517,786
Canada	Airbus S.A.S.	AIR CANADA	Airbus aircraft	ASSET BASED GUARANTEE	56,774,847
Ethiopia	Airbus S.A.S.	ETHIOPIAN AIRLINES GROUP	Airbus aircraft (with Rolls-Royce engines)	ASSET BASED GUARANTEE	43,920,168
France	Airbus S.A.S.	AIR FRANCE	Airbus aircraft	ASSET BASED GUARANTEE	82,164,787
Indonesia	See Note 1	See Note 1	See Note 1	BOND INSURANCE POLICY	2,334,876
Indonesia	See Note 1	See Note 1	See Note 1	BOND INSURANCE POLICY	1,721,476
Indonesia	THALES UK LIMITED	INDONESIA, MINISTRY OF FINANCE	Air Defence Support	BUYER CREDIT GUARANTEE	31,739,404
Iraq	GCITJ BABEL LIMITED	IRAQ, MINISTRY OF FINANCE	Waste water management	BUYER CREDIT GUARANTEE	142,417,283

Destination Market	Exporter/Investor	Buyer/Airline/ Operating Lessor/Borrower	Project/goods and services	Product	Maximum Liability (£)
Iraq	GCITJ BABEL LIMITED	IRAQ, MINISTRY OF FINANCE	Waste water management	DL LOAN (ENHANCED)	135,845,534
Ireland	Airbus S.A.S.	AVOLON HOLDINGS LIMITED	Airbus aircraft (with Rolls-Royce engines)	ASSET BASED GUARANTEE	27,371,753
Israel	The Boeing Company / Rolls-Royce PLC	EL AL ISRAEL AIRLINES	Rolls-Royce powered Boeing aircraft	ASSET BASED GUARANTEE	62,835,339
Korea, Republic of	SEAH WIND LIMITED	EDG - None	Construction of a monopile facility in Teesside	EXPORT DEVELOPMENT GUARANTEE	339,444,567
Luxembourg	SUBSEA 7 SA T/A SUBSEA 7 BLUE SPACE LIMITED	EDG - None	Purchase of two offshore wind vessels and associated mission equipment	EXPORT DEVELOPMENT GUARANTEE	360,410,923
Mauritius	DINTS INTERNATIONAL LIMITED	KANU EQUIPMENT LIMITED	Supply of crushing and screening equipment	STANDARD BUYER LOAN GUARANTEE	3,355,970
Mauritius	DINTS INTERNATIONAL LIMITED	KANU EQUIPMENT LIMITED	Supply of crushing and screening equipment	STANDARD BUYER LOAN GUARANTEE	8,612,659
Netherlands	Airbus S.A.S.	AERCAP HOLDINGS N.V.	Airbus aircraft	ASSET BASED GUARANTEE	32,802,868
Peru	DINTS INTERNATIONAL LIMITED	SAN MARTIN CONTRATISTAS GENERALES S.A.	Spare parts and components for mining equipment	STANDARD BUYER LOAN GUARANTEE	8,445,913
Poland	See Note 1	See Note 1	See Note 1	BOND INSURANCE POLICY	826,919,818
Poland	MBDA UK LIMITED	POLAND, MINISTRY OF FINANCE	Air Defence System	DL LOAN (ENHANCED)	671,346,273
Saudi Arabia	See Note 1	See Note 1	See Note 1	EXPORT INSURANCE (EXIP)	990,000

