Brewin Dolphin Wealth Management Limited

Pillar 3 Disclosures 2022

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1. Executive Summary

The purpose of Pillar 3 disclosures is to provide information on the risks, capital, and risk management arrangements of Brewin Dolphin Wealth Management Limited (the Firm). As at 30th September 2022 (financial year end), the Firm's:

- Total regulatory capital resources (€16.5m) exceeded its internal capital requirement (€5.9[1]); and
- Own Funds ratio (278%) exceeded the own funds requirement (100%).

2. Firm Overview

The Firm is a leading Wealth Manager operating in the Republic of Ireland. As at 30th September 2022, total funds under management and administration amounted to €5.78billion, of which €3.46 billion was managed on a discretionary basis.

2.1. Firm Structure

The Firm is a limited liability company regulated by the Central Bank of Ireland (CBI). The parent company and controlling party of the Company is Brewin Dolphin Holdings Limited. Royal Bank of Canada completed the acquisition of the Firm's parent on 27 September 2022. As a result, the Firm is a wholly owned subsidiary of RBC Wealth Management (Jersey) Holdings Limited.

The Firm is authorised as an Investment Firm under the European Communities (Markets in Financial Instruments) Regulations 2007 and the Investment Intermediaries Act, 1995.

2.2. Nature of Business

The Firm predominantly provides wealth management and financial planning, to private clients in Ireland.

To ensure that financial solutions are precisely tailored to clients' needs and aspirations, the Firm offers a range of services focused on discretionary investment management.

The Firm has appointed Pershing Securities International Limited (PSIL) as the main custodian and settlement agent of its client business and the primary holder of clients' financial instruments and clients' money. As agent for its clients, the Firm has entered into contracts, with PSIL and its clients in regard to this arrangement. When client assets are held by PSIL, PSIL is providing the service directly to the Firm's clients, and PSIL has regulatory responsibility for them.

[1] The Firm's internal capital requirement (its fixed overhead requirement) is based on its audited financial statements for the period ended 30th September 2022.

2.3. Business Strategy

The Firm's vision is to be one of Ireland's leading providers of personalised wealth management services, delivering a compelling client proposition, rewarding careers and sustainable shareholder returns. The Firm takes an integrated, advice-led approach to protecting and growing clients' wealth. Doing so helps to build a highly personalised and high-quality service to ensure that the trust of clients is earned and long-term client relationships are established, a competitive advantage that adds value to the business through the generation of new leads via referrals and brand enhancement.

3. Regulatory Framework

The Investment Firms Regulation and Investment Firms Directive (IFR/IFD) which came into effect on the 26th June 2021 introduced new capital requirements for investment firms.

In Ireland the IFR/IFD are supervised by the CBI.

The Firm calculates its regulatory capital requirement based on:

- the 'internal' capital requirement (referred to as Pillar 1) and;
- its own assessment of its capital requirement (referred to as Pillar 2)

Under the IFR/IFD the Firm's Pillar 1 capital requirement is the higher of:

- The permanent minimum capital requirement for a Class 2 Firm[2];
- Its Fixed Overhead Requirement; and
- Its K-factor Requirement.

A detailed assessment of the Firm's Pillar 1 and Pillar 2 capital requirements has been completed through the Firm's Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP is the process by which a Firm assesses and maintains on an ongoing basis the amounts, types and distribution of internal capital and liquid assets that they consider adequate to cover the nature and level of risks which they may pose to others and to which the investment firms themselves are or might be exposed. The CBI may review and evaluate the Firm's ICAAP as part of the Supervisory Review and Evaluation Process (SREP). The disclosures outlined in this document meet the obligation with respect to the Firm's requirements as set out in part six of the IFR (Disclosure by Investment Firms).

4. Scope of Application

The requirements outlined in section 3 apply to the Firm. All disclosures in this document are for the period ended 30th September 2022.

[2] Under the IFR/IFD the firm has been classified as a Class 2 firm. There are four classifications which determine the prudential regime to which an investment firm will be subject to, which is based on their size and complexity.

There are certain disclosures under the IFR/IFD from which the Firm is exempt as it does not meet the 'on and off-balance sheet assets >EUR 100m' threshold.

5. Frequency of Disclosure

The Firm publishes Pillar 3 disclosures on at least an annual basis. The Firm publishes its financial statements via submission to the Companies Registration Office (CRO) and the timing of the publication of this Pillar 3 as closely as possible coincides with publication by the CRO. Given the small scale and range of its operations and the lack of complexity, the Firm currently assesses that there is no need to publish some or all of its disclosures more frequently than annually.

6. Means of Disclosure

These disclosures have been compiled to satisfy those required under Pillar 3 and have not been audited. The Firm publishes its Pillar 3 disclosures on its website.

