

## Glossary and Definition of Key Terms

<b>Adjusted</b>	Adjusted measures are presented on a basis consistent with prior periods and exclude amortisation of intangible assets on acquisition, to present the performance of the group's acquired businesses consistent with its other businesses; and any exceptional and other adjusting items which do not reflect underlying trading performance
<b>Assets under administration</b>	Total assets for which Winterflood Business Services provide custody and administrative services
<b>Bad debt ratio</b>	Impairment losses in the year as a percentage of average net loans and advances to customers and operating lease assets
<b>Bargains per day</b>	Average daily number of Winterflood's trades with third parties
<b>Bounce Back Loan Scheme ("BBLs")</b>	UK government business lending scheme that helps small and medium-sized businesses to borrow between £2,000 and £50,000 (up to a maximum of 25% of their turnover)
<b>Business as usual ("BAU") costs</b>	Operating expenses excluding depreciation and other costs related to investments
<b>Buy As You Earn ("BAYE")</b>	The HM Revenue & Customs-approved Share Incentive Plan that gives all employees the opportunity to become shareholders in the group
<b>Capital Requirements Directive V ("CRD V")</b>	European Union regulation implementing the Basel III requirements in Europe, alongside CRR II
<b>Capital Requirements Regulation ("CRR")</b>	Capital Requirements Regulation as implemented in the PRA Rulebook CRR Instrument and the PRA Rulebook CRR Firms: Leverage Instrument (collectively known as "CRR")
<b>CDP</b>	Formerly the "Carbon Disclosure Project", a leading, internationally recognised independent rating agency and assessor of corporate carbon emissions disclosures and actions
<b>CET1 capital ratio</b>	Measure of the group's CET1 capital as a percentage of risk weighted assets, as required by CRR
<b>Common equity tier 1 ("CET1") capital</b>	Measure of capital as defined by the CRR. CET1 capital consists of the highest quality capital including ordinary shares, share premium account, retained earnings and other reserves, less goodwill and certain intangible assets and other regulatory adjustments
<b>Compensation ratio</b>	Total staff costs as a percentage of adjusted operating income
<b>Coronavirus Business Interruption Loan Scheme ("CBILs")</b>	UK government business lending scheme that helps small and medium-sized businesses access loans and other kinds of finance up to £5 million
<b>Coronavirus Large Business Interruption Loan Scheme ("CLBILs")</b>	UK government business lending scheme that helps medium and large-sized businesses access loans and other kinds of finance up to £200 million
<b>Cost of funds</b>	Interest expense incurred to support the lending activities divided by the average net loans and advances to customers and operating lease assets
<b>Credit impaired</b>	Where one or more events that have a detrimental impact on the estimated future cash flows of a loan have occurred. Credit impaired events are more severe than SICR triggers. Accounts which are credit impaired will be allocated to Stage 3
<b>Customer satisfaction score ("CSAT")</b>	A measure of customer satisfaction expressed as a percentage of positive responses from the total of those surveyed
<b>Discounting</b>	The process of determining the present value of future payments
<b>Dividend per share ("DPS")</b>	Comprises the final dividend proposed for the respective year, together with the interim dividend declared and paid in the year
<b>Earnings per share ("EPS")</b>	Profit attributable to shareholders divided by number of basic shares
<b>Effective interest rate ("EIR")</b>	The interest rate at which revenue is recognised on loans and discounted to their carrying value over the life of the financial asset
<b>Effective tax rate ("ETR")</b>	Tax on operating profit/(loss) as a percentage of operating profit/(loss) on ordinary activities before tax
<b>Expected credit loss ("ECL")</b>	The unbiased probability-weighted average credit loss determined by evaluating a range of possible outcomes and future economic conditions
<b>Expense/income ratio</b>	Total adjusted operating expenses divided by operating income
<b>Exposure at default ("EAD")</b>	The capital outstanding at the point of default
<b>Financial Conduct Authority ("FCA")</b>	A financial regulatory body in the UK, regulating financial firms and maintaining integrity of the UK's financial market