Destination Market	Exporter/Investor	Buyer/Airline/ Operating Lessor/Borrower	Project/goods and services	Product	Maximum Liability (£)
Senegal	INNOVO PROJECTS LIMITED T/A ASGC UK LIMITED	SENEGAL, MINISTRY OF ECONOMY FINANCE AND PLANNING	Road construction programme in Senegal	LINE OF CREDIT GUARANTEE	181,266,985
Tanzania United Republic of	PEMBA AIRPORT CONSTRUCTION CONSORTIUM	TANZANIA UNITED REPUBLIC OF, MINISTRY OF FINANCE	Airport construction project on Pemba Island, Zanzibar	BUYER CREDIT GUARANTEE	130,216,545
Tanzania United Republic of	PEMBA AIRPORT CONSTRUCTION CONSORTIUM	TANZANIA UNITED REPUBLIC OF, MINISTRY OF FINANCE	Airport construction project on Pemba Island, Zanzibar	DL LOAN (ENHANCED)	71,424,392
Tanzania United Republic of	PROPAV AND MECCO ZANZIBAR ROAD CONSTRUCTION	TANZANIA UNITED REPUBLIC OF, MINISTRY OF FINANCE	Road construction in Zanzibar	BUYER CREDIT GUARANTEE	164,791,087
Tanzania United Republic of	PROPAV AND MECCO ZANZIBAR ROAD CONSTRUCTION	TANZANIA UNITED REPUBLIC OF, MINISTRY OF FINANCE	Road construction in Zanzibar	DL LOAN (ENHANCED)	105,964,875
Thailand	See Note 1	See Note 1	See Note 1	EXPORT INSURANCE (EXIP)	993,504
Türkiye	Airbus S.A.S.	PEGASUS HAVA TASIMACILIGI ANON PEGASUS AIRLINES	Airbus aircraft	ASSET BASED GUARANTEE	61,268,276
Türkiye	Airbus S.A.S.	TURK HAVA YOLLARI A O (THY) (TURKISH AIRLINES)	Airbus aircraft (with Rolls-Royce engines)	ASSET BASED GUARANTEE	215,467,061
Türkiye	DOGUS CELIKLER OZKAR IS ORTAKLIGI TICARI ISLETMESI	TÜRKİYE, MINISTRY OF TREASURY AND FINANCE	High-speed electric railway on the Yerköy-Kayseri route in the Ankara region, Türkiye	BUYER CREDIT GUARANTEE	355,844,144
Türkiye	ROLLS-ROYCE PLC	TURK HAVA YOLLARI A O (THY) (TURKISH AIRLINES)	Rolls-Royce engines	BUYER CREDIT GUARANTEE	25,221,917

Destination Market	Exporter/Investor	Buyer/Airline/ Operating Lessor/Borrower	Project/goods and services	Product	Maximum Liability (£)
Ukraine	BABCOCK MARINE SHIPBUILDING LIMITED	UKRAINE, MINISTRY OF FINANCE	Mine counter measure vessels	BUYER CREDIT GUARANTEE	119,376,113
Ukraine	DEFENCE EQUIPMENT SALES AUTHORITY	UKRAINE, MINISTRY OF FINANCE	Mine counter measure vessels	BUYER CREDIT GUARANTEE	168,752,314
Ukraine	DOGUS INSAAT VE TICARET A.S	UKRAINE, MINISTRY OF FINANCE	Construction of bridges	BUYER CREDIT GUARANTEE	19,045,104
Ukraine	ONUR TAAHHUT TASIMACILIK INSAAT TICARET VE SANAYI ANONIM SIRKETI	UKRAINE, MINISTRY OF FINANCE	Construction of bridges	BUYER CREDIT GUARANTEE	14,439,600
United Kingdom	BRITISH AIRWAYS	EDG - None	Non-contract specific support	EXPORT DEVELOPMENT GUARANTEE	1,022,093,464
United Kingdom	DEA AVIATION LIMITED	EDG - None	Investment in airframes, sensors, technology & skills	EXPORT DEVELOPMENT GUARANTEE	16,270,213
United Kingdom	EASYJET PLC	EDG - None	Non-contract specific support	EXPORT DEVELOPMENT GUARANTEE	1,378,375,687
United Kingdom	ROLLS-ROYCE PLC	ROLLS-ROYCE HOLDINGS PLC	Non-contract specific support	SUPPLY CHAIN DISCOUNT	395,741,818
United Kingdom	TRIFAST PLC	EDG - None	Non-contract specific support	EXPORT DEVELOPMENT GUARANTEE	48,504,220
United States	The Boeing Company / Rolls-Royce PLC	AIR LEASE CORPORATION	Rolls-Royce powered Boeing aircraft	ASSET BASED GUARANTEE	217,856,942

