Half year results 2023

abrdn plc

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"We continued to move at pace to execute our strategy over the first six months of 2023 in a challenging macro environment. Thanks to abrdn's revenue diversification and the resilience we have built into our business with the acquisition of interactive investor last year, we grew revenue by 4% and adjusted operating profit by 10% over the period. We are on track to deliver our £75m cost savings target in Investments as we continue our work to restore that business to a more acceptable level of profitability.

We have a strong balance sheet, bolstered by £535m of cash realised during the period from the sales of our non-core Indian investments in HDFC Life and HDFC Asset Management. This supported a share buyback of £150m, which is near completion, and we are announcing an extension to this programme to £300m. We have also deployed capital during this period to further strengthen our position in Investments through bolt-on acquisitions. We look forward to completing our acquisition of the specialist healthcare fund management business of the US-based Tekla Capital, during H2, which will add some $3.2bn[1] of AUM and $32m[1] of revenues."

Stephen Bird, Chief Executive Officer

Media

A conference call for the media will take place at 08:00am (BST) on 8 August 2023. To access the conference call, you will need to pre-register at:
https://event.loopup.com/SelfRegistration/registration.aspx?booking=DRKZbXkleQh4cubwZHMpNRO3cEyEX64RZI38at9Yn1A=&b=2389e96d-457b-46a8-bebb-fec356d5b031

Institutional investors and analysts

A presentation for analysts and investors will take place via webcast at 09:45am (BST) on 8 August 2023. To view the webcast live please go to **www.abrdn.com**

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* Calls may be monitored and/or recorded. Call charges will vary.

The Half year results 2023 are published on the Group's website at **www.abrdn.com/hyresults**

The Management report (section 1) is on pages 1 to 13. Details of forward-looking statements can be found on page 68.

APM Certain measures such as adjusted operating profit, adjusted profit before tax, adjusted capital generation and cost/income ratio, are not defined under International Financial Reporting Standards (IFRS) and are therefore termed alternative performance measures (APMs).

APMs should be read together with the Group's condensed consolidated income statement, condensed consolidated statement of financial position and condensed consolidated statement of cash flows, which are presented in the Financial information section of this report. Further details on APMs are included in Supplementary information.

See Supplementary information for details on AUMA, net flows and the investment performance calculation. Net flows on page 1 excludes Institutional and Retail Wealth liquidity flows as they are volatile and lower margin. It also excludes Lloyds Banking Group (LBG) tranche withdrawals in H1 2022 relating to the settlement of arbitration with LBG.

All movements shown are compared to H1 2022 unless otherwise stated.

1. Based on 2022 figures.

Half year 2023 results summary

Benefiting from a stronger business model

- Results in H1 2023 evidence the benefit of our diversification strategy with a full six months of ii (H1 2022: one month) making a positive contribution, offset by the impact of continued challenging market conditions and net outflows from the 'risk-off' environment.
- Net operating revenue was 4% higher at £721m, with growth in Adviser and Personal offsetting lower revenue in Investments.
- Adjusted operating profit was up 10% to £127m.
- Cost/income ratio improved marginally to 82% (H1 2022: 83%) with adjusted operating expenses up by 2% to £594m due mainly to the inclusion of ii.
- IFRS loss before tax of £169m (H1 2022: loss £326m[1]), largely driven by the fall in market value of our listed stakes.
- AUMA was £496bn (FY 2022: £500bn), down 1% reflecting the impact of net outflows.
- Net outflows excluding liquidity of £4.4bn, with positive flows of £1.9bn in ii offset by outflows in Investments and Adviser.
- Interim dividend of 7.3p, covered 1.04 times by adjusted capital generation of £142m.

Market conditions impact Investments as costs continue to fall

- Net operating revenue in Investments is 15% lower at £466m due to lower average AUM and net outflows, particularly in equities as client asset allocation moved to debt products and cash in the rising interest rate environment.
- Adjusted operating profit is down 66% to £26m (H1 2022: £76m) reflecting challenging conditions impacting the sector and the decline in revenue.
- Adjusted operating expenses down 6% and on track to deliver the £75m net cost reduction target with £30m realised in H1.

Strong earnings in Adviser despite challenging market conditions

- Net operating revenue 12% higher to £103m (H1 2022: £92m) driven by higher average cash margin of c215bps reflecting higher interest rates. The indicative average cash margin for 2023 is now c225bps.
- Adjusted operating profit was up 29% at £49m (H1 2022: £38m) due to higher revenue and flat costs.
- Net outflows of £0.6bn (H1 2022: £1.4bn inflows) reflect slow down seen across the market, and customer response to increased cost of living.

Personal benefiting from ii's robust operating model delivering growth

- Personal includes benefit of full six months of ii revenue, with total net operating revenue up 162% to £152m (H1 2022: £58m). Assuming ii had been owned for an equivalent period in H1 2022, net operating revenue would be up 27%.
- Treasury income of £66m (H1 2022: £5m) benefited from rising interest rates with an average cash margin of 229bps. The indicative average cash margin for 2023 is now expected to be 180-200bps.
- Customer growth, excluding the run-off from acquired books, was subdued as expected at 1%.
- SIPP customers grew to 57.2k (FY 2022: 51.5k) with penetration increasing to 14% of customer base.

Redeployment and distribution of capital

- Strong capital position with surplus regulatory capital of £1,017m and a further unrecognised £554m in the value of the Phoenix stake.
- Final holdings in Indian stakes sold raising £535m net cash proceeds.
- Initial £150m share buyback close to completion and we are announcing the extension of this by a further £150m to a total of £300m.
- We will continue to be disciplined in our allocation of capital, investing in the business in order to drive growth and to support continued returns to shareholders.

Outlook

- The benefits of diversification are already evident with Adviser and Personal on a stronger trajectory of growth, with more efficient operating margins and clear opportunities for the future.
- Outlook for global markets remains uncertain and we are taking actions to put our Investments business on a better footing. This is through both focusing on our key areas of strength to drive revenue growth and simplifying the operating model. In the short term, additional headwinds arise from changing client demand and preferences.

Performance indicators	H1 2023	H1 2022	Change
Net operating revenue	**£721m**	£696m	4%
Cost/income ratio	**82%**	83%	(1ppt)
Adjusted operating profit	**£127m**	£115m	10%
Adjusted capital generation	**£142m**	£107m	33%
IFRS loss before tax	**(£169m)**	(£326m)[1]	48%
Adjusted diluted earnings per share	**6.2p**	3.7p	68%
Diluted earnings per share	**(7.7p)**	(14.2p)[1]	46%
AUMA	**£495.7bn**	£500.0bn[2]	(1%)
Net outflows (excl liquidity/LBG)	**(£4.4bn)**	(£3.8bn)	(16%)
Investment performance[3]	**58%**	65%[2]	(7ppts)
Interim dividend per share	**7.3p**	7.3p	-

1. Comparatives have been restated for the HASL implementation of IFRS 17. Refer Note 4.1(a)(i).
2. Comparative as at 31 December 2022.
3. % of AUM above benchmark over three years. Further details on the calculation of investment performance are provided in Supplementary information.

Chief Executive Officer's statement

Adjusted operating profit
£127m

IFRS loss before tax
(£169m)

Adjusted capital generation
£142m

Building a stronger abrdn

As we move through 2023 we have remained focused on driving through our strategy and delivering the operational improvements needed to underpin future success. Despite a tough macro environment, the resilience that we have built into the group means we can report good progress.

Results for H1 show net operating revenue up 4% to £721m and adjusted operating profit up 10% to £127m on last year. An IFRS loss before tax of £169m for the six months, reflects £320m of adjusting items. This was largely due to a £181m reduction in the value of the listed stakes held on our balance sheet as a result of their falling share prices in H1 2023.

The results underline the resilience created by our diversification. The net operating revenue increase on last year was due to the benefit of six months of ii (H1 2022: one month). Excluding ii, net operating revenue reduced by 11%. Adjusted operating expenses increased 2% year on year, again mainly due to the full contribution from ii. With growing revenues overall, our cost/income ratio improved slightly to 82% (H1 2022: 83%).

Progressing our strategy

Looking over the half, we have made further substantial progress in our transformation. We continue to attract top talent to abrdn as we simplify and embed our structure. Ian Jenkins has provided strong leadership as our interim CFO and we recently announced that Jason Windsor will be joining us later this year. A very talented and experienced finance leader, we are looking forward to working with him.

In Investments, we announced in May important changes to accelerate growth across the business with René Buehlmann becoming sole CEO of that business. Peter Branner has joined as Chief Investment Officer, and Xavier Meyer was promoted to Head of UK and EMEA as well as being Chief Client Officer.

We sold the remaining HDFC Life and HDFC Asset Management stakes during the period, realising £576m of capital and further simplifying our structure. We have continued to return capital in line with our commitment, with the initial £150m share buyback substantially complete. We are announcing the extension of this programme to £300m.

We have carried on our track record of strategic bolt-on acquisitions, building out our global top three position in closed-end funds with the recently announced Tekla acquisition. We have identified several mega-trends that will shape our industry with significant innovations in biotech and healthcare, clean tech and digital assets. You can expect to see us make more investments in these areas.

We have announced the sales of our non-core US private equity and venture capital business and our discretionary fund management business, which we expect to complete in H2. Our operational progress has also continued at pace; we have delivered £30m of our net savings target in Investments in the first half and we are on track to deliver the targeted £75m by the end of 2023.

With the substantial reshaping of our asset management arm, we are positioning abrdn for growth across its three businesses: Investments, Adviser and Personal. We have built a diversified model that better serves our clients and gives us many more ways to win business.

In another turbulent investing year, the contributions of Personal (largely thanks to ii) and Adviser offset the challenging results in Investments. Overall, Personal and Adviser represented more than 85% of abrdn's adjusted operating profit. Diversification is also helping our margin mix, as the platforms have a significantly lower cost to serve than our asset management business.

Investments

If 2022 was one of the hardest investing years in living memory, 2023 is shaping up to be equally challenging. Geopolitical risk is back. Inflation is back. Credit risk is back. The changing dynamics and challenges within traditional asset management are well known – the relentless rise of passive and index investing, democratisation of technology and finance and the faster growth of alternatives are all ongoing themes.

We have been reshaping the business to take account of these factors, although in Investments we still have further to go. Net operating revenue reduced by 15% to £466m and adjusted operating profit by 66% to £26m. As part of our work to address the level of profitability in the Investments business, comprehensive efforts to improve the operating margin are ongoing.

This was always the longest-cycle transformation given the structural challenges and the nature of change in active asset management. We are simplifying our product range, getting out of undifferentiated and low-margin areas and we are reducing cost and complexity so that we are focused on delivering higher margin products with good performance.

Net outflows excluding liquidity and LBG were less than 2% of opening AUM at £5.7bn (H1 2022: £5.2bn). As we look ahead, we are encouraged by a strong pipeline of opportunities across our core strengths in Public markets and Alternatives which should drive new business inflows as we create positive value for our clients and the firm.

In Public markets, we see our biggest growth opportunity in fixed income. We have considerable scale at £125bn AUM, including the assets we manage for Phoenix, alongside strong performance, expertise and product range. Fixed income remains a core competency from our heritage, and for an asset class that has been out of favour for many years given the recent low yield environment, it is now back in vogue and our pipeline is promising.

This potential is underpinned by performance with 77% of our fixed income capabilities outperforming over three years; in credit, where we have particular strength, 99% of our assets are outperforming over three years.

In specialist equities, we are focused on our established and recognised areas of strength – Asia and emerging markets, small and midcap, equity income and sustainability. The structural growth opportunity in Asia is well understood, and we as a firm and our product line-up are well positioned; 78% of our emerging markets equities AUM is outperforming over three years.

With £81bn of assets in our Alternatives franchise we are a scale player and are benefiting from recent repositioning. In the logistics space, Tritax remains a leading player with two of the biggest listed logistics funds in the market and we are seeing a solid demand pipeline for our private credit strategies. We also recently announced the creation of tokenised representations of interests in our abrdn Sterling flagship liquidity fund on the Archax platform, a key milestone in our digital assets strategy.

These examples illustrate the strength of foundations that are now in place and we are working hard to build on these foundations to capitalise on the growth opportunities in front of us.

Notwithstanding these areas of clear strength, we recognise that overall investment performance, at 58% over the key three-year period (FY 2022: 65%), is not what where we want it to be. We are very clear that there remains meaningful work to do to address the parts of our business that face headwinds on performance or where we are sub-scale, and we are acting accordingly.

We continued to reduce cost and headcount in H1 2023, consolidating the progress made in 2022, and continued to adjust our geographic footprint, entering into distribution arrangements where on the ground presence is too costly.

We have announced the reshaping and focusing of our multi-asset capabilities and our broader work to rationalise products and sub-scale funds is well underway. We originally designated 120 funds for closure or merger, subsequently increased that to 143, and by the end of the half year we had completed 101.

Work is underway to reduce cost, address remaining areas of performance weakness and improve our revenue yield. Clear plans are in place to achieve these goals. We are confident that through this work, a capable and relevant abrdn Investments business will emerge.

Adviser

In Adviser we have delivered another year of adjusted operating profit growth. Against the backdrop of the high inflationary environment this has been achieved through disciplined cost management and the benefit of increased net interest margin. This delivers one of the best platform cost/income ratios in the market, and we remain the only AKG A rated platform for financial strength.

High inflation and interest rates resulted in net flows being down significantly for the adviser platform market as a whole. We saw net outflows of £0.6bn in H1 2023. Adjusted operating profit increased by 29% to £49m, mainly reflecting higher net interest margin.

In February we delivered the next stage of our Adviser Experience Programme, our most significant technology upgrade since the launch of the platform. The new functionality has fundamentally changed our proposition and has set the foundations for future growth.

Having embedded our technology upgrade, we are focused on delivering the next stage of our Adviser Experience Programme through adviserOS later in the year, which will launch concurrently with our new on-platform pension. adviserOS amplifies our position as a leader in content and experience, acting as our key differentiator in the market. adviserOS will replace Wrap and Elevate, delivering a single, flexible proposition to advisers.

Despite the current market caution, the medium-term market opportunity remains compelling. Using the capacity created from our technology upgrade, along with the planned launch of our new pension product later in the year, we are well positioned to drive new business through our three growth pillars - our c425,000 existing customers, new customers and new adviser clients – and remain a market leader at the forefront of this growing market.

Personal

The acquisition of ii transformed our Personal business, and that is again clear in the results for H1 2023, which include a full six months' contribution from ii compared to one month for H1 2022.

ii's performance continues to exceed our initial expectations, with a net operating revenue of £115m and an adjusted operating profit of £67m in H1 2023. Based on the first full 12 months of ownership, the £1.49bn purchase price represents a multiple of 15 times post tax adjusted earnings. For Personal as a whole, net operating revenue was £152m and adjusted operating profit £61m.

We see a number of opportunities for growth, as explained at our Spotlight on Personal last month, including; greater SIPP penetration, new services, an increased focus on brand and marketing and greater synergies across the Personal business. Combined, we believe we are looking at a very exciting proposition.

High inflation and interest rates are affecting short-term investor confidence with consequent impacts on customer acquisition and trading levels (revenue 26% down on H1 2022). New customer numbers have been lower than expected, however, excluding the run-off from the two most recent ii client acquisitions, our customer base has grown by 1% in the first half.

Treasury income and the quality of our subscription model, which is insensitive to market levels, combined with a continuous focus on service, simplification and digitisation has supported increased operating margin and an improvement in our cost efficiency. This resulted in a 42% cost/income ratio for ii and the overall cost/income ratio for the Personal business improving to 60% (H1 2022: 88%).

While we expect this environment to persist in 2023 we plan to continue to take market share, supported by recent re-pricing. We also expect to continue to benefit from structural drivers and a supportive regulatory environment making simplified advice and investing more accessible to a larger customer base.

Strategic approach and outlook

We are disciplined allocators of capital. We have invested in high quality businesses that will generate long-term growth. At the same time we have made sure that we can deliver sustainable dividends, complemented by share buybacks in order to drive shareholder returns.

We are delivering on our ambition to make returns to shareholders at similar levels to 2022, with the announcement to extend the buyback by a further £150m to a total of £300m, delivering a combined £0.6bn of shareholder returns through dividends and buybacks.

When we feel we can deliver value from other bolt-on M&A opportunities, you can expect us to be disciplined and effective in our execution.

The dividend guidance remains unchanged at 14.6p per share per annum until at least 1.5 times covered by adjusted capital generation.

We have made significant progress since we set out on our strategy in early 2021. The business has been reshaped to deliver greater resilience, while getting set to take advantage of fast moving sectoral and macroeconomic factors. There is still work to do to complete our transformation, but as we look ahead to the next phase of our plan, we now have the key management resources on board and a far more secure and dynamic foundation on which we can build for the future.

Stephen Bird
Chief Executive Officer

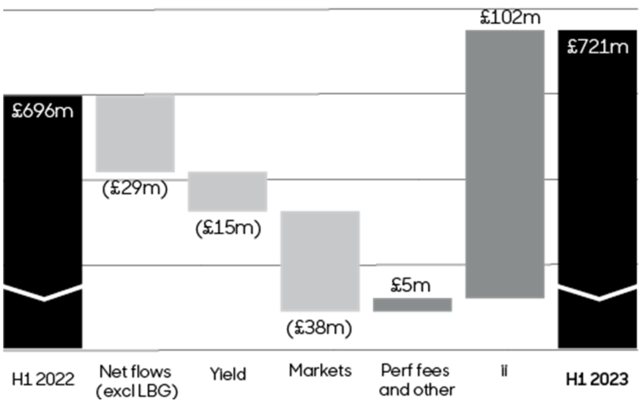
Results summary

Analysis of profit	H1 2023 £m	H1 2022[1] £m
Net operating revenue	**721**	696
Adjusted operating expenses	**(594)**	(581)
Adjusted operating profit	**127**	115
Adjusted net financing costs and investment return	**24**	(16)
Adjusted profit before tax	**151**	99
Adjusting items including results of associates and joint ventures	**(320)**	(425)
IFRS loss before tax	**(169)**	(326)
Tax credit	**24**	31
IFRS loss for the period	**(145)**	(295)

The IFRS loss before tax was £169m (H1 2022: loss £326m) including an adjusted operating profit of £127m (H1 2022: £115m). Adjusting items were £320m (H1 2022: £425m):
- Losses of £181m (H1 2022: losses £313m) from the change in fair value of significant listed investments (HDFC Asset Management, HDFC Life and Phoenix) as a result of the fall in the share price of these companies in H1 2023.
- Restructuring and corporate transaction expenses were £113m (H1 2022: £88m), mainly consisting of property related impairments, severance, platform transformation and specific costs to effect savings in Investments.

Adjusted operating profit was 10% higher than H1 2022 due to the H1 2023 results including a contribution from ii for the full six months (H1 2022: one month) which benefited net operating revenue by £115m (H1 2022: £13m) and adjusted operating profit by £67m (H1 2022: £6m). Excluding ii, adjusted operating profit was 45% lower than H1 2022 at £60m (H1 2022: £109m) largely due to the revenue impact of adverse market movements which particularly impacted high yielding equities.

Net operating revenue



Net operating revenue increased by 4% reflecting:
- Impact from net outflows[2] of 4% (H1 2022: <1%), and adverse yield movements.
- Although the market declines seen in 2022 began to reverse in H1 2023, the lower average AUMA compared with H1 2022 impacted revenue by c5%.
- Benefit of £102m from the full six months of ii in H1 2023.

The diversification that now drives our sources of revenue has helped to mitigate the impact of market volatility, including the benefit from ii's subscription model and the higher total net interest margin (H1 2023: £81m, H1 2022: £8m). Total net operating revenue increased by 4%. Excluding ii, net operating revenue reduced by 11%.

Adjusted operating expenses

	H1 2023 £m	H1 2022 £m
Staff costs excluding variable compensation	**262**	264
Variable compensation	**43**	39
Staff and other related costs[3]	**305**	303
Non-staff costs	**289**	278
Adjusted operating expenses	**594**	581

Adjusted operating expenses increased 2% mainly due to the inclusion of £48m (H1 2022: £7m) of ii expenses for the full six month period. Excluding ii, expenses were 5% lower at £546m (H1 2022: £574m) reflecting:
- 7% lower staff costs (excluding variable compensation), with the benefit of lower FTEs (11%), partly offset by wage inflation.
- Variable compensation (excluding ii) broadly in line with business performance.
- 4% lower non-staff costs, with cost savings partly offset by the impact of inflation.
- Overall expenses were impacted by c£6m from adverse FX movements.

The cost/income ratio improved slightly to 82% (H1 2022: 83%) reflecting the benefit from the efficient Adviser and Personal cost models, offset by lower revenue in Investments.

1. Comparatives have been restated for the HASL implementation of IFRS 17. Refer Note 4.1(a)(i).
2. Reflects the estimated impact on net operating revenue as a result of net outflows in both the current and prior period, as a percentage of prior period revenue.
3. See Supplementary information for a reconciliation to IFRS staff and other employee related costs.

Investments

Adjusted operating profit £26m

Net operating revenue £466m

Net operating revenue yield 24.6bps

Net flows (Excl liquidity) (£5.7bn)

	Total		Institutional and Retail Wealth[1]		Insurance Partners[1]	
	H1 2023	H1 2022	**H1 2023**	H1 2022	**H1 2023**	H1 2022
Net operating revenue[2]	**£466m**	£546m				
Adjusted operating expenses	**(£440m)**	(£470m)				
Adjusted operating profit	**£26m**	£76m				
Cost/income ratio	**94%**	86%				
Net operating revenue yield	**24.6bps**	25.3bps	**33.7bps**	37.1bps	**10.6bps**	9.9bps
AUM	**£367.6bn**	£376.1bn[3]	**£219.0bn**	£231.2bn[3]	**£148.6bn**	£144.9bn[3]
Gross flows	**£27.0bn**	£25.4bn	**£15.8bn**	£16.6bn	**£11.2bn**	£8.8bn
Redemptions	**(£33.5bn)**	(£62.7bn)	**(£22.5bn)**	(£27.6bn)	**(£11.0bn)**	(£35.1bn)
Net flows	**(£6.5bn)**	(£37.3bn)	**(£6.7bn)**	(£11.0bn)	**£0.2bn**	(£26.3bn)
Net flows excluding liquidity[4]	**(£5.7bn)**	(£29.6bn)	**(£5.9bn)**	(£3.3bn)	**£0.2bn**	(£26.3bn)
Net flows excluding liquidity and LBG[4,5]	**(£5.7bn)**	(£5.2bn)	**(£5.9bn)**	(£3.3bn)	**£0.2bn**	(£1.9bn)

Adjusted operating profit

- Results in our Investments business have been impacted by the challenging economic environment and market turbulence that has impacted across the industry. Whilst there is a reduction in profitability in the period, we are on track to deliver the £75m net cost reduction target, with £30m realised by 30 June 2023.
- Profit reduced by £50m (66%) to £26m, reflecting 15% lower revenue, partly offset by 6% lower costs.
- Cost reduction driven by lower staff costs reflecting 9% lower front/middle office FTEs and reduced market data and outsourcing costs, was partly offset by the impact of staff cost inflation and adverse FX movements.

Net operating revenue

- 15% lower than H1 2022 largely due to net outflows and lower market performance impacting average AUM, and changes to the asset mix.
- Performance fees of £7m (H1 2022: £10m) were earned mainly from Asia and Insurance Partners.

