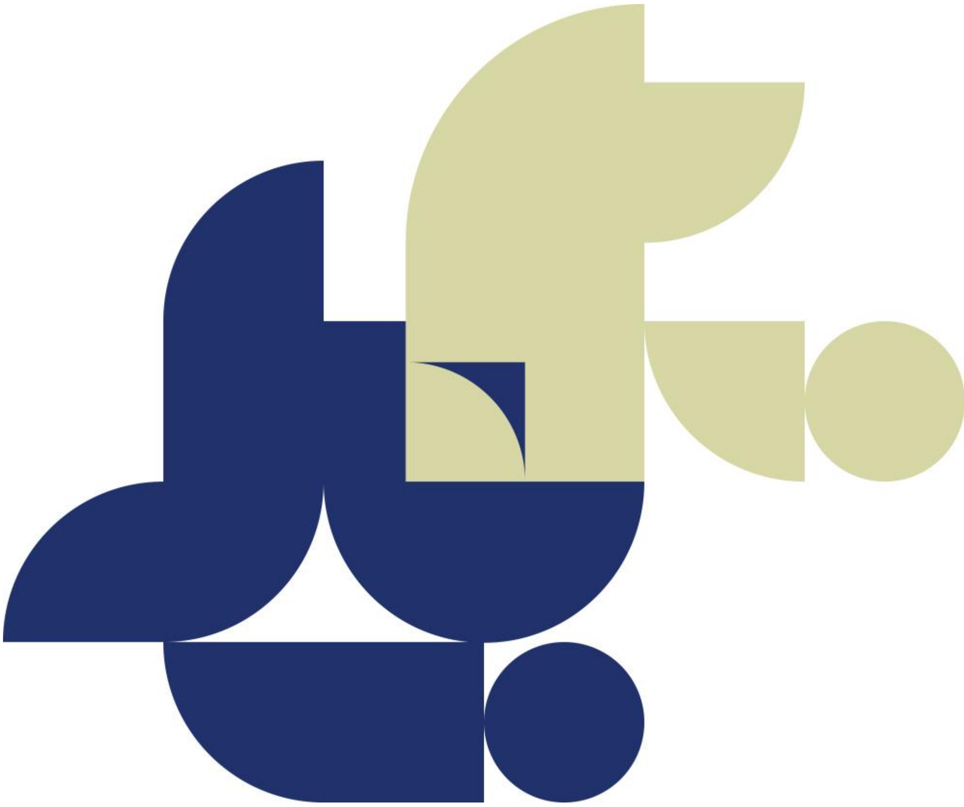
Rathbone Brothers Plc

Pillar 3 disclosures

For the year ended 31 December 2020



Rathbones
Look forward

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Definition of key terms:	
Rathbones	the trading name for the group of companies owned by Rathbone Brothers Plc
board	the board of directors of Rathbone Brothers Plc
executive directors	directors on the group executive committee
FUM	funds under management
RIM	Rathbone Investment Management Limited
RIMI	Rathbone Investment Management International Limited
S&J	Speirs & Jeffrey Limited
investment management business	services provided by Rathbone Investment Management Limited ('RIM') and Rathbone Investment Management International Limited ('RIMI')
the group	Rathbone Brothers Plc and all its subsidiaries
regulator	Prudential Regulation Authority ('PRA') or Financial Conduct Authority ('FCA') or European Banking Authority ('EBA'), as appropriate
trading book	positions in financial instruments and commodities held either with trading intent or in order to hedge such positions
trust & taxation business	services provided by Rathbone Trust Legal Services Limited and Rathbone Trust Company Limited
CRR or CRD	Capital Requirements Regulation and Capital Requirements Directive

1 Disclosure

This document sets out the consolidated Pillar 3 disclosure requirements that are required by CRR and the regulator. It is intended to complement the minimum capital requirement (Pillar 1) and the supervisory review process (Pillar 2) and provides key information on our risk management and control process, remuneration and capital position.
Rathbone Brothers Plc is subject to consolidated supervision by the regulator. The group's principal operating subsidiaries are detailed more fully in section 2. All subsidiaries are limited by ordinary shares, and other than the requirements to hold regulatory capital there are no practical or legal impediments to the prompt transfer of capital between Rathbone Brothers Plc and its subsidiaries.

1.1 Scope of application

Rathbone Brothers Plc is the parent company of the group and is required to produce consolidated returns to assess its regulatory own funds, own funds requirements and liquidity management. These are prepared on the same consolidation basis as the statutory financial statements produced for its annual report & accounts.

1.2 Frequency

Pillar 3 disclosures are made on an annual basis.

1.3 Location

The report is published in the investor relations section of the Rathbones website, and can also be available on request by writing to Jennifer Mathias, group finance director, Rathbone Brothers Plc, 8 Finsbury Circus, London EC2M 7AZ.

1.4 Verification

Disclosures are unaudited but have been verified internally. They will only be subject to external verification to the extent they are equivalent to those made in published financial information prepared in accordance with International Accounting Standards. These disclosures explain how the board has calculated certain capital requirements and information about risk management generally. They do not constitute financial statements and should not be relied upon in making judgements about Rathbones or for any other purpose other than that for which they are intended.

1.5 Reference to annual report and accounts.

The document is to be read in conjunction with the annual report and accounts with specific reference to the following sections included within this document:

Section	Pages	Areas covered
Financial position	42 – 44	
Risk management and control	46 – 51	Identification of risks Risk assessment process Profile and mitigation of principal risks Key changes to risk profile Emerging risks and threats Principal risks
Responsible business report	52 – 74	Diversity policy Climate-related financial disclosure
Corporate governance report	76 – 91	Board external directorships Diversity in board membership Board recruitment and development
Group risk committee report	92 – 94	Committee roles and responsibilities Committee meetings Committee effectiveness
Audit committee report	95 – 99	
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Remuneration committee report	103 – 126	
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2 Corporate background

Rathbones provides individual investment and wealth management services for private clients, trustees and professional partners. We have been trusted for generations to manage and preserve our clients' wealth. Our tradition of investing and acting responsibly has been with us from the beginning and continues to drive us forward. Our ambition is to be recognised as the UK's most responsible wealth manager.

The group is organised into two operating segments: Investment Management (including the other complementary services outlined below) and Unit Trusts.

2.1 Investment Management

Through Rathbone Investment Management Limited ('RIM'), we provide investment management solutions to a range of private clients, charities, trustees and professional partners. Clients of this service can expect a tailored investment strategy that meets investment objectives backed by an investment process that aims to provide risk-adjusted returns to meet clients needs today and in the future.

We also manage £6.5bn for charities and Rathbone Greenbank Investments manages £1.9bn in ethical and socially responsible investment portfolios. Our specialist Personal injury and court of protection team works closely with deputies, trustees and families, seeking to provide a consistent and rigorous investment process sympathetic to individual circumstances.

Our offshore discretionary investment services are provided by Rathbone Investment Management International Limited ('RIMI'), which is registered in Jersey.

Complementary services include:

- Rathbone Financial Planning: our in-house financial planning team provides whole-of-market advice to clients. The planners work closely with investment managers to help clients create a bespoke financial plan. We have long-standing experience and can act on a one-off basis or as part of an ongoing service;
- Unitised Portfolio Service: using Rathbone Multi Asset Portfolio funds, we offer clients with investible assets of £25,000 or more our model-based discretionary investment management services. This is designed for clients who do not require a fully bespoke investment solution, but still want access to an investment manager to ensure investment needs are selected and monitored to suit their individual circumstance;
- Managed Portfolio Service: a simple and straightforward execution-only investment service which gives clients with £15,000 or more the ability to access high-quality investments. The service is delivered via an advisor at a price that reflects the competitive nature of our sector, but to a standard that clients have come to expect from Rathbones;
- Rathbone Select Portfolio: an attractive and cost-effective investment solution for clients with £15,000 or more to invest for at least three years. Providing access to the Rathbone Multi-Asset Portfolio funds on a self-select basis, this service is designed for clients who are comfortable choosing an investment strategy to meet their investment objectives and risk profile;
- Banking and loan services: we offer loans to our existing clients secured against their investment portfolios and, in some cases, other assets. As a licenced deposit taker, we are also able to offer our clients a range of banking services including currency and payment services, and fixed interest term deposits;
- Rathbone Trust Company: we provide UK trust and specialist legal, estate and tax advice to larger clients;
- Vision Independent Financial Planning: an independent IFA network providing financial advisory solutions to UK private clients. Acquired in 2015, it has grown from £845 million of assets on its discretionary fund manager panel and 81 advisers to £2.2 billion and 131 independent financial advisers.

Investment management clients are generally charged using either a fee and commission-based, or a fee-based tariff with securities held in a Rathbone Nominee company. The cash component of RIM client portfolios is held by RIM, an authorised banking institution. At 31 December 2020, funds under management were £44.9bn. All of the funds held for clients are considered to be held for long-term investment purposes and do not represent 'transactional' accounts used for day-to-day banking services.

2.2 Unit Trusts

Rathbone Unit Trust Management Limited ('RUTM') is an UK active fund manager with £9.8bn under management at 31 December 2020, providing a range of specialist and multi asset 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 can also be accessed by international clients through our Rathbone Luxembourg Funds SICAV (Société d'Investisement à Capital Variable) which allows access to a similar range of actively managed funds.

2.3 Regulation

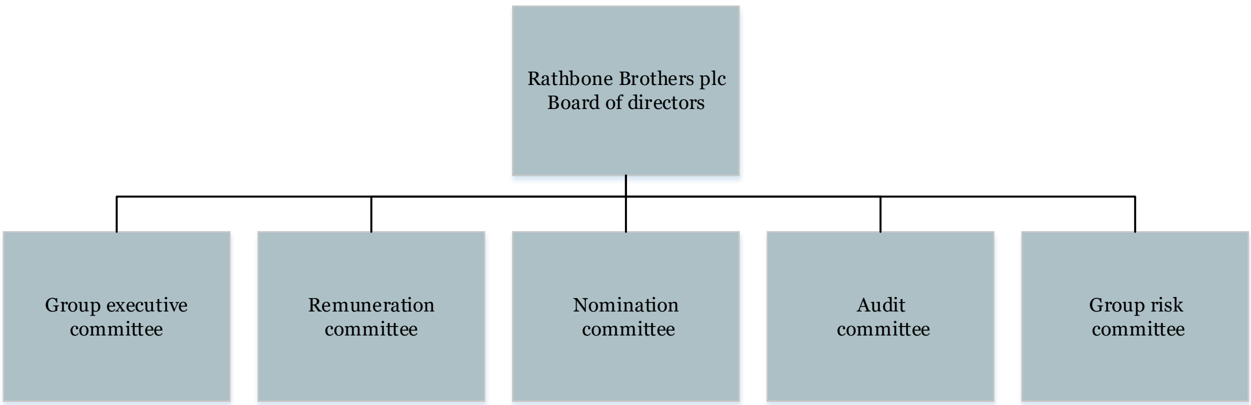
Within the UK, RUTM and Vision are regulated by the FCA, RIM is regulated jointly by the PRA and the FCA and the group is subject to consolidated supervision by the PRA. Rathbone Trust Legal Services Limited is regulated by the Solicitors Regulation Authority and, together with RTC, they are subject to HMRC regulations for money laundering purposes. RIMI is subject to regulation by the Jersey Financial Services Commission.