## Businesses supported by sector

Product Type	No Exporters	SMEs	No. Destination Countries	Maximum Liability (£)
<b>Accommodation and food service activities</b>				
Bond Support	0	0	0	-
Export Insurance (EXIP)	0	0	0	-
Export working capital scheme	0	0	0	-
General Export Facility	1	1	N/A	280,000
<b>Administrative And Support Service Activities</b>				
Bond Support	0	0	0	-
Export Insurance (EXIP)	0	0	0	-
Export Working Capital Scheme	0	0	0	-
General Export Facility	13	12	N/A	36,717,915
<b>Construction</b>				
Bond Support	0	0	0	-
Export Insurance (EXIP)	4	2	3	16,007,160
Export Working Capital Scheme	0	0	0	-
General Export Facility	7	7	N/A	22,954,765
<b>Education</b>				
Bond Support	1	0	1	1,941,604
Export Insurance (EXIP)	0	0	0	-
Export Working Capital Scheme	0	0	0	-
General Export Facility	0	0	N/A	-
<b>Financial And Insurance Activities</b>				
Bond Support	1	1	1	119,145
Export Insurance (EXIP)	0	0	0	-
Export Working Capital Scheme	0	0	0	-
General Export Facility	2	1	N/A	53,046,436
<b>Human Health And Social Work Activities</b>				
Bond Support	0	0	0	-
Export Insurance (EXIP)	0	0	0	-
Export Working Capital Scheme	0	0	0	-
General Export Facility	1	0	N/A	4,800,000
<b>Information And Communication</b>				
Bond Support	1	1	4	406,405
Export Insurance (EXIP)	0	0	0	-
Export Working Capital Scheme	0	0	0	-
General Export Facility	12	11	N/A	10,340,240



Product Type	No Exporters	SMEs	No. Destination Countries	Maximum Liability (£)
<b>Manufacturing</b>				
Bond Support	7	6	7	1,797,282
Export Insurance (EXIP)	10	9	9	74,651,291
Export Working Capital Scheme	3	3	3	1,175,319
General Export Facility	105	97	N/A	227,641,753
<b>Professional, Scientific And Technical Activities</b>				
Bond Support	1	0	2	4,903,772
Export Insurance (EXIP)	1	1	1	16,819
Export Working Capital Scheme	0	0	0	-
General Export Facility	29	25	N/A	66,075,372
<b>Transportation And Storage</b>				
Bond Support	0	0	0	-
Export Insurance (EXIP)	1	1	1	157,430
Export Working Capital Scheme	0	0	0	-
General Export Facility	3	2	N/A	10,040,000
<b>Water Supply, Sewerage, Waste Management And Remediation Activities</b>				
Bond Support	0	0	0	-
Export Insurance (EXIP)	0	0	0	-
Export Working Capital Scheme	0	0	0	-
General Export Facility	1	1	N/A	3,200,000
<b>Wholesale And Retail Trade; Repair Of Motor Vehicles And Motorcycles</b>				
Bond Support	0	0	0	-
Export Insurance (EXIP)	5	4	7	1,088,059
Export Working Capital Scheme	0	0	0	-
General Export Facility	70	68	N/A	140,458,056

## Notes

1. Details not disclosed due to reasons of commercial confidentiality.
2. SMEs counted in the Trade Finance and Insurance annex may use a product more than once or use multiple products. Therefore, the sum may not directly align with the total number of SMEs supported with a product quoted in the performance report, which is solely a count of customers supported.

## Sponsorship

UK Trade and Export Finance Forum	
HSBC	£41,000
Standard Chartered Bank	£35,000
Barclays	£25,000
NatWest	£15,000
Lloyds	£15,000
Newable	£10,000
MUFG	£10,000
Supplier Fairs	
ASGC UK	£12,000
Propav Infrastructure	£12,000



# SUSTAINABILITY OF OUR ESTATE

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

## UKEF's estate

UKEF's estate is based at 1 Horse Guards Road (1HGR), London, SW1A 2HQ. UKEF is a minor occupier of 1HGR, accounting for 8.53% of the total internal area. As landlord, the Government Property Agency (GPA) is responsible for the provision of all energy and utility services. GPA follows government procurement best practice in procuring those contracts.

