UK Export Finance

ANNUAL REPORT AND ACCOUNTS 2024/25

HC 924

UK Export Finance

Export Credits Guarantee Department (UK Export Finance)

ANNUAL REPORT AND ACCOUNTS 2024/25

Annual Report presented to Parliament pursuant to section 7(5) of the Export and Investment Guarantees Act 1991.

Accounts presented to the House of Commons pursuant to section 6(4) of the Government Resources and Accounts Act 2000.

Accounts presented to the House of Lords by Command of His Majesty.

Ordered by the House of Commons to be printed on 17 July 2025.

This is part of a series of departmental publications which, along with the Main Estimates 2025/26 and the document Public Expenditure: Statistical Analyses 2024, present the government's outturn for 2024/25 and planned expenditure for 2025/26.

HC 924

This publication is available at: gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at customer.service@ukexportfinance.gov.uk

ISBN 978-1-5286-5456-2

E03299666

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty’s Stationery Office

Contents

MINISTER'S FOREWORD

Growth is at the heart of this government's Plan for Change. And as the Chancellor said in April, 'the world is changing, which is why it is more important than ever to back our world-leading businesses'.

Rt Hon
Jonathan Reynolds MP
Secretary of State for Business and Trade, President of the Board of Trade

It's a vision that UKEF is particularly well placed to support. This year, UKEF highlighted its essential role in the government's growth mission by issuing its highest ever volume of financial support: a record £14.5 billion was provided to support 667 UK exporters. Exports are a key accelerator of growth and, from supporting large corporates and major international projects to our small and medium-sized enterprises (SMEs), enabling exports is at the heart of UKEF's role.

UKEF has achieved everything detailed in this report while returning £146 million in profit to the exchequer, highlighting its contribution towards fiscal responsibility in UK government. All this is against a difficult economic backdrop and ongoing geopolitical uncertainty. This is testament to the resilience and innovation of UK businesses and the commitment of this government to securing economic growth – of which UKEF is a crucial part.

While the headline figures are certainly impressive, we know that what's truly important is the impact this support has on the industries and communities across the country.

Critically, much of UKEF's support is going towards our priority sectors, including defence and clean energy technologies, as set out in our new Industrial Strategy. That strategy focusses on mobilising private sector investment to boost national productivity and create even more well-paid jobs. The financial backing provided by UKEF this year is already delivering on our ambitions, supporting an estimated 70,000 jobs across the UK.

To highlight one example, this year UKEF supported one of its largest ever defence deals: a financial commitment of £7.7 billion to Poland's NAREW air defence programme. That allows us to fill up the order books of suppliers in the UK's defence sector, while – just as importantly – re-affirming our partnership with a key NATO ally.

UKEF is also leading by example to unlock the UK's potential as a clean energy superpower. This year, UKEF issued £2.3 billion of financial support for clean growth transactions. From solar panels in Turkey to offshore wind in Taiwan, the impact of UK expertise can be seen globally, thanks to UKEF's backing. And closer to home, UKEF's support has helped to secure billions

Gareth Thomas MP, Minister for Services, Small Business and Exports, delivering the keynote speech at the UK Trade and Export Finance Forum

of pounds' worth of strategic investments into recycled paper manufacturer, Shotton Mill, in North Wales, and AESC's new gigafactory in Sunderland – aiding the UK's transition to net zero while safeguarding hundreds of jobs in the green export industries of the future.

For businesses of all sizes, securing financial support can be a turning point in helping them to reach their potential. I am proud of the steps UKEF is taking to enhance its offer for SMEs – the beating heart of our high streets and communities. UKEF is a key ally supporting these firms to access the finance they need to grow and export.

Over £600 million was issued directly to SME businesses this year. They continue to make up the majority of UKEF's customer base, accounting for 496 customers, 83% of which are based outside of London. The financial support provided by UKEF is vital to how the government champions prosperity and opportunity across the length and breadth of the country.

These are just snapshots of what's been done and just a taste of the difference we can make. This government is committed to backing the world-beating talent, quality and innovation found amongst UK businesses. UKEF is key to ensuring that finance isn't a barrier for businesses seeking to benefit from the enhanced trading relationships we are securing – supporting exporters to thrive in the global marketplace, and unlocking growth opportunities, which positively impacts communities across the UK. So when we invest in our businesses' export potential – everyone benefits.

June 2025

CHAIR'S STATEMENT

It has been a pleasure to work so closely with the rest of the leadership team, and to see up close the vital difference we're making to supporting the growth agenda of the government and the ambitions of businesses up and down the country.

Robert Gillespie
Chair of
UK Export Finance

UKEF was the world's first export credit agency (ECA) and is over 100 years old. Our position as a longstanding and respected industry leader, operating with the full support of government, provides enormous convening power, which allows us to promote UK businesses across the globe.

A moment of achievement this year was our involvement in securing decarbonisation agreements with fellow ECAs at COP29. By helping to create the first set of firm targets for the sector, we continued to demonstrate not only our ongoing commitment to net zero, but also the real value of collaboration.

Facilitating that collaboration is an incredibly positive aspect of UKEF's work. A great example of this was in February, when we hosted our largest ever export trade conference. Around 1,000 attendees found out firsthand how UKEF and industry partners can support the export ambitions of UK businesses.

Another aspect of that collaborative approach is our engagement with multinational financial institutions. This year we worked with household names like Santander and HSBC and partnered with French, Polish and South Korean ECAs to unlock finance in support of UK exports.

None of the ways in which UKEF benefits the UK and communities across the globe would be possible without the expertise, energy and commitment of UKEF's staff. I am grateful to all our staff for their tireless efforts.

This year we welcomed Edward Prince to the Executive Team as Director of Large Corporates & International, joining from Rolls-Royce. We also extend a warm welcome to Tom Cooper, who joined the Board in September as the representative from UK Government Investments.

It was exceptionally gratifying to see our Board member, Kim Wiehl, and 2 of our longstanding and highly respected colleagues, Patrick Cauthery and Patricia Pile, gain recognition for their efforts in the King's Honours Lists this year – congratulations to Kim and both Pats!

UKEF is very much a team effort, and the facts and figures laid out in this report are a fitting testament to the accomplishments of everyone working here.

June 2025

PERFORMANCE REPORT

PERFORMANCE OVERVIEW

This section provides a comprehensive overview of UK Export Finance, its purpose and structure, its performance relating to its strategic and financial objectives, organisational risks and focus for the year ahead.

About UKEF

Who we are

UKEF is the UK's export credit agency and a government department, strategically and operationally aligned with the Department for Business and Trade. UKEF is the operating name of the Export Credits Guarantee Department.

Our mission

We advance prosperity by ensuring no viable UK export fails for lack of finance or insurance, doing that sustainably and at no net cost to the taxpayer.
We help UK companies:

- win export contracts by providing attractive financing terms to their buyers
- fulfil export contracts by supporting working capital loans and contract bonds
- get paid for export contracts by providing insurance against buyer default

How we do it

We fulfil our mission by providing insurance, guarantees and loans where the private sector will not, backed by the strength of the government's balance sheet. We also help companies find support from the private sector. Our work means that:

- more UK companies realise their ambitions for international growth
- more jobs in the UK are supported and overall UK exports are higher

We complement, rather than compete with, the private sector and work with around 100 private credit insurers and lenders. We help to make exports happen which otherwise might not, helping UK exporters and their supply chains sustain and grow their business overseas. In this way, we provide security of support through economic cycles and market disruptions.

(next page) →
UKEF staff visiting the Siemens Gamesa site in Hull, where wind turbine blades for the UKEF-supported Hai Long offshore wind project in Taiwan are manufactured

THE YEAR IN FIGURES

£14.5 billion
financial support issued

667
exporters supported

70,000
UK jobs supported

£58.8 billion
maximum annual exposure

£2.3 billion
clean growth support issued

496
SMEs supported

THIS YEAR'S MILESTONES

2024

APRIL

- UKEF launches its Business Plan and Sustainability Strategy, putting impact at the heart of our 5-year strategic priorities
- We meet with the other G7 export credit agencies in Tokyo

MAY

- UKEF's first ever overseas oil and gas decommissioning deal: a £7 million guarantee enabling Brazilian firm Ocyan to buy cutting-edge equipment from Scottish exporters
- We guarantee a £531 million Islamic Murabaha financing facility in support of the Six Flags Qiddya City theme park in Saudi Arabia, securing export opportunities for UK suppliers, winning TXF's Middle East Export Finance Deal of the Year

JUNE

- UKEF attends the Ukraine Recovery Conference and signs a memorandum of understanding reaffirming our commitment to working with like-minded partners to support Ukraine's recovery
- Our Board Member Kimberly Wiehl is awarded an OBE for services to export credit finance and international trade in His Majesty the King's Birthday Honours List

JULY

- KBC Bank NV, London Branch becomes the latest lender to participate in the General Export Facility, increasing access to finance for small and medium-sized enterprises
- We support our largest ever offshore wind farm transaction, Hai Long, in Taiwan

AUGUST

- £2.1 million of UKEF-backed financing supports BOBST Manchester Ltd to export food packaging machinery

SEPTEMBER

- A £136 million UKEF Export Development Guarantee helps secure over £1 billion in investment to redevelop recycled paper manufacturer Shotton Mill, safeguarding 147 jobs and creating 220 more in North Wales, and aiding the UK's transition to net zero, and winning TXF's Europe Export Finance Deal of the Year
- We launch an online portal to make the export credit insurance application process more accessible for small businesses

2024

NOVEMBER

- UKEF launches the Early Project Services Guarantee to further incentivise overseas buyers to choose UK services firms to scope and design their projects
- At COP29, with fellow members of the Net Zero Export Credit Agencies Alliance, we launch the first ever decarbonisation target-setting protocols for export credit agencies and export–import banks
- We open a hub at Whitehall Quay, Leeds – our first office outside of London in almost 2 decades

OCTOBER

- In the Autumn Budget, the Chancellor announces UKEF's new Critical Minerals Supply Finance product, which will provide export credit financing for overseas projects supplying critical minerals to UK exporters, helping to secure supplies for UK industrial growth
- We publish our first ever Impact Framework, setting out how we will measure the impact we deliver for the UK taxpayer
- We close our first defence-focussed Export Development Guarantee with Chemring to support new investment in a manufacturing site in Scotland

DECEMBER

- UKEF partners with Female Founder Finance to help more women-led businesses access export finance support
- We issue our first co-financing deal with the National Wealth Fund to unlock £1 billion of investment for the construction and operation of AESC's Sunderland gigafactory
- UKEF employees Pat Cauthery and Pat Pile are recognised for their contributions to exports and public service in His Majesty the King's New Year's Honours List
- Parliament increases our statutory limit by £15 billion, creating more potential financial firepower to support UK exports

2025

JANUARY

- Rolls-Royce's Ed Prince joins UKEF's Executive Team as the Director of Large Corporates & International
- Nottinghamshire-based aerial data-acquisition firm DEA Aviation secures a 3rd financing package with our support to continue to grow its export operations
- Huddersfield-based golf technology firm MIA Sports secures a £75,000 UKEF-backed finance package to expand into the United Arab Emirates market

FEBRUARY

- UKEF hosts the 7th annual UK Trade and Export Finance Forum, attended by around 1,000 business and industry leaders
- Northern Ireland company Maxflow enters new markets after receiving a UKEF-backed General Export Facility in partnership with Ulster Bank

MARCH

- The Prime Minister announces a £1.6 billion UKEF-backed deal commitment to finance the supply of Belfast-made Thales air defence equipment to the Ukrainian Government
- We host 2 events for ethnic minority-led and female-led businesses to discuss how access to export finance support can unlock growth potential and promote inclusive trade
- The Chancellor announces a £2 billion increase to our direct lending capacity for defence exports

FINANCIAL OBJECTIVES

HM Treasury agrees a standing consent with UKEF, providing parameters within which we can operate. These parameters embed fiscal responsibility in the way we work.

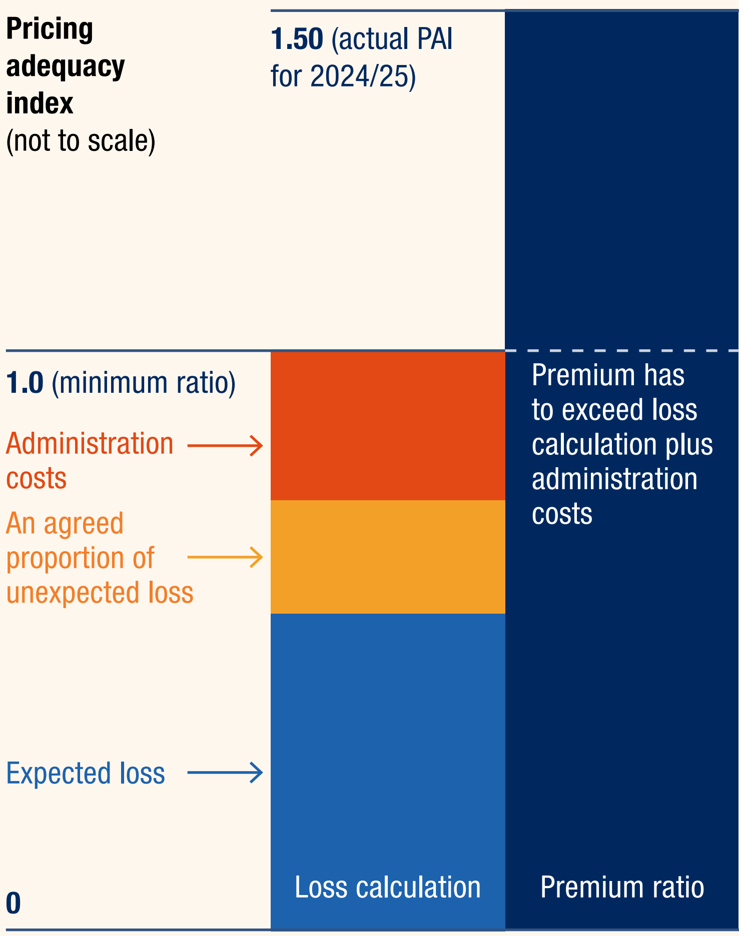
HM Treasury sets our financial objectives, which are designed to enable us to support UK exporters while making sure we:

- receive a return that is at least adequate to cover the cost of the risks we are assuming
- do not expose the taxpayer to the risk of excessive loss
- cover our operating costs

These objectives make sure we are financially responsible when taking risks while completing transactions to provide financial support that the private sector cannot.

For a fuller description of our financial objectives, risk appetite and controls, see the **Governance Statement**.

How we calculate premiums to make sure we cover costs and losses



Performance against our objectives

Objective and description	Result
Maximum commitment This measure places a cap on the maximum amount of nominal risk exposure (i.e. the total amount of taxpayers' money that we may put at risk)	**Met:** The highest recorded maximum exposure in the year was £58.8 billion, against a maximum permissible level of £60 billion.
Risk appetite limit This limit places a constraint on our appetite for risk at the 99.1 percentile of our estimated portfolio loss distribution.	**Met:** The 99.1 percentile of our portfolio loss distribution did not exceed £3.4 billion against a maximum permissible level of £6 billion.
Reserve index This index ensures that, over time, we have accumulated enough revenue to cover possible losses, to a 77.5% level of confidence.	**Met:** The reserve index did not fall below 2.23 in the year, against a target minimum of 1.00.
Pricing adequacy index This index tests whether, over time, we earn enough premium income to cover all our risk and operating costs. It is measured over 3 different periods:	
Past 2 years and present year	**Met:** At 31 March 2025 this index was 1.50, against a monthly minimum target of 1.00.
Previous, present and next year	**Met:** This index did not fall below 1.46 against a monthly target minimum of 1.00.
Present year and next 2 years	**Met:** This index did not fall below 1.42, against a monthly target minimum of 1.00.
Premium to risk ratio This measure ensures that each year, we charge enough premium to cover the cost of risk, together with a sufficient margin to contribute a material amount to administrative costs.	**Met:** This ratio did not fall below 2.18, against a target minimum of 1.35.

These financial objectives only apply to business issued since 1991. There are no specific financial objectives for outstanding exposure on business we supported before 1991, other than to recover amounts owed to UKEF while taking account of the government's policy on debt forgiveness.

Our maximum commitment objective applies to all 3 of our active accounts. Our other financial objectives only apply to the Guarantees and Insurance Account and Direct Lending Account.

For fuller descriptions of our accounts, see the **Performance Analysis**.

CHIEF EXECUTIVE'S STATEMENT

Throughout the past year, our priority has been delivering on the government's growth mission. Our topline figures show that it was a successful year for UKEF – we mobilised finance at scale to drive growth and impact across the UK.

Tim Reid
Chief
Executive Officer

During 2024/25, we:

- provided a record £14.5 billion of support to 667 businesses of all sizes and types
- supporting up to 70,000 jobs in communities across the UK
- supporting the contribution of up to £5.4 billion to the overall economy

UKEF is delivering against our Business Plan, launched at the beginning of this financial year. This plan revolves around 5 objectives against which we can measure our success:

1. Catalyse UK trade through UKEF's world-leading export finance and insurance offer
2. Significantly increase the number of SMEs that benefit from UKEF's support
3. Support a broad range of businesses to export, driving local and inclusive growth across all regions of the UK
4. Position UK exporters and suppliers at the heart of the global low-carbon transition
5. Use our finance in developing markets to create positive impact on communities overseas and in the UK

Those objectives are underpinned by 5 strategic enablers, designed to steer how we deliver on our objectives:

- putting our customer at the heart of everything we do
- ensuring we have the right digital and data solutions to inform our activities
- being purposeful and responsible with our risk taking
- ensuring UKEF is an agile, fit-for-purpose organisation
- making UKEF the best place to work for our people

Our activity over the past year has focussed on delivering these objectives and contributing to our mission of ensuring that no viable UK export fails for lack of finance or insurance. The general election in July 2024 brought a new government to the UK, which has endorsed our Business Plan objectives, recognising that these directly feed into the government's priority to kickstart economic growth.

Tim Reid attending the G7 ECA Heads meeting in Tokyo

As our progress across these 5 objectives shows, UKEF has made a significant contribution to this mission, and demonstrated that it has an important role to play in the success of the UK exporting community – all at no net cost to the taxpayer.

For the first time we're including specific details about that progress in this annual report – see **Our Impact** for more information.

The year in review

Catalyse UK trade through UKEF's world-leading export finance and insurance offer

UKEF's domestic and international support helps drive demand for UK exports, while also providing the increased lending capacity to support new exporters and build domestic export capability.

This year has seen unprecedented demand for our support from both new and existing customers. As a result, we sought Parliamentary approval for our statutory commitment limit to be raised. By getting the necessary statutory instruments passed – with unanimous cross-party support – that limit has now been raised by around £15 billion.

In a similar vein, the Chancellor's Spring Statement included a £2 billion increase in our direct lending capacity specifically to the defence sector. Direct lending is the government's only sovereign-to-sovereign lending tool.

This increase will boost the competitiveness of the UK defence industry and allow UK exporters to grow their business through sales to our allies around the world, while supporting the government's plan for strong and resilient growth.

Another key to achieving growth across the UK's priority industrial sectors is securing access to critical minerals. These are essential for key export sectors such as the automotive, aviation, and defence industries, as well as sustainable technologies like electric vehicles, solar panels, and wind turbines.

Our new Critical Minerals Supply Finance product, announced by the Chancellor in the Autumn Budget, is designed to make sure our industries can secure a stable, long-term supply of both raw and processed materials.

And in November, we launched our new Early Project Services Guarantee. This product is designed to help the UK's strong engineering, design, and technical services industry to secure international contracts by offering attractive financing to overseas buyers.

All of this shows, not only how demand for our core service continues to grow, but how our agile approach enables us to evolve our products and services, in line with both our customers' needs and the market gaps we identify in discussion with our stakeholders.

Significantly increase the number of SMEs that benefit from UKEF's support

This year, we continued to increase our backing for SMEs: supporting 496 SMEs across a range of sectors.

SMEs can often struggle to gain the financing they need to scale up, but we have bold ambitions for increasing how many we help. This means continuing to target a broad range of businesses, enhancing our Digital, Data and Technology offer, and continuously expanding our customer base to reflect the strength and depth of UK exporting businesses.

Our General Export Facility (GEF) remains our most popular product. Aimed at SMEs, it provides firms with the flexible trade finance they need, and it accounted for 81% of all facilities we issued this year. In 2024/25 we provided £771 million in working capital support across 632 individual GEF transactions – mostly for SMEs.

Since accessing finance can be particularly challenging for firms with turnover under £10 million a year, we have unveiled a range of initiatives to improve our support for this portion of the business community. These include launching a new online portal for export insurance applications and onboarding new lenders for the GEF (including non-bank lenders) to reach new customers.

And behind the scenes, we have been designing and building a variation of our export credit insurance policy, which will be available from 2025/26. Designed for small exporters, the Small Export Builder will offer UK exporters a fast-track route for insuring low-value shipments.

Support a broad range of businesses to export, driving local and inclusive growth across all regions of the UK

Entrepreneurial talent can be found everywhere in the UK, so I'm pleased that 81% of all of the companies we worked with were based outside London. That percentage increases to 83% when focussing only on SME customers. We know that UKEF's support can act as a catalyst for growth and prosperity throughout the UK, so we're proud that the companies we support come from a diverse range of regions and nations.

One of the ways we're able to do this is through our Export Development Guarantee (EDG), which unlocks working capital finance for UK businesses to support their export growth. We used the EDG to provide £853 million of support this year, bringing the total value of our EDG portfolio to £6.9 billion.

Our EDG played a crucial role in securing £225 million of additional investment for SeAH's wind technology factory in Teesside. The ongoing project has already generated significant contracts for the UK supply chain in manufacturing, construction, and logistics. It will also create up to 750 jobs by 2027 – a major milestone in the development of a thriving offshore wind and renewables industry in North-East England.

And in March, I hosted the Northern Women in Business Reception in Leeds, which we organised with the Women's International Network. Attendees included representatives from several female-led firms we have already supported, including toy manufacturer Slime Party, aerial data-acquisition company DEA Aviation and distillery Spirit of Yorkshire.

This year, we measured the number of female-led businesses we supported for the first time: they accounted for 18% of our SME customers. We are focussed on increasing this proportion year-on-year through the life of our Business Plan.

Position UK exporters and suppliers at the heart of the global low-carbon transition

In our first full financial year since the launch of our Sustainability Strategy in April 2024, we have made progress towards providing £10 billion in financing for clean growth projects by 2029, with £2.3 billion issued in the past year alone.

UKEF is a leader in clean growth finance, putting UK exporters at the heart of the global low carbon transition – but the path to net zero is not one we can plot alone. This is why, at COP29, we secured agreement to decarbonisation target-setting protocols from like-minded export credit agencies (ECAs). This will help our fellow ECAs and export–import banks implement their own targets so we all make meaningful progress towards net zero, together.

That move complements our experience in financing green projects, most notably in offshore wind. This year we built on our clean growth sector experience in the Asia–Pacific region by issuing guarantees worth £1.2 billion to support the construction of 3 offshore wind farms in Taiwan. These deals will unlock millions of pounds' worth of export contracts for UK businesses and bolster the UK's position as a clean energy superpower.

We also issued a £96 million loan guarantee to enable the construction of Turkey's 2nd-largest solar project to date, in collaboration with the Polish ECA, KUKE. This will power 65,000 households with renewable energy and support UK jobs in the renewable-energy sector supply chain, particularly in the Midlands.

Aviation remains a pivotal sector for the UK economy and aviation financing is a significant part of UKEF's portfolio, accounting for 18% of our exposure for 2024/25. While it remains one of the hardest-to-abate sectors in the global low-carbon transition, we are committed to helping the aviation sector decarbonise.

This year, we provided £749 million in financial support, all focussed on new generation, more fuel-efficient aircraft. This included a loan to Ethiopian Airlines so they can purchase 4 Airbus A350-1000s. Powered by the world's most efficient large jet engines – which, like the planes' wings, are built here in the UK – this new fleet is an example of how we're backing UK expertise.

Use our finance in developing markets to create a positive impact on communities overseas and in the UK

While our focus is on supporting UK businesses, UKEF's reach and impact is truly global. Africa remains one of our largest global markets, accounting for 19% of our overall exposure. We issued £262 million in new support this year for a range of transformational projects in Sub-Saharan Africa.

For example, at the West and Central Africa Trade and Investment Forum in December, we announced an £85 million deal, involving British exporter Incatuk Limited, to improve 15,000 hectares of grassland, lay new roads for herders, establish new agricultural facilities and improve soil quality in Cameroon.

We also remain highly engaged in the Middle East, providing £803 million in support this year, reflecting the region's enormous growth potential. This includes a £29 million direct loan to the Iraqi Ministry of Interior so it can buy 62 British-made fire-fighting vehicles, supplied by Emergency One in Ayrshire and Angloco in Batley.

Another milestone was our first-ever transaction in Uzbekistan, guaranteeing a loan so that Scottish firm, Weir, can supply specialist machinery for one of Central Asia's largest copper production facilities.

Initiatives like these not only promote trade and economic growth but can also align with the United Nations' Sustainable Development Goals by supporting environmental sustainability, social equity, and improved infrastructure. By directing our support towards projects that foster sustainable growth, we are committed to making a positive impact on local communities worldwide while creating export opportunities for UK suppliers.

These overseas projects would be impossible without our specialist network of Country Heads, which expanded to 23 this year, with new hires in Canada and Turkey.

Handling public money responsibly

In 2024/25, we remained subject to the 2021 Spending Review settlement. Along with all government departments, this year UKEF fed into the 2025 Spending Review, which the Chancellor announced to Parliament in June 2025.

UKEF complements, rather than competes with, the private market. Our support plays an important role in de-risking transactions to enable UK exports to thrive. This means we often work in markets or segments of the UK exporting industry with heightened risk profiles – for example, underwriting deals in emerging markets in which economic and political instability can feature prominently – and finding novel ways to support new and innovative UK businesses to build a larger international track record.

This means taking on risk on behalf of the exchequer and, by extension, being prepared to pay out on losses and claims. Being purposeful and responsible with our risk taking is one of our strategic enablers, ensuring that we take the right risks to meet our objectives. As well as the regular due diligence carried out by our specialist in-house environmental, social, human rights, legal, compliance, and financial crime teams, UKEF carefully and proactively analyses risk, including strategic risk, and manages its portfolio and claims. This is part of our continuing commitment to ensuring that the deals we support are conducted in the right way.

The record value of business issued this year has expanded our portfolio, which naturally means more exposure to risk. Meanwhile, the global credit risk environment has become more uncertain. UKEF's dedicated risk management team diligently monitors the impact of global events and policy on our portfolio, in line with our risk management framework, to secure the best possible outcomes for the taxpayer and maintain the confidence of our ministers.

For more information, see the **Chief Risk Officer's Commentary** and **Economic Context**.

This year, there has been an increase in business supported through our National Interest Account on the written instruction of ministers, primarily for the large NAREW defence transaction in Poland, which has significantly increased the percentage of our portfolio concentrated in Europe.

We are committed to supporting the government's foreign policy aims and continue to operate under ministerial direction to remain open for business in Ukraine. The Defence Export Support Treaty, signed in July, reaffirmed UKEF's commitment to supporting Ukraine's defence against Russia's invasion.

We anticipate more National Interest Account activity in the coming financial year, following the Prime Minister's announcement in March that Ukraine will use £1.6 billion of UKEF-backed financing to buy more than 5,000 Belfast-built air defence missiles.

Building on the substantial support UKEF has provided to date, this new financing will be vital in defending Ukraine's critical infrastructure, while also creating 200 new jobs in the UK defence sector. For more about this, see the **National Interest Account** chapter.

Making UKEF a great place to work

Since becoming CEO in 2023, I have been clear that it's our people who drive our mission and achieve our goals – and our successes this year could only have been achieved with the hard work and dedication of our diverse workforce. Everyone at UKEF plays a vital role in creating significant impact for businesses and communities in the UK and beyond. Our values of taking responsibility, excelling together, respecting all, and making a difference drive our work across the department.

Attendees at the Northern Women in Business Reception listen to a panel discussion on access to finance for women-led businesses

This is the first year of our new People Strategy, designed to raise and maintain employee engagement. The first step is accurate measurement, and I am proud that in this year's People Survey, our people reported engagement at 71%, compared with 70% the previous year, and 64% across the Civil Service as a whole. This puts UKEF's People Survey engagement in the Civil Service's high performing category.

Although UKEF is among the smallest government departments, we have successfully expanded our presence beyond Whitehall by establishing a new office in Leeds. The office has capacity for 25 UKEF staff, and is co-located with the National Wealth Fund, encouraging more cooperation among public finance institutions. Through this new workspace, we aim to draw in new people from the broader Yorkshire area, expanding our local talent pool.

Looking ahead

As we move to the 2nd year of our Business Plan, our commitment to fostering growth, supporting UK exports, and empowering businesses of all sizes remains unwavering.

I look forward to continuing to work closely with the UKEF Board to deliver our objectives. I would like to thank my fellow members of the Executive Committee for their ongoing leadership and dedication to supporting staff and providing a world-class service to our customers and stakeholders.

Effective from 1 April 2025, HM Treasury has increased our maximum commitment limit from £60 billion to £80 billion, ensuring we can continue to negotiate support for the commitments in our pipeline and deliver on government objectives set out in the Industrial Strategy and Trade Strategy.

Looking ahead to 2025/26, we recognise the heightened global uncertainty driven by a rapidly evolving picture on tariffs, continuing conflict in Ukraine and the Middle East, and debt vulnerabilities in emerging and developing markets. UKEF has over 100 years of experience in supporting UK exports through economic turbulence; I am confident about the opportunities that lie before us and the positive impact we can continue to have on the UK economy.

Tim Reid
Chief Executive and Accounting Officer

8 July 2025

PERFORMANCE ANALYSIS

The Performance Analysis details our performance in the following areas: strategic objectives, financial review, risk management, and Task Force on Climate-related Financial Disclosures.

It also reviews the global economic context, which can have an impact on our performance. To make sense of this information, it is useful to understand how UKEF operates.

How to understand UKEF's performance

UKEF is a self-funding and income-generating department. Still, our financial performance is best viewed over the business cycle, not just against a single year. This is because our business involves supporting loans that can take more than 10 years to repay, and losses from unrecovered claims can take many years to assess. Thinking in these terms will give you a better view of how we're performing.

As you read through the rest of the Performance Analysis, you will also encounter various performance metrics and account descriptions. These include our headline metrics, such as the maximum liability of new business supported in the year and the premium income we've earned to protect the department against the risk of loss. These metrics have been consistently and reliably reported over time, showing trends in UKEF's support and providing a measure of our output.

Members of our Business Group visiting JCB to learn about their hydrogen-powered combustion engine

Our accounts

UKEF operates 6 accounts, each defined by the nature of business supported by the department. Three of the 6 accounts are active and 3 are closed, with old exposure running off.

Each of our active accounts plays a crucial role in helping us achieve our financial objectives and fulfil our mission to support UK exports. While our closed accounts are no longer active, they provide useful historical context for understanding our evolution over time.

Active accounts

Account name	Account description
Guarantees & Insurance Account	Relates to the credit risk arising from guarantees and insurance issued by UKEF for business since April 1991.
National Interest Account	Relates to guarantees, loans and insurance issued for business since April 1991 on the written instruction of ministers, which UKEF's Accounting Officer had advised did not meet normal underwriting criteria.
Direct Lending Account	Relates to the provision of direct lending (in the normal course of business) since it was introduced in 2014.

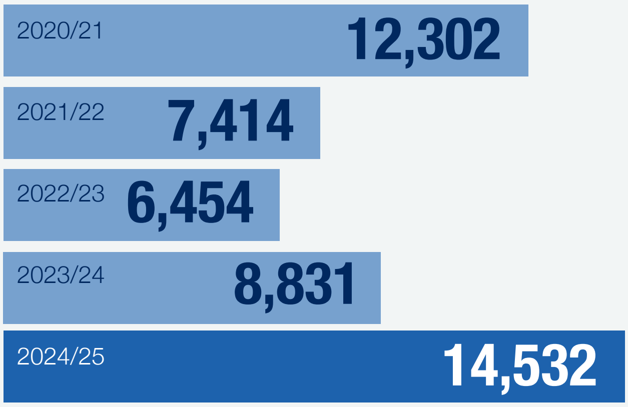
Closed accounts

Account name	Account description
Pre-1991 Guarantees & Insurance Account	Relates to guarantees and insurance issued for business before April 1991, and insurance issued by the Insurance Services Group of UKEF (which was privatised on 1 December 1991) for which UKEF retains all contingent liabilities.
Fixed Rate Export Finance Account	Relates to the provision of Fixed Rate Export Finance (FREF) to banks (closed to new business since 31 March 2011), together with arrangements for reducing the funding cost of FREF loans and for certain interest rate derivative arrangements. UKEF has no exposure remaining in this account.
Temporary COVID-19 Support Account	Relates to all new business underwritten and booked under the Temporary COVID-19 Risk Framework from opening on 2 April 2020 to when it closed to new business on 31 July 2022.

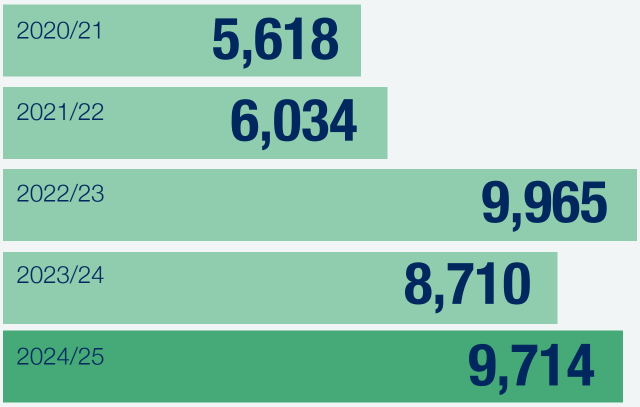
FIVE-YEAR SUMMARY

FINANCIAL INDICATORS

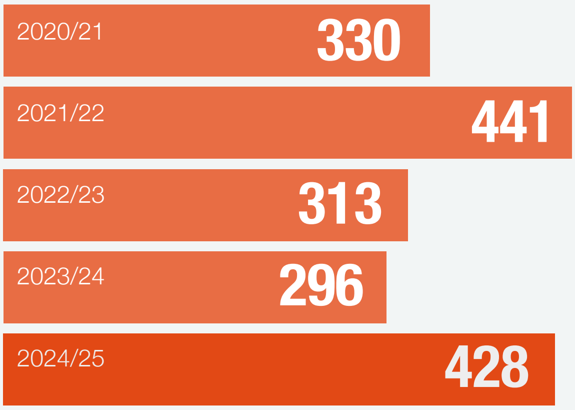
Business Supported (£m)



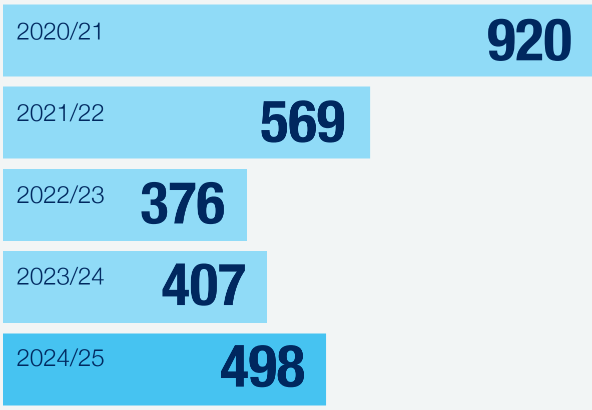
Value of Commitments (£m)



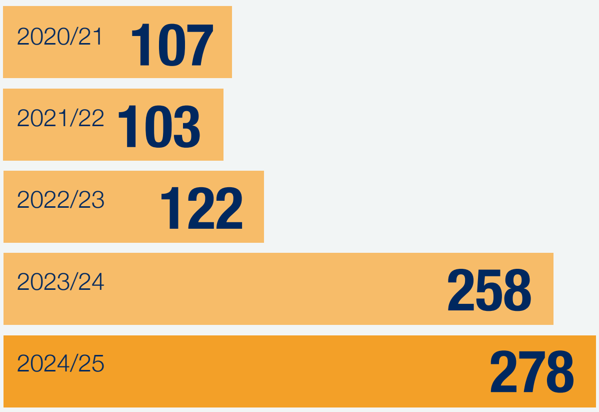
Premium Income Earned (£m)



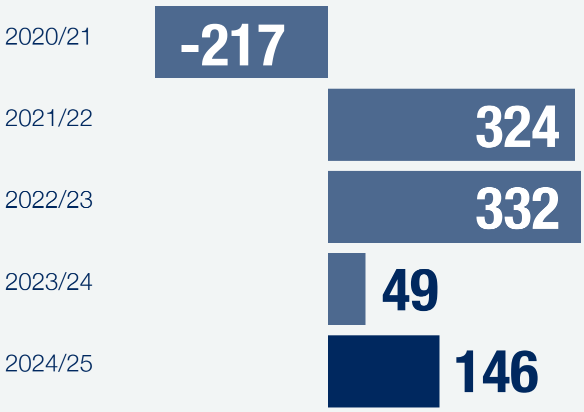
Premium Income Issued (£m)



Claims Paid (£m)

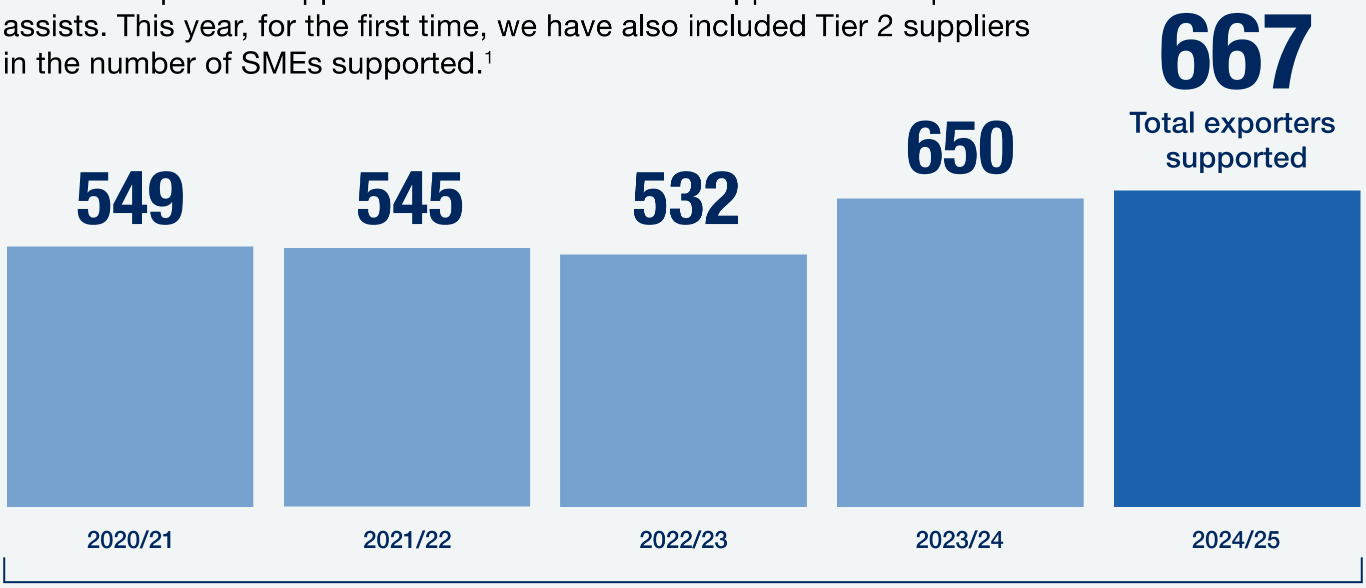


Net Operating Outturn (£m)

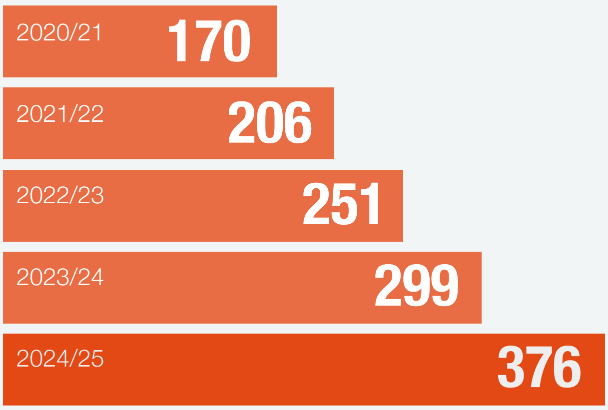


HOW OUR SUPPORT FOR EXPORTERS BREAKS DOWN

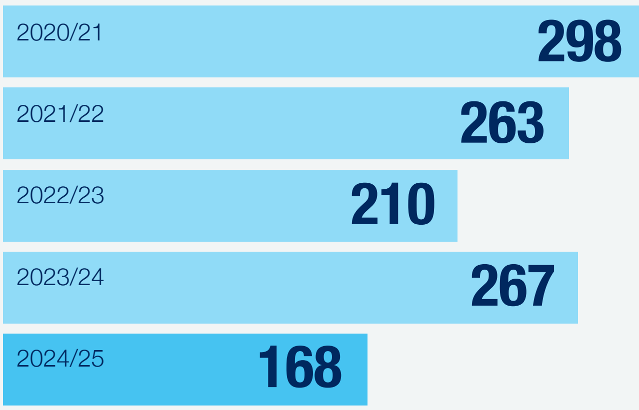
As well as the exporters we have directly supported with a product, our count of exporters supported also includes Tier 2 suppliers and export assists. This year, for the first time, we have also included Tier 2 suppliers in the number of SMEs supported.[1]



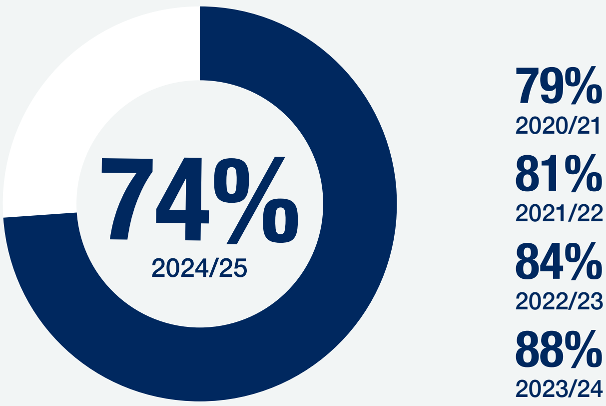
Of which
direct support under a UKEF product



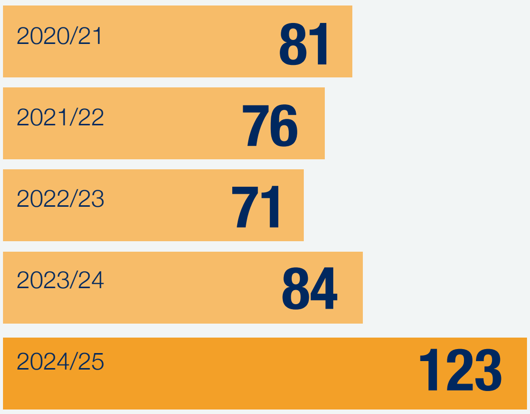
Of which
Tier 2 suppliers



Of which
SMEs %



Of which
export assists



1 UKEF Glossary of terms, July 2025. [gov.uk/government/publications/ukef-annual-report-and-accounts-2024-to-2025-by-section/glossary-of-terms]

OUR IMPACT

UKEF provides billions of pounds of financial support each year, supporting UK businesses to tap into global export opportunities and helping to catalyse growth.

It is important to be both transparent and accountable about this support. That's why this year we are – for the first time – reporting progress against our Business Plan. This showcases both what we've achieved so far, and how we plan to build on it in the future.

Our comprehensive 5-year Business Plan is informed by a recently published Impact Framework, so we can demonstrate how we are bolstering the economy and meeting government objectives.

Delivering impact is at the heart of our mission: to advance prosperity while making sure no viable UK export fails for lack of finance or insurance. We aim to achieve that sustainably and at no net cost to the taxpayer.

Launched in 2024, our Impact Framework provides a series of measurable indicators that track and report on the difference we are making across communities in the UK and around the globe. These are grouped around the themes of **prosperity**, **public policy**, and **sustainability**.[2]

This framework guides our work, making sure our stakeholders are confident in the benefits of UKEF support.

2 UKEF is also committed to fiscal responsibility. See **Financial Objectives** and the **Chief Finance and Operating Officer's Commentary** for more information.

HIGHLIGHTS

£5.4 billion
impact on economic activity

41
countries reached by UKEF-supported exports

2
new products launched

70,000
UK jobs supported

In our 5-year Business Plan, we set 5 objectives to empower UK businesses, drive local growth and create global impact. We can now report against our objectives in ways that are both meaningful and measurable. This will help us better understand the impact we have, and will further inform future decisions and strategies that will keep our offer as relevant and effective as possible.

Prosperity

Supporting economic growth and jobs

1. Catalyse UK trade through UKEF's world-leading export finance and insurance offer
2. Significantly increase the number of small and medium-sized enterprises (SMEs) that benefit from UKEF's support

Public Policy

Contributing to wider public policy priorities

3. Support a broad range of businesses to export, driving local and inclusive growth across all regions of the UK[3]

Sustainability

Promoting the low carbon transition

4. Position UK exporters and suppliers at the heart of the global low-carbon transition
5. Use our finance in developing markets to create positive impact on communities overseas and in the UK

2024/25 was the first year of delivering the new Business Plan. We have made significant progress against our objectives this year.

UKEF and other ECAs visit to a Taiwanese offshore wind farm project

We have achieved more than 40% of our 2029 ambition for objective 1, engaged a wide range of diverse business leaders across the UK (objective 3), and issued £2.3 billion in clean growth financing (objective 4) – to name a few.[4]

But we know we can go further – so here we outline our priorities for 2025/26. Given the ever-changing global trading environment in which UKEF operates, we have committed to reviewing progress against our 5-year Business Plan ambitions at the end of 2025/26, and will adjust our approach where required.

3 UKEF defines a 'female-led business' as a business in which at least half of the registered company directors are female. UKEF's female-led business statistics have been generated using a database of publicly available and self-reported information about companies (collected via Companies House), cross-referenced with UKEF's list of SME customers. Businesses will only be included in the final statistics where their directors' gender balance is publicly known.

4 In 2024/25, UKEF supported an extension to an existing facility issued in 2023 for SeAH Wind UK, providing an additional £213 million of new financial support. Because of how UKEF records the business it supports, amendments to existing facilities are not included in our calculation of how much new financial support we issued this year, nor in our Business Supported annex. For the purposes of our impact reporting, we have included the SeAH Wind UK facility extension in our calculations for Objectives 1 and 4 and our economic impact analysis.

1 Export growth

Catalyse UK trade through UKEF's world-leading export finance and insurance offer.

Achievements in the year

Supporting renewable energy exports

We issued **£184 million** in guarantees to support the financing of Taiwan's 495 megawatt Fengmiao 1 offshore wind farm, our 6th offshore wind project in Taiwan, and securing **£55 million** in UK contracts for the manufacturing and services industries.

Our Statutory Limit

Our legal capacity was increased by around **£15 billion**, laying the foundation for UKEF to extend more support for UK exporters in coming years.

Progress against our 5-year milestones

→ Support UK firms to win over **£12.5 billion** of export contracts by 2029[5]

2024/25: **£12.5bn**

42%

£5.2bn

→ Enable **£5 billion** of finance to help exporters build their capability by 2029[6]

2024/25: **£5bn**

40%

£2bn

5 Value of export contracts are measured by UK content associated with the medium/long-term support provided by UKEF in each financial year. See "UKEF's approach to foreign content" for further details of how UK content is measured. [gov.uk/government/publications/ukefs-approach-to-foreign-content/ukefs-approach-to-foreign-content]

6 Value of financing to build exporters' capability is measured by the value of the loan facilitated by UKEF's guarantees that are not tied to specific export contracts. This includes the General Export Facility, Export Development Guarantee and Supply Chain Discount Guarantee.

Looking ahead

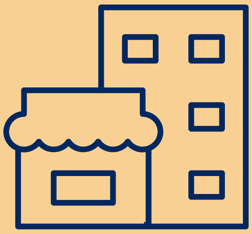
1. Expand UKEF's offer in Industrial Strategy growth sectors and maintain our long-term portfolio growth.
2. Further enhance UKEF's financial firepower via an increase in our maximum commitment limit from 2025/26.

2 SME growth

Significantly increase the number of SMEs that benefit from UKEF's support.

Progress against our 5-year milestones

→ Support **1,000 SMEs** per year by 2029



2024/25:

496

SMEs

Of which:

115 supported via export assists

83 Tier 2 suppliers

298 supported with a UKEF product

Looking ahead

Continue to broaden the range of financing partners we work with to increase the reach of our offer to SMEs.

Executive Committee members visit Rosehill Polymers in Sowerby Bridge

Achievements in the year

Digital solutions

We launched an **online portal** to streamline credit insurance applications. By removing PDF forms from the process, it makes it easier and faster for businesses, particularly SMEs, to secure government-backed export insurance.

Impact over time

Using financing first issued through the General Export Facility in 2023, West Yorkshire-based SME Rosehill Polymers expanded their global reach to **9 new export markets** in 2024/25. They opened a new factory in Sowerby Bridge, with around 100 staff, while also offering apprenticeships.

3 Inclusive trade

Support a broad range of businesses to export, driving local and inclusive growth across all regions of the UK.

Achievements in the year

Breaking barriers

In partnership with Business Insider, we hosted the Empowering Ethnic Minority Businesses panel in March. The event brought together industry leaders to discuss barriers faced by ethnic minority-led businesses (EMBs). In the year ahead, we will take a qualitative approach to assessing our impact on this portion of the business community. We will engage directly with EMBs to address challenges, build trust, and make sure our offer meets the needs of these underserved businesses.

Progress against our 5-year milestones

→ Measure the **number of underserved businesses** we support. We're committed to increasing the proportion of the underserved businesses we support year-on-year

2024/25:

18% **of the SMEs we supported this year were female-led businesses.**

→ Maintain a minimum of **80% SMEs we support based outside of London** over the 5-year business plan period

2024/25:

83% **of SMEs supported outside of London**

Looking ahead

Maintain our support for exporters around the country, and better target our engagement with ethnic minority- and female-led businesses, by addressing barriers like trust, awareness, and attitudes to debt.

4 Clean growth and transition

Position UK exporters and suppliers at the heart of the global low carbon transition.

Progress against our 5-year milestones

→ Provide **£10 billion** of clean growth finance to accelerate the UK's green export sector by 2029

2024/25: £10bn

23%

£2.3bn[7]

7 Value of support in transactions defined as business aligning with the use of proceeds categories set out in the International Capital Market Association's (ICMA) Green Bond Principles.

Looking ahead

Enhance the suitability of UKEF's offer for transition and clean growth financing in line with the government's wider Industrial Strategy.

Achievements in the year

Clean growth superpower

Our support helped AESC secure **£1 billion** of investment into the group's 2nd gigafactory in Sunderland. This is the first time UKEF has issued a financial guarantee alongside the National Wealth Fund. When operating at full capacity, the plant will represent an almost 6-fold increase on the UK's current gigafactory capacity – powering up to **100,000 electric vehicles** each year and playing a significant role in the decarbonisation of the UK automotive industry.