7. Risk Management Objectives and Policies

Effective risk management is key to the success of delivering the Firm's strategic objectives. The Firm's approach to risk management continues to evolve as the risk landscape changes; it ensures timely identification, assessment, and management of the principal risks to the Firm's business (the Key Risks).

The primary objectives of risk management at the Firm are to ensure that there is:

- A strong risk culture so that employees are able to identify, assess, manage and report against the risks the business is faced with;
- A swift and effective response to risk events and potential issues in order to minimise impact;
- A defined risk appetite within which risks are managed; and
- An appropriate balance between risk and the cost of control.

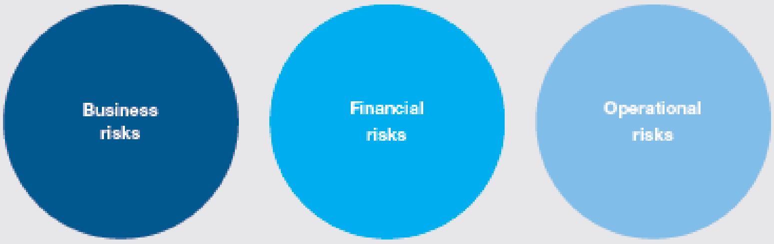
The Firm's approach is to maintain a strong control framework to identify, monitor and manage the principal risks that the Firm faces, adequately quantify them, and ensure the Firm retains sufficient capital in the business to support its strategy.

The key parties involved in the risk management process within the Firm and their respective responsibilities and an explanation of how risk management is structured within the Firm, is set out in Figure 1 below.

Fire 1 – Overall Risk Management Framework

Risk management process

We categorise risks into risk groups covering potential impacts to clients, revenue, capital and reputation.
The three risk groups are:



Our risk management process involves the identification and assessment of specific risks within these risk groups, mitigation and management of these risks, and monitoring and reporting against these risks, which provides the foundation to enable us to deliver against our strategic objectives.

Risk Management Framework

Top down risk management

Board

- Responsible for ensuring there is an adequate and appropriate risk management framework and culture in place.
- Sets risk appetite and is responsible for ensuring alignment with the Group's business strategy.
- Approves the ICAAP.

Risk Committee

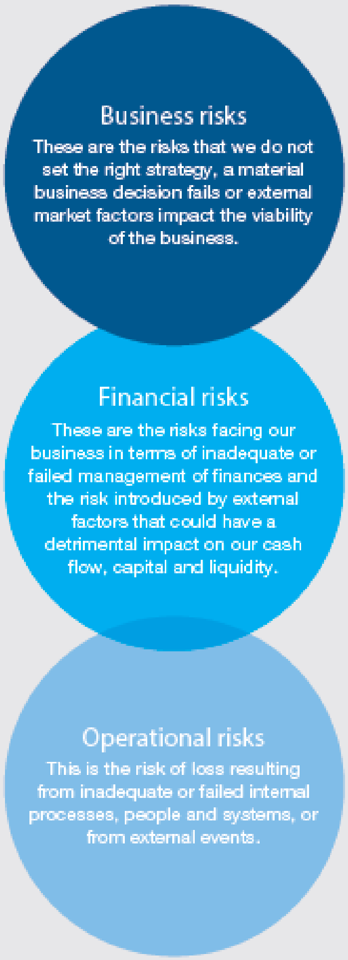
- Oversees the Risk Management Framework.
- Assists the Board in its responsibilities for the integrity of internal control and risk management systems.
- Recommends the ICAAP to the Board for approval.

Audit Committee

- Assists the Board in gaining assurance as to the integrity of the Financial Statements and the effectiveness of the system of internal controls.
- Monitors the effectiveness and objectivity of internal and external auditors.

Risk Management Committee

- Executive level committee oversight and monitoring of the adequacy and effectiveness of the Risk Management Framework.
- Monitors current and emerging risks and themes.
- Oversees the Group's Policy Framework.



Bottom up risk management

Risk identification and assessment

- Risk and Control Self Assessments to identify the key risks for each department, for business change activities, and for new products and services.
- A horizon scanning forum is in place to identify and assess emerging risks, and establish ownership for mitigation and management of those risks.
- Assessment of inherent (pre-control) and residual risk (post-control).

Risk mitigation and management

- Management of events that have a potential or actual financial, regulatory, operational or client impact.
- Agreeing action plans to mitigate risk issues.

Risk monitoring and reporting

- The business community is primarily responsible for monitoring risks.
- Risk trends are monitored and analysed.
- Key risk indicators are reviewed monthly.

Risk assurance

- Internal auditors evaluate the adequacy of process and systems, and test the operating effectiveness of key controls.
- Control monitoring teams are in place, undertaking both regular control sampling and thematic reviews.

