PRELIMINARY RESULTS FOR THE 12 MONTHS ENDED 31 DECEMBER 2024

HARNESSING OUR COMBINED STRENGTHS TO DRIVE GROWTH

Paul Stockton, Group Chief Executive, said:
"2024 has been a very exciting year for the Group as we began in earnest to bring Rathbones and IW&I together as one combined business committed to helping our clients achieve their longer-term financial goals. In an eventful year, we attracted record gross inflows by leveraging our enlarged platform, grew underlying operating margin, exceeded the 2024 synergy targets we set out for the IW&I combination, and increased our dividend by 6.9%.

Throughout the year, we have continued to improve our services and investment processes, taking advantage of the best that the Rathbones and IW&I teams have to offer. The combination creates some significant future growth opportunities and provides a pathway to greater innovation as ideas are shared and acted upon. I am grateful for the efforts of all teams around the Group who have helped us start 2025 in such a strong position.

Rathbones remains well-equipped to navigate the challenges associated with industry change and the potential impacts of geopolitical instability on investment markets. Alongside initiatives to enhance our services to clients and improve organic growth rates, our priorities for 2025 include completing the migration of IW&I clients and fully integrating our businesses onto one platform."

FINANCIAL AND OPERATIONAL HIGHLIGHTS
2024 is the first full financial year following the combination with IW&I. The increase in operating income, profit and earnings per share reported this year reflects the benefits of the combination and the extent to which our delivery of the related synergies have exceeded the targets we set for 2024. The comparative figures for 2023 include three months of IW&I's contribution from 1 October 2023, reflecting the timing of the completion of the combination.

— FUMA reached £109.2 billion at 31 December 2024 (31 December 2023: £105.3 billion), including £43.0 billion from IW&I.

— We have made significant progress during the year in our ambition to grow our underlying operating margin, which has increased to 25.4% (2023: 22.3%) as we continue to realise the benefits of our increased scale.

— Underlying profit before tax increased 79.1% to £227.6million (2023: £127.1 million).

— Profit before tax increased by 72.9% to £99.6 million (31 December2023: £57.6 million), largely reflecting acquisition and integration costs related to the combination with IW&I, along with higher amortisation charges following the transaction.

— We have delivered cost and revenue synergies well ahead of our first year £15 million target, with run-rate synergy realisation of £30.1 million at the end of 2024. This was largely due to organisational changes and our property consolidation programme being secured ahead of the planned timeframe.

— The Rathbones and IW&I combination made significant progress in 2024. The client consent process is nearly complete, and we expect to migrate almost all c. 55,000 IW&I clients by the end of H1. To date, 0.3% have declined to migrate to Rathbones, and we expect a small proportion of relationships to leave the Group where a suitable proposition is not available. We remain focused on maintaining high client service levels and look forward to welcoming clients to the Rathbones platform in the coming months.

— During the year, we completed the integration of Saunderson House, creating a business model that now includes a well-established financial planning capability to complement our investment strengths.

FOCUSING ON GROWTH
Although much of our recent focus has been on ensuring that the benefits of the combination are realised, we have also taken some significant steps toward improving organic growth rates.

We continue to believe that relationship-led services are the best way to secure high quality, resilient future revenues so alongside our pursuit of efficiencies to optimise delivery costs and enhancements to our investment process, we are working to:

— Strengthen our marketing and distribution capability
— Deliver more advice-led conversations whilst working flexibly to provide investment only services to third-party advisors
— Improve client choice with services that meet their changing demands
— Leverage our extensive strategic partner relationships
— Continue to grow Rathbones Asset Management

	2024 **£m (unless stated)**	2023 £m (unless stated)
Operating income	**895.9**	571.1
Underlying operating expenses[1]	**(668.3)**	(444.0)
Underlying profit before tax[1]	**227.6**	127.1
Underlying operating margin[1]	**25.4%**	22.3%
Profit before tax	**99.6**	57.6
Underlying earnings per share[1]	**161.6p**	135.8p
Earnings per share	**63.0p**	52.6p
Dividend per share	**93.0p**	87.0p

1. A reconciliation between the underlying measure and its closest IFRS equivalent is provided in the financial performance section.

OUTLOOK AND GUIDANCE

We are making good progress towards delivering an underlying operating margin of 30% from September 2026, notwithstanding the additional headwinds that have arisen since we set out this target, which include ongoing inflationary pressures and the estimated impact of NICs from April 2025. Delivery of this will be on a run-rate basis from three years following completion of the IW&I transaction, i.e. September 2026.

This margin growth will be underpinned by a combination of:

— Modest market growth in line with inflation
— A return to organic net inflows, supported by growth in advice, refreshed marketing and distribution capabilities and growth in our Asset Management business
— Ongoing cost discipline, in what we expect to be a more normalised inflationary environment
— Synergy delivery in line with guidance.

We expect the improvement in the underlying operating margin to arise mostly during 2026, with a more modest improvement in 2025. This principally reflects the timing of further synergy benefits, which will be weighted towards the second half of the 2025 financial year, when the cost savings which are linked to the migration to a single operating platform will materialise and we work towards IW&I ceasing to run as a separate, regulated entity. Performance in 2025 will also reflect the increase in NIC costs and a full year of the 2024 salary reviews, which were undertaken in the higher inflationary environment. We also expect to see a flatter seasonal spike in transaction-based commission income in March 2025 as a result of the additional activity that arose on client portfolios ahead of the 2024 Autumn Budget.

We expect to see growth in advice revenues in 2025 as a result of increased advisor capacity following completion of the Saunderson House migration and our continuing focus on advice, along with increased demand following the taxation changes announced in the 2024 Autumn Budget. Net interest income will benefit from the delivery of revenue synergies in the second half of 2025 following the IW&I client migration, with net interest margins expected to see only a modest impact from the reductions in central bank rates that are anticipated. We will be focused on our growth agenda in 2025 to drive improved net flows.

Delivering sustainable value to our shareholders and maintaining a disciplined and efficient approach to managing shareholder capital is of the highest importance to the Board. The Group continues to maintain a robust capital base, with a surplus of capital above the regulatory minimum of £207.2 million at 31 December 2024 (prior to taking into account the proposed final dividend for the year) which supports strategic investment, the ongoing integration of the IW&I business and our progressive dividend policy.

The business remains highly cash generative and we expect to see a further increase in cash generation once the integration of IW&I is complete and we see the full benefits of the combination synergies. As such, we will review our capital allocation policy, including an evaluation of our capacity for surplus returns, following the migration of IW&I onto a single operating platform later this year.

DECLARATION OF FINAL DIVIDEND

In July, we announced an interim dividend of 30p. Given the strength of our balance sheet and our confidence in the long-term future of the business, the Board has recommended a final dividend of 63.0p per share for 2024 (2023: 24.0p). This brings the total dividend for the year to 93.0p (2023: 87.0p), representing a 6.9% increase compared to 2023. The dividend will be paid on 13 May 2025, subject to shareholder approval at our 2025 Annual General Meeting (AGM) on 8 May 2025.

2024 RESULTS PRESENTATION

A presentation to analysts and investors will take place this morning at 10:00am at our offices at 30 Gresham Street, London,

EC2V 7QN. Participants who wish to join the presentation virtually can do so by either joining the video webcast (https://www.investis-live.com/rathbones-group-plc/677d62be99556400Of839a0f/rgwd) or by dialling in using the conference call details below:
United Kingdom (Local): +44 20 3936 2999

United Kingdom (Toll-Free): +44 800 358 1035

Participant access code: 129625

A Q&A session will follow the presentation. Participants will be able to ask their questions either via the webcast by typing them in or via the conference call line.

A recording of the presentation will be available later today on our website at: www.rathbones.com/investor-relations/results-and-presentations.

Issued on 26 February 2025

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Rathbones Group Plc

Rathbones is a leading provider of individual Wealth Management, Asset Management and related services to Private Clients, Charities, Trustees and Professional Partners. We have been trusted for generations to manage and preserve our clients' wealth. Our tradition of thinking, acting and investing for everyone's tomorrow has been with us from the beginning and continues to lead us forward.

Rathbones headquarters is 30 Gresham Street, London, EC2V 7QN.

www.rathbones.com

CHAIR'S STATEMENT
HONOURING OUR PAST, SHAPING OUR FUTURE

DEAR SHAREHOLDER
In 2023, we announced our combination with IW&I. Throughout 2024, we have made significant strides to integrate the two businesses to further our position as the UK's leading discretionary wealth manager. We have exceeded both the strategic and financial objectives that we set for ourselves in the first year following the announcement. This is testament to the hard work, commitment, and collaboration of all of our colleagues.

CLIENTS
Our clients have always been, and will continue to be, at the heart of our business. Their interests remain paramount in everything we do. This is demonstrated by our Net Promoter Score (NPS) of 56%, above the industry average of 54%. This score is reassuring, particularly at a time of transition for the firm, that our client service and experience has continued to be strong.

Following the combination with IW&I, we prioritised client engagement in 2024, focusing on providing reassurance and stability. We will strengthen these relationships throughout 2025, as clients move on to the Rathbones platform.

COLLEAGUES
The Board recognises the hard work and commitment of our colleagues during this year of change and transition. This year has presented both challenges and opportunities as we navigated a transformative combination, requiring adjustments to new structures and ways of working. On behalf of the Board, I want to express my gratitude for their contributions during this pivotal time.

Fostering a stable and equitable culture is essential to motivate and reward our colleagues, who are the foundation of Rathbones' success. The Board's workforce engagement programme ensures we consider employee perspectives and strengthens the connection with our colleagues.

The Board is committed to regularly reviewing workforce metrics, such as engagement survey results, retention rates, and satisfaction, to drive continuous improvement. We will continue to do this in 2025 and beyond.

ENGAGING WITH SHAREHOLDERS

We are committed to fostering meaningful engagement with our shareholders. We deeply value the open and transparent communication that we maintain with our investors, and I am personally grateful for the opportunity to connect with many of you over the past year. These conversations are vital in helping us align our strategy with your expectations. I look forward to continuing our productive dialogue in the future.

SHAREHOLDER RETURNS AND DIVIDENDS

Rathbones is focused on driving long-term shareholder value. We therefore reaffirm our progressive dividend policy, which has been in place for more than 25 years and has never seen a reduction in the dividend.

In July, we announced an interim dividend of 30p. Given the strength of our balance sheet and our confidence in the long-term future of the business, the Board has recommended a final dividend of 63p per share. This brings the total dividend for the year to 93.0p per share (2023: 87.0p), representing a 6.9% increase compared to 2023.

The final dividend is scheduled to be paid on 13 May 2025, subject to shareholder approval at our Annual General Meeting (AGM) on 8 May 2025, to shareholders on the register as of 11 April 2025.

GOVERNANCE AND CULTURE

The Board places a strong emphasis on good governance, as a cornerstone of long-term enterprise success. We are committed to high standards of transparency, accountability, and ethical conduct at every level of the organisation. This is supported by a robust governance framework. We conduct regular reviews of our governance processes, including independent risk assessments, to ensure effective oversight.

We recognise that good governance goes beyond mere compliance. It is about creating a positive and inclusive culture that aligns with our values and strategic objectives. We strive to build an environment where employees feel empowered to share their diverse perspectives and expertise. This culture not only allows for personal growth, but also contributes to the long-term sustainability of our business.

The Board views leadership as a key enabler of this culture and seeks to set the tone throughout the organisation. In line with this, the Board uses a culture dashboard to evaluate progress and impact. As our purpose and values work for the enlarged Group is completed, the dashboard will be updated.

This year, in line with the UK Corporate Governance Code, the Board appointed an external evaluator to review its effectiveness and performance. The overall findings and tone of the report was positive and indicated that the Board and its committees continued to operate effectively. The Board will work to consider opportunities for incremental improvements during the year ahead.

BOARD COMPOSITION AND SUCCESSION

Following significant changes in 2023, the composition of the Board has remained stable in 2024.

Sarah Gentleman, Senior Independent Director, has exceeded her nine-year tenure on the Board. The Nomination Committee has agreed to extend her tenure in order to ensure continuity on the Board following the combination with IW&I. Succession planning is always a priority, and we will consider non-executive director succession during 2025.

The Board has aligned its diversity policy for appointments with the new targets outlined in the Listing Rules and is proud to have met these objectives. As of the end of 2024, our Board comprises four female directors out of nine, exceeding the FTSE 350 commitment for female Board representation set by the FTSE Women Leaders Initiative. We also continue to meet the requirements of the Parker Review, with at least one director from an ethnic minority background.

LOOKING AHEAD

The integration of IW&I is progressing well. We are excited to build on the momentum of 2024 as we operate as a unified and cohesive business. Concluding the integration in 2025 will mark a pivotal moment in our journey. We remain confident that it will support growth and enhance the propositions and investment output we can deliver to our clients in 2025 and beyond.

On behalf of the Board, I would like to express our sincere gratitude to our clients, shareholders, colleagues, and wider stakeholders for your support and commitment during this transformative year. Your continued trust and engagement are invaluable and will remain so, as we navigate Rathbones' next exciting phase of growth. We look forward to achieving even greater milestones in Rathbones' illustrious 283 year history.

CLIVE C R BANNISTER
CHAIR

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW
HARNESSING OUR COMBINED STRENGTHS TO DRIVE GROWTH

2024 IN REVIEW

2024 has been a very exciting year for the Group as we began in earnest to bring Rathbones and IW&I together as one combined business committed to helping our clients achieve their longer-term financial goals. In an eventful year, we attracted record gross inflows by leveraging our enlarged platform and exceeded the 2024 synergy targets we set out for the IW&I combination.

This year heralded an improvement in investor sentiment after what was a challenging two years for multi-asset investing. Asset values rebounded as interest rates began to fall, and stronger economic fundamentals bedded in, creating conditions that benefited our results. The UK Budget at the end of October prompted a short-term increase in withdrawals of funds by existing clients, but it also proved to be a catalyst that created a welcome number of client investment enquiries and advisory discussions.

Throughout the year, we have continued to improve our services and investment processes, taking advantage of the best that the Rathbones and IW&I teams have to offer. The combination creates some significant future growth opportunities and provides a pathway to greater innovation as ideas are shared and acted upon. I am grateful for the efforts of all teams around the Group who have helped us start 2025 in such a strong position.

PERFORMANCE AND FLOWS

Funds under management and administration (FUMA) managed by Rathbones Group grew 3.7% in the year to £109.2 billion at 31 December 2024, despite the considerable agenda of internal change being undertaken in the Group following the IW&I combination.

Gross inflows across the combined Group were strong at £12.1 billion (2023: £7.7 billion), representing 11.5% of opening FUMA. Gross inflows in Rathbones discretionary and managed propositions were £6.3 billion (2023: £5.1 billion), and gross inflows in IW&I were resilient at £4.0 billion, taking account of the considerable time spent by client facing teams to manage an extensive client consent process.

Gross outflows of £13.5 billion (2023: £8.5 billion) were elevated by accounts that we exited following the completion of the migration of former Saunderson House FUMA in July and outflows linked to a limited number of investment manager departures in the IW&I business that occurred prior to the announcement of the combination. After both transactions, investment manager and financial planner attrition has remained low. We also saw a short-term impact of elevated outflows around the UK Budget as more clients looked to redistribute wealth, crystallise capital gains or access their pension wealth.

Flows in single strategy funds continue to reflect the challenging market environment for active asset managers with net outflows of £0.6 billion in the year (2023: net outflows of £0.5 billion), in spite of the delivery of first or second quartile performance over one and five years in our two largest funds, Rathbone Global Opportunities and Rathbone Ethical Bond.

Market and investment performance added £5.3 billion (2023: £5.1 billion) to Group FUMA in the year, recognising that many benchmarks were difficult to beat. The IW&I combination has presented us a unique opportunity to bring together and strengthen our research capability and we are continuing to improve our investment process by enhancing portfolio analysis tools and portfolio construction resources. Further information on performance and flows can be found in the Group Chief Financial Officer's Review.

INTEGRATION UPDATE

The combination of Rathbones and IW&I has made significant progress in 2024. The client consent process is now largely complete such that we expect to migrate almost all of the c.55,000 IW&I clients by the end of H1. To date, 0.3% of clients have declined to migrate to Rathbones, and we expect a small proportion of relationships to leave the Group where we are unable to provide a suitable proposition. We continue to place a high priority on maintaining client service levels and look forward to welcoming clients fully onto the Rathbones platform in the coming months. At the heart of our approach has been a focus on maintaining service levels throughout the process.

We have delivered cost and revenue synergies well ahead of our first year £15 million target, with run-rate synergy realisation of £30.1 million at the end of 2024. This was largely due to organisational changes and our property consolidation programme being secured ahead of the planned timeframe.

During the year, we consolidated all offices where we had a dual presence – Birmingham, Cheltenham, Exeter, Glasgow, Edinburgh, London, Bristol and Liverpool – and have successfully completed the consolidation of our property footprint that now operates in all main UK wealth centres.

Completion of the client migration in the first half of this year is the next main milestone for synergy delivery, enabling at least 70% of the total £60 million to be realised on a cumulative run-rate basis towards the end of 2025. We remain confident in our ability to achieve all remaining synergies by the end of 2026. At the time of the combination, we expected the deal to be accretive to underlying EPS in the first full year following the completion. This has been achieved with underlying EPS of 161.6p (2023: 135.8p).

Combinations inevitably create change, and this has been well supported by our colleagues, harnessing the considerable talent across the Group. We have completed nearly all key leadership appointments and announced the majority of organisational design changes necessary to establish our future operating model, with the remainder set to complete this year. We continue to prioritise business stability and the retention of key talent by providing clear communication, addressing concerns, and fostering an environment where our colleagues feel supported during this period of change.

Operationally, the focus has been on aligning systems, processes, and client service models to ensure that we provide clients and advisors with a seamless experience while preserving the best elements of both firms' cultures. The enlarged Group has enhanced its investment and advice capabilities and will look to leverage this in 2025, marking the end of a multi-year journey that has significantly strengthened our financial planning capabilities.

I am excited about the opportunities ahead for our expanded Group as we embed our combined infrastructure and look to build upon it.

FOCUSING ON GROWTH AND THE CLIENT/ADVISOR PROPOSITION AND EXPERIENCE

Although much of our recent focus has been on ensuring that the benefits of the combination are realised, we have also taken some significant steps toward improving organic growth rates.

We continue to believe that relationship-led services are the best way to secure high quality, resilient future revenues, so alongside our pursuit of efficiencies to optimise delivery costs and enhancements to our investment process, we are working to:

- Strengthen our marketing and distribution capability
- Deliver more advice-led conversations whilst working flexibly to provide investment only services to third-party advisors
- Improve client choice with services that meet their changing demands
- Leverage our extensive strategic partner relationships
- Continue to grow Rathbones Asset Management (RAM)

In September, we announced the appointment of a new Chief Client Officer role. A key aspect of this role will be to leverage our combined marketing expertise and strengthen our brand presence. The newly formed Client Office will ensure that Rathbones stands out more in a competitive market, building both digital and face-to-face lead generation, as well as improving the client experience by working with teams across the business to orchestrate further improvements to our already strong service reputation.

The team will also focus on key target markets within the Private Client, Charity, and Independent Financial Advisor (IFA) sectors through more targeted, data-driven client prospecting. This approach will involve greater collaboration across our teams and support sustained future organic growth.

Over the past year, we have restructured our Group Distribution team under our Chief Distribution Officer with a goal to develop a strong, client-centric distribution strategy, that not only boosts our market presence but also fosters enduring relationships with clients. We have implemented a cohesive approach across the Group, establishing a channel-led, go-to-market strategy across Wealth Management, Strategic Partnerships, Asset Management and Charities. This segmentation will be robustly supported by dedicated sales teams and improved sales enablement resources and advisor journeys.

We recognise that clients and advisors have many different preferences as to how to work with us and we are responding to this by being able to offer the mix of investment products and financial advice services that best meets their needs. Recent transactions have created a team of 122 financial planners that are dedicated to meeting the increasingly complex planning needs of our clients but we also have 678 dedicated investment managers. The combination gives us the opportunity to blend these capabilities much more effectively to increase the number of wealth-led conversations we have with clients. We can now allow employees to specialise in either discipline, form larger combined teams, and benefit from training that expands their qualifications to deepen client and advisor relationships.

We understand the necessity to adapt our current offerings in the IFA market to address the increasing demand for high-quality service at a lower cost, amid ongoing sector consolidation. Our multi-asset funds provide CPI targeted solutions both directly and as part of our managed service, through investment platforms and financial advisors, but will also support the launch of an upgraded Managed Portfolio Service (MPS) for IFAs in 2025, subject to regulatory approval.

We also intend to offer a competitive decumulation offering in 2025, as well as a new fund-based Charity Authorised Investment Fund (CAIF) solution, specifically designed for Charities. Additionally, we are seeking to establish an office in Dublin to offer investment solutions through third-party advisors in the EU markets, subject to regulatory approval.

Alongside our in-house financial planning team, Vision Independent Financial Planning (Vision) continues to play an integral role in our advice proposition, with 142 planners on the network. We value the strong relationship with Vision and continue to leverage it as a key driver of flows. In 2025, Vision will continue to recruit new IFAs to its network and Rathbones will continue to dedicate specialist sales and bespoke relationship management capability to support the network.

We continue to build referrals through our strategic partnership with Investec Bank and have seen an encouraging amount of new business coming through this channel as we develop this relationship. We remain excited about the prospect of building our dedicated service team to increase business development activity and foster new and important client relationships.

Having a respected asset manager in-house provides us with a distinct advantage, and RAM, with £15.8 billion in FUM, continues to grow and be highly regarded. The long-standing tenure of our fund managers has contributed to the growth and success of RAM over the years, with seven fund managers each having more than 18 years of experience with Rathbones. RAM remains an important part of the Group as we look to leverage recent investment in distribution and systems to broaden our fund range and extend its institutional reach.

EMBRACING TECHNOLOGY

Our combination with IW&I has presented a number of opportunities to refine how we deploy applications into Rathbones, as we invest in our technology infrastructure. The combination of our 'best of both' chosen technology solutions, coupled with our people, allows us to differentiate and deliver improved client services. Development of client-facing technology in our business has been well received by clients, with a digital satisfaction score of 8.3/10 in the most recent Alpha FMC survey, compared to an industry benchmark of 8.0.

In addition to launching the InvestCloud Client Lifecycle Management (CLM) system earlier this year, we also deployed common financial planning, intermediated distribution, and marketing software systems across the combined Group. We will continue to launch tactical enhancements to CLM throughout 2025.

During the second half of 2024, we migrated Rathbones custody, settlement and investment systems into the Cloud. This was a major undertaking but has made our core books of record and portfolio management solutions more resilient and future proof, ready for the upcoming migration of IW&I clients onto the platform.

In addition, we are now receiving technology services from Investec Bank via an outsourced service agreement, enabling us to leverage improved capabilities in a scalable delivery model. This sits alongside further development of data and analytics capabilities, to support decision-making and drive greater insight.

Embracing technology alongside our people will support the achievement of our strategic goals. Technology and application development will continue to progress in 2025 as part of our normal change and development agenda. Ongoing investment will include the selected application of AI, robotic processing and data management tools to improve efficiency and client service.

OUR PEOPLE

We must recognise the hard work and commitment of our colleagues during this significant period of change and transition for the business. This year has brought both challenges and opportunities as we have navigated a transformative combination, requiring us to adapt to new structures, systems, and ways of working.

After completing an extensive consultation process, we are now in a strong position to embed new organisational designs across the business that support both growth and efficiency. The professionalism shown by our teams in embracing these changes and contributing to the successful integration of both businesses has been truly remarkable.

We have made great strides in supporting the well-being of our colleagues, enhancing our family-friendly policies, expanding diversity, equality and inclusion (DE&I) initiatives, aligning benefits across the Group (including offering Rathbones share schemes to IW&I colleagues as part of their overall remuneration), and improving overall employee support.

I understand that this transition has asked a great deal of everyone, and I, along with the entire leadership team would like to express our gratitude for everything our colleagues have contributed during this pivotal time.

RESPONSIBLE BUSINESS

Considering our increased size following the combination, we continue to respond to heightened expectations from our stakeholders. As a larger Group, we reaffirm our commitment to generating long-term value, benefiting society and actively mitigating any adverse impacts our activities may have on the environment and our communities. In 2024, we have worked to update our approach to responsible business and we will share our updated framework in our 2024 reports over the coming months. The combination has enabled us to undertake some exciting initiatives that support the delivery of our future ambition.

RISK MANAGEMENT AND REGULATION

Our risk management framework and risk processes are well established and have further matured during 2024, through the embedding of risk software where we collate and analyse our risks. Our risk landscape throughout the year reflected external economic and political factors, as well as internal strategic changes relating to our digital transformation and the integration with IW&I. Conflicts overseas and the election outcomes in the UK and US have been monitored closely by our investment teams. We continue to embed our approach towards Consumer Duty, and the principles of fairness and transparency have underpinned our approach to the integration of IW&I.

From an internal perspective, change risk has been monitored carefully in 2024, particularly as people and process risks have come to the fore in the latter half of the year as integration activities gathered momentum. These risks will remain in 2025 and our focus will be unrelenting in order to ensure that clients can continue to be reassured by our ongoing strong oversight of controls and processes.

As we mentioned in our interim update, pension risk exposure has reduced as a result of action taken by the pension scheme trustees to complete a full buy-in process, thereby insuring away all future liabilities of our defined benefit schemes.

OUTLOOK FOR 2025

Rathbones remains well-equipped to navigate the challenges associated with industry change and the potential impacts of geopolitical instability on investment markets. Alongside initiatives to enhance our services to clients and improve organic growth rates, our priorities for 2025 include completing the migration of IW&I clients and fully integrating our businesses onto one platform.

We are making good progress towards delivering an underlying operating margin of 30%, and notwithstanding the additional headwinds that have arisen since we set out this target (including ongoing inflationary pressures and the estimated additional annual cost of £7 million of National Insurance Contributions from April 2025), we continue to work towards the delivery of this on a run-rate basis from three years following completion of the IW&I transaction (September 2026). Further detail on our path to achieving this can be found in the Group Chief Financial Officer's Review.

I would like to thank all colleagues and stakeholders for their continued commitment and support throughout what has been a transformative year. We look forward to further building a sustainable and profitable business together in the years to come.