## Greening Government Commitments

The Greening Government Commitments are the government's commitments to delivering sustainable operations and procurement. They aim to reduce significantly the government's environmental impact by reducing emissions of greenhouse gases, reducing waste, reducing water usage and making procurement more sustainable. UKEF has a blended approach to office working and staff are required to work at least 40% of their time from the office.



## Summary of performance

Area	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19
Estate waste (tones) – recycled	5.44	4.86	3.70	1.45	11.81	12.56
% of waste recycled	59.74%	53.62%	64.38%	59.77%	59.33%	58.89%
Water (m <sup>3</sup> )	454	1,007.00	2,437.00	626.00	2,010.00	2,149.00
Energy from estate	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19
Electricity (kilowatt hours)	471,859	525,763	468,570	363,785	454,852	451,366
Gas (m <sup>3</sup> )	237	129	64	29	404	396
Whitehall district heating system (megawatt Hours)	139	259	315	126	107	114
Water (m <sup>3</sup> )	454	1,007	2,437	626	2,010	2,149
Travel	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19
Domestic travel KgCO <sub>2</sub>	21,778	8,339	1,104	1,530	1,552	17,890
International KgCO <sub>2</sub>	1,028,318	941,688	325,304	790	1,062,262	460,800

2022/23 and 2023 2024 CO<sub>2</sub> figures include radiative forcing (RF)

While UKEF continues to facilitate meetings via Microsoft Teams, there has been an increased requirement in 2023/24 for staff to resume air travel in order to meet clients both domestically and internationally.

As a tenant of the building UKEF pays for services via a consolidated quarterly charge based on its share of occupancy. The estimated cost for utilities was around £135,000. However, this figure is subject to re-balancing charges which the Government Property Agency should confirm to UKEF in July 2024.

The cost of travel in 2023/24 was £1.1 million (note 9 of the financial statements), which includes expenses on hotels, allowances, meals, flights, trains, taxis and mileage.

Distance travelled (km)		Economy	Premium economy	Business	First	Total	2020/23 Total
Train	Domestic	155,491	-	-	-	155,491	4,045
	International	53,851	-	948	-	54,799	239
	Total	209,342	-	948	-	210,290	4,284
Flights	Domestic	59,382	-	286	-	59,668	33,949
	Short haul	250,910	896	104,610	-	356,416	383,214
	Long haul/international	106,557	58,679	1,758,100	-	1,923,336	2,183,823
	Total	416,849	59,575	1,862,996	-	2,339,420	2,600,986
<b>Total travelled (km)</b>		<b>626,191</b>	<b>59,575</b>	<b>1,863,944</b>	<b>-</b>	<b>2,549,710</b>	<b>2,605,270</b>

## Waste

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

UKEF is working with the building landlord and is committed to reducing the amount of waste generated and increasing the proportion which is recycled. 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, reducing the amount of paper consumed. Records of paper usage is not tracked.

Full details of the 1 Horse Guards Road approach to waste disposal can be found in the Government Property Agency's Annual Report and Accounts.

Waste	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19
Confidential waste	2,243.99	1,524.18	1,429.49	504.81	3,771.59	4,357.63
Toner recycling	-	-	-	-	7.15	24.48
Mixed recycling	857.44	974.77	808.58	465.17	4,162.11	3,692.10
Compostable waste	241.51	198.79	38.08	13.44	290.76	-
General non-recycled waste (incinerated)	3,662.87	4,203.88	2,047.79	974.18	8,094.00	8,771.26
Recycled waste	5,435.31	4,859.33	3,700.87	1,447.20	11,810.02	12,563.23

## Water

As part of water saving efficiencies the building landlord (GPA) have previously installed water saving taps.

## Sustainable procurement

UKEF uses existing framework agreements which have been centrally procured through Crown Commercial Services. Additionally, UKEF's facilities management suppliers have sustainable objectives and environmental policies in place, committing them to sustainable provision. As a building tenant, UKEF has no control over greenhouse gas (GHG) emissions –Scope 1 (Direct) and Scope 2 (Energy indirect).

## 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.

UKEF has control over Scope 3 emissions (business travel) and pro-actively balances the need for essential business travel versus undertaking meetings via MS Teams in order to help reduce UKEF's carbon footprint.

