RATHBONES

REPORT & ACCOUNTS 2023

DRIVEN BY PURPOSE DELIVERED BY PEOPLE

We are driven by our purpose, to think, act and invest for everyone's tomorrow. We deliver for and with people: our clients, our colleagues and partners. We listen, engage and adapt to our stakeholders' changing needs, reinforcing our commitment to delivering enduring sustainable value for the benefit of everyone's future.

On 21 September 2023, following regulatory approval, Rathbones Group Plc completed its planned combination with Investec Wealth & Investment UK (IW&I). Throughout this report figures stated include IW&I, unless otherwise indicated. Where practicable, a 2022 like-for-like comparative has been included.

CONTENTS

DRIVEN BY PURPOSE DELIVERED BY PEOPLE

Find out more about how we are delivering to our clients.

WE THINK CREATIVELY

Through MyRathbones we respond to our clients' needs. We update the app regularly in response to client feedback.

Read more: See page 5

WE ACT COLLABORATIVELY

Our client team shares how we engaged with IW&I as we began integrating our client offering.

Read more: See page 6

WE INVEST RESPONSIBLY

The Rathbone Greenbank Global Sustainable Bond Fund, responds to changing markets and client interest.

Read more: See page 7

Our reporting suite

This report and accounts forms part of our wider reporting suite where you can find more about our full activities

Responsible business update 2023

Task force on climate-related financial disclosures report 2023

Responsible investment report 2023

Gender pay gap report 2023

FURTHER INFORMATION LINKS

Throughout this report we use these icons to indicate where you can find out more.

Read more

Visit website

WHAT WE DO AND WHERE WE DO IT

WEALTH MANAGEMENT

INVESTMENT MANAGEMENT

Clients of this discretionary service can expect a tailored investment strategy that meets individual objectives backed by an investment process that aims to provide risk-adjusted returns to meet clients' needs today and in the future.

OUR SPECIALIST CAPABILITIES

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

OUR SERVICES

Bespoke service

Provides clients access to a dedicated investment manager who will construct and manage a bespoke portfolio that is specifically tailored to their needs.

Managed service

Provides clients with access to a dedicated investment manager who will invest in a range of ready-made, diversified multi-asset portfolios managed by Rathbones Asset Management (RAM). IW&I also offer a managed portfolio service.

Select

Provides clients direct access to a range of ready-made, diversified multi-asset portfolios managed by Rathbones Asset Management (RAM). Select does not come with a dedicated investment manager; it is a more appropriate and cost-effective solution for smaller value portfolios.

FINANCIAL PLANNING AND ADVICE

We provide financial planning and advisory services through Rathbones Financial Planning, IW&I, Saunderson House Limited and Vision Independent Financial Planning. We also offer UK trust, tax and legal services through the Rathbones Trust Company.

Clients can choose a financial planning service as a standalone offering or combine it with one of our investment management services.

THREE LEVELS OF ADVICE

We can deliver our financial planning services to clients in one of three ways:

- One-off advice
- Initial advice and planning
- Ongoing advice and planning.

COMPLEMENTARY SERVICES

As a licensed deposit taker we are able to offer our clients a range of banking services including currency and payment services, fixed interest term deposits and loans to existing clients.

Through IW&I, we also offer SIPP administration services to clients.

ASSET MANAGEMENT

Rathbones Asset Management is a UK fund manager, offering actively managed equity, fixed income and multi-asset capabilities for retail- and institutional-type investors. Our range of single-strategy and multi-asset funds are designed to potentially meet investors' core investment needs, or provide 'building blocks' for wealth solutions, with distribution primarily through UK advisers.

International clients may also access our funds through the Rathbone Luxembourg Funds SICAV, which allows access to a similar range of actively managed funds.

23

locations in the UK and Channel Islands

3,500+

employees

£105.3bn

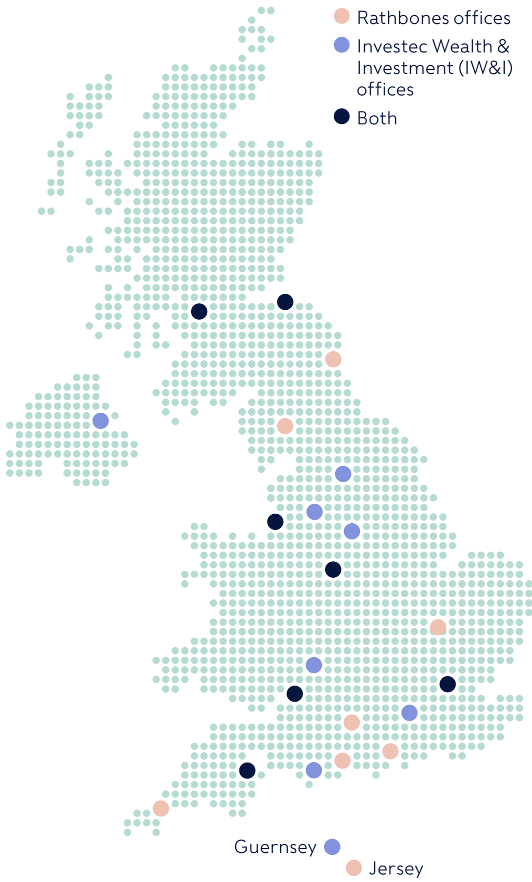
managed by us for our clients

FTSE 250

company listed on the London Stock Exchange

WHERE WE DO IT

With offices throughout the UK and the Channel Islands[1], clients are never far away from high-quality, personalised wealth management services.



1. Includes Vision Independent Financial Planning

HIGHLIGHTS OF 2023

FINANCIAL HIGHLIGHTS

PROFIT BEFORE TAX
£57.6m
2022: £64.1m

UNDERLYING PROFIT BEFORE TAX*[1]
£127.1m
2022: £97.1m

BASIC EARNINGS PER SHARE
52.6p
2022: 83.6p

UNDERLYING EARNINGS PER SHARE*[1]
135.8p
2022: 130.8p

RETURN ON CAPITAL EMPLOYED (ROCE)*
4.9%
2022: 7.7%

UNDERLYING RETURN ON CAPITAL EMPLOYED (ROCE)*[2]
12.1%
2022: 11.8

DIVIDEND PAID AND PROPOSED PER SHARE
87p
2022: 84p

For a full five-year record
See page 234

* This measure is considered an alternative performance measure (APM). Please refer to page 34 for more detail on APMs
1. A reconciliation between underlying profit before tax and profit before tax is shown on page 34
2. Underlying profit after tax as a percentage of underlying quarterly average equity at each quarter end
3. This highlight excludes IW&I
4. Includes clients who have left within the financial year, outflows from existing or remaining clients are not included in this calculation

STRATEGIC HIGHLIGHTS

NUMBER OF INVESTMENT MANAGERS
681
2022: 355

NUMBER OF FINANCIAL PLANNERS
117
2022: 74

TOTAL FUNDS UNDER MANAGEMENT AND ADMINISTRATION
£105.3bn
2022: £60.2bn

STAKEHOLDER HIGHLIGHTS

CLIENT RETENTION[3,4]
92.7%
2022: 93.7%

EMPLOYEE SHARE OWNERSHIP
6.3%
2022: 9.6%

STEWARDSHIP ENGAGEMENTS WITH COMPANIES[3]
752
2022: 671

DRIVEN BY PURPOSE DELIVERED BY PEOPLE

We are committed to thinking, acting and investing for everyone’s tomorrow.

We focus on long-term sustainable outcomes, which enable us to build enduring value for our clients, make a wider contribution to society and create a lasting legacy. We are committed to operating in a way that actively addresses adverse impacts our activities have on society, people and the environment.

This means understanding the issues that matter to our stakeholders and evolving the way we do business to meet their changing needs and expectations.

Read more: See page 19

WE THINK CREATIVELY

"The MyRathbones app, supports clients in viewing their investments and communicating with their investment team. Client feedback is a primary input into the ongoing development of our digital services. This client-centric approach allows us to align to clients' preferences, ensuring we deliver updates that improve the app's functionality, making it quick and easy to access their information. The collaborative process brings our clients along with us as we continually improve our offering, resulting in a more tailored and user-friendly digital experience that our clients themselves have helped shape."

Mark Watson
Lead Product Owner

Read more: See page 23

WE ACT COLLABORATIVELY

OUR COMBINATION WITH IW&I

Between November 2023 and January 2024, the Rathbones and IW&I proposition teams participated in a roadshow, bringing teams across the group together. In total 14 sessions were run and well received.

The roadshow introduced the breadth of the Rathbones' proposition (across financial planning, investment management, asset management, and the strategic partnership with Investec Bank Plc), the detail of Select, Managed and Bespoke, and our plans for proposition integration and development.

Following the roadshows, we surveyed attendees and received 105 responses. The feedback informs the prioritisation of topics to present in the awareness programme such as Investment research process, Rathbones' suitability process, investment risk monitoring and introduction to Greenbank. The roadshows allowed the proposition team early visibility of the future combined proposition and solicit feedback on topics such as the direction of travel for target markets on our flagship offering Bespoke discretionary management.

We received feedback such as:

"As a new joiner on 14 August, it is good to have had the opportunity to meet colleagues from both firms already"

Birmingham Office

"It is really helpful to gain a better understanding of what the future looks like, it gets our buy in at an early stage. It allows us to speak with our clients about it too as they are interested"

Edinburgh Office

"It was reassuring to have the team come over and talk us through the plans and much appreciated"

Belfast Office

"Keep the information coming, appreciate these meetings being done in person"

Guildford Office

Read more: See page 24

WE INVEST RESPONSIBLY

LAUNCHING A NEW SUSTAINABILITY FUND

Bryn Jones, Fund Manager
Rathbones Asset Management
Rathbone Greenbank Global Sustainable Bond Fund

Q: Why was the new fund created?
A: The Rathbone Greenbank Global Sustainable Bond Fund was established in response to client demand for a diversified, sustainable global bond offering that complements existing fixed income strategies. Clients sought investment opportunities that backed sustainable projects and businesses, contributing to a better future.

Q: What does it offer our clients?
A: This fund is aimed at investors who want flexible global bond exposure with strong sustainability policies. The global fixed income market is huge, and the fund's flexibility means it can go anywhere across this broad market, to identify the best investments for building a well-diversified portfolio of sustainability screened global corporate and government bonds.

Q: What are the aims of the fund?
A: Our objective is to deliver a greater total return, after fees, than a benchmark we have created to represent the global fixed income market over any rolling five-year period. At the same time, we avoid investing in activities that we believe make the planet or its inhabitants worse off.

Q: Why is it different to our other offerings?
A: Distinct from our other offerings, the fund enjoys the backing of Greenbank, a team with a track record in ethical, sustainable and impact investing. As the fund's manager, I bring nearly 20 years of experience from leading the Rathbone Ethical Bond Fund. All securities, including government bonds, are subject to Greenbank's screening process, providing a safeguard against greenwashing and enhancing what we believe to be the fund's unique appeal.

Read more: See page 23

INVESTMENT CASE

A GROWING BUSINESS WITH REWARDING CHARACTERISTICS FOR INVESTORS

Rathbones specialises in the UK wealth market which benefits from embedded structural growth, underpinned by strong long-term trends that support the demand for our services. Following our combination with Investec Wealth & Investment UK (IW&I), we are well-positioned to provide attractive value for shareholders.

KEY DRIVERS FOR INDUSTRY GROWTH, CLIENT NEED AND LONG-TERM OPPORTUNITY

There is an increasing need for individuals to save and grow long-term wealth as state pensions erode and life expectancy increases.

There is a growing demand for financial planning as regulatory changes encourage individuals to take on the responsibility of retirement planning.

There is significant intergenerational wealth transfer to a new cohort of potential clients that expect a digital presence.

There is a rising interest in responsible and thoughtful investing.

There are consolidation opportunities in a fragmented market.

HOW WE ARE POSITIONED TO RESPOND AND SUCCEED

We provide our clients with a wide range of unbundled wealth and asset management propositions that can be tailored to their individual needs and complexity, delivered through our highly trained investment managers working directly with clients or indirectly with third-party advisers.

681[1]
investment managers with long-term investment performance

We are investing in growing our financial planning business both through targeted acquisitions and ongoing marketing and business development.

117
in-house financial planners, with access to a further 138 in Vision Independent Financial Planning

We are committed to our digital investment programme that complements our personalised face-to-face client experience and will benefit the enlarged group.

58%[2]
of Rathbones' clients using our digital portal with plans for expansion across the enlarged group

We believe it is in the best interest of our clients that the companies we invest in adopt best practice in managing ESG risks and we consider these when making investment choices. For clients who want 100% ethical and sustainable investment management, we have a dedicated team in Greenbank, and a selection of ethical funds offered by Rathbones Asset Management.

20+[2]
years of ethical investment experience

We have secured our future with the combination of IW&I and can provide clients with a trusted, long-standing brand with increasing scale amid industry change.

43%[2]
Rathbones' client net promoter score (NPS) against industry mean of 34%

OUR RESPONSE TO THIS DEMAND AND STRATEGIC DIRECTION WILL DELIVER VALUE FOR SHAREHOLDERS

A target underlying operating margin of mid 20s% in 2024, and a medium-term target (three+ years post IW&I completion) of 30%+.

A stable revenue margin and robust fee income stream in addition to a banking licence that provides diversified income streams.

Long-term client relationships which provide annuity value on revenue.

A responsibly managed financial position with a healthy capital surplus.

A progressive dividend policy with a dividend that has not been reduced in more than 25 years.

1. Excludes a further 23 investment professionals in Rathbones Asset Management
2. Data excludes IW&I

CHAIR'S STATEMENT

STRONGER TOGETHER

Clive C R Bannister
Chair

DEAR SHAREHOLDER

Rathbones is a strong and secure business. It is well-equipped to manage and navigate challenging market conditions.

2023 was a difficult period for the UK economy: global conflicts, rising interest rates and continued inflation reduced economic growth in many parts of the world, directly impacting the investment returns of our clients. These collective challenges have highlighted the importance of our adaptability, resilience and the reassurance that we provide our stakeholders.

During 2023, we announced a transformational combination with Investec Wealth & Investment UK (IW&I). This transaction presents a compelling strategic and financial rationale for our shareholders, whilst it also better serves our clients, and secures our future as the UK's leading discretionary wealth manager.

We are delighted to welcome our IW&I colleagues to our business. I look forward to the year ahead as we work together, as one business, to realise the significant proposition and financial benefits for all our stakeholders.

CLIENTS

Our clients are at the heart of our strategy and their interests are a key consideration in everything that we do. In 2023, we continued to prioritise engaging with clients through a variety of methods including focus groups and targeted surveys, virtual and in-person conferences and events as well as regular communications updating them on the business, macro themes, the IW&I transaction and our investment propositions. We will continue this dialogue during 2024.

SHAREHOLDER RETURNS AND DIVIDENDS

Rathbones generates long-term value creation for our shareholders. Following our combination with IW&I, we commit again to our progressive dividend policy. This has been in place for more than 25 years, over which period we have never reduced our dividend. Given the strength of our enlarged business, we are pleased to be able to sustain this dividend commitment, even in the context of difficult markets.

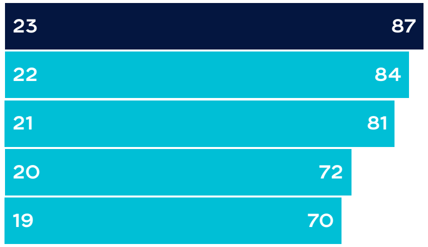
At our half year results in July, we announced an interim dividend of 29p. We also brought forward payment of a portion of the final 2023 dividend to shareholders on the register shortly prior to the completion of the combination by way of a second interim dividend of 34p, paid in October. The final dividend in respect of FY23 has therefore been reduced accordingly to 24p per share. This brings the total dividend for the year, for shareholders on the register prior to the combination, to 87p per share (2022: 84p) a 3.6% increase on the prior year. The final dividend will be paid on 14 May 2024, subject to shareholder approval at our 2024 Annual General Meeting on 9 May 2024, for shareholders who are on the register on 19 April 2024.

RESPONSIBLE BUSINESS

Our responsible business programme enables us to deliver on our purpose to think, act and invest for everyone's tomorrow. We seek to create long-term value for our stakeholders, built upon the foundations of strong governance.

FIVE-YEAR DIVIDEND GROWTH

2023: 87p



Our programme ensures we deliver through various initiatives, including our responsible investment approach, diversity, equality and inclusion (DE&I) efforts, community investment and reducing the environmental impact of our operations.

GOVERNANCE AND CULTURE

The board recognises that enduring business success is not possible without a clear purpose, and that good governance is about more than just complying with rules. It is about culture, behaviours and how we treat our clients. The board is committed to ensure that the firm's purpose, values and culture are embedded throughout the firm. The board regularly reviews its 'culture dashboard' and, this year, we paid particular attention to the impact on the organisation from the combination with IW&I. It remains incredibly important to ensure that the businesses are culturally aligned with client focus at our core.

More information on the how the board monitored and assessed culture can be found in the full corporate governance report.

COLLEAGUES

There are tremendous skills across our enlarged group of 3,500 colleagues. In 2023, our management teams and the board continued to engage through employee engagement surveys and the board's own workforce engagement programme. We remain committed to improving our colleagues' experience at work, which is even more important during the period of integration with IW&I.

BOARD COMPOSITION AND SUCCESSION

Because of our combination with IW&I, there has been necessary and welcome changes to our board. Most notably, Henrietta Baldock and Ruth Leas are now new shareholder directors, nominated by Investec Group. These appointments were approved by our nomination committee in September 2023, reflecting the 29.9% voting rights shareholding owned by Investec Group Plc. Both have extensive knowledge of the financial services sector and I look forward to working with them in the years ahead.

Succession planning is vital to ensure the board has the necessary plans in place for orderly succession to both the board and senior management positions. The board believes that greater diversity drives better decision-making and that building a diverse and inclusive workforce will lead to better outcomes for clients, colleagues and for our business. The board has aligned its diversity policy for board appointments with new targets set out in the listing rules and is proud to have met those targets.

At the end of 2023, our board had five female directors out of nine, which means we exceed the commitment of female board representation for FTSE 350 companies set by the FTSE Women Leaders initiative.

We continue to meet the requirements of the Parker Review as we have at least one director from an ethnic minority background. We see this as a good foundation on which to build, but certainly not an end point.

After six years, Sarah Gentleman stepped down as chair of the remuneration committee in September 2023, to focus on her role as our senior independent director. I would like to thank her for her leadership on remuneration policy over this time and am delighted that Dharmash Mistry accepted the role as our new remuneration committee chair.

In addition, in September 2023 we announced that after four and half years as group CFO and executive director, Jennifer Mathias would step down from the Board on 31 December 2023 and transition into the new position of group chief of staff, working with the executive team across all parts of the combined business. From January 2024, Iain Hooley took on the group CFO role as Jennifer's successor. Iain was finance director of IW&I for more than a decade and was appointed CEO of IW&I in February 2023, where he played a key role in the success of the business. I am grateful to both Jennifer and Iain and look forward to working with them as we bring our two businesses together.

ENGAGING WITH SHAREHOLDERS

We strongly believe in meaningful engagement with shareholders, and I was pleased to meet many of you this year. We are grateful for the overwhelming shareholder support for the combination with IW&I, which was an affirmation of this transformational transaction.

The chair of the remuneration committee consulted with our top shareholders on proposed changes to our remuneration policy. The consultation exercise demonstrated that there is strong support for changes that will be put to shareholders at our AGM in May 2024.

LOOKING AHEAD

IW&I integration planning remains on track. We remain confident that the enlarged group will deliver efficiencies and benefits to clients, employees and shareholders. We will continue to update you on our progress as we grow together as a combined business.

Finally, on behalf of the board, I would like to thank our clients, shareholders and colleagues – old and new – for your enduring commitment and collaboration. This remains the foundation of our shared success. Thank you for being the driving force behind our accomplishments in spite of the turbulent economic landscape. It has been through your collective efforts, resilience, and hard work that we have been able to navigate these challenges and I am confident we will emerge stronger than ever.

Clive C R Bannister
Chair
5 March 2024

FIND OUT MORE ABOUT OUR STAKEHOLDER ACTIVITIES

DELIVERING FOR OUR CLIENTS

The group's clients are at the heart of our strategy and their interests are a key consideration in everything that we do.

Read more: See page 52

INSPIRING OUR PEOPLE

Understanding the needs of the group's people is essential in developing a workplace and culture in which they can reach their full potential and, in turn, ensure the long-term success of the group.

Read more: See page 53-54

GROWING FOR OUR INVESTORS

Understanding the views of our shareholders is essential to us delivering long-term sustainable financial returns.

Read more: See page 55

CORPORATE GOVERNANCE REPORT

The role of the board in providing effective leadership to promote the long-term success of the firm.

Read more: See page 88

S172 STATEMENT AND KEY BOARD DECISIONS

Understanding the views and interests of our stakeholders helps the group to make better decisions.

Read more: See page 49

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

A TRANSFORMATIONAL YEAR

Paul Stockton
Group Chief Executive Officer

2023 IN REVIEW

In a year that continued to offer some challenging market conditions, our 2023 results reflect a resilience and a willingness to step forward and address the structural challenges that the UK wealth management industry faces. Our priority has always been to provide the reassurance and support that our clients expect over such periods. We also continue to look to create opportunities for future growth and shareholder benefits, whilst managing expenditure carefully.

The combination with Investec Wealth & Investment UK (IW&I), announced in April 2023, holds the prospect of being truly transformational. The integration programme is progressing well, and having spent considerable time with many new colleagues this year, I am confident that we have brought together a group of like-minded individuals who are excited about the opportunities that the combination provides our enlarged group.

We remain committed to delivering the planned synergies from scale, whilst providing stability to clients and colleagues over what will be a very busy 2024. I also look forward to building enhanced propositions and services that will benefit our clients and deliver value to shareholders.

INVESTMENT MARKETS AND GROWTH

There appeared little relief from a general investment market malaise in the early part of 2023, particularly for those with a defensive positioning and UK bias. This affected investment performance across the group, which remained somewhat subdued until the final quarter of the year, when both bonds and equities rallied.

High inflation in the year not only increased operating expenditure, but also added cost of living pressures on some clients. Investor sentiment moved away from equities towards cash, and a client preference to use invested capital to repay increasingly expensive debt emerged. Despite this backdrop, gross inflows (ex IW&I) of £6.9 billion (2022: £6.5 billion) remained resilient, representing an annualised growth rate of 11.4% of opening funds under management and administration (FUMA) (an increase from 9.5% in 2022), reaping the benefits from ongoing client engagement and closer relationships with key third-party distributors. Gross outflows (ex IW&I) of £7.4 billion (2022: £6.1 billion) were elevated, however, representing 12.2% of opening FUMA (8.9% in 2022). Despite these outflows, client retention remained high at 92.7% (2022: 93.7%).

IW&I was also impacted by similar trends, though net outflows in the final quarter of the year of £0.3 billion also reflected the impact of known investment manager departures that predominantly occurred prior to the announcement of the combination with Rathbones. Investment manager turnover has been low since then and engagement with colleagues at IW&I continues to be very positive.

The UK fund industry suffered one of its worst years on record for net outflows in 2023. Against this backdrop, Rathbones remained resilient and ranked in fifth position for total net retail sales in the UK in 2023. (2022: eighth position). Although Rathbones' single strategy funds posted net outflows of £0.6 billion for the year (FY 2022: net outflows of £0.4 billion), our Global Opportunities and Ethical Bond funds were in the top quartiles relative to peer groups for performance in the year. Our multi-asset and FUMA managed via in-house funds (sold directly, or as part of our Managed Portfolio or Rathbones Select solutions) grew significantly, with net inflows and transfers of £2.4 billion (FY 2022: £0.6 billion) for the year.

COMBINATION WITH IW&I

The combination with IW&I completed on 21 September 2023, as planned. Collaboration between the two businesses has been strong and key decisions on the future structure, systems and policies have been formulated ahead of plan. This has enabled us to move quickly to establish a robust framework for integration and begin delivery of key actions and projects that will bring both businesses together. There has been strong enthusiasm amongst teams across both businesses, who are working effectively to build momentum and capture best practices.

In October, we announced the senior leadership and governance structures for the combined group, and the new executive team is working well and interacting positively across the group.

Workstreams to effect common proposition standards have advanced, and investment research and investment risk teams are now under common leadership.

"Our combination with IW&I was a significant step in building a scale presence in the UK wealth management market and presents many opportunities as an enlarged business."

The enlarged Rathbones group has a strong distribution capability working with an extensive national network of third-party adviser contacts and counterparties. This adds to our successful existing relationship with Vision Independent Financial Planning. In October, we created the role of Chief Distribution Officer to lead and build our distribution capability across both the wealth and asset management businesses.

Our distribution capability has also been further enhanced by the combination and strong partnership we have formed with Investec Bank. In December, we formed a dedicated Strategic Partnership Team to work with them more closely.

To December 2023, we realised £8 million of the £15 million of run-rate synergies that were planned for the first full year following completion (by October 2024), against the overall stated £60 million annualised synergies. The impact on 2023 results was negligible given the timing of when the combination completed.

There is much work to do but I remain confident in our ability to deliver on these objectives.

In 2024, we expect to let all of our space in 8 Finsbury Circus in London to a high-quality tenant for the remaining nine year lease term. Our London-based teams will be located together in 30 Gresham Street in the latter half of 2024. We continue to work to consolidate our offices across the country, where we share locations and to rebrand the IW&I offices we now have in our portfolio.

Planning for the successful migration of clients on to the Rathbones' platform is well underway. We continue to expect the client consent process to be concluded during 2024, using a digital-first and streamlined approach to minimise disruption to clients and client facing teams. We plan to complete pilot exercises, ahead of the main migration planned for early 2025.

A dedicated project team is already in place and will ensure that we are able to seamlessly integrate IW&I, whilst maintaining business as usual. Our combined resources bring an extensive level of experience of consent and migration processes, and we will continue to apply these skills as we progress through the year.

A LEADING FINANCIAL PLANNING CAPABILITY

The group, together with IW&I, Rathbones Financial Planning (RFP) and Saunderson House (SHL), operates a team comprising a total of 117 financial planners, delivering a range of leading advice services. SHL and RFP have been under a common leadership team for most of 2023, and IW&I financial planning teams offer an excellent opportunity to add further scale and strength.

The operational integration of SHL and RFP is nearing completion, with a high proportion of clients having agreed to receive or proceed with advice to migrate to Rathbones' investment propositions. £2.4 billion of FUMA has already migrated and we now expect to complete the migration process during Q2 2024.

FIND OUT MORE ABOUT OUR STAKEHOLDER ACTIVITIES

OUR PURPOSE LED APPROACH

We are driven by our purpose to think, act and invest for everyone's tomorrow.

Read more: See page 19

OUR STRATEGY

We launched our medium-term strategy for the business in October 2019, setting out four key strategic objectives.

Read more: See page 22-26

OUR PRINCIPAL RISKS

Our approach to risk management is fundamental to supporting the delivery of our strategic objectives.

Read more: See page 82-86

OUR APPROACH TO RESPONSIBLE BUSINESS

Our responsible business approach is delivered through our four-pillar programme.

Read more: See page 58

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW CONTINUED

During the year, both SHL and RFP advisers introduced more than 150 new clients to the group, with expected new assets of more than £200 million, demonstrating a distribution reach despite undertaking a time-consuming migration process. The SHL migration will be completed over the second quarter of 2024, and thereafter will increase adviser capacity to grow.

Our next objective is to bring Rathbones and IW&I financial planning businesses together, such that all businesses can operate on one platform to service both new clients and existing investment clients across our regional offices.

Vision Independent Financial Planning (Vision) remains an important part of our financial advice proposition as an independent specialist financial advice network. We will continue to leverage its strong relationship with the enlarged group. In 2023, FUMA in Vision was £3.3 billion (2022: £2.6 billion) with 138 financial planners (2022: 131). We anticipate further adviser recruitment in 2024.

FOCUSING ON GROWTH

In addition to our strategic partnerships with Vision and Investec Bank, Rathbones pursues growth opportunities via three other key channels: client-facing teams, third-party advisers and direct marketing.

Firstly, our client facing investment and planning teams represent a valuable network, and we continue to look for ways to improve capacity. Rathbones Select was designed as a high-quality, 'self-select' (execution only) investment service for clients with smaller values to invest, providing a better value proposition by operating through a dedicated central team.

The service now has more than £2 billion of funds under management (FUM), an uplift of more than £1.4 billion since the beginning of the year, and client numbers are expected to increase further in 2024 as we offer the service to eligible clients of IW&I.

We also continue to build specialist teams to serve target client groups, last year taking advantage of the IW&I combination to establish a dedicated ultra-high-net-worth team to operate across the enlarged business.

Secondly, the third-party adviser market continues to be an important channel for us, generating an annualised net growth rate of 5.0% in 2023 (2022: 4.8%). We now offer an extensive range of investment solutions and over 340 IFA firms (2022: 280), are now utilising our Reliance on Adviser (ROA) model (where responsibility for the suitability of the investment mandate for the client rests with the adviser, and Rathbones is instructed to manage the client portfolio to a risk mandate). This service clarification provides a clear pricing model for clients and advisers and creates internal efficiencies that make us easier to do business with.

Together with IW&I, our offering to intermediaries is comprehensive and incorporates a full range of services, from bespoke and managed Discretionary Fund Management (DFM), through to our third-party Managed Portfolio Services (MPS) and Rathbones Select service, with ESG, tax and offshore optionality, as well as our broad range of single strategy funds. This capability will be central to what we can offer to third-party advisers in 2024 and beyond.

Lastly, in 2023 we have taken some positive steps to improve how we can build our digital distribution capability. This has been supported by the launch of a refreshed brand and proposition suite that is much more digestible and targeted on our key markets. Alongside Rathbones, which has seen website referrals increase by 100% year on year, we have established Rathbones Asset Management (RAM) and Greenbank as distinct identities. IW&I has been incorporated into the group, albeit that full alignment will only occur following migration in 2025.

EMBRACING TECHNOLOGY

Throughout the year we continued to develop and deploy applications and technology that improve the way in which we service our clients. The number of clients using MyRathbones continues to grow, reaching 58% in 2023 (2022: 50%). The visibility, access to messaging and reporting that this application offers is an important part of how we interact with clients.

In October 2023, we reported that the time frame associated with our client lifecycle management (CLM) system development was likely to move to deployment in the first quarter of 2024. The system is now expected to go live by the middle of 2024, using the period after go-live and up to the migration of IW&I clients in early 2025 to deploy further enhancements to the solution and better align it with IW&I requirements. This is later than we anticipated but scope has been planned carefully to protect the IW&I migration and also ensure that we take best advantage of applications within IW&I that we can benefit from.

The final phase of implementation of the Charles River Investment Management solution into Rathbones Asset Management will be completed during the first half of 2024, adding the functionality to improve investment processes and the reporting capability that we are confident will deliver operational efficiency.

While we continue to carefully manage scope, as previously stated in our Q3 2023 results, the expected total costs of our digital project increased from £40 million to £45 million, with £30.7 million of this incurred up to 31 December 2023.

INSPIRING OUR PEOPLE

We have prioritised this critical strategic objective across the business as we progress our post-combination integration work. Employee engagement, by both the board and executive teams, has been extensive, supported by town halls and meetings across all office locations as well as employee surveys. We remain committed to a culture that fosters high performance and builds rewarding careers for our colleagues.

Results from our engagement activity have reaffirmed our expectations of the skills, capabilities and cultural alignment within IW&I, and has supported a collaborative approach to working together that will bring out the very best from both businesses.

Employee wellbeing continues to be high on our agenda, and we have implemented various measures to promote the mental and physical health of our people. This year, we continued to offer access to our employee assistance programme, including a free and confidential phone and online advice service.

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW CONTINUED

Alongside these services, our wellbeing team and inclusion networks have run awareness sessions on several topics from cancer and menopause awareness to mental health and neurodiversity.

RESPONSIBLE INVESTMENT

We are proud of our long history of ethical and sustainable investment, managed by Greenbank, which continues to receive industry recognition. This year, Greenbank won the 'Best Sustainable Investment Wealth Manager/DFM Group' at the Investment Week Sustainable Investment Awards, as well as achieving 'Silver' for ESG company of the year at the 2023 Magic Circle Awards.

In addition to Greenbank's bespoke service, RAM offers investment strategies through the Rathbone Greenbank Global Sustainability Fund, Rathbone Ethical Bond Fund, Rathbone Greenbank Multi-Asset Portfolios and, more recently, through the launch of our new Rathbone Greenbank Global Sustainable Bond Fund.

Beyond our investment offerings, Rathbones incorporates ESG considerations, and the influence they can have on our clients' portfolio returns, into our investing decisions. By integrating the analysis of ESG factors into our investment processes, we aim to understand ESG risks and identify high-quality investments, with attractive financial characteristics, that also make a positive contribution to society. More information on our approach to responsible investment can be found in the responsible business review of this annual report and our standalone responsible business report, which will be published in full next month.

RISK MANAGEMENT AND REGULATION

Risk management practices continue to be embedded across the business as we remain conscious of the impact of the changing risk landscape to our firm and industry, particularly in an uncertain economic climate. We are also carefully assessing and mitigating the risks associated with our planned change programmes, including the IW&I integration.

We continue to respond appropriately to regulatory changes and acknowledge recent FCA and PRA consultation activity and statements.

The FCA's Consumer Duty regime reinforces behaviours and standards that we have recognised for a long time, and we support the principles that underpin the rules. Our ethos, whole-of-market approach to investment, flexible approach to financial planning, and unbundled pricing are all well positioned. The UK market remains highly competitive from a value perspective and this is reflected in pricing levels generally, particularly in the third-party advisers, charities and asset management markets.

The Consumer Duty regime presented a good opportunity to outline our propositions to the market. As we streamline policies and practices across the enlarged group, the pillars of Consumer Duty will continue to be a focus for us well into 2024 and beyond.

OUTLOOK FOR 2024

Whilst we will continue to be impacted by market reactions to political instability or adverse geopolitical events, as a strong business with increased scale, Rathbones is well-equipped to manage and navigate these challenges. Recent indicators that interest rates may fall in the medium term should be positive for equity markets and increase client confidence to invest. This in turn should be positive for net organic growth rates and the group as a whole.

The successful integration of IW&I is a priority of course, but this is alongside other important objectives to develop our investment process, further enhance our client engagement, embrace technology and build out our distribution capability. Rathbones remains well positioned to take advantage of both the benefits of scale and future growth opportunities, and I would like to thank our people in our combined group for their unwavering commitment, which continues to be the driving force behind our success.

Paul Stockton
Group Chief Executive Officer
5 March 2024

MEET THE GROUP EXECUTIVE COMMITTEE

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

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

Read more on the Group Executive Committee

Paul Stockton
Group Chief Executive Officer

Iain Hooley
Group Chief Financial Officer

Rupert Baron
Chief Executive Officer
Investment Management

Andy Brodie
Group Chief Operating Officer

Ivo Darnley
Managing Director,
RIM

Gaynor Gillespie
Group Chief People Officer

Murray Mackay
Managing Director,
IW&I

Jennifer Mathias
Group Chief of Staff

Martin McGovern
Group Chief Client Officer

Tony Overy
Chief Executive Officer,
SHL/RFP

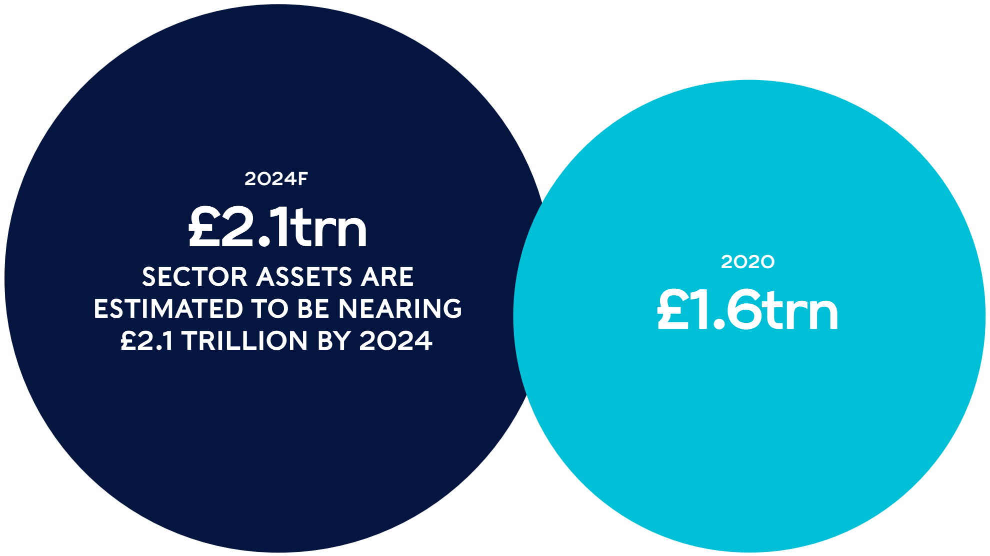
Sarah Owen-Jones
Group Chief Risk Officer

Jayne Rogers
Group Chief Distribution Officer,
Executive Chair RAM

UNDERSTANDING OUR STAKEHOLDERS AND THE EXTERNAL ENVIRONMENT

THE OPPORTUNITY IN THE UK WEALTH SECTOR[1]

The UK wealth sector is attractive and underpinned by strong long-term trends including an increasing savings need as individuals live longer and an increasing need for financial advice as individuals are given more flexibility around financial decisions.



1. Sources PAM Directory and Oliver Wyman estimates

UK AND GLOBAL ECONOMY

TREND

Rising inflation and interest rates have moved investor sentiment away from equities towards cash

The current macroeconomic environment, both at home and abroad, is facing headwinds. Persistent inflation has suppressed asset values and presented cost of living pressures for some clients, resulting in dampened inflows. Rising interest rates elevated outflows as clients use portfolio assets to repay increasingly expensive debt.

RISING INTEREST RATES (UK)[2]

4.5%

2022: 1.5%

ALIGNMENT WITH OUR PRINCIPAL RISKS

- Sustainability
- Regulatory and compliance
- Third-party suppliers
- Suitability.

HOW WE ARE RESPONDING

Reposition portfolios to withstand market corrections, continue to engage with our clients and offer relevant propositions.

We continually monitor, manage and reposition our portfolios. Our teams have spent considerable time talking clients through market movements and help them plan for the future. We have also increased the interest paid to clients and offered fixed-term deposits during the year.

2. Bank of England (average interest rate in the year)

UNDERSTANDING OUR STAKEHOLDERS AND THE EXTERNAL ENVIRONMENT CONTINUED

DEMOGRAPHICS

TREND

Growing need for savings and advice for retirement planning

Demographic trends continue to forecast increased life expectancy and a general need to save. Expectations for growth in investible wealth continue, and this combines with the ongoing demise of defined benefit pension schemes alongside greater pension freedoms that allow individuals more flexibility, and drive a well-chronicled need for financial advice.

% OF POPULATION AGED 45+ EXPECTED BY 2034[3]

47%

2019: 44%

ALIGNMENT WITH OUR PRINCIPAL RISKS

- Sustainability
- Change
- People.

HOW WE ARE RESPONDING

Enhanced advice offering

We continue to develop our product and service and advice offering. We work with clients to support them at each stage of our clients' lifecycle, be it in their retirement planning, discussions around inter-generational wealth transfer or how to build a foundation for their family.

3. ONS expectation of life in Great Britain

TECHNOLOGICAL INNOVATIONS

TREND

Technology enables multichannel interactions with clients

Clients are becoming more and more accustomed to using technology to communicate and manage their financial affairs. Keeping pace with this change is fundamental to remaining competitive and sustaining a quality service, particularly as inter-generational wealth transfers accelerates.

UK INDIVIDUALS' USAGE OF SMARTPHONES TO ACCESS FINANCIAL SERVICES[4]

55%

2020: 46%

ALIGNMENT WITH OUR PRINCIPAL RISKS

- Change
- Information security and cyber
- Regulatory compliance and legal
- People
- Third-party
- Sustainability.

HOW WE ARE RESPONDING

Develop our technology offering to further support client engagement.

We are coming towards the end of a multi-year plan to enhance our digital client experience, to provide multi-channel communication to clients. This includes upgrading client relationship management tools and ensuring we build relationships with the next generation of clients using relevant technology to facilitate retention of investment portfolios.

4. Yougov technology tracker

UNDERSTANDING OUR STAKEHOLDERS AND THE EXTERNAL ENVIRONMENT CONTINUED

RESPONSIBLE BUSINESS AND CLIMATE CHANGE

IMPACT ON OUR STAKEHOLDERS

Stakeholder ESG demands increasing

The role of the wealth management industry in managing social and environmental issues continues to increase.

Climate change is no longer a distant threat. It has become a critical issue that is disrupting the status quo across industries. The risks associated with climate change, such as physical risks from extreme weather events and transition risks from shifting to a low-carbon economy, are becoming material considerations in investment strategies.

CLIENTS THAT IDENTIFY CLIMATE CHANGE AS A KEY FINANCIAL CONCERN[5]

c.17%

ALIGNMENT WITH OUR PRINCIPAL RISKS

- Sustainability
- Regulatory compliance and legal
- Suitability
- Information security and cyber
- People
- Third-party supplier.

HOW WE ARE RESPONDING

Broaden our ESG proposition and investment range

Alongside our responsible business programme, we continue to broaden our existing ESG proposition and investment range, ensuring they remain relevant for our clients. It is also a priority of ours to maintain dialogue with companies we invest in to support and encourage more sustainable long-term performance.

5. Rathbones (excl. IW&I) Financial Wellbeing Study, 2023. Based on surveys to more than 1,000 clients.

CONSOLIDATION OPPORTUNITIES

IMPACT ON OUR STAKEHOLDERS

Highly fragmented sector offers further consolidation opportunities

The wealth management sector remains highly fragmented, and benefits of scale remain strong both in terms of operating leverage and service diversification. There remains a long tail of sub-scale wealth managers who may have experienced greater operational strain through the pandemic.

M&A ANNOUNCED OR COMPLETED IN INVESTMENT MANAGEMENT AND WEALTH MANAGEMENT IN H1 2023[6]

324

H1 2022: 307

ALIGNMENT WITH OUR PRINCIPAL RISKS

- Sustainability
- People.

HOW WE ARE RESPONDING

Apply experience and discipline to market scanning for further opportunities

We have a strong track record of M&A and while we remain focussed on integrating our combination with IW&I, inorganic growth remains part of our wider strategy. We will continue to selectively recruit experienced professionals to the business.

6. 2024 investment management outlook. Deloitte Insights

OUR PURPOSE DRIVEN APPROACH

Our strategic priorities

1 Enriching the client and adviser proposition and experience
2 Supporting and delivering growth
3 Inspiring our people
4 Operating more efficiently

Our stakeholders

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

We are driven by our purpose to think, act and invest for everyone's tomorrow

THIS IS DELIVERED BY OUR PEOPLE

OUR CULTURE AND VALUES

The way we do business is shaped by our culture and values.

Read more: See page 20

OUR BUSINESS MODEL

We create long lasting, personal relationships with our clients and advisers enabling us to deliver a service that is distinctly Rathbones.

Read more: See page 21

WE MEASURE SUCCESS THROUGH THE PROGRESS WE MAKE AGAINST OUR STRATEGIC PRIORITIES

OUR STRATEGIC PRIORITIES

Our strategy is centred around our key stakeholders - creating value for our customers, advisers and people - whilst also targeting growth and operational efficiency across the business. This is underpinned by the commitments we have made in our responsible business framework.

1 2 3 4

Read more: See page 22

OUR KEY PERFORMANCE INDICATORS

We use financial and non-financial metrics to monitor our progress, which in turn determines our executive remuneration outcomes.

Read more: See page 27

AND THE SUSTAINABLE VALUE WE CREATE FOR OUR STAKEHOLDERS

OUR S172 STATEMENT

Balancing the needs of our key stakeholders is incorporated into our decision-making processes.

Read more: See page 49

CREATING VALUE FOR OUR STAKEHOLDERS

Understanding and responding to the changing needs of our stakeholders is critical in delivering our purpose.

Read more: See page 49

OUR RESPONSIBLE BUSINESS FRAMEWORK

We are committed to making a wider contribution to society through our responsible business framework.

Read more: See page 58

OUR CULTURE AND VALUES

The importance of culture

THE HEARTBEAT OF THE ORGANISATION

A strong, positive organisational culture underpins the value the organisation creates. As the heartbeat of the organisation, culture drives its success and impact. It's the invisible force and unwritten rules that create a virtuous cycle that drives engagement, satisfaction and commitment and leads to improved organisational performance and positive outcomes for clients, shareholders and communities.

It reflects how supported and connected each of us are with our colleagues and the business we work in. Culture steers the social norms and ways of working within the organisation. It manifests day to day by how we treat each other, work together and the level of care we give and get back.

It's the values we share, the behaviours and norms that shape the way individuals and groups interact within the workplace. Culture is the thread that runs through employee engagement, retention, team collaboration, innovative and creative thinking, decision-making, leadership, morale, pride and belonging, attracting top talent, adapting to change, wellbeing, client satisfaction and our firm's reputation. It's the heartbeat. And here at Rathbones, it's strong.

Our purpose represents our commitment as a business to all our stakeholders and wider society. It underpins our strategy, defines our culture and values and helps to guide our business model. Our purpose – thinking, acting and investing for everyone's tomorrow – determines what we do. Our culture – which is shaped by our interactions with our stakeholder groups – determines how we do what we do.

OUR CULTURE FRAMEWORK

The board plays a critical role in setting the firm's strategy, purpose, business model and culture. Each director recognises the role we have to play in setting the 'tone from the top'; and in monitoring how the firm's culture and values are 'lived'. The board recognises the critical importance that culture and values play in the long-term success of the firm, and therefore the role of the board in monitoring and assessing culture. Our culture framework has been developed to centre around our stakeholders and align with our section 172 structure in order to enable us to monitor how we are delivering on our purpose and living our culture.

MONITORING CULTURE

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

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

The activities described above have allowed the board to monitor the group's culture effectively during the year and to ensure that culture continues to be aligned with the group's purpose, values and strategy. Further information can be found in our corporate governance report on page 88.

OUR VALUES

RESPONSIBLE AND ENTREPRENEURIAL IN CREATING VALUE

It's through responsible entrepreneurship that we achieve the best results for our clients. Being responsible for today and tomorrow, we are open to the new yet always guided by the long view.

COURAGEOUS AND RESILIENT IN LEADING CHANGE

Responsibility demands courage. We are not afraid to ask difficult questions or make changes that need to be made. We have the discipline and resilience to see things through.

COLLABORATIVE AND EMPATHETIC IN DEALING WITH PEOPLE

Managing wealth responsibly takes collaboration: with each client, among colleagues and with professional partners. Empathy brings insight. It's our responsibility to understand each generation's changing priorities.

PROFESSIONAL AND HIGH PERFORMING IN ALL OUR ACTIONS

We take our professional responsibilities seriously. Investment in our people and the fabric of our firm renews our culture of high performance. Never compromising on quality because we have a responsibility to be here tomorrow.

OUR BUSINESS MODEL

We are creating the UK's leading discretionary wealth manager. Our combination with IW&I provides clients with stability and continuity.

WHAT SETS US APART

We have a well established and trusted brand where clients feel safe and supported by a business with increasing scale in a fragmented market

We service financial needs for the long term by offering product and service optionality that grows and adapts with clients' needs

We are able to offer our clients a range of banking services as a licensed deposit taker and the prospect of additional services through our relationship with Investec Bank

We care about personal relationships with clients and advisers and provide face-to-face contact, an increasingly hard to find offering in the industry

We understand that because the world is changing, our digital presence must complement our face-to-face approach

Our colleagues stay with us for the long term. They have strong financial expertise, supported by an informed investment process and training

We care about the future and our purpose to think, act and invest responsibly underpins our strategy, defines our culture and values, and is fundamental in our future business ambitions

Responsible investment report 2023

Our strategy: See page 22

OUR BUSINESS IS SIMPLE BUT OUR EXECUTION IS BASED ON EXPERTISE AND EXPERIENCE

	WEALTH MANAGEMENT		ASSET MANAGEMENT
Supporting clients through a breadth of offerings to help them manage their wealth	**INVESTMENT MANAGEMENT**	**FINANCIAL PLANNING AND ADVICE**	**ASSET MANAGEMENT (FUNDS)**
Offering a range of products and services that can be used separately or together to suit individual needs	**DIRECTLY OR INDIRECTLY VIA IFAS[1]**	**USING IN-HOUSE FINANCIAL PLANNERS OR VISION'S INDEPENDENT IFA[1] NETWORK**	**DISTRIBUTED PRIMARILY THROUGH IFAS**
	Bespoke portfolio services with a dedicated investment manager Managed fund solutions investing in multi-asset portfolios with access to a dedicated investment manager A cost-effective solution investing in multi-asset portfolios without a dedicated investment manager	One-off advice Initial advice and planning Ongoing advice and planning Tax and trust services	Actively managed single strategy funds Actively managed multi-asset funds
Creating sustainable value for our clients and other stakeholders	ESG considerations and the impact they have on clients' portfolio returns are incorporated into our investing decisions		
Helping to generate stable, recurring revenue streams to enable a cash generative business	Wealth and asset management fees represent the majority of our revenue base Financial planning advisory fees continue to contribute to income as we expand our adviser base and diversify income streams Our banking license allows us to earn diversified income streams		

Creating value for our stakeholders: See page 49

1. Independent Financial Adviser

OUR STRATEGIC PRIORITIES

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

1

ENRICHING THE CLIENT AND ADVISER PROPOSITION AND EXPERIENCE

Enhancing valued services

Deepening investment skills

Read more: See page 23

2

SUPPORTING AND DELIVERING GROWTH

Penetrating specialist markets

Driving organic growth

Read more: See page 24

3

INSPIRING OUR PEOPLE

Our culture and corporate values

Read more: See page 25

4

OPERATING MORE EFFICIENTLY

Driving productivity

Read more: See page 26

1

ENRICHING THE CLIENT AND ADVISER PROPOSITION AND EXPERIENCE

HIGHLIGHTS

OVERALL SATISFACTION SCORE ACCORDING TO MOST RECENT CLIENT SURVEY[1]

8.5/10

2022: 8.3/10

NUMBER OF IFA FIRMS USING RELIANCE ON ADVISER

340

2022: 280

NUMBER OF INVESTMENT MANAGEMENT CLIENTS FOR THE ENLARGED GROUP

114,200

2022: 67,700

1. Data excludes IW&I

STRATEGIC FOCUS

Enhancing valued services – enhancing the experience for private clients and providing a dedicated service for financial advisers.

Deepening investment skills – developing our investment expertise, broadening capability and coverage, and incorporating ESG factors.

RELEVANT KPIs

- Number of investment management clients
- Net promoter score.

Read more: See page 27

RELEVANT PRINCIPAL RISKS

- Suitability
- Investment performance
- Sustainability
- Regulatory compliance and legal
- People
- Integration
- Information security and cyber.

Read more: See page 82

2023 PROGRESS

- Continued to develop and deploy applications and technology that improve the way in which we service our clients, with the number of clients using MyRathbones growing to 58% in 2023 (2022: 50%)
- Launched a refreshed brand and proposition suite that is much more digestible and targeted to our key markets
- Continued to grow our Reliance on Adviser (ROA) proposition which provides a clear pricing model for clients and advisers and creates internal efficiencies that make us easier to do business with
- Received customer experience accolades, including a Gold rating from STAR (the best practice initiative of improving customer experience in transferring funds across platforms) for RAM
- Launched the Rathbone Greenbank Global Sustainable Bond Fund (see more on page 7)
- Hosted vulnerable client awareness sessions for our colleagues throughout the year
- Increased our overall engagement with clients (see more on page 52).

PRIORITIES FOR 2024

- Complete the IW&I client consent process with as little disruption as possible to the client and adviser experience
- Build enhanced propositions and services that will benefit clients and advisers
- Launch the client lifecycle management (CLM) system by the middle of 2024
- Continue to respond appropriately to regulatory changes, including Consumer Duty.

OUR STRATEGIC PRIORITIES CONTINUED

2

SUPPORTING AND DELIVERING GROWTH

HIGHLIGHTS

NUMBER OF INVESTMENT MANAGERS

681

2022: 355

GROSS DISCRETIONARY AND MANAGED INFLOWS

£5.1bn

2022: £4.3bn

RATHBONES SELECT FUM

£2.0bn

2022: £1.4bn

STRATEGIC FOCUS

Penetrating specialist markets – focusing on specialisms, building on existing capabilities and leveraging Greenbank.

Driving organic growth – managing client-facing capacity, structuring distribution, driving growth through financial planning, and building our asset management business.

RELEVANT KPIs

- Total FUMA
- Investment management net organic growth rates
- Underlying operating margin
- Dividend per share
- Underlying earnings per share
- Underlying return on capital employed.

Read more: See page 27

RELEVANT PRINCIPAL RISKS

- Sustainability
- Integration
- People
- Investment
- Performance.

Read more: See page 82

2023 PROGRESS

- Announced a transformative combination with IW&I that provides scale and synergy opportunities
- Grew gross discretionary and managed inflows by 18% in the year
- Appointed a chief distribution officer to lead and develop our distribution capability across both the wealth and asset management businesses
- Improved capacity through the use of Rathbones Select, designed as a high-quality, 'self-select' (execution only) investment service for clients with smaller values to invest, providing a better value proposition by operating through a dedicated central team
- Continued to build specialist teams to serve target client groups, including taking advantage of the IW&I combination to establish a dedicated ultra-high-net-worth team to operate across the enlarged business
- Established a strategic partnership with Investec Bank.

PRIORITIES FOR 2024

- Complete the migration of Saunderson House clients onto Rathbones' propositions
- Achieve year-one synergies in relation to the combination with IW&I
- Continue to build relationships with third-party adviser networks
- Enhance our distribution strategy through the strong associations we now have with Investec Bank.

OUR STRATEGIC PRIORITIES CONTINUED

3

INSPIRING OUR PEOPLE

HIGHLIGHTS

RATHBONES' EMPLOYEE NET PROMOTER SCORE[1]

43%

2022: 39%

EMPLOYEE PARTICIPATION IN SIP[1]

84%

2022: 90%

EMPLOYEE PARTICIPATION IN SAYE[1]

56%

2022: 63%

1. Data excludes IW&I

STRATEGIC FOCUS

Our culture and corporate values – becoming a more diverse and inclusive organisation, continuing to listen to our people and improving our commitments to them.

RELEVANT KPIs

- Number of investment professionals
- Number of financial planners.

Read more: See page 27

RELEVANT PRINCIPAL RISKS

- People
- Change
- Integration
- Pension.

Read more: See page 82

2023 PROGRESS

- Established a new diversity, equality and inclusion (DE&I) committee
- Ran another year of our non-executive director engagement programme, led by Iain Cummings and Dharmash Mistry
- Delivered wellbeing events both in person and on line, with sessions recorded and available on our wellbeing hub
- After a short delay in Q4 we implemented SAP Success Factors that will help improve the efficiency of our processes
- Continued to encourage employee share ownership through our SIP and SAYE schemes
- Gathered further feedback from colleagues through our engagement surveys, which ran throughout the year, with a 76% response rate to our autumn survey.

Following the combination:

- IW&I participated in their first group-wide colleague survey, across October - November; leaders and managers are cascading and sharing results in Q1 2024
- We worked on creating a strong fit with Rathbones' client-centric culture
- Our first joint town hall event was held with colleagues from both Rathbones and IW&I
- More than 2,000 colleagues attended joint business function town halls since we completed our combination, meeting senior leadership teams, hearing more about the integration and what to expect

- The group introduced joint MS Teams' capability as a key collaboration and connection tool to facilitate conversations, group meetings and collaborate on work more easily between IW&I and Rathbones
- We aligned our DE&I networks to support the relaunch of our groups at the start of 2024
- Rathbones new senior leadership governance structures were announced.

PRIORITIES FOR 2024

- Continued work to integrate our colleagues
- Launch new inclusion networks
- Offer share ownership across the wider group
- Culture review.

OUR STRATEGIC PRIORITIES CONTINUED

4

OPERATING MORE EFFICIENTLY

HIGHLIGHTS

% OF CLIENTS USING MYRATHBONES

58%

2022: 50%

SECURE MESSAGES SENT ON MYRATHBONES

14,702

2022: 13,658

DOCUMENTS DOWNLOADED DURING 2023

124,461

2022: 115,780

STRATEGIC FOCUS

Driving productivity – providing a quality client experience and making us easy to do business with.

RELEVANT KPIs

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

Read more: See page 27

RELEVANT PRINCIPAL RISKS

- Information security and cyber
- Technology
- People
- Change
- Third-party supplier.

Read more: See page 82

2023 PROGRESS

- Appointed integration delivery teams to work on the combination with IW&I
- Despite delays, we progressed our digital transformation programme, working to increase time available to investment managers to focus on portfolio performance and winning new clients
- Increased the number of clients using MyRathbones to 58% in 2023 from 50% in 2022
- Embedded hybrid working, allowing greater flexibility, better work life balance, focused office time and anchor days for greater team collaboration
- Implemented the Charles River Investment Management Solution into RAM

PRIORITIES FOR 2024

- Continue to develop and deploy applications and technology that improve the way in which we service our clients
- Outsource some of our technology provision and cyber support to Investec Bank
- Complete the client consent process using a digital-first approach, in preparation for IW&I client and asset migration in 2025
- Deploy further enhancements to the Charles River system into our asset management business
- Consolidate our offices across the country where we share locations with IW&I and rebrand the IW&I offices we now have in our portfolio.

KEY PERFORMANCE INDICATORS (KPIs)

Our strategic priorities

1. Enriching the client and adviser proposition and experience
2. Supporting and delivering growth
3. Inspiring our people
4. Operating more efficiently

A Alternative Performance Measure

Read more: on APMs, including a reconciliation to the financial statements (where possible), on page 34

Read more: Remuneration page 110

The group considers the following financial and non-financial measures as key performance indicators (KPIs) of its overall performance. Each KPI is aligned with at least one of our four strategic pillars and is used to measure both the progress and success of our strategy implementation. All KPIs presented below are prepared on a reported basis. Following a review of historically reported KPIs, we have removed the following in order to align with what is reported internally and to focus on metrics that are more relevant to the business:

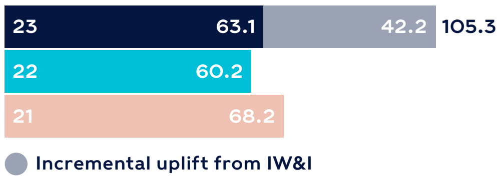
- Performance-related variable employee costs
- Percentage of shares held by current employees
- Employee turnover; we continue to report this in our responsible business section on page 58.

FINANCIAL

TOTAL FUNDS UNDER MANAGEMENT AND ADMINISTRATION £bn

2

£105.3bn



DEFINITION

Total FUMA at the end of the year.

STRATEGIC FOCUS

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

COMMENTARY

This year, there has been a £42.2 billion uplift due to inclusion of IW&I. Rathbones FUMA excluding IW&I increased by 4.7% year-on-year due to market and investment performance.

UNDERLYING OPERATING MARGIN %

2 4 A

22.3%

DEFINITION

Underlying profit before tax as a percentage of operating income.

STRATEGIC FOCUS

This measure enables the group's longer-term operational and segmental performance to be understood as it is less affected by short-term market volatility and non-recurring items than the IFRS operating margin.

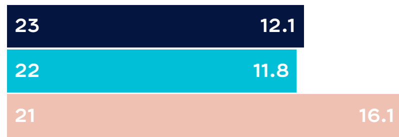
COMMENTARY

The inclusion of IW&I from October 2023 uplifted operating income, resulting in an improved operating margin of 22.3%. Operating income and underlying operating expenses in Rathbones (excluding IW&I) grew at the same rate year-on-year, resulting in a marginal reduction in the operating profit margin to 21.1%.

UNDERLYING RETURN ON CAPITAL EMPLOYED %

2 4 A

12.1%



DEFINITION

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

STRATEGIC FOCUS

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

COMMENTARY

The underlying quarterly average total equity increased by £295.3 million in 2023 compared to 2022, reflecting the share issue for the IW&I combination at the end of the third quarter.

KEY PERFORMANCE INDICATORS (KPIs) CONTINUED

Our strategic priorities

1 Enriching the client and adviser proposition and experience
2 Supporting and delivering growth
3 Inspiring our people
4 Operating more efficiently

A Alternative Performance Measure

Read more: on APMs, including a reconciliation to the financial statements (where possible), on page 34

Read more: Remuneration page 110

FINANCIAL

DIVIDEND PER SHARE p

2

87p

DEFINITION

Total annual dividend for the year per share (interim and final).

STRATEGIC FOCUS

Dividends represent an important part of the returns to shareholders.

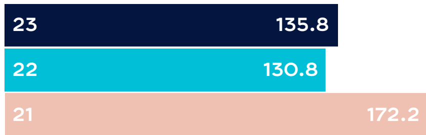
COMMENTARY

At our half year results in July 2023, we announced an interim dividend of 29p. We also brought forward payment of a portion of the final 2023 dividend to shareholders on the register shortly prior to the completion of the combination by way of a second interim dividend of 34p, paid in October.

UNDERLYING EARNINGS PER SHARE p

2 A

135.8p



DEFINITION

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

STRATEGIC FOCUS

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

COMMENTARY

The growth in the year is due to increased underlying profit after tax , which has been partially offset by the increased number of shares in issue and the effect of the increased rate of corporate tax. This KPI has been calculated for the enlarged group.

COMMON EQUITY TIER 1 RATIO %

4

17.8%

DEFINITION

Common Equity Tier 1 (CET1) capital as a proportion of total risk exposure amount.

STRATEGIC FOCUS

As a regulated entity, we must maintain certain levels of capital. A higher CET1 ratio is an indicator of financial strength. We seek to maintain an efficient capital level.

COMMENTARY

The CET1 ratio has remained consistent with prior year, as we increased the capital base proportionately with the larger size of the group resulting from the combination with IW&I.

GROUP NET ORGANIC GROWTH RATES IN FUNDS UNDER MANAGEMENT %

2

(0.8)%

DEFINITION

The value of annual net inflows as a percentage of opening FUMA.

STRATEGIC FOCUS

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

COMMENTARY

Gross inflows in our discretionary and managed proposition were 18.6% higher than 2022, this increase in inflows has been offset by net outflows in IW&I (reflecting the impact of investment manager departures that predominately occurred pre combination) and single strategy funds (in line with industry trends).

KEY PERFORMANCE INDICATORS (KPIs) CONTINUED

Our strategic priorities

1 Enriching the client and adviser proposition and experience
2 Supporting and delivering growth
3 Inspiring our people
4 Operating more efficiently

A Alternative Performance Measure

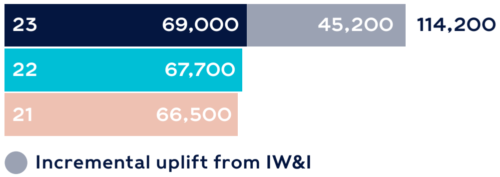
Read more: on APMs, including a reconciliation to the financial statements (where possible), on page 34

Read more: Remuneration page 110

NON-FINANCIAL

NUMBER OF INVESTMENT MANAGEMENT CLIENTS 1

114,200



DEFINITION

The number of investment management clients who use our services.

STRATEGIC FOCUS

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

COMMENTARY

The increase in client numbers shows growth in the business. The basis of this calculation is dependent on the way client data is structured on the relevant operating systems. It is therefore not practicable to apply consistent methodologies across the RIM and IW&I businesses until the migration onto a single system has been completed. We expect the number to change following migration, but consider the figure disclosed to be appropriate in the interim period.

NET PROMOTER SCORE % 1

43%

DEFINITION

The likelihood that a client will recommend Rathbones. Collected through a survey where clients score the business between -100% and 100%.

STRATEGIC FOCUS

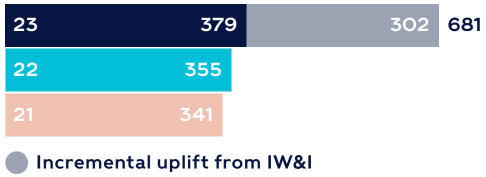
Our net promoter score highlights client satisfaction. We benchmark against our peers and our score shows clients' willingness to recommend Rathbones as a business. This is a new KPI that we have previously reported in the strategic report.

COMMENTARY

The increase in score reflects an increase in client satisfaction and likelihood to recommend Rathbones. The mean is the average of the peer group net promoter scores.

NUMBER OF INVESTMENT MANAGERS 1

681



DEFINITION

Includes individuals who are regulated to provide discretionary investment management services to clients.

STRATEGIC FOCUS

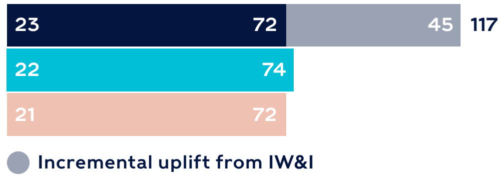
This reflects our capacity to efficiently service a growing client base. This is a new KPI that we have previously reported in the strategic report.

COMMENTARY

The increase in investment managers over the year shows that we are able to attract new talent, creating more capacity to service our clients. This KPI excludes investment professionals in our asset management business (2023: 23, 2022: 24, 2021: 21).

NUMBER OF FINANCIAL PLANNERS 1

117



DEFINITION

Includes in-house planners within Rathbones Financial Planning, Saunderson House Limited and IW&I.

STRATEGIC FOCUS

This reflects our capacity to efficiently service a growing client base. This is a new KPI that we have previously reported in the strategic report.

COMMENTARY

The increase in financial planners over the year shows that we are able to attract new talent, creating more capacity to service our clients. This KPI excludes external Vision financial planners (2023: 138, 2022: 131, 2021: 131).

GROUP CHIEF FINANCIAL OFFICER'S REVIEW

COMMITTED TO DELIVERING SUSTAINABLE VALUE

Iain Hooley
Group Chief Financial Officer

I am delighted to present my first review since my appointment as group chief financial officer on 1 January 2024. Having been part of Investec Wealth & Investment UK (IW&I) for over 23 years, I look forward to the exciting opportunities that lie ahead for our combined business, driven by the core values that the Rathbones and IW&I businesses share, and the significant benefits that we will bring to our clients and shareholders from the scale, enhanced propositions and depth of capability that our combined business will offer.

The group has delivered continued progress in its financial performance despite challenging market conditions throughout 2023. This has been achieved alongside the successful delivery of the IW&I and Rathbones combination during September 2023. Delivering this transaction represents a significant milestone not only for Rathbones and IW&I but for the UK wealth management industry. We are now focused on delivering the integration of the businesses and realising the benefits of the combination.

Underlying profit before tax was £127.1 million (2022: £97.1 million), an increase of 30.9% in the year, reflecting the contribution of IW&I to the group's performance in Q4 of an underlying profit before tax of £25.4 million.

The Rathbones group excluding IW&I delivered a 4.7% increase in underlying profit before tax to £101.7 million. This result is after charging the £14.4 million of planned expenditure on our digital programme that we announced in February 2022.

Operating income increased 25.3% to £571.1 million (2022: £455.9 million). Excluding income relating to IW&I of £87.9 million, operating income grew by 6.0% to £483.2 million. This growth was driven predominantly by increased interest revenues, reflecting rising interest rates and the benefits of the group's banking activities. Consequently, net interest income contributed £51.7 million to operating income in 2023 (2022: £18.3 million).

While interest income increased significantly during the year, recurring investment management and asset management fees (excluding IW&I fees of £70.1 million) also reported growth, rising 2.3% to £344.7 million due to higher FUMA which benefited from an improvement in average market indices.

Expenditure also increased, reflecting the inflationary environment, increased headcount and investment in our digital programme. The increase in headcount reflects additional client facing roles and related support in addition to change and technology resource, including that which is part of our preparation for delivering the integration of IW&I. The FSCS levy reduced by £4.6 million in 2023 as a result of one-off factors and we expect the levy to revert to normal levels in 2024.

Despite the increase in total expenditure the underlying operating margin, which is calculated as the ratio of underlying profit before tax to operating income, improved to 22.3% (2022: 21.3%).

TABLE 1. GROUP'S OVERALL PERFORMANCE

	2023 £m (unless stated)	IW&I £m (unless stated)	Rathbones excl. IW&I £m (unless stated)	2022 £m
Operating income	**571.1**	**87.9**	**483.2**	455.9
Underlying operating expenses[1]	**(444.0)**	**(62.5)**	**(381.5)**	(358.8)
Underlying profit before tax[1]	**127.1**	**25.4**	**101.7**	97.1
Underlying operating margin[1]	**22.3%**	**28.9%**	**21.0%**	21.3%
Profit before tax	**57.6**	**15.0**	**42.6**	64.1
Effective tax rate	**34.9%**			23.6%
Taxation	**(20.1)**			(15.1)
Profit after tax	**37.5**			49.0
Underlying earnings per share[1]	**135.8**			130.8p
Earnings per share	**52.6**			83.6p
Dividend per share[2]	**87.0p**			84.0p
Return on capital employed (ROCE)[1]	**4.9%**			7.7%
Underlying return on capital employed[1]	**12.1%**			11.8%

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

The development of our client lifecycle management system has continued during the year and is now expected to go live mid-way through 2024, albeit with the overall cost expected to increase from £40.0 million to £45.0 million, as set out in our Q3 2023 statement. The Charles River Investment Management Solution will be fully implemented into Rathbones Asset Management in the first half of 2024, adding functionality that will improve investment processes and reporting capability, that we are confident will deliver significant operational efficiency.

Statutory profit before tax for 2023 was £57.6 million (2022: £64.1 million). The 10% reduction (2022: 32% reduction) is driven by increased acquisition execution and integration costs, along with higher amortisation charges following the IW&I transaction. The majority of the integration costs incurred during the year relate to IW&I but also include the final amounts payable in relation to the Saunderson House and Speirs & Jeffrey acquisitions, which amount to £7.8 million for the year.

The board primarily considers underlying measures of income, expenditure and earnings when assessing the performance of the group. These are considered to provide useful additional information on business performance, rather than reviewing results on a statutory basis only. These measures are also widely used by research analysts covering the group. A full reconciliation between underlying results and the closest IFRS equivalent is provided on page 34.

OUTLOOK AND GUIDANCE

The Group's financial performance remains closely linked to the behaviour of global investment markets which, despite making positive progress during the latter part of 2023, remain sensitive to the continued heightened uncertainty in the economic and geopolitical environment.

We remain focused on our key strategic priorities to successfully integrate the IW&I and Rathbones Investment Management businesses, complete the migration of Saunderson House client assets to Rathbones investment solutions, and deliver the successful launch of our new client lifecycle management system. The IW&I integration project is progressing well and while this project is planned to continue into 2025, synergy realisation for the combination remains on track and we continue to expect 25% of synergies in the first full year following completion as guided at the time of the combination, which will benefit the group's profitability going forward from the point the synergies are achieved. The one-off costs to achieve the annualised synergies remain as stated and will predominantly fall under non-underlying costs over the next two years.

The operational integration of Saunderson House and Rathbones Financial Planning is nearing completion, with a high proportion of clients having agreed to receive or proceed with advice to migrate to Rathbones' investment propositions. £2.4 billion of FUMA has already migrated and we now expect to complete the migration process during Q2 2024. Assets once migrated are expected to generate a total revenue margin of c.1%. On a proforma basis, FUMA of £4 billion would generate annualised revenue of c.£40 million, split across advice, investment management and asset management income.

As noted above and advised in the reporting of our half year results, the costs to deliver the client lifecycle management system increased from £40.0 million to £45.0 million, with £30.7 million incurred up to 31 December 2023. The costs of the implementation project continue to be monitored closely.

The reduction in the rate of UK inflation is welcome and we remain focused on ensuring a high degree of discipline in managing our cost base to ensure we mitigate the effects of inflation as far as possible. Employee costs in 2023 will reflect salary inflation of approximately 4% during the year plus the full impact of recruitment activity in 2023. A lower rate of net recruitment is expected for 2024 relative to 2023 outside of that directly related to the IW&I integration project.

We have considered the implications for our business of the FCA's recent 'Dear CEO' letter to platform and SIPP providers relating to interest revenues. We consider that the FCA's requirement to cease the charging of fees in respect of cash assets within a firm's custody which generate interest revenues is relevant to the small element of our FUMA that is under an execution-only mandate. We will therefore no longer apply fees to the cash element of these portfolios from 1 March 2024. We expect the adverse impact on income to be small at approximately £0.6 million per annum.

We previously guided to a high-20s underlying operating margin for 2024, with 30%+ three years post completion of the IW&I combination (i.e. from September 2026). The scale and benefits of the combined business and the synergies that we have committed to, mean we are well positioned to achieve our end state of 30%+ margin, albeit, the path will now be mid-20% in 2024. The primary drivers of this change are the continuing investment in our digital programme and the time required to complete the migration of Saunderson House clients, in addition to the impact of ongoing inflationary pressure.

The group maintains a robust financial position and is well placed financially to support the investment that is required to deliver on our strategic priorities as we drive forward with our plans during 2024.

HIGHLIGHTS: FINANCIAL PERFORMANCE

FUMA
£105.3bn
2022: £60.2bn

OPERATING MARGIN
10.1%
2022: 14.1%

UNDERLYING ROCE[1]
12.1%
2022: 11.8%

UNDERLYING OPERATING MARGIN[1]
22.3%
2022: 21.3%

EPS
52.6p
2022: 83.6p

DIVIDEND PER SHARE
87p
2022: 84p

UNDERLYING EPS[1]
135.8p
2022: 130.8p

CET1 RATIO
17.8%
2022: 17.9%

1. This measure is considered an APM. Please refer to page 34 for more details on APMs

GROUP CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

FINANCIAL PERFORMANCE

BUSINESS PERFORMANCE: FUNDS UNDER MANAGEMENT AND ADMINISTRATION (FUMA)

Total group FUMA at 31 December 2023 was £105.3 billion (2022: £60.2 billion). The increase during the year is driven predominantly by the addition of £40.8 billion of IW&I FUMA from 30 September 2023, following the completion of the combination with IW&I during the year. Based on a pro forma opening position of £101.0 billion, FUMA has increased by 4.3% during the year from an opening position of £101.0 billion (Table 2) despite challenging market conditions that have placed adverse pressure on net flows.

Rathbones discretionary and managed net inflows of £0.7 billion reflect gross inflows of £5.1 billion, an increase of 18.6% relative to 2022, as the business continued to drive strong levels of new business despite the difficult economic backdrop. In total, net flows relating to Rathbones discretionary and managed FUMA represented an annual rate of growth of 1.5% (2022: 2.6%), with the reduction relative to the prior year being the result of higher gross outflows offsetting the higher level of gross inflows. In addition to net flows, discretionary and managed FUMA benefited from the continued migration of Saunderson House client assets into Rathbones investment solutions.