Institutional and Retail Wealth

Net operating revenue

- 15% lower at £388m (H1 2022: £455m) due to a 6% reduction in average AUM to £225.5bn (H1 2022: £239.4bn). This primarily relates to lower market values driven by adverse FX movements and net outflows in equities and multi-asset AUM with average AUM down 16% and 17% respectively.

Revenue yield

- 3.4bps lower at 33.7bps largely due to the decrease in the higher margin equities average AUM impacting the asset mix. Equities are 23% (H1 2022: 25%) of average AUM at a yield of 61.8bps.
- The reduction in the multi-asset yield reflects the growing proportion of lower yielding MyFolio in this asset class.

Gross flows

- Excluding liquidity, £2.6bn (19%) lower at £10.9bn (H1 2022: £13.5bn) mainly in fixed income and equities. This reflected the client response to the uncertain market environment which impacted the wider industry, as many clients delayed investment decisions.

Net flows

- Net outflows were £2.6bn higher than H1 2022 at £5.9bn (excluding liquidity) due to lower gross flows.
- Excluding liquidity, net outflows represent 3% of opening AUM compared with 1% in H1 2022.
- Redemptions were lower than H1 2022 at £22.5bn due to lower liquidity outflows.

1. Wholesale has been renamed Retail Wealth, Insurance has been renamed Insurance Partners.
2. Includes performance fees of £7m (H1 2022: £10m).
3. As at 31 December 2022.
4. Institutional/Retail Wealth liquidity net flows excluded.
5. Flows excluding LBG do not include the final tranche withdrawals in H1 2022 of £24.4bn relating to the settlement of arbitration with LBG.

Insurance Partners

Net operating revenue

- 14% lower in H1 2023 at £78m (H1 2022: £91m), reflecting the impact of 20% reduction in average AUM to £147.0bn primarily due to market declines in H2 2022 and the impact of LBG tranche withdrawals of £24.4bn in H1 2022.

Revenue yield

- Net operating revenue yield improved slightly to 10.6bps. We expect asset rotation from active equity and fixed income strategies to passive quantitative strategies which, together with related pricing changes, will result in contractions of yields. The impact of the above will be dependent on the timing of these changes during H2 and beyond.

Gross flows

- £2.4bn higher than H1 2022 at £11.2bn (H1 2022: £8.8bn).
- Bulk purchase annuity inflows were £3.2bn (H1 2022: £1.3bn).

Net flows

- Net flows improved by £2.1bn in H1 2023 at £0.2bn (H1 2022: £1.9bn outflow excluding LBG tranche withdrawals), representing 0.1% of opening AUM compared with (0.9%) in H1 2022.

AUM

- Insurance AUM increased by £3.7bn to £148.6bn with net inflows and positive market movements.

Investment performance

% of AUM ahead of benchmark[1]	1 year		3 years		5 years	
	H1 2023	FY 2022	**H1 2023**	FY 2022	**H1 2023**	FY 2022
Equities	**40**	30	**36**	63	**62**	65
Fixed income	**65**	65	**77**	72	**84**	79
Multi-asset	**10**	13	**44**	50	**17**	22
Real assets	**25**	57	**52**	63	**45**	52
Alternatives	**94**	88	**100**	100	**100**	100
Quantitative	**87**	17	**22**	27	**25**	29
Liquidity	**86**	84	**94**	97	**96**	97
Total	**41**	41	**58**	65	**56**	58

Investment performance over the key three-year time period has weakened, with 58% of AUM covered by this metric ahead of benchmark (FY 2022: 65%). The drop in the three-year performance for equities is in part driven by the volatile returns experienced through the COVID pandemic months of 2020.

Over one year there has been an improvement in equities outperformance where the market backdrop has been more favourable to our quality and growth outcomes. Performance for our Global Emerging Markets range and Global Quality strategy has been strong along with a recovery in Europe, US and Global Small Cap funds. The underperformance and stalling of a recovery in China however has been a headwind for our Asia and China strategies this year.

Performance for alternatives, fixed income and liquidity remains consistently strong across the periods and illustrates the resilience of our performance delivery in these asset classes.

2023 so far has been a more challenging backdrop for our multi-asset strategies where defensively positioned balanced pension and absolute return strategies have underperformed. Real asset valuations also experienced some of the sharpest corrections in history in 2022 given the higher interest rate backdrop which has impacted returns over all periods but particularly over the last 12 months. Q1 2023 however saw some stabilisation in direct real estate capital values and outperformance of abrdn UK pooled funds.

Over the longer term, five-year performance remains robust and we continue to take actions to improve investment performance which is key for client outcomes across asset classes. These include the appointment of Peter Branner as CIO to further support and enhance our investment processes and capabilities.

1. Calculations for investment performance use a closing AUM weighting basis and are made gross of fees except where the stated comparator is net of fees. Benchmarks differ by fund and are defined in the investment management agreement or prospectus, as appropriate. These benchmarks are primarily based on indices or peer groups. Further details about the calculation of investment performance are included in the Supplementary information section.

Adviser

Adjusted operating profit
£49m

Net operating revenue
£103m

Net operating revenue yield
28.8bps

Net flows
(£0.6bn)

	H1 2023[1]	H1 2022
Net operating revenue	**£103m**	£92m
Adjusted operating expenses	**(£54m)**	(£54m)
Adjusted operating profit	**£49m**	£38m
Cost/income ratio	**52%**	59%
Net operating revenue yield	**28.8bps**	25.5bps
AUMA[2]	**£71.8bn**	£68.5bn[3]
Gross flows	**£2.9bn**	£4.0bn
Redemptions	**(£3.5bn)**	(£2.6bn)
Net flows	**(£0.6bn)**	£1.4bn

Adjusted operating profit

- Strong earnings performance with profit up 29% to £49m, against a backdrop of challenging market conditions.
- Cost/income ratio improved to 52%, benefiting from higher net interest margin.

Net operating revenue

- 12% higher than H1 2022 at £103m, comprising £84m Platform charges (H1 2022: £89m), £15m net interest margin (H1 2022: £3m) and £4m other (H1 2022: £nil).
- Increase in net interest margin on client cash balances to £15m reflects the rise in interest rates. This was partly offset by the impact of lower average AUMA.
- H1 2023 revenue included c£4m from threesixty/MPS following the transfer from the Personal business.
- The average margin earned on client cash balances during H1 2023 was c215bps and the indicative Adviser average cash margin for FY 2023 is c225bps.

Revenue yield

- Increased to 28.8bps due to the higher revenue explained above.
- Average AUMA of £70.3bn is 3% lower than H1 2022.

AUMA

- 5% increase in H1 2023 due to positive markets and inclusion of AUM of c£2.5bn relating to our Managed Portfolio Service (MPS) business.
- Our MPS business, which was part of the discretionary fund management business, has been retained and moved to the Adviser vector from the Personal vector in May 2023 in order to maximise opportunities available through the Adviser distribution model.

Gross flows

- Sales activity reduced by 28% in H1 2023, reflecting muted client activity across the industry due to ongoing market uncertainty and the cost of living impact on customers' ability to save. This has a heightened impact on our Adviser business where gross flows are primarily driven by existing customers.

Net flows

- Net outflows of £0.6bn reflect the market conditions, customer behaviours in response to the increased cost of living and the short-term impact in H1 2023 resulting from the technology upgrade.

1. The threesixty and MPS businesses moved from Personal Wealth to Adviser from January 2023 and May 2023 respectively. Comparatives have not been restated.
2. Includes Platform AUA at 30 June 2023 of £69.3bn (31 December 2022: £68.5bn).
3. As at 31 December 2022.

Personal

Adjusted operating profit
£61m

Net operating revenue
£152m

Net operating revenue yield
60.0bps

Net flows
£1.8bn

	Total[2]		interactive investor		Personal Wealth[2]	
	H1 2023	H1 2022	**6 months H1 2023**	1 month H1 2022[4]	**H1 2023**	H1 2022
Net operating revenue	**£152m**	£58m	**£115m**	£13m	**£37m**	£45m
Adjusted operating expenses	**(£91m)**	(£51m)	**(£48m)**	(£7m)	**(£43m)**	(£44m)
Adjusted operating profit/(loss)	**£61m**	£7m	**£67m**	£6m	**(£6m)**	£1m
Cost/income ratio	**60%**	88%	**42%**	54%	**116%**	98%
Net operating revenue yield[1]					**60.0bps**	60.0bps
AUMA	**£67.4bn**	£67.1bn[3]	**£56.8bn**	£54.0bn[3]	**£10.6bn**	£13.1bn[3]
Gross flows	**£5.6bn**	£1.4bn	**£4.9bn**	£0.6bn	**£0.7bn**	£0.8bn
Redemptions	**(£3.8bn)**	(£1.1bn)	**(£3.0bn)**	(£0.4bn)	**(£0.8bn)**	(£0.7bn)
Net flows	**£1.8bn**	£0.3bn	**£1.9bn**	£0.2bn	**(£0.1bn)**	£0.1bn

Adjusted operating profit

- Higher profit reflects the inclusion of £67m for the full six month result for ii, compared to only one month in H1 2022.
- ii has continued to perform well against an uncertain market environment.
- Loss in Personal Wealth in H1 2023 was mainly due to the lower revenue detailed below and the impact of inflation on expenses.

Net operating revenue

- ii revenue continues to benefit from diverse revenue streams. ii treasury income contributed £66m in H1 2023, benefiting from the continued rise in interest rates. Trading revenue of £25m was impacted by muted levels of customer activity given the uncertain market conditions. Revenue from subscriptions was £27m.
- ii's average cash margin was 229bps in H1 2023 and the indicative ii average cash margin for FY 2023 is 180-200bps.
- Personal Wealth revenue reduced by £8m reflecting the transfer to Adviser of c£4m of threesixty/MPS revenue, and the impact of adverse market movements.

Revenue yield

- Personal Wealth revenue yield was flat at 60.0bps with average AUMA of £12.5bn, 9% lower than H1 2022.

AUMA

- ii AUA increased to £56.8bn (FY 2022: £54.0bn), with the industry-leading AUA per customer up 6% to £142,000.
- Personal Wealth AUMA decreased to £10.6bn (FY 2022: £13.1bn) mainly due to MPS AUM of c£2.5bn moving to the Adviser vector.
- The sale of abrdn Capital (AUM of c£6bn), our discretionary fund management business, to LGT, is expected to complete in H2 2023.

Gross and net flows

- ii net inflows of £1.9bn reflect lower new customer volumes in ii due to a subdued retail market in H1 2023.
- Personal Wealth net outflows of £0.1bn includes impact of client uncertainty following the announcement of the sale of our discretionary fund management business.

ii additional operational metrics	**H1 2023 6 months**	H1 2022 6 months
Total customers at period end	**399k**	402k[3]
Total customers excluding EQi and Share Centre migrated customers	**303k**	300k[3]
Customers holding a SIPP account	**57.2k**	51.5k[3]
Customer cash balances	**£5.7bn**	£6.0bn[3]
AUA per customer	**£142k**	£134k[3]
New customers	**15.1k**	18.6k
Daily average retail trading volumes	**16.7k**	20.2k

1. Net operating revenue yield is shown for Personal Wealth only. Revenue for interactive investor is not aligned with AUA and therefore revenue yield is not presented.
2. The threesixty and MPS businesses moved from Personal Wealth to Adviser from January 2023 and May 2023 respectively. Comparatives have not been restated.
3. Comparative as at 31 December 2022.
4. Results for interactive investor included following the completion of the acquisition on 27 May 2022.

Overall performance

Adjusted operating profit
£127m

IFRS loss before tax
(£169m)

Adjusted capital generation
£142m

Segmental summary	Adjusted operating profit H1 2023 £m	Adjusted operating profit H1 2022 £m	AUMA H1 2023 £bn	AUMA FY 2022 £bn	Net flows H1 2023 £bn	Net flows H1 2022 £bn
Investments[1]	**26**	76	**367.6**	376.1	**(5.7)**	(5.2)
Adviser	**49**	38	**71.8**	68.5	**(0.6)**	1.4
Personal	**61**	7	**67.4**	67.1	**1.8**	0.3
Corporate/strategic[2]	**(9)**	(6)	**-**	–	**-**	–
Eliminations	**-**	–	**(11.1)**	(11.7)	**0.1**	(0.3)
Total	**127**	115	**495.7**	500.0	**(4.4)**	(3.8)
Liquidity net flows					**(0.8)**	(7.7)
LBG tranche withdrawals					**-**	(24.4)
Total net flows (including liquidity and LBG)					**(5.2)**	(35.9)

Analysis of profit	H1 2023 £m	H1 2022[3] £m
Net operating revenue	**721**	696
Adjusted operating expenses	**(594)**	(581)
Adjusted operating profit	**127**	115
Adjusted net financing costs and investment return	**24**	(16)
Adjusted profit before tax	**151**	99
Adjusting items including results of associates and joint ventures	**(320)**	(425)
IFRS loss before tax	**(169)**	(326)
Tax credit	**24**	31
IFRS loss for the period	**(145)**	(295)

Adjusted net financing costs and investment return

Adjusted net financing costs and investment return resulted in a gain of £24m (H1 2022: loss £16m):

- Investment losses, including from seed capital and co-investment fund holdings reduced to £9m (H1 2022: loss £25m).
- Net finance income of £17m (H1 2022: costs £6m) reflecting a higher rate of interest on cash and liquid assets and the benefit from the redemption of the 5.5% Sterling fixed rate subordinated notes in December 2022.
- Higher net interest credit relating to the staff pension schemes of £16m (H1 2022: £15m) reflecting an increase in the opening discount rate due to a rise in corporate bond yields.

1. Investments net flows exclude Institutional/Retail Wealth liquidity and LBG tranche withdrawals.
2. Adjusted operating profit relates to adjusted operating expenses £9m (H1 2022: £6m).
3. Comparatives have been restated for the HASL implementation of IFRS 17. Refer Note 4.1(a)(i).

Adjusting items

	H1 2023 £m	H1 2022[1] £m
Restructuring and corporate transaction expenses	**(113)**	(88)
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts	**(102)**	(52)
Profit on disposal of interests in associates	**-**	6
Change in fair value of significant listed investments	**(181)**	(313)
Dividends from significant listed investments	**37**	42
Share of profit or loss from associates and joint ventures	**4**	–
Loss on impairment of interests in associates	**-**	(9)
Other	**35**	(11)
Total adjusting items including results of associates and joint ventures	**(320)**	(425)

Restructuring and corporate transaction expenses were £113m, comprising restructuring costs of £90m (H1 2022: £70m) in property related impairments, severance, platform transformation, and specific costs to effect savings in Investments, and £23m (H1 2022: £18m) of corporate transaction costs including expenses in 2023 relating to the sales of our discretionary fund management business and our US private equity and venture capital business.

Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts increased to £102m, mainly due to the impairment of goodwill of £37m (H1 2022: £nil). The impairments comprise £23m for our financial planning business and £14m for Finimize. The impairments include the impact of lower projected revenues as a result of adverse markets and macroeconomic conditions, and for Finimize the impact of lower short-term projected growth following a strategic shift that prioritises profitability over revenue growth. Further details are provided in Note 4.12 of the Financial information section.

Profit on disposal of interests in associates was £nil. The H1 2022 profit of £6m related to the sale of our stake in Origo Services Limited.

Change in fair value of significant listed investments of (£181m) from market movements is analysed in the table below:

	H1 2023 £m	H1 2022 £m
Phoenix	**(80)**	(63)
HDFC Asset Management	**(96)**	(194)
HDFC Life	**(5)**	(56)
Change in fair value of significant listed investments	**(181)**	(313)

The negative market movement in HDFC Life and HDFC Asset Management in H1 2023 includes the impact of the final stake sales in these businesses on 31 May 2023 and 20 June 2023 respectively.

Dividends from significant listed investments relates to our shareholdings in Phoenix (£27m) and HDFC Asset Management (£10m).

Share of profit or loss from associates and joint ventures increased to a profit of £4m (H1 2022: £nil). The results for HASL have been impacted by the adoption of IFRS 17 on 1 January 2023. As required by IFRS 17, the standard has been applied retrospectively with a resulting restatement of the carrying value of the joint venture and opening retained earnings as at 1 January 2022. This change resulted in our H1 2022 share of HASL profit reducing from the £8m previously reported to £2m.

	H1 2023 £m	H1 2022[1] £m
HASL	**5**	2
Virgin Money UTM	**-**	(1)
Other	**(1)**	(1)
Share of profit or loss from associates and joint ventures	**4**	–

Loss on impairment of interests in associates was £nil. The £9m in H1 2022 related to an impairment of Tenet Group Ltd.

Other adjusting items in H1 2023 includes the £36m liability insurance recovery of the £41m single process execution event provision reflected at FY 2022, net of a £5m excess. See Note 4.9 for further details of other adjusting items.

Tax

The total IFRS tax credit attributable to the loss for the period was £24m (H1 2022: credit £31m), including a tax credit attributable to adjusting items of £48m (H1 2022: credit £44m), resulting in an effective tax rate of 14% on the total IFRS loss (H1 2022: 10%). The difference to the UK Corporation Tax rate of 23.5% is mainly driven by:

- Fair value movements on our investments in Phoenix and HDFC Life not being subject to tax.
- Movements in the fair value of our investment in HDFC Asset Management being tax effected at the Indian long-term capital gains tax rate, which is lower than the UK Corporation Tax rate.
- Goodwill impairments not deductible for tax purposes.
- Prior year adjustments to deferred tax liabilities on intangibles.

The tax expense attributable to adjusted profit is £24m (H1 2022: £13m), an effective tax rate of 16% (H1 2022: 13%). This is lower than the 23.5% UK rate primarily due to movements in the pension scheme surplus included on a net of tax basis and the effect of changes in the applicable deferred tax rates on temporary differences.

1. Comparatives have been restated for the HASL implementation of IFRS 17. Refer Note 4.1(a)(i).

Earnings per share

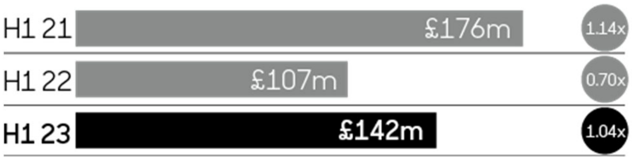
- Adjusted diluted earnings per share increased to 6.2p (H1 2022: 3.7p) due to the higher adjusted profit after tax and the benefit from the share buyback in H2 2022.
- Diluted earnings per share was a loss of 7.7p (H1 2022: loss 14.2p) reflecting the factors above, impairments and fair value losses of significant listed investments.

Dividends

The Board has declared an interim dividend for 2023 of 7.3p (H1 2022: 7.3p) per share which will be paid on 26 September 2023. The dividend payment is expected to be £137m.

As a result of the higher adjusted profit in the period, dividend cover on an adjusted capital generation basis was 1.04 times.

The adjusted capital generation trend and related dividend coverage is shown below:



It remains the Board's current intention to maintain the total annual dividend at 14.6p (with the interim and final both at 7.3p per share), until it is covered at least 1.5 times by adjusted capital generation, at which point the Board will seek to grow the dividend in line with its assessment of the underlying medium-term growth in profitability.

Return of capital

On 5 June 2023 we commenced a share buyback of up to £150m and we are announcing the extension of this programme by a further £150m to a total of £300m. As at 4 August 2023, we have returned £146m, with 67m shares repurchased at an average price of £2.17 per share.

Capital and liquidity

Adjusted capital generation

Adjusted capital generation which shows how adjusted profit contributes to regulatory capital increased by 33% to £142m.

	H1 2023 £m	H1 2022 £m
Adjusted profit after tax	**127**	86
Less net interest credit relating to the staff pension schemes	**(16)**	(15)
Less AT1 debt interest	**(6)**	(6)
Add dividends received from associates, joint ventures and significant listed investments	**37**	42
Adjusted capital generation	**142**	107

Net movement in IFPR surplus regulatory capital

The indicative surplus regulatory capital at 30 June 2023 was £1,017m (FY 2022: £718m). Disposal of our remaining HDFC Life and HDFC AMC stakes, in May and June 2023 respectively, benefited regulatory capital by £576m, with the £150m share buyback announced in June 2023 fully reflected in the Group's capital position.

Key movements in surplus regulatory capital are shown in the table below.

Analysis of movements in surplus regulatory capital (IFPR basis)	**H1 2023 £m**	FY 2022 £m
Opening surplus regulatory capital	**718**	1,806
Sources of capital		
Adjusted capital generation	**142**	259
HDFC Life, HDFC Asset Management[1] and Phoenix sales	**576**	783
Uses of capital		
Restructuring and corporate transaction expenses (net of tax)	**(92)**	(178)
Dividends	**(137)**	(295)
Acquisition of interactive investor	**-**	(1,364)
Share buyback	**(150)**	(302)
Other	**(40)**	9
Closing surplus regulatory capital	**1,017**	718

1. Capital benefit of HDFC Asset Management sales reflects the pre-tax proceeds.

The full value of the Group's significant listed investments is excluded from the capital position under IFPR.

Cash and liquid resources and distributable reserves

Cash and liquid resources remained robust at £1.9bn at 30 June 2023 (FY 2022: £1.7bn). These resources are high quality and mainly invested in cash, money market instruments and short-term debt securities. Further information on cash and liquid resources, and a reconciliation to IFRS cash and cash equivalents, are provided in Supplementary information.

At 30 June 2023 abrdn plc had £2.9bn (FY 2022: £3.2bn) of distributable reserves.

IFRS net cash flows

- Net cash inflows from operating activities were £77m (H1 2022: £56m) which includes outflows from restructuring and corporate transaction expenses, net of tax, of £49m (H1 2022: £71m).
- Net cash inflows from investing activities were £504m (H1 2022: outflows £325m) and primarily reflected £535m net proceeds from the final HDFC Asset Management and HDFC Life stake sales.
- Net cash outflows from financing activities were £304m (H1 2022: £234m) with the increase mainly due to the share buyback in H1 2023.

The cash inflows and outflows described above resulted in closing cash and cash equivalents of £1,427m as at 30 June 2023 (FY 2022: £1,166m).

IFRS net assets

IFRS net assets attributable to equity holders decreased to £5.2bn (FY 2022: £5.6bn[1]) mainly due to the IFRS loss before tax and dividends paid in the period:

- Intangible assets reduced to £1.5bn (FY 2022: £1.6bn) due to amortisation and impairments. Further details are provided in Note 4.12.
- The principal defined benefit staff pension scheme, which is closed to future accrual, continues to have a significant surplus of £0.8bn (FY 2022: £0.8bn). Further details are provided in Note 4.16. As part of ongoing actions taken in recent years to reduce risk in abrdn's principal defined benefit pension plan, the trustee submitted a petition to the Court of Session in March 2023 seeking a direction on the destination of any residual surplus assets that remain after all plan-related obligations are settled or otherwise provided for. On 1 August 2023, the Court of Session, among other things, confirmed that if a buy-out were to be completed and sufficient provision made for: (i) any remaining liabilities; and (ii) expenses of completing the winding-up of the pension scheme, there would be a resulting trust in respect of any residual surplus assets in favour of the employer. We are continuing to work with the trustee on next steps. Any residual surplus will be determined on a different basis to IAS 19 or funding measures of the plan surplus. The timing of release of any surplus remains a matter for the trustee. The IAS 19 defined benefit plan asset is not included in abrdn's regulatory capital.
- Financial investments decreased to £2.1bn (FY 2022: £2.9bn) primarily due to the lower value of our significant listed investments. At 30 June 2023 financial investments included £0.6bn (FY 2022: £1.3bn) in relation to significant listed investments (Phoenix £554m). The final stake sales in HDFC Asset Management and HDFC Life completed in H1 2023.