PAUL STOCKTON
GROUP CHIEF EXECUTIVE OFFICER

GROUP CHIEF FINANCIAL OFFICER'S REVIEW
EMBRACING CHANGE, CREATING VALUE

2024 is the first full financial year following the combination with Investec Wealth & Investment UK (IW&I). The increases in operating income, profit and earnings per share that we report this year reflect both the strength of the underlying business, the benefits of the combination and the extent to which our delivery of the related synergies has exceeded the targets we set for 2024.

Total synergies delivered at 31 December 2024 amount to £30.1 million on an annualised run-rate basis. This represents 50% of our overall synergy target and is well ahead of the £15 million originally expected for this stage in the integration process, reflecting the organisational and property changes that we have been able to deliver earlier than planned. The synergies delivered in 2024 have arisen over the course of the year, resulting in an overall benefit to 2024 operating profit of £24.6 million.

We remain confident that we will deliver the full £60.0 million of synergies in line with the timeframe that we committed to at the time we announced the transaction. We remain focused on maximising our overall synergy delivery, in addition to maintaining a high degree of cost discipline across the Group.

The costs of delivering the integration, which are reported as non-underlying costs, remain in line with our expectations. We remain confident that we will complete the integration within our original timeframe and overall cost guidance.

In addition to synergy realisation, business performance benefited from higher levels of Funds Under Management and Administration (FUMA), which increased by 3.7% during the year to £109.2 billion on 31 December 2024 (2023: £105.3 billion).

TABLE 1. GROUP'S OVERALL PERFORMANCE

	2024 **£m (unless stated)**	2023 £m (unless stated)
Operating income	**895.9**	571.1
Underlying operating expenses[1]	**(668.3)**	(444.0)
Underlying profit before tax[1]	**227.6**	127.1
Underlying operating margin[1]	**25.4%**	22.3%
Profit before tax	**99.6**	57.6
Effective tax rate	**34.2%**	34.9%
Taxation	**(34.1)**	(20.1)
Profit after tax	**65.5**	37.5
Underlying earnings per share[1]	**161.6p**	135.8p
Earnings per share	**63.0p**	52.6p
Dividend per share[2]	**93.0p**	87.0p
Return on capital employed (ROCE)	**4.8%**	4.9%
Underlying return on capital employed[1]	**12.0%**	12.1%

1. Reconcliation between the measure stated and its closest IFRS equivalent is shown in table 4
2. The total interim and final dividend proposed for the financial year

Our ambition is set firmly on growing our underlying operating margin. We have made significant progress this year with our margin increasing to 25.4% for 2024 from 22.3% in2023 as we continue to realise the benefits of our increased scale.

We have maintained a strong capital base throughout the year as we work through the integration of IW&I and remain committed to our progressive dividend policy. The Board is recommending a total dividend for the year of 93.0p per share (2023: 87.0p per share), an increase of 6.9%. Our policy recognises that this year's dividend is uncovered at statutory profit level. However, this reflects the effect of integration costs that will fall away in future years.

Our results for 2024 include the contribution of IW&I for the full financial year. The comparative figures for 2023 include three months of IW&I's contribution from 1 October 2023, reflecting the timing of the completion of the combination.

The movements in income and costs relative to the prior year therefore largely reflect the additional nine months of IW&I's contribution in 2024 relative to 2023.

Operating income increased by 56.9% to £895.9 million (2023: £571.1 million), of which IW&I contributed £364.5 million (2023: £87.9 million) and the legacy Rathbones Group contributed £531.4 million (2023: £483.2 million). Investment management and asset management fees benefited from higher levels of FUMA, which increased by 3.7% to £109.2 billion during the year.

Interest income increased steadily over the course of the prior year as interest rates rose. The benefit of the higher level of this income at the end of 2023 was carried into 2024 and mostly maintained throughout the year.

Net interest income contributed £63.9 million to operating income in 2024 (2023: £51.7 million). This income relates mainly to the legacy Rathbones Group, as IW&I does not hold banking deposits on its own balance sheet.

Interest relating to client money deposits within IW&I, which increased during the year due to the benefit of a full year of higher interest rates, is recognised within other income. This will be reported as net interest income following the migration of IW&I into Rathbones Investment Management.

Commission income improved as a result of higher transaction volumes relative to the prior year. In particular, we saw an unseasonal up-tick in volumes around the time of the UK Autumn Budget due to a greater propensity to crystallise capital gains ahead of the tax changes anticipated in the Budget.

Underlying operating expenses increased as a result of the inclusion of a full year of the IW&I cost base, net of the benefit of synergies delivered during the year. Expenditure was driven higher by the effects of inflation and related salary increases, which averaged 3.6% and took effect from April (Rathbones) and June (IW&I). Employee costs in 2024 also reflect a full year of the cost of the headcount recruited during 2023. Variable remuneration increased as a result of income growth.

Total headcount includes 101 heads (measured on a full-time equivalent basis) at 31 December 2024 who are dedicated entirely to the IW&I integration project and whose costs form part of the costs to achieve the integration, which are reported as non-underlying costs. Technology costs increased as we develop and enhance our systems across the business, including our client service, operational and data infrastructure capabilities. A portion of the increase is short-term as we implement outsourcing of certain services.

The 2024 FSCS levy of £4.4 million was expensed in full during the first half of 2024. The cost for the year represents an increase of £3.8 million relative to the prior year, inclusive of the levy relating to IW&I. The levy in the prior year was suppressed as a result of the FSCS utilising existing surpluses.

The underlying operating margin, which is calculated as the ratio of underlying profit before tax to operating income, improved to 25.4% (2023: 22.3%). This increase represents a significant step towards our target of delivering a margin in excess of 30% from September 2026, being three years following the completion of the IW&I transaction.

The InvestCloud Client Lifecycle Management system (CLM) was launched into the business in June 2024. Operating expenses for the year include £14.7 million in relation to this system. Total investment during the current and previous financial years up to the point of launch amounted to £45 million, in line with our previous guidance.

Underlying profit before tax, which is net of the CLM costs referred to above, was £227.6 million for the year ended 31 December 2024 (2023: £127.1million), representing an increase of 79.1%

Costs directly related to the integration of IW&I, net of £16.9 million of credits arising on the disposal of 8 Finsbury Circus, amounted to £75.5 million during the year (2023: £36.5 million), which is in line with our guidance.

These costs are reported within non-underlying costs, which also include amortisation of intangible assets of £44.6 million and acquisition costs of £7.9 million (2023: £6.8 million) relating to deferred consideration payable for the Saunderson House acquisition.

Statutory profit before tax increased by 72.9% to £99.6 million for the year (2023: £57.6 million), after expensing amortisation of client relationship intangible assets of £44.6 million (2023: 25.2 million) and integration related costs of £83.4 million (2023: £44.3 million acquisition-related and integration costs).

The effective rate of tax reduced to 34.2% for the year (2023: 34.9%). The prior year rate was elevated by the effect of disallowable costs relating to the IW&I transaction. Whilst these costs were specific to the transaction and have not recurred in the current year, the effective tax rate for 2024 has been elevated by certain non-underlying integration costs along with the statutory rate of 25.0% applying for the full financial year. Once the integration of IW&I has been completed, we expect the effective tax rate to run at an average of 2 to 3 percentage points above the statutory rate, reflecting normal levels of disallowable costs.

The Board considers underlying and statutory measures of income, expenditure and earnings when assessing the performance of the Group. The underlying balances are considered to provide useful information on business performance, rather than reviewing results on a statutory basis only. These measures are also widely used by research analysts covering the Group.

OUTLOOK AND GUIDANCE

The Group's recurring fee income and overall financial performance remains closely linked to the level of FUMA and therefore the direction of global investment markets. Markets have had a positive impact on FUMA during the year but FUMA and performance remain sensitive to future movements, including those driven by continuing levels of uncertainty in the economic and geopolitical environment.

The reduction in the rate of UK inflation during the year is welcome and we remain focused on ensuring a high degree of discipline in managing our cost base. While 2025 will see a full year of the 2024 annual salary reviews, we expect salary inflation to be lower in 2025 at around 2%.

The lower rate of inflation has led to reductions in central bank interest rates during the second half of 2024. These reductions have so far had a relatively small impact on net interest income, due to the effect on interest earned and interest paid to clients being broadly matched. Should further reductions materialise in 2025 in line with market expectations, we expect to see a modest reduction in our net interest margin, albeit that may be more than offset by higher fee revenues in the event that equity prices react positively to rate reductions materialising.

The UK government announced an increase in the rate of employers' National Insurance Contributions (NIC) in its Autumn Budget, which will take effect in April 2025. The changes announced will increase NIC costs by around £7.0 million per annum from April 2025, based on current levels of remuneration and headcount.

Headcount is expected to reduce over the course of 2025. This reduction will principally result from synergy delivery, along with ongoing cost discipline.

We are making good progress towards delivering an underlying operating margin of 30% from September 2026, notwithstanding the additional headwinds that have arisen since we set out this target, which include ongoing inflationary pressures and the estimated impact of NICs from April 2025. Delivery of this will be on a run-rate basis from three years following completion of the IW&I transaction, i.e. September 2026.

This margin growth will be underpinned by a combination of:

— Modest market growth in line with inflation
— A return to organic net inflows, supported by growth in advice, refreshed marketing and distribution capabilities and growth in our Asset Management business
— Ongoing cost discipline, in what we expect to be a more normalised inflationary environment
— Synergy delivery in line with guidance.

We expect the improvement in the underlying operating margin to arise mostly during 2026, with a more modest improvement in 2025. This principally reflects the timing of further synergy benefits, which will be weighted towards the second half of the 2025 financial year, when the cost savings which are linked to the migration to a single operating platform will materialise and we work towards IW&I ceasing to run as a separate, regulated entity. Performance in 2025 will also reflect the increase in NIC costs and a full year of the 2024 salary reviews, which were undertaken in the higher inflationary environment. We also expect to see a flatter seasonal spike in transaction-based commission income in March 2025 as a result of the additional activity that arose on client portfolios ahead of the 2024 Autumn Budget.

We expect to see growth in advice revenues in 2025 as a result of increased advisor capacity following completion of the Saunderson House migration and our continuing focus on advice, along with increased demand following the taxation changes announced in the 2024 Autumn Budget. Net interest income will benefit from the delivery of revenue synergies in the second half of 2025 following the IW&I client migration, with net interest margins expected to see only a modest impact from the reductions in central bank rates that are anticipated. We will be focused on our growth agenda in 2025 to drive improved net flows.

Delivering sustainable value to our shareholders and maintaining a disciplined and efficient approach to managing shareholder capital is of the highest importance to the Board. The Group continues to maintain a robust capital base, with a surplus of capital above the regulatory minimum of £207.2 million at 31 December 2024 (prior to taking into account the proposed final dividend for the year) which supports strategic investment, the ongoing integration of the IW&I business and our progressive dividend policy.

The business remains highly cash generative and we expect to see a further increase in cash generation once the integration of IW&I is complete and we see the full benefits of the combination synergies. As such, we will review our capital allocation policy, including an evaluation of our capacity for surplus returns, following the migration of IW&I onto a single operating platform later this year.

FINANCIAL PERFORMANCE

BUSINESS PERFORMANCE: FUNDS UNDER MANAGEMENT AND ADMINISTRATION (FUMA)

Total Group FUMA increased by 3.7% during the year to reach £109.2 billion at 31 December 2024 (2023: £105.3 billion). The increase is driven predominantly by the effect of positive market movements.

The Group continued to drive strong gross inflows across both the Wealth Management and Asset Management segments. However, outflows remained elevated, reflecting both the economic backdrop and specific factors. Consequently, the Group reported net outflows of £1.4 billion for the year.

FUMA for the Wealth Management segment increased by 3.3% during the year. Gross inflows were strong, increasing by 76.4% relative to the prior year and reaching record levels in the final quarter of the financial year as the business continued to drive new business flows despite IW&I investment teams committing significant time to undertaking the client consent process.

Rathbones discretionary and managed services delivered net inflows of £1.0 billion, representing an annual growth rate of 2.0% (2023: 1.5%). This reflects gross inflows of £6.3 billion, an increase of 23.5% relative to 2023, as the business continued to drive strong levels of new business. In addition to new business flows, Rathbones discretionary and managed FUMA benefited from the final migration of Saunderson House client assets into Rathbones investment solutions. IW&I contributed £4.0 billion (2023: £0.8 billion) of gross inflows during the year. After taking account of elevated gross outflows, IW&I reported net outflows for the year of £1.0 billion (2023: £0.3 billion).

Gross outflows within the Wealth Management segment remained elevated throughout the year. This reflected the continuing general economic backdrop of higher interest rates and the increased cost of living, which has driven existing clients to partially withdraw funds from their portfolios. In addition, IW&I experienced expected outflows relating to Investment Managers who left the business prior to the announcement of the combination. Investment Manager turnover since then has remained low. The level of these outflows reduced over the course of the year, with those in the final quarter being the lowest level for any quarter of the year. The migration of former Saunderson House FUMA into Rathbones investment solutions was completed during the year. Associated outflows of £0.5 billion included £0.2 billion of FUMA relating to clients who did not complete the consent process. Wealth Management outflows were also somewhat elevated in the short term as a result of some net withdrawals of funds by existing clients around the time of the UK government's Autumn Budget.

The Asset Management segment reported net inflows of £0.6 billion (2023: £1.5 billion) for the year, representing a rate of net growth of 4.3% (2023: 13.7%). The segment was affected by the challenging market environment that has continued to impact the UK asset management industry, where substantial withdrawals from UK funds has continued across the sector. Our single strategy funds were not immune from this backdrop, but showed relative resilience with net outflows of £0.6 billion for the year (2023: £0.5 billion outflow), representing 8.1% of opening FUMA (2023: 8.5%). These outflows were partially offset by investment performance. Multi-asset funds continued to deliver net inflows, inclusive of intra-group holdings, of £1.2 billion (2023: £2.1 billion). When adjusted for intra-group holdings, net inflows amounting to £0.2 million for the year (2023: £0.3 million), represented annual growth of 7.7% (2023: 13.8%) net of intra-group holdings. Asset Management FUMA increased by 14.5% for the year overall.

Table 2 presents Group FUMA by Wealth Management and Asset Management segment with associated intra-group holdings. Wealth Management FUMA incorporates our core bespoke discretionary portfolio and managed portfolio services. It also includes direct sales into our range of risk-targeted multi-asset funds, which are designed to be used as wealth management solutions for both our direct clients and those of investment platforms and financial advisors. Asset Management FUMA includes our focused range of specialist 'single-strategy' funds, which are designed to act as individual holdings within investment portfolios.

TABLE 2. SEGMENT FUMA

Year ended 31 December 2024	Wealth Management £bn	Asset Management £bn	Intra-group holdings £bn	Group FUMA £bn
Opening FUMA	**96.1**	**13.8**	**(4.6)**	**105.3**
Gross Inflows	9.7	4.4	(2.0)	12.1
Gross Outflows	(10.7)	(3.8)	1.0	(13.5)
Net Flows	**(1.0)**	**0.6**	**(1.0)**	**(1.4)**
Market, Investment Performance & Transfers	4.2	1.4	(0.3)	5.3
Closing FUMA	**99.3**	**15.8**	**(5.9)**	**109.2**

Table 3 presents separately the FUMA and associated movements in those services and products which support our wealth management propositions.

TABLE 3. BREAKDOWN OF FUMA AND FLOWS BY SERVICE LEVEL

31 December 2024	Opening FUMA £bn	Gross inflows £bn	Gross outflows £bn	Net flows £bn	Transfers £bn	SHL migrated assets £bn	Market & investment performance £bn	Closing FUMA £bn	Net growth (flows) %
Rathbones Investment Management	**48.8**	**5.3**	**(4.5)**	**0.8**	**–**	**1.2**	**2.1**	**52.9**	**1.7%**
Bespoke portfolios	45.0	4.7	(4.1)	0.6	(0.4)	0.8	1.8	47.8	1.4%
Managed via in-house funds	3.8	0.6	(0.4)	0.2	0.4	0.4	0.3	5.1	5.1%
Multi-asset funds	2.5	1.0	(0.8)	0.2	0.1	–	0.3	3.1	7.7%
Rathbones discretionary and managed	**51.3**	**6.3**	**(5.3)**	**1.0**	**0.1**	**1.2**	**2.4**	**56.0**	**2.0%**
Non-discretionary service	0.7	–	–	–	–	–	–	0.7	(2.9)%
IW&I	42.3	4.0	(5.0)	(1.0)	(0.3)	–	2.0	43.0	(2.5)%
Saunderson House	1.6	0.1	(0.5)	(0.4)	–	(1.2)	–	–	(26.8)%
Single-strategy funds	6.7	1.3	(1.9)	(0.6)	–	–	0.7	6.8	(8.1)%
Execution only and banking	2.7	0.4	(0.8)	(0.4)	0.2	–	0.2	2.7	(14.5)%
Total Group	**105.3**	**12.1**	**(13.5)**	**(1.4)**	**–**	**–**	**5.3**	**109.2**	**(1.3)%**

31 December 2023	Opening FUMA - proforma basis £bn	Gross inflows £bn	Gross outflows £bn	Net flows £bn	Transfers £bn	SHL migrated assets £bn	Market & investment performance £bn	Closing FUMA £bn	Net growth (flows) %
Rathbones Investment Management	44.3	4.2	(3.8)	0.4	(0.2)	2.4	1.9	48.8	0.9%
Bespoke portfolios	42.9	3.8	(3.5)	0.3	(0.9)	1.1	1.6	45.0	0.6%
Managed via in-house funds	1.4	0.4	(0.3)	0.1	0.7	1.3	0.3	3.8	10.1%
Multi-asset funds	2.2	0.9	(0.6)	0.3	–	–	–	2.5	13.8%
Rathbones discretionary and managed	46.5	5.1	(4.4)	0.7	(0.2)	2.4	1.9	51.3	1.5%
Non-discretionary service	0.7	0.1	(0.1)	–	(0.1)	–	0.1	0.7	(2.9)%
IW&I[1]	40.8	0.8	(1.1)	(0.3)	(0.1)	–	1.9	42.3	(0.8)%
Saunderson House	4.1	0.1	(0.5)	(0.4)	–	(2.4)	0.3	1.6	(9.5)%
Single-strategy funds	6.5	1.3	(1.8)	(0.5)	–	–	0.7	6.7	(8.5)%
Execution only and banking	2.4	0.3	(0.6)	(0.3)	0.4	–	0.2	2.7	(10.4)%
Total Group	101.0	7.7	(8.5)	(0.8)	–	–	5.1	105.3	(0.8)%

1. 2023 Group FUMA and flows by service level has been prepared on a proforma basis, opening FUMA has been uplifted by £40.8 billion to include IW&I FUMA acquired with effect from 30 September 2023

OPERATING INCOME

Operating income increased by £324.8 million in 2024 to £895.9 million, reflecting a full year of IW&I income in addition to the factors which have driven income growth set out below.

Recurring fee income benefited from higher average FUMA and the increasing revenue synergies resulting from the continuing migration of former Saunderson House FUMA into Rathbones investment management and asset management solutions. Transaction-based commission income was driven higher as volumes returned to expected levels during the year. In addition, there was a marked increase in trading volumes around the UK government's Autumn Budget as clients opted to crystallise capital gains ahead of an anticipated increase in the rate of capital gains tax.

Advice fees progressed relative to the prior year, albeit partly subdued by the time committed by advisors to the completion of the migration of Saunderson House clients and assets during the year. The first reductions in the UK base rate had only a marginal adverse impact on net interest income relative to the benefit of the run rate this income reached at the end of 2023 continuing into 2024.

OPERATING EXPENSES

Operating expenses of £796.3 million (2023: £513.5 million) comprise the underlying operating expenses discussed below, together with non-underlying operating expenses.

Underlying operating expenses increased by £224.3 million to £668.3 million (2023: £444.0 million), an increase of 50.5%, reflecting the impact of a full year of IW&I operating expenditure, net of the benefit of realised cost synergies relating to the IW&I combination.

Underlying staff costs increased to £464.6 million (2023: £313.6 million) reflecting inflationary pay rises which averaged 3.6% and took effect in April, other than for the IW&I business which retained its June salary review date for 2024. The increase also reflects a full year of costs in relation to 2023 recruitment. Variable remuneration increased as a result of revenue growth.

Underlying non-staff costs increased to £203.7 million (2023: £130.4 million). Inflation drove most cost lines higher relative to the prior year. Other factors relevant to the increase include the outsourcing of certain technology services to Investec Group (with a related reduction in headcount and staff costs) which was agreed under the terms of the combination with IW&I. Transaction-based costs increased in line with trading volumes. Legal & professional fees increased largely due to regulatory related activities. FSCS levy costs were suppressed in the prior year as a result of the one-off benefit of the FSCS utilising existing surpluses. Levy costs normalised in the year, increasing by £1.8 million. In addition to this, £2.0 million was incurred in IW&I (2023: £nil).

Underlying non-staff costs includes the investment in our InvestCloud Client Lifecycle Management (CLM) system which was launched into the business in June 2024. Development expenditure during the year up to the point of launch amounted to £14.7 million, bringing our total investment to £45.0 million, in line with our previous guidance.

TABLE 4. RECONCILIATION OF UNDERLYING PERFORMANCE MEASURES TO CLOSEST EQUIVALENT IFRS MEASURES

	2024 **£m (unless stated)**	2023 £m (unless stated)
Operating income	**895.9**	571.1
Underlying operating expenses	**(668.3)**	(444.0)
Underlying profit before tax[1]	**227.6**	127.1
Charges in relation to client relationships and goodwill	**(44.6)**	(25.2)
Acquisition-related and integration costs	**(83.4)**	(44.3)
Profit before tax	**99.6**	57.6
Taxation	**(34.1)**	(20.1)
Profit after tax	**65.5**	37.5
Operating margin	**11.1%**	10.1%
Underlying operating margin[2]	**25.4%**	22.3%
Weighted average number of shares in issue	**103.7**	71.3
Earnings per share (p)	**63.0p**	52.6p
Underlying earnings per share (p)[3]	**161.6p**	135.8p
Monthly average total equity	**1,363.5**	787.9
Underlying monthly average total equity[4]	**1,401.0**	798.5
ROCE[5]	**4.8%**	4.9%
Underlying ROCE[6]	**12.0%**	12.1%

1. Operating income less underlying operating expenses
2. Underlying profit before tax as a percentage of operating income
3. Underlying profit after tax divided by the weighted average number of shares in issue
4. Monthly average equity adjusted for underlying operating expenses
5. Profit after tax as a percentage of monthly average total equity
6. Underlying profit after tax as a percentage of underlying monthly average total equity

ALTERNATIVE PERFORMANCE MEASURES

Alternative Performance Measures (APMs) are a financial measure of historical or future financial performance, financial position, or cash flow, other than a financial measure under IFRS.

Charges in relation to client relationships and goodwill (note 8)
As explained in notes 1.14 and 2.1, client relationship intangible assets are recognised when the Group acquires a business or investment management contracts as a result of the recruitment of experienced investment managers who have the capability to attract significant FUMA to the Group.

These intangible assets are amortised over the expected duration of the respective client relationships. Amortisation of £44.6 million has been charged to the income statement (2023: £25.2 million). This represents a significant non-cash profit and loss item which is excluded from underlying profit in order to present an alternative measure that represents largely cash-based results of the financial reporting period. Research analysts commonly exclude these amortisation costs when comparing the performance of firms in the wealth management industry.

Acquisition-related and integration costs (note 5)
Acquisition and integration-related costs are significant non-recurring costs that arise from strategic investments and corporate transactions to grow the business rather than from the business' operating activities, and are therefore excluded from underlying results.

These costs primarily comprise professional fees directly related to the execution of the relevant transaction, certain elements of deferred consideration payable to the vendors of acquired businesses that are conditional upon their continued employment with the Group, and the non-recurring costs of integrating the acquired businesses with those of the existing Group.

During 2024, £75.5 million of integration costs (2023: £36.5 million, acquisition and integration related) have been incurred in relation to the IW&I integration. This comprised £48.3 million of integration related staff costs (2023: £6.2 million), and £27.2 million of integration costs (2023: £9.0 million), which form part of the total expected costs to deliver the integration and achieve the related synergies. Acquisition related legal and professional costs of £21.3 million were incurred in the prior year relating to the execution of the transaction. No acquisition-related legal and professional costs were recognised as non-underlying costs in 2024.

As part of the process of integrating IW&I with the existing Rathbones Group, certain leasehold properties were planned to vacate earlier than their respective lease expiry dates. During the year ended 31 December 2023, the useful economic lives of these properties' right-of-use assets and their fixtures and fittings were revised to reflect those expected dates of vacation. Consequently, in 2023, the assets' residual values were calculated and their depreciable amounts restated. As a result of the reduced useful economic lives of those assets, accelerated depreciation charges were recognised from the date of the combination to the respective dates the properties are expected to be vacated. All properties were vacated as planned over the course of 2024. This has therefore resulted in higher depreciation charges during the year ended 31 December 2024 than would have been the case had the useful economic lives of the property-related assets not reduced. With a small number of exceptions, the vacated properties have been disposed of either via sublet, assignment or early surrender, which is favourable against the original anticipated costs of achieving property integration. At 31 December 2024, the two remaining vacant leasehold properties have been reviewed for impairment to determine whether their carrying amounts are supported by their recoverable amounts, and impairment charges have been recognised as appropriate.

As a result, the Group recognised £5.6 million in relation to accelerated depreciation and impairment charges on property assets during the year. Other associated costs of vacating these properties of £3.0 million have also been recognised. These costs represent additional non-recurring costs in excess of the normal ongoing operating costs incurred in relation to the Group's properties and were recognised as non-underlying operating expenses and are therefore not included within underlying operating profit. In addition to this, a net credit to profit or loss of £4.4 million was recognised during the year in relation to the lease assignment of 8 Finsbury Circus (see note 9 for further detail) within non-underlying operating expenses. These balances form part of the total acquisition and integration costs of £75.5 million referred to above.

Deferred consideration
Deferred consideration costs are significant payments that form part of the total consideration payable under the terms of the acquisition agreement and are considered to be capital in nature, reflecting the cost to acquire the business and the transfer of its ownership. However, in accordance with IFRS 2, any deferred consideration that is payable to former shareholders of the acquired business who are required to remain in employment with the Group for a certain period must be treated as remuneration and expensed to the income statement over the period to which the employment condition applies.