Gross outflows were elevated throughout the year. Rathbones Investment Management outflows of £3.8 billion (2022: £2.6 billion) reflected the effect of higher inflation and interest rates, as existing clients prioritised reducing debt and meeting cost of living pressures. The increase in outflows is therefore principally driven by partial withdrawals by existing clients and not client losses, but does reflect the loss of two large charity mandates during the year. Direct net flows into our multi-asset fund range, including that which is managed as part of Investment Management portfolios, remained robust, reflecting the diversification and efficient offering these funds provide for smaller portfolios.

IW&I has contributed £0.8 billion of gross inflows during the final quarter of the year following completion of the combination. These inflows were offset by elevated gross outflows, resulting in net outflows for the period of £0.3 billion. The level of gross outflows reflects both the market backdrop, consistent with the Rathbones discretionary and managed FUMA, along with expected outflows relating to investment manager departures that predominantly occurred prior to the announcement of the combination. Since then, investment manager turnover has been low, supported by positive engagement as our integration work progresses.

The general backdrop for the asset management industry has been challenging during 2023, with substantial withdrawals from UK funds being seen across the industry. Our single strategy funds were not immune from this backdrop but showed relative resilience with net outflows of £0.5 billion for the year (2022: £0.4 billion outflow), representing 8.5% of opening FUMA. Investment returns for these funds were relatively strong during the year, resulting in total FUMA remaining relatively consistent year-on-year at £6.7 billion (2022: £6.5 billion).

Table 2 presents separately the FUMA and associated movements in those services and products which support our wealth management propositions. Wealth management FUMA incorporates our core bespoke discretionary portfolio and managed portfolio services. It also includes direct sales into our range of risk-targeted multi-asset funds, which are designed to be used as wealth management solutions for both our direct clients and those of investment platforms and financial advisers. Asset management FUMA includes our focused range of specialist 'single-strategy' funds, which are designed to act as individual holdings within investment portfolios.

TABLE 2. GROUP FUMA AND FLOWS BY SERVICE LEVEL ON PROFORMA BASIS[1]

Year ended 31 December 2023	Opening FUMA-pro forma basis £bn	Gross inflows £bn	Gross outflows £bn	Net flows £bn	Transfers £bn	SHL migrated assets £bn	Market & investment performance £bn	Closing FUMA £bn	Net growth (flows) %
Rathbones Investment Management	44.3	4.2	(3.8)	0.4	(0.2)	2.4	1.9	48.8	0.9%
Bespoke portfolios	42.9	3.8	(3.5)	0.3	(0.9)	1.1	1.6	45.0	0.6%
Managed via in-house funds	1.4	0.4	(0.3)	0.1	0.7	1.3	0.3	3.8	10.1%
Multi-asset funds	2.2	0.9	(0.6)	0.3	–	–	–	2.5	13.8%
Rathbones discretionary and managed	**46.5**	**5.1**	**(4.4)**	**0.7**	**(0.2)**	**2.4**	**1.9**	**51.3**	**1.5%**
Non-discretionary service	0.7	0.1	(0.1)	(0.0)	(0.1)	–	0.1	0.7	(2.9%)
IW&I[1]	40.8	0.8	(1.1)	(0.3)	(0.1)	–	1.9	42.3	(0.8%)
Saunderson House	4.1	0.1	(0.5)	(0.4)	–	(2.4)	0.3	1.6	(9.5%)
Total wealth management	**92.1**	**6.1**	**(6.1)**	**(0.0)**	**(0.4)**	**–**	**4.2**	**95.9**	**(0.0%)**
Single-strategy funds	6.5	1.3	(1.8)	(0.5)	–	–	0.7	6.7	(8.5%)
Execution only and banking	2.4	0.3	(0.6)	(0.3)	0.4	–	0.2	2.7	(10.4%)
Total group	**101.0**	**7.7**	**(8.5)**	**(0.8)**	**–**	**–**	**5.1**	**105.3**	**(0.8%)**

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

GROUP CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

FINANCIAL PERFORMANCE CONTINUED

Year ended 31 December 2022	Opening FUMA £bn	Gross inflows £bn	Gross outflows £bn	Net flows £bn	Transfers £bn	SHL migrated assets £bn	Market & investment performance £bn	Closing FUMA £bn	Net growth (flows) %
Rathbones Investment Management	49.3	3.5	(2.6)	0.9	(0.2)	–	(5.7)	44.3	1.9%
Bespoke portfolios	48.0	3.3	(2.5)	0.8	(0.3)	–	(5.6)	42.9	1.6%
Managed via in-house funds	1.3	0.2	(0.1)	0.1	0.1	–	(0.1)	1.4	10.3%
Multi-asset funds	2.0	0.8	(0.4)	0.4	–	–	(0.2)	2.2	20.0%
Rathbones discretionary and managed	**51.3**	**4.3**	**(3.0)**	**1.3**	**(0.2)**	**–**	**(5.9)**	**46.5**	**2.6%**
Non-discretionary service	1.0	0.0	(0.1)	(0.1)	(0.1)	–	(0.1)	0.7	(7.4%)
Saunderson House	4.9	0.3	(0.5)	(0.2)	(0.0)	–	(0.6)	4.1	(4.9%)
Total wealth management	**57.2**	**4.6**	**(3.6)**	**1.0**	**(0.3)**	**–**	**(6.6)**	**51.3**	**(8.9%)**
Single-strategy funds	8.3	1.7	(2.1)	(0.4)	–	–	(1.4)	6.5	(4.5%)
Execution only and banking	2.7	0.2	(0.4)	(0.2)	0.3	–	(0.4)	2.4	(9.0%)
Total group	**68.2**	**6.5**	**(6.1)**	**0.4**	**–**	**–**	**(8.4)**	**60.2**	**0.6%**

OPERATING INCOME

Operating income increased by £115.2 million in 2023 to £571.1 million, predominantly due to the IW&I business contributing £87.9 million of income for the final quarter of the financial year following completion of the combination.

Excluding IW&I, the increase in total income is largely driven by higher interest revenues, reflecting the rising interest rate environment during the year and the benefit of the group's banking activities. Recurring investment management fees and asset management income benefited from higher average markets and the continued migration of Saunderson House client assets into Rathbones investment solutions, which moved this income £7.7 million (2.3%) higher. This was offset by a short term reduction in Saunderson House advice income during the client migration process and lower transaction-based investment management commission income, as the trend towards cleaner fee-only charges continued.

OPERATING EXPENSES

Operating expenses of £513.5 million (2022: £391.8 million) comprise underlying operating expenses discussed below, together with non-underlying operating expenses discussed on page 34.

Underlying operating expenses increased by £85.2 million (23.7%) to £444.0 million (2022: £358.8 million). £62.5 million of this increase is due to IW&I costs incurred since completion of the combination, consisting of £29.4 million fixed staff costs, £14.3 million variable compensation, and £18.8 million non-staff costs.

Underlying operating expenses excluding IW&I increased by 6.3% to £381.4 million (2022: £358.8 million). Underlying staff costs in the year (excluding IW&I), increased by £24.3 million to £269.9 million (2022: £245.6 million). Some £13.2 million of this increase is the result of higher average headcount (excluding that relating to Saunderson House and staff engaged on digital capability). Salary inflation increased costs by £7.3 million. The balance of the increase reflects the effect of inflation on other staff-related costs and other specific factors.

Year-on-year decreases in spend within Saunderson House and the strategic investment in developing our digital capability was partially offset an increase of £4.8 million (2022: £18.0 million increase) in non-staff costs excluding IW&I. The cost base of the Saunderson House business decreased by £3.2 million in 2023 due to the delivery of cost synergies and a reduction in the Saunderson House FSCS levy. The remainder of the group also benefited from a one-off reduction in the FSCS levy, which reduced by £4.6 million for the group overall relative to 2022 prior to an expected return to normal levels in 2024. Strategic investment in developing our digital capability was £1.9 million lower than prior year at £14.4 million (2022: £16.3 million). The Charles River Investment Management Solution was successfully launched in the Rathbones Asset Management business during the year. The development of our client lifecycle management system has continued during the year and is now expected to go live mid-way through 2024, albeit with the overall cost expected to increase from £40.0 million to £45.0 million, as set out in our Q3 2023 statement.

Rathbones average headcount rose by 21.7% to 2,498 (2022: 2,053) (see note 10). Rathbones headcount excluding IW&I rose by 5.8% to 2,173 in 2023 (2022: 2,053), reflecting additional client facing roles and related support in addition to recruiting further change and technology resource, including that which is part of our preparation for delivering the integration of IW&I.

GROUP CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

FINANCIAL PERFORMANCE CONTINUED

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

	2023 comprises			
	2023 £m (unless stated)	IW&I £m (unless stated)	Rathbones excl. IW&I £m (unless stated)	2022 £m (unless stated)
Operating income	571.1	87.9	483.2	455.9
Underlying operating expenses	(444.0)	(62.5)	(381.5)	(358.8)
Underlying profit before tax[1]	127.1	25.4	101.7	97.1
Charges in relation to client relationships and goodwill	(25.2)	(6.3)	(18.9)	(19.5)
Acquisition-related and integration costs	(44.3)	(4.1)	(40.2)	(13.5)
Profit before tax	57.6	15.0	42.6	64.1
Taxation	(20.1)			(15.1)
Profit after tax	37.5			49.0
Operating margin	10.1%			14.1%
Underlying operating margin[2]	22.3%			21.3%
Weighted average number of shares in issue	71.3m			58.6m
Earnings per share (p)	52.6			83.6
Underlying earnings per share (p)[3]	135.8			130.8
Quarterly average total equity	787.9			632.7
Underlying quarterly average total equity[4]	798.5			650.4
ROCE[5]	4.9%			7.7%
Underlying ROCE[6]	12.1%			11.8%

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

ALTERNATIVE PERFORMANCE MEASURES

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

CHARGES IN RELATION TO CLIENT RELATIONSHIPS AND GOODWILL (NOTE 22)

As explained in notes 1.14 and 2.1, client relationship intangible assets are recognised when we acquire a business or investment management contracts as a result of the recruitment of experienced investment managers who have the capability to attract significant FUMA to the group.

These intangible assets are amortised over the expected duration of the respective client relationships. The amortisation is charged to the income statement each year. This represents a significant non-cash profit and loss item which is therefore excluded from underlying profit in order to present an alternative measure that represents largely cash-based results of the financial reporting period. These amortisation charges are therefore excluded from underlying profit, which otherwise represents largely cash-based earnings and more directly relates to the financial reporting period. Research analysts commonly exclude these amortisation costs when comparing the performance of firms in the wealth management industry.

ACQUISITION-RELATED AND INTEGRATION COSTS (NOTE 9)

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

These costs primarily comprise professional fees directly related to the execution of the relevant transaction, certain elements of deferred consideration that are conditional upon continuing employment with the group and the costs of integrating the acquired businesses with those of the existing group.

Deferred consideration costs are generally significant payments that form part of the total consideration payable under the terms of the acquisition agreement and are considered to be capital in nature, reflecting the cost to acquire the business and the transfer of its ownership. However, in accordance with IFRS 3, any deferred consideration that is payable to former shareholders of the acquired business who are required to remain in employment with the group must be treated as remuneration and are therefore expensed to the income statement over the period to which the employment condition applies.

GROUP CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED
FINANCIAL PERFORMANCE CONTINUED

During 2023, £3.9 million of deferred consideration payments (2022: £6.5 million) and £2.9 million of integration costs (2022: £3.4 million) were charged to the income statement in relation to the acquisition of Saunderson House. In addition, £1.0 million of deferred consideration payments were charged to the income statement in relation to the acquisition of Speirs and Jeffery (2022: £3.5 million).

During 2023, £36.5 million of acquisition and integration costs have been incurred as a result of the IW&I transaction. This comprised £21.3 million of one-off legal and professional costs relating to the execution of the transaction, £6.2 million of costs relating to awards made to key employees of the business, and £9.0 million of integration costs, which form part of the total expected costs to deliver the integration and achieve the related synergies.

ACQUISITION RELATED PROPERTY COSTS (NOTE 9)
As part of the process of integrating IW&I with the existing Rathbones group, it is expected that some leasehold properties will be vacated earlier than their respective lease expiry dates. The useful lives of these properties' right-of-use assets and their fixtures and fittings were revised to reflect the expected exit dates. Consequently, the assets' residual values were calculated and their depreciable amounts were restated during the year. The assets were also reviewed for impairment at 31 December 2023 to determine whether their carrying amounts could be supported by their recoverable amounts. As a result, the group recognised £4.5 million in relation to accelerated depreciation and impairment charges on property assets during the year. These costs represent additional non-recurring costs in excess of the normal ongoing operating costs incurred in relation to the group's properties and were recognised as non-underlying operating expenses, and are therefore not included within underlying operating profit. They form part of the total acquisition and integration costs of £36.5 million referred to above.

TAXATION
The corporation tax charge for 2023 was £20.1 million (2022: £15.1 million) (see note 11). The effective tax rate increased to 34.9% in 2023 (2022: 23.5%), this reflected the increase in the average statutory rate to 23.5% (2022: 19.0%) and the impact of disallowable legal and professional costs incurred in relation to the IW&I transaction.

In 2024, we expect the effective tax rate to return to 4 to 5 percentage points above the statutory rate (reflecting disallowable costs for deferred consideration payments (see note 2.3), as the impact of IW&I disallowable expenses experienced in 2023 will not be repeated given these costs are non-recurring.

BASIC EARNINGS PER SHARE
Basic earnings per share for the year ended 31 December 2023 were 52.6p (2022: 83.6p). The decrease in the year reflects the impact of the IW&I combination costs on statutory profit after tax, the increase in the statutory rate of tax and the increased number of shares in issue.

On an underlying basis, basic earnings per share were 135.8p in 2023, compared to 130.8p in 2022 (see note 13). The increase in the year is due to increased underlying profit after tax that has been partially offset by the increased number of shares and the increase in the statutory rate of tax.

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

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

In 2023, underlying ROCE was 12.1% (2022: 11.8%). Underlying quarterly average total equity increased by £148.1 million in 2023 compared to 2022, reflecting the share issue for the IW&I combination with effect from the fourth quarter.

SEGMENTAL REVIEW

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

TABLE 4. RECONCILIATION OF SERVICE LEVELS TO SEGMENTAL PRESENTATION AS AT 31 DECEMBER 2023

	Wealth Management FUMA (including intra-group holdings) £bn	Intra-group holdings[1] £bn	Wealth Management FUMA £bn	Asset Management FUMA £bn	Group FUMA £bn
Rathbones Investment Management	48.8	(4.3)	44.5	4.3	48.8
Bespoke portfolios	45.0	(0.6)	44.4	0.6	45.0
Managed via in-house funds	3.8	(3.7)	0.1	3.7	3.8
Multi-asset funds	–	–	–	2.5	2.5
Rathbones discretionary and managed	**48.8**	**(4.3)**	**44.5**	**6.8**	**51.3**
Non-discretionary service	0.7	-	0.7	–	0.7
IW&I	42.3	–	42.3	–	42.3
Saunderson House	1.6	(0.3)	1.3	0.3	1.6
Total wealth management	**93.4**	**(4.6)**	**88.8**	**7.1**	**95.9**
Single-strategy funds	–	–	–	6.7	6.7
Execution only and banking	2.7	–	2.7	–	2.7
Total group	**96.1**	**(4.6)**	**91.5**	**13.8**	**105.3**

1. Intra-group holdings represent in-house funds held within an Investment Management portfolio

WEALTH MANAGEMENT

The activities of the group are described in detail on pages 2 to 5. The Wealth Management segment comprises those activities described under the headings 'Investment Management', 'Financial Planning and Advice' and 'Complementary services' on page 2. The results of the Wealth Management segment described below include the trading results of Rathbones Investment Management, Rathbones Trust Company, Vision Independent Financial Planning, Saunderson House and IW&I.

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

FUNDS UNDER MANAGEMENT AND ADMINISTRATION

Year-on-year changes in the key performance indicators for Wealth Management are shown in table 5 (which incorporates IW&I in 2023). Total Wealth Management FUMA increased by 86.0% to £91.5 billion as at 31 December 2023. The majority of this increase was driven by the combination with IW&I, which added £40.8 billion to the Group's FUMA from 30 September 2023 following completion of the combination. Excluding the acquired IW&I FUMA, Wealth Management FUMA has increased by 3.0% during the year.

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

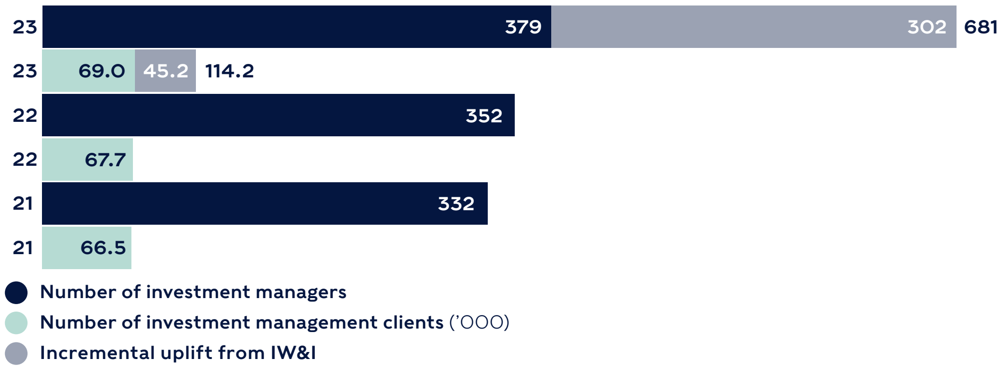


TABLE 5. WEALTH MANAGEMENT – KEY PERFORMANCE INDICATORS

	2023	2022
FUMA at 31 December	**£91.5bn**	£49.2bn
Rate of total net growth (net flows) in Wealth Management funds under management and administration[1]	**0.3%**	1.2%
Average net operating basis point revenue margin[2]	**74.3bps**	72.4 bps
Number of Investment Management clients[3]	**114**	68
Number of investment managers	**681**	355

1. See table 6 (percentages calculated on unrounded figures)
2. See table 10
3. The basis of this calculation is dependent on the way client data is structured on the relevant operating systems. It is therefore not practicable to apply consistent methodologies across the RIM and IW&I businesses until the migration onto a single system has been completed. We expect the number to change following migration, but consider the figure disclosed to be appropriate in the interim period

SEGMENTAL REVIEW CONTINUED

TABLE 6. WEALTH MANAGEMENT – FUNDS UNDER MANAGEMENT AND ADMINISTRATION

	Year ended 31 December 2023 £bn	Year ended 31 December 2022 £bn
As at 1 January	**49.2**	55.2
Inflows	**46.3**	4.1
– organic[1]	**5.5**	4.0
– acquired[2]	**40.8**	0.0
Outflows	**(6.1)**	(3.7)
Market movement[3]	**2.1**	(6.3)
Total group	**91.5**	49.2
Rate of total net growth[4]	**0.3%**	1.2%

1. Value at the date of transfer in/(out)
2. Value at date of acquisition, includes £42.3 billion IW&I FUMA acquired with effect from 30 September 2023
3. Represents the impact of market movements and investment performance
4. Net new business and acquired inflows as a percentage of opening funds under management and administration excluding SHL and IWI

Table 6 reconciles the movement in FUMA during the year. Organic inflows of £5.5 billion, 11.2% of opening FUM are dominated by flows into discretionary bespoke portfolios, with 33% of flows coming from the adviser channel as our revised 'Reliance on Adviser' proposition rolled out (2022: 30.6%). 'Reliance on Adviser' is an operating model with which financial advisers can engage with RIM. It is an approach whereby client suitability rests with the adviser, affording them total control over their client relationship and the advice process. Our investment managers retain responsibility for the suitability of the portfolio and for executing the mandate that has been requested by the adviser on the client's behalf. Outflows of £6.1 billion, representing 12.4% of opening FUM are elevated as a result of market conditions, with existing clients making partial withdrawals of their investments to repay debt (which has become increasingly expensive in the environment of higher interest rates) and meet the higher cost of living, along with those relating to property purchases and inheritance tax planning. In addition, outflows also reflect the loss of two large charity mandates during the year.

Saunderson House FUMA stood at £1.3 billion at 31 December 2023 (2022: £4.1 billion). The reduction during the year reflects the continuing progress that has been made to migrate Saunderson House clients into Rathbones investment solutions. Once migrated, this FUMA is included with Wealth Management or Asset Management FUMA depending on the proposition that the FUMA has moved to. At the year end, FUMA on Vision Independent Financial Planning's discretionary wealth management platform that was not managed by the group (and is not therefore included in the Group's FUMA) totalled £0.9 billion (2022: £0.8 billion).

Table 7 (overleaf) provides an analysis of FUMA and new business by channel and service level. Growth in discretionary and managed net flows is driven by interactions through financial adviser networks, helped by the impact of Saunderson House new business flows. £2.4 billion of assets were migrated from Sanderson House in 2023 and the remaining £1.3 billion of assets are expected to be migrated in 2024.

Switches into execution-only services largely reflect the transfer of clients' funds into probate following their death (£0.4 billion).

IW&I net outflows of £0.3 billion include the effect of expected outflows related to investment manager departures that predominantly occurred prior to the announcement of the combination. Since then, investment manager turnover has been low.

SEGMENTAL REVIEW CONTINUED

TABLE 7. WEALTH MANAGEMENT – NEW BUSINESS BY CHANNEL ON A PROFORMA BASIS[1]

	Opening FUMA - pro forma basis £bn	Gross inflows £bn	Gross outflows £bn	Net flows £bn	Transfers £bn	SHL migrated FUMA £bn	Market movement & performance £bn	2023 Gross closing £bn	2023 Intra-group holdings[2] £bn	2023 Net closing FUMA £bn	2022 Net FUMA £bn
Bespoke portfolios	33.0	2.6	(2.7)	(0.1)	(0.9)	–	1.0	33.0	–	–	–
Managed via in-house funds	0.7	0.1	(0.1)	–	0.6	–	0.1	1.4	–	–	–
Total direct	**33.7**	**2.7**	**(2.8)**	**(0.1)**	**(0.3)**	**–**	**1.1**	**34.4**	**–**	**–**	–
Bespoke portfolios	9.9	1.2	(0.8)	0.4	(0.1)	1.1	0.7	12.0	–	–	–
Managed via in-house funds	0.7	0.3	(0.2)	0.1	0.2	1.3	0.1	2.4	–	–	–
Total financial adviser linked	**10.6**	**1.5**	**(1.0)**	**0.5**	**0.1**	**2.4**	**0.8**	**14.4**	**–**	**–**	–
Total discretionary and managed	**44.3**	**4.2**	**(3.8)**	**0.4**	**(0.2)**	**2.4**	**1.9**	**48.8**	**(4.3)**	**44.5**	42.0
Execution only and banking	2.4	0.3	(0.6)	(0.3)	0.4	–	0.2	2.7	–	2.7	2.4
Non-discretionary service	0.7	0.1	(0.1)	–	(0.1)	–	0.1	0.7	–	0.7	0.7
Total wealth management	**47.4**	**4.6**	**(4.5)**	**0.1**	**0.1**	**2.4**	**2.2**	**52.2**	**(4.3)**	**47.9**	45.0
Saunderson House	4.1	0.1	(0.5)	(0.4)	–	(2.4)	0.3	1.6	(0.3)	1.3	4.1
IW&I	40.8	0.8	(1.1)	(0.3)	(0.1)	–	1.9	42.3	–	42.3	–
Total Wealth Management for enlarged group	**92.3**	**5.5**	**(6.1)**	**(0.6)**	**–**	**–**	**4.4**	**96.1**	**(4.6)**	**91.5**	49.1

1. 2023 Group FUMA and flows by service level has been prepared on a proforma basis, opening FUMA has been uplifted by £40.8 billion to include IW&I FUMA acquired as at 30 September
2. Holdings of the group's in-house funds in Investment Management client portfolios and in-house funds for which the management of the assets is undertaken by Investment Management teams; the corresponding FUMA is reported within Funds

The high inflation rates experienced in 2022 continued into 2023, resulted in Rathbones adopting a cautious approach on bonds, with a preference for shorter-dated debt less sensitive to changes in interest rate expectations.

From September we became much more optimistic on longer-dated government bonds, particularly east of the Atlantic and, indeed, bond markets have rallied strongly as they look ahead to rate cuts in 2024 following a plunge in key measures of inflation in the UK and Eurozone.

Overall, 2023 was another strong year for our specialist teams. Greenbank Investments continued to grow its net new business by 3.3%, despite the difficult market, and reached FUMA of £2.1 billion at 31 December 2023 (2022: £1.9 billion). The Personal Injury and Court of Protection business ended 2023 with £1.3 billion of FUMA (2022: £1.0 billion).

Rathbone Financial Planning also saw a strong year in 2023, increasing revenues by 18% from 2022, and growing FUMA to £2.0 billion as at 31 December 2023 (31 December 2022: £1.6 billion).

Vision Independent Financial Planning grew well in 2023, advising on client assets of £3.3 billion at the year end (2022: £2.6 billion), and seeing a net growth in the network of IFAs to 138 at the year end (2022: 130).

Saunderson House has made significant progress in migrating assets to the new Rathbones' proposition. £2.7 billion of Saunderson House clients' assets are now invested in Rathbones' products (2022: £63 million), with £1.3 billion (2022: £4.1 billion) of assets remaining under management by Saunderson House at year end. It is expected that the migration process will be completed by the end of June 2024.

SEGMENTAL REVIEW CONTINUED

FINANCIAL PERFORMANCE

Underlying profit before tax in Wealth Management increased by 49.1% in the year to £105.4 million, this represents an underlying operating margin of 20.9% (2022: 18.0%), which, when adjusted to exclude £14.4 million of operating expenses incurred in relation to the delivery of digital strategy, rises to 23.8% (2022: 22.1%).

Net investment management fee income increased by £75.2 million (27.4%) in 2023. £70.1 million of the increase is attributable to the effect of the IW&I combination in the final quarter of 2023. The remaining £5.1 million uplift is due to higher FUMA in the Wealth Management segment excluding IW&I, reflecting the benefit of new revenues generated from the migration of Saunderson House funds and the favourable market movement, with the average level of the MSCI PIMFA Balanced index at the quarterly billing dates being 2.2% higher than the prior year.

Net commission income increased by 9.6% to £53.6 million (2022: £48.9 million). A £9.4 million uplift in commission income as a result of the IW&I combination has been partially offset by a reduction of £4.7 million in the Wealth Management segment excluding IW&I commission income due to the continued movement towards a fee-only basis of charging, which is increasingly replacing transaction-based commission charges.

The increase in the Bank of England Base Rate from 3.5% at the start of 2023 to 5.25% by December 2023 contributed an additional £32.1 million to net interest income in the year. The rates of interest payable to clients in respect of the cash element of their portfolios also increased significantly during the year as we ensured our interest rates remained competitive. However, the overall increase in our net interest margin illustrates the benefit of our banking permissions.

Fees from advisory services and other income fell by 2.1% to £50.3 million. Fees from advisory and other services excluding IW&I fell by 15.8% (2022: 88.3% increase). This expected reduction was partially offset by £7.0 million of other income from IW&I, as advice fees to Saunderson House clients were suppressed during the period in light of the extent to which advice was related to the migration process. We expect advice fee levels relating to Saunderson House clients to recover once the migration of assets has been completed.

Underlying operating expenses during the year were £398.5 million (see table 11); an increase of 23.6% on the prior year. When adjusted for Q4 IW&I underlying expenses of £62.5 million, the year-on-year increase in underlying expenses for the Wealth Management segment excluding IW&I is £13.7 million (2022: £47.8 million). An £8.3 million increase in fixed staff costs (2022: £20.2 million) was partially offset by a reduction of £3.0 million (2022: £5.0 million increase) in variable staff costs due to a number of profit share schemes vesting in 2022. Other operating expenses of £154.2 million (2022: 145.9 million) include property, depreciation, settlement, IT, finance and other central support services.

TABLE 8. WEALTH MANAGEMENT – FINANCIAL PERFORMANCE

	2023 Comprises			
	2023 £m	IW&I £m	Rathbones excl. IW&I £M	2022 £m
Net investment management fee income[1]	350.1	70.1	280.0	274.8
Net commission income	53.6	9.4	44.2	48.9
Net interest income	49.9	1.4	48.5	17.8
Fees from advisory services[2] and other income	50.3	7.0	43.3	51.4
Operating income	503.9	87.9	416.0	392.9
Underlying operating expenses[3 4]	(398.5)	(62.5)	(336.0)	(322.3)
Underlying profit before tax	105.4	25.4	80.0	70.7
Underlying operating margin[5]	20.9%	28.9%	19.2%	18.0%

1. Net investment management fee income is stated after deducting fees and commission expenses paid to introducers
2. Rathbones excl. IW&I Fees from advisory services includes income from trust, tax and financial planning services (including Vision and Saunderson House)
3. See table 11
4. Included within underlying operating expenses are £14.4 million of costs relating to the group's digital strategy, of which £1.6 million relates to asset management
5. Underlying profit before tax as a percentage of operating income. Excluding £14.4 million of expenditure on our digital strategy in the year, the underlying operating margin was 23.8%

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

	2023 £bn	2022 £bn
Valuation dates for billing		
– 5 April	45.7	47.9
– 30 June	45.4	43.8
– 30 September	45.4	43.2
– 31 December	48.0	45.1
Quarterly average[1]	46.1	45.0
Average MSCI level[2]	1,721	1,684

IW&I	2023 £bn	2022 £bn
Valuation dates for billing		
– 30 November	40.7	–
Average MSCI level[2]	1,700	–

1. Rathbones quarterly average FUMA excluding Saunderson House and IW&I
2. MSCI PIMFA Balanced Index considered to reflect Rathbones' composition of portfolios most closely. Based on the corresponding valuation dates for billing

SEGMENTAL REVIEW CONTINUED

TABLE 10. WEALTH MANAGEMENT – REVENUE MARGIN

	2023 £m	2022 £m
Basis point return[1] from:		
– fee income	**61.5**	61.1
– commission	**9.5**	10.8
– interest	**3.3**	0.5
Basis point return on FUMA	**74.3**	72.4

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

Other operating expenses of £173.1 million include property, depreciation, settlement, IT, finance and other central support services costs (2022: £145.9 million).

The basis point return on fund under management and administration for the Wealth Management segment excluding IW&I increased by 0.5bps in the year to 72.9bps, this is predominately due to the increase in interest income, offset by lower commission as a higher proportion of clients have migrated to fee-only rates.

TABLE 11. WEALTH MANAGEMENT – UNDERLYING OPERATING EXPENSES

	2023 £m	2022 £m
Staff costs[1]		
– fixed	**147.2**	109.5
– variable	**78.2**	66.9
Total staff costs	**225.4**	176.4
Other operating expenses	**173.1**	145.9
Underlying operating expenses	**398.5**	322.3
Underlying cost/income ratio[2]	**79.1%**	82.0%

1. Represents the costs of investment managers and teams directly involved in client-facing activities
2. Underlying operating expenses as a percentage of operating income (see table 8)

ASSET MANAGEMENT

The financial performance of the Asset Management segment is principally driven by the value of FUM. Year-on-year changes in the key performance indicators for asset management are shown in table 12.

FUNDS UNDER MANAGEMENT

Following the challenging trading conditions in 2022, 2023 continued to be a tough environment for the industry. Net redemptions in the asset management industry to 30 November 2023 totalled £41.6 billion (£49.7 billion in the full year to December 2022), as reported by the Investment Association (IA), albeit mainly in the institutional space. Industry-wide funds under management grew by only 1.5% to £1.4 trillion at the end of November 2023.

Gross inflows in Rathbones Asset Management improved 48% from £3.1 billion to £4.6 billion in 2023, with Saunderson House assets migrating into Rathbones funds responsible for a large part of this growth. Continued investor concerns over inflation, interest rates and equity market valuations have driven cautious investor sentiment. Despite these macroeconomic impacts on investor confidence, our range of funds, well balanced between multi-asset and single-strategy, has helped serve our clients' changing needs and provided some shelter from the market volatility for our overall FUM. The diverse nature of our multi-asset investment mix, and thus its obvious continuing appeal to clients in these tougher times, has ensured that positive net flows have continued to stream into these funds, creating some offset for the outflows experienced in the single-strategy space.

Investors continue to exhibit an elevated propensity for withdrawing some of their investable assets to pay down debt, which has become increasingly expensive, and meet rising costs of living. These factors have led to a continuation of the elevated gross outflows experienced in 2022. Strong gross flows, leading to positive net flows in Multi-asset funds and favourable investment performance offsetting net outflows in single strategy funds, ensured total funds under management grew to a record high of £13.8 billion at the end of 2023, an increase of 25.5% during the year (see table 14).

SEGMENTAL REVIEW CONTINUED

TABLE 12. ASSET MANAGEMENT – KEY PERFORMANCE INDICATORS

	2023	2022
FUM at 31 December[1]	£13.8bn	£11.0bn
Rate of net growth in Asset Management FUM[1]	13.7%	0.4%
Underlying profit before tax[2]	£21.7m	£26.4m

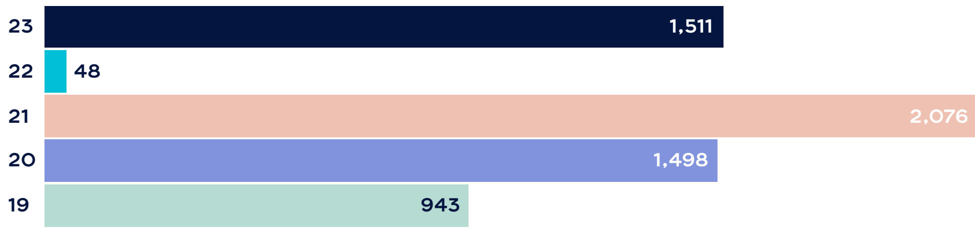
1. See table 14
2. See table 16

TABLE 13. ASSET MANAGEMENT – FUNDS UNDER MANAGEMENT BY PRODUCT

	2023 £bn	2022 £bn
Rathbone Global Opportunities Fund	3.6	3.4
Rathbone Multi-Asset Portfolios	5.3	3.0
Rathbone Ethical Bond Fund	2.2	2.2
Rathbone Income Fund	0.7	0.7
Offshore funds	0.6	0.6
Rathbone Active Income Fund for Charities	0.2	0.2
Rathbone High Quality Bond Fund	0.2	0.2
Greenbank Multi-Asset Portfolios	0.4	0.2
Other funds[1]	0.1	0.2
Rathbone Core Investment Fund for Charities	0.2	0.1
Rathbone Strategic Bond Fund	0.1	0.1
Rathbone Global Sustainability Fund	0.1	0.1
Rathbone UK Opportunities Fund	0.1	–
	13.8	11.0

1. £213 million of 'Bespoke' other funds transferred out during 2022 post the switch of Authorised Corporate Director (ACD) from Rathbones Asset Management Limited to Evelyn Partners, an independent ACD

CHART 2. FUNDS – ANNUAL NET FLOWS (£M)



Despite adverse market conditions, Rathbones featured in the Pridham Report industry top ten for net retail sales in all 4 quarters of 2023 as well as fifth for net retail sales in the full year.

Volatility managed funds (multi-asset portfolios) were the IA's top net seller in the year up to November 2023 with £5.8 billion of net sales and this trend was mirrored in Rathbones which accounted for 33% of the industry total, with net sales in the year, totalling £1.9 billion in the year to November 2023 and £2.1 billion in the full year, up £1.4 billion when compared to 2022.

Rathbones largest fund, Rathbone Global Opportunities Fund, saw a net £305 million outflow over the course of the year.

Rathbone Ethical Bond Fund also suffered from net redemptions in the year (£187 million), due to the market uncertainty brought on by the volatility in bond yields. Both funds, however, delivered positive market returns in the year ensuring that, overall, both funds grew year-on-year.

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

SEGMENTAL REVIEW CONTINUED

During the year, the total number of investment professionals running the funds reduced by one to 23 at 31 December 2023 (2022: 24).

TABLE 14. ASSET MANAGEMENT – FUNDS UNDER MANAGEMENT

	2023 £bn	2022 £bn
As at 1 January	**11.0**	13.0
Net inflows	**1.5**	–
– inflows[1]	**4.6**	3.1
– outflows[1]	**(3.0)**	(2.9)
– Bespoke[2]	**–**	(0.2)
Market adjustments[3]	**1.3**	(2.0)
As at 31 December	**13.8**	11.0
Rate of net growth[4]	**13.7%**	0.4%

1. Valued at the date of transfer in/(out)
2. Bespoke funds transferred out during 2022 post the switch of Authorised Corporate Director ('ACD') from Rathbones Asset Management Limited to Evelyn Partners, an independent ACD
3. Impact of market movements and relative performance
4. Net inflows as a percentage of opening FUM

In 2022 £213.0 million of 'Bespoke' other funds transferred out during the year post the switch of the Authorised Corporate Director (ACD) from Rathbones Asset Management Limited to Evelyn Partners, an independent ACD.

TABLE 15. ASSET MANAGEMENT – PERFORMANCE[1, 2, 4]

2023/(2022) Quartile ranking[3] over	1 year	3 years	5 years
Rathbone Ethical Bond Fund	1 (2)	2 (2)	1 (1)
Rathbone Global Opportunities Fund	1 (4)	3 (2)	1 (1)
Rathbone Income Fund	3 (2)	2 (2)	2 (2)
Rathbone Strategic Bond Fund	1 (3)	3 (3)	3 (3)
Rathbone UK Opportunities Fund	1 (4)	4 (4)	4 (4)

1. Quartile ranking data is sourced from FE Trustnet
2. Excludes multi-asset funds (for which quartile rankings are prohibited by the Investment Association (IA)), High Quality Bond Fund, which has no relevant peer group against which to measure quartile performance, non-publicly marketed funds and segregated mandates
3. Ranking of institutional share classes at 31 December 2023 and 2022 against other funds in the same IA sector, based on total return performance, net of fees (consistent with investment performance information reported in the funds' monthly factsheets)
4. Funds included in the above table account for 59% of the total FUM of the fund's business

FINANCIAL PERFORMANCE

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

Net annual management charges increased to £64.7 million in 2023, reflecting the rise in average FUM. Net annual management charges as a percentage of average FUM fell by 0.9bps to 53.9 bps (2022: 54.8 bps), led by a higher proportion of FUMA held in S-Class units in the Multi Asset funds, which have a lower annual management charge. Alongside higher net annual management charges, interest and other income increased by £1.7 million in the year. As a result, total operating income as a percentage of average FUM increased to 55.4 bps in 2023 from 54.7 bps in 2022.

Underlying operating expenses detailed in Table 17 increased by £8.9 million to £45.5 million (2023: £36.6 million). Fixed staff costs of £7.1 million for the year ended 31 December 2023 were £0.2 million higher than 2022. This reflects general inflationary rises as well as the impacts of staffing changes in the period.

Variable staff costs of £13.4 million were 19.6% higher than 2022. These costs relate to deferred awards which are spread over multiple years, the current year cost does not solely reflect performance in the current year.

SEGMENTAL REVIEW CONTINUED

Other operating expenses have increased by 35.9% to £25.0 million in 2023. A large part of this cost increase relates to direct investment in our core Charles River system, enhancing functionality and creating an efficient platform for delivering to existing clients as well as positioning the business well for future growth. Recurring operational spend in the Asset Management segment for the Charles River Investment Management Solution is £1.5 million per annum. The operating margin net of these investment costs was 37%. Administration costs of £6.1 million were up £0.8 million on 2022, driven by increasing FUM and flows, as well as inflationary indexing on third-party supplier contracts, which was also evident on technology costs.

TABLE 16. ASSET MANAGEMENT – FINANCIAL PERFORMANCE

	2023 £m	2022 £m
Net annual management charges	64.7	62.2
Interest and other income	2.5	0.8
Operating income	67.2	63.0
Underlying operating expenses[1]	(45.5)	(36.6)
Underlying profit before tax	21.7	26.4
Operating % margin[2]	32.3%	41.9%

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

TABLE 17. ASSET MANAGEMENT – UNDERLYING OPERATING EXPENSES

	2023 £m	2022 £m
Staff costs		
– Fixed	7.1	7.0
– Variable	13.4	11.2
Total staff costs	20.5	18.2
Other operating expenses	25.0	18.4
Underlying operating expenses	45.5	36.6
Underlying cost/income ratio[1]	67.5%	57.9%

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

FINANCIAL POSITION

OWN FUNDS

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

The group is required to ensure it maintains adequate capital resources to meet its combined pillar 1 and pillar 2 requirements.

At 31 December 2023, the group's regulatory own funds (including verified profits for the year) were £471.4 million (2022: £338.7 million). The increase in the year of £132.7 million was the result of the issue of new share capital to fund the group's acquisition of IW&I. The effect on own funds of the new shares issued, which resulted in a £2.2 million increase in share capital and a £747.4 million increase in the merger reserve (net of £2.2 million of share issue costs) (see table 19) was partly offset by the £585.1 million increase in goodwill and intangible assets resulting from the acquisition.

The net increase in own funds was partially offset by an increase in the group's total capital requirement and combined buffers of £106.4 million, which reflected the inclusion of IW&I in the group. The resulting in a capital surplus at the end of 2023 of £134.5 million represents an increase of £24.2 million relative to the surplus of £110.3 million 31 December 2022.

The CET1 ratio was 17.8%, broadly in line with the 17.9% reported at the previous year-end. This increase in the Pillar 1 requirement (see table 20) as a consequence of the enlarged group, was countered by the increased capital resources (see table 19)

The leverage ratio was 18.7% at 31 December 2023, up from 17.6% at 31 December 2022. The leverage ratio represents our Tier 1 capital (own funds) as a percentage of the group's total assets (exposure measure), excluding central bank exposure, intangible assets, plus certain off-balance sheet exposures. Whilst total assets and tier one capital increased in the year due to the IW&I combination, assets excluded from the exposure measure (central bank exposure and regulatory deductions) represented a lower proportion of the balance sheet. This resulted in an uplift to the leverage ratio.

At 31 December 2023, neither Rathbones Investment Management Limited nor the Rathbones Group were subject to a minimum leverage ratio requirement, although monitoring is undertaken on a regular basis against the minimum leverage requirement of 3.25% which applies to larger banks.

The business is primarily funded by equity, but also supported by £39.9 million of ten-year tier 2 eligible subordinated loan notes, which were issued in October 2021. The notes introduced a small amount of gearing into our balance sheet as a way of financing future growth in a cost-effective and capital-efficient manner. They are repayable in October 2031, with a call option for the issuer annually from 2026. Interest is payable at a fixed rate of 5.642% per annum until the first option call date, and at a rate of 4.893% over Compound Daily SONIA thereafter (note 28).

As a result of the factors set out above, the total equity of the group (comprising share capital, share premium and reserves, net of own shares held) was £1,350.2 million at 31 December 2023, up 112.7% from £634.8 million at the end of 2022.

OWN FUNDS AND LIQUIDITY REQUIREMENTS

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

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

TABLE 18. GROUP'S FINANCIAL POSITION

	2023 £m (unless stated)	2022 £m (unless stated)
Own funds		
– Common Equity Tier 1 ratio[1]	**17.8%**	17.9%
– Total own funds ratio[2]	**19.4%**	20.3%
– Total retained earnings	**263.7**	297.2
– Tier 2 subordinated loan notes[3]	**39.9**	39.9
– Total risk exposure amount	**2,425.6**	1,666.8
– Leverage ratio[4]	**18.7%**	17.6%
Other resources:		
– Total assets	**4,224.4**	3,447.2
– Treasury assets[5]	**2,601.0**	2,664.1
– Investment Management loan book[6]	**101.7**	159.7
– Intangible assets from acquired growth[7]	**502.7**	342.7
– Tangible assets and software[8]	**30.9**	26.2
Liabilities:		
– Due to customers[9]	**2,253.3**	2,516.1
– Net defined benefit pension asset	**7.0**	9.4

1. Common Equity Tier 1 capital as a proportion of total risk exposure amount
2. Total own funds (see table 19) as a proportion of total risk exposure amount
3. Represents the carrying value of the Tier 2 loan notes (see note 28)
4. Tier 1 capital as a percentage of total assets, excluding intangible assets, plus certain off-balance-sheet exposures
5. Balances with central banks, loans and advances to banks and investment securities
6. See note 16 to the financial statements
7. Net book value of acquired client relationships and goodwill (note 22)
8. Net book value of property, plant and equipment and computer software (notes 19 and 22)
9. Total amounts of cash in client portfolios held by Rathbones Investment Management as a bank (note 24)

FINANCIAL POSITION CONTINUED

TABLE 19. GROUP'S REGULATORY OWN FUNDS

	2023 £m	2022 £m
Share capital and share premium	**317.7**	313.2
Reserves	**1,088.1**	374.2
Less:		
Own shares	**(55.6)**	(52.6)
Intangible assets[1]	**(911.8)**	(326.7)
Retirement benefit asset[2]	**(7.0)**	(9.4)
Common Equity Tier 1 own funds	**431.4**	298.7
Tier 2 own funds	**40.0**	40.0
Total own funds	**471.4**	338.7

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

TABLE 20. GROUP'S OWN FUNDS REQUIREMENTS

	2023 £m	2022 £m
Credit risk requirement	**72.3**	66.3
Market risk requirement	**–**	1.1
Operational risk requirement	**121.7**	65.9
Pillar 1 own funds requirement	**194.0**	133.3
Pillar 2A own funds requirement	**39.4**	40.0
Total Capital Requirement ('TCR')	**233.4**	173.3
Combined buffer:		
Capital Conservation Buffer (CCB)	**60.6**	41.6
Countercyclical Capital Buffer (CCyB)	**42.9**	13.5
Total Capital Requirement ('TCR') and Combined buffer	**336.9**	228.4

	2023 £m	2022 £m
Total capital surplus	**134.5**	110.3

The purpose of each component of the regulatory capital requirement and what it comprises is set out below.

PILLAR 1 OWN FUNDS REQUIREMENT

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

The increase in credit risk to £72.3 million in 2023 was due to a revised allocation of the group's treasury assets along with the consequences of including IW&I exposures.

At 31 December 2023, the group's total risk exposure amount was £2,425.6 million (2022: £1,666.8 million). The increase was driven principally by the inclusion of IW&I exposures.

PILLAR 2A OWN FUNDS REQUIREMENT

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

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

PENSION OBLIGATION RISK

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

INTEREST RATE RISK IN THE BANKING BOOK

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

CONCENTRATION RISK

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

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

FINANCIAL POSITION CONTINUED

CAPITAL CONSERVATION BUFFER (CCB)
The CCB is a general buffer, designed to provide for losses in the event of a stress, and is set by the PRA. The CCB is set at 2.5% of the group's total risk exposure amount as at 31 December 2023.

COUNTERCYCLICAL CAPITAL BUFFER (CCYB)
The CCyB is designed to act as an incentive for banks to constrain credit growth in times of heightened systemic risk. The value of the buffer is calculated as a percentage of the group's total risk exposure amount. For UK credit risk exposures, the percentage rate that applies is set by the Financial Policy Committee ('FPC'). For other jurisdictions where the group has exposures, the percentage rate applicable to each jurisdiction is applied.

The percentage buffer rate for UK exposures is currently 2.0%. The group has relevant credit exposures in other jurisdictions where a different rate applies, resulting in a weighted rate of 1.8% as at 31 December 2023.

CAPITAL MANAGEMENT
In managing the group's regulatory capital position, we take into account:

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

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

The group's Pillar 3 disclosures are published annually on our website (rathbones.com/investor-relations/results-and-presentations) and provide further details about regulatory capital resources and requirements.

TOTAL ASSETS
Total assets at 31 December 2023 were £4.2 billion (2022: £3.4 billion), of which £2.3 billion (2022: £2.5 billion) represents the cash element of client portfolios that is held as a banking deposit.

RIM TREASURY ASSETS
As a licensed deposit taker, Rathbones Investment Management Limited holds our surplus liquidity on its balance sheet together with clients' cash. Cash in client portfolios held on a banking basis of £2.3 billion (2022: £2.5 billion) (note 24) represented 4.7% of total Investment Management funds under management and administration at 31 December 2023, compared to 5.3% at the end of 2022. Cash held in client money accounts was £8.4 million (2022: £5.7 million). These balances are held off balance sheet in accordance Client Money Rules of the FCA.

During the year, the share of treasury assets held with the Bank of England reduced to £1.0 billion (2022: £1.4 billion), as investment in certificates of deposit and UK treasury bills increased in accordance with our treasury policy and risk appetite as the environment of rising interest rates presented greater opportunity for the management of our treasury assets.

The treasury department of Rathbones Investment Management, reporting through the banking committee to the board, operates in accordance with procedures set out in a board-approved treasury manual and monitors exposure to market, credit and liquidity risk as described in note 33 to the financial statements. It invests in certain securities issued by a diversified range of highly-rated counterparties. These counterparties must be single 'A-' rated or higher by Fitch at the time of investment and are regularly reviewed by the banking committee.

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

The IW&I Cash & Credit Management Committee (CCMC) is mandated by the Operations Committee to consider, approve, and keep under review, the suitability of financial institutions for the placement of firm's and clients' cash deposits in accordance with the CASS rules on client money and assets. Approved institutions are subject to the IW&I Credit Policy and annual due diligence which is undertaken in accordance with the CASS rules. Total Client Money held was £1.3 billion as at 31 December 2023 (2022: £1.9 billion) representing 3.1% of Investment Management funds under management at 31 December 2023 compared to 4.7% at the end of 2022.

Investec Wealth & Investment Limited also hold Firm's money, which is on balance sheet, also subject to the IW&I Firms Credit Policy Statement and overseen by the CCMC. Total Firms Money held was £161.9 million as at the 31 December 2023 (2022: £209.6 million)

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

LOANS TO CLIENTS
Loans are provided as a service to Wealth Management clients who have short to medium term cash requirements. Such loans are normally made on a fully secured basis against portfolios held in our nominee, with a requirement that the value of the loan is covered two times by the value of the secured portfolio. Loans are usually advanced for five years (see note 16 to the financial statements). In addition, charges may be taken on property held by the client to meet security cover requirements.

Our ability to provide such loans is a valuable additional service to clients who require bridging finance when buying and selling their homes.

FINANCIAL POSITION CONTINUED

Loans advanced to clients decreased to £101.7 million at end of 2023 (2022: £159.7 million). As borrowing costs increased, we saw lower demand for new loans as clients looked to reduce outstanding debt and finance their cash requirements from other means, including drawing down from investment portfolios, leading to higher outflows of funds under management and administration.

INTANGIBLE ASSETS

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

At 31 December 2023, the total carrying value of goodwill and client relationship intangible assets was £1,010.5 million (2022: £342.7 million). The significant increase in 2023 is principally the result of the IW&I combination. In addition, other purchases of client relationship intangible assets of £2.6 million were capitalised during the year (2022: £1.0 million). £2.8 million of client relationship intangible assets were disposed of in the year, predominately in relation to earn-outs which were paid (2022: £2.6 million).

Client relationship intangible assets are amortised over the estimated life of the client relationship, which is generally a period between 10 and 15 years. Should client relationships be lost, any related intangible asset is derecognised in the relevant year. The total amortisation charge for client relationships in 2023, including the impact of any lost relationships, was £22.4 million (2022: £16.9 million).The increase in the year was the result of amortisation for the IW&I client relationship intangible asset during the final quarter following completion of the combination.

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

CAPITAL EXPENDITURE

Capital expenditure during 2023 amounted to £4.5 million (2022: £8.0 million).

Expenditure on the development of our systems that was capitalised amounted to £4.0 million in the year, a reduction of £1.8 million relative to the prior year. Whilst we have continued our digital investment programme, the portion of this investment that represents development expenditure that falls to be capitalised under accounting standards has reduced in line with our increasing adoption of cloud-based, strategic technology solutions. The costs of cloud-based solutions are largely charged to profit or loss at the time the cost is incurred, with the subsequent benefit of a reduction in the level of depreciation cost in future years.

Property expenditure fell by £1.7 million in 2023. This reflected a pause in planned office refurbishments as we considered our property strategy for the newly enlarged group as a result of the IW&I combination.

DEFINED BENEFIT PENSION SCHEMES

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

At 31 December 2023 the combined schemes' liabilities, measured on an accounting basis, had increased to £101.1 million, up 6.8% from £94.7 million at the end of 2022. This increase primarily reflected a reduction in discount rates at the end of the year, and a small decrease in the assumed future rate of inflation. The reported position of the schemes as at 31 December 2023 was a surplus of £7.0 million (2022: surplus of £9.4 million).

The funding position of the schemes improved during 2023, with increased gilt yields driving a reduction in the schemes' liabilities. As a result of this, the Company supported the Trustees' decision to switch the schemes' assets into self-sufficiency credit funds in order to better secure the funding position against future changes in bond yields and inflation expectations. This switch has further lowered the level of gearing in the scheme's assets and reduced the exposure to future margin calls.

The triennial funding valuations, with a valuation date of 31 December 2022 were undertaken during the year by the scheme actuary. As for the previous valuations, a self-sufficiency funding basis was used to calculate the schemes' liabilities. The valuations were completed in August 2023 and identified that the shortfall in the schemes' funding position at 31 December 2022 was fully covered by the £2.75 million deficit contribution made by the Company in August 2023. Therefore, no further deficit funding plan was necessary and the Company is not required to make any further contributions to the scheme at this time.

During 2023, the Company, working with the Trustees and the Scheme Actuary, undertook a review of the feasibility of insuring the schemes' liabilities via an insurance "buy in". In December 2023, a request for quotation was issued to a shortlist of insurers.

LIQUIDITY AND CASH FLOW

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

Cash and balances at central banks amounted to £1.0 billion at 31 December 2023 (2022: £1.4 billion). We continue to hold a substantial portion of the group's overall liquidity with central banks. The reduction during the year reflects increased investment in both debt securities issued by high-quality counterparties, and central government issued short-dated treasury bills, which was in response to the rising interest rate environment.

Cash and cash equivalents, as defined by accounting standards, includes cash, money market funds and banking deposits, which had an original maturity of less than three months (see note 33 to the financial statements). Consequently, cash flows, as reported in the financial statements, include the impact of capital flows in treasury assets.

Net cash outflows from operating activities in the year largely reflect a £251.4 million decrease in banking client deposits (2022: £181.9 million increase). Cash held in client portfolios reduced due to portfolio asset allocation moving to alternative liquid assets, such as UK Government Treasury Bills, due to the high interest rate environment. Loans and advances to banks and customers decreased by £87.4 million in the year, this was partly attributable to the reclassification of a £14.5 million term deposit (2022: £30.0 million) that is due to mature within three months of the year end into cash and cash equivalents.

TABLE 21. EXTRACTS FROM THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2023 £m	2022 £m
Cash and cash equivalents at the end of the year	**1,302.9**	1,572.7
Net cash inflows from operating activities	**(86.4)**	292.9
Net change in cash and cash equivalents	**(269.8)**	(80.9)

Cash used in investing activities included a net outflow of £241.8 million from the purchase of certificates of deposit (2022: net outflow of £278.1 million), as we continued to reduce the proportion of treasury assets held with the Bank of England in favour of UK Government short-dated Treasury Bills and debt securities. All investment decisions were made under the existing low risk appetite framework set by the RIM Banking Committee. Included within cash used in investing activities is cash of £172.6 million acquired from the acquisition of IW&I in the year.

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

- outflows relating to the payment of dividends of £71.4 million (2022: £48.6 million);
- outflows relating to payments to acquire intangible assets of £5.6 million (2022: £8.8 million), which includes payments in respect of investment managers under earn-out agreements, and development of client applications;
- outflows of £5.1 million relating to capital expenditure on tangible property, plant and equipment (2022: £4.3 million), which relates predominantly to property fit-out costs; and inflows of £2.9 million from a partial sale of the group's shareholding in Euroclear.

CREATING SUSTAINABLE VALUE FOR OUR STAKEHOLDERS

SECTION 172 STATEMENT

Understanding the views and interests of our stakeholders helps the group to make better decisions with the aim of generating long-term value for the company's shareholders whilst contributing to wider society by building mutually beneficial relationships with our other key stakeholders.

Section 172 of the Companies Act 2006 requires the directors to act in a way they consider will promote the success of the company for the benefit of its stakeholders as a whole. You can read more about how we engage with and respond to the interests and needs of our key stakeholders and how the board engaged in 2023 on pages 49 to 57.

THE BOARD HAS DISCHARGED ITS SECTION 172 DUTIES

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

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

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

S172 FACTOR	MORE INFORMATION
The likely consequences of any decision in the long term	**Our strategic priorities:** See page 22 **Key board decision:** See page 51
The interests of the group's employees	**Our strategic priorities:** See page 22 **Our people:** See page 53
The need to foster business relationships with the group's suppliers, clients and others	**Our strategic priorities:** See page 22 **Creating value for our stakeholders:** See page 49
The impact of the group's operations on the community and the environment	**Responsible business:** See page 58 **TCFD:** See page 66
The desirability of the group maintaining a reputation for high standards of business conduct	**Our culture and values:** See page 20 **Corporate governance: chair:** See page 89
The need to act fairly as between the company's shareholders	**Our strategic priorities:** See page 22 **Shareholders:** See page 55

CONSIDERING THE LONG TERM

The board sets the strategy, values and culture, and develops and oversees the group's framework of governance, risk management and internal controls to promote and safeguard the group's long-term success. The strategic goals and objectives it sets are focused around developing the group's proposition and service to fulfil the long-term needs of its clients. You can read more about the group's strategy on pages 22 to 26 of the strategic report. Details of how stakeholder considerations influenced the board's decision-making regarding the strategy can be found in the case study on page 51. The group provides an essential service to its clients in a highly regulated environment. The identification, management and mitigation of risks to the group's business is key to ensuring the delivery of its strategy over the longer term, and the consideration of risk plays an important part in decision-making. You can read more about how the group evaluates and manages risk along with a description of the principal and non-financial risks relating to the company's operations on pages 77 to 86 of the strategic report.

MAINTAINING A REPUTATION FOR HIGH STANDARDS OF BUSINESS CONDUCT

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

SHAREHOLDER MEETINGS

The AGM is scheduled to take place on 9 May 2024. Further details will be set out in the Notice of AGM, which will be sent to shareholders in due course. The board acknowledges the importance of shareholders receiving presentations from the board at the meeting and being able to ask questions on the business of the AGM and the performance of the group. The company will provide a means for them to ask questions of the directors. All voting at general meetings of the company is conducted by way of a poll. All shareholders have the opportunity to cast their votes in respect of proposed resolutions by proxy, either electronically or by post. Following the AGM, the voting results for each resolution are published and made available on the company's website.

OUR APPROACH TO STAKEHOLDER ENGAGEMENT

Our aim is to maintain an open and transparent approach to stakeholder engagement based on building constructive relationships with our key stakeholders and ensure there is a two-way dialogue.

Across the firm, there are many examples of stakeholder engagement influencing both day-to-day actions and strategic initiatives. The key strategic developments set out on pages 50 to 57 illustrate some of our significant stakeholder considerations that informed the board's decision-making during the year and this approach is designed to be consistent with our section 172 statement. Details of the framework through which this is governed are set out in the table on the right.

OUR STAKEHOLDER FRAMEWORK

The firm has identified the following key stakeholder groups and by considering their perspectives, insights and opinions, the board seeks to ensure outcomes of operational, investment or business decisions that are more robust and sustainable.

In doing so our board has regard to the matters set out in section 172, see page 49.

OUR REGULATORS

Rathbones group is regulated by all appropriate regulatory bodies in line with our business lines and activities. The group's continued compliance with its regulatory obligations and the interests and views of the PRA and FCA are primary considerations in decision-making across the group.

OUR STAKEHOLDER FRAMEWORK

OUR STAKEHOLDERS	INPUT FROM OUR ENGAGEMENT WITH STAKEHOLDERS	OUTPUT FROM ENGAGEMENT
CLIENTS	– Client engagement allows us to obtain feedback which enables our proposition to evolve and meet the needs of the client of the future – Understand clients evolving priorities and requirements – Client insight and feedback on service, technological needs and products.	– Deliver bespoke and relevant products for the future – Ensure ongoing high quality service – Develop client centric propositions – Support clients with intergenerational wealth management.
OUR PEOPLE	– Engagement helps us attract, retain and develop our people – Input into the sustainable employee model – Understand the importance of DE&I and implement changes across the firm's network.	– Provide an inclusive and talented workforce to service client needs – Ensure continuing strong engagement with colleagues – Offer a benefits package that supports our people – Deliver relevant learning and development programmes for all employees to ensure ongoing support.
SHAREHOLDERS	– Engagement is designed to ensure confidence in the long-term success of the firm – Provide insight into the firm's strategic and investment direction.	– Ensure sustainable long-term shareholder returns through our business model – Maintenance of our progressive dividend policy – Provide ongoing updates on the IW&I integration and other strategic objectives – Proposed new remuneration policy.
SOCIETY AND COMMUNITIES	– We recognise our responsibility to wider society and communities we operate within – Obtain specific environmental and social perspectives.	– Implement and refine initiatives aligned with our responsible business agenda – Maintained our levels of community investment – Engaged community partners – Progress on our net zero programme.
PARTNERS AND REGULATORS	– Engagement with regulators and our partners is fundamental to the running of the firm and servicing of clients – Provide feedback to ensure ongoing collaboration and anticipate any regulatory changes – Engagement with our suppliers and partners supports our ability to deliver our commitments.	– Respond to evolving regulatory requirements and standards in order to maintain the firm's high standards – Ongoing engagement with all our regulators – Work with our key suppliers to ensure ongoing business resilience.

CREATING SUSTAINABLE VALUE FOR OUR STAKEHOLDERS CONTINUED

KEY BOARD DECISIONS AND CONSIDERATION OF STAKEHOLDER INTERESTS
RATHBONES' COMBINATION WITH INVESTEC WEALTH & INVESTMENT UK (IW&I)

HOW THE BOARD REACHED ITS DECISION

During 2023, the board considered and agreed to an all-share combination of Rathbones Group Plc with IW&I.

The board was supported by the risk committee and the firm's second line of defence function on various elements of the transaction including, the potential market, legal, regulatory, capital and operational risks. These risks were mitigated through extensive due diligence and engagement with IW&I to ensure the interests of our stakeholders were protected throughout this transaction.

The transaction has brought two businesses with closely aligned cultures and long-standing heritage in the UK wealth management together. When the board was considering the Rathbones and IW&I combination, it considered all aspects of both businesses including the long-term implications on our strategic direction, day-to-day operations and key stakeholders. The board believe the combination with IW&I would provide the following benefits to our stakeholders.

WHY THIS COMBINATION?

Clients

- Enhanced and enriched client proposition across investment management, financial planning, fund management and banking services
- Leverage the Rathbones investment in technology to deliver optimal client experience whilst improving operating efficiency
- Ensure continued stability and continuity of service with a competitive pricing model.

Our people

- Attract and retain the best industry talent through a leading employee proposition centred around client service
- Secured future as an independent wealth manager
- Career development opportunities across a larger business with focus on multi disciplines.

Partners and regulators

- Clear combined operating model, leveraging strategic suppliers including Investec Group, creating stronger relationships with our suppliers across our combined supply chain
- Maintain independent and robust governance structures across both firms
- Increased regulatory capital surplus throughout the integration
- Increased engagement with our regulatory partners.

Shareholders

- Increased scale and operational efficiency to support organic growth
- Maintaining the group's independence through the relationship agreement and agreeing lock-in/ standstill arrangements with Investec Bank Plc
- Growth opportunity from strategic partnership with Investec Bank Plc
- Generate attractive financial returns via EPS growth over the next three years.

Society and communities

- Larger opportunity on which to base the stewardship team's investee engagement
- Increased opportunities for positive societal impact, through our community partners and employee giving programmes
- Maintain our net zero commitment including engagemnet with companies, in which we invest on behalf of our clients.

CREATING SUSTAINABLE VALUE FOR OUR STAKEHOLDERS CONTINUED

Our strategic priorities

1. Enriching the client and adviser proposition and experience
2. Supporting and delivering growth
3. Inspiring our people
4. Operating more efficiently

CLIENTS

Clients are at the heart of our strategy and their interests are a key consideration in everything that we do.

STRATEGIC PRIORITY

1

HOW THE BOARD ENGAGED

The group executive committee and the board regularly receive updates on client proposition, investment performance outcomes and service levels.

HOW THE FIRM ENGAGED

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

- focus groups and targeted surveys
- participated in the NMG Consulting 2023 client experience benchmark survey
- regular meetings held between investment managers, financial planners and clients
- user experience testing of our digital solutions and propositions
- virtual and in-person conferences held for private clients, intermediaries and IFAs
- regular CEO letters and research notes issued to clients to update them on the firm, the IW&I transaction, integration process, and our investment proposition.

KEY TOPICS RAISED

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

HOW THE FIRM RESPONDED

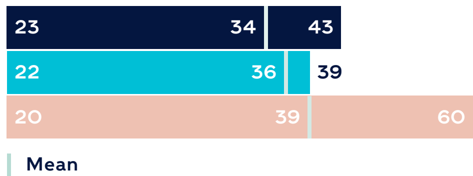
- Twelve financial awareness courses held virtually
- Development of new products and services to meet current and future client needs including ESG proposition with Rathbones Preference and the Rathbone Greenbank Global Sustainable Bond fund
- Continued development of MyRathbones with over 58% take up by clients
- Continued to develop our ability to deliver our proposition and client reporting digitally
- Additional financial planning capability to support client needs in conjunction with investment management services.

OUR SURVEY RESULTS

Amid significant political and economic challenges in the UK leading to a market downturn, our client satisfaction and likelihood to recommend scores have increased from 2022. Rathbones scores higher than average on brand reputation, fit of products/services, and relative value for money. Client feedback reveals relationships with individual investment managers are highly valued and contribute heavily towards satisfaction. There are some variances across client segments, with strength in the relationship highest among older, tenured clients with a segment of younger, newer clients at greater risk of withdrawing funds (less familiar with market and performance volatility). Satisfaction with digital experience is high which bodes well as more clients are demanding more in the digital offerings. There is more work to be done in effective client communications and clarity of costs (fees and charges). Enhancement to these areas will allow for a greater client experience and addressing Consumer Duty requirements.

NET PROMOTER SCORE[1,2]

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



OVERALL SATISFACTION[1,2]

Overall satisfaction with Rathbones (0 to 10)

SATISFACTION WITH THEIR INVESTMENT MANAGER[1,2]

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

1. The mean is the average score of the eight firms who participated in the 2023 NMG private client survey. It is also the average from historic AON benchmark client surveys
2. Data excludes IW&I

Stakeholder interests and engagement: See page 49

Enriching our proposition: See page 23

Engaging with clients to support product development

Engagement with our clients is through a variety of studies and surveys. The information gathered supports our planning and communication. Information has been gathered via:

- Financial Wellbeing Study 2023: to understand the primary financial wellbeing concerns facing high net worth individuals
- Compeer Wealth Services for females, digital demands and sustainable investing: insight into the wants and needs of clients from a digital and ESG perspective
- NMG CSAT 2023: our deep dive survey into Rathbones' client satisfaction
- Savanta Brand Vue: painting a picture of how the Rathbones' brand is interpreted by potential clients
- Compeer Wealth Services for Accountants, Lawyers and HNWI: investigating the wants and needs of lawyers and accountants
- NMG IFA Distribution Study: understanding the wants and needs of IFAs and how do we serve them better
- Oxford Risk Financial Personality Insights: a look into how the financial personality of Rathbones 'clients compares to the Oxford Risk benchmark.

We act collaboratively: See page 6

CREATING SUSTAINABLE VALUE FOR OUR STAKEHOLDERS CONTINUED

Our strategic priorities
1 Enriching the client and adviser proposition and experience
2 Supporting and delivering growth
3 Inspiring our people
4 Operating more efficiently

OUR PEOPLE

Understanding the needs of the group's people is essential in developing a workplace and culture in which they can reach their full potential and, in turn, ensure the long-term success of the group.

STRATEGIC PRIORITY

3

HOW THE BOARD ENGAGED

The board receives feedback from employees through several channels. Regular reports are tabled by our chief people officer (CPO) covering matters ranging from employee sentiment to DE&I, with reports based on extensive KPIs. Feedback is also received through our non-executive director workforce engagement programme led by Iain Cummings and Dharmash Mistry. Read more about the key themes from this initiative on the next page. The views of colleagues are also obtained via regular colleague surveys. Detailed results are shared with the group executive committee, with key themes and issues escalated to the board for consideration.

HOW THE FIRM ENGAGED

We engaged with our people through the following activities:
- day-to-day interaction through our management structures coordinated and supported by a dedicated function under our CPO
- regular colleague opinion surveys to measure engagement, wellbeing and opinions, this was rolled out to IW&I in Q4
- ongoing and regular virtual management briefings, over 2,000 colleagues attended joint business function town halls in Q4
- webcast, internal magazine and management blogs
- virtual presentations by the executive team to discuss performance and the firm's progress on the strategic plan
- peer recognition scheme to identify colleagues who demonstrated outstanding behaviours and conduct aligned to our values
- workforce engagement sessions held with the non-executive directors.

KEY TOPICS RAISED

- What will the impact and opportunities should our people expect following the IW&I combination?
- How does the firm's people strategy help our colleagues develop their careers?
- What does the future working style at Rathbones look like and how will our culture evolve following the IW&I transaction?
- The continued importance of diversity equality and inclusion (DE&I).

HOW THE FIRM RESPONDED

- Frequent engagement on the combination process and integration plans to support clear communication and regular engagement opportunities to raise questions
- Introduced joint MS Teams capability as a key collaboration tool between the businesses
- Announced new senior leadership appointments and team structures that will bring our teams together
- Continued work to develop our recruitment processes as part of our commitment to attract, cultivate and retain diverse talent
- Involved all leaders and teams in the cascade of our strategy
- Focusing on developing our people and enabling our culture
- Roll out of our DE&I strategy across the firm.

EMPLOYEE RESPONSE RATE[2]

76%

2022: 82%

OVERALL ENGAGEMENT[2]

8.0/10

2023 Benchmark[1]: 7.9
2022: 8.0 (benchmark 7.8)

EMPLOYEE NET PROMOTER SCORE[2]
Employee likelihood to recommend Rathbones

37

2023 Benchmark[1]: 26
2022: 39 (benchmark 22)

I FEEL WELL COMMUNICATED WITH[2]

7.7/10

2023 Benchmark[1]: 7.6
2022: 7.8 (benchmark 7.6)

MY MANAGER CARES ABOUT ME AS A PERSON[2]

8.7/10

2023 Benchmark[1]: 8.6
2022: 8.5 (benchmark 8.6)

1. Benchmarks are set by Peakon and relate to the broader financial service sector clients
2. Data excludes IW&I

Responsible business review: See page 58
Culture: See page 20
Gender pay gap report

Engagement as a driver for change

Our colleague engagement survey is a primary driver for understanding and improving how we experience work at Rathbones. Throughout the year, we encourage our colleagues to give their anonymous feedback on what it's like to work at Rathbones through our colleague engagement survey. Aggregated group results are shared across the firm with notes on areas of strength and focus for improvement. In response, leaders and managers commit to action planning at strategic and local levels to actively respond to colleague feedback. Our colleague engagement survey is a key tool for informing and delivering our people strategy; and by asking, listening, and taking action, we can make sure Rathbones continues to respond to colleagues and becomes an even greater place to work.

Our people: See page 61

CREATING SUSTAINABLE VALUE FOR OUR STAKEHOLDERS CONTINUED

OUR APPROACH TO WORKFORCE ENGAGEMENT WITH THE BOARD

Iain Cummings and Dharmash Mistry are our two designated non-executive directors responsible for gathering employee feedback. A workforce engagement framework was developed using existing employee engagement activities already in place to provide a range of opportunities to engage directly with employees and receive feedback. The two-way dialogue between the board and employees is facilitated by a combination of engagement methods, which in normal circumstances would include face-to-face meetings, office visits and attendance at employee events. These tools complement the established annual all-employee survey process and the board's review of findings. The adoption of a diverse range of listening channels has been based on the principle that everyone in the firm should have a voice and is consistent with employee feedback of the benefit of multiple platforms to raise areas for discussion. In turn, it supports the board in gathering a fair and representative view of the issues that are important to employees and builds an appreciation of how these may differ by role and geography. Engagements can be classed as formal and informal, with both required to identify ongoing themes. Typically, the formal approach is used to gather a structured and holistic view across a large population of individuals at a point in time. The board's informal methods provide a greater depth of feedback, truer understanding of underlying sentiment and support the development of constructive relationships with employees.

"I felt the session was really well set up, if we had longer I am sure we would have kept going."

"Iain and Dharmash were very good at ensuring everyone had a chance to speak."

"This is another example of the 'openness' of our organisation which makes it good to work for"

KEY THEMES IN 2023 CENTRED AROUND THE FOLLOWING AREAS:

COMBINATION WITH IW&I
- Positive reaction received from colleagues on the combination with IW&I due to the benefits it can bring to the group
- Anticipated improvements to service delivery to clients as well as increased opportunity for learning and development
- Awareness that the combination may bring uncertainty and possible instability in the short term to colleagues. The board need to monitor and mitigate this risk with ongoing communications during the integration.

CULTURE
- Our people continue to believe the group's culture and values remains a key strength which should be retained whilst recognising the need to embrace IW&I into the group
- Strong employee engagement score of 8 out of 10, indicates high levels of satisfaction in working at Rathbones with loyalty scores above industry average
- Whilst hybrid working has empowered colleagues, it should not be at the expense of the next generation of wealth managers.

ON DIVERSITY, EQUALITY & INCLUSION (DE&I):
- Recognition that the group had made good progress on DE&I as both our Women In Finance and board representation targets had been achieved
- DE&I networks had been created across the country which were contributing to the group's progress
- Additional resource had been introduced to help drive change and embrace the differences in our people
- The nomination committee monitors progress against key milestones of the strategy to ensure we maintain momentum in this critical area.

OUR WORKFORCE PROGRAMME DURING 2023[1]

EMPLOYEE ENGAGEMENT SURVEYS (FACILITATED EXTERNALLY)
2

BOARD BRANCH VISITS
2

NED DROP-IN SESSIONS ACROSS VARIOUS OFFICES
6

CEO MEETINGS WITH FRONT OFFICE TEAMS
18

TOWN HALLS HELD
5

Key board decision: See page 51
Our people: See page 61
Responsible business update: See page 58
Gender pay gap report

1. Data excludes IW&I

CREATING SUSTAINABLE VALUE FOR OUR STAKEHOLDERS CONTINUED

Our strategic priorities

1. Enriching the client and adviser proposition and experience
2. Supporting and delivering growth
3. Inspiring our people
4. Operating more efficiently

SHAREHOLDERS

Understanding the views of our shareholders is essential to us delivering long-term sustainable financial returns.

