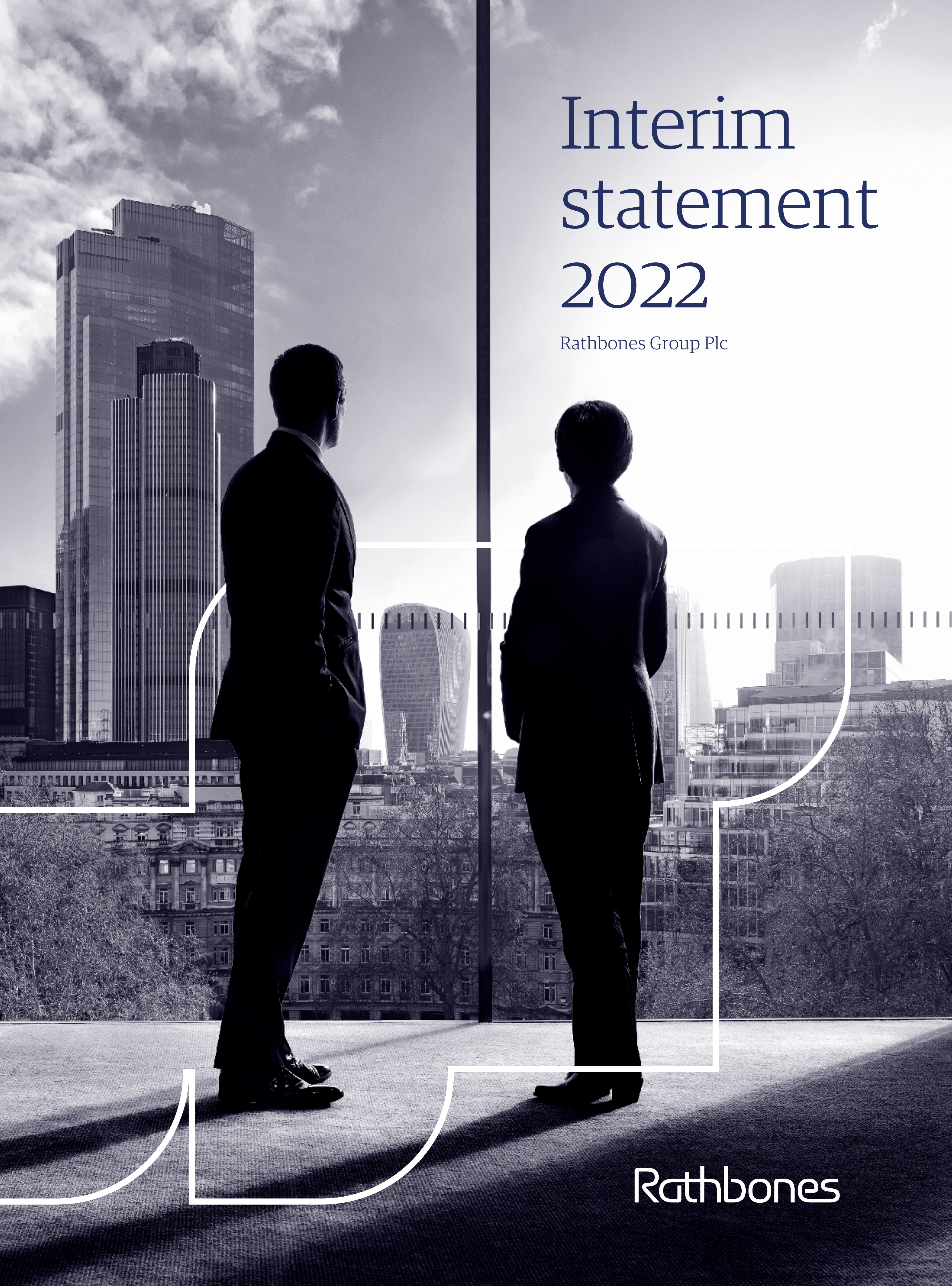


Interim statement 2022

Rathbones Group Plc

Rathbones

Contents

Rathbones provides individual investment and wealth management services for private clients, charities, trustees and professional partners. We have been trusted for generations to manage and preserve our clients' wealth. Our tradition of 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.

As at 30 June 2022, Rathbones managed £58.9 billion of client funds, of which £48.0 billion were managed by our Investment Management segment.

This interim statement contains certain forward looking statements which are made by the directors in good faith based on the information available to them at the time of their approval of this interim statement. Forward looking statements contained within the interim statement should be treated with some caution due to the inherent uncertainties, including economic, regulatory and business risk factors, underlying any such forward looking statements.

We undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise. The interim statement has been prepared by Rathbone Brothers Plc to provide information to its shareholders and should not be relied upon by any other party or for any other purpose.

Clive C R Bannister
Chair

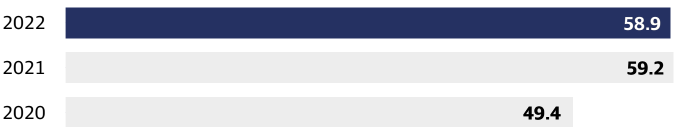
Paul Stockton
Group Chief Executive Officer

Half year highlights

Funds under management and administration (£bn)

As at 30 June 2022

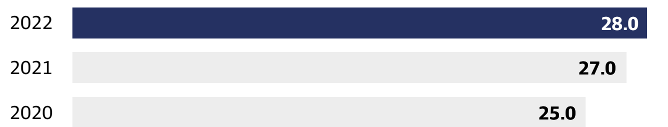
£58.9bn



Dividends paid and proposed per share (p)

Half year 2022

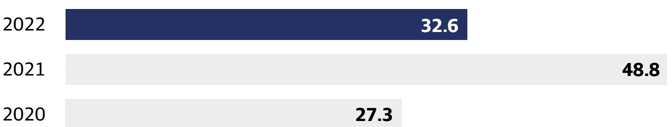
28.0p



Profit before tax (£m)

Half year 2022

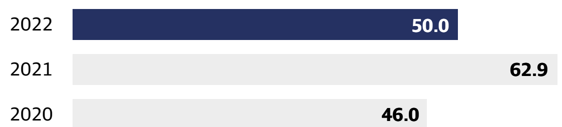
£32.6m



Underlying profit before tax[1] (£m)

Half year 2022

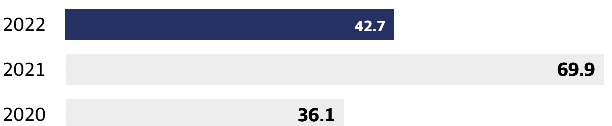
£50.0m



Basic earnings per share (p)

Half year 2022

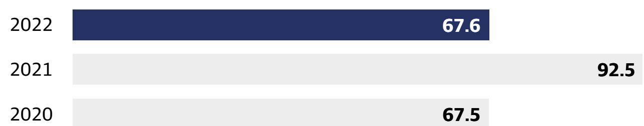
42.7p



Underlying earnings per share[1] (p)

Half year 2022

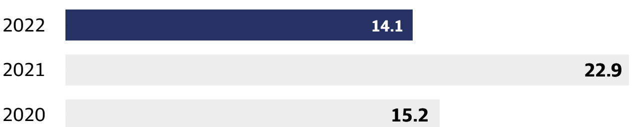
67.6p



Operating margin (%)

Half year 2022

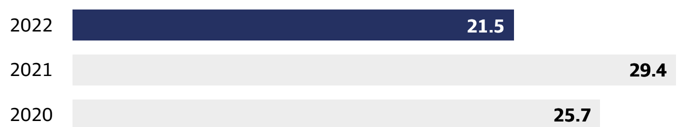
14.1%



Underlying operating margin[2] (%)

Half year 2022

21.5%



1. Underlying profit before tax and earnings per share exclude costs relating to the acquisitions of Speirs & Jeffrey, Saunderson House and Barclays Wealth's Personal Injury and Court of Protection business, and charges in relation to client relationships and goodwill. A reconciliation between the underlying profit before tax and profit before tax is shown in note 10, and an explanation of the group's rationale for using these underlying measures is given on page 34 of the 2021 report and accounts.
2. Underlying profit before tax as a percentage of operating income.

Interim management report

Clive C R Bannister
Chair

Paul Stockton
Group Chief Executive Officer

Market overview and client interaction

The first half of 2022 was not the easiest in terms of making investment decisions. Investors have been confronted by high inflation, rising interest rates and the conflict in Ukraine, all of which contributed to a weaker outlook for global economic growth and corporate earnings. General market sentiment remains nervous about the potential for recession in many economies.

It is at times like these that our business responds by repositioning portfolios to explore buying opportunities and through providing reassurance and advice to our clients. Many clients are thinking hard about their asset allocation, fund choices and portfolios. Our teams have spent much time in the first half of 2022 talking through market movements and continuing to help them plan their futures.

Market corrections are painful, but we believe that the wealth and asset management industry continues to be attractive for the long term.

Performance, FUMA and financial review

Total funds under management and administration for the group were £58.9 billion at 30 June 2022 (H1 2021: £59.2 billion, FY 2021: £68.2 billion). This comprised £43.8 billion in the Investment Management business (H1 2021: £47.8 billion, FY 2021: £50.3 billion), £10.9 billion in the Rathbone Funds business (H1 2021: £11.4 billion, FY 2021: £13.0 billion) and £4.2 billion in Saunderson House (H1 2021: £nil, FY 2021: £4.9 billion). The MSCI PIMFA Private Investor Balanced index fell 10.0% in the six-month period to 30 June 2022.

Investment performance has been impacted in the first half as markets moved very quickly to adjust to a riskier environment. While the moves have been dramatic, they have not been even across geographies, sectors or themes. Markets driven by macro themes and styles are never an easy environment to navigate for long-term investors. The winners of the last few years have generally suffered this year, performing poorly compared to sectors such as energy. The latter was up over 60% at one stage, before falling back significantly. More generally, 'growth' as an investment style has underperformed 'value' this year, and 'quality' as an investment style has also significantly underperformed. Like many in the industry, this has reduced our levels of funds under management.