International partnerships

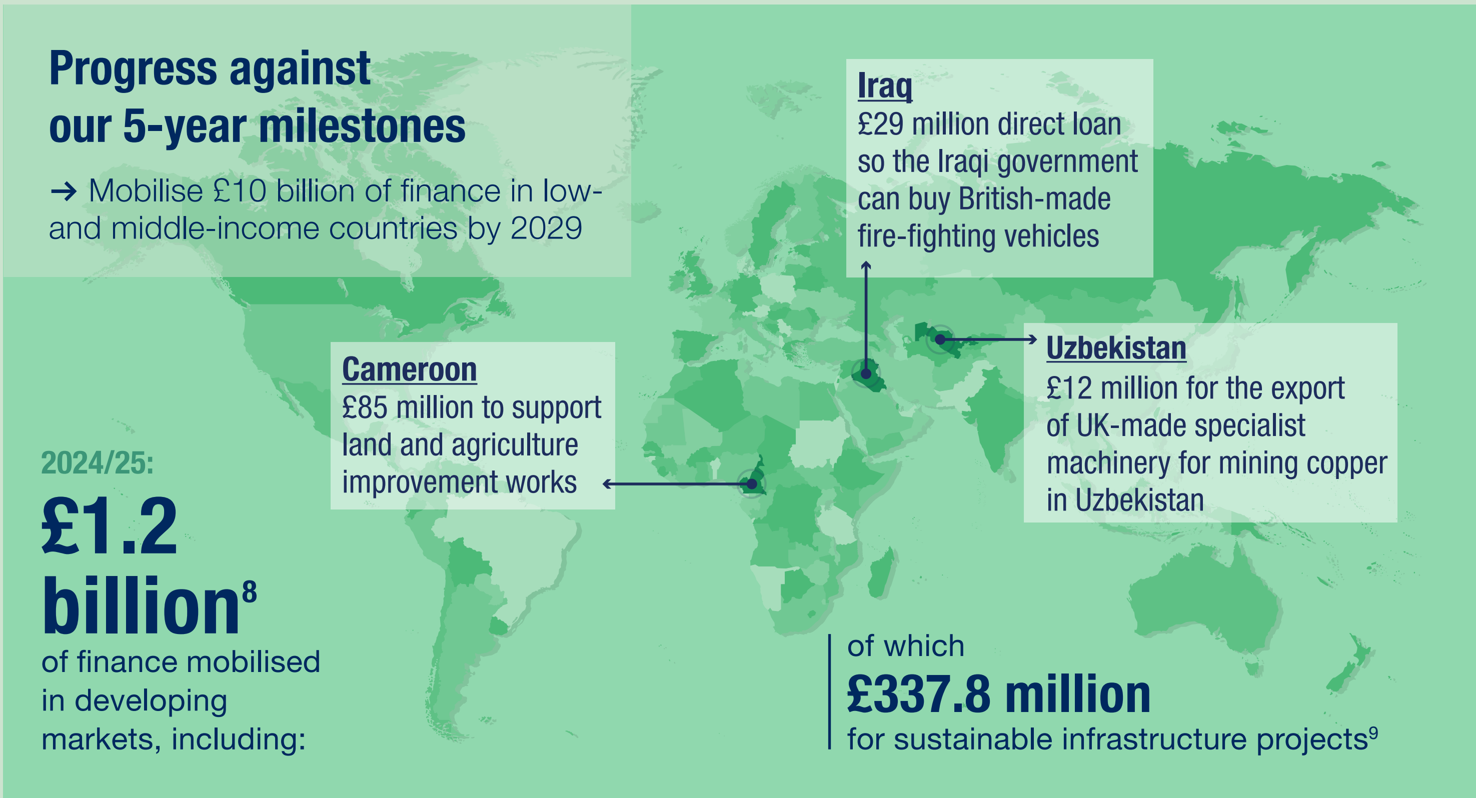
We signed a partnership with Chilean economic agency CORFO to unlock new financing for Chile's green hydrogen sector, with over **£5 billion** in UK export credit support available. The agreement aims to boost liquidity in Chile's renewables sector while creating significant export opportunities for UK cleantech firms.

5 Developing markets

Use our finance in developing markets to create positive impact on communities overseas and in the UK.

Progress against our 5-year milestones

→ Mobilise £10 billion of finance in low- and middle-income countries by 2029



2024/25:

£1.2 billion[8]

of finance mobilised in developing markets, including:

of which

£337.8 million

for sustainable infrastructure projects[9]

Looking ahead

1. Leverage the government's global network to increase the opportunities for UK exporters in developing markets, where there's demand for our support.
2. Explore ways to capture our positive contribution to employment in communities in destination countries through the overseas projects we finance.

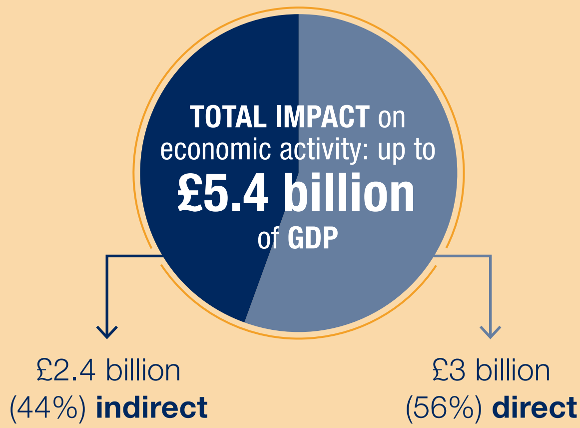
Financing projects in developing markets overseas can drive progress towards the United Nations' Sustainable Development Goals (SDGs). Through our international network, we identify projects and supply chains with positive SDG-related impact. This year, we have been trialling an assessment to track the SDGs we contribute towards, and measuring that impact qualitatively.

Supporting employment and economic growth in the UK

The business issued by UKEF in 2024/25 is expected to support the contribution of up to £5.4 billion in GDP and support up to 70,000 UK jobs.[10] GDP measures the overall value of goods and services produced in the economy. Our estimate captures how the exporters we support contribute to the economy in 2 ways:[11]

directly Facilitates exports, encouraging employment and economic activity through the businesses it supports.

indirectly Facilitates economic activity and employment via the supply chains of those businesses.



The loans, insurance, and guarantees issued by UKEF in 2024/25 is estimated to support

up to **70,000**

UK FTE jobs

38,000 direct

31,000 indirect

* This estimate assumes a typical double-decker bus can carry around 80 passengers

8 Value of financing to ODA eligible low- and middle-income countries.
9 See **TCFD report** for more information on our methodology.
10 Jobs are measured in terms of full time equivalent (FTE) units which count employed people in a consistent way based on the number of hours worked per week. As our support is drawn over multiple years, these supported FTE jobs may occur over numerous years. Figures may not add up precisely because of rounding (we round to the nearest 1,000 for FTE jobs and the nearest £0.1 billion for GDP).
11 UK Export Finance. [Economic impacts of our support 2024/25. gov.uk/government/publications/uk-export-finance-economic-impacts-of-our-support-2024-to-2025]

ECONOMIC CONTEXT

Global growth stabilised over 2024/25, with robust expansion in the United States and improved momentum in large emerging markets including China. Geopolitical tensions and trade restrictions increased, offset against moderating global energy prices and the start of monetary policy loosening. Global public debt levels have continued to increase.

Global economic growth remained stable in 2024, albeit still below its pre-pandemic trend. This stability was underpinned by rising real incomes and lower nominal interest rates, which supported consumer spending.

Growth proved particularly strong in the US, where private consumption levels consistently surpassed forecasters' expectations throughout 2024. Growth in Europe remained below the US, hindered in part by persistently high energy prices, with European gas prices about 5 times as high as in the United States, versus twice as high before the pandemic. In China, an acceleration in exports helped the country's growth rate recover, masking ongoing weakness in the real estate sector.

Then in the first half of 2025 the outlook pivoted because of elevated levels of uncertainty: primarily a product of upheavals in global trade policy.

Consumer and business confidence fell and, looking ahead, tariffs will likely present a supply-side shock for countries imposing charges and a demand shock for those on the receiving end. As such, the International Monetary Fund (IMF) now expects global growth to slow to 2.8% in 2025, down from their previous forecast of 3.3% in January 2025.

Likewise, the prospect of softening global demand, coupled with an unwinding of OPEC+ supply cuts, saw the IMF revise their global oil price forecast for 2025 to $67/barrel, more than $5/barrel below their October 2024 forecast, and even further below the $80/barrel average price achieved over 2024.

Increasing tariffs

While it is still very uncertain which tariffs will be enacted or retained, it is almost certain that the average global tariff rate will be higher in 2025/26, moving the global economy towards a level of protectionism not seen for 80 years.

Higher tariffs are expected to lead to weaker global trade overall, and to more fragmentation of the trading system into geopolitical blocs centred on the US, European Union and China, with the possibility of reorientation of global supply chains.

Open, export-reliant economies are likely to be hit hardest, particularly those in Southeast Asia. The Mexican and Canadian economies will also be affected because they are so integrated with the US economy. Some markets will benefit from supply chains rerouting, but businesses in general are likely to delay investment decisions until the global tariff picture settles – which will further reduce global economic growth.

Global debt

Global public debt levels reached 92.3% of gross domestic product (GDP) in 2024. The IMF forecast this will rise to 95.1% in 2025 and 100% by 2030, surpassing levels during the pandemic.

Low-income developing countries are expected to buck this trend, with public debt levels falling 7 percentage points over the same period. Nevertheless, analysts have underlined the uncertainty of these forecasts in the context of escalating trade disputes and growing policy uncertainty – which could lead to further calls on government support, and even more debt.

No new applications were received for the Paris Club's Common Framework (a mechanism to provide low-income countries with orderly debt restructuring) in 2024/25.

However, signs of debt distress were still apparent: for example, in countries like the Republic of Congo and Mozambique, where outstanding issuances were exchanged for ones with longer maturities to address a near term liquidity crunch.

In Senegal, an audit of public finances revealed extensive misreporting of borrowing by the previous administration, resulting in a substantial upward revision of the country's debt stock.

As of the end of 2024, the IMF assessed that 53% of low-income developing countries and 23% of emerging markets were at high risk of debt distress or in debt distress, many of which are in Sub-Saharan Africa.

There were some positive developments, with several frontier markets regaining access to international capital markets, including Cameroon, El Salvador and Kenya. Meanwhile, Ghana, Zambia and Sri Lanka made progress toward concluding their Common Framework restructuring processes.

Nonetheless, the recent uptick in global uncertainty and a move towards safe-haven assets have pushed up yields on emerging market and developing economy debt, increasing the pressure on those looking to roll over their debts.

Geopolitical tensions

Many of the geopolitical tensions present in 2023/24 carried through to 2024/25.

Russia's illegal invasion of Ukraine entered its 3rd year, although the initial impact on energy prices has moderated. Talks towards a permanent ceasefire remain ongoing.

Relations between China and Taiwan remain strained, with China conducting large-scale military drills around the island over the past year.

Realising that the world has entered a more geopolitically uncertain era, Europe has now moved decisively back towards increased defence spending, reversing the trend of the past 30 years.

Tensions in the Middle East remained high after a March 2025 ceasefire between Hamas and Israel collapsed, prompting renewed Israeli military action. Separately, Israel has since carried out strikes on senior Iranian officials and nuclear sites amid growing concerns over Iran's nuclear capabilities.

Monetary policy easing

Monetary policy began to ease over 2024/25 as inflation moderated towards central bank targets.

Lower interest rates will help to support private consumption and business investment, but so far have been partly offset by increased uncertainty, leading to a deferral of large private consumption and business investment decisions and therefore weaker growth.

Members of our overseas and domestic business teams presenting at the Cabinda International Airport supplier fair

Looking ahead, the path interest rates will take remains uncertain – particularly in the US, as policymakers grapple with the contrasting impact of tariffs on inflation and economic growth.

Tariffs directly raise costs and consumer prices, but also can lead to consumption being brought forward – with more transitory consequences for inflation that monetary policymakers will need to look through in their interest rate decisions. Given the multiple layers of uncertainty, the Federal Reserve is likely to proceed cautiously with any interest rate cuts.

Despite a general trend toward monetary policy loosening, interest rates remain above their pre-pandemic levels. Therefore, government interest costs have continued to rise as longer maturity issuances are rolled over at higher rates.

Long-term bond yields reached their highest levels in nearly 20 years in many advanced economies, as markets reassessed macro-financial prospects among growing geopolitical and trade disruptions.

Higher debt servicing costs will place growing pressure on governments' fiscal positions, competing with mounting costs from defence spending and ageing populations in advanced economies, and much-needed public investment in emerging market and developing economies.

The outlook for the UK

UK GDP grew by 1.1% in 2024, up from 0.4% in 2023. For 2025, the Office for Budget Responsibility (OBR) forecast a similar growth rate of 1.0%.

In making their forecast, the OBR emphasise that some of the risks they have previously highlighted, such as a tightening of global trade restrictions, are beginning to crystallise.

The OBR forecast that high food and energy prices, coupled with persistently high wage growth, will cause inflation to rebound to a quarterly peak of 3.7% in mid-2025, before returning to target over the rest of their forecast. The assumption on interest rates included in the OBR's forecast is that the Bank of England will cut the Bank Rate from 4.5% at the end of 2024/25 to 3.8% from mid-2026 onwards. This is well above the pre-pandemic level, which will put continued pressure on the most leveraged corporates and households.

The outlook for UKEF

The outlook for UKEF depends to a significant extent on the outlook for the global economy. Risks to the global outlook are growing given prospective trade restrictions which threaten to reignite inflation and deter investment. Over the longer term, higher tariffs are also likely to reduce productivity and the world economy's potential for growth.

Higher inflation could mean interest rates decline more slowly than anticipated, and the risk of illiquidity and insolvency among countries at high risk of debt distress will grow. This is particularly true where countries lose access to international capital markets (a critical means of rolling over their existing debt stock).

Nevertheless, despite the challenging global macroeconomic outlook, UKEF's support is likely to remain attractive to UK exporters and overseas buyers, as it did during previous periods of global economic disruption like the COVID-19 pandemic. UKEF is well positioned to continue supporting UK exports, particularly in higher risk markets where the private sector's appetite may falter amid rising risk aversion.

NATIONAL INTEREST ACCOUNT

The National Interest Account is for transactions that lie outside UKEF's normal risk appetite, which ministers have directed us to support in the wider national interest.

We operate under an exposure management framework agreed with HM Treasury. It's designed to establish our financial risk appetite and allow us to provide support in a way that's consistent with the principles set out in Managing Public Money.

Under the framework, UKEF offers support where it is needed, while managing potential financial risks to the exchequer arising from:

- individual transactions
- concentrated levels of exposure in particular markets and sectors, and across our whole portfolio

UKEF operates 6 accounts, each defined by the nature of business supported by the department. One of these is the National Interest Account, for business conducted outside the exposure management framework in the UK's national interest. It contains guarantees, loans, and insurance issued since April 1991 on the written instruction of ministers to UKEF's CEO and Accounting Officer, which do not meet our normal risk appetite but take into account the UK's broader interests.

Our formal financial objectives do not apply to this ringfenced account. But business supported in this account:

- does still count against our maximum commitment limit
- is still reported in our annual business totals
- is still included in voted control totals and reported outturn
- does still count as progress towards the Business Plan objectives

Business in the national interest in 2024/25

The total support provided under the National Interest Account in 2024/25 amounts to £7.9 billion.

Poland

Poland's NAREW air defence programme is being procured by Polska Grupa Zbrojeniowa, the state-owned Polish Armaments Agency, with MBDA UK Limited acting as the main sub-contractor from the UK.

A request for UKEF to support this contract was made in 2024 on the basis of MBDA UK's involvement. This would have exceeded limits set by our exposure management framework, including our country risk appetite for Poland. Ministers, however, concluded that it would be in the UK's national interest for UKEF to support this transaction by exceptionally lifting its risk appetite for Poland up to £15 billion.

Poland is a close ally of the UK with shared security interests. Supporting the NAREW programme will strengthen this existing strategic bilateral relationship, and will return UKEF an adequate amount of income to compensate the risk being assumed.

Ukraine

We continue to maintain our pre-invasion £3.5 billion country limit for Ukraine in the national interest.

The heightened risk environment for Ukraine resulting from Russia's illegal invasion in 2022 means support for transactions in Ukraine falls outside our preset credit risk standards, as set by HM Treasury. In 2023, ministers previously determined that it was in the UK's national interest for UKEF to remain on cover for Ukraine. Present ministers reconfirmed this direction in July 2024.

In 2024/25, we provided £180 million in support of 2 deals involving UK exports

UKEF signs an MoU with other ECAs, committing to support Ukraine's reconstruction

to Ukraine. This includes a buyer credit guarantee to support Ukraine's nuclear plant operator, Energoatom, to source the supply of enriched uranium from Urenco UK, ensuring Ukraine's nuclear reactors can continue to produce essential electricity.

As of 31 March 2025, £3.4 billion had been allocated in support of deals involving UK exports where the market destination is Ukraine. This includes effective business and forecasted committed business to be underwritten in 2025/26. We consider requests for support on a case-by-case basis, otherwise in accordance with normal policy and practice, and subject to specific HM Treasury and ministerial approval.

For more details about the National Interest Account transactions relating to Poland and Ukraine, see the **business supported tables** in the **Annexes**.

Residual exposure

As well as these recent transactions, the National Interest Account includes residual exposure from older business – including, for example, a UKEF backed loan for Qatar, supporting the purchase of Typhoon aircraft and associated services and equipment in 2018.

Looking ahead

In March 2025, the Prime Minister announced that, under Ukraine's £3.5 billion country limit, UKEF would support a £1.6 billion financing package enabling Ukraine to buy 5,000 Belfast-built air defence missiles from Thales UK. Following this announcement, we expect to provide more support through the National Interest Account in the coming year. We expect this transaction to conclude in 2025/26.

CHIEF FINANCE AND OPERATING OFFICER'S COMMENTARY

This commentary describes UKEF's financial performance for the year ended 31 March 2025. Given the importance of the management of UKEF's portfolio, this should be read alongside the Chief Risk Officer's commentary.

Cameron Fox
Chief Finance and Operating Officer

Financial results

UKEF achieved a strong financial performance again this year.

Net operating gain:

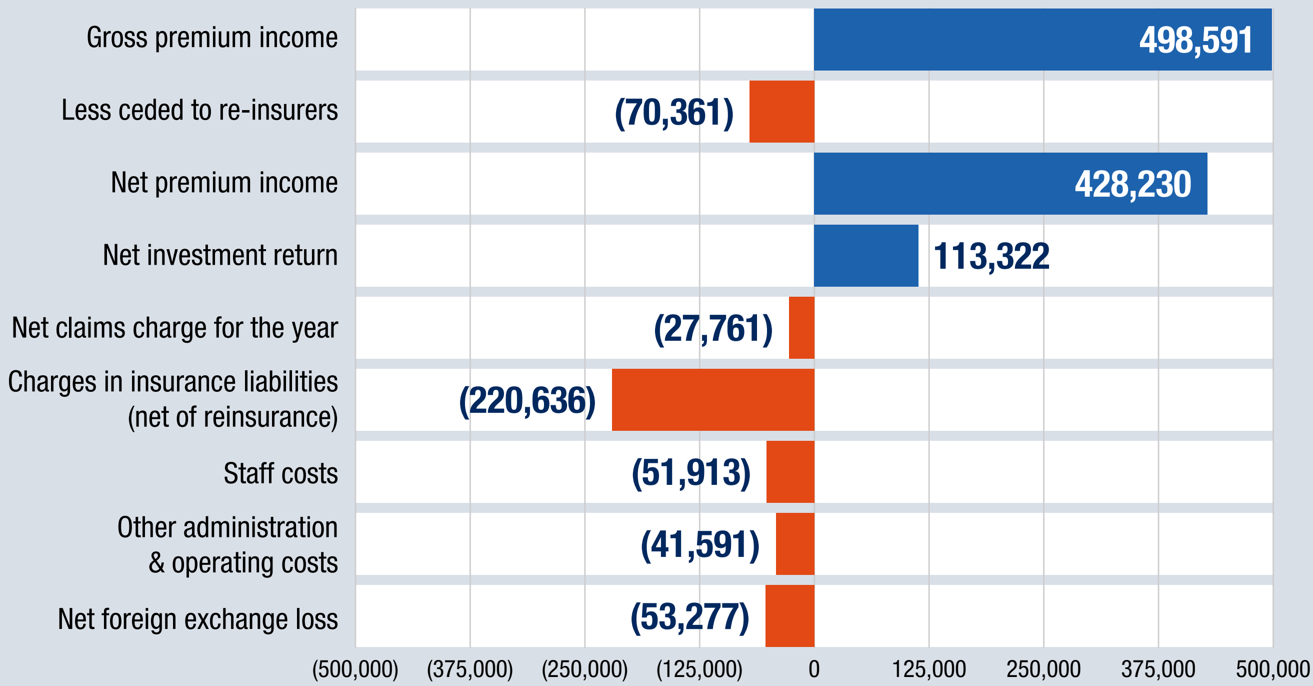
- 2024/25: £146 million (on a foreign exchange-adjusted basis: £200 million)
- 2023/24: £49 million (on a foreign exchange-adjusted basis: £104 million)

The change from last year arises because in 2023/24 there was a loss on the National Interest Account of £149 million – whereas this year, there was a gain of £28 million. This movement was partially offset by increased expenditure in 2024/25 caused by increasing provisions on increasing claims balances due to larger net claims paid this year.

We provided a £86 million Export Development Guarantee for Bristow to purchase next generation search and rescue helicopters for its global fleet

Summary of profit and loss	2024/25 £'000	2023/24 £'000	Variance £'000
Income			
Gross premium income	498,591	427,404	71,187
Less ceded to reinsurers	(70,361)	(131,186)	60,825
Net premium income	**428,230**	**296,218**	**132,012**
Net investment return	113,322	115,105	(1,783)
Total income	**541,552**	**411,323**	**130,229**
Expenses			
Net claims charge for the year	(27,761)	(5,790)	(21,971)
Changes in insurance liabilities (net of reinsurance)	(220,636)	(220,622)	(14)
Staff costs	(51,913)	(45,860)	(6,053)
Other administration and operating costs	(41,591)	(34,702)	(6,889)
Net foreign exchange loss	(53,277)	(55,575)	2,298
Total expenses	**395,178**	**(362,549)**	**(32,629)**
Net income / (loss)	**146,374**	**48,774**	**97,600**
Foreign exchange-adjusted net income / (loss)	**199,651**	**104,349**	**95,302**

Statement of comprehensive net income for 2024/25 (£'000)



Our full year outturn (removing foreign exchange movements), when looking only at regular business (so not including the National Interest or Temporary COVID-19 Support Accounts), was a gain of £173 million. The outturn for 2023/24, on the same basis, was a gain of £230 million.

Insurance and underwriting activity (premium income)

Net premium income revenue earned:

- 2024/25: £428 million
- 2023/24: £296 million

Net insurance premiums increased by £132 million. This reflects an increase in business supported this year. The nature (in terms of both risk and product type) and timing of the business underwritten also has an impact on the premium income recognised.

For the breakdown of insurance premiums, see note 3 to the **Financial Statements**. Also see note 1 for relevant accounting policies.

Net investment return

Net investment return for export credit guarantees and insurance activities:

- 2024/25: £19 million
- 2023/24: £25 million

Net investment return for export finance activities:

- 2024/25: £94 million
- 2023/24: £90 million

For export credit guarantees and insurance activities, net investment return mainly consists of interest on claims (after provisions) and fee income. Fee income was less this year because of greater utilisation of Export Development Guarantee (EDG) facilities, which reduced commitment fees on undrawn loan balances. Interest on claims was also less this year thanks to lower interest accruing on Paris Club agreements, mainly because Paris Club balances were lower after repayments.

For export finance activities, net investment return mainly consists of movements in impairments and amortised interest income.

The moderate increase in net investment return this year is mainly a result of lower in-year impairment charges, partially offset by lower amortised interest income – because last year there were some early repayments which brought forward the recognition of amortised interest income in 2023/24.

For the breakdown of net investment return, see note 4 to the **Financial Statements**. Also see note 1 for details of the relevant accounting policy.

Claims and recoveries

Net claims paid:

- 2024/25: £278 million
- 2023/24: £258 million

Recoveries of claims paid and interest on claims paid:

- 2024/25: £111 million
- 2023/24: £145 million

The majority of net claims paid in 2024/25 were repeat sovereign and aviation claims from the previous year. The main reason for the increase in net claims paid this year was a new large corporate sector claim that arose in 2024/25. Recoveries were less in 2024/25 because some Paris Club debts were fully repaid in 2023/24.

See the **Chief Risk Officer's Commentary** for more details of UKEF's claims and recoveries. Also see notes 1c, 6 and 11 to the **Financial Statements**. Note 1c explains the significant uncertainty arising from UKEF's underwriting activities. Note 6 provides a breakdown of net claims credit. Note 11 provides details of recoverable claims and unrecovered interest.

Foreign exchange

During the year, sterling appreciated by 2.4% against the US dollar and 2.6% against the euro.

Net foreign exchange gain/(loss):

- 2024/25: £(53) million
- 2023/24: £(56) million

As a significant proportion of UKEF's guarantees, insurance policies and loans are written in foreign currencies (mainly US dollar and euro), UKEF is exposed to foreign currency risk and associated volatility in terms of the financial results.

UKEF is not authorised by HM Treasury to hedge exchange rate exposures.

See notes 7 and 18 to the **Financial Statements**, which include details of the currency profile of our insurance assets, financial instruments and capital loan commitments.

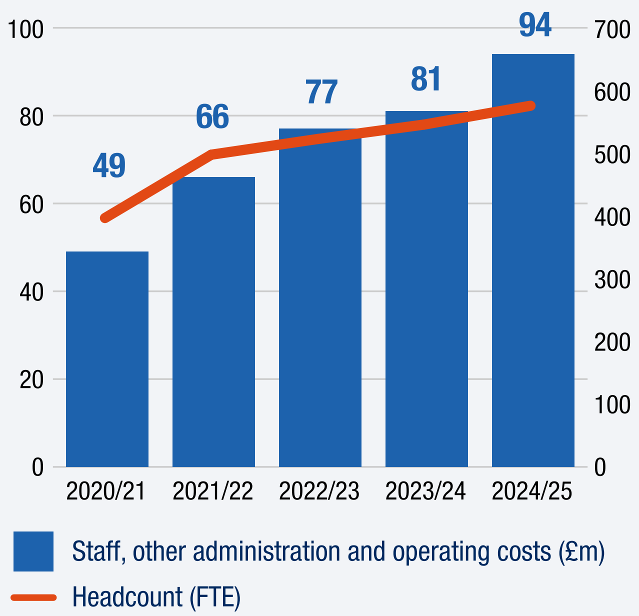
Operating costs

- 2024/25: £94 million
- 2023/24: £81 million

Staff costs increased by £6 million as a result of planned headcount increases agreed in the 2021 Spending Review. Other operating costs increased by £7 million, mainly from increased project costs and associated VAT: the department is running a large programme to implement new accounting standards in 2025/26, as outlined in note 1 to the **Financial Statements**.

Operating costs and headcount

See **Our People** for more details on UKEF's workforce trends.



Insurance liabilities

Net insurance liabilities held in the underwriting funds at year end:

- 2024/25: £1,939 million
- 2023/24: £1,719 million

We apply the fund basis of accounting for our medium and long-term guarantee and insurance business. The increase in insurance liabilities was the result of new business written in-year.

Releases from the underwriting funds during the year (arising from business written in 2015 and 2021) amounted to £35 million in 2024/25 (2023/24: £36 million). This release equates to the current surplus of premium written over risk and cost of writing the business.

See note 16 to the **Financial Statements** for the detailed movements in the underwriting funds. Also see note 1d for details of the relevant accounting policy, explaining the fund basis of accounting.

Long-term assets

Direct lending loans at year end:

- 2024/25: £3,361 million
- 2023/24: £3,407 million

Gross recoverable claims at year end:

- 2024/25: £841 million
- 2023/24: £683 million

Our major asset classes are direct lending loans and recoverable claims (both denominated in a range of currencies, predominantly US dollars). Gross recoverable claims increased, owing to further claims paid in 2024/25.

Management commentary – 5-year summary

All results rounded to the nearest million	2024/25 £m	2023/24 £m	2022/23 £m	2021/22 £m	2020/21 £m
Overall value of guarantees and insurance policies issued and effective:					
New business supported net of reinsurance Guarantees and Insurance Account	6,510	7,455	4,959	5,458	3,818
New business supported net of reinsurance National Interest Account	7,878	333	1	–	–
New business supported net of reinsurance Temporary COVID-19 Support Account	–	30	1,144	1,395	6,826
Total new business supported net of reinsurance	**14,388**	**7,818**	**6,104**	**6,853**	**10,644**
Amounts at risk gross of reinsurance	44,837	39,258	39,224	34,393	28,834
Statement of comprehensive net income:					
Premium income net of reinsurance	428	296	313	441	330
Staff, other administration and operating costs	94	81	77	66	49
Foreign exchange gain / (loss)	(53)	(56)	90	45	(138)
Net operating income – total	146	49	332	324	(217)
– Pre-1991 Guarantees & Insurance Account	27	22	30	18	(4)
– Guarantees & Insurance Account	67	136	110	157	(104)
– National Interest Account	28	(149)	11	12	4
– Direct Lending Account	24	17	110	59	(114)
– Temporary COVID-19 Support (TCRF) Account	(1)	23	71	78	1
Net operating income – foreign exchange adjusted	199	105	242	279	(79)
Statement of cash flows:					
Claims recoveries – total	98	118	94	92	70
– Pre-1991 Guarantees & Insurance Account	11	41	33	30	31
– Guarantees & Insurance Account	87	77	61	62	39
Interest recoveries in the year – total	13	27	31	25	19
– Pre-1991 Guarantees & Insurance Account	12	28	28	24	19
– Guarantees & Insurance Account	1	(1)	4	1	0

All results rounded to the nearest million	2024/25 £m	2023/24 £m	2022/23 £m	2021/22 £m	2020/21 £m
Claims paid – total	278	258	122	103	107
– Guarantees & Insurance Account	278	258	122	103	107
Net cash flow from operating activities – total	199	242	313	576	353
– Pre-1991 Guarantees & Insurance Account	27	74	62	53	49
– Guarantees & Insurance Account	(62)	(6)	126	354	145
– National Interest Account	190	35	9	10	38
– Direct Lending Account	42	84	61	85	98
– TCRF Account	2	55	55	74	23
Statement of financial position:					
Recoverable claims before provisioning	841	683	560	534	600
– Pre-1991 Guarantees & Insurance Account	133	150	198	240	350
– Guarantees & Insurance Account	708	533	362	294	250
Recoverable claims after provisioning	471	357	220	184	179
– Pre-1991 Guarantees & Insurance Account	39	34	69	87	110
– Guarantees & Insurance Account	432	323	151	97	69
Interest on unrecovered claims after provisioning	53	56	73	87	98
– Pre-1991 Guarantees & Insurance Account	52	56	73	87	98
– Guarantees & Insurance Account	1	0	0	0	0
Underwriting funds – net of reinsurance	1,939	1,719	1,498	1,434	1,283
– Guarantees & Insurance Account	1,457	1,403	1,370	1,318	1,182
– National Interest Account	440	274	86	85	85
– TCRF Account	42	42	42	31	16
Recoverable capital loans before provisioning	3,361	3,407	3,032	2,808	2,308
– National Interest Account	1,000	1,000	1,000	1,000	703
– Fixed Rate Export Finance Account	–	–	–	1	2
– Direct Lending Account	2,361	2,407	2,032	1,807	1,603

Pre-1991 Guarantees & Insurance Account

The main activity related to this account is the administration and collection of recoveries for claims paid out against guarantees and insurance policies before 1991.

The exposure on this account includes claims on insurance issued by the Insurance Services Group of UKEF (which was privatised on 1 December 1991).

The change in net operating income results from changes in provision rates on recoverable claims balances. The decrease in gross claims this year was mainly due to recoveries. See the **Chief Risk Officer's Commentary** for details.

Guarantees & Insurance Account

This account records guarantees and insurance issued for business since April 1991.

Total of guarantees and insurance policies (net of reinsurance) issued and effective during the year:

- 2024/25: £6,510 million
- 2023/24: £7,455 million

Net operating income:

- 2024/25: £68 million
- 2023/24: £136 million

Net operating income was less in 2024/25 because of:

- a greater allocation of overheads in 2024/25
- a greater claims charge caused by increased provisions on claims balances, driven by increased claims balances
- a smaller reduction of the insurance liability on closed underwriting funds in 2024/25 than in 2023/24

National Interest Account

This account records guarantees, loans and insurance issued for business since April 1991 on the written instruction of ministers, which UKEF's CEO and Accounting Officer had advised did not meet normal underwriting criteria.

The significant extant exposure dates back to 2018/19, and relates to support provided to BAE systems and MBDA UK for the provision of military aircraft and related equipment to Qatar. From 2023/24, UKEF began providing support for exports to Ukraine. See **National Interest Account** and the **business supported tables** in the **Annexes** for more details.

Direct Lending Account

This account relates to direct lending activity in the ordinary course of business since 2014.

UKEF's direct lending capacity was recently increased from £8 billion to £10 billion. There are 58 signed loans, of which 54 are currently effective. Of these, 12 loans are impaired as of 31 March 2025.

See note 1 to the **Financial Statements** for details of the relevant accounting policy.

Net operating gain:

- 2024/25: £24 million
- 2023/24: £17 million

Net investment return:

- 2024/25: £77 million
- 2023/24: £72 million

Year on year operating gains and net investment returns have remained fairly stable. Amortised income was less in 2024/25, but this was offset by lower in-year impairment charges.

New loans originated (not including facility increases):

- 2024/25: 4 (signed and effective)
- 2023/24: 5 (signed and effective)

Temporary COVID-19 Support Account

This account relates to all business underwritten under UKEF's Temporary COVID-19 Risk Framework (TCRF), which closed for new business from 31 July 2022.

Net operating gain/(loss):

- 2024/25: £(1) million
- 2023/24: £23 million

The account is now in run-off, so the loss represents foreign exchange losses and an allocation of overhead expenditure for the year.

Financial reporting changes

As outlined in note 1 to the **Financial Statements**, UKEF currently applies International Accounting Standard (IAS) 39: Financial Instruments – Recognition and Measurement and International Financial Reporting Standard (IFRS) 4: Insurance Contracts. These standards will be replaced by IFRS 9: Financial Instruments and IFRS 17: Insurance Contracts, which will be effective for UKEF beginning on 1 April 2025. Please refer to note 1 to the **Financial Statements** for more information.

Budgeting framework

UKEF's expenditure is presented in both the **Statement of Outturn against Parliamentary Supply** and the **Financial Statements**.

The Financial Statements apply the IFRS as adapted and interpreted by the Financial Reporting Manual, which is produced by HM Treasury.

The Statement of Outturn against Parliamentary Supply, on the other hand, reports the department's expenditure into different budgetary categories, each with its own control limits that Parliament has voted on.

The total amount a department spends is referred to as the Total Managed Expenditure (TME). This is split into:

- Departmental Expenditure Limits (DEL), which covers spending that is subject to limits set in the spending review. Departments may not exceed the limits that they have been set in this budgetary category
- Annually Managed Expenditure (AME), which covers spending that is demand-led or exceptionally volatile in a way that could not be controlled by the department

Both budgetary categories, DEL and AME, can be further split into resource capital budgets. Resource capital budgets capture current expenditure while capital budgets capture new investment and financial transactions. The resource budgets further split into admin and programme budgets.

UKEF's resource DEL admin budget is a token amount (£2,000), with the gross costs covered from the premium income the department receives. The resource DEL programme budget is nil.

The capital DEL programme budget, resource AME budget and capital AME programme budget are all relevant to UKEF activities and set through the supply estimates process.

Explanation of the variances between estimate and outturn summary

Through the supply estimates process, Parliament sets a limit on the annual amount of resources and capital that UKEF can consume.

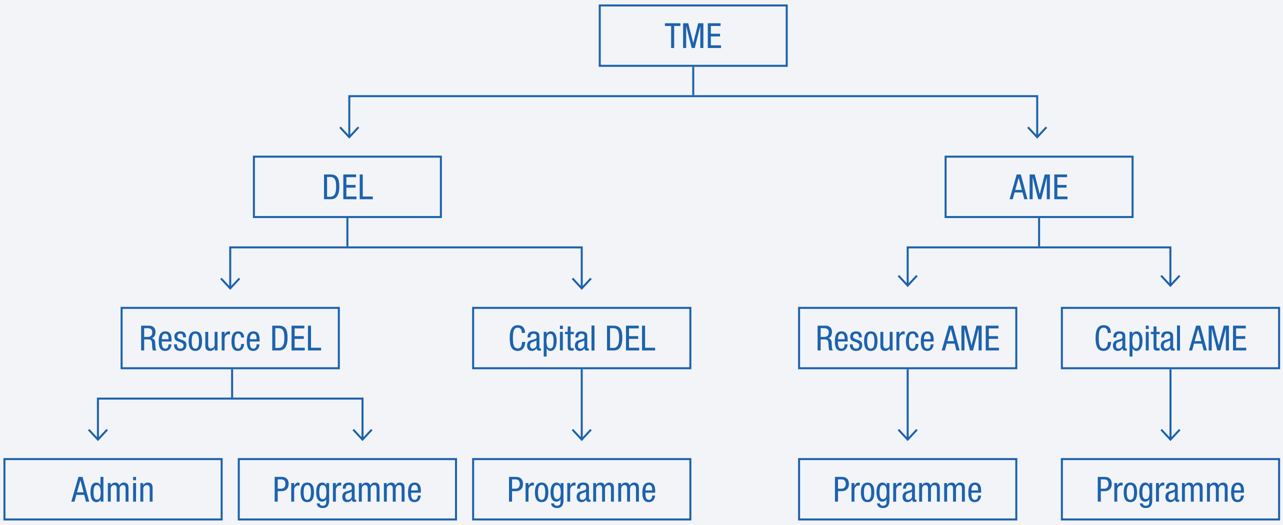
In the absence of any operating income outside the ambit of the supply estimate, UKEF's net resource outturn and net operating cost (or income) are identical.

UKEF supports export credit loans denominated in foreign currency and, as a result, is exposed to foreign currency exchange risk arising from fluctuations in the exchange rates of various currencies.

As UKEF is not authorised by HM Treasury to hedge exchange rate exposures, the estimates Parliament votes on include amounts to cover adverse movements in exchange rates. Exchange rates did not shift significantly during the year, so outturn was below estimate.

In addition, budget was also held for the cost of support that UKEF is providing to the government of Ukraine (see **National Interest Account**) which did not complete in 2024/25. The support is likely to complete in 2025/26.

For more explanation of the variances, see the **Statement of Outturn against Parliamentary Supply**.



UKEF's supply estimate vs actual outturn for the year 2024/25	SoPS note	2024/25 Outturn £'000	2024/25 Estimate £'000	2024/25 Variance £'000
Resource budget spending:				
Departmental Expenditure Limit	SoPS1.1	0	2	2
Annually Managed Expenditure	SoPS1.1	(146,374)	3,803,587	3,949,961
Non-budget resource expenditure	SoPS1.1	–	130,000	130,000
Net resource outturn and net operating cost / (income)		**(146,374)**	**3,933,589**	**4,079,963**
Capital Budget spending:				
Departmental Expenditure Limit	SoPS1.2	2,059	2,510	451
Annually Managed Expenditure	SoPS1.2	(1,354)	805,402	806,756
Capital total payments / (receipts)		**705**	**807,912**	**807,207**

CHIEF RISK OFFICER'S COMMENTARY

The role of risk management at UKEF is to make sure that all risks, including emerging risks, across the department are identified, assessed, evaluated and mitigated where appropriate and, ultimately, reported and monitored across the organisation.

Samir Parkash
Chief Risk Officer

We do this by designing, implementing and constantly reviewing the enterprise risk management framework such that all risks can be reviewed in a structured, consistent and logical way, to facilitate sound operational and strategic decision-making.

As well as strictly defined requirements laid down with the consent of HM Treasury, UKEF has a defined control environment to help manage and mitigate our risk exposures.

Collaboration and risk management go hand-in-hand at UKEF. That's why our Enterprise Risk and Credit Committee (ERiCC) comprises representatives of all relevant stakeholders within UKEF, working together to ensure that our primary risks (see **Risk Taxonomy**) are appropriately managed within the suite of policies, procedures and controls which cover our day-to-day operations.

This commentary provides an overview of our primary risks and an in-depth review of financial risk management-related developments in 2024/25, considering UKEF's financial and strategic objectives. It should be read in conjunction with the **Governance Statement**, which describes UKEF's enterprise risk management framework and control environment.

Operating environment and mandates

HM Treasury consent and risk appetite

Parliament sets a limit on the commitments into which UKEF may enter (see **Statutory limits**).

UKEF's powers may only be exercised with the consent of HM Treasury. The Treasury agrees a standing consent with UKEF, providing parameters within which we can operate without needing to seek explicit approval, as well as our financial objectives and reporting requirements.

Financial objectives

UKEF's financial objectives, set by HM Treasury, are as follows.

1. Premium-to-risk ratio (PRR): the premium we charge must reflect the risk taken. Each month, we must show that the premium charged on the overall business issued, or forecast to be issued in the financial year, will be at least 1.35 times greater than an agreed level of expected and unexpected loss measured for each transaction at the time of pricing.
2. Pricing adequacy index (PAI): the premium we charge must be sufficient for us to operate at no net cost to the taxpayer over time. While the PRR is measured only over the current financial year, our PAI considers a 5-year timescale, applied across 3 accounting periods:
   - the 2 previous and the current financial years
   - the previous, current and next financial years
   - the current and the next 2 financial years

For each accounting period, UKEF must demonstrate that the actual and forecast premium will cover and exceed the cost of doing business – meaning administration costs and an agreed level of possible losses.

3. Maximum commitment: the total amount of nominal credit risk exposure that the department may incur; set at £60 billion by HM Treasury (approved as of 30 March 2023, and will increase to £80 billion from April 2025).
4. Risk appetite limit: a form of economic capital limit of £6 billion (approved as of 30 March 2023).
5. Reserve index: an index that measures whether UKEF has accumulated enough reserves over time to cover its possible credit losses at the 77.5 percentile on its portfolio loss distribution.

Business and premium forecasts are based on the judgements of our underwriters, who draw on transaction pipeline information, market intelligence and the likelihood of transactions materialising within the current

UKEF meeting Air Premia representatives on delivery of the second ex-Norwegian Air Shuttle to Air Premia on an operating lease

or future financial years. We also perform regular sensitivity analyses to supplement these central forecasts and test the robustness of forecast financial performance against our PRR and PAI targets.

These objectives do not apply to our Temporary COVID-19 Support Account or National Interest Account.

Pricing

We set risk-based premium rates for all of our products. Our pricing methodologies and parameters are reviewed annually by ERiCC, endorsed by the board's Risk Committee and approved by HM Treasury.

An important principle of our pricing is to maintain a level playing field. We therefore operate within the Organisation for Economic Cooperation and Development (OECD) Arrangement (a framework for the orderly use of officially supported export credits) where it applies. This requires all export credit agencies (ECAs) to charge risk-based premiums sufficient to cover their long term operating costs and credit losses. This mirrors the World Trade Organisation Agreement on Subsidies and Countervailing Measures, which classifies export credit guarantee programmes that do not cover their long-term operating costs and losses as 'prohibited subsidies'.

It is also our objective to support UK exporters' competitiveness, and our policy to set the lowest possible premium rates.

In doing so we take into account:

- the minimum rates set out by the OECD (where applicable – and in practice, the vast majority of our medium/long-term transactions are priced at these rates)
- our international obligations, including subsidy rules
- the expected loss of the associated transaction
- aggregate premiums satisfying our financial objectives

Economic capital and the risk appetite limit

Economic capital is a measure of risk based on potential future losses. It can be considered as a buffer to cover unexpected losses over a defined future period at a specified confidence level. Economic capital is how we measure usage of our risk appetite limit.

The risk appetite limit set by HM Treasury means that UKEF must manage its credit risk-taking activities such that total losses, as modelled by our portfolio risk management simulation model, will not (with a 99.1% degree of certainty) exceed £6 billion.

In other words, at no time should portfolio expected loss, plus provisions against claims already paid, plus portfolio unexpected loss, exceed £6 billion. (This limit excludes business transacted in our Temporary COVID-19 Support Account or, under ministerial direction, in our National Interest Account).

Expected loss is a calculation of anticipated average loss over a defined period, based on historical experience. Expected losses essentially represent a 'cost of doing business', implying that when a financial institution assumes credit risk, it should always seek to charge an amount at least sufficient to cover the expected loss associated with the relevant loan, guarantee or insurance policy.

Unexpected loss accounts for the potential for actual losses to exceed expected losses, reflecting the uncertainty inherent in calculating future losses. 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% confidence limit of the loss distribution.

Risk taxonomy

In the pursuit of its objectives, UKEF is exposed to various risks resulting from both internal and external factors. Our risk taxonomy identifies 6 primary risk categories, which provides senior management with a structured approach to managing known and emerging risks across the department.

UKEF's enterprise risk management framework sets out how all risk categories are consistently managed by the department and how our 3 lines of defence (see the **Governance Statement**) help us manage and oversee the risks.

Each primary risk is owned by one or more members of the Executive Committee, who provide oversight of that risk and are responsible for managing it within UKEF's risk appetite. Each risk category has an appropriate risk monitoring and reporting structure, with a designated committee providing oversight.

We consider conduct, culture, and reputational as cross-cutting risks rather than as separate risk types, as these risks can manifest across any of the risks in our taxonomy.

Some of the risks we take support the strategic objectives in our Business Plan (for example, financial risk), while others are inherent in our business activities, such as operational risk and legal and compliance risk (including the risk of fraud and error). These risks are managed via the embedded control framework that operates across the department.

The risk environment in which UKEF operates can change quickly. Therefore, we actively review and enhance our policies and enterprise risk management framework to make sure they remain dynamic and appropriate for the risks under management.

PRIMARY RISKS

Reputational risk

Chief Strategy & Impact Officer; Directors of Business Group

Strategic & business risk
The risk of direct or indirect loss arising from suboptimal business strategy or failure to respond positively to changes in the business environment.
Directors of Business Group; Chief Strategy & Impact Officer

Political risk
The risk that political decisions, events or conditions will have a significant impact on the department's strategic objectives and priorities.
Chief Strategy & Impact Officer

Sustainability risk
The risk that UKEF's activities undermine its sustainability commitments or otherwise have a negative environmental or social impact.
Chief Strategy & Impact Officer; Director of Legal & Compliance

Financial risk (inc credit & market risk)
The risk of claims being made against UKEF, and of our suffering ultimate loss arising from defaults by counterparties against which we have a financial exposure; the risk of financial records not being adequately maintained.
Chief Risk Officer; Chief Finance & Operating Officer

Legal & compliance risk
The risk of being exposed to censure, financial loss, civil or criminal proceedings as a result of failing to comply with applicable laws, regulations or legal obligations.
Director of Legal & Compliance

Operational risk

People
The risk that ineffective leadership and engagement; insufficient capacity, capability and availability of staff; or inadequate management and support negatively impact performance.
Director of Corporate Services

Process
The risk that inadequate design, documentation or oversight, or non-compliance, results in ineffective or inefficient internal processes.
All Executive Committee members

Infrastructure & cyber
The risk that inadequate IT systems, physical assets, data/information records, security or other failures lead to harm or insufficient resilience, integrity and assurance.
Director of Digital, Data & Technology

Conduct risk and culture risk

Director of Corporate Services

We consider our risks with both a forward view, as in our proactive horizon scanning of internal and external risk environments, and a rear view, as in our reviews of lessons learned.

This chapter describes our financial risk management and controls in detail, including how climate risk management is considered in our credit risk policy, and our performance relating to financial risk this year. For a full overview of how we manage climate risk, see **Task Force on Climate-related Financial Disclosures**.

For more detail on our governance and internal control environment related to other primary risks, including risks related to the performance of internal controls, see the **Governance Statement**. Also, note 18 to the **Financial Statements** describes the nature and extent of the risks arising from financial instruments and insurance contracts.

Risk management and controls

Financial risk management

Credit risk is the principal source of financial risk for UKEF. Hedging foreign exchange risk is, however, outside the terms of the UKEF mandate, as agreed with HM Treasury.

An account of UKEF's exposure to these risks is included in note 18 to the **Financial Statements**.

Under the consent agreed with HM Treasury, UKEF is obliged to comply with a number of financial objectives, risk policies, procedures and individual risk methodologies. These determine how we assess, measure, manage and report the categories of credit risk to which we are exposed.

All material credit risks must be approved by the CEO, ERiCC or a designated member of the Business or Risk Management Groups with the appropriate delegated authority. Further, UKEF may not give an individual commitment in excess of £200 million without HM Treasury's agreement.

Once approved, we regularly monitor credit exposures at both the portfolio and individual transaction level. We also regularly meet with a range of corporate, sponsor and sovereign counterparties to discuss their risk outlook.

ERiCC oversees portfolio-level monitoring. This includes stress testing and scenario analysis every 6 months and a monthly review of portfolio movements, particularly focussing on exposure, expected loss and unexpected loss changes. Monthly management information reports the performance of the credit portfolio against our financial objectives. Our Post-Issue Management team provides ERiCC with insights on breaches, waivers and other portfolio issues. Detailed portfolio packs are presented to the Risk Committee on a regular basis.

We regularly review credit ratings allocated to our counterparties. These ratings approximate the likelihood of a loss event occurring, informed by research and both internal and external analysis. This is then fed through to the transaction level which allows us to model potential losses.

Where these ratings become stressed, UKEF maintains 'watchlists' of counterparties. If a counterparty becomes so stressed that a significant increase in credit risk has occurred or is expected, or if the credit of a non-sovereign borrower deteriorates such that UKEF might reasonably expect to pay out under a guarantee or insurance policy, the risk is managed by a dedicated unit within the Risk Management Group.

Risk concentrations

Given UKEF's role, it is inevitable that we will have risk concentrations in our portfolio.

Our portfolio modelling quantifies those concentration risks and helps to determine the typical maximum amount of exposure UKEF might assume on a single counterparty, or group of related counterparties, within a sector, country, or region.

ERiCC will only consider approving a case or making a positive recommendation to the CEO if it is satisfied that a given level of credit exposure, calculated using this modelling, will not threaten any of the department's financial objectives.

Practical means of reducing risk concentration include reinsurance and counter-guarantees from the private (re)insurance market, as well as from other ECAs. UKEF may seek (re)insurance when it is acting as lead ECA in a transaction where goods or services are sourced both from the UK and from other countries.

Exposure management framework

Where our assessment of country risk allows us to be on cover, we then use our exposure management framework to set country-level exposure limits, which apply to all types of risk obligors, sovereign and non-sovereign. These exposure limits are designed to limit and control exposure concentrations. They are guided by the following principles.

- Countries with higher levels of credit risk typically have lower limits.
- The larger a country's economy (as measured by its GDP), the higher the potential limit.
- Country limits are set relative to UKEF's notional capital (our risk appetite limit of £6 billion) and are consistent with our financial objectives.
- Typically, the maximum country limit is £6 billion (excluding the UK, which is our home market).

We also set a number of portfolio review points targeting concentration in individual corporates, regions, sectors, and sectors within countries.

Active portfolio management

Our active portfolio management strategy aims to reduce concentrations of risk in our portfolio to decrease the likelihood of idiosyncratic losses.

It also creates headroom under country limits or counterparty review points to support more UK exporters. Under this programme, UKEF can buy facultative reinsurance from the private market, subject to a satisfactory value for money analysis. Transactions are put to the market and insurance providers are invited to place bids. Bids and contracts are reviewed in line with Managing Public Money, Public Contract Regulations and other relevant factors, and the risk transfer approved or rejected accordingly.

In 2024/25, UKEF was active in the private insurance market. We want to do more in this space. Our portfolio is routinely monitored for appropriate transactions which can be placed in the private market.

Portfolio modelling

UKEF uses its own portfolio risk simulation model to model credit risk at the portfolio level and to produce portfolio loss distribution curves. The loss distribution is used to estimate our economic capital and the consumption of the risk appetite limit, as well as:

- to carry out scenario analysis and stress testing
- to simulate the extent and timing of potential cash outflows resulting from claims payments
- to inform cash flow forecasts
- for liquidity management
- to detect concentration risk

Modelling assumptions

Our portfolio modelling (via the portfolio risk simulation model) operates under a range of assumptions, including correlations and credit default behaviour. It is essential to keep these assumptions as up-to-date and as robust as possible.

We do this through a regular review process for each assumption. Each review is accompanied by a report to ERiCC, with recommendations for action as appropriate.

