BNY MELLON

ALCENTRA ASSET MANAGEMENT LIMITED

2012 PILLAR 3 DISCLOSURES

About Pillar 3 Disclosures

Preparation and policy

The Board of Directors (BoD) of Alcentra Asset Management Limited (AAM) adopts this policy to comply with disclosure requirements and for assessing the appropriateness of the company's Pillar 3 market disclosures, including their verification and frequency.

The AAM BoD has approved and verified that these disclosures are consistent with formal policies adopted regarding production and validation of content.

Disclosure will be made annually based on calendar year end and will be published as soon as possible after publication of the consolidated audited annual accounts. The company will reassess the need to publish some or all of the disclosures more frequently audited than annually in light of any significant change to the relevant characteristics of its business including disclosure about its capital resources, adequacy, information about risk exposure and any other items prone to rapid change.

Disclosures will be published on The Bank of New York Mellon group website (www.bnymellon.com), see section Investor relations, Financial reports, other regulatory filings on the Company's website.

The BoD may omit one or more disclosures if the information provided is not regarded as material. The criterion for materiality used in these disclosures is that the bank will regard as material any information where omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions.

The BoD may omit one or more disclosures if the information provided is regarded as confidential. In this circumstance, the BoD will state in its disclosures the fact that specific items of information are not disclosed and the reason for non-disclosure, and will publish more general information about the subject matter of the disclosure requirement except where these are to be classified as secret or confidential.

The company undertakes no obligation to revise or to update any forward looking or other statement contained within this paper regardless of whether or not those statements are affected as a result of new information or future events.

This policy will be periodically reassessed and updated in light of market developments associated with Pillar 3.

BNY MELLON

Table of Contents

1 Background

1.1 Purpose of Pillar 3

Basel II is the international banking accord intended to strengthen the measurement and monitoring of financial institutions' capital. The Basel II framework was implemented in the EU through the Capital Requirements Directive (CRD). The Basel II framework established a more risk sensitive approach to capital management and is comprised of three pillars:

- **Pillar 1** establishes rules for the calculation of minimum capital for credit risk, market risk and fixed overhead requirements.
- **Pillar 2** is an internal discipline to evaluate the adequacy of the regulatory capital requirement under Pillar 1 and other non pillar 1 risks. This pillar requires the FSA to undertake a supervisory review to assess the robustness of internal capital assessment.
- **Pillar 3** complements the other pillars and effects market discipline through public disclosure. Expanded disclosure about capital and risk enables interested parties to better understand the risk profile of individual banks and companies and to make comparison.

1.2 2012 Highlights - Key Events

Alcentra not undertake any significant acquisitions or disposals in 2012 and its assets under management reduced by 7% to €8.2Bn (31/12/2011 €8.8Bn) as a result of amortisation of post reinvestment period CLOs being greater than inflows to other strategies.

Whilst the core business remains the CLO platform where no new funds were raised, the company did continue to expand its product base through the launch & increase in equity in its existing funds & managed accounts.

The Governance Structures remained the same throughout the year with the BoD consisting of:

- David Forbes-Nixon – Founder and CEO
- Robert Bennett – CFO/COO/CRO
- James Algar – CCO
- Paul Hatfield – CIO
- Greg Brisk – Global Head of Risk and Compliance, BNYM Investment Management

Although continually monitored, there have been no significant changes in the firm risk forums and risk management operating practices and procedures. There has been no significant change in risk appetite e.g. credit, market or operational risk exposure resulting in changes to capital resources and requirements (current year end vs. prior year end).

Whilst 2012 was a strong year for Alcentra being ahead of budget, it was down from the record levels of 2011 & 2012 which had benefited from the claw back of subordinated fees deferred in previous years. The main highlights for 2012 are summarised below:

- Turnover of £55.0mn (-10%)
- Profit for year of £23.8mn (-6%)
- Net Assets of £98.6mn (-11.4%) – this was after dividend paid to parent company of £33.8M
- Cash balances of £87mn (+ 66%)
- Strong performance from the CLO platform – all bar one old vintage CLO were paying their current subordinated management fees (and that deal became current in 2013)
- The firm has no balance sheet exposure to investment risk – since all seed capital is held outside of the UK Alcentra Group. Whilst it does hold £9.7mn (2011: £4.2mn) in various funds, this is on behalf of a Long Term Incentive Plan for staff such that the firm is perfectly hedged with investment return being offset by changes to staff benefits.