The Firm follows industry practice for risk management through the three lines of defence model. The first line is the business that owns and manages the risk, the second line are the functions that monitor and facilitate the implementation of effective risk management practices, and the third line is independent assurance provided by audit. The Board of Directors of the Firm (the Board) reviews the effectiveness of this Risk Management Framework and undertakes an assessment of the principal and emerging risks.

7.1. Risk Appetite

Risk appetite is an assessment of a firm's willingness to take risk to achieve its strategic objectives. The Firm has set Risk Appetite Statements against each of its Key Risks with Key Risk Indicators in place to monitor exposure against appetite. This is a fundamental element of the Risk Management Framework.

The Risk Appetite Statements are owned, updated, reviewed and re-approved at least annually by the Board. The Board has delegated oversight of the Risk Appetite Statements to the Board Risk Committee.

7.2. Management of risks

Figure 1 above sets out the three risk groups against which the Firm categorises certain risks which it faces: Business risks, Financial risks and Operational risks.

The IFR/IFD regime introduced a specific taxonomy of risk categories for the risks which a firm faces, namely risks which; may potentially impact its clients and have a material impact on the firm's own funds (Risk to Client), may potentially impact the market and have a material impact on the firm's own funds (Risk to Market) and may potentially impact the firm itself and have a material impact on the firm's own funds (Risk to Firm). The Firm has mapped these risks to its risk groups as set out in the Figure 2 below:

Figure 2 - Mapping of IFR/IFD risks to risk groups

	Business Risk	Financial Risk	Operational Risk
Risk to Client	-[1]	✓	✓
Risk to Market[2]	-	-	-
Risk to Firm	✓	✓	✓

[1] All client assets are held on a segregated basis and would be safe in the event crystallising business risks impacted the Firm. In addition, the Firm has an Orderly Wind Down Plan which would ensure the timely transfer of client assets and relationship to other firms.

[2] The Firm's business model limits its interaction with market participants and the potential impact thereon in the event of crystallising risks would be limited. In the worst-case scenario of a wind down of the Firm, this would be managed within the Orderly Wind Down Plan in order to minimise any impact.

The Firm has policies, strategies and procedures in place to manage these risks, and key aspects of these are summarised below.

7.2.1 Business Risk

Business risk is the risk that the Firm does not set the right strategy, a material business decision fails or external market factors impact the businesses viability.

Business risk is managed by the Firm through the development of an appropriate business strategy, its ongoing review, as well as the ongoing review of business performance and external developments. The Board has responsibility for business strategy, and the Executive Management Team manage the business on a day-to-day basis.

Concentration risk is the risk that over exposure to a specific individual portfolio account, client group, or critical supply function such as a key outsource provider could result in destabilisation of the business.

The Firm mitigates its exposures to individual or client groups through having a broad client base in terms of numbers and client categories.

The Firm has selected PSIL as the provider of custody and settlement services to clients and closely monitors and manages this relationship through its vendor management processes.

In the context of the IFR/IFD there are capital requirements related to concentration risk which are focussed on the trading activities of investment firms. As the Firm does not execute client orders these are not applicable to it.

7.2.2 Financial Risk

Financial risk is the risk of inadequate or failed management of finances and the risk introduced by external factors that could have a detrimental impact to cash flow, capital and liquidity or client assets.

This risk is managed through the Firm's Financial Risk Management Framework and Policy which is updated and approved annually and sets out the methodology by which financial risk is managed. This includes an ongoing due diligence process for the approval of counterparties which may hold firm and client assets, concentration limits and minimum liquidity balances which are monitored on a daily basis. Oversight of financial risk is undertaken by the Risk Management Committee and the RBC Brewin Dolphin Financial Risk Committee.

PSIL, the main custodian of client assets, has an equivalent due diligence process and diversifies where its client money is held.

Liquidity risk refers to the risk that the Firm will be unable to meet its financial obligations as they fall due, or access to liquid funds is not available on commercially viable terms. The Firm maintains its capital in cash or near cash instruments and at a sufficient level to ensure the smooth operation of the business.

To ensure that the Firm is able to appropriately manage liquidity risks, the Firm maintains a Financial Risk Management Policy that provides a high-level framework and objectives for the management of liquidity and associated risks within the parameters set by the Firm's risk appetite. The Firm operates within the parameters set out in the Financial Risk Management Policy. These parameters include the requirement under Article 43 of the IFR for the Firm to hold minimum liquid assets of at least 1/3 of its Fixed Overhead Requirement, which the Firm meets.

Liquidity stress tests are performed as part of the ICAAP and reviewed on a regular basis to ensure that the Firm is able to maintain adequate liquidity buffers to withstand a range of stressed scenarios.