Despite the current market, net inflows in the period have been positive. Discretionary service net inflows totalled £0.4 billion in the first six months (H1 2021: £0.7 billion). External inflows of £0.2 billion into our multi-asset fund range (a central part of our managed offering to the adviser market) were resilient in the period (H1 2021: £0.3 billion). Total discretionary and managed net inflows were £0.6 billion (H1 2021: £1.0 billion) in the period to 30 June 2022, representing an annualised growth rate of 2.3% (H1 2021: 4.5%).

Our intermediary sales team continues to perform well, with indirect net flows from advisers into our discretionary services at £0.3 billion in H1 2022 (H1 2021: £0.4 billion).

The whole market for asset management businesses has been volatile, suffering net outflows as a sector to the end of June, according to data published by the Investment Association. Our funds have shown resilience and despite single-strategy funds suffering net outflows of £0.2 billion (H1 2021: net inflows of £0.5 billion), they did attract nearly £1.0 billion of gross inflows and have fared well against peers. Rathbones was ranked in 10th position for total net retail sales in the UK in the first quarter of 2022 (source: Pridham Report).

Investment Management fee income of £139.4 million in the first half of 2022 was consistent with the £140.7 million recorded in H1 2021. Income in the Funds business increased to £32.1 million year-on-year (H1 2021: £27.8 million).

Commission income of £26.9 million was lower than the first six months of 2021 (£31.2 million), with the prior period benefitting from higher trading volumes. We expect normal seasonality to reduce commission income in the second half, albeit first half rises in Bank of England base rates will positively impact net interest income. Net interest income totalled £6.1 million (H1 2021: £2.4 million), reflecting the steady increases to the UK base rate since the start of the year.

Fees from advisory and other services increased considerably to £26.9 million during the first half of 2022 (30 June 2021: £9.7 million) and includes six full months of Saunderson House (acquired in October 2021) income totalling £17.0 million (H1 2021: £nil) and ongoing growth in Rathbone Financial Planning.

Total operating income for the group was £231.9 million, up 8.6% year-on-year.

Underlying operating expenses totalled £182.0 million for the first half (H1 2021: £150.7 million). Fixed staff costs of £79.6 million (H1 2021: £62.9 million) reflect the impact of the Saunderson House acquisition which added £7.6 million (H1 2021: £nil), salary inflation and planned headcount growth to support our digital and change agenda. Variable staff costs of £44.2 million (H1 2021: £41.9 million) include Saunderson House but also reflect lower performance-based awards. Other direct expenses of £58.1 million (H1 2021: £45.9 million) include the planned investment into our digital and data strategy as well as costs in relation to the addition of Saunderson House.

Underlying profit before tax totalled £50.0 million in H1 2022 (H1 2021: £62.9 million) and profit before tax totalled £32.6 million (H1 2021: £48.8 million). The underlying operating margin at 30 June 2022 was 21.5% (30 June 2021: 29.4%). Figures include the planned spend of c.£8 million in respect of our digital and data strategy as well as asset management system capability. After this period of planned expenditure, margins are expected to return to over 27%, mindful of market conditions. A full reconciliation between profit before tax and underlying profit before tax can be found in note 4 of the financial statements.

Our balance sheet remains robust with a consolidated Common Equity Tier 1 ratio of 16.7% at 30 June 2022 (31 December 2021: 18.7%). Our capital surplus of own funds (excluding year-to-date post-tax profits) over our regulatory capital requirement was £96.7 million at 30 June 2022 (£115.1 million at 31 December 2021). Following the Financial Policy Committee's announcement of the increases to the countercyclical capital buffer for UK exposures, based on our current risk-weighted assets, we expect our capital requirement to increase by c. £16 million in December 2022 and then by a further c.£16 million in July 2023.

Interim dividend

In line with our progressive dividend policy, we have increased our interim dividend 3.7% to 28p (30 June 2021: 27p), reflecting our business and balance sheet strengths. The record date will be 2 September 2022 and the dividend will be paid on 4 October 2022.

Business review

Wealth management

The group now offers a comprehensive range of investment and financial advice solutions that are designed to cater to a range of client needs. Client retention has remained strong at 96.6% (H1 2021: 95.8%, FY 2021: 93.3%).

Investing responsibly remains at the heart of our core values. We are committed to our own views on the Environmental, Social and Governance (ESG) profile of the investments we make and have strengthened our core investment process over this period. These add to our stewardship capability. All investment teams have completed a CISI qualification on responsible investing. The Rathbone Greenbank team continues to grow, and we have added both investment and business development resources. Flows into the Rathbone Greenbank Multi-Asset Portfolios have been positive in the period.

Rathbones has a strong market position in the ESG space, receiving an ESG rating of AA from MSCI. Our Stewardship Director also recently received the Editor's Choice Award at the ESG Clarity Awards this year.

Work with intermediaries continues to be an important area for growth and in the first half we launched a new 'Reliance on Adviser' proposition for select advisers which removes duplication of documentation. This approach will create capacity, streamline client onboarding and make us an easier business to work with.

Our digital and data strategy objective is to support future growth and efficiency through improved client and investment manager experiences. We have made significant improvements to the quality of client reports through redesigned, content-rich valuations and tax packs. Around 60% of clients are now receiving updates digitally in place of hard copies. Now 45% of clients interact with MyRathbones, our digital gateway accessed either online or via an app, with regular updates taking place in response to client and adviser feedback.

Work with InvestCloud to improve the digital experience for client prospecting, onboarding, and servicing for our clients continues to progress.

Alongside our in-house financial planning team, in June 2022, we launched our new propositions for Saunderson House clients following the completion of the acquisition of that business in October 2021. These leverage the strength and depth of Rathbones' investment management solutions and combine them with financial advice.

Vision Independent Financial Planning continues to operate independently as an important part of the group. The network has now grown to 128 advisers that manage FUMA of £2.4 billion (31 December 2021: £2.7 billion).

Asset management (Funds)

The asset management business remains an important part of our organic growth strategy. It builds scale and expertise in core product areas, engages in disciplined investment processes and works closely with the larger wealth management business.

Our product range remains relevant to the needs of financial advisers, investment managers and clients. This approach means that the product range we offer is diversified through a mix of equity, fixed income and risk-adjusted mandates; the latter designed to provide more 'all-weather' solutions. Rathbones was awarded 'Multi-Asset Group of the Year' at the Professional Adviser Awards this year.

Our focus for the business remains on delivering growth and implementing Charles River's portfolio management system by the end of 2022.

Finally, we understand that not all funds can outperform all of the time and the recent market falls have highlighted this, particularly for our growth-orientated funds. That said, a diversified product range helps in these times and interest in our fixed income products is growing amongst investors.

We are confident in our award winning and highly talented team of fund managers, each of whom has a clear philosophy and process, supported by governance processes that maintain discipline. Short-term underperformance is well understood by our investors and we remain committed to ongoing communication.

Our people

Our employee engagement remains high, scoring 8/10 (0.3 above the financial services benchmark) during our most recent people survey in July. In addition, the response to the question asking how likely employees would be to recommend Rathbones as a place to work scored 8.3/10 (0.4 above the financial services benchmark). We recognise the importance of employee feedback and now our surveys are being run on a quarterly basis.

The ways that we live and work have changed. That which functioned well in the past will not necessarily do so in the future. To this end, we have started to re-organise our offices for hybrid working. Our new Edinburgh office, which we moved to in June, has been designed around this philosophy. The office features specially configured meeting rooms and pods, collaboration booths, sit/stand desks, lockers, community space and a client lounge.

During the first half, we also launched our Diversity, Equality and Inclusion (DE&I) strategy. This is a business built on highly personal relationships, and it is our hope that this new DE&I strategy will guide us towards a better future for our colleagues, clients and communities.

Principal risks and uncertainties

The most important changes to the group's principal risks and uncertainties relate to recent market falls and the changing economic and political landscape. This will impact investment performance and client sentiment. Otherwise, the principal risks and uncertainties set out in our 2021 annual report and accounts have not materially changed. These are in the strategic report and group risk committee report in pages 46 to 53 and pages 86 to 89 of the 2021 Annual Report.

We continue to be conscious of the impact of the changing risk landscape to our clients, our people and our industry. Risks associated with ESG factors, including climate change, financial crime and anti-money laundering, along with the potential for supply chain risks, are considered and assessed regularly. We remain alert in respect of potential cyber threats.

Regulation

We respond to regulatory changes and acknowledge recent FCA and PRA consultation activity and statements. We expect further regulatory guidance and policy statements on a range of topics in the near term and will respond appropriately.

Board changes

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

Colin Clark, Senior Independent Director and Non-executive Director, has decided to step down from the board, effective immediately, in order to take on other responsibilities. Colin joined the board in 2018 and has helped oversee the appointment of both a new CEO and Chair over that period. His extensive industry knowledge and experience has been much valued. Sarah Gentleman, the current Chair of the Remuneration Committee, will assume the role of Senior Independent Director subject to regulatory approval.

On behalf of the entire board, we would like to express our thanks to Colin for his valuable insights and contributions to the board and the committees on which he served. We wish him well in his future endeavours.

Responsible business agenda

We published our first responsible business report in the first half of the year to highlight progress across the four pillars of our programme. These include welcoming interns from the #10,000 BlackInterns initiative and joining the Business Disability Forum. Having supported the Ukraine appeals run by the Disasters Emergency Committee and the British Red Cross, we are also entering the second year of our partnership with Social Shifters, supporting their Global Innovation Challenge.

In the second half of 2022, we will continue working with the Science Based Targets initiative to verify our near-term net zero emissions targets. To further strengthen our approach to financial education and awareness we will join with an external partner to expand the scope of our current programme. We will share our new people strategy and continue supporting our colleagues as we return to the office.