Type of emissions			Tonnes CO <sub>2</sub> e
Scope 1	Direct emissions from owned/controlled operations	Gas	0.04
Sub total			0.04
Scope 2	Indirect emissions from the use of purchased electricity, steam heating and cooling	Electricity	106.17
		Whitehall District Heating system	0.04
Sub total			106.21
Scope 3	Category 3 - Fuel and energy related activities	Energy indirect	84.46
	Category 6 - Business travel	Domestic and international air and train travel	1,050.00
Sub total			1134.46
<b>Total gross emissions (tCO<sub>2</sub>e)</b>			<b>1,240.71</b>

## 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 8.53%.
- Business travel gross emissions do not include journeys made by bus or taxi.
- UKEF does not operate any fleet car schemes



# 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 2019/20 through to 2023/24, along with the planned expenditure for 2024/25. The outturn and planned expenditure is recorded on the same basis as in the Statement of Parliamentary Supply beginning on page 150. They represent the spending incurred by UKEF in meeting its objectives detailed in the Performance Report beginning on page 10.

### Resource

£'000	Outturn					Plans
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Resource DEL (Admin and Prog)</b>						
Export Credits Guarantees and Investments	41,320	48,745	66,262	76,815	80,674	101,568
Shipbuilding Credits Guarantee Scheme					21	205
Total overheads					80,695	101,773
<b>Resource AME</b>						
Export credits	(135,012)	118,815	(237,240)	(189,599)	(3,234)	1,177,147
Fixed Rate Export Finance Assistance	(267)	(27)	(39)	(7)	0	0
Loans and interest equalisation	(493)	(240)	(107)	(28)	0	0
Direct lending	(81,972)	99,171	(86,579)	(113,317)	(74,963)	526,440
<b>Total</b>	<b>(217,744)</b>	<b>217,719</b>	<b>(323,965)</b>	<b>(302,951)</b>	<b>(78,197)</b>	<b>1,703,587</b>

### Capital

£'000	Outturn					Plans
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Capital DEL</b>						
Export Credits Guarantees and Investments	135	784	1,413	1,002	2,161	2,510
<b>Capital AME</b>						
Direct lending	307,710	1,109,370	457,131	129,317	430,049	1,005,402

### Resource DEL (RDEL)

For UKEF, RDEL represents the administrative cost associated with running the department (known as Administration and Programme DEL). The increase in RDEL from 2021/22 was agreed at Spending Review 2021 to allow business growth, to enable and ensure UKEF can meet higher levels of consumer and economic demand. Resource DEL expenditure has therefore increased over the 5 years to 2023/24 largely due to staffing costs, IT and project costs, overseas export managers and marketing costs and it is expected to continue to rise into 2024/25.

Additionally, the increase in 2024/25 is reflective of a Budget Adjustment, agreed with HM Treasury, where 2023/24 underspend was transferred to 2024/25 to fund the delivery of the Financial Reporting Changes and Fintech Programmes.

In 2023/24 UKEF became DBT's delivery partner for the Shipbuilding Credit Guarantee Scheme, providing support for the scheme set up and administration. Additional RDEL Administration budget was sought by UKEF via the Supplementary Estimate 23/24, however all costs are fully recharged to DBT and overall represent zero operating cost to the department.

Resource DEL outturn and plans are shown on a gross basis to allow better transparency and visibility of how the spend evolved over the period. Supply Estimates, however, show Resource DEL on a net basis. Resource DEL Admin is fully offset with AME income generated by the department.

## Capital DEL (CDEL)

For UKEF, CDEL represents the purchase of IT hardware, project related software purchases and office furniture costs. In 2023/24 CDEL spend has increased due to the capitalisation of software development costs being incurred by projects.

CDEL budget uplift in 2024/25 is reflective of the Budget Exchange, agreed with HM Treasury, where 2023/24 underspend has been transferred to 2024/25 to help with the planned delivery of the Financial Reporting Changes and Fintech Programmes.

## Resource AME (RAME)

For UKEF, RAME represents the expenditure on 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 of foreign exchange movements. RAME is shown on a net basis. As per the arrangement with HM Treasury, RAME income is used to offset UKEF operating costs (RDEL).