In one example from this year, we reviewed the assumptions underpinning the probabilities of default in our sovereign portfolio, based on analysis of default data and our understanding of market best practice. And in another, we refreshed our assumptions about recovery prospects for defaulted aviation exposures, using the experience we have gathered from recent successful management of our non-performing aviation portfolio (which was affected during COVID-19 lockdowns).

We are also continuing our work on new risk models for UKEF to comply with International Financial Reporting Standard (IFRS) 9: Financial Instruments, as part of the Financial Reporting Changes (FRC) transformation programme – our single biggest change programme ever (see the **Chief Finance and Operating Officer's Commentary** and note 1 in the **Financial Statements** for more details).

IFRS9 requires us to incorporate a (or identify an existing) forward-looking component into our risk modelling, using forecasts of macroeconomic variables. This means reviewing and enhancing our portfolio modelling suite, using new approaches, software, data sources and analytical techniques where required and proportionate.

This year we established our FRC-compliant approach to exposure at default, expected loss and expected credit loss, and we will build these into our new IFRS9 risk models. This will also be an important part of UKEF's compliance with IFRS17: Insurance Contracts, which applies to our insurance exposures.

We expect our work to conclude in 2025/26. When complete, it will affect aspects of both our reporting of risk across our portfolio, and how we provision for future losses.

Stress testing and scenario analysis

We use stress tests and adverse scenarios to test our credit portfolio for potential weaknesses and concentrations.

Our stress tests focus on specific parameters – like a generic 2-notch rating downgrade on all exposures in the portfolio. And our scenarios use stressed narratives – for example, a collapse in oil prices – to focus on specific areas of the portfolio.

Both approaches generate new sets of risk parameters, such as credit ratings, which we can use to estimate impacts on our portfolio, risk appetite limit and reserve index.

We keep our scenarios and stresses up to date by monitoring the risk environment and the composition of our portfolio throughout the year. ERiCC considers the results twice a year and decides on appropriate responses, which can include active portfolio management.

At the start of 2024/25, a number of central banks began cutting interest rates from their recent highs. Decreasing inflation and moderate economic growth represented a chance for many of the indebted sovereigns and corporates in our portfolio to rebuild weakened balance sheets: a legacy from COVID-19. However, geopolitical risk has remained at the top of the agenda and the US administration's focus on tariff policy has renewed global economic instability.

We have therefore developed new scenarios, like global fragmentation (an acceleration in global economic and financial decoupling) and global rearmament (growing tension in Eastern Europe).

While our portfolio remains robust in most scenarios, we find that we are most vulnerable to a severe crisis in the Middle East and conflict in Taiwan (given our growing portfolio of renewable energy projects there).

And finally, we continue building UKEF's climate risk management capacity, helping us to understand the potential forward portfolio exposure to physical and transition risk, and supporting our climate-related financial disclosures. This also includes expanding our climate stress testing models and scenarios with new Network for Greening the Financial System scenarios that reflect developments on the scale of impact of climate change, and the speed with which its impacts are felt.

Over the past year we also improved the level of detail of the results by disaggregating economic sectors and improving the geographic coverage, while methodologically strengthening the model.

Climate risk management

For a full overview of how UKEF identifies and manages climate-related risk and opportunities, see **Task Force on Climate-related Financial Disclosures**.

UKEF has integrated climate risk management into its credit risk policy and has an established governance framework to assess climate risk on a transactional and portfolio level, aligned with the implementation of the government's fossil fuel policy.

At the approval stage, the analysed climate risks and mitigating actions of transactions are considered in capital structure, tenor, and collateral. UKEF will seek legally binding commitments and obligations from its obligors under its supported transactions. The residual climate-related credit risk is captured in probability of default and loss given default, which are both monitored in regular reviews throughout the life of our financial support, and stress tested regularly.

Over the past year, we further enhanced:

- our credit risk assessment, by strengthening the climate risk analysis in sovereign and non-sovereign transactions
- our portfolio stress testing, through methodological improvements
- our internal capacity to identify, analyse and manage climate risk, through capacity development

The C&ESG Risk Management team has made good progress this year in developing our tools, including portfolio climate risk appetite, and strengthening our C&ESG-related risk management governance across the 3 lines of defence, including developing our approach to provisions, claims, and watchlists.

Assessing credit risk

We use the following credit risk assessment process (where not delegated to partner banks and financial institutions) to estimate expected loss.

1. We assign a risk rating (from AAA to D) to all UKEF's credit risks to reflect estimated probability of default. These probabilities are updated at least annually, using S&P Global's nomenclature.
2. We estimate the loss given default: how much we stand to lose if the counterparty defaults, expressed as a percentage. Corporate and project finance loss given default are assessed on a case-by-case basis, considering security, priority ranking, recovery prospects by market and likelihood of restructuring, sale or liquidation.
3. We estimate exposure at default: the credit risk exposure we have at the time of default.

We also closely monitor unexpected loss, which is integral to our assessment of credit risk appetite.

Assessing sovereign risk

We assess each country in which we have an actual or potential credit exposure and use this assessment to assign a credit rating, from AAA (highest) to D (default, lowest).

Our sovereign risk assessment framework is aligned with those that Fitch, Moody's and S&P Global use. In addition, UKEF's framework is supplemented by a range of external materials, as well as cross-Whitehall forums, local UK diplomatic representatives, triannual OECD country risk expert meetings and country-specific visits, including meetings with a wide range of stakeholders.

In the case of sovereign risk, the persistence of default is also included in the calculation of potential loss. This is the estimated duration of a country's default, based on historical data on the duration of Paris Club debt treatments.

Where no external credit rating exists, we typically use a World Bank-derived credit rating model, supplemented by analyst judgement and peer comparisons. In all instances, credit ratings are reviewed by senior management and approved (as appropriate) by ERiCC.

ERiCC systematically reviews UKEF's country limits and associated cover policies. Our sovereign credit risk economists also hold in-country meetings with all of our largest sovereign counterparties. We also maintain a sovereign watchlist, which is designed to pick up deterioration of sovereign credit quality within review periods.

Engagement with the Paris Club and the G20 on sovereign debt sustainability and restructuring

The Paris Club is an informal group of official creditors that cooperates on sovereign risk monitoring and sovereign restructuring operations. Its decisions are not legally binding, but its members (including the UK) are committed to implementing its consensual decisions in line with principles of solidarity, consensus, fair burden sharing and information sharing, and in partnership with the International Monetary Fund (IMF)'s programmes of policy conditionality. UKEF attends Paris Club meetings and negotiations, supporting HM Treasury's Head of UK Delegation.

UKEF works closely with:

- HM Treasury, which leads the UK government's international debt policy function and represents UK at the Paris Club and the IMF
- the Foreign, Commonwealth & Development Office (FCDO), which provides economic analysis on global debt vulnerabilities and supports UKEF's engagement with government officials in debt-distressed countries where UKEF has exposure

This tight cross-government coordination is critical in the current period of elevated sovereign default risks.

Our teams based in London meet multiple times a week, with additional standing meetings with the UK's delegation to the IMF and relevant ambassadorial post teams in the countries with active restructuring operations. The teams share data on UK exposures and payment experience, coordinate ahead of IMF board meetings and Paris Club meetings, and collaborate on research projects, policy development, and budgetary projections.

Our Risk Management Group also maintains a sovereign watchlist, updated quarterly, to track emerging sovereign default risks among UKEF's partner borrowing countries. The list enables analysts to:

- process market indicators, recent payment experience, and intelligence gathered through our cross-government network and at the Paris Club
- produce a dynamic assessment of the likelihood of short- and medium-term defaults in UKEF's sovereign portfolio
- respond to these risks appropriately

Since its inception in 2023, the watchlist has effectively anticipated significant increases in default risks related to UKEF's sovereign exposures in countries like Gabon and Senegal, ensuring timely notification to senior management for proactive monitoring and management.

Since 2020, the Paris Club has formally coordinated with the G20 on sovereign debt restructurings with low-income countries under the G20/Paris Club Common Framework.

Sovereign defaults that lead to debt restructuring agreements through the Paris Club Common Framework are managed by the Risk Management Group, working with HM Treasury. Paris Club developments are monitored by ERiCC, which must approve any provisions or impairments made against this exposure.

This year, UKEF received recoveries totalling £25.5 million from countries which continued to make payments under their UK Paris Club debt agreements.

Following the agreement made in September 2023, as part of a multilateral effort of Ukraine's official sector creditors, UKEF agreed to extend the ongoing debt service standstill until the end of Ukraine's IMF programme in 2027. This year, we documented and signed an amendment to our existing facility to reflect the terms of the agreement, which provides for the full amount of the facility to be repaid over a longer term, maturing in 2037.

In June 2024, G20/Paris Club creditors agreed the terms of a debt restructuring agreement with the Government of Zambia. This comprehensive debt restructuring will amend the payment schedule under a

UKEF direct lending facility, financing the construction of critical hospitals and medical clinics across Zambia. The project itself is now completed and was not significantly disrupted by this process.

Also in June, G20/Paris Club creditors agreed the terms of a debt restructuring agreement with the Government of Ghana. The agreement follows the debt suspension announced by Ghana in December 2022, which has significantly disrupted the delivery of several UKEF-financed projects in the country. A decision on whether any project loans can be restarted within Ghana's borrowing limits under its IMF programme is expected from the Ghanaian government in the first quarter of 2025/26.

A memorandum of understanding between Paris Club creditors and the government of Sri Lanka was signed in Paris on 26 June 2024. The restructuring terms mean 100% of principal and interest (including other charges and arrears) due and not paid under the 5 UKEF supported facilities, as of 26 June 2026, will be refinanced into a bilateral facility between the UK and Sri Lanka with a concessional interest rate applied. A draft bilateral debt agreement has been reviewed by the government of Sri Lanka and its advisors and is almost ready to be signed.

In January 2025, the Paris Club agreed a comprehensive restructuring with the government of Cuba following several years of arrears accumulation. The revised agreement extends the maturity to 2044, with principal payments starting in 2029, following a 5-year grace period. UKEF is currently drafting the bilateral agreement that will implement the agreed terms.

Information-sharing by creditors is a crucial component of promoting debt sustainability. The UK, as a creditor to other national governments, is committed to adhering to the highest standards of debt transparency. Since March 2021, as part of the UK's commitment to the G20 Operational Guidelines for Sustainable Financing, UKEF has published quarterly reports on any new issued and effective sovereign direct lending, sovereign called guarantees or finalised bilateral Paris Club restructuring agreements.

We issued a £75 million Export Development Guarantee to defence exporter, Chemring, to support new investment into their manufacturing site in Scotland

The reports capture granular loan-by-loan data, including its use, borrower, amount, tenor and type of interest rate. The publications complement HM Treasury's annual report on the outstanding stocks of debt owed by other countries to the UK (including UKEF and the FCDO), aggregated on a country-by-country basis.

And in December 2024, UKEF joined the FCDO and HM Treasury in a joint self-assessment on the UK's adherence to the Operational Guidelines for Sustainable Financing – making the UK the first country to make this assessment publicly available.[12]

Assessing corporate, SME and project finance risk

Risk assessments for our corporate finance (which includes aircraft financing) and project finance transactions are principally based on S&P Global credit rating methodologies supplemented by subjective, judgemental overlays from our team of analysts (including benchmarking against peers or other rating methodologies if appropriate).

Where support is for smaller direct UK exporters – typically small and medium-sized enterprises (SMEs) – we operate a tiered assessment system, generally dictated by the level of the request.

Smaller requests within defined limits are fully managed through delegated authority to approved banks and financial institutions on behalf of UKEF. Larger requests are assessed through a combination of:

- a bespoke streamlined methodology
- the S&P Global credit rating methodology for SMEs
- information gained through company meetings and/or analyst judgement, particularly when it comes to qualitative factors such as management, environmental and social factors, climate change and corporate governance

Where available, we benchmark the resulting credit ratings against industry peers and other relevant market metrics.

Exposures within this area are monitored through a combination of internal annual reviews, and contractual periodic reporting requirements for the delegation-approved banks and financial institutions.

The banks and financial institutions are also subject to periodic audits of their operations under the delegated authority scheme. As such, the Risk Management Group remains focussed on cash flow generation and capital structure profiles, as well as the transaction structure and protections therein.

Assessing financial counterparty risk

UKEF closely monitors its financial counterparties, including banks, insurance companies, funds, aircraft operating lessors and other non-bank financial institutions (NBFIs). We also work to make sure our risk assessment frameworks are suitable to capture the divergent risk profiles of such institutions.

All UKEF transactions require a bank or NBFI, whether as lender, guarantor, security trustee, or payment and collection agent. We assess all such counterparties to make sure they meet our minimum credit, compliance and climate risk management standards set out in our policies. They can only be approved under specific delegated authority or, where applicable, by ERiCC.

Our portfolio of insurers has been approved to facilitate our active portfolio management programme. We require all insurers, including general insurers and Lloyd's syndicates, to have a minimum A- equivalent credit rating and acceptable IT security arrangements. Exposure limits are established for each individual insurer.

12 HM Treasury. G20 Operational Guidelines for Sustainable Financing – UK Self-Assessment 2024. December 2024. [gov.uk/government/publications/g20-operational-guidelines-for-sustainable-financing-uk-self-assessment-2024]

We remain vigilant to the impact of future events on the industry, particularly climate change. UKEF panel insurers participating in transactions during 2024/25 have made long-term commitments to carbon reduction.

The year's financial risk performance

In 2024/25, our portfolio quality remained satisfactory, with substantial new commitments (indeed, a record year for issued business) and a weighted average credit rating of BB-, which is unchanged from last year.

There has been some support from moderate (albeit below-trend) global economic growth. Some corporate obligors in our portfolio have been able to improve their credit standing – particularly in the airline and defence sectors. Among the sovereigns in our portfolio, the Gulf states (where we still have significant exposure) in particular have seen upward rating migration, given improved fiscal management, structural reforms, and progress on diversifying away from oil – despite some weakening in oil prices and the ongoing conflict in Gaza.

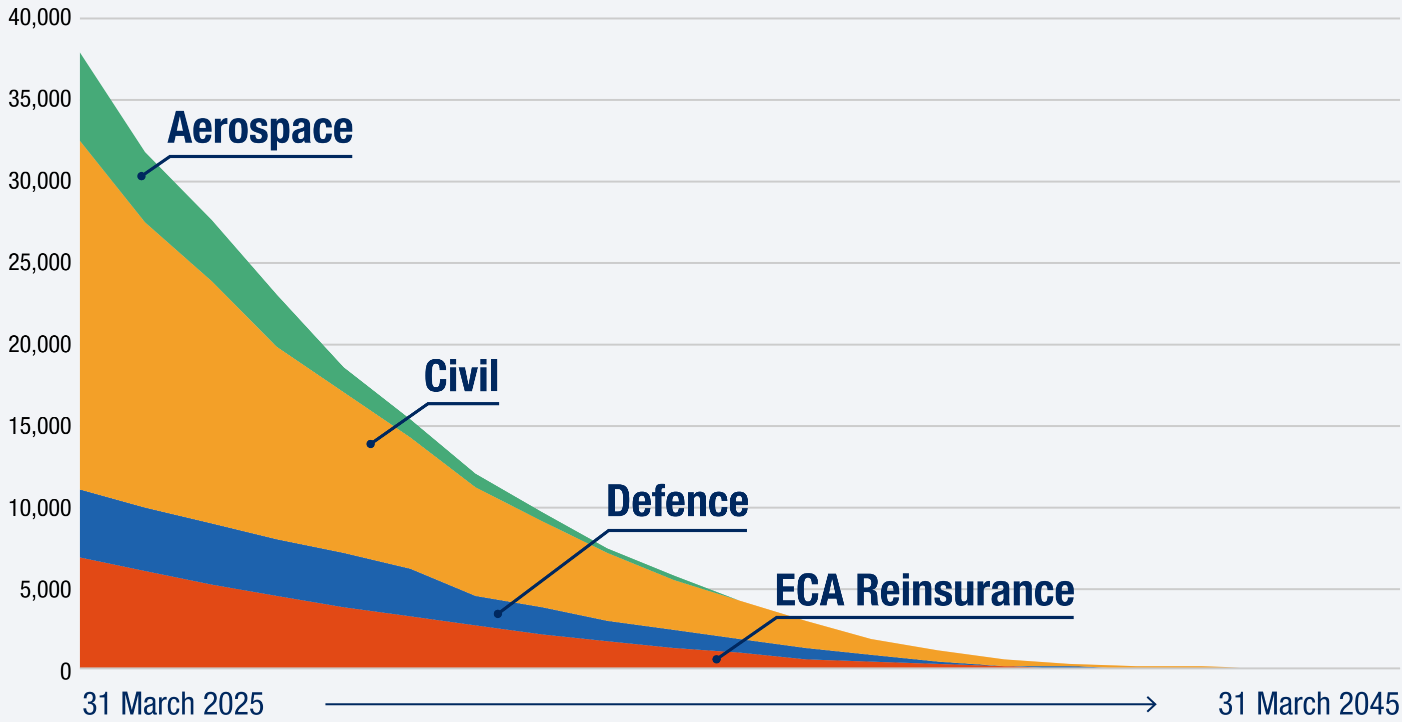
However, many of our corporates and sovereigns continue to struggle with debt accumulated through the pandemic and recession. We see growing signs of stress in our sovereign portfolio, especially in Sub-Saharan Africa – with 5 downgrades in the region and the majority of our obligors now in the B-rated range. There were more sovereign downgrades than last year (18 versus 10 in 2023/24), and we expect pressure on our most indebted sovereign customers to continue.

Portfolio trends

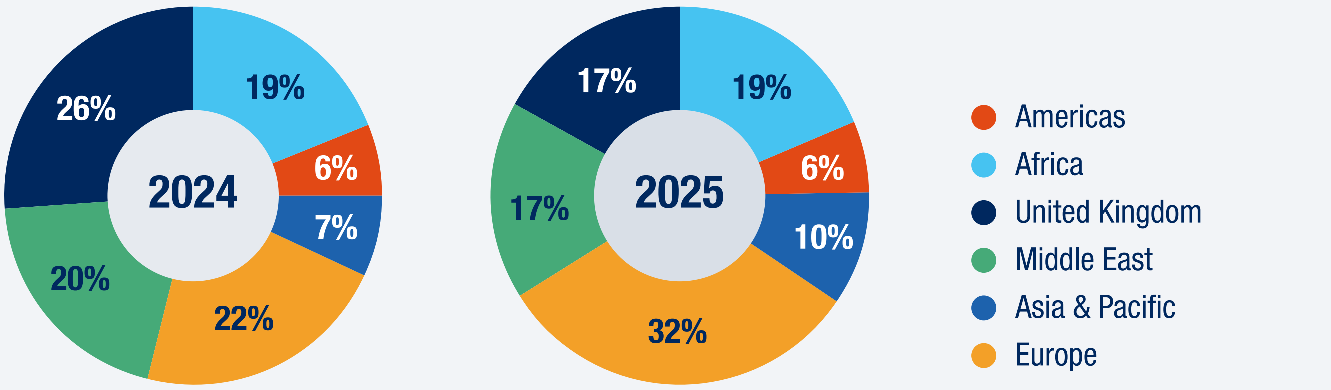
UKEF's record growth in 2024/25, with £14.5 billion of new business issued, has expanded our portfolio further, to over £55 billion of commitments. This means our portfolio has nearly doubled in 6 years.

A bigger portfolio naturally means more exposure to risk, although our average portfolio credit quality has remained relatively stable (barring a moderate deterioration through the pandemic).

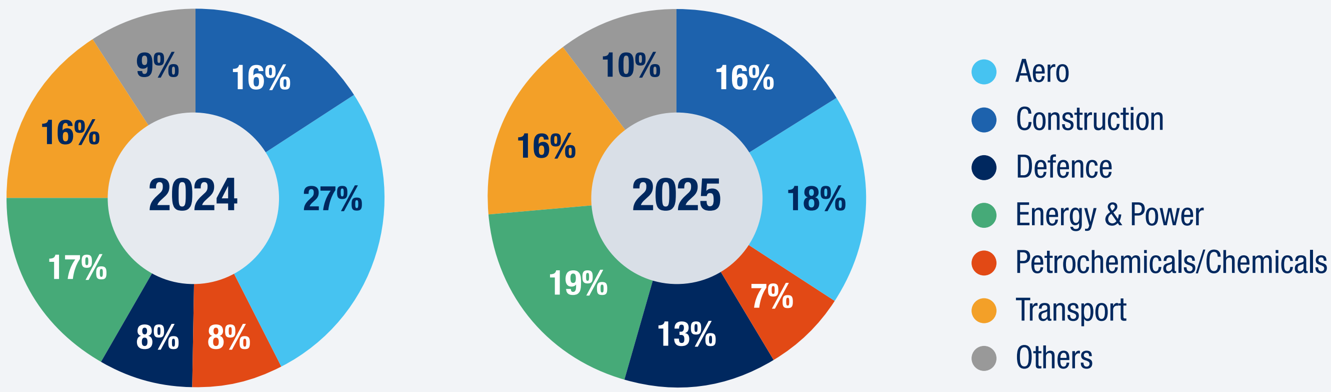
How we expect our portfolio to run-off (excluding National Interest Account)



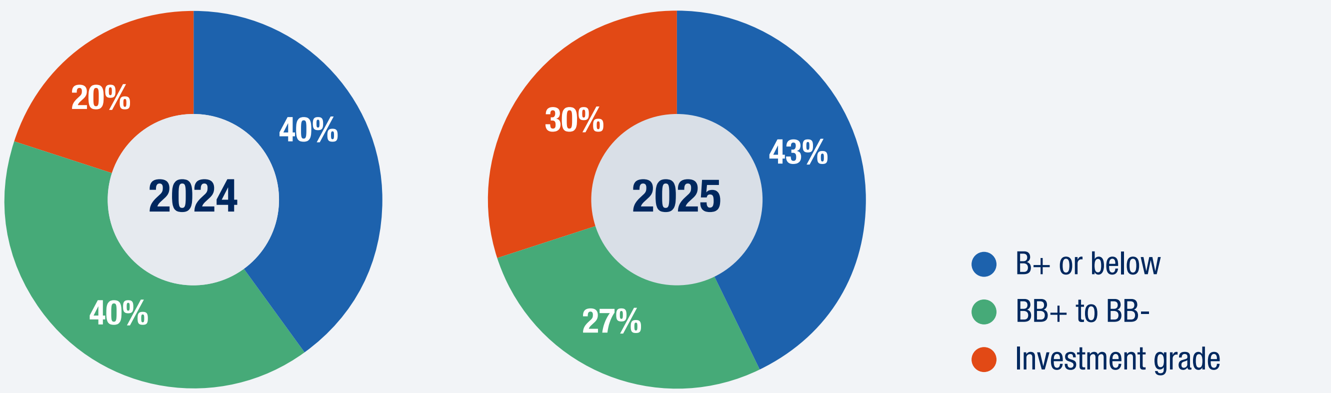
Regional breakdown of net amount at risk



Sector breakdown of net amount at risk



Amount at risk (net of reinsurance) by credit rating



While geopolitical risk is a major concern for the global risk outlook, this has also become a major driver of our portfolio growth. We are seeing growing interest in defence business from sovereigns in Eastern Europe. Many of these sovereigns are well-rated, and from a risk perspective, this will have a positive impact on our portfolio credit quality. In specific cases where our preset risk standards will not allow us to provide cover, we would seek direction from ministers and operate through our National Interest Account (as for Ukraine; see **National Interest Account**).

The large corporate and project finance portfolios remained broadly stable throughout the year, with 25 upgrades, versus 10 downgrades in 2023/24. On the other hand, we saw significant portfolio growth this year in the project finance and renewables area, with new transactions supported in the wind, solar and electric vehicle battery manufacturing sectors.

We are very pleased to be at the heart of the energy transition and renewables growth, in line with objective 4 of our Business Plan, but the new technology involved brings new challenges for risk management and assessment, given greater project complexity and locations in focal points of geopolitical tension (such as Taiwan and, for electric vehicle battery manufacture, US/EU tariff policy). Some of our corporate obligors are directly exposed to US tariff policy action, if not indirectly via supply chains – the automobile sector being particularly vulnerable.

In recent years, our UK portfolio growth has been driven by our Export Development Guarantee (EDG) product (working capital support accessed by mid/large UK corporates). This business slowed in 2024/25.

We do, however, continue to see strong growth in our General Export Facility (GEF) product (working capital support aimed at smaller corporates), which has grown into a portfolio of £1.1 billion and supported 830 customers so far. This is a delegated product: we work through (and on a risk-sharing basis with) banks and NBFIs, who administer controls on credit quality on our behalf (see **Assessing corporate, SME and project finance risk**). For this product, our counterparts are mostly small businesses, with relatively modest exposures, although we have also recently been able to provide a small number of larger (above £25 million) facilities.

The GEF's growth has enabled us to extend our support across the UK economy and regions, and maximise our contribution to the government's growth agenda.

Small businesses, however, are particularly vulnerable to high interest rates and liquidity pressure, both of which are likely to persist in 2025/26, and we are already seeing increased signs of stress. The number of GEF claims (albeit so far of limited size) are likely to increase significantly in 2025/26 (see **Claims outlook**). Despite the higher risk and increased claim count, the GEF scheme is operating well within UKEF's risk and regulatory frameworks.

Continuing the success of the GEF also means widening the pool of customers with access to our services. We are doing this by looking beyond major banks to new NBFI partners, including adapting our traditional ways of working while maintaining risk management standards and proportionate control, as required by HM Treasury consent.

There have been some positive trends in our portfolio composition, including continued diversification by geography and sector. Our concentration in the Middle East continues to fall – now to 17%, down from 49% 5 years ago – and strong growth in our defence business, particularly in Poland, has increased portfolio shares in both the defence sector (from 8 to 13%) and Europe (from 22 to 32%).

But the global credit environment has become much more volatile in 2025. The new US administration's policy changes could upend expectations about global financial and demand conditions, upon which the creditworthiness of our current and future customers depend. US tariff policy will very likely lead to more inflation and slower policy interest rate cuts, which will make plans for necessary balance sheet consolidation harder to achieve.

For stretched sovereigns, this means even tighter fiscal policy, which will have a knock-on effect on political stability – as we are already seeing in areas of our Sub-Saharan Africa portfolio. For corporates growing into new technologies, like electric vehicles and batteries, sudden shifts in US tariffs could quickly undermine currently viable projects. And changes in US foreign policy could have a huge impact on our portfolio, for example:

- directly, via our exposures in Ukraine and the Middle East
- indirectly, via the growth of our defence portfolio (with largely positive impact on portfolio credit quality)

All these factors could lead to more downgrades, more defaults and more claims. However, we will manage these pressures, just as we did through the pandemic, by using the approach set out in our risk management framework (adapting it where necessary) and our teams' skills and understanding of new markets and sectors.

UKEF's Temporary COVID-19 Support Account has continued to reduce as our customers have chosen to repay or refinance their facilities – as was always the intention for this time-limited, counter-cyclical policy, to support UK exporters through the pandemic.

Together with run-off, our aggregate exposure has now fallen to £1.3 billion, from £3.6 billion at 31 March 2024, and nearly £9 billion at its peak. We expect this trend to continue into 2025/26.

Claims and recoveries

UKEF's Restructuring, Claims and Recoveries Division has a wide-ranging remit across all of UKEF's distressed cases, encompassing all of aviation, sovereign, project finance and corporates (including SMEs).

The division monitors those distressed cases through to 1 of 2 outcomes. They either return to performing (whether by virtue of successful restructuring or otherwise) or they go through the claim and recovery cycle.

The sovereign distressed cycle is dealt with by Sustainable Development and Sovereign Restructuring, one of the Restructuring, Claims and Recoveries Division's specialist teams.

Where it is compliant with legal and policy requirements (including value for money), UKEF will restructure corporate debt to enable obligors to trade out of unexpected difficulties.

By reviewing and responding to restructuring proposals in-house, we have been able to avoid defaults and claims payments, minimise loss, and ultimately return greater value to the UK taxpayer over the longer term. However, given the business we are in, it is inevitable we will pay claims, particularly during tougher economic conditions. We operate in a counter-cyclical manner and support to our exporters carries on through the course of economic cycles, in a risk-contained manner.

We have a strong track record of managing claims and recoveries across our portfolio. Using experience gained from previous downturns, we quickly responded to the heightened claims environment caused by the latent economic consequences of COVID-19, the subsequent economic shocks of the Russian invasion of Ukraine, and localised impacts. These shocks impacted all of our supported sectors.

Claims: the year in numbers

A claim paid refers to a payment disbursed by UKEF to an exporter or financial institution under a UKEF backed insurance policy, guarantee or financial product. This occurs when an exporter or lender incurs a covered loss.

For insurance contracts and guarantees, when a claim is paid, we assess recoverability and apply an appropriate provision to the extent that UKEF believes recovery is not possible. For lending, we assess recoverability and impair loans to the extent that the value recoverable falls below the book value.

Individual claims paid:

- 2024/25: 138

Outflow (net of reinsurance, and accounting for foreign exchange differences):

- 2024/25: £235.4 million

Outstanding claims paid on Guarantees & Insurance Account:

- 2024/25: £910.1million
- 2023/24: £727 million

Aviation

We paid 60 repeat claims totalling £81.5 million on airline counterparties that defaulted over the COVID-19 crisis: Air Asia X, Thai Airways, Avianca, Norwegian Air Shuttle and Malaysia Airlines.

Malaysia Airlines claims have now been fully paid out. Air Asia X and Thai Airways claims will be fully paid out in the next financial year, leaving (absent any further defaults) Norwegian Air Shuttle and Avianca as the only aviation claims payable.

The UKEF aero recovery team reduced the number of distressed and defaulted aircraft in its portfolio from 119 in June 2020 to 14.

We continue to make significant progress in mitigating losses with the balance of repossessed aircraft (see **Aviation recoveries**).

Sovereign

As a continuing consequence of the sovereign defaults over the past 2 years, we paid 42 claims totalling £108.2 million across our distressed sovereigns:

- Sri Lanka: £29.2 million
- Ghana: £79 million

We also still hold some outstanding claims, subject to recovery, on business issued and defaulted before 1991:

- 2024/25: £575 million
- 2023/24: £612 million

Almost all of the outstanding claims paid on this business refer to sovereign exposure subject to previous Paris Club restructuring agreements.

Historic sovereign exposure in Zimbabwe still makes up £316 million of this total exposure. The government of Zimbabwe has made some token payments on its official sector debt (which is entirely in arrears).

Corporate (excluding aviation and sovereign)

Corporate claims paid: 36

We have seen a continuing uptick in corporate claims (albeit from a very low historic base), reflecting the challenging economic climate both domestically and internationally.

Of the corporate claims we paid this year, 6 were in respect of defaults by UK SMEs.

In the small deals space overseen by our Strategic Sectors Division (where we support smaller loans to overseas buyers through our Bills and Notes and Standard Buyer Loan Guarantee products), we have paid 24 claims totalling £5.2 million on 9 obligors. Because the portfolio is relatively small, no trends (by obligor, product or market) are apparent as it stands.

Provisions and impairments

Provisions

Overall provisions on claims for Guarantees & Insurance Account business (issued after 1991):

- 2024/25: £477 million
- 2023/24: £403 million

This is mainly on account of new sovereign claims, only in part offset by successful recoveries in the aviation sector.

Overall provision amount for historic business issued before 1991:

- 2024/25: £484 million
- 2023/24: £522 million

Impairments

Excluding unrealised foreign exchange gains or losses on the impairments balance, there was no substantive net change in the balance of impairments on UKEF's direct lending portfolio (which increased year on year by £14 million).

	2023/24 (£m)	2024/25 (£m)	Change (£m)
Claims paid	258	278	20
Provisions for Pre-1991 Guarantees & Insurance Account	522	484	(38)
Provisions for Guarantees & Insurance Account	403	477	74
Impairments	142	156	14
Overall recoveries	145	111	(34)

Where objective evidence exists of an impairment loss arising from UKEF's direct lending portfolio, we perform a calculation to determine if an impairment loss should be recognised.

Claims outlook

The claims outlook presents a mixed picture, with different impacts on different sectors which will be reflected across UKEF's portfolios.

Aviation

We expect claims in the aviation sector to continue to decrease as we see run-off on existing exposure.

We do not expect significant new defaults, although localised stresses do persist in the sector which may require intervention, potential repossession and the payment of claims.

With global airline capacity at 105% of 2019 levels (as of the 3rd quarter of 2024), the airline industry has fully recovered from the pandemic. The result has been a stabilisation in airline defaults. No new defaults occurred in the airline or lessor obligor portfolio this year.

Continuing supply chain and manufacturing issues are likely to restrict growth within the industry and have the potential to cause significant market disruption.

Corporate

On the trade finance (including short-term) business side, UKEF has started to receive more claims under the (still relatively embryonic) GEF. The expectation is that claims associated with this product will increase substantially over the next few years within accepted risk parameters.

At least 49 claims are already under examination. If valid, these will be payable in 2025/26.

To date, these defaults have been modest in both volume and value. The anticipated claims uptick reflects the risk assumption inherent in our Business Plan objective to support 1,000 SMEs by 2029. The combination of increased business and onboarding new NBFI partners in a challenging economic climate will, we think, lead to an uptick in claims in the trade finance sector.

We expect claims on the medium-term corporate and project finance portfolio to remain at low levels. We have seen latent signs of stress in our strategic sectors portfolio (small exposures to overseas buyers). But because it is a small and relatively new data set, consistent themes are difficult to empirically discern at this stage.

Sovereign

We anticipate paying out more sovereign claims for several years because of the debt service suspension announcements by the governments of Sri Lanka and Ghana. The specific timing and scale of these payments, however, will depend on the ongoing debt restructuring negotiations through the Paris Club and G20 Common Framework.

Sovereign exposure is always subject to geopolitical winds. In some other key markets in which UKEF has substantial exposures, such as Senegal, there is a heightened vulnerability to rating pressure.

Recoveries

The recovery of claims payments is an integral part of UKEF's mission to operate at no net cost to the taxpayer over time.

Our experience is that periods of high claims activity are followed by a long tail of recovery activity. Recoveries are realised in a wide variety of ways depending on the structuring of, and counterparties to, the original transaction. The method of recovery also depends on the type of product under which the claim arose.

For most products, UKEF directs the recovery action. For bank-delegated products, the bank undertakes the recovery action, acting in such a way to make a recovery as if it wasn't insured. We will monitor those trends in our delegated products and adapt our standard documentation where prudent or necessary.

More generally, recoveries on unsecured transactions usually result from a restructuring and an amended repayment profile. Recoveries on secured financings may either follow that consensual pattern or, in the alternative, arise out of the enforcement of security and realisation of proceeds to repay the claims payment.

Sovereign recoveries

Sovereign recoveries (sums paid back to the UK under various Paris Club rescheduling agreements as well as additional recoveries from sovereigns) amount to £34 million.

See **Engagement with the Paris Club and the G20 on sovereign debt sustainability and restructuring** for more details.

Aviation recoveries

When an airline obligor defaults, the most obvious means for recoveries to be made is through the aircraft. The airline's ECA-backed aircraft (which are secured in favour of the financiers, including UKEF) are repossessed, remarketed and then leased or sold to recoup claims payments.

Of the 14 aircraft repossessed on UKEF's direction following the COVID-19 crisis, 10 are currently on operating leases, earning revenue to offset claims payments.

Of the remaining 4 ex-Thai Airways A330 aircraft, we have leases signed for 2 and negotiations for the final 2 are currently under way, with deliveries on lease expected to take place from spring 2025.

Following the completion of claim payments in relation to Malaysian Airlines' payment deferrals, recoveries have commenced. We expect to achieve a full recovery in February 2026.

We believe the cumulative effect of the economics of each of the new leases should provide a full recovery of all claims paid out under the corresponding guarantees when the original airline failed.

The long-term recovery strategy for aviation involves making strategic decisions about when to sell the aircraft (with lease attached) to recoup all losses and ultimately fulfil our mandate. We make these decisions with the aim of making full recoveries in the long term, over the portfolio as a whole. This requires both a recognition of the likely market conditions and a means to achieve that recovery.

Aircraft	Repossessed from	Status at 31 March 2025
6 Boeing 787-9	Norwegian Air Shuttle	2 on lease to Air Premia
		4 on lease to LATAM
2 Airbus A330-300	Air Asia X	Leased back to Air Asia X on a restructured operating lease
1 Boeing 787-8	Avianca	Leased back to Avianca on a restructured operating lease
5 Airbus A330-300	Thai Airways	1 on an operating lease to Thai Air Asia X
		2 soon to be on lease (leases signed)
		2 under negotiation to be leased

We believe we are in a good position here. The cumulative effect of the income generated demonstrates the effectiveness of the leasing strategy, the enhanced attractiveness of the assets as sale propositions, and ultimately UKEF's strong capability to manage airline defaults effectively.

Recoveries are expected to fall in 2025/26 as we move to full recovery on Malaysia Airlines and inflows drop off accordingly.

(£m)	2024/25	Projected for 2025/26
Claims	81.5	46.3
Net recoveries	71.0	52.5

Corporate recoveries

Corporate recoveries (excluding aviation and sovereign):

- 2024/25: £5.5 million

This figure reflects the modest number of claims paid in this sector.

If and when claims increase, we would expect recoveries to increase commensurately, as we implement well established and robust recovery practices.

For the shorter-term corporates, the recovery process is delegated to the banks with which we share risk. As these transactions are both smaller value and (invariably) unsecured deals supporting UK SMEs, we would expect proportionately lower quantum recoveries.

STATUTORY LIMITS

The Export and Investment Guarantees Act (EIGA) 1991 sets limits on our commitments and requires us to report our commitments against these limits annually.

Our statutory limit is expressed in special drawing rights (SDR), an international reserve asset created by the International Monetary Fund.

In December 2024, the EIGA was amended via statutory instruments to increase our main statutory limit from SDR67.7 billion to SDR82.7 billion.

This lays the foundation for us to accommodate our growing portfolio and allows us to provide more financial support, to both support UK exports and facilitate economic growth.

Operationally, the maximum commitment limit set by HM Treasury determines the maximum size of our portfolio.

	At 31 March 2025				At 31 March 2024			
	Sterling	Foreign currency	Sterling equivalent in SDRs	SDR total	Sterling	Foreign currency	Sterling equivalent in SDRs	SDR total
	£m	SDRm	SDRm	SDRm	£m	SDRm	SDRm	SDRm
Section 6(1) amounts								
Statutory limit		82,700		82,700		67,700		67,700
Total commitments	10,665	47,217	10,386	57,603	10,445	42,060	9,955	52,014
Section 6(3) amounts								
Statutory limit		26,200		26,200		26,200		26,200
Total commitments	–	–	–	–	–	–	–	–
Section 6(1) amounts								
Assets	–	–	–	–	–	–	–	–
Section 6(3) amounts								
Assets	–	–	–	–	–	–	–	–

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT

UKEF examines the environmental, social and human rights (ESHR) risks and potential impacts of cases we are asked to support. We monitor ESHR performance in line with our ESHR Policy.[13]

We prioritise active collaboration with other financial institutions and export credit agencies (ECAs) regarding ESHR matters, to establish a level playing field and to promote and share good international industry practice across the finance sector.

Our ESHR and climate change due diligence and monitoring are carried out by our professionally qualified and experienced Environmental and Social (E&S) Division, supported by counterparts in co-financing institutions and external E&S consultants, where appropriate.

Screening

- Transactions screened: 46
- Designated category A (high risk): 8
- Designated category B (medium risk): 13
- Designated NA: 25

The E&S Division screens transactions to identify potential ESHR risks and impacts, and to determine their classification under the scope of:

- the Organisation for Economic Cooperation and Development (OECD)'s Common Approaches[14]
- the Equator Principles (EPs) (2020)

Since April 2020, we consider climate change in all our transactions.

During screening, we determine whether transactions fall within the scope of the OECD Common Approaches and/or EPs.

13 UK Export Finance. Environmental, Social and Human Rights Policy. September 2022. [gov.uk/government/publications/uk-export-finance-environmental-social-and-human-rights-policy]

14 OECD. Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (The "Common Approaches"). March 2024. [legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0393]

UKEF and Saudi Exim re-sign an MoU, pledging to work together on future green energy projects

For those transactions in scope, we designate the transaction as either category A (high risk), category B (medium risk), or category C (low risk).

Transactions out of scope of the OECD Common Approaches or EPs – for example, Export Development Guarantees (EDGs) that support companies' general working capital or aviation sector transactions – are designated not applicable for categorisation (NA).

Where transactions are designated NA, we determine if ESHR risks warrant further assessment and due diligence in an appropriate and reasonable manner.

Due diligence

Where applicable, we carry out an ESHR review of these transactions. Where needed, we put in place measures to make sure the cases become aligned to international ESHR standards. After providing support, we monitor these transactions in a proportionate manner to make sure they remain aligned.

Where a review of the risks and impacts of a project or existing operation shows it does not, or is unlikely to, align with international ESHR standards, notwithstanding our efforts and advice, we would normally refuse an application for support – in accordance with the OECD Common Approaches and the EPs.

The ESHR standards that we adopt form the basis of our overall approach to sustainability. We typically take the International Financial Corporation (IFC)'s Performance Standards on Environmental and Social Sustainability as our benchmark.[15]

They cover:

- risk management
- labour
- resource efficiency
- community
- land resettlement
- biodiversity
- indigenous people
- cultural heritage

15 IFC. Performance Standards on Environmental and Social Sustainability. January 2012. [ifc.org/content/dam/ifc/doc/2023/ifc-performance-standards-2012-en.pdf]

These project-related standards are intended to represent good international industry practice. They are considered achievable anywhere in the world, using existing technology and at a reasonable cost, when the parties involved in managing and maintaining the standards demonstrate appropriate levels of commitment, capacity, and capability.

They also require enough time to implement where gaps have been identified. So, in carrying out ESHR reviews, we emphasise early dialogue with exporters and other relevant parties to the transactions. The aim is to make sure that relevant projects and cases made possible by UKEF align with the applicable international ESHR standards, both before we provide our support and throughout the duration of that support.

To achieve this, we work with the relevant parties (borrowers, sponsors and UK exporters, for example) to:

- support capacity building and understanding of our ESHR standards
- establish and clarify which areas of ESHR management may need improving to meet international standards
- help implement robust management systems that mitigate negative impacts and enable positive impacts

In reviewing ESHR matters, UKEF relies on:

- publicly available information
- information supplied directly by the project or relevant corporate entity
- industry and sector initiatives (for example, regarding climate change and human rights risks)
- dialogue with the ESHR and corporate teams at the project and/or exporter

We assess and document these risks, relevant mitigations, and our association with these matters in ESHR documentation (including screenings and reports for category A and B cases) and, where relevant, dedicated climate change and/or human rights reports.

In 2024/25, the E&S Division completed 8 E&S reports for category A or B projects and another 25 assessments on cases designated as NA. The latter included cases where UKEF's support took the form of EDGs as well as support to the civil aviation or defence sectors, and small or short-term transactions. Each of these cases involved senior review and approval before deciding whether to provide financial support.

As well as ensuring operators reduce negative ESHR and climate change impacts, the E&S Division considers the ESHR benefits inherent to many of the proposed projects we review and monitor. These include:

- low carbon electricity from renewable sources
- enhanced education, health and wellbeing in communities where we have supported hospitals, health centres and schools
- improved availability of clean water and sanitation from water supply and wastewater treatment projects
- access to and support for local economic growth through development of infrastructure

By implementing our benchmark ESHR standards appropriately and effectively, we can encourage operators to enhance these developmental benefits beyond the level that may be provided without UKEF's support.

In 2024/25, we worked with a wide variety of project developers and exporters to help them understand and effectively manage the ESHR risks associated with their activities. The E&S Division also prepared and delivered a workshop with the Ministry of Finance in Uganda, where deeper understanding and additional capacity are expected to facilitate the provision of UKEF support now and in the future.

For details of the ESHR risk and impact categorisation of all cases which required a review under our ESHR policy, and for which we issued support in 2024/25, see our website.[16]

For examples of our work in action, see **Our Impact**.

16 UKEF ESHR risk and impact categories 2024/25. [gov.uk/government/publications/eshr-risk-and-impact-categorisations-2024-to-2025]

Monitoring

UKEF continually monitors the ESHR performance of all category A and B projects where support has been issued. This allows us to track the implementation of ESHR commitments and be satisfied that the projects continue to align with the relevant international standards for the duration of our support, including during construction, operation, and potentially decommissioning.

Our monitoring commonly includes:

- reviewing self-monitoring reports produced by project developers
- following up on reported ESHR incidents
- commissioning independent environmental and social consultants to monitor projects on our behalf
- carrying out site visits, directly and with independent consultants

Projects are often complex and the level and frequency of our monitoring varies according to the specific ESHR risks involved.

We seek to positively influence the application of standards throughout the monitoring process, to improve and attain positive, tangible ESHR outcomes. Examples of this include influencing the project developer and associated parties to:

- promote positive health and safety behaviour, minimising accidents, injury and loss of life
- provide appropriate working conditions, mental health awareness and adequate accommodation
- maximise energy efficiency and minimise greenhouse gases and other air emissions
- reestablish the livelihoods of people adversely affected by the project
- promote positive project and community impacts

For a summary of cases where we are carrying out ongoing ESHR post-issue monitoring, see our website.

Policy and international cooperation

In support of our objective to establish a level playing field for all OECD exporters and ensure ECA transactions align with good international industry practice, we work alongside other ECAs at the Environmental and Social Practitioners' Group of the OECD Export Credit Group.

We are actively involved in setting the agenda, sharing experiences, and leading and participating in practitioner meetings and working groups – including leading the Informal OECD Supply Chain Working Group.

We want to achieve consistency in ECAs' approach to ESHR risk management practices under the OECD Common Approaches. This year we actively contributed to the ongoing process to update the Common Approaches.

Throughout the year, we continued providing management support on the Equator Principles Steering Committee. We participated in a training and technical workshop aimed at new joiners to the EPs. We also joined the EPs annual meeting, sharing experiences and presenting to other Equator Principles financial institutions on our approach to managing ESHR risks.

ESHR risks and impacts evolve. We continually review our policies and procedures to account for the rapid evolution of best practices, including the application of ESHR due diligence and monitoring.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Task Force on Climate-related Financial Disclosures (TCFD) was established in 2015 by the Financial Stability Board. It was tasked with developing recommendations for disclosing climate-related risks and opportunities through organisations' existing reporting processes.

The 11 recommendations are structured around 4 thematic areas that represent core elements of how organisations operate:

- **governance**: the organisation's governance around climate-related risks and opportunities
- **strategy**: the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning
- **risk management**: the processes the organisation uses to identify, assess and manage climate-related risks
- **metrics and targets**: the metrics and targets the organisation uses to assess and manage relevant climate-related risks and opportunities

Our compliance

UKEF reports on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector.

We have complied with the TCFD recommendations and recommended disclosures:

- **governance:** recommended disclosures (a) and (b)
- **strategy:** recommended disclosures (a) to (c)
- **risk management:** recommended disclosures (a) to (c)
- **metrics and targets:** recommended disclosures (a) to (c)

This is line with Phase 2 of the government's TCFD-aligned disclosure implementation and ahead of Phase 3 implementation.

Our approach to sustainability disclosures

In 2021, UKEF became the first UK government department to make climate-related financial disclosures using the TCFD recommendations.

UKEF is both an ECA and a government department. We interpret and adapt the TCFD framework in a way that is appropriate for this context.

Sustainability-related disclosure frameworks continue to evolve rapidly. The International Sustainability Standards Board of the International Financial Reporting Standards (IFRS) published its S1 and S2 standards on sustainability and climate-related disclosures in 2023; and other reporting standards and guidance are now available on matters including nature and transition.

The government plans to establish a framework for assessing the sustainability of IFRS S1 and S2 for endorsement in the UK. We will evolve our approach to sustainability reporting in line with the government's expectations.

Progress this year

In this first year of delivery under UKEF's Business Plan and Sustainability Strategy for 2024-29, we:

- provided £2.3 billion of support for clean growth financing, including supporting a record number of renewables deals
- made progress against our decarbonisation target in the power sector, with a 60% reduction in emissions intensity from a 2021 baseline
- launched our cross-UKEF Clean Growth Working Group, which focussed on the floating offshore wind and sustainable aviation fuel sectors this year
- launched a product to enable support for overseas critical minerals projects
- updated our climate stress test model methodology and included two new climate scenarios: Fragmented World and Low Demand
- piloted a tool to measure our impact against the United Nations' Sustainable Development Goals (SDGs) and started tracking the volume of sustainable infrastructure deals underwritten

Additionally, at COP29 in Baku in November 2024, the Net Zero Export Credit Agencies Alliance (NZECA) launched its first target-setting protocol – a key milestone in the Alliance's first year. This new guidance will support ECAs to set ambitious, credible and consistent decarbonisation targets.

NZECA is the first net zero alliance for public financial institutions and was launched by a coalition of 8 ECAs, including UKEF, at COP28 in December 2023. It is currently chaired by UKEF and has grown to a total of 10 members.

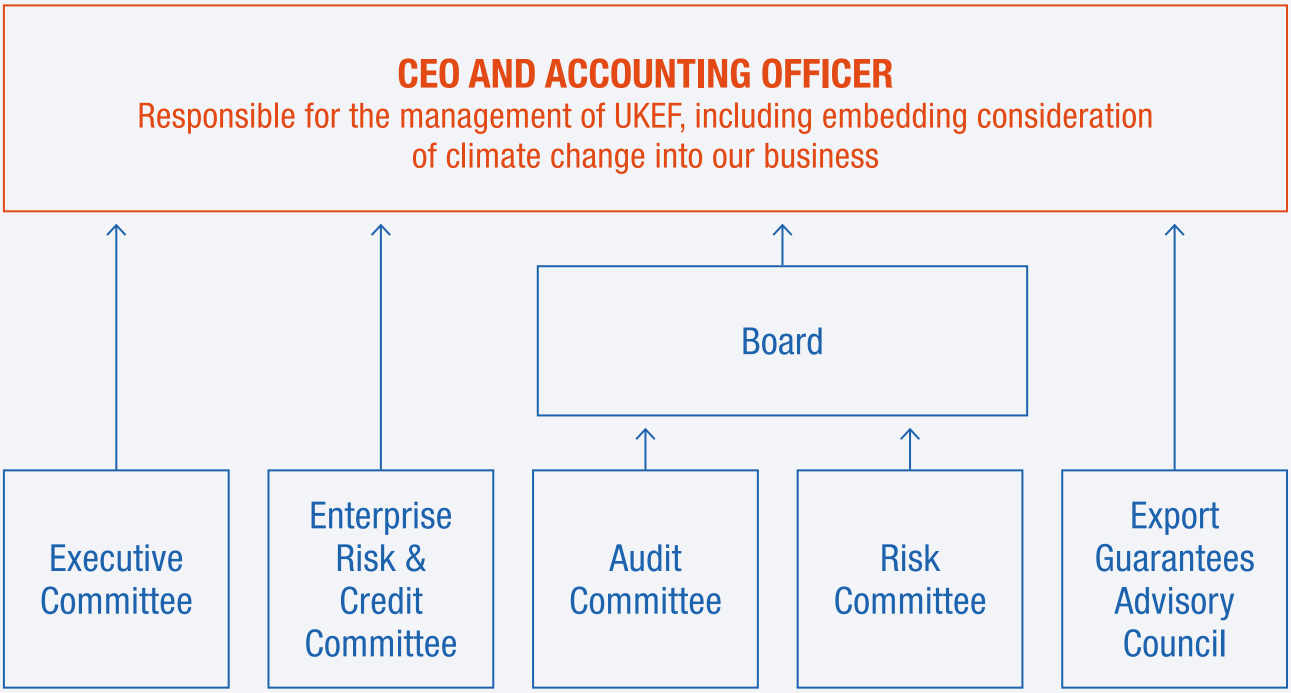
Governance

Our governance around climate-related risks and opportunities

Climate-related risks and opportunities are governed through UKEF's management committees and Board, with input from the Export Guarantees Advisory Council, with overall responsibility for climate-related issues held by our CEO and Accounting Officer.