Going concern

As set out in the statement of directors' responsibilities of the condensed consolidated interim financial statements, the directors believe that the group is well positioned to manage its business risks successfully. The group's financial projections, and the capital adequacy and liquidity assessment, which is required to apply extreme stress scenarios to these projections, provide comfort that the group has adequate financial and regulatory resources to continue in operational existence for the foreseeable future. In forming their view, the directors have considered the group's prospects for a period exceeding 12 months from the date the condensed consolidated interim financial statements are approved.

Outlook for the remainder of the year

Although market levels in the first half were lower than expected, we continue to see strong client engagement and positive net flows. We expect normal commission seasonality in the second half, although first half rises in Bank of England base rates will positively impact net interest income.

Our digital and data strategy programmes remain critical to client engagement and efficiency, irrespective of short-term adverse fluctuations in investment markets. Costs remain in line with our full-year 2022 guidance of £20 million and outcomes we set to achieve by the end of 2023 are expected to be realised.

Planned acquisition-related costs in full year 2022 will reflect the previously noted £10 million in relation to Saunderson House and £4 million for Speirs & Jeffrey deferred consideration.

Rathbones is resilient, with a strong balance sheet and recognised market position. Market conditions are clearly different to 31 December 2021, and while we will ensure ongoing expense discipline, strategic expenditure remains an important part of future growth. We therefore expect a short-term operating margin of low 20s for 2022 but continue to aim to operating margins of 27-30% from 2024 onwards.

Our clients remain the priority. Our investment teams will continue to work with them to navigate through difficult markets to help them plan for their futures.

Clive Bannister
Chair

Paul Stockton
Group Chief Executive Officer

27 July 2022

Condensed consolidated interim financial statements

Further information

Consolidated interim statement of comprehensive income

for the six months ended 30 June 2022

	Note	**Unaudited Six months to 30 June 2022 £'000**	Unaudited Six months to 30 June 2021 £'000	Audited Year to 31 December 2021 £'000
Interest and similar income		**16,368**	4,145	7,710
Interest expense and similar charges		**(10,271)**	(1,751)	(3,834)
Net interest income		**6,097**	2,394	3,876
Fee and commission income		**239,177**	223,430	457,696
Fee and commission expense		**(13,869)**	(14,001)	(29,062)
Net fee and commission income		**225,308**	209,429	428,634
Other operating income		**535**	1,718	3,417
Operating income		**231,940**	213,541	435,927
Charges in relation to client relationships and goodwill	14	**(9,924)**	(7,198)	(15,595)
Acquisition-related costs	6	**(7,426)**	(6,870)	(10,089)
Other operating expenses		**(181,976)**	(150,678)	(315,208)
Operating expenses		**(199,326)**	(164,746)	(340,892)
Profit before tax		**32,614**	48,795	95,035
Taxation	8	**(7,625)**	(10,838)	(19,806)
Profit for the period attributable to equity holders of the company		**24,989**	37,957	75,229
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Net remeasurement of defined benefit asset/liability		**3,315**	7,990	17,091
Deferred tax relating to the net remeasurement of defined benefit asset/liability		**961**	(1,518)	(3,247)
Other comprehensive income net of tax		**4,276**	6,472	13,844
Total comprehensive income for the period net of tax attributable to equity holders of the company		**29,265**	44,429	89,073
Dividends paid and proposed for the period per ordinary share	9	**28.0p**	27.0p	81.0p
Dividends paid and proposed for the period		**16,388**	15,543	49,501
Earnings per share for the period attributable to equity holders of the company:	10			
– basic		**42.7p**	69.9p	133.5p
– diluted		**41.6p**	67.0p	129.3p

Consolidated interim statement of changes in equity

for the six months ended 30 June 2022

	Note	Share capital £'000	Share premium £'000	Merger reserve £'000	Own shares £'000	Retained earnings £'000	Total equity £'000
At 1 January 2021		2,874	215,092	71,756	(46,744)	270,849	513,827
Profit for the period						37,957	37,957
Net remeasurement of defined benefit liability						7,990	7,990
Deferred tax relating to components of other comprehensive income						(1,518)	(1,518)
Other comprehensive income net of tax		–	–	–	–	6,472	6,472
Dividends paid						(25,938)	(25,938)
Issue of share capital	18	196	73,918	–	–	–	74,114
Share-based payments:							–
– value of employee services						(10,572)	(10,572)
– cost of own shares acquired					(1,829)		(1,829)
– cost of own shares vesting					166	(166)	–
– tax on share-based payments						739	739
At 30 June 2021 (unaudited)		3,070	289,010	71,756	(48,407)	279,341	594,770
Profit for the period						37,272	37,272
Net remeasurement of defined benefit asset						9,101	9,101
Deferred tax relating to components of other comprehensive income						(1,729)	(1,729)
Other comprehensive income net of tax		–	–	–	–	7,372	7,372
Dividends paid						(18,022)	(18,022)
Issue of share capital	18	30	2,016	5,209	–	–	7,255
Share-based payments:							
– value of employee services						7,325	7,325
– cost of own shares acquired					(13,301)		(13,301)
– cost of own shares vesting					25,082	(25,082)	–
– tax on share-based payments						611	611
At 31 December 2021 (audited)		**3,100**	**291,026**	**76,965**	**(36,626)**	**288,817**	**623,282**
Profit for the period						**24,989**	**24,989**
Net remeasurement of defined benefit asset						**3,315**	**3,315**
Deferred tax relating to components of other comprehensive income						**961**	**961**
Other comprehensive income net of tax		**–**	**–**	**–**	**–**	**4,276**	**4,276**
Dividends paid						**(32,054)**	**(32,054)**
Issue of share capital	18	**52**	**12,787**	**–**	**–**	**–**	**12,839**
Share-based payments:							
– value of employee services						**2,482**	**2,482**
– cost of own shares acquired					**(10,843)**		**(10,843)**
– cost of own shares vesting					**2,217**	**(2,217)**	**–**
– tax on share-based payments						**1,172**	**1,172**
At 30 June 2022 (unaudited)		**3,152**	**303,813**	**76,965**	**(45,252)**	**287,465**	**626,143**

Comprehensive interim balance statement

as at 30 June 2022

	Note	Unaudited 30 June 2022 £'000	Unaudited 30 June 2021 £'000	Audited 31 December 2021 £'000
Assets				
Cash and balances with central banks		**1,683,670**	1,414,086	1,463,294
Settlement balances		**137,672**	127,818	69,750
Loans and advances to banks		**186,206**	158,986	203,589
Loans and advances to customers	11	**189,960**	186,166	179,840
Investment securities:				
– fair value through profit or loss		**11,906**	112,579	29,934
– amortised cost		**829,970**	714,765	761,654
Prepayments, accrued income and other assets		**124,260**	116,285	115,992
Property, plant and equipment	12	**14,012**	13,814	13,059
Right-of-use assets	13	**41,606**	42,460	43,895
Current tax asset		**6,167**	247	2,272
Net deferred tax asset		**–**	3,406	–
Intangible assets	14	**365,245**	228,417	376,187
Retirement benefit asset	17	**15,887**	–	12,287
Total assets		**3,606,561**	3,119,029	3,271,753
Liabilities				
Deposits by banks		**19,587**	1,604	2,212
Settlement balances		**139,916**	152,745	60,075
Due to customers		**2,582,703**	2,193,869	2,333,011
Accruals, deferred income and other liabilities		**122,799**	91,474	129,174
Lease liabilities		**52,739**	53,627	54,971
Current tax liabilities		**275**	–	–
Net deferred tax liability		**11,523**	–	13,811
Provisions for liabilities and charges	15	**10,984**	9,286	15,324
Subordinated loan notes	16	**39,892**	19,964	39,893
Retirement benefit obligation	17	**–**	1,690	–
Total liabilities		**2,980,418**	2,524,259	2,648,471
Equity				
Share capital	18	**3,152**	3,070	3,100
Share premium	18	**303,813**	289,010	291,026
Merger reserve	18	**76,965**	71,756	76,965
Own shares		**(45,252)**	(48,407)	(36,626)
Retained earnings		**287,465**	279,341	288,817
Total equity		**626,143**	594,770	623,282
Total liabilities and equity		**3,606,561**	3,119,029	3,271,753

The condensed consolidated interim financial statements were approved by the board of directors and authorised for issue on 27 July 2022 and were signed on its behalf by:

Paul Stockton
Group Chief Executive Officer

Jennifer Mathias
Group Chief Financial Officer

Company registered number: 01000403

27 July 2022

Consolidated interim statement of cash flows

for the six months ended 30 June 2022

	Note	Unaudited 30 June 2022 £'000	Unaudited 30 June 2021 £'000	Audited 31 December 2021 £'000
Cash flows from operating activities				
Profit before tax		**32,614**	48,795	95,035
Change in fair value through profit or loss		**525**	(218)	(670)
Net interest income		**(6,097)**	(2,394)	(3,876)
Net impairment charges/(recoveries) on loans and advances		**13**	(576)	(712)
Net charge for provisions	15	**330**	892	3,118
Loss on disposal of right-of-use assets		**–**	81	–
Depreciation, amortisation and impairment		**17,564**	14,645	31,279
Foreign exchange movements		**(6,406)**	178	(519)
Defined benefit pension scheme charges		**(117)**	63	105
Defined benefit pension contributions paid		**(168)**	(168)	(5,086)
Share-based payment charges		**14,337**	10,290	20,132
Interest paid		**(9,034)**	(2,469)	(4,994)
Interest received		**13,510**	3,480	11,225
		57,071	72,599	145,037
Changes in operating assets and liabilities:				
– net increase in loans and advances to banks and customers		**(10,355)**	(14,519)	(41,409)
– net (increase)/decrease in settlement balance debtors		**(67,922)**	(37,445)	20,624
– net increase in prepayments, accrued income and other assets		**(5,242)**	(16,906)	(9,113)
– net increase/(decrease) in amounts due to customers and deposits by banks		**267,210**	(367,186)	(227,435)
– net increase/(decrease) in settlement balance creditors		**79,841**	57,333	(35,336)
– net decrease in accruals, deferred income, provisions and other liabilities		**(12,952)**	(10,417)	(39,381)
Cash generated from/(used in) operations		**307,651**	(316,541)	(187,013)
Tax paid		**(11,398)**	(12,898)	(27,207)
Net cash inflow/(outflow) from operating activities		**296,253**	**(329,439)**	(214,220)
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired		**–**	–	(79,736)
Purchase of property, equipment and intangible assets		**(9,108)**	(7,926)	(12,632)
Purchase/(disposal) of right-of-use assets		**2,748**	(119)	(70)
Purchase of investment securities		**(555,202)**	(579,905)	(932,386)
Proceeds from sale and redemption of investment securities		**490,802**	515,481	821,790
Net cash used in investing activities		**(70,760)**	(72,469)	(203,034)
Cash flows from financing activities				
Net (repurchase)/issue of ordinary shares	22	**(3,703)**	50,476	44,335
Repayment of subordinated loan notes		**–**	–	(20,114)
Net proceeds from the issue of subordinated loan notes		**–**	–	39,893
Dividends paid		**(32,054)**	(25,938)	(43,960)
Payment of lease liabilities		**(5,662)**	(2,497)	(5,109)
Interest paid		**(1,128)**	(453)	(895)
Net cash (used in)/generated from financing activities		**(42,547)**	21,588	14,150
Net increase/(decrease) in cash and cash equivalents		**182,946**	(380,320)	(403,104)
Cash and cash equivalents at the beginning of the period		**1,653,590**	2,056,694	2,056,694
Cash and cash equivalents at the end of the period	22	**1,836,536**	1,676,374	1,653,590

Notes to the condensed consolidated interim financial statements

1 Basis of preparation

Rathbones Group Plc ('the company') is the parent company of a group of companies ('the group') that is a leading provider of high-quality, personalised investment and wealth management services for private clients, charities and trustees. This includes discretionary investment management, unit trusts, tax planning, trust and company management, pension advice and banking services. The products and services from which the group derives its revenues are described in 'Rathbones at a glance' on pages 6 to 7 of the annual report and accounts for the year ended 31 December 2021 and have not materially changed since that date.

These condensed consolidated interim financial statements, on pages 7 to 28, are presented in accordance with United Kingdom adopted international accounting standards. The condensed consolidated interim financial statements have been prepared on a going concern basis, using the accounting policies, methods of computation and presentation set out in the group's financial statements for the year ended 31 December 2021. The condensed consolidated interim financial statements should be read in conjunction with the group's audited financial statements for the year ended 31 December 2021, which are prepared in accordance with UK-adopted International Accounting Standards.

The information in this announcement does not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. The comparative figures for the financial year ended 31 December 2021 are not the group's statutory accounts for that financial year. The group's financial statements for the year ended 31 December 2021 have been reported on by its auditors and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified and did not draw attention to any matters by way of emphasis. It also did not contain a statement under section 498 of the Companies Act 2006.

Developments in reporting standards and interpretations

Standards and interpretations adopted during the current reporting period

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

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

Future new standards and interpretations

The following standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the group has not early-adopted the amended standards in preparing these consolidated financial statements.

Standards available for early adoption	Effective date
IFRS 17 Insurance Contracts	01 January 2023
Classification of liabilities as current or non-current (Amendments to IAS 1)	01 January 2023
Amendments to IFRS 17	01 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	01 January 2023
Definition of Accounting Estimate (Amendments to IAS 8)	01 January 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction - Amendments to IAS 12 Income Taxes	01 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Optional

None of the standards not yet effective are expected to have a material impact on the group's financial statements.

2 Changes in significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the group's consolidated financial statements as at and for the year ended 31 December 2021.

3 Critical accounting judgements and key sources of estimation and uncertainty

The group has reviewed the judgements and estimates that affect its accounting policies and amounts reported in its financial statements. These are unchanged from those reported in the group's financial statements for the year ended 31 December 2021.

During the prior year, the group acquired the entire share capital of Saunderson House Limited. The group accounted for the transaction as a business combination, as set out in note 5.

The payment of certain elements of consideration was deferred. The proportion of the deferred payments that are contingent on the recipients remaining employees of the group for a specific period are accounted for as remuneration for ongoing services in employment. The group's estimate of the amounts ultimately payable will be expensed over the deferral period.

The group continues to monitor the valuation of the consideration payable to the senior management team of Saunderson House Limited (note 5). The deferred payments are subject to the achievement of certain operational and performance targets at 31 December 2024. A provision for the expected consideration has been made.

Under the terms of the agreements, the award ranges from a payment of £nil to a maximum possible payment of £7.2 million. Management's best estimate of this award at 30 June 2022 was £5.0 million, based on expected qualifying funds under management at 31 December 2024 of £5.0 billion. The maximum award of £7.2 million, which represents qualifying funds under management of approximately £8.6 billion at the end of 2024, would result in an additional charge to profit or loss for the period to 30 June 2022 of £0.4 million.

4 Segmental information

For management purposes, the group is organised into two operating divisions: Investment Management and Funds. Centrally incurred indirect expenses are allocated to these operating segments on the basis of the cost drivers that generate the expenditure. These are, principally, the headcount of staff directly involved in providing those services from which the segment earns revenues, the value of funds under management and the segment's total revenue. The allocation of these costs is shown in a separate column in the table below, alongside the information presented for internal reporting to the executive committee, which is the group's chief operating decision-maker.

Six months ended 30 June 2022 (unaudited)	Investment Management £'000	Funds £'000	Indirect expenses £'000	Total £'000
Net investment management fee income	139,353	32,101	–	171,454
Net commission income	26,856	–	–	26,856
Net interest income	6,052	45	–	6,097
Fees from advisory services and other income	27,812	(279)	–	27,533
Operating income	200,073	31,867	–	231,940
Staff costs – fixed	(54,522)	(3,796)	(21,315)	(79,633)
Staff costs – variable	(34,765)	(7,013)	(2,417)	(44,195)
Total staff costs	(89,287)	(10,809)	(23,732)	(123,828)
Other direct expenses	(22,419)	(5,275)	(30,454)	(58,148)
Allocation of indirect expenses	(50,065)	(4,121)	54,186	–
Underlying operating expenses	(161,771)	(20,205)	–	(181,976)
Underlying profit before tax	38,302	11,662	–	49,964
Charges in relation to client relationships and goodwill (note 14)	(9,924)	–	–	(9,924)
Acquisition-related costs (note 6)	(6,334)	–	(1,092)	(7,426)
Segment profit before tax	22,044	11,662	(1,092)	32,614
Taxation (note 8)				(7,625)
Profit for the period attributable to equity holders of the company				24,989

	Investment Management £'000	Funds £'000	Total £'000
Segment total assets	3,436,315	154,359	3,590,674
Unallocated assets			15,887
Total assets	3,436,315	154,359	3,606,561

Six months ended 30 June 2021 (unaudited)	Investment Management £'000	Funds £'000	Indirect expenses £'000	Total £'000
Net investment management fee income	140,660	27,807	–	168,467
Net commission income	31,197	–	–	31,197
Net interest income	2,393	1	–	2,394
Fees from advisory services and other income	10,621	862	–	11,483
Operating income	184,871	28,670	–	213,541
Staff costs – fixed	(43,737)	(2,299)	(16,821)	(62,857)
Staff costs – variable	(29,919)	(6,795)	(5,198)	(41,912)
Total staff costs	(73,656)	(9,094)	(22,019)	(104,769)
Other direct expenses	(20,257)	(5,864)	(19,788)	(45,909)
Allocation of indirect expenses	(37,738)	(4,069)	41,807	–
Underlying operating expenses	(131,651)	(19,027)	–	(150,678)
Underlying profit before tax	53,220	9,643	–	62,863
Charges in relation to client relationships and goodwill (note 14)	(7,198)	–	–	(7,198)
Acquisition-related costs (note 6)	(6,468)	–	(402)	(6,870)
Segment profit before tax	39,554	9,643	(402)	48,795
Profit before tax attributable to equity holders of the company				48,795
Taxation (note 8)				(10,838)
Profit for the period attributable to equity holders of the company				37,957

	Investment Management £'000	Funds £'000	Total £'000
Segment total assets	2,907,675	204,550	3,112,225
Unallocated assets			6,804
Total assets	2,907,675	204,550	3,119,029

Year ended 31 December 2021 (audited)	Investment Management £'000	Funds £'000	Indirect expenses £'000	Total £'000
Net investment management fee income	288,089	61,289	–	349,378
Net commission income	53,596	–	–	53,596
Net interest income	3,874	2	–	3,876
Fees from advisory services and other income	27,265	1,812	–	29,077
Operating income	372,824	63,103	–	435,927
Staff costs – fixed	(89,343)	(5,210)	(35,260)	(129,813)
Staff costs – variable	(61,872)	(16,833)	(11,426)	(90,131)
Total staff costs	(151,215)	(22,043)	(46,686)	(219,944)
Other direct expenses	(37,488)	(10,084)	(47,692)	(95,264)
Allocation of indirect expenses	(85,767)	(8,611)	94,378	–
Underlying operating expenses	(274,470)	(40,738)	–	(315,208)
Underlying profit before tax	98,354	22,365	–	120,719
Charges in relation to client relationships and goodwill (note 14)	(15,595)	–	–	(15,595)
Acquisition-related costs (note 6)	(9,635)	–	(454)	(10,089)
Segment profit before tax	73,124	22,365	(454)	95,035
Profit before tax attributable to equity holders of the company				95,035
Taxation (note 8)				(19,806)
Profit for the year attributable to equity holders of the company				75,229

	Investment Management £'000	Funds £'000	Total £'000
Segment total assets	3,132,898	126,568	3,259,466
Unallocated assets			12,287
Total assets	3,132,898	126,568	3,271,753

4 Segmental information continued

Included within Investment Management operating income is £1,018,000 (30 June 2021: £1,072,000; 31 December 2021: £2,264,000) of fees and commissions receivable from the Funds business. Intersegment sales are charged at prevailing market prices.

