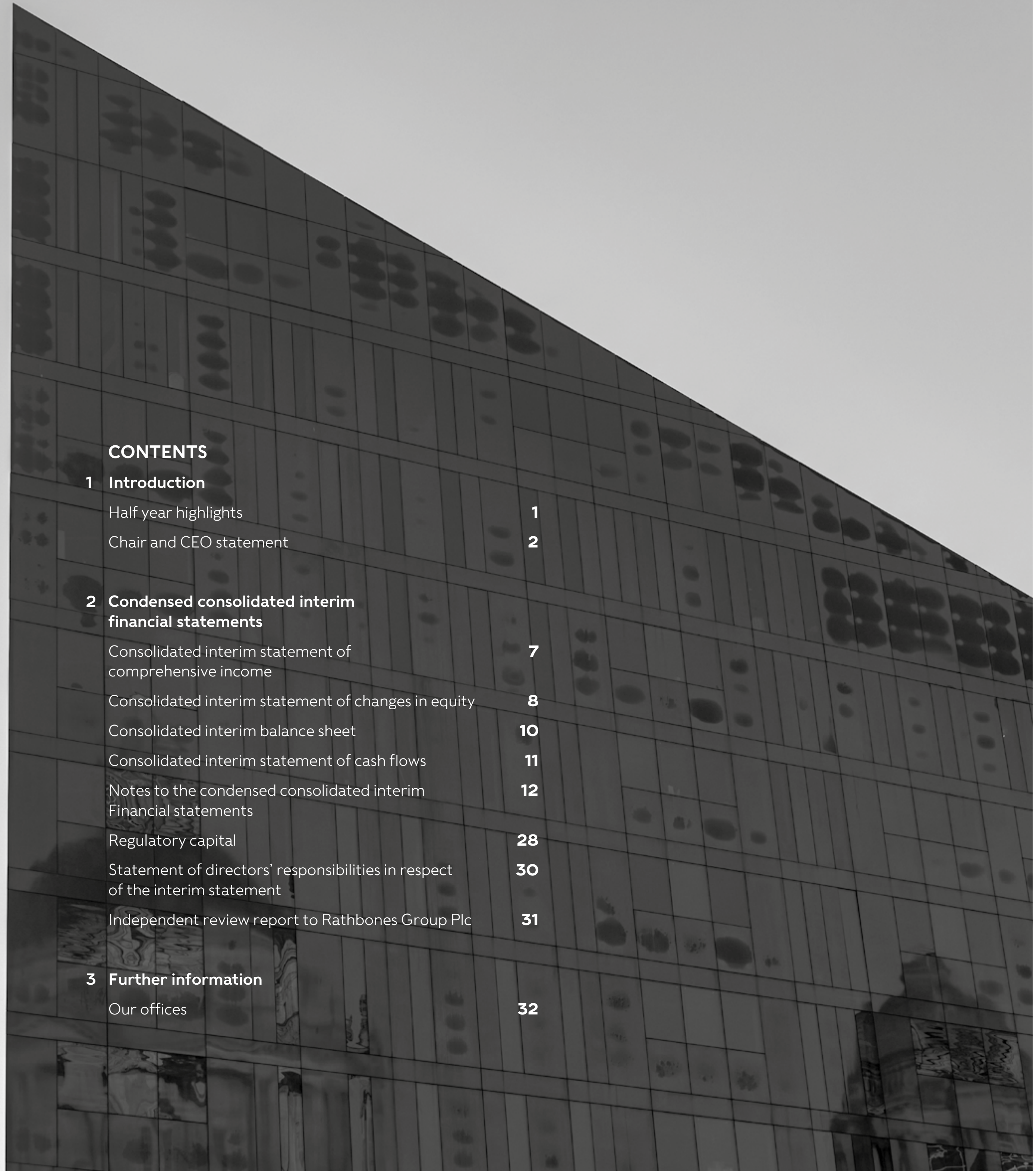
RATHBONES

INTERIM STATEMENT 2023



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Rathbones provides individual investment and wealth management services for private clients, charities, trustees and professional partners. We have been trusted for generations to manage and preserve our clients' wealth. Our tradition of thinking, acting and investing for everyone's tomorrow has been with us from the beginning and continues to drive us forward.

As at 30 June 2023, Rathbones managed £60.5 billion of client funds, of which £48.4 billion were managed by our Investment Management segment.

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

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

Clive C R Bannister
Chair

Paul Stockton
Group Chief Executive Officer

HALF YEAR HIGHLIGHTS

FINANCIAL HIGHLIGHTS (HALF YEAR 2023)

FUNDS UNDER MANAGEMENT AND ADMINISTRATION[1] (£bn)

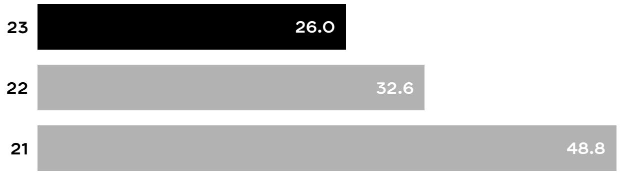
£60.5bn

DIVIDENDS PAID AND PROPOSED PER SHARE (p)

29.0p

PROFIT BEFORE TAX (£m)

£26.0m

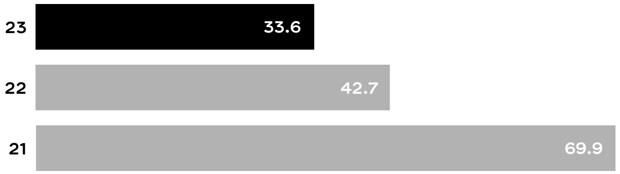


UNDERLYING PROFIT BEFORE TAX[2] (£m)

£50.7m

BASIC EARNING PER SHARE (p)

33.6p



UNDERLYING EARNING PER SHARE[2] (p)

66.4p

OPERATING MARGIN (%)

10.9%

UNDERLYING OPERATING MARGIN[3] (%)

21.3%

1. As at 30th June 2023
2. Underlying profit before tax and earnings per share exclude costs relating to the acquisitions of Speirs & Jeffrey, Saunderson House and Investec Wealth and Investment UK, and charges in relation to client relationships and goodwill. A reconciliation between the underlying profit before tax and profit before tax is shown in note 10, and an explanation of the group's rationale for using these underlying measures is given on page 40 of the 2022 report and accounts
3. Underlying profit before tax as a percentage of operating income

Clive C R Bannister
Chair

Paul Stockton
Group Chief Executive Officer

MARKET OVERVIEW

Although UK equity markets were less volatile in the six months to 30 June 2023, investor sentiment has been negatively impacted by the persistent inflationary backdrop and general outlook, particularly in the UK, where interest rates are at their highest since the financial crisis with potential to rise further.

This weaker outlook for economic growth has not only exacerbated the cost-of-living crisis for individuals, but it has also driven investors to change their short-term asset allocation towards short-dated fixed income securities and money market instruments.

Whilst this backdrop may not present a strong current case for investing in equities, our advice-led model continues to be focussed on achieving our clients' desired outcomes over the longer term, and we continue to pursue suitable investment opportunities, prioritise engagement with them and improve service standards.

The UK wealth management industry remains attractive with long-term structural drivers still in place, but competition remains strong, and we continue to pursue the benefits of scale to generate efficiencies and develop our technology footprint. We have welcomed the strong support shareholders gave in June for our transaction with Investec Wealth & Investment ("Investec W&I"), which remains an opportunity to accelerate our plans and improve margins.

PERFORMANCE, FUMA AND FINANCIAL REVIEW

Total funds under management and administration (FUMA) for the group were £60.5 billion at 30 June 2023 (H1 2022: £58.9 billion, FY 2022: £60.2 billion).

Gross organic inflows were strong in the period, representing an annualised growth rate of 11.4% of opening FUMA. Outflows were elevated however, representing a disappointing 12.6% on an annualised basis of opening FUMA. Outflows were largely driven by our Charities business, including one large client outflow. Our Charity team continues to focus on investment performance and improving our ESG proposition, after recently winning a Gold award for Charity Investment Management Company of the year at the Magic Circle Awards. Current economic conditions have also resulted in a marginally higher incidence of low value outflows from accounts that remain with us, as our clients actively make decisions on funding lifestyles.

Total discretionary and managed net inflows were £0.2 billion (H1 2022: £0.6 billion) in the period to 30 June 2023, representing an annualised growth rate of 0.7% (H1 2022: 2.3%). Excluding charity accounts, the equivalent growth rate would have been 2.3% in the half year to 30 June 2023.