Principal risks and uncertainties

The principal risks that we believe the Group will be exposed to in the second half of 2023 are the same as those set out in the Annual report and accounts 2022 comprising: Strategic risk, Financial risk, Conduct risk, Regulatory and legal risk, Process execution and trade errors, People, Technology, Security and resilience, Fraud and financial crime, Change management, Third party management and Financial management process.

Key developments in relation to our principal risks

Looking to the second half of 2023 we would highlight the following trends and developments as important in relation to our principal risks:

- The macroeconomic environment continues to be challenging, with higher inflation impacting the operational cost base of the Group. Interest rates have increased further over the last six months and are expected to be nearing their peak. Investors remain cautious as the effect of higher interest rates works through the global economy, impacting the US banking sector and commercial lending markets and our exposure to these.
- Geopolitical risk remains elevated with the ongoing conflict between Russia and Ukraine and ongoing tensions between China and the US. The volatility of commodities remains susceptible to geopolitical tensions and higher prices are still contributing to inflationary pressure as the cost reductions are yet to be passed onto the consumer.
- As a result of diversification activities undertaken in 2022, through the acquisition of ii, the Group is benefiting from increased treasury income resulting from higher interest rates. Simplification of the operational model continues, with the ongoing automation of manual processes in order to deliver efficiencies.
- There is an ever-increasing regulatory focus on ESG considerations and delivery against client and regulatory expectations is progressing through company-wide programmes. The divergence between UK and European regulatory requirements is growing and we have activities in place to manage related regulatory changes.
- We maintain heightened vigilance for cyber intrusion and financial crime across our operations, with dedicated teams actively monitoring and managing cyber security risks as they evolve, with the support of external specialists.

1. Comparatives have been restated for the HASL implementation of IFRS 17. Refer Note 4.1(a)(i).

2. Statement of Directors' responsibilities

Each of the Directors, whose names and functions are listed on the abrdn plc website, **www.abrdn.com**, confirms to the best of his or her knowledge and belief that:

- The condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows and associated notes, have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK.

- The interim management report includes a fair review of the information required by:
  - DTR 4.2.7R of the FCA's Disclosure Guidance and Transparency Rules Sourcebook, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated financial information and a description of the principal risks and uncertainties for the remaining six months of the year.

  - DTR 4.2.8R of the FCA's Disclosure Guidance and Transparency Rules Sourcebook, 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.

- As per principle N of the UK Corporate Governance Code, the Half year results 2023 taken as a whole, present a fair, balanced and understandable assessment of the Company's position and prospects.

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.

Changes to Directors during the period

As announced on 28 February and 9 March respectively, Brian McBride and Stephanie Bruce retired from the Board at the conclusion of the AGM on 10 May.

By order of the Board

Sir Douglas Flint
Chairman

7 August 2023

Stephen Bird
Chief Executive Officer

7 August 2023

3. Independent review report to abrdn plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the Half year results for the six months ended 30 June 2023 which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related explanatory notes.

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 year results for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ('the DTR') of the UK's Financial Conduct Authority ('the UK FCA').

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 ('ISRE (UK) 2410') issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the Half year results and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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.

Conclusions 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 that causes us to believe 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 have not been 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 group to cease to continue as a going concern, and the above conclusions are not a guarantee that the group will continue in operation.

Directors' responsibilities

The Half year results is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half year results in accordance with the DTR of the UK FCA.

The annual financial statements of the group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the Half year results in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, 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 group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the Half year results based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 reached.

R. Faulkner

Richard Faulkner
for and on behalf of KPMG LLP

Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

7 August 2023

4. Financial Information

Condensed consolidated income statement

For the six months ended 30 June 2023

	Notes	6 months 2023 £m	6 months 2022 restated[1] £m	Full Year 2022 restated[1] £m
Revenue from contracts with customers	4.4(a)	**763**	731	1,538
Cost of sales	4.4(b)	**(42)**	(35)	(82)
Net operating revenue		**721**	696	1,456
Restructuring and corporate transaction expenses	4.6	**(113)**	(88)	(214)
Impairment of intangibles acquired in business combinations and through the purchase of customer contracts	4.6	**(37)**	–	(369)
Amortisation of intangibles acquired in business combinations and through the purchase of customer contracts	4.6	**(65)**	(52)	(125)
Staff costs and other employee-related costs	4.6	**(275)**	(266)	(549)
Other administrative expenses	4.6	**(274)**	(300)	(662)
Total administrative and other expenses		**(764)**	(706)	(1,919)
Net gains or losses on financial instruments and other income				
Fair value movements and dividend income on significant listed investments	4.5	**(144)**	(271)	(119)
Other net gains or losses on financial instruments and other income	4.5	**26**	(27)	(3)
Total net gains or losses on financial instruments and other income		**(118)**	(298)	(122)
Finance costs		**(12)**	(15)	(29)
Profit on disposal of interests in associates	4.2(b)	**-**	6	6
Loss on impairment of interests in associates	4.13	**-**	(9)	(9)
Share of profit or loss from associates and joint ventures	4.13	**4**	–	5
Loss before tax		**(169)**	(326)	(612)
Tax credit	4.7	**24**	31	66
Loss for the period		**(145)**	(295)	(546)
Attributable to:				
Equity shareholders of abrdn plc		**(151)**	(302)	(558)
Other equity holders		**6**	6	11
Non-controlling interests - ordinary shares		**-**	1	1
		(145)	(295)	(546)
Earnings per share				
Basic (pence per share)	4.8	**(7.7)**	(14.2)	(26.6)
Diluted (pence per share)	4.8	**(7.7)**	(14.2)	(26.6)

1. Comparatives for the six months ended 30 June 2022 and the 12 months ended 31 December 2022 have been restated for the implementation of IFRS 17. Refer Note 4.1(a)(i).

The Notes on pages 24 to 52 are an integral part of this condensed consolidated financial information.

Condensed consolidated statement of comprehensive income
For the six months ended 30 June 2023

	Notes	6 months 2023 £m	6 months 2022 restated[1] £m	Full Year 2022 restated[1] £m
Loss for the period		**(145)**	(295)	(546)
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement losses on defined benefit pension plans	4.16	**(81)**	(386)	(793)
Total items that will not be reclassified subsequently to profit or loss		**(81)**	(386)	(793)
Items that may be reclassified subsequently to profit or loss:				
Fair value (losses)/gains on cash flow hedges		**(13)**	61	85
Exchange differences on translating foreign operations		**(42)**	37	36
Share of other comprehensive income of associates and joint ventures	4.13	**(18)**	(21)	(57)
Items transferred to the condensed consolidated income statement				
Fair value losses/(gains) on cash flow hedges		**30**	(68)	(78)
Equity holder tax effect of items that may be reclassified subsequently to profit or loss	4.7	**(4)**	2	(2)
Total items that may be reclassified subsequently to profit or loss		**(47)**	11	(16)
Other comprehensive income for the period		**(128)**	(375)	(809)
Total comprehensive income for the period		**(273)**	(670)	(1,355)
Attributable to:				
Equity shareholders of abrdn plc		**(279)**	(677)	(1,367)
Other equity holders		**6**	6	11
Non-controlling interests – ordinary shares		**–**	1	1
		(273)	(670)	(1,355)

1. Comparatives for the six months ended 30 June 2022 and the 12 months ended 31 December 2022 have been restated for the implementation of IFRS 17. Refer Note 4.1(a)(i).

The Notes on pages 24 to 52 are an integral part of this condensed consolidated financial information.

Condensed consolidated statement of financial position
As at 30 June 2023

	Notes	6 months 2023 £m	6 months 2022 restated[1] £m	Full Year 2022 restated[1] £m
Assets				
Intangible assets	4.12	**1,548**	2,116	1,619
Pension and other post-retirement benefit assets	4.16	**772**	1,221	831
Investments in associates and joint ventures accounted for using the equity method	4.13	**245**	253	232
Property, plant and equipment	4.11	**162**	193	201
Deferred tax assets		**220**	184	212
Financial investments	4.18	**2,080**	2,940	2,939
Receivables and other financial assets		**1,238**	1,237	907
Current tax recoverable		**11**	2	7
Other assets		**100**	115	92
Assets of operations held for sale	4.14	**83**	–	87
Cash and cash equivalents		**1,407**	1,433	1,133
		7,866	9,694	8,260
Assets backing unit linked liabilities	4.18			
Financial investments		**873**	1,114	924
Receivables and other unit linked assets		**8**	17	5
Cash and cash equivalents		**13**	25	23
		894	1,156	952
Total assets		**8,760**	10,850	9,212
Liabilities				
Third party interest in consolidated funds	4.18	**212**	130	242
Subordinated liabilities		**588**	707	621
Pension and other post-retirement benefit provisions	4.16	**9**	17	12
Deferred income		**3**	6	3
Deferred tax liabilities		**145**	248	211
Current tax liabilities		**6**	21	11
Derivative financial liabilities	4.18	**2**	17	1
Other financial liabilities		**1,458**	1,507	1,198
Provisions	4.17	**58**	52	97
Other liabilities		**10**	11	8
Liabilities of operations held for sale	4.14	**6**	–	14
		2,497	2,716	2,418
Unit linked liabilities	4.18			
Investment contract liabilities		**724**	890	773
Third party interest in consolidated funds		**165**	256	173
Other unit linked liabilities		**5**	10	6
		894	1,156	952
Total liabilities		**3,391**	3,872	3,370
Equity				
Share capital	4.15(a)	**274**	305	280
Shares held by trusts	4.15(b)	**(147)**	(152)	(149)
Share premium reserve	4.15(a)	**640**	640	640
Retained earnings		**4,547**	4,877	4,986
Other reserves		**(159)**	1,094	(129)
Equity attributable to equity shareholders of abrdn plc		**5,155**	6,764	5,628
Other equity		**207**	207	207
Non-controlling interests – ordinary shares		**7**	7	7
Total equity		**5,369**	6,978	5,842
Total equity and liabilities		**8,760**	10,850	9,212

1. Comparatives for 30 June 2022 and 31 December 2022 have been restated for the implementation of IFRS 17. Refer Note 4.1(a)(i).

The Notes on pages 24 to 52 are an integral part of this condensed consolidated financial information.

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2023

	Notes	Share capital £m	Shares held by trusts £m	Share premium reserve £m	Retained earnings[1] £m	Other reserves £m	Total equity attributable to equity shareholders of abrdn plc[1] £m	Other equity £m	Non-controlling interests - ordinary shares £m	Total equity[1] £m
31 December 2022		**280**	**(149)**	**640**	**4,986**	**(129)**	**5,628**	**207**	**7**	**5,842**
Effect of application of IFRS 9 on Investments in associates and joint ventures accounted for using the equity method[1]		-	-	-	51	-	51	-	-	51
1 January 2023		**280**	**(149)**	**640**	**5,037**	**(129)**	**5,679**	**207**	**7**	**5,893**
(Loss)/profit for the period		-	-	-	(151)	-	(151)	6	-	(145)
Other comprehensive income for the period		-	-	-	(99)	(29)	(128)	-	-	(128)
Total comprehensive income for the period		-	-	-	(250)	(29)	(279)	6	-	(273)
Issue of share capital	4.15(a)	-	-	-	-	-	-	-	-	-
Dividends paid on ordinary shares	4.10	-	-	-	(142)	-	(142)	-	-	(142)
Interest paid on other equity		-	-	-	-	-	-	(6)	-	(6)
Share buyback	4.15(a)	(6)	-	-	(98)	6	(98)	-	-	(98)
Reserves credit for employee share-based payments		-	-	-	-	13	13	-	-	13
Transfer to retained earnings for vested employee share-based payments		-	-	-	20	(20)	-	-	-	-
Shares acquired by employee trusts		-	(19)	-	-	-	(19)	-	-	(19)
Shares distributed by employee and other trusts and related dividend equivalents		-	21	-	(22)	-	(1)	-	-	(1)
Aggregate tax effect of items recognised directly in equity	4.7	-	-	-	2	-	2	-	-	2
30 June 2023		**274**	**(147)**	**640**	**4,547**	**(159)**	**5,155**	**207**	**7**	**5,369**

1. The Group implemented IFRS 9 in 2019. However, as permitted under a temporary exemption granted to insurers in IFRS 4 Insurance Contracts, the Group's insurance joint venture, Heng An Standard Life Insurance Company Limited, applied IFRS 9 at 1 January 2023 following the implementation of the new insurance standard, IFRS 17. Refer Note 4.1(a)(i).

	Notes	Share capital £m	Shares held by trusts £m	Share premium reserve £m	Retained earnings restated[1, 2] £m	Other reserves[2] £m	Total equity attributable to equity shareholders of abrdn plc restated[1] £m	Other equity £m	Non-controlling interests – ordinary shares £m	Total equity restated[1] £m
1 January 2022		305	(171)	640	5,766	1,094	7,634	207	6	7,847
(Loss)/profit for the period		–	–	–	(302)	–	(302)	6	1	(295)
Other comprehensive income for the period		–	–	–	(407)	32	(375)	–	–	(375)
Total comprehensive income for the period		–	–	–	(709)	32	(677)	6	1	(670)
Issue of share capital	4.15(a)	–	–	–	–	–	–	–	–	–
Dividends paid on ordinary shares	4.10	–	–	–	(154)	–	(154)	–	–	(154)
Interest paid on other equity		–	–	–	–	–	–	(6)	–	(6)
Reserves credit for employee share-based payments		–	–	–	–	11	11	–	–	11
Transfer to retained earnings for vested employee share-based payments		–	–	–	60	(60)	–	–	–	–
Shares acquired by employee trusts		–	(41)	–	–	–	(41)	–	–	(41)
Shares distributed by employee and other trusts and related dividend equivalents		–	60	–	(62)	–	(2)	–	–	(2)
Other movements[2]		–	–	–	(23)	17	(6)	–	–	(6)
Aggregate tax effect of items recognised directly in equity	4.7	–	–	–	(1)	–	(1)	–	–	(1)
30 June 2022		305	(152)	640	4,877	1,094	6,764	207	7	6,978

1. Comparatives for the six months ended 30 June 2022 have been restated for the implementation of IFRS 17. Refer Note 4.1(a)(i).
2. Other movements for the six months ended 30 June 2022 and the 12 months ended 31 December 2022 included the transfer of (£17m) previously recognised in the foreign currency translation reserve (which is part of Other reserves) to Retained earnings. In prior periods we had considered the functional currency of an intermediate subsidiary holding the Group's investment in HDFC Life to be US Dollars. We now consider that the functional currency should have been GBP, resulting in the transfer between reserves in the six months ended 30 June 2022. Prior periods were not restated as the impact on prior periods was not considered material. There was no impact on net assets for any period presented.

	Notes	Share capital £m	Shares held by trusts £m	Share premium reserve £m	Retained earnings restated[1, 2] £m	Other reserves[2] £m	Total equity attributable to equity shareholders of abrdn plc restated[1] £m	Other equity £m	Non-controlling interests - ordinary shares £m	Total equity restated[1] £m
1 January 2022		305	(171)	640	5,766	1,094	7,634	207	6	7,847
(Loss)/profit for the year		–	–	–	(558)	–	(558)	11	1	(546)
Other comprehensive income for the year		–	–	–	(850)	41	(809)	–	–	(809)
Total comprehensive income for the year		–	–	–	(1,408)	41	(1,367)	11	1	(1,355)
Issue of share capital	4.15(a)	–	–	–	–	–	–	–	–	–
Dividends paid on ordinary shares	4.10	–	–	–	(307)	–	(307)	–	–	(307)
Interest paid on other equity		–	–	–	–	–	–	(11)	–	(11)
Share buyback	4.15(a)	(25)	–	–	(302)	25	(302)	–	–	(302)
Cancellation of capital redemption reserve	4.15(c)	–	–	–	1,059	(1,059)	–	–	–	–
Other movements in non-controlling interests in the year		–	–	–	–	–	–	–	–	–
Reserves credit for employee share-based payments		–	–	–	–	24	24	–	–	24
Transfer to retained earnings for vested employee share-based payments		–	–	–	63	(63)	–	–	–	–
Transfer between reserves on disposal of subsidiaries		–	–	–	1	(1)	–	–	–	–
Transfer between reserves on impairment of subsidiaries	4.15(c)	–	–	–	207	(207)	–	–	–	–
Shares acquired by employee trusts		–	(46)	–	–	–	(46)	–	–	(46)
Shares distributed by employee and other trusts and related dividend equivalents		–	68	–	(70)	–	(2)	–	–	(2)
Other movements[2]		–	–	–	(23)	17	(6)	–	–	(6)
31 December 2022		280	(149)	640	4,986	(129)	5,628	207	7	5,842

1. Comparatives for the 12 months ended 31 December 2022 have been restated for the implementation of IFRS 17. Refer Note 4.1(a)(i).
2. Other movements for the six months ended 30 June 2022 and the 12 months ended 31 December 2022 included the transfer of (£17m) previously recognised in the foreign currency translation reserve (which is part of Other reserves) to Retained earnings. In prior periods we had considered the functional currency of an intermediate subsidiary holding the Group's investment in HDFC Life to be US Dollars. We now consider that the functional currency should have been GBP, resulting in the transfer between reserves in the 12 months ended 31 December 2022. Prior periods were not restated as the impact on prior periods was not considered material. There was no impact on net assets for any period presented.

The Notes on pages 24 to 52 are an integral part of this condensed consolidated financial information.

Condensed consolidated statement of cash flows
For the six months ended 30 June 2023

	Notes	**6 months 2023 £m**	6 months 2022 restated[1] £m	Full Year 2022 restated[1] £m
Cash flows from operating activities				
Loss before tax		**(169)**	(326)	(612)
Change in operating assets		**(86)**	581	916
Change in operating liabilities		**181**	(272)	(725)
Adjustment for non-cash movements in investment income		**(1)**	(7)	–
Other non-cash and non-operating items		**175**	98	567
Taxation paid[2]		**(23)**	(18)	(36)
Net cash flows from operating activities		**77**	56	110
Cash flows from investing activities				
Purchase of property, plant and equipment		**(9)**	(12)	(21)
Acquisition of subsidiaries and unincorporated businesses net of cash acquired		**–**	(1,378)	(1,378)
Acquisition of investments in associates and joint ventures		**(2)**	(2)	(20)
Proceeds in relation to contingent consideration		**2**	–	18
Payments in relation to contingent consideration		**(4)**	(4)	(7)
Disposal of investments in associates and joint ventures		**–**	6	6
Purchase of financial investments		**(291)**	(90)	(297)
Proceeds from sale or redemption of financial investments		**871**	1,151	1,633
Taxation paid on sale or redemption of financial investments[2]		**(41)**	–	(28)
Prepayment in respect of potential acquisition of customer contracts	4.20(b)	**13**	5	14
Acquisition of intangible assets		**(35)**	(1)	(6)
Net cash flows from investing activities		**504**	(325)	(86)
Cash flows from financing activities				
Repayment of subordinated liabilities		**–**	–	(92)
Payment of lease liabilities – principal		**(13)**	(15)	(46)
Payment of lease liabilities – interest		**(3)**	(3)	(6)
Shares acquired by trusts		**(19)**	(41)	(46)
Interest paid on subordinated liabilities and other equity		**(16)**	(21)	(34)
Other interest paid		**(2)**	–	(2)
Cash received relating to collateral held in respect of derivatives hedging subordinated liabilities		**(11)**	–	74
Share buyback		**(98)**	–	(302)
Ordinary dividends paid	4.10	**(142)**	(154)	(307)
Net cash flows from financing activities		**(304)**	(234)	(761)
Net increase/(decrease) in cash and cash equivalents		**277**	(503)	(737)
Cash and cash equivalents at the beginning of the period		**1,166**	1,875	1,875
Effects of exchange rate changes on cash and cash equivalents		**(16)**	23	28
Cash and cash equivalents at the end of the period[3]		**1,427**	1,395	1,166
Supplemental disclosures on cash flows from operating activities				
Interest paid		**–**	1	–
Interest received		**37**	16	38
Dividends received		**53**	61	110
Rental income received on investment property		**2**	2	2

1. Comparatives for the six months ended 30 June 2022 and the 12 months ended 31 December 2022 have been restated for the implementation of IFRS 17. Refer Note 4.1(a)(i).
2. Total taxation paid for the six months ended 30 June 2023 was £64m (six months ended 30 June 2022: £18m, 12 months ended 31 December 2022: £64m).
3. Comprises cash and cash equivalents, including cash and cash equivalents backing unit linked liabilities, and overdrafts which are reported in other financial liabilities in the condensed consolidated statement of financial position. Cash and cash equivalents at 30 June 2023 were £1,427m (30 June 2022: £1,458m, 31 December 2022: £1,169m) of which £7m (30 June 2022: £nil, 31 December 2022: £13m) is included in assets of operations held for sale in the condensed consolidated statement of financial position (refer Note 4.14). The Group had no overdrafts at 30 June 2023 (30 June 2022: (£63m), 31 December 2022: (£3m)).

The Notes on pages 24 to 52 are an integral part of this condensed consolidated financial information.

Notes to the condensed consolidated financial statements

4.1 Presentation of the condensed consolidated financial statements

(a) Basis of preparation

The condensed consolidated half year financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules of the UK's Financial Conduct Authority.

The accounting policies for recognition, measurement, consolidation and presentation as set out in the Annual report and accounts for the year ended 31 December 2022 have been applied in the preparation of the condensed consolidated half year financial information except as noted below.

(a)(i) New standards, interpretations and amendments to existing standards that have been adopted by the Group

The Group has adopted the following new International Financial Reporting Standards (IFRSs), interpretations and amendments to existing standards, which are effective for annual periods beginning on or after 1 January 2023.

IFRS 17 *Insurance Contracts*

On 1 January 2023, the Group adopted IFRS 17 *Insurance Contracts*. IFRS 17 replaces IFRS 4 *Insurance Contracts* which was an interim standard which permitted the continued application of accounting policies, for insurance contracts and contracts with discretionary participation features, which were being used at transition to IFRS except where a change satisfied criteria set out in IFRS 4. IFRS 17 introduces new required measurement and presentation accounting policies for such contracts which reflect the view that these contracts combine features of a financial instrument and a service contract.

IFRS 17's measurement model, which applies to groups of contracts, combines a risk-adjusted present value of future cash flows and an amount representing unearned profit. IFRS 17 introduces a new approach to presentation in the income statement and statement of comprehensive income in relation to direct exposure to insurance contracts.

The Group has no material direct exposure to insurance contracts and contracts with discretionary participating features and the adoption of this standard has had no significant direct impact on the measurement or presentation of insurance contracts and therefore no restatement of prior periods was required in relation to direct exposure.

However, the results of the Group's joint venture Heng An Standard Life Insurance Company Limited (HASL) have been impacted by the adoption of IFRS 17 on 1 January 2023. HASL has also applied IFRS 9 *Financial Instruments* on 1 January 2023. While the Group had adopted IFRS 9 on 1 January 2019 following the sale of its UK and European insurance in 2018, HASL had continued to take the permitted temporary exemption granted to insurers in IFRS 4 to defer the implementation of IFRS 9 until the implementation of IFRS 17.