2 Scope and application of directive requirements

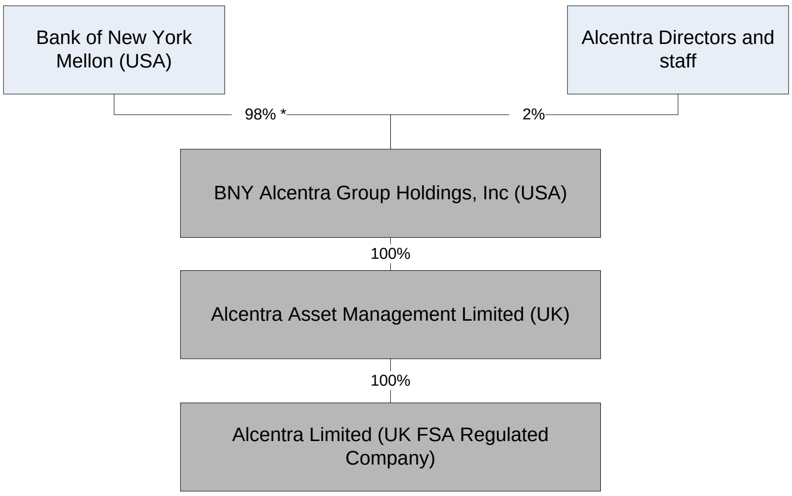
AAM is a wholly owned and an operationally independent subsidiary of BNY Alcentra Group Holdings Inc, which is, in turn, a subsidiary of the Bank of New York Mellon Corporation (BNYM).

This document has been prepared with reference to the specific UK business regulated by the Financial Services Authority (FSA)[1] of Alcentra Limited (Alcentra). Alcentra is a wholly owned subsidiary company of AAM. AAM is not authorised to carry out regulated activities.

Alcentra has regulatory permissions as an investment advisor and discretionary fund manager. Alcentra is considered a BIRPU limited licence firm under Basel II, meaning that it is not authorised to (1) deal on its' own account; or (2) provide the investment services of underwriting or placing financial instruments on a firm commitment basis.

Alcentra builds focused, capacity managed portfolios, offering clients access to its advanced yet transparent investment process through a range of funds. The core components of Alcentra's investment philosophy are a combination of top down investment strategy analysis, rigorous manager evaluation and detailed ongoing monitoring.

Shareholding as at 31 March 2013



*Bank of New York Mellon holding includes 8% Treasury stock and stock held in ESCROW

2.1 Organizational Structure

Alcentra employs a small number of full time staff, including investment professionals involved with the management of CLO and other funds. This established team has a distinctive investment approach that is characterised by rigorous, independent analysis of fund strategies and businesses which include hedge fund techniques in some cases.

[1] Financial Conduct Authority (FCA) / Prudential Regulation Authority (PRA) as of 1st April 2013. This document references the FSA as it was the regulatory body as at 31st December 2012.

3 Risk management objectives and policies

3.1 Risk Objectives

Alcentra maintains a conservative risk profile, and remains cognisant of the risk/reward trade off. Its investors are institutional clients such as pension funds and insurance companies, seeking exposure to credit and debt instruments. Alcentra has a comprehensive risk policy and due diligence process, the objective of which is to act as investment manager to those funds with high integrity, operational strength, solid infrastructure and consistent and repeatable investment processes.

Alcentra's principal activity is providing investment management services to its clients which are Collateralised Loan Obligations (CLOs). The funds are operated by third party service providers. In some instances the third party service provider is a company within the Bank of New York Mellon Corporation. Alcentra also acts as investment adviser to two Investment Managers.