The following table reconciles underlying operating expenses to operating expenses:

	Unaudited Six months to 30 June 2022 £'000	Unaudited Six months to 30 June 2021 £'000	Audited Year to 31 December 2021 £'000
Underlying operating expenses	**181,976**	150,678	315,208
Charges in relation to client relationships and goodwill (note 14)	**9,924**	7,198	15,595
Acquisition-related costs (note 6)	**7,426**	6,870	10,089
Underlying operating expenses	**199,326**	164,746	340,892

Geographic analysis

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

	Unaudited Six months to 30 June 2022 £'000	Unaudited Six months to 30 June 2021 £'000	Audited Year to 31 December 2021 £'000
United Kingdom	**224,958**	206,327	421,386
Jersey	**6,927**	7,214	14,541
Rest of World	**55**	–	–
Operating income	**231,940**	213,541	435,927

The group's non-current assets are substantially all located in the United Kingdom.

Timing of revenue recognition

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

	Unaudited Six months to 30 June 2022		Unaudited Six months to 30 June 2021		Audited Year to 31 December 2021	
	Investment Management £'000	**Funds £'000**	Investment Management £'000	Funds £'000	Investment Management £'000	Funds £'000
Products and services transferred at a point in time	**30,516**	**–**	33,786	–	44,190	–
Products and services transferred over time	**169,557**	**31,867**	151,085	28,670	327,486	64,251
Operating income	**200,073**	**31,867**	184,871	28,670	371,676	64,251

Major clients

The group is not reliant on any one client or group of connected clients for generation of revenues. At 30 June 2022, the group provided investment management services to 67,171 clients (30 June 2022: 61,200; 31 December 2021: 66,480).

5 Business combinations

Speirs & Jeffrey

On 31 August 2018, the group acquired 100% of the ordinary share capital of Speirs & Jeffrey Limited ('Speirs & Jeffrey').

Deferred and contingent payments

The group has now provided for the total cost of deferred and contingent payments to be made to the vendors for the sale of the shares of Speirs & Jeffrey. These payments required the vendors to remain in employment with the group for the duration of the respective deferral periods. Hence, they were treated as remuneration for post-combination services and the grant date fair value was charged to profit and loss over the respective vesting periods. The group continues to provide for related incentivisation awards for other staff.

The payments are to be made in shares and are being accounted for as equity-settled share-based payments under IFRS 2:

- initial share consideration was payable on completion. However, although the shares were issued on the date of acquisition, they vested during the prior year at the third anniversary of the acquisition date.
- earn-out consideration and related incentivisation awards were subject to the delivery of certain operational and financial performance targets. The awards were payable in two parts in the third and fourth years following the acquisition date. The second earn-out vested during the prior year.

Further details of each of these elements are as follows:

	Unaudited Six months to 30 June 2022 £'000	Unaudited Six months to 30 June 2021 £'000	Audited Year to 31 December 2021 £'000
Initial share consideration	**–**	3,461	4,533
Earn-out consideration and incentivisation awards	**2,667**	3,005	1,430
	2,667	6,466	5,963

These costs are being reported as staff costs within acquisition-related costs (see note 6).

Saunderson House Limited

On 20 October 2021, the group acquired 100% of the ordinary share capital of the Saunderson House group. Full details of the acquisition are set out in note 8 of the 2021 report and accounts.

Total consideration comprised an initial cash payment of £87,981,000, and was paid on 20 October 2021. A further £45,208,000 was paid to the vendors on completion to settle debt of the acquired group. This debt, now payable to Rathbones Group Plc, was included in the value of net assets acquired.

Deferred cash consideration of £10,873,000 is payable on the first anniversary of the acquisition date to vendors who are not required to remain in employment with the group.

Other deferred payments

The group continues to provide for the cost of other deferred and contingent payments to be made to individuals required to remain in employment with the group for the duration of the respective deferral periods, as set out in note 8 of the 2021 report and accounts.

All of these payments are to be made 100% in shares and are being accounted for as equity-settled share-based payments under IFRS 2.

The charge recognised in profit or loss for the above elements is as follows:

	Unaudited Six months to 30 June 2022 £'000	Unaudited Six months to 30 June 2021 £'000	Audited Year to 31 December 2021 £'000
Initial cash consideration	**901**	–	358
Deferred share consideration	**2,002**	–	802
Incentivisation awards	**764**	–	245
Total consideration	**3,667**	–	1,405

6 Acquisition-related costs

	Unaudited Six months to 30 June 2022 £'000	Unaudited Six months to 30 June 2021 £'000	Audited Year to 31 December 2021 £'000
Acquisition of Speirs & Jeffrey	**2,866**	6,466	6,418
Acquisition of Barclays Wealth's Personal Injury and Court of Protection business	**–**	2	2
Acquisition of Saunderson House	**4,560**	402	3,669
Acquisition-related costs	**7,426**	6,870	10,089

Costs relating to the acquisition of Speirs & Jeffrey

The group has incurred the following costs in relation to the acquisition of Speirs & Jeffrey:

	Unaudited Six months to 30 June 2022 £'000	Unaudited Six months to 30 June 2021 £'000	Audited Year to 31 December 2021 £'000
Acquisition costs:			
Staff costs	**2,667**	6,466	5,964
Legal and advisory fees	**–**	–	5
Integration costs	**199**	–	449
	2,866	6,466	6,418

Non-staff acquisition costs of £nil (30 June 2021: £nil; 31 December 2021: £5,000) and integration costs of £199,000 (30 June 2021: £nil; 31 December 2021: £449,000) have not been allocated to a specific operating segment (note 4).

Costs relating to the acquisition of Barclays Wealth's Personal Injury and Court of Protection business

On 3 April 2020, the group acquired the trade and assets of Barclays Wealth's Personal Injury and Court of Protection business. The group incurred professional services costs of £nil (30 June 2021: £2,000; 31 December 2021: £2,000) in relation to the acquisition during the year.

Costs relating to the acquisition of Saunderson House

The group has incurred the following costs in relation to the acquisition of Saunderson House:

	Unaudited Six months to 30 June 2022 £'000	Unaudited Six months to 30 June 2021 £'000	Audited Year to 31 December 2021 £'000
Acquisition costs:			
Staff costs	**3,667**	–	1,406
Legal and advisory fees	**–**	402	2,263
Integration costs	**893**	–	–
	4,560	402	3,669

Non-staff acquisition costs of £nil (30 June 2021: £402,000; 31 December 2021: £2,263,000) and integration costs of £893,000 (30 June 2021: £nil; 31 December 2021: £nil) have not been allocated to a specific operating segment (note 4).

7 Staff numbers

The average number of employees, on a full time equivalent basis, during the period was as follows:

	Unaudited Six months to 30 June 2022	Unaudited Six months to 30 June 2021	Audited Year to 31 December 2021
Investment Management:			
– investment management services	**1,267**	1,037	1,096
– advisory services	**151**	131	137
Funds	**50**	40	43
Shared services	**543**	437	463
	2,011	1,645	1,739

8 Taxation

The tax expense for the six months ended 30 June 2022 was calculated based on the estimated average annual effective tax rate. The overall effective tax rate for this period was 23.4% (six months ended 30 June 2021: 22.2%; year ended 31 December 2021: 20.8%).

The effective tax rate reflects the disallowable costs of the deferred consideration payments in relation to the acquisitions of Speirs & Jeffrey and Saunderson House.

	Unaudited Six months to 30 June 2022 £'000	Unaudited Six months to 30 June 2021 £'000	Audited Year to 31 December 2021 £'000
United Kingdom taxation	**7,797**	11,364	23,463
Overseas taxation	**104**	218	418
Deferred taxation	**(276)**	(744)	(4,075)
	7,625	10,838	19,806

The underlying UK corporation tax rate for the year ending 31 December 2022 is 19.0% (2021: 19.0%).

The UK Government legislated in the Finance Act 2020 to maintain the UK corporation tax rate at 19.0% from 1 April 2020, rather than reducing the rate to 17.0% as previously enacted. The Finance Act 2020 was enacted on 22 July 2020. Deferred income taxes are calculated on all temporary differences under the liability method using the rate expected to apply when the relevant timing differences are forecast to unwind.

The UK Government legislated in the Finance Act 2021 to increase the UK corporation tax rate to 25.0% in 2023. This has been reflected in the deferred tax calculations.

9 Dividends

An interim dividend of 28.0p per share was declared on 27 July 2022 and is payable on 4 October 2022 to shareholders on the register at the close of business on 2 September 2022 (30 June 2021: 27.0p). The interim dividend has not been included as a liability in this interim statement. A final dividend for 2021 of 54.0p per share was paid on 10 May 2022.

10 Earnings per share

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

	Unaudited Six months to 30 June 2022		Unaudited Six months to 30 June 2021		Audited Year to 31 December 2021	
	Pre-tax £'000	**Post-tax £'000**	Pre-tax £'000	Post-tax £'000	Pre-tax £'000	Post-tax £'000
Underlying profit attributable to equity holders	**49,964**	**39,573**	62,863	50,270	120,719	96,987
Charges in relation to client relationships and goodwill (note 14)	**(9,924)**	**(8,038)**	(7,198)	(5,830)	(15,595)	(12,632)
Acquisition-related costs (note 6)	**(7,426)**	**(6,546)**	(6,870)	(6,483)	(10,089)	(9,126)
Profit attributable to equity holders	**32,614**	**24,989**	48,795	37,957	95,035	75,229

Basic earnings per share has been calculated by dividing profit attributable to equity holders by the weighted average number of shares in issue throughout the period, excluding own shares, of 58,528,000 (30 June 2021: 54,332,383; 31 December 2021: 56,334,784).