2.4 Corporate governance

The Group board meets at least six times a year with one meeting devoted entirely to strategy. In months where no formal board meeting is scheduled an informal meeting of the non-executive directors, the chairman and group chief executive is ordinarily held.

The five principal Rathbone Brothers Plc board committees are the group executive committee, audit committee, remuneration committee, group risk committee and nomination committee.

The principal RIM committees are the General Managers Committee, the Banking Committee as well as the Investment Executive Committee and Client Committee. All of these committees have executive director representation. There is also the RIM CASS Governance Committee which is chaired by the SMF24.



3 Risk management objectives and policies

Our approach to risk management continued to develop in 2020, and we have adapted to the impact COVID-19 has had on the firm. Our risk governance, processes and infrastructure ensured that risk management across the group was appropriate to existing and emerging challenges to the firm's strategic objectives and day-to-day activities. Our primary focus going into 2021 will be to continue managing risk effectively in accordance with our risk appetite and for the long term, to meet the expectations of all our stakeholders.

3.1 Key ratios summary

A summary of the group's key ratios is shown in the following table (£m's where applicable):

	Group 31 Dec 2020	Group 31 Dec 2019
CET1 capital	293.2	266.5
Total capital	303.9	282.2
Total capital requirement ('TCR')	139.9	136.5
Total risk exposure amount ('TREA')	1,247.8	1,209.0
CET1 ratio	23.5%	22.0%
Total own funds ratio	24.3%	23.3%
Leverage ratio	9.2%	8.3%
LCR ratio	491.7%	559.3%

3.2 Risk management

The group risk management and control report on pages 46 to 51 of the 2020 annual report and accounts, and the group risk committee report on pages 92 to 94 of the 2020 annual report and accounts, include details of our risk management objectives, and provide declarations approved by the board on the adequacy of risk management arrangements and our overall risk profile. It also includes the composition of the group risk committee and the number of meetings held during the year, as well as information on the communication of risk information to the board.

Extract from 2020 annual report and accounts:

Responding to COVID-19

We faced multiple risks arising from the COVID-19 pandemic. We focused on service to clients, the reliability of business operations and the wellbeing of our colleagues, although this required some agility as the risk profile changed. Overall, the firm has responded well so far, although we remain alert to future uncertainty and will adapt as required to the changing landscape. The board, executive and risk committees have been fully supportive and engaged throughout to ensure that our staff are protected, our operations are resilient and the risk of material disruption to our client services has been mitigated.

Risk culture

The risk culture embedded across the group continues to enhance the effectiveness of risk management and decision-making at all levels. The board sets the right tone, which supports a strong risk culture and, through our senior management team, encouraging appropriate behaviours and collaboration on managing risk across the business. Risk management is 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. Our approach creates an open and transparent working environment, encouraging employees to engage positively in risk management and support the effective achievement of our strategic objectives.

Risk appetite
Risk appetite is defined as the amount and type of risk the group is prepared to take or accept in pursuit of its long-term 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, group risk committee and the board as appropriate, so that risk mitigation can be reviewed and strengthened if needed.

In line with our strategy, the current economic outlook and the evolving regulatory landscape, the board remains committed to having a relatively low overall appetite for risk and ensuring that our internal controls mitigate risk to appropriate levels. The board recognises our performance is susceptible to fluctuations in investment markets and has the potential to bear losses from financial and operational risks from time to time, either as reductions in income or increases in operating costs.

Managing risk
The board is ultimately accountable for risk management and regularly considers the most significant risks and emerging threats to the group's strategy and objectives. In addition, the audit and group risk committees exercise further oversight of and challenge to existing risk management and internal control. The board delegates day-to-day responsibility for managing risk across the business to the group chief executive and executive committee. Our executive risk committee provides further challenge to and oversight of financial and non-financial risk (conduct and operational risk) whilst the banking committee oversees financial risk management. Both committees meet monthly, reporting into both the executive committee and the group risk committee.

Throughout the group, all employees have a responsibility for managing risk and adhering to our control framework.

Three lines of defence
We operate a three lines of defence model across the group to support governance and risk management. The comments below outline our expectations across the firm, with responsibility and accountability for risk management broken down as follows:

First line: Senior management, business operations and support functions are responsible for managing risks, by developing and maintaining effective internal controls to mitigate risk in line with risk appetite.

Second line: Risk, compliance and anti-money laundering functions maintain a level of independence from the first line and are responsible for providing oversight of and challenge to the first line's day-to-day management, including monitoring and reporting of risks to both senior management and governing bodies.

Third line: Our internal audit function is responsible for providing independent assurance to senior management, the board and board committees as to the effectiveness of the group's governance, risk management and internal controls.

Outside of our internal lines of defence, external independent assurance is obtained, primarily the annual statutory audit along with other ad hoc engagements which may be required during the year.

Identification of risks
Regular reviews are undertaken to ensure we identify and understand all relevant material risks which have the potential to impact future performance and the delivery of our strategic objectives and business priorities. We use a three-level hierarchical model and this year have enhanced our risk classification, so that it continues to reflect the current and future risk profile of the group. Our highest level of risk (Level 1) comprises business and strategic, financial, conduct and operational risks. Our next level (Level 2) contains 20 risk categories allocated to a Level 1 risk. Detailed risks (Level 3) are identified as sub-sets of Level 2 risks. Level 3 risks are captured and maintained within our group risk register.

We recognise that some Level 2 and Level 3 risks have features which need to be considered under more than one Level 1 risk, and our framework facilitates this through a system of primary and secondary considerations. Risk exposures and our overall risk profile are reviewed and monitored regularly, with risk owners, senior management and business units across the group considering the potential impact, existing internal controls and management actions required to mitigate the impact and likelihood of emerging issues and future events.

Risk assessment process

The board and senior management are actively involved in a continuous risk assessment process as part of our risk management framework, supported by the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) work, which assesses the principal risks facing the group.

Across the year our risk assessment process considers both the impact and likelihood of risk events materialising which could affect the delivery of strategic goals and annual business plans. A top-down and bottom-up approach ensures that our assessment of Level 2 risk categories and detailed Level 3 risks is challenged and reviewed on a regular basis. The board, executive committee and executive risk committee receive regular reports and information from senior management, operational business units, risk oversight functions and specific risk committees to support this assessment.

We have a consistent approach to identifying and assessing our Level 3 risks on both an inherent and residual basis over a three-year period and against a number of different impact criteria, including financial, client, operations, reputation, strategy and regulation indicators. A residual risk exposure and overall risk profile rating of high, medium, low or very low is then derived for the three-year period including consideration of the internal control environment and/or insurance mitigation. The assessment of our control environment, undertaken by senior management within the firm, includes contributions from first, second- and third-line people, data, monitoring and/or assurance activity.

Senior management also maintain a watch list as part of our approach to identify and assess any current, emerging or future issues, threats, business developments and regulatory or legislative change, which will or could have the potential to impact the firm's current or future risk profile. Any material changes may require active risk management, usually through process changes or systems development. The group's risk profile, risk register and watch list are regularly reviewed by the executive, senior management, group risk committee and the board.

Stress tests include consideration of the impact of a number of severe but plausible events that could impact the business. The work also 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 executive risk committee, executive committee, group risk committee and other key risk-focused committees consider the risk assessments and stress tests, providing challenge on their appropriateness, which is reported through the governance framework and ultimately considered by the board.

Three lines of defence

Overview

4 Own funds disclosures

4.1 Own funds

A summary of the group's and RIM's own funds is shown in the following table (£m's):

	Group 31 Dec 2020	Group 31 Dec 2019	RIM 31 Dec 2020	RIM 31 Dec 2019
Permanent ordinary share capital	2.9	2.8	5.0	4.4
Share premium	215.1	211.0	298.1	248.7
Retained earnings	270.8	241.9	102.9	106.4
Other Tier 1 reserves	71.8	71.7	-	-
Deductions	(267.4)	(260.9)	(178.3)	(188.5)
Common Equity Tier 1 capital after deductions	**293.2**	**266.5**	**227.7**	**171.0**
Tier 2 subordinated loan notes	10.7	15.7	18.4	20.0
Own funds	**303.9**	**282.2**	**246.1**	**191.0**

This should be read in conjunction with the capital resources section on page 42 of the 2020 annual report and accounts. Article 437 of the CRR requires disclosure of own funds at 31 December 2020 in accordance with a prescribed own funds disclosure template introduced in ITS1423/2013. This template is attached as Appendix 8 (for the group) and Appendix 9 (for RIM solo).

Tier 1 capital

Our common equity tier 1 capital comprises:
- ordinary share capital and its associated share premium;
- retained earnings, including audited reserves for the year ended 31 December;
- other reserves, comprising merger and available for sale reserves; and
- deductions comprising intangible assets (representing goodwill on consolidation, software costs and acquired client relationships to the extent not amortised, net of associated deferred tax), RIM's investments in subsidiaries exceeding 10% of CET1 capital and treasury shares.

Terms and conditions related to the Rathbone Brothers Plc ordinary shares are included in Note 30 to the 2020 annual report and accounts. Terms and conditions related to the RIM ordinary shares are included in Note 28 to the annual report and accounts.

No innovative tier 1 capital was held at, or in the financial years ending, 31 December 2020 and 2019.

Article 437 of the CRR requires disclosure of the main features of own funds instruments in accordance with a prescribed capital instruments' main features template introduced in ITS1423/2013. These templates are attached as Appendix 5 (for Rathbone Brothers Plc ordinary shares) and Appendix 6 (for RIM ordinary shares).

Tier 2 capital

Our tier 2 capital comprises qualifying subordinated loan notes, more details, including terms and conditions, are provided in note 28 on page 174 of the 2020 annual report and accounts.

The main features template for the Tier 2 instruments is attached as Appendix 7.