The identification, measurement, monitoring and management of risk are essential elements for the success of operations undertaken within the UK structure of Alcentra. Specifically:

- The BoD recognises that defining a risk appetite must recognise the views of a number of different stakeholders while accounting for business strategy and risk profile.
- The BoD sees embedding the risk appetite into the business strategy as essential.
- The BoD recognises that it cannot mitigate all risks. The risk framework includes standard risk management self-assessment tools that take into account loss history and stress testing to measure and monitor whether or not risk controls in place continue to remain effective.
- The BoD will seek input from its own and group wide Risk Committees on a regular basis in the BoD's reassessment of appetite and sources of major risks.

3.2 Governance

Policies and procedures are in place to govern and manage the business, which are common to all BNY Mellon entities. Suitable policies and procedures have been adopted by Alcentra in order to ensure an appropriate level of risk management is directed at the relevant element of the business.

The BNYM EMEA (Europe, Middle East, and Africa) Risk Committee has overseen this disclosure for recommendation to the BoD of Alcentra. The EMEA Risk Committee has representation from the key risk sources.

Governance of Alcentra is carried out through a regular meeting of the Board of Directors. The BoD consists of both Executive and Non-Executive members. Non-Executive members are employees of BNY Mellon Financial Corporation. The Alcentra BoD is responsible for the ongoing success and development of the Alcentra business.

The BoD of Alcentra reports to the BoD of AAM on a regular basis, but Alcentra is the principal operating entity. The day to day decision making is the responsibility of the executive directors of Alcentra, who comprise the Executive Committee. The Executive Committee also sits as an Investment Committee when required.

Governance of Alcentra is distinct from the governance of the investment funds for which Alcentra is appointed as investment manager. The governance arrangements established for the investment funds do not include any Alcentra employees. The fund Boards are responsible for monitoring the performance of Alcentra as an investment manager. The clear segregation of responsibility for the governance of Alcentra as a business entity and the fiduciary responsibility for the funds managed by Alcentra ensures that potential conflicts are managed and that the responsibilities of each Board are clear and distinct.

3.3 Risk management

3.3.1 Credit risk

Credit risk is the risk of default from counterparties or clients for deposits, loans, commitments, securities and other assets where the realisation of the value of the asset is dependent on its ability to perform.

Credit risk within AAM is minimal, with exposure limited to receivables from funds (institutional clients) to which Alcentra provides discretionary investment management or advisory services.

3.3.1.1 Credit risk management

Credit Risk covers default risk from counterparties or clients for loans, commitments, securities, and other assets where realisation of the value of the asset is dependent on counterparties' ability to perform. Credit risk is minimal, with exposure limited to receivables from funds (institutional clients) to which Alcentra provides discretionary investment management or advisory services.

As at 31st December 2012, neither AAM nor Alcentra had any impaired assets for which a specific or general provision has been raised (2011 nil). There are no assets past due greater than 90 days. Neither AAM nor Alcentra incurred any write-offs of bad debts or made any recovery of amounts previously written off during the year to 31st December 2012 (2011 nil).

3.3.1.2 Credit exposure under Basel II

Credit exposure is computed using the standardised approach. This method for calculating credit risk capital requirement uses regulator prescribed risk weights.

Except where stated, exposure is defined as **Exposure at Default (EAD)** pre **Credit Risk Mitigation (CRM)** i.e. a regulatory exposure value after the application of Credit Conversion Factors (CCF) for off balance sheet items (including undrawn commitments) and, after netting but before application of Credit Risk Mitigation factors (e.g. property, other physical collateral). The calculation of EAD therefore takes into account both current exposure and potential drawings prior to default over a 12-month time horizon. As such, exposure in this context may differ from statutory GAAP accounting balance sheet carrying values.

Table 1: Standardised gross credit exposure

Standardised exposure classes 31 December 2012 (£ 000's)	**Total EAD pre CRM 2012**	**Total average EAD 2012**	**Total EAD pre CRM 2011**	**Total average EAD 2011**
Central government & central banks				
Institutions	87,486	63,686	52,664	41,486
Corporates				
Collective Investment undertakings				
Other items	36,383	55,589	79,524	74,009
Total	123,869	119,275	132,188	115,495

