



# ANNUAL REPORT 2022



# United Bankers Group

**A N N U A L R E P O R T 2 0 2 2**

United Bankers Plc

Annual Report 2022

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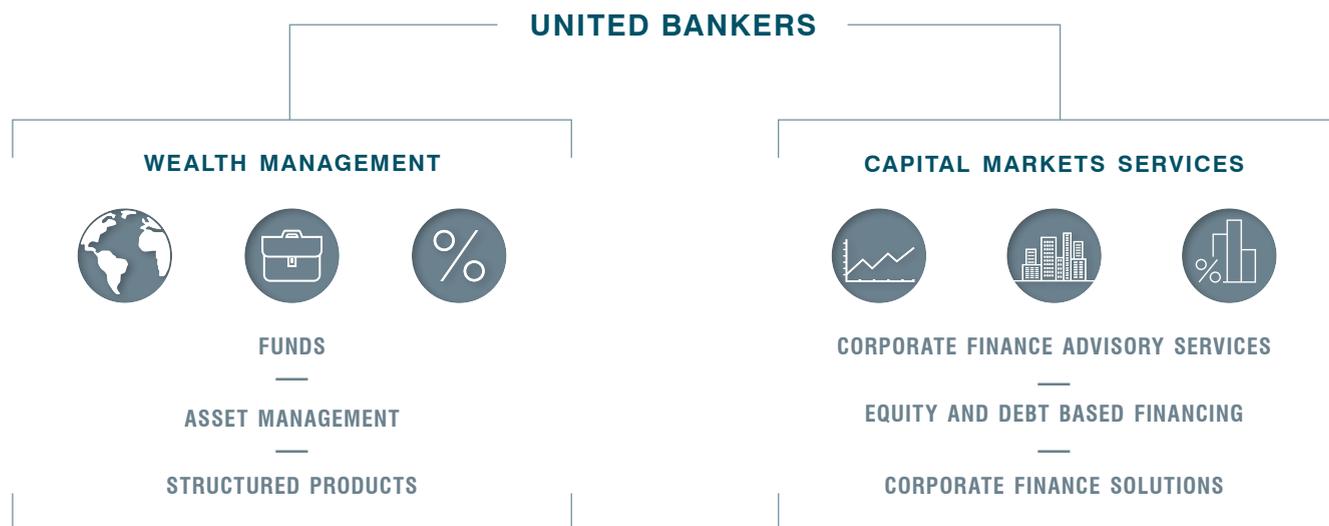
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# United Bankers in brief

United Bankers Plc is a Finnish asset management and investment market expert. United Bankers has two business areas, wealth management and capital markets services. In wealth management, the Group specialises in real asset investments including forest, real estate and infrastructure funds. The majority of the income from operations is generated by wealth management segment, whose customers include individuals, companies and institutions. United Bankers' main market area is Finland, but the Group also actively offers its services in Sweden. Versatile real asset investment solutions have been the spearheads, as the company has expanded the distribution of its products to other Nordic countries and the Central European market in recent years. United Bankers' aim is to be the leading Nordic alternative asset manager and the most trusted partner to its clients.





UB GROUP FOUNDED

**1986**

INVESTMENT PROFESSIONALS

**~150**

ASSETS UNDER MANAGEMENT

bn eur **4.4**

FUNDS

**22**

**Listed on Nasdaq Helsinki Stock  
Exchange Ltd**

**MISSION**



**Building wealth in a responsible way**





# CEO Patrick Anderson



**Annus horribilis 2022 followed the two consecutive coronavirus years, transforming the geopolitical situation in Europe as well as our interest rate and inflation environment. It was a difficult year for the stock market and a particularly difficult year for the fixed income market. Over EUR 25 billion worth of capital evaporated from the Finnish fund market in the form of redemptions and impairments, rendering it the weakest year ever in the history of the Finnish fund market. For these reasons, the past year was indeed more challenging for asset managers than previous years. Considering the circumstances, United Bankers had a very strong year. Measured by revenue and operating profit, the year was the best in the company's 36-year history and the end of 2022 was the single best half-year period. The year also marked the fourth consecutive year in which our company smashed the previous record result.**







Coping with the challenges of *annus horribilis* was yet again an excellent indication of the company's resilience in exceptional circumstances. The company's business is diversified and inflation is not only a negative phenomenon for the company, thanks to a strong portfolio of real asset investments. Diversification will improve further in the future, as a fourth pillar, private equity, will gradually emerge alongside real estate, forest and listed real estate and infrastructure, on the construction of which considerable time and resources were expended in 2022. The effects on revenue and earnings will begin to be apparent from the financial period 2023 onwards.

The revenue of the United Bankers Group in 2022 increased by 10.8 per cent, amounting to EUR 48.6 million. Our adjusted EBITDA improved by 13.7 per cent, to EUR 18.5 million. In turn, our adjusted operating profit increased by 14.9 per cent to EUR 16.6 million and the profit for the financial year increased by 14.8 per cent to EUR 12.9 million. In the wealth management segment, net fee income increased by 17.4 per cent to EUR 41.4 million, while in capital markets services, net fee income decreased by 35.6 per cent to EUR 1.7 million. Due to the challenging market, our assets under management decreased by 8.1 per cent to EUR 4.4 billion. Net subscriptions for our funds were EUR 48.1 million on the positive side. Our cost-to-income ratio continued to improve to 0.65 (0.66 in 2021).

Although it was an outstanding year in light of the figures, it was also twofold from a business perspective. The returns from our forest funds were excellent and those of our real estate funds were good. The returns of our wealth management models were at the absolute top of the Finnish asset management market, thanks to the positive returns on real assets and successful allocation choices. During the year, real estate and forest funds raised approximately EUR 160 million in net subscriptions and the capital thereof grew by over 26 per cent. Our considerable investments in sustainability began to bear fruit. Following a prolonged quieter period, activity around structured products was also picking up thanks to increased volatility and rising interest rates.

On the other hand, the difficult year significantly slowed down our new sales, and our net subscriptions were exceptionally low, albeit positive. As capital continued to flow into funds investing in real property, nearly the same amount of capital was redeemed from funds investing in equity, fixed income and listed real estate. The year was also more challenging than usual for capital markets services. The company was also not able to escape the effects of inflation, as costs soared due to both external price pressures and our own strategic choices. Had it not been for the strong headwinds in the environment, the year could have become significantly stronger than it did.

In total, net income from funds increased by over 20 per cent compared to the previous year. Their proportion of the Group's total fee income also continued to climb. Net income from funds accounted for 86 per cent of the net fee income of the wealth management segment and 83 per cent of the net fee income of the Group. The growth of over 26 per cent in real estate and forest funds attained in 2022 will further enhance the predictability of fixed fees in the current year. At the same time, it will also serve to increase the potential for performance-linked fees.

In 2022, we focused on launching the operations of and fundraising for UB Forest Industry Green Growth I (UB FIGG), a private equity fund focused on the transformation of the forest industry. UB FIGG was able to commence its investment activities in January 2023 having raised in excess of EUR 100 million in capital. The fund's overall target size is EUR 300 million. Indeed, UB FIGG is a strategically significant opening for United Bankers and at the same time, an example of the company's new direction in the alternative investment fund market – a direction that will be continued during 2023. We want to be increasingly involved in solving the challenges of the world while simultaneously delivering excellent risk-adjusted returns for our clients.

In 2022, we accelerated our work to develop both the company's sustainability and sustainability reporting, and reporting and devel-

opment of our responsible investment activities. The focus areas of the company's responsibility are a) sustainable products and good stakeholder and client relations, b) meaningful and inspiring work, and c) reliable and transparent governance. The day-to-day activities of United Bankers are guided by our values: client orientation, agility and team spirit. In 2022, we further reinforced our ESG organisation, updated our principles for responsible investment, published the sustainability ratings (SFDR) of our funds, implemented the sustainability preferences of our clients as part of our investment advice and committed to the UN's human rights principles (UNGP). We also continued to develop the sustainability risk assessment and commenced work on defining our strategic climate targets.

United Bankers will be publishing an even more comprehensive sustainability report for 2022 as part of its annual report. The applied reporting framework consists of the sustainability reporting standards defined by the Global Reporting Initiative (GRI). As part of this report, the company will also for the first time be reporting on the climate risks of its operations in accordance with the recommendations of the TCFD. The above-mentioned measures create a solid foundation for the preparation of the company's climate roadmap and the attainment of future carbon neutrality targets.

Enthusiastic and professional employees are at the heart of United Bankers' sustainability. Based on the results of the 2022 employee survey, United Bankers was for the first time awarded the Most Inspiring Workplaces in Finland 2022 award. The company's Board of Directors also approved the diversity targets set for the Group.

I would like to take this opportunity to thank the stellar UB team for once again managing our clients and our clients' assets commendably, operating in exceptional circumstances for the third consecutive year. I would like to extend my gratitude to all our clients, both institutional and private, both Finnish and international, for their unwavering trust in us during this difficult year. I would also like to thank our partners for all your assistance, support and solid expertise, all of which are essential ingredients in providing excellent services and creating first-class customer experiences. The work carried out in 2022 creates a strong foundation for us to continue creating value for our clients and other stakeholders, albeit there is no absolute certainty of the difficult times being behind us just yet. However, the resilience of the real economy in 2022 and the strong recovery in capital markets in recent months are giving rise to hopes that this crisis, too, shall pass as every previous crisis has. Also going forward, uncertainty within the operating environment will not necessarily be synonymous with an adverse business environment, especially when it comes to a wealth manager specialising in real assets.

**Patrick Anderson – CEO, United Bankers Plc**



# Year 2022 in figures

## REVENUE

Meur **48.6**

GROWTH COMPARED  
TO THE PRECEDING YEAR

**+10.8%**

## ADJUSTED OPERATING PROFIT

Meur **16.6**

GROWTH COMPARED  
TO THE PRECEDING YEAR

**+14.9%**

## ADJUSTED EBITDA

Meur **18.5**

GROWTH COMPARED  
TO THE PRECEDING YEAR

**+13.7%**

## ADJUSTED OPERATING PROFIT, % OF REVENUE

**34.1**

IN 2021

**32.9**



# Year 2022 in figures

## PROFIT FOR THE FINANCIAL PERIOD

Meur **12.9**

GROWTH COMPARED  
TO THE PRECEDING YEAR

**+14.8%**

## ASSETS UNDER MANAGEMENT

bn eur **4.4**

CHANGE COMPARED  
TO THE PRECEDING YEAR

**-8.1%**

## EARNINGS PER SHARE

eur **1.19**

GROWTH COMPARED  
TO THE PRECEDING YEAR

**19.3%**

## COST-TO-INCOME RATIO

**0.65**

IN 2021

**0.66**

## PERSONNEL\*

**148**

\* United Bankers Plc states the number of personnel converted to full-time equivalent (FTE).



# Board of Directors



## **Johan Linder — Chairman of the Board**

Johan Linder has been a Chairman of the Board since 2010. He has also held management positions and acted as the Chairman of the Board in various United Bankers Group companies since 1987. Linder holds a Master of Laws degree. He owns a total of 35,000 UB shares.



## **Rasmus Finnilä**

Rasmus Finnilä has been a member of the Board since 2022. He was also a member of the Board from 2013 to 2020, and has been a Board member in various United Bankers Group companies since 2021. Since 1987, he has been working in the United Bankers Group as an asset manager. Finnilä has a Master's degree in Economics. He owns a total of 1,078,541 UB shares through Jarafi Ltd.



## **Rainer Häggblom**

Rainer Häggblom has been a member of the Board since 2014. Häggblom is a Chairman of the Board of Häggblom & Partners Ltd, The Forest Company Ltd, and Vision Hunters Ltd. Before his current duties, Häggblom has had a long career in the global forest industry, for example at Jaakko Pöyry Consulting and Vaahto Group Plc. Häggblom has a Master's degree in Agriculture and Forestry and a Master's degree in Economics. He owns a total of 61,480 UB shares personally, through HH Capital Ltd, and Häggblom & Partners Ltd.



## **Lennart Robertsson**

Lennart Robertsson has been a member of the Board since 2017 and a Vice Chairman since 2018. Robertsson has an extensive experience in companies representing a wide range of industries, and has held a number of international positions. Robertsson has had a long career in ASSA ABLOY Group and Statoil. He currently acts as an advisor to entrepreneurs, owners, management teams, and boards on various strategic issues and corporate arrangements. He is also a Chairman or a member of the Board in several Swedish companies. He has a Bachelor's degree in Economics. He owns a total of 2,410 UB shares through InterFagervik AB.



### **Antti Asunmaa**

Antti Asunmaa was a member of the Board since 2018. Asunmaa announced his resignation from the Board of Directors of the company as of 4 November 2022.

He was a full-time Chairman of the Board of UB Brokerage Company Ltd, UB Asset Management Ltd, and a Chairman of the Board or a member of the Board in several other companies belonging to the United Bankers Group. He is a Chairman of the Board of Amos Partners Ltd and Taito Capital Ltd, and a member of the Board of Future Group Ltd. He has a Master's degree in Economics. Asunmaa owns a total of 1,089,144 UB shares through Amos Partners Ltd.



### **Tarja Pääkkönen**

Tarja Pääkkönen has been a member of the Board of since 2018. Pääkkönen has years of experience on the boards of both listed and growth companies. She is a partner in Boardman Ltd, and has a Doctorate in Technology with a thesis on business strategies and a Master's degree in Engineering. She owns a total of 8,817 UB shares.



### **Eero Suomela**

Eero Suomela has been a member of the Board of since 2020.

Eero Suomela is a full-time board professional. He has almost forty years of experience in auditing in various industries and more than thirty years of experience in management positions. Suomela has a Master's degree in Economics and is an authorised auditor. He owns a total of 3,500 UB shares.



# Management team



— With 100 years of experience —

**United Bankers' management team is a well-welded team with a broad expertise and experience to support the development of the company. The management team combines the best skills of long-time UB members and more recent reinforcements. The team has a strong track record in implementing the company's strategy and building growth. The members of the management team have a total of one hundred years of experience in developing the United Bankers' business.**



## **Patrick Anderson**

CEO of United Bankers Plc, M.Sc. (Econ.). Employed by United Bankers since 2000. He owns a total of 609,525 UB shares personally, through Bockholmen Invest Ab, and Paadla AS.



### **Jani Lehti**

CEO of UB Asset Management Ltd, M.Sc. (Econ.). Employed by United Bankers since 1994. He owns a total of 498,849 UB shares personally and through J. Lehti & Co Oy.



### **Timo Ronkainen**

Head of Institutional Asset Management, M.Sc. (Econ.). Employed by United Bankers since 2012. He owns a total of 239,795 UB shares personally and through Oy Ottiger Ab.



### **Jukka Rasku**

CEO of UB Brokerage Company Ltd, M.Sc. (Econ.). Employed by United Bankers since 2020. He owns a total of 4,713 UB shares.



### **Inka Noramaa**

Chief Communications Officer, M.Sc. (Econ.). Employed by United Bankers since 2000. She owns a total of 83,331 UB shares.



### **John Ojanperä**

CEO of UB Fund Management Company Ltd, M.Sc. (Econ.). Employed by United Bankers since 2014. He owns a total of 34,725 UB shares.



### **Jarkko Saukkola**

Chief Operating Officer, M.Sc. (Econ.). Employed by United Bankers since 2018. He owns a total of 9,936 UB shares.



# Financial key figures

## CONSOLIDATED KEY FIGURES

Income statement and profitability, EUR 1,000	1-12/2022	1-12/2021	1-12/2020	1-12/2019	1-12/2018
Revenue, EUR 1,000	48 256	43 828	34 358	32 477	29 705
EBITDA, EUR 1,000	18 121	16 257	10 043	7 674	7 087
EBITDA, % of revenue	37,6 %	37,1 %	29,2 %	23,6 %	23,9 %
Adjusted EBITDA	18 181	16 257	10 321	8 428	5 705
Adjusted EBITDA, % of revenue	37,7 %	37,1 %	30,0 %	26,0 %	19,2 %
Operating profit, EUR 1,000	16 200	14 319	8 350	5 929	5 391
Operating profit, % of revenue	33,6 %	32,7 %	24,3 %	18,3 %	18,1 %
Adjusted operating profit	16 259	14 419	8 627	6 683	4 008
Adjusted operating profit, % of revenue	33,7 %	32,9 %	25,1 %	20,6 %	13,5 %
Profit for the period, EUR 1,000	12 626	11 210	6 523	4 415	4 228
Profit for the period, % of revenue	26,2 %	25,6 %	19,0 %	13,6 %	14,2 %
Earnings per share, EUR	1,16	1,00	0,60	0,44	0,46
Earnings per share, EUR (diluted)	1,14	0,98	0,59	0,43	0,43
Cost-to-income ratio	0,66	0,66	0,74	0,80	0,80
Return on equity (ROE), %	27,3 %	26,9 %	17,1 %	13,1 %	16,9 %
Return on assets (ROA), %	16,9 %	16,4 %	10,8 %	7,7 %	8,8 %
Average number of shares	10 557 789	10 396 110	10 423 731	10 011 898	9 436 980
Average number of shares (diluted)	10 786 525	10 513 493	10 501 133	10 168 010	9 967 775



<b>Other key figures</b>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Distribution of funds per share, EUR	0,90**	0,80***	0,51	0,43	0,41
Equity per share, EUR	4,49	4,19	3,73	3,56	3,16
Share price at the end of the period, EUR	13,60	14,20	10,70	8,80	6,60
Market capitalisation, EUR 1,000	145 438	148 275	111 728	91 889	63 788
Equity ratio, %	67,1 %	56,7 %	66,9 %	59,5 %	58,3 %
Capital adequacy ratio, %	24,0 %	24,9 %	17,8 %	22,9 %	11,9 %
Personnel at the end of the period (FTE)*	148	137	129	135	130
Number of clients at the end of the period	14 400	14 100	15 700	15 950	14 100
Assets under management at the end of the period, MEUR	4 411	4 800	3 772	3 565	2 909
Number of shares at the end of the period (outstanding shares)	10 628 312	10 384 428	10 402 198	10 403 660	9 590 913

\*The number of personnel stated has been converted to full-time personnel

\*\*The Board of Directors' proposal concerning distribution of funds for the 2022 financial period: a dividend of EUR 0.75 and an equity repayment of EUR 0.15.

\*\*\*Dividend for the 2021 financial period confirmed by the Annual General Meeting of Shareholders on 23 March 2022. Ordinary dividend of EUR 0.70 per share and an extra dividend of EUR 0.10.

<b>Reconciliation of adjusted key figures and items affecting comparability</b>	<b>1-12/2022</b>	<b>1-12/2021</b>	<b>1-12/2020</b>	<b>1-12/2019</b>	<b>1-12/2018</b>
Items affecting comparability					
Sales proceeds of disposals	-	-	-	-	-647
Effect of sold businesses to consolidated profit and loss	-	-	-	-	-782
Non-operative costs and earn-out payments on acquisitions	59	-	39	390	47
Costs of listing on the Helsinki Stock Exchange	-	-	239	-	-
Payments on the discount of personnel issue according to IFRS 2	-	-	-	364	-
Write-down of goodwill (no impact on adjusted EBITDA)	-	100	-	-	-
<b>Total items affecting comparability</b>	<b>59</b>	<b>100</b>	<b>278</b>	<b>754</b>	<b>-1 382</b>
EBITDA	18 121	16 257	10 043	7 674	7 087
Adjusted EBITDA	18 181	16 257	10 321	8 428	5 705
Operating profit	16 200	14 319	8 350	5 929	5 391
Adjusted operating profit	16 259	14 419	8 627	6 683	4 008



## FORMULAS FOR CALCULATING KEY FIGURES

### IFRS key indicators

Revenue	=	Income arising in the course of entity's ordinary activities
Profit/loss for the period	=	Directly from the income statement
Earnings per share	=	$\frac{\text{Profit or loss for the period attributable to owners of the parent company}}{\text{Weighted average number of shares outstanding during the period}}$
Tulos per osake (laimennusvaikutuksella oikaistu)	=	$\frac{\text{Profit or loss for the period attributable to owners of the parent company}}{\text{Weighted average share issue adjusted number of shares outstanding during the period}}$

### Alternative key indicators

United Bankers Plc publishes other financial indicators in addition to those required by IFRS to describe the performance and financial position of its business. In addition to the key indicators derived directly from the income statement, United Bankers uses adjusted EBITDA and adjusted operating profit as key indicators in its reporting in order to provide a better picture of the performance of ongoing business and to improve comparability between reporting periods. Adjusted key figures are adjusted for items affecting comparability, such as the impacts of corporate restructuring on operating income and expenses, as well as certain material non-business items. United Bankers presents adjusted indicators as part of the published key indicators.

EBITDA	=	Operating profit/loss + depreciation of tangible assets and amortisation of intangible assets
Operating profit/loss	=	Revenue - fee and commission expenses - interest expenses - administrative expenses - depreciation, amortisation and impairment - other operating expenses
Adjusted EBITDA	=	EBITDA +/- items affecting comparability
Adjusted operating profit/loss	=	Operating profit/loss +/- items affecting comparability
Items affecting comparability		Material items that differ from continuing operations, such as: <ul style="list-style-type: none"><li>- impacts of corporate restructuring on financial performance</li><li>- operating income and losses related to corporate restructuring</li><li>- earn-out payments on acquisitions</li><li>- other non-operational items affecting comparability</li></ul>
Return on equity (ROE), % (floating 12 months)	=	$\frac{\text{Operating profit/loss - taxes on income (floating 12 months)}}{\text{Equity + non-controlling interest (average of beginning and end of period)}} \times 100$
Return on assets (ROA), % (floating 12 months)	=	$\frac{\text{Operating profit/loss - taxes on income (floating 12 months)}}{\text{Total assets (average of beginning and end of period)}} \times 100$
Cost-to-income ratio	=	$\frac{\text{Fee and commission expenses + interest expenses + administrative expenses + depreciation of tangible assets and amortisation of intangible assets (excl. amortisation of customer relationships + other operating expenses + impairment of other receivables)}}{\text{Operating income}}$
Distribution of funds per share	=	Dividends or equity repayment declared or proposed to be declared for the period
Equity per share	=	$\frac{\text{Equity}}{\text{Undiluted number of outstanding shares at the end of the period}}$
Equity ratio, %	=	$\frac{\text{Equity and non-controlling interest}}{\text{Total assets}} \times 100$
Capital adequacy ratio, %	=	$\frac{\text{Group CET1}}{\text{Total risk-weighted commitments}} \times 100$
Market capitalisation	=	Number of shares at the end of the period x closing price for the period



# Board of Directors' Report

1.1.-31.12.2022

## Performance of assets under management

(comparison figures as at 31 December 2021)

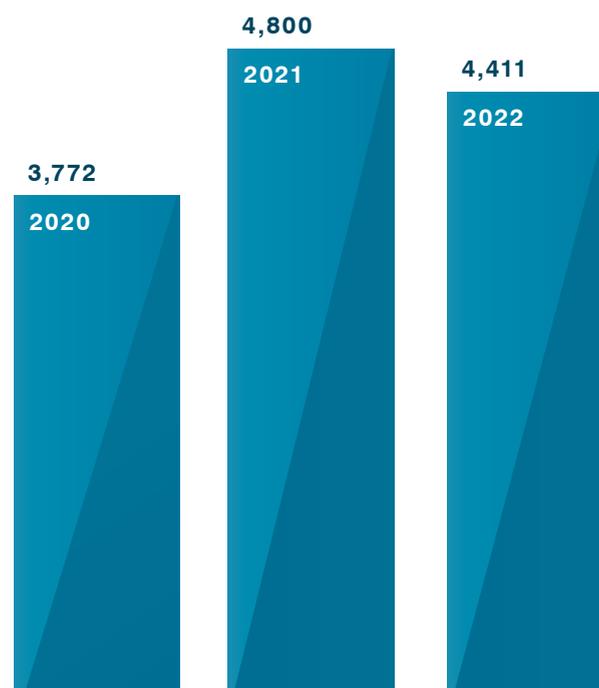
The amount of the company's assets under management decreased to EUR 4,411 million (EUR 4,800 million) during the financial period. This represents a decrease of 8.1 per cent from the level at the end of 2021.

The overall weak market situation had an adverse impact on the development of assets under management. Stock market returns remained notably negative in 2022, and the development of fixed income investments was also exceptionally poor. During the latter part of the year, the rapidly rising interest rates were also widely causing pressure for the valuations of a variety of real estates. The negative returns of United Bankers' equity and fixed income funds decreased the funds' capital from the year before. The Group's forest and real estate funds, on the other hand, attained positive returns despite the difficult environment. A significant portion of United Bankers' assets under management are invested specifically in real estate and forest funds, which contributed to the fact that the impact of the poor development of the investment market on capital was less than the general market development.

Concerns about the weakening outlook for the economy and uncertainty in the investment markets caused redemptions to soar, especially from equity and fixed income funds. Net subscriptions for United Bankers' equity and fixed income funds indeed remained notably negative during 2022. On the other hand, forest and real estate funds offering more stable return potential continued to attract new capital, and they raised net subscriptions of almost EUR 160 million during the year (including the called-in capital of funds in the form of limited partnerships). All in all, United Bankers managed to accumulate positive net subscriptions for its funds during

the year, while at the same time the net subscriptions collected by domestic fund management companies generally remained on the negative side.

The Group's assets under management also decreased due to the transfer of the administration of Visio Allocator and Visio Compounder funds away from UB Fund Management Company Ltd. The transfer of the administration became effective on 1 October 2022. The impact on the amount of assets under management relative to the situation at the end of 2021 was approximately EUR 194 million.

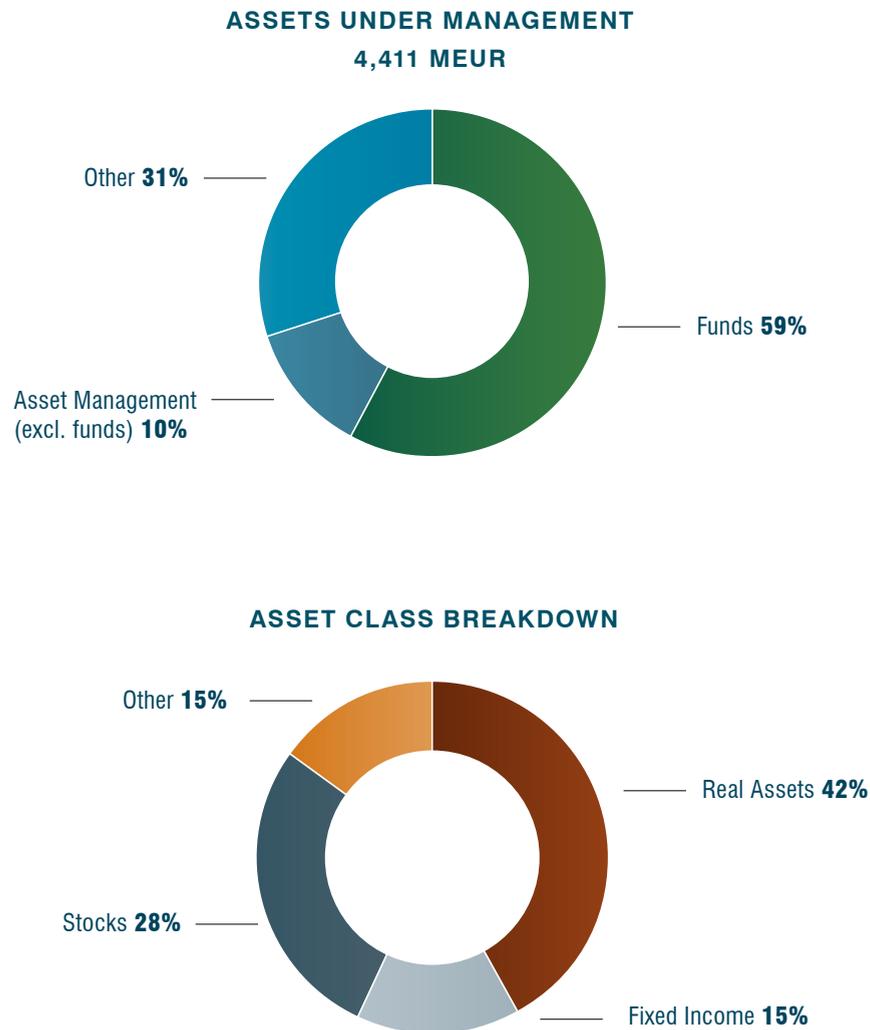


DEVELOPMENT OF ASSETS UNDER MANAGEMENT  
MEUR



A total of EUR 3,060 million worth of United Bankers' assets under management were invested in wealth management services and funds generating recurring fees. This corresponds to 69 per cent of the assets under management. A total of EUR 2,618 million (EUR 2,773 million) was invested in funds, i.e., 59 per cent of the Group's assets under management. Of the aforementioned fund capital, a total of EUR 1,842 million was invested in real assets investments (EUR 1,673 million). Indeed, the proportion of same increased to already 42 per cent of the Group's assets under management and to as much as 70 per cent of the fund assets.

The number of United Bankers' clients increased slightly from the end of the previous financial period to 14,400 (14,100 clients). Increasing the number of clients is not the company's primary objective, but, rather, the aim is to increase the amount of assets under management per client. Furthermore, the company pays more attention to client-specific profitability and the development of client relationship management models.





## Operating environment

The operating environment of 2022 presented challenges on an exceptionally broad front. The strong economic recovery measures undertaken during the COVID-19 pandemic came to an end, zero interest rates became a thing of the past, and the returns of the equity and fixed income markets plummeted to sub-zero levels. The war of aggression instigated by Russia on Ukraine shocked the world and rendered the economic outlook bleaker not only in Europe, but also in the rest of the world.

Alongside the war, the severe acceleration of inflation became a central theme for 2022. As recently as in 2021, inflation was considered in the comments of central banks a mere transient phenomenon, which would begin to subside as economic activity normalised following the COVID-19 pandemic. However, the war in Ukraine and the strict restrictive measures upheld by China to contain the pandemic resulted in inflation continuing to rise during the year. Indeed, in 2022 inflation peaked at its highest level in forty years. In the United States, prices increased by 6.4 per cent on the annual level and in the eurozone by as much as 9.2 per cent. Inflation reached its highest level in the eurozone in October, amounting to a staggering 10.6 per cent.

As a result of the war of aggression instigated by Russia, the EU and also numerous other Western countries imposed extensive economic sanctions on Russia. This caused great pressure on commodity and energy prices to increase, accelerating inflation even further. The rise in the prices of natural gas and electricity caused an energy crisis in Europe, which in turn contributed to hampering the prerequisites for economic growth. The eurozone economy withstood the difficulties surprisingly well, with GDP growing by 3.3 per cent in 2022. In the United States, on the other hand, GDP growth remained at 2.1 per cent and in China at 3 per cent, with coronavirus restrictions stalling the country's economic growth.

As a result of the bleak economic outlook and the rapidly tightening monetary policy, stock market returns ended up markedly below

zero in 2022. In the United States, the stock market plummeted by 14.4 per cent (S&P 500 price index), in Europe by 12.9 per cent (STOXX Europe 600 price index) and in Finland by 16.4 per cent (OMX Helsinki Cap price index). Also the performance of the fixed income market was exceptionally weak during the year. For instance, the output of US government bonds (in euro) declined down to minus 12.3 per cent while the yield on corporate bonds with a higher credit rating in the eurozone was minus 16.9 per cent.

The uncertainty in the economy was also reflected in the Nordic real estate market, where the transaction volumes declined by 33 per cent from the previous year, to EUR 49 billion. The performance of the real estate market decelerated, particularly towards the end of the year, but thanks to the strong start to the year, the transaction volumes in the Nordic countries were still the second highest ever. According to the statistics, the volume of real estate transactions in Finland increased to EUR 7.8 billion. As a whole, the annual volume was approximately one per cent higher than in the previous year and the fourth highest figure ever. The proportion of international investors in Finland's transaction volume remained fairly high, at approximately 50 per cent.

Although real estate traditionally offers inflation protection, the rapid rise in interest rates also had an adverse effect on the real estate market. Indeed, as return requirements rose, property values generally declined. Especially in Sweden, but also in Finland and Denmark, property values fell, while in Norway, property values were actually increasing somewhat. The rapid increase in interest rates had a significant impact on the value of apartments in particular, and trading in the housing market decelerated markedly during the remainder of 2022.

The operating environment of the forest sector remained favorable for the forest property investor, albeit the war in Ukraine and the impaired economic outlook added to the uncertainty in the market. In 2022, the volume of timber trade in Finland fell slightly short of the level of the previous year, which is partially explained by the labor market disputes between the forest company UPM-Kymmene and the Finnish Paperworkers' Union during the first half of the year.



However, trading picked up discernibly towards the summer, and the fall season was already a very active time in the timber market. In terms of timber prices, the year also progressed on an upward curve. In the summer, the real average prices of log wood to a large extent exceeded the reference prices of the previous year, but in the fall, the price development levelled off due not only to the seasonality of the market but also to the effects of the impaired economic outlook in the timber products industry. The positive momentum of the chemical forest industry, in turn, raised the average prices of pulpwood throughout the year. This development was also supported by the strong rise in the demand for and price of energy wood. In the prevailing market situation, the prices of forest properties also continued on an uptrend in both Finland and the Baltics.

In the forest sector, the effects of the war-of-aggression instigated by Russia were particularly demonstrated in the scarcity of timber raw materials and timber products, as exports from Russia, Belarus and Ukraine ebbed. As a result, substitute demand for end products was directed, for instance, to Finland and the Baltics, thereby increasing the demand for timber in these countries.

The impairment of the economic outlook and the uncertainty that was symptomatic of the investment market throughout the year were reflected in the overall demand for wealth management services and funds in 2022. According to the December Fund Report of Investment Research Finland, large amounts of capital were redeemed from Finnish investment funds during the year. The capital of funds managed by fund management companies registered in Finland also declined as a result of poor market development. At the end of the year, the combined fund capital had declined by as much as 16 per cent to EUR 133.6 billion, while at the end of 2021 the figure was still EUR 158.9 billion. The net subscriptions for funds registered in Finland fell in total EUR 4.4 billion on the negative side for the entire year. Capital was redeemed from both equity and fixed income funds. By contrast, the net subscriptions of mixed funds and alternative investment funds, including also real estate and forest funds, were positive in 2022.

The impairment of the market environment was also widely reflected in capital markets and corporate arrangements. Especially in Finland, numerous listings or corporate acquisitions were cancelled or postponed in anticipation of a more favorable environment. As a result, the overall demand for advisory services indeed declined notably from the level of the record-breaking 2021.

Alongside the impact of the economic and political environment, the modern world recognises that climate change and biodiversity loss can also pose risks to financial stability. Mapping and measuring climate risks already constitutes part of the everyday life of many companies, but also the threat posed by the loss of biodiversity to economic activity is beginning to set in. The investment and financial sector play a crucial role in channeling financing to environmentally and socially sustainable companies and businesses.

The possibilities of investors to be informed about the sustainability of their investments and to influence through their choices have also played a role in the background of the EU's Sustainable Finance Regulation, which entered into force in 2022. The Disclosure Regulation (SFDR) requires investors to be informed about sustainability factors and for financial products to be categorised into different categories according to their level of sustainability. In August 2022, a new regulation entered into force, obligating an investment services provider to identify a client's sustainability preferences in a suitability assessment and to adjust the range of financial products recommended to the client in line with such preferences. The EU-level disclosure and reporting obligation for investors on sustainability issues related to the regulation of sustainable finance will continue to expand further in the coming years.



## Group revenue and profit performance 2022

(comparison figures as at 31 December 2021)

Despite the headwind in the markets, United Bankers managed yet again to increase its revenue and its profit to a record-breaking level. The revenue of the Group (income from operations) increased during the financial period to EUR 48.6 million (EUR 43.8 million), increasing by 10.8 per cent from the previous year. The Group's adjusted EBITDA for the financial period increased by 13.7 per cent to EUR 18.5 million (EUR 16.3 million). Return on equity improved to 27.9 per cent (26.9 per cent).

The growth in profits was propelled particularly by the fund performance fees, but also the fund management fees exhibited positive development. The profitability of the Group improved slightly during the financial period, albeit the inflationary environment, the new financial industry regulation and growth investments caused pressure for also United Bankers' costs to increase. The adjusted

operating profit percentage increased during the financial period to 34.1 per cent (32.9 per cent). The Group's adjusted operating profit amounted to EUR 16.6 million (EUR 14.4 million), a growth of 14.9 per cent compared to the previous year. The operating profit increased by 15.3 per cent to EUR 16.5 million (EUR 14.3 million). Earnings per share were EUR 1.19 (EUR 1.00).

The year 2022 entailed a myriad of challenges for the operating environment. The economic growth outlook became gloomier and the investment market performance was poor both in the equity and in the fixed income markets. The uncertain economic environment was reflected in the demand for the products and services provided by both of the business segments of the Group, wealth management and capital markets services. The prolongation of the war in Ukraine and the rapid rise in interest rates caused growing concerns, especially towards the end of the year, of the economy being plunged into a recession. In the second half of 2022, the growth rate of United Bankers' revenue and earnings, indeed, decelerated somewhat relative to the first half of the year and the very strong comparison period.



United Bankers' fund selection, with its emphasis on real assets, played a key role in the continuation of the favourable earnings development in 2022. Specialisation in real asset investment solutions in wealth management has now proven its effectiveness in many different market conditions. In 2022, investors generally redeemed capital from Finnish funds. In this environment, United Bankers managed to achieve positive net subscriptions. Capital grew particularly in forest and real estate funds, compensating for redemptions from equity and fixed income funds. Indeed, the capital of some increased by more than a quarter from the previous year, which can be considered a very good achievement in the prevailing market conditions. Real estate and forest funds also offered positive returns while the returns of the equity and fixed income markets remained markedly negative throughout the year.

In total, net income from funds grew by over 20 per cent compared to the previous year. Their proportion of the Group's total fee income also continued to increase. The net income from funds accounted for 86 per cent of the net fee income of the wealth management business and 83 per cent of the Group's net fee income. Net income from asset management, including discretionary asset management, declined, on the other hand, to a level slightly lower than in the previous year.

The growth in performance fees received from funds is explained in particular by the strong performance fees of forest funds. The amount of management fees also increased, even though fund capital as a whole, decreased from the comparison period. This was due to the previously mentioned shifting of capital to the funds most profitable for the company.

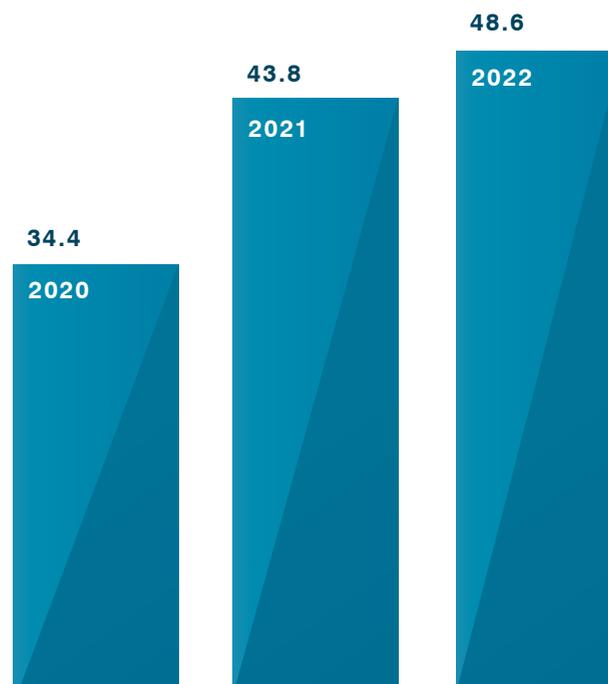
For structured investment products, the operating environment has been rather difficult in recent years. However, in 2022, the market situation improved markedly due to rising interest rates, which supported the issuance of new products. Indeed, fee income from structured products increased notably during the financial period.