4.2 Reconciliation of own funds items to audited financial statements

A reconciliation of the group's 2020 audited financial statements to regulatory own funds is shown in the following table (£m's):

	Financial statements	Reclassification of deferred tax	Adjustments	Regulatory own funds
Share capital	2.9	-	-	2.9
Share premium	215.1	-	-	215.1
Merger reserve	71.8	-	-	71.8
Own shares	(46.7)	-	-	(46.7)
Retained earnings	270.8	-	-	270.8
Intangible assets	(231.1)	10.4[1]	-	(220.7)
Subordinated loan notes	19.8	-	(9.1) [2]	10.7
Prudent valuation adjustment			(0.0) [3]	(0.0)
Total regulatory own funds				**303.9**

(1) The deferred tax liability associated with the intangible asset.
(2) This represents the difference in values for accounting and own funds eligibility purposes.
(3) This represents the prudent valuation of non-trading assets held at fair value under CRR article 34.

A reconciliation of RIM's 2020 audited financial statements to regulatory own funds is shown in the following table (£m's):

	Financial statements	Reclassification of deferred tax	Adjustments	Regulatory own funds
Share capital	5.0	-	-	5.0
Share premium	298.1	-	-	298.1
Retained earnings	102.9	-	-	102.9
Intangible assets	(188.2)	9.9[1]	-	(178.3)
Significant investment in subsidiary	(9.8)	-	9.8 [2]	-
Subordinated loan notes	19.8	-	(1.4) [3]	18.4
Prudent valuation adjustment			(0.0) [4]	(0.0)
Total regulatory own funds				**246.1**

(1) The deferred tax liability associated with the intangible asset.
(2) This represents the proportion of the asset subject to credit risk
(3) This represents the difference in values for accounting and own funds eligibility purposes.
(4) This represents the prudent valuation of non-trading assets held at fair value under CRR article 34.

4.3 Common Equity Tier 1 ratio

The Common Equity Tier 1 ratio is calculated in line with CRD IV regulations for banks and makes reference to a total risk exposure amount. The total risk exposure amount includes the risk-weighted exposure amount in relation to the foreign exchange position risk requirement for market risk and the operational risk capital component, in line with other credit institutions. Risk-weighted assets in relation to credit risk are more fully detailed in Appendices 1 and 3 for group and RIM respectively.

Group Common Equity Tier 1 ratio as at 31 December 2020 was 23.5% (2019: 22.0%)
RIM Common Equity Tier 1 ratio as at 31 December 2020 was 21.6% (2019: 16.5%)

See Appendices 2 and 4, for group and RIM respectively, for a breakdown of the calculation of the total risk exposure amount.

4.4 Leverage ratio

A summary of the group's leverage requirement is shown in the following table (£m's):

	Group 31 Dec 2020	Group 31 Dec 2019
Capital measure	293.2	266.5
Exposure measure	3,176.8	3,193.2
Leverage ratio	**9.2%**	**8.3%**

Both the capital measure and exposure measures are calculated as prescribed within Part Seven of the CRR and the EU Commission Delegated Regulation 2015/62.

The capital measure comprises Tier 1 own funds after deductions as described in section 4.1. The exposure measure consists of on and off-balance sheet assets (including additional exposure to counterparty credit risk) excluding those assets already deducted from Tier 1 own funds.

During the disclosure period, Tier 1 own funds were raised increasing the capital measure which supported the increased exposure measure as a consequence of the migration of former Speirs & Jeffrey Limited clients across to RIM. The leverage ratio is calculated on a monthly basis and included in capital forecasting. The group does not seek to maximise balance sheet leverage.

Article 451 of the CRR requires disclosure of the leverage calculation at 31 December 2020 in accordance with a prescribed series of templates, primarily focused on breaking down the exposure measure. This template is attached as Appendix 10.

5 Own funds requirements

5.1 Internal Capital Adequacy Assessment Process ('ICAAP')

As required under PRA rules and the CRR the group performs an ICAAP annually, which includes performing a range of stress tests to determine the appropriate level of regulatory capital that the group needs to hold. In addition, a range of capital statistics are monitored 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 the treasury department.

5.2 Total capital requirement

The total capital requirement is the sum of the Pillar 1 (see section 5.3 of this document) and Pillar 2A requirement (see section 5.9 of this document) (£m's):

	Group 31 Dec 2020	Group 31 Dec 2019	RIM 31 Dec 2020	RIM 31 Dec 2019
Pillar 1 requirement	99.9	96.7	84.2	82.8
Pillar 2A requirement	40.0	39.8	40.0	38.5
Total capital requirement ('TCR')	**139.9**	**136.5**	**124.2**	**121.3**

5.3 Pillar 1: Own funds requirements

The Pillar 1 own funds requirement is the sum of the own funds requirements for credit and counterparty credit risk, settlement risk, market risk and operational risk (£m's):

	Group 31 Dec 2020	Group 31 Dec 2019	RIM 31 Dec 2020	RIM 31 Dec 2019
Credit & counterparty credit risk	46.7	46.2	41.1	41.9
Settlement risk	0.2	0.3	0.1	0.1
Market risk	0.6	0.4	0.4	-
Operational risk	52.4	49.8	42.6	40.8
Total Pillar 1 own funds requirement	**99.9**	**96.7**	**84.2**	**82.8**

5.4 Credit & counterparty credit risk

Credit risk is the risk that unexpected losses may arise as a result of the group's market counterparties or borrowers failing to meet their obligations to repay outstanding balances.

The banking committee has primary responsibility for the management of credit risk. It is a sub-committee of RIM and is chaired by the group finance director. The committee meets each month and has additional meetings at other times when required.

The group has no exposure to securitisation.

Analysis of group's own funds requirement for credit & counterparty credit risk [1] at 31 December 2020 (£m's):

	Exposure value	Risk weighted	Own funds requirement
Central government or central banks	1,802.8	-	-
Institutions	648.5	204.2	16.3
Retail	198.5	145.7	11.7
Exposures in default	0.4	0.6	0.1
Claims on institutions with a short-term credit assessment	205.8	41.2	3.3
Collective investment undertakings	105.0	25.6	2.0
Equity exposure	2.6	2.6	0.2
Other items [2]	164.1	164.0	13.1
Own funds requirement for credit & counterparty credit risk	**3,127.7**	**583.9**	**46.7**

(1) Only exposure classes under CRR article 112 to which an exposure is held are reported.

(2) Other items include tangible fixed assets, off-balance sheet guarantees, prepayments & accrued income and deferred tax assets.

Analysis of group's own funds requirement for credit & counterparty credit risk [1] at 31 December 2019 (£m's):

	Exposure value	Risk weighted	Own funds requirement
Central government or central banks	1,933.5	-	-
Institutions	569.2	220.8	17.7
Retail	169.4	121.9	9.8
Exposures in default	0.3	0.5	0.0
Claims on institutions with a short-term credit assessment	237.2	47.4	3.8
Collective investment undertakings	104.9	24.8	2.0
Equity exposure	1.2	1.2	0.1
Other items [2]	161.3	161.3	12.8
Own funds requirement for credit & counterparty credit risk	**3,177.0**	**577.9**	**46.2**

(1) Only exposure classes under CRR article 112 to which an exposure is held are reported.

(2) Other items include tangible fixed assets, off-balance sheet guarantees, prepayments & accrued income and deferred tax assets.

Analysis of RIM's own funds requirement for credit & counterparty credit risk [1] at 31 December 2020 (£m's):

	Exposure value	Risk weighted	Own funds requirement
Central government or central banks	1,802.8	-	-
Institutions	617.8	220.5	17.6
Retail	197.2	144.8	11.7
Exposures in default	0.2	0.2	0.0
Claims on institutions with a short-term credit assessment	205.8	41.2	3.3
Collective investment undertakings	69.2	13.8	1.1
Equity exposure	2.6	2.6	0.2
Other items [2]	90.5	90.5	7.2
Own funds requirement for credit & counterparty credit risk	**2,986.1**	**513.6**	**41.1**

(1) Only exposure classes under CRR article 112 to which an exposure is held are reported.

(2) Other items include tangible fixed assets, off-balance sheet guarantees, prepayments & accrued income and deferred tax assets.

Analysis of RIM's own funds requirement for credit & counterparty credit risk [(1)] at 31 December 2019 (£m's):

	Exposure value	Risk weighted	Own funds requirement
Central government or central banks	1,933.5	-	-
Institutions	546.1	259.1	20.7
Retail	168.7	121.4	9.7
Exposures in default	0.1	0.1	0.0
Claims on institutions with a short-term credit assessment	237.2	47.4	3.8
Collective investment undertakings	70.3	14.1	1.1
Equity exposure	1.2	1.2	0.1
Other items [(2)]	80.1	80.1	6.5
Own funds requirement for credit & counterparty credit risk	**3,037.2**	**523.4**	**41.9**

(1) Only exposure classes under CRR article 112 to which an exposure is held are reported.

(2) Other items include tangible fixed assets, off-balance sheet guarantees, prepayments & accrued income and deferred tax assets.

See Appendices 1 and 3 (for group and RIM respectively) for a reconciliation of the 2020 report and accounts to the Pillar 3 credit risk exposures.

The principal source of credit risk to Rathbones arises from placing funds with, and holding interest-bearing securities issued by, a range of high-quality financial institutions and money market funds. Investments are spread to avoid excessive exposure to any individual counterparty.

Analysis of own funds requirement for total credit and counterparty credit risk as at 31 December 2020, split between Treasury book and other assets (£m's):

	Group Treasury book	Group Other	RIM Treasury book	RIM Other
Central government or central banks	-	-	-	-
Institutions [(1)]	15.6	0.7	14.5	3.1
Corporates	-	-	-	-
Retail	-	11.7	-	11.7
Exposures in default	-	0.1	-	0.0
Claims on institutions with a short-term credit assessment	3.3	-	3.3	-
Collective investment undertakings	1.6	0.4	1.1	-
Equity exposure	-	0.2	-	0.2
Other items [(2)]	-	13.1	-	7.2
Own funds requirement on credit and counterparty risk	**20.5**	**26.2**	**18.9**	**22.2**

(1) Non-Treasury book balances for Institutions represent balances at brokers and intragroup balances.

(2) Other items include tangible fixed assets, off-balance sheet guarantees, prepayments & accrued income and deferred tax assets.

The charge for the Treasury book represents 44% of the total credit risk capital component for group and 46% for RIM. Significant balances are held at the Bank of England which attracts a 0% credit risk charge.

The charge for retail exposures represents a further 25% of the total credit risk capital component for group and 28% for RIM, arising primarily from RIM's client lending activity. This activity is a service offered to assist investment management clients who may have short to medium term cash requirements. Loans are made on a fully secured basis, generally against diversified portfolios held in Rathbones' nominee name.