Estimates lines titled Fixed Rate Export Finance and Gefco loans and interest equalisation have now run off and UKEF has no further exposure remaining in this account, so the outturn is zero. For each of the last five years apart from one, RAME outturn has been negative, representing net income. The expenditure in 2020/21 arose from the impacts of COVID-19 which increased unrecoverable claims, impairments and foreign exchange losses.

In 2024/25, RAME budget has been provided for expenditure on impairments and unrecoverable claims in worst case economic scenarios, on unfavourable foreign exchange fluctuations and on support that UKEF may provide to the government of Ukraine per the Ministerial Direction (see the National Interest Section of the Performance Report).

## Capital AME (CAME)

For UKEF, CAME represents lending activity net of loan repayments. CAME outturn has increased in 2023/24 when compared to 2022/23 due to larger new loan drawings in 2023/24.

2020/21 CAME outturn was significantly higher than previous years largely because of a £700 million BAES Qatar deal drawing.

# GLOSSARY

## **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 focussed 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 HM Treasury that sets the total amount UKEF can commit to for corporate risk obligors below a minimum rating. The limit is set at £5 billion.

## **Bills and Notes Guarantee (BNG)**

A finance facility in which a guarantee is given by UKEF to lenders supplying finance to an overseas borrower buying UK goods/services where payment obligations are documented as bills of exchange or promissory notes issued by the buyer. This product is typically used for deals below £30 million.

## **Bond insurance policy (BIP)**

Insurance cover for the unfair calling of 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.

## **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.



## Common Approaches

The rules agreed at the OECD for ECA due diligence in regard 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 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.

## Expected loss (EL)

The anticipated average loss over the relevant time horizon. 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, lending, reinsurance and guarantees to exporters and banks on behalf of the state. Many ECAs have reinsurance arrangements with each other (see reinsurance).

## Export Development Guarantee (EDG)

A guarantee of up to 80% to support working capital or capital expenditure 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 help 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 export working capital facilities. We can guarantee up to 80% of the loan.

## **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 (GEF)**

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 (or drawdown) period and the repayment period.

## **Loss distribution**

A curve showing the probability of different levels of loss on UKEF's portfolio over a specific time period, generated by a risk modelling methodology agreed between UKEF and HM Treasury.

## **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.

## Maximum commitment

The maximum amount of exposure that the UKEF portfolio can reach under the HM Treasury Consent, currently £60 billion. This does not include TCRF exposure.

## 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 two 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.

## Paris Club (PC)

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

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 foreign exchange 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.

## Premium earned

Based on Accounting Standards (as note 1 to 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-to-risk ratio (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. PRRs 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 1.35.

### **Pricing adequacy index (PAI)**

Assesses the extent to which UKEF premium income is sufficient to cover both risks and costs. PAI is measured over a three-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-to-risk ratio as expected loss and a charge on unexpected loss, and costs are UKEF's admin costs.

### **Private market assist**

When UKEF engagement has had a material contribution to an export receiving support from the private sector.

### **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 (through restructuring or selling assets, for example).

### **Reinsurance**

UKEF shares risk by reinsuring it with other partners in two main ways: sharing a proportion of a 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 percentile of the portfolio loss distribution (see loss distribution). On 31 March 2023 the maximum was increased from £5 billion to £6 billion.

### **Run-off**

UKEF's risk decreases as loan repayments are made or insurance risks expire. The way in which the amounts at risk decrease is called the run-off.

### **Short-term**

UKEF's short-term products are: bond support guarantees, export working capital scheme guarantees, the General Export Facility and export insurance policies under two years.

### **Sovereign (risk)**

Risks considered as being effectively upon the state itself.

### **Standard Buyer Loan Guarantee (SBLG)**

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.

### **Stress testing**

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.

### **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)**

Takes account of the potential for actual losses to exceed the expected loss. This simply reflects the uncertainty inherent in the estimate of future losses. Calculations of unexpected loss will tend to increase if a portfolio has high risk concentrations and/or the risks in the portfolio are strongly correlated. UKEF defines unexpected loss as the difference between the portfolio expected loss and the 99.1 percentile value of the loss distribution.

### **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.