The revenue and profit of the capital markets services business declined considerably from the previous year as the uncertain market conditions were reflected in the demand for services. Furthermore, the shrinking operations of UB Finance Ltd, the provider of an online corporate lending platform, continued to burden the profitabili-

ty of the segment. New loans are no longer being provided through the online corporate lending platform of UB Finance, and it is the objective of United Bankers to wind down the business operations of UB Finance once the last outstanding loans and the interest on same have been paid to the investors or the loan pool has been sold.

The segment-specific figures are presented in more detail in the following sections describing the development of the business segments.

The Group's total expenses increased from the previous financial period. Administrative expenses including personnel and other administrative expenses rose by 11.5 per cent to EUR 24.2 million (EUR 21.7 million). Total personnel expenses increased by 7.8 per cent to EUR 17.5 million. Depreciation, amortisation and impair-



**REVENUE DEVELOPMENT**  
MEUR

ment remained at the level of the previous year and amounted to EUR 1.9 million. In relation to personnel expenses, variable salaries decreased from the previous year, mitigating the impact of the increase in fixed salaries. The number of personnel converted into full-time employees grew by 8 per cent from the previous year and stood at 148 persons (137 persons) at the end of the year. Of this, a total of 6 persons (8 persons) were fixed-term employees.

Also other administrative expenses increased during the financial period relative to the previous year. They were driven not only by the general increase in the level of costs, but also by United Bankers' investments in building an international sales network, as well as in developing new funds and launching their operations. In addition to developing new products, external consulting services were retained more than usual, for instance, in the business implementation of the EU's Sustainable Finance Regulation that entered into force and in promoting the sustainability of funds. Some of the legal and information security-related consulting expenses were of a non-recurring nature.

In 2022, United Bankers celebrated the 35th anniversary of its operations and organised related events for its clients and personnel. After the long period of remote work during the coronavirus years, the company felt it was important to bring the personnel to joint encounters. The efforts exerted towards promoting the team spirit were also reflected in the good results of the personnel survey.

In the spring, United Bankers renewed its online service where clients can follow the performance of their investment portfolios and do electronic transactions. An extensive technical reform was carried out in the service, enabling the increasingly efficient and flexible further development of the service. United Bankers will continue to develop its IT systems and digital services further with the aim of more efficient business operations and creating first-class customer experiences. The cost-to-income ratio improved from the previous year to 0.65 (0.66).

More information on the figures describing financial development is available in the tables section attached to the Board of Directors' Report.





## Business segments

### Wealth management segment

The United Bankers' wealth management business segment encompasses funds, asset management and structured investment products.

United Bankers is a forerunner in real asset investments in the Nordic market. The United Bankers fund selection includes versatile

real asset funds, including funds investing in direct real estate, funds investing in listed real estate and infrastructure companies, as well as forest funds. Additionally, United Bankers' fund assortment includes equity, fixed income and multi-strategy funds.

#### FEE INCOME FROM THE WEALTH MANAGEMENT BUSINESS SEGMENT

WEALTH MANAGEMENT EUR 1,000	1-12/2022	1-12/2021	change %*
<b>FUNDS</b>			
Management fees	23,100	19,273	19.9
Performance fees	14,438	11,504	25.5
Subscription and redemption fees	1,504	1,883	-20.1
<b>Income from funds</b>	<b>39,041</b>	<b>32,659</b>	<b>19.5</b>
Fee and commission expenses	-3,328	-2,994	11.2
<b>Net income from funds</b>	<b>35,712</b>	<b>29,665</b>	<b>20.4</b>
<b>ASSET MANAGEMENT</b>			
Income from asset management	5,365	6,506	-17.5
Fee and commission expenses	-1,490	-1,793	-16.9
<b>Net income from asset management</b>	<b>3,875</b>	<b>4,713</b>	<b>-17.8</b>
<b>STRUCTURED PRODUCTS</b>			
Income from structured products	2,157	1,177	83.2
Fee and commission expenses	-295	-249	18.2
<b>Net income from structured products</b>	<b>1,862</b>	<b>928</b>	<b>100.6</b>
<b>TOTAL FEE INCOME FROM WEALTH MANAGEMENT</b>	<b>46,562</b>	<b>40,342</b>	<b>15.4</b>
<b>NET FEE INCOME FROM WEALTH MANAGEMENT</b>	<b>41,449</b>	<b>35,307</b>	<b>17.4</b>

\* The percentage change has been calculated using the actual figures, the figures shown in the table have been rounded.



Despite the challenging market environment, the development of fee income in the Group's wealth management business continued strong during the financial period. Fee income increased by 15.4 per cent year-on-year and totalled EUR 46.6 million (EUR 40.3 million). United Bankers' strategic objective has been to increase the proportion of funds in its wealth management business and thus improve the predictability of the business. Indeed, the net income from funds accounted for 86 per cent of the net fee income within the wealth management segment during the financial period.

Income from funds increased to EUR 39.0 million (EUR 32.7 million), an increase of 19.5 per cent from the previous year. In particular, the positive development of forest and real estate funds was reflected in the performance fees of funds, which increased by 25.5 per cent from the previous year. The development of management fees was also positive and these grew by 19.9 per cent, albeit the fund capital diminished from the previous year. Income from asset management, on the other hand, remained 17.5 per cent lower than in the comparison period, at EUR 5.4 million (EUR 6.5 million) due in particular to the decrease in transaction fees. The management fees for discretionary asset management remained nearly at the level of the comparison period. The development of fee income from structured products was strong and it increased by 83.2 per cent to EUR 2.2 million (EUR 1.2 million). In total, net fee income from the wealth management business increased by 17.4 per cent to EUR 41.4 million (EUR 35.3 million). The EBITDA for the wealth management business increased to EUR 19.5 million (EUR 16.2 million) during the financial period, a growth of 20.9 per cent.

The expenses of the wealth management business increased during the financial period compared to the comparison period. Some of the underlying causes for the increase in costs included the previously mentioned investments in promoting international sales and building a network, as well as in the development of new funds. The multiple challenges in the operating environment slowed down both the promotion of international distribution and the fundraising of United Bankers' first real private equity fund, UB Forest Industry Green Growth Fund I LP. However, during the fall, United Bankers entered into distribution agreements in Germany and Switzerland. With these agreements, the potential for international sales is expected to materialise from 2023 onwards.

In the challenging market environment, the total sales of the Group's wealth management products and services remained at EUR 514.2 million (EUR 607.7 million), thus declining by 29.6 per cent compared to the previous financial period. The proportion of funds and wealth management of the total sales remained high at 85.5 per cent (90.4 per cent).

The Mutual Fund Report of Investment Research Finland, for its part, illustrates the challenging demand environment in 2022. According to the statistics, EUR 4.4 billion was redeemed from funds registered in Finland during the year. The net subscriptions for United Bankers' funds remained at EUR 48.1 million for the full year, thus clearly decreasing from the very strong comparison year (EUR 315.5 million). The net subscription amount includes the called-in capital of funds in the form of limited partnerships. However, in

#### PROFITABILITY OF THE WEALTH MANAGEMENT BUSINESS SEGMENT

<b>WEALTH MANAGEMENT EUR 1,000</b>	<b>1-12/2022</b>	<b>1-12/2021</b>	<b>change %*</b>
<b>REVENUE</b>	<b>46,831</b>	<b>40,401</b>	<b>15.9</b>
Fee and commission expenses	-5,113	-5,036	1.5
Administrative and other operating expenses	-22,177	-19,199	15.5
<b>EBITDA</b>	<b>19,540</b>	<b>16,167</b>	<b>20.9</b>

\* The percentage change has been calculated using the actual figures, the figures shown in the table have been rounded.



the second half of the year, redemptions from funds increased discernibly. Most capital was redeemed from equity and fixed income funds, while net subscriptions for forest and real estate funds remained markedly positive for the entire year. Viewed as a whole, capital indeed continued to flow from funds with a lower margin towards funds that are more profitable from the company's perspective.

The sharp decline in both the equity and fixed income markets was also widely reflected in the performance of United Bankers' funds, pushing the returns of almost all equity and fixed income funds into the red. By contrast, forest and real estate funds offered positive returns also in 2022. Indeed, the selection of funds focused on real assets and the fees generated by same served to balance out the company's profit development in a rather challenging operating environment.

Considering the circumstances, the sales of discretionary asset management and of the Private Investment Office asset management service geared towards the wealthiest retail clients developed positively during the year. In particular, sales of the UB 360 asset management model increased markedly from the previous year. Also the portfolio management results were excellent in the competitor comparison. Both the UB 360 and the PIO asset management strategies performed well above competitors' asset management funds or strategies with similar risk levels. As concerns UB 360 asset management, the most significant factor underlying the success was the significant cut in interest rate and corporate risk already at the end of 2021, as well as the significant underweight in the stock market at the beginning of the year. The non-benchmark strategy employed by the PIO asset management, and broad asset class diversification, allowed the execution of a strong vision in portfolios, the underweighting of fixed income investments and the partial replacement of equity risk with alternative investments.

The sales of structured investment products increased considerably compared to the previous year. During the financial period, the number of structured investment products launched by United Bankers remained at the level of the previous year at 22 investment products (23 in 2021), but the combined sales volume increased substantially to EUR 44.8 million (EUR 27.3 million). The

market situation for structured investment products altered significantly during the financial period. With the sharp surge in inflation, central banks began to raise key interest rates, which in turn was reflected in the severe rise in market interest rates from the very low levels that had prevailed for quite some time. This, paired with the increased volatility, facilitated the development of investment products on more attractive terms. In particular, the return levels of credit-linked products improved significantly as a result of the increase in the general interest rate level and risk premiums, entailing a strong increase in the sales of these products from the previous year. The sales of equity-linked products continued stable during the financial period, but the focus of investment loan sales was clearly on credit-linked products.

### **Real estate funds**

Accompanied by the changed economic environment, the Nordic real estate market, measured by transaction volume, remained about a third of the record level of 2021, with the number of deals being 16 per cent lower than the previous year. However, the transaction volume of the Nordic real estate market still exceeded the levels of, for example, 2019 and 2020. The challenging market environment demonstrated that a well-diversified real estate portfolio has its place in a balanced investment allocation. The broadly diversified real estate funds of United Bankers attained positive returns for the year and were still amongst United Bankers' most popular funds. Alternative Investment Funds UB Nordic Property and UB Finnish Properties collected a total of approximately EUR 71 million in net subscriptions during the year, even though growth slowed down in the second half of the year. At the end of the year the fund capital of the funds had risen to more than EUR 718 million.

The strategy of the UB Nordic Property Fund is to invest in real estate assets offering stable returns within the Nordics. In addition to geographical diversification, the fund offers broad diversification into different real estate segments. Target investments include logistics and production properties, offices, commercial properties, and plots of land. During 2022, the fund acquired five new real estate assets. Three of the properties are located in Norway, two in Denmark, and one in Sweden. In addition, the fund sold its minority



stake from a small logistics portfolio in Sweden that did not meet the fund's target returns anymore.

UB Nordic Property Fund is the largest fund in terms of capital that United Bankers has. By the end of the year the fund had grown to more than EUR 484 million (GAV) and to a total of EUR 528 million in real estate assets. UB Nordic Property Fund returned 7.69 per cent (Series I) in 2022.

UB Nordic Property Fund is classified as a so-called light green investment product according to the SFDR Article 8<sup>1</sup> of the EU regulation. During 2022, the fund's environmental goals were updated to include the goal of carbon neutrality by the year 2035 regarding energy consumption during operation.

UB Finnish Properties invests into real estate assets offering stable return potential in Finland. Target investment include plots of land, apartments, societal real estate, offices, logistics and storage properties, and other suitable real estate properties. Location wise, the emphasis is on the capital region and growth centers in Finland. During 2022, the fund acquired 11 new real estate assets. Acquisitions included societal real estate, retail assets, industrial and warehouse assets, and an undeveloped plot of land. In addition to the new acquisitions, two new care property developments were completed during the first half of the year. The fund also completed two new residential developments located in Tampere, Finland in December 2022. The project included two apartment buildings with a total of 149 residential units and two retail units and a parking garage.

By the end of the year the fund had grown to more than EUR 234 million (GAV) and to a total of EUR 211 million in real estate assets. UB Finnish Properties returned 2.25 per cent (Series I) in 2022.

UB Finnish Properties is classified as a so-called light green investment product according to the SFDR Article 81 of the EU regulation.

### **Listed real estate and infrastructure funds**

United Bankers has four regional funds investing in the shares of listed real estate, or REITs for short: UB Asia REIT Plus, UB European REIT, UB Global REIT, and UB North America REIT.

Following the general development of the stock market, the prices of listed real estate companies fell noticeably in 2022. In particular, rising interest rates as a result of rapidly tightening monetary policy posed a challenge for listed real estate companies. Increasing financing costs put upward pressure on the yield requirements from real estate investments, which was anticipated to lead to a decrease in real estate values.

The stock prices of listed real estate companies typically predict the expected changes in the values of the properties they own. This also happened in 2022, when real estate values themselves were still relatively stable, but the prices of listed real estate companies fell sharply, reflecting the downward pressure on real estate values. As a result, the valuation difference of listed real estate companies in relation to the balance sheet values and the values of the properties they own was exceptionally large at the end of 2022. The challenging market environment was also reflected in the returns of United Bankers' REIT funds, which remained negative for all funds in 2022: UB European REIT -29.6 per cent, UB Global REIT -23.1 per cent, UB Asia REIT Plus -6.3 per cent and UB North America REIT -17.9 per cent. However, in Morningstar's comparison, the funds performed excellently in their respective comparison groups: UB North America REIT and UB Asia REIT Plus were the best-performing funds in their comparison group, and UB European REIT ranked fourth (among 12 funds).

<sup>1</sup> According to the EU Sustainable Finance Disclosure Regulation (SFDR), an Article 8 fund is defined as a fund that contributes to environmental or social objectives or a combination thereof, in addition to other objectives, provided that the companies invested in comply with good governance practices.



United Bankers has two funds investing in the shares of infrastructure companies: UB Infra, which invests globally in OECD countries, and UB EM Infra, investing in the emerging markets.

Infrastructure stocks in developed countries fell slightly during 2022, but clearly less than the stock market on average. The companies' results generally developed favorably, but the rapid rise in interest rates weakened the attractiveness of infrastructure companies with typically higher dividend yield.

The recovery of infrastructure stocks in emerging markets continued in 2022, regardless of the pandemic that still plagued China in particular until the very end of the year. The historically low valuation levels of emerging markets created a good basis for the market to continue to strengthen despite rising interest rates.

The development of infrastructure stocks' return, which was stronger than the general market return, and especially the relative strength of emerging markets, was also reflected in the development of the UB EM Infra fund. It was one of the few funds investing in the stock market, whose return reached a positive 0.5 per cent. The return for the UB Infra fund remained slightly negative at 4.9 per cent. Thanks to the more stable of infrastructure companies compared to the stock market in general, funds investing in listed infrastructure companies offered investors an excellent diversification benefit.

Investors generally redeemed capital from equity funds due to the prevailing uncertain market. This phenomenon was also reflected in United Bankers' REIT and Infra funds. Their net subscriptions were clearly in the red for the entire year also as a result of redemptions related to the strategic allocation change of one large institutional investor.

## **Forest funds**

Forest assets are a great fit for the world of responsible investment – a well-managed forest is a substantial carbon storage and sink. Additionally, forest as an investment object offers protection against inflation and has a low correlation with the performance of the equity market. Indeed, the popularity of timberland investing

has continued to mount in the past few years, and today timberland is viewed as an essential asset class among others.

United Bankers' forest funds offer investors a diversified and professionally managed timberland portfolio that enables an effortless method of investing in an interesting real asset class. The United Bankers' forest fund selection features three funds investing directly in forest properties: UB Timberland Fund (AIF) and UB Nordic Forest Fund II LP invest in forest properties in Finland; UB Nordic Forest Fund III LP, in turn, invests in forest properties within the Baltic Sea region. UB Timberland Global Fund (AIF) invests globally in forests, forest industry and the further processing of forest industry end-products.

The interest exhibited by investors towards United Bankers' timberland investment solutions continued strong. The UB Timberland Fund (AIF) investing in Finnish forest properties welcomed during the year net subscriptions totalling nearly EUR 64 million. In June, the fund collected record net subscriptions of EUR 61 million. Fund's September subscription window was closed.

From forest funds, also UB Nordic Forest Fund III called in EUR 17.8 million worth of capital in March. This represented the last instalment of the fund's investment commitments totalling EUR 111.45 million. The UB Nordic Forest Fund II fund has been closed to new investments.

At the close of the review period, the capitals of the four United Bankers' funds investing in the forestry sector: UB Timberland Fund (AIF), UB Timberland Global Fund (AIF) as well as UB Nordic Forest Fund II and III LP private equity fund amounted in total to EUR 648.9 million (EUR 499.5 million on 31 December 2021).

The low correlation of forest investments to the stock market brought investors an excellent diversification benefit in 2022. When the return on equity and fixed income markets remained clearly negative, United Bankers' funds investing directly in forest estates, continued to offer stable positive returns. The annual return generated by UB Timberland Fund (AIF) amounted to 8.5 per cent, UB Nordic Forest Fund II to 14.9 per cent (IRR) and UB Nordic Forest Fund III even to 24.7 per cent (IRR). The strong returns of the forest



funds can be explained, among other things, by the strongly increased inflation during the year, high investment rate of the funds and strong increase in forest land and timber prices, especially in the Baltics.

During the year, both UB Timberland Fund (AIF) and UB Nordic Forest Fund III continued to acquire forest properties aligned with their investment policy. The investment activities were facilitated by the active forest estate market. Owing to a severe price increase in the Estonian forest estates, UB Nordic Forest Fund III focused its acquisitions to objects meeting the investment criteria in other target markets. At the end of the year, the aggregate surface area of the properties owned by United Bankers' forest funds amounted to over 150,000 hectares, of which approximately 131,100 hectares in Finland, approximately 6,500 hectares in Estonia, approximately 10,600 hectares in Latvia and approximately 1,800 hectares in Lithuania. United Bankers is the leading Nordic forest fund house and the fourth largest private forest owner in Finland.

In 2022, 100 per cent of the forest properties in Finland owned by United Bankers' funds were certified under the PEFC™ and 76 per cent with the FSC® (FSC C109750) certificate<sup>2</sup>. Outside Finland, 44 per cent of the forest properties were certified with the FSC and 90 per cent with the PEFC certificate. Forests' level of certification is relatively high in United Bankers' funds, as of all forests in Finland, a total of approximately 85 per cent are certified with the PEFC

and only 10 per cent with the FSC certificate. Certification serves to demonstrate that the forest management is economically, socially and ecologically sustainable.

Fundraising and the launch of investment activities of United Bankers' private equity fund, UB Forest Industry Green Growth Fund I LP, investing in sustainable and resource efficient forest and bio-based industries, were delayed until January 2023 due to difficult operating environment and due diligence processes of a few key institutional investors. The costs of starting the fund's operations already burdened the result of the 2022 financial year, while income is expected to accumulate only when the fund starts its operations.

UB Forest Industry Green Growth Fund has high expectations. The fund complements United Bankers' strong competence in forestry investing, and aims to extend the product and service offerings in alternative investments. The fund is United Bankers' first spearhead product in private equity, and it has achieved a great deal of interest among international investors.

During the financial period, United Bankers also started preparations for a new forest fund investing extensively in the Baltic Sea region. The fund, aimed for professional investors, is expected to start its operations during the first half of 2023.

<sup>2</sup> There are two large certification systems in use internationally: FSC and PEFC. FSC is a system used by environmental and nature organisations. PEFC, in turn, is a system endorsed by forest owners' organisations and the forest industry. There are no significant differences between the criteria employed by the systems, albeit FSC places a slightly higher emphasis on factors related to the environment and the protection of same.

## Capital markets services business segment

United Bankers' capital markets services encompass the services of its subsidiaries UB Securities Ltd and UB Finance Ltd.

### FEE INCOME FROM THE CAPITAL MARKETS SERVICES BUSINESS SEGMENT

CAPITAL MARKETS SERVICES EUR 1,000	1-12/2022	1-12/2021	change %*
Income from capital markets services	1,772	2,963	-40.2
Fee and commission expenses	-27	-253	-89.4
<b>NET FEE INCOME FROM CAPITAL MARKETS SERVICES</b>	<b>1,745</b>	<b>2,710</b>	<b>-35.6</b>

\* The percentage change has been calculated using the actual figures, the figures shown in the table have been rounded.

Variations between different financial periods are typical for the development of United Bankers' capital markets services business, as segment revenues are dependent on the success fees typically associated with assignments and their timing. For the year 2022, the activity of the capital markets services remained low corresponding to the general development of the business segment. In 2022, the revenue of the capital markets services was clearly below the preceding year, and amounted to EUR 1.7 million (EUR 3.1 million). Net fee income from capital markets services business totalled to EUR 1.7 million (EUR 2.7 million), decreasing by 35.6 per cent compared to the preceding year. The EBITDA of the business segment declined during the review period to EUR 0.2 million (EUR 1.2 million), decreasing by 86.1 per cent from the comparison period.

In 2022, the operating environment in the capital markets shifted, becoming considerably more uncertain compared to 2021, when capital markets transactions along with mergers and acquisitions were carried out at a record-breaking pace. Although individual transactions continued to take place on the capital markets, a significant number of projects were moved to await a more favorable market situation. The challenges of the prevailing environment were also reflected to the operation of United Bankers' capital markets services segment. In particular, demand for advisory services declined as a result of the uncertain market situation, and delays were also experienced in the UB Securities' projects. However, it is likely, as the market recovers, that many previously initiated capital market transactions and financing arrangements will be completed as companies' financing and growth needs have not disappeared.

### PROFITABILITY OF THE CAPITAL MARKETS SERVICES BUSINESS SEGMENT

CAPITAL MARKETS SERVICES EUR 1,000	1-12/2022	1-12/2021	change %*
<b>REVENUE</b>	<b>1,745</b>	<b>3,072</b>	<b>-43.2</b>
Fee and commission expenses	-27	-253	-89.4
Administrative and other operating expenses	-1,548	-1,602	-3.4
<b>EBITDA</b>	<b>170</b>	<b>1,218</b>	<b>-86.1</b>

\* The percentage change has been calculated using the actual figures, the figures shown in the table have been rounded.



UB Securities, providing capital markets services, however participated in and carried out numerous capital markets transactions during the year. In March, UB Securities acted as the advisor for Herantis Pharma Plc in a directed share issue implemented as a private placement arrangement. Later in the spring, also a rights issue was carried out for Herantis Pharma. The rights issue was organised both in Finland and Sweden, due to Herantis being listed on Nasdaq First North Growth Market in both countries. During the fiscal year, two separate directed share issues were carried out for Optomed Plc, listed on Nasdaq Helsinki Stock Exchange Ltd, with UB Securities acting as the arranger and bookrunner. In addition, UB Securities acted as lead manager in Solwers Plc's, listed on the Nasdaq First North Growth Market, directed share issue. The issues for both Optomed and Solwers were implemented as a private placement arrangement. Furthermore, the company acted as an exclusive financial advisor in a directed share issue of Ruokaboksi Finland Ltd.

UB Securities is acting as the Certified Advisor for Arctic Minerals AB (publ) in the Nasdaq First North Growth Market in Sweden, as Herantis Pharma Plc's Certified Advisor in the Nasdaq First North Growth Market in Finland and Sweden, as well as the Certified Advisor for Solwers Plc and Aiforia Technologies Plc in the Nasdaq First North Growth Market in Finland.

As concerns the online corporate lending platform offered by UB Finance Ltd, reportable under the capital markets services segment, the Board of Directors of UB Finance decided in April to no longer provide new loans via the service. United Bankers aims to wind down the business operations of UB Finance once the existing loans and interest accrued have been paid out to the investors. The closure of the service will not have any material impact on the business of the Group or on its financial outlook.

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## Balance sheet and capital adequacy

(comparison figures as at 31 December 2021)

The balance sheet total of the United Bankers Group as at 31 December 2022 amounted to EUR 71.6 million (EUR 78.2 million). The consolidated shareholders' equity amounted to EUR 48.1 million at the end of the review period (EUR 44.3 million). The cash assets of the Group as at 31 December 2022 amounted to EUR 9.5 million (EUR 14.3 million). The Group has at its disposal a credit line of EUR 3 million, which at the end of the review period remained undrawn. The Group has paid off a previously drawn down loan of EUR 2.0 million on 13 July 2022.

Capital requirement of the United Bankers Group as at 31 December 2022 was determined based on fixed overhead costs. At the end of the review period, the capital adequacy of the Group was at a very good level.

The Group's common Equity Tier 1 capital (CET 1) as at 31 December 2022 amounted to EUR 13.0 million (EUR 12.7 million) and the Group's own funds relative to the required minimum capital requirement amounted to 299.5 per cent (311.4 per cent). The Group's capital adequacy ratio as at 31 December 2022 was 24.0 per cent (24.9 per cent). The Group management has set a minimum capital adequacy target level of 13 per cent. The Group's equity ratio as at 31 December 2022 amounted to 67.1 per cent (56.7 per cent).

More information on the balance sheet is available in the Group's Financial Statements and on the capital adequacy in the Capital adequacy section of the Annual Report.



## Resolutions of the Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders of United Bankers Plc held on 23 March 2022 under exceptional arrangements, resolved upon the following matters:

### **Adoption of the financial statements, resolution on the use of the profit shown on the balance sheet and the payment of dividend**

The Annual General Meeting of United Bankers Plc adopted the financial statements and resolved in accordance with the proposal of the Board of Directors that based on the balance sheet adopted for the financial period ended on 31 December 2021, a total dividend of EUR 0.80 per share be paid. The Annual General Meeting of Shareholders resolved the ordinary dividend to be EUR 0.70 per share and an anniversary dividend of EUR 0.10 per share to be paid in honour of United Bankers' 35th anniversary. The dividend was paid out on 1 April 2022 to shareholders who on the dividend record date 25 March 2022 were registered in the company's shareholders' register maintained by Euroclear Finland Ltd.

### **Discharge of the members of the Board of Directors and CEO from liability**

The members of the Board of Directors and the CEO were discharged from liability for the financial period of 1 January – 31 December 2021.

### **Adoption of the Remuneration Report**

The Annual General Meeting of Shareholders adopted the Remuneration Report for the Governing Bodies for the year 2021.

### **Number, election and remuneration of the members of the Board of Directors**

The number of the members of the Board of Directors was confirmed to be seven (7). The following members were re-elected: Johan Linder, Antti Asunmaa, Rainer Häggblom, Tarja Pääkkönen, Lennart Robertsson and Eero Suomela. Rasmus Finnilä was elected as a new member of the Board of Directors. The term of office of the Board of Directors shall expire upon the adjournment of the next Annual General Meeting of Shareholders.<sup>3</sup>

It was resolved to increase the remuneration of the members of the Board of Directors, so that the remuneration of the Chairman of the Board shall be EUR 35,000 (2017–2021: EUR 30,000) and of members of the Board of Directors not employed by the United Bankers Group shall be EUR 25,000 (2017–2021: EUR 20,000). The remuneration encompasses the entire term of office and committee work. Travel expenses shall be reimbursed in accordance with the company's travel policy. Remuneration shall not be paid to members of the Board of Directors employed by the United Bankers Group.

### **Election and remuneration of the auditor**

Oy Tuokko Ltd, a firm of authorised public accountants, was re-elected as the auditor of the company for a period of office expiring at the adjournment of the next Annual General Meeting of Shareholders. Oy Tuokko Ltd has designated APA Janne Elo to act as the auditor with principal responsibility. It was resolved to pay the auditor a fee in accordance with an invoice approved by the company.

<sup>3</sup> Antti Asunmaa, member of the Board of Directors of United Bankers Plc, announced his resignation from the Board of Directors of the company as of 4 November 2022 for personal reasons. Regardless of Asunmaa's resignation, the composition of the Board of Directors of United Bankers continues to fulfil the requirements of applicable regulation and the company's Articles of Association. The Board of Directors consists of six members until the next Annual General Meeting of Shareholders.



### **Authorisations of the Board of Directors to resolve on the repurchase and/or acceptance as pledge of the company's own shares, and on the issuance of shares**

The Annual General Meeting of Shareholders authorised the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the company's own shares. The number of own shares to be repurchased and/or accepted as pledge shall not exceed 150,000 shares, which on the day of the Annual General Meeting of Shareholders corresponded to approximately 1.44 per cent of all the shares in the company. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorisation. The authorisation shall remain in force until the adjournment of the next Annual General Meeting of Shareholders, however, latest until 30 June 2023. The authorisation revoked the authorisation granted by the Annual General Meeting of Shareholders on 19 March 2021 concerning the acquisition of treasury shares, to the extent it had not been acted upon.

The Annual General Meeting of Shareholders authorised the Board of Directors to decide on the issuance of shares and special rights entitling to shares pursuant to Chapter 10, Section 1 of the Companies Act in one or more lots. The number of shares to be issued based on the authorisation shall not exceed 700,000 shares, which on the day of the Annual General Meeting of Shareholders corresponded to approximately 6.70 per cent of all the shares in the company. The authorisation shall remain in force until the adjournment of the next Annual General Meeting of Shareholders, however latest until 30 June 2023. The authorisation revoked the authorisation granted by the Annual General Meeting of Shareholders on 31 March 2020 to resolve upon a share issue and the granting of special rights entitling to shares, to the extent it had not been acted upon.

The resolutions of the Annual General Meeting of Shareholders in their entirety are available for reading on the [company's website](#).

## Changes in Group structure

On 16 March 2022 and 22 April 2022, United Bankers Plc's subsidiary providing asset management services, UB Asset Management Ltd, acquired an additional holding of a total of 28.1 per cent of its subsidiary UB Finnish Property Ltd. As a result of the arrangement, UB Asset Management's holding in UB Finnish Property increased to 79.1 per cent. The underlying reason for the arrangement is United Bankers' objective of simplifying its organisational structure.

As part of the arrangement, the Board of Directors of United Bankers Plc resolved to carry out a directed share issue to the vendors. In the directed share issue, the vendors subscribed for new shares in United Bankers Plc in the total amount of 252,046 shares. The subscription price of the shares was EUR 12.83. The acquisition of additional holdings in UB Finnish Property and the directed share issue to the vendors was announced separately on 16 March 2022 and 22 April 2022.

Furthermore, on 1 April 2022, United Bankers Plc's subsidiary UB Brokerage Company Ltd acquired an additional holding of approximately 16.7 per cent in its subsidiary UB Finance Ltd. As a result of the arrangement, UB Brokerage's holding in UB Finance increased to 100 per cent.



## United Bankers' shares and share capital

United Bankers' share capital amounts to EUR 5,464,225.47. As at 31 December 2022, the total number of shares in the company amounted to 10,693,955. The number of shares increased during the review period by 252,046 shares as a result of a share issue directed to the sellers of UB Finnish Property. Based on the authorisation granted by the Annual General Meeting 2020, United Bankers issued a total of 16,385 shares without consideration on 17 March 2022 to the company's management members belonging to the share-based incentive plan. During the year 2022 United Bankers repurchased a total of 24,547 own shares based on the authorisations granted by Annual General Meetings of 2021 and 2022. As at 31 December 2022, the company held a total of 65,643 own shares, corresponding to 0.61 per cent of all the shares and votes in the company.

The closing price of the share of United Bankers Plc on 31 December 2022 was EUR 13.60 (EUR 14.20 as at 31 December 2021). The total number of United Bankers' shares traded between the time period of 1 January – 31 December 2022 amounted to 364,025 shares (546,269 shares 1–12/2021). The aggregate market capitalisation of the shares as at 31 December 2022 amounted to EUR 145.4 million (EUR 148.3 million as at 31 December 2021).

## Shareholders

As at 31 December 2022, the company had a total of 1,361 shareholders (1,278 shareholders as at 31 December 2021). At the end of December 2022, 58.9 per cent of the shares were held by private companies (58.9 per cent as at 31 December 2021) and 29.2 per cent by households (29.4 per cent as at 31 December 2021). The remaining 11.9 per cent of the shares were held by foreigners, financial and insurance institutions, nominee-registered, public-sector organisations, as well as non-profit organisations. At the end of the review period, United Bankers' personnel, members of the Board of Directors and tied agents owned a total of approximately 57 per cent of the company's shares.

More information is available in the Shares and shareholders section of the Annual Report on page 174.

### TEN LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2022

	Shareholders	Shares	% of shares
1	Oy Castor-Invest Ab	1,200,000	11.22
2	Amos Partners Oy	1,089,144	10.18
3	Jarafi Oy (Finnilä Rasmus)	1,078,541	10.09
4	Bockholmen Invest Ab (Anderson Patrick)	598,000	5.59
5	J. Lehti & Co Oy (Lehti Jani)	490,500	4.59
6	Olsio Tom Henrik Wilhelm	469,572	4.39
7	Biomerit Oy	403,269	3.77
8	Jouhki Marina Sophia Helena	379,695	3.55
9	Linder Cassandra Marie	280,750	2.63
10	Linder Christoffer Magnus	280,750	2.63
	<b>Largest shareholders total</b>	<b>6,270,221</b>	<b>58.63</b>

## Share-based incentive plans

United Bankers Plc has adopted a share-based incentive plan for key persons on 24 June 2015. The purpose of the share-based incentive plan is to promote the Group's business strategy and commit key persons to the company. Share ownership creates a long-term interest for management in increasing the company's value, and provides competitive compensation. The program will enable the company meet regulatory requirements for management remuneration. At the same time, the program binds the long-term goals of the management and the company's other shareholders together.

On the financial period 2022, the share-based incentive plan consisted of three three-year earning periods, calendar years 2020–2022, 2021–2023 and 2022–2024, and one one-year earning period, calendar year 2022. A potential reward for each earning period shall be paid out after the end of the relevant earning period, in



one or at the most four separate installments during approximately three years.

The share-based incentive plan applied to eight key persons for the financial period 2022.

Based on the authorisation granted by the Annual General Meeting, United Bankers issued a total of 16,385 shares without consideration on 17 March 2022 to the company's management members belonging to the share-based incentive plan. 12,492 shares were issued to the persons belonging to the share-based incentive plan based on the earning periods 2021 and 2019–2021. 2 171 shares were issued as deferred remuneration based on the earning period 2018–2020 and 1,722 shares based on the earning period 2017–2019. Shares issued in the directed share issue without consideration was based on the authorisation granted by the Annual General Meeting on 31 March 2020.

More information on the Group's share-based incentive plans is available in note 8 to the Financial Statements; Employee benefits and administrative expenses and note 29; Related party transactions, and on the Remuneration Policy and Remuneration Report, which are published as part of this Annual Report.

## Events after the review period

### **Additional share issues related to 2019 employee and tied agent issues carried out in January**

In January, United Bankers Plc issued, by virtue of the authorisation granted by the Annual General Meeting of Shareholders, a total of 124,286 shares, of which 79,088 were new shares and 45,198 were treasury shares held by the company. The issue was connected to United Bankers Plc's share issues in 2019 to the company's and its subsidiaries' employees, management and the Board members of the company and to the company's subsidiaries' tied agents. Shares in the company were issued in January in the additional share issues to the participants meeting the conditions of the matching share plans in directed share issues without considera-

tion in deviation from the shareholders' pre-emptive subscription right.

From the shares issued in the additional shares issues, 58,803 shares were issued to participants meeting the conditions of the employee matching share plan and 65,483 shares to participants meeting the conditions of the tied agent matching share plan. The shares were issued without consideration, and therefore, the additional share issues had no effect on the company's share capital. New shares of the company issued in the additional share issues represented approximately 0.7 per cent of the shares and voting rights of United Bankers Plc after the additional share issues. As a result of the additional share issues, the number of the shares in the company increased by 79,088 shares to a total of 10,773,043 shares.

### **UB Forest Industry Green Growth Fund I LP private equity fund raised EUR 100 million in investment commitments**

United Bankers announced 31 January 2023 the launch of UB Forest Industry Green Growth Fund I LP, investing in sustainable and resource efficient forest and bio-based industries. The fund commenced its operations having secured commitments of EUR 100 million. The fund has already developed a solid pipeline of potential initial investments, with the first investments expected to be made in early 2023.

UB Forest Industry Green Growth Fund I is a private equity fund investing in companies focused on plastic and other fossil fuel based material replacements, higher value and more efficient use of wood and agricultural raw material side streams and greater use of these raw materials across a wide range of intermediate and end uses. Through its investments, the fund will help the forest and bio-based industries to create solutions to mitigate climate change. UB Forest Industry Green Growth Fund I is a signatory of Operating Principles for Impact Management and reports on the environmental and climate impact of its investments.

## **United Bankers Plc's shareholders' proposals to the Annual General Meeting**

United Bankers Plc's shareholders who represent approximately 40 per cent of all shares and votes in the Company (31 December 2022) have submitted a proposal to the Annual General Meeting to be held on 22 March 2023 concerning the composition of the Board of Directors and the remuneration of the members of the Board of Directors. The shareholders propose that the number of the Board members be confirmed six (6) and that the composition of the Board of Directors would remain unchanged, so that all current Board members Johan Linder, Rasmus Finnilä, Rainer Häggblom, Tarja Pääkkönen, Lennart Robertsson and Eero Suomela be re-elected for the term expiring at the end of the following Annual General Meeting. All nominees have given their consent to the election.

In addition, the shareholders propose that the remuneration of the Board members remain unchanged, so that the annual remuneration of the Chair of the Board of Directors be EUR 35,000 and that the annual remuneration of a Board member who is not employed by the United Bankers Group of companies be EUR 25,000.

## **Risk management and business risks**

The fundamental risks of the United Bankers Group comprise: strategic risks pertaining to strategic choices, commissioning of new products and services and changes in the operating environment; operative risks, including procedural, process, systemic and information security risks, as well as financial risks, the most fundamental of which include market, liquidity, credit and foreign exchange risks.

### **Significant risks and uncertainty factors for the near future**

The most important of the Group's risks relate to market development as well as the impacts of the external operating environment and the evolving regulation on the company's business. The de-

velopment of assets under management, having a focal effect on the results of the wealth management business segment, is contingent, inter alia, on the performance of the capital markets as well as of the real estate and forest estate market and the demand for investment services in general. The results performance is also impacted by the materialisation of the performance-linked fee income pegged to the success of the investment activities. Performance fees may vary considerably per financial and review period. Also the results of United Bankers' capital markets services are dependent on the success fees typically associated with assignments that may vary considerably over review periods, depending not only on the demand for services, but also on the timing of the transactions. The income from the Group's own investments consists of the change in value, as well as the capital gains or losses. The aforementioned profits are associated with fluctuations that may, in turn, impact the result.

The performance of the financial market, as well as of the real estate and forest estate market has the largest impact on the company's business. Although the biggest inflationary pressures have eased somewhat recently, inflation and further tightening of the monetary policy remain key factors for future economic and financial market developments. Raising interest rates are slowing down the conditions for economic growth, but the continued strong employment situation has so far supported economic development. At the moment, the gloomiest fears of recession have somewhat subsided. However, the war in Ukraine and the sanctions imposed by the West on Russia still cause uncertainty, especially for the economic outlook in Europe.

