RATHBONES GROUP PLC
REPORT AND ACCOUNTS 2022

SECURING FUTURE MOMENTUM

ABOUT RATHBONES

Rathbones provides individual investment and wealth management services for 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 drive us forward.

£64.1M
(2021: £95.0M)
Profit before tax

83.6P
(2021: 133.5P)
Basic earnings per share

£97.1M
(2021: £120.7M)
Underlying profit before tax*,1

130.8P
(2021: 172.2P)
Underlying earnings per share*,1

84P
(2021: 81P)
Dividend paid and proposed per share

7.7%
(2021: 13.0%)
Return on capital employed (ROCE)*

11.8%
(2021: 16.1%)
Underlying return on capital employed (ROCE)*,2

For a full five-year record, please see page 235

* This measure is considered an alternative performance measure (APM). Please refer to here for more detail on APMs

1. A reconciliation between underlying profit before tax and profit before tax is shown here
2. Underlying profit after tax as a percentage of underlying quarterly average equity at each quarter end

SR / STRATEGIC REPORT

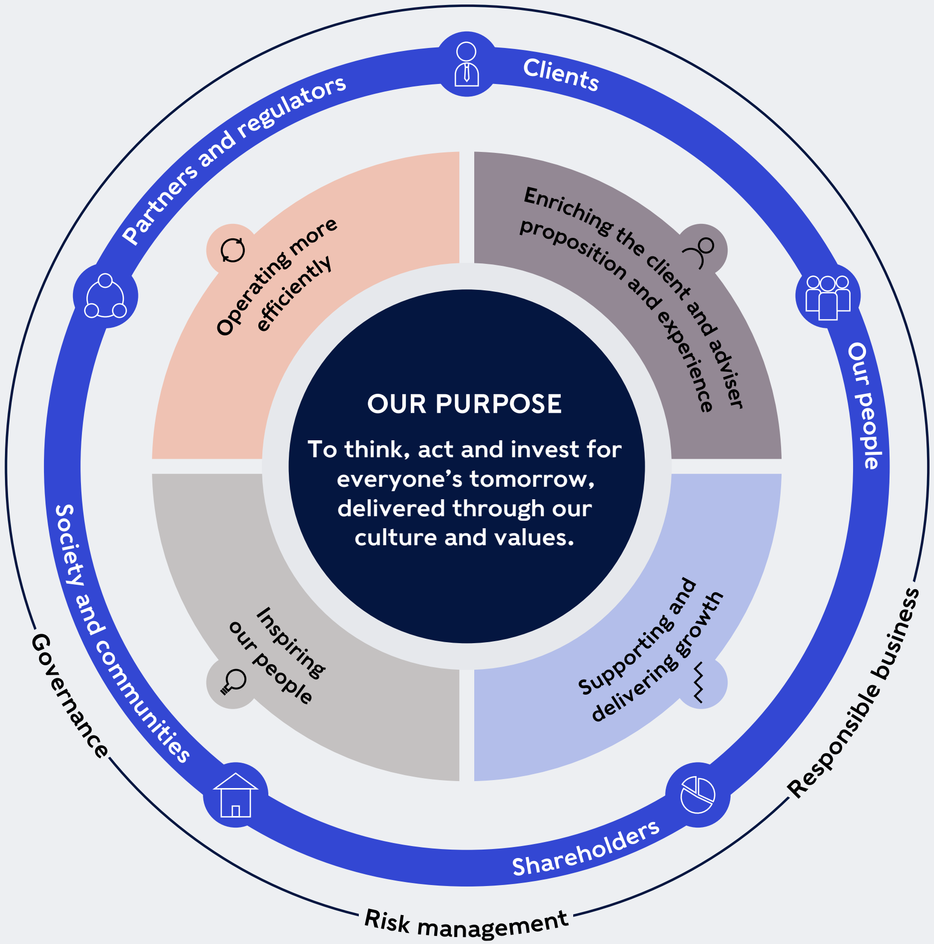
G / GOVERNANCE

FS / FINANCIAL STATEMENTS

I / FURTHER INFORMATION

OUR PURPOSE DRIVEN APPROACH

We are a leading provider of individual investment and wealth management services for private clients, charities, trustees and professional partners. At Rathbones we have an understanding of who we are as a business supported by a strong ambition for our future.



WHAT GUIDES US

Our purpose, culture and values

Our purpose represents our commitment as a business to all our stakeholders and wider society. It underpins our strategy, defines our culture and values and helps to guide our business model.

See our purpose, culture and values here and our strategy here.

WHAT WE DO AND HOW AND WHERE WE DO IT

Our strategy and business model

Our strategy is delivered through our business model, which aims to ensure positive interactions with and outcomes for our various stakeholder groups.

See our strategy here and business model here.

WHO WE ENGAGE WITH AND THE VALUE WE CREATE FOR THEM

Our stakeholders

Our stakeholders are identified and defined as any group that may be impacted by what we do and how we do it.

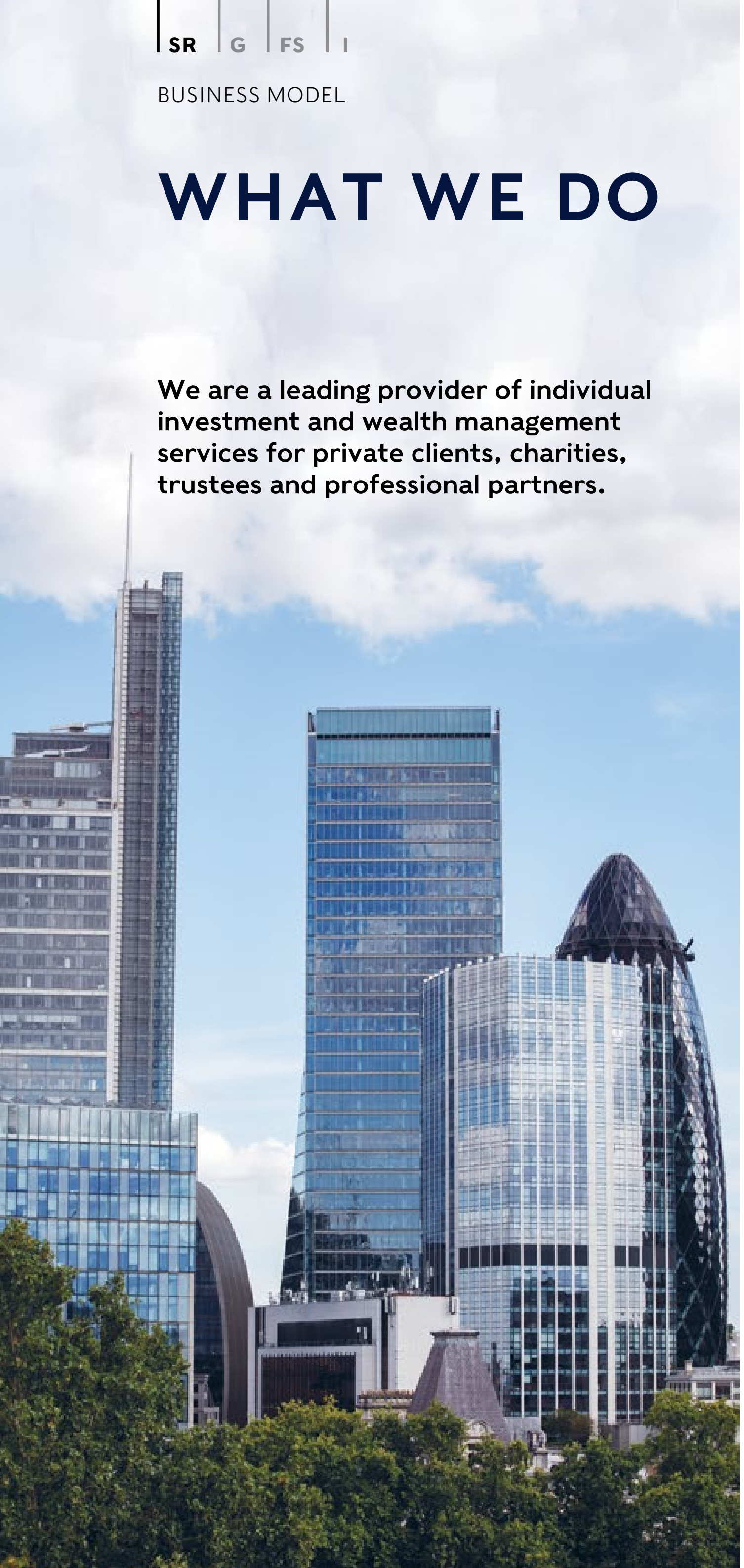
See stakeholder engagement here, value creation for stakeholders here and our investment case here.

OPERATING RESPONSIBLY

Our operating principles

Our governance, risk management and responsible business frameworks help to ensure we operate in ways that best serve our stakeholders.

See governance here, risk management here and responsible business here.



WHAT WE DO

We are a leading provider of individual investment and wealth management services for private clients, charities, trustees and professional partners.

RATHBONES HAS A BALANCED BUSINESS MODEL WHICH DELIVERS...

WEALTH MANAGEMENT

Investment Management

Clients of this discretionary service can expect a tailored investment strategy that meets individual objectives backed by an investment process that aims to provide risk-adjusted returns to meet clients' needs today and in the future. Within investment management, we have several specialist capabilities including:

- Charities and not-for-profit organisations
- Our specialist ethical arm, Rathbone Greenbank Investments
- Personal Injury and Court of Protection
- Rathbone Investment Management International

Financial Planning and Advice

Through Rathbone Financial Planning, Saunderson House Limited and Vision Independent Financial Planning, we provide financial planning and advisory services. We also offer UK trust, tax and legal services through the Rathbone Trust Company.

Complementary services

- Unitised Portfolio Service
- Managed Portfolio Service
- Rathbone Select Portfolio
- Banking and loan services

ASSET MANAGEMENT (FUNDS)

Rathbone Unit Trust Management is a UK active fund manager, providing a range of single strategy funds that are designed to meet core investment needs in the retail client market. These funds are distributed primarily through financial advisers in the UK. Our funds business also manages a range of multi-asset products that provide wealth solutions to the UK adviser market.

Our funds can also be accessed by international clients through our Rathbone Luxembourg Funds SICAV2 (Société d'Investissement à Capital Variable) which allows access to a similar range of actively managed funds.

WHERE WE DO IT

With 15 offices throughout the UK and Jersey, clients are never far away from high-quality, personalised wealth management services.

14

UK LOCATIONS[1] AND JERSEY

2,170

EMPLOYEES

£60.2BN

MANAGED BY US FOR OUR CLIENTS

FTSE250

COMPANY LISTED ON THE LONDON STOCK EXCHANGE

1. Includes Vision Independent Financial Planning

HOW WE DO IT

WE PROVIDE CLIENTS AND ADVISERS WITH PRODUCT AND SERVICE OPTIONALITY

- Individuals can join Rathbones either directly or through their own financial intermediary
- Our dedicated intermediary sales team provides Rathbones' services and products to UK and international financial advisers, including from full bespoke discretionary services to fund-based solutions
- Clients and advisers can singularly access investment management, financial planning and fund solutions or opt for a combination of services and products through our team of investment managers, fund managers and financial planners
- Our Jersey office can cater for offshore investment needs
- We can access investments across the whole market, but we also have a suite of fund solutions through Rathbone Unit Trust Management for clients who do not require a fully bespoke investment service.

WE HAVE DIRECT RELATIONSHIPS WITH OUR CLIENTS AND ADVISERS, OFFERED BOTH FACE-TO-FACE AND DIGITALLY

- Our service is delivered directly through investment managers who make portfolio decisions to build lasting and trusted relationships
- Our upgraded client digital portal, MyRathbones, complements our face-to-face service.

WE HAVE A ROBUST AND COLLABORATIVE INVESTMENT PROCESS

- We have a bespoke approach to portfolio construction supported by a central research team and a growing ESG capability
- Our firm-wide processes allow us to pool intellectual capital and provide strategic asset allocation methodologies
- We operate a range of specialist mandates, including specialist investment teams who provide services to charities, ethical investors and Court of Protection clients
- Our internal quality assurance and performance measurement capabilities provide a sound control framework.

WE LEVERAGE OUR TECHNOLOGY AND OPERATIONAL STRENGTHS THROUGH A MIX OF IN-HOUSE EXPERTISE AND OUTSOURCING

- We have dedicated in-house custody and settlement services
- We outsource selected services, where this is cost-effective, to reliable and carefully chosen partners
- We are implementing technology solutions to deliver a stronger digital service to stakeholders and make Rathbones much easier to do business with.

THE VALUE WE CREATE

WHAT WE CONSIDER

See more about how our purpose informs our culture here.

See more about our stakeholders here.

Our attitude to risk control
The appropriate identification, escalation and management of risk.

Our leadership
A leadership team that is effective, balanced and engages with the business.

Our attitude to change
Change in line with our strategy is delivered and adopted across the business.

FOR CLIENTS

93.7%
Retention rate

- Long-term relationships that build trust
- Active management of portfolios through changing market conditions
- Specialist mandate capabilities.

FOR OUR PEOPLE

9.6%
Employee share ownership

- Share ownership opportunities
- Empowered to make individual investment decisions
- Performance-based remuneration
- Investment in training and development
- Low employee turnover.

FOR SHAREHOLDERS

84P
Dividends per share in 2022

- Generally progressive dividend policy
- Successful acquisition capability of people and firms that fit our culture.

FOR SOCIETY AND COMMUNITIES

671
engagements with companies

- Signatory to Principles for Responsible Investment (PRI) for over 10 years
- A long history of corporate donations and employee giving.

FOR PARTNERS AND REGULATORS

69%
of suppliers completing our ESG review

- Regular meetings with regulators to ensure proactive and transparent relationship
- Interaction with industry bodies to ensure we are engaged with key issues
- Engagement with our delivery partners and suppliers.

Clive C R Bannister
Chair

A RESILIENT CULTURE

DEAR SHAREHOLDER

As I look back to the start of 2022, few of us correctly predicted the full global economic impacts of the aftermath of the coronavirus pandemic, together with implications of the unprovoked war in Ukraine. With UK inflation at its highest in 40 years (more than double the rate it was when I wrote this statement last year), the resulting 'cost-of-living' crisis has highlighted even more the importance of the work we do for our clients and all our stakeholders.

In the face of these challenges, the reassurance and advice that Rathbones has diligently provided our clients has demonstrated the resilience that is part of our DNA. We continued to invest to improve the firm's capabilities and made strong progress against our strategic ambitions. Saunderson House is a new and welcome member of our family, integrating well and improving our advisory services. I look forward to seeing the continued future benefits both from this acquisition and from our ongoing investment in technology.

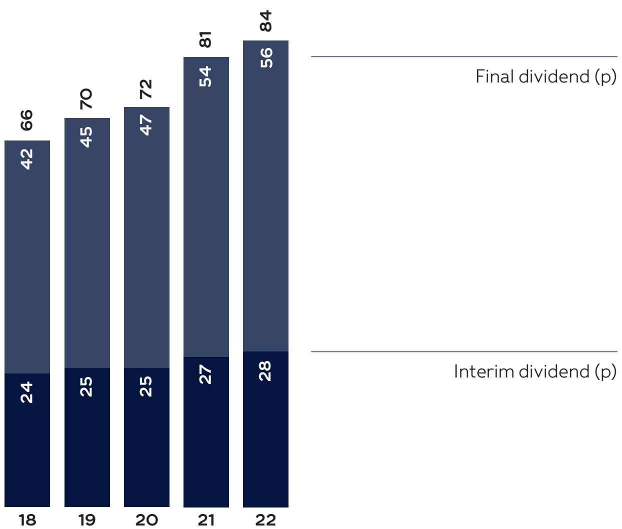
SHAREHOLDER RETURNS AND DIVIDENDS

Rathbones has a long and successful track record in generating attractive returns for our shareholders. In 2022, Rathbones' total shareholder return (TSR) was 7% (see more here), which compares favourably against the FTSE All Share Index of 0.3%.

This is in part a result of our progressive dividend policy, in place for the last 25 years. When making dividend decisions, the board considers several factors and aims to look beyond temporary market or economic downturns. 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 56p per share. This brings the total dividend for the year to 84p per share, 3.7% ahead of 2021. The dividend will be paid on 9 May 2023, subject to shareholder approval at our 2022 Annual General Meeting on 4 May 2023, for shareholders who are on the register on 21 April 2023.

FIVE-YEAR DIVIDEND GROWTH

2022: 84P



CULTURE

The board plays a critical role in setting the firm's strategy, purpose, business model and culture. Each director recognises the role we have to play in setting the 'tone from the top'; and in monitoring how the firm's culture and values are 'lived'. The board has refreshed its culture dashboard which has been simplified to help strengthen the firm's culture. Importantly, the culture dashboard is subject to regular review by the board.

Through my own engagement with employees and through our board's workforce engagement programme, I am pleased to see the firm's strong and distinctive culture in action. This is evidenced by the continuing commitment on the part of our employees to support our clients and the broader community. Further information can be found in the full corporate governance report here.

RESPONSIBLE INVESTMENT

Rathbones has a long history of ethical, sustainable and impact investment – led by Greenbank – which continues to receive industry accolades for its purpose and performance, and which this year celebrated its 25th Investor Day. A quarter of a century evidences the company's commitment to investing in ethical, sustainable and impact opportunities for clients.

In 2021, Rathbones announced its intention to be a net zero emissions business by 2050 or sooner. In 2022, our near-term targets were validated by the Science-Based Targets initiative. The year saw an increase in our operational emissions, mainly driven by an increase in travel as colleagues returned to face-to-face meetings and moving between our offices. In 2023, we will look to make reductions in our operational footprint as we welcome our Saunderson House colleagues to Finsbury Circus, a much more energy efficient building. More information on our commitment and our near-term targets is set out here.

Our responsible investment committee defines responsible investing as 'the purposeful integration of ESG considerations into the investment management process'. In 2022, we took this further and incorporated climate risks into the management of our portfolios. We now recognise that climate risks can materially affect the performance of our client's investment holdings over the longer term. In particular, our updated voting policy includes clear expectations of how companies will be assessed on their own net zero strategies.

COLLEAGUES

Our colleagues are critical to Rathbones' success, so it is imperative that the board instils a culture that motivates and rewards. We want all Rathbones' employees to have the opportunity to build long-lasting and fulfilling careers. During 2022, we conducted an employee engagement survey where 82% of employees responded. Our net promoter score at 39 is well above the sector average of 22; highlighting the attractiveness of our employee proposition. Our colleagues possess integrity and operate in a culture which values personal responsibility and delivery.

We are incredibly grateful to all our colleagues for their resilience and diligence in a difficult year. We could not have achieved sustained growth and good returns for all other stakeholders without their efforts. The mental and financial wellbeing of our colleagues is important and deserves – and receives – our continual focus. The board continued to improve wellbeing initiatives; including our employee assistance programme, flexibility in the form of hybrid working and provided a one-off cost of living payment to eligible employees.

BOARD COMPOSITION AND SUCCESSION

2022 was a year of change for the board. As planned, James Dean stepped down at the Annual General Meeting (AGM) in May, having served nine years on the board, where he made a huge contribution as a non-executive director and the chair of the audit committee. As part of the board's succession plans, Iain Cummings succeeded James as chair of the audit committee.

In July, Colin Clark, senior independent director and non-executive director, stepped down from the board. Colin joined the board in 2018 and helped oversee the appointment of a new chair. His extensive industry knowledge and experience have been much valued. I am pleased that Sarah Gentleman, chair of the remuneration committee, assumed the role of senior independent director.

During the year, the nomination committee spent time to identify the diversity, skills and experience required by the board to deliver our strategy and to continue to guide the executive team appropriately.

We currently meet the Hampton-Alexander requirement for at least one third of the board to be female and the Parker Review recommendation that all boards should have at least one ethnic minority director. While we are content with the progress made in this area, we acknowledge that there is more to be done to drive greater diversity - principally of thinking - in our business at both board and executive level.

LOOKING AHEAD

Whilst every year has a strong focus on clients and client outcomes, this was particularly true in 2022. We will continue that work into 2023 and beyond to ensure that we offer the best service and value for money that we can, as our business model continues to support our stakeholders through this period of uncertainty.

From a strategic perspective, the focus for 2023 remains to deliver further returns from the acquisition of Saunderson House, to foster sustained organic growth across the business, at the same time delivering on our digital transformation agenda. The delivery of these objectives will allow us to improve operating margins by the end of 2024.

There remain significant opportunities in the private client wealth management sector in the United Kingdom, and with a strong balance sheet and professional colleagues, Rathbones is well placed to take advantage of the opportunities that lie ahead. Difficult as current markets may appear, Rathbones possesses extraordinary positional assets - our brand, our people, our competencies and our clients.

Finally, on behalf of the board, I would like to thank our clients, shareholders and colleagues for their commitment to achieving our goals in what has been a very challenging year.

Clive C R Bannister
Chair

28 February 2023

A STRONG AND ESTABLISHED BUSINESS

INTRODUCTION AND MARKET OVERVIEW

As a market facing business, our performance this year has inevitably been impacted by the many well chronicled events of 2022. Clients have observed financial markets that we have not seen in a long time, and alongside many, our active orientation towards growth stocks dampened investment performance over this financial year. Despite these external market pressures, Rathbones delivered a resilient financial performance in the year, benefiting from a diversified business model that meets client needs no matter what market conditions we face.

The UK wealth and asset management sector remains fundamentally attractive with embedded structural growth underpinned by strong long-term trends. The progress we have made this year, in terms of growing our financial planning offering and taking strides to continually improve our customer experience, positions us well despite short-term market fluctuations. Our model responds positively in times like these by providing reassurance and consistency to our clients and supporting high client retention rates of 93.7%.

FINANCIAL PERFORMANCE AND FUND FLOWS

Market movements in investment values to 31 December 2022 adversely impacted total funds under management and administration (FUMA), which closed the year at £60.2 billion, down from £68.2 billion in the same period last year. This comprised £45.1 billion in our Investment Management business (FY 2021: £50.3 billion), £11.0 billion in Rathbones Funds business (FY 2021: £13.0 billion) and £4.1 billion in Saunderson House (FY 2021: £4.9 billion).

Profit before tax totalled £64.1 million (2021: £95.0 million) and underlying profit before tax totalled £97.1 million (2021: £120.7 million). This resulted in an underlying operating profit margin of 21.3% (2021: 27.7%) (see more here), which was in line with expectations after planned investment in change and technology. Further information on our financial performance can be found here.

Markets were heavily driven by macroeconomic themes in the year, which changed rapidly and were often difficult to navigate for long-term investors. Investment performance in our investment management business reflected this volatility and fell 11.3%, much more in line with the MSCI PIMFA Private Investor Balanced Index which fell 10.2% in the year, a favourable outcome against the FTSE 250, which was down 19.7%.

Despite the challenging market, net inflows in the period have been positive, highlighting the attractiveness of our propositions and our clients' willingness to invest. Total discretionary and managed net inflows were £1.3 billion in 2022 (2021: £1.8 billion), representing a growth rate of 2.6%. External inflows of £0.4 billion into our risk targeted multi-asset fund range (a central part of our managed offering to the adviser market) were resilient in the period (2021: £0.5 billion). This fund range also underpins our offering for those clients wishing to invest smaller values.

As expected, the asset management industry experienced significant outflows in the year as investors exercised caution across growth and fixed income mandates. Nevertheless, a net outflow of £0.4 billion in our single-strategy fund range was low when compared with the market. Rathbones was also ranked in 8th position for total net sales in the UK in the most recent Pridham Report (2021: 5th position).

STRATEGIC UPDATE

Our strategy is driven by four pillars: enriching the client and adviser proposition and experience, supporting and delivering growth, inspiring our people, and operating more efficiently. Our focus on delivering against this strategy has driven positive changes within the business during the year, with the main highlights outlined throughout this report.

Aside from using technology to improve how our clients access portfolio information and interact with us, our proposition focus in 2022 was to streamline the way in which we work with external financial advisers and networks directly. In May 2022 we launched a revised 'Reliance on Adviser' proposition which improved administrative processes and simplified our overall operating model to make Rathbones easier to do business with. As the new proposition removes duplication of documentation and simplifies client onboarding, this provides benefits for both investment managers and advisers to foster stronger relationships and support growth. Since launch, the proposition has been well received by existing advisers and introduced 40 new IFA relationships to Rathbones.

The Defaqto discretionary fund manager satisfaction study (published February 2022) is based on feedback from adviser firms that have outsourced their client investment assets to third-party discretionary managers. The study received nearly 300 responses and measured which DFMs were being recommended and how satisfied the advisers were with their preferred DFM providers. The study showed that bespoke services are still the most popular form of DFM with 65% of advisers opting for this service. Rathbones, among some peers, received most nominations as a preferred provider from advisers for bespoke DFM which rewards our continued investment in this area. At 31 December 2022, the amount of adviser linked FUMA across Rathbones was £10.7 billion (31 December 2021: £11.4 billion).

The acquisition of Saunderson House in 2021 was an important step to add financial advice capability to the group. In June 2022 we launched new advice and investment propositions that brought together the best of Saunderson House and Rathbones, delivering stronger discretionary services together with wealth planning and ongoing advice and point in time advice services. We begin 2023 with one leadership team across Saunderson House and Rathbone Financial Planning with the division now comprising 303 people in total, in seven offices and with 72 financial planners. We now have a sizeable UK market presence that is working more effectively in target segments and across the group. During 2023, the focus will be on transitioning Saunderson House clients to new propositions to support the benefits that were highlighted at the time of acquisition. Other work to integrate support teams into Rathbones has been largely completed, creating a vibrant combined culture that has offered many employees the opportunity to work across a wider group.

Despite volatile markets since the acquisition, the accretion of c.10% and a return on invested capital of 12% by the end of 2024 remains our target.

Vision remains an important part of our financial advice proposition as an independent specialist financial advice network focusing on high-net-worth private clients. In 2022, FUMA in Vision was £2.6 billion at 31 December 2022 (2021: £2.7 billion) with 131 financial planners (2021: 131), including 15 new IFAs and another 9 going through the onboarding process. We anticipate further recruitment in Vision in 2023 as the business continues to grow and leverage its strong relationship with the Rathbones Group.

During the year, we developed the 'Rathbone Select Portfolio Service' further. The aim of this service is to deliver a high-quality, 'self-select' investment service for smaller value portfolios. It provides cost effective solutions for our clients with portfolios below £150k, recognising the importance of an entry point to Rathbones to suit the needs of the next generation of wealth. Following a successful pilot, in 2022 Rathbone Select Portfolio Service has been rolled out to all offices, now serving c.3,000 clients. In 2023, we will continue to offer the service to clients with less to invest, adding capacity by delivering a diversified and economical solution for clients.

Find out more about our strategy on our website.

"OUR ASPIRATION IS TO EMBED A DIGITAL EXPERIENCE THAT COMPLEMENTS AND ENHANCES OUR VALUED FACE-TO-FACE CLIENT INTERACTION. OUR DIGITAL PROGRAMME WILL PROMOTE GROWTH AND IMPROVE THE CLIENT EXPERIENCE."

AN UPDATE ON OUR DIGITAL PROGRAMME

Our objectives for 2022 were to make positive strides to better employ technology, not only to improve client experience, but to streamline processes and drive greater productivity across the business that will support growth. Technology can also boost employee morale and create the time and resources to invest in future growth initiatives.

Our aspiration is that over the medium term we embed a digital experience that complements our face-to-face services, offering a broader set of communication and service delivery options for clients, advisers and other new relationships.

The first stage in our digital delivery was the launch of the MyRathbones client portal and app in 2021. We significantly developed MyRathbones' capability in 2022 and over c.33,900 clients (around 50% of our client base) interact with the portal, which we expect to grow further in 2023. The strong app rating that it has achieved reflects a high-quality user experience and a sensitivity to client needs, now incorporating secure messaging and sharing investment content on a proactive basis.

The deployment of our InvestCloud client lifecycle management system has progressed well this year, resulting in the deployment of prospecting capability to a pilot group in the fourth quarter. We also completed work to upgrade our data management capability and streamline key client processes in preparation for the more extensive launch of on-boarding and suitability functionality in 2023. This investment in our digital platform will improve productivity as well as enhance the experience for clients, investment managers and planners.

In our Funds business we successfully delivered on the first phase of the Charles River's portfolio management solution. Deployed in November 2022, this is an important additional capability to strengthen investment processes and improve efficiency.

In 2023, we will continue to deliver on our technology plans, including the further deployment of InvestCloud and have a clear roadmap to enhance our digital capabilities further. Our digital and data strategy programmes remain critical to client engagement and productivity.

ONGOING SERVICE IMPROVEMENT

In a volatile market we have seen some of the benefits of the more diversified investment approach we take, that supports our bespoke discretionary investment service. Investment in our research capability over recent years has improved the quality and depth of our investment process, the support that is offered to investment teams, and the production of topical output that we share with clients. Overall, our research team now consists of 45 research professionals with our investment managers also contributing to research and asset allocation across the group.

Our ambition is to cater to client needs across the ESG spectrum, whether their interest in ESG factors is driven simply by financial materiality or by specific sustainability preferences. To support all areas of responsible investment, in 2022 we integrated an expanded ESG research data set into the investment process across the group and improved our ESG reporting. We believe that clear and ongoing communication to clients on the ESG characteristics of our investments is as important as being clear on other value-based components of investment decision-making.

External market conditions were not kind to any portfolio that excluded oil and/or mining companies and also some banks, particularly in the first quarter of 2022. This inevitably impacted performance in specialist ethical and sustainable portfolios at Rathbone Greenbank Investments as £2.0 billion of funds under management at 31 December 2022 fell 13.0% from £2.3 billion in 2021. We continue to believe that this longer-term proposition has growth potential to capture future opportunities.

Rathbones has received recognition from a variety of sources in 2022. We were included in a select group of firms to have received Five Stars in the Investment Providers category at the 2022 Financial Adviser Service Awards, representing 'excellent service'. Our 'Votes against slavery' collaborative engagement programme has also won Stewardship initiative of the year at the PRI awards. The campaign that was led by Rathbones included 122 asset managers, pension funds and institutional investors with assets under management totalling £9.6 trillion and targeted FTSE 350 companies failing to comply with Section 54 of the Modern Slavery Act 2015. We were also listed as the top DFM provider for bespoke portfolios in The Citywire New Model Adviser Top 100. Prestigious awards such as these highlight the commitment we have to our clients and the wider community and affirms the high-quality service we provide.

Our most recent client experience survey, undertaken in October 2022, shows a strong level of satisfaction. We will continue to prioritise client engagement to demonstrate and be accountable for the choices we make to help our clients grow their wealth.

OUR PEOPLE

As a people led business, our strategy sets a culture that drives performance and builds long, rewarding careers for our colleagues. Aside from our commitment to diversity, equality and inclusion, we continue to invest in training and career development, building leadership skills and proactively managing succession. We obtain regular feedback from employees, now running regular surveys covering various topics. Engagement scores throughout 2022 remained high, with our survey scoring 8/10, higher than the financial services benchmark of 7.8, with an employee response rate of 82%.

Ensuring employee wellbeing has always been important at Rathbones. Considering the challenges facing many individuals during the current cost of living crisis, our financial wellbeing offerings have proved ever more valuable this year, including one-off discretionary payments to eligible colleagues. More information can be found on pages 71 and 89.

Furthering our diversity, equality and inclusion agenda, we launched many initiatives during the year, noting in particular our four inclusion networks across the group, which have the aim of challenging us to attract a diverse range of talent, create a more gender balanced Rathbones and leverage the skills and abilities of all colleagues from different backgrounds. More information on these important initiatives can be found on page 22 and in our responsible business review here.

RISK MANAGEMENT AND REGULATION

Risk management practices continue to be embedded across the business as we remain conscious of the impact of the changing risk landscape to our firm and industry, particularly in an uncertain economic climate. We continue to respond appropriately to regulatory changes and acknowledge recent FCA and PRA consultation activity and statements. Consumer Duty rules are expected to come into force during the summer of 2023 and we have been working hard to respond accordingly, developing plans for implementation later this year.

OUTLOOK

The business starts 2023 with good momentum as our client propositions and focus on service continue to promote opportunities for growth.

As set out in 2022, investment in our medium-term strategy will continue in 2023, most notably to complete the integration of Saunderson House and the investment in technology, to embed a digital capability that improves client experience. We remain on track to invest a total of £40 million in this programme, continuing to target a return to more usual 'high-20s' underlying operating margin levels by the end of 2024, as benefits from recent acquisitions and planned investment are achieved.

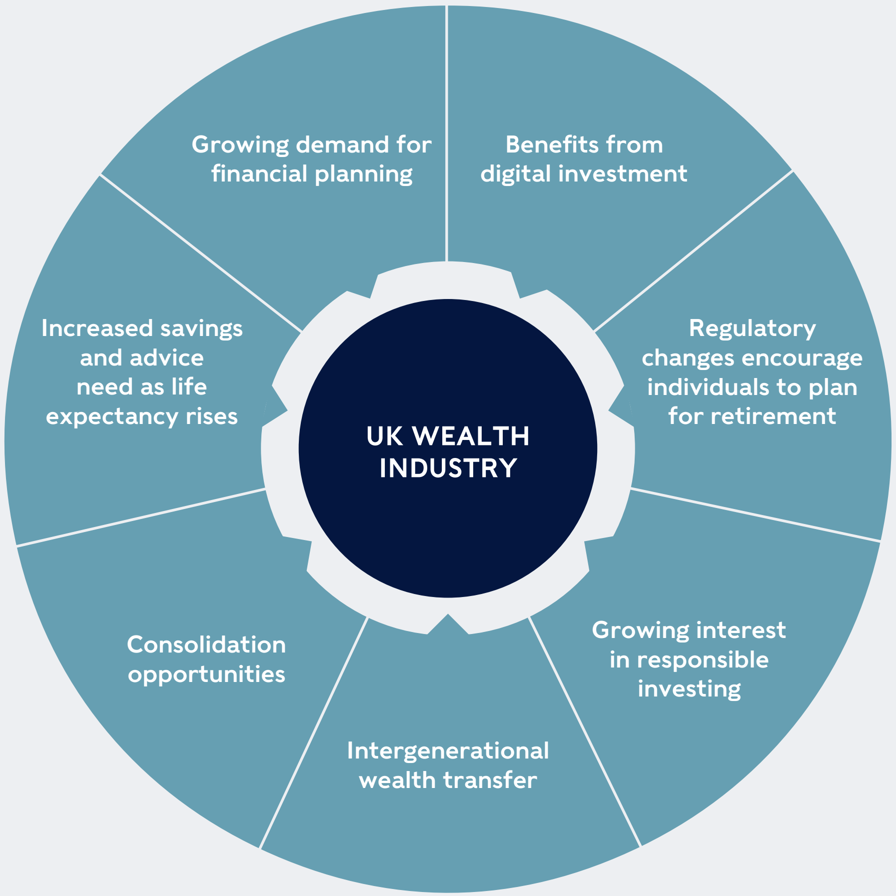
The wealth management sector continues to offer a significant long-term opportunity which Rathbones has the brand, momentum and balance sheet strength to benefit from.

Paul Stockton
Group Chief Executive Officer

28 February 2023

AN ESTABLISHED BUSINESS WITH STRONG CHARACTERISTICS

The wealth market is attractive to investors as embedded structural growth is underpinned by strong long-term trends. Established businesses like Rathbones are in a strong position to take market share.



WE HAVE SCALE AND EXPERTISE, A COMMITTED CLIENT BASE AND A CONTINUOUS FOCUS ON DIGITAL

£60.2BN
managed by us for our clients

4TH
largest charity fund manager in the UK

OVER 20 YEARS
of ESG experience through Rathbone Greenbank Investments

RESPECTED
asset management business

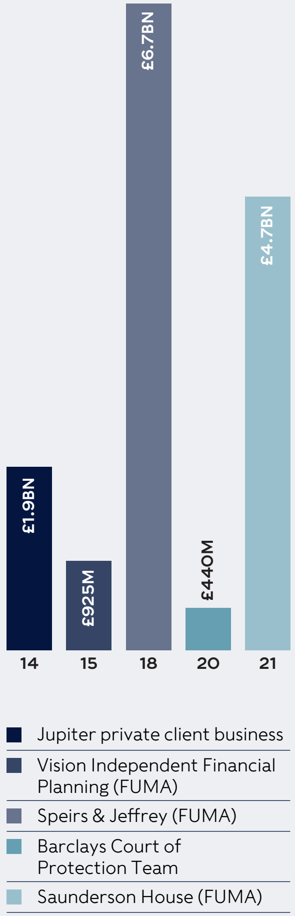
C.555
investment managers and financial planners

C.45
research professionals

93.7%
client retention rate

50%
clients using app

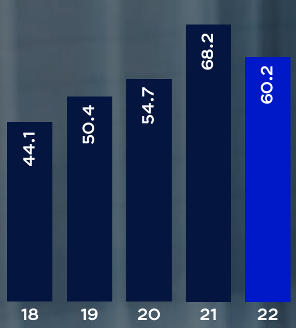
OUR TRACK RECORD OF DELIVERING M&A AND INTEGRATION IS STRONG



A RESILIENT FIVE-YEAR FINANCIAL PERFORMANCE RECORD

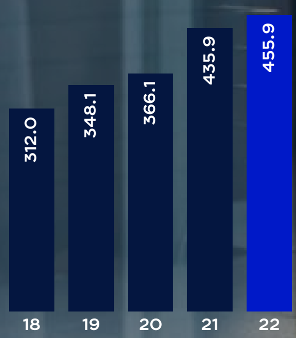
TOTAL FUMA (£BN)

£60.2BN



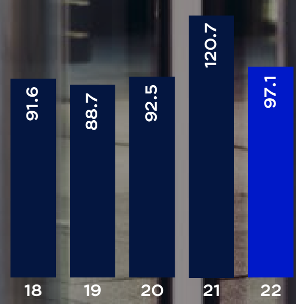
OPERATING INCOME (£M)

£455.9M



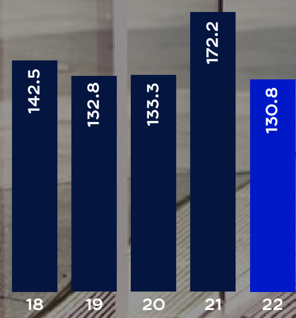
UNDERLYING PBT (£M)

£97.1M



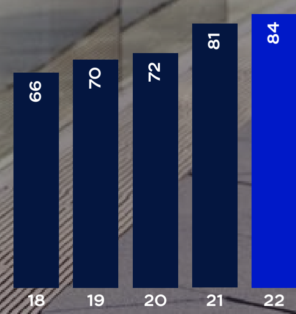
UNDERLYING EPS (P)

130.8P



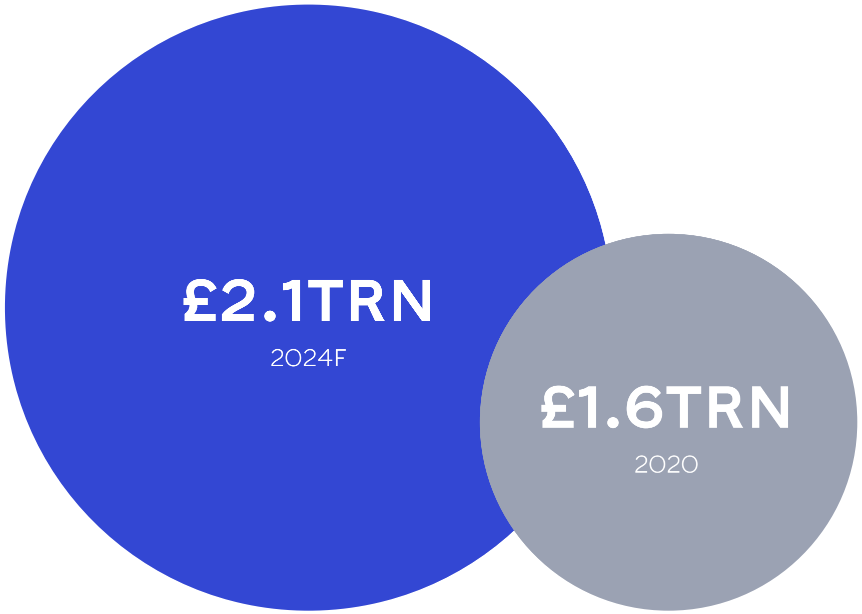
FULL-YEAR DIVIDEND (P)

84P



OUR MARKET AND OPPORTUNITIES

The UK wealth sector is attractive and underpinned by strong long-term trends including an increasing savings need as individuals live longer and an increasing need for financial advice as individuals are given more flexibility around financial decisions. The industry continues to evolve to deliver returns for a wide range of clients.



Sources: PAM Directory and Oliver Wyman estimates

SECTOR ASSETS ARE ESTIMATED TO BE NEARING £2.1 TRILLION BY 2024

OPPORTUNITIES	WHAT THIS MEANS FOR THE INDUSTRY	OUR RESPONSE
UK AND GLOBAL ECONOMY	The current macroeconomic environment, both at home and abroad, is facing headwinds. The effects of the war in Ukraine, global supply chain problems, post pandemic challenges, inflation and a cost of living crisis have an impact on clients' ability or willingness to commit new savings. General market sentiment remains nervous about the potential for recession in many economies.	We continually re-position portfolios and our teams have spent considerable time talking clients through market movements and continuing to help them plan their futures for the longer term. Market corrections can be painful, but we believe that the wealth and asset management industry remains attractive for the long term.
DEMOGRAPHICS	Demographic trends including increased life expectancy and age distribution are driving an increased savings need across the population. The demise of defined benefit pension schemes and pension freedoms allow individuals more flexibility but bring with them an increasing need for advice.	We have expanded our advice offering through the acquisition of Saunderson House and we work with clients to support them in their retirement planning and in discussions around inter-generational wealth transfer. Our services are designed to invest for clients' futures.
CONSOLIDATION OPPORTUNITIES	The wealth management sector remains highly fragmented and benefits of scale remain strong both in terms of operating leverage and service diversification. There remains a long tail of sub-scale wealth managers who may have experienced greater operational strain through the pandemic.	We have a strong track record of M&A and will continue to look for inorganic growth opportunities that fit our culture but maintain strict acquisition criteria. We also continue to selectively recruit individuals and teams to the business.
TECHNOLOGICAL INNOVATIONS	Clients are becoming more and more accustomed to using technology to communicate and manage their financial affairs. Keeping pace with this change is fundamental to remaining competitive and sustaining a quality service, particularly as inter-generational wealth transfer accelerates.	We are in the midst of a multi-year plan to enhance the digital client experience and provide seamless multi-channel communication to clients. This includes upgrading client relationship management tools and ensuring we build relationships with the next generation of clients using relevant technology to facilitate retention of investment portfolios.
RESPONSIBLE BUSINESS/ESG	The role of the wealth management industry continues to expand, extending to broader issues. This wider role is expected to become even more important in future years as social and environmental issues become increasingly important to our stakeholders	Alongside our responsible business programme, we continue to broaden our existing ESG proposition and investment range, ensuring they remain relevant for our clients. It is also a priority of ours to maintain dialogue with companies we invest in to support more sustainable long-term performance.

OUR STRATEGY

See our remuneration objectives on here.

We launched our medium-term strategy for the business in October 2019, to support our purpose of thinking, acting and investing for everyone's tomorrow. Our four strategic priorities are set out here.

ENRICHING THE CLIENT AND ADVISER PROPOSITION AND EXPERIENCE

How we plan to achieve this

Enhancing valued services

Enhancing the experience for private clients and providing a dedicated service for financial advisers.

Deepening investment skills

Developing our investment expertise, broadening capability and coverage, and incorporating ESG factors.

Link to KPIs

- Number of Investment Management clients
- Employee turnover.

Link to risks

Suitability / Advice / Sustainability / Regulatory compliance and legal / People

2022 activities

- Invested in digital programme and MyRathbones to enhance client experience
- Defaqto Discretionary Fund Manager Satisfaction Study: Rathbones received most nominations as a preferred provider from advisers for bespoke DFM
- Rathbones was awarded five stars: excellent service in the 2022 Financial Adviser Service Awards
- Improved client retention in 2022.

2023 focus

- Further updates to MyRathbones
- Refreshing our brand.

SUPPORTING AND DELIVERING GROWTH

How we plan to achieve this

Penetrating specialist markets

Focusing on specialisms, building on existing capabilities and leveraging Rathbone Greenbank Investments.

Driving organic growth

Managing client-facing capacity, structuring distribution, driving growth through financial planning and building our Funds business.

Link to KPIs

- Total funds under management and administration
- Investment management net organic growth rates
- Underlying operating margin
- Dividend per share
- Underlying earnings per share
- Return on capital employed.

Link to risks

Sustainability

2022 activities

- Delivered phase 1 of our digital transformation programme, streamlining processes to drive productivity and support growth, including Prospecting and Charles River
- Stewardship events focusing on targeted client groups, including entrepreneurs and the professional services market.

2023 focus

- We will continue to progress our digital programme in line with plan
- We will harness digital and planning to increase organic growth
- Transitioning Saunderson House clients onto new propositions.

INSPIRING OUR PEOPLE

How we plan to achieve this

Our culture and corporate values

Becoming a more diverse and inclusive organisation, continuing to listen to our people and improving our commitments to them.

Link to KPIs

- Percentage of shares held by current employees
- Employee turnover
- Performance-related variable employee costs.

Link to risks

People / Change

2022 activities

- Launched four inclusion networks across the group to challenge us to attract a diverse range of talent
- Offered help to support financial wellbeing, including one-off discretionary payments to eligible employees.

2023 focus

- To establish a new diversity, equality and inclusion (DE&I) committee which, together with our new strategy and enhanced focus on DE&I, will ensure we achieve our commitments to greater inclusion across the group.

OPERATING MORE EFFICIENTLY

How we plan to achieve this

Driving productivity

Providing a quality client experience and making us easy to do business with.

Link to KPIs

- Underlying operating margin
- Return on capital employed
- Common Equity Tier 1 ratio.

Link to risks

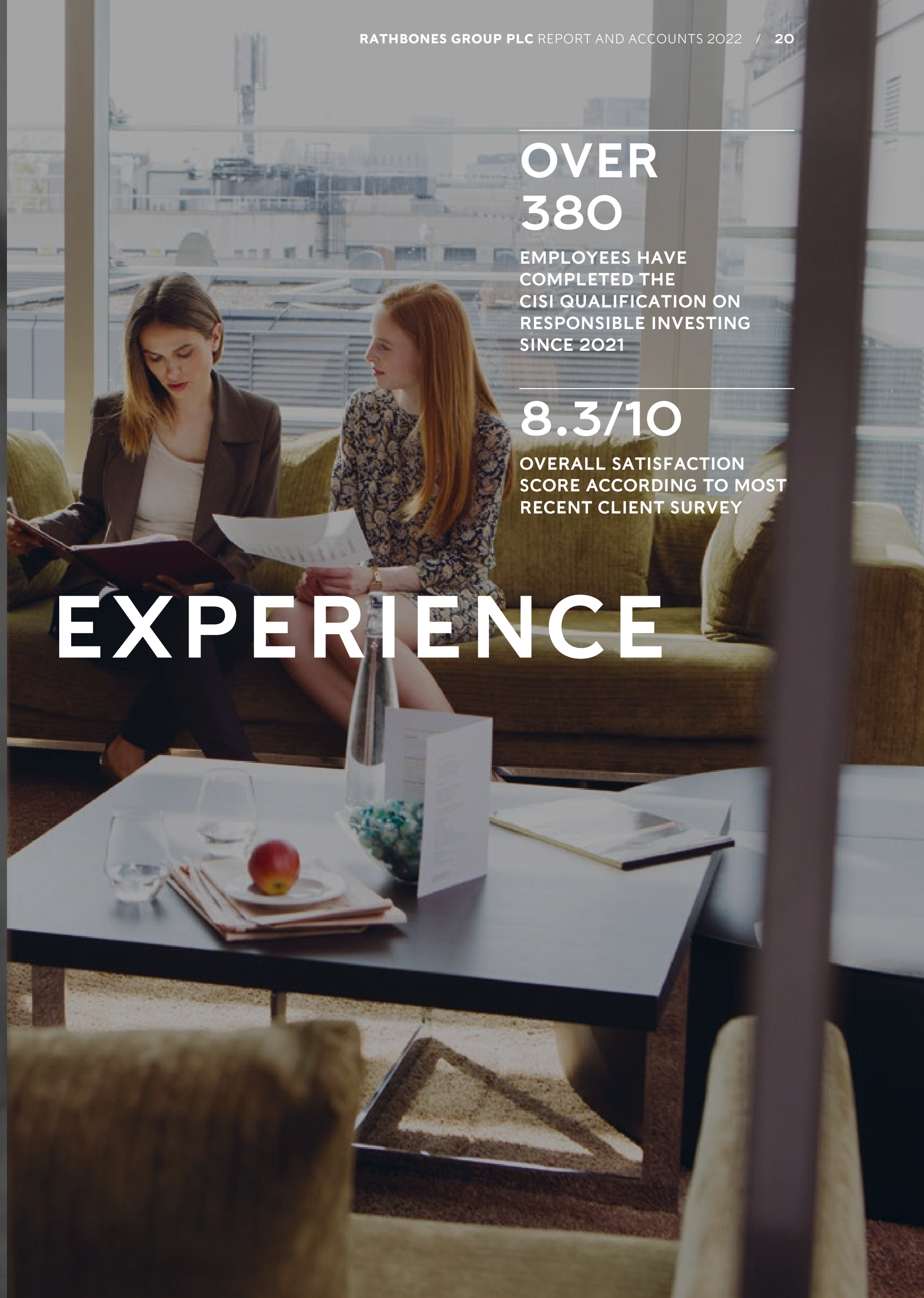
Information security and cyber / Technology / People / Processing / Change

2022 activities

- Launched a revised 'Reliance on Adviser' proposition which improved administrative processes and made Rathbones easier to do business with
- Developed further the 'Rathbone Select Portfolio Service' to provide cost-effective solutions for smaller value portfolios.

2023 focus

- Continue to progress our digital transformation to increase time available to investment managers to focus on portfolio performance and winning new clients.



OVER 380

EMPLOYEES HAVE COMPLETED THE CISI QUALIFICATION ON RESPONSIBLE INVESTING SINCE 2021

8.3/10

OVERALL SATISFACTION SCORE ACCORDING TO MOST RECENT CLIENT SURVEY

ENRICHING EXPERIENCE

RESPONSIBLE INVESTMENT PROPOSITION

Our ambition is to cater to the needs of all clients - whether their interest in ESG factors is driven simply by financial materiality or by specific sustainability preferences. During 2022 we have spent considerable time looking at our responsible investment spectrum in terms of the propositions we offer. This can range from a baseline of 'low ESG integration' propositions, which allow flexible responsible investment and ESG integration more linked to financial outcomes, to 'high ESG integration', which is more bespoke and linked to clients' comprehensive ethical, sustainable and impact preferences. To support all areas of responsible investment, in 2022 we integrated an expanded ESG research data set into the investment process across the group and improved our ESG reporting to clients.

19%

INCREASE IN INVESTMENT MANAGERS SINCE 2019

203

FINANCIAL PLANNERS IN 2022 (INCLUDING VISION)

SUPPORTING GROWTH

RATHBONE FINANCIAL PLANNING AND SAUNDERSON HOUSE – THE JOURNEY SO FAR

We spent considerable time in 2022 building a redefined proposition using the best of both businesses as they came together. In June, we went live with this shared client advice proposition, which includes initial advice and planning, ongoing advice services and investment solutions.

We also joined the two offices under one leadership team and one physical location. The team now comprises 303 people in total, in seven offices and with over 72 certified planners. We now have a sizeable presence in the UK market to benefit from the significant opportunity.

During 2023, the focus will be on further establishing a ‘One Rathbones’ client proposition, and offering existing Saunderson House clients our new advisory and investment/asset management proposition.

7.2%

EMPLOYEE TURNOVER IN 2022*

* Voluntary employee turnover (excluding retirements)

SIP 47%

SAYE 63%

GROWTH IN SIP AND SAYE PARTICIPATION SINCE 2019

INSPIRING PEOPLE

LAUNCH OF INCLUSION NETWORKS

In 2022, we launched our new diversity, equality and inclusion (DE&I) strategy. A key priority was to refresh the DE&I governance structures, with the purpose of driving our strategy forward and ensuring action-focused accountability across the group. We launched four inclusion networks in 2022 to enable colleagues from under-represented groups to connect and create positive change towards greater balance at Rathbones.

From 2023, a new DE&I committee will be established which, together with our new strategy and enhanced focus on DE&I, will ensure we achieve our commitments to greater inclusion across the group.

The new strategy aligns to our corporate strategy and enables us to deliver authentic and sustainable change towards our DE&I vision: ‘To be a business that supports and educates all our people, one that celebrates our unique strengths and empowers all individuals to thrive.’

OPERATING EFFICIENTLY

MYRATHBONES

Our portal and app, MyRathbones, has grown considerably since its launch at the beginning of 2021 with 50% of clients now using it and an App store rating of 4.5. Clients are taking advantage of its many features, including the ability to view performance information and download client reports, contract notes and tax packs, as well as benefiting from leading online security.

MyRathbones is an integral part of our overall digital platform and is at the centre of creating a blended human and digital experience. In 2023, we will be integrating it with our InvestCloud digital solution to further enhance our onboarding process and suitability assessments which, in the future, clients will be able to complete online.

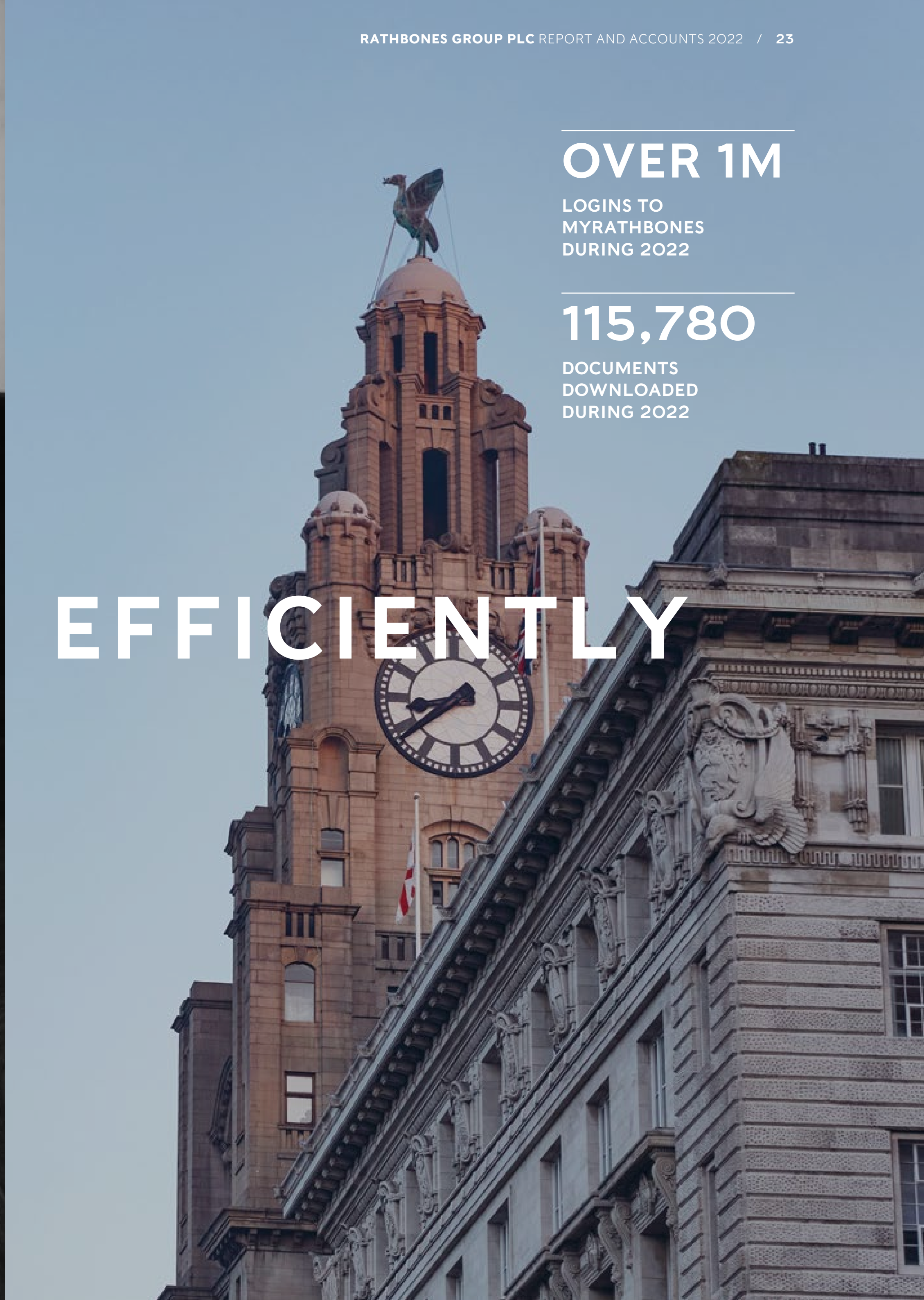
Once a client or adviser has signed up to MyRathbones, they are also able to receive interesting and relevant thought leadership articles, enabling them to stay up to date with market activities.

OVER 1M

LOGINS TO MYRATHBONES DURING 2022

115,780

DOCUMENTS DOWNLOADED DURING 2022

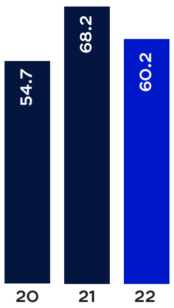


KEY PERFORMANCE INDICATORS

The group considers the following financial and non-financial measures as key performance indicators (KPIs) of its overall performance. Each KPI is aligned with at least one of our four strategic pillars and is used to measure both the progress and success of our strategy implementation.

TOTAL FUNDS UNDER MANAGEMENT AND ADMINISTRATION

£60.2BN



Definition

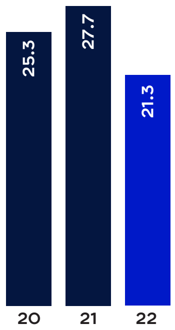
Total funds under management and administration at the end of the year.

Relevance

The amount of funds that we manage directly impacts the level of income we receive.

UNDERLYING OPERATING MARGIN*, 1

21.3%



Definition

Underlying profit before tax as a percentage of operating income.

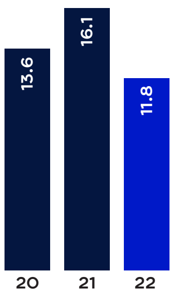
Relevance

This measure enables the group's operational and segmental performance to be understood, accurately reflecting key drivers of long-term profitability.

1. Excluding £16.3 million of expenditure on our digital strategy in the year, the underlying operating margin was 24.9%

UNDERLYING RETURN ON CAPITAL EMPLOYED*, 1

11.8%



Definition

Underlying profit after tax as a percentage of the underlying quarterly average total of equity.

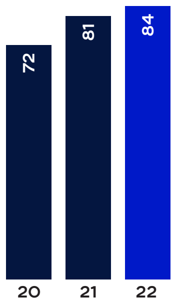
Relevance

A useful measure of financial efficiency as it indicates profitability after factoring in the amount of capital employed by the business.

1. Excluding £16.3 million of expenditure on our digital strategy in the year, underlying ROCE was 13.9%

DIVIDEND PER SHARE

84P



Definition

Total annual dividend per share (interim and final).

Relevance

Dividends represent an important part of the returns to shareholders.

Alignment with strategic pillars

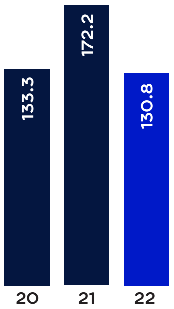
- Enriching the client and adviser proposition and experience
- Supporting and delivering growth
- Inspiring our people
- Operating more efficiently

* This measure is considered an APM. Please refer here for more detail on APMs

KEY PERFORMANCE INDICATORS CONTINUED

UNDERLYING EARNINGS PER SHARE*,[1]

130.8P



Definition

Underlying profit after tax divided by the weighted average number of ordinary shares.

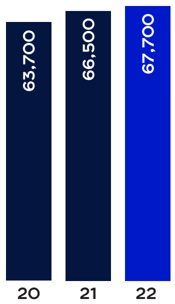
Relevance

An important measure of performance as it shows profitability, reflecting the effects of any new share issuance.

1. Excluding £16.3 million of expenditure on our digital strategy in the year, underlying EPS was 153.3p

NUMBER OF INVESTMENT MANAGEMENT CLIENTS

67,700



Definition

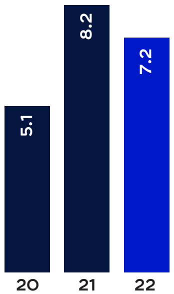
The number of clients who use our services.

Relevance

In an industry where scale is important, the size of our client base helps to determine market share.

EMPLOYEE TURNOVER

7.2%



Definition

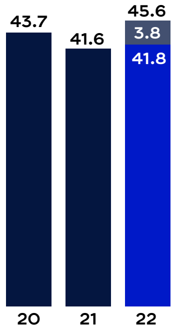
Number of permanent employees who have left during the year, excluding retirements and redundancies, as a percentage of opening headcount.

Relevance

A measure of employee retention, which can be a reflection of the work environment and commitment to the organisation.

PERFORMANCE-RELATED VARIABLE EMPLOYEE COSTS*,[1]

45.6%[2]



Definition

Performance-related variable employee costs divided by underlying profit before tax and before performance-related variable employee costs.

Relevance

Shows the extent to which profits are shared between employees and shareholders.

1. As a % of underlying profit before tax and before performance related variable employee costs
2. 3.8% of the total is due to the impact of £16.3 million of expenditure on the group's digital programme in 2022

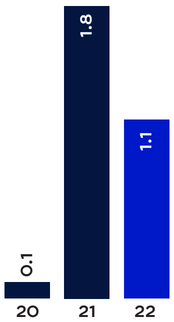
Alignment with strategic pillars

- Enriching the client and adviser proposition and experience
- Supporting and delivering growth
- Inspiring our people
- Operating more efficiently

* This measure is considered an APM. Please refer here for more detail on APMs

INVESTMENT MANAGEMENT NET ORGANIC GROWTH RATE

1.1%



Definition

The value of annual net inflows from Investment Management as a percentage of opening funds under management and administration in that segment.

See more here.

Relevance

Measures the ability of the Investment Management business to grow in the absence of acquisitions.

RATHBONES FUNDS NET ORGANIC GROWTH RATE

0.4%

Definition

The value of annual net inflows from Rathbone Funds as a percentage of opening funds under management in that segment.

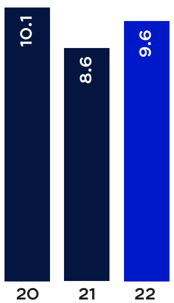
See more here.

Relevance

Measures the ability of the Funds business to grow.

PERCENTAGE OF SHARES HELD BY CURRENT EMPLOYEES[1]

9.6%



Definition

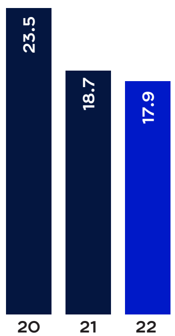
The percentage of outstanding shares held by current employees of the firm.

Relevance

A direct link for employees to the future financial success of the company as shareholders.

COMMON EQUITY TIER 1 RATIO

17.9%



Definition

Common Equity Tier 1 capital as a proportion of total risk exposure amount.

See table 19 here for a breakdown of common equity tier 1 own funds.

Relevance

As a bank, we must maintain certain levels of capital. A higher ratio is an indicator of financial resilience.

See more here.

Alignment with strategic pillars

- Enriching the client and adviser proposition and experience
- Supporting and delivering growth
- Inspiring our people
- Operating more efficiently

STAKEHOLDER ENGAGEMENT

APPROACH TO STAKEHOLDER ENGAGEMENT

The firm's stakeholders are our clients, our people, our shareholders, our communities, regulators and partners with an interest or concern in our purpose and strategy. Our aim is to maintain an open and transparent approach to stakeholder engagement based on building constructive relationships with our key stakeholders and ensure there is a two-way dialogue.

Across the firm, there are many examples of stakeholder engagement influencing both day-to-day actions and strategic initiatives. The key strategic developments set out here illustrate some of our significant stakeholder considerations which informed the board's decision-making during the year and this approach is designed to be consistent with our section 172 statement. Details of the framework through which this is governed are set out here.

OUR STAKEHOLDER RELATIONSHIPS

The firm has identified the following key stakeholder groups and by considering their perspectives, insights and opinions, the board seeks to ensure outcomes of operational, investment or business decisions that are more robust and sustainable. In doing so our board has regard (amongst other matters) to the:

- likely consequences of any decisions in the long term
- interests of our people
- need to foster the company's business relationships with suppliers, customers and other key stakeholders
- impact of the company's operations on communities and the environment
- desirability of the company maintaining a reputation for high standards of business conduct
- need to act fairly as between members of the company.