For the purpose of the credit risk calculation no mitigation has been taken on the value of any security held against the loans. The charge for other items relates to exposures in the form of tangible fixed assets, off-balance sheet guarantees, prepayments & accrued income and deferred tax assets.

5.4.1 Counterparty credit risk

The own funds requirement for counterparty credit risk is included within credit risk under the 'institutions' exposure class.

The counterparty credit risk charge is based on the mark-to-market exposure calculated in accordance with CRR article 274 for of any trades undertaken on behalf of investment management clients which are outside of normal settlement terms (T+2 for stock trades processed through a central securities depository and generally T+5 for trades not processed through a central securities depository), any client foreign exchange transactions which are outside of the usual T+2 settlement terms, and any trades funded by the Rathbones in advance of settlement ('free deliveries'). There are no other derivatives.

All exposures are due to mature in less than 3 months. Exposure to rated counterparties are risk weighted using the appropriate credit quality step. Non-rated exposures are risk weighted according to the counterparty's corresponding sovereign.

Analysis of exposure value and own funds requirement for counterparty credit risk at 31 December 2020 (£m's):

	Group 31 Dec 2020		RIM 31 Dec 2020	
	Exposure value	Own funds requirement	Exposure value	Own funds requirement
Long settlement transactions	34.4	0.7	33.6	0.7
Forward FX transactions	0.5	0.0	0.5	0.0
Free deliveries	0.6	0.1	0.6	0.1
Total	**35.5**	**0.8**	**34.7**	**0.8**

Analysis of exposure value and own funds requirement for counterparty credit risk at 31 December 2019 (£m's):

	Group 31 Dec 2019		RIM 31 Dec 2019	
	Exposure value	Own funds requirement	Exposure value	Own funds requirement
Long settlement transactions	15.1	0.3	12.3	0.2
Forward FX transactions	0.1	0.0	0.1	0.0
Free deliveries	3.1	0.2	3.1	0.2
Total	**18.3**	**0.5**	**15.5**	**0.4**

The charge for counterparty credit risk at 31 December 2020 represents less than 2% of the total credit risk capital component for group and RIM.

Rathbones does not have any collateral positions, margin lending transactions or repo transactions, use netting benefits nor does it have a credit rating the downgrading of which could impact the above values.

5.5 Credit Valuation Adjustment risk

The own funds requirement for credit valuation adjustment risk is not material.

5.6 Settlement risk

An own funds requirement for settlement risk is taken in respect of trades undertaken on behalf of investment management clients which have gone beyond their agreed settlement terms.

Analysis of own funds requirement for settlement risk (£m's):

	Group 31 Dec 2020	Group 31 Dec 2019	RIM 31 Dec 2020	RIM 31 Dec 2019
Own funds requirement for settlement risk	**0.2**	**0.3**	**0.1**	**0.1**

5.7 Market risk

Market risk is the risk that arises from fluctuations in values of, or income from, assets or in interest or exchange rates.

The Group has no trading book, undertakes no proprietary trading (other than the treasury assets referred to in section 5.4 of this document) and generally does not provide or use derivative products. Foreign currency settlements for investment management clients are converted to the base currency of their portfolio at the time of booking the transaction. Foreign currency income and non-Rathbones initiated transactions are converted to the base currency of the client's portfolio as soon as possible after identification of the transaction. As a result, a Pillar 1 charge only arises from incidental foreign currency positions held as a consequence of normal settlement activity.

Analysis of own funds requirement for market risk (£m's):

	Group 31 Dec 2020	Group 31 Dec 2019	RIM 31 Dec 2020	RIM 31 Dec 2019
Foreign currency position risk requirement	0.6	0.4	0.4	-
Own funds requirement for market risk	**0.6**	**0.4**	**0.4**	**-**

5.8 Operational risk

Operational risk is the risk of loss or negative impact to the group resulting from inadequate or failed internal processes, people and systems, or from external factors such as regulation and key suppliers; it includes legal and financial crime risks, but does not include strategic, reputation or business risks. The group and RIM have adopted the Basic Indicator Approach (BIA) under Pillar 1 which produces a capital charge of 15% of its audited average net operating income for the three preceding financial years.

Analysis of own funds requirement for operational risk (£m's):

	Group 31 Dec 2020	Group 31 Dec 2019	RIM 31 Dec 2020	RIM 31 Dec 2019
Basic indicator approach	52.4	49.8	42.6	40.8
Own funds requirement for operational risk	**52.4**	**49.8**	**42.6**	**40.8**

5.9 Pillar 2 & buffers

The Pillar 2A charge is agreed with the regulator as part of their regular Supervisory Review and Evaluation Process ('SREP') visit and covers additional risks not deemed to be included in the Pillar 1 charge. Its basis of calculation is confidential, although disclosure of the aggregate charge is permitted. Our Pillar 2A own funds requirement was reviewed by the PRA during the year.

Analysis of own funds requirement for Pillar 2A (£m's):

	Group 31 Dec 2020	Group 31 Dec 2019	RIM 31 Dec 2020	RIM 31 Dec 2019
Aggregate Pillar 2A charge	40.0	39.8	40.0	38.5

The countercyclical capital buffer is intended to protect institutions against losses caused by cyclical systemic risks.

Geographical distribution of group credit exposures relevant for the calculation of the institution-specific countercyclical capital buffer rate at 31 December 2020 (£m's):

Country	General credit exposures[(1)]	Own funds requirement: General	Own funds requirements weights	Issued Countercyclical buffer rate	Proportionate Countercyclical buffer rate
United Kingdom	293.3	23.5	74.74%	0.00%	0.00%
Bulgaria	-	-	-	0.50%	0.00%
Czech Republic	-	-	-	0.50%	0.00%
Hong Kong	0.0	0.0	0.01%	1.00%	0.00%
Luxembourg	3.7	0.3	0.97%	0.25%	0.00%
Norway	3.0	0.2	0.80%	1.00%	0.01%
Slovakia	-	-	-	1.00%	0.00%
Institution-specific buffer rate					**0.01%**

(1) General credit exposures are measured using the standardised approach. There are no trading book or securitisation exposures.

Geographical distribution of RIM credit exposures relevant for the calculation of the institution-specific countercyclical capital buffer rate at 31 December 2020 (£m's):

Country	General credit exposures[(1)]	Own funds requirement: General	Own funds requirements weights	Issued Countercyclical buffer rate	Proportionate Countercyclical buffer rate
United Kingdom	215.1	17.2	73.39%	0.00%	0.00%
Bulgaria	-	-	-	0.50%	0.00%
Czech Republic	-	-	-	0.50%	0.00%
Hong Kong	0.0	0.0	0.01%	1.00%	0.00%
Luxembourg	3.7	0.3	1.25%	0.25%	0.00%
Norway	3.0	0.2	1.03%	1.00%	0.01%
Slovakia	-	-	-	1.00%	0.00%
Institution-specific buffer rate					**0.01%**

(1) General credit exposures are measured using the standardised approach. There are no trading book or securitisation exposures.

Amount of institution-specific countercyclical capital buffer (£m's):

	Group 31 Dec 2020	Group 31 Dec 2019	RIM 31 Dec 2020	RIM 31 Dec 2019
Total risk exposure amount [(1)]	1,247.8	1,209.0	1,053.3	1,035.0
Institution-specific countercyclical capital buffer rate	0.0100%	0.9375%	0.0100%	0.9124%
Institution-specific countercyclical capital buffer	**0.1**	**11.3**	**0.1**	**9.4**

(1) Total risk exposure amount is more fully detailed in Appendices 2 and 4 (for group and RIM respectively).

Amount of capital conservation buffer (£'000):

	Group 31 Dec 2020	Group 31 Dec 2019	RIM 31 Dec 2020	RIM 31 Dec 2019
Total risk exposure amount [(1)]	1,247.8	1,209.0	1,053.3	1,035.0
Capital conservation buffer rate	2.500%	2.500%	2.500%	2.500%
Capital conservation buffer	**31.1**	**30.2**	**26.3**	**25.9**

(1) Total risk exposure amount is more fully detailed in Appendices 2 and 4 (for group and RIM respectively).

6 Credit risk

Outstanding settlement balances do not represent a credit risk to Rathbones under the principles of matched principal broking and have therefore been excluded from any credit risk calculations.

6.1 Credit exposures by exposure class

Analysis of total exposures by exposure class (£m's):

			Month end average over 2020	
Exposure Class	Group 31 Dec 2020	RIM 31 Dec 2020	Group	RIM
Central government or central banks	1,802.8	1,802.8	2,101.3	2,101.3
Institutions	648.5	617.8	721.2	712.6
Retail	198.5	197.2	185.4	184.3
Exposures in default	0.4	0.2	0.4	0.1
Claims on institutions with a short-term credit assessment	205.8	205.8	123.6	123.6
Collective investment undertakings	105.0	69.2	106.2	71.0
Equity exposure	2.6	2.6	1.9	1.9
Other items (1)	164.1	90.5	137.5	62.6
Total exposures	**3,127.7**	**2,986.1**		

(1) Other items include tangible fixed assets, off-balance sheet guarantees, prepayments & accrued income and deferred tax assets.

For the purposes of regulatory own funds, the group has defined 'exposures in default' as those being 90 days or more past the due date for settlement, whereas for accounting purposes items are included when 30 days past their due settlement date. As at 31 December 2020 exposures in default have only been identified in fee debtors due to trust and pensions activities, however values are not material and no further breakdown of exposures by counterparty type or geographical area is therefore undertaken.

Impaired exposures have been classified as those where a provision has been taken against the book value of the exposure. These have historically arisen only in fee debtors due to trust and pensions activities. A credit risk charge has been taken against the net amount of the exposure after deduction of the provision. Values of provisions against trust and pensions debtors are dependent on the specific circumstances of the debt and the opinion of the case officer.

6.2 Exposures in default

Analysis of exposures in default by number of days past their due payment date (£m's):

	Group 31 Dec 2020	RIM 31 Dec 2020
90 to 180 days	0.2	0.1
180 to 270 days	0.1	0.0
270 to 365 days	0.0	0.0
Over 365 days	0.1	0.1
Total exposures in default	**0.4**	**0.2**

6.3 Impaired exposures

Analysis of movements in provision for impaired exposures (£m's):

	Group 2020	RIM 2020
Balance at 1 January	**0.1**	**-**
Amounts written off	(0.0)	-
Amounts recovered	-	-
Credit to profit or loss	0.0	-
Balance at 31 December	**0.1**	**-**

IFRS9 was adopted at the start of the 2018 financial year with expected credit losses as at 31 December 2020 being £0.9m against financial assets. No transitional capital relief has been applied and there are no provisions held against financial liabilities.