7.2.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The management of operational risk is the responsibility of the business functions which own the particular business process. They must ensure that there are adequate controls in place to mitigate those risks.

Examples of controls in place to minimise operational risk include:-

- Appropriate segregation of duties;
- Documented processes, procedures and controls;
- Staff training;
- Ethical and business standards; and
- Business continuity.

This risk is managed through the Firm's Operational Risk Management Framework and Policy which is updated and approved annually and sets out the methodology by which operational risk is managed.

A key aspect of the management of operational risk is the Risk and Control Self-Assessment (RCSA) process through which each business function reviews the processes for which it is responsible and assesses whether the controls in place are adequate. Where necessary improvements to the control environment are put in place.

Another key aspect is the management of operational risk events, where an operational risk has crystallised, and which may lead to the identification of process or control improvements.

Other elements of the management of operational risk include the consideration of the findings of compliance monitoring and internal audit reviews, and the recording and management of risk issues identified by the business or by the second and third lines of defence.

Oversight of operational risk is undertaken by the Risk Management Committee.

8. GOVERNANCE

8.1. BOARD

The Board has primary responsibility for the overall effectiveness of risk management within the Firm. The Board is comprised of a majority of Independent and Group Non-Executive Directors. The Board's committees have a specific risk focus, namely:

- Risk Committee;
- Audit Committee; and
- Executive Committee.

The Board also has Remuneration and Nominations Advisory groups.

8.2. BOARD DIRECTORSHIPS

The Board of the Firm was made up of 8 directors, who together hold 47 directorships as at the financial year end 30th September 2022.

8.3. BOARD RISK COMMITTEE

The Board have delegated oversight of the management of risks to the Board Risk Committee, which comprises of the Firm's non-executive directors and meets at least quarterly.

8.4. DIVERSITY

The Firm believes that prioritising diversity and inclusion is essential for its employees, its clients and for the future of its business. The Firm stands to benefit when the Firm values the diversity of ideas and ways of working that people from different backgrounds, experiences and identities bring to the Firm. It fosters a culture of growth and learning, enables people to reach their full potential, improves decision-making, boosts engagement and innovation, and puts the Firm in a better position to meet the needs of a diverse client base.

9. Own Funds

Under the IFR/IFD the Firm is required to provide a reconciliation of the Firm's 2022 audited financial statements (as at 30 September 2022) to regulatory own funds as shown in Figure 3 below.

Figure 3 – Template EU IF CC1.01 – Composition of regulatory own funds (investment firms other than small and non-interconnected)

		(a)	(b)
		€	**Source Based on reference numbers/letters of the Balance Sheet in the audited Financial Statements**
	Common Equity Tier 1 (CET 1) capital: Instruments and Reserves		
1	OWN FUNDS	16,477,522	sum of rows 2 and 40
2	TIER 1 CAPITAL	16,477,522	sum of rows 3 and 28
3	Common Equity Tier 1 Capital	16,477,522	sum of rows 4, 5, 6, 12
4	Fully paid up capital instruments	45,781,676	Template EU IF CC2 Equity Row 1 Column a + Template EU IF CC2 Equity Row 3 Column a
5	Share premium	63,487	Template EU IF CC2 Equity Row 2 Column a
6	Retained earnings	1,088,106	Template EU IF CC2 Equity Row 4 Column a + Template EU IF CC2 Equity Row 5 Column a
7	Accumulated other comprehensive income		
8	Other reserves		
9	Minority interest given recognition in CET1 capital		
10	Adjustments to CET1 due to prudential filters		
11	Other funds		
12	(-)Total deductions from Common Equity Tier 1	-30,455,747	sum of rows 18, 19, 20, 24
13	(-) Own CET1 instruments		
14	(-) Direct holdings of CET1 instruments		
15	(-) Indirect holdings of CET1 instruments		
16	(-) Synthetic holdings of CET1 instruments		
17	(-) Losses for the current financial year		
18	(-) Goodwill	-1,162,321	Template EU IF CC2 Assets Row 3 Column a
19	(-) Other intangible assets	-26,346,084	Template EU IF CC2 Assets Row 3 Column a
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilitie	-1,028,991	Template EU IF CC2 Assets Row 3 Column a
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds		
22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds		
23	(-) CET1 instruments of financial sector entites where the investment firm does not have a significant investment		
24	(-) CET1 instruments of financial sector entities where the investment firm has a significant investment	-1,918,351	Template EU IF CC2 Assets Row 4 Column a
25	(-) Defined benefit pension fund assets		
26	(-) Other deductions		
27	CET1: Other capital elements, deductions and adjustments		
28	**ADDITIONAL TIER 1 CAPITAL**	0	
29	Fully paid up, directly issued capital instruments		
30	Share premium		
31	(-) Total deductions from Additional Tier 1		
32	(-) Own AT1 instruments		
33	(-) Direct holdings of AT1 instruments		
34	(-) Indirect holdings of AT1 instruments		
35	(-) Synthetic holdings of AT1 instruments		
36	(-) AT1 instruments of financial sector entities where the investment firm does not have a significant investment		
37	(-) AT1 instruments of financial sector entities where the investment firm has a significant investment		
38	(-) Other deductions		
39	Additional Tier 1: Other capital elements, deductions and adjustments		
40	**TIER 2 CAPITAL**	0	
41	Fully paid up, directly issued capital instruments		
42	Share premium		
43	(-) TOTAL DEDUCTIONS FROM TIER 2		
44	(-) Own T2 instruments		
45	(-) Direct holdings of T2 instruments		
46	(-) Indirect holdings of T2 instruments		
47	(-) Synthetic holdings of T2 instruments		
48	(-) T2 instruments of financial sector entities where the investment firm does not have a significant investment		
49	(-) T2 instruments of financial sector entities where the investment firm has a significant investment		
50	Tier 2: Other capital elements, deductions and adjustments		

