

Russell Investments Limited
31 December 2022

Composition of regulatory own funds		
	Item	Amount (GBP thousands)
1	OWN FUNDS	21,402
2	TIER 1 CAPITAL	21,402
3	COMMON EQUITY TIER 1 CAPITAL	21,402
4	Fully paid up capital instruments	15,341
5	Share premium	190
6	Retained earnings	5,907
7	Accumulated other comprehensive income	
8	Other reserves	(36)
9	Adjustments to CET1 due to prudential filters	
10	Other funds	
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	
19	CET1: Other capital elements, deductions and adjustments	
20	ADDITIONAL TIER 1 CAPITAL	-
21	Fully paid up, directly issued capital instruments	
22	Share premium	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	
24	Additional Tier 1: Other capital elements, deductions and adjustments	
25	TIER 2 CAPITAL	-
26	Fully paid up, directly issued capital instruments	
27	Share premium	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	
29	Tier 2: Other capital elements, deductions and adjustments	

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Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements			
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		Balance sheet as in audited financial statements	Cross-reference to Own Funds
		As at 31 December 2022	
Assets			
1	Tangible Assets	10	
2	Debtors: > One Year	3,600	
3	Debtors: < One Year	40,333	
4	Cash	32,968	
5	Total Assets	76,911	
Liabilities			
1	Creditors < One Year	55,340	
2	Creditors > One Year	169	
3	Total Liabilities	55,509	
Shareholders' Equity			
1	Called up share capital	15,341	Own Funds – 4
2	Share premium	190	Own Funds – 5
3	Contributed deficit	(36)	Own Funds – 8
4	Retained earnings	5,907	Own Funds – 6
5	Total Shareholders' equity	21,402	Own Funds – 1,2,3

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Own funds: main features of own instruments issued by the firm
<p>Allotted, called up and fully paid share capital: 15,341,000 Ordinary Shares of £1.00 each.</p> <p>Retained earnings of £5,906,869.</p>

Own funds requirement for non-SNI firm (MIPRU 4.3.2)	Permanent minimum capital requirement (PMR) (GBP Thousands)	Assessment A - ongoing operations capital requirement (GBP Thousands)	Assessment B - orderly wind down capital requirement (GBP Thousands)
Permanent minimum capital requirement (PMR)	75		
Fixed Overhead Requirement (FOR)			10,422
K-Factor Capital		3,467	
K-AUM		3,467	
K-COH		-	
K-CMH		-	
K-ASA		-	
K-NPR		-	
K-CMG		-	
K-TCO		-	
K-DTF		-	
K-CON		-	
ASSESSMENT A (additional capital for ongoing risks)		8,233	
ASSESSMENT B (additional capital for orderly wind down)			-
Overall financial adequacy threshold requirement (OFAR is higher of PMR or Assessment A or B)	75	11,700	10,422
110% of the overall financial threshold requirement		12,870	
Capital held		21,402	
SURPLUS / (DEFICIT)		9,702	

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Russell Investments Limited (RIL) has considered its own funds and liquid assets and determined that they are adequate, both in their amount and in their quality to ensure that:

- a) RIL can remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
- b) RIL's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

Our approach to assessing our adequacy of Own Funds is through the development of our ICARA process, which was prepared in accordance with the Company's audited accounts for the financial year ended 31 December 2022 and reviewed and approved by the board on 27 March 2023.

The ICARA process is linked to RIL's overall risk management, business planning and capital management, with each of these components informing the others. Capital planning takes place annually together with our financial forecasting process.

The ICARA is developed with a focus on the potential material harms that may arise:

1. from the ongoing operation of our business; and
2. during a wind-down of our business.

Furthermore, we use the ICARA to identify whether we comply with the overall financial adequacy rule under IFPR, which in turn allows us to determine our own funds threshold requirement and liquid assets threshold requirement under IFPR.

The ICARA sets out the key conclusions and principles of RIL's process, including:

- Our assessment of the risk of harm posed to our consumers and the markets
- The safety and soundness of RIL's current financial position and ability to withstand plausible stressed conditions
- The amount of capital and liquidity RIL has determined it must hold and confirmation that RIL has adequate financial resources given its size and complexity
- An overview of our risk management framework and governance structure and an assessment of the adequacy of these
- RIL's material risks, and determination of whether these risks fall within our risk appetite
- Our capital planning and stress testing process
- Our business model, strategic planning, and earnings forecasts
- RIL's costed recovery and wind down plan
- The review, challenge, and approval process of the ICARA