The asset management industry reported net inflows of c.£7.1 billion in the first five months of the year, according to data published by the Investment Association. This was driven primarily by inflows into global bonds, gilts and money market funds, with outflows across equities. Reflecting this more cautious investor sentiment, we also saw outflows in our UK equity funds versus relatively strong inflows into our multi-asset funds. In our single strategy funds, net outflows were £0.3 billion (H1 2022: net outflows of £0.2 billion). The Pridham report, released in May 2023, ranked Rathbones in 9th position for total net retail sales in the UK in the first quarter of 2023.

Investment Management fee income of £138.8 million in the first half of 2023 was in line with FUMA, comparing directly with the £139.4 million recorded in H1 2022. Fee income in the Funds business slightly decreased to £31.1 million year-on-year (H1 2022: £32.1 million).

Commission income of £23.7 million was lower than the first six months of 2022 (H1 2022: £26.9 million), reflecting trading volumes in the respective periods. Investment management revenue margin remained robust at 74.2bps in the period, compared with 73.0bps in the first half of 2022.

Net interest income increased significantly to £23.0 million (H1 2022: £6.1 million), reflecting the further increases to the UK base rate. Average client cash balances in the period were £2.5 billion (H1 2022: £2.4 billion). We expect net interest income to continue to increase in 2023, consistent with both recent and future base rate increases.

Fees from advisory and other services decreased to £20.8 million during the first half of 2023 (30 June 2022: £26.8 million) with the contribution from Saunderson House falling to £10.5 million (H1 2022: £17.0 million) as we go through the transition process.

Total operating income for the group was £238.0 million, up 2.6% year-on-year as increased net interest income more than offset the reduction in commissions and fees from advisory services.

Underlying operating expenses totalled £187.3 million for the first half (H1 2022: £182.0 million). Fixed staff costs of £88.3 million (H1 2022: £79.6 million) broadly reflect the impact of increased headcount last year and salary increases. Annual average salary increases were c.6%, reflecting the current inflationary climate and competition for key resources. Increases were deliberately higher at lower salary levels to reflect the current cost of living challenges for some colleagues. Variable staff costs of £43.9 million (H1 2022: £44.2 million) includes the impact of lower performance-based awards. Other direct expenses of £55.1 million (H1 2022: £58.2 million) include c.£6m planned investment in our digital programme (H1 2022: c.£8 million).

Underlying profit before tax totalled £50.7 million in H1 2023 (H1 2022: £50.0 million) and profit before tax totalled £26.0 million (H1 2022: £32.6 million).

During the six months to 30 June 2023, we incurred £14.9 million acquisition-related costs relating to the combination with Investec W&I. These costs were primarily due to legal and professional fees. £11.2 million of these costs have been recognised in profit or loss, and the remainder have been recognised as an asset at 30 June, as these are incremental costs related directly to the share issue expected in the second half of the year.

The underlying operating margin at 30 June 2023 was 21.3% (30 June 2022: 21.5%). Excluding the impact of our digital programme spend, the underlying operating margin was 23.8%. We retain our guidance, that after this period of planned expenditure, margins are expected to return to higher 20s%, mindful of market conditions. A full reconciliation between profit before tax and underlying profit before tax can be found in note 4 of the financial statements.

Our balance sheet remains robust with a consolidated Common Equity Tier 1 ratio of 17.6% at 30 June 2023 (31 December 2022: 17.9%). Our capital surplus of own funds (excluding year-to-date post-tax profits) over our regulatory capital requirement was £98.1 million at 30 June 2023 (£110.3 million at 31 December 2022).

INTERIM DIVIDEND

In line with our progressive dividend policy, we have increased our interim dividend by 3.6% to 29p (30 June 2022: 28p), reflecting the strength of our business and balance sheet. The record date will be 4 August 2023 and the dividend will be paid on 25 August 2023.

In light of the upcoming combination with Investec W&I, and to ensure dividends paid remain appropriately aligned to earnings, we also expect to bring forward payment of a portion of the final dividend for FY23 to shareholders on the register shortly prior to the completion of the combination, by way of a second interim dividend. The final dividend in respect of FY23 will then be reduced accordingly.

BUSINESS UPDATE

GROWING AND ENABLING TEAMS

Our clients value the services we provide, and this is highlighted in our strong retention level of 92.8% that we continue to enjoy.

A key part of our effort to support future growth is to keep our propositions relevant to today's market. We completed a refresh of our brand in the first half of 2023 which positions us with an assured look and feel and a marque that translates simply and clearly in the digital space.

Our new brand has underpinned the launch of a new and upgraded website that now depicts our services and market positioning much more clearly. The site is easier to navigate and now operates on a platform that is much simpler to develop future content. Combining with our MyRathbones portal, our digital shop window has improved significantly over the last 12 months and compares favourably against key competitors. This lays a solid foundation that will complement the Investcloud capability we are building to drive an improved client experience.

Consumer duty regulation has supported us in clarifying the design and positioning of the propositions we offer, supporting marketing and business development activity that is more clearly targeted to key client affinity groups. This work has streamlined what we offer and will form the basis of how Rathbones positions its services in the future to private clients, third party advisers and intermediaries and charities.

Having recently streamlined the way in which we work with external financial advisers in advance of delivering easier digital capability, we continue to extend our reach into the third-party advisor market. We currently offer a broad range of investment solutions to over 280 IFAs utilising our Reliance on Advisor model. FUMA linked to IFA relationships was £4.3 billion at 30 June 2023 (30 June 2022: £1.3 billion).

Rathbones Select was designed as a high-quality, 'self-select' investment service for smaller value portfolios, generally below £150k and now serves almost 3,500 clients up from under 2,500 a year ago. Select is not only a more suitable investment solution that uses our multi asset fund capability, but it is much more efficient for teams to deliver service and creates capacity.

LEVERAGING FINANCIAL PLANNING

The integration of Saunderson House is progressing well, now operating under a common management team to deliver a leading range of advice services to clients.

Our acquisition case for Saunderson House rested upon the opportunity to offer improved investment solutions to clients at lower cost to them. Saunderson House now operates as a restricted advisor from an investment product perspective and c.£1 billion FUMA has been migrated to Rathbones propositions to date. The migration is expected to be completed by the end of the first quarter of 2024.

Whilst the asset migration is underway, we have chosen not to charge activity and investment advisory fees to clients during this transition which has contributed to total reductions in revenue from advisory services in the period to £20.8 million from £26.8 million in the previous year. Following completion of the migration, advice revenues will return to more normal levels, as investment fees will be closely linked to the value of FUMA we manage, and financial planning teams will operate with a significantly improved capacity to deliver additional financial planning services for new and existing clients.

Vision Independent Financial Planning continues to operate independently as an important part of the group. The network has now grown to 137 advisers that manage FUMA of £2.9 billion (30 June 2022: 128 advisers, £2.4 billion).

Across the group at 30 June 2023, Rathbones operated through 209 financial advisers, that work closely with 363 investment managers to deliver our services.

IMPROVING OUR DIGITAL CAPABILITY

We continue to pursue our digital strategy vigorously, implementing some important enhancements to MyRathbones that have added data and allowed clients a greater ability to customise information. Around c.55% of our clients now receive updates digitally rather than in hard copy form in accordance with their preferences.

We have also made further enhancements to Charles River in our Funds business where we plan to roll out performance measurement, attribution and risk processes this year, which will significantly reduce the administrative burden on our team.

Delivery of our Client Lifecycle Management (CLM) programme has been slower than expected over the first half. This is reflected in the incidence of expenditure which was c.£6 million in the period (H1 2022: c.£8 million), making the total spend to date c.£22 million.

We expect delivery to accelerate in the second half as additional resources are applied, but the full launch of the system looks likely now to move into the early part of 2024 rather than by the end of 2023. We reiterate our guidance that the total cost of digital projects (including the Charles River implementation) will continue to be no more than £40 million.

INSPIRING OUR PEOPLE

Employee engagement and feedback remains a critical part of how we measure our success, and we run regular surveys to ensure that employee engagement remains high. Our Peakon survey in July 2023 produced an engagement score of 8/10 which was 0.2 above the financial services benchmark, alongside a net promoter score of 37, which compares favourably at 15 points above the financial services benchmark.

We will continue to place the well-being of our employees at the heart of what we do and are committed to offering them future challenge and opportunity. Our 2022 Annual Report outlined a practical and action orientated approach to fostering Diversity, Equality and Inclusion (DE&I) and we are already seeing positive results from the awareness, network building and training we have offered. We remain sensitive to the current environment and the cost-of-living challenges it presents to some colleagues.

COMBINATION WITH INVESTEC W&I

The combination that we announced on 4 April 2023 with Investec W&I presents us with many opportunities including the chance to capture the benefits that scale provides. We were grateful for the overwhelming shareholder support for the transaction in June which was a positive affirmation of our strategy.