Analysis of group and RIM IFRS9 allowance for impairment at 31 December 2020 (£m's):

	31 December 2019	Movement in year	31 December 2020
Cash and balances with central banks	0.2	0.5	0.7
Loans and advances to banks	0.0	(0.0)	0.0
Unlisted debt securities	0.0	0.1	0.1
Investment management loan book	-	-	-
Total	**0.2**	**0.6**	**0.8**

6.4 Reconciliation of credit exposures to IFRS7 disclosures

Note 33 in the group annual report & accounts presents information about credit risk exposures on an IFRS7 basis. A reconciliation between this IFRS7 basis and the basis used for Pillar 3 credit risk disclosure is presented below (£m's):

	Group 31 Dec 2020	RIM 31 Dec 2020
IFRS7 credit risk exposures	**3,060.4**	**2,927.1**
Counterparty credit risk and free delivery exposure	35.5	34.7
Significant investment in financial sector entity (1)	-	9.8
Non-trading book equity exposures	5.7	-
Undrawn loan facilities granted	32.7	32.7
Tangible fixed assets	59.7	14.9
Cash	-	-
Deferred tax asset	13.7	5.7
Other financial assets	10.4	4.3
Off-balance sheet guarantees	-	-
Settlement balances	(90.4)	(43.1)
Pillar III credit risk exposures	**3,127.7**	**2,986.1**

(1) This represents RIM's investment in its subsidiaries. If the cost of the investment is lower than 10% of Common Equity Tier 1 post deductions it is included in credit risk. If the investment exceeds this limit, the excess over 10% is deducted from capital.

6.5 Unencumbered assets

The group does not offer its assets as collateral nor does it hold pledged collateral on its balance sheet. The only asset which is classified as encumbered is the Cash Ratio Deposit held by RIM at the Bank of England of £5.4m (2019: £3.2m). This amount does not qualify as a high-quality liquid asset for the purposes of liquidity coverage ratio calculations. Disclosure of encumbered and unencumbered positions according to RTS 2017/2295 for group is presented in Appendix 11.

6.6 Analysis of group exposures

Analysis of the group's total exposures by exposure class and geographical distribution (£m's):

	UK	Eurozone	Rest of World	31 December 2020
Central government or central banks	1,802.8	-	-	**1,802.8**
Institutions	393.7	67.7	187.1	**648.5**
Retail	178.8	0.3	19.4	**198.5**
Exposures in default	0.4	-	-	**0.4**
Claims on institutions with a short-term credit assessment	-	60.3	145.5	**205.8**
Collective investment undertakings	15.7	89.3	-	**105.0**
Equity exposure	2.6	-	-	**2.6**
Other items (1)	163.0	0.5	0.6	**164.1**
Total exposures	**2,557.0**	**218.1**	**352.6**	**3,127.7**

Analysis of the group's total exposures by exposure class and counterparty type (£m's):

	Public Sector	Financial Institutions	SME (2)	Clients and other corporate	31 December 2020
Central government or central banks	1,802.8	-	-	-	**1,802.8**
Institutions	-	648.5	-	-	**648.5**
Retail	-	-	26.6	171.9	**198.5**
Exposures in default	-	-	-	0.4	**0.4**
Claims on institutions with a short-term credit assessment	-	205.8	-	-	**205.8**
Collective investment undertakings	-	105.0	-	-	**105.0**
Equity exposure	-	2.6	-	-	**2.6**
Other items (1)	-	0.6	-	163.5	**164.1**
Total exposures	**1,802.8**	**962.5**	**26.6**	**335.8**	**3,127.7**

Analysis of the group's total exposures by exposure class and residual maturity (£m's):

	Less than 3 months	3 months to 1 year	Over 1 year	Non-defined maturity	31 December 2020
Central government or central banks	1,797.4	5.4	-	-	**1,802.8**
Institutions	240.7	407.8	-	-	**648.5**
Retail	42.7	0.1	155.7	-	**198.5**
Exposures in default	0.4	-	-	-	**0.4**
Claims on institutions with a short-term credit assessment	175.6	30.2	-	-	**205.8**
Collective investment undertakings	99.3	-	-	5.7	**105.0**
Equity exposure	-	-	-	2.6	**2.6**
Other items (1)	77.2	1.5	4.2	81.2	**164.1**
Total exposures	**2,433.3**	**445.0**	**159.9**	**89.5**	**3,127.7**

(1) Other items include tangible fixed assets, off-balance sheet guarantees, prepayments & accrued income and deferred tax assets.

(2) Micro, small & medium-sized enterprises.

6.7 Analysis of RIM exposures

Analysis of RIM's total exposures by exposure class and geographical distribution (£m's):

	UK	Eurozone	Rest of World	31 December 2020
Central government or central banks	1,802.8	-	-	**1,802.8**
Institutions	356.9	67.1	193.8	**617.8**
Retail	177.6	0.3	19.3	**197.2**
Exposures in default	0.2	-	-	**0.2**
Claims on institutions with a short-term credit assessment	-	60.3	145.5	**205.8**
Collective investment undertakings	-	69.2	-	**69.2**
Equity exposures	2.6	-	-	**2.6**
Other items (1)	90.5	-	0.0	**90.5**
Total exposures	**2,430.6**	**196.9**	**358.6**	**2,986.1**

Analysis of RIM's total exposures by exposure class and counterparty type (£m's):

	Public Sector	Financial Institutions	SME (2)	Clients and other corporate	31 December 2020
Central government or central banks	1,802.8	-	-	-	**1,802.8**
Institutions	-	617.8	-	-	**617.8**
Retail	-	-	26.6	170.6	**197.2**
Exposures in default	-	-	-	0.2	**0.2**
Claims on institutions with a short-term credit assessment	-	205.8	-	-	**205.8**
Collective investment undertakings	-	69.2	-	-	**69.2**
Equity exposures	-	2.6	-	-	**2.6**
Other items (1)	-	0.3	-	90.2	**90.5**
Total exposures	**1,802.8**	**895.7**	**26.6**	**261.0**	**2,986.1**

Analysis of RIM's total exposures by exposure class and residual maturity (£m's):

	Less than 3 months	3 months to 1 year	Over 1 year	Non-defined maturity	31 December 2020
Central government or central banks	1,797.4	5.4	-	-	**1,802.8**
Institutions	172.2	407.8	-	37.8	**617.8**
Retail	41.9	0.1	155.2	-	**197.2**
Exposures in default	0.2	-	-	-	**0.2**
Claims on institutions with a short-term credit assessment	175.6	30.2	-	-	**205.8**
Collective investment undertakings	69.2	-	-	-	**69.2**
Equity exposures	-	-	-	2.6	**2.6**
Other items (1)	64.2	-	-	26.3	**90.5**
Total exposures	**2,320.7**	**443.5**	**155.2**	**66.7**	**2,986.1**

(1) Other items include tangible fixed assets, off-balance sheet guarantees, prepayments & accrued income and deferred tax assets.

(2) Micro, small & medium-sized enterprises.

6.8 Non-performing and forborne exposures

EBA Guidelines EBS/GL/2018/10 include annual disclosure requirements on non-performing exposures, forborne exposures and foreclosed assets.

Neither group nor RIM fall into the definitions of significant credit institutions, nor do they have a gross non-performing loan ratio of 5% or greater, which would require additional specific disclosures.

As at 31 December 2020, neither group nor RIM had any exposures defined as non-performing or forborne. Gross non-performing loan ratios are therefore 0% at both group and RIM level.

7 Standardised approach to credit risk

The group and RIM have adopted the standardised approach to credit risk, and it follows the standard mapping of the 6 credit quality steps in a credit quality assessment scale as set out in Part 1 of Annex VI of the Banking Consolidation Directive to ratings provided by Fitch, Moody's and Standard & Poor's. These standard mappings ensure that consistency between ratings provided by different External Credit Assessment Institutions ('ECAIs') is achieved.

For the purpose of the credit risk calculation no mitigation has been taken on the value of any security held against the loan book.

7.1 External Credit Assessment Institutions

The group has nominated the following ECAIs to rate exposures under the standardised approach to credit risk, none of which have changed since the last disclosures:

ECAI	Exposure class
Fitch Ratings Limited	Central banks Institutions Corporates Claims on institutions with a short-term credit assessment
Moody's Investor Service Standard & Poor's	Collective investment undertakings

7.2 Mapping of ECAI long term rating to credit quality step

Analysis of the group's total exposures by exposure class and credit quality step (£m's):

	Credit quality step 1	Credit quality step 2	Unrated	31 December 2020
Fitch Ratings Limited	**AAA to AA-**	**A+ to A-**		
Moody's Investor Service	**Aaa to Aa3**	**A1 to A3**		
Standard & Poor's	**AAAm to AA-m**	**A+m to A-m**		
Central government or central banks	1,802.8	-	-	**1,802.8**
Institutions (1)	330.9	282.1	35.5	**648.5**
Retail (2)	-	-	198.5	**198.5**
Exposures in default	-	-	0.4	**0.4**
Claims on institutions with a short-term credit assessment	110.3	95.5	-	**205.8**
Collective investment undertakings (3)	99.3	-	5.7	**105.0**
Equity exposure	-	-	2.6	**2.6**
Other items (4)	-	-	164.1	**164.1**
Total exposures	**2,343.3**	**377.6**	**406.8**	**3,127.7**

(1) Unrated Institutions represent exposures to brokers for settlement and counterparty credit risk.

(2) Retail exposures represent primarily loans advanced (plus £33m of undrawn proposals) to existing RIM clients, whom as individuals are unrated.

(3) Unrated CIUs represent holdings of RUTM units by the group.

(4) Other items include tangible fixed assets, off-balance sheet guarantees, prepayments & accrued income and deferred tax assets.

7.3 Mapping of ECAI long term rating to credit quality step

Analysis of RIM's total exposures by exposure class and credit quality step (£m's):

	Credit quality step 1	Credit quality step 2	Unrated	31 December 2020
Fitch Ratings Limited	**AAA to AA-**	**A+ to A-**		
Moody's Investor Service	**Aaa to Aa3**	**A1 to A3**		
Standard & Poor's	**AAAm to AA-m**	**A+m to A-m**		
Central government or central banks	1,802.8	-	-	**1,802.8**
Institutions (1)	289.4	255.9	72.5	**617.8**
Retail (2)	-	-	197.2	**197.2**
Exposures in default	-	-	0.2	**0.2**
Claims on institutions with a short-term credit assessment	110.3	95.5	-	**205.8**
Collective investment undertakings	69.2	-	-	**69.2**
Equity exposure			2.6	**2.6**
Other items (3)	-	-	90.5	**90.5**
Total exposures	**2,271.7**	**351.4**	**363.0**	**2,986.1**

(1) Unrated Institutions represent exposures to brokers for settlement and counterparty credit risk and intragroup balances.