As IFRS 17 is applied retrospectively and IFRS 9 is applied prospectively, the combined impact of the change of accounting policy comes through at 1 January 2023. The net impact of the changes is an increase in the carrying value of HASL, the Group's retained earnings and net assets of £16m, comprising a decrease of £35m for IFRS 17 offset by an increase of £51m for IFRS 9.

IFRS 17 has three main valuation models: the general measurement model; the variable fee approach and the premium allocation approach. HASL is primarily using the general measurement model for its traditional insurance business and the variable fee approach for its direct participating contracts and investment contracts with direct participation features with some use of the premium allocation approach. The results reflect the election to take the other comprehensive income (OCI) options under IFRS 17 to take elements of the movements in insurance contract valuations through OCI to minimise income statement volatility.

The impact of the restatement in 2022 below partly reflects that the valuation of investment contracts under the variable fee approach reflect the fair value of the underlying assets from 1 January 2022 but a number of these assets were not accounted for at fair value until 1 January 2023 upon HASL's adoption of IFRS 9 (see below). The valuation of the insurance contracts is also impacted by the use of lower discount rates to discount liabilities under IFRS 17 as compared to those used under IFRS 4 and higher liabilities for financial related guarantees within some products.

In relation to IFRS 9, the largest impact relates to its debt investments which were classified as held to maturity under IAS 39 and subsequently accounted for at amortised cost but are now classified as fair value through OCI under IFRS 9.

As noted above, IFRS 17 is applied retrospectively. However, it was not practicable for HASL to apply a full retrospective approach. Depending on the nature and start date of the insurance contract, HASL has applied either a modified retrospective approach or a fair value approach. The choice of transition approach is not expected to have a significant impact on future periods.

The carrying value of the joint venture and opening retained earnings as at 1 January 2022 have been restated for IFRS 17.

	31 December 2021 as previously presented £m	Impact of IFRS 17 £m	1 January 2022 as restated £m
Condensed consolidated statement of financial position			
Carrying value of HASL	258	(9)	249
Investments in associates and joint ventures accounted for using the equity method	274	(9)	265
Total assets	11,418	(9)	11,409
Retained earnings	5,775	(9)	5,766
Total equity attributable to equity shareholders of abrdn plc	7,643	(9)	7,634
Total equity	7,856	(9)	7,847
Total equity and liabilities	11,418	(9)	11,409

The carrying value of HASL at 30 June 2022 and 31 December 2022 and the movements in the carrying value for the six months ended 30 June 2022 and the 12 months ended 31 December 2022 have also been restated.

	6 months 2022 as previously presented £m	Impact of IFRS 17 £m	6 months 2022 as restated £m
Condensed consolidated income statement			
Share of profit or loss from associates and joint ventures	6	(6)	–
Loss before tax	(320)	(6)	(326)
Loss for the period	(289)	(6)	(295)
Attributable to:			
Equity shareholders of abrdn plc	(296)	(6)	(302)
Earnings per share			
Basic (pence per share)	(13.9)	(0.3)	(14.2)
Diluted (pence per share)	(13.9)	(0.3)	(14.2)
Condensed consolidated statement of comprehensive income			
Loss for the period	(289)	(6)	(295)
Share of other comprehensive income of associates and joint ventures	(7)	(14)	(21)
Total items that may be reclassified subsequently to profit or loss	25	(14)	11
Other comprehensive income for the period	(361)	(14)	(375)
Total comprehensive income for the period	(650)	(20)	(670)
Attributable to:			
Equity shareholders of abrdn plc	(657)	(20)	(677)
Analysis of adjusted profit			
Adjusted for the following items			
Share of profit or loss from associates and joint ventures	6	(6)	–
Total adjusting items including results of associates and joint ventures	(419)	(6)	(425)
Loss for the period attributable to equity shareholders of abrdn plc	(296)	(6)	(302)
Loss for the period	(289)	(6)	(295)

	30 June 2022 as previously presented £m	Impact of IFRS 17 £m	30 June 2022 as restated £m
Condensed consolidated statement of financial position			
Carrying value of HASL	275	(29)	246
Investments in associates and joint ventures accounted for using the equity method	282	(29)	253
Total assets	10,879	(29)	10,850
Retained earnings	4,906	(29)	4,877
Total equity attributable to equity shareholders of abrdn plc	6,793	(29)	6,764
Total equity	7,007	(29)	6,978
Total equity and liabilities	10,879	(29)	10,850
Condensed consolidated statement of changes in equity			
Opening retained earnings	5,775	(9)	5,766
Loss for the period	(296)	(6)	(302)
Other comprehensive income for the period	(393)	(14)	(407)
Total comprehensive income for the period	(689)	(20)	(709)
Closing retained earnings	4,906	(29)	4,877
Opening total equity attributable to equity shareholders of abrdn plc	7,643	(9)	7,634
Loss for the period	(296)	(6)	(302)
Other comprehensive income for the period	(361)	(14)	(375)
Total comprehensive income for the period	(657)	(20)	(677)
Closing total equity attributable to equity shareholders of abrdn plc	6,793	(29)	6,764
Opening total equity	7,856	(9)	7,847
Loss for the period	(289)	(6)	(295)
Other comprehensive income for the period	(361)	(14)	(375)
Total comprehensive income for the period	(650)	(20)	(670)
Closing total equity	7,007	(29)	6,978

	Full Year 2022 as previously presented £m	Impact of IFRS 17 £m	Full Year 2022 as restated £m
Condensed consolidated income statement			
Share of profit or loss from associates and joint ventures	2	3	5
Loss before tax	(615)	3	(612)
Loss for the year	(549)	3	(546)
Attributable to:			
Equity shareholders of abrdn plc	(561)	3	(558)
Earnings per share			
Basic (pence per share)	(26.8)	0.2	(26.6)
Diluted (pence per share)	(26.8)	0.2	(26.6)
Condensed consolidated statement of comprehensive income			
Loss for the year	(549)	3	(546)
Share of other comprehensive income of associates and joint ventures	(28)	(29)	(57)
Total items that may be reclassified subsequently to profit or loss	13	(29)	(16)
Other comprehensive income for the year	(780)	(29)	(809)
Total comprehensive income for the year	(1,329)	(26)	(1,355)
Attributable to:			
Equity shareholders of abrdn plc	(1,341)	(26)	(1,367)
Analysis of adjusted profit			
Adjusted for the following items			
Share of profit or loss from associates and joint ventures	2	3	5
Total adjusting items including results of associates and joint ventures	(868)	3	(865)
Loss for the year attributable to equity shareholders of abrdn plc	(561)	3	(558)
Loss for the year	(549)	3	(546)

	31 December 2022 as previously presented £m	Impact of IFRS 17 £m	31 December 2022 as restated £m
Condensed consolidated statement of financial position			
Carrying value of HASL	245	(35)	210
Investments in associates and joint ventures accounted for using the equity method	267	(35)	232
Total assets	9,247	(35)	9,212
Retained earnings	5,021	(35)	4,986
Total equity attributable to equity shareholders of abrdn plc	5,663	(35)	5,628
Total equity	5,877	(35)	5,842
Total equity and liabilities	9,247	(35)	9,212
Condensed consolidated statement of changes in equity			
Opening retained earnings	5,775	(9)	5,766
Loss for the year	(561)	3	(558)
Other comprehensive income for the year	(821)	(29)	(850)
Total comprehensive income for the year	(1,382)	(26)	(1,408)
Closing retained earnings	5,021	(35)	4,986
Opening total equity attributable to equity shareholders of abrdn plc	7,643	(9)	7,634
Loss for the year	(561)	3	(558)
Other comprehensive income for the year	(780)	(29)	(809)
Total comprehensive income for the year	(1,341)	(26)	(1,367)
Closing total equity attributable to equity shareholders of abrdn plc	5,663	(35)	5,628
Opening total equity	7,856	(9)	7,847
Loss for the year	(549)	3	(546)
Other comprehensive income for the year	(780)	(29)	(809)
Total comprehensive income for the year	(1,329)	(26)	(1,355)
Closing total equity	5,877	(35)	5,842

The restatement has no overall impact on the cash flows of the Group but does impact certain line items in the condensed consolidated statement of cash flows:

	30 June 2022 as previously presented £m	Impact of IFRS 17 £m	30 June 2022 as restated £m
Condensed consolidated statement of cash flows			
Loss before tax	(320)	(6)	(326)
Other non-cash and non-operating items	92	6	98

	31 December 2022 as previously presented £m	Impact of IFRS 17 £m	31 December 2022 as restated £m
Condensed consolidated statement of cash flows			
Loss before tax	(615)	3	(612)
Other non-cash and non-operating items	570	(3)	567

In line with the approach adopted by the Group on its implementation of IFRS 9 on 1 January 2019, the comparatives have not been restated for HASL's adoption of IFRS 9. The impact of HASL adopting IFRS 9 is recognised in retained earnings at 1 January 2023.

	31 December 2022 as restated for IFRS 17 £m	Impact of IFRS 9 £m	1 January 2023 £m
Condensed consolidated statement of financial position			
Carrying value of HASL	210	51	261
Investments in associates and joint ventures accounted for using the equity method	232	51	283
Total assets	9,212	51	9,263
Retained earnings	4,986	51	5,037
Total equity attributable to equity shareholders of abrdn plc	5,628	51	5,679
Total equity	5,842	51	5,893
Total equity and liabilities	9,212	51	9,263

Amendments to existing standards

- 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.

The Group's accounting policies have been updated to reflect these amendments. Management considers the implementation of the above amendments to have no significant impact on the Group's financial statements.

(b) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position, are set out in the Management report and in the Annual report and accounts 2022 Strategic report. This includes details on our liquidity and capital positions and our principal risks, including the impacts of the macroeconomic environment and rising inflation and the Ukraine conflict on these principal risks.

In preparing these half year results on a going concern basis, the Directors have considered the following matters and have taken into account market uncertainty.

- The Group has cash and liquid resources of £1.9bn at 30 June 2023. In addition, the Company has a revolving credit facility of £400m as part of our contingency funding plans which is due to mature in 2026 and remains undrawn.
- The Group's indicative regulatory capital surplus on an IFPR basis was £1bn in excess of capital requirements at 30 June 2023. The regulatory capital surplus does not include the value of the Group's significant listed investment in Phoenix.
- The Group performs regular stress and scenario analysis as described in the Annual report and accounts 2022 Viability statement. The diverse range of management actions available meant the Group was able to withstand these extreme stresses.
- The Group's operational resilience processes have operated effectively during the period including the provision of services by key outsource providers.

Based on a review of the above factors the Directors are satisfied that the Group and Company have and will maintain sufficient resources to enable them to continue operating for at least 12 months from the date of approval of the condensed consolidated financial statements. Accordingly, the financial statements have been prepared on a going concern basis. There were no material uncertainties relating to this going concern conclusion.

(c) Condensed consolidated half year financial information

This condensed consolidated half year financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Additionally, the comparative figures for the financial year ended 31 December 2022 are not the Company's statutory accounts for that financial year. The statutory accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. The condensed consolidated half year financial information has been reviewed, not audited.

4.2 Acquisitions and disposals

(a) Acquisitions

(a)(i) Prior period acquisitions of subsidiaries

Interactive Investor (ii)

On 27 May 2022, abrdn plc purchased 100% of the issued share capital of Antler Holdco Limited (Antler), the parent company for the Interactive Investor group of companies. The cash outflow at the completion of the acquisition was £1,496m, which comprised consideration of £1,485m and payments of £11m made by abrdn to fund the settlement of ii transaction liabilities as part of the transaction. The acquisition of ii provides abrdn with direct entry to the high-growth digitally enabled direct investing market, accessing new customer segments and capabilities. This allows abrdn customers to choose from a wide spectrum of wealth services, spanning self-directed investing through to high-touch financial advice, depending on their specific needs over their financial life.

On 1 September 2022, Antler made a dividend in specie to abrdn plc of its investment in Interactive Investor Limited which is now a direct subsidiary of abrdn plc.

(b) Disposals

(b)(i) Prior period disposal of associates

Profit on disposal of interests in associates for the six months ended 30 June 2022 and the 12 months ended 31 December 2022 of £6m related to the sale of the Group's interest in Origo Services Limited in May 2022.

4.3 Segmental analysis

The Group's reportable segments have been identified in accordance with the way in which the Group is structured and managed. IFRS 8 *Operating Segments* requires that the information presented in the financial statements is based on information provided to the 'Chief Operating Decision Maker' which for the Group is the executive leadership team.

(a) Basis of segmentation

(a)(i) Current reportable segments

Investments

Our global asset management business which provides investment solutions for Institutional, Retail Wealth (previously named Wholesale) and Insurance Partners (previously named Insurance) clients.

Adviser

Our UK financial adviser business which provides platform services to wealth managers and advisers and from January 2023 and May 2023 respectively, threesixty and our Managed Portfolio Service business, both of which were previously reported within the Personal segment.

Personal

Our Personal business comprises Personal Wealth which combines our financial planning business abrdn Financial Planning, our digital direct-to-consumer services and discretionary fund management services provided by abrdn Capital and ii following the completion of the acquisition in 2022. Refer Note 4.2(a)(i) for further details. abrdn Capital is currently held for sale – refer Note 4.14.

In addition to the Group reportable segments above, the analysis of adjusted profit in Section 4.3(b)(i) below also reports the following:

Corporate/strategic

Corporate/strategic mainly comprises certain corporate costs.

The segments are reported to the level of adjusted operating profit.

(b) Reportable segments – adjusted profit and revenue information

(b)(i) Analysis of adjusted profit

Adjusted operating profit is presented by reportable segment in the table below.

6 months 2023	Notes	Investments £m	Adviser £m	Personal £m	Corporate/ strategic £m	Total £m
Net operating revenue		466	103	152	–	721
Adjusted operating expenses		(440)	(54)	(91)	(9)	(594)
Adjusted operating profit		26	49	61	(9)	127
Adjusted net financing costs and investment return						24
Adjusted profit before tax						151
Tax on adjusted profit						(24)
Adjusted profit after tax						127
Adjusted for the following items						
Restructuring and corporate transaction expenses	4.6					(113)
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts	4.6					(102)
Change in fair value of significant listed investments	4.5					(181)
Dividends from significant listed investments	4.5					37
Share of profit or loss from associates and joint ventures[1]						4
Other	4.9					35
Total adjusting items including results of associates and joint ventures						(320)
Tax on adjusting items						48
Profit attributable to other equity holders						(6)
Profit attributable to non-controlling interests - ordinary shares						–
Loss for the period attributable to equity shareholders of abrdn plc						(151)
Profit attributable to other equity holders						6
Profit attributable to non-controlling interests - ordinary shares						–
Loss for the period						(145)

1. Share of profit or loss from associates and joint ventures primarily comprises the Group's share of results of HASL, Virgin Money Unit Trust Managers (Virgin Money UTM), Tenet and Archax.

Net operating revenue is reported as the measure of revenue in the analysis of adjusted operating profit and relates to revenues generated from external customers.

6 months 2022	Notes	Investments £m	Adviser £m	Personal £m	Corporate/ strategic £m	Total restated[1] £m
Net operating revenue[2]		546	92	58	–	696
Adjusted operating expenses		(470)	(54)	(51)	(6)	(581)
Adjusted operating profit		76	38	7	(6)	115
Adjusted net financing costs and investment return						(16)
Adjusted profit before tax						99
Tax on adjusted profit						(13)
Adjusted profit after tax						86
Adjusted for the following items						
Restructuring and corporate transaction expenses	4.6					(88)
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts	4.6					(52)
Profit on disposal of interests in associates	4.2(b)					6
Change in fair value of significant listed investments	4.5					(313)
Dividends from significant listed investments	4.5					42
Share of profit or loss from associates and joint ventures[1,3]						–
Impairment of interests in associates	4.13					(9)
Other	4.9					(11)
Total adjusting items including results of associates and joint ventures						(425)
Tax on adjusting items						44
Profit attributable to other equity holders						(6)
Profit attributable to non-controlling interests - ordinary shares						(1)
Loss for the period attributable to equity shareholders of abrdn plc						(302)
Profit attributable to other equity holders						6
Profit attributable to non-controlling interests - ordinary shares						1
Loss for the period						(295)

1. Comparatives for the six months ended 30 June 2022 have been restated for the implementation of IFRS 17. Refer Note 4.1(a)(i).
2. The Group's measure of segmental revenue was renamed from fee based revenue to net operating revenue during 2022.
3. Share of profit or loss from associates and joint ventures primarily comprises the Group's share of results of HASL and Virgin Money UTM.

Full Year 2022	Notes	Investments £m	Adviser £m	Personal £m	Corporate/ strategic £m	Total restated[1] £m
Net operating revenue		1,070	185	201	–	1,456
Adjusted operating expenses		(956)	(99)	(129)	(9)	(1,193)
Adjusted operating profit		114	86	72	(9)	263
Adjusted net financing costs and investment return						(10)
Adjusted profit before tax						253
Tax on adjusted profit						(22)
Adjusted profit after tax						231
Adjusted for the following items						
Restructuring and corporate transaction expenses	4.6					(214)
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts	4.6					(494)
Profit on disposal of interests in associates	4.2(b)					6
Change in fair value of significant listed investments	4.5					(187)
Dividends from significant listed investments	4.5					68
Share of profit or loss from associates and joint ventures[1,2]						5
Impairment of interests in associates	4.13					(9)
Other	4.9					(40)
Total adjusting items including results of associates and joint ventures						(865)
Tax on adjusting items						88
Profit attributable to other equity holders						(11)
Profit attributable to non-controlling interests – ordinary shares						(1)
Loss for the year attributable to equity shareholders of abrdn plc						(558)
Profit attributable to other equity holders						11
Profit attributable to non-controlling interests – ordinary shares						1
Loss for the year						(546)

1. Comparatives for the 12 months ended 31 December 2022 have been restated for the implementation of IFRS 17. Refer Note 4.1(a)(i).
2. Share of profit or loss from associates and joint ventures primarily comprises the Group's share of results of HASL, Virgin Money UTM and Tenet.

4.4 Net operating revenue

(a) Revenue from contracts with customers

The following table provides a breakdown of total revenue from contracts with customers.

	6 months 2023 £m	6 months 2022 £m	Full Year 2022 £m
Investments			
Management fee income – Institutional and Retail Wealth[1,2]	**399**	463	901
Management fee income – Insurance Partners[1,3]	**75**	89	167
Performance fees and carried interest	**12**	12	41
Other revenue from contracts with customers	**18**	16	38
Revenue from contracts with customers for the Investments segment	**504**	580	1,147
Adviser			
Platform charges	**85**	90	176
Treasury income	**15**	3	11
Other revenue from contracts with customers	**4**	–	–
Revenue from contracts with customers for the Adviser segment	**104**	93	187
Personal			
Fee income – Advice and Discretionary	**37**	45	87
Account fees	**27**	4	32
Trading transactions	**25**	4	27
Treasury income	**66**	5	58
Revenue from contracts with customers for the Personal segment	**155**	58	204
Total revenue from contracts with customers	**763**	731	1,538

1. In addition to revenues earned as a percentage of AUM, management fee income includes certain other revenues such as registration fees.
2. Previously named Institutional and Wholesale.
3. Previously named Insurance.

(b) Cost of sales

The following table provides a breakdown of total cost of sales.

	6 months 2023 £m	6 months 2022 £m	Full Year 2022 £m
Cost of sales			
Commission expenses	**33**	32	66
Other cost of sales	**9**	3	16
Total cost of sales	**42**	35	82

Other cost of sales includes amounts payable to employees and others relating to carried interest and performance fee revenue.

(c) Reconciliation of revenue from contracts with customers to net operating revenue as presented in the analysis of adjusted operating profit

The following table provides a reconciliation of revenue from contracts with customers as presented in the condensed consolidated income statement to net operating revenue, as presented in the analysis of adjusted operating profit (refer Note 4.3(b)(i) for each of the Group's reportable segments).

	Investments			**Adviser**			**Personal**			**Total**		
	30 Jun 2023 £m	30 Jun 2022 £m	31 Dec 2022 £m	**30 Jun 2023 £m**	30 Jun 2022 £m	31 Dec 2022 £m	**30 Jun 2023 £m**	30 Jun 2022 £m	31 Dec 2022 £m	**30 Jun 2023 £m**	30 Jun 2022 £m	31 Dec 2022 £m
Revenue from contracts with customers	**504**	580	1,147	**104**	93	187	**155**	58	204	**763**	731	1,538
Cost of sales	**(38)**	(34)	(77)	**(1)**	(1)	(2)	**(3)**	–	(3)	**(42)**	(35)	(82)
Net operating revenue	**466**	546	1,070	**103**	92	185	**152**	58	201	**721**	696	1,456

There are no differences between net operating revenue as presented in the condensed consolidated income statement and the analysis of Group adjusted profit by segment.

4.5 Net gains or losses on financial instruments and other income

	6 months 2023 £m	6 months 2022 £m	Full Year 2022 £m
Fair value movements and dividend income on significant listed investments			
Fair value movements on significant listed investments (other than dividend income)	**(181)**	(313)	(187)
Dividend income from significant listed investments	**37**	42	68
Total fair value movements and dividend income on significant listed investments	**(144)**	(271)	(119)
Non-unit linked business – excluding significant listed investments			
Net gains or losses on financial instruments at fair value through profit or loss	**(11)**	(54)	(83)
Interest and similar income from financial instruments at amortised cost	**30**	8	25
Foreign exchange gain or losses on financial instruments at amortised cost	**(5)**	10	9
Other income	**9**	6	41
Net gains or losses on financial instruments and other income – non-unit linked business – excluding significant listed investments	**23**	(30)	(8)
Unit linked business			
Net gains or losses on financial instruments at fair value through profit or loss			
Net gains or losses on financial assets at fair value through profit or loss	**44**	(156)	(130)
Change in non-participating investment contract financial liabilities	**(36)**	129	112
Change in liability for third party interests in consolidated funds	**(6)**	30	23
Total net gains or losses on financial instruments at fair value through profit or loss	**2**	3	5
Interest and similar income from financial instruments at amortised cost	**1**	–	–
Net gains or losses on financial instruments and other income – unit linked business[1]	**3**	3	5
Total other net gains or losses on financial instruments and other income	**26**	(27)	(3)
Total net gains or losses on financial instruments and other income	**(118)**	(298)	(122)

1. In addition to the Net gains or losses on financial instruments and other income – unit linked business of £3m (six months ended 30 June 2022: £3m, 12 months ended 31 December 2022: £5m), there are administrative expenses and policyholder tax of less than £1m (six months ended 30 June 2022: £1m, 12 months ended 31 December 2022: £1m) and £3m (six months ended 30 June 2022: £2m, 12 months ended 31 December 2022: £4m) respectively. The result attributable to unit linked business for the period is therefore £nil (six months ended 30 June 2022: £nil, 12 months ended 31 December 2022: £nil).

4.6 Administrative and other expenses

	6 months 2023 £m	6 months 2022 £m	Full Year 2022 £m
Restructuring and corporate transaction expenses	**113**	88	214
Impairment of intangibles acquired in business combinations and through the purchase of customer contracts			
Impairment of intangibles acquired in business combinations	**37**	–	368
Impairment of intangibles acquired through the purchase of customer contracts	**–**	–	1
Total impairment of intangibles acquired in business combinations and through the purchase of customer contracts	**37**	–	369
Amortisation of intangibles acquired in business combinations and through the purchase of customer contracts			
Amortisation of intangibles acquired in business combinations	**59**	47	115
Amortisation of intangibles acquired through the purchase of customer contracts	**6**	5	10
Total amortisation of intangibles acquired in business combinations and through the purchase of customer contracts	**65**	52	125
Staff costs and other employee-related costs	**275**	266	549
Other administrative expenses	**274**	300	662
Total administrative and other expenses[1]	**764**	706	1,919

1. Total administrative and other expenses includes less than £1m (six months ended 30 June 2022: £1m, 12 months ended 31 December 2022: £1m) relating to unit linked business.