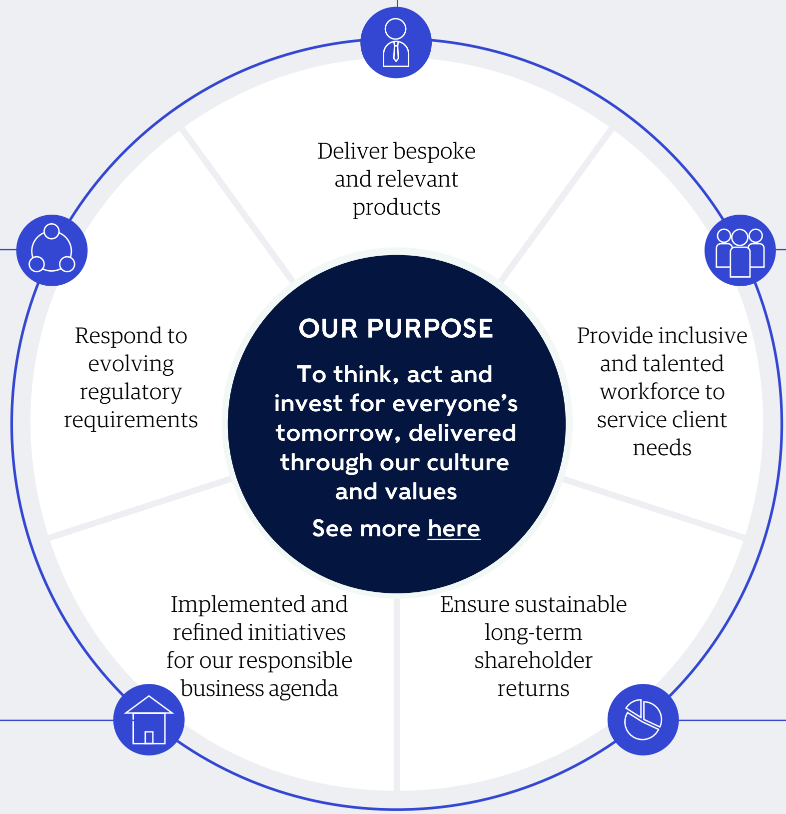
STAKEHOLDER FRAMEWORK

What we do

Our purpose represents our commitment as a business to all our stakeholders and wider society.

Rathbones' outputs from engagement

Input from engagement with stakeholders



CLIENTS

- Client engagement allows us to anticipate their needs and to evolve our proposition to meet their expectations
- Client insight and feedback on service, technology and products.

PARTNERS AND REGULATORS

- Engagement with regulators and our partners is fundamental to the running of the firm and servicing of clients
- Provide feedback to ensure ongoing collaboration and anticipate any regulatory changes
- Engagement with our suppliers and partners supports our ability to deliver our commitments.

OUR PEOPLE

- Engagement helps us attract, retain and develop our people
- Input into the sustainable employee model.

SOCIETY AND COMMUNITIES

- We recognise our responsibility to wider society and communities we operate within
- Obtain specific environmental and social perspectives.

SHAREHOLDERS

- Engagement is designed to ensure confidence in the long-term success of the firm
- Provide insight into the firm's strategic and investment direction.

CLIENTS

HOW THE FIRM ENGAGED

We engaged with our clients through a variety of different methods including:

- our brand sentiment survey
- participation in the AON 2022 client experience benchmark survey
- regular meetings held between investment managers and financial planners
- continued use of video technology to enable virtual engagement with clients
- user experience testing of our digital solutions and propositions
- virtual and in-person conferences held for private clients, intermediaries and IFAs
- regular CEO letter and research notes issued to clients to update them on the firm and our investment proposition.

WHAT WERE THE KEY TOPICS RAISED

Clients told us that they wanted:

- practical help on how to achieve their financial goals, and invest in line with 'responsible' or ESG values
- help to navigate challenging times: inflation, cost of living crisis and market volatility
- frameworks and guidance to help make the best financial decisions and ultimately achieve good outcomes.

Aligned with **enriching the client and adviser proposition and experience** strategic priority

HOW THE FIRM RESPONDED

- Financial awareness courses for all generations held in person and virtually
- Development of new products and services to meet current and future client needs including ESG proposition
- Continued development of MyRathbones with over 50% take up by clients
- Increased electronic delivery of client reporting and implemented encrypted email technology
- Continued to develop our ability to deliver our proposition digitally
- Additional financial planning capability to support client needs in conjunction with investment management services.

OUR SURVEY RESULTS

In the face of significant political and economic challenges in the UK leading to a market downturn, our client experience scores have declined compared to 2020. Whilst older clients and those with us over ten years remain broadly positive, there are some emerging segments that are expressing dissatisfaction (e.g. younger, newer clients and with lower assets). It is important to ensure that we engage with all clients and they feel that we support them in achieving their financial goals and objectives. We selected not to participate in 2021 allowing more time to implement changes which may impact our results in the future.

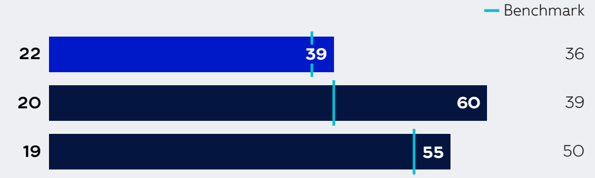
FURTHER LINKS TO:

Stakeholder interests and engagement

Enriching our proposition

NET PROMOTER SCORE[1]

Client likelihood to recommend Rathbones
(-100% to 100%)



OVERALL SATISFACTION[1]

Overall satisfaction with Rathbones
(0 to 10)

SATISFACTION WITH THEIR INVESTMENT MANAGER

Overall satisfaction with their primary investment manager
(0 to 10)

1. AON 2022 client experience survey: in the face of significant political and economic challenges in the UK leading to a market downturn, the overall AON benchmark has dropped and across many core KPIs. Rathbones client experience scores are modestly above competitor benchmark firms on 7 out of 8 core KPIs including NPS (likelihood to recommend)

PEOPLE

HOW THE FIRM ENGAGED

We engaged with our people through the following activities:

- day-to-day interaction through our management structures
- regular colleague opinion surveys to measure engagement, wellbeing and opinions
- ongoing and regular virtual management briefings
- webcast, internal magazine and management blogs
- virtual presentations by the executive team to discuss performance and the firm's progress on the strategic plan
- peer recognition scheme to identify colleagues who demonstrated outstanding behaviours and conduct aligned to our values
- workforce engagement sessions held with the non-executive directors
- held the firm's first senior leaders conference.

WHAT WERE THE KEY TOPICS RAISED

- How will the firm's people strategy be developed to help our colleagues develop their careers?
- What does the future of working style at Rathbones look like and how will the hybrid working model evolve?
- The importance of diversity equality and inclusion (DE&I)
- How the cost of living crisis is impacting our people.

Aligned with **inspiring our people** strategic priority

HOW THE FIRM RESPONDED

- Working with the cross industry network Inclusive Companies to broaden our reach and appeal as part of our commitment to attract, cultivate and retain diverse talent
- Involved all leaders and teams in the cascade of our strategy
- Focusing on developing our people and enabling our culture
- Continued to develop and expand Rathbones' mentoring programme
- Enhanced the office environment to support new flexible working practices
- Launch of a new DE&I strategy across the firm
- Provided a one-off payment for colleagues most impacted by the cost of living crisis, designed to give colleagues some breathing space as they faced rising costs.

FURTHER LINKS TO:

Responsible business review

Workforce engagement

Enabling our people

Culture

Gender pay gap report

EMPLOYEE RESPONSE RATE

82%

2021: 84%

OVERALL ENGAGEMENT

8.0/10

2022 BENCHMARK[1]: 7.8

2021: 8.1 (BENCHMARK 7.8)

EMPLOYEE NET PROMOTER SCORE

39

2022 BENCHMARK[1]: 22

2021: 44 (BENCHMARK 22)

I FEEL WELL COMMUNICATED WITH

7.8/10

2022 BENCHMARK[1]: 7.6

2021: 7.8 (BENCHMARK 7.6)

MY MANAGER CARES ABOUT ME AS A PERSON

8.5/10

2022 BENCHMARK[1]: 8.6

2021: 8.4 (BENCHMARK 8.6)

1. Benchmarks are set by Peakon and relate to the broader financial service sector clients

ENGAGING WITH OUR PEOPLE

DEVELOPING OUR GRADUATES

My experience on the graduate programme was very positive. When I joined Rathbones, we were given a thorough induction process which involved group tasks and workshops and outlined what we were to expect over the next two years.

Over the course of the rotational scheme, I was able to experience working in five different departments including financial planning, investment risk and investment management. This allowed me to connect with a wide variety of people across the business and improve on a range of skills such as portfolio management, teamwork and public speaking. During this time, I have been able to complete a number of exams such as levels of the CFA which has been a rewarding experience.

I also benefited from taking an active position on the graduate development board which is a committee that provides activities and a voice for the 50+ trainee investment managers in the company. Overall, the graduate scheme has been a brilliant opportunity to learn about a fascinating industry; my favourite aspect is the ever-changing variety of the role based on changes in the investment universe.

Since completing the scheme, I have increased my level of responsibility and continue to benefit from new and exciting challenges every day.

Owen Quinn
Part of our 2020 graduate cohort,
now an assistant investment manager

SHAREHOLDERS

HOW THE FIRM ENGAGED

We engaged with our shareholders through the following activities:

- executives held regular meetings with our investors throughout the year
- continued to expand sell-side analyst research coverage of the company
- we commissioned an independent analyst perception study, to gain insight into our shareholder/investor's opinions. The results were presented to the board
- our AGM provided the opportunity for all shareholders to ask questions of our board.

WHAT WERE THE KEY TOPICS RAISED

- How will the business return to operating margin growth?
- How will the company achieve further organic growth?
- How is the business positioned to manage opportunities and challenges posed by a market downturn?
- How is the integration of Saunderson House progressing?
- What is the progress update on Client Lifecycle Management (CLM) in terms of budget and benefits?

HOW THE FIRM RESPONDED

- Provided regular updates on the company's financial and strategic performance
- The progressive dividend policy was maintained throughout the year
- An update was given on the firm's strategic plan and integration of Saunderson House
- Responded to several environmental, social and governance (ESG) related questionnaires during the year and issued our Task Force on Climate-related Financial Disclosures (TCFD) report and responsible business report
- Maintained meaningful dialogue with the sell-side analyst community.

FURTHER LINKS TO:

Stakeholder interests and engagement

Group chief executive officer's review

Enriching our proposition

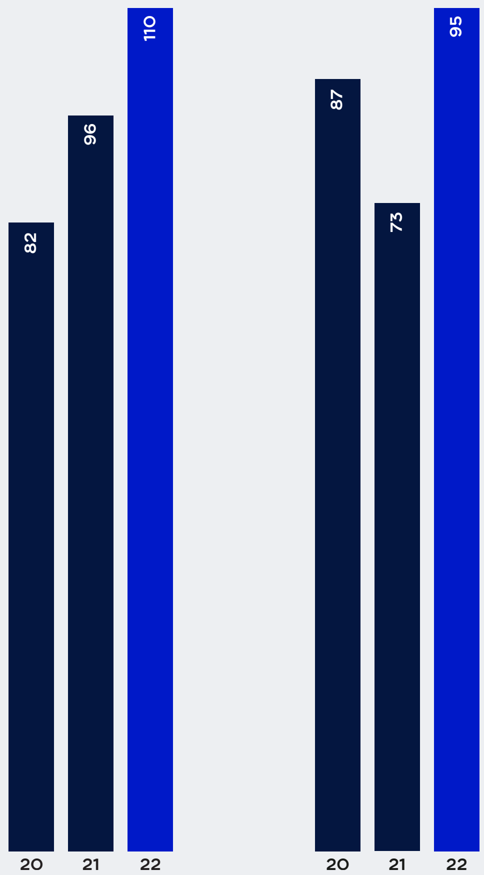
Aligned with **supporting and delivering growth** strategic priority

NUMBER OF INVESTOR MEETINGS HELD IN 2022

110

NUMBER OF NEW INVESTORS IN 2022*

95



* number of new investors includes both retail shareholders and institutional investors

SOCIETY AND COMMUNITIES

HOW THE FIRM ENGAGED

We engaged with society and the communities in which we operate through the following activities:

- we encouraged high standards of governance as an investment manager and frequently engaged with companies on environmental, societal, and corporate governance concerns
- used our community investment network to support discussion around regional charity projects and employee matching
- worked with industry bodies to understand and respond to the growing stakeholder expectation around management of climate risk and emissions exposure.

WHAT WERE THE KEY TOPICS RAISED

- How has the firm responded to donation appeals across the world?
- How do we consider our climate strategy and the environmental impact of our operations?
- How do we best support the communities in which we operate?

Aligned with **enriching the client and adviser proposition and experience** strategic priority

Aligned with **supporting and delivering growth** strategic priority

HOW THE FIRM RESPONDED

- We successfully coordinated donation appeals to support the Disasters Emergency Committee's response to the crises in Ukraine and Pakistan
- We supported the communities in which we operate through the Rathbones Group Foundation, corporate donations and employee volunteering. In 2022 we gave over £795,000 (2021: £418,000)
- Transitioned several of our local community investment programmes, supported by our Foundation, to longer-term strategic partnerships
- Expanded our stewardship team to support our engagement activities
- Reviewed our approach to managing climate risk and expanded the data included in our carbon reporting, to cover our supply chain, operational footprint and the impact of our investment portfolios. See our TCFD report for more information
- Published our first standalone responsible business report, where we shared more detail on our responsible business programme and progress made.

FURTHER LINKS TO:

Responsible business review

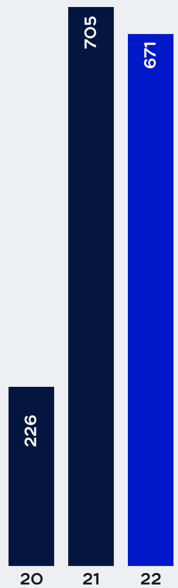
Chair's statement

CDP SCORE

B	C	B
2022	2021	2020

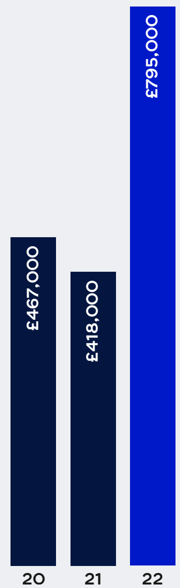
DIRECT ENGAGEMENT WITH INVESTEE COMPANIES

671



TOTAL AMOUNT DONATED

£795K



ENGAGING OUR SUPPLIER PARTNERS

WORKING WITH OUR SUPPLIER PARTNERS

As with many financial service organisations our supply chain could be considered low-risk. At Rathbones we see the opportunities of working with our suppliers and engaging them on issues that are material to both parties. One example of this is the work many companies are undertaking to reduce their environmental impact.

Having set our own net zero commitment, we review our supply chain for material exposure. Through our environmental, social and governance (ESG) questionnaire we work with our suppliers to track alignment of their activities with our priority issues. At the end of 2022 we had reviewed 69% of our in scope suppliers for their approach to managing ESG matters.

These reviews identify areas, such as our partners' approach to net zero, and suppliers with whom we then engage. Through the year we have had several conversations with partners who are considering what achieving net zero emissions means for them. For some of our smaller suppliers who understandably are at the start of their net zero journey we have been happy to engage, sharing our experience as they start defining their net zero programme.

Through 2023, we will continue to review and engage. As we consolidate our supplier universe engagement will cover a larger number of our suppliers, supporting us as we look to make progress on our net zero targets and as we prepare for the strengthened Modern Slavery Act requirements.

OUR PARTNERS AND REGULATORS

HOW THE FIRM ENGAGED

We engaged with regulators and our partners through the following activities:

- we held regular meetings with our regulators during the year and continue to have a proactive and transparent relationship with them
- we ensured our payment terms with all suppliers were fair and in compliance with payment practices
- we engaged our suppliers to understand both their exposure to environmental, social and governance (ESG) risk (including modern slavery risk) and their management of these matters. Our modern slavery statement is updated annually and reviewed by our board
- we maintained ongoing relations with our key suppliers and partners during the year with regular board updates
- engaged with our existing lenders.

WHAT WERE THE KEY TOPICS RAISED

- How do Rathbones ensure open and clear dialogue with regulators with timely response to requests?
- Do you provide fair and transparent terms with all suppliers?

HOW THE FIRM RESPONDED

- Worked in close collaboration with the firm's regulators and responded on a timely basis
- Maintained a constructive relationship with HMRC to help ensure alignment with the relevant regulatory frameworks
- Reviewed our preferred, strategic and critical suppliers for their ESG policies and processes. See more here
- Interacted with the industry bodies and associations we are affiliated with to ensure we were engaged with issues impacting our industry
- Engaged with our existing lending partner
- Adhered to payment terms with suppliers.

FURTHER LINKS TO:

Stakeholder interests and engagement

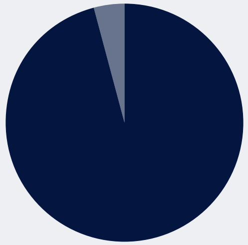
Risk management and control

Responsible business review

Aligned with **operating more efficiently** strategic priority

% OF SUPPLIERS PAID WITHIN 30 DAYS

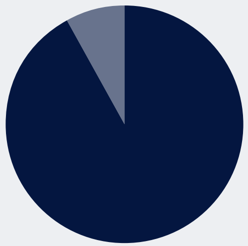
96%



2022	**96%**
2021	**94%**
2020	**90%**
2019	**92%**

% OF PAYMENTS TO SUPPLIERS MADE IN AGREED TIMEFRAME

92%



2022	**92%**
2021	**70%**
2020	**63%**
2019	**65%**

ALL RESPONSES TO REGULATORS HAVE BEEN MADE IN LINE WITH THE AGREED DEADLINE.

FINANCIAL PERFORMANCE

OVERVIEW OF FINANCIAL PERFORMANCE

The group's financial performance for the year to 31 December 2022 remained resilient during a challenging year for markets and investors. We continued to attract new business and achieved sustained net inflows despite volatile markets.

Underlying profit before tax was £97.1 million (2021: £120.7 million), a fall of 19.6% in the year, which includes £16.3 million of the £40 million planned expenditure on our digital strategy which we announced in February 2022. Despite falls across all major markets, operating income increased 4.6% to £455.9 million (2021: £435.9 million). The underlying operating margin, which is calculated as the ratio of underlying profit before tax to operating income, was 21.3% (2021: 27.7%).

Operating income for the year benefited from our diversified revenue streams with use of the group's banking licence and a full year's contribution of Saunderson House which we acquired in October 2021. Whilst fee income reduced given lower funds under management, net interest income contributed £18.3 million to operating income in 2022 (2021: £3.9 million) due to the rising interest rate environment. The increase in expenditure was in line with expectations and largely driven by our strategic growth plan, including our digital programme, together with the addition of Saunderson House.

The underlying operating margin rises to 24.9% when underlying profit before tax is adjusted for £16.3 million of operating expenses on the group's digital programme. Agile and phased delivery of the project has ensured good progress with a resulting improvement in client engagement.

Statutory profit before tax for 2022 was £64.1 million (2021: £95.0 million). This included planned deferred acquisition and integration costs of £10.0 million relating to Saunderson House (2021: £3.7 million), and £3.5 million deferred acquisition costs for Speirs & Jeffrey (2021: £6.4 million). See note 3 for further detail.

The board primarily considers underlying measures of income, expenditure and earnings when assessing the performance of the group. These are considered to provide useful additional 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. A full reconciliation between underlying results and the closest IFRS equivalent is provided on page 39.

TABLE 1. GROUP'S OVERALL PERFORMANCE

	2022 £m (unless stated)	2021 £m (unless stated)
Operating income	**455.9**	435.9
Underlying operating expenses[1]	**(358.8)**	(315.2)
Underlying profit before tax[1]	**97.1**	120.7
Underlying operating margin[1]	**21.3%**	27.7%
Profit before tax	**64.1**	95.0
Effective tax rate	**23.6%**	20.8%
Taxation	**(15.1)**	(19.8)
Profit after tax	**49.0**	75.2
Underlying earnings per share[1]	**130.8p**	172.2p
Earnings per share	**83.6p**	133.5p
Dividend per share[2]	**84.0p**	81.0p
Return on capital employed (ROCE)[1]	**7.7%**	13.0%
Underlying return on capital employed[1]	**11.8%**	16.1%

1. A reconciliation between the measure and its closest IFRS equivalent is shown in table 3
2. The total interim and final dividend proposed for the financial year

BUSINESS PERFORMANCE: FUNDS UNDER MANAGEMENT AND ADMINISTRATION (FUMA)

Net inflows of discretionary and managed FUMA in Investment Management remained positive across each quarterly trading period, despite volatile investor conditions, totalling £0.9 billion in 2022 (2021: £1.3 billion). Direct net flows into our multi-asset fund range were particularly robust, reflecting the diversification and perceived relative safety of these funds, and totalled £0.4 billion in the year (2021: £0.5 billion). Taken together, this represents a growth rate of 2.6% in discretionary and managed FUMA (2021: 4.1%).

The asset management industry saw outflows in single-strategy funds in the year, with a 13.8% reduction in industry-wide funds under management and administration. Our single-strategy funds experienced net outflows of £0.4 billion in the year (2021: net inflows of £1.2 billion), representing 4.5% of opening funds under management and administration, as investors favoured value stocks over our relative overweight position in growth-oriented stocks. As the year progressed, we saw a reduction in the level of outflows as investors began to adopt higher risk positions as inflation and interest rate fears abated somewhat.

Uncertainty across UK and global markets, driven by macroeconomic and geopolitical volatility, contributed to an adverse £8.4 billion market movement on asset values in the year, resulting in FUMA closing 11.7% down at £60.2 billion (2021: £68.2 billion) (Table 2). This compares with favourable market movements of £5.9 billion in 2021. During the latter half of the year, our investment performance benefited from an underweight exposure to both fixed income securities and North American equities, relative to the PIMFA Balanced index.

TABLE 2. GROUP FUMA AND FLOWS BY SERVICE LEVEL

Year ended 31 December 2022	Opening FUMA £bn	Net flows £bn	Net service level transfers £bn	Market & investment performance £bn	Closing FUMA £bn	Net growth (flows) %
Discretionary service	49.3	0.9	(0.2)	(5.7)	44.3	1.9%
Bespoke portfolios	48.0	0.8	(0.3)	(5.6)	42.9	1.6%
Managed via in-house funds	1.3	0.1	0.1	(0.1)	1.4	10.3%
Multi-asset funds	2.0	0.4	–	(0.2)	2.2	20.0%
Total discretionary & managed	**51.3**	**1.3**	**(0.2)**	**(5.9)**	**46.5**	**2.6%**
Non-discretionary service	1.0	(0.1)	(0.1)	(0.1)	0.7	(7.4%)
Total wealth management	**52.3**	**1.2**	**(0.3)**	**(6.0)**	**47.2**	**2.4%**
Single-strategy funds	8.3	(0.4)	–	(1.4)	6.5	(4.5%)
Execution only & banking	2.7	(0.2)	0.3	(0.4)	2.4	(9.0%)
Total	**63.3**	**0.6**	**0.0**	**(7.8)**	**56.1**	**1.0%**
Saunderson House	4.9	(0.2)	(0.0)	(0.6)	4.1	(4.9%)
Total group	**68.2**	**0.4**	**–**	**(8.4)**	**60.2**	**0.6%**

Table 2 presents separately the FUMA, and associated movements, in those services and products which support our wealth management solutions from asset management products and other services. Wealth management FUMA incorporates our 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 clients of investment platforms and financial advisers. Asset management FUMA includes our focused range of specialist 'single-strategy' funds, which are designed to act as individual holdings within investment portfolios.

Year ended 31 December 2021	Opening FUMA £bn	Net flows £bn	Net service level transfers £bn	Market & investment performance £bn	Closing FUMA £bn	Net growth (flows) %
Discretionary service	43.4	1.3	–	4.6	49.3	3.0%
Bespoke portfolios	42.5	1.1	(0.1)	4.5	48.0	2.6%
Managed via in-house funds	0.9	0.2	0.1	0.1	1.3	19.9%
Multi-asset funds	1.3	0.5	–	0.2	2.0	40.3%
Total discretionary & managed	**44.7**	**1.8**	**–**	**4.8**	**51.3**	**4.1%**
Non-discretionary service	1.4	(0.1)	(0.3)	–	1.0	(11.4%)
Total wealth management	**46.1**	**1.7**	**(0.3)**	**4.8**	**52.3**	**3.6%**
Single-strategy funds	6.3	1.2	–	0.8	8.3	18.9%
Execution only & banking	2.3	(0.2)	0.3	0.3	2.7	(8.9%)
Total	**54.7**	**2.7**	**–**	**5.9**	**63.3**	**4.9%**
Saunderson House					4.9	
Total group					**68.2**	

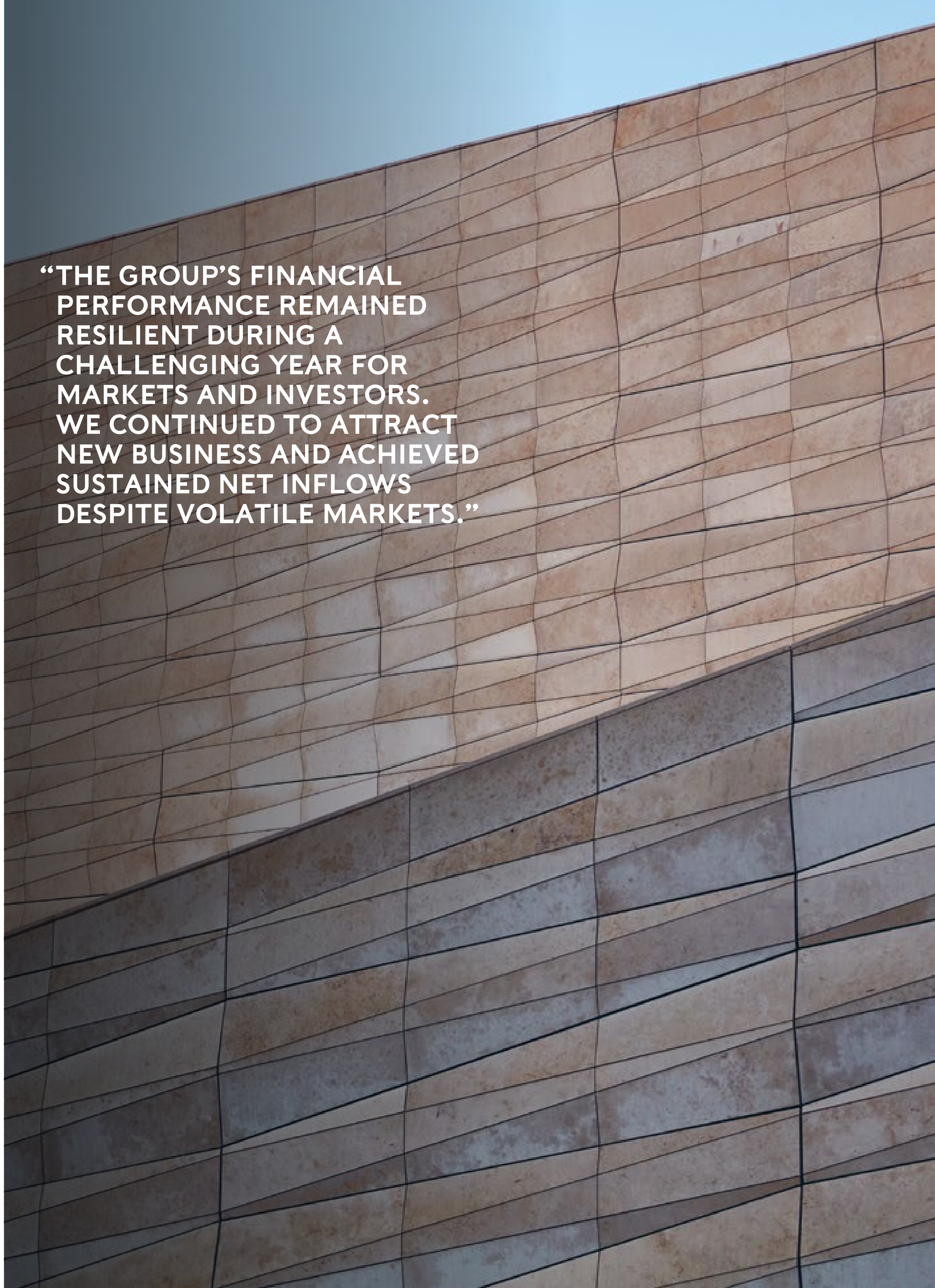
OPERATING INCOME

Operating income increased by £20.0 million in 2022 to £455.9 million, predominantly due to a full year of Saunderson House income which contributed £23.4 million of this additional income.

Investment management and funds fee income of £337.0 million in 2022 decreased by 3.5%, as a result of lower funds under management and administration in the year. This represented 73.9% of operating income in 2022, down from 80.2% in 2021, reflecting the increase in financial planning and advisory income of £51.6 million for the full year (2021: £29.0 million).

Net commission income fell 9% to £48.8 million in 2022 (2021: £53.6 million) despite a broadly consistent level of transaction activity. The reduction reflects an increasing proportion of our client base being on fee-only mandates, and therefore not being separately charged for transactions.

Net interest income increased by 369% to £18.3 million, reflecting the Bank of England base rates increasing from 0.25% at the start of 2022, to 3.5% by the end of December 2022, and highlighting the benefit of our banking structure.



"THE GROUP'S FINANCIAL PERFORMANCE REMAINED RESILIENT DURING A CHALLENGING YEAR FOR MARKETS AND INVESTORS. WE CONTINUED TO ATTRACT NEW BUSINESS AND ACHIEVED SUSTAINED NET INFLOWS DESPITE VOLATILE MARKETS."

UNDERLYING OPERATING EXPENSES

Underlying operating expenses increased by £43.6 million (13.8%) to £358.8 million. Underlying operating expenses exclude expenditure falling into the categories explained on page 40. Over half of this increase reflects a full-year of operating expenditure for Saunderson House, acquired in October 2021, at £27.2 million (2021: £5.0 million). A further £16.3 million of the increase is year 1 of the strategic investment in developing our digital capability. Excluding these increases, expenditure increased by £5.1 million in the year.

Higher fixed staff costs in the year of £28.7 million, which include £12.9 million for the full year impact of Saunderson House and £2.4 million of spend on the group's digital strategy, are in line with expected headcount growth and salary inflation. This was partly offset by lower variable staff costs of £3.1 million, which was driven by reduced profit share and bonuses, reflecting the market conditions during 2022.

Non-staff costs increased by £18.0 million in the year, which includes £5.8 million for a full year of costs for Saunderson House and £13.5 million of expenditure on the group's digital programme. Excluding the impact of these, non-staff costs fell by £1.3 million in the year, mainly due to a £2.2 million reduction in the FSCS levy (total charge in 2022 for the group of £5.3 million). Other costs remain broadly consistent with 2021, demonstrating a focus on controlling discretionary spend in an inflationary environment.

Including Saunderson House, average headcount increased by 18.1% to 2,053 in 2022 (see note 10). The full-year effect of Saunderson House accounted for 9.2%, with the remaining headcount increases being largely in client-facing, client experience and change delivery teams.

Total operating expenses increased from £340.9 million to £391.8 million during the year, with £22.2 million of the increase solely due to a full-year of Saunderson House (2021: £5.0 million).

TABLE 3. RECONCILIATION OF UNDERLYING PERFORMANCE MEASURES TO CLOSEST EQUIVALENT IFRS MEASURES

	2022 £m (unless stated)	2021 £m (unless stated)
Operating income	**455.9**	435.9
– Operating expenses (excluding digital change spend)[1]	**(375.5)**	(340.9)
– Digital transformation change spend[1]	**(16.3)**	0.0
Total operating expenses	**(391.8)**	(340.9)
Charges in relation to client relationships and goodwill	**19.5**	15.6
Acquisition-related costs	**13.5**	10.1
Underlying operating expenses	**(358.8)**	(315.2)
Profit before tax	**64.1**	95.0
Underlying profit before tax[2]	**97.1**	120.7
Operating margin	**14.1%**	21.8%
Underlying operating margin[3]	**21.3%**	27.7%
Taxation	**(15.1)**	(19.8)
Tax on non-underlying expenses	**(5.3)**	(3.9)
Underlying taxation	**(20.4)**	(23.7)
Profit after tax	**49.0**	75.2
Underlying profit after tax[4]	**76.7**	97.0
Weighted average number of shares in issue	**58.6m**	56.3m
Earnings per share (p)	**83.6**	133.5
Underlying earnings per share (p)[5]	**130.8**	172.2
Quarterly average total equity	**632.7**	579.0
Underlying quarterly average total equity	**650.4**	599.1
ROCE[6]	**7.7%**	13.0%
Underlying ROCE[7]	**11.8%**	16.1%

1. Operating expenses adjusted for £16.3 million of costs incurred on the group's digital strategy in 2022
2. Operating income less underlying operating expenses
3. Underlying profit before tax as a percentage of operating income
4. Underlying profit before tax less underlying taxation
5. Underlying profit after tax divided by the weighted average number of shares in issue
6. Profit after tax as a percentage of quarterly average total equity
7. Underlying profit after tax as a percentage of underlying quarterly average total equity

ALTERNATIVE PERFORMANCE MEASURES

Charges in relation to client relationships and goodwill (note 22)

As explained in notes 1.14 and 2.1, client relationship intangible assets are recognised when we acquire a business or hire a team of investment managers.

The charges associated with these assets represent the proportion of the cost of securing client contracts that is charged to profit or loss as amortisation each year over the estimated duration of the client relationships. The quantum of the accounting charge will vary depending on the terms of each individual acquisition or team hire and represents a significant non-cash profit and loss item. They are therefore excluded from underlying profit, which represents largely cash-based earnings and more directly relates to the financial reporting period. Research analysts commonly exclude these costs when comparing the performance of firms in the wealth management industry.

Acquisition-related costs (note 9)

Acquisition-related costs are significant costs which arise from strategic investments to grow the business rather than its operating performance and are therefore excluded from underlying results.

They primarily represent deferred acquisition consideration and the costs of integrating acquired businesses.

Deferred acquisition costs are generally significant payments that are capital in nature reflecting the transfer of ownership of the business. However, in accordance with IFRS 3, any deferred consideration payments to former shareholders of the acquired business who are required to remain in employment with the group must be treated as remuneration.

During 2022, £3.5 million of deferred consideration payments for Speirs & Jeffrey (2021: £6.0 million) were charged to the income statement. £6.5 million of deferred consideration payments for Saunderson House (2021: £1.4 million) and £3.4 million of integration costs were charged to the income statement (2021: £nil).

TAXATION

The corporation tax charge for 2022 was £15.1 million (2021: £19.8 million) (see note 11). The effective tax rate was 23.5% (2021: 20.8%).

From 2023, the effective tax rate is expected to be 4-5 percentage points above the statutory rate, largely due to disallowable costs for deferred consideration payments (see note 2.3).

The UK Government legislated in the Finance Act 2021 to increase the UK corporation tax rate to 25.0% in 2023. We have reflected this rate in the deferred tax calculations.

BASIC EARNINGS PER SHARE

Basic earnings per share for the year ended 31 December 2022 was 83.6p compared to 133.5p in 2021. On an underlying basis, earnings per share were 130.8p in 2022, compared to 172.2p in 2021 (see note 13). The decrease in the year relates to the fall in underlying profit since 2021 and an increase in the 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 quarterly 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 2022, underlying ROCE was 11.8% (2021: 16.1%). Underlying quarterly average total equity increased by £51.4 million in 2022 compared to 2021, reflecting growth in retained earnings and a full year impact of the share placing that took place in the second quarter of 2021.

OUTLOOK

The Group's financial performance remains closely linked to the behaviour of global investment markets, which are expected to remain fragile in 2023 even as the outlook for inflation has moderated. Income sources that include increased net interest income and growing financial planning income support more stable operating income that not only delivers strong returns for shareholders, but also enables us to continue to invest productively for growth.

Employee costs in 2023 will reflect salary inflation of approximately 5-6% plus the full impact of hiring activity in 2022. A lower rate of net hiring is expected for 2023 as we continue implementation phases of our strategic initiatives, whilst ever focused on cost discipline whilst in an inflationary environment.

From July 2023, the countercyclical buffer, as set by the FPC, is expected to increase to 2% for UK exposures. The group currently expects its relevant credit exposures to require an increase of £16 million to group capital requirement.

As set out in 2022, investment in our medium-term strategy will continue in 2023, most notably the ongoing integration of Saunderson House and delivering technology to embed a digital capability that improves client experience and promotes growth. We remain on track to invest a total of £40m. From 2024, our aim remains to return to an operating margin in the high 20's. In light of ongoing market fragility and the continuation of the investment in our digital programme throughout 2023, we expect to deliver a similar margin to 2022.

We continue to anticipate total integration and deferred acquisition costs of £10 million associated with Saunderson House, which will then substantially reduce as the integration completes in 2024. Financial synergies from the integration of Saunderson House are expected to start in 2023, with a full annualised impact in 2024.

Rathbones is financially well placed, with a strong balance sheet to take advantage of opportunities in 2023.

SEGMENTAL REVIEW

The group is managed through two key operating segments: Investment Management and Funds.

TABLE 4. RECONCILIATION OF SERVICE LEVELS TO SEGMENTAL PRESENTATION

	Investment Management FUMA (including intra-group holdings) £bn	Intra-group holdings[1] £bn	Investment Management FUMA £bn	Funds FUMA £bn	Group FUMA £bn
Discretionary service	44.3	(2.3)	42.0	2.4	44.4
Bespoke portfolios	42.9	(1.0)	41.9	1.0	42.9
Managed via in-house funds	1.4	(1.3)	0.1	1.4	1.5
Multi-asset funds	–	–	–	2.1	2.1
Total discretionary & managed	**44.3**	**(2.3)**	**42.0**	**4.5**	**46.5**
Non-discretionary service	0.7	–	0.7	–	0.7
Total wealth management	**45.0**	**(2.3)**	**42.7**	**4.5**	**47.2**
Single-strategy funds	–	–	–	6.5	6.5
Execution only & banking	2.4	–	2.4	–	2.4
Total	**47.4**	**(2.3)**	**45.1**	**11.0**	**56.1**
Saunderson House	4.1	–	4.1	–	4.1
Total group	**51.5**	**(2.3)**	**49.2**	**11.0**	**60.2**

1. Intra-group holdings represent in-house funds held within an investment management portfolio.

INVESTMENT MANAGEMENT

The activities of the group are described in detail on pages 2 to 4. The Investment Management segment comprises those activities described under the headings 'Investment Management', 'Financial Planning and Advice' and 'Complementary services' on page 2. The results of the Investment Management segment described below include the trading results of Rathbones Trust Company, Vision Independent Financial Planning and Saunderson House.

Investment Management income is largely driven by revenue margins earned from funds under management and administration. Revenue margins are expressed as a basis point return, which depends on a mix of tiered fee rates, commissions charged for transactions undertaken on behalf of clients and the interest margin earned on cash in client portfolios and client loans.

FUNDS UNDER MANAGEMENT AND ADMINISTRATION

Year-on-year changes in the key performance indicators for Investment Management are shown in table 5. Investment Management funds under management and administration decreased by 10.9% to £49.2 billion as at 31 December 2022, impacted by economic uncertainty and worldwide volatility in the markets.

CHART 1. INVESTMENT MANAGEMENT – NUMBER OF INVESTMENT MANAGERS AND CLIENTS

TABLE 5. INVESTMENT MANAGEMENT – KEY PERFORMANCE INDICATORS

	2022	2021
Funds under management and administration at 31 December	**£49.2bn**	£55.2bn
Rate of net organic growth in Investment Management funds under management and administration[1]	**1.1%**	1.8%
Rate of total net growth in Investment Management funds under management and administration[1]	**1.2%**	2.1%
Average net operating basis point return[2]	**72.4 bps**	71.4 bps
Number of Investment Management clients ('000)	**68**	66
Number of investment managers	**352**	332

1. See table 6 (percentages calculated on unrounded figures)
2. See table 10

SEGMENTAL REVIEW CONTINUED

TABLE 6. INVESTMENT MANAGEMENT – FUNDS UNDER MANAGEMENT AND ADMINISTRATION

	Year ended 31 December 2022 £bn	Year ended 31 December 2021 £bn
As at 1 January	**50.3**	44.9
Inflows	**3.8**	4.5
– organic[1]	**3.8**	4.4
– acquired[2]	**0.0**	0.1
Outflows	**(3.2)**	(3.6)
Market adjustment[3]	**(5.8)**	4.5
Total	**45.1**	50.3
Saunderson House	**4.1**	4.9
Total group	**49.2**	55.2
Net organic new business[4]	**0.6**	0.8
Rate of net organic growth[5]	**1.1%**	1.8%
Rate of total net growth[6]	**1.2%**	2.1%

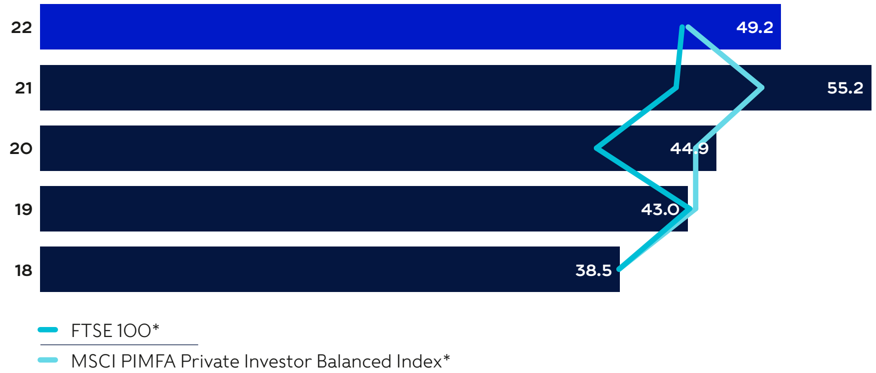
1. Value at the date of transfer in/(out)
2. Value at date of acquisition
3. Represents the impact of market movements and investment performance
4. Organic inflows less outflows
5. Net organic new business (excluding Saunderson House) as a percentage of opening funds under management and administration
6. Net organic new business and acquired inflows (excluding Saunderson House) as a percentage of opening funds under management and administration

Table 6 reconciles the movement in funds under management and administration during the year. Inflows of £3.8 billion are dominated by new funds into our discretionary bespoke portfolio service, which has benefited during the year from resilient investment performance, positive client experience, and our revised Reliance on Advisor proposition. Outflows of £3.2 billion represent 6.4% of opening funds under management and administration, 59.0% of which represents drawings from capital to supplement income or inter-generational transfers. In significant contrast to 2021, the PIMFA MSCI reduced by 10.2% in 2022, driving a £5.8 billion reduction in funds under management and administration.

In addition to the above, Saunderson House contributed £4.1 billion to closing funds under management and advice in 2022. At the year end, FUMA on Vision Independent Financial Planning's discretionary wealth management platform that was not managed by the group totalled £0.8 billion (2021: £0.8 billion).

CHART 2. INVESTMENT MANAGEMENT – FUNDS UNDER MANAGEMENT AND ADMINISTRATION FIVE-YEAR GROWTH (£BN)

£49.2BN



* Index figures show how funds under management and administration would have changed between 2018 and 2022 if they had tracked each index

Table 7 provides an analysis of funds under management and new business by channel and service level. 40% of the total £0.9 billion growth in discretionary and managed funds under management and administration in the year was driven through direct interactions with the client, whilst the remaining 60% includes interactions through financial adviser networks.

The group experienced net outflows from non-discretionary investment management, and execution-only and banking mandates totalling £0.3 billion in the year.

During the year, clients continued to migrate into discretionary services from non-discretionary (£0.1 billion). Switches into execution-only services largely reflect the transfer of funds into probate following the death of a client (£0.3 billion).

TABLE 7. INVESTMENT MANAGEMENT – NEW BUSINESS BY CHANNEL

	Opening FUM (£m)	Net flows (£m)	Service level transfers (£m)	Market movement (£m)	2022 Gross £bn	2022 Intra-group holdings[1] £bn	2022 Net £bn	2021 Net £bn
Bespoke portfolios	37.2	0.3	(0.4)	(4.1)	33.0	–	–	–
Managed via in-house funds	0.6	0.0	0.1	0.0	0.7	–	–	–
Total direct	**37.8**	**0.3**	**(0.3)**	**(4.1)**	**33.7**	–	–	–
Bespoke portfolios	10.8	0.5	0.0	(1.4)	9.9	–	–	–
Managed via in-house funds	0.6	0.1	0.1	(0.1)	0.7	–	–	–
Total financial adviser linked	**11.4**	**0.6**	**0.1**	**(1.5)**	**10.6**	–	–	–
Total discretionary & managed	**49.2**	**0.9**	**(0.2)**	**(5.6)**	**44.3**	**(2.3)**	**42.0**	46.6
Non-discretionary service	1.0	(0.1)	(0.2)	(0.0)	0.7	–	0.7	1.0
Total wealth management	**50.2**	**0.8**	**(0.4)**	**(5.6)**	**45.0**	**(2.3)**	**42.7**	47.6
Execution only & banking	2.7	(0.3)	0.3	(0.3)	2.4	–	2.4	2.7
Saunderson House	4.9	(0.2)	(0.0)	(0.6)	4.1	–	4.1	4.9
Total Investment Management	**57.8**	**0.3**	**(0.1)**	**(6.5)**	**51.5**	**(2.3)**	**49.2**	55.2

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 funds under management and administration is reported within Funds
2. Direct net flows relate to direct interactions with the client, whilst net flows from financial advisor linked relate to interactions through financial adviser networks

Inflation across the world's most advanced economies hit a rate in December 2022 not seen since 1982. In 2022, core inflation – which excludes energy and food prices – hit a 40-year high and continued to rise until the autumn.

The macro-economic environment has shifted significantly more than many commentators expected twelve months ago. The market generally expected the US Federal Reserve to raise interest rates by just 0.75% throughout 2022, in comparison to an actual increase in rates of 4.25% - the sharpest increase since the early 1980s. It is highly unusual for equity markets to fall over the first 12 months of a rate tightening cycle, but we saw an inflationary bear market emerge.

There have been two key equity market sector trends. First, the underperformance of cyclical sectors and the outperformance of steadier defensive ones, particularly those able to pass on higher input costs to customers. Second, the de-rating of expensive 'Growth' companies, particularly technology stocks yet to make a profit, and the resilience of cheaper sectors such as financials, energy and healthcare. A global benchmark of 'Value' companies ended the year down 6% compared to the 28% loss in 'Growth' companies.

Overall, 2022 was another strong year for our specialist teams. Rathbone Greenbank Investments continued to grow its net new business, despite the segment being most impacted by market volatility, and reached funds under management and administration of £1.9 billion at 31 December 2022 (2021: £2.2 billion). The Personal Injury and Court of Protection business ended 2022 with £1.0 billion of funds under management and administration (2021: £1.0 billion).

Rathbone Financial Planning also saw a strong year in 2022, increasing net new business growth by 26% from 2021, and maintaining funds under management and administration broadly in line with 2021 of £1.6 billion as at 31 December 2022, despite market falls.

As at 31 December 2022, Vision Independent Financial Planning advised on client assets of £2.6 billion (2021: £2.7 billion). Despite net new business inflows of £0.3 billion in the year, market movements offset this, resulting in a £0.1 billion reduction in total client assets at the year end.

Saunderson House closed the year with funds under management and administration of £4.1 billion (2021: £4.9 billion). £0.5 million of the fall in the year was driven by adverse market movements. Client attrition was largely in-line with expectations, reflecting net outflows of £0.2 billion, as focus switched to existing client migration rather than new client wins. The new Saunderson House proposition is now fully developed, and as at the year-end approximately one third of clients, by asset value, had been contacted to initiate the process of switching to the new proposition.

FINANCIAL PERFORMANCE

Underlying profit before tax in Investment Management reduced by 28.2% in the year to £70.7 million, reflecting an underlying operating margin of 18.0%, which, when adjusted for £16.3 million of operating expenses to deliver the group's digital strategy, rises to 22.1%.

Lower average funds under management and administration on our principal charging dates during 2022 (see table 9) impacted investment management fee income, causing a 4.6% reduction compared to 2021.

Net commission income fell by 8.8% to £48.9 million (2021 £53.6 million), as the proportion of our client base becomes increasingly fee-only.

The increase in base rates set by the Bank of England from 0.25% at the start of 2022 to 3.5% by December 2022 contributed an additional £13.9 million to net interest income in the year.

Fees from advisory services and other income increased 88.3% to £51.4 million, reflecting a full-year's impact of Saunderson House, which contributed £23.4 million of additional revenue. Rathbone Financial Planning, Vision, and the Trust business have contributed an additional £0.7 million to advisory income year-on-year.

Underlying operating expenses during the year were £322.3 million; an increase of 17.4% on the prior year, largely reflecting the impact of Saunderson House and £16.3 million of costs incurred on the group's digital strategy in 2022 (see table 11).

TABLE 8. INVESTMENT MANAGEMENT – FINANCIAL PERFORMANCE

	2022 £m	2021 £m
Net investment management fee income[1]	**274.9**	288.1
Net commission income	**48.9**	53.6
Net interest income	**17.8**	3.9
Fees from advisory services[2] and other income	**51.4**	27.3
Operating income	**393.0**	372.9
Underlying operating expenses[3, 4]	**(322.3)**	(274.5)
Underlying profit before tax	**70.7**	98.4
Underlying operating margin[5]	**18.0%**	26.4%

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 11
4. Included within underlying operating expenses are £16.3 million of costs relating to the group's digital strategy, of which £1.5 million relates to asset management
5. Underlying profit before tax as a percentage of operating income. Excluding £16.3 million of expenditure on our digital strategy in the year, the underlying operating margin was 22.1%

TABLE 9. INVESTMENT MANAGEMENT – AVERAGE FUNDS UNDER MANAGEMENT AND ADMINISTRATION

	2022 £bn	2021 £bn
Valuation dates for billing		
– 5 April	**47.9**	45.5
– 30 June	**43.8**	47.8
– 30 September	**43.2**	48.8
– 31 December	**45.1**	50.3
Quarterly average[1]	**45.0**	48.1
Average FTSE 100 level[2]	**7,282**	7,066

1. Quarterly average funds under management and administration excluding Saunderson House
2. Based on the corresponding valuation dates for billing

TABLE 10. INVESTMENT MANAGEMENT – REVENUE MARGIN

	2022 bps	2021 bps
Basis point return[1] from:		
– fee income	**61.1**	59.9
– commission	**10.8**	11.1
– interest	**0.5**	0.4
Basis point return on funds under management and administration	**72.4**	71.4

1. Operating income (see table 8), excluding interest on own reserves, interest payable on Tier 2 notes issued, interest payable on lease assets, fees from advisory services and other income, divided by the average funds under management and administration on the quarterly billing dates (see table 9)

Fixed staff costs of £109.5 million increased by 22.6% year-on-year, reflecting the growth in headcount and a full year's cost for Saunderson House of £15.9 million (2021: £3.0 million - acquired in October 2021). Variable staff costs totalled £66.9 million in 2022, an increase of 8.1% on 2021, driven by the inclusion of Saunderson House staff, as well as new employee share plans.

Other operating expenses of £145.9 million include property, depreciation, settlement, IT, finance and other central support services costs.

The basis point return on funds under management and administration increased by 1.0 in the year to 72.4, as adverse market movements reduced the value of client portfolios, thereby increasing the proportion of funds in lower value, but higher cost tiers.

TABLE 11. INVESTMENT MANAGEMENT – UNDERLYING OPERATING EXPENSES

	2022 £m	2021 £m
Staff costs[1]		
– fixed	**109.5**	89.3
– variable	**66.9**	61.9
Total staff costs	**176.4**	151.2
Other operating expenses	**145.9**	123.3
Underlying operating expenses	**322.3**	274.5
Underlying cost/income ratio[2]	**82.0%**	73.6%

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 8)

FUNDS

Funds' financial performance is principally driven by the value and growth of funds under management. Year-on-year changes in the key performance indicators for Funds are shown in table 12.

FUNDS UNDER MANAGEMENT

From setting sales records in 2021, 2022 was a tough year for the industry. Net retail redemptions in the asset management industry totalled £25.7 billion, as reported by the Investment Association (IA), down £69.3 billion from £43.6 billion of net sales in 2021. Industry-wide funds under management fell 13.8% to £1.4 trillion at the end of the year.

Gross sales in Rathbone Unit Trust Management ('the company') fell 30% from £4.4 billion to £3.1 billion in 2022. Rising inflation and interest rates coupled with concerns about equity market valuations and the conflict in Ukraine left investors unsure where to turn. The impact of this meant growth focused, single-strategy funds, including Rathbones' biggest funds, struggled for performance and sales growth in 2022.

Many investors also decided to withdraw their cash leading to increased gross redemptions of £2.9 billion (2021: £2.3 billion), which adversely impacted total funds managed by the Company over the course of the year. In addition to this, £0.2 billion of 'Other funds' (table 13) were transferred out from the Company to an independent Authorised Corporate Director as a result of a strategic decision, but continued to be managed by the Group.

Muted 2022 inflows combined with severe market movements, especially in corporate bonds and growth-oriented securities, which affected our mix of products, meant total funds under management fell to £11.0 billion at the end of 2022, a decrease of 15.4% during the year (see table 14).

TABLE 12. FUNDS – KEY PERFORMANCE INDICATORS

	2022	2021
Funds under management at 31 December[1]	**£11.0bn**	£13.0bn
Rate of net growth in Unit Trusts funds under management[1]	**0.4%**	21.1%
Underlying profit before tax[2]	**£26.4m**	£22.4m

1. See table 14
2. See table 16

TABLE 13. FUNDS – FUNDS UNDER MANAGEMENT BY PRODUCT

	2022 £m	2021 £m
Rathbone Global Opportunities Fund	**3,361**	4,334
Rathbone Multi-Asset Portfolios	**3,043**	2,679
Rathbone Ethical Bond Fund	**2,169**	2,802
Rathbone Income Fund	**741**	825
Offshore funds	**549**	661
Rathbone Active Income Fund for Charities	**216**	245
Rathbone High Quality Bond Fund	**206**	291
Greenbank Multi-Asset Portfolios	**168**	105
Other funds[1]	**149**	500
Rathbone Core Investment Fund for Charities	**147**	156
Rathbone Strategic Bond Fund	**138**	200
Rathbone Global Sustainability Fund	**69**	116
Rathbone UK Opportunities Fund	**49**	76
	11,005	12,990

1. £213 million of 'Bespoke' other funds transferred out during the year post the switch of Authorised Corporate Director (ACD) from Rathbone Unit Trust Management Limited to Evelyn Partners, an independent ACD

CHART 3. FUNDS – ANNUAL NET FLOWS (£M)

£48M

Despite adverse market conditions, Rathbones featured in the Pridham Report industry top ten for net retail sales in all 4 quarters of 2022 as well as net retail sales for the year.

Volatility managed funds (multi-asset portfolios) were the IA's top net seller in 2022 with £2.9 billion of net sales and this trend was mirrored in Rathbones which accounted for 24% of the industry total, with net sales in the year, totalling £0.7 billion, down only £0.1 billion when compared to 2021.

The IA Global sector which was the highest selling equity sector for the previous four years in a row, suffered net redemptions of £2.9 billion. This sector contains the Company's largest fund, Rathbone Global Opportunities Fund, which saw a net £77 million outflow from the fund over the course of the year. Rathbone Global Opportunities Fund also suffered the greatest loss from market adjustments, due to its growth bias, accounting for £900 million of the Company's £2 billion total.

Rathbone Ethical Bond Fund suffered from net redemptions in the year (£129 million), due to the significant interest rate rises brought on by market uncertainty. The fund also contributed £0.5 billion to the adverse market adjustment total in 2022.

The Ethical Bond and Global Opportunities funds maintained their excellent industry long-term track performance records and both finished the year in the first quartile for performance measured for five years, which is a key factor in investors' decision-making.

As at 31 December 2022, 98% of holdings in Funds' retail funds were in institutional units (2021: 97%).

During the year, the total number of investment professionals running the funds increased to 24 at 31 December 2022 (2021: 21).

TABLE 14. FUNDS – FUNDS UNDER MANAGEMENT

	2022 £bn	2021 £bn
As at 1 January	**13.0**	9.8
Net inflows	**(0.0)**	2.1
– inflows[1]	**3.1**	4.4
– outflows[1]	**(2.9)**	(2.3)
– Bespoke[2]	**(0.2)**	0.0
Market adjustments[3]	**(2.0)**	1.1
As at 31 December	**11.0**	13.0
Rate of net growth[4]	**0.4%**	21.1%

1. Valued at the date of transfer in/(out)
2. Bespoke funds transferred out during the year post the switch of Authorised Corporate Director ("ACD") from Rathbone Unit Trust Management Limited to Evelyn Partners, an independent ACD
3. Impact of market movements and relative performance
4. Net inflows as a percentage of opening funds under management

TABLE 15. FUNDS – PERFORMANCE[1, 2, 4]

2022/(2021) Quartile ranking[3] over	1 year	3 years	5 years
Rathbone Ethical Bond Fund	2 (1)	2 (1)	1 (1)
Rathbone Global Opportunities Fund	4 (2)	2 (1)	1 (1)
Rathbone Income Fund	2 (2)	2 (2)	2 (2)
Rathbone Strategic Bond Fund	3 (3)	3 (3)	3 (2)
Rathbone UK Opportunities Fund	4 (1)	4 (1)	4 (1)

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 2022 and 2021 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 59% of the total FUM of the Funds business

FINANCIAL PERFORMANCE

Funds' income is primarily derived from annual management charges, which are calculated on the daily value of funds under management, net of rebates payable to intermediaries.

Net annual management charges increased slightly to £62.2 million in 2022, driven principally by the rise in average funds under management. Despite the fall in funds under management at year end, the mean average for 2022 was £265 million higher than in 2021. Net annual management charges as a percentage of average funds under management fell by 0.3bps to 54.8 bps (2021: 55.0 bps), due to a change in the mix of fund types. Despite higher net annual management charges, interest and other income fell by £1.0 million in the year. As a result, total operating income as a percentage of average funds under management fell to 54.7 bps in 2022 from 55.6 bps in 2021.

Fixed staff costs of £6.9 million for the year ended 31 December 2022 were £1.7 million higher than 2021. This reflects salary increases post benchmarking versus peers, a rebalancing of variable pay to fixed pay and general inflationary rises.

Variable staff costs of £11.2 million were 33% lower than 2021 resulting from the remuneration benchmarking exercise mentioned above and a drop in the value of gross sales, which drove a reduction in sales commissions.

Other operating expenses have fallen by 1.6% to £18.4 million in 2022. Administration costs of £5.3 million were down £0.4 million on 2021, driven by reducing levels of funds under management and flows, as well as improved rate cards with third-party service providers which were negotiated and implemented early in the year. Regulatory costs fell by £0.2 million, reflecting the drop in levies for the Financial Services Compensation Scheme.

TABLE 16. FUNDS – FINANCIAL PERFORMANCE

	2022 £m	2021 £m
Net annual management charges	**62.2**	61.3
Interest and other income	**0.8**	1.8
Operating income	**63.0**	63.1
Underlying operating expenses[1]	**(36.6)**	(40.7)
Underlying profit before tax	**26.4**	22.4
Operating % margin[2]	**41.9%**	35.5%

1. See table 17
2. Underlying profit before tax divided by operating income

TABLE 17. FUNDS – UNDERLYING OPERATING EXPENSES

	2022 £m	2021 £m
Staff costs		
– Fixed	**6.9**	5.2
– Variable	**11.2**	16.8
Total staff costs	**18.1**	22.0
Other operating expenses	**18.4**	18.7
Underlying operating expenses	**36.5**	40.7
Underlying cost/income ratio[1]	**57.9%**	64.5%

1. Underlying operating expenses as a percentage of operating income (see table 16)

FINANCIAL POSITION

OWN FUNDS

As a banking group, Rathbones is required to operate within the restrictions on capital resources and banking exposures prescribed by the Capital Requirements Regulation, as applied in the UK by the Prudential Regulation Authority (PRA).

At 31 December 2022, the group's regulatory own funds (including verified profits for the year) were £338.7 million (2021: £304.7 million). The increase in the year of £34.0 million was due to a £19.0 million increase in share capital and share premium and a £8.4 million increase in reserves (see table 19), largely reflecting the impact of the group's equity-settled employee remuneration plans. In addition to this, the deduction from capital for intangible assets was £18.1 million lower in the year, as these are amortised over their useful life. This was partly offset by a £15.9 million increase in the own shares deduction from capital, as the group continued to repurchase shares to satisfy the vesting of future employee share plans.

The increase in own funds was offset by a greater increase in the group's total capital requirement and combined buffers by £38.7 million, resulting in a capital surplus at the end of 2022 of £110.3 million, down from £115.0 million in 2021.

The CET1 ratio was 17.9%, a decrease on the 18.7% reported at the previous year-end, owing to an increase in the Pillar 1 own funds requirement, which was driven largely by an increase in the credit risk requirement (see table 20).

The leverage ratio was 17.6% at 31 December 2022, up from 9.1% at 31 December 2021. The leverage ratio represents our Tier 1 capital as a percentage of our total assets, excluding intangible assets, plus certain off-balance sheet exposures. The significant increase in the year is due to central bank balances being excluded from the denominator in the calculation from January 2022 onwards, as per the PRA's review of the UK leverage ratio framework under Policy Statement 21/21. Metrics for the prior year have not been restated.

At 31 December 2022, neither Rathbones Investment Management nor the Rathbones Group were subject to a minimum leverage ratio requirement, although monitoring is undertaken on a regular basis against the minimum leverage requirement of 3.25% which applies to larger banks.

The business is primarily funded by equity, but also supported by £39.9 million of ten-year tier 2 eligible subordinated loan notes, which were issued in October 2021. The notes introduce 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 5.642% (note 28).

Total equity was £635 million at 31 December 2022, up 1.9% from £623 million at the end of 2021.

OWN FUNDS AND LIQUIDITY REQUIREMENTS

As required under PRA rules, we perform an Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) annually, which include performing a range of stress tests to determine the appropriate level of regulatory capital and liquidity that we need to hold. In addition, we monitor a wide range of capital and liquidity statistics on a daily, monthly or less frequent basis as required. Surplus capital levels are forecast on a monthly basis, taking account of proposed dividends and investment requirements, to ensure that appropriate buffers are maintained. Investment of proprietary funds is controlled by our treasury department.

We are required to hold capital to cover a range of own funds requirements.

TABLE 18. GROUP'S FINANCIAL POSITION

	2022 £m (unless stated)	2021 £m (unless stated)
Own funds:		
– Common Equity Tier 1 ratio[1]	**17.9%**	18.7%
– Total own funds ratio[2]	**20.3%**	21.4%
– Total retained earnings	**297.2**	288.8
– Tier 2 subordinated loan notes[3]	**39.9**	39.9
– Total risk exposure amount	**1,666.8**	1,424.5
– Leverage ratio[4]	**17.6%**	9.1%
Other resources:		
– Total assets	**3,447.2**	3,271.8
– Treasury assets[5]	**2,664.1**	2,458.5
– Investment Management loan book[6]	**159.7**	168.0
– Intangible assets from acquired growth[7]	**342.7**	361.2
– Tangible assets and software[8]	**26.2**	28.0
Liabilities:		
– Due to customers[9]	**2,516.1**	2,333.0
– Net defined benefit pension asset/(liability)	**9.4**	12.3

1. Common Equity Tier 1 capital as a proportion of total risk exposure amount
2. Total own funds (see table 19) as a proportion of total risk exposure amount
3. Represents the carrying value of the Tier 2 loan notes (see note 28)
4. Tier 1 capital as a percentage of total assets, excluding intangible assets, plus certain off balance sheet exposures
5. Balances with central banks, loans and advances to banks and investment securities
6. See note 16 to the financial statements

7. Net book value of acquired client relationships and goodwill (note 22)
8. Net book value of property, plant and equipment and computer software (notes 19 and 22)
9. Total amounts of cash in client portfolios held by Rathbones Investment Management as a bank (note 24)

Table 19. GROUP'S REGULATORY OWN FUNDS

	2022 £m	2021 £m
Share capital and share premium	**313.1**	294.1
Reserves	**374.2**	365.8
Less:		
Own shares	**(52.5)**	(36.6)
Intangible assets[1]	**(326.7)**	(344.8)
Retirement benefit asset[2]	**(9.4)**	(12.3)
Common Equity Tier 1 own funds	**298.7**	266.2
Tier 2 own funds	**40.0**	38.5
Total own funds	**338.7**	304.7

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

TABLE 20. GROUP'S OWN FUNDS REQUIREMENTS[1]

	2022 £m	2021 £m
Credit risk requirement	**66.3**	50.9
Market risk requirement	**1.1**	0.8
Operational risk requirement	**65.9**	62.3
Pillar 1 own funds requirement	**133.3**	114.0
Pillar 2A own funds requirement	**40.0**	40.1
Total Capital Requirement ('TCR')	**173.3**	154.1
Combined buffer:		
– capital conservation buffer (CCB)	**41.6**	35.6
– countercyclical capital buffer (CCyB)	**13.5**	0.0
Total Capital Requirement ('TCR') and Combined buffer	**228.4**	189.7
Total capital surplus	**110.3**	115.0

1. Own funds requirements stated above include the impact of trading results and changes to requirements and buffers that were known as at 31 December and which became effective prior to the publication of the preliminary results

PILLAR 1 – MINIMUM REQUIREMENT FOR CAPITAL

Pillar 1 focuses on the determination of a total risk exposure amount (also known as 'risk-weighted assets') and expected losses in respect of the group's exposure to credit, counterparty credit, market and operational risks, and sets a minimum requirement for capital.

The increase in credit risk to £66.3 million in 2022 was due to a revised allocation of the group's treasury assets, and a capital deduction under CRDV (effective from January 2022) for the total value of the group's listed equity securities.

At 31 December 2022, the group's total risk exposure amount was £1,666.8 million (2021: £1,424.5 million).

PILLAR 2 – SUPERVISORY REVIEW PROCESS

Pillar 2 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 (which is set by the PRA and the calculation of which remains confidential to the PRA) reflects those risks, specific to the firm, which are not fully captured under the Pillar 1 own funds requirement.

PENSION OBLIGATION RISK

The potential for additional unplanned capital strain or costs that the group would incur in the event of a significant deterioration in the funding position of the group's defined benefit pension schemes. See note 29 for further detail on the movement in the year to the net defined benefit pension asset.

PILLAR 2A

INTEREST RATE RISK IN THE BANKING BOOK

The potential losses in the non-trading book resulting from interest rate changes or widening of the spread between Bank of England base rates and SONIA.

CONCENTRATION RISK

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

The group is also required to maintain a number of regulatory capital buffers, all of which must be met with CET1 capital.

CAPITAL CONSERVATION BUFFER (CCB)

The CCB is a general buffer, designed to provide for losses in the event of a stress, and represents 2.5% (as set by the PRA) of the group's total risk exposure amount as at 31 December 2022.