## Glossary and Definition of Key Terms continued

<b>Financial Reporting Council (“FRC”)</b>	An independent regulatory body responsible for promoting high quality corporate governance and reporting amongst UK companies
<b>Forbearance</b>	Forbearance occurs when a customer is experiencing financial difficulty in meeting their financial commitments and a concession is granted, by changing the terms of the financial arrangement, which would not otherwise be considered
<b>Funding allocated to loan book</b>	Total funding excluding equity and funding held for liquidity purposes
<b>Funding as % loan book</b>	Total funding divided by net loans and advances to customers and operating lease assets
<b>General Data Protection Regulation (“GDPR”)</b>	Regulation intended to strengthen and unify data protection for all individuals within the European Union
<b>Gross carrying amount</b>	Loan book before expected credit loss provision
<b>High quality liquid assets (“HQLAs”)</b>	Assets which qualify for regulatory liquidity purposes, including Bank of England deposits and sovereign and central bank debt
<b>HM Revenue &amp; Customs (“HMRC”)</b>	The UK’s tax, payments and customs authority
<b>Independent financial adviser (“IFA”)</b>	Professional offering independent, whole of market advice to clients including investments, pensions, protection and mortgages
<b>Internal Capital Adequacy Assessment Process (“ICAAP”)</b>	An annual self-assessment of a bank’s material risks and the associated level of capital needed to be held, and undertaking appropriate stress testing of capital adequacy
<b>Internal Liquidity Adequacy Assessment Process (“ILAAP”)</b>	The processes for the identification, measurement, management and monitoring of liquidity
<b>Internal ratings based (“IRB”) approach</b>	A supervisor-approved method using internal models, rather than standardised risk weightings, to calculate regulatory capital requirements for credit risk
<b>International Accounting Standards (“IAS”)</b>	Older set of standards issued by the International Accounting Standards Council, setting up accounting principles and rules for preparation of financial statements. IAS are being superseded by IFRS
<b>International Financial Reporting Standards (“IFRS”)</b>	Globally accepted accounting standards issued by the IFRS Foundation and the International Accounting Standards Board
<b>Investment costs</b>	Includes depreciation and other costs related to investment in multi-year projects, new business initiatives and pilots and cyber resilience. Excludes IFRS 16 depreciation
<b>Leverage ratio</b>	Tier 1 capital as a percentage of total balance sheet assets, adjusted for certain capital deductions, including intangible assets, and off-balance sheet exposures
<b>Lifetime expected credit loss provision (“Lifetime ECL”)</b>	Losses that result from default events occurring within the lifetime of the loan
<b>Liquidity coverage ratio (“LCR”)</b>	Measure of the group’s HQLAs as a percentage of expected net cash outflows over the next 30 days in a stressed scenario
<b>Loan to value (“LTV”) ratio</b>	For a secured or structurally protected loan, the loan balance as a percentage of the total value of the asset
<b>Loss day</b>	Where aggregate gross trading book revenues are negative at the end of a trading day
<b>Loss given default (“LGD”)</b>	The amount lost on a loan if a customer defaults
<b>Managed assets or assets under management (“AUM”)</b>	Total market value of assets which are managed by Close Brothers Asset Management in one of our investment solutions
<b>Market abuse regulation (“MAR”)</b>	European regulation aimed at increasing market integrity and investor protection
<b>MiFID II</b>	The Markets in Financial Instruments Directive is the EU legislation that regulates firms who provide services to clients linked to financial instruments, and the venues where those instruments are traded
<b>Modelled expected credit loss provision</b>	$ECL = PD \times LGD \times EAD$
<b>Modification losses</b>	Modification losses arise when the contractual terms of a financial asset are modified. An adjustment is required to the carrying value of the financial asset to reflect the present value of modified future cash flows discounted at the original effective interest rate
<b>Net carrying amount</b>	Loan book value after expected credit loss provision
<b>Net flows</b>	Net flows as a percentage of opening managed assets calculated on an annualised basis