STRATEGIC PRIORITY

2

HOW THE BOARD ENGAGED

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

HOW THE FIRM ENGAGED

We engaged with our shareholders through the following activities:

- executives, our board chair and committee chairs held meetings with and gathered feedback from our investors, both directly, via our corporate brokers and through various conferences
- we continued to expand sell-side analyst research coverage of the company
- we commissioned an independent analyst perception study, to gain insight into our shareholder/investor's opinions. The results were presented to the board
- our AGM provided the opportunity for all shareholders to ask questions of our board.

KEY TOPICS RAISED

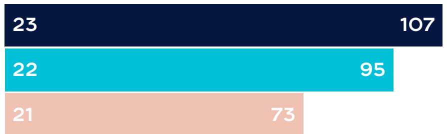
- How will the company deliver on the combination with IW&I?
- How will the new remuneration policy support delivery of the strategic objectives?
- How is the integration of Saunderson House progressing?
- How will the company improve organic growth?
- What is the progress update on client lifecycle management (CLM) in terms of budget and benefits?

HOW THE FIRM RESPONDED

- Discussed the IW&I transaction and associated benefits with our top shareholders
- Presented the proposed new remuneration policy to shareholders ahead of the AGM vote and received support for the proposal
- Provided regular updates on the company's financial and strategic performance, through our quarterly market updates and half-yearly results presentations
- Updated the market on strategic progress as part of result statements throughout the year
- Responded to several environmental, social and governance (ESG)-related questionnaires during the year and issued our Task Force on Climate-related Financial Disclosures (TCFD) report and responsible business report
- Restated our commitment to our progressive dividend policy which was maintained throughout the year
- Maintained meaningful dialogue with the sell-side analyst community.

NUMBER OF INVESTOR MEETINGS HELD IN 2023[1]

NUMBER OF NEW INVESTORS IN 2023[2]



1. Calculation methodology was changed for number of meetings in 2023, with one group meeting counted as one rather than reflecting the number of investors who attended
2. Number of new investors includes both retail shareholders and institutional investors

Stakeholder interests and engagement: See page 49

Group chief executive officer's review: See page 11

Enriching our proposition: See page 23

Engagement on the Investec Wealth & Investment (IW&I) combination

In April 2023 we announced the combination with IW&I that not only presents a compelling strategic and financial rationale, but also secures our future as the UK's leading discretionary wealth manager. We met with all of our top shareholders to discuss the transaction and throughout the year we have continued to update investors and the wider market on our progress. We were grateful for the overwhelming support for the combination, which was a positive affirmation of this transformational transaction.

In addition to engaging with our shareholders we discussed the transaction with our broader stakeholder base. More information can be found in our IW&I case study.

Key board decision: See page 51

CREATING SUSTAINABLE VALUE FOR OUR STAKEHOLDERS CONTINUED

Our strategic priorities

1 Enriching the client and adviser proposition and experience
2 Supporting and delivering growth
3 Inspiring our people
4 Operating more efficiently

SOCIETY AND COMMUNITIES

We are conscious of the impact of the group's operations on the community and environment and understand the importance of being a good corporate citizen.

STRATEGIC PRIORITY

1 2

HOW THE BOARD ENGAGED

The group's responsible business programme, which is sponsored by the chief executive, has continued to deliver on commitments that were made in 2021 relating to responsible investment, our people, society and communities and the environment. You can read more about our responsible business programme on pages 58 to 65, our Task Force on Climate- related Financial Disclosure (TCFD) report and responsible business progress update. Details of how consideration of our wider community has shaped some of our recent initiatives can be found on page 63.

HOW THE FIRM ENGAGED

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

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

KEY TOPICS RAISED

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

HOW THE FIRM RESPONDED

- We successfully coordinated donation appeals to support the disasters emergency committee's response to the crisis in Syria and Turkey
- We supported the communities in which we operate through the Rathbones Group Foundation, corporate donations and employee volunteering. In 2023, we gave more than £589,000 (2022: £795,000)
- Restructured our community investment structure in response to integration
- Expanded our stewardship team to support our engagement activities
- Reviewed our approach to reporting on climate risk. See our TCFD report for more information
- Published our fossil fuel statement and thermal coal position policy.

Responsible business review: See page 58

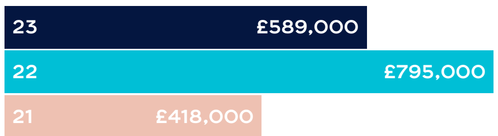
Responsible investment report

Responsible business update

CARBON DISCLOSURE PROJECT (CDP) SCORE[1]

DIRECT ENGAGEMENT WITH INVESTEE COMPANIES[1]

TOTAL AMOUNT DONATED[1]



1. Data excludes IW&I

Reviewing our responsible business strategy

Having set our responsible business (RB) strategy three years ago, in 2023 we initiated a review. Following a review of incoming regulation and reporting frameworks from Sustainability Disclosure Requirement to the International Sustainability Standards Board expectations an issue matrix was drawn up, which we then tested with our stakeholders. Through workshops with our colleagues, questions in a client survey, reviewing regulatory thematic updates and conversations with external SMEs we drew out those topics that appeared most material to Rathbones. Whilst this work was due to be completed in 2023, following the IW&I announcement, the decision was made to extend our engagement to ensure outcomes were suitable for the enlarged group. Work will therefore continue through 2024, and an updated RB strategy will be published in our 2024 annual and responsible business reports.

Responsible business: See page 58

CREATING SUSTAINABLE VALUE FOR OUR STAKEHOLDERS CONTINUED

Our strategic priorities
1 Enriching the client and adviser proposition and experience
2 Supporting and delivering growth
3 Inspiring our people
4 Operating more efficiently

PARTNERS AND REGULATORS

Engagement with our regulators and partners is fundamental to the running of the firm and servicing our clients.

STRATEGIC PRIORITY

4

HOW THE BOARD ENGAGED

The board is regularly briefed on regulatory developments and expectations, and the board's risk, audit and remuneration committees receive detailed insights into specific areas such as the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Capital and Risk Assessment (ICARA), Client Assets Sourcebook (CASS), Regulatory Activity (COBS, SYSC, DISP, SMCR) as well as managing FCA regulation including Consumer Duty and the Sustainable Disclosure Requirements. The board also receives updates in relation to specific matters, such as areas of interest to the FCA/ PRA including operational resilience, conduct risk and the management of culture. The group maintains regular contact with the PRA and FCA to ensure awareness of its concerns, expectations and agenda, and this informs the prioritisation of activities within the group's annual operating plan. The board discussed the November Dear CEO letter laying out its expectations for wealth and stockbroking firms.

HOW THE FIRM ENGAGED

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

– we held regular meetings with our regulators during the year and continue to have a proactive and transparent relationship with them. The number of meetings increased in 2023 given the IW&I transaction
– we engaged with our suppliers to understand both their exposure to environmental, social and governance (ESG) risk (including modern slavery risk) and their management of these matters. Our modern slavery statement is updated annually and reviewed by our board
– we maintained ongoing relations with our key suppliers and partners during the year with the board receiving regular updates on engagement with our existing partners.

KEY TOPICS RAISED

– How the planned combination of Rathbones with IW&I would create value for stakeholders
– Rathbones response to Consumer Duty regulation
– How do Rathbones ensure open and clear dialogue with regulators with timely response to requests?
– Do we provide fair and transparent terms with our suppliers?

HOW THE FIRM RESPONDED

– All responses to regulators have been made within the agreed deadline
– Trained our board on key topics. See page 97 in our governance section for more on board training
– Worked in close collaboration with the firm's regulators, including through the transaction period relating to IW&I

% OF SUPPLIERS PAID WITHIN 30 DAYS[1]

% OF PAYMENTS MADE TO SUPPLIERS IN AGREED TIMEFRAME[1]

1. Data excludes IW&I

– Maintained a constructive relationship with HMRC
– Reviewed our preferred, strategic and critical suppliers for their ESG policies and processes. See more on page 63
– Interacted with the industry bodies and associations we are affiliated with to ensure we were engaged with issues impacting our industry
– Engaged with our existing lending partner
– Adhered to payment terms with suppliers.

Stakeholder interests and engagement: See page 49

Risk management and control: See page 77

Engaging with our suppliers

Rathbones' supplier management team has enhanced the process for on-boarding a new supplier, renewing and existing supplier and adding additional services to an existing supplier in Q2 2023.

The process now includes an assessment of the supplier's responsible business and ethical practices via the Rathbones' ESG questionnaire completed by the supplier and reviewed to ensure it is in line with Rathbones' standards.

In 2023, work was undertaken to identify supplier partners that work with both Rathbones and IW&I. In 2024, work will begin on the integration of our supply chains.

Responsible business: See page 63

RESPONSIBLE BUSINESS REVIEW
OUR RESPONSIBLE BUSINESS FRAMEWORK

Our responsible business approach is delivered through our four-pillar programme. We work with a number of partners, recognising that collaboration will help drive the change we want to see.

AMBITION AND IMPACT
We believe that our focus on the long term enables us to build value for our clients, whilst making a wider contribution to society. We are committed to investing for everyone's tomorrow. This means understanding the environmental, social and governance (ESG) issues that matter to both our stakeholders and to our business, and looking beyond the short term for the most sustainable outcome.

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

COLLABORATION
We know that we cannot deliver the level of change needed to impact the world's most pressing environmental, social and governance issues on our own. Therefore, we have joined forces and operate in alignment with selected recognised frameworks and initiatives.

These engagements alongside our work with regulators and delivery partners support our understanding of stakeholder expectations and best practice response opportunities. A selection of our affiliations and partnerships can be seen on our website, including our continued support for the United Nations Global Compact.

HIGHLIGHTS
In 2023, our responsible business committee, co-chaired by our group chief executive and the managing director of our investment business, discussed matters ranging from incoming regulatory requirements such as the Sustainability Disclosure Requirements, to the increasing ESG reporting requirements introduced by frameworks such as those published by the International Sustainability Standards Board and the final Taskforce on Nature-related Financial Disclosures framework. The committee received updates on initiatives across our four pillars, including:

- progress towards our net zero commitment
- our stewardship activities
- our DE&I programme, including our gender pay gap
- continued engagement with suppliers and our modern slavery statement
- the changing shape of our community investment programme
- an update on the quality of carbon offsets following a review undertaken by Climate Impact Partners.

LOOKING FORWARD
In 2023, we undertook a high-level materiality analysis. The outcomes will be used in 2024 to support a review of our responsible business strategy and approach and its associated governance. The new strategy will reflect the broader group including IW&I.

OUR APPROACH TO RESPONSIBLE BUSINESS

Our purpose is to think, act and invest for everyone's tomorrow

OUR PILLARS

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

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

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

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

OUR PILLARS ARE UNDERPINNED BY OUR CRITICAL FOUNDATIONS

Robust governance	Positive corporate culture	Identified material issues

AND ACTIONED THROUGH

Risk and opportunity informed targets and actions	SDG aligned outcome metrics	Executive non-financial strategy linked remuneration

Responsible business update
Partnership and memberships

RESPONSIBLE BUSINESS REVIEW CONTINUED

OUR RESPONSIBLE BUSINESS PROGRESS

PILLAR AND ISSUE	AREAS OF FOCUS	2023 PROGRESS[1]	FURTHER INFORMATION
RESPONSIBLE INVESTMENT	ESG integration	Published the group fossil fuel statement and thermal coal phase out plan, which will support management of the carbon intensity of the investments we make on behalf of our clients	**Read more:** See page 60 **Responsible business update**
	Voting with purpose	Voted on 48.04% of resolutions following our voting policy. The policy is customised: we determine what matters to our clients, rather than purely applying the views of an external proxy voting consultant	
	Engagement with consequences	Undertook 752 direct engagements in line with priorities shared in our engagement action plan. This covered topics such as board diversity, biodiversity, net zero and modern slavery	
	Transparency	77% PRI score - governance and strategy, following the reassessment of scoring from 2022, more can be found in our responsible investment report	
OUR PEOPLE	Diversity, equality and inclusion	Launched new inclusion networks, seven are now operating and from 2024 these will be active across the enlarged group, including IW&I colleagues	**Read more:** See page 61 **Responsible business update** **Gender pay gap report**
	Culture and values	eNPS score of 37 (benchmark of 26)	
	Employee wellbeing	Our wellbeing team ran webinars for colleagues covering topics such as menopause awareness, mental wellbeing, neurodiversity and anxiety	
	Learning and development	Delivered six webinars with charity partners on how to best identify and support vulnerable clients, supporting our work on Consumer Duty	
SOCIETY AND COMMUNITIES	Human rights - anti-bribery and corruption training	95.2% in scope employees completing anti-bribery and corruption training	**Read more:** See page 63 **Responsible business update**
	Supplier engagement	76% of our in scope suppliers were reviewed through our responsible business assessment. Topics raised include net zero commitments and modern slavery	
	Community investment	1.38% of pre-tax profit invested in our local communities, this supported 77 charity partners at both a national and regional level	
OUR ENVIRONMENTAL IMPACT	MyRathbones (our client app)	58% of our clients are using MyRathbones. The increase supports us in achieving our digital ambition and reflects investment in our technology offering	**Read more:** See page 64 **Responsible business update**
	Resource consumption[2]	19 sites (out of 33) using renewable electricity, which covers 64% of our total consumption (kWh)	
	Funds under management and administration (FUMA) aligned with science-based targets	30% of Rathbones FUMA (excluding IW&I) has committed to set or has set their own Science Based Targets initiative aligned targets. The group remains on track to meet our 2025 near-term target of 35%	
	Carbon intensity Scope 1 and 2 – location-based emissions (tCO_2e/FUMA £bn)[2]	12.9 (down 1.1pp from 13.8 in 2022)	

1. Our 2023 responsible business data excludes IW&I. Integration will take place through 2024 to support consolidated reporting for year end 2024
2. Environmental data includes IW&I. Totals have been recalculated and restated for the past three years

RESPONSIBLE BUSINESS REVIEW CONTINUED

RESPONSIBLE INVESTMENT

HIGHLIGHTS[1]

PRI: POLICY GOVERNANCE AND STRATEGY SCORE

77%

2022: 72%

4 of 5

2022: 4 out of 5 stars

DIRECT ENGAGEMENTS

752

2022: 671

VOTES MADE AGAINST MANAGEMENT

786

2022: 971

Further information is available in our:

- **Responsible investment report**
- **Engagement report**
- **Stewardship code report**

1. Data excludes IW&I

OUR APPROACH

We recognise that the environment, society and financial stability are connected. It is therefore our responsibility to incorporate environment, social and governance (ESG) factors and the effect they can have on our clients' portfolio returns into our investment and ownership decisions. By embedding the analysis of ESG factors into our investment process, we strive to understand ESG risks and identify high-quality investments with attractive financial characteristics that can deliver on clients' long-term investment objectives. We also recognise the benefits that society can reap from our ability to potentially identify long-term sustainable investments for our clients.

With the support of our specialist financial, ESG integration and stewardship analysts and input from third-party data providers, we consider the following factors:

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

Our analysis considers relevant sustainability frameworks and includes data sourced from at least three ESG data providers.

Following a review, our responsible investment (RI) policy has been updated to better reflect group application of our RI principles. This both ensures clarity of our overarching framework whilst supporting application at a business unit level that makes most sense for our clients.

Governance of the policy was also reviewed and where applicable committee structure, membership and terms of reference have been updated. Our updated RI policy is available on our website.

ESG INTEGRATION

In 2023, we refined our investment process to include a sustainability alignment lens into our investment analysis - broadly, how a company's intentions translate into real outcomes. The approval of our fossil fuel positioning statement and thermal coal phase out plan, supports delivery on our net zero commitments. The publication of our phase-out plan aligns with the validation of our near-term net zero targets by the Science Based Targets initiative at the end of 2022, which asks that investment in thermal coal ceases by 2030.

ENGAGEMENT

We engage with the companies in which we invest on behalf of our clients, prioritising engagement where we can help make a difference in addressing systemic ESG challenges. We are prepared to escalate our engagement activity or reduce our holdings in companies that continue to present an ESG risk over time. All engagement activity is covered by our RI policy, and supported by our engagement policy. In 2023, we undertook 752 engagements (2022: 671).

VOTING

We actively vote in a manner that allows us to focus our resources where we believe we can make the most difference. This may involve voting against management to help drive positive change. In 2023, we voted on 11,966 resolutions at 853 company meetings (2022: 13,071 resolutions at 1,013 company meetings). In 2023, we undertook a regular review of our voting process in 2023 to ensure we maximise our impact across all voting channels. This process will be reviewed again as part of the integration process with IW&I. Our aim is to both maximise the percentage of holdings we vote on, whilst ensuring our votes are impactful.

TRANSPARENCY

We are committed to being transparent about our approach to RI, ensuring that commitments or promises we make can be substantiated with clear evidence of action. Relevant committees receive regular updates on investments which may breach the thresholds we have established. We have established an RI communications coordination group and are reviewing and updating collateral and approaches to support both our Green Claims Code review process and Consumer Duty considerations. Our approach is recognised with our PRI Score improving in many areas from 2022, see more in our RI report.

RESPONSIBLE BUSINESS REVIEW CONTINUED

OUR PEOPLE

HIGHLIGHTS[1]

EMPLOYEE ENGAGEMENT SCORE

8.0

Benchmark: 7.9
(2022: 8.0 / benchmark 7.8)

% OF EMPLOYEES PARTICIPATING IN SHARE SCHEMES (SIP/SAYE)

84% / 56%

(2022: 90% / 63%)

% OF EMPLOYEES SHARING DIVERSITY DATA

63%

(2022: 64.9%)

EMPLOYEE TURNOVER

7.59%

(2022: 7.2%)

1. Data excludes IW&I

OUR APPROACH

We are a people business, so it is imperative that our strategy sets a culture that drives performance and builds long, rewarding careers for our colleagues. Based around a common set of corporate values and a commitment to DE&I, we are focused on leveraging the talent in our business, as we develop more career paths, build leadership skills and manage succession.

Our management team and the board continued to engage with our people through a variety of channels, ensuring open discussion across our workforce. A key highlight of the year was our employee engagement survey, with 76% response rate (82% in 2022) and an employee net promoter score of 37 (39 in 2022) which is above the sector average of 26 (22 in 2022). In 2023, we shared our updated people plan.

CULTURE AND VALUES

Our people strategy was finalised and is being used by our people business partners with their stakeholders to frame next steps to support our strategic ambition of 'inspiring our culture'. Through our integration we maintain our commitment to colleagues across both businesses to craft an inclusive culture. Read more about our culture on page 20.

EMPLOYEE WELLBEING

At Rathbones we care about colleague wellbeing. We have a range of provisions in place to support the mental and physical health of our people. In 2023, we continued to offer access to our employee assistance programme, including a free and confidential phone and online advice service. Alongside these services our wellbeing team and inclusion networks have run awareness sessions on several topics, from cancer and menopause awareness to mental health and neurodiversity.

We introduced a socio-economic diversity network and continued to track our employees' opinion through our employee surveys. In 2024, we will be working with our new IW&I colleagues to ensure we have representatives from across the group.

LEARNING AND DEVELOPMENT

We are committed to investing in the learning and development of all employees. We continue to support participation in appropriate internal or external programmes. We seek to give all our people the opportunity to develop the skills, knowledge and behaviours they require to fulfil their current roles effectively, supporting them in realising their potential and enjoying a varied and engaging career. In 2023, we rolled out programmes focused on the four pillars of Consumer Duty and ran awareness sessions on compliance with the Green Consumer Code. Our sessions on cyber security and our mentoring scheme continued to run. Our 2023, training spend per employee was £529 (2022: £456).

DIVERSITY, EQUALITY AND INCLUSION

At Rathbones, we know that everyone walks a different path in life. From where we grew up to the languages we speak, how we think and who we love – we are all different. By embracing our different experiences and perspectives we are working to create and protect an environment that is inclusive and equal for everyone. With more than 3,500 people across 23 offices we recognise that embracing our differences helps us make better decisions and bring innovation into everything we do. Embedding DE&I across the group is critical to achieving our strategic ambitions and our purpose of investing for everyone's tomorrow. Having shared our DE&I plan in 2022, we tracked progress against our targets and gathered feedback in our engagement surveys as well as insights from colleagues across the group gathered via our inclusion networks.

Measuring our diversity

Success Factors, the platform we ask employees to self-report their demographic data, covers many of the Equality Act 2010 protected characteristics.

It's a secure system with the necessary governance and controls to store confidential personal data. The data is accessible to a limited number of HR colleagues.

The data extracted from Success Factor will always be aggregated, anonymised, with groups of less than 10 not being reported on. All demographic questions have been modelled from what is considered best practice, e.g.: "Is your gender identity the same as at birth?" or "What was the main household earner occupation when aged 14?".

RESPONSIBLE BUSINESS REVIEW CONTINUED
OUR PEOPLE CONTINUED

To support this 63% of employees (64.9% in 2022) have shared their diversity data with us. This decrease may be driven by the move to a new system to collect data which introduced more categories of diversity data.

BOARD DIVERSITY
At the end of 2023, our board had five female directors out of nine, which meant we met the commitment of 33% female board representation for FTSE 350 companies. We also had three females on our group executive committee (GEC). In 2023, we continued to meet the requirements of the Parker Review, which encourages the improvement of ethnic and cultural diversity on boards. We see this as a good foundation on which to build, but not an end point. We are signatories to the Women in Finance Charter and as of September 2023 we reached 26.5% female representation in senior management compared to 15.6% female representation in 2018. Reporting against compliance requirements can be found in the tables to the right.

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

GENDER DIVERSITY[1] AT 31 DECEMBER 2023		Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage in executive management	Total number of employees	Percentage of total employees
Men	2022	4	57%	5	7	70%	1,175	54%
	2023	**4**	**44%**	**7**	**8**	**67%**	**1,236**	**54%**
Women	2022	3	43%	2	3	30%	995	46%
	2023	**5**	**56%**	**2**	**4**	**33%**	**1,049**	**46%**
Other categories	2022	–	–	–	–	–	–	–
	2023	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Not specified/prefer not to say	2022	–	–	–	–	–	–	–
	2023	**–**	**–**	**–**	**–**	**–**	**–**	**–**

1. Data excludes IW&I

ETHNIC DIVERSITY AT 31 DECEMBER 2023		Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage in executive management	Total number of employees	Percentage of total employees
White British or other White (including minority white groups)	2022	6	86%	4	8	80%	–	–
	2023	**8**	**89%**	**4**	**9**	**75%**	**1,267**	**54.45%**
Mixed/Multiple Ethnic Groups	2022	–	–	–	–	–	–	–
	2023	**–**	**–**	**–**	**–**	**–**	**22**	**0.96%**
Asian/Asian British	2022	1	14%	–	–	–	–	–
	2023	**1**	**11%**	**–**	**–**	**–**	**98**	**4.29%**
Black/African/Caribbean/ Black British	2022	–	–	–	–	–	–	–
	2023	**–**	**–**	**–**	**–**	**–**	**32**	**1.40%**
Other ethnic group, including Arab	2022	–	–	–	–	–	–	–
	2023	**–**	**–**	**–**	**–**	**–**	**22**	**0.96%**
Not specified/prefer not to say	2022	–	–	–	2	20%	–	–
	2023	**–**	**–**	**–**	**3**	**25%**	**844**	**36.94%**

Further information can be found in this report and on our website:

Inspiring our people **Read more:** See page 25

Our culture **Read more:** See page 20

Workforce engagement **Read more:** See page 54

Our responsible business update

Our gender pay gap report

RESPONSIBLE BUSINESS REVIEW CONTINUED

SOCIETY AND COMMUNITIES

HIGHLIGHTS

% OF IN SCOPE EMPLOYEES COMPLETING ANTI-BRIBERY AND CORRUPTION TRAINING

95.2%

2022: 99%

% OF SUPPLIERS ENGAGED ON ESG ISSUES

76%

2022: 69%

PERCENTAGE OF PRE-TAX PROFIT INVESTED IN OUR COMMUNITIES

1.38%

2022: 1.24%

Further information is available in our:

Responsible business update

Modern slavery report

OUR APPROACH

Through our business we aim to add value not only to our clients but also to the societies and communities in which we operate. We work with regulators, partners, suppliers and communities to understand their aims and ambitions working to align our approach to best practice across our programmes.

HUMAN RIGHTS

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

ESG INTEGRATION WITH SUPPLIERS

As a UK-based financial services business, Rathbones has a relatively low human rights risk within its direct supply chain. Indirect suppliers further down our supply chain however, potentially present an elevated risk. In 2023, we reviewed and updated our supplier maturity roadmap, including a revision of our ESG questionnaire. The roadmap outlines our next steps, including increased business level management information and a greater focus on procurement/on-boarding support from the central team. With 76% of suppliers (equating to 70% of Rathbones third-party spend) having completed our ESG review, we could see the main areas of concern raised through the responses being; modern slavery statements, living wage compliance (where our smaller supplier partners response may be limited by their size) and net zero approaches supported by near-term targets and data disclosure in our larger partners.

MODERN SLAVERY

Following the completion of the IW&I transaction we reviewed our modern slavery statement to consider alignment and support the mapping of our expanded supplier universe. Our updated statement will be approved by our board and released in May 2024. It will be available on our website.

ANTI-BRIBERY AND CORRUPTION

Rathbones has a zero-tolerance policy towards bribery and corruption and, in line with this, we ensure all our employees are adequately trained. In 2023, this module, alongside other compliance training, was rolled out to our Saunderson House colleagues. At the end of the year, 95.2% (99.2% in 2022) of all Rathbones' employees assigned completed our anti-bribery and anti-corruption training.

CODE OF CONDUCT AND WHISTLEBLOWING

Feeling secure and trusting that they will not suffer adverse consequences helps our employees if they feel the need to raise a concern. Training on our code of conduct and whistleblowing process occurs each year. In 2023, there were three cases raised via our whistleblowing process. All three matters were independently investigated and resolved.

COMMUNITY INVESTMENT

As we work to become a trusted partner, we deliver both financial and in-kind support through the Rathbones Group Foundation, our employee Give As you Earn scheme, our matching scheme and volunteering.

In 2023, we were pleased to invest £589,172 (2022: £795,116) in community projects. This represents 1.38% of our pre-tax profit (1.24% in 2022). With our focus on equality of opportunity and disadvantaged youth, we supported 77 charities. We were pleased to maintain our support for Social Shifters and Young Enterprise (YE), aligning with the work we carry out through our financial awareness programme. We also supported the Disasters Emergency Commission (DEC) Turkey-Syria appeal.

With an aim to encourage employee volunteering, we reviewed our volunteering policy. We maintained the three days a year, allowance and saw more offices take the opportunity of team volunteering days. Employees at our Jersey office worked with the Durrell Zoo. In Bristol, teams worked with their partner FareShare.

Post-completion of the IW&I transaction the structure of our support and giving was reviewed and a new structure covering all offices and colleagues was agreed.

FINANCIAL AWARENESS

We continue to recognise the importance of financial awareness in society and alongside our in-house sessions, continued our support for YE. This partnership enables us to reach a broader portion of society and run varied sessions in the communities that need them most. We look forward to working with YE as they enter their anniversary year, supporting the delivery of programmes and creating positive impact in the communities in which we and they operate. Over the past ten years, Rathbones sessions for 16-25 year olds have reached more than 12,300 people. We look forward to working with YE.

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

RESPONSIBLE BUSINESS REVIEW CONTINUED

OUR ENVIRONMENTAL IMPACT

HIGHLIGHTS

RESOURCE CONSUMPTION

23,681 tCO_2e

2022: 22,025 tCO_2e

% OF FUMA ALIGNED WITH SBTI TARGETS

30%

2022: 22.9%

% OF CLIENTS USING THE MYRATHBONES APP

58%

2022: 50%

OUR APPROACH TO MANAGING OUR IMPACT

In 2021, the group announced our intention to be a net zero emissions business by 2050 or sooner. Following the combination with IW&I , we will work to consolidate not only our operational data which can be seen in the table opposite but also our emissions exposure through the investments we make on behalf of our clients. In 2024 we will restate our net zero near-term targets to reflect these changes.

KEY DRIVERS OF OUR CARBON FOOTPRINT

We saw emissions increase in 2023, with purchased goods and services remaining the largest emissions source. As spend increased our emissions also increased, 33% since 2020 to over 4,000 tCO_2e. Despite this, emissions grew slower than spending as cost was focused on lower-carbon services like legal and professional services and software support, leading to a reduction in emissions intensity from 0.16 to 0.12 $kgCO_2e$ per £ between 2020 and 2023. Business travel emissions continued to increase. The most significant contributors to this increase were road and air travel, particularly noticeable in 2023. Long-haul flights and average passenger travel had an impact, as colleagues returned to travel post the 2020 period of lockdown. As commuting is more intensive than working from home, the change in employee commuting emissions (1.109 tCO_2e/FTE/working year vs 0.681 tCO_2e/FTE/working year), results from an increase in employee headcount, along with a general decrease in the proportion of days worked from home.

OUR CARBON FOOTPRINT DATA[1]

(INC. STREAMLINED ENERGY AND CARBON REPORTING)

Location-based emissions (tCO_2e)[2]	2023	2022	2021
Scope 1 (tCO_2e)	**584**	639	675
UK[3] emissions	**584**	639	675
Global[3] emissions (excl UK)	**-**	–	–
Scope 2 (tCO_2e)	**773**	757	704
UK[3] emissions	**769**	753	701
Global[3] emissions (excl UK)	**4**	4	3
Scope 3 (tCO_2e)[4, 5, 6, 8]	**22,324**	20,630	17,974
UK[3] emissions	**21,878**	20,621	17,719
Global[3] emissions (excl UK)	**446**	368	255
Scope 3 – category 1: purchased goods and services	**16,842**	15,413	13,852
Scope 3 – category 2: capital goods	**349**	821	856
Scope 3 – category 3: fuel and energy-related activities	**329**	379	368
Scope 3 – category 4: upstream transportation and distribution	**274**	341	285
Scope 3 – category 5: waste generated in operations	**14**	16	14
Scope 3 – category 6: business travel	**1,158**	775	285
Scope 3 – category 7: employee commuting	**3,287**	2,787	2,197
Scope 3 – category 8: upstream leased assets	**70**	98	116
Total location-based emissions (tCO_2e)	**23,681**	22,025	19,353
UK emissions	**23,231**	21,653	19,094
Global emissions (excl UK)	**450**	372	258
Market-based scope 2 emissions	**478**	540	428
Total energy consumption (MWh)[7]	**8,056,025**	8,110,666	7,324,444
UK consumption	**7,955,402**	7,890,792	7,189,538
Global consumption (excl UK)	**100,623**	94,468	83,971
Intensity ratios			
Scope 1 and 2 – location-based emissions (tCO_2e/FUMA £bn)	**12.9**	13.8	12.1
Total location-based emissions (tCO_2e/FUMA £bn)	**224.9**	218	170.1
Total location-based emissions (tCO_2e/FTE)	**6.8**	6.6	6.5

1. Following agreement of the combination with IW&I we have restated our environmental figures. All figures in the table include IW&I emissions and are therefore comparable
2. In accordance with best practice introduced in 2015, we report two numbers to reflect emissions from electricity. Location-based emissions are based on average emissions intensity of the UK grid and market-based emissions reflect emissions from our specific suppliers and tariffs. Scope 2 market-based emissions for 2023 are 478 tCO_2e (2022: 540 tCO_2e)
3. Under SECR regulation we are required to split our global and UK emissions. Our global emissions (excl. UK) and global consumption (excl. UK) reflect electricity emissions and consumption (respectively) from our Jersey office. It is not possible to split out travel and allocate to our Jersey office at this stage
4. Data centre emissions are reported under Scope 3, as per the WRI GHG Protocol
5. Electricity transmission and distribution (T&D) reflects emissions from line losses associated with electricity transmission and distribution
6. Emissions from water supply and treatment are included in our disclosure for the first time this year; 2021 emissions have been restated to include these emissions
7. Total energy consumption (kWh) of our Scope 1 and Scope 2 emissions (electricity), and scope 3 (employee cars)
8. Emissions associated with hotel stays and employee cars were reported in business travel in 2022

RESPONSIBLE BUSINESS REVIEW CONTINUED
OUR ENVIRONMENTAL IMPACT CONTINUED

OUR JOURNEY TO NET ZERO

We have committed to reaching net zero emissions by 2050 or sooner. Our near-term net zero emission targets have been validated by the SBTi.

CHALLENGES AND PROGRESS

Whilst we have the data to support our operational emission calculations, data related to the emissions from the investments we hold on behalf of our clients remain in development. We regularly engage with data suppliers to understand both their approach and coverage.

PROGRESS IN OUR INVESTMENT TARGET

In 2023, 30% of our FUMA had set or committed to set SBTi aligned targets. This is up 7.1pp since 2022 and shows that we are on track to meet our 2025 near-term target.

CHALLENGES IN OUR OPERATIONAL FOOTPRINT

Whilst an obvious driver of change is the increase in our property footprint and employee figures year-on-year, as referenced on the previous page, key drivers of the increase in in operational footprint are products and services, travel and employee commuting.

OUR ROADMAP MILESTONES

2020 (BASE YEAR) | **2025** | **2030** | **2040** | **2050**

KEY LEVERS TO REACH OUR NET ZERO TARGETS:

- Digitising our business: cloud computing, data centre consolidation and digital communications platforms
- Swapping to renewable energy suppliers
- Seeking out green building credentials
- Embedding our travel policy and hybrid working
- Increasing the amount of relevant information to support their decisions
- Training to enable our investment managers to engage clients
- Engaging our suppliers on their climate commitments
- Carbon removal credits, to offset our residual emissions.

ACHIEVING NET ZERO ACROSS OUR OPERATIONS

2020 BASELINE[1]

21%
reduction across scope 1, 2 and 3 (categories 1-8)

100%
renewable energy sources for our offices

42%
reduction across scope 1, 2 and 3 (categories 1-8) emissions

NET ZERO

2020 BASELINE[1]

35%
listed equity and bonds portfolio, by invested value, committing to set or have set SBTi validated targets by 2025 (category 15)

57%
committing to set or have set SBTi validated targets by 2030

100%
by 2040

this allows time for those who have committed to achieve their targets

ESG engagement across colleagues, suppliers and clients → ESG integration and training → External collaboration and advocacy

TCFD report
Responsible business update

1. Our environmental target was set base on our 2020 operational and investment emissions footprint. Our investment target covered 91% of our FUMA as at 31 December 2020

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES STATEMENT

Alignment level
● Full
◐ Partial
○ Further work required

⊕ TCFD report

INTRODUCTION AND COMPLIANCE

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

During the financial year ending 31 December 2023, the board has complied with the requirements of the listing rule 9.8.6. Our report includes a measurement of how we comply with the 11 recommendations of the TCFD and with the mandatory climate-related financial disclosures (CFD) by publicly quoted companies, large private companies and LLPs. In developing the report, we have considered and addressed all recommendations within the all-sector guidance as well as the supplemental guidance for asset managers in full. We have also included a map to our compliance to the CFD. We continue to engage with our stakeholders, see pages 49 to 57, to gather input into our understanding of material issues. The responsible business committee, amongst others in our governance structure consider which ESG issues are material to our business and should be publicly reported. In 2024, as we re-base our net zero commitment we will undertake a materiality assessment to further develop our understanding and strengthen future disclosures. We have chosen to publish our full 2023 TCFD disclosure as a standalone statement, allowing us to report in more detail and link from that report to applicable content across our reporting suite. Our standalone statement will be available as a PDF on the reports and disclosure page of our website. The following pages include a summary update of our approach and also signpost to where more information can be found.

GOVERNANCE

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

TCFD RECOMMENDED DISCLOSURE	2023 UPDATE	CFD REQUIREMENTS	ALIGNMENT[1]	FURTHER INFORMATION
Describe the board's oversight of climate-related risks and opportunities	Responsibility for managing climate risks and opportunities sits with the Rathbones board. The board is supported by several committees that maintain responsibility for the consideration and integration of climate risks and opportunities in their area of specialism as appropriate. The board is responsible for setting the right tone for the business, supporting a strong risk management culture and, through our senior leadership team, encouraging appropriate behaviour and collaboration across the business. The board regularly assesses the most significant risks and emerging threats to the group's strategy and receives updates at least twice a year via risk and responsible business papers. Oversight of risk management activities is also undertaken through the group risk and audit committees. They offer support to the board, setting a constructive tone in support of a strong risk culture, which is integrated into our company culture and which our people embrace as part of their day-to-day responsibilities.	A description of the governance arrangements of the company or LLP in relation to assessing and managing climate-related risks and opportunities	●	**Audit committee report:** See pages 102-106 **TCFD report**
Describe management's role in assessing and managing climate-related risks and opportunities	We have assigned climate-related responsibilities to several individuals and committees across the business. As chair of the responsible business committee, our group chief executive has responsibility for bringing climate-related matters to the board; and our chief risk officer (CRO) is the senior management function responsible for climate-related financial risks, as designated in accordance with the Prudential Regulation Authority's Supervisory Statement on managing financial risks relating to climate change (SS3/19). Additionally, there are a number of teams involved in assessing, managing and reporting on our climate risk, including our finance, risk and compliance, research and investment teams, alongside our supplier management function and properties and facilities departments. At an organisational level responsibility for climate change-related matters lies with the company secretary and is led by our responsible business manager.		●	**Risk management:** See pages 77-86 **TCFD report**

1. Where partial alignment is indicated, the response is in full compliance with the relevant TCFD recommendation, however responses could be strengthened by increased availability of data and improvements to industry-wide methodologies

TCFD STATEMENT CONTINUED

Alignment level
● Full
◐ Partial
○ Further work required

⊕ TCFD report

STRATEGY

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

TCFD RECOMMENDED DISCLOSURE	2023 UPDATE	CFD REQUIREMENTS	ALIGNMENT	FURTHER INFORMATION
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Rathbones' climate-related risks include physical risks (arising from the physical effects of climate change on the businesses' operations, workforce, markets, infrastructure, raw materials and assets) and transition risks (resulting from policy, legal, technology and market changes occurring from the shift to a lower-carbon global economy). We have identified transition and physical risks that materialise over the following timelines: short-term <1 year, medium term 1-5 years and long term >5 years. Importantly, the transition to a low-carbon future also provides Rathbones with opportunities which, if acted on, stand to benefit the business. An overview, timeframe and a description of our strategy to mitigate each risk and realise each opportunity is provided in the full report. Climate-related risks have been integrated into our risk management framework to support our net zero transition and are shared in the tables on pages 71-74.	A description of the principal climate-related risks and opportunities arising in connection with the operations of the company or LLP and the time periods by reference to which those risks and opportunities are assessed	●	⊕ **Responsible investment report** ⊕ **TCFD report**
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	The climate-related risks and opportunities that we face as a business occur across both our direct operations and our investments. The actual and potential impacts of each risk and opportunity on our business is described in the full TCFD report, as well as the mitigating actions we take in response. By taking these actions, we endeavour to improve our resilience to the impacts of climate change in our strategic decision-making and financial planning. Whilst our commitment to becoming a net zero business by 2050 or sooner includes both our direct operations and our investments, we recognise that the majority of our greenhouse gas emissions and other climate-related risks are derived from the investments we hold on behalf of our clients. We continue to integrate climate considerations into our investment approach and provide our clients with products that not only meet their financial needs but can also adapt to the continually evolving environment. In addition to integrating consideration of climate risk into our general investment process, we offer investment management offerings from Rathbone Greenbank Investments, as well as the Rathbone Greenbank Global Sustainability Fund, Rathbone Ethical Bond Fund and Rathbone Greenbank Multi-Asset Portfolios (GMAPs). We continue to pursue an absolute reduction in our operational carbon footprint and offset residual emissions, and in doing so respond to the operational climate-related risks and opportunities that we face as a business. The focus of our operational carbon reduction efforts is primarily directed on the following areas: resource consumption, energy efficiency, digitising our business and business travel.	A description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the company or LLP	◐	⊕ **Responsible investment report** ⊕ **TCFD report**
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	By using climate scenario analysis across physical and transitional risks, we assess the potential impact of climate change on our portfolio, therefore helping to determine the resilience of our strategy as an organisation. Considering the implications of different scenarios on assets and operations helps us better understand and quantify the risks and uncertainties our investee companies may face under different hypothetical futures, and how current or potential trajectories could drive business value. At a granular level, it allows us to identify companies that are particularly exposed to transition or physical risks, and which ones are likely to benefit from low-carbon technology opportunities. We use these results, combined with other climate metrics, to identify priority companies for engagement and monitoring, and to explore the role we can play alongside policy and corporate action to mitigate climate risk and promote climate-related opportunities. View our scenario analysis results in our TCFD report.	An analysis of the resilience of the business model and strategy of the company or LLP, taking into consideration different climate-related scenarios	◐	⊕ **Responsible investment report** ⊕ **TCFD report**

TCFD STATEMENT CONTINUED

Alignment level
● Full
◐ Partial
○ Further work required

⊕ **TCFD report**

RISK MANAGEMENT

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

TCFD RECOMMENDED DISCLOSURE	2023 UPDATE	CFD REQUIREMENTS	ALIGNMENT	FURTHER INFORMATION
Describe the organisation's processes for identifying and assessing climate-related risks	Risks are identified within a three-tier hierarchy, with the highest level containing business and strategic, financial, conduct and operational risks. Risks are assessed on an inherent and residual basis across a three-year period according to several impact criteria and includes consideration of the internal control environment and/or insurance mitigation. Climate-related risks such as changes to existing regulation are identified and assessed as part of our hierarchical approach to risk management. A watch list is maintained to record any current, emerging or future issues, threats, business developments and regulatory or legislative change. The group's risk profile, risk register and watch list are regularly reviewed by the executive committee, senior management, board and group risk committee. We rely on the stress test work undertaken as part of our ICAAP process to recognise the potential impact of climate or ESG risk on investment valuations, particularly for securities where ESG risk is high or unmanaged, thereby connecting these risks to our financial stability.	A description of how the company or LLP identifies, assesses and manages climate-related risks and opportunities	●	**Risk management:** See pages 77-86 **TCFD report**
Describe the organisation's processes for managing climate-related risks	We have a well-established approach to risk management, which has continued to evolve in response to the firm's growth and external developments. Our risk governance, processes and infrastructure are designed to ensure that appropriate risk management is applied to existing and emerging challenges to the firm's day-to-day activities and strategic objectives. The board, executive committee and group risk committee regularly review and at least annually formally approve the group's risk appetite statement, ensuring it remains consistent with our strategy and objectives. Our appetite framework is aligned with the group's overall prudential requirements for strategic, financial and non-financial risk (conduct and operational), and specific appetite measures are set for each principal risk. Risks that have triggered key risk indicators or risk appetite measures are reported and escalated in accordance with our framework to the executive committee, the group risk committee and the board as appropriate, so that risk mitigation can be reviewed and strengthened if needed.		●	**Risk management:** See pages 77-86 **TCFD report**
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Our risk management framework (RMF) provides the foundation and organisational arrangements for identifying, monitoring, reviewing and continually improving risk management throughout the firm. Climate-related risks are identified and assessed as part of our hierarchical approach to risk management. More specifically, our exposure to climate-related risks is most material through the investments we make on behalf of our clients. The management of these risks is integrated into four of Rathbones' core responsible investment principles and pillars: ESG integration, voting with purpose, engagement with consequences and transparency. We are in the process of developing our ESG client reporting framework to support clients in the comprehension and monitoring of the climate and ESG characteristics of their portfolio.	A description of how processes for identifying, assessing and managing climate-related risks are integrated into the overall risk management process in the company or LLP	●	**Risk management:** See pages 77-86 **TCFD report**

TCFD STATEMENT CONTINUED

Alignment level
Full
Partial
Further work required

TCFD report

METRICS AND TARGETS

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

TCFD RECOMMENDED DISCLOSURE	2023 UPDATE	CFD REQUIREMENTS	ALIGNMENT	FURTHER INFORMATION
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Using 2020 as a baseline year, we will work to achieve a 42% reduction in operational and supply chain emissions by 2030, with 35% of the investments held on behalf of our clients having committed to or having set their own targets by 2025 (57% by 2030). This is in line with our objective of achieving 100% investment coverage by 2040. Our targets include listed equity and bonds (common/preferred stock, corporate bonds, ETFs, investments in REITs, real estate). These were validated in October 2022 by the SBTi, confirming that our scope 1 and 2 target ambition has been determined in line with a 1.5°C trajectory. Our target for lending and investment portfolios meets the SBTi's criteria for ambitious climate goals, meaning they are in line with current best practice. These targets correspond to all climate-related risks and opportunities outlined in the table on pages 71-74.	Description of the targets used by the company or LLPs to manage climate-related risks and to realise climate-related opportunities and of performance against those targets	Partial	**Our environmental impact:** See pages 64-65 **Responsible business update** **TCFD report**
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	We use several metrics to measure the progress of our net zero journey, which is the primary measure of our response to climate-related risks and opportunities. Specifically, these include carbon emissions (scopes 1, 2 and 3) and GHG intensity indicators. Therefore, percentage reduction across all scopes is a key performance indicator used to measure our overall progress. In addition to our operational metrics , we use a selection of other metrics to inform our climate risk and engagement strategy. The primary performance indicator used to measure progress towards our SBTi engagement target (detailed above) is the percentage of our portfolio which has set or committed to setting SBTi targets. This year, 30% of our portfolio has set or is committed to setting an SBTi target, up from 23% last year. Additionally, we have used a number of data sources to calculate the carbon emissions associated with our clients' investments (scope 3, category 15). We worked with our research team to determine our absolute carbon emissions, weighted carbon emissions and average weighted carbon intensity. We also consider the coverage of our portfolio that have set or committed to SBTi aligned targets.	The key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based	Partial	**Our environmental impact:** See pages 64-65 **Responsible business update** **TCFD report**
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risk	We share our scope 1, 2 and material scope 3 GHG emissions and related risks on page 64, and for more information on the metrics and targets used, see our standalone TCFD report.		Full	**Responsible business update** **TCFD report**

TCFD STATEMENT CONTINUED

Alignment level
● Full
◐ Partial
○ Further work required

⊕ **TCFD report**

ENTITY LEVEL AND BUSINESS REPORTS

TCFD RECOMMENDED DISCLOSURE	2023 UPDATE	CFD REQUIREMENTS	ALIGNMENT	FURTHER INFORMATION
Disclose and areas where entity approaches differ from those shared in the group disclosure	Full details on the entity-level TCFD reports are found in the appendix of our standalone TCFD report. Including: – Rathbones Investment Management – Rathbones Investment Management International – Greenbank Investments – Rathbones Asset Management – Investec Wealth & Investment UK.	n/a	●	⊕ **TCFD report** ⊕ **Rathbones Investment Management** ⊕ **Rathbones Investment Management International** ⊕ **Greenbank Investments** ⊕ **Rathbones Asset Management** ⊕ **Investec Wealth & Investment UK**

TCFD STATEMENT CONTINUED

CLIMATE-RELATED RISKS

Magnitude
High Medium-high Medium Low

Risk trend
Increasing Stable Decreasing

Time horizon
Long term Medium term Short term

As a business, we consider several transitional and physical risks and opportunities. In the table below, we have provided a description of each climate-related risk and opportunity, an assessment of the potential impact on the business and our mitigation response. All risks and opportunities outlined below are deemed material to the business and correspond to Rathbones group principal risk categories (full definitions of which can be found on pages 82.

For more details on how we identify, manage and respond to these risks, please see the risk management section of the full TCFD report.

TRANSITIONAL

RISK TYPE AND DESCRIPTION	DESCRIPTION OF ACTUAL AND POTENTIAL IMPACT	MITIGATION RESPONSE
REPUTATIONAL Failure to manage climate transition risk within our existing portfolios **RATHBONES GROUP PRINCIPAL RISK CATEGORY:** Reputational	Claims for financial compensation, loss of business and loss of market share. An increase in the likelihood of compensation and loss of business if we do not deliver on our fiduciary duty to clients by managing climate transition in our portfolio construction. This could also include a potential loss in market share if we fail to accurately communicate the climate-related credentials of our ethical and ESG focused investment funds.	Ongoing risk policy reviews, company engagement with clients and investees, and capability building for our investment and fund managers. We review our investment risk policy at least annually. This, alongside our engagement programme, which includes a focus on climate and delivery of net zero plans by our investee companies, supports our response to the changing landscape and increased regulation. We offer training to our investment managers to support client conversations and risk review as part of portfolio construction. This training helps to support open and transparent communication with our stakeholders on consideration of climate risk as part of the investment process. In 2023, our investment and fund managers continued to engage our clients on ESG integration.

CLIMATE-RELATED RISKS CONTINUED

Magnitude: High, Medium-high, Medium, Low
Risk trend: Increasing, Stable, Decreasing
Time horizon: Long term, Medium term, Short term

TRANSITIONAL CONTINUED

RISK TYPE AND DESCRIPTION	DESCRIPTION OF ACTUAL AND POTENTIAL IMPACT	MITIGATION RESPONSE
POLICY Failure to maintain compliance with enhanced emissions-reporting obligations and readiness for emerging regulations **RATHBONES GROUP PRINCIPAL RISK CATEGORY:** Regulatory, compliance and legal	Fines as a result of regulatory action, reputational damage and increased operational costs due to unplanned remedial action. Increased climate-related reporting obligations such as SECR and TCFD incur additional costs to ensure compliance. We expect that current reporting frameworks out for consultation may also incur cost for compliance.	Ongoing monitoring of legislative landscape using internal and external resources. We continue to ensure that our operating model supports our policy and reporting obligations by increasing the resources allocated to the responsible business function. We continue the annual retention of external consultants to support the business and ensure continued compliance with existing and preparation for emerging regulation. Our strategic change agenda focuses outcomes on emerging regulatory compliance, e.g. the Sustainability Disclosure Requirements. In 2023, the executive risk committee reviewed our plan to respond to the expanded TCFD reporting requirements including on-demand client communication.
MARKET RISK Inability to attract co-financiers due to uncertain risks related to climate change **RATHBONES GROUP PRINCIPAL RISK CATEGORY:** Sustainability	If the business model does not respond in an optimal manner to changing market conditions, including environmental and social factors, such that sustainable growth, market share or profitability is adversely affected. This could result in loss of clients that could have a significant revenue impact.	We are aware of the long-term shift in customer expectations and preferences towards more ethical and ESG focused funds and must adapt accordingly to this market change. In response to this, we continue to offer ethical and ESG focused funds. Our Ethical Bond Fund reached £2.1 billion at 31 December 2023 (2022: £2.2 billion) while the Rathbone Greenbank Global Sustainability Fund now manages £69.0 million (2022: £70.6 million). We also offer the Rathbone Greenbank Multi-Asset Portfolios (RGMAPs) fund range. The RGMAPs funds are managed by Rathbones' multi-asset team and supported by Rathbone Greenbank Investments now manage £388 million. To support this growth, we continue to ensure we have the right resource in place and work to have data available to help our assessment of the risk and opportunities for the investments we make on behalf of our clients.
PRODUCT AND SERVICES Technology – substitution of existing products and services with lower emission options **RATHBONES GROUP PRINCIPAL RISK CATEGORY:** Sustainability	Rathbones recognise the importance of technology and IT processes in the transition to a net zero future. Failure to do so poses a significant risk to our own operations and in our value chain through increased costs and stranded assets.	We continue to manage and monitor our carbon footprint accurately, which informs our carbon reduction efforts in line with our SBTi targets. This is achieved through a reduction in utilised datacentre capacity due to consolidation and transformation, moving services to cloud-based solutions. Leveraging cloud services means we can scale up and down the services needed thereby saving energy, cost and effort when not in use. In 2023, we decommissioned 16 physical servers and two storage devices that allowed us to reduce our power draw by 15.31%. We also completed an assessment on the remaining data centre and the benefits of migrating to Azure, which has an expected reduction of 203,575kg CO_2e over a five-year period. We further drive digitisation reducing paper in our processes. We have an established print management system including a centralised print management and reporting facility, and improved digital tooling. In 2023, an additional 27% of clients used MyRathbones to access valuation and tax packs as well as custody location reports. At year end, 58% of clients were registered on MyRathbones. This has also saved £3.5 million in print postage. In 2024, we will roll out digital contract notes that aim to remove 240,000 paper copies.

CLIMATE-RELATED RISKS CONTINUED

Magnitude
High Medium-high Medium Low

Risk trend
Increasing Stable Decreasing

Time horizon
Long term Medium term Short term

PHYSICAL

RISK TYPE AND DESCRIPTION	DESCRIPTION OF ACTUAL AND POTENTIAL IMPACT	MITIGATION RESPONSE
ACUTE: EXTREME WEATHER EVENTS The impact of climate change-related extreme weather events **RATHBONES GROUP PRINCIPAL RISK CATEGORY:** Business continuity	Extreme weather could cause disruption to our business operations and continuity. Whether directly or through the impact on our supply chain. This may result in increased operational expenses to rectify the damage.	We continue to enhance our business resilience framework. We maintain business continuity plans (BCP) to facilitate our ability to continue operating in the event of a disruption. At Rathbones, we aim to have effective, proportionate and resilient business continuity arrangements in place across the group, to prevent, respond to, recover from and learn from disruption. We ran a cycle of contingency testing in 2023. Outside of our direct operations, we maintain oversight of critical and significant supply chain and undertake an ESG review on all of our critical, strategic and preferred suppliers. This includes whether they have set environmental targets aligned with a net zero commitment. At year end, we had reviewed 76% of in scope suppliers, more details on the findings of which can be found in our responsible business update. We also run our third-party suppliers through a spend-based footprint calculation tool to understand our full scope-three value chain footprint.
CHRONIC: CHANGES IN WEATHER PATTERNS The impact of long-term changes in weather patterns, such as air temperature and precipitation **RATHBONES GROUP PRINCIPAL RISK CATEGORY:** Suitability	We have investments in global companies that are reliant on efficient manufacturing. Chronic changes in weather patterns or rising sea levels may impact their operations and consequently the financial value of their company assets which may result in increased operational expenses and lower returns for our clients. This in turn leads to a risk of our current clients leaving and not being able to attract new clients as they may feel we have not considered the material risks impacting their investments.	We have developed responsible investment frameworks and data to focus on issues such as materiality, sustainability alignment, climate and other ESG metrics. Over the past year we have enhanced these frameworks with more granular detail, taking into account sectoral considerations. In tandem, we are developing sector specific standards informed by industry focused indicators, our own research expertise and engagement activities. The application of the integration approach is tailored to fit the relevant investment service or mandate. This means that the investment manager or fund manager is accountable for interpreting ESG and stewardship information to inform investment decisions in the context of the suitability of the mandate or client objective.

CLIMATE-RELATED OPPORTUNITIES

Magnitude: High, Medium-high, Medium, Low
Risk trend: Increasing, Stable, Decreasing
Time horizon: Long term, Medium term, Short term

Importantly, the transition to a low-carbon economy also provides Rathbones with opportunities which, if acted on, stand to benefit the business. An overview, timeframe and a description of our strategy to realise each opportunity is provided in the table below.

OPPORTUNITY AND DESCRIPTION	DESCRIPTION OF ACTUAL AND POTENTIAL IMPACT	STRATEGY TO REALISE OPPORTUNITY
PRODUCTS AND SERVICES Shift in consumer preferences leading to increased revenues from increased demand for products and services. All of the regulatory opportunity drivers listed have the potential to affect our business through the impact they may have on companies or assets in which we invest. **RATHBONES GROUP PRINCIPAL RISK CATEGORY:** Sustainability	An opportunity for us lies in the development of new products and solutions, developing an offering that meets client needs. All of the regulatory opportunity drivers listed have the potential to affect our business through the impact they may have on companies or assets in which we invest.	Our client team informs our client proposition, strategy and insight. In 2023, further enhancements were made to our ESG integration approach. This included further developments to our climate metrics. We deliver innovative low-carbon solutions that demonstrate our commitment to managing climate risks and impacts effectively throughout our clients' financial journeys. By embedding climate risk thoroughly across client portfolios, we will identify opportunities created by the transition to a low-carbon economy. Future client offerings will leverage existing solutions across our business, from our ethical, sustainable and impact investment specialists at Greenbank, through to sustainable and ethical funds already available through Rathbones Asset Management, such as the Rathbone Greenbank Global Sustainability Fund and the new fund range released in 2021, our Rathbone Greenbank Multi-Asset Portfolios (RGMAPs) fund range. In 2023 RAM released our global sustainable bond fund. Through our responsible investment and responsible business committees, we have the capacity to monitor regulatory opportunities as they emerge and incorporate them into our investment policies. This should enable us to adapt our investment strategies as necessary in order to maintain current levels of investment performance and continue to meet our clients' expectations in terms of projected returns. We believe this approach could support us in expanding our customer base.
MARKETS Increase market share by responding to changing stakeholder demands **RATHBONES GROUP PRINCIPAL RISK CATEGORY:** Market and reputation	Where appropriate, and in line with our conflicts of interest policy, we will seek to engage with reputable sustainability indexes or collaborative efforts. In line with this, we have become signatories or aligned with several high-level collaborative organisations. We support the work of the: - Principles of Responsible Investment (PRI) - Institutional Investors Group on Climate Change (IIGCC) - Net Zero Asset Managers Initiative - Net Zero Investment Framework. As members of such organisations, we have the capacity to contribute towards the improvement of several important climate and ESG issues. We believe that ESG issues - both risks and opportunities - can affect the long-term performance of investments. We continue to build out our research, data and decision frameworks so that we can better understand and weigh up ESG factors alongside other investment considerations.	We have made it a priority to join collaborative efforts and become signatories of reputable indexes, as we recognise that many ESG issues are systemic, and hence are more suited to coordinated cross-sectoral action. We responded to sustainable disclosure requirements (SDR) consultation, supporting the development of transparent client communication on sustainability matters. We continued our role as lead investor for SSE Plc and National Grid Plc through Climate Action 100+ and as lead investors for an IIGCC engagement with Rio Tinto and Thyssenkrupp on net zero audits. We joined the Taskforce on Nature-related Disclosures (TNFD) Forum to support broader discussions on biodiversity. Our aim is to develop a more comprehensive view of a business' strategy, the way it executes this strategy and the dynamics of its sector than can be achieved solely through a financial lens. We do this by using ESG data, engaging with companies and exercising our carefully considered judgement. This helps us identify companies with stronger sustainability performance and those with whom, through engagement, we see potential to improve business practices to create value for shareholders. We continue to integrate ESG factors into our investment processes. In 2023, we identified companies for climate-related engagement and in line with our pillars of responsible investment. Using scenario analysis and the map of SBTi commitments against our clients' investments, we identified priority companies that we believe by engaging with we could support future alignment to a 1.5°C world.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

The information presented here, including the sections referred to, represents our non-financial information statement as required by sections 414CA and 414CB of the Companies Act 2006. The next pages contain a summary of our approach to management of these aspects of our business and measuring our performance.

ISSUE AND SUMMARY	RELEVANT POLICIES AND POLICY OUTCOMES	OVERVIEW OF DUE DILIGENCE PROCESS
EMPLOYEES We are a people business, it is therefore imperative that our strategy sets a culture that drives performance and builds long, rewarding careers for our colleagues. Based around a common set of values and our DE&I commitment we are focused on becoming a more diverse business that will support us in delivering value to our clients.	**Our people:** See page 61 – Code of conduct – Equal opportunities policy – Health and safety policy – Compliance framework policy – Anti-bribery policy – Rathbones is the employer of choice for the wealth sector.	– Regular employee engagement surveys – Workforce engagement programme – Regular tracking of people metrics and trends – Diversity, equality and inclusion strategy – Executive sponsored inclusion networks.
SOCIAL IMPACTS We are committed to being a trusted member of the communities in which we operate. The Rathbones Group Foundation supports projects that align with our focus on opportunities for disadvantaged youngsters.	**Society and communities:** See page 63 – Code of conduct – Community investment Guidelines – Anti-bribery policy – Rathbones is a trusted partner in the communities in which we operate.	– Responsible business committee has oversight of our responsible business programme and how we work to have a positive impact.
HUMAN RIGHTS Rathbones is committed to respecting the human rights of others. Our approach aligns with our membership of the UNGC and commitment to provide decent work and economic growth.	**Society and communities:** See page 63 – Code of conduct – Modern slavery statement – Anti-bribery policy – Rathbones understands and manages our human rights and modern slavery risk.	– Responsible business committee reviewed our modern slavery statement and received reports on our ongoing supplier engagement on ESG matters – 76% of our suppliers have been reviewed in alignment with our ethics questionnaire.

MORE INFORMATION

OUR BUSINESS MODEL

Read more: See page 21

OUR KEY PERFORMANCE INDICATORS

Read more: See page 27

OUR PRINCIPAL RISKS

Read more: See page 82

OUR PEOPLE

Read more: See page 61

SOCIETY AND COMMUNITIES

Read more: See page 63

For more information on our strategy see pages 22 to 26.

Published policies can be found on our website.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT CONTINUED

ISSUE AND SUMMARY	RELEVANT POLICIES AND POLICY OUTCOMES	OVERVIEW OF DUE DILIGENCE PROCESS
CLIMATE AND ENVIRONMENT In 2021, Rathbones committed to achieve net zero emissions by 2050 at the latest. In 2022, our SBTi aligned near-term targets were validated. We continue to monitor and manage the carbon emissions of our operations, recognising that the most material exposure is through the investments we make on behalf of our clients.	**Our environmental impact:** See page 64 – Responsible investment policy – Group's climate statement – Net zero emissions commitment – Fossil fuel statement – Thermal coal exclusion policy – Rathbones delivers progress against our 2050 net zero commitment and near-term targets.	– Climate governance structure in place – Responsible business committee monitors the climate-related risks operationally – Responsible investment committee oversee the investment aspects of our net zero commitment and the impact on the investments we hold on behalf of our clients – Engagement committee proposes our stewardship programme – Executive risk committee oversees an annual review of our climate risk appetite.
ANTI-CORRUPTION AND BRIBERY Rathbones has a zero-tolerance towards anti-bribery and corruption. All employees must comply with our code of conduct and complete our conflicts of interest submission.	**Society and communities:** See page 63 – Anti-bribery policy – Conflicts of interest policy – Whistleblowing policy – Rathbones maintains our zero tolerance to anti-bribery and corruption culture seeking to prevent, detect and report any identified cases of bribery and corruption – In 2023, there were three cases raised via our whistleblowing hotline.	– Risk-based training for employees, in 2023 it was completed by 95.2% of in scope employees – Due-diligence of all third-party relationships – Gifts and entertainment policy – Conflict of interest policy – Whistleblowing policy.

MORE INFORMATION

OUR ENVIRONMENTAL IMPACT

Read more: See page 64

OUR TCFD REPORT

Read more: See page 66

SOCIETY AND COMMUNITIES

Read more: See page 63

RISK MANAGEMENT AND CONTROL

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

MANAGING RISK

The board has overall responsibility for risk management across the group, regularly assessing the most significant risks and emerging threats to the group's strategy. The board delegates oversight of risk management activities to the group risk and audit committees. Our risk governance and risk management framework supports the chief executive and executive committee members with their day-to-day responsibility for managing risk.

RISK CULTURE

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

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

Read more about our risk management process: See page 80

RISK GOVERNANCE AND THREE LINES OF DEFENCE

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

GOVERNANCE

BOARD

Sets strategy and risk appetite across the group, and is ultimately accountable for risk management.

AUDIT COMMITTEE

Monitors and reviews the effectiveness of internal controls with oversight of the internal audit function in line with the group's risk profile on behalf of the board. It also oversees the appointment and relationship with the external auditor.

GROUP RISK COMMITTEE

Oversees effectiveness of the risk management framework and activity across the group. Advises the board on risk appetite, risk assessment, risk profile and risk culture.

EXECUTIVE COMMITTEE
EXECUTIVE RISK COMMITTEE
BANKING COMMITTEE

First line committees with responsibility for management of risk and internal control across the group.

BUSINESS AREAS AND LINES OF DEFENCE

1

FIRST LINE OF DEFENCE

Senior management
Business operations and control functions

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

2

SECOND LINE OF DEFENCE

Risk, compliance and anti-money laundering functions

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

3

THIRD LINE OF DEFENCE

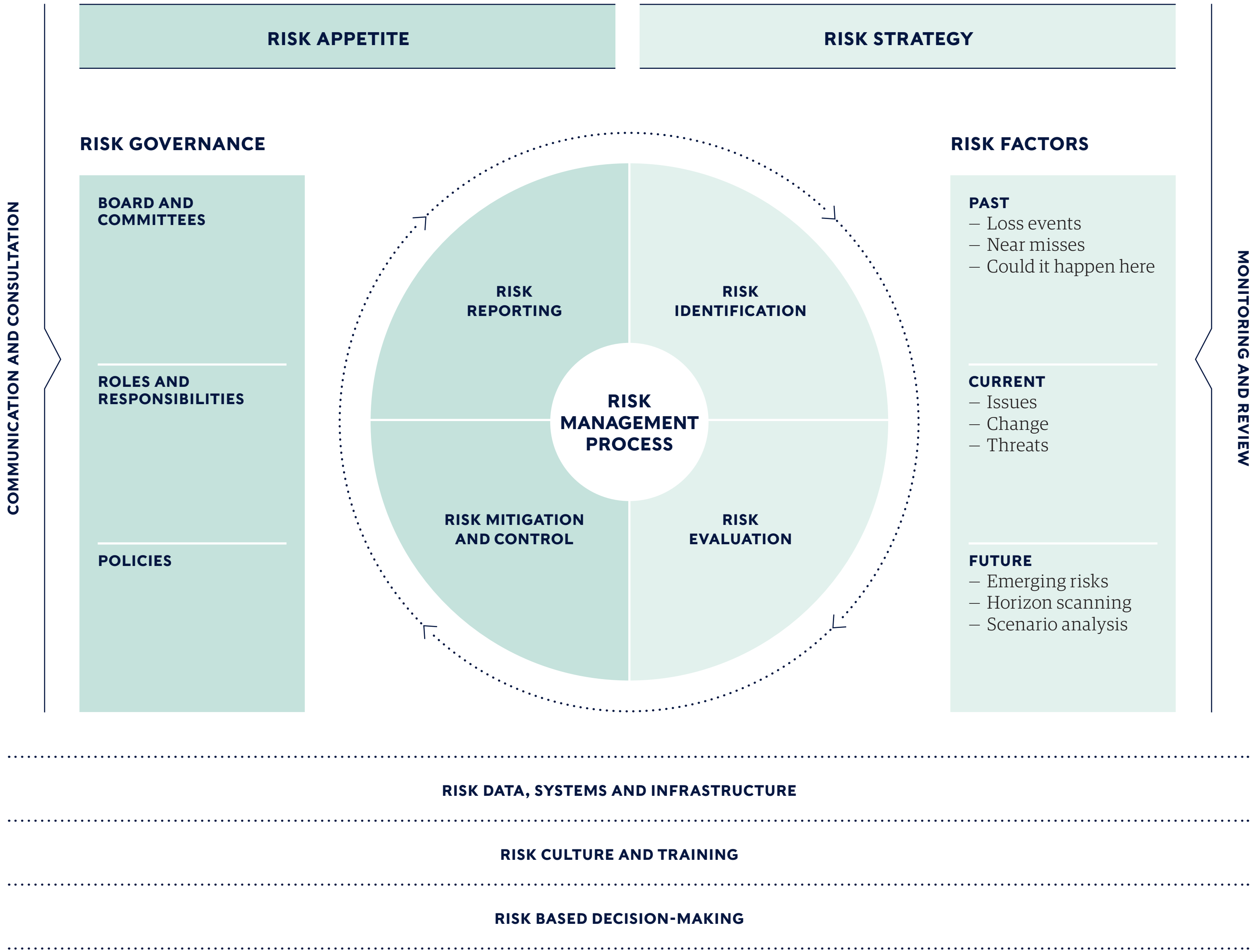
Internal audit

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

RISK MANAGEMENT AND CONTROL CONTINUED

RISK MANAGEMENT FRAMEWORK (RMF) OVERVIEW

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



Read more about our risk management process: See page 80

RISK MANAGEMENT AND CONTROL CONTINUED

Our strategic priorities

1 Enriching the client and adviser proposition and experience
2 Supporting and delivering growth
3 Inspiring our people
4 Operating more efficiently

RISK APPETITE

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

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

The position against our risk appetite statements and measures is assessed and reported on a regular basis to the executive committee, group risk committee and the board.

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

Risk appetite measures and thresholds have been approved by the board for 2024, taking into account the combination between Rathbones and IW&I. This year's measures reflect the scale of the enlarged group but, other than this, there have been no other material changes to our appetite for risk. As the business models integrate, our position against these measures will be closely monitored and exceptions reported as required.

RISK CATEGORIES	RISK APPETITE STATEMENT	STRATEGIC ALIGNMENT
BUSINESS AND STRATEGIC RISK	Business and strategic risks will be identified and actively managed to protect the ability to deliver sustainable growth. Change initiatives will be orientated towards longer-term client, stakeholder and societal expectations.	**BUSINESS RESILIENCE** Supporting and delivering growth 2
FINANCIAL RISK	Financial risks will be actively managed to preserve the group's overall resilience. Credit and market risk exposures will be managed to board approved instruments and limits in order to protect company assets and maintain prudent levels of liquidity and regulatory own funds. The group will also continually monitor and respond to risks arising from its pension scheme obligations.	**FINANCIAL RESILIENCE** Supporting and delivering growth 2
NON-FINANCIAL RISK (CONDUCT AND OPERATIONAL)	Conduct and regulatory risks associated with our business are recognised; however, we have no appetite for intentionally inappropriate behaviour or action by any entity within the group or employees that could have a material detrimental impact on clients, key stakeholders and our reputation. Operational risks and losses can arise from inadequate or failed internal processes, people or systems, or from external events. We have an extremely low appetite for losses and no appetite for systemic or materially high risk events that could affect the operational resilience of important business services.	**REGULATORY AND OPERATIONAL RESILIENCE** Enriching the client and adviser proposition and experience Inspiring our people Operating more efficiently 1 3 4

Read more about our strategic priorities: See page 22

RISK MANAGEMENT PROCESS

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

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

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

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

The group's risk profile, risk register, watch list and stress tests are regularly reviewed and challenged by the executive, senior management, group risk committee and the board.

RISK REPORTING

- Risk information is routinely reported at governance committees across the group
- Group risk committee convenes at least quarterly
- Executive risk committee meets every month
- A standing agenda across both committees is defined to ensure complete coverage of risk reporting and executive attendance is tracked.

RISK IDENTIFICATION

- Risks are identified in the context of the group's strategic objectives and aligned with our approved group risk taxonomy
- Risks are identified from a top-down and bottom-up basis from group executive and business unit risk owners
- In addition, a watch list is a key tool used to highlight current and emerging issues, potential threats and both business and regulatory change likely to affect the group's overall risk profile
- Enterprise risk management (ERM) software is embedded to capture all risk information.

RISK MITIGATION AND CONTROL

- Control environment established to mitigate risks to an appropriate level
- Independent control assurance processes are established across the three lines of defence as well as through routine reviews conducted by external auditors
- Risk indicators are developed for each principal risk to provide an early signal of increasing risk exposure. Thresholds dictate an early warning trigger, a breach of risk tolerance through to invocation of the recovery and resolution plan
- ICAAP and ILAAP is used to calculate regulatory capital required in the event that principal risks should crystallise.

RISK EVALUATION

- Risks are assessed on both an inherent and residual basis considering their impacts and likelihood
- Risk impact is considered through multiple lenses including client, financial, regulatory and reputational
- Likelihood is considered over a three-year period
- Risk events and issues are recorded within the ERM software and linked to risks based on materiality to help evaluate control effectiveness and the residual risk ratings
- Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) stress test principal risks across the group.

EXTERNAL EMERGING RISKS AND THREATS

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

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

In addition, throughout 2023 we have continued to develop our approach to monitoring strategic risks and horizon threats.

Our view for 2024 is that we can reasonably expect current market conditions and uncertainties to remain, given the wide range of global economic and political scenarios which could emerge.

NEAR TERM	
GLOBAL AND UK SPECIFIC POLITICAL TENSIONS	Geopolitical risk remains a significant threat to financial stability. War in the Middle East and war between Russia and Ukraine as well as tension between the US and China has driven increased inflation and market volatility. To help us identify and monitor this risk we've partnered with geopolitical risk experts to define relevant red flags that will in turn help us to adjust our portfolios accordingly.
UK AND GLOBAL ECONOMIC CHALLENGES	The UK economy continues to show signs of stress accompanied by falling inflation. The former is mainly a consequence of past increases in interest rates, while the latter has been helped by easing global price levels, particularly for energy. Analysts predict the GDP growth for the UK will be modest and momentum in other economies will be slower.
CYBER THREATS AND SUPPLY CHAIN RESILIENCE	The sophistication of cyber attacks is ever-evolving, especially as our digital environment advances. Attacks have become far more persistent with a notable increase in frequency since the invasion of Ukraine. Rathbones is committed to enhancing the technology infrastructure to help mitigate the risk.
MEDIUM TERM	
CHANGING REGULATORY EXPECTATIONS	The regulatory landscape is an area of fast paced change centred on client advocacy, transparency and integrity. Of note Consumer Duty requirements have successfully been implemented throughout 2023. Work on fair consumer outcomes will continue following the issuance of the Dear CEO letter FCA Expectations for Wealth Managers and Stockbroking Firms. The look ahead shows that 2024 will be another busy year with key implementation dates for regulatory change.
PANDEMIC	Whilst operational resilience to a future pandemic is much improved following the COVID-19 outbreak, a future infectious disease epidemic could emerge and with that comes the economic repercussions and slow recovery from it.
CLIMATE CHANGE TRANSITION RISK	Climate and environmental risk is a key focus as we move towards achieving net zero emissions by 2050 or sooner. Alongside reviewing our governance structures, we will continue to integrate data, develop metrics and increase disclosures in our client reporting.
DIGITAL INNOVATION	Developing technology across the wealth management sector poses a continual threat to maintaining a competitive advantage. Digital capability is less of a barrier to engaging clients and servicing their needs, in particular younger generations where there is an expectation of online accessibility. Rathbones is implementing a strategic programme of change to ensure our digital technology meets the needs of our prospective and existing clients.
NEW ENTRANTS TO THE MARKET AND ARTIFICIAL INTELLIGENCE AI	The threat of new non-traditional entrants to the investment sector is a higher probability with Fintech developers challenging established investment providers with their products and services. In addition, AI capabilities, from advanced analytics, automation and predictive intelligence is fast becoming seen as a future competitive advantage within the financial sector.
LONGER TERM	
GENERATIONAL WEALTH CHANGE	Studies show that the over 45s and especially the post-war 'baby boomers' retain a significant portion of the UK wealth in the form of property and pensions. This wealth will begin to transfer to younger beneficiaries over the next 30 years. Generational differences could drive changes in behaviours and appetite towards investments.
SOCIAL CARE FINANCING	Accessibility and inequality in the adult social care sector has been a topic of concern for some time and it continues to be a risk to assets under management, with clients drawing on their investments to pay for their care fees.