9.1. Tier 1 and 2 Capital

In 2022, the Firm's regulatory capital base comprised of Tier 1 Capital, being €16.5m. This included:

- Share capital, share premium, capital contributions and retained earnings; less
- Intangible assets.

In 2022 the Firm did not hold any Tier 2 Capital.

9.2. Own Funds Reconciliation

Under the IFR/IFD the Firm is required to provide a reconciliation of the Firm's Own Funds to the Balance Sheet in its most recent audited financial statements. This is shown in Figure 4 below as at 30th September 2022.

Figure 4 – Template EU IFCC2: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

		a	b	c
		Balance sheet as in published/audited financial statements	**Under regulatory scope of consolidation**	**Cross reference to EU IFCC 1**
		As at period end	**As at period end**	
Assets - *Breakdown by asset classes according to the balance sheet in the published/audited financial statements*				
1	Tangible Fixed Assets	320,930		
2	Leased Assets	203,721		
3	Intangible Assets	30,801,672		Template EU IF CC1 Rows 18, 19, 20 Column a
4	Financial Assets	1,918,351		Template EU IF CC1 Row 24 Column a
5	Current Assets	30,609,867		
	Total Assets	**63,854,541**		
Liabilities - *Breakdown by liability classes according to the balance sheet in the published/auditied financial statements*				
1	Creditors	16,921,272		
	Total Liabilities	**16,921,272**		
Shareholders' Equity				
1	Called up Share Cpaital Presented as Equity	166,676		Template EU IF CC1 Row 4 Column a
2	Share Premium Account	63,487		Template EU IF CC1 Row 5 Column a
3	Capital Contribution	45,615,000		Template EU IF CC1 Row 4 Column a
4	Profit and Loss Account	1,715,063		Template EU IF CC1 Row 6 Column a
5	Share Based Payments	-626,957		Template EU IF CC1 Row 6 Column a
	Total Shareholders' equity	**46,933,269**		

9.3. Main Features of Own Instruments

Under the IFR/IFD the Firm is required to provide a description of the main features of Own Instruments issued by the Firm. The Firm has issued ordinary share capital, the details of which are set out in Figure 5 below.

Figure 5 – Template EU IF CCA: Own funds: main features of own instruments issued by the firm

1	Issuer	Brewin Dolphin Wealth Management Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Public or private placement	Private
4	Governing law(s) of the instrument	Ireland
5	Instrument type (types to be specified by each jurisdiction)	Equity
6	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	€ 166,676
7	Nominal amount of instrument	€ 166,676
8	Issue price	111,111 shares @€1.5 + 1,000 A-shares @€0.01
9	Redemption price	N/A
10	Accounting classification	Equity
11	Original date of issuance	29-Aug-95
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	N/A
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
22	Existence of step up or other incentive to redeem	N/A
23	Noncumulative or cumulative	N/A
24	Convertible or non-convertible	N/A
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A
28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	N/A
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the intrument (signposting)	N/A

10. Regulatory Capital Requirements

The Firm's overall regulatory capital requirements are determined after performing its Pillar 1 capital calculations and assessing its Pillar 2 capital requirements.

The calculation of Pillar 1 and Pillar 2 capital requirements allows the Firm to determine, and subsequently monitor, the appropriate amount of capital to be held based on its risk profile.
During the financial year ended 30th September 2022, the Firm maintained surplus capital resources at all times to satisfy minimum capital requirements.