COUNTERCYCLICAL CAPITAL BUFFER (CCYB)

The CCyB is designed to act as an incentive for banks to constrain credit growth in times of heightened systemic risk. The amount of the buffer is determined by reference to rates set by the Financial Policy Committee ('FPC') (for UK exposures) and other jurisdictions for our exposures to their locations, and for individual countries where the group has credit risk exposures.

The buffer rate is currently set by the FPC at 1% for UK exposures (effective December 2022). The group has relevant credit exposures in other jurisdictions, some of which have set buffer rates for exposures to those countries, resulting in a weighted buffer rate of 0.8% as at 31 December 2022. An increased UK rate of 2% is expected to come into effect from July 2023, which has been built into our forecasts.

CAPITAL MANAGEMENT

In managing the group's regulatory capital position, we continue to be mindful of:

- future volatility in pension scheme valuations which affect both the level of CET1 own funds and the value of the Pillar 2A requirement for pension risk;
- expected additional increases in the UK countercyclical capital buffer rate; and
- the demands of future acquisitions which generate intangible assets and, therefore, directly reduce CET1 resources; and
- regulatory developments.

We keep these issues under review by forecasting capital and liquidity on a monthly basis, whilst taking into account all known macro-economic and idiosyncratic changes.

The group's Pillar 3 disclosures are published annually on our website and provide further details about regulatory capital resources and requirements.

TOTAL ASSETS

Total assets at 31 December 2022 were £3.4 billion (2021: £3.3 billion), of which £2.5 billion (2021: £2.3 billion) represents the investment in the money markets of the cash element of client portfolios that is held as a banking deposit.

TREASURY ASSETS

As a licensed deposit taker, Rathbones Investment Management Limited holds our surplus liquidity on its balance sheet together with clients' cash. Cash in client portfolios held on a banking basis of £2.5 billion (2021: £2.3 billion) represented 5.3% of total Investment Management funds under management and administration at 31 December 2022, compared to 4.4% at the end of 2021. Cash held in client money accounts was £5.7 million (2021: £13.9 million).

During the year, the share of treasury assets held with the Bank of England reduced to £1.4 billion (2021: £1.5 billion), as investment in certificates of deposits increased, representing a larger proportion of the treasury book.

The 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 33 to the financial statements. It invests in a range of securities issued by a relatively large number of 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.

LOANS TO CLIENTS

Loans are provided as a service to Investment 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 name, requiring two times cover, and are usually advanced for five years (see note 16 to the financial statements). 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, for example, to clients who require bridging finance when buying and selling their homes.

Loans advanced to clients decreased to £158 million at end of 2022 (2021: £167 million) as clients' demand for lending towards the end of the year subsided as interest rates rose and borrowing decreased in favour of drawing down from investment portfolios.

INTANGIBLE ASSETS

Intangible assets arise principally from acquired growth in funds under management and administration and are categorised as goodwill and client relationships. Intangible assets reported on the balance sheet also include purchased and developed software.

At 31 December 2022, the total carrying value of intangible assets arising from acquired growth was £342.7 million (2021: £361.2 million). During the year, client relationship intangible assets of £1.0 million were capitalised (2021: £8.6 million). Client relationship intangible assets of £79.4 million and goodwill of £70.8 million were acquired last year in relation to the Saunderson House acquisition.

Client relationship intangibles are amortised over the estimated life of the client relationship, generally a period of 10 to 15 years. When client relationships are lost, any related intangible asset is derecognised in the year. The total amortisation charge for client relationships in 2022, including the impact of any lost relationships, was £16.9 million (2021: £13.9 million); the increase in the year was largely due to a full year of amortisation for the Saunderson House client relationship intangible.

Goodwill, which arises from business combinations, is not amortised but is subject to a test for impairment at least annually. No goodwill was identified as impaired during the year. Further detail is provided in note 22 to the financial statements.

CAPITAL EXPENDITURE

Capital expenditure of £8.0 million in 2022 (excluding amounts payable to investment managers under earn-out agreements) is down £0.8 million on 2021.

Capital expenditure on the development of our systems fell by £2.2 million to £5.9 million in the year, continuing a prior year trend. The proportion of spend on the development of our systems that is capitalised has reduced in line with the increasing adoption of cloud-based, strategic technology solutions. The costs of cloud-based solutions are largely charged to profit or loss, with a consequent reduction in the level of depreciation cost in future years.

Property expenditure increased by £1.7 million in 2022 as we continued to develop our hybrid working capability and invested in new premises in Edinburgh following the conclusion of the prior lease.

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 2022 the combined schemes' liabilities, measured on an accounting basis, had decreased to £94.7 million, down 39.1% from £155.6 million at the end of 2021, primarily reflecting the significant increase in discount rates during the year, and a small decrease in the assumed future rate of inflation. The reported position of the schemes as at 31 December 2022 was a surplus of £9.4 million (2021: surplus of £12.3 million).

The funding position of the schemes was volatile towards the end of the third quarter and start of the fourth quarter of the year as gilt yields rose. The trustees reviewed the level of hedging in the schemes to protect against the risk of falls in long term yields. The schemes' investment portfolios now have a much lower asset allocation to growth assets and a higher allocation to assets with liability matching characteristics. The level of gearing in the liability-driven investment ('LDI') portfolio is now much lower, as the LDI holdings now hold a higher degree of cash and liquid assets, as well as reflecting the regulatory guidance issued by central banks towards the end of 2022. This has reduced the schemes' exposure to future margin calls. This lower level of leverage is expected to increase the resilience of LDI holdings in general terms.

Triennial funding valuations form the basis of the annual contributions that we make into the schemes. Funding valuations of the schemes as at 31 December 2019 were completed in 2020. Having reviewed the long-term plan for the schemes, we agreed with the trustees a target to fund the schemes to a self-sufficient basis over the medium term. This targets a level of assets in the scheme sufficient to fund future cash flows from interest and maturities of the scheme assets, reducing the reliance on equity returns to meet the schemes' requirements. This will significantly reduce the volatility of the schemes and the future burden on the group. This schedule will be reviewed at the next triennial valuations, due as at 31 December 2022.

LIQUIDITY AND CASH FLOW

Fees and commissions are largely collected directly from client portfolios and a significant proportion of expenses are predictable. Larger cash flows are principally generated from banking and treasury operations when investment managers make asset allocation decisions about the amount of cash to be held in client portfolios.

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 was £1.4 billion at 31 December 2022 (2021: £1.5 billion).

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 33 to the financial statements). Consequently, cash flows, as reported in the financial statements, include the impact of capital flows in treasury assets.

The increase in net cash inflows from operating activities in the year largely reflects a £182.0 million increase in banking client deposits (2021: £227.4 million decrease), as a result of asset allocation decisions to reduce the proportion of funds under management and administration held as cash in clients' portfolios, in favour of holding liquid assets such as UK Treasury Bills.

TABLE 21. EXTRACTS FROM THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2022 £m	2021 £m
Cash and cash equivalents at the end of the year	**1,572.7**	1,653.6
Net cash inflows from operating activities	**292.9**	(169.0)
Net change in cash and cash equivalents	**(80.9)**	(403.1)

Cash flows from investing activities also included a net outflow of £278.1 million from the purchase of certificates of deposit (2021: net outflow of £110.6 million), as we reduced the proportion of treasury assets held with the Bank of England.

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

- Outflows relating to the payment of dividends of £48.6 million (2021: £44.0 million);
- Outflows of £10.9 million relating to the payment of deferred consideration for the acquisition of Saunderson House (2021: £nil);
- Outflows relating to payments to acquire intangible assets of £8.8 million (2021: £10.7 million); and
- Outflows of £4.3 million relating to capital expenditure on tangible property, plant and equipment (2021: £2.0 million).

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

Board	Sets strategy and risk appetite across the group, and is ultimately accountable for risk management.
Audit committee	Monitors and reviews the effectiveness of the internal audit function in line with the group's risk profile on behalf of the board, also oversees appointment of external auditor.
Group risk committee	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.
Executive committee Executive risk committee Banking committee	First line committees with responsibility for management of risk and internal control across the group.

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, so that risk mitigation can be reviewed and strengthened if needed.

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 CATEGORIES	RISK APPETITE STATEMENT	EXAMPLE OF MEASURES
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.	– Underlying dividend cover – Strategic change delivery – Net zero and diversity targets
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.	– Prudential ratios (e.g. CET Tier 1, Total Capital) – Counterparty credit exposures – Liquidity coverage ratio
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 which 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 which could affect the operational resilience of important business services.	– Operational losses and near misses – Regulatory and conduct breaches

THREE LINES OF DEFENCE

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

FIRST LINE

Senior management
Business operations and control functions

- Responsible for managing risk in line with risk appetite by developing and maintaining an effective framework of internal control.

SECOND LINE

Risk, compliance and anti-money laundering functions

- Responsible for the independent oversight and challenge of first line risk management activity.

THIRD LINE

Internal audit

- Responsible for providing independent assurance to senior management on the effectiveness of governance, risk management and internal control.

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.

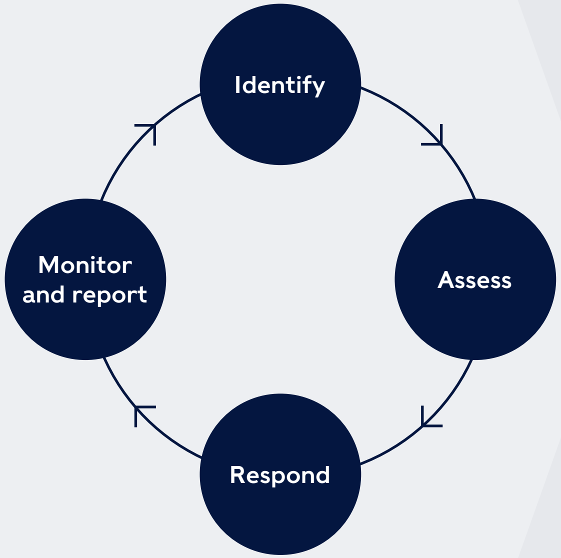
Risks are identified within a three-tier hierarchy, with the highest level containing business and strategic, financial, conduct and operational risks. Risks are assessed on an inherent and residual basis across a three-year period according to several impact criteria, which include consideration of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

RISK MANAGEMENT PROCESS



IDENTIFY

- Risks are identified in the context of the group's strategic objectives and annual business plans
- Risks are identified on a top-down and bottom-up basis from group executive and business unit risk owners
- A three-tier risk hierarchy is used
- The group risk register contains four Level 1, 20 Level 2 and 52 Level 3 risks
- A watch list is maintained to identify and assess emerging or future risks and their impact on our risk profile.

ASSESS

- Regular assessment of risks by the board, executive and business risk owners
- Risks are assessed on both an inherent and residual basis considering both their impact and likelihood
- Impacts are considered through multiple lenses including client, financial, regulatory and reputational
- Likelihood is considered across a three-year period
- High rated principal risks are those which have potential to impact delivery of strategic objectives
- Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) assess and stress test principal risks across the group.

RESPOND

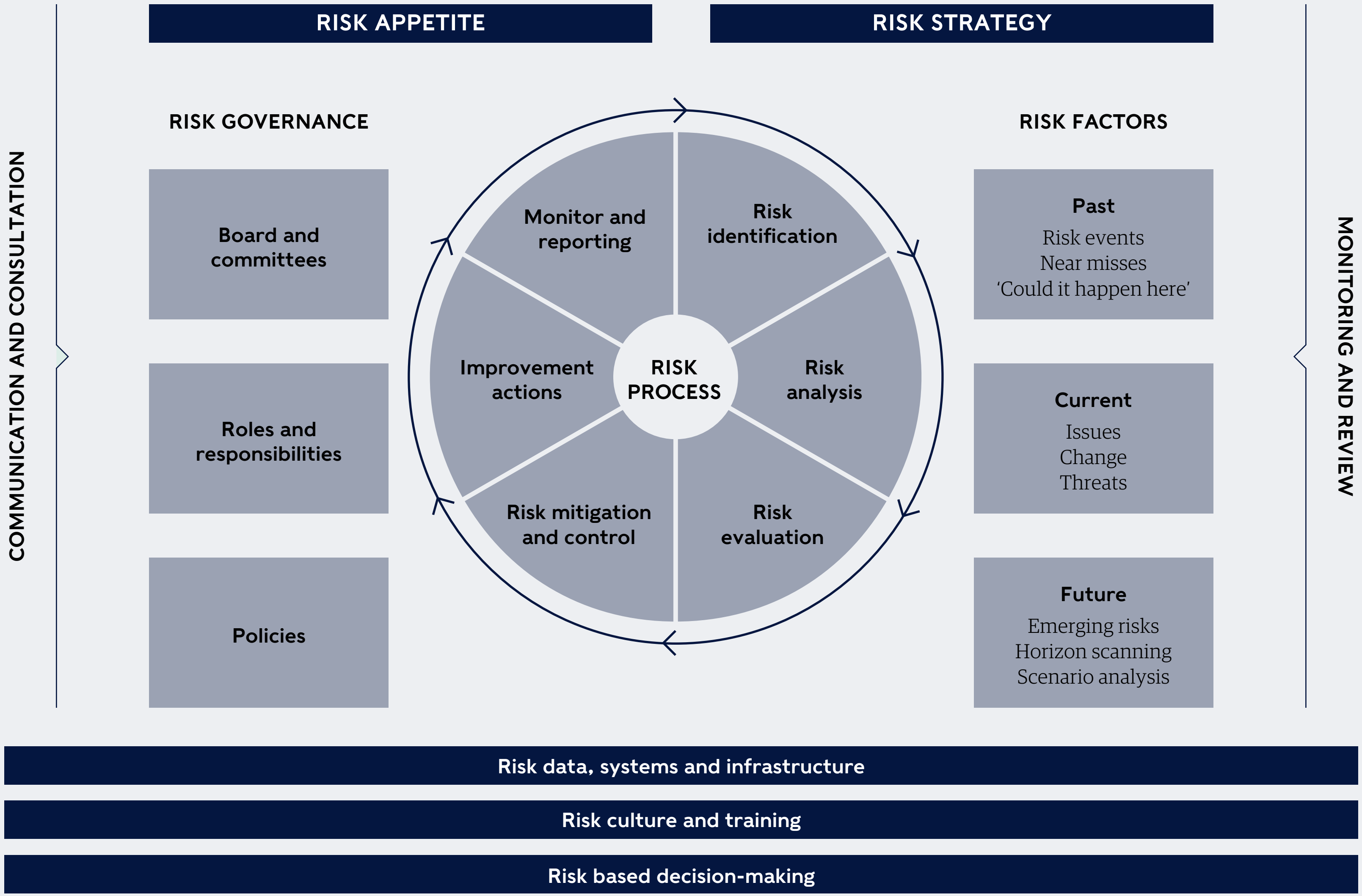
- Risk management response is driven by the assessment of risk and risk appetite
- Risks will be escalated to senior and business management in line with their assessment for treatment or acceptance
- Control environment established to mitigate risks to an appropriate level
- ICAAP and ILAAP used to calculate regulatory capital required in the event that principal risks should crystallise.

MONITOR AND REPORT

- Risks are monitored and reported to governance committees across the group
- Risk appetite, which is set by the board annually, is monitored by the business and risk team with measures in place to drive escalation as required
- Testing and assurance activity undertaken across our three lines of defence assesses the adequacy and effectiveness of our control environment
- Risk events and control issues are reported through the governance framework across the group. This informs the ongoing assessment and identification of risks and management responses.

RISK MANAGEMENT FRAMEWORK (RMF) OVERVIEW

A RMF is 'a set of components that supports and sustains risk management by providing the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the firm'.



PRINCIPAL RISKS

PROFILE AND MITIGATION OF PRINCIPAL RISKS

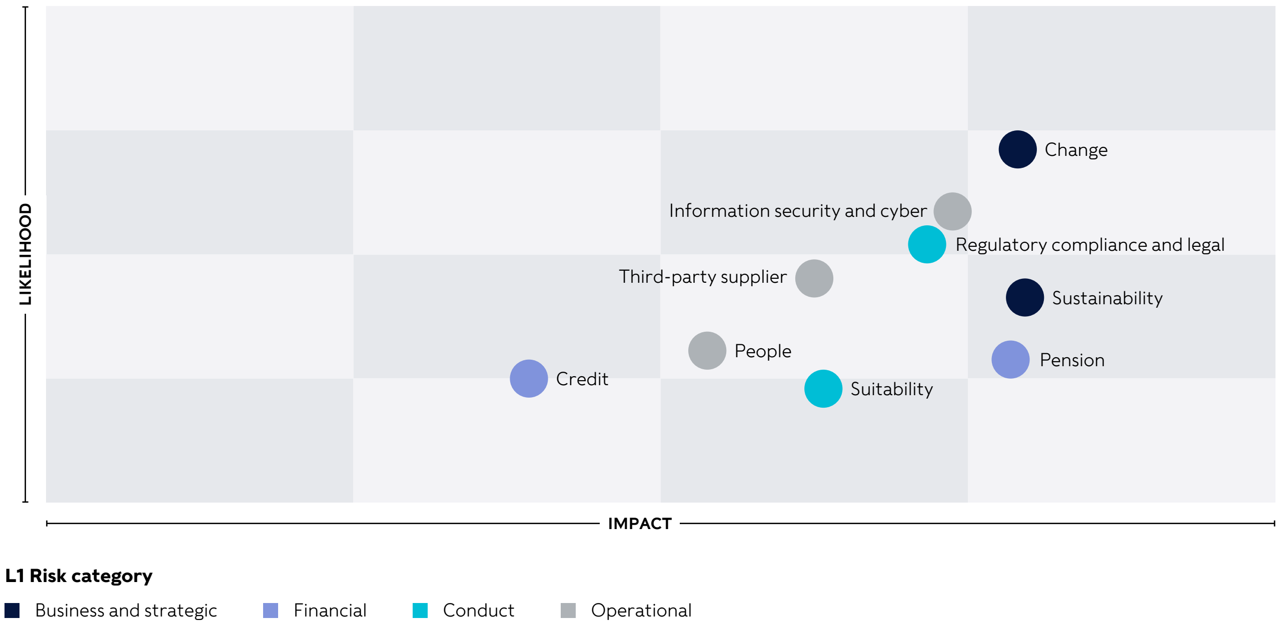
Overall we believe the group's underlying risk profile is stable, however during the last year it has fluctuated as a result of market volatility and the changing economic and political landscape. We continually assess our risk profile against both internal and external risk drivers and are investing 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 which 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. The board remains vigilant to potential risks that could arise from longer-term trends in society, the economy and markets, and to regulatory risks that, in turn, may arise from the continuing development of law, regulation and standards in our sector.

Information about our principal risks is set out below. 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. This assessment considers a range of outcomes that could be experienced, including the crystallisation of other risks. For some, the impact of events can also be influenced by external factors, such as market conditions.

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

PRINCIPAL RISKS - RESIDUAL ASSESSMENT



Risk trend

- Increasing
- Stable
- Decreasing

Risk profile

- High
- Medium
- Low

RISK AND OWNER	CONTROL ENVIRONMENT	RISK TREND IN 2022
CREDIT The risk that one or more counterparties fail to fulfil contractual obligations, including stock settlement **Risk owner:** Chief Financial Officer **Risk profile:** Low	- Banking committee and senior management oversight - Counterparty limits and credit reviews - Treasury policy and procedures - Client lending policy and procedures - Active monitoring of exposures - Annual ICAAP.	Increasing Challenging market conditions and economic decisions during the year resulted in increases to credit spreads across the market. This was closely monitored by the banking committee to ensure the impact did not exceed the group's risk appetite.
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:** Medium	- Board, senior management and trustee oversight - Monthly valuation estimates - Triennial independent actuarial valuations - Investment policy - Senior management review and defined management actions - Annual ICAAP.	Stable The group worked with the pension scheme trustees to ensure the scheme was appropriately hedged during the volatility seen in Q3 2022 following the UK mini budget.

Risk trend

- Increasing
- Stable
- Decreasing

Risk profile

- High
- Medium
- Low

RISK AND OWNER	CONTROL ENVIRONMENT	RISK TREND IN 2022
SUSTAINABILITY The risk that the business model does not respond in an optimal manner 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:**	- 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 - Continued investment in the investment process, service standards and marketing - Regular competitor benchmarking and analysis - Commitment to diversity and inclusion themes - Trade body participation.	2022 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. Our stakeholders will become more demanding in response to evolving expectations of firms to manage climate and other ESG risks, which remain a key priority of our responsible business agenda.
CHANGE The risk that the change portfolio does not support delivery of the group's strategy **Risk owner:** Chief Operating Officer **Risk profile:**	- Executive and board oversight of material change programmes - Transformation office programme board oversight and delivery-focused operating model - 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 - Documented project and change procedures.	This risk has increased in 2022 as our digital transformation programmes moved through critical delivery milestones. Executive and senior management oversight has remained agile and focused on targeted delivery outcomes, and the impact of change on our risk profile.

Risk trend

- Increasing
- Stable
- Decreasing

Risk profile

- High
- Medium
- Low

RISK AND OWNER	CONTROL ENVIRONMENT	RISK TREND IN 2022
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: Medium	- 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.	Stable While this risk has remained stable in 2022, 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. The introduction of Consumer Duty in 2023 will be an area of significant regulatory change which we are addressing across the group.
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: Low	- 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.	Decreasing We have continued to improve processes and oversight of investment and suitability risk in 2022, focusing on training, management information and new ways of working. The successful launch of our 'Reliance on Adviser' proposition in particular has supported the improvement of this risk. Our ongoing investment in technology will also further improve suitability processes and controls in 2023.

Risk trend

- Increasing
- Stable
- Decreasing

Risk profile

- High
- Medium
- Low

RISK AND OWNER	CONTROL ENVIRONMENT	RISK TREND IN 2022
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:** Medium	- 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.	Stable The threat landscape in 2022 has been 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.
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:** Medium	- 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.	Stable We have continued to operate effectively in spite of a difficult labour market in 2022. 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. Employee engagement continues to be positive.

Risk trend

- Increasing
- Stable
- Decreasing

Risk profile

- High
- Medium
- Low

RISK AND OWNER	CONTROL ENVIRONMENT	RISK TREND IN 2022
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 Unit Trust Management Risk profile: Medium	- 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.	Stable Our framework for third-party supplier and outsourcing risk management has continued to be embedded and developed in 2022. We continue to focus on technology enhancements to further improve our controls in this area, which also supports operational resilience. The change agenda will continue to drive this work as we on-board new strategic partners.

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. In addition, throughout 2022 we have continued to develop our approach to monitoring strategic risks and horizon threats.

Our view for 2023 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.

Key emerging risks and threats are:

NEAR-TERM

- Global and UK specific political tensions
- UK and global economic challenges
- Cyber threats and supply chain resilience

MEDIUM-TERM

- Changing regulatory expectations
- Climate change transition risk
- Sector consolidation

LONGER-TERM

- Generational wealth change
- Social care financing
- New entrants into the sector

ASSESSMENT OF THE COMPANY'S PROSPECTS

The board reviews its strategic plan annually. This, alongside the ICAAP and ILAAP, forms the basis for capital planning which is discussed periodically with the Prudential Regulation Authority (PRA).

During the year, the board has considered a number of stress tests and scenarios which focus on material or severe but plausible events that could impact the business and the company's financial position. The board also considers the plans and procedures in place in the event that contingency funding is required to replenish regulatory capital. On a monthly basis, critical capital projections and sensitivities have been refreshed and reviewed, taking into account current or expected market movements and business developments.

The board's assessment considers all the principal risks identified by the group and assesses the sufficiency of our response to all Pillar 1 risks (defined as credit, market and operational risks, including conduct) to the required regulatory standards. In addition, the crystallisation of the following events was considered for enhanced stress testing: a significant fall in the value of FUMA, a loss of business/competitive threat from a reputational event, business expansion and a combined FUMA fall and reputational event. The economic and commercial impacts of the global pandemic on the prospects of the company were also factored into the assessment.

The group considers the possible impacts of serious business interruption as part of its operational risk assessment process and remains mindful of the importance of maintaining its reputation. Although the business is almost wholly UK-situated, it does not suffer from any other material client, geographical or counterparty concentrations.

While this stress test does not consider all of the risks that the group may face, the directors consider that this stress testing based assessment of the group's prospects is reasonable in the circumstances of the inherent uncertainty involved.

VIABILITY STATEMENT

In accordance with the UK Corporate Governance Code, the board has assessed the prospects and viability of the group over a three-year period considering the risk assessments identified above. The directors have considered the firm's current position and the potential impact of the principal risks and uncertainties set out above. As part of the viability statement, the directors confirm that they have carried out a robust assessment of both the principal risks facing the group, and stress tests and scenarios that would threaten the sustainability of its business model, and its future performance, solvency or liquidity.

The board regularly reviews business performance and at least annually its current strategic plan, alongside a strategic risk assessment. The board also considers five-year projections as part of its annual regulatory reporting cycle, including strategic and investment plans. However, the directors have determined and continue to believe that a three-year period to 31 December 2025 constitutes an appropriate and prudent period over which to provide its viability statement given the uncertainties associated with economic and political factors and their potential impact on investment markets over a longer period. This three-year view is also more aligned to the firm's detailed stress testing and capital planning activity. There is no reason to believe the five-year view would be different but, as always, there is more uncertainty over a longer time horizon particularly in relation to external factors.

Stress testing and scenario analysis shows that the group would remain profitable in excess of our risk appetite tolerances for capital and liquidity, and able to withstand the impact of such scenarios. An example of a mitigating action in such scenarios would be a reduction in costs, specifically around change initiatives, along with a reduction in dividend.

SCENARIOS MODELLED INCLUDE:

- Market-wide stress (capital & liquidity): a 30% fall in FUMA for a one-year period, with recovery over the following two years and FX illiquidity
- Idiosyncratic stress (capital & liquidity): a reputation-affecting cyber event, social media or ESG-related event causing outflow of 20% of FUMA together with associated compensation and rectification costs
- Combined stress (capital & liquidity): aggregation of the above stresses, together with additional FUMA outflow to fund personal lifestyle changes

Based on this assessment, the directors confirm that they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2025.

2022 RESPONSIBLE BUSINESS HIGHLIGHTS

RESPONSIBLE INVESTMENT
We will apply an active and thoughtful approach to responsible investment.

671

2021: 705

Number of engagements carried out

See more here

OUR PEOPLE
We will work to become the employer of choice for the wealth management sector.

8.0/10

2021: 8.1/10

Employee engagement score

See more here

OUR RESPONSIBLE BUSINESS FRAMEWORK
Our programme is delivered through four pillars. We work with a number of partners, recognising that collaboration will help drive the change we want to see.

ENVIRONMENTAL IMPACT
We will play our part in the move to a net zero economy.

12.99

2021: 11.86 (TCO_2E/FUMA£BN)*

Carbon intensity. Scope 1 and 2 location based emissions (tCO_2e/FUMA £bn)

See more here

SOCIETY AND COMMUNITIES
We aim to be a trusted partner in the societies in which we operate.

1.24%

2021: 0.45%

Community investment as a percentage of pre-tax profit

See more here

* 2021 restated to include Saunderson House data

OUR APPROACH

We believe that our focus on the long term enables us to build value for our clients, whilst making a wider contribution to society. We have a clear understanding of who we are as a business and are committed to investing for everyone's tomorrow. This means understanding the environmental, social and governance (ESG) issues that matter to both our stakeholders and to our business.

Our commitment to operating in a way that creates long-term value for our stakeholders includes putting in place strong governance foundations to hold us to account. Alongside clear accountability we set targets, track and monitor our progress and report on our commitments in a transparent and timely manner. Our responsible business programme enables us to deliver on our purpose through our various initiatives, including our responsible investment approach, diversity, equality and inclusion, community investment and reducing the environmental impact of our operations.

HOW WE MANAGE AND REPORT ON RESPONSIBLE BUSINESS

Our approach to governance and risk management is central to living our purpose and, through training, we ensure all employees know the role they play. We have a number of governance bodies who oversee strategy and delivery of our programme.

Having taken our first step by defining our responsible business framework in 2019, we formed the responsible business committee. Co-chaired by our group chief executive and the managing director of our investment business, the committee works to identify emerging risk identify emerging risks and opportunities related to the social and environmental impacts of the firm, provide oversight of the firm's responsible business strategy and reporting and oversee the firm's policies and progress across our framework.

The work of the committee considers our stakeholders requirements and expectations, including reviewing employee engagement survey responses and rating agency feedback.

In 2023, we will undertake a materiality analysis and use the outcomes to review our approach to and the governance of responsible business.

PARTNERSHIPS AND MEMBERSHIPS

We know that we cannot deliver the level of change needed to impact the world's most pressing environmental, social and governance issues on our own. We have therefore joined forces and operate in alignment with selected recognised frameworks. A selection of our affiliations and partnerships can be seen below and on our website:

WE SUPPORT UN GLOBAL COMPACT

SUSTAINABLE DEVELOPMENT GOALS

FTSE4Good

MSCI

FURTHER INFORMATION IS AVAILABLE IN OUR:

TCFD report

Responsible business update

Stewardship report

Responsible investment report

RESPONSIBLE INVESTMENT

We recognise that the environment, society and financial stability are connected, and that ESG factors are becoming integral to how investments influence the world. It is therefore our duty to incorporate ESG considerations and the impact they can have on our clients' portfolio returns into our investing decisions. By integrating the analysis of ESG factors into our investment process, we can understand ESG risks and identify high-quality investments with attractive financial characteristics that also make a positive contribution to society.

With the support of our research analysts and various data providers, we monitor ESG factors of:

- environmental: we examine the challenges and opportunities faced by companies because of climate change, resource management, new regulations and other environmental challenges
- social: we monitor the legal and reputational risks faced by companies to ensure they have strong policies and procedures to deal with issues such as employee relations, community impacts and human rights risks
- governance: we review factors that highlight the quality and robustness of a company's internal structure and practices for issues such as executive pay, board composition and audit, as well as business ethics.

Sources we use to inform our analysis include: SASB, Morningstar/Sustainalytics, ISS and MSCI.

Our approach is outlined in our responsible investment policy which is available on our website.

TRANSPARENCY

We believe that clear and ongoing communication with clients on the ESG characteristics of their investments is important. Integrating ESG factors into our research, engagement and investment process has limited value if we are not transparent about our progress. We plan to integrate ESG factors into our decisions in a gradual and structured way, ensuring that commitments or promises we make can be substantiated with clear evidence of action. We aim to be authentic in our approach and will continue to communicate regularly with our stakeholders about how we are making our business more responsible. In addition, we aim to develop and publish various policies and statements around our key engagement topics (such as climate change), as part of our commitment to being transparent about our progress.

ENGAGEMENT PROCESS

We prioritise engagement, with the companies in which we invest on behalf of our clients, where we can make a real difference in addressing the world's systemic environmental and societal challenges. We are prepared to reduce our holdings in companies which continue to present an ESG risk over time.

All engagement activity is covered by our responsible investment policy, which calls for 'engagement with consequences' as a core principle. This is supported by our engagement policy, which shares more information on selection, execution, escalation and the monitoring of effectiveness. In 2022 we undertook 671 engagements (2021:705).

VOTING WITH PURPOSE

We actively vote in line with our responsible investment policy. This may involve voting against management to help drive positive change. In 2022, we voted on 13,071 resolutions at 1,013 company meetings (2021: 9,348 resolutions at 748 company meetings).

"THE SUCCESS OF VOTES AGAINST SLAVERY WAS SELECTED IN AN AWARD FOR 'STEWARDSHIP INITIATIVE OF THE YEAR' FROM THE UN-BACKED PRINCIPLES FOR RESPONSIBLE INVESTMENT."

VOTES AGAINST SLAVERY

Some 50 million people are trapped in modern slavery according to the International Labour Organization. Business has a crucial role to play in eradicating it. However, Section 54 (s54) of the UK's 2015 Modern Slavery Act, which requires companies to publish a statement setting out what steps they have taken to ensure modern slavery is not taking place in their business or supply chains, was left sadly lacking in enforcement powers. Votes Against Slavery is a collaborative campaign, led by Rathbones, to fill this gap by harnessing the voting and engagement power of global investors. By 2022 this amounts to 122 investors managing £9.6 trillion in assets. At the start of 2022 Votes Against Slavery set itself the target of securing s54 compliance from all 44 FTSE 350 companies that had so far failed to achieve this. By year-end, 41 of 44 companies had done so.

The success of Votes Against Slavery was reflected in an award for 'Stewardship Initiative of the Year' from the UN-backed Principles for Responsible Investment.

OUR 2022 PRI SCORE

As a wealth manager, Rathbones manages thousands of investment portfolios for private clients, and therefore any score will reflect the many different investment approaches we take on their behalf. Our recent scores capture a snapshot of the wider business in 2020, and we have made huge strides in overall ESG integration during the intervening years, although we recognise there is always more to do and to refine. We expect to be able to demonstrate significant progress in next year's scores. Rathbones' fixed income team have been pioneers in ethical investment for many years. Unfortunately, due to administrative difficulties at the PRI, some mistakes were made in the scoring of the fixed income submission, and as a result the numbers shown are inaccurate. Whilst these problems have been acknowledged by the PRI, as results for the period have now been published, they are unable to make the appropriate upward revision to the score.

FURTHER INFORMATION IS AVAILABLE IN OUR:

Responsible investment report

Engagement report

Stewardship code report

PRI submission

PRI SCORE

72%

NEW SCORING IN 2022, 72% OR 4 OUT OF 5 STARS

PRI investment and stewardship policy

DIRECT ENGAGEMENT

671

2021: 705

Number of engagements undertaken

VOTES AGAINST MANAGEMENT

971

2021: 538

Number of votes made against management

PARTNERSHIPS AND MEMBERSHIPS

PRI Principles for Responsible Investment

IIGCC The Institutional Investors Group on Climate Change

The Net Zero Asset Managers initiative

Climate Action 100+

OUR PEOPLE

OUR APPROACH

We are a people business, so it is imperative that our strategy sets a culture that drives performance and builds long, rewarding careers for our colleagues. Based around a common set of corporate values and a commitment to diversity, equality and inclusion (DE&I), we are focused on leveraging the talent in our business, as we develop more career paths, build leadership skills and manage succession. Rathbones is becoming a more diverse business which, in turn, will support us in delivering value to our clients.

Our management team and the board continued to engage with our people through a variety of channels, ensuring open discussion across our workforce. A key highlight of the year was our employee engagement survey with 82% response rate (84% in 2021) and an employee net promoter score of 39 (44 in 2021) which is above the sector average of 22 (22 in 2021).

In 2022 we updated our people plan and will be sharing more information in 2023.

EMPLOYEE WELLBEING

At Rathbones we care about colleague wellbeing. We have a range of provisions in place to support the mental and physical health of our people. In 2022 we continued to offer access to our employee assistance programme; provided by LifeWorks, it offers a free and confidential phone and online advice service. Advice could include debt management, family and emotional care with face-to-face counselling available if required.

This alongside our mental health first aiders and awareness sessions covering topics such as neurodiversity in the workplace and menopause awareness are further supported by our newly introduced employee inclusion networks.

DIVERSITY, EQUALITY AND INCLUSION

At Rathbones, we know that everyone walks a different path in life. From where we grew up to the languages we speak, how we think and who we love – we are all different. By embracing our different experiences and perspectives we are working to create and protect an environment that is inclusive and equal for everyone. With over 2,000 people across 15 offices we recognise that embracing our differences helps us make better decisions and bring innovation into everything we do. Embedding DE&I across the group is critical to achieving our strategic ambitions and our purpose of investing for everyone's tomorrow. To support our colleagues in 2022 we shared our DE&I plan, which was crafted from both feedback in our engagement surveys as well as insights from colleagues across the group gathered via focus groups. To support this 64.9% of employees* (64.7% in 2021*) have shared their diversity data with us.

GENDER PAY GAP

We are committed to equality and inclusion. Addressing our gender pay gap is a key component of achieving this. To read more on our approach, please see our gender pay gap report on our website.

INCLUSIVE MANAGERS TRAINING

I found the Inclusive Leadership training really eye opening, I felt excited to work somewhere that is prioritising inclusivity in this way. The consideration of microaggressions was my main takeaway. Before the training I hadn't considered how our default work social events could be exclusionary of some colleagues and the negative impact this could have on team relationship building. This learning was passed on to our social committee in Greenbank and a member of our team has organised a 'come dine with me' style social event, inviting colleagues to visit a different restaurant together, broadening the social activities we do as a team outside of work as we work to embed inclusivity into everything we do.

Rosie Sparrowhawk
Investment Manager, Bristol

* Excludes Saunderson House

GENDER DIVERSITY AT 31 DECEMBER 2022

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, FCO, SID and Chair)	Number in executive management	Percentage in executive management	**Total number of employees**	**Percentage of total employees**
Men	4	57%	5	7	70%	**1,175**	**54%**
Women	3	43%	2	3	30%	**995**	**46%**
Other categories	–	–	–	–	–	**–**	**–**
Not specified/prefer not to say	–	–	–	–	–	**–**	**–**

ETHNIC DIVERSITY AT 31 DECEMBER 2022

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, FCO, SID and Chair)	Number in executive management	Percentage in executive management
White British or other White (including minority white groups)	6	86%	4	8	80%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	1	14%	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	2	20%

At the end of 2022, our board has three female directors out of seven, which means we meet the commitment of 40% female board representation for FTSE 250 companies. We also have three females on our group executive committee (GEC). In 2022 we continued to meet the requirements of the Parker Review, which encourages the improvement of ethnic and cultural diversity on boards. We see this as a good foundation on which to build, but not an end point. We are signatories to the Women in Finance Charter and as of September 2022 we reached 27% female representation in senior management compared to 15.6% female representation in 2018.

PARTNERSHIPS AND MEMBERSHIPS

FURTHER INFORMATION CAN BE FOUND IN THIS REPORT AND ON OUR WEBSITE:

Enabling our people

Our culture

Workforce engagement

Our responsible business update

Our gender pay gap report

The Rathbones website

SOCIETY & COMMUNITIES

HUMAN RIGHTS

Rathbones is pleased to continue to support the United Nations Global Compact (UNGC) and we submitted our first communication on progress during 2021, reporting on our work supporting progress across their ten principles. Our commitment to the UNGC aligns with our support for the International Labour Organization's standards and the Universal Declaration of Human Rights. As a business we will not tolerate child or forced labour, be it through our operations or the investments we make. Aligning with our commitment to decent work and economic growth, we support the right to freedom of association and collective bargaining.

CODE OF CONDUCT AND WHISTLEBLOWING

We want our employees to feel secure if they find themselves needing to raise a concern, trusting that they will not suffer adverse consequences. Each year we undertake training on our code of conduct and whistleblowing. This ensures everyone understands the expectations of the business and the processes in place through which concerns can and should be raised. As with 2021, there were no cases raised via our whistleblowing processes in 2022.

ANTI-BRIBERY AND CORRUPTION

Rathbones has a zero-tolerance policy towards bribery and corruption and, in line with this, we ensure all our employees are adequately trained. At the end of the year, 99.2% (99% in 2021) of employees assigned our anti-bribery and anti-corruption training completed it. In 2023, this module alongside other compliance training will be rolled out to our Saunderson House colleagues.

ENSURING CLIENT CYBER SAFETY

Our vision is to build a personalised digital experience for clients, advisers and colleagues that truly enhances the value of our services. Alongside our move to hybrid working this means we continue to monitor and manage the risks of fraud and cyber exploitation. Our board has a duty to oversee the management of cyber security, including oversight of appropriate risk mitigation strategies, systems, processes, and controls, ensuring the provision of a cyber-safe environment for our clients and for our people. In line with this, the board regularly evaluates the cyber security risk exposure, against risk appetite, to determine whether the existing controls framework is robust enough.

ENGAGING OUR SUPPLIERS

As a UK-based business working with hundreds of suppliers, we believe that we can promote the change we want to see. In 2022, we received 69% responses (66% in 2021) to engagement through our ESG supplier questionnaire and integrated engagement into our contract review process. In line with our approach to engaging with our investee companies, we also engaged with a few suppliers on how to develop a net zero plan or evolve their current approach to operating responsibly.

MODERN SLAVERY

As a UK-based financial services business, Rathbones has a relatively low risk of modern slavery within its direct supply chain. We recognise that further down our supply chain, indirect suppliers may present a potential elevated risk. In 2022, engagement with our suppliers covered their approach to ESG issues, including modern slavery. Our modern slavery statement lays out our approach in more detail and has been approved by our board.

INVESTING IN OUR COMMUNITIES

Rathbones recognises its role in the communities in which we operate and was pleased to invest £795,116 (2021: £418,000) in just over 80 community projects. This represents 1.24% of our pre-tax profit (0.4% in 2021) and was distributed through several channels, including the Rathbones Group Foundation. With our focus on equality and disadvantaged youth, we were pleased to maintain our support for Social Shifters and set up a new partnership with Young Enterprise aligning with the work we carry out through our financial awareness programme.

In 2022, given the events in Ukraine, Rathbones Group and our employees supported the Disasters Emergency Commission (DEC) appeal. Donations were raised in several ways, with the group making a fixed donation, then supporting employee fundraising and matching this. Whilst the generosity of our colleagues is not a surprise we are proud of the level of support we were able to give. To read more, see our board decisions here.

FINANCIAL AWARENESS

We continue to recognise the importance of financial awareness in society and initiated a group-wide partnership with Young Enterprise (YE) in 2022 to further support the work of the Rathbones financial awareness programme. Working with YE will enable us to reach a broader portion of society and run varied sessions in the communities that need them most. In 2022, we continued to run Rathbones sessions for 16-25 year olds and have now reached a total of over 11,800 people across the last 10 years. We look forward to working with Young Enterprise as they enter their anniversary year, supporting the delivery of programmes and creating positive impact in the communities in which we and they operate.

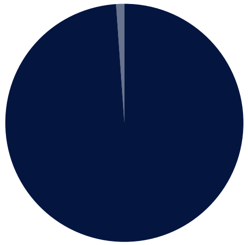
To read more about our work in financial awareness please see our standalone responsible business update.

EMPLOYEES COMPLETING ANTI-BRIBERY AND CORRUPTION TRAINING

99%

2021: 99%

Number of employees assigned anti-bribery and corruption training who completed it

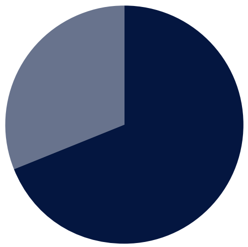


SUPPLIERS INCLUDED IN OUR ESG REVIEW

69%

2021: 66%

The number of suppliers who were included in our ESG review

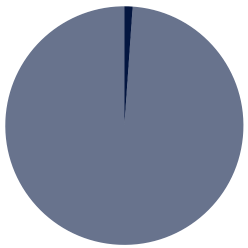


CHARITABLE GIVING AS % OF PRE-TAX PROFIT

1.24%

2021: 0.45%

Percentage of pre-tax profit that was donated to charities



PARTNERSHIPS AND MEMBERSHIPS

FURTHER INFORMATION IS AVAILABLE IN OUR:

Governance section

Responsible business update

Rathbones website

OUR ENVIRONMENTAL IMPACT

OUR JOURNEY TO NET ZERO

In July 2021, the group announced its intention to be a net zero emissions business by 2050 or sooner. This ambition aligns with the need to limit warming to no higher than 1.5°C above pre-industrial levels. Using 2020 as our baseline year, and having undertaken a full emissions inventory, we used the Science Based Targets initiative (SBTi) methodology to set our operational and investment targets. These were validated by SBTi in October 2022. To deliver on our commitment we need to reduce emissions in our own operations, and exert our influence on the investments we make on behalf of our clients in order to reduce the emissions associated with our investments.

We recognise that climate risks can materially affect the performance and valuation of our investment holdings. As stewards and allocators of capital, we believe we have a duty to understand how climate change can impact our portfolios and where possible allocate assets to minimise climate risks. In 2022, we updated our voting policy and engagement process to further support integration of climate-related factors into our stewardship approach. Our policy now includes clear expectations on how companies will be assessed against different criteria in order to determine the robustness and credibility of net zero decarbonisation strategies. We have agreed our approach to climate engagement and our escalation process. Both approaches align with the Task Force on Climate-related Financial Disclosures (TCFD), the CA100+ Net Zero Alignment Indicators and the recommendations of the net zero investment framework.

In addition to our group targets, Rathbone Greenbank Investments (Greenbank), Rathbones' specialist ethical, sustainable and impact investment arm, plans to reach net zero emissions by 2040 (including operations, supply chain and investments). Greenbank followed the Net Zero Investment Framework (NZIF) to set targets covering the investments it manages. Our near-term target commits 35% of our listed equity and bonds portfolio, by invested value, committing to or setting SBTi-validated targets by 2025, 57% by 2030, and 100% by 2040, from a 2020 base year. In 2022, our portfolio coverage amounted to 22.9% (+5.9% since 2021).

Operationally, our footprint increased in 2022. We note this increase as our colleagues return to in-person client meetings and gathering together across our offices. In 2022, we moved into a new office in Edinburgh which has been certified with a BREEAM rating of 'very good' and an energy performance certification (EPC) of B. In 2023 we will welcome Saunderson House to Finsbury Circus as we continue to consolidate our office space. We expect that this, alongside other initiatives, will help us reduce our emissions in 2023.

OUR CARBON FOOTPRINT

We continue to meet the greenhouse gas (GHG) emissions reporting requirements of the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013 and our obligations under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. We have prepared this report in accordance with the requirements for quoted companies under these regulations by including our specific energy usage and energy-efficiency initiatives and have split out our global and UK emissions. Rathbones continues to report all material GHG emissions across our direct operations.

The methodology used to compile this disclosure is in accordance with Defra's Environmental reporting guidelines: Including Streamlined Energy and Carbon Reporting guidance (March 2019), and the World Resources Institute Greenhouse Gas (WRI GHG) Protocol Corporate Standard. Rathbones uses an operational control approach and has included GHG emissions arising from business activities in the reporting year 1 January 2022 to 31 December 2022.

It has not been practical to gather data on energy use at our Lymington office and we have used typical energy consumption benchmarks to calculate the energy use at this site based on floor area. We have integrated Saunderson House into our operational data collection in 2022 and therefore restated 2021 figures for comparison. For a third-party assessment of the quality and reliability of our carbon footprint, please see the Avieco statement in our standalone responsible business update.

OPERATIONAL TARGET

42%

Our operational target covers our scope 1, 2 and 3 (category 1-14) GHG emissions and sets a reduction from a 2020 baseline

INVESTMENT TARGET

35%

Our portfolio coverage target covers 91% of our FUMA (31 December 2020). It includes listed equity and bonds.

PARTNERSHIPS AND MEMBERSHIPS

SCIENCE BASED TARGETS — DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

CDP — DRIVING SUSTAINABLE ECONOMIES

BUSINESS AMBITION FOR 1.5°C

TCFD — TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

OUR CARBON FOOTPRINT (INC. STREAMLINED ENERGY AND CARBON REPORTING) DATA

Location-based emissions (tCO_2e)[1]

	2020	2021[2]	**2022**
Scope 1 (tCO_2e)	344	420	**359**
UK[3] emissions	344	420	**359**
Global[3] emissions (excl UK)	–	–	**–**
Scope 2 (tCO_2e)	461	389	**423**
UK[3] emissions	444	377	**409**
Global[3] emissions (excl UK)	17	12	**14**
Scope 3 (tCO_2e) [4, 5, 6, 8]	19,671	26,026	**32,391**
UK[3] emissions	9,324	25,600	**31,930**
Global[3] emissions (excl UK)	347	424	**461**
Scope 3 - cat 1	17,730	24,136	**29,084**
Scope 3 - cat 2	428	81	**836**
Scope 3 - cat 3	151	211	**217**
Scope 3 - cat 4	46	49	**50**
Scope 3 - cat 5	4	5	**7**
Scope 3 - cat 6	259	202	**532**
Scope 3 - cat 7	945	1,225	**1,567**
Scope 3 - cat 8	108	116	**98**
Total location-based emissions (tCO_2e)[2]	20,475	26,835	**33,173**
UK emissions	20,112	26,397	**32,698**
Global emissions (excl UK)	364	436	**475**
Market-based scope 2 emissions	46	65	**75**
Total energy consumption (kWh)[7]	4,387,781	4,236,567	**4,954,261**
UK consumption	4,316,661	4,182,011	**4,880,088**
Global consumption (excl UK)	77,820	54,556	**74,173**
Intensity ratios			
Scope 1 and 2 – location-based emissions (tCO_2e/FUMA£bn)	14.72	11.86	**12.99**
Total location-based emissions (tCO_2e/FUMA£bn)	374.33	393.47	**551.05**
Total location-based emissions (tCO_2e/FTE)	12.54	13.66	**15.66**

1. In accordance with best practice introduced in 2015, we report two numbers to reflect emissions from electricity. Location-based emissions are based on average emissions intensity of the UK grid and market-based emissions reflect emissions from our specific suppliers and tariffs. Scope 2 market-based emissions for 2022 are 75 tCO_2e (2021: 65 tCO_2e)
2. For the first time, we have incorporated emissions from Saunderson House into our greenhouse gas emissions inventory. As a result, our total location-based emissions for 2021 have been restated from 25,072 tCO_2e to 26,835 tCO_2e. Emissions for 2020 have not been recalculated to include Saunderson House at this stage.
3. Under SECR regulation we are required to split our global and UK emissions. Our global emissions (excl. UK) and global consumption (excl. UK) reflect electricity emissions and consumption (respectively) from our Jersey office. It is not possible to split out travel and allocate to our Jersey office at this stage
4. Data centre emissions are reported under Scope 3, as per the WRI GHG Protocol
5. Electricity transmission and distribution (T&D) reflects emissions from line losses associated with electricity transmission and distribution
6. Emissions from water supply and treatment are included in our disclosure for the first time this year; 2021 emissions have been restated to include these emissions
7. Total energy consumption (kWh) of our Scope 1 and Scope 2 emissions (electricity), and scope 3 (employee cars)
8. Emissions associated with hotel stays and employee cars were reported in business travel in 2022

FURTHER INFORMATION IS AVAILABLE IN OUR:

Responsible business update

TCFD report

CDP submission

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

INTRODUCTION AND COMPLIANCE

As wealth managers, we have a fiduciary duty on behalf of our clients to consider all long-term risks that may impact their investments. We are committed to helping our clients safeguard their portfolios against physical and transitional risk as the world moves to a low-carbon economy. At Rathbones, we recognise that this is a collaborative exercise that spans industries and as such we are continuously engaging with our stakeholders, including our clients, investors, regulators and industry organisations, to improve our collective climate reporting and help smooth the transition to a net zero economy.

During the financial year ended 31 December 2022, the board has complied with the requirements of the listing rule 9.8.6. Our report is consistent with the 11 recommendations of the TCFD. In developing the report, we have considered and addressed all recommendations within the all-sector guidance as well as the supplemental guidance for asset managers in full. We continue to engage with our stakeholders pages 27 to 35 to gather input into our understanding of material issues. The responsible business committee, amongst others in our governance structure consider which ESG issues are material to our business and should be publicly reported. In 2023, we will undertake a materiality assessment to further develop our understanding and strengthen future disclosures. We have chosen to publish our full 2022 TCFD disclosure as a standalone statement, allowing us to report in more detail and link from that report to applicable content across our reporting suite. Our standalone statement will be available as a PDF on the reports and disclosure page of our website.

The following pages include a summary update of our approach and also sign-post to where more information can be found.

TCFD PILLAR: GOVERNANCE

Disclose the organisation's governance around climate-related issues and opportunities

TCFD RECOMMENDED DISCLOSURE	OUR DISCLOSURE	FURTHER INFORMATION
Describe the board's oversight of climate-related risks and opportunities	Responsibility for managing climate risks and opportunities sits with the Rathbones board. The board is supported by several committees which maintain responsibility for the consideration and integration of climate risks and opportunities in their area of specialism as appropriate. The board is responsible for setting the right tone for the business, supporting a strong risk management culture and, through our senior leadership team, encouraging appropriate behaviour and collaboration across the business. The board regularly assesses the most significant risks and emerging threats to the group's strategy and receives updates at least twice a year via risk and responsible business papers. Oversight of risk management activities is also undertaken through the group risk and audit committees. They offer support to the board, setting a constructive tone in support of a strong risk culture, which is integrated into our company culture and which our people embrace as part of their day-to-day responsibilities.	Audit committee report page 114 TCFD report pages 8 to 9
Describe management's role in assessing and managing climate-related risks and opportunities	We have assigned climate-related responsibilities to several individuals and committees across the business. As chair of the responsible business committee, our group chief executive has responsibility for bringing climate-related matters to the board. And our chief risk officer (CRO) is the senior management function responsible for climate-related financial risks, as designated in accordance with the Prudential Regulation Authority's Supervisory Statement on managing financial risks relating to climate change (SS3/19). Additionally, there are a number of teams involved in assessing, managing and reporting on our climate risk, including our finance, risk and compliance, research and investment teams, alongside our supplier management function and properties and facilities departments. At an organisational level responsibility for climate change-related matters lies with the company secretary and is led by our responsible business manager.	Risk management page 110 TCFD report pages 10 to 12

TCFD PILLAR: STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning where such information is material

TCFD RECOMMENDED DISCLOSURE	OUR DISCLOSURE	FURTHER INFORMATION
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term	Rathbones' climate-related risks include both physical risks (arising from the physical effects of climate change on businesses' operations, workforce, markets, infrastructure, raw materials and assets) and transition risks (resulting from policy, legal, technology and market changes occurring from the shift to a lower-carbon global economy). Importantly, the transition to a low-carbon future also provides Rathbones with opportunities which, if acted on, stand to benefit the business. An overview, timeframe and a description of our strategy to realise each opportunity is provided in the full report. Climate-related risks have been integrated into our risk management framework to support our transition to net zero.	Responsible investment report pages 16 to 17, and 30 to 32 TCFD report pages 15 to 20
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	The climate-related risks and opportunities that we face as a business occur across both our direct operations and our investments. Whilst our commitment to becoming a net zero business by 2050 or sooner includes both our direct operations and our investments, we recognise that the majority of our greenhouse gas emissions and other climate-related risks are derived from the investments we hold on behalf of our clients. We continue to integrate climate considerations into our investment approach and provide our clients with products that not only meet their financial needs but can also adapt to the continually evolving environment. In addition to integrating consideration of climate risk into our general investment process, we offer investment management offerings from Rathbone Greenbank Investments, as well as the Rathbone Greenbank Global Sustainability Fund, Rathbone Ethical Bond Fund and Rathbone Greenbank Multi-Asset Portfolios (GMAPs). We continue to pursue an absolute reduction in our operational carbon footprint and offset residual emissions, and in doing so respond to the operational climate-related risks and opportunities that we face as a business. The focus of our operational carbon reduction efforts is primarily directed on the following areas: resource consumption, energy efficiency, digitising our business and business travel.	Responsible investment report pages 10, 12, and 30 TCFD report pages 21 to 22
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	By using climate scenario analysis across physical and transitional risks, we assess the potential impact of climate change on our portfolio, therefore helping to determine the resilience of our strategy as an organisation. Considering the implications of different scenarios on assets and operations helps us better understand and quantify the risks and uncertainties our investee companies may face under different hypothetical futures, and how current or potential trajectories could drive business value.	Responsible investment report pages 25 to 26 TCFD report pages 23 to 28

TCFD PILLAR: RISK MANAGEMENT

Disclose how the organisation identifies, assesses and manages climate-related risks

TCFD RECOMMENDED DISCLOSURE	OUR DISCLOSURE	FURTHER INFORMATION
Describe the organisation's processes for identifying and assessing climate-related risks	Risks are identified within a 3-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 and includes consideration of the internal control environment and/or insurance mitigation. Climate-related risks such as changes to existing regulation are identified and assessed as part of our hierarchical approach to risk management. A watch list is maintained to record any current, emerging or future issues, threats, business developments and regulatory or legislative change. The group's risk profile, risk register and watch list are regularly reviewed by the executive committee, senior management, board and group risk committee. We rely on the stress test work undertaken as part of our ICAAP process to recognise the potential impact of climate or ESG risk on investment valuations, particularly for securities where ESG risk is high or unmanaged, thereby connecting these risks to our financial stability.	Risk management page 54 TCFD report page 30 to 31
Describe the organisation's processes for managing climate-related risks	We have a well-established approach to risk management, which has continued to evolve in response to the firm's growth and external developments. Our risk governance, processes and infrastructure are designed to ensure that appropriate risk management is applied to existing and emerging challenges to the firm's day-to-day activities and strategic objectives. The board, executive committee and group risk committee regularly review and at least annually formally approve the group's risk appetite statement, ensuring it remains consistent with our strategy and objectives. Our appetite framework is aligned with the group's overall prudential requirements for strategic, financial and non-financial risk (conduct and operational), and specific appetite measures are set for each principal risk. Risks which have triggered key risk indicators or risk appetite measures are reported and escalated in accordance with our framework to the executive committee, the group risk committee and the board as appropriate, so that risk mitigation can be reviewed and strengthened if needed.	Risk management page 58 TCFD report page 32
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Our exposure to climate-related risks is most material through the investments we make on behalf of our clients. The management of these risks is integrated into four of Rathbones' core responsible investment principles and pillars: ESG integration, voting with purpose, engagement with consequences and transparency. We are in the process of developing our ESG client reporting framework to support clients in the comprehension and monitoring of the climate and ESG characteristics of their portfolio.	Risk management page 59 Responsible investment report page 8 TCFD report pages 33 to 36

TCFD PILLAR: METRICS AND TARGETS

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

TCFD RECOMMENDED DISCLOSURE	OUR DISCLOSURE	FURTHER INFORMATION
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	We use several metrics to measure the progress of our net zero journey, including carbon emissions and GHG intensity indicators, to ensure that we are responding to climate-related risks and opportunities appropriately. In addition to our operational metrics we use a selection of other metrics to inform our climate risk and engagement strategy. We have used a number of data sources to calculate the carbon emissions associated with our clients' investments (scope 3, category 15). We worked with independent consultants, EcoAct, to determine our absolute carbon emissions, weighted carbon emissions and average weighted carbon intensity. We also consider the coverage of our portfolio that have set or committed to SBTi aligned targets.	Our environmental impact page 75 to 76 Responsible business update page 14 to 17 TCFD report pages 37 to 43
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risk	We share our scope 1, 2 and material scope 3 GHG emissions and related risks on page 76, and for more information on the metrics and targets used, see our standalone TCFD report.	Our environmental impact page 75 to 76 Responsible business report page 15 to 16 TCFD report pages 39, and 41 to 42
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Using 2020 as a baseline year, we will work to achieve a 42% reduction in operational and supply chain emissions by 2030, with 35% of the investments held on behalf of our clients having committed to or having set their own targets by 2025 (57% by 2030). This is in line with our objective of achieving 100% investment coverage by 2040. Our targets include listed equity and bonds (common/preferred stock, corporate bonds, ETFs, investments in REITs, real estate). These were validated in October 2022 by the SBTi, confirming that our scope 1 and 2 target ambition has been determined in line with a 1.5°C trajectory. Our target for lending and investment portfolios meets the SBTi's criteria for ambitious climate goals, meaning they are in line with current best practice.	Our environmental impact page 75 to 76 Responsible business update page 14 TCFD report pages 37 to 38

NON-FINANCIAL INFORMATION STATEMENT

Reporting requirement	Some of our relevant policies and standards	Where to read more in the report about our impact	Page
Environmental matters	Responsible investment policy	Risk management and control	54-66
	Group climate statement	Our approach to responsibility	67-68
	Net zero emissions commitment	Responsible investment	69-70
		Our environmental impact	75-76
		Our TCFD disclosure	77-81
Employees	Code of conduct	Stakeholder engagement	27-35
	Equal opportunities policy	Risk management and control	54-66
	Health and safety policy	Our approach to responsibility	67-68
	Compliance framework policy	Our people	71-72
	Anti-bribery policy	Workforce engagement with the board	107-109
Human rights	Code of conduct	Human rights	73
	Modern slavery statement	Modern slavery	73
Social matters	Code of conduct	Stakeholder engagement	27-35
		Our approach to responsibility	66-68
		Society and communities	73-74
Anti-corruption and anti-bribery	Anti-bribery policy	Risk management and control	54-66
	Conflicts of interest policy	Code of conduct and whistleblowing	73
	Whistleblowing policy	Anti-bribery and corruption	73
Business model		Our business model	2-5
		Our market and opportunities	16
Non-financial key performance indicators		Our approach to responsibility	67-68
		Our people	71-72
		Our environmental impact	75-76
		Our TCFD disclosure	77-81

The strategic report contains certain forward-looking statements, which are made by the directors in good faith based on the information available to them at the time of their approval of this annual report. Statements contained within the strategic report should be treated with some caution due to the inherent uncertainties (including but not limited to those arising from economic, regulatory and business risk factors) underlying any such forward-looking statements. The strategic report has been prepared by Rathbones Group Plc to provide information to its shareholders and should not be relied upon for any other purpose.

Pages 1 to 82 constitute the strategic report, which was approved by the board and signed on its behalf by:

Paul Stockton
Group Chief Executive Officer

Jennifer Mathias
Group Chief Financial Officer

28 February 2023

GOVERNANCE

G / GOVERNANCE

Clive C R Bannister
Chair

A RESILIENT BUSINESS

On behalf of the board, it is my pleasure to present our corporate governance report for the year ended 31 December 2022. It summarises the role of the board in providing effective leadership to promote the long-term success of the firm.

At Rathbones, we firmly believe in the importance of high standards of corporate governance and effective board oversight in supporting the group's performance, the delivery of its strategy and achievement of long-term sustainable success for all our stakeholders. The board is committed to maintaining a robust and effective governance, control and risk management framework. I have been pleased, once again this year, to see the benefits of that framework.

PURPOSE AND CULTURE

The board plays a critical role in setting the firm's strategy, purpose, business model and culture. Each director recognises the role we have to play in setting the 'tone from the top' and in monitoring how the firm's culture and values are communicated and embedded. We acknowledge the crucial link between culture, governance and leadership. To continue to be successful, the board has refreshed its culture dashboard which has been simplified to help monitor and analyse the firm's culture. This dashboard contains five core drivers that help to shape the firm's culture centred around the firm's stakeholders. The dashboard contains both quantitative and qualitative data and each core driver has specific KPIs with a red-amber-green (RAG)-based trend rating. The culture dashboard is updated every six months and presented to the board for review and monitoring.

In addition, through my own engagement with employees and through my colleagues' workforce engagement programme, I have been pleased to see the firm's strong and distinctive culture in action, as shown by the continuing commitment on the part of our employees to support our clients and the community.

BOARD SUCCESSION

Since the last report, the board agreed to appoint Sarah Gentleman as senior independent director following Colin Clark's decision to step down from the board on 28 July 2022. I wish to pass on my gratitude to Colin for his service to the board over the last four years.

When deciding on these appointments the board was able to benefit from the considerable work done by the nomination committee to identify: the skills and experience required by the board to deliver the strategy; and the areas where the board could benefit from additional depth of skills or experience to improve its resilience as well ensuring alignment with the firm's diversity and inclusion (D&I) policy. You can find more information about their appointment and the skills and experience they bring in the nomination committee report here.

DIVERSITY AND INCLUSION

It is accepted that greater diversity drives better decision-making and we strongly believe that building a diverse and inclusive workforce will lead to better outcomes for clients, colleagues and for our business. You can read more about our approach to building diversity and inclusion across our workforce and the initiatives that support it in our responsible business report on page 71. The board has aligned its diversity policy for board appointments with new targets set out in the listing rules and is proud to have met those targets. As at December 2022, 40% of our board is made up of women, two of our senior board positions are held by women and we have at least one director from an ethnic minority background, and we are in line with the recommendations of the Parker Review and the FTSE Women Leaders in terms of composition of the board. You can read more about the policy and the importance we place on diversity in the recruitment of non-executive directors and across the organisation on page 123 of the nomination committee report.

BOARD EVALUATION

This year, in line with the Code, the board undertook an internal process to review its effectiveness and performance. The review concluded that the board remains strong; independent and effective; and that it has responded well to the challenges arising from the uncertain current economic situation. The evaluation also acknowledged that the board has addressed each of the recommendations made in the external evaluation completed in 2021. Further detail on the evaluation can be found on page 99.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement remains a priority for the board. During the year, the board has used formal meetings and other opportunities to discuss the firm's performance and delivery of our strategy. These discussions included consideration of their interests, as well as risks arising from the wider regulatory, economic and political environment. The board has engaged with shareholders, customers, employees, regulators and other groups. You can find our formal statement in relation to section 172 of the Companies Act 2006, together with further detail about how the directors have engaged with, and had regard to the interests of, stakeholders in the strategic report on page 27 and page 102.

The board gains a direct understanding of employees' views through employee survey results, townhalls and branch visits. Separately, the board's workforce engagement programme, led by Iain Cummings and Sarah Gentleman, continued throughout the year. Details of this initiative can be found on page 107. In addition, both my non-executive director colleagues and I used formal and informal opportunities to talk to employees across our offices through virtual events during the year.

Our shareholders are key. We managed a comprehensive engagement programme with them throughout the year. We undertook a number of investor meetings, either in person or virtually. The group finance director continues to report to the board regularly on shareholders' views regarding the firm, and the firm's corporate brokers present to the board on market developments and shareholder perceptions. This helps to ensure that the board is fully briefed on the views and aspirations of shareholders. Also, following the easing of restrictions, the firm's 2022 AGM was held in our offices in London and it was an excellent opportunity for our board and myself to meet with shareholders.

Our relationship with our various regulators is of fundamental importance to us and we maintain an open, constructive dialogue with them to ensure that we are aware of and meet the standards that they expect.

For more information about how the directors have had regard to the interests of our key stakeholders within the context of promoting the success of the company, please see our section 172 statement on pages 102-104.