Table 2: Credit exposure by geography

Standardised exposure classes 31 December 2012 (£ 000's)	**Eurozone**	**Other EMEA***	**Americas**	**Asia Pacific**	**Total**
Central government & central banks		87,486			87,486
Institutions					-
Corporates					-
Collective Investment undertakings					-
Other items	24,693	9,929	1,761		36,383
Total	**24,693**	**97,415**	**1,761**	**-**	**123,869**

*Majority of 'other EMEA' exposure relates to accrued management fees, intergroup balances and investments held at perfect hedge against LTIP awards

Table 3: Standardised gross credit exposure by residual maturity

Standardised exposure classes 31 December 2012 (£ 000's)	**On demand**	**Up to 1 year**	**Over 1 year and up to 3 years**	**Over 3 years and up to 5 years**	**Total**
Central government & central banks					
Institutions	87,486				87,486
Corporates					
Collective Investment undertakings					
Other items	10,601	14,346	11,436		36,383
Total	**98,087**	**14,346**	**11,436**	**0**	**123,869**

3.3.2 Market risk

Market Risk is the risk to a firm's financial condition arising as a result of adverse movements in the markets, such as foreign currency exchange rates, interest rates and equity and commodity prices.

Alcentra's market risk stems primarily from foreign exchange relating to fees receivable in Euros. Much of the market risk was eliminated following the introduction of BS hedging at the Alcentra Ltd level in March 2010. For regulatory purposes, assets exposed to market risk are risk weighted at 100%.

3.3.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events: including the potential for loss that arises from problems with operational processing, human error or omission breaches in internal controls, fraud, and unforeseen catastrophes.

3.3.3.1 Operational Risk Management

There is no regulatory capital requirement for operational risk due to Alcentra being a BIPRU limited licence firm with a fixed overhead capital requirement.

Alcentra has a robust management oversight infrastructure, which ensure policies and procedures are regularly reviewed and updated to reflect the development of the business and changes in industry best practice. Nonetheless, as a small business, some reliance is placed on manual controls and processes and the skills/capabilities of a small number of employees which can give rise to operational risks. Augmenting this are shared service functions such as Compliance, Internal Audit, IT Security and Risk Management of parent companies.

3.3.4 Liquidity risk

Liquidity risk is the risk that a firm, although balance sheet solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

3.3.4.1 Liquidity Risk Management

Alcentra will at all times maintain liquidity resources which are adequate both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met in full as they fall due.

BNYM firms are required to have in place robust strategies, policies, processes and systems to identify, measure, manage and monitor the liquidity risks to which they may be exposed, including intra-day risk. Firms must have reliable management information to ensure appropriate and timely forward-looking information on the liquidity risk of the firm and early warning indicators to identify increases in liquidity risk.

Senior management is responsible for establishing appropriate liquidity risk tolerances; for approving, reviewing and updating the firm's approach to managing liquidity risk; and for reviewing the firm's liquidity position including compliance with the UK FSA liquidity adequacy rule and regularly reporting this information to the governing body.

Alcentra is self sufficient in terms of liquidity resources and funding. In outline, Alcentra has a low appetite for liquidity risk in accordance with the firm's business model. Alcentra receives investment management and performance fees, pays out overheads and expenses (including staff incentive compensation) and holds surplus cash balances with group companies and third party banks at short notice. On a day to day basis, liquidity and funding requirements are actively managed by the Senior Management. Alcentra as a regulated firm falls under an EMEA Programme designed to ensure that each firm complies with new FSA Liquidity Standards (PS 09/16) issued in October 2009. This is an ongoing Programme of work which, with respect to Alcentra (a Limited Licence BIPRU investment firm) is currently focused at the firm level on ensuring compliance with the FSA BIPRU 12 Systems and Controls standards and the first reporting requirement under the new FSA regime.

FSA Systems and Control requirements oblige the governing body (i.e. Board of Directors (BoD)) to express and check conformity with the firm's liquidity risk appetite. The outputs of the firm's stress testing should inform the governing body's decisions on whether the firm's liquidity risk appetite should be amended and must form the basis of a Contingency Funding Plan.