(2) Retail exposures represent primarily loans advanced (plus £33m of undrawn proposals) to existing RIM clients, whom as individuals are unrated.

(3) Other items include tangible fixed assets, off-balance sheet guarantees, prepayments & accrued income and deferred tax assets.

8 Liquidity risk

8.1 Internal Liquidity Adequacy Assessment Process ('ILAAP')

As required under PRA rules and the CRR the group performs an ILAAP annually, which sets out how the group manages its liquidity risk and includes performing a range of stress tests to measure liquidity risk and ensure all controls and procedures in place are appropriate.

A series of liquidity statistics are monitored on a daily, monthly or less frequent basis and provide senior management and the board with an overview of liquidity positions that address the following:

- intraday: management of liquidity on a day to day basis;
- operational: planning for operating liquidity requirements in the medium term; and
- strategic: incorporating long term strategic goals.

More detail on liquidity risk is included on pages 182 to 197 within note 33 of the annual report and accounts.

8.2 Summary of the liquidity coverage ratio ('LCR')

A summary of the group's LCR during 2020 is shown in the following table (£m's):

	31 Dec 2020	30 Sept 2020	30 June 2020	31 Mar 2020
Total High Quality Liquid Assets	1,805.3	2,032.7	2,308.1	2,328.1
Total net cash outflow	367.2	326.7	476.3	364.9
Liquidity coverage ratio	**491.7%**	**622.3%**	**484.6%**	**638.0%**

A summary of RIM's LCR during 2020 is shown on the following table (£m's):

	31 Dec 2020	30 Sept 2020	30 June 2020	31 Mar 2020
Total High Quality Liquid Assets	1,805.3	2,032.7	2,308.1	2,328.1
Total net cash outflow	473.2	394.7	551.0	497.6
Liquidity coverage ratio	**381.5%**	**515.1%**	**418.9%**	**467.9%**

9 Interest rate risk in the banking book

Interest rate risk is the potential adverse impact on the group's future cash flows and earnings from changes in interest rates and arises from the mismatch in the maturity profile of the group's interest bearing assets and liabilities.

We place all interest-bearing assets and liabilities into maturity buckets according to their contractual maturity, in line with the FSA017 regulatory return, and we calculate the exposure for a theoretical unexpected 2% movement in interest rates on a daily basis.

The average maturity mismatch is controlled by the banking committee, which is a sub-committee of the RIM board. We control the overall risk exposure by a combination of treasury planning and the occasional purchase of Forward Rate Agreements ('FRA') on a fully matched basis. In periods of potential interest rate volatility, the banking committee manages interest rate risk by shortening the maturity of interest bearing assets.

RIM's published client interest rate schedules explicitly link the rate paid on client deposits to the UK base rate. A linear analysis of the effects of a 2% parallel shift, calculated in accordance with FSA017 returns, is shown in the table below. The current low interest rate environment means that this linear approach for a downward shift is unrealistic in practice.

9.1 Effect of 2% rate movement

£m's	Group 31 Dec 2020	Group 31 Dec 2019	RIM 31 Dec 2020	RIM 31 Dec 2019
GBP – upward shift	(4.8)	(3.1)	(4.5)	(3.2)
GBP – downward shift	4.9	3.2	4.7	3.3

Interest rate risk is monitored for US dollars and Euros; however these are not material for reporting purposes.

10 Non-trading book exposures in equities

Equity securities represent both listed units held by the group in unit trusts managed by Rathbone Unit Trust Management Limited and unlisted Euroclear shares held by Rathbone Investment Management Limited. All equities are measured at fair value through profit and loss.

10.1 Valuation of exposures

Analysis of total non-trading book exposures in equities (£m's):

	Group 31 Dec 2020	Group 31 Dec 2019	RIM 31 Dec 2020	RIM 31 Dec 2019
Listed	5.7	4.6	-	-
Unlisted	2.6	1.2	2.6	1.2
Total exposures	**8.3**	**5.8**	**2.6**	**1.2**

The group had £0.02m of realised losses and £0.5m of unrealised gains on listed equities measured at fair value during 2020 (2019: realised £nil, unrealised gain £0.5m).

Total unrealised gains from changes in fair value in unlisted equities as at 31 December 2020 were £1.4m (2019: £0.1m loss).

11 Remuneration

Our remuneration policy is agreed by the board's remuneration committee. The policy provides a framework to attract, retain and reward employees to achieve the strategic and business objectives of Rathbones within its risk appetite and risk management framework.

11.1 Remuneration committee

The remuneration committee report on pages 103 to 126 of the 2020 annual report & accounts includes details on directors' remuneration policy. The committee, which comprises the six independent non-executive directors, met on five occasions in 2020. The remuneration committee was advised by PricewaterhouseCoopers (PWC), who provided external market data and advice on current best practice on remuneration policies and arrangements.

11.2 Overview of 2020 remuneration system

Full details of the executive incentive schemes are set out in the 2020 annual report & accounts.

Investment managers within RIM participated in a profit sharing scheme which enabled them to benefit from a proportion of the profit they generated individually for the business. There are also non-financial considerations in determining the level of award. They were also rewarded for attracting and retaining new funds under management, such awards being subject to a deferral mechanism.

Fund managers and support staff within RUTM participated in a profit sharing scheme based on the profit earned by RUTM. The individual profit share for each fund manager is also dependent on the level of investment performance (measured over 1 and 3 years) of the funds managed by the individual. Awards are allocated on a discretionary basis, taking individual performance and non-financial factors into consideration.

Other employees within Rathbones were eligible for discretionary bonus awards which were based on both financial and non-financial criteria and individual performance.

The balance between fixed and variable remuneration was focused on ensuring that there remains an appropriate link between overall remuneration and performance.

All awards are subject to Rathbones Risk Adjustment to Variable Remuneration Policy.

11.3 Link between pay & performance

Employee total reward typically comprised a salary, and benefits including pension scheme, life assurance, private medical cover and income protection insurance together with a number of bonus or profit sharing arrangements. Salaries were set in the context of affordability, external market considerations as well as internal relativities and equal pay factors. The remuneration of senior management and Material Risk Takers ('MRTs') is reviewed annually by the remuneration committee, which reviews the size and profile of MRT awards against all variable awards granted in each financial year. In addition, a second line of defence review incorporates the impact of any individual conduct matters on remuneration.

11.4 Aggregate information

RIM and RUTM, and consequently the group, fall into proportionality level 3 under the Remuneration Code.

In accordance with Commission Delegated Regulation (EU) No 604/2014, identification of Material Risk Takers ('MRTs'), defined as those staff members who are deemed to have a material impact on an institution's risk profile, has included both the qualitative and quantitative testing. This population of MRTs forms the basis of the aggregate disclosures below.

Rathbones had 34 staff classified as MRTs during the 2020 performance year (excluding those identified under the quantitative rules for whom exclusion will be notified to, or sought from, the regulator).

Total aggregate remuneration paid for the group for the year ended 31 December 2020 was £176.2m, of which £22.0m was paid to MRTs.

This total remuneration includes salaries paid within the year, allowances, benefits and both cash and share incentives paid or for deferred incentives awarded within 2020.

The total remuneration paid to MRTs can be further broken down by role as follows (£m):

Business unit	
Senior management (including Management body) qualitative MRTs (SMF)	9.2
Other qualitative MRTs	12.8
Total	**22.0**

The total remuneration paid to MRTs can be further broken down by business unit as follows (£m):

Business unit	
Management body	2.8
Investment management	11.7
Unit trusts	6.4
Independent control functions	1.1
Total	**22.0**

The figures above include deferred, contingent awards, the value of which is estimated based on 31 December 2020 market conditions. Where performance criteria exist, it has been assumed that these will be met in full. The figures are presented on an award basis for the year and do not equal the accrued charge in the financial statements.

12 Appendices

Appendix 1

Group reconciliation of report & accounts to Pillar 3 credit risk exposures

As at 31 December 2020:

Reconciliation of report & accounts to Pillar 3 credit risk exposures (£m's)					Analysis of credit risk exposure by risk weighting (£m's)								
	Presented Balance Sheet	Excluded from credit risk	Other	Pillar III credit risk exposures	0%	20%	50%	75%	100%	150%	250%	1250%	Total
Cash and balances at central banks	1,802.7		0.1[1]	1,802.8	1,802.8								1,802.8
Settlement balances	90.4	(90.4)	-	-									-
Loans and advances to banks	159.4		0.1 [1] 5.5 [2]	165.0		135.0	30.0						165.0
Loans and advances to customers	166.2		32.7 [4]	198.9	32.7			80.3	85.5	0.4			198.9
Investment securities													
- Fair value through profit or loss	107.6		0.0[1]	107.6		99.3			8.3				107.6
- Amortised cost	651.5		2.3[1]	653.8		443.7	210.1						653.8
Intangible assets	231.1	(231.1)	-	-									-
Property, plant and equipment	59.7		-	59.7					59.7				59.7
Deferred tax asset	3.3		10.4 [3]	13.7					13.7				13.7
Prepayments, accrued income and other assets	98.7		35.5 [5] (5.5) [2] (2.5) [1]	126.2	-	28.4	6.5		91.3				126.2
Off-Balance sheet guarantees	-		-	-									
Total assets	**3,370.6**	**(321.5)**	**78.6**	**3,127.7**	**1,835.5**	**706.4**	**246.6**	**80.3**	**258.5**	**0.4**	**-**	**-**	**3,127.7**
Total risk-weighted assets					**-**	**141.3**	**123.3**	**60.2**	**258.5**	**0.6**	**-**	**-**	**583.9**
Total own funds requirement for credit risk (at 8%)					**-**	**11.3**	**9.9**	**4.8**	**20.6**	**0.1**	**-**	**-**	**46.7**

[1] reclassification of accrued interest.

[2] reclassification of Barclays Bank Plc client money account.

[3] deferred tax relating to intangible assets.

[4] undrawn loan proposals.

[5] counterparty & settlement risk exposures.

Appendix 2

Group Common Equity Tier 1 ratio

Calculation of group Common Equity Tier 1 ratio (£m's):

	31 Dec 2020	31 Dec 2019
Common Equity Tier 1 after deductions	**293.2**	**266.5**
Risk Weighted assets		
Credit & counterparty credit risk [1]	583.9	577.9
Settlement risk [2]	1.7	3.4
Market risk [3]	7.3	5.5
Operational risk [4]	654.9	622.2
Total risk exposure amount	**1,247.8**	**1,209.0**
Common Equity Tier 1 ratio	**23.5%**	**22.0%**

(1) See Appendix 1 (page 30).
(2) Calculated as 12.5 times the own funds requirement for settlement risk (page 15).
(3) Calculated as 12.5 times the own funds requirement for market risk (page 15).
(4) Calculated as 12.5 times the own funds requirement for operational risk (page 15).