United Bankers has no direct investments in Russia, Belarus or Ukraine, nor does it have any funds investing in these countries. The Group has not marketed its products or services in those markets, and it is not dependent on any partners operating in above-mentioned countries. Consequently, the impacts of the prolongation of the war in Ukraine as well as of the sanctions imposed on Russia and Belarus on the operations of the company and the company's results arise indirectly, primarily via the general market development and the uncertainty caused by geopolitical tensions.

More information on the Group's business risks and their management is available in the notes to the 2022 Financial Statements.



# Outlook

## Market environment

The uncertainty related to the economy and investment markets is expected to continue also in 2023. In an effort to contain the persistently high inflation, central banks will continue to tighten monetary policy this year. The rise in interest rates is expected to dampen the prerequisites for economic growth, especially in the current year. The war in Ukraine also continues to pose risks for the economy. At the moment, however, it seems that both Europe and the United States will manage to avoid a deep recession in their economies. In the eurozone, the economy is forecast to grow at zero rate in 2023, and also in the United States, the economy is expected to only grow by 0.5 per cent. The Chinese economy, on the other hand, is expected to recover markedly after the prolonged coronavirus lockdowns, with growth projected to reach 5.1 per cent.

With the projected slowdown in the economy, inflation is expected to subside noticeably this year. This would allow central banks to cease tightening monetary policy. At the moment, the interest rate curves are indeed anticipating for interest rates to begin to decline already towards the end of 2023. In case inflation is not brought under control as desired, the risk of these expectations proving premature exists.

The energy crisis triggered by the war in Ukraine may pose risks to the European economic growth also going forward. Albeit the energy market has reverted to more or less pre-war levels thanks to, inter alia, the EU's successful liquefied natural gas (LNG) policy, significant energy savings and favourable weather conditions, price balance may still encounter sudden disruptions. In the oil market, for instance, the reserve capacity for production is historically low, and geopolitical risks remain elevated. Furthermore, China's accelerating economic growth may increase the upward pressure on energy and commodity prices. The energy crisis that resulted from the war is expected to accelerate the so-called green transition in Europe. In addition, when the war in Ukraine ultimately ends, it is anticipated that opportunities for major reconstruction

projects, especially in Europe, will arise. These aspects also create opportunities for the economy.

It is typical for stock market prices to anticipate the earnings growth prospects of companies approximately 6–12 months in advance. As a result of the stock market decline experienced in 2022, expectations of weaker growth prospects for 2023 have already been priced into the stock prices. Now that the biggest recession concerns have dissipated, at least temporarily, the stock market has been clearly on the rise in the early part of the year.

## Strategy execution

As a result of the general poor market development and the weaker-than-expected new sales, the amount of assets under management decreased slightly during 2022. However, an increasing portion of the fund capital is invested in United Bankers' more profitable funds, i.e., forest and real estate funds, whose capital grew by more than a quarter during the year.

The increase in the capital of United Bankers' alternative investments funds contributes to the expectations regarding the development of management fees received from the funds. More uncertainty is associated with performance fees particularly as concerns real estate funds, but the return outlook for United Bankers' forest funds appears stable, and persistently high inflation continues to have a positive impact on the return potential of forest funds in particular, but also of real estate funds. The notably increased capital of real estate and forest funds supports the potential pertaining to both management and performance fees.

United Bankers' first real private equity fund, UB Forest Industry Green Growth Fund I LP, finally commenced operation in January 2023. The fund raised as much as EUR 100 million in capital, making it one of the biggest openings ever among private equity funds commencing with a completely new strategy in Finland. The target size of the fund is EUR 300 million.

UB Forest Industry Green Growth Fund I is an excellent supplement to United Bankers' strong expertise in forestry investment and will serve as one of the spearhead products as the company seeks



growth in the wider European market. The distribution agreements signed by United Bankers with a German and Swiss partner in the fall contribute to strengthening the outlook for international sales.

United Bankers strives to expand its product and service offering in alternative investments also in the future. One of the objectives is to launch a new forest fund investing extensively in the Baltic Sea region. The fund, aimed at professional investors, is expected to commence operation in the first half of the year. In addition, the company is contemplating the launch of a new alternative investment fund that utilises the prevailing megatrends. Solutions that support the existing businesses as well as make use of know-how and expertise will continue to be at the core of the business growth also going forward.

Overall, United Bankers' strong financial performance in the difficult market environment of 2022 is a testament to the persistent and successful implementation of the company's strategy. The Group is well-positioned for building future growth on a solid foundation while utilising the unique expertise of the company.

## Financial guidance

The company estimates its adjusted operating profit to remain close to the level of 2022. The estimate is conditional upon market conditions not significantly weakening.

23 February 2023, Helsinki

**United Bankers Plc**  
**Board of Directors**



# Sustainability at United Bankers

At United Bankers, sustainability is broadly defined as economic, social, and environmental responsibility. As a company, United Bankers wants to take responsibility and support sustainable development of society and the environment. Continuous improvement of sustainability in cooperation with stakeholders is a priority for United Bankers. By acting responsibly, the company contributes to client satisfaction and to the well-being and job satisfaction

of its employees. United Bankers believes that by acting sustainably, it can also improve the profitability and competitiveness of its business and increase its positive impact on society and the environment. Sustainability is a key part of the company's value creation process as well as United Bankers' growth strategy. United Bankers wants to be worthy of the trust of all its stakeholders.

## UNITED BANKERS' SUSTAINABILITY HIGHLIGHTS 2022

### Responsibility at the center of operations

- United Bankers defined its sustainability focus areas
- A public version of the company's Code of Conduct was developed alongside the previous internal code of conduct
- Sustainability organisation reformed - Stronger Sustainability Steering Group and ESG team
- Integration of sustainability risks into Group processes
- The company participated in the Reputation&Trust survey with the aim of building a positive and responsible image of the company

### Meaningful work and inspiring opportunities

- Finland's Most Inspiring Workplaces 2022 (Suomen Innostavimmat Työpaikat) award to United Bankers
- Diversity targets set for Group

### Towards a sustainable society

- Launch of marketing and fundraising for a new green transition fund
- Sustainability classification of products
- Carbon footprint calculation for United Bankers - the basis for the Group's climate work
- Promoting responsible investment through active ownership
- Integrating climate and human rights risks into investment activities

### Transparency and reliability as cornerstones of administration and communication

- The Group's sustainability reporting was developed with reference to GRI standards
- New ESG reports for United Bankers funds and the UB 360 asset management model
- Calculation of the Group's carbon footprint
- Launch of energy consumption monitoring
- Integrating client sustainability preferences into the assessment of products and services suitable for clients

## Sustainability focus areas

United Bankers wants to take responsibility for society and the environment and contribute to the achievement of the Sustainable Development Goals. In practice, sustainability is reflected in client and stakeholder relations, responsible investment and product range, employee well-being and sound corporate governance. In addition, climate change, human rights and biodiversity are relevant cross-cutting sustainability themes. Based on the materiality analysis conducted in 2022, United Bankers' sustainability priorities have been grouped as follows:

- Sustainable products and good stakeholder and client relations: **driving the transition to a sustainable economy and increasing our clients' wealth sustainably**
- Meaningful and inspiring work: **offering meaningful work and inspiring opportunities**
- Reliable and transparent governance: **transparent and accountable for our actions**

## Reporting principles

The sustainability report covers all United Bankers Group companies. The sustainability report is published once a year with the Annual Report. This report covers the period of 1 January – 31 December 2022. The sustainability information has not been verified. The report uses the Global Reporting Initiative (GRI) Sustainability Reporting Standards as a reporting framework (with reference to -level).

For more information on sustainability at United Bankers, please contact:

Seela Sinisalo, Head of ESG  
seela.sinisalo@unitedbankers.fi

**FIGURE 1:  
SUSTAINABILITY FOCUS AREAS**





# Responsibility at the center of operations

## Measures and achievements 2022

- United Bankers defined its sustainability focus areas
- A public version of the company's Code of Conduct was developed alongside the previous internal Code of Conduct
- Sustainability organisation reformed - Stronger Sustainability Steering Group and ESG team
- Integration of sustainability risks into Group processes
- The company participated in the Luottamus&Maine (Trust & Loyalty) survey with the aim of building a positive and responsible image of the company

## Sustainability principles and policies

Our clients and their needs are at the heart of our work at United Bankers. United Bankers operates in a responsible manner, economically, environmentally, and socially, and promotes sustainability in its operations and investments. The company is guided by not only its values, but also international commitments, best practices, and financial regulation. The key [principles and commitments](#) that guide United Bankers' sustainability are set out in the Code of Conduct and Responsible Investment Principles.

The commitments contained in these principles are integrated into the company's governance system, policies and strategies and their implementation is regularly monitored. As the majority of these commitments are central to United Bankers' investments and products, their implementation is described in more detail in the [Responsible Investing section](#).

## United Bankers' Code of Conduct

In 2022, United Bankers published its Code of Conduct, which it already had in place internally. The Code of Conduct guides all employees to act in accordance with shared values, guidelines and policies. The aim of these is to strengthen mutual trust and open communication within the organisation. At the same time, they aim to advance the external stakeholders' positive image of the company. All stakeholders play an important role in the development of the company's activities. As a result, United Bankers seeks to advance continuous and open interaction with all stakeholders.

The United Bankers' Code of Conduct sets out the company's values, business principles, guidelines and practices that help ensure responsible conduct and open interaction with stakeholders. As a listed company, United Bankers complies with the Finnish Corporate Governance Code for listed companies, the rules of Nasdaq Helsinki and the applicable securities market legislation and the official regulations issued under it, which serve as a basis for open and transparent governance and communication. The Code of Conduct, in turn, sets out the company's other guidelines and practices that support, among other things, the promotion of equality and non-discrimination, help build the company's reputation and create a secure and confidential framework for managing client and other stakeholder relationships.

## International commitments

Since 2012, United Bankers has been committed to the [UN Principles for Responsible Investment \(UN PRI\)](#). United Bankers continuously develops its activities in line with these principles and reports annually to the PRI in a [public report](#).

In 2022, United Bankers committed to respecting human rights in its operations in accordance with the [UN Guiding Principles on](#)

[Business and Human Rights \(UNGP\)](#). United Bankers will exercise due diligence and avoid violating human rights in its operations and business relationships. This commitment covers the principles of fundamental rights as defined in the [UN Declaration of Human Rights](#) and the [International Labour Organisation \(ILO\) declaration](#). The integration of human rights considerations into sustainable investing and the Group's activities as a whole began in 2022 and will continue in the coming years. These commitments are included in the United Bankers Principles for Responsible Investment, which were approved by the United Bankers Board of Directors in May 2022.

United Bankers' human rights commitments are integrated into the company's sustainable investing processes, including due diligence and monitoring processes. In 2022, training on the updated processes was provided to the entire portfolio management team. For more details on the sustainable investing processes, please see the section "[Aiming for an investments portfolio with good governance and respect for human rights](#)". In addition, in 2022, United Bankers started to integrate the identification of human rights risks as part of its so-called counterparty screening of its business partners. The company's compliance function ensures that counterparty screening is carried out in accordance with the updated guidelines.

As of 2021, United Bankers is committed to assessing the climate risks of its operations according to the international [Task Force on Climate-Related Financial Disclosures \(TCFD\)](#) guidelines. The climate risk assessment is integrated into the company's responsible investment processes, such as investment due diligence and monitoring, as well as its risk management guidelines and processes. For more information on responsible investment processes, see the section [Responsible Investing](#). For more information on risk management, see the section [Managing sustainability risks](#).

### **Integrating sustainability principles into practice**

During 2022, United Bankers' Responsible Investment Principles were updated to better reflect the ever-evolving sustainability expectations and new industry regulations. The updated Principles were approved by the United Bankers Board of Directors in May

2022 and included, among others, an assessment of sustainability risks and principal adverse impacts, as well as human rights commitments. The sustainable investment policies were also refined. The Responsible Investment Principles bring together the key principles, commitments and practices that guide investment activities. Central to this is a commitment to due diligence in the selection and monitoring of investments and the selection of partners.

United Bankers is seeking to make the company's values, ethical principles and responsible investment principles a part of every employee's daily life by expanding on individual themes in the personnel magazine and by discussing their practical aspects at biannual personnel events. In addition to being part of the orientation of all new employees, regular training sessions are organised for all employees on the content of the principles and any potential updates. In 2022, training was provided to all United Bankers employees on the content of the Code of Conduct and the Responsible Investment Principles. In addition to these general trainings, in-depth training on the application of the Responsible Investment Principles in portfolio management was provided to portfolio managers. The Principles are communicated to other stakeholders as described in [Table 3](#). In addition, the Principles are publicly available on the United Bankers [website](#).

### **Promoting sustainability together with interest groups**

In addition to its own activities, United Bankers' policy is to promote the sustainability of the financial sector as well as responsible investment through a range of advocacy organisations and initiatives. United Bankers has been a member of the Finnish Association for Responsible Investment (Finsif ry) since 2018. Finsif's mission is to promote sustainable investing in Finland. In 2022, United Bankers expanded its sustainability network. United Bankers became a member of Finance Finland, the financial industry lobby group. The company is a member of Finance Finland's Sustainability Committee, which, among other things, comments on national and international EU regulation in the preparatory phase and promotes key sustainability issues in the financial sector. In 2022, United Bankers also became a member of the Finnish Venture Capital Association and participates in the association's activities as a deputy member of the Sustainability Committee.



## UN Sustainable Development Goals

United Bankers strives to contribute to the achievement of the UN Sustainable Development Goals. Among the SDGs, the most important for United Bankers are:

- **Goal 5: Gender equality**
- **Goal 8: Decent work and economic growth**
- **Goal 12: Responsible consumption and production**
- **Goal 13: Climate action**
- **Goal 15: Life on land**

These goals have been identified as key priorities based on United Bankers' activities and the focus areas of its core fund portfolio. United Bankers seeks to especially contribute to the achievement of these goals both through its own activities and through the investment products it offers. Private companies and investors play a key role in achieving the SDGs. United Bankers therefore seeks to take the SDGs into account through, for example, the design of its product range and new products.

The Sustainable Development Goals (SDGs) aim to put global development on a path that safeguards human well-being and human rights, economic prosperity and social stability in an environmentally sustainable way. The SDGs are universal, although actions to promote them may vary from country to country and sector to sector. All the SDGs are closely interlinked: no one goal can be pursued at the expense of another.

## Defining focus areas

For United Bankers, sustainability means broad economic, social and environmental responsibility, both in the company's own operations and in its investment activities, products and services. In

2022, for the first time, United Bankers defined its sustainability focus areas through a materiality analysis. The aim is to ensure that sustainability reporting and future sustainability focus areas and targets meet stakeholder expectations and focus on topics that are material to the company. At the same time, the conditions were created for setting sustainability targets for each focus area and for better linking remuneration and compensation to key sustainability topics.

The materiality analysis was based on workshops held with United Bankers' Executive Committee and Board, financial industry benchmarking, and comments and perspectives received from key stakeholders (incl. industry research and institutional client interviews and feedback). United Bankers' ESG team and Sustainability Steering Group reviewed the results thematically to assess the relevance of environmental and social impacts in areas identified as important by stakeholders.

During 2022, the relevant sustainability issues were grouped into clear themes. The materiality analysis and prioritisation of the topics took into account the importance of the issues for stakeholders and for United Bankers' business, as well as the company's ability to develop the areas and thus the sustainability of its business. United Bankers' stable earnings performance, the sustainability of its investing activities and products, together with long-standing customer and partner relationships and a thriving team, are issues that United Bankers has identified as particularly important in ensuring its competitiveness and creating long-term value for its stakeholders. The foundations of sustainability include customer privacy and data security, prevention of corruption and money laundering, sustainability risk management and transparent and sound corporate governance, all of which financial regulation has defined a clear framework for.



**Why are companies important?** When the UN Sustainable Development Goals and Agenda 2030 were being prepared, it became abundantly clear that the objectives could not be achieved through official development cooperation alone. According to some estimates, the cost of achieving the SDGs is USD 4,000 billion. A major percentage of this money should come from the private sector - i.e., from companies and business operations. Yet it is obvious that companies are unable to solve all the problems related to sustainable development. Attaining the Sustainable Development Goals calls for cooperation between numerous sectors, and responsible businesses have an important role to play in this.

**TABLE 1:  
GROUPING OF SUSTAINABILITY FOCUS AREAS BASED ON MATERIALITY ANALYSIS**

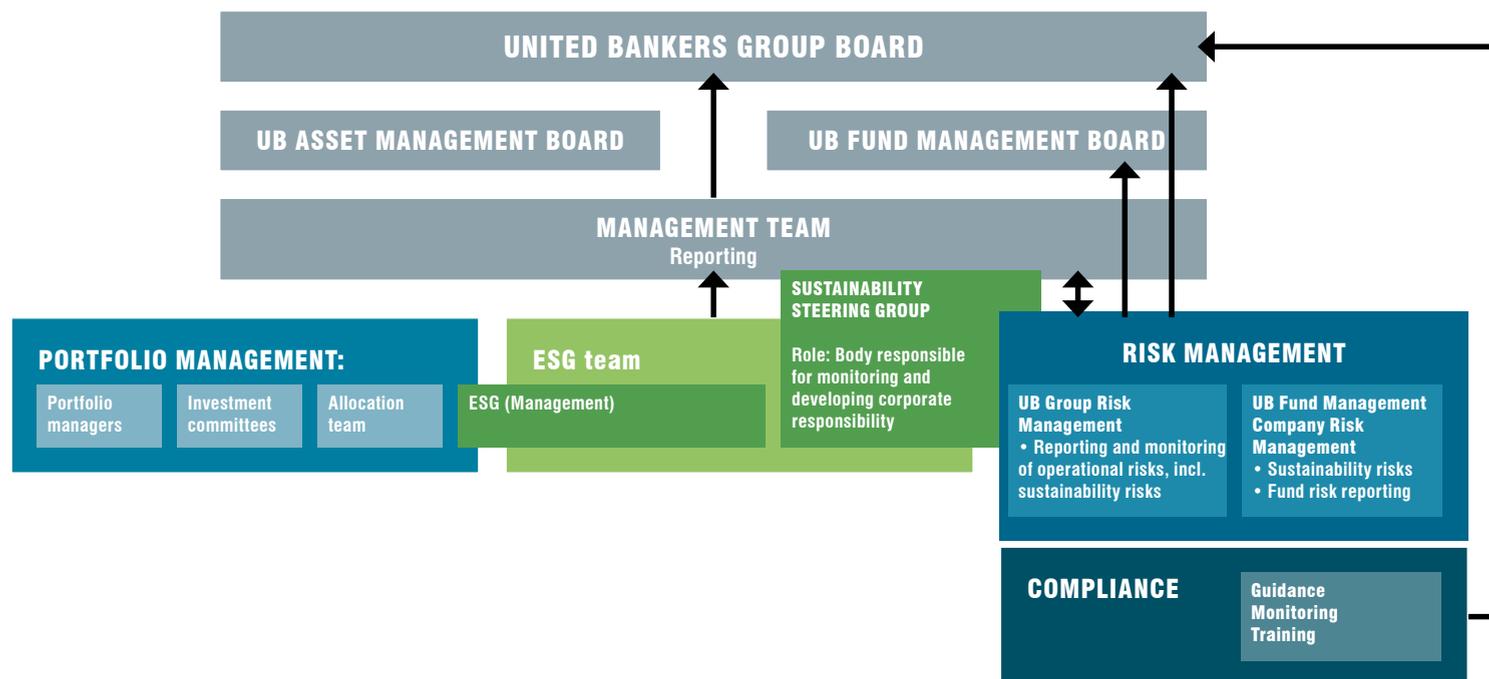
<p><b>FOCUS AREAS</b></p>	<ul style="list-style-type: none"> <li>• Stable earnings performance</li> <li>• Responsible investing and sustainable products</li> <li>• Long-term and trusting relationships with clients and partners</li> <li>• Open communication with stakeholders</li> <li>• A thriving team</li> </ul>	<p>The main areas of sustainability work that UB has identified as important to ensure its <b>future competitiveness</b> and to create value for its stakeholders in the long term.</p>
<p><b>IMPORTANT TOPICS</b></p>	<ul style="list-style-type: none"> <li>• Top-level expertise</li> <li>• Direct environmental impact</li> <li>• Fairness, equality, equity and diversity</li> <li>• Employer image and brand</li> </ul>	<p>Issues relevant to UB and its stakeholders that enable <b>more sustainable business</b>. These are partly determined by law.</p> <p>However, UB itself determines the extent to which it develops these areas of sustainability in order to be a sustainable business and to meet the expectations of its stakeholders now and in the future.</p>
<p><b>FOUNDATION</b></p>	<ul style="list-style-type: none"> <li>• Customer privacy and data security</li> <li>• Taxes and tax footprint</li> <li>• Prevention of corruption, bribery and money laundering</li> <li>• Sustainability risk management- Reliable and transparent governance (corporate governance code)</li> </ul>	<p>The areas that lay <b>the foundations for wealth management</b> and are directly linked to stakeholders' trust in UB and its business. These are <b>always managed in accordance with applicable legislation and regulatory requirements</b>.</p>

## Managing and leading sustainability

During 2022, United Bankers reformed its sustainability organisation and strengthened its ESG team. Sustainability is a central part of United Bankers' operations and is integrated into many of the Group's activities. In addition to the United Bankers Board of Directors, subsidiary boards and executive management, a Sustainability Steering Group and an ESG team have been in place in the United Bankers Group from 2022 onwards to organise and implement sustainability and responsible investing.

The Board of Directors of the parent company is responsible for the management and proper organisation of the United Bankers Group. The Board of Directors decides on the organisation and methods of sustainability work within the Group and monitors sustainability activities, their results and the associated risks. The Board of Directors of United Bankers establishes the Group's Corporate Sustainability Policy and Responsible Investment Principles, which ensure that activities comply with laws, regulations, guidelines and good international practices. The role and responsibilities of the Board of Directors are described in more detail in the [Corporate Governance Statement](#).

**FIGURE 2:  
MANAGING AND LEADING SUSTAINABILITY**





The parent company's executive management (management team) and the CEOs of each Group company manage the day-to-day administration of the Group companies in accordance with the principles and guidelines set by the Board of Directors of the parent company. A person responsible for sustainability has been appointed to the Management Team, and the Head of ESG reports to this individual. In practice, the executive management ensures that the principles and regulations governing sustainability are integrated into the company's policies and processes. The executive management reports to the Board of Directors on sustainability issues in accordance with the Board's annual calendar.

To steer sustainability and responsible investment, United Bankers Group has a Sustainability Steering Group, chaired by the Head of ESG. The Steering Group reports to executive management. The Steering Group is responsible for developing and monitoring the sustainability of the business. It is also responsible for providing guidance on the application of the Responsible Investment Principles and for preparing an update of the Principles for approval by the Board of Directors.

The ESG team acts as an expert team on sustainability issues, supporting portfolio management, business operations, and risk management on sustainability issues as well as develops the sustainability of operations. The ESG team reports to the Head of ESG.

## Managing sustainability risks

The sustainability risks of United Bankers' activities include both the sustainability risks related to investments and the sustainability risks of the Group's other activities. A significant part of United Bankers' sustainability risks relates to investments and their impacts and performance. During 2022, United Bankers updated the sustainability risk management principles for its investment products, updated the risk management policies for its investment products and clarified the sustainability risk management principles. In addition, the identification of human rights risks related to business relationships was integrated into the company's operations.

The Sustainability Steering Group monitors the sustainability risks of United Bankers' operations, identifies ways to manage them, provides guidance on managing sustainability risks in investments and improves the sustainability performance of its operations. The risk management function integrates sustainability risks into the Group's risk management.

**United Bankers focuses especially on identifying and managing the following sustainability risks in its investments:**

**Environmental, social and governance risks**

**Human rights risks**

**Climate risks**

Especially human rights risks and climate risks are considered not only from an investment perspective but also from the perspective of the United Bankers Group, and are therefore separated into their own entities. This is because United Bankers is committed to operating in accordance with the principles of the UN Global Compact (UNGC) and reporting its climate risks in accordance with the TCFD.



## CLIMATE RISKS AND OPPORTUNITIES IN ACCORDANCE WITH THE TCFD FRAMEWORK

In recent years, the Task Force on Climate-Related Financial Disclosures (TCFD) has established itself as the world's leading standard for climate-related financial reporting. According to the TCFD, the direct and indirect business impacts of climate change are considered through four main elements: governance, strategy, risk management and metrics. Consistent and transparent climate reporting leads to better risk management, more informed investment decisions and more integration of climate issues into strategic management. In 2021, United Bankers committed to reporting on climate change risks and opportunities in line with the TCFD recommendations. United Bankers' first TCFD report will be published as part of the 2022 sustainability reporting.

### GOVERNANCE

The risks and opportunities presented by climate change have a significant impact on United Bankers' investment activities and sustainability work. The United Bankers Board of Directors and Executive Committee have made climate change and the green transition a priority across the Group for both strategic and humane reasons. At the Board level, climate issues are regularly addressed as part of the Group's broader sustainability work. The Board of Directors also approves the United Bankers Responsible Investment Principles, which guide investment activities by defining responsible investment policies and practices. The Head of ESG of United Bankers is part of the extended executive team that meets several times a year.

In addition to the Board of Directors and the Executive Committee, climate issues are discussed monthly in the Sustainability Steering Group, coordinated by the Head of ESG. The Steering Group includes people from the Executive Committee as well as from the legal, risk management, communication, and portfolio management functions. The Steering Group oversees the implementation of United Bankers' responsible investment principles in the Group's

investment activities and determines how climate risks and opportunities are considered in investment decisions. Practical climate work is developed within the United Bankers ESG team to meet the needs of the Group as a whole. Climate-related development projects are drafted by the ESG team and taken through the Steering Group to the Executive Committee and the Board of Directors for discussion, thus deepening the dialogue between management, owners, and climate experts. Efforts are also being made to integrate climate objectives into United Bankers' business through, among other things, United Bankers' products, climate targets and remuneration.

### STRATEGY

Working to mitigate climate change is one of the focus areas of United Bankers' business. At United Bankers, the most significant climate risks and opportunities relate to investment activities, as the direct environmental impact of the Group's own operations is limited. In 2021, the majority (99.7%) of the Group's total carbon footprint was made up of the carbon footprint of the investments in the products offered by the group (Scope 3, Category 15). This highlights the importance of climate work in asset management. United Bankers' process to identify climate-related risks and opportunities in the short, medium, and long term was launched in late 2022, with the aim of identifying the most significant climate drivers in each asset class to ensure regular monitoring.

Climate risks and opportunities affect United Bankers' business, strategy, and budgeting in many ways. A climate roadmap to guide United Bankers' overall climate work will be developed during 2023. In 2022, a Group-wide carbon footprint calculation was carried out to act as a basis for the climate roadmap. As part of the preparation of the climate roadmap, the strategic objectives and indicators for climate impact management will be refined for different time perspectives.



Climate work at United Bankers focuses on the continuous development of investment products and their strategies to consider climate-related risks and opportunities. Climate metrics are reviewed throughout the investment period, from the investment decision to the sale of the investment. These metrics include the carbon intensity of the investment and the carbon risk of the investment as defined by the TCFD, which describes the investment's transition risk. In addition, [United Bankers' Principles for Responsible Investment](#) define climate-based exclusion criteria for activities such as coal production, its use in energy generation, and oil sands extraction. Active lobbying and voting on climate-related issues at shareholder meetings are also an important part of daily portfolio management. Climate opportunities are an important part of United Bankers' product development and investment strategy formulation.

A climate scenario analysis for United Bankers' investment products will be carried out in the timeframe and scope defined in the Group's climate roadmap. Climate scenario analysis and calculation methods are constantly evolving, and monitoring these developments is an integral part of the work of the United Bankers Sustainability Steering Group and the ESG team.

## RISK MANAGEMENT

According to the TCFD, climate risks are divided into two main categories according to their nature. Physical risks describe natural disasters and extreme weather events resulting from the progression of climate change, and are typically classified into acute (e.g. forest fires and floods) and chronic (e.g. sea level rise due to melting glaciers) risks based on time horizons. Transition risks describe the new market-based risks created by actions people and societies take towards a low-carbon lifestyle in terms of legislation, technology, markets, and reputational damage. Climate risks are often regional, i.e. different regions are exposed to different risks.

Climate risk management is an integral part of United Bankers' sustainability risk management. In addition to United Bankers portfolio managers, the Sustainability Steering Group provides guidance and decides on certain sustainability risk management measures, including the interpretation of the United Bankers exclusion list, as appropriate. Information and analysis concerning risks as well

as the recommendations and decisions of the Steering Group are also shared with the Group Risk Management function. In addition, United Bankers seeks to contribute to the advancement of sustainable investing and the minimisation of sustainability risks through initiatives such as co-ownership initiatives, participation in general meetings, and direct corporate influence. The range of instruments varies depending on the investment and the role of United Bankers.

Climate risks are identified and assessed as part of United Bankers' daily portfolio and risk management. Responsibilities are divided so that the risk analysis of individual investments is primarily the responsibility of portfolio management, while the management of the aggregate climate risk of United Bankers' products is the responsibility of the responsible investment team and the Sustainability Steering Group. The Risk management function integrates climate risks into the risk management of the Group as a whole. The Board of Directors is responsible for the direction of the company's climate strategy. The risk analysis utilises company-level data from several independent ESG data sources, including Morningstar, Sustainalytics and Bloomberg. In addition, United Bankers actively monitors the setting and achievement of climate targets through CDP and other similar databases.

For fixed income and equity funds, at the heart of the climate risk analysis are carbon intensity and carbon risk indicators, which allow portfolio managers and the ESG team to quickly understand the relative greenhouse gas emissions of a company and its exposure to transition risk. If the indicators indicate a high level of climate risk, the next step in the analysis is to examine the current status of and progress towards the company's science-based climate targets. The analysis will also include, where appropriate, a comparison of the climate risk of the investee within a relevant reference group, as climate risks depend on the company's industry and geographical location. The analysis of physical climate risks will be introduced as part of the analysis of fixed income and equity funds as soon as possible.

[Carbon risk is a measure of transition risk](#) developed by Sustainalytics. The carbon risk indicator shows the level of risk to the value of an investment caused by the transition to a low-carbon economy. The indicator also shows how vulnerable an asset is to changes



originating from the fossil fuel phase-out and the green transition. Low carbon risk indicates good readiness, and high carbon risk indicates poor readiness concerning the reduction of fossil fuel use from a business point of view.

The climate risk analysis of real estate funds focuses on physical climate risks, unlike that of bond and equity funds. As United Bankers' real estate funds invest in all Nordic countries except Iceland, the average climate risks are significantly lower than in Central Europe and the Americas, for example. In terms of regional risks, flood risk affects some properties in coastal areas. According to estimates, one property of all properties is considered to be at medium-level risk of flooding. In terms of climate risk, properties are categorised as low, medium, or high risk. United Bankers works to keep the climate risk of its property portfolios low. In the future, efforts will be made to further refine the assessment of physical risks. The [GRESB international real estate sustainability assessment](#), which includes several climate risk indicators, will also be used to assess real estate investments

In forest funds, the management of physical climate risks is strongly linked to the management of the financial risks of the fund, as the forest holdings in which forest funds invest are directly exposed to both acute and chronic physical risks. United Bankers aims to develop climate risk indicators suitable for forest funds.

## METRICS AND TARGETS

United Bankers' objective is to keep the climate risks of the entire Group at a level that does not result in significant negative impacts. Methodologies and metrics for assessing climate risk vary by asset class and require further development. United Bankers aims to proactively identify the climate risks that are relevant to its operations and to identify opportunities related to the green transition.

United Bankers' greenhouse gas emissions are reported in Chapter [Carbon footprint of United Bankers' products](#).

United Bankers aims to reduce the negative impacts of its investments, increase the positive impacts of its investments on society, the environment and good governance, and actively promote sus-

tainable practices. The carbon footprint of the Group and its products was calculated for the first time in 2022, and will be published on a regular basis in the future. The calculation includes United Bankers' funds as well as full mandate portfolios where United Bankers makes investment decisions on behalf of the client. For information on United Bankers' carbon footprint, please refer to Chapter [Carbon footprint of United Bankers' products](#).

Comprehensive information on greenhouse gas emissions is essential for planning and targeting climate action. The calculation will be used to develop the climate roadmap for United Bankers and to set more precise climate targets in 2023. As part of the development of the Climate Roadmap, the indicators used to monitor climate work will also be refined.

## CLIMATE CHANGE-RELATED OPPORTUNITIES

United Bankers wants to take responsibility for mitigating climate change and also offer its clients climate-friendly solutions. United Bankers aims to make the most of the opportunities related to climate change in the development of the Group's business. The design of new products particularly takes climate considerations into account. Today, United Bankers' alternative funds and real estate funds in particular offer the opportunity to invest in building a sustainable society and advancing sustainable growth and innovation. Through United Bankers' funds, it is possible to invest in areas such as real estate, forests that mitigate climate change, or green innovations in the forest sector. The aim is that United Bankers' products will continue to offer customers even more opportunities to grow their wealth with the help of the green transition.

As an example of the evolution of its product range, in 2022 United Bankers launched the new UB Forest Industry Green Growth Fund I, which focuses on innovations in the forest sector. This fund will offer investors the opportunity to benefit from innovations and value creation driving the green transition in the forest sector. For more information on United Bankers' products, see Chapter [Sustainable products and services](#).



**TABLE 2:**  
**CLIMATE RISK INDICATORS OF DAILY VALUED EQUITY AND FIXED INCOME FUND**

Fund	Carbon Intensity <sup>1</sup> (tCO <sub>2</sub> e/USDm)	Morningstar Fund Category Average <sup>2</sup>	Carbon Risk <sup>3</sup>	Morningstar Fund Category Average <sup>2</sup>	Fossil Fuel Involvement <sup>4</sup>	Morningstar Fund Category Average <sup>2</sup>	Percent of AUM Covered <sup>5</sup>
UB Asia REIT Plus	176.3	136.0	11.4	9.2	0.0%	0.0%	77.3%
UB American Equity	-	137.0	-	7.8	-	5.1%	-
UB Emerging Markets Infra	775.3	851.6	7.2	11.5	16.3%	46.1%	91.1%
UB Europe AI	101.8	118.1	8.4	7.3	3.7%	8.3%	96.8%
UB European REIT	41.7	66.0	7.2	6.6	0.0%	0.4%	89.0%
UB Global REIT	113.9	117.7	9.2	9.8	0.0%	0.5%	92.4%
UB High Yield	-	156.2	-	10.0	0.6%	6.0%	37.6%
UB Infra	437.0	851.6	8.1	11.5	41.2%	46.1%	96.7%
UB Fixed Income Plus	185.0	145.8	9.3	9.7	5.2%	6.3%	78.4%
UB Short-Term Bond	-	90.1	-	9.4	2.3%	3.8%	35.2%
UB Global	322.9	186.6	-	8.4	9.2%	6.4%	66.2%
UB Timberland Global	-	721.3	-	21.3	0.0%	36.0%	45.6%
UB North America REIT	100.0	100.5	11.0	10.1	0.0%	0.0%	93.6%
UB Smart	-	147.2	-	7.8	3.6%	5.4%	47.4%
UB Finland	150.8	107.5	7.8	8.0	9.4%	8.1%	70.5%
UB Thales Argo	15.6	84.1	2.8	5.2	0.0%	3.0%	88.2%

<sup>1</sup> Carbon intensity describes the ratio of a company's greenhouse gas emissions (Scope 1 and Scope 2) to its revenues. Carbon intensity can be divided into the following categories: very low (0–15), low (15–70), medium (70–250), high (250–525), and very high (≥525). As there is no upper limit to the metric, very large greenhouse gas emissions can lead to a very high carbon intensity. The fund's carbon intensity is calculated as a weighted average of the carbon intensities of the fund's investments.

<sup>2</sup> Morningstar fund category is a peer group compiled of similar funds based on the instrument distribution, industry, and geographic weighting of the fund's investments. The peer group for each fund is stated in quarterly fund ESG reports available at [www.unitedbankers.com](http://www.unitedbankers.com).

<sup>3</sup> Carbon risk, a metric developed by Sustainalytics, illustrates the transition risk caused by climate change. According to the TCFD (Task Force on Climate-Related Financial Disclosures), transition risk refers to market-based risks related to legislation, technology, markets, and reputational harm driven by societal actions aiming for a low-carbon economy. Sustainalytics classifies carbon risk on a five-point numerical scale: negligible (0), low (0–10), medium (10–30), high (30–50), and severe (≥50).

<sup>4</sup> Fossil fuel involvement describes the extent to which the fund's investments are exposed to thermal coal mining and electricity production, oil and gas production and energy production, and oil and gas products and services.

<sup>5</sup> Percent of AUM covered illustrates the extent to which carbon emissions data is available for the fund's investments in the Morningstar Direct database. All carbon data available in the Morningstar Direct database is produced by Sustainalytics, an ESG analytics company. If the aggregated carbon data coverage of the fund is less than 67%, Morningstar Direct does not calculate the fund's total carbon figures.



## Stakeholder engagement

United Bankers' key stakeholders are customers, employees, shareholders, investors, public authorities, organisations and professional bodies, investees, partners and the media. Key stakeholders are defined as those whose views influence United Bankers' activities or who have a particular interest in the company and those who are particularly affected by United Bankers' activities.

An open and active dialogue with stakeholders provides a basis for understanding their views and needs and helps United Bankers to identify which areas of its operations should be prioritised and developed. It is also important to communicate with stakeholders concerning the company's objectives, policies, values, and changes in the business environment to build mutual understanding and trust.

During 2022, United Bankers sought to understand its stakeholders' views of the company by, for example, [participating in Scandinavian Financial Research's surveys on institutional clients'](#) views on asset managers and by participating in the [Reputation&Trust survey](#), which looks at a company's reputation and perceptions among investors more broadly. Personnel satisfaction and well-being are regularly surveyed, and a comprehensive annual personnel survey is carried out with an external partner. In addition, United Bankers maintains an ongoing meaningful dialogue with its stakeholders (see [Table 3](#)).

Feedback from stakeholders is important to United Bankers, both for the development and monitoring of its activities. In particular, United Bankers' relationship managers, portfolio managers and ESG team actively interact with stakeholders and actively seek to answer questions on sustainability and provide advice on issues such as responsible investing. Feedback on sustainability from stakeholders is channelled to the ESG team or the Sustainability Steering Group in order to improve performance based on the feedback.

## Whistleblowing channel

Feedback is important for United Bankers in terms of developing both operations and monitoring. In accordance with financial regulation, investment firms within the United Bankers Group have an appropriate whistleblowing channel in place, allowing Group employees to report suspected breaches of financial market rules and regulations through an internally independent channel. The aim of using the whistleblowing channel is to strengthen compliance with good governance and legislation, to help reveal misconduct and to increase the organisation's transparency. The Whistleblowing Channel is primarily intended for reporting suspected breaches of financial market rules and regulations, but at United Bankers it can also be used more widely to report misconduct and other malpractice or accountability concerns.

In the United Bankers Group, you can submit a complaint via an electronic form completely anonymously. The volume of whistleblowing reports filed through the whistleblowing channel is reported annually to the Board of Directors. In 2022, no complaints were made through the whistleblowing channel.