There were restructuring expenses of £90m (six months ended 30 June 2022: £70m, 12 months ended 31 December 2022: £169m), mainly consisting of property related impairments, severance, platform transformation and specific costs to effect savings in Investments. Corporate transaction expenses were £23m (six months ended 30 June 2022: £18m, 12 months ended 31 December 2022: £45m). Corporate transaction expenses for the six months ended 30 June 2022 and the 12 months ended 31 December 2022 included £13m and £14m respectively of deal costs relating to acquisitions, primarily for ii.

4.7 Tax expense

	6 months 2023 £m	6 months 2022 £m	Full Year 2022 £m
Current tax:			
UK	**8**	2	5
Overseas	**47**	11	45
Adjustment to tax expense in respect of prior years	**-**	(3)	(8)
Total current tax	**55**	10	42
Deferred tax:			
Deferred tax credit arising from the current period	**(65)**	(42)	(104)
Adjustment to deferred tax in respect of prior years	**(14)**	1	(4)
Total deferred tax	**(79)**	(41)	(108)
Total tax credit[1]	**(24)**	(31)	(66)

1. The tax credit of £24m (six months ended 30 June 2022: tax credit of £31m, 12 months ended 31 December 2022: tax credit of £66m) includes a tax expense of £3m (six months ended 30 June 2022: £2m, 12 months ended 31 December 2022: £4m) relating to unit linked business.

Tax relating to components of other comprehensive income is as follows:

	6 months 2023 £m	6 months 2022 £m	Full Year 2022 £m
Tax relating to fair value gains and losses recognised on cash flow hedges	**(3)**	15	21
Tax relating to cash flow hedge gains and losses transferred to condensed consolidated income statement	**7**	(17)	(19)
Equity holder tax effect relating to items that may be reclassified subsequently to profit or loss	**4**	(2)	2
Tax relating to other comprehensive income	**4**	(2)	2

All of the amounts presented above are in respect of equity holders of abrdn plc.

Tax relating to items taken directly to equity is as follows:

	6 months 2023 £m	6 months 2022 £m	Full Year 2022 £m
Tax relating to share-based payments	**(2)**	1	–
Tax relating to items taken directly to equity	**(2)**	1	–

4.8 Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the period excluding shares owned by the employee trusts that have not vested unconditionally to employees.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue during the period to assume the conversion of all dilutive potential ordinary shares, such as share options granted to employees.

Adjusted earnings per share is calculated on adjusted profit after tax attributable to ordinary equity holders of the Company.

The following table shows details of basic, diluted and adjusted earnings per share.

	6 months 2023 £m	6 months 2022 restated[1] £m	Full Year 2022 restated[1] £m
Adjusted profit before tax	**151**	99	253
Tax on adjusted profit	**(24)**	(13)	(22)
Adjusted profit after tax	**127**	86	231
Attributable to:			
Other equity holders	**(6)**	(6)	(11)
Non-controlling interests - ordinary shares	**-**	(1)	(1)
Adjusted profit after tax attributable to equity shareholders of abrdn plc	**121**	79	219
Total adjusting items including results of associates and joint ventures	**(320)**	(425)	(865)
Tax on adjusting items	**48**	44	88
Loss attributable to equity shareholders of abrdn plc	**(151)**	(302)	(558)

	6 months 2023 Millions	6 months 2022 Millions	Full Year 2022 Millions
Weighted average number of ordinary shares outstanding	**1,949**	2,130	2,094
Dilutive effect of share options and awards	**25**	17	16
Weighted average number of diluted ordinary shares outstanding	**1,974**	2,147	2,110

In accordance with IAS 33, no share options and awards were treated as dilutive for the six months ended 30 June 2023, the six months ended 30 June 2022 and the 12 months ended 31 December 2022 due to the loss attributable to equity holders of abrdn plc in those periods. This resulted in the adjusted diluted earnings per share for the six months ended 30 June 2023 being calculated using a weighted average number of ordinary shares of 1,949 million (six months ended 30 June 2022: 2,130 million, 12 months ended 31 December 2022: 2,094 million).

	6 months 2023 Pence	6 months 2022 restated[1] Pence	Full Year 2022 restated[1] Pence
Basic earnings per share	**(7.7)**	(14.2)	(26.6)
Diluted earnings per share	**(7.7)**	(14.2)	(26.6)
Adjusted earnings per share	**6.2**	3.7	10.5
Adjusted diluted earnings per share	**6.2**	3.7	10.5

1. Comparatives for the six months ended 30 June 2022 and the 12 months ended 31 December 2022 have been restated for the implementation of IFRS 17. Refer Note 4.1(a)(i).

4.9 Adjusted profit and adjusting items

Adjusted profit excludes the impact of the following items:

- Restructuring costs and corporate transaction expenses. Restructuring includes the impact of major regulatory change.
- Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts.
- Profit or loss arising on the disposal of a subsidiary, joint venture or equity accounted associate.
- Change in fair value of/dividends from significant listed investments (refer Section 4.9(a) below).
- Share of profit or loss from associates and joint ventures.
- Impairment loss/reversal of impairment loss recognised on investments in associates and joint ventures accounted for using the equity method.
- Fair value movements in contingent consideration.
- Items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of the Group.

The tax charge or credit allocated to adjusting items is based on the tax treatment of each adjusting item.

The operating, investing and financing cash flows presented in the condensed consolidated statement of cash flows are for both adjusting and non-adjusting items.

(a) Significant listed investments

During 2020 and 2021, the Group's investments in HDFC Life, Phoenix and HDFC Asset Management were reclassified from associates to equity securities and considered significant listed investments of the Group. Fair value movements on these investments are included as adjusting items, which is aligned with our treatment of gains on disposal for these holdings when they were classified as associates. Dividends from significant listed investments are also included as adjusting items, as these result in fair value movements.

During the six months ended 30 June 2023:

- The Group's holding in HDFC Life reduced by 1.7% following the sale of 35,694,105 equity shares through a Bulk Sale on 31 May 2023 and the Group now has no remaining shareholding in HDFC Life. The total consideration net of taxes, expenses and related foreign exchange hedging was £198m.
- The Group's holding in HDFC Asset Management reduced by 10.2% following the sale of 21,778, 305 equity shares through a Bulk Sale on 20 June 2023 and the Group now has no remaining shareholding in HDFC Asset Management. The total consideration net of taxes, expenses and related foreign exchange hedging was £337m.

Following the sales, the Group has one remaining significant listed investment, Phoenix.

(b) Other

Other adjusting items for the six months ended 30 June 2023 primarily relates to the insurance liability recovery of £36m in relation to a single process execution event in 2022 (refer Note 4.17). The £41m provision expense was included in other adjusting items for the 12 months ended 31 December 2022 (£nil for the six months ended 30 June 2022).

Other adjusting items for the six months ended 30 June 2023 includes a gain of £5m (six months ended 30 June 2022: gain of £6m, 12 months ended 31 December 2022: gain of £35m) for net fair value movements in contingent consideration and a fair value loss of £5m (six months ended 30 June 2022: loss of £nil, 12 months ended 31 December 2022: loss of £11m) on a financial instrument liability related to a prior period acquisition. Further information on the valuation of the contingent consideration and related sensitivities is included in Note 4.18.

Other adjusting items for the six months ended 30 June 2022 and 12 months ended 31 December 2022 also included a loss of £12m and £13m respectively (six months ended 30 June 2023: £nil) in relation to market losses on the investments held by the abrdn Financial Fairness Trust which is consolidated by the Group. The assets of the abrdn Financial Fairness Trust are restricted to be used for charitable purposes.

4.10 Dividends on ordinary shares

	6 months 2023		6 months 2022		Full Year 2022	
	Pence per share	**£m[1]**	Pence per share	£m	Pence per share	£m
Dividends paid in reporting period						
Current year interim dividend	**–**	**–**	–	–	7.30	153
Final dividend for prior year	**7.30**	**142**	7.30	154	7.30	154
Total dividends paid in reporting period		**142**		154		307
Dividends relating to reporting period						
Interim dividend	**7.30**	**137**	7.30	153	7.30	153
Final dividend	**–**	**–**	–	–	7.30	142
Total dividends relating to reporting period		**137**		153		295

1. Estimated for the current period interim recommended dividend.

Subsequent to 30 June 2023, the Board has declared an interim dividend for 2023 of 7.30 pence per ordinary share (interim 2022: 7.30 pence), an estimated £137m in total (interim 2022: £153m). The dividend is expected to be paid on 26 September 2023 and will be recorded as an appropriation of retained earnings in the financial statements for the year ended 31 December 2023.

4.11 Property, plant and equipment

	30 Jun 2023 £m	30 Jun 2022 £m	31 Dec 2022 £m
Owner occupied property	**1**	1	1
Equipment	**45**	56	55
Right-of-use assets – property	**115**	135	144
Right-of-use assets – equipment	**1**	1	1
Total property, plant and equipment	**162**	193	201

Impairments of right-of-use assets for property of £35m have been recognised in the six months ended 30 June 2023 (six months ended 30 June 2022: £2m, 12 months ended 31 December 2022: £7m). The impairments relate to a number of properties in the UK and the US that will no longer be used operationally by the Group. The right-of-use assets are related to the Investments segment (£27m impairment), Personal segment (£1m impairment) and Corporate/strategic (£7m impairment).

The recoverable amount for the properties in the UK, which was based on value in use, was £26m using a pre-tax discount rate of 7.01%. The recoverable amount for the properties in the US, which was based on value in use, was £6m using a pre-tax discount rate of 6.81%. The cash flows were based on the rental income expected to be received under subleases during the term of the lease and the direct expenses expected to be incurred in managing the leased property, discounted using a discount rate that reflects the risks inherent in the cash flow estimates. It is not based on valuations by an independent valuer.

The Group has also recognised a reversal of impairment of £3m in the six months ended 30 June 2023 (six months ended 30 June 2022: £nil, 12 months ended 31 December 2022: £nil) in relation to a property in the UK which was not being used operationally but following the review of properties in the UK is being brought back into operational use. The recoverable amount for this property was its carrying value at 30 June 2023 if it had not previously been impaired. The right-of-use asset is also related to the Investments segment.

4.12 Intangible assets

	30 Jun 2023 £m	30 Jun 2022 £m	31 Dec 2022 £m
Acquired through business combinations			
Goodwill	**898**	1,324	935
Brand	**12**	18	14
Customer relationships and investment management contracts	**555**	701	609
Technology and other	**20**	36	27
Internally developed software	**12**	3	7
Purchased software and other	**-**	1	-
Cost of obtaining customer contracts	**51**	33	27
Total intangible assets	**1,548**	2,116	1,619

Goodwill at 30 June 2023 comprises a gross carrying value of £4,665m (30 June 2022: £4,714m, 31 December 2022: £4,665m) and accumulated impairment of £3,767m (30 June 2022: £3,390m, 31 December 2022: £3,730m).

There were no additions to goodwill in the six months ended 30 June 2023. Impairments of goodwill of £37m have been recognised in this period. The goodwill impairment comprises £23m relating to the abrdn Financial Planning Limited (aFPL) cash-generating unit which is included in the Personal segment and £14m relating to the Finimize cash-generating unit which is included in the Investments segment. The impairments are included within Impairment of intangibles acquired in business combinations and through the purchase of customer contracts in the condensed consolidated income statement.

The impairment of goodwill allocated to the aFPL cash-generating unit, which comprises the Group's financial planning business, was £23m. The impairment resulted from lower projected revenues as a result of lower markets and macroeconomic conditions and the impact of business restructuring. Following the impairment, the goodwill allocated to the aFPL cash-generating unit was £37m (30 June 2022: £60m, 31 December 2022: £60m).

The recoverable amount of the aFPL cash-generating unit which is its fair value less cost of disposal (FVLCD) at 30 June 2023 was £68m. This was also the carrying value of the cash-generating unit at 30 June 2023. The FVLCD considered a number of valuation approaches, with the primary approach being a multiples approach based on price to revenue and price to assets under advice (AUAdv). Multiples were based on recent transactions, adjusted to take into account profitability where appropriate, and were benchmarked against trading multiples for aFPL's peer companies. Revenue was based on forecast 2023 revenue and AUAdv were based on current AUAdv. The expected cost of disposal was based on past experience of previous transactions.

As the carrying value of the cash-generating unit is now equal to the recoverable amount any downside sensitivity will lead to a further future impairment loss. A 20% reduction in recurring revenue and AUAdv would result in a further impairment of £14m. A 20% reduction in market transaction multiples, adjusted to be appropriate to the Group's financial planning business, would result in a further impairment of £14m.

The impairment of goodwill allocated to the Finimize cash-generating unit, which comprises the Finimize business, was £14m. The impairment resulted from lower short-term projected growth following a strategic shift that prioritises profitability over revenue growth in the pursuit of a sustainable, resilient if lower growing business in the short term and broader market conditions. Following the impairment, the goodwill allocated to the Finimize cash-generating unit was £17m (30 June 2022: £72m, 31 December 2022: £31m).

The recoverable amount of the Finimize cash-generating unit at 30 June 2023 was £23m which was based on FVLCD. This was also the carrying value of the cash-generating unit at 30 June 2023. The FVLCD considered a number of valuation approaches, with the primary approach being a revenue multiple approach. The key assumptions used in determining the revenue multiple valuation were future revenue projections, which were based on management forecasts and assumed a continued level of revenue growth, and market multiples. Market multiples were based on broadly comparable listed companies, with appropriate discounts applied to take into account profitability, track record, revenue growth potential, and net premiums for control.

The residual goodwill allocated to the Finimize cash-generating unit is not significant in comparison to the total carrying amount of goodwill.

These are level 3 measurements as they are measured using inputs which are not based on observable market data.

During the six months ended 30 June 2022 and the 12 months ended 31 December 2022, there were additions to goodwill of £993m. The additions in intangible assets acquired through business combinations in the six months ended 30 June 2022 predominately related to the acquisition of ii. Refer Note 4.2(a)(i) for further details. In addition, during the 12 months ended 31 December 2022, there was an impairment of the Group's goodwill of £340m of which £299m related to the asset management group of cash-generating units and £41m related to the Finimize cash-generating unit. There was also goodwill of £49m relating to the Personal segment which was classified as held for sale (refer Note 4.14).

4.13 Investments in associates and joint ventures accounted for using the equity method

	30 Jun 2023 £m	30 Jun 2022 restated[1] £m	31 Dec 2022 restated[1] £m
Associates			
Other	**15**	–	14
Joint ventures			
HASL	**223**	246	210
Other	**7**	7	8
Total investments in associates and joint ventures accounted for using the equity method	**245**	253	232

1. Comparatives for 30 June 2022 and 31 December 2022 have been restated for the implementation of IFRS 17. Refer Note 4.1(a)(i).

During the six months ended 30 June 2023, the Group made additions to Other associates accounted for using the equity method of £2m (six months ended 30 June 2022: £nil, 12 months ended 31 December 2022: £18m). There were no additions to joint ventures accounted for using the equity method (six months ended 30 June 2022: £2m, 12 months ended 31 December 2022: £2m).

There were no impairments of associates or joint ventures during the six months ended 30 June 2023. During the six months ended 30 June 2022 and the 12 months ended 31 December 2022, the Group recognised an impairment of £9m in relation to its interest in Tenet Group Limited which is included in Other associates accounted for using the equity method.

4.14 Assets and liabilities held for sale

On 26 February 2023, the Group agreed the sale of abrdn Capital Limited (aCL), its discretionary fund management business, to LGT UK Holdings Limited. aCL, which is in the Personal segment, was classified as an operation held for sale at 31 December 2022 as a sale of the business was considered highly probable at this date. The sale is expected to complete in H2 2023, following satisfaction of certain conditions so aCL was still classified as an operation held for sale at 30 June 2023.

	30 Jun 2023 £m	31 Dec 2022 £m
Assets of operations held for sale		
Intangible assets	**58**	58
Property, plant and equipment	**1**	–
Receivables and other financial assets	**16**	15
Other assets	**1**	1
Cash and cash equivalents	**7**	13
Total assets of operations held for sale	**83**	87
Liabilities of operations held for sale		
Other financial liabilities	**6**	14
Total liabilities of operations held for sale	**6**	14
Net assets of operations held for sale	**77**	73

Net assets of operations held for sale are net of intercompany balances between aCL and other group entities, the net assets of aCL on a gross basis as at 30 June 2023 are £75m (31 December 2022: £70m).

4.15 Issued share capital and share premium, shares held by trusts, retained earnings and other reserves

(a) Issued share capital and share premium

The movement in the issued ordinary share capital and share premium of the Company was:

	6 months 2023			6 months 2022			Full Year 2022		
Issued shares fully paid	**Ordinary share capital 13 61/63p each**	**£m**	**Share premium £m**	Ordinary share capital 13 61/63p each	£m	Share premium £m	Ordinary share capital 13 61/63p each	£m	Share premium £m
At start of period	**2,001,891,899**	**280**	**640**	2,180,724,786	305	640	2,180,724,786	305	640
Shares issued in respect of share incentive plans	**1,023**	**-**	**-**	1,174	–	–	2,381	–	–
Shares bought back on-market and cancelled	**(39,587,562)**	**(6)**	**-**	–	–	–	(178,835,268)	(25)	–
At end of period	**1,962,305,360**	**274**	**640**	2,180,725,960	305	640	2,001,891,899	280	640

All ordinary shares in issue in the Company rank *pari passu* and carry the same voting rights and entitlement to receive dividends and other distributions declared or paid by the Company.

On 5 June 2023, the Company announced that it would initiate a £150m return to shareholders. This commenced on 5 June 2023. As at 30 June 2023, the Company had bought back and cancelled 39,587,562 shares as part of this programme. The total consideration for the six months ended 30 June 2023 was £98m which includes transaction costs and any unsettled purchases. At 30 June 2023, there were unsettled purchases for 6,138,236 shares.

During the 12 months ended 31 December 2022, the Company bought back and cancelled 178,835,268 shares. The total consideration was £302m which included transaction costs. No shares were bought back during the six months ended 30 June 2022.

The share buyback has resulted in a reduction in retained earnings of £98m (six months ended 30 June 2022: £nil, 12 months ended 31 December 2022: £302m).

An amount of £6m has been credited to the capital redemption reserve relating to the nominal value of the shares cancelled (six months ended 30 June 2022: £nil, 12 months ended 31 December 2022: £25m).

The Company can issue shares to satisfy awards granted under employee incentive plans which have been approved by shareholders.

(b) Shares held by trusts

Shares held by trusts relates to shares in abrdn plc that are held by the abrdn Employee Benefit Trust (abrdn EBT), Standard Life Employee Trust (ET) and the Aberdeen Asset Management Employee Benefit Trust 2003 (AAM EBT).

The abrdn EBT, ET and AAM EBT purchase shares in the Company for delivery to employees under employee incentive plans. Purchased shares are recognised as a deduction from equity at the price paid for them. Where new shares are issued to the arbdn EBT, ET or AAM EBT the price paid is the nominal value of the shares. When shares are distributed from the trust their corresponding value is released to retained earnings.

The number of shares held by trusts was as follows:

	6 months 2023	6 months 2022	Full Year 2022
Number of shares held by trusts			
abrdn Employee Benefit Trust	**35,540,771**	36,702,940	36,112,240
Standard Life Employee Trust	**22,270,081**	22,635,206	22,629,035
Aberdeen Asset Management Employee Benefit Trust 2003	**2,194,934**	2,316,847	2,264,591

(c) Retained earnings and other reserves

The merger reserve includes £263m (30 June 2022: £470m, 31 December 2022: £263m) in relation to the Group's asset management businesses. Following the impairment of the Company's investments in abrdn Holdings Limited and abrdn Investments (Holdings) Limited, £207m was transferred from the merger reserve to retained earnings during the 12 months ended 31 December 2022.

In addition, on 1 July 2022, the Company's capital redemption reserve at this date was cancelled in accordance with section 649 of the Companies Act 2006 resulting in a transfer of £1,059m to retained earnings during the 12 months ended 31 December 2022.

There were no transfers from these reserves to retained earnings during the six months ended 30 June 2022 and 2023.

4.16 Pension and other post-retirement benefit provisions

The Group operates a number of defined benefit pension plans, the largest of which is the abrdn UK Group plan (principal plan) which is closed to future accrual. The Group also operates two other UK defined benefit plans, which are closed to future accrual, the abrdn ROI plan, which has fewer than 10 employees accruing future benefits, and a number of smaller funded and unfunded defined benefit plans in other countries.

For the UK plans, the trustees set the plan investment strategies to protect the ratio of plan assets to the trustees' measure of the value of assets needed to meet the trustees' objectives. The investment strategies do not aim to protect an IAS 19 surplus or ratio of plan assets to the IAS 19 measure of liabilities.

(a) Analysis of amounts recognised in the condensed consolidated income statement

The amounts recognised in the condensed consolidated income statement for defined contribution and defined benefit plans are as follows:

	6 months 2023 £m	6 months 2022 £m	Full Year 2022 £m
Current service cost	**28**	26	56
Past service cost	**(5)**	–	–
Net interest income	**(18)**	(16)	(32)
Administrative expenses	**2**	2	3
Expense recognised in the condensed consolidated income statement	**7**	12	27

In addition, for the six months ended 30 June 2023, losses of £81m (six months ended 30 June 2022: losses of £386m, 12 months ended 31 December 2022: losses of £793m) have been recognised in other comprehensive income in the condensed consolidated statement of comprehensive income in relation to remeasurement of the defined benefit plans.

(b) Analysis of amounts recognised in the condensed consolidated statement of financial position

Pension and other post-retirement benefit assets at 30 June 2023 of £772m (30 June 2022: £1,221m, 31 December 2022: £831m) includes the following amounts in relation to the principal plan:

	6 months 2023 £m	6 months 2022 £m	Full Year 2022 £m
Present value of funded obligation	**(1,664)**	(1,932)	(1,755)
Fair value of plan assets	**2,819**	3,763	3,001
Net asset before the limit on plan surplus	**1,155**	1,831	1,246
Effect of limit on plan surplus[1]	**(404)**	(641)	(436)
Net asset	**751**	1,190	810

1. UK recoverable surpluses are reduced to reflect an authorised surplus payments charge of 35% that would arise on a refund.

A pension plan surplus is considered to be recoverable where an unconditional right to a refund exists. The principal plan surplus had reduced significantly in 2022 due to market movements, primarily driven by the increase in UK high quality bond yields with a smaller impact from UK inflation changes during 2022. There was further impact from these in the six months ended 30 June 2023 but this was less significant.

As part of ongoing actions taken in recent years to reduce risk in abrdn's principal defined benefit pension plan, the trustee submitted a petition to the Court of Session in March 2023 seeking a direction on the destination of any residual surplus assets that remain after all plan-related obligations are settled or otherwise provided for. On 1 August 2023, the Court of Session, among other things, confirmed that if a buy-out were to be completed and sufficient provision made for: (i) any remaining liabilities; and (ii) expenses of completing the winding-up of the pension scheme, there would be a resulting trust in respect of any residual surplus assets in favour of the employer. We are continuing to work with the trustee on next steps. Any residual surplus will be determined on a different basis to IAS 19 or funding measures of the plan surplus. The timing of release of any surplus remains a matter for the trustee. The IAS 19 defined benefit plan asset is not included in abrdn's regulatory capital.