Rathbones and Investec continue to work collaboratively with regulators, and we expect the transaction to complete towards the end of the third quarter. Integration planning remains on track, and we very much look forward to welcoming clients and new colleagues from Investec W&I to form a significant part of the enlarged Rathbones group. Our future focus will then move to integration and delivering benefits to clients, employees and shareholders.

PRINCIPAL RISKS AND UNCERTAINTIES

The most important changes to the group's principal risks and uncertainties relate to recent market falls and the changing economic and political landscape. This will impact investment performance and client sentiment. Otherwise, the principal risks and uncertainties set out in our 2022 annual report and accounts have not materially changed. These are in the strategic report and group risk committee report in pages 59 to 65 and pages 110 to 113 of the 2022 Annual Report.

The risks associated with our combination with Investec W&I were outlined to shareholders in the prospectus we issued on 1 June. We remain conscious of the impact of the changing risk landscape to our clients, our people and our industry. Risks associated with ESG factors, including climate change, financial crime and anti-money laundering, along with the potential for supply chain risks, are considered and assessed regularly. We remain alert in respect of potential cyber threats.

REGULATION

Rathbones has welcomed the new Consumer Duty rules that will come into force this summer, using them as an opportunity to review all of our services against the four customer duty outcomes. This work has helped clarify how these services are sold and described to clients, and further re-enforced key concepts in training given to employees.

We remain committed to ensuring that the interests of our clients are at the forefront of everything we do. Our ongoing efforts to meet and exceed regulatory requirements are central to our commitment to client trust and long-term sustainable growth.

BOARD AND EXECUTIVE CHANGES

After six years Sarah Gentleman is stepping down as Chair of the Remuneration Committee to focus on her role as Senior Independent Director. We would like to thank her for her leadership on remuneration policy over this time and are delighted to appoint Dharmash Mistry as our new Remuneration Committee Chair, effective as of 1 September, subject to regulatory approval. Dharmash joined the board as a non-executive director on 5 October 2021.

After 37 years in the industry, and 14 years at Rathbones Mike Webb, chief executive of RUTM and group distribution, will retire at the end of this year. His role will be divided between Jayne Rogers, who will join Rathbones in September as executive chair of RUTM and chief distribution officer, and Tom Caroll who will run RUTM day to day as CEO. Jayne joins us after four years at Morgan Stanley Investment Management where she was EMEA head of strategic initiatives. Prior to this Jayne held senior roles at Robeco Asset Management Northern Trust, and KPMG Investment Advisory. Tom joined RUTM in 2022 as chief investment officer from Sanlam. Both appointments are subject to regulatory approval.

We were deeply saddened by the recent loss of Anne-Marie McConnon who suddenly passed away shortly after her arrival as our first Chief Client Officer of Rathbones. We were very excited to work with Anne-Marie and continue to see this role as an important part of the executive team going forward.

GOING CONCERN

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

OUTLOOK

Whilst market conditions are expected to remain subdued in the short term, stable revenue margins in our core discretionary fund management business, and positive performance in our asset management business, provide a solid platform for the group.

Larger than expected base rate rises to date support net interest income this year of closer to £45 million, up from the £35 million we guided to in our full year results, and we will maintain expense and recruitment discipline during this inflationary period.

We look forward to achieving the objectives we set out following completion of the transaction with Investec W&I, which are expected to improve medium term underlying operating profit margins to at least 30%.

Clive C R Bannister
Chair

Paul Stockton
Group Chief Executive Officer

25 July 2023

FINANCIAL STATEMENTS

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	**Unaudited Six months to 30 June 2023 £'000**	Unaudited Six months to 30 June 2022 £'000	Audited Year to 31 December 2022 £'000
Interest and similar income		**65,898**	16,368	46,335
Interest expense and similar charges		**(42,928)**	(10,271)	(28,032)
Net interest income		**22,970**	6,097	18,303
Fee and commission income		**228,502**	239,177	462,689
Fee and commission expense		**(14,119)**	(13,869)	(27,477)
Net fee and commission income		**214,383**	225,308	435,212
Other operating income		**673**	535	2,360
Operating income		**238,026**	231,940	455,875
Charges in relation to client relationships and goodwill	14	**(9,510)**	(9,924)	(19,544)
Acquisition-related costs	6	**(15,271)**	(7,426)	(13,462)
Other operating expenses		**(187,284)**	(181,976)	(358,815)
Operating expenses		**(212,065)**	(199,326)	(391,821)
Profit before tax		**25,961**	32,614	64,054
Taxation	8	**(6,279)**	(7,625)	(15,070)
Profit after tax		**19,682**	24,989	48,984
Profit for the period attributable to equity holders of the company		**19,682**	24,989	48,984
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Net remeasurement of defined benefit asset		**(2,790)**	3,315	(7,083)
Deferred tax relating to the net remeasurement of defined benefit asset		**698**	961	3,361
Other comprehensive income net of tax		**(2,092)**	4,276	(3,722)
Total comprehensive income for the period net of tax attributable to equity holders of the company		**17,590**	29,265	45,262
Dividends paid and proposed for the period per ordinary share	9	**29.0p**	28.0p	84.0p
Dividends paid and proposed for the period		**16,976**	16,388	49,317
Earnings per share for the period attributable to equity holders of the company:	10			
– basic		**33.6p**	42.7p	83.6p
– diluted		**32.8p**	41.6p	81.6p

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2023

	Note	Share capital £'000	Share premium £'000	Merger reserve £'000	Own shares £'000	Retained earnings £'000	Total equity £'000
At 1 January 2022		3,100	291,026	76,965	(36,626)	288,817	623,282
Profit for the period						24,989	24,989
Net remeasurement of defined benefit asset						3,315	3,315
Deferred tax relating to components of other comprehensive income						961	961
Other comprehensive income net of tax		–	–	–	–	4,276	4,276
Dividends paid						(32,054)	(32,054)
Issue of share capital	18	52	12,787				12,839
Share-based payments:							–
– cost of share-based payment arrangements						13,786	13,786
– cost of vested employee remuneration and share plans						(11,304)	(11,304)
– cost of own shares vesting					2,217	(2,217)	–
– cost of own shares acquired					(10,843)		(10,843)
– tax on share-based payments						1,172	1,172
At 30 June 2022 (unaudited)		3,152	303,813	76,965	(45,252)	287,465	626,143
Profit for the period						23,995	23,995
Net remeasurement of defined benefit asset						(10,398)	(10,398)
Deferred tax relating to components of other comprehensive income						2,400	2,400
Other comprehensive income net of tax		–	–	–	–	(7,998)	(7,998)
Dividends paid						(16,553)	(16,553)
Issue of share capital	18	18	6,157				6,175
Share-based payments:							
– cost of share-based payment arrangements						12,100	12,100
– cost of vested employee remuneration and share plans						(1,472)	(1,472)
– cost of own shares vesting					461	(461)	–
– cost of own shares acquired					(7,724)		(7,724)
– tax on share-based payments						168	168

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2023

	Note	Share capital £'000	Share premium £'000	Merger reserve £'000	Own shares £'000	Retained earnings £'000	Total equity £'000
At 31 December 2022 (audited)		**3,170**	**309,970**	**76,965**	**(52,515)**	**297,244**	**634,834**
Profit for the period						**19,682**	**19,682**
Net remeasurement of defined benefit asset						**(2,790)**	**(2,790)**
Deferred tax relating to components of other comprehensive income						**698**	**698**
Other comprehensive income net of tax		**–**	**–**	**–**	**–**	**(2,092)**	**(2,092)**
Dividends paid						**(33,414)**	**(33,414)**
Issue of share capital	18	**2**	**808**				**810**
Share-based payments:							
– cost of share-based payment arrangements						**10,714**	**10,714**
– cost of vested employee remuneration and share plans						**(5,613)**	**(5,613)**
– cost of own shares vesting					**11,371**	**(11,371)**	**–**
– cost of own shares acquired					**(6,660)**		**(6,660)**
– tax on share-based payments						**77**	**77**
At 30 June 2023 (unaudited)		**3,172**	**310,778**	**76,965**	**(47,804)**	**275,227**	**618,338**