United Bankers strives to maintain meaningful stakeholder dialogue in all areas of the company's operations as described in the table on the following page.

**TABLE 3:**  
**STAKEHOLDERS AND STAKEHOLDER DIALOGUE**

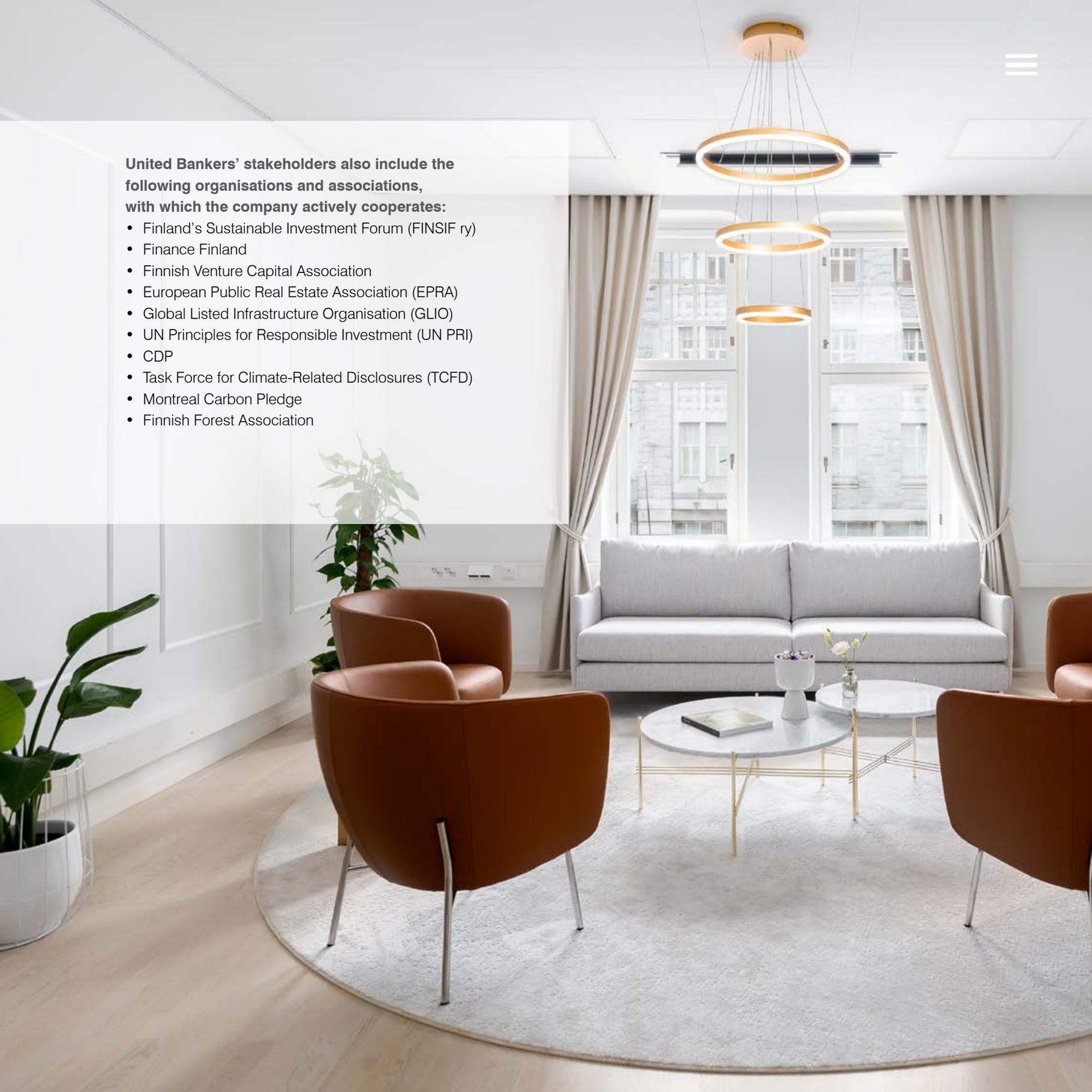


<b>Stakeholder group and expectations</b>	<b>Channels</b>	<b>Activities in 2022</b>
<p><b>Clients</b></p> <ul style="list-style-type: none"> <li>• Competitive and sustainable products and services</li> <li>• Useful additional services and advisory</li> <li>• Trustworthiness and data protection</li> <li>• Appropriate and useful service channels</li> <li>• Responsible behaviour</li> </ul>	<ul style="list-style-type: none"> <li>• Customer feedback</li> <li>• Website and social media channels</li> <li>• Customer meetings, events and webinars</li> <li>• Emails, newsletters and calls</li> </ul>	<ul style="list-style-type: none"> <li>• Information on funds and asset management strategies was provided in accordance with the disclosure regulation</li> <li>• Internal processes were developed to improve efficiency and customer service</li> <li>• Participation in the SFR survey</li> </ul>
<p><b>Employees</b></p> <ul style="list-style-type: none"> <li>• Fair treatment and open communication</li> <li>• Job stability and competitive salary</li> <li>• Opportunities for professional development</li> <li>• Health and well-being at work</li> </ul>	<ul style="list-style-type: none"> <li>• Intranet and HR system</li> <li>• Occupational health care</li> <li>• Development discussions and training sessions</li> <li>• Personnel survey and other internal surveys</li> <li>• Staff meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Employees' skills were developed</li> <li>• Increased training for and interaction with supervisors</li> <li>• Staff surveys were used to develop activities</li> <li>• Improvement of the recruitment process</li> </ul>
<p><b>Shareholders and investors</b></p> <ul style="list-style-type: none"> <li>• Creating long-term value</li> <li>• Performance development</li> <li>• Favourable share price performance and good dividend yield</li> <li>• Solvency</li> <li>• Responsible behaviour</li> </ul>	<ul style="list-style-type: none"> <li>• Financial statements, biannual reports, annual report</li> <li>• Corporate Governance Statement</li> <li>• Remuneration policy and report</li> <li>• Stock exchange and press releases</li> <li>• Annual General Meeting, investor, and portfolio manager meetings</li> <li>• Website</li> </ul>	<ul style="list-style-type: none"> <li>• The aim of the operational development was to achieve long-term stable performance</li> <li>• The company participated in several investor events</li> <li>• Considered economic, social, and environmental responsibility in operations</li> <li>• Continued implementation of the growth strategy</li> <li>• Conducted a study on the company's reputation (Reputation&amp;Trust)</li> </ul>
<p><b>Authorities</b></p> <ul style="list-style-type: none"> <li>• Compliance with regulations</li> <li>• Integrating sustainable finance regulation into business</li> <li>• Open, transparent, and reliable reporting</li> <li>• Continuous dialogue</li> </ul>	<ul style="list-style-type: none"> <li>• Communication by telephone and electronically</li> <li>• Participation in events and training</li> <li>• Meetings with the authorities</li> </ul>	<ul style="list-style-type: none"> <li>• Business was developed to meet changes in the operating environment, taking into account laws, regulations, and legislation</li> <li>• Open communication and continuous dialogue</li> </ul>
<p><b>NGOs and expert organisations</b></p> <ul style="list-style-type: none"> <li>• Cooperation on sustainability issues</li> <li>• Responsible behaviour</li> <li>• Continuous dialogue and exchange of information</li> </ul>	<ul style="list-style-type: none"> <li>• Website</li> <li>• Contact by telephone and electronically</li> <li>• Participation in meetings and training</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in the activities of industry associations such as the Forestry Academy for Decision Makers, FINSIF, Finnish Venture Capital Association, Finance Finland</li> </ul>
<p><b>Investees</b></p> <ul style="list-style-type: none"> <li>• Reliability and predictability</li> <li>• Open dialogue and cooperation</li> <li>• Responsible behaviour</li> </ul>	<ul style="list-style-type: none"> <li>• Website</li> <li>• Contact by telephone and electronically</li> <li>• Participation in meetings and training</li> </ul>	<ul style="list-style-type: none"> <li>• Co-initiatives including CDP, ISS</li> <li>• Direct lobbying and dialogue with investees</li> <li>• Voting at general meetings (ISS Proxy Voting)</li> <li>• Tenant satisfaction surveys in real estate funds</li> </ul>
<p><b>Partners (incl. agents and distributors)</b></p> <ul style="list-style-type: none"> <li>• Fair and equal treatment</li> <li>• Competitive products and services</li> <li>• Reliability and sound financial situation</li> <li>• Open dialogue and cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Website</li> <li>• Meetings and training</li> <li>• Contact by phone and e-mail</li> </ul>	<ul style="list-style-type: none"> <li>• Information and training on products and services</li> <li>• Improvement of activities based on feedback</li> <li>• Open communication and continuous dialogue</li> </ul>
<p><b>Media</b></p> <ul style="list-style-type: none"> <li>• Timely, reliable, and transparent communication</li> <li>• Expertise</li> </ul>	<ul style="list-style-type: none"> <li>• Press and stock exchange releases</li> <li>• Events and interviews</li> <li>• Websites and social media channels</li> <li>• Newsletters, emails, and calls</li> </ul>	<ul style="list-style-type: none"> <li>• Information on topical issues was provided through multiple channels</li> <li>• Rapid response to media enquiries and requests for interviews</li> <li>• Regular meetings with media representatives</li> </ul>
<p><b>Local communities</b></p> <ul style="list-style-type: none"> <li>• Employment and leisure opportunities</li> <li>• Support for communities and business partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings, events, and webinars</li> <li>• By telephone, electronically or by letter</li> <li>• Websites and social media channels</li> </ul>	<ul style="list-style-type: none"> <li>• Supported the Finnish Red Cross, the Baltic Sea Action Group and the Little Traveller (Pieni Kulkija) project</li> <li>• Continued cooperation with the Gubbe elderly care service</li> <li>• Surveys and information to landowners in forest funds</li> <li>• Cooperation with hunting clubs in forest funds</li> </ul>



**United Bankers' stakeholders also include the following organisations and associations, with which the company actively cooperates:**

- Finland's Sustainable Investment Forum (FINSIF ry)
- Finance Finland
- Finnish Venture Capital Association
- European Public Real Estate Association (EPRA)
- Global Listed Infrastructure Organisation (GLIO)
- UN Principles for Responsible Investment (UN PRI)
- CDP
- Task Force for Climate-Related Disclosures (TCFD)
- Montreal Carbon Pledge
- Finnish Forest Association





# Driving the transition to a sustainable economy and increasing our clients' wealth sustainably

## Goals

In all its activities, United Bankers aims to reduce in the long term the negative impacts of its investments, increase the positive impact of its investments on the environment, society, and good governance, and promote sustainable practices. United Bankers aims to contribute to the achievement of the UN Sustainable Development Goals. In addition, United Bankers seeks to identify and take into account the sustainability risks of its investments in its investment activities.

During 2022, United Bankers defined for the first time its sustainability focus areas with the help of a materiality analysis. The company started a process based on sustainability focus areas, with the aim of defining sustainability goals for each focus area. The goal-setting process aims to ensure that the goals meet the expectations of stakeholders and support United Bankers' other strategic objectives.

United Bankers aims to promote the UN's sustainable development goals. The key means of promoting the goals of sustainable development is that the company seeks to offer its clients investment products that contribute to achieving the goals of sustainable development. Currently, some of the United Bankers' products aim to promote certain sustainable development goals. Some of the products do not have an actual promotion goal in the product's investment strategy, but where possible, information is available on how the product promotes different aspects of sustainable development.

For United Bankers' equity and fixed income funds as well as UB 360 asset management (excl. UB 360 bonds), the company monitors and reports on how each fund's portfolio contributes to the achievement of the SDGs. This monitoring considers all the SDGs, as multi-strategy funds in particular can contribute to several goals at the same time. On the other hand, funds investing in infrastruc-

ture or real estate, for example, may contribute to objectives specifically related to these sectors. The characteristics of each fund in relation to the SDGs are further detailed in the 2022 update of the fund-specific ESG reports.

Real asset funds investing in properties aim to promote and monitor the implementation of the UN SDGs, which are the most relevant for each fund's sector.

### **For example, the key SDGs for property funds are:**

- Goal 11: Sustainable cities and communities
- Goal 13: Climate action
- Goal 7: Affordable and clean energy

### **For real asset funds investing in forests, the key sustainability objectives are:**

- Goal 13: Climate action
- Goal 15: Life on land
- Goal 9: Industry, innovation and infrastructure

Progress towards these goals will be monitored, by monitoring, for example, the contribution of forests to carbon sequestration and climate change mitigation.

### **Measures and achievements 2022**

- Launch of marketing and fundraising for a new green transition fund
- Sustainability classification of products
- Carbon footprint calculation for United Bankers - the basis for the Group's climate work
- Promoting responsible investment through active ownership
- Integrating climate and human rights risks into investment activities



## Sustainable products and services

A significant part of United Bankers' impact on society and the environment is realised through the investment products and services it offers. Climate change and the green transition are challenging the wealth management industry. The positive impact of investments comes from what the investees do and how responsibly and sustainably they operate. With United Bankers' diverse range of funds, with a focus on real assets, clients have a choice of a variety of solutions distinctive from mainstream offerings. The offering also includes investment products from carefully selected partners.

United Bankers aims to promote sustainable investing. This is reflected in the company's product range, which aims to find profitable investments for clients that also take into account the environment and society and are actively involved in building a sustainable world.

All United Bankers funds and UB 360 asset management solutions take into account the key sustainability risks of each industry and the key factors related to climate change mitigation and the changes it will bring. This is to ensure that the investments will continue to thrive in a world of green transition.

In addition, United Bankers' alternative funds and real asset funds in particular offer the opportunity to invest in building a sustainable society and advancing sustainable growth and innovation. Through United Bankers funds, it is possible to invest in areas such as real estate, forests that mitigate climate change, or green innovations in the forest sector. The aim is for United Bankers' products to offer customers opportunities to grow their wealth with the help of the green transition.

In 2022, United Bankers started fundraising for the new UB Forest Industry Green Growth Fund I LP, a new fund investing in sustainable and resource-efficient forest- and bio-based industries. The fund aims to mitigate climate change and promote the green transition by investing in forest and bio-based solutions that contribute to climate change mitigation and improve resource and material efficiency, for example by reducing carbon emissions and replacing fossil raw materials. The fund will support the forest-based and bio-based industries in growing and commercialising solutions to mitigate climate change. At the same time, it offers investors the opportunity to benefit from innovations that contribute to the green transition in the forest sector. The UB Forest Industry Green Growth Fund I LP has a 10-year mandate and a target size of EUR 300 million and is an excellent complement to United Bankers' strong expertise in forest investment.

In 2022, the sustainability classification of United Bankers' products under the EU's regulation on sustainability-related disclosures in the financial services sector (SFDR) was completed ([Table 4](#)). The majority of United Bankers' funds (19 funds) are so-called light green funds under Article 8 of the SFDR, which promote environmental and social features. In addition, two of these funds have committed to investing a portion of their assets in sustainable investments aligned with the EU taxonomy criteria. In addition, United Bankers has three SFDR Article 9, so-called dark green, forest funds that are committed to making sustainable EU Taxonomy aligned investments.

UB 360's asset management strategies (excl. bonds) are also so-called light green investment products under Article 8 of the SFDR, which promote environmental and social features. United Bankers' personalised wealth management solutions also offer the possibility to select environmentally and socially responsible investments as well as sustainable investments according to the client's preferences.

**TABLE 4:  
UB FUNDS – SFDR CLASSIFICATION**

	<b>SFDR CLASSIFICATION</b>
<b>FIXED INCOME FUNDS</b>	
UB High Yield	8
UB Fxed Income Plus	8
UB Short-Term Bond	8
<b>REGIONAL EQUITY FUNDS</b>	
UB American Equity	6
UB Finland	8
<b>INFRASTRUCTURE FUNDS</b>	
UB Emerging Markets Infra	8
UB Infra	8
<b>REIT-FUNDS</b>	
UB Asia REIT Plus	8
UB European REIT	8
UB Global REIT	8
UB North America REIT	8
<b>OTHER FUNDS</b>	
UB Global	8
UB Smart	8
UB Thales Argo	8
UB Europe AI	8
UB Corporate Lending Fund I	8
<b>REAL ESTATE FUNDS</b>	
UB Nordic Property	8
UB Finnish Properties	8
<b>FOREST AND FOREST INDUSTRY FUNDS</b>	
UB Forest Industry Green Growth Fund I	8
UB Timberland Global Fund	8
UB Nordic Forest Fund II	9
UB Nordic Forest Fund III	9
UB Timberland Fund	9



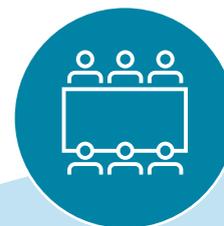


## ESG INTEGRATION IN INVESTMENTS

The sustainability aspects of investments are analysed as part of investment decisions.

Portfolio managers have access to ESG databases provided by Sustainalytics, Morningstar and Bloomberg. ESG databases provide portfolio managers with easy access to corporate responsibility information when making equity and fixed income investments. For example, portfolio managers can search for companies' sustainability scores (ESG score), sustainability risk information, information on the share of revenue generated by controversial activities, potential ESG violations, information on companies' carbon risks and emission reduction targets, and information on the main adverse impacts.

An investment-specific ESG analysis is part of all investments, including in alternative funds. In these funds, ESG analysis and value creation are an integral part of the investment process and ESG analysis is integrated into the due diligence, investment and portfolio management processes of each fund. Approaches and data sources vary across asset classes and funds.



## ENGAGEMENT AND ACTIVE OWNERSHIP

As an owner and investor, United Bankers seeks to promote the sustainability aspects of its investments by paying attention to environmental, social and governance issues. The aim is to promote the development of the investees' sustainability in line with the principles of sustainable investing, climate principles and international best practices. In particular, United Bankers focuses its advocacy activities on the following issues:

- Specific issues such as climate change, human rights, energy efficiency, good governance, biodiversity and water
- Breaches of norms and standards
- investment-specific issues
- Principal adverse impacts and deviations therefrom

The tools used by United Bankers include using voting rights at shareholder meetings, direct corporate engagement, participation in investor co-engagement, stakeholder engagement and public discourse.

United Bankers' fund offering focuses on funds investing in real property. For example, in funds investing in Finnish and other Nordic real estate and forestry funds, United Bankers is an active owner and promotes the sustainability of these investments with its partners through concrete actions in the direct management and administration of the funds' investments.

If United Bankers detects a violation of the principles of the UN Global Compact by a company in which it invests, the situation is analysed with the portfolio manager and discussed by the Sustainability Steering Group, which decides on further action. There are two options for further action: to initiate corrective action or to exclude the investee. The objective of the influence measures is to shift companies towards more responsible behaviour.



# Responsible investment practices



## EXCLUSION

Exclusion is one of the most concrete ways of implementing responsible investing. United Bankers will not invest or will exit from investments that it does not consider responsible. United Bankers has excluded certain industries from its investments on ethical grounds. The investment business has a general exclusion list for all investments (excl. index-based products):

- companies involved in the manufacture and sale of controversial weapons (landmines, cluster bombs, depleted uranium, biological and chemical weapons) and companies involved in the development and production of nuclear weapons
- companies whose main business is tobacco, weapons, coal production, gambling or adult entertainment

A company that violates the UN Global Compact principles may be excluded from investment by a decision of the Sustainability Steering Group. The Sustainability Steering Group can either take action to remedy the situation or exclude the investment.

In addition, United Bankers avoids investing in companies that generate 30% or more of their revenue from the use of coal in energy production or from oil sands. United Bankers may waive this exclusion if the company has a clear plan to change its operations.



## REPORTING

United Bankers' responsible investing is based on openness and transparency. Sustainability reporting consists of Group Sustainability Reporting and the Responsible Investment Review, as well as regularly published product-specific ESG reports.

From the beginning of 2023, United Bankers will publish more comprehensive public ESG reports for all its equity and fixed income funds and UB 360 asset management (excluding UB 360 bonds), allowing anyone to monitor the sustainability of these investments. The ESG reports show, for example, the development of sustainability risks of the investments, the development of ESG ratings, Global Compact violations, carbon intensity and carbon risk as well as company-specific ESG data for the fifteen largest holdings.



## Responsible investing

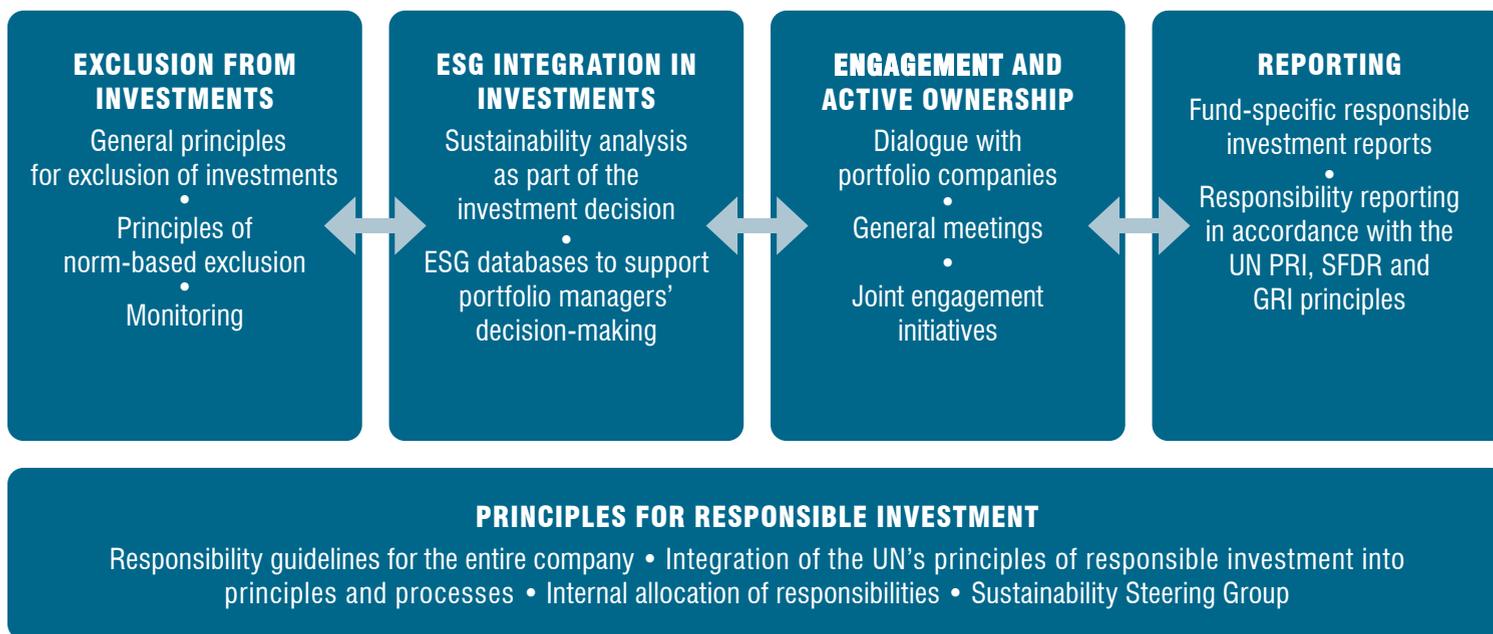
A responsible investor takes environmental, social and governance issues into account in investment activities. Responsible investment is at the heart of United Bankers' products. At United Bankers, we believe that considering sustainability issues alongside financial metrics improves our understanding of the investment and the risks and opportunities associated with it. Consideration of these issues is also expected to improve the conditions for investment returns.

United Bankers wants to offer its clients the opportunity to make sustainable and profitable investments and grow their wealth responsibly. The objective of investing is to achieve the best possible return at the level of risk chosen by clients in a sustainable manner, both in the long and short term. As part of this objective, investment

decisions take into account how environmental and social responsibility and good governance are implemented in the investments.

At United Bankers, the consideration of sustainability or environmental, social and governance (ESG) issues is integrated into our investment and portfolio management activities as well as the design and development of our products and services. United Bankers signed the UN Principles for Responsible Investment (UN PRI) in 2012. In line with these principles, United Bankers, promotes sustainability objectives as an active owner of its investments, develops appropriate reporting on sustainability issues, and has integrated sustainability analysis into its investment processes.

[United Bankers' Principles for Responsible Investing](#) guide the investment activities of the entire Group. They define the company's responsible investing policies.





## Carbon footprint of United Bankers' products

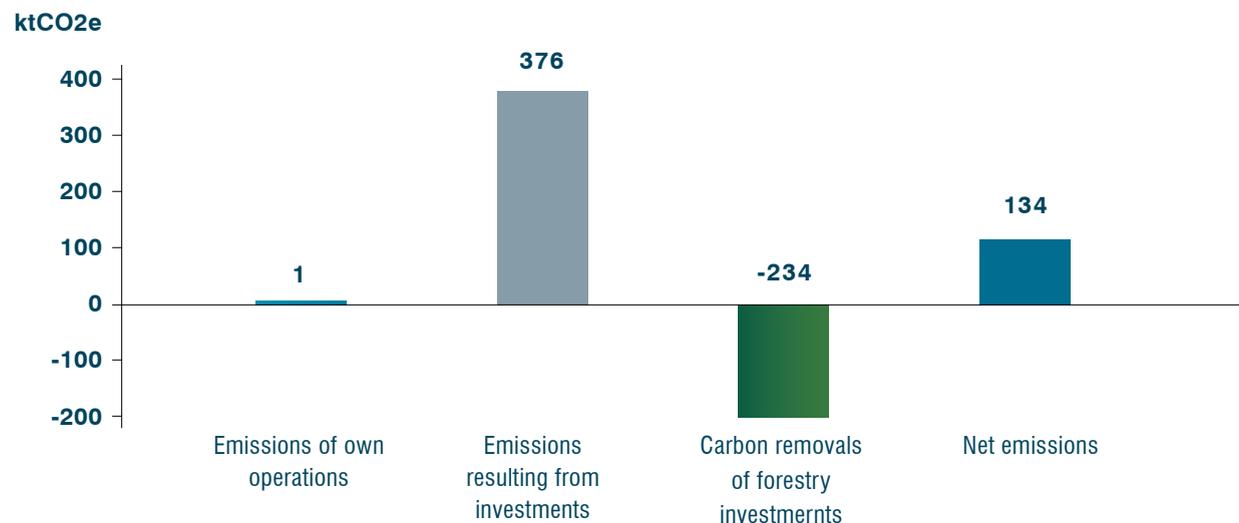
United Bankers wants to take responsibility to mitigate climate change and offer its clients climate-friendly solutions. Information on carbon emissions is key to planning and focusing climate action. In 2022, United Bankers calculated the Group's carbon footprint for the first time and started calculating the carbon footprint of its investments. The calculation will be used to develop the company's climate roadmap and set climate targets.

The calculation was performed in 2022 based on the year 2021 and followed the GHG Protocol and the Partnership for Carbon Accounting Financials (PCAF) methodology.

In 2021, the total carbon footprint of the investments in United Bankers products was 376 ktCO<sub>2</sub>e (Scope 3, Category 15) and the weighted carbon intensity (WACI, S1+S2+S3) was approximately 211 tCO<sub>2</sub>e per million euros invested. The weighted carbon intensity (WACI S1+S2) of the bond and equity funds was approximately 70 tCO<sub>2</sub>e per million euros invested. In addition to the emissions from investments in United Bankers' products, the product range also includes carbon sequestering forest funds. If carbon emissions from both investments and carbon sequestration are taken into account, United Bankers' net carbon emissions amounted to 266 ktCO<sub>2</sub>e.

The calculation includes United Bankers' funds as well as the discretionary portfolios for which investment decisions are made by United Bankers on behalf of the client. The data from the calculation will be used as a basis for setting United Bankers' climate targets and monitoring emission reductions.

**FIGURE 3:**  
**UNITED BANKERS' CARBON EMISSIONS AND CARBON REMOVALS IN FORESTRY INVESTMENTS (2021)**



United Bankers' portfolio does not only cause released GHG emissions but also contributes to emissions removals through forestry investments. This is crucial when aiming for a net zero portfolio.

Information regarding carbon removals of forestry investments and net emissions has been corrected 11.5.2023 due to an error in the original data.



## PROMOTING SUSTAINABILITY THROUGH ACTIVE OWNERSHIP

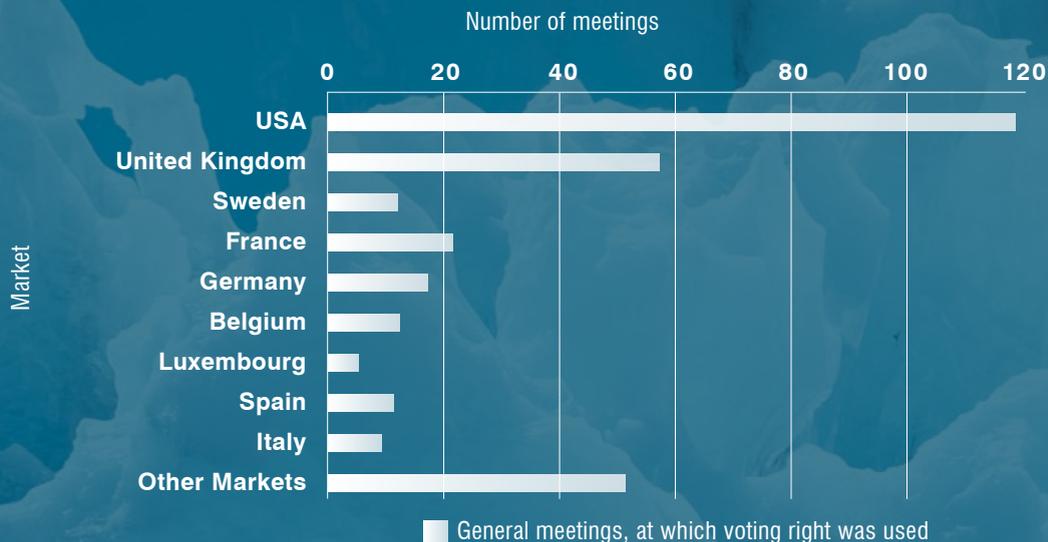
United Bankers promotes the sustainability of its funds' investments internationally. Investors play a key role in promoting sustainability, as funding and capital flows drive companies to act more sustainably.

As of 2021, United Bankers' daily equity funds have been using the proxy voting service provided by ISS ESG, an Institutional Shareholder Services Inc. company. Through this service, United Bankers votes at the AGMs of its portfolio companies around the world. United Bankers uses proxy voting to promote sustainability-related issues such as transparency, equality, climate change mitigation and setting climate targets in its portfolio companies.

Proxy Voting experts analyse the companies in the United Bankers funds' portfolios and AGM materials and, based on this analysis, prepare voting positions that promote sustainability and comply with the principles of the International Sustainability Proxy Voting Guidelines. United Bankers' portfolio managers can choose to amend the pre-formulated positions or allow the voting to proceed according to the draft positions. The service is available for investment objects domiciled outside of Finland.

In 2022, United Bankers funds exercised their voting rights through ISS Proxy Voting at a total of 313 AGMs. The majority of votes were concentrated in North American and European markets.

**FIGURE 4: GENERAL MEETINGS VOTED BY MARKET**



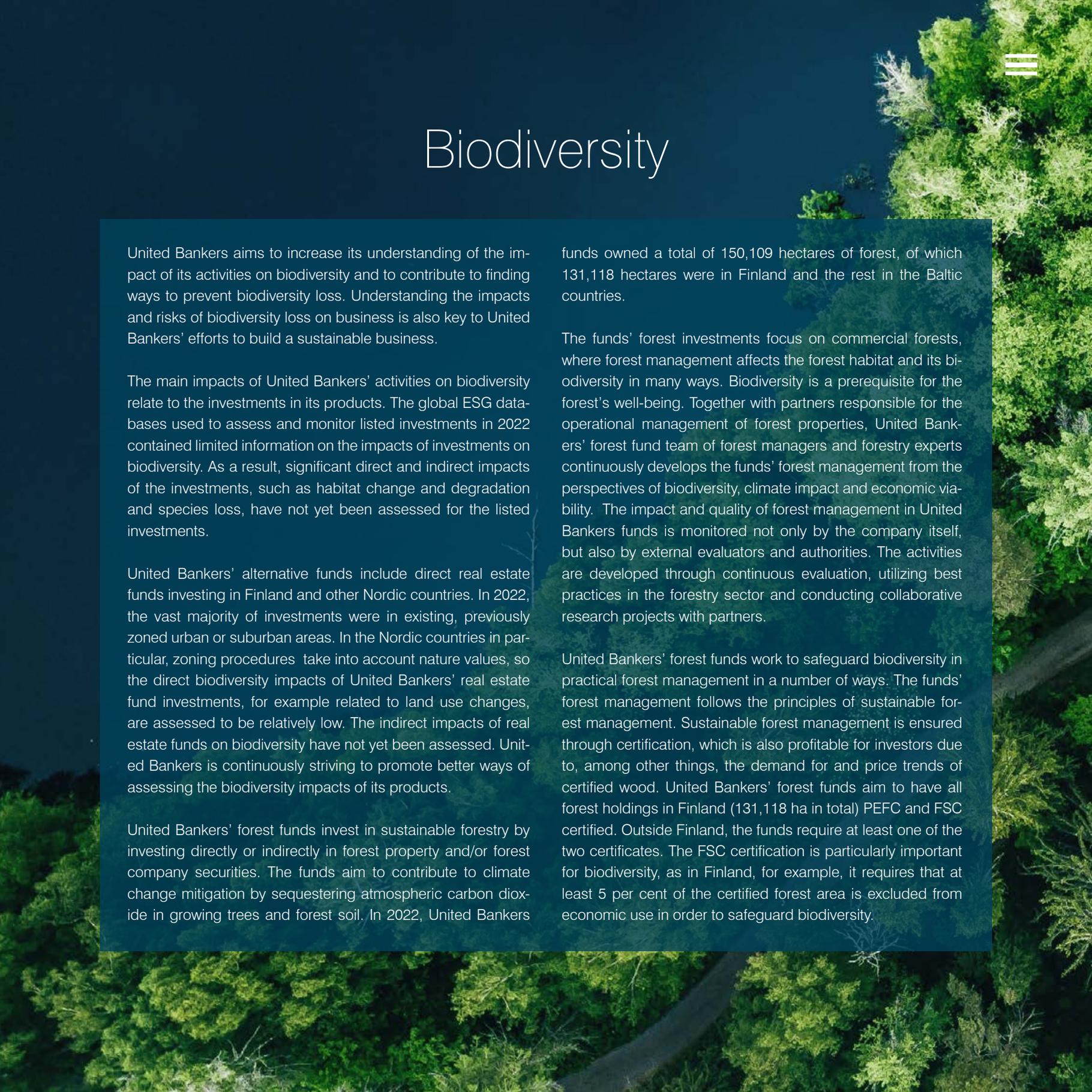


## WORKING TOGETHER TO ACHIEVE CLIMATE TARGETS

In 2022, United Bankers supported CDP's Science-Based Targets climate initiative. The engagement campaign encourages companies to set emission reduction targets under the Science Based Targets initiative, covering emissions across the company's entire value chain. These emission targets, aligned with the Paris Agreement, would limit the global average temperature increase to 1.5°C.

On behalf of United Bankers and other participating organisations, CDP sent letters to more than 1,000 companies around the world. These companies included JD.com, China's largest online retailer; Qantas, an Australian airline; BASF, the world's largest chemical company; Caterpillar, FedEx, General Electric, Wal Mart de Mexico and Wilmar International. The one thousand companies targeted by the initiative play a crucial role in efforts to limit global warming, as they produce a combined 7 gigatonnes of Scope 1 and Scope 2 emissions and have a combined market capitalisation of more than USD 25 trillion, representing 44 per cent of the MSCI All Country World Index.

Globally, more than 3,500 companies, representing around one third of the world's business market value, are already involved in the Science Based Targets initiative (SBTi). Of these, more than 1,200 companies have already adopted the 1.5°C target. SBTi data shows that the average company that has set climate targets is reducing its emissions by 8.8 per cent per year, well above the 4.2 per cent required to limit the global average temperature increase to 1.5°C



# Biodiversity

United Bankers aims to increase its understanding of the impact of its activities on biodiversity and to contribute to finding ways to prevent biodiversity loss. Understanding the impacts and risks of biodiversity loss on business is also key to United Bankers' efforts to build a sustainable business.

The main impacts of United Bankers' activities on biodiversity relate to the investments in its products. The global ESG databases used to assess and monitor listed investments in 2022 contained limited information on the impacts of investments on biodiversity. As a result, significant direct and indirect impacts of the investments, such as habitat change and degradation and species loss, have not yet been assessed for the listed investments.

United Bankers' alternative funds include direct real estate funds investing in Finland and other Nordic countries. In 2022, the vast majority of investments were in existing, previously zoned urban or suburban areas. In the Nordic countries in particular, zoning procedures take into account nature values, so the direct biodiversity impacts of United Bankers' real estate fund investments, for example related to land use changes, are assessed to be relatively low. The indirect impacts of real estate funds on biodiversity have not yet been assessed. United Bankers is continuously striving to promote better ways of assessing the biodiversity impacts of its products.

United Bankers' forest funds invest in sustainable forestry by investing directly or indirectly in forest property and/or forest company securities. The funds aim to contribute to climate change mitigation by sequestering atmospheric carbon dioxide in growing trees and forest soil. In 2022, United Bankers

funds owned a total of 150,109 hectares of forest, of which 131,118 hectares were in Finland and the rest in the Baltic countries.

The funds' forest investments focus on commercial forests, where forest management affects the forest habitat and its biodiversity in many ways. Biodiversity is a prerequisite for the forest's well-being. Together with partners responsible for the operational management of forest properties, United Bankers' forest fund team of forest managers and forestry experts continuously develops the funds' forest management from the perspectives of biodiversity, climate impact and economic viability. The impact and quality of forest management in United Bankers funds is monitored not only by the company itself, but also by external evaluators and authorities. The activities are developed through continuous evaluation, utilizing best practices in the forestry sector and conducting collaborative research projects with partners.

United Bankers' forest funds work to safeguard biodiversity in practical forest management in a number of ways. The funds' forest management follows the principles of sustainable forest management. Sustainable forest management is ensured through certification, which is also profitable for investors due to, among other things, the demand for and price trends of certified wood. United Bankers' forest funds aim to have all forest holdings in Finland (131,118 ha in total) PEFC and FSC certified. Outside Finland, the funds require at least one of the two certificates. The FSC certification is particularly important for biodiversity, as in Finland, for example, it requires that at least 5 per cent of the certified forest area is excluded from economic use in order to safeguard biodiversity.

In 2022, 100 per cent of the forests owned by United Bankers' forest funds in Finland were PEFC-certified and 76 per cent FSC-certified. Of the forests outside Finland, 44 per cent were FSC-certified and 90 per cent PEFC-certified. The certification rate of United Bankers funds' forests is relatively high, considering that around 85 per cent of all forests in Finland are PEFC-certified and just under 10 per cent FSC-certified.

To safeguard biodiversity, United Bankers' forest funds have also set longer-term goals to double the proportion of deciduous trees in their Finnish forests from the current level to a total of 20 per cent, and to promote continuous cover forestry on lush peatlands. Increasing the proportion of deciduous trees can improve biodiversity, while at the same time increasing the wood production capacity of forests and improving their climate resilience. Continuous cover forestry can also have a positive impact on biodiversity. In addition, the water balance of peatlands is maintained in a better condition, reducing leach-

ing into the environment and improving the overall carbon balance of forests.