Appendix 3

RIM reconciliation of report & accounts to Pillar 3 credit risk exposures

As at 31 December 2020:

Reconciliation of report & accounts to Pillar 3 credit risk exposures (£m's)					Analysis of credit risk exposure by risk weighting (£m's)								
	Presented Balance Sheet	Excluded from credit risk	Other	Pillar 3 credit risk exposures	0%	20%	50%	75%	100%	150%	250%	1250%	Total
Cash and balances at central banks	1,802.7		0.1[1]	1,802.8	1,802.8								1,802.8
Settlement balances	43.1	(43.1)		-									-
Loans and advances to banks	91.7		0.1 [1] 5.5 [2]	97.3		67.3	30.0						97.3
Loans and advances to customers	192.7		32.7 [4]	225.4	32.7	28.0		79.1	85.4	0.2			225.4
Investment securities													
- Fair value through profit or loss	71.8		0.0 [1]	71.8		69.2			2.6				71.8
- Amortised cost	651.5		2.3 [1]	653.8		443.7	210.1						653.8
Intangible assets	188.2	(188.2)		-									-
Property, plant and equipment	14.9			14.9					14.9				14.9
Deferred tax asset	(4.2)		9.9[3]	5.7					5.7				5.7
Prepayments, accrued income and other assets	77.9		(2.5)[1] (5.5)[2] 34.7[5]	104.6		27.8	6.3		70.5				104.6
Investment in subsidiary undertakings	9.8			9.8							9.8		9.8
Off-Balance sheet guarantees	-												
Total assets	**3,140.1**	**(231.3)**	**77.3**	**2,986.1**	**1,835.5**	**636.0**	**246.4**	**79.1**	**179.1**	**0.2**	**9.8**	**-**	**2,986.1**
Total risk-weighted assets					**-**	**127.3**	**123.2**	**59.3**	**179.1**	**0.2**	**24.5**	**-**	**513.6**
Total own funds requirement for credit risk (at 8%)					**-**	**10.2**	**9.9**	**4.7**	**14.3**	**0.0**	**2.0**	**-**	**41.1**

(1) reclassification of accrued interest.

(2) reclassification of Barclays Bank Plc client money account.

(3) deferred tax relating to intangible assets.

(4) undrawn loan proposals.

(5) counterparty & settlement risk exposures.

Appendix 4

RIM Common Equity Tier 1 ratio

Calculation of RIM Common Equity Tier 1 ratio as at 31 December 2020 (£m's):

	31 Dec 2020	31 Dec 2019
Common Equity Tier 1 after deductions	**227.7**	**171.0**
Risk Weighted assets		
Credit & counterparty credit risk (1)	513.6	523.4
Settlement risk (2)	1.7	1.2
Market risk (3)	5.0	-
Operational risk (4)	533.0	510.4
Total risk exposure amount	**1,053.3**	**1,035.0**
Common Equity Tier 1 ratio	**21.6%**	**16.5%**

(1) See Appendix 3 (page 32).
(2) Calculated as 12.5 times the own funds requirement for settlement risk (page 15).
(3) Calculated as 12.5 times the own funds requirement for market risk (page 15).
(4) Calculated as 12.5 times the own funds requirement for operational risk (page 15).

Appendix 5

Capital instruments' main features template (Rathbone Brothers Plc)

1	Issuer	Rathbone Brothers Plc
2	Unique identifier (ISIN)	GB0002148343
3	Governing law of the instrument	England & Wales
	Regulatory treatment	
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo / (sub-)consolidated / solo & (sub-)consolidated	(sub-)consolidated
7	Instrument type	Ordinary shares
8	Amount recognised in regulatory capital (at most recent reporting date)	GBP 217,966,000
9a	Issue price	5 pence
9b	Redemption price	Not Applicable
10	Accounting classification	Shareholders equity
11	Original date of issuance	21 January 1971
12	Perpetual or dated	Perpetual
13	Original maturity date	Not Applicable
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates & redemption amount	Not Applicable
16	Subsequent call dates, if applicable	Not Applicable
	Coupons / dividends	
17	Fixed or floating dividend / coupon	Floating dividend
18	Coupon rate and any related index	Not Applicable
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (amount)	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not Applicable
25	If convertible, fully or partially	Not Applicable
26	If convertible, conversion rate	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable
30	Write-down features	No
31	If write-down, write-down trigger(s)	Not Applicable
32	If write-down, full or partial	Not Applicable
33	If write-down, permanent or temporary	Not Applicable
34	If temporary write-down, description of write-up mechanism	Not Applicable
35	Position in subordination hierarchy in liquidation	Final
36	Non-compliant transitional features	No
37	If yes, specify non-compliant features	Not Applicable

Appendix 6

Capital instruments' main features template (CET1)(RIM)

1	Issuer	Rathbone Investment Management Limited
2	Unique identifier (ISIN)	Company number 1448919
3	Governing law	England & Wales
	Regulatory treatment	
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo / (sub-)consolidated / solo & (sub-)consolidated	Solo
7	Instrument type	Ordinary shares
8	Amount recognised in regulatory capital (at most recent reporting date)	GBP 303,062,000
9a	Issue price	GBP 1.00
9b	Redemption price	Not Applicable
10	Accounting classification	Shareholders equity
11	Original date of issuance	17 September 1979
12	Perpetual or dated	Perpetual
13	Original maturity date	Not Applicable
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates & redemption amount	Not Applicable
16	Subsequent call dates, if applicable	Not Applicable
	Coupons / dividends	
17	Fixed or floating dividend / coupon	Floating dividend
18	Coupon rate and any related index	Not Applicable
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (amount)	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not Applicable
25	If convertible, fully or partially	Not Applicable
26	If convertible, conversion rate	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable
30	Write-down features	No
31	If write-down, write-down trigger(s)	Not Applicable
32	If write-down, full or partial	Not Applicable
33	If write-down, permanent or temporary	Not Applicable
34	If temporary write-down, description of write-up mechanism	Not Applicable
35	Position in subordination hierarchy in liquidation	Final
36	Non-compliant transitional features	No
37	If yes, specify non-compliant features	Not Applicable

Appendix 7

Capital instruments' main features template (T2)(RIM)

1	Issuer	Rathbone Investment Management Limited
2	Unique identifier	Company number 1448919
3	Governing law	England & Wales
	Regulatory treatment	
4	Transitional CRR rules	Tier 2
5	Post-transitional CRR rules	Tier 2
6	Eligible at solo / (sub-)consolidated / solo & (sub-)consolidated	Solo & (sub-)consolidated
7	Instrument type	Subordinated debt
8	Amount recognised in regulatory capital (at most recent reporting date)	GBP 10,744,000 (group) GBP 18,367,000 (solo)
9a	Issue Price	GBP 20,000,000
9b	Redemption Price	Not Applicable
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	3 August 2015
12	Perpetual or dated	Dated
13	Original maturity date	August 2025
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates & redemption amount	August 2020
16	Subsequent call dates, if applicable	Annually
	Coupons / dividends	
17	Fixed or floating dividend / coupon	Fixed until first call date Variable thereafter
18	Coupon rate and any related index	5.856% to 6mLIBOR+4.375%
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (timing)	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (amount)	Mandatory
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Not Applicable
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not Applicable
25	If convertible, fully or partially	Not Applicable
26	If convertible, conversion rate	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable
30	Write-down features	No
31	If write-down, write-down trigger(s)	Not Applicable
32	If write-down, full or partial	Not Applicable
33	If write-down, permanent or temporary	Not Applicable
34	If temporary write-down, description of write-up mechanism	Not Applicable
35	Position in subordination hierarchy in liquidation	Subordinated to Senior Creditors
36	Non-compliant transitional features	No
37	If yes, specify non-compliant features	Not Applicable

Appendix 8

Own funds disclosure template (group)

		(a) Amount at disclosure date £m's	(b) Regulation (EU) No 575/2013 article reference
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	218.0	26(1), 27, 28, 29
	of which: ordinary shares	218.0	EBA list 26(3)
2	Retained earnings	270.8	26(1)(c)
3	Accumulated and other comprehensive income (and other reserves)	71.8	26(1)
3a	Funds for general banking risk	-	26(1)(f)
4	Amount of qualifying items referred to in Article 484(3) and the related share premium accounts subject to phase out from CET1	-	486(2)
5	Minority interests (amount allowed in consolidated CET1)	-	84
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	26(2)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**560.6**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	0.0	34, 105
8	Intangible assets (net of related tax liability)(negative amount)	220.7	36(1)(b), 37
9	Empty set in the EU	-	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38(3) are met)(negative amount)	-	36(1)(c), 38
11	Fair value reserves related to gains or losses on cash flow hedges	-	33(1)(a)
12	Negative amounts resulting from the calculation of expected loss amounts	-	36(1)(d), 40 159
13	Any increase in equity that results from securitised assets (negative amount)	-	32(1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	33(1)(b)
15	Defined-benefit pension fund assets (negative amount)	-	36(1)(e), 41
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	46.7	36(1)(f), 42
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	36(1)(g), 44
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions (negative amount)	-	36(1)(h), 43, 45 46, 49(2)(3), 79
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	36(1)(i), 43, 45 47, 48(1)(b) 49(1) to (3), 79
20	Empty set in the EU	-	
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	36(1)(k)
20b	of which: qualifying holdings outside the financial sector (negative amount)	-	36(1)(k)(1) 89 to 91
20c	of which: securitisation positions (negative amount)	-	36(1)(k)(ii)

			243(1)(b) 244(1)(b), 258
20d	of which: free deliveries (negative amount)	-	36(1)(k)(iii) 379(3)
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38(3) are met)(negative amount)	-	36(1)(c), 38 48(1)(a)
22	Amount exceeding the 15% threshold (negative amount)	-	48(1)
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	36(1)(i) 48(1)(b)
24	Empty set in the EU	-	
25	of which: deferred tax assets arising from temporary differences	-	36(1)(c), 38 48(1)(a)
25a	Losses for the current financial year (negative amount)	-	36(1)(a)
25b	Foreseeable tax charges relating to CET1 items (negative amount)	-	36(1)(l)
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	36(1)(j)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**267.4**	
29	**Common Equity Tier 1 (CET1) capital**	**293.2**	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	-	51, 52
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from AT1	-	486(3)
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	85, 86
35	of which: instruments issued by subsidiaries subject to phase out	-	486(3)
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**-**	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-	52(1)(b), 56(a) 57
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	56(b), 58
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	56(c), 59, 60 79
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	56(d), 59, 79
41	Empty set in the EU	-	
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-	56(e)
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	
44	**Additional Tier 1 (AT1) capital**	**-**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**293.2**	
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	-	62, 63
47	Amount of qualifying items referred to in Article 484(5) and the related share premium accounts subject to phase out from T2	-	486(4)