10.1. Pillar 1 Regulatory Capital Requirement

As per IFR/IFD, the Firm is required to meet its Pillar 1 capital requirements, being €5.9m. This is calculated as the higher of the:

- the permanent minimum capital for a Class 2 firm;
- its Fixed Overhead Requirement; and
- its K-factor capital requirements.

Refer to Figure 6 below for further details.

Figure 6 – Internal Capital Requirement

All figures €000s	30-Sep-22
Permanent minimum capital requirement	150
Fixed overhead requirement	5,934
K-factor requirement[1]	2,823
Internal Capital Requirement	**5,934**

[1] The Firm's K-factor is based solely on Risk to Client K-factors. Due to the nature of its business model it is not required to calculate K-factors for Risk to Market or Risk to Firm.

10.2. Pillar 2 Assessment of Regulatory Capital Requirement

Pillar 2 requires firms to assess the amount of internal capital they consider adequate to cover all of the risks to which they are, or are likely to be, exposed to. It also requires firms to consider the costs associated with winding down the firm (Orderly Wind Down) and various stressed scenarios (market-wide, idiosyncratic and combined stress tests).

The Firm's Pillar 2 assessment of capital requirements is outside the scope of this disclosure document.

10.3. Common Equity Ratios

In accordance with the regulations, the Firm must at all times satisfy the following own fund requirements:

- Common Equity Tier 1 (CET1) capital ratio ≥ 56%;
- Tier 1 capital ratio ≥75%; and
- Own Funds ratio ≥100%.

As at 30th September 2022, the Firm's own funds ratio, of 278%, exceeded the minimum requirement and is satisfied entirely by CET1 capital.

Figure 7 – Own Funds Ratio

All figures €000s	30-Sep-22
Pillar 1 requirement	5,934
Own Funds	16,478
TOTAL CAPITAL RATIO	**278%**

11. Remuneration Policy

As a MIFID firm, the Firm must comply with the remuneration related principles set down in the IFR/IFD and establish remuneration policies in accordance with these regulations that are proportionate to the size, internal organisation and the nature, as well as to the scope and complexity of the investment firm. Specific requirements apply to the following categories of staff:

- senior management;
- risk takers;
- staff engaged in control functions; and
- any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers,

whose professional activities have a material impact on the risk profile of the investment firm or of the assets that it manages. These staff are referred to as “Identified Staff”.

The Firm must also comply with the principles set down the European Banking Authority’s Guidelines on Sound Remuneration Policies under Articles 34(3) of the IFD, disclosures under Article 34(4) of the IFD, and Article 51 of the IFR, and the Central Bank Guidelines on Variable Remuneration Arrangements for Sales Staff (CBI Guidelines) for other categories of staff, primarily those in client facing roles.

11.1. Remuneration Governance Structure

The Firm has a Remuneration Advisory Group whose activities include reviewing the remuneration of those staff whose professional activities may have a material impact on the Firm’s risk profile as specified above and to ensure that any remuneration paid to such staff is in compliance with the Firm’s statutory obligations.

The Remuneration Advisory Group is an advisory group of the Firm’s Board. This Advisory Group is chaired by the Board Chairman and also comprises the Independent Non-Executive Directors.

The Firm has a specific Remuneration policy which seeks to provide guidance for the Remuneration Advisory Group in the implementation of the Firm’s remuneration decisions. The remuneration policy is reviewed by the Board.
The Remuneration Advisory Group also has the following specific roles and responsibilities in relation to this Policy, namely:

- to recommend to the Board appropriate changes to remuneration policies for the Firm;
- to approve the design of and determine targets for any performance related pay schemes;
- to oversee any major changes in employee benefit structures;
- to assess whether the remuneration policy operated as intended (that pay-outs and deferrals were appropriate and the risk profile, long term objectives and goals were adequately reflected); and
- to ensure that the Firm is compliant with CBI requirements and the legal and regulatory framework.

11.2. POLICY ON REMUNERATION OF ALL STAFF

In designing its Remuneration policy, the Firm has sought to establish remuneration arrangements which:

- are clearly documented and proportionate to the size, internal organisation and nature, as well as to the scope and complexity of the activities of the investment firm;
- are gender-neutral;
- are consistent with, and promote, sound and effective risk management;
- are in line with the business strategy and objectives, and also take into account long-term effects of the investment decisions taken;
- contain measures to avoid conflicts of interest, encourage responsible business conduct and promotes risk awareness and prudent risk-taking;
- are adopted and periodically reviewed by its Board and Remuneration Advisory Group, which have responsibility for overseeing their implementation;
- are subject to a central and independent internal review by control functions at least annually;
- ensure that staff engaged in control functions are independent from the business units they oversee, have appropriate authority, and are remunerated in accordance with the achievement of the objectives linked to their functions, regardless of the performance of the business areas they control;
- ensure the remuneration of senior officers in the risk management and compliance functions is directly overseen by the Board and its Remuneration Advisory Group;
- take into account any national rules on wage setting, make a clear distinction between the criteria applied to determine the following: (1) basic fixed remuneration, which primarily reflects relevant professional experience and organisational responsibility as set out in an employee's job description as part of his or her terms of employment; (2) variable remuneration, which reflects a sustainable and risk adjusted performance of the employee, as well as performance in excess of the employee's job description;
- ensure the fixed component represents a sufficiently high proportion of the total remuneration so as to enable the operation of a fully flexible policy on variable remuneration components, including the possibility of paying no variable remuneration component.

In addition, the remuneration arrangements are intended to:

- ensure that sales and suitability-related risks are considered and mitigated;
- encourage compliance with the Firm's internal procedures and conduct of business rules;
- provide market competitive remuneration to the Firm's staff, reflecting each individual's overall contribution to the success of the Firm;
- align staff remuneration with the interests of clients and shareholders so as to avoid potential conflicts of interest;
- seek to safeguard the Firm's financial position through the preservation of a strong capital base; and
- are consistent with the "good practice" examples of the ESMA and CBI Guidelines.

11.3. Policy on Remuneration of Identified Staff

Qualitative and quantitative criteria (as provided for in the EBA's regulatory technical standards) are used when defining the Identified Staff.

The "qualitative criteria" to be taken into consideration relate to the role, decision-making power and management responsibilities of staff members, while the "quantitative criteria" to be taken into consideration include criteria such as the thresholds for the level of total gross remuneration awarded to a staff member in absolute or in relative terms. If a staff member meets any of the qualitative criteria or any of the quantitative criteria then he/she will be subject to consideration on whether they should be Identified Staff.

Variable remuneration arrangements for Identified Staff are also subject to the additional principles set down in the IFD and the EBA guidelines on sound remuneration policies, and are subject to the proportionality principles. In summary, those additional principles provide that:

- where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of:
  - the performance of the individual, taking into account financial and non-financial criteria,
  - the performance of the business unit concerned, and
  - of the overall results of the Firm;
- the assessment of the performance is based on a multi-year period, taking into account the business cycle of the investment firm and its business risks;
- the total variable remuneration does not limit the ability of the Firm to strengthen its capital base;
- payments relating to the early termination of an employment contract reflect performance achieved over time by the individual and shall not reward failure or misconduct;
- remuneration packages relating to compensation or buy out from contracts in previous employment are aligned with the long-term interests of the Firm;
- guaranteed variable remuneration is exceptional, occurs only when hiring new staff and where the Firm has a sound and strong capital base and is limited to the first year of employment;
- the measurement of performance used as a basis to calculate pools of variable remuneration takes into account all types of current and future risks and the cost of the capital and liquidity required in accordance with Regulation (EU) 2019/2033; and the allocation of the variable remuneration components within the investment firm takes into account all types of current and future risks;
- fixed and variable components of total remuneration are appropriately balanced and the fixed component represent a sufficiently high proportion of the total remuneration to allow the operation of a flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;
- up to 100 % of the variable remuneration is contracted where the financial performance of the Firm is subdued or negative, including through malus or clawback arrangements subject to criteria set by the Firm which in particular cover situations where the individual

in question: (1) participated in or was responsible for conduct which resulted in significant losses for the investment firm; (2) is no longer considered fit and proper;

- any discretionary pension benefits are in line with the business strategy, objectives, values and long-term interests of the investment firm, and where an employee leaves the investment firm before retirement age, any such discretionary pension benefits are held by the investment firm for a period of five years in the form of instruments. Where an employee reaches retirement age and retires, any discretionary pension benefits shall be paid to the employee in the form of instruments, subject to a five-year retention period.

11.4. Types of Remuneration

All remuneration can be divided into either fixed remuneration (payments or benefits without consideration of any performance criteria) or variable remuneration (additional payments or benefits depending on performance or, in certain cases, other contractual criteria).

The specific components of the Firm’s Remuneration are as follows:

- basic fixed remuneration: which should primarily reflect relevant professional experience and organisational responsibility as set out in an employee's job description as part of the terms of employment;
- discretionary variable remuneration: which should reflect a sustainable and risk adjusted performance as well as performance in excess of that required to fulfil the employee's job description as part of the terms of employment; and
  other additional benefits: which may include the pension plan, life assurance, permanent health insurance (PHI), and company car.

The various remuneration components are combined to ensure an appropriate and balanced remuneration package that reflects the business unit, the individual staff member’s status and professional activity of the Firm as well as market practice, is in place.