In 2022, the combined protected area of United Bankers' forest funds was 8,856 hectares. Of this, approximately 4,806 hectares have been excluded from economic use in accordance with the protection requirements of FSC certification. The protected areas include different types of sites protected under various regulations and criteria, such as the Forestry Act, the old forest protection programme, Natura, the grove protection programme, peatland protection programmes, other private forest protection or, for example, due to various species occurrences. Depending on the protection criterion, the relevant body has defined the protection criteria and monitors the implementation of the protection measures and the achievement of any conservation objectives.

<b>Protected sites of United Bankers funds sites</b>	<b>Strictly protected areas, ha (FSC)</b>	<b>Special treatment forest, ha (FSC)</b>
Finland	4,049	4,049
Estonia	589	-
Latvia	-	-
Lithuania	168	-
<b>Total</b>	<b>4,806</b>	<b>4,049</b>

United Bankers' forest funds are actively investing in the establishment of private protected areas to safeguard biodiversity. United Bankers' forestry experts work with the authorities to identify sites for the establishment of private protected areas in areas of particular natural value. In the course of their activities, the funds have established a number of private protected areas, including under the METSO conservation programme, the Helmi action programme and Natura 2000. Through voluntary protection, the funds aim to safeguard sites of high biodiversity values. The protected areas include different types of old-growth forests and rare and endangered species. In 2022, United Bankers' forest funds had a total of 700 hectares of private protected areas. The ELY Centres are involved in the establishment and monitoring of private protected areas. Private protected areas of United Bankers' forest funds, status on 31.12.2022:

Ecological restoration of forests became a topic of public discussion in 2022. On the land of a United Bankers forest fund in Puolanka, voluntary ecological restoration measures were tak-

en to restore a stream (Tasonjoki-Siltajoki) in 2022. The stream had been degraded at the outset due to, among other things, the effects of forest drainage implemented by ditches decades ago. The aim of the restoration is to return the area to its natural state and a private protected area will be later established in the affected area. The success and final impact of the restoration work, which was completed in 2022, can only be assessed after a longer period of time. United Bankers' forest funds are also involved in a peatland restoration project in Pudasjärvi, for which planning began in 2022.

METSO and Helmi are voluntary forest protection and restoration programmes for Finnish forest owners. Voluntary conservation safeguards forest habitats that are representative in terms of tree structure and species diversity. Through these programmes, the natural values of forests are protected and managed to ensure the conservation of biodiversity. The aim of the programme, which combines forest conservation and economic use, is to halt the decline of forest habitats and forest species and to establish a favourable trend in biodiversity.

#### PRIVATE PROTECTED AREAS OF UNITED BANKERS' FOREST FUNDS, SITUATION 31.12.2022:

County	Surface area, ha	Year established	Protected natural values
Kainuu	106.0	2021	Old rocky pine forest area, gorge
Tavastia Proper (Kanta-Häme)	11.4	2018	Old ridge forest area, bogs in natural state
Kainuu	71.3	2022	Natural bogs and streams
Northern Savonia (Pohjois-Savo)	0.1	2020	Deciduous coastal forest
Northern Savonia (Pohjois-Savo)	3.6	2020	Deciduous swamp zone, coastal forest
Central Finland (Keski-Suomi)	3.0	2022	Various types of swamp
Kainuu	33.0	2021	Old natural forest area, decaying wood
Kainuu	113.0	2021	Old pine forest and a natural swamp area
Central Ostrobothnia (Keski-Pohjanmaa)	320.7	2021	Natural forest area adjacent to the Salamajärvi National Park
Northern Savonia (Pohjois-Savo)	4.7	2019	Mixed riverside forest
Kainuu	18.8	2022	Ancient natural spruce forest area, swamp
Northern Savonia (Pohjois-Savo)	15.0	2022	Old natural spruce forest area
Total	700.6		



## AIMING FOR AN INVESTMENT PORTFOLIO WITH GOOD GOVERNANCE AND RESPECT FOR HUMAN RIGHTS

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Good governance and respect for human rights are key elements of responsible investing. In its Responsible Investment Principles, United Bankers requires that its investees and partners operate in accordance with international best practices, standards, and agreements. United Bankers requires respect for human rights, anti-corruption and environmental considerations as defined in the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the ILO Labour Conventions.

In 2022, the assessment of good governance and the human rights impacts of investments was integrated into United Bankers' investment processes. In United Bankers' investment processes, respect for human rights and good governance is reviewed as a part of the due diligence process for each investment. For listed investments, the review is carried out using international ESG databases. For example, the ESG databases of Sustainalytics and Morningstar provide information on whether a potential investment target complies with the UN Global Compact principles, whether the target is at particularly high risk of violating the principles or whether human rights-related norm violations have already occurred. For unlisted investment targets, investment-specific human rights risk analysis and due diligence studies are used, among other things.

United Bankers monitors the human rights and good governance performance of investee companies during the investment period. The Sustainability Steering Committee regularly reviews the status of the funds' portfolios. In the event of non-compliance, the Steering Committee may decide to take action to remedy the situation. This may involve, for example, dialogue with the company. If it is not possible to remedy the situation within a reasonable period of time, the investment will be withdrawn.

The human rights impact of investments is part of United Bankers' ongoing monitoring of the human rights impacts of its operations and business relationships, in line with the UN Guiding Principles on Business and Human Rights (UNGPs). Work on human rights impact assessments of investments will continue in the coming years as methodologies and data sources continue to evolve.



# Meaningful work and inspiring opportunities

## Measures and achievements 2022

- Finland's Most Inspiring Workplaces 2022 (Suomen Innostavimmat Työpaikat) award to United Bankers
- Diversity targets set for the Group

United Bankers' success is built on a thriving and committed workforce. At the heart of creating an inspiring and fair workplace are a culture of open communication and honesty, adherence to common rules, and a willingness to help.

A commitment to United Bankers' values and adherence to the ethical principles contribute to the success of the company. In all their activities, the personnel strives to find the most suitable solutions for clients and to produce first-class customer experiences. United Bankers employees form a team, where everyone plays an important role and their skills and input contribute to achieving common goals.

## Working at United Bankers

At the end of 2022, the United Bankers Group employed 148 people (full-time equivalents), an increase of 8 per cent compared to the end of the previous year. Of these 148, 142 were permanent and 6 temporary employees. The majority of the personnel worked in Finland. The offices in Sweden and Luxembourg employed each 2 individuals. During the year, 31 new employees joined the Group's Finnish offices, of whom 23 were hired on a permanent basis and 8 on a fixed-term basis. A total of 16 people left the company during the year, of which 9 were permanent and 7 temporary. During 2022, employee turnover was at a low level. In Finland, the turnover rate was 6.8 per cent. There was no turnover in the other countries.

In addition to employees, United Bankers' clients are served by 32 tied agents. The company also uses external consultants for projects such as IT and development. The average number of consultants in 2022 was 6.

United Bankers complies with labour laws. The company is not an organised employer and does not have collective agreements in place. However, the company complies with the collective agreement for the financial sector, where applicable. All employees are covered by a written employment contract and, in the case of management positions, by a management contract. Notice periods are in accordance with labour legislation and typically one or in some cases two months' notice is given by both parties.

At United Bankers, the HR organisation supports supervisors and management in all HR-related processes and issues and is in close co-operation with employees. The personnel has elected a representative councillor to represent them in various employment matters and negotiations. Labour law is also respected, including in relation to change negotiations.

## Job satisfaction and well-being

United Bankers is committed to the physical and mental well-being of its employees. The company takes care of its employees' well-being by providing high-quality and comprehensive occupational health care services. All United Bankers' employees are covered by health insurance supplementing the statutory occupational health insurance. The insurance covers, among other things, specialist care, including visits to specialists, medical check-ups, X-rays, and personal vaccinations. Wellbeing and fitness at work are also supported through sports and cultural activities and various wellness and sports events.



The work of United Bankers' personnel is mainly office-based and demanding professional work with a low risk of accidents. Employees work in office conditions and mainly at computer terminals. One of the ways of ensuring safety at work is to ensure that employees in the Helsinki office are familiarised with the building's emergency plan. The work involves occasional peaks in activity, which require good self-management and organisational skills. Psychosocial stress is the most significant health stress factor at work for different occupational groups.

United Bankers has a low rate of personnel sickness absence, which continued to fall in 2022 from the previous year. In particular, sickness absences due to respiratory diseases, mental disorders and musculoskeletal disorders decreased significantly. United Bankers employees had no work-related illnesses. Static loads on the neck and shoulders, upper limbs and lower back are known to be a particular stress factor. Remote work can pose challenges to good work ergonomics. In the office, workstations are equipped with electrically or manually adjustable desks and adjustable chairs. The majority of employees have more than one screen at their disposal.

In 2022, three accidents at work were reported in the Group, all of which were minor accidents such as slips and falls. No accidents occurred during commuting.

United Bankers has an occupational health and safety committee, whose tasks include promoting occupational health and safety and developing working conditions and measures to maintain working capacity. The committee supports the rest of the work community in maintaining a positive working atmosphere and works closely with the occupational health provider to promote well-being at work with a focus on preventive action. The health and safety committee meets whenever necessary, but at least four times a year. United Bankers also has an early support model to prevent, for example, long periods of sickness absence.

In addition to good health, opportunities to influence one's work-life balance also contribute to staying fit for work. Flexibility in working life is supported through, for example, teleworking opportunities, flexible working hours and the possibility to work a shorter working week. United Bankers supports employees with families in their daily lives by, among other things, providing the opportunity for a to a childcare service for sick children.

## Recognition for a good workplace

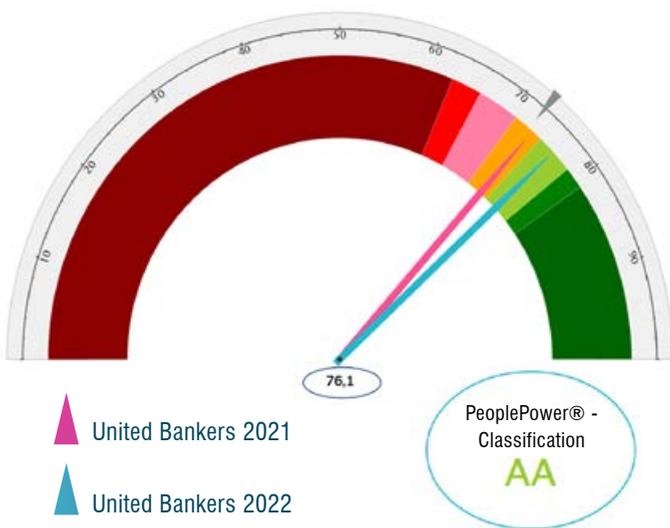
United Bankers measures employee engagement and satisfaction annually. According to the 2022 Employee Survey, employee satisfaction at United Bankers is at an excellent level. The company was awarded the title of Finland's Most Inspiring Workplaces 2022. This is an annual Finnish professional life recognition, awarded to the highest-scoring organisations that participated in the Eezy Flown People-Power survey. The award reflects both the high level of commitment of United Bankers' personnel as well as the success of the company's long-term, inclusive development of its operations. As many as 93 per cent of the employees responded to the survey. The survey was administered to both employees and tied agents. United Bankers' overall results went up significantly compared to the previous year and were also well above the average for Finnish professional organisations. The overall result was also more positive than the average for the financial and insurance sector. Among the strengths identified in the survey were confidence in management's ability to make the right decisions, active communication of strategy and prospects, quality of service to clients, and good conditions for personnel well-being. The personnel described United Bankers as "evolving, professional, flexible, reliable and fair". 94 per cent of respondents agreed that overall United Bankers is a very good place to work.

The results of the Employee Survey are presented and openly discussed throughout the organisation. The results are used to set development objectives for the whole organisation for the coming year. Supervisors go through the results with their teams and agree on development objectives together with their team.





**PEOPLEPOWER® CLASSIFICATION IS RELATED TO THE PERFORMANCE LEVEL NORMS OF THE UNIT UNDER CONSIDERATION**



**PERSONNEL SURVEY RESPONSE RATE**

**93%**

**RESPONDENTS CONSIDERING UNITED BANKERS AS A VERY GOOD PLACE TO WORK**

**94%**



## Training and development

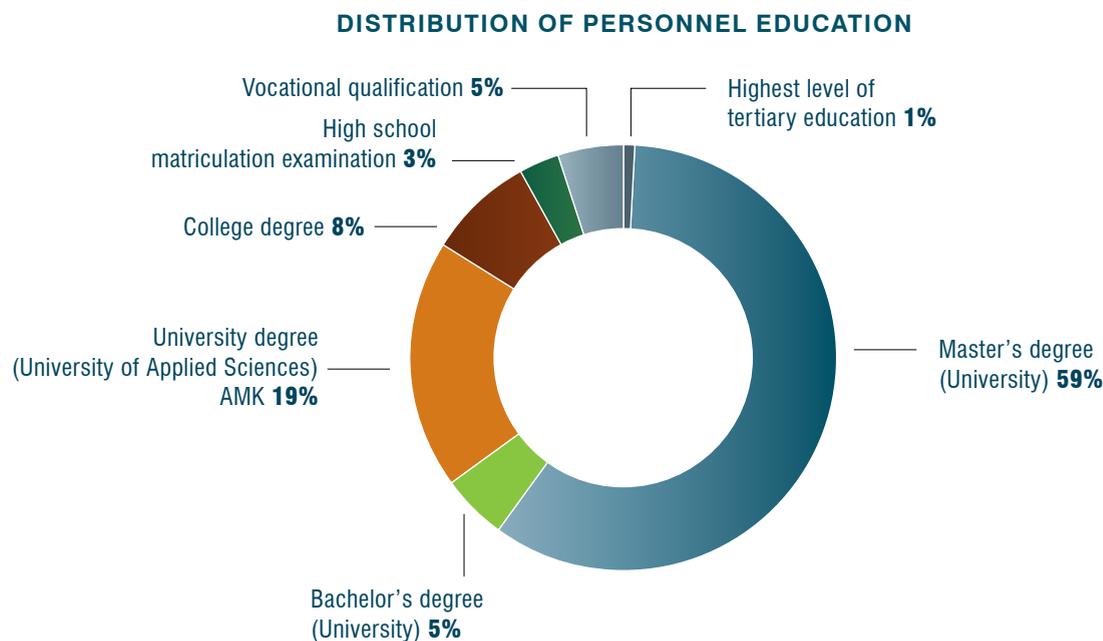
United Bankers is an organisation where the professional development of its personnel, as well as the sharing of knowledge, contribute to the sustainability of its operations. The employees' professional skills are maintained and developed through continuous training. In addition to training required by regulation, the company also provides its personnel with other training and development opportunities in an employee-oriented manner. United Bankers provides opportunities for all its employees to deepen, broaden and update their professional skills. According to information provided by personnel, the number of days of training done in 2022 was approximately two days per employee. In 2022, United Bankers chose to focus on supporting and developing supervisor work. In addition, all employees were offered the opportunity to participate in first aid training. The one-day first aid training was completed by 16 people.

The career development discussion process is used to regularly discuss not only the development of each employee's skills, but also motivation and job satisfaction. All United Bankers' employees

are subject to development reviews. According to the Employee Survey, 74 per cent of respondents had had a performance review in the last 12 months. Eight per cent of respondents had not had a development discussion, as the employment relationship had only recently started.

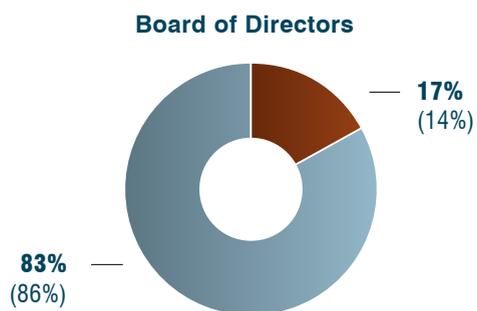
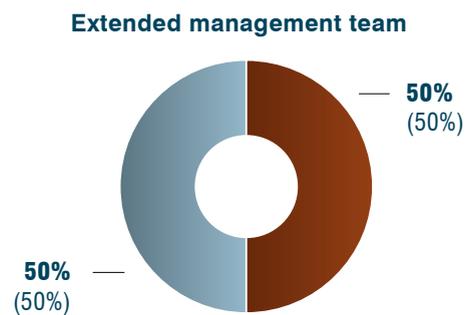
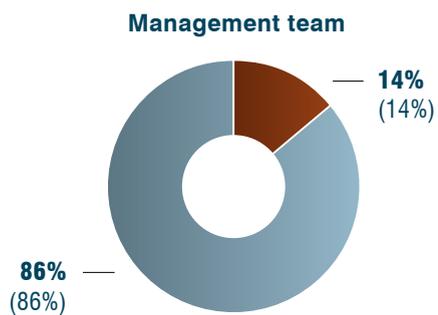
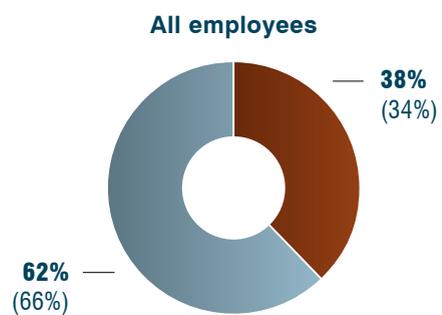
## Equality and non-discrimination

United Bankers is committed to promoting equality, diversity and non-discrimination in all its forms. Equality and non-discrimination are an important part of the daily life of a diverse and multilingual organisation. The aim is to achieve equality in compensation and rewarding and to provide equal career and skills development opportunities for all. Equality is a fundamental right and its realisation is ensured in all aspects of the company's operations, in management and in the human resources policy. United Bankers' equality and non-discrimination plan covers all of United Bankers' operations in Finland and has been implemented as part of the company's occupational health and safety programme. The key objective of the equality and non-discrimination plan is to support the creation of a thriving work environment.





## GENDER DISTRIBUTION\*



\* Breakdown by number of personnel, the year 2021 distribution in parentheses.



The skills of supervisors in managing diverse employees and in dealing with cultural differences are regularly developed. Personnel are informed about the company's management principles and how they can influence their own work. According to the Employee Survey, the majority of United Bankers' personnel felt that the company was equal. The company's ethical guidelines and whistleblowing channels were also generally well known.

United Bankers aims to ensure that none of its employees experience harassment or other inappropriate treatment. The company has a policy for dealing with inappropriate treatment and harassment under which every incident that comes to its attention is addressed. Harassment or inappropriate treatment can be reported through the company's whistleblowing channel. In the personnel survey, three people reported having experienced discrimination during 2022. Of these, two said the situation had been resolved, but one respondent said that discrimination still persisted.

## United Bankers diversity targets confirmed in 2022

In 2022, the Board of Directors of United Bankers set diversity targets for the Group, valid until 2024, to maintain and promote diversity, gender equality and equality in the workplace. At the end of 2022, the targets set by the company had been met for the time being.

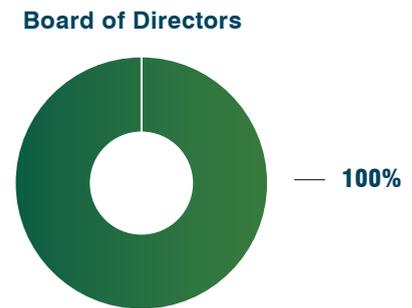
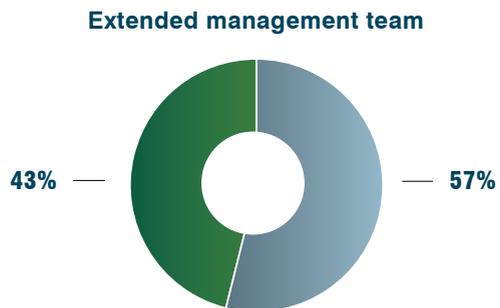
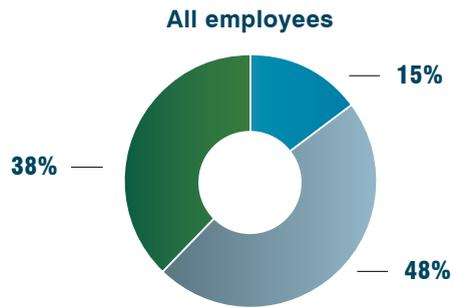
Recruiting new employees is a key element in achieving diversity objectives. United Bankers welcomes all applicants equally and selects talented people of all ages, with different skills, educational and cultural backgrounds, regardless of gender. Where the applicant pool allows, both genders should be represented in the final stage of the selection process. The most suitable person for the post will always be selected.

### UNITED BANKERS' DIVERSITY TARGETS:

- Both genders are represented in at least 1/3 of all specialists in the company
- Both genders represented in at least 1/3 of all supervisors
- The composition of the Board of Directors and the management team is always sufficiently representative of both genders (for more information on the objectives regarding the composition of the Board of Directors, see: page 148.)
- The objective is to increase the number of minority gender representatives on the Board by making recommendations to the largest shareholders, who will prepare a proposal for the composition of the Board of Directors to the Annual General Meeting. The composition of the Board of Directors should be in line with United Bankers' business and strategic needs and its members should have appropriate professional skills, education, experience, and knowledge of the industry.



### AGE DISTRIBUTION\*



\*Breakdown by number of personnel



# Transparency and reliability as cornerstones of administration and communication

## Goals

Sound corporate governance is one of the cornerstones of United Bankers' operations. United Bankers' activities are always based on good corporate governance, legislation and regulatory guidelines. Effective and accountable governance is based on a high level of expertise within the company and on continuous improvement.

United Bankers strives to communicate openly, transparently and equitably with all its stakeholders. The aim of communication is to build and maintain a positive corporate image of the Group and to give a true and fair view of the Group, its activities, objectives, strategy, and financial situation.

During 2022, United Bankers sought to increase interaction with its stakeholders and to identify their views, wishes and potential concerns. A number of initiatives were also undertaken to assess the current state of sustainability in various areas, including the Group's carbon footprint and investor confidence. These surveys will serve as a benchmark and guide the setting of targets for the future.

### Measures and achievements 2022

- Developing the Group's sustainability reporting in line with GRI
- Renewal of ESG reports for funds and the UB 360 asset management model
- Calculation of the Group's carbon footprint
- Began monitoring energy consumption
- Incorporating customer sustainability preferences into the assessment of products and services suitable for customers.

## Environmental impacts

### Carbon footprint

In 2022, United Bankers started to monitor the environmental impact of its activities by calculating its carbon footprint for the first time. United Bankers' 2021 carbon footprint was 377 ktCO<sub>2</sub>e (Scope 1-3) and carbon intensity in relation to revenue was 0.8 tCO<sub>2</sub>e/MEUR (Scope 1-2) and 8,602 tCO<sub>2</sub>e/MEUR (Scope 1-3). The vast majority of the carbon footprint (99.7%) was made up of the [carbon footprint of United Bankers' products](#). The calculation was performed during 2022 on 2021 emissions and followed the methodology of the [GHG Protocol](#) and the [Partnership for Carbon Accounting Financials \(PCAF\)](#), the international financial carbon accounting standard. The value of the investment portfolio on 31 December 2021 was used to calculate the carbon footprint of the investments.

Excluding products and the investments they contain, the carbon footprint of the Group's other activities, such as maintaining the office and business travel, totalled 1.5 ktCO<sub>2</sub>e in 2022 (Table 5), an increase of 19 per cent compared to 2021. The increase in the carbon footprint is due to, among other things, returning to the office after COVID-19 restrictions and the resulting increase in purchased services. To minimise emissions, offices in Helsinki and Turku use renewable electricity. In addition, United Bankers introduced the Edenred commuting benefit in October 2022 to encourage its personnel to use public transport for commuting.

## Energy consumption

United Bankers' energy consumption in 2022 was approximately 284 MWh, of which electricity consumption was approximately 166 MWh (58.3%) and heat and cooling consumption was approximately 118 MWh (41.7%). Energy consumption increased by about 3.3% compared to 2021. The increase in consumption was main-

ly due to the removal of COVID-19 restrictions and the return of staff to the office. In addition, United Bankers opened local offices in Kuopio and Oulu. Energy consumption has been compared to 2021, as 2021 has also been chosen as the benchmark for the company's carbon footprint. The calculation is based on data from energy companies and data from Statistics Finland, Motiva and Energiföretag on average office heat consumption.

**FIGURE 5:  
UNITED BANKERS' CARBON FOOTPRINT (EXCL. INVESTMENTS), KTCO2E (2021)**



**TABLE 5:  
UNITED BANKERS' CARBON FOOTPRINT**

Emissions source	Emissions 2021 (tCO2e)	Emissions 2022 (tCO2e)
Scope 1	0	0
Scope 2 (Market-based)	33,3	33,7
Scope 3–15 (Investments within United Bankers products)	375 470,0	Available Q2 2023
Scope 3, Others	1 240,7	1 482,1
<b>Total</b>	<b>376,744</b>	<b>Available Q2 2023</b>



## **RESPONSIBILITY**

### **SOCIETAL IMPACTS**

To take responsibility for the sustainable development of society and the environment, United Bankers has integrated sustainability into its strategy, operations and values. In addition, it recognises that corporate social responsibility extends beyond the Group's own sphere of activity to the wider society. Each year, United Bankers supports projects and initiatives related to sustainable development of society and the environment.

#### **UNITED BANKERS SUPPORTED RED CROSS RELIEF WORK IN UKRAINE**

Russia's war of aggression against Ukraine in February 2022 shocked the world. During the year, United Bankers made two significant donations through the Finnish Red Cross to support Ukrainians in the war-torn country. Many United Bankers employees also personally helped Ukrainians, including through financial donations, participating in the collection, shipment and delivery of supplies, and assisting with the transportation of refugees.

#### **SUPPORTED THE GUBBE ELDERLY CARE SERVICE TO REDUCE LONELINESS AMONG SENIOR CITIZENS**

In 2022, United Bankers continued to support the activities of the Gubbe senior citizens service. Gubbe Sydänystävä Oy is a new

type of non-medical service established in 2018 with the aim of helping senior to live happier and be more active. The COVID era increased loneliness among older people, but many older people still suffer from loneliness today.

Through the Gubbe service, United Bankers offers seniors help with household chores and regular companionship in their daily lives. At the same time, United Bankers enables young people to find employment for the next year in a meaningful part-time job.

#### **OTHER ENVIRONMENTAL AND SOCIAL SUPPORT**

For the second year in a row, United Bankers supported children's commutes to school by supporting the Pieni kulkija ("Little walker") service. United Bankers employees distributed reflective LED vests to first-graders at Katajanokka Elementary School to promote safety on the journey to school.

United Bankers has supported the Baltic Sea Action Group's (BSAG) work to protect the Baltic Sea for many years. The 2022 Christmas gift funds were also directed to BSAG.



THE  
FINNISH  
RED CROSS

Central Medical  
Central Medical



GUBBE  
ELDERLY  
CARE SERVICE



LITTLE  
WALKER



BALTIC SEA  
ACTION  
GROUP



## Responsible communications and marketing

United Bankers' sustainability approach is guided by the values that are important to the company: customer orientation, agility, and team spirit. These values are reflected in everyday work. The company aims to build long-term client relationships based on trust and confidence, and to grow client wealth through solutions that meet each client's individual goals and needs.

Marketing and client relations are based on a customer-centric, responsible and solution-oriented approach, as well as equal and fair treatment of clients. Clients are only offered solutions that are tailored to their specific situation and objectives, always well-founded and designed to withstand different market conditions. To achieve and maintain client confidence, products and services will be communicated honestly and in accordance with current legislation. In addition, communication and marketing will emphasise sustainability by being transparent, professional, and clear.

In 2022, United Bankers has invested in particular in the development of its sustainability reporting. For the first time, the 2022 Annual Report has been prepared in accordance with the Global Reporting Initiative (GRI) principles of international sustainability reporting standards. During 2022, United Bankers also renewed its sustainability reporting for the funds and the UB 360 asset management model (excluding UB 360 bonds), with new product-specific reports coming into effect from the beginning of 2023. With the revised reports, United Bankers wants to communicate its activities to its stakeholders in a more transparent, comprehensive, and clear way.

Due to new sustainable finance regulations, in August 2022, United Bankers added sustainability preferences as part of its assessment of the suitability of products and services for a client. By identifying customer preferences and objectives in relation to sustainability, United Bankers aims to provide clients with products that are best suited to their financial goals and their preferences for the sustainability characteristics of investments. During 2022, United Bankers' financial advisors and other personnel were trained on the process changes related to clients' sustainability preferences.

United Bankers wants to invest in responsible client communication and dialogue. Consistent practices have been established for handling client feedback to ensure that each feedback is responded to in an appropriate manner and within a reasonable timeframe. Maintaining a high level of client satisfaction is important and client satisfaction is monitored through regular client satisfaction surveys conducted by external parties and through collecting continuous feedback on activities.

In 2022, United Bankers participated in the Reputation&Trust survey developed by T-Media, which examines the reputation of organisations and the level to which stakeholders trust the organisation. The goal of participating in the survey was to assess the current state of United Bankers' reputation and trust among its investor base. The survey provided the company with important insights into its strengths affecting reputation, and also helped to identify key areas of development for the company in building its reputation. United Bankers intends to participate annually in this survey, which is widely commissioned for listed companies, in order to set reputational goals, monitor its reputation development and pursue a strong reputation as a competitive advantage.

During 2022, the company did not identify any non-compliance with marketing and communications regulations, nor did stakeholders or external parties report any issues with United Bankers' marketing.

## Client privacy and data protection

Investing in data protection is a prerequisite for reliable and client-oriented business operations. United Bankers processes a wide range of personal data on a daily basis, which is used for client relationship management, marketing, stakeholder communication, risk management and personnel-related matters, among others. A significant share of this data is confidential client and asset information covered by banking secrecy. Personal data is processed in accordance with the EU General Data Protection Regulation (GDPR), national personal data legislation and specific financial sector regulations.



Data is processed in both physical and digital form and it is of paramount importance that privacy and banking secrecy are maintained at all times. The good personal data processing practices already established will be maintained and continuously improved to ensure that the confidentiality and privacy of data processing is optimally safeguarded and that they meet the requirements of a changing business environment.

United Bankers continuously monitors and advances client privacy and data security. Employees are regularly trained and all are required to comply with United Bankers' Privacy Policy, Personal Data Processing Policy and other internal guidelines that support the implementation of data protection regulations. In 2022, training on data protection and digital security was provided to all employees. During 2022, United Bankers was not aware of any complaints or breaches relating to client data protection, client data processing or data security.

## Preventing corruption, bribery and money laundering

There is always a risk of corruption, bribery and money laundering in the financial sector. United Bankers does not tolerate corruption, bribery or any other illegal activity under any circumstances, and will actively work to combat corruption and maintain and promote transparency. United Bankers complies with Finnish legislation, which incorporates all key international anti-corruption instruments (including The United Nations Convention Against Corruption and The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions).

United Bankers bears its share of responsibility for preventing money laundering and terrorist financing both in Finland and internationally. United Bankers is bound by domestic regulations on the prevention of money laundering and terrorist financing as well as EU sanctions. The company also complies with UN sanctions and OFAC sanctions imposed by the United States. The company carries out an annual risk assessment to identify and assess the risks of money laundering and terrorist financing.

Regulation on the prevention and detection of money laundering and terrorist financing applies to all United Bankers' business activities. Client due diligence is a key obligation of this regulation. It means that to detect unusual transactions, the company identifies and verifies the identity of the client and the person acting on behalf of the client and knows the nature and extent of the client and their activities. Before each new client relationship is opened, client information is reviewed in accordance with regulatory requirements and the company's own internal guidelines.

The regulation also places restrictions on the payment and receipt of various payments and rewards, or incentives. These are intended to improve the quality of the service provided to the client but must not lead to behaviour that is contrary to the client's interests. In its remuneration arrangements, United Bankers seeks to ensure that rewards do not lead to a conflict of interest between the client and the personnel providing the service, for example by not guiding investment recommendations or investment advice to clients. The remuneration model has been structured in such a way that there is no temptation to act against the client's interest in any particular product. The reward criteria include qualitative criteria to encourage action in the best interests of clients.

The United Bankers Code of Conduct guides the lawfulness and ethical conduct of the company's employees. For example, United Bankers employees do not offer, solicit or accept inappropriate gifts, trips or payments. Guidelines for solicitation and acceptance of business gifts are set forth in the company's Code of Conduct.

All United Bankers employees participate in annual anti-money laundering and client awareness training, as well as training on United Bankers' Code of Conduct.

In 2022, United Bankers reported no cases of corruption, bribery or money laundering related to its own activities. The company had no anti-competitive activities or violations of antitrust and monopoly laws.



## UNITED BANKERS' GENERATED ADDED FINANCIAL VALUE

<b>Generated added financial value for different stakeholders (EUR 1,000)</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Revenue (customers)	48 562	43 828	34 358	32 477
Purchasing (suppliers of goods and services)	5 140	5 289	4 614	4 501
<b>Gross profit</b>	<b>43 422</b>	<b>38 539</b>	<b>29 744</b>	<b>27 976</b>
Wages and benefits (personnel)	17 514	16 254	13 966	13 974
Taxes (public sector)	3 635	3 109	1 826	1 515
Financial expenses (creditors)	170	136	137	136
Other expenses (operations and business development)	9 233	7 831	7 291	7 936
<b>Retained earnings</b>	<b>12 871</b>	<b>11 210</b>	<b>6 523</b>	<b>4 415</b>

## ECONOMIC VALUE GENERATED AND DISTRIBUTED

<b>Society income distribution, EUR 1,000</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Fee and commission income and expense, net	43 194	38 017	29 355	27 319
Net profit or loss on trading on securities and foreign currencies	-158	400	138	530
	77	20	17	21
Net interest income	120	-45	-69	-86
Other operating income	20	10	166	56
<b>Total income</b>	<b>43 252</b>	<b>38 403</b>	<b>29 607</b>	<b>27 840</b>
Personnel expenses	14 647	13 780	12 213	11 774
Other administrative expenses	6 637	5 402	4 630	5 234
Depreciation, amortization and impairment	1 922	1 938	1 694	1 745
Other operating expenses	676	519	963	978
Impairment losses on liabilities and other receivables	-1	-28	5	-21
<b>Society</b>				
Income taxes	3 635	3 109	1 826	1 515
Social security costs	593	486	354	322
Pension expenses	2 274	1 988	1 400	1 879
Equity holders of the parent company	12 539	10 347	6 234	4 421
Non-controlling interest	332	864	289	-7
<b>Distribution of income</b>	<b>43 252</b>	<b>38 403</b>	<b>29 607</b>	<b>27 840</b>

## Tax and tax footprint

United Bankers is headquartered in Finland and has operations in Sweden and Luxembourg through its subsidiaries' branches. United Bankers pays its taxes in accordance with local legislation in each of the countries where it operates. United Bankers is committed to operating in compliance with all its legal obligations, to providing all necessary information to the relevant tax authorities and to engaging in an open and transparent dialogue with them.

In 2022, United Bankers paid a total EUR 12 million of taxes and tax-related payments.

## Earnings performance

United Bankers aims to grow the business, the bottom line, and the value of the company over the long term. Financial responsibility is the cornerstone of United Bankers' business. By ensuring the capital adequacy and profitability of its business, the company will continue to be able to operate in the future. Through carefully considered and long-term growth investments, the company aims to create added value for its owners and clients alike.

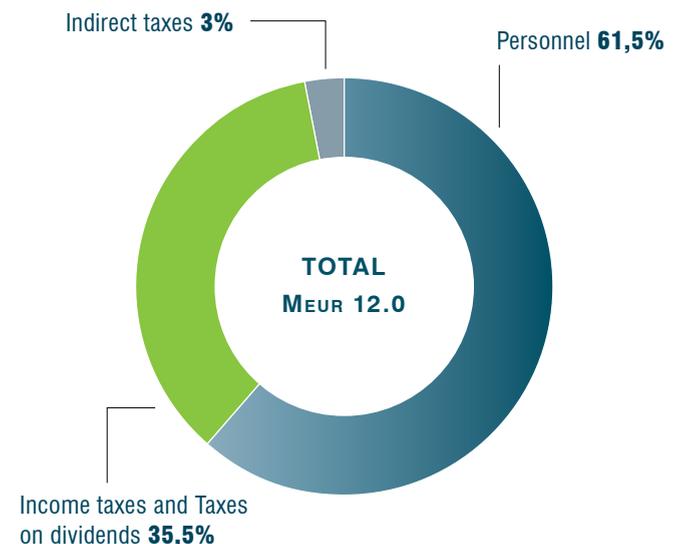
United Bankers reports on its business and financial performance transparently and accurately so that stakeholders have a true and fair view of the Group's financial position and operating results. United Bankers' activities are always based on good corporate governance, legislation, and regulatory guidelines. Honesty and ethics are fundamental principles underpinning our operations.

### United Bankers is implementing a growth strategy based on the following elements:

- long-term client relationships and exceeding client expectations
- pioneering the development of unique and high-quality products and services
- strengthening a dedicated team of experts
- sustainability at the heart of the business and in ensuring success
- leveraging technology to enhance the client experience and increase efficiency
- growing operations both organically and through acquisitions
- focusing on scalable and recurring revenue generating business

### TAX AND TAX FOOTPRINT

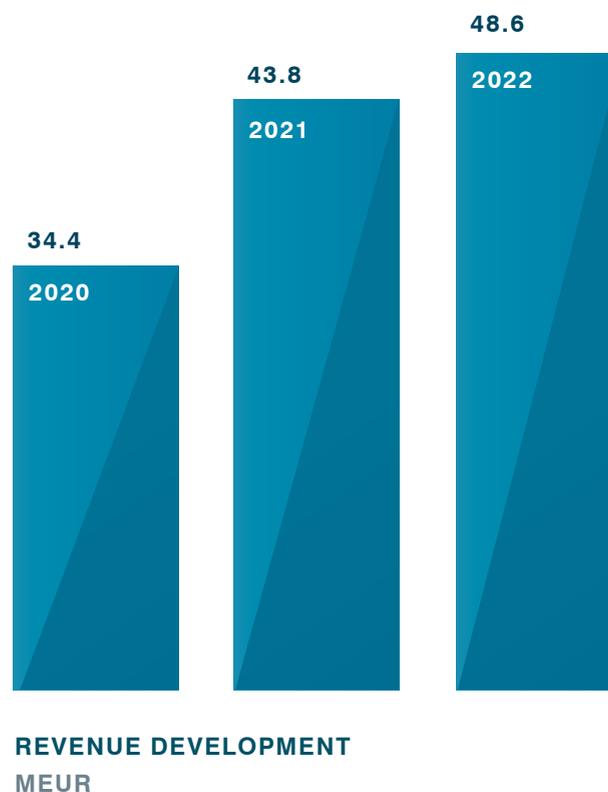
<b>Tax table</b> EUR 1,000		
<b>Personnel</b>	<b>2022</b>	<b>2021</b>
Withholding and tax-at-source	4 490	3 966
Pension contributions	2 274	1 988
Social security contributions	593	486
<b>Income taxes and Taxes on dividends</b>		
Income taxes	3 635	3 109
Withholding and tax-at-source on dividends	607	414
<b>Indirect taxes</b>		
Value added tax on sales	361	387





A financially strong company can meet the needs of its clients, take responsibility for the environment, look after its personnel, and provide well-being for society.