PRINCIPAL RISKS

PROFILE AND MITIGATION OF PRINCIPAL RISKS

Overall, we believe the group's underlying risk profile is stable; however, during the past year it has fluctuated as a result of market volatility and the changing economic and political landscape. We continually assess our risk profile against both internal and external risk drivers and are investing further in our people, processes and technology to improve risk management. We remain focused on client service, the resilience of our business and wellbeing of our colleagues and we believe our approach continues to be effective.

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

The board remains vigilant to potential risks that could arise from longer-term trends in society, the economy and markets, and to regulatory risks that, in turn, may arise from the continuing development of law, regulation and standards.

Information about our principal risks is set out below. The risks are mapped out by their likelihood and impact on a residual risk basis, having considered the effectiveness of controls in place to mitigate the risk.

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

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

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

PRINCIPAL RISKS: RESIDUAL ASSESSMENT

PRINCIPAL RISKS CONTINUED

Risk profile: Low, Medium, High

Risk trend: Increasing, Stable, Decreasing, New

2023 OVERVIEW

Throughout 2023 the principal risk profile has been relatively stable. We have reflected on both Rathbones' internal and external environment over the course of 2023 and have made some adjustments to the principal risks for 2024. We have removed credit as it is no longer a material concern due to the nature of our exposures. We have introduced a new risk, integration, in recognition of the recent completion of the combination with IW&I UK. We foresee this risk to be ongoing into 2024 and 2025. In light of macroeconomic conditions and changes in the regulatory landscape the prominence of investment performance has increased therefore this has been added. Change risk was a significant risk in 2023 and this remains the case for the year ahead. Rathbones' digital transformation continues to be a strategic imperative. Our remaining risks remained stable throughout 2023, with suitability risk reducing following extensive investment in the development of policies, procedures and oversight.

RISK AND OWNER	CONTROL ENVIRONMENT	RISK TREND 2023
CHANGE The risk that the change portfolio does not support delivery of the group's strategy **RISK OWNER:** chief operating officer **RISK PROFILE:** High **RISK APPETITE MEASURES:** – Priority programmes rated red – Programme overspend	– Executive and board oversight of material change programmes – Differentiated governance approach to strategic change programmes and business projects – Dedicated change delivery function and use of internal and, where required, external subject matter experts – Two-stage assessment, challenge and approval of project plans – Planning and budgeting, monitoring of variances and actions to address.	Increasing. This risk has increased in 2023 as our digital transformation programmes moved through critical delivery milestones. Executive and senior management oversight has remained agile and focused on targeted delivery outcomes, benefits realisation, budget alignment and the impact of change on our risk profile.
INTEGRATION The risk that the integration of systems, people and processes fails or is ineffective **RISK OWNER:** chief operating officer **RISK PROFILE:** High **RISK APPETITE MEASURES:** – Budget compliance – Cost synergy	– Integration project plan – Executive oversight of integration programme – Board oversight of programme delivery – Transformation office programme board oversight and delivery-focused operating model – Cost/benefit monitoring – KRI tracking – External party appointed to provide independent assurance.	Increasing. This is a new risk in 2023 as we begin the process of integrating Rathbones and IW&I businesses. An Integration Management Office (IMO) was established in September to coordinate the delivery of our integration. The impact of integration on other risks will be considered throughout 2024.
INVESTMENT PERFORMANCE The risk that investment performance fails to meet clients' objectives or expectations **RISK OWNER:** managing director Rathbones Investment Management **RISK PROFILE:** Medium **RISK APPETITE MEASURES:** – Actual performance versus performance benchmark – Portfolio alignment – Assessment of fund value rating	– Investment policy – Performance versus benchmarking monitoring – Defined investment strategy – Exception reporting – Product and proposition oversight – Client engagement and portfolio reviews.	Increasing. Challenging market conditions are likely to continue in 2024. The position of client portfolios and investment performance are closely monitored.

PRINCIPAL RISKS CONTINUED

Risk profile: Low, Medium, High

Risk trend: Increasing, Stable, Decreasing, New

RISK AND OWNER	CONTROL ENVIRONMENT	RISK TREND 2023
PENSION The risk that the cost of funding our defined benefit pension schemes increases, or their valuation affects dividends, reserves and regulatory own funds **RISK OWNER:** chief financial officer **RISK PROFILE:** Medium **RISK APPETITE MEASURES:** – Pillar 2A Net Stressed deficit – IFRS deficit	– Board, senior management and trustee oversight – Monthly valuation estimates – Triennial independent actuarial valuations – Investment policy – Senior management review and defined management actions – Annual ICAAP.	Stable The group continues to work with the pension scheme trustees and advisers to manage this risk.
REGULATORY COMPLIANCE AND LEGAL The risk of failure by the group or a subsidiary to fulfil its regulatory or legal requirements and comply with the introduction of new or updated regulations and laws **RISK OWNER:** group chief executive officer and chief risk officer **RISK PROFILE:** Medium **RISK APPETITE MEASURES:** – Compliance monitoring review outcomes – Regulatory review outcomes – Complaints data	– Board and executive oversight – Management oversight and active involvement with industry bodies – Compliance monitoring programme to examine the control of key regulatory risks – Separate anti-money laundering function with specific responsibility – Oversight of industry and regulatory developments – Documented policies and procedures – Employee training and development – Panel of external legal advisers – Whistleblowing policy and process.	Stable While this risk has remained stable in 2023, the landscape and expectations on firms and our sector continue to evolve. We have continued to invest in and develop our first and second line oversight teams, including the deployment of software to support regulatory compliance. The introduction of Consumer Duty in 2023 was a key priority and its significance continued as new policies, procedures and governance begun to be embedded.
SUSTAINABILITY The risk that the business model does not respond sufficiently to changing market conditions, including environmental and social factors, such that sustainable growth, market share or profitability are adversely affected **RISK OWNER:** group chief executive officer **RISK PROFILE:** Medium **RISK APPETITE MEASURES:** – Net organic growth rate – Net organic outflow rate – Climate targets – Diversity targets	– Board, executive and responsible business committee oversight – A documented strategy, including responsible investment policy – Monitoring of strategic risks – Annual business targets, subject to regular review and challenge – Regular reviews of pricing structure and client propositions – Continued investment in the investment process, service standards and marketing – Regular competitor benchmarking and analysis – Trade body participation – ESG factors integrated into the investment process – Dedicated responsible investment project to drive changes to achieve sustainability goals – Diversity targets included in risk appetite measures.	Stable 2023 has presented challenging market conditions given the external environment, including a volatile economic and political landscape. We do, however, have a strong balance sheet and recognised market position. Climate risk has been integrated into our risk management framework to support the transition to net zero. Our stakeholders will become more demanding in response to evolving expectations of firms to manage climate and other ESG risks, which remain a key priority of our responsible business agenda.

PRINCIPAL RISKS CONTINUED

Risk profile: Low, Medium, High

Risk trend: Increasing, Stable, Decreasing, New

RISK AND OWNER	CONTROL ENVIRONMENT	RISK TREND 2023
INFORMATION SECURITY AND CYBER The risk of inappropriate access to manipulation, or disclosure of, client or company-sensitive information **RISK OWNER:** chief operating officer **RISK PROFILE:** Medium **RISK APPETITE MEASURES:** – Number of cyber incidents – Number of data privacy events – Cyber external threat landscape rating	– Board and executive oversight – Data governance committee and information security steering group oversight – Information security policy, data protection policy and associated procedures – System access controls and encryption – Penetration testing and multi-layer network security – Training and employee awareness programmes – Physical security.	Stable The threat landscape in 2023 continues to be influenced by the volatile external environment. However, we continue to invest in our control environment and resources to improve our security posture and ensure our infrastructure and employees are well positioned against an ever-changing threat landscape.
THIRD-PARTY SUPPLIER The risk of one or more third-party suppliers failing to provide or perform authorised and/or outsourced services to standards expected by the group, impacting the ability to deliver core services. This includes intra-group outsourcing activity. **RISK OWNER:** chief operating officer and chief executive officer, Rathbone Asset Management **RISK PROFILE:** Medium **RISK APPETITE MEASURES:** – Supplier chain performance	– Board and executive oversight – Third-party supplier and outsourcing framework – Senior dedicated relationship managers – Supplier contracts and defined service level agreements/KPIs – Supplier due diligence and approval process – Close liaison, contractual reviews and regular service review meetings – Documented policy and procedures – Whistleblowing policy and process.	Stable Our framework for third-party supplier and outsourcing risk management has continued to be embedded and developed in 2023. We continue to focus on technology enhancements to further improve our controls in this area, which also supports operational resilience. The change agenda will continue to drive this work as we on-board new strategic partners.
PEOPLE The risk of loss of key employees, lack of skilled resources or inappropriate behaviour or actions. This could lead to lack of capacity or capability threatening the delivery of business objectives, or to behaviour leading to complaints, litigation or regulatory action **RISK OWNER:** chief people officer **RISK PROFILE:** Medium **RISK APPETITE MEASURES:** – Regretted leavers – Turnover ratio – Employee behaviour	– Board and executive oversight – Succession and contingency planning – Transparent, consistent and competitive remuneration schemes – Contractual clauses with restrictive covenants – Continual investment in employee training and development – Employee engagement survey – Appropriate balanced performance measurement system – Culture monitoring and reporting – Conduct risk framework and committee – Training and competence framework – Whistleblowing policy and process.	Stable We have continued to operate effectively in spite of a difficult labour market over the past few years. Continued high inflation and cost of living pressures will remain a risk driver into next year. Management action, and our agile approach to support our colleagues, has been positively received however, we continue to engage frequently through our employee survey tool. Employee engagement continues to be positive with satisfaction scores exceeding the industry benchmarks.

PRINCIPAL RISKS CONTINUED

Risk profile: Low, Medium, High

Risk trend: Increasing, Stable, Decreasing, New

RISK AND OWNER	CONTROL ENVIRONMENT	RISK TREND 2023
SUITABILITY The risk of an unsuitable client outcome either through service, investment mandate, investment decisions taken, investment recommendations made or portfolio or fund construction **RISK OWNER:** managing director Rathbones Investment Management **RISK PROFILE:** Low **RISK APPETITE MEASURES:** – Timely portfolio reviews – Timely client reviews – Quality scores	– Board, executive and general managers committee oversight – Investment governance and structured committee oversight – Management oversight and segregated quality assurance and performance teams – Performance measurement information and attribution analysis – 'Know your client' (KYC) suitability processes – Weekly investment management meetings – Training and competence framework – Investment manager reviews through supervisor sampling – Compliance monitoring – Defined investment mandates and tracking – Exception reporting – Complaints analysis.	Decreasing We have continued to improve processes and oversight of investment and suitability risk in 2023, focusing on training, management information and new ways of working. The successful launch of our 'Reliance on Adviser' proposition in particular has supported the improvement of this risk. Our ongoing investment in technology will also further improve suitability processes and controls in 2024.

VIABILITY STATEMENT

ASSESSMENT OF THE COMPANY'S PROSPECTS

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

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

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

The group considers the possible impacts of serious business interruption as part of its operational risk assessment process and remains mindful of the importance of maintaining its reputation.

Since the business is almost wholly UK-situated, it does not suffer from any other material client, geographical or counterparty concentrations.

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

VIABILITY STATEMENT

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

The board regularly reviews business performance and at least annually its current strategic plan, alongside a strategic risk assessment. The board also considers five-year projections as part of its annual regulatory reporting cycle, including strategic and investment plans.

However, the directors have determined and continue to believe that a three-year period to 31 December 2026 constitutes an appropriate and prudent period over which to provide its viability statement given the uncertainties associated with economic and political factors and their potential impact on investment markets over a longer period.

This three-year view is also more aligned to the firm's detailed stress testing and capital planning activity. There is no reason to believe the five-year view would be different but, as always, there is more uncertainty over a longer time horizon particularly in relation to external factors.

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

SCENARIOS MODELLED INCLUDE:

- Market-wide stress (capital & liquidity): a 30% fall in FUMA for a one-year period, with recovery over the following three years and Foreign Exchange illiquidity
- Idiosyncratic reputational stress (capital & liquidity): a reputation-affecting cyber event, social media or ESG-related event causing outflow of 20% of FUMA together with associated compensation and rectification costs. Idiosyncratic integration stress (capital): a specific stress relating to the planned integration of IW&I into the group, resulting in outflow of 15% of FUMA together with additional integration costs and cost synergies not being achieved
- Combined stress (capital and liquidity): aggregation of the above market-wide and integration stresses.

Based on this assessment, the directors confirm that they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2026.

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

Pages 1 to 87 constitute the strategic report, which was approved by the board and signed on its behalf by:

Paul Stockton
Group Chief Executive Officer

Iain Hooley
Group Chief Financial Officer
5 March 2024

GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT
CHAIR'S LETTER

Clive C R Bannister
Chair

On behalf of the board, it is my pleasure to present our corporate governance report for the year ended 31 December 2023. It summarises the role of the board in providing effective leadership to promote the long-term success of the firm.

BOARD LEADERSHIP AND COMPANY PURPOSE

The key responsibilities of the board are to ensure effective leadership, the long-term sustainability of the firm and the creation of value for all our stakeholders. The board recognises that sustainable business success is not possible without a clear purpose and that good governance is about more than complying with rules; it is about culture, behaviours and how we treat our clients. The board is therefore committed to ensuring that the firm's purpose, values and culture are set by the whole board and embedded throughout the firm. The executive directors and management team play an integral role in this, ensuring that our people understand the firm's culture and what is expected of them to achieve our purpose. I believe that all this, together with our strong governance framework, allows the board to ensure that the whole firm is moving in the right direction as we execute our strategy. Through specific dashboards aligned to the key focus areas of our strategy, the board can monitor and review progress against targets.

These dashboards are used throughout the group, ensuring alignment on execution and targets. Additionally, how the board has considered the group's opportunities and risks, the sustainability of its business model, and how governance around the group's risk management framework contributes to the delivery of its strategic objectives, is set out in the strategic report.

The board also plays a key role in setting the group's culture and monitoring how it is being embedded to ensure alignment with the group's business priorities. The board reviews the culture dashboard which helps monitor and analyse the firm's culture. This dashboard contains five core drivers that help to shape the firm's culture centred around the firm's stakeholders. The culture dashboard is updated every six months and presented to the board for review and monitoring. In addition, through my own engagement with employees and through my colleagues' workforce engagement programme, I have been pleased to see the firm's strong and distinctive culture in action, as shown by the continuing commitment on the part of our employees to support our clients and the community.

COMBINATION OF INVESTEC WEALTH & INVESTMENT

The combination with Investec Wealth & Investment UK (IW&I) presents us with many opportunities. These include the chance to capture the benefits of scale that it will in turn benefit our clients. We were grateful for the overwhelming shareholder support for the transaction in June. This was a positive affirmation of this transformational transaction. To date, good progress is being made on integration and we very much look forward to welcoming the IW&I clients and new colleagues to form a significant part of the enlarged Rathbones group. Our future focus will then move to delivering the benefits of this transaction to all of our stakeholders. A full update will be provided in the next annual report.

BOARD COMPOSITION

There have been a number of changes to the board's composition during the year which were in line with our succession plans to ensure successful delivery of the IW&I integration.

Following Sarah Gentleman's appointment as Senior Independent Director in 2022, it was agreed that she would step down as chair of the remuneration committee to focus on her new role. As part of the board's succession planning programme, Dharmash Mistry was appointed chair of the remuneration committee as of 1 September 2023. Dharmash has been a member of the remuneration committee since his appointment as a non-executive director in 2021 and also co-leads our workforce engagement programme.

Under the terms of the Relationship Agreement following completion of IW&I combination, Investec Group Plc is entitled to nominate two non-executive directors to the board so long as they hold >20% of the firms shares. Nominated by Investec Group plc; Ruth Leas and Henrietta Baldock joined the board as of September 2023. Ruth was appointed Chief Executive of Investec Bank Plc in 2019 and has a deep knowledge of financial services in both the UK and South Africa. Henrietta was chair and independent director at IW&I and holds non-executive directorships at Investec Plc and Legal & General Group Plc.

In addition, we announced in September 2023 the appointment of Iain Hooley as Group Chief Financial Officer and Executive Director to the board with effect from 1 January 2024. Iain has been Finance Director of Investec Wealth and Investment Limited (IW&I) for more than a decade and was appointed CEO of IW&I in February 2023. Iain has been a key individual in IW&I's success and has played an integral role in the significant growth of the business.

CORPORATE GOVERNANCE REPORT CONTINUED
CHAIR'S LETTER CONTINUED

Iain will take over from Jennifer Mathias, who will step down from the board, and transition into the role of chief of staff. On behalf of the board, I would like to thank Jennifer for her work on the integration of SHL, support in delivering the IW&I transaction, her unfailing commitment and professional as a board member and Group CFO; I look forward to continuing to work with her in her new role.

EXECUTIVE REMUNERATION

Executive remuneration remains an important area of focus and debate, and the board continues to monitor developments on this topic closely. As reported last year, the remuneration committee has spent considerable time and effort assessing the impact of regulatory changes that were introduced in 2023 as part of our triennial remuneration policy review. As a result, a number of changes are proposed to the remuneration policy and are proposed for approval at this year's AGM. Further information on the proposed new policy can be found on pages 115 to 123. Dharmash Mistry, chair of the remuneration committee, carried out an extensive consultation exercise with our largest shareholders before finalising the new policy.

DIVERSITY, EQUALITY AND INCLUSION

The board agrees that greater diversity drives better decision-making. We strongly believe that building a diverse and inclusive workforce will lead to better outcomes for clients, colleagues and for our business. You can read more about our approach to building diversity and inclusion across our workforce and the initiatives that support it in our responsible business report on page 58. The board has aligned its diversity policy for board appointments with new targets set out in the Listing Rules and is proud to have met those targets.

In 2023, over 40% of our board was made up of women, two of our senior board positions were held by women and we have at least one director from an ethnic minority background. You can read more about the policy and the importance we place on diversity in the recruitment of non-executive directors and across the organisation on page 100 of the nomination committee report.

BOARD EVALUATION

This year, in line with the Code, the board undertook an internal process to review its effectiveness and performance. The review concluded that the board remains strong; independent and effective; and that it has responded well to the challenges arising from the uncertain current economic situation. Further detail on the evaluation can be found on page 98.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement remains a priority for the board. The board has used formal meetings and other opportunities to discuss the firm's performance and delivery of our strategy. These discussions included consideration of their interests, as well as risks arising from the wider regulatory, economic and political environment. The board has engaged with shareholders, customers, employees, regulators and other groups. You can find our formal statement in relation to section 172 of the Companies Act 2006, together with further detail in the strategic report on pages 49 to 57. The board gains a direct understanding of employees' views through employee survey results, townhalls and branch visits. Separately, the board's workforce engagement programme, led by Iain Cummings and Dharmash Mistry, continued throughout the year. Details of this initiative can be found on page 54.

In addition, both my non-executive director colleagues and I used formal and informal opportunities to talk to employees across our offices through virtual events during the year.

Our shareholders are critical to us and the group's success. We managed a comprehensive engagement programme with them throughout the year especially as part of the IW&I transaction during 2023. The group finance director continues to report to the board regularly on shareholders' views regarding the firm, and the firm's corporate brokers present to the board on market developments and shareholder perceptions. This helps to ensure that the board is fully briefed on the views and aspirations of shareholders. The firm's 2023 AGM was held in our offices in London and was an excellent opportunity for our board and myself to meet with all shareholders.

Our relationship with our various regulators is of fundamental importance to us and we maintain an open, constructive dialogue with them to ensure that we are aware of and meet the standards that they expect. For more information about how the directors have had regard to the interests of our key stakeholders within the context of promoting the success of the company, please see our section 172 statement on page 49.

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

Clive C R Bannister
Chair
5 March 2024

BOARD HIGHLIGHTS 2023

COMBINATION OF INVESTEC WEALTH & INVESTMENT

Read more: See page 51

STAKEHOLDER ENGAGEMENT

Read more: See page 50

DIVERSITY, EQUALITY & INCLUSION

Read more: See page 61

BOARD CHANGES AND SUCCESSION PLANNING

Read more: See page 99

CORPORATE GOVERNANCE REPORT CONTINUED

CORPORATE GOVERNANCE FRAMEWORK

Individual
Committee

CHALLENGE AND OVERSIGHT

THE BOARD

CHAIR

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

SENIOR INDEPENDENT DIRECTOR

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

NON-EXECUTIVE DIRECTORS

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

NOMINATION COMMITTEE

Nomination committee report: See page 99

AUDIT COMMITTEE

Audit committee report: See page 102

GROUP RISK COMMITTEE

Group risk committee report: See page 107

REMUNERATION COMMITTEE

Remuneration committee report: See page 110

LEADERSHIP

GROUP EXECUTIVE COMMITTEE

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

Read more: See page 15

GROUP CHIEF EXECUTIVE OFFICER

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

GROUP CHIEF FINANCIAL OFFICER

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

CORPORATE GOVERNANCE REPORT CONTINUED

BOARD OF DIRECTORS

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

Clive Bannister
Chair

APPOINTED: 06/04/2021

EXPERIENCE, SKILLS AND CONTRIBUTIONS

Clive brings a wealth of strategic, commercial, and financial experience to the board. He started his career as a banker at First National Bank of Boston in 1981 in Boston and London. In 1984, he joined Booz Allen Hamilton and became a partner in their financial consulting practice in 1990.

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

CURRENT EXTERNAL APPOINTMENTS

Clive is currently the chair of the Museum of London and a chair of Beazley plc.

Paul Stockton
Group Chief Executive Officer

APPOINTED: 09/05/2019

EXPERIENCE, SKILLS AND CONTRIBUTIONS

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

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

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

CURRENT EXTERNAL APPOINTMENTS

Board member of the Personal Investment Management and Financial Advice Association (PIMFA) and Member of the FCA Practitioner Panel.

Jennifer Mathias
Group Chief Financial Officer

APPOINTED: 01/04/2019 TO 31/12/2023

EXPERIENCE, SKILLS AND CONTRIBUTIONS

Jennifer joined Rathbones in April 2019 as a group chief financial officer. With effect from 31 December 2023, she stepped down from the board to take on the role of chief of staff.

Jennifer qualified as a chartered management accountant in 1999. She started her career at Lloyds Bank on their finance graduate programme, and spent over 10 years in senior finance and risk roles across the Commercial Banking division of Lloyds TSB. Following a period working directly with the Lloyds TSB Group CFO she went onto to be the finance director of the Corporate Banking division following the HBOS take over.

After completing the integration of Lloyds and HBOS she joined Coutts as the global chief finance officer in 2012 and was part of the team that led the sale of Coutts International to UBP Bank. In 2015, she moved to EFG Private Bank (UK), where she was chief finance officer and deputy chief executive officer, where in addition to finance responsibilities she led the Treasury and Credit areas.

CURRENT EXTERNAL APPOINTMENTS

Non-executive director of Welsh Rugby Union (WRU) board.

Iain Hooley
Group Chief Financial Officer

APPOINTED: 01/01/2024

EXPERIENCE, SKILLS AND CONTRIBUTIONS

Iain was appointed as group chief financial officer on 1 January 2024. Iain served as finance director of Investec Wealth & Investment Limited (IW&I) for more than a decade and was appointed CEO of IW&I UK in February 2023. He brings to his current role his extensive knowledge of the sector along with a wealth of experience of financial and regulatory reporting, corporate governance and risk management.

Iain is a fellow chartered accountant and began his career with Coopers & Lybrand, which subsequently became PricewaterhouseCoopers. Working in the audit practice, Iain had responsibility for managing a varied portfolio of audit engagements which included SMEs and listed companies across a range of sectors. In 2000, he joined BWD Securities PLC, which went on to become IW&I UK, initially as group financial controller with responsibility for the management of the group's internal and external financial reporting, tax compliance and other financial matters.

CURRENT EXTERNAL APPOINTMENTS

None.

Sarah Gentleman
Senior Independent Director

APPOINTED: 21/01/2015

EXPERIENCE, SKILLS AND CONTRIBUTIONS

Sarah joined Rathbones board in 2015 and was appointed senior independent director in 2022. Sarah was chair of the remuneration committee from June 2017 and August 2023 and was a designated non-executive director of the firm's workforce engagement programme between 2019 and 2023.

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

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

CURRENT EXTERNAL APPOINTMENTS

Non-executive director of Engine B Ltd and Molten Ventures Plc

CORPORATE GOVERNANCE REPORT CONTINUED

BOARD OF DIRECTORS CONTINUED

Terri Duhon

Non-Executive Director (Independent)

APPOINTED: 02/07/2018

EXPERIENCE, SKILLS AND CONTRIBUTIONS

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

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

CURRENT EXTERNAL APPOINTMENTS

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

Iain Cummings

Non-Executive Director (Independent)

APPOINTED: 05/10/2021

EXPERIENCE, SKILLS AND CONTRIBUTIONS

Iain is chair of the audit committee and co-leads the firm's workforce engagement programme with Dharmash Mistry.

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

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

CURRENT EXTERNAL APPOINTMENTS

Non-executive director of Skipton Building Society.

Dharmash Mistry

Non-Executive Director (Independent)

APPOINTED: 05/10/2021

EXPERIENCE, SKILLS AND CONTRIBUTIONS

Dharmash joined Rathbones as a non-executive director in October 2021, he is a chair of the remuneration committee, and co-leads the firm's workforce engagement programme with Iain Cummings.

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

He started his career with Procter & Gamble as a Brand Manager, followed by a period with Boston Consulting Group. He spent eight years in the media as Group Managing Director of EMAP Consumer Media and EMAP Performance. He co-led the 2008 delisting of Emap Plc from the FTSE 100. He was formerly a Partner at Balderton & Lakestar, leading investments including Revolut, Glovo, Infarm, Blockchain.com and Lovefilm amongst others. He co-founded Blow LTD and served as Chairman & CEO until its sale in 2021. His previous non-executive appointments include: Hargreaves Lansdown Plc, Dixons Retail Plc, The British Business Bank and BBC Commercial Holdings.

CURRENT EXTERNAL APPOINTMENTS

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

Henrietta Baldock

Non-Executive Director

APPOINTED: 21/09/2023

EXPERIENCE, SKILLS AND CONTRIBUTIONS

Henrietta Baldock was appointed as independent a non-executive director on 21 September 2023 under the terms of the Relationship Agreement following completion of IW&I combination.

Henrietta has extensive knowledge of the financial services sector, through her 25 years' experience in investment banking, most recently as chair of the European Financial Institutions team at Bank of America Merrill Lynch, where she advised boards on significant transactions. In 2021, she was appointed chair of Investec Wealth & Investment (UK). Henrietta's industry experience demonstrates her valuable strategic and transformation advisory skills. Henrietta is a non-executive director of Legal & General Group PLC, Hydro Industries Limited, Investec PLC and Investec Limited.

CURRENT EXTERNAL APPOINTMENTS

Non-executive director of Legal & General Group PLC and Hydro Industries Limited

Ruth Leas

Non-Executive Director

APPOINTED: 21/09/2023

EXPERIENCE, SKILLS AND CONTRIBUTIONS

Ruth Leas was appointed as independent a non-executive director on 21 September 2023 under the terms of the Relationship Agreement following completion of IW&I combination.

Ruth has been with Investec for 25 years having joined in South Africa in 1998. In 2002, she moved to London where she spent 10 years in client facing roles and was subsequently appointed as co-head of US Principal Finance. She joined the credit team and was subsequently appointed as Head of UK Investor Relations. In 2016, she was appointed as an executive director and head of risk management and as chief risk officer in 2017. In 2019, she was appointed as chief executive officer of Investec Bank plc, the main banking subsidiary of Investec plc, which includes Investec Group's non-Southern African operations (including the UK, Channel Islands, Republic of Ireland, US and India).

CURRENT EXTERNAL APPOINTMENTS

Chief executive officer of Investec Bank plc.

Ali Johnson

Group Company Secretary

APPOINTED: 01/05/2016

EXPERIENCE, SKILLS AND CONTRIBUTIONS

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

Ali graduated in law and is a fellow of the Chartered Governance Institute. He has over 20 years' experience as a company secretary in a wide range of publicly listed companies in the UK and US. Ali has extensive knowledge and experience in corporate governance, executive remuneration, corporate transactions, stock exchange listing obligations, responsible business program, insurance and employee/ executive share plans.

CORPORATE GOVERNANCE REPORT CONTINUED

COMPLIANCE WITH THE 2018 UK CORPORATE GOVERNANCE CODE

During the financial year ended 31 December 2023, the board has applied the Principles and complied with the Provisions of the UK Corporate Governance Code 2018 (the Code) and additional information can be found below:

SECTION 1: BOARD LEADERSHIP AND COMPANY PURPOSE

A Effective and entrepreneurial Board to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society
B Purpose, values and strategy with alignment to culture
C Resources for the Company to meet its objectives and measure performance. Controls framework for management and assessment of risks
D Effective engagement with shareholders and stakeholders
E Consistency of workforce policies and practices to support long-term sustainable success

SECTION 2: DIVISION OF RESPONSIBILITIES

F Leadership of Board by chair
G Board composition and responsibilities
H Role of non-Executive Directors
I Company secretary, policies, processes, information, time and resources

SECTION 3: COMPOSITION, SUCCESSION AND EVALUATION

J Board appointments and succession plans for board and senior management and promotion of diversity
K Skills, experience and knowledge of board and length of service of board as a whole
L Annual evaluation of Board and Directors and demonstration of whether each Director continues to contribute effectively

SECTION 4: AUDIT, RISK AND INTERNAL CONTROLS

M Independence and effectiveness of internal and external audit functions and integrity of financial and narrative statements
M Fair, balanced and understandable assessment of the Company's position and prospects
O Risk management and internal control framework and principal risks Company is willing to take to achieve its long-term objectives

SECTION 5: REMUNERATION

P Remuneration policies and practices to support strategy and promote long-term sustainable success with executive remuneration aligned to Company purpose and values
Q Procedure for Executive Director and senior management remuneration
R Authorisation of remuneration outcomes

CORPORATE GOVERNANCE REPORT CONTINUED

BOARD ACTIVITIES 2023

Our strategic priorities

1 Enriching the client and adviser proposition and experience
2 Supporting and delivering growth
3 Inspiring our people
4 Operating more efficiently

Our stakeholders

Clients
Our people
Shareholders
Society and communities
Partners and regulators

BREAKDOWN OF BOARD ACTIVITIES

Strategy

1 2 4

- Extensive discussion and assessment of the transaction with Investec bearing in mind the impact on the firm's various stakeholders
- Oversight and monitoring of the Integration of IW&I through various workstreams with a focus on achieving synergies
- Held a strategy day focused on strategic matters including the integration of IW&I, digital solutions, financial advice and the future client needs
- Reviewed the competitive landscape
- Reviewed and approved the group's budget and three-year strategic plan
- Received deep-dive reviews of selected business areas
- Assessed the firm's change management processes and project delivery
- Monitored delivery of the firm's new digital strategy including associated expenditure
- Regularly assessed inorganic opportunities
- Assessed the firm's real estate requirements over the next three years.

Risk Management

1 3

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

Structure, Capital and Liquidity

1 2 4

- Reviewed the group's stress testing policy
- Reviewed the group's treasury policy
- Considered the group's capital strategy
- Approved the group's capital and liquidity planning.

Regulatory and Compliance

1 4

- Received updates from management on meetings held with the PRA and FCA during the year to discuss, amongst other topics, securities issuances and liquidity
- Received updates on Consumer Duty implementation
- Approved the group Recovery Plan, designed to maintain the viability and the financial position of the group through an effective and robust set of recovery options in the event of a broad range of stress scenarios and in accordance with the recommendations of the PRA
- Received detailed reports on progress made against the Annual Compliance Plan
- Received updates from the Money Laundering Reporting Officers.

Governance

3

- Discussed the key themes and outcomes from the various workforce engagement mechanisms
- Assessed and oversaw the firm's culture and implementation of its culture dashboard
- Completed an internal board evaluation exercise and implemented recommendations
- Completed a review of governance arrangements following completion of the transaction with IW&I
- Undertook a review of, and approved an appropriate increase in, non-executive director fees to align with the market.

Stakeholders

1 4

- Received regular updates on clients including survey results
- Regularly monitored morale across the firm with oversight of employee survey results and associated management actions
- Reviewed periodic updates on the culture dashboard
- Received regular feedback on investor relations activities including meetings with shareholders and post-results roadshows
- Engagement with various teams and visits to our Liverpool and Glasgow offices
- Approved the annual Modern Slavery Statement
- Oversight and approval of remuneration arrangements for executive directors and the wider workforce
- Monitored the firm's people and DE&I strategy.

Financial and Corporate Reporting

1 2 4

- Monitored the firm's performance against its strategic objectives
- Focused on delivery of organic growth initiatives through new products
- Monitored the integration of Saunderson House and financial performance against the plan and market expectations
- Approved interim and full-year financial statements, interim dividend and recommended final dividend
- Received reports from the group's internal audit function
- Reviewed the new disclosure framework to ensure compliance with TCFD reporting.

CORPORATE GOVERNANCE REPORT CONTINUED

HOW WE ARE GOVERNED

BOARD MEETINGS

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

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

The board held ten additional meetings in the year to consider the combination of Rathbones and IW&I transaction.

MEETING ATTENDANCE

	Board	Nomination committee	Audit committee	Risk committee	Remuneration committee
Number of meetings held	**8**	**3**	**4**	**5**	**3**
Clive Bannister (Chair)	8/8	3/3	–	–	3/3
Paul Stockton (CEO)	8/8	–	–	–	–
Sarah Gentleman (SID)	8/8	3/3	4/4	5/5	3/3
Iain Cummings (NED)	8/8	3/3	4/4	5/5	3/3
Terri Duhon (NED)	8/8	3/3	4/4	5/5	3/3
Dharmash Mistry (NED)	8/8	3/3	3/4	4/5	3/3
Henrietta Baldock[1]	2/2	–	–	–	–
Ruth Leas[1]	2/2	–	–	–	–
Former directors					
Jennifer Mathias (CFO)[2]	8/8	–	–	–	–

1. Henrietta Baldock and Ruth Leas were appointed on 21 September 2023 as non-executive directors by Investec Bank plc under the terms of the Relationship Agreement
2. Jennifer Mathias stepped down from the board on 31 December 2023

OPERATIONS OF THE BOARD

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

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

INDEPENDENCE, FITNESS & PROPRIETY

The board, on the recommendation of the nomination committee, considers that all of the non-executive directors are independent, including the chair. Henrietta Baldock and Ruth Leas are not considered independent as they were appointed to the board by Investec Group plc under the terms of the Relationship Agreement. All board members are required to disclose any external positions or interests which might conflict with their directorship of Rathbones prior to their appointment so that any potential conflict can be properly assessed. The board has regard to the fact that experienced non-executive directors in financial firms are a valuable resource and may sit on several boards. Potential conflicts of interest of non-executive directors can generally be managed by due process and common sense.

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

CORPORATE GOVERNANCE REPORT CONTINUED
HOW WE ARE GOVERNED CONTINUED

BOARD DEVELOPMENT

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

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

- Directors' Prospectus and MAR obligations
- Client Assets and Money (CASS)
- Securities and Exchange Commission (SEC) obligations
- Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP)
- Internal Capital and Risk Assessment (ICARA).

CHAIRMAN'S PERFORMANCE

As in previous years, Sarah Gentleman, in her role as the senior independent director, led the annual assessment of the chairman's performance. This involved discussions with the other non-executive directors individually, without the chairman being present, and consultation with the chief executive. The senior independent director subsequently provided feedback to the chairman.

ACCOUNTABILITY

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

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

RISK MANAGEMENT

In accordance with the Code, the board is required to monitor the firm's risk management and internal control systems on an ongoing basis and carry out a review of their effectiveness and report on this review to shareholders. Details of the company's ongoing process for identifying, assessing and managing the principal risks, including any emerging risks, faced by the firm are contained in the risk management section on pages 77 to 86, together with details of those principal risks and their related mitigating factors. Whilst the board retains overall responsibility for the firm's risk management and internal control systems, it has delegated oversight to the audit and group risk committees. The group's financial controls framework is designed to provide assurance that proper accounting records are adequately maintained and that financial information used within the business and for external publication is reliable and free from material misstatement, thereby safeguarding the company's assets.

The board receives regular reports from the chair of the group risk committee and chief risk officer on the key risks facing the firm that impact on operational and financial objectives. This assessment is completed together with assurance that the level of risk retained is consistent with and is being managed in accordance with the board's risk appetite. These reports include current and forward looking assessments of capital and liquidity adequacy and a summary 'risk dashboard' is presented. Also, during the year the board reviewed and approved the operational risk assessment process for the 2023 ICAAP document, which includes a capital assessment of financial, conduct and operational risks.

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

CORPORATE GOVERNANCE REPORT CONTINUED

BOARD AND COMMITTEE EVALUATION

The effectiveness of the board, individual directors and the board's main committees are reviewed annually. This ensures that they continue to operate effectively and are identifying opportunities for improvement and best practice, as well as helping to inform future agenda items and areas of focus. In line with the Code, this year we again completed an internal board evaluation which was externally facilitated by Independent Audit Limited (IAL) and a questionnaire approach was utilised. this review addressed the effectiveness of both the board and its committees. IAL have no connection with the firm or to our directors. The review took place following a year of significant activity, primarily the transaction with Investec Wealth and Investment UK (IW&I). It was an opportunity to reflect on how effectively the board had focused on the transaction and other strategic initiatives, while also handling business-as-usual activity. Board members were requested to complete a questionnaire which focused on the IW&I transaction, board dynamics, board meetings, strategy, risk, competitor analysis, culture, stakeholders, and committees' effectiveness. IAL analysed responses which provided the board with anonymity as well as added rigour to the process. A full report was prepared and presented to the board for discussion.

As we are required by the UK Corporate Governance Code, the board will undertake an external effectiveness review every three years which we will do during 2024. We have provided below a three year overview of progress.

YEAR 1: 2021 - EXTERNAL EVALUATION

The full details of the external evaluation completed by IAl, including the process and its findings, can be found on pages 80 and 81 of our 2021 Annual Report. Below is a summary of the progress against the actions from the evaluation:

Action and Progress	Status
Competitor analysis Improved focus on the competitive landscape with the NEDs feeling better informed on key competitors.	✓
ESG ESG principles have been further incorporated into strategy and operations.	✓
Agenda and papers Agendas reflect the needs of the business and board and steps taken to shorten papers, such as including supporting detail in appendices, has improved their quality.	✓
Diversity and inclusion Increased focus on diversity and ensuring that management succession plans have a diverse pipeline of talent.	✓
Hybrid meetings Improvements to technology mean that there is continued support for maintaining a balance of both in-person and virtual or hybrid meetings.	✓

YEAR 2: 2022 - INTERNAL EVALUATION

The full details of the internal evaluation, including the process and its findings, can be found on page 99 of our 2022 Annual Report. Below is a summary of the progress against the actions from the evaluation:

Action and Progress	Status
Board papers Improved structure and format of board papers via new reporting templates. This ensured concise but effective executive summaries supported by detailed materials. This approach was welcomed by both executives and NEDs which led to better board discussions.	✓
Competitor analysis Introduced broader set of financial and non-financial KPIs as part of board materials. This MI helped the board have full external visibility on peers and the industry.	✓
DE&I Exceeded the Women in Finance Charter commitment reaching 33% female representation in senior management by September 2023. Reported the inclusion dashboards from our employee survey to help understand the sentiment and actions needed to maintain a DE&I focus. More to do in this area.	✓
People Increased focus on diversity and ensuring that management succession plans have a diverse pipeline of talent.	✓

YEAR 3: 2023 - INTERNAL EVALUATION

As noted above, an internal evaluation was completed and this process was led by the SID and company secretary with support from IAL. The overall findings were that the board continued to operate effectively and there was confidence in the board's ability to oversee strategy whilst delivering a transformational transaction. The review identified many aspects which are working well along with a number of recommendations for development.

Strengths

- The chairs of the board and committees all facilitate inclusivediscussions
- The executive directors kept the board fully appraised of progress on the IW&I transaction, and the NEDs added value to the process
- NEDs feel they received good insight into the organisation, and they praised the management for their openness on the challenges being faced
- NEDs continue to engage well with the workforce, and management have provided them good insight by use of the culture dashboard
- All the committees continue to function well, the committees are well chaired and the meeting process was described as well established.
- The Secretariat provided excellent support to the board and its committees.

Areas of focus

- Monitoring and delivery of the IW&I integration: agree format/ dashboard of regular reporting and ensure the board has sufficient MI during integration
- Continue to focus on the 'big picture' and the future of the firm as well as the direction of the industry
- Increased engagement with management: increase the level of 1:1 meetings between management and the NEDs to ensure board discussions are better informed and build in additional meetings between boards to cover topical subjects with management.

NOMINATION COMMITTEE REPORT

AT A GLANCE

COMMITTEE MEMBERS AND ATTENDANCE

Member	Meetings attended
Clive Bannister (Chair)	3/3
Terri Duhon	3/3
Iain Cummings	3/3
Sarah Gentleman	3/3
Dharmash Mistry	3/3

The committee held two additional meetings in the year to consider succession planning following Investec Wealth & Investment (IW&I) transaction.

ROLES AND RESPONSIBILITIES

– The responsibilities of the committee include reviewing the composition of the board and making recommendations to the board for the appointment of directors. The board as a whole then decides on any such appointment
– The committee has responsibilities for succession planning and the leadership needs of the organisation, both executive and non-executive, to ensure the continued ability of the firm to implement its strategy and compete effectively in the marketplace
– Monitoring the firm's DE&I programme.

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

Clive Bannister
Chair of the Nomination Committee

This report sets out an overview of the committee's roles, responsibilities and its key activities during the year. Key areas of focus for the committee in 2023 were board composition, succession planning and senior management succession planning in particular, in relation to the new group's needs following completion of the Investec Wealth & Investment (IW&I) transaction.

SUCCESSION PLANNING

BOARD

Under the terms of the Relationship Agreement effective from completion of the combination with IW&I, Investec Bank Plc will be entitled to nominate for appointment to the board two shareholder directors for so long as it holds 20% or more of the total shares of Rathbones Group Plc. As part of its consideration of the combination with IW&I, the board carefully considered the implications of having shareholder representative directors on the board.

As outlined in the chair's statement, two new shareholder representative directors were appointed to the board following completion of the combination with IW&I: Ruth Leas and Henrietta Baldock. Both will bring substantial levels of experience and financial services expertise to the board. The board believes it will benefit from their experience and expertise. A biography for both Henrietta an Ruth highlighting their suitability for the role of non-executive director can be found on page 93 of this report.

Under the terms of the Relationship Agreement such appointments required the committee's approval. The board agreed that shareholder directors would not be considered independent under the Code given their relationships with appointing shareholders. They will not be appointed to the audit, remuneration or risk committees.

As part of the board's succession plans, the committee determined that, following Sarah Gentleman's appointment as senior independent director, a new remuneration committee chair should be appointed during 2023. Following extensive discussion by the nomination committee, it was decided that it would be preferable to appoint an internal candidate as they would understand the dynamics of both the board, the relationship with the executive team, existing remuneration arrangements across the firm as well as executive directors. This approach is in line with the UK Corporate Governance Code requirements to have at least 12 months service on the remuneration committee ahead of appointment as chair. As part of this process, Dharmash Mistry was identified as the best candidate for the role and his appointment was announced in July 2023.

KEY ACTIVITIES IN 2023

The key activities of the committee were:

BOARD SUCCESSION

– assessed the suitability of the proposed shareholder nominated non-executive directors and recommended their appointment to the board
– led the selection and appointment process of the group chief financial officer and recommended the appointment to the board
– reviewed the independence of the non-executive directors and the board's balance of skills, knowledge and experience
– assessed the contribution and time commitment of the non-executive directors.

MANAGEMENT SUCCESSION

– reviewed the composition of the group executive committee following completion of the IW&I transaction.

DIVERSITY, EQUALITY AND INCLUSION

– reviewed and challenged management's implementation of the firm's DE&I strategy to ensure progress.

NOMINATION COMMITTEE REPORT CONTINUED

The firm announced in September 2023, that Iain Hooley would be appointed chief financial Officer from 1 January 2024 and Jennifer Mathias would step down from the board on 31 December 2023 to transition to the new position of chief of staff. Iain has been finance director of (IW&I) for more than a decade and was appointed CEO of IW&I in February 2023. Iain has been a key individual in IW&I's success and has played an integral role in the significant growth of the business.

EXECUTIVE MANAGEMENT

In consultation with the chief executive, a formal review of the executive committee members was completed looking at the capability and potential of incumbents in key roles to support the combined enlarged group as well as the integration of the IW&I. As part of this exercise, succession planning for these and other key roles across the firm was completed. The committee approved the appointments to the combined group executive committee for the firm and these were announced in November 2023 with further details on page 89.

The committee recognises the importance of talent development to ensure that the group continues to attract, retain and develop skilled, high potential individuals. This will remain an important focus in the year ahead. During the year, the committee was updated on the various initiatives in place across the group to support talent development at different levels of the group's operations. Further information in relation to the group's activities in our responsible business update.

BOARD INDUCTION

Our executive and non-executive directors are offered a comprehensive and tailored induction programme to introduce them to the business, industry and regulatory context. The programme is based on one-to-one meetings with relevant executive directors and executive committee members, the heads of group functions and the company secretary and covers the areas of business outlined below. The induction process is reviewed on a regular basis and is updated and tailored to ensure it remains appropriate.

Henrietta Baldock and Ruth Leas were appointed in September 2023, and a comprehensive and tailored induction programme was provided. Each induction programme includes meetings with chair, executive directors, committee chairs, group executive committee members, and external auditors.

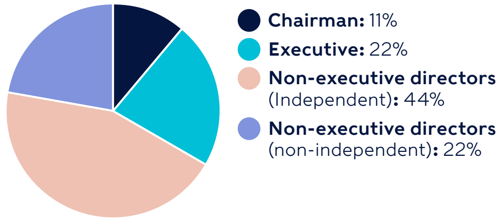
BOARD INDUCTION PROGRAMME

BUSINESS REVIEW	PERFORMANCE AND MARKET POSITIONING
– Strategic direction and priorities – Business strategy and market analysis – Risk appetite, principal risks and risk management framework – Operations.	– Review of financial and market performance – Recent analyst and media coverage – Budget review – Analysis of shareholder base and investor perception – Shareholder engagement.
REGULATORY ENVIRONMENT	**PEOPLE, CULTURE AND VALUES**
– Overview of the group's key compliance and regulatory policies – Recent changes in regulatory landscape and impact of upcoming regulatory developments – Hot topics and key priorities.	– Discussion of corporate values and the firm's culture – Key people and succession plans – Board procedures and governance framework – Board interaction with key business areas – Overview of listed company obligations, reporting and governance framework – Directors' duties and responsibilities – Group DE&I strategy.

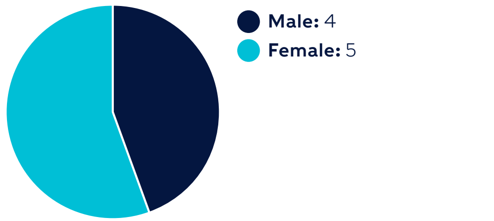
BOARD DIVERSITY

The board believes that building a diverse and inclusive workforce is important not just because it is the right thing to do, but because it is good for the group's clients, its business and its colleagues. The group's objective is to build a diverse workforce at all levels and create an inclusive culture. The board is committed to creating a culture where people treat each other with dignity and are encouraged to realise their full potential. The group's inclusion and diversity policy makes clear the group's aspirations and commitment; and by defining the roles and responsibilities that will support it in attaining these objectives.

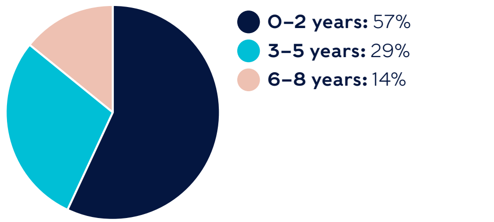
BOARD COMPOSITION



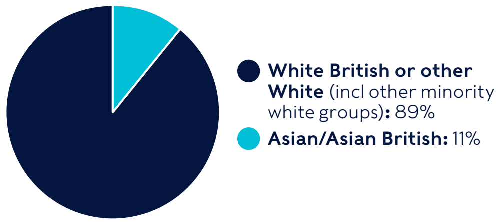
BOARD GENDER DIVERSITY



NON-EXECUTIVE DIRECTORS' TENURE



BOARD ETHNICITY



The group's diversity, equality and inclusion strategy outlines the priority areas of focus which are currently:

- To build a culture of inclusion where colleagues feel safe, respected and where they belong
- To increase ethnic minority representation, recognising the need to accelerate progress in this area
- To maintain our commitment to increase female representation and close the gender pay gap.

During the period, the committee reviewed progress against the group's inclusion and diversity strategy and action plan including a number of key achievements details of which can be found on page 61 of the strategic report.

The board's diversity policy is designed to ensure transparency and diversity in making appointments to the board upon the recommendation of the nomination committee. The policy recognises the importance of having directors with a range of relevant experience, and embraces the benefits derived from having directors who come from diverse backgrounds. The gender and ethnicity balance of the board is taken into consideration when recruiting a new non-executive director. This is reflected in the current composition of our board. To achieve this goal, we only engage with external search firms which are signatories to the Voluntary Code of Conduct for Executive Search Firms for board-level appointments.

The nomination committee reviews and evaluates the structure, size and composition of the board and is responsible for identifying and recommending new directors for appointment. Board appointments are made following rigorous consideration by the nomination committee of the balance of skills, experience, knowledge and diversity. When considering board composition the nomination committee reviews best practice, including the new listing rules relating to diversity, the findings of the FTSE Women Leaders Review and the Parker Review.

NON-EXECUTIVE DIRECTORS' SKILLS

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

INDEPENDENCE AND CONFLICTS OF INTEREST

At Rathbones, we are fortunate to have such non-executives, that demonstrate independence, excellent skill and knowledge of financial services. I maintain a dialogue with each of my board colleagues on potential conflicts of interest and time commitments. I am fully satisfied that incidents of conflicts of interest are handled appropriately by the individual concerned and the board's conflict of interest policy.

APPOINTMENT AND REAPPOINTMENT OF DIRECTORS

Prior to the company's AGM each year, the committee considers, and makes recommendations to the board concerning, the appointment and reappointment of directors, having regard to their performance, suitability, time commitment and ability to continue to contribute to the board.

Following this year's review in advance of the 2023 AGM, the committee has recommended to the board that all serving directors at the date of this report be appointed or reappointed at the 2024 AGM. Sarah Gentleman has served as a director for more than eight years. The extension of her term of office has been considered and the committee has noted her significant contribution including as remuneration committee chair. The board, and I as chair, values her knowledge, experience and continuity.

BOARD EFFECTIVENESS REVIEW

A formal and rigorous evaluation of the board and committee's effectiveness was undertaken during the year as part of the internal board effectiveness review. The review found that the committee operated well during the year. Please see page 98 for more detail.

The committee considers that during the year it continued to have access to sufficient resources to enable it to carry out its duties and has continued to perform effectively.

During the year, the committee reviewed its terms of reference to ensure that they remain appropriate.

FOCUS FOR 2024

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

- Reviewing and finalising the remaining outstanding key roles for the combined entity
- Continue to monitor succession planning and talent pipeline to ensure alignment to the future strategic needs of the firm
- Continue to deliver our diversity and inclusion strategy.

Clive C R Bannister
Chair of the Nomination Committee
5 March 2024

AUDIT COMMITTEE REPORT

AT A GLANCE

COMMITTEE MEMBERS AND ATTENDANCE

Member	Meetings attended
Iain Cummings (Chair)	4/4
Terri Duhon	4/4
Sarah Gentleman	4/4
Dharmash Mistry	3/4

ROLES AND RESPONSIBILITIES

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

Full Terms of Reference for the committee are available on the Company's website.

Iain Cummings
Chair of the Audit Committee

As chair of the audit committee, it is my pleasure to present my report on the committee's activities for 2023. This report provides an overview of how the committee has discharged its responsibilities over the last twelve months.

The board delegates responsibility to the committee to monitor the integrity of the group's financial reporting and the processes and controls that support it. This includes reviewing and challenging the appropriateness of accounting policies, significant issues and judgements, and the assumptions in support of the company's ability to continue as a going concern and its longer-term viability.

A key aspect of the committee's role in ensuring the integrity of the financial reporting is its oversight of the group's relationship with the external auditor. This includes making recommendations to the board in relation to the appointment of the external auditor, approving its scope of work, fees and terms of engagement, as well as reviewing regularly its independence, objectivity and effectiveness.

More broadly, the group's internal control framework is an essential part of ensuring the integrity of its financial reporting and other business operations. The committee oversees the effectiveness of, and ongoing improvements to, the group's internal controls, as well as having responsibility for monitoring and reviewing the effectiveness of the group's internal audit function, which provides assurance on those controls.

The committee has again had a full agenda and continued to focus on the key matters across its principal roles and responsibilities. The key areas of discussion over the past 12 months have focused on:

- challenging management on their key accounting judgements across the group including key areas related to acquisition accounting, estimates and assumptions on which they are based on
- overseeing the financial analysis, disclosures in connection with the financial information and consents to be included in the Prospectus relating to the Investec Wealth & Investment (IW&I) transaction
- assessing the integrity and fair presentation of the group's external financial reporting including climate change disclosures as well as our TCFD report
- review and approval of the firm's client assets sourcebook audit and submission
- maintaining the independence of Deloitte LLP while using their services to support the IW&I transaction
- reviewing the maintenance and effectiveness of the group's internal control framework.

The committee monitored and reviewed the activities and performance of internal and external audit, along with oversight of non-audit services provided by the external auditor.

KEY ACTIVITIES IN 2023

REPORTING

- Reviewed and scrutinised the 2023 annual report and preliminary announcement
- Reviewed the firm's TCFD report
- Reviewed and challenged the key judgements for the annual report, including acquisition accounting assumptions
- Discussed company's distributable reserves and 2023 final dividend recommendations to the board
- Considered the half year report for 2023
- Reviewed the key judgements and provisioning for the year end process
- Considered the FRC audit quality external inspection report for 2022.

EXTERNAL AUDITORS

- Reviewed and approved the reporting accountant services independence
- Reviewed the firm's ISAE3402 report
- Reviewed and approved the group's CASS submission
- Reviewed and approved audit and non-audit fees for the year
- Engaged in the succession process of a new lead audit partner for 2024.

INTERNAL AUDIT

- Reviewed the internal audit effectiveness self assessment
- Reviewed and approved the internal audit charter
- Discussed and approved the internal audit plan for 2023.

WHISTLEBLOWING

- Reviewed and approved the whistleblowing report and policy.

AUDIT COMMITTEE REPORT CONTINUED

We received assurance from our internal effectiveness review and FRC Audit Quality Review that our external auditors, Deloitte LLP, continue to perform satisfactorily. Further details of work in respect of these and other key areas are set out in the sections below.

Also, the committee is grateful for the support of management and Deloitte, as external auditor, in ensuring the integrity of the firm's financial results.

COMMITTEE MEMBERSHIP

The committee acts independently of management to ensure the interests of shareholders are properly protected in relation to financial reporting and internal control. The committee members bring a diverse range of experience in finance, risk, control and business, with particular experience in the financial services sector. The board has confirmed that the members of the committee have the necessary expertise to provide effective challenge to management; this includes the chair. The qualification for each of the members is outlined on pages 92 to 93.

The chair meets with management ahead of meetings to discuss specific items of focus. During the course of the year, the committee held separate sessions with the internal and external audit teams, without management present.

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

FINANCIAL REPORTING

ACCOUNTING JUDGEMENTS

The committee spent considerable time reviewing the interim report and annual report. The committee discussed and challenged the key areas of accounting judgement taken by management in preparing the financial statements and the external auditor's work. This also included consideration of the internal controls over financial reporting. The committee noted that there were no new material standards, or amendments to standards, relevant to the group that had become effective for the reporting period. Most of the key judgement areas were unchanged from the prior year, reflecting consistency in the firm's business model and its approach to financial reporting, but they were impacted by the first time recognition of IW&I and its significant impact on goodwill and intangibles. There was also focus during the year on property asset impairment reviews, where the group expects to vacate its leased properties earlier than the respective lease termination dates. The main areas of focus are outlined below. Each of these matters were discussed with the external auditor and, where appropriate, have been addressed in the external auditor's report.

ACQUISITION ACCOUNTING

Following completion of the IW&I transaction in September 2023, the committee reviewed and assessed the acquisition accounting judgments. External specialists were engaged to support management on the purchase price allocation and lease valuation assumptions which were discussed and reviewed by the committee.

FAIR, BALANCED AND UNDERSTANDABLE STATEMENT

On behalf of the board, we reviewed the financial statements as a whole in order to assess whether they were fair, balanced and understandable. Ahead of presentation to the committee, a robust review process of the annual report from across the business was conducted to ensure disclosures were balanced and accurate. In addition, the committee was provided details of internal challenge for various areas of disclosure which improved the integrity of the document further. We discussed and challenged the balance and fairness of the overall report with the executive directors and also considered the views of the external auditor who completed a thorough review of the annual report against our obligations and financial reporting practice generally. In addition, the committee considered the overall presentation of the financial statements, including the use and prominence of alternative performance measures, section 172 reporting and corporate governance disclosures, and were satisfied that the annual report could be regarded as fair, balanced and understandable and proposed that the board approve the annual report in that respect. During this review the committee carefully considered the clarity and coherence of disclosures, in particular in respect of the climate risk.

ALTERNATIVE PERFORMANCE MEASURES (APM)

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

REVENUE RECOGNITION

The committee reviewed management's approach to revenue recognition, highlighting the key areas where judgement is required across interest, fee and commission income.

The committee noted the consistency of approach with prior years and the detailed assessment that is performed by management and challenged by Deloitte. The committee also received assurance on revenue calculations both internally through its oversight of the group's CASS controls and from the external auditor's approach to recalculating significant revenue streams and carrying out sample testing on the remainder. The committee received assurance on revenue calculations internally and considered the external auditors' reporting in relation to it's audit work on the group's revenues. The external auditor's work included sample testing of the operational transactions that drive the revenue to assess that these were being booked in a timely and accurate fashion.

VIABILITY AND GOING CONCERN

The committee assisted the board in determining the appropriateness of adopting the going concern basis of accounting and in performing the assessment of the viability of the group. The committee reviewed papers from management in support of the going concern basis and the longer-term viability of the group.

The committee assessed the proven stability of the group's business model, which is supported by:

- a diverse portfolio of businesses
- resilience when subjected to internal stress testing
- a strong capital base
- adequate access to liquidity.

The committee discussed the group's principal risks which may affect future development, performance and financial position.

AUDIT COMMITTEE REPORT CONTINUED

The committee considered projected profitability and capital ratios along with funding and liquidity forecasts, over a period of three years; in addition, it considered changes in the economic, technological and regulatory environment.

It was noted that the group's regulatory capital and liquidity forecasts reflected the impact of the IW&I acquisition in the year, as well as the expected costs to achieve and related synergies over the next three years. Particular focus was given to the macroeconomic backdrop, including funding markets and macroeconomic uncertainty and volatility. Overall the committee concluded that it remained appropriate to prepare the accounts on a going concern basis, advised the board that three years was a suitable period of review for the viability statement, and recommended the viability statement to the board for approval.

INTERNAL APPROVALS

The audit committee has the primary responsibility for the oversight of the group's system of internal controls including controls over financial reporting and the work of the internal audit function. The audit committee, seeks to ensure that the group operates within a framework of prudent and effective controls that allow risk to be identified, assessed and managed. Policies in relation to IFRS and a financial control framework are in place across the group. This first line framework supports the committee to understand and assess the design and effectiveness of controls over financial reporting, covering IFRS and alternative performance measures. During this review, the audit committee did not identify any weaknesses which were determined to be significant to the preparation of the financial statements. Where areas for improvement were identified, processes are in place to ensure that the necessary actions are taken and progress is monitored by the audit committee.

IMPAIRMENT OF GOODWILL AND CLIENT RELATIONSHIP INTANGIBLES

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

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

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

IMPAIRMENT OF PROPERTY ASSETS

As part of the combination of Rathbones group with IW&I, the group's property portfolio was reviewed, and properties that will be vacated earlier than the original lease contracts permitted were identified. The impact on IFRS 16 and IAS 36 from expected lease breaks and terminations, as well as possible lease assignments and sub-lets was considered.

The property assets relating to leases the group expects to terminate early were reviewed for impairment.

The assets' useful lives were revised, and their recoverable amounts were determined. Any impairment and accelerated depreciation charges were recognised in the year outside of operating profit.

THE VALUATION OF DEFINED BENEFIT PENSION OBLIGATIONS

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

WHISTLEBLOWING CHAMPION

The group is committed to creating a culture of openness, integrity and accountability. A formal policy is in place which encourages colleagues and contractors to raise concerns, in confidence, about possible wrongdoing in relation to financial reporting or other matters. Changes to the policy require the approval of the board, and the committee has responsibility for regularly reviewing the adequacy of arrangements to ensure the proportionate and independent investigation of matters raised and appropriate follow up action. These arrangements are viewed as an important internal control for the group and the committee regularly updates the board on their operation and instances of concerns raised.

During the period, the committee received regular reporting on the group's whistleblowing arrangements, including management information on concerns raised and completion rates for internal training.

TCFD CLIMATE RISK REPORTING

The committee reviewed the firm's TCFD climate risk disclosure responsibilities as part of the annual report process for 2023. Our focus was to ensure that the summary in the annual report met key statutory and regulatory obligations with clear cross referencing to the full TCFD report on the firm's website.

RESTORING TRUST IN AUDIT AND CORPORATE GOVERNANCE

The committee has evaluated the impact of the Department for Business, Energy and Industry Strategy (BEIS) consultation and resulting proposals for restoring trust in audit and corporate governance on the firm. Whilst these proposals will not be taken forward by government, an internal team has been created to assess best practice that the firm may implement including an audit and assurance policy over the next year.

In January 2024, the FRC published an updated UK Corporate Governance Code 2024. The group is committed to high standards of corporate governance and is in support of these changes. We continue to evaluate the impact of the updated Code changes on the group and plan to be compliant by 2025.

RISK MANAGEMENT AND INTERNAL CONTROLS

In conjunction with the risk committee, we have satisfied ourselves that the group's internal control framework is effective and adequately aligned with the group's risk profile. We are satisfied that the internal controls in relation to the financial reporting process are appropriately designed and effective in identifying risks faced by the group. Full details of the internal control framework are given within the risk management section on pages 77 to 86.

AUDIT COMMITTEE REPORT CONTINUED

At each meeting we receive a report from the head of internal audit, and we review major findings into control weaknesses and management's response as well as reviewing the results of our annual ISAE3402 reporting for clients. We actively follow-up with management the rectification of identified control weaknesses. In addition, the committee receives an assessment from the risk management function the key accounting judgements and fraud risk and controls to assist with the review of the annual report.

FRC CORRESPONDENCE

In October 2023, the FRC wrote to the group confirming that it had been included in a sample for their thematic review covering climate related metrics, targets and net zero plans. The group's climate related disclosures in the 2022 annual report were identified as examples of good practice by the FRC, but there were also opportunities for improvement which have been considered and implemented in the preparation of the 2023 annual report and our standalone TCFD report.

INTERNAL AUDIT

INTERNAL AUDIT FUNCTION

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

As referenced in last years report, a new group head of internal audit joined the group at the start of 2023 and this transition went smoothly. The IA function's detailed work programme is set out in a rolling audit plan, which is reviewed and approved by the committee and a continuous risk assessment informs the audit planning and priorities during the year. In doing so, the committee has ensured that the Plan covers the group's key risks, regulatory priorities and strategic ambitions and aligns with the assurance activity being carried out by the group's second line function and the external auditor. Any modifications to the plan are approved by the committee.

During the year, the committee received regular reports on progress against the Plan, the responsiveness of management in addressing recommended actions, and the function's requirements for resource and access to management and information. The committee uses this information to assess the function's effectiveness and to ensure that it is adequately resourced and fully equipped to fulfil its mandate and perform in accordance with the Internal Audit Charter and relevant professional standards.

Having considered the information provided to it throughout the year, the committee remains satisfied that the quality, experience and expertise of the function is appropriate and that it is operating effectively.

In addition, the audit committee approves an updated internal audit charter, which sets out the mandate and remit of the function. It received regular reports on internal audit activities across the group detailing areas identified during audits for strengthening across the group's risk management and internal control framework and management's progress on remediation of issues.

INTERNAL AUDIT EFFECTIVENESS

The annual Internal Audit assessment, which found the governance and risk and control framework of the group to be generally effective, was received by the committee in accordance with the Chartered Institute of Internal Auditors' guidance.

The committee completed its annual review of the effectiveness of the internal audit function and its level of independence. The evaluation for the year under review was completed internally and supported by feedback from the committee and management.

The internal audit function was found to be working well with a good culture of engagement between management and internal audit. In addition to reviewing the internal audit function's effectiveness, the committee assessed the level of internal audit resource and the appropriateness of the skills and experience of the internal audit function. It concluded the function was adequately resourced with additional co-source available for specialist skills. An external evaluataion of the function will be completed in 2024.

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

EXTERNAL AUDIT

AUDIT WORK 2023

The committee oversees the relationship with Deloitte LLP, its external auditor, covering engagement terms, fees and independence. Both the committee and the external auditor have policies and procedures designed to protect independence and objectivity.

Deloitte has been auditor to the group since May 2019 and Manbhinder Rana has been the firm's lead partner from this date and will be rotating off this audit in 2024. During the year, the audit committee chair has engaged in the succession planning process to appoint a new lead audit partner and will oversee a smooth handover process. Mr Rana attends all committee meetings.

During the year the committee reviewed the external audit plan and the resulting findings, which included control observations and areas of focus. In particular, the committee reviewed and challenged reports from Deloitte which outlined their risk assessments and audit plans (including their proposed materiality level for the performance of the annual audit), the status of their audit work and issues arising from it. Particular focus was given to their testing of internal controls, their work on the key judgement areas and possible audit adjustments. We can confirm that there are no such material items remaining unadjusted in the financial statements. Principal matters discussed with Deloitte are set out in their report on pages 141 to 150.

The company has complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the year ended 31 December 2023.

AUDIT COMMITTEE REPORT CONTINUED

EXTERNAL AUDIT EFFECTIVENESS AND APPOINTMENT

We place great importance on the quality, effectiveness and independence of the external audit process. In order to review the external audit process, including the performance of the external auditor feedback is gathered from both committee members and management. This process was undertaken by internal audit. We also reviewed the FRC Audit Quality Inspection report prepared on our external auditor and discussed this report with the audit partner. No material findings were identified from this inspection. Taking account of all of these inputs, the committee was satisfied of the effectiveness of the external audit of the firm.

Looking ahead, subject to shareholder approval, Deloitte will undertake the audit of the company and the group for the year ended 31 December 2024. In conformance with the required rules, provisions and good corporate governance in respect of audit tendering and rotation, the group will be required to tender for the external audit in the 2029 financial year end.

The committee will consider in due course its plan for the tender.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The committee assesses the independence and objectivity, qualifications and effectiveness of the external auditor on an annual basis as well as making a recommendation on the reappointment of the auditor to the board. We discussed the independence of the external auditor, the nature of non-audit services supplied by it and non-audit fee levels relative to the audit fee. The policy includes prohibited services and sets a fee guide that aims to achieve a cap of 70% of the average three year statutory audit fee.

The committee's prior approval is only required where the fee for an individual non-audit service is expected to exceed £50,000 and it is on the list of pre-approved services.

As part of the Investec Wealth & Investment UK transaction, Deloitte were instructed to support the group in the preparation of the Prospectus and Circular. The committee approved this non- audit service as it was an area of work that would complement Deloitte's role as our external auditor whilst ensuring their independence was not compromised. As a result, the level of non-audit fees for 2023 increased materially compared to previous years, but excluding services required by national legislation, payable to the auditor in 2023 were £508,000. This represents 69% of the three-year average statutory audit fee of £727,600 (compared to 28% in 2022). Prior to undertaking any non-audit service, Deloitte also completes its own independence confirmation processes, which are approved by the engagement partner. To provide the committee with oversight in this area, it submits six-monthly reports on the non-audit services it has provided.

During the year, the committee also considered the findings of the FRC's Audit Quality Inspection and Supervision on Deloitte and, in particular, how Deloitte was addressing the points raised.

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

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

RISK MANAGEMENT AND CONTROL EFFECTIVENESS REVIEW

In conjunction with the risk committee, we have satisfied ourselves that the group's internal financial control framework is effective and adequately aligned with the group's risk profile. We are satisfied that internal financial controls are appropriately designed and effective in identifying risks faced by the group. Full details of the internal control framework are given within the risk management section on pages 77 to 86. At each meeting the committee is presented with a report from the head of internal audit, and reviews major findings relating to control weaknesses and management's response.

In addition, a year-end update was provided to the Committee covering the Group Financial Control Framework. Additionally, external audit firms provided ISAE3402 reports on their testing of controls over the core operating systems supporting the Investment Management and Funds businesses. Finally, external audits were performed covering controls over client assets held by regulated entities in the group. The committee was satisfied that no material weaknesses were identified and that adequate steps were being taken to remedy control deficiencies identified.

FOCUS FOR 2024

As well as considering the standing items of business, the committee will also focus on the following areas during 2024:

- measurement and delivery of synergy benefits
- oversee the transition of audit partner
- maintenance of internal controls through the integration programme.

Iain Cummings
Chair of the Audit Committee
5 March 2024

GROUP RISK COMMITTEE REPORT

AT A GLANCE

COMMITTEE MEMBERS AND ATTENDANCE

Member	Meetings attended
Terri Duhon (Chair)	5/5
Iain Cummings	5/5
Sarah Gentleman	5/5
Dharmash Mistry	4/5

ROLES AND RESPONSIBILITIES

The key activities of the committee are to provide oversight on the firm's risk appetite and framework.

To do this we:

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

Full Terms of Reference for the committee are available on the Company's website.

Terri Duhon
Chair of the Group Risk Committee

As chair of the risk committee, I am pleased to present the committee's report on the activities undertaken in the year under review.

The committee plays a key role in overseeing the integrity of the robustness of the group's system of internal control and financial and risk management.

The group's approach to risk management, how it evaluates and manages the principal risks and uncertainties the group faces are set out on pages 77 to 86.

The external environment over the last 12 months, of ongoing economic uncertainty, higher inflation and increased cost of living has remained. Agenda items at the risk committee this year have continued to reflect this, including monitoring our operational risk indicators, evolving our operational resilience programme and evolving our various stress scenarios.

We continue to progress against our regulatory agenda, with a particular focus on Consumer Duty this year as well as conduct risk, cyber risk and third-party risk. The committee receives updates on each of these areas and I remain confident that we are well positioned to meet the challenges and uncertainties that each of these will pose.

The group has been evolving it's risk control self assessment process which captures key risks across various business areas. This year has seen a significant amount of work on this and the committee has been kept apprised throughout the year.

In addition, the committee has regularly reviewed reports from the risk and compliance functions on the effectiveness of the processes that support the management and mitigation of both principal and emerging risks.

During the year, the group continued to embed its risk management software that houses all risk assessments as well as linking to other areas of the risk framework with regular reports presented to the risk committee.

The committee also focused on programmes to further align and integrate the group risk management framework in anticipation of the combination with Investec Wealth & Investment (IW&I).

The year ahead is likely to remain challenging and we will focus on the integration risk, operational and digital risks whilst ensuring we continue to progress against the regulatory agenda particularly around Consumer Duty.

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

KEY ACTIVITIES IN 2023

REGULATORY REPORTING

- reviewed and approved the ICAAP 2023 and operational risk scenarios
- reviewed and approved firm's operational resilience self-assessment
- approved Pillar 3 public disclosure document
- reviewed and approved the firm's annual anti-money laundering report
- discussed and approved ILAAP liquidity and funding stress results
- reviewed and approved the firm's recovery plan and resolution pack.

MONITORING KEY RISKS

- oversight and delivery of the Group's consumer duty obligations
- monitoring of the group's digital change programme risks
- discussed the Group's strategic risk profile including impact of IW&I transaction
- approved group's annual review of risk appetite
- monitored and discussed the group's people and culture risk profile
- approved firm's compliance monitoring plan.

GROUP RISK COMMITTEE REPORT CONTINUED

COMMITTEE MEETINGS

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

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

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

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

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

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

COMMITTEE TRAINING

Ongoing training is provided to assist committee members in performing their duties. This year this included briefing sessions on the implementation of the FCA's Consumer Duty, SEC obligations and pension risk.

RISK REVIEW

The committee has delivered on all of its planned objectives for the year. The committee continued its focus on investment risk throughout the year looking at investment performance, suitability and governance enhancements. There has been particular focus again this year on the firm's risk appetite framework, particularly given the programme of change that has been delivered during the year.

Our risk management framework underpins our operational culture to enable a responsive and forward-looking approach to the risks we face as a group. During this financial year we conducted our regular review of principal and emerging risks, with changes reflected in our risk report on pages 81 to 86. As ever, the risks posed by the external environment are multi-faceted and work on our operational resilience agenda to manage these has continued apace throughout the year, with updates to the committee a regular agenda item. Fraud risk and identification remain high on our radar and we have benefited from frequent updates on progress in our cyber maturity. During this financial year we have continued to revisit our stress event planning activities; our annual stress testing exercises continue to demonstrate our resilience and sufficient resources of both capital and liquidity.

DIGITAL CHANGE PROGRAMME

As referenced in our report last year, the implementation of the group's digital change programme was a significant area of focus by the risk committee during the year. The committee received and reviewed reports by management as well as the chief risk officer on the key risks of this deployment across the group. These risks will continue to be a material area of focus of the committee as we move into 2024.

CULTURE AND RISK

The links between culture, risk and remuneration are fundamental. The chief people prepares a report on people risk themes on an annual basis and the chief risk officer provides aregular risk culture update from a second line perspective. In addition, the risk committee chair and chief risk officer have provided input to the remuneration committee to ensure behaviours and the management of risk during the year were considered in remuneration committee decisions.

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

This year has also seen a further evolution and expansion of our conduct risk reporting to the entire group to enable further focus on good client outcomes with regular reporting to the risk committee.

CONSUMER DUTY

During the year, the committee has reviewed and challenged preparations for the implementation of the Consumer Duty within the group. The committee has monitored progress of the implementation plan and assurance of the deliverables to ensure all aspects of the regulations have been considered and delivery was on track prior to completion of the annual assessment by 31 July 2023. The committee has scrutinised the outcomes of product reviews against requirements and overseen the ongoing development of data to ensure monitoring and assurance is in place to embed the Consumer Duty within the firm. As a result of this work, the committee was able to recommend to the board that the appropriate assessments and checks had taken place, including that its future business strategy has been assessed to ensure it is aligned with its obligations under the Consumer Duty including price and value, with only minor enhancements to client communications identified to further support good client outcomes. This will remain an area of focus as both our processes embed and FCA guidance develops.