£3.3 million of deferred consideration payments (2023: £3.9 million) and £4.6 million of integration costs (2023: £2.9 million) were charged to the income statement during 2024 in relation to the acquisition of Saunderson House. In 2023, £1.0 million of deferred consideration payments were charged to the income statement in relation to the acquisition of Speirs and Jeffrey, with no further charges recognised in 2024.

TAXATION
The corporation tax charge for 2024 was £34.1 million (2023: £20.1 million) (see note 6). The effective tax rate reduced to 34.2% in 2024 (2023: 34.9%). The effective tax rate reflects both an increase in the average statutory rate for the year to 25.0% (2023: 23.5%) as a result of 2024 being the first full financial year following the increase in the statutory rate to 25.0%, and the impact of disallowable legal and professional costs incurred in relation to the relocation of our London premises from Finsbury Circus to Gresham Street.

Once the integration of IW&I has been completed, the effective tax rate is expected to be 2 to 3 percentage points above the statutory rate as a result of normal levels of disallowable costs.

BASIC EARNINGS PER SHARE
Basic earnings per share for the year ended 31 December 2024 were 63.0p (2023: 52.6p). The increase in the year reflects the benefit to statutory profit after tax of the IW&I combination, with 2024 being the first full financial year of the combined business, and the benefit of the synergies delivered during the year.

On an underlying basis, basic earnings per share were 161.6p in 2024, compared to 135.8p in 2023 (see note 12). The increase in the year is similarly due to increased underlying profit after tax resulting from the IW&I combination, partially offset by the increased number of shares in issue.

RETURN ON CAPITAL EMPLOYED

The Board monitors the underlying return on capital employed (ROCE) as a key performance measure. For monitoring purposes, underlying ROCE is defined as underlying profit after tax expressed as a percentage of underlying monthly average total equity across the year.

Assessment of underlying return on capital is a key consideration for all investment decisions, particularly in relation to acquired growth.

In 2024, underlying ROCE was 12.0% (2023: 12.1%). Underlying average total equity increased by £602.5 million in 2024 compared to 2023, reflecting the full year of the higher capital base that resulted from the combination. The marginal reduction in ROCE in 2024 reflects this higher capital base that has applied throughout the year relative to the partial delivery of the overall synergy target during the year. Statutory ROCE was 4.8% in 2024 (2023: 4.9%). In addition, the average statutory rate of corporation tax increased to 25.0% in 2024 (2023: 23.5%), reducing ROCE by 0.2 percentage points.

SEGMENTAL REVIEW

The Group operates through two segments: Wealth Management and Asset Management.

TABLE 5. RECONCILIATION OF FUMA BY SERVICE LEVELS TO SEGMENTAL PRESENTATION AS AT 31 DECEMBER 2024

	Wealth Management FUMA (including intra-group holdings) £bn	Intra-group holdings[1] £bn	Wealth Management FUMA £bn	Asset Management FUMA £bn	Group FUMA £bn
Rathbones Investment Management	52.9	(5.7)	47.2	5.7	52.9
Bespoke portfolios	47.8	(0.7)	47.1	0.7	47.8
Managed via in-house funds	5.1	(5.0)	0.1	5.0	5.1
Multi-asset funds	–	–	–	3.1	3.1
Rathbones discretionary and managed	**52.9**	**(5.7)**	**47.2**	**8.8**	**56.0**
Non-discretionary service	0.7	–	0.7	–	0.7
IW&I	43.0	(0.2)	42.8	0.2	43.0
Saunderson House	–	–	–	–	–
Single-strategy funds	–	–	–	6.8	6.8
Execution only and banking	2.7	–	2.7	–	2.7
Total Group	**99.3**	**(5.9)**	**93.4**	**15.8**	**109.2**

1. Intra-group holdings represent in-house funds of the Asset Management segment held within investment management portfolios managed by the Wealth Management segment.

WEALTH MANAGEMENT

The results of the Wealth Management segment described below include the trading results of Rathbones Investment Management, Rathbones Trust Company, Vision Independent Financial Planning, Saunderson House and IW&I.

Wealth Management income is largely driven by income margins earned from FUMA. Income margins are expressed as a basis point return, which depends on a mix of tiered annual fee rates and commissions charged for transactions undertaken on behalf of clients.

FUNDS UNDER MANAGEMENT AND ADMINISTRATION

Year-on-year changes in the key performance indicators for Wealth Management are shown in table 6. Total Wealth Management FUMA including intra-group holdings increased by 3.3% to £99.3 billion as at 31 December 2024, predominately driven by positive market movements.

TABLE 6. WEALTH MANAGEMENT – KEY PERFORMANCE INDICATORS

	2024	2023
FUMA at 31 December[1]	**£99.3bn**	£96.1bn
Rate of total net growth (net flows) in Wealth Management funds under management and administration[2]	**(1.1)%**	0.3%
Average net operating basis point income margin[3]	**67.5**	66.7
Number of Investment Management clients	**114,700**	114,200
Number of investment managers	**678**	681

1. FUMA disclosed on a gross basis (Inclusive of intra-group FUMA). Previously this table was presented on the basis of net FUMA in the Annual Report & Accounts
2. See table 7 (percentages calculated on unrounded figures)
3. Income margin based on fee and commission income. See table 11

TABLE 7. WEALTH MANAGEMENT – FUNDS UNDER MANAGEMENT AND ADMINISTRATION

Year ended 31 December	**2024 £bn**	2023 £bn
As at 1 January[1]	**96.1**	51.5
Inflows	**9.7**	46.3
— organic[2]	**9.7**	5.5
— acquired[3]	**–**	40.8
Outflows and transfers	**(10.7)**	(6.1)
Market movement & investment performance	**4.2**	4.4
Total Group	**99.3**	96.1
Rate of total net growth[4]	**(1.1)%**	0.3%

1. Current and prior year FUMA disclosed on a gross basis (Inclusive of intra-group FUMA). Previously this table was presented on the basis of net FUMA in the Annual Report & Accounts
2. Value at the date of transfer in/(out)
3. £40.8 billion IW&I FUMA acquired with effect from 30 September 2023
4. 2023 net new business and acquired inflows as a percentage of opening funds under management and administration excludes SHL and IW&I post-acquisition flows

Table 7 reconciles the movement in FUMA during the year. Strong organic gross inflows for the year of £9.7 billion, 10.1% of opening FUMA, demonstrate the continued ability to generate new business. This was achieved across the Wealth Management segment despite IW&I Investment Managers dedicating significant time to integration related activities, including the client consent process, during the year.

Table 8 (overleaf) provides an analysis of FUMA and new business by channel and service level. Bespoke portfolios, whilst delivering strong gross inflows, continued to experience elevated outflows, predominantly reflecting the ongoing economic environment of higher interest rates and a higher cost of living, resulting in partial withdrawals from portfolios. There was also increased activity around the time of the UK Autumn Budget. IW&I outflows include those linked to Investment Managers who left the business prior to the announcement of the combination. Investment Manager turnover has since remained low. These outflows have continued to decline over the course of the year, with the final quarter of 2024 seeing the lowest level of such outflows in the year.

Bespoke portfolios within the advisor linked channel saw net inflows of £0.6 billion (2023: £0.4 billion). Clients utilising the services of Rathbones Financial Planning or Saunderson House continued to see growth during 2024 with combined net flows of £0.3 billion. Within the IW&I line there was £0.2 billion of net flows in respect of clients using an IW&I Financial Planner. The expansion of the IFA network within Vision Independent Financial Planning to 142 IFAs also benefited the Group, with gross inflows of £0.4 billion (2023: £0.3 billion). At the year-end, advisor firms of the Vision Independent Financial Planning network were advising on client assets of £4.0 billion (2023: £3.3 billion).

The migration of former Saunderson House FUMA was completed on 31 July 2024. Gross outflows for the year include £245 million relating to clients who did not complete the migration consent process. £4.4 billion of former Saunderson House FUMA is included within Group FUMA at 31 December 2024.

Switches into execution-only services largely reflect the transfer of clients' funds into probate accounts following their death (£0.2 billion).

TABLE 8. WEALTH MANAGEMENT – NEW BUSINESS BY CHANNEL

	2024 Gross opening FUMA £bn	Gross inflows £bn	Gross outflows £bn	Net flows £bn	Transfers £bn	SHL migrated FUMA £bn	Market movement & performanc e £bn	2024 Gross closing FUMA £bn	2024 Intra-group holdings1 £bn	2024 Net closing FUMA £bn	2023 Net FUMA £bn
Bespoke portfolios	33.0	3.1	(3.0)	0.1	(0.6)	–	1.5	34.0	–	–	–
Managed via in-house funds	1.4	0.2	(0.2)	–	0.4	–	0.1	1.9	–	–	–
Total direct	**34.4**	**3.3**	**(3.2)**	**0.1**	**(0.2)**	**–**	**1.6**	**35.9**	**–**	**–**	**–**
Bespoke portfolios	12.0	1.6	(1.0)	0.6	0.2	0.9	0.1	13.8	–	–	–
Managed via in-house funds	2.4	0.3	(0.2)	0.1	0.1	0.4	0.2	3.2	–	–	–
Total financial advisor linked	**14.4**	**1.9**	**(1.2)**	**0.7**	**0.3**	**1.3**	**0.3**	**17.0**	**–**	**–**	**–**
Total discretionary and managed	**48.8**	**5.2**	**(4.4)**	**0.8**	**0.1**	**1.3**	**1.9**	**52.9**	**(5.7)**	**47.2**	**44.5**
Execution only and banking	2.7	0.4	(0.8)	(0.4)	0.2	–	0.2	2.7	–	2.7	2.7
Non-discretionary service	0.7	–	–	–	–	–	–	0.7	–	0.7	0.7
Saunderson House	1.6	0.1	(0.5)	(0.4)	–	(1.3)	0.1	–	–	–	1.3
IW&I	42.3	4.0	(5.0)	(1.0)	(0.3)	–	2.0	43.0	(0.2)	42.8	42.3
Total Wealth Management	**96.1**	**9.7**	**(10.7)**	**(1.0)**	**–**	**–**	**4.2**	**99.3**	**(5.9)**	**93.4**	**91.5**

1. Holdings of the Group's in-house funds in Investment Management client portfolios and in-house funds for which the management of the assets is undertaken by Investment Management teams; the corresponding FUMA is reported within Funds

FINANCIAL PERFORMANCE

Underlying profit before tax for the Wealth Management segment increased by 91.8% in the year to £202.2 million. This represents an underlying operating margin of 24.8% (2023: 20.9%. This result reflects a full year of the contribution of the IW&I business (2023 included one quarter of contribution) and is net of the investment in the InvestCloud Client Lifecycle Management (CLM) system, which forms a key part of our digital strategy. Operating expenses for the year include £14.7 million in relation to the CLM system, forming part of our overall multi-year spend on this project of £45 million which we have communicated previously.

Net investment management fee income increased by £225.0 million (64.3%) in 2024. This increase reflects higher levels of FUMA during the year, driven by market growth, and the benefit of the migration of former Saunderson House FUMA into Rathbones investment solutions.

Net commission income increased by 71.3% to £91.8 million (2023: £53.6 million). Transaction volumes returned to normal levels during the year and also saw specific increases in activity around the time of the UK Government's budget in October as clients sought to crystallise capital gains ahead of expected increases in the rate of capital gains tax.

TABLE 9. WEALTH MANAGEMENT – FINANCIAL PERFORMANCE

	2024 £m	2023 £m
Net investment management fee income[1]	**575.1**	350.1
Net commission income	**91.8**	53.6
Net interest income	**62.3**	49.9
Fees from advisory services[2]	**54.5**	40.5
Other income	**30.5**	9.8
Operating income	**814.2**	503.9
Underlying operating expenses[3 4]	**(612.0)**	(398.5)
Underlying profit before tax	**202.2**	105.4
Underlying operating margin[5]	**24.8%**	20.9%

1. Net investment management fee income is stated after deducting fees and commission expenses paid to introducers
2. Fees from advisory services includes income from trust, tax and financial planning services (including Vision and Saunderson House)
3. See table 12
4. Included within underlying operating expenses are £14.7 million of costs relating to the Group's digital strategy
5. Underlying profit before tax as a percentage of operating income. Excluding £14.7 million of expenditure on our digital strategy in the year, the underlying operating margin was 26.6%

Net interest income increased steadily over the course of the prior year as interest rates rose. The benefit of the higher level of this income at the end of 2023 was carried into 2024 and mostly maintained throughout the year. The overall level of this income illustrates the continuing benefit of our banking permissions.

Fees from advisory services increased by 34.6% to £54.5 million due to continued growth in the advice proposition. Other income increased by 211.2% to £30.5 million, driven by the inclusion of £26.5 million net interest income generated from client money deposits within IW&I.

Underlying operating expenses were £612.0 million for the year (see table 12), an increase of 53.6% on the prior year. In addition to 2024 including a full year of IW&I costs, costs were driven higher by the effect of inflationary salary increases and recruitment in the prior year, in respect of which a full year has been incurred in 2024. Variable staff costs increased as a result of higher income levels.

TABLE 10. WEALTH MANAGEMENT – AVERAGE FUNDS UNDER MANAGEMENT AND ADMINISTRATION (excluding IW&I)

	2024 £bn	2023 £bn
Valuation dates for billing		
— 5 April	50.2	45.7
— 30 June	50.5	45.4
— 30 September	50.5	45.4
— 31 December	50.7	48.0
Quarterly average[1]	50.5	46.1
Average MSCI level[2]	1,894	1,721

1. Quarterly average FUMA excluding Saunderson House and IW&I
2. MSCI PIMFA Balanced Index is considered to be a reasonable external comparison to Rathbones'portfolios. Based on the corresponding valuation dates for billing

IW&I AVERAGE FUNDS UNDER MANAGEMENT AND ADMINISTRATION	2024 £bn	2023 £bn
Valuation dates for billing		
— 28 Feb	41.9	–
— 31 May	42.9	–
— 31 August	43.2	–
— 30 November[1]	43.6	40.7
Quarterly average	42.9	–
Average MSCI level[2]	1,887	1,700

1. IW&I billing aligned to Rathbones quarterly billing cycle from December 2024
2. MSCI PIMFA Balanced Index is considered to be a reasonable external comparison to IW&I's portfolios. Based on the corresponding valuation dates for billing

TABLE 11. WEALTH MANAGEMENT – REVENUE MARGIN

	2024 bps	2023 bps
Basis point return[1] from:		
— fee income	58.5	57.9
— commission	9.0	8.8
Basis point return on FUMA	67.5	66.7

1. Fee or commission income, divided by the average gross funds under management and administration on the quarterly billing dates (see table 10)

The method for calculating basis point return on funds under management and administration for the Wealth Management segment has been revised in order to reflect the gross FUMA of the segment from which the segment generates income. This approach aligns with the approach applied to the Asset Management segment. The calculation was previously based on FUMA net of Group's eliminations.

TABLE 12. WEALTH MANAGEMENT – UNDERLYING OPERATING EXPENSES

	2024 £m	2023 £m
Staff costs[1]		
— fixed	233.9	147.2
— variable	129.5	78.2
Total staff costs	363.4	225.4
Other operating expenses	248.6	173.1
Underlying operating expenses	612.0	398.5
Underlying cost/income ratio[2]	75.2%	79.1%

1. Represents the costs of investment managers and teams directly involved in client-facing activities
2. Underlying operating expenses as a percentage of operating income (see table 9)

ASSET MANAGEMENT

The financial performance of the Asset Management segment is principally driven by the value of funds under management (FUM). Year-on-year changes in the key performance indicators for Asset Management are shown in table 13.

FUNDS UNDER MANAGEMENT

Following the challenging trading conditions in 2023, 2024 continued to be a tough environment for the industry. The year saw significant net redemptions across the asset management industry (Investment Association (IA) data, December 2024). Industry-wide funds under management grew to £1.5 trillion at the end of December 2024 driven by market returns (2023: £1.4 trillion).

Gross inflows in Rathbones Asset Management fell 4% from £4.6 billion to £4.4 billion in 2024, as Saunderson House assets migrating into Rathbones funds, which made a significant contribution to 2023 inflows and was materially completed in the first half of 2024, delivered a smaller in-year boost than in 2023. Underlying gross inflows, excluding Saunderson House migration, were therefore stronger than 2023. Continued investor concerns over inflation, interest rates and equity market valuations have driven cautious investor sentiment. Despite these macroeconomic impacts on investor confidence, our range of funds, well balanced between multi-asset and single-strategy, has helped serve our clients' changing needs and provided some shelter from the market volatility for our overall FUM. The diverse nature of our multi-asset investment mix, and its obvious continuing appeal to clients in these challenging times, has ensured that positive net flows have continued into these funds, partially offsetting the outflows experienced in the single-strategy funds.

Consistent with the Wealth Management segment, we have seen continued higher levels of investors withdrawing funds in response to the wider economic environment. These factors have led to a continuation of the elevated gross outflows experienced in 2023. Strong gross inflows, leading to positive net flows in Multi-asset funds and favourable investment performance offsetting net outflows in single strategy funds, ensured total FUM grew to a record high of £15.8 billion at the end of 2024, an increase of 14% during the year (see table 15).

TABLE 13. ASSET MANAGEMENT – KEY PERFORMANCE INDICATORS

	2024	2023
FUM at 31 December[1]	£15.8bn	£13.8bn
Rate of net growth in Asset Management FUM[1]	4.3%	13.7%
Underlying profit before tax[2]	£25.4m	£21.7m

1. See table 15
2. See table 17

TABLE 14. ASSET MANAGEMENT – FUNDS UNDER MANAGEMENT BY PRODUCT

	2024 £bn	2023 £bn
Rathbone Multi-Asset Portfolios	6.9	5.3
Rathbone Global Opportunities Fund	4.1	3.6
Rathbone Ethical Bond Fund	2.0	2.2
Offshore funds	0.7	0.6
Rathbone Income Fund	0.6	0.7
Greenbank Multi-Asset Portfolios	0.5	0.4
Rathbone Active Income Fund for Charities	0.2	0.2
Rathbone Core Investment Fund for Charities	0.2	0.2
Rathbone High Quality Bond Fund	0.1	0.2
Rathbone Greenbank Global Sustainability Fund	0.1	0.1
Rathbone Strategic Bond Fund	0.1	0.1
Other funds	0.3	0.2
	15.8	13.8

Volatility managed funds (multi-asset portfolios) dropped, according to December IA data, from being the number one selling sector class but continued to draw strong inflows to December 2024, with £4.0 billion of net sales across the sector, and this trend was mirrored in Rathbones, which accounted for approximately 30.0% of the industry total, with net sales totalling £1.2 billion in the year.

The Group's largest single-strategy fund, Rathbone Global Opportunities Fund, saw a net £0.2 billion outflow over the course of the year, an improvement of 33.0% compared to 2023 outflows (£0.3 billion), as consumer confidence in global equity markets begins to bounce back. This was underscored by a strong market performance for the fund, driving an overall growth in the year of £0.5 billion.

The Global Opportunities fund maintained its excellent industry long-term performance record in the year by maintaining a first quartile position for performance measured over five years, which is a key factor in investors' decision-making.

Rathbone Ethical Bond Fund had net redemptions of £0.2 billion in the year, at a similar level to 2023 (2023: £0.2 billion), as some consumer demand shifted towards funds with passive management styles.

During the year, the total number of investment professionals running the funds increased by three to 26 at 31 December 2024 (2023: 23).

TABLE 15. ASSET MANAGEMENT – FUNDS UNDER MANAGEMENT

Year ended 31 December	2024 £bn	2023 £bn
As at 1 January	**13.8**	11.0
Net inflows	**0.6**	1.5
— inflows[1]	**4.4**	4.6
— outflows[1]	**(3.8)**	(3.1)
Market movement & investment performance[3]	**1.4**	1.3
As at 31 December	**15.8**	13.8
Rate of net growth[4]	**4.3%**	13.7%

1. Valued at the date of transfer in or out
2. Bespoke funds transferred out during 2023 post the switch of Authorised Corporate Director ('ACD') from Rathbones Asset Management Limited to Evelyn Partners, an independent ACD
3. Impact of market movements and relative performance
4. Net inflows as a percentage of opening FUM

TABLE 16. ASSET MANAGEMENT – PERFORMANCE[1, 2, 4]

2024/(2023) Quartile ranking[3] over	1 year	3 years	5 years
Rathbone Ethical Bond Fund	1 (1)	2 (2)	2 (1)
Rathbone Global Opportunities Fund	2 (1)	3 (3)	1 (1)
Rathbone Income Fund	4 (3)	3 (2)	3 (2)
Rathbone Strategic Bond Fund	2 (1)	3 (3)	3 (3)
Rathbone UK Opportunities Fund	3 (1)	4 (4)	4 (4)

1. Quartile ranking data is sourced from FE Trustnet
2. Excludes multi-asset funds (for which quartile rankings are prohibited by the Investment Association (IA)), High Quality Bond Fund, which has no relevant peer group against which to measure quartile performance, non-publicly marketed funds and segregated mandates
3. Ranking of institutional share classes at 31 December 2024 and 2023 against other funds in the same IA sector, based on total return performance, net of fees (consistent with investment performance information reported in the funds' monthly factsheets)
4. Funds included in the above table account for 43% of the total FUM of the fund's business

FINANCIAL PERFORMANCE

Income of the Asset Management segment is primarily derived from annual management charges, which are calculated on a daily basis on the value of FUM of each fund, net of rebates payable to intermediaries.

Net annual management charges increased to £79.4 million in 2024, reflecting the rise in average FUM. Net annual management charges as a percentage of average FUM fell by 0.7 bps to 53.2 bps (2023: 53.9 bps), as the multi-asset funds, which have a lower annual management charge than single strategy funds, continued to grow their proportion of total funds under management.

Underlying operating expenses detailed in table 18 increased by £10.8 million to £56.3 million (2023: £45.5 million). Fixed staff costs of £7.9 million for the year ended 31 December 2024 were £0.8 million higher than 2023. This reflects general inflationary rises as well as the impacts of staffing changes in the period.

Variable staff costs of £20.5 million were 53.0% higher than 2023. These costs relate to deferred awards which are spread over multiple years; the current year cost does not therefore solely reflect performance in the current year.

Other operating expenses have increased by 11.6% to £27.9 million in 2024. A large part of this cost increase, apart from the inflationary indexing on third-party supplier contracts, relates to the direct impacts on variable costs of the growth in revenues and scaling of the business. For example, administration costs which are directly tied to FUM increased by £0.7 million in the year to £6.8 million. We continue to make enhancements to our Charles River Investment Management Solution, which provides a strong platform from which we can serve our clients and further grow the business. This expenditure forms part of our ongoing technology development and change process.

TABLE 17. ASSET MANAGEMENT – FINANCIAL PERFORMANCE

	2024 £m	2023 £m
Net annual management charges	**79.4**	64.7
Interest and other income	**2.3**	2.5
Operating income	**81.7**	67.2
Underlying operating expenses[1]	**(56.3)**	(45.5)
Underlying profit before tax	**25.4**	21.7
Operating % margin[2]	**31.1%**	32.3%

1. See table 18
2. Underlying profit before tax divided by operating income

TABLE 18. ASSET MANAGEMENT – UNDERLYING OPERATING EXPENSES

	2024 £m	2023 £m
Staff costs		
— Fixed	**7.9**	7.1
— Variable	**20.5**	13.4
Total staff costs	**28.4**	20.5
Other operating expenses	**27.9**	25.0
Underlying operating expenses	**56.3**	45.5
Underlying cost/income ratio[1]	**68.9%**	67.7%

1. Underlying operating expenses as a percentage of operating income (see table 17)

FINANCIAL POSITION

SUMMARY OF FINANCIAL POSITIONS

As a banking Group, Rathbones is required to operate in accordance with the requirements relating to capital resources and banking exposures prescribed by the Capital Requirements Regulation, as applied in the UK by the Prudential Regulation Authority (PRA). The Group is required to ensure it maintains adequate capital resources to meet its combined Pillar 1 and Pillar 2 requirements.

TABLE 19. GROUP'S FINANCIAL POSITION

	2024 £m (unless stated)	2023 £m (unless stated)
Own funds1		
— Common Equity Tier 1 ratio[2]	**19.0%**	17.8%
— Total own funds ratio[3]	**20.6%**	19.4%
— Total retained earnings	**279.8**	263.7
— Tier 2 subordinated loan notes[4]	**39.9**	39.9
— Total risk exposure amount	**2,521.9**	2,425.6
— Leverage ratio[5]	**21.1%**	18.7%
Other resources:		
— Total assets	**4,290.1**	4,224.4
— Treasury assets[6]	**2,737.4**	2,601.0
— Investment Management loan book[7]	**76.0**	101.7
— Intangible assets from acquired growth[8]	**468.5**	502.7
— Tangible assets and software[9]	**62.5**	30.9
Liabilities:		
— Due to customers[10]	**2,352.1**	2,253.3
— Net defined benefit pension asset	**0.5**	7.0

1. Stated inclusive of the retained profit for the year ended 31 December 2024 which became verified profit on 25 February 2025, but prior to taking into account the proposed final dividend relating to 2024.
2. Common Equity Tier 1 capital as a proportion of total risk exposure amount
3. Total own funds (see table 20) as a proportion of total risk exposure amount
4. Represents the carrying value of the Tier 2 loan notes
5. Tier 1 capital as a percentage of total assets, excluding intangible assets, plus certain off-balance-sheet exposures
6. Balances with central banks, loans and advances to banks and investment securities
7. See note 16 to the financial statements
8. Net book value of acquired client relationships and goodwill (note 8)
9. Net book value of property, plant and equipment and computer software (note 8)
10. Total amounts of cash in client portfolios held by Rathbones Investment Management as a bank

The Group's Pillar 3 disclosures are published annually on our website (rathbones.com/investor-relations/results-and-presentations) and provide further details about regulatory capital resources and requirements. The Group's key financial positions are set out in table 19.

The Group's CET1 and total capital ratios increased year on year despite a higher Pillar 1 requirement (see table 21). The larger requirement was countered by the increased own funds resources (see table 20) which benefited from a reduction in the deduction attributable to the defined benefit pension schemes following the completion of the buy-in during 2024.

The leverage ratio was 21.1% at 31 December 2024, up from 18.7% at 31 December 2023. The leverage ratio represents our Tier 1 capital (own funds) as a percentage of the Group's total assets (i.e the 'exposure measure'), excluding central bank exposure and intangible assets. Whilst total assets and Tier 1 capital increased in the year due to the IW&I combination, assets excluded from the exposure measure (central bank exposure and regulatory deductions) represented a lower proportion of the balance sheet. This resulted in an uplift to the leverage ratio.