In 2022, United Bankers Group's revenue (income from operations) increased by 10.8 per cent to EUR 48.6 million. United Bankers' dividend policy is to pay an annual dividend of at least 50 per cent of earnings per share or cash flow per share<sup>1</sup>. The company has been able to steadily increase its dividend in recent years. In accordance with the decision of the 2022 Annual General Meeting, United Bankers paid a dividend to its shareholders for the financial year 2021 totaling EUR 0.80, of which EUR 0.70 was the ordinary dividend. In addition, an extra dividend of EUR 0.10 was paid. The amount of the ordinary dividend was 37 per cent higher than in the previous year. For more details on the development of the Group's financial results, see sections in the Board of Directors' Report and Consolidated Financial Statements.



<sup>1</sup> On February 17, 2023 United Bankers published an updated dividend policy, according to which the company aims to distribute an annual dividend of at least 70 per cent of the earnings per share or cash flow per share, considering the company's financial situation and strategy.





## CARBON FOOTPRINT CALCULATION – METHODOLOGY, ASSUMPTIONS AND SOURCES

United Bankers' carbon footprint was calculated by Gaia Consulting in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition, 2004) and the GHG Protocol Corporate Value Chain standard (Scope 3) (2011). In addition, the PCAF Global GHG Accounting and Reporting Standard for the Financial Industry (first edition, 2020) was used to calculate United Bankers' investment emissions (Scope 3, Category 15), as it provides more detailed guidance for calculating financed emissions. The carbon footprint of United Bankers' forest investment products was calculated by AFRY.

United Bankers has no Scope 1 emissions. Scope 2 emissions, i.e. purchased energy consumption data, were obtained for electricity and district cooling for the Helsinki office and electricity and district heating for the Tampere office. The consumption of the other offices was estimated on the basis of the known consumption of the previously mentioned offices (electricity) or on the basis of average consumption per square meter (district heating).

Where possible, primary data directly from service providers was used for the Scope 3 calculation. Where primary data were not available, emissions were estimated using, for example, national averages, public databases and consumption data.

The following categories were taken into account in the Scope 3 calculation:

1. Purchased goods and services
- 3 Upstream emissions from the energy used chain
4. Upstream transport and distribution
6. Work travel
7. Commuting to work
15. Investments

For category #5 (waste), no information was received from the waste management partner or lessor. However, waste emissions are estimated to be negligible.

Scope 3, category 15, Investments

According to PCAF's calculation guidelines for financial institutions, portfolio issues are allocated to United Bankers based on the ratio of the amount remaining to the total value of the real estate at inception (commercial real estate), EVIC (listed companies or bonds), or equity to debt (private equity and bonds). The equations used to calculate financed emissions are available in the PCAF documents.

The carbon footprint of forest holdings was calculated using SIMO software. The software is based on domestic studies and follows IPCC guidelines. In addition to tree growth and harvesting, the calculation considers the soil carbon cycle, logging residues and the life cycle of wood products.



## GRI-INDEX

Code	Indicator	Location in the report	Information
2-1	Organisational details	Notes to the consolidated financial statements p.97	
2-2	Entities included in the organisation's sustainability reporting	Reporting principles p.42	
2-3	Reporting period, frequency and contact point	Reporting principles p.42	
2-5	External assurance	Reporting principles p.42	
2-6	Activities, value chain and other business relationships	United Bankers in brief p.4 Board of Director's Report - Business segments p.26	
2-7	Employees	Working at United Bankers p.69 Gender distribution p.74	Among part-time employees, 9 were men and 6 women, while among fixed-term employees, 6 were men and 4 women. (The distribution is calculated on a headcount basis) Out of the new employees, 12 were women and 19 men. The age distribution of the new employees was as follows: 11 individuals were under the age of 30, 16 were between the ages of 30 and 50, and 4 were over the age of 50. The more detailed information required by the standard was not currently available in our HR system.
2-8	Workers who are not employees	Working at United Bankers p.69	
2-9	Governance structure and composition	Managing and leading sustainability p.47 Corporate Governance Statement 2022 – Governance structure p.148 Corporate Governance Statement 2022 – Composition of the Board of Directors p.150 Corporate Governance Statement 2022– Committees of the Board of Directors p.155	The Board of Directors and committees of United Bankers do not currently include any representatives from minority groups or stakeholders.
2-10	Nomination and selection of the highest Governance Body	Corporate Governance Statement 2022 – Composition of the Board of Directors p. 150 Corporate Governance Statement 2022 – Competence and independence requirements for the Board of Directors p. 152 Corporate Governance Statement 2022 – Principles concerning the diversity of the Board of Directors p. 152	The nomination and election process of the board does not include considerations from stakeholders other than shareholders.
2-11	Chair of the highest Governance Body	Corporate Governance Statement 2022 – CEO p.130	
2-13	Delegation of responsibility for managing impacts	Managing and leading sustainability p.47-48	
2-14	Role of the highest Governance Body in sustainability reporting	Corporate Governance Statement 2022 – Duties of the Board of Directors p.153	
2-15	Conflicts of interest	Corporate Governance Statement 2022 – Principles concerning related-party transactions p. 161 <a href="#">United Bankers' website</a>	
2-16	Communication of critical concerns		
2-18	Evaluation of the performance of the highest Governance Body	Corporate Governance Statement 2022 – Board of Directors' self-assessment p. 155	
2-19	Remuneration policies	Remuneration Report 2022 – CEO's remuneration in 2022 p.170-172	In accordance with the Securities Markets Act, the Remuneration Report covers only the compensation of the CEO and the Board of Directors. The CEO does not receive a sign-on bonus.



Code	Indicator	Location in the report	Information
2-20	Process to determine remuneration	Corporate Governance Statement 2022 – Remuneration Committee p.156 Remuneration policy for Governing Bodies - Grounds for determining variable remuneration s. 164,165 Remuneration Report 2022 - Decision making related to the remuneration policy p. 163 <a href="#">United Bankers Plc's minutes of the Annual General Meeting 2022</a> - Deciding on governance bodies remuneration p.5	An external (independent) consultant has attended the meetings of the Remuneration Committee.
2-22	Statement on sustainable development strategy	CEO Patrick Anderson p.6-9	
2-23	Policy commitments	Sustainability principles and policies p.43-44 Aiming for an investment portfolio with good governance and respect for human rights p.68	United Bankers does not pay attention to any particular stakeholder category.
2-24	Embedding policy commitments	Sustainability principles and policies p. 43-44	
2-26	Mechanisms for seeking advice and raising concerns	Whistleblowing channel p.53	
2-27	Compliance with laws and regulations		In 2022, there were no significant cases of breaches of laws or regulations.
2-28	Membership associations	Promoting sustainability together with interest groups p. 44 Membership association p. 55	
2-29	Approach to stakeholder engagement Collective bargaining agreements	Stakeholder engagement p. 53	
2-30	Collective bargaining agreements	Working at United Bankers p.69	
3-1	Process to determine material topics	Defining focus areas p.45	
3-2	List of material topics	Responsibility at the center of operations – Sustainability focus areas p.42 Table 1: Grouping of sustainability focus areas based on materiality analysis p.46	
201-1	Direct economic value generated and distributed	United Bankers' generated added financial value p.83	
201-2	Financial implications and other risks and opportunities due to climate change	Climate risks and opportunities p.49-51	
205-3	Confirmed incidents of corruption and actions taken	Preventing corruption, bribery and money laundering p.82	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Preventing corruption, bribery and money laundering p.82	
302-1	Energy consumption within the organisation	Energy consumption p. 78	
304-2	Significant impacts of activities, products and services on biodiversity	Biodiversity p.65-67	Apart from the measurement of forest holdings in hectares, United Bankers has not assessed its direct and indirect effects on biodiversity with the level of accuracy mandated by the standard.
304-3	Habitats protected or restored	Biodiversity p.65-67	United Bankers does not engage in cooperation with external entities for the purpose of conservation or restoration efforts that extend beyond the forest reserves of funds.
305-1	Direct (Scope 1) GHG emissions	Carbon footprint p. 77-78 Carbon footprint calculation – methodology, assumptions and resources p.87	The method employed for calculating emissions was based on the Global GHG Accounting & Reporting Standard for the Financial Industry developed by PCAF. The approach to accounting was based on operational control.



Code	Indicator	Location in the report	Information
305-2	Energy indirect (Scope 2) GHG emissions	Carbon footprint p. 77-78 Carbon footprint calculation – methodology, assumptions and resources p.87	The method employed for calculating emissions was based on the Global GHG Accounting & Reporting Standard for the Financial Industry developed by PCAF. The approach to accounting was based on operational control.
305-3	Other indirect (Scope 3) GHG emissions	Carbon footprint of United Bankers' products p.62 Carbon footprint p. 77-78 Carbon footprint calculation – methodology, assumptions and resources p.87	The method employed for calculating emissions was based on the Global GHG Accounting & Reporting Standard for the Financial Industry developed by PCAF. The approach to accounting was based on operational control.
305-4	GHG emissions intensity	Table 2: Indicators describing the climate risks of daily valued equity and fixed income funds p.52 Carbon footprint of United Bankers' products p.62 Carbon footprint p. 77-78 Carbon footprint calculation – methodology, assumptions and resources p.87	
401-1	New employee hires and employee turnover	Working at United Bankers p.69	The more detailed information required by the standard was not currently available in United Bankers' HR system. The available data required by the standard for this indicator can be found in the Working at United Bankers section.
401-3	Parental leave		At the end of 2022, three employees were eligible for parental leave. Over the course of the year, a total of seven individuals took parental leave, including three women and four men. By the end of the year, two men had resumed to work at United Bankers. Currently the detailed information needed to meet the standard was not accessible through United Bankers' HR system.
402-1	Minimum notice periods regarding operational changes	Working at United Bankers p.69	
403-5	Worker training on occupational health and safety	Job satisfaction and well-being p.69	
403-6	Promotion of worker health	Job satisfaction and well-being p.69	
403-9	Work-related injuries	Job satisfaction and well-being p.69	
403-10	Work-related ill health	Job satisfaction and well-being p.69	
404-3	Percentage of employees receiving regular performance and career development reviews	Training and development p. 73	The personnel survey is anonymous, so no data is available by gender or employee category.
405-1	Diversity of governance bodies and employees	Gender distribution p.74 Age distribution p. 76	
406-1	Incidents of discrimination and corrective actions taken	Equality and non-discrimination p. 73	
415-1	Political contributions		No political contributions made in 2022.
417-3	Incidents of non-compliance concerning marketing communications	Responsible communications and marketing p.81	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Client privacy and data protection p. 81-82	



**UNITED BANKERS PLC**

IFRS Consolidated  
Financial Statements

**for the financial year ending on 31 December 2022**



# Consolidated Financial Statements (IFRS)

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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	Note	1.1.-31.12.2022	1.1.-31.12.2021
Fee and commission income	3	48,334	43,306
Net gains or losses from trading in securities and foreign currencies	4	-158	400
Income from equity investments	5	77	20
Interest income	6	290	91
Other operating income	7	20	10
<b>Total revenue</b>		<b>48,562</b>	<b>43,828</b>
Fee and commission expenses	3	-5,140	-5,289
Interest expenses	6	-170	-136
Administrative expenses			
Personnel expenses	8	-17,514	-16,254
Other administrative expenses	8	-6,637	-5,402
Depreciation, amortisation and impairment of tangible and intangible assets	18,19,20	-1,922	-1,938
Other operating expenses	9	-676	-519
Expected credit losses on loans and other receivables		1	28
<b>Operating profit</b>		<b>16,506</b>	<b>14,319</b>
Income taxes	10	-3,635	-3,109
<b>Profit for the period</b>		<b>12,871</b>	<b>11,210</b>
<b>CONSOLIDATED COMPREHENSIVE INCOME</b>			
<b>Total comprehensive income attributable to</b>		<b>12,871</b>	<b>11,210</b>
Equity holders of parent company		12,539	10,347
Non-controlling interest		332	864
<b>Earnings per share for profit attributable to the equity holders of the company</b>			
Earnings per share, EUR		1.19	1.00
Earnings per share (diluted), EUR		1.16	0.98

Parent company has one class of shares.



## CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	31.12.2022	31.12.2021
<b>ASSETS</b>			
Cash and equivalents	13	0	0
Claims on credit institutions	14	9,500	14,324
Claims on the public and public-sector entities	15	23	25
Debt securities	16	1,220	752
Shares and units	17	8,643	8,704
Goodwill	18	15,593	15,593
Other intangible assets	18	5,102	4,279
Tangible assets	19,20	2,672	3,096
Other assets	21	27,726	30,632
Accrued income and prepayments	22	1,086	754
Deferred tax assets	10	3	3
<b>Total assets</b>		<b>71,568</b>	<b>78,163</b>
<b>EQUITY AND LIABILITIES</b>			
<b>LIABILITIES</b>			
Liabilities to credit institutions	23	-	2,000
Other liabilities	24	13,190	22,204
Accrued expenses and deferred income	25	7,831	8,272
Deferred tax liabilities	10	2,491	1,350
<b>Total liabilities</b>		<b>23,512</b>	<b>33,826</b>
<b>EQUITY</b>			
Share capital	26	5,464	5,464
Reserve for non-restricted equity		24,606	21,372
Retained earnings		17,628	16,670
Non-controlling interest		359	830
<b>Total equity</b>		<b>48,056</b>	<b>44,337</b>
<b>Total equity and liabilities</b>		<b>71,568</b>	<b>78,163</b>



## CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	1.1.-31.12.2022	1.1.-31.12.2021
<b>Cash flow from operating activities</b>		
Income received from sales	43,755	40,472
Other operating income received	20	10
Operating costs paid	-29,310	-24,858
<b>Cash flow from operating activities before finance costs and taxes</b>	<b>14,465</b>	<b>15,625</b>
Interest paid from operating activities	-115	-116
Interest received from operating activities	279	102
Income taxes paid	-4,432	-2,525
<b>Cash flow from operating activities (A)</b>	<b>10,197</b>	<b>13,086</b>
<b>Cash flow from investing activities</b>		
Acquisitions of tangible and intangible assets	-2,321	-1,494
Changes in claims on the public and public-sector entities	2	73
Investments in subsidiaries	-52	-117
Dividends received from investments	77	20
Investments in financial assets	-647	-745
<b>Cash flow from investing activities (B)</b>	<b>-2,941</b>	<b>-2,263</b>
<b>Cash flow from financing activities</b>		
Acquisition of treasury shares	-337	-495
Proceeds from share issues	9	-
Drawdown of loans	-	1,140
Repayment of loans	-2,000	-1,140
Repayment of lease liabilities	-575	-511
Dividends paid to non-controlling interests	-861	-324
Dividends paid to equity holders of parent company	-8,313	-5,309
<b>Cash flow from financing activities (C)</b>	<b>-12,077</b>	<b>-6,639</b>
<b>Net cash flows from operating, investing and financing activities (A+B+C)</b>	<b>-4,821</b>	<b>4,184</b>
<b>Change in cash and cash equivalents</b>	<b>-4,821</b>	<b>4,184</b>
Cash and cash equivalents at the beginning of the year	14,324	10,124
Effect of expected credit losses	-4	16
Cash and cash equivalents at the end of the year	9,500	14,324



## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	Share capital	Reserve for invested non-restricted equity	Retained earnings	Total	Non-controlling interest in capital	Total equity
<b>Equity, 1 Jan 2022</b>	<b>5,464</b>	<b>21,372</b>	<b>16,670</b>	<b>43,506</b>	<b>830</b>	<b>44,337</b>
<b>Comprehensive income</b>						
Profit for the period	-	-	12,539	12,539	332	12,871
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>12,539</b>	<b>12,539</b>	<b>332</b>	<b>12,871</b>
<b>Transactions with owners of the Group</b>						
Distribution of dividends and return of capital	-	-	-8,313	-8,313	-861	-9,174
Acquisition of treasury shares	-	-	-337	-337	-	-337
Share issue, related to corporate restructuring	-	3,234	-	3,234	-	3,234
Share issue, personnel and tied agents	-	-	242	242	-	242
Other changes	-	-	-34	-34	-	-34
Acquisition of non-controlling interests	-	-	-3,283	-3,283	58	-3,225
Management incentive plan	-	-	143	143	-	143
<b>Total transactions with owners of the Group</b>	<b>-</b>	<b>3,234</b>	<b>-11,582</b>	<b>-8,348</b>	<b>-803</b>	<b>-9,151</b>
<b>Equity, 31 Dec 2022</b>	<b>5,464</b>	<b>24,606</b>	<b>17,628</b>	<b>47,697</b>	<b>359</b>	<b>48,056</b>

EUR 1,000	Share capital	Reserve for invested non-restricted equity	Retained earnings	Total	Non-controlling interest in capital	Total equity
<b>Equity, 1 Jan 2021</b>	<b>5,438</b>	<b>21,372</b>	<b>11,987</b>	<b>38,797</b>	<b>291</b>	<b>39,087</b>
<b>Comprehensive income</b>						
Profit for the period	-	-	10,347	10,347	864	11,210
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>10,347</b>	<b>10,347</b>	<b>864</b>	<b>11,210</b>
<b>Transactions with owners of the Group</b>						
Distribution of dividends and return of capital	-	-	-5,309	-5,309	-324	-5,633
Acquisition of treasury shares	-	-	-495	-495	-	-495
Share issue, related to corporate restructuring	26	-	-	26	-	26
Share issue, personnel and tied agents	-	-	260	260	-	260
Other changes	-	-	5	5	-	5
Acquisition of non-controlling interests	-	-	-258	-258	-	-258
Management incentive plan	-	-	134	134	-	134
<b>Total transactions with owners of the Group</b>	<b>26</b>	<b>-</b>	<b>-5,663</b>	<b>-5,637</b>	<b>-324</b>	<b>-5,961</b>
<b>Equity, 31 Dec 2021</b>	<b>5,464</b>	<b>21,372</b>	<b>16,670</b>	<b>43,506</b>	<b>830</b>	<b>44,337</b>

# Notes to the consolidated financial statements

## 1 | BASIC INFORMATION ON THE COMPANY, GROUP STRUCTURE, ACCOUNTING PRINCIPLES AND INFORMATION ON ACQUISITIONS AND DISPOSALS

### 1.1 BASIC INFORMATION AND STRUCTURE

The United Bankers Plc Group (hereinafter, “United Bankers” or the “Group”) is a Finnish expert on wealth management and investment markets. The Group’s business segments include wealth management and capital markets services. In wealth management, the Group specialises in real asset investments.

The parent company of the Group, United Bankers Plc (hereinafter the “Company”) is a Finnish limited liability company, whose business ID is 2355443-6. The registered office of the Company is in Helsinki and the registered address Aleksanterinkatu 21 A, 00100 Helsinki, Finland. The Company has been listed on Nasdaq Helsinki since 18 June 2020.

These financial statements were adopted by the Board of Directors of United Bankers in their meeting of 23 February 2023. The Finnish Companies Act stipulates that shareholders of a company have the option of either adopting or rejecting the financial statements in the annual general meeting held after the publication of same. The annual general meeting also has the option of resolving to modify the financial statements.

### 1.2 ACCOUNTING PRINCIPLES

The consolidated financial statements were prepared in accordance with the applicable International Financial Reporting Standards (IFRS) as adopted by the European Union as in force on 31 December 2022. The International Financial Reporting Standards refer to the standards and interpretations issued on same, as approved for application within the EU pursuant to the procedure stipulated under the EU regulation (EY) N:o 1606/2022, as set forth in the Finnish Accounting Act and the regulations issued under same. United Bankers has applied the above-mentioned principles in all the financial periods (2021 and 2022) presented in the financial statements, unless otherwise stated below. The Group has not applied any new or modified standards or interpretations prior to the entry into force thereof.

The general accounting principles of the consolidated financial statements are presented below in this section. Information on discretionary decisions that the management has made while applying the accounting principles, with the greatest impact on the figures presented in the financial statements, as well as the presumptions of future development and estimations have been presented in section 1.5. Management Discretion. The accounting principles for each individual item in the financial statements along with the descriptions of discretionary management decisions and the use of estimations and presumptions have been presented in connection with each item in the financial statements and they are marked with the symbol .

The consolidated financial statements were prepared on the going concern basis. Thus, it is assumed that the Group possesses the necessary resources to continue

its operations and the management is committed to doing so, no less than for one year of the signing of the financial statements.

The consolidated financial statements have been prepared based on the original acquisition costs, except for items measured at fair value through profit or loss.

The financial period of the United Bankers Group is the calendar year. The figures in the consolidated financial statements are rounded mainly to thousands of euros. All the figures presented have been rounded and consequently the sum of individual figures may deviate from the sum presented. The key figures have been calculated using precise values.

The principle for the consolidated income statement: The IAS 1 Presentation of Financial Statements standard does not define the concept of operating profit. The Group has defined same as follows: operating profit is the net sum that arises when fee and commission expenses, interest expenses, administrative expenses, depreciation, amortisation, any impairment losses and other operating expenses are deducted from the total operating income.

The Group has no items classified as comprehensive income.

### 1.3 CONSOLIDATION PRINCIPLES

The consolidated financial statements include the parent company United Bankers Plc and all the subsidiaries, in which the parent Company has control at the end of reporting period. The parent Company has control, when it is exposed or is entitled to variable returns from its involvement in the company and has the ability to affect those returns through its power over the company. Any acquired subsidiaries are consolidated into the consolidated financial statements once the parent company has gained control of same. Any divested subsidiaries are consolidated until control ceases.

The Group’s intragroup transactions, receivables, liabilities, unrealised margins, and internal distribution of profits are eliminated in the preparation of the consolidated financial statements. The allocation of profit (loss) for the period to non-controlling interests is presented in the context of a comprehensive income statement. The portion of non-controlling interests in equity is presented as a separate item in the equity of the balance sheet.

Associated companies are companies in which the Group exerts significant influence. The Group has determined that significant influence primarily occurs when the Group holds 20 - 50 per cent of the voting power in a company, or the Group otherwise exercises significant influence but has no control. Associate companies are consolidated into the consolidated financial statements using the equity method. The portion of an associate company’s loss that exceeds the carrying amount of the



investment is not consolidated unless the Group is committed to the fulfilment of the obligations of the associate company. There were no consolidated associated companies within the Group in the financial periods of 2021 or 2022.



Presenting non-controlling interest in situations where there are separate contractual conditions requires management discretion. The management has exercised its discretion in presenting the non-controlling interest separately in the equity and in connection with the comprehensive income statement as concerns subsidiaries, in which United Bankers has the option or right to purchase the interests of non-controlling shareholders. At the time of reporting, non-controlling shareholders have the right to dividends and to the net assets of the companies.

Items included in the financial statements of group companies are valued using the currency of the economic environment in which the company primarily operates ("Operating Currency"). The consolidated financial statements are presented in euros, which is the operating and presentation currency of the parent Company.

Transactions in foreign currencies are converted into the local operating currency using the monthly average rates. Receivables and liabilities denominated in foreign currencies are converted into operating currencies at the exchange rates prevailing at the end of the reporting period. Exchange rate differences are recognised in the income statement item Net gains or losses from trading in securities and foreign currencies.

## Group structure

As at 31 December 2022, the United Bankers Group included the following companies:

Parent company	Ownership	Registered office	
United Bankers Plc		Helsinki	
			<b>Equity of the company 31.12.2022 EUR 1,000</b>
Subsidiaries (direct and indirect)	Ownership	Registered office	
UB Securities Ltd	100 %	Helsinki	3,411
UB Asset Management Ltd*	100 %	Helsinki	9,053
UB Fund Management Company Ltd	100 %	Helsinki	864
UB Nordic Forest Management Ltd	100 %	Helsinki	680
UB Brokerage Company Ltd	100 %	Helsinki	1,093
UB Yritysrahoitus Oy	90 %	Helsinki	47
UB Life Oy*	100 %	Helsinki	216
UB Finance Ltd	100%	Helsinki	-486
UB Meklarit Oy	100 %	Helsinki	4
UB Finnish Property Oy	79 %	Helsinki	1,578
UB Nordic Forest Fund I Management Ltd	100 %	Helsinki	5
UB Nordic Forest Fund II Management Ltd	100 %	Helsinki	5
UB Nordic Forest Fund III Management Ltd	100 %	Helsinki	3
UB Forest & Fibre Advisory Ltd	78 %	Helsinki	108
UB Forest & Fibre Management Ltd	78 %	Helsinki	100

\* UB Asset Management Ltd has a branch in Sweden, and UB Life Oy has a branch in Luxembourg.

## Structured funds

Interests held by the Group in structured entities not consolidated into the group financial statements comprise the private equity funds listed below. The subsidiaries of the Group act as general partners of the limited partnerships and as fund managers in the private equity funds. In these funds, the management company steers all significant operations and makes investment decisions in accordance with the fund bylaws. The Group considers that it is not significantly exposed to the variable income of the funds. The funds are not consolidated into the group financial statements.

Group company	Fund	Description of fund	Investment of the Group EUR 1,000
UB Yritysrahoitus Oy	UB Yritysrahoitusrahasto I Ky	Private equity fund for corporate lending	1
UB Yritysrahoitus Oy	UB Yritysrahoitusrahasto I Feeder Ky	Private equity fund for corporate lending	1
UB Nordic Forest Management Ltd	UB Nordic Forest Fund II Ky	Private equity fund for forestry	463*
UB Nordic Forest Management Ltd	UB Nordic Forest Fund III Ky	Private equity fund for forestry	421*
UB Nordic Forest Fund II Management Ltd	UB Nordic Forest Fund II Syöttörahasto Ky	Private equity fund for forestry	1
UB Nordic Forest Fund III Management Ltd	UB Nordic Forest Fund III Syöttörahasto I Ky	Private equity fund for forestry	1
UB Nordic Forest Fund III Management Ltd	UB Nordic Forest Fund III Syöttörahasto II Ky	Private equity fund for forestry	1
UB Nordic Forest Fund III Management Ltd	UB Nordic Forest Fund III Syöttörahasto III Ky	Private equity fund for forestry	1
UB Nordic Forest Fund III Management Ltd	UB Nordic Forest Fund III Syöttörahasto IV Ky	Private equity fund for forestry	1
UB Nordic Forest Fund III Management Ltd	UB Nordic Forest Fund III Syöttörahasto V Ky	Private equity fund for forestry	1

Management fees and other fees of the funds are recognised in the comprehensive income statement item Fees and commission income. The Group's investments to funds are recognised in the balance sheet item Shares and units. Group's risk of losses is limited to the carrying amount of the investment. \*NAV of group companies' investments.

## 1.4 CORPORATE ARRANGEMENTS

Acquired subsidiaries are consolidated into the consolidated financial statements using the acquisition method. The consideration provided and the identifiable assets and the accepted liabilities of the acquired company are valued at fair values at the time of the acquisition. The consideration provided includes any assets disposed of, liabilities incurred by the acquiring party towards the previous owners of the target of the acquisition as well as any issued equity-based interests. The consideration provided does not include transactions to be treated as not related to the acquisition, but, rather, these are recognised through profit or loss in connection with the acquisition.

Any contingent consideration (earnout) related to business combinations is valued at fair value at the time of the acquisition. It is classified either as a liability or equity. Contingent consideration classified as a liability is valued at fair value at the end date of each reporting period. The profit or loss incurred from same is recognised in profit or loss. Contingent compensation classified as equity is not revalued.

Expenses related to acquisitions, such as advisory fees, are recognised as an expense in the periods during which the costs are incurred and services received, excluding costs arising from the issuance of debt or equity securities.



### Assumptions and uncertainty factors related to estimations

The determination of fair values related to business combinations requires management discretion concerning the recognition and measurement at fair value of the consideration provided as well as of identifiable assets, liabilities and contingent liabilities. In business combinations in the financial year 2018, customer relationships have been identified as intangible assets separate from goodwill and have been recorded in the consolidated balance sheet. Goodwill and customer relationships are tested for impairment annually. Goodwill and customer relationships are tested for impairment yearly.

### Acquisitions during the 2021 and 2022 financial periods

In 2021 and 2022, the Group acquired additional shares from non-controlling owners in the subsidiaries UB Yritysrahoitus Oy, UB Finance Ltd and UB Finnish Property Oy. As the Group has already controlled the companies in the past, these acquisitions of additional shares have been recognised as internal equity arrangements.



## 1.5 MANAGEMENT DISCRETION

### The most important discretionary decisions made by the management and key uncertainty factors related to estimations and assumptions

The preparation of financial statements in accordance with the IFRS requires management to make discretionary decisions and to use estimations and assumptions that affect the amounts of assets and liabilities on the balance sheet date, the reporting of contingent assets and liabilities and the amounts of income and expenses during the reporting period. These estimations and assumptions are based on past experience and other justified factors, such as expectations of future events which the management of United Bankers believes to be reasonable in view of the circumstances on the end date of reporting period, and at the time such estimations and assumptions were made.

Albeit these assumptions are based on the best understanding of events and actions by United Bankers' management at the time of preparation of the financial statements, it is possible that the materialised situations may differ from these estimations. Estimates and assumptions are evaluated continuously and while preparing the financial statements. The Group may be compelled to adjust its assessments, if the circumstances upon which such assessments are based, change, or if United Bankers receives new information or it gains more experience. Any changes shall be recognised in accounting in the financial period during which the estimations or assumptions are adjusted.

## 2 | SEGMENT REPORTING

### 2.1 ACCOUNTING POLICY

A business segment is a part of the Group that carries on business operations from which the Group can accrue income and incur expenses, and for which separate financial information is available. Segment reporting follows the Group's accounting policies as per the segment division.

#### Wealth Management

The Group's Wealth Management business segment encompasses the management of funds, the Group's asset management products and services, sale of investment services and securities brokerage.

#### Capital Markets Services

The Group's Capital Markets Services business segment provides customers with listing services, borrowed and equity financing arrangements, loan-based financing solutions and on online crowd funding platform.

The highest operative decision-making body in the company evaluates the performance of the business segments regularly and makes decisions concerning the

### Utilisation of the decisions and assessments based on management discretion

The discretionary decisions made by the management that the management has made in applying the accounting policies for the financial statements and that have the greatest impact on the presented figures, pertain to the following areas:

- Allocation of goodwill and determination of the level of testing (Notes 1 and 18)
- Treatment of fee and commission income (Note 3)
- Consolidation: Consolidation criteria for investment funds and treatment of non-controlling interests (Note 1)
- Leases: assessment of the duration of the lease period (Note 20)

The key uncertainty factors related to estimations and assessments presenting a significant risk of a material change in the carrying amounts of assets and liabilities during the following financial period, are the following:

- Impairment testing of goodwill (Note 18)
- Treatment of fee and commission income (Private equity funds in the form of limited partnerships) (Note 3)

### 1.6 NEW AND UPDATED STANDARDS FOR THE FOLLOWING FINANCIAL YEARS

No standard changes are expected for the following financial period that would have a material impact on the Group's accounting policies.

resources to be allocated to the segments. The highest operative decision-making body in the Group is the Group Board of Directors. The Board of Directors monitors the profitability (EBITDA) of the business segments. Segment-specific balance sheet information has not been presented as the Board of Directors do not monitor the balance sheet for each segment specifically. The presented business segment information is based on the internal reporting of the Group to the management and the segments only include external accounting items.

The other items include other income and expenses of the Group that are not reported as part of the reportable segments. The income consists of the own investments of the parent Company and other business income. The expenses comprise administrative expenses that have not been allocated to the business segments.

The primary operational area of the Group's business segments is Finland. The Group does not have customer relationships that would constitute in excess of 10 % of the total income of the Group. Also geographically, the proportion of the income from countries other than Finland does not exceeds 10 %. The distribution of fee and commission income of the business segments has been described in Note 3. Net fee and commission income and assets under management.



## 2.2 REPORTABLE BUSINESS SEGMENTS

**2022**

<b>EUR 1,000</b>	<b>Wealth management</b>	<b>Capital markets services</b>	<b>Other</b>	<b>Group total</b>
Fee and commission income	46,562	1,772	-	48,334
Net gains or losses on trading in securities and foreign currencies	48	-108	-98	-158
Income from equity investments	2	1	74	77
Interest income	209	71	10	290
Other operating income	10	10	-0	20
<b>Total revenue</b>	<b>46,831</b>	<b>1,745</b>	<b>-13</b>	<b>48,562</b>
Fee and commission expenses	-5,113	-27	-	-5,140
Interest expenses	-70	-9	-91	-170
<b>Total</b>	<b>-5,183</b>	<b>-36</b>	<b>-91</b>	<b>-5,310</b>
<b>NET REVENUE</b>	<b>41,648</b>	<b>1,708</b>	<b>-104</b>	<b>43,252</b>
Administrative expenses				
Personnel expenses	-15,759	-1,125	-630	-17,514
Other administrative expenses	-5,745	-374	-518	-6,637
Expected losses on other receivables	-	-	1	1
Other operating expenses	-604	-40	-32	-676
<b>Total expenses</b>	<b>-22,107</b>	<b>-1,539</b>	<b>-1,179</b>	<b>-24,825</b>
<b>EBITDA</b>	<b>19,540</b>	<b>170</b>	<b>-1,283</b>	<b>18,428</b>
<b>Depreciation and amortisation</b>				<b>-1,922</b>
<b>Income taxes</b>				<b>-3,635</b>
<b>Profit for the period</b>				<b>12,871</b>



## 2021

EUR 1,000	Wealth management	Capital markets services	Other	Group total
Fee and commission income	40,342	2,963	-	43,306
Net gains or losses on trading in securities and foreign currencies	-1	66	336	400
Income from equity investments	4	0	16	20
Interest income	51	38	2	91
Other operating income	5	5	-	10
<b>Total revenue</b>	<b>40,401</b>	<b>3,072</b>	<b>354</b>	<b>43,828</b>
Fee and commission expenses	-5,036	-253	-	-5,289
Interest expenses	-61	-0	-75	-136
<b>Total</b>	<b>-5,096</b>	<b>-253</b>	<b>-75</b>	<b>-5,424</b>
<b>NET REVENUE</b>	<b>35,305</b>	<b>2,819</b>	<b>280</b>	<b>38,403</b>
Administrative expenses				
Personnel expenses	-13,947	-1,249	-1,058	-16,254
Other administrative expenses	-4,762	-322	-318	-5,402
Expected losses on other receivables	-	-	28	28
Other operating expenses	-429	-31	-59	-519
<b>Total expenses</b>	<b>-19,138</b>	<b>-1,601</b>	<b>-1,407</b>	<b>-22,147</b>
<b>EBITDA</b>	<b>16,167</b>	<b>1,218</b>	<b>-1,128</b>	<b>16,257</b>
<b>Depreciation and amortisation</b>				<b>-1,938</b>
<b>Income taxes</b>				<b>-3,109</b>
<b>Profit for the period</b>				<b>11,210</b>

### 3 | NET FEE AND COMMISSION INCOME AND ASSETS UNDER MANAGEMENT

#### 3.1 ACCOUNTING POLICY

##### Revenue recognition

The United Bankers Group provides wealth management products and services, as well as services directed at the capital markets. Services are mainly recognised as income over time once the service has been passed on to a customer.

The Group recognises revenue so that it illustrates the passing on of the agreed services to a customer in an amount that illustrates the consideration the Group is expecting to be entitled to for the services. The evaluation of customer contracts and recognising of sales revenue is carried out through the application of a five-step model that determines the timing and the amount at which the revenue is recognised. The model involves the identification of the customer contract and of the contractual performance obligations, determination of transaction prices, allo-

cation of the transaction prices to the performance obligations, and recognition of the revenue. Transaction prices are primarily fixed within the Group. Revenue over time is recognised when the service is being carried out or after the service has been provided (one-off).

##### Wealth management

The Wealth Management business segment encompasses the management of funds, the Group's asset management products and services, sale of investment services and securities brokerage.

The management fees received from managing the funds are based on the valuation of the funds and they are recognised monthly or quarterly, and typically invoiced from the funds during the following month. The fees are determined in accordance with the fund's assets or the original committed capital and the agreed fee percentage

and recognised over time. Any one-time subscription fees charged in connection with fund subscriptions are recognised immediately, as are any one-time redemption fees charged when units are redeemed.

Performance fees from UCITS, AIFS and limited partnership private equity funds are only recognised as income based on the valuation calculations of the funds, once the final amount of fees can be reliably estimated, and when it is highly probable that no significant reversal in the amount of cumulative revenue recognised will be necessary.

As a rule, asset management fees are accrued quarterly and invoiced retrospectively, usually in the month following the calculation period. Fees based on the performance of the asset management customer portfolios are invoiced retrospectively, once the amount of fees can be estimated reliably. Any asset management opening fees are recognised when invoiced.

Transaction fees charged from asset management customers are recognised according to the trading day. So-called structuring fees pertaining to structured products are recognised according to the issue date.

As part of the wealth management services, the Group sells insurance policies of its partners. United Bankers never gains control over the transferred products or services of the partner, and so only the received insurance agent fees are recognised as revenue.

Fees from securities brokage are recognised by trading day.

### Capital markets services

The Capital Markets Services business segment encompasses securities brokerage, listing services, equity and borrowed capital-based financing arrangements, loan-based financial solutions and an online crown funding platform.

The fixed fees from listing services and equity and borrowed capital-based financing arrangements are recognised when the service has been passed on and the right

to the fee has emerged, typically on a monthly basis. Part of the compensation may be variable, such as success fees from corporate financing services that are recognised once the performance obligations of the transaction has been fulfilled or the outcome of the transaction can be reliably estimated.

Assets related to customer contracts of the Group encompass fee and other receivables that are presented separately. No recognised assets that meet the balance sheet recognition criteria resulting from a receivable associated with a customer agreement have arisen. The Group avails itself of a practical tool and does not present the amount of transaction prices allocated to unfulfilled performance obligations of contracts, where the interval between the transfer of the agreed goods or services and payment by the customer is expected to be less than 12 months, or the recognised revenue from the customer is in line with the transferred value of the services to the customer.



### Management discretionary items

IFRS 15 contains a restriction on revenue recognition that requires revenue to be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Performance fees from limited partnership private equity funds are only recognised as income when the final amount of fees and bonuses can be reliably estimated, and it is highly probable that the conditions for receiving the fees will be met. These funds have generated approximately EUR 6.0 million in performance fees for the financial year 2022 (0,5 million in 2021). The Group's other receivables include approximately EUR 10.4 million worth of the aforementioned performance fees accrued as at 31 December 2022 (approximately EUR 4.4 million as at 31 December 2021).

The Company has a Board-approved method of assessing performance fees and commissions, which includes both quantitative and qualitative criteria. If a calculated performance fee or commission is estimated to be highly probable, it is recognised as income. Revenue recognition considers the risk of future reversal of revenue.