(c) Principal assumptions

Determination of the valuation of principal plan liabilities is a key estimate as a result of the assumptions made relating to both economic and non-economic factors.

The key economic assumptions for the principal plan, which are based in part on current market conditions, are shown below:

	30 Jun 2023 %	30 Jun 2022 %	31 Dec 2022 %
Discount rate	**5.25**	4.00	4.85
Rates of inflation			
Consumer Price Index (CPI)	**2.80**	2.60	2.75
Retail Price Index (RPI)	**3.15**	3.00	3.10

The changes in economic assumptions over the period reflect changes in both corporate bond prices and market implied inflation. The population of corporate bond prices excludes bonds issued by UK universities. The inflation assumption reflects the future reform of RPI effective from 2030.

4.17 Provisions

	30 Jun 2023 £m	30 Jun 2022 £m	31 Dec 2022 £m
Provisions			
Separation costs	**32**	34	33
Process execution	**-**	-	41
Other provisions	**26**	18	23
Total provisions	**58**	52	97

The process execution provision recognised at 31 December 2022 for £41m in respect of a payment required to compensate an asset management client relating to the provision of certain services has been fully utilised in the six months ended 30 June 2023 to fully settle the compensation.

Following the settlement, the Group has agreed a recovery of £36m from its liability insurance, being the cost of the compensation net of a £5m excess of which £25m had been received by 30 June 2023 with a reimbursement asset of £11m recognised within Receivables and other financial assets in the condensed consolidated statement of financial position. The recovery has been credited against Other administrative expenses in the condensed consolidated income statement.

4.18 Fair value of assets and liabilities

(a) Fair value hierarchy

In determining fair value, the following fair value hierarchy categorisation has been used:

- **Level 1:** Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market exists where transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- **Level 2:** Fair values measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** Fair values measured using inputs that are not based on observable market data (unobservable inputs).

Information on the methods and assumptions used to determine fair values for equity securities and interests in pooled investment funds, debt securities and derivatives measured at fair value is given below:

	Equities and interests in pooled investment funds[1,2]	Debt securities	Derivatives[3]
Level 1	Equity instruments listed on a recognised exchange valued using prices sourced from their primary exchange.	Debt securities listed on a recognised exchange valued using prices sourced from their primary exchange.	Exchange traded derivatives valued using prices sourced from the relevant exchange.
Level 2	Pooled investment funds where daily unit prices are available and reference is made to observable market data.	Debt securities valued using prices received from external pricing providers based on quotes received from a number of market participants. Debt securities valued using models and standard valuation formulas based on observable market data[4].	Over-the-counter derivatives measured using a range of valuation models including discounting future cash flows and option valuation techniques.
Level 3	These relate primarily to interests in private equity, real estate and infrastructure funds which are valued at net asset value. Underlying real estate and private equity investments are generally valued in accordance with independent professional valuation reports or International Private Equity and Venture Capital Valuation Guidelines where relevant. The underlying investments in infrastructure funds are generally valued based on the phase of individual projects forming the overall investment and discounted cash flow techniques based on project earnings. Where net asset values are not available at the same date as the reporting date, these valuations are reviewed and, where appropriate, adjustments are made to reflect the impact of changes in market conditions between the date of the valuation and the end of the reporting period. Other unlisted equity securities are generally valued at indicative share prices from off market transactions.	Debt securities valued using prices received from external pricing providers based on a single broker indicative quote. Debt securities valued using models and standard valuation formulas based on unobservable market data[4].	N/A

1. Investments in associates at fair value through profit or loss are valued in the same manner as the Group's equity securities and interests in pooled investment funds.
2. Where pooled investment funds have been seeded and the investment in the funds have been classified as held for sale, the costs to sell are assumed to be negligible. The fair value of pooled investment funds held for sale is calculated as equal to the observable unit price.
3. Non-performance risk arising from the credit risk of each counterparty is also considered on a net exposure basis in line with the Group's risk management policies. At 30 June 2023, 30 June 2022 and 31 December 2022, the residual credit risk is considered immaterial and no credit risk adjustment has been made.
4. If prices are not available from the external pricing providers or are considered to be stale, the Group has established procedures to arrive at an internal assessment of the fair value.

The fair value of liabilities in respect of third party interest in consolidated funds and non-participating investment contracts are calculated equal to the fair value of the underlying assets and liabilities.

Thus, the value of these liabilities is dependent on the methods and assumptions set out above in relation to the underlying assets and liabilities:

- For third party interest in consolidated funds, when the underlying assets and liabilities are valued using readily available market information the liabilities in respect of third party interest in consolidated funds are treated as level 2. Where the underlying assets and liabilities are not valued using readily available market information the liabilities in respect of third party interest in consolidated funds are treated as level 3.
- For non-participating investment contracts, the underlying assets and liabilities are predominately categorised as level 1 or 2 and as such, the inputs into the valuation of the liabilities are observable and these liabilities are predominately categorised within level 2 of the fair value hierarchy. Where the underlying assets are categorised as level 3, the liabilities are also categorised as level 3.

In addition, contingent consideration assets and contingent consideration liabilities are also categorised as level 3 in the fair value hierarchy. Contingent consideration assets and liabilities have been recognised in respect of acquisitions and disposals. Generally valuations are based on unobservable assumptions regarding the probability weighted cash flows and, where relevant, discount rate.

(b) Fair value hierarchy for assets and liabilities measured at fair value other than assets backing unit linked liabilities and unit linked liabilities

(b)(i) Fair value hierarchy for assets measured at fair value in the statement of financial position other than assets backing unit linked liabilities

The table below presents the Group's non-unit linked assets measured at fair value by level of the fair value hierarchy (refer Section 4.18(c) for fair value analysis in relation to assets backing unit linked liabilities).

				Fair value hierarchy								
	Total			Level 1			Level 2			Level 3		
	30 Jun 2023 £m	30 Jun 2022 £m	31 Dec 2022 £m	**30 Jun 2023 £m**	30 Jun 2022 £m	31 Dec 2022 £m	**30 Jun 2023 £m**	30 Jun 2022 £m	31 Dec 2022 £m	**30 Jun 2023 £m**	30 Jun 2022 £m	31 Dec 2022 £m
Derivative financial assets	**78**	70	104	**-**	2	3	**78**	68	101	**-**	–	–
Equity securities and interests in pooled investment vehicles[1]	**1,167**	2,513	2,033	**808**	2,057	1,621	**128**	340	181	**231**	116	231
Debt securities[2]	**734**	218	592	**2**	1	2	**731**	216	588	**1**	1	2
Financial investments	**1,979**	2,801	2,729	**810**	2,060	1,626	**937**	624	870	**232**	117	233
Owner occupied property[3]	**1**	1	1	**-**	–	–	**-**	–	–	**1**	1	1
Contingent consideration assets[4]	**24**	35	19	**-**	–	–	**-**	–	–	**24**	35	19
Total assets at fair value	**2,004**	2,837	2,749	**810**	2,060	1,626	**937**	624	870	**257**	153	253

1. Includes £554m (30 June 2022: £615m, 31 December 2022: £634m) for the Group's listed equity investment in Phoenix which is classified as a significant listed investment. The Group's listed equity investments in HDFC Asset Management and HDFC Life which were also classified as significant listed investments were sold in the six months ended 30 June 2023 (HDFC Asset Management: 30 June 2022: £646m, 31 December 2022: £477m, HDFC Life: 30 June 2022: £451m, 31 December 2022: £203m).
2. Excludes debt securities measured at amortised cost of £101m (30 June 2022: £139m, 31 December 2022: £210m) – refer Section 4.18(d).
3. Presented in Property, plant and equipment in the condensed consolidated statement of financial position.
4. Presented in Receivables and other financial assets in the condensed consolidated statement of financial position.

There were no significant transfers between level 1 and level 2 during the period ended 30 June 2023 (30 June 2022: none, 31 December 2022: none). Transfers are deemed to have occurred at the end of the calendar quarter in which they arose.

Refer Section 4.18(b)(iii) below for details of movements in level 3.

(b)(ii) Fair value hierarchy for liabilities measured at fair value in the statement of financial position other than unit linked liabilities

The table below presents the Group's non-unit linked liabilities measured at fair value by level of the fair value hierarchy.

	Total			Fair value hierarchy Level 1			Level 2			Level 3		
	30 Jun 2023 £m	30 Jun 2022 £m	31 Dec 2022 £m	**30 Jun 2023 £m**	30 Jun 2022 £m	31 Dec 2022 £m	**30 Jun 2023 £m**	30 Jun 2022 £m	31 Dec 2022 £m	**30 Jun 2023 £m**	30 Jun 2022 £m	31 Dec 2022 £m
Liabilities in respect of third party interest in consolidated funds[1]	**212**	130	242	**–**	–	–	**141**	130	168	**71**	–	74
Derivative financial liabilities	**2**	17	1	**1**	–	–	**1**	17	1	**–**	–	–
Contingent consideration liabilities[2]	**129**	163	132	**–**	–	–	**–**	–	–	**129**	163	132
Other financial liabilities[3]	**16**	–	11	**–**	–	–	**–**	–	–	**16**	–	11
Total liabilities at fair value	**359**	310	386	**1**	–	–	**142**	147	169	**216**	163	217

1. Liabilities in respect of third party interest in consolidated funds at 31 December 2022 were previously all disclosed as Level 2 (£242m). £74m of the liability at this date has been represented in the table above as Level 3 to be consistent with the categorisation of the underlying assets.
2. Presented in Other financial liabilities in the condensed consolidated statement of financial position.
3. Excluding contingent consideration liabilities.

There were no significant transfers between levels 1 and 2 during the period (30 June 2022: none, 31 December 2022: none). Refer Section 4.18(b)(iii) below for details of movements in level 3.

(b)(iii) Reconciliation of movements in level 3 instruments

The movements during the period of level 3 assets and liabilities held at fair value, excluding unit linked assets and liabilities and assets and liabilities held for sale, are analysed below.

	Owner occupied property			Equity securities and interests in pooled investment funds			Debt securities			Liabilities in respect of third party interest in consolidated funds		
	30 Jun 2023 £m	30 Jun 2022 £m	31 Dec 2022 £m	**30 Jun 2023 £m**	30 Jun 2022 £m	31 Dec 2022 £m	**30 Jun 2023 £m**	30 Jun 2022 £m	31 Dec 2022 £m	**30 Jun 2023 £m**	30 Jun 2022 £m	31 Dec 2022 £m
At start of period	**1**	1	1	**231**	106	106	**2**	1	1	**(74)**	–	–
Total gains/(losses) recognised in the condensed consolidated income statement	**–**	–	–	**1**	4	2	**–**	–	(2)	**–**	–	–
Purchases	**–**	–	–	**7**	17	139	**–**	–	3	**–**	–	(70)
Sales and other adjustments	**–**	–	–	**(2)**	(16)	(16)	**(1)**	–	–	**3**	–	(4)
Foreign exchange adjustment	**–**	–	–	**(6)**	5	–	**–**	–	–	**–**	–	–
At end of period	**1**	1	1	**231**	116	231	**1**	1	2	**(71)**	–	(74)

	Contingent consideration assets			Contingent consideration liabilities			Other financial liabilities[1]		
	30 Jun 2023 £m	30 Jun 2022 £m	31 Dec 2022 £m	**30 Jun 2023 £m**	30 Jun 2022 £m	31 Dec 2022 £m	**30 Jun 2023 £m**	30 Jun 2022 £m	31 Dec 2022 £m
At start of period	**19**	31	31	**(132)**	(165)	(165)	**(11)**	–	–
Total amounts recognised in the condensed consolidated income statement	**7**	2	3	**(2)**	4	32	**(5)**	–	(11)
Additions	**–**	1	1	**–**	(6)	(6)	**–**	–	–
Settlements	**(2)**	–	(18)	**4**	4	7	**–**	–	–
Other movements	**–**	1	2	**1**	–	–	**–**	–	–
At end of period	**24**	35	19	**(129)**	(163)	(132)	**(16)**	–	(11)

1. Excluding contingent consideration liabilities.

For the six months ended 30 June 2023, gains of £1m (30 June 2022: gains of £10m, 31 December 2022: gains of £24m) were recognised in the condensed consolidated income statement in respect of non-unit linked assets and liabilities held at fair value classified as level 3 at the period end, excluding assets and liabilities held for sale. All gains were recognised in net gains or losses on financial instruments and other income.

Transfers of equity securities and interests in pooled investment funds and debt securities into level 3 generally arise when external pricing providers stop providing a price or where the price provided is considered stale. Transfers of equity securities and interests in pooled investment funds and debt securities out of level 3 arise when acceptable prices become available from external pricing providers.

(b)(iv) Significant unobservable inputs in level 3 instrument valuations

The table below identifies the significant unobservable inputs in relation to equity securities and interests in pooled investment funds categorised as level 3 instruments at 30 June 2023 with a fair value of £231m (30 June 2022: £116m, 31 December 2022: £231m).

	Fair value					
	30 Jun 2023 £m	30 Jun 2022 £m	31 Dec 2022 £m	**Valuation technique**	**Unobservable input**	**Range (weighted average)**
Private equity, real estate and infrastructure funds	**219**	104	219	Net asset value	Net asset value statements provided for seven significant funds (fair value >£5m) and a large number of smaller funds	A range of unobservable inputs is not applicable as we have determined that the reported NAV represents fair value at the end of the reporting period
Other unlisted equity securities	**12**	12	12	Indicative share price	Recent off market capital raising transactions	A range of unobservable inputs is not applicable as we have determined that the indicative share price from off market transactions represents fair value at the end of the reporting period

The table below identifies the significant unobservable inputs in relation to contingent consideration assets and liabilities and other financial instrument liabilities categorised as level 3 instruments at 30 June 2023 with a fair value of (£121m) (30 June 2022: (£128m), 31 December 2022: (£124m)).

	Fair value					
	30 Jun 2023 £m	30 Jun 2022 £m	31 Dec 2022 £m	**Valuation technique**	**Unobservable input**	**Range (weighted average)**
Contingent consideration assets and liabilities and other financial instrument liabilities	**(121)**	(128)	(124)	Probability weighted cash flow and where applicable discount rates	Unobservable inputs relate to probability weighted cash flows and, where relevant, discount rates. The most significant unobservable inputs relate to assumptions used to value the contingent consideration liability related to the acquisition of Tritax of £109m (30 June 2022: £148m, 31 December 2022: £112m). For Tritax a number of scenarios were prepared, around a base case, with probabilities assigned to each scenario (based on an assessment of the likelihood of each scenario). The value of the contingent consideration was determined for each scenario, and these were then probability weighted, with this probability weighted valuation then discounted from the payment date to the balance sheet date. It was assumed that the timing of the exercise of the earn out put options between 2024, 2025 and 2026 would be that which is most beneficial to the holders of the put options.	The base scenario for Tritax contingent consideration used a revenue compound annual growth rate (CAGR) from 31 March 2022 to 31 March 2026 of 14% (30 June 2022: CAGR from 31 March 2021 to 31 March 2026 of 21% and 31 December 2022: CAGR from 31 March 2022 to 31 March 2026 of 14%) with other scenarios using a range of revenue growth rates around this base. The base scenario used a cost/income ratio of c52% (30 June 2022: c50% and 31 December 2022: c52%) with other scenarios using a range of cost/income ratios around this base. The risk adjusted contingent consideration cash flows have been discounted using a primary discount rate of 5% (30 June 2022: 3.1% and 31 December 2022: 4.5%).

(b)(v) Sensitivity of the fair value of level 3 instruments to changes in key assumptions

At 30 June 2023, the shareholder is directly exposed to movements in the value of all non-unit linked level 3 instruments. No level 3 instruments are held in consolidated structured entities. Refer Section 4.18(c) for unit linked level 3 instruments.

Sensitivities for material level 3 assets and liabilities are provided below. Changing unobservable inputs in the measurement of the fair value of the other level 3 financial assets and financial liabilities to reasonably possible alternative assumptions would not have a significant impact on profit attributable to equity holders or on total assets.

(b)(v)(i) Equity securities and interests in pooled investment funds

As noted above, of the level 3 equity securities and interests in pooled investment funds, £219m relates to private equity, real estate and infrastructure funds (30 June 2022: £104m, 31 December 2022: £219m) which are valued using net asset value statements. A 10% increase or decrease in the net asset value of these investments would increase or decrease the fair value of the investments by £22m.

(b)(v)(ii) Contingent consideration assets and liabilities and other financial instrument liabilities

As noted above, the most significant unobservable inputs for level 3 instruments relate to assumptions used to value the contingent consideration related to the purchase of Tritax. Sensitivities for reasonably possible changes to key assumptions are provided in the table below.

Assumption	Change in assumption	Consequential increase/(decrease) in contingent consideration liability 30 Jun 2023 £m
Revenue compound annual growth rate (CAGR) from 31 March 2022 to 31 March 2026	Decreased by 10%	**(41)**
	Increased by 10%	**38**
Cost/income ratio	Decreased by 5%	**12**
	Increased by 5%	**(13)**
Discount rate	Decreased by 2%	**6**
	Increased by 2%	**(5)**

(c) Fair value hierarchy for assets backing unit linked liabilities and unit linked liabilities measured at fair value

The table below presents the Group's assets backing unit linked liabilities and unit linked liabilities measured at fair value by level of the fair value hierarchy.

	Total			Fair value hierarchy Level 1			Level 2			Level 3		
	30 Jun 2023 £m	30 Jun 2022 £m	31 Dec 2022 £m	**30 Jun 2023 £m**	30 Jun 2022 £m	31 Dec 2022 £m	**30 Jun 2023 £m**	30 Jun 2022 £m	31 Dec 2022 £m	**30 Jun 2023 £m**	30 Jun 2022 £m	31 Dec 2022 £m
Financial investments	**873**	1,114	924	**590**	844	601	**283**	269	322	**–**	1	1
Total assets at fair value backing unit linked liabilities	**873**	1,114	924	**590**	844	601	**283**	269	322	**–**	1	1
Investment contract liabilities	**724**	890	773	**–**	–	–	**724**	889	772	**–**	1	1
Third party interest in consolidated funds	**165**	256	173	**–**	–	–	**165**	256	173	**–**	–	–
Other unit linked liabilities[1]	**1**	5	2	**–**	–	–	**1**	5	2	**–**	–	–
Total unit linked liabilities at fair value	**890**	1,151	948	**–**	–	–	**890**	1,150	947	**–**	1	1

1. Excludes other unit linked liabilities not measured at fair value of £4m (30 June 2022: £5m, 31 December 2022: £4m).

The financial investments backing unit linked liabilities comprise equity securities and interests in pooled investment funds of £764m (30 June 2022: £977m, 31 December 2022: £811m), debt securities of £107m (30 June 2022: £135m, 31 December 2022: £112m) and derivative financial assets of £2m (30 June 2022: £2m, 31 December 2022: £1m).

There were no significant transfers from level 1 to level 2 during the six months ended 30 June 2023 (six months ended 30 June 2022: none). There were transfers from level 1 to level 2 of £52m during the 12 months ended 31 December 2022. The Group now considers government bonds not issued by the G7 countries or the European Union as level 2. There were no significant transfers from level 2 to level 1 during the six months ended 30 June 2023 (six months ended 30 June 2022: none, 12 months ended 31 December 2022: none).

The movements during the period of level 3 unit linked assets and liabilities held at fair value are analysed below.

	Equity securities and interests in pooled investment funds			Investment contract liabilities		
	30 Jun 2023 £m	30 Jun 2022 £m	31 Dec 2022 £m	**30 Jun 2023 £m**	30 Jun 2022 £m	31 Dec 2022 £m
At start of period	**1**	1	1	**(1)**	(1)	(1)
Sales	**(1)**	–	–	**1**	–	–
At end of period	**-**	1	1	**-**	(1)	(1)

Unit linked level 3 assets related to holdings in real estate funds.

(d) Assets and liabilities not carried at fair value

The table below presents estimated fair values of non-unit linked financial assets and liabilities whose carrying value does not approximate fair value. Fair values of assets and liabilities are based on observable market inputs where available, or are estimated using other valuation techniques.

	As recognised in condensed consolidated statement of financial position line item			Fair value		
	30 Jun 2023 £m	30 Jun 2022 £m	31 Dec 2022 £m	**30 Jun 2023 £m**	30 Jun 2022 £m	31 Dec 2022 £m
Assets						
Debt securities	**101**	139	210	**101**	140	211
Liabilities						
Subordinated liabilities	**588**	707	621	**515**	671	550

The estimated fair values for subordinated liabilities are based on the quoted market offer price. The carrying value of all other financial assets and liabilities measured at amortised cost approximates their fair value.

4.19 Contingent liabilities and contingent assets

Legal proceedings, complaints and regulations

The Group is subject to regulation in all of the territories in which it operates investment management and insurance businesses. In the UK, where the Group primarily operates, the FCA has broad powers, including powers to investigate marketing and sales practices.

The Group, like other financial organisations, is subject to legal proceedings, complaints and regulatory discussions, reviews and challenges in the normal course of its business. All 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. Where it is concluded that it is more likely than not that a material outflow will be made a provision is established based on management's best estimate of the amount that will be payable. At 30 June 2023, there are no identified contingent liabilities expected to lead to a material exposure.

4.20 Commitments

(a) Unrecognised financial instruments

As at 30 June 2023, the Group has committed to investing an additional £74m (30 June 2022: £112m, 31 December 2022: £72m) into funds in which it holds a co-investment interest.

(b) Capital and other commitments

As at 30 June 2023, the Group has no capital commitments other than in relation to financial instruments (30 June 2022: £nil, 31 December 2022: £2m).

In addition, the Group has commitments relating to future acquisitions.

- In June 2023, the Group announced the proposed acquisition of the healthcare fund management capabilities of Tekla Capital Management, including the closed-end funds they currently advise, through an asset purchase agreement for a total consideration of up to US$160m (initial consideration of US$140m and contingent consideration of up to US$20m if revenues exceed an agreed hurdle level above current revenues). The acquisition is expected to complete in H2 2023, following satisfaction of certain conditions.
- In February 2021, the Group announced the purchase of certain products in the Phoenix Group's savings business offered through abrdn's Wrap platform, comprising a self-invested pension plan (SIPP) and an onshore bond product; together with the Phoenix Group's trustee investment plan (TIP) business for UK pension scheme clients. The transaction is not expected to fully complete before 2025 and is subject to regulatory and court approvals. The upfront consideration paid by the Group in February 2021 was £62.5m, which is offset in part by payments from Phoenix to the Group relating to profits of the products prior to completion of the legal transfer. The net amount of consideration paid is included in prepayments in the condensed consolidated statement of financial position with cash movements in relation to the consideration included in prepayment in respect of potential acquisition of customer contracts in the condensed consolidated statement of cash flows.

4.21 Related party transactions

In the normal course of business, the Group enters into transactions with related parties that relate to investment management and insurance businesses. There have been no changes in the nature of these transactions during the period to those reported in the Annual report and accounts for the year ended 31 December 2022.