A common *Liquidity Risk Management Framework* (LRM) and Operating Model applies to all BNYM Limited Licence BIPRU investment firm tailored to fit local circumstances. In overview, this LRM framework comprises:

- A regime of senior management oversight and governance of LRM (including defining risk strategy, setting risk appetite and tolerance (limits and triggers)) and, tracking performance.
- a firm-specific liquidity policy that conforms with Group requirements (including pricing of liquidity risk, management of intra-day liquidity risk and funding diversification and market access); and,
- a regime of periodic reporting to senior management of Mismatch Cash flow data across a 12 month time horizon and firm-specific liquidity performance ratios including assessment of the likely survival period under current conditions..

Stress testing capability at the firm level and preparation of a Contingency Funding Plan is currently under development in accordance with the FSA's regime transition timetable. This includes creation by senior management of firm-specific and market wide stress scenarios and liquidity risk assumptions which will be modelled across short term (up to two weeks) and protracted (from two weeks to 3 months) time horizons.

Alcentra does not have any collateral positions to manage, nor is it necessary for the firm to actively manage liquidity across legal entities, business lines or currencies. Metrics about each firm's liquidity position are reported to EMEA ALCO.

In terms of global liquidity management, BNYMC enjoys a strong base of core client deposits for its funding which arises from its role as a leading asset custodian and trustee. BNYMC does not rely on either retail funding or wholesale funding in its business model. Asset/liability management is managed globally through treasury activities in key financial centers, such as New York, London and Brussels, and is driven by client cash needs and transactions.

3.3.5 Compliance Risk

Compliance risk covers the risk relating to earnings or capital from violation, or non-conformance with laws, rules, regulations, prescribed practices or ethical standards which may, in turn, expose the firm and its executors to fines, payment of damages, the voiding of contracts and damaged reputation (with accompanying indirect costs).

Alcentra is an FSA regulated investment manger. Alcentra has a small number of clients, all of which have professional status. As a subsidiary of BNY Mellon Corporation, Alcentra is subject to a number of compliance policies and benefits from corporate wide training around compliance and ethics matters.

3.3.6 Client Concentration Risk

Concentration risk covers the risk that a high proportion of business volume is represented by a disproportionate number of clients.

Alcentra does business with small number of large clients and high-value underlying investors. Concentration in these types of clients carries inherent risk but is in keeping with business strategy. However, this risk is mitigated by the cash flows arising within client funds and the ability of the manager to receive payment at regular interval from these cash flows.

3.3.7 Business Risk

Alcentra's main business risk driver is key man risk, coming from a small number of key employees. The Alcentra BoD accepts this risk as a necessary feature of its operating model.

3.3.8 Other risks

Alcentra faces the risk of failure of IT systems and potential loss of other services. The BoD assesses the appropriateness of these systems on a regular basis to ensure they are fit for purpose.

4 Capital resources

During the year ended 31st December 2012, AAM and Alcentra complied with all of the externally imposed capital requirements to which they were subject.

The following table summarises the composition of the Alcentra's regulatory capital as reported to the FSA as at 31st December 2012. Alcentra does not have any Innovative Tier 1, Tier 2 or Tier 3 capital resources as at 31st December 2012.

Table 4: Capital resources

All figures in £ 000's

Capital resources	2012	2011
Tier 1 capital		
Called up share capital	1,700	1,700
Retained earnings & other reserves	96,939	109,690
Net result		
Total tier 1 Capital before deductions	**98,639**	**111,390**
Deductions from tier 1 capital		
Adjustments		
Intangible assets (management contract acquired)	(617)	(947)
Total tier 1 Capital after deductions	**98,022**	**110,443**
Tier 2 capital		
Upper tier 1 instruments		
Loan capital - sub-ordinate debt		
Total tier 1 Capital before deductions	**98,022**	**110,443**
Total capital resources after deductions	**98,022**	**110,443**

Source: Annual report for Alcentra as of 31 December 2012

Note - capital resources differ from those reported in FSA003 since the statutory audited was completed before preparation of Pillar 3 disclosure but after filing of FSA 003

5 Capital requirements and adequacy

The BoD, through setting its risk appetite and focusing on risk assessment, evaluates its current and projected capital requirements under business as usual or stress conditions.