<b>Net interest margin (“NIM”)</b>	Operating income generated by lending activities, including interest income net of interest expense, fees and commissions income net of fees and commissions expense, and operating lease income net of operating lease expense, less depreciation on operating lease assets, divided by average net loans and advances to customers and operating lease assets
<b>Net promoter score (“NPS”)</b>	A measure of customer satisfaction by which unfavourable ratings are deducted from favourable ratings; hence a score above 0 is good, and above 50 is excellent
<b>Net stable funding ratio (“NSFR”)</b>	Regulatory measure of the group’s weighted funding as a percentage of weighted assets
<b>Net zero</b>	Target of completely negating the amount of greenhouse gases produced by reducing emissions or implementing methods for their removal
<b>Operating margin</b>	Adjusted operating profit divided by operating income
<b>Paris Agreement</b>	International treaty on climate change, adopted in 2015, with a goal to limit global warming to well below 2°C, and preferably to 1.5°C, compared to pre-industrial levels
<b>Personal Contract Plan (“PCP”)</b>	PCP is a form of vehicle finance where the customer defers a significant portion of credit to the final repayment at the end of the agreement, thereby lowering the monthly repayments compared to a standard hire-purchase arrangement. At the final repayment date, the customer has the option to: (a) pay the final payment and take the ownership of the vehicle; (b) return the vehicle and not pay the final repayment; or (c) part-exchange the vehicle with any equity being put towards the cost of a new vehicle
<b>Probability of default (“PD”)</b>	Probability that a customer will default on their loan
<b>Prudential Regulation Authority (“PRA”)</b>	A financial regulatory body, responsible for regulating and supervising banks and other financial institutions in the UK
<b>Recovery Loan Scheme</b>	Launched in April 2021 as a replacement to CBILS. Under the terms of the scheme, businesses of any size that have been adversely impacted by the Covid-19 pandemic can apply to borrow up to £10 million, with accredited lenders receiving a government-backed guarantee of 80% on losses that may arise
<b>Return on assets</b>	Adjusted operating profit attributable to shareholders divided by total closing assets at the balance sheet date
<b>Return on average tangible equity</b>	Adjusted operating profit attributable to shareholders divided by average total shareholders’ equity, excluding intangible assets
<b>Return on net loan book (“RoNLB”)</b>	Adjusted operating profit from lending activities divided by average net loans and advances to customers and operating lease assets
<b>Return on opening equity (“RoE”)</b>	Adjusted operating profit attributable to shareholders divided by opening equity, excluding non-controlling interests
<b>Revenue margin</b>	Income from advice, investment management and related services divided by average total client assets. Average total client assets calculated as a two-point average
<b>Risk weighted assets (“RWAs”)</b>	A measure of the amount of a bank’s assets, adjusted for risk in line with the CRR. It is used in determining the capital requirement for a financial institution
<b>Scope 1, 2 and 3 emissions</b>	Categorisation of greenhouse gas emissions, as defined by the Greenhouse Gas (GHG) Protocol, into direct emissions from owned or controlled sources (Scope 1), indirect emissions from the generation of purchased electricity, heating and cooling consumed by the reporting company (Scope 2), and all other indirect emissions that occur in a company’s value chain (Scope 3)
<b>Secured debt</b>	Debt backed or secured by collateral
<b>Senior debt</b>	Represents the type of debt that takes priority over other unsecured or more junior debt owed by the issuer. Senior debt is first to be repaid ahead of other lenders or creditors
<b>Significant increase in credit risk (“SICR”)</b>	An assessment of whether credit risk has increased significantly since initial recognition of a loan using a range of triggers. Accounts which have experienced a significant increase in credit risk will be allocated to Stage 2
<b>Standardised approach</b>	Generic term for regulator-defined approaches for calculating credit, operational and market risk capital requirements as set out in the CRR
<b>Subordinated debt</b>	Represents debt that ranks below, and is repaid after claims of, other secured or senior debt owed by the issuer
<b>Task Force on Climate-related Financial Disclosures (“TCFD”)</b>	Regulatory framework to improve and increase reporting of climate-related financial information, including more effective and consistent disclosure of climate-related risks and opportunities
<b>Term funding</b>	Funding with a remaining maturity greater than 12 months

## Glossary and Definition of Key Terms continued

<b>Term Funding Scheme (“TFS”)</b>	The Bank of England’s Term Funding Scheme
<b>Term Funding Scheme for Small and Medium-sized Enterprises (“TFSME”)</b>	The Bank of England’s Term Funding Scheme with additional incentives for SMEs
<b>Tier 2 capital</b>	Additional regulatory capital that along with Tier 1 capital makes up a bank’s total regulatory capital. Includes qualifying subordinated debt
<b>Total client assets (“TCA”)</b>	Total market value of all client assets including both managed assets and assets under advice and/or administration in the Asset Management division
<b>Total shareholder return (“TSR”)</b>	Measure of shareholder return including share price appreciation and dividends, which are assumed to be re-invested in the company’s shares
<b>Watch list</b>	Internal risk management process for heightened monitoring of exposures that are showing increased credit risk