RISK APPETITE

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

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

FOCUS FOR 2024

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

- overseeing phase two of the Consumer Duty programme to ensure the regulatory expectations are embedded within the combined firm with continued assurance in place
- monitor key risks associated to the integration of IW&I including embedding a common risk management framework across the new group and the development of a shared risk culture
- oversight of the firm's digital change programme
- continued focus on the firm's investment and suitability processes
- oversight of the firm's supplier framework andmanaging third party risks.

Terri Duhon
Chair of the Group Risk Committee
5 March 2024

REMUNERATION COMMITTEE REPORT

AT A GLANCE

COMMITTEE MEMBERS AND ATTENDANCE

Member	Meetings attended
Dharmash Mistry (Chair)	3/3
Clive Bannister	3/3
Terri Duhon	3/3
Iain Cummings	3/3
Sarah Gentleman	3/3

The committee held three additional meetings in the year to consider the proposed new remuneration policy and compensation planning.

ROLES AND RESPONSIBILITIES

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

Full Terms of Reference for the committee are available on the Company's website.

Dharmash Mistry
Chair of the Remuneration Committee

Following my appointment as the chair of the remuneration committee on 1 September 2023, I am pleased to present the Directors' Remuneration Report for the 2023 financial year. I would like to place on record my sincere thanks to my predecessor, Sarah Gentleman, for her service to the committee and for her support in ensuring a smooth handover whilst continuing to be member of the committee. I would also like to thank my fellow committee members for their support and contribution to the work of the committee throughout the year.

This report sets out our pay decisions for the year, including how we implemented the Remuneration Policy approved by shareholders at the 2021 Annual General Meeting (AGM), as well as our new proposed Director's Remuneration Policy (DRR).

2023 PERFORMANCE AND REMUNERATION OUTCOMES

This year has seen a challenging market backdrop, with the weaker UK macroeconomic outlook creating significant uncertainty for our clients. Against this volatile backdrop, the group's well-established business model enables us to support our clients and our model is focused on responsible investing and maintaining our margin levels. It is supported by a clearly defined risk appetite and a prudent approach to managing our business and financial resources.

As referenced in the chair and chief executive reports, the combination with Investec Wealth & Investment (IW&I) that was announced in April 2023 dominated the year. From a remuneration committee viewpoint, we have carefully considered the impact of this transaction on the outcome for the annual bonus and our proposed Remuneration Policy for the next three years. The committee has sought to ensure the executive directors are appropriately motived, retained and aligned with the experience of our shareholders. We have provided below an explanation of the committee's decisions as a direct result of the combination with IW&I.

Following the group's solid financial performance in the year and strong capital position, and to reflect our continued confidence in the business model, the board is proposing a final dividend of 24p per share. This will result in a full-year dividend per share of 87p (2022: 84p). The executive team have delivered a significant amount of activity aligned with our strategic priorities and details can be found on page 126.

KEY ACTIVITIES IN 2023

REMUNERATION POLICY REVIEW

- designed and proposed a new remuneration policy for the next three-year cycle
- new policy will focus on integration of IW&I and achieving financial and non-financial targets
- engaged and consulted with our top 20 shareholders on our new remuneration policy.

EXECUTIVE REMUNERATION

- reviewed and approved changes to fixed pay for the CEO during the year and for 2024
- assessed and approved the 2023 annual bonus for executive directors and members of the executive committee
- assessed the Restricted Share Units (RSU) vesting underpins
- reviewed the annual risk report on variable pay targets to ensure alignment with the firm's risk appetite
- reviewed and approved remuneration arrangements as part of group chief financial officer transition
- reviewed and approved the directors' remuneration report for shareholders.

WORKFORCE REMUNERATION

- reviewed information on wider workforce pay including salaries, budgets and forecasted incentive outcomes
- carried out the annual review of remuneration for material risk takers across the firm
- annual review of the general principles of the regulatory remuneration policy.

ANNUAL BONUS OUTCOMES

The 2023 annual bonus was assessed against two financial measures, underlying profit before tax and total net organic growth in FUMA. These are the key indicators of performance used by the firm and investors, as well as strategic measures. These specific targets are reviewed annually to ensure the nature of the targets and weightings are appropriate to achieve alignment between the interests of our executive directors, our strategy and the interests of our stakeholders.

At the start of the year, the committee set equally weighted PBT and organic growth measures (30% each of the annual bonus). When we set measures and targets for the year, we set these on the basis of no IW&I transaction. During the year, the circumstances changed and we announced to the market on 4 April 2023 of our intention to combine with IW&I, and this transaction ultimately completed on 21 September 2023.

The priorities of the board and management understandably pivoted as a result, to focus on underlying business performance as measured through profitability together with the successful delivery of the transaction. Noting the delivery of a material amount of inorganic growth in the year, the committee decided to re-weight the financial components of the annual bonus towards PBT increasing this KPI to 40%, with a corresponding de-weighting of organic growth to 20%. When making this change the committee were comfortable that the resulting bonus scorecard was equally as stretching as when it was initially set.

As stated, 2023 was a challenging year whereby market conditions impacted the group in terms of its financial results. Despite this backdrop management still delivered a robust profitability outcome. When assessing the outcome against the bonus measure the committee excluded any profit delivered by IW&I post transaction – to ensure the targets and outcome are assessed on a 'like for like' basis. This led to an outcome of £102 million, slightly ahead of target. The organic growth measure was below threshold. Whilst the IW&I transaction led to inorganic growth of c.40% of FUMA this is not reflected in the two financial measures used for bonus measures.

In terms of delivery of our key strategic objectives, strong progress had been made during the year which resulted in an outcome of 34% out of a maximum of 40% for this measure. We have set out in more detail the outcomes against targets for 2023. After consideration, the remuneration committee decided that these outcomes were appropriate and consistent for the year and no discretionary adjustment was required.

RESTRICTED STOCK PLAN OUTCOMES

The first RSP is due to vest in May 2024, and the committee assessed the performance underpin over the 2020-23 period. In summary, over the three-year period:

- total dividends paid have increased
- return on Capital Employed (ROCE) was higher than our Weighted Average Cost of Capital (WACC)
- satisfactory operational performance has been maintained
- our risk and control environment was robust and no significant failings or events have occurred.

As such the committee confirmed that the underpins had been met and therefore the RSP will vest in full.

2024 DIRECTORS' REMUNERATION POLICY

Our DRR which was approved at the 2021 AGM is reaching the end of its three-year lifespan. This provides us with a unique opportunity to implement a new policy that has the success of the combination with IW&I at its core, and which ensures strong alignment between executive remuneration outcomes and the successful implementation of our strategy and delivery of shareholder value. Our combined business is now materially larger and more complex, and we have clear but stretching plans to successfully integrate these two legacy businesses, deliver synergies and drive shareholder value.

PROPOSED CHANGES TO OUR REMUNERATION POLICY

Following the completion of the IW&I transaction, the group materially increased in size. This led to a material increase in the roles and responsibilities of our executive directors. At the same time, the committee are aware that delivering shareholder value requires us to successful integrate these two businesses over the coming years.

In this context, the committee's key principle when conducting this policy review has been to increase the focus on long term performance, aligning executive pay with the delivery of shareholder value from this transaction.

As a result, the main change that we are proposing is to replace the Restricted Stock Plan (RSP), which is still a minority practice in the UK plc market and was introduced three years ago primarily due to regulatory drivers under CRD V, with a market aligned Performance Share Plan (PSP). The PRA's proposed lifting of restriction in relation to the ratio of fixed to variable remuneration also reinforces our preference to move to a PSP structure.

A summary of the proposed changes to our remuneration policy is detailed below:

PERFORMANCE SHARE PLAN – AWARD OF UP TO 200% OF FIXED PAY, ASSESSED OVER A THREE-YEAR PERFORMANCE PERIOD

The PSP award will be assessed against stretching three-year performance conditions, delivering stronger alignment with our strategic objectives by providing the opportunity to directly link vesting outcomes to delivery of the integration and strategy, and the realisation of its benefits for shareholders.

For the 2024 PSP, to ensure strong alignment with the success of the IW&I deal, the proposed measures are:

- 30% Relative TSR vs bespoke peer group
- 30% EPS
- 40% Cumulative synergies delivered.

REMUNERATION COMMITTEE REPORT CONTINUED

ANNUAL BONUS – NO CHANGE TO QUANTUM BUT MINOR CHANGE TO PERFORMANCE ASSESSMENT

The structure and quantum of the annual bonus will remain unchanged, with a maximum opportunity of 135% of Fixed Pay. We are proposing one change, to adjust the weighting of the financial measures from a minimum of 60% to a minimum of 50%.

Following the IW&I transaction, and the material increase in FUMA from c.£60 billion to c.£100 billion, there is a need to manage the cost baseline in a disciplined manner and to make a fast start to integrating these two businesses in order to achieve scale and synergy benefits of the deal. By their nature this means the associated targets are strategic, rather than financial. The committee set a number of qualitative and quantitative targets under each of the strategic measures - which will be reported on retrospectively.

In combination with the new PSP, these changes will mean that, for 2024, 80% of the Executives' total variable pay will be determined directly by Rathbones' financial performance, compared with around 40% under the current scheme. This provides a highly transparent link between pay and performance. These financial targets are directly aligned to creating shareholder value, and if targets are not met, then executives' remuneration will be lower than under the current RSP.

QUANTUM UNDER OUR PROPOSED REMUNERATION POLICY

The proposed maximum PSP quantum is set at 200% of fixed pay, representing an increase in target and maximum pay opportunity on successful delivery of the integration and strategy. However, if performance conditions are not met, pay outcomes will be materially lower than under the current, more certain, RSP structure.

We carefully considered where to position the quantum of the PSP, in combination with decisions taken in relation to fixed pay:

- From a strategic perspective the committee's desire was to increase the overall weighting on long term performance given the focus on delivering the integration successfully over the next three years. Despite the significant increase in roles and responsibilities post transaction we sought to moderate any fixed pay increase and provide upside opportunity through the PSP
- From an overall quantum and pay positioning perspective, we reviewed various market benchmarks to ensure our proposals were consistent with market norms.

We are confident that a maximum PSP of 200% is appropriate for a company of Rathbones' size and complexity, noting the annual bonus at 135% of fixed pay is below market norms.

FIXED PAY OF CHIEF EXECUTIVE OFFICER

As stated above, whilst the combined business is materially larger and more complex, the committee have sought to primarily make any increases in executive remuneration through the PSP, linking any increase in reward to the delivery of stretching goals. However, for the CEO a moderate fixed pay increase was deemed appropriate, to reflect the increased responsibilities and scope of his role. An increase of 6% has been applied, effective September 2023.

When finalising our decision, we carefully considered remuneration benchmarking data of peers in the context of the new larger business and the following factors:

- The CEO's fixed pay is materially below the median of the FTSE 250 and FTSE 250 financial services
- If the proposed PSP is approved, the CEO's total target remuneration will move from below the lower quartile of the FTSE 250 and FTSE 250 financial services to between lower quartile and median.
- Conversely, by market capitalisation, Rathbones is in the top third of the FTSE 250.

Whilst we are not led by benchmarking, this comparison gave the committee comfort that the proposed remuneration levels are consistent with those in the wider market, and appropriate following completion of the IW&I transaction.

SHAREHOLDER ENGAGEMENT

The company consulted extensively with major shareholders and their representative bodies on remuneration issues, including the development of this new directors' remuneration policy and our approach to fixed pay. The consultation was well received by investors and their feedback helped inform the final scheme design. While we did not consult explicitly with employees on this new policy, the committee took account of remuneration policies elsewhere in the group.

Our new remuneration policy will have immediate effect, subject to approval from our shareholders. Full details of the proposed changes to our policy is set out below, with further details presented on pages 115 and 123.

EXECUTIVE DIRECTOR CHANGES

In September 2023, we announced that Jennifer Mathias would step down from the board as of 31 December 2023 and would transition into the role of chief of staff. Her pay on stepping down from the board was determined in accordance with her service contract and our remuneration policy. She was eligible to receive a full bonus reflecting relevant performance for 2023 and her period of employment this year. The bonus outcome was carefully considered in the context of performance in the round prior to stepping down from the board. As Jennifer remains an employee of the Group there is no impact on unvested share awards.

Iain Hooley was appointed to the board as chief financial officer effective 1 January 2024. His fixed pay was set at £436,800 and variable remuneration will be in line with our proposed Remuneration Policy, subject to shareholder approval.

GROUP-WIDE EMPLOYEE REMUNERATION

With regards to the average salary increase for the general population, an increase of 3.5% was agreed for 2024. The increase reflects the continuing pressures on wages and the cost of living, driven by the current inflationary environment, and ensures those most susceptible to the economic environment are best protected. The group continues to pay all employees at or above the national living wage, which is in excess of the national minimum wage.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE METRICS

The committee is conscious that shareholders are increasingly expecting environmental, social and governance measures (ESG) to be embedded within remuneration frameworks for senior management, especially as they align with our purpose. As part of the review of annual bonus for 2023, the committee took into account the firm's progress towards leveraging our ESG credentials by integrating responsible investing across the firm and laying the foundations to achieving our net zero targets.

FEES AND SALARIES

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

In relation to Paul Stockton's fixed pay for 2024, the committee proposes to make a modest increase of 3% which is below workforce levels. Non-executive director fees were also reviewed during the year and it is proposed these are increased in the year for the first time since 1 January 2020. Full detail on changes to these fees is on page 128.

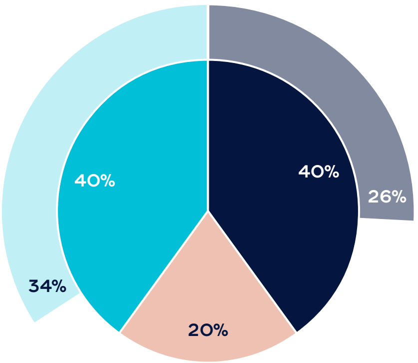
CONCLUSION

The remuneration landscape continues to be the subject of many political and regulatory policy changes and, as these evolve, the committee will ensure that our policy and practices remain compliant, balancing the need to remain performance-driven and competitive. I welcome any feedback you may have during the year and hope to receive your support for the approval of the remuneration report. I would like to thank shareholders for the support they have given this year, and I hope you will recognise and approve of the changes that have been made and support our 2023 DRR at the 2024 AGM.

Dharmash Mistry
Chair of the Remuneration Committee
5 March 2024

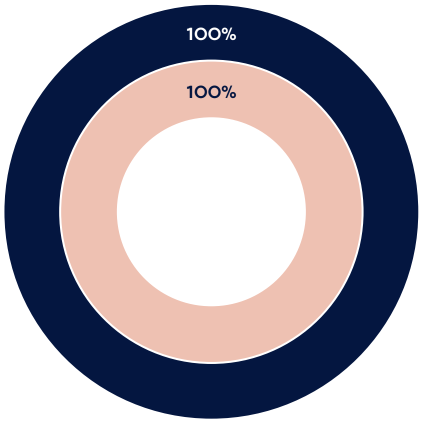
REMUNERATION SUMMARY FOR 2023

ONE-YEAR MEASURES



	% of award	Achieved
Underlying profit margin	40%	26%
Total net organic Growth in FUMA	20%	0%
Strategic objectives	40%	34%
	100%	**60%**

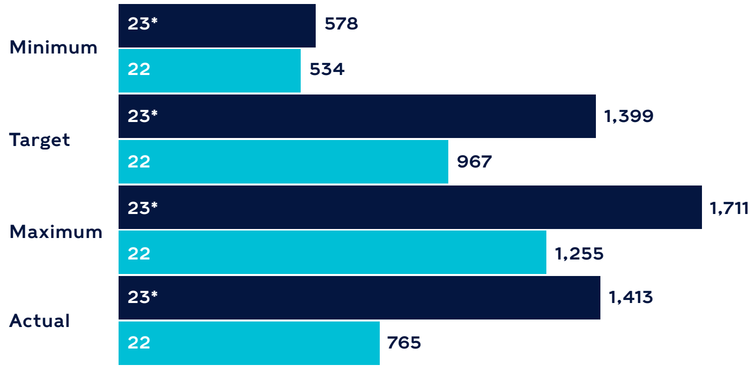
THREE-YEAR MEASURES



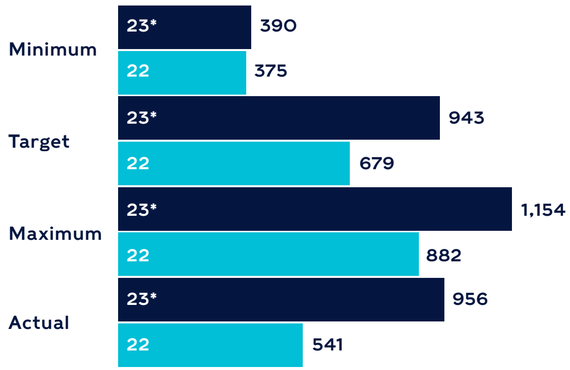
The RSP was subject to the following underpins:	Achieved
ROCE was higher than WACC over the last 3 years	100%
Total dividends continued to increase over the last 3 years	100%
Satisfactory operational and risk management over the last 3 years	100%

REMUNERATION OUTCOMES (£'000)

PAUL STOCKTON



JENNIFER MATHIAS



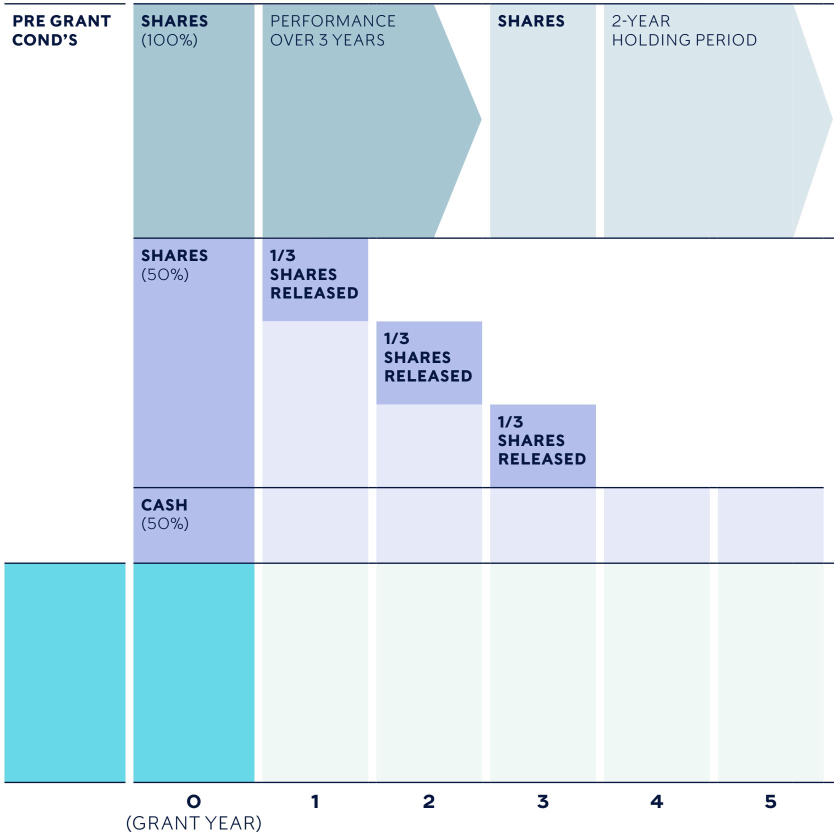
* Targets and outcomes for 2023 take into consideration the RSP award that was awarded in 2021

PROPOSED REMUNERATION POLICY OVERVIEW

The diagram below illustrates how our proposed Remuneration Policy will operate in 2024. The policy table on pages 116 to 123 set out how this differs from our current Policy. In summary the proposed Policy:

- ensures strong alignment between executive remuneration outcomes and the successful implementation of our strategy and integration
- better aligns executive remuneration to shareholder value, increasing the % total pay directly linked to financial results from c.40% to c.80% for 2024 and onwards
- creates strong alignment to a common outcome and set of performance targets
- if performance conditions are not met, pay outcomes will be materially lower than under the current, more certain, RSP structure.

2024 ILLUSTRATION OF NEW PSP (PERFORMANCE SHARE PLAN) SCHEME



	LINKS TO STRATEGY	2024 MEASURES
PERFORMANCE SHARE PLAN (MAX 200% OF FIXED)	The PSP provides a structure to align the interests of shareholders and directors in creating long term shareholder value.	Financial measures 100%: – 30% TSR. Direct link to shareholder value creation. – 30% EPS. Core measure of overall profitability. – 40% cumulative synergies delivered.
BONUS (MAX 135% OF FIXED) PAYOUT PROFILE UNCHANGED FROM CURRENT STRUCTURE	The Annual Bonus rewards short term performance through the achievement of corporate and individual goals and aligns the interests of shareholders and directors through the use of deferral.	Financial measures (50% of total): – Underlying profit before tax – Net organic FUMA growth. Strategic measures (50% of total): – Strategic measures aligned to core strategic pillars; enriching the client and adviser proposition and experience, supporting and delivering growth, inspiring our people, and operating more efficiently.
FIXED PAY (100%) PAYOUT PROFILE UNCHANGED FROM CURRENT STRUCTURE	The core, fixed component of the package designed to enable the recruitment and retention of high-calibre individuals.	The review may be influenced by: – role, experience, and performance – group performance and wider market and economic conditions – pay increases across the group – an external benchmarking comparator.

CURRENT REMUNERATION POLICY VERSUS PROPOSED REMUNERATION POLICY

DIRECTORS' REMUNERATION POLICY

This section of the report sets out the 2024 Directors' Remuneration Policy (DRR) which will be put to a binding vote at the Annual General Meeting (AGM) on 9 May 2024 and, if approved, will apply with effect from the date of the 2024 AGM unless a revised Policy is put to shareholders before then.

The current policy, which was approved by shareholders in May 2021, can be found on the company's website.

ALIGNMENT OF POLICY WITH CODE
In determining the Policy, the committee took into account the principles as set out in the Code, in addition, the committee ensured that the proposed policy was transparent, simple and easily understood, fair and linked group performance and reward, and to drive the right behaviour, it is aligned to our purpose, values and group strategy.

CLARITY	SIMPLICITY	RISK
Our remuneration arrangements are transparent and aligned with our purpose, values and strategy and our disclosures are clear to both our shareholders and our employees. Performance targets are set in line with Group budget plans, reviewed and tested by the committee.	Our remuneration structures are as simple as they practicably can be. We follow a standard UK market approach to remuneration with established variable incentive schemes that operate on a clear and consistent basis.	Our variable remuneration arrangements take into account risk, both in determining award quantum and through how awards are delivered. The remuneration committee retains an overriding discretion that allows it to adjust formulaic annual bonus outcomes so as to guard against disproportionate out-turns. Deferral of the annual bonus into shares, a five-year release period under the PSP and stretching shareholding requirements that apply during and post-employment provide a clear link to the ongoing performance of the group and therefore long-term alignment with stakeholders. Malus and clawback provisions apply to all variable pay awards.
PREDICTABILITY	**PROPORTIONALITY**	**ALIGNMENT TO CULTURE**
The range of possible values of rewards and other limits or discretions can be found in the full policy included in the 2023 remuneration report, and the risk section above refers to limits and committee discretion.	The variable elements of awards are linked to base salary. The performance targets are closely linked to the corporate, financial, strategic and other non-financial objectives of the Company. This enables the committee to reward the executive directors' contribution to both the annual financial performance and the achievement of specific objectives of the Company, so that poor performance cannot be rewarded.	In determining the policy, the committee was clear that this should drive the right behaviours, reflect our values and support the Company's purpose and strategy. The committee will review the remuneration framework regularly so that it continues to support our strategy.

DIRECTORS' REMUNERATION POLICY CONTINUED

FIXED PAY

PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY	APPLICABLE PERFORMANCE MEASURES	RECOVERY
The core, fixed component of the package designed to enable the recruitment and retention of high-calibre individuals Changes from current policy: none	Fixed pay is reviewed annually and is compared to fixed pay (consisting of base salary + pension) levels in other companies of similar size and complexity to ensure that a competitive rate is being paid. Adjustments may be made at other times to reflect a change of responsibility.	There is no maximum fixed pay, but percentage increases will normally be no higher than the general level of increase for the wider employee population, unless there are special circumstances such as a material change of responsibilities or where a salary is significantly below market median and is being brought into line.	Not applicable.	Not applicable.

BENEFITS

PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY	APPLICABLE PERFORMANCE MEASURES	RECOVERY
Benefits are typically provided to directors to be generally consistent with other employees and to complement the remuneration package to ensure that it is sufficiently competitive Changes from current policy: none	Benefits are set by the committee and may include, for example: – private medical insurance for directors and their dependants – death in service cover – Share Incentive Plan free and matching shares – Save As You Earn scheme – annual medicals – limited legal and professional advice on company-related matters – relocation costs.	Benefits make up a small percentage of total remuneration costs.	Not applicable.	Not applicable.

DIRECTORS' REMUNERATION POLICY CONTINUED

ANNUAL BONUS

PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY	APPLICABLE PERFORMANCE MEASURES	RECOVERY
The annual bonus rewards short term performance through the achievement of corporate and individual goals and aligns the interests of shareholders and directors through the use of deferral. The performance measures as described have been selected to support the controlled delivery of our business strategy as set out in the strategic report. Changes from current policy: Minimum weighting on financial metrics reduced from 60% to 50%.	Up to 50% of the Annual Bonus is paid in cash and the remainder (at least 50%) is deferred into Rathbones shares, which vest over a three-year period in equal tranches of 1/3 per annum. The committee may award dividend equivalents on deferred shares in respect of dividends declared during the deferral period. If dividend equivalents cannot be awarded due to regulations, the number of deferred bonus shares to be awarded may be based on a share price discounted by reference to an expected dividend yield over the vesting period. The committee retains discretion to make changes to the annual bonus if required by regulations including but not limited to the amount deferred, length of the deferral period, proportion paid in instruments such as shares or funds and introduction of holding periods.	The maximum Annual Bonus award is 135% of fixed pay. Target performance is 60% of maximum. Threshold performance is 25% of maximum.	The annual bonus is based on the remuneration committee's assessment of financial and non-financial performance against a balanced scorecard of measures, which are aligned to the company's strategy. No less than 50% of the annual bonus will be based on financial measures. The remainder will be based on non-financial performance measured against strategic objectives. The performance metrics and range of outcomes for each financial measure are set by the committee and reviewed annually. **Additional considerations** The remuneration committee may make an adjustment when determining the level of the annual bonus, including to zero if appropriate, to take account of any of the following material events: – underlying financial performance – risk management or regulatory compliance issues – personal performance. The remuneration committee may also make an adjustment when determining the level of vesting of deferred shares if there is a material downturn in financial performance. This ability to override formulaic outcomes when determining bonus outcomes is in addition to the malus and/or clawback provisions to adjust awards.	All unvested awards will normally lapse on termination of office unless the termination was as a "good leaver". A 'good' leaver is a director who leaves on retirement, due to ill-health or disability, on the sale of the business or in any other circumstances where the committee determines good leaver treatment is appropriate. Treatment for a good leaver is defined below. Malus and/or clawback can be applied at any time up to seven years from the date of grant in the case of share awards and seven years from the payment of cash on cash awards. The vesting schedule for the share awards is 1/3 per annum over three years. Malus and/or clawback can be applied in certain specified circumstances including: gross misconduct, material misstatement of results, where there has been an error relating to the determination of variable pay, material adverse event as determined by the committee, material failure of risk management, reputational damage, or corporate failure.

DIRECTORS' REMUNERATION POLICY CONTINUED

PERFORMANCE SHARE PLAN (PSP)

PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY	APPLICABLE PERFORMANCE MEASURES	RECOVERY
The PSP provides a structure to align the interests of shareholders and directors in creating long term shareholder value. Changes from current policy: New element of remuneration, replacing the previous Restricted Stock Plan.	An annual award of Rathbones shares, which vest after three years subject to achievement of specific performance conditions. An additional holding period of at least two years will apply following vesting. Notional dividends accrued on PSP awards may be delivered as shares or cash at the discretion of the committee at the same time as the delivery of vested shares. If dividend equivalents with respect to the vesting period cannot be awarded due to regulations, the number of shares to be awarded may be based on a share price discounted by reference to an expected dividend yield over the vesting period. The committee has the discretion to make changes to its PSP policy where required under regulations including but not limited to the length of the vesting period and retention period.	The maximum PSP award is 200% of Fixed pay. The payout for threshold performance is 25% of maximum. Awards are granted based on satisfactory personal and group financial performance in the year prior to grant. The committee has the discretion to adjust the number of shares vesting taking into account business, individual and wider company performance.	The PSP is based on the remuneration committee's assessment of financial and non-financial performance against a balanced scorecard of measures, which are aligned to the company's strategy. No less than 60% of the PSP will be based on financial measures. The performance metrics and range of outcomes for each financial measure are set by the committee and reviewed annually. **Additional considerations** The remuneration committee may make an adjustment when determining the overall award, including to zero if appropriate, to take account of any of the following material events: – underlying financial performance – risk management or regulatory compliance issues – personal performance.	All unvested awards will normally lapse on termination of office unless the termination was as a "good leaver". A 'good' leaver is a director who leaves on retirement, due to ill-health or disability, on the sale of the business or in any other circumstances where the committee determines good leaver treatment is appropriate. Treatment for a good leaver is defined below. Malus and/or clawback can be applied at any time up to seven years from the date of grant. Malus and/or clawback can be applied in certain specified circumstances including: gross misconduct, material misstatement of results, where there has been an error relating to the determination of variable pay, material adverse event as determined by the committee, material failure of risk management, or corporate failure.

DIRECTORS' REMUNERATION POLICY CONTINUED

SHAREHOLDING REQUIREMENTS

In order to align the interests of executive directors and shareholders, the executive directors are required to acquire and retain a holding in shares or rights to shares equivalent to the value of 250% of fixed pay for the CEO and 200% of fixed pay for the CFO within five years of the date of appointment. Shares that count towards these guidelines include shares that are owned outright, vested and not exercised EIP, SIP, RSP and PSP awards and unvested deferred bonus awards. Awards count towards the shareholding requirement on a notional net of tax basis if relevant.

In addition a post-cessation shareholding requirement applies. Executive directors are required to hold 100% of the in employment requirement (or the executive's actual shareholding on cessation if lower) for two years following cessation. This requirement can be disapplied in certain exceptional personal circumstances (e.g. death or disability).

CHAIRMAN AND OTHER NON-EXECUTIVE DIRECTORS

BASE FEE

PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY	APPLICABLE PERFORMANCE MEASURES	RECOVERY
To enable the recruitment of high-calibre non-executive directors with the appropriate skills and experience.	Base fees are reviewed annually by the board on 1 April and are compared to fees in other companies of similar size and complexity to ensure that the market rate is being paid. Adjustments may be made at other times to reflect a change of responsibility. Fees are paid in cash.	The current base fee as of 1 January 2024 is £195,000 for the Chairman and £65,000 for the other non-executive directors.	Not applicable.	Not applicable.

ADDITIONAL RESPONSIBILITY FEE

PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY	APPLICABLE PERFORMANCE MEASURES	RECOVERY
To recognise the additional responsibility involved in specific additional roles including for example chairing a committee (audit, group risk and remuneration) or being the senior independent director.	Additional responsibility fees are reviewed annually by the board on 1 January.	As of 1 January 2024 the additional responsibility fee is £20,000 per annum.	Not applicable.	Not applicable.

DEFINITION OF PERFORMANCE METRICS

The annual bonus performance metrics chosen by the committee are key indicators of performance used by the business and shareholders. Financial measures incentivise the delivery of strong financial performance for our shareholders in the relevant financial year, whilst non-financial measures link executive performance to the delivery of key strategic initiatives and projects that support the firm's business plan. For the 2024 annual bonus, performance metrics will be profit before tax, FUMA growth and strategic measures which are the three core KPIs. The committee reviews the specific choice of performance metrics for the annual bonus on an annual basis at the beginning of each financial year to ensure that the nature and weighting of these remain appropriate to ensure alignment between the interests of our executive directors, our business strategy and the interests of our clients and shareholders. Further details on how the specific choice of measures for the 2024 annual bonus links to our strategic goals is provided on page 115.

The targets for these measures are considered annually by the committee and are set to encourage stretching levels of performance without inadvertently motivating inappropriate behaviour. Rathbones will prospectively disclose the targets on a retrospective basis as these are considered commercially sensitive.

For 2024, the PSP measures assess cumulative synergies delivered, EPS and relative TSR. These are chosen as they directly align to our strategic priorities for the coming three-year period, successfully delivering the required synergies from the integration of IW&I in order to provide growth and EPS accretion. The relative TSR measures provides direct alignment between PSP outcomes and the experience of our shareholders.

THE USE OF DISCRETION

The committee may make minor amendments to the policy set out above (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment. In relation to the new plan, the committee retains discretion when selecting participants, determining the treatment of leavers, agreeing the timing of awards and reviewing the balanced scorecard of performance measures, targets and weightings. The committee reserves the right to retrospectively adjust performance measures and targets if events (for example, a major acquisition) make them inappropriate. Adjustments will not be made to make the conditions materially easier to satisfy.

The committee reserves the right to make any remuneration payments, and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above, where the terms of the payment were agreed (i) before the policy came into effect or (ii) at a time when the relevant individual was not a director of the company and, in the opinion of the committee, the payment was not in consideration for the individual becoming a director of the company. For these purposes 'payments' include awards of variable remuneration and, in relation to an award over shares, the associated terms 'agreed' at the time the award is granted.

CONSULTATION

Maintaining a strong alignment between the way in which we create value for our stakeholders and our remuneration principles, which then apply to executive director and wider pay arrangements, is an important and conscious priority for the committee. As a result, the company consulted extensively with major shareholders and their representative bodies on remuneration issues, including in the development of this new directors' remuneration Policy. Also, the committee considered the new policy for executive directors in the context of wider workforce remuneration policies and outcomes. Our focus on workforce engagement also allows employee views to be heard directly by the committee. For example, employees speak directly to the remuneration committee chair and audit committee chair (who is a member of the remuneration committee) as part of our Workforce Engagement programme. This direct feedback loop is complemented by a number of wide communication channels where remuneration matters are shared and feedback is sought from employees. Overall the committee was comfortable that our current approach of linking remuneration principles to our purpose and considering executive director remuneration alongside workforce remuneration.

APPOINTMENT OF NEW DIRECTORS

For new executive and non-executive directors, the structure of the package offered will mirror that provided to current directors under the new directors' remuneration policy. The package quantum will depend on the role and the experience and background of the new director. Advice from our remuneration consultants will be taken to ensure that the package is commensurate with median market levels for companies of similar size and complexity and taking into account the skills and experience of the individual appointed. Any future variable award will be made within the 135% maximum for Annual Bonus and 200% maximum for PSP (subject to shareholder approval).

The company may pay compensation to new directors for remuneration the individual has forfeited in order to take up the role with Rathbones. Rathbones will ensure that these awards are no more generous in either amount or terms than the awards they replace. These awards may be structured differently from awards made under our standard directors' remuneration policy in order to best reflect the remuneration being forfeited.

DIRECTORS' REMUNERATION POLICY CONTINUED

SERVICE CONTRACTS AND LETTER OF APPOINTMENT

It is company policy that service contracts should not normally contain notice periods of more than 12 months. Details of the notice periods in the contracts of employment of executive directors serving during the year are as shown below.

Executive director	Date of contract	Notice period
R P Stockton	1 May 2019	12 months
I W Hooley	1 January 2024	6 months

There are no provisions within the contracts to provide automatic payments in excess of payment in lieu of notice upon termination by the company and no predetermined compensation package exists in the event of termination of employment. Payment in lieu of notice would include fixed pay and benefits. There are no provisions for the payment of liquidated damages or any statements in respect of the duty of mitigation. In the event of entering into a termination agreement, the board will take steps to impose a legal obligation on the director to mitigate any loss incurred. There are no clauses in contracts amending employment terms and conditions on a change of control. Executive directors' contracts of service, which include details of remuneration, are available for inspection at the company's registered office and will be available for inspection at the AGM.

Non-executive directors have a letter of appointment rather than a contract of employment and these are available for inspection at the AGM. As with all other directors, they are required to stand for re-election annually in accordance with the UK Corporate Governance Code. The effectiveness of the non-executive directors is subject to an annual assessment. Any term beyond six years is subject to particularly rigorous review and takes into account the need for progressive refreshing of the board. The executive directors are responsible for determining the fees of the non-executive directors.

Non-executive director	Date of appointment	Notice period	Length of service at 31 December 2023
C C R Bannister	6 April 2021	1 month	2 years, 8 months
S F Gentleman	21 January 2015	1 month	8 years, 11 months
I A Cummings	5 October 2021	1 month	2 years, 2 months
T L Duhon	2 July 2018	1 month	5 years, 5 months
D P Mistry	5 October 2021	1 month	2 years, 2 months
H Baldock	21 September 2023	1 month	3 months
R Leas	21 September 2023	1 month	3 months

PAYMENTS FOR LOSS OF OFFICE

Compensation payments will be determined on a case-by-case basis in the light of current market practice. Compensation will include loss of salary and other contractual benefits (as stated above), but mitigation will be applied where appropriate.

Any entitlement to annual bonus, deferred shares and RSP awards will depend on whether the individual is treated as a good or bad leaver, in line with the table below.

STATUS	DEFINITION	TREATMENT
Good leaver	Leave for reasons including retirement, ill health, sale of the business and any other reason as the committee determines.	– Annual bonus will be awarded pro-rata in the year of departure, subject to performance. – All unvested deferred shares will be delivered in line with the existing vesting schedule. The committee has the ability to accelerate vesting to the date of departure in certain exceptional circumstances (e.g. death or disability) – The default approach is that all unvested RSP/PSP awards will vest at their normal vesting date, subject to the assessment of performance and pro-rated for time served. Under the rules of the plan the committee has the ability to accelerate vesting and/or disapply pro-rating in exceptional circumstances. – No PSP awards will be made in the year of departure, unless the committee decides otherwise at its absolute discretion.
Bad leaver	Leave for other reasons unless the committee determines otherwise.	– Annual bonus will not be awarded in the year of departure. All unvested awards will normally lapse.

DIRECTORS' REMUNERATION POLICY CONTINUED

OTHER DIRECTORSHIPS

The board believes that the firm can benefit from experience gained when executive directors hold non-executive directorships. Executive directors are permitted to hold external appointments and to receive payments provided such appointments are agreed by the board in advance, there are no conflicts of interests and the appointment does not lead to deterioration in the executive's performance.

CONSIDERATION OF REMUNERATION ACROSS THE FIRM

The committee provides oversight of remuneration structures across the firm, including members of the group executive committee, material risk takers and the risk and compliance teams. In addition, the committee reviews on an annual basis total remuneration costs across the firm in light of its short and longer term financial targets and ongoing sustainability.

The committee is well aware of the remuneration structures across the firm and takes these into consideration when taking decisions on remuneration for executive directors.

CONSIDERATION OF SHAREHOLDERS' VIEWS

The remuneration committee has consulted extensively with shareholders and proxy advisors during 2023, in developing this Remuneration Policy. The committee greatly values engagement with our shareholders and their views have been taken into account in finalising the design of the Policy presented here.

LEGACY ARRANGEMENTS

Authority is given to the committee to honour previous remuneration awards or arrangements entered into with current or former directors (such as the payment of a pension or the unwinding of legacy share schemes). Details of any payments will be set out in the annual report on remuneration as they arise.

DIFFERENCE BETWEEN DIRECTORS' REMUNERATION POLICY AND OTHER EMPLOYEES

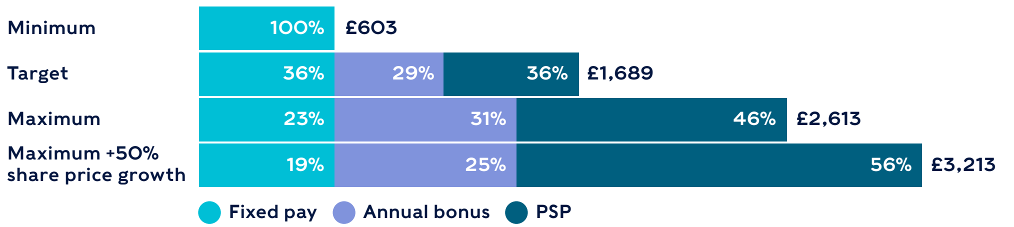
All employees, including executive directors, benefit from fixed and variable pay, pension and non-cash benefits. The company operates a number of variable remuneration schemes within the group, some fully discretionary, others with mechanistic elements in addition to a discretionary element. Membership of such schemes is defined by status and job type. Only executive committee members are eligible to benefit from the PSP awards.

ILLUSTRATION OF APPLICATION OF REMUNERATION POLICY

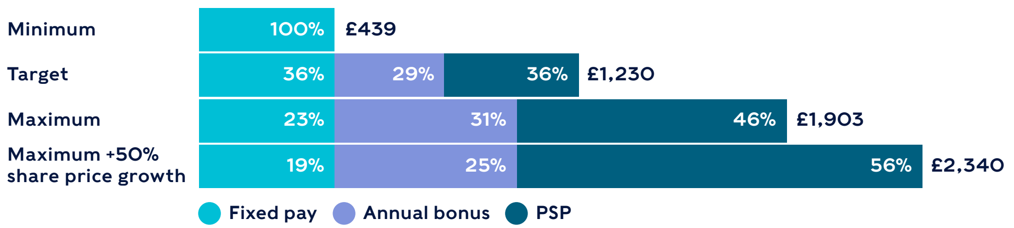
The chart below illustrates the potential total remuneration available under the proposed Remuneration Policy in different performance scenarios.

- Fixed pay levels are £600,000 for CEO and £437,000 for the CFO. Benefits are included at the same value as paid in 2023.
- Target opportunity includes fixed pay, 60% of maximum bonus (81% of fixed pay) and 50% vesting of PSP (100% of fixed pay).
- Maximum opportunity includes fixed pay, 100% of maximum bonus (135% of fixed pay) and 100% vesting of PSP (200% of fixed pay).
- Maximum opportunity with 50% share price growth includes maximum pay and 50% share increase on PSP shares over the vesting period.

CHIEF EXECUTIVE OFFICER (£'000)



CHIEF FINANCIAL OFFICER (£'000)



ANNUAL REPORT ON REMUNERATION

REMUNERATION POLICY

The remuneration policy ('Policy') was approved at the AGM on 5 May 2021 and can be found on our website. The policy has operated as intended in terms of company performance and quantum. No further changes have been made to the remuneration policy since it was approved in 2021. This part of the directors' remuneration report explains how we have implemented our remuneration policy during the year. This annual report on remuneration is subject to an advisory vote at the 2023 AGM, and the financial information in this part of the remuneration report has been audited where indicated.

ROLE OF REMUNERATION COMMITTEE

The role of the committee is to set the overarching principles of the remuneration policy and provide oversight on remuneration across the firm. Details of the committee's responsibilities and composition are noted above. At the invitation of the committee chair, the group chief executive officer and group chief financial officer attend some or all of each meeting. The chief risk officer also advises the committee on matters relating to remuneration, and attends meetings as required. The company secretary acts as secretary and, with the chairman, agrees the agenda for each meeting. At the end of each meeting, there is an opportunity for private discussion between committee members without the presence of management. No committee member or attendee is present when matters relating to his or her own remuneration are discussed. The chairman of the board consults our major shareholders on a regular basis on key issues, including remuneration. A formal consultation exercise was undertaken during 2021 with our major shareholders and shareholder advisory bodies as part of the process of reviewing the remuneration policy. The pay and terms and conditions of employment of employees within the group are taken into consideration when setting the directors' remuneration policy and pay of the executive directors. The remuneration committee does not formally consult with employees when setting the policy, although the employee opinion survey conducted every year includes remuneration as one of the topics surveyed.

UK CORPORATE GOVERNANCE CODE

We continue to be compliant with the executive pay provisions of the 2018 UK Corporate Governance Code.

SINGLE TOTAL FIGURE OF REMUNERATION FOR EACH EXECUTIVE DIRECTOR (AUDITED)

The table below sets out a single figure for the total remuneration received by each executive director for the year ended 31 December 2023 and the prior year:

	Fixed pay				Variable pay					
	Fixed pay £'000	Taxable benefits and allowances £'000	Pensions £'000	Subtotal £'000	Annual bonus £'000	RSP[1] £'000	SIP £'000	SAYE £'000	Subtotal £'000	Total £'000
R P Stockton										
2023	578	3	0	581	470	353	4	5	832	1,413
2022	534	3	0	537	216	0	6	0	222	759
J E Mathias										
2023	390	2	0	392	318	237	4	5	564	956
2022	371	2	0	373	152	0	6	0	158	531

1. RSP – this award was made in 2021 and relates to the three-year performance period ending 2023. The award will vest in May 2024 and will be subject to a two-year holding period. The value of this award was based on the average share price during Q4 2023 of £16.13

ANNUAL REPORT ON REMUNERATION CONTINUED

TAXABLE BENEFITS

Taxable benefits and allowances represent the provision of private medical insurance for executive directors and their dependants on terms consistent with the company's workforce.

ANNUAL BONUS

Performance is assessed using a combination of measures that are detailed below:

	Weight %	% of fixed pay
Financial	60	81
Non-financial	40	54
Total	100	135

FINANCIAL

The one-year financial performance measures are two key performance indicators actively used by the business, which are closely aligned to strategy. The one-year financial measures and achievement levels are provided below:

	% of fixed pay	Threshold (25% of maximum)	On target (60% of maximum)	Maximum of	Actual	Weighted payout (% of fixed pay)
Financial						
Underlying profit before tax (£m)	54	87.6	100.0	112.6	101.8	35
Total net organic growth in funds under management and administration (%)	27	2.0	4.4	6.0	-0.8	0

The net organic growth in funds under management and administration covers both our Investment Management and Funds businesses.

As outlined in the committee chair's letter on page 111, whilst the original weightings were 30% / 30% these were adjusted to be 40% / 20% as outlined above. Following the completion of the IW&I transaction, the priorities of the board and management understandably pivoted to focus on underlying business performance as measured through profitability. Therefore, the committee decided to re-weight the financial components of the annual bonus towards PBT rather than organic growth.

ANNUAL REPORT ON REMUNERATION CONTINUED

Our strategic priorities

1 Enriching the client and adviser proposition and experience
2 Supporting and delivering growth
3 Inspiring our people
4 Operating more efficiently

Our stakeholders

Clients
Our people
Shareholders
Society and communities
Partners and regulators

NON-FINANCIAL STRATEGIC

The non-financial strategic measures are designed to drive strategic goals. Details of the performance measures, assessment and outcomes are detailed below:

PERFORMANCE IN 2023	STRATEGIC DRIVER	STAKEHOLDER IMPACT	OUTCOME
OBJECTIVE: DRIVING GROWTH AND INVESTMENT PERFORMANCE			
– Developed the marketing function to achieve lead generation ahead of budget – Delivered revenue growth from the firm's financial planning business unit slightly behind budget – The firm's client NPS continued to be ahead of peers with a score of 42 in 2023 (40 in 2022) – Improved client MI and insight dashboard launched – Greenbank net organic growth of c.3% achieved although behind forecasted budget – Ensured portfolios were managed to mandate to agreed risk parameters	1, 4	Clients, Our people	Largely achieved
OBJECTIVE: STRATEGIC PROJECT DELIVERY			
– Successful launch of the Charles River system – Delivered c91% of Saunderson House client transfers to Rathbones though slightly below target – CLM solution delivery resulted in increased expenditure and longer implementation	1, 2, 3	Clients, Our people, Shareholders, Society and communities	Partially achieved
OBJECTIVE: PEOPLE AND DEVELOPMENT			
– Successful transition of members of the GEC, RAM CEO and appointment of Chief Distribution Officer – Ensured continuous progress on the firm's DE&I plans and mobilised networks across the firm – Maintained strong employee NPS of 37 (15 points ahead of industry benchmark) and high employee engagement scores of 8/10	1, 2, 3	Clients, Our people, Shareholders, Partners and regulators, Society and communities	Achieved
OBJECTIVE: INORGANIC GROWTH			
– Delivered the IW&I combination	1, 2, 3	Clients, Our people, Shareholders, Partners and regulators, Society and communities	Achieved
OBJECTIVE: RISK AND GOVERNANCE			
– Strategy execution in line with the firm's risk appetite – Met all Consumer Duty obligations and deadlines – Implemented risk and compliance system and enhanced investment risk system capability – Ongoing improvements in the firm's suitability processes – Effective and proactive relationships with the firm's regulators	1, 2, 3	Clients, Our people, Shareholders, Partners and regulators, Society and communities	Achieved

ANNUAL REPORT ON REMUNERATION CONTINUED

TOTAL 2023 ANNUAL BONUS AWARD

In addition to the above specific measures, the committee also considered direct client feedback, investment performance and other feedback from the risk and audit committees. After taking this into account, the committee concluded that an overall score for this element of the annual bonus of 34% out of 40% was appropriate, which corresponds to 46% of fixed pay.

	Weight %	Award achieved
Financial	60	26
Non-financial	40	34
Total	100	60

	Total award (£)	Delivered in cash (£)	Deferred in shares (£)
R P Stockton	470	235	235
J E Mathias	318	159	159

RESTRICTED STOCK PLAN

The performance underpin for the 2020 RSP was assessed based on performance to 31 December 2023. The committee considered performance over the three years and determined that there was no reason to reduce the level of vesting. In particular the committee took into account the following factors:

- Dividends payable - dividends increased each year in line with our progressive dividend policy
- ROCE - ROCE materially exceeded WACC in each of the three years of the performance period
- Operational performance - satisfactory over the period, with no events causing the committee to believe a reduction in vesting is warranted.
- Risk and Compliance - satisfactory over the period, with no events causing the committee to believe a reduction in vesting is warranted.
- Internal control environment - satisfactory over the period, with no events causing the committee to believe a reduction in vesting is warranted.

As a result the following awards will vest:

	Number of shares granted	Proportion of award vesting	Number of shares vesting	Estimated value of vested shares[1]
Paul Stockton	21,881	100%	21,881	£353,089
Jennifer Mathias	14,679	100%	14,679	£236,872

1. Based on average share price over Q4 2023 of £16.13

PENSIONS

Since 1 January 2021, Paul Stockton and Jennifer Mathias no longer receive a separate pension allowance and neither is in receipt of a defined benefit pension. All executive directors are eligible for death in service benefits on terms consistent with the workforce.

SHARE INCENTIVE PLAN (SIP)

This benefit is the value of the matching and free share awards made in the year under the SIP. executive directors alongside all employees may contribute up to £150 per month to buy partnership shares with contributions matched on a one-for-one basis by the company. Free share awards are linked to EPS growth.

SAVE AS YOU EARN (SAYE)

This benefit is the value of the discount on SAYE options granted during the year.

PAYMENTS FOR LOSS OF OFFICE (AUDITED)

As announced on 21 September 2023, Jennifer Mathias stepped down from the board as chief financial officer as of 31 December 2023 and has now transitioned to her new role as chief of staff.

Jennifer continued to receive her fixed pay and benefits as an executive director until she stepped down from the board. Jennifer remained eligible to receive an annual bonus for 2023 as outlined above.

As Jennifer is remaining an employee there is no impact on any unvested share awards at this time. To the extent that Jennifer's 2022 and 2023 RSP awards vest these will be disclosed as a payment to a past director in future remuneration reports.

In addition, the firm paid legal and other costs of £30,000 on behalf of Ms. Mathias.

PAYMENTS TO PAST DIRECTORS (AUDITED)

There were no payments made to past directors during the year.

ANNUAL REPORT ON REMUNERATION CONTINUED

IMPLEMENTATION OF THE REMUNERATION POLICY IN 2024

FIXED PAY

The fixed pay levels effective 1 January 2024 are £618,000 for Paul Stockton (3% increase) and £436,800 for Iain Hooley.

ANNUAL BONUS

The annual bonus has a maximum value opportunity of 135% of fixed pay with measures and weightings as follows:

	Weight
Financial	
– Underlying profit before tax	30%
– Total net organic growth in FUMA	20%
Strategic measures aligned to key objectives	50%
– IW&I integration	
– Saunderson House completion of integration	
– CLM delivery	
– Growth enablement	
– Client Satisfaction	
– People and culture	
	100%

The targets under the financial metrics are deemed to be commercially sensitive and will be disclosed following the end of the performance period in next year's DRR.

PERFORMANCE SHARE PLAN (PSP)

The 2024 PSP award will be due to be granted following the AGM in May 2024, subject to shareholder approval of the new remuneration policy. The remuneration committee determined that it was appropriate to grant the executive directors an award at the maximum level of 200% of fixed pay. The remuneration committee will review the level of vesting upon completion of the performance period.

The 2024 PSP targets are detailed in the table below, all measures have straight line vesting between threshold and maximum:

Measure	Weighting	Threshold (25% of maximum vesting)	Maximum (100% vesting)
Underlying EPS (2026)	30%	172p	226p
Relative TSR 2024-2026	30%	Median	Upper quartile
Cumulative synergies delivered by 31 Dec 2026	40%	£50m	£72m

1. Peer group: abrdn, AJ Bell, Ashmore, Aviva, Close Brothers, Hargreaves Lansdown, Integrafin, Jupiter, Legal & General, Liontrust, M&G, Ninety One, Phoenix, Quilter, Schroders, St James's Place

NON-EXECUTIVE DIRECTOR FEES

Non-executive director fees were reviewed in the year for the first time since 1 January 2020. The following increases were applied:

	Fee effective 1 January 2024	Fee effective 1 January 2023
Non-executive director base fee	£65,000	£60,000
Committee chair fee	£20,000	£15,000

ANNUAL REPORT ON REMUNERATION CONTINUED

DIRECTORS' INTERESTS IN SHARES (AUDITED)

The table below sets out details of the directors' shareholdings and outstanding share awards that are subject to vesting conditions, as at 31 December 2023:

	Beneficially owned shares			Subject to relevant holding period					
Executive Director	**Private shares**	**SIP**	**Total**	**EIP**	**RSP**	**Deferred bonus shares**	**SIP (not yet beneficially owned)[1]**	**SAYE**	**Total**
R P Stockton	153,304	4,330	157,634	30,422	68,342	20,408	1,191	1,181	121,544
J E Mathias	19,758	194	19,952	16,976	47,029	13,880	412	1,181	79,478
Total	**173,062**	**4,524**	**177,586**	**47,398**	**115,371**	**34,288**	**1,603**	**2,362**	**201,022**

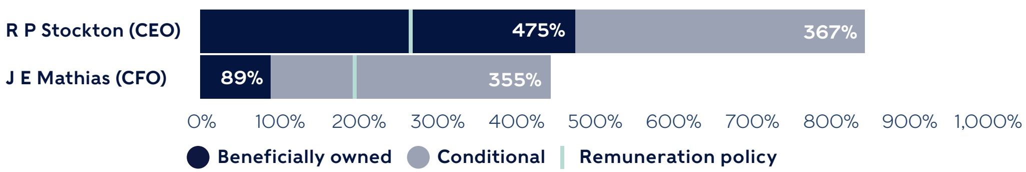
1. SIP matching and free shares held for less than three years may be forfeited in certain circumstances and so are not considered beneficially owned

Unvested shares are subjected to income tax at vesting at the prevailing rate of taxation.

SHAREHOLDING GUIDELINES

In order to align the interests of executive directors and shareholders, the chief executive and chief financial officer are required to acquire and retain a holding in shares or rights to shares equivalent to the value of 250% and 200% of fixed pay within five years of the date of appointment respectively. Shares that count towards these guidelines include shares that are owned outright, vested and not exercised EIP, unvested deferred bonus, RSP and SIP awards. Percentages are calculated using the 29 December 2023 share price of £17.42.

SHARED OWNERSHIP VERSUS POLICY



ANNUAL REPORT ON REMUNERATION CONTINUED

RESTRICTED STOCK PLAN

Details of the restricted share award held by the executive directors are set out in the table below:

	At 1 January 2023			During 2023		At 31 December 2023			
Executive directors/Grant date	Face value of award at grant £	Number of securities originally granted	Number of unvested securities	Securities granted[1]	Vested but unexercised (subject to sales restriction period)	**Unvested securities**	**Vested but unexercised (subject to two-year holding period)**	**End of performance period**	**End of holding period period)[2]**
R P Stockton									
14/05/2023	418,002	–	–	21,425	–	**21,425**	**–**	**14/04/2026**	**14/04/2028**
07/03/2022	402,579	25,036	–	–	–	**25,036**	**–**	**07/03/2025**	**07/03/2027**
14/05/2021	392,764	21,881	–	–	–	**21,881**	**–**	**14/05/2024**	**14/05/2026**
J E Mathias									
14/05/2023	288,065	–	–	14,765	–	**14,765**	**–**	**14/04/2026**	**14/04/2028**
07/03/2022	282,767	17,585	–	–	–	**17,585**	**–**	**07/03/2025**	**07/03/2027**
14/05/2021	263,488	14,679	–	–	–	**14,679**	**–**	**14/05/2024**	**14/05/2026**

1. Awards equivalent to 65% of fixed pay were granted. As regulations prohibit the payment of dividend on such awards, the number of shares awarded has been determined by applying a share price over five days preceding the grant date, discounted to reflect the value of estimated future dividends foregone over the vesting period (2023: £17.18, 2022: £13.87, 2021: £15.87). For the 2023 award, the face value has been calculated using a share price of £19.51 which was the average price over five days preceding the grant (2022: £16.08 and 2021: £17.95)
2. The award will vest on the third anniversary of the grant date, with associated values to be included in the single figure table, and a further two-year holding period will apply. The awards are subject to malus and clawback provisions

DEFERRED BONUS PLAN

The deferred bonus awards held by executive directors are set out in the table below:

	At 1 January 2023			During 2023		At 31 December 2023		
Executive directors/Grant date	Face value of award at grant £	Number of securities originally granted	Number of unvested securities	Securities granted[1]	Number of securities vested	**Unvested securities**	**Vested securities**	**Vesting dates for three equal tranches[2]**
R P Stockton								
14/04/2023	108,184	–	–	6,030	–	**6,030**	**–**	**14/04/2024, 14/04/2025, 14/04/2026**
07/03/2022	306,917	21,042	21,042	–	6,664	**14,378**	**6,664**	**07/03/2023, 07/03/2024, 07/03/2025**
J E Mathias								
14/04/2023	75,988	–	–	4,235	–	**4,235**	**–**	**14/04/2024, 14/04/2025, 14/04/2026**
07/03/2022	205,898	14,116	14,116	–	4,471	**9,645**	**4,471**	**07/03/2023, 07/03/2024, 07/03/2025**

1. The maximum annual bonus opportunity is 135% of fixed pay of which 50% is deferred into Rathbones shares and 50% is paid in cash. As regulations prohibit the payment of dividend on such awards, the number of shares awarded has been determined by applying a share price over five days preceding the grant date, discounted (based on a three-year historical yield) to reflect the value of estimated future dividends foregone over the vesting period. As the award vests over a three-year period in equal tranches of 1/3 per annum, for the 2023 award, the face value has been calculated using three share prices (year 1: £18.74, year2: £17.96 , year 3: £17.18), and for the 2022 award, the face value has been calculated using three share prices (year 1: £15.35, year 2: £14.61, year 3: £13.87)
2. The award will vest over a three-year period in equal tranches of 1/3 per annum. The awards are subject to malus and clawback provisions

ANNUAL REPORT ON REMUNERATION CONTINUED

EXECUTIVE INCENTIVE PLAN

			At 1 January 2023			During 2023	At 31 December 2023		
Executive directors/Grant date	**Type of security**	**Grant date**	Face value of award at grant[1] £	Number of securities originally granted	Number of unvested securities	Vested but unexercised (subject to sales restriction period)	**Unvested securities**	**Vested but unexercised (subject to sales restriction period)**	**Normal exercise date (end of sales restriction period)[2]**
R P Stockton									
	Conditional shares	23/03/2018	226,485	8,864	1,772	1,772	**–**	**–**	**23/03/2023**
	Conditional shares	22/03/2019	376,169	16,376	6,550	3,275	**3,275**	**13,101**	**22/03/2024**
	Conditional shares	23/03/2020	372,435	24,326	14,595	4,865	**9,730**	**14,596**	**23/03/2025**
	Conditional shares	06/04/2021	486,826	29,029	23,223	5,806	**17,417**	**11,612**	**06/04/2026**
J E Mathias									
	Conditional shares	23/03/2020	202,608	13,233	7,938	2,646	**5,292**	**7,941**	**23/03/2025**
	Conditional shares	06/04/2021	326,592	19,474	15,579	3,895	**11,684**	**7,790**	**06/04/2026**

1. Exercise price is nil
2. EIP awards vest in five equal tranches (1, 2, 3, 4 and 5 years from grant). All shares must be held until the fifth anniversary of the grant (the normal exercise date). There are no further performance conditions on these shares

SHARE INCENTIVE PLAN

	At 1 January 2023	During 2023				At 31 December 2023
Executive directors/Grant date	Total number of SIP Shares[1]	Partnership shares acquired	Matching shares acquired	Dividend shares acquired	Free shares received	**Total number of SIP shares[1]**
R P Stockton	4,977	98	98	348	–	**5,521**
J E Mathias	377	98	98	33	–	**606**
Total	5,354	196	196	381	–	**6,127**

1. SIP matching and free shares held for less than three years may be forfeited in certain circumstances and so are not considered to be beneficially owned

ANNUAL REPORT ON REMUNERATION CONTINUED

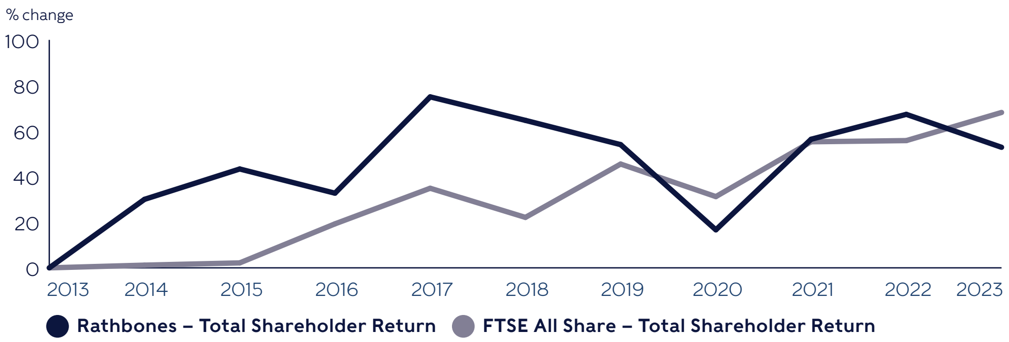
SAVE AS YOU EARN OUTSTANDING OPTIONS

		Number of shares									
Executive directors	Grant date	At 1 January 2023	Granted in 2023	Exercised in 2023	Lapsed in 2022	At 31 December 2023	Earliest exercise date	Option price £	Market price on grant £	Face value of award[1]	Value of award £[2]
R P Stockton	21/04/2020	**1,658**	**–**	**1,658**	**–**	**–**	01/06/2023	10.85	13.80	22,880	4,891
	28/04/2023	**–**	**1,181**	**–**	**–**	**1,181**	01/06/2026	15.24	19.54	23,077	5,078
J E Mathias	21/04/2020	**1,658**	**–**	**1,658**	**–**	**–**	01/06/2023	10.85	13.80	22,880	4,891
	28/04/2023	**–**	**1,181**	**–**	**–**	**1,181**	01/06/2026	15.24	19.54	23,077	5,078
Total		**3,316**	**2,362**	**3,316**	**–**	**2,362**					

1. The face value of the award is based on the middle market share price on the grant date multiplied by the number of shares under option
2. The value of the award is based on the middle market share price on the grant date minus the option price

PERFORMANCE GRAPH

The chart below shows the company's total shareholder return (TSR) against the FTSE All Share Index for the 10 years to 31 December 2023. TSR is calculated assuming that dividends are reinvested. TSR compares our dividends and share price performance measures with our selected index, the FTSE All Share.



CHIEF EXECUTIVE OFFICER SINGLE FIGURE

During the 10 years to 31 December 2023, Andy Pomfret was chief executive until 28 February 2014. Philip Howell was chief executive until 9 May 2019 when he was succeeded by Paul Stockton.

Year	Chief executive	Chief executive single figure of total remuneration £'000	EIP award or short-term bonus as % of maximum opportunity	Long-term incentive vesting as % of maximum opportunity
2023	Paul Stockton	**1,413**	**60**	**100[2]**
2022	Paul Stockton	759	30	–
2021	Paul Stockton	1,155	85	–
2020	Paul Stockton	1,358	57	–
2019	Paul Stockton	1,125	47	–
2019	Philip Howell[1]	467	52	–
2018	Philip Howell	1,389	59	–
2017	Philip Howell	1,104	64	–
2016	Philip Howell	1,398	66	67
2015	Philip Howell	1,608	78	100
2014	Philip Howell	999	89	n/a
2014	Andy Pomfret[1]	342	n/a	96

1. Payment relates to holding the role for part of the year
2. RSP vested at 100%, this had an underpin only

ANNUAL REPORT ON REMUNERATION CONTINUED

ANNUAL PERCENTAGE CHANGE IN THE REMUNERATION OF THE DIRECTORS AND EMPLOYEES

The table below shows the percentage year-on-year change in salary, benefits and bonus in 2023 for the directors compared with the average Rathbones employee.

	2023			2022			2021			2020		
	Salary	**Benefits**	**Annual bonus**	Salary	Benefits	Annual bonus	Salary	Benefits	Annual bonus	Salary	Benefits	Annual bonus
Executive directors[1]												
R P Stockton	**12.4%**	**5.4%**	**117.0%**	0.0%	5.1%	-67.1%	0.0%	1.2%	-22.1%	0.0%	7.1%	27%
J E Mathias	**4.0%**	**5.4%**	**109.0%**	4.7%	5.1%	-65.6%	0.0%	1.2%	-21.1%	0.0%	5.5%	17.5%
Non-executive directors												
C C R Bannister	**0.0%**	**n/a**	**n/a**	0.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
I A Cummings[2]	**7.4%**	**n/a**	**n/a**	16.4%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
S F Gentleman[3]	**4.5%**	**n/a**	**n/a**	8.5%	n/a	n/a	0.0%	n/a	n/a	7.1%	n/a	n/a
T L Duhon	**0.0%**	**n/a**	**n/a**	0.0%	n/a	n/a	0.0%	n/a	n/a	7.1%	n/a	n/a
D P Mistry[4]	**8.3%**	**n/a**	**n/a**	0.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
H Baldock	**0.0%**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
R Leas[6]	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Average pay based on all Rathbones employees[5]	**4.7%**	**3.6%**	**2.4%**	3.6%	9.8%	-20.5%	1.9%	2.1%	-6.4%	3.6%	12.3%	11.9%

1. The 2022 and 2023 figures include both ESPP cash and year 1,2 and 3 deferred share ESPP bonus awards. 2023 values include the 2021-2023 RSU which vests in 2024 but relates to the 2023 performance year
2. Iain Cummings was appointed chair of the audit committee during 2022, comparative values are not for a full year. Annualised total entitlements are the same
3. Sarah Gentleman was appointed senior independent director during 2022, comparative values are not for a full year. Annualised total entitlements are the same
4. Dharmash Mistry was appointed as chair of the remuneration committee during 2023
5. The above values for the employee group do not include IW&I staff
6. Ruth Leas is excluded from the above table as she is not an employee of the Rathbones Group

ANNUAL REPORT ON REMUNERATION CONTINUED

CHIEF EXECUTIVE AND EMPLOYEE PAY RATIO

Year	Method	25th percentile pay ratio	Median (50th percentile) pay ratio	75th percentile pay ratio
1 January to 31 December 2023	B	39:1	19:1	10:1
1 January to 31 December 2022	B	21:1	11:1	4:1
1 January to 31 December 2021	B	43:1	15:1	6:1
1 January to 31 December 2020	B	43:1	23:1	11:1
1 January to 31 December 2019	B	42:1	23:1	13:1

The chief executive pay ratio provides a comparison of total remuneration paid to the chief executive in the year ended 31 December 2023 with total remuneration paid to the three employees whose pay is at the 25th, 50th and 75th percentile of the group's UK workforce (P25, P50 and P75 respectively). Where multiple employees are at these percentiles we have selected the most representative job role from across the group.

The pay data for the chief executive is taken from the total single figure of remuneration on page 132 of this report for Paul Stockton for the year ended 31 December 2023. The three employees have been identified from our 2023 gender pay gap data under 'Option B' of the three methodologies provided under the regulations, as the equivalent figures to the single figure table for each of the group's UK employees ('Option A') are not available at the time of producing this report.

Total pay for P25, P50 and P75 has been based on actual earnings for the financial year. Variable remuneration has been calculated using the group's forecast financial performance. Total pay and benefits for the three employees includes the following: base salary, employer pension contributions, taxable benefits, bonuses, share-based payment awards and profit share. The total pay and benefits for these individuals is as follows

- P25 38:1 (£36,660)
- P50 19:1 (£75,057)
- P75 10:1 (£136,631)

The reduction in the pay ratio between 2020 and 2021 is primarily driven by the introduction of a remuneration policy for the CEO and senior management introduced in 2021. This has a lower maximum opportunity, and these changes only applied to the senior management and not the wider employees. The group believes the median pay ratio for the year to be consistent with the group's pay, reward and progression policies for its UK workforce.

The committee will review these ratios on an annual basis.

CHAIR AND NON-EXECUTIVE DIRECTORS' FEES

Fees paid to the non-executive directors were not increased in 2023 but will be increased for the 2024 financial year. Any future increases will depend upon a rigorous assessment of the burden of responsibilities and market rates. Senior independent director and committee chair fees are in addition to the base fee.

CHAIR AND NON-EXECUTIVE DIRECTORS' FEES (AUDITED)

	2023 £'000	2022 £'000
Chair		
C C R Bannister[1]	**195**	195
Non-executive directors		
I A Cummings[2]	**75**	70
T L Duhon[2]	**75**	75
S F Gentleman[3]	**85**	81
D P Mistry[4]	**65**	60
H Baldock[5]	**56**	n/a
R Leas[6]	**n/a**	n/a
Total	**551**	481

1. Chair of the board
2. Acts as committee chair
3. Acts as senior independent director and ceased chairing remuneration committee on 31 August 2023.
4. Assumed the role of remuneration committee chair as of 1 September 2023.
5. Henrietta Baldock was appointed on 21 September 2023 as a non-executive directors by Investec Bank plc under the terms of the Relationship Agreement. The total fee includes payment received for non-executive director position held on the board of Rathbones Group Plc and Investec Wealth & Investment Limited
6. Ruth Leas was appointed on 21 September 2023 as a non-executive directors by Investec Bank plc under the terms of the Relationship Agreement. Ruth Leas does not receive a non-executive fee as she is an employee of Investec Bank Plc (subsidiary of Investec plc)

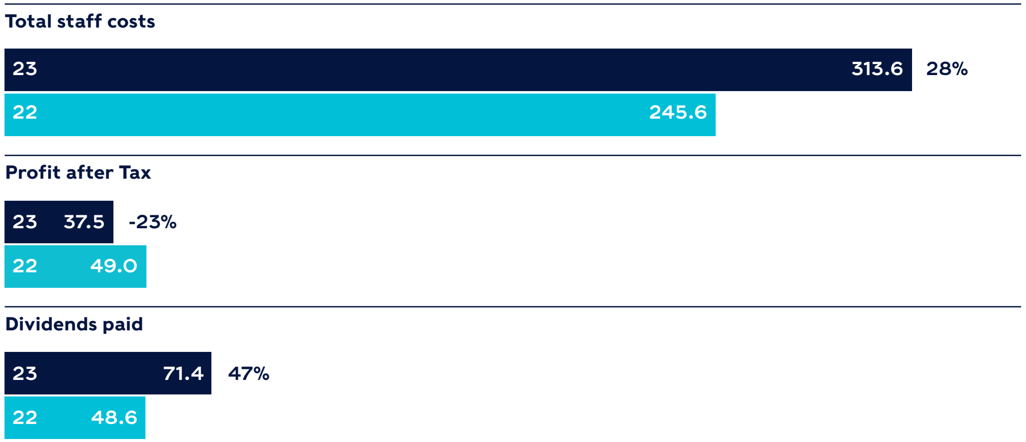
ANNUAL REPORT ON REMUNERATION CONTINUED

NON-EXECUTIVE DIRECTORS' SHARE INTERESTS
The interest of the directors in the ordinary shares of the company are set out below:

	2023	2022
Chair		
C C R Bannister	**15,300**	15,300
Non-executive directors		
I A Cummings	**2,594**	1,304
T L Duhon	**500**	–
S F Gentleman	**1,128**	100
D P Mistry	**2,500**	2,500
H Baldock	**0**	n/a
R Leas	**0**	n/a
Total	**22,022**	19,204

RELATIVE IMPORTANCE OF SPEND ON PAY
The chart below shows the relationship between total employee remuneration and profit after tax for 2023 and 2022. The reported profit after tax has been selected by the directors as a useful indicator when assessing the relative importance of spend on pay.

RELATIVE IMPORTANCE OF SPEND ON PAY (£m)



STATEMENT OF SHAREHOLDER VOTING
The table below shows the voting outcomes on the directors' remuneration policy at the 2021 AGM in May 2021 and directors' remuneration report at the last AGM in May 2023.

	Annual report on remuneration (2023 AGM)	Remuneration policy (2021 AGM)
Votes cast in favour	**87.99%**	89.68%
Votes cast against	**12.01%**	10.32%
Total votes cast	**76.92%**	75.86%
Votes withheld	**288,326**	325,955

ADVISERS TO THE COMMITTEE AND THEIR FEES
PwC were appointed by the committee, as advisers to the committee in August 2017 following a competitive tender process. They are members of the Remuneration Consultants Group and advise the committee on a range of matters including remuneration package assessments, scheme design and reporting best practice. PwC also provide professional services in the ordinary course of business, including advisory work to the group. The committee is of the opinion that the advice received is objective and independent. PwC's fees are charged on a time cost basis and fees for services to the remuneration committee were £194,000 in 2023. The appointment of advisers is reviewed annually.

EVALUATING THE PERFORMANCE OF THE COMMITTEE
The annual internal evaluation of the committee's effectiveness was undertaken as part of the board's internal evaluation process during the year. The committee and senior management attendees were invited to respond to questions on the content, management, and quality and focus of discussion during meetings. Responses indicated that the committee is performing well with no particular concerns.

APPROVAL
The remuneration committee report has been approved by the board.

Signed on behalf of the board.

Dharmash Mistry
Chair of the Remuneration Committee
5 March 2024

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 December 2023.