At 31 December 2024, neither Rathbones Investment Management Limited nor the Rathbones Group were subject to a minimum leverage ratio requirement.

CAPITAL MANAGEMENT

The Group continues to maintain a robust capital base, with a surplus of capital above the regulatory minimum of £207.2 million at 31 December 2024 (including retained profit for the year ended 31 December 2024 which became verified profit on 25 February 2025 but prior to reflecting the proposed final dividend relating to 2024) which supports strategic investment, the ongoing integration of the IW&I business and our progressive dividend policy.

As set out in the outlook and guidance section above, we will review our capital allocation policy, including an evaluation of our capacity for surplus returns, following the migration of IW&I onto a single operating platform later this year.

CAPITAL RESOURCES

31 December 2024, the Group's regulatory own funds (including retained profit for the year ended 31 December 2024 which became verified profit on 25 February 2025) were £520.2 million (2023: £471.4million). This figure is prior to taking into account the proposed final dividend relating to 2024. Own funds consisted of both Common Equity Tier 1 and Tier 2 capital (see table 20).

TABLE 20. GROUP'S REGULATORY OWN FUNDS1

	2024 £m	2023 £m
Share capital and share premium	**323.3**	317.7
Reserves	**1,104.2**	1,088.1
Less:		
Own shares	**(68.1)**	(55.6)
Intangible assets[2]	**(878.7)**	(911.8)
Retirement benefit asset[3]	**(0.5)**	(7.0)
Common Equity Tier 1 own funds	**480.2**	431.4
Tier 2 own funds	**40.0**	40.0
Total own funds	**520.2**	471.4

1. Net book value of goodwill, client relationship intangible assets and software is deducted directly from own funds, less any related deferred tax
2. The retirement benefit asset is deducted directly from own funds

The Tier 2 eligible own funds equate to £40.0 million of ten-year subordinated loan notes, which were issued in October 2021 and have a carrying value of £39.9 million. The notes introduced a small amount of gearing into our balance sheet as a way of financing future growth in a cost-effective and capital-efficient manner. They are repayable in October 2031, with a call option for the issuer annually from 2026. Interest is payable at a fixed rate of 5.6% per annum until the first option call date, and at a rate of 4.9% over Compound Daily SONIA thereafter.

When taking the capital requirement into account, the resulting capital surplus at the end of 2024 of £207.2 million represents an increase of £72.7 million relative to the surplus of £134.5 million as at 31 December 2023.

CAPITAL REQUIREMENT

The Group's own funds requirement (see table 21) is the combined total of both the Group's Pillar 1 and Pillar 2 requirement. The Pillar 2 requirement consists of both the Pillar 2A, set by the PRA, and the combined regulatory buffer requirement.

TABLE 21. GROUP'S OWN FUNDS REQUIREMENTS

	2024 £m	2023 £m
Credit risk requirement	**75.2**	72.3
Market risk requirement	**–**	–
Operational risk requirement	**126.6**	121.7
Pillar 1 own funds requirement	**201.8**	194.0
Pillar 2A own funds requirement	**0.6**	39.4
Total Capital Requirement (TCR)	**202.4**	233.4
Combined buffer:		
Capital Conservation Buffer (CCB)	**63.0**	60.6
Countercyclical Capital Buffer (CCyB)	**47.6**	42.9
Total Capital Requirement (TCR) and Combined buffer	**313.0**	336.9

PILLAR 1 OWN FUNDS REQUIREMENT

Pillar 1 determines a total risk exposure amount (also known as 'risk-weighted assets') for the Group, taking into account expected losses in respect of the Group's exposure to credit, counterparty credit, market and operational risks. The combined exposure amount equates to the minimum requirement for the amount of capital the Group must hold.

The increase in credit risk to £75.2 million in 2024 was due to a revised allocation of the Group's treasury assets along with the consequences of including IW&I exposures.

At 31 December 2024, the Group's total risk exposure amount was £2,521.9 million (2023: £2,425.6 million). The increase was driven principally by the inclusion of IW&I exposures and following increased investment in treasury assets.

PILLAR 2A OWN FUNDS REQUIREMENT

The Pillar 2 requirement supplements the Pillar 1 minimum requirement with firm-specific Pillar 2A requirements and a framework of regulatory capital buffers.

The Pillar 2A own funds requirement is set by the PRA as part of its supervisory review process and the calculation of it remains confidential to the PRA. The requirement reflects those risks that are specific to the firm that are not fully captured under the Pillar 1 own funds requirement. The Group-specific risks that are reflected in the Pillar 2A requirement are set out overleaf:

INTEREST RATE RISK IN THE BANKING BOOK

The Group operates on a non-trading book basis, whereby all assets held are with the intent of holding to maturity. Assets are not actively traded in secondary markets for speculative purposes. The resulting interest rate risk represents losses that could arise for a 2% parallel shift in the Bank of England base rate. The exposure would measure the time to reprice interest bearing assets and liabilities.

CONCENTRATION RISK

Greater potential exposure as a result of the concentration of borrowers located in the UK relative to other overseas jurisdictions.

Further to the completion of the buy-in of the defined benefit pension scheme in 2024, the Pillar 2A risk attributable to the scheme was reviewed by the PRA as part of its supervisory review process and reduced to reflect the transfer of risk. This is reflected in the decreased requirement set out in table 21.

COMBINED BUFFER REQUIREMENT

The Group is also required to maintain two regulatory capital buffers, both of which must be met with CET1 capital.

The capital conservation buffer (CCB) is a general buffer, designed to provide for losses in the event of a stress, and is set by the PRA. The CCB is set at 2.5% of the Group's total risk exposure amount as at 31 December 2024.

The countercyclical capital buffer (CCyB) reflects the credit conditions and overall health of the financial system in a particular jurisdiction. The firm specific CCyB reflects the weighted average of rates for relevant credit exposures. For relevant UK credit risk exposures, the percentage rate that applies is set by the Financial Policy Committee (FPC). For other jurisdictions where the Group has exposures, the percentage rate applicable to each jurisdiction is applied and set by their respective prudential policy makers.

The percentage buffer rate for UK exposures is currently 2.0%. The Group has relevant credit exposures in other jurisdictions where a different rate applies, resulting in a weighted rate of 1.9% as at 31 December 2024.

CAPITAL AND LIQUIDITY MONITORING

As required under PRA rules, we perform an Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) annually for the consolidated Group. Both processes include performing a range of stress tests to determine the appropriate level of regulatory capital and liquidity that the Group should hold above the regulatory minimum.

In addition, we monitor a wide range of capital and liquidity ratio statistics on a daily and monthly basis. Surplus capital levels are forecast monthly, taking account of anticipated dividend and investment requirements, to ensure that appropriate buffers are maintained. Investment of proprietary funds is controlled by our Group treasury department.

We routinely horizon scan across the regulatory landscape to ensure we maintain our compliance with future changes in prudential requirements. Our preparations for the incoming Basel 3.1 regime and the accompanying Small Domestic Deposit Takers (SDDT) regime are progressing and are a key focus for the Group.

TOTAL ASSETS

Total assets at 31 December 2024 were £4.3 billion (2023: £4.2 billion), of which £2.4 billion (2023: £2.3 billion) represents the cash element of client portfolios that is held as a banking deposit.

RIM TREASURY ASSETS

As a licensed deposit taker, Rathbones Investment Management Limited holds the Group's surplus liquidity on its balance sheet together with clients' cash. Cash in client portfolios held on a banking basis of £2.4 billion (2023: £2.3 billion) represented 3.2% of total Investment Management funds under management and administration at 31 December 2024, compared to 4.7% at the end of 2023. Cash held in client money accounts was £27.6 million (2023: £8.4 million), this increase is due to a higher proportion of client settlements transactions outstanding in the market over year end. These balances are held off balance sheet in accordance with Client Money Rules of the FCA.

The value of treasury assets held with the Bank of England increased to £1.2 billion (2023: £1.0 billion), as did investment in marketable securities which increased in accordance with our treasury policy and risk appetite.

The Group treasury department of Rathbones Investment Management, reporting through the banking committee to the Board, operates in accordance with procedures set out in a Board-approved treasury manual and monitors exposure to market, credit and liquidity risk as described in note 11 to the financial statements. It invests in certain securities issued by a diversified range of highly-rated counterparties. These counterparties must be single 'A-' rated or higher by Fitch at the time of investment and are regularly reviewed by the banking committee.

IW&I TREASURY ASSETS

The manner in which Investec Wealth & Investment Limited (a wholly owned subsidiary of Rathbones Group Plc) holds its surplus client money is governed by the CASS rules. In this regard these monies are off-balance sheet and held in trust on behalf of clients.

The IW&I Cash & Credit Management Committee (CCMC) is mandated by the Operations Committee to consider, approve, and keep under review, the suitability of financial institutions for the placement of firm's and clients' cash deposits in accordance with the CASS rules on client money and assets. Approved institutions are subject to the IW&I Credit Policy and annual due diligence which is undertaken in accordance with the CASS rules. Total Client Money held was £1.3 billion as at 31 December 2024 (2023: £1.3 billion) representing 3.0% of Investment Management funds under management at 31 December 2024 compared to 3.1% at the end of 2023.

Investec Wealth & Investment Limited also hold Firm's money, which is on balance sheet, also subject to the IW&I Firm's Credit Policy Statement and overseen by the CCMC. Total Firms Money held was £155.6 million as at the 31 December 2024 (2023: £161.9 million).

The treasury department of Investec Wealth & Investment Limited is responsible for the cash management of both the Client and Firm's money, reporting to the CCMC and operating in accordance with the Treasury Mandate. The treasury department monitors diversification and liquidity on a daily basis. Approved Institutions, other than Group companies, must have a minimum of S&P Short Term rating of A-2, a S&P Long Term Rating of BBB+ and are reviewed quarterly by the CCMC.

IW&I CLIENT MIGRATION

On migration, IW&I client deposits held on a CASS basis and off-balance sheet will transfer to RIM. These deposits will be held on a banking basis on-balance sheet and managed by the Group treasury department and in line with existing Board-approved limits, as set out in the treasury manual.

LOANS TO CLIENTS

Loans are provided as a service to Wealth Management clients who have short to medium term cash requirements. Such loans are normally made on a fully secured basis against portfolios held in our nominee, with a requirement that the value of the loan is covered two times by the value of the secured portfolio. Loans are usually advanced for five years. In addition, charges may be taken on property held by the client to meet security cover requirements.

Our ability to provide such loans is a valuable additional service to clients who require short to medium term finance, typically for bridging finance when buying and selling their homes.

Loans advanced to clients decreased to £76.0 million at end of 2024 (2023: £101.7 million). As borrowing costs increased, we saw lower demand for new loans as clients looked to reduce outstanding debt and finance their cash requirements from other means, including drawing down from investment portfolios, leading to higher outflows of funds under management and administration.

INTANGIBLE ASSETS

Intangible assets arise principally from business combinations and are categorised as goodwill and client relationships. Intangible assets reported on the balance sheet also include purchased and developed software.

At 31 December 2024, the total carrying value of goodwill and client relationship intangible assets was £973.4 million (2023: £1,010.5 million). During the year, client relationship intangible assets of £11.6 million were capitalised (2023: £352.9 million). A total of £2.4 million of client relationship intangible assets were disposed of in the year

Client relationship intangible assets are amortised over the estimated life of the client relationship, which is generally a period between 10 and 15 years. The total amortisation charge for client relationships in 2024, including the impact of any lost relationships, was £42.2 million (2023: £22.4 million), the increase in the year is predominately due to a full year of amortisation for the IW&I client relationship intangible asset.

CAPITAL EXPENDITURE

Capital expenditure during 2024 amounted to £48.7 million (2023: £4.5 million).

The increase in capital expenditure is driven by property spend, which has increased by £44.0 million year on year due to implementation of the property strategy for the enlarged Group as a result of the IW&I combination.

DEFINED BENEFIT PENSION SCHEMES

We operate two defined benefit pension schemes. With effect from 30 June 2017, we closed both schemes, ceasing all future benefit accrual and breaking the link to salary.

At 31 December 2024 the combined schemes' liabilities, measured on an accounting basis, had decreased to £87.9 million, down 13.1% from £101.1 million at the end of 2023. This decrease primarily reflected an increase in discount rates at the end of the year.

A bulk annuity policy buy-in of the of the Group's retirement benefits was completed during the year for both schemes, fully securing all of their liabilities. The buy-in was funded by the assets of the schemes, together with a contribution of £3.7 million from the Group. An asset for the bulk annuity policy was subsequently recognised at a fair value equivalent to the liabilities secured. The reported position of the schemes as at 31 December 2024 was a surplus of £0.5 million (2023: surplus of £7.0 million) with the decrease predominantly due to the cost of the bulk annuity policy being greater than the balance sheet liability of the benefits secured.

LIQUIDITY AND CASH FLOW

As a bank, we are subject to the PRA's ILAAP regime, which requires us to hold a suitable liquid assets buffer to ensure that short-term liquidity requirements can be met under certain stressed scenarios. Liquidity risks are actively managed on a daily basis and depend on operational and investment transaction activity.

Cash and balances at central banks amounted to £1.2 billion at 31 December 2024 (2023: £1.0 billion). We continue to hold a substantial portion of the Group's overall liquidity with central banks. We continue to hold a substantial portion of the Group's overall liquidity with central banks. The increase during the year is in line with the growth in client deposits.

Cash and cash equivalents, as defined by accounting standards, includes cash, money market funds and banking deposits, which had an original maturity of less than three months (see note 11 to the financial statements). Consequently, cash flows, as reported in the financial statements, include the impact of capital flows in treasury assets.

Net cash inflows from operating activities in the year largely reflect a £90.2 million increase in banking client deposits (2023: £251.5 million decrease) and a £147.6 million increase in interest received (2023: £111.9 million). Loans and advances to banks and customers decreased by £21.8 million in the year, (2023: £87.4 million) due to the repayment of portfolio lending which is attributed in part to the higher cost of debt.

TABLE 22. EXTRACTS FROM THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2024 **£m**	2023 £m
Cash and cash equivalents at the end of the year	**1,459.2**	1,302.9
Net cash inflows from operating activities	**293.6**	(89.4)
Net change in cash and cash equivalents	**156.3**	(269.8)

Cash used in investing activities included a net inflow of £18.6 million from the purchase of certificates of deposit (2023: net outflow of £241.8 million), as we maintained our proportion of treasury assets held in marketable instruments for the prior year. All investment decisions were made under the existing low risk appetite framework set by the RIM Banking Committee. Included within cash used in investing activities is cash of £185.5 million acquired from the acquisition of IW&I.

The other significant non-operating cash flows during the year were as follows:

— outflows relating to the payment of dividends of £56.9 million (2023: £71.4 million);
— outflows relating to payments to acquire intangible assets of £9.7 million (2023: £5.6 million), which includes payments in respect of awards made to recently recruited investment managers in relation to the delivery of new business growth, along with the development of client applications;
— outflows of £46.9 million relating to capital expenditure on tangible property, plant and equipment (2023: £5.1 million), which relates predominantly to property fit-out costs.

RISK MANAGEMENT AND CONTROL

Our approach to risk management is fundamental to supporting the delivery of our strategic objectives. Our risk governance and risk processes are designed to enable the firm to manage risk effectively in accordance with our risk appetite and to support the long-term future of the firm.

MANAGING RISK

The Board has overall responsibility for risk management across the Group, regularly assessing the most significant risks and emerging threats to the Group's strategy. The Board delegates oversight of risk management activities to the Group Risk and Audit Committees. Our risk governance and risk management framework supports the Chief Executive and executive committee members with their day-to-day responsibility for managing risk.

RISK CULTURE

The risk culture embedded across the Group enhances the effectiveness of risk management and decision-making. The Board promotes a strong risk culture, reinforced by our executive and senior management team, which encourages appropriate behaviours and collaboration on managing risk across the Group.

Risk management is an integral part of everyone's day-to-day responsibilities and activities; it is linked to performance and development, as well as to the Group's remuneration and reward schemes. We aim to create an open and transparent working environment, encouraging employees to engage positively in risk management in support of the achievement of our strategic objectives.

RISK GOVERNANCE AND THREE LINES OF DEFENCE

We operate a three lines of defence model to support risk governance and risk management across the Group

GOVERNANCE

BOARD	AUDIT COMMITTEE	GROUP RISK COMMITTEE	EXECUTIVE COMMITTEE EXECUTIVE RISK COMMITTEE BANKING COMMITTEE
Sets strategy and risk appetite across the Group, and is ultimately accountable for risk management.	Monitors and reviews the effectiveness of internal controls with oversight of the internal audit function in line with the Group's risk profile on behalf of the Board. It also oversees the appointment and relationship with the external auditor.	Oversees effectiveness of the risk management framework and activity across the Group. Advises the Board on risk appetite, risk assessment, risk profile and risk culture.	First line committees with responsibility for management of risk and internal control across the Group.

BUSINESS AREAS AND LINES OF DEFENCE

1	2	3
FIRST LINE OF DEFENCE	**SECOND LINE OF DEFENCE**	**THIRD LINE OF DEFENCE**
Senior management Business operations and control functions	Risk, compliance and anti-money laundering functions	Internal audit
RESPONSIBILITY Responsible for managing risk in line with risk appetite by developing and maintaining an effective system of internal control.	**RESPONSIBILITY** Responsible for the risk management framework and the independent oversight and challenge of first line risk management activity.	**RESPONSIBILITY** Responsible for providing independent assurance to senior management on the effectiveness of governance, risk management and internal control.

RISK MANAGEMENT FRAMEWORK (RMF) OVERVIEW

Our RMF provides the foundation for identifying, evaluating, managing and reporting risk and continually improving the effectiveness of risk management throughout the firm.

RISK APPETITE

The Board approves the firm's risk appetite statement and framework at least annually to ensure it remains consistent with our strategic objectives and prudential responsibilities.

Specific risk appetite statements are set and measures established for each principal risk.
The risk appetite framework supports strategic decision-making, as well as providing a mechanism to monitor our risk exposures.

The position against our risk appetite statements and measures is assessed and reported on a regular basis to the Executive Committee, Group Risk Committee and the Board.

Given the current economic outlook and the evolving regulatory landscape within the sector, the Board remains committed to having a relatively low overall appetite for risk in line with our strategy. The Board recognises our performance is susceptible to fluctuations in investment markets and has the potential to bear losses from financial and non-financial risks from time to time, either as reductions in income or increases in operating costs.

Risk appetite measures and thresholds have been approved by the Board for 2025, taking into account the combination between Rathbones and IW&I. This year's measures reflect the scale of the enlarged Group but, other than this, there have been no other material changes to our appetite for risk. Following full client migration in 2025, an interim review will be completed to ensure that measures remain appropriate for the Group and its individual entities

RISK CATEGORIES	RISK APPETITE STATEMENT	STRATEGIC ALIGNMENT
BUSINESS AND STRATEGIC RISK	Business and strategic risks will be identified and actively managed to protect the ability to deliver sustainable growth. Change initiatives will be orientated towards longer-term client, stakeholder and societal expectations.	**BUSINESS RESILIENCE** Supporting and delivering growth
FINANCIAL RISK	Financial risks will be actively managed to preserve the Group's overall resilience. Credit and market risk exposures will be managed to Board approved instruments and limits in order to protect company assets and maintain prudent levels of liquidity and regulatory own funds. The Group will also continually monitor and respond to risks arising from its pension scheme obligations.	**FINANCIAL RESILIENCE** Supporting and delivering growth
NON-FINANCIAL RISK (CONDUCT AND OPERATIONAL)	Conduct and regulatory risks associated with our business are recognised; however, we have no appetite for intentionally inappropriate behaviour or action by any entity within the Group or employees that could have a material detrimental impact on clients, key stakeholders and our reputation. Operational risks and losses can arise from inadequate or failed internal processes, people or systems, or from external events. We have an extremely low appetite for losses and no appetite for systemic or materially high risk events that could affect the operational resilience of important business services.	**REGULATORY AND OPERATIONAL RESILIENCE** Enriching the client and advisor proposition and experience Inspiring our people Operating more efficiently

RISK MANAGEMENT PROCESS

Our risk management process is a defined approach to identify, assess and respond to risks that could affect delivery of strategic objectives and annual business plans. The Board, executive and senior management are actively involved in this process.

Risks are identified within a three-tier hierarchy, with the highest level containing business and strategic, financial, conduct and operational risks. Risks are assessed on an inherent and residual basis across a three-year period according to several impact criteria, which include consideration of the internal control environment and/or insurance mitigation.

We maintain a watch list to identify and evaluate current issues and emerging risks as a result of business development or changes in the regulatory landscape, as well as threats and issues in the wider external environment. This helps inform the view of the firm's current and longer-term risk profile, and influences management's decisions and actions.

Stress tests are undertaken to include consideration of the impact of a number of severe but plausible events that could impact the business. This work takes account of the availability and likely effectiveness of mitigating actions that could be taken to avoid or reduce the impact or likelihood of the underlying risks materialising.

The Group's risk profile, risk register, watch list and stress tests are regularly reviewed and challenged by the executive, senior management, Group Risk Committee and the Board. Throughout 2024, the Group risk governance structure has not altered but its membership and inputs have been enhanced to ensure oversight of the enlarged Group and its individual entities.

EXTERNAL EMERGING RISKS AND THREATS

Emerging risks, including legislative and regulatory change, which have the potential to impact the Group and delivery of our strategic objectives, are monitored through our watch list.

During the year, the executive committee continued to recognise and respond to a number of emerging risks and threats to the financial services sector as a whole and to our business.

Our view for 2025 is that we can reasonably expect current market conditions and uncertainties to remain, given the wide range of global economic and political scenarios which could emerge.

NEAR TERM	
GLOBAL AND UK SPECIFIC POLITICAL TENSIONS	Geopolitical events remains a threat to financial stability. War in the Middle East and war between Russia and Ukraine as well as tension between the US and China have driven increased inflation and market volatility. The US stance to international relations has changed rapidly. Uncertainty is expected to continue in the near term.
UK AND GLOBAL ECONOMIC CHALLENGES	The final quarter of 2024 was shaped by diverging growth patterns and shifting monetary policies. The US economy sustained steady growth, supported by resilient consumer spending and a recovery in industrial production. Swiftly implemented trade tariffs following Trumps re-election looks set to influence the global economy and financial markets. In Europe, Germany entered a technical recession as weak exports and manufacturing output weighed on its economy. Meanwhile, the UK is facing several challenges in the form of subdued growth and volatility in inflation which may slow the lowering of interest rates. The full impact of tax changes in the Autumn Budget will be a watch item throughout 2025.
CYBER THREATS AND SUPPLY CHAIN RESILIENCE	The sophistication of cyber attacks is ever-evolving, especially as our digital environment advances. Attacks have become far more persistent with a notable increase in frequency since the invasion of Ukraine. Rathbones is committed to enhancing the technology infrastructure to help mitigate the risk.
MEDIUM TERM	
CHANGING REGULATORY EXPECTATIONS	The regulatory landscape is an area of fast paced change centred on client advocacy, transparency and integrity. Of note Consumer Duty requirements have continued to be embedded and preparation of the first board report is well underway. The look ahead shows that 2025 will be another busy year with key implementation dates for regulatory change.
PANDEMIC	Whilst operational resilience to a future pandemic is much improved following the COVID-19 outbreak, a future infectious disease epidemic could emerge and with that comes the economic repercussions and slow recovery from it.
CLIMATE CHANGE TRANSITION RISK	Climate related shocks are becoming a more important macro factor and will contribute to volatility in growth and inflation. Climate and environmental risk is a key focus as we move towards achieving net zero emissions by 2050 or sooner. Alongside reviewing our governance structures, we will continue to integrate data, develop metrics and increase disclosures in our client reporting.
DIGITAL INNOVATION	Developing technology across the wealth management sector poses a continual threat to maintaining a competitive advantage. Digital capability is less of a barrier to engaging clients and servicing their needs, in particular younger generations where there is an expectation of online accessibility. Rathbones is implementing a strategic programme of change to ensure our digital technology meets the needs of our prospective and existing clients.
NEW ENTRANTS TO THE MARKET AND ARTIFICIAL INTELLIGENCE AI	The threat of new non-traditional entrants to the investment sector is a higher probability. There has been continued consolidation within the sector including mergers and acquisitions driven by Private equity investments. In addition, AI capabilities, from advanced analytics, automation and predictive intelligence is fast becoming seen as a future competitive advantage within the financial sector, however, research has shown that investors are reticent to trust in these new tools.
LONGER TERM	
GENERATIONAL WEALTH CHANGE	Studies show that the over 45s and especially the post-war 'baby boomers' retain a significant portion of the UK wealth in the form of property and pensions. This wealth will begin to transfer to younger beneficiaries over the next 30 years. Generational differences could drive changes in behaviours and appetite towards investments.
SOCIAL CARE FINANCING	Accessibility and inequality in the adult social care sector has been a topic of concern for some time and it continues to be a risk to assets under management, with clients drawing on their investments to pay for their care fees.

PRINCIPAL RISKS

PROFILE AND MITIGATION OF PRINCIPAL RISKS

We continually assess our risk profile against both internal and external risk drivers and are investing further in our people, processes and technology to improve risk management. We remain focused on client service, the resilience of our business and wellbeing of our colleagues and we believe our approach continues to be effective.

Based upon our risk assessment processes, the Board believes that the principal risks and uncertainties facing the Group that could impact the delivery of our strategic objectives have been identified below. These risks continue to reflect our strategic initiatives and transformation programme, continual enhancements to the Group's business model in response to environmental, societal and regulatory expectations, the evolving cyber threat landscape, operational resilience in relation to our supply chain, the importance of our people and the economic and political environment.

Information about our principal risks is set out on the following pages. The risks are mapped out by their likelihood and impact on a residual risk basis, having considered the effectiveness of controls in place to mitigate the risk. Details of how our principal risks align with our strategic priorities can be viewed in the link below.

We use ratings of high, medium, low and very low in our risk assessment. High-risk items are those that have the potential to impact the delivery of strategic objectives, with medium, low and very low rated risks having less impact on the Group. Likelihood is similarly based on a qualitative assessment.