Diluted earnings per share is the basic earnings per share, adjusted for the effect of contingently issuable shares under the Saunderson House initial share consideration and Executive Incentive Plan, employee share options remaining capable of exercise, and any dilutive shares to be issued under the Share Incentive Plan, all weighted for the relevant period. The Speirs and Jeffrey initial share consideration vested during 2021.

	Unaudited 30 June 2022	Unaudited 30 June 2021	Audited 31 December 2021
Weighted average number of ordinary shares in issue during the period – basic	**58,528,000**	54,332,383	56,334,784
Effect of ordinary share options/Save As You Earn	**571,430**	246,546	521,955
Effect of dilutive shares issuable under the Share Incentive Plan	**1,359**	182,342	237,776
Effect of contingently issuable ordinary shares under the Executive Incentive Plan/Executive Share Performance Plan	**633,295**	912,730	811,508
Effect of contingently issuable shares under the Speirs & Jeffrey initial share consideration	**–**	1,006,522	–
Effect of contingently issuable shares under Saunderson House initial share consideration	**272,952**	–	272,952
Diluted ordinary shares	**60,007,036**	56,680,523	58,178,975

	Unaudited Six months to 30 June 2022	Unaudited Six months to 30 June 2021	Audited Year to 31 December 2021
Earnings per share for the period attributable to equity holders of the company:			
– basic	**42.7p**	69.9p	133.5p
– diluted	**41.6p**	67.0p	129.3p
Underlying earnings per share for the period attributable to equity holders of the company:			
– basic	**67.6p**	92.5p	172.2p
– diluted	**65.9p**	88.7p	166.7p

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

11 Loans and advances to customers

	Unaudited 30 June 2022 £'000	Unaudited 30 June 2021 £'000	Audited 31 December 2021 £'000
Overdrafts	**10,425**	11,798	7,022
Investment Management loan book	**175,500**	172,505	167,981
Trust and financial planning debtors	**2,047**	1,642	3,973
Other debtors	**1,988**	221	864
	189,960	186,166	179,840

12 Property, plant and equipment

During the six months ended 30 June 2022, the group purchased assets with a cost of £3,182,000 (six months ended 30 June 2021: £1,023,000; year ended 31 December 2021: £1,999,000).

13 Right-of-use assets

	Property £'000	Motor vehicles and equipment £'000	Total £'000
Cost			
1 January 2022	**58,059**	**371**	**58,430**
Additions	**3,430**	**–**	**3,430**
Other movements	**(3,405)**	**(17)**	**(3,422)**
At 30 June 2022	**58,084**	**353**	**58,437**
Depreciation and impairment			
1 January 2022	**14,497**	**38**	**14,535**
Charge in the period	**2,780**	**60**	**2,840**
Disposals	**(527)**	**(17)**	**(544)**
At 30 June 2022	**16,750**	**81**	**16,831**
Carrying amount at 30 June 2022 (unaudited)	**41,334**	**273**	**41,606**
Carrying amount at 30 June 2021 (unaudited)	42,455	5	42,460
Carrying amount at 31 December 2021 (audited)	43,562	333	43,895

14 Intangible assets

	Goodwill £'000	Client relationships £'000	Software development costs £'000	Purchased software £'000	Total intangibles £'000
Cost					
At 1 January 2022	**169,631**	**302,572**	**11,640**	**53,140**	**536,983**
Internally developed in the period	**–**	**–**	**834**	**911**	**1,745**
Purchased in the period	**–**	**–**	**–**	**–**	**–**
Disposals	**–**	**(1,940)**	**–**	**(31)**	**(1,971)**
At 30 June 2022	**169,631**	**300,632**	**12,474**	**54,020**	**536,757**
Amortisation and impairment					
At 1 January 2022	**1,954**	**109,003**	**8,535**	**41,304**	**160,796**
Charge in the period	**–**	**9,924**	**746**	**1,807**	**12,477**
Disposals	**–**	**(1,747)**	**–**	**(14)**	**(1,761)**
At 30 June 2022	**1,954**	**117,180**	**9,281**	**43,097**	**171,512**
Carrying value at 30 June 2022 (unaudited)	**167,677**	**183,452**	**3,193**	**10,923**	**365,245**
Carrying value at 30 June 2021 (unaudited)	96,872	117,408	3,056	11,081	228,417
Carrying value at 31 December 2021 (audited)	167,677	193,569	3,105	11,836	376,187

The total amount charged to profit or loss in the period, in relation to goodwill and client relationships, was £8,177,000 (six months ended 30 June 2021: £6,289,000; year ended 31 December 2021: £13,879,000).

Impairment

The recoverable amounts of the groups of CGUs to which goodwill is allocated are assessed using value-in-use calculations. The group prepares cash flow forecasts derived from the most recent financial budgets approved by the board, covering the forthcoming and future years. Budgets are extrapolated for five years based on annual revenue and cost growth for each group of CGUs, as well as the group's expectation of future industry growth rates. A five-year extrapolation period is chosen as this aligns with the period covered by the group's ICAAP modelling. A terminal growth rate is applied to year five cash flows, which takes into account the net growth forecasts over the extrapolation period and the long-term average growth rate for the industry. The group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the group of CGUs.

The pre-tax rate used to discount the forecast cash flows was 11.3% (30 June 2021: 16.0%; 31 December 2021: 12.0%). These are based on a risk-adjusted weighted average cost of capital. The group judges that these discount rates appropriately reflect the markets in which the group of CGUs operate.

There was no impairment to the goodwill allocated to the Investment Management group of CGUs during the period. The group has considered any reasonably foreseeable changes to the assumptions used in the value-in-use calculation for the Investment Management group of CGUs. Based on this assessment, no such change would result in an impairment of the goodwill allocated to this CGU.

15 Provisions for liabilities and charges

	Deferred, variable costs to acquire client relationship intangibles £'000	Deferred and contingent consideration in business combinations £'000	Legal and compensation £'000	Property-related £'000	Total £'000
At 1 January 2021	3,785	588	594	3,748	8,715
Charged to profit or loss	–	–	1,191	(255)	936
Unused amount credited to profit or loss	–	–	(44)	–	(44)
Net charge to profit or loss	–	–	1,147	(255)	892
Other movements	1,383	–	–	–	1,383
Utilised/paid during the period	(855)	(588)	(261)	–	(1,704)
At 30 June 2021 (unaudited)	4,313	–	1,480	3,493	9,286
Charged to profit or loss	–	–	1,087	1,250	2,337
Unused amount credited to profit or loss	–	–	(111)	–	(111)
Net charge to profit or loss	–	–	976	1,250	2,226
Other movements	6,609	–	–	–	6,609
Utilised/paid during the period	(2,384)	–	(313)	(100)	(2,797)
At 31 December 2021 (audited)	**8,538**	**–**	**2,143**	**4,643**	**15,324**
Charged to profit or loss	**–**	**–**	**234**	**310**	**544**
Unused amount credited to profit or loss	**(193)**	**–**	**(21)**	**–**	**(214)**
Net charge to profit or loss	**(193)**	**–**	**213**	**310**	**330**
Other movements	**–**	**–**	**–**	**–**	**–**
Utilised/paid during the period	**(4,499)**	**–**	**(171)**	**–**	**(4,670)**
At 30 June 2022 (unaudited)	**3,846**	**–**	**2,185**	**4,953**	**10,984**
Payable within one year	**1,094**	**–**	**2,185**	**313**	**3,592**
Payable after one year	**2,752**	**–**	**–**	**4,640**	**7,392**
At 30 June 2022 (unaudited)	**3,846**	**–**	**2,185**	**4,953**	**10,984**

Deferred, variable costs to acquire client relationship intangibles

Other movements in provisions relate to deferred payments to investment managers and third parties for the introduction of client relationships, which have been capitalised in the period.

Deferred and contingent consideration in business combinations

During the prior year, the group settled an incentivisation award for Speirs & Jeffrey support staff in the value of £588,000.

15 Provisions for liabilities and charges continued

Legal and compensation

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

In the ordinary course of business claims against the group for advice that is deemed unsuitable may be made. As at 30 June, the group has identified claims of £0.5m, which are expected to be paid within 12 months of the period end, and which would be largely offset by an insurance recoverable. Both the provision and insurance asset have not been recognised in the interim statement at 30 June 2022.

Property-related

Property-related provisions of £4,953,000 relate to dilapidation provisions expected to arise on leasehold premises held by the group (30 June 2021: £3,493,000; 31 December 2021: £4,643,000).

Dilapidation provisions are calculated using a discounted cash flow model. During the six months ended 30 June 2022, dilapidation provisions increased by £310,000 (30 June 2021: decreased by £255,000; 31 December 2021: increased by £895,000). The group utilised £nil (30 June 2021: £nil; 31 December 2021: £100,000) of the dilapidations provision held for its properties during the period.

Amounts payable after one year

Property-related provisions of £4,953,000 are expected to be settled within 11 years of the balance sheet date, which corresponds to the longest lease for which a dilapidations provision is being held. Remaining provisions payable after one year are expected to be settled within three years of the balance sheet date.

16 Subordinated loan notes

	Unaudited 30 June 2022 £'000	Unaudited 30 June 2021 £'000	Audited 31 December 2021 £'000
Subordinated loan notes			
– face value	**40,000**	20,000	40,000
– carrying value	**39,892**	19,964	39,893

During the prior year, Rathbone Investment Management Limited repaid its £20.0 million 10-year callable subordinated loan notes, and Rathbones Group Plc issued £40.0 million of 10-year tier 2 notes with a call option in October 2026 and annually thereafter. Interest is payable at a fixed rate of 5.642% per annum until the first call option date and at a fixed rate of 4.893% over Compounded Daily SONIA thereafter. Legal fees of £107,000 were incurred in issuing the notes, which were accounted for in the carrying value of amortised cost.