The directors' report includes the following sections of the annual report and accounts which form part of the directors' report:

	DTR Rule	Page
Strategic report	DTR 4.1.5R	2
Corporate governance report including the nomination, audit, risk and remuneration committee reports	DTR 7.2.1R	88
Statement of directors' responsibilities	DTR 4.1.5R	139

STATEMENT BY THE DIRECTORS UNDER SECTION 172 OF THE COMPANIES ACT 2006 (THE 'ACT') REGARDING PERFORMANCE OF THEIR STATUTORY DUTIES

The directors consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in doing so, having regard to the stakeholders and matters set out in section 172(1)(a-f) of the Act. Details of how they have done this are set out in the strategic report on pages 49 to 57.

ANNUAL GENERAL MEETING (AGM)

The 2024 AGM will be held on Thursday 9 May 2024 at 8 Finsbury Circus, London EC2M 7AZ. Full details of all resolutions and notes are set out in the separate notice of AGM.

GROUP RESULTS AND COMPANY DIVIDENDS

The Rathbones Group Plc group profit after tax for the year ended 31 December 2023 was £37,503,923 (2022: £48,984,000).

The directors recommend the payment of a final dividend of 24p per share which, if approved by shareholders at the 2024 AGM, will be paid on Tuesday 14 May 2024 to shareholders on the register on Friday 19 April 2024.

	2023		2022	
	Pence	£m	Pence	£m
First interim dividend	**29.0**	**17.5**	28.0	16.5
Second interim dividend	**34.0**	**20.5**	–	–
Final dividend	**24.0***	**24.9***	56.0	33.4
Total	**87.0**	**62.9**	84.0	49.9

* Subject to shareholder approval at the 2024 AGM on 9 May 2024

See note 12 to the financial statements.

The company operates a generally progressive dividend policy subject to market conditions. The aim is to increase the dividend in line with the growth of the business over each economic cycle. This means that there may be periods where the dividend is maintained but not increased and periods where profits are retained rather than distributed to maintain retained reserves and regulatory capital at prudent levels through troughs and peaks in the cycle.

SUBSTANTIAL SHAREHOLDINGS

As at 31 December 2023, the company had received notifications in accordance with the Financial Conduct Authority's Disclosure and Transparency Rule 5 of the following interests:

Shareholder	Holding at 05 March 2024	% held at 05 March 2024
Investec Bank Plc	27,056,463	29.87
Lindsell Train Ltd	6,336,500	7.00
Fidelity Management & Research	4,595,026	5.07
BlackRock	3,349,362	3.70
Heronbridge Investment Management	3,028,667	3.34
Vanguard Group	2,901,077	3.20

SHARE CAPITAL

The company's share capital comprises of two classes of ordinary shares:

Classes of Ordinary Shares	As at 31 December 2023
Ordinary shares of 5 pence each with voting rights: On a show of hands each voting shareholder shall have one vote, and on a poll each voting shareholder shall have one vote for each ordinary share of which they are the holder. Ordinary shares rank pari passu in all respects with each other and rank in full for all dividends and other distributions thereafter declared, made, or paid in respect of the ordinary shares.	90,584,129 ordinary shares of 5 pence each with voting rights in issue (2022: 63,394,837).
Convertible non-voting ordinary shares of 5 pence each: The holders of the convertible non-voting ordinary shares are not entitled to receive notice of nor attend, speak or vote at any general meeting of Rathbones unless the business of the meeting includes the consideration of a resolution to vary the class rights attaching to the convertible non-voting ordinary shares. Convertible non-voting ordinary shares shall rank pari passu in all other respects with each other and shall rank pari passu for all dividends and other distributions thereafter declared, made, or paid. The convertible non-voting ordinary shares are non-transferrable and are not admitted to trading or listing.	17,481,868 convertible non-voting ordinary shares of 5 pence each in issue (2022: nil).

DIRECTORS' REPORT CONTINUED

The company does not hold any shares in treasury. Details of movements during the year are set out in note 30 to the financial statements. Neither class carries the right to fixed income and all shares are fully paid.

COMBINATION OF RATHBONES AND INVESTEC WEALTH & INVESTMENT UK

The all-share combination between the company and Investec Wealth & Investment UK ('IW&I') completed on 21 September 2023. Under the terms of the Combination, Rathbones have issued to Investec Bank Plc as Consideration:

- 27,056,463 ordinary voting shares representing 29.9% of the Rathbones enlarged ordinary voting share capital
- 17,481,868 convertible non-voting ordinary shares.

such that Investec Group has an economic interest of 41.25% in Rathbones' enlarged share capital.

Subject to certain customary and other exceptions, Investec Group will be subject to a lock-up for the first two years following completion during which Investec Group will not be permitted to sell any consideration shares. In each of years three and four following completion, Investec Group will be entitled to sell one-third of the consideration shares which it owns. Any disposals of shares by Investec Group once released from lock-up will be subject to customary orderly market provisions. The lock-up arrangement will terminate on the fourth anniversary of completion.

A standstill restriction also applies to Investec Group under which it has been agreed, among other matters, not to acquire shares in, or make an unsolicited takeover offer for Rathbones for the period up to the fifth anniversary of completion.

NEW ISSUES OF SHARE CAPITAL

Under section 551 of the Companies Act 2006, the board currently has the authority to allot 21,144,460 shares (approximately one third of the issued share capital as at 31 March 2023). The existing authorities given to the company at the last AGM to allot shares will expire at the conclusion of the forthcoming 2024 AGM and details of the resolution renewing this authority is set out in the notice of AGM.

Awards under the company's employee share plans are satisfied from a combination of shares held in the employee benefit trust and newly issued shares. During the year, the company issued 132,829 shares to satisfy share awards and no shares were issued to the company's employee benefit trust to satisfy future awards.

PURCHASE OF OWN SHARES

At the 2023 AGM, shareholders approved resolution 17 which granted the board the authority to buy back up to a maximum number of 6,343,000 of the company's shares under certain stringent conditions. During the year, the company did not utilise this authority, but the board considers it prudent to renew it. Therefore the company intends to seek shareholder approval for the continued authority to purchase its own shares at the forthcoming AGM in line with current investor sentiment and details of the resolution renewing the authority are included in the notice of AGM.

EMPLOYEE SHARE TRUST

On 4 April 2017, Equiniti Trust (Jersey) Limited was appointed as trustee of the employee benefit trust. The trust is independent and holds shares for the benefit of employees and former employees of the group. The trustee has agreed to satisfy awards under all the company's employee share plans. During the year, the trustee satisfied awards totalling 1,176,445 ordinary shares.

In addition, under the rules of the Rathbones Share Incentive Plan, shares are held in trust for participants by Equiniti Share Plan Trustees Limited (the 'Trustee'). At the participants' direction, the trustees can exercise the voting rights over ordinary shares in respect of participant share entitlements. If no such instruction is received by the Trustee then no vote is registered. No person has any special rights of control over the company's share capital and all issued shares are fully paid.

APPOINTMENT AND REMOVAL OF DIRECTORS

The appointment and replacement of directors is governed by the company's Articles of Association, the UK Corporate Governance Code, the Companies Act 2006 and related legislation and the Relationship Agreement with Investec Group. Under the terms of the Combination, two Investec Group representatives joined the board of the company as non-executive directors on completion, reflecting Investec Group's position as a significant, strategic shareholder. Investec Group will be entitled to nominate two non-executive directors for as long as it holds at least 20% of the issued share capital of the company; and one non-executive director for as long as it holds at least 10% but less than 20% of the issued share capital of the company.

DIRECTORS

All those who served as directors at any time during the year are listed on pages 92 to 93. All directors will be submitted for re-election at the 2024 AGM. The directors' interests in the share capital of the company as at 31 December 2023 are set out on pages 129 and 135 of the remuneration committee report.

INSURANCE AND INDEMNIFICATION OF DIRECTORS

The company has put in place insurance to cover its directors and officers against the costs of defending themselves in civil legal action taken against them in that capacity and any damages awarded. The company has granted indemnities, which are uncapped, to its directors and the company secretary by way of a deed. Qualifying third-party indemnity provisions, as defined by section 234 of the Companies Act 2006, were therefore in place throughout 2023 and remain in force at the date of this report.

DIRECTORS' REPORT CONTINUED

OUR PEOPLE AND DIVERSITY

Details of the company's employment practices, including engaging with our people and diversity, employment of disabled persons and employee involvement practices, can be found in the people report on pages 61 and 62.

RESPONSIBLE BUSINESS

Information about greenhouse gas emissions and our approach to operating as a responsible business are set out in the responsible business review on page 64.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The risk management objectives and policies of the group are set out in note 33 to the financial statements.

AUDITOR

The audit committee makes a recommendation to the board regarding the appointment, re-appointment and removal of the external auditor and oversees its relationship with the group, including the implementation of the policy on audit and non-audit services. Note 7 to the financial statements sets out details of the auditor's remuneration. Deloitte LLP was re-appointed as the external auditor at the 2023 AGM. Having reviewed the independence and effectiveness of Deloitte the audit committee has recommended to the board that they are re-appointed and resolutions proposing their re-appointment and authorising the audit committee to set their remuneration will be proposed at the 2024 AGM.

The directors in office at the date of signing this report confirm that, so far as they are aware, there is no relevant audit information of which the auditor is unaware and that each director has taken all reasonable steps that he or she ought to have taken to make him or herself aware of any relevant audit information and to establish that the auditor is aware of that information.

GOING CONCERN

Details of the group's business activities, results, cash flow and resources, together with the risks it faces and other factors likely to affect its future development, performance and position are set out in the chair's statement, chief executive's review, financial performance and segmental review. In addition, note 1.5 to the financial statements provides further detail.

The group companies are regulated by the Prudential Regulation Authority (PRA) and/or the Financial Conduct Authority (FCA) and perform annual capital adequacy and liquidity assessments, which include the modelling of certain extreme stress scenarios. The company publishes Pillar 3 disclosures annually on its website which provide detail about its regulatory capital resources and requirements. In July 2015, Rathbone Investment Management issued £20 million of 10-year subordinated loan notes to finance future growth which were repaid in August 2021. In October 2021, Rathbones Group Plc issued £40 million of 10-year subordinated loan notes to finance future growth. The group has no other external borrowings.

The directors believe that the company is well placed to manage its business risks successfully despite the continuing uncertain economic and geopolitical outlook. As the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

CHARITABLE DONATIONS

As at 31 December 2023, the group had made total charitable donations of £589,172 representing 1.38% of group pre-tax profits (2022: £795,100 representing 1.24% of group pre-tax profits). This includes the matching of employee donations made through the tax efficient Give As You Earn ('GAYE') payroll giving scheme. In 2023, Rathbones employees made payments totalling £262,567 (2022: £221,400) through this scheme, which is administered by the Charities Aid Foundation. The company matched employee donations of up to £200 per month made through GAYE and, in 2023, donated £215,974 (2022: £204,500) to causes chosen by employees through this method.

POLITICAL DONATIONS

No political donations were made during the year (2023: nil).

POST-BALANCE SHEET EVENTS

Details of post-balance sheet events are set out in note 39 to the financial statements.

OVERSEAS SUBSIDIARIES

Details of overseas subsidiaries are set out in note 45 to the financial statements.

Approved and authorised for issue by the board of directors.

Ali Johnson
Group Company Secretary
5 March 2024

Registered office: 8 Finsbury Circus, London EC2M 7AZ

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE REPORT AND ACCOUNTS

The directors are responsible for preparing the report and accounts 2023, and the group and parent company financial statements in accordance with applicable law and regulations.

Company law the directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with UK-adopted International Accounting Standards (International Financial Reporting Standards (IFRS)) and applicable law and have elected to prepare the parent company financial statements on the same basis.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable, relevant and reliable
- state whether they have been prepared in accordance with UK-adopted International Accounting Standards (IFRS)
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They are responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE REPORT AND ACCOUNTS

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole
- the strategic report and directors' report include a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

By order of the board

Paul Stockton
Group Chief Executive Officer
5 March 2024

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RATHBONES GROUP PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. OPINION

In our opinion:
- the financial statements of Rathbones Group Plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company balance sheets;
- the consolidated statement of cash flows; and
- the related notes 1 to 61.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and parent company for the year are disclosed in note 7 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. SUMMARY OF OUR AUDIT APPROACH

KEY AUDIT MATTERS

The key audit matters that we identified in the current year were:
- Acquisition accounting for Investec Wealth & Investment Limited and subsidiary entities;
- Impairment of client relationship intangible assets and goodwill;
- Defined benefit pension scheme assumptions; and
- Investment management fee revenues relating to bespoke fees.

Within this report, key audit matters are identified as follows:

NEWLY IDENTIFIED
INCREASED LEVEL OF RISK
SIMILAR LEVEL OF RISK
DECREASED LEVEL OF RISK

MATERIALITY

The materiality that we used for the group financial statements was £5.0 million which was determined on the basis of 5% of adjusted profit before tax.

SCOPING

The scope of our audit covered substantially the entire group, with both the investment management entities and unit trust business being subject to a full scope audit.

SIGNIFICANT CHANGES IN OUR APPROACH

On 21 September 2023, the group acquired 100% of the share capital of Investec Wealth & Investment Limited and its subsidiary entities ("IW&I") through an all-share transfer. The total consideration was £751.9 million. This is a material transaction for the group and involves the determination of a number of critical accounting estimates, and thus we have identified the acquisition accounting for this transaction as an additional key audit matter for our 2023 audit.

Our audit included the full scope audit of the main trading entity acquired as part of the transaction, Investec Wealth & Investment Limited, for the period 21 September 2023 to 31 December 2023. The audit of this component was conducted by the statutory auditor Ernst & Young LLP under referral instructions from Deloitte LLP as the group auditor.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RATHBONES GROUP PLC CONTINUED

4. CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating management's assumptions applied in the going concern assessment in light of the current economic environment and testing the mechanical accuracy of the underlying forecast;
- Assessing management's sensitivity analysis on the key assumptions applied to understand those that could give rise to a material uncertainty on the use of the going concern basis;
- Assessing management's stress testing for the amount by which the markets would need to fall to cause a material uncertainty in the use of the going concern basis and comparing this to historical falls in the markets to assess the likelihood of such an event occurring;
- Assessing the regulatory capital and liquidity position of the group and evaluating management's reverse stress test;
- Checking consistency with the forecast assumptions applied in the going concern assessment across other forecasts within the group; and
- Assessing the disclosures within the financial statements to ensure they are appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 ACQUISITION ACCOUNTING FOR INVESTEC WEALTH & INVESTMENT LIMITED AND SUBSIDIARY ENTITIES

KEY AUDIT MATTER DESCRIPTION

Rathbones Group acquired 100% of the share capital of Investec Wealth & Investment Limited and its subsidiary entities ("IW&I") through an all-share transfer on 21 September 2023. The total consideration was £751.9m of which £350.3m was attributed to recognition of client relationship intangible assets, which are being amortised over a weighted average of 14 years, and £340.1m to goodwill.

As detailed in the summary of principal accounting policies in note 1 and note 2, and as disclosed in note 8, acquisition accounting requires management to make a number of judgments to determine the fair value of acquired identifiable assets. Management have engaged external specialists to assist with these judgements. These judgements have also been considered by the Audit Committee as set out on page 104. We have identified the valuation of the IW&I client relationship intangible assets as a fraud risk, given the inherent judgment, complexity and level of estimation involved.

The significant assumptions that underpin the client relationship intangible assets valuation in management's model include: the forecasted cash flows, useful economic life and the discount rate.

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

In order to respond to the key audit matter, we performed the following procedures:

- obtained an understanding of relevant controls over the acquisition accounting, in particular the identification and measurement of the client relationship intangible assets and goodwill and controls over the acquisition accounting related judgments;
- assessed the competence, capability and objectivity of management's experts;
- assessed management's accounting analysis of the acquisition and the accounting treatment in line with the requirements of IFRS 3;
- engaged our in-house valuation specialists to: assist in the evaluation of the methodology and the key assumptions used in the valuation of the client relationship intangible assets acquired; independently determine an appropriate discount rate for the calculation and assessed the methodology used to establish useful economic lives of assets;
- tested the key data inputs used to determine the useful economic life for completeness and accuracy;
- challenged the entity's forecast cash flows by comparing with approved business plans, historical performance and objective macro-economic indications to assess the achievability of the forecasts;
- tested the completeness and accuracy of the data inputs into the underlying models used in determining the client relationship intangible assets valuation and the goodwill value;
- reviewed the share purchase agreement to corroborate the overall deal structure and transaction price, and agreed the value of the total consideration to supporting documentation;
- with the assistance of our tax specialists, assessed the tax implications arising from this acquisition; and
- checked the disclosures included in the financial statements to determine whether all information has been included for a business combination under IFRS 3.

KEY OBSERVATIONS

We conclude that the acquisition accounting in relation to the IW&I transaction and the related disclosures as at 31 December 2023, is appropriate.

5.2. IMPAIRMENT OF CLIENT RELATIONSHIP INTANGIBLE ASSETS AND GOODWILL

KEY AUDIT MATTER DESCRIPTION

The group holds client relationship intangible assets of £517.5 million (2022: £188.5 million) comprising both client relationships acquired through business combinations and through acquisition of individual investment managers and their client portfolios and goodwill of £507.8 million (2022: £167.7 million).

As detailed in the summary of principal accounting policies in notes 1 and 2, client relationship intangible assets are reviewed for indicators of impairment at each balance sheet date and, if an indicator of impairment exists, an impairment test is performed. Goodwill is tested for impairment at least annually, whether or not indicators of impairment exist. These judgements have also been considered by the Audit Committee as set out on page 104.

For client relationship intangible assets, in determining the appropriate impairment triggers for each client portfolio, there is a degree of management judgement. This assessment is based on movements in the value of funds under management and the loss of client relationships in advance of their amortisation period.

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

We have identified this as a key audit matter given the inherent judgement and level of estimation in the assumptions that support the annual impairment reviews. In the prior period, we identified this as a fraud risk, however as a result of increased headroom on the most material impairment reviews, we did not deem this to be a fraud risk in the current period.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RATHBONES GROUP PLC CONTINUED

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

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

For client relationship intangible assets, we specifically tested the assumptions used by management as part of the impairment review exercise to assess whether they meet the requirements of IAS 36 "Impairment of Assets". We assessed the key assumptions around the impairment triggers identified for each client portfolio, which we have assessed for reasonableness, and we evaluated the accuracy of the inputs used by management.

Where management's review indicated that an impairment trigger had occurred, we assessed the relevant assumptions and judgements made by management in determining whether an impairment needed to be recognised through the calculation of the assets' VIU. To challenge management's VIU model we performed the following procedures:

- tested the key data inputs used to determine the useful economic life for completeness and accuracy;
- recalculated the underlying calculation to ensure mathematical accuracy;
- stressed management's assumptions to determine the point at which an impairment would need to be recognised;
- with the involvement of our valuation specialists we independently determined an appropriate discount rate for the calculation; and
- with the involvement our in-house economic specialists we have reviewed the growth rate assumptions used for funds under management to challenge whether they were in line with consensus.

For goodwill, in order to challenge the appropriateness of the income and expenditure growth assumptions used in the VIU calculation, we have challenged the assumptions used by management against historical actual performance and checked for consistency with forecasts used elsewhere in the business. We challenged the determination of the discount rate applied by benchmarking to appropriate market rates of interest. We also independently re-performed management's VIU calculation.

We have checked the disclosures included within the financial statements to determine whether all required information has been included for the impairment of client relationship intangible assets and goodwill.

KEY OBSERVATIONS

We concluded that management's approach and conclusion was appropriate and that the carrying value of client relationship intangible assets and goodwill as at 31 December 2023 is appropriate.

5.3 DEFINED BENEFIT PENSION SCHEME ASSUMPTIONS

KEY AUDIT MATTER DESCRIPTION

The group has recognised a defined benefit pension scheme net asset of £7.0 million (2022: net asset of £9.4 million). The net asset comprises scheme assets of £108.1 million (2022: £104.1 million) and a defined benefit obligation of £101.1 million (2022: £94.7 million).

The calculation of the defined benefit obligation is sensitive to changes in underlying assumptions and is considered to be a key source of estimation uncertainty for the group as detailed in note 2, disclosed in note 29 to the financial statements, and as considered by the Audit Committee on page 104. We have therefore identified this as a key audit matter.

The key assumptions are in respect of the discount rate, inflation rate and mortality rate where small changes to these assumptions could result in a material change to the valuation of the defined benefit obligation.

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

In order to evaluate the appropriateness of the assumptions used by management, we obtained an understanding of relevant controls over the determination of assumptions and the calculation of the obligation to be recognised in the financial statements.

With the involvement of our in-house actuarial specialists, we made direct enquiries of the group's actuary to review and challenge each of the key assumptions used in the IAS 19 ("Employee Benefits") pension valuation. In particular, we assessed each assumption used by management against independently determined benchmarks derived using market data.

We have checked the disclosures included within the financial statements to determine whether all required information has been included for a defined benefit pension scheme..

KEY OBSERVATIONS

We concluded that each of the key assumptions used by management to estimate the defined benefit obligation are consistent with the requirements of IAS 19 and that the valuation of the defined benefit pension scheme net asset has been appropriately determined as at 31 December 2023.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RATHBONES GROUP PLC CONTINUED

5.4. INVESTMENT MANAGEMENT FEE REVENUE RELATING TO BESPOKE FEES

KEY AUDIT MATTER DESCRIPTION

As detailed in the summary of principal accounting policies in notes 1 and 3, revenue comprises net investment management fee income of £414.8 million (2022: £337.0 million), net commission income of £53.6 million (2022: £48.9 million), net interest income of £51.7 million (2022: £18.3 million) and fees from advisory services and other income of £51.0 million (2022: £57.1 million).

Investment management ("IM") fees from the IM segment account for approximately 80% of total revenue and are based on a percentage of an individual client's funds under management ("FUM"). Due to its many long standing client relationships and history of acquisitions, the number of fee schedules managed by the group is voluminous. This means that a number of clients are on bespoke rates rather than the current standard rates or legacy rates that were standard previously or at the time of acquisition. We identified a risk of potential fraud in respect to bespoke rates. Due to the time and resources utilised in the audit, we have determined this to be a key audit matter.

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

We tested controls over the calculation of IM fees. This included controls relating to the set-up of client fee rates, rate card amendments, the valuation of FUM and the system generated investment management fees, including associated IT controls.

We used data analytics to recalculate the system generated amount for the total fee population. We agreed a sample of bespoke client fee rates through to client contracts and the value of FUM to third party sources. Where manual fee rate amendments were made to system generated fees, we inspected evidence of authority and rationale.

We have checked the disclosures included within the financial statements to determine whether all required information has been included for revenue.

KEY OBSERVATIONS

We concluded that the investment management fee revenue is appropriately recognised for the year ended 31 December 2023.

6. OUR APPLICATION OF MATERIALITY

6.1. MATERIALITY

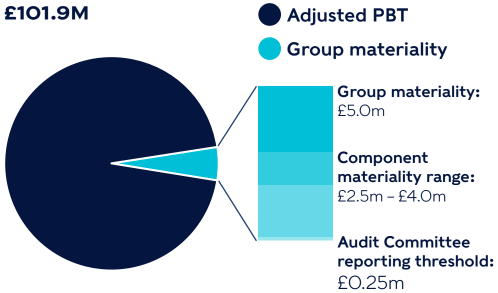
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	GROUP FINANCIAL STATEMENTS	PARENT COMPANY FINANCIAL STATEMENTS
MATERIALITY	£5.0 million (2022: £3.85 million)	£4.0 million (2022: £3.08 million)
BASIS FOR DETERMINING MATERIALITY	5% of adjusted profit before tax (2022: 5% of adjusted profit before tax) Profit before tax has been adjusted to include the non-recurring acquisition and integration related costs incurred in the year. We have rounded down the materiality benchmark to £5.0 million for simplicity.	Parent company materiality has been set at 1% of net assets, which is capped at 80% of group materiality (2022: 1% of net assets, which is capped at 80% of group materiality).
RATIONALE FOR THE BENCHMARK APPLIED	Adjusted profit before tax has been used as the basis for determining materiality as this is the key metric used by members of the parent company and other relevant stakeholders in assessing financial performance. In determining adjusted profit before tax, we have taken the statutory value and included the non-recurring acquisition and integration related costs incurred in the year as outlined in note 9, on the basis that they are non-recurring and that this provides a consistent basis for determining materiality year on year.	The parent company primarily holds the investments in group entities and, therefore net assets is considered to be the key focus for users of the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RATHBONES GROUP PLC CONTINUED

ADJUSTED PBT £101.9M



6.2. PERFORMANCE MATERIALITY

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	GROUP FINANCIAL STATEMENTS	PARENT COMPANY FINANCIAL STATEMENTS
PERFORMANCE MATERIALITY	70% (2022: 70%) of group materiality	70% (2022: 70%) of parent company materiality
BASIS AND RATIONALE FOR DETERMINING PERFORMANCE MATERIALITY	In determining performance materiality, we considered the following factors: – Our risk assessment, including our assessment of the group's overall control environment and that we consider it appropriate to rely on controls over a number of business processes; – The performance of the group during 2023; and – Our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.	

6.3. ERROR REPORTING THRESHOLD

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £250,000 (2022: £192,500), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

7.1. IDENTIFICATION AND SCOPING OF COMPONENTS

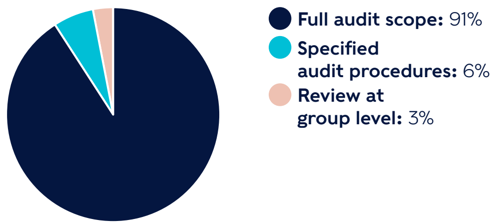
Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Given the IW&I combination during the year, we reassessed the scope of our audit against previous years.

The group consists of the two main trading subsidiaries Rathbones Investment Management Limited and the newly acquired Investec Wealth & Investment Limited along with the following entities that we have identified to be significant for the group audit: Rathbones Group Plc and Rathbones Asset Management Limited. These entities were subject to a full scope audit and audited to an individual materiality level determined on their individual financial statements which ranged from £2.5 million to £4.0 million.

Our full scope audits of the entities we deemed to be significant for the group audit covered 91% of the group's revenue; 93% of the group's profit before tax, and 96% of the group's net assets.

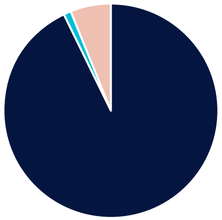
We performed an audit of the revenue balances for Rathbones Investment Management International Limited and Saunderson House Limited as well as the cash balances within Investec Wealth & Investment (Channel Islands) Limited and Murray Asset Management Limited. We performed analytical procedures on all other entities included in the group consolidation.

REVENUE

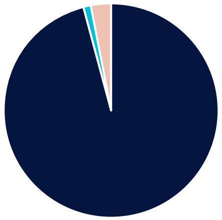


INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RATHBONES GROUP PLC CONTINUED

PROFIT BEFORE TAX



NET ASSETS



7.2. OUR CONSIDERATION OF THE CONTROL ENVIRONMENT

Based on our understanding of the group's control environment, we have assessed the relevant business and IT controls for investment management fee income in the IM segment.

The key IT systems relevant to the audit were the financial accounting system, the back-office databases and core IM business engines and the front office applications. The latter two are pivotal systems for the provision of the investment management service and directly feed into the investment management fee and commission income recognised in the IM segment. Therefore, they are particularly relevant for Rathbones Investment Management Limited, Investec Wealth & Investment Limited and Rathbones Investment Management International Limited.

With involvement of our IT specialists we tested the controls over the above systems, as well as supplementary systems and processes within the group. We also tested business controls over investment management fee income recognised in the IM segment. We have taken a controls reliance approach to the back-office database and front-office application systems and therefore to investment management income.

We have tested the controls over the financial accounting system but have not taken reliance due to the significant degree of manual intervention.

7.3. OUR CONSIDERATION OF CLIMATE-RELATED RISKS

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

The group continues to develop its assessment of the potential impacts and opportunities of ESG andclimate change as explained in the strategic report on pages 66 to 74.

As a part of our audit, we have obtained management's climate-related risk assessment and held discussions with management to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements. We have engaged our climate specialists to perform a review of the TCFD disclosures.

We have assessed disclosures within note 33 included in the financial statements to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

7.4. WORKING WITH OTHER AUDITORS

IW&I was assessed as a material component of the group for which we scoped a full scope audit. Ernst & Young LLP are the component auditor for IW&I. All other subsidiaries were audited by the group audit team.

Referral instructions were provided to the component audit team detailing the procedures to be performed to support the group opinion. The group audit team have utilised virtual meetings and in-person visits throughout the audit, to monitor and challenge the component audit team, including the attendance of senior group audit team members at key component meetings. Furthermore, the group audit team have reviewed the audit file of the component team, focussing on the following areas:

- Independence and engagement acceptance;
- Audit planning and risk assessment procedures;
- Testing of key controls on which reliance was placed for financial reporting;
- Testing of procedures for compliance with legal and regulatory matters;
- Assessment of key audit matters identified and the work performed on areas of significant risks of material misstatements; and
- Identified misstatements, controls deficiencies and other significant matters arising from the audit that could impact the audit opinion.

In addition to the review of the component audit file and discussions with the component auditor, the group audit team assessed all the responses received from the component auditor to the referral instructions issued by the group auditor ensuring that the planned procedures had been performed appropriately.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RATHBONES GROUP PLC CONTINUED

8. OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

10. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 IDENTIFYING AND ASSESSING POTENTIAL RISKS RELATED TO IRREGULARITIES

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the group's own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the board on 20 February 2024;
- results of our enquiries of management, internal audit, the directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, valuations, actuary, IT, climate and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RATHBONES GROUP PLC CONTINUED

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: the acquisition accounting for Investec Wealth & Investment Limited and its subsidiaries and the investment management fee revenue relating to bespoke fees. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Prudential Regulation Authority and the Financial Conduct Authority's regulations; UK Companies Act; the Listing Rules; pensions legislation and the UK tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's regulatory solvency requirements.

11.2. AUDIT RESPONSE TO RISKS IDENTIFIED

As a result of performing the above, we identified the acquisition accounting for IW&I; and the investment management fee revenues relating to client bespoke fees as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and both in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, the Prudential Regulation Authority and the Financial Conduct Authority; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 138;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 57;
- the directors' statement on fair, balanced and understandable set out on page 103;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 81-86;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 104-105; and
- the section describing the work of the audit committee set out on pages 102-106.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RATHBONES GROUP PLC CONTINUED

14. OPINION ON OTHER MATTER PRESCRIBED BY THE CAPITAL REQUIREMENTS (COUNTRY-BY-COUNTRY REPORTING) REGULATIONS 2013

In our opinion the information given in note 40 to the financial statements for the financial year ended 31 December 2023 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by Country Reporting) Regulations 2013.

15. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

15.1. ADEQUACY OF EXPLANATIONS RECEIVED AND ACCOUNTING RECORDS

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15.2 DIRECTORS' REMUNERATION

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

16. OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

16.1. AUDITOR TENURE

Following the recommendation of the Audit Committee, we were appointed by shareholders on 9 May 2019 to audit the financial statements for the year ended 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 5 years, covering the years ended 31 December 2019 to 31 December 2023.

16.2. CONSISTENCY OF THE AUDIT REPORT WITH THE ADDITIONAL REPORT TO THE AUDIT COMMITTEE

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

17. USE OF OUR REPORT

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

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R - DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R - DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R - DTR 4.1.18R.

Manbhinder Rana, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
5 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £m	2022 £m
Interest and similar income		**128.8**	46.3
Interest expense and similar charges		**(77.1)**	(28.0)
Net interest income	4	**51.7**	18.3
Fee and commission income		**538.6**	462.7
Fee and commission expense		**(29.7)**	(27.5)
Net fee and commission income	5	**508.9**	435.2
Other operating income	6	**10.5**	2.4
Operating income		**571.1**	455.9
Charges in relation to client relationships and goodwill		**(25.2)**	(19.5)
Acquisition-related and integration costs	9	**(44.3)**	(13.5)
Other operating expenses		**(444.0)**	(358.8)
Operating expenses	7	**(513.5)**	(391.8)
Profit before tax		**57.6**	64.1
Taxation	11	**(20.1)**	(15.1)
Profit after tax		**37.5**	49.0
Profit for the year attributable to equity holders of the company		**37.5**	49.0
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Net remeasurement of defined benefit asset/liability	29	**(5.8)**	(7.1)
Deferred tax relating to net remeasurement of defined benefit asset/liability	21	**1.5**	3.4
Other comprehensive income net of tax		**(4.3)**	(3.7)
Total comprehensive income for the year net of tax attributable to equity holders of the company		**33.2**	45.3
Dividends paid and proposed for the year per ordinary share	12	**87.0p**	84.0p
Dividends paid and proposed for the year		**62.9**	49.3
Earnings per share for the year attributable to equity holders of the company:	13		
– basic		**52.6p**	83.6p
– diluted		**50.8p**	81.5p

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Share capital £m	Share premium £m	Merger reserve £m	Own shares £m	Retained earnings £m	Total equity £m
At 1 January 2022		3.1	291.0	77.0	(36.6)	288.8	623.3
Profit for the year		–	–	–	–	49.0	49.0
Net remeasurement of defined benefit liability	29	–	–	–	–	(7.1)	(7.1)
Deferred tax relating to components of other comprehensive income	21	–	–	–	–	3.4	3.4
Other comprehensive income net of tax		–	–	–	–	(3.7)	(3.7)
Dividends paid	12	–	–	–	–	(48.6)	(48.6)
Issue of share capital	30	0.1	19.0	–	–	–	19.1
Share-based payments:							
– cost of share-based payment arrangements	32	–	–	–	–	25.9	25.9
– cost of vested employee remuneration and share plans	32	–	–	–	–	(12.8)	(12.8)
– cost of own shares vesting	31	–	–	–	2.7	(2.7)	–
– cost of own shares acquired	31	–	–	–	(18.7)	–	(18.7)
– tax on share-based payments		–	–	–	–	1.3	1.3
At 31 December 2022		3.2	310.0	77.0	(52.6)	297.2	634.8
Profit for the year		–	–	–	–	37.5	37.5
Net remeasurement of defined benefit asset	29	**–**	**–**	**–**	**–**	**(5.8)**	**(5.8)**
Deferred tax relating to components of other comprehensive income	21	**–**	**–**	**–**	**–**	**1.5**	**1.5**
Other comprehensive income net of tax		**–**	**–**	**–**	**–**	**(4.3)**	**(4.3)**
Dividends paid	12	**–**	**–**	**–**	**–**	**(71.4)**	**(71.4)**
Issue of share capital	30	**2.2**	**2.3**	**747.4**	**–**	**–**	**751.9**
Share-based payments:							
– cost of share-based payment arrangements	32	**–**	**–**	**–**	**–**	**24.0**	**24.0**
– cost of vested employee remuneration and share plans	32	**–**	**–**	**–**	**–**	**(6.0)**	**(6.0)**
– cost of own shares vesting	31	**–**	**–**	**–**	**13.0**	**(13.0)**	**–**
– cost of own shares acquired	31	**–**	**–**	**–**	**(16.0)**	**–**	**(16.0)**
– tax on share-based payments		**–**	**–**	**–**	**–**	**(0.3)**	**(0.3)**
At 31 December 2023		**5.4**	**312.3**	**824.4**	**(55.6)**	**263.7**	**1,350.2**

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

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2023

	Note	2023 £m	2022 £m
Assets			
Cash and balances with central banks	14	**1,038.3**	1,412.9
Settlement balances		**165.7**	65.8
Loans and advances to banks	15	**266.9**	194.7
Loans and advances to customers	16	**115.6**	169.8
Investment securities:			
– fair value through profit or loss	17	**1.2**	11.2
– amortised cost	17	**1,294.6**	1,045.2
Prepayments, accrued income and other assets	18	**225.3**	126.7
Property, plant and equipment	19	**16.1**	12.7
Right-of-use assets	20	**64.5**	39.1
Current tax asset (UK)		**3.9**	3.5
Intangible assets	22	**1,025.3**	356.2
Net defined benefit asset	29	**7.0**	9.4
Total assets		**4,224.4**	3,447.2
Liabilities			
Deposits by banks	23	**12.4**	1.0
Settlement balances		**172.1**	70.0
Due to customers	24	**2,253.3**	2,516.1
Accruals and other liabilities	25	**209.6**	114.3
Provisions	26	**25.5**	12.9
Lease liabilities	27	**74.9**	50.5
Current tax liabilities (overseas)		**0.5**	0.2
Net deferred tax liability	21	**86.0**	7.5
Subordinated loan notes	28	**39.9**	39.9
Total liabilities		**2,874.2**	2,812.4

	Note	2023 £m	2022 £m
Equity			
Share capital	30	**5.4**	3.2
Share premium	30	**312.3**	310.0
Merger reserve	30	**824.4**	77.0
Own shares	31	**(55.6)**	(52.6)
Retained earnings		**263.7**	297.2
Total equity		**1,350.2**	634.8
Total liabilities and equity		**4,224.4**	3,447.2

The financial statements were approved by the board of directors and authorised for issue on 5 March 2024 and were signed on its behalf by:

Paul Stockton
Group Chief Executive Officer

Iain Hooley
Group Chief Financial Officer

Company registered number: 01000403

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £m	2022 £m
Cash flows from operating activities			
Profit before tax		**57.6**	64.1
Change in fair value through profit or loss		**(1.0)**	0.3
Net interest income	4	**(51.7)**	(18.3)
Recoveries on financial instruments	33	**0.1**	(0.1)
Net charge for provisions	26	**9.4**	2.0
Depreciation, amortisation and impairment		**47.1**	35.0
Foreign exchange movements	17	**3.4**	(7.1)
Defined benefit pension scheme (credits)	29	**(0.5)**	(0.3)
Defined benefit pension contributions paid	29	**(2.9)**	(3.9)
Share-based payment charges		**24.0**	25.9
Interest paid		**(67.7)**	(20.9)
Interest received		**111.9**	33.9
		129.7	110.6
Changes in operating assets and liabilities:			
– net decrease in loans and advances to banks and customers		**87.4**	8.4
– net decrease in settlement balance debtors		**133.3**	3.9
– net (increase)/decrease in prepayments, accrued income and other assets		**(36.2)**	1.9
– net (decrease)/increase in amounts due to customers and deposits by banks		**(251.5)**	181.9
– net (decrease)/increase in settlement balance creditors		**(123.6)**	9.8
– net increase/(decrease) in accruals, provisions and other liabilities		**1.0**	(5.9)

	Note	2023 £m	2022 £m
Cash (used in)/generated from operations		**(59.9)**	310.5
Tax paid		**(29.5)**	(17.6)
Net cash (outflow)/inflow from operating activities		**(89.4)**	292.9
Cash flows from investing activities			
Cash acquired on acquisition of subsidiaries	8	**172.6**	–
Purchase of property, plant, equipment and intangible assets		**(10.7)**	(13.1)
Payment of deferred consideration	8	**–**	(10.9)
Purchase of investment securities	17	**(2,059.9)**	(1,262.5)
Proceeds from sale and redemption of investment securities	17	**1,818.1**	984.4
Net cash used in investing activities		**(79.9)**	(302.1)
Cash flows from financing activities			
Issue of ordinary shares	38	**–**	9.3
Repurchase of ordinary shares	38	**(16.0)**	(18.6)
Dividends paid	12	**(71.4)**	(48.6)
Payment of lease liabilities	27	**(7.5)**	(8.5)
Interest paid		**(5.6)**	(5.3)
Net cash used in financing activities		**(100.5)**	(71.7)
Net decrease in cash and cash equivalents		**(269.8)**	(80.9)
Cash and cash equivalents at the beginning of the year		**1,572.7**	1,653.6
Cash and cash equivalents at the end of the year	38	**1,302.9**	1,572.7

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

NOTES TO THE CONSOLIDATED STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION

The consolidated and company financial statements have been prepared in accordance with UK-adopted International Accounting Standards. The company financial statements are presented on pages 205 to 223.

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

1.2 BASIS OF CONSOLIDATION

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

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

1.3 DEVELOPMENTS IN REPORTING STANDARDS AND INTERPRETATIONS

Standards and interpretations affecting the reported results or the financial position

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

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates - Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
- International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)

Future new standards and interpretations

The following standards are effective for annual periods beginning on or after 1 January 2024 and earlier application is permitted; however, the group has not early-adopted the amended standards in preparing these consolidated financial statements.

None of these standards are expected to have a material impact on the group's financial statements.

Standards available for early adoption	Effective date
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Optional
Classification of liabilities as current or non-current (Amendments to IAS 1)	01 January 2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	01 January 2024
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	01 January 2024
IFRS S1 General Requirements for Disclosure of Sustainability-related	01 January 2024
Financial Information and IFRS S2 Climate-related Disclosures	01 January 2024
Lack of Exchangeability - Amendments to IAS 21	01 January 2024

1.4 BUSINESS COMBINATIONS

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

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

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

1.5 GOING CONCERN

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

1.6 FOREIGN CURRENCIES

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

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

1.7 INCOME

Net interest income

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

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

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

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

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

Net fee and commission income

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

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

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

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

Dividend income

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

Other income

The group invests cash held within client portfolios in cash securities with approved financial institutions. The margin earned on these funds, being the difference between the rate of interest paid by the custodian bank and that paid to clients, represents the rate of return available to the group through the pooling of client funds. This margin is included within other operating income in the financial statements.

1.8 LEASES

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

The group recognises a right-of-use asset and a lease liability at the inception date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. The group uses its incremental borrowing rate as the discount rate.

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

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

The group's incremental borrowing rate of 5.642% is derived with reference to the group's subordinated loan notes (note 28), which is the only external financing on the consolidated balance sheet.

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

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

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

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

1.9 SHARE-BASED PAYMENTS

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

Equity-settled awards

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

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

Cash-settled awards

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

1.10 TAXATION

Current Tax

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

Deferred tax

Deferred tax is accounted for under the balance sheet liability method in respect of temporary differences using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the liability is settled or when the asset is realised. Deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences may be utilised, except where the temporary difference arises:

- from the initial recognition of goodwill;

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

- from the initial recognition of other assets and liabilities in a transaction, which affects neither the tax profit nor the accounting profit, other than in a business combination; or
- in relation to investments in subsidiaries and associates, where the group is able to control the reversal of the temporary difference and it is the group's intention not to reverse the temporary difference in the foreseeable future.

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

Current and deferred tax are recognised:

- in other comprehensive income if they relate to items recognised in other comprehensive income
- directly in retained earnings if they relate to items recognised directly in retained earnings.

1.11 CASH AND CASH EQUIVALENTS

Cash comprises cash in hand and demand deposits.

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

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

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts (overnight cash book overdraft balances - Note 23), which are included in the group's cash management.

1.12 FINANCIAL ASSETS

Initial recognition and measurement

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

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

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

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

Classification and subsequent measurement

Financial assets are classified and measured in the following categories:

- amortised cost

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

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

- at fair value through other comprehensive income (FVOCI)

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

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

- at fair value through profit or loss (FVTPL)

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

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

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

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Business model assessment

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

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

Payments of principal and interest criterion

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

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

Derecognition

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

Impairment of financial assets

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

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

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

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

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

The group measures loss allowances at an amount equal to lifetime ECLs, except for treasury book and investment management loan book exposures (see note 33) for which credit risk has not increased significantly since initial recognition, which are measured at 12-month ECLs.

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

When assessing whether the credit risk of a financial asset has increased significantly between the reporting date and initial recognition, quantitative and qualitative indicators are used. More detail can be found at note 33.

Measurement of ECLs

Treasury book and investment management loan book

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

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

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

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

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

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

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

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

More detail on the group's staging criteria is provided in note 33.

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

Trust and financial planning debtors

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

Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised cost and FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The group's definition of default is given in note 33.

Presentation of impairment

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

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

1.13 PROPERTY, PLANT AND EQUIPMENT

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

- leasehold improvements: over the lease term
- plant, equipment and computer hardware: over three to 10 years.

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

1.14 INTANGIBLE ASSETS

Goodwill

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

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

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

Client relationships

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

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

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

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

Computer software and software development costs

Costs incurred to acquire and bring to use computer software licences are capitalised and amortised through profit or loss over their expected useful lives (three to four years).

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

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

1.15 IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS

At each balance sheet date, the group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

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

Client relationship intangibles assets are tested for impairment bi-annually by comparing the fair value of funds under management and administration for each individually acquired client relationship, (or, for client relationships acquired with a business combination, each acquired portfolio of clients), with their associated expected value of funds under management and administration, as based on the useful lives of the client relationships. An example of evidence of impairment would be lost client relationships. In determining whether a client relationship is lost, the group considers factors such as the level of funds withdrawn and the existence of other retained family relationships. When client relationships are lost, the full amount of unamortised cost is recognised immediately in profit or loss and the intangible asset is derecognised.

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

Any impairment loss is recognised immediately in profit or loss.

1.16 FINANCIAL LIABILITIES

Initial recognition and measurement

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

Classification and subsequent measurement

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

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

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

Derecognition

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

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

1.17 PROVISIONS AND CONTINGENT LIABILITIES

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

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

1.18 RETIREMENT BENEFIT OBLIGATIONS ON RETIREMENT BENEFIT SCHEMES

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

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

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

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

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

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

1.19 SEGMENTAL REPORTING

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

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

IW&I has been identified as a separate operating segment of the group. The results of the segment have been presented in aggregate with the group's Wealth Management segment, on the basis that their long-term characteristics are expected to align following the initial integration period of the business.

1.20 FIDUCIARY ACTIVITIES

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

1.21 MERGER RESERVE

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

1.22 FAIR VALUE MEASUREMENT

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

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

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

2.1 CLIENT RELATIONSHIP INTANGIBLES (NOTE 22)

Critical judgements

Client Relationship intangibles purchased through corporate transactions

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

Payments to newly recruited investment managers

The group assesses whether payments made to newly recruited investment managers under contractual agreements represent payments for the acquisition of client relationship intangible assets or remuneration for ongoing services provided to the group. If these payments are incremental costs of acquiring investment management contracts and are deemed to be recoverable (i.e. through future revenues earned from the FUMA that relate to the investment management contract), they are capitalised as client relationship intangible assets (note 22). Otherwise, they are judged to be in relation to the provision of ongoing services and are expensed as remuneration cost in the period that they are transferred. Upfront payments made to investment managers upon joining are expensed as incurred, as they are not judged to be incremental costs for acquiring the client relationships.

Estimation uncertainty

Amortisation of client relationship intangible assets

The group makes estimates as to the expected duration of client relationships to determine the period over which related intangible assets are amortised. The amortisation period is estimated with reference to historical data on the longevity of client relationships. During the year, client relationship intangible assets were amortised over a period of between 10 and 15 years.

Amortisation of £25.2 million (2022: £19.5 million was charged during the year). At 31 December 2023, the carrying value of client relationship intangible assets was £502.7 million (2022: £175 million). A reduction of one year in the amortisation period of the group's client relationship intangible assets would increase the annual amortisation charge by £4.0 million.

2.2 RETIREMENT BENEFIT OBLIGATIONS (NOTE 29)

Critical judgements

Key judgement was applied in determining that the group will be eligible to receive the surplus associated with the pension schemes in recognising a pension asset.

Estimation uncertainty

The principal assumptions underlying the reported surplus of £7.0 million (2022: £9.4 million surplus) are set out in note 29.

In order to set these assumptions, the group engages qualified actuaries to estimate a range of long-term trends and market conditions to determine the value of the surplus or deficit on the group's retirement benefit schemes, based on the group's expectations of the future. Long-term forecasts and estimates are inherently highly subjective and subject to risk that actual events may be significantly different to those forecast. If actual events deviate from the assumptions made by the group then the reported surplus or deficit in respect of retirement benefit obligations may be materially different from that recognised.

The sensitivities of the retirement benefit obligations to changes in all of the underlying estimates are set out in note 29. Of these, the most sensitive assumption is the discount rate used to measure the defined benefit obligation. Increasing the discount rate by 0.5% would decrease the schemes' liabilities by £7.7 million (2022: £7.1 million). Increasing the future rate of inflation by 0.5% would increase the schemes' liabilities by £4.4 million (2022: £5.0 million). A lower or higher movement in these assumptions would result in multiples of these figures. A 0.5% decrease would reduce the scheme's liabilities by £4.2 million.

2.3 BUSINESS COMBINATIONS (NOTE 8)

2.3.1 Investec Wealth & Investment

During the year, the group acquired the entire share capital of Investec Wealth & Investment ('IW&I'). The group has accounted for the transaction as a business combination. Note 8 contains further detail on the areas of significant judgement and critical accounting estimates outlined below.

Estimation uncertainty

Fair value of consideration transferred

Total consideration transferred to Investec Bank Plc comprised 27,056,463 ordinary shares and 17,481,868 convertible non-voting ordinary shares. The fair value of the ordinary shares issued was determined with reference to the share price of Rathbones Group Plc at close of business on 20 September 2023 (being the day before legal completion of the transaction), which was £17.22 per share at close. The fair value of the non-voting shares of £16.36 was calculated by applying a 5.0% discount to the closing share price of £17.22, to reflect the fact that the shares are non-marketable and non-transferable. This produced a total value for consideration paid of £751.9 million. A 2.0% decrease in the discount applied would have resulted in a £6.0 million increase in the value of the consideration paid; an increase in the discount would have had an equal and opposite effect.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

Fair value of goodwill and net assets acquired

The fair value of net assets acquired was valued at £411.8 million (see note 8 for a detailed breakdown).

Goodwill of £340.1 million was recognised at acquisition, and represents the future economic benefit expected from an acquired workforce, expected future growth and future client relationships, as well as operational and revenue synergies. The allocation of goodwill between the group's cash-generating units has been based on their respective relative values.

Client relationship intangible assets of £350.3 million were recognised during the year in relation to the acquisition of IW&I. The multi-period earnings model used to value the intangible assets used estimates of client longevity and investment performance to derive a series of discounted cash flows. This was determined with reference to management's best estimates of future performance and estimates of the return required to determine an appropriate discount rate. These assets are being amortised over an average 14-year useful life. A 5.0% increase in the estimated fair value of client relationship intangible assets would increase client relationship assets by £17.5 million, with a corresponding increase in deferred tax liabilities of £4.4 million and a decrease in goodwill of £13.1 million.

The group has applied judgement in determining the allocation of acquired goodwill to the relevant cash-generating units expected to benefit from the acquisition. The allocation of goodwill is provisional and shall be reviewed and completed before the end of the first annual period after the acquisition. See note 22.

Other areas of focus

The financial statements include other accounting estimates related to the acquisition of IW&I. While these areas do not meet the definition under IAS 1 of significant accounting estimates or critical accounting judgements, the recognition and measurement of certain material balances are based on assumptions and/or are subject to longer term uncertainties.

Estimation uncertainty

Fair value of equity-settled awards

Share-based incentive awards were granted to certain IW&I employees as part of the acquisition (see note 8). These awards require the recipients to remain in employment for a specific period, and to achieve certain conditions relating to the integration of IW&I. The awards will be accounted for as remuneration for ongoing services and will be expensed over the deferral period. The cumulative expense at year end of £3.1 million reflects the number of equity instruments granted that are expected to ultimately vest, as based on expected future attrition rates. A decrease of 10% in the total unvested options outstanding at year end would decrease the profit or loss charge for the last quarter of the year by £0.3 million, and therefore this is not considered to be a material estimate.

2.3.2 Saunderson House

Estimation uncertainty

In 2021, the group acquired the entire share capital of Saunderson House Limited as part of a business combination. The equity-settled deferred payments that are contingent on the recipients remaining employees of the group for a specific period are accounted for as remuneration for ongoing services from employment. The group's estimate of the amounts ultimately payable will be expensed over the deferral period.

The Saunderson House management incentive scheme is subject to the achievement of certain operational and performance targets at 31 December 2024. A profit or loss charge has been recognised in equity for the expected consideration payable. Under the terms of the agreements, the award is calculated as 0.1% of funds under management ('FUM') at the test date of 31 December 2024. The FUM award ranges from a payment of £nil to a maximum possible payment in shares of £7.5 million; £0.5m of this pool has already been granted to a group of employees. In addition to this are integration and discretionary awards, capped at £1.0m and £0.5m, respectively.

The minimum threshold for pay-out of this award was previously £5.0 billion in FUM; this was reduced to £3.5 billion during the year, following review by the Group Executive Committee, to rebase the scheme to reflect current market conditions. Management's best estimate of the FUM award at the year end was £4.8 million, and is based on expected funds under management at 31 December 2024. The discretionary and integration awards are expected to be paid in full.

The maximum FUM award of £7.5 million would result in an additional charge to profit or loss in 2023 of £1.0 million. A payment of £nil would result in a reversal of the accumulated profit or loss charge since commencement of the award of £3.7 million in 2023.

3 SEGMENTAL INFORMATION

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

For management purposes, the group is organised into two operating segments: Wealth Management and Asset Management. Centrally incurred indirect expenses are allocated to these operating segments on the basis of the cost drivers that generate the expenditure; principally, these are the headcount of staff directly involved in providing those services from which the segment earns revenues, the value of funds under management and administration and the segment's total revenue. The allocation of these costs is shown in a separate column in the table below, alongside the information presented for internal reporting. Wealth Management Segmental Assets relate to assets held within the Investment Management, Banking and Trust Business Segments. Asset Management Segmental Assets are assets held solely within the Asset Management Business Segment. Unallocated Segmental Assets relate to the Net Defined Benefit Asset held on the balance sheet.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

3 SEGMENTAL INFORMATION CONTINUED

IW&I has been identified as a separate operating segment of the group. The results of the segment have been presented in aggregate with the group's Wealth Management segment, on the basis that their long-term characteristics are expected to align following the initial integration period of the business.

31 December 2023	Wealth Management £m	Asset Management £m	Indirect expenses £m	Total £m
Net investment management fee income	350.1	64.7	–	414.8
Net commission income	53.6	–	–	53.6
Net interest income	49.9	1.8	–	51.7
Fees from advisory services and other income	50.3	0.7	–	51.0
Operating income	503.9	67.2	–	571.1
Staff costs – fixed	(147.2)	(7.1)	(51.8)	(206.1)
Staff costs – variable	(78.2)	(13.4)	(15.9)	(107.5)
Total staff costs	(225.4)	(20.5)	(67.7)	(313.6)
Other direct expenses	(53.7)	(12.2)	(64.5)	(130.4)
Allocation of indirect expenses	(119.4)	(12.8)	132.2	–
Underlying operating expenses	(398.5)	(45.5)	–	(444.0)
Underlying profit before tax	105.4	21.7	–	127.1
Charges in relation to client relationships and goodwill (note 22)	(25.2)	–	–	(25.2)
Acquisition-related costs (note 9)	(11.0)	–	(33.3)	(44.3)
Segment profit before tax	69.2	21.7	(33.3)	57.6
Profit before tax attributable to equity holders of the company	–	–	–	57.6
Taxation (note 11)	–	–	–	(20.1)
Profit for the year attributable to equity holders of the company	–	–	–	37.5

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

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

3 SEGMENTAL INFORMATION CONTINUED

31 December 2022	Wealth Management £m	Asset Management £m	Indirect expenses £m	Total £m
Net investment management fee income	274.8	62.2	–	337.0
Net commission income	48.9	–	–	48.9
Net interest income	17.8	0.5	–	18.3
Fees from advisory services and other income	51.4	0.3	–	51.7
Operating income	392.9	63.0	–	455.9
Staff costs - fixed	(109.5)	(7.0)	(42.0)	(158.5)
Staff costs - variable	(66.9)	(11.2)	(9.0)	(87.1)
Total staff costs	(176.4)	(18.2)	(51.0)	(245.6)
Other direct expenses	(41.5)	(9.6)	(62.2)	(113.3)
Allocation of indirect expenses	(104.4)	(8.8)	113.2	–
Underlying operating expenses	(322.3)	(36.6)	–	(358.9)
Underlying profit before tax	70.6	26.4	–	97.0
Charges in relation to client relationships and goodwill (note 22)	(19.5)	–	–	(19.5)
Acquisition-related costs (note 9)	(10.0)	–	(3.4)	(13.4)
Segment profit before tax	41.1	26.4	(3.4)	64.1
Profit before tax attributable to equity holders of the company	–	–	–	64.1
– Taxation (note 11)	–	–	–	(15.1)
Profit for the year attributable to equity holders of the company	–	–	–	49.0

	Wealth Management £m	Asset Management £m	Unallocated Assets £m	Total £m
Segment total assets	3,323.4	114.4	9.4	3,447.2

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

3 SEGMENTAL INFORMATION CONTINUED

The following table reconciles underlying operating expenses to operating expenses:

	2023 £m	2022 £m
Underlying operating expenses	444.0	358.8
Charges in relation to client relationships and goodwill (note 22)	25.2	19.5
Acquisition-related costs (note 9)	44.3	13.5
Operating expenses	**513.5**	391.8

GEOGRAPHIC ANALYSIS

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

	2023 £m	2022 £m
United Kingdom	553.4	442.0
Channel Islands	17.7	13.8
Rest of the World	–	0.1
Operating income	**571.1**	455.9

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

	2023 £m	2022 £m
United Kingdom	1,103.0	404.6
Channel Islands	2.9	3.4
Non-current assets	**1,105.9**	408.0

TIMING OF REVENUE RECOGNITION

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

	2023		2022	
	Wealth Management £m	Asset Management £m	Wealth Management £m	Asset Management £m
Products and services transferred at a point in time	44.4	–	41.2	–
Products and services transferred over time	459.5	67.2	351.7	63.0
	503.9	67.2	392.9	63.0

MAJOR CLIENTS

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

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

4 NET INTEREST INCOME

	2023 £m	2022 £m
Interest income		
Cash and balances with central banks	**56.3**	23.7
Amortised cost investment securities	**56.1**	12.7
Loans and advances to banks	**7.9**	3.5
Loans and advances to customers	**8.5**	6.4
	128.8	46.3
Interest expense		
Due to customers	**(71.6)**	(22.7)
Lease liabilities	**(3.2)**	(3.0)
Subordinated loan notes (note 28)	**(2.3)**	(2.3)
	(77.1)	(28.0)
Net interest income	**51.7**	18.3

All net interest income is calculated using the effective interest method (note 1.7).

5 NET FEE AND COMMISSION INCOME

	2023 £m	2022 £m
Fee and commission income		
Wealth Management	**469.0**	394.5
Asset Management	**69.6**	68.2
	538.6	462.7
Fee and commission expense		
Wealth Management	**(26.2)**	(23.3)
Asset Management	**(3.5)**	(4.2)
	(29.7)	(27.5)
Net fee and commission income	**508.9**	435.2

6 OTHER OPERATING INCOME

	2023 £m	2022 £m
Credit Impairment Gains/(Losses) On Financial Assets Measured At Fair Value	**1.1**	(0.4)
Income from equity shares	**7.7**	–
Other operating income	**1.7**	2.8
	10.5	2.4

Other operating income of £10.5 million (2022: £2.4 million) comprised gains and losses from fair value through profit or loss equity securities of £1.1 million (2022: £(0.5) million), net client money interest income £7.7 million (2022: £nil) of which £6.4 million relates to IW&I and other operating income of £1.7 million (£2.8 million).

7 OPERATING EXPENSES

	2023 £m	2022 £m
Staff costs (note 10)	**313.6**	245.6
Depreciation and impairment charges of property, plant and equipment (note 19)	**5.2**	4.7
Depreciation and impairment charges of right-of-use assets (note 20)	**6.5**	5.6
Amortisation of internally generated intangible assets (note 22)	**1.8**	1.5
Amortisation and impairment of purchased software (note 22)	**3.8**	3.6
Auditor's remuneration (see below)	**3.0**	1.1
Impairment (recoveries)/charges on loans and advances to customers (note 33)	**0.1**	(0.1)
Rental charge	**3.5**	2.1
Other	**106.5**	94.7
Other operating expenses	**444.0**	358.8
Charges in relation to client relationships and goodwill (note 22)	**25.2**	19.5
Acquisition-related costs (note 9)	**44.3**	13.5
Total operating expenses	**513.5**	391.8

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

7 OPERATING EXPENSES CONTINUED

The property, plant and equipment depreciation and impairment charge differs to the amount in Note 19 predominantly due to £1.7 million accelerated depreciation on fixtures and fittings, which has been treated as acquisition-related costs (note 9).

The right-of-use asset depreciation and impairment charge differs to the amount in Note 20 predominantly due to £1.1 million accelerated depreciation and impairment on leases within the Group, which has been treated as acquisition-related costs (note 9).

Other expenses largely comprise costs relating to other staff costs £11.0 million (2022: £8.4 million); settlement, admin and dealing charges £10.7 million (2022: £9.8 million); client costs £5.1 million (2022: £3.2 million); marketing costs £6.1 million (2022: £3.3 million); IT and licenses costs £45.9 million (2022: £40.0 million) and legal and professional costs £7.8 million (2022: £4.2 million).

A more detailed analysis of auditor's remuneration is provided below:

	2023 £m	2022 £m
Fees payable to the company's auditor for the audit of the company's annual financial statements	**0.7**	0.1
Fees payable to the company's auditor and their associates for other services to the group:		
– audit of the company's subsidiaries pursuant to legislation	**1.0**	0.6
– audit-related assurance services	**1.2**	0.5
– other services	**0.1**	–
	3.0	1.2

Audit-related assurance services includes costs relating to audits of the group's client money and independent reporting to third parties on internal controls under ISAE 3402.

8 BUSINESS COMBINATIONS

INVESTEC WEALTH & INVESTMENT

On 21 September 2023, the group completed its acquisition of 100% of the ordinary share capital of Investec Wealth & Investment Limited (IW&I) from Investec Bank Plc. Investec Wealth & Investment Limited owns 100% of the ordinary share capital in Investec Wealth & Investment (Channel Islands) Limited and Murray Asset Management UK Limited. Results were consolidated with effect from 30 September 2023, as the effect of transactions and activities in the period from 21 September 2023 to 30 September 2023 on the consolidated financial statements was not material.

IW&I specialises in the provision of wealth and investment management services in the UK and Channel Islands, catering to private clients, clients of professional advisers and charities. The group expects to capture significant scale benefits from the combination, due to the consolidation of technology platforms and operations, enablement functions, third party services and property, in addition to utilising the benefits of the group's banking licence once IW&I clients are migrated.

Consideration transferred

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

The fair value of the ordinary shares issued was determined with reference to the share price of Rathbones Group Plc at close of business on 20 September 2023, and was assessed to be £17.22 per share. The fair value of the non-voting shares of £16.36 was calculated by applying a 5.0% discount to this share price, to reflect the fact the shares are non-marketable and non-transferable. This produced a total value for consideration paid of £751.9 million.

As the share issue was in pursuance of the arrangement to acquire 100% of the shares in IW&I, the premium on the share issue, being £749.8 million, qualifies for merger relief. This has been recognised within the merger reserve.

The regulatory announcement for the acquisition on 4 April 2023 used a share price of £18.84 to derive an implied equity value of £839 million. However, the group's share price has reduced since the announcement, resulting in a lower value for the shares issued at the completion date of the acquisition (21 September 2023).

The convertible non-voting ordinary shares rank *pari-passu* with the ordinary shares, except that they do not carry voting rights. Investec Bank Plc may convert the convertible non-voting ordinary shares into ordinary shares on a 1-for-1 basis, provided that at no time shall Investec group hold more than 29.9% of the Rathbones group's enlarged voting rights. Both the ordinary shares and convertible non-voting ordinary shares qualify as common equity tier 1 capital of the Rathbones group.

Deferred Incentive awards

An ancillary matters agreement, which was signed at the time of the combination announcement in April, includes detail of deferred awards and contingent payments to be made to a group of Investec W&I employees under the Rathbones Integration Incentive Scheme. These payments require the recipients of the awards to remain in employment with the group for the duration of the respective deferral periods, and therefore these amounts have not been included in the acquisition accounting. The cost for these equity-settled awards is being charged to profit or loss and spread over each vesting period. Details of the share awards are as follows:

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

8 BUSINESS COMBINATIONS CONTINUED

	Gross amount £m	Grant date	Grant date fair value £m	Vesting date
Rathbone Integration Incentive Scheme	39.0	6 October 2023	31.2	22 September 2027

The Rathbone Integration Incentive Scheme awards of £39.0 million is payable in shares, and will vest in three equal tranches annually on the second, third and fourth anniversary of the completion date, subject to conditions relating to the client migration process. Vesting of the final one-third of the shares on the fourth anniversary of the date of grant will be subject to engagement in the client migration process. The gross amount of £39.0 million represents management's best estimate as to the extent to which these conditions will be achieved. These awards are being accounted for as an equity-settled share-based payment under IFRS 2. The grant date fair value was determined with reference to the share price at grant less the value of expected dividends over the period to vesting, as no dividend shares have been granted on this award. There are no market-related performance conditions attached to this award.

The group recognised a charge of £3.0 million in relation to this scheme in 2023 and all share options are outstanding at the end of the period.

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

The group recognised a charge of £1.8 million in relation to this scheme in 2023.

These costs are being reported as staff costs within acquisition-related costs (see note 9).

Identifiable assets acquired and liabilities assumed

The group uses the acquisition method to account for business combinations. The identifiable net assets of the IW&I group have been remeasured at fair value at the acquisition date as follows:

21 September 2023	Carrying amounts £m	Fair value £m	Recognised amounts £m
Settlement assets	233.3	–	233.3
Property, plant and equipment	5.0	–	5.0
Trade and other receivables	45.5	–	45.5
Loans and advances to customers	0.7	–	0.7
Software assets (note 22)	3.7	–	3.7
Client relationship intangible assets (note 22)	20.0	330.3	350.3
Cash and cash equivalents	172.6	–	172.6
Right-of-use assets	31.8	1.1	32.9
Settlement liabilities	(225.7)	–	(225.7)
Trade and other payables	(30.0)	–	(30.0)
Accruals and deferred income	(51.7)	–	(51.7)
Deferred tax liabilities (note 21)	4.6	(87.6)	(83.0)
Lease liabilities	(39.8)	8.7	(31.1)
Provisions	(10.7)	–	(10.7)
Total net assets acquired	159.3	252.5	411.8

The fair value of £350.3 million for the client relationship intangible assets has been measured using a multi-period earnings method (note 22). The model uses estimates of client longevity and investment performance to derive a series of cash flows, which are discounted to a present value to determine the fair value of the client relationships acquired. These assets were valued separately by client group, being direct private clients, corporates, intermediaries and charities, to reflect their differing revenue margins and attrition rates. The average weighted life of the four groups has been calculated at 14 years.

The deferred tax liability of £87.6 million arising on recognition of the client relationship intangible assets is equal to its carrying value at the applicable tax rate and affects the amount of goodwill that is recognised as part of the business combination.

No brand has been acquired as part of the transaction.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

8 BUSINESS COMBINATIONS CONTINUED

The group measured the acquired lease liabilities using the present value of the remaining lease payments as if the leases were new leases at the acquisition date. The corresponding right-of-use assets were measured at an amount equal to the lease liabilities, adjusted to reflect favourable or unfavourable terms of the leases when compared to market terms. However, no off-market terms that required an additional adjustment to the right-of-use assets were identified. Assumptions of when the group expects to terminate these leases were reflected in the valuation.

A contingent liability assumed in a business combination is recognised at the acquisition date even if an outflow of economic benefits is not probable, provided it is a present obligation arising from past events and its fair value can be measured reliably. No contingent liabilities have been recognised at acquisition. Circumstances which potentially exposed certain clients of IW&I to detriment arose in the ordinary course of business prior to the date of acquisition. An estimate of the potential outflow has been calculated at £1.1 million. A liability was not recognised at the year end, however all economic outflows arising from this were indemnified by Investec Group at acquisition. The asset relating to the amount receivable under the indemnity would be measured on the same basis as the related liability and there would therefore be no impact on acquired goodwill.

Included within other creditors is £8.3 million payable by Investec W&I to Investec Bank Plc in relation to amounts recharged for the provision of payroll and other services.

Settlement balances and other receivables are current assets that are deemed to be collectible with no allowance for doubtful debts required. Trade and settlement payables are generated through the normal course of business and are classified as current liabilities expected to be settled through payments in the short-term. The carrying value of these was therefore determined to approximate fair value.

The fair value of all other net assets acquired were deemed to be equal to their carrying value.

Goodwill

Goodwill of £340.1 million arising on the excess of consideration over the fair value of the net assets acquired represents the future economic benefit expected from an acquired workforce, expected future growth and future client relationships, as well as operational and revenue synergies. Where goodwill arises on consolidation within the group it is not deductible for tax purposes, and nor is any impairment of goodwill in future periods.

	£m
Total consideration	751.9
Fair value of identifiable net assets acquired (see above)	411.8
Goodwill	340.1

If the group had made the acquisition on 1 January 2023, IW&I would have contributed £358.4 million to group operating income and £85.8 million to profit before tax, as based on the company's results for the year to 31 December 2023.

SAUNDERSON HOUSE

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

OTHER DEFERRED PAYMENTS

In addition to a total cash consideration of £98.9 million paid in prior years, the sale and purchase agreement details other deferred and contingent payments to be made to the vendors for the sale of the shares of Saunderson House. However, these payments require the recipients to remain in employment with the group for the duration of the respective deferral periods. Hence, they are being treated as remuneration for post-combination services, and the cost is therefore charged to the income statement over the respective vesting periods. Details of each of these elements is as follows:

	Gross amount £m	Grant date	Grant date fair value £m	Vesting date
Initial share consideration	5.2	20 October 2021	5.5	20 October 2024
Deferred share consideration	4.1	20 October 2021	4.1	20 October 2022
Management incentive scheme	5.5	20 December 2021	4.8	31 December 2024

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

- Initial share consideration of £5.2 million was issued on the date of acquisition, however it does not vest until the third anniversary of the acquisition date, subject to the vendors remaining employed until this date. As the share issuance is in pursuance of the arrangement to acquire the shares of the Saunderson House group, the premium of £5.2 million on the issuance of these shares has been recognised within the merger reserve.
- Deferred share consideration of £4.1 million was settled in shares during the prior year on the first anniversary of the acquisition date, and was subject to the vendors remaining in employment with the group.

8 BUSINESS COMBINATIONS CONTINUED

An incentive plan is in place for the Saunderson House senior management team, which is subject to certain operational and financial performance targets. The consideration vests in the fourth year following the acquisition date. The gross amount represents management's best estimate as to the extent to which these targets will be achieved. The award ranges from a minimum payment of £nil to a cap of £7.5 million (see note 2.3).

These costs are being reported as staff costs within acquisition-related costs (see note 9).

9 ACQUISITION-RELATED AND INTEGRATION COSTS

During 2023 £44.3 million of acquisition-related and integration costs were incurred (2022: £13.5 million).

	2023 £m	2022 £m
Acquisition of Speirs & Jeffrey	**1.0**	3.5
Acquisition of Investec Wealth & Investment	**36.5**	–
Acquisition of Saunderson House	**6.8**	10.0
Acquisition-related and Integration costs	**44.3**	13.5

Total Acquisition related staff costs worth £11.0 million (2022: 10.0 million) during the year relate to equity-settled share-based payments (Note 10).

COSTS RELATING TO THE ACQUISITION OF INVESTEC WEALTH & INVESTMENT

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

	2023 £m	2022 £m
Acquisition costs:		
Staff costs (note 10)	**6.2**	–
Legal and Advisory Fees	**21.3**	–
Integration Costs	**9.0**	–
Acquisition-related and Integration costs	**36.5**	–

Non-staff acquisition costs (Leagal and Advisory fees) of £21.3 million (2022: £nil) and integration costs of £9.0 million (2022: £nil) have not been allocated to a specific operating segment (note 3).

The Legal and advisory fees of £21.3 million are one-off costs incurred on executing the transaction (2022: £nil).

The group incurred costs of £2.2 million in the year that were deemed to be incremental to the share issue that occurred on 21 September 2023. These costs have been recognised as a deduction to the merger reserve.

From 30 September 2023 to 31 December 2023, Investec W&I contributed £87.9 million to the group's total operating income, and £15.0 million to the group's profit before tax. This excludes integration costs of the acquired business since acquisition, and amortisation of the acquired client relationship intangible assets.

COSTS RELATING TO THE ACQUISITION OF SPEIRS & JEFFREY

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

	2023 £m	2022 £m
Acquisition costs:		
Staff costs (note 10)	**1.0**	3.5
Acquisition-related and Integration costs	**1.0**	3.5

COSTS RELATING TO THE ACQUISITION OF SAUNDERSON HOUSE

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

	2023 £m	2022 £m
Acquisition costs:		
Staff costs (note 10)	**3.9**	6.5
Legal and advisory fees	**0.8**	–
Integration costs	**2.1**	3.4
Acquisition-related and Integration costs	**6.8**	10.0

Non-staff acquisition costs of £0.8 million (2022: £nil) and Integration costs of £2.1 million (2022: £3.4 million) have not been allocated to a specific operating segment (note 3).

Staff costs of £3.9 million (2022: 6.5 million) are related to deferred remuneration.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

10 STAFF COSTS

	2023 £m	2022 £m
Wages and salaries	**244.3**	189.5
Social security costs	**32.2**	25.2
Acquisition-related equity-settled share-based payments (note 9)	**7.5**	10.0
Acquisition-related cash-settled staff costs	**3.5**	–
Other equity-settled share-based payments	**16.5**	15.9
Pension costs (note 29):		
– Defined benefit schemes	**(0.5)**	(0.3)
– Defined contribution schemes	**21.1**	15.3
	20.6	15.0
Total staff costs	**324.6**	255.6
Acquisition-related staff costs	**(11.0)**	(10.0)
Underlying staff costs (note 3)	**313.6**	245.6

The average number of employees on a full-time equivalent basis during the year, incorporating IW&I Ltd employees from the date of completion, was as follows:

	2023	2022
Wealth Management:		
– investment management services[1]	**1,312**	1,305
– advisory services[1]	**374**	155
Asset Management	**52**	50
Shared services	**760**	543
	2,498	2,053

1. A number of FTE in Saunderson House have been reclassified from investment management services to advisory services during 2023 as the integration has progresed

The actual number of Group employees at 31 December 2023 was 3,532 (2022: 2,124).

11 INCOME TAX EXPENSE

	2023 £m	2022 £m
Current tax:		
– charge for the year	**22.8**	16.5
– adjustments in respect of prior years	**1.1**	0.3
Deferred tax (note 21):		
– credit for the year	**(1.9)**	(1.3)
– adjustments in respect of prior years	**(1.9)**	(0.4)
	20.1	15.1

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

The tax charge on profit for the year is higher (2022: higher) than the standard rate of corporation tax in the UK of 23.5% (2022: 19.0%). 23.5% is a composite tax rate, since the UK corporation tax rate was 19.0% until the 31st March 2023 and 25.0% for the remainder of the financial year.

The differences are explained below:

	2023 £m	2022 £m
Tax on profit from ordinary activities at the standard rate of 23.5% (2022: 19.0%)	**13.6**	12.2
Effects of:		
– disallowable expenses	**8.0**	0.9
– share-based payments	**(0.2)**	–
– tax on overseas earnings	**(0.7)**	(0.2)
– adjustments in respect of prior year	**(0.8)**	(0.1)
– deferred payments to previous owners of acquired companies (note 9)	**0.3**	1.2
– change in corporation tax rate on deferred tax	**(0.1)**	1.1
	20.1	15.1

£0.4 million of current tax on share-based payments was charged to equity during the year (2022: £0.1 million).