CONSOLIDATED INTERIM BALANCE STATEMENT

AS AT 30 JUNE 2023

	Note	**Unaudited 30 June 2023 £'000**	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'000
Assets				
Cash and balances with central banks		**1,141,926**	1,683,670	1,412,915
Settlement balances		**215,119**	137,672	65,818
Loans and advances to banks		**139,481**	186,206	194,723
Loans and advances to customers	11	**143,374**	189,960	169,766
Investment securities:				
– fair value through profit or loss		**3,081**	11,906	11,214
– amortised cost		**1,233,827**	829,970	1,045,234
Prepayments, accrued income and other assets		**152,323**	124,260	126,687
Property, plant and equipment	12	**10,865**	14,012	12,687
Right-of-use assets	13	**37,268**	41,606	39,087
Current tax assets		**9,163**	6,167	3,475
Intangible assets	14	**347,163**	365,245	356,193
Retirement benefit asset	17	**7,002**	15,887	9,401
Total assets		**3,440,592**	3,606,561	3,447,200
Liabilities				
Deposits by banks		**17,173**	19,587	1,035
Settlement balances		**211,188**	139,916	69,872
Due to customers		**2,377,131**	2,582,703	2,516,116
Accruals and other liabilities		**98,561**	122,799	114,288
Lease liabilities		**48,858**	52,739	50,484
Current tax liabilities		**363**	275	247
Net deferred tax liabilities		**9,880**	11,523	7,525
Provisions for liabilities and charges	15	**19,210**	10,984	12,907
Subordinated loan notes	16	**39,890**	39,892	39,891
Total liabilities		**2,822,254**	2,980,418	2,812,365

	Note	**Unaudited 30 June 2023 £'000**	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'000
Equity				
Share capital	18	**3,172**	3,152	3,170
Share premium	18	**310,778**	303,813	309,970
Merger reserve	18	**76,965**	76,965	76,965
Own shares		**(47,804)**	(45,252)	(52,515)
Retained earnings		**275,227**	287,465	297,244
Total equity		**618,338**	626,143	634,834
Total liabilities and equity		**3,440,592**	3,606,561	3,447,199

The condensed consolidated interim financial statements were approved by the board of directors and authorised for issue on 25 July 2023 and were signed on its behalf by:

Paul Stockton
Group Chief Executive Officer

Jennifer Mathias
Group Chief Financial Officer

Company registered number: 01000403

25 July 2023

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	**Unaudited 30 June 2023 £'000**	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'000
Cash flows from operating activities				
Profit before tax		**25,961**	32,614	64,054
Change in fair value through profit or loss		**(2)**	525	304
Net interest income		**(22,970)**	(6,097)	(18,303)
Net (recoveries)/impairment charges on loans and advances		**(64)**	13	(96)
Net charge to income statement for provisions	15	**7,251**	330	1,971
Depreciation, amortisation and impairment		**17,047**	17,564	34,942
Foreign exchange movements		**3,886**	(6,406)	(7,077)
Defined benefit pension scheme charges		**(223)**	(117)	(258)
Defined benefit pension contributions paid		**(168)**	(168)	(3,939)
Share-based payment charges	19	**10,714**	13,786	25,886
Interest paid		**(34,542)**	(2,396)	(20,861)
Interest received		**49,587**	8,437	33,940
		56,477	58,085	110,563
Changes in operating assets and liabilities:				
– net decrease/(increase) in loans and advances to banks and customers		**17,283**	(10,355)	8,382
– net (increase)/decrease in settlement balance debtors		**(149,301)**	(67,922)	3,931
– net (increase)/decrease in prepayments, accrued income and other assets		**(14,912)**	(5,242)	1,871
– net (decrease)/increase in amounts due to customers and deposits by banks		**(122,847)**	267,210	181,928
– net increase in settlement balance creditors		**141,316**	79,841	9,797
– net decrease in accruals, provisions and other liabilities		**(20,941)**	(10,968)	(5,925)
Cash (used in)/generated from operations		**(92,925)**	310,649	310,547
Tax paid		**(8,720)**	(11,398)	(17,613)

	Note	**Unaudited 30 June 2023 £'000**	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'000
Net cash (outflow)/inflow from operating activities		**(101,645)**	299,251	292,934
Cash flows from investing activities				
Purchase of property, plant, equipment and intangible assets		**(3,694)**	(9,108)	(13,133)
Payment of deferred consideration		**–**	–	(10,873)
Purchase of investment securities		**(1,083,928)**	(555,202)	(1,262,476)
Proceeds from sale and redemption of investment securities		**899,582**	490,802	984,394
Net cash used in investing activities		**(188,040)**	(73,508)	(302,088)
Cash flows from financing activities				
Issue of ordinary shares	22	**810**	7,140	9,262
Repurchase of ordinary shares	22	**(6,660)**	(10,843)	(18,567)
Dividends paid		**(33,414)**	(32,054)	(48,607)
Payment of lease liabilities		**(3,872)**	(4,347)	(8,481)
Interest paid		**(2,577)**	(2,693)	(5,320)
Net cash used in financing activities		**(45,713)**	(42,797)	(71,713)
Net (decrease)/increase in cash and cash equivalents		**(335,398)**	182,946	(80,867)
Cash and cash equivalents at the beginning of the period		**1,572,723**	1,653,590	1,653,590
Cash and cash equivalents at the end of the period	22	**1,237,325**	1,836,536	1,572,723

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 / BASIS OF PREPARATION

Rathbones Group Plc ('the company') is the parent company of a group of companies ('the group') that is a leading provider of high-quality, personalised investment and wealth management services for private clients, charities and trustees. This includes discretionary investment management, unit trusts, tax planning, trust and company management, pension advice and banking services. The products and services from which the group derives its revenues are described on pages 2-4 of the annual report and accounts for the year ended 31 December 2022 and have not materially changed since that date.

These condensed consolidated interim financial statements, on pages 7 to 27, are presented in accordance with United Kingdom adopted International Accounting Standard 34. The condensed consolidated interim financial statements have been prepared on a going concern basis, using the accounting policies, methods of computation and presentation set out in the group's financial statements for the year ended 31 December 2022. The condensed consolidated interim financial statements should be read in conjunction with the group's audited financial statements for the year ended 31 December 2022.

The information in this announcement does not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. The comparative figures for the financial year ended 31 December 2022 are not the group's statutory accounts for that financial year. The group's financial statements for the year ended 31 December 2022 have been reported on by its auditors and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified and did not draw attention to any matters by way of emphasis. It also did not contain a statement under section 498 of the Companies Act 2006.

DEVELOPMENTS IN REPORTING STANDARDS AND INTERPRETATIONS

Standards and interpretations adopted during the current reporting period

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

- IFRS 17 Insurance Contracts.
- Amendments to IFRS 17.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimate (Amendments to IAS 8).
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes.
- Initial Application of IFRS 7 and IFRS 9 – Comparative Information (Amendments to IFRS 17).

Future new standards and interpretations

The following standards are effective for annual periods beginning 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.

Standards available for early adoption	Effective date
Sale or Contribution of Assets between an Investor and its Associate or Join Venture	Optional
(Amendments to IFRS 10 and IAS 28)	
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
Non-current Liabilities with Covenants (Amendments to IAS 1)	01 January 2024

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

2 / CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the group's consolidated financial statements as at, and for the year ended, 31 December 2022.

3 / CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The group has reviewed the judgements and estimates that affect its accounting policies and amounts reported in its financial statements. These are unchanged from those reported in the group's financial statements for the year ended 31 December 2022.

In 2021, the group acquired the entire share capital of Saunderson House Limited. The group accounted for the transaction as a business combination, as set out in note 5.

The purchase price payable in respect of the acquisition was split into a number of different components. The equity-settled deferred payments that are contingent on the recipients remaining employees of the group for a specific period are accounted for as remuneration for ongoing services in employment. The group's estimate of the amounts ultimately payable will be expensed over the deferral period.

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 in shares.

Under the terms of the agreements, the award ranges from a payment of £nil to a maximum possible payment in shares of £7.2 million, and is dependent on the value of qualifying funds under management at the test date, as well as other qualitative factors. Management's best estimate of this award at the period end was £4.7 million.

The maximum award of £7.2 million would result in an additional charge to profit or loss in the period of £0.3 million. A payment of £nil would result in a reversal of the accumulated profit or loss charge since commencement of the award of £2.4 million in 2023.

4 / SEGMENTAL INFORMATION

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

Six months ended 30 June 2023 (unaudited)	Investment Management £'000	Funds £'000	Indirect expenses £'000	Total £'000
Net investment management fee income	138,822	31,071	–	169,893
Net commission income	23,713	–	–	23,713
Net interest income	22,221	749	–	22,970
Fees from advisory services and other income	21,005	445	–	21,450
Operating income	205,761	32,265	–	238,026
Staff costs – fixed	(59,468)	(3,665)	(25,112)	(88,245)
Staff costs – variable	(31,664)	(5,280)	(6,981)	(43,925)
Total staff costs	(91,132)	(8,945)	(32,093)	(132,170)
Other direct expenses	(20,532)	(6,334)	(28,248)	(55,114)
Allocation of indirect expenses[1]	(52,990)	(7,351)	60,341	–
Underlying operating expenses	(164,654)	(22,630)	–	(187,284)
Underlying profit before tax	41,107	9,635	–	50,742
Charges in relation to client relationships and goodwill (note 14)	(9,510)	–	–	(9,510)
Acquisition-related costs (note 6)	(2,199)	–	(13,072)	(15,271)
Segment profit before tax	29,398	9,635	(13,072)	25,961
Taxation (note 8)				(6,279)
Profit for the period attributable to equity holders of the company				19,682

	Investment Management £'000	Funds £'000	Total £'000
Segment total assets	3,276,012	157,578	3,433,590
Unallocated assets			7,002
Total assets	3,276,012	157,578	3,440,592

1. Included within the allocation of indirect expenses are costs related to the group's digital strategy for activities that are now live.