We consider that the growth of the Group following the combination with IW&I has proportionately increased the risk profile. The ratings of the risks below are relative to the new scale of the organisation.

2024 OVERVIEW

As we moved into the integration phase of our combination with IW&I we have seen this reflected in our principal risk profile. The integration of both firms has naturally augmented associated risks. People risk has materially increased in impact and likelihood and become one of our top risks in the latter part of the year. To a lesser medium rated assessment, process risk has become a watch item as we consolidate and streamline our organisational design and operating procedures. This has not appeared in our top risks before so is new in 2024. Continuing from 2023, Rathbones other top risk in terms of a high residual risk assessment is change risk and integration risk. Whilst both programmes continue to be successfully delivered, it still represents a key risk and the outlook remains unchanged into 2025. Our final risk profile movement is a positive change to pension risk which has remained low throughout 2024 following the transfer of risk through a pension 'buy-in'. All other risks are unchanged in 2024.

RISK AND OWNER	CONTROL ENVIRONMENT	RISK TREND 2024
CHANGE The risk that the change portfolio does not support delivery of the Group's strategy **RISK OWNER:** Chief Operating Officer **RISK PROFILE:** **RISK APPETITE MEASURES:** — Priority programmes rated red — Programme overspend	— Executive and Board oversight of material change programmes — Differentiated governance approach to strategic change programmes and business projects — Dedicated change delivery function and use of internal and, where required, external subject matter experts — Two-stage assessment, challenge and approval of project plans — Planning and budgeting, monitoring of variances and actions to address.	This risk has remained high in 2024 as our digital transformation programmes delivered key functionality. Executive and senior management oversight has remained agile and focused on targeted delivery outcomes, benefits realisation, budget alignment and the impact of change on our risk profile.
INTEGRATION The risk that the integration of systems, people and processes fails or is ineffective **RISK OWNER:** Chief Operating Officer **RISK PROFILE:** **RISK APPETITE MEASURES:** — Budget compliance — Cost synergy	— Integration project plan — Executive oversight of integration programme — Board oversight of programme delivery — Transformation office programme Board oversight and delivery-focused operating model — Cost/benefit monitoring — KRI tracking — External party appointed to provide independent assurance.	This was a new risk in 2023. We began the process of integrating Rathbones and IW&I businesses in early 2024. The risk remains high as we progress through the integration plan. In 2025 we will move into the client migration phase of the programme.
PEOPLE The risk of loss of key employees, lack of skilled resources or inappropriate behaviour or actions. This could lead to lack of capacity or capability threatening the delivery of business objectives, or to behaviour leading to complaints, litigation or regulatory action **RISK OWNER:** Chief People Officer **RISK PROFILE:** **RISK APPETITE MEASURES:** — Regretted leavers — Turnover ratio — Employee behaviour	— Board and executive oversight — Succession and contingency planning — Transparent, consistent and competitive remuneration schemes — Contractual clauses with restrictive covenants — Continual investment in employee training and development — Employee engagement survey — Appropriate balanced performance measurement system — Culture monitoring and reporting — Conduct risk framework and committee — Training and competence framework — Whistleblowing policy and process.	We have continued to operate effectively in spite of a difficult labour market over the past few years. Continued high inflation and cost of living pressures will remain a risk driver into next year. Management action, and our agile approach to support our colleagues, has been positively received however, we continue to engage frequently through our employee survey tool.
INVESTMENT PERFORMANCE The risk that investment performance fails to meet clients' objectives or expectations **RISK OWNER:** Managing Director Rathbones Investment Management **RISK PROFILE:** **RISK APPETITE MEASURES:** — Actual performance versus performance benchmark — Portfolio alignment — Assessment of fund value rating	— Investment policy — Performance versus benchmarking monitoring — Defined investment strategy — Exception reporting — Product and proposition oversight — Client engagement and portfolio reviews.	Challenging market conditions are likely to continue in 2025. The position of client portfolios and investment performance are closely monitored.
PROCESSING RISK The risk of loss due to ineffective processes and systems **RISK OWNER:** Chief Operating Officer **RISK PROFILE:** **RISK APPETITE MEASURES:** — Loss amounts over preceding months — Reportable issues and events	— Control assurance routines — Policy framework — Procedures committee — Tracking and monitoring routines — Board and executive oversight.	As a natural consequence of people risk increasing due to the integration, the potential for process risk has also increased. It has not previously featured in our principal risks so this is a new medium rated risk in 2024. Established control routines continue to operate effectively.

REGULATORY COMPLIANCE AND LEGAL The risk of failure by the Group or a subsidiary to fulfil its regulatory or legal requirements and comply with the introduction of new or updated regulations and laws **RISK OWNER:** Group Chief Executive Officer and Chief Risk Officer **RISK PROFILE:** **RISK APPETITE MEASURES:** — Compliance monitoring review outcomes — Regulatory review outcomes — Complaints data	— Board and executive oversight — Management oversight and active involvement with industry bodies — Compliance monitoring programme to examine the control of key regulatory risks — Separate anti-money laundering function with specific responsibility — Oversight of industry and regulatory developments — Documented policies and procedures — Employee training and development — Panel of external legal advisers — Whistleblowing policy and process.	While this risk has remained stable in 2024, the landscape and expectations on firms and our sector continue to evolve. We have continued to invest in and develop our first and second line oversight teams, including the deployment of software to support regulatory compliance. Consumer Duty continues to be embedded with regular reporting to Group Risk Committee.
SUSTAINABILITY The risk that the business model does not respond sufficiently to changing market conditions, including environmental and social factors, such that sustainable growth, market share or profitability are adversely affected **RISK OWNER:** Group Chief Executive Officer **RISK PROFILE:** **RISK APPETITE MEASURES:** — Underlying dividend cover — Net organic growth rate — Net organic outflow rate — Climate targets — Diversity targets	— Board, Executive and Responsible Business Committee oversight — A documented strategy, including Responsible Investment Policy — Monitoring of strategic risks — Annual business targets, subject to regular review and challenge — Regular reviews of pricing structure and client propositions — Continued investment in the investment process, service standards and marketing — Regular competitor benchmarking and analysis — Trade body participation — ESG factors integrated into the investment process — Dedicated responsible investment project to drive changes to achieve sustainability goals — Diversity targets included in risk appetite measures.	2024 has presented challenging market conditions given the external environment, including a volatile economic and political landscape. We do, however, have a strong balance sheet and recognised market position. Climate risk has been integrated into our risk management framework to support the transition to net zero. We are responding to evolving expectations of firms to manage climate and other ESG risks, which remain a key priority of our responsible business agenda.
INFORMATION SECURITY AND CYBER The risk of inappropriate access to manipulation, or disclosure of, client or company-sensitive information **RISK OWNER:** Chief Operating Officer **RISK PROFILE:** **RISK APPETITE MEASURES:** — Number of cyber incidents — Number of data privacy events — Cyber external threat landscape rating	— Board and executive oversight — Data governance committee and information security steering Group oversight — Information security policy, data protection policy and associated procedures — System access controls and encryption — Penetration testing and multi-layer network security — Training and employee awareness programmes — Physical security.	The threat landscape in 2025 continues to be influenced by the volatile external environment. However, we continue to invest in our control environment and resources to improve our security posture and ensure our infrastructure and employees are well positioned against an ever-changing threat landscape.
THIRD-PARTY SUPPLIER The risk of one or more third-party suppliers failing to provide or perform authorised and/or outsourced services to standards expected by the Group, impacting the ability to deliver core services. This includes intra-Group outsourcing activity. **RISK OWNER:** Chief Operating Officer and Chief Executive Officer, Rathbone Asset Management **RISK PROFILE:** **RISK APPETITE MEASURES:** — Supplier chain performance	— Board and executive oversight — Third-party supplier and outsourcing framework — Senior dedicated relationship managers — Supplier contracts and defined service level agreements/KPIs — Supplier due diligence and approval process — Close liaison, contractual reviews and regular service review meetings — Documented policy and procedures — Whistleblowing policy and process.	Our framework for third-party supplier and outsourcing risk management has continued to be embedded and developed in 2024. We have focused on a technology solution which further improves our controls in this area. We see this risk remaining medium in 2025 as we add further systemic control to support operational resilience.

SUITABILITY The risk of an unsuitable client outcome either through service, investment mandate, investment decisions taken, investment recommendations made or portfolio or fund construction **RISK OWNER:** Managing Director Rathbones Investment Management **RISK PROFILE:** **RISK APPETITE MEASURES:** — Timely portfolio reviews — Timely client reviews — Quality scores	— Board, executive and general managers committee oversight — Investment governance and structured committee oversight — Management oversight and segregated quality assurance and performance teams — Performance measurement information and attribution analysis — 'Know your client' (KYC) suitability processes — Weekly investment management meetings — Training and competence framework — Investment manager reviews through supervisor sampling — Compliance monitoring — Defined investment mandates and tracking — Exception reporting — Complaints analysis.	Throughout 2024 we have seen the benefit of the improvements to improve processes and oversight of investment and suitability risk which were implemented in 2023. This area continues to be strengthened with regular review routines in place supported by dedicated expertise. Our ongoing investment in technology will also further improve suitability processes and controls in 2025.
PENSION The risk that the cost of funding our defined benefit pension schemes increases, or their valuation affects dividends, reserves and regulatory own funds **RISK OWNER:** Chief Financial Officer **RISK PROFILE:** **RISK APPETITE MEASURES:** — Pillar 2A Net Stressed deficit — IFRS deficit	— Board, senior management and trustee oversight — Monthly valuation estimates — Triennial independent actuarial valuations — Investment policy — Senior management review and defined management actions — Annual ICAAP.	The Group has recently undertaken an insurance 'buy-in' so Rathbones liability no longer represents the same level of risk.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 £m	2023 £m
Interest and similar income	**147.8**	128.8
Interest expense and similar charges	**(83.9)**	(77.1)
Net interest income	**63.9**	51.7
Fee and commission income	**835.1**	538.6
Fee and commission expense	**(34.3)**	(29.7)
Net fee and commission income	**800.8**	508.9
Other operating income	**31.2**	10.5
Operating income	**895.9**	571.1
Charges in relation to client relationships and goodwill	**(44.6)**	(25.2)
Acquisition-related and integration costs	**(83.4)**	(44.3)
Other operating expenses	**(668.3)**	(444.0)
Operating expenses	**(796.3)**	(513.5)
Profit before tax	**99.6**	57.6
Taxation	**(34.1)**	(20.1)
Profit after tax	**65.5**	37.5
Profit for the year attributable to equity holders of the company	**65.5**	37.5
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Net remeasurement of defined benefit asset or liability	**(10.6)**	(5.8)
Deferred tax relating to net remeasurement of defined benefit asset or liability	**2.7**	1.5
Other comprehensive income net of tax	**(7.9)**	(4.3)
Total comprehensive income for the year net of tax attributable to equity holders of the company	**57.6**	33.2
Dividends paid and proposed for the year per ordinary share	**93.0p**	87.0p
Dividends paid and proposed for the year	**96.9**	62.9
Earnings per share for the year attributable to equity holders of the company:		
basic	**63.0p**	52.6p
diluted	**60.4p**	50.8p

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital £m	Share premium £m	Merger reserve £m	Own shares £m	Retained earnings £m	Total equity £m
At 1 January 2023	3.2	310.0	77.0	(52.6)	297.2	634.8
Profit for the year	–	–	–	–	37.5	37.5
Net remeasurement of defined benefit liability	–	–	–	–	(5.8)	(5.8)
Deferred tax relating to components of other comprehensive income	–	–	–	–	1.5	1.5
Other comprehensive income net of tax	–	–	–	–	(4.3)	(4.3)
Dividends paid	–	–	–	–	(71.4)	(71.4)
Issue of share capital	2.2	2.3	747.4	–	–	751.9
Share-based payments:						–
— cost of share-based payment arrangements	–	–	–	–	24.0	24.0
— cost of vested employee remuneration and share plans	–	–	–	–	(6.0)	(6.0)
— cost of own shares vesting	–	–	–	13.0	(13.0)	–
— cost of own shares acquired	–	–	–	(16.0)	–	(16.0)
— tax on share-based payments	–	–	–	–	(0.3)	(0.3)
31 December 2023	5.4	312.3	824.4	(55.6)	263.7	1,350.2
Profit for the year	–	–	–	–	65.5	65.5
Net remeasurement of defined benefit asset	**–**	**–**	**–**	**–**	**(10.6)**	**(10.6)**
Deferred tax relating to components of other comprehensive income	**–**	**–**	**–**	**–**	**2.7**	**2.7**
Other comprehensive income net of tax	**–**	**–**	**–**	**–**	**(7.9)**	**(7.9)**
Dividends paid	**–**	**–**	**–**	**–**	**(56.9)**	**(56.9)**
Issue of share capital	**0.1**	**5.5**	**–**	**–**	**–**	**5.6**
Share-based payments:						**–**
— cost of share-based payment arrangements	**–**	**–**	**–**	**–**	**29.1**	**29.1**
— cost of vested employee remuneration and share plans	**–**	**–**	**–**	**–**	**(4.2)**	**(4.2)**
— cost of own shares vesting	**–**	**–**	**–**	**9.5**	**(9.5)**	**–**
— cost of own shares acquired	**–**	**–**	**–**	**(22.0)**	**–**	**(22.0)**
— tax on share-based payments	**–**	**–**	**–**	**–**	**–**	**–**
31 December 2024	**5.5**	**317.8**	**824.4**	**(68.1)**	**279.8**	**1,359.4**

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	2024 £m	2023 £m
Assets		
Cash and balances with central banks	**1,166.0**	1,038.3
Settlement balances	**128.3**	165.7
Loans and advances to banks	**293.2**	266.9
Loans and advances to customers	**96.1**	115.6
Investment securities:		
— fair value through profit or loss	**–**	1.2
— amortised cost	**1,278.2**	1,294.6
Prepayments, accrued income and other assets	**242.8**	225.3
Property, plant and equipment	**53.2**	16.1
Right-of-use assets	**42.3**	64.5
Current tax asset (UK)	**6.8**	3.9
Intangible assets	**982.7**	1,025.3
Net defined benefit asset	**0.5**	7.0
Total assets	**4,290.1**	4,224.4
Liabilities		
Deposits by banks	**3.8**	12.4
Settlement balances	**133.6**	172.1
Due to customers	**2,352.1**	2,253.3
Accruals and other liabilities	**249.9**	209.6
Provisions	**28.1**	25.5
Lease liabilities	**44.8**	74.9
Current tax liabilities (overseas)	**0.5**	0.5
Net deferred tax liability	**78.0**	86.0
Subordinated loan notes	**39.9**	39.9
Total liabilities	**2,930.7**	2,874.2
Equity		
Share capital	**5.5**	5.4
Share premium	**317.8**	312.3
Merger reserve	**824.4**	824.4
Own shares	**(68.1)**	(55.6)
Retained earnings	**279.8**	263.7
Total equity	**1,359.4**	1,350.2
Total liabilities and equity	**4,290.1**	4,224.4

The financial statements were approved by the Board of Directors and authorised for issue on 25 February 2025 and were signed on its behalf by:

PAUL STOCKTON
GROUP CHIEF EXECUTIVE OFFICER

IAIN HOOLEY
GROUP CHIEF FINANCIAL OFFICER

Company registered number: 01000403

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 £m	2023 £m
Cash flows from operating activities		
Profit before tax	**99.6**	57.6
Change in fair value through profit or loss	**–**	(1.0)
Net interest income	**(63.9)**	(51.7)
Impairment losses on financial instruments	**–**	0.1
Net charge for provisions	**14.9**	9.4
Loss on disposal of property, plant and equipment	**0.1**	–
Depreciation, amortisation and impairment	**80.4**	47.1
Gain on modification of leases	**(13.5)**	–
Foreign exchange movements	**(1.0)**	3.4
Defined benefit pension scheme credits	**(0.4)**	(0.5)
Defined benefit pension contributions paid	**(3.7)**	(2.9)
Share-based payment charges	**29.1**	24.0
Interest paid	**(79.8)**	(67.7)
Interest received	**147.6**	111.9
	209.4	129.7
Changes in operating assets and liabilities:		
Net decrease in loans and advances to banks and customers	**21.8**	87.4
Net decrease in settlement balance debtors	**37.4**	133.3
Net increase in prepayments, accrued income and other assets	**(12.1)**	(36.2)
Net increase/(decrease) in amounts due to customers and deposits by banks	**90.2**	(251.5)
Net decrease in settlement balance creditors	**(38.5)**	(123.6)
Net increase in accruals, provisions and other liabilities	**27.2**	1.0
Cash generated from/(used in) operations	**335.4**	(59.9)
Tax paid	**(41.8)**	(29.5)
Net cash inflow/(outflow) from operating activities	**293.6**	(89.4)
Cash flows from investing activities		
Cash acquired on acquisition of subsidiaries	**–**	172.6
Purchase of property, plant, equipment and intangible assets	**(56.6)**	(10.7)
Purchase of investment securities	**(2,028.0)**	(2,059.9)
Proceeds from sale and redemption of investment securities	**2,046.6**	1,818.1
Net cash used in investing activities	**(38.0)**	(79.9)
Cash flows from financing activities		
Issue of ordinary shares	**5.6**	–
Repurchase of ordinary shares	**(22.0)**	(16.0)
Dividends paid	**(56.9)**	(71.4)
Payment of lease liabilities	**(20.9)**	(7.5)
Interest paid	**(5.1)**	(5.6)
Net cash used in financing activities	**(99.3)**	(100.5)
Net increase/(decrease) in cash and cash equivalents	**156.3**	(269.8)
Cash and cash equivalents at the beginning of the year	**1,302.9**	1,572.7
Cash and cash equivalents at the end of the year	**1,459.2**	1,302.9

The accompanying notes form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Rathbones Group Plc ('the company') is a public company limited by shares incorporated and domiciled in England and Wales under the Companies Act 2006.

1.1 BASIS OF PREPARATION

The consolidated and company financial statements have been prepared in accordance with UK-adopted International Accounting Standards.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value (notes 1.9, 1.12, 1.16 and 1.18). The principal accounting policies adopted are set out in this note and, unless otherwise stated, have been applied consistently to all periods presented in the consolidated financial statements.

1.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries), together 'the Group', made up to 31 December each year.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained, and no longer consolidated from the date that control ceases; their results are included in the consolidated financial statements up to the date that control ceases. Inter-company transactions and balances between Group companies are eliminated on consolidation.

1.3 DEVELOPMENTS IN REPORTING STANDARDS AND INTERPRETATIONS

Standards and interpretations affecting the reported results or the financial position

The following amendments to standards have been adopted in the current period, but have not had a significant impact on the amounts reported in these financial statements:

— Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
— Classifications of liabilities as current or non-current (Amendments to IAS 1)
— Amendments to IAS 7 Statements of Cash Flows and IFRS 7 Financial Instruments: Disclosures Supplier Finance Arrangements
— International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12).

Future new standards and interpretations

The following standards are effective for annual periods beginning on or after 1 January 2025 and earlier application is permitted; however, the Group has not early-adopted the amended standards in preparing these consolidated financial statements.

The following standard is expected to have a material impact on the Group's financial statements. This standard has not yet been endorsed in the UK.

Standards available for early adoption	Effective date
IFRS 18 Presentation and Disclosure in Financial Statements	01 January 2027

The following standards are not expected to have a material impact on the Group's financial statements.

Standards available for early adoption	Effective date
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Optional
Lack of Exchangeability – Amendments to IAS 21	01 January 2025
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	01 January 2026
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	01 January 2026
Annual Improvements to IFRS Accounting Standards – Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	01 January 2026
IFRS 19 Subsidiaries without Public Accountability: Disclosures (not yet endorsed in the UK)	01 January 2027

1.4 BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets transferred, liabilities assumed and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant asset / liability recognition and measurement guidance in IFRS. Changes in the fair value of contingent consideration classified as equity are not recognised.

1.5 GOING CONCERN

The directors have, at the time of approving the financial statements, a reasonable expectation that the company and the Group have adequate resources to continue in operational existence. In forming this view, the directors have considered the company's and the Group's prospects for a period of at least 12 months from the date of approval of the annual report. The directors' assessment included consideration of the Group's profit and capital forecasts; the impact of capital and liquidity stress tests; the impact of reverse stress testing and the management actions available to mitigate this impact. The assessment also ensured that the assumptions applied were consistent with those used in other forward-looking areas of the financial statements, such as impairment testing. The directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.6 FOREIGN CURRENCIES

The functional and presentational currency of the company and its subsidiaries is sterling.

Transactions in currencies other than the relevant Group entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in profit or loss for the year.

1.7 INCOME

Net interest income

Interest income or expense is recognised within net interest income using the effective interest method.

The effective interest method is the method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to:

—the gross carrying amount of the financial asset; or

—the amortised cost of the financial liability.

The application of the method has the effect of recognising income (or expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the Group estimates cash flows considering all contractual terms of the financial instrument but excluding the impact of future credit losses.

The interest charged on the Group's lease liabilities and subordinated loan notes is included within cash used in financing activities in the Group statement of cash flows. Interest charged on client funds is included within cash generated from operations. .

Net fee and commission income

Portfolio or investment management fees, commissions receivable or payable and fees from advisory services are recognised on a continuous basis over the period that the related service is provided.

Commission charges for executing transactions on behalf of clients are recognised when the transaction is dealt at the trade date.

The Group has made an assessment as to whether the work performed to earn such fees constitutes the transfer of services and, therefore, fulfils any performance obligation(s). If so, then these fees are recognised when the relevant performance obligation has been satisfied; if not, then the fees are only recognised in the period in which the services are provided.

A breakdown of the timing of revenue recognition can be found in note 3.

Dividend income

Dividend income from final dividends on equity securities is accounted for on the date the security becomes ex-dividend. Interim dividends are recognised when received.

Other income

In cases where cash held within client portfolios does not represent a banking deposit, the Group invests this cash in cash securities with approved financial institutions. The margin earned on these funds, being the difference between the rate of interest paid by the custodian bank and that paid to clients, represents the rate of return available to the Group through the pooling of client funds. This margin is included within other operating income in the financial statements.

1.8 LEASES

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group recognises a right-of-use asset and a lease liability at the inception date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of dilapidation costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. As a result of new information, the Group revised its recognition of dilapidations during 2024. The estimate for recognition of dilapidation assets, which reflect costs to dismantle and remove structural changes made to leased premises, was revised from 100% of the total cost of dilapidations to 50%. The remaining 50% is charged to profit or loss over the useful life of the lease and recognised as a provision. In line with IAS 8, this change in accounting estimate was applied prospectively to new leases entered into from 1 January 2024. The impact of the change was a reduction to the dilapidation asset by £0.4 million, and an equal reduction in the related provision.

The right-of-use assets and dilapidations assets are subsequently depreciated on a straight-line basis over the shorter of the expected life of the asset and the lease term, adjusted for any remeasurements of the lease liability. At the end of each reporting period, the assets are assessed for indicators of impairment in accordance with IAS 36.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group uses an incremental borrowing rate of 5.6%, derived from its subordinated loan notes, as the discount rate for all leases entered into prior to the acquisition of IW&I on 21 September 2023. For all leases entered into or modified after this date, an incremental borrowing rate is determined on a lease-by-lease basis, with reference to the lease term and rental payments specific to each lease.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments
— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
— amounts expected to be payable under a residual value guarantee
— the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is subsequently measured by adjusting the carrying amount to reflect the interest charge, the lease payments made and any reassessment or lease modifications. The lease liability is remeasured if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Where the Group is an intermediate lessor in a sub-lease, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Leases that qualify for the low-value asset exemption or short-term lease exemption do not fall within the scope of IFRS 16 and continue to be treated as off balance sheet.

1.9 SHARE BASED PAYMENTS

The Group engages in equity-settled and cash-settled share-based payment transactions in respect of services received from its employees.

Equity-settled awards

For equity-settled share-based payments, the fair value of the award is measured by reference to the fair value of the shares or share options granted on the grant date. The cost of the employee services received in respect of the shares or share options granted is recognised in profit or loss over the vesting period, with a corresponding credit to equity.

The fair value of the awards or options granted is determined using a binomial pricing model, which takes into account the current share price, the risk-free interest rate, the expected volatility of the company's share price over the life of the option or award, any applicable exercise price and other relevant factors. Only those vesting conditions that include terms related to market conditions are taken into account in estimating fair value. Non-market vesting conditions are taken into account by adjusting the number of shares or share options included in the measurement of the cost of employee services so that, ultimately, the amount recognised in profit or loss reflects the number of vested shares or share options, with a corresponding adjustment to equity. Where vesting conditions are related to market conditions, the charges for the services received are recognised regardless of whether or not the market-related vesting condition is met, provided that any non-market vesting conditions are also met. Shares purchased and issued are recorded directly in equity.

Cash-settled awards

For cash-settled share-based payments, a liability is recognised for the services received, and the related employer's taxes, at the balance sheet date, measured at the fair value of the liability. At each subsequent balance sheet date and at the date on which the liability is settled, the fair value of the liability is remeasured with any changes in fair value recognised in profit or loss.

1.10 TAXATION

Current Tax

Current tax is the expected tax payable or receivable on net taxable income for the year. Current tax is calculated using tax rates enacted or substantively enacted by the balance sheet date, together with any adjustment to tax payable or receivable in respect of previous years.

Deferred tax

Deferred tax is accounted for under the balance sheet liability method in respect of temporary differences using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the liability is settled or when the asset is realised.

Deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences may be utilised, except where the temporary difference arises:

— from the initial recognition of goodwill;
— from the initial recognition of other assets and liabilities in a transaction, which affects neither the tax profit nor the accounting profit, other than in a business combination; or

— in relation to investments in subsidiaries and associates, where the Group is able to control the reversal of the temporary difference and it is the Group's intention not to reverse the temporary difference in the foreseeable future.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised:

— in other comprehensive income if they relate to items recognised in other comprehensive income

— directly in retained earnings if they relate to items recognised directly in retained earnings.

1.11 CASH AND CASH EQUIVALENTS

Cash comprises cash in hand and demand deposits.

Demand deposits include balances with central banks which are realisable on demand.

Cash equivalents includes loans and advances to banks with a maturity of less than three months from the date of acquisition.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts, which are included in the Group's cash management.

1.12 FINANCIAL ASSETS

Initial recognition and measurement

Financial assets, excluding trade debtors, are initially recognised when the Group becomes party to the contractual provisions of the asset. Trade debtors are recognised when cash is advanced to the borrowers.