Climate change is embedded as a consideration across our business. Our governance structure helps us:

- monitor progress against the climate-related objectives in our Business Plan (2024-29)
- manage our exposure to climate-related risk



Board of non-executive directors & committees support the CEO in the management of UKEF, including through advice on its approach to climate change

Governance body	Membership	Climate specific function	Meeting frequency
Board	Chair, 4 non-executive directors, 3 ex-officio members and 3 executive members including the Chief Executive.	Supports the CEO in the management of UKEF, including through advice on its approach to climate change.	At least 10 times a year
Board committees			
Risk Committee	4 non-executive and 1 ex-officio members.	Advises on the adequacy of the strategic processes and framework for risk management, and on the design and operating effectiveness of the risk management framework, including on climate change.	At least 4 times a year
Audit Committee	4 non-executive and 1 ex-officio (Chair of EGAC) members.	Provides advice and oversight of financial accounting and reporting, including on the approach to TCFD reporting.	At least 4 times a year

Committees with responsibilities for climate and sustainability, that support the CEO in decision-making

Governance body	Membership	Climate specific function	Meeting frequency
Executive Committee	Includes the **Chief Strategy and Impact Officer**, who is responsible for the department's overall approach to climate change and sustainability.	Supports the CEO in the management of UKEF and delivery against the Business Plan, which embeds key sustainability objectives into UKEF's ambition, including objective 4 on climate and clean growth. Each member is responsible for integrating climate into their areas of accountability across the organisation, as appropriate. The Co-Heads of Business Group are responsible for integrating these climate considerations in the execution of business. An element of the Executive Committee's performance is assessed on delivery against the Business Plan, including sustainability and climate objectives.	Weekly
Enterprise Risk and Credit Committee	The **Chief Risk Officer** is responsible for integrating climate change issues into the department's risk management. The **Deputy Director, Climate Change & Sustainability** is also a member of ERiCC.	Advises the CEO on the effective management of UKEF's enterprise and credit risk, including the potential the financial and non-financial impacts of environmental, social and governance (ESG) and climate-related risks. ERiCC considers climate and sustainability risk-related issues at both a policy and transactional level.	Weekly

Expert council supports the CEO in advising on the organisation's strategy and approach to climate and sustainability.

Governance body	Membership	Climate specific function	Meeting frequency
Export Guarantees Advisory Council (EGAC)	6 independent members. The Chair is a Member of the UKEF Board.	Advises the Secretary of State for Business & Trade and the CEO on the environmental and social impact of UKEF's operations, including the effectiveness of its policies on climate change and sustainability.	Weekly

Strategy

The actual and potential impacts of climate-related risks and opportunities on our business, strategy and financial planning

Climate considerations form an integral part of UKEF's strategy. Our climate change and sustainability ambitions and approach are both embedded within UKEF's Business Plan and elaborated on in our Sustainability Strategy.

To deliver on our clean growth objectives, we have established a cross-UKEF Clean Growth Working Group. The working group aims to collectively build UKEF's capacity to do business in emerging sectors such as floating offshore wind and sustainable aviation fuel. We will continue to explore new sectors to support delivery of the government's wider Industrial Strategy.

We keep our products, policies and partnerships under review to support delivering our strategic objectives. For example, this year UKEF launched a product enabling support for overseas critical minerals projects to help drive industrial growth and economic resilience and support the UK's transition to net zero.

We continually test the resilience of our strategy and portfolio through biannual climate-stress testing and scenario analysis.

UKEF'S SUSTAINABILITY STRATEGY 2024-29

WE WILL	BY	MILESTONE	ACTIONS
4 Position UK exporters and suppliers at the heart of the global low-carbon transition	Accelerating the net zero transition and financing clean growth	Providing £10 billion of clean growth finance by 2029	• Refresh our transition finance offering • Measure our financed emissions and work towards our decarbonisation targets on the way to net zero by 2050 • Develop a UKEF transition plan • Drive progress in partnership internationally
5 Use our finance in developing markets to create positive impact on communities overseas and in the UK	Crowding in finance in support of sustainable development	Mobilising £10 billion in finance in low- and middle-income countries by 2029	• Drive sustainable deals through our products and partnerships • Assess our development impact and work towards a harmonised approach with peers and partners • Develop our policies to align with international good practice • Engage actively to raise standards internationally

ENABLERS

Engagement

Transparency

Governance

Risk or opportunity	Description	UKEF's measures
Short-term (up to 2 years)		
Climate risks	Differing degrees of physical climate risk, and reputational risk related to climate change (e.g. breaches in the environmental and social standards applicable to transactions)	Transaction due diligence, which takes into account the physical resilience of assets, where relevant, based on international good practice standards Incorporation of environmental and social contractual terms on customers
Climate opportunities	Enable UK exports and drive growth in the green economy	Business Plan and Sustainability Strategy driving progress in increasing clean growth business
Medium-term (2 to 10 years)		
Climate risks	UKEF remains exposed to the short-term risks already identified; and the transactions we support are exposed to increasing transition and physical risk over time	Managing our portfolio against our interim decarbonisation targets to manage risks of exposure in these sectors Integrating climate change into our credit risk management processes (see **Risk management**) to mitigate the risk of unexpected portfolio losses in the medium term
Climate opportunities	Make a sustained contribution to the UK's growth ambitions in clean growth	Aim to provide £10 billion of clean growth finance by 2029, supporting government climate ambitions and UK green exporters Aim to mobilise £10 billion in finance in low and middle-income countries by 2029, supporting communities abroad and in the UK
Long-term (beyond 10 years)		
Climate risks	Short and medium-term risks persist and failure to address these would threaten UKEF's mission and strategic ambitions; chronic physical climate risks, particularly in emerging market economies, could disrupt our ambition to increase finance mobilised in low and middle-income countries	Increasing the clean growth segment of UKEF's portfolio over time to counterbalance the higher climate risk vulnerable segments of the portfolio Increasing uptake of natural disaster clauses over time helps customers and UKEF build resilience to climate shocks
Climate opportunities	Growing competitiveness of UK exports in a net zero global economy	Working with the UK government on building domestic clean growth supply chains and supporting UK economic growth Delivering impact in the overseas markets where we operate through sustainable infrastructure

Scenario analysis

We currently run climate-driven stress tests on our portfolio twice a year, using 5 climate-related scenarios with a time horizon to 2050. These scenarios are consistent with those of the Network for Greening the Financial System (NGFS)[17] and the approach is consistent with the Bank of England's stress testing exercises.

The scenarios result in significantly different impacts for our portfolio across sovereigns and sectors.

Stress testing has highlighted transition risks in sectors linked to the fossil fuel industry and a mixture of transition and physical risks in many of the countries where UKEF provides support. Our implementation of the government's policy, aligning UK international support for the clean energy transition, as applied to new transactions since 31 March 2021, will continue to reduce the risk related to concentration of fossil fuel-related assets in our portfolio as legacy transactions amortise in the long term. However, in the short term, emissions from pre-2021 transactions are likely to increase before they decline.

As an ECA seeking to complement the private sector to facilitate UK exports, UKEF operates, by definition, in higher-than-average risk sectors and geographies.

The analysis also indicates risks to our development impact ambitions, as many low and middle-income countries are highly vulnerable to physical climate risk, particularly in the NGFS Current Policies scenario. We continue to offer Natural Disaster Clauses (NDCs) as part of our direct lending and restructured debt portfolio offerings, and are working internationally with peers to encourage the adoption of NDCs.

We continue to develop our scenario analysis capability and integrate it into our strategic processes while also working to improve our portfolio stress testing model, exploring the potential use of a dynamic balance sheet approach and assessing the use of short-term scenarios relevant to UKEF.

Scenarios

Orderly transition

- **Description:** The policies needed to transition to net zero emissions are implemented in a coordinated and efficient way, beginning today and further increasing over time.
- **Potential impact on our portfolio:** The transition results in less economic disruption but creates significant initial transition costs for carbon-intensive sovereigns and industries. These economic costs decrease over time as actions to reduce emissions are taken.

Disorderly transition

- **Description:** The transition is delayed to the mid-2030s. There is then an abrupt introduction and acceleration of climate policies aimed at reducing emissions. This results in a sudden, more severe increase in transition risk.
- **Potential impact on our portfolio:** The more compressed and disorderly nature of the transition results in greater economic disruption, and negative impacts on carbon-intensive sovereigns and sectors. For example, rising carbon prices impact emissions-intensive industries more than others.

17 Network for Greening the Financial System. [ngfs.net/en]

Current policies

- **Description:** No further climate policies are enacted over and above those of the present day. Transition risks are based on current policies and physical risks become more severe over time.
- **Potential impact on our portfolio:** Physical risks create economic disruption and fiscal instability, especially in Africa, the Middle East and small island sovereigns. These risks are expected to be more severe in emerging markets, where UKEF has significant exposure.

Fragmented world

- **Description:** Delayed and divergent global climate policy ambition leads to elevated transition risks in some countries and high physical risks due to the overall ineffectiveness of the transition.
- **Potential impact on our portfolio:** The high economic disruption and instability lead to more asymmetrical impacts from physical and transition risks. This leads to the highest level of overall risk for some sovereigns and sectors.

Low demand

- **Description:** There are significant behavioural changes – including reducing energy demand, low carbon travel patterns and faster electrification – that reduce the economic impact of reaching net zero emissions around 2050.
- **Potential impact on our portfolio:** This scenario represents the lowest level of transition risk overall, though this varies among sovereigns and sectors. It features the lowest oil prices among the NGFS scenarios. The assumed behavioural changes affect sectors where UKEF has exposure (e.g. aviation).

We continue to identify and assess the climate-related opportunities and risks to our strategy over the short term (up to 2 years), medium term (2 to 10 years) and long term (beyond 10 years). This has been informed by our use of climate-related scenario analysis and materiality assessment as set out in our Sustainability Strategy.

Risk management

The processes we use to identify, assess, and manage climate-related risks

Climate change poses financial and non-financial risks to the global economy, UKEF, our portfolio and ultimately the UK taxpayer.

Climate change is integrated into UKEF's risk management approach, including in our governance and policies, as well as our consideration of credit risk in transactions. Climate and sustainability issues are included in ERiCC's remit and integrated into relevant credit risk policies. Climate change is also considered across relevant primary risk taxonomy categories within our enterprise risk management framework.

Physical and transition-related risks are important risk drivers and we are developing our methodologies for quantifying these risk drivers in line with financial sector peers. We are engaging closely with peers and external partners to evolve our approach and understanding of climate-related risks over time. This includes work to integrate unmitigated climate risks into credit ratings and other risk calculations.

For more details, see the **Chief Risk Officer's Commentary**.

Financial risk

Climate change has an impact on UKEF's customers and portfolio by affecting financial risks like insurance underwriting, credit, financial market, and operational risks.

Our climate risk management policy ensures that we identify, assess and manage both physical and transition risks at both the transactional and portfolio level. This is an important part of our risk management, together with environmental, social and governance (ESG) credit risk and value drivers.

Our credit risk policy and dedicated climate change and environmental, social and governance (C&ESG) risk policy governs our management of climate risk. Additionally, our semi-annual climate risk portfolio stress testing exercises and regular climate risk portfolio reviews are reviewed by ERiCC, the Executive Committee, the Risk Committee, and the Export Guarantees Advisory Council.

Identifying, assessing and managing climate and ESG-related credit risk

At the transaction level

1. We review all medium and long-term transactions individually in line with UKEF's policies and procedures, and through regularly reviewed templates with an integrated C&ESG-related financial risk analysis, based on the relevant counterparty. Short-term and delegated transactions are managed through our risk management frameworks.
2. We identify transactions which require an extra C&ESG-related risk assessment, based on established criteria.
3. We collect information, including through customer engagement where appropriate.
4. We do a C&ESG risk assessment and integrate it into the credit risk assessment, with additional internal assurance where needed. This ensures that we consider climate-related financial risks in capital structure, tenor and collateral.
5. The assessment is submitted to our credit committee, where appropriate, and considered by the decision-maker alongside all other relevant factors.

At the portfolio level

1. We implement the government's policy of ending new support for the fossil fuel energy sector overseas to reduce our direct exposure to counterparties who are particularly vulnerable to transition risk.
2. We pursue UKEF's clean growth finance target of £10 billion by 2029, which strengthens the resilience of our portfolio in relation to transition risks.
3. We conduct regular stress testing to identify concentration risks and emerging risks, to inform our risk mitigation and strategy.
4. We continue to consult government entities, academia and best practice in the financial industry about good practice and ways to improve our methodology.
5. We manage portfolio limits and concentration risk and continue to develop the way we manage our climate risk appetite approach and provisioning.

We regularly review our approach to managing credit relevant C&ESG risks, both when assessing transactions and when managing our portfolio.

In the past year, we:

- enhanced our dedicated C&ESG risk governance policies and processes which cover the entire deal cycle
- strengthened our risk identification by supporting our first line of defence (see **Governance Statement**) with knowledge sharing, capacity development and transaction advice
- improved our transactional methodologies and tools for identifying, understanding and managing C&ESG risk in our credit risk assessment
- integrated climate stress testing and scenario analysis results into portfolio risk management processes, reporting and strategy

- enhanced our approach to assessing the financial implications of climate change, keeping up to date with industry best practice
- progressed with integrating our C&ESG risk tools into our decision-making

We plan to continue with improvements we initiated this year, including developing a portfolio-level climate risk appetite framework to identify and manage climate concentration risks. This is particularly important for managing our long-term financial interest, because of the long-term and systemic nature of physical and transition risks. We will work to integrate climate risk considerations into provisioning, making sure we allocate enough resources to mitigate potential climate-related losses.

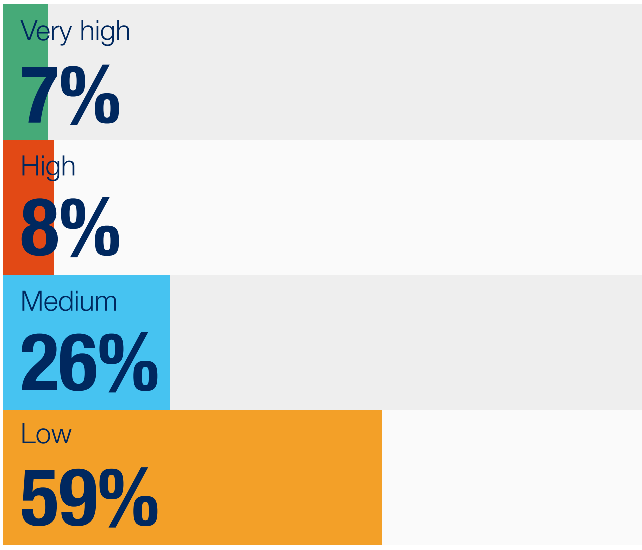
We informed improvements to our climate risk management by engaging with financial sector peers. While UKEF is not a regulated entity, we are informed by relevant regulation and policy, as well as considering industry best practice, including banks', insurers', other ECAs' and regulators' expectations.

To further strengthen our climate-related portfolio stress testing and enhance its decision usefulness, we added additional climate stress test scenarios that address UKEF's idiosyncratic portfolio and circumstances (see **Strategy**). We increased our model's robustness, geographic and sectoral coverage.

As an organisation that provides financing across multiple sectors, our portfolio is exposed to transition risk. Over half of our transition risk exposure by sectors relates to legacy transactions in the petrochemical and traditional power and energy sectors. We expect our exposure to these sectors to decrease in line with our implementation of the government's policy on aligning UK international support for the clean energy transition, which ends new support for the fossil fuel energy sector overseas. In the short term, however, as the last fossil fuel projects become operational, emissions from these sectors are likely to increase before they reduce. Additionally, we have increasing transition risk exposure within the aviation sector, which is a key sector for our decarbonisation pathway. See **Metrics and Targets**.

The graph below shows our exposure to transition risk for sovereigns in our portfolio. We use Moody's sovereign and ESG impact reports to assess sovereigns as Low, Medium, High or Very High exposure to transition risk (see chart). Our High and Very High exposure is concentrated in fossil fuel exporting countries, particularly in the Middle East.

CARBON TRANSITION RISK

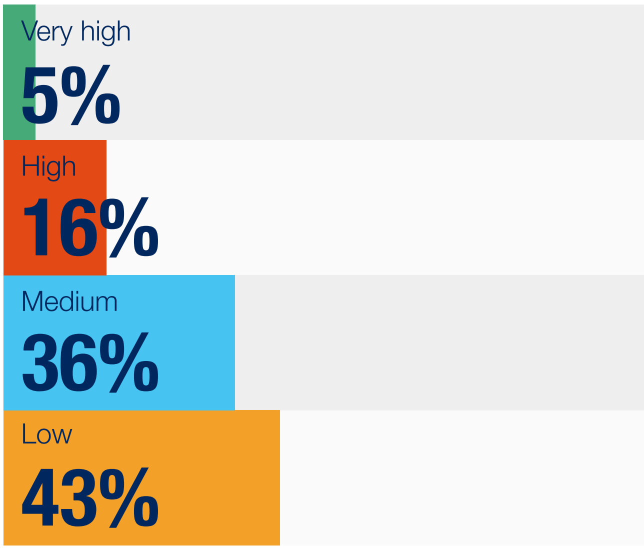


Physical climate risks, such as extreme weather events, can also have an impact on UKEF's portfolio. Data on the geographic distribution of these risks and their potential financial impact helps us understand and mitigate the effects of physical climate risks on our risk exposure.

The chart on the next page shows our exposure to physical climate risk for sovereigns in our portfolio. Geographically, we face Very High and High physical climate risk exposure in Africa and the Middle East. Our sectoral exposure to Very High and High physical climate risk is focussed primarily in the transportation, petrochemical, power and energy sectors.

UKEF's portfolio mostly consists of medium to long-term deals; over 72% of UKEF's portfolio is in deals with a tenor of over 7 years. This is an important consideration for our climate risk management processes, as climate risk is non-linear. Over a longer timeframe, physical risks can compound, and transition risks become more abrupt and disruptive.

PHYSICAL CLIMATE RISK



Non-financial risk

Climate change is also a source of non-financial risk and impact, both on UKEF directly and the transactions we support.

At a transaction level, we seek to mitigate these risks and impacts primarily by applying our environmental, social, and human rights (ESHR) risk policy and practices, which have evolved over recent years to strengthen our approach to climate change, proportionate to the risk, impact and our exposure.

For more details, see **Environmental and Social Risk Management**.

We recognise that other environmental and social issues can have strong interdependencies with climate change. For example, there is a critical social dimension to the global economic transition. When considering support, we view these factors primarily through the lens of international good practice on social and human rights practices. We work actively with in-country partners to improve understanding and performance on these issues.

We will continue to engage with peers and stakeholders to integrate emerging good practice into our processes as appropriate.

Identifying, assessing and managing non-financial climate-related risks and impacts

1. All transactions are screened for climate change risk and impact either at product level, through delegated financial institutions or directly by UKEF.
2. Where relevant, the Environmental and Social (E&S) Division determines whether more assessment is required and to what extent.
3. If more assessment is required, the E&S Division assesses the relevant aspects of a project, supply or company which may add to global emissions and/or be affected by physical or transition risk.
4. Recommendations may be provided to reduce climate-related risks and impacts.
5. The assessment is internally assured and signed off, with additional external assurance or input where appropriate.
6. The assessment is submitted to ERiCC where appropriate and considered by the decision-maker alongside all other relevant factors.
7. After approval, transactions are monitored for performance against action plans, including emissions reporting commitments.

Metrics and targets

The metrics and targets we use to assess and manage relevant climate-related risks and opportunities

Clean growth

Providing £10 billion of clean growth finance by 2029 is a core objective in our Business Plan. This ambition is crucial to driving progress on decarbonising our portfolio and managing our exposure to climate risk.

This year UKEF provided £2.3 billion of support for clean growth deals – putting us well on our way towards meeting our milestone ambition for 2029. For more information, see **Our Impact**.

Sustainable infrastructure

The UK's economic growth and prosperity are at the heart of our mission.

Our international reach means we also have a wider impact on the markets in which we work. Export credits play an important role in the global trade system which is critical for lifting people out of poverty, and UKEF's finance is an important part of the UK government's toolkit for achieving global prosperity objectives.

We are committed to measuring our impact beyond climate-related outcomes, so this year, we have started to track our support for sustainable infrastructure – including our clean growth and social infrastructure deals (such as roads, railways, and hospital projects) in low- and middle-income countries. Our definitions are aligned with the International Capital Market Association's (ICMA) Social Bond Principles. This year we provided £337.8 million in support for sustainable infrastructure.

Net zero

UKEF's operational emissions stem largely from our office footprint and emissions associated with business travel (see **Sustainability of Our Estate**).

As a financial institution, the emissions associated with the transactions we support (collectively referred to as our financed emissions) are by far the more material.

Understanding our portfolio, or financed, emissions is key to our strategic ambition to reach net zero emissions by 2050.

Tracking our progress towards this goal helps us to understand our management of climate-related risks and opportunities.

Financed emissions

This section should be read in conjunction with our basis of reporting.[18]

Since 2022, UKEF has published its portfolio-wide financed emissions estimates every year. As the first ECA to publish its financed emissions, and in the absence of a Partnership for Carbon Accounting Financials (PCAF) methodology for ECAs specifically, we developed a bespoke double disclosure methodology.

UKEF discloses an expected loss estimate, which is based on the dual 'follow the risk' and 'follow the money' principles articulated in the PCAF Standard, reflecting the unique role of ECAs.

- Emissions for guarantees and insurance are attributed on an expected loss basis.
- Emissions for direct lending products are attributed based on the amount at risk outstanding on a loan.

UKEF also discloses an amount at risk estimate, which helps us to understand the carbon intensity of transactions we support and provides a basis for managing the emissions associated with our support over time.

- Emissions are attributed based on the amount at risk outstanding on a loan. This approach does not make any distinction between loans, insurance and guarantees.

The difference in these 2 approaches highlights the uncertainty that exists in financed emissions estimates. Through NZECA, UKEF is exploring the potential to harmonise carbon accounting methodologies for ECAs.

UKEF's financed emissions estimates comprise our customers' Scope 1 and 2 emissions. Since 2024, we disclose modelled estimates of our customers' upstream Scope 3 emissions for all sectors, using the PCAF Database. Customers' modelled Scope 3 emissions are upstream only because of the availability of data and the restrictions of the environmentally extended input–output modelling approach offered by the PCAF Database. Financed emissions are estimated on a calendar year basis because of the practicalities of producing these estimates, and are therefore not consistent with the financial year-based information found elsewhere in the Annual Report and Accounts.

18 [gov.uk/government/publications/ukef-annual-report-and-accounts-2024-to-2025-by-section/uk-export-finance-annual-report-and-accounts-202425-task-force-on-climate-related-financial-disclosures-tcfd]

UKEF has received 3rd-party limited assurance, in accordance with International Standard on Assurance Engagements (ISAE) 3000, on its financed emissions calculations. Assurance has been provided in relation to the total Scope 1 and 2 financed emissions and total Scope 3 financed emissions, calculated under the amount at risk and expected loss approaches.

This continues to strengthen how UKEF measures and reports its emissions, enhancing transparency through our basis of reporting.

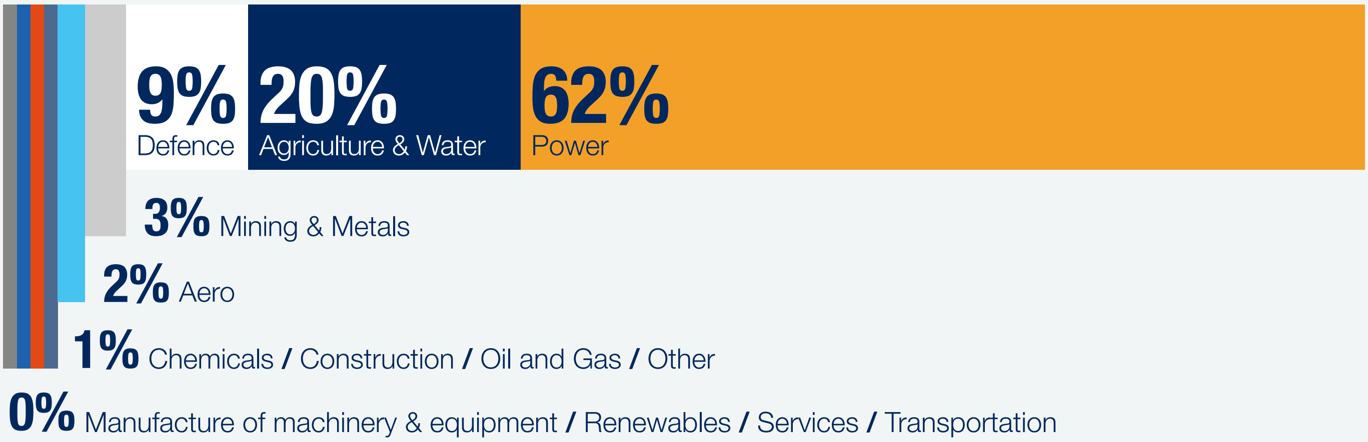
Expected loss estimates

- Absolute Scope 1 and 2 financed emissions on an expected loss basis: 1,425,635 tonnes of carbon dioxide equivalent (tCO2e) in calendar year 2024 (estimated as at 31 December 2024)
- Absolute Scope 3 financed emissions on an expected loss basis: 1,421,333tCO2e (estimated as at 31 December 2024)

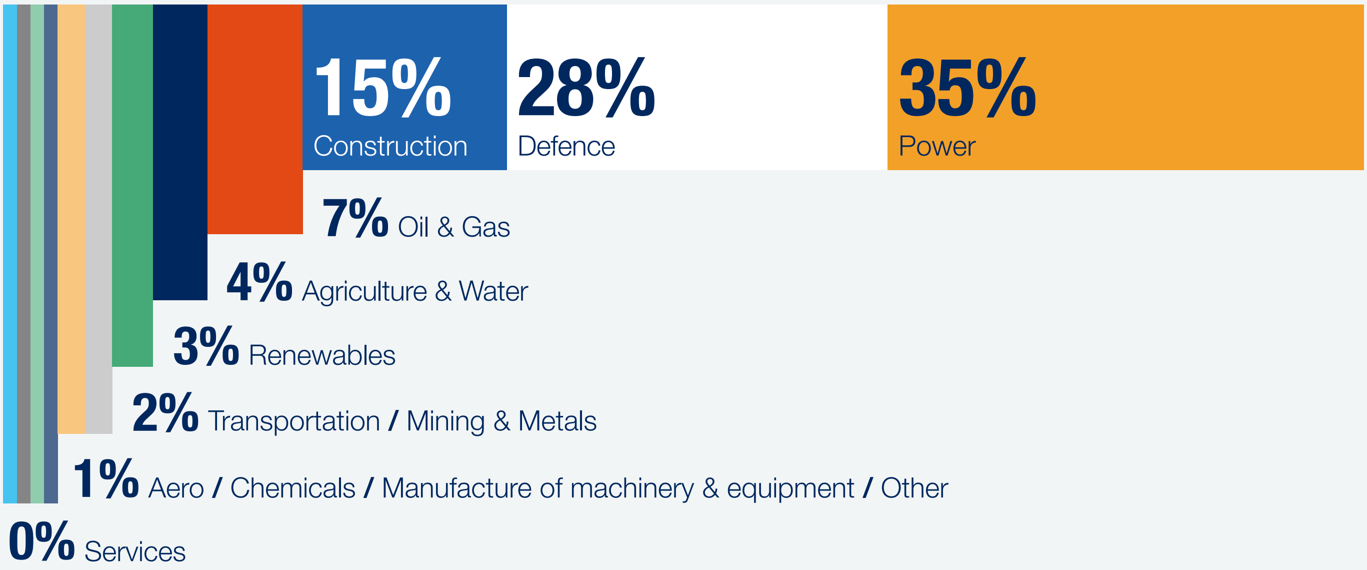
Amount at risk estimates

- Absolute Scope 1 and 2 financed emissions on an amount at risk basis:

FINANCED SCOPE 1 & 2 EMISSIONS BY SECTOR (EXPECTED LOSS BASIS)



FINANCED SCOPE 3 EMISSIONS BY SECTOR (EXPECTED LOSS BASIS)



Weighted PCAF data quality score: 3.9 out of 5 (with 1 being the highest quality)

7,452,436tCO2e in 2024 (estimated as at 31 December 2024)
- Absolute Scope 3 financed emissions on an amount at risk basis: 11,020,662tCO2e (estimated as at 31 December 2024)

Data quality

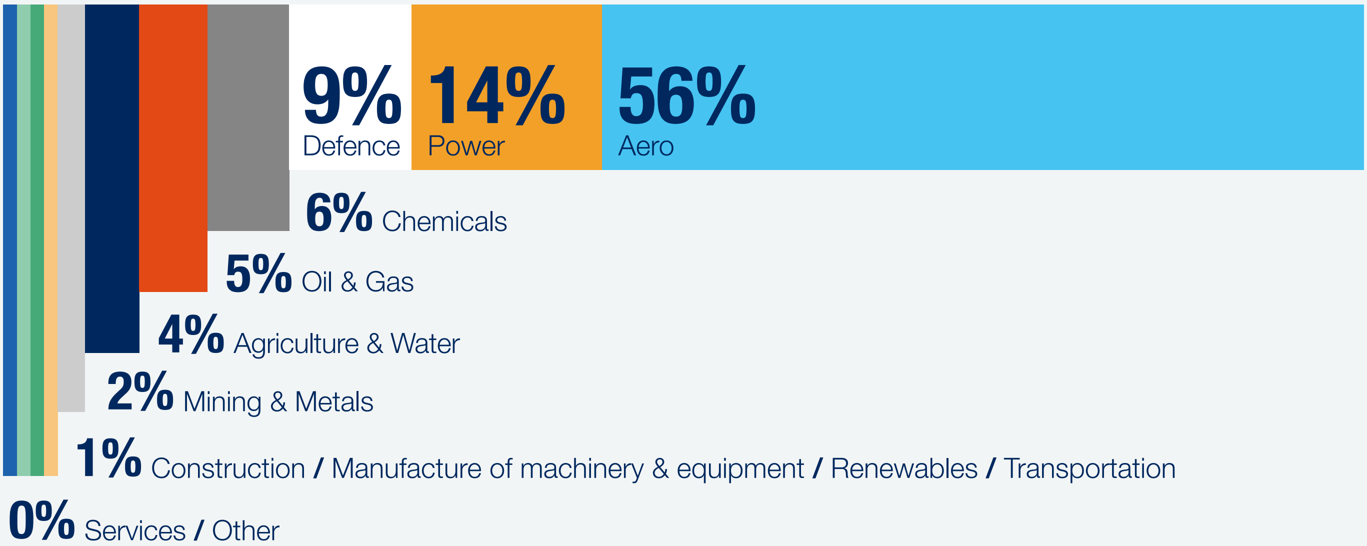
Data quality issues are inherent in reporting financed emissions across the market. The issues UKEF has identified with data quality and approach are set out in more detail in our basis of reporting.

- Amount at risk Scope 1 and 2 estimate: 4.0/5.0
- Expected loss Scope 1 and 2 estimate: 3.8/5.0

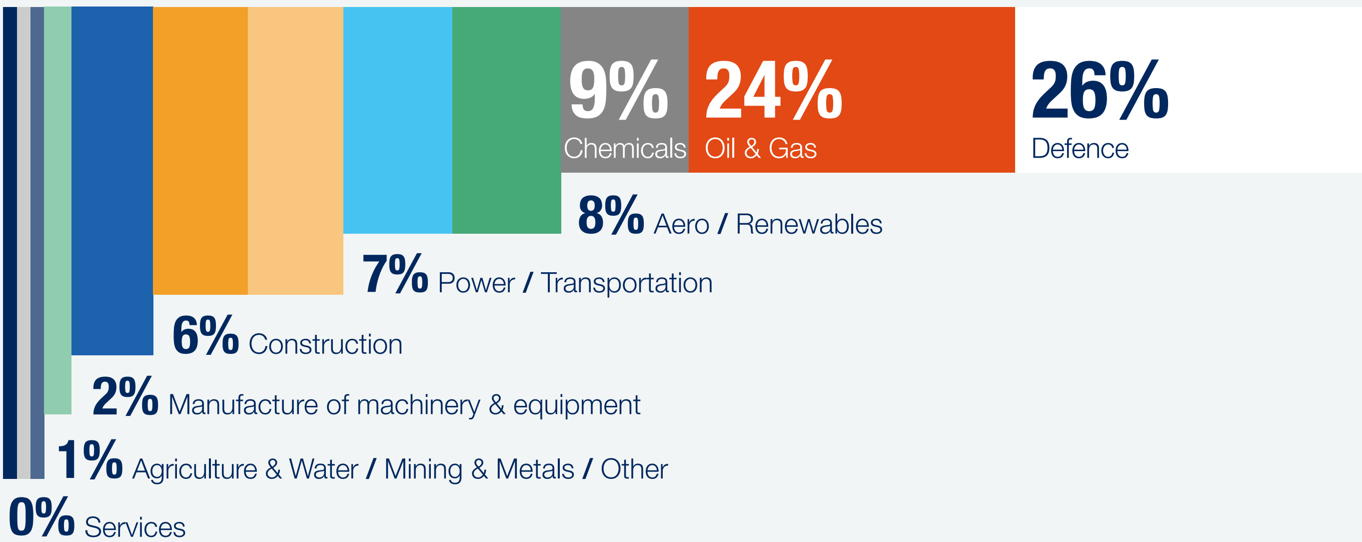
Average data quality is represented by a weighted PCAF data quality score out of 5, with 1 being the highest quality. These scores indicate that estimates consist of a combination of reported and modelled data at varying degrees of verification.

This year, we made minor improvements to our process for reported data, including

FINANCED SCOPE 1 & 2 EMISSIONS BY SECTOR (AMOUNT AT RISK BASIS)



FINANCED SCOPE 3 EMISSIONS BY SECTOR (AMOUNT AT RISK BASIS)



Weighted PCAF data quality score: 4.0 out of 5 (with 1 being the highest quality) consulting PCAF on our approach to reporting asset values. There has been a small increase in the data quality score for the amount at risk Scope 1 and 2 estimate (2023/24: 3.06), which can be explained by a large number of new transactions entering our portfolio which use modelled data.

Currently, our Scope 3 estimates are made entirely using the PCAF Database, which uses environmentally extended input–output modelling to produce broad estimates based on the upstream emissions associated with the relevant sector and region. These modelled estimates are best understood as a high-level approximation of emissions associated with a broad economic activity, not an accurate representation of the specific activity or operation that UKEF has supported.

Our year-on-year Scope 3 estimates have exhibited significant volatility annually. This year, our Scope 3 emissions estimates have increased significantly, driven by the financing of new defence-related transactions, which carry high estimated Scope 3 emissions. Furthermore, legacy oil and gas transactions becoming operational this year, which have led to an increase in oil and gas sector emissions, also have significantly high Scope 3 emissions estimates.

Our customers' Scope 3 emissions remain outside of UKEF's financed emissions reduction targets for sectors other than oil and gas. We endeavour, over time, to improve our understanding of customers' Scope 3 emissions on a deal by deal basis – but anticipate not being able to factor these into financed emissions estimates until there is more consistency, both across our own portfolio and in industry practice.

UKEF has committed to reduce our financed emissions to net zero by 2050. We are committed to supporting UK exporters through the global low-carbon transition.

Our total financed emissions have decreased by 31% between 2023 and 2024 on an amount at risk basis. This decrease is mainly explained by the run-off of several aviation Export Development Guarantees (EDGs) from our portfolio.

In addition, the financed emissions of existing deals in our portfolio have decreased. This year these reductions are also heavily influenced by changes in the financial factors underlying the financed emissions attributions.

In comparison, on an expected loss basis, our total financed emissions have increased by 66% between 2023 and 2024. This is predominantly because of the proportionate significance that loans and guarantees have within the expected loss methodology. Changes in loans have proportionately more impact on the expected loss methodology than changes in guarantees or insurance. Hence the factors driving the decreases in the amount at risk methodology, which relate to guarantees, have less influence on the expected loss methodology.

In parallel, new loans in our portfolio and existing loans now being included in the estimate, either because the underlying projects have become operational or we have identified reported construction-phase emissions, explain the majority of the emissions increase in the expected loss methodology.

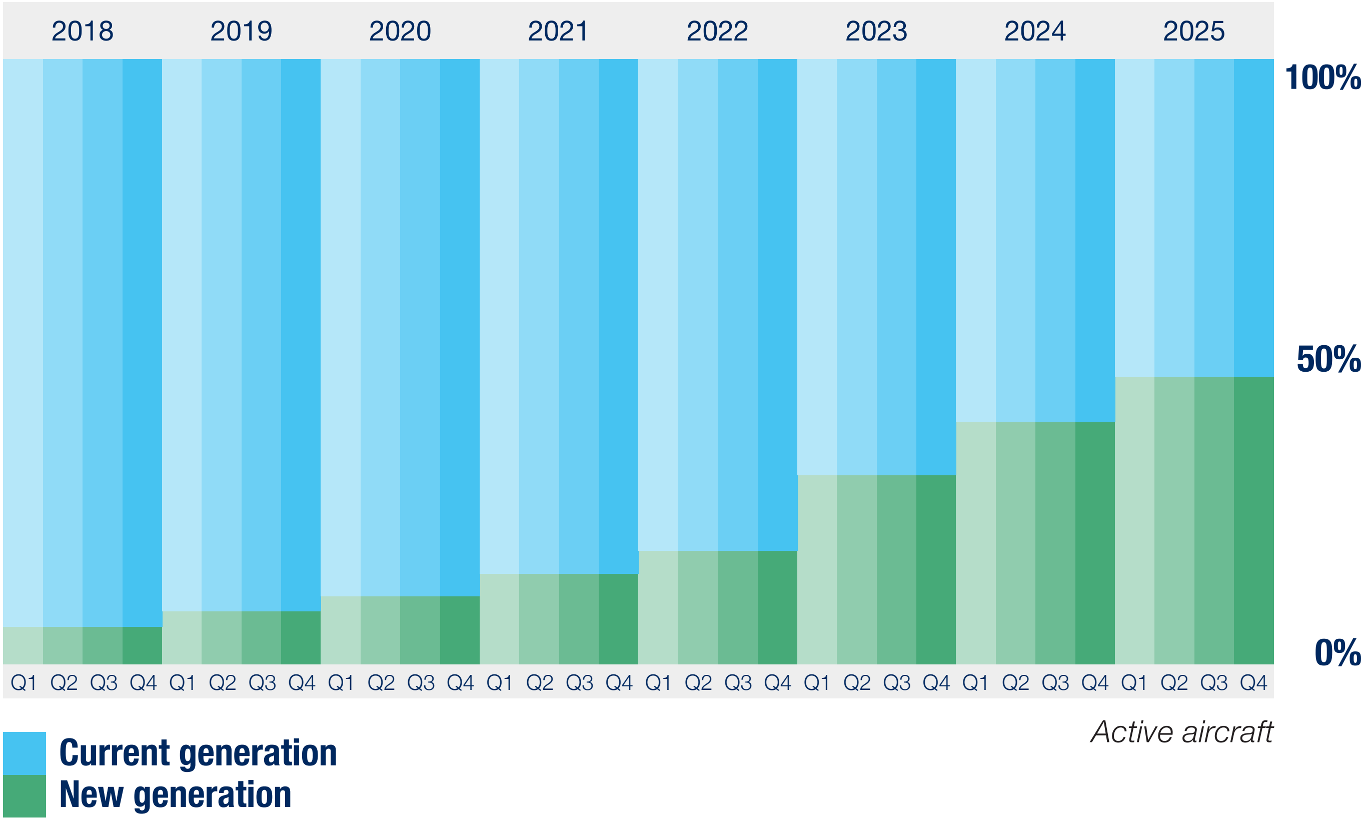
Our oil and gas portfolio absolute financed emissions have increased by 64% from the 2021 baseline. This is caused by legacy transactions moving into their operational phase. This aligns with our expectations, where the emissions from our oil and gas exposure increase as legacy transactions move into operation.

Most of the increase in our oil and gas emissions are from our customers' Scope 3 emissions which, as noted above, are modelled and amount to a high-level approximation of emissions associated with a broad economic activity. We expect these emissions to decrease in the medium to long term as these transactions amortise fully.

Portfolio decarbonisation and sector pathways

	Target	2021	2022	2023	2024	Change 2023/24	Change from baseline
Total Scope 1 & 2 absolute financed emissions – expected loss basis (tCO2e)	Net zero by 2050	453,402	1,023,313	861,112	1,425,635	66%	214%
Total Scope 1 & 2 absolute financed emissions – amount at risk basis (tCO2e)	Net zero by 2050	5,239,168	9,072,834	10,816,920	7,452,436	-31%	42%
Oil & gas Scope 1, 2 & 3 absolute financed emissions – amount at risk basis (tCO2e)	Reduce 75% tCO2 e by 2030, from 2021	1,878,764	2,017,999	1,151,953	3,087,671	168%	64%
Power, including renewables, financed emissions intensity – amount at risk basis (tCO2e/£)	Reduce 58% tCO2 e/£ by 2030, from 2021	0.00103	0.00071	0.00072	0.00041	-43%	-60%
Aviation financed emissions intensity – amount at risk basis (tCO2e/£)	Reduce 35% tCO2 e/£ by 2035, from 2022	Baseline set in 2022.	0.0005	0.0009	0.00075	-21%	39%

NEW GENERATION VS CURRENT GENERATION SPLIT



Our transition away from the fossil fuel energy sector overseas will continue to be driven by our implementation of the government's policy on aligning UK international support for the clean energy transition, which prohibits new support for transactions in the fossil fuel energy sector overseas, outside of certain specified exemptions.

This year we have underwritten 1 new transaction in the oil and gas sector: a decommissioning project, in line with the government's specified exemption.

Restructurings or project development delays in our existing oil and gas exposure will affect our decarbonisation pathway. We will need to keep our targets under review as our portfolio evolves.

The financed emissions intensity of our power portfolio has decreased by 60% from the 2021 baseline. Our power portfolio has become less emissions-intensive because of strong progress in increasing our support for renewables within the power portfolio, guided by UKEF's Business Plan and Sustainability Strategy.

While we are making good progress toward our power sector target, we expect that financed emissions intensity may increase in future years, as and when we support non-renewables projects within the power sector value chain – financing for transmission and distribution.

The financed emissions intensity of our aviation portfolio has increased by 39% from the 2022 baseline, but decreased by 21% compared to last year. This decrease can be explained by the run-off of several aviation EDGs from our portfolio, more efficient aircraft entering our portfolio and changes in the financial factors underlying financed emissions attributions.

EDGs were a critical tool UKEF provided to the aviation sector in response to the COVID-19 pandemic. However, given the product is less targeted to specific activities or aircraft, applying instead at a group level, EDGs are more emissions intensive than the other support that UKEF provides to the sector. By the end of December 2024, new generation aircraft made up about half of our portfolio, compared to only 28% of the global fleet.

Continued support for the aviation industry is core to delivering UKEF's statutory role and purpose. Achieving UKEF's decarbonisation ambitions in this sector will depend on progress towards decarbonising aviation activity in the real world, not on reducing UKEF's own aviation sector exposure. The use of sustainable aviation fuel, efficiency improvements and zero emissions technologies will play a key role.

UKEF is focussing efforts to support the decarbonisation of real world aviation activity around 3 pillars:

1. Supporting the development of a low-carbon UK aviation sector for exporting
2. Engaging our customers to accelerate the transition and managing our portfolio
3. Driving partnerships within our portfolio and beyond to collaborate on solutions

UKEF's increased support for the defence sector this year has led to the sector becoming a larger part of our financed emissions, on both an amount at risk and an expected loss basis. We expect this trend to continue as UKEF's support for the defence sector increases.

Because of the nature of defence-related activities, there are greater emissions data quality and availability challenges for the sector. We are therefore working with stakeholders to better understand the scope to improve understanding of the sector's emissions.

We will continue to review our approach to reporting defence sector financed emissions and aim to update it as better data and methodologies become available.

We do not expect progress towards our decarbonisation targets to be linear. Emissions from our exposure will continue to exhibit significant year-on-year volatility as our deal-flow fluctuates and as legacy transactions move into operations before amortising. Financed emissions estimates are heavily influenced by factors other than actual emissions in the transactions we support, such as changes in the enterprise value of companies supported, customer activity levels, portfolio composition and sectoral shifts. These fluctuations highlight the dynamic nature of financed emissions and underscore the importance of a long-term strategic approach to decarbonisation. Medium- to longer-term performance trends will be a more useful measure of our progress towards decarbonisation.

Our statutory role and purpose guide our approach to decarbonisation. UKEF's purpose is to support UK exporters and suppliers. UKEF steps in to enable UK exports, sustainably and at no net cost to the taxpayer, where the private sector alone cannot provide support. The business that we do is determined by our demand-led mandate and dependent on the economic context in which we operate, including the wider government policy landscape. We are a UK government department with a statutory mandate to support exports and a mission to drive prosperity by contributing to economic growth. The growth in UKEF's business is therefore driven both by our policy mission and by the behaviour of our private sector market peers, including their appetite for risk and the global regulatory environment.

EXPORT GUARANTEES ADVISORY COUNCIL'S COMMENTARY

The Export Guarantees Advisory Council is established under Section 13 of the Export and Investment Guarantees Act 1991 as amended by the Small Business, Enterprise and Employment Act 2015.

The Council is an expert committee whose statutory purpose is to advise the Secretary of State, at his or her request, about anything related to the exercise of his or her functions under the Act.

We advise on the policies that UKEF applies when doing business – particularly good business policies established by international agreements that relate to export credit agencies (ECAs).

The Council does not perform executive functions or make decisions about UKEF's activities.

The Council advises ministers and senior officials about the potential environmental, social and human rights (ESHR) risks associated with projects that UKEF supports, as well as debt sustainability, anti-bribery and corruption and, more recently, wider financial crime procedures. We also consider transparency issues (including freedom of information).

Senior officials from UKEF attend each of the Council's meetings. They brief the Council on issues and developments over the year, and on individual export transactions UKEF has supported, although the Council does not provide advice on individual transactions.

The Export Guarantees Advisory Council met 4 times during 2024/25.

Membership

Members of the Council are appointed by ministers. The members during 2024/25 were:

Chair: Ms Vanessa Havard-Williams OBE, Consultant to Linklaters and specialist in sustainability law and policy, sustainable finance and governance

Dr Roseline Wanjiru (term ended 30 November 2024), Associate Professor (Reader) of International Business and Economic Development at Newcastle Business School

Dr Ben Caldecott, Director, Oxford Sustainable Finance Group and Lombard Odier Associate Professor, University of Oxford

Mr John Morrison, Chief Executive Officer, Institute for Human Rights and Business

Mr Stephen Prior (term ended 31 March 2025), Partner, Prinia Consulting LLP and an experienced sales director in emerging markets, with expertise in approaches to anti-bribery and corruption

Mr Harold Freeman, Independent economist, public sector board member, international economic and development expert

Ms Sarah Steele, Senior Legal Advisor, North Sea Transition Authority

Ms Belinda Howell, Founder and Managing Director, Decarbonize Limited

Matters considered this year

Aviation sector decarbonisation

We were consulted and gave advice on UKEF's strategy for seeking to reduce financed emissions from the aviation sector. Because this sector's emissions are significant to UKEF's overall portfolio financed emissions, we challenged UKEF on how it will track and engage in relation to the sector's work on decarbonisation, recognising the limits of its capacity to drive sectoral change.

We shared our expertise and experience in designing levers that tackle real-world emissions reductions, including incentives, government policy levers and client engagement. The Council also discussed UKEF's potential to participate in developing UK expertise in sustainable aviation fuels. And we reflected on the interdependency between UKEF's aviation sector target and overall 2050 net zero target.

Based on our discussions, an updated strategy for decarbonising UKEF's aviation sector emissions was presented to the Council. The Council will continue to advise on how UKEF can integrate climate change assessments into decision-making.

Business plan ambitions and UKEF's offer

The Council was updated on the measurement of sustainability objectives in the Business Plan. Members considered how delivering the Business Plan and operational plan is reflected in the Executive Committee's performance objectives.

We also considered the use of industry standard definitions, such as the International Capital Market Association's Green Bond Principles, and reflected on the strategic approaches of other ECAs.

We discussed UKEF's offer against its sustainability objectives on clean growth and development and reflected on UKEF's positioning within the government's broader offer for development and transition finance. Members advised on the use of UKEF's existing product offering in these markets and the need for a coordinated international development offer from UK public finance institutions.

Environmental and social risk management

The Council discussed 3 different aspects of ESHR considerations and processes. We shared our experiences and views about working on projects with complex human rights considerations in different jurisdictions and the approach UKEF could take to such situations.

UKEF outlined the common challenges when monitoring projects post-issue. We considered the underlying reasons for such challenges and the available levers to make sure projects are delivered as agreed, between transactions being underwritten and coming to fruition. Members advised on the system-level approaches UKEF might adopt to try to make sure that relevant parties understand their legal obligations from the outset.

The UKEF team also presented on the Equator Principles and grievance mechanisms. The Council noted that effective individual grievance mechanisms at the project level are an appropriate approach.

These policies and processes help UKEF to consider ESHR-related project risks and impacts in accordance with relevant international standards. This often requires UKEF to work and engage in challenging and complex security and human rights conditions and complex stakeholder expectations.

We noted that the ESHR policies that guide UKEF decision-making for major projects reflect relevant international best practice standards.

Climate stress testing

The UKEF team updated the Council on the progress of the climate risk stress test model, the recent test results and progress on climate, social and governance risk management.

The Council noted that results are currently used for information and understanding rather than decision-making. We welcome the steps the team have taken to progress work on decision-making on climate risk. We also reflected on the interaction of climate risk with other social and environmental risks, particularly in developing economies, and the significant transition challenges that many countries face.

UKEF's approach to nature

The UKEF team presented their approach to nature and biodiversity, including drivers for action. Members shared their knowledge of activity in this area, including work by other organisations. The Council also reflected on the market, noting that it is less mature, smaller and has limited overlap with UKEF's traditional sectors of comparative advantage – although it could grow quickly.

We encouraged the approach the team has taken, noting that UKEF should prioritise action as opposed to meeting disclosure and reporting requirements.

COP29 and international engagement

We discussed plans for UKEF's involvement in COP29 and the outcomes of this, including a look ahead to COP30. The Council reflected on the COP process and other international engagement by UKEF through the Net Zero Export Credit Agencies Alliance, noting that, as a member, UKEF ought to play a leadership role in setting expectations around action and disclosure.

International negotiations

We reviewed the ongoing negotiations and discussions about international agreements, including the Organisation for Economic Cooperation and Development (OECD) Arrangements. These negotiations aim to get the best terms and conditions for UKEF customers in agreement with other ECAs within the OECD. The members discussed how far the proposed solutions, if agreed, will address existing and emerging market failures to support an evolving global economy.

Risk appetites

The Council reviewed the financial crime risk appetite statement and noted that it is clear and functional.

We also reviewed the sustainability risk appetite statement, considering ownership and responsibility, the definitions of risks, and the intent to provide an accurate description of the inherent risks without loosening existing controls. We were satisfied that UKEF is approaching these issues appropriately and is managing those risks responsibly and proportionately.