During the six months ended 30 June 2023, there were no sales to associates accounted for using the equity method (six months ended 30 June 2022: £nil, 12 months ended 31 December 2022: £nil) and no purchases in relation to services received (six months ended 30 June 2022: £nil, 12 months ended 31 December 2022: £nil). During this period, the Group contributed capital of £2m to an associate (six months ended 30 June 2022: £nil, 12 months ended 31 December 2022: £3m). At 30 June 2023, there were no outstanding commitments to make capital contributions to associates accounted for using the equity method (30 June 2022: £nil, 31 December 2022: £2m).

During the six months ended 30 June 2023, there were sales to joint ventures accounted for using the equity method of £2m, (six months ended 30 June 2022: £2m, 12 months ended 31 December 2022: £4m). There were no purchases from joint ventures (six months ended 30 June 2022: £nil, 12 months ended 31 December 2022: £nil). During this period, the Group made no capital contributions to joint ventures accounted for using the equity method (six months ended 30 June 2022: £2m, 12 months ended 31 December 2022: £2m). At 30 June 2023, there were no outstanding commitments to make capital contributions to joint ventures accounted for using the equity method (30 June 2022: £nil, 31 December 2022: £nil).

4.22 Events after the reporting period

On 20 July 2023, the Group agreed the sale of US Private Equity and Venture Capital capabilities to HighVista Strategies. The Group's US Private Equity and Venture Capital capabilities are currently within our Investments segment. The sale is expected to complete in H2 2023, following satisfaction of certain conditions. The sale involves the transfer of approximately US$4bn in assets under management (as at 31 December 2022) and approximately 30 employees. The sale is expected to result in an IFRS profit on disposal of subsidiaries and other operations of approximately £17m.

5. Supplementary information

5.1 Alternative performance measures APM

We assess our performance using a variety of measures that are not defined under IFRS and are therefore termed alternative performance measures (APMs). The APMs that we use may not be directly comparable with similarly named measures used by other companies. We have presented below reconciliations from these APMs to the most appropriate measure prepared in accordance with IFRS. All APMs should be read together with the condensed consolidated income statement, condensed consolidated statement of financial position and condensed consolidated statement of cash flows, which are presented in the Financial information section of this report and related metrics. Adjusted operating profit excludes certain items which are likely to be recurring such as restructuring costs, amortisation of certain intangibles, dividends from significant listed investments and the share of profit or loss from joint ventures.

Definition	Purpose
Adjusted operating profit APM	
Adjusted operating profit before tax is the Group's key APM. Adjusted operating profit includes the results of the Group's three businesses: Investments, Adviser and Personal, along with Corporate/strategic. It excludes the Group's adjusted net financing costs and investment return, and discontinued operations. Adjusted operating profit also excludes the impact of the following items: – Restructuring costs and corporate transaction expenses. Restructuring includes the impact of major regulatory change. – Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts. – Profit or loss arising on the disposal of a subsidiary, joint venture or equity accounted associate. – Change in fair value of/dividends from significant listed investments. – Share of profit or loss from associates and joint ventures. – Impairment loss/reversal of impairment loss recognised on investments in associates and joint ventures accounted for using the equity method. – Fair value movements in contingent consideration. – Items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of the Group. Further details are included in Note 4.9 of the Financial information section.	Adjusted operating profit reporting provides further analysis of the results reported under IFRS and the Directors believe it helps to give shareholders a fuller understanding of the performance of the business by identifying and analysing adjusting items. Segment reporting used in management information is reported to the level of adjusted operating profit.
Net operating revenue APM	
Net operating revenue includes revenue we generate from asset management charges (AMCs), platform charges, treasury income and other transactional charges. AMCs are earned on products such as mutual funds, and are calculated as a percentage fee based on the assets held. Investment risk on these products rests principally with the client, with our major indirect exposure to rising or falling markets coming from higher or lower AMCs. Net operating revenue is shown net of costs of sale, such as commissions and similar charges.	Net operating revenue is a component of adjusted operating profit and provides the basis for reporting of the revenue yield financial ratio. Net operating revenue is also used to calculate the cost/income ratio.
Adjusted operating expenses APM	
Adjusted operating expenses is a component of adjusted operating profit and relates to the day-to-day expenses of managing our business. Adjusted operating expenses excludes restructuring and corporate transaction expenses. Adjusted operating expenses also excludes amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts.	Adjusted operating expenses is a component of adjusted operating profit and is used to calculate the cost/income ratio.
Adjusted profit before tax APM	
In addition to the results included in adjusted operating profit above, adjusted profit before tax includes adjusted net financing costs and investment return.	Adjusted profit before tax is a key input to the adjusted earnings per share measure.
Adjusted net financing costs and investment return APM	
Adjusted net financing costs and investment return relates to the return from the net assets of the shareholder business, net of costs of financing. This includes the net assets in defined benefit staff pension plans and net assets relating to the financing of subordinated liabilities.	Adjusted net financing costs and investment return is a component of adjusted profit before tax.

Definition	Purpose
Cost/income ratio APM This is an efficiency measure that is calculated as adjusted operating expenses divided by net operating revenue in the period.	This ratio is used by management to assess efficiency and reported to the Board and executive leadership team.
Net operating revenue yield (bps) APM The net operating revenue yield is calculated as annualised net operating revenue (excluding performance fees, ii and revenue for which there are no attributable assets) divided by monthly average fee based assets. ii is excluded from the calculation of Personal and total net operating revenue yield as fees charged for this business are primarily from subscriptions and trading transactions.	The net operating revenue yield is a measure that illustrates the average margin being earned on the assets that we manage, administer or advise our clients on, excluding ii.
Adjusted diluted earnings per share APM Adjusted diluted earnings per share is calculated on adjusted profit after tax. The weighted average number of ordinary shares in issue is adjusted during the period to assume the conversion of all dilutive potential ordinary shares, such as share options granted to employees. Details on the calculation of adjusted diluted earnings per share are set out in Note 4.8 of the Financial information section.	Earnings per share is a commonly used financial metric which can be used to measure the profitability and capital efficiency of a company over time. We also calculate adjusted diluted earnings per share to illustrate the impact of adjusting items on the metric. This ratio is used by management to assess performance and reported to the Board and executive leadership team.
Adjusted capital generation APM Adjusted capital generation is part of the analysis of movements in IFPR regulatory capital. Adjusted capital generation is calculated as adjusted profit after tax less returns relating to pension schemes in surplus and interest paid on other equity which do not benefit regulatory capital. It also includes dividends from associates, joint ventures and significant listed investments.	This measure aims to show how adjusted profit contributes to regulatory capital, and therefore provides insight into our ability to generate capital that is deployed to support value for shareholders.
Adjusted diluted capital generation per share APM Adjusted diluted capital generation per share is calculated as adjusted capital generation divided by the weighted average number of diluted ordinary shares outstanding.	This ratio is a measure used to assess performance for remuneration purposes.
Cash and liquid resources APM Cash and liquid resources are IFRS cash and cash equivalents (netted down for overdrafts), money market instruments and holdings in money market funds. It also includes surplus cash that has been invested in liquid assets such as high-quality corporate bonds, gilts and pooled investment funds. Seed capital and co-investments are excluded. Cash collateral, cash held for charitable funds and cash held in employee benefit trusts are excluded from cash and liquid resources.	The purpose of this measure is to demonstrate how much cash and invested assets we hold and can be readily accessed.

5.1.1 Adjusted operating profit and adjusted profit

Reconciliation of adjusted operating profit and adjusted profit to IFRS profit by component

The components of adjusted operating profit are net operating revenue and adjusted operating expenses. These components provide a meaningful analysis of our adjusted results. The table below provides a reconciliation of movements between adjusted operating profit component measures and relevant IFRS terms. A reconciliation of Net operating revenue to the IFRS item Revenue from contracts with customers is provided in Note 4.4 of the Financial information section.

IFRS term H1 2023	IFRS £m	Presentation differences £m	Adjusting items £m	Adjusted profit £m	Adjusted profit term
Net operating revenue	**721**	**-**	**-**	**721**	Net operating revenue
Total administrative and other expenses	**(764)**	**(13)**	**183**	**(594)**	Adjusted operating expenses[1]
	(43)	**(13)**	**183**	**127**	**Adjusted operating profit**
Net gains or losses on financial instruments and other income	**(118)**	**2**	**140**	**24**	Adjusted net financing costs and investment return
Finance costs	**(12)**	**11**	**1**	**-**	N/A
Profit on disposal of interests in associates	**-**	**-**	**-**	**-**	N/A
Share of profit or loss from associates and joint ventures	**4**	**-**	**(4)**	**-**	N/A
Impairment of interests in associates	**-**	**-**	**-**	**-**	N/A
Loss before tax	**(169)**	**-**	**320**	**151**	**Adjusted profit before tax**
Total tax credit	**24**	**-**	**(48)**	**(24)**	Tax on adjusted profit
Loss for the period	**(145)**	**-**	**272**	**127**	**Adjusted profit after tax**

1. Adjusted operating expenses includes staff and other related costs of £305m compared with IFRS staff costs and other employee-related costs of £275m. The difference primarily relates to the inclusion of contractor, temporary agency staff and recruitment and training costs of £9m (IFRS basis: Reported within other administrative expenses). IFRS staff costs and other employee-related costs includes the benefit from the net interest credit relating to the staff pension schemes of £16m and past service costs of £5m (Adjusted profit basis: Reported within adjusted net financing costs and investment return and other adjusting items respectively).

IFRS term H1 2022	IFRS[2] £m	Presentation differences £m	Adjusting items[2] £m	Adjusted profit £m	Adjusted profit term
Net operating revenue	696	–	–	696	Net operating revenue
Total administrative and other expenses	(706)	(22)	147	(581)	Adjusted operating expenses
	(10)	(22)	147	115	**Adjusted operating profit**
Net gains or losses on financial instruments and other income	(298)	8	274	(16)	Adjusted net financing costs and investment return
Finance costs	(15)	14	1	–	N/A
Profit on disposal of interests in associates	6	–	(6)	–	N/A
Share of profit or loss from associates and joint ventures	–	–	–	–	N/A
Impairment of interests in associates	(9)	–	9	–	N/A
Loss before tax	(326)	–	425	99	**Adjusted profit before tax**
Total tax credit	31	–	(44)	(13)	Tax on adjusted profit
Loss for the period	(295)	–	381	86	**Adjusted profit after tax**

2. Comparatives for the six months ended 30 June 2022 have been restated for the implementation of IFRS 17. Refer Note 4.1(a)(i).

Presentation differences primarily relate to amounts presented in a different line item of the consolidated income statement.

5.1.2 Cost/income ratio

	H1 2023	H1 2022
Adjusted operating expenses (£m)	**(594)**	(581)
Net operating revenue (£m)	**721**	696
Cost/income ratio (%)	**82**	83

5.1.3 Net operating revenue yield (bps)

	Average AUMA (£bn)		Net operating revenue (£m)		Net operating revenue yield (bps)	
	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
Institutional and Retail Wealth[1,2]	**225.5**	239.4	**382**	446	**33.7**	37.1
Insurance Partners[1]	**147.0**	184.3	**77**	90	**10.6**	9.9
Investments[2]	**372.5**	423.7	**459**	536	**24.6**	25.3
Adviser[2]	**70.3**	72.3	**103**	92	**28.8**	25.5
Personal Wealth[2]	**12.5**	13.8	**37**	45	**60.0**	60.0
Eliminations	**(11.7)**	(11.8)	**N/A**	N/A	**N/A**	N/A
Net operating revenue yield[3]	**443.6**	498.0	**599**	673	**26.9**	26.9
interactive investor[3]			**115**	13		
Performance fees			**7**	10		
Net operating revenue			**721**	696		

Analysis of Institutional and Retail Wealth by asset class[1]

	Average AUM (£bn)		Net operating revenue (£m)		Net operating revenue yield (bps)	
	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
Equities	**51.1**	60.7	**156**	193	**61.8**	64.0
Fixed income[4]	**35.5**	40.9	**48**	57	**27.2**	28.3
Multi-asset	**27.7**	33.4	**34**	52	**24.8**	31.5
Private equity	**11.8**	12.3	**26**	25	**45.2**	40.5
Real assets	**40.3**	40.9	**88**	89	**43.9**	44.0
Alternative investment solutions including private credit[4]	**23.7**	24.4	**16**	17	**13.4**	13.9
Quantitative	**15.7**	6.2	**3**	2	**3.2**	6.5
Liquidity	**19.7**	20.6	**6**	6	**6.5**	6.0
Institutional and Retail Wealth	**225.5**	239.4	**377**	441	**33.7**	37.1

1. Wholesale has been renamed Retail Wealth, Insurance has been renamed Insurance Partners.
2. Institutional and Retail Wealth net operating revenue yield excludes revenue of £5m (H1 2022: £5m), Adviser net operating revenue yield excludes revenue of £3m (H1 2022: £nil) and Personal Wealth net operating revenue yield excludes revenue of £nil (H1 2022: £4m) for which there are no attributable assets.
3. ii is excluded from the calculation of Personal and total net operating revenue yield as fees charged for this business are primarily from subscriptions and trading transactions.
4. Alternative investment solutions includes £1.9bn (H1 2022: £2.5bn) average AUMA and £1.8m (H1 2022: £2.8m) net operating revenue relating to private credit assets previously classified as fixed income.

5.1.4 Additional ii information

The results for ii are included in the Group's results following the completion of the acquisition on 27 May 2022. The adjusted operating profit for ii for the six months to 30 June 2023 of £67m is included in our overall H1 2023 adjusted operating profit of £127m.

The tables below provide detail of the performance of ii for the six months ended 30 June 2023 and the six months ended 30 June 2022 to provide a fuller understanding of the performance of this business.

Analysis of ii profit	H1 2023 6 months £m	H1 2022 6 months £m
Net operating revenue	**115**	75
Adjusted operating expenses	**(48)**	(42)
Adjusted operating profit	**67**	33

Analysis of ii net operating revenue	H1 2023 6 months £m	H1 2022 6 months £m
Trading transactions	**25**	34
Subscription/account fees	**27**	27
Treasury income	**66**	17
Less: Cost of sales	**(3)**	(3)
Net operating revenue	**115**	75

5.1.5 Adjusted capital generation

The table below provides a reconciliation of movements between adjusted profit after tax and adjusted capital generation. A reconciliation of adjusted profit after tax to IFRS loss for the period is included earlier in this section.

	H1 2023 £m	H1 2022 £m
Adjusted profit after tax	**127**	86
Less net interest credit relating to the staff pension schemes	**(16)**	(15)
Less interest paid on other equity	**(6)**	(6)
Add dividends received from associates, joint ventures and significant listed investments	**37**	42
Adjusted capital generation	**142**	107

Net interest credit relating to the staff pension schemes

The net interest credit relating to the staff pension schemes is the contribution to adjusted profit before tax from defined benefit pension schemes which are in surplus.

Dividends received from associates, joint ventures and significant listed investments

An analysis is provided below:

	H1 2023 £m	H1 2022 £m
Phoenix	**27**	26
HDFC Life	**-**	1
HDFC Asset Management	**10**	15
Dividends received from associates, joint ventures and significant listed investments	**37**	42

The table below provides detail of dividend coverage on an adjusted capital generation basis.

	H1 2023	H1 2022
Adjusted capital generation (£m)	**142**	107
Interim dividend (£m)	**137**	153
Dividend cover on an adjusted capital generation basis (times)	**1.04**	0.70

5.1.6 Adjusted diluted capital generation per share

A reconciliation of adjusted capital generation to adjusted profit after tax is included in 5.1.5 above.

	H1 2023	H1 2022
Adjusted capital generation (£m)	**142**	107
Weighted average number of diluted ordinary shares outstanding (millions)[1] – Note 4.8	**1,949**	2,130
Adjusted diluted capital generation per share (pence)	**7.3**	5.0

1. In accordance with IAS 33, no share options and awards have been treated as dilutive for the six months ended 30 June 2023 and the six months ended 30 June 2022 due to the loss attributable to equity holders of abrdn plc in those periods. See Note 4.8 for further details.

5.1.7 Cash and liquid resources

The table below provides a reconciliation between IFRS cash and cash equivalents and cash and liquid resources. Seed capital and co-investments are excluded.

	H1 2023 £bn	FY 2022 £bn
Cash and cash equivalents per the condensed consolidated statement of financial position	**1.4**	1.1
Bank overdrafts	**-**	-
Debt securities excluding third party interests[2]	**0.7**	0.7
Corporate funds held in absolute return funds	**-**	0.1
Other[3]	**(0.2)**	(0.2)
Cash and liquid resources	**1.9**	1.7

2. Excludes £90m (FY 2022: £76m) relating to seeding.

3. Cash collateral, cash held for charitable funds and cash held in employee benefit trusts are excluded from cash and liquid resources.

5.2 Investment performance

Definition	Purpose
Investment performance Investment performance has been aggregated using a money weighted average of our assets under management which are outperforming their respective benchmark. The calculation of investment performance uses a closing AUM weighting basis. Calculations for investment performance are made gross of fees with the exception of those for which the stated comparator is net of fees. Benchmarks differ by fund and are defined in the relevant investment management agreement or prospectus, as appropriate. The investment performance calculation covers all funds that aim to outperform a benchmark, with certain assets excluded where this measure of performance is not appropriate or expected, such as private markets and execution only mandates, as well as replication tracker funds which aim to perform in line with a given index.	As an asset managing business this measure demonstrates our ability to generate investment returns for our clients.

	1 year		3 years		5 years	
% of AUM ahead of benchmark	**H1 2023**	FY 2022	**H1 2023**	FY 2022	**H1 2023**	FY 2022
Equities	**40**	30	**36**	63	**62**	65
Fixed income	**65**	65	**77**	72	**84**	79
Multi-asset	**10**	13	**44**	50	**17**	22
Real assets	**25**	57	**52**	63	**45**	52
Alternatives	**94**	88	**100**	100	**100**	100
Quantitative	**87**	17	**22**	27	**25**	29
Liquidity	**86**	84	**94**	97	**96**	97
Total	**41**	41	**58**	65	**56**	58

5.3 Assets under management and administration and flows

Definition	Purpose
AUMA AUMA is a measure of the total assets we manage, administer or advise on behalf of our clients. It includes assets under management (AUM), assets under administration (AUA) and assets under advice (AUAdv). AUM is a measure of the total assets that we manage on behalf of individual and institutional clients. AUM also includes fee generating assets managed for corporate purposes. AUA is a measure of the total assets we administer for clients through platform products such as ISAs, SIPPs and general trading accounts. AUAdv is a measure of the total assets we advise our clients on, for which there is an ongoing charge.	The amount of funds that we manage, administer or advise directly impacts the level of net operating revenue that we receive.
Net flows Net flows represent gross inflows less gross outflows or redemptions. Gross inflows are new funds from clients. Redemptions is the money withdrawn by clients during the period. Cash dividends which are retained on the ii platform are included in net flows for the ii business only. Cash dividends are included in market movements for other parts of the group including the Investments and Adviser platform businesses. We consider that this different approach is appropriate for the ii business as cash dividend payments which are retained result in additional income for ii, but are largely revenue neutral for the rest of the group.	The level of net flows that we generate directly impacts the level of net operating revenue that we receive.

5.3.1 Analysis of AUMA

6 months ended 30 June 2023	Opening AUMA at 1 Jan 2023 £bn	Gross inflows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions[4] £bn	Closing AUMA at 30 Jun 2023 £bn
Institutional	**161.9**	**9.0**	**(13.9)**	**(4.9)**	**(5.2)**	**-**	**151.8**
Retail Wealth[1]	**69.3**	**6.8**	**(8.6)**	**(1.8)**	**(0.8)**	**0.5**	**67.2**
Insurance Partners[1,2]	**144.9**	**11.2**	**(11.0)**	**0.2**	**3.5**	**-**	**148.6**
Investments	**376.1**	**27.0**	**(33.5)**	**(6.5)**	**(2.5)**	**0.5**	**367.6**
Adviser[3]	**68.5**	**2.9**	**(3.5)**	**(0.6)**	**1.4**	**2.5**	**71.8**
interactive investor	**54.0**	**4.9**	**(3.0)**	**1.9**	**0.9**	**-**	**56.8**
Personal Wealth	**13.1**	**0.7**	**(0.8)**	**(0.1)**	**0.1**	**(2.5)**	**10.6**
Personal	**67.1**	**5.6**	**(3.8)**	**1.8**	**1.0**	**(2.5)**	**67.4**
Eliminations[5]	**(11.7)**	**(1.3)**	**1.4**	**0.1**	**0.5**	**-**	**(11.1)**
Total AUMA	**500.0**	**34.2**	**(39.4)**	**(5.2)**	**0.4**	**0.5**	**495.7**

6 months ended 30 June 2022	Opening AUMA at 1 Jan 2022 £bn	Gross inflows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions[6] £bn	Closing AUMA at 30 Jun 2022 £bn
Institutional	174.0	7.7	(16.8)	(9.1)	(11.6)	7.5	160.8
Retail Wealth[1]	79.1	8.9	(10.8)	(1.9)	(5.7)	-	71.5
Insurance Partners[1,2]	210.5	8.8	(35.1)	(26.3)	(22.7)	(7.5)	154.0
Investments	463.6	25.4	(62.7)	(37.3)	(40.0)	-	386.3
Adviser	76.2	4.0	(2.6)	1.4	(9.3)	-	68.3
interactive investor	-	0.6	(0.4)	0.2	(3.3)	55.4	52.3
Personal Wealth	14.4	0.8	(0.7)	0.1	(1.2)	-	13.3
Personal	14.4	1.4	(1.1)	0.3	(4.5)	55.4	65.6
Eliminations[5]	(12.1)	(1.4)	1.1	(0.3)	1.5	(0.9)	(11.8)
Total AUMA	542.1	29.4	(65.3)	(35.9)	(52.3)	54.5	508.4

1. Wholesale has been renamed Retail Wealth, Insurance has been renamed Insurance Partners.
2. Insurance AUM at 30 June 2023 includes £147.5bn (31 Dec 2022: £143.7bn, 30 Jun 2022: £152.8bn) relating to Phoenix and £1.1bn (31 Dec 2022: £1.2bn, 30 Jun 2022: £1.2bn) of other AUM.
3. Includes Platform AUA at 30 June 2023 of £69.3bn (31 December 2022: £68.5bn, 30 June 2022: £68.3bn).
4. Corporate actions in H1 2023 relates to the transfer of the MPS business from Personal Wealth to Adviser in May 2023 of £2.5bn and £0.5bn relating to the acquisition of Macquarie closed-end funds in March 2023.
5. Eliminations remove the double count reflected in Investments, Adviser and Personal. The Personal vector includes assets that are reflected in both the discretionary investment management and financial planning businesses. This double count is also removed within Eliminations.
6. Corporate actions in H1 2022 relate to the acquisition of ii on 27 May 2022 and also reflect the transfer of retained LBG AUM of c£7.5bn from Insurance into Institutional (quantitatives), to better reflect how the relationship is being managed. The eliminations are to remove the double count for the assets that are reflected in both ii and Investments.