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition (except those assets classified at fair value through profit or loss). Trade debtors without a significant financing component are initially measured at the transaction price.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

For settlement balances, trade date accounting is applied to all regular way purchases and sales of assets.

Classification and subsequent measurement

Financial assets are classified and measured in the following categories:

— amortised cost

Financial assets are measured at amortised cost if their contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding and they are held within a business model whose objective is to hold assets to collect contractual cash flows.

Assets are measured at amortised cost using the effective interest rate method (note 1.7), less any impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

— at fair value through other comprehensive income (FVOCI)

Debt instruments are measured at FVOCI if their contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding and they are held within a business model whose objective is both to hold assets to collect contractual cash flows and to sell the assets.

For debt instruments, interest income is calculated using the effective interest method. For equity instruments, dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. All other gains and losses on assets at FVOCI are recognised in OCI.

— at fair value through profit or loss (FVTPL)

All equity instruments are measured at FVTPL unless the instrument is not held for trading, the Group irrevocably elects to measure the instrument at FVOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Business model assessment

The Group assesses the objective of the business model in which a financial asset is held at a portfolio level. The information considered includes:

— the objectives for the portfolio and how those tie in to the current and future strategy of the Group
— how the performance of the portfolio is evaluated and reported to the Group's management
— the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed
— how Group employees are compensated, e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected
— the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Payments of principal and interest criterion
In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers:

— the contractual terms of the instrument, checking consistency with basic lending criteria
— the impact of the time value of money
— features that would change the amount or timing of contractual cash flows
— other factors, such as prepayment or extension features.

Derecognition
Financial assets are derecognised when the contractual rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets
The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and FVOCI and loan commitments held off balance sheet.

A financial asset will attract a loss allowance equal to either:

— 12-month ECLs (losses resulting from possible defaults within the next 12 months); or
— lifetime ECLs (losses resulting from possible defaults over the remaining life of the financial asset).

The latter applies if there has been a significant deterioration in the credit quality of the asset; albeit lifetime ECLs will always be recognised for trade receivables, contract assets or lease receivables without a significant financing component.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for treasury book and investment management loan book exposures (see note 11) for which credit risk has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Loss allowances for trust and financial planning debtors are always measured at an amount equal to lifetime ECLs.

When assessing whether the credit risk of a financial asset has increased significantly between the reporting date and initial recognition, quantitative and qualitative indicators are used. More detail can be found at note 11.

Measurement of ECLs
Treasury book and investment management loan book
The Group has developed a model for calculating ECLs on its treasury book and investment management loan book (which includes loan commitments held off balance sheet). The Group has developed three different economic scenarios: a base case, an upside and a downside.

The base case is assigned a 60% probability of occurring with the upside and downside each assigned a 20% probability of occurring.

The economic scenarios are based on the projections of GDP, inflation, unemployment rates, house price indices, financial markets and interest rates as set out in the banking system stress testing scenario published annually by the PRA.

Management adjust the projections for the economic variables in arriving at the upside and downside scenarios.

Under each resultant scenario, an ECL is forecast for each exposure in the treasury book and investment management loan book. The ECL is calculated based on management's estimate of the probability of default, the loss given default and the exposure at default of each exposure taking into account industry credit loss data, the Group's own credit loss experience, the expected repayment profiles of the exposures and the level of collateral held. Industry credit loss information is drawn from data on credit defaults for different categories of exposure published by the Council of Mortgage Lenders and Standard & Poor's.

The model adopts a staging allocation methodology, primarily based on changes in the internal and/or external credit rating of exposures to identify significant increases in credit risk since inception of the exposure.

The Group has not rebutted the presumption that if an exposure is more than 30 days past due, the associated credit risk has significantly increased.

More detail on the Group's staging criteria is provided in note 11.

ECLs are discounted back to the balance sheet date at the effective interest rate of the asset.

Trust and financial planning debtors
The Group's trust and financial planning debtors are generally short term and do not contain significant financing components. Therefore, the Group has applied a practical expedient by using a provision matrix to calculate lifetime ECLs based on actual credit loss experience over the past four years.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost and FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Group's definition of default is given in note 11.

Presentation of impairment
The carrying amount of financial assets measured at amortised cost is reduced by a loss allowance. The carrying value of assets measured at FVOCI, is not adjusted by loss allowance but instead the loss allowance is recorded in equity.

Impairment losses related to the Group's treasury book and investment management loan book are presented in 'interest expense and similar charges' and those related to all other financial assets (including trust and financial planning debtors) are presented under 'other operating expenses'. No losses are presented separately on the statement of the comprehensive income and there have been no reclassifications of amounts previously recognised under IAS 39.

1.13 PROPERTY, PLANT AND EQUIPMENT
All property, plant and equipment is stated at historical cost, which includes directly attributable acquisition costs, less accumulated depreciation and impairment losses. Depreciation is charged so as to write off the cost of assets to their estimated residual value over their estimated useful lives, using the straight-line method, on the following bases:

—leasehold improvements: 10 years or over the lease term.

—plant, equipment and computer hardware: over 3 to 10 years.

The assets' residual lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and these are included in profit or loss.

1.14 INTANGIBLE ASSETS
Goodwill
Goodwill arises through business combinations and represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a business at the date of acquisition.

Goodwill is recognised as an asset and measured at cost less accumulated impairment losses. It is allocated to Groups of cash-generating units, which represent the lowest level at which goodwill is monitored for internal management purposes. Cash-generating units are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, and are no larger than the Group's operating segments, as set out in note 3.

On disposal of a subsidiary, the attributed amount of goodwill that has not been subject to impairment is included in the determination of the profit or loss on disposal.

Client relationships
Client relationships acquired as part of a business combination are initially recognised at fair value (note 1.4). Determining whether a transaction that involves the purchase of client relationships is treated as a business combination or a separate purchase of intangible assets requires judgement. The factors that the Group takes into consideration in making this judgement are set out in note 2.1.

Individually purchased client relationships are initially recognised at cost. Where a transaction to acquire client relationship intangible assets includes an element of variable deferred consideration, an estimate is made of the value of consideration that will ultimately be paid. The client relationship intangible asset recognised on the balance sheet is adjusted for any subsequent change in the value of deferred consideration. Note 2.1 sets out the approach taken by the Group where judgement is required to determine whether payments made for the introduction of client relationships should be capitalised as intangible assets or charged to profit or loss.

Client relationship intangible assets are subsequently carried at the amount initially recognised less accumulated amortisation, which is calculated using the straight-line method over their estimated useful lives (normally 10 to 15 years, but not more than 15 years).

Computer software and software development costs
Costs incurred to acquire and bring to use computer software licences are capitalised and amortised through profit or loss over their expected useful lives (3 to 4 years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group are recognised as intangible assets when the Group is expected to benefit from future use of the software and the costs are reliably measurable. Other costs of producing software are charged to profit or loss as incurred. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives (not exceeding 4 years).

Where services provided by a software-as-a-service arrangement do not result in the recognition of an intangible asset, non-distinct configuration and customisation costs are expensed when access to the software is provided. The cost is spread over the contractual term.

1.15 IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS

At each balance sheet date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. See note 2.1 for further detail.

Goodwill is tested for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to groups of cash-generating units. The carrying amount of each group of cash-generating units is compared to its value in use, calculated using a discounted cash flow method. If the recoverable amount of the group of cash-generating units is less than the carrying amount of the group of units, the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to that group of units and then to the other assets of the group of units pro rata on the basis of the carrying amount of each asset in the group of units.

Client relationship intangible assets are reviewed bi-annually for indicators of impairment. Intangible assets acquired through business combinations are tested for impairment by reviewing the key inputs supporting the initial valuation of the asset at acquisition against the Group's current forecasts of those inputs, including revenue margins and net client flows. Intangible assets acquired through newly recruited investment managers under contractual agreements are tested for impairment by reviewing lost client relationships in the period. In determining whether a client relationship is lost, the Group considers factors such as the level of funds withdrawn and the existence of other retained family relationships. When client relationships are lost, the full amount of unamortised cost is recognised immediately in profit or loss and the intangible asset is derecognised. See note 2.1 for further detail.

If the recoverable amount of any asset other than goodwill or client relationships is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Any impairment loss is recognised immediately in profit or loss.

1.16 FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Classification and subsequent measurement

Financial liabilities are classified as measured at amortised cost or at fair value through profit or loss.

The Group has not designated any liabilities as fair value through profit or loss and holds no liabilities as held for trading. Financial liabilities are measured at amortised cost using the effective interest method (note 1.7). Amortised cost is calculated by taking into account any issue costs and any discounts or premiums on settlement. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

For settlement balances, trade date accounting is applied to all regular way purchases and sales of assets.

Derecognition

The Group derecognises financial liabilities when its contractual obligations are discharged, cancelled or expired, or when the financial liability is substantially modified..

1.17 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits, that can be reliably estimated, will occur. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Contingent liabilities are possible obligations that depend on the outcome of uncertain future events or those present obligations where the outflows of resources are uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless the likelihood of crystallisation is judged to be remote.

1.18 RETIREMENT BENEFIT OBLIGATIONS ON RETIREMENT BENEFIT SCHEMES

The Group's net liability/asset in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price), including the value of any bulk annuity policies, is deducted. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

The cost of providing benefits under defined benefit plans is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Net remeasurements of the defined benefit liability/asset are recognised in full in the period in which they occur in other comprehensive income.

Past service costs or gains are recognised in profit or loss immediately in the period of a plan amendment. Interest income on defined benefit assets and interest expense on the defined benefit obligations are also recognised in profit or loss in the period.

The amount recognised in the balance sheet for death-in-service benefits represents the present value of the estimated obligation, reduced by the extent to which any future liabilities will be met by insurance policies.

The company determines the net interest on the net defined benefit liability/asset for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the net defined benefit liability/asset.

Contributions to defined contribution retirement benefit schemes are charged to profit or loss as an expense as they fall due.

1.19 SEGMENTAL REPORTING

The Group determines and presents operating segments based on the information that is provided internally to the Group Executive Committee, which is the Group's chief operating decision-maker. Operating segments are organised around the services provided to clients.

Transactions between operating segments are reported within the income or expenses for those segments; intra-segment income and expenditure is eliminated at Group level. Indirect costs are allocated between segments in proportion to the principal cost driver for each category of indirect costs that is generated by each segment.

1.20 FIDUCIARY ACTIVITIES

The Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. Such assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group. Largely as a result of cash and settlement processing, the Group holds money on behalf of some clients in accordance with the Client Money Rules of the Financial Conduct Authority, the Jersey Financial Services Commission, the Guernsey Financial Services Commission and the Solicitors' Accounts Rules issued by the Solicitors Regulation Authority, as applicable. Such monies and the corresponding amounts due to clients are not shown on the balance sheet as the Group is not beneficially entitled to them.

1.21 MERGER RESERVE

The merger reserve is used where more than 90% of the share capital in a subsidiary is acquired, and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under Section 612 of the Companies Act 2006.

1.22 FAIR VALUE MEASUREMENT

The fair values of quoted financial instruments in active markets are based on current bid prices. Such instruments would be included in level 1 of the fair value hierarchy. If an active market for a financial asset does not exist, the Group establishes fair value by using valuation techniques. These include the use of recent arm's-length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. These instruments would be classified under level 3 in the fair value hierarchy.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group makes judgements and estimates that affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses within the next financial year. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following key accounting policies involve critical judgements made in applying the accounting policies and involve material estimation uncertainty.

2.1 CLIENT RELATIONSHIP INTANGIBLES (NOTE 8)

Critical judgements

Client Relationship intangibles purchased through corporate transactions

When the Group purchases client relationships through transactions with other businesses, a judgement is made as to whether the transaction should be accounted for as a business combination or as a separate purchase of intangible assets. In making this judgement, the Group assesses the assets, liabilities, operations and processes that were the subject of the transaction against the definition of a business combination in IFRS 3. In particular, consideration is given to whether ownership of a corporate entity has been acquired, among other factors.

Payments to newly recruited investment managers

The Group assesses whether payments made to newly recruited investment managers under contractual agreements represent payments for the acquisition of client relationship intangible assets or remuneration for ongoing services provided to the Group. If these payments are incremental costs of acquiring investment management contracts and are deemed to be recoverable (i.e. through future revenues earned from the FUMA that relate to the investment management contract), they are capitalised as client relationship intangible assets (note 8). Otherwise, the payments are judged to be in relation to the provision of ongoing services and are expensed as remuneration costs in the period that they are transferred. Upfront payments made to investment managers upon joining are expensed as incurred, as they are not judged to be incremental costs for acquiring client relationships. At 31 December 2024, these intangible assets totalled £39.2 million (2023: £34.2 million).

Estimation uncertainty

Amortisation of client relationship intangible assets

The Group makes estimates as to the expected duration of client relationships to determine the period over which the related intangible assets are amortised. The amortisation period is estimated with reference to historical data on the longevity of client relationships. During the year, client relationship intangible assets were amortised over a period of between 10 and 15 years. As a result of the IW&I combination in 2023, the sensitivities over the amortisation charge no longer meets the criteria of being at significant risk of material adjustment for the enlarged Group within the next financial year. Consequently, this is no longer considered to be an area of estimation uncertainty, but this shall continue to be monitored.

Impairment review of client relationship intangible assets
At the end of each reporting period, the Group reviews the carrying amount of its client relationship intangible assets acquired through business combinations to determine whether there is any indication of impairment. At 31 December 2024, these intangible assets totalled £429.3 million (2023: £468.6 million). Significant judgment is required in determining whether certain events or circumstances constitute indicators of impairment, and in calculating the recoverable amount of the intangible assets when required.

If an indication of impairment exists, the recoverable amount of the asset is estimated, being the higher of fair value less costs to sell and value-in-use. Where value-in-use is used to calculate the recoverable amount, discounted cash flow forecasts associated with the acquired client relationships are produced, reflecting key assumptions for operating profit margin, net client flows and pre-tax discount rates. Future cash flows are based on the latest financial budgets approved by the Board, or historic data, where relevant. Discount rates are aligned with the Group cost of capital. Where fair value is estimated to calculate the recoverable amount of an asset, indicative trading multiples from recent market acquisitions of comparable businesses in the same industry are used. Changes in these inputs may impact the amount of any impairment loss recognised in operating expenses.

At 31 December 2024, no indicators of impairment relating to the Group's client relationship intangible assets were identified.

The largest individual client relationship intangible asset relates to the acquisition of IW&I in 2023, with a carrying amount of £317.7 million at 31 December 2024. This asset was determined as having the greatest potential for material impairment. During the year, the asset was assessed for indicators of impairment using a fair value less cost to sell model. Our estimate of the fair value less costs to sell, based on comparable business FUM multiples, would have to fall by approximately 30% in order to trigger a possible impairment of the client relationship intangible asset.

2.2 RETIREMENT BENEFIT OBLIGATIONS (NOTE 10)

Estimation uncertainty
The principal assumptions underlying the reported surplus of £0.5 million (2023: £7.0 million surplus) are set out in note 10.

During the year, the Trustees of the Group's defined benefit pension schemes entered into an agreement with Canada Life to fully insure the future benefits of members of both schemes in a 'buy-in' arrangement. An asset for the bulk annuity policy was subsequently recognised at a fair value equivalent to the liabilities in the scheme. The liabilities continue to be revalued in line with IAS 19, and the bulk annuity asset is revalued accordingly by an equal and offsetting amount. Given that the risks relating to retirement benefits are fully insured, we no longer consider this to be an area of estimation uncertainty, although we note that the final premium payable to Canada Life is subject to confirmation once a period of data cleanse is conducted, albeit with no significant adjustments expected.

2.3 BUSINESS COMBINATIONS (NOTE 4)

2.3.1 Investec Wealth & Investment

Critical judgements
In 2023, the Group acquired the entire share capital of Investec Wealth & Investment Limited (IW&I). The Group accounted for the transaction as a business combination, as set out in Note 4.

Consideration receivable
A reduction in the value of IW&I goodwill by £5.1 million has been recognised during the year. This is attributable to the recognition of consideration receivable by the Group from the seller, Investec Bank plc, under the terms of the acquisition. This reassessment of the fair value of net assets acquired relates to new information received during the IFRS 3 measurement period about facts and circumstances that existed at the date of acquisition. Any variance to the asset of £5.1 million recognised at 31 December 2024 will be a post-acquisition adjustment; a reasonable possible change to this asset is an increase to cash by £0.9 million.

2.3.2 Saunderson House

Estimation uncertainty
In 2021, the Group acquired the entire share capital of Saunderson House Limited which was recognised as a business combination. The consideration included equity-settled deferred awards payable under the Saunderson House Transaction Incentive Plan 2021, which was contingent on the recipients remaining employees of the Group for a specific period, and was consequently accounted for as remuneration for ongoing services from employment. The amounts payable were expensed over the deferral period.

The amount payable under the Saunderson House Transaction Incentive Plan 2021 was subject to the achievement of certain operational and performance targets, which were measured at 31 December 2024 ('the measurement date'). A profit or loss charge was recognised in equity for the consideration payable. Under the terms of the award, payment was calculated as 0.1% of the Saunderson House funds under management (FUM) at the measurement date, excluding assets that had not migrated to a Rathbones proposition by this date. In addition to the FUM-based award were integration and discretionary awards.

These awards vested at 31 December 2024 (see note 4 for further detail), therefore this matter is no longer considered an area of estimation uncertainty.

3 SEGMENTAL INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker, which takes the form of the Group Executive Committee, in order to allocate resources to the segment and to assess its performance.

For management purposes, the Group is organised into two operating segments: Wealth Management and Asset Management. Centrally incurred shared services are allocated to these operating segments on the basis of the cost drivers that generate the expenditure; principally, these are, the headcount of income generating teams within the segment, the value of funds under management and administration of the segment, the segment's total revenue, and the segment's share of total expenditure. The allocation of these costs is shown in a separate column in the table below, alongside the information presented for internal reporting. Wealth Management Segmental Assets relate to assets held within the Investment Management (which includes Financial Planning advice), Banking and Trust Business Segments. Asset Management Segmental Assets are assets held solely within the Asset Management Business Segment. Unallocated Segmental Assets relate to the Net Defined Benefit Asset held on the balance sheet.

IW&I was identified as a separate operating segment of the Group in 2023, the results of the segment were presented in aggregate with the Group's Wealth Management segment, on the basis that the long-term characteristics of both are expected to align following the initial integration period of the businesses. Due to the process of integrating IW&I into the wider business during the current year, IW&I is no longer considered a separate operating segment of the Group and is now considered to be a part of the Wealth Management operating segment.

31 December 2024	Wealth Management £m	Asset Management £m	Shared Services £m	Total £m
Net investment management fee income	575.1	79.4	–	654.5
Net commission income	91.8	–	–	91.8
Net interest income	62.3	1.6	–	63.9
Fees from advisory services	54.5	–	–	54.5
Other income	30.5	0.7	–	31.2
Operating income	814.2	81.7	–	895.9
Staff costs – fixed	(233.9)	(7.9)	(54.6)	(296.4)
Staff costs – variable	(129.5)	(20.5)	(18.2)	(168.2)
Total staff costs	(363.4)	(28.4)	(72.8)	(464.6)
Other direct expenses	(108.3)	(15.4)	(80.0)	(203.7)
Allocation of shared services	(140.3)	(12.5)	152.8	–
Underlying operating expenses	(612.0)	(56.3)	–	(668.3)
Underlying profit before tax	202.2	25.4	–	227.6
Charges in relation to client relationships and goodwill	(44.6)	–	–	(44.6)
Acquisition-related and integration costs	(83.4)	–	–	(83.4)
Segment profit before tax	74.2	25.4	–	99.6
Profit before tax attributable to equity holders of the company				99.6
Taxation				(34.1)
Profit for the year attributable to equity holders of the company				65.5

	Wealth Management £m	Asset Management £m	Unallocated Assets £m	Total £m
Segment total assets	4,218.8	70.8	0.5	4,290.1

31 December 2023	Wealth Management	Asset Management	Shared Services	Total
	£m	£m	£m	£m
Net investment management fee income	350.1	64.7	–	414.8
Net commission income	53.6	–	–	53.6
Net interest income	49.9	1.8	–	51.7
Fees from advisory services	40.5	–	–	40.5
Other income	9.8	0.7	–	10.5
Operating income	503.9	67.2	–	571.1
Staff costs – fixed	(147.2)	(7.1)	(51.8)	(206.1)
Staff costs – variable	(78.2)	(13.4)	(15.9)	(107.5)
Total staff costs	(225.4)	(20.5)	(67.7)	(313.6)
Other direct expenses	(53.7)	(12.2)	(64.5)	(130.4)
Allocation of shared services	(119.4)	(12.8)	132.2	–
Underlying operating expenses	(398.5)	(45.5)	–	(444.0)
Underlying profit before tax	105.4	21.7	–	127.1
Charges in relation to client relationships and goodwill	(25.2)	–	–	(25.2)
Acquisition-related and integration costs	(11.0)	–	(33.3)	(44.3)
Segment profit before tax	69.2	21.7	(33.3)	57.6
Profit before tax attributable to equity holders of the company				57.6
Taxation				(20.1)
Profit for the year attributable to equity holders of the company				37.5

	Wealth Management	Asset Management	Unallocated Assets	Total
	£m	£m	£m	£m
Segment total assets	4,099.6	117.8	7.0	4,224.4

The following table reconciles underlying operating expenses to operating expenses:

	2024	2023
	£m	£m
Underlying operating expenses	**668.3**	444.0
Charges in relation to client relationships and goodwill	**44.6**	25.2
Acquisition-related costs	**83.4**	44.3
Operating expenses	**796.3**	513.5

GEOGRAPHIC ANALYSIS

The following table presents operating income analysed by the geographical location of the Group entity providing the service:

	2024	2023
	£m	£m
United Kingdom	**874.4**	553.4
Channel Islands	**21.5**	17.7
Operating income	**895.9**	571.1

The following is an analysis of the carrying amount of non-current assets analysed by the geographical location of the assets:

	2024	2023
	£m	£m
United Kingdom	**1,075.2**	1,103.0
Channel Islands	**3.0**	2.9
Non-current assets	**1,078.2**	1,105.9

TIMING OF REVENUE RECOGNITION

The following table presents operating income analysed by the timing of revenue recognition of the operating segment providing the service:

	2024		2023	
	Wealth Management	**Asset Management**	Wealth Management	Asset Management
	£m	**£m**	£m	£m
Products and services transferred at a point in time	**96.9**	**–**	44.4	–
Products and services transferred over time	**717.3**	**81.7**	459.5	67.2
	814.2	**81.7**	503.9	67.2

MAJOR CLIENTS
The Group is not reliant on any one client or group of connected clients for generation of revenues.

4 BUSINESS COMBINATIONS

INVESTEC WEALTH & INVESTMENT

On 21 September 2023, the Group completed its acquisition of 100% of the ordinary share capital of Investec Wealth & Investment Limited (IW&I) from Investec Bank plc. Full details of the acquisition are set out in note 4 of the 2023 annual report and accounts.

Total consideration transferred to Investec Bank plc of £751.9 million comprised a share issue of 27,056,463 ordinary shares and 17,481,868 convertible non-voting ordinary shares. Based on Rathbones' issued share capital at completion, the total shares transferred to Investec Bank plc amounted to an economic interest in Rathbones Group Plc of 41.25% but, in accordance with the terms of the acquisition, 29.9% of the total voting rights in Rathbones Group Plc.

As set out in note 8, the value of acquired goodwill has been adjusted during the year for new information relating to facts and circumstances that existed at the acquisition date.

Deferred Incentive awards
Deferred awards and contingent payments were granted to certain IW&I employees under the Rathbones Integration Incentive Scheme. These payments require the recipients of the awards to remain in employment with the Group for the duration of the respective deferral periods, and therefore these amounts have not been included in the accounting for the acquisition under IFRS 3 Business Combinations. The cost for these equity-settled awards is being charged to profit or loss in line with IFRS 2 and spread over each respective vesting period. Details of the share awards are as follows:

	Gross amount	Grant date	Grant date fair value	Final vesting date
	£m		£m	
Rathbones Integration Incentive Scheme	39.0	6 October 2023	31.2	22 September 2027

The Rathbone Integration Incentive Scheme award of £39.0 million is payable in shares, and will vest in three equal tranches annually on the second, third and fourth anniversaries of the acquisition completion date, subject to conditions relating to the client migration process. Vesting of the final one-third of the shares on the fourth anniversary of the date of grant will be subject to engagement in the client migration process. The gross amount of £39.0 million represents management's best estimate of the extent to which these conditions will be met. The fair value at the date of grant was determined with reference to the share price at the date of grant less the value of expected dividends receivable over the period up to vesting, as no dividends will be receivable during the vesting period. There are no market-related performance conditions attached to these awards.

A Business Enablement award of £6.9 million was also granted during the prior year and is payable predominantly in cash to different groups of employees in key business enablement functions. Recipients of the award who are classified by the company as material risk-takers receive 50% of their total variable pay in the form of shares of Rathbones Group plc. Approximately 30% of the total award vested on 31 March 2024, and the remainder will vest on 31 March 2025, subject to the recipients remaining employed until this date and other conditions being met. The Group treats the cash element of the award as an employee benefit under IAS 19, with a corresponding liability recognised for the services received at the balance sheet date, and the share element of the awards as equity-settled share-based payments under IFRS 2.

In May and June 2024, two additional awards were granted to certain employees of Rathbones Group Plc, conditional upon the delivery of the integration plan for Rathbones clients. The integration awards are payable in cash in 2025 and 2027 and have been recognised in line with IAS 19.

The charge in the income statement for the above elements is as follows;

	2024	2023
	£m	£m
Incentivisation awards	**15.9**	4.8

These costs are being reported as staff costs within integration-related costs (see note 5).

SAUNDERSON HOUSE

On 20 October 2021, the Group acquired 100% of the ordinary share capital of the Saunderson House Group.

Other Deferred Payments
In addition to a total cash consideration of £98.9 million paid in prior years, the sale and purchase agreement detailed other deferred and contingent payments to be made to the vendors for the sale of the shares of the Saunderson House Group. These

payments were contingent on the recipients remaining in employment with the Group for the duration of the respective deferral periods. Consequently, the awards were treated as remuneration for post-combination services and the cost was charged to the income statement over the respective vesting periods. Details of each of these elements are as follows:

	Gross amount	Grant date	Grant date fair value	Vesting date
	£m		£m	
Initial share consideration	5.2	20 October 2021	5.5	20 October 2024
Management incentive scheme	5.7	20 December 2021	4.9	31 December 2024

All of these payments were accounted for as equity-settled share-based payments under IFRS 2.