For details about the Council's responsibilities, priorities, and membership, together with our contact details, terms of reference, register of members' interests and minutes of meetings, see the government's website.[19]

The cost of operating the Council in 2024/25 was £48,333, which covers the annual remuneration to members and the Chair, and reimbursement of travel and meeting expenses. For more information about the work of the Council, please contact the Council Secretariat: EGAC@ukexportfinance.gov.uk

19 Export Guarantees Advisory Council. About Us. [gov.uk/government/organisations/export-guarantees-advisory-council/about]

ACCOUNTABILITY REPORT

UKEF MINISTERS & BOARD MEMBERS

UKEF ministers

Rt Hon Jonathan Reynolds MP
Secretary of State for Business & Trade. President of the Board of Trade

Gareth Thomas MP
Parliamentary Under Secretary of State (Minister for Services, Small Business and Exports)

Rt Hon Kemi Badenoch MP
Secretary of State for Business and Trade, President of the Board of Trade, and Minister for Women and Equalities (to July 2024)

Lord Offord of Garvel CVO
Minister for Exports (to July 2024)

Members of the UKEF Board and its sub-committees

Robert Gillespie
Chair of the UKEF Board and, until June 2025, Chair of the Remuneration and Nominations Committee (now the People Committee)

Tim Reid
Chief Executive Officer & Accounting Officer

Cameron Fox
Chief Finance & Operating Officer

Samir Parkash
Chief Risk Officer

Members of the UKEF Board and its sub-committees (cont.)

Jackie Keogh

Member of the UKEF Board. Chair of the People Committee (from June 2025). Member of the Audit and Risk committees

Tim Frost

Member of the UKEF Board. Chair of the Risk Committee. Member of the Audit and People committees

Charlotte Morgan

Member of the UKEF Board. Chair of the Audit Committee. Member of the Risk and People committees

Kimberley Wiehl

Member of the UKEF Board. Member of the Audit, Risk and People committees

Vanessa Havard-Williams

Ex-officio member of the UKEF Board. Chair of Export Guarantees Advisory Council. Member of the Audit Committee

Tom Cooper

Ex-officio member of the UKEF Board. Ex-officio member of UK Government Investments. Member of the Audit, Risk and People committees (joined October 2024)

Jo Crellin CMG

Ex-officio member of the UKEF Board. Director General of Domestic & International Markets & Exports at the Department for Business and Trade

Candida Morley

Ex-officio member of the UKEF Board. Ex-officio member of UK Government Investments. Member of the Audit, Risk and Remuneration and Nominations Committee (to June 2024)

Register of interests

We keep our register of interests up to date to identify any potential conflicts of interest involving the senior executive directors and, if necessary, address them. At the start of departmental Board meetings, members are asked to declare any potential conflicts of interest. Appropriate arrangements are in place to manage any conflicts identified, in line with departmental and Cabinet Office policy. This could include, for example, not being involved in Board discussions relating to those interests.

One potential conflict of interest was raised this year and was managed in line with the relevant procedure.

A register of non-executive directors' directorships and shareholdings is available at gov.uk/government/organisations/uk-export-finance/about/our-governance.

GOVERNANCE STATEMENT

As Accounting Officer for UKEF, I am responsible to ministers and Parliament for its management, including the stewardship of financial resources and assets. This Governance Statement sets out how I have discharged this responsibility for the period 1 April 2024 to 31 March 2025.

Tim Reid
Chief
Executive Officer

The areas I cover are:

- the organisational arrangements for managing operations, constituting our corporate governance framework
- the nature of UKEF's business and its vulnerabilities and resilience to challenges, requiring risk management and controls

UKEF's mission is to advance prosperity by ensuring no viable UK export fails for lack of finance and insurance, doing that sustainably and at no net cost to the taxpayer.

We work with a wide range of private credit insurers and lenders to help UK companies access export finance using 3 underlying financial instruments: guarantees, insurance and loans. We complement rather than compete with the private sector and are strongly aligned with wider government strategy and policies. In providing support, we seek to:

- maximise the impact we achieve in the UK and overseas, delivering value for money for the taxpayer in accordance with our statutory purpose
- deliver exceptional service for our customers – exporters, overseas buyers and delivery partners such as banks
- respond to meet the needs of customers, delivering solutions within the bounds of acceptable risk
- maintain the confidence of ministers, Parliament and our customers
- effectively communicate what we do to a broad group of stakeholders across the UK and overseas

UKEF's 2024-29 Business Plan is an ambitious blueprint to realise this mission, and 2024/25 saw the first year of delivery against its 5-year objectives. The Business Plan details how UKEF's financing will:

- support more UK firms to win export contracts and invest in their export capability

- significantly increase the volume of small and medium-sized enterprises (SMEs) it supports
- unlock the potential of a wider range of businesses across the UK
- bolster the UK's leadership in green industries
- mobilise finance in developing markets.

Our offer is fully aligned with the government's wider priorities: in particular, in support of the government's growth mission and making the UK a clean growth superpower.

UKEF and National Wealth Fund officials join the Chancellor on a visit to Sunderland after providing a combined £680 million in guarantees to unlock investment in the construction and operation of AESC's new gigafactory

Corporate governance framework

UKEF was set up in 1919, with its original statute introduced in 1920, and its legal name is the Export Credits Guarantee Department. It is a ministerial department of state exercising statutory powers under the Export and Investments Guarantees Act 1991 (as amended) (EIGA).

UKEF is strategically aligned with the Department for Business and Trade (DBT) but is a separate ministerial government department. Both departments report to the Secretary of State for Business and Trade. I am the Chief Executive and Principal Accounting Officer of UKEF. The Secretary of State writes to me every year to outline the government's priorities for UKEF for the coming year.[20]

Statutory powers

UKEF's statutory powers are derived from the EIGA, which provides that they may only be exercised with the consent of HM Treasury ('the Consent'). HM Treasury sets a financial framework, comprising financial objectives and reporting requirements, within which UKEF operates.

Ministers

As a consequence of the general election in July 2024, UKEF officials worked with 2 governments, and 2 different ministerial teams, throughout the financial year. We briefed the different ministerial teams both verbally and through written submissions on issues concerning the department's operations, including:

- familiarisation with the role and remit of UKEF, and the range of products and services it can offer
- briefings for meetings with external stakeholders and domestic and international ministerial visits
- UKEF's position and support for Ukraine
- UKEF's support for the Polish NAREW defence programme
- critical mineral finance
- UKEF's Sustainability Strategy
- secondary legislation to increase the department's statutory commitment limit

20 UKEF. Letter from the Secretary of State for Business & Trade on UKEF's annual priorities. September 2024. [gov.uk/government/publications/letter-from-the-secretary-of-state-for-business-trade-on-ukefs-annual-priorities]

HM Treasury

UKEF officials, including myself, meet regularly with officials from HM Treasury to advise them on matters related to the Consent, business planning and performance. Throughout the year, and at least monthly, we supply HM Treasury with in-depth reports on key business metrics, including our financial performance. A representative from HM Treasury also attends UKEF Board meetings as an observer.

HM Treasury seeks to protect the taxpayer from excessive loss resulting from our lending or contingent liabilities, and the UK economy from economic detriment. It exercises this role primarily by monitoring our performance against spending plans, the financial objectives agreed by ministers and policy parameters they set for us.

Department for Business and Trade

DBT provides a single, coherent voice for business inside government, focussed on growing the economy with better regulation, new trade deals abroad, and a renewed culture of enterprise at home. I am a member of DBT's Executive Committee, and UKEF has a Memorandum of Understanding with DBT to achieve shared objectives around economic growth, increasing UK exports and contributing to the government's wider trade agenda.

UK Government Investments

UKGI provides advice, quarterly and on an ad-hoc basis to ministers with responsibility for UKEF, on the exercise of ministerial responsibility for UKEF. A UKGI representative is an ex-officio member of UKEF's Board.

Particular areas of focus are to:

- advise and support on corporate governance (including the appointment and remuneration of UKEF's Chair, Non-Executive Directors and Chief Executive)
- review UKEF's financial and operating performance and key performance indicators
- review UKEF's risk management function and processes
- input into business planning and strategic direction
- provide support in certain instances to HM Treasury on the government's exposure to risk

Export Guarantees Advisory Council

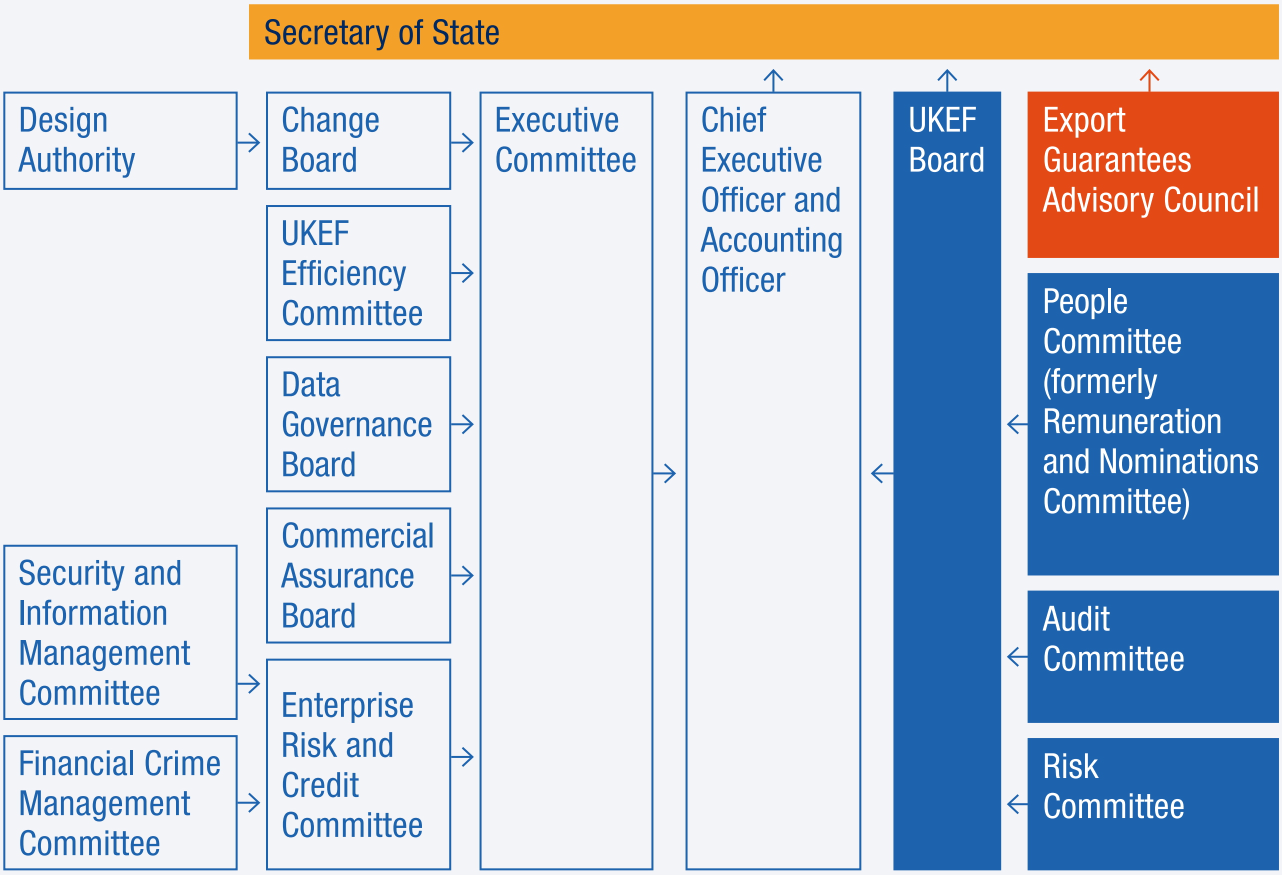
The Export Guarantees Advisory Council (EGAC) is a statutory body under the EIGA. It was designated an Expert Committee in 2016.

Its role is to provide advice to ministers and senior officials as needed, principally on the effectiveness of UKEF policies on a range of issues.

The Council independently publishes a report of its business in the year; see **Export Guarantees Advisory Council** and the Council's website.[21] The Council does not hold any independent budget or spending authority. The Chair of the Council sits on the UKEF Board as an ex-officio member.

21 Latest from the Export Guarantees Advisory Council. [gov.uk/government/organisations/export-guarantees-advisory-council/about]

UKEF'S GOVERNANCE STRUCTURE



NOTES

UKEF operates with the consent of HM Treasury.

Ministers and the Chief Executive are both directly accountable to Parliament.

UKEF Board

In discharging my responsibilities, I am advised by the UKEF Board, of which I am a member. The Board is led by a non-executive Chair to whom I report. Its membership consists of 3 executive directors (the Chief Executive, the Chief Risk Officer and the Chief Finance and Operating Officer) and a majority of non-executive Board members, including ex-officio representatives from DBT, UKGI and EGAC. There is also an observer from HM Treasury.

The Board's role is an advisory one, supporting both the Accounting Officer and UKEF Ministers through operational oversight and by providing advice and challenge.

The non-executive members are appointed by ministers through open competition based on relevant expertise and merit. They provide the Secretary of State with an independent source of scrutiny on all matters of material importance and provide me with guidance on strategic and operational issues, UKEF's financial performance, business planning, and our arrangements for financial reporting, risk management and control.

The Board has 3 sub-committees: the Audit Committee, the Risk Committee and the People Committee (formerly the Remuneration and Nominations Committee). Membership of these sub-committees comprises non-executive Board members and ex-officio Board members agreed by the UKEF Board.

UKEF is committed to ensuring that the Board and its committees operate effectively and are continually improving. During the autumn of 2024, an external Board effectiveness review was undertaken. Overall, the review concluded that:

- the Board and its sub-committees were well chaired and effective in supporting and overseeing the work of UKEF
- Board members have a broad breadth of knowledge, with strong experience of a wider range of topics relevant to UKEF
- the Board provides a good level of challenge to strategic issues and other important departmental priorities
- the non-executives and executives were mutually open and supportive

It suggested improvements could be made to clarify the Board's and its sub-committee's roles. A report detailing the findings and suggested improvements was accepted by the Board and an action plan established for implementing key recommendations during 2025/26 and beyond. The minutes of Board meetings are published on UKEF's website.

Subjects considered by the Board

The UKEF Board meetings covered a variety of topics to support the running of the department and meet our objectives, including:

- government priorities and spending review
- human resources
- ECA landscape and benchmarking
- SME strategy
- operational planning and business performance
- the portfolio of products that UKEF offers
- business forecasting
- financial performance
- financial crime risk assessment
- transformation and change plan
- origination and client coverage

The Information Management and Governance Team provided a comprehensive secretariat service to the Board and its committees, to ensure the effective and efficient administration of the Board and its activities. The Board was provided with high-quality Board papers before each meeting to aid informed discussion and decision making.

Audit and Risk committees

See **Audit and Risk committees** for the annual reports of these committees. Their respective chairs formally report on their activities to the Board.

People Committee (formerly Remuneration and Nominations Committee)

The People Committee has taken on the role of the Remuneration and Nominations Committee. It comprises at least 3 non-executive directors (ex-officio or independent non-executive) and is chaired by Jackie Keogh, who is a non-executive member of the Board.

This committee:

- considers and reviews the skills and performance of the Board, Chief Executive and senior civil servants within UKEF
- advises on succession planning
- reviews the management, development and retention of talent
- considers organisational culture
- agrees proposals regarding the remuneration and reward policy of the department
- considers the use of strategic enabling tools and technology to assist human resource processes

We sign a new deal with DEA Aviation to support the company to continue to grow its export operations

See **Our People** for more detail on the remuneration of senior civil servants.

The People Committee also makes sure that remuneration recommendations consider any requirements or guidance from the Cabinet Office, including that the average increase to the senior civil servant pay bill is within any centrally determined budget.

Executive Committee

I am supported in the management of UKEF by the Executive Committee, which I chair. Its membership is composed of senior executives who are all members of the Senior Civil Service (SCS). During the year, there was a re-organisation of Executive Committee member responsibilities to ensure UKEF is fit for the future, with current responsibilities detailed below:

- **Julia Beck**, Chief Strategy and Impact Officer: responsible for the department's strategic and operational planning, policy and product development, international relations and negotiations, sustainability, communications, governance and information management
- **Dan Bowden**, Director of Digital, Data and Technology: responsible for technology, data and digital services, business insight and analytics
- **Cameron Fox**, Chief Finance and Operating Officer: responsible for finance, accounting and middle office operations. Cameron is also a member of the UKEF Board
- **Adam Harris**, Interim Co-Director of Business Group: responsible for large corporate and overseas buyer financing, and international origination, including our overseas network. Adam served on an interim basis to January 2025 before Ed Prince joined
- **Adam Lyons**, Interim Chief Strategy and Impact Officer: responsible for the department's strategic and operational planning, policy and product development, international relations and negotiations, sustainability, communications, governance and information management (from February to July 2025)
- **Shane Lynch**, Director of Corporate Services: responsible for all workforce-related issues, staff

administrative functions, strategic workforce planning, change management, commercial functions, facilities and security

- **Samir Parkash**, Chief Risk Officer: responsible for leading the organisation's overall approach to risk management by managing enterprise, financial and credit risk, country risk, operational risk, and related management systems and practices. Samir is also a member of the UKEF Board
- **Ed Prince**, Co-Director of Business Group: responsible for large corporate and overseas buyer financing, and international origination, including our overseas network (from January 2025)
- **Jayne Whymark**, Director of Legal and Compliance: responsible for legal and financial crime compliance matters and supporting the department in managing legal and compliance risks
- **Carl Williamson**, Co-Director of Business Group: responsible for our support for SME exporters, our domestic Export Finance Manager network and marketing. Carl was previously Head of Trade Finance. Carl was appointed on a full-time basis in July 2024

The minutes of Executive Committee meetings are published on UKEF's website.

There are 5 sub-committees of the Executive Committee, each of which is chaired by a member of the Executive Committee and whose membership is drawn from senior staff in UKEF.

- ERiCC, chaired by the Chief Risk Officer, is responsible for advising the Chief Executive on the effective management of credit risk exposures at the case-specific and portfolio levels, and operational and enterprise-wide risks across UKEF. The Security and Information Management Committee (SIMCo) and the Financial Crime Management Committee are sub-committees of ERiCC.
- The Change Board, chaired by the Director of Corporate Services, advises on whether UKEF's investment in maintaining and improving its infrastructure, systems and processes is appropriately and effectively targeted and managed, and represents value for money. The Design Authority reports into the Change Board and is the formal governance gateway for any proposed IT solutions or other technical changes that will have an impact on the existing UKEF enterprise architecture.
- The Commercial Assurance Board, chaired by the Director of Corporate Services, is responsible for assuring the delivery of commercial activity above £1 million. The Commercial Assurance Board reviews submissions in line with UKEF strategy, vision, processes and guidelines and provides a forum to assess risk and escalate submissions for further discussion where needed. Approvals up to £1 million are managed within the commercial function, in line with the commercial team's delegated authority.
- The Data Governance Board, co-chaired by the Director of Digital, Data and Technology and the Chief Risk Officer, oversees data governance initiatives within UKEF, ensuring effective management and quality of our data.
- The Efficiency Committee, chaired by the Chief Strategy and Impact Officer, scrutinises spending proposals and explores how UKEF can deliver more effectively and quickly within our allocated funds, and provides structured support to help the department deliver on our ambitions.

UKEF has robust policies and supporting processes in place governing the declaration and management of outside business activities, financial interests and conflicts of interest.

The relevant policies and procedures are published on UKEF's intranet and regular reminders are sent to staff throughout the year regarding their obligations in this area. All staff are required to make an annual return covering the declaration of in-scope financial interests. And they have to disclose potential conflicts of interest as they arise, and to seek permission for any outside business activities before taking them up. Staff joining UKEF have to make relevant declarations as part of the pre-employment checking process and it is also covered in the new joiner induction.

Governance this year

As Accounting Officer, I state that in the financial year:

- all instructions given to me by ministers were in accordance with the EIGA, the Consent, applicable laws and international agreements
- UKEF met all its financial objectives
- UKEF suffered no material operational losses
- UKEF had no major security breaches, data thefts or losses
- I met ministers regularly to brief them on issues related to UKEF, and along with other UKEF officials I also briefed, as necessary, UKGI, HM Treasury and DBT officials so that they could give informed advice to ministers if and when needed
- the appropriate balance of non-executive directors and ex-officio members on the UKEF Board was maintained
- the Executive Committee met at least twice a month
- the UKEF Board met 10 times, the Audit Committee met 6 times, the Risk Committee met 5 times and the Remuneration and Nominations Committee met twice, all consistent with their terms of reference

Ministerial directions

In May 2024, the then Secretary of State issued a ministerial direction for UKEF to proceed with financing support in connection with the NAREW air defence programme in Poland.

Owing to the size of the deal, which required UKEF to significantly increase its country risk appetite for Poland, UKEF incurs a contingent liability beyond the usual parameters set by the department's exposure management framework as agreed with HM Treasury. Consequently, UKEF needed ministerial direction to proceed.

For reasons of commercial sensitivity, the direction was not announced publicly until October 2024, after our support for the transaction had been confirmed. The Public Accounts Committee and Business and Trade Select Committee were also told. UKEF has not had any requests for further information from either committee about its support for the NAREW air defence programme.

Following the general election in July 2024, the new ministerial team confirmed it would keep the ministerial direction that had been confirmed in May 2023 by the previous government for UKEF to maintain its £3.5 billion cover for Ukraine.

OUR BOARD COMPOSITION

Members of the UKEF Board and its sub-committees (with attendance figures)

Directors	Role	UKEF Board	Audit Committee	Risk Committee	Remuneration and Nominations Committee[22]
Average attendance (members only)		96%	97%	94%	92%
Individual attendance					
Tom Cooper	Ex-officio Board member, UK Government Investments (from October 2024)	6/6	3/3	2/3	1/1
Jo Crellin	Ex-officio Board member, Department for Business and Trade	9/11	–	–	–
Cameron Fox	Executive Board member	10/11	7/7*	5/5*	–
Tim Frost	Non-executive Board Member	11/11	7/7	5/5	2/2
Robert Gillespie	Non-executive Chair from 1 March 2024	11/11	7/7*	4/5*	2/2
Vanessa Havard-Williams	Ex-officio Board member, Export Guarantees Advisory Council	11/11	7/7	–	–
Jackie Keogh	Non-executive Board Member	11/11	7/7	5/5	2 / 2
Charlotte Morgan	Non-executive Board Member	10/11	7/7	5/5	2 / 2
Candida Morley	Ex-officio Board member, UK Government Investments (to June 2024)	5/5	2/2	1/1	1/1
Samir Parkash	Executive Board member	10/11	5/7*	5/5*	–
Tim Reid	Executive Board member	11/11	7/7*	4/5*	2/2*
Kim Wiehl	Non-executive Board Member	11/11	6/7	5/5	2/2

*Not a member of the committee but attends its meetings (except in relation to matters presenting a conflict of interest)

22 Sat as the Remuneration and Nominations Committee until June 2025. Now reformed as the People Committee.

Third-party delivery partners

UKEF works with a network of partners, including commercial lenders, insurance brokers, other export credit agencies, other government departments, industry bodies and intermediaries. For more information about our partners and operations, see our website.

UKEF will continue to extend and enhance its delivery partner relationships to improve levels of support to its customers.

Major contracts and outsourced services

UKEF's commercial function has been in place since 31 July 2023.

The function has a clearly articulated commercial strategy, providing a roadmap for the delivery of its objectives up to 2026. It outlines how the function will operate, enabling the department to meet its priorities and deliver against the Government Commercial Function (GCF) standards.

With the introduction of the New Procurement Act, which went live in February 2025, UKEF's commercial policy has been updated to manage concurrent compliance with both the old and new regulatory requirements. The newer legislation requires focus on delivering value for money, maximising public benefit, sharing information, treating suppliers the same, and both acting and being seen to act with integrity. UKEF's commercial policy also references Managing Public Money and the Green Book, and complies with Cabinet Office and GCF standards as well as internal UKEF policy.

UKEF has a robust assurance framework that spans the full commercial lifecycle, providing clear lines of ownership and accountability, challenging and needing approval for all procurements over £10,000 throughout the process. We have extra internal and external controls in place depending on the value and risk.

We have introduced a new commercial partnership model, designed to help increase our influence earlier in departmental decision making, enabling better informed commercial outcomes and improving value for money.

In June 2024, our commercial blueprint set out our ambition to strengthen contract management capability and improve proactive oversight of our major contracts. UKEF has several critical transformation contracts that are significant to making sure it can deliver its core services and meet its regulatory obligations.

Our Contract Management Capability Programme accreditation programme is now fully embedded within the department. Accountability for contract management has also transitioned into the function to drive greater consistency and commercial oversight. These are significant steps towards strengthening and improving effective management of our supply chain.

Risk management and assurance

UKEF is committed to following best practice and public sector standards in areas of governance, accountability, transparency and risk management. 'Being purposeful and responsible with our risk taking' is one of our strategic enablers.

Our approach to risk management is described in detail in the **Chief Risk Officer's Commentary**, alongside a review of our performance and internal controls relating to financial risk management.

UKEF's enterprise risk management framework provides senior management with a consistent structure and a documented approach to identifying, assessing, evaluating and reporting known and emerging risks across the department. The framework fosters continuous monitoring, promotes good risk awareness across the organisation and encourages sound operational and strategic decision making.

Risk culture

A strong risk culture is central to good risk management, starting with the 'tone from the top'. Senior leaders within UKEF are key influencers, inculcating the high standards of behaviour and conduct expected in all our teams. To make sure that the Board is kept apprised of UKEF's primary risks and the effectiveness of UKEF's risk management, it gets a monthly report from the Chief Risk Officer covering credit, enterprise and operational risks.

Our risk culture is reinforced by the Civil Service Code and its core values of integrity, honesty, objectivity and impartiality. It forms part of our decision-making process for strategy setting, business planning, product governance, change management, customer service, resourcing and working with third-party suppliers and partners.

Three lines of defence

All employees are responsible for identifying and managing risk within the scope of their role. UKEF has embedded a 'three lines of defence' framework across the organisation, which defines clear responsibilities and accountabilities for decision-making and independent oversight and assurance.

First line of defense
Day to day management and risk ownership

Second line of defense
Risk policies, methodologies and independent oversight and challenge

Third line of defense
Independent assurance

Strategic risk

UKEF maintains a strategic risk register that identifies risks and issues with the potential to materially affect the realisation of our Business Plan objectives, or the department's license to operate more broadly.

In 2024/25, the department made the decision to review this register to ensure it reflects and complements UKEF's wider risk taxonomy. The updated strategic risk register was discussed at the UKEF Board in early 2025/26, and will be reviewed at a minimum bi-annually by the Executive Committee, and annually by the Board.

Operational risk

Operational risk management is an integral part of the enterprise risk management framework. UKEF's operational risk management policy details the minimum requirements for managing the department's operational risk. This in turn enables staff to make informed decisions based on a sound understanding of our operational risks.

UKEF's approach to operational risk management is designed to:

- embed risk management, process, control and risk ownership into the first line of defence
- make sure current and emerging operational risks are continually identified, assessed, monitored, managed and reported in a consistent manner
- make sure potential and crystallising risks and incidents are reported and escalated as appropriate
- make sure appropriate risk management action is prioritised and completed
- provide ERiCC and the Risk Committee with regular information in respect of the control environment

There is a programme of continuous improvement regarding risk management, control identification, and developing and regularly reviewing process maps and procedure documentation across the department.

UKEF's operational risks primarily arise from our business-as-usual activities. These risks typically involve the possibility of error or oversight leading to a financial loss (other than as a result of properly managed exposure to credit risk), a failure to properly discharge our obligations, or controls not being designed and/or applied appropriately. Examples of such failures could include:

- credit decisions being made on the basis of incorrect data
- a breach of or an inaccuracy in our reporting requirements to HM Treasury
- a data breach caused by a successful cyber-attack

- a failure to get the right authority to enter into a commitment
- a failure to recognise a fraudulent application or request for payment

A programme of assurance testing is undertaken by the Enterprise Risk Division to provide senior management with assurance that key controls that are missing or ineffective are identified and remedied, so controls operate in accordance with defined procedures.

Infrastructure and cyber risk

Security in UKEF is managed under a unified operating model with physical, cyber, personnel and technical security, and business continuity in one function. We also work closely with colleagues in Human Resources, Digital, Data and Technology, and Knowledge and Information Management.

This structure provides strong risk management, agile and coordinated controls, and operational synergies. It also aligns us with the government's ambition for greater convergence across the various security domains. UKEF also draws heavily on expertise from across government, including the Government Security Group, Protective Security Centre, Cyber Centre of Excellence and National Technical Authorities.

Each government department is required to have a nominated Board member or executive director to discharge oversight and responsibility for security risk management. For UKEF, this is the Director of Corporate Services, who is also the Senior Information Risk Owner. The Senior Information Risk Owner has Executive Committee-level responsibility for information risks, including cyber security risks. They also chair the Security and Information Management Committee.

Reputational risk

For a complex organisation with as large and diverse a portfolio as UKEF, reputational risk can originate from a wide range of sources and sometimes be unpredictable. This can arise from any intentional action, such as a decision to support a particular transaction, where a wide range of factors will be relevant, or an unintentional action, such as an information breach. It can also arise from inaction, such as a failure to apply government policy.

Other types of risks, including environmental, social and human rights, legal, financial crime, governance and sustainability, can also have a reputational impact. If they materialise, reputational risk issues can cause real damage to UKEF's reputation and affect credibility with stakeholders. They can also call into question our wider purpose as an organisation and our commitment to our mission statement.

For this reason, reputational risk is relevant to every team in UKEF and is taken seriously at the senior levels. Issues identified at any level are investigated, and escalated where appropriate, to be considered by members of the Executive Committee, for a steer about how to proceed. The Board are kept regularly informed of reputational risk discussions.

Legal and compliance risk

Financial crime compliance

Due to the nature of UKEF's business, it is susceptible to several financial crime risks including fraud, bribery and corruption, sanctions breaches, money laundering, terrorist financing and tax evasion.

The annual Financial Crime Risk Assessment is a key component of UKEF's financial crime control framework, and its risk-based and proportionate approach to financial crime risk management. It considers both direct risk (defined as the risk that UKEF has committed, facilitated, or become a victim of financial crime) and indirect risk (defined as the risk that UKEF supports transactions that are used to commit or facilitate financial crime).

Direct risks:

UKEF complies with the cross-Government functional standard GovS 013 (counter-fraud, bribery and corruption), and the mandate of the Public Sector Fraud Authority as far as is appropriate for the Department. This includes quarterly reporting to the Public Sector Fraud Authority on fraud, error or loss, promoting a culture of continual improvement in respect of UKEF's counter fraud response, and a comprehensive training and communications plan to ensure all staff understand the obligations placed on them by law and in their roles as civil servants at UKEF.

Indirect risks:

UKEF recognises that as part of 'business as usual' it must engage with parties with a higher inherent risk profile. It also must recognise its appetite for engaging in inherently high-risk business. While it is not possible to eliminate all financial crime risk from transactions, UKEF will, given its role and remit, take reasonable and proportionate steps to identify, measure and manage its financial crime risk.

To the extent appropriate, we aim to align with industry good practice from the regulated financial services sector. To align UKEF's risk-based approach to the government priority of tackling economic crime at both an international and a national level, enhanced due diligence and enhanced monitoring is applied in accordance with the HM Treasury Money Laundering Advisory Notice: High Risk Third Countries (as amended from time to time) regarding risks posed by jurisdictions with unsatisfactory money laundering and terrorist financing controls.

When necessary, UKEF will seek to engage with other government departments or law enforcement agencies, as part of its approach to mitigating and managing identified risks associated with a transaction.

Where heightened financial crime risk is identified, transactions are presented to UKEF's Financial Crime Risk Management Committee (reporting to ERiCC) for discussion. UKEF has also declined to provide support, or implemented additional controls, where necessary.

UKEF transaction documents contain, as standard, provisions aimed at preventing, and/or compelling disclosure of, specific classes of financial crime on the part of key parties. Care is taken to make sure compliance expectations remain clear.

UKEF has remained actively involved in the Organisation for Economic Cooperation and Development (OECD) Working Group on Export Credits, contributing to the development of a guidance note concerning implementation of the Recommendation of the Council on Bribery and Officially Supported Export Credits.

In November 2024, UKEF hosted a 2-day multi-ECA Financial Crime Forum aimed at exchanging best practices and strengthen collaboration in combatting financial crime.

Attendees at the ECA Financial Crime Forum, hosted by UKEF

Legal risks

The remit of UKEF's dedicated in-house legal function is to understand, advise on and mitigate legal risks to the department associated with its various activities. These risks arise from public law, contract law through arrangements such as the financial transactions to which it enters as well as international obligations to which it is subject. The Legal Division is staffed by highly qualified legal advisers (a mix of solicitors and barristers) and paralegals with a broad range of professional experience and expertise, primarily gained in private sector law firms but also from financial services organisations and elsewhere in the Civil Service.

Legal advisers provide advice on all aspects of transactional work through which the department provides its support. This includes the structuring and negotiation of documentation, post-issue management (including restructurings and claims and recoveries), and new products and projects.

Legal advice is provided on information law, covering data protection and freedom of information, public law, procurement, and any contentious matters, such as whistleblowing and litigation with regard to recoveries or judicial review.

Legal advisers collaborate widely with teams across UKEF and have strong links with legal teams in other government departments, external law firms and counsel.

Orange Book compliance

The Orange Book lays out the principles for managing risk. Departments are expected to comply with these principles or explain their reasons for non-compliance.

In May 2023, the Risk Centre of Excellence within HM Treasury distilled this into a comprehensive bank of questions, and subsequently revised this bank of questions in November 2024 to include a list of 75 mandatory questions.

This identified the key principles set out in the Orange Book, and each department was asked to consider their risk management practices against these questions and note their compliance in their Annual Report and Accounts.

Using the question bank, senior stakeholders across UKEF collaborated on an internal review. This review considered both the mandatory and non-mandatory questions within the Orange Book bank of questions.

The review found that, aside from the following 3 items, UKEF's policies, procedures and practice comply with the Orange Book Principles. These 3 exceptions do not form part of the 75 mandatory questions listed in the bank of questions.

Governance & Management Framework: Boards is not fully complied with as the Board is not chaired by the Secretary of State or Minister. Given that UKEF is engaged with financial services activities, good risk management is instead achieved with the independent appointment of a non-executive Chair with relevant professional experience, as agreed with ministers.

Portfolio Risk Management Guidance[23] is not complied with in 2 areas.

- UKEF does not profile chances of degrees of variation in intended outcomes relating to cost, time, benefits and other objectives using appropriate qualitative and quantitative techniques across the whole of its change portfolio.
- The assurance question relating to the effectiveness of interventions in managing risk is partially complied with. Risks are regularly tracked, monitored and escalated as appropriate, and reporting is available on the changes in risk as a result of interventions. However, these are not actively tracked across the whole of the portfolio.

The partial compliance on the change portfolio risk management guidelines is because of the resourcing constraints on the portfolio

23 Here, 'portfolio' refers to the range of change projects under management within UKEF. It is separate to our portfolio of deals.

as a whole and the small size of the majority of portfolio projects. The Financial Reporting Changes (FRC) programme (which constitutes 53% of the forecast change portfolio spend for 2025/26) complies with both, and further interventions across the rest of the portfolio will take place if required and resources allow.

UKEF has a continual improvement process in relation to risk management and the approach to compliance with Orange Book principles will be reviewed in 2025/26.

Governance assurance processes

Each group in UKEF identifies and manages their key operational risks using the risk and control assessment process, which is reviewed and updated quarterly as a minimum. A bi-annual control environment confirmation is also completed by all Executive Committee members and submitted to me. This has given us a more robust understanding of our risk and control environment, and greater confidence in its assurance in line with internal audit findings.

In addition, at the end of the year, supported by a non-executive member of the Board, I chaired a panel which challenged executive directors on their control and assurance responsibilities, informed by the risk and control assessments, the bi-annual control environment confirmation and any reported incidents.

Evolving risks

Global trade uncertainty

A volatile global trading environment creates strategic risk for UKEF and its customers. UKEF's support to UK businesses is therefore as important as ever. UKEF has a track record of over 100 years' success in supporting UK business reach new international markets, and we will continue to work to ensure our offer is properly tailored to help those businesses navigate trade uncertainty.

In April 2025, the government backed British exporters further by announcing a multi-billion-pound increase in government-backed financing with a £20 billion increase in UKEF's portfolio capacity.

Transformation and change

UKEF is currently delivering a series of complex and strategically significant transformation initiatives simultaneously. These include the FRC programme, the Fintech Transformation, and the Enterprise Data Platform (EDP) project.

Together, these efforts are central to UKEF's strategy to align its reporting, as mandated by HM Treasury (adoption of IFRS 9 and 17), replacing the aging and expensive loans and guarantees administration system, and replacing its data warehouse, which is 14 years old.

These change initiatives are working to tight delivery timelines and are highly interdependent, while often drawing on common, scarce skilled resources and single points of failure. To manage this complexity, the Portfolio Management Office (PMO) has implemented a centralised interdependency register, established regular alignment forums for programme leads and delivery teams, and introduced a portfolio-level risk and resource management framework. These measures are designed to ensure proactive coordination and mitigate shared challenges.

Furthermore, the Transformation and Change Division, Digital, Data and Technology (DDaT), and the Strategy Division are working closely with the Policy & Products Division to make sure all solutions are designed with long-term compatibility and scalability in mind.

I am committed to progressing these issues during the coming year.

Functional standards

Since the end of September 2021, the Cabinet Office has needed all government departments to implement mandatory elements of each functional standard.

This year, the Executive Committee had an update on progress in the implementation and maintenance of the functional standards regime within UKEF. A plan for each function is maintained, incorporated into the relevant divisional plan, monitored and reported against and updated at least annually.

Ongoing, proportionate and coordinated assurance activity is performed to make sure the mandatory elements of the Functional Standards are being embedded and comply (or will comply) with all the defined requirements (as appropriate).

Data modelling and quality assurance

We perform appropriate quality assurance on our analytical and modelling work in accordance with the Aqua book. Our modelling policy, which we also review annually, sets out how we undertake all modelling work. A list of UKEF's business-critical models, in accordance with the standards of the Macpherson Review, is published on gov.uk. The Senior Responsible Officer for our business-critical models is accountable for reviewing them annually, to make sure the best modelling and quality assurance practices are followed.

Data protection and information management

Information is a critical business asset that is fundamental to the continued delivery and operation of any government service. Departments must have confidence in the confidentiality, integrity and availability of their data. Any personal data collected, stored and processed by public bodies is also subject to specific legal and regulatory requirements.

UKEF's Knowledge and Information Management function promotes good information governance and compliance with statutory obligations.

The Knowledge and Information Management team operates an assurance tracker. It supports UKEF's Data Protection Officer to ensure compliance with the UK's General Data Protection Regulation (GDPR) and to make sure that all staff who process personal data do so in line with the UK GDPR.

In 2024/25, 25 data breaches were reported to, and processed by, the Data Protection Officer. None of these breaches were deemed serious enough to report to the Information Commissioner's Office (ICO).

UKEF has a dedicated team to make sure it complies with the Freedom of Information Act 2000 and other information-related legislation that gives the public rights of access. In 2024/25, one response was referred to the ICO. Within this period, UKEF scored a 97% timeliness record for responding to information requests.

Whistleblowing policy

UKEF has a whistleblowing and raising-a-concern policy in place. The policy is based on guidance provided by Civil Service HR and was last reviewed by the Audit Committee in April 2025. One disclosure was made which was investigated under the whistleblowing policy in 2024/25.

Complaints

UKEF aims to provide all our customers with the highest standards of service. If things go wrong, we aim to put them right as soon as we can.

Our complaints policy is designed to provide a swift and effective remedy when something has gone wrong and to help us identify the steps to take so that the problem does not occur again. We aim to investigate and provide a full explanation within 20 working days of receiving a complaint.

In 2024/25, UKEF logged 7 complaints, none of which were referred to the Parliamentary Ombudsman.

Internal audit

The Internal Audit and Assurance Division (IAAD) undertakes audit assignments in accordance with the Public Sector Internal Audit Standards and with the Government

Functional Standard GovS 009: Internal Audit, which details 5 principles:

- audit objectives are aligned to government policy, and organisational objectives and risks
- there is appropriate access for internal auditors to discharge their duties, including the ability to communicate findings without hindrance
- work is assigned to people with the required capability, capacity, proficiency and due professional care
- internal audit findings are captured, shared and used to promote improvement in the efficiency and effectiveness of the organisation and value for money
- public service codes of conduct and ethics and those of associated professions are upheld

The overall opinion for 2024/25 is one of ‘Moderate Assurance’. This is the same opinion as in 2023/24.

Overall, risk owners have been conscientious and continue to improve their control frameworks, raising self-identified issues, documenting controls, and having open risk and control discussions as part of their daily work. This is supported by a ‘tone from the top’ which fosters a strong focus on identifying and managing both risks and opportunities. Management is committed to fully remediating governance issues highlighted in several audits during the year.

The processes and controls in operation with regard to our transactions are central to making sure our exporters receive the advice and support that they need. To this end, IAAD has undertaken an end-to-end audit of short-term business this year, reviewing the key controls across the department that support the processing of relevant transactions.

The audit identified several areas where we can enhance our control environment to be more effective and streamline existing processes. Management is applying governance learnings from this audit across the Business Group.

In terms of medium and long-term transactions, following discussions with the Accounting Officer and Executive Committee members, IAAD agreed not to undertake the end-to-end transactional review of deals audit that was initially planned for 2024/25, and to replace this with 2 pieces of work within IAAD. This was to allow management to complete remediation of a number of action plans from several consecutive audits in the previous 2 years (all rated ‘Limited’), including some actions that had target dates extended.

IAAD has continued its increased coverage of the Cyber and Digital, Data and Technology areas this year. Management is aware of and working towards enhancing completeness of Business Continuity and IT Disaster Recovery strategy, planning, and testing, as well as to fully documenting the systems and technology architecture.

Corporate governance code for central government departments

In preparing this statement, I have taken into account the Corporate Governance in Central Government Departments Code of Practice, 2017. With the exception of the Board structure discussed earlier as part of our compliance with the Orange Book, I am satisfied that UKEF is able to demonstrate compliance with this code where it applies to UKEF for the relevant period with the exception of one area: the UKEF Chair did not meet with the Government Lead Non-Executive Board Member during 2024/25, this will be remedied in 2025/26.

Tim Reid
Chief Executive and Accounting Officer

8 July 2025

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

In line with the Government Resources and Accounts Act 2000, HM Treasury has directed UKEF to prepare, for each financial year, resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources by the department during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of UKEF and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual's requirements and in particular to:

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the judgements required for determining that it is fair, balanced and understandable

HM Treasury has appointed the Chief Executive as principal Accounting Officer of UKEF. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records, and for safeguarding UKEF's assets, are set out in Managing Public Money published by HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information, and to establish that UKEF's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

I believe that this Annual Report and Accounts is a fair, balanced and understandable account of UKEF's performance in the year, and I take personal responsibility for it and the judgements needed to determine that it is fair, balanced and understandable.

Tim Reid
Chief Executive and Accounting Officer

8 July 2025

AUDIT AND RISK COMMITTEES

On behalf of the committees, we are pleased to report on the Audit Committee and Risk Committee, reviewing the key topics we considered this year. We would like to thank the committee members and management for their support to the committees.

This information should be read alongside the **Governance Statement**.

UK Export Finance's Audit and Risk Committee Terms of Reference say the Committees have to consist of at least 3 non-executive Board members or other independent representatives agreed by the UKEF Board.

For 2024/25, Charlotte Morgan (Chair of the Audit Committee), Jackie Keogh, Tim Frost (Chair of the Risk Committee) and Kim Wiehl, who all meet the relevant requirements for independence, serve on these committees. Tom Cooper is a member of both committees, representing UK Government Investments. It is a requirement in both committees' Terms of Reference that at least one member sits on the other committee to help coordinate between the 2 bodies. Vanessa Havard-Williams (Chair of the Export Guarantees Advisory Council and ex-officio member of the Board) is also a member of the Audit Committee.

Although not members of the Audit or Risk committees, the Accounting Officer, Chief Finance & Operating Officer, Chief Risk Officer, Head of Internal Audit and a representative of External Audit normally attend meetings. The Audit and Risk committees may ask any or all of those who normally attend but who are not members to withdraw, to allow open and frank discussion of particular matters. The Chair of the UK Export Finance Board regularly takes part in both the Audit and Risk committees' meetings as an observer.

The Audit Committee Terms of Reference also state that at least one member of the committee should have significant, recent and relevant financial experience.

Audit Committee

The attendees discuss auditors' reports, review and assess the auditing concept and examination process, and assess the activities of both external and internal auditors.

In general, the Audit Committee:

- serves as a focal point for communication and oversight regarding financial accounting and reporting, internal control, actuarial practice, and financial and regulatory compliance
- reviews and approves the Internal Audit and Assurance Department (IAAD) Charter, annual audit plan, resource assessment, strategy and performance measures
- considers the effectiveness of the policies for the prevention and detection of fraud, and the policies for making sure there is compliance with relevant regulatory and legal requirements on whistleblowing

- reviews the draft Annual Report and Accounts including both financial and non-financial reporting and the narrative disclosures
- considers the work of the external auditors, the terms of their engagement and the external auditor's findings on key judgments and estimates in financial statements

Activities this year

Annual Report and Accounts

The committee recommended that the Chief Executive sign the final draft of the 2023/24 Annual Report and Accounts in July 2024.

For the 2024/25 Annual Report and Accounts, the Committee discussed the:

- implications of changes in accounting and reporting practice
- timetable and process
- significant judgments and estimates in financial statements
- draft governance statement
- National Audit Office (NAO) external audit plan and materiality level
- external audit conclusions and recommendations
- post-balance sheet events

Financial Reporting Changes (FRC)

The FRC is an extensive programme to change the way UKEF reports its finances to align with International Finance Reporting Standards (IFRS) 9 and 17.

The committee discussed the status of the FRC; resourcing on the project; the key areas of risk surrounding the programme; mitigations in the case of delays; and its impact on other UKEF change programmes. The committee also reviewed technical papers underpinning the proposed approach to IFRS 9 and IFRS 17 and discussed the split by products (by exposure and number of products) between what was in scope of IFRS 9 and IFRS 17.

Sovereign probabilities of default

Members noted that the NAO's management letter on the 2023/24 audit recommended that UKEF should investigate its use of corporate and public default data for sovereign probabilities of default. This was a core assumption to how UKEF models risk.

The meeting was given a summary of the full review, which included analysis of the underlying data and consultation with other government departments, private-sector experts and Export Credit Agencies. The committee noted that the paper was discussed at the Enterprise Risk and Credit Committee and the central recommendation – that the assumption was retained – was approved.

IAAD

The committee noted the moderate internal annual audit opinion for 2023/24, and discussed changes needed to improve the effectiveness of the framework of governance, risk management and control. The committee approved the draft audit plans and a revised IAAD Audit Charter.

The Head of Internal Audit regularly updated members on the progress with resourcing and the Internal Audit work plan, provided the committee with an update on professional internal audit standards and presented a paper which proposed Internal Audit's functional strategy, vision and key performance indicators, which the committee then approved.

As well as this, a range of other topics were considered, including:

- compliance function update
- whistleblowing policy
- sustainability company reporting (including the narrative and assumptions around climate reporting, developments in climate reporting standards, and the breakdown of aviation sector financed emissions)

The Audit Committee meets at least 4 times a year. In 2024/25 it met 7 times.

Risk Committee

The committee notes that the organisation has continued to expand as UKEF plays its part in stepping up to a series of unprecedented challenges and opportunities.

Activities this year

Active portfolio management

On a quarterly basis, the committee discussed UKEF's portfolio, including geographical and sector concentrations.

Provisions and impairments

As part of preparing the Annual Report and Accounts, the committee reviewed the final recommendations on provisions and impairments for the 2023/24 accounts, covering all corporate and government claims and direct lending arrangements.

Post issue management

The committee were given an overview highlighting the post-issue risks associated with transactions and how these were monitored. The meeting discussed how the department's portfolio was categorised and managed, with the Restructuring, Claims and Recoveries Division (RCRD) monitoring the aerospace portfolio and the Business Group monitoring the short-term business portfolio. Members also considered how UK content was monitored by the post-issue management team.

Credit risk mitigation and transfer options

The committee discussed a paper which outlined options to reduce portfolio concentration risk and assessed their pros and cons. The committee were also given an update on risk transfer options in the context of UKEF's Taiwanese cases, given portfolio concentration in terms of geography, sector and market.

Enterprise risk management

The committee were kept up to date on the development of the Enterprise Risk Division, the enterprise risk framework and enterprise risk maturity across the organisation. In addition, reports were provided to the committee on UKEF's risk appetite and UKEF's operational risk management.

Members were also given a status update about the 2023/24 assurance testing plan, detailing the key trends seen through the assurance testing work, and were presented with the assurance testing plan for 2024/25.

Non-bank financial institutions (NBFIs)

The committee considered a paper on progress with onboarding NBFIs and the pricing used by partner NBFIs. The meeting noted that UKEF asked for pricing practices in advance as part of due diligence on partners.

Scenario analysis and stress testing

The committee were informed of UKEF's biannual stress testing and scenario analysis exercise, which tested UKEF's baseline portfolio against its 2 financial objectives by applying a range of scenarios and stress tests. The meeting discussed the consequences of the stress testing process for the department and how UKEF's strategy could be adjusted to take account of the findings.

Digital and data governance

Following delegation from the UKEF Board, the committee considered a series of subjects to focus more on key digital, data and technology (DDaT) related enablers of the business. The committee discussed: the Data and Analytics Transformation programme, especially the data governance and reporting workstream; data fixes and the operational data store workstream; and digital services.

A range of other topics were also covered, including:

- sovereign risk updates, including a focus on Ghana
- claims scenario analysis
- portfolio updates
- UKEF financial crime risk assessment update
- UKEF analytical modelling controls and governance
- pricing and credit methodology statements
- exposure management framework (managing concentration risk)
- cyber security

The Risk Committee meets at least 4 times a year. In 2024/25 it met 5 times.

OUR PEOPLE: REMUNERATION AND STAFF REPORT

This year we have launched our People Strategy for 2024-27. Our people are at the core of this strategy and over this period we will continue to build upon our previous accomplishments. That means fostering a workforce where our people feel valued, supported and have the ability to reach their full potential.

Over the past 12 months our headcount has increased by 31 staff, with 51% of appointments going to existing UKEF staff (either on promotion or undertaking lateral career moves).

This means our total headcount is now 588 staff (576.4 full-time equivalent, or FTE). Alongside this sits our overseas network of 23 Country Heads, whose role is to develop export opportunities for UK companies.

Significant focus is placed upon having a greater diversity of staff, with 49% of all recruitment activity resulting in women being appointed. The percentage of UKEF's workforce has marginally increased to 44.9% female, and 37.1% of our workforce identify as belonging to an ethnic minority.

We are pleased to see that we still lead the way among government departments with the most ethnically diverse workforce in the Civil Service. And we continue to ensure that all staff are given the opportunity to flourish in an environment where they feel supported, valued and included.

We have put learning and continuous development at the centre of everything we do. This year we delivered a record number of learning hours, whether through skills-based courses, more targeted development focussing on professional qualifications, apprenticeships or developing our line-manager capabilities.

UKEF and Cambodia's Ministry of Economy and Finance sign an MoU to deepen engagement and trade between the UK and Cambodia in the clean energy sector

Workforce snapshot

This section is subject to audit.

- Staff turnover: 11.71% by the end of March 2025 (2023/24: 13.03%)
- Total staff costs: £51.91 million (2023/24: £45.9 million) – of which:
  - £50.37 million related to staff with a permanent contract
  - £1.54 million related to staff on other contracts

Health, safety and wellbeing

UKEF has a range of supports in place to proactively manage the health, safety and wellbeing of staff. These include our employee assistance programme, a trained network of mental health first aiders, training programmes to support resilience, a health and safety induction for all staff and organised activities targeting physical wellbeing.

UKEF also remains committed to recruiting, supporting and retaining staff with disabilities or long-term health conditions. To help disabled staff, we ask all staff to complete a workplace adjustment form and have an ‘adjustment passport’ to make sure they have the tools they need to do their job. We also have a Disability and Carers Network to support staff even more.

Our sickness absence levels have remained low (albeit with a very slight increase year on year) in the past couple of years. The level is still well below the average for the public sector.