As part of ongoing Pillar 2 Internal Capital Adequacy Assessment Process (ICAAP), the main sources of risk have been identified, assessed *(impact & likelihood* methodology) by the relevant senior managers after taking into account mitigating controls and rationale for direction of risk, in light of the risk appetite set by the BoD.

The following table summarises the Pillar 1 capital requirement of Alcentra by exposure class and as at 31st December 2012.

Table 5: Capital Adequacy

All figures in £000's

Capital resources	2012	2011
Credit risk - standardised approach		
Institutions	1,400	843
Corporates	-	-
Central government and central banks	-	-
Other items	2,861	6,286
Total	4,261	7,129
Market risk		
Foreign currency position risk requirement	1,781	1,099
Total	1,781	1,099
Fixed Overhead Requirements	3,326	3,196
Total Pillar 1 capital requirement	6,042	8,228
Total regulatory capital	98,022	110,443
Total Pillar 1 capital surplus	91,980	102,215
Total Pillar 1 capital adequacy ratio	1622%	1342%

Note - resources differ from those reported in FSA003 since the statutory audited was completed before preparation of Pillar 3 disclosure but after filing of FSA 003

Total Pillar 1 requirements are based on the higher of credit + market risk and fixed overhead requirements

6 Remuneration Disclosure

Governance

The Human Resources and Compensation Committee (HRCC) of The Bank of New York Mellon Corporation (BNY Mellon) oversees BNY Mellon's enterprise-wide employee compensation and benefit policies and programs. It reviews and is responsible for other compensation plans, policies and programs in which the executive officers participate and the incentive, retirement, welfare and equity plans in which all employees participate.

The members of the HRCC are non-executive board members, delegated by BNY Mellon's Board of Directors to act on behalf of the Board on remuneration matters.

Formal input to the decision-making process on compensation is also provided by BNY Mellon's Compensation and Oversight Committee (COC). The members of the COC are members of BNY Mellon's senior management and include the Chief Human Resources Officer, the Chief Risk Officer, the Chief Financial Officer and the Risk Management and Compliance Chief Administrative Officer. The COC's primary responsibility is to advise the HRCC on any remuneration risk-related issues.

To ensure alignment with local regulations in BNY Mellon's EMEA (Europe, Middle-East and Africa) region, the EMEA Remuneration Governance Committee (ERGC) was set-up as a regional governance committee that reviews and ensures compliance with local regulations affecting BNY Mellon's EMEA businesses, including Alcentra.

Aligning pay with performance

BNY Mellon's compensation philosophy is to offer a total compensation opportunity that supports our values: client focus, trust, teamwork and outperformance. We pay for performance, both at the individual and corporate level. We value individual and team contributions and reward based on how both contribute to business results. In support of this philosophy, variable compensation is regularly used as a means of recognising performance.

By implementing our compensation philosophy and principles, we align the interests of our employees and shareholders by encouraging actions that contribute to superior financial performance and long-term shareholder value, by rewarding success and by ensuring that our incentive compensation arrangements do not encourage our employees to take unnecessary and excessive risks that threaten the value of BNY Mellon or benefit individual employees at the expense of shareholders or other stakeholders.

Remuneration components

Fixed remuneration: -
is composed of (i) salary, (ii) any additional amounts paid as a result of contractual obligations or applicable law, or as a result of market practice, and (iii) any benefits in kind which are awarded as a result of the job rather than the performance within the job.

The fixed remuneration of an employee is determined by the job performed, its level of complexity and responsibility, and the remuneration paid in the market for that type of job. It is set, for all staff, at a rate to be at all times sufficient to provide for full flexibility in the variable remuneration, including a zero variable remuneration.

Employees who have accepted to be a director of another of BNY Mellon's legal entities are not remunerated in their capacity as a director.

Variable compensation funding and risk adjustment

The staff of Alcentra are eligible to be awarded variable compensation. Such variable compensation consists of a cash part, determined by the functional hierarchy of the business or business partner service to which the individual staff member belongs, and in accordance with the terms and conditions of the incentive compensation plan that is applicable for the business or business partner service.

In order to align cash payouts with the management of the longer term business risk, BNY Mellon has established a corporate deferral program. This program defers payment of a portion of a senior employee's cash bonuses in the form of restricted stock units.