This report, in its entirety, has been approved by the board of directors and signed on its behalf by:

Clive C R Bannister
Chair

28 February 2023

CORPORATE GOVERNANCE FRAMEWORK

OVERSIGHT AND CHALLENGE

BOARD OF DIRECTORS

Chair
- Leads the board and sets the agenda for board discussions
- Ensures the board's effectiveness
- Agrees and sets the firm's business strategy and management objectives
- Encourages the presentation of accurate, clear and timely information
- Promotes effective and constructive discussion
- Chairs the nomination committee, which considers the composition of the board and its succession plans
- Evaluates the performance of the board, its committees and individual directors on an annual basis

Senior Independent Director
- Acts as a sounding board for the chairman and serves as an intermediary for the other directors if required
- Holds meetings with the non-executive directors (without the chairman present)
- Is available to meet with a range of major shareholders
- Develops a balanced understanding of their issues and concerns and reports the outcome of such meetings to the board
- Leads the board in the ongoing monitoring and annual performance evaluation of the chairman

Non-executive Directors
- Provide constructive challenge to management performance and strategy
- Contribute to the firm's strategy
- Provide independent judgement to the board
- Review group financial information and ensure the system of internal control and risk management framework are appropriate and effective
- Engage with key stakeholders
- Review succession plans for the board and key senior management

Nomination committee
See page 122

Group risk committee
See page 110

Audit committee
See page 114

Remuneration committee
See page 126

LEADERSHIP

Group Chief Executive Officer
- Provides executive leadership and management to the business
- Responsible for the effectiveness of the executive committee
- Delivers on strategic objectives set by the board in line with the group's risk appetite
- Maintains strong relationships with the chairman, the board and key shareholders and stakeholders

Group Chief Financial Officer
- Oversees the financial position of the group
- Together with the chief executive, leads discussions with investors
- Responsible for the management of the capital structure of the company
- Contributes to the management of the group's operation

Group executive committee
- Implements the agreed strategy and the day-to-day management of the firm
- Reviews and discusses the annual business plan and budget
- Implements investment process and client proposition
- Approves the expenditure and other financial commitments within its authority levels, discussing, formulating and approving proposals to be considered by the board

BOARD ACTIVITIES IN 2022

Find out more about our stakeholder engagement on here

Details of the main areas of focus of the board and its committees during the year are summarised below:

STRATEGY AND PERFORMANCE

- Held a strategy day with the group executive team focused on strategic matters including emerging trends, digital solutions, responsible investing, financial advice and future client expectations
- Monitored the firm's performance against its strategic objectives
- Focused on delivery of organic growth initiatives through new products
- Monitored the integration of Saunderson House with the firm's existing financial planning team
- Oversaw financial performance against the plan and market expectations
- Approved interim and full-year financial statements, interim dividend and recommended final dividend
- Assessed and approved the firm's 2023 budget and regulatory returns
- Assessed the firm's change management processes and project delivery
- Approved the group's capital and liquidity planning
- Received regular business unit updates
- Received deep-dive reviews of selected business areas
- Monitored delivery of the firm's new digital strategy including associated expenditure
- Continually assessed inorganic opportunities
- Assessed the firm's real estate requirements over the next three years

PEOPLE

- Oversight and approval of remuneration arrangements for executive directors and the wider workforce
- Approved the firm's people and DE&I strategy
- Continually monitored morale across the firm with oversight of employee survey results and associated management actions
- Engagement with various teams and visit to our Liverpool office

GOVERNANCE

- Appointment of new corporate brokers
- Discussed the key themes and outcomes from the various workforce engagement mechanisms
- Assessed and oversaw the firm's culture and implementation of its culture dashboard
- Completed an internal board evaluation exercise and implemented recommendations
- Approved the appointment of the senior independent director and new non-executive directors
- Provided oversight of the firm's responsible business agenda including responsible investing, our net zero commitment and modern slavery commitment
- Undertook a review of NED fees

RISK MANAGEMENT

- Approved the firm's Consumer Duty implementation plan
- Approved the firm's risk framework and appetite
- Monitored the firm's principal risks and compliance programme
- Received detailed reports on significant regulatory risks and management's mitigating actions
- Discussed and monitored the firm's suitability programme
- Approved the group's recovery plan
- Approved the annual review of the ICAAP and ILAAP
- Reviewed the group's risk appetite statements
- Reviewed Pillar 3 disclosures
- Reviewed the group's principal risks and considered emerging risks
- Reviewed the group's whistleblowing policy and received an update on activity

Alignment to strategic pillars

- Enriching the client and adviser proposition and experience
- Supporting and delivering growth
- Inspiring our people
- Operating more efficiently

Alignment to stakeholder consideration and impact

- Clients
- Our people
- Shareholders
- Society and communities
- Partners and regulators

KEY BOARD DECISIONS AND CONSIDERATION OF STAKEHOLDER INTERESTS

The following content summarises how the board and the wider group have had regard to the duties under section 172 when considering specific matters:

CONTINUATION OF A PROGRESSIVE DIVIDEND POLICY

Clients Shareholders Partners and regulators

During the year, the board took the decision to recommend to shareholders an increase in dividends in respect of the 2022 financial year. This reflected the board's confidence in the business model and strong financial position. The board considered many factors when making this decision, balancing the views of all stakeholders alongside its assessment of the group's financial performance for the year and its confidence in the company's business model in an uncertain external environment, and ensuring that the company had sufficient resources to continue to support clients, employees and partners.

In line with the requirements of section 172(1), the board had regard to the different interests of stakeholders, but with an overarching focus on how best to promote the long-term success of the company.

The board engaged in extensive discussions with management ahead of making its decision and considered the long-term viability of the group's position. On a regular basis, the board was updated on the company's performance and its capital, funding and liquidity position, as well as expectations for the group's financial resources in the following financial year, to understand the financial resources it had available and the impact a dividend payment would have in a range of scenarios.

The board was regularly made aware of the position of clients and considered the broader market environment and the perception of increasing its dividend payments, including the views of regulators. The board considered the position of the regulator and the group discussed its proposal with the PRA ahead of making any decision and recognised the regulator's interest in ensuring we could continue to support our clients. The expectation of shareholders was taken into account, with recognition given to the company's progressive dividend policy and strong track record of successive dividend payments.

The overall sentiment of employees was considered given the signal any decision would send and the impact a dividend payment may have on overall remuneration. The board acknowledges that a significant number of the group's employees are shareholders and recognises the impact for them (and all shareholders) on whether a dividend is paid.

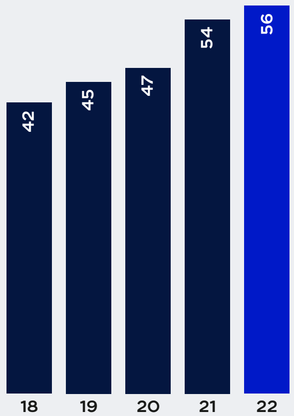
The board has recommended a final dividend of 56p per share in respect of the 2022 financial year, resulting in a full-year dividend of 84p.

% RISE IN DIVIDEND VS 2021

3.7%

FINAL DIVIDEND

56P



CHARITABLE DONATIONS

Clients Our people Society and communities

Charitable donation in response to the Ukraine appeals

Like many, Rathbones and our employees were monitoring the situation in Ukraine at the start of 2022. Keen to be able to support those in need who have remained in the country the board approved a corporate donation, fundraising appeal and matching of employee funds raised. It was decided that efforts delivered through approved partners such as the Disasters Emergency Committee (DEC) and the British Red Cross would be the best response to both employee and client requests.

In line with section 172(1) the board took into account the views of a number of our stakeholders, including employees, clients and shareholders. Following these discussions our community investment principles were updated to reflect our response to future DEC appeals to reassure employees how the group will respond to any future appeal.

The final fundraising programme offered employees options on how they would like to give, through our Give As You Earn scheme or direct through Charity Aid Foundation accounts. All giving through these routes is matched. The firm also supported direct donations where there was a clear audit trail. In total Rathbones and our employees donated over £0.25 million.

TOTAL DONATED TO UKRAINE APPEAL

>£250K

COST OF LIVING PAYMENT

Our people Shareholders

Supporting our employees: a cost of living payment

2022 has, in many ways, been an unprecedented year for our employees. Following management discussions, the board approved a one-off discretionary payment to approximately 60% of our least well paid colleagues. Having considered the sentiment of our broader employee base and other stakeholder expectations, in line with section 172(1), it was felt that this approach was appropriate.

The payment covered colleagues who were employed on 30 September and included those absent from the business on maternity or other leave. The aim was to provide some financial relief for those who were facing the most immediate challenges. It was agreed that this payment would not impact our approach to the 2023 salary review or 2022 discretionary bonus planning in any way. We remain committed to recognising the skills and talent of our people at all times, responding to market conditions as best we can.

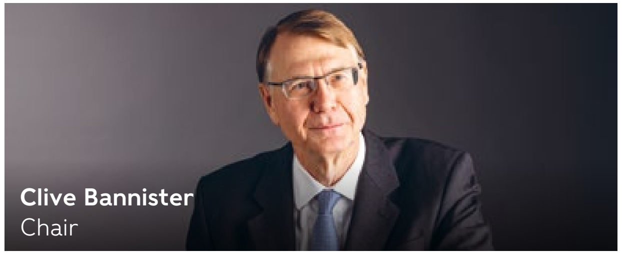
Alongside the payment, employees were reminded of the wider benefits that Rathbones offers, such as childcare vouchers, the Reward Board, ride to work scheme and season ticket loans. Employees are also offered discounted independent financial advice.

PERCENTAGE OF EMPLOYEES COVERED BY OUR ONE-OFF COST OF LIVING PAYMENT

~60%

BOARD OF DIRECTORS

A Audit committee
N Nomination committee
Re Remuneration committee
G Group executive committee
Ri Risk committee
Committee chair



Appointed: 06/04/2021 Re N

Experience, skills and contributions

Clive brings a wealth of strategic, commercial and financial experience to the board.

Clive started his career as a banker at First National Bank of Boston in 1981 in Boston and London. In 1984, he joined Booz Allen & Hamilton and became a partner in their financial consulting practice in 1990.

In 1994, Clive joined HSBC Investment Bank as Director and Head of Planning and Strategy in London. He moved to New York in 1996 to be the deputy CEO of HSBC Inc and Head of Investment Banking in the US. In 1999, he was appointed Chief Executive of HSBC Group Private Banking, became a Group General Manager in July 2001, and Group Managing Director in 2006 responsible for Group Insurance and Asset Management at HSBC Holdings Plc. In 2011, Clive was appointed as group CEO of the Phoenix Group, the UK's largest life and pensions consolidator.

Current external appointments

Clive is currently the chair of the Museum of London and a board member of Beazley plc (subject to regulatory approval).

Appointed: 09/05/2019 G

Experience, skills and contributions

Paul was appointed group chief executive in May 2019, having served as managing director of Rathbone Investment Management from May 2018. He was previously group finance director from 2008 to 2019.

Paul brings the following key skills to the board which supports the firm's strategy: executive leadership, financial services and wealth management, risk management and regulation.

Paul qualified as a chartered accountant with PriceWaterhouse in 1992, subsequently taking up a position in New York before returning to London in 1996. In 1999 he joined Old Mutual Plc as group financial controller, becoming director of finance of Gerrard Limited in 2001. In 2005, two years after the sale of Gerrard, he left to work initially for Euroclear and, subsequently, as a divisional finance director of the Phoenix Group. He was formerly a non-executive director of the Financial Services Compensation Scheme.

Current external appointments

Board member of the Personal Investment Management and Financial Advice Association (PIMFA).

Appointed: 01/04/2019 G

Experience, skills and contributions

Jennifer was appointed in April 2019. She brings the following key skills to the board which support the firm's strategy: banking risk management, regulation and management.

Jennifer began her career on the Lloyds TSB Finance graduate scheme following her graduation in 1995 and qualified as a chartered management accountant in 1999. At Lloyds, Jennifer held a number of senior management roles and worked closely with the board-level team of the Lloyds TSB Group, and was a member of the Corporate Banking and Wholesale Finance Executive Committees. In addition to her position as a finance director of Corporate Banking, Jennifer spent three years as head of Credit Risk & Compliance for the Commercial Banking division of Lloyds TSB. In 2012, she joined Coutts as the global chief finance officer, and in 2015, she moved to EFG Private Bank (UK), where she was chief finance officer and deputy chief executive officer.

Current external appointments

None.

A Audit committee	Re Remuneration committee	Ri Risk committee
N Nomination committee	G Group executive committee	Committee chair

Sarah Gentleman
Senior Independent Director

Appointed: 21/01/2015 A N Re Ri

Experience, skills and contributions

Sarah is chair of our remuneration committee and was appointed as senior independent director at our 2022 AGM. In addition, she is a designated non-executive director of the firm's workforce engagement programme.

Sarah brings the following key skills to the board which supports the firm's strategy: banking, digital marketing, risk management, corporate governance and regulatory experience.

She started her career as a consultant at McKinsey & Company and then worked for several years in the telecoms and digital sectors, latterly as chief financial officer of the LCR Telecom Group. In 1999, she joined the internet bank Egg, the internet banking subsidiary of Prudential, where she was responsible for business development and strategy. In 2005, she joined Sanford C. Bernstein & Co, the institutional research and trading arm of Alliance Bernstein, as a banking analyst covering the European banking sector. Sarah is also an adviser to early-stage technology companies.

Current external appointments

Non-executive director of Engine B Ltd and Molten Ventures Plc (previously Draper Esprit Plc).

Terri Duhon
Non-executive Director (Independent)

Appointed: 02/07/2018 A N Re Ri

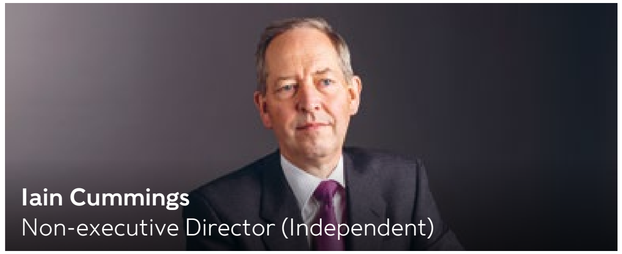
Experience, skills and contributions

Terri is chair of the risk committee. She has over 25 years of experience in the financial market and brings the following skills to the board: banking, investment management, risk management and regulatory experience.

Terri graduated with a Maths degree from Massachusetts Institute of Technology (MIT). She is currently a non-executive director on the board of Morgan Stanley International where she chairs the risk committee, is chair of Morgan Stanley Investment Management Limited and was recently appointed non-executive director of Wise Plc. She is an Associate Fellow at The Saïd Business School at Oxford University. Previously, Terri sat on the boards of CHAPS Co and Operation Smile UK and was a founding member of the Women's Leadership Group for the Prince's Trust. As an executive, Terri held a number of senior roles at JP Morgan and ABN AMRO before setting up her own consultancy firm.

Current external appointments

Chair of Morgan Stanley Investment Management Ltd, non-executive director of Morgan Stanley International Ltd, Hanover Investors Ltd and Wise Plc.



Iain Cummings
Non-executive Director (Independent)

Appointed: 05/10/2021 A N Re Ri

Experience, skills and contributions

Iain is chair of the audit committee, and designated non-executive director of the firm's workforce engagement programme.

To support the firm's strategy, he brings a wealth of audit and accounting regulatory reporting experience, financial services, corporate governance and risk management.

Iain is a Fellow of the Institute of Chartered Accountants in England & Wales with over 36 years of experience working in the financial sector. He was a partner at KPMG for over 24 years working with banks and other major financial services firms in both audit and advisory roles including three years leading KPMG's banking audit practice. His audit roles included large firms in the investment banking sector and listed firms in the wealth, asset management and insurance sectors while his advisory engagements focused on aspects of risk, regulation and internal audit. Iain also served for a number of years as Chairman of the ICAEW Financial Services Faculty's Risk and Regulation Committee and as a member of the ICAEW's Technical Strategy Board.

Current external appointments

Non-executive director of Skipton Building Society.

A Audit committee
N Nomination committee
Re Remuneration committee
G Group executive committee
Ri Risk committee
Committee chair

Dharmash Mistry
Non-executive Director (Independent)

Appointed: 05/10/2021 A N Re Ri

Experience, skills and contributions

Dharmash was appointed as non-executive director on 5 October 2021.

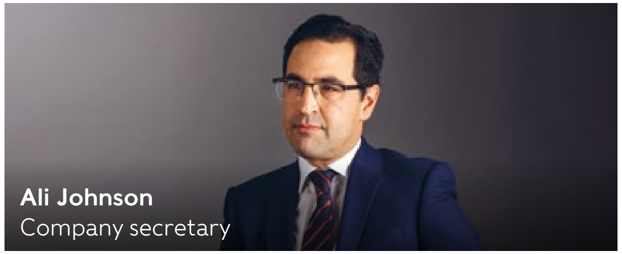
Dharmash brings the following key skills to the board which support the firm's strategy: financial services, media & technology experience, digital transformation, private & public market investing and corporate governance.

He started his career with Procter & Gamble as a Brand Manager, followed by a period with Boston Consulting Group. He spent eight years in the media as Group Managing Director of EMAP Consumer Media and EMAP Performance. He co-led the 2008 delisting of Emap Plc from the FTSE 100. Dharmash is an experienced technology venture capitalist, entrepreneur and non-executive director. He was formerly a Partner at Balderton & Lakestar, leading investments including Revolut, Glovo, Infarm, Blockchain.com and Lovefilm amongst others. He co-founded Blow LTD and served as Chairman & CEO until its sale in 2021.

His prior board NED positions include: BBC Executive Board, Hargreaves Lansdown Plc, Dixons Retail Plc, The British Business Bank and BBC Commercial Holdings.

Current external appointments

A board member of Halma plc and The FA Premier League.



Ali Johnson
Company secretary

Appointed: 01/05/2016

Experience, skills, and contributions

Ali joined Rathbones in April 2016 and was appointed company secretary in May 2016.

Ali graduated in Law and is a Fellow of the Chartered Governance Institute.

He has over 20 years' experience as a company secretary in a wide range of publicly listed companies. His work has covered board support, corporate governance, executive remuneration, corporate transactions, listing obligations, responsible business programmes, insurance and employee/ executive share plans.

GROUP EXECUTIVE COMMITTEE

The group executive committee (GEC) is chaired by Paul Stockton, Group Chief Executive Officer, and he is supported by the senior management team. The key role of the GEC is day-to-day management of Rathbones. The committee actively reviews and assesses business performance supported by a range of committees that operate across the group.

Full biographies of the group executive committee are available on our website.

Paul Stockton
Group Chief Executive Officer and Chair of GEC

Jennifer Mathias
Group Chief Financial Officer

Rupert Baron
Managing Director of Investment Management

Ivo Darnley
Managing Director of Investment Management

Andrew Brodie
Chief Operating Officer

Gaynor Gillespie
Chief People Officer

Andrew Morris
General Manager of Investment Management

Sarah Owen-Jones
Chief Risk Officer

Richard Smeeton
General Manager of Special Projects

Mike Webb
Chief Executive of Funds

COMPLIANCE WITH THE 2018 UK CORPORATE GOVERNANCE CODE

During the financial year ended 31 December 2022, the board has applied the Principles and complied with the Provisions of the UK Corporate Governance Code 2018 (the Code) and additional information can be found below:

CODE PRINCIPLES

THE ROLE OF THE BOARD AND ITS COMMITTEES

The board's primary role is to provide effective leadership and direction for the firm as a whole, and to ensure that the firm is appropriately managed, delivers long-term shareholder value and contributes to wider society. It establishes the firm's purpose and strategic objectives, and on an ongoing basis monitors management's performance against those objectives. The board also supervises the firm's operations, with the aim of ensuring that it maintains a framework of prudent and effective controls which enables risks to be properly assessed and appropriately managed. The board acknowledges its role in assessing the basis upon which the firm generates and preserves value over the long term. It spends time during the year, in scheduled board meetings, during its annual strategy discussions and in other sessions with senior management and stakeholders, considering how opportunities and risks to the future success of the firm's business should be addressed, alongside discussions on the sustainability of the firm's model. Further information on these considerations can be found in the strategic report of this annual report.

Another key function of the board is to define, promote and monitor the company's culture and values. It also ensures effective engagement with shareholders and other stakeholders. When making decisions, the board has regard to the interests of a range of stakeholders, including employees, customers, clients and shareholders, as well as its broader duties under section 172 of the Companies Act 2006.

BOARD MEETINGS

Most scheduled board meetings are preceded by a board dinner which allows for broader discussions on particular topics. The board dinners also provide an opportunity for the board to meet members of the management team or to receive training. In the months where no formal board meeting is scheduled, an informal meeting of the non-executive directors, the chair and the chief executive is generally held. The non-executive directors also have informal meetings in the absence of the chair or chief executive. The roles of the chairman, the chief executive, the senior independent director and the non-executive directors have been clearly defined and agreed by the board to ensure a separation of power and authority.

At every board meeting, the chief executive updates the board on the implementation of strategy and recent developments. The group finance director reviews the financial performance and forecasts against plan and market expectations. The chief risk officer updates the board on key risk areas and any emerging regulatory issues which impact the business. The board is updated on shareholder sentiment and significant changes in the share register. In addition, members of the executive committee attend meetings as required to present and discuss progress in their individual businesses and functions.

BOARD MEETINGS AND ATTENDANCE IN 2022

	Board	Nomination committee	Remuneration committee	Audit committee	Group risk committee
Number of meetings held	**8**	**3**	**3**	**5**	**5**
Clive Bannister (chair)	8/8	3/3	3/3	–	–
Paul Stockton (group chief executive officer)	8/8	–	–	–	–
Jennifer Mathias (group chief financial officer)	8/8	–	–	–	–
Sarah Gentleman (senior independent director)	8/8	3/3	3/3	5/5	5/5
Iain Cummings (non-executive director)	8/8	3/3	3/3	5/5	5/5
Terri Duhon (non-executive director)	8/8	3/3	3/3	5/5	5/5
Dharmash Mistry (non-executive director)	6/8	3/3	3/3	4/5	4/5
Former directors					
James Dean (non-executive director)[1]	5/5	2/2	1/1	3/3	2/2
Colin Clark (senior independent director)[2]	4/6	2/2	1/1	4/4	2/3

1. James Dean (non-executive director) retired from the company on 5 May 2022
2. Colin Clark (senior independent director) retired from the company on 28 July 2022

OPERATIONS OF THE BOARD

The board has a rolling agenda, which ensures that key matters are addressed. The board held seven scheduled meetings during the year, a strategy day and a number of additional formal and informal meetings. The chair and the company secretary manage board and committee meetings and ensure that the board (and particularly the non-executive directors) receive appropriate and balanced information. The company secretary manages the timely circulation of information to the board. All board papers are prepared by executives and clearly indicate any action required. As part of the annual board evaluation process, board members provided input on the level and quality of the information that is provided. In addition, the company secretary ensures board procedures are complied with and applicable rules are followed.

The company secretary facilitates the induction process for new directors, assists with their professional development and advises the board on corporate governance matters and on the rules and regulations that affect a UK-listed company. The appointment or removal of the company secretary is a matter for the board.

INDEPENDENCE

The board, on the recommendation of the nomination committee, considers that all of the non-executive directors are independent, including the chair. All board members are required to disclose any external positions or interests which might conflict with their directorship of Rathbones prior to their appointment so that any potential conflict can be properly assessed. The board has regard to the fact that experienced non-executive directors in financial firms are a valuable resource and may sit on several boards. Potential conflicts of interest of non-executive directors can generally be managed by due process and common sense.

BOARD INDUCTION

Our executive and non-executive directors are offered a comprehensive and tailored induction programme to introduce them to the business, industry and regulatory context. The programme is based on one-to-one meetings with the executive directors and executive committee members, the heads of group functions and the company secretary and covers the areas of business outlined to the right.

BOARD INDUCTION PROGRAMME

BUSINESS REVIEW

- Strategic direction and priorities
- Business strategy and market analysis
- Risk appetite, principal risks and risk management framework
- Operations.

PERFORMANCE AND MARKET POSITIONING

- Review of financial and market performance
- Recent analyst and media coverage
- Budget review
- Analysis of shareholder base and investor perception
- Shareholder engagement.

REGULATORY ENVIRONMENT

- Overview of the group's key compliance and regulatory policies
- Recent changes in regulatory landscape and impact of upcoming regulatory developments
- Hot topics and key priorities.

PEOPLE, CULTURE AND VALUES

- Discussion of corporate values and the firm's culture
- Key people and succession plans
- Board procedures and governance framework
- Board structure, processes and relationships
- Board interaction with key business areas
- Overview of listed company obligations, reporting and governance framework
- Directors' duties and responsibilities.

Q&A WITH DHARMASH MISTRY

What were the key components of your induction?

Rathbones put together a detailed induction pack and arranged 1:1s with members of the board, executive committee and their teams, as well as key third parties in the first 60 days of joining. This was complemented with a two-day board strategy day early in my tenure, which was a fantastic way to bring together the internal conversations and our collective external experience. Additionally I was encouraged to visit different offices and meet investment and technology teams.

How did the induction prepare you to discharge your duties?

The induction programme and strategy day helped build a fast and thorough understanding of the whole business. This was particularly valuable to me as I learnt about our investment strategies, our clients and product distribution, and how this is enabled by our operations and overseen within our governance and control frameworks. One of the biggest benefits was starting to develop relationships with people across the organisation, which is critical for a non-executive director.

Did you develop any insights into the firm's culture during your induction?

Yes, definitely, and I think this is one of the most valuable aspects of the induction. Throughout the process I was struck by how passionate people are about delivering for our clients, how generous people were with their time, and their very open and transparent approach. It really provided me with an opportunity to see Rathbones' culture in action which was supported further by an office visit to Liverpool. From my conversations with senior management, it was clear to see the focus on our clients, on our people and the desire to innovate for the benefit of all of our stakeholders.

"VERY EARLY IN MY TENURE, I ATTENDED THE BOARD STRATEGY DAY AND WAS INVITED TO JOIN A BOARD DINNER WITH THE SENIOR LEADERSHIP GROUP AND IT WAS A FANTASTIC OPPORTUNITY TO UNDERSTAND THE FIRM'S DIRECTION."

Dharmash Mistry
Non-executive Director

BOARD DEVELOPMENT

The firm is committed to the training and development of all employees to ensure professional standards are maintained and enhanced. All directors are encouraged to update their skills and any training needs are assessed as part of the board evaluation process. The knowledge and familiarity of non-executive directors with the firm are enhanced by full access to senior management, in-person visits to teams in London and Liverpool offices as well as virtual events held across the country.

The company secretary assists with the professional development requirements of the board. In addition, the board receives mandatory annual training on the following areas:

- Client Assets and Money (CASS)
- Securities and Exchange Commission (SEC) obligations
- Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP).

BOARD DIVERSITY

The board acknowledges the benefits that diversity and inclusion can bring to the board and to all levels of the firm's operations. As such, the board is committed to the promotion of diversity and inclusion across the firm and to ensuring that all employees are treated fairly.

The board has adopted a board diversity policy to ensure transparency and diversity in making appointments to the board on the recommendation of the nomination committee. The policy recognises the importance of having directors with a range of skills, knowledge and experience, and embraces the benefits to be derived from having directors who come from a diversity of backgrounds, bringing different perspectives and the challenge needed to ensure effective decision-making.

The gender and ethnicity balance of the board are also taken into consideration when recruiting a new non-executive director and this is reflected in the current composition of our board. To achieve this goal, we only engage with external search firms which are signatories to the Voluntary Code of Conduct for Executive Search Firms for board-level appointments.

The nomination committee regularly reviews and evaluates the structure, size and composition of the board and is responsible for identifying and recommending new directors for appointment. Board appointments are made following rigorous consideration by the nomination committee of the balance of skills, experience, knowledge and diversity required for the board to operate effectively as a whole. When considering board composition and appointments, the board and the nomination committee continue to have regard to relevant best practice, including the new listing rules relating to diversity, the findings of the FTSE Women Leaders Review and the Parker Review. In line with the Code, the nomination committee has oversight of the firm's diversity and inclusion programme for all levels across the firm and a regular update is provided by management. For further information on the firm's diversity initiatives, please refer to the responsible business review on page 67.

BOARD AND BOARD COMMITTEE EVALUATION

In accordance with the UK Corporate Governance Code, the board undertakes a formal and rigorous annual evaluation of its own performance and that of its committees with an external evaluation taking place every three years.

YEAR 1: 2021 - EXTERNAL EVALUATION

Independent Audit Limited (IAL) were selected to facilitate the evaluation and full details of the process and findings are set out on pages 80 and 81 of our 2021 annual report. Below is an update on the progress against the suggested areas of focus.

Action and progress	Status
Competitor analysis There has been an increased focus on the competitive landscape and the non-executives have reported that they feel better informed. There is a desire to improve the board's understanding further, specifically through the use of benchmarking.	✓
ESG ESG is front of mind for our shareholders and clients and the board has increased its focus on ESG principles when making strategic decisions.	✓
Agenda and papers The board recognised the work by the chair and company secretary to improve agendas and reported they are well structured and adapt to reflect the needs of the board and business.	✓
Diversity, equality and inclusion D,E & I received increased attention in 2022 with a particular focus on the succession and the development of diverse pipelines of talent.	✓
Hybrid meetings Improved technology means that there is continued support for maintaining a balance of physical and hybrid meetings.	✓

YEAR 2: 2022 - INTERNAL EVALUATION

In 2022, we conducted an internal evaluation with support from IAL. The senior independent director and company secretary drafted questionnaires with input from internal audit who subsequently collated responses and drafted a report. The positive report was discussed by the board and its committees in February 2023. The directors expressed confidence in the board's ability to oversee strategic change in a challenging external environment. Key findings of the evaluation include:

- the chair continues to facilitate inclusive discussions and strategic issues are debated from diverse perspectives
- NEDs provide good input into strategic discussions and we held an effective strategy day in 2022
- IAL attended the February board meeting
- the board has a good understanding of the M&A landscape and regularly evaluates inorganic growth opportunities
- the interests of stakeholders are considered and incorporated into strategic decision making
- risk is debated and considered when making strategic decisions
- the board understands the opportunities provided by technology and the digitisation of the group's systems is a core strategic priority
- through the workforce engagement programme and branch visits, the board continued its focus on employees. This ensured that the board maintained effective monitoring and oversight of the group's culture.

YEAR 3: 2023 - INTERNAL EVALUATION

Ahead of a new three-year cycle and external evaluation in 2024, we will undertake a further internal evaluation in 2023.

This will review progress against the suggested areas of focus from the internal evaluation in 2022, including the below:

- Board materials: continued focus on meeting agendas and papers. Introduction of an updated template, which summarises material areas of discussion
- Competitor analysis: maintain the focus on competitive landscape analysis, including benchmarking
- Diversity, equality and inclusion: continued delivery and oversight of the group's DE&I programme
- People: wider attendance of senior managers at board meetings.

DIRECTOR PERFORMANCE ASSESSMENT AND REVIEW

In addition to the board evaluation process, the senior independent director led a separate performance review in respect of the chair which involved a discussion with the non-executive directors, excluding the chair, and separate consultation with the chief executive. The senior independent director subsequently provided feedback to the chair on his appraisal which confirmed his effectiveness. The chair regularly meets with the non-executive directors and provides feedback on their performance.

DIRECTORS' FITNESS AND PROPRIETY

In line with its regulatory obligations, the firm undertakes annual reviews of the fitness and propriety of all those in senior manager functions, including all of the company's directors and a number of other senior executives. This process comprises assessments of individuals' honesty, integrity and reputation; financial soundness; competence and capability; and continuing professional development. This year's reviews have confirmed the fitness and propriety of all of the company's directors and other senior executives who perform senior manager functions. Consideration of matters relating to fitness and propriety also form an important part of the board's recruitment process for non-executive directors.

SUCCESSION PLANNING

The nomination committee is responsible for both executive and non-executive director succession planning and recommends new appointments to the board. When making board appointments, the board seeks to ensure that there is a diverse range of skills, backgrounds and experience, including relevant industry experience. Further information is included in the nomination committee report.

BOARD COMMITTEES

Details of the work of the principal board committees are set out in the separate reports for each committee, which follow this report.

ACCOUNTABILITY

The statement of directors' responsibility for preparing the report and accounts is set out at the end of this governance section. Within this, the directors have included a statement that the report and accounts present a fair, balanced and understandable assessment of the group's position and prospects. To help the board discharge its responsibilities in this area, the board consulted the audit committee, which advised on the key considerations to comply with best practice and the Code's requirements. Following the committee's advice, the board considered and concluded that:

- the business model and strategy were clearly described
- the assessment of performance was balanced
- the language used was concise, with clear linkages to different parts of the document
- an appropriate forward-looking orientation had been adopted.

The directors' report on viability and the going concern basis of accounting, which the directors have determined to be appropriate, can be found in the strategic report, which also describes the group's performance during the year.

RISK MANAGEMENT

In accordance with the Code, the board is required to monitor the firm's risk management and internal control systems on an ongoing basis and carry out a review of their effectiveness and report on this review to shareholders. Details of the company's ongoing process for identifying, assessing and managing the principal risks, including any emerging risks, faced by the firm are contained in the risk management section on page 54, together with details of those principal risks and their related mitigating factors. Whilst the board retains overall responsibility for the firm's risk management and internal control systems, it has delegated oversight to the audit and group risk committees. The group's financial controls framework is designed to provide assurance that proper accounting records are adequately maintained and that financial information used within the business and for external publication is reliable and free from material misstatement, thereby safeguarding the company's assets.

The board receives regular reports from the chair of the group risk committee and chief risk officer on the key risks facing the firm that impact on operational and financial objectives. This assessment is completed together with assurance that the level of risk retained is consistent with and is being managed in accordance with the board's risk appetite. These reports include current and forward-looking assessments of capital and liquidity adequacy and a summary 'risk dashboard' is presented. Also, during the year the board reviewed and approved the operational risk assessment process for the 2022 ICAAP document, which includes a capital assessment of financial, conduct and operational risks.

The board assesses the effectiveness of the firm's internal controls on an annual basis and a report is provided for consideration. The report is considered one element of the overall assurance processes, and the board also considers other sources, which include reports emanating from first line of defence and second line of defence assurance teams, including group compliance, anti-money laundering (AML), as well as investment risk and information security. A risk-based approach drives internal audit coverage, and, over the course of the year, review work by the function covers all material controls across the firm including compliance, operations and finance. The observations arising from this work form the basis for the annual internal audit opinion.

STAKEHOLDER INTERESTS AND ENGAGEMENT

You can read more about how we engage with and respond to the interests and needs of our key stakeholders here.

SECTION 172 STATEMENT

Understanding the views and interests of our stakeholders helps the group to make better decisions with the aim of generating long-term value for the company's shareholders whilst contributing to wider society by building strong and lasting relationships with our other key stakeholders. Section 172 of the Companies Act 2006 requires the directors to act in a way they consider will promote the success of the company for the benefit of its shareholders as a whole. In doing so, the directors must have regard (amongst other matters) to:

- the likely consequences of any decision in the long term
- the interests of the group's employees
- the need to foster business relationships with the group's suppliers, clients and others
- the impact of the group's operations on the community and the environment
- the desirability of the group maintaining a reputation for high standards of business conduct
- the need to act fairly as between the company's shareholders.

THE BOARD HAS DISCHARGED ITS SECTION 172 DUTIES

The directors are briefed on their duties as directors as part of the group's induction programme and each director also has access to the group company secretary for advice on the application of those duties. The directors' awareness of their duties to the company, combined with the knowledge and insights they obtain on the views and interests of the group's key stakeholders and the impact of the group on wider society, enables them to make decisions that promote long-term sustainable value for the company's shareholders.

In practice, the group operates within a corporate governance framework whereby responsibility for day-to-day decision-making is appropriately delegated. In considering their duties under section 172 when setting the group's strategy, values and framework of policies, the board aims to ensure that the consideration of stakeholder interests and the group's long-term success is embedded across its business. The board recognises that the impact of each decision made by it, and elsewhere in the group's governance framework, will be different for each of its key stakeholders and understands the importance of considering the impact on each of those stakeholders when making decisions.

The group's board and committee paper templates encourage paper authors to consider and highlight the impact on the group's stakeholders of the matters covered. In addition to acting as an aid to the board in discharging its duties and facilitating focused debate, this is intended to provide an additional layer of comfort that paper authors have properly considered and taken into account the interests of stakeholders. Further details of how the board considers each of the specific matters set out in section 172 are set out below, along with some examples of how those considerations have influenced decisions taken by the board and group more widely.

CONSIDERING THE LONG TERM

The board sets the strategy, values and culture, and develops and oversees the group's framework of governance, risk management and internal controls to promote and safeguard the group's long-term success. The strategic goals and objectives it sets are focused around developing the group's proposition and service to fulfil the long-term needs of its clients. You can read more about the group's strategy on pages 18 to 23 of the strategic report. Details of how stakeholder considerations influenced the board's decision-making regarding the strategy can be found in the case study on pages 88 to 89. The group provides an essential service to its clients in a highly regulated environment. The identification, management and mitigation of risks to the group's business is key to ensuring the delivery of its strategy over the longer term, and the consideration of risk plays an important part in decision-making. You can read more about how the group evaluates and manages risk along with a description of the principal and non-financial risks relating to the company's operations on pages 59 to 65 of the strategic report.

OUR CLIENTS

The group's clients are at the heart of its strategy and their interests are a key consideration in everything that the group does. Both the group executive committee and the board regularly receive updates on client proposition, investment performance outcomes and service levels. You can read more about how we engage with our clients and the actions we have taken as a result on page 29 of the strategic report.

OUR PEOPLE

The board recognises that understanding the needs of the group's people is essential in developing a workplace and culture in which they can reach their full potential and, in turn, ensure the long-term success of the group. The board receives feedback from employees as part of the workforce engagement programme led by Iain Cummings and Sarah Gentleman. You can read more about the key themes from this initiative on page 107. The views of colleagues are also obtained via regular colleague surveys. Detailed results are shared with the group executive committee, with key themes and issues escalated to the board for consideration. You can read more about how we engage with colleagues and the actions we have taken as a result of that engagement on page 30.

OUR SHAREHOLDERS

Information on how we engage with our shareholders and how the board is made aware of shareholder sentiment and interests can be found on pages 32 of the strategic report and page 104 of the corporate governance report. The views and interests of the company's shareholders are key considerations when the board determines the level of dividend payments, and when setting the group's strategy and business priorities.

SOCIETY AND COMMUNITIES

The board is conscious of the impact of the group's operations on the community and environment, and understands the importance of being a good corporate citizen. The group's responsible business programme, which is sponsored by the chief executive, has continued to deliver on commitments that were made in 2021 relating to responsible investment, our people, society and communities and the environment. You can read more about our responsible business programme on pages 67 to 76 of the strategic report, our TCFD report and responsible business progress update. Details of how consideration of our wider community has shaped some of our recent initiatives can be found on page 33 of the strategic report.

OUR PARTNERS AND REGULATORS

Rathbones Group is regulated by both the FCA and PRA. Rathbones Investment Management (RIM) is authorised and regulated by the PRA and regulated by the FCA and Rathbone Unit Trust Management Ltd (RUTM), Saunderson House Ltd and Vision Independent Financial Planners are regulated and authorised by the FCA. Our regulators regulate the financial products and services of each regulated entity within the group. The group's continued compliance with its regulatory obligations and the interests and views of the PRA and FCA are primary considerations in decision-making across the group. The board is regularly briefed on regulatory developments and expectations, and the board's risk, audit and remuneration committees receive detailed insights into specific areas such as the Internal Capital Adequacy Assessment Process (ICAAP)/Internal Capital and Risk Assessment (ICARA), Client Assets Sourcebook (CASS), Regulatory Activity (COBS, SYSC, DISP, SMCR) as well as managing FCA initiatives including Consumer Duty and Sustainable Disclosure Requirements. The board also receives updates in relation to specific matters, such as areas of interest to the FCA/ PRA including operational resilience, conduct risk and the management of culture. The group maintains regular contact with the PRA and FCA to ensure awareness of its concerns, expectations and agenda, and this informs the prioritisation of activities within the group's annual operating plan.

OUR SUPPLIERS

Fostering good relationships with the group's suppliers is an important factor in ensuring it is able to continue to service its clients effectively and efficiently over the long term. The group continues to develop, enhance and embed a supplier management framework across the business, in line with business, market and regulatory expectations. We aim to pay our suppliers promptly and within 30 days of payment being requested and have maintained the increased frequency of our payment runs introduced last year to support suppliers during the COVID-19 pandemic. Our average payment days during the period under review was approximately seven days.

MAINTAINING A REPUTATION FOR HIGH STANDARDS OF BUSINESS CONDUCT

The board supports the chief executive and the group executive committee in embedding a culture that encourages the group's colleagues to live our values and help the group deliver on its strategic objectives. The board approves and oversees the group's adherence to policies that promote high standards of conduct and receives regular updates on the group's culture through KPIs that form part of the chief executive's business performance update.

ENGAGEMENT WITH SHAREHOLDERS

The firm has a comprehensive investor relations (IR) programme to ensure that current and potential shareholders, as well as financial analysts, are kept informed of the firm's performance and have appropriate access to management to understand the company's business and strategy. The firm arranges a programme of meetings, calls and presentations around the financial reporting calendar, as well as throughout the year. The firm also regularly seeks investor feedback, both directly and via the group's corporate brokers, which is communicated to the board and management.

The board is regularly updated on the IR programme through an IR report, which is produced for each board meeting and summarises share price performance, share register composition and feedback from any investor meetings. The board believes it is important to maintain open and constructive relationships with shareholders and for them to have opportunities to share their views with the board. The chief executive and group finance director engage with the group's major institutional shareholders on a regular basis. In addition, the chair meets with major institutional shareholders to discuss matters such as strategy, corporate governance and succession planning. Feedback on these meetings is provided to the board during the course of the year. Our committee chairs engage with shareholders on material matters. There were no such matters for discussion during 2022.

The chair of the remuneration committee takes part in consultations with major institutional shareholders on remuneration issues from time to time, including an extensive consultation on the review of the directors' remuneration policy that was submitted to shareholders at the 2021 AGM. We have continued to engage on executive remuneration matters with investors and members of staff during the year.

Investor relations activity in 2022 included the following:

- 2022 year-end results
- UK investor roadshow and analyst presentation
- Q3 trading update
- Analyst call
- AGM
- Interim results.

SHAREHOLDER MEETINGS

We welcome shareholders to our AGM in May each year. At every AGM our shareholders are given an overview of the progress of the business and outlook for the year. This is followed by the opportunity for shareholders to ask questions about the resolutions before the meeting and about the business more generally.

The AGM is scheduled to take place on 4 May 2023. Further details will be set out in the Notice of AGM sent to shareholders in due course. The board acknowledges the importance of shareholders receiving presentations from the board at the meeting and being able to ask questions on the business of the AGM and the performance of the group. The company will provide a means for them to ask questions of the directors. All voting at general meetings of the company is conducted by way of a poll. All shareholders have the opportunity to cast their votes in respect of proposed resolutions by proxy, either electronically or by post. Following the AGM, the voting results for each resolution are published and made available on the company's website.

OUR CULTURE

WHAT WE DO
Our purpose represents our commitment as a business to all our stakeholders and wider society.

OUR CULTURE
The way we interact with our various stakeholders.

WHO WE ENGAGE WITH
Our stakeholders are impacted by what we do and how we do it.

OUR VALUES
What guides our behaviour every day.

MONITORING THE FIRM'S CULTURE

The board recognises the critical importance that culture and values play in the long-term success of the firm, and therefore the role of the board in monitoring and assessing culture. Our culture framework (on the previous page) has been developed to centre around our stakeholders and align with our section172 structure in order to enable us to monitor how we are delivering on our purpose and living our culture. Our purpose - thinking, acting and investing for everyone's tomorrow - determines what we do. Our culture - which is shaped by our interactions with our stakeholder groups - determines how we do what we do.

The board spends time monitoring, and satisfying itself as to, the alignment of the group's purpose, values and strategy with its culture. During the year, the board monitored, assessed and promoted the group's culture, including in the following ways:

- Annual review and discussion of the culture dashboard, which included setting out an assessment of culture, and conduct metrics across the firm focused on the key drivers
- Feedback received from employees across the group in regular employee opinion surveys
- Updates on activities across the group in relation to culture and values, including employee training programmes
- Consideration of culture, behaviour and conduct issues by the remuneration committee on assessing the ESPP award to executives
- Review of the group's whistleblowing arrangements
- Regular direct engagement with employees as part of the board's workforce engagement programme, including office visits and participation in townhall meetings
- Encouraging and enabling eligible employees to participate in schemes to promote share ownership. Eligible employees are able to participate in the group's Save As You Earn (SAYE) and Share Incentive Plan (SIP) schemes, which provide cost-effective opportunities for employees to acquire shares in the company.

The activities described above have allowed the board to monitor effectively the group's culture during the year and to ensure that culture continues to be aligned with the group's purpose, values and strategy.

WORKFORCE ENGAGEMENT WITH THE BOARD

Sarah Gentleman
Senior Independent Director (Independent)

Iain Cummings
Non-executive Director (Independent)

"THE IMPORTANCE OF ENGAGING WITH OUR WORKFORCE AND GATHERING FEEDBACK CANNOT BE UNDERESTIMATED. THE TWO-WAY DIALOGUE SUPPORTS THE BOARD IN GATHERING A FAIR AND REPRESENTATIVE VIEW OF THE ISSUES THAT ARE IMPORTANT TO EMPLOYEES."

Iain Cummings and Sarah Gentleman are the two designated non-executive directors responsible for gathering employee feedback. A workforce engagement framework was developed using existing employee engagement activities already in place to provide a range of opportunities to engage directly with employees and receive feedback. The framework takes account of guidance and suggestions published by the FRC in this area and is illustrated below.

The two-way dialogue between the board and employees is facilitated by a combination of engagement methods, which in normal circumstances would include face-to-face contacts through meetings, site visits and attendance at employee events. These tools complement the established annual all-employee survey process and the board's review of findings. The adoption of a diverse range of listening channels has been based on the principle that everyone in the firm should have a voice, and is consistent with employee feedback of the benefit of multiple platforms to raise areas for discussion. In turn, it supports the board in gathering a fair and representative view of the issues which are important to employees and builds an appreciation of how these may differ by role and geography. Engagements can be classed as formal and informal, with both required to identify ongoing themes. Feedback from all channels is summarised to the board and fed into the development of strategy and policy. Typically, the formal approach is used to gather a structured and holistic view across a large population of individuals at a point in time. The board's informal methods provide a greater depth of feedback, truer understanding of underlying sentiment and support the development of constructive relationships with employees.

BOARD

- Listen to the views and feedback of employees
- Analyse the information and take into consideration inputs during its decision-making process
- Communicate key messages and actions across the firm.

WORKFORCE

- Contribute to engagement initiatives and provide feedback to the board
- Collaborate with the board and NEDs on implementing initiatives
- Influence new working practices and processes across the firm.

DESIGNATED NON-EXECUTIVE DIRECTORS (NEDS)

- Ensure they are identifiable and accessible to the workforce
- Engage with segments of the workforce on a quarterly basis
- Communicate the workforce's feedback and messages to the board
- Participate in ongoing and regular dialogue with group executive committee/chief executive on workforce themes arising from these initiatives.

MANAGEMENT OF WORKFORCE PROGRAMME

- Review and analyse workforce feedback from various initiatives
- Prepare and discuss findings with designated NEDs and agree recommendations for the board
- Support delivery of the annual engagement programme.

OUR ACTIVITIES

The size and format of discussions is determined by the stated objective of the board's engagement. A summary of our activities is provided below:

- Annual employee survey and check-in surveys
- Virtual and physical board branch visits
- Themes from CEO team visits
- Employee townhalls
- Numerous NED drop-in sessions with employees across the country
- Board branch and team meetings

Details of how the board responded to these themes can be found in the board activities section with here.

An overview of the themes and feedback from our workforce engagement programme is detailed below:

THEMES	EMPLOYEE FEEDBACK	BOARD RESPONSE
TECHNOLOGY	- There have been significant strides and momentum in technology which have helped efficiency and client delivery - Employees need more communication on delivery of key milestones of the project and know what to expect - More training and development was required to utilise system benefits.	- Launch of the firm's largest spend on technology and continuous delivery of client lifecycle management (CLM) and MyRathbones - Built in additional employee engagement exercises during the year including regular webinars and workshops - Appointment of system champions across the firm to help deployment and address training needs.
HYBRID WORKING	- Improved productivity and people feel empowered to shape their day - Has helped in accessing a wider pool of talent - Potentially removes learning opportunities for junior colleagues - Challenge to maintain the firm's excellent culture.	- Adopted and communicated a clear hybrid working model with regular feedback loops to help make improvements - Training provided to all managers on hybrid working and ensure ongoing engagement with team - Significant investment in technology to support hybrid meetings across all offices - Employee townhall meetings held physically and virtually.
TALENT	- The firm's culture ensures low employee turnover and attracts new hires - More needs to be done on addressing diversity equality and inclusion (DE&I) and employee development.	- Launched the firm's first DE&I strategy and added resource to delivery this programme - Launched regular employee surveys and addressed areas of improvement - The firm's learning and development programme was reviewed and relaunched during the year - Board and management regularly review the firm's culture dashboard.

PARTICIPANT FEEDBACK

"RECENT IT CHANGES HAVE BEEN SIGNIFICANT, DELIVERY OF CLIENT LIFECYCLE MANAGEMENT WILL BE A BIG STRIDE FORWARD."

"HYBRID POLICY HAS PROVIDED AN ADDITIONAL SELLING POINT FOR NEW HIRES - PEOPLE FEEL EMPOWERED TO SHAPE THEIR DAY."

"THE INVESTMENT IN SALES TRAINING HAS BEEN WELCOMED BY TEAMS."

GROUP RISK COMMITTEE REPORT

Terri Duhon
Chair of the group risk committee

ROLES AND RESPONSIBILITIES

The key activities of the committee are to provide oversight on the firm's risk appetite and framework. To do this we:

- review and discuss reports from the risk team on risk appetite issues and advise the board accordingly
- discuss significant loss events, complaints and near misses, the lessons learned and management action taken
- review risk and compliance assessments undertaken and any resulting internal control enhancements
- advise the board on the risk aspects of proposed major strategic change
- review (prior to board approval) key regulatory submissions including the Group Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP) documents
- receive reports from first line risk owners on risk management and improvements to controls and processes.

Full terms of reference for the committee are reviewed annually and are available on the company's website.

GROUP RISK COMMITTEE CHAIR'S ANNUAL STATEMENT

On behalf of the board, I am happy to present the group risk committee report as its chair.

Looking back over the last 12 months, I am pleased with the way in which the group has been able to manage risk effectively. The evolution of our first, second and third line approach to risk management is evident in reports to the committee and in the management actions undertaken to address risk and compliance issues as they arise. Further detail on our approach to risk and the internal controls for risk management are provided in the risk report on pages 54 to 66.

While the immediate risks associated with COVID have now begun to recede, challenges of a different kind have arisen. The advent of war in Ukraine has heightened the global geopolitical risk environment, and while our UK-focused model protects us from material direct impacts, we must remain alert to the indirect impact on our wider stakeholders.

Turbulence in the UK political environment and the exceptional challenge posed by the trajectory for inflation and increased cost of living as well as increased global economic uncertainty, pose additional risks for the group. The committee has received regular updates on the risk areas most impacted and reviewed various stress scenarios during the year.

The market turbulence and its impact on pension fund risk was well covered by the press this year. While the extreme market turbulence driven by the UK political environment was a surprise for all of us, the committee has spent time before, during and after the market turbulence identifying key pension risk factors and strengthening our pension fund risk management and governance.

We continue to progress against the broader regulatory agenda, in particular with regard to climate risk, conduct risk, new Consumer Duty regulation, operational resilience, cyber risk and third-party risk. The committee receives updates on each of these areas and I remain confident that we are well positioned to meet the challenges and uncertainties that each of these will pose.

In addition, the committee has regularly reviewed reports from the risk and compliance functions on the effectiveness of the processes that support the management and mitigation of both principal and emerging risks. A summary of these principal and emerging risks and uncertainties is set out on pages 59 to 65.

The following sections set out the committee's membership, its key responsibilities and the principal areas of risk upon which we have focused during the year.

COMMITTEE ACTIVITY IN 2022

In addition to reviewing the risk register, emerging risks, investment risk programme progress, suitability programme progress, operating risk overview, financial risks and a risk review of business units at each meeting, the list below summarises the key issues that the committee considered at each of its meetings during the year in addition to any other standing reports.

JANUARY 2022

- Review of the suitability 2022 plan
- Oversight and approval of the ICAAP 2022 operational risk scenarios
- Review of the operational risk 2022 plans
- Review of defined benefit pension transfer business
- Approval of operational resilience
- Discuss the compliance monitoring review of 2021.

APRIL 2022

- Review of the firm's strategic risk profile
- Review of the ICAAP operational risk capital
- Discuss the firm's change transformation risk
- Approval of the resolution pack
- Discuss and review risk committee's terms of reference.

JULY 2022

- Discuss and review the annual report from the money laundering reporting officer
- Review the change risk in relation to the digital programme
- Review the consumer duty requirements
- Discuss and review the responsible preference offering and ESG implementation
- Review of the recovery options under the firm's recovery plan
- Discuss and review the ICAAP capital stress testing model
- Approval of the pillar 3 public disclosure document
- Discuss the firm's responsible lending principles
- Discuss the firm's people risk profile.

SEPTEMBER 2022

- Approval of the ICAAP and reverse stress testing
- Approval of the ILAAP, liquidity reverse stress testing, and liquidity contingency plan
- Review of the firm's operational resilience plans.

NOVEMBER 2022

- Review and approve the 2022 recovery plan and resolution pack
- Discuss the strategic risk profile of the group
- Discuss the ICAAP 2023 operational risk scenarios
- Annual review of the firm's risk appetite
- Approval of the compliance monitoring plan
- Review of the firm's conduct risk framework
- Discuss the defined benefit pension risk
- Review the Consumer Duty implementation project
- Approval of firm's outsourcing and third-party supplier risk management policy.

COMMITTEE MEETINGS

Our current members are the independent non-executive directors, who met formally on five occasions during the year and informally three times to review key regulatory reports. In addition to the members of the committee, standing invitations are extended to the chair, the executive directors, the chief risk officer, the chief operating officer, the managing directors and the head of internal audit. All attend committee meetings as a matter of course and inform the committee's discussions. Other executive committee members and risk team members are invited to attend the committee from time to time as required to present and advise on reports commissioned.

I frequently meet with the chief risk officer in a combination of formal and informal sessions throughout the year. I also meet with senior management across all divisions of the group including the risk and compliance division to discuss the business environment and to gather their views of emerging risks.

The committee has an agreed annual standing agenda to cover key risk items in the year, which are required to be addressed in accordance with the terms of reference. The committee always starts with the chief risk officer's report which covers the second line risk view, followed by reports from management which give the first line risk view. We then hear about financial risks, and finally internal audit gives any thoughts at the end of the meeting to cover the third line risk view. Prior to each meeting, I agree the agenda with the chief risk officer and the company secretary to identify key issues impacting on the firm that may require the committee's attention, which either become ad hoc agenda items or standing agenda items depending on the issue.

The committee undertakes a robust assessment of both the principal and emerging risks facing the group over the course of the year, and reviews reports from the risk and compliance function on the processes that support the management and mitigation of those risks. As part of the ongoing review process, a specific assessment of the principal risks and emerging risks and uncertainties facing the group is also carried out by the committee, including those that would threaten its business model, future performance, solvency or liquidity. A summary of the group's principal risks and emerging risks and uncertainties is provided on page 59.

The committee is also responsible for the inputs, outputs and the process followed to produce the following key regulatory reports:

- Internal Liquidity Adequacy Assessment Process (ILAAP)
- Internal Capital Adequacy Assessment Process (ICAAP)
- Pillar 3
- Resolution and Recovery.

COMMITTEE EFFECTIVENESS

An evaluation of the committee's effectiveness was undertaken during the year as part of the internal board effectiveness review. The review found that the committee operated well and ensured that the firm's risks were sufficiently analysed during the year.

In addition, the committee is satisfied that it has access to sufficient resource to enable it to carry out its duties and continue to perform effectively.

COMMITTEE ACTIVITY IN 2022

The risk function continues to evolve with the three lines of defence model well established and a mature and effective risk management framework in place. Client service as well as being treated fairly with good outcomes have long been important to the group. As the regulatory agenda continues to deepen in this area, we have responded by enhancing our conduct and compliance operating model to strengthen second line review and improve the quality of information that the committee and board receive.

The committee believes strongly in the value of good management information and as the risk framework has continued to mature, we have seen increased usage of quantitative analysis to support our risk appetite decision-making. Also, over the course of the last year, the risk infrastructure has been strengthened further through the implementation of updated risk management and compliance software. This has allowed us to understand our portfolios at an increasingly granular level and to anticipate areas where controls and limits may be appropriate.

The committee has delivered on all of its planned objectives for the year. There has been particular focus again this year on the firm's risk appetite framework, particularly given the programme of change that has been delivered during the year. Also, the committee continued to focus on conduct risk, controls and processes, and the increased risk of fraud.

Ensuring that we are fully compliant with the numerous and ever-changing regulatory requirements for financial services firms remains challenging. We engage actively with regulators and industry bodies to ensure that our compliance framework remains appropriate and relevant for all of our businesses. Also, our compliance team works closely with first and second line colleagues, providing regulatory advice in support of our business strategies, as well as shaping policies, delivering training and conducting assurance reviews.

With the introduction of Consumer Duty, the committee reviewed and challenged the firm's approach as well as the implementation plan. The plan was prepared following a compliance review of the rules and a gap analysis was completed for all entities across the group. Further updates on progress will be presented to the committee throughout 2023.

A number of areas of operational and financial risks were stressed again this year as part of the annual ICAAP and ILAAP, especially bearing in mind the increased global economic uncertainty Following extensive debate and challenge, the committee and board were satisfied that the group's business model and allocated risk appetite remained appropriate. This is an important outcome given the number of change management programmes underway across the group.

The committee also continued its focus on investment risk throughout the year, looking at improved management information, processes and governance enhancements.

Finally, the links between culture, risk and remuneration are fundamental. The chief risk officer now provides a regular risk culture assessment to the committee and the committee received a paper from the chief people officer and the chief risk officer with a lens around remuneration. In addition, the risk committee chair and chief risk officer have provided input to the remuneration committee to ensure behaviours and the management of risk during the year were considered in remuneration committee decisions.

LOOKING AHEAD TO 2023

In reviewing the committee's priorities for the coming year, consideration will be given to the following areas:

- continued focus on the firm's investment and suitability processes
- oversight of the firm's digital change programme
- continued focus on climate change risk
- continued focus on consumer duty
- evolving our risk and compliance self-assessment process
- continued focus on the evolution of the conduct risk framework
- Saunderson House integration.

Terri Duhon
Chair of the group risk committee

28 February 2023

AUDIT COMMITTEE REPORT

ROLES AND RESPONSIBILITIES

The key activities of the committee are:

- provide oversight of the firm's financial performance and reporting, announcement of results and significant judgement areas
- review the firm's whistleblowing arrangements and ensure appropriate and independent investigations on matters
- review the effectiveness of the firm's internal controls and of the internal audit function
- oversee the appointment, performance and remuneration of the external auditor, including the provision of non-audit services to the firm.

Full terms of reference for the committee are reviewed annually and are available on the company's website.

AUDIT COMMITTEE CHAIR'S ANNUAL STATEMENT

As chair of the audit committee, it is my pleasure to present my first report on the committee's activities for 2022 having succeeded James Dean following the AGM earlier in the year.

The committee assists the board in ensuring that the interests of our shareholders are protected in relation to the group's financial reporting and internal controls. The board delegates responsibility to the committee to monitor the integrity of the group's financial reporting and the processes and controls that support it. This includes reviewing and challenging the appropriateness of accounting policies, significant issues and judgements, and the assumptions in support of the company's ability to continue as a going concern and its longer-term viability. A key aspect of the committee's role in ensuring the integrity of the financial reporting is its oversight of the group's relationship with the external auditor. This includes making recommendations to the board in relation to the appointment of the external auditor, approving its scope of work, fees and terms of engagement, as well as reviewing regularly its independence, objectivity and effectiveness. More broadly, the group's internal control framework is an essential part of ensuring the integrity of its financial reporting and other business operations. The committee oversees the effectiveness of, and ongoing improvements to, the group's internal controls, as well as having responsibility for monitoring and reviewing the effectiveness of the group's internal audit function, which provides assurance on those controls.

The committee has again had a full agenda and continued to focus on the key matters across its principal roles and responsibilities. The key areas of discussion over the past 12 months have focused on challenging the key accounting judgements across the group, assessing the integrity and fair presentation of the group's external financial reporting and reviewing the maintenance and effectiveness of the group's internal control framework. Also, there has been increased scrutiny and challenge around the increasing disclosure requirements relating to climate change and publication of our TCFD report. The committee monitored and reviewed the activities and performance of internal and external audit, along with oversight of non-audit services provided by the external auditor. Further details of work in respect of these and other key areas are set out in the sections below. Also, the committee is grateful for the support of management and Deloitte, as external auditor, in promoting the integrity of the firm's financial results.

The committee has considered a wide range of topics with a focus on the following areas:

- analysis of the firm's financial reporting with particular consideration of accounting judgements made during the preparation of the financial statements
- review of the firm's client assets sourcebook (CASS) audit and submissions
- review of the BEIS consultation on audit and corporate governance
- review of the accounting implications following the acquisition of Saunderson House
- approval of the firm's whistleblowing policy.

Q&A WITH IAIN CUMMINGS

Rathbones is investing in technology to support client engagement; does that carry an additional risk for the business?

As a firm we are aware of the risks of introducing any new technology and the changes to selected processes and controls this requires. The committee works closely with our risk colleagues to ensure that we identify any significant risks and put in place relevant controls. This process is supported by our internal audit function who provide assurance that controls are operating effectively. Through regular reports from internal audit, the committee are appraised of areas which could be strengthened. Improvements are tracked through regular updates.

What role does the committee have considering the related impact on data security and resilience?

Change in technology impacts several areas such as data protection, data privacy, resilience and data quality. To help mitigate this risk, the committee engages with risk colleagues and internal audit to assess whether the firm's response is appropriate During 2022, the firm have undertaken a range of data security activities including training to heighten our colleague's knowledge of cyber security. In 2022, a mandatory security awareness training was introduced. In addition to training, regular 'phishing' test exercises have been carried out with our employees. These are designed to simulate malicious attacks. Learnings from this work have been used to design robust internal controls to protect against potential cyber-attacks.

Financial services is seeing changes in accounting and auditing standards, how do you prepare for future requirements?

We work with partners, including our external auditors to identify and assess the implications of future audit and accounting standards. Regular conversations with the Rathbones management team enables clear planning supporting a managed transition. With many of the new requirements relating to environmental, social and governance disclosures, our internal audit team undertook a review in Q4 2022, to supplement our understanding of the current data management process. A satisfactory report was issued with minor process updates recommended to further strengthen our existing controls. As more standards and regulations come into force, the committee will oversee implementation of suitable oversight and controls.

In 2022, the committee updated its terms of reference to explicitly mention climate reporting, what influenced this decision?

Rathbones recognises the role we have to play in the move to a net zero economy. We published our first standalone Task Force on Climate-related Financial Disclosure (TCFD) report at the end of March 22 and our latest report will be published alongside this annual report. As external scrutiny increases the committee felt it was appropriate to specifically state oversight for climate reporting in our terms of reference. The committee advises the board on whether, taken as a whole, our disclosure is fair, balanced and understandable and provides the information necessary for shareholders. As we move to produce more granular reports, in alignment with the next phase of TCFD reporting, the committee's oversight becomes even more important.

COMMITTEE ACTIVITY IN 2022/23

Below is a summary of the key issues that the committee considered at each of its meetings during the year.

FEBRUARY 2022

- Review and approval of the report and accounts
- Review of the TCFD summary included in the annual report
- Review and challenge of key judgements for the annual report including the Speirs & Jeffrey earn-out consideration and the accounting treatment of the Saunderson House acquisition
- Assessment of going concern and the viability statement
- Assessment of the report and accounts being fair, balanced and understandable
- Review of the company's distributable reserves and dividend policy for 2022
- Review of the firm's ISAE3402 report
- Review of alternative performance measures (APMs)
- Review of the results of 2021 internal audit work and their annual opinion on internal controls
- Consideration of report on risks and controls prepared by the risk function
- Consideration of year-end external audit report, audit opinion and observation on internal controls
- Review and approval of the external auditor's management representation letter
- Review of the external auditor's letter of independence
- Review and approval of the group's CASS submission.

APRIL 2022

- Review and approval of the external auditor's letter of engagement and audit fee
- Review and approval of the internal audit charter
- Review of Internal audit effectiveness and self assessment
- External audit effectiveness review
- Review of Q1 interim management statement
- Assessment of the accounting treatment of cloud-based technology.

JULY 2022

- Approval of half-year report for 2022
- Assessment of the firm's statement of going concern
- Review of distributable reserves and interim dividend
- External auditor's half-year review
- Review of the proposed external audit plan for the year end and 2022 audit fee
- Review of the internal audit plan for 2022 and completed assessments across the firm
- Review of the BEIS consultation on audit and corporate governance.

DECEMBER 2022

- Review of key judgements and provisioning for the year end
- Review of the FRC external audit quality inspection report
- Review of audit and non-audit fees for the year
- Review the letter from the FRC and the firm's response
- Review of the internal audit plan for 2022 and approval of the 2023 internal audit plan
- Review of corporate governance changes for the year
- Review of the results of 2022 internal audit work and their annual opinion on internal controls
- Approval of the committee's terms of reference.

FEBRUARY 2023

- Review and approval of the report and accounts
- Review of the TCFD summary included in the annual report
- Review of key judgements for the annual report
- Assessment of going concern and the viability statement
- Assessment of the report and accounts being fair, balanced and understandable
- Review of the firm's distributable reserves and dividend policy for 2023
- Review of the firm's ISAE3402 report
- Review of alternative performance measures (APMs)
- Consideration of a report on risks and controls prepared by the risk function
- Consideration of the year-end external audit report, audit opinion and observations on internal controls
- Review and approval of the external auditor's management representation letter
- Review of external auditor's letter of independence.