— Initial share consideration of £5.2 million was issued on the date of acquisition and vested on the third anniversary of the acquisition date, which fell during the year. As the share issuance was in pursuance of the arrangement to acquire the shares of the Saunderson House Group, the premium of £5.2 million on the issuance of these shares was recognised within the merger reserve.

— The incentive plan for the Saunderson House senior management team was subject to certain operational and financial performance targets at the measurement date of 31 December 2024. The award was calculated as 0.1% of qualifying funds under management at the measurement date (see note 2). Additionally, £1.0 million of integration awards vested at this date. £0.5 million of discretionary awards were granted to employees as part of the scheme in previous years.

These costs are being reported as staff costs within acquisition-related costs (see note 5).

5 ACQUISITION-RELATED AND INTEGRATION COSTS

During 2024 £83.4 million of acquisition-related and integration costs were incurred (2023: £44.3 million).

	2024	2023
	£m	£m
Acquisition of Speirs & Jeffrey	**–**	1.0
Acquisition of Investec Wealth & Investment	**75.5**	36.5
Acquisition of Saunderson House	**7.9**	6.8
Acquisition-related and Integration costs	**83.4**	44.3

Total acquisition-related staff costs of £21.4 million (2023: 11.0 million) during the year relate to equity-settled share-based payments.

COSTS RELATING TO THE ACQUISITION OF INVESTEC WEALTH & INVESTMENT (IW&I)

The Group has incurred the following costs in relation to the acquisition of IW&I, summarised by the following classification within the income statement:

	2024	2023
	£m	£m
Acquisition costs:		
Acquisition-related legal and advisory costs	**–**	21.3
Integration costs:		
Integration related staff costs	**48.3**	6.2
Other Integration Costs	**27.2**	9.0
Acquisition-related and Integration costs	**75.5**	36.5

Acquisition-related legal and advisory costs of £nil (2023: £21.3 million) and integration costs of £nil (2023: £9.0 million) have not been allocated to a specific operating segment (note 3).

Integration-related staff costs of £48.3 million (2023: £6.2 million) predominately relate to restructuring costs of £20.1 million, the majority of which have not yet been settled and have been recognised within accruals and other liabilities, and deferred incentive awards of £20.4 million.

Other integration costs of £27.2 million (2023: £9.0 million) mainly relate to technology and consultancy costs.

COSTS RELATING TO THE ACQUISITION OF SPEIRS & JEFFREY

The Group has incurred the following costs in relation to the 2018 acquisition of Speirs & Jeffrey, summarised by the following classification within the income statement:

	2024 £m	2023 £m
Acquisition costs:		
Staff costs	–	1.0
Acquisition-related and Integration costs	–	1.0

COSTS RELATING TO THE ACQUISITION OF SAUNDERSON HOUSE

The Group has incurred the following costs in relation to the acquisition of Saunderson House Group, summarised by the following classification within the income statement:

	2024 £m	2023 £m
Acquisition costs:		
Staff costs	3.3	3.9
Integration costs:		
Other Integration Costs	4.6	2.9
Acquisition-related and Integration costs	7.9	6.8

Integration costs of £nil (2023: £2.9 million) have not been allocated to a specific operating segment (note 3).

Staff costs of £3.3 million (2023: £3.9 million) relate to deferred remuneration.

6 INCOME TAX EXPENSE

	2024 £m	2023 £m
Current tax:		
— charge for the year	41.1	22.8
— adjustments in respect of prior years	(2.2)	1.1
Deferred tax:		
— credit for the year	(6.4)	(1.9)
— adjustments in respect of prior years	1.6	(1.9)
	34.1	20.1

The tax charge is calculated based on the estimated amount payable as at the balance sheet date. Any subsequent differences between these estimates and the actual amounts paid are recorded as adjustments in respect of prior years.

The tax charge on profit for the year is higher (2023: higher) than the standard rate of corporation tax in the UK of 25.0% (2023: 23.5%). 23.5% is a composite tax rate, since the UK corporation tax rate was 19.0% until 31 March 2023 and 25.0% for the remainder of the financial year.

The differences are explained below:

	2024 £m	2023 £m
Tax on profit from ordinary activities at the standard rate of 25% (2023: 23.5%)	24.9	13.6
Effects of:		
— disallowable expenses	7.1	8.0
— share-based payments	2.9	(0.2)
— tax on overseas earnings	(0.8)	(0.7)
— adjustments in respect of prior year	(0.6)	(0.8)
— deferred payments to previous owners of acquired companies	–	0.3
— change in corporation tax rate on deferred tax	–	(0.1)
— Tax impact on intra-group dividends	0.6	–
	34.1	20.1

£nil of current tax on share-based payments was charged to equity during the year (2023: £0.4 million).

On 11 July 2023, the government of the United Kingdom, where the parent company is incorporated, enacted the Pillar II income taxes legislation effective from 1 January 2024. Under the legislation, the parent company will be required to pay, in the United Kingdom, top-up tax on profits of its subsidiaries located in territories outside the United Kingdom that are taxed at an effective tax rate of less than 15%. We have undertaken a review of the regime and determined that the Group will not be in scope for Pillar II income tax reporting until the year ended 31 December 2026, we will continue to monitor.

7 DIVIDENDS

	2024	2023
	£m	£m
Amounts recognised as distributions to equity holders in the year:		
— final dividend for the year ended 31 December 2023 of 24.0p (2022: 56.0p) per share	**25.2**	33.4
— interim dividend for the year ended 31 December 2024 of 30.0p (2023: 29.0p) per share	**31.7**	17.5
— second interim dividend for the year ended 31 December 2023 of 34.0p per share	**–**	20.5
Dividends paid in the year of 54.0p (2023: 119.0p) per share	**56.9**	71.4
Proposed final dividend for the year ended 31 December 2024 of 63.0p (2023: 24.0p) per share	**65.2**	24.9

An interim dividend of 30.0p per share was paid on 1 October 2024 to shareholders on the register at the close of business on 6 September 2024 (2023: 29.0p).

A second interim dividend was not paid in 2024 (2023: 34.0p).

A final dividend declared of 63.0p per share (2023: 24.0p) is payable on 13 May 2025 to shareholders on the register at the close of business on 11 April 2025. The final dividend is subject to approval by shareholders at the Annual General Meeting on 8 May 2025 and has not been included as a liability in these financial statements.

8 INTANGIBLE ASSETS

Goodwill of £340.1 million was initially recognised in 2023 as a result of the acquisition of IW&I (see note 4), representing the future economic benefit expected from an acquired workforce, expected future growth and future client relationships, as well as operational and revenue synergies.

Goodwill was revalued in the period to £337.3 million, due to management receiving information during the 12 month measurement period post-acquisition about facts and circumstances that existed at the acquisition date. A reduction of £5.1 million was attributable to the recognition of consideration receivable owed to the Group by the seller (see note 2). This was partially offset by a £0.7 million increase in goodwill attributable to a re-measurement of the acquired client relationship intangible assets and the related deferred tax liability, and a £1.5 million increase attributable to a re-measurement of acquired property lease assets.

Client relationships of £350.3 million were initially recognised as part of the acquisition of IW&I (see note 4). An average useful life of 14 years was assigned to these relationships, based on observed historic attrition rates. During the year, these intangible assets were re-measured in line with IFRS 3 and adjusted downwards by £1.2 million to reflect new information about facts and circumstances in existence at the acquisition date. The related deferred tax liability was also reduced accordingly by £0.5 million.

	2024	2023
	£m	£m
Goodwill	**504.9**	507.8
Other intangible assets	**477.8**	517.5
	982.7	1,025.3

GOODWILL

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination.

The carrying amount of goodwill has been allocated as follows:

	Wealth Management	IW&I	Asset Management	Total
	£m	£m	£m	£m
Cost				
At 1 January 2023	167.7	–	1.9	169.6
Acquired through business combinations	82.1	258.0	–	340.1
At 1 January 2024	**249.8**	**258.0**	**1.9**	**509.7**
Other movements	**–**	**(2.9)**	**–**	**(2.9)**
Reclassification	**255.1**	**(255.1)**	**–**	**–**
At 31 December 2024	**504.9**	**–**	**1.9**	**506.8**
Impairment				
At 1 January 2023	–	–	1.9	1.9
Charge for the year	**–**	**–**	**–**	**–**
At 1 January 2024	**–**	**–**	**1.9**	**1.9**
Charge for the year	**–**	**–**	**–**	**–**
At 31 December 2024	**–**	**–**	**1.9**	**1.9**
Carrying amount at 31 December 2024	**504.9**	**–**	**–**	**504.9**
Carrying amount at 31 December 2023	249.8	258.0	–	507.8
Carrying amount at 1 January 2023	167.7	–	–	167.7

Due to a change in the Group's reporting structure and operating segments in the year (see note 3), the Group now monitors total goodwill at the Wealth Management reporting segment level, whereas previously IW&I goodwill was monitored separately. This has resulted in a reclassification of the total acquired IW&I goodwill to the Wealth Management column in the table above as the CGU groups are considered to have merged.

IMPAIRMENT

The recoverable amounts of the CGUs to which goodwill is allocated are assessed using value-in-use calculations. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Board, which cover the three year period from the end of the current financial year. This is extrapolated for five years based on recent historic annual revenue and cost growth for each CGU (see table below), adjusted for significant historic fluctuations in industry growth rates where relevant, as well as the Group's expectation of future growth.

A five-year extrapolation period is chosen as this aligns with the period covered by the Group's Internal Capital Adequacy Assessment Process (ICAAP) modelling. A terminal growth rate is applied to year five cash flows, which takes into account the net growth forecasts over the extrapolation period and the long-term economic growth rate. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to each CGU.

The pre-tax rate used to discount the forecast cash flows for each CGU is shown in the table below; these are based on a risk-adjusted weighted average cost of capital. The Group judges that these discount rates appropriately reflect the markets in which each CGU operates.

There was no impairment to the goodwill allocated to the Wealth Management CGU during the period. The Group has considered any reasonably foreseeable changes to the assumptions used in the value-in-use calculation and the level of risk associated with those cash flows. Based on this assessment, no such change would result in an impairment of goodwill.

	Wealth Management	
At 31 December	**2024**	2023
Discount rate	**16.1%**	14.6%
Average annual revenue growth rate	**4.5%**	4.1%
Average annual profit margin	**28.6%**	21.0%
Terminal growth rate	**1.5%**	1.5%

The terminal growth rate of 1.5% is aligned with current expectations of long-term UK economic growth. The increase in the average annual revenue growth rate since the prior year primarily reflects forecast growth in funds under management. The increase in the expected operating profit margin is primarily due to higher funds under management and the realisation of synergies as a result of the integration of IW&I into the Group's Wealth Management operating segment.

OTHER INTANGIBLE ASSETS

	Client relationships £m	Software development costs £m	Purchased software £m	Total £m
Cost				
At 1 January 2023	300.9	13.5	54.9	369.3
Internally developed in the year	–	1.0	–	1.0
Acquired through business combinations	350.3	1.7	2.0	354.0
Purchased in the year	2.6	–	2.2	4.8
Disposals	(2.8)	–	–	(2.8)
At 1 January 2024	**651.0**	**16.2**	**59.1**	**726.3**
Internally developed in the year	**–**	**1.0**	**–**	**1.0**
Other movements	**(1.2)**	**–**	**–**	**(1.2)**
Purchased in the year	**11.6**	**–**	**0.8**	**12.4**
Disposals	**(2.4)**	**–**	**(5.5)**	**(7.9)**
At 31 December 2024	**659.0**	**17.2**	**54.4**	**730.6**
Amortisation and impairment				
At 1 January 2023	125.9	10.0	44.9	180.8
Amortisation charge	25.2	1.8	3.8	30.8
Disposals	(2.8)	–	–	(2.8)
At 1 January 2024	**148.3**	**11.8**	**48.7**	**208.8**
Amortisation charge	**44.6**	**2.2**	**5.1**	**51.9**
Disposals	**(2.4)**	**–**	**(5.5)**	**(7.9)**
At 31 December 2024	**190.5**	**14.0**	**48.3**	**252.8**
Carrying amount at 31 December 2024	**468.5**	**3.2**	**6.1**	**477.8**
Carrying amount at 31 December 2023	502.7	4.4	10.4	517.5
Carrying amount at 1 January 2023	175.0	3.5	10.0	188.5

Purchases of client relationships of £11.6 million (2023: £2.6 million) in the year relate to payments made to investment managers and third parties on the acquisition of client relationships.

The total amount charged to profit or loss in the year in relation to client relationship intangible assets was £44.6 million (2023: £25.2 million).

Purchased software with a cost of £37.6 million (2023: £36.4 million) has been fully amortised but remains in use.

9 PROVISIONS

	Deferred, variable costs to acquire client relationship intangible assets	Deferred consideration in business combinations	Legal & professional and compensation	Property-related	Onerous Contract	Total
	£m	£m	£m	£m	£m	£m
At 1 January 2023	4.4	–	2.7	5.8	–	12.9
Charged to profit or loss	–	–	9.1	0.2	1.2	10.5
Unused amount credited to profit or loss	–	(0.1)	(1.1)	–	–	(1.2)
Net charge to profit or loss	–	(0.1)	8.0	0.2	1.2	9.3
Acquisitions through business combinations	–	3.4	1.9	5.4	–	10.7
Other movements	2.6	–	–	–	–	2.6
Utilised/paid during the year	(2.3)	–	(7.7)	–	–	(10.0)
At 1 January 2024	**4.7**	**3.3**	**4.9**	**11.4**	**1.2**	**25.5**
Charged to profit or loss	**–**	**–**	**6.4**	**13.1**	**3.1**	**22.6**
Unused amount credited to profit or loss	**–**	**–**	**(2.6)**	**(4.9)**	**(0.2)**	**(7.7)**
Net charge to profit or loss	**–**	**–**	**3.8**	**8.2**	**2.9**	**14.9**
Other movements	**11.6**	**–**	**–**	**–**	**–**	**11.6**
Utilised/paid during the year	**(7.9)**	**(0.7)**	**(2.6)**	**(11.2)**	**(1.5)**	**(23.9)**
At 31 December 2024	**8.4**	**2.6**	**6.1**	**8.4**	**2.6**	**28.1**
Payable within 1 year	**0.1**	**2.6**	**5.7**	**3.0**	**1.8**	**13.2**
Payable after 1 year	**8.3**	**–**	**0.4**	**5.4**	**0.8**	**14.9**
	8.4	**2.6**	**6.1**	**8.4**	**2.6**	**28.1**

DEFERRED, VARIABLE COSTS TO ACQUIRE CLIENT RELATIONSHIP INTANGIBLE ASSETS

Other movements in provisions relate to deferred payments to investment managers and third parties on the acquisition of client relationships, which have been previously capitalised.

DEFERRED CONSIDERATION IN BUSINESS COMBINATIONS

Deferred Consideration in Business Combinations relates to IW&I's deferred consideration provision on their acquisition of Murray Asset Management. The Share Centre deferred

consideration provision was settled in March 2024, on transfer of the assets to Rathbones Asset Management Limited.

LEGAL & PROFESSIONAL AND COMPENSATION

During the ordinary course of business the Group may, from time to time, be subject to complaints, as well as threatened with actual legal proceedings (which may include lawsuits brought on behalf of clients or other third parties) both in the UK and overseas. Any such material matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Group incurring a liability. In those instances where it is concluded that it is more likely than not that a payment will be made, a provision is established, representing the Group's best estimate of the amount required to settle the obligation at the relevant balance sheet date. The Group's best estimate is based on legal advice and management's expectation of the most likely outcome, the estimation of which may be supported by external professional advisers. The timing of settlement of provisions for client compensation or litigation is dependent, in part, on the duration of negotiations with third parties.

PROPERTY-RELATED

Property-related provisions of £8.4 million relate to dilapidation obligations expected to arise on leasehold premises held by the Group (2023: £11.4 million). During the year, the Group's policy for calculating dilapidation provisions was revised (see note 1.8).

During the year, the Group assigned its lease at 8 Finsbury Circus to a new tenant. As a result, the Group recognised a property-related provision of £11.2 million at the date the property was vacated, which was paid during the year. The Group also released its dilapidation obligations relating to the property of £3.1 million. The net cost has been recognised within acquisition-related costs.

ONEROUS CONTRACT

In 2023, the Group terminated a support agreement with a third party service provider. The onerous element of the contract represented a cost of £1.2 million to the Group, which was recognised as a provision at the prior year end. The provision was settled in full during the year.

The onerous contract provision of £2.7 million (2023: £nil) relates to the estimated cost to exit contracts that are no longer required as a result of the combination of IW&I with Rathbones, where the term of the contract exceeds the period over which IW&I, or the wider Rathbones Group, is expected to derive benefit from that contract.

Amounts payable after one year

Property-related provisions of £5.4 million are expected to be settled within 10 years of the balance sheet date, which corresponds to the longest lease for which a dilapidations provision is being held. Remaining provisions payable after one year are expected to be settled within 9 years of the balance sheet date.

10 LONG-TERM EMPLOYEE BENEFITS

DEFINED CONTRIBUTION PENSION SCHEME

The Group operates a defined contribution group personal pension scheme and contributes to various other personal pension arrangements for certain directors and employees. The total contributions made to these schemes during the year were £32.3 million (2023: £21.0 million). The Group also operates a defined contribution scheme for overseas employees, for which the total contributions were £0.1 million (2023: £0.1 million).

DEFINED BENEFIT PENSION SCHEMES

The Group operates two defined benefit pension schemes that operate within the UK legal and regulatory framework: the Rathbone 1987 Scheme and the Laurence Keen Retirement Benefit Scheme. The schemes' investments are managed on a discretionary basis, in accordance with the statements of investment principles agreed by the trustees. Scheme assets are held separately from those of the Group.

The trustees of the schemes are required to act in the best interest of the schemes' beneficiaries. The appointment of trustees is determined by the schemes' trust documentation and legislation. The Group has a policy that one third of all trustees should be nominated by members of the schemes.

The Laurence Keen Scheme was closed to new entrants and future accrual with effect from 30 September 1999. Past service benefits continue to be calculated by reference to final pensionable salaries. From 1 October 1999, all the active members of the Laurence Keen Scheme were included under the Rathbone 1987 Scheme for accrual of retirement benefits for further service. The Rathbone 1987 Scheme was closed to new entrants with effect from 31 March 2002 and to future accrual from 30 June 2017.

The schemes are valued by independent actuaries at least every three years using the projected unit credit method, which looks at the value of benefits accruing over the years following the valuation date based on projected salary to the date of termination of services, discounted to a present value using a rate that reflects the characteristics of the liability. The valuations are updated at each balance sheet date in between full valuations. The latest full actuarial valuations were carried out as at 31 December 2022.

In June 2023, the High Court handed down a judgement that casts doubt on the validity of previous pension scheme amendments made by schemes which were previously contracted out. This was in the Court Case of Virgin Media Limited Vs NTL Pension Trustees II Limited, where it was determined that a Deed of Amendment was not valid because the accompanying written actuarial confirmation under Section 37 of the Pensions Act 1995 was not present. An appeal to the ruling in July 2024 upheld the original ruling. There remains a risk that the benefits of schemes affected by the ruling turn out to be incorrect. The Rathbone 1987 Scheme was never contracted out and so is not impacted by this ruling, however there could be a potential impact on the Lawrence Keen Scheme if any amendments are found to be invalid. The impact is not currently known. Based on the information currently available, which has been assessed by the Actuary, we have not identified this as material to the Group. We will continue to monitor.

The assumptions used by the actuaries, to estimate the schemes' liabilities, are the best estimates chosen from a range of possible actuarial assumptions. Due to the timescale covered by the liability, these assumptions may not necessarily be borne out in practice.

The principal actuarial assumptions used, which reflect the different membership profiles of the schemes, were:

	Laurence Keen Scheme		Rathbone 1987 Scheme	
	2024	2023	**2024**	2023
	% (unless stated)	% (unless stated)	**% (unless stated)**	% (unless stated)
Rate of increase of salaries	**n/a**	n/a	**n/a**	n/a
Rate of increase of pensions in payment	**3.7**	3.7	**3**	2.9
Rate of increase of deferred pensions	**3.2**	3.1	**3.2**	3.1
Discount rate	**5.4**	4.4	**5.4**	4.4
Inflation*	**3.2**	3.1	**3.2**	3.1
Percentage of members transferring out of the schemes per annum	**–**	2	**–**	2
Average age of members at date of transferring out (years)	**n/a**	52.5	**n/a**	52.5

* *Inflation assumptions are based on the Retail Prices Index

Over the year, the financial assumptions have been amended to reflect changes in market conditions. Specifically:

1. the discount rate has increased by 0.1% to reflect an increase in the yields available on AA-rated Corporate Bonds;
2. the assumed rate of future inflation has increased by 0.1% and reflects expectations of long-term inflation as implied by changes in the Bank of England inflation yield curve;

3. the assumed rates of future increases to pensions in payment, where linked to inflation, have increased by 0.1% for the Rathbone 1987 Scheme and remain unchanged for the Laurence Keen Scheme

Over the year the mortality assumptions have been updated. The standard mortality tables known as Series 4 tables (2023: Series 3) are used, with the 'Light' version of the tables used to reflect an expectation that members of the schemes will experience longer than average life expectancies. The CMI model used to project future improvements in mortality has been updated from the 2022 version to the 2023 version.

2% of members not yet in receipt of their pension are assumed to transfer out of the scheme each year (2023: 2%).

The proportion of members assumed to be married at retirement age is 80% (2023: 80%).

The assumed duration of the liabilities for the Laurence Keen Scheme is 12 years (2023: 12 years) and the assumed duration for the Rathbone 1987 Scheme is 15 years (2023: 16 years).

The normal retirement age for members of the Laurence Keen Scheme is 65 (60 for certain former directors). The normal retirement age for members of the Rathbone 1987 Scheme is 60 for service prior to 1 July 2009 and 65 thereafter, following the introduction of pension benefits based on Career-Average Revalued Earnings (CARE) from that date.

The assumed life expectancies on retirement were:

		2024		2023	
		Males	**Females**	Males	Females
Retiring today:	aged 60	**27.4**	**29.2**	27.6	29.5
	aged 65	**22.7**	**24.2**	22.8	24.5
Retiring in 20 years:	aged 60	**29.2**	**31**	29.4	31.2
	aged 65	**24.2**	**25.9**	24.3	26.1

The amount included in the balance sheet arising from the Group's assets in respect of the schemes is as follows:

	2024			2023		
	Laurence Keen Scheme £m	**Rathbone 1987 Scheme £m**	**Total £m**	Laurence Keen Scheme £m	Rathbone 1987 Scheme £m	Total £m
Present value of defined benefit obligations	**(6.2)**	**(81.7)**	**(87.9)**	(7.3)	(93.8)	(101.1)
Fair value of scheme assets	**6.5**	**81.9**	**88.4**	8.2	99.9	108.1
Net defined benefit asset	**0.3**	**0.2**	**0.5**	0.9	6.1	7.0

The amounts recognised in profit or loss, within operating expenses, are as follows:

	2024			2023		
	Laurence Keen Scheme £m	**Rathbone 1987 Scheme £m**	**Total £m**	Laurence Keen Scheme £m	Rathbone 1987 Scheme £m	Total £m
Interest expense	**–**	**(0.4)**	**(0.4)**	(0.1)	(0.4)	(0.5)
	–	**(0.4)**	**(0.4)**	(0.1)	(0.4)	(0.5)

Remeasurements of the net defined benefit asset have been reported in other comprehensive income. The actual return on scheme assets was a fall in value of £1.2 million (2023: £0.4 million rise) for the Laurence Keen Scheme and a fall in value of £18.7 million (2023: £3.6 million rise) for the Rathbone 1987 Scheme.

Movements in the present value of defined benefit obligations were as follows:

	2024			2023		
	Laurence Keen Scheme £m	**Rathbone 1987 Scheme £m**	**Total £m**	Laurence Keen Scheme £m	Rathbone 1987 Scheme £m	Total £m
At 1 January	**7.3**	**93.8**	**101.1**	7.2	87.5	94.7
Interest cost	**0.4**	**4.1**	**4.5**	0.3	4.1	4.4
Actuarial experience gains/(losses)	**–**	**(0.1)**	**(0.1)**	0.1	3.4	3.5
Actuarial gains/(losses) arising from:						
— demographic assumptions	**(0.1)**	**(0.4)**	**(0.5)**	(0.1)	(1.5)	(1.6)
— financial assumptions	**(0.8)**	**(12.8)**	**(13.6)**	0.2	2.8	3.0
Past service cost	**–**	**–**	**–**	–	–	–
Benefits paid	**(0.6)**	**(2.9)**	**(3.5)**	(0.4)	(2.5)	(2.9)
At 31 December	**6.2**	**81.7**	**87.9**	7.3	93.8	101.1

Movements in the fair value of scheme assets were as follows:

	2024			2023		
	Laurence Keen Scheme £m	**Rathbone 1987 Scheme £m**	**Total £m**	Laurence Keen Scheme £m	Rathbone 1987 Scheme £m	Total £m
At 1 January	**8.2**	**99.9**	**108.1**	8.1	96.0	104.1
Remeasurement of net defined benefit asset/(liability)						
— interest income	**0.4**	**4.4**	**4.8**	0.4	4.5	4.9
— return on scheme assets (excluding amounts included in interest income)	**(1.5)**	**(23.2)**	**(24.7)**	–	(0.8)	(0.8)
Contributions from the sponsoring companies	**–**	**3.7**	**3.7**	0.1	2.8	2.9
Benefits paid	**(0.6)**	**(2.9)**	**(3.5)**	(0.4)	(2.6)	(3.0)
At 31 December	**6.5**	**81.9**	**88.4**	8.2	99.9	108.1

On 9 April 2024 both Schemes invested in a bulk annuity policy to match their liabilities as part of a 'buy-in' process. The Schemes' assets are now therefore almost entirely invested in bulk policies, with some residual funds in the Schemes' bank accounts or cash deposits. In accordance with IAS 19, the fair value of the bulk annuity policies has been calculated to be equal to the value of the liabilities the policies cover.