17 Long-term employee benefits

The group operates two defined benefit pension schemes providing benefits based on pensionable salary for staff employed by the company. For the purposes of calculating the pension benefit obligations, the following assumptions have been used:

	Unaudited 30 June 2022 % p.a.	Unaudited 30 June 2021 % p.a.	Audited 31 December 2021 % p.a.
Rate of increase of pensions in payment:			
– Laurence Keen Scheme	**3.60**	3.50	3.70
– Rathbone 1987 Scheme	**3.20**	3.20	3.30
Rate of increase of deferred pensions	**3.20**	3.30	3.40
Discount rate	**3.70**	1.90	1.90
Inflation*	**3.20**	3.30	3.40
Percentage of members transferring out of the schemes per annum	**2.00**	3.00	2.00
Average age of members at date of transferring out (years)	**52.50**	52.50	52.50
Average duration of defined benefit obligation (years):			
– Laurence Keen Scheme	**14.00**	17.00	15.00
– Rathbone 1987 Scheme	**18.00**	21.00	20.00

* Inflation assumptions are based on the Retail Prices Index

The assumed life expectations of members retiring aged 65 were:

	Unaudited 30 June 2022		Unaudited 30 June 2021		Audited 31 December 2021	
	Males	**Females**	Males	Females	Males	Females
Retiring today	**23.4**	**25.0**	23.4	24.9	23.3	24.9
Retiring in 20 years	**24.9**	**26.6**	24.9	26.6	24.8	26.5

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

	Unaudited 30 June 2022		Unaudited 30 June 2021		Audited 31 December 2021	
	Rathbone 1987 Scheme £'000	**Laurence Keen Scheme £'000**	Rathbone 1987 Scheme £'000	Laurence Keen Scheme £'000	Rathbone 1987 Scheme £'000	Laurence Keen Scheme £'000
Present value of defined benefit obligations	**(100,054)**	**(8,138)**	(143,662)	(11,263)	(144,428)	(11,149)
Fair value of scheme assets	**114,611**	**9,468**	140,831	12,404	154,883	12,981
Total surplus/(deficit)	**14,557**	**1,330**	(2,831)	1,141	10,455	1,832

The group made lump sum contributions into its pension schemes totalling £168,000 during the period (30 June 2021: £168,000; 31 December 2021: £5,086,000).

18 Share capital and share premium

The following movements in share capital occurred during the period:

	Number of shares	Exercise price pence	Share capital £'000	Share premium £'000	Merger reserve £'000	Total £'000
At 1 January 2021	57,486,413		2,874	215,092	71,756	289,722
Shares issued:						
– in relation to business combinations	881,737	24.8	44	21,858	–	21,902
– to Share Incentive Plan	193,842	1,540.0 – 1,858.0	10	3,287	–	3,297
– to Save As You Earn scheme	6,532	1,648.0	–	107	–	107
– to Employee Benefit Trust	–	–	–	–	–	-
– on placing	2,840,910	1,760.0	142	48,666	–	48,808
At 30 June 2021 (unaudited)	61,409,434		3,070	289,010	71,756	363,836
Shares issued:						
– in relation to business combinations	272,952	1,913.4	14	-	5,209	5,223
– to Share Incentive Plan	101,116	1,540.0 – 2,055.0	5	1,966	–	1,971
– to Save As You Earn scheme	2,839	1,648.0 – 1,977.0	–	50	–	50
– to Employee Benefit Trust	217,000	5.0	11	–	–	11
At 31 December 2021 (audited)	**62,003,341**		**3,100**	**291,026**	**76,965**	**371,091**
Shares issued:						
– in relation to business combinations	**229,489**	**24.8**	**11**	**5,689**	**–**	**5,700**
– to Share Incentive Plan	**349,298**	**1,600.0 – 2,090.0**	**17**	**7,089**	**–**	**7,106**
– to Save As You Earn scheme	**685**	**1,085.0 – 1,813.0**	**–**	**9**	**–**	**9**
– to Employee Benefit Trust	**481,500**	**5.0**	**24**	**–**	**–**	**24**
At 30 June 2022 (unaudited)	**63,064,313**		**3,152**	**303,813**	**76,965**	**383,930**

On 5 March 2021, the company issued 881,737 shares in respect of the Speirs & Jeffrey first earn-out consideration relating to the sellers' 2020 incentivisation award.

On 22 June 2021, the company issued 2,840,910 shares by way of a placing for cash consideration at £17.60 per share, which raised £48,808,000, net of £1,192,000 placing costs, offset against share premium arising on the issue.

On 22 October 2021, the company issued 272,952 shares in respect of the initial share consideration from the acquisition of Saunderson House. These shares are being held in own shares until they vest on the third anniversary of issue. As the share issuance was in pursuance of the arrangement to acquire the shares in Saunderson House, the premium on the issuance of these shares was recognised within the merger reserve.

On 30 March 2022, the company issued 229,489 shares in respect of the Speirs & Jeffrey second earn-out consideration relating to the sellers' 2021 incentivisation award.

At 30 June 2022, the group held 4,497,727 own shares (30 June 2021: 3,757,229; 31 December 2021: 3,624,714).

19 Share-based payments

The group recognised total expenses of £7,452,000 (30 June 2021: £6,474,000, 31 December 2021: £13,390,000) in relation to share-based transactions in the period. This excludes the staff costs in relation to the acquisitions of Speirs & Jeffrey and Saunderson House reported within acquisition-related costs (note 6).

20 Financial instruments

Fair value measurement

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

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

At 30 June 2022 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Fair value through profit or loss:				
– equity securities	**8,854**	**–**	**3,052**	**11,906**
– money market funds	**–**	**–**	**–**	**–**
	8,854	**–**	**3,052**	**11,906**

At 30 June 2021 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Fair value through profit or loss:				
– equity securities	7,018	–	2,464	9,482
– money market funds	–	103,097	–	103,097
	7,018	103,097	2,464	112,579

At 31 December 2021 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Fair value through profit or loss:				
– equity securities	7,376	–	2,558	9,934
– money market funds	–	20,000	–	20,000
	7,376	20,000	2,558	29,934

The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There have been no transfers between levels during the period.

The fair value of listed equity securities is their quoted price. Money market funds are demand securities and changes to estimates of interest rates will not affect their fair value. The fair value of money market funds is their daily redemption value.

The fair values of the group's other financial assets and liabilities not measured at fair value are not materially different from their carrying values with the exception of the following:

- Debt securities that are classified and measured at amortised cost comprise bank and building society certificates of deposit, which have fixed coupons. The fair value of debt securities at 30 June 2022 was £830,894,000 (30 June 2021: £715,434,789; 31 December 2021: £761,763,000) and the carrying value was £829,970,000 (30 June 2021: £714,765,000; 31 December 2021: £761,654,000). Fair value is based on market bid prices and hence would be categorised as level 1 within the fair value hierarchy.
- Subordinated loan notes (note 16) comprise Tier 2 loan notes. The fair value of the loan notes at 30 June 2022 was £44,968,000 (30 June 2021: £19,862,000; 31 December 2021: £42,824,000) and the carrying value was £39,892,000 (30 June 2021: £19,964,000; 31 December 2021: £39,893,000). Fair value of the loan notes is based on discounted future cash flows using current market rates for debts with similar remaining maturity, and hence would be categorised as level 2 within the fair value hierarchy.

20 Financial instruments continued

Level 3 financial instruments

Fair value through profit or loss

The group holds 1,809 shares in Euroclear Holdings SA, which are classed as level 3 in the fair value hierarchy since no observable market data is available.

In the current period, the valuation of €1,985 per share has been calculated by reference to the most readily available data, which is the indicative price derived from recent transactions of the shares in the market. The valuation at the balance sheet date has been adjusted for movements in exchange rates since the acquisition date.

A 10% weakening of the euro against sterling, occurring on 30 June 2022, would have reduced equity and profit after tax by £247,000 (30 June 2021: £200,000; 31 December 2021: £207,000). A 10% strengthening of the euro against sterling would have had an equal and opposite effect.

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

	Unaudited 30 June 2022 £'000	Unaudited 30 June 2021 £'000	Audited 31 December 2021 £'000
At 1 January	**2,558**	2,569	2,569
Total unrealised gains/(losses) recognised in profit or loss	**494**	(105)	(11)
At 30 June	**3,052**	2,464	2,558

Expected credit loss provision

The movement in the allowance for impairment in respect of financial assets during the reporting period was as follows:

	Cash and balances with central banks £'000	**Loans and advances to banks £'000**	**Investment Management loan book £'000**	**Trust and financial planning debtors £'000**	**Debt securities £'000**	**Total £'000**
Balance at 1 January 2022 (audited)	**83**	**–**	**–**	**234**	**28**	**345**
Amounts written off	**–**	**–**	**–**	**–**	**–**	**–**
Net remeasurement of loss allowance	**(48)**	**–**	**1**	**(207)**	**(8)**	**(262)**
Balance at 30 June 2022 (unaudited)	**35**	**–**	**1**	**27**	**20**	**83**

As at 30 June 2022, the impairment allowance in respect of all financial assets in the table above was measured at an amount equal to 12 month ECLs, apart from trust and financial planning debtors, where the impairment allowance was equal to lifetime ECLs.

21 Contingent liabilities and commitments

(a) Indemnities are provided in the normal course of business to a number of directors and employees who provide tax and trust advisory services in connection with them acting as trustees/directors of client companies and providing other services.

(b) Capital expenditure authorised and contracted for at 30 June 2022 but not provided for in the condensed consolidated interim financial statements amounted to £1,441,000 (30 June 2021: £1,300,000; 31 December 2021: £988,000).