4 / SEGMENTAL INFORMATION CONTINUED

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

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

Year ended 31 December 2022 (audited)	Investment Management £'000	Funds £'000	Indirect expenses £'000	Total £'000
Net investment management fee income	274,881	62,158	–	337,039
Net commission income	48,871	–	–	48,871
Net interest income	17,779	524	–	18,303
Fees from advisory services and other income	51,393	269	–	51,662
Operating income	392,924	62,951	–	455,875
Staff costs – fixed	(109,507)	(6,938)	(42,035)	(158,480)
Staff costs – variable	(66,915)	(11,240)	(8,917)	(87,072)
Total staff costs	(176,422)	(18,178)	(50,952)	(245,552)
Other direct expenses	(41,494)	(9,570)	(62,199)	(113,263)
Allocation of indirect expenses	(104,363)	(8,788)	113,151	–
Underlying operating expenses	(322,279)	(36,536)	–	(358,815)
Underlying profit before tax	70,645	26,415	–	97,060
Charges in relation to client relationships and goodwill (note 22)	(19,544)	–	–	(19,544)
Acquisition-related costs (note 9)	(10,027)	–	(3,436)	(13,462)
Segment profit before tax	41,074	26,415	(3,436)	64,054
Taxation (note 11)				(15,070)
Profit for the year attributable to equity holders of the company				48,984

	Investment Management £'000	Funds £'000	Total £'000
Segment total assets	3,323,428	114,371	3,437,799
Unallocated assets			9,401
Total assets	3,323,428	114,371	3,447,200

4 / SEGMENTAL INFORMATION CONTINUED

Included within Investment Management operating income is £774,000 (30 June 2022: £1,018,000; 31 December 2022: £1,916,000) of fees and commissions receivable from the Funds business. Intersegment sales are charged at prevailing market prices.

The following table reconciles underlying operating expenses to operating expenses:

	Unaudited Six months to 30 June 2023 £'000	Unaudited Six months to 30 June 2022 £'000	Audited Year to 31 December 2022 £'000
Underlying operating expenses	**187,284**	181,976	358,815
Charges in relation to client relationships and goodwill (note 14)	**9,510**	9,924	19,544
Acquisition-related costs (note 6)	**15,271**	7,426	13,462
Operating expenses	**212,065**	199,326	391,821

GEOGRAPHIC ANALYSIS

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

	Unaudited Six months to 30 June 2023 £'000	Unaudited Six months to 30 June 2022 £'000	Audited Year to 31 December 2022 £'000
United Kingdom	**229,734**	224,958	441,977
Jersey	**8,292**	6,927	13,842
Rest of World	**–**	55	56
Operating income	**238,026**	231,940	455,875

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

TIMING OF REVENUE RECOGNITION

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

	Unaudited Six months to 30 June 2023		Unaudited Six months to 30 June 2022		Audited Year to 31 December 2022	
	Investment Management £'000	**Funds £'000**	Investment Management £'000	Funds £'000	Investment Management £'000	Funds £'000
Products and services transferred at a point in time	**16,908**	**–**	30,516	–	41,192	–
Products and services transferred over time	**188,853**	**32,265**	169,557	31,867	351,732	62,951
Operating income	**205,761**	**32,265**	200,073	31,867	392,924	62,951

MAJOR CLIENTS

The group is not reliant on any one client or group of connected clients for generation of revenues. At 30 June 2023, the group provided investment management services to 68,629 clients (30 June 2022: 67,171; 31 December 2022: 67,662).

5 / BUSINESS COMBINATIONS

SPEIRS & JEFFREY

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

Deferred and contingent payments

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

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

- earn-out consideration and related incentivisation awards were subject to the delivery of certain operational and financial performance targets. The earn-out awards for the vendors were payable in two parts in the third and fourth years following the acquisition date. The second earn-out vested in 2021. The incentivisation awards for staff will vest in tranches by 31 March 2025.

Further details are as follows:

	Unaudited Six months to 30 June 2023 £'000	Unaudited Six months to 30 June 2022 £'000	Audited Year to 31 December 2022 £'000
Earn-out consideration and incentivisation awards	**570**	2,667	3,497

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

SAUNDERSON HOUSE LIMITED

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

Deferred payments

The group continues to provide for the cost of other deferred and contingent payments to be made to individuals required to remain in employment with the group for the duration of the respective deferral periods, as set out in note 8 of the 2022 report and accounts.

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

The deferred share consideration was paid in the prior year to vendors not required to remain in employment with the group.

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

	Unaudited Six months to 30 June 2023 £'000	Unaudited Six months to 30 June 2022 £'000	Audited Year to 31 December 2022 £'000
Initial share consideration	**901**	901	1,816
Deferred share consideration	**–**	2,002	3,290
Incentivisation awards	**728**	764	1,423
Total consideration	**1,629**	3,667	6,529

INVESTEC WEALTH & INVESTMENT UK

On 4 April 2023, the group announced an all-share acquisition of Investec Wealth & Investment UK, subject to shareholder and regulatory approval. See note 6 for detail of the costs incurred in the period in relation to the acquisition.

6 / ACQUISITION-RELATED COSTS

	Unaudited Six months to 30 June 2023 £'000	Unaudited Six months to 30 June 2022 £'000	Audited Year to 31 December 2022 £'000
Acquisition of Speirs & Jeffrey	**570**	2866	3497
Acquisition of Saunderson House	**3,502**	4,560	9,965
Acquisition of Investec Wealth and Investment UK	**11,199**	–	–
Acquisition-related costs	**15,271**	7,426	13,462

COSTS RELATING TO THE ACQUISITION OF SPEIRS & JEFFREY

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

	Unaudited Six months to 30 June 2023 £'000	Unaudited Six months to 30 June 2022 £'000	Audited Year to 31 December 2022 £'000
Acquisition costs:			
Staff costs	**570**	2,667	3,497
Integration costs	**–**	199	–
	570	2,866	3,497

Integration costs of £nil (30 June 2022: £199,000; 31 December 2022: £nil) have not been allocated to a specific operating segment (note 4).

COSTS RELATING TO THE ACQUISITION OF SAUNDERSON HOUSE

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

	Unaudited Six months to 30 June 2023 £'000	Unaudited Six months to 30 June 2022 £'000	Audited Year to 31 December 2022 £'000
Acquisition costs:			
Staff costs	**1,629**	3,667	6,529
Integration costs	**1,873**	893	3,436
	3,502	4,560	9,965

Integration costs of £1,873,000 (30 June 2022: £893,000; 31 December 2022: £3,436,000) have not been allocated to a specific operating segment (note 4).

COSTS RELATING TO THE ACQUISITION OF INVESTEC WEALTH & INVESTMENT UK

The group incurred legal and advisory costs of £11,199,000 in relation to the acquisition in the six months ended 30 June 2023, which were recognised in profit or loss. These costs have not been allocated to a specific operating segment (note 4). An additional £3,669,000 of incremental costs related directly to the expected share issue in the second half of the year were recognised as an asset at 30 June 2023.

Of the total costs incurred in the period, £6,700,000 of professional fees, which become payable subject to completion of the transaction, have been recognised as a provision at 30 June 2023 (note 15).

7 / EMPLOYEE NUMBERS

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

	Unaudited Six months to 30 June 2023	Unaudited Six months to 30 June 2022	Audited Year to 31 December 2022
Investment Management:			
– investment management services	**1,148**	1,084	1,112
– advisory services	**345**	334	348
Funds	**52**	50	50
Business support	**594**	543	543
	2,139	2,011	2,053

8 / TAXATION

The tax expense for the six months ended 30 June 2023 was calculated based on the estimated average annual effective tax rate. The overall effective tax rate for this period was 24.2% (six months ended 30 June 2022: 23.4%; year ended 31 December 2022: 23.6%).

The effective tax rate reflects the disallowable costs of the deferred consideration payments in relation to the acquisitions of Speirs & Jeffrey and Saunderson House, as well as the legal and advisory fees incurred in relation to the acquisition of Investec Wealth and Investment UK.