HEALTH, SAFETY & WELLBEING

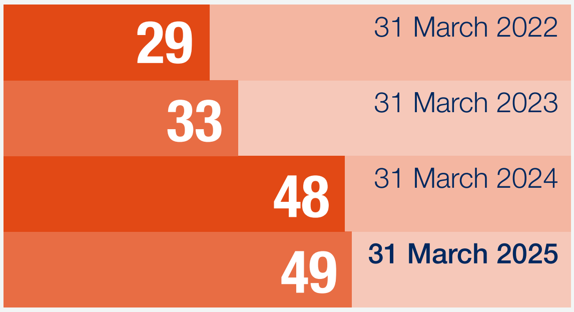
Average working days lost

Staff with no sickness absence

WORKFORCE SNAPSHOT

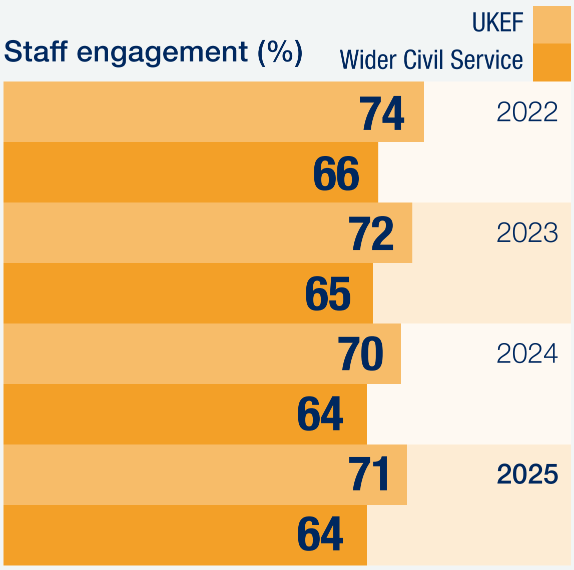
Number of full-time equivalent UKEF staff

Number of Senior Civil Servants



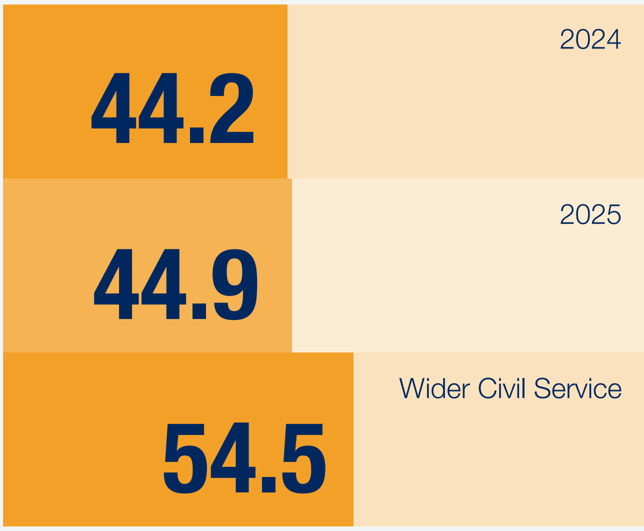
Pay Bands

Staff engagement (%)

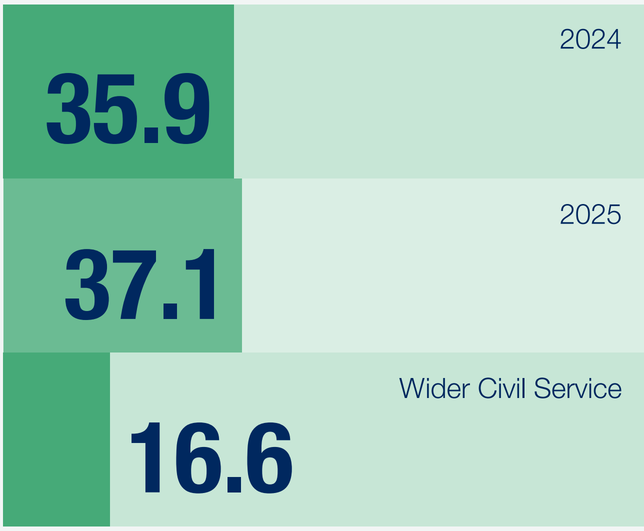


DIVERSITY AND INCLUSION

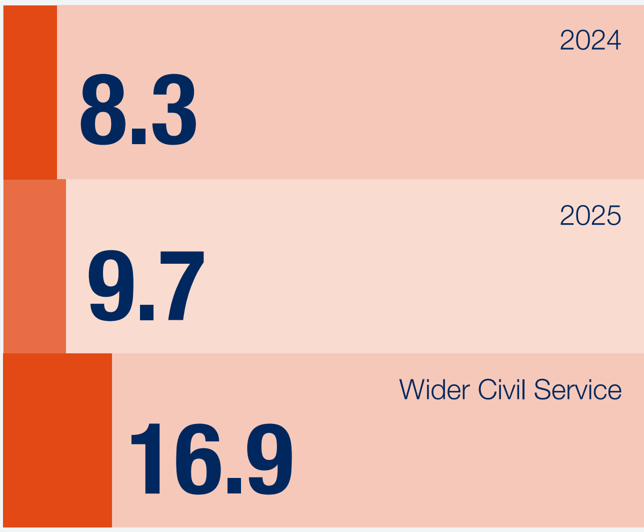
Women in UKEF's workforce (%)



Staff belonging to ethnic minority groups (%)

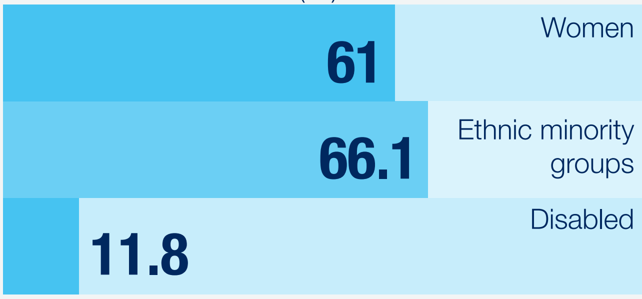


UKEF staff declaring a disability (%)

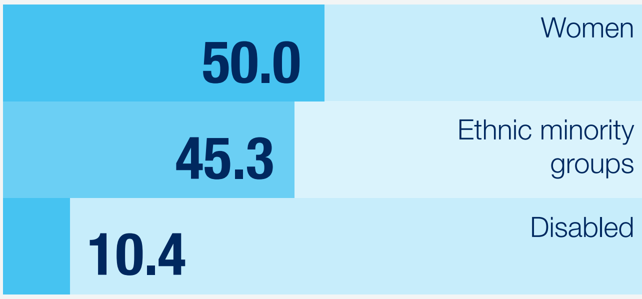


UKEF staff diversity as of 31 March 2025

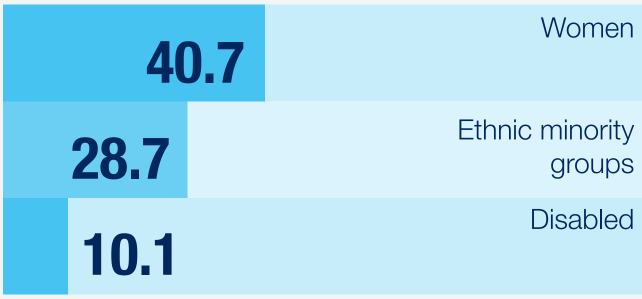
Administrative Assistants and Officers and Executive Officers (%)



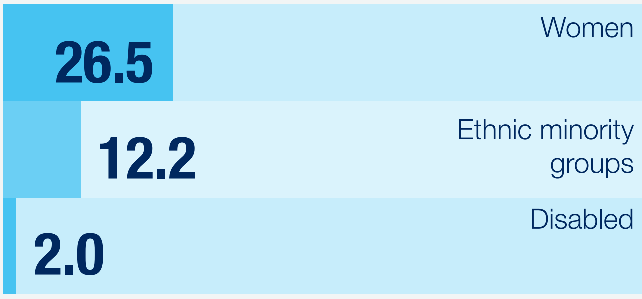
Higher and Senior Executive Officers (%)



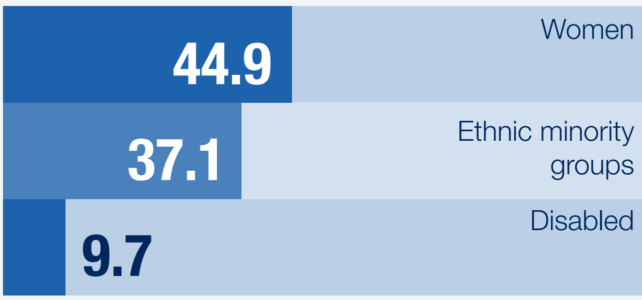
Grade 6/7s (%)



Senior Civil Servants (%)



Total (%)



Trade union relationships and trade union facility time

Relationships with UKEF trade unions continue to be productive and span a range of areas including pay and reward, HR policy development, diversity and inclusion, wellbeing and formal cases.

Our recognised trade unions are the Public and Commercial Services Union (PCS) and the Association of First Division Civil Servants (FDA). There are 8 union representatives among UKEF's workforce, with one individual being responsible for matters relating to Health and Safety.

A number of nominated representatives attend monthly meetings with HR colleagues and bi-annual meetings with UKEF's Chief Executive. This year, these meetings equated to an estimated 154 hours of facility time between the five representatives, for an estimated cost of £5,236 during the year.

Each trade union representative spent less than 1% of their working hours on facility time. We estimate the time spent on paid trade union activities as a percentage of total paid facility time hours to be 100%.

Number of employees who were relevant union officials during the relevant period		8
How many employees who were relevant union officials during the relevant period spent		
a) 0%,	0%	2
b) 1-50%,	1-50%	6
c) 51-99% or	51-99%	0
d) 100% of their working hours on facility time	100%	0
Percentage of the total pay bill spent on facility time		0.01%
Time spent on paid trade union activities		154 Hours

Pay multiples/fair pay disclosures

This section is subject to external audit.

Reporting bodies are required to disclose the relationship between the pay of the highest-paid director in their organisation and the lower quartile, median and upper quartile pay of the organisation's workforce.

The banded pay of the highest paid director in UKEF in 2024/25 was £290,000-£295,000, an 11.43% increase on the mid-point of the banding from last year (2023/24: £260,000-£265,000). 2024/25 was the first year in which the CEO received a year's worth of quarterly performance-related payments (on top of the annual performance bonus). The highest-paid director's pay was 4.78 times (2023/24: 4.59) the median pay of the workforce, which was £61,148 (2023/24: £57,173, an increase of 6.95% compared with last year).

The average percentage change for employees (excluding the highest-paid director) from 2023/24 to 2024/25 is +9.02% for salaries and allowances, and +6.61% including performance pay/bonuses.

In 2024/25, no employees (2023/24: 0) had pay in excess of the highest-paid director. Pay ranged from £28,090 to £290,705 (2023/24: £27,000 to £263,000).

Total pay includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The ratio increased mainly because a performance-based allowance for the CEO started towards the end of 2023/24 but the CEO has been eligible for its full value in 2024/25.

For performance management, UKEF set aside 3.2% of its pay bill to fund a non-consolidated performance pot for staff below the Senior Civil Servant pay band. A small element of this pot is used for in-year recognition awards, while the majority of the pot is used to fund year-end performance awards, based on employees' performance during 2023/24. Awards were paid to individuals in June 2024.

	2024/25	2023/24
Band of highest paid director's total pay (£'000)	290-295	260-265
Range of staff total pay (£)	28,090-290,705	27,000-263,000
Median staff total pay (£)	61,148	57,173
Pay ratio	4.78	4.59

The criteria for performance awards were based on how individuals performed against their objectives (what they delivered) including the extent to which they demonstrated the department's values (how they delivered).

All employees will have a year-end appraisal and any performance awards are subject to a validation process which includes final approval by UKEF's Executive Committee.

For all our Senior Civil Servants, 3.3% of the pay bill is set aside to fund performance awards – again, a small part of this is set aside for in-year awards, with the majority being used for year-end awards. Following year-end assessments, 1 of 4 performance ratings will be given. Only those receiving the top 2 ratings were eligible for an award. Any performance awards are subject to final ratification by UKEF's Remuneration Committee (UKEF's non-executive directors). Year-end performance awards for Senior Civil Servants were paid in June 2024.

We examined pay multiples in the lower quartile, mid-point and higher quartile.

The mid-point of the band for the highest paid director for 2024/25 is:

- £292,500 (total pay)
- £272,500 (salary/allowances component only)

25th percentile: total pay for all staff except the highest-paid director:

- 2024/25: £47,000 (a ratio of: 6.22:1) (2023/24: 6.27:1)

Salary/allowances component only:

- 2024/25: £46,085 (a ratio of 5.91:1) (2023/24: 6.46:1)

50th percentile: total pay:

- 2024/25: £61,148 (a ratio of 4.78:1) (2023/24: 4.59:1)

Salary/allowances component:

- 2024/25: £59,252 (a ratio of 4.60:1) (2023/24: 4.65:1)

75th percentile: total pay:

- 2024/25: £78,189 (a ratio of 3.74:1) (2023/24: 3.48:1)

Salary/allowances component:

- 2024/25: £76,442 (a ratio of: 3.56:1) (2023/24: 3.59:1)

Directors' salaries and pension entitlements

This section is subject to external audit.

UKEF's directors have salary, bonus and pension growth figures in their pay calculations and do not benefit from any allowances, overtime, or reserved rights to London.

This report is based on accrued payments made by the department and so is recorded in these accounts.

Bonuses are based on attained performance levels and are made as part of the appraisal process. The Cabinet Office sets the parameters for Senior Civil Servants' performance awards. Owing to the nature of the performance appraisal cycle, end-of-year bonuses are paid in the year following that for which the performance has been assessed, so the bonuses reported in 2024/25 relate to performance in 2023/24.

None of the directors received any benefits in-kind during the year.

Please note: accrued pension benefits included in this table for any individual affected by the Public Service Pensions

Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that affected members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022. In the case of UK Export Finance, the Chief Finance & Operating Officer's pension is affected by the Public Service Pensions Remedy.

Director	Salary £'000		Bonus payments £'000		Pension benefits £'000		Total £'000	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Tim Reid Chief Executive Officer	270-275	250-255	15-20	10-15	n/a	n/a	290-295	260-265
Cameron Fox Chief Finance & Operating Officer	155-160	150-155	5-10	5-10	74	59	235-240	215-220
Samir Parkash Chief Risk Officer	220-225	210-215	5-10	5-10	91	84	320-325	305-310

Civil Service Pensions

This section is subject to external audit.

Official	Accrued pension as at 31 March 2025 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31 March 2025 £'000	CETV at 31 March 2024 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Cameron Fox Chief Finance & Operating Officer	35-40	2.5-5	509	415	48	0
Samir Parkash Chief Risk Officer	10-15	5-7.5	168	77	69	0
Tim Reid Chief Executive Officer	0	0	0	0	0	35,900

Pensions shall be calculated using:
- Rolled back opening balance
- Rolled back closing balance

Accrued pension: the pension the member is entitled to get when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age.

Cash equivalent transfer value (CETV): the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV payment is made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued due to their total membership of the pension scheme, not just their service in the senior capacity to which the disclosure requirement applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member because they have bought additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take into account any actual or potential reduction to benefits resulting from lifetime allowance tax which may be due when pension benefits are taken.

Real increase in CETV: the increase in CETV that is funded by the employer. It does not include the increase in accrued pension owing to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement). It uses common market valuation factors for the start and end of the period.

Business Appointment Rules (BARs)

Business Appointment Rules (BARs) apply to all UK Export Finance staff or advisers leaving the Civil Service, as well as appointments or employment taken up by former members of our department. Applications are reviewed by the Director of Corporate Services.

BAR process 2024/25	Outcomes SCS1	Outcomes SCS2	Outcomes delegated grades
Exits from SCS	1	0	n/a
BAR applications submitted	0	0	0
BAR approved applications submitted	0	0	0
BAR where conditions were set by the department	0	0	0
Number of BAR applications that were found unsuitable by the department	0	0	0
Number of breaches of the rules last year	0	0	0

In compliance with these BARs, the department is transparent in the advice given to individual applications for senior staff, including special advisers.[24]

Fees paid to non-executive directors and council members

Non-executive directors are paid a fee for their attendance at UKEF Board, Audit Committee, Risk Committee, Remuneration Committee and other ad hoc meetings, and the performance of other duties as needed. They are also paid travel and subsistence expenses. Members of the Export Guarantees Advisory Council (EGAC) are also paid a fee for attending meetings.

The total payments to non-executive directors and EGAC members for the year were in the following ranges. These disclosures have been subject to external audit.

Civil servants and public servants employed by other departments and government companies do not get fees for attending UKEF Board meetings.

Non-executive member	Fees for 2024/25 £'000	Fees for 2023/24 £'000
Robert Gillespie: Chair of UKEF Board, and formerly Chair of the Remuneration and Nominations Committee	75-80	5-10 (75-80 FYE)
Charlotte Morgan: Member of UKEF Board, member of Risk and Remuneration and Nominations Committees, Chair of Audit Committee	20-25	20-25
Kimberley Wiehl: Member of UKEF Board, member of Audit, Risk and Remuneration and Nominations Committees	10-15	10-15
Tim Frost: Member of UKEF Board, Chair of Risk Committee	15-20	15-20
Jackie Keogh: Member of UKEF Board, Chair of the People Committee (from June 2025)	10-15	10-15
Vanessa Havard-Williams: Chair of EGAC and member of UKEF Board	10-15	5-10 (10-15 FYE)
Ben Caldecott: Member of EGAC	0-5	0-5
Harold Freeman: Member of EGAC	0-5	0-5
Sarah Steele: Member of EGAC	0-5	0-5
John Morrison: Member of EGAC	0-5	0-5
Stephen Prior: Member of EGAC (left 31 March 2025)	0-5	0-5
Roseline Wanjiru: Member of EGAC (left Nov 2024)	0-5	0-5
Belinda Howell: Member of EGAC	0-5	0-5

24 While UK Export Finance is a ministerial department, ministers and special advisers to the department will appear in the accounts of the Department for Business and Trade.

Off-payroll engagements

Departments publish annual information on their highly paid and/or senior off-payroll engagements. The following tables provide information on those off-payroll engagements paid more than £245 per day during the financial year 2024/25.

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2025, earning £245 per day or greater.

Highly paid off-payroll worker engagements as at 31 March 2025

Number of existing engagements at 31 March 2025	42
Of which, had existed for:	
Less than 1 year	17
Between 1 and 2 years	19
Between 2 and 3 years	5
Between 3 and 4 years	0
4 years or more	1
Total	42

Tax assurance for new off-payroll engagements

Number of temporary off-payroll workers engaged in 2024/25	64
Of which:	
Not subject to off-payroll legislation	0
Subject to off-payroll legislation and determined as in-scope of IR35	60
Subject to off-payroll legislation and determined as out-of-scope of IR35	4
No. of engagements reassessed for compliance or assurance purposes during the year	2
Of which: No. of engagements that saw a change to IR35 status following review	0

Off-payroll engagements of board members and/or senior officials with significant financial responsibility

Number of off-payroll engagements of board members, and/or senior officials with significant financial responsibility during the year	3

An ex-officio member of the Board is provided from each of UK Government Investments (UKGI) and the Department for Business and Trade (DBT). One member of the UKGI team retired as a ex-officio member in June 2024 and was replaced in August 2024. The representative from DBT joined UKEF's Board in April 2024.

Number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the year	12

Cost of off-payroll engagements

The total cost for the year 2024/25, including engagements of individuals whose daily cost was less than £245 per day, was £10,307,627 (2023/24: £8,898,156. This figure has been revised since the declaration in our 2023/24 Annual Report and Accounts).

Work continues on the Financial Reporting Changes programme, and digitisation.

Expenditure on consultancy

Total expenditure on consultancy in 2024/25 amounted to £2,567,296 (2023/24: £1,900,845).

Compensation for loss of office

This section is subject to external audit.

	2024/25			2023/24		
Exit package cost band	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**
<£10,000						
£10,000-£25,000		2	2			
£25,000-£50,000	1	7	8		1	1
£50,000-£100,000		6	6			
>£100,000		2	2			
Total no. of exit packages	1	17	18		1	1
Total cost /£k	47	1,241	1,288		49	49

UKEFs reporting of compensation for loss of office does not include the maximum (highest), minimum (lowest) and median values of special severance payments made as doing so would conflict with a legal obligation arising as a result of the Data Protection Act 2018.

Note: All exits above were accepted and signed in 2024/25, with two payments made by March – one Compulsory Redundancy and one Other Exit, totalling £85,000. The remaining payments have been made in 2025/26.

PARLIAMENTARY ACCOUNTABILITY AND AUDIT

All information in this chapter is subject to external audit.

Statement of Outturn against Parliamentary Supply

For the year ended 31 March 2025

As well as the primary statements prepared under the International Financial Reporting Standards (IFRS), the Government Financial Reporting Manual (FReM) requires UKEF to prepare a Statement of Outturn against Parliamentary Supply (SoPS) and supporting notes to go with it.

The SoPS and related notes are subject to audit, as detailed in the **Certificate and Report of the Comptroller and Auditor General to the House of Commons**.

The SoPS is a key accountability statement that shows, in detail, how a body has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn mainly from the Consolidated fund), that Parliament gives statutory authority for bodies to use. The Estimate details supply and is voted on by Parliament at the start of the financial year.

If a body exceeds the limits set by their Supply Estimate (called control limits) their accounts will receive a qualified audit opinion.

The format of the SoPS mirrors the Supply Estimates, published on gov.uk, to allow comparability between what Parliament approves and the final outturn.

The SoPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail:

- outturn by Estimate line, providing a more detailed breakdown (note 1)
- a reconciliation of outturn to net operating expenditure in the Statement of Comprehensive Net Income (SOCNI) to tie the SoPS to the financial statements (note 2)
- a reconciliation of outturn to net cash requirement (note 3)

The SoPS and Estimates are compiled against the budgeting framework, which is similar to (but not the same as) IFRS. An understanding of the budgeting framework and an explanation of key terms is given in the **Chief Finance and Operating Officer's commentary**. More information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on gov.uk.

Summary tables 2024/25

		2024/25								2023/24
		Outturn			Estimate			Outturn vs Estimates saving/(excess)		Outturn
Type of spend	SoPS note	Voted £'000	Non-Voted £'000	Total £'000	Voted £'000	Non-Voted £'000	Total £'000	Voted £'000	Total £'000	Total £'000
Departmental Expenditure Limit										
Resource	SoPS1.1	–	–	–	2	–	2	2	2	–
Capital	SoPS1.2	2,059	–	2,059	2,510	–	2,510	451	451	2,161
Total DEL		2,059	–	2,059	2,512	–	2,512	453	453	2,161
Annually Managed Expenditure										
Resource	SoPS1.1	(146,374)	–	(146,374)	3,803,587	–	3,803,587	3,949,961	3,949,961	(48,774)
Capital	SoPS1.2	(1,354)	–	(1,354)	805,402	–	805,402	806,756	806,756	430,049
Total AME		(147,728)	–	(147,728)	4,608,989	–	4,608,989	4,756,717	4,756,717	381,275
Total Budget										
Resource	SoPS1.1	(146,374)	–	(146,374)	3,803,589	–	3,803,589	3,949,963	3,949,963	(48,774)
Capital	SoPS1.2	705	–	705	807,912	–	807,912	807,207	807,207	432,210
Total Budget Expenditure		(145,669)	–	(145,669)	4,611,501	–	4,611,501	4,757,170	4,757,170	383,436
Non-Budget Expenditure										
Resource	SoPS1.1	–	–	–	130,000	–	130,000	130,000	130,000	(29,423)
Capital	SoPS1.2	–	–	–	–	–	–		–	–
Total Non-budget Expenditure		–	–	–	130,000	–	130,000	130,000	130,000	(29,423)
Total Budget and Non budget		(145,669)	–	(145,669)	4,741,501	–	4,741,501	4,887,170	4,887,170	354,013

Figures in the areas outlined in thick line cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on gov.uk, for details on the control limits voted by Parliament.

Net cash requirement 2024/25

		2024/25			2023/24
	Note	Outturn £'000	Estimate £'000	Outturn vs Estimate, savings/(excess) £'000	Outturn £'000
Net cash requirement	SoPS3	(197,104)	1,451,895	1,648,999	190,502

The Estimate voted on in the Supply Procedure also sets an annual ceiling on UKEF's voted net cash requirement. By the provisions of Section 14(2) of the Export and Investment Guarantees Act 1991, UKEF is able to pay claims direct from the Consolidated Fund if sufficient funds have not been voted for the purpose by Parliament.

Administration costs 2024/25

		2024/25			2023/24
	Note	Outturn £'000	Estimate £'000	Outturn vs Estimate, savings/(excess) £'000	Outturn £'000
Administration costs	SoPS3	–	2	2	–

Although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

Explanations of variances between the Estimate and the outturn are given in the management commentary in the **Chief Finance and Operating Officer's Commentary** and in **SoPS1**.

The following notes form part of the Statement of Parliamentary Supply.

Notes to the SoPS, 2024/25

SoPS1. Outturn detail by Estimate line

SoPS1.1 Analysis of resource outturn by Estimate line

											2024/25	2023/24
	Resource outturn							Estimate			Outturn vs Estimate, saving/ (excess)	Outturn
	Administration			Programme								
Type of spend (Resource)	Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000	Total £'000	Total £'000	Virements £'000	Total inc. virements	£'000	Total £'000
Voted spending in DEL												
A. Export Credit Guarantees and Investments	93,675	(93,675)	–	–	–	–	–	1	–	1	1	–
B. Shipbuilding Credit Guarantee Scheme	19	(19)	–	–	–	–	–	1	–	1	1	–
Total voted DEL	**93,694**	**(93,694)**	**–**	**–**	**–**	**–**	**–**	**2**	**–**	**2**	**2**	**–**
Voted spending in AME												
C. Export Credits	–	–	–	297,683	(390,599)	(92,916)	(92,916)	3,277,147	–	3,277,147	3,370,063	(3,234)
D. Direct Lending	–	–	–	57,455	(110,913)	(53,458)	(53,458)	526,440	–	526,440	579,898	(45,540)
Total voted AME	**–**	**–**	**–**	**355,138**	**(501,512)**	**(146,374)**	**(146,374)**	**3,803,587**	**–**	**3,803,587**	**3,949,961**	**(48,774)**
Voted Non-Budget spending												
D. Non Budget – Direct Lending	–	–	–	–	–	–	–	–		–	–	(29,423)
E. Prior period adjustment	–	–	–	–	–	–	–	130,000		130,000	130,000	–
Total voted Non-Budget spending	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**130,000**	**–**	**130,000**	**130,000**	**(29,423)**
Total Resource	**93,694**	**(93,694)**	**–**	**355,138**	**(501,512)**	**(146,374)**	**(146,374)**	**3,933,589**	**–**	**3,933,589**	**4,079,963**	**(78,197)**

Virements are the reallocation of provision in the Estimates that do not need Parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). More information on virements is given in the Supply Estimates Manual, available on gov.uk.

Explanation of variances between Resource Outturn by Estimate

A&B. Voted spending in RDEL: UKEF operates (with HM Treasury approval) a zero net Resource Departmental Expenditure Limit (RDEL) regime for administration costs, whereby a proportion of UKEF's trading income is treated as negative RDEL to fund administration costs on estimate row A. As part of the Spending Review 2020 and 2021, UKEF has a maximum amount of income which can be used to fully offset expenditure. Annually, as part of the Supply Estimates process, HM Treasury approves the maximum amount of UKEF's trading income that can be treated as negative RDEL based on its expected level of activity and affordability. This arrangement is in place as it reflects the fact that UKEF prices premium written to cover risk and administration costs. In 2023/24 the Shipbuilding Credit Guarantee Scheme was launched by the Department for Business and Trade (DBT), with UKEF as the chosen provider to administer the scheme on their behalf. All costs that UKEF incurs in administration of the scheme are recharged to DBT. As a result, there is no net resource outturn for estimate row B.

C. Export Credits £3,370 million: the budget includes underlying scenarios for volatile factors such as foreign exchange movements and credit risk, including expected losses on the portfolio and for provisions that might be needed for unrecoverable claims. In addition, budget was also held, but not fully utilised, for the cost of support that UKEF is providing to the government of Ukraine per the ministerial direction (see **National Interest Account**) which did not complete in 2024/25.

D. Direct Lending £580 million: the budget included assumptions for foreign exchange movements as most loans are denominated in currencies other than sterling. The full year outturn was a much smaller foreign exchange loss than was budgeted. UKEF is not authorised by HM Treasury to hedge its exposure to foreign currency risk. See note 18 to the **Financial Statements** for more information on UKEF's foreign currency risk. In addition, budget was held for the possibility of impairments that may have been needed for the portfolio in the event of unfavourable economic scenarios. Net impairment outturn for the year on the direct lending portfolio was net £16 million (excluding unrealised foreign exchange movements).

E. Prior period adjustment £130 million: a budget was sought for a potential prior period adjustment that could have arisen following a review of the accounting treatment of one of UKEF's guarantee products. In the event, the current accounting treatment was confirmed as appropriate, so a prior period adjustment was not required.

SoPS1.2 Analysis of capital outturn by Estimate line

	2024/25							2023/24
	Outturn					Estimate	"Outturn vs Estimate, saving/ (excess)"	
Type of spend (Capital)	Gross £'000	Income £'000	Net £'000	Total £'000	Virements £'000	"Total inc. virements" £'000	£'000	Outturn £'000
Voted spending in DEL								
A. Export Credit Guarantees and Investments	2,059	–	2,059	2,510	–	2,510	451	2,161
Total voted DEL	**2,059**	**–**	**2,059**	**2,510**	**–**	**2,510**	**451**	**2,161**
Voted spending in AME								
D. Direct Lending	229,712	(231,066)	(1,354)	805,402	–	805,402	806,756	430,049
Total voted AME	**229,712**	**(231,066)**	**(1,354)**	**805,402**	**–**	**805,402**	**806,756**	**430,049**
Total Capital	**231,771**	**(231,066)**	**705**	**807,912**	**–**	**807,912**	**807,207**	**432,210**

Virements are the reallocation of provision in the Estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements is provided in the Supply Estimates Manual, available on gov.uk.

Explanation of variances between capital outturn and Estimate

D. Direct Lending £807 million: the budget included assumptions for foreign exchange movements as most loans are denominated in currencies other than sterling. Also, an estimate for the value of direct lending deals likely to be done in-year was included to meet possible customer demand forecast by the business. There were overall lower drawings as some of those deals did not materialise or were not finalised by 31 March 2025. More details of UKEF's risks including foreign currency and liquidity risk can be found in the **Chief Risk Officer's Commentary** and note 18 of the **Financial Statements**.

SoPS2. Reconciliation of outturn to net operating income

	SoPS note	2024/25 Outturn £'000	2023/24 Outturn £'000
Total resource outturn in Statement of Parliamentary Supply	SoPS 1.1	(146,374)	(78,197)
Add: Direct Lending impairment adjustment			29,423
Net Operating Income in Statement of Comprehensive Net Income		**(146,374)**	**(48,774)**

UKEF had a prior period adjustment in the 2023/2024 Annual Report and Accounts resulting from an adjustment for Direct Lending impairment.

SoPS3. Reconciliation of net resource outturn to net cash requirement

	SoPS note	Outturn £'000	Estimate £'000	Outturn vs Estimate, saving/ (excess) £'000
Resource Outturn	**SoPS1.1**	**(146,374)**	**3,933,589**	**4,079,963**
Capital Outturn	**SoPS1.2**	**705**	**807,912**	**807,207**
Accruals to cash adjustments:				
Adjustments to remove non-cash items:				
Depreciation & amortisation of Equipment and Intangible Assets		(1,908)	(2,397)	(489)
Net foreign exchange differences & other non-cash items		58,156	(676,515)	(734,671)
New provisions and adjustments to previous provisions		(257,231)	(3,755,309)	(3,498,078)
Prior period adjustments			(130,000)	(130,000)
Adjustments to reflect movements in working balances:				
Increase/(Decrease) in receivables		136,719	1,119,960	983,241
(Increase)/Decrease in payables		12,829	154,655	141,826
Net cash requirement		**(197,104)**	**1,451,895**	**1,648,999**

As noted in the introduction to the SoPS, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. So this reconciliation bridges the resource and capital outturn to the net cash requirement.

Parliamentary accountability disclosures

These disclosures are subject to audit.

Regularity

I can confirm that, for the financial year ended 31 March 2025, neither I, nor my staff, authorised a course of action, the financial impact of which is that transactions infringe the requirements of regularity as set out in Managing Public Money and UKEF's HM Treasury consent, and that Treasury approval was obtained for all novel, contentious or repercussive transactions relating to 2024/25.

Other Parliamentary accountability disclosures

Managing Public Money needs a statement showing losses and special payments by value and by type to be shown where they exceed £300,000 in total and those that, individually, exceed £300,000. Losses may relate to cash and store losses, bookkeeping losses, losses arising from a failure to make adequate charge for the use of public property or services, fruitless payments and claims abandoned as well as frauds. Special payments may relate to extra-contractual, extra-statutory and ex-gratia payments and compensation.

	2024/25	2023/24
Special Payments		
Total number	2	–
Total cost £'000	316	–

With HM Treasury approval, UKEF paid 2 special payments (in line with Managing Public Money guidance) in relation to claims for General Export Facility (GEF) agreements, totalling £316,000.

UKEF has not made any gifts and does not have any remote contingent liabilities needing disclosure in line with Managing Public Money.

There are also no losses, individually or in aggregate in excess of £300,000 which would need separate disclosure during the year or that have been recognised since that date.

Tim Reid
Chief Executive and Accounting Officer

8 July 2025

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

Opinion on financial statements

I certify that I have audited the financial statements of the Exports Credits Guarantee Department for the year ended 31 March 2025 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Department's:

- Statement of Financial Position as at 31 March 2025;
- Statement of Comprehensive Net Income, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31 March 2025 and its net operating income for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Emphasis of Matter – Significant Uncertainty

Without qualifying my opinion, I draw your attention to the disclosures made in Note 1 (C) to the financial statements concerning the significant uncertainty attached to the final outcome of the underwriting activities.

The long-term nature of the risk underwritten means that the ultimate outcome will vary as a result of subsequent information and events and may result in significant adjustments to the amounts included in the accounts in future years. Details of the impact of this on the financial statements are provided in Note 1 (C) to the financial statements.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2025 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2024*. I am independent of the Department in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Department's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Department's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Department is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Department and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Department or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Department from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Department will not continue to be provided in the future.

Auditor’s responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Department’s accounting policies and key performance indicators.
- inquired of management, the Department’s head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Department’s policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Department’s controls relating to the Department’s compliance with the Government Resources and Accounts Act 2000, Managing Public Money, the Export and Investment Guarantees Act 1991 and the HM Treasury consents made thereunder and the UK government sanctions regime.

- inquired of management, the Department's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team and the relevant internal and external specialists, including Modelling and Credit Risk experts, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Department for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Department's framework of authority and other legal and regulatory frameworks in which the Department operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Department. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2024, employment law, tax legislation, the Export and Investment Guarantees Act 1991 and HM Treasury consents made thereunder, and the UK government sanctions regime.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
11 July 2025
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

FINANCIAL STATEMENTS

PRIMARY STATEMENTS

Statement of Comprehensive Net Income

For the year ended 31 March 2025

Export Credit Guarantees & Insurance	Note	2024/25 £'000	2023/24 £'000
Income			
Gross premium income		498,591	427,404
Less ceded to reinsurers		(70,361)	(131,186)
Net premium income	**3**	**428,230**	**296,218**
Net investment return	4	18,844	25,011
Total income		**447,074**	**321,229**
Expenses			
Net claims charge for the year	6	(27,761)	(5,790)
Changes in insurance liabilities (net of reinsurance)	16	(220,636)	(220,622)
Staff costs	8	(44,568)	(38,833)
Other administration and operating costs	9	(35,626)	(29,385)
Net foreign exchange loss	7	(12,257)	(11,021)
Total expenses		**(340,848)**	**(305,651)**
Net income/(loss) arising from Export Credit Guarantees & Insurance Activities		**106,226**	**15,578**
Export Finance Assistance			
Income			
Net investment return	4	94,478	90,094
Total income		**94,478**	**90,094**
Expenses			
Staff costs	8	(7,345)	(7,027)
Other administration and operating costs	9	(5,965)	(5,317)
Net foreign exchange loss	7	(41,020)	(44,554)
Total expenses		**(54,330)**	**(56,898)**
Net Income/(loss) arising from Export Finance Assistance Activities		**40,148**	**33,196**
Other Non-EIGA* Activities			
Other Income		19	21
Other Expenditure		(19)	(21)
Net Income (Expenditure) from Other Non-EIGA* Activities		**–**	**–**
Net operating income/(loss) for the year		**146,374**	**48,774**

*Export and Investment Guarantee Act 1991.

'Export Credit Guarantees and Insurance' represents UKEF's activities providing credit guarantees and insurance in the support of exports. 'Export Finance Assistance' represents UKEF's activities providing direct lending in support of exports. All income and expenditure are derived from continuing operations. All income and expenditure are derived from continuing operations. The **Notes to the Departmental Accounts** form part of these accounts.

Statement of Financial Position

As at 31 March 2025

	Note	31 March 2025 £'000	31 March 2024 £'000
Non-current assets:			
Right of Use, Equipment and Intangible assets		5,794	5,643
Loans and receivables	10	2,562,549	2,632,939
Insurance assets	11	520,840	399,093
Reinsurers' share of insurance liabilities	12	676,414	650,979
Insurance and other receivables	13	76,007	90,161
Total non-current assets		**3,841,604**	**3,778,815**
Current assets:			
Loans and receivables	10	380,397	324,310
Insurance assets	11	2,963	14,294
Insurance and other receivables	13	112,962	67,757
Cash and cash equivalents	14	456,602	259,498
Total current assets		**952,924**	**665,859**
Total assets		**4,794,528**	**4,444,674**
Current liabilities:			
Consolidated Fund Payable	14	(456,602)	(259,498)
Insurance and other payables	15	(94,157)	(100,161)
Total current liabilities		**(550,759)**	**(359,659)**
Non-current assets plus net current assets		**4,243,769**	**4,085,015**
Non-current liabilities			
Insurance liabilities	16	(2,615,738)	(2,369,667)
Insurance and other payables	15	(66,216)	(103,631)
Total non-current liabilities		**(2,681,954)**	**(2,473,298)**
Assets less liabilities		**1,561,815**	**1,611,717**
Taxpayers' equity			
Exchequer Financing		(2,102,954)	(1,894,349)
Cumulative Trading Surplus		4,264,506	4,158,280
General Fund		(599,737)	(652,214)
Total taxpayers' equity		**1,561,815**	**1,611,717**

The **Notes to the Departmental Accounts** form part of these accounts.

Tim Reid
Chief Executive and Accounting Officer
8 July 2025

Statement of Cash Flows

For the year ended 31 March 2025

	Note	2024/25 £'000	2023/24 £'000
Cash flows from operating activities			
Net operating income / (loss)		146,374	48,774
Adjustments for non-cash transactions:			
Depreciation & amortisation:			
– Depreciation of equipment	9	1,908	1,670
– Impairment loss of plant, property and intangible assets	9	–	8
Other:			
– Audit fees	9	828	527
– Amortised loans & receivables income	10	(110,901)	(119,708)
– Total net foreign exchange (gain) / loss	7	53,277	55,575
Provisions:			
– Insurance liabilities net of reinsurance movement	16	220,636	220,622
– Financial guarantees provision movement	6	(31,209)	10,750
– Claims provision movement	6	58,970	(4,960)
– Interest on claims provision movement	11(b)	10,491	13,129
– Impairment of loans	10	16,435	29,645
Movements in Working Capital other than cash:			
– Claims assets before provisions	11(a)	(180,402)	(139,637)
– Interest charged on claims assets before provisions	11(b)	(19,877)	(23,397)
– Loans & receivables	10	(1,181)	(11,220)
– Insurance & other receivables		(36,993)	167,421
– Insurance & other payables		(11,861)	(140,905)
– Interest received on unrecovered claims	11(b)	12,684	27,339
– Interest received on loans and receivables	10	70,958	109,010
Net cash inflow/(outflow) from operating activities		200,137	244,643

	Note	2024/25 £'000	2023/24 £'000
Cash flows from investing activities			
Equipment and Intangible assets:			
Purchase of equipment and intangibles		(2,059)	(2,161)
Export Finance Assistance loans:			
– Advances	10	(229,712)	(741,169)
– Recoveries	10	231,066	311,120
Net cash inflow/(outflow) from investing activities		**(705)**	**(432,210)**
Net cash inflow/(outflow) from operating and investing activities		**199,432**	**(187,567)**
Cash flows from financing activities			
Lease payments		(968)	(564)
Receipts from the Consolidated Fund (Supply):			
– relating to the current year		–	450,000
Net cash inflow/(outflow) from financing activities		**(968)**	**449,436**
Net foreign exchange gain / loss on cash assets	7	(1,360)	(2,371)
Net increase in cash and cash equivalents in the year before adjusting payments to the Consolidated Fund		**197,104**	**259,498**
Payments to the Consolidated Fund:			
relating to the prior year		–	(681,217)
Net increase/(decrease) in cash and cash equivalents in the year		**197,104**	**(421,719)**
Cash and cash equivalents at the beginning of the year		259,498	681,217
Cash and cash equivalents at the end of the year		**456,602**	**259,498**

The 2023/24 closing cash balance represented the amount issued from the Consolidated Fund but not spent that year. Instead of being returned to the Consolidated Fund, it was treated as a deemed supply for the 2024/25 financial year as agreed with HM Treasury. As a result there were no payments to the consolidated fund in 2024/25.

The **Notes to the Departmental Accounts** form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2025

	Note	Exchequer financing £'000	Cumulative trading surplus £'000	General fund £'000	Total reserves £'000
Restated Balance at 1 April 2023		(2,149,892)	4,142,702	(620,896)	1,371,914
Changes in taxpayers' equity for 2023/24					
Non-Cash Adjustments:					
– Auditors' remuneration	9	527	–	–	527
Movements in Reserves:					
– Transfers between reserves		64,514	–	(64,514)	–
– Recognised in Statement of Comprehensive Net Income		–	15,578	33,196	48,774
Total recognised income and expense for 2023/24		**65,041**	**15,578**	**(31,318)**	**49,301**
Amounts arising in year receivable from the consolidated fund		190,502	–	–	190,502
Balance at 31 March 2024		**(1,894,349)**	**4,158,280**	**(652,214)**	**1,611,717**
Changes in taxpayers' equity for 2024/25					
Non-Cash Adjustments:					
– Auditors' remuneration	9	828	–	–	828
Movements in Reserves:					
– Transfers between reserves		(12,329)	–	12,329	–
– Recognised in Statement of Comprehensive Net Income		–	106,226	40,148	146,374
Total recognised income and expense for 2024/25		**(11,501)**	**106,226**	**52,477**	**147,202**
Amounts arising in year payable to the consolidated fund	–	(197,104)	–	–	(197,104)
Balance at 31 March 2025		**(2,102,954)**	**4,264,506**	**(599,737)**	**1,561,815**

The **Notes to the Departmental Accounts** form part of these accounts.

NOTES TO THE DEPARTMENTAL ACCOUNTS

1. Accounting policies

(A) Basis of preparation

The financial statements have been prepared in accordance with the 2024/25 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of UKEF for the purpose of giving a true and fair view has been selected. These have been applied consistently in dealing with items considered material to the accounts. Details of the particular accounting policies adopted by UKEF are described in the sections below.

The primary economic environment within which UKEF operates is the United Kingdom and, therefore, its functional and presentational currency is pounds sterling. Items included in the UKEF financial statements are measured and presented in pounds sterling.

(B) Future accounting developments

Several accounting standards have either been issued or revised but are not yet effective. The most significant for UKEF are:

- IFRS 9 Financial Instruments ('IFRS 9')
- IFRS 17 Insurance Contracts ('IFRS 17')

These standards will be adopted by UKEF from 1 April 2025.

Although IFRS 9 became effective for annual periods beginning on or after 1 January 2018, UKEF has deferred its adoption by applying a temporary exemption permitted under IFRS 4. This deferral aligns the implementation of IFRS 9 with IFRS 17, which becomes effective for annual periods beginning on or after 1 January 2025, as mandated by the Financial Reporting Manual (FReM).

Implementation and Impact

Under the FReM interpretation[25] of IFRS 17, where a contract meets the definition of both an IFRS 17 insurance contract and an IFRS 9 financial guarantee, the contract must be accounted for under IFRS 9. UKEF has assessed its portfolio of guarantees and insurance contracts and determined that nearly all meet the definition of an IFRS 9 financial guarantee. As such, nearly all UKEF's contracts that are represented by insurance liabilities and financial guarantee liabilities on the balance sheet as at 31st March 2025 will be accounted for under IFRS 9 from 2025/26. IFRS 17 is not therefore expected to have a material impact on UKEF's financial statements.

IFRS 9 will also apply to all other asset and liability balances on the UKEF's Statement of Financial Position except for right of use, equipment and intangible assets.

IFRS 9 will have a material impact on UKEF's accounting policies, data, systems and processes so UKEF has a multi-year Financial Reporting Changes Programme, involving cross-divisional functions within UKEF, to implement it. At the time of preparation of this report, the Financial Reporting Changes Programme is ongoing and UKEF does not yet have reasonably estimable quantitative information regarding the impact on the annual financial statements of implementing IFRS 9. The new accounting policies, systems, assumptions and judgements are subject to change until the Programme is completed. UKEF's current understanding of

25 IFRS_17_Insurance_Contracts_Application_Guidance.pdf

how IFRS 9 will qualitatively affect UKEF's financial statements from 2025/26 is detailed in the IFRS 9 section below.

Transition Approach

On transition, FReM requires UKEF to prospectively apply IFRS 9, recognising any difference between the previous carrying amount of financial assets and liabilities and the carrying amount at the beginning of 2025/26 under IFRS 9 in the opening cumulative trading surplus of 2025/26. Therefore, comparatives will not be restated for IFRS 9. The determination of the business model within which a financial asset is held will be made on the basis of the facts and circumstances as of 1 April 2025.

For IFRS 17 on transition, FReM requires retrospective application to prior periods, where practicable. This means UKEF must identify, measure, and recognise all insurance and reinsurance contracts as if IFRS 17 has always applied, requiring restatement of prior year comparative amounts for IFRS 17. However, the effect on prior year comparatives is expected to be immaterial.

IFRS 9: Financial Instruments

This standard replaces IAS 39 – Financial Instruments: Recognition and Measurement and amends some requirements of IFRS 7 – Financial instruments: Disclosures.

In September 2016, the IASB issued Applying IFRS 9: Financial instruments with IFRS 4: Insurance contracts (amendments to IFRS 4), to address issues arising from the different effective dates of IFRS 9 and IFRS 17. The amendments introduced a temporary exemption enabling eligible entities to defer IFRS 9 implementation and continue applying IAS 39 to financial instruments.

An entity may apply the temporary exemption from IFRS 9 if it has not previously applied any version of IFRS 9 and its activities are predominantly connected with insurance on its annual reporting date immediately preceding 1 April 2016.

The department assessed the amendments and concluded that its activities are predominantly connected with insurance as at 31 March 2016, with insurance liabilities significant compared to total liabilities and the percentage of liabilities connected with insurance greater than 90%. The department met the eligibility criteria for the temporary exemption from IFRS 9 and deferred its application until IFRS 17's effective date.

UKEF must retest its eligibility for the temporary exemption of IFRS 9, if and only if there is a significant change in its business activities. UKEF's activities have not changed, and the department continues to apply the temporary exemption from IFRS 9 for the 2024/25 financial year.

IFRS 9 becomes effective for UKEF for the 2025/26 financial year and will apply to financial assets and liabilities as described below.

Financial assets

Classification & Measurement

The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flows characteristics (i.e. if they are solely payments of principal and interest). IFRS 9 includes three principal measurement categories for financial assets – amortised cost (AC), fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL) – and eliminates the previous IAS 39 category of loans and receivables.

Based on the business model under IFRS 9, as under IAS 39, UKEF will continue to measure its loans, cash, other receivables, and insurance premium receivables related to IFRS 9 financial guarantees initially at fair value and subsequently at AC.

UKEF's insurance assets, representing recoverable claims paid and accounted for under IAS 39 currently, comprise mainly of assets that will be accounted for under IFRS 9 in the future. For most of those insurance assets falling under IFRS 9, as under IAS 39, they will be measured initially at fair value and subsequently at AC. However, some recovery assets, will be subsequently measured at FVTPL because they fail the assessment of cashflows as solely payments of principal and interest (SPPI).

Impairment

Under IFRS 9's new impairment model, a loss allowance for expected credit losses (ECLs) is recognised for financial assets measured at FVOCI or AC. The IFRS 9 model consists of three stages that determine the loss allowance to recognise:

- **Stage 1:** At the time of initial recognition, expected losses are recognised as the present value of the twelve-month expected credit loss.
- **Stage 2:** If credit risk has significantly increased, the loss allowance is increased to the amount of lifetime expected credit losses.
- **Stage 3:** If objective evidence of impairment arises, the loss allowance is the lifetime expected credit losses and amortisation will be based on the carrying amount net of the loss allowance.

Under IAS 39 currently, credit losses are recognised only when the loss event occurred (i.e. at stage 3). The key difference between IAS 39 to IFRS 9 is the shift from observed credit losses to expected credit losses through an unbiased probability weighted estimate of expected credit losses determined by evaluating a range of possible outcomes and future economic conditions. In the first year of application of IFRS 9 UKEF anticipates a one-off increase in loss allowances recognised, reflecting the inclusion of stage 1 and stage 2 expected credit losses against the financial assets. UKEF cannot currently quantify this impact due to the ongoing nature of the FRC programme.

ECL is a probability-weighted estimate of credit losses, and IFRS 9 models will use three key input parameters for the computation of expected loss: probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD').

Financial liabilities

IFRS 9 largely retains IAS 39's requirements for the classification and measurement of financial liabilities. Under IFRS 9, UKEF's financial guarantee contract liabilities will be recorded initially at their fair value, generally the fee received or receivable. Subsequently, financial guarantee liabilities are measured at the higher of:

a. the initial fair value less cumulative amount of income recognised per IFRS 15 principles, or
b. the amount of expected credit loss allowance per IFRS 9's impairment requirements (described under the 'Financial assets' section above).

Under IAS 39 currently, subsequent measurement is the same, except the 'higher of' comparison is against the "best estimate of the expenditure required to settle the obligations".

For UKEF's financial guarantees that are currently accounted for under IAS 39 as financial guarantee liabilities, all will be accounted for under IFRS 9 from 2025/26, with no expected material movement in their valuation due to the transition, as almost all current IAS 39 financial guarantee liabilities are held at the fair value, (a) above.

For UKEF's financial guarantees that are currently accounted for under IFRS 4 as "underwriting fund liabilities," the majority will transition to IFRS 9, resulting in a reduction in the value of these liabilities due to the difference in the measurement methodologies between the two standards. In the first year of IFRS 9 application, UKEF anticipates a one-off gain to the cumulative trading surplus in 2025/26 as a result. UKEF cannot currently quantify this gain accurately due to the ongoing nature of the FRC programme.

Under IFRS 9, as under IAS 39, UKEF will continue to measure its other creditors, consolidated fund payable, and amounts due to policyholders on IFRS 9 financial guarantees initially at fair value and subsequently at amortised cost.

(C) Significant judgement and estimates

The preparation of these financial statements includes the use of significant judgements and estimates and assumptions which affect the reported amounts of assets, liabilities, income and expenses, and related disclosure of contingent assets and liabilities in the financial statements.

The critical judgements (apart from those involving estimations that are dealt with below) that management have made in preparing the financial statements, that have had a significant effect on the amounts recognised in the financial statements, are:

- the applications of the fund basis of accounting for insurance contracts (refer to note 1(D) for details);
- the deferral of the application of IFRS 9 (refer to note 1(B) for details); and
- the estimation of the future cash flows in the calculation of impairment of financial assets (see note 1(J) for details).