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

11 INCOME TAX EXPENSE CONTINUED

On 11 July 2023, the United Kingdom government, where the parent company is incorporated, enacted the Pillar II income taxes legislation effective from 1 January 2024. Under the legislation, the parent company will be required to pay, in the United Kingdom, top-up tax on profits of its subsidiaries located in territories outside the United Kingdom that are taxed at an effective tax rate of less than 15%. The jurisdiction in which an exposure to this tax may exist is the Channel Islands. The group is continuing to assess the impact of the Pillar II income taxes legislation on its future financial performance following the Investec acquisition. Based on our initial evaluations, we do not expect there to be a material additional Pillar II exposure for the group.

12 DIVIDENDS

	2023 £m	2022 £m
Amounts recognised as distributions to equity holders in the year:		
– final dividend for the year ended 31 December 2022 of 56.0p (2021: 54.0p) per share	**33.4**	32.1
– interim dividend for the year ended 31 December 2023 of 29.0p (2022: 28.0p) per share	**17.5**	16.6
– second interim dividend for the year ended 31 December 2023 of 34.0p (2022:0p) per share	**20.5**	–
Dividends paid in the year of 119.0p (2022: 82.0p) per share	**71.4**	48.6
Proposed final dividend for the year ended 31 December 2023 of 24.0p (2022: 56.0p) per share	**24.9**	32.8

An interim dividend of 29.0p per share was paid on 25 August 2023 to shareholders on the register at the close of business on 4 August 2023 (2022: 28.0p).

A second interim dividend of 34.0 per share was paid on 11 October 2023 to shareholders on the register at the close of business on 20 September 2023 (2022: nil).

A final dividend declared of 24.0p per share (2022: 56.0p) is payable on 14 May 2024 to shareholders on the register at the close of business on 19 April 2024. The final dividend is subject to approval by shareholders at the Annual General Meeting on 9 May 2024 and has not been included as a liability in these financial statements.

13 EARNINGS PER SHARE

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

	2023			2022		
	Pre-tax £m	**Taxation £m**	**Post-tax £m**	Pre-tax £m	Taxation £m	Post-tax £m
Underlying profit attributable to shareholders	**127.1**	**(30.3)**	**96.8**	97.1	(20.4)	76.7
Charges in relation to client relationships and goodwill (note 22)	**(25.2)**	**5.9**	**(19.3)**	(19.5)	3.7	(15.8)
Acquisition-related costs (note 9)	**(44.3)**	**4.3**	**(40.0)**	(13.5)	1.6	(11.9)
Profit attributable to shareholders	**57.6**	**(20.1)**	**37.5**	64.1	(15.1)	49.0

Basic earnings per share has been calculated by dividing profit attributable to shareholders by the weighted average number of shares in issue throughout the year, excluding own shares, of 71,269,129 (2022: 58,618,521). This includes 17,481,868 convertible non-voting shares issued as consideration for the IW&I transaction. In total, 44,538,331 shares were issued as a result of the IW&I transaction on 21 September. This has resulted in a mismatch between the weighted average number of shares and the total number of shares of 108,065,997 million disclosed in note 30 due to the shares in the weighted average share calculation being prorated over from 21 September to year end.

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, expected shares to be issued under the KEEP Support Function award, expected shares to be issued within the Rathbones Integration Incentive Award Scheme and any dilutive shares to be issued under the Share Incentive Plan, all weighted for the relevant period.

	2023	2022
Weighted average number of ordinary shares in issue during the year – basic	**71,269,129**	58,618,521
Effect of ordinary share options/Save As You Earn	**443,865**	595,055
Effect of dilutive shares issuable under the Share Incentive Plan	**2,517**	671
Effect of contingently issuable shares under the Executive Incentive Plan	**294,770**	563,816
Effect of contingently issuable shares under Saunderson House initial share consideration (note 8)	**272,952**	272,952
Effect of expected shares to be issued under the Key Employee Equity Plan Support Function Award	**314,600**	–
Effect of expected shares to be issued under the Rathbones Integration Incentive Scheme Award	**1,276,744**	–
Diluted ordinary shares	**73,874,577**	60,051,015

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

13 EARNINGS PER SHARE CONTINUED

	2023	2022
Earnings per share for the year attributable to equity holders of the company:		
– basic	**52.6p**	83.6p
– diluted	**50.8p**	81.6p
Underlying earnings per share for the year attributable to equity holders of the company:		
– basic	**135.8p**	130.8p
– diluted	**131.0p**	127.7p

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

14 CASH AND BALANCES WITH CENTRAL BANKS

	2023 £m	2022 £m
Balances with central banks	**1,038.3**	1,413.0
Less impairment loss allowance	**–**	(0.1)
	1,038.3	1,412.9

The fair value of balances with central banks is not materially different from their carrying amount.

	2023 £m	2022 £m
Repayable:		
– on demand	**1,036.0**	1,408.0
– within 1 year but over 3 months	**2.3**	5.0
Less impairment loss allowance	**–**	(0.1)
	1,038.3	1,412.9
Amounts include balances:		
– with variable interest rates	**1,036.0**	1,408.0
– which are non-interest-bearing	**2.3**	5.0
Less impairment loss allowance	**–**	(0.1)
	1,038.3	1,412.9

The group's exposure to credit risk arising from cash and balances with central banks is described in note 33.

15 LOANS AND ADVANCES TO BANKS

	2023 £m	2022 £m
Current accounts	**252.4**	164.7
Fixed term deposits/notice accounts	**14.5**	30.0
Less impairment loss allowance	**–**	–
	266.9	194.7

	2023 £m	2022 £m
Repayable:		
on demand	**245.4**	164.7
within 3 months or less excluding on demand	**21.5**	–
within 1 year but over 3 months	**–**	30.0
5 years or less but over 1 year	**–**	–
Less impairment loss allowance	**–**	–
	266.9	194.7
Amounts include loans and advances:		
with variable interest rates	**256.8**	194.4
with fixed interest rates	**9.9**	–
which are non-interest-bearing	**0.2**	0.3
Less impairment loss allowance	**–**	–
	266.9	194.7

The fair value of loans and advances is not materially different to their carrying amount. Fair value has been calculated as the discounted amount of estimated future cash flows expected to be received using current market rates.

Loans and advances to banks included in cash and cash equivalents at 31 December 2023 were £266.9 million (note 38) (2022: £164.7 million).

The group's exposure to credit risk arising from loans and advances to banks is described in note 33.

16 LOANS AND ADVANCES TO CUSTOMERS

	2023 £m	2022 £m
Overdrafts	**9.7**	6.5
Investment management loan book	**101.7**	159.7
Trust and financial planning debtors	**2.9**	3.2
Other debtors	**1.6**	0.5
Less impairment loss allowance	**(0.3)**	(0.1)
	115.6	169.8

The fair value of loans and advances to customers is not materially different to their carrying amount. Fair value has been calculated as the discounted amount of estimated future cash flows expected to be received using current market rates. Debtors arising from the trust and financial planning businesses are non-interest-bearing or subject to a fixed interest rate.

	2023 £m	2022 £m
Repayable:		
– on demand	**11.5**	8.2
– within 3 months or less excluding on demand	**3.4**	3.1
– within 1 year but over 3 months	**3.2**	2.3
– within 5 years but over 1 year	**97.8**	156.3
Less impairment loss allowance	**(0.3)**	(0.1)
	115.6	169.8
Amounts include loans and advances:		
– with variable interest rates	**111.3**	166.0
– which are non-interest-bearing	**4.3**	3.5
– with fixed interest rates	**0.3**	0.4
Less impairment loss allowance	**(0.3)**	(0.1)
	115.6	169.8

The group's exposure to credit risk arising from loans and advances to customers is described in note 33.

17 INVESTMENT SECURITIES

FAIR VALUE THROUGH PROFIT OR LOSS

	2023 £m	2022 £m
Equity securities:		
– listed	**–**	8.1
– unlisted	**1.2**	3.1
	1.2	11.2

Fair value through profit or loss securities includes direct holdings in equity securities. The group previously owned units in collectives managed by Rathbones Asset Management Limited (valued at 31 December 2022: £8.1 million). These assets were used to hedge the group's exposure to deferred remuneration schemes for employees of unit trusts. These assets were sold during the period. Equity securities now comprise shares in Euroclear after units in Rathbones Asset Management Limited managed funds were disposed of during the financial year. During the year, the group sold 1,292 of its shares in Euroclear in two separate transactions. Equity securities do not bear interest.

AMORTISED COST

	2023 £m	2022 £m
Debt securities:		
– unlisted	**1,294.6**	1,045.2
Less impairment loss allowance	**–**	–
	1,294.6	1,045.2

Debt securities comprise certificates of deposit that are all due to mature within one year (2022: all), and treasury bills that are due to mature within one year (2022: all).

The fair value of debt securities is disclosed in note 33.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

17 INVESTMENT SECURITIES CONTINUED

The change in the group's holdings of investment securities in the year is summarised below.

	Fair value through profit or loss £m	Amortised cost £m	Total £m
At 1 January 2022	29.9	761.7	791.6
Additions	2.5	1,260.0	1,262.5
Disposals (sales and redemptions)	(20.9)	(983.5)	(1,004.4)
Foreign exchange movements	0.2	7.0	7.2
Gain from changes in fair value	(0.5)	–	(0.5)
Increase in impairment loss allowance	–	–	–
At 1 January 2023	**11.2**	**1,045.2**	**1,056.4**
Additions	**–**	**2,059.9**	**2,059.9**
Disposals (sales and redemptions)	**(11.0)**	**(1,807.1)**	**(1,818.1)**
Foreign exchange movements	**(3.2)**	**(3.4)**	**(6.6)**
Gain from changes in fair value	**4.2**	**–**	**4.2**
Increase in impairment loss allowance	**–**	**–**	**–**
At 31 December 2023	**1.2**	**1,294.6**	**1,295.8**

Included within fair value through profit or loss are additions of £nil (2022:£2.5 million) and £8.1 million (2022: £0.1 million) of disposals of financial instruments that are not classified as cash and cash equivalents.

18 PREPAYMENTS, ACCRUED INCOME AND OTHER ASSETS

	2023 £m	2022 £m
Work in progress	**14.4**	9.6
Prepayments and other assets	**6.5**	0.4
Other Assets	**57.4**	24.1
Accrued income	**147.0**	92.6
	225.3	126.7

Other assets include temporary client receivables, which are subject to daily movements as a result of outstanding client transactions.

Work in progress reflects time and materials charged at year end but not invoiced to clients.

Accrued income reflects investment management fees, which are charged on a quarterly basis.

19 PROPERTY, PLANT AND EQUIPMENT

	Short term leasehold improvements £m	Plant and equipment £m	Total £m
Cost			
At 1 January 2022	23.4	27.2	50.6
Additions	1.4	3.0	4.4
Disposals	(0.5)	(1.1)	(1.6)
At 1 January 2023	**24.3**	**29.1**	**53.4**
Additions	**0.3**	**4.8**	**5.1**
Acquisitions through business combinations (note 8)	**2.4**	**2.6**	**5.0**
Disposals	**–**	**(0.2)**	**(0.2)**
Other Movements	**0.8**	**(0.8)**	**–**
At 31 December 2023	**27.8**	**35.5**	**63.3**
Depreciation			
At 1 January 2022	14.2	23.3	37.6
Charge for the year	2.0	2.8	4.7
Disposals	(0.4)	(1.2)	(1.6)
At 1 January 2023	**15.8**	**24.9**	**40.7**
Charge for the year	**3.5**	**3.2**	**6.7**
Disposals	**–**	**(0.2)**	**(0.2)**
At 31 December 2023	**19.3**	**27.9**	**47.3**
Carrying amount at 31 December 2023	**8.5**	**7.6**	**16.1**
Carrying amount at 31 December 2022	8.5	4.2	12.7
Carrying amount at 1 January 2022	9.2	3.9	13.1

During the year, where there was an expectation of the group vacating its properties prior to their respective lease termination dates, the useful lives of any property, plant and equipment were revised, and the assets were reviewed for impairment. The group subsequently recognised accelerated depreciation in the year of £1.7 million.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

20 RIGHT-OF-USE ASSETS

	Property £m	Motor vehicles and equipment £m	Total £m
Cost			
At 1 January 2022	58.1	0.3	58.4
Additions	3.7	–	3.7
Disposals	(0.8)	–	(0.8)
Other movements	(2.9)	–	(2.9)
At 1 January 2023	**58.1**	**0.3**	**58.4**
Additions	**2.1**	**–**	**2.1**
Acquisitions through business combinations (Note 8)	**32.9**	**–**	**32.9**
Disposals	**(0.2)**	**–**	**(0.2)**
Other movements	**(2.9)**	**–**	**(2.9)**
At 31 December 2023	**90.1**	**0.3**	**90.4**
Depreciation and impairment			
1 January 2022	14.5	–	14.5
Charge for the year	5.5	0.1	5.6
Disposals	(0.8)	–	(0.8)
Other movements	–	–	–
At 1 January 2023	**19.2**	**0.1**	**19.3**
Charge for the year	**7.4**	**0.1**	**7.5**
Disposals	**(0.9)**	**–**	**(0.9)**
Other movements	**–**	**–**	**–**
At 31 December 2023	**25.7**	**0.2**	**25.9**
Carrying amount at 31 December 2023	**64.4**	**0.1**	**64.5**
Carrying amount at 31 December 2022	38.9	0.2	39.1
Carrying amount at 1 January 2022	43.6	0.3	43.9

During the year, where there was an expectation of the group vacating its properties prior to their respective lease termination dates, the useful lives of the right-of-use assets were revised, and the assets were reviewed for impairment. The group subsequently recognised impairment charges and accelerated depreciation in the year of £2.9 million, which has been recognised in acquisition-related costs (Note 9).

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

21 NET DEFERRED TAX ASSET/(LIABILITY)

The UK Government legislated in the Finance Act 2021 to increase the UK corporation tax rate to 25.0% from 19.0% on the 1st April 2023. This has been reflected in the deferred tax calculations. Deferred income taxes are calculated on all temporary differences under the liability method using the rate expected to apply when the relevant timing differences are forecast to unwind.

The group has applied the temporary exception, introduced in May 2023, from the accounting requirements for deferred taxes in IAS 12, so that the group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar II income taxes.

The movement on the deferred tax account is as follows:

	Deferred capital allowances £m	Pensions £m	Share-based payments £m	Staff-related costs £m	Fair value through profit or loss £m	Intangible assets £m	Total £m
As at 1 January 2023	4.0	(2.4)	12.1	9.2	(0.9)	(29.5)	(7.5)
Recognised in profit or loss in respect of:							
current year	1.3	(0.8)	(2.5)	(0.5)	0.6	3.8	1.9
prior year	0.8	–	–	1.3	–	(0.2)	1.9
change in rate	0.1	(0.1)	–	–	–	–	–
Total	2.2	(0.9)	(2.5)	0.8	0.6	3.6	3.8
Recognised in other comprehensive income in respect of:							
current year	–	1.4	–	–	–	–	1.4
prior year	–	–	–	–	–	–	–
change in rate	–	0.1	–	–	–	–	0.1
Total	–	1.5	–	–	–	–	1.5
Recognised in equity in respect of:							
current year	–	–	(0.9)	0.1	–	–	(0.8)
prior year	–	–	–	–	–	–	–
change in rate	–	–	–	–	–	–	–
Total	–	–	(0.9)	0.1	–	–	(0.8)
Business combinations	1.3	–	–	3.3	–	(87.6)	(83.0)
Total	1.3	–	–	3.3	–	(87.6)	(83.0)
As at 31 December 2023	7.5	(1.8)	8.7	13.4	(0.3)	(113.5)	(86.0)
Deferred tax assets	7.5	–	8.7	13.4	–	–	29.6
Deferred tax liabilities	–	(1.8)	–	–	(0.3)	(113.5)	(115.6)
As at 31 December 2023	7.5	(1.8)	8.7	13.4	(0.3)	(113.5)	(86.0)

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

21 NET DEFERRED TAX ASSET/(LIABILITY) CONTINUED

	Deferred capital allowances £m	Pensions £m	Share-based payments £m	Staff-related costs £m	Fair value through profit or loss £m	Intangible assets £m	Total £m
As at 1 January 2022	3.8	(2.4)	9.7	7.3	(0.8)	(31.4)	(13.8)
Recognised in profit or loss in respect of:	–	–	–	–	–	–	–
current year	–	(0.8)	0.9	0.2	0.1	1.9	2.3
prior year	0.2	–	0.1	0.1	–	–	0.4
change in rate	–	(2.6)	0.2	1.6	(0.2)	–	(1.0)
Total	0.2	(3.4)	1.2	1.9	(0.1)	1.9	1.7
Recognised in other comprehensive income in respect of:							
current year	–	1.4	–	–	–	–	1.4
prior year	–	–	–	–	–	–	–
change in rate	–	2.0	–	–	–	–	2.0
Total	–	3.4	–	–	–	–	3.4
Recognised in equity in respect of:							
current year	–	–	1.2	–	–	–	1.2
prior year	–	–	–	–	–	–	–
change in rate	–	–	–	–	–	–	–
Total	–	–	1.2	–	–	–	1.2
Business combinations	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–
As at 31 December 2022	4.0	(2.4)	12.1	9.2	(0.9)	(29.5)	(7.5)
Deferred tax assets	4.0	–	12.1	9.2	–	–	25.3
Deferred tax liabilities	–	(2.4)	–	–	(0.9)	(29.5)	(32.8)
As at 31 December 2022	4.0	(2.4)	12.1	9.2	(0.9)	(29.5)	(7.5)

22 INTANGIBLE ASSETS

Goodwill of £340.1 million was recognised as part of the acquisition of IW&I. (see note 8). This has been provisionally allocated between the IW&I cash-generating unit ('CGU') and the Wealth Management group of CGUs in the year, before being reviewed for impairment. This allocation will be reviewed in 2024.

The group does not believe there are any key assumptions where reasonable changes could occur which could give rise to a material adjustment in the carrying value.

Client relationships of £350.3 million were recognised as part of the acquisition of IW&I (see note 8). An average useful life of 14 years was assigned to these relationships, based on observed historic attrition rates.

	2023 £m	2022 £m
Goodwill	**507.8**	167.7
Other intangible assets	**517.5**	188.5
	1,025.3	356.2

GOODWILL

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

The carrying amount of goodwill has been allocated as follows:

	Wealth Management £m	Investec W&I £m	Asset Management £m	Total £m
Cost				
At 1 January 2022	167.7	–	1.9	169.6
Acquired through business combinations (note 8)	–	–	–	–
At 1 January 2023	**167.7**	**–**	**1.9**	**169.6**
Acquired through business combinations (note 8)	**82.1**	**258.0**	**–**	**340.1**
At 31 December 2023	**249.8**	**258.0**	**1.9**	**509.7**
Impairment				
At 1 January 2022	–	–	1.9	1.9
Charge for the year	**–**	**–**	**–**	**–**
At 31 December 2023	**–**	**–**	**1.9**	**1.9**

	Wealth Management £m	Investec W&I £m	Asset Management £m	Total £m
Carrying amount at 31 December 2023	**249.8**	**258.0**	**–**	**507.8**
Carrying amount at 31 December 2022	167.7	–	–	167.7
Carrying amount at 1 January 2022	167.7	–	–	167.7

IMPAIRMENT

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

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

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

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

	IW&I	**Wealth management**	
At 31 December	**2023**	**2023**	2022
Discount rate	**15.0%**	**14.1%**	14.1%
Average annual revenue growth rate	**4.0%**	**1.1%**	4.3%
Average annual profit margin	**26.8%**	**14.3%**	25.6%
Terminal growth rate	**1.5%**	**1.5%**	1.0%

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

22 INTANGIBLE ASSETS CONTINUED

The increase in the terminal growth rate to 1.5% in 2023 is to align this with current expectations of long-term UK economic growth. The fall in the average annual revenue growth rate since the prior year primarily reflects the group's latest forecasts for the Saunderson House client migration by operating segment, and lower levels of forecast commission income.

OTHER INTANGIBLE ASSETS

	Client relationships £m	Software development costs £m	Purchased software £m	Total £m
Cost				
At 1 January 2022	302.6	11.7	53.1	367.4
Internally developed in the year	–	1.8	–	1.8
Purchased in the year	1.0	–	1.8	2.8
Disposals	(2.7)	–	–	(2.7)
At 1 January 2023	**300.9**	**13.5**	**54.9**	**369.3**
Internally developed in the year	**–**	**1.0**	**–**	**1.0**
Acquired through business combinations (note 8)	**350.3**	**1.7**	**2.0**	**354.0**
Purchased in the year	**2.6**	**–**	**2.2**	**4.8**
Disposals	**(2.8)**	**–**	**–**	**(2.8)**
At 31 December 2023	**651.0**	**16.2**	**59.1**	**726.3**
Amortisation and impairment				
At 1 January 2022	109.0	8.5	41.3	158.8
Amortisation charge	19.5	1.5	3.6	24.6
Disposals	(2.6)	–	–	(2.6)
At 1 January 2023	**125.9**	**10.0**	**44.9**	**180.8**
Amortisation charge	**25.2**	**1.8**	**3.8**	**30.8**
Disposals	**(2.8)**	**–**	**–**	**(2.8)**
At 31 December 2023	**148.3**	**11.8**	**48.7**	**208.8**
Carrying amount at 31 December 2023	**502.7**	**4.4**	**10.4**	**517.5**
Carrying amount at 31 December 2022	175.0	3.5	10.0	188.5
Carrying amount at 1 January 2022	193.6	3.1	11.8	208.5

Purchases of client relationships of £2.6 million (2022: £1 million) in the year relate to payments made to investment managers and third parties for the introduction of client relationships.

The total amount charged to profit or loss in the year in relation to goodwill and client relationship intangible assets was £25.2 million (2022: £19.5 million).

Purchased software with a cost of £36.4 million (2022: £35.2 million) has been fully amortised but is still in use.

23 DEPOSITS BY BANKS

On 31 December 2023, deposits by banks included overnight cash book overdraft balances of £12.4 million (2022: £1.0 million).

The fair value of deposits by banks was not materially different to their carrying value. Fair value has been calculated as the discounted amount of estimated future cash flows expected to be paid using current market rates.

24 DUE TO CUSTOMERS

	2023 £m	2022 £m
Repayable:		
– on demand	**1,652.3**	2,328.0
– within 3 months or less excluding on demand	**501.8**	183.2
– within 1 year or less but over 3 months	**99.2**	4.9
	2,253.3	2,516.1
Amounts include balances:		
– with variable interest rates	**1,618.6**	2,324.4
– with fixed interest rates	**589.6**	127.2
– which are non-interest-bearing	**45.1**	64.5
	2,253.3	2,516.1

The fair value of amounts due to customers was not materially different from their carrying value. The estimated fair value of deposits with no stated maturity, which include non-interest-bearing deposits, is the amount at which deposits could be transferred to a third party at the measurement date. The estimated fair value of fixed-interest-bearing deposits is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

25 ACCRUALS AND OTHER LIABILITIES

	Note	2023 £m	2022 £m
Amounts due to associates	36	**8.3**	–
Trade creditors		**8.2**	3.2
Other creditors		**24.4**	10.2
Accruals		**168.7**	100.9
		209.6	114.3

26 PROVISIONS

	Deferred, variable costs to acquire client relationship intangible assets £m	Deferred consideration in business combinations £m	Legal and compensation £m	Property-related £m	Onerous Contract £m	Total £m
At 1 January 2022	8.6	–	2.1	4.6	–	15.3
Charged to profit or loss	–	–	0.8	1.2	–	2.0
Unused amount credited to profit or loss	–	–	–	–	–	–
Net charge to profit or loss	–	–	0.8	1.2	–	2.0
Other movements	1.0	–	–	–	–	1.0
Utilised/paid during the year	(5.2)	–	(0.2)	–	–	(5.4)
At 1 January 2023	**4.4**	**–**	**2.7**	**5.8**	**–**	**12.9**
Charged to profit or loss	**–**	**–**	**9.1**	**0.2**	**1.2**	**10.5**
Unused amount credited to profit or loss	**–**	**(0.1)**	**(1.1)**	**–**	**–**	**(1.2)**
Net charge to profit or loss	**–**	**(0.1)**	**8.0**	**0.2**	**1.2**	**9.3**
Acquisitions through business combinations (Note 8)	**–**	**3.4**	**1.9**	**5.4**	**–**	**10.7**
Other movements	**2.6**	**–**	**–**	**–**	**–**	**2.6**
Utilised/paid during the year	**(2.3)**	**–**	**(7.7)**	**–**	**–**	**(10.0)**
At 31 December 2023	**4.7**	**3.3**	**4.9**	**11.4**	**1.2**	**25.5**
Payable within 1 year	**4.2**	**0.3**	**4.2**	**3.8**	**1.2**	**13.7**
Payable after 1 year	**0.5**	**3.0**	**0.7**	**7.6**	**–**	**11.8**
	4.7	**3.3**	**4.9**	**11.4**	**1.2**	**25.5**

DEFERRED, VARIABLE COSTS TO ACQUIRE CLIENT RELATIONSHIP INTANGIBLE ASSETS

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

LEGAL AND COMPENSATION

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

DEFERRED CONSIDERATION IN BUSINESS COMBINATIONS

Deferred Consideration in Business Combinations relates to Investec Wealth & Investment's deferred consideration provision on their acquisitions of Murray Asset Management and The Share Centre.

PROPERTY-RELATED

Property-related provisions of £11.4 million relate to dilapidation provisions expected to arise on leasehold premises held by the group (2022: £5.8 million). Dilapidation provisions are calculated using a discounted cash flow model.

In 2023 the group did not utilise the property provision (2022: £nil). The impact of discounting led to an additional charge of £0.2 million (2022: additional charge of £1.2 million) being recognised during the year.

Amounts payable after one year

Property-related provisions of £7.6 million 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 13 years of the balance sheet date.

ONEROUS CONTRACT

During the year, the group terminated a support agreement with a third-party service provider. The onerous element of the contract represented a cost of £1.2 million to the group, which was recognised as a provision at the year end.

27 LEASE LIABILITIES

Maturity analysis	2023 £m	2022 £m
Less than one year	**11.9**	5.0
One to five years	**29.4**	19.6
More than five years	**33.6**	25.9
Lease liabilities at 31 December	**74.9**	50.5
Current	**11.9**	5.0
Non-current	**63.0**	45.5
	74.9	50.5

The total cash outflow for Group leases during the year was £10.7 million (2022: £8.5 million).

28 SUBORDINATED LOAN NOTES

	2023 £m	2022 £m
Subordinated loan notes		
– face value	**40.0**	40.0
– carrying value	**39.9**	39.9

Rathbones Group Plc holds £39.9 million of 10-year tier 2 notes with a call option in October 2026 and annually thereafter. The Issuer requires the group's subsidiaries to comply with all laws and governmental rules or regulations to which they are subject. Interest is payable at a fixed rate of 5.642% per annum until the first call option date in 2026, and at a fixed rate of 4.893% over Compounded Daily SONIA thereafter. Legal fees of £0.1 million were incurred in issuing the notes, which have been accounted for in the carrying value of amortised cost. An interest expense of £2.3 million (2022: £2.3 million) was recognised in the year.

29 LONG-TERM EMPLOYEE BENEFITS

DEFINED CONTRIBUTION PENSION SCHEME

The group operates a defined contribution group personal pension scheme and contributes to various other personal pension arrangements for certain directors and employees. The total contributions made to these schemes during the year were £21.0 million (2022: £15.2 million). The group also operates a defined contribution scheme for overseas employees, for which the total contributions were £0.1 million (2022: £0.1 million).

DEFINED BENEFIT PENSION SCHEMES

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

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

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

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

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

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

29 LONG-TERM EMPLOYEE BENEFITS CONTINUED

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

	Laurence Keen Scheme		Rathbone 1987 Scheme	
	2023 % (unless stated)	2022 % (unless stated)	**2023 % (unless stated)**	2022 % (unless stated)
Rate of increase of salaries	**n/a**	n/a	**n/a**	n/a
Rate of increase of pensions in payment	**3.70**	3.60	**2.90**	3.20
Rate of increase of deferred pensions	**3.10**	3.20	**3.10**	3.20
Discount rate	**4.40**	4.70	**4.40**	4.70
Inflation*	**3.10**	3.20	**3.10**	3.20
Percentage of members transferring out of the schemes per annum	**2.00**	2.00	**2.00**	2.00
Average age of members at date of transferring out (years)	**52.50**	52.50	**52.50**	52.50

* Inflation assumptions are based on the Retail Prices Index

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

1. the discount rate has decreased by 0.3% to reflect a decrease in the yields available on AA-rated Corporate Bonds;
2. the assumed rate of future inflation has decreased by 0.1% and reflects expectations of long-term inflation as implied by changes in the Bank of England inflation yield curve;
3. the assumed rates of future increases to pensions in payment, where linked to inflation, have decreased by 0.3% for the Rathbone 1987 Scheme and, for the Laurence Keen Scheme increased by 0.1%

Over the year the mortality assumptions have been updated. The CMI model used to project future improvements in mortality has been updated from the 2021 version to the 2022 version.

2% of members not yet in receipt of their pension are assumed to transfer out of the scheme each year (2022: 2%).

The proportion of members assumed to be married at retirement age is 80% (2022: 80%)

The assumed duration of the liabilities for the Laurence Keen Scheme is 12 years (2022: 13 years) and the assumed duration for the Rathbone 1987 Scheme is 16 years (2022: 16 years).

The normal retirement age for members of the Laurence Keen Scheme is 65 (60 for certain former directors). The normal retirement age for members of the Rathbone 1987 Scheme is 60 for service prior to 1 July 2009 and 65 thereafter, following the introduction of pension benefits based on Career-Average Revalued Earnings (CARE) from that date. The assumed life expectancy for the membership with improvements in line with the CMI 2022 tables with a long-term rate of improvement of 1.5% p.a. The assumed life expectancies on retirement were:

		2023		2022	
		Males	**Females**	Males	Females
Retiring today:	aged 60	**27.6**	**29.5**	28.2	29.9
	aged 65	**22.8**	**24.5**	23.3	24.9
Retiring in 20 years:	aged 60	**29.4**	**31.2**	29.9	31.6
	aged 65	**24.3**	**26.1**	24.9	26.6

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

	2023			2022		
	Laurence Keen Scheme £m	**Rathbone 1987 Scheme £m**	**Total £m**	Laurence Keen Scheme £m	Rathbone 1987 Scheme £m	Total £m
Present value of defined benefit obligations	**(7.3)**	**(93.8)**	**(101.1)**	(7.2)	(87.5)	(94.7)
Fair value of scheme assets	**8.2**	**99.9**	**108.1**	8.1	96.0	104.1
Net defined benefit asset/(liability)	**0.9**	**6.1**	**7.0**	0.9	8.5	9.4

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

29 LONG-TERM EMPLOYEE BENEFITS CONTINUED

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

	2023			2022		
	Laurence Keen Scheme £m	Rathbone 1987 Scheme £m	Total £m	Laurence Keen Scheme £m	Rathbone 1987 Scheme £m	Total £m
Interest expense	(0.1)	(0.4)	(0.5)	(0.1)	(0.2)	(0.3)
	(0.1)	(0.4)	(0.5)	(0.1)	(0.2)	(0.3)

Remeasurements of the net defined benefit asset have been reported in other comprehensive income. The actual return on scheme assets was a rise in value of £0.4 million (2022: £4.4 million fall) for the Laurence Keen Scheme and a rise in value of £3.6 million (2022: £58.8 million fall) for the Rathbone 1987 Scheme.

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

	2023			2022		
	Laurence Keen Scheme £m	Rathbone 1987 Scheme £m	Total £m	Laurence Keen Scheme £m	Rathbone 1987 Scheme £m	Total £m
At 1 January	7.2	87.5	94.7	11.2	144.4	155.6
Interest cost	0.3	4.1	4.4	0.2	2.7	2.9
Actuarial experience gains	0.1	3.4	3.5	0.1	3.6	3.7
Actuarial gains/(losses) arising from:						
– demographic assumptions	(0.1)	(1.5)	(1.6)	–	0.1	0.1
– financial assumptions	0.2	2.8	3.0	(3.6)	(59.5)	(63.1)
Past service cost	–	–	–	–	–	–
Benefits paid	(0.4)	(2.5)	(2.9)	(0.7)	(3.8)	(4.5)
At 31 December	7.3	93.8	101.1	7.2	87.5	94.7

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

	2023			2022		
	Laurence Keen Scheme £m	Rathbone 1987 Scheme £m	Total £m	Laurence Keen Scheme £m	Rathbone 1987 Scheme £m	Total £m
At 1 January	8.1	96.0	104.1	13.0	154.9	167.9
Remeasurement of net defined benefit asset/(liability)						
– interest income	0.4	4.5	4.9	0.3	2.9	3.2
– return on scheme assets (excluding amounts included in interest income)	–	(0.8)	(0.8)	(4.6)	(61.8)	(66.4)
Contributions from the sponsoring companies	0.1	2.8	2.9	0.1	3.8	3.9
Benefits paid	(0.4)	(2.6)	(3.0)	(0.7)	(3.8)	(4.5)
At 31 December	8.2	99.9	108.1	8.1	96.0	104.1

The Schemes' assets are fully invested with Legal & General Investment Management in Self-Sufficiency Credit Funds and Absolute Return Bond Funds and no assets are invested in Rathbones Funds. The Schemes invest in self-sufficiency strategies, which aim to fully hedge the interest and inflation rate risk. The Trustees will review the asset allocation on a regular basis to ensure the strategy remains appropriate.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

29 LONG-TERM EMPLOYEE BENEFITS CONTINUED

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

Laurence Keen Scheme	2023 Fair value £m	2022 Fair value £m	2023 Current allocation %	2022 Current allocation %
Equity instruments:				
– United Kingdom	–	0.2	–	–
– Eurozone	–	0.2	–	–
– North America	–	0.7	–	–
– Other	–	0.5	–	–
	–	1.6	–	19
Debt instruments:				
– United Kingdom corporate bonds	0.4	4.3	–	–
	0.4	4.3	5	54
Liability-driven investments	7.8	2.0	93	25
Cash	0.1	0.1	2	1
Other	–	0.1	–	1
At 31 December	**8.3**	8.1	**100**	100

Rathbone 1987 Scheme	2023 Fair value £m	2022 Fair value £m	2023 Current allocation %	2022 Current allocation %
Equity instruments:				
– United Kingdom	–	4.2	–	–
– Eurozone	–	2.5	–	–
– North America	–	13.5	–	–
– Other	–	6.1	–	–
	–	26.3	–	28
Debt instruments:				
– United Kingdom corporate bonds	–	37.7	–	–
	–	37.7	–	39
Liability-driven investments	98.4	30.8	99	32
Cash	1.5	1.2	1	1
Other	–	–	–	–
At 31 December	**99.9**	96.0	**100**	100

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

	Combined impact on schemes' liabilities	
	(Decrease)/ increase £m	(Decrease)/ increase %
0.5% increase in:		
– discount rate	(7.7)	(7.6)
0.5% increase in:		
– rate of inflation	4.4	4.4
1-year increase to:		
– longevity at 60	4.2	4.1

The total contributions made by the group to the 1987 Scheme during the year were £2.8 million (2022: £3.8 million).

There have been contributions of £0.2 million (2022: £0.2 million) made by the group to the Laurence Keen Scheme during the year.

Contributions for the year are in line with those agreed as part of the actuarial valuation as at 31 December 2023.

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

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

30 SHARE CAPITAL, SHARE PREMIUM AND MERGER RESERVE

The following movements in share capital occurred during the year:

	Share Capital – Voting shares	Share Capital – Non-voting shares	Exercise/ issue price Pence	Share capital £m	Share premium £m	Merger reserve £m	Total £m
At 1 January 2022	62,003,341	–	–	3.1	291.0	77.0	371.1
Shares issued:							
– to Share Incentive Plan	467,559	–	1,600.0 - 2,090.0	–	9.2	–	9.2
– to Save As You Earn scheme	1,181	–	1,085.0 - 1,813.0	–	–	–	–
– to Employee Benefit Trust	481,500	–	5.0	–	–	–	–
– to Business Combinations	441,256	–	1,913.4 - 2,484.0	0.1	9.7	–	9.8
At 1 January 2023	**63,394,837**	**–**	**–**	**3.2**	**310.0**	**77.0**	**390.1**
Shares issued:							
– to Share Incentive Plan	**132,829**	**–**	**1,574.0 - 2,160.0**	**–**	**2.3**	**–**	**2.3**
– to Save As You Earn scheme	**–**	**–**	**–**	**–**	**–**	**–**	**–**
– to Employee Benefit Trust	**–**	**–**	**–**	**–**	**–**	**–**	**–**
– to Business Combinations	**27,056,463**	**17,481,868**	**1,635.9 - 1,722.0**	**2.2**	**–**	**747.4**	**749.6**
At 31 December 2023	**90,584,129**	**17,481,868**	**–**	**5.4**	**312.3**	**824.4**	**1,142.0**

The total number of issued and fully paid up ordinary shares at 31 December 2023 was 108,065,997 (2022: 63,394,837) with a par value of 5p per share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the company. The ordinary shareholders are entitled to any residual assets on the winding up of the company.

The convertible non-voting shares rank pari passu with the ordinary shares, except that they do not carry voting rights. Both the ordinary shares and convertible non-voting shares qualify as common equity tier 1 capital.

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

On 26 October 2022, the company issued 211,767 shares in respect of the Saunderson House deferred consideration award.

On 21 September 2023, the company issued to Investec Bank Plc 27,056,463 of ordinary shares at £17.22 per share, and 17,481,868 of convertible non-voting ordinary shares at £16.36 per share. Share issue costs of £2.2 million were offset against the merger reserve. See notes 8 and 9 for further detail.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

31 OWN SHARES

The following movements in own shares occurred during the year:

	Number of Shares	£m
At 1 January 2022	3,624,714	36.6
Additions in the year	1,440,695	18.7
Released on vesting	(178,115)	(2.7)
At 1 January 2023	**4,887,294**	**52.5**
Additions in the year	**931,153**	**16.0**
Released on vesting	**(1,374,930)**	**(13.0)**
At 31 December 2023	**4,443,517**	**55.6**

Own shares represent the cost of the company's own shares, either purchased in the market or issued by the company, that are held by the company or in an Employee Benefit Trust ('EBT') to satisfy future awards under the group's share-based payment schemes (note 32). A total of 3,275,598 shares were held in the EBT at 31 December 2023 (2022: 3,786,182), and 894,966 shares were held by the trustees of the Share Incentive Plan but were not unconditionally gifted to employees (2022: 828,160).

A further 272,952 (2022: 272,952) of shares were held in nominee in respect of the initial share consideration for the acquisition of Saunderson House.

32 SHARE-BASED PAYMENTS

The group recognised total charges of £24.0 million in relation to share-based payment transactions in 2023 (2022: £25.9 million) (see note 10). This includes acquisition-related share-based payments (see note below), and excludes social security costs of £1.7 million (2022: £1.1 million).

The impact on retained earnings of employee remuneration and share plans vesting in the year, where shares were not released from the group employee benefit trust, was a debit of £6.0 million (2022: debit of £12.8 million). This includes £nil for share schemes where no cash consideration was received (2022: debit of £9.8 million). See note 38.

SHARE INCENTIVE PLAN

The group operates a Share Incentive Plan (SIP), which is available to all employees. Employees can contribute up to £150 per month to acquire partnership shares in Rathbones Group Plc, which are purchased or allotted in monthly accumulation periods. The group currently matches employee contributions on a one-for-one basis to acquire matching shares.

The group also provides performance-related free shares, with eligible employees receiving shares valued at the rate of £100 per 1% real increase in earnings per share up to a maximum of £3,600 per annum.

For UK employees, SIP dividends are reinvested and used to purchase dividend shares, whilst for Jersey employees dividends are paid in cash.

Fair value assumptions required by IFRS 2 are used to calculate the relevant fair values for this award. The assumptions have been set with reference to market conditions at the grant date. The fair value of free shares has been calculated as the value of an option with a zero exercise price and exercise date 15 months from the date of grant. Once free share awards are allocated, they accrue dividends, which become payable once the awards vest. The dividend yield has been calculated based on the share price at grant and 12 months' historical dividends at each grant date, resulting in a dividend yield of 4.0% per annum.

As at 31 December 2023, the trustees of the SIP held 1,773,475 (2022: 1,634,429) ordinary shares of 5p each in Rathbones Group Plc with a total market value of £30.9 million (2022: £33.3 million). Of the total number of shares held by the trustees, 1,146,166 (2022: 1,101,112) have been conditionally gifted to employees and Nil (2022: 2,055) remain unallocated.

The group recognised a charge of £2.5 million in relation to this scheme in 2023 (2022: £2.4 million).

SAVINGS-RELATED SHARE OPTION OR SAVE AS YOU EARN (SAYE) PLAN

Under the SAYE plan, employees can contribute up to £500 per month to acquire shares at the end of a three- or five-year savings period.

Options with an aggregate estimated fair value of £2.2 million, determined using a binomial valuation model including expected dividends, were granted on 28 April 2023 to directors and staff under the SAYE plan. The inputs into the binomial model for options granted during 2023, as at the date of issue, were as follows:

	2023	2022
Share price (pence)	**1,954**	2,125
Exercise price (pence)	**1,524**	1,394
Expected volatility	**28.0%**	26%
Risk-free rate	**3.8%**	1.7%
Expected dividend yield	**4.3%**	3.5%

The number of share options outstanding for the SAYE plan at the end of the year, the period in which they were granted and the dates on which they may be exercised are given below.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

32 SHARE-BASED PAYMENTS CONTINUED

Year of grant	Exercise price Pence	Exercise price period	2023 Number of share options	2022 Number of share options
2018	1,977.0	2021 and 2023	**60**	5,634
2019	1,813.0	2022 and 2024	**4,260**	4,418
2020	1,085.0	2023 and 2025	**520,303**	1,061,217
2021	1,365.0	2024 and 2026	**169,879**	180,570
2022	1,394.0	2025 and 2027	**320,801**	345,645
2023	1,524.0	2026 and 2028	**388,343**	–
At 31 December			**1,403,646**	1,597,484

Movements in the number of share options outstanding for the SAYE plan were as follows:

	2023		2022	
	Number of share options	Weighted average exercise price Pence	Number of share options	Weighted average exercise price Pence
At 1 January	**1,597,484**	**1,272.0**	1,363,852	1,152.0
Granted in the year	**418,512**	**1,365.0**	364,650	1,365.0
Forfeited or cancelled in the year	**(89,609)**	**1,403.0**	(88,406)	1,272.0
Exercised in the year	**(522,741)**	**1,086.0**	(42,612)	1,588.0
At 31 December	**1,403,646**	**1,266.0**	1,597,484	1,272.0

The fair value assumptions for each SAYE award granted are set with reference to market conditions at the grant date. Factors affecting the fair value of the award are the volatility of the share return, dividend policy, expected leaving service rates and early exercise.

In setting the assumption for future share return volatility, historical volatility is calculated, using the Group's historical share price and calculating the return on a weekly basis. The historical annualised volatility of the Group's share return is then measured over rolling one, three and five periods. The most appropriate historical volatility measure, based on weekly share price data, is then used for the purposes of setting the volatility assumption for both awards. Consistent with previous practice, a 5-year historical volatility measure was used, creating a volatility assumption of 28% per annum (2022: 26% per annum).

The weighted average share price at the dates of exercise for share options exercised during the year was £10.86 (2022: £15.88). The options outstanding at 31 December 2023 had a weighted average contractual life of 2.6 years (2.4 years) and a weighted average exercise price of £13.13 (2022: £11.89).

The group recognised a charge of £1.8 million in relation to this scheme in 2023 (2022: £1.6 million).

EXECUTIVE INCENTIVE PLAN

Under the remuneration policy, 40% of the total award will be given in cash with the remaining 60% of the award granted in shares. The group treats the cash element of the award as an employee benefit under IAS 19 and the share element of the award as an equity-settled share-based payment under IFRS 2. The fair value has been determined with reference to the share price at grant.

In 2021 this award was replaced with the Executive Share Performance Plan.

The group recognised a charge of £0.6 million in relation to the equity-settled share-based payment element of this scheme in 2023 (2022: £2.0 million).

The number of outstanding options left to vest for the EIP scheme as at 31 December 2023 is 200,725.

EXECUTIVE SHARE PERFORMANCE PLAN

The scheme was launched in 2021 to replace the Executive Incentive Plan.

Details of the general terms of this plan are set out in the remuneration committee report on page 129.

Under the remuneration policy, 50% of the annual bonus award is paid in cash and 50% is deferred in shares, although this split can be altered subject to Remuneration Committee approval. An annual restricted stock plan award is also granted under the scheme, and payment is deferred in shares.

The group treats the cash element of the award as an employee benefit under IAS 19 and the share element of the awards as equity-settled share-based payments under IFRS 2. The fair value has been determined with reference to the share price at grant.

The group recognised a charge of £3.3 million in relation to the equity-settled share-based payment element of this scheme in 2023 (2022: £2.0 million).

The number of outstanding options left to vest for the ESPP scheme as at 31 December 2023 is 353,292.

STAFF EQUITY PLAN

The Key Staff Equity Plan ('KSEP') was for individuals within Rathbones Investment Management and Rathbones Investment Management International. In anticipation of the KSEP vesting during 2023, the Key Employee Equity Plan ('KEEP') was launched in 2022 for individuals within Rathbones Investment Management and Rathbones Investment Management International, as well as employees within the group's support functions. The aim of the schemes is to promote increased equity interest in Rathbones Group Plc amongst employees.

32 SHARE-BASED PAYMENTS CONTINUED

Under both schemes, participants were granted awards under the plan in the form of an option with an exercise price of £nil. The option awards are subject to certain service and performance conditions. There are no market-related performance conditions attached to these awards.

The KSEP awards vested during the year on the fifth anniversary of the grant date. The awards are exercisable from the vesting date until the tenth anniversary of the grant date. The fair value has been determined with reference to the share price at grant less the value of expected dividends over the period to vesting, as no dividend shares have been granted on this award.

The KEEP awards will vest and become exercisable on the fifth anniversary of the grant date for the front office employees, and on the third anniversary of the grant date for employees in support functions. The fair value has been determined with reference to the share price at grant. There are no market-related performance conditions attached to this award.

The group recognised a charge of £2.1 million for the KSEP award in the year (2022: £4.2 million), and a charge of £2.7 million for the KEEP award (2022: £0.9 million).

The number of outstanding options left to vest for the KEEP scheme as at 31 December 2023 is 962,100.

OTHER SCHEMES

The group operates a number of other plans for rewarding employees. Participants are granted awards under these plans in the form of options, which vest automatically on an anniversary of the grant date (generally between one and five years). As the intention is to settle the options in such plans in shares, the awards are treated as equity-settled share-based payments under IFRS 2.

The Group recognised a charge of £1.3 million for the Rathbones Exceptional Performance Plan scheme in 2023 (2022: 1.7 million).

The Group recognised a charge of £2.3 million for the Rathbone Enhanced Profit Share Plan scheme in 2023 (2022: 2.1 million).

ACQUISITION-RELATED SHARE-BASED PAYMENTS

Details of the general terms of share-based payments associated with the acquisition of Speirs & Jeffrey, Saunderson House and IW&I are set out in note 8.

33 FINANCIAL RISK MANAGEMENT

The group has identified the financial, business and operational risks arising from its activities and has established policies and procedures to manage these items in accordance with its risk appetite, as described in the group risk committee report on pages 110 to 113.

The group categorises its financial risks into the following primary areas:

(i) credit risk (which includes counterparty default risk)
(ii) liquidity risk;
(iii) market risk (which includes fair value interest rate risk, cash flow interest rate risk, foreign exchange risk and price risk); and
(iv) pension risk.

The group's exposures to pension risk are set out in note 29.

The group's financial risk management policies are designed to identify and analyse the financial risks that the group faces, to set appropriate risk tolerances, limits and controls, and to monitor the financial risks and adherence to limits by means of reliable and up-to-date information systems. The group regularly reviews its financial risk management policies and systems to reflect changes in the business, counterparties, markets and the range of financial instruments that it utilises.

The treasury department, reporting through the banking committee, has principal responsibility for monitoring exposure to credit risk, liquidity risk and market risk. Procedures and delegated authorities are documented in a group treasury manual and policy documents prescribe the management and monitoring of each type of risk. The primary objective of the group's treasury policy is to manage short term liquidity requirements whilst maintaining an appropriate level of exposure to other financial risks in accordance with the group's risk appetite.

(i) CREDIT RISK

The group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due, through its banking, treasury, trust and financial planning activities. The principal source of credit risk arises from placing funds in the money market and holding interest-bearing securities. The group also has exposure to credit risk through its client loan book.

It is the group's policy to place funds generated internally and from deposits by clients with a range of high-quality, investment grade financial institutions and the Bank of England. Investments with financial institutions are spread to avoid excessive exposure to any individual counterparty. Loans made to clients are secured against clients' assets that are held and managed by group companies.

Exposure to credit risk is managed through setting appropriate ratings requirements and lending limits. Limits are reviewed regularly, taking into account the ability of borrowers and potential borrowers to meet repayment obligations.

The group categorises its exposures based on the long-term ratings awarded to counterparties by Fitch, Moody's or S&P. Each exposure is assessed individually, both at inception and in ongoing monitoring. In addition to formal external ratings, the banking committee also utilises market intelligence information to assist with its ongoing monitoring. The group's financial assets are categorised as follows:

33 FINANCIAL RISK MANAGEMENT CONTINUED

(i) CREDIT RISK CONTINUED

Balances with central banks (note 14)

The group has exposure to central banks through its deposits held with the Bank of England.

Loans and advances to banks (note 15) and debt and other securities (note 17)

The group has exposures to a wide range of financial institutions through its treasury portfolio, which includes bank deposits, certificates of deposit, money market funds and UK Government treasury bills. These exposures principally arise from the placement of clients' cash, where it is held under a banking relationship, and the group's own reserves.

Balances with central banks, loans and advances to banks and debt and other securities (excluding equity securities) are collectively referred to as the group's treasury book.

Treasury book	2023 £m	2022 £m
Balances with central banks	**1,038.3**	1,413.0
Loans and advances to banks – fixed deposits/notice accounts	**14.5**	30.0
Unlisted debt securities	**1,294.6**	1,045.2
Gross amount	**2,347.4**	2,488.2

The group's policy requires that all such exposures are only taken with counterparties that have been awarded a minimum long-term rating of single A by Fitch or equivalent rating by Moody's or S&P. Counterparty limits are also in place to limit exposure to an individual counterparty or connected group of counterparties. Counterparty exposures are monitored on a daily basis by the treasury department and reviewed by the banking committee on a monthly basis, or more frequently when necessary. The banking committee may suspend dealing in a particular counterparty, or liquidate specific holdings, in the light of adverse market information.

Loans and advances to customers (note 16)

The group provides loans to clients through its investment management operations ('the investment management loan book'). The group is also exposed to credit risk on overdrafts on clients' investment management accounts, work in progress arising from the trust, tax and financial planning businesses ('trust and financial planning debtors') and other debtors.

(a) Overdrafts

Overdrafts on clients' investment management accounts arise from time to time due to short-term timing differences between the purchase and sale of assets on a client's behalf. Overdrafts are actively monitored and reported to the banking committee on a monthly basis.

(b) Investment management loan book

Loans are provided as a service to investment management clients, who are generally asset-rich but have short- to medium-term cash requirements. Such loans are normally made on a fully secured basis against portfolios held in Rathbones' nominee name, and some loans may be partially secured by property. Extensions to the initial loan period may be granted subject to credit criteria.

All lending exposures undergo an initial assessment of creditworthiness according to Rathbones' internal affordability model. On an ongoing basis, the assessment is repeated at least annually, or sooner in the event of a trigger, such as a decline in portfolio value due to withdrawal or market conditions, as this would highlight a potential deterioration in creditworthiness.

At 31 December 2023, the total lending exposure limit for the investment management loan book was £250.0 million (2022: 250.0 million), of which £100.2 million had been advanced (2022: £158.1 million) and a further £15.4 million had been committed (2022: £22.5 million).

(c) Trust and financial planning debtors

Trust and financial planning debtors relate to fees which have been invoiced but not yet settled by clients. The collection and ageing of trust and financial planning debtors are reviewed on a monthly basis by the management committees of the group's trust and financial planning businesses.

(d) Other debtors

Other loans and advances to customers relate to management fees receivable.

Settlement balances

Settlement risk arises in any situation where a payment in cash or transfer of a security is made in the expectation of a corresponding delivery of a security or receipt of cash. The majority of transactions are carried out on a delivery versus payment basis, which results in securities and cash being exchanged within a very close timeframe. Settlement balances outside standard terms are monitored on a daily basis.

The Wealth Management and Asset Management segments have exposure to market counterparties in the settlement of trades. Settlement balances arising in the Investment Management segment are primarily in relation to client trades and risk of non-settlement is borne by clients.

33 FINANCIAL RISK MANAGEMENT CONTINUED

(i) CREDIT RISK CONTINUED

Maximum exposure to credit risk

	2023 £m	2022 £m
Credit risk relating to on-balance-sheet exposures:		
Cash and balances with central banks	**1,038.3**	1,413.0
Settlement balances	**165.7**	65.8
Loans and advances to banks	**266.9**	194.7
Loans and advances to customers:		
– overdrafts	**9.7**	6.5
– investment management loan book	**101.7**	159.7
– trust and financial planning debtors	**2.7**	3.0
– other debtors	**1.6**	0.5
Investment securities:		
– unlisted debt securities and money market funds	**1,294.6**	1,045.2
Other financial assets	**191.3**	104.7
Credit risk relating to off-balance-sheet exposures:		
Loan commitments	**15.4**	22.5
	3,087.9	3,015.7

The above table represents the group's gross credit risk exposure at 31 December 2023 and 2022, without taking account of any associated collateral held or other credit enhancements. For on-balance-sheet assets, the exposures set out above are based on gross carrying amounts.

Of the total maximum exposure, 14.2% is derived from loans and advances to banks and customers (2022: 12.1%) and 41.1% represents investment securities (2022: 34.7%).

Impairment of financial instruments

The group's accounting policy governing impairment of financial assets is given in note 1.12. Impairment losses on financial assets recognised in profit or loss were as shown in the table below. The main class of asset these impairment losses have arisen against is cash and balances held with central banks.

	2023 £m	2022 £m
Impairment losses/(reversals) arising from:		
– treasury book	**–**	–
– investment management loan book	**–**	–
– trust and financial planning debtors	**0.1**	(0.1)
	0.1	(0.1)

Expected Credit Loss ('ECL') assessment

At each reporting date, for both the treasury book and investment management loan book, the group assesses whether there has been a significant increase in credit risk of exposures since initial recognition, by comparing the change in the risk of a default occurring over the expected life of the instrument between the reporting date and the date of initial recognition. The following criteria are used to identify significant increases in credit risk and are monitored and reviewed periodically for appropriateness by the treasury team.

The group's ECL model was calibrated during a time of benign inflation, and thus inflation was historically negatively correlated with PDs. Given current inflation is supply-driven, a post-model adjustment was made to flatten the inflation forecast to remove the dampening effect on the PD.

Qualitative indicators

The group periodically monitors its exposures and uses a set of defined criteria to flag any counterparties that may be experiencing financial difficulties. Such exposures are monitored by the treasury team, and those that are considered to have experienced a significant increase in credit risk are classified as 'stage 2', on which a lifetime ECL is recognised.

Quantitative indicators

The lifetime probability of default at the reporting date is compared to the original lifetime probability of default at initial recognition and if the difference exceeds a predefined threshold (for the current analysis this threshold is set at 50% of the value at initial recognition) the exposure is moved to stage 2.

Probability of defaults used for identifying significant increases in credit risk for staging purposes are calculated using the same methodology and data used for estimating probability of defaults for the purpose of measuring expected credit losses.

The '30 days past due' backstop indicator has not been rebutted by the group, albeit it is not a significant driver of stage movements as the opportunity for a counterparty to miss a payment is low due to the fact that over the life of exposure, any interest and/or principal is directly debited from the counterparty's investment balance and investment income, which is in turn held as collateral under the group's custody.

Materially all exposures in both the treasury book and investment management loan book follow a bullet repayment structure; therefore, the exposure at any point in time reflects the outstanding balance of the instrument at that point in time.

Definition of default

The group considers an investment management loan book exposure to be in default when a client fails to respond to three sets of default notices (every 30 days for a period of 90 days). A treasury book exposure is deemed to be in default when a payment is past due by more than one working day (grace period).

33 FINANCIAL RISK MANAGEMENT CONTINUED

(i) CREDIT RISK CONTINUED

Probability of default (PD)

The group uses a lifetime PD for each exposure, which is the probability-weighted result of considering three economic scenarios: a base case, an upside scenario and a downside scenario. These scenarios include the forecast of the macroeconomic factors that have been identified as relevant to the group's exposures, which are incorporated into the estimation of lifetime PDs.

The methodology for estimating lifetime PDs and adjustments for macroeconomic scenarios used for identifying significant increases in credit risk are as follows:

Treasury book assessment

The 12-month PD for each exposure is initially estimated as the historical 12-month PD sourced from Standard & Poor's, by credit rating and country of exposure. In order to estimate the PDs occurring over the lifetime of an underlying exposure, the group applies its expectations of future progression in point in time ('PiT') default probabilities, which inherently revolve around expectations of future development of macroeconomic factors relevant to treasury assets, namely UK GDP, UK unemployment rates, UK inflation and UK interest rates.

Loss given default (LGD) for treasury book assets is dependent on the nature of the counterparty and the region in which the instrument was issued. For sovereign exposures, the group applies a flat LGD rate, which is externally sourced from Moody's most recent sovereign default and recovery rates research statistics, by country of issuer. For unsecured corporate exposures, a time series of historical corporate recovery rates is sourced from Moody's annual publication on corporate defaults and recovery rates.

The following table presents an analysis of the credit quality of treasury book exposures at amortised cost and FVTPL. It indicates whether assets measured at amortised cost were subject to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired:

	2023				2022			
		At amortised cost						
	Fair value through profit or loss £m	12-month ECL £m	Lifetime ECL – not credit-impaired £m	Lifetime ECL – credit-impaired £m	Fair value through profit or loss £m	12-month ECL £m	Lifetime ECL – not credit-impaired £m	Lifetime ECL – credit-impaired £m
AAA	–	–	–	–	–	–	–	–
AA+ to AA-	–	1,666.2	–	–	–	1,953.2	–	–
A+ to A-	–	681.3	–	–	–	535.0	–	–
Gross carrying amounts	–	2,347.5	–	–	–	2,488.2	–	–
Loss allowance		(0.1)	–	–	–	(0.1)	–	–
Carrying amount	–	2,347.4	–	–	–	2,488.1	–	–
Cash and balances with central banks	–	1,038.3	–	–	–	1,412.9	–	–
Loans and advances to banks	–	14.5	–	–	–	30.0	–	–
Unlisted debt securities	–	1,294.6	–	–	–	1,045.2	–	–
Carrying amount	–	2,347.4	–	–	–	2,488.1	–	–

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

33 FINANCIAL RISK MANAGEMENT CONTINUED

(i) CREDIT RISK CONTINUED

The movement in allowance for impairment for the treasury book during the year was as follows.

	12-month ECL £m	Lifetime ECL – not credit-impaired £m	Lifetime ECL – credit-impaired £m	Total ECL £m
Balance at 1 January 2023	0.1	–	–	0.1
Net remeasurement of loss allowance	–	–	–	–
Balance at 31 December 2023	0.1	–	–	0.1
Cash and balances with central banks	–	–	–	–
Loans and advances to banks	–	–	–	–
Unlisted debt securities	0.1	–	–	0.1
ECL provision	0.1	–	–	0.1

Investment management loan book assessment

Due to the lack of historical defaults within the investment management loan book, the model uses publicly available default data for UK secured lending as a starting point in order to obtain an initial estimate for PD. The 12-month PD is estimated as the historical long-term default rate on lending in the UK as sourced from the Council of Mortgage Lenders (CML).

In order to estimate the PDs occurring over the lifetime of an underlying exposure, the group develops its expectations of future progression in PiT default probabilities, which inherently revolves around expectations of future development of macroeconomic factors relevant to the bank's lending portfolio, namely UK GDP ('GDP') and UK unemployment rates (UR).

In order to develop and apply such forward-looking expectations, a historical relationship between PD, GDP and UR is estimated statistically through a multi-factor regression analysis of past movements between these variables. The relationship resulting from this analysis reflects the relative quantitative behaviour of the regressed macroeconomic factors against PD.

Using the calculated 12-month PiT PD as a starting point, conditional PDs for each future period within the period of exposure are estimated by applying the GDP and UR coefficients to the group's forecasts of UK GDP and UK UR respectively, as sourced from International Monetary Fund (IMF) forecast data. This analysis forms the base case scenario for estimating lifetime PDs. The same methodology is applied for separate upside and downside scenarios as required by the standard.

The following table presents an analysis of the credit quality of investment management loan book exposures at amortised cost. It indicates whether assets measured at amortised cost were subject to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired.

The categories below reflect the group's internal affordability tests, which consider a range of factors for the client, including their portfolio value, Experian score, and the length of their relationship with the group. 'High' is an indication the client poses a high risk in terms of being able to afford repayment of the loan facility. 'Medium' is an indication of a possibility the client may pose a risk in terms of being able to afford repayment of the loan facility. 'Low' is where the risk of a client not being able to repay the loan facility is considered reasonably low. 'Very low' is where the risk of a client not being able to repay the loan facility is considered extremely low.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

33 FINANCIAL RISK MANAGEMENT CONTINUED

(i) CREDIT RISK CONTINUED

	2023			2022		
	At amortised cost					
	12-month ECL £m	Lifetime ECL – not credit-impaired £m	Lifetime ECL – credit-impaired £m	12-month ECL £m	Lifetime ECL – not credit-impaired £m	Lifetime ECL – credit-impaired £m
Very low	**23.1**	**–**	**–**	31.1	–	–
Low	**70.2**	**–**	**–**	112.0	–	–
Medium	**6.9**	**–**	**–**	14.5	–	–
High	**1.5**	**–**	**–**	2.1	–	–
Gross carrying amounts	**101.7**	**–**	**–**	159.7	–	–
Loss allowance	**–**	**–**	**–**	–	–	–
Carrying amount	**101.7**	**–**	**–**	159.7	–	–

The movement in allowance for impairment of the investment management loan book during the year was as follows.

	12-month ECL £m	Lifetime ECL – not credit-impaired £m	Lifetime ECL – credit-impaired £m	Total ECL £m
Balance at 1 January 2023	**–**	**–**	**–**	**–**
Net remeasurement of loss allowance	**–**	**–**	**–**	**–**
Balance at 31 December 2023	**–**	**–**	**–**	**–**

Trust and financial planning debtors assessment

The group uses a provision matrix to measure the ECLs of trust and financial planning debtors, which comprise a large number of small balances. For such debts, a normal settlement period of up to 30 days is expected.

The weighted average loss rates are calculated with reference to the historic credit losses as a proportion of the overall debtor balance within each aging category at the time of default. The current period of assessment for the provision is five years.

The following table provides information about the exposure to credit risk and ECLs for trust and financial planning debtors as at 31 December 2023:

	2023 £m	2022 £m
Rathbones Trust Company	**1.3**	1.0
Rathbones Trust & Legal Services	**0.2**	0.2
Rathbone Financial Planning	**0.7**	0.5
Saunderson House	**0.7**	1.4
Gross carrying amounts	**2.9**	3.2
Loss allowance	**(0.2)**	(0.1)
Carrying amount	**2.7**	3.0

			Loss allowance		
Rathbones Trust Company	Weighted average loss rate	Gross carrying amount £m	Not credit impaired £m	Credit impaired £m	Total £m
<90 days overdue	**0.3%**	**0.6**	**–**	**–**	**–**
90-180 days overdue	**1.4%**	**0.2**	**–**	**–**	**–**
180-270 days overdue	**2.6%**	**0.2**	**–**	**–**	**–**
270-365 days overdue	**4.4%**	**0.1**	**–**	**–**	**–**
>365 days overdue	**23.2%**	**0.2**	**(0.1)**	**–**	**(0.1)**
		1.3	**(0.1)**	**–**	**(0.1)**

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

33 FINANCIAL RISK MANAGEMENT CONTINUED

(i) CREDIT RISK CONTINUED

At the prior year end, £0.03 million was recognised as an expected credit loss provision for Rathbones Trust Company.

Rathbones Trust & Legal Services	Weighted average loss rate	Gross carrying amount £m	Loss allowance: Not credit-impaired £m	Loss allowance: Credit-impaired £m	Total £m
<90 days overdue	0.8%	0.2	–	–	–
90-180 days overdue	3.9%	–	–	–	–
180-270 days overdue	7.0%	–	–	–	–
270-365 days overdue	12.7%	–	–	–	–
>365 days overdue	11.9%	–	–	–	–
		0.2	–	–	–

At the prior year end, £0.01 million was recognised as an expected credit loss provision for Rathbones Trust & Legal Services.

Rathbone Financial Planning	Weighted average loss rate	Gross carrying amount £m	Loss allowance: Not credit-impaired £m	Loss allowance: Credit-impaired £m	Total £m
<90 days overdue	0.0%	0.3	–	–	–
90-180 days overdue	0.0%	0.1	–	–	–
180-270 days overdue	0.0%	0.1	–	–	–
270-365 days overdue	0.0%	0.1	–	–	–
>365 days overdue	0.0%	–	–	–	–
		0.6	–	–	–

At the prior year end, £nil was recognised as an expected credit loss provision for Rathbone Financial Planning.

Saunderson House	Weighted average loss rate	Gross carrying amount £m	Loss allowance: Not credit impaired £m	Loss allowance: Credit impaired £m	Total £m
<90 days overdue	0.0%	0.5	–	–	–
90-180 days overdue	12.9%	–	–	–	–
180-270 days overdue	50.0%	–	–	–	–
270-365 days overdue	50.0%	0.1	–	–	–
>365 days overdue	100.0%	0.1	(0.1)	–	(0.1)
		0.7	(0.1)	–	(0.1)

At the prior year end, £0.08 million was recognised as an expected credit loss provision for Saunderson House.

The movement in allowance for impairment in respect of trust and financial planning debtors during the year is set out below.

Movement in impairment provision during the year	Trust and financial planning debtors £m
At 1 January	0.1
Amounts written off	0.1
Change in credit risk	–
At 31 December 2023	0.2

Concentration of credit risk

The group has counterparty credit risk within its financial assets in that exposure is to a number of similar credit institutions. The banking committee actively monitors counterparties and may reduce risk by either suspending dealing or liquidating investments in light of adverse market information, for example in anticipation of or in response to any formal Fitch or Moody's rating downgrade. This may happen in relation to specific banks or banks within a particular country or sector.

33 FINANCIAL RISK MANAGEMENT CONTINUED

(i) CREDIT RISK CONTINUED

(a) Geographical sectors

The following table analyses the group's credit exposures, at their carrying amounts, by geographical region as at the balance sheet date. In this analysis, exposures are categorised based on the country of domicile of the counterparty.

At 31 December 2023	United Kingdom £m	Eurozone £m	Rest of the World £m	Total £m
Cash and balances with central banks	1,038.3	–	–	1,038.3
Settlement balances	150.7	5.9	9.1	165.7
Loans and advances to banks	232.8	7.5	26.6	266.9
Loans and advances to customers:				
– overdrafts	9.3	0.1	0.3	9.7
– investment management loan book	80.1	0.1	21.5	101.7
– trust and financial planning debtors	2.7	–	–	2.7
– other debtors	1.5	–	–	1.5
Investment securities:				
– unlisted debt securities	415.9	366.8	511.9	1,294.6
Other financial assets	164.4	10.9	16.0	191.3
	2,095.7	391.3	585.4	3,072.4

At 31 December 2022	United Kingdom £m	Eurozone £m	Rest of the World £m	Total £m
Cash and balances with central banks	1,412.9	–	–	1,412.9
Settlement balances	65.4	0.1	0.3	65.8
Loans and advances to banks	192.9	–	1.8	194.7
Loans and advances to customers:				
– overdrafts	5.8	0.1	0.7	6.6
– investment management loan book	132.5	0.8	26.4	159.7
– trust and financial planning debtors	3.0	–	–	3.0
– other debtors	0.5	–	–	0.5
Investment securities:				
– unlisted debt securities and money market funds	159.6	250.0	635.7	1,045.3
– Other financial assets	89.4	3.3	12.0	104.7
	2,062.0	254.3	676.9	2,993.2

At 31 December 2023, materially all eurozone exposures were to counterparties based in the Netherlands, France and Finland (2022: Netherlands, France and Finland) and materially all rest of the world exposures were to counterparties based in Switzerland, Sweden, Norway, Canada, Japan, United States of America and Australia (2022: Switzerland, Sweden, Norway, Canada and Australia). At 31 December 2023, the group had exposure to the UK government through the holding of treasury bills (2022: UK government through the holding of treasury bill).

33 FINANCIAL RISK MANAGEMENT CONTINUED

(i) CREDIT RISK CONTINUED

(B) Industry sectors

The group's credit exposures at the balance sheet date, analysed by the primary industry sectors in which our counterparties operate, were:

At 31 December 2023	Public sector £m	Financial institutions £m	Clients and other corporate £m	Total £m
Cash and balances with central banks	1,038.3	–	–	1,038.3
Settlement balances	–	163.9	1.8	165.7
Loans and advances to banks	–	266.9	–	266.9
Loans and advances to customers:				
– overdrafts	–	–	9.7	9.7
– investment management loan book	–	–	101.7	101.7
– trust and financial planning debtors	–	–	2.7	2.7
– other debtors	–	–	1.5	1.5
Investment securities:				
– unlisted debt securities and money market funds	200.9	1,093.7	–	1,294.6
Other financial assets	6.4	56.8	128.1	191.3
	1,245.6	1,581.3	245.5	3,072.4

At 31 December 2022	Public sector £m	Financial institutions £m	Clients and other corporate £m	Total £m
Cash and balances with central banks	1,412.9	–	–	1,412.9
Settlement balances	–	65.8	–	65.8
Loans and advances to banks	–	194.7	–	194.7
Loans and advances to customers:				
– overdrafts	–	–	6.6	6.6
– investment management loan book	–	–	159.7	159.7
– trust and financial planning debtors	–	–	3.0	3.0
– other debtors	–	–	0.5	0.5
Investment securities:				
– unlisted debt securities and money market funds	24.6	1,020.6	–	1,045.2
Other financial assets	2.6	11.8	90.4	104.8
	1,440.1	1,292.9	260.2	2,993.2

(ii) LIQUIDITY RISK

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The primary objective of the group's treasury policy is to manage short- to medium-term liquidity requirements. In addition to setting the treasury policy, Rathbones Investment Management ('the Bank') performs an annual assessment of liquidity adequacy in accordance with the regulatory requirements of the Prudential Regulation Authority (PRA) (our Internal Liquidity Adequacy Assessment Process). The Bank faces two principal risks, namely that a significant proportion of client funds are withdrawn over a short period of time (retail funding risk) and the risk that marketable assets may not be capable of being realised in the time and at the value required (marketable assets risk).

Funding risks are monitored by daily cash mismatch analyses and CRR ratios using expected cash and asset maturity profiles and regular forecasting work. This is supported by stress tests which cover firm-specific idiosyncratic scenarios and/or the effects of unforeseen market-wide stresses. Marketable assets risk is primarily managed by holding cash and marketable instruments which are realisable at short notice. The group operates strict criteria to ensure that investments are liquid and placed with high-quality, investment grade counterparties. A minimum liquid assets buffer (to be held in eligible liquid assets) is set by the board at least annually in conjunction with an amount prescribed by the PRA.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

33 FINANCIAL RISK MANAGEMENT CONTINUED

(ii) LIQUIDITY RISK CONTINUED

Non-derivative cash flows

The table below presents the undiscounted cash flows receivable and payable by the group under non-derivative financial assets and liabilities analysed by the remaining contractual maturities at the balance sheet date.

At 31 December 2023	On demand £m	Not more than 3 months £m	After 3 months but not more than 1 year £m	After 1 year but not more than 5 years £m	After 5 years £m	No fixed maturity date £m	Total £m
Cash and balances with central banks	1,036.0	2.8	2.3	–	–	–	1,041.1
Settlement balances	6.4	159.3	–	–	–	–	165.7
Loans and advances to banks	245.4	21.5	–	–	–	–	266.9
Loans and advances to customers	11.5	3.4	3.2	115.0	–	–	133.1
Debt securities and money market funds	–	413.2	941.1	–	–	–	1,354.3
Equity securities	–	–	–	–	–	1.2	1.2
Other financial assets	1.1	157.0	3.3	0.3	–	–	161.7
Cash flows arising from financial assets	1,300.4	757.2	949.9	115.3	–	1.2	3,124.0
Deposits by banks	12.4	–	–	–	–	–	12.4
Settlement balances	7.4	164.7	–	–	–	–	172.1
Due to customers	1,652.5	506.5	103.0	–	–	–	2,262.0
Subordinated loan notes	–	–	2.3	44.5	–	–	46.8
Lease liabilities[1]	–	–	–	–	–	–	–
Other financial liabilities	1.6	49.0	14.9	28.1	10.4	–	104.0
Cash flows arising from financial liabilities	1,673.9	720.2	120.2	72.6	10.4	–	2,597.3
Net liquidity gap	(373.5)	37.0	829.7	42.7	(10.4)	1.2	526.7
Cumulative net liquidity gap	(373.5)	(336.5)	493.3	536.0	525.5	526.7	–

33 FINANCIAL RISK MANAGEMENT CONTINUED
(ii) LIQUIDITY RISK CONTINUED

At 31 December 2022	On demand £m	Not more than 3 months £m	After 3 months but not more than 1 year £m	After 1 year but not more than 5 years £m	After 5 years £m	No fixed maturity date £m	Total £m
Cash and balances with central banks	1,408.0	2.3	5.0	–	–	–	1,415.3
Settlement balances	–	65.8	–	–	–	–	65.8
Loans and advances to banks	164.8	–	30.1	–	–	–	194.9
Loans and advances to customers	8.2	3.4	2.3	167.6	–	–	181.5
Debt securities and money market funds	–	361.9	710.5	–	–	–	1,072.4
Equity securities	–	–	–	–	–	3.1	3.1
Other financial assets	4.5	85.9	1.6	0.2	–	–	92.2
Cash flows arising from financial assets	1,585.5	519.3	749.5	167.8	–	3.1	3,025.2
Deposits by banks	1.0	–	–	–	–	–	1.0
Settlement balances	–	69.9	–	–	–	–	69.9
Due to customers	2,328.0	183.6	5.0	–	–	–	2,516.6
Subordinated loan notes	–	–	2.3	46.8	–	–	49.1
Lease liabilities	–	1.9	5.9	22.2	37.8	–	67.8
Other financial liabilities	0.2	19.9	0.2	5.4	4.5	–	30.2
Cash flows arising from financial liabilities	2,329.2	275.3	13.4	74.4	42.3	–	2,734.6
Net liquidity gap	(743.7)	244.0	736.1	93.4	(42.3)	3.1	290.6
Cumulative net liquidity gap	(743.7)	(499.8)	236.4	329.8	287.5	290.6	–

Liabilities which do not have a contractual maturity date are categorised as 'on demand'. Included within the amounts due to customers on demand are balances which historical experience shows are unlikely to be called in the short term. A prudent level of highly liquid assets is retained to cover reasonably foreseeable short-term changes in client deposits. All debt securities are readily marketable and can be realised through disposals.