COMMITTEE MEETINGS

The committee is comprised solely of independent non-executive directors, who met on four occasions in 2022.

During the year, at the AGM in May, James Dean did not seek re-election as a director and stepped down from the committee. I would like to extend my thanks to James for his extensive contribution to the committee over the last nine years. I would also like to thank Colin Clark, who stepped down from the board and committee on 28 July 2022, for his contribution over the preceding four years.

The qualifications of each of the members of the committee are outlined in the biographies on pages 90 to 92. The committee brings a diverse range of experience in finance, risk, control and business, with particular experience in the financial services sector. The composition of the committee satisfies the relevant requirements of the UK Corporate Governance Code. The board has confirmed that the members of the committee have the necessary expertise required to provide effective challenge to management. The board also considers that I have the appropriate recent and relevant experience.

In addition to the members of the committee, standing invitations are extended to the chair, executive directors, chief risk officer, head of internal audit, group financial controller, and the external audit partner and manager. Other executives and external advisers are invited to attend the committee from time to time as required to present and advise on reports commissioned. During 2022, the audit committee met with the external auditor and head of internal audit without management present. These meetings provided an opportunity for any matters to be raised confidentially.

During the year, I have regular meetings with the group finance director, company secretary, head of internal audit and the external audit partner to discuss key audit-related topics ahead of each meeting and discuss the agreed standing agenda.

COMMITTEE EFFECTIVENESS

As described in more detail on page 99, an internal evaluation of the board and its committees was undertaken during the year in line with the requirements of the UK Corporate Governance Code. Overall, the results confirm that the committee is operating effectively. The committee considers that it continued to have access to sufficient resources to enable it to carry out its duties during the year.

RISK MANAGEMENT AND CONTROL EFFECTIVENESS REVIEW

The audit committee reviewed risk management and control effectiveness based on evidence from a number of sources. Both the risk function and internal audit provided the committee with an annual report on risks and controls, based on their independent reviews during the year. Additionally, external audit firms provided ISAE3402 reports on their testing of controls over the core operating systems supporting the Investment Management and Funds businesses. Finally, external audits were performed covering controls over client assets held by regulated entities in the group. The committee was satisfied that no material weaknesses were identified and that adequate steps were being taken to remedy control deficiencies identified.

FINANCIAL REPORTING

ACCOUNTING JUDGEMENTS

The committee spent considerable time reviewing the interim report and annual report. The committee discussed and challenged the key areas of accounting judgement taken by management in preparing the financial statements and the external auditor's work. This also included consideration of the internal controls over financial reporting. The committee noted that there were no new material standards, or amendments to standards, relevant to the group that had become effective for the reporting period. The key judgement areas were largely unchanged from the prior year, reflecting consistency in the firm's business model and its approach to financial reporting. The main areas of focus are outlined below. Each of these matters were discussed with the external auditor and, where appropriate, have been addressed in the external auditor's report.

FAIR, BALANCED AND UNDERSTANDABLE STATEMENT

On behalf of the board, we reviewed the financial statements as a whole in order to assess whether they were fair, balanced and understandable. We discussed and challenged the balance and fairness of the overall report with the executive directors and also considered the views of the external auditor. We considered the overall presentation of the financial statements, including the use and prominence of alternative performance measures, section 172 reporting and corporate governance disclosures, and were satisfied that the annual report could be regarded as fair, balanced and understandable and proposed that the board approve the annual report in that respect. During this review the committee carefully considered the clarity and coherence of disclosures, in particular in respect of the climate risk.

ALTERNATIVE PERFORMANCE MEASURES (APM)

The committee reviewed and challenged the APMs that were included in the annual report to ensure they were appropriate as well as clear.

REVENUE RECOGNITION

The committee reviewed management's approach to revenue recognition where judgement is required across interest, fee and commission income. The committee receives assurance on revenue calculations both internally through its oversight of the group's CASS controls and from the external auditor's approach to recalculating significant revenue streams and carrying out sample testing on the remainder. In addition, the external auditor reviewed and sample tested the operational transactions that drive the revenue to assess that these were being booked in a timely and accurate fashion.

VIABILITY AND GOING CONCERN

The committee assisted the board in determining the appropriateness of adopting the going concern basis of accounting and in performing the assessment of the viability of the firm. The committee reviewed a paper from management in support of the going concern basis and the longer-term viability of the firm. The committee also assessed the proven stability of the firm's business model which is supported by the results of internal stress testing, and that the firm is strongly capitalised, soundly funded and has adequate access to liquidity. The committee considered whether a period of three years remained appropriate for the viability statement, particularly when taking into account changes in the economic, technological and regulatory environment. Overall the committee concluded that it remained appropriate to prepare the accounts on a going concern basis, advised the board that three years was a suitable period of review for the viability statement, and recommended the viability statement to the board for approval.

THE CARRYING VALUE OF ASSETS

We reviewed the methodology for valuing assets where a significant amount of judgement is required, including intangible assets, particularly goodwill and the period of amortisation applied to client relationships.

IMPAIRMENT OF GOODWILL AND CLIENT RELATIONSHIP INTANGIBLES

The committee was presented with the annual goodwill impairment review and annual client relationship intangible reviews relating to the group's business combinations. The committee was satisfied there was no impairment with respect to goodwill.

The client relationship intangible impairment reviews found that, whilst some of the group's client relationships experienced a failure in one of three triggers that management use to test for an indication of impairment, a full impairment assessment was undertaken on all of these, where discounted cash flow forecasts for the client relationships were produced, and these all calculated a value-in-use greater than the carrying amount of the assets at year end.

A detailed presentation on the impairment indicators, methodology and underlying assumptions was reviewed. The committee challenged the appropriateness of the assessments, including discussing the outcome with the firm's auditor, and concluded the approach was reasonable. The committee was therefore satisfied that no impairment existed at the year end.

THE VALUATION OF DEFINED BENEFIT PENSION OBLIGATIONS

The committee reviewed the key assumptions supporting the valuation of defined benefit pension obligations, particularly salary increases, investment returns, inflation and the discount rate, which are disclosed in note 29 to the financial statements. We reviewed the professional advice taken by the company and discussed the assumptions used by us and by other companies with the external auditor. We satisfied ourselves that the assumptions used were reasonable and consistent with the requirements of IAS 19.

PROVISIONS AND CONTINGENT LIABILITIES

The committee discussed provisions totalling £12.9 million, which have been summarised in note 26 to the financial statements. The main areas of provisions relate to property dilapidations and deferred payments to acquire client relationship intangibles.

DEFERRED CONSIDERATION ACCOUNTING AND ESTIMATION

The Saunderson House acquisition included various deferred and contingent elements of consideration. Of these, valuation of the management incentive scheme remains a key area of judgement. The share award for a group of key employees is a function of the amount of qualifying funds under management as at 31 December 2024, as well as certain qualitative factors. Under the terms of the agreements, the award ranges from a payment of £nil to a maximum possible payment in shares of £7.2 million. Management's best estimate of this award at the year end was £4.6 million. The committee was satisfied with the underlying assumptions used to derive expected qualifying funds under management at the test date.

WHISTLEBLOWING CHAMPION

The committee reviews and recommends the firm's whistleblowing policy to the board for approval on an annual basis and I act as the whistleblowing policy champion. The firm continues to place a high priority on employees' understanding of the process to enable them to speak out with confidence when appropriate. The committee received and considered the annual whistleblowing report.

TCFD CLIMATE RISK REPORTING

The committee reviewed the firm's TCFD climate risk disclosure responsibilities as part of the annual report process for 2021 and 2022. This exercise ensured that the summary in the annual report met key statutory and regulatory obligations with clear cross referencing to the full TCFD report on the firm's website.

RESTORING TRUST IN AUDIT AND CORPORATE GOVERNANCE

The committee has, and will continue to, evaluate the impact of the Department for Business, Energy and Industry Strategy (BEIS) consultation and resulting proposals for restoring trust in audit and corporate governance on the firm. An internal team has been created to review the current proposals and assess how the firm will respond to these changes with a further update to be given next year.

RISK MANAGEMENT AND INTERNAL CONTROLS

In conjunction with the risk committee, we have satisfied ourselves that the group's internal control framework is effective and adequately aligned with the group's risk profile. We are satisfied that the internal controls in relation to the financial reporting process are appropriately designed and effective in identifying risks faced by the group. Full details of the internal control framework are given within the risk management section on pages 54 to 66.

At each meeting we receive a report from the head of internal audit, and we review major findings into control weaknesses and management's response. We actively follow-up with management the rectification of identified control weaknesses. In addition, the committee receives an assessment from the risk management function the key accounting judgements and fraud risk and controls to assist with the review of the annual report.

FRC CORRESPONDENCE

During the financial year, the group corresponded with the FRC about its 2021 report and financial statements. In September 2022, as part of its corporate reporting review function, the FRC requested clarification of our treatment of acquisition-related financing cash flows in our statement of cash flows. The firm responded to the FRC in October 2022 and addressed the key questions that were raised. A prior year restatement to the statement of cash flows has been recognised as a result of this review and is explained in note 38 to these financial statements. I reviewed all correspondence with the FRC with management and an update was provided to the audit committee and board. In addition, the FRC highlighted specific areas of future reporting improvement which the committee has considered and agreed.

The FRC's enquiries regarding this matter are now complete and closed.

INTERNAL AUDIT

INTERNAL AUDIT FUNCTION

The internal audit function is an independent and objective team designed to add value and improve the firm's operations by providing assurance that for all areas of the group the risk management, governance and internal control processes are operating effectively. The internal audit function is the third line of defence within the controls framework, providing independent and objective assurance to both senior management and the audit committee.

The committee reviewed, challenged and approved the annual internal audit plan, and amendments made to it during the course of the year. It received regular reports on internal audit activities across the firm, detailing areas identified during audits for strengthening of the group's risk management and internal control framework. All audits were summarised at meetings of the committee together with an update on the progress of remediating issues identified during audits.

REPORTING AND PERFORMANCE REVIEW OF INTERNAL AUDIT

The committee has authority to appoint or remove the chief internal auditor, who reports directly to me. During the year, our chief internal auditor resigned his position to pursue other opportunities and we instigated a recruitment process to identify a replacement. This exercise was completed during Q4 and a transitional process was initiated to ensure a smooth handover as well as development of the 2023 internal audit plan. I set the objectives of the chief internal auditor, appraising their performance against those objectives and recommending their remuneration to the remuneration committee, with advice from the chief executive.

INTERNAL AUDIT EFFECTIVENESS

The committee reviews annually the effectiveness of the internal audit function and its level of independence. The evaluation for the year under review was completed internally and supported by feedback from stakeholders across the group. The internal audit function operates in line with the Chartered Institute of Internal Auditors' professional standard and the Internal Audit Financial Services Code of Practice. In addition, the committee routinely ensures the internal audit function has appropriate resources.

As well as meetings with management, I have regular meetings on a one-to-one basis with the chief internal auditor before audit committee meetings to ensure that any concerns can be raised in confidence.

2023 INTERNAL AUDIT PLAN

The committee reviewed, challenged and approved the 2023 internal audit plan for the year, and supported the introduction of a more agile and thematic audit planning approach. This methodology has facilitated flexibility to provide assurance over emerging risks; transformation and change activity; and to coordinate assurance activity with other teams across the first and second line.

In reviewing the audit plan, the committee continued to assess the appropriateness of the skills and experience of the internal audit function to deliver that plan. The internal audit team has access to resources from third party specialists where additional skills and knowledge are required. Ongoing feedback on the performance of these co-source providers was presented to the committee throughout the year.

EXTERNAL AUDIT

AUDIT WORK 2022

The committee has spent significant time with Deloitte during the year. In particular, the committee reviewed and challenged reports from Deloitte which outlined their risk assessments and audit plans for 2022 (including their proposed materiality level for the performance of the annual audit), the status of their audit work and issues arising from it. Particular focus was given to their testing of internal controls, their work on the key judgement areas and possible audit adjustments. We can confirm that there are no such material items remaining unadjusted in the financial statements. Principal matters discussed with Deloitte are set out in their report on pages 151 to 161.

Following a tender process in 2018, Deloitte has been auditor to the firm since our AGM in May 2019. Manbhinder Rana has been the firm's lead partner from this date and attends all meetings of the committee. The committee confirms that the group has complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, which requires FTSE 350 companies to put their statutory audit services out to tender no less frequently than every 10 years.

EXTERNAL AUDIT EFFECTIVENESS AND APPOINTMENT

We place great importance on the quality, effectiveness and independence of the external audit process. In order to review the external audit process, including the performance of the external auditor feedback is gathered from both committee members and management. This process was undertaken by internal audit. We also reviewed the annual FRC Audit Quality Inspection report prepared on our external auditor and discussed this report with the audit partner. Taking account of all of these inputs, the committee was satisfied of the effectiveness of the external audit of the firm.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The committee assesses the independence and objectivity, qualifications and effectiveness of the external auditor on an annual basis as well as making a recommendation on the reappointment of the auditor to the board. We discussed the independence of the external auditor, the nature of non-audit services supplied by it and non-audit fee levels relative to the audit fee. The policy includes prohibited services and sets a fee guide that aims to achieve a cap of 70% of the statutory audit fee in any year by 2022 following the appointment of a new auditor. The committee's prior approval is only required where the fee for an individual non-audit service is expected to exceed £50,000 and it is on the list of pre-approved services.

Non-audit fees, excluding services required by national legislation, payable to the auditor in 2022 were £204,000. This represents 28% of the three-year average statutory audit fee of £718,000.

Prior to undertaking any non-audit service, Deloitte also completes its own independence confirmation processes, which are approved by the engagement partner. To provide the committee with oversight in this area, it submits six-monthly reports on the non-audit services it has provided. During the year, the committee also considered the findings of the FRC's Audit Quality Inspection and Supervision on Deloitte and, in particular, how Deloitte was addressing the points raised.

Following a formal assessment of the external auditor's independence and objectivity, and taking into account the views of other key internal stakeholders, the committee concluded that Deloitte continued to be independent and objective.

We agreed the external auditor's fees (which are shown in note 7 to the financial statements) and reviewed the audit engagement letter. We also had discussions with the external auditor with no management present to provide an opportunity for any concerns to be raised and discussed.

FOCUS FOR 2023

As well as considering the standing items of business, the committee will also focus on the following areas during 2023:

- review the recommendations from BEIS on changes to audit and corporate governance
- oversee the scope and quality of the company's TCFD and ESG reports and disclosures
- manage the leadership transition of internal audit.

Iain Cummings
Chair of the audit committee

28 February 2023

NOMINATION COMMITTEE REPORT

Clive Bannister
Chair of the nomination committee

ROLES AND RESPONSIBILITIES

The key activities of the committee are:

- reviewing the composition (including the skills, knowledge, experience and diversity) of the board and making recommendations to the board for the appointment of directors. The board as a whole then decides on any such appointment
- wider responsibilities for succession planning and the leadership needs of the organisation, both executive and non-executive, to ensure the continued ability of the firm to implement its strategy and compete effectively in the marketplace.

Full terms of reference for the committee are reviewed annually and are available on the company's website.

NOMINATION COMMITTEE CHAIR'S ANNUAL STATEMENT

On behalf of the board, I am pleased to present the nomination committee report for 2022. This report sets out an overview of the committee's roles, responsibilities and its key activities during the year.

ROLE OF THE NOMINATION COMMITTEE

The committee plays a key role in reviewing and monitoring the composition of the board and its committees to ensure that each has the right balance of skills, knowledge and experience to function effectively and support the group in achieving its strategic objectives. In doing so, it conducts ongoing succession planning to ensure there is a diverse pipeline of talent for appointments to the board and senior management to meet the group's current and anticipated future business needs. The committee leads the process for appointments to the board and re-election of directors, having regard to the skills and experience required and the need to promote diversity throughout the group. The committee plays an increasingly broad role in ensuring the effective operation and development of the executive team and the wider workforce. These factors are critical to the delivery of our strategy.

The committee also spends time considering succession planning and talent management for roles below board level. Once again this year, we have monitored activities and initiatives to develop the firm's talent pipeline and improve diversity amongst senior management.

BOARD SUCCESSION

During the year, the committee oversaw the processes for the appointment of a new senior independent director (SID) and an independent non-executive director following Colin Clark's resignation to take up other external board positions. In terms of appointing a new SID, the committee initiated a process to identify a successor and, following extensive discussion, it was considered preferable to appoint an internal candidate as they would understand the dynamics of the board, relations with the management team and have a thorough background of the workings of the group. Therefore, the committee decided to appoint Sarah Gentleman as SID as she has extensive board experience, has been chair of the remuneration committee since 2017and was nominated to be the designated NED for workforce engagement for the last three years.

SENIOR MANAGEMENT TALENT DEVELOPMENT AND SUCCESSION PLANNING

The committee spent considerable time during the year reviewing talent and considering the group's succession planning at board and senior management level. Activities included a formal review by the committee of senior management succession planning, looking at the capability and potential of incumbents in key roles and the succession pipeline across the group. The committee also considered specific appointments to senior management roles at both group and divisional level. During 2022 we approved appointments to the group executive committee. The committee recognises the importance of talent development and ensuring that the group continues to attract, retain and develop skilled, high potential individuals, and this will remain an important focus in the year ahead.

During the year, the committee was updated on the various initiatives in place across the group to support talent development at different levels of the group's operations. Further information in relation to the group's activities in this area can be found on pages 30 to 31 and 71 of the report.

DIVERSITY

The board believes that building a diverse and inclusive workforce is important not just because it is the right thing to do, but because it is good for the group's clients, its business and its people. The group's objective is to build a diverse workforce at all levels and create an inclusive culture for all. The group's inclusion and diversity policy supports this by making clear the group's aspirations and commitment to inclusion and diversity, and by defining the roles and responsibilities that will support it in attaining its objectives. The group launched its diversity, equality and inclusion strategy during 2022 which outlines the priority areas of focus for the next three years. The committee reviewed and approved this strategy as well as ensuring progress was monitored. A number of key achievements can be found on pages 71 to 72 of the strategic report.

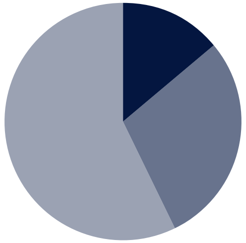
"BUILDING A DIVERSE AND INCLUSIVE WORKFORCE IS IMPORTANT NOT JUST BECAUSE IT IS THE RIGHT THING TO DO, BUT BECAUSE IT IS GOOD FOR THE GROUP'S CLIENTS, ITS BUSINESS AND ITS PEOPLE."

In relation to board diversity, we aim to have a well-balanced board that represents a wide range of skills, knowledge and experience. We value diversity of outlook, approach and style. A balanced board is better equipped to understand the views of all our stakeholders as well as our shareholders, and therefore make decisions that take into consideration the wide range of challenges faced by the firm. A board needs a range of skills and business experience including knowledge of industry, understanding of the firm's culture, challenges of change, and the regulatory environment in which we operate. It needs some members with a long corporate memory and others who bring fresh insights from different fields and backgrounds. There needs to be both support and challenge on the board as well as a balance of gender and commercial experience.

Also, in recognition of targets set by the Listing Rules that come into effect for us from next year, the committee is proud to have met these expectations as 40% of the board are women, two out of four senior board positions are held by women and we have at least one director from an ethnic minority background. Due to the relatively small size of the board, the committee also recognises the impact that the retirement of an individual director can have on the overall composition of the board from a diversity perspective. As a result, diversity and inclusion at board level will continue to be an area of focus for the committee.

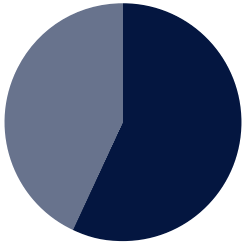
OUR BOARD

BOARD COMPOSITION



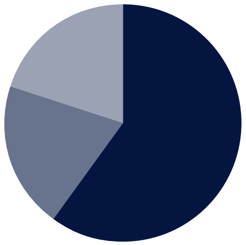
Chairman	14%
Executive	29%
Independent non-executive	57%

BOARD DIVERSITY



Male	4
Female	3

TENURE OF NON-EXECUTIVE DIRECTORS



0-2 years	60%
3-5 years	20%
6-8 years	20%

In line with the UK Corporate Governance Code, the committee discloses that the gender balance of those in senior management (being the members of the executive committee and the company secretary) and their direct reports at 31 December 2022 was 30% (2021: 28%) female and 70% (2021: 72%) male. More detail on the firm's approach to diversity and inclusion can be found in the responsible business review on pages 71 to 72.

NON-EXECUTIVE DIRECTORS' SKILLS

As mentioned above, a key responsibility of the committee is to ensure that the board maintains a balance of skills, independence, knowledge and experience appropriate to the operation of the business and as required to deliver the strategy. The committee considered and was satisfied by the skillset and experience of the firm's independent non-executive directors, including their extensive experience in financial services.

INDEPENDENCE AND CONFLICTS OF INTEREST

It is of the utmost importance that the board of a financial services firm has high-quality, experienced non-executive directors with the skills and integrity to undertake senior positions. At Rathbones, we are fortunate to have such non-executives. I maintain a dialogue with each of my board colleagues on potential conflicts of interest and time commitments. I am quite satisfied that incidents of conflicts of interest are rare and have been handled appropriately by the individual concerned.

REAPPOINTMENT OF DIRECTORS

Prior to the company's AGM each year, the committee considers, and makes recommendations to the board concerning, the reappointment of directors, having regard to their performance, suitability, time commitment and ability to continue to contribute to the board. Following this year's review in advance of the 2023 AGM, the committee has recommended to the board that all serving directors be reappointed at the AGM. Sarah Gentleman has served as a director for more than seven years. The extension of her term of office has been considered and the committee has noted her significant contribution including as committee chair. The committee values the knowledge, experience and continuity of her appointment.

BOARD EFFECTIVENESS REVIEW

A formal and rigorous evaluation of the committee's effectiveness was undertaken during the year as part of the internal board effectiveness review. The review found that the committee operated well during the year. Please see page 99 for more detail.

The committee considers that during the year it continued to have access to sufficient resources to enable it to carry out its duties and has continued to perform effectively. During the year, the committee reviewed its terms of reference to ensure that they remain appropriate.

FOCUS FOR 2023

Looking ahead to the next financial year, it is anticipated that the committee will focus in particular on:

- continuing with the approach to succession planning at board level to proactively anticipate succession demands and to develop a pipeline of talent with the skills and capabilities that align to the future strategic needs of the business
- continuing to monitor delivery of the group's diversity and inclusion strategy.

Clive C R Bannister
Chair of the nomination committee

28 February 2023

REMUNERATION COMMITTEE REPORT

Sarah Gentleman
Chair of the remuneration committee

ROLES AND RESPONSIBILITIES

The committee's responsibilities are to:

- determine and set the firm's remuneration philosophy, ensuring that it is aligned with the business plans and risk appetite
- approve the remuneration policy for executive directors for final approval by shareholders and make remuneration decisions within the policy
- approve total annual remuneration for executive directors based on achievements against objectives set by the committee
- review total annual remuneration for executive committee members and material risk takers.

Full terms of reference for the committee are reviewed annually and are available on the company's website.

REMUNERATION COMMITTEE CHAIR'S ANNUAL STATEMENT

On behalf of the board, I present the directors' remuneration report for the year ended 31 December 2022.

2022 PERFORMANCE AND REMUNERATION OUTCOMES

The group has a well-established business model that enables us to support our clients and deliver strong returns for shareholders in a wide range of market conditions. Our model is focused on responsible investing and maintaining our margin levels. It is supported by a clearly defined risk appetite and a prudent approach to managing our business and financial resources. As described in the chair's and chief executive's statements, this year has been a difficult year for so many and the uncertain and challenging external environment has led to reduced market confidence. Although management cannot control the external factors impacting the business, decisive action has been taken in the areas that they can control and the group has delivered a resilient underlying profit before tax (albeit below threshold) through a focus on growth, our client service and proposition as well as cost control. FUMA decreased by 11.7% to £60.2 billion with an underlying operating margin of 21.3% at 31 December 2022. Following the group's solid financial performance in the year and strong capital position, and to reflect our continued confidence in the business model, the board is proposing a final dividend of 56p per share. This will result in a full-year dividend per share of 84p (2021: 81p). The executive team have delivered a significant amount of activity aligned with our strategic priorities and details can be found on pages 133 to 135.

ANNUAL BONUS OUTCOMES

Variable remuneration is made up of two components: annual bonus with a maximum opportunity of 135% of fixed pay and a restricted stock plan (RSP) with a maximum of 65% of fixed pay. The first RSP award will vest in 2024. As a result, the only incentive payout the committee had to assess was the 2022 annual bonus.

The 2022 annual bonus was assessed against two financial measures, underlying profit before tax and total net organic growth in FUMA these are the key indicators of performance used by the firm and investors, as well as strategic measures. These specific targets are reviewed annually to ensure the nature of the targets and weightings are appropriate to achieve alignment between the interests of our executive directors, our strategy and the interests of our stakeholders. Strong outcomes were delivered in 2021, resulting in the committee setting stretching targets for 2022, predicated on delivering further growth.

As stated, 2022 was a challenging year whereby market conditions impacted the group in terms of its financial results. This led to performance being slightly below threshold against both financial measures. Rathbones business model means that results are correlated with wider market conditions, however, the board and the committee believe the executives have delivered resilient performance in light of these conditions and managed the group well.

In terms of delivery of our key strategic objectives, good progress had been made during the year which resulted in an annual bonus award of 30%. We have set out in more detail the outcomes against targets for 2022 on pages 133 to 135.

After consideration, the remuneration committee decided that these outcomes were appropriate and consistent for the year and no discretionary adjustment was required.

GROUP-WIDE EMPLOYEE REMUNERATION

The committee is responsible for determining the reward practices on a group-wide basis. As in previous years, the committee continues to review the overall remuneration for all levels of employees across the group. Whether it relates to the war in Ukraine, the cost of living crisis or the volatile stock market, this financial year has been a turbulent time for most colleagues. Our employees have had to deal with these pressures alongside navigating an unprecedented macro environment. As a result, in November 2022, in recognition of these unprecedented combination of factors impacting the finances of colleagues, we provided a one-off payment to those we concluded would be most impacted (covering 60% of the firm) to help alleviate the effect on their financial circumstances.

With regards to the average salary increase for the general population, an increase of 6% was agreed for 2023. The increase reflects the continuing pressures on wages and the cost of living, driven by the current inflationary environment, and ensures those most susceptible to the economic environment are best protected. The group continues to pay all employees at or above the national living wage, which is in excess of the national minimum wage.

2023 INCENTIVES

From a shareholder perspective, the committee noted the significant level of support for last year's annual report on remuneration and reviewed shareholder feedback. Taking this into consideration, the committee determined the current performance measures on the annual bonus and underpins on the RSP are fit for purpose, and remain aligned with the current strategy. As such no changes are being made to the measures or weightings. An overview of how incentives will be implemented in 2023 can be found on page 137.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE METRICS

The committee is conscious that shareholders are increasingly expecting environmental, social and governance measures (ESG) to be embedded within remuneration frameworks for senior management, especially as they align with our purpose. As part of the review of annual bonus for 2022, the committee took into account the firm's progress towards leveraging our ESG credentials by integrating responsible investing across the firm and laying the foundations to achieving our net zero targets.

FEES AND SALARIES

The committee will continue to keep fixed pay levels under review, taking into account workforce pay and policies as per the UK Corporate Governance Code, the firm's performance and the views of shareholders. In conducting any review of fixed pay levels the committee will take into account the continued development of both executives since their appointment. The remuneration arrangements of other firms of similar size and complexity are also reviewed for guidance.

In relation to Paul Stockton's fixed pay, we indicated in last year's report that a market review would be completed in 2022. This review indicated that Paul's fixed pay had fallen behind market as he had received no increase since taking on the role of CEO in May 2019 and he had progressed well in his role during this time. Therefore, as a first step, the committee proposes to make a modest increase to his fixed pay of 6% which will be in line with workforce pay for 2023 and Paul's fixed pay will remain under review during the year. In addition, the committee agreed an increase to Jennifer Mathias's fixed pay of 4%.

LOOKING AHEAD

The current directors' remuneration policy is due to expire at the 2024 AGM. The committee will review our current policy in 2023 to ensure it remains aligned with the firm's strategy, stakeholders, emerging market practice, regulatory developments, expectations of the UK's Corporate Governance Code and our shareholders.

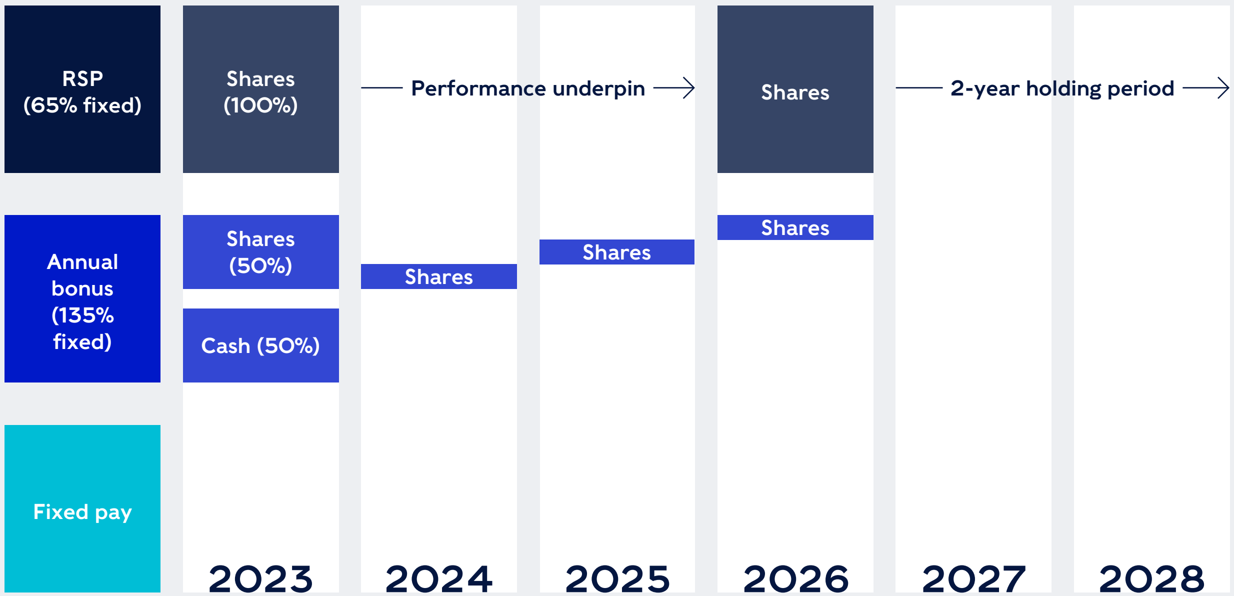
In our last policy review, we had to amend our policy as a result of becoming in scope of the 'bonus cap', requiring our variable remuneration to be a maximum of 2x fixed pay. It is likely that these regulations will no longer apply from 2024 and therefore the committee will be considering the most appropriate remuneration structure in light of the evolving regulatory landscape.

I hope that you find the information in my annual statement and the directors' remuneration report clear and useful.

Sarah Gentleman
Chair of the remuneration committee

28 February 2023

ILLUSTRATION OF THE REMUNERATION POLICY



SUMMARY OF THE POLICY:

- Annual bonus - with one-year performance conditions
- Restricted stock award with performance underpin.

1) Annual bonus award

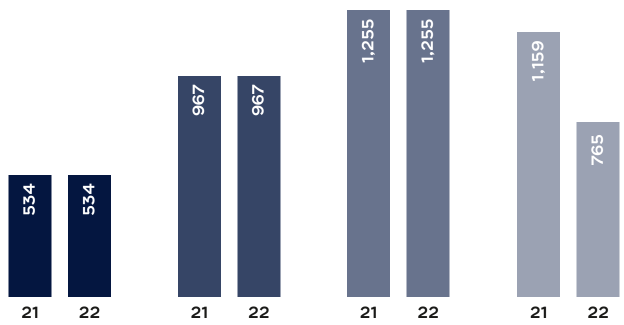
- 135% of fixed pay at maximum
- 50% in cash, 50% deferred into shares with three-year pro-rata vesting
- Assessed against financial metrics (minimum 60%) and non-financial metrics (maximum 40%).

2) Restricted share award

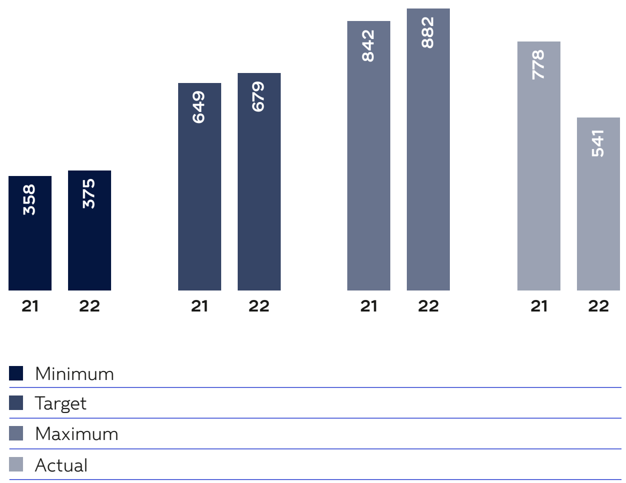
- 65% of fixed pay annual grant
- Three-year vesting period with a two-year holding period
- Vesting based on continued employment and underpin conditions designed to avoid payment for failure.

REMUNERATION OUTCOMES (£'000)

Paul Stockton



Jennifer Mathias



ANNUAL REPORT ON REMUNERATION

REMUNERATION POLICY

The remuneration policy ('Policy') was approved at the AGM on 5 May 2021 and can be found on our website. The policy has operated as intended in terms of company performance and quantum. No further changes have been made to the remuneration policy since it was approved in 2021.

This part of the directors' remuneration report explains how we have implemented our remuneration policy during the year. This annual report on remuneration is subject to an advisory vote at the 2023 AGM, and the financial information in this part of the remuneration report has been audited where indicated.

ROLE OF REMUNERATION COMMITTEE

The role of the committee is to set the overarching principles of the remuneration policy and provide oversight on remuneration across the firm. Details of the committee's responsibilities and composition are noted above. At the invitation of the committee chair, the group chief executive officer and group chief financial officer attend some or all of each meeting. The chief risk officer also advises the committee on matters relating to remuneration, and attends meetings as required. The company secretary acts as secretary and, with the chairman, agrees the agenda for each meeting.

At the end of each meeting, there is an opportunity for private discussion between committee members without the presence of management. No committee member or attendee is present when matters relating to his or her own remuneration are discussed.

The chairman of the board consults our major shareholders on a regular basis on key issues, including remuneration. A formal consultation exercise was undertaken during 2021 with our major shareholders and shareholder advisory bodies as part of the process of reviewing the remuneration policy. The pay and terms and conditions of employment of employees within the group are taken into consideration when setting the directors' remuneration policy and pay of the executive directors. The remuneration committee does not formally consult with employees when setting the policy, although the employee opinion survey conducted every year includes remuneration as one of the topics surveyed.

UK CORPORATE GOVERNANCE CODE

We continue to be compliant with the executive pay provisions of the 2018 UK Corporate Governance Code. Our pay arrangements are also consistent with the following principles set out in the Code:

- clarity – this directors' remuneration report provides open and transparent disclosure of our executive remuneration arrangements for our internal and external stakeholders
- simplicity and alignment to culture – incentive arrangements for our executives are straightforward, with individuals eligible for an annual bonus and, at more senior levels, a single long-term incentive plan. Performance measures used in these plans are designed to support delivery of the group's key strategic priorities and our commitment to adopt a responsible, sustainable business model, in line with our purpose and values
- predictability – our incentive arrangements contain maximum opportunity levels with outcomes varying depending on the level of performance achieved against specific measures. The charts on page 129 provide estimates of the potential total reward opportunity for the executive directors under the policy
- proportionality and risk – our variable remuneration arrangements are designed to provide a fair and proportionate link between group performance and reward. In particular, deferral of the annual bonus into shares, RSUs' five-year release period and stretching shareholding requirements that apply during and post-employment provide a clear link to the ongoing performance of the group and therefore long-term alignment with stakeholders. We are also satisfied that the variable pay structures do not encourage inappropriate risk-taking. Notwithstanding this, the remuneration committee retains an overriding discretion that allows it to adjust formulaic annual bonus outcomes so as to guard against disproportionate out-turns. Malus and clawback provisions also apply to the annual bonus and can be triggered in circumstances outlined in the policy.

COMMITTEE ACTIVITY IN 2022/23

Below is a summary of the key issues that the committee considered at each of its meetings during the year.

FEBRUARY 2022

- Review information on wider workforce pay including salaries, budgets and forecasted incentive outcomes
- Review and approve executive director, member of the executive committee, head of internal audit and company secretary's salaries for 2022
- Review of annual risk report on variable pay targets to ensure alignment with the firm's risk appetite
- Assess and approve the 2021 annual bonus for executive directors and members of the executive committee
- Approve annual bonus performance targets and RSP award for 2022
- Review and approve the directors' remuneration report for shareholder approval
- Annual review of remuneration for material risk takers across the firm.

SEPTEMBER 2022

- Review progress against financial and non-financial annual bonus targets for the current year
- Annual review of the general principles of the regulatory remuneration policy
- Review and discuss remuneration benchmarking survey.

DECEMBER 2022

- Review progress against financial and non-financial aspects of the annual bonus
- Review CEO fixed pay
- Re-appointment of the advisers to the committee
- Review and approve the committee's terms of reference.

FEBRUARY 2023

- Review information on wider workforce pay including salaries, budgets and forecasted incentive outcomes
- Review and approve executive director, member of the executive committee, head of internal audit and company secretary's salaries for 2023
- Review of annual risk report on variable pay targets to ensure alignment with the firm's risk appetite
- Assess and approve the 2022 annual bonus for executive directors and members of the executive committee
- Approve annual bonus performance targets and RSP award for 2023
- Review and approve the directors' remuneration report for shareholder approval
- Annual review of remuneration for material risk takers across the firm.

SINGLE TOTAL FIGURE OF REMUNERATION FOR EACH EXECUTIVE DIRECTOR (AUDITED)

The table below sets out a single figure for the total remuneration received by each executive director for the year ended 31 December 2022 and the prior year:

	Fixed pay				Variable pay				
	Fixed pay £'000	Taxable benefits and allowances £'000	Pensions £'000	Subtotal £'000	Annual Bonus 2022 £'000	SIP £'000	SAYE £'000	Subtotal £'000	Total £'000
R P Stockton									
2022	**534**	**3**	**0**	**537**	**216**	**6**	**0**	**222**	**759**
2021	534	3	0	537	614	4	0	618	1,155
J E Mathias									
2022	**371**	**2**	**0**	**373**	**152**	**6**	**0**	**158**	**531**
2021	358	2	0	360	412	1	0	413	773

TAXABLE BENEFITS

Taxable benefits and allowances represent the provision of private medical insurance for executive directors and their dependants on terms consistent with the company's workforce.

ANNUAL BONUS

Performance is assessed using a combination of measures that are detailed below:

	Weight %	% of fixed pay
Financial	60	81
Non-financial strategic	40	54
Total	**100**	**135**

FINANCIAL

The one-year financial performance measures are two key performance indicators actively used by the business, which are closely aligned to strategy. The one-year financial measures and achievement levels are provided below:

	% of fixed pay	Threshold (25% of maximum)	On target (60% of maximum)	Maximum of	Actual	Weighted payout (% of fixed pay)
Financial						
Underlying profit before tax (£m)	40.5	107.6	123.0	138.3	**97.1**	**0**
Total net organic growth in funds under management and administration (%)	40.5	3.7	5.2	6.7	**0.6**	**0**

The net organic growth in funds under management and administration covers both our Investment Management and Funds businesses.

NON-FINANCIAL STRATEGIC

The non-financial strategic measures are designed to drive strategic goals. Details of the performance measures, assessment and outcomes are detailed below:

PERFORMANCE IN 2022	STRATEGIC DRIVER	STAKEHOLDER IMPACT	OUTCOME
OBJECTIVE: ONGOING DELIVERY OF OUR DIGITAL PROGRAMME			
Phase 1 delivery of client lifecycle management capability: - Detailed design work was completed including financial planning journeys - Data migration and prospecting information into a single solution was delivered - Prospecting functionality was piloted to investment team user groups - Positive engagement survey results from employees.			Largely achieved
Deliver a new asset management portfolio management system: - The implementation of Charles River software was successfully delivered in November on time and budget supporting investment process improvements and cost avoidance.			
MyRathbones and client reporting: - There was further development of the MyRathbones client portal with 12 new releases and upgrades during the year. New functionality was introduced to enable digital client engagement app score rating of 4.5/5 - 50% of the firm's clients were using the app at the end of the financial year - Delivered enhancements to client reporting with improved UK tax packs and client valuation packs. These changes have received positive feedback from clients.			

Link to strategic driver

- Enriching the client and adviser proposition and experience
- Inspiring our people
- Supporting and delivering growth
- Operating more efficiently

Link to stakeholder impact

- Clients
- Shareholders
- Partners and regulators
- Our people
- Society and communities

PERFORMANCE IN 2022	STRATEGIC DRIVER	STAKEHOLDER IMPACT	OUTCOME
OBJECTIVE: LEVERAGING OUR ESG CREDENTIALS			
Responsible investing – Launch of the firm's core responsible investing proposition, receiving positive client and manager feedback – A high proportion of client discussions on responsible investing – Net FUMA in Greenbank of £2bn at year end – CISI standard training across client facing teams.	Enriching the client and adviser proposition and experience; Supporting and delivering growth; Inspiring our people	Clients; Our people; Shareholders; Society and communities	Partially achieved
Responsible business programme – Achieved validation of our near-term targets by the Science Based Targets initiative in Q4 and integrated Saunderson House into our operational environmental metrics – Ongoing strong employee engagement scores for 2022, 81% response rate with an overall engagement score of 8 (above the sector benchmark of 7.8) – Rathbones-led campaign won 'Stewardship Initiative of the Year' at PRI Awards 2022 – Improved our CDP score to a B and MSCI rating to AAA.	Enriching the client and adviser proposition and experience; Supporting and delivering growth; Inspiring our people	Clients; Our people; Shareholders; Society and communities; Partners and regulators	

Link to strategic driver

- Enriching the client and adviser proposition and experience
- Supporting and delivering growth
- Inspiring our people
- Operating more efficiently

Link to stakeholder impact

- Clients
- Our people
- Shareholders
- Society and communities
- Partners and regulators

PERFORMANCE IN 2022	STRATEGIC DRIVER	STAKEHOLDER IMPACT	OUTCOME
OBJECTIVE: ESTABLISH A DEDICATED CLIENT EXPERIENCE CAPABILITY			
Client function and marketing strategy - Created a new client office and announced the appointment of a chief client officer - Added proposition and client experience capability - Restructured the marketing team. **Client sentiment** - The firm's overall client sentiment scores continue to be ahead of peers with a 2022 NPS score of 39 (sector benchmark 36) and overall satisfaction levels of 8.3 (sector benchmark 8.2).	Enriching the client and adviser proposition and experience; Supporting and delivering growth	Clients; Our people	Largely achieved
OBJECTIVE: INTEGRATE THE ACQUISITION OF SAUNDERSON HOUSE			
- Launched a new proposition to Saunderson House clients during the year - Created a new organisation design for the financial planning function and a new management team - Moved to shared premises at the start of 2023.	Enriching the client and adviser proposition and experience; Supporting and delivering growth	Clients; Our people; Shareholders	Largely achieved
OBJECTIVE: RISK AND GOVERNANCE			
- Strategy execution in line with the firm's risk appetite - Implementation of a new risk and compliance system and enhanced investment risk system capability - Ongoing improvements in the firm's suitability processes - Effective and proactive relationships with the firm's regulators.	Operating more efficiently	Partners and regulators	Achieved

Link to strategic driver

- Enriching the client and adviser proposition and experience
- Inspiring our people
- Supporting and delivering growth
- Operating more efficiently

Link to stakeholder impact

- Clients
- Shareholders
- Partners and regulators
- Our people
- Society and communities

TOTAL 2022 ANNUAL BONUS AWARD

In addition to the above specific measures, the committee also considered direct client feedback, investment performance and other feedback from the risk and audit committees. After taking this into account, the committee concluded that an overall score for this element of the annual bonus of 30% out of 40% was appropriate, which corresponds to 40.5% of fixed pay.

Target	Weighting	Award achieved
Financial	60	0
Non-financial strategic	40	30.0
Total	**100**	**30.0**

Director	Total award (£)	Delivered in cash (£)	Deferred in shares (£)
R P Stockton	216,367	180,184	108,184
J E Mathias	151,976	75,988	75,988

PENSIONS

Since 1 January 2021, Paul Stockton and Jennifer Mathias no longer receive a separate pension allowance and neither is in receipt of a defined benefit pension.

All executive directors are eligible for death in service benefits on terms consistent with the workforce.

SHARE INCENTIVE PLAN (SIP)

This benefit is the value of the matching and free share awards made in the year under the SIP. Executive directors alongside all employees may contribute up to £150 per month to buy partnership shares with contributions matched on a one-for-one basis by the company. Free share awards are linked to EPS growth.

SAVE AS YOU EARN (SAYE)

This benefit is the value of the discount on SAYE options granted during the year.

PAYMENTS FOR LOSS OF OFFICE (AUDITED)

There were no payments made to directors for loss of office during the year except as disclosed in last year's annual report.

PAYMENTS TO PAST DIRECTORS (AUDITED)

There were no payments made to past directors during the year.

SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

EXECUTIVE DIRECTORS

It is company policy that service contracts should not normally contain notice periods of more than 12 months. Details of the notice periods in the contracts of employment of executive directors serving during the year are as shown below.

Director	Date of service contract	Notice period
R P Stockton	1 May 2019	12 months
J E Mathias	27 September 2018	6 months

NON-EXECUTIVE DIRECTORS

Non-executive directors have a letter of appointment rather than a contract of employment and these are available for inspection at the AGM. As with all other directors, they are required to stand for re-election annually in accordance with the UK Corporate Governance Code. Any term beyond six years is subject to particularly rigorous review and takes into account the need for progressive refreshing of the board.

Director	Date of appointment	Notice period	Length of service at 31 December 2022
C C R Bannister	6 April 2021	1 month	1 year, 8 months
I A Cummings	5 October 2021	1 month	1 year, 2 months
T L Duhon	2 July 2018	1 month	4 years, 5 months
S F Gentleman	21 January 2015	1 month	7 years, 11 months
D P Mistry	5 October 2021	1 month	1 year, 2 months

IMPLEMENTATION OF THE REMUNERATION POLICY IN 2023

FIXED PAY

The fixed pay levels effective 1 January 2023 are £566,000 for Paul Stockton (6% increase) and £390,000 for Jennifer Mathias (4% increase).

ANNUAL BONUS

The annual bonus has a maximum value opportunity of 135% of fixed pay with measures and weightings as follows:

	Weight
Financial	
- Underlying profit before tax	30%
- Total net organic growth in FUMA	30%
Strategic measures aligned to our core strategic pillars	40%
- Enriching the client, adviser proposition and experience	
- Supporting and delivering growth	
- Inspiring our people	
- Operating more efficiently	
- Risk management	
	100%

The targets under the financial metrics are deemed to be commercially sensitive and will be disclosed following the end of the performance period in next year's DRR.

RESTRICTED SHARE PLAN (RSP)

The RSP will be granted at 65% of fixed pay. The RSP will vest after three years, subject to the assessment of a performance underpin at the end of 2025. The committee will take into account the following factors when determining whether to exercise its discretion to adjust the number of shares vesting:

- total dividends paid over the three-year period relative to our generally progressive dividend policy
- return on capital employed (ROCE) achieved relative to weighted average cost of capital (WACC) over the three-year period
- maintenance of satisfactory operational performance and risk compliance
- assessment of the internal control environments over the performance period.

DIRECTORS' INTERESTS IN SHARES (AUDITED)

The table below sets out details of the directors' shareholdings and outstanding share awards that are subject to vesting conditions:

	Beneficially owned shares			Subject to relevant holding period				
Executive directors	Private shares	SIP	Total	EIP	RSP	SIP (not yet beneficially owned)[1]	SAYE	Total
R P Stockton	105,367	3,949	109,316	46,140	46,917	1,028	1,658	95,743
J E Mathias	9,190	96	9,286	23,517	32,264	281	1,658	57,720
Total	**114,557**	**4,045**	**118,602**	**69,657**	**79,181**	**1,309**	**3,316**	**153,463**

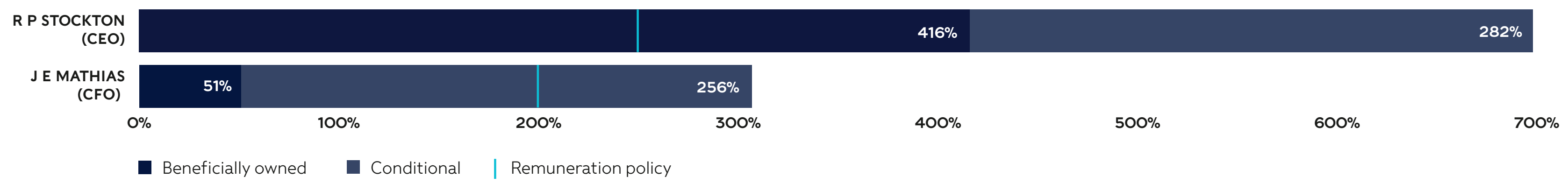
1. SIP matching and free shares held for less than three years may be forfeited in certain circumstances and so are not considered beneficially owned

Unvested shares are subjected to income tax at vesting at the prevailing rate of taxation.

SHAREHOLDING GUIDELINES

In order to align the interests of executive directors and shareholders, the chief executive and chief financial officer are required to acquire and retain a holding in shares or rights to shares equivalent to the value of 250% and 200% of fixed pay within five years of the date of appointment respectively. Shares that count towards these guidelines include shares that are owned outright, vested and not exercised EIP, unvested deferred bonus, RSP and SIP awards. Percentages are calculated using the 30 December 2022 share price of £20.35.

SHARE OWNERSHIP VERSUS POLICY



RESTRICTED STOCK PLAN

Details of the restricted share award held by the executive directors are set out in the table below:

	At 1 January 2022			During 2022		At 31 December 2022		
Executive directors/Grant date	Face value of award at grant (£)	Number of securities originally granted	Number of unvested securities	Securities granted[1]	Vested but unexercised (subject to sales restriction period)	**Unvested securities**	**Vested but unexercised (subject to sales restriction period)**	**Normal exercise date (end of sales restriction period)[2]**
R P Stockton								
07/03/2022	402,579	–	–	25,036	–	**25,036**	**–**	**07/03/2027**
14/05/2021	392,764	21,881	–	–	–	**21,881**	**–**	**14/05/2026**
J E Mathias								
07/03/2022	282,767	–	–	17,585	–	**17,585**	**–**	**07/03/2027**
14/05/2021	263,488	14,679	–	–	–	**14,679**	**–**	**14/05/2026**

1. Awards equivalent to 65% of fixed pay were granted. As regulations prohibit the payment of dividend on such awards, the number of shares awarded has been determined by applying a share price over five days preceding the grant date, discounted to reflect the value of estimated future dividends foregone over the vesting period (2022: £13.87) (2021: £15.87). For the 2022 award, the face value has been calculated using a share price of £16.08 which was the average price over five days preceding the grant (2021: £17.95)
2. The award will vest on the third anniversary of the grant date, with associated values to be included in the single figure table, and a further two-year holding period will apply. The awards are subject to malus and clawback provisions

DEFERRED BONUS PLAN

The deferred bonus awards held by executive directors are set out in the table below:

	At 1 January 2022			During 2022		At 31 December 2022		
Executive directors/Grant date	Face value of award at grant (£)	Number of securities originally granted	Number of unvested securities	Securities granted[1]	Number of securities vested	**Unvested securities**	**Vested securities**	**Vesting dates for three equal tranches[2]**
R P Stockton								
07/03/2022	306,916	–	–	21,042	–	**21,042**	**–**	**07/03/2023 07/03/2024 07/03/2025**
J E Mathias								
07/03/2022	205,898	–	–	14,116	–	**14,116**	**–**	**07/03/2023 07/03/2024 07/03/2025**

1. The maximum annual bonus opportunity is 135% of fixed pay of which 50% is deferred into Rathbones shares and 50% is paid in cash. As regulations prohibit the payment of dividend on such awards, the number of shares awarded has been determined by applying a share price over five days preceding the grant date, discounted (based on a three year historical yield) to reflect the value of estimated future dividends foregone over the vesting period. As the award vests over a three-year period in equal tranches of 1/3 per annum, for the 2022 award, the face value has been calculated using three share prices (year 1: £15.35, year 2: £14.61, year 3: £13.87)
2. The award will vest over a three-year period in equal tranches of 1/3 per annum. The awards are subject to malus and clawback provisions

EXECUTIVE INCENTIVE PLAN

Executive directors/Grant date	Type of security	At 1 January 2022: Face value of award at grant[1] (£)	At 1 January 2022: Number of securities originally granted	At 1 January 2022: Number of unvested securities	During 2022: Vested but unexercised (subject to sales restriction period)	At 31 December 2022: **Unvested securities**	At 31 December 2022: **Vested but unexercised (subject to sales restriction period)**	At 31 December 2022: **Normal exercise date (end of sales restriction period)[2]**
R P Stockton								
22/03/2017	Conditional shares	232,105	10,103	2,019	2,019	**–**	**–**	**21/03/2022**
23/03/2018	Conditional shares	226,485	8,864	3,545	1,773	**1,772**	**7,092**	**23/03/2023**
22/03/2019	Conditional shares	376,157	16,376	9,825	3,275	**6,550**	**9,826**	**22/03/2024**
23/03/2020	Conditional shares	372,435	24,326	19,460	4,865	**14,595**	**9,731**	**23/03/2025**
06/04/2021	Conditional shares	486,862	29,029	29,029	5,806	**23,223**	**5,806**	**06/04/2026**
J E Mathias								
23/03/2020	Conditional shares	202,608	13,233	10,584	2,646	**7,938**	**5,295**	**23/03/2025**
06/04/2021	Conditional shares	326,592	19,474	19,474	3,895	**15,579**	**3,895**	**06/04/2026**

1. Exercise price is nil
2. EIP awards vest in five equal tranches (1, 2, 3, 4 and 5 years from grant). All shares must be held until the fifth anniversary of the grant (the normal exercise date). There are no further performance conditions on these shares

SHARE INCENTIVE PLAN

Executive directors/Grant date	At 1 January 2022: Total number of SIP shares[1]	During 2022: Partnership shares acquired	During 2022: Matching shares acquired	During 2022: Dividend shares acquired	During 2022: Free shares received	At 31 December 2022: **Total number of SIP shares[1]**
R P Stockton	4,443	96	96	206	136	**4,977**
J E Mathias	41	96	96	8	136	**377**
Total	4,484	192	192	214	272	**5,354**

1. SIP matching and free shares held for less than three years may be forfeited in certain circumstances and so are not considered to be beneficially owned

SAVE AS YOU EARN OUTSTANDING OPTIONS

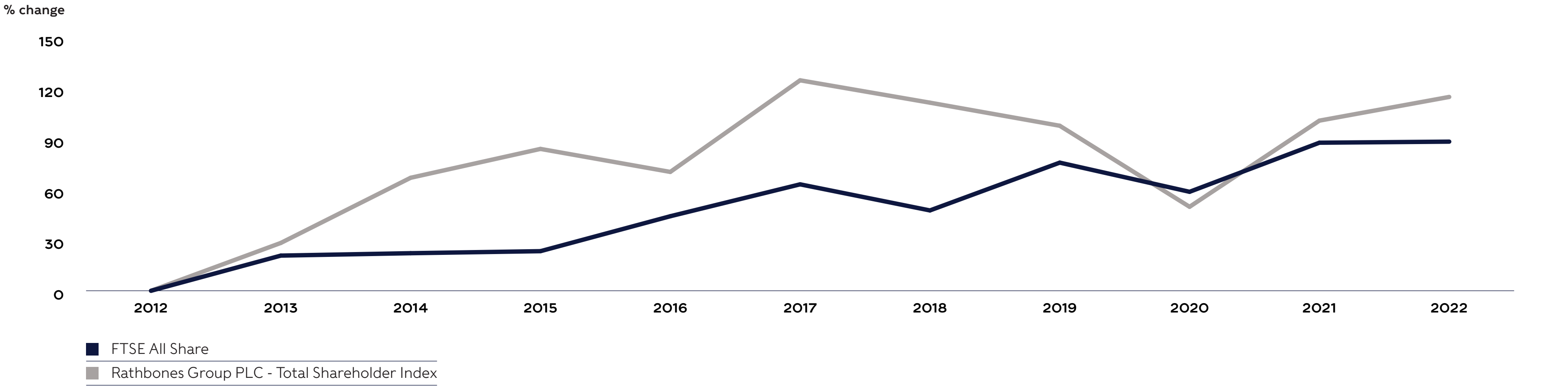
		Number of shares									
Executive directors	Grant date	At 1 January 2022	Granted in 2022	Exercised in 2022	Lapsed in 2022	At 31 December 2022	Earliest exercise date	Option price £	Market price on grant £	Face value of award £[1]	Value of award £[2]
R P Stockton	21/04/20	**1,658**	–	–	–	**1,658**	01/06/23	10.85	13.80	22,880	4,891
J E Mathias	21/04/20	**1,658**	–	–	–	**1,658**	01/06/23	10.85	13.80	22,880	4,891

1. The face value of the award is based on the middle market share price on the grant date multiplied by the number of shares under option
2. The value of the award is based on the middle market share price on the grant date minus the option price

PERFORMANCE GRAPH

The chart below shows the company's total shareholder return (TSR) against the FTSE All Share Index for the 10 years to 31 December 2022. TSR is calculated assuming that dividends are reinvested. TSR compares our dividends and share price performance measures with our selected index, the FTSE All Share.

PERFORMANCE GRAPH



CHIEF EXECUTIVE OFFICER SINGLE FIGURE

During the 10 years to 31 December 2022, Andy Pomfret was chief executive until 28 February 2014. Philip Howell was chief executive until 9 May 2019 when he was succeeded by Paul Stockton.

Year	Chief executive	Chief executive single figure of total remuneration £'000	EIP award or short-term bonus as % of maximum opportunity	Long-term incentive vesting as % of maximum opportunity
2022	**Paul Stockton**	**759**	**30**	**–**
2021	Paul Stockton	1,155	85	–
2020	Paul Stockton	1,358	57	–
2019	Paul Stockton	1,125	47	–
2019	Philip Howell[1]	467	52	–
2018	Philip Howell	1,389	59	–
2017	Philip Howell	1,104	64	–
2016	Philip Howell	1,398	66	67
2015	Philip Howell	1,608	78	100
2014	Philip Howell	999	89	n/a
2014	Andy Pomfret[1]	342	n/a	96
2013	Andy Pomfret	1,204	59	100

1. Payment relates to holding the role for part of the year

ANNUAL PERCENTAGE CHANGE IN THE REMUNERATION OF THE DIRECTORS AND EMPLOYEES

The table below shows the percentage year-on-year change in salary, benefits and bonus in 2022 for the directors compared with the average Rathbones employee.

	2022			2021			2020		
	Salary	Benefits	Annual bonus	Salary	Benefits	Annual bonus	Salary	Benefits	Annual bonus
Executive directors[1]									
R P Stockton	**0.0%**	**5.1%**	**-67.1%**	0%	1.2%	-22.1%	0%	7.1%	27%
J E Mathias	**4.7%**	**5.1%**	**-65.6%**	0%	1.2%	-21.1%	0%	5.5%	17.5%
Non-executive directors									
C C R Bannister	**0.0%**	**0.0%**	**0.0%**	n/a	n/a	n/a	n/a	n/a	n/a
I A Cummings[2]	**16.4%**	**0.0%**	**0.0%**	n/a	n/a	n/a	n/a	n/a	n/a
S F Gentleman[3]	**8.5%**	**0.0%**	**0.0%**	0%	n/a	n/a	7.1%	n/a	n/a
T L Duhon	**0.0%**	**0.0%**	**0.0%**	0%	n/a	n/a	7.1%	n/a	n/a
D P Mistry	**0.0%**	**0.0%**	**0.0%**	n/a	n/a	n/a	n/a	n/a	n/a
Former directors									
C M Clark	**0.0%**	**0%**	**0%**	0%	n/a	n/a	16.3%	n/a	n/a
J W Dean	**0.0%**	**0%**	**0%**	0%	n/a	n/a	7.1%	n/a	n/a
Average pay based on all Rathbones employees[4]	**3.6%**	**9.8%**	**-20.5%**	1.9%	2.1%	-6.4%	3.6%	12.3%	11.9%

1. The 2021 and 2022 figures include both ESPP cash and year 1,2 and 3 deferred share ESPP bonus awards, but do not reflect the ESPP restricted stock plan (RSP) element which is dependent upon performance in future financial years
2. Iain Cummings was appointed as chair of Audit Committee during 2022
3. Sarah Gentleman became the Senior Independent Director during 2022
4. The Funds Growth award has been replaced by the New Business scheme. Recognition of the award under the new scheme is in 2024 but the estimate has been included to aid comparison. 2022 reflects higher FTE

CHIEF EXECUTIVE AND EMPLOYEE PAY RATIO

Year	Method	25th percentile pay ratio	Median (50th percentile) pay ratio	75th percentile pay ratio
1 January to 31 December 2022	B	21:1	11:1	4:1
1 January to 31 December 2021	B	43:1	15:1	6:1
1 January to 31 December 2020	B	43:1	23:1	11:1
1 January to 31 December 2019	B	42:1	23:1	13:1

The chief executive pay ratio provides a comparison of total remuneration paid to the chief executive in the year ended 31 December 2022 with total remuneration paid to the three employees whose pay is at the 25th, 50th and 75th percentile of the group's UK workforce (P25, P50 and P75 respectively). Where multiple employees are at these percentiles we have selected the most representative job role from across the group.

The pay data for the chief executive is taken from the total single figure of remuneration on page 132 of this report for Paul Stockton for the year ended 31 December 2022. The three employees have been identified from our 2022 gender pay gap data under 'Option B' of the three methodologies provided under the regulations, as the equivalent figures to the single figure table for each of the group's UK employees ('Option A') are not available at the time of producing this report.

Total pay for P25, P50 and P75 has been based on actual earnings for the financial year. Variable remuneration has been calculated using the group's forecast financial performance. Total pay and benefits for the three employees includes the following: base salary, employer pension contributions, taxable benefits, bonuses, share-based payment awards and profit share. The total pay and benefits for these individuals is as follows:

- P25 43:1 (£35,328)
- P50 15:1 (£68,998)
- P75 6:1 (£184,568)

The reduction in the pay ratio between 2020 and 2021 is primarily driven by the introduction of a new remuneration policy for the CEO and senior management. This has a lower maximum opportunity, and these changes only applied to the senior management and not the wider employees. The group believes the median pay ratio for the year to be consistent with the group's pay, reward and progression policies for its UK workforce.

The committee will review these ratios on an annual basis.

CHAIR AND NON-EXECUTIVE DIRECTORS' FEES

The non-executive directors' fees are regularly reviewed and were last set on 1 January 2021. The fees that applied during 2022, and continue to apply for 2023 are set out in the table below. Senior independent director and committee chair fees are in addition to the base fee.

	Fees £'000
Chair	195
Non-executive director base fee	60
Senior independent director	15
Committee chair	15

CHAIR AND NON-EXECUTIVE DIRECTORS' FEES (AUDITED)

	2022 £'000	2021 £'000
Chair		
C C R Bannister[1]	**195**	148
Non-executive directors		
I A Cummings[2]	**70**	14
T L Duhon[2]	**75**	75
S F Gentleman[2]	**81**	75
D P Mistry	**60**	14
Former directors		
C M Clark[3]	**44**	70
J W Dean[3]	**26**	75
Total	**551**	471

1. Chair of the board
2. Acts as committee chair
3. James Dean retired in May 2022 and Colin Clark retired in July 2022; both received a pro-rata fee for that year

NON-EXECUTIVE DIRECTORS' SHARE INTERESTS

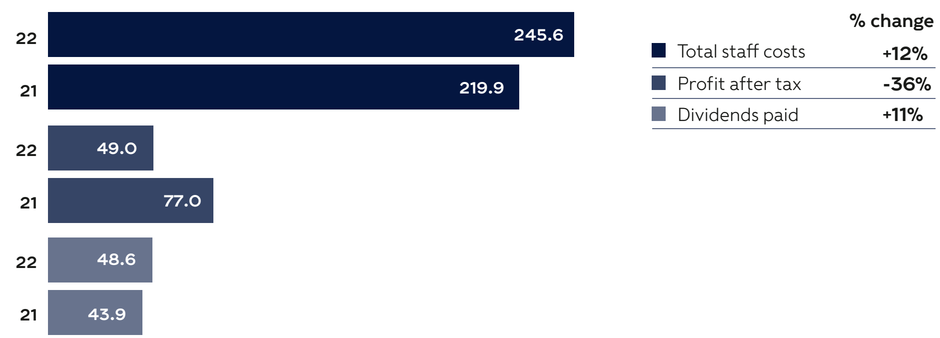
The interest of the directors in the ordinary shares of the company are set out below:

	2022	2021
Chair		
C C R Bannister	**15,300**	15,300
Non-executive directors		
I A Cummings	**1,304**	1,250
T L Duhon	**–**	–
S F Gentleman	**100**	100
D P Mistry	**2,500**	2,500
Total	**19,204**	19,150

RELATIVE IMPORTANCE OF SPEND ON PAY

The chart below shows the relationship between total employee remuneration and profit after tax for 2022 and 2021. The reported profit after tax has been selected by the directors as a useful indicator when assessing the relative importance of spend on pay.