	Unaudited Six months to 30 June 2023 £'000	Unaudited Six months to 30 June 2022 £'000	Audited Year to 31 December 2022 £'000
United Kingdom taxation	**3,522**	7,797	16,467
Overseas taxation	**241**	104	289
Deferred taxation	**2,516**	(276)	(1,686)
	6,279	7,625	15,070

The UK corporation tax rate for the year ending 31 December 2023 is 23.5%. This is a composite rate; the UK Government legislated in the Finance Act 2021 to increase the UK corporation tax rate to 25.0% from 1 April 2023 (2022: 19.0%). 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.

9 / DIVIDENDS

An interim dividend of 29.0p per share is payable on 25 August 2023 to shareholders on the register at the close of business on 4 August 2023. The interim dividend has not been included as a liability in this interim statement. A final dividend for 2022 of 56.0p per share was paid on 9 May 2023.

10 / EARNINGS PER SHARE

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

	Unaudited Six months to 30 June 2023		Unaudited Six months to 30 June 2022		Audited Year to 31 December 2022	
	Pre-tax £'000	**Post-tax £'000**	Pre-tax £'000	Post-tax £'000	Pre-tax £'000	Post-tax £'000
Underlying profit attributable to equity holders	**50,742**	**38,847**	49,964	39,573	97,060	76,676
Charges in relation to client relationships and goodwill (note 14)	**(9,510)**	**(7,274)**	(9,924)	(8,038)	(19,544)	(15,831)
Acquisition-related costs (note 6)	**(15,271)**	**(11,891)**	(7,426)	(6,546)	(13,462)	(11,861)
Profit attributable to equity holders	**25,961**	**19,682**	32,614	24,989	64,054	48,984

Basic earnings per share has been calculated by dividing profit attributable to equity holders by the weighted average number of shares in issue throughout the period, excluding own shares, of 58,538,625 (30 June 2022: 58,528,000; 31 December 2022: 58,618,521).

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, Executive Incentive Plan and Executive Share Performance Plan, employee share options remaining capable of exercise, and any dilutive shares to be issued under the Share Incentive Plan, all weighted for the relevant period.

10 / EARNINGS PER SHARE CONTINUED

	Unaudited 30 June 2023	Unaudited 30 June 2022	Audited 31 December 2022
Weighted average number of ordinary shares in issue during the period – basic	**58,538,625**	58,528,000	58,618,521
Effect of ordinary share options/Save As You Earn	**558,416**	571,430	595,055
Effect of dilutive shares issuable under the Share Incentive Plan	**1,477**	1,359	671
Effect of contingently issuable ordinary shares under the Executive Incentive Plan/Executive Share Performance Plan	**597,431**	633,295	563,816
Effect of contingently issuable shares under Saunderson House initial share consideration	**272,952**	272,952	272,952
Diluted ordinary shares	**59,968,901**	60,007,036	60,051,015

	Unaudited Six months to 30 June 2023	Unaudited Six months to 30 June 2022	Audited Year to 31 December 2022
Earnings per share for the period attributable to equity holders of the company:			
– basic	**33.6p**	42.7p	83.6p
– diluted	**32.8p**	41.6p	81.6p
Underlying earnings per share for the period attributable to equity holders of the company:			
– basic	**66.4p**	67.6p	130.8p
– diluted	**64.8p**	65.9p	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.

11 / LOANS AND ADVANCES TO CUSTOMERS

	Unaudited 30 June 2023 £'000	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'000
Overdrafts	**15,080**	10,425	6,540
Investment Management loan book	**124,554**	175,500	159,682
Trust and financial planning debtors	**3,625**	2,047	3,033
Other debtors	**115**	1,988	511
	143,374	189,960	169,766

12 / PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the group purchased assets with a cost of £616,000 (six months ended 30 June 2022: £3,182,000; year ended 31 December 2022: £4,371,000).

13 / RIGHT-OF-USE ASSETS

	Property £'000	**Motor vehicles and equipment £'000**	**Total £'000**
Cost			
1 January 2023	**58,096**	**354**	**58,450**
Additions	**796**	**–**	**796**
Disposals	**(936)**	**–**	**(936)**
At 30 June 2023	**57,956**	**354**	**58,310**
Depreciation and impairment			
1 January 2023	**19,224**	**139**	**19,363**
Charge in the period	**2,556**	**59**	**2,615**
Disposals	**(936)**	**–**	**(936)**
At 30 June 2023	**20,844**	**198**	**21,042**
Carrying amount at 30 June 2023 (unaudited)	**37,112**	**156**	**37,268**
Carrying amount at 30 June 2022 (unaudited)	41,334	273	41,606
Carrying amount at 31 December 2022 (audited)	38,872	215	39,087

14 / INTANGIBLE ASSETS

	Goodwill £'000	Client relationships £'000	Software development costs £'000	Purchased software £'000	Total intangibles £'000
Cost					
At 1 January 2023	**169,631**	**300,927**	**13,467**	**54,897**	**538,922**
Internally developed in the period	**–**	**–**	**487**	**–**	**487**
Purchased in the period	**–**	**1,564**	**–**	**909**	**2,473**
Disposals	**–**	**(2,000)**	**–**	**–**	**(2,000)**
At 30 June 2023	**169,631**	**300,491**	**13,954**	**55,806**	**539,882**
Amortisation and impairment					
At 1 January 2023	**1,954**	**125,904**	**10,024**	**44,847**	**182,729**
Charge in the period	**–**	**9,510**	**817**	**1,663**	**11,990**
Disposals	**–**	**(2,000)**	**–**	**–**	**(2,000)**
At 30 June 2023	**1,954**	**133,414**	**10,841**	**46,510**	**192,719**
Carrying value at 30 June 2023 (unaudited)	**167,677**	**167,077**	**3,113**	**9,296**	**347,163**
Carrying value at 30 June 2022 (unaudited)	167,677	183,452	3,193	10,923	365,245
Carrying value at 31 December 2022 (audited)	167,677	175,023	3,443	10,050	356,193

The total amount charged to profit or loss in the period, in relation to goodwill and client relationships, was £9,510,000 (six months ended 30 June 2022: £9,924,000; year ended 31 December 2022: £19,544,000).

IMPAIRMENT

The recoverable amounts of the groups of cash-generating units ('CGUs') to which goodwill is allocated are assessed using value-in-use calculations. The group prepares cash flow forecasts derived from the most recent financial budgets approved by the board, covering the forthcoming and future years. Budgets are extrapolated for five years based on annual revenue and cost growth for each group of CGUs, as well as the group's expectation of future industry growth rates. A five-year extrapolation period is chosen as this aligns with the period covered by the group's 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 groups of CGUs.

The pre-tax rate used to discount the forecast cash flows was 13.3% (30 June 2022: 11.3%; 31 December 2022: 14.1%). These are based on a risk-adjusted weighted average cost of capital. The group judges that these discount rates appropriately reflect the markets in which the groups of CGUs operate.

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

15 / PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred, variable costs to acquire client relationship intangibles £'000	Legal and professional, and compensation £'000	Property-related £'000	Total £'000
At 1 January 2022	8,538	2,143	4,643	15,324
Charged to profit or loss	–	234	310	544
Unused amount credited to profit or loss	(193)	(21)	–	(214)
Net charge to profit or loss	(193)	213	310	330
Other movements	–	–	–	–
Utilised/paid during the period	(4,499)	(171)	–	(4,670)
At 30 June 2022 (unaudited)	3,846	2,185	4,953	10,984
Charged to profit or loss	–	609	872	1,481
Unused amount credited to profit or loss	193	–	–	193
Net charge to profit or loss	193	609	872	1,674
Other movements	997	–	–	997
Utilised/paid during the period	(657)	(58)	(33)	(748)
At 31 December 2022 (audited)	**4,379**	**2,736**	**5,792**	**12,907**
Charged to profit or loss	**–**	**7,352**	**205**	**7,557**
Unused amount credited to profit or loss	**–**	**(306)**	**–**	**(306)**
Net charge to profit or loss	**–**	**7,046**	**205**	**7,251**
Other movements	**1,564**	**–**	**–**	**1,564**
Utilised/paid during the period	**(1,682)**	**(830)**	**–**	**(2,512)**
At 30 June 2023 (unaudited)	**4,261**	**8,952**	**5,997**	**19,210**
Payable within one year	**4,030**	**8,952**	**331**	**13,313**
Payable after one year	**231**	**–**	**5,666**	**5,897**
At 30 June 2023 (unaudited)	**4,261**	**8,952**	**5,997**	**19,210**

DEFERRED, VARIABLE COSTS TO ACQUIRE CLIENT RELATIONSHIP INTANGIBLES

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

LEGAL AND PROFESSIONAL, 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 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.