5.3.2 Quarterly net flows

15 months ended 30 June 2023	**3 months to 30 Jun 23 £bn**	3 months to 31 Mar 23 £bn	3 months to 31 Dec 22 £bn	3 months to 30 Sep 22 £bn	3 months to 30 Jun 22 £bn
Institutional	**(0.7)**	(4.2)	2.2	(0.3)	(7.8)
Retail Wealth	**(0.8)**	(1.0)	(2.0)	(0.5)	–
Insurance Partners	**1.7**	(1.5)	(6.3)	3.2	(4.6)
Investments	**0.2**	(6.7)	(6.1)	2.4	(12.4)
Adviser	**(0.5)**	(0.1)	–	0.2	0.5
interactive investor	**1.0**	0.9	0.6	0.8	0.2
Personal Wealth	**0.1**	(0.2)	0.2	–	–
Personal	**1.1**	0.7	0.8	0.8	0.2
Eliminations	**0.2**	(0.1)	(0.1)	–	(0.1)
Total net flows	**1.0**	(6.2)	(5.4)	3.4	(11.8)

5.4 Public markets and Alternatives investment capability

We have simplified and focused our investment capabilities on areas where we have both the skill and the scale to capitalise on the key themes shaping the market, through either public markets or alternative asset classes. This analysis includes Institutional, Retail Wealth and Insurance Partners.

Analysis of AUM and net operating revenue

	AUM (£bn)		Net operating revenue (£m)	
	H1 2023	H1 2022	**H1 2023**	H1 2022
Equities	**73.4**	88.8	**184**	225
Fixed income (including Liquidity)[1,2]	**125.0**	134.7	**81**	93
Multi-asset[2]	**30.0**	29.3	**43**	64
Quantitative	**58.3**	43.2	**8**	9
Other	**N/A**	N/A	**5**	5
Public markets	**286.7**	296.0	**321**	396
Real assets	**43.7**	50.3	**96**	104
Private credit	**8.1**	8.6	**7**	6
Alternative investment solutions	**16.8**	18.0	**14**	14
Private equity	**12.3**	13.4	**28**	26
Alternatives	**80.9**	90.3	**145**	150
Total Investments	**367.6**	386.3	**466**	546

1. Total liquidity AUM at 30 June 2023 was £38.1bn (30 June 2022: £38.4bn). Total liquidity net operating revenue in H1 2023 was £12m (H1 2022: £15m).
2. Fixed income at 30 June 2023 includes £9.4bn of Liability aware funds AUM previously managed as a multi-asset capability (30 June 2022: £10.8bn, 31 December 2022: £9.7bn).

5.5 Institutional and Retail Wealth[1] AUM

Detailed asset class split

6 months ended 30 June 2023	Opening AUM at 1 Jan 2023 £bn	Gross inflows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions[3] £bn	Closing AUM at 30 Jun 2023 £bn
Developed markets equities	11.1	0.6	(1.7)	(1.1)	0.2	-	10.2
Emerging markets equities	12.5	0.4	(1.1)	(0.7)	(0.2)	-	11.6
Asia Pacific equities	20.5	1.4	(2.5)	(1.1)	(1.5)	-	17.9
Global equities	8.2	0.7	(0.9)	(0.2)	0.2	0.4	8.6
Total equities	52.3	3.1	(6.2)	(3.1)	(1.3)	0.4	48.3
Developed markets credit	22.5	1.6	(2.4)	(0.8)	(0.2)	0.1	21.6
Developed markets rates	2.0	0.8	(0.4)	0.4	0.8	-	3.2
Emerging markets fixed income	11.3	0.7	(1.7)	(1.0)	(0.3)	-	10.0
Total fixed income[2]	35.8	3.1	(4.5)	(1.4)	0.3	0.1	34.8
Absolute return	5.7	0.1	(0.8)	(0.7)	(0.4)	-	4.6
Diversified growth/income	0.3	-	(0.1)	(0.1)	0.1	-	0.3
MyFolio	15.6	0.8	(1.2)	(0.4)	0.7	-	15.9
Other multi-asset	6.7	0.4	(0.7)	(0.3)	(1.1)	-	5.3
Total multi-asset	28.3	1.3	(2.8)	(1.5)	(0.7)	-	26.1
Total private equity	12.3	0.1	(0.5)	(0.4)	(0.1)	-	11.8
UK real estate	19.3	0.1	(0.7)	(0.6)	(2.2)	-	16.5
European real estate	14.3	0.2	-	0.2	(0.9)	-	13.6
Global real estate	1.6	0.1	(0.2)	(0.1)	(0.2)	-	1.3
Real estate multi-manager	1.4	0.1	-	0.1	(0.3)	-	1.2
Infrastructure equity	6.1	0.3	(0.1)	0.2	(0.1)	-	6.2
Total real assets	42.7	0.8	(1.0)	(0.2)	(3.7)	-	38.8
Total alternative investment solutions (including private credit)[2]	24.0	1.0	(0.9)	0.1	(0.8)	-	23.3
Total quantitative	15.0	1.5	(0.9)	0.6	0.2	-	15.8
Total liquidity	20.8	4.9	(5.7)	(0.8)	0.1	-	20.1
Total	231.2	15.8	(22.5)	(6.7)	(6.0)	0.5	219.0

1. Wholesale has been renamed Retail Wealth.
2. Alternative investment solutions include opening AUM of £1.8bn, net inflows of £0.2bn and closing AUM of £1.9bn relating to private credit assets previously classified as fixed income.
3. Corporate actions of £0.5bn in H1 2023 relates to the acquisition of Macquarie closed-end funds in March 2023.

6 months ended 30 June 2022	Opening AUM at 1 Jan 2022 £bn	Gross inflows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions[2] £bn	Closing AUM at 30 Jun 2022 £bn
Developed markets equities	17.0	1.1	(1.6)	(0.5)	(4.8)	–	11.7
Emerging markets equities	16.4	1.1	(1.5)	(0.4)	(2.4)	–	13.6
Asia Pacific equities	25.3	1.4	(2.6)	(1.2)	(2.9)	–	21.2
Global equities	10.3	0.7	(0.8)	(0.1)	(2.1)	–	8.1
Total equities	69.0	4.3	(6.5)	(2.2)	(12.2)	–	54.6
Developed markets credit	28.3	1.6	(2.8)	(1.2)	(2.9)	–	24.2
Developed markets rates	2.9	0.2	(0.3)	(0.1)	(0.6)	–	2.2
Emerging markets fixed income	12.2	1.6	(1.4)	0.2	(1.0)	–	11.4
Total fixed income[1]	43.4	3.4	(4.5)	(1.1)	(4.5)	–	37.8
Absolute return	10.0	0.2	(0.7)	(0.5)	(2.0)	–	7.5
Diversified growth/income	0.5	0.1	(0.1)	–	(0.1)	–	0.4
MyFolio	17.7	0.9	(1.0)	(0.1)	(1.8)	–	15.8
Other multi-asset	7.8	0.5	(0.4)	0.1	(1.5)	–	6.4
Total multi-asset	36.0	1.7	(2.2)	(0.5)	(5.4)	–	30.1
Total private equity	12.3	0.2	(0.5)	(0.3)	0.7	–	12.7
UK real estate	19.9	0.2	(0.5)	(0.3)	0.8	–	20.4
European real estate	10.3	0.2	–	0.2	2.8	–	13.3
Global real estate	1.8	0.1	(0.1)	–	(0.1)	–	1.7
Real estate multi-manager	1.2	0.1	(0.1)	–	–	–	1.2
Infrastructure equity	6.2	0.3	(0.5)	(0.2)	0.1	–	6.1
Total real assets	39.4	0.9	(1.2)	(0.3)	3.6	–	42.7
Total alternative investment solutions (including private credit)[1]	23.2	1.5	(0.8)	0.7	1.6	–	25.5
Total quantitative	5.5	1.5	(1.1)	0.4	(1.1)	7.5	12.3
Total liquidity	24.3	3.1	(10.8)	(7.7)	–	–	16.6
Total	253.1	16.6	(27.6)	(11.0)	(17.3)	7.5	232.3

1. Alternative investment solutions include opening AUM of £2.4bn, net inflows of £0.1bn and closing AUM of £2.9bn relating to private credit assets previously classified as fixed income.
2. Corporate actions include the transfer of retained LBG AUM of c£7.5bn from Insurance into Institutional (quantitatives), to better reflect how the relationship is being managed.

5.6 Investments AUM by geography

	30 Jun 2023			31 Dec 2022		
	Institutional and Retail Wealth £bn	**Insurance Partners £bn**	**Total £bn**	Institutional and Retail Wealth £bn	Insurance Partners £bn	Total £bn
UK	**107.4**	**148.6**	**256.0**	111.2	144.9	256.1
Europe, Middle East and Africa (EMEA)	**52.7**	**-**	**52.7**	57.5	–	57.5
Asia Pacific (APAC)	**15.2**	**-**	**15.2**	16.4	–	16.4
Americas	**43.7**	**-**	**43.7**	46.1	–	46.1
Total AUM	**219.0**	**148.6**	**367.6**	231.2	144.9	376.1

5.7 Surplus regulatory capital

The £1,017m indicative capital surplus below includes a deduction to allow for the declared interim dividend which will be paid in September 2023.

IFPR Group regulatory capital position	**H1 2023 £m**	FY 2022 £m
Common Equity Tier 1 capital resources	**1,601**	1,302
Additional Tier 1 capital resources	**207**	207
Total Tier 1 capital resources	**1,808**	1,509
Tier 2 capital resources	**588**	621
Total regulatory capital resources	**2,396**	2,130
Subordinated debt restrictions	**(325)**	(358)
Total regulatory capital resources available to meet total regulatory capital requirements	**2,071**	1,772
Total regulatory capital requirements	**(1,054)**	(1,054)
Surplus regulatory capital	**1,017**	718

6. Glossary

Adjusted net financing costs and investment return

Adjusted net financing costs and investment return is a component of adjusted profit and relates to the return from the net assets of the shareholder business, net of costs of financing. This includes the net assets in defined benefit staff pension plans and net assets relating to the financing of subordinated liabilities.

Adjusted operating expenses

Adjusted operating expenses is a component of adjusted operating profit and relates to the day-to-day expenses of managing our business.

Adjusted operating profit

Adjusted operating profit before tax is the Group's key APM. Adjusted operating profit includes the results of the Group's three businesses: Investments, Adviser and Personal, along with Corporate/strategic.

It excludes the Group's adjusted net financing costs and investment return, and discontinued operations.

Adjusted operating profit also excludes the impact of the following items:

- Restructuring costs and corporate transaction expenses. Restructuring includes the impact of major regulatory change.
- Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts.
- Profit or loss arising on the disposal of a subsidiary, joint venture or equity accounted associate.
- Change in fair value of/dividends from significant listed investments.
- Share of profit or loss from associates and joint ventures.
- Impairment loss/reversal of impairment loss recognised on investments in associates and joint ventures accounted for using the equity method.
- Fair value movements in contingent consideration.
- Items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of the Group.

Adjusted profit before tax

In addition to the results included in adjusted operating profit above, adjusted profit before tax includes adjusted net financing costs and investment return.

Assets under management and administration (AUMA)

AUMA is a measure of the total assets we manage, administer or advise on behalf of our clients. It includes assets under management (AUM), assets under administration (AUA) and assets under advice (AUAdv). AUMA does not include assets for associates and joint ventures.

AUM is a measure of the total assets that we manage on behalf of individual and institutional clients. AUM also includes assets managed for corporate purposes.

AUA is a measure of the total assets we administer for clients through our Platforms.

AUAdv is a measure of the total assets we advise our clients on, for which there is an ongoing charge.

Board

The Board of Directors of the Company.

Chief Operating Decision Maker

The executive leadership team.

Company

abrdn plc.

Cost/income ratio

This is an efficiency measure that is calculated as adjusted operating expenses divided by net operating revenue.

Director

A director of the Company.

Earnings per share (EPS)

EPS is a commonly used financial metric which can be used to measure the profitability and strength of a company over time. EPS is calculated by dividing profit by the number of ordinary shares. Basic EPS uses the weighted average number of ordinary shares outstanding during the year. Diluted EPS adjusts the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, such as share options awarded to employees.

Effective tax rate

Tax expense/(credit) attributable to equity holders' profit divided by profit before tax attributable to equity holders' profits expressed as a percentage.

Executive leadership team (ELT)

Our ELT leads across our businesses and supporting functions globally and is responsible for executing and monitoring progress on the delivery of our business plans. The ELT also ensures we meet our obligations to our clients, people, shareholders, regulators and partners.

Fair value through profit or loss (FVTPL)

FVTPL is an IFRS measurement basis permitted for assets and liabilities which meet certain criteria. Gains or losses on assets or liabilities measured at FVTPL are recognised directly in the income statement.

FCA

Financial Conduct Authority of the United Kingdom.

Group or abrdn

Relates to the Company and its subsidiaries.

Internal Capital Adequacy and Risk Assessment (ICARA)
The ICARA is the means by which the Group assesses the levels of capital and liquidity that adequately support all of the relevant current and future risks in its business.

International Financial Reporting Standards (IFRS)
International Financial Reporting Standards are accounting standards issued by the International Accounting Standards Board (IASB).

Investment Firms Prudential Regime (IFPR)
The Investment Firms Prudential Regime is the FCA's new prudential regime for MiFID investment firms. The regime came into force on 1 January 2022.

Investment performance
Investment performance has been aggregated using a money weighted average of our assets under management which are outperforming their respective benchmark. The calculation of investment performance uses a closing AUM weighting basis. Calculations for investment performance are made gross of fees with the exception of those for which the stated comparator is net of fees. Benchmarks differ by fund and are defined in the relevant investment management agreement or prospectus, as appropriate. The investment performance calculation covers all funds that aim to outperform a benchmark, with certain assets excluded where this measure of performance is not appropriate or expected, such as private markets and execution only mandates, as well as replication tracker funds which aim to perform in line with a given index.

LBG tranche withdrawals
On 24 July 2019, the Group announced that it had agreed a final settlement in relation to the arbitration proceedings between the parties concerning LBG's attempt to terminate investment management arrangements under which assets were managed by members of the Group for LBG entities. In its decision of March 2019, the arbitral tribunal found that LBG was not entitled to terminate these investment management contracts. The Group had continued to manage approximately £104bn (as at 30 June 2019) of assets under management (AUM) for LBG entities during the period of the dispute. Approximately two thirds of the total AUM (the transferring AUM) will be transferred to third party managers appointed by LBG through a series of planned tranches from 24 July 2019. During this period, the Group continued to be remunerated for its services in relation to the transferring AUM. The final tranche withdrawal was completed in H1 2022.

Market Disclosure
This IFPR disclosure complements the Own funds requirement and Own funds threshold requirement with the aim of improving market discipline by requiring companies to publish certain details of their risks, capital and risk management. Relevant disclosures are made in the abrdn plc consolidated annual report and accounts and in the accounts of the Group's individual IFPR-regulated entities, all of which can be found on the abrdn plc Group's website.

Net flows
Net flows represent gross inflows less gross outflows or redemptions. Gross inflows are new funds from clients. Redemptions is the money withdrawn by clients during the period. Cash dividends which are retained on the ii platform are included in net flows for the ii business only. Cash dividends are included in market movements for other parts of the group including the Investments and Adviser platform businesses. We consider that this different approach is appropriate for the ii business as cash dividend payments which are retained result in additional income for ii, but are largely revenue neutral for the rest of the group.

Net operating revenue
Net operating revenue is a component of adjusted operating profit and includes revenue we generate from asset management charges (AMCs), platform charges, treasury income and other transactional charges. AMCs are earned on products such as mutual funds, and are calculated as a percentage fee based on the assets held. Investment risk on these products rests principally with the client, with our major indirect exposure to rising or falling markets coming from higher or lower AMCs. Treasury income is the interest earned on cash balances less the interest paid to customers. Net operating revenue is shown net of fees, costs of sale, commissions and similar charges. Costs of sale include revenue from fund platforms which is passed to the product provider.

Net operating revenue yield (bps)
The net operating revenue yield is a measure that illustrates the average margin being earned on the assets that we manage, administer or advise our clients on excluding interactive investor. It is calculated as annualised net operating revenue (excluding performance fees, interactive investor and revenue for which there are no attributable assets) divided by monthly average fee based assets. interactive investor is excluded from the calculation of Personal and total net operating revenue yield as fees charged for this business are primarily from subscriptions and trading transactions.

Own Funds Requirement
Under IFPR, the Own Funds Requirement is the higher of the permanent minimum capital requirement, the fixed overhead requirements, and the K-factor requirement. The K-factor requirement is the sum of: Risk-to-Client, Risk-to-Market, and Risk-to-Firm K-factors.

Own Funds Threshold Requirement

Under IFPR, the Own Funds Threshold Requirement is the higher of Own funds required on an ongoing basis and Own funds required on a wind-down basis. The firm identifies and measures risks of harm and determines the degree to which systems and controls alone mitigate those risks of harm (or risks of disorderly wind-down). Any additional own funds needed, over and above the Own funds requirement, to cover this identified residual risk is held under the Own Funds Threshold Requirement.

Phoenix or Phoenix Group

Phoenix Group Holdings plc or Phoenix Group Holdings plc and its subsidiaries.

Significant listed investments

Relates to our investments in HDFC Asset Management, HDFC Life and Phoenix. Fair value movements and dividend income relating to these investments are treated as adjusting items for the purpose of determining the Group's adjusted profit. Our remaining stakes in HDFC Asset Management and HDFC Life were sold during H1 2023. At 30 June 2023, Phoenix is the only significant listed investment.

Subordinated liabilities

Subordinated liabilities are debts of a company which, in the event of liquidation, rank below its other debts but above share capital. The 5.25% Fixed Rate Reset Perpetual Subordinated Contingent Convertible Notes issued by the Company in December 2021 are classified as other equity as no contractual obligation to deliver cash exists.

7. Shareholder information

Registered office

1 George Street
Edinburgh
EH2 2LL
Scotland

Company registration number: SC286832

For shareholder services call: +44 (0)371 384 2464*

* Calls are monitored/recorded to meet regulatory obligations and for training and quality purposes. Call charges will vary.

Secretary: Julian Baddeley

Registrar: Equiniti

Auditors: KPMG LLP

Solicitors: Slaughter and May

Brokers: JP Morgan Cazenove, Goldman Sachs

Shareholder services

We offer a wide range of shareholder services. For more information, please:

- Contact our registrar, Equiniti, who manage this service for us. Their details can be found on the inside back cover.
- Visit our share portal at **www.abrdnshares.com**

Sign up for Ecommunications

Signing up means:

- You'll receive an email when documents like the annual report and accounts, Half year results and AGM guide are available on our website.
- Voting instructions for the Annual General Meeting will be sent to you electronically.

Set up a share portal account

Having a share portal account means you can:

- Manage your account at a time that suits you.
- Download your documents when you need them.

To find out how to sign up, visit **www.abrdnshares.com**

Preventing unsolicited mail

By law, the Company has to make certain details from its share register publicly available. As a result it is possible that some registered shareholders could receive unsolicited mail, emails or phone calls. You could also be targeted by fraudulent 'investment specialists', clone firms or scammers posing as government bodies e.g. HMRC, FCA. Frauds are becoming much more sophisticated and may use real company branding, the names of real employees or email addresses that appear to come from the company. If you get a social or email message and you're unsure if it is from us, you can send it to **emailscams@abrdn.com** and we'll let you know.

You can also check the FCA warning list and warning from overseas regulators, however, please note that this is not an exhaustive list and do not assume that a firm is legitimate just because it does not appear on the list as fraudsters frequently change their name and it may not have been reported yet.

www.fca.org.uk/consumers/unauthorised-firms-individuals

www.iosco.org/investor_protection/?subsection=investor_alerts_portal

You can find more information about share scams at the Financial Conduct Authority website **www.fca.org.uk/consumers/scams**

If you are a certificated shareholder, your name and address may appear on a public register. Using a nominee company to hold your shares can help protect your privacy. You can transfer your shares into the Company-sponsored nominee – the abrdn Share Account – by contacting Equiniti, or you could get in touch with your broker to find out about their nominee services.

If you want to limit the amount of unsolicited mail you receive generally, please visit **www.mpsonline.org.uk**

Financial calendar

Half year results 2023	8 August
Ex-dividend date for 2023 interim dividend	17 August
Record date for 2023 interim dividend	18 August
Last date for DRIP elections for 2023 interim dividend	6 September
Dividend payment date for 2023 interim dividend	26 September

Analysis of registered shareholdings at 30 June 2023

Range of shares	Number of holders	% of total holders	Number of shares	% of total shares
1-1,000	57,268	65.77	22,871,837	1.17
1,001-5,000	25,200	28.94	52,648,807	2.68
5,001-10,000	2,684	3.08	18,154,006	0.93
10,001-100,000	1,493	1.72	36,008,557	1.83
#100,001+	429	0.49	1,832,622,153	93.39
Total	**87,074**	**100.00**	**1,962,305,360**	**100**

These figures include the Company-sponsored nominee – the abrdn Share Account – which had 891,802 participants holding 634,281,155 shares.

8. Forward-looking statements

This document may contain certain 'forward-looking statements' with respect to the financial condition, performance, results, strategies, targets, objectives, plans, goals and expectations of the Company and its affiliates. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts.

Forward-looking statements are prospective in nature and are not based on historical or current facts, but rather on current expectations, assumptions and projections of management of the abrdn Group about future events, and are therefore subject to known and unknown risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.

For example but without limitation, statements containing words such as 'may', 'will', 'should', 'could', 'continues', 'aims', 'estimates', 'projects', 'believes', 'intends', 'expects', 'hopes', 'plans', 'pursues', 'ensure', 'seeks', 'targets' and 'anticipates', and words of similar meaning (including the negative of these terms), may be forward-looking. These statements are based on assumptions and assessments made by the Company in light of its experience and its perception of historical trends, current conditions, future developments and other factors it believes appropriate.

By their nature, all forward-looking statements involve risk and uncertainty because they are based on information available at the time they are made, including current expectations and assumptions, and relate to future events and/or depend on circumstances which may be or are beyond the Group's control, including among other things: UK domestic and global political, economic and business conditions (such as the UK's exit from the EU and the ongoing conflict between Russia and Ukraine); market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the impact of inflation and deflation; the impact of competition; the timing, impact and other uncertainties associated with future acquisitions, disposals or combinations undertaken by the Company or its affiliates and/or within relevant industries; experience in particular with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the value of and earnings from the Group's strategic investments and ongoing commercial relationships; default by counterparties; information technology or data security breaches (including the Group being subject to cyberattacks); operational information technology risks, including the Group's operations being highly dependent on its information technology systems (both internal and outsourced); natural or man-made catastrophic events; the impact of pandemics, such as the COVID-19 (coronavirus) outbreak; climate change and a transition to a low-carbon economy (including the risk that the Group may not achieve its targets); exposure to third-party risks including as a result of outsourcing; the failure to attract or retain necessary key personnel; the policies and actions of regulatory authorities and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations (including changes to the regulatory capital requirements) that the Group is subject to in the jurisdictions in which the Company and its affiliates operate. As a result, the Group's actual future financial condition, performance and results may differ materially from the plans, goals, objectives and expectations set forth in the forward-looking statements.

Neither the Company, nor any of its associates, directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. Persons receiving this document should not place reliance on forward-looking statements. All forward-looking statements contained in this document are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Each forward-looking statement speaks only as at the date of the particular statement. Neither the Company nor its affiliates assume any obligation to update or correct any of the forward-looking statements contained in this document or any other forward-looking statements it or they may make (whether as a result of new information, future events or otherwise), except as required by law. Past performance is not an indicator of future results and the results of the Company and its affiliates in this document may not be indicative of, and are not an estimate, forecast or projection of, the Company's or its affiliates' future results.

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