All estimates are based on management's knowledge of current facts and circumstances, assumptions based upon that knowledge, and management's predictions of future events and actions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates, possibly significantly. There have been no major changes in these assumptions in the current year.

Significant uncertainty arising from the nature of UKEF's Underwriting Activity

Due to the long-term nature of the risk underwritten, the outcome of UKEF's activities is subject to considerable uncertainty, primarily as a result of:

a. **Unpredictability of claims payments and recoveries including interest on unrecovered claims** – losses that might arise are very difficult to assess and calculate with any degree of confidence, particularly over the longer term; the protracted underwriting cycle, which can be several decades if a Paris Club recovery is involved, means that the actual outturn may not be known for many years; and
b. **The narrow base of risk** – UKEF has a far narrower risk base than would normally apply in commercial insurance, which makes the underwriting outcome more vulnerable to changes in risk conditions. As the UK's export credit agency (ECA), UKEF's role and mandate result in the department's portfolio following where UK companies win business and where there are gaps in private sector provision of finance. This demand-led approach, and the small number of more significant large transactions underwritten per year, can result in risk concentrations.

Although the financial results cannot be established with certainty, UKEF sets provisions for unrecovered claims based upon current perceptions of risk and employing a substantial degree of experience and judgement. The level of such provisions has been set on the basis of information which is currently available. The provision rates are made on a case-by-case basis and are approved by UKEF's Enterprise Risk and Credit Committee. Paris Club developments and related provision rates are also monitored and approved by the Enterprise Risk and Credit Committee. Whilst UKEF considers that claims provisions and related recoveries are fairly stated, the ultimate liability will vary as a result of subsequent information and events. This may result in significant adjustments to the amounts provided. These estimates and methods of estimation are reviewed annually and, if adjustments prove necessary, they will be reflected in future accounts.

(D) Insurance contracts

In accordance with IFRS 4: Insurance contracts, UKEF has applied existing accounting practices for insurance contracts. Additionally, UKEF has taken advantage of the option in IAS 39 – Financial instruments: recognition and measurement and has elected to continue to regard some financial guarantee contracts as insurance contracts. This relates to contracts for products that are both financial guarantee contracts and insurance contracts by definition but were historically accounted for as insurance contracts. An election was made for such contracts to continue being accounted for as insurance contracts under IFRS 4. The liabilities representing IFRS 4 insurance contracts are shown as 'insurance liabilities' on the Statement of Financial Position.

Product classification

Insurance contracts are those contracts written by UKEF that transfer significant insurance risk at the inception of the contract, including some financial guarantee contracts. Insurance risk is transferred when UKEF agrees to compensate a policyholder if a specified uncertain future event adversely affects the policyholder. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire. Products that UKEF accounts for under IFRS 4 include it's Buyer Credit Facility and Export Insurance Policy.

Fund Basis of Accounting for insurance contracts

The Fund Basis of Accounting has been applied rather than the Annual Basis (whereby the profit/loss is determined at the end of each accounting period for cover provided during that period). Insufficient information is available on expected future claims and recoveries for reliable estimates to be made at the end of each financial year. The use of the Fund Basis of Accounting is not recommended practice under the Association of British Insurers' Statement of Recommended Practice (which has now been withdrawn and replaced with FRS 103). However, UKEF considers it to be the most appropriate method to account for its insurance contracts.

Under the Fund Basis of Accounting, premium arising from policies allocated to each underwriting year, net of provisions for any unrecovered claims and expenses, is deferred until three years after the end of that underwriting year (for insurance contracts written in respect of business that does not extend credit to the customer after delivery) or until nine years after the end of that underwriting year (for insurance contracts where extended credit terms are provided to the customer from the start of the underwriting year). After this period, any excess of the net Underwriting Fund over the current 'expected loss' on amounts at risk on unexpired guarantees or policies written in the relevant year is released to income. Underwriting funds for those and prior years will be equal to the 'expected loss' on unexpired guarantees or insurance policies for the relevant underwriting year.

Liability adequacy test

At the date of each Statement of Financial Position, UKEF performs liability adequacy tests to ensure that the carrying amount of insurance liabilities, net of any reinsurance, is sufficient to cover the current best estimate of future cash outflows under its insurance contracts (expected losses). If, as a result of these tests, a deficiency is identified and the Fund for any underwriting year is considered insufficient to meet estimated future net claims or losses, the deficiency is charged to the Statement of Comprehensive Net Income to cover the potential shortfall. In years subsequent to a shortfall, should the deficiency in the fund reverse, then any excess can be released back to the Statement of Comprehensive Net Income. However, the release is limited to the amount of the original charge. Where the Fund for any underwriting year is in excess of the total amounts at risk, the excess is credited to the Statement of Comprehensive Net Income to reduce the Fund value to the level of the maximum exposure.

In assessing the adequacy of a Fund, account is taken of future investment income and, based on information available at the Statement of Financial Position date, provisions are estimated according to the categories of risk, as follows:

a. **political:** risks associated with a sovereign country which could potentially affect every supported transaction in that country due to both political risks and economic risks; and
b. **buyer**: risks directly associated with buyers, borrowers or guarantors, e.g. insolvency.

Premium income

Premium income for the underwriting year is recognised on all guarantees and insurance contracts that become effective during the year (including income for which deferred payment terms have been agreed).

Reinsurance provided under co-operation agreements with other export credit agencies: premiums due based on notifications received in the year from the lead export credit agency.

Insurance assets

Claims are recognised as payables when authorised. Where a realistic prospect of full or partial recovery of an authorised claim exists, the estimated recovery proceeds (value of the claim less a provision), net of estimated expenses in achieving the recovery, are included as assets in the Statement of Financial Position, as “insurance assets”. When UKEF considers that it is no longer practicable or cost effective to pursue recovery, recoveries are formally abandoned and the amounts are deducted from recoverable assets and written off to the Statement of Comprehensive Net Income for the year, if and to the extent that existing provisions are not adequate to cover such amounts.

UKEF determines that, based on its experience over recent years, interest accruing on recoverable claims is as likely to be recovered as the outstanding claims to which it relates. As a result, interest is provisioned at the same rate as the recoverable claim to which it applies.

In the year ended 31 March 2025, UKEF revised its methodology for arriving at the estimated recovery proceeds for claims paid on sovereign insurance contracts. The previous methodology involved evaluating sovereigns based on a set of qualitative criteria. The new methodology builds on this approach in the circumstances where a debt restructuring is possible, in negotiation or already agreed. For those sovereigns, a quantitative evaluation of recoveries based on the repayment profiles and terms of possible or actual restructurings is also performed to provide further information to allow management to arrive at a final view on the estimated recovery proceeds at the reporting date using both the qualitative and quantitative information.

The updated methodology is a change of accounting estimate under IAS 8. The change has resulted in an increase in the carrying value of insurance assets this year of £34m and an equal gain to the SOCNI. In future years, the valuation of current sovereign insurance assets may therefore move based on the evolution of restructuring negotiations and changes to discount curves and interest rates. However, it is impracticable to anticipate and calculate how that might impact future reporting periods.

Reinsurance assets

UKEF cedes reinsurance to the private sector and to other national export credit agencies. Reinsurance premiums ceded and movements in the reinsurers’ share of insurance liabilities are included within the relevant expense and income accounts in the Statement of Comprehensive Net Income.

Reinsurance assets represent insurance premiums ceded to reinsurers, less any claims made by UKEF on reinsurance contracts. Reinsurance assets include the reinsurers’ share of insurance liabilities and are recognised on the same basis as the underlying insurance liabilities recognised in the Statement of Financial Position. UKEF’s reinsurance assets are reviewed for impairment. Any impairment losses identified are recognised through the Statement of Comprehensive Net Income.

(E) Financial guarantee contracts

Per IAS 39, liabilities under financial guarantee contracts not classified as insurance contracts are recorded initially at their fair value, which is generally the fee received or receivable. Subsequently, the financial guarantee liabilities are measured at the higher of the initial fair value less cumulative amortisation, and the best estimate of the expenditure required to settle the obligations. Where the liabilities are measured using the latter value they are disclosed as “Provisions for likely claims on financial guarantees”. Products that UKEF accounts for under IAS 39 include it’s Export Development Guarantee and General Export Facility. The liabilities representing financial guarantee contracts are shown in the Statement of Financial Position under ‘Insurance and Other Payables’.

(F) Foreign exchange

Transactions denominated in foreign currencies are translated into Pounds Sterling at the rates of exchange ruling at the dates of the transactions. Foreign exchange gains and losses resulting from the subsequent settlement of these transactions, together with those arising from the retranslation of foreign currency denominated monetary assets and liabilities at year-end exchange rates, are recognised in the Statement of Comprehensive Net Income. Non-monetary items are translated in the Statement of Financial Position at the rates prevailing at the original transaction dates.

(G) Consolidated Fund payable

The amount payable to the Consolidated Fund is equivalent to UKEF's bank balances at the Statement of Financial Position date.

(H) Exchequer financing

To reflect the long-term nature of UKEF's activities and recognising that cash flows from operating and investing activities in a particular year may not always be sufficient to service operating commitments, as agreed with HM Treasury, a cumulative balance with the exchequer is maintained and disclosed on the face of the Statement of Financial Position. The balance moves from year to year in response to the cash flows and accrued income arising from UKEF's operating and investing activities.

(I) Pension costs

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded. UKEF recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

Employees can opt to open a partnership pension account (Group Personal Pension), which is similar to a stakeholder pension with an employer contribution. UKEF makes age-related contributions, as a percentage of pensionable earnings.

Further information can be found in the **Our People: Staff and Remuneration Report** section of the Annual Report.

(J) Financial assets

Recognition and measurement

Financial assets are recognised and derecognised on the relevant trade date.

'Loans and receivables' include insurance receivables, loans (offered by UKEF under its Direct Lending Facility product line) and other receivables that have fixed or determinable payments that are not quoted in an active market. These are measured at amortised cost using the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial and are therefore carried at their estimated net recoverable amount.

Amortised cost is the amount at which a financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation (using the effective interest method) of any difference between the initial amount and the maturity amount minus any reduction for impairment.

For loans, in accordance with IAS 39.AG8, at any point in time the amortised cost is the net present value of the updated future expected cash flows, discounted by the original effective interest rate. Re-estimation of the future cash flows arising from a financial instrument carried at amortised cost normally results in a change in carrying amount, since the revised estimated cash flows are discounted at the original effective interest rate. The necessary adjustment is recognised in profit and loss.

The effective interest rate method allocates interest income or expense over the relevant period by applying the effective interest rate to the carrying amount of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability on initial recognition. In applying the method, UKEF estimates future expected cashflows by year given uncertainty over when drawdowns are likely to occur.

Impairment

Financial assets other than those at 'fair value through profit or loss', are regularly assessed for indicators of impairment on an incurred loss basis. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows from the financial asset have been affected. Amongst the criteria that UKEF's Enterprise Risk and Credit Committee will use to assess if there is objective evidence of an impairment loss include:

a. Overdue payments of interest and principal;
b. Breach of material loan covenants or conditions;
c. Significant deterioration in credit quality.

If the carrying value of a financial asset is greater than the recoverable amount, the carrying value is reduced through a charge to the Statement of Comprehensive Net Income in the period of impairment.

For 'loans and receivables', the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original 'effective interest rate'. In the case of any loans the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Comprehensive Net income. The carrying amount of the asset is reduced directly only upon write off. Interest income on impaired loans is recognised based on the estimated recoverable amount. Reversals of impairments are only recognised where the decrease in the impairment can be objectively related to an event occurring after the write-down.

2. Segmental information

UKEF applies IFRS 8 – Operating Segments considering UKEF's legal and regulatory reporting requirements. These form the basis of the operating results that are regularly reviewed by the chief operating decision maker. The chief operating decision maker is the Accounting Officer who is responsible for allocating resources and assessing performance of the operating segments.

UKEF's operations are categorised into one of the following Accounts, the results of which the Accounting Officer reviews regularly:

Active accounts:

- **Guarantees & Insurance Account:** relates to the credit risk arising from guarantees and insurance issued for business since April 1991.
- **National Interest Account:** relates to guarantees and loans issued for business since April 1991 on the written instruction of ministers, which UKEF's Accounting Officer had advised did not meet normal underwriting criteria.
- **Direct Lending Account:** relates to the provision of direct lending (in the normal course of business) since 2014.

Closed accounts as at 31st March 2025:

- **Pre 1991 Guarantees & Insurance Account:** relates to guarantees and insurance issued for business prior to April 1991, and insurance issued by the Insurance Services Group of UKEF (which was privatised on 1 December 1991) for which UKEF retains all contingent liabilities ('Insurance Services Business').
- **Fixed Rate Export Finance Account:** relates to the provision of Fixed Rate Export Finance (FREF) to banks, together with arrangements for reducing the funding cost of FREF loans and for certain interest rate derivative arrangements. This account was closed to new business from 31 March 2011.
- **Temporary COVID-19 Support Account:** relates to all business underwritten and booked under the Temporary COVID-19 Risk Framework (TCRF) – approved by HM Treasury since 2 April 2020 but closed to new business since 31 July 2022.

i. Segmental Statement of Comprehensive Net Income for the year ended 31 March 2025

	Pre-1991 Guarantees & Insurance Account £'000	Guarantees & Insurance Account £'000	National Interest Account £'000	Direct Lending Account £'000	TCRF Account £'000	Total reserves £'000
Income						
Gross premium income	–	316,102	182,489	–	–	498,591
Less ceded to reinsurers	–	(70,361)	–	–	–	(70,361)
Net premium income	**–**	**245,741**	**182,489**	**–**	**–**	**428,230**
Net investment return income	12,391	5,905	17,936	76,542	548	113,322
Claims credit	16,014	–	–	–	–	16,014
Changes in insurance liabilities net of reinsurance	–	–	–	–	221	221
Other Non-EIGA* Activities	–	19	–	–	–	19
Total income	**28,405**	**251,665**	**200,425**	**76,542**	**769**	**557,806**
Expenses						
Claims charge & provision for likely claims	–	(43,775)	–	–	–	(43,775)
Changes in insurance liabilities net of reinsurance	–	(54,968)	(165,889)	–	–	(220,857)
Staff costs	(311)	(40,856)	(3,582)	(6,593)	(571)	(51,913)
Other administration and operating costs	(253)	(32,611)	(2,909)	(5,354)	(464)	(41,591)
Net foreign exchange loss	(122)	(11,141)	(512)	(41,020)	(482)	(53,277)
Other Non-EIGA* Activities	–	(19)	–	–	–	(19)
Total expenses	**(686)**	**(183,370)**	**(172,892)**	**(52,967)**	**(1,517)**	**(411,432)**
Net income / (loss)	**27,719**	**68,295**	**27,533**	**23,575**	**(748)**	**146,374**

*Export and Investment Guarantees Act 1991.

ii. Segmental Statement of Comprehensive Net Income for the year ended 31 March 2024

	Pre-1991 Guarantees & Insurance Account £'000	Guarantees & Insurance Account £'000	National Interest Account £'000	Direct Lending Account £'000	TCRF Account £'000	Total reserves £'000
Income						
Gross premium income	(1)	375,121	27,086	–	25,198	427,404
Less ceded to reinsurers	–	(130,539)	(647)	–	–	(131,186)
Net premium income	**(1)**	**244,582**	**26,439**	**–**	**25,198**	**296,218**
Net investment return income	16,452	4,464	17,675	72,419	4,095	115,105
Claims credit	5,948	–	–	–	–	5,948
Other Non-EIGA* Activities	–	21	–	–	–	21
Total income	**22,399**	**249,067**	**44,114**	**72,419**	**29,293**	**417,292**
Expenses						
Claims charge & provision for likely claims	–	(11,738)	–	–	–	(11,738)
Changes in insurance liabilities net of reinsurance	–	(32,130)	(188,208)	–	(284)	(220,622)
Staff costs	(275)	(33,157)	(2,890)	(6,420)	(3,118)	(45,860)
Other administration and operating costs	(208)	(25,090)	(2,186)	(4,858)	(2,360)	(34,702)
Net foreign exchange loss	(235)	(10,530)	–	(44,554)	(256)	(55,575)
Other Non-EIGA* Activities	–	(21)	–	–	–	(21)
Total expenses	**(718)**	**(112,666)**	**(193,284)**	**(55,832)**	**(6,018)**	**(368,518)**
Net income	**21,681**	**136,401**	**(149,170)**	**16,587**	**23,275**	**48,774**

*Export and Investment Guarantees Act 1991.

iii. Segmental Statement of Financial Position at 31 March 2025

	Pre-1991 Guarantees & Insurance Account £'000	Guarantees & Insurance Account £'000	National Interest Account £'000	Direct Lending Account £'000	TCRF Account £'000	Total reserves £'000
Non-current assets:						
Right of use, Equipment and intangible assets	–	5,794	–	–	–	5,794
Loans & receivables	–	–	977,000	1,585,549	–	2,562,549
Insurance assets	87,873	432,967	–	–	–	520,840
Reinsurers' share of insurance liabilities	–	590,427	23,879	–	62,108	676,414
Insurance and other receivables	–	71,450	–	–	4,557	76,007
Total non-current assets	**87,873**	**1,100,638**	**1,000,879**	**1,585,549**	**66,665**	**3,841,604**
Current assets:						
Loans & receivables	–	–	39	380,358	–	380,397
Insurance assets	2,963	–	–	–	–	2,963
Insurance and other receivables	31	111,654	–	53	1,224	112,962
Cash and cash equivalents	100,493	(77,888)	225,057	147,602	61,338	456,602
Total current assets	**103,487**	**33,766**	**225,096**	**528,013**	**62,562**	**952,924**
Total assets	**191,360**	**1,134,404**	**1,225,975**	**2,113,562**	**129,227**	**4,794,528**
Current liabilities:						
Consolidated Fund (Payable) / Receivable	(100,493)	77,888	(225,057)	(147,602)	(61,338)	(456,602)
Insurance and other payables	(343)	(92,215)	–	(1,600)	1	(94,157)
Total current liabilities	**(100,836)**	**(14,327)**	**(225,057)**	**(149,202)**	**(61,337)**	**(550,759)**
Non-current assets plus net current assets	**90,524**	**1,120,077**	**1,000,918**	**1,964,360**	**67,890**	**4,243,769**
Non-current liabilities						
Insurance liabilities	–	(2,047,871)	(463,546)	–	(104,321)	(2,615,738)
Insurance and other payables	–	(66,216)	–	–	–	(66,216)
Total non-current liabilities	**–**	**(2,114,087)**	**(463,546)**	**–**	**(104,321)**	**(2,681,954)**
Assets less liabilities	**90,524**	**(994,010)**	**537,372**	**1,964,360**	**(36,431)**	**1,561,815**
Taxpayers' equity						
Exchequer Financing	(1,711,126)	(3,340,414)	800,722	2,361,155	(213,291)	(2,102,954)
Cumulative Trading Surplus	1,801,650	2,346,404	(60,495)	–	176,947	4,264,506
General Fund	–	–	(202,855)	(396,795)	(87)	(599,737)
Total taxpayers' equity	**90,524**	**(994,010)**	**537,372**	**1,964,360**	**(36,431)**	**1,561,815**

Cash allocations by account are notional only and cash is not managed by UKEF by account. Negative cash balances by account reflect only a notional position whereby cash is 'owed' between accounts.

iv. Segmental Statement of Financial Position at 31 March 2024

	Pre-1991 Guarantees & Insurance Account £'000	Guarantees & Insurance Account £'000	National Interest Account £'000	Direct Lending Account £'000	TCRF Account £'000	Total reserves £'000
Non-current assets:						
Right of use, Equipment and intangible assets	–	5,643	–	–	–	5,643
Loans & receivables	–	–	973,134	1,659,805	–	2,632,939
Insurance assets	75,945	323,148	–	–	–	399,093
Reinsurers' share of insurance liabilities	–	564,992	23,879	–	62,108	650,979
Insurance and other receivables	–	84,419	–	–	5,742	90,161
Total non-current assets	**75,945**	**978,202**	**997,013**	**1,659,805**	**67,850**	**3,778,815**
Current assets:						
Loans & receivables	–	–	155	324,155	–	324,310
Insurance assets	13,879	415	–	–	–	14,294
Insurance and other receivables	19	65,044	–	(21)	2,715	67,757
Cash and cash equivalents	73,793	(13,767)	35,391	104,448	59,633	259,498
Total current assets	**87,691**	**51,692**	**35,546**	**428,582**	**62,348**	**665,859**
Total assets	**163,636**	**1,029,894**	**1,032,559**	**2,088,387**	**130,198**	**4,444,674**
Current liabilities:						
Consolidated Fund (Payable) / Receivable	(73,793)	13,767	(35,391)	(104,448)	(59,633)	(259,498)
Insurance and other payables	(338)	(99,816)	(6)	–	(1)	(100,161)
Total current liabilities	**(74,131)**	**(86,049)**	**(35,397)**	**(104,448)**	**(59,634)**	**(359,659)**
Non-current assets plus net current assets	**89,505**	**943,845**	**997,162**	**1,983,939**	**70,564**	**4,085,015**
Non-current liabilities						
Insurance liabilities	–	(1,967,468)	(297,657)	–	(104,542)	(2,369,667)
Insurance and other payables	–	(103,631)	–	–	–	(103,631)
Total non-current liabilities	**–**	**(2,071,099)**	**(297,657)**	**–**	**(104,542)**	**(2,473,298)**
Assets less liabilities	**89,505**	**(1,127,254)**	**699,505**	**1,983,939**	**(33,978)**	**1,611,717**
Taxpayers' equity						
Exchequer Financing	(1,684,426)	(3,405,363)	1,000,000	2,407,026	(211,586)	(1,894,349)
Cumulative Trading Surplus	1,773,931	2,278,109	(71,455)	–	177,695	4,158,280
General Fund	–	–	(229,040)	(423,087)	(87)	(652,214)
Total taxpayers' equity	**89,505**	**(1,127,254)**	**699,505**	**1,983,939**	**(33,978)**	**1,611,717**

Cash allocations by account are notional only and cash is not managed by UKEF by account. Negative cash balances by account reflect only a notional position whereby cash is 'owed' between accounts.

3. Premium Income

	2024/25 £'000	2023/24 £'000
Underwriting Premium Income:		
Insurance contracts premium receivable (IFRS4)		
Current Underwriting Year:		
Gross Premium	457,951	364,721
Less ceded to reinsurers	(56,315)	(117,382)
Net Premium income	**401,636**	**247,339**
Previous Underwriting Years:		
Gross Premium	(7,445)	(9,632)
Less ceded to reinsurers	(13,949)	(13,804)
Net Premium income	**(21,394)**	**(23,436)**
Total		
Gross Premium	450,506	355,089
Less ceded to reinsurers	(70,264)	(131,186)
Net Premium income	**380,242**	**223,903**
Financial guarantees premium amortised (IAS 39)		
Gross Premium	48,085	72,315
Less ceded to reinsurers	(97)	–
Net Premium income	**47,988**	**72,315**
Total Net premium income	**428,230**	**296,218**

Insurance contracts premium receivable (IFRS 4) includes premium income from financial guarantee contracts that UKEF has elected to account for as insurance contracts (refer to Note 1(D) for more detail).

For the year ended 31 March 2025, there were three customers (the parties paying the premium) who accounted for more than 60% of the total premium revenue, net of amounts ceded to reinsurers. These customers accounted for net premium income of £277 million.

For more information about the businesses we have supported in the year, see the **Business Supported annex**.

4. Net Investment Return

	Note	Pre-1991 Guarantees & Insurance Account £'000	Guarantees & Insurance Account £'000	TCRF Account £'000	2024/25 Total reserves £'000	2023/24 Total reserves £'000
Export Credit Guarantees & Insurance						
Interest income	5	12,391	395	–	12,786	16,356
Other income		–	5,510	548	6,058	9,561
Total Income		**12,391**	**5,905**	**548**	**18,844**	**25,917**
Interest costs	5	–	–	–	–	(906)
Total Costs		**–**	**–**		**–**	**(906)**
Net Income		**12,391**	**5,905**	**548**	**18,844**	**25,011**

	Note	National Interest Account £'000	Direct Lending Account £'000	2024/25 Total reserves £'000	2023/24 Total reserves £'000
Export Finance Assistance					
Amortised loans & receivables income	10	17,936	92,965	110,901	119,708
Other income			12	12	31
Total Income		**17,936**	**92,977**	**110,913**	**119,739**
Impairment of loans & receivables	10	–	(16,435)	(16,435)	(29,645)
Total Costs		**–**	**(16,435)**	**(16,435)**	**(29,645)**
Net Income		**17,936**	**76,542**	**94,478**	**90,094**

5. Interest income

	Note	Pre-1991 Guarantees & Insurance Account £'000	Guarantees & Insurance Account £'000	2024/25 Total £'000	2023/24 Total £'000
Interest arising from claims					
– interest charged in the year	11(b)	10,663	9,214	19,877	23,397
– net (increase)/decrease in provisions for unrecovered interest	11(b)	(1,660)	(8,831)	(10,491)	(13,129)
Interest arising from claims net of provisions		**9,003**	**383**	**9,386**	**10,268**
Other Interest		3,388	12	3,400	5,182
Interest credit for the year		**12,391**	**395**	**12,786**	**15,450**

Other Interest includes bank interest on balances with commercial banks.

6. Net claims charge and provision for likely claims

	Note	Pre-1991 Guarantees & Insurance Account £'000	Guarantees & Insurance Account £'000	2024/25 Total £'000	2023/24 Total £'000
Amounts authorised and paid in the year	11(a)	–	(278,256)	(278,256)	(257,785)
Expected recoveries on claims authorised and paid in the year		–	196,358	196,358	205,788
Provision on claims authorised and paid in the year		**–**	**(81,898)**	**(81,898)**	**(51,997)**
Net change in provisions for claims authorised and paid in previous years		16,014	6,914	22,928	56,957
Claims credit/(charge) for the year	11(a)	**16,014**	**(74,984)**	**(58,970)**	**4,960**
Change in provision for claims on financial guarantees	15	–	31,209	31,209	(10,750)
Net claims credit/(charge) & provision for likely claims		**16,014**	**(43,775)**	**(27,761)**	**(5,790)**

There is no reinsurance element included within the figures above.

7. Net foreign exchange gain/(loss)

	Note	Pre-1991 Guarantees & Insurance Account £'000	Guarantees & Insurance Account £'000	National Interest Account £'000	TCRF Account £'000	2024/25 Total £'000	2023/24 Total £'000
Export Credit Guarantees & Insurance							
Net foreign exchange gain/(loss) arising on:							
– recoverable claims after provisions	11(a)	(86)	(7,554)	–	–	(7,640)	(7,179)
– recoverable interest on claims after provisions	11(b)	(59)	(19)	–	–	(78)	(27)
– insurance premium receivables		12	(5,001)	(512)	(494)	(5,995)	(866)
– financial guarantees provisions		–	44	–	–	44	8
– insurance payables		65	2,363	–	74	2,502	(1,057)
– cash		(54)	(974)	–	(62)	(1,090)	(1,900)
Net foreign exchange gain/(loss) for year		**(122)**	**(11,141)**	**(512)**	**(482)**	**(12,257)**	**(11,021)**

	Note	Direct Lending Account £'000	2024/25 Total £'000	2023/24 Total £'000
Export Finance Assistance				
Net foreign exchange gain/(loss) arising on:				
– loans & receivables	10	(37,585)	(37,585)	(56,678)
– payables		(3,165)	(3,165)	12,595
– cash		(270)	(270)	(471)
Net foreign exchange gain/(loss) for year		**(41,020)**	**(41,020)**	**(44,554)**

	2024/25 Total £'000	2023/24 Total £'000
Summary:		
Net foreign exchange gain/(loss) for year on cash assets	(1,360)	(2,371)
Total net foreign exchange gain/(loss) for year on net assets other than cash	(51,917)	(53,204)
Net foreign exchange gain/(loss) for year	**(53,277)**	**(55,575)**

Day-to-day transactions are converted at the rates prevailing on the original transaction date. Assets and liabilities are re-valued at the year-end rates. The table below shows the exchange rates applicable on the principal currencies.

Currency equivalent to £1	31 March 2025	31 March 2024
Euro	1.20	1.17
Japanese Yen	193.30	191.00
US Dollars	1.29	1.26

8. Staff costs

	2024/25 £'000	2023/24 £'000
Salaries and Wages	37,818	33,555
Social Security Costs	4,424	3,972
Other Pension Costs	9,671	8,333
Total Staff Costs	**51,913**	**45,860**
Of which:		
– Export Credit Guarantees & Insurance	44,568	38,833
– Export Finance Assistance	7,345	7,027

Details of staff numbers, exit packages and UKEF's remuneration policy can be found in the **Our People: Remuneration and Staff** report section of the Annual Report.

9. Other administration and operating costs

	2024/25 £'000	2023/24 £'000
Agency Staff	2,000	2,192
Training	662	606
Recruitment	218	238
Travel & Subsistence	1,383	1,136
Accommodation	2,630	2,034
Other IT	7,009	6,034
Project Costs	6,558	6,035
Legal	452	740
Marketing & Business Promotion	3,434	4,611
Depreciation	1,908	1,670
Impairments	–	8
Irrecoverable VAT	5,126	3,999
Other Administration	10,211	5,399
Total Other Administrative Costs	**41,591**	**34,702**
Of which:		
Export Credit Guarantees & Insurance	35,626	29,385
Export Finance Assistance	5,965	5,317
Included in the above figures:		
Audit fees	828	527

Other Administration costs include the audit fees and costs of consultants and export finance managers. The 2024/25 audit fee includes £200,000 (2023/24, £127,000) for the auditor's engagement with the Financial Reporting Changes programme. See accounting policy note 1(B) for further details.

10. Loans & receivables

	31 March 2025 £'000	31 March 2024 £'000
Loans & receivables	2,942,946	2,957,249
Total	**2,942,946**	**2,957,249**
Falling due:		
– within one year	380,397	324,310
– after more than one year	2,562,549	2,632,939

	Note	National Interest Account £'000	Direct Lending Account £'000	Total £'000
Movements:				
Restated Balance at 1 April 2023		**969,607**	**1,621,998**	**2,591,605**
Loans advanced	19	–	741,169	741,169
Loans recovered		–	(311,120)	(311,120)
Net foreign exchange gain/(loss)		–	(56,678)	(56,678)
Amortised income		17,789	87,310	105,099
Interest received		(13,993)	(95,017)	(109,010)
Other movement in working capital		–	11,220	11,220
Revision to cash flows		(114)	14,723	14,609
Impairment movements		–	(29,645)	(29,645)
Balance at 31 March 2024		**973,289**	**1,983,960**	**2,957,249**
Loans advanced	19	–	229,712	229,712
Loans recovered		–	(231,066)	(231,066)
Net foreign exchange gain/(loss)		–	(37,585)	(37,585)
Amortised income		17,855	81,656	99,511
Interest received		(14,186)	(56,772)	(70,958)
Other movement in working capital		–	1,128	1,128
Revision to cash flows		81	11,309	11,390
Impairment movements		–	(16,435)	(16,435)
Balance at 31 March 2025		**977,039**	**1,965,907**	**2,942,946**
Of which:				
Capital loans recoverable		1,000,000	2,361,478	3,361,478
Net interest receivable		39	16,838	16,877
Commitment fees receivable			51	51
Unamortised income		(15,302)	(289,927)	(305,229)
Re-estimation of cash flows		(7,698)	33,257	25,559
Impairment		–	(155,790)	(155,790)
Falling due:				
– within one year		39	380,358	380,397
– after more than one year		977,000	1,585,549	2,562,549

	2024/25 £'000	2023/24 £'000
Cash flow – Amortised Loans & Receivable Income		
Amortised income	99,511	105,099
Revision to cash flows	11,390	14,609
Total included in cash flow	**110,901**	**119,708**

Loans are calculated on the amortised cost basis (refer to accounting policy Note 1(J).

The fair value of National Interest Account Loans was £890,661,940 (2023/24: £881,124,000) and Direct Lending Account Loans was £2,259,133,836 (2023/24: £2,336,733,000).

11. Insurance assets

	31 March 2025 £'000	31 March 2024 £'000
Recoverable claims	471,128	357,336
Interest on unrecovered claims	52,675	56,051
Total	**523,803**	**413,387**
Falling due:		
– within one year	2,963	14,294
– after more than one year	520,840	399,093

Insurance assets are shown at their expected recoverable amount. Some of the balances are subject to market rates of interest. In the year ended 31 March 2025, UKEF revised its methodology for arriving at the estimated recovery proceeds for claims paid on sovereign insurance contracts as detailed in Note 1.

11(a) Recoverable claims

	Pre-1991 Guarantees & Insurance Account £'000	Guarantees & Insurance Account £'000	Total £'000
Recoverable claims – gross			
Balance at 1 April 2023	**197,548**	**362,693**	**560,241**
Claims & recoverable expenditure approved in the year	98	257,687	257,785
Recoveries made in the year	(41,074)	(77,074)	(118,148)
Recoveries abandoned in the year	(6,198)	(1,025)	(7,223)
Net foreign exchange movements	(450)	(9,595)	(10,045)
Balance at 31 March 2024	**149,924**	**532,686**	**682,610**
Claims & recoverable expenditure approved in the year	–	278,256	278,256
Recoveries made in the year	(11,424)	(86,430)	(97,854)
Recoveries abandoned in the year	(4,900)	(7,373)	(12,273)
Net foreign exchange movements	(259)	(9,480)	(9,739)
Balance at 31 March 2025	**133,341**	**707,659**	**841,000**
Recoverable claims – provisions			
Balance at 1 April 2023	128,283	212,040	340,323
(Release)/increase of provisions in the year	(5,948)	988	(4,960)
Recoveries abandoned in the year	(6,198)	(1,025)	(7,223)
Net foreign exchange movements	(376)	(2,490)	(2,866)
Balance at 31 March 2024	**115,761**	**209,513**	**325,274**
(Release)/increase of provisions in the year	(16,014)	74,984	58,970
Recoveries abandoned in the year	(4,900)	(7,373)	(12,273)
Net foreign exchange movements	(173)	(1,926)	(2,099)
Balance at 31 March 2025	**94,674**	**275,198**	**369,872**
Net recoverable claims as at:			
– 31 March 2025	**38,667**	**432,461**	**471,128**
– 31 March 2024	34,163	323,173	357,336
– 31 March 2023	69,265	150,653	219,918

	2024/25 £'000	2023/24 £'000
Cash flow – Claims assets before provisions		
Claims & recoverable expenditure approved in the year	278,256	257,785
Recoveries made in the year	(97,854)	(118,148)
Total included in cash flow	**180,402**	**139,637**

For further details about claims and recoveries, refer to the **Chief Risk Officer's Commentary** in the Performance report.

There are no recoverable claims on any other account.

11(b) Interest on unrecovered claims

	Pre-1991 Guarantees & Insurance Account £'000	Guarantees & Insurance Account £'000	Total £'000
Interest on unrecovered claims – gross			
Balance at 1 April 2023	**477,050**	**184,508**	**661,558**
Interest charged in the year	15,017	8,380	23,397
Interest received in the year	(28,308)	969	(27,339)
Recoveries abandoned in the year	–	–	–
Net foreign exchange movements	(1,661)	(134)	(1,795)
Balance at 31 March 2024	**462,098**	**193,723**	**655,821**
Interest charged in the year	10,663	9,214	19,877
Interest received in the year	(12,436)	(248)	(12,684)
Recoveries abandoned in the year	(18,089)	(3)	(18,092)
Net foreign exchange movements	(1,066)	(143)	(1,209)
Balance at 31 March 2025	**441,170**	**202,543**	**643,713**
Interest on unrecovered claims – provisions			
Balance at 1 April 2023	404,257	184,152	588,409
Increase in provisions in the year	3,823	9,306	13,129
Recoveries abandoned in the year	–	–	–
Net foreign exchange movements	(1,643)	(125)	(1,768)
Balance at 31 March 2024	**406,437**	**193,333**	**599,770**
(Decrease)/Increase in provisions in the year	1,660	8,831	10,491
Recoveries abandoned in the year	(18,089)	(3)	(18,092)
Net foreign exchange movements	(1,007)	(124)	(1,131)
Balance at 31 March 2025	**389,001**	**202,037**	**591,038**

	Pre-1991 Guarantees & Insurance Account £'000	Guarantees & Insurance Account £'000	Total £'000
Net interest on unrecovered claims as at:			
– 31 March 2025	52,169	506	52,675
– 31 March 2024	55,661	390	56,051
– 31 March 2023	72,793	356	73,149

12. Reinsurers' share of insurance liabilities

	Total £'000
Balance at 1 April 2023	**606,168**
Movements summary:	
Addition to the underwriting funds in the year	117,382
Net decrease in open credit funds	(39,533)
Other fund movements	23,183
Net increase in insurance liabilities on closed funds	(56,221)
Total Movements	**44,811**
Balance at 31 March 2024	**650,979**
Movements summary:	
Addition to the underwriting funds in the year	56,315
Net decrease in open credit funds	(25,807)
Other fund movements	11,687
Net decrease in insurance liabilities on closed funds	(16,760)
Total Movements	**25,435**
Balance at 31 March 2025	**676,414**

Movements are summarised within Note 16.

13. Insurance and other receivables

	31 March 2025 £'000	31 March 2024 £'000
Insurance premium receivables	175,366	139,139
Insurance prepayments and accrued income	12,409	16,362
Other receivables	1,194	2,417
Total	**188,969**	**157,918**
Falling due:		
– within one year	112,962	67,757
– after more than one year	76,007	90,161

14. Cash and cash equivalents

The closing cash balances is payable to HM Treasury's Consolidated Fund.

	31 March 2025 £'000	31 March 2024 £'000
Cash and cash equivalents comprise:		
Government Banking Service	370,830	30,371
Commercial banks and cash in hand	85,772	229,127
Total	**456,602**	**259,498**

15. Insurance and other payables

	31 March 2025 £'000	31 March 2024 £'000
Income tax and national Insurance	1,159	1,016
Lease payments	1,360	2,328
Deferred income and other payables	35,765	44,546
Financial guarantee liabilities	118,633	121,192
Dilapidations provision	20	20
Provisions for likely claims on financial guarantees	3,437	34,690
Total	**160,373**	**203,792**
Falling due:		
– within one year	94,157	100,161
– after more than one year	66,216	103,631

The movement in the provision for financial guarantees includes £(31,209,000) (2023/24: £10,750,000) (see Note 6) and £(44,000) (2023/24: (£8,000)) movement on foreign currencies.

16. Insurance liabilities

	Guarantees & Insurance Account £'000	National Interest Account £'000	TCRF Account £'000	Total £'000
Insurance liabilities – Gross of reinsurance				
Balance at 1 April 2023	**1,891,174**	**108,802**	**104,258**	**2,104,234**
Movements:				
Addition to the underwriting funds in the year	296,872	189,247	282	486,401
Release of excess funds – cash	(644)	–	–	(644)
Release of excess funds – credit	(75,237)	–	–	(75,237)
Other fund movements	(24,031)	(392)	2	(24,421)
Change in insurance liabilities on closed funds	(120,666)	–	–	(120,666)
Total Movements	76,294	188,855	284	265,433
Balance at 31 March 2024	**1,967,468**	**297,657**	**104,542**	**2,369,667**
Movements:				
Addition to the underwriting funds in the year	230,388	179,344	–	409,732
Release of excess funds – cash	(31)	–	–	(31)
Release of excess funds – credit	(61,113)	–	–	(61,113)
Other fund movements	(48,912)	(13,455)	(221)	(62,588)
Change in insurance liabilities on closed funds	(39,929)	–	–	(39,929)
Total Movements	80,403	165,889	(221)	246,071
Balance at 31 March 2025	**2,047,871**	**463,546**	**104,321**	**2,615,738**
Insurance liabilities – Net of reinsurance				
Balance at 1 April 2023	**1,370,346**	**85,570**	**42,150**	**1,498,066**
Movements:				
Addition to the underwriting funds in the year	179,490	189,247	282	369,019
Release of excess funds – cash	(644)	–	–	(644)
Release of excess funds – credit	(35,704)	–	–	(35,704)

	Guarantees & Insurance Account £'000	National Interest Account £'000	TCRF Account £'000	Total £'000
Other fund movements	(46,567)	(1,039)	2	(47,604)
Change in insurance liabilities on closed funds	(64,445)	–	–	(64,445)
Total Movements	32,130	188,208	284	220,622
Balance at 31 March 2024	**1,402,476**	**273,778**	**42,434**	**1,718,688**
Movements:				
Addition to the underwriting funds in the year	174,073	179,344	–	353,417
Release of excess funds – cash	(31)	–	–	(31)
Release of excess funds – credit	(35,306)	–	–	(35,306)
Other fund movements	(60,599)	(13,455)	(221)	(74,275)
Change in insurance liabilities on closed funds	(23,169)	–	–	(23,169)
Total Movements	54,968	165,889	(221)	220,636
Balance at 31 March 2025	**1,457,444**	**439,667**	**42,213**	**1,939,324**

Summary of movements:	**Note**	**Guarantees & Insurance Account £'000**	**National Interest Account £'000**	**TCRF Account £'000**	**Total £'000**
2023/24					
Gross changes in insurance liabilities		76,294	188,855	284	265,433
Reinsurers' share of changes in insurance liabilities	12	(44,164)	(647)	–	(44,811)
Changes in insurance liabilities (net of reinsurance)		**32,130**	**188,208**	**284**	**220,622**
2024/25					
Gross changes in insurance liabilities		80,403	165,889	(221)	246,071
Reinsurers' share of changes in insurance liabilities	12	(25,435)	–	–	(25,435)
Changes in insurance liabilities (net of reinsurance)		**54,968**	**165,889**	**(221)**	**220,636**

Each underwriting fund for an underwriting year is set at the higher of (i) the current expected loss, as defined below, on amounts at risk on unexpired insurance contracts, or (ii) accumulated premiums plus interest earned, less administration costs and provisions made for the unrecoverable proportion of paid claims. Premium income credited to a provision is net of any reinsurance premium ceded to re-insurers where UKEF, as lead insurer, has reinsured a proportion of the total contract risk.

The expected loss is management's best estimate of the mean of possible future losses on UKEF's insurance contracts.

The valuation of UKEF's insurance liabilities therefore derive either from management's assessment of credit risk and estimation of expected losses or, in most cases, from premium. The **Chief Risk Officer's commentary** in the Performance section of the Annual Report and Accounts sets out how premium is determined using OECD minimum premium rates or using UKEF's own pricing methodology if higher or where a minimum premium is not set by the OECD. UKEF's own pricing derives from management's assessment of credit risk.

The **Chief Risk Officer's commentary** in the Performance Report section of the Annual Report and Accounts sets out in detail how counterparties' credit risk is assessed using a range of information and factors and how climate-related credit risk is captured in UKEF's probability of default and loss given default estimations used to determine expected losses. UKEF, like many other financial institutions, are currently unable to reliably isolate and quantify the climate-related credit risk. However, UKEF has determined that the climate-related element of credit risk which is currently incorporated into the valuation of UKEF's insurance liabilities in the financial statements is currently at an immaterial level. This is because a large proportion of insurance liabilities on the balance sheet are valued at OECD minimum premium rates which do not currently incorporate climate change related risk and additionally, the largest remaining deals valued at a UKEF priced premium or at expected loss are deals with low levels of climate related risk.

Please refer to the **TCFD report** with regards to how UKEF is managing and monitoring the climate risk of its portfolio. Note 18(e) provides a sensitivity analysis of the impact on net income from changes in credit ratings which could occur in response to changes in a wide range of factors including climate-related risk.

17. Schedule of Expected Loss

As part of its liability adequacy testing process, UKEF assesses the carrying value of its insurance liabilities against a schedule of expected loss. The expected loss does not take into account any additional margins that are required to compensate UKEF for the inherent risk that actual losses may significantly exceed the expected loss. The derived expected loss is not therefore regarded by UKEF to be a reliable estimate of the likely eventual outturn (with insufficient information available for open fund years to determine definitively and with a high degree of confidence the level of claims that will be ultimately experienced) and is presented for indicative purposes. Credit funds up to and including 2015/16 and cash fund years up to and including 2021/22 are closed years.

The table shows the development of the expected losses for the fund years 2015/16 onwards. For individual fund years shown, the figure shown "at end of year" shows the expected loss at the end of the year it was created. Each subsequent row shows the expected loss position at the end of the next following year. The final row for each fund year shows the current expected loss at the date of the Statement of Financial Position.

	2015/16 fund year £'000	2016/17 fund year £'000	2017/18 fund year £'000	2018/19 fund year £'000	2019/20 fund year £'000	2020/21 fund year £'000	2021/22 fund year £'000	2022/23 fund year £'000	2023/24 fund year £'000	2024/25 fund year £'000
Guarantees & Insurance, National Interest and TCRF Account:										
Credit funds										
At end of year	28,315	32,214	43,848	127,410	72,685	77,729	103,526	59,404	261,770	161,635
One year later	29,114	26,001	49,578	110,027	76,790	69,060	142,729	43,553	235,946	–
Two years later	21,070	24,134	42,298	183,377	147,227	72,502	126,958	42,798	–	–
Three years later	17,589	26,603	166,991	142,601	135,977	84,529	113,085	–	–	–
Four years later	17,535	35,966	101,218	125,417	140,282	81,077	–	–	–	–
Five years later	16,516	32,696	55,239	65,051	88,171	–	–	–	–	–
Six years later	13,008	24,833	19,723	53,066	–	–	–	–	–	–
Seven years later	9,202	18,109	13,666	–	–	–	–	–	–	–
Eight years later	3,420	13,046	–	–	–	–	–	–	–	–
Nine years later	904	–	–	–	–	–	–	–	–	–
Cash funds										
At end of year	480	689	383	6,365	91	668	461	775	6,558	1,622
One year later	–	16	100	2,575	20	118	135	138	3,486	–
Two years later	–	–	62	1,833	14	75	–	58	–	–
Three years later	–	–	43	1,140	2	4	–	–	–	–
Four years later	–	–	4	666	1	1	–	–	–	–
Five years later	–	–	–	364	–	–	–	–	–	–
Six years later	–	–	–	34	–	–	–	–	–	–
Seven years later	–	–	–	–	–	–	–	–	–	–
Eight years later	–	–	–	–	–	–	–	–	–	–
Nine years later	–	–	–	–	–	–	–	–	–	–
Credit fund total	904	13,046	13,666	53,066	88,171	81,077	113,085	42,798	235,946	161,635
Cash fund total	–	–	–	34	–	1	–	58	3,486	1,622
Expected Loss total	**904**	**13,046**	**13,666**	**53,100**	**88,171**	**81,078**	**113,085**	**42,856**	**239,432**	**163,257**

£'000	funds 2015/16 to 2024/25 open	closed	total	funds years to 2014/15 closed	funds grand total
Expected Loss Summary:					
Guarantees & Insurance, National Interest and TCRF Account:					
Credit fund total	802,490	904	803,394	41,393	844,787
Cash fund total	5,166	35	5,201	–	5,201
Expected Loss total	**807,656**	**939**	**808,595**	**41,393**	**849,988**

18. Risk management: financial instruments and insurance contracts

This Note describes the nature and extent of the risks for UKEF arising from financial instruments and insurance contracts and how UKEF manages them. UKEF has established a risk management framework that seeks to identify, consider and manage the risks it faces in line with its risk appetite, minimising its exposure to unexpected financial loss and facilitating the achievement of its business objectives.

Full details of UKEF's approach to managing financial risk can be found in the **Chief Risk Officer's Commentary** in the Performance section of the Annual Report.

Operational risk is described in the **Governance Statement** which can be found in the Accountability section of the Annual Report.

For the purpose of this Note, risks are considered under the following headings:

a. **Market risk** (including interest rate risk and foreign currency risk);
b. **Credit risk**;
c. **Insurance risk** (including related foreign currency risk);
d. **Liquidity risk**; and
e. **Risk measurement**.

18(a) Market risk

Market risk is the risk of adverse financial impact due to changes in the fair value or future cash flows of financial instruments from fluctuations in interest rates, foreign exchange rates (and other prices). UKEF has a significant exposure to foreign currency risk, primarily due to holding US dollar denominated assets in the form of loans and receivables and net unrecovered claims. UKEF is not authorised by HM Treasury to hedge its exposure to foreign currency risk (refer Note 18(a)(i) and 18(c)(iii)). In addition, there is some foreign exchange market risk which is explained in Note 18(a)(i).

UKEF has established principles and policies to be followed in respect of management of the key market risks to which it is exposed.

18(a)(i) Foreign currency risk

Foreign currency risk arises from two main areas: transaction risk and translation risk. Transaction risk is the risk of movements in the sterling value of foreign currency receipts on conversion into sterling. Translation risk is the risk that UKEF's Statement of Financial Position and net operating income will be adversely impacted by changes in the sterling value of foreign currency denominated assets and liabilities from movements in foreign currency exchange rates. UKEF is heavily exposed to translation risk due to the value of non-sterling assets and liabilities held. The most significant exposure relates to insurance assets (refer Note 18(c)(iii) below).

The currency profile of UKEF's financial instruments and its capital loan commitments is set out below.

	Pound Sterling £'000	US dollar £'000	Other £'000	Total £'000
As at 31 March 2025				
Financial assets:				
National Interest Account loans at amortised cost	977,039	–	–	977,039
Direct Lending Account loans at amortised cost	17,895	688,184	1,259,881	1,965,960
Insurance and other receivables	80,051	16,525	92,339	188,915
Financial liabilities:				
Insurance and other payables	(109,094)	(10,983)	(40,297)	(160,374)
Financial Commitments:				
Direct Lending Account amounts available	–	309,734	480,240	789,974
Total	**965,891**	**1,003,460**	**1,792,163**	**3,761,514**
As at 31 March 2024 Restated				
Financial assets:				
National Interest Account loans at amortised cost	973,289	–	–	973,289
Direct Lending Account loans at amortised cost	18,532	795,624	1,169,804	1,983,960
Insurance and other receivables	90,935	20,525	46,458	157,918
Financial liabilities:				
Insurance and other payables	(139,492)	(16,863)	(47,437)	(203,792)
Financial Commitments:				
Direct Lending Account amounts available	3,390	313,330	588,301	905,021
Total	**946,654**	**1,112,616**	**1,757,126**	**3,816,396**

The majority of the balance in 'Other' currencies relates to balances denominated in Euros.

The sensitivity to changes in foreign exchange of US dollar denominated loans held at amortised cost at 31 March 2025 is as follows:

- 10% weakening of USD versus GBP would decrease the carrying value by £62,562,000 (31 March 2024: decrease £72,329,000).

The sensitivity to changes in foreign exchange of EURO denominated loans held at amortised cost at 31 March 2025 is as follows:

- 10% weakening of EURO versus GBP would decrease the carrying value by £114,535,000 (31 March 2024: decrease £106,345,806).

18(b) Credit Risk

Credit risk is the risk of loss in value of financial assets due to lending counterparties failing to meet all or part of their obligations as they fall due. Credit risk related to UKEF's insurance contracts, including financial guarantees, is discussed under Insurance Risk (Note 18(c)(i) below).

UKEF has implemented policies and procedures that seek to minimise credit losses on the credit risk it takes. Full details can be found in the **Chief Risk Officer's Commentary** in the Performance section of the Annual Report.