(c) The contractual amounts of the group's commitments to extend credit to its clients are as follows:

	Unaudited 30 June 2022 £'000	Unaudited 30 June 2021 £'000	Audited 31 December 2021 £'000
Undrawn commitments to lend of one year or less	**30,660**	33,027	31,005
Undrawn commitments to lend of more than one year	**3,129**	9,005	9,270
	33,789	42,032	40,275

(d) The arrangements put in place by the Financial Services Compensation Scheme (FSCS) to protect depositors and investors from loss in the event of failure of financial institutions have resulted in significant levies on the industry in recent years. The financial impact of unexpected FSCS levies is largely out of the group's control as they result from other industry failures.

There is uncertainty over the level of future FSCS levies as they depend on the ultimate cost to the FSCS of industry failures. The group contributes to the deposit class, investment fund management class and investment intermediation levy classes and accrues levy costs for future levy years when the obligation arises.

22 Cash and cash equivalents

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

	Unaudited 30 June 2022 £'000	Unaudited 30 June 2021 £'000	Audited 31 December 2021 £'000
Cash and balances at central banks	**1,680,329**	1,414,291	1,460,001
Loans and advances to banks	**156,207**	158,986	173,589
Investment securities held at fair value through profit or loss	**–**	103,097	20,000
	1,836,536	1,676,374	1,653,590

Investment securities held at fair value through profit or loss are amounts invested in money market funds which are realisable on demand.

Cash flows arising from issue of ordinary shares comprise:

	Unaudited Six months to 30 June 2022 £'000	Unaudited Six months to 30 June 2021 £'000	Audited 31 December 2021 £'000
Share capital issued (note 18)	**52**	196	226
Share premium on shares issued (note 18)	**12,787**	74,011	75,934
Merger reserve on shares issued (note 18)	**–**	–	5,209
Shares issued in relation to share-based schemes for which no cash consideration was received	**(5,699)**	(21,902)	(21,902)
Shares issued in relation to share buybacks	**(10,843)**	(1,829)	(15,132)
	(3,703)	50,476	44,335

23 Related party transactions

The key management personnel of the group are defined as the company's directors and other members of senior management who are responsible for planning, directing and controlling the activities of the group.

Dividends totalling £171,000 were paid in the period (six months ended 30 June 2021: £192,000; year ended 31 December 2021: £229,000) in respect of ordinary shares held by key management personnel.

As at 30 June 2022, the group had provided interest-free season ticket loans of £nil (30 June 2021: £nil; 31 December 2021: £nil) to key management personnel.

At 30 June 2022, key management personnel and their close family members had gross outstanding deposits of £2,366,000 (30 June 2021: £743,000; 31 December 2021: £634,000) and gross outstanding loans of £nil (30 June 2021: £nil; 31 December 2021: £nil). A number of the company's directors and their close family members make use of the services provided by companies within the group. Charges for such services are made at various staff rates.

One group subsidiary, Rathbone Unit Trust Management, has authority to manage the investments within a number of unit trusts. During the first half of 2022, the group managed 32 unit trusts, Sociétés d'investissement à Capital Variable (SICAVs) and open-ended investment companies (OEICs) (together, 'collectives') (six months ended 30 June 2021: 33 collectives; year ended 31 December 2021: 33 collectives).

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

23 *Related party transactions continued*

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

	Unaudited Six months to 30 June 2022 £'000	Unaudited Six months to 30 June 2020 £'000	Audited Year to 31 December 2021 £'000
Total management fees	**29,900**	26,133	68,444

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

	Unaudited Six months to 30 June 2022 £'000	Unaudited Six months to 30 June 2021 £'000	Audited Year to 31 December 2021 £'000
Management fees owed to the group	**5,464**	5,273	6,240
Holdings in unit trusts (note 20)	**8,854**	7,018	7,376
	14,318	12,291	13,616

Management fees owed to the group are included within 'accrued income' and holdings in unit trusts are classified as 'fair value through profit or loss' in the consolidated interim balance sheet. The maximum exposure to loss is limited to the carrying amount on the balance sheet as disclosed above.

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

24 Interest in unconsolidated structured entities

As described in note 23, at 30 June 2022, the group owned units in collectives managed by Rathbone Unit Trust Management with a value of £8,854,000 (30 June 2021: £7,018,000; 31 December 2021: £7,376,000), representing 0.08% (30 June 2021: 0.06%; 31 December 2021: 0.06%) of the total value of the collectives managed by the group. These assets are held to hedge the group's exposure to deferred remuneration schemes for employees of Unit Trusts.

The group's primary risk associated with its interest in the unit trusts is from changes in fair value of its holdings in the funds.

The group is not judged to control, and therefore does not consolidate, the collectives. Although the fund trustees have limited rights to remove Rathbone Unit Trust Management as manager, the group is exposed to very low variability of returns from its management and share of ownership of the funds and is therefore judged to act as an agent rather than having control under IFRS 10.

25 Events after the balance sheet date

An interim dividend of 28.0p per share was declared on 27 July 2022 (note 9).

There have been no other material events occurring between the balance sheet date and 27 July 2022.

Regulatory capital

The group is classified as a banking group under the Capital Requirements Directive (CRD) and is therefore required to operate within the restrictions on capital resources and banking exposures prescribed by the Capital Requirements Regulation, as applied by the Prudential Regulation Authority (PRA).

Regulatory own funds

The group's regulatory own funds (excluding profits for the six months ended 30 June, which have not yet been independently verified, but including independently verified profits to 31 December) are shown in the table below:

	Unaudited 30 June 2022 £'000	Unaudited 30 June 2021 £'000	Unaudited 31 December 2021 £'000
Share capital and share premium	**306,967**	292,173	294,126
Reserves	**351,376**	320,704	365,782
Less:			
– prudent valuation of assets held at fair value through profit or loss	**(12)**	(113)	(30)
– own shares	**(45,252)**	(48,407)	(36,626)
– intangible assets (net of deferred tax)	**(334,777)**	(215,753)	(344,762)
– pension asset	**(15,887)**	–	(12,287)
Total Common Equity Tier 1 capital	**262,415**	348,604	266,203
Tier 2 capital	**40,000**	9,690	38,508
Total own funds	**302,415**	358,294	304,711

Own funds requirements

The group is required to hold capital to cover a range of own funds requirements, classified as Pillar 1 and Pillar 2.

Pillar 1 – minimum requirement for capital

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

At 30 June 2022, the group's risk-weighted assets were £1,575,706,000 (30 June 2021: £1,314,225,000; 31 December 2021: £1,424,500,000).

Pillar 2 – supervisory review process

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

The Pillar 2A own funds requirement is set by the PRA to reflect those risks, specific to the firm, which are not fully captured under the Pillar 1 own funds requirement. These include:

Pension obligation risk

The potential for additional unplanned capital strain or costs that the group would incur in the event of a significant deterioration in the funding position of the group's defined benefit pension schemes.

Interest rate risk in the banking book

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

Concentration risk

Greater loss volatility arising from a higher level of loan default correlation than is assumed by the Pillar 1 assessment.

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

Capital conservation buffer (CCB)

The CCB is a general buffer of 2.5% of risk-weighted assets designed to provide for losses in the event of a stress.

Countercyclical capital buffer (CCyB)

The CCyB is time-varying and is designed to act as an incentive for banks to constrain credit growth in times of heightened systemic risk. The amount of the buffer is determined by reference to rates set by the Financial Policy Committee (FPC) for individual countries where the group has credit exposures.

The buffer rate is currently set to 0% for the UK. However, different rates for other countries, where the group has small relevant credit exposures, result in an overall rate of 0.01% of risk-weighted assets for the group as at 30 June 2022. An increased UK rate of 1% will come into effect from December 2022, and a rate of 2% from July 2023, which has been built into our forecasts.

The group's own funds requirements were as follows:

	Unaudited 30 June 2022 £'000	Unaudited 30 June 2021 £'000	Unaudited 31 December 2021 £'000
Own funds requirement for credit risk, counterparty credit risk and settlement risk	**63,798**	52,753	50,862
Own funds requirement for market risk	**–**	–	840
Own funds requirement for operational risk	**62,258**	52,385	62,258
Pillar 1 own funds requirement	**126,056**	105,138	113,960
Pillar 2A own funds requirement	**40,145**	40,118	40,073
Total Pillar 1 and 2A own funds requirement	**166,201**	145,256	154,033
CRD IV buffers:			
– capital conservation buffer (CCB)	**39,393**	32,856	35,613
– countercyclical capital buffer (CCyB)	**158**	131	–
Total Pillar 1 and 2A own funds requirement and CRD IV buffers	**205,752**	178,243	189,646

Statement of directors' responsibilities in respect of the interim statement

Confirmations by the board

We confirm to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with United Kingdom adopted International Financial Reporting Standards;
- the interim management report includes a fair view of the information required by:
  - (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Going concern basis of preparation

Details of the group's results, cash flows and resources, together with an update on the risks it faces and other factors likely to affect its future development, performance and position, are set out in this interim management report.

Group companies are regulated by the PRA and FCA and perform annual capital adequacy and liquidity assessments, which include the modelling of certain extreme stress scenarios. The group publishes Pillar 3 disclosures annually on its website, which provide further detail about its regulatory capital resources and requirements. During the first half of 2022, and as at 30 June 2022, the group was primarily equity-financed, with a small amount of gearing in the form of the Tier 2 debt.

The group's financial projections and the capital adequacy and liquidity assessments provide comfort that the group has adequate financial and regulatory resources to continue in operational existence for the foreseeable future. Accordingly, we continue to adopt the going concern basis of accounting in preparing the condensed consolidated interim financial statements. In forming our view, we have considered the company's prospects for a period exceeding 12 months from the date the condensed consolidated interim financial statements are approved.

By order of the board

Paul Stockton
Group Chief Executive Officer

27 July 2022

Independent review report to Rathbones Group Plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the income statement, the balance sheet, the statement of changes in equity, the cash flow statement, and related notes 1 to 25.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group will be prepared in accordance with United Kingdom adopted International Financial Reporting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE (UK), however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the group a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom

27 July 2022

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