48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	10.7	87, 88
49	of which: instruments issued by subsidiaries subject to phase out	-	486(4)
50	Credit risk adjustments	-	62(c) & (d)
51	**Tier 2 (T2) capital before regulatory adjustments**	**10.7**	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	63(b)(i), 66(a) 67
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	66(b), 68
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	66(c), 69, 70 79
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	66(d), 69, 79
56	Empty set in the EU	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**	
58	**Tier 2 (T2) capital**	**10.7**	
59	**Total capital (TC = T1 + T2)**	**303.9**	
60	**Total risk weighted assets**	**1,247.8**	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	23.5%	92(2)(a)
62	Tier 1 (as a percentage of total risk exposure amount)	23.5%	92(2)(b)
63	Total capital (as a percentage of total risk exposure amount)	24.3%	92(2)(c)
64	Institution-specific buffer requirement (CET1 requirement in accordance with Article 92(1)(a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII), expressed as a percentage of risk exposure amount)	7.01%	CRD 128, 129, 130, 131, 133
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical buffer requirement	0.01%	
67	of which: systemic risk buffer requirement	-	
67a	of which: Global Systemically Important institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	13.68%	CRD 128
69	[non relevant in EU regulation]	-	
70	[non relevant in EU regulation]	-	
71	[non relevant in EU regulation]	-	
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	36(1)(h), 45, 46 472(10), 56(c) 59, 60, 475(4) 66(c), 69, 70
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	36(1)(i), 45, 48
74	Empty set in the EU	-	

75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38(3) are met)	-	36(1)(c), 38, 48
Applicable caps on the inclusion of provisions in tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	62
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	484(3), 486(2) & (5)
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	484(3), 486(2) & (5)
82	Current cap on AT1 instruments subject to phase out arrangements	-	484(4), 486(3) & (5)
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	484(4), 486(3) & (5)
84	Current cap on T2 instruments subject to phase out arrangements	-	484(5), 486(4) & (5)
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	484(5), 486(4) & (5)

Appendix 9

Own funds disclosure template (RIM)

		(a) Amount at disclosure date £m's	(b) Regulation (EU) No 575/2013 article reference
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	303.1	26(1), 27, 28, 29
	of which: ordinary shares	303.1	EBA list 26(3)
2	Retained earnings	102.9	26(1)(c)
3	Accumulated and other comprehensive income (and other reserves)	-	26(1)
3a	Funds for general banking risk	-	26(1)(f)
4	Amount of qualifying items referred to in Article 484(3) and the related share premium accounts subject to phase out from CET1	-	486(2)
5	Minority interests (amount allowed in consolidated CET1)	-	84, 479, 480
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	26(2)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**406.0**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-	34, 105
8	Intangible assets (net of related tax liability)(negative amount)	178.3	36(1)(b), 37
9	Empty set in the EU	-	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38(3) are met)(negative amount)	-	36(1)(c), 38
11	Fair value reserves related to gains or losses on cash flow hedges	-	33(1)(a)
12	Negative amounts resulting from the calculation of expected loss amounts	-	36(1)(d), 40 159
13	Any increase in equity that results from securitised assets (negative amount)	-	32(1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	33(1)(b)
15	Defined-benefit pension fund assets (negative amount)	-	36(1)(e), 41
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	36(1)(f), 42
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	36(1)(g), 44
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions (negative amount)	-	36(1)(h), 43, 45 46, 49(2)(3), 79
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	36(1)(i), 43, 45 47, 48(1)(b) 49(1) to (3), 79
20	Empty set in the EU	-	
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	36(1)(k)
20b	of which: qualifying holdings outside the financial sector (negative amount)	-	36(1)(k)(1) 89 to 91
20c	of which: securitisation positions (negative amount)	-	36(1)(k)(ii)

			243(1)(b) 244(1)(b), 258
20d	of which: free deliveries (negative amount)	-	36(1)(k)(iii) 379(3)
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38(3) are met)(negative amount)	-	36(1)(c), 38 48(1)(a)
22	Amount exceeding the 15% threshold (negative amount)	-	48(1)
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	36(1)(i) 48(1)(b)
24	Empty set in the EU	-	
25	of which: deferred tax assets arising from temporary differences	-	36(1)(c), 38 48(1)(a)
25a	Losses for the current financial year (negative amount)	-	36(1)(a)
25b	Foreseeable tax charges relating to CET1 items (negative amount)	-	36(1)(l)
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	36(1)(j)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**178.3**	
29	**Common Equity Tier 1 (CET1) capital**	**227.7**	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	-	51, 52
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from AT1	-	486(3)
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	85, 86
35	of which: instruments issued by subsidiaries subject to phase out	-	486(3)
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**-**	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-	52(1)(b), 56(a) 57
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	56(b), 58
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	56(c), 59, 60 79
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	56(d), 59, 79
41	Empty set in the EU	-	
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-	56(e)
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	
44	**Additional Tier 1 (AT1) capital**	**-**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**227.7**	
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	-	62, 63
47	Amount of qualifying items referred to in Article 484(5) and the related share premium accounts subject to phase out from T2	-	486(4)

48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	18.4	87, 88
49	of which: instruments issued by subsidiaries subject to phase out	-	486(4)
50	Credit risk adjustments	-	62(c) & (d)
51	**Tier 2 (T2) capital before regulatory adjustments**	18.4	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	63(b)(i), 66(a) 67
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	66(b), 68
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	66(c), 69, 70 79
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	66(d), 69, 79
56	Empty set in the EU	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**	
58	**Tier 2 (T2) capital**	**18.4**	
59	**Total capital (TC = T1 + T2)**	**246.1**	
60	**Total risk weighted assets**	**1,053.3**	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	21.6%	92(2)(a)
62	Tier 1 (as a percentage of total risk exposure amount)	21.6%	92(2)(b)
63	Total capital (as a percentage of total risk exposure amount)	23.4%	92(2)(c)
64	Institution-specific buffer requirement (CET1 requirement in accordance with Article 92(1)(a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII), expressed as a percentage of the risk exposure amount	7.01%	CRD 128, 129, 130, 131, 133
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical buffer requirement	0.01%	
67	of which: systemic risk buffer requirement	-	
67a	of which: Global Systemically Important institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	11.47%	CRD 128
69	[non relevant in EU regulation]	-	
70	[non relevant in EU regulation]	-	
71	[non relevant in EU regulation]	-	
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	36(1)(h), 45, 46 472(10), 56(c) 59, 60, 475(4) 66(c), 69, 70
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	36(1)(i), 45, 48

74	Empty set in the EU	-	
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38(3) are met)	-	36(1)(c), 38, 48
Applicable caps on the inclusion of provisions in tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	62
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	484(3), 486(2) & (5)
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	484(3), 486(2) & (5)
82	Current cap on AT1 instruments subject to phase out arrangements	-	484(4), 486(3) & (5)
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	484(4), 486(3) & (5)
84	Current cap on T2 instruments subject to phase out arrangements	-	484(5), 486(4) & (5)
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	484(5), 486(4) & (5)

Appendix 10

Summary reconciliation of accounting assets and leverage ratio exposure (group):

		Applicable Amount (£m's)
1	Total assets as per financial statements	3,370.6
2	Adjustments for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR")	(220.7)
4	Adjustments for derivative financial instruments	0.5
5	Adjustments for securities financing transactions "SFTs"	23.1
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	3.3
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	-
EU-6B	(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	-
7	Other adjustments	-
8	**Total leverage exposure measure**	**3,176.8**

Leverage ratio common disclosure (group):

		CRR leverage ratio exposure (£m's)
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	3,370.6
2	(Asset amounts deducted in determining Tier 1 capital)	(220.7)
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**3,149.9**
Derivative exposure		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	0.5
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	0.0
EU-5a	Exposure determined under Original Exposure Method	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	**Total derivative exposures (sum of lines 4 to 10)**	**0.5**
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	Counterparty credit risk exposure for SFT assets	23.1
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	-
15	Agent transaction exposures	-

EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	**23.1**
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	32.7
18	(Adjustments for conversion to credit equivalent amounts)	(29.4)
19	**Other off-balance sheet exposures (sum of lines 17 to 18)**	**3.3**
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)		
EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
Capital and total exposures		
20	**Tier 1 capital**	**293.2**
21	**Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU19-a and EU-19b)**	**3,176.8**
Leverage ratio		
22	**Leverage ratio**	**9.2%**
Choice on transitional arrangement and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	-
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	-

Split-up of on-balance sheet exposure (excluding derivatives, SFTs and exempted exposure) (group):

		CRR leverage ratio exposure (£m's)
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures), of which:	**3,149.9**
EU-2	Trading book exposures	-
EU-3	Bank book exposures, of which:	**3,149.9**
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereign	1,802.8
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	-
EU-7	Institutions	854.3
EU-8	Secured by mortgages of immovable properties	-
EU-9	Retail exposures	165.8
EU-10	Corporate	-
EU-11	Exposures in default	0.4
EU-12	Other exposures (e.g. equity, securitisation, and other non-credit obligation assets)	326.6

Appendix 11

Disclosure of encumbered and unencumbered assets (group) £m's:

	Carrying amount of encumbered assets	Of which notionally eligible EHQLA and HQLA	Fair value of encumbered assets	Of which notionally eligible EHQLA and HQLA	Carrying amount of unencumbered assets	Of which notionally eligible EHQLA and HQLA	Fair value of unencumbered assets	Of which notionally eligible EHQLA and HQLA
Equity instruments	-	-	-	-	107.6	-	107.6	-
Debt securities	-	-	-	-	651.5	-	651.5	-
Of which: covered bonds	-	-	-	-	-	-	-	-
Of which: asset-backed securities	-	-	-	-	-	-	-	-
Of which: issued by general governments	-	-	-	-	-	-	-	-
Of which: issued by financial corporations	-	-	-	-	651.5	-	651.5	-
Of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
Other assets	5.4	-	5.4	-	2,611.5	1,797.3	2,611.5	1,797.3
Total	**5.4**	**-**	**5.4**	**-**	**3,370.6**	**1,797.3**	**3,370.6**	**1,797.3**