Furthermore, BNY Mellon requires employees who receive cash bonuses to agree to clawback and/or forfeiture provisions on such awards in the event of fraud or conduct contributing to financial restatement or irregularities.

Deferral policy and vesting criteria

On top of cash awards, senior employees can be eligible for awards under the BNY Mellon's Long term Incentive Plan (LTIP), in the form restricted stock units linked to BNY Mellon's stock price. For 2012 restricted stock units will typically vest rateably over four years, but other deferral periods are possible.

Variable remuneration of control function staff

The variable remuneration of control function staff (e.g. audit, legal and risk) is dependent on performance which is assessed according to the achievement of objectives specific to their functional role which is independent of the activities they oversee. This remuneration is benchmarked against the market level and funded independently of individual business line results and adjusted based on BNY Mellon's overall annual financial performance.

Quantitative Remuneration Disclosure

The tables below provide details of the aggregate remuneration of Code Staff for Alcentra for the year ending 31 December 2012.

The remuneration amounts are presented on a gross basis, regardless of the time spent by BNY Mellon staff in respect of Alcentra, to reflect the full reporting period. This is a change in methodology to prior years where remuneration was presented on a time apportioned basis.

Table 6: Aggregate remuneration expenditure

Aggregate remuneration expenditure for Code Staff in 2012 by businsess[1]	Investment Management £000s	Other[2] £000s	Total £000s
	6,122	3,704	9,826

1. Includes base salary and other cash allowances, plus any cash incentive and the total of any awards made in BNY Mellon shares or options, valued at the date of grant.

2. Includes all support functions and general management positions.

Aggregate remuneration expenditure for Code Staff in 2012	Senior Management[3]	Other Code Staff	Total
Number of beneficiaries	-	7	7
Total remuneration (£000s)	-	9,826	9,826

3. Senior Management is comprised of legal directors and those holding the corporate title of Executive Vice President. Due to data confidentiality reasons, the information for Senior Management is disclosed on an aggregate basis with all Other Code Staff.

7 Glossary of terms

The following terms are used in this document:

AAM	Alcentra Asset Management Limited
Alcentra	Alcentra Limited
ALCO	Asset and Liability Committee
ALM	Asset and Liability Management
Basel II	The June 2006 capital adequacy framework issued by the Basel Committee on Banking Supervision in the form of the 'International Convergence of Capital Measurement and Capital Standards'.
BIPRU	The FSA's rules, as set out in Prudential Sourcebook for Banks, Building Societies and Investment Firms.
BNYM	Bank of New York Mellon Corporation
BoD	Board of Directors
CLO	Collateralised Loan Obligations
Core equity tier 1 capital	Tier 1 capital less innovative tier 1 securities and preference shares.
CRD	Capital Requirements Directive
CRM	Credit risk mitigation – A technique to reduce the credit risk associated with an exposure by application of credit risk mitigants such as collateral, guarantees and credit protection
EAD	Exposure at default
Equity risk	The risk arising from positions, either long or short, in equities or equity-based instruments, which create exposure to a change in the market price of the equities or equity instruments
Exposure	A claim, contingent claim or position which carries a risk of financial loss
FSA	The Financial Services Authority (United Kingdom)
IFRS	International Financial Reporting Standards.
Institutions	Under the Standardised approach, Institutions are classified as credit institutions or investment firms.
Internal Capital Adequacy Assessment Process (ICAAP)	The Group's own assessment of the levels of capital that it needs to hold through an examination of its risk profile from regulatory and economic capital viewpoints.
Risk appetite	A definition of the types and quantum of risks to which the firm wishes to be exposed.
Standardised approach	In relation to credit risk, a method for calculating credit risk capital requirements using ECAI ratings and supervisory risk weights. In relation to operational risk, a method of calculating the operational capital requirement by the application of a supervisory defined percentage charge to the gross income of eight specified business lines.
Tier 1 and Tier 1 capital	Have the meanings given to such terms in the General Prudential Sourcebook (as set out in the FSA's Handbook).
Tier 2 capital	Has the meaning given to this term in the General Prudential Sourcebook (as set out in the FSA's Handbook).

8 Contacts

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