## 3.2 BREAKDOWN OF FEE AND COMMISSION INCOME

Table below shows the breakdown of fee and commission income:

EUR 1,000	2022			2021		
	Wealth management	Capital markets services	Total	Wealth management	Capital markets services	Total
Funds						
Management fees	23,100	-	23,100	19,273	-	19,273
Performance fees	14,438	-	14,438	11,504	-	11,504
Subscription and redemption fees	1,504	-	1,504	1,883	-	1,883
Asset management	5,364	-	5,364	6,506	-	6,506
Structured products	2,157	-	2,157	1,177	-	1,177
Capital market services	-	1,772	1,772	-	2,963	2,963
<b>Total fee and commission income</b>	<b>46,562</b>	<b>1,772</b>	<b>48,334</b>	<b>40,342</b>	<b>2,963</b>	<b>43,306</b>



EUR 1,000	2022	%	2021	%
Recognised at one point in time	7,828	16.2 %	9,464	21.9 %
Recognised over time	40,506	83.8 %	33,842	78.1 %
<b>Total</b>	<b>48,334</b>	<b>100 %</b>	<b>43,306</b>	<b>100 %</b>

Expected credit losses on receivables have been described in Note 27. Group risks and managing same

### 3.3 FEE AND COMMISSION EXPENSES

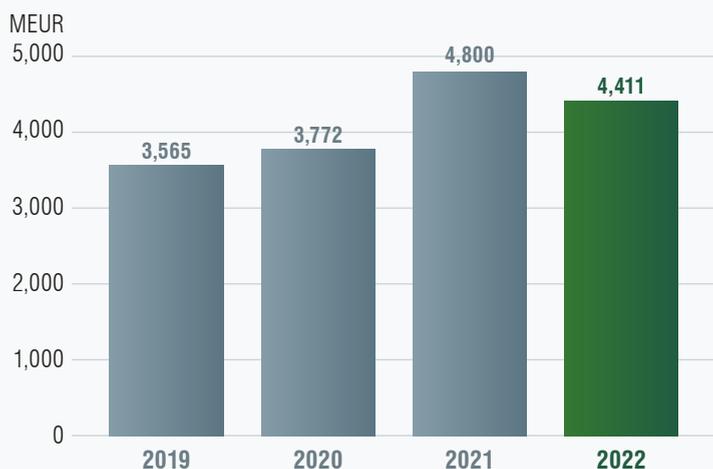
The table below shows the breakdown of fee and commission expenses in the Group:

EUR 1,000	2022	2021
Fee and commission expenses		
Fees and commissions to agents	-4,006	-3,900
Fees and commissions to other distributors	-515	-409
Other fee and commission expense	-620	-980
<b>Total</b>	<b>-5,140</b>	<b>-5,289</b>

### 3.4 ASSETS UNDER MANAGEMENT

#### Development of assets under management

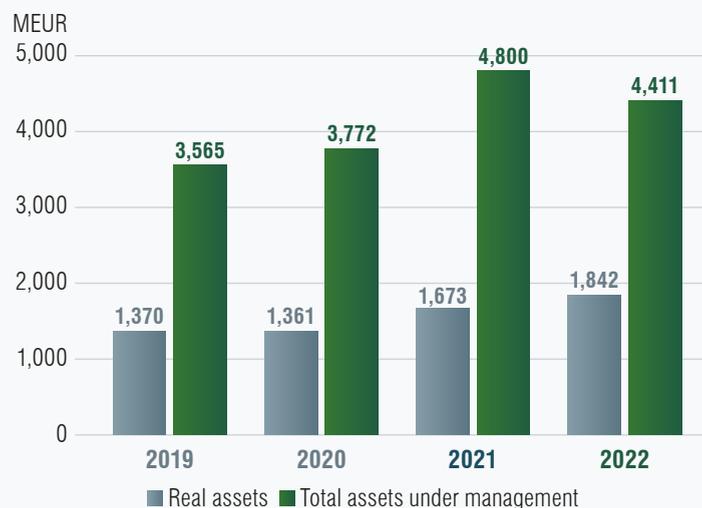
The Company's assets under management amounted to EUR 4,441 million as at 31 December 2022 (EUR 4,800 million as at 31 December 2021) and decreased by approximately 8 per cent from the level at the end of previous year. A total of EUR 2,618 million (EUR 2,773 million) of United Bankers' assets under management were invested in funds, corresponding to 59 per cent of total of Group assets under management. A total of EUR 1,842 million worth of the aforementioned fund capital was invested in real asset investments (EUR 1,673 million), corresponding to approximately 42 per cent of the Group assets under management.



#### Fund assets and total assets under management



#### Real assets and total assets under management



## 4 | NET GAINS OR LOSSES FROM TRADING IN SECURITIES AND FOREIGN CURRENCIES

Income statement item recognises sales profits and losses as well as changes in fair value from trading in securities. In addition, the net profit or loss from trading in foreign currencies recognises the exchange rate gains and losses of ordinary business.

<b>2022</b> <b>EUR 1,000</b>	<b>Sales profits and losses</b>	<b>Changes in fair value</b>	<b>Other items</b>	<b>Total</b>
Net profit or loss from trading in securities				
Debt securities	-224	175	-	-49
Shares and units	-235	143	-	-92
Derivative contracts	-	-	-	-
<b>Total net profit or loss from trading in securities</b>	<b>-458</b>	<b>318</b>	<b>-</b>	<b>-141</b>
Net profit or loss from trading in foreign currencies	-	-	-17	-17
<b>Net profit or loss from trading in securities and foreign currencies</b>	<b>-458</b>	<b>318</b>	<b>-17</b>	<b>-158</b>

<b>2021</b> <b>EUR 1,000</b>	<b>Sales profits and losses</b>	<b>Changes in fair value</b>	<b>Other items</b>	<b>Total</b>
Net profit or loss from trading in securities				
Debt securities	198	139	-	337
Shares and units	-38	127	-	89
Derivative contracts	-0	-	-	-0
<b>Total net profit or loss from trading in securities</b>	<b>159</b>	<b>266</b>	<b>-</b>	<b>425</b>
Net profit or loss from trading in foreign currencies	-	-	-25	-25
<b>Net profit or loss from trading in securities and foreign currencies</b>	<b>159</b>	<b>266</b>	<b>-25</b>	<b>400</b>

## 5 | INCOME FROM EQUITY INVESTMENTS

Income statement item recognises profit from units of private equity fund investments and dividend income from securities.

<b>EUR 1,000</b>	<b>2022</b>	<b>2021</b>
Dividend income from investments held for trading	1	4
Other income from equity investments	76	17
<b>Total</b>	<b>77</b>	<b>20</b>

## 6 | INTEREST INCOME AND EXPENSES

Interest income and expenses of financial assets and liabilities are recognised using the effective interest method.

## INTEREST INCOME

<b>EUR 1,000</b>	<b>2022</b>	<b>2021</b>
Interest income		
Claims on credit institutions	208	50
Claims on public and public-sector entities	1	1
Claims on debt securities	80	38
Other interest income	-	3
<b>Total</b>	<b>290</b>	<b>91</b>

## INTEREST EXPENSES

<b>EUR 1,000</b>	<b>2022</b>	<b>2021</b>
Interest expenses to credit institutions	-77	-94
Interest expenses on lease liabilities	-55	-20
Other interest expenses	-38	-22
<b>Total</b>	<b>-170</b>	<b>-136</b>

Accounting policy on financial assets and liabilities are presented in Note 12. Categories of financial assets and liabilities.

## 7 | OTHER OPERATING INCOME

Other operating income includes profits from other sources than ordinary business of United Bankers Group.

EUR 1,000	2022	2021
Other operating income	20	10
<b>Total</b>	<b>20</b>	<b>10</b>

The Group had no material sales profits in years 2022 and 2021.

## 8 | EMPLOYEE BENEFITS AND ADMINISTRATIVE EXPENSES

### 8.1 ACCOUNTING POLICY

Employee benefits include the following:

- short-term employee benefits
- post-employment benefits
- other long-term employee benefits
- termination benefits, as in compensations payable in connection with the termination of employment
- share-based payments

a) Short-term employee benefits include wages and salaries together with benefits in kind, annual vacations, and bonuses. These are recognised in the period that the work in question is carried out.

b) Post-employment benefits are paid to their receivers after the cessation of the employment. At United Bankers, these benefits consist of pensions. Retirement arrangements are handled by external pension companies. Retirement arrangements are classified as either a contribution plan or a benefit plan. A contribution plan refers to a retirement arrangement, where United Bankers pays fixed contributions into a fund, and it has no legal or actual obligation to affect any further payments if the fund lacks sufficient assets to pay all of pension benefits. Payments made into contribution plans are recognised in the income statement at the periods they relate to. Prepayments are recognised as receivables to the extent they will result in the decrease of future payments or a cash refund to be received.

The United Bankers Group does not have in place benefit-based pension arrangements.

c) Other long-term employee benefits comprise any employee benefits other than short-term, post-employment and termination benefits. These include, for instance, long-term paid leaves, such as sabbatical leave.

d) Termination benefits are not based on work performance, but, rather, the termination of employment. These benefits encompass compensations related to employment termination. Benefits related to employment termination ensue either from the decision of the Group to terminate the employment or an employee's decision to accept the benefits offered by United Bankers as compensation for the termination of employment. The benefits are recognised at the earliest of the following: when United Bankers can no longer withdraw its offer for the benefits, and when the Group

recognises the cost for reorganisation, in connection with which benefits related to the termination of employment are paid.

e) The Group has in place share-based incentive models where payments are made as equity instruments of the parent Company. Share-based arrangements are valued at fair value when they are granted, and the amount of the incentive is recognised in the income statement during the period when the right is acquired. Expenses are presented in the personnel expenses for employees and in other administrative expenses for tied agents in relation to directed share issues.

### 8.2 PERSONNEL EXPENSES

EUR 1,000	2022	2021
Salaries and fees	-14,647	-13,780
Social security costs		
Pension expenses (defined contribution plans)	-2,274	-1,988
Other social security costs	-593	-486
<b>Total</b>	<b>-17,514</b>	<b>-16,254</b>

Information on employee benefits of the key personnel of the Group's management is presented in Note 29. Related party transactions

### 8.3 NUMBER OF PERSONNEL

Personnel in full-time equivalents (FTE)

	2022	2021
Average number of personnel during the period	148	134
Number of personnel at the end of the period	156	137
	<b>2022</b>	<b>2021</b>
Average number of personnel during the period		
Permanent full-time personnel	133	119
Permanent part-time personnel	9	6
Fixed-term personnel	6	9
<b>Total</b>	<b>148</b>	<b>134</b>

## 8.4 SHARE-BASED INCENTIVE PLANS

### Share-based payments

#### Share-based incentive plan for key personnel

On 24 June 2015, United Bankers Plc introduced a share-based incentive plan for key personnel. The purpose of the incentive plan is to support the Group's business strategy, to align the objectives of owners and key employees in an effort to increase the value of the Company in the long term, to retain key employees and to provide them with a competitive remuneration system based on the earning of Company shares and the development of the value of the Company.

Key personnel incentive plan	2022	2022–2024	2021–2023	2020–2022
Maximum share amount (pcs)*	5,070	53,359	63,058	72,128
End of earning period	31.12.2022	31.12.2024	31.12.2023	31.12.2022
Earning targets	Employment and result	Employment and result	Employment and result	Employment and result
Fulfilment of earning targets	75 %	86 %	81 %	88 %
Share value on issue date	14.20 €	14.20 €	10.70 €	8.80 €

\*Includes also the part paid in cash

#### Personnel and tied agent share-based incentive plan

On 3 September 2019, United Bankers' Board of Directors resolved to carry out directed share issue for consideration to the Group's employees, management, and to the members of the company's Board of Directors as well as the Group's tied agents. A total of 400,000 new shares were subscribed for in the Employee Share Issue and in the Tied Agent Share Issue in the fall of 2019. The subscribed shares had no special earnings conditions and the subscribed shares enabled participation in an additional share matching plan. The difference of EUR 364 thousand between subscription price and market price of personnel issue was recognised as an expense in year 2019.

The share-based incentive plan for personnel and tied agents had a vesting period that started on 1 October 2019 and ended 15 December 2022. A prerequisite for the remuneration was that the participant has subscribed for shares of the Company in the share issue, and owns the shares for the entire duration of the vesting period. Provided the participant's share ownership requirement has been fulfilled, and their employment or service relationship was in force at the end of the vesting period, the participant received shares without consideration from the Company as remuneration. In the personnel share issue, the participant received as gross remuneration one (1) additional share for every two (2) shares subject to the shareholding requirement. In the tied agent share issue, the participant received as a gross remuneration 1.25 shares for each two (2) shares that subject

During the financial period, the share-based incentive plan comprised three 3-year earning periods, calendar years 2020–2022, 2021–2023 and 2022–2024, and one 1-year earning period, calendar year 2022. The Company's Board of Directors decides on the earning criteria and targets of the incentive plan at the beginning of the earning period. The bonuses paid under the plan are based on the achievement of the qualitative and financial targets set by the Board of Directors for the Group and the individual targets set for each key employee. The bonus, if any, for each earning period is paid after the end of the earning period in one to four instalments over a period of approximately three years. The plan encompasses 8–9 key employees in the Company. Bonuses under the share-based incentive plan are paid partially in Company shares (approximately 25%) and partially in cash (approximately 75%).

to the shareholding requirement. The remuneration was paid in the form of shares of the Company in additional share issues carried out 24 January 2023 after the end of the vesting period.

Shares to be given based on the additional share matching plan have been valued at fair value on the issue date, with a deduction for an estimated amount of the dividends paid before the end of the vesting period. The valuation of the additional share matching plan carried out 31 December 2022 corresponds to the amount of additional share issues carried out on 24 January 2023. The valuation of the additional share matching plan carried out on previous financial year ending 31 December 2021 takes into account shares that are no longer encompassed by the share matching plan and the valuation has been updated to correspond to the new estimated materialised amount.

For financial year 2022, a total of EUR 1,058 thousand worth of expenses (EUR 1,445 thousand as at 31 December 2021) were recognised as expenses in relation to the key personnel incentive plan and personnel and tied agent share-based matching plans.

A total of EUR 2,420 thousand worth of liabilities has been recognised in relation to the share-based incentive plans as at 31 December 2022 (EUR 2,349 31 December 2021).

Personnel and Tied Agent Matching Share Plan	2022	2021
Maximum share amount (pcs)	213,098	213,098
End of vesting period	15.12.2022	15.12.2022
Vesting period targets	Employment and share ownership	Employment and share ownership
Fulfilment of vesting period targets	86 %	91 %
Share value on issue date	6.75	6.75

## 8.5 ADMINISTRATIVE EXPENSES

EUR 1,000	2022	2021
Other personnel expenses	-483	-361
IT and communication expenses	-2,313	-2,068
Consulting and other services	-1,524	-1,404
Marketing and IR expenses	-678	-609
Sales and travel expenses	-850	-386
Other administrative expenses	-789	-573
<b>Total</b>	<b>-6,637</b>	<b>-5,402</b>

## 9 | OTHER OPERATING EXPENSES

The Group's other operating expenses include mainly lease expenses, property maintenance costs as well as fees to authorities and insurance expenses. Also any earnouts to non-controlling owners have been recognised in other operating expenses, in case they differ from the originally estimated amount.

### Breakdown of other operating expenses

EUR 1,000	2022	2021
Lease expenses	-74	-49
Property maintenance costs	-182	-99
Insurances	-107	-102
Fees to authorities	-328	-233
Earnouts	44	-
Other expenses	-28	-35
<b>Total</b>	<b>-676</b>	<b>-518</b>

### Fees to auditors

EUR 1,000	2022	2021
Statutory fees	-114	-108
Other fees	-14	-9
<b>Total</b>	<b>-128</b>	<b>-118</b>

## 10 | INCOME TAXES

### 10.1 ACCOUNTING POLICY

#### The tax expense in the income statement consists of:

- tax based on the taxable profit for the financial period, and
- changes in deferred tax liabilities and deferred tax assets.

Income taxes are recognised in profit or loss, except when they are directly related to items recognised in shareholders' equity or other items in comprehensive income. In this case, also income tax is recorded in the items in question.

Tax based on the taxable income for the period is calculated on the basis of taxable income determined by the tax laws and the current tax rate (or the rate effectively accepted by the date of the financial statements) of each of the countries in which United Bankers operates and generates taxable income. The tax is adjusted for any taxes related to previous financial periods. Non-income taxes are included in other operating expenses. The tax for the financial period is calculated using the tax rates (and laws) that are prescribed or practically approved by the date of the close of the reporting period.

The taxable profit differs from the result reported in the consolidated financial statements, because:

- income and expenses may be accounted for and taxed in different years, and/or
- certain income items are not taxable at all or certain expense items not deductible for tax purposes.

As a rule, deferred tax is recorded in accordance with the debt method:

- from the temporary differences between the carrying amounts and taxable values of assets and liabilities as at the date of the financial statements, and
- from unused tax losses and unused tax credits.

A deferred tax asset is recognised for deductible temporary differences only to the extent that it is probable that taxable income will arise in the future against which United Bankers can take advantage of the temporary difference. The amount of the deferred tax asset and the probability of its exploitation are reassessed at the end of each reporting period. A deduction is recognised from the carrying amount of a deferred tax asset if that tax benefit is no longer considered probable.

Deferred tax liability is usually recorded in the balance sheet in full. However, a deferred tax liability is not recognised if it is attributable to:

- the initial recognition of goodwill, or
- the initial recognition of an asset or liability, when it is not related to a business combination and the transaction at the time of its occurrence has no bearing on the accounting profit or taxable profit.

A deferred tax liability is recognised for investments in subsidiaries, except when United Bankers is able to determine the timing of the unwinding of the temporary difference, and the temporary difference is unlikely to unwind in the foreseeable future.

Deferred tax assets and liabilities are determined using the tax rates (and tax laws) that are likely to be in effect in the period in which the asset is realised or otherwise utilised or the liability is settled. The tax rate shall be the one in force on the date of the end of the reporting period or the rates for the year following the financial period, provided they have been effectively accepted by the date of the reporting period in the relevant countries.



## 10.2 TAXES BASED ON THE TAXABLE INCOME OF THE FINANCIAL YEAR

EUR 1,000	2022	2021
Taxes based on the taxable income of the financial year	-2,497	-3,011
Taxes for previous financial periods	2	-58
Change of deferred taxes	-1,140	-40
<b>Total</b>	<b>-3,635</b>	<b>-3,109</b>

## 10.3 RECONCILIATION CALCULATION BETWEEN THE TAXES ON INCOME STATEMENT AND THE INCOME TAXES CALCULATED BY THE TAX RATE APPLIED IN FINLAND

EUR 1,000	2022	2021
<b>Profit (loss) before income taxes</b>	16,506	14,319
Tax calculated by domestic tax rate (20 per cent)	3,301	2,864
Effect of foreign tax rates	189	-
Effect of income not subject to tax	-48	-84
Effect of non-deductible expenses	158	257
Taxable income from fund units	-	1
Unrecognised deferred tax assets on taxable losses	37	13
Taxes for previous financial periods	-2	58
<b>Taxes on income statement</b>	<b>3,635</b>	<b>3,109</b>

## 10.4 CHANGES IN DEFERRED TAX ASSETS AND LIABILITIES

### 2022

EUR 1,000	1.1.2022	Recognised in profit and loss	Recognised in equity	31.12.2022
<b>Deferred tax assets</b>				
Expected credit losses	3	-0	-	3
<b>Total</b>	<b>3</b>	<b>-0</b>	<b>-</b>	<b>3</b>
<b>Deferred tax liabilities</b>				
Combination of businesses	443	-72	-	370
Changes in fair value of receivables and investments	903	1,212	-	2,115
Group eliminations	5	1	-	6
<b>Total</b>	<b>1,350</b>	<b>1,141</b>	<b>-</b>	<b>2,491</b>

### 2021

EUR 1,000	1.1.2021	Recognised in profit and loss	Recognised in equity	31.12.2021
<b>Deferred tax assets</b>				
Expected credit losses	9	-6	-	3
Tax losses	6	-6	-	-
<b>Total</b>	<b>15</b>	<b>-12</b>	<b>-</b>	<b>3</b>
<b>Deferred tax liabilities</b>				
Combination of businesses	515	-72	-	443
Changes in fair value of receivables and investments	801	102	-	903
Group eliminations	6	-1	-	5
<b>Total</b>	<b>1,322</b>	<b>28</b>	<b>-</b>	<b>1,350</b>



## 10.5 TAX LOSSES OF THE GROUP

EUR 1,000	31.12.2022	31.12.2021
Losses confirmed in taxation, unrecognised deferred tax asset	1,461	1,274
<b>Total</b>	<b>1,461</b>	<b>1,274</b>

## 11 | EARNINGS PER SHARE

### 11.1 ACCOUNTING POLICY

#### Earnings per share and diluted earnings per share

Earnings per share is calculated by dividing:

- the profit for the financial period belonging to the shareholders of the parent company
- by the weighted average number of shares outstanding during the financial period

The Company has only one class of shares.

For the purposes of calculating diluted earnings/loss per share, the weighted average number of shares is adjusted to take into account the weighted average of the matching shares that would have been issued assuming the dilutive effect of all potential ordinary shares. The Group's dilutive potential ordinary shares consist mainly of share-based incentives plans and corporate arrangements.

### 11.2 EARNINGS PER SHARE

EUR 1,000	2022	2021
Financial year profit attributable to equity holders of parent company	12,539	10,347
Weighted average number of shares outstanding during financial period (pcs)	10,557,789	10,396,110
<b>Undiluted earnings per share (EUR / share)</b>	<b>1.19</b>	<b>1.00</b>
Financial year profit attributable to equity holders of parent company	12,539	10,347
Weighted average number of shares outstanding during financial period adjusted by dilution (pcs)	10,786,525	10,513,493
<b>Diluted earnings per share (EUR / share)</b>	<b>1.16</b>	<b>0.98</b>

Changes in number of shares in financial periods 2021-2022 have been presented in Note 26. Equity

### 12.1 FINANCIAL ASSETS

United Bankers classifies financial assets into the following categories:

- financial assets to be recognised at fair value through profit or loss
- financial assets to be recognised at amortised cost.

Financial assets are classified at the time of the initial acquisition based on the purpose of their acquisition. The classification is based on the objectives of the United Bankers' business model and the contractual cash flows of financial assets.

All purchases and sales of financial assets are recorded on the date of the transaction. Transaction costs are included in the initial carrying amount of financial assets in the case of an item that is not valued at fair value through profit or loss. Financial assets valued at fair value through profit or loss are recognised at fair value at their original recognition and transaction costs are recognised immediately in the income statement. The recognition of financial assets from the balance sheet occurs when the Group has lost its contractual right to cash flows or when it has transferred a significant part of the risks and income outside the Group.

#### Financial assets entered at amortised cost

The Group classifies as financial assets valued at amortised cost financial assets whose business model is designed to hold financial assets and to collect cash flows pertaining to same, consisting exclusively of capital and interest payments. At initial recognition, United Bankers recognises receivables valued at amortised cost at fair value. Receivables from credit institutions, the public and public corporations, as well as trade receivables, are recorded at amortised cost. The Group's receivables primarily consist of brokerage receivables related to the Group's and/or customers' securities transactions and fee receivables.

The Group recognises a deduction of expected credit losses from the financial assets recognised at amortised cost. The calculation of expected credit losses and the amounts recognised during the financial period are described in Note 27 Group risks and managing same. All realised credit losses are recognised in profit or loss. United Bankers has not recorded any significant actualised credit losses during the financial period.

#### Financial assets recognised at fair value through profit or loss

United Bankers classifies at fair value, through profit or loss, financial assets that are acquired for holding for trading or that it classifies at fair value at the time of initial recognition as being recognised in profit or loss. The Group classifies investments in equity instruments, such as investments in shares and participations and mutual fund units, as financial assets recognised at fair value through profit or loss. The Group classifies investments in bonds, commercial papers and other certificates of receivables at fair value to be recognised in profit or loss. The Group has classified private equity investments in limited partnerships, in which the Group acts as the general partner, into items recognised at fair value through profit or loss. Gains and losses, dividends, interest income, foreign exchange gains and losses, and capital

gains and losses arising from changes in fair value are recognised in profit or loss in the period in which they arise.

### 12.2 FINANCIAL LIABILITIES

United Bankers classifies financial liabilities into the following categories:

- financial liabilities valued at amortised cost, and
- financial liabilities valued at fair value through profit or loss.

In connection with the initial recognition, the Group recognises the financial liability at fair value. In the case of financial liabilities other than those recognised at fair value through profit or loss, transaction costs directly attributable to it are added to or deducted from the item. Financial liabilities valued at fair value through profit or loss are recognised at fair value at the time of initial recognition. Transaction costs are recognised as an expense immediately.

Financial liabilities are written off the balance sheet when the liability has ceased to exist, i.e., the Group's obligation has been fulfilled, cancelled or otherwise expired.

#### Financial liabilities at amortised cost

Financial liabilities classified at amortised cost are valued using the effective interest method. The financial liabilities recognised in the Group's amortised cost consist of liabilities to credit institutions, lease liabilities and trade payables. Financial debt is classified as short-term unless United Bankers has an unconditional right to postpone the settlement of the debt for at least 12 months from the date of the end of the reporting period. Trade payables are classified as current liabilities if they fall due within 12 months.

#### Financial liabilities entered at fair value through profit or loss

The Group has not classified financial liabilities at fair value to be valued in profit or loss. Additional purchase prices arising from the combination of businesses are valued at fair value through profit or loss.

### 12.3 VALUATION AT FAIR VALUE

The fair value of an asset or liability is the price that would be obtained from the sale of an asset or paid for the transfer of a liability between market participants in a normal transaction carried out on the valuation date. The fair value of a financial instrument is determined either by means of quotations from active markets or, in the absence of functioning markets, by using the Group's valuation methods. Fair values are classified as follows at the different levels of the fair values hierarchy:

- Level 1: Fair values are based on unadjusted price quotations published in an active market.
- Level 2: quoted prices other than those at level 1 that can be observed for the asset or liability in question, either directly (i.e., as price) or indirectly (i.e., derived from prices).



- Level 3: input data on an asset or liability that is not based on observable market data.

Level 1: the price source to be used may, for instance, be the stock exchange rate, actual trades or purchase quotations in the functioning market for certificates of receivables, and published NAV values for fund investments, for which subscriptions and redemptions are carried out.

Level 2: This level entails the classification of receivables in purchase quotations or valuation models when quotations or parameters of valuation models are available in markets that are not fully functional.

Level 3: This level includes investments in closed-end private equity funds and in open-end funds whose investments are not sufficiently liquid to be classified at level 1 or 2. Level 3 funds are valued at the NAV values reported by the management company. Unlisted shares are valued at acquisition cost unless there is an indication of impairment or no transactions have been carried out with the share. Some receivables are also classified in this category, if there are no quotations or price parameters of valuation models available in a sufficiently functioning market that would meet the level 2 criteria.

The carrying amount of financial assets and liabilities valued at amortised cost is deemed to correspond to the fair value.

## 12.4 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Classification of financial assets and liabilities is presented in the table below.

<b>2022</b> <b>EUR 1,000</b>	<b>Measured at amortised cost</b>	<b>Fair valued through profit and loss</b>	<b>Total carrying amount</b>	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets</b>							
Cash and cash equivalents	0	-	0	0	-	-	-
Claims on credit institutions	9,500	-	9,500	9,500	-	-	-
Claims on public and public-sector entities	23	-	23	23	-	-	-
Debt securities	-	1,220	1,220	1,220	-	794	426
Shares and units	-	8,643	8,643	8,643	5,750	-	2,893
Accounts receivable	7,481	-	7,481	7,481	-	-	-
<b>Total</b>	<b>17,004</b>	<b>9,863</b>	<b>26,867</b>	<b>26,867</b>	<b>5,750</b>	<b>794</b>	<b>3,319</b>
	<b>Valued at amortised cost</b>	<b>Fair valued through profit and loss</b>	<b>Total carrying amount</b>	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial liabilities</b>							
Liabilities to credit institutions	-	-	-	-	-	-	-
Accounts payable and other short-term liabilities	10,624	-	10,624	10,624	-	-	-
Lease liabilities	2,245	-	2,245	2,245	-	-	-
Earnout liabilities	-	113	113	113	-	-	-
<b>Total</b>	<b>12,869</b>	<b>113</b>	<b>12,981</b>	<b>12,981</b>	<b>-</b>	<b>-</b>	<b>-</b>



<b>2021</b>								
<b>EUR 1,000</b>	<b>Measured at amortised cost</b>	<b>Fair valued through profit and loss</b>	<b>Total carrying amount</b>	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial assets</b>								
Cash and cash equivalents	0	-	0	0	-	-	-	
Claims on credit institutions	14,324	-	14,324	14,324	-	-	-	
Claims on public and public-sector entities	25	-	25	25	-	-	-	
Debt securities	-	752	752	752	-	453	299	
Shares and units	-	8,704	8,704	8,704	5,938	-	2,766	
Accounts receivable	15,296	-	15,296	15,296	-	-	-	
<b>Total</b>	<b>29,645</b>	<b>9,456</b>	<b>39,101</b>	<b>39,101</b>	<b>5,938</b>	<b>453</b>	<b>3,065</b>	
	<b>Valued at amortised cost</b>	<b>Fair valued through profit and loss</b>	<b>Total carrying amount</b>	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>EUR 1,000</b>								
<b>Financial liabilities</b>								
Liabilities to credit institutions	2,000	-	2,000	2,000	-	-	-	
Accounts payable and other short-term liabilities	19,030	-	19,030	19,030	-	-	-	
Lease liabilities	2,765	-	2,765	2,765	-	-	-	
Earnout liabilities	-	156	156	156	-	-	156	
<b>Total</b>	<b>23,795</b>	<b>156</b>	<b>23,951</b>	<b>23,951</b>	<b>-</b>	<b>-</b>	<b>156</b>	

During the financial period no transfers took place between the levels of the fair value hierarchy.

### Breakdown of financial assets categorised in level 3

#### Recognised at fair value through profit and loss

<b>EUR 1,000</b>	<b>2022</b>	<b>2021</b>
<b>Financial assets</b>		
Debt securities	426	299
Private equity funds	1,913	1,756
AIFs	872	884
Unlisted shares and units	108	126
<b>Total</b>	<b>3,319</b>	<b>3,065</b>

### Reconciliation of financial assets categorised in level 3

<b>EUR 1,000</b>	<b>2022</b>	<b>2021</b>
<b>Opening balance, 1 Jan</b>	3,066	2,531
Purchases	11,580	1,582
Sales	-11,942	-966
Change in fair value - profit and loss	616	-82
<b>Ending balance, 31 Dec</b>	<b>3,319</b>	<b>3,066</b>
Unrealised gains and losses through profit and loss (cumulative)	360	-256

### 13 | CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Group comprise cash on hand.

EUR 1,000	2022	2021
Cash and cash equivalents	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

### 14 | CLAIMS ON CREDIT INSTITUTIONS

EUR 1,000	2022	2021
Repayable on demand		
From domestic credit institutions	6,359	10,030
From foreign credit institutions	3,146	4,294
Effect of expected credit losses	-5	-1
<b>Total repayable on demand</b>	<b>9,500</b>	<b>14,324</b>

Expected credit losses EUR 4.5 thousand (EUR 0.7 thousand) are deducted from claims on credit institutions. Accounting policy for expected credit losses is described in Note 27. Group risks and managing same.

### 16 | DEBT SECURITIES

Issued by other than public-sector entities			2022
EUR 1,000	Publicly quoted	Other	Total
Fair valued through profit and loss			
Bonds issued by banks	-	426	426
Other debt securities	-	794	794
of which classified as held for trading			
Bonds issued by banks	-	-	-
Other debt securities	-	491	491
<b>Total</b>	<b>-</b>	<b>1,220</b>	<b>1,220</b>

Issued by other than public-sector entities			2021
EUR 1,000	Publicly quoted	Other	Total
Fair valued through profit and loss			
Bonds issued by banks	-	339	339
Other debt securities	-	412	412
of which classified as held for trading			
Bonds issued by banks	-	132	132
Other debt securities	-	289	289
<b>Total</b>	<b>-</b>	<b>752</b>	<b>752</b>

### 15 | CLAIMS ON PUBLIC AND PUBLIC-SECTOR ENTITIES

EUR 1,000	2022	2021
Loan receivables	23	25
<b>Total</b>	<b>23</b>	<b>25</b>

## 17 | SHARES AND UNITS

EUR 1,000			2022
	Publicly quoted	Other	Total
Valued at fair value through profit and loss			
Held for trading	96	-	96
Other shares and units	5,654	2,893	8,547
<b>Total</b>	<b>5,750</b>	<b>2,893</b>	<b>8,643</b>

EUR 1,000			2021
	Publicly quoted	Other	Total
Valued at fair value through profit and loss			
Held for trading	180	-	180
Other shares and units	5,758	2,766	8,524
<b>Total</b>	<b>5,938</b>	<b>2,766</b>	<b>8,704</b>

Items in publicly quoted consist mainly investments to stock markets or open ended funds of the Group and other items are mainly investments to closed ended private equity funds or unlisted shares.

## 18 | INTANGIBLE ASSETS

### 18.1 ACCOUNTING POLICY

The intangible assets of the Group comprise the following items: goodwill, customer relationships and other intangible assets (IT programs).

#### Goodwill

Goodwill is the amount by which the consideration provided, the portion of non-controlling interests and the fair value of the interest previously owned in the object of the acquisition, combined, exceeds the fair value of the identifiable net assets. Goodwill reflects, inter alia, the expected future synergies from the acquisitions. Goodwill is not amortised, but, rather, it is tested for potential impairment annually and whenever there is an indication that the value may be impaired, see Note 18.3. Goodwill is measured at its initial cost less any impairment.

#### Other intangible assets

Intangible asset is capitalised in the balance sheet only if it is probable that the expected future economic benefit of the asset will flow to United Bankers and the cost of the asset can be reliably determined. An intangible asset with a limited useful life is initially capitalised in the balance sheet at its initial cost and depreciations are allocated on a systematic basis as an expense during the expected useful life. All the other costs are recognised as an expense, once incurred.

The useful economic life of customer relationships acquired in business combinations has been assessed as two to ten years. Depreciations are allocated as straight-line depreciation over the useful life.

The other intangible assets of the Group encompass primarily IT programs the economic useful life of which is five years. Depreciations are allocated as straight-line depreciation over the useful life.

United Bankers reviews the depreciation schedules and methods no less than at the end of each financial period. If the useful economic life of an asset differs from previous estimations, the depreciation schedule is adjusted accordingly. Changes can be attributable, for instance, to technological advances or changes in demand or in the competitive landscape.

#### Impairment of other intangible assets

At the end of each reporting period, the Group assesses whether there are indications that the value of an intangible asset other than goodwill has been impaired. If there are any indications, United Bankers will estimate the recoverable amount of that asset. Recoverable amount is the fair value of the asset less the sales cost or its higher value in use. An impairment loss is recognised in profit or loss when the carrying amount of an asset exceeds its recoverable amount. In connection with the recognition of the impairment, the Group remeasures the economic useful life of the tangible asset. The impairment is reversed, if the circumstances have changed and the recoverable amount of the asset has altered since the recognition of impairment. However, impairment is not reversed by more than what the carrying amount of the asset would be without recognising the impairment.

## Research and development costs

Research expenses are recognised as an expense in the income statement. Development costs are capitalised in the balance sheet as intangible assets once the development phase costs are reliably determinable, product finalisation is technically feasible, the Group is able to either utilise or sell the product, the Group is

able to demonstrate how the product will generate future economic benefits and the Group has both the intention and the resources to finalise the development work and either use the product or sell it. Previously recognised research expenses are not subsequently capitalised in the balance sheet. In relation to assets, depreciations are recognised once it is ready to be used. An asset that is not yet available for use, is tested for impairment annually.

## 18.2 INTANGIBLE ASSETS

	Goodwill		Customer relationships		Other intangible assets		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Acquisition cost</b>								
Opening balance, 1 Jan	15,593	15,693	4,009	4,009	5,387	3,976	9,395	7,985
Additions	-	-	-	-	2,061	1,412	2,061	1,412
Disposals	-	-100	-	-	-	-2	-	-2
<b>Ending balance, 31 Dec</b>	<b>15,593</b>	<b>15,593</b>	<b>4,009</b>	<b>4,009</b>	<b>7,447</b>	<b>5,387</b>	<b>11,456</b>	<b>9,395</b>
<b>Accumulated depreciation and impairment</b>								
Opening balance, 1 Jan	-	-	-1,794	-1,432	-3,322	-2,576	-5,116	-4,008
Depreciation for the period	-	-	-362	-362	-876	-746	-1,238	-1,108
Impairments	-	-	-	-	-	-	-	-
<b>Ending balance, 31 Dec</b>	<b>-</b>	<b>-</b>	<b>-2,156</b>	<b>-1,794</b>	<b>-4,198</b>	<b>-3,322</b>	<b>-6,354</b>	<b>-5,116</b>
<b>Carrying amount, 1 Jan</b>	<b>15,693</b>	<b>15,693</b>	<b>2,214</b>	<b>2,577</b>	<b>2,065</b>	<b>1,400</b>	<b>4,279</b>	<b>3,977</b>
<b>Carrying amount, 31 Dec</b>	<b>15,593</b>	<b>15,593</b>	<b>1,852</b>	<b>2,214</b>	<b>3,249</b>	<b>2,065</b>	<b>5,102</b>	<b>4,279</b>

Customer relationships have been recognised in connection with the acquisition of the wealth management business of Suomen Pankkiiriliike and KJK Capital. Other intangible assets are largely purchases related to IT systems.

## 18.3 IMPAIRMENT TESTING - GOODWILL

### Accounting policy

Goodwill is allocated for impairment testing to those cash flow generating units, or groups of cash flow generating units, that are expected to benefit from the synergies of the combination that generated the goodwill. The cash flow generating unit is the smallest identifiable group of assets of United Bankers that generates cash flows that are largely independent of the cash flows from other assets or groups of assets.

Impairment loss is recognised when the carrying amount of cash flow generating unit exceeds the recoverable amount of the unit. The recoverable amount is the fair value of an asset or cash flow generating unit less the expenses attributable to the disposal, or value in use, depending on which one is greater. United Bankers defines the recoverable amount based on value in use. Future cash flows are based on assets under management in Wealth Management, which are affected inter alia by the market development. In Capital Markets services, future cash flows are significantly affected by the number of transactions and the related success fees. Estimates are based on the management views of the aforementioned. The impairment loss recognised for goodwill is not reversed.



### Assumptions and uncertainty factors related to estimations

At each reporting date, United Bankers' management assesses whether there are any indications of impairment in goodwill (or in any other intangible or tangible asset or right-of-use asset). Indications are assessed with indicators that consider economic performance, such as reporting by the Group management or monitoring of the economic environment and markets. Indications can include, inter alia:

- unexpected changes in the assumptions of the testing calculations
- changes in market conditions

In impairment testing, United Bankers has determined the recoverable amount of a cash generating unit based on value in use. The cashflow projections used in testing are based on approved forecasts of the management that cover a period of three years. The cashflows after the forecast period have been extrapolated by a growth rate of 3 per cent.

## Distribution of goodwill for segments

EUR 1,000	31.12.2021	31.12.2022
Wealth Management	15,093	15,093
Capital Market Services	500	500
<b>Total</b>	<b>15,593</b>	<b>15,593</b>

### Key variables in the determination of the value in use were the following:

- Cashflows have been expected to be allocated linearly during the year in the cashflow calculation.
- Investments have been accrued in the calculation by the level of the previous years increased by growth and known future investments. The demand for working capital is not expected to increase significantly.
- Discount rate: The discount rate has been determined based on the weighted average cost of capital (WACC). The pre-tax discount rate was 12.0 per cent (12.0 per cent) and the discount rate after taxes 10.0 per cent (10.0 per cent).
- Growth rate of cash flows during the forecast period: During the three-year forecast period, cash flows have been estimated to grow moderately at a rate of less than 5 per cent annually. Cashflows at terminal value after the forecast period have been extrapolated by 3 a per cent growth. The rate can be justified by the short three-year period employed in the calculation.