Fixed and variable components of total remuneration shall be balanced and the fixed component form a sufficiently high proportion of the total remuneration to ensure that Staff retention is not adversely affected and to support a prudent approach to risk management. The Firm’s policy is that the variable component of the total remuneration shall not exceed 200% of the fixed component.

Variable Remuneration is payable from the Firm’s annual bonus pool. The aggregate bonus pool will be based on the results of the Firm as a whole rather than by the performance of individuals. The aggregate bonus pool will then be distributed among staff based upon an assessment of each individual’s performance using a ‘balanced scorecard’ approach.

The Firm has, as permitted under the IFR/IFD, disapplied the following requirements::

- variable remuneration in instruments
- retention of these instruments; and
- deferral of variable pay.

The Firm has however decided to apply certain limitations, in certain circumstances which are similar in effect including certain deferral arrangements set out below.

In order to reduce the risk of a short-term mind-set in Staff and to help align the interests of Staff to the longer term interests of the Firm, the variable component of the total remuneration shall be subject to a 'deferral mechanism', as set out in the Remuneration Policy.

In the event that the Staff member has not received satisfactory performance appraisals in accordance with this Policy over the Deferral Period (or there is relevant information that might suggest poor client outcomes) then the amount deferred, or a portion thereof, shall be forfeited.

11.5. Independence of Risk and Compliance Employees

Control functions within Risk & Compliance report directly to the Group Chief Risk Officer, who is a member of the Group's Executive Committee. This gives them the appropriate authority to conduct their role. The department is independent from the business that it oversees.
Variable remuneration is set according to the profitability of the Group and the performance of the relevant department.

11.6. Ratio between fixed and variable remuneration

Fixed and variable components of total remuneration shall be balanced, and the fixed component form a sufficiently high proportion of the total remuneration to ensure that Staff retention is not adversely affected, and to support a prudent approach to risk management. The variable component of the total remuneration shall not normally exceed 200% of the fixed component, excluding any replacement awards that are required for new appointments.

11.7. Quantitative Disclosures

As specified in the IFD/IFR, the quantitative disclosures outlined below for the Firm's financial year 1st October 2021 to 30th September 2022, detail aggregated quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the investment firm.

I. The amounts of remuneration awarded in the financial year, split into fixed remuneration, and variable remuneration, and the number of beneficiaries:

Senior Management MRTs	Value €	No. of recipients
Fixed remuneration	754,625	6
Variable remuneration	492,500	3
Other MRTs	**Value €**	**No. of recipients**
Fixed remuneration	955,745	6
Variable remuneration	633,000	6

II. The amounts and forms of awarded variable remuneration, split into cash, shares, share-linked instruments and other types separately for the part paid upfront and for the deferred part:

Senior Management MRTs	Value €
Variable remuneration in cash	388,333
Variable remuneration in share linked instruments	104,167
Other MRTs	**Value €**
Variable remuneration in cash	522,333
Variable remuneration in share linked instruments	110,667

III. The amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years:

Senior Management MRTs	Due to vest in FY21/22 €	Due to vest in future years €
Deferred remuneration awarded in previous years	164,377	318,339
Other MRTs	**Due to vest in FY21/22 €**	**Due to vest in future years €**
Deferred remuneration awarded in previous years	291,010	495,030

IV. The amount of deferred remuneration due to vest in the financial year that is paid out during the financial year, and that is reduced through performance adjustments:

Senior Management MRTs	Value €
Deferred remuneration reduced through performance adjustments	0
Other MRTs	**Value €**
Deferred remuneration reduced through performance adjustments	0

V. The guaranteed variable remuneration awards during the financial year and the number of beneficiaries of those awards:

Senior Management MRTs	Value €	No. of recipients
Guaranteed variable remuneration	0	0
Other MRTs	**Value €**	**No. of recipients**
Guaranteed variable remuneration	0	0

VI. The severance payments awarded in previous periods, that have been paid out during the financial year:

Senior Management MRTs	Value €	No. of recipients
Severance payments awarded in previous periods	0	0
Other MRTs	**Value €**	**No. of recipients**
Severance payments awarded in previous periods	0	0

VII. The amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments:

Senior Management MRTs	**Value €**	**No. of recipients**
Severance payments awarded during the period	0	0
Other MRTs	**Value €**	**No. of recipients**
Severance payments awarded during the period	0	0

VIII. The highest severance payment that has been awarded to a single person:

All MRTs	**Value €**
Highest payment awarded to a single person	0

IX. The Firm does not benefit from a derogation laid down in Article 32(4) of Directive (EU) 2019/2034.

W www.brewindolphin.ie
E info@brewin.ie

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