The group holds equity investments worth £nil (2022: £8.1 million) which are subject to liquidity risk but are not included in the table above. These units in collectives managed by Rathbones Asset Management Ltd were sold during the period. The assets were previously held as fair value through profit or loss securities and had no fixed maturity date; cash flows arose from receipt of dividends or through sale of the assets.

33 FINANCIAL RISK MANAGEMENT CONTINUED

(ii) LIQUIDITY RISK CONTINUED

Off-balance-sheet items

Cash flows arising from the group's off-balance-sheet financial liabilities (note 35) are summarised in the table below.

The contractual value of the group's commitments to extend credit to clients are analysed by the duration of the commitment. Capital commitments are summarised by the earliest expected date of payment.

At 31 December 2023	Not more than 3 months £m	After 3 months but not more than 1 year £m	After 1 year but not more than 5 years £m	After 5 years £m	Total £m
Loan commitments	**15.4**	**–**	**–**	**–**	**15.4**
Capital commitments	**8.5**	**5.5**	**–**	**–**	**14.0**
Total off-balance-sheet items	**23.9**	**5.5**	**–**	**–**	**29.4**

At 31 December 2022	Not more than 3 months £m	After 3 months but not more than 1 year £m	After 1 year but not more than 5 years £m	After 5 years £m	Total £m
Loan commitments	22.5	–	–	–	22.5
Capital commitments	0.5	–	–	–	0.5
Total off-balance-sheet items	23.0	–	–	–	23.0

Total liquidity requirement

At 31 December 2023	On demand £m	Not more than 3 months £m	After 3 months but not more than 1 year £m	After 1 year but not more than 5 years £m	After 5 years £m	Total £m
Cash flows arising from financial liabilities	**1,673.9**	**720.2**	**120.2**	**72.6**	**10.4**	**2,597.3**
Total off-balance-sheet items	**–**	**23.9**	**5.5**	**–**	**–**	**29.4**
Total liquidity requirement	**1,673.9**	**744.1**	**125.7**	**72.6**	**10.4**	**2,626.7**

At 31 December 2022	On demand £m	Not more than 3 months £m	After 3 months but not more than 1 year £m	After 1 year but not more than 5 years £m	After 5 years £m	Total £m
Cash flows arising from financial liabilities	2,329.2	275.3	13.4	74.4	42.3	2,734.6
Total off-balance-sheet items	–	23.0	–	–	–	23.0
Total liquidity requirement	2,329.2	298.3	13.4	74.4	42.3	2,757.6

(iii) MARKET RISK

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The group's principal exposure to cash flow interest rate risk arises from the mismatch between the repricing of its financial assets and liabilities. In particular, customer accounts and loan balances are repriced very shortly after changes in base rates, whereas the yield on the group's interest-bearing assets is correlated to the future expectation of base rates and varies depending on the maturity profile of the group's treasury portfolio. The average maturity mismatch is controlled by the banking committee, which generally lengthens the mismatch when the yield curve is rising and shortens it when the yield curve is falling.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

33 FINANCIAL RISK MANAGEMENT CONTINUED

(iii) MARKET RISK CONTINUED

The table below shows the consolidated repricing profile of the group's financial assets and liabilities, stated at their carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

At 31 December 2023	Not more than 3 months £m	After 3 months but not more than 6 months £m	After 6 months but not more than 1 year £m	After 1 year but not more than 5 years £m	After 5 years £m	Non-interest-bearing £m	Total £m
Assets							
Cash and balances with central banks	1,036.0	–	–	–	–	2.3	1,038.3
Settlement balances	–	–	–	–	–	165.7	165.7
Loans and advances to banks	252.2	14.5	–	–	–	0.2	266.9
Loans and advances to customers	111.8	0.4	0.3	–	–	3.1	115.6
Investment securities:							
– equity securities	–	–	–	–	–	1.2	1.2
– unlisted debt securities and money market funds	400.4	370.8	523.4	–	–	–	1,294.6
Other financial assets	0.5	–	–	–	–	190.8	191.3
Total financial assets	1,800.9	385.7	523.7	–	–	363.3	3,073.6
Liabilities							
Deposits by banks	12.4	–	–	–	–	–	12.4
Settlement balances	–	–	–	–	–	172.1	172.1
Due to customers	2,108.9	99.2	–	–	–	45.2	2,253.3
Subordinated loan notes	–	–	–	39.9	–	–	39.9
Other financial liabilities	4.4	2.4	4.8	39.2	26.0	69.6	146.4
Total financial liabilities	2,125.7	101.6	4.8	79.1	26.0	286.9	2,624.1
Interest rate repricing gap	(324.8)	284.1	518.9	(79.1)	(26.0)	76.4	449.5

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

33 FINANCIAL RISK MANAGEMENT CONTINUED

(iii) MARKET RISK CONTINUED

At 31 December 2022	Not more than 3 months £m	After 3 months but not more than 6 months £m	After 6 months but not more than 1 year £m	After 1 year but not more than 5 years £m	After 5 years £m	Non-interest-bearing £m	Total £m
Assets							
Cash and balances with central banks	1,408.0	–	–	–	–	4.9	1,412.9
Settlement balances	–	–	–	–	–	65.8	65.8
Loans and advances to banks	164.5	30.0	–	–	–	0.3	194.8
Loans and advances to customers	166.0	–	–	–	–	3.8	169.8
Investment securities:							
– equity securities	3.1	–	–	–	–	8.1	11.2
– unlisted debt securities and money market funds	357.1	313.1	375.0	–	–	–	1,045.2
Other financial assets	0.6	–	–	–	–	104.1	104.7
Total financial assets	2,099.3	343.1	375.0	–	–	187.0	3,004.4
Liabilities							
Deposits by banks	1.0	–	–	–	–	–	1.0
Settlement balances	–	–	–	–	–	69.9	69.9
Due to customers	2,446.7	4.9	–	–	–	64.5	2,516.1
Subordinated loan notes	–	–	–	39.9	–	–	39.9
Other financial liabilities	1.2	1.2	2.6	19.6	25.9	28.6	79.1
Total financial liabilities	2,448.9	6.1	2.6	59.5	25.9	163.0	2,706.0
Interest rate repricing gap	(349.6)	337.0	372.4	(59.5)	(25.9)	24.1	298.4

The banking committee has set an overall pre-tax interest rate exposure limit of £8.0 million (2022: £8.0 million) for the total potential loss resulting from an unexpected immediate and sustained 2% movement in sterling interest rates for the Bank, the principal operating subsidiary. The potential total loss is calculated on the basis of the average number of days to repricing of the interest-bearing liabilities compared with the period to repricing on a corresponding amount of interest-bearing assets.

At 31 December 2023, the Bank had a net present value sensitivity of £7.5 million (2022: £6.4 million) for an upward 2% shift in rates. The group held no forward rate agreements at 31 December 2023 (2022: none).

The Group has assessed the impact of climate change on the carrying amount of its financial assets and liabilities at year-end, and considers there to be no material impact.

33 FINANCIAL RISK MANAGEMENT CONTINUED

(iii) MARKET RISK CONTINUED

Foreign exchange risk

The group is exposed to translational foreign exchange risk as it undertakes transactions in foreign currencies and is therefore exposed to foreign exchange rate fluctuations. The group monitors its currency exposures that arise in the ordinary course of business on a daily basis and significant exposures are managed through the use of spot contracts, from time to time, so as to reduce any currency exposure to a minimal amount. The group has no structural foreign currency exposure.

The group does not have any material exposure to transactional foreign exchange risk. The table below summarises the group's exposure to foreign currency translation risk at 31 December 2023. Included in the table are the group's financial assets and liabilities, at carrying amounts, categorised by currency.

At 31 December 2023	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
Assets					
Cash and balances with central banks	1,038.3	–	–	–	1,038.3
Settlement balances	150.6	5.4	2.4	7.3	165.7
Loans and advances to banks	230.3	13.2	18.7	4.7	266.9
Loans and advances to customers	109.3	5.1	1.2	–	115.6
Investment securities:					
– equity securities	–	–	1.2	–	1.2
– unlisted debt securities and money market funds	1,259.3	35.3	–	–	1,294.6
Other financial assets	185.1	1.6	1.7	2.9	191.3
Total financial assets	2,972.9	60.6	25.2	14.9	3,073.6
Liabilities					
Deposits by banks	12.4	–	–	–	12.4
Settlement balances	146.5	16.0	2.3	7.3	172.1
Due to customers	2,176.4	53.7	18.2	5.0	2,253.3
Subordinated loan notes	39.9	–	–	–	39.9
Other financial liabilities	146.2	0.2	–	–	146.4
Total financial liabilities	2,521.4	69.9	20.5	12.3	2,624.1
Net on-balance-sheet position	451.5	(9.3)	4.7	2.6	449.5
Loan commitments	15.4	–	–	–	15.4

33 FINANCIAL RISK MANAGEMENT CONTINUED

(iii) MARKET RISK CONTINUED

At 31 December 2022	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
Assets					
Cash and balances with central banks	1,412.9	–	–	–	1,412.9
Settlement balances	63.6	0.5	0.1	1.6	65.8
Loans and advances to banks	137.5	27.1	20.0	10.1	194.7
Loans and advances to customers	161.4	5.6	2.8	–	169.8
Investment securities:					
– equity securities	8.1	–	3.1	–	11.2
– unlisted debt securities and money market funds	974.6	70.7	–	–	1,045.3
Other financial assets	103.1	0.8	0.8	–	104.7
Total financial assets	2,861.2	104.7	26.8	11.7	3,004.4
Liabilities					
Deposits by banks	1.0	–	–	–	1.0
Settlement balances	67.4	1.9	0.3	0.3	69.9
Due to customers	2,389.4	91.4	25.1	10.2	2,516.1
Subordinated loan notes	39.9	–	–	–	39.9
Other financial liabilities	78.8	0.2	0.1	–	79.1
Total financial liabilities	2,576.5	93.5	25.5	10.5	2,706.0
Net on-balance-sheet position	284.7	11.2	1.3	1.2	298.4
Loan commitments	22.5	–	–	–	22.5

A 10% weakening of the US dollar against sterling, occurring on 31 December 2023, would have increased equity and profit after tax by £0.7 million (2022: reduced by £0.9 million). A 10% weakening of the euro against sterling, occurring on 31 December 2023, would have reduced equity and profit after tax by £0.4 million (2022: reduced by £0.1 million). A 10% strengthening of the US dollar or euro would have had an equal and opposite effect. This analysis assumes that all other variables, in particular other exchange rates, remain constant.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk). The group is exposed to price risk through its holdings of equity investment securities, which are reported at their fair value (note 17).

At 31 December 2023, the fair value of listed equity securities recognised on the balance sheet was £nil (2022: £8.1 million). A 10% fall in global equity markets would, in isolation, have resulted in a pre-tax decrease to net assets of £nil (2022: £0.5 million); there would have been no impact on profit after tax. A 10% rise in global markets would have had an equal and opposite effect

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

33 FINANCIAL RISK MANAGEMENT CONTINUED
(iii) MARKET RISK CONTINUED

Fair values

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

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

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

At 31 December 2022	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Fair value through profit or loss:				
– equity securities	8.1	–	3.1	11.2
	8.1	–	3.1	11.2

The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There have been no transfers between levels during the year (2022: none).

The fair value of listed equity securities is their quoted price.

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

- Investment debt securities measured at amortised cost (note 17) comprise bank and building society certificates of deposit, which have fixed coupons, and treasury bills. The fair value of the debt securities at 31 December 2023 was £1,296.8 million (2022: £1,053.5 million) and the carrying value was £1,294.6 million (2022: £1,045.3 million). Fair value of debt securities is based on market bid prices, and hence would be categorised as level 1 within the fair value hierarchy.
- Subordinated loan notes (note 28) comprise Tier 2 loan notes. The fair value of the loan notes at 31 December 2023 was £37.4 million (2022: £41.2 million) and the carrying value was £39.9 million (2022: £39.9 million). Fair value of the loan notes is based on discounted future cash flows using current market rates for debts with similar remaining maturity, and hence would be categorised as level 2 in the fair value hierarchy.

Level 3 financial instruments

Fair value through profit or loss

At 31st December 2023, the group held 517 shares in Euroclear Holdings SA, which are classed as Level 3 in the fair value hierarchy, since readily available observable market data is not available. At the prior year-end, the Group held 1,809 shares which were valued at £3.1 million by reference to the indicative price derived from the most recent transactions of the shares in the market. During the year, the group sold 1,292 of its shares in two separate transactions. The price was used to value the remaining shares at year-end.

The valuation at the balance sheet date has been adjusted for movements in exchange rates since the acquisition date. A 10% weakening of the euro against sterling, occurring on 31 December 2022, would have reduced equity and profit after tax by £0.1 million (2022: £0.3 million). 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:

	2023	2022
At 1 January	3.1	2.5
Total unrealised gains/(losses) recognised in profit or loss	1.0	0.6
Total disposals	(2.9)	–
At 31 December	1.2	3.1

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

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

33 FINANCIAL RISK MANAGEMENT CONTINUED

(iv) PENSION RISK

The main risks to the group arising from both schemes are in respect of:

- Volatility of assets: In accordance with the requirements of IAS19, the discount rate used for valuing the Schemes' defined benefit obligations has been derived from the yield available on suitably dated 'high quality' (AA-rated) corporate bonds at the effective date. The schemes' assets are invested in instruments other than such bonds, and so relative under-performance will lead to a fall in the balance sheet position
- Changes in Bond yields: A change in the yields of corporate bonds used to set the discount rate will affect the value placed on the Schemes' defined benefit obligations. This is expected to be partially mitigated by the holding of corporate bonds by the schemes
- Inflation: The value placed on the schemes' defined benefit obligations are linked to inflation. If actual levels of inflation are higher or lower than the assumed rate of inflation, or the assumed rate of inflation changes, this will affect the value of the schemes' defined benefit obligations. Both schemes holds investments linked to future inflation rates (including Liability Driven Investments), which act to provide protection to the balance sheet position from inflation changes. Investments), which act to provide protection to the balance sheet position from inflation changes
- Life Expectancy (mortality): Members and their spouses receive benefits payable over their lifetime, so an increase in future life expectancies will result in pensions being assumed to be paid for longer, and an increase in the defined benefit obligation.

34 CAPITAL MANAGEMENT

Rathbones Group Plc's capital is defined for accounting purposes as total equity. As at 31 December 2023 this totalled £1,350.1 million (2022: £634.8 million).

In 2021 Rathbones Group Plc issued £40.0 million of 10-year tier 2 notes with a call option in October 2026 and annually thereafter (note 28). As at 31 December 2023, the carrying value of the notes was £39.9 million (2022: £39.9 million). From time to time, the group also runs small overnight overdraft balances as part of working capital.

The group's objectives when managing capital are to:

- safeguard the group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders
- maintain a strong capital base in a cost-efficient manner to be able to support the development of the business when required
- optimise the distribution of capital across group companies, reflecting the requirements of each business
- strive to make capital freely transferable across the group where possible
- comply with regulatory requirements at all times.

Rathbones is classified for capital purposes as a banking group and performs an ICAAP, which is prepared on an annual basis and presented to the PRA on request. Regulatory capital resources for ICAAP purposes are calculated in accordance with published rules. These require certain adjustments to and certain deductions from accounting capital, the latter largely in respect of intangible assets. The ICAAP compares regulatory capital resources against regulatory capital requirements derived using the PRA's Pillar 1 and Pillar 2 methodology. The group has adopted the standardised approach to calculating its Pillar 1 credit risk component and the basic indicator approach to calculating its operational risk component. Capital management policy and practices are applied at both group and entity level.

At 31 December 2023 the group's regulatory capital resources, including retained earnings for 2023, were £471.4 million (2022: £338.8 million). The increase in reserves during 2023 is due to an increase in the group's retained earnings, on account of profits generated in the year, and newly issued shares in the year for employee remuneration awards.

In addition to a variety of stress tests performed as part of the ICAAP process, and daily reporting in respect of treasury activity, capital levels are monitored and forecast on a monthly basis to ensure that dividends and investment requirements are appropriately managed and appropriate buffers are kept against adverse business conditions.

No breaches were reported to the PRA during the financial years ended 31 December 2022 and 2023.

The group has not applied transitional relief in recognising expected credit losses (ECLs) in regulatory capital resources. As such, there is no difference between accounting ECLs and regulatory capital ECLs.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

35 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Capital expenditure authorised and contracted for at 31 December 2023 but not provided in the financial statements amounted to £14.0 million relating to expenditure on fixtures and fittings and software (2022: £0.5 million).

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

	2023 £m	2022 £m
Undrawn commitments to lend of 1 year or less	**11.8**	17.9
Undrawn commitments to lend of more than 1 year	**3.6**	4.6
	15.4	22.5

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

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

36 RELATED PARTY TRANSACTIONS

Transactions with key management personnel

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

Gains on options exercised by directors during the year totalled £nil (2022: £nil). Further information about the remuneration of individual directors is provided in the audited part of the directors' remuneration report on page 132.

	2023 £m	2022 £m
Short-term employee benefits	**13.2**	10.2
Post-employment benefits	**0.3**	0.3
Other long-term benefits	**1.3**	0.3
Share-based payments	**2.6**	0.4
	17.4	11.2

Dividends totalling £0.3 million were paid in the year (2022: £0.2 million) in respect of ordinary shares held by key management personnel and their close family members.

At 31 December 2023, key management personnel and their close family members had gross outstanding deposits of £1.0 million (2022: £1.7 million) and gross outstanding banking loans of £0.1 million (2022: nil). A number of the group's key management personnel and their close family members make use of the services provided by companies within the group. Charges for such services are made at various staff rates. All transactions were made on normal business terms.

Other related party transactions

The group's transactions with the pension funds are described in note 29. At 31 December 2023, no amounts were outstanding with either the Laurence Keen Scheme or the Rathbone 1987 Scheme (2022: none).

As a result of the IW&I transaction on 21 September 2023, Rathbones Group Plc is an associate of Investec Bank PLC. As at the 31 December there was a net payable balance with Investec Bank PLC of £8.3 million (2022: £nil). IW&I outsources payroll to Investec Bank PLC (for which a charge is levied under the transitional services agreement), the balance outstanding as at the reporting date is predominantly related to IW&I employee salary costs and associated payroll taxes. During the period from acquisition, Investec Bank PLC have provided certain services to IW&I via the transitional services agreement. The total expense for these services recognised during the period from 21 September 2023 to 31 December 2023 is £4.8 million (2022: £nil). These amounts were fully paid as at 31 December 2023. IW&I partially sublets certain regional office space to Investec Bank PLC companies and charges Investec Bank PLC for use of research, total fees receivable under these arrangements 21 September 2023 to 31 December 2023 were £0.1 million and £0.3 million respectively (2022: nil).

One group subsidiary, Rathbones Asset Management Limited, has authority to manage the investments within a number of unit trusts. During 2023, the group managed 28 unit trusts, Sociétés d'Investissement à Capital Variable (SICAVs) and open-ended investment companies (OEICs) (together, 'collectives') (2022: 32 unit trusts and OEICs).

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

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

36 RELATED PARTY TRANSACTIONS CONTINUED

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

Year ended 31 December	2023 £m	2022 £m
Total management fees	69.6	68.2

As at 31 December	2023 £m	2022 £m
Management fees owed to the group	6.5	5.6
Holdings in unit trusts (note 17)	–	8.1
	6.5	13.7

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

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

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

37 INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES

As described in note 36, at 31 December 2023, the group owned units in collectives managed by Rathbones Asset Management Limited with a value of £nil (2022: £8.1 million), representing 0.0% (2022: 0.08%) of the total value of the collectives managed by the group. These assets are held to hedge the group's exposure to deferred remuneration schemes for employees of Unit Trusts.

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

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

38 CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2023 £m	2022 £m
Cash and balances at central banks (note 14)	1,036.0	1,408.0
Loans and advances to banks (note 15)	266.9	164.7
At 31 December	1,302.9	1,572.7

Mandatory reserve deposits of £2.3 million (2022: £5.0 million) are held with central banks in accordance with statutory requirements. As these deposits are not held in demand accounts, and are not available to finance the group's day-to-day operations, they are excluded from cash and cash equivalents.

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

	2023 £m	2022 £m
Share capital issued (note 30)	2.2	0.1
Share premium on shares issued (note 30)	2.3	18.9
Merger reserve on shares issued (note 30)	747.4	–
Shares issued in relation to share-based schemes and business combinations for which no cash consideration was received	(751.9)	(9.8)
Proceeds from issue of share capital	–	9.3
Shares repurchased and placed into the employee benefit trust (note 31)	(16.0)	(18.6)
Net issue/(repurchase) of ordinary shares	(16.0)	(9.3)

In 2022, £5.7 million of shares were issued for the vesting of the Speirs & Jeffrey second earn-out consideration. £4.1 million of shares were also issued for the Saunderson House deferred share consideration. There was no cash consideration received for these transactions. £18.6 million of shares were repurchased and placed into the group EBT in the prior year.

During the year, £751.9 million of shares were issued as consideration for the IW&I transaction, there was no cash consideration received for this transaction. In addition to this, £16.0 million of shares were repurchased and placed into the group EBT.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

38 CONSOLIDATED STATEMENT OF CASH FLOWS CONTINUED

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

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

	Subordinated loan notes £m	Lease liabilities £m	Liabilities from financing activities £m	Share capital/ premium £m	Reserves £m	Retained earnings £m	Total equity £m	Total £m
At 1 January 2022	39.9	55.0	94.9	294.1	40.3	288.8	623.2	718.1
Changes from financing cash flows								
Proceeds from issue of share capital	–	–	–	9.3	–	–	9.3	9.3
Payments for share repurchases	–	–	–	–	(18.6)	–	(18.6)	(18.6)
Dividends paid	–	–	–	–	–	(48.6)	(48.6)	(48.6)
Interest charge	(2.3)	(3.1)	(5.4)	–	–	–	–	(5.4)
Payment for lease liabilities	–	(8.5)	(8.5)	–	–	–	–	(8.5)
Total financing cash flows	(2.3)	(11.6)	(13.9)	9.3	(18.6)	(48.6)	(57.9)	(71.8)
Total non-cash movements	2.3	7.1	9.4	9.8	2.7	57.0	69.5	78.9
At 31 December 2022	39.9	50.5	90.4	313.2	24.4	297.2	634.8	725.2

39 EVENTS AFTER THE BALANCE SHEET DATE

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

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

40 COUNTRY-BY-COUNTRY REPORTING

HM Treasury has transposed the requirements set out under the Capital Requirements Directive IV (CRD IV) and issued the Capital Requirements Country-by-Country Reporting Regulations 2013, effective 1 January 2014. The legislation requires Rathbones Group Plc (together with its subsidiaries, 'the group') to publish certain additional information, on a consolidated basis, for the year ended 31 December 2023.

BASIS OF PREPARATION:

Country	In most cases, we have determined the country by reference to the country of tax residence. Where an entity is not subject to tax (e.g. a partnership) we have considered the location of management or the jurisdiction in which the revenues are generated. In these cases it is possible that tax is paid in a different country to the one in which profits are reported.
Nature of activities	The nature of activities within the United Kingdom are described within our services on page 2. Discretionary investment management is the sole activity which occurs in Jersey.
Turnover	Turnover is defined as operating income. As the consolidated results are split by country, there is an element of double counting when inter-jurisdictional transactions (for example, the payment of dividends) occur. The entries to eliminate this double counting are included at the bottom of the table to enable the disclosed figures to agree to the published consolidated accounts of the group.
Profit/(loss) before taxation	These are accounting profits. As with turnover some double counting may arise and again this has been eliminated at the bottom of the table. The majority of the total relates to the elimination of inter-jurisdictional dividends, which are reflected as profits in the United Kingdom.
Tax paid	This column reflects corporation tax actually paid in the year. Note that it is rare that tax paid in any given year relates directly to the profits earned in the same period.
Public subsidies received	The group received no public subsidies in the year.
Number of employees	The number of employees reported is the average number of full-time employees who were permanently employed by the group, or one of its subsidiaries, during the year. Contractors are excluded.
Subsidiaries	A list of the subsidiaries of the group, including their main activity and country of incorporation, is shown within note 45.

Country	Turnover £m	Profit/(loss) before taxation £m	Tax paid £m	Number of employees
United Kingdom	570.0	108.0	29.2	2,468
Channel Islands	6.3	(6.1)	0.3	30
Sub-total	576.3	101.9	29.5	2,498
Inter-group eliminations and other entries arising on consolidation	(5.2)	(44.3)	–	–
Total	571.1	57.6	29.5	2,498

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Share capital £m	Share premium £m	Merger reserve £m	Own shares £m	Retained earnings £m	Total equity £m
At 1 January 2022		3.1	291.0	45.1	(36.6)	143.4	446.0
Profit for the year						40.3	40.3
Net remeasurement of defined benefit liability	54	–	–	–	–	(7.1)	(7.1)
Deferred tax relating to components of other comprehensive income	49	–	–	–	–	3.4	3.4
Other comprehensive income net of tax		–	–	–	–	(3.7)	(3.7)
Dividends paid	44	–	–	–	–	(48.6)	(48.6)
Issue of share capital	55	0.1	19.0	–	–	–	19.1
Share-based payments:							
– cost of share-based payment arrangements		–	–	–	–	25.9	25.9
– cost of vested employee remuneration and share plans					–	(12.8)	(12.8)
– cost of own shares acquired	55				2.7	(2.7)	–
– cost of own shares vesting	55	–	–	–	(18.7)	–	(18.7)
– tax on share-based payments		–	–	–	–	1.3	1.3
At 31 December 2022		3.2	310.0	45.1	(52.6)	143.1	448.8
Profit for the year						63.3	63.3
Net remeasurement of defined benefit liability	54	–	–	–	–	(5.8)	(5.8)
Deferred tax relating to components of other comprehensive income	49	**–**	**–**	**–**	**–**	**1.5**	**1.5**
Other comprehensive income net of tax		**–**	**–**	**–**	**–**	**(4.3)**	**(4.3)**
Dividends paid	44	**–**	**–**	**–**	**–**	**(71.4)**	**(71.4)**
Issue of share capital	55	**2.2**	**2.3**	**747.4**	**–**	**–**	**751.9**
Share-based payments:							
– cost of share-based payment arrangements		**–**	**–**	**–**	**–**	**24.0**	**24.0**
– cost of vested employee remuneration and share plans					**–**	**(6.0)**	**(6.0)**
– cost of own shares vesting		**–**	**–**	**–**	**13.0**	**(13.0)**	**–**
– cost of own shares acquired	55	**–**	**–**	**–**	**(16.0)**	**–**	**(16.0)**
– tax on share-based payments		**–**	**–**	**–**	**–**	**(0.4)**	**(0.4)**
At 31 December 2023		**5.4**	**312.3**	**792.5**	**(55.6)**	**135.3**	**1,189.9**

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

COMPANY BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £m	2022 £m
Non-current assets			
Investment in subsidiaries	45	**1,173.4**	421.5
Other investments	46	**–**	8.0
Right-of-use assets	48	**33.2**	38.3
Deferred tax	49	**7.5**	9.6
Net defined benefit asset	54	**7.0**	9.4
		1,221.1	486.8
Current assets			
Trade and other receivables	47	**143.6**	118.9
Cash and cash equivalents		**16.3**	56.6
		159.9	175.5
Total assets		**1,381.0**	662.3
Current liabilities			
Trade and other payables	50	**(95.4)**	(114.0)
Lease liabilities	51	**(5.3)**	(4.8)
Provisions	52	**(4.7)**	(1.5)
		(105.4)	(120.3)
Net current assets		**54.5**	55.2
Non-current liabilities			
Provisions	52	**(5.4)**	(8.3)
Subordinated loan notes	53	**(39.9)**	(39.9)
Lease liabilities	51	**(40.4)**	(44.9)
		(85.7)	(93.1)
Total liabilities		**(191.1)**	(213.4)
Net assets		**1,189.9**	448.9

	Note	2023 £m	2022 £m
Equity			
Share capital	55	**5.4**	3.2
Share premium	55	**312.3**	310.0
Merger reserve	55	**792.5**	45.1
Own shares	55	**(55.6)**	(52.5)
Retained earnings		**135.3**	143.1
Equity shareholders' funds		**1,189.9**	448.9

As permitted by section 408 of the Companies Act 2006 the company has elected not to present its own statement of comprehensive income for the year. Rathbones Group Plc reported a profit after tax for the financial year ended 31 December 2023 of £63.3 million (2022: £40.3 million).

The financial statements were approved by the board of directors and authorised for issue on 5 March 2024 and were signed on its behalf by:

Paul Stockton
Group Chief Executive Officer

Iain Hooley
Group Chief Financial Officer

Company registered number: 01000403

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

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £m	2022 £m
Cash flows from operating activities			
Profit before tax		**63.9**	42.6
Change in fair value through profit or loss		**(0.1)**	0.9
Impairment losses	45	**–**	0.7
Net interest and dividend income		**(90.9)**	(50.4)
Net charge for provisions	52	**6.6**	0.9
Depreciation and amortisation		**7.0**	5.0
Defined benefit pension scheme (credits)/charges	54	**(0.5)**	(0.3)
Defined benefit pension scheme contributions paid	54	**(2.9)**	(3.9)
Share-based payment charges	55	**24.0**	25.9
		7.1	21.4
Changes in operating assets and liabilities:			
– net (increase)/decrease in prepayments, accrued income and other assets		**(42.7)**	51.2
– net decrease in accruals, provisions and other liabilities		**(14.2)**	(7.3)
Cash (used in)/generated from operations		**(49.8)**	65.3
Tax (paid)/received		**2.6**	(0.1)
Net cash (outflow)/inflow from operating activities		**(47.2)**	65.2
Cash flows from investing activities			
Interest received		**3.9**	5.7
Inter-company dividends received		**92.0**	50.0
Payment of deferred consideration		**–**	(10.9)
Purchase of investment securities		**–**	(2.5)
Proceeds from sale and redemption of investment securities		**8.1**	0.9
Net cash generated from investing activities		**104.0**	43.2

	Note	2023 £m	2022 £m
Cash flows from financing activities			
Issue of ordinary shares	55	**–**	9.3
Repurchase of ordinary shares	55	**(16.0)**	(18.6)
Dividends paid	44	**(71.4)**	(48.6)
Payment of lease liabilities	51	**(4.7)**	(7.8)
Interest paid		**(5.0)**	(5.3)
Net cash used in financing activities		**(97.1)**	(70.9)
Net (decrease)/increase in cash and cash equivalents		**(40.3)**	37.5
Cash and cash equivalents at the beginning of the year		**56.6**	19.1
Cash and cash equivalents at the end of the year	60	**16.3**	56.6

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

NOTES TO THE COMPANY STATEMENTS

41 SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The separate financial statements of the company are presented as required by the Companies Act 2006 and have been prepared in accordance with UK-adopted International Accounting Standards and IAS 27 'Separate Financial Statements'.

On publishing the parent company financial statements here together with the group financial statements, the company is taking advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements.

DEVELOPMENTS IN REPORTING STANDARDS AND INTERPRETATIONS

Developments in reporting standards and interpretations are set out in note 1.3 to the consolidated financial statements.

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies adopted are as set out below.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost less, where appropriate, provision for impairment.

MANAGEMENT CHARGES

Intra-group management charges arise in relation to staff costs and other administrative expenses that are initially borne by the company and then recharged to other group companies, when incurred.

Accounting policies in relation to impairment, interest income, dividend income, leases, foreign currency, retirement benefit obligations, taxation, cash and cash equivalents and share-based payments are set out in note 1 to the consolidated financial statements.

42 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical accounting judgements and key sources of estimation uncertainty arise from the company's defined benefit pension schemes and valuation of the consideration payable for Saunderson House and Investec Wealth & Investment. These are described in note 2 to the consolidated financial statements.

43 EXPENSES FOR THE YEAR

The auditor's remuneration for audit and other services to the company is set out in note 7 to the consolidated financial statements.

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

	2023	2022
Wealth Management:		
– investment management services	**1,086**	1,042
– advisory services	**161**	155
Asset Management	**52**	50
Shared services	**617**	543
	1,916	1,791

44 DIVIDENDS

Details of the company's dividends paid and proposed for approval at the Annual General Meeting are set out in note 12 to the consolidated financial statements.

The company's dividend policy is described in the directors' report on page 145.

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

Reserves available for distribution as at 31 December were as follows:

	2023 £m	2022 £m
Net assets	**1,189.9**	448.9
Less:		
– share capital	**(5.4)**	(3.2)
– share premium	**(312.3)**	(310.0)
– merger reserve	**(792.5)**	(45.1)
– Unrealised profits	**(9.6)**	–
Distributable reserves	**70.1**	90.6

NOTES TO THE COMPANY STATEMENTS CONTINUED

44 DIVIDENDS CONTINUED

Movements in reserves available for distribution were as follows:

	2023 £m	2022 £m
As at 1 January	**90.6**	106.8
Profit for the year	**63.3**	40.3
Net remeasurement of defined benefit liability/asset	**(4.3)**	(3.7)
Dividends paid	**(71.4)**	(48.6)
Unrealised profits	**(9.6)**	–
Other movements	**1.5**	(4.1)
As at 31 December	**70.1**	90.6

45 INVESTMENT IN SUBSIDIARIES

	Equities £m	Total £m
At 1 January 2022	422.2	422.2
Additions		
Disposals	(0.7)	(0.7)
At 1 January 2023	**421.5**	**421.5**
Additions	**751.9**	**751.9**
Disposals	**–**	**–**
At 31 December 2023	**1,173.4**	**1,173.4**

The additions in the year of £751.9 million relate to the acquisition of Investec Wealth & Investment (see note 8).

An impairment review is undertaken at the end of each reporting period when indicators of potential impairment are identified. Where impairment may be indicated, a test of carrying value against the recoverable value is performed. The recoverable amount is calculated as the value in use (VIU) which is derived from the present value of future cash flows expected to be received from the investment. Impairment is recognised where the investment exceeds the recoverable amount. No indicators of impairment have been identified this financial period (2022: £0.7 million).

EQUITIES

At 31 December 2023 the company's subsidiary undertakings were as follows:

Subsidiary undertaking	Activity and operation	Company registration number
Rathbones Investment Management Limited	Investment management and banking services	1448919
Rathbones Investment Management International Limited*	Investment management	50503
Rathbones Trust Company Limited	Trust and tax services	1688454
Rathbones Asset Management Limited	Asset Management	2376568
Arcticstar Limited**	Introducer of private clients	3898083
Vision Independent Financial Planning Limited	Financial planning services	6650476
Castle Investment Solutions Limited	Investment support services	7370865
Rathbones Legal Services Limited*	Trust and legal services	10514352
Laurence Keen Holdings Limited**	Intermediate holding company	2474285
Rathbone Directors Limited*	Corporate director services	4410000
Rathbone Secretaries Limited*	Corporate secretarial services	4627820
Laurence Keen Nominees Limited*	Corporate nominee	2801952
Neilson Cobbold Client Nominees Limited*	Corporate nominee	3217430
Rathbone Nominees Limited*	Corporate nominee	646336
Citywall Nominees Limited*	Corporate nominee	3070653
Penchart Nominees Limited*	Corporate nominee	2608726
Argus Nominee Limited	Corporate nominee	11395344
Rathbone Brothers Ltd	Non-trading	12866506
Rathbone Pension & Advisory Services Limited	Non-trading	5679426
Rathbone Stockbrokers Limited*	Non-trading	2483921
Dean River Asset Management Limited*	Non-trading	SC204313
R.M. Walkden & Co. Limited*	Non-trading	1246166
Rathbone Funds Advisers Unipessoal LDA (entity dissolved 9 January 2023)*	European fund marketing	515534528
Speirs & Jeffrey Limited**	Investment management	SC098335
Speirs & Jeffrey Client Nominees Limited*	Corporate nominee	SC162589
Speirs & Jeffrey Portfolio Management Limited*	Corporate nominee	SC122842
Speirs & Jeffrey Fund Management Limited*	Corporate nominee	SC095908
Saunderson House Limited	Financial planning and investment management	940473

NOTES TO THE COMPANY STATEMENTS CONTINUED

45 INVESTMENT IN SUBSIDIARIES CONTINUED

Subsidiary undertaking	Activity and operation	Company registration number
CastleCo Limited	Non-trading	130602
HouseCo Limited	Non-trading	130603
CabinCo Limited	Non-trading	130601
CottageCo Limited	Non-trading	131144
Investec Wealth & Investment Limited	Investment management	02122340
Bell Nominees Limited	Corporate nominee	00625232
Investment Administration Nominees Limited	Corporate nominee	02075505
R.& R. Nominees Limited	Corporate nominee	00790828
Tudor Nominees Limited	Corporate nominee	02016278
Carr PEP Nominees Limited	Corporate nominee	02560336
Ferlim Nominees Limited	Corporate nominee	01022478
Murray Asset Management UK Limited	Asset Management	09447298
Castle Street Nominees UK Limited	Corporate nominee	09329323
Murray Asset Nominees UK Limited	Corporate nominee	09329081
Click Nominees Limited	Corporate nominee	03276308
PEP Services (Nominees) Limited	Corporate nominee	02368386
Murray Asset Management Limited	Corporate nominee	SC173493
Murray Investment Management Limited	Corporate nominee	SC173492
Murray Asset Nominees Limited	Corporate nominee	SC196715
Spring Nominees Limited	Corporate nominee	01747036
Anston Trustees Limited	Trustee Company	02826318
Carr Investment Services Nominees Limited	Corporate nominee	02620560
Investec Wealth & Investment Trustees Limited	Trustee Company	02243919
Rensburg Client Nominees Limited	Corporate nominee	02020824
Scarwood Nominees Limited	Corporate nominee	01147539
Castle Street Nominees Limited	Corporate nominee	SC050721
Hero Nominees Limited	Corporate nominee	34543
Investec Wealth & Investment (Channel Islands) Limited	Investment management	54988
Torch Nominees Limited	Corporate nominee	54991

* Held by subsidiary undertaking
** UK subsidiary has taken an exemption from audit under section 479A of the Companies Act 2006 for the year ended 31 December 2023

The registered office for all subsidiary undertakings is 8 Finsbury Circus, London EC2M 7AZ except for the following:

Subsidiary undertaking	Registered office
Rathbones Investment Management Limited	Port of Liverpool Building, Pier Head, Liverpool L3 1NW
Rathbones Investment Management International Limited	26 Esplanade, St Helier, Jersey JE1 2RB
Vision Independent Financial Planning Limited	Vision House, Unit 6A Falmouth Business Park, Bickland Water Road, Falmouth, Cornwall TR11 4SZ
Castle Investment Solutions Limited	Vision House, Unit 6A Falmouth Business Park, Bickland Water Road, Falmouth, Cornwall TR11 4SZ
Speirs & Jeffrey Limited	George House, 50 George Square, Glasgow G2 1EH
Speirs & Jeffrey Client Nominees Limited	George House, 50 George Square, Glasgow G2 1EH
Speirs & Jeffrey Portfolio Management Limited	George House, 50 George Square, Glasgow G2 1EH
Speirs & Jeffrey Fund Management Limited	George House, 50 George Square, Glasgow G2 1EH
Dean River Asset Management Limited	10 George Street, Edinburgh EH2 2PF
Rathbone Funds Advisers Unipessoal LDA (entity dissolved 9 January 2023)*	R Tierno Galvan 10 Torre 3, Piso 6 Sala 602, 1070-274, Campo Ourique Lisbon, Lisbon, Portugal
CastleCo Limited	Aztec Group House, 11-15 Seaton Place, St Helier, Jersey, JE4 0QH
HouseCo Limited	Aztec Group House, 11-15 Seaton Place, St Helier, Jersey, JE4 0QH
CabinCo Limited	Aztec Group House, 11-15 Seaton Place, St Helier, Jersey, JE4 0QH
CottageCo Limited	Aztec Group House, 11-15 Seaton Place, St Helier, Jersey, JE4 0QH
Neilson Cobbold Client Nominees Ltd	Port of Liverpool Building, Pier Head, Liverpool L3 1NW
Rathbone Nominees Limited	Port of Liverpool Building, Pier Head, Liverpool L3 1NW
Investec Wealth & Investment Limited	30 Gresham Street, London, England, EC2V 7QN
Bell Nominees Limited	30 Gresham Street, London, England, EC2V 7QN
Investment Administration Nominees Limited	30 Gresham Street, London, England, EC2V 7QN
R.& R. Nominees Limited	30 Gresham Street, London, England, EC2V 7QN
Tudor Nominees Limited	30 Gresham Street, London, England, EC2V 7QN
Carr PEP Nominees Limited	30 Gresham Street, London, England, EC2V 7QN

NOTES TO THE COMPANY STATEMENTS CONTINUED

45 INVESTMENT IN SUBSIDIARIES CONTINUED

Subsidiary undertaking	Registered office
Ferlim Nominees Limited	30 Gresham Street, London, England, EC2V 7QN
Murray Asset Management UK Limited	30 Gresham Street, London, England, EC2V 7QN
Castle Street Nominees UK Limited	30 Gresham Street, London, England, EC2V 7QN
Murray Asset Nominees UK Limited	30 Gresham Street, London, England, EC2V 7QN
Click Nominees Limited	30 Gresham Street, London, England, EC2V 7QN
PEP Services (Nominees) Limited	30 Gresham Street, London, England, EC2V 7QN
Murray Asset Management Limited	Quartermile, 15 Lauriston Place, Edinburgh, Scotland, EH3 9EN
Murray Investment Management Limited	Quartermile One, Lauriston Place, Edinburgh, Scotland, EH3 9EN
Murray Asset Nominees Limited	Quartermile One, 15 Lauriston Place, Edinburgh, Scotland, EH3 9EN
Spring Nominees Limited	30 Gresham Street, London, England, EC2V 7QN
Anston Trustees Limited	30 Gresham Street, London, England, EC2V 7QN
Carr Investment Services Nominees Limited	30 Gresham Street, London, England, EC2V 7QN
Investec Wealth & Investment Trustees Limited	30 Gresham Street, London, England, EC2V 7QN
Rensburg Client Nominees Limited	30 Gresham Street, London, England, EC2V 7QN
Scarwood Nominees Limited	30 Gresham Street, London, England, EC2V 7QN
Castle Street Nominees Limited	Quartermile One, Lauriston Place, Edinburgh, Scotland, EH3 9EN
Hero Nominees Limited	Glategny Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 1WR
Investec Wealth & Investment (Channel Islands) Limited	Glategny Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 1WR
Torch Nominees Limited	Glategny Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 1WR

The company owns, directly or indirectly, 100% of the ordinary share capital of all subsidiary undertakings.

46 OTHER INVESTMENTS

FAIR VALUE THROUGH PROFIT OR LOSS SECURITIES

	2023 £m	2022 £m
Equity securities:		
– listed	–	8.1
	–	8.1

As described in note 37 of the consolidated financial statements, fair value through profit or loss securities includes direct holdings in equity securities. The group previously owned units in collectives managed by Rathbones Asset Management Limited (valued at 31 December 2022: £8.1 million). These assets were used to hedge the Group's exposure to deferred remuneration schemes for employees of unit trusts. These assets were sold during the period.

47 TRADE AND OTHER RECEIVABLES

	2023 £m	2022 £m
Prepayments and other receivables	6.8	4.2
Amounts owed by group undertakings	136.8	114.7
	143.6	118.9
Current	143.6	118.9
	143.6	118.9

Amounts owed by Group undertakings do not have specific repayment dates but are on demand and are paid down periodically as trading requires.

NOTES TO THE COMPANY STATEMENTS CONTINUED

48 RIGHT-OF-USE ASSETS

	Property £m	Motor vehicles and equipment £m	Total £m
Cost			
At 1 January 2022	56.3	0.4	56.7
Additions	3.4	–	3.4
Disposals	(0.8)	–	(0.8)
Other movements	(2.9)	–	(2.9)
At 1 January 2023	**56.0**	**0.4**	**56.4**
Additions	**1.9**	**–**	**1.9**
Disposals	**–**	**–**	**–**
Other movements	**(2.6)**	**–**	**(2.6)**
At 31 December 2023	**55.3**	**0.4**	**55.7**
Depreciation and impairment			
1 January 2022	13.8	–	13.8
Charge for the year	4.9	0.1	5.0
Disposals	(0.7)	–	(0.7)
At 1 January 2023	**18.0**	**0.1**	**18.1**
Charge for the year	**4.8**	**0.1**	**4.9**
Disposals	**(0.5)**	**–**	**(0.5)**
At 31 December 2023	**22.3**	**0.2**	**22.5**
Carrying amount at 31 December 2023	**33.0**	**0.2**	**33.2**
Carrying amount at 31 December 2022	38.0	0.2	38.2
Carrying amount at 1 January 2022	42.4	0.4	42.8

During the year, where there was an expectation of the company vacating its properties prior to their respective lease termination dates, the useful lives of the right-of-use assets were revised, and the assets were reviewed for impairment. The company subsequently recognised impairment charges of £2.1m and accelerated depreciation of £0.2m in the year.

49 DEFERRED TAX

The UK Government legislated in the Finance Act 2021 to increase the UK corporation tax rate to 25.0% from 19.0% on 1 April 2023. This has been reflected in the deferred tax calculations. Deferred income taxes are calculated on all temporary differences under the liability method using the rate expected to apply when the relevant timing differences are forecast to unwind.

The movement on the deferred tax account is as follows:

	Pensions £m	Share-based payments £m	Staff-related costs £m	Fair value through profit or loss £m	Total £m
As at 1 January 2023	**(2.4)**	**12.1**	**0.1**	**(0.2)**	**9.6**
Recognised in profit or loss in respect of:					
– current year	**(0.8)**	**(2.5)**	**0.1**	**0.2**	**(3.0)**
– prior year	**–**	**–**	**0.2**	**–**	**0.2**
– change in rate	**(0.1)**	**–**	**–**	**–**	**(0.1)**
Total recognised in profit or loss	**(0.9)**	**(2.5)**	**0.3**	**0.2**	**(2.9)**
Recognised in other comprehensive income in respect of:					
– current year	**1.4**	**–**	**–**	**–**	**1.4**
– prior year	**–**	**–**	**–**	**–**	**–**
– change in rate	**0.1**	**–**	**–**	**–**	**0.1**
Total recognised in other comprehensive income	**1.5**	**–**	**–**	**–**	**1.5**
Recognised in equity in respect of:					
– current year	**–**	**(0.7)**	**–**	**–**	**(0.7)**
– prior year	**–**	**–**	**–**	**–**	**–**
– change in rate	**–**	**–**	**–**	**–**	**–**
Total recognised in equity	**–**	**(0.7)**	**–**	**–**	**(0.7)**
As at 31 December 2023	**(1.8)**	**8.9**	**0.4**	**–**	**7.5**
Deferred tax assets	**–**	**8.9**	**0.4**	**–**	**9.3**
Deferred tax liabilities	**(1.8)**	**–**	**–**	**–**	**(1.8)**
As at 31 December 2023	**(1.8)**	**8.9**	**0.4**	**–**	**7.5**

NOTES TO THE COMPANY STATEMENTS CONTINUED

49 DEFERRED TAX CONTINUED

	Pensions £m	Share-based payments £m	Staff-related costs £m	Fair value through profit or loss £m	Total £m
As at 1 January 2022	(2.3)	9.7	0.1	(0.3)	7.1
Recognised in profit or loss in respect of:					
– current year	(0.8)	0.9	(0.1)	0.2	0.2
– prior year	–	0.1	–	–	0.1
– change in rate	(2.6)	0.2	–	–	(2.5)
Total recognised in profit or loss	(3.4)	1.2	(0.1)	0.1	(2.1)
Recognised in other comprehensive income in respect of:					
– current year	1.3	–	–	–	1.3
– prior year	–	–	–	–	–
– change in rate	2.0	–	–	–	2.0
Total recognised in other comprehensive income	3.3	–	–	–	3.3
Recognised in equity in respect of:					
– current year	–	1.2	–	–	1.2
– prior year	–	–	–	–	–
– change in rate	–	–	–	–	–
Total recognised in equity	–	1.2	–	–	1.2
As at 31 December 2022	(2.4)	12.1	0.1	(0.2)	9.6
Deferred tax assets	–	12.1	0.1	–	12.1
Deferred tax liabilities	(2.4)	–	–	(0.2)	(2.5)
As at 31 December 2022	(2.4)	12.1	0.1	(0.2)	9.6

£0.4 million of current tax on share-based payments was charged to equity during the year (2022: credit of £0.1 million).

50 TRADE AND OTHER PAYABLES

	2023 £m	2022 £m
Trade creditors	**1.7**	1.7
Accruals and other creditors	**83.7**	84.7
Amounts owed to group undertakings	**–**	18.2
Other taxes and social security costs	**10.0**	9.4
	95.4	114.0

The fair value of trade and other payables is not materially different from their carrying amount.

51 LEASE LIABILITIES

Maturity analysis	2023 £m	2022 £m
Less than one year	**5.3**	4.8
One to five years	**18.7**	19.1
More than five years	**21.7**	25.8
Lease liabilities at 31 December	**45.7**	49.7
Current	**5.3**	4.8
Non-current	**40.4**	44.9
	45.7	49.7

The total cash outflow for Company leases during the year was £7.6 million (2022: £7.8 million).

NOTES TO THE COMPANY STATEMENTS CONTINUED

52 PROVISIONS

	Deferred, variable costs to acquire client relationship intangibles £m	Legal and compensation £m	Property-related £m	Total £m
As at 1 January 2022	8.5	0.1	4.5	13.1
Charged to profit or loss	–	–	0.9	0.9
Unused amount credited to profit or loss	–	–	–	–
Net charge to profit or loss	–	–	0.9	0.9
Other movements	1.0	–	–	1.0
Utilised/paid during the year	(5.2)	–	–	(5.2)
At 31 December 2022	4.3	0.1	5.4	9.8
Charged to profit or loss	–	–	–	–
Unused amount credited to profit or loss	–	–	–	–
Net credit to profit or loss	–	–	–	–
Other movements	2.6	–	–	2.6
Utilised/paid during the year	(2.3)	–	–	(2.3)
As at 31 December 2023	**4.6**	**0.1**	**5.4**	**10.1**
Payable within 1 year	**4.1**	**0.1**	**0.5**	**4.7**
Payable after 1 year	**0.5**	**–**	**4.9**	**5.4**
	4.6	**0.1**	**5.4**	**10.1**

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

Property-related provisions of £5.3 million relate to dilapidation provisions expected to arise on leasehold premises held by the group (2022: £5.3 million). Dilapidation provisions are calculated using a discounted cash flow model.

In 2023 the company did not utilise the property provision (2022: £nil). The impact of discounting led to a credit of £nil (2022: additional charge of £0.9 million) being recognised during the year.

Provisions payable after one year are expected to be settled within four years of the balance sheet date (2022: two years), except for the property-related provisions of £4.9 million (2022: £5.0 million), which are expected to be settled within 11 years of the balance sheet date (2022: 11 years).

53 SUBORDINATED LOAN NOTES

	2023 £m	2022 £m
Subordinated loan notes		
– face value	**40.0**	40.0
– carrying value	**39.9**	39.9

Rathbones Group Plc holds £39.9 million of 10-year tier 2 notes with a call option in October 2026 and annually thereafter. The Issuer requires the group's subsidiaries to comply with all laws and governmental rules or regulations to which they are subject. 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 £0.1 million were incurred in issuing the notes, which have been accounted for in the carrying value of amortised cost.

An interest expense of £2.3 million (2022: £2.3 million) was recognised in the year.

54 LONG-TERM EMPLOYEE BENEFITS

Details of the defined benefit pension schemes operated by the company are provided in note 29 to the consolidated financial statements.

55 SHARE CAPITAL, OWN SHARES AND SHARE-BASED PAYMENTS

Details of the share capital of the company and ordinary shares held by the company together with changes thereto are provided in notes 30 and 31 to the consolidated financial statements. Details of options on the company's shares and share-based payments are set out in note 32 to the consolidated financial statements.

56 FINANCIAL INSTRUMENTS

The company's risk management policies and procedures are integrated with the wider Rathbones group's risk management process. The Rathbones group has identified the risks arising from all of its activities, including those of the company, and has established policies and procedures to manage these items in accordance with its risk appetite. The company categorises its financial risks into the following primary areas:

(i) credit risk
(ii) liquidity risk
(iii) market risk (which includes fair value interest rate risk, cash flow interest rate risk, foreign exchange risk and price risk); and
(iv) pension risk.

The company's exposures to pension risk are set out in note 29 to the consolidated financial statements.

NOTES TO THE COMPANY STATEMENTS CONTINUED

56 FINANCIAL INSTRUMENTS CONTINUED

The sections below outline the group risk appetite, as applicable to the company, and explain how the company defines and manages each category of financial risk.

The company's financial risk management policies are designed to identify and analyse the financial risks that the company faces, to set appropriate risk tolerances, limits and controls, and to monitor the financial risks and adherence to limits by means of reliable and up-to-date information systems. The company regularly reviews its financial risk management policies and systems to reflect changes in the business and the wider industry.

The company's overall strategy and policies for monitoring and management of financial risk are set by the board of directors. The board has embedded risk management within the business through the executive committee and senior management.

(i) CREDIT RISK

The company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due, through its trading activities. The principal sources of credit risk arise from depositing funds with banks and through providing long-term and working capital financing for subsidiaries.

The company's financial assets are categorised as follows.

Trade and other receivables

Trade and other receivables relate to amounts placed with subsidiaries and staff advances.

The collection and ageing of trade and other receivables are reviewed on a periodic basis by management.

The company places surplus funds with its banking subsidiary, which operates under the group's credit risk management policies. Group policy requires that funds are placed with a range of high-quality financial institutions. Investments are spread to avoid excessive exposure to any individual counterparty.

For the purposes of financial reporting the company categorises its exposures based on the long-term ratings awarded to counterparties by Fitch, Moody's or S&P.

Cash and cash equivalents (balances at banks)

The company has exposure to financial institutions through its bank deposits (reported within cash equivalents).

Maximum exposure to credit risk	2023 £m	2022 £m
Trade and other receivables:		
– amounts owed by group undertakings	136.8	114.7
– other financial assets	1.1	1.1
Balances at banks	16.3	56.6
	154.2	172.4

The above table represents the gross credit risk exposure of the company at 31 December 2023 and 2022, without taking account of any collateral held or other credit enhancements attached.

Trade and other receivables

No trade and other receivables have been written off or are credit-impaired at the reporting date.

Amounts owed by group undertakings do not have specific repayment dates and are paid down periodically as trading requires.

Balances at banks

The credit quality of balances at banks is analysed below by reference to the long-term credit rating awarded by Fitch, or equivalent rating by Moody's or S&P, as at the balance sheet date.

	2023 £m	2022 £m
A	7.6	4.5
Other	8.7	52.1
	16.3	56.6

NOTES TO THE COMPANY STATEMENTS CONTINUED

56 FINANCIAL INSTRUMENTS CONTINUED

(i) CREDIT RISK CONTINUED

£8.7 million of cash was held in a designated account with Rathbones Investment Management Limited at 31 December 2023, which acts as the group's treasury function and a licenced deposit taker (2022: £52.1 million). The credit risk assessed for this balance at the year-end was 'low'

Concentration of credit risk

The company has counterparty credit risk within its balances at banks in that the principal exposure is to its banking subsidiary. The board sets and monitors the group policy for the management of group funds, which includes the placement of funds with a range of high-quality financial institutions.

(a) Geographical sectors

The following table analyses the company's credit exposures, at their carrying amounts, by geographical region as at the balance sheet date. In this analysis, exposures are categorised based on the country of domicile of the counterparty

At 31 December 2023	United Kingdom £m	Rest of the World £m	Total £m
Trade and other receivables:			
– amounts owed by group undertakings	135.8	1.0	136.8
– other financial assets	1.0	0.1	1.1
Balances at banks	16.3	–	16.3
	153.1	1.1	154.2

At 31 December 2022	United Kingdom £m	Rest of the World £m	Total £m
Trade and other receivables:			
– amounts owed by group undertakings	113.9	0.8	114.7
– other financial assets	0.9	0.2	1.1
Balances at banks	56.6	–	56.6
	171.4	1.0	172.4

At 31 December 2023, all rest of the world exposures were to counterparties based in Jersey, Japan and the United States of America (2022: Jersey and the United States of America). At 31 December 2023, the group had exposure to the UK government through the holding of treasury bills (2022: UK government).

(b) Industry sectors

The company's credit exposures at the balance sheet date, analysed by the primary industry sectors in which our counterparties operate, were:

At 31 December 2023	Financial institutions £m	Clients and other corporates £m	Total £m
Trade and other receivables:			
– amounts owed by group undertakings	8.3	128.5	136.8
– other financial assets	–	1.1	1.1
Balances at banks	16.3	–	16.3
	24.6	129.6	154.2

At 31 December 2022	Financial institutions £m	Clients and other corporates £m	Total £m
Trade and other receivables:			
– amounts owed by group undertakings	–	114.7	114.7
– other financial assets	–	1.1	1.1
Balances at banks	56.6	–	56.6
	56.6	115.8	172.4

NOTES TO THE COMPANY STATEMENTS CONTINUED

56 FINANCIAL INSTRUMENTS CONTINUED

(ii) LIQUIDITY RISK

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The company places its funds in short-term or demand facilities with financial institutions to ensure liquidity. The company has no bank loans (2022: £nil).

Non-derivative cash flows

The table below presents the undiscounted cash flows receivable and payable by the company on its non-derivative financial assets and liabilities by remaining contractual maturities at the balance sheet date.

At 31 December 2023	On demand £m	Not more than 3 months £m	After 3 months but not more than 1 year £m	After 1 year but not more than 5 years £m	After 5 years £m	No fixed maturity date £m	Total £m
Trade and other receivables:							
– amounts owed by group undertakings	136.8	–	–	–	–	–	136.8
– other financial assets	–	0.2	0.8	0.2	–	–	1.2
Balances at banks	16.3	–	–	–	–	–	16.3
Cash flows arising from financial assets	153.1	0.2	0.8	0.2	–	–	154.3
Trade and other payables:							
– amounts owed to group undertakings	–	–	–	–	–	–	–
– subordinated loan notes	–	–	2.3	44.5	–	–	46.8
– lease liabilities	–	2.0	5.9	20.6	31.9	–	60.4
– other financial liabilities	0.2	11.3	0.9	3.0	3.7	–	19.1
Cash flows arising from financial liabilities	0.2	13.3	9.1	68.1	35.6	–	126.3
Net liquidity gap	152.9	(13.1)	(8.3)	(67.9)	(35.6)	–	28.0
Cumulative net liquidity gap	152.9	139.8	131.5	63.6	28.0	28.0	

NOTES TO THE COMPANY STATEMENTS CONTINUED

56 FINANCIAL INSTRUMENTS CONTINUED
(ii) LIQUIDITY RISK CONTINUED

At 31 December 2022	On demand £m	Not more than 3 months £m	After 3 months but not more than 1 year £m	After 1 year but not more than 5 years £m	After 5 years £m	No fixed maturity date £m	Total £m
Trade and other receivables:							
– amounts owed by group undertakings	114.7	–	–	–	–	–	114.7
– other financial assets	–	0.2	0.7	0.2	–	–	1.1
Balances at banks	56.6	–	–	–	–	–	56.6
Cash flows arising from financial assets	171.3	0.2	0.7	0.2	–	–	172.4
Trade and other payables:							
– amounts owed to group undertakings	18.2	–	–	–	–	–	18.2
– subordinated loan notes			2.2	46.8			49.0
– lease liabilities	–	1.9	5.7	21.7	37.7	–	67.0
– other financial liabilities	0.2	6.4	0.2	5.1	4.3	–	16.2
Cash flows arising from financial liabilities	18.4	8.3	8.1	73.6	42.0	–	150.4
Net liquidity gap	152.9	(8.1)	(7.4)	(73.4)	(42.0)	–	22.0
Cumulative net liquidity gap	152.9	144.8	137.4	64.0	22.0	22.0	

Included within trade and other payables disclosed above are balances that are repayable on demand or that do not have a contractual maturity date, which historical experience shows are unlikely to be called in the short term.

The company holds £nil of equity investments (2022: £8.1 million) which are subject to liquidity risk but are not included in the table above. These assets are held as fair value through profit or loss securities and have no fixed maturity date; cash flows arise from receipt of dividends or through sale of the assets.

NOTES TO THE COMPANY STATEMENTS CONTINUED

56 FINANCIAL INSTRUMENTS CONTINUED
(ii) LIQUIDITY RISK CONTINUED
Total liquidity requirement

At 31 December 2023	On demand £m	Not more than 3 months £m	After 3 months but not more than 1 year £m	After 1 year but not more than 5 years £m	After 5 years £m	Total £m
Cash flows arising from financial liabilities	0.2	13.3	9.1	68.1	35.6	126.3
Total off-balance-sheet items	–	–	–	–	–	–
Total liquidity requirement	0.2	13.3	9.1	68.1	35.6	126.3

At 31 December 2022	On demand £m	Not more than 3 months £m	After 3 months but not more than 1 year £m	After 1 year but not more than 5 years £m	After 5 years £m	Total £m
Cash flows arising from financial liabilities	18.4	8.3	8.2	73.5	42.0	150.4
Total off-balance-sheet items	–	–	–	–	–	–
Total liquidity requirement	18.4	8.3	8.2	73.5	42.0	150.4

(iii) MARKET RISK
Interest rate risk
Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The company's principal exposure to cash flow interest rate risk arises from the mismatch between the repricing of its financial assets and liabilities.

The table below shows the repricing profile of the company's financial assets and liabilities, stated at their carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

At 31 December 2023	Not more than 3 months £m	After 3 months but not more than 6 months £m	After 6 months but not more than 1 year £m	After 1 year but not more than 5 years £m	After 5 years £m	Non-interest -bearing £m	Total £m
Assets							
Other investments:							
– equity securities	–	–	–	–	–	–	–
Trade and other receivables:							
– amounts owed by group undertakings	–	–	–	–	–	136.8	136.8
– other financial assets	0.5	–	–	–	–	0.6	1.1
Balances at banks	16.3	–	–	–	–	–	16.3
Total financial assets	16.8	–	–	–	–	137.4	154.2

NOTES TO THE COMPANY STATEMENTS CONTINUED

56 FINANCIAL INSTRUMENTS CONTINUED
(iii) MARKET RISK CONTINUED

At 31 December 2023	Not more than 3 months £m	After 3 months but not more than 6 months £m	After 6 months but not more than 1 year £m	After 1 year but not more than 5 years £m	After 5 years £m	Non-interest -bearing £m	Total £m
Liabilities							
Trade and other payables:							
– amounts owed to group undertakings	–	–	–	–	–	–	–
– subordinated loan notes	–	–	–	39.9	–	–	39.9
– other financial liabilities	1.3	1.3	2.7	18.7	21.7	17.6	63.3
Total financial liabilities	1.3	1.3	2.7	58.6	21.7	17.6	103.2
Interest rate repricing gap	15.5	(1.3)	(2.7)	(58.6)	(21.7)	119.8	51.0

At 31 December 2022	Not more than 3 months £m	After 3 months but not more than 6 months £m	After 6 months but not more than 1 year £m	After 1 year but not more than 5 years £m	After 5 years £m	Non-interest -bearing £m	Total £m
Assets							
Other investments:							
– equity securities	–	–	–	–	–	8.1	8.1
Trade and other receivables:							
– amounts owed by group undertakings	–	–	–	–	–	114.7	114.7
– other financial assets	0.6	–	–	–	–	0.5	1.1
Balances at banks	56.5	–	–	–	–	–	56.5
Total financial assets	57.1	–	–	–	–	123.3	180.4
Liabilities							
Trade and other payables:							
– amounts owed to group undertakings	–	–	–	–	–	18.2	18.2
– subordinated loan notes	–	–	–	39.9	–	–	39.9
– other financial liabilities	1.1	1.1	2.5	19.2	25.8	14.7	64.4
Total financial liabilities	1.1	1.1	2.5	59.1	25.8	32.9	122.5
Interest rate repricing gap	56.0	(1.1)	(2.5)	(59.1)	(25.8)	90.4	57.9

A 2% parallel increase or decrease in the sterling yield curve would have no impact on profit after tax or equity (2022: no impact).

NOTES TO THE COMPANY STATEMENTS CONTINUED

56 FINANCIAL INSTRUMENTS CONTINUED

(iii) MARKET RISK CONTINUED

The company has assessed the impact of climate change on the carrying amount of its financial assets and liabilities at year-end, and considers there to be no material impact.

Foreign exchange risk

The company does not have any material exposure to transactional foreign exchange risk. The table below summarises the company's exposure to foreign currency translation risk at 31 December 2023. Included in the table are the company's financial assets and liabilities, at carrying amounts, categorised by currency.

At 31 December 2023	Sterling £m	US dollar £m	Euro £m	Total £m
Assets				
Other investments:				
– equity securities	–	–	–	–
Trade and other receivables:				
– amounts owed by group undertakings	136.8	–	–	136.8
– other financial assets	1.0	0.1	–	1.1
Balances at banks	16.3	–	–	16.3
Total financial assets	154.1	0.1	–	154.2
Liabilities				
Trade and other payables:				
– amounts owed to group undertakings	–	–	–	–
– subordinated loan notes	39.9	–	–	39.9
– other financial liabilities	63.2	0.1	–	63.3
Total financial liabilities	103.1	0.1	–	103.2
Net on-balance-sheet position	51.0	–	–	51.0

At 31 December 2022	Sterling £m	US dollar £m	Euro £m	Total £m
Assets				
Other investments:				
– equity securities	8.1	–	–	8.1
Trade and other receivables:				
– amounts owed by group undertakings	114.7	–	–	114.7
– other financial assets	0.9	0.1	–	1.0
Balances at banks	56.6	–	–	56.6
Total financial assets	180.3	0.1	–	180.4
Liabilities				
Trade and other payables:				
– amounts owed to group undertakings	18.2	–	–	18.2
– subordinated loan notes	39.9	–	–	39.9
– other financial liabilities	64.2	0.2	–	64.4
Total financial liabilities	122.3	0.2	–	122.5
Net on-balance-sheet position	57.9	–	–	57.9

A 10% weakening of the US dollar against sterling would have reduced equity and profit after tax by £nil in 2023 (2022: £nil). A 10% strengthening of the US dollar would have had an equal and opposite effect. This analysis assumes that all other variables, in particular other exchange rates, remain constant.

Price risk

The group's exposure to price risk, all of which is through the company's holdings of equity investment securities, is described in note 33.

NOTES TO THE COMPANY STATEMENTS CONTINUED

56 FINANCIAL INSTRUMENTS CONTINUED
(iii) MARKET RISK CONTINUED
Fair values
The table below analyses financial instruments measured at fair value into a fair value hierarchy based on the valuation technique used to determine the fair value:

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

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

At 31 December 2022	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Fair value through profit or loss:				
– equity securities	8.1	–	–	8.1
	8.1	–	–	8.1

The company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There have been no transfers between levels during the year (2022: none).

Details of the methods and assumptions used to determine the fair values of the financial assets in the above table, along with how reasonably possible changes to the assumptions affect these fair values, are provided in note 33 to the consolidated financial statements.

The fair values of the company's financial assets and liabilities are not materially different from their carrying values, with the exception of equity investments in subsidiaries, which are carried at historical cost (note 45).

57 CAPITAL MANAGEMENT
The company's objectives when managing capital are to:

- safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders
- maintain a strong capital base to support the development of its business

For monitoring purposes, the company defines capital as distributable reserves (see note 44). The company monitors the level of distributable reserves on a monthly basis and compares this to forecast dividends. Capital is distributed to the company from operating subsidiaries on a timely basis to ensure sufficient capital is maintained. The board of directors monitors the level of capital held in relation to forecast performance, dividend payments and wider plans for the business, although formal quantitative targets are not set.

There were no changes in the company's approach to capital management during the year.

58 CONTINGENT LIABILITIES AND COMMITMENTS
The company had no contingent liabilities or commitments at the year-end (2022: £nil).

59 RELATED PARTY TRANSACTIONS
Rathbones Group Plc is considered to be the ultimate controlling party.

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

	2023 £m	2022 £m
Short-term employee benefits	**2.3**	1.7
Other long-term benefits	**0.1**	–
Share-based payments	**0.7**	0.1
	3.1	1.8

Dividends totalling £0.3 million were paid in the year (2022: £0.2 million) in respect of ordinary shares held by key management personnel and their close family members.

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

NOTES TO THE COMPANY STATEMENTS CONTINUED

59 RELATED PARTY TRANSACTIONS CONTINUED

OTHER RELATED PARTY TRANSACTIONS

During the year, the company entered into the following transactions with its subsidiaries:

	2023		2022	
	Receivable £m	Payable £m	Receivable £m	Payable £m
Interest	3.8	–	5.6	–
Charges for management services	68.1	–	58.0	–
Dividends received	92.0	–	50.0	–
	163.9	–	113.6	–

The company's balances with fellow group companies at 31 December 2023 are set out in notes 47 and 50.

The company's transactions with the pension funds are described in note 54. At 31 December 2023, no amounts were due from the pension schemes (2022: £nil).

All transactions and outstanding balances with fellow group companies are priced on an arm's-length basis and are to be settled in cash. None of the balances are secured and no provisions have been made for doubtful debts for any amounts due from fellow group companies.

60 CASH AND CASH EQUIVALENTS

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

	2023 £m	2022 £m
Cash at bank (excluding amounts held by employee benefit trust)	16.3	56.6

NOTES TO THE COMPANY STATEMENTS CONTINUED

60 CASH AND CASH EQUIVALENTS CONTINUED

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

	Subordinated loan notes £m	Lease liabilities £m	Liabilities from financing activities £m	Share capital/ premium £m	Reserves £m	Retained earnings £m	Total equity £m	Total £m
At 1 January 2023	**39.9**	**49.7**	**89.6**	**313.2**	**(7.4)**	**143.1**	**448.9**	**538.5**
Changes from financing cash flows								
Proceeds from issue of share capital	**–**	**–**	**–**	**2.3**	**(2.3)**	**–**	**–**	**–**
Payments for share repurchases	**–**	**–**	**–**	**–**	**(16.0)**	**–**	**(16.0)**	**(16.0)**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(71.4)**	**(71.4)**	**(71.4)**
Interest charge	**(2.3)**	**(2.7)**	**(5.0)**	**–**	**–**	**–**	**–**	**(5.0)**
Payment for lease liabilities	**–**	**(4.7)**	**(4.7)**	**–**	**–**	**–**	**–**	**(4.7)**
Total financing cash flows	**(2.3)**	**(7.4)**	**(9.7)**	**2.3**	**(18.3)**	**(71.4)**	**(87.4)**	**(97.1)**
Total non-cash movements	**2.3**	**3.4**	**5.7**	**2.2**	**762.6**	**63.6**	**828.4**	**834.1**
At 31 December 2023	**39.9**	**45.7**	**85.6**	**317.7**	**736.9**	**135.3**	**1,189.9**	**1,275.5**

	Subordinated loan notes £m	Lease liabilities £m	Liabilities from financing activities £m	Share capital/ premium £m	Reserves £m	Retained earnings £m	Total equity £m	Total £m
At 1 January 2022	**39.9**	**53.9**	**93.8**	**294.1**	**8.5**	**143.4**	**446.0**	**539.8**
Changes from financing cash flows								
Proceeds from issue of share capital	–	–	–	9.3	–	–	9.3	9.3
Payments for share repurchases	–	–	–	–	(18.6)	–	(18.6)	(18.6)
Dividends paid	–	–	–	–	–	(48.6)	(48.6)	(48.6)
Interest charge	(2.3)	(3.0)	(5.3)	–	–	–	–	(5.3)
Payment for lease liabilities	–	(7.8)	(7.8)	–	–	–	–	(7.8)
Total financing cash flows	(2.3)	(10.8)	(13.1)	9.3	(18.6)	(48.6)	(57.9)	(71.0)
Total non-cash movements	2.2	6.6	8.8	9.8	2.7	48.3	60.8	69.6
At 31 December 2022	**39.9**	**49.7**	**89.6**	**313.2**	**(7.4)**	**143.1**	**448.9**	**538.5**

61 EVENTS AFTER THE BALANCE SHEET DATE

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

FURTHER INFORMATION

FURTHER INFORMATION

FIVE-YEAR RECORD

	2023 £'000	2022[2] £'000	2021[2] £'000	2020[2] £'000	2019[2] £'000
Operating income (and underlying operating income)[1]	**571.1**	455.9	435.9	366.1	348.1
Underlying profit before tax[1]	**127.1**	97.1	120.7	92.5	88.7
Profit before tax	**57.6**	64.1	95.0	43.8	39.7
Profit after tax	**37.5**	49.0	75.2	26.7	26.9
Equity dividends paid and proposed	**62.9**	49.3	49.5	38.7	37.7
Basic earnings per share	**52.6p**	83.6p	133.5p	49.6p	50.3p
Diluted earnings per share	**50.8p**	81.6p	129.3p	47.6p	48.7p
Underlying earnings per share[1]	**135.8p**	130.8p	172.2p	133.3p	132.8p
Dividends per ordinary share	**87.0p**	84.0p	81.0p	72.0p	70.0p
Equity shareholders' funds	**1,350.1**	634.8	623.3	513.8	485.4
Total funds under management and administration	**£105.3bn**	£60.2bn	£68.2bn	£54.7bn	£50.4bn

1. A reconciliation between the underlying measure and its closest IFRS equivalent for the current year and the prior year is shown in table 3 on page 34
2. Data excludes IW&I

CORPORATE INFORMATION

	Wealth management	Asset management
Principal trading names	Rathbones Investment Management Rathbones Investment Management International Greenbank Investments Rathbones Trust Company Rathbones Legal Services Vision Independent Financial Planning Castle Investment Solutions Saunderson House Investec Wealth & Investment Investec Wealth & Investment (Channel Islands) Murray Asset Management UK	Rathbones Asset Management (formerly Rathbone Unit Trust Management)
Offices	23	2
Websites	rathbones.com rathbones.com/international greenbankinvestments.com	rathbones.com/financial-planning rathbonesam.com investec.com/en_gb/wealth

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