18(b)(i) Credit risk

The following table summarises the credit exposure of loans at amortised cost & loan commitments (Investment grade is defined as a credit rating of BBB minus or above):

	Investment grade £'000	Non-investment grade £'000	Total £'000
As at 31 March 2025			
National Interest Account: Direct Lending			
Loans at amortised cost	977,039	–	977,039
Direct Lending Account: Direct Lending			
Loans at amortised cost	476,428	1,489,478	1,965,906
Loan commitments	–	789,974	789,974
Total	**1,453,467**	**2,279,452**	**3,732,919**
As at 31 March 2024			
National Interest Account: Direct Lending			
Loans at amortised cost	973,289	–	973,289
Direct Lending Account: Direct Lending			
Loans at amortised cost	467,333	1,516,627	1,983,960
Loan commitments	18,875	886,146	905,021
Total	**1,459,497**	**2,402,773**	**3,862,270**

18(b)(ii) Credit concentration risk

The following table provides information regarding the credit concentration of loans at amortised cost & loan commitments:

	Europe £'000	Americas £'000	Middle East and Africa £'000	Asia Pacific £'000	Total £'000
As at 31 March 2025					
National Interest Account: Direct Lending					
Loans at amortised cost	–	–	977,039	–	977,039
Direct Lending Account: Direct Lending					
Loans at amortised cost	478,761	48,806	1,425,742	12,597	1,965,906
Commitments	–	74,943	715,031	–	789,974
Total	**478,761**	**123,749**	**3,117,812**	**12,597**	**3,732,919**
As at 31 March 2024					
National Interest Account: Direct Lending					
Loans at amortised cost	–	–	973,289	–	973,289
Direct Lending Account: Direct Lending					
Loans at amortised cost	470,562	41,312	1,472,086	–	1,983,960
Commitments	18,875	91,764	794,382	–	905,021
Total	**489,437**	**133,076**	**3,239,757**	**–**	**3,862,270**

18(c) Insurance risk

Insurance risk is the inherent uncertainty as to the occurrence, amount and timing of insurance liabilities. The main insurance risk facing UKEF is credit risk accepted by it through the underwriting process. It is defined as the risk of financial loss resulting from the default of an obligor under a contingent liability or a legitimate claim under a policy of insurance or indemnity.

Underwriting funds

Under the Fund Basis of Accounting, premium arising from policies allocated to each underwriting year, net of provisions for any unrecovered claims and expenses, is deferred until three years after the end of that underwriting year (for insurance contracts written in respect of business that does not extend credit to the customer after delivery) or until nine years after the end of that underwriting year (for insurance contracts where extended credit terms are provided to the customer from the start of the underwriting year). Any excess of the net underwriting fund over the current expected loss on amounts at risk on unexpired guarantees or policies written in the relevant year is released to profit or loss. Underwriting funds for those and prior years will be equal to the expected loss on unexpired guarantees or policies for the relevant underwriting year.

The Expected Loss on UKEF's portfolio is calculated as the statistical mean of possible future losses, calculated based on the assessment of Probability of Default (PoD) and assumptions of the Loss Given Default (LGD). The PoD is the statistical likelihood of default by an obligor over a given time horizon and is dependent upon the credit standing of the obligor. As is common practice in the market, we derive our PDs from an externally sourced corporate and public default database. Sovereign default events are rare in a historical context, so any PD derived directly from sovereign default data could lead to unreasonable risk quantification of exposures and year on year volatility not aligned to the actual sovereign risk in our portfolio. The LGD is the value of claims not expected to be recoverable in the event of default. The percentage derived is applied to the amount at risk in order to determine the Expected Loss on an insurance contract.

18(c)(i) Credit risk

UKEF has a significant exposure to credit risk which is measured in terms of expected loss and Unexpected Loss assessed at the time of underwriting the transaction, but both of which will vary over time. The 'Assessing Risk' section of the **Chief Risk Officer's Commentary** sets out how expected losses are calculated and credit risk assessed. A range of factors, including climate-related risk, is considered and incorporated.

Full details of the policies and procedures that have been implemented to seek to manage credit risk can be found in the **Chief Risk Officer's Commentary** in the Performance section of the Annual Report. The **TCFD report** in the Performance report section of the Annual Report and Accounts provides more detail specifically on how UKEF is managing and monitoring the climate risk of its portfolio.

The following table provides information regarding the credit exposure of amounts at risk and expected loss within the UKEF Guarantees & Insurance Account, the National Interest Account and the Temporary COVID-19 Support Account portfolio as at 31 March 2025.

Information is presented based upon the grade of the ultimate obligor.

There are no amounts at risk and expected loss on the Pre 1991 Guarantees & Insurance Account.

Amounts at Risk, gross of reinsurance	Investment grade £'000	Non-investment grade £'000	Total £'000
Guarantees & Insurance Account: Insurance Contracts			
Asset-backed	1,975,460	2,864,335	4,839,795
Other	4,643,789	15,015,195	19,658,984
Total	**6,619,249**	**17,879,530**	**24,498,779**
National Interest Account: Insurance Contracts			
Other	9,979,845	473,220	10,453,065
Total	**9,979,845**	**473,220**	**10,453,065**
TCRF Account: Insurance Contracts			
Asset-backed	331,590	944,825	1,276,415
Other	–	10,652	10,652
Total	**331,590**	**955,477**	**1,287,067**
Guarantees & Insurance Account: Financial Guarantees	2,874,233	5,724,318	8,598,551
TCRF Account: Financial Guarantees	–	–	–
Total	**2,874,233**	**5,724,318**	**8,598,551**
Grand Total	**19,804,917**	**25,032,545**	**44,837,462**

Amounts at Risk, net of reinsurance	Investment grade £'000	Non-investment grade £'000	Total £'000
Guarantees & Insurance Account: Insurance Contracts			
Asset-backed	1,123,162	1,637,354	2,760,516
Other	4,282,165	11,431,029	15,713,194
Total	**5,405,327**	**13,068,383**	**18,473,710**
National Interest Account: Insurance Contracts			
Other	9,262,998	473,220	9,736,218
Total	**9,262,998**	**473,220**	**9,736,218**
TCRF Account: Insurance Contracts			
Asset-backed	331,590	344,685	676,275
Other	–	10,652	10,652
Total	**331,590**	**355,337**	**686,927**
Guarantees & Insurance Account: Financial Guarantees	2,874,233	5,528,518	8,402,751
TCRF Account: Financial Guarantees	–	–	–
Total	**2,874,233**	**5,528,518**	**8,402,751**
Grand Total	**17,874,148**	**19,425,458**	**37,299,606**

Expected Loss, gross of reinsurance	Investment grade £'000	Non-investment grade £'000	Total £'000
Guarantees & Insurance Account: Insurance Contracts			
Asset-backed	1,188	34,458	35,646
Other	5,853	638,634	644,487
Total	**7,041**	**673,092**	**680,133**
National Interest Account: Insurance Contracts			
Other	3,208	287,701	290,909
Total	**3,208**	**287,701**	**290,909**
TCRF Account: Insurance Contracts			
Asset-backed	1,287	922	2,209
Other	–	480	480
Total	**1,287**	**1,402**	**2,689**
Guarantees & Insurance Account: Financial Guarantees	5,128	124,897	130,025
TCRF Account: Financial Guarantees	–	–	–
Total	**5,128**	**124,897**	**130,025**
Grand Total	**16,664**	**1,087,092**	**1,103,756**

Expected Loss, net of reinsurance	Investment grade £'000	Non-investment grade £'000	Total £'000
Guarantees & Insurance Account: Insurance Contracts			
Asset-backed	939	21,794	22,733
Other	5,697	528,337	534,034
Total	**6,636**	**550,131**	**556,767**
National Interest Account: Insurance Contracts			
Other	3,155	287,701	290,856
Total	**3,155**	**287,701**	**290,856**
TCRF Account: Insurance Contracts			
Asset-backed	1,287	598	1,885
Other	–	480	480
Total	**1,287**	**1,078**	**2,365**
Guarantees & Insurance Account: Financial Guarantees	5,128	123,190	128,318
TCRF Account: Financial Guarantees	–	–	–
Total	**5,128**	**123,190**	**128,318**
Grand Total	**16,206**	**962,100**	**978,306**

The following table provides information regarding the credit exposure of Amounts at Risk and Expected Loss within the UKEF Guarantee & Insurance Account, the National Interest Account and the Temporary COVID-19 Support Account portfolio as at 31 March 2024:

Amounts at Risk, gross of reinsurance	Investment grade £'000	Non-investment grade £'000	Total £'000
Guarantees & Insurance Account: Insurance Contracts			
Asset-backed	1,943,364	2,660,196	4,603,560
Other	1,956,451	16,834,209	18,790,660
Total	**3,899,815**	**19,494,405**	**23,394,220**
National Interest Account: Insurance Contracts			
Other	2,707,099	330,477	3,037,576
Total	**2,707,099**	**330,477**	**3,037,576**
TCRF Account: Insurance Contracts			
Asset-backed	400,449	1,142,303	1,542,752
Other	–	14,243	14,243
Total	**400,449**	**1,156,546**	**1,556,995**
Guarantees & Insurance Account: Financial Guarantees	2,646,537	6,580,383	9,226,920
TCRF Account: Financial Guarantees	–	2,041,842	2,041,842
Total	**2,646,537**	**8,622,225**	**11,268,762**
Grand Total	**9,653,900**	**29,603,653**	**39,257,553**

Amounts at Risk, net of reinsurance	Investment grade £'000	Non-investment grade £'000	Total £'000
Guarantees & Insurance Account: Insurance Contracts			
Asset-backed	1,164,599	1,667,861	2,832,460
Other	1,839,528	12,799,536	14,639,064
Total	**3,004,127**	**14,467,397**	**17,471,524**
National Interest Account: Insurance Contracts			
Other	1,659,388	330,477	1,989,865
Total	**1,659,388**	**330,477**	**1,989,865**
TCRF Account: Insurance Contracts			
Asset-backed	400,449	414,919	815,368
Other	–	14,243	14,243
Total	**400,449**	**429,162**	**829,611**
Guarantees & Insurance Account: Financial Guarantees	2,646,537	6,580,383	9,226,920
TCRF Account: Financial Guarantees	–	2,041,842	2,041,842
Total	**2,646,537**	**8,622,225**	**11,268,762**
Grand Total	**7,710,501**	**23,849,261**	**31,559,762**

Expected Loss, gross of reinsurance	Investment grade £'000	Non-investment grade £'000	Total £'000
Guarantees & Insurance Account: Insurance Contracts			
Asset-backed	2,761	63,488	66,249
Other	7,742	721,821	729,563
Total	**10,503**	**785,309**	**795,812**
National Interest Account: Insurance Contracts			
Other	3,592	189,248	192,840
Total	**3,592**	**189,248**	**192,840**
TCRF Account: Insurance Contracts			
Asset-backed	3,294	4,705	7,999
Other	–	700	700
Total	**3,294**	**5,405**	**8,699**
Guarantees & Insurance Account: Financial Guarantees	15,443	159,634	175,077
TCRF Account: Financial Guarantees	–	30,439	30,439
Total	**15,443**	**190,073**	**205,516**
Grand Total	**32,832**	**1,170,035**	**1,202,867**

Expected Loss, net of reinsurance	Investment grade £'000	Non-investment grade £'000	Total £'000
Guarantees & Insurance Account: Insurance Contracts			
Asset-backed	2,489	34,888	37,377
Other	7,552	591,966	599,518
Total	**10,041**	**626,854**	**636,895**
National Interest Account: Insurance Contracts			
Other	2,407	189,248	191,655
Total	**2,407**	**189,248**	**191,655**
TCRF Account: Insurance Contracts			
Asset-backed	3,294	2,144	5,438
Other	–	700	700
Total	**3,294**	**2,844**	**6,138**
Guarantees & Insurance Account: Financial Guarantees	15,443	159,634	175,077
TCRF Account: Financial Guarantees	–	30,439	30,439
Total	**15,443**	**190,073**	**205,516**
Grand Total	**31,185**	**1,009,019**	**1,040,204**

Insurance Assets – unrecovered claims

UKEF seeks to recover all claims paid under insurance policies or guarantees. Provisions are made for the estimated irrecoverable amount of claims paid on a case-by-case basis.

For claims arising from sovereign defaults, provisions are determined at a country level and are derived from assessments of the likely future recovery including payment performance, expected Paris Club treatment, International Monetary Fund/World Bank debt sustainability analysis, and UKEF's own assessment of the economic risk.

Additionally, for those unrecovered claims relating to asset-backed transactions (e.g. those relating to aerospace portfolio), the amounts estimated as being recoverable will also be partly dependent upon the value of the underlying assets. Where aircraft are remarketed and placed on an operating lease following repossession from the original airline, provisions are based upon the current value of the exposure (including recoverable expenses) less expected recoveries from lease and sale proceeds.

For claims paid under insurance contracts written in underwriting years still open, provisions are charged against the balance of the underwriting fund for the relevant underwriting year. Any excess of provisions over the available underwriting fund for the year is charged to net income. Any provisions against paid claims on insurance contracts written in years where the underwriting funds have been released are charged directly to net income.

All recoverable claims and interest on recoverable claims balances as presented in Note 11 as at 31 March 2024 and 31 March 2025 are non-investment grade.

18(c)(ii) Credit concentration risk

UKEF assesses its concentration risk, and its exposure to catastrophic loss, through controls which set limits for exposure to individual countries. Additionally, the Enterprise Risk and Credit Committee reviews large corporate risks on a case-by-case basis, considering UKEF's risk appetite for new business in a given country and the rating and financial profile of the corporate concerned.

Information is presented based upon the geographical location of the ultimate obligor.

The table below provides an indication of the concentration of credit risk within the UKEF Guarantees and Insurance Account, the National Interest Account and the Temporary COVID-19 Support Account portfolios as at 31 March 2025:

Amounts at Risk, gross of reinsurance	Europe £'000	Americas £'000	Middle East and Africa £'000	Asia Pacific £'000	Total £'000
Guarantees & Insurance Account: Insurance Contracts					
Asset-backed	3,398,734	280,053	858,801	302,207	4,839,795
Other	10,560,471	325,425	7,080,777	1,692,311	19,658,984
Total	**13,959,205**	**605,478**	**7,939,578**	**1,994,518**	**24,498,779**
National Interest Account: Insurance Contracts					
Other	9,114,634	–	1,338,431	–	10,453,065
Total	**9,114,634**	**–**	**1,338,431**	**–**	**10,453,065**
TCRF Account: Insurance Contracts					
Asset-backed	789,183	–	376,880	110,352	1,276,415
Other	10,652	–	–	–	10,652
Total	**799,835**	**–**	**376,880**	**110,352**	**1,287,067**
Guarantees & Insurance Account: Financial Guarantees	6,335,346	1,153,615	–	1,109,590	8,598,551
TCRF Account: Financial Guarantees	–	–	–	–	–
Total	**6,335,346**	**1,153,615**	**–**	**1,109,590**	**8,598,551**
Grand Total	**30,209,020**	**1,759,093**	**9,654,889**	**3,214,460**	**44,837,462**

Amounts at Risk, net of reinsurance	Europe £'000	Americas £'000	Middle East and Africa £'000	Asia Pacific £'000	Total £'000
Guarantees & Insurance Account: Insurance Contracts					
Asset-backed	1,524,405	249,592	858,801	127,718	2,760,516
Other	6,721,619	325,425	6,973,839	1,692,311	15,713,194
Total	**8,246,024**	**575,017**	**7,832,640**	**1,820,029**	**18,473,710**
National Interest Account: Insurance Contracts					
Other	8,397,787	–	1,338,431	–	9,736,218
Total	**8,397,787**	**–**	**1,338,431**	**–**	**9,736,218**
TCRF Account: Insurance Contracts					
Asset-backed	189,043	–	376,880	110,352	676,275
Other	10,652	–	–	–	10,652
Total	**199,695**	**–**	**376,880**	**110,352**	**686,927**
Guarantees & Insurance Account: Financial Guarantees	6,139,546	1,153,615	–	1,109,590	8,402,751
TCRF Account: Financial Guarantees	–	–	–	–	–
Total	**6,139,546**	**1,153,615**	**–**	**1,109,590**	**8,402,751**
Grand Total	**22,983,052**	**1,728,632**	**9,547,951**	**3,039,971**	**37,299,606**

Expected Loss, gross of reinsurance	Europe £'000	Americas £'000	Middle East and Africa £'000	Asia Pacific £'000	Total £'000
Guarantees & Insurance Account: Insurance Contracts					
Asset-backed	18,634	7,326	3,072	6,614	35,646
Other	200,552	2,112	330,007	111,816	644,487
Total	**219,186**	**9,438**	**333,079**	**118,430**	**680,133**
National Interest Account: Insurance Contracts					
Other	290,745	–	164	–	290,909
Total	**290,745**	**–**	**164**	**–**	**290,909**
TCRF Account: Insurance Contracts					
Asset-backed	727	–	1,288	194	2,209
Other	480	–	–	–	480
Total	**1,207**	**–**	**1,288**	**194**	**2,689**
Guarantees & Insurance Account: Financial Guarantees	109,849	4,113	–	16,063	130,025
TCRF Account: Financial Guarantees	–	–	–	–	–
Total	**109,849**	**4,113**	**–**	**16,063**	**130,025**
Grand Total	**620,987**	**13,551**	**334,531**	**134,687**	**1,103,756**

Expected Loss, net of reinsurance	Europe £'000	Americas £'000	Middle East and Africa £'000	Asia Pacific £'000	Total £'000
Guarantees & Insurance Account: Insurance Contracts					
Asset-backed	11,075	7,296	3,072	1,290	22,733
Other	97,548	2,112	322,559	111,815	534,034
Total	**108,623**	**9,408**	**325,631**	**113,105**	**556,767**
National Interest Account: Insurance Contracts					
Other	290,692	–	164	–	290,856
Total	**290,692**	**–**	**164**	**–**	**290,856**
TCRF Account: Insurance Contracts					
Asset-backed	404	–	1,287	194	1,885
Other	480	–	–	–	480
Total	**884**	**–**	**1,287**	**194**	**2,365**
Guarantees & Insurance Account: Financial Guarantees	108,142	4,113	–	16,063	128,318
TCRF Account: Financial Guarantees	–	–	–	–	–
Total	**108,142**	**4,113**	**–**	**16,063**	**128,318**
Grand Total	**508,341**	**13,521**	**327,082**	**129,362**	**978,306**

The following table provides an indication of the concentration of credit risk within the UKEF Guarantees & Insurance Account, the National Interest Account and the Temporary COVID-19 Support Account portfolio as at 31 March 2024:

Amounts at Risk, gross of reinsurance	Europe £'000	Americas £'000	Middle East and Africa £'000	Asia Pacific £'000	Total £'000
Guarantees & Insurance Account: Insurance Contracts					
Asset-backed	2,954,767	324,611	837,777	486,405	4,603,560
Other	8,607,096	405,075	8,764,624	1,013,865	18,790,660
Total	**11,561,863**	**729,686**	**9,602,401**	**1,500,270**	**23,394,220**
National Interest Account: Insurance Contracts					
Other	1,378,188	–	1,659,388	–	3,037,576
Total	**1,378,188**	**–**	**1,659,388**	**–**	**3,037,576**
TCRF Account: Insurance Contracts					
Asset-backed	957,986	–	452,717	132,049	1,542,752
Other	14,243	–	–	–	14,243
Total	**972,229**	**–**	**452,717**	**132,049**	**1,556,995**
Guarantees & Insurance Account: Financial Guarantees	6,850,991	1,293,729	–	1,082,200	9,226,920
TCRF Account: Financial Guarantees	2,041,842	–	–	–	2,041,842
Total	**8,892,833**	**1,293,729**	**–**	**1,082,200**	**11,268,762**
Grand Total	**22,805,113**	**2,023,415**	**11,714,506**	**2,714,519**	**39,257,553**

Amounts at Risk, net of reinsurance	Europe £'000	Americas £'000	Middle East and Africa £'000	Asia Pacific £'000	Total £'000
Guarantees & Insurance Account: Insurance Contracts					
Asset-backed	1,442,828	287,351	837,777	264,504	2,832,460
Other	4,594,715	405,075	8,625,408	1,013,866	14,639,064
Total	**6,037,543**	**692,426**	**9,463,185**	**1,278,370**	**17,471,524**
National Interest Account: Insurance Contracts					
Other	330,477	–	1,659,388	–	1,989,865
Total	**330,477**	**–**	**1,659,388**	**–**	**1,989,865**
TCRF Account: Insurance Contracts					
Asset-backed	230,603	–	452,715	132,050	815,368
Other	14,243	–	–	–	14,243
Total	**244,846**	**–**	**452,715**	**132,050**	**829,611**
Guarantees & Insurance Account: Financial Guarantees	6,850,991	1,293,729	–	1,082,200	9,226,920
TCRF Account: Financial Guarantees	2,041,842	–	–	–	2,041,842
Total	**8,892,833**	**1,293,729**	**–**	**1,082,200**	**11,268,762**
Grand Total	**15,505,699**	**1,986,155**	**11,575,288**	**2,492,620**	**31,559,762**

Expected Loss, gross of reinsurance	Europe £'000	Americas £'000	Middle East and Africa £'000	Asia Pacific £'000	Total £'000
Guarantees & Insurance Account: Insurance Contracts					
Asset-backed	41,520	3,089	4,479	17,161	66,249
Other	243,317	3,944	362,026	120,276	729,563
Total	**284,837**	**7,033**	**366,505**	**137,437**	**795,812**
National Interest Account: Insurance Contracts					
Other	190,433	–	2,407	–	192,840
Total	**190,433**	**–**	**2,407**	**–**	**192,840**
TCRF Account: Insurance Contracts					
Asset-backed	4,090	–	3,294	615	7,999
Other	700	–	–	–	700
Total	**4,790**	**–**	**3,294**	**615**	**8,699**
Guarantees & Insurance Account: Financial Guarantees	144,164	11,620	–	19,293	175,077
TCRF Account: Financial Guarantees	30,439	–	–	–	30,439
Total	**174,603**	**11,620**	**–**	**19,293**	**205,516**
Grand Total	**654,663**	**18,653**	**372,206**	**157,345**	**1,202,867**

Expected Loss, net of reinsurance	Europe £'000	Americas £'000	Middle East and Africa £'000	Asia Pacific £'000	Total £'000
Guarantees & Insurance Account: Insurance Contracts					
Asset-backed	18,754	3,004	4,479	11,140	37,377
Other	119,651	3,944	355,647	120,276	599,518
Total	**138,405**	**6,948**	**360,126**	**131,416**	**636,895**
National Interest Account: Insurance Contracts					
Other	189,248	–	2,407	–	191,655
Total	**189,248**	**–**	**2,407**	**–**	**191,655**
TCRF Account: Insurance Contracts					
Asset-backed	1,529	–	3,294	615	5,438
Other	700	–	–	–	700
Total	**2,229**	**–**	**3,294**	**615**	**6,138**
Guarantees & Insurance Account: Financial Guarantees	144,164	11,620	–	19,293	175,077
TCRF Account: Financial Guarantees	30,439	–	–	–	30,439
Total	**174,603**	**11,620**	**–**	**19,293**	**205,516**
Grand Total	**504,485**	**18,568**	**365,827**	**151,324**	**1,040,204**

18(c)(iii) Foreign currency risk

Insurance assets – unrecovered claims

A material proportion of UKEF's insurance guarantees and policies are written in US Dollars, exposing UKEF to significant foreign currency risk. As noted above, UKEF is not permitted to hedge its exposure to foreign currency.

The sensitivity to changes in foreign exchange of US dollar denominated net insurance assets at 31 March 2025 is as follows:

- 10% weakening of USD versus GBP would decrease the carrying value by £17,632,000 (31 March 2024: decrease £13,785,000).
- The sensitivity of insurance assets denominated in other currencies is not considered significant.

The following table sets out the underlying currency of UKEF's insurance assets at 31 March 2025:

	Pound Sterling £'000	US dollar £'000	Other £'000	Total £'000
Recoverable claims				
– Gross	290,309	277,727	272,964	841,000
– Provisions	(234,020)	(86,068)	(49,784)	(369,872)
Interest on unrecovered claims				
– Gross	580,438	57,434	5,841	643,713
– Provisions	(530,059)	(55,138)	(5,841)	(591,038)
Net insurance assets at 31 March 2025	**106,668**	**193,955**	**223,180**	**523,803**

The following table sets out the underlying currency of UKEF's insurance assets at 31 March 2024:

	Pound Sterling £'000	US dollar £'000	Other £'000	Total £'000
Recoverable claims				
– Gross	264,168	220,988	197,454	682,610
– Provisions	(218,929)	(71,454)	(34,891)	(325,274)
Interest on unrecovered claims				
– Gross	573,799	75,940	6,082	655,821
– Provisions	(519,850)	(73,837)	(6,083)	(599,770)
Net insurance assets at 31 March 2024	**99,188**	**151,637**	**162,562**	**413,387**

18(d) Liquidity risk

Liquidity risk is the risk that a business, though solvent on a Statement of Financial Position basis, either does not have the financial resources to meet its obligations as they fall due or can secure those resources only at excessive cost. As a department of HM Government, UKEF has access to funds required to meet its obligations as they fall due, drawing on funds from the exchequer as required.

The scheduled maturity profile of UKEF's insurance contracts and financial guarantees, expressed in terms of total amounts at risk and the dates at which those periods of risk expire, is set out in the following table:

	One year or less £'000	Between one and five years £'000	Between five and ten years £'000	Between ten and fifteen years £'000	Between 15 years and more £'000	Total £'000
As at 31 March 2025:						
Guarantees & Insurance Account: Insurance Contracts						
Gross Amounts at Risk	2,163,875	9,050,492	8,742,078	4,191,056	351,278	24,498,779
Less: Amounts at Risk ceded to reinsurers	172,681	(2,352,156)	(2,075,810)	(1,653,534)	(116,250)	(6,025,069)
Net amounts at risk	**2,336,556**	**6,698,336**	**6,666,268**	**2,537,522**	**235,028**	**18,473,710**
National Interest Account: Insurance Contracts						
Gross Amounts at Risk	857,081	2,486,067	3,319,672	3,217,909	572,336	10,453,065
Less: Amounts at Risk ceded to reinsurers	(210,413)	(501,740)	(4,694)	–	–	(716,847)
Net amounts at risk	**646,668**	**1,984,327**	**3,314,978**	**3,217,909**	**572,336**	**9,736,218**
TCRF Account: Insurance Contracts						
Gross Amounts at Risk	165,609	624,986	496,472	–	–	1,287,067
Less: Amounts at Risk ceded to reinsurers	(76,182)	(289,934)	(234,023)	–	–	(600,139)
Net amounts at risk	**89,427**	**335,052**	**262,449**	**–**	**–**	**686,928**
Guarantees & Insurance Account: Financial Guarantees						
Gross Amounts at Risk	5,020,190	3,119,448	458,914	–	–	8,598,552
Less: Amounts at Risk ceded to reinsurers	(9,910)	(154,059)	(31,831)	–	–	(195,800)
Net amounts at risk	**5,010,280**	**2,965,389**	**427,083**	**–**	**–**	**8,402,752**
TCRF Account: Financial Guarantees						
Gross Amounts at Risk	–	–	–	–	–	–
Less: Amounts at Risk ceded to reinsurers	–	–	–	–	–	–
Net amounts at risk	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total – Net amounts at risk	**8,082,931**	**11,983,104**	**10,670,778**	**5,755,431**	**807,364**	**37,299,608**

	One year or less £'000	Between one and five years £'000	Between five and ten years £'000	Between ten and fifteen years £'000	Between 15 years and more £'000	Total £'000
As at 31 March 2024:						
Guarantees & Insurance Account: Insurance Contracts						
Gross Amounts at Risk	2,942,098	9,320,270	7,796,267	3,012,507	323,078	23,394,220
Less: Amounts at Risk ceded to reinsurers	(709,267)	(2,231,659)	(1,844,177)	(936,150)	(201,443)	(5,922,696)
Net amounts at risk	**2,232,831**	**7,088,611**	**5,952,090**	**2,076,357**	**121,635**	**17,471,524**
National Interest Account: Insurance Contracts						
Gross Amounts at Risk	620,666	2,108,025	241,424	67,461	–	3,037,576
Less: Amounts at Risk ceded to reinsurers	(247,424)	(792,217)	(8,070)	–	–	(1,047,711)
Net amounts at risk	**373,242**	**1,315,808**	**233,354**	**67,461**	**–**	**1,989,865**
TCRF Account: Insurance Contracts						
Gross Amounts at Risk	184,278	692,915	659,644	20,158	–	1,556,995
Less: Amounts at Risk ceded to reinsurers	(84,756)	(322,172)	(309,701)	(10,755)	–	(727,384)
Net amounts at risk	**99,522**	**370,743**	**349,943**	**9,403**	**–**	**829,611**
Guarantees & Insurance Account: Financial Guarantees						
Gross Amounts at Risk	4,769,558	4,277,670	179,692	–	–	9,226,920
Less: Amounts at Risk ceded to reinsurers	–	–	–	–	–	–
Net amounts at risk	**4,769,558**	**4,277,670**	**179,692**	**–**	**–**	**9,226,920**
TCRF Account: Financial Guarantees						
Gross Amounts at Risk	2,041,842	–	–	–	–	2,041,842
Less: Amounts at Risk ceded to reinsurers	–	–	–	–	–	–
Net amounts at risk	**2,041,842**	**–**	**–**	**–**	**–**	**2,041,842**
Grand Total – Net amounts at risk	**9,516,995**	**13,052,832**	**6,715,079**	**2,153,221**	**121,635**	**31,559,762**

By the nature of some of UKEF's products, significant payments could be required within a few days in the event of default. The necessary arrangements for this have been pre-agreed with HM Treasury.

18(e) Risk measurement

UKEF uses its own portfolio risk simulation model (PRISM) to undertake all portfolio-level credit risk modelling, and to monitor and report on its potential future exposure for its Guarantees & Insurance Account, National Interest Account and Temporary COVID-19 Risk Framework Account insurance business. See **Chief Risk Officer's Commentary**, portfolio modelling section.

Scenario analysis and Stress testing

UKEF uses PRISM to conduct regular scenario analysis and stress testing of the Guarantees & Insurance Account, the National Interest Account and the Temporary COVID-19 Support Account portfolios as a central part of UKEF's risk management framework, using criteria endorsed by the Enterprise Risk and Credit Committee (ERiCC) and reviewed by the Board and Risk Committee. These simulate specific potential events, such as financial crises by geographical region or industry sector deterioration, and movements in the main factors that determine the insurance risk faced by the organisation. In addition to this, climate considerations and related scenarios are being considered as part of the portfolio risk management processes and reporting (for more details see the **Chief Risk Officer's Commentary** in the **Performance section**).

The following table sets out the impact of stress tests on credit ratings, persistence of default and recovery rates, on: (i) total Expected Loss, and (ii) Statement of Comprehensive Net Income, which for insurance contracts takes account of the utilisation of the underwriting fund.

	Across the board ratings downgrade by		Increased persistence	Reduced recovery
	1 notch £'000	2 notches £'000	+ 2 years £'000	rates -20% £'000
As at 31 March 2025:				
Guarantees & Insurance Account: Insurance Contracts				
– Increase in Expected Loss	181,576	345,154	38,739	187,933
– Decrease in net income for the year	(13,489)	(33,799)	–	(13,562)
National Interest Account: Insurance Contracts				
– Increase in Expected Loss	61,269	100,883	1,109	21,401
– Decrease in net income for the year	(44,518)	(56,009)	–	(9,252)
TCRF Account: Insurance Contracts				
– Increase in Expected Loss	1,982	3,055	–	1,336
– Decrease in net income for the year	(25)	(61)	–	(108)
Guarantees & Insurance Account: Financial Guarantees				
– Decrease in net income for the year	(2,368)	(6,941)	–	–

	Across the board ratings downgrade by 1 notch £'000	2 notches £'000	Increased persistence + 2 years £'000	Reduced recovery rates -20% £'000
As at 31 March 2024:				
Guarantees & Insurance Account: Insurance Contracts				
– Increase in Expected Loss	184,295	400,968	46,664	183,963
– Decrease in net income for the year	(25,704)	(81,416)	–	(31,277)
National Interest Account: Insurance Contracts				
– Increase in Expected Loss	52,132	65,415	436	11,066
– Decrease in net income for the year	(51,153)	(60,755)	–	(9,862)
TCRF Account: Insurance Contracts				
– Increase in Expected Loss	2,422	6,633	–	15
– Decrease in net income for the year	(142)	(200)	–	–
Guarantees & Insurance Account: Financial Guarantees				
– Decrease in net income for the year	–	(3,600)	–	–

There is no remaining exposure on the Pre-1991 Guarantees & Insurance Account.

Sensitivity analysis for Temporary COVID-19 Support Account Financial Guarantee Contracts is not considered to have any significant impact on net income for the year.

19. Capital Loan Commitments

The following table summarises the movement in amounts authorised and available to be drawn on issued and effective lending products which are accounted for on an amortised cost basis under IAS 39:

	Direct Lending Account £'000	Total £'000
Movements:		
Balance at 1 April 2023	**1,018,937**	**1,018,937**
Loans issued & effective	779,297	779,297
Amounts drawn	(741,169)	(741,169)
Net foreign exchange adjustments	(24,040)	(24,040)
Change in Cover	(128,004)	(128,004)
Balance at 31 March 2024	**905,021**	**905,021**
Loans issued & effective	630,506	630,506
Amounts drawn	(229,712)	(229,712)
Net foreign exchange adjustments	(20,636)	(20,636)
Change in Cover	(495,205)	(495,205)
Balance at 31 March 2025	**789,974**	**789,974**

20. Entities within the departmental boundary

The Export Guarantees Advisory Council is an advisory Expert Committee, which falls within the departmental boundary. For details, refer to the council's annual report included within the performance report of this Annual Report and Accounts.

21. Related party transactions

UKEF is a government department and consequently has had various transactions with other government departments and other central government bodies.

None of the members of UKEF's Board or their related parties has undertaken any material transactions with UKEF during the year.

22. Events after the reporting period

In accordance with the requirements of IAS 10 Events After the Reporting Period, events are considered up to the date on which the accounts are authorised for issue. The date the accounts are authorised for issue is interpreted as the same date the accounts are certified by the Comptroller and Auditor General.

In June 2025, UKEF issued a buyer credit facility enabling Ukraine to acquire military equipment from Thales. The business will be accounted for in UKEF's National Interest Account in 2025/26. The expected loss on the facility at the effective date is £1,176 million and will have material impact on the UKEF balance sheet and profit & loss next year. Please see the **National Interest Account** section of the Performance Report for more information.

ANNEXES

BUSINESS SUPPORTED TABLES

Export credits

Destination market	Exporter/ investor	Buyer/airline/ operating lessor/borrower	Project/goods and services	Product	Maximum liability (£)
Abu Dhabi	UKKA GROUP LIMITED/ GE	KALYON INSAAT SANAYI VE TICARET A.S	Construction of solar projects and supply of equipment	DL LOAN (ENHANCED)	32,375,973.86
Azerbaijan	ACRON AVIATION	SILK WAY DEVELOPMENT LLC	Advanced manufacturing (aerospace): full flight simulator	DL LOAN (ENHANCED)	17,909,959.94
Brazil	MARITIME DEVELOPMENT LTD	OCYAN S.A.	Decommissioning	SUPPLIER CREDIT FINANCE GUARANTEE	6,998,072.58
Cameroon	INCATUK LIMITED	CAMEROON, MINISTRY OF ECONOMY, PLANNING AND REGIONAL DEVELOPMENT	Sustainable Agriculture Development	BUYER CREDIT GUARANTEE	19,752,976.51
	INCATUK LIMITED	CAMEROON, MINISTRY OF ECONOMY, PLANNING AND REGIONAL DEVELOPMENT	Sustainable Agriculture Development	DL LOAN (ENHANCED)	64,781,374.04
Dubai	AIRBUS S.A.S	EMIRATES	Advanced manufacturing (aerospace): Airbus aircraft (with Rolls-Royce engines)	ASSET BASED GUARANTEE	66,917,975.11

Destination market	Exporter/ investor	Buyer/airline/ operating lessor/borrower	Project/goods and services	Product	Maximum liability (£)
Ethiopia	AIRBUS S.A.S	ETHIOPIAN AIRLINES GROUP	Advanced manufacturing (aerospace): Airbus aircraft (with Rolls-Royce engines)	ASSET BASED GUARANTEE	165,562,873.98
Finland	AIRBUS S.A.S	FINNAIR OYJ	Advanced manufacturing (aerospace): Airbus aircraft (with Rolls-Royce engines)	ASSET BASED GUARANTEE	46,138,072.80
Guinea	DINTS INTERNATIONAL LIMITED	GPC GROUPE	Mining Equipment	SUPPLIER CREDIT FINANCE GUARANTEE	9,864,556.53
Iraq	ANGLOCO LIMITED & Emergency One (U.K.) Limited	IRAQ, MINISTRY OF FINANCE	Advanced manufacturing (automotive & batteries): Emergency vehicles	DL LOAN (ENHANCED)	29,159,322.44
	UK GRID SOLUTIONS LIMITED	IRAQ, MINISTRY OF FINANCE	Construction and implementation of substations	BUYER CREDIT GUARANTEE	96,038,211.38
Ireland	AIRBUS S.A.S	AVOLON HOLDINGS LIMITED	Advanced manufacturing (aerospace): Airbus aircraft (with Rolls-Royce engines)	ASSET BASED GUARANTEE	102,225,947.27
	AIRBUS S.A.S	SMBC Aviation Capital Limited	Advanced manufacturing (aerospace): Airbus aircraft	ASSET BASED GUARANTEE	9,515,686.10
Kenya	VESPER TECHNOLOGIES LIMITED	ATLANCIS TECHNOLOGIES LIMITED	IT equipment	SUPPLIER CREDIT FINANCE GUARANTEE	1,790,624.95

Destination market	Exporter/ investor	Buyer/airline/ operating lessor/borrower	Project/goods and services	Product	Maximum liability (£)
Poland	KOREA AEROSPACE INDUSTRIES LTD/Hyundai Rotem Stock Company/ Hanwha Aerospace Co., Ltd	POLAND, MINISTRY OF FINANCE	Defence: FA-50 combat aircraft	BUYER CREDIT GUARANTEE	126,449,452.69
	MBDA UK LIMITED	POLAND, MINISTRY OF FINANCE	Defence: Air defence systems	BUYER CREDIT GUARANTEE	1,966,772,368.60
	See note 1	See note 1	See note 1	EXPORT INSURANCE (EXIP)	83,998,878.88
	See note 1	See note 1	See note 1	BOND INSURANCE POLICY	63,282,731.26
	See note 1	See note 1	See note 1	EXPORT INSURANCE (EXIP)	302,235,405.53
	POLSKA GRUPA ZBROJENIOWA (PGZ) / MBDA UK Limited	POLAND, MINISTRY OF FINANCE	Defence: Air defence systems	BUYER CREDIT GUARANTEE	7,698,368,570.18
Portugal	DINTS INTERNATIONAL LIMITED	MCA2 SUSTAINABILITY S.A	Construction Equipment	SUPPLIER CREDIT FINANCE GUARANTEE	12,264,270.91
Saudi Arabia	BOUYGUES BATIMENT INTERNATIONAL	PUBLIC INVESTMENT FUND	Construction of theme park	BUYER CREDIT GUARANTEE	531,302,893.37
Taiwan	See note 1	See note 1	See note 1	BOND INSURANCE POLICY	6,825,000.00
	See note 1	See note 1	See note 1	EXPORT INSURANCE (EXIP)	10,188,750.00

Destination market	Exporter/ investor	Buyer/airline/ operating lessor/borrower	Project/goods and services	Product	Maximum liability (£)
Taiwan	ORSTED TAIWAN LIMITED (CADELER UK LIMITED SUBCONTRACT)	CATHAY WIND POWER CO LTD	Wind (offshore): Construction of offshore wind farm – supply of installation vessels	BUYER CREDIT GUARANTEE	238,237,207.92
	CADELER UK LIMITED	FENG MIAO WIND POWER CO LTD PREPARATORY OFFICE	Wind (offshore): Construction of offshore wind farm – supply of installation vessels	BUYER CREDIT GUARANTEE	310,958,690.80
	SGRE UK LIMTED	HAI LONG 2 OFFSHORE WIND POWER CO	Wind (offshore): Construction of offshore wind farm – supply of blades	PROJECT FINANCING GUARANTEE	633,770,319.53
Thailand	See note 1	See note 1	See note 1	EXPORT INSURANCE (EXIP)	796,125.00
Turkey	AIRBUS S.A.S	PEGASUS HAVA TASIMACILIGI ANON PEGASUS AIRLINES	Advanced manufacturing (aerospace): Airbus aircraft	ASSET BASED GUARANTEE	57,711,557.86
	AIRBUS S.A.S	TURK HAVA YOLLARI A O (THY) (TURKISH AIRLINES)	Advanced manufacturing (aerospace): Airbus aircraft (with Rolls-Royce engines)	ASSET BASED GUARANTEE	212,527,059.37
	BOBST MANCHESTER LTD	POLINAS PLASTIK SANAYII VE TICARETI	Advanced manufacturing (advanced materials):Vacuum Metalliser	SUPPLIER CREDIT FINANCE GUARANTEE	4,423,878.77
	GE AIRCRAFT ENGINE SERVICES LIMITED	SUNEXPRESS	Advanced manufacturing (aerospace): Aircraft engine overhauls	BUYER CREDIT GUARANTEE	7,402,355.30
	ROLLS-ROYCE PLC	TURK HAVA YOLLARI A O (THY) (TURKISH AIRLINES)	Advanced manufacturing (aerospace): Rolls-Royce engines	ASSET BASED GUARANTEE	59,130,315.94

Destination market	Exporter/ investor	Buyer/airline/ operating lessor/borrower	Project/goods and services	Product	Maximum liability (£)
Turkey	SHOTTON MILL LIMITED	EDG – None	Non-contract specific support	EXPORT DEVELOPMENT GUARANTEE	207,106,762.24
	UKKA GROUP LIMITED/ GE	KALYON INSAAT SANAYI VE TICARET A.S	Construction of solar projects and supply of equipment	BUYER CREDIT GUARANTEE	95,699,764.89
Ukraine	URENCO ENRICHMENT COMPANY LIMITED	THE STATE ENTERPRISE NATIONAL NUCLEAR ENERGY GENERATING COMPANY ENGERGOATOM	Nuclear (fission): Supply of enriched uranium	BUYER CREDIT GUARANTEE	176,625,612.37
United Kingdom	AESC UK PLANT 2 LIMITED	EDG – None	Non-contract specific support	EXPORT DEVELOPMENT GUARANTEE	388,904,694.26
	CHEMRING GROUP PLC	EDG – None	Non-contract specific support	EXPORT DEVELOPMENT GUARANTEE	74,881,604.00
	DEA AVIATION LIMITED	EDG – None	Non-contract specific support	EXPORT DEVELOPMENT GUARANTEE	7,732,910.14
	MACE FINANCE LIMITED	EDG – None	Non-contract specific support	EXPORT DEVELOPMENT GUARANTEE	88,848,633.05
United States	AIRBUS S.A.S	AVIATION CAPITAL GROUP LLC	Advanced manufacturing (aerospace): Airbus aircraft	ASSET BASED GUARANTEE	21,808,535.15
	Bristow Aviation Holdings Limited	EDG – None	Non-contract specific support	EXPORT DEVELOPMENT GUARANTEE	85,629,592.85
Uzbekistan	WEIR TURKEY MINERALLERI LTD STI	ALMALYK MINING AND METALLURGICAL COMPLEX	Mining Equipment	SUPPLIER CREDIT FINANCE GUARANTEE	11,971,388.65

Note 1: Details not disclosed due to reasons of commercial confidentiality.

Note 2: The business supported tables show new business issued this year. It does not include changes or increases to existing facilities underwritten in previous years.

Trade finance business supported, by sector

Product Type	No. Exporters	SMEs	No. Destination Countries	Maximum Liability £
Accommodation and food service activities				
Bond Support	0	0	0	–
Export Insurance (EXIP)	0	0	0	–
Export Working Capital Scheme	0	0	0	–
General Export Facility	14	12		166,554.56
Administrative and Support Service Activities				
Bond Support	1	1	1	285,072.21
Export Insurance (EXIP)	0	0	0	–
Export Working Capital Scheme	0	0	0	–
General Export Facility	2	2		49,186,130.52
Arts, Entertainment and Recreation				
Bond Support	0	0	0	–
Export Insurance (EXIP)	0	0	0	–
Export Working Capital Scheme	0	0	0	–
General Export Facility	7	5		4,948,000.00
Construction				
Bond Support	0	0	0	–
Export Insurance (EXIP)	2	1	1	2,967,341.02
Export Working Capital Scheme	0	0	0	–
General Export Facility	2	2		25,302,884.46
Education				
Bond Support	0	0	0	–
Export Insurance (EXIP)	0	0	0	–
Export Working Capital Scheme	0	0	0	–
General Export Facility	5	3		529,753.36

Product Type	No. Exporters	SMEs	No. Destination Countries	Maximum Liability £
Financial and Insurance Activities				
Bond Support	0	0	0	–
Export Insurance (EXIP)	0	0	0	–
Export Working Capital Scheme	0	0	0	–
General Export Facility	14	13	–	42,119,506.72
Information and Communication				
Bond Support	0	0	0	–
Export Insurance (EXIP)	0	0	0	–
Export Working Capital Scheme	0	0	0	–
General Export Facility	119	103	–	9,017,383.32
Manufacturing				
Bond Support	6	6	5	991,633.46
Export Insurance (EXIP)	9	6	9	1,821,595.44
Export Working Capital Scheme	1	1	1	560,000.00
General Export Facility	38	29		277,873,845.04
Professional, Scientific and Technical Activities				
Bond Support	5	3	7	7,281,499.33
Export Insurance (EXIP)	4	3	2	47,025,299.77
Export Working Capital Scheme	0	0	0	–
General Export Facility	4	2	–	126,284,643.76
Transportation and Storage				
Bond Support	0	0	0	–
Export Insurance (EXIP)	1	1	1	84,836.05
Export Working Capital Scheme	0	0	0	–
General Export Facility	2	1	–	9,415,438.11

Product Type	No. Exporters	SMEs	No. Destination Countries	Maximum Liability £
Water Supply, Sewerage, Waste Management and Remediation Activities				
Bond Support	0	0	0	–
Export Insurance (EXIP)	0	0	0	–
Export Working Capital Scheme	0	0	0	–
General Export Facility	106	92		21,400,000.00
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles				
Bond Support	0	0	0	–
Export Insurance (EXIP)	5	5	5	972,146.66
Export Working Capital Scheme	0	0	0	–
General Export Facility	0	0		205,134,270.26

Note 3: Exporters 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 exporters supported with a product quoted in the performance report, which is solely a count of customers supported.

Sponsorship

UK Trade and Export Finance Forum	
Standard Chartered Bank	£35,000
HSBC UK	£35,000
Lloyds	£20,000
Barclays	£25,000
Santander	£15,000
Newable	£15,000
Hi-tech Construction	£7,500

Supplier Fairs	
Hi-tech Construction	£15,000
Innovo	£15,000

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 significantly reduce 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	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20
Estate waste (tones) – recycled	4.61	5.44	4.86	3.70	1.45	11.81
% of waste recycled	60.37%	59.74%	53.62%	64.38%	59.77%	59.33%
Water (m^3)	370	454	1,007.00	2,437.00	626.00	2,010.00

Energy from estate	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20
Electricity (kilowatt hours)	425,401	471,859	525,763	468,570	363,785	454,852
Gas (m^3)	125	237	129	64	29	404
Whitehall district heating system (megawatt Hours)	246	139	259	315	126	107
Water (m^3)	370	454	1,007	2,437	626	2,010

Travel	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20
Domestic travel $KgCO_2$	20,874	21,778	8,339	1,104	1,530	1,552
International $KgCO_2$	1,366,607	1,028,318	941,688	325,304	790	1,062,262

CO_2 figures from 2022/23 onwards include radiative forcing (RF)

		2024/25					2023/24	2022/23
Distance travelled (km)		**Economy**	**Premium Economy**	**Business**	**First**	**Total**	**Total**	**Total**
Train	Domestic	207,814			–	207,814	155,491	4,045
	International	66,540	984		–	67,524	54,799	239
	Total	**274,354**	**984**		–	**275,338**	**210,290**	**4,284**
Flights	Domestic	49,564			–	49,564	59,668	33,949
	Short haul	369,623	1,461	128,386	–	499,470	356,416	383,214
	Long haul/ international	189,924	198,928	2,239,908	–	2,628,760	1,923,336	2,183,823
	Total	609,111	200,389	2,368,294	–	3,177,794	2,339,420	2,600,986
Total travelled (km)		**883,465**	**201,373**	**2,368,294**	–	**3,453,132**	**2,549,710**	**2,605,270**

Whilst UKEF continues to facilitate meetings via Microsoft Teams, there has been an increased requirement in 2024/25 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 £181,000. However, this figure is subject to re-balancing charges which the Government Property Agency should confirm to UKEF in July 2025.

The cost of travel in 2024/25 was £1.4 million (note 9 of the **Financial Statements**), which includes expenses on hotels, allowances, meals, flights, trains, taxis and mileage.

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 are 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	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20
Confidential waste	1,380	2,243.99	1,524.18	1,429.49	504.81	3,771.59
Toner recycling	0.98	–	–	–	–	7.15
Mixed recycling	986.00	857.44	974.77	808.58	465.17	4,162.11
Compostable waste*	919.00	241.51	198.79	38.08	13.44	290.76
General non-recycled waste (incinerated)	3,024	3,662.87	4,203.88	2,047.79	974.18	8,094.00
Recycled waste	4,607	5,435.31	4,859.33	3,700.87	1,447.20	11,810.02

Note: Compostable Waste – this figure has increased from previous years, as the figure now includes food waste from the catering operations.

Water

As part of water-saving efficiencies the building landlord (GPA) has 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 emissions that are Scope 1 (direct) and Scope 2 (energy indirect).

Biodiversity and the 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_2e
Scope 1	Direct emissions from owned/ controlled operations	Gas	0.02
Sub total			0.02
Scope 2	Indirect emissions from the use of purchased electricity, steam heating and cooling	Electricity	88.10
		Whitehall District Heating system	0.07
Sub total			88.17
Scope 3	Category 3 – Fuel and energy related activities	Energy indirect	7.78
	Category 6 – Business travel	Domestic and international air and train travel	1,387
Sub total			1,394.78
Total gross emissions (tCO_2e)			**1,482.97**

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 2020/21 through to 2024/25, along with the planned expenditure for 2025/26. The outturn and planned expenditure is recorded on the same basis as in the **Statement of Parliamentary Supply**. They represent the spending incurred by UKEF in meeting its objectives detailed in the **Performance Overview**.

Resource

	Outturn					Plans
£'000	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Resource DEL (admin and prog)						
Export Credits Guarantees and Investments	48,745	66,262	76,815	80,674	93,675	106,651
Shipbuilding Credits Guarantee Scheme				21	19	50
Total overheads				80,695	93,694	106,701
Resource AME						
Export credits	118,815	(237,240)	(189,599)	(3,234)	92,916	3,232,847
Fixed Rate Export Finance Assistance	(27)	(39)	(7)	0	0	0
Loans and interest equalisation	(240)	(107)	(28)	0	0	0
Direct lending	99,171	(86,579)	(113,317)	(74,963)	(53,458)	526,440
Total	**217,719**	**(323,965)**	**(302,951)**	**(78,197)**	**(146,374)**	**3,759,287**

Capital

	Outturn					Plans
£'000	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Capital DEL						
Export Credits Guarantees and Investments	784	1,413	1,002	2,161	2,059	2,510
Capital AME						
Direct lending	1,109,370	457,131	129,317	430,049	(1,354)	965,082

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 2024/25 largely due to staffing costs, IT and project costs, overseas export managers and marketing costs and it is expected to continue to rise into 2025/26.

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 the Department for Business and Trade's (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 2024/25 CDEL spend has decreased marginally compared to 2023/24. The total cost includes capitalisation of software development costs as part of change projects implementation, including a large Financial Reporting Changes programme to adopt IFRS9 and IFRS17 accounting standards.

CDEL budget uplift in 2025/26 is for the planned delivery of the Financial Reporting Changes programme, the Fintech programme, IT hardware and for an Office refurbishment in the UKEF Leeds office.

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).

Estimate 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 four years, total 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 2025/26, 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 per some Ministerial Directions (see **National Interest Account**).

Capital AME (CAME)

For UKEF, CAME represents lending activity net of loan repayments. CAME outturn has decreased in 2024/25 when compared to prior years, due to loan repayments on the existing loan book outstripping new loan drawings in year.

UK Export Finance

ISBN 978-1-5286-5456-2
E03299666