RELATIVE IMPORTANCE OF SPEND ON PAY (£M)



STATEMENT OF SHAREHOLDER VOTING

At the 2021 AGM, shareholders approved the remuneration policy, to apply for three years from the date of the AGM. At the 2022 AGM, shareholders approved the remuneration report that was published in the 2021 report and accounts and the results are detailed below.

	Annual report on remuneration (2022 AGM)	Annual report on remuneration (2021 AGM)	Remuneration policy (2021 AGM)
Votes cast in favour	**88.89%**	99.96%	89.68%
Votes cast against	**11.11%**	0.04%	10.32%
Total votes cast	**78.74%**	75.86%	75.86%
Votes withheld	**7,365**	323,701	325,955

ADVISERS TO THE COMMITTEE AND THEIR FEES

PwC were appointed by the committee, as advisers to the committee in August 2017 following a competitive tender process. They are members of the Remuneration Consultants Group and advise the committee on a range of matters including remuneration package assessments, scheme design and reporting best practice. PwC also provide professional services in the ordinary course of business, including advisory work to the group. The committee is of the opinion that the advice received is objective and independent. PwC's fees are charged on a time cost basis and fees for services to the remuneration committee were £99,700 in 2022. The appointment of advisers is reviewed annually.

EVALUATING THE PERFORMANCE OF THE COMMITTEE

The annual internal evaluation of the committee's effectiveness was undertaken as part of the board's internal evaluation process during the year. The committee and senior management attendees were invited to respond to questions on the content, management, and quality and focus of discussion during meetings. Responses indicated that the committee is performing well with no particular concerns.

APPROVAL

The remuneration committee report has been approved by the board.

Signed on behalf of the board

Sarah Gentleman
Chair of the remuneration committee

28 February 2023

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 December 2022.

The directors' report includes the following sections of the annual report and accounts which form part of the directors' report:

Section	DTR Rule	Page
Strategic report	DTR 4.1.5R	1
Corporate governance report including committee reports from nomination, audit, risk and remuneration	DTR 7.2.1R	84
Statement of directors' responsibilities	DTR 4.1.5R	149

STATEMENT BY THE DIRECTORS UNDER SECTION 172 COMPANIES ACT 2006 IN PERFORMANCE OF THEIR STATUTORY DUTIES

The directors consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so having regard to the stakeholders and matters set out in section 172(1)(a-f) of the Act in the decisions taken during the year ended 31 December 2022. This is demonstrated in the strategic report on page 27.

ANNUAL GENERAL MEETING (AGM)

The 2023 AGM will be held on Thursday 4 May 2023 at 8 Finsbury Circus, London EC2M 7AZ. Full details of all resolutions and notes are set out in the separate notice of AGM.

GROUP RESULTS AND COMPANY DIVIDENDS

The Rathbones Group Plc group profit after taxation for the year ended 31 December 2022 was £48,984,000 (2021: £75,229,000).

The directors recommend the payment of a final dividend of 56p per share, if approved by shareholders at the 2023 AGM, be paid on 9 May 2023 to shareholders on the register on 21 April 2023.

	2022		2021	
	Pence	**£m**	Pence	£m
Interim dividend	**28.0**	**16.5**	27.0	15.9
Final dividend	**56.0***	**32.8***	54.0	31.5
Total	**84.0***	**49.3***	**81.0**	**47.4**

* Subject to shareholder approval at the AGM on 4 May 2023

See note 12 to the financial statements.

The company operates a generally progressive dividend policy subject to market conditions. The aim is to increase the dividend in line with the growth of the business over each economic cycle. This means that there may be periods where the dividend is maintained but not increased and periods where profits are retained rather than distributed to maintain retained reserves and regulatory capital at prudent levels through troughs and peaks in the cycle.

SUBSTANTIAL SHAREHOLDINGS

As at 31 December 2022, the company had received notifications in accordance with the Financial Conduct Authority's Disclosure and Transparency Rule 5 of the following interests:

Shareholder	Holding at 28 February 2023	% held at 28 February 2023
Lindsell Train Ltd	6,973,000	10.99
BlackRock	3,185,714	5.02
Heronbridge Investment Management	3,105,340	4.90
Aviva Investors	2,955,863	4.66
Vanguard Group	2,919,206	4.60
Aberforth Partners	2,261,671	3.57
Columbia Threadneedle Investments	2,088,706	3.29
Martin Currie Investment Management	1,964,716	3.10

SHARE CAPITAL

The company's share capital comprises one class of ordinary shares of 5p each. At 31 December 2022, 63,394,837 shares were in issue (2021: 62,003,341). No shares were held in treasury. Details of the movements during the year are set out in note 30 to the financial statements. The shares carry no rights to fixed income and each share carries the right to one vote at general meetings. All shares are fully paid.

There are no specific restrictions on the size of a shareholding or on the transfer of shares, which are both covered by the provisions of the Articles of Association and prevailing legislation.

NEW ISSUES OF SHARE CAPITAL

Under section 551 of the Companies Act 2006, the board currently has the authority to allot 20,682,991 shares (approximately one third of the issued share capital at 31 March 2022). The existing authorities given to the company at the last AGM to allot shares will expire at the conclusion of the forthcoming AGM. Details of the resolutions renewing these authorities are set out in the notice of AGM.

Awards under the company's employee share plans are satisfied from a combination of shares held either in treasury or in the employee benefit trust and by newly issued shares. During the year, the company issued 468,740 shares to satisfy share awards and issued 481,500 shares to the company's employee benefit trust, to satisfy future awards under the group's share-based payment schemes.

PURCHASE OF OWN SHARES

Following the 2022 AGM resolution to purchase own shares, the board currently has the authority to buy back up to 6,204,000 shares under certain stringent conditions. During the year, the company did not utilise this authority but the board considers it would be appropriate to renew it. We intend to seek shareholder approval for the continued authority to purchase own shares at the forthcoming AGM in line with current investor sentiment.

Details of the resolution renewing the authority are included in the notice of AGM.

EMPLOYEE SHARE TRUST

On 4 April 2017, Equiniti Trust (Jersey) Limited was appointed as trustee of the second employee benefit trust. The trust is independent and holds shares for the benefit of employees and former employees of the group. The trustee has agreed to satisfy awards under the Executive Share Performance Plan, Executive Incentive Plan, Share Incentive Plan and the Savings Related Share Option Plan. As part of these arrangements, the company issued shares to the trust to enable the trustee to satisfy these awards. Further details are set out in note 32 to the financial statements. During the year, the number of shares issued by the trust totalled 163,113 ordinary shares.

In addition, under the rules of the Rathbone Share Incentive Plan, shares are held in trust for participants by Equiniti Share Plan Trustees Limited ('the Trustee'). Voting rights are exercised by the Trustee on receipt of the participant's instructions. If no such instruction is received by the Trustee then no vote is registered. No person has any special rights of control over the company's share capital and all issued shares are either fully or nil paid.

APPOINTMENT AND REMOVAL OF DIRECTORS

Regarding the appointment and replacement of directors, the company is governed by the company's Articles of Association, the UK Corporate Governance Code, the Companies Act 2006 and related legislation.

DIRECTORS

All those who served as directors at any time during the year are listed on page 95. The directors' interests in the share capital of the company at 31 December 2022 are set out on page 138 of the remuneration committee report.

INSURANCE AND INDEMNIFICATION OF DIRECTORS

The company has put in place insurance to cover its directors and officers against the costs of defending themselves in civil legal action taken against them in that capacity and any damages awarded. The company has granted indemnities, which are uncapped, to its directors and to the company secretary by way of deed. Qualifying third-party indemnity provisions, as defined by section 234 of the Companies Act 2006, were therefore in place throughout 2022 and remain in force at the date of this report.

EMPLOYEES

Details of the company's employment practices, including diversity, employment of disabled persons and employee involvement practices, can be found in our people report on pages 71 to 72.

RESPONSIBLE BUSINESS

Information about greenhouse gas emissions and our approach to operating as a responsible business are set out in the responsible business review on page 67.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The risk management objectives and policies of the group are set out in note 33 to the financial statements.

AUDITOR

The audit committee reviews the appointment of the external auditor and its relationship with the group, including monitoring the group's use of the auditor for non-audit services. Note 7 to the financial statements sets out details of the auditor's remuneration. Deloitte LLP was appointed as external auditor at the 2022 AGM. Having reviewed the independence and effectiveness of the external auditor, the audit committee has recommended to the board that the existing auditor, Deloitte LLP, be reappointed and a resolution appointing them as auditor and authorising the directors to set their remuneration will be proposed at the 2023 AGM.

The directors in office at the date of signing this report confirm that, so far as they are aware, there is no relevant audit information of which the auditor is unaware and that each director has taken all steps that he or she ought to have taken to make him or herself aware of any relevant audit information and to establish that the auditor is aware of that information.

GOING CONCERN

Details of the group's business activities, results, cash flows and resources, together with the risks it faces and other factors likely to affect its future development, performance and position are set out in the chair's statement, chief executive's review, financial performance and segmental review. In addition, note 1.5 to the financial statements provides further details.

The group companies are regulated by the Prudential Regulation Authority (PRA) and/or the Financial Conduct Authority (FCA) and perform annual capital adequacy and liquidity assessments, which include the modelling of certain extreme stress scenarios. The company publishes Pillar 3 disclosures annually on its website, which provide detail about its regulatory capital resources and requirements. In July 2015, Rathbone Investment Management issued £20 million of 10-year subordinated loan notes to finance future growth which were repaid in August 2021. In October 2021, Rathbones Group Plc issued £40 million of 10-year subordinated loan notes to finance future growth. The group has no other external borrowings.

The directors believe that the company is well placed to manage its business risks successfully despite the continuing uncertain economic and political outlook. As the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

CHARITABLE DONATIONS

As at 31 December 2022, the group made total charitable donations of £795,100 representing 1.2% of group pre-tax profits (2021: £418,000, representing 0.4% of group pre-tax profits). It also included the matching of employee donations made through the tax efficient Give As You Earn (GAYE) payroll giving scheme. In 2022, Rathbones employees made payments totalling £221,400 (2021: £214,400) through this scheme, which is administered by the Charities Aid Foundation. The company matched employee donations of up to £200 per month made through GAYE and, in 2022, donated £204,500 (2021: £178,000) to causes chosen by employees through this method.

POLITICAL DONATIONS

No political donations were made during the year (2021: nil).

POST-BALANCE SHEET EVENTS

Details of post-balance sheet events are set out in note 39 to the financial statements.

Approved and authorised for issue by the board of directors

Ali Johnson
Company Secretary

28 February 2023

Registered office: 8 Finsbury Circus, London EC2M 7AZ

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE REPORT AND ACCOUNTS

The directors are responsible for preparing the report and accounts 2022, and the group and parent company financial statements in accordance with applicable law and regulations.

Company law the directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with UK-adopted International Accounting Standards (International Financial Reporting Standards (IFRS)) and applicable law and have elected to prepare the parent company financial statements on the same basis.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable, relevant and reliable
- state whether they have been prepared in accordance with UK-adopted International Accounting Standards (IFRS)
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They are responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE REPORT AND ACCOUNTS

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole
- the strategic report and directors' report include a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

By order of the board

Paul Stockton
Group Chief Executive Officer

28 February 2023

FINANCIAL STATEMENTS

FS / FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RATHBONES GROUP PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. OPINION

In our opinion:

- the financial statements of Rathbones Group Plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company balance sheets;
- the consolidated and parent statement of cash flows; and
- the related notes 1 to 61.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and parent company for the year are disclosed in note 7 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matters that we identified in the current year were: – Impairment of client relationship intangible assets and goodwill; – Defined benefit pension scheme assumptions; and – Investment management fee revenues relating to bespoke fees. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the group financial statements was £3.9 million which was determined on the basis of 5% of normalised profit before tax.
Scoping	The scope of our audit covered substantially the entire group, with both the investment management and unit trust business segments being subject to a full scope audit.
Significant changes in our approach	On 20 October 2021, Rathbones Group Plc acquired Saunderson House Limited ("SHL") and as a result we identified a key audit matter in relation to the valuation of the client relationship intangible asset and its associated useful economic life ("UEL"). In the current year, we have not recognised a separate key audit matter for the SHL client relationship intangible asset, but we have assessed it as part of our key audit matter on the impairment of the client relationship intangible assets as a whole. In the prior year, as part of the consolidation, SHL was audited by a component team. In the current year, all entities within the Group which are subject to a statutory audit, were audited by the group audit team. Aside from the above there were no significant changes in our audit approach.

4. CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating management's assumptions applied in the going concern assessment and testing the mechanical accuracy of the underlying forecast;
- Performing sensitivity analysis on the key assumptions applied to understand those that could give rise to a material uncertainty on the use of the going concern basis;
- Stress testing for the amount by which the markets would need to fall to cause a material uncertainty in the use of the going concern basis and comparing this to historical falls in the markets to assess the likelihood of such an event occurring and causing a material uncertainty for the group;
- Assessing the regulatory capital and liquidity position of the group and reviewing management's reverse stress test to determine the point at which a material uncertainty on the use of the going concern basis may arise and assessing the likelihood of such an event occurring; and
- Checking consistency with the forecast assumptions applied in the going concern assessment across other forecasts within the group.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

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 do not provide a separate opinion on these matters.

5.1. Impairment of client relationship intangible assets and goodwill

Key audit matter description	The group holds client relationship intangible assets of £175.0 million (2021: £193.6 million) and goodwill of £167.7 million (2021: £167.7 million) comprising both relationships acquired through business combinations and through acquisition of individual investment managers and their client portfolios. We have identified this key audit matter as giving rise to a fraud risk, given the inherent judgement and level of estimation in the assumptions that support the annual impairment review. As detailed in the summary of principal accounting policies in notes 1 and 2, client relationship intangible assets are reviewed for indicators of impairment at each balance sheet date and, if an indicator of impairment exists, an impairment test is performed. Goodwill is tested for impairment at least annually, whether or not indicators of impairment exist. These judgements have also been considered by the Audit Committee as set out on page 118. For client relationship intangible assets, in determining the appropriate impairment triggers for each client portfolio, there is a degree of management judgement. This assessment is based on movements in the value of funds under management and the loss of client relationships in advance of the amortisation period. For goodwill, the impairment assessment is performed by comparing the carrying amount of each cash generating unit ("CGU") to its recoverable amount from its value-in-use, calculated using a discounted cash flow method. In determining the value-in-use for the CGUs, management 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 were 14.1%, 4.3%, and 1.0% respectively as disclosed in note 22.

5.1. Impairment of client relationship intangible assets and goodwill continued

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 for both acquired portfolios and individual relationships and for goodwill. We tested controls in place over funds under management ("FUM") values which form the basis of the impairment assessment. For client relationship intangible assets, we specifically tested the assumptions used by management as part of the impairment review exercise to assess whether they meet the requirements of IAS 36 "Impairment of Assets". We challenged the key assumptions around the impairment triggers identified for each client portfolio, which we have assessed for reasonableness and we evaluated the accuracy of the inputs used by management. Where the review indicated that an impairment trigger had occurred, we assessed the relevant assumptions and judgements made by management in determining whether an impairment needed to be recognised through the calculation of the assets' value-in-use ("VIU"). Our challenge focused specifically on the assumptions for the growth rate used for assets under management ("AUM"); organic new business, the client attrition rates and the discount rate used. For goodwill, in order to challenge the appropriateness of the income and expenditure growth assumptions used in the value-in-use calculation, we have back-tested the assumptions used by management against historical performance and checked for consistency with forecasts used elsewhere in the business. We challenged the determination of the discount rate applied by benchmarking to appropriate market rates of interest. We also independently re-performed management's VIU calculation. Focusing on those assumptions where the impairment test was most sensitive, we also performed sensitivity analysis to assess the risk that reasonably possible changes in assumptions used by management could give rise to an impairment. We have performed a review of the disclosures included within the financial statements to determine whether all required information has been included for the impairment of client relationship intangible assets and goodwill.
Key observations	Through our testing for client relationship intangible assets and goodwill, we concluded that management's approach and conclusion was appropriate and that the carrying value of client relationship intangible assets and goodwill as at 31 December 2022 is appropriate.

5.2. Defined benefit scheme assumptions

Key audit matter description	The group has recognised a defined benefit pension scheme net asset of £9.4 million (2021: net asset of £12.3 million). The net asset comprises scheme assets of £104.1 million (2021: £167.9 million) and a defined benefit obligation of £94.7 million (2021: £155.6 million). The calculation of the defined benefit obligation is sensitive to changes in underlying assumptions and is considered to be a key source of estimation uncertainty for the group as detailed in note 2, disclosed in note 29 to the financial statements, and as considered by the Audit Committee on page 119. The key assumptions are in respect of the discount rate, inflation rate and mortality rate where small changes to these assumptions could result in a material change to the valuation of the defined benefit obligation.
How the scope of our audit responded to the key audit matter	In order to evaluate the appropriateness of the assumptions used by management, we obtained an understanding of relevant controls over the determination of assumptions and the calculation of the obligation to be recognised in the financial statements. With the involvement of our in-house actuarial specialists, we made direct enquiries of the group's actuary to review and challenge each of the key assumptions used in the IAS 19 ("Employee Benefits") pension valuation. In particular, we compared each assumption used by management against independently determined benchmarks derived using market and other data. We have performed a review of the disclosures included within the financial statements to determine whether all required information has been included for a defined benefit pension scheme.
Key observations	We concluded that each of the key assumptions used by management to estimate the defined benefit obligation are consistent with the requirements of IAS 19 and that the valuation of the defined pension scheme net asset has been appropriately determined.

5.3. Investment management fee revenue relating to bespoke fees

Key audit matter description	As detailed in the summary of principal accounting policies in notes 1 and 3, revenue comprises net investment management fee income of £337.0 million (2021: £349.4 million), net commission income of £48.9 million (2021: £53.6 million), net interest income of £18.3 million (2021: £3.9 million) and fees from advisory services and other income of £51.7 million (2021: £29.1 million). Investment management ("IM") fees from the IM segment account for approximately 80% of total revenue and are based on a percentage of an individual client's funds under management ("FUM"). Due to its many long standing client relationships and history of acquisitions, the number of fee schedules managed by the group is high. This means that a number of clients are on bespoke rates rather than the current standard rates or legacy rates that were standard previously or at the time of acquisition. As a result, we identified a key audit matter relating to the risk that, whether due to error or fraud, incorrect bespoke fee rates could be used to calculate investment management fees.
How the scope of our audit responded to the key audit matter	We tested controls over the calculation of IM fees. This included controls relating to the set-up of client fee rates, rate card amendments, the valuation of FUM and the system generated investment management fees, including associated IT controls. We used data analytics to recalculate the system generated amount for the total fee population. We agreed a sample of bespoke client fee rates through to client contracts and the value of FUM to third party sources. Where manual fee rate amendments were made to system generated fees, we inspected evidence of authority and rationale. We have performed a review of the disclosures included within the financial statements to determine whether all required information has been included for revenue.
Key observations	We concluded that the investment management fee revenue is appropriately recognised for the year ended 31 December 2022.

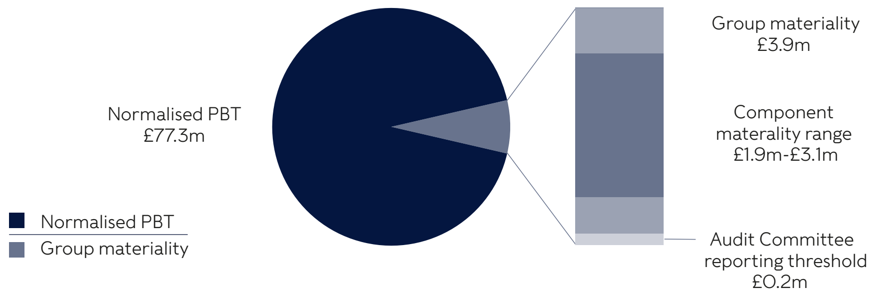
6. OUR APPLICATION OF MATERIALITY

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£3,850,000 (2021: £5,123,500)	£3,080,000 (2021: £4,098,800)
Basis for determining materiality	5% of normalised profit before tax. Profit before tax has been normalised to exclude the non-recurring acquisition related costs incurred in the year of £13.3 million. This is consistent with the year ended 31 December 2021.	Parent company materiality equates to 1% of net assets, which is capped at 80% of group materiality. This is consistent with the year ended 31 December 2021.
Rationale for the benchmark applied	Normalised profit before tax has been used as the basis for determining materiality as this is the key metric used by members of the parent company and other relevant stakeholders in assessing financial performance. In determining normalised profit before tax, we have removed from statutory profit before tax the business acquisition costs on the basis that they are non-recurring and that this provides a consistent basis for determining materiality year on year.	The parent company primarily holds the investments in group entities and, therefore net assets is considered to be the key focus for users of the financial statements.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2021: 70%) of group materiality	70% (2021: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: - Our risk assessment, including our assessment of the group's overall control environment and that we consider it appropriate to rely on controls over a number of business processes; - The performance of the group during 2022; and - Our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £192,500 (2021: £256,200), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

7.1. Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level.

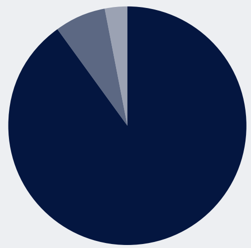
The group consists of the main trading subsidiary Rathbones Investment Management Limited along with the following entities that we have identified to be significant for the group audit: Rathbones Group Plc; Rathbone Unit Trust Management Limited; and Rathbones Investment Management International Limited. All such entities were subject to a full scope audit and audited to an individual materiality level determined on their individual financial statements which ranged from £1.9 million to £3.1 million.

In the current year, all entities within the Group which are subject to a statutory audit, were audited by the group audit team.

Our full scope audits of the entities we deemed to be significant for the group audit covered 90% of the group's revenue; 89% of the group's normalised profit before tax, and 97% of the group's net assets.

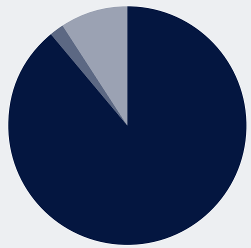
We performed analytical procedures on all other entities included in the group consolidation for group audit purposes.

REVENUE



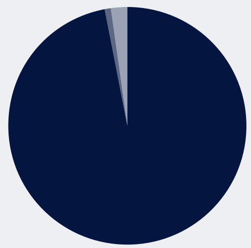
Full audit scope	90%
Specified audit procedures	7%
Review at group level	3%

NORMALISED PROFIT BEFORE TAX



Full audit scope	89%
Specified audit procedures	2%
Review at group level	9%

NET ASSETS



Full audit scope	97%
Specified audit procedures	1%
Review at group level	2%

7.2. Our consideration of the control environment

Based on our understanding of the group's control environment, we elected to test controls, including the involvement of IT specialists to assess the associated IT controls, for investment management fee income.

The key IT systems relevant to the audit were the financial accounting system, the back-office database and core IM business engine and the front office application, with the former being applicable to all components within the group. The latter two are pivotal systems for the provision of the investment management service and directly feed into the investment management fee and commission income recognised. Therefore, they are particularly relevant for Rathbones Investment Management Limited and Rathbones Investment Management International Limited.

Our IT specialists tested the controls on the above systems, as well as supplementary systems and processes within the group. We have taken a controls reliance approach to the back-office database and front-office application systems and therefore to investment management fee and commission income.

We have not taken a controls reliance approach over the financial accounting system, as its operation involves a degree of manual intervention.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

The Group continues to develop its assessment of the potential impacts and opportunities of ESG and climate change as explained in the Strategic Report on pages 77 to 82.

As a part of our audit, we have obtained management's climate-related risk assessment and held discussions with management to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements.

We read the disclosures included in note 56 to the annual report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

8. OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the group's own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the board on 21 February 2023;
- results of our enquiries of management, internal audit, the directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, pensions, IT, and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: the impairment of client relationship intangible assets and goodwill; and the investment management fee revenues relating to bespoke fees. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Prudential Regulation Authority's and Financial Conduct Authority's regulations; the UK Companies Act; the Listing Rules; pensions legislation, and UK tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's regulatory solvency requirements.

11.2. Audit response to risks identified

As a result of performing the above, we identified the impairment of client relationship intangible assets and goodwill; and the investment management fee revenues relating to bespoke fees as key audit matters related to the potential risk of fraud . The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and both in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, the Prudential Regulation Authority and the Financial Conduct Authority; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 148;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 65;
- the directors' statement on fair, balanced and understandable set out on page 118;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 59-65;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 54-58; and
- the section describing the work of the Audit Committee set out on pages 114-121.

14. OPINION ON OTHER MATTER PRESCRIBED BY THE CAPITAL REQUIREMENTS (COUNTRY-BY-COUNTRY REPORTING) REGULATIONS 2013

In our opinion the information given in note 40 to the financial statements for the financial year ended 31 December 2022 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by Country Reporting) Regulations 2013.

15. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

15.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for
  our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

16. OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

16.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by Shareholders on 9 May 2019 to audit the financial statements for the year ended 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 4 years, covering the years ended 31 December 2019 to 31 December 2022.

16.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

17. USE OF OUR REPORT

This report is made solely 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 this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

MANBHINDER RANA, FCA (SENIOR STATUTORY AUDITOR)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

28 February 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Interest and similar income		**46,335**	7,710
Interest expense and similar charges		**(28,032)**	(3,834)
Net interest income	4	**18,303**	3,876
Fee and commission income		**462,689**	457,696
Fee and commission expense		**(27,477)**	(29,062)
Net fee and commission income	5	**435,212**	428,634
Other operating income	6	**2,360**	3,417
Operating income		**455,875**	435,927
Charges in relation to client relationships and goodwill		**(19,544)**	(15,595)
Acquisition-related costs	9	**(13,462)**	(10,089)
Other operating expenses		**(358,815)**	(315,208)
Operating expenses	7	**(391,821)**	(340,892)
Profit before tax		**64,054**	95,035
Taxation	11	**(15,070)**	(19,806)
Profit after tax		**48,984**	75,229
Profit for the year attributable to equity holders of the company		**48,984**	75,229
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Net remeasurement of defined benefit asset/liability	29	**(7,083)**	17,091
Deferred tax relating to net remeasurement of defined benefit asset/liability	21	**3,361**	(3,247)
Other comprehensive income net of tax		**(3,722)**	13,844
Total comprehensive income for the year net of tax attributable to equity holders of the company		**45,262**	89,073
Dividends paid and proposed for the year per ordinary share	12	**84.0p**	81.0p
Dividends paid and proposed for the year		**49,317**	49,501
Earnings per share for the year attributable to equity holders of the company:	13		
– basic		**83.6p**	133.5p
– diluted		**81.6p**	129.3p

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Share capital £'000	Share premium £'000	Merger reserve £'000	Own shares £'000	Retained earnings £'000	Total equity £'000
At 1 January 2021		2,874	215,092	71,756	(46,744)	270,849	513,827
Profit for the year		–	–	–	–	75,229	75,229
Net remeasurement of defined benefit liability	29	–	–	–	–	17,091	17,091
Deferred tax relating to components of other comprehensive income	21	–	–	–	–	(3,247)	(3,247)
Other comprehensive income net of tax		–	–	–	–	13,844	13,844
Dividends paid	12	–	–	–	–	(43,960)	(43,960)
Issue of share capital	30	226	75,934	5,209	–	–	81,369
Share-based payments:							
– cost of share-based payment arrangements[1]	32	–	–	–	–	18,969	18,969
– cost of vested employee remuneration and share plans[1]	32	–	–	–	–	(22,216)	(22,216)
– cost of own shares vesting	31	–	–	–	25,248	(25,248)	–
– cost of own shares acquired	31	–	–	–	(15,130)	–	(15,130)
– tax on share-based payments		–	–	–	–	1,350	1,350
At 31 December 2021		3,100	291,026	76,965	(36,626)	288,817	623,282
Profit for the year						48,984	48,984
Net remeasurement of defined benefit asset	29	–	–	–	–	(7,083)	(7,083)
Deferred tax relating to components of other comprehensive income	21	–	–	–	–	3,361	3,361
Other comprehensive income net of tax		–	–	–	–	(3,722)	(3,722)
Dividends paid	12					(48,607)	(48,607)
Issue of share capital	30	70	18,944	–	–	–	19,014
Share-based payments:							
– cost of share-based payment arrangements[1]	32	–	–	–	–	25,886	25,886
– cost of vested employee remuneration and share plans[1]	32	–	–	–	–	(12,776)	(12,776)
– cost of own shares vesting	31	–	–	–	2,678	(2,678)	–
– cost of own shares acquired	31	–	–	–	(18,567)	–	(18,567)
– tax on share-based payments		–	–	–	–	1,340	1,340
At 31 December 2022		3,170	309,970	76,965	(52,515)	297,244	634,834

1. See note 1 regarding changes to presentation.

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

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Assets			
Cash and balances with central banks	14	**1,412,915**	1,463,294
Settlement balances		**65,818**	69,750
Loans and advances to banks	15	**194,723**	203,589
Loans and advances to customers	16	**169,766**	179,840
Investment securities:			
– fair value through profit or loss	17	**11,214**	29,934
– amortised cost	17	**1,045,234**	761,654
Prepayments, accrued income and other assets	18	**126,687**	115,992
Property, plant and equipment	19	**12,687**	13,059
Right-of-use assets	20	**39,087**	43,895
Current tax asset (UK)		**3,475**	2,272
Intangible assets	22	**356,193**	376,187
Net defined benefit asset	29	**9,401**	12,287
Total assets		**3,447,200**	3,271,753
Liabilities			
Deposits by banks	23	**1,035**	2,212
Settlement balances		**69,872**	60,075
Due to customers	24	**2,516,116**	2,333,011
Accruals and other liabilities	25	**114,288**	129,174
Provisions[1]	26	**12,907**	15,324
Lease liabilities	27	**50,484**	54,971
Current tax liabilities (overseas)		**247**	–
Net deferred tax liability	21	**7,526**	13,811
Subordinated loan notes	28	**39,891**	39,893
Total liabilities		**2,812,366**	2,648,471

1. See note 1 regarding changes to presentation .

	Note	2022 £'000	2021 £'000
Equity			
Share capital	30	**3,170**	3,100
Share premium	30	**309,970**	291,026
Merger reserve	30	**76,965**	76,965
Own shares	31	**(52,515)**	(36,626)
Retained earnings		**297,244**	288,817
Total equity		**634,834**	623,282
Total liabilities and equity		**3,447,200**	3,271,753

The financial statements were approved by the board of directors and authorised for issue on 28 February 2023 and were signed on its behalf by:

Paul Stockton
Group Chief Executive Officer

Jennifer Mathias
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 2022

	Note	2022 £'000	2021 £'000 (restated - note 38)
Cash flows from operating activities			
Profit before tax		**64,054**	95,035
Change in fair value through profit or loss		**304**	(670)
Net interest income	4	**(18,303)**	(3,876)
Recoveries on financial instruments	33	**(96)**	(712)
Net charge for provisions	26	**1,971**	3,118
Depreciation, amortisation and impairment		**34,942**	31,279
Foreign exchange movements	17	**(7,077)**	(519)
Defined benefit pension scheme (credits)/charges	29	**(258)**	105
Defined benefit pension contributions paid	29	**(3,939)**	(5,086)
Share-based payment charges		**25,886**	20,132
Interest paid		**(20,861)**	(3,208)
Interest received		**33,940**	9,439
		110,563	145,037
Changes in operating assets and liabilities:			
– net decrease/(increase) in loans and advances to banks and customers		**8,382**	(41,409)
– net decrease in settlement balance debtors		**3,931**	20,624
– net decrease/(increase) in prepayments, accrued income and other assets		**1,871**	(9,113)
– net increase/(decrease) in amounts due to customers and deposits by banks		**181,928**	(227,435)
– net increase/(decrease) in settlement balance creditors		**9,797**	(35,336)
– net (decrease)/increase in accruals, provisions and other liabilities		**(5,925)**	5,827

	Note	2022 £'000	2021 £'000 (restated - note 38)
Cash generated from/(used in) operations		**310,547**	**(141,805)**
Tax paid		(17,613)	(27,207)
Net cash inflow/(outflow) from operating activities		**292,934**	**(169,012)**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	8	–	(79,736)
Purchase of property, plant, equipment and intangible assets		(13,133)	(12,702)
Payment of deferred consideration	8	(10,873)	–
Purchase of investment securities	17	(1,262,476)	(932,386)
Proceeds from sale and redemption of investment securities	17	984,394	821,790
Net cash used in investing activities		**(302,088)**	**(203,034)**
Cash flows from financing activities			
Issue of ordinary shares	38	9,262	59,467
Repurchase of ordinary shares	38	(18,567)	(15,132)
Repayment of subordinated loan notes		–	(20,114)
Net proceeds from the issue of subordinated loan notes	28	–	39,893
Repayment of debt	8	–	(45,208)
Dividends paid	12	(48,607)	(43,960)
Payment of lease liabilities	27	(8,481)	(5,109)
Interest paid		(5,320)	(895)
Net cash used in financing activities		**(71,713)**	**(31,058)**
Net decrease in cash and cash equivalents		**(80,867)**	**(403,104)**
Cash and cash equivalents at the beginning of the year		1,653,590	2,056,694
Cash and cash equivalents at the end of the year	38	**1,572,723**	**1,653,590**

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

NOTES TO THE CONSOLIDATED FINANCIAL 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 company financial statements are presented on pages 217 to 234.

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.

The following changes have been made to the presentation of the group's primary statements and notes:

- Provisions have been removed from the line item 'provisions, accruals and other liabilities' on the face of the balance sheet and presented separately
- 'Value of employee services' has been disaggregated on the face of the statement of changes in equity to include separate line items for 'cost of share-based payment arrangements' and 'cost of vested employee remuneration and share plans'
- See note 38 for detail on the prior year reclassification to the group statement of cash flows
- Lease liabilities have been removed from the line item 'other financial liabilities' under liquidity risk in note 33 and presented separately

There has been no change in the basis of accounting for any of the underlying transactions. Comparatives have been presented on a consistent basis for all of the above.

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:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

1 / PRINCIPAL ACCOUNTING POLICIES CONTINUED

Future new standards and interpretations

The following standards are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted; however, the group has not early-adopted the amended standards in preparing these consolidated financial statements.

None of these standards are expected to have a material impact on the group's financial statements.

Standards available for early adoption	Effective date
IFRS 17 Insurance Contracts	01 January 2023
Amendments to IFRS 17	01 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	01 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	01 January 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12	01 January 2023
Initial Application of IFRS 7 and IFRS 9 – Comparative Information (Amendments to IFRS 17)	01 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Optional
Classification of liabilities as current or non-current (Amendments to IAS 1)	01 January 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	01 January 2024

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 / PRINCIPAL ACCOUNTING POLICIES CONTINUED

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 group's profit and capital forecasts were considered, as well as the impact of capital and liquidity stress tests. As a result, 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.

Initial charges receivable from the sale of unit holdings in the group's collective investment schemes and related rebates are recognised at the point of sale.

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.

1 / PRINCIPAL ACCOUNTING POLICIES CONTINUED

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 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.

The right-of-use 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 right-of-use 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 its incremental borrowing rate as the discount rate.

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 group's incremental borrowing rate of 5.642% is derived with reference to the group's subordinated loan notes (note 28), which is the only external financing on the consolidated balance sheet. Prior to the loan notes being refinanced in October 2021, the indicative rate used was 5.856%.

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 charged directly to 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 / PRINCIPAL ACCOUNTING POLICIES CONTINUED

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.

1 / PRINCIPAL ACCOUNTING POLICIES CONTINUED

- 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 33) 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 33.

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.

1 / PRINCIPAL ACCOUNTING POLICIES CONTINUED

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 33.

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 33.

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: over the lease term
- plant, equipment and computer hardware: over three 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 intangibles 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 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.

1 / PRINCIPAL ACCOUNTING POLICIES CONTINUED

Client relationships 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 (three to four 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 four 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

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 intangibles are tested for impairment by comparing the fair value of funds under management and administration for each individually acquired client relationship (or, for client relationships acquired with a business combination, each acquired portfolio of clients) with their associated amortised value. An example of evidence of impairment would be lost client relationships. 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.

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 / PRINCIPAL ACCOUNTING POLICIES CONTINUED

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) 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. No operating segments have been aggregated in the group's financial statements.

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 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 policy and involve material estimation uncertainty.

2.1 CLIENT RELATIONSHIP INTANGIBLES (NOTE 22)

Critical judgements

Client relationship intangibles purchased through corporate transactions

When the group purchases client relationships through transactions with other corporate entities, 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 intangibles 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 funds that transfer), they are capitalised as client relationship intangibles (note 22). Otherwise, they are judged to be in relation to the provision of ongoing services and are expensed in the period in which they are incurred. Upfront payments made to investment managers upon joining are expensed as they are not judged to be incremental costs for acquiring the client relationships.

Estimation uncertainty

Amortisation of client relationship intangibles

The group makes estimates as to the expected duration of client relationships to determine the period over which related intangible assets are amortised. The amortisation period is estimated with reference to historical data on account closure rates and expectations that these will continue in the future. During the year, client relationship intangible assets were amortised over a 10-to-15-year period.

Amortisation of £19.5 million (2021: £15.6 million was charged during the year). At 31 December 2022, the carrying value of client relationship intangibles was £175.0 million (2021: £193.6 million).

A reduction of three years in the amortisation period of the group's client relationship intangible assets would increase the annual amortisation charge by £7.7 million.

2.2 RETIREMENT BENEFIT OBLIGATIONS (NOTE 29)

Estimation uncertainty

The principal assumptions underlying the reported surplus of £9,401,000 (2021: £12,287,000 surplus) are set out in note 29.

In setting these assumptions, the group makes estimates about a range of long-term trends and market conditions to determine the value of the surplus or deficit on its retirement benefit schemes, based on the group's expectations of the future and advice taken from qualified actuaries. Long-term forecasts and estimates are necessarily highly subjective and subject to risk that actual events may be significantly different to those forecast. If actual events deviate from the assumptions made by the group then the reported surplus or deficit in respect of retirement benefit obligations may be materially different.

The sensitivities of the retirement benefit obligations to changes in all of the underlying estimates are set out in note 29. Of these, the most sensitive assumption is the discount rate used to measure the defined benefit obligation. Increasing the discount rate by 0.5% would decrease the schemes' liabilities by £7,095,000 (2021: £14,966,000). Increasing the future rate of inflation by 0.5% would increase the schemes' liabilities by £4,990,000 (2021: £12,639,000). A lower or higher movement in these assumptions would result in multiples of these figures. A 0.5% decrease would have the opposite effect of a similar magnitude.

2.3 BUSINESS COMBINATIONS (NOTE 8)

Estimation uncertainty

During the prior year, the group acquired the entire share capital of Saunderson House Limited. The group accounted for the transaction as a business combination, as set out in note 8.

The purchase price payable in respect of the acquisition was split into a number of different components. The equity-settled deferred payments that are contingent on the recipients remaining employees of the group for a specific period are accounted for as remuneration for ongoing services in employment. The group's estimate of the amounts ultimately payable will be expensed over the deferral period.

Fair value of consideration transferred

The Saunderson House management incentive scheme is subject to the achievement of certain operational and performance targets at 31 December 2024. A profit or loss charge has been recognised in equity for the expected consideration payable.

Under the terms of the agreements, the award ranges from a payment of £nil to a maximum possible payment in shares of £7.2 million, and is dependent on the value of qualifying funds under management at the test date, which must achieve a minimum threshold of £5.0 billion, as well as other qualitative factors.

Management's best estimate of this award at the year end was £4.7 million, and is based on expected qualifying funds under management at 31 December 2024 of £5.0 billion. The maximum award of £7.2 million would result in an additional charge to profit or loss in 2022 of £0.7 million. A payment of £nil would result in a reversal of the accumulated profit or loss charge since commencement of the award of £1.7 million in 2022.

3 / SEGMENTAL INFORMATION

For management purposes, the group is organised into two operating divisions: Investment Management and Funds. Centrally incurred indirect expenses are allocated to these operating segments on the basis of the cost drivers that generate the expenditure; principally, these are the headcount of staff directly involved in providing those services from which the segment earns revenues, the value of funds under management and administration and the segment's total revenue. The allocation of these costs is shown in a separate column in the table below, alongside the information presented for internal reporting to the group executive committee, which is the group's chief operating decision-maker.

31 December 2022	Investment Management £'000	Funds £'000	Indirect expenses £'000	Total £'000
Net investment management fee income	274,881	62,158	–	337,039
Net commission income	48,871	–	–	48,871
Net interest income	17,779	524	–	18,303
Fees from advisory services and other income	51,393	269	–	51,662
Operating income	**392,924**	**62,951**	**–**	**455,875**
Staff costs – fixed	(109,507)	(6,938)	(42,035)	(158,480)
Staff costs – variable	(66,915)	(11,240)	(8,917)	(87,072)
Total staff costs	**(176,422)**	**(18,178)**	**(50,952)**	**(245,552)**
Other direct expenses	(41,494)	(9,570)	(62,199)	(113,263)
Allocation of indirect expenses	(104,363)	(8,788)	113,151	–
Underlying operating expenses	**(322,279)**	**(36,536)**	**–**	**(358,815)**
Underlying profit before tax	**70,645**	**26,415**	**–**	**97,060**
Charges in relation to client relationships and goodwill (note 22)	(19,544)	–	–	(19,544)
Acquisition-related costs (note 9)	(10,027)	–	(3,436)	(13,462)
Segment profit before tax	**41,074**	**26,415**	**(3,436)**	**64,054**
Profit before tax attributable to equity holders of the company				**64,054**
Taxation (note 11)				(15,070)
Profit for the year attributable to equity holders of the company				**48,984**

	Investment Management £'000	Funds £'000	Total £'000
Segment total assets	3,323,428	114,371	3,437,799
Unallocated assets			9,401
Total assets			**3,447,200**

3 / SEGMENTAL INFORMATION CONTINUED

31 December 2021	Investment Management £'000	Funds £'000	Indirect expenses £'000	Total £'000
Net investment management fee income	288,089	61,289	–	349,378
Net commission income	53,596	–	–	53,596
Net interest income	3,874	2	–	3,876
Fees from advisory services and other income	27,265	1,812	–	29,077
Operating income	372,824	63,103	–	435,927
Staff costs – fixed	(89,343)	(5,210)	(35,260)	(129,813)
Staff costs – variable	(61,872)	(16,833)	(11,426)	(90,131)
Total staff costs	(151,215)	(22,043)	(46,686)	(219,944)
Other direct expenses	(37,488)	(10,084)	(47,692)	(95,264)
Allocation of indirect expenses	(85,767)	(8,611)	94,378	–
Underlying operating expenses	(274,470)	(40,738)	–	(315,208)
Underlying profit before tax	98,354	22,365	–	120,719
Charges in relation to client relationships and goodwill (note 22)	(15,595)	–	–	(15,595)
Acquisition-related costs (note 9)	(9,635)	–	(454)	(10,089)
Segment profit before tax	73,124	22,365	(454)	95,035
Profit before tax attributable to equity holders of the company				95,035
Taxation (note 11)				(19,806)
Profit for the year attributable to equity holders of the company				75,229

	Investment Management £'000	Funds £'000	Total £'000
Segment total assets	3,132,898	126,568	3,259,466
Unallocated assets			12,287
Total assets			3,271,753

The following table reconciles underlying operating expenses to operating expenses:

	2022 £'000	2021 £'000
Underlying operating expenses	**358,815**	315,208
Charges in relation to client relationships and goodwill (note 22)	**19,544**	15,595
Acquisition-related costs (note 9)	**13,462**	10,089
Operating expenses	**391,821**	340,892

3 / SEGMENTAL INFORMATION CONTINUED

GEOGRAPHIC ANALYSIS

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

	2022 £'000	2021 £'000
United Kingdom	**441,977**	421,386
Jersey	**13,842**	14,541
Rest of the World	**56**	–
Operating income	**455,875**	435,927

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

	2022 £'000	2021 £'000
United Kingdom	**404,604**	429,345
Jersey	**3,363**	3,796
Non-current assets	**407,967**	433,141

TIMING OF REVENUE RECOGNITION

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

	2022		2021	
	Investment Management £'000	Funds £'000	Investment Management £'000	Funds £'000
Products and services transferred at a point in time	**41,192**	**–**	44,190	–
Products and services transferred over time	**351,732**	**62,951**	327,486	64,251
Operating income	**392,924**	**62,951**	371,676	64,251

MAJOR CLIENTS

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

4 / NET INTEREST INCOME

	2022 £'000	2021 £'000
Interest income		
Cash and balances with central banks	**23,715**	1,694
Fair value through profit or loss investment securities	**(2)**	(7)
Amortised cost investment securities	**12,769**	1,732
Loans and advances to banks	**3,492**	284
Loans and advances to customers	**6,361**	4,007
	46,335	7,710
Interest expense		
Due to customers	**(22,755)**	(186)
Lease liabilities	**(3,061)**	(3,134)
Subordinated loan notes (note 28)	**(2,255)**	(1,241)
Credit impairment reversals	**39**	727
	(28,032)	(3,834)
Net interest income	**18,303**	3,876

With the exception of credit impairment reversals, which are calculated as described in note 33, all net interest income is calculated using the effective interest method (note 1.7).

The significant increase in net interest income in the year is due to an increase in market interest rates and a reallocation of treasury assets.

5 / NET FEE AND COMMISSION INCOME

	2022 £'000	2021 £'000
Fee and commission income		
Investment Management	**394,463**	389,252
Funds	**68,226**	68,444
	462,689	457,696
Fee and commission expense		
Investment Management	**(23,325)**	(24,171)
Funds	**(4,152)**	(4,891)
	(27,477)	(29,062)
Net fee and commission income	**435,212**	428,634

6 / OTHER OPERATING INCOME

OTHER OPERATING INCOME

Other operating income of £2,360,000 (2021: £3,417,000) comprised gains and losses from fair value through profit or loss equity securities of £460,000 (2021: £829,000), rental income of £629,000 from sub-leases on certain properties leased by group companies (2021: £646,000) and sundry income.

7 / OPERATING EXPENSES

	2022 £'000	2021 £'000
Staff costs (note 10)	**245,553**	219,944
Depreciation of property, plant and equipment (note 19)	**4,749**	4,263
Depreciation of right-of-use assets (note 20)	**5,602**	4,985
Amortisation of internally generated intangible assets (note 22)	**1,488**	1,383
Amortisation and impairment of purchased software (note 22)	**3,559**	5,053
Auditor's remuneration (see below)	**1,133**	1,241
Impairment (recoveries)/charges on loans and advances to customers (note 33)	**(45)**	14
Rental charge	**2,090**	1,944
Other	**94,686**	76,381
Other operating expenses	**358,815**	315,208
Charges in relation to client relationships and goodwill (note 22)	**19,544**	15,595
Acquisition-related costs (note 9)	**13,462**	10,089
Total operating expenses	**391,821**	340,892

Other expenses largely comprise costs relating to software and IT support, property, recruitment and other staff costs, subscriptions and licenses, insurance and regulatory fees, and legal and professional fees.

A more detailed analysis of auditor's remuneration is provided below:

	2022 £'000	2021 £'000
Fees payable to the company's auditor for the audit of the company's annual financial statements	**121**	152
Fees payable to the company's auditor and their associates for other services to the group:		
– audit of the company's subsidiaries pursuant to legislation	**580**	669
– audit-related assurance services	**432**	420
– other services	**–**	–
	1,133	1,241

Of the above, audit-related services for the year incurred by the prevailing statutory auditor totalled £1,133,000 (2021: £1,241,000).

Audit-related assurance services includes costs relating to audits of the group's client money and independent reporting to third parties on internal controls under ISAE 3402.

8 / BUSINESS COMBINATIONS

SPEIRS & JEFFREY

On 31 August 2018, the group acquired 100% of the ordinary share capital of Speirs & Jeffrey Limited ('Speirs & Jeffrey').

Other deferred payments

The group has now provided for the total cost of deferred and contingent payments to be made to vendors for the sale of the shares of Speirs & Jeffrey. These payments required the vendors to remain in employment with the group for the duration of the respective deferral periods. Hence, they have been treated as remuneration for post-combination services and the grant date fair value has been charged to profit or loss over the respective vesting periods. The group continues to provide for related incentivisation awards for other staff.

The payments are to be made in shares and have been accounted for as equity-settled share-based payments under IFRS 2:

- initial share consideration was payable on completion. However, although the shares were issued on the date of acquisition, they vested during the prior year at the third anniversary of the acquisition date.
- earn-out consideration and related incentivisation awards were subject to the delivery of certain operational and financial performance targets. The earn-out awards for the vendors were payable in two parts in the third and fourth years following the acquisition date. The second earn-out vested during the prior year. The incentivisation awards for staff will vest in tranches by 31 March 2025.

The charge recognised in profit or loss for the year ended 31 December 2022 for the above elements is as follows:

	2022 £'000	2021 £'000
Initial share consideration	**–**	4,533
Earn-out consideration and incentivisation awards	**3,497**	1,430
	3,497	5,963

These costs are being reported as staff costs within acquisition-related costs (see note 9).

8 / BUSINESS COMBINATIONS CONTINUED

SAUNDERSON HOUSE

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

CONSIDERATION TRANSFERRED

The following table summarises the acquisition date fair value of each class of consideration transferred:

	Fair value £'000
Initial cash consideration	**87,981**
Deferred cash consideration	**10,873**
Total consideration	**98,854**

Total consideration comprised an initial cash payment of £87,981,000, which was paid on 20 October 2021. The net assets acquired from the Saunderson House group included third-party debt of £45,208,000. This debt was repaid by Rathbones Group Plc immediately following completion. The repayment of the debt did not represent consideration paid to acquire the business.

The deferred cash consideration was paid during the year on the first anniversary of the acquisition date to vendors not required to remain in employment with the group. This has been classified within net cash used in investing activities in the consolidated statement of cash flows, as it was a payment in respect of acquiring the shares in Saunderson House.

OTHER DEFERRED PAYMENTS

The sale and purchase agreement details other deferred and contingent payments to be made to the vendors for the sale of the shares of Saunderson House. However, these payments require the recipients to remain in employment with the group for the duration of the respective deferral periods. Hence, they are being treated as remuneration for post-combination services, and the cost charged to profit or loss over the respective vesting periods. Details of each of these elements is as follows:

	Gross amount £'000	Grant date	Grant date fair value £'000	Vesting date
Initial share consideration	5,223	20 October 2021	5,454	20 October 2024
Deferred share consideration	4,052	20 October 2021	4,051	20 October 2022
Management incentive scheme	4,700	20 December 2021	4,100	31 December 2024

All of these payments are to be made 100% in shares and are being accounted for as equity-settled share-based payments under IFRS 2.

- Initial share consideration of £5,223,000 was issued on the date of acquisition, however does not vest until the third anniversary of the acquisition date, subject to the vendors remaining employed until this date. As the share issuance is in pursuance of the arrangement to acquire the shares of the Saunderson House group, the premium of £5,209,000 on the issuance of these shares has been recognised within the merger reserve.
- Deferred share consideration of £4,052,000 was paid during the year on the first anniversary of the acquisition date, and was subject to the vendors remaining in employment with the group.
- An incentive plan is in place for the Saunderson House senior management team, which is subject to certain operational and financial performance targets. The consideration vests in the fourth year following the acquisition date. The gross amount represents management's best estimate as to the extent to which these targets will be achieved. The award ranges from a minimum payment of £nil to a cap of £7.2 million (see note 2.3).

These costs are being reported as staff costs within acquisition-related costs (see note 9).

9 / ACQUISITION-RELATED COSTS

	2022 £'000	2021 £'000
Acquisition of Speirs & Jeffrey	**3,497**	6,418
Acquisition of Saunderson House	**9,965**	3,671
Acquisition-related costs	**13,462**	10,089

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:

	2022 £'000	2021 £'000
Acquisition costs:		
– Staff costs (note 10)	**3,497**	5,964
– Legal and advisory fees	**–**	5
Integration costs	**–**	449
	3,497	6,418

Non-staff acquisition costs of £nil (2021: £5,000) and integration costs of £nil (2021: £449,000) have not been allocated to a specific operating segment (note 3).

9 / ACQUISITION-RELATED COSTS CONTINUED

COSTS RELATING TO THE ACQUISITION OF SAUNDERSON HOUSE

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

	2022 £'000	2021 £'000
Acquisition costs:		
– Staff costs (note 10)	**6,529**	1,406
– Legal and advisory fees	**–**	2,265
Integration costs	**3,436**	–
	9,965	3,671

Integration costs of £3,436,000 (2021: £nil) have not been allocated to a specific operating segment (note 3).

10 / STAFF COSTS

	2022 £'000	2021 £'000
Wages and salaries	**189,453**	172,921
Social security costs	**25,207**	23,231
Acquisition-related equity-settled share-based payments (note 9)	**10,026**	7,370
Other equity-settled share-based payments	**15,860**	11,599
Pension costs (note 29):		
– Defined benefit schemes	**(258)**	105
– Defined contribution schemes	**15,291**	12,088
	15,033	12,193
Total staff costs	**255,579**	227,314
Acquisition-related staff costs	**(10,026)**	(7,370)
Underlying staff costs (note 3)	**245,553**	219,944

The average number of employees, on a full-time-equivalent basis, during the year was as follows:

	2022	2021
Investment Management:		
– investment management services	**1,305**	1,096
– advisory services	**155**	137
Funds	**50**	43
Shared services	**543**	463
	2,053	1,739

11 / INCOME TAX EXPENSE

	2022 £'000	2021 £'000
Current tax:		
– charge for the year	**16,482**	23,796
– adjustments in respect of prior years	**275**	86
Deferred tax (note 21):		
– credit for the year	**(1,261)**	(3,793)
– adjustments in respect of prior years	**(426)**	(283)
	15,070	19,806

The tax charge is calculated based on our best estimate of the 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 (2021: higher) than the standard rate of corporation tax in the UK of 19.0% (2021: 19.0%).

The differences are explained below:

	2022 £'000	2021 £'000
Tax on profit from ordinary activities at the standard rate of 19.0% (2021: 19.0%)	**12,170**	18,057
Effects of:		
– disallowable expenses	**904**	984
– share-based payments	**(13)**	87
– tax on overseas earnings	**(170)**	(56)
– adjustments in respect of prior year	**(151)**	(197)
– deferred payments to previous owners of acquired companies (note 9)	**1,247**	935
– change in corporation tax rate on deferred tax	**1,083**	(4)
	15,070	19,806

£102,000 of current tax on share-based payments was charged to equity during the year (2021: credit of £62,000).

12 / DIVIDENDS

	2022 £'000	2021 £'000
Amounts recognised as distributions to equity holders in the year:		
– final dividend for the year ended 31 December 2021 of 54.0p (2020: 47.0p) per share	**32,054**	25,938
– interim dividend for the year ended 31 December 2022 of 28.0p (2021: 27.0p) per share	**16,553**	18,022
Dividends paid in the year of 82.0p (2021: 74.0p) per share	**48,607**	43,960
Proposed final dividend for the year ended 31 December 2022 of 56.0p (2021: 54.0p) per share	**32,764**	31,479

An interim dividend of 28.0p per share was paid on 4 October 2022 to shareholders on the register at the close of business on 2 September 2022 (2021: 27.0p).

A final dividend declared of 56.0p per share (2021: 54.0p) is payable on 9 May 2023 to shareholders on the register at the close of business on 21 April 2023. The final dividend is subject to approval by shareholders at the Annual General Meeting on 4 May 2023 and has not been included as a liability in these financial statements.

13 / EARNINGS PER SHARE

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

	2022			2021		
	Pre-tax £'000	Taxation £'000	Post-tax £'000	Pre-tax £'000	Taxation £'000	Post-tax £'000
Underlying profit attributable to shareholders	**97,060**	**(20,384)**	**76,676**	120,719	(23,732)	96,987
Charges in relation to client relationships and goodwill (note 22)	**(19,544)**	**3,713**	**(15,831)**	(15,595)	2,963	(12,632)
Acquisition-related costs (note 9)	**(13,462)**	**1,601**	**(11,861)**	(10,089)	963	(9,126)
Profit attributable to shareholders	**64,054**	**(15,070)**	**48,984**	95,035	(19,806)	75,229

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 58,618,521 (2021: 56,334,784).

Diluted earnings per share is the basic earnings per share, adjusted for the effect of contingently issuable shares under the Saunderson House initial share consideration and Executive Incentive Plan, employee share options remaining capable of exercise, and any dilutive shares to be issued under the Share Incentive Plan, all weighted for the relevant period.

	2022	2021
Weighted average number of ordinary shares in issue during the year – basic	**58,618,521**	56,334,784
Effect of ordinary share options/Save As You Earn	**595,055**	521,955
Effect of dilutive shares issuable under the Share Incentive Plan	**671**	237,776
Effect of contingently issuable shares under the Executive Incentive Plan	**563,816**	811,508
Effect of contingently issuable shares under Saunderson House initial share consideration (note 8)	**272,952**	272,952
Diluted ordinary shares	**60,051,015**	58,178,975

	2022	2021
Earnings per share for the year attributable to equity holders of the company:		
– basic	**83.6p**	133.5p
– diluted	**81.6p**	129.3p
Underlying earnings per share for the year attributable to equity holders of the company:		
– basic	**130.8p**	172.2p
– diluted	**127.7p**	166.7p

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

14 / CASH AND BALANCES WITH CENTRAL BANKS

	2022 £'000	2021 £'000
Balances with central banks	**1,412,951**	1,463,377
Less impairment loss allowance	**(36)**	(83)
	1,412,915	1,463,294

The fair value of balances with central banks is not materially different from their carrying amount.

	2022 £'000	2021 £'000
Repayable:		
– on demand	**1,408,000**	1,460,000
– within 1 year but over 3 months	**4,951**	3,377
Less impairment loss allowance	**(36)**	(83)
	1,412,915	1,463,294
Amounts include balances:		
– with variable interest rates	**1,408,000**	1,460,000
– which are non-interest-bearing	**4,951**	3,377
Less impairment loss allowance	**(36)**	(83)
	1,412,915	1,463,294

The group's exposure to credit risk arising from cash and balances with central banks is described in note 33.

15 / LOANS AND ADVANCES TO BANKS

	2022 £'000	2021 £'000
Current accounts	**164,723**	173,589
Fixed term deposits/notice accounts	**30,000**	30,000
Less impairment loss allowance	**–**	–
	194,723	203,589

	2022 £'000	2021 £'000
Repayable:		
on demand	**164,723**	173,589
within 3 months or less excluding on demand	**–**	–
within 1 year but over 3 months	**30,000**	30,000
Less impairment loss allowance	**–**	–
	194,723	203,589
Amounts include loans and advances:		
with variable interest rates	**194,463**	203,417
with fixed interest rates	**–**	–
which are non-interest-bearing	**260**	172
Less impairment loss allowance	**–**	–
	194,723	203,589

The fair value of loans and advances is not materially different to their carrying amount. Fair value has been calculated as the discounted amount of estimated future cash flows expected to be received using current market rates.

Loans and advances to banks included in cash and cash equivalents at 31 December 2022 were £164,723,000 (note 38) (2021: £173,589,000).

The group's exposure to credit risk arising from loans and advances to banks is described in note 33.

16 / LOANS AND ADVANCES TO CUSTOMERS

	2022 £'000	2021 £'000
Overdrafts	**6,540**	7,022
Investment management loan book	**159,694**	167,981
Trust and financial planning debtors	**3,154**	4,208
Other debtors	**511**	864
Less impairment loss allowance	**(133)**	(235)
	169,766	179,840

16 / LOANS AND ADVANCES TO CUSTOMERS CONTINUED

The fair value of loans and advances to customers is not materially different to their carrying amount. Fair value has been calculated as the discounted amount of estimated future cash flows expected to be received using current market rates. Debtors arising from the trust and financial planning businesses are non-interest-bearing.

	2022 £'000	2021 £'000
Repayable:		
– on demand	**8,208**	8,199
– within 3 months or less excluding on demand	**3,148**	4,565
– within 1 year but over 3 months	**2,281**	2,621
– within 5 years but over 1 year	**156,262**	164,690
Less impairment loss allowance	**(133)**	(235)
	169,766	179,840
Amounts include loans and advances:		
– with variable interest rates	**165,988**	174,401
– which are non-interest-bearing	**3,911**	5,674
Less impairment loss allowance	**(133)**	(235)
	169,766	179,840

The group's exposure to credit risk arising from loans and advances to customers is described in note 33.

17 / INVESTMENT SECURITIES

FAIR VALUE THROUGH PROFIT OR LOSS

	2022 £'000	2021 £'000
Equity securities:		
– listed	**8,068**	7,376
– unlisted	**3,146**	2,558
Money market funds:		
– unlisted	**–**	20,000
	11,214	29,934

AMORTISED COST

	2022 £'000	2021 £'000
Debt securities:		
– unlisted	**1,045,257**	761,682
Less impairment loss allowance	**(23)**	(28)
	1,045,234	761,654

Debt securities comprise certificates of deposit that are all due to mature within one year (2021: all), and treasury bills that are due to mature within one year (2021: none).

Fair value through profit or loss securities include money market funds and direct holdings in equity securities. Equity securities comprises units in Rathbone Unit Trust Management managed funds and Euroclear shares. Equity securities do not bear interest. Money market funds, which declare daily dividends that are in the nature of interest at a variable rate and which are realisable on demand, have been included within cash equivalents (note 38).

The fair value of debt securities is disclosed in note 33.

The change in the group's holdings of investment securities in the year is summarised below.

	Fair value through profit or loss £'000	Amortised cost £'000	Total £'000
At 1 January 2021	107,559	651,427	758,986
Additions	56,658	930,728	987,386
Disposals (sales and redemptions)	(134,924)	(821,100)	(956,024)
Foreign exchange movements	(188)	519	331
Gain from changes in fair value	829	–	829
Increase in impairment loss allowance	–	80	80
At 1 January 2022	**29,934**	**761,654**	**791,588**
Additions	**2,497**	**1,259,979**	**1,262,476**
Disposals (sales and redemptions)	**(20,913)**	**(983,481)**	**(1,004,394)**
Foreign exchange movements	**159**	**7,077**	**7,236**
Loss from changes in fair value	**(463)**	**–**	**(463)**
Increase in impairment loss allowance	**–**	**5**	**5**
At 31 December 2022	**11,214**	**1,045,234**	**1,056,448**

Included within fair value through profit or loss are additions of £2,497,000 (2021: £1,658,000) and £913,000 (2021: £690,000) of disposals of financial instruments that are not classified as cash and cash equivalents.

18 / PREPAYMENTS, ACCRUED INCOME AND OTHER ASSETS

	2022 £'000	2021 £'000
Work in progress	**9,549**	9,943
Prepayments and other assets	**24,496**	19,507
Accrued income	**92,642**	86,542
	126,687	115,992

Other assets include temporary client receivables, which are subject to daily movements as a result of outstanding client transactions.

Work in progress reflects time and materials charged at year end but not invoiced to clients.

19 / PROPERTY, PLANT AND EQUIPMENT

	Short term leasehold improvements £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2021	22,609	23,689	46,298
Additions	261	1,738	1,999
Acquisitions through business combinations (note 8)	578	3,765	4,343
Disposals	–	(1,987)	(1,987)
At 1 January 2022	**23,448**	**27,205**	**50,653**
Additions	**1,341**	**3,030**	**4,371**
Disposals	**(440)**	**(1,149)**	**(1,589)**
At 31 December 2022	**24,349**	**29,086**	**53,435**
Depreciation			
At 1 January 2021	11,781	19,671	31,452
Charge for the year	2,004	2,259	4,263
Acquisitions through business combinations (note 8)	507	3,318	3,825
Disposals	–	(1,946)	(1,946)
At 1 January 2022	14,292	23,302	37,594
Charge for the year	**1,970**	**2,779**	**4,749**
Disposals	**(439)**	**(1,156)**	**(1,595)**
At 31 December 2022	**15,823**	**24,925**	**40,748**
Carrying amount at 31 December 2022	**8,526**	**4,161**	**12,687**
Carrying amount at 31 December 2021	**9,156**	**3,903**	**13,059**
Carrying amount at 1 January 2021	**10,828**	**4,018**	**14,846**

20 / RIGHT-OF-USE ASSETS

	Property £'000	Motor vehicles and equipment £'000	Total £'000
Cost			
At 1 January 2021	54,468	41	54,509
Additions	3,505	354	3,859
Acquisitions through business combinations (note 8)	451	–	451
Disposals	(81)	(24)	(105)
Other movements	(284)	–	(284)
At 1 January 2022	**58,059**	**371**	**58,430**
Additions	**3,695**	**–**	**3,695**
Disposals	**(764)**	**(17)**	**(781)**
Other movements	**(2,894)**	**–**	**(2,894)**
At 31 December 2022	**58,096**	**354**	**58,450**
Depreciation and impairment			
1 January 2021	9,625	28	9,653
Charge for the year	4,953	34	4,987
Disposals	(81)	(24)	(105)
Other movements	–	–	–
At 1 January 2022	**14,497**	**38**	**14,535**
Charge for the year	**5,484**	**118**	**5,602**
Disposals	**(757)**	**(17)**	**(774)**
Other movements	**–**	**–**	**–**
At 31 December 2022	**19,224**	**139**	**19,363**
Carrying amount at 31 December 2022	**38,872**	**215**	**39,087**
Carrying amount at 31 December 2021	43,562	333	43,895
Carrying amount at 1 January 2021	44,843	13	44,856

The group recognised a charge of £4,400 in profit or loss during the year in respect of short-term leases and low-value assets (2021: £10,200).

21 / NET DEFERRED TAX ASSET/ (LIABILITY)

The UK Government legislated in the Finance Act 2021 to increase the UK corporation tax rate to 25.0% in 2023. The Finance Act 2021 was enacted on 10 June 2021. This has been reflected in the deferred tax calculations. Deferred income taxes are calculated on all temporary differences under the liability method using the rate expected to apply when the relevant timing differences are forecast to unwind.