A provision of £6,700,000 for advisory fees was recognised in the period in relation to the acquisition of Investec Wealth and Investment UK. This is payable within one year of the balance sheet date, and payment is subject to completion of the transaction.

PROPERTY-RELATED

Property-related provisions of £5,997,000 relate to dilapidation provisions expected to arise on leasehold premises held by the group (30 June 2022: £4,953,000; 31 December 2022: £5,792,000).

During the six months ended 30 June 2023, the group utilised £nil in relation to dilapidations (30 June 2022: £nil; 31 December 2022: £33,000). The impact of discounting led to an additional charge of £205,000 (30 June 2022: additional charge of £310,000; 31 December 2022: additional charge of £1,182,000) being recognised during the period.

AMOUNTS PAYABLE AFTER ONE YEAR

Property-related provisions of £5,997,000 are expected to be settled within 12 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 eight years of the balance sheet date.

16 / SUBORDINATED LOAN NOTES

	Unaudited 30 June 2023 £'000	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'000
Subordinated loan notes			
– face value	**40,000**	40,000	40,000
– carrying value	**39,890**	39,892	39,891

Rathbones Group Plc holds £39.9 million of 10-year tier 2 notes with a call option in October 2026 and annually thereafter. Interest is payable at a fixed rate of 5.642% per annum until the first call option date, and at a fixed rate of 4.893% over Compounded Daily SONIA thereafter.

17 / LONG-TERM EMPLOYEE BENEFITS

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

	Unaudited 30 June 2023 % p.a.	Unaudited 30 June 2022 % p.a.	Audited 31 December 2022 % p.a.
Rate of increase of pensions in payment:			
– Laurence Keen Scheme	**3.60**	3.60	3.60
– Rathbone 1987 Scheme	**3.20**	3.20	3.20
Rate of increase of deferred pensions	**3.30**	3.20	3.20
Discount rate	**5.10**	3.70	4.70
Inflation*	**3.30**	3.20	3.20
Percentage of members transferring out of the schemes per annum	**2.00**	2.00	2.00
Average age of members at date of transferring out (years)	**52.50**	52.50	52.50
Average duration of defined benefit obligation (years):			
– Laurence Keen Scheme	**12.00**	14.00	13.00
– Rathbone 1987 Scheme	**16.00**	18.00	16.00

* Inflation assumptions are based on the Retail Price Index

The assumed life expectations of members retiring aged 65 were:

	Unaudited 30 June 2023		Unaudited 30 June 2022		Audited 31 December 2022	
	Males	**Females**	Males	Females	Males	Females
Retiring today	**23.4**	**25.0**	23.4	25.0	23.3	24.9
Retiring in 20 years	**24.9**	**26.7**	24.9	26.6	24.9	26.6

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

	Unaudited 30 June 2023		Unaudited 30 June 2022		Audited 31 December 2022	
	Rathbone 1987 Scheme £'000	**Laurence Keen Scheme £'000**	Rathbone 1987 Scheme £'000	Laurence Keen Scheme £'000	Rathbone 1987 Scheme £'000	Laurence Keen Scheme £'000
Present value of defined benefit obligations	**(85,863)**	**(6,915)**	(100,054)	(8,138)	(87,564)	(7,167)
Fair value of scheme assets	**91,944**	**7,836**	114,611	9,468	96,019	8,113
Total surplus	**6,081**	**921**	14,557	1,330	8,455	946

The group made lump sum contributions into its pension schemes totalling £168,000 during the period (30 June 2022: £168,000; 31 December 2022: £3,939,000).

18 / SHARE CAPITAL AND SHARE PREMIUM

The following movements in share capital occurred during the period:

	Number of shares	Exercise price pence	Share capital £'000	Share premium £'000	Merger reserve £'000	Total £'000
At 1 January 2022	62,003,341		3,100	291,026	76,965	371,091
Shares issued:						–
– in relation to business combinations	229,489	24.8	11	5,689	–	5,700
– to Share Incentive Plan	349,298	1,600.0 - 2,090.0	17	7,089	–	7,106
– to Save As You Earn scheme	685	1,085.0 - 1,813.0	–	9	–	9
– to Employee Benefit Trust	481,500	5.0	24	–	–	24
At 30 June 2022 (unaudited)	**63,064,313**		**3,152**	**303,813**	**76,965**	**383,930**
Shares issued:						
– in relation to business combinations	211,767	1,600.0 - 2,090.0	11	4,041	–	4,052
– to Share Incentive Plan	118,261	1,085.0 - 1,813.0	7	2,107	–	2,114
– to Save As You Earn scheme	496	1,813.0	–	9	–	9
At 31 December 2022 (audited)	**63,394,837**		**3,170**	**309,970**	**76,965**	**390,105**
Shares issued:						
– to Share Incentive Plan	**38,544**	**2,070.0 - 2,160.0**	**2**	**808**	**–**	**810**
At 30 June 2023 (unaudited)	**63,433,381**		**3,172**	**310,778**	**76,965**	**390,915**

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

On 26 October 2022, the company issued 211,767 shares in respect of the Saunderson House deferred consideration award.

At 30 June 2023, the group held 4,122,553 own shares (30 June 2022: 4,497,727; 31 December 2022: 4,887,294).

19 / SHARE-BASED PAYMENTS

The group recognised total expenses of £10,714,000 (30 June 2022: £13,786,000, 31 December 2022: £25,886,000) in relation to share-based transactions in the period. This includes the staff costs in relation to the acquisitions of Speirs & Jeffrey and Saunderson House, reported within acquisition-related costs (note 6).

20 / FINANCIAL INSTRUMENTS

FAIR VALUE MEASUREMENT

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

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

At 30 June 2023 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Fair value through profit or loss:				
– equity securities	–	–	3,081	3,081
	–	–	3,081	3,081

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

At 31 December 2022 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Fair value through profit or loss:				
– equity securities	8,068	–	3,146	11,214
	8,068	–	3,146	11,214

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

The company previously owned units in collectives managed by Rathbone Unit Trust Management. These were listed equity securities classified as fair value through profit or loss. The fair value was their quoted price. During the period, the group sold its holdings in the unit trusts.

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

- Debt securities that are classified and measured at amortised cost comprise bank and building society certificates of deposit, which have fixed coupons, and treasury bills. The fair value of debt securities at 30 June 2023 was £1,234,216,000 (30 June 2022: £830,894,000; 31 December 2022: £1,053,460,000) and the carrying value was £1,233,827,000 (30 June 2022: £829,970,000; 31 December 2022: £1,045,257,000). Fair value is based on market bid prices and hence would be categorised as level 1 within the fair value hierarchy.
- Subordinated loan notes (note 16) comprise Tier 2 loan notes. The fair value of the loan notes at 30 June 2023 was £37,299,000 (30 June 2022: £44,968,000; 31 December 2022: £41,211,000) and the carrying value was £39,890,000 (30 June 2022: £39,892,000; 31 December 2022: £39,891,000). Fair value of the loan notes is based on discounted future cash flows using current market rates for debts with similar remaining maturity, and hence would be categorised as level 2 within the fair value hierarchy.

LEVEL 3 FINANCIAL INSTRUMENTS

Fair value through profit or loss

The group holds 1,809 shares in Euroclear Holdings SA, which are classed as level 3 in the fair value hierarchy since readily available observable market data is available.

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

Due to movements in the exchange rate used to value these shares, a 10% weakening of the euro against sterling, occurring on 30 June 2023, would have reduced equity and profit after tax by £236,000 (30 June 2022: £247,000; 31 December 2022: £255,000). A 10% strengthening of the euro against sterling would have had an equal and opposite effect.

20 / FINANCIAL INSTRUMENTS CONTINUED

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

	Unaudited 30 June 2023 £'000	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'000
At 1 January	**3,146**	2,558	2,558
Total unrealised gains/(losses) recognised in profit or loss	**(65)**	494	588
At 30 June	**3,081**	3,052	3,146

EXPECTED CREDIT LOSS PROVISION

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

	Cash and balances with central banks £'000	**Loans and advances to banks £'000**	**Investment Management loan book £'000**	**Trust and financial planning debtors £'000**	**Debt securities £'000**	**Total £'000**
Balance at 1 January 2023 (audited)	**36**	**–**	**12**	**121**	**23**	**192**
Amounts written off	**–**	**–**	**–**	**–**	**–**	**–**
Net remeasurement of loss allowance	**(13)**	**–**	**(12)**	**(32)**	**1**	**(56)**
Balance at 30 June 2023 (unaudited)	**23**	**–**	**–**	**89**	**24**	**136**

As at 30 June 2023, the impairment allowance in respect of all financial assets in the table above was measured at an amount equal to 12 month ECLs, apart from trust and financial planning debtors, where the impairment allowance was equal to lifetime ECLs.