Following the purchase of the bulk annuities which match the Schemes' liabilities, the risks relating to interest rates, inflation and mortality have been transferred to the insurer. The residual risks to the Group arising from both schemes are in respect of the following;

- counterparty default risk - risk of insurer default is considered low, with a number of protections in place against this.
- risk that there are changes to the premium - final premium payable to the insurer is subject to confirmation following a period of data cleanse, no significant adjustments expected.

The analysis of the scheme assets, measured at bid prices, at the balance sheet date was as follows:

Laurence Keen Scheme	**2024**	2023	**2024**	2023
	Fair value £m	Fair value £m	**Current allocation %**	Current allocation %
Equity instruments	**–**	–	**–**	–
Debt instruments:				
— United Kingdom corporate bonds	**–**	0.4		
	–	0.4	**–**	5.0
Liability-driven investments	**–**	7.8	**–**	93.0
Cash	**0.4**	0.1	**5.0**	2.0
Annuities	**6.1**	–	**95.0**	–
At 31 December	**6.5**	8.3	**100.0**	100.0

Rathbone 1987 Scheme	**2024**	2023	**2024**	2023
	Fair value £m	Fair value £m	**Current allocation %**	Current allocation %
Liability-driven investments	**–**	98.4	**–**	99.0
Cash	**0.2**	1.5	**–**	1.0
Other	**81.7**	–	**100.0**	–
At 31 December	**81.9**	99.9	**100.0**	100.0

The key assumptions affecting the results of the valuation are the discount rate, future inflation, mortality. In order to demonstrate the sensitivity of the results to these assumptions, the actuary has recalculated the defined benefit obligations for each scheme by varying each of these assumptions in isolation whilst leaving the other assumptions unchanged. Changes to these assumptions of a different, but similar, magnitude would result in a broadly proportional change in these figures. Where the changes to these assumptions are more significant the impact will be more significant, but potentially not proportional. These events within the sensitivity analysis are unlikely to occur in isolation. For example, in order to demonstrate the sensitivity of the results to the discount rate, the actuary has recalculated the defined benefit obligations for each scheme using a discount rate that is 0.5% higher than that used for calculating the disclosed figures. A similar approach has been taken to demonstrate the sensitivity of the results to the other key assumptions. A summary of the sensitivities in respect of the total of the two schemes' defined benefit obligations is set out below.

	Combined impact on schemes' liabilities	
	(Decrease)/increase £m	(Decrease)/increase %
0.5% increase in:		
— discount rate	**(6.3)**	**(7.2)**
0.5% increase in:		
— rate of inflation	**3.6**	**4.1**
1-year increase to:		
— longevity at 60	**3.5**	**4.0**

The total contributions made by the Group to the 1987 Scheme during the year were £3.7 million (2023: £2.8 million).

There have been no contributions (2023: £0.2 million) made by the Group to the Laurence Keen Scheme during the year.

Per IAS 19, companies are required to limit the value of any defined benefit asset to the lower of the surplus in the plan and the defined benefit asset ceiling, where the asset ceiling is the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The company expects to access any surplus assets remaining in the plan once all members have left after gradual settlement of the liabilities. Therefore, the net asset is deemed to be recoverable and the effect of the asset ceiling is £nil.

11 FAIR VALUES

The table below analyses financial instruments measured at fair value into a fair value hierarchy based on the valuation technique used to determine the fair value:

— Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
— Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
— Level 3: inputs for the asset or liability that are not based on observable market data.

At 31 December 2024	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Assets				
Fair value through profit or loss:				
— equity securities	**–**	**–**	**–**	**–**
	–	**–**	**–**	**–**

At 31 December 2023	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Fair value through profit or loss:				
— equity securities	–	–	1.2	1.2
	–	–	1.2	1.2

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There have been no transfers between levels during the year (2023: none).

The fair values of the Group's other financial assets and liabilities are not materially different from their carrying values, with the exception of the following:

— Investment debt securities measured at amortised cost comprise bank and building society certificates of deposit, which have fixed coupons, and treasury bills. The fair value of the debt securities at 31 December 2024 was £1,249.4 million (2023: £1,296.8 million) and the carrying value was £1,278.2 million (2023: £1,294.6 million). Fair value of debt securities is based on market bid prices, and hence would be categorised as level 1 within the fair value hierarchy.
— Subordinated loan notes comprise Tier 2 loan notes. The fair value of the loan notes at 31 December 2024 was £34.2 million (2023: £37.4 million) and the carrying value was £39.9 million (2023: £39.9 million). Fair value of the loan notes is based on discounted future cash flows using current market rates for debts with similar remaining maturity, and hence would be categorised as level 2 in the fair value hierarchy.

Level 3 financial instruments

Fair value through profit or loss

At 31 December 2023, the Group held 517 shares in Euroclear Holdings SA, which were valued at £1.2 million by reference to the price secured from the sale of 1,292 of the Group's shares during 2023. During the current year, the Group sold its total remaining shares in Euroclear at the same price used to value its shareholding at 31 December 2023.

Changes in the fair values of financial instruments categorised as level 3 within the fair value hierarchy were as follows:

	2024 £m	2023 £m
At 1 January	**1.2**	3.1
Total unrealised gains/(losses) recognised in profit or loss	**–**	1.0
Total disposals	**(1.2)**	(2.9)
At 31 December	**–**	1.2

The gains or losses relating to the fair value through profit or loss equity securities is included within 'other operating income' in the consolidated statement of comprehensive income.

There were no other gains or losses arising from changes in the fair value of financial instruments categorised as level 3 within the fair value hierarchy.

12 EARNINGS PER SHARE

Earnings used to calculate earnings per share on the bases reported in these financial statements were:

	2024			2023		
	Pre-tax £m	**Taxation £m**	**Post-tax £m**	Pre-tax £m	Taxation £m	Post-tax £m
Underlying profit attributable to shareholders	**227.6**	**(59.9)**	**167.7**	127.1	(30.3)	96.8
Charges in relation to client relationships and goodwill	**(44.6)**	**10.2**	**(34.4)**	(25.2)	5.9	(19.3)
Acquisition-related costs	**(83.4)**	**15.6**	**(67.8)**	(44.3)	4.3	(40.0)
Profit attributable to shareholders	**99.6**	**(34.1)**	**65.5**	57.6	(20.1)	37.5

Basic earnings per share has been calculated by dividing profit attributable to shareholders by the weighted average number of shares in issue throughout the year, excluding own shares, of 103,729,536 (2023: 71,269,129). This includes 17,481,868 convertible non-voting shares issued as consideration for the IW&I transaction. In total, 44,538,331 shares were issued as a result of the IW&I transaction on 21 September 2023.

Diluted earnings per share is the basic earnings per share, adjusted for the effect of contingently issuable shares and outstanding employee share options.

	2024	2023
Weighted average number of ordinary shares in issue during the year – basic	**103,729,536**	71,269,129
Dilutive effect of share options and awards	**4,481,773**	2,605,448
Weighted average number of diluted ordinary shares outstanding	**108,211,309**	73,874,577

	2024	2023
Earnings per share for the year attributable to equity holders of the company:		
— basic	**63.0p**	52.6p
— diluted	**60.4p**	50.8p
Underlying earnings per share for the year attributable to equity holders of the company:		
— basic	**161.6p**	135.8p
— diluted	**154.9p**	131.0p

Underlying earnings per share is calculated in the same way as earnings per share, but by reference to underlying profit attributable to shareholders.

13 RELATED PARTY TRANSACTIONS

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The remuneration of the key management personnel of the Group, who are defined as the company's directors and other members of senior management who are responsible for planning, directing and controlling the activities of the Group, is set out below.

In the current year, as part of a review of individuals defined as senior management for the group, the prior year disclosure has been restated. The result of the restatement has been to decrease short-term employee benefits by £5.6 million, decrease other long-term benefits by £1.5 million and decrease share based payments by £0.1 million for 2023.

Gains on options exercised by directors during the year totalled £nil (2023: £nil).

	2024 £m	2023 £m
Short-term employee benefits	**8.4**	7.6
Other long-term benefits	**(0.1)**	(0.2)
Share-based payments	**2.4**	2.5
	10.7	9.9

Dividends totalling £0.2 million were paid in the year (2023: £0.3 million) in respect of ordinary shares held by key management personnel and their close family members.

At 31 December 2024, key management personnel and their close family members had gross outstanding deposits of £0.9 million (2023: £1.0 million) and gross outstanding banking loans of £nil million (2023: 0.1 million). A number of the Group's key management personnel and their close family members make use of the services provided by companies within the Group. Charges for such services are made at various staff rates. All transactions were made on normal business terms.

OTHER RELATED PARTY TRANSACTIONS

The Group's transactions with the pension funds are described in note 10. At 31 December 2024, no amounts were outstanding with either the Laurence Keen Scheme or the Rathbone 1987 Scheme (2023: none).

As a result of the IW&I transaction on 21 September 2023, Rathbones Group Plc is an associate of Investec Bank plc. Investec Bank plc currently provide services to Rathbones Group Plc under a Transitional Services Agreement (TSA), entered into on acquisition of IW&I. In April 2024 an Outsourced Service Agreement (OSA) was established.

As at 31 December 2024 12.6 million (2023: £8.3) which is predominately related to IW&I employee salary costs and associated payroll taxes which are outsourced to Investec Bank plc under the TSA. A gross receivable of £6.4 million has been recognised at year-end, predominately attributable to the recognition of £5.1 million of consideration receivable by the Group from Investec Bank plc under the terms of the acquisition agreement (note 2). IW&I also has a small number of legacy client related arrangements with Investec Bank plc. 6.4The total expense recognised with respect to Investec Bank plc in the period is as follows:

	2024 £m	2023 £m
Expense incurred under TSA	**10.7**	4.8
Expense incurred under OSA	**13.4**	–
Expenses incurred on behalf of clients	**0.5**	–
	24.6	4.8

IW&I partially sublets certain regional office space to Investec Bank plc companies and charges Investec Bank plc for use of research. Total fees receivable under these arrangements at 31 December 2024 are as follows;

	2024 £m	2023 £m
Research fees	**0.2**	0.3
Property fees	**0.4**	0.1
	0.6	0.4

One Group subsidiary, Rathbones Asset Management Limited, has authority to manage the investments within a number of unit trusts. During 2024, the Group managed 28 unit trusts, Sociétés d'Investissement à Capital Variable (SICAVs) and open-ended investment companies (OEICs) (together, 'collectives') (2023: 28 unit trusts and OEICs).

The Group charges each fund an annual management fee for these services, but does not earn any performance fees on the unit trusts. The management charges are calculated on the bases published in the individual fund prospectuses, which also state the terms and conditions of the management contract with the Group.

The following transactions and balances relate to the Group's interest in the unit trusts:

Year ended 31 December	2024 £m	2023 £m
Total management fees	**82.7**	69.6

As at 31 December	2024 £m	2023 £m
Management fees owed to the Group	**7.2**	6.5
	7.2	6.5

Total management fees are included within 'fee and commission income' in the consolidated statement of comprehensive income.

Management fees owed to the Group are included within 'accrued income'.

All amounts outstanding with related parties are unsecured and will be settled in cash. No guarantees have been given or received. No expected credit loss provisions have been made in respect of the amounts owed by related parties.

14 CONSOLIDATED STATEMENT OF CASH FLOWS

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following balances with less than three months until maturity from the date of acquisition:

	2024	2023
	£m	£m
Cash and balances at central banks	**1,166.0**	1,036.0
Loans and advances to banks	**293.2**	266.9
At 31 December	**1,459.2**	1,302.9

Mandatory reserve deposits of £nil (2023: £2.3 million) are held with central banks in accordance with statutory requirements. As these deposits are not held in demand accounts,
and are not available to finance the Group's day-to-day operations, they are excluded from cash
and cash equivalents.

Cash flows arising from the issue/(repurchase) of ordinary shares comprise:

	2024	2023
	£m	£m
Share capital issued	**0.1**	2.2
Share premium on shares issued	**5.5**	2.3
Merger reserve on shares issued	**–**	747.4
Shares issued in relation to share-based schemes and business combinations for which no cash consideration was received	**–**	(751.9)
Proceeds from issue of share capital	**5.6**	–
Shares repurchased and placed into own shares	**(22.0)**	(16.0)
Net issue/(repurchase) of ordinary shares	**(16.4)**	(16.0)

During the year, £22.0 million (2023: £16.0 million) of shares were repurchased and recognised within the Group's own shares.

A reconciliation of the movements of financing liabilities and equity to cash flows arising from financing activities is as follows:

	Subordinated loan notes £m	Lease liabilities £m	Liabilities from financing activities £m	Share capital/ premium £m	Reserves £m	Retained earnings £m	Total equity £m	Total £m
At 1 January 2024	**39.9**	**74.9**	**114.8**	**317.7**	**768.8**	**263.7**	**1,350.2**	**1,465.0**
Changes from financing cash flows								
Proceeds from issue of share capital	**–**	**–**	**–**	**5.6**	**–**	**–**	**5.6**	**5.6**
Payments for share repurchases	**–**	**–**	**–**	**–**	**(22.0)**	**–**	**(22.0)**	**(22.0)**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(56.9)**	**(56.9)**	**(56.9)**
Interest charge	**(2.3)**	**(2.8)**	**(5.1)**	**–**	**–**	**–**	**–**	**(5.1)**
Payment for lease liabilities	**–**	**(9.7)**	**(9.7)**	**–**	**–**	**–**	**–**	**(9.7)**
Payment on exit of property leases	**–**	**(11.2)**	**(11.2)**	**–**	**–**	**–**	**–**	**(11.2)**
Total financing cash flows	**(2.3)**	**(23.7)**	**(26.0)**	**5.6**	**(22.0)**	**(56.9)**	**(73.3)**	**(99.3)**
Total non-cash movements	**2.3**	**(6.4)**	**(4.1)**	**–**	**9.5**	**73.0**	**82.5**	**78.4**
At 31 December 2024	**39.9**	**44.8**	**84.7**	**323.3**	**756.3**	**279.8**	**1,359.4**	**1,444.1**

	Subordinated loan notes £m	Lease liabilities £m	Liabilities from financing activities £m	Share capital/ premium £m	Reserves £m	Retained earnings £m	Total equity £m	Total £m
At 1 January 2023	39.9	50.5	90.4	313.2	24.4	297.2	634.8	725.2
			–					
Changes from financing cash flows			–					
Proceeds from issue of share capital	–	–	–	2.3	(2.3)	–	–	–
Payments for share repurchases	–	–	–	–	(16.0)	–	(16.0)	(16.0)
Dividends paid	–	–	–	–	–	(71.4)	(71.4)	(71.4)
Interest charge	(2.3)	(3.3)	(5.6)	–	–	–	–	(5.6)
Payment for lease liabilities	–	(7.5)	(7.5)	–	–	–	–	(7.5)
Total financing cash flows	(2.3)	(10.8)	(13.1)	2.3	(18.3)	(71.4)	(87.4)	(100.5)
Total non-cash movements	2.3	35.2	37.5	2.2	762.7	37.9	802.8	840.3
At 31 December 2023	39.9	74.9	114.8	317.7	768.8	263.7	1,350.2	1,465.0

15 EVENTS AFTER THE BALANCE SHEET DATE

There have been no material events occurring between the balance sheet date and the date of signing this report.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RATHBONES GROUP PLC ON THE PRELIMINARY ANNOUNCEMENT OF RATHBONES GROUP PLC

As the independent auditor of Rathbones Group Plc we are required by UK Listing Rule LR 9.7A.1(2)R to agree to the publication of Rathbones Group Plc's preliminary announcement statement of annual results for the period ended 31 December 2024.

The preliminary statement of annual results for the period ended 31 December 2024 includes:

— Disclosures required by the Listing Rules;
— Chair's statement;
— Group Chief Executive's review;
— Financial performance;
— Segmental review;
— Financial position;
— Liquidity and cash flow;
— Risk management and control;
— Principal risks;
— Consolidated statement of comprehensive income;
— Consolidated statement of changes in equity;
— Consolidated balance sheet;
— Consolidated statement of cash flows; and
— Notes 1 to 15 to the preliminary announcement.

We are not required to agree to the publication of presentations to analysts, trading statements, interim management statements.

The directors of Rathbones Group Plc are responsible for the preparation, presentation and publication of the preliminary statement of annual results in accordance with the UK Listing Rules.

We are responsible for agreeing to the publication of the preliminary statement of annual results, having regard to the Financial Reporting Council's Bulletin "The Auditor's Association with Preliminary Announcements made in accordance with UK Listing Rules".

STATUS OF OUR AUDIT OF THE FINANCIAL STATEMENTS

Our audit of the annual financial statements of Rathbones Group Plc is complete and we signed our auditor's report on 25 February 2025. Our auditor's report is not modified and contains no emphasis of matter paragraph.

Our audit report on the full financial statements sets out the following key audit matters which had the greatest effect on our overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team, together with how our audit responded to those key audit matters and the key observations arising from our work. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we did not provide a separate opinion on these matters.

IMPAIRMENT OF CLIENT RELATIONSHIP INTANGIBLE ASSETS AND GOODWILL

KEY AUDIT MATTER DESCRIPTION

The Group holds client relationship intangible assets of £468.5 million (2023: £502.7 million) comprising client relationships acquired both through business combinations and through acquisition of individual investment managers and their client portfolios. Of this balance, the IW&I client relationship intangible contributes £317.7 million (2023: £344.0 million). The Group also holds £504.9 million of goodwill (2023: 507.8 million).

As detailed in the summary of principal accounting policies in notes 1 and 2 (included within note 1 to this announcement), client relationship intangible assets are reviewed bi-annually for indicators of impairment and, if an indicator of impairment exists, a comparison of the asset's carrying amounts with its recoverable amount is performed. Goodwill is tested for impairment at least annually, whether or not indicators of impairment exist.

Management have either prepared a value-in-use or fair value less costs to sell model to use within their impairment assessments. For the value-in-use assessment, a discounted cash flow forecast is prepared where key assumptions including operating profit margin, net client flows and pre-tax discount rates are determined. For the fair value less costs to sell assessment, an indicative trading multiple from recent market acquisition is determined. Under both methods, there is judgement and complexity in the assumptions applied.

For goodwill, the impairment assessment is performed by comparing the carrying amount of each group of cash generating units ("CGU groups") to its recoverable amount from its value-in-use ("VIU"), calculated using a discounted cash flow method. In determining the VIU for the CGU groups, judgement is required to make assumptions in relation to an appropriate income growth rate, expenditure growth rate and the discount rate. The discount rate, annual revenue growth rate and terminal growth rate used as disclosed in note 22 (included within note 8 to this announcement).

We have identified this as a key audit matter given the inherent judgement and level of estimation in the assumptions that support the bi-annual measurement of recoverable amount.

HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE KEY AUDIT MATTER

We obtained an understanding of relevant controls in relation to the impairment review process for client relationship intangible assets and goodwill.

For client relationship intangible asset, we assessed the key judgements used when determining whether there is any indication of impairment for each client portfolio. We assessed the reasonableness of the judgement and evaluated the accuracy of the inputs used. As the IW&I client relationship intangible asset is the largest of the Group (£317.7m), and given the inherent subjectivity in determining a reasonable deal multiplier and allocating fair value to intangible assets, our audit response focused on this area.

We assessed the relevant assumptions and judgements made in determining whether an impairment needed to be recognised through the calculation of the assets' fair value. We also assessed whether they meet the requirement of IAS 36 ''Impairment of Assets''.

To challenge management's fair value model, we performed the following procedures:

— Assessed the completeness and accuracy of data inputs and key assumptions underpinning the fair value model;
— Engaged with internal valuation specialists to assess the appropriateness of the deal multiplier applied within the fair value model, by comparing to external market data;
— Tested the mechanical accuracy of management's fair value model;
— Performed sensitivity analyses to assess the potential impact of reasonably possible changes in key assumptions on asset's fair value; and
— Performed a stand back assessment comparing the calculated fair value against the discounted cash flow model utilised for the purpose of valuing the client relationship intangibles at the point of acquisition and evaluated any differences.

For goodwill, in order to challenge the appropriateness of the income and expenditure growth assumptions used in the VIU calculations, we assessed the assumptions used by comparing them against historical actual performance and checked for consistency with forecasts used elsewhere in the business. We evaluated with our valuation specialist to determine whether the discount rate applied is appropriate by benchmarking to appropriate market rates of interest.

We have also assessed the appropriateness of the disclosures within the financial statement to determine whether all required information has been disclosed for the impairment of client relationship intangible assets and goodwill.

KEY OBSERVATIONS

We concluded that management's approach and impairment conclusion was appropriate and that the carrying value of the client relationship intangible assets and goodwill as of 31 December 2024 is not impaired.

RECOGNITION OF NET INVESTMENT MANAGEMENT FEE INCOME

KEY AUDIT MATTER DESCRIPTION

As detailed in the summary of principal accounting policies in notes 1 and 3 (included within note 3 to this announcement), operating income comprises net investment management fee income of £654.5 million (2023: £414.8 million), net commission income of £91.8 million (2023: £53.6 million), net interest income of £63.9 million (2023: £51.7 million) and fees from advisory services and other income of £85.7 million (2023: £51.0 million).

Investment management (''IM'') fees from the IM segment account for approximately 64.2% (2023: 61.3%) of total operating income and are based on a percentage of an individual client's Funds Under Management (''FUM'').

The Group's history of acquisitions and long-standing client relationships has resulted in a complex fee structure and results in amendments to fee rate cards during the financial year. As remuneration schemes for investment managers often link to FUM and fee generation, there is an elevated risk of fraud. This risk pertains particularly to potential manipulation of fee amendments during the period and the onboarding of new clients.

Due to the time and resources utilised in the audit, we have determined this to be a key audit matter and identified recognition of net investment management fee income as an area with the potential for fraud.

HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE KEY AUDIT MATTER

We have tailored the audit approach to each of the wealth management entities (Rathbones Investment Management Limited ('RIM') and Investec Wealth & Investment Limited), given their different control environments.

In both entities, we have performed the following procedures:

— Obtained an understanding of relevant manual and IT controls which management have established so that fee rates are appropriately applied.
— Agreed a sample of management fee rates through to client agreements and correspondence, with a focus on new and amended fee rates. Where manual fee rate amendments were made to system generated fees, we inspected evidence of appropriate authorisation and rationale.

For the Rathbones legacy business (RIM), we have performed the following additional procedures:

— Tested the manual and IT controls related to fee rates applied.
— Engaged with our data analytics specialists to perform a recalculation of the fees to gain comfort over the system generated fees.

In order to address the completeness and accuracy of FUM as a key input into management fees in RIM, we tested the controls over FUM (including associated IT controls) and agreed a sample of FUM holdings to third-party custodian reports.

For the IW&I business, we have performed the following additional procedures:

— Recalculated a sample of fee charges to gain comfort over the system generated fees.

— Agreed a sample of FUM holdings to third-party custodian reports to test the completeness and accuracy of FUM as a key input.

KEY OBSERVATIONS
We concluded that the net investment management fee income is appropriately recognised for the year ended 31 December 2024.

CLASSIFICATION AND DISCLOSURE OF ACQUISITION AND INTEGRATION COSTS

KEY AUDIT MATTER DESCRIPTION
The Group recognised £83.4 million (2023: £44.3 million) of acquisition and integration costs. As a result of the Investec Wealth & Investment Limited acquisition in 2023, there has been significant increase in the acquisition and integration costs.

The classification of acquisition and integration costs relies on judgement, and increases the potential for management bias, especially considering that certain management remuneration schemes are linked to the integration's success and the realisation of synergies.

Furthermore, we note that throughout the annual report and within the Group's other public announcements, underlying profit and underlying earnings per share are key performance indicators for the Group and an area of increased focus by investors. They are adjusted for acquisition and integration costs, as disclosed in note 9 (included within note 5 to this announcement) and reported as key Alternative Performance Measures ("APMs") of the Group is provided in the financial performance section. Because this gives rise to an incentive to misclassify expense as acquisition and integration costs, we identified this area as a key audit matter.

HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE KEY AUDIT MATTER
We have obtained an understanding of the relevant controls in place in relation to the classification of acquisition and integration costs.

We assessed the appropriateness of the Group's policy in recognising acquisition and integration related costs. We also examined the year-on-year consistency of the policy.

We have challenged the Group's policy for the recognition and classification of the expenses, such as specific share-based payment schemes, and whether these were incurred as part of the acquisition and integration activities.

As the classification of expenses impacts certain management remuneration scheme, we evaluated the relevant remuneration schemes and the incentive criteria.

For a sample of expenses, we have assessed management's rationale for recognition and classification of these costs against management's policy.

We have assessed the appropriateness of disclosures included within the financial statement to determine whether all required information has been included for acquisition and integration costs.

KEY OBSERVATIONS
We have concluded that the classification and disclosure of acquisition and integration expenses is appropriate for the year ended 31 December 2024.

Procedures performed to agree to the preliminary announcement of annual results

In order to agree to the publication of the preliminary announcement of annual results of Rathbones Group PLC we carried out the following procedures:

(a) checked that the figures in the preliminary announcement covering the full year have been accurately extracted from the audited or draft financial statements and reflect the presentation to be adopted in the audited financial statements;

(b) considered whether the information (including the management commentary) is consistent with other expected contents of the annual report;

(c) considered whether the financial information in the preliminary announcement is misstated;

(d) considered whether the preliminary announcement includes a statement by directors as required by section 435 of CA 2006 and whether the preliminary announcement includes the minimum information required by UKLA Listing Rule 9.7A.1;

(e) where the preliminary announcement includes alternative performance measures ("APMs"), considered whether appropriate prominence is given to statutory financial information and whether:
- the use, relevance and reliability of APMs has been explained;
- the APMs used have been clearly defined, and have been given meaningful labels reflecting their content and basis of calculation;
- the APMs have been reconciled to the most directly reconcilable line item, subtotal or total presented in the financial statements of the corresponding period; and
- comparatives have been included, and where the basis of calculation has changed over time this is explained.

(f) read the management commentary, any other narrative disclosures and any final interim period figures and considered whether they are fair, balanced and understandable.

USE OF OUR REPORT

Our liability for this report, and for our full audit report on the financial statements is to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for our audit report or this report, or for the opinions we have formed.

SIMON CLEVELAND, FCA
(SENIOR STATUTORY AUDITOR)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
25 February 2025