The movement on the deferred tax account is as follows:

	Deferred capital allowances £'000	Pensions £'000	Share-based payments £'000	Staff-related costs £'000	Fair value through profit or loss £'000	Intangible assets £'000	Total £'000
As at 1 January 2022	**3,791**	**(2,336)**	**9,684**	**7,261**	**(798)**	**(31,413)**	**(13,811)**
Recognised in profit or loss in respect of:							
current year	43	(797)	915	236	73	1,873	2,343
prior year	205	–	94	127	–	–	426
change in rate	13	(2,579)	159	1,553	(229)	–	(1,083)
Total	**261**	**(3,376)**	**1,168**	**1,916**	**(156)**	**1,873**	**1,686**
Recognised in other comprehensive income in respect of:							
current year	–	1,346	–	–	–	–	1,346
prior year	–	–	–	–	–	–	–
change in rate	–	2,015	–	–	–	–	2,015
Total	**–**	**3,361**	**–**	**–**	**–**	**–**	**3,361**
Recognised in equity in respect of:							
current year	–	–	1,229	–	–	–	1,229
prior year	–	–	(12)	–	–	–	(12)
change in rate	–	–	21	–	–	–	21
Total	**–**	**–**	**1,238**	**–**	**–**	**–**	**1,238**
Business combinations	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**
As at 31 December 2022	**4,052**	**(2,351)**	**12,090**	**9,177**	**(954)**	**(29,540)**	**(7,526)**

	Deferred capital allowances £'000	Pensions £'000	Share-based payments £'000	Staff-related costs £'000	Fair value through profit or loss £'000	Intangible assets £'000	Total £'000
Deferred tax assets	4,052	–	12,090	9,177	–	–	25,319
Deferred tax liabilities	–	(2,351)	–	–	(954)	(29,540)	(32,845)
As at 31 December 2022	**4,052**	**(2,351)**	**12,090**	**9,177**	**(954)**	**(29,540)**	**(7,526)**

21 / NET DEFERRED TAX ASSET/ (LIABILITY) CONTINUED

	Deferred capital allowances £'000	Pensions £'000	Share-based payments £'000	Staff-related costs £'000	Fair value through profit or loss £'000	Intangible assets £'000	Total £'000
As at 1 January 2021	2,634	1,857	4,364	5,624	(701)	(10,436)	3,342
Recognised in profit or loss in respect of:							–
current year	110	(946)	2,170	1,476	(97)	1,083	3,796
prior year	119	–	3	161	–	–	283
change in rate	934	–	1,736	–	–	(2,666)	4
Total	1,163	(946)	3,909	1,637	(97)	(1,583)	4,083
Recognised in other comprehensive income in respect of:							
current year	–	(3,247)	–	–	–	–	(3,247)
prior year	–	–	–	–	–	–	–
Total	–	(3,247)	–	–	–	–	(3,247)
Recognised in equity in respect of:							
current year	–	–	1,211	–	–	–	1,211
prior year	–	–	(8)	–	–	–	(8)
change in rate	–	–	208	–	–	–	208
Total	–	–	1,411	–	–	–	1,411
Business combinations	–	–	–	–	–	(19,394)	(19,394)
Total	(6)	–	–	–	–	(19,394)	(19,400)
As at 31 December 2021	3,791	(2,336)	9,684	7,261	(798)	(31,413)	(13,811)

	Deferred capital allowances £'000	Pensions £'000	Share-based payments £'000	Staff-related costs £'000	Fair value through profit or loss £'000	Intangible assets £'000	Total £'000
Deferred tax assets	3,791	–	9,684	7,261	–	–	20,736
Deferred tax liabilities	–	(2,336)	–	–	(798)	(31,413)	(34,547)
As at 31 December 2021	3,791	(2,336)	9,684	7,261	(798)	(31,413)	(13,811)

22 / INTANGIBLE ASSETS

	2022 £'000	2021 £'000
Goodwill	**167,677**	167,677
Other intangible assets	**188,516**	208,510
	356,193	376,187

GOODWILL

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

The carrying amount of goodwill has been allocated as follows:

	Investment Management £'000	Funds £'000	Total £'000
Cost			
At 1 January 2021	96,872	1,954	98,826
Acquired through business combinations (note 8)	70,805	–	70,805
At 1 January 2022	**167,677**	**1,954**	**169,631**
At 31 December 2022	**167,677**	**1,954**	**169,631**
Impairment	**–**	**–**	**–**
At 1 January 2021	**–**	**1,954**	**1,954**
Charge for the year	**–**	**–**	**–**
At 1 January 2022	**–**	**1,954**	**1,954**
Charge for the year	–	–	–
At 31 December 2022	**–**	**1,954**	**1,954**
Carrying amount at 31 December 2022	**167,677**	**–**	**167,677**
Carrying amount at 31 December 2021	167,677	–	167,677
Carrying amount at 1 January 2021	96,872	–	96,872

Goodwill of £70,805,000 acquired through business combinations in the prior year relates to the acquisition of Saunderson House (see note 8). This was allocated to the Investment Management group of CGUs.

IMPAIRMENT

The recoverable amounts of the groups of 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 group of CGUs (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 average growth rate for the industry. 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 the group of CGUs.

The pre-tax rate used to discount the forecast cash flows for each group of 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 group of CGUs operate.

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

	Investment management	
At 31 December	**2022**	2021
Discount rate	**14.1%**	12.0%
Average annual revenue growth rate	**4.3%**	4.9%
Terminal growth rate	**1.0%**	1.0%

22 / INTANGIBLE ASSETS CONTINUED

OTHER INTANGIBLE ASSETS

	Client relationships £'000	Software development costs £'000	Purchased software £'000	Total £'000
Cost				
At 1 January 2021	216,253	9,793	46,189	272,235
Internally developed in the year	–	1,847	–	1,847
Acquired through business combinations (note 8)	79,415	–	5,662	85,077
Purchased in the year	8,620	–	4,988	13,608
Disposals	(1,716)	–	(3,699)	(5,415)
At 1 January 2022	**302,572**	**11,640**	**53,140**	**367,352**
Internally developed in the year	**–**	**1,827**	**–**	**1,827**
Purchased in the year	**998**	**–**	**1,790**	**2,788**
Disposals	**(2,643)**	**–**	**(33)**	**(2,676)**
At 31 December 2022	**300,927**	**13,467**	**54,897**	**369,291**
Amortisation and impairment				
At 1 January 2021	95,124	7,234	35,606	137,964
Acquired through business combinations (note 8)	–	–	4,237	4,237
Amortisation charge	15,595	1,302	5,160	22,057
Disposals	(1,716)	–	(3,699)	(5,415)
At 1 January 2022	**109,003**	**8,536**	**41,304**	**158,843**
Amortisation charge	**19,544**	**1,488**	**3,559**	**24,591**
Disposals	**(2,643)**	**–**	**(16)**	**(2,659)**
At 31 December 2022	**125,904**	**10,024**	**44,847**	**180,775**
Carrying amount at 31 December 2022	**175,023**	**3,443**	**10,050**	**188,516**
Carrying amount at 31 December 2021	193,569	3,104	11,836	208,509
Carrying amount at 1 January 2021	121,129	2,559	10,583	134,271

Client relationships of £79,415,000 acquired through business combinations in the prior year relate to the acquisition of Saunderson House (see note 8).

Purchases of client relationships of £998,000 (2021: £8,620,000) in the year relate to payments made to investment managers and third parties for the introduction of client relationships.

The total amount charged to profit or loss in the year in relation to goodwill and client relationships was £19,544,000 (2021: £15,595,000).

Purchased software with a cost of £35,191,000 (2021: £32,363,000) has been fully amortised but is still in use.

23 / DEPOSITS BY BANKS

On 31 December 2022, deposits by banks included overnight cash book overdraft balances of £1,035,000 (2021: £2,212,000).

The fair value of deposits by banks was not materially different to their carrying value. Fair value has been calculated as the discounted amount of estimated future cash flows expected to be paid using current market rates.

24 / DUE TO CUSTOMERS

	2022 £'000	2021 £'000
Repayable:		
– on demand	**2,328,014**	2,205,984
– within 3 months or less excluding on demand	**183,192**	122,784
– within 1 year or less but over 3 months	**4,910**	4,243
	2,516,116	2,333,011
Amounts include balances:		
– with variable interest rates	**2,324,409**	2,205,984
– with fixed interest rates	**127,190**	66,367
– which are non-interest-bearing	**64,517**	60,660
	2,516,116	2,333,011

The fair value of amounts due to customers was not materially different from their carrying value. The estimated fair value of deposits with no stated maturity, which include non-interest-bearing deposits, is the amount at which deposits could be transferred to a third party at the measurement date. The estimated fair value of fixed-interest-bearing deposits is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

25 / ACCRUALS AND OTHER LIABILITIES

	2022 £'000	2021 £'000
Trade creditors	**3,208**	59
Other creditors	**10,204**	23,667
Accruals	**100,876**	105,448
	114,288	129,174

26 / PROVISIONS

	Deferred, variable costs to acquire client relationship intangibles £'000	Deferred consideration in business combinations £'000	Legal and compensation £'000	Property-related £'000	Total £'000
At 1 January 2021	3,785	588	594	3,748	8,715
Charged to profit or loss	–	–	2,278	995	3,273
Unused amount credited to profit or loss	–	–	(155)	–	(155)
Net charge to profit or loss	–	–	2,123	995	3,118
Other movements	7,992	–	–	–	7,992
Utilised/paid during the year	(3,239)	(588)	(574)	(100)	(4,501)
At 1 January 2022	**8,538**	**–**	**2,143**	**4,643**	**15,324**
Charged to profit or loss	**–**	**–**	**843**	**1,182**	**2,025**
Unused amount credited to profit or loss	**–**	**–**	**(21)**	**–**	**(21)**
Net charge to profit or loss	**–**	**–**	**822**	**1,182**	**2,004**
Other movements	**997**	**–**	**–**	**–**	**997**
Utilised/paid during the year	**(5,156)**	**–**	**(229)**	**(33)**	**(5,418)**
At 31 December 2022	**4,379**	**–**	**2,736**	**5,792**	**12,907**
Payable within 1 year	**1,032**	**–**	**2,736**	**330**	**4,098**
Payable after 1 year	**3,347**	**–**	**–**	**5,462**	**8,809**
	4,379	**–**	**2,736**	**5,792**	**12,907**

DEFERRED, VARIABLE COSTS TO ACQUIRE CLIENT RELATIONSHIP INTANGIBLES

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

DEFERRED AND CONTINGENT CONSIDERATION IN BUSINESS COMBINATIONS

During the prior year, the group settled an incentivisation award for Speirs & Jeffrey support staff in the value of £588,000.

LEGAL AND COMPENSATION

During the ordinary course of business the group may, from time to time, be subject to complaints, as well as threatened and 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 to 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 settlement outcome, which in some cases is calculated 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 £5,792,000 relate to dilapidation provisions expected to arise on leasehold premises held by the group (2021: £4,643,000). Dilapidation provisions are calculated using a discounted cash flow model.

During the year, the group utilised £33,000 for the property held in Edinburgh (2021: £100,000). The impact of discounting led to an additional charge of £1,182,000 (2021: additional charge of £995,000) being recognised during the year.

Amounts payable after one year

Property-related provisions of £5,462,000 are expected to be settled within 11 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 2 years of the balance sheet date.

27 / LEASE LIABILITIES

Maturity analysis	2022 £'000	2021 £'000
Less than one year	**5,005**	4,853
One to five years	**19,621**	19,819
More than five years	**25,858**	30,299
Lease liabilities at 31 December	**50,484**	54,971
Current	**5,005**	4,853
Non-current	**45,479**	50,118
	50,484	54,971

28 / SUBORDINATED LOAN NOTES

	2022 £'000	2021 £'000
Subordinated loan notes		
– face value	**40,000**	40,000
– carrying value	**39,891**	39,893

During the prior year, Rathbones Investment Management Limited repaid its £20.0 million 10-year callable subordinated loan notes, and Rathbones Group Plc issued £40.0 million of 10-year tier 2 notes with a call option in October 2026 and annually thereafter. Interest is payable at a fixed rate of 5.642% per annum until the first call option date and at a fixed rate of 4.893% over Compounded Daily SONIA thereafter. Legal fees of £107,000 were incurred in issuing the notes, which have been accounted for in the carrying value of amortised cost. An interest expense of £2,255,000 (2021: £1,241,000) was recognised in the year.

29 / 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 £15,211,000 (2021: £12,006,000). The group also operates a defined contribution scheme for overseas employees, for which the total contributions were £80,000 (2021: £82,000).

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 are currently both clients of Rathbones Investment Management, with investments 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 2019. Valuations as at 31 December 2022 are currently being undertaken for both schemes.

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	
	2022 % (unless stated)	2021 % (unless stated)	**2022 % (unless stated)**	2021 % (unless stated)
Rate of increase of salaries	**n/a**	n/a	**n/a**	n/a
Rate of increase of pensions in payment	**3.60**	3.70	**3.20**	3.30
Rate of increase of deferred pensions	**3.20**	3.40	**3.20**	3.40
Discount rate	**4.70**	1.90	**4.70**	1.90
Inflation*	**3.20**	3.40	**3.20**	3.40
Percentage of members transferring out of the schemes per annum	**2.00**	2.00	**2.00**	2.00
Average age of members at date of transferring out (years)	**52.5**	52.5	**52.5**	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 been increased by 2.8% to reflect an increase in the yields available on AA-rated corporate bonds
2. the assumed rate of future inflation has decreased by 0.2% 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, has decreased by 0.1% for both schemes, allowing for the change to the assumed rate of future inflation

Over the year the mortality assumptions have been updated. The CMI model used to project future improvements in mortality has been updated from the 2020 version to the 2021 version.

2% of members not yet in receipt of their pension are assumed to transfer out of the scheme each year (2021: 2%).

The proportion of members assumed to be married at retirement age is 80% (2021: 80%)

The assumed duration of the liabilities for the Laurence Keen Scheme is 13 years (2021: 15 years) and the assumed duration for the Rathbone 1987 Scheme is 16 years (2021: 20 years).

29 / LONG-TERM EMPLOYEE BENEFITS CONTINUED

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 expectancy for the membership of both schemes is based on the S3PA 'Light' actuarial tables with improvements in line with the CMI 2021 tables with a long-term rate of improvement of 1.5% p.a. The assumed life expectancies on retirement were:

		2022		2021	
		Males	**Females**	Males	Females
Retiring today:	aged 60	**28.2**	**29.9**	28.2	29.9
	aged 65	**23.3**	**24.9**	23.3	24.9
Retiring in 20 years:	aged 60	**29.9**	**31.6**	29.9	31.6
	aged 65	**24.9**	**26.6**	24.8	26.6

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

	2022			2021		
	Laurence Keen Scheme £'000	**Rathbone 1987 Scheme £'000**	**Total £'000**	Laurence Keen Scheme £'000	Rathbone 1987 Scheme £'000	Total £'000
Present value of defined benefit obligations	**(7,167)**	**(87,564)**	**(94,731)**	(11,149)	(144,428)	(155,577)
Fair value of scheme assets	**8,113**	**96,019**	**104,132**	12,981	154,883	167,864
Net defined benefit asset/(liability)	**946**	**8,455**	**9,401**	1,832	10,455	12,287

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

	2022			2021		
	Laurence Keen Scheme £'000	**Rathbone 1987 Scheme £'000**	**Total £'000**	Laurence Keen Scheme £'000	Rathbone 1987 Scheme £'000	Total £'000
Interest income	**(36)**	**(222)**	**(258)**	(5)	110	105
	(36)	**(222)**	**(258)**	(5)	110	105

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 £4,385,000 (2021: £481,000 rise) for the Laurence Keen Scheme and a fall in value of £58,806,000 (2021: £11,501,000 rise) for the Rathbone 1987 Scheme.

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

	2022			2021		
	Laurence Keen Scheme £'000	**Rathbone 1987 Scheme £'000**	**Total £'000**	Laurence Keen Scheme £'000	Rathbone 1987 Scheme £'000	Total £'000
At 1 January	**11,149**	**144,428**	**155,577**	12,374	153,030	165,404
Service cost (employer's)	**–**	**–**	**–**	–	–	–
Interest cost	**206**	**2,708**	**2,914**	158	1,961	2,119
Contributions from members	**–**	**–**	**–**	–	–	–
Actuarial experience gains	**99**	**3,561**	**3,660**	20	5,793	5,813
Actuarial gains/(losses) arising from:						–
– demographic assumptions	**4**	**188**	**192**	(159)	(1,200)	(1,359)
– financial assumptions	**(3,640)**	**(59,492)**	**(63,132)**	(816)	(10,761)	(11,577)
Past service cost	**–**	**–**	**–**	–	–	–
Benefits paid	**(651)**	**(3,829)**	**(4,480)**	(428)	(4,395)	(4,823)
At 31 December	**7,167**	**87,564**	**94,731**	11,149	144,428	155,577

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

	2022			2021		
	Laurence Keen Scheme £'000	**Rathbone 1987 Scheme £'000**	**Total £'000**	Laurence Keen Scheme £'000	Rathbone 1987 Scheme £'000	Total £'000
At 1 January	**12,981**	**154,883**	**167,864**	12,592	143,027	155,619
Remeasurement of net defined benefit asset/(liability)						
– interest income	**242**	**2,930**	**3,172**	163	1,851	2,014
– return on scheme assets (excluding amounts included in interest income)	**(4,627)**	**(61,736)**	**(66,363)**	318	9,650	9,968
Contributions from the sponsoring companies	**168**	**3,771**	**3,939**	336	4,750	5,086
Contributions from scheme members	**–**	**–**	**–**	–	–	–
Benefits paid	**(651)**	**(3,829)**	**(4,480)**	(428)	(4,395)	(4,823)
At 31 December	**8,113**	**96,019**	**104,132**	12,981	154,883	167,864

The statements of investment principles set by the trustees of both schemes were revised in 2022. They require that the assets of the schemes are invested in a diversified portfolio of assets, split between return-seeking assets (primarily equities) and safer assets (corporate bonds and liability-driven investments).

29 / LONG-TERM EMPLOYEE BENEFITS CONTINUED

The balance between the Schemes' assets moves in line with market conditions, and will be periodically reviewed by the Trustees. In addition, the Trustees will review the asset allocation on a regular basis and look to reduce the allocation to equities as and when appropriate.

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

Laurence Keen Scheme	**2022 Fair value £'000**	2021 Fair value £'000	**2022 Current allocation %**	2021 Current allocation %
Equity instruments:				
– United Kingdom	**146**	348	**–**	–
– Eurozone	**187**	696	**–**	–
– North America	**724**	2,547	**–**	–
– Other	**520**	2,244	**–**	–
	1,577	5,835	**19**	46
Debt instruments:				
– United Kingdom corporate bonds	**4,357**	4,854	**–**	–
	4,357	4,854	**54**	37
Liability-driven investments	**2,018**	1,986	**25**	15
Cash	**102**	181	**1**	1
Other	**59**	125	**1**	1
At 31 December	**8,113**	12,981	**100**	100

Rathbone 1987 Scheme	**2022 Fair value £'000**	2021 Fair value £'000	**2022 Current allocation %**	2021 Current allocation %
Equity instruments:				
– United Kingdom	**4,241**	18,035	**–**	–
– Eurozone	**2,511**	9,107	**–**	–
– North America	**13,465**	27,980	**–**	–
– Other	**6,073**	16,823	**–**	–
	26,290	71,945	**28**	47
Debt instruments:				
– United Kingdom corporate bonds	**37,678**	54,370	**–**	–
	37,678	54,370	**39**	35
Liability-driven investments	**30,836**	26,308	**32**	17
Cash	**1,215**	2,260	**1**	1
Other	**–**	–	**–**	–
At 31 December	**96,019**	154,883	**100**	100

All equity instruments held have quoted prices in active markets. 'Other' scheme assets comprise only commodities (2021: commodities). Buy and maintain credit funds held with Legal and General Investment Management have been classified as UK corporate bonds.

The liability-driven investments held are a selection of pooled funds managed by Legal & General Investment Management. They are comprised of four funds which invest in a range of index-linked and fixed-interest investments, with weightings determined with reference to the profile of the Schemes' liabilities, such that they provide a suitable hedge against interest rate and inflation rate changes. The funds are liquid and are valued at their realisable value as at the relevant date.

The key assumptions affecting the results of the valuation are the discount rate, future inflation, mortality, the rate of members transferring out and the average age at the time of transferring out. 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. 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 lower or higher movement in these assumptions would result in multiples of these 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.

29 / LONG-TERM EMPLOYEE BENEFITS CONTINUED

	Combined impact on schemes' liabilities	
	(Decrease)/ increase £'000	(Decrease)/ increase %
0.5% increase in:		
– discount rate	(7,095)	(7.5)%
0.5% increase in:		
– rate of inflation	4,990	5.3%
Reduce allowance for future transfers to nil	367	0.4%
1-year increase to:		
– longevity at 60	3,447	3.6%

The total contributions made by the group to the 1987 Scheme during the year were £3,771,000 (2021: £4,750,000). The group has a commitment to pay deficit-reducing contributions of £2,750,000 by 31 August 2023 and each subsequent 31 August up to and including 31 August 2026, unless the funding position is assessed to be over 100% funded on a self-sufficient basis at the end of the prior year.

The total contributions made by the group to the Laurence Keen Scheme during the year were £168,000 (2021: £336,000). The group has a commitment to pay deficit-reducing contributions of £168,000 by 28 February each year from 2023 to 2026 (inclusive).

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.

30 / SHARE CAPITAL AND SHARE PREMIUM

The following movements in share capital occurred during the year:

	Number of shares	Exercise/ issue price Pence	Share capital £'000	Share premium £'000	Merger reserve £'000	Total £'000
At 1 January 2021	57,486,413		2,874	215,092	71,756	289,722
Shares issued:						
– to Share Incentive Plan	294,958	1,540.0 - 2,055.0	15	5,253	–	5,268
– to Save As You Earn scheme	9,371	1,648.0 - 1,977.0	–	157	–	157
– to Employee Benefit Trust	217,000	5.0	11	–	–	11
– to Business Combinations	1,154,689	1,913.4 - 2,484.0	58	21,858	5,209	27,125
– on Placing	2,840,910	1,760.0	142	48,666	–	48,808
At 1 January 2022	**62,003,341**		**3,100**	**291,026**	**76,965**	**371,091**
Shares issued:						
– to Share Incentive Plan	**467,559**	**1,600.0 - 2,090.0**	**24**	**9,196**	**–**	**9,220**
– to Save As You Earn scheme	**1,181**	**1,085.0 - 1,813.0**	**–**	**18**	**–**	**18**
– to Employee Benefit Trust	**481,500**	**5.0**	**24**	**–**	**–**	**24**
– to Business Combinations	**441,256**	**1,913.4 - 2,484.0**	**22**	**9,730**	**–**	**9,752**
At 31 December 2022	**63,394,837**		**3,170**	**309,970**	**76,965**	**390,105**

The total number of issued and fully paid up ordinary shares at 31 December 2022 was 63,394,837 (2021: 62,003,341) with a par value of 5p per share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the company. The ordinary shareholders are entitled to any residual assets on the winding up of the company.

On 5 March 2021, the company issued 881,737 shares in respect of the Speirs & Jeffrey first earn-out consideration relating to the 2020 incentivisation award.

On 22 June 2021, the company issued 2,840,910 shares by way of a placing for cash consideration at £17.60 per share, which raised £48,808,000, net of £1,192,000 placing costs, offset against share premium arising on the issue.

30 / SHARE CAPITAL AND SHARE PREMIUM CONTINUED

On 22 October 2021, the company issued 272,952 shares in respect of the initial share consideration from the acquisition of Saunderson House (see note 8). These shares are being held in own shares (see note 31) until they vest on the third anniversary of issue. As the share issuance was in pursuance of the arrangement to acquire the shares in Saunderson House, the premium on the issuance of these shares has been recognised within the merger reserve.

On 30 March 2022, the company issued 229,489 shares in respect of the Speirs & Jeffrey second earn-out consideration relating to the 2021 incentivisation award.

On 26 October 2022, the company issued 211,767 shares in respect of the Saunderson House deferred consideration award.

31 / OWN SHARES

The following movements in own shares occurred during the year:

	Number of shares	£'000
At 1 January 2021	3,757,370	46,744
Additions in the year	998,408	15,130
Released on vesting	(1,131,064)	(25,248)
At 1 January 2022	**3,624,714**	**36,626**
Additions in the year	**1,440,695**	**18,567**
Released on vesting	**(178,115)**	**(2,678)**
At 31 December 2022	**4,887,294**	**52,515**

Own shares represent the cost of the company's own shares, either purchased in the market or issued by the company, that are held by the company or in an Employee Benefit Trust ('EBT') to satisfy future awards under the group's share-based payment schemes (note 32). A total of 3,786,182 shares were held in the EBT at 31 December 2022 (2021: 2,808,994), and 828,160 shares were held by the trustees of the Share Incentive Plan but were not unconditionally gifted to employees (2021: 542,767).

A further 272,952 (2021: 272,952) of shares were held in nominee in respect of the initial share consideration for the acquisition of Saunderson House (see note 30). During the prior year, 1,006,522 of shares previously held in nominee for the acquisition of Speirs & Jeffrey vested and were released from own shares.

32 / SHARE-BASED PAYMENTS

SHARE INCENTIVE PLAN

The group operates a Share Incentive Plan (SIP), which is available to all employees. Employees can contribute up to £150 per month to acquire partnership shares in Rathbones Group Plc, which are purchased or allotted in monthly accumulation periods. The group currently matches employee contributions on a one-for-one basis to acquire matching shares.

The group also provides performance-related free shares, with eligible employees receiving shares valued at the rate of £100 per 1% real increase in earnings per share up to a maximum of £3,600 per annum.

For UK employees, SIP dividends are reinvested and used to purchase dividend shares, whilst for Jersey employees dividends are paid in cash.

As at 31 December 2022, the trustees of the SIP held 1,634,429 (2021: 1,363,198) ordinary shares of 5p each in Rathbones Group Plc with a total market value of £33,261,000 (2021: £27,046,000). Of the total number of shares held by the trustees, 1,101,112 (2021: 812,843) have been conditionally gifted to employees and 2,055 (2021: 2,877) remain unallocated. Dividends on the unallocated shares have been waived by the trustees.

The group recognised a charge of £2,411,000 in relation to this scheme in 2022 (2021: £2,333,000).

SAVINGS-RELATED SHARE OPTION OR SAVE AS YOU EARN (SAYE) PLAN

Under the SAYE plan, employees can contribute up to £500 per month to acquire shares at the end of a three- or five-year savings period.

Options with an aggregate estimated fair value of £2,284,000, determined using a binomial valuation model including expected dividends, were granted on 20 April 2022 to directors and staff under the SAYE plan. The inputs into the binomial model for options granted during 2022, as at the date of issue, were as follows:

	2022	2021
Share price (pence)	**2,125**	1,812
Exercise price (pence)	**1,394**	1,365
Expected volatility	**26%**	26%
Risk-free rate	**1.7%**	0.2%
Expected dividend yield	**3.5%**	3.9%

32 / SHARE-BASED PAYMENTS CONTINUED

The number of share options outstanding for the SAYE plan at the end of the year, the period in which they were granted and the dates on which they may be exercised are given below.

Year of grant	Exercise price Pence	Exercise period	**2022 Number of share options**	2021 Number of share options
2017	1,899.0	2020 and 2022	**–**	4,822
2018	1,977.0	2021 and 2023	**5,634**	7,697
2019	1,813.0	2022 and 2024	**4,418**	31,255
2020	1,085.0	2023 and 2025	**1,061,217**	1,115,270
2021	1,365.0	2024 and 2026	**180,570**	204,808
2022	1,394.0	2025 and 2027	**345,645**	–
At 31 December			**1,597,484**	1,363,852

Movements in the number of share options outstanding for the SAYE plan were as follows:

	2022		2021	
	Number of share options	**Weighted average exercise price Pence**	Number of share options	Weighted average exercise price Pence
At 1 January	**1,363,852**	**1,152.0**	1,248,962	1,141.0
Granted in the year	**364,650**	**1,365.0**	214,027	1,365.0
Forfeited or cancelled in the year	**(88,406)**	**1,272.0**	(82,035)	1,464.0
Exercised in the year	**(42,612)**	**1,588.0**	(17,102)	1,557.0
At 31 December	**1,597,484**	**1,272.0**	1,363,852	1,152.0

The weighted average share price at the dates of exercise for share options exercised during the year was £15.88 (2021: £15.17). The options outstanding at 31 December 2022 had a weighted average contractual life of 2.4 years (2021: 3.0 years) and a weighted average exercise price of £11.89 (2021: £11.52).

The group recognised a charge of £1,598,000 in relation to this scheme in 2022 (2021: £1,205,514).

EXECUTIVE INCENTIVE PLAN

Under the remuneration policy, 40% of the total award will be given in cash with the remaining 60% of the award granted in shares. The group treats the cash element of the award as an employee benefit under IAS 19 and the share element of the award as an equity-settled share-based payment under IFRS 2.

During the prior year, this award was replaced with the Executive Share Performance Plan.

The group recognised a charge of £973,000 in relation to the equity-settled share-based payment element of this scheme in 2022 (2021: £1,473,000).

EXECUTIVE SHARE PERFORMANCE PLAN

This scheme was launched in the prior year to replace the Executive Incentive Plan.

Details of the general terms of this plan are set out in the remuneration committee report on page 129.

Under the remuneration policy, 50% of the annual bonus award is paid in cash and 50% is deferred in shares, although this split can be altered subject to Remuneration Committee. An annual restricted stock plan award is also granted under the scheme, and payment is deferred in shares.

The group treats the cash element of the award as an employee benefit under IAS 19 and the share element of the awards as equity-settled share-based payments under IFRS 2.

The group recognised a charge of £1,983,000 in relation to the equity-settled share-based payment element of this scheme in 2022 (2021: £1,423,000).

STAFF EQUITY PLAN

The Key Staff Equity Plan ('KSEP') is for individuals within Rathbones Investment Management and Rathbones Investment Management International. As the KSEP is due to vest in 2023, during the year the Key Employee Equity Plan ('KEEP') was launched for individuals within Rathbones Investment Management and Rathbones Investment Management International, as well as employees within the group's support functions. The aim of the schemes is to promote increased equity interest in Rathbones Group Plc amongst employees.

Under both schemes, participants are granted awards under the plan in the form of an option with an exercise price of £nil. The option awards are subject to certain service and performance conditions.

Following the satisfaction of these performance conditions, the KSEP awards will vest (or lapse) and become exercisable on the fifth anniversary of the grant date. The awards will be exercisable from the vesting date until the tenth anniversary of the grant date. The KEEP awards will vest (or lapse) and become exercisable on the fifth anniversary of the grant date for the front office employees, and on the third anniversary of the grant date for employees in support functions.

The group recognised a charge of £4,233,000 for the KSEP award in the year (2021: £4,327,000), and a charge of £860,000 for the KEEP award (2021: £nil).

32 / SHARE-BASED PAYMENTS CONTINUED

OTHER SCHEMES

The group operates a number of other plans for rewarding employees. Participants are granted awards under these plans in the form of options, which vest automatically on an anniversary of the grant date (generally between one and five years). As the intention is to settle the options in such plans in shares, the awards are treated as equity-settled share-based payments under IFRS 2.

The group recognised total charges of £25,886,000 in relation to share-based payment transactions in 2022 (2021: £18,969,000) (see note 10). This includes acquisition-related share-based payments (see note below), and excludes social security costs of £1,094,000 (2021: £1,163,000).

The impact on retained earnings of employee remuneration and share plans vesting in the year, where shares were not released from the group employee benefit trust, was a debit of £12,776,000 (2021: debit of £22,216,000). This includes a debit of £9,752,000 for share schemes where no cash consideration was received (2021: debit of £21,902,000). See note 38.

ACQUISITION-RELATED SHARE-BASED PAYMENTS

Details of the general terms of share-based payments associated with the acquisition of Speirs & Jeffrey and Saunderson House are set out in note 8.

33 / FINANCIAL RISK MANAGEMENT

The group has identified the financial, business and operational risks arising from its activities and has established policies and procedures to manage these items in accordance with its risk appetite, as described in the group risk committee report on pages 110 to 113.

The group categorises its financial risks into the following primary areas:

(i) credit risk (which includes counterparty default risk);
(ii) liquidity risk;
(iii) market risk (which includes fair value interest rate risk, cash flow interest rate risk, foreign exchange risk and price risk); and
(iv) pension risk.

The group's exposures to pension risk are set out in note 29.

The group's financial risk management policies are designed to identify and analyse the financial risks that the group faces, to set appropriate risk tolerances, limits and controls, and to monitor the financial risks and adherence to limits by means of reliable and up-to-date information systems. The group regularly reviews its financial risk management policies and systems to reflect changes in the business, counterparties, markets and the range of financial instruments that it utilises.

The treasury department, reporting through the banking committee, has principal responsibility for monitoring exposure to credit risk, liquidity risk and market risk. Procedures and delegated authorities are documented in a group treasury manual and policy documents prescribe the management and monitoring of each type of risk. The primary objective of the group's treasury policy is to manage short term liquidity requirements whilst maintaining an appropriate level of exposure to other financial risks in accordance with the group's risk appetite.

(I) CREDIT RISK

The group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due, through its banking, treasury, trust and financial planning activities. The principal source of credit risk arises from placing funds in the money market and holding interest-bearing securities. The group also has exposure to credit risk through its client loan book.

It is the group's policy to place funds generated internally and from deposits by clients with a range of high-quality, investment grade financial institutions and the Bank of England. Investments with financial institutions are spread to avoid excessive exposure to any individual counterparty. Loans made to clients are secured against clients' assets that are held and managed by group companies.

Exposure to credit risk is managed through setting appropriate ratings requirements and lending limits. Limits are reviewed regularly, taking into account the ability of borrowers and potential borrowers to meet repayment obligations.

The group categorises its exposures based on the long-term ratings awarded to counterparties by Fitch, Moody's or S&P. Each exposure is assessed individually, both at inception and in ongoing monitoring. In addition to formal external ratings, the banking committee also utilises market intelligence information to assist with its ongoing monitoring. The group's financial assets are categorised as follows:

Balances with central banks (note 14)

The group has exposure to central banks through its deposits held with the Bank of England.

Loans and advances to banks (note 15) and debt and other securities (note 17)

The group has exposures to a wide range of financial institutions through its treasury portfolio, which includes bank deposits, certificates of deposit, money market funds and UK Government treasury bills. These exposures principally arise from the placement of clients' cash, where it is held under a banking relationship, and the group's own reserves.

Balances with central banks, loans and advances to banks and debt and other securities (excluding equity securities) are collectively referred to as the group's treasury book.

Treasury book	**2022 £'000**	2021 £'000
Balances with central banks	**1,412,951**	1,463,377
Loans and advances to banks – fixed deposits/notice accounts	**30,000**	30,000
Unlisted debt securities	**1,045,234**	761,654
Money market funds	**–**	20,000
Gross amount	**2,488,185**	2,275,031

33 / FINANCIAL RISK MANAGEMENT CONTINUED

(I) CREDIT RISK CONTINUED

The group's policy requires that all such exposures are only taken with counterparties that have been awarded a minimum long-term rating of single A by Fitch or equivalent rating by Moody's or S&P. Counterparty limits are also in place to limit exposure to an individual counterparty or connected group of counterparties. Counterparty exposures are monitored on a daily basis by the treasury department and reviewed by the banking committee on a monthly basis, or more frequently when necessary. The banking committee may suspend dealing in a particular counterparty, or liquidate specific holdings, in the light of adverse market information.

Loans and advances to customers (note 16)

The group provides loans to clients through its investment management operations ('the investment management loan book'). The group is also exposed to credit risk on overdrafts on clients' investment management accounts, work in progress arising from the trust, tax and financial planning businesses ('trust and financial planning debtors') and other debtors.

(a) Overdrafts

Overdrafts on clients' investment management accounts arise from time to time due to short-term timing differences between the purchase and sale of assets on a client's behalf. Overdrafts are actively monitored and reported to the banking committee on a monthly basis.

(b) Investment management loan book

Loans are provided as a service to investment management clients, who are generally asset-rich but have short- to medium-term cash requirements. Such loans are normally made on a fully secured basis against portfolios held in Rathbones' nominee name, and some loans may be partially secured by property. Extensions to the initial loan period may be granted subject to credit criteria.

All lending exposures undergo an initial assessment of creditworthiness according to Rathbones' internal affordability model. On an ongoing basis, the assessment is repeated at least annually, or sooner in the event of a trigger, such as a decline in portfolio value due to withdrawal or market conditions, as this would highlight a potential deterioration in creditworthiness.

At 31 December 2022, the total lending exposure limit for the investment management loan book was £250,000,000 (2021: £250,000,000), of which £158,130,000 had been advanced (2021: £167,259,000) and a further £22,453,000 had been committed (2021: £40,275,000).

(c) Trust and financial planning debtors

Trust and financial planning debtors relate to fees which have been invoiced but not yet settled by clients. The collection and ageing of trust and financial planning debtors are reviewed on a monthly basis by the management committees of the group's trust and financial planning businesses.

(d) Other debtors

Other loans and advances to customers relate to management fees receivable.

Settlement balances

Settlement risk arises in any situation where a payment in cash or transfer of a security is made in the expectation of a corresponding delivery of a security or receipt of cash. The majority of transactions are carried out on a delivery versus payment basis, which results in securities and cash being exchanged within a very close timeframe. Settlement balances outside standard terms are monitored on a daily basis.

The Investment Management and Funds segments have exposure to market counterparties in the settlement of trades. Settlement balances arising in the Investment Management segment are primarily in relation to client trades and risk of non-settlement is borne by clients.

Maximum exposure to credit risk

	2022 £'000	2021 £'000
Credit risk relating to on-balance-sheet exposures:		
Cash and balances with central banks	**1,412,951**	1,463,377
Settlement balances	**65,819**	69,750
Loans and advances to banks	**194,723**	203,589
Loans and advances to customers:		
– overdrafts	**6,540**	7,021
– investment management loan book	**159,694**	167,980
– trust and financial planning debtors	**3,033**	4,194
– other debtors	**511**	864
Investment securities:		
– unlisted debt securities and money market funds	**1,045,234**	781,682
Other financial assets	**104,716**	102,150
Credit risk relating to off-balance-sheet exposures:		
Loan commitments	**22,453**	40,275
	3,015,674	2,840,882

The above table represents the group's gross credit risk exposure at 31 December 2022 and 2021, without taking account of any associated collateral held or other credit enhancements. For on-balance-sheet assets, the exposures set out above are based on gross carrying amounts.

Of the total maximum exposure, 12.1% is derived from loans and advances to banks and customers (2021: 13.5%) and 34.7% represents investment securities (2021: 27.5%).

33 / FINANCIAL RISK MANAGEMENT CONTINUED

(I) CREDIT RISK CONTINUED

Impairment of financial instruments

The group's accounting policy governing impairment of financial assets is given in note 1.12. Impairment losses on financial assets recognised in profit or loss were as shown in the table below. The main class of asset these impairment losses have arisen against is cash and balances held with central banks.

	2022 £'000	2021 £'000
Impairment losses/(reversals) arising from:		
– treasury book	**(51)**	(726)
– investment management loan book	**12**	–
– trust and financial planning debtors	**(57)**	14
	(96)	(712)

Expected credit loss ('ECL') assessment

At each reporting date, for both the treasury book and investment management loan book, the group assesses whether there has been a significant increase in credit risk of exposures since initial recognition, by comparing the change in the risk of a default occurring over the expected life of the instrument between the reporting date and the date of initial recognition. The following criteria are used to identify significant increases in credit risk and are monitored and reviewed periodically for appropriateness by the treasury team.

The group's ECL model was calibrated during a time of benign inflation, and thus inflation was historically negatively correlated with PDs. Given current inflation is supply-driven, a post-model adjustment was made to flatten the inflation forecast to remove the dampening effect on the PD.

Qualitative indicators

The group periodically monitors its exposures and uses a set of defined criteria to flag any counterparties that may be experiencing financial difficulties. Such exposures are monitored by the treasury team, and those that are considered to have experienced a significant increase in credit risk are classified as 'stage 2', on which a lifetime ECL is recognised.

Quantitative indicators

The lifetime probability of default at the reporting date is compared to the original lifetime probability of default at initial recognition and if the difference exceeds a predefined threshold (for the current analysis this threshold is set at 50% of the value at initial recognition) the exposure is moved to stage 2.

Probability of defaults used for identifying significant increases in credit risk for staging purposes are calculated using the same methodology and data used for estimating probability of defaults for the purpose of measuring expected credit losses.

The '30 days past due' backstop indicator has not been rebutted by the group, albeit it is not a significant driver of stage movements as the opportunity for a counterparty to miss a payment is low due to the fact that over the life of exposure, any interest and/or principal is directly debited from the counterparty's investment balance and investment income, which is in turn held as collateral under the group's custody.

Materially all exposures in both the treasury book and investment management loan book follow a bullet repayment structure; therefore, the exposure at any point in time reflects the outstanding balance of the instrument at that point in time.

Definition of default

The group considers an investment management loan book exposure to be in default when a client fails to respond to three sets of default notices (every 30 days for a period of 90 days). A treasury book exposure is deemed to be in default when a payment is past due by more than one working day (grace period).

Probability of default (PD)

The group uses a lifetime PD for each exposure, which is the probability-weighted result of considering three economic scenarios: a base case, an upside scenario and a downside scenario. These scenarios include the forecast of the macroeconomic factors that have been identified as relevant to the group's exposures, which are incorporated into the estimation of lifetime PDs.

The methodology for estimating lifetime PDs and adjustments for macroeconomic scenarios used for identifying significant increases in credit risk are as follows:

Treasury book assessment

The 12-month PD for each exposure is initially estimated as the historical 12-month PD sourced from Standard & Poor's, by credit rating and country of exposure. In order to estimate the PDs occurring over the lifetime of an underlying exposure, the group applies its expectations of future progression in point in time ('PiT') default probabilities, which inherently revolve around expectations of future development of macroeconomic factors relevant to treasury assets, namely UK GDP, UK unemployment rates, UK inflation and UK interest rates.

Loss given default (LGD) for treasury book assets is dependent on the nature of the counterparty and the region in which the instrument was issued. For sovereign exposures, the group applies a flat LGD rate, which is externally sourced from Moody's most recent sovereign default and recovery rates research statistics, by country of issuer. For unsecured corporate exposures, a time series of historical corporate recovery rates is sourced from Moody's annual publication on corporate defaults and recovery rates.

33 / FINANCIAL RISK MANAGEMENT CONTINUED

(I) CREDIT RISK CONTINUED

The following table presents an analysis of the credit quality of treasury book exposures at amortised cost and FVTPL. It indicates whether assets measured at amortised cost were subject to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired:

	2022				2021			
		At amortised cost						
	Fair value through profit or loss £'000	12-month ECL £'000	Lifetime ECL – not credit-impaired £'000	Lifetime ECL – credit-impaired £'000	Fair value through profit or loss £'000	12-month ECL £'000	Lifetime ECL – not credit-impaired £'000	Lifetime ECL – credit-impaired £'000
AAA	–	–	–	–	20,000	–	–	–
AA+ to AA-	–	1,953,208	–	–	–	1,893,631	–	–
A+ to A-	–	535,000	–	–	–	330,978	–	–
Gross carrying amounts	–	2,488,208	–	–	20,000	2,224,609	–	–
Loss allowance		(59)	–	–		(110)	–	–
Carrying amount	–	2,488,149	–	–	20,000	2,224,499	–	–
Cash and balances with central banks	–	1,412,915	–	–	–	1,463,294	–	–
Loans and advances to banks	–	30,000	–	–	–	30,000	–	–
Unlisted debt securities	–	1,045,234	–	–	–	761,654	–	–
Money market funds	–	–	–	–	20,000	–	–	–
Carrying amount	–	2,488,149	–	–	20,000	2,254,948	–	–

The movement in allowance for impairment for the treasury book during the year was as follows.

	12-month ECL £'000	Lifetime ECL – not credit-impaired £'000	Lifetime ECL – credit-impaired £'000	Total ECL £'000
Balance at 1 January 2022	110	–	–	110
Net remeasurement of loss allowance	(51)			(51)
Balance at 31 December 2022	59	–	–	59
Cash and balances with central banks	36	–	–	36
Loans and advances to banks	–	–	–	–
Unlisted debt securities	23	–	–	23
ECL provision	59	–	–	59

33 / FINANCIAL RISK MANAGEMENT CONTINUED

(I) CREDIT RISK CONTINUED

Investment management loan book assessment

Due to the lack of historical defaults within the investment management loan book, the model uses publicly available default data for UK secured lending as a starting point in order to obtain an initial estimate for PD. The 12-month PD is estimated as the historical long-term default rate on lending in the UK as sourced from the Council of Mortgage Lenders (CML).

In order to estimate the PDs occurring over the lifetime of an underlying exposure, the group develops its expectations of future progression in PiT default probabilities, which inherently revolves around expectations of future development of macroeconomic factors relevant to the bank's lending portfolio, namely UK GDP ('GDP') and UK unemployment rates (UR).

In order to develop and apply such forward-looking expectations, a historical relationship between PD, GDP and UR is estimated statistically through a multi-factor regression analysis of past movements between these variables. The relationship resulting from this analysis reflects the relative quantitative behaviour of the regressed macroeconomic factors against PD.

Using the calculated 12-month PiT PD as a starting point, conditional PDs for each future period within the period of exposure are estimated by applying the GDP and UR coefficients to the group's forecasts of UK GDP and UK UR respectively, as sourced from International Monetary Fund (IMF) forecast data. This analysis forms the base case scenario for estimating lifetime PDs. The same methodology is applied for separate upside and downside scenarios as required by the standard.

The following table presents an analysis of the credit quality of investment management loan book exposures at amortised cost. It indicates whether assets measured at amortised cost were subject to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired.

The categories below reflect the group's internal affordability tests, which consider a range of factors for the client, including their portfolio value, Experian score, and the length of their relationship with the group. 'High' is an indication the client poses a high risk in terms of being able to afford repayment of the loan facility. 'Medium' is an indication of a possibility the client may pose a risk in terms of being able to afford repayment of the loan facility. 'Low' is where the risk of a client not being able to repay the loan facility is considered reasonably low. 'Very low' is where the risk of a client not being able to repay the loan facility is considered extremely low.

	2022			2021		
	At amortised cost					
	12-month ECL £'000	**Lifetime ECL – not credit-impaired £'000**	**Lifetime ECL – credit-impaired £'000**	12-month ECL £'000	Lifetime ECL – not credit-impaired £'000	Lifetime ECL – credit-impaired £'000
Very low	**31,053**	**–**	**–**	30,250	–	–
Low	**112,054**	**–**	**–**	116,646	–	–
Medium	**14,504**	**–**	**–**	18,174	–	–
High	**2,083**		**–**	2,911		–
Gross carrying amounts	**159,694**	**–**	**–**	167,981	–	–
Loss allowance	**(12)**	**–**	**–**	–	–	–
Carrying amount	**159,682**	**–**	**–**	167,981	–	–

The movement in allowance for impairment of the investment management loan book during the year was as follows.

	12-month ECL £'000	**Lifetime ECL – not credit-impaired £'000**	**Lifetime ECL – credit-impaired £'000**	**Total ECL £'000**
Balance at 1 January 2022	**–**	**–**	**–**	**–**
Net remeasurement of loss allowance	12	–	–	12
Balance at 31 December 2022	**12**	**–**	**–**	**12**

Trust and financial planning debtors assessment

The group uses a provision matrix to measure the ECLs of trust and financial planning debtors, which comprise a large number of small balances. For such debts, a normal settlement period of up to 30 days is expected.

The weighted average loss rates are calculated with reference to the historic credit losses as a proportion of the overall debtor balance within each aging category at the time of default. The current period of assessment for the provision is five years.

The following table provides information about the exposure to credit risk and ECLs for trust and financial planning debtors as at 31 December 2022:

	2022 £'000	2021 £'000
Rathbones Trust Company	**1,013**	1,451
Rathbones Trust & Legal Services	**225**	315
Rathbone Financial Planning	**521**	311
Saunderson House	**1,395**	2,131
Gross carrying amounts	**3,154**	4,208
Loss allowance	**(121)**	(235)
Carrying amount	**3,033**	3,973

33 / FINANCIAL RISK MANAGEMENT CONTINUED

(I) CREDIT RISK CONTINUED

			Loss allowance		
Rathbones Trust Company	Weighted average loss rate	Gross carrying amount £'000	Not credit impaired £'000	Credit impaired £'000	Total £'000
<90 days overdue	0.3%	597	(2)	–	(2)
90-180 days overdue	1.5%	172	(3)	–	(3)
180-270 days overdue	2.7%	99	(3)	–	(3)
270-365 days overdue	4.5%	82	(4)	–	(4)
>365 days overdue	23.9%	64	(13)	(8)	(20)
		1,013	(24)	(8)	(31)

At the prior year end, £100,000 was recognised as an expected credit loss provision for Rathbones Trust Company.

			Loss allowance		
Rathbones Trust & Legal Services	Weighted average loss rate	Gross carrying amount £'000	Not credit-impaired £'000	Credit-impaired £'000	Total £'000
<90 days overdue	0.8%	132	(1)	–	(1)
90-180 days overdue	3.9%	55	(2)	–	(2)
180-270 days overdue	7.0%	13	(1)	–	(1)
270-365 days overdue	12.7%	17	(2)	–	(2)
>365 days overdue	11.9%	9	(1)	(3)	(4)
		225	(7)	(3)	(10)

At the prior year end, £14,000 was recognised as an expected credit loss provision for Rathbones Trust & Legal Services.

			Loss allowance		
Rathbone Financial Planning	Weighted average loss rate	Gross carrying amount £'000	Not credit-impaired £'000	Credit-impaired £'000	Total £'000
<90 days overdue	0.0%	255	–	–	–
90-180 days overdue	0.0%	128	–	–	–
180-270 days overdue	0.0%	70	–	–	–
270-365 days overdue	0.0%	19	–	–	–
>365 days overdue	0.0%	49	–	–	–
		521	–	–	–

At the prior year end, £nil was recognised as an expected credit loss provision for Rathbone Financial Planning.

			Loss allowance		
Saunderson House	Weighted average loss rate	Gross carrying amount £'000	Not credit-impaired £'000	Credit-impaired £'000	Total £'000
<90 days overdue	0.0%	1,230	–	–	–
90-180 days overdue	15.0%	42	(6)	–	(6)
180-270 days overdue	50.0%	43	(21)	–	(21)
270-365 days overdue	50.0%	18	(9)	–	(9)
>365 days overdue	70.9%	62	(44)	–	(44)
		1,395	(80)	–	(80)

At the prior year end, £121,000 was recognised as an expected credit loss provision for Saunderson House.

The movement in allowance for impairment in respect of trust and financial planning debtors during the year is set out below.

Movement in impairment provision during the year	Trust and financial planning debtors £'000
At 1 January	235
Amounts written off	(56)
Change in credit risk	(57)
At 31 December 2022	121

Concentration of credit risk

The group has counterparty credit risk within its financial assets in that exposure is to a number of similar credit institutions. The banking committee actively monitors counterparties and may reduce risk by either suspending dealing or liquidating investments in light of adverse market information, for example in anticipation of or in response to any formal Fitch or Moody's rating downgrade. This may happen in relation to specific banks or banks within a particular country or sector.

33 / FINANCIAL RISK MANAGEMENT CONTINUED

(I) CREDIT RISK CONTINUED

(a) Geographical sectors

The following table analyses the group's credit exposures, at their carrying amounts, by geographical region as at the balance sheet date. In this analysis, exposures are categorised based on the country of domicile of the counterparty.

At 31 December 2022	United Kingdom £'000	Eurozone £'000	Rest of the World £'000	Total £'000
Cash and balances with central banks	1,412,915	–	–	1,412,915
Settlement balances	65,332	139	348	65,819
Loans and advances to banks	192,875	8	1,840	194,723
Loans and advances to customers:				
– overdrafts	5,823	58	659	6,540
– investment management loan book	132,457	843	26,382	159,682
– trust and financial planning debtors	3,033	–	–	3,033
– other debtors	511	–	–	511
Investment securities:				
– unlisted debt securities	159,592	249,991	635,651	1,045,234
Other financial assets	89,381	3,285	12,049	104,715
	2,061,919	254,324	676,929	2,993,172

At 31 December 2021	United Kingdom £'000	Eurozone £'000	Rest of the World £'000	Total £'000
Cash and balances with central banks	1,463,294	–	–	1,463,294
Settlement balances	66,605	1,158	1,987	69,750
Loans and advances to banks	201,775	–	1,814	203,589
Loans and advances to customers:				–
– overdrafts	6,245	95	682	7,022
– investment management loan book	145,501	259	22,221	167,981
– trust and financial planning debtors	3,973	–	–	3,973
– other debtors	864	–	–	864
Investment securities:				–
– unlisted debt securities and money market funds	161,069	224,988	395,597	781,654
– Other financial assets	96,558	567	697	97,822
	2,145,884	227,067	422,998	2,795,949

At 31 December 2022, materially all eurozone exposures were to counterparties based in the Netherlands, France and Finland (2021: Netherlands, France, Finland, Ireland and Luxembourg) and materially all rest of the world exposures were to counterparties based in Switzerland, Sweden, Norway, Canada and Australia (2021: Switzerland, Sweden, Norway, Canada and Australia). At 31 December 2022, the group had exposure to the UK government through the holding of treasury bills (2021: none).

(b) Industry sectors

The group's credit exposures at the balance sheet date, analysed by the primary industry sectors in which our counterparties operate, were:

At 31 December 2022	Public sector £'000	Financial institutions £'000	Clients and other corporates £'000	Total £'000
Cash and balances with central banks	1,412,915	–	–	1,412,915
Settlement balances	–	65,819	–	65,819
Loans and advances to banks	–	194,723	–	194,723
Loans and advances to customers:				
– overdrafts	–	–	6,540	6,540
– investment management loan book	–	–	159,682	159,682
– trust and financial planning debtors	–	–	3,033	3,033
– other debtors	–	–	511	511
Investment securities:				
– unlisted debt securities and money market funds	24,595	1,020,639	–	1,045,234
Other financial assets	2,549	11,778	90,388	104,715
	1,440,059	1,292,959	260,154	2,993,172

At 31 December 2021	Public sector £'000	Financial institutions £'000	Clients and other corporates £'000	Total £'000
Cash and balances with central banks	1,463,294	–	–	1,463,294
Settlement balances	–	69,750	–	69,750
Loans and advances to banks	–	203,589	–	203,589
Loans and advances to customers:				
– overdrafts	–	–	7,022	7,022
– investment management loan book	–	–	167,981	167,981
– trust and financial planning debtors	–	–	3,973	3,973
– other debtors	–	–	864	864
Investment securities:				
– unlisted debt securities and money market funds	–	781,654	–	781,654
Other financial assets	165	2,309	95,348	97,822
	1,463,459	1,057,302	275,188	2,795,949

33 / FINANCIAL RISK MANAGEMENT CONTINUED

(II) LIQUIDITY RISK

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The primary objective of the group's treasury policy is to manage short- to medium-term liquidity requirements. In addition to setting the treasury policy, Rathbones Investment Management ('the Bank') performs an annual assessment of liquidity adequacy in accordance with the regulatory requirements of the Prudential Regulation Authority (PRA) (our Internal Liquidity Adequacy Assessment Process). The Bank faces two principal risks, namely that a significant proportion of client funds are withdrawn over a short period of time (retail funding risk) and the risk that marketable assets may not be capable of being realised in the time and at the value required (marketable assets risk).

Funding risks are monitored by daily cash mismatch analyses and CRR ratios using expected cash and asset maturity profiles and regular forecasting work. This is supported by stress tests which cover firm-specific idiosyncratic scenarios and/or the effects of unforeseen market-wide stresses. Marketable assets risk is primarily managed by holding cash and marketable instruments which are realisable at short notice. The group operates strict criteria to ensure that investments are liquid and placed with high-quality, investment grade counterparties. A minimum liquid assets buffer (to be held in eligible liquid assets) is set by the board at least annually in conjunction with an amount prescribed by the PRA.

Non-derivative cash flows

The table below presents the undiscounted cash flows receivable and payable by the group under non-derivative financial assets and liabilities analysed by the remaining contractual maturities at the balance sheet date.

At 31 December 2022	On demand £'000	Not more than 3 months £'000	After 3 months but not more than 1 year £'000	After 1 year but not more than 5 years £'000	After 5 years £'000	No fixed maturity date £'000	Total £'000
Cash and balances with central banks	1,408,000	2,357	4,951	–	–	–	1,415,308
Settlement balances	–	65,819	–	–	–	–	65,819
Loans and advances to banks	164,727	–	30,095	–	–	–	194,822
Loans and advances to customers	8,208	3,396	2,302	167,602	–	–	181,508
Debt securities and money market funds	–	361,874	710,548	–	–	–	1,072,422
Equity securities	3,146	–	–	–	–	–	3,146
Other financial assets	4,509	85,839	1,626	198	–	–	92,172
Cash flows arising from financial assets	**1,588,590**	**519,285**	**749,522**	**167,800**	**–**	**–**	**3,025,197**
Deposits by banks	1,035	–	–	–	–	–	1,035
Settlement balances	–	69,872	–	–	–	–	69,872
Due to customers	2,328,022	183,626	5,037	–	–	–	2,516,685
Subordinated loan notes	–	–	2,257	46,770	–	–	49,027
Lease liabilities[1]	–	1,938	5,916	22,190	37,823	–	67,867
Other financial liabilities*	172	19,870	171	5,432	4,478	–	30,123
Cash flows arising from financial liabilities	**2,329,229**	**275,306**	**13,381**	**74,392**	**42,301**	**–**	**2,734,609**
Net liquidity gap	**(740,639)**	**243,979**	**736,141**	**93,408**	**(42,301)**	**–**	**290,588**
Cumulative net liquidity gap	**(740,639)**	**(496,660)**	**239,481**	**332,889**	**290,588**	**290,588**	**–**

1. See note 1 regarding changes to presentation.

* Represented to remove items now determined to not meet the definition of financial liabilities. Comparatives have been restated on a consistent basis.

33 / FINANCIAL RISK MANAGEMENT CONTINUED

(II) LIQUIDITY RISK CONTINUED

At 31 December 2021	On demand £'000	Not more than 3 months £'000	After 3 months but not more than 1 year £'000	After 1 year but not more than 5 years £'000	After 5 years £'000	No fixed maturity date £'000	Total £'000
Cash and balances with central banks	1,460,000	165	3,376	–	–	–	1,463,541
Settlement balances	–	69,750	–	–	–	–	69,750
Loans and advances to banks	173,593	–	30,011	–	–	–	203,604
Loans and advances to customers	8,199	4,426	2,660	180,648	–	–	195,933
Debt securities and money market funds	20,000	218,436	530,172	15,119	–	–	783,727
Equity securities	2,558	–	–	–	–	–	2,558
Other financial assets	33	95,877	803	3,531	804	–	101,048
Cash flows arising from financial assets	1,664,383	388,654	567,022	199,298	804	–	2,820,161
Deposits by banks	2,212	–	–	–	–	–	2,212
Settlement balances	–	60,075	–	–	–	–	60,075
Due to customers	2,205,978	122,787	4,246	–	–	–	2,333,011
Subordinated loan notes	–	–	2,257	49,027	–	–	51,284
Lease liabilities	–	1,916	5,661	20,972	39,345	–	67,894
Other financial liabilities	889	22,225	11,472	7,992	3,744	–	46,322
Cash flows arising from financial liabilities	2,209,079	207,003	23,636	77,991	43,089	–	2,560,798
Net liquidity gap	(544,696)	181,651	543,386	121,307	(42,285)	–	259,363
Cumulative net liquidity gap	(544,696)	(363,045)	180,341	301,648	259,363	259,363	

Liabilities which do not have a contractual maturity date are categorised as 'on demand'. Included within the amounts due to customers on demand are balances which historical experience shows are unlikely to be called in the short term. A prudent level of highly liquid assets is retained to cover reasonably foreseeable short-term changes in client deposits. All debt securities are readily marketable and can be realised through disposals.

The group holds £8,068,000 of equity investments (2021: £7,376,000) which are subject to liquidity risk but are not included in the table above. These assets are held as fair value through profit or loss securities and have no fixed maturity date; cash flows arise from receipt of dividends or through sale of the assets.

OFF-BALANCE-SHEET ITEMS

Cash flows arising from the group's off-balance-sheet financial liabilities (note 35) are summarised in the table below.

The contractual value of the group's commitments to extend credit to clients are analysed by the duration of the commitment. Capital commitments are summarised by the earliest expected date of payment.

33 / FINANCIAL RISK MANAGEMENT CONTINUED

(II) LIQUIDITY RISK CONTINUED

At 31 December 2022	Not more than 3 months £'000	After 3 months but not more than 1 year £'000	After 1 year but not more than 5 years £'000	After 5 years £'000	Total £'000
Loan commitments	22,453	–	–	–	22,453
Capital commitments	536	–	–	–	536
Total off-balance-sheet items	22,989	–	–	–	22,989

At 31 December 2021	Not more than 3 months £'000	After 3 months but not more than 1 year £'000	After 1 year but not more than 5 years £'000	After 5 years £'000	Total £'000
Loan commitments	40,275	–	–	–	40,275
Capital commitments	988	–	–	–	988
Total off-balance-sheet items	41,263	–	–	–	41,263

TOTAL LIQUIDITY REQUIREMENT

At 31 December 2022	On demand £'000	Not more than 3 months £'000	After 3 months but not more than 1 year £'000	After 1 year but not more than 5 years £'000	After 5 years £'000	Total £'000
Cash flows arising from financial liabilities	2,329,229	275,306	13,381	74,392	42,301	2,734,609
Total off-balance-sheet items	–	22,989	–	–	–	22,989
Total liquidity requirement	2,329,229	298,295	13,381	74,392	42,301	2,757,598

At 31 December 2021	On demand £'000	Not more than 3 months £'000	After 3 months but not more than 1 year £'000	After 1 year but not more than 5 years £'000	After 5 years £'000	Total £'000
Cash flows arising from financial liabilities	2,209,079	207,003	23,636	77,991	43,089	2,560,798
Total off-balance-sheet items	–	41,263	–	–	–	41,263
Total liquidity requirement	2,209,079	248,266	23,636	77,991	43,089	2,602,061

(III) MARKET RISK

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The group's principal exposure to cash flow interest rate risk arises from the mismatch between the repricing of its financial assets and liabilities. In particular, customer accounts and loan balances are repriced very shortly after changes in base rates, whereas the yield on the group's interest-bearing assets is correlated to the future expectation of base rates and varies depending on the maturity profile of the group's treasury portfolio. The average maturity mismatch is controlled by the banking committee, which generally lengthens the mismatch when the yield curve is rising and shortens it when the yield curve is falling.

The table below shows the consolidated repricing profile of the group's financial assets and liabilities, stated at their carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

33 / FINANCIAL RISK MANAGEMENT CONTINUED

(III) MARKET RISK CONTINUED

At 31 December 2022	Not more than 3 months £'000	After 3 months but not more than 6 months £'000	After 6 months but not more than 1 year £'000	After 1 year but not more than 5 years £'000	After 5 years £'000	Non-interest-bearing £'000	Total £'000
Assets							
Cash and balances with central banks	1,407,964	–	–	–	–	4,951	1,412,915
Settlement balances	–	–	–	–	–	65,819	65,819
Loans and advances to banks	164,463	30,000	–	–	–	260	194,723
Loans and advances to customers	165,975	–	–	–	–	3,790	169,765
Investment securities:							
– equity securities	3,146	–	–	–	–	8,068	11,214
– unlisted debt securities and money market funds	357,188	313,062	374,984	–	–	–	1,045,234
Other financial assets	581	–	–	–	–	104,134	104,715
Total financial assets	2,099,317	343,062	374,984	–	–	187,022	3,004,385
Liabilities							
Deposits by banks	1,035	–	–	–	–	–	1,035
Settlement balances	–	–	–	–	–	69,872	69,872
Due to customers	2,446,689	4,910	–	–	–	64,517	2,516,116
Subordinated loan notes	–	–	–	39,891	–	–	39,891
Other financial liabilities*	1,199	1,183	2,612	19,621	25,858	28,577	79,050
Total financial liabilities	2,448,923	6,093	2,612	59,512	25,858	162,966	2,705,964
Interest rate repricing gap	(349,606)	336,969	372,372	(59,512)	(25,858)	24,056	298,421

* Represented to remove items now determined to not meet the definition of financial liabilities. Comparatives have been restated on a consistent basis.

33 / FINANCIAL RISK MANAGEMENT CONTINUED

(III) MARKET RISK CONTINUED

At 31 December 2021	Not more than 3 months £'000	After 3 months but not more than 6 months £'000	After 6 months but not more than 1 year £'000	After 1 year but not more than 5 years £'000	After 5 years £'000	Non-interest-bearing £'000	Total £'000
Assets							
Cash and balances with central banks	1,459,919	–	–	–	–	3,375	1,463,294
Settlement balances	–	–	–	–	–	69,750	69,750
Loans and advances to banks	173,417	30,000	–	–	–	172	203,589
Loans and advances to customers	174,401	–	–	–	–	5,439	179,840
Investment securities:							
– equity securities	2,558	–	–	–	–	7,376	9,934
– unlisted debt securities and money market funds	238,225	223,453	304,981	14,995	–	–	781,654
Other financial assets	579	–	–	–	–	97,243	97,822
Total financial assets	2,049,099	253,453	304,981	14,995	–	183,355	2,805,883
Liabilities							
Deposits by banks	2,212	–	–	–	–	–	2,212
Settlement balances	–	–	–	–	–	60,075	60,075
Due to customers	2,268,108	4,243	–	–	–	60,660	2,333,011
Subordinated loan notes	–	–	–	39,893	–	–	39,893
Other financial liabilities	1,151	1,167	2,249	19,176	30,156	43,812	97,711
Total financial liabilities	2,271,471	5,410	2,249	59,069	30,156	164,547	2,532,902
Interest rate repricing gap	(222,372)	248,043	302,732	(44,074)	(30,156)	18,808	272,981

The banking committee has set an overall pre-tax interest rate exposure limit of £8,000,000 (2021: £8,000,000) for the total potential loss resulting from an unexpected immediate and sustained 2% movement in sterling interest rates for the Bank, the principal operating subsidiary. The potential total loss is calculated on the basis of the average number of days to repricing of the interest-bearing liabilities compared with the period to repricing on a corresponding amount of interest-bearing assets.