21 / CONTINGENT LIABILITIES AND COMMITMENTS

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

(b) Capital expenditure authorised and contracted for at 30 June 2023 but not provided for in the condensed consolidated interim financial statements amounted to £501,000 (30 June 2022: £1,441,000; 31 December 2022: £536,000).

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

	Unaudited 30 June 2023 £'000	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'000
Undrawn commitments to lend of one year or less	**15,917**	30,660	17,838
Undrawn commitments to lend of more than one year	**5,550**	3,129	4,615
	21,467	33,789	22,453

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

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

22 / CASH AND CASH EQUIVALENTS

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

	Unaudited 30 June 2023 £'000	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'000
Cash and balances at central banks	**1,139,000**	1,680,329	1,408,000
Loans and advances to banks	**98,325**	156,207	164,723
	1,237,325	1,836,536	1,572,723

Cash flows arising from issue of ordinary shares comprise:

	Unaudited Six months to 30 June 2023 £'000	Unaudited Six months to 30 June 2022 £'000	Audited 31 December 2022 £'000
Share capital issued (note 18)	**2**	52	70
Share premium on shares issued (note 18)	**808**	12,787	18,944
Shares issued in relation to share-based schemes for which no cash consideration was received	**–**	(5,699)	(9,752)
Proceeds from issue of share capital	**810**	7,140	9,262
Shares repurchased and placed into the employee benefit trust	**(6,660)**	(10,843)	(18,567)
Net issue/(repurchase) of ordinary shares	**(5,850)**	(3,703)	(9,305)

In the period to 30 June 2022, £5,699,000 of shares were issued for the vesting of the Speirs & Jeffrey second earn-out consideration. In the second half of 2022, £4,053,000 of shares were issued for the Saunderson House deferred share consideration. There was no cash consideration received for these transactions.

During the current period, £6,660,000 of shares were repurchased and placed into the group employee benefit trust (30 June 2022: £10,843,000; 31 December 2022: £18,567,000).

23 / RELATED PARTY TRANSACTIONS

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

Dividends totalling £171,000 were paid in the period (six months ended 30 June 2022: £171,000; year ended 31 December 2022: £216,000) in respect of ordinary shares held by key management personnel.

At 30 June 2023, key management personnel and their close family members had gross outstanding deposits of £2,045,000 (30 June 2022: £2,366,000; 31 December 2022: £1,769,000). A number of the company's directors and their close family members make use of the services provided by companies within the group. Charges for such services are made at various staff rates.

One group subsidiary, Rathbone Unit Trust Management, has authority to manage the investments within a number of unit trusts. During the first half of 2023, the group managed 26 unit trusts, Sociétés d'Investissement à Capital Variable (SICAVs) and open-ended investment companies (OEICs) (together, 'collectives') (six months ended 30 June 2022: 32 collectives; year ended 31 December 2022: 32 collectives).

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

23 / RELATED PARTY TRANSACTIONS CONTINUED

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

	Unaudited Six months to 30 June 2023 £'000	Unaudited Six months to 30 June 2022 £'000	Audited Year to 31 December 2022 £'000
Total management fees	**33,779**	29,900	68,226

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

	Unaudited Six months to 30 June 2023 £'000	Unaudited Six months to 30 June 2022 £'000	Audited Year to 31 December 2022 £'000
Management fees owed to the group	**5,879**	5,464	5,587
Holdings in unit trusts (note 20)	**–**	8,854	8,068
	5,879	14,318	13,655

The group previously owned units in collectives managed by Rathbone Unit Trust Management (valued at 30 June 2022: £8,854,000; 31 December 2022: £8,068,000). These assets were held to hedge the group's exposure to deferred remuneration schemes for employees of unit trusts. As per note 20, these assets were sold in the period.

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

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

24 / EVENTS AFTER THE BALANCE SHEET DATE

An interim dividend of 29.0p per share was declared on 25 July 2023 (note 9).

There have been no other material events occurring between the balance sheet date and 25 July 2023.

REGULATORY CAPITAL

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

The decrease in own funds in the period of £21.0 million was largely attributable to reserves, and is due to the impact of group share plans vesting in the period and declared dividends in excess of year-to-date profits. This was partly offset by a £6.1 million fall in the group's credit risk requirement, which was driven by a sale of the group's collective investment undertakings, and a subsequent fall in the group's CRD IV buffers. This resulted in a capital surplus at 30 June 2023 of £98.1 million, down from £110.3 million at 31 December 2022.

REGULATORY OWN FUNDS

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

	Unaudited 30 June 2023 £'000	Unaudited 30 June 2022 £'000	Unaudited 31 December 2022 £'000
Share capital and share premium	**313,950**	306,967	313,140
Reserves	**337,295**	351,376	374,209
Less:			
– prudent valuation of assets held at fair value through profit or loss	**(4)**	(12)	(11)
– own shares	**(47,804)**	(45,252)	(52,515)
– intangible assets (net of deferred tax)	**(318,628)**	(334,777)	(326,656)
– pension asset	**(7,002)**	(15,887)	(9,401)
Total Common Equity Tier 1 capital	**277,807**	262,415	298,766
Tier 2 capital	**40,000**	40,000	40,000
Total own funds	**317,807**	302,415	338,766

OWN FUNDS REQUIREMENTS

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

PILLAR 1 – MINIMUM REQUIREMENT FOR CAPITAL

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

At 30 June 2023, the group's risk-weighted assets were £1,575,709,000 (30 June 2022: £1,575,706,000; 31 December 2022: £1,666,825,000).

PILLAR 2 – SUPERVISORY REVIEW PROCESS

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

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

Pension obligation risk

The potential for additional unplanned capital strain or costs that the group would incur in the event of a significant deterioration in the funding position of the group's defined benefit pension schemes. See note 17 for further detail on the movement in the year to the net defined benefit pension asset.

Interest rate risk in the banking book

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

Concentration risk

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

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

Capital conservation buffer (CCB)

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

Countercyclical capital buffer (CCyB)

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

The buffer rate is currently set by the FPC at 1% for UK exposures (effective from December 2022). The group has relevant credit exposures in other jurisdictions, some of which have set buffer rates for exposures to those countries, resulting in a weighted buffer rate of 0.9% as at 30 June 2023. An increased UK rate of 2% came into effect in July 2023, which was built into our forecasts.

The group's own funds requirements were as follows:

	Unaudited 30 June 2023 £'000	Unaudited 30 June 2022 £'000	Unaudited 31 December 2022 £'000
Own funds requirement for credit risk, counterparty credit risk and settlement risk	**60,142**	63,798	66,289
Own funds requirement for market risk	**–**	–	1,142
Own funds requirement for operational risk	**65,915**	62,258	65,915
Pillar 1 own funds requirement	**126,057**	126,056	133,346
Pillar 2A own funds requirement	**39,627**	40,145	39,981
Total Pillar 1 and 2A own funds requirement	**165,684**	166,201	173,327
CRD IV buffers:			
– capital conservation buffer (CCB)	**39,393**	39,393	41,671
– countercyclical capital buffer (CCyB)	**14,654**	158	13,501
Total Pillar 1 and 2A own funds requirement and CRD IV buffers	**219,731**	205,752	228,499

Total capital surplus	**98,076**	96,663	110,267

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE INTERIM STATEMENT

CONFIRMATIONS BY THE BOARD

We confirm to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with United Kingdom adopted International Accounting Standard 34;
- the interim management report includes a fair view of the information required by:
  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

GOING CONCERN BASIS OF PREPARATION

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

Group companies are regulated by the PRA and FCA and perform annual capital adequacy and liquidity assessments, which include the modelling of certain extreme stress scenarios. The group publishes Pillar 3 disclosures annually on its website, which provide further detail about its regulatory capital resources and requirements. During the first half of 2023, and as at 30 June 2023, the group was primarily equity-financed, with a small amount of gearing in the form of the Tier 2 debt.

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

By order of the board

Paul Stockton
Group Chief Executive Officer

25 July 2023

INDEPENDENT REVIEW REPORT TO RATHBONES GROUP PLC

CONCLUSION

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises the consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity, consolidated interim balance sheet and consolidated interim statement of cash flows and related notes 1 to 24.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BASIS FOR CONCLUSION

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

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

CONCLUSION RELATING TO GOING CONCERN

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

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

RESPONSIBILITIES OF THE DIRECTORS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE REVIEW OF THE FINANCIAL INFORMATION

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

USE OF OUR REPORT

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom

25 July 2023

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