At 31 December 2022, the Bank had a net present value sensitivity of £6,443,000 (2021: £5,442,000) for an upward 2% shift in rates. The group held no forward rate agreements at 31 December 2022 (2021: none).

Foreign exchange risk

The group is exposed to translational foreign exchange risk as it undertakes transactions in foreign currencies and is therefore exposed to foreign exchange rate fluctuations. The group monitors its currency exposures that arise in the ordinary course of business on a daily basis and significant exposures are managed through the use of spot contracts, from time to time, so as to reduce any currency exposure to a minimal amount. The group has no structural foreign currency exposure.

The group does not have any material exposure to transactional foreign exchange risk. The table below summarises the group's exposure to foreign currency translation risk at 31 December 2022. Included in the table are the group's financial assets and liabilities, at carrying amounts, categorised by currency.

33 / FINANCIAL RISK MANAGEMENT CONTINUED

(III) MARKET RISK CONTINUED

At 31 December 2022	Sterling £'000	US dollar £'000	Euro £'000	Other £'000	Total £'000
Assets					
Cash and balances with central banks	1,412,915	–	–	–	1,412,915
Settlement balances	63,610	526	126	1,557	65,819
Loans and advances to banks	137,524	27,084	20,018	10,097	194,723
Loans and advances to customers	161,345	5,600	2,817	3	169,765
Investment securities:					
– equity securities	8,068	–	3,146	–	11,214
– unlisted debt securities and money market funds	974,572	70,662	–	–	1,045,234
Other financial assets	103,169	764	782	–	104,715
Total financial assets	2,861,203	104,636	26,889	11,657	3,004,385
Liabilities					
Deposits by banks	1,035	–	–	–	1,035
Settlement balances	67,406	1,889	274	303	69,872
Due to customers	2,389,414	91,439	25,135	10,128	2,516,116
Subordinated loan notes	39,891	–	–	–	39,891
Other financial liabilities*	78,789	206	54	1	79,050
Total financial liabilities	2,576,535	93,534	25,463	10,432	2,705,964
Net on-balance-sheet position	284,668	11,102	1,426	1,225	298,421
Loan commitments	22,453	–	–	–	22,453

* Represented to remove items now determined to not meet the definition of financial liabilities. Comparatives have been restated on a consistent basis.

33 / FINANCIAL RISK MANAGEMENT CONTINUED

(III) MARKET RISK CONTINUED

At 31 December 2021	Sterling £'000	US dollar £'000	Euro £'000	Other £'000	Total £'000
Assets					
Cash and balances with central banks	1,463,294	–	–	–	1,463,294
Settlement balances	67,110	1,948	479	213	69,750
Loans and advances to banks	143,377	36,586	15,894	7,732	203,589
Loans and advances to customers	171,258	5,275	3,295	12	179,840
Investment securities:					
– equity securities	7,376	–	2,558	–	9,934
– unlisted debt securities and money market funds	729,973	51,681	–	–	781,654
Other financial assets	97,518	136	49	119	97,822
Total financial assets	2,679,906	95,626	22,275	8,076	2,805,883
Liabilities					
Deposits by banks	2,212	–	–	–	2,212
Settlement balances	57,419	1,611	441	604	60,075
Due to customers	2,214,268	91,905	19,686	7,152	2,333,011
Subordinated loan notes	39,893	–	–	–	39,893
Other financial liabilities	97,451	228	32	–	97,711
Total financial liabilities	2,411,243	93,744	20,159	7,756	2,532,902
Net on-balance-sheet position	268,663	1,882	2,116	320	272,981
Loan commitments	40,275	–	–	–	40,275

A 10% weakening of the US dollar against sterling, occurring on 31 December 2022, would have reduced equity and profit after tax by £899,000 (2021: reduced by £152,000). A 10% weakening of the euro against sterling, occurring on 31 December 2022, would have reduced equity and profit after tax by £116,000 (2021: reduced by £171,000). A 10% strengthening of the US dollar or euro would have had an equal and opposite effect. This analysis assumes that all other variables, in particular other exchange rates, remain constant.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk). The group is exposed to price risk through its holdings of equity investment securities, which are reported at their fair value (note 17).

At 31 December 2022, the fair value of listed equity securities recognised on the balance sheet was £8,068,000 (2021: £7,376,000). A 10% fall in global equity markets would, in isolation, have resulted in a pre-tax decrease to net assets of £506,000 (2021: £434,000); there would have been no impact on profit after tax. A 10% rise in global markets would have had an equal and opposite effect.

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.

33 / FINANCIAL RISK MANAGEMENT CONTINUED

(III) MARKET RISK CONTINUED

At 31 December 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Fair value through profit or loss:				
– equity securities	**8,068**	**–**	**3,146**	**11,214**
– money market funds	**–**	**–**	**–**	**–**
	8,068	**–**	**3,146**	**11,214**

At 31 December 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Fair value through profit or loss:				
– equity securities	7,376	–	2,558	9,934
– money market funds	–	20,000	–	20,000
	7,376	20,000	2,558	29,934

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 (2021: none).

The fair value of listed equity securities is their quoted price.

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 (note 17) 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 2022 was £1,053,460,000 (2021: £761,763,000) and the carrying value was £1,045,257,000 (2021: £761,682,000). 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 (note 28) comprise Tier 2 loan notes. The fair value of the loan notes at 31 December 2022 was £41,211,000 (2021: £42,824,000) and the carrying value was £39,891,000 (2021: £39,893,000). 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

The group holds 1,809 shares in Euroclear Holdings SA, which are classed as level 3 in the fair value hierarchy since readily available observable market data is not available.

The valuation of €1,985 per share at 31 December 2022 has been calculated by reference to the indicative price derived from the most recent transactions of the shares in the market. The valuation at the balance sheet date has been adjusted for movements in exchange rates since the acquisition date. A 10% weakening of the euro against sterling, occurring on 31 December 2022, would have reduced equity and profit after tax by £255,000 (2021: £207,000). A 10% strengthening of the euro against sterling would have had an equal and opposite effect.

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

	2022	2021
At 1 January	**2,558**	2,569
Total unrealised gains/(losses) recognised in profit or loss	**588**	(11)
At 31 December	**3,146**	2,558

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.

(IV) PENSION RISK

The main risks to the group arising from both schemes are in respect of:

- Volatility of assets: In accordance with the requirements of IAS19, the discount rate used for valuing the Schemes' defined benefit obligations has been derived from the yield available on suitably dated 'high quality' (AA-rated) corporate bonds at the effective date. The schemes' assets are invested in instruments other than such bonds, and so relative under-performance will lead to a fall in the balance sheet position.
- Changes in Bond yields: A change in the yields of corporate bonds used to set the discount rate will affect the value placed on the Schemes' defined benefit obligations. This is expected to be partially mitigated by the holding of corporate bonds by the schemes.
- Inflation: The value placed on the schemes' defined benefit obligations are linked to inflation. If actual levels of inflation are higher or lower than the assumed rate of inflation, or the assumed rate of inflation changes, this will affect the value of the schemes' defined benefit obligations. Both schemes holds investments linked to future inflation rates (including Liability Driven Investments), which act to provide protection to the balance sheet position from inflation changes.
- Life Expectancy (mortality): Members and their spouses receive benefits payable over their lifetime, so an increase in future life expectancies will result in pensions being assumed to be paid for longer, and an increase in the defined benefit obligation.

34 / CAPITAL MANAGEMENT

Rathbones Group Plc's capital is defined for accounting purposes as total equity. As at 31 December 2022 this totalled £634,834,000 (2021: £623,282,000).

During the prior year, Rathbones Investment Management Limited repaid its £20.0 million 10-year callable subordinated loan notes, and Rathbones Group Plc issued £40.0 million of 10-year tier 2 notes with a call option in October 2026 and annually thereafter (note 28). As at 31 December 2022, the carrying value of the notes was £39,891,000 (2021: £39,893,000). From time to time, the group also runs small overnight overdraft balances as part of working capital.

The group's objectives when managing capital are to:

- safeguard the group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders
- maintain a strong capital base in a cost-efficient manner to be able to support the development of the business when required
- optimise the distribution of capital across group companies, reflecting the requirements of each business
- strive to make capital freely transferable across the group where possible
- comply with regulatory requirements at all times.

Rathbones is classified for capital purposes as a banking group and performs an ICAAP, which is prepared on an annual basis and presented to the PRA on request. Regulatory capital resources for ICAAP purposes are calculated in accordance with published rules. These require certain adjustments to and certain deductions from accounting capital, the latter largely in respect of intangible assets. The ICAAP compares regulatory capital resources against regulatory capital requirements derived using the PRA's Pillar 1 and Pillar 2 methodology. The group has adopted the standardised approach to calculating its Pillar 1 credit risk component and the basic indicator approach to calculating its operational risk component. Capital management policy and practices are applied at both group and entity level.

At 31 December 2022 the group's regulatory capital resources, including retained earnings for 2022, were £338,766,000 (2021: £304,711,000). The increase in reserves during 2022 is due to an increase in the group's retained earnings, on account of profits generated in the year, and newly issued shares in the year for employee remuneration awards.

In addition to a variety of stress tests performed as part of the ICAAP process, and daily reporting in respect of treasury activity, capital levels are monitored and forecast on a monthly basis to ensure that dividends and investment requirements are appropriately managed and appropriate buffers are kept against adverse business conditions.

No breaches were reported to the PRA during the financial years ended 31 December 2021 and 2022.

The group has not applied transitional relief in recognising expected credit losses (ECLs) in regulatory capital resources. As such, there is no difference between accounting ECLs and regulatory capital ECLs.

35 / CONTINGENT LIABILITIES AND COMMITMENTS

(a) Capital expenditure authorised and contracted for at 31 December 2022 but not provided in the financial statements amounted to £536,000 relating to expenditure on fixtures and fittings and software (2021: £988,000) The prior year related to expenditure on fixtures and fittings.

(b) The contractual amounts of the group's commitments to extend credit to its clients are as follows:

	2022 £'000	2021 £'000
Undrawn commitments to lend of 1 year or less	**17,838**	31,005
Undrawn commitments to lend of more than 1 year	**4,615**	9,270
	22,453	40,275

(c) The arrangements put in place by the Financial Services Compensation Scheme (FSCS) to protect depositors and investors from loss in in the event of failure of financial institutions has resulted in significant levies on the industry in recent years. The financial impact of unexpected FSCS levies is largely out of the group's control as they result from other industry failures.

There is uncertainty over the level of future FSCS levies as they depend on the ultimate cost to the FSCS of industry failures. The group contributes to the deposit class, investment fund management class and investment intermediation levy classes and accrues levy costs for future levy years when the obligation arises.

36 / 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.

Gains on options exercised by directors during the year totalled £nil (2021: £nil). Further information about the remuneration of individual directors is provided in the audited part of the directors' remuneration report on page 132.

	2022 £'000	2021 £'000
Short-term employee benefits	10,221	12,159
Post-employment benefits	272	290
Other long-term benefits	359	1,305
Share-based payments	379	1,997
	11,231	15,751

Dividends totalling £216,000 were paid in the year (2021: £229,000) in respect of ordinary shares held by key management personnel and their close family members.

At 31 December 2022, key management personnel and their close family members had gross outstanding deposits of £1,743,000 (2021: £634,000) and gross outstanding banking loans of £nil (2021: nil). 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 29. At 31 December 2022, no amounts were outstanding with either the Laurence Keen Scheme or the Rathbone 1987 Scheme (2021: none).

One group subsidiary, Rathbone Unit Trust Management, has authority to manage the investments within a number of unit trusts. Another group company, Rathbones Investment Management International, acted as investment manager for a protected cell company offering unitised private client portfolio services. During 2022, the group managed 32 unit trusts, Sociétés d'Investissement à Capital Variable (SICAVs) and open-ended investment companies (OEICs) (together, 'collectives') (2021: 33 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	2022 £'000	2021 £'000
Total management fees	68,226	68,444

As at 31 December	2022 £'000	2021 £'000
Management fees owed to the group	5,587	6,240
Holdings in unit trusts (note 17)	8,068	7,376
	13,655	13,616

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' and holdings in unit trusts are classified as 'fair value through profit or loss equity securities' in the consolidated balance sheet. The maximum exposure to loss is limited to the carrying amount on the balance sheet as disclosed above.

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.

37 / INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES

As described in note 36, at 31 December 2022, the group owned units in collectives managed by Rathbone Unit Trust Management with a value of £8,068,000 (2021: £7,376,000), representing 0.08% (2021: 0.06%) of the total value of the collectives managed by the group. These assets are held to hedge the group's exposure to deferred remuneration schemes for employees of Unit Trusts.

The group's primary risk associated with its interest in the unit trusts is from changes in the fair value of its holdings in the funds.

The group is not judged to control, and therefore does not consolidate, the collectives. Although the fund trustees have limited rights to remove Rathbone Unit Trust Management as manager, the group is exposed to very low variability of returns from its management and share of ownership of the funds and is therefore judged to act as an agent rather than having control under IFRS 10.

38 / 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:

	2022 £'000	2021 £'000
Cash and balances at central banks (note 14)	**1,408,000**	1,460,001
Loans and advances to banks (note 15)	**164,723**	173,589
Fair value through profit or loss investment securities (note 17)	**–**	20,000
At 31 December	**1,572,723**	1,653,590

Fair value through profit or loss investment securities are amounts invested in money market funds, which are realisable on demand.

Following the Financial Reporting Council's ('FRC') Corporate Reporting Review of the group's 2021 annual report and accounts, a prior year debt repayment by the group has been reclassified from cash flows from operations to cash flows from financing activities.

In the prior year, included within the net assets acquired from the Saunderson House group was third-party debt of £45,208,000, which was repaid to the third-party shortly after acquisition by Rathbones Group Plc. This amount was previously included within 'net (decrease)/increase in accruals, provisions and other liabilities' in the consolidated statement of cash flows. As the group assumed this debt upon acquisition, the nature of the repayment indicates it was a financing outflow. The group has therefore restated comparative information as at 31 December 2021 to report this amount within net cash used in financing activities.

As a consequence, total cash outflows from operations for the group was restated from £187,013,000 to £141,805,000, and total cash inflows from financing activities of £14,150,000 was restated to total cash outflows of £31,058,000. For Rathbones Group Plc (the 'Company'), total cash outflows from operations was restated from £1,994,000 to inflows of £43,214,000, and total cash inflows from financing activities of £35,539,000 was restated to total cash outflows of £9,669,000. This restatement does not impact the group or company's closing cash and cash equivalents position.

The review conducted by the FRC was based solely on the Group's published report and accounts and does not provide any assurance that the report and accounts are correct in all material respects.

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

	2022 £'000	2021 £'000
Share capital issued (note 30)	**70**	226
Share premium on shares issued (note 30)	**18,944**	75,934
Merger reserve on shares issued (note 30)	**–**	5,209
Shares issued in relation to share-based schemes for which no cash consideration was received	**(9,752)**	(21,902)
Proceeds from issue of share capital	**9,262**	59,467
Shares repurchased and placed into the employee benefit trust (note 31)	**(18,567)**	(15,132)
Net issue/(repurchase) of ordinary shares	**(9,305)**	44,335

During the prior year, £21,902,000 of shares were issued for the vesting of the Speirs & Jeffrey first earn-out consideration. £5,223,000 of shares were also issued for the Saunderson House initial share consideration in 2021, and subsequently placed into the group EBT. There was no cash consideration received for these transactions. In addition to this, £9,909,000 of shares were repurchased and placed into the group EBT in 2021.

During the year, £5,700,507 of shares were issued for the vesting of the Speirs & Jeffrey second earn-out consideration. £4,051,950 of shares were also issued for the Saunderson House deferred share consideration. There was no cash consideration received for these transactions. £18,567,000 of shares were repurchased and placed into the group EBT in the year.

38 / CONSOLIDATED STATEMENT OF CASH FLOWS CONTINUED

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

	Subordinated loan notes £'000	Lease liabilities £'000	**Liabilities from financing activities £'000**	Share capital/ premium £'000	Reserves £'000	Retained earnings £'000	**Total equity £'000**	**Total £'000**
At 1 January 2022	**39,893**	**54,971**	**94,864**	**294,126**	**40,339**	**288,817**	**623,282**	**718,146**
Changes from financing cash flows								
Proceeds from issue of share capital	–	–	–	9,262	–	–	9,262	9,262
Payments for share repurchases	–	–	–	–	(18,567)		(18,567)	(18,567)
Dividends paid	–	–	–	–	–	(48,607)	(48,607)	(48,607)
Interest charge	(2,257)	(3,063)	(5,320)	–	–	–	–	(5,320)
Payment for lease liabilities	–	(8,481)	(8,481)	–	–	–	–	(8,481)
Total financing cash flows	**(2,257)**	**(11,544)**	**(13,801)**	**9,262**	**(18,567)**	**(48,607)**	**(57,912)**	**(71,713)**
Total non-cash movements	**2,255**	**7,057**	**9,312**	**9,752**	**2,678**	**57,034**	**69,464**	**78,776**
At 31 December 2022	**39,891**	**50,484**	**90,375**	**313,140**	**24,450**	**297,244**	**634,834**	**725,209**

	Subordinated loan notes £'000	Third-party debt £'000	Lease liabilities £'000	**Liabilities from financing activities £'000**	Share capital/ premium £'000	Reserves £'000	Retained earnings £'000	**Total equity £'000**	**Total £'000**
At 1 January 2021	19,768	–	56,124	75,892	217,966	25,012	270,849	513,827	589,719
Changes from financing cash flows									
Proceeds from issue of share capital	–	–	–	–	59,467	–	–	59,467	59,467
Payments for share repurchases	–	–	–	–	–	(15,132)	–	(15,132)	(15,132)
Issue of loan notes	39,893	–	–	39,893	–	–	–	–	39,893
Repayment of loan notes	(20,114)	–	–	(20,114)	–	–	–	–	(20,114)
Dividends paid	–	–	–	–	–	–	(43,960)	(43,960)	(43,960)
Interest charge	(895)	–	-	(895)	–	–	–	–	(895)
Payment for lease liabilities	–	–	(5,109)	(5,109)	–	–	–	–	(5,109)
Repayment of debt	–	(45,208)	–	(45,208)	–	–	–	–	(45,208)
Total financing cash flows	**18,884**	**(45,208)**	**(5,109)**	**(31,433)**	**59,467**	**(15,132)**	**(43,960)**	**375**	**(31,058)**
Total non-cash movements	**1,241**	**–**	**3,956**	**5,197**	**16,693**	**30,459**	**61,928**	**109,080**	**114,277**
At 31 December 2021	**39,893**	**–**	**54,971**	**94,864**	**294,126**	**40,339**	**288,817**	**623,282**	**718,146**

39 / 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.

40 / COUNTRY-BY-COUNTRY REPORTING

HM Treasury has transposed the requirements set out under the Capital Requirements Directive IV (CRD IV) and issued the Capital Requirements Country-by-Country Reporting Regulations 2013, effective 1 January 2014. The legislation requires Rathbones Group Plc (together with its subsidiaries, 'the group') to publish certain additional information, on a consolidated basis, for the year ended 31 December 2022.

BASIS OF PREPARATION:

Country	In most cases, we have determined the country by reference to the country of tax residence. Where an entity is not subject to tax (e.g. a partnership) we have considered the location of management or the jurisdiction in which the revenues are generated. In these cases it is possible that tax is paid in a different country to the one in which profits are reported.
Nature of activities	The nature of activities within the United Kingdom are described within our services on page 2. Discretionary investment management is the sole activity which occurs in Jersey.
Turnover	Turnover is defined as operating income. As the consolidated results are split by country, there is an element of double counting when inter-jurisdictional transactions (for example, the payment of dividends) occur. The entries to eliminate this double counting are included at the bottom of the table to enable the disclosed figures to agree to the published consolidated accounts of the group.
Profit/(loss) before taxation	These are accounting profits. As with turnover some double counting may arise and again this has been eliminated at the bottom of the table. The majority of the total relates to the elimination of inter-jurisdictional dividends, which are reflected as profits in the United Kingdom.
Tax paid	This column reflects corporation tax actually paid in the year. Note that it is rare that tax paid in any given year relates directly to the profits earned in the same period.
Public subsidies received	The group received no public subsidies in the year.
Number of employees	The number of employees reported is the average number of full-time employees who were permanently employed by the group, or one of its subsidiaries, during the year. Contractors are excluded.
Subsidiaries	A list of the subsidiaries of the group, including their main activity and country of incorporation, is shown within note 45.

Country	Turnover £'000	Profit/(loss) before taxation £'000	Tax paid £'000	Number of employees
United Kingdom	**452,858**	**81,047**	**17,230**	**2,025**
Jersey	**8,219**	**(3,531)**	**342**	**28**
Sub-total	**461,077**	**77,516**	**17,572**	**2,053**
Inter-group eliminations and other entries arising on consolidation	**(5,202)**	**(13,462)**	**–**	**–**
Total	**455,875**	**64,054**	**17,572**	**2,053**

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Share capital £'000	Share premium £'000	Merger Reserve £'000	Own shares £'000	Retained earnings £'000	Total equity £'000
At 1 January 2021		2,874	215,092	39,921	(46,744)	140,444	351,587
Profit for the year						60,195	60,195
Net remeasurement of defined benefit liability	54	–	–	–	–	17,091	17,091
Deferred tax relating to components of other comprehensive income	49	–	–	–	–	(3,247)	(3,247)
Other comprehensive income net of tax		–	–	–	–	13,844	13,844
Dividends paid	44	–	–	–	–	(43,960)	(43,960)
Issue of share capital	55	226	75,934	5,208	–	–	81,368
Share-based payments:							–
– cost of share-based payment arrangements[1]						18,969	18,969
– cost of vested employee remuneration and share plans[1]		–	–	–	–	(22,216)	(22,216)
– cost of own shares acquired	55	–	–	–	(15,130)	–	(15,130)
– cost of own shares vesting	55	–	–	–	25,248	(25,248)	–
– tax on share-based payments		–	–	–	–	1,351	1,351
At 31 December 2021		3,100	291,026	45,129	(36,626)	143,379	446,008
Profit for the year						40,298	40,298
Net remeasurement of defined benefit liability	54	–	–	–	–	(7,083)	(7,083)
Deferred tax relating to components of other comprehensive income	49	**–**	**–**	**–**	**–**	**3,361**	**3,361**
Other comprehensive income net of tax		**–**	**–**	**–**	**–**	**(3,722)**	**(3,722)**
Dividends paid	44	**–**	**–**	**–**	**–**	**(48,607)**	**(48,607)**
Issue of share capital	55	**70**	**18,944**	**–**	**–**	**–**	**19,014**
Share-based payments:							
– cost of share-based payment arrangements[1]		**–**	**–**	**–**	**–**	**25,886**	**25,886**
– cost of vested employee remuneration and share plans[1]					**–**	**(12,776)**	**(12,776)**
– cost of own shares vesting					**2,678**	**(2,678)**	
– cost of own shares acquired	55	**–**	**–**	**–**	**(18,567)**	**–**	**(18,567)**
– tax on share-based payments		**–**	**–**	**–**	**–**	**1,340**	**1,340**
At 31 December 2022		**3,170**	**309,970**	**45,129**	**(52,515)**	**143,120**	**448,874**

1. See note 1 regarding changes to presentation.

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

COMPANY BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Investment in subsidiaries	45	**421,451**	422,198
Other investments	46	**8,068**	7,376
Right-of-use assets	48	**38,316**	42,792
Deferred tax	49	**9,593**	7,139
Net defined benefit asset	54	**9,401**	12,287
		486,829	491,792
Current assets			
Trade and other receivables	47	**118,918**	151,897
Cash and cash equivalents		**56,553**	19,065
		175,471	170,962
Total assets		**662,300**	662,754
Current liabilities			
Trade and other payables	50	**(114,014)**	(109,846)
Lease liabilities	51	**(4,765)**	(4,567)
Provisions[1]	52	**(1,496)**	(3,783)
		(120,275)	(118,196)
Net current assets		**55,196**	(45,784)
Non-current liabilities			
Provisions[1]	52	**(8,335)**	(9,325)
Subordinated loan notes	53	**(39,891)**	(39,893)
Lease liabilities	51	**(44,925)**	(49,332)
		(93,151)	(98,550)
Total liabilities		**(213,426)**	(216,746)
Net assets		**448,874**	446,008

1. See note 1 regarding changes to presentation.

	Note	2022 £'000	2021 £'000
Equity			
Share capital	55	**3,170**	3,100
Share premium	55	**309,970**	291,026
Merger reserve	55	**45,129**	45,129
Own shares	55	**(52,515)**	(36,626)
Retained earnings		**143,120**	143,379
Equity shareholders' funds		**448,874**	446,008

As permitted by section 408 of the Companies Act 2006 the company has elected not to present its own statement of comprehensive income for the year. Rathbones Group Plc reported a profit after tax for the financial year ended 31 December 2022 of £40,298,000 (2021: £60,195,000).

The financial statements were approved by the board of directors and authorised for issue on 28 February 2023 and were signed on its behalf by:

Paul Stockton
Group Chief Executive Officer

Jennifer Mathias
Group Chief Financial Officer

Company registered number: 01000403

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

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000 (restated - note 38)
Cash flows from operating activities			
Profit before tax		**42,609**	59,769
Change in fair value through profit or loss		**892**	(681)
Impairment losses	45	**747**	–
Net interest and dividend income		**(50,386)**	(62,416)
Net charge for provisions	52	**895**	865
Depreciation and amortisation		**5,019**	4,680
Defined benefit pension scheme (credits)/charges	54	**(258)**	105
Defined benefit pension scheme contributions paid	54	**(3,939)**	(5,086)
Share-based payment charges	55	**25,886**	20,130
		21,465	17,366
Changes in operating assets and liabilities:			
– net decrease in prepayments, accrued income and other assets		**51,175**	5,525
– net (decrease)/increase in accruals, provisions and other liabilities		**(7,344)**	22,840
Cash generated from operations		**65,296**	45,731
Tax (paid)/received		**(61)**	(2,517)
Net cash inflow from operating activities		**65,235**	43,214
Cash flows from investing activities			
Interest received		**5,648**	981
Interest paid		**–**	(3,073)
Inter-company dividends received		**50,000**	65,000
Investment in subsidiaries	45	**–**	(99,143)
Purchase of property, plant, equipment and intangible assets		**–**	112
Payment of deferred consideration		**(10,873)**	–
Purchase of investment securities		**(2,497)**	(56,658)
Proceeds from sale and redemption of investment securities		**913**	65,690
Net cash generated from/(used in) investing activities		**43,191**	(27,091)
Cash flows from financing activities			
Repayment of debt		**–**	(45,208)
Net proceeds from issue of subordinated loan notes	53	**–**	39,893
Issue of ordinary shares	55	**9,262**	59,467
Repurchase of ordinary shares	55	**(18,567)**	(15,132)
Dividends paid	44	**(48,607)**	(43,960)
Payment of lease liabilities	51	**(7,761)**	(4,729)
Interest paid		**(5,265)**	–
Net cash used in financing activities		**(70,938)**	(9,669)
Net increase in cash and cash equivalents		**37,488**	6,454
Cash and cash equivalents at the beginning of the year		**19,065**	12,611
Cash and cash equivalents at the end of the year	60	**56,553**	19,065

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS

41 / SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The separate financial statements of the company are presented as required by the Companies Act 2006 and have been prepared in accordance with UK-adopted International Accounting Standards and IAS 27 'Separate Financial Statements'.

On publishing the parent company financial statements here together with the group financial statements, the company is taking advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements.

DEVELOPMENTS IN REPORTING STANDARDS AND INTERPRETATIONS

Developments in reporting standards and interpretations are set out in note 1.3 to the consolidated financial statements.

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies adopted are as set out below.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost less, where appropriate, provision for impairment.

MANAGEMENT CHARGES

Intra-group management charges arise in relation to staff costs and other administrative expenses that are initially borne by the company and then recharged to other group companies, when incurred.

Accounting policies in relation to impairment, interest income, dividend income, leases, foreign currency, retirement benefit obligations, taxation, cash and cash equivalents and share-based payments are set out in note 1 to the consolidated financial statements.

42 / CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical accounting judgements and key sources of estimation uncertainty arise from the company's defined benefit pension schemes and valuation of the consideration payable for Saunderson House. These are described in note 2 to the consolidated financial statements.

43 / EXPENSES FOR THE YEAR

The auditor's remuneration for audit and other services to the company is set out in note 7 to the consolidated financial statements.

The average number of employees, on a full-time-equivalent basis, during the year was as follows:

	2022	2021
Investment Management:		
– investment management services	**1,042**	1,027
– advisory services	**155**	137
Funds	**50**	43
Shared services	**543**	463
	1,791	1,670

44 / DIVIDENDS

Details of the company's dividends paid and proposed for approval at the Annual General Meeting are set out in note 12 to the consolidated financial statements.

The company's dividend policy is described in the directors' report on page 145.

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.

Reserves available for distribution as at 31 December were as follows:

	2022 £'000	2021 £'000
Net assets	**448,874**	446,008
Less:		
– share capital	**(3,170)**	(3,100)
– share premium	**(309,970)**	(291,026)
– merger reserve	**(45,129)**	(45,129)
Distributable reserves	**90,605**	106,753

Movements in reserves available for distribution were as follows:

	2022 £'000	2021 £'000
As at 1 January	**106,753**	93,700
Profit for the year	**40,298**	60,195
Net remeasurement of defined benefit liability/asset	**(3,722)**	13,844
Dividends paid	**(48,607)**	(43,960)
Other movements	**(4,117)**	(17,026)
As at 31 December	**90,605**	106,753

45 / INVESTMENT IN SUBSIDIARIES

	Equities £'000	Total £'000
At 1 January 2021	323,055	323,055
Additions	99,143	99,143
Disposals	–	–
At 1 January 2022	**422,198**	**422,198**
Additions	**–**	**–**
Disposals	**(747)**	**(747)**
At 31 December 2022	**421,451**	**421,451**

EQUITIES

At 31 December 2022 the company's subsidiary undertakings were as follows:

Subsidiary undertaking	Activity and operation	Company registration number
Rathbones Investment Management Limited	Investment management and banking services	1448919
Rathbones Investment Management International Limited*	Investment management	50503
Rathbones Trust Company Limited	Trust and tax services	1688454
Rathbone Unit Trust Management Limited	Unit trust management	2376568
Arcticstar Limited**	Introducer of private clients	3898083
Vision Independent Financial Planning Limited	Financial planning services	6650476
Castle Investment Solutions Limited	Investment support services	7370865
Rathbones Legal Services Limited*	Trust and legal services	10514352
Laurence Keen Holdings Limited**	Intermediate holding company	2474285
Rathbone Directors Limited*	Corporate director services	4410000
Rathbone Secretaries Limited*	Corporate secretarial services	4627820
Laurence Keen Nominees Limited*	Corporate nominee	2801952
Neilson Cobbold Client Nominees Limited*	Corporate nominee	3217430
Rathbone Nominees Limited*	Corporate nominee	646336
Citywall Nominees Limited*	Corporate nominee	3070653
Penchart Nominees Limited*	Corporate nominee	2608726
Argus Nominee Limited	Corporate nominee	11395344
Rathbone Pension & Advisory Services Limited	Non-trading	5679426
Rathbone Stockbrokers Limited*	Non-trading	2483921
Dean River Asset Management Limited*	Non-trading	SC204313
R.M. Walkden & Co. Limited*	Non-trading	1246166
Rathbone Funds Advisers Unipessoal LDA (entity dissolved 9 January 2023)*	European fund marketing	515534528
Speirs & Jeffrey Limited**	Investment management	SC098335
Speirs & Jeffrey Client Nominees Limited*	Corporate nominee	SC162589
Speirs & Jeffrey Portfolio Management Limited*	Corporate nominee	SC122842
Speirs & Jeffrey Fund Management Limited*	Corporate nominee	SC095908
Saunderson House Limited	Financial planning and investment management	940473
CastleCo Limited	Non-trading	130602
HouseCo Limited	Non-trading	130603
CabinCo Limited	Non-trading	130601
CottageCo Limited	Non-trading	131144

* Held by subsidiary undertaking

** UK subsidiary has taken an exemption from audit under section 479A of the Companies Act 2006 for the year ended 31 December 2022

45 / INVESTMENT IN SUBSIDIARIES CONTINUED

The registered office for all subsidiary undertakings is 8 Finsbury Circus, London EC2M 7AZ except for the following:

Subsidiary undertaking	Registered office
Rathbones Investment Management Limited	Port of Liverpool Building, Pier Head, Liverpool L3 1NW
Rathbones Investment Management International Limited	26 Esplanade, St Helier, Jersey JE1 2RB
Vision Independent Financial Planning Limited	Vision House, Unit 6A Falmouth Business Park, Bickland Water Road, Falmouth, Cornwall TR11 4SZ
Castle Investment Solutions Limited	Vision House, Unit 6A Falmouth Business Park, Bickland Water Road, Falmouth, Cornwall TR11 4SZ
Speirs & Jeffrey Limited	George House, 50 George Square, Glasgow G2 1EH
Speirs & Jeffrey Client Nominees Limited	George House, 50 George Square, Glasgow G2 1EH
Speirs & Jeffrey Portfolio Management Limited	George House, 50 George Square, Glasgow G2 1EH
Speirs & Jeffrey Fund Management Limited	George House, 50 George Square, Glasgow G2 1EH
Rathbones Funds Advisers Unipessoal LDA	R Tierno Galvan 10 Torre 3, Piso 6 Sala 602, 1070-274, Campo Ourique Lisbon, Lisbon, Portugal
CastleCo Limited	Aztec Group House, 11-15 Seaton Place, St Helier, Jersey, JE4 0QH
HouseCo Limited	Aztec Group House, 11-15 Seaton Place, St Helier, Jersey, JE4 0QH
CabinCo Limited	Aztec Group House, 11-15 Seaton Place, St Helier, Jersey, JE4 0QH
CottageCo Limited	Aztec Group House, 11-15 Seaton Place, St Helier, Jersey, JE4 0QH

The company owns, directly or indirectly, 100% of the ordinary share capital of all subsidiary undertakings.

46 / OTHER INVESTMENTS

FAIR VALUE THROUGH PROFIT OR LOSS SECURITIES

	2022 £'000	2021 £'000
Equity securities:		
– listed	**8,068**	7,376
	8,068	7,376

As described in note 36 of the consolidated financial statements, the company owned units in collectives managed by Rathbone Unit Trust Management with a value of £8,068,000 at 31 December 2022 (2021: £7,376,000).

47 / TRADE AND OTHER RECEIVABLES

	2022 £'000	2021 £'000
Prepayments and other receivables	**4,173**	3,516
Amounts owed by group undertakings	**114,745**	148,381
	118,918	151,897
Current	**118,918**	151,897
Non-current	**–**	–
	118,918	151,897

48 / RIGHT-OF-USE ASSETS

	Property £'000	Motor vehicles and equipment £'000	Total £'000
Cost			
At 1 January 2021	53,159	–	53,159
Additions	3,505	354	3,859
Disposals	(81)	–	(81)
Other movements	(284)	–	(284)
At 1 January 2022	**56,299**	**354**	**56,653**
Additions	**3,445**	**–**	**3,445**
Disposals	**(764)**	**–**	**(764)**
Other movements	**(2,894)**	**–**	**(2,894)**
At 31 December 2022	**56,086**	**354**	**56,440**
Depreciation and impairment			-
1 January 2021	9,262	–	9,262
Charge for the year	4,660	20	4,680
Disposals	(81)	–	(81)
At 1 January 2022	**13,841**	**20**	**13,861**
Charge for the year	**4,901**	**118**	**5,019**
Disposals	**(756)**	**–**	**(756)**
At 31 December 2022	**17,986**	**138**	**18,124**
Carrying amount at 31 December 2022	**38,100**	**216**	**38,316**
Carrying amount at 31 December 2021	42,458	334	42,792
Carrying amount at 1 January 2021	43,897	–	43,897

During the year, the company recognised a charge of £4,400 in profit or loss in respect of short-term leases and low-value assets (2021: £10,200).

49 / DEFERRED TAX

The UK Government legislated in the Finance Act 2021 to increase the UK corporation tax rate to 25.0% in 2023. The Finance Act 2021 was enacted on 10 June 2021. This has been reflected in the deferred tax calculations. Deferred income taxes are calculated on all temporary differences under the liability method using the rate expected to apply when the relevant timing differences are forecast to unwind.

The movement on the deferred tax account is as follows:

	Pensions £'000	Share-based payments £'000	Staff-related costs £'000	Fair value through profit or loss £'000	Total £'000
As at 1 January 2022	**(2,336)**	**9,682**	**104**	**(311)**	**7,139**
Recognised in profit or loss in respect of:					
– current year	**(797)**	**915**	**(81)**	**185**	**222**
– prior year	**–**	**94**	**(7)**	**–**	**87**
– change in rate	**(2,579)**	**159**	**4**	**(40)**	**(2,456)**
Total recognised in profit or loss	**(3,376)**	**1,168**	**(84)**	**145**	**(2,147)**
Recognised in other comprehensive income in respect of:					
– current year	**1,346**	**–**	**–**	**–**	**1,346**
– prior year	**–**	**–**	**–**	**–**	**–**
– change in rate	**2,015**	**–**	**–**	**–**	**2,015**
Total recognised in other comprehensive income	**3,361**	**–**	**–**	**–**	**3,361**
Recognised in equity in respect of:					
– current year	**–**	**1,231**	**–**	**–**	**1,231**
– prior year	**–**	**(12)**	**–**	**–**	**(12)**
– change in rate	**–**	**21**	**–**	**–**	**21**
Total recognised in equity	**–**	**1,240**	**–**	**–**	**1,240**
As at 31 December 2022	**(2,351)**	**12,090**	**20**	**(166)**	**9,593**

	Pensions £'000	Share-based payments £'000	Staff-related costs £'000	Fair value through profit or loss £'000	Total £'000
Deferred tax assets	**–**	**12,090**	**20**	**–**	**12,110**
Deferred tax liabilities	**(2,351)**	**–**	**–**	**(166)**	**(2,517)**
As at 31 December 2022	**(2,351)**	**12,090**	**20**	**(166)**	**9,593**

49 / DEFERRED TAX CONTINUED

	Pensions £'000	Share-based payments £'000	Staff-related costs £'000	Fair value through profit or loss £'000	Total £'000
As at 1 January 2021	1,857	4,362	93	(212)	6,100
Recognised in profit or loss in respect of:					
– current year	(946)	2,170	(129)	(99)	996
– prior year	–	3	140	–	143
– change in rate	–	1,736	–	–	1,736
Total recognised in profit or loss	(946)	3,909	11	(99)	2,875
Recognised in other comprehensive income in respect of:					
– current year	(3,247)	–	–	–	(3,247)
– prior year	–	–	–	–	–
– change in rate	–	–	–	–	–
Total recognised in other comprehensive income	(3,247)	–	–	–	(3,247)
Recognised in equity in respect of:					
– current year	–	1,211	–	–	1,211
– prior year	–	(8)	–	–	(8)
– change in rate	–	208	–	–	208
Total recognised in equity	–	1,411	–	–	1,411
As at 31 December 2021	(2,336)	9,682	104	(311)	7,139
					-
Deferred tax assets	–	9,682	104	–	9,786
Deferred tax liabilities	(2,336)	–	–	(311)	(2,647)
As at 31 December 2021	(2,336)	9,682	104	(311)	7,139

£102,000 of current tax on share-based payments was charged to equity during the year (2021: credit of £62,000).

50 TRADE AND OTHER PAYABLES

	2022 £'000	2021 £'000
Trade creditors	**1,748**	57
Accruals and other creditors	**84,643**	99,029
Amounts owed to group undertakings	**18,240**	–
Other taxes and social security costs	**9,383**	10,760
	114,014	109,846

The fair value of trade and other payables is not materially different from their carrying amount.

51 / LEASE LIABILITIES

Maturity analysis	2022 £'000	2021 £'000
Less than one year	**4,765**	4,567
One to five years	**19,161**	19,176
More than five years	**25,764**	30,156
Lease liabilities at 31 December	**49,690**	53,899
Current	**4,765**	4,567
Non-current	**44,925**	49,332
	49,690	53,899

52 / PROVISIONS

	Deferred, variable costs to acquire client relationship intangibles £'000	Deferred and contingent consideration in business combinations £'000	Legal and compensation £'000	Property-related £'000	Total £'000
As at 1 January 2021	3,142	588	118	3,601	7,449
Charged to profit or loss	–	–	2	963	965
Unused amount credited to profit or loss	–	–	–	(100)	(100)
Net charge to profit or loss	–	–	2	863	865
Other movements	8,621	–	–	–	8,621
Utilised/paid during the year	(3,239)	(588)	–	–	(3,827)
At 31 December 2021	8,524	–	120	4,464	13,108
Charged to profit or loss	**–**	**–**	**15**	**913**	**928**
Unused amount credited to profit or loss	**–**	**–**	**–**	**–**	**–**
Net charge to profit or loss	–	–	15	913	928
Other movements	984	–	–	–	984
Utilised/paid during the year	(5,156)	–	–	(33)	(5,189)
As at 31 December 2022	**4,352**	**–**	**135**	**5,344**	**9,831**
Payable within 1 year	**1,031**	**–**	**135**	**330**	**1,496**
Payable after 1 year	**3,321**	**–**	**–**	**5,014**	**8,335**
	4,352	**–**	**135**	**5,344**	**9,831**

During the prior year, the company settled an incentivisation award for Speirs & Jeffrey support staff in the value of £588,000.

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

Property-related provisions of £5,344,000 relate to dilapidation provisions expected to arise on leasehold premises held by the group (2021: £4,464,000). Dilapidation provisions are calculated using a discounted cash flow model.

During the year, the company utilised £33,000 for the property held in Edinburgh (2021: £100,000). The impact of discounting led to an additional charge of £913,000 (2021: additional charge of £963,000) being recognised during the year.

Provisions payable after one year are expected to be settled within two years of the balance sheet date (2021: two years), except for the property-related provisions of £5,014,000 (2021: £4,368,000), which are expected to be settled within 11 years of the balance sheet date (2021: 11 years).

53 / SUBORDINATED LOAN NOTES

	2022 £'000	2021 £'000
Subordinated loan notes		
– face value	**40,000**	40,000
– carrying value	**39,891**	39,893

During the prior year, Rathbones Group Plc issued £40.0 million of 10-year tier 2 notes with a call option in October 2026 and annually thereafter. Interest is payable at a fixed rate of 5.642% per annum until the first call option date and at a fixed rate of 4.893% over Compounded Daily SONIA thereafter. Legal fees of £107,000 were incurred in issuing the notes, which have been accounted for in the carrying value of amortised cost.

An interest expense of £2,255,000 (2021: £491,000) was recognised in the year.

54 / LONG-TERM EMPLOYEE BENEFITS

Details of the defined benefit pension schemes operated by the company are provided in note 29 to the consolidated financial statements.

55 / SHARE CAPITAL, OWN SHARES AND SHARE-BASED PAYMENTS

Details of the share capital of the company and ordinary shares held by the company together with changes thereto are provided in notes 30 and 31 to the consolidated financial statements. Details of options on the company's shares and share-based payments are set out in note 32 to the consolidated financial statements.

56 / FINANCIAL INSTRUMENTS

The company's risk management policies and procedures are integrated with the wider Rathbones group's risk management process. The Rathbones group has identified the risks arising from all of its activities, including those of the company, and has established policies and procedures to manage these items in accordance with its risk appetite. The company categorises its financial risks into the following primary areas:

(i) credit risk;

(ii) liquidity risk;

(iii) market risk (which includes fair value interest rate risk, cash flow interest rate risk, foreign exchange risk and price risk); and

(iv) pension risk.

The company's exposures to pension risk are set out in note 29 to the consolidated financial statements.

The sections below outline the group risk appetite, as applicable to the company, and explain how the company defines and manages each category of financial risk.

The company's financial risk management policies are designed to identify and analyse the financial risks that the company faces, to set appropriate risk tolerances, limits and controls, and to monitor the financial risks and adherence to limits by means of reliable and up-to-date information systems. The company regularly reviews its financial risk management policies and systems to reflect changes in the business and the wider industry.

The company's overall strategy and policies for monitoring and management of financial risk are set by the board of directors. The board has embedded risk management within the business through the executive committee and senior management.

(I) CREDIT RISK

The company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due, through its trading activities. The principal sources of credit risk arise from depositing funds with banks and through providing long-term and working capital financing for subsidiaries.

The company's financial assets are categorised as follows.

Trade and other receivables

Trade and other receivables relate to amounts placed with subsidiaries and staff advances.

The collection and ageing of trade and other receivables are reviewed on a periodic basis by management.

The company places surplus funds with its banking subsidiary, which operates under the group's credit risk management policies. Group policy requires that funds are placed with a range of high-quality financial institutions. Investments are spread to avoid excessive exposure to any individual counterparty.

For the purposes of financial reporting the company categorises its exposures based on the long-term ratings awarded to counterparties by Fitch, Moody's or S&P.

CASH AND CASH EQUIVALENTS (BALANCES AT BANKS)

The company has exposure to financial institutions through its bank deposits (reported within cash equivalents).

Maximum exposure to credit risk

	2022 £'000	2021 £'000
Trade and other receivables:		
– amounts owed by group undertakings	**114,745**	148,381
– other financial assets	**1,064**	5,588
Balances at banks	**56,553**	19,065
	172,362	173,034

The above table represents the gross credit risk exposure of the company at 31 December 2022 and 2021, without taking account of any collateral held or other credit enhancements attached.

56 / FINANCIAL INSTRUMENTS CONTINUED

(I) CREDIT RISK CONTINUED

Trade and other receivables

No trade and other receivables have been written off or are credit-impaired at the reporting date.

Amounts owed by group undertakings do not have specific repayment dates and are paid down periodically as trading requires.

BALANCES AT BANKS

The credit quality of balances at banks is analysed below by reference to the long-term credit rating awarded by Fitch, or equivalent rating by Moody's or S&P, as at the balance sheet date.

	2022 £'000	2019 £'000
A	**4,500**	19,065
Other	**52,053**	–
	56,553	19,065

£52,053,000 of cash was held in a designated account with Rathbones Investment Management Limited at 31 December 2022, which acts as the group's treasury function and a licenced deposit taker (2021: £nil). The credit risk assessed for this balance at the year end was 'low'.

CONCENTRATION OF CREDIT RISK

The company has counterparty credit risk within its balances at banks in that the principal exposure is to its banking subsidiary. The board sets and monitors the group policy for the management of group funds, which includes the placement of funds with a range of high-quality financial institutions.

(a) Geographical sectors

The following table analyses the company's credit exposures, at their carrying amounts, by geographical region as at the balance sheet date. In this analysis, exposures are categorised based on the country of domicile of the counterparty.

At 31 December 2022	**United Kingdom £'000**	**Rest of the World £'000**	**Total £'000**
Trade and other receivables:			
– amounts owed by group undertakings	**113,897**	**848**	**114,745**
– other financial assets	**930**	**134**	**1,064**
Balances at banks	**56,553**	**–**	**56,553**
	171,380	**982**	**172,362**

At 31 December 2021	United Kingdom £'000	Rest of the World £'000	Total £'000
Trade and other receivables:			
– amounts owed by group undertakings	147,619	761	148,380
– other financial assets	1,425	119	1,544
Balances at banks	19,065	–	19,065
	168,109	880	168,989

At 31 December 2022, all rest of the world exposures were to counterparties based in Jersey and the United States of America (2021: Jersey, the Eurozone, the United States of America). At 31 December 2022, the group had exposure to the UK government through the holding of treasury bills (2021: none).

(b) Industry sectors

The company's credit exposures at the balance sheet date, analysed by the primary industry sectors in which our counterparties operate, were:

At 31 December 2022	**Financial institutions £'000**	**Clients and other corporates £'000**	**Total £'000**
Trade and other receivables:			
– amounts owed by group undertakings	**–**	**114,745**	**114,745**
– other financial assets	**–**	**1,064**	**1,064**
Balances at banks	**56,553**	**–**	**56,553**
	56,553	**115,809**	**172,362**

At 31 December 2021	Financial institutions £'000	Clients and other corporates £'000	Total £'000
Trade and other receivables:			
– amounts owed by group undertakings	32,026	116,354	148,380
– other financial assets	–	1,544	1,544
Balances at banks	19,065	–	19,065
	51,091	117,898	168,989

56 / FINANCIAL INSTRUMENTS CONTINUED

(II) LIQUIDITY RISK

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The company places its funds in short-term or demand facilities with financial institutions to ensure liquidity. The company has no bank loans (2021: £nil).

Non-derivative cash flows

The table below presents the undiscounted cash flows receivable and payable by the company on its non-derivative financial assets and liabilities by remaining contractual maturities at the balance sheet date.

At 31 December 2022	On demand £'000	Not more than 3 months £'000	After 3 months but not more than 1 year £'000	After 1 year but not more than 5 years £'000	After 5 years £'000	No fixed maturity date £'000	Total £'000
Trade and other receivables:							
– amounts owed by group undertakings	114,745	–	–	–	–	–	114,745
– other financial assets	38	139	692	195	–	–	1,064
Balances at banks	56,553	–	–	–	–	–	56,553
Cash flows arising from financial assets	171,336	139	692	195	–	–	172,362
Trade and other payables:							
– amounts owed to group undertakings	18,240	–	–	–	–	–	18,240
– subordinated loan notes			2,257	46,770			49,027
– lease liabilities[1]	–	1,871	5,713	21,705	37,661	–	66,950
– other financial liabilities*	161	6,433	171	5,054	4,345	–	16,164
Cash flows arising from financial liabilities	18,401	8,304	8,141	73,529	42,006	–	150,381
Net liquidity gap	152,935	(8,165)	(7,449)	(73,334)	(42,006)	–	21,981
Cumulative net liquidity gap	152,935	144,770	137,321	63,987	21,981	21,981	

1. See note 1 regarding changes to presentation.

* Represented to remove items now determined to not meet the definition of financial liabilities. Comparatives have been restated on a consistent basis.

56 / FINANCIAL INSTRUMENTS CONTINUED

(II) LIQUIDITY RISK CONTINUED

At 31 December 2021	On demand £'000	Not more than 3 months £'000	After 3 months but not more than 1 year £'000	After 1 year but not more than 5 years £'000	After 5 years £'000	No fixed maturity date £'000	Total £'000
Trade and other receivables:							
– amounts owed by group undertakings	148,381	–	–	–	–	–	148,381
– other financial assets	33	553	697	3,501	804	–	5,588
Balances at banks	19,065	–	–	–	–	–	19,065
Cash flows arising from financial assets	167,479	553	697	3,501	804	–	173,034
Trade and other payables:							
– amounts owed to group undertakings	–	–	–	–	–	–	–
– subordinated loan notes	–	–	2,257	49,027	–	–	51,284
– lease liabilities	–	1,916	5,661	20,972	39,345	–	67,894
– other financial liabilities*	153	8,379	11,099	7,522	3,628	–	30,781
Cash flows arising from financial liabilities	153	10,295	19,017	77,521	42,973	–	149,959
Net liquidity gap	167,326	(9,742)	(18,320)	(74,020)	(42,169)	–	23,075
Cumulative net liquidity gap	167,326	157,584	139,264	65,244	23,075	23,075	

Included within trade and other payables disclosed above are balances that are repayable on demand or that do not have a contractual maturity date, which historical experience shows are unlikely to be called in the short term.

The company holds £8,068,000 of equity investments (2021: £7,376,000) which are subject to liquidity risk but are not included in the table above. These assets are held as fair value through profit or loss securities and have no fixed maturity date; cash flows arise from receipt of dividends or through sale of the assets.

Total liquidity requirement

At 31 December 2022	**On demand £'000**	**Not more than 3 months £'000**	**After 3 months but not more than 1 year £'000**	**After 1 year but not more than 5 years £'000**	**After 5 years £'000**	**Total £'000**
Cash flows arising from financial liabilities	**18,401**	**8,304**	**8,141**	**73,529**	**42,006**	**150,381**
Total off-balance-sheet items	**–**	**–**	**–**	**–**	**–**	**–**
Total liquidity requirement	**18,401**	**8,304**	**8,141**	**73,529**	**42,006**	**150,381**

56 / FINANCIAL INSTRUMENTS CONTINUED

(II) LIQUIDITY RISK CONTINUED

At 31 December 2021	On demand £'000	Not more than 3 months £'000	After 3 months but not more than 1 year £'000	After 1 year but not more than 5 years £'000	After 5 years £'000	Total £'000
Cash flows arising from financial liabilities	153	10,295	19,017	77,521	42,973	149,959
Total off-balance-sheet items	–	–	–	–	–	–
Total liquidity requirement	153	10,295	19,017	77,521	42,973	149,959

(III) MARKET RISK

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The company's principal exposure to cash flow interest rate risk arises from the mismatch between the repricing of its financial assets and liabilities.

The table below shows the repricing profile of the company's financial assets and liabilities, stated at their carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

At 31 December 2022	**Not more than 3 months £'000**	**After 3 months but not more than 6 months £'000**	**After 6 months but not more than 1 year £'000**	**After 1 year but not more than 5 years £'000**	**After 5 years £'000**	**Non-interest-bearing £'000**	**Total £'000**
Assets							
Other investments:							
– equity securities	**–**	**–**	**–**	**–**	**–**	**8,068**	**8,068**
Trade and other receivables:							
– amounts owed by group undertakings	**–**	**–**	**–**	**–**	**–**	**114,745**	**114,745**
– other financial assets	**581**	**–**	**–**	**–**	**–**	**483**	**1,064**
Balances at banks	**56,548**	**–**	**–**	**–**	**–**	**5**	**56,553**
Total financial assets	**57,129**	**–**	**–**	**–**	**–**	**123,301**	**180,430**
Liabilities							
Trade and other payables:							
– amounts owed to group undertakings	**–**	**–**	**–**	**–**	**–**	**18,240**	**18,240**
– subordinated loan notes	**–**	**–**	**–**	**39,891**	**–**	**–**	**39,891**
– other financial liabilities*	**1,144**	**1,126**	**2,496**	**19,161**	**25,762**	**14,679**	**64,368**
Total financial liabilities	**1,144**	**1,126**	**2,496**	**59,052**	**25,762**	**32,919**	**122,499**
Interest rate repricing gap	**55,985**	**(1,126)**	**(2,496)**	**(59,052)**	**(25,762)**	**90,382**	**57,931**

* Represented to remove items now determined to not meet the definition of financial liabilities. Comparatives have been restated on a consistent basis.

56 / FINANCIAL INSTRUMENTS CONTINUED

(II) MARKET RISK CONTINUED

At 31 December 2021	Not more than 3 months £'000	After 3 months but not more than 6 months £'000	After 6 months but not more than 1 year £'000	After 1 year but not more than 5 years £'000	After 5 years £'000	Non-interest-bearing £'000	Total £'000
Assets							
Other investments:							
– equity securities	–	–	–	–	–	7,376	7,376
Trade and other receivables:							
– amounts owed by group undertakings	–	–	–	–	–	148,380	148,380
– other financial assets	579	–	–	–	–	965	1,544
Balances at banks	19,060	–	–	–	–	5	19,065
Total financial assets	19,639	–	–	–	–	156,726	176,365
Liabilities							
Trade and other payables:							
amounts owed to group undertakings	–	–	–	–	–	–	–
– subordinated loan notes	–	–	–	39,893	–	–	39,893
– other financial liabilities*	1,151	1,167	2,249	19,176	30,156	28,352	82,251
Total financial liabilities	1,151	1,167	2,249	59,069	30,156	28,352	122,144
Interest rate repricing gap	18,488	(1,167)	(2,249)	(59,069)	(30,156)	128,374	54,221

A 2% parallel increase or decrease in the sterling yield curve would have no impact on profit after tax or equity (2021: no impact).

56 / FINANCIAL INSTRUMENTS CONTINUED

(II) MARKET RISK CONTINUED

The company has assessed the impact of climate change on the carrying amount of its financial assets and liabilities at the year end, and considers there to be no material impact.

Foreign exchange risk

The company does not have any material exposure to transactional foreign exchange risk. The table below summarises the company's exposure to foreign currency translation risk at 31 December 2022. Included in the table are the company's financial assets and liabilities, at carrying amounts, categorised by currency.

At 31 December 2022	Sterling £'000	US dollar £'000	Euro £'000	Total £'000
Assets				
Other investments:				
– equity securities	8,068	–	–	8,068
Trade and other receivables:				
– amounts owed by group undertakings	114,745	–	–	114,745
– other financial assets	930	134	–	1,064
– Balances at banks	56,553	–	–	56,553
Total financial assets	180,296	134	–	180,430
Liabilities				
Trade and other payables:				
– amounts owed to group undertakings	18,240	–	–	18,240
– subordinated loan notes	39,891	–	–	39,891
– other financial liabilities*	64,215	153	–	64,368
Total financial liabilities	122,346	153	–	122,499
Net on-balance-sheet position	57,950	(19)	–	57,931

* Represented to remove items now determined to not meet the definition of financial liabilities. Comparatives have been restated on a consistent basis.

At 31 December 2021	Sterling £'000	US dollar £'000	Euro £'000	Total £'000
Assets				
Other investments:				
– equity securities	7,376	–	–	7,376
Trade and other receivables:				
– amounts owed by group undertakings	148,380	–	–	148,380
– other financial assets	1,425	119	–	1,544
Balances at banks	19,065	–	–	19,065
Total financial assets	176,246	119	–	176,365
Liabilities				
Trade and other payables:				
– amounts owed to group undertakings	–	–	–	–
– subordinated loan notes	39,893	–	–	39,893
– other financial liabilities*	82,132	119	–	82,251
Total financial liabilities	122,025	119	–	122,144
Net on-balance-sheet position	54,221	–	–	54,221

A 10% weakening of the US dollar against sterling would have reduced equity and profit after tax by £2,000 in 2022 (2021: £nil). A 10% strengthening of the US dollar would have had an equal and opposite effect. This analysis assumes that all other variables, in particular other exchange rates, remain constant.

Price risk

The group's exposure to price risk, all of which is through the company's holdings of equity investment securities, is described in note 33.

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 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Fair value through profit or loss:				
– equity securities	8,068	–	–	8,068
	8,068	–	–	8,068

56 / FINANCIAL INSTRUMENTS CONTINUED

(II) MARKET RISK CONTINUED

At 31 December 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Fair value through profit or loss:				
– equity securities	7,376	–	–	7,376
	7,376	–	–	7,376

The company 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 (2021: none).

Details of the methods and assumptions used to determine the fair values of the financial assets in the above table, along with how reasonably possible changes to the assumptions affect these fair values, are provided in note 33 to the consolidated financial statements.

The fair values of the company's financial assets and liabilities are not materially different from their carrying values, with the exception of equity investments in subsidiaries, which are carried at historical cost (note 45).

57 / CAPITAL MANAGEMENT

The company's objectives when managing capital are to:

- safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders
- maintain a strong capital base to support the development of its business

For monitoring purposes, the company defines capital as distributable reserves (see note 44). The company monitors the level of distributable reserves on a monthly basis and compares this to forecast dividends. Capital is distributed to the company from operating subsidiaries on a timely basis to ensure sufficient capital is maintained. The board of directors monitors the level of capital held in relation to forecast performance, dividend payments and wider plans for the business, although formal quantitative targets are not set.

There were no changes in the company's approach to capital management during the year.

58 / CONTINGENT LIABILITIES AND COMMITMENTS

The company had no contingent liabilities or commitments at the year end (2021: £nil).

59 / RELATED PARTY TRANSACTIONS

Rathbones Group Plc is considered to be the ultimate controlling party.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

	2022 £'000	2021 £'000
Short-term employee benefits	**1,686**	2,114
Other long-term benefits	**–**	178
Share-based payments	**90**	382
	1,776	2,674

Dividends totalling £216,000 were paid in the year (2021: £229,000) in respect of ordinary shares held by key management personnel and their close family members.

All amounts outstanding with related parties are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties. All transactions were made on normal business terms.

OTHER RELATED PARTY TRANSACTIONS

During the year, the company entered into the following transactions with its subsidiaries:

	2022		2021	
	Receivable £'000	**Payable £'000**	Receivable £'000	Payable £'000
Interest	**5,635**	**–**	972	–
Charges for management services	**57,955**	**–**	55,574	–
Dividends received	**50,000**	**–**	65,000	–
	113,590	**–**	121,546	–

The company's balances with fellow group companies at 31 December 2022 are set out in notes 47 and 50.

The company's transactions with the pension funds are described in note 54. At 31 December 2022, no amounts were due from the pension schemes (2021: £nil).

All transactions and outstanding balances with fellow group companies are priced on an arm's-length basis and are to be settled in cash. None of the balances are secured and no provisions have been made for doubtful debts for any amounts due from fellow group companies.

60 / CASH AND CASH EQUIVALENTS

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

	2022 £'000	2021 £'000
Cash at bank (excluding amounts held by employee benefit trust)	**56,553**	19,065

60 / CASH AND CASH EQUIVALENTS CONTINUED

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

	Subordinated loan notes £'000	Lease liabilities £'000	**Liabilities from financing activities £'000**	Share capital/ premium £'000	Reserves £'000	Retained earnings £'000	**Total equity £'000**	**Total £'000**
At 1 January 2022	**39,893**	**53,899**	**93,792**	**294,126**	**8,503**	**143,379**	**446,008**	**539,800**
Changes from financing cash flows								
Proceeds from issue of share capital	–	–	–	9,262	–	–	9,262	9,262
Payments for share repurchases	–	–	–	–	(18,567)	–	(18,567)	(18,567)
Dividends paid	–	–	–	–	–	(48,607)	(48,607)	(48,607)
Interest charge	(2,257)	(3,008)	(5,265)	–	–	–	–	(5,265)
Payment for lease liabilities	–	(7,761)	(7,761)	–	–	–	–	(7,761)
Total financing cash flows	**(2,257)**	**(10,769)**	**(13,026)**	**9,262**	**(18,567)**	**(48,607)**	**(57,912)**	**(70,938)**
Total non-cash movements	**2,255**	**6,560**	**8,815**	**–**	**2,678**	**48,348**	**51,026**	**59,842**
At 31 December 2022	**39,891**	**49,690**	**89,581**	**303,388**	**(7,386)**	**143,120**	**439,122**	**528,703**

	Subordinated loan notes £'000	Third-party debt £'000	Lease liabilities £'000	**Liabilities from financing activities £'000**	Share capital/ premium £'000	Reserves £'000	Retained earnings £'000	**Total equity £'000**	**Total £'000**
At 1 January 2021	**–**	**–**	**55,123**	**55,123**	**217,966**	**(6,823)**	**140,444**	**351,587**	**406,710**
Changes from financing cash flows									
Proceeds from issue of share capital	–	–	–	–	59,467	–	–	59,467	59,467
Payments for share repurchases	–	–	–	–	–	(15,132)	–	(15,132)	(15,132)
Dividends paid	–	–	–	–	–	–	(43,960)	(43,960)	(43,960)
Issue of loan notes	39,893	–	–	39,893	–	–	–	–	39,893
Interest charge		–		–	–	–	–	–	–
Payment for lease liabilities	–	–	(4,729)	(4,729)	–	–	–	–	(4,729)
Repayment of debt	–	(45,208)	–	(45,208)	–	–	–	–	(45,208)
Total financing cash flows	**39,893**	**(45,208)**	**(4,729)**	**(10,044)**	**59,467**	**(15,132)**	**(43,960)**	**375**	**(9,669)**
Total non-cash movements	**–**	**–**	**3,505**	**3,505**	**16,693**	**30,458**	**46,895**	**94,046**	**97,550**
At 31 December 2021	**39,893**		**53,899**	**93,792**	**294,126**	**8,503**	**143,379**	**446,008**	**539,800**

61 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.

FURTHER INFORMATION

FIVE-YEAR RECORD

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Operating income (and underlying operating income)[1]	**455,875**	435,927	366,088	348,071	311,963
Underlying profit before tax[1]	**97,060**	120,719	92,530	88,673	91,558
Profit before tax	**64,054**	95,035	43,779	39,652	61,306
Profit after tax	**48,984**	75,229	26,652	26,923	46,169
Equity dividends paid and proposed	**49,317**	49,501	38,728	37,714	35,204
Basic earnings per share	**83.6p**	133.5p	49.6p	50.3p	88.7p
Diluted earnings per share	**81.6p**	129.3p	47.6p	48.7p	86.2p
Underlying earnings per share[1]	**130.8p**	172.2p	133.3p	132.8p	142.5p
Dividends per ordinary share	**84.0p**	81.0p	72.0p	70.0p	66.0p
Equity shareholders' funds	**634,834**	623,282	513,827	485,393	325,550
Total funds under management and administration	**£60.2bn**	£68.2bn	£54.7bn	£50.4bn	£44.1bn

1. A reconciliation between the underlying measure and its closest IFRS equivalent for the current year and the prior year is shown in table 3 on page 39.

CORPORATE INFORMATION

	Investment management	Funds
Principal trading names	Rathbones Investment Management Rathbones Investment Management International Rathbone Greenbank Investments Rathbones Trust Company Rathbones Trust Legal Services Vision Independent Financial Planning Castle Investment Solutions Saunderson House	Rathbone Unit Trust Management
Offices	15	2
Websites	rathbones.com rathboneimi.com rathbonegreenbank.com	rathbones.com rutm.com

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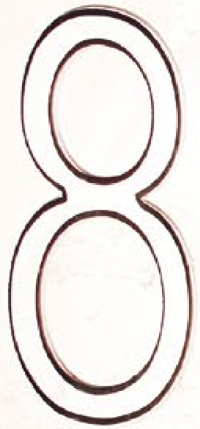

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