## 19 | TANGIBLE ASSETS

### 19.1 ACCOUNTING POLICY

The tangible assets acquired by the Group are initially measured at their cost. Initial cost includes those expenses that occur due to the acquisition of the asset, including installation expenses. After the initial recognition, a tangible asset is presented in the balance sheet at cost less accumulated depreciation and impairment. Conventional repair and maintenance costs are recognised as an expense in the financial period during which they have occurred.

The depreciable amount of tangible assets is entered as straight-line depreciation over the asset's useful economic lives that are the following:

- Office equipment and furniture: 5 or 8 years
- IT equipment: 5 years
- Other tangible assets (office renovation expenses): 5 years

The estimated economic lives and residual values are reviewed no less than at the end of each reporting period, and if they differ materially from the previous estimates, depreciation periods are adjusted accordingly. The recording of depreciations is ceased when the asset is recognised as being held for sale. The Group assesses at the end of each reporting period whether there are indications of any impairment

Impairment testing is carried out annually and the most recent impairment test was carried out of the situation as at 31 December 2022. Based on the impairment testing, the Group considers that no need for the impairment of goodwill has been identified.

### Sensitivity analysis



Calculations used in goodwill impairment testing require the management to make forward-looking assessments. Assessments of the management and the critical uncertainty factors associated with same relate to the defining of parameters concerning calculations of the recoverable amount. United Bankers' management has assessed the recoverable amount of the Wealth Management and Capital Markets Services business segments and assessed the key variables in the cashflow model. Based on a reasonable assessment, the relatively feasible change in any of the parameters would not result in the recognition of any material impairment losses.

In connection with goodwill testing, the sensitivity of cash flow models to changes in various parameters, for instance, changes in the discount rate or terminal value, has been assessed. For both segments, for instance, the discount rate could increase by 20 % or the terminal value decrease by 95 % and there would be no need for impairment. The market value of the Company as at 31 December 2022 was approximately EUR 145.4 million and the total balance sheet of the Group amounted to EUR 71.6 million.

in the value of the assets. In case such indications are detected, United Bankers estimates the future recoverable amount of the asset. Impairment is recognised when the carrying amount exceeds the recoverable amount.

Gains and losses incurred from disposals and retiring of tangible assets are calculated as the difference between the net gains received and carrying amount. Gains and losses on sales are recognised in Other operating income and Other operating expenses.

### Impairment of other tangible assets

The Group assesses at the end of each reporting period whether there are indications of the impairment of the value of an asset. If such indications are detected, United Bankers estimates the recoverable amount of the asset. The recoverable amount is the fair value of the asset less costs to sell or any higher value in use. Impairment is recognised in the income statement when the carrying amount of the asset exceeds its recoverable amount. At the recognition of impairment, the Group remeasures the economic useful life of the tangible asset. Impairment is reversed, if circumstances have changed and the recoverable amount of the asset has changed since the recognition of the impairment. However, impairment is not reversed by more than what the carrying amount of the asset would be without recognising the impairment.

## 19.2 TANGIBLE ASSETS

EUR 1,000	Office equipment, furniture and IT equipment		Office renovation expenses		Total	
	2022	2021	2022	2021	2022	2021
<b>Acquisition cost</b>						
Opening balance, 1 Jan	1,083	999	1,047	1,047	2,130	2,045
Additions	89	84	170	-	259	85
Disposals	-	-	-	-	-	-
<b>Ending balance, 31 Dec</b>	<b>1,172</b>	<b>1,083</b>	<b>1,217</b>	<b>1,047</b>	<b>2,389</b>	<b>2,130</b>
<b>Accumulated depreciation and impairment</b>						
Opening balance, 1 Jan	-769	-653	-1,001	-863	-1,770	-1,516
Depreciation for the period	-88	-115	-49	-138	-136	-253
<b>Ending balance, 31 Dec</b>	<b>-856</b>	<b>-769</b>	<b>-1,049</b>	<b>-1,001</b>	<b>-1,906</b>	<b>-1,770</b>
<b>Carrying amount, 1 Jan</b>	<b>314</b>	<b>345</b>	<b>46</b>	<b>184</b>	<b>360</b>	<b>529</b>
<b>Carrying amount, 31 Dec</b>	<b>315</b>	<b>314</b>	<b>168</b>	<b>46</b>	<b>483</b>	<b>361</b>
<b>Right-of-use assets</b>					<b>2,189</b>	<b>2,736</b>
<b>Total tangible assets</b>					<b>2,672</b>	<b>3,096</b>

Notes concerning the leased right-of-use assets of the Group have been presented in Note 20. Leases.

## 20 | LEASES

### 20.1 ACCOUNTING POLICY

The Group has leased mainly business premises, warehouses and employee apartments. As a rule, United Bankers recognises in its balance sheet all assets related to leases (right-of-use assets) and lease liabilities. Exceptions from this are short-term leases and leases for low-value assets, the accounting treatment of which is described below. At the time of the conclusion of the contract, the Group assesses whether the contract is a lease or whether it includes a lease. A contract is a lease or includes a lease if the agreement confers a right to control the use of an identified asset item for a fixed period against consideration.

United Bankers recognises the right-of-use asset and the lease liability at the inception of the contract. Right-of-use assets are initially measured at cost, which includes:

- the amount of the lease liability at the original valuation
- rents paid up to the commencement of the contract, less any incentives received in connection with the lease (e.g., months for which the lessor does not charge rent);
- any initial direct costs incurred by United Bankers, and
- an estimate of the costs incurred by United Bankers from restoring the item into its original state.

After the commencement of the contract, right-of-use assets are measured at cost less accumulated depreciation and impairment losses. They are adjusted for certain items arising from the remeasurement of the lease liability. Depreciation of right-of-use assets is recognised on a straight-line basis from the commencement of the contract, either over the useful life of the right-of-use asset or over the lease term. The estimated lease period for leases in force until further notice, pertaining to United Bankers' premises, is five years. If necessary, the right-of-use asset is tested for impairment and any impairment loss is recognised in profit or loss.

Initially, a lease liability is valued at the present value of lease payments that have not been paid at the inception of the lease. The Group applies the interest rate of United Bankers' additional credit as the discount rate. The leases included in the value of the lease liability consist of the following items:

- flat-rate charges, including de facto flat-rate charges,
- variable rents, which depend on the index or price level and are initially determined on the basis of the index or price level at the date of commencement of the contract;
- the amounts expected to be paid by the lessee on the basis of the residual value guarantees, and
- the strike price of a call option, if it is reasonably certain that United Bankers will exercise that option.

Subsequently, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is reassessed when there has been a change in future lease payments due to a change in the index or price level, if the Group estimates that the expected residual value will change or if the Group changes its estimate of whether it intends to exercise a buy, extension or termination option. When a lease liability is reassessed in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or it is recognised in profit or loss if the carrying amount of the right-of-use asset had been reduced to zero.

United Bankers has decided not to recognise in the balance sheet right-of-use assets and lease liabilities that pertain to:

- short-term leases (with a maximum rental period of 12 months), and
- leases of low-value assets (the value of each such asset when new does not exceed approximately EUR 5,000).

These assets items consist of leases of business premises and employee apartments classified as short-term. The Group recognises the rental costs related to the aforementioned leases as expenses on a straight-line basis over the lease term.



## 20.2 SOLUTIONS BASED ON THE DISCRETION OF THE MANAGEMENT

The treatment of leases under IFRS 16 requires the use of management's estimates and assumptions, including factors related to the determination of the lease term, in the assessment of lease contracts in force until further notice and in determining the discount rate to be applied. The Group's most essential lease agreement for the head office is valid until further notice and can be terminated with less than 1 year's notice. Management has estimated that the Company will continue to operate in the said premises. The Group estimates the lease period at the time of reporting, unless amendments are made to the agreement for other reasons.

The Group reassessed the lease period on 31 December 2021 and stated that the Company will remain in the business premises for the foreseeable future. The lease liability was updated to correspond to the 5-year estimate and the carrying amount of the right-of-use asset was adjusted by the corresponding value at the end of the financial period 2021. The Group will next assess the lease period as the 5-year period draws to a close, unless amendments are made to the agreement for other reasons.

## 20.3 TANGIBLE ASSETS ACQUIRED BY LEASES

EUR 1,000	Business premises	
	2022	2021
Acquisition cost 1.1.	4,642	2,383
Additions / disposals / remeasurement	-	2,259
<b>Acquisition cost 31.12.</b>	<b>4,642</b>	<b>4,642</b>
Depreciation of the financial period	-547	-477
Accumulated depreciation 31.12.	-1,906	-1,430
<b>Carrying amount 31.12.</b>	<b>2,189</b>	<b>2,736</b>

Tangible assets acquired by leases are business premises and they are recognised on the row Tangible assets of the consolidated balance sheet. Carrying amount of the right-of-use asset was adjusted by the change of lease liability at the end of the financial period 31.12.2021.

## 20.4 LEASE LIABILITIES

EUR 1,000	2022	2021
Less than one year	536	520
Exceeding one year but less than five years	1,709	2,245
<b>Total</b>	<b>2,245</b>	<b>2,765</b>

Value of lease liability was remeasured as at 31.12.2021. Discount rate used, the interest rate of United Bankers' additional credit, was 2,0%. Above-mentioned liabilities are presented on the row Other liabilities of the consolidated balance sheet. Maturity analysis of lease liabilities has been presented in Note 27. Group risks and managing same.

## 20.5 ITEMS RECOGNISED THROUGH PROFIT AND LOSS

EUR 1,000	2022	2021
Lease expenses of short-term leases (included in items Other administrative expenses and Other operating expenses)	-74	-49
Depreciation of right-of-use assets by asset group (business premises) (included in item Depreciation, amortisation and impairment)	-547	-477
Lease interest expenses (included in item Interest expenses)	-55	-20

## 20.6 ITEMS RECOGNISED ON CASH FLOW STATEMENT

EUR 1,000	2022	2021
Total outgoing cash flow due to leases	- 575	-511



## 21 | OTHER ASSETS

EUR 1,000	2022	2021
Accounts receivable of securities	325	137
Brokerage receivables of securities	6,925	14,486
Other assets	20,476	16,010
<b>Total</b>	<b>27,726</b>	<b>30,632</b>

Other assets include mainly fee receivables from funds, business partners and customers.

## 22 | ACCRUED INCOME AND PREPAYMENTS

EUR 1,000	2022	2021
Items due to interests	143	12
Tax receivables	202	164
Other accrued income and prepayments	741	578
<b>Total</b>	<b>1,086</b>	<b>754</b>

## 23 | LIABILITIES TO CREDIT INSTITUTIONS

EUR 1,000	2022	2021
Loans from financial institutions		
Other than payable on demand	-	2,000
<b>Total</b>	<b>-</b>	<b>2,000</b>

The Group had previously drawn down a loan of EUR 2 million, which matured and was paid off on 13th July 2022. In addition, the Group has at its disposal a credit line of EUR 3 million, which at the end of the financial period 2022 remained undrawn.

## 24 | OTHER LIABILITIES

EUR 1,000	2022	2021
Accounts payable of securities	34	23
Brokerage payables of securities	6,925	14,486
Lease liabilities	2,245	2,765
Earnout liabilities	113	156
Tax liabilities	174	230
Fee and commission liabilities	1,805	1,990
Other liabilities	1,895	2,554
<b>Total</b>	<b>13,190</b>	<b>22,204</b>

Other liabilities encompass mainly short-term accounts payable.

## 25 | ACCRUED EXPENSES AND DEFERRED INCOME

EUR 1,000	2022	2021
Items due to interests	1	2
Personnel related	7,260	6,306
Tax liabilities	569	1,964
<b>Total</b>	<b>7,831</b>	<b>8,272</b>

## 26.1 ACCOUNTING POLICY

The Group classifies its instruments based on their nature as equity or a financial liability:

- An equity instrument is any agreement that evidences entitlement to a portion of United Bankers' assets after all its liabilities have been deducted.
- Financial liability is an instrument that obligates United Bankers to hand over cash or cash equivalents, or the holder of which has the right to demand cash or cash equivalents from United Bankers.

## 26.2 SHARE CAPITAL AND SHARE CLASSES

### Accounting policy

Share capital encompasses the parent company's ordinary shares classified as shareholders' equity. Share subscription prices received in connection with share issues are recognised in share capital to the extent it has not been decided in the share issue resolution that the subscription price is to be recognised in the un-restricted equity fund. The transaction costs incurred from issues of new shares are recognised in equity as a deduction from received payments and adjusted by the tax effects.

The Company has only one class of shares.

The shares do not have any nominal value. All outstanding shares have been fully paid.

### Changes in share amount and equity of the Group

Below table describes the changes in pieces of the shares and corresponding changes in equity of the Group.

2022	Pieces	EUR 1,000	
		Share capital	Reserve for non-restricted equity
1 January 2022	10,441,909	5,438	21,372
Addition in financial year	252,046	-	3,234
Deduction in financial year	-	-	-
<b>31 December 2022</b>	<b>10,693,955</b>	<b>5,464</b>	<b>24,606</b>

Total dividend of EUR 8,308 thousand has been distributed in financial year 2022.

2021	Pieces	EUR 1,000	
		Share capital	Reserve for non-restricted equity
1 January 2021	10,441,909	5,438	21,372
Addition in financial year	-	26	-
Deduction in financial year	-	-	-
<b>31 December 2021</b>	<b>10,441,909</b>	<b>5,464</b>	<b>21,372</b>

Total dividend of EUR 5,309 thousand has been distributed in financial year 2021.



## 26.3 TREASURY SHARES

### Accounting policy

Compensation paid for the treasury shares and the immediate costs for the transactions, adjusted by tax effects, are deducted from equity until the shares are invalidated or they are re-issued. If the aforementioned treasury shares are subsequently sold onwards, or they are re-issued, the compensation received is recognised directly as equity, less any immediate transaction costs and tax effects.

The Company has acquired a total of 24,547 treasury shares for a total of EUR 337 thousand euros during the financial period 2022. At the end of the financial period, the Company held a total of 65,643 (57,481) treasury shares whose acquisition value amounted to EUR 868 thousand euros (929 thousand euros).

### Authorisations of the Board of Directors

#### Authorisations of the Board of Directors to resolve on the issuance of shares

The Annual General Meeting of Shareholders 23 March 2022 authorised the Board of Directors to decide on the issuance of shares and special rights entitling to shares pursuant to Chapter 10, Section 1 of the Companies Act in one or more lots. The number of shares to be issued based on the authorisation shall not exceed 700,000 shares, which on the day of the Annual General Meeting of Shareholders corresponded to approximately 6.70 per cent of all the shares in the Company. The authorisation shall remain in force until the adjournment of the next Annual General Meeting of Shareholders, however latest until 30 June 2023. As at 31 December 2022, 447,954 shares have not been utilised of the authorisation.

#### Authorisations of the Board of Directors to resolve on the repurchase of the Company's own shares

The Annual General Meeting of Shareholders 23 March 2022 authorised the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares. The number of own shares to be repurchased and/or accepted as pledge shall not exceed 150,000 shares, which on the day of the Annual General Meeting of Shareholders corresponded to approximately 1.44 per cent of all the shares in the Company. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorisation. The authorisation shall remain in force until the adjournment of the next Annual General Meeting of Shareholders, however, latest until 30 June 2023. In year 2022, the Company utilised 14,935 shares of the authorisation, thus as at end of financial year, 135,056 shares have not been utilised of the authorisation.

## 26.4 RESERVES

### Reserve for invested non-restricted equity

Reserve for invested non-restricted equity includes other equity investments and the subscription price of shares to the extent it is not entered in share capital.

### Retained earnings

Retained earnings are earnings cumulated from the previous financial periods that have not been transferred to other equity reserves or distributed as to the shareholders as dividends.

## 26.5 CAPITAL MANAGEMENT

The objective of the Group's capital management is to create an efficient capital structure that ensures normal operating conditions and growth possibilities for the Group, as well as to ensure capital adequacy in relation to the risks of the business. The management of United Bankers follows the credit and market risks of the positions, capital adequacy and liquidity as part of the balance sheet control. Further information on capital management is available in the Note 27. Group risks and managing of same and the Capital Adequacy section of the annual report.

Risk management refers to the identification, assessment, measurement, limitation, prevention and monitoring of risks arising from business operations and materially associated with same. Risk management aims to reduce the likelihood of unforeseen losses or reputational threats, to ensure the adequacy of own funds relative to risk positions and thus to contribute to ensuring the execution of the strategy and the objectives set. The aim is also to promote the financial security of customers. Internal control constitutes a part of management, administration and daily work. Internal control refers to all measures undertaken within the United Bankers Group to ensure the attainment of the set targets and business operations that are efficient, economical, reliable and as uninterrupted as possible.

### Organisation and roles of control activities

The Board of Directors of United Bankers Plc bears overall responsibility for organising internal control. The responsibilities of internal control and the tasks of the different parties involved can be described with the aid of three lines of defence. Each line of defence and each party in same plays their own part in the internal control system.

The first line of defence consists of business units. The heads of business units are responsible for the practical implementation of the day-to-day business operations and the related risk management. The business units participate in the identification and assessment of the risks of their own operations and in the implementation of related risk management measures. Internal control is part of every employee's daily job description.

The second line of defence consists of the risk management and compliance function. The task of the second line of defence is to monitor and support the first line of defence in internal control and risk anticipation, as well as in mitigating the impact of the risks that have materialised. In addition, the second line of defence maintains and develops internal control and risk management methods, proposes improvements to the principles of risk management and monitors the implementation of principles and methods. Material changes in the risk profile detected by the second line of defence are reported to the Board of Directors, the Audit Committee and the Executive Team.

The third line of defence comprised the internal audit. The internal auditor's task is to assess the status of the internal control of the business functions and of the second line of defence and to produce information and proposals for measures for the management and the Board of Directors to enhance the efficiency of business operations and monitoring. The United Bankers Group does not have its own separate internal audit function. In the United Bankers Group, the internal audit function is organised as an outsourced service, managed by a third-party reputable operator selected by the Company's Board of Directors. In 2022, KPMG Oy Ab was responsible for the internal audit. In addition to internal audit, the audit operates in the third line of defence.

The Board of Directors of United Bankers Plc bears overall responsibility for arranging risk management. The Board of Directors defines the objectives of risk manage-

ment, the limits of risk-taking, responsibilities, indicators and control principles. The Board of Directors adopts the principles and plans steering risk management on an annual basis and oversees compliance with same. The Board of Directors regularly monitors the state of risk management and the development of key risks and has appointed an Audit Committee to assist the Board of Directors in ensuring that the United Bankers Group has in place an adequate internal control system encompassing its entire operations, to ensure the Company's risk management is arranged in a due manner and to monitor the financial reporting process.

United Bankers Group's independent risk management is the responsibility of the risk management function. The risk management function assists the management and business operations of the Group and its supervised subsidiaries in attaining their objectives by providing a systematic approach to the assessment and development of the effectiveness of risk management, control and, for instance, management and administrative processes. The task of the risk management function is to ensure and oversee that risk management is at a sufficient level relative to the quality, scope, diversity and risks of the business operations of the Group and the companies belonging to same. The risk management function oversees daily business operations and compliance with the set risk limits and principles for the assumption of risk. The risk management function reports its findings regularly to the executive management and the Board of Directors.

The Risk Management function prepares an annual risk assessment of the Group's companies and functions, with the aid of which risks threatening the set objectives and the business are identified, assessed, measured, and methods for managing the probability of risks are determined. Risks assessed as pertinent to the operations are recorded in the risk management plan and risk management measures are determined for same. The Group's risks and potential implications are also managed through insurances, the currentness of which is assessed annually.

The Compliance function ensures that United Bankers complies with the legislation and the guidelines and regulations issued by the authorities. The function ensures that the management and the Board of Directors are aware of any material changes in regulations and the possible impact of same on the Group and the companies belonging to same. Furthermore, it ensures that the procedures applied in customer relationships meet the requirements of the law and official regulations and that the requirement of the equal treatment of customers is met. Another key task of the Compliance function is to develop and maintain internal guidelines together with the business operations, to train personnel, to monitor compliance with the guidelines, and to identify, manage and report risks related to non-compliance. The Compliance function is steered by the Compliance Policy adopted by the Board of Directors and the Annual Action Plan. The Compliance function reports its findings to the executive management and the Board of Directors on a regular basis.

Internal audit constitutes independent objective assessment and assurance activity, the purpose of which is to audit the adequacy, effectiveness and efficiency of internal control in accordance with the annual plan. The activities of the internal audit serve to support the top and executive management, as well as the rest of the organisation in achieving the Group's objectives and developing its operations. In-



ternal Audit reports its audit findings to the Board of Directors. Further information on the organisation of risk management is available from the Annual Report, under the Corporate Governance Statement.

## 27.1 PRIMARY RISK AREAS

The United Bankers Group is exposed to the following risks:

- **Strategic risks:** risks of change in strategic choices, adoption of new products and services, and business environment
- **Operational risks:** procedural, processual, systemic, information security and data protection risks, as well as risks caused by a third-party
- **Financial risks:** market, liquidity, credit and foreign exchange risks

### 27.1.1 Strategic risks

Strategic risk arises from changes in the operating environment, slow response to changes in the operating environment or customer behaviour, the wrong choice of strategy, capability or change management in the implementation of the strategy, failure to manage partnerships or, for instance, to introduce new products and services. Identifying strategic risks and opportunities comprises an integral part of United Bankers Group's strategic planning and continuous business development. For instance, the strategy process, the annual risk assessment and product development process entails the assessment of strategic risks, identifying actions pertaining to the management of same, and assessing their potential impact on the United Bankers Group's overall risk position and the development of, inter alia, the capital requirement.

The amount of assets under management has a direct impact upon the amount of fee and commission income received by the Group. The amount of assets under management is contingent upon new sales and the number of customers lost, the success of the investments made, as well as the performance of the market. The Group's fee income is partly dependent on the performance of the equity and fixed income markets. The success of the sale of asset management services, structured products and funds that are of material relevance for the Group's business, along with the volume of securities brokerage, are primarily dependent upon the level of general demand for investment services.

The Group's management strives through its actions to influence the manageability of operations and improve profitability through ensuring the efficient organisation of business operations, supervising development projects that are of crucial importance for the business, carrying out strategically and economically sound corporate acquisitions, as well as through making successful key recruitments and committing existing personnel. The Group's management can also partially influence new sales and the cost structure, for instance, by investing in the continuous development of products and services and by focusing on products and service concepts that generate steady cash flow. The Group's management cannot through its actions influence the general market performance or the state of the economy.

The Board of Directors and executive management of the United Bankers Group seek to identify and manage strategic business risks through proactive planning

based on estimates and forecasts of geopolitical and market development, the competitive landscape, partner status and customer needs assessment. The Board of Directors of United Bankers Group reviews the approved Group strategy and the related strategic risks no less than annually.

### 27.1.2 Financial risks

Financial risk refers to the risk arising from the operating environment and any market changes occurring in same. Financial risks include market, liquidity and credit risks. Market risks include equity, interest rate and foreign exchange risks.

#### 27.1.2.1 Market risk

Market risk refers to the possibility of loss due to fluctuations in market prices. Categories of market risk include interest rate, foreign exchange and equity risk. Market risk also includes potential losses ensuing from changes in risk factors (e.g., volatility and correlations).

United Bankers Group's market risks consist of changes in the market prices of equity, fixed income, fund and other potential investments, as well as fluctuations in foreign exchange rates. The primary portion of the United Bankers Group's market risk arises from the price risk of trading books and strategic investments. Investments in the trading book comprise investments in stocks, bonds or structured investments that support brokerage. Investments in the trading book are short-term in nature. Strategic investments mainly comprise investments in own open funds or private equity funds in the form of limited partnerships. Market risks do not have a significant impact on United Bankers Plc's result under normal market conditions. The aforementioned market risks must not, under any circumstances, jeopardise continuity or profitability.

The Board of Directors of the United Bankers Group adopts the market risk strategy annually. The executive management is responsible for the practical implementation of the market risk strategy. Its management is in turn the responsibility of the risk management function. The Board of Directors has imposed limits, inter alia, on investments in securities issued by an individual issuer or on the volumes of trading stocks and strategic investments. The risk management function reports its findings regularly to the executive management and the Board of Directors.

In capital adequacy calculation, the Group's market risk is measured from positions related to trading books. In accordance with the minimum capital adequacy calculation, the required amount of own funds is reserved to cover market risk. The minimum capital adequacy requirement is calculated for the position risk of the trading books as well as for the foreign exchange risk of the entire operation. Investments classified in the Group's trading book amounted to EUR 1.1 million as at 31 December 2022 (EUR 0.6 million as at 31 December 2021). The minimum own funds required for market risk amounted on 31 December 2021 to EUR 0.1 million (EUR 0.1 million as at 31 December 2021).

The market risk of strategic investments is monitored separately from the capital adequacy calculation. The Group's strategic investments as at 31 December 2022 amounted to EUR 8.6 million (EUR 8.9 million as at 31 December 2021), of which EUR 4.4 million (EUR 4.7 million as at 31 December 2021) were invested in fixed

income funds. The exposure of investments to normal fluctuations in market prices has not been considered to pose a significant risk to the Group. In a simple sensitivity analysis, a 10 % price decrease for fixed income investments and a 20 % price decrease for other investments would have an impact of approximately EUR 1.3 million on the Group's result.

### Minimum capital adequacy requirement for market risk

2022 EUR 1,000	Original exposure value	Risk-weighted exposure value
Trading book positions		
- equity instruments	96	192
- debt instruments	916	653
The currency risk of all operations	620	620
<b>Total exposure value</b>	<b>1,632</b>	<b>1,465</b>
Minimum capital adequacy requirement		117

2021 EUR 1,000	Original exposure value	Risk-weighted exposure value
Trading book positions		
- equity instruments	180	361
- debt instruments	421	438
The currency risk of all operations	97	97
<b>Total exposure value</b>	<b>698</b>	<b>896</b>
Minimum capital adequacy requirement		72

### Items exposed to currency risk

The Group is exposed mainly to currencies of United States Dollar, Swedish Krona and Norwegian Krone. Significant currency positions on bank accounts are hedged with currency derivatives, thus Group does not have significant items exposing to currency risks.

2022 EUR 1,000	USD	SEK
Bank accounts	32	573
<b>Total</b>	<b>32</b>	<b>573</b>

2021 EUR 1,000	USD	NOK
Trading book, securities	22	15
Bank accounts	49	3
<b>Total</b>	<b>71</b>	<b>17</b>

### Sensitivity analysis of the changes in currency rates



Executive management of United Bankers Group foresees that as the Group's exposure to currency rates is insignificant, also the changes of currency rates are assessed to have insignificant effect to the financial statements of the Company.

#### 27.1.2.2 Liquidity risk

The Group's Board of Directors approves the liquidity risk strategy annually. The Group's executive management is responsible for the practical execution of the liquidity risk strategy, while the financial administration and risk management function are responsible for the management and oversight of the liquidity risk strategy. The financial management and risk management function report their findings to the executive management and the Board of Directors on a regular basis.

The liquidity risk is the risk of the companies in the United Bankers Group being unable able to carry on normal business activities or settle their payment obligations as they mature due to the scarcity of liquid assets. In the United Bankers Group, liquidity risk arises primarily from the market liquidity risk and/or an increase in the cost level.

The Group manages its liquidity risk through liquidity planning, assessment and reporting of the liquidity situation, as well as through a properly dimensioned liquidity reserve, continuity and contingency planning, and effective and continuous liquidity situation management. In terms of liquidity risk, the Group's risk appetite is conservative. In order to secure daily liquidity, the Group endeavours to keep the required amount of assets in cash and other liquid assets. In addition, the Group has at its disposal overdraft bank accounts.

Pursuant to the Investment Firm Regulation (IFR), investment firms must possess liquid assets in an amount of no less than one third of the capital requirement for fixed overheads calculated in accordance with IFR. The capital requirement of the United Bankers Group calculated on the basis fixed overhead costs is EUR 4.3 million and the liquidity requirement calculated on the basis of same amounts to EUR 1.4 million. As at 31 December 2022, the liquid assets of the United Bankers Group amounted to EUR 9.5 million.

Following table describes the maturity analysis of financial liabilities based on agreements. The information presented in the table are undiscounted and include both interest payments and capital returns.

### 31.12.2022

EUR 1,000	Cashflows on the basis of contracts					
	Total	less than 2 months	3-12 months	1-2 years	2-5 years	over 5 years
Liabilities to credit institutions	-	-	-	-	-	-
Lease liabilities	2,245	-	536	1,122	587	-
Brokerage payables of securities	6,925	6,925	-	-	-	-
Accounts payable and other liabilities	4,020	4,020	-	-	-	-
Future interest payments on debt	115	2	45	57	12	-
Guarantees on behalf of others	-	-	-	-	-	-
	<b>13,305</b>	<b>10,947</b>	<b>581</b>	<b>1,179</b>	<b>599</b>	-

### 31.12.2021

EUR 1,000	Cashflows on the basis of contracts					
	Total	less than 2 months	3-12 months	1-2 years	2-5 years	over 5 years
Liabilities to credit institutions	2,000	-	2,000	-	-	-
Lease liabilities	2,765	-	520	536	1,709	-
Brokerage payables of securities	14,486	14,486	-	-	-	-
Accounts payable and other liabilities	4,953	4,797	-	-	156	-
Future interest payments on debt	172	12	46	45	69	-
Guarantees on behalf of others	-	-	-	-	-	-
	<b>24,376</b>	<b>19,295</b>	<b>2,566</b>	<b>581</b>	<b>1,934</b>	-

The Group had previously drawn down a loan of EUR 2 million, which matured and was paid off on 13th July 2022. In addition, the Group has at its disposal a credit line of EUR 3 million, which at the end of the financial period 2022 remained undrawn.

### 27.1.2.3 Credit risk

The Board of Directors of the Group adopts the credit risk strategy annually. The Group's executive management is responsible for the practical implementation of the credit risk strategy, while the financial administration and risk management function are responsible for the management and supervision of the credit risk strategy. The Group's financial administration monitors the credit risk related to receivables and any credit risk concentrations. The financial management and risk management function report their findings to the executive management and the Board of Directors on a regular basis.

Credit risk refers to the risk of a loss that would result from the contractual counterparties and customers of the companies belonging to the United Bankers Group being unable to meet their agreed obligations, and the collateral received not securing the receivables. Credit risk also includes country and settlement risks. Country risk is a credit risk associated with foreign receivables allocated by country. The settlement risk is a risk associated with the settlement process of losing a receivable that is the subject of the settlement process.

The Group manages its credit risk through, inter alia, lines of credit and margin requirements that are evaluated, for instance, on the basis of the market situation and the customer. In the management of clearing risk, the focus is on ensuring the suit-

ability and reliability of counterparties, and the risk is mitigated by means of standard-form contracts and by centralising the settlements in reliable clearing centres.

### Concentration risks

Concentration risk may consist, for instance, of customer risks and risk concentrations caused by circumstances ensuing, for instance, from the low number of counterparties or customers, the magnitude of any individual transaction or the dependence of operations on an individual product or service.

The Board of Directors of the Group has adopted the principles and monitoring limits concerning the concentration risk related to customers and the management thereof as part of the credit risk management principles. The United Bankers Group manages the concentration risk by, inter alia, limiting the exposure value of the concentration risk pertaining to an individual customer or a group of customers to 25 % of own funds. Payment transactions as part of financial management monitor the concentration risk pertaining to customers on a daily basis.

### Expected credit losses

The Group calculates the Expected Credit Loss (ECL) from financial assets valued at amortised cost. The expected credit loss illustrates a probability-weighted estima-



tion of materialising credit risks. The expected loss deductible item is recognised for receivables from credit institutions and customer receivables, recognised in the balance sheet under “Other assets”.

In relation to receivables from credit institutions, the amount of expected credit losses (ECL) is calculated using the formula:  $ECL = \text{liability} \times \text{probability of a credit event} \times \text{loss arising from the credit event (\%)}$ . The calculation is conducted using the credit institution-specific credit event probabilities available in the market, as well as the recovery rates of same. Where these values are not available in the market for a specific credit institution, the average of the values of the other credit institutions are utilised for same. A similar approach is also applied to fee receivables from funds and capital transactions.

The Group applies a simplified procedure for determining expected credit losses for customer receivables recognised at amortised cost (excl. receivables related to fund and capital transactions). In this case, the expected credit losses are recorded in an amount that reflects the expected credit loss over the entire term of validity. The calculation employs a reserve matrix based on historical data on previously realised credit losses in the Group and the Group’s assessment of future financial conditions.

The Group recognises receivables that are delayed in excess of 90 days as credit losses.

## Reconciliation of Expected Credit Loss (ECL)

EUR 1,000	2022	2021
Carrying amount, 1 Jan	16	44
ECL on claims on credit institutions, change	4	-16
ECL on claims on clients	-5	-12
<b>Carrying amount, 31 Dec</b>	<b>15</b>	<b>16</b>

## Impairment losses on other receivables in the financial period

Changes in expected credit losses and materialised credit losses are recognised on profit and loss item “Expected credit losses on loans and other receivables”. Below table describes the change of impairment losses in other receivables in the financial period

EUR 1,000	2022	2021
ECL on claims on credit institutions, change	-4	16
ECL on claims on clients	5	12
Materialised credit losses	-	-
<b>Total</b>	<b>1</b>	<b>28</b>

## Items exposed to credit risk and credit loss allowance

### 2022

EUR 1,000	Gross value	Credit loss percentage	Deduction for loss
Claims on credit institutions	9,504	0.05 %	5
Claims on clients			
Fund and capital markets receivables	8,991	0.03 %	3
Brokerage business (not due) 0,1%	6,925	0.10 %	7
Matured brokerage receivables	-	-	-
Total	6,925	0.10 %	7
Short-term accounts receivable (not due), 0,1%	463	0.10 %	0
Matured	-	-	-
Total	463		0
<b>Total</b>	<b>25,882</b>		<b>15</b>

**2021**
**EUR 1,000**

	Gross value	Credit loss percentage	Deduction for loss
Claims on credit institutions	14,325	0.01 %	1
Claims on clients			
Fund and capital markets receivables	10,655	0.01 %	1
Brokerage business (not due) 0,1%	14,486	0.10 %	14
Matured brokerage receivables	-	-	-
Total	14,486		14
Short-term accounts receivable (not due), 0,1%	590	0.10 %	1
Matured	-	-	-
Total	590		1
<b>Total</b>	<b>40,056</b>		<b>16</b>

**27.1.3 Operational risks**

Operational risk refers to the direct or indirect risk of financial loss caused by inadequate or failed internal processes, personnel, systems or external factors. Typically, operational risks include procedural, process, system and information security risks, as well as risks caused by third-party. Operational risk can manifest itself, for instance, in the form of a loss or deterioration of reputation or trust.

The management of operational risks is viewed in the United Bankers Group as one of the most crucial elements of risk management. The Board of Directors of the United Bankers Group adopts the principles of operational risk management on an annual basis. A group-wide operational risk management procedure process has been devised for the identification, assessment, control and reporting of operational risks. The Group's various functions are responsible for identifying and managing operational risks in their own segment, relating, for instance, to products, services, persons, processes and systems, and report their findings to the risk management function and function's supervisor through notification platform. The significance of the identified risks is assessed, inter alia, on the basis of their financial impact and the likelihood of their materialisation. The risk management function reports on supervisory findings, measures taken, and overall risk situation to the executive management and the Board of Directors on a regular basis. Reporting of losses caused by operational disruptions and errors, as well as by operational risks, to the authorities is carried out in accordance with the set requirements.

The point of departure for operational risk management is to prevent the materialisation of risks and to mitigate the damage caused by risks. Operational risk management includes, inter alia, ensuring the functionality of daily work processes and systems and adequate controls, monitoring compliance with regulations and internal guidelines, training personnel and ensuring the sufficiency of training and expertise, arranging for information security, oversight of outsourced functions and ascertaining the functionality of the approval process for new products and servic-

es. In an effort to minimise materialised risks, the Group has also prepared for the risks and materialisation of same, for instance through insurance arrangements.

Procedural risk is part of operational risk. The objective of the Compliance function is to ensure that all subsidiaries of the United Bankers Group comply with laws, government guidelines and regulations, market self-regulation and internal policies and guidelines. The Compliance function also monitors and ensures that appropriate and ethically acceptable principles and practices are abided by in customer relationships. In addition to financial and reputational loss, the materialisation of a procedural risk can also entail other adverse implications, such as sanctions. The responsibility for regulatory compliance and oversight of compliance lies with senior and executive management as well as all supervisors. Each person employed by the United Bankers Group is responsible for their part for complying with the regulations and internal guidelines. Procedural risk is managed through monitoring the development of legislation, instructing, training and consulting the organisation on compliance with regulatory procedures, and overseeing compliance of the procedures of the organisation with the regulations.

Data protection and security risks comprise a part of the operational risk. The operations of the United Bankers Group are heavily reliant on the exploitation of information technology and traffic. The key objective of all operations within the Group is the efficient, error-free and secure processing of data in various formats. The aim is to ensure the confidentiality, correctness and usability of data at all stages of operations. The Board of Directors assesses the level and adequacy of data protection and security and adopts policies governing same on an annual basis. United Bankers Group has appointed an Information Security Officer and a Data Protection Officer, who are, for their part, responsible for developing, directing, monitoring and maintaining the related guidelines for information security and data protection, as well as for reporting to the management.

Also risks caused by third-party are considered as operational risks. United Bankers – Group has guidelines for the principles to be followed, when its business operations are transferred to external parties of the Group. The guideline ensures that outsourced operations' operational risks management and control are arranged according to FSA regulations. In addition, United Bankers – Group follows process for identifying counterparties to ensure, inter alia, the reliability, data protection and non-disordered operations of the used third-party service providers.

The capital requirement for operational risks constitutes part of the capital requirement imposed upon investment firms, as stipulated for in the Investment Firm Regulation. The own funds requirement of the United Bankers Group calculated on the basis of fixed overhead costs amounted to EUR 4.3 million and the Group's own funds amounted to EUR 13.0 million as at 31 December 2022.

## 27.2 CONTINUITY MANAGEMENT

In order to ensure the continuity of operations as smoothly as possible, the United Bankers Group has instituted a regular continuity management process and devised continuity plans for the core functions based on same. The objective of continuity planning is to ensure fluent operations in the event of possible disruption and

ensure that the level of customer service and internal operations can be ensured, regulations can be complied with, and the safety of personnel and customers, as well as of tangible and intangible assets, can be secured. In addition to the continuity plans, the requisite recovery plans have been devised for the systems, along with a recovery plan setting forth the measures for ensuring business continuity in the event of a deterioration in the financial position of the United Bankers Group.

## 27.3 CAPITAL ADEQUACY MANAGEMENT

The United Bankers Group is subject to the following external capital requirements: the EU Capital Requirements Directive for Investment Firms (EU 2019/3034 IFD) and the Capital Requirements Regulation (EU 2019/2033 IFR) and, where applicable, the EU Capital Requirements Directive (CRD IV) and the Capital Requirements Regulation (EU 575/2013 CRR).

The Board of Directors of United Bankers Plc has set a minimum target requirement for the solvency of the Group at 13 per cent. As at 31 December 2022, the capital adequacy ratio of the Group amounted to 24.0 per cent. Further details concerning the solvency and solvency management of the Group are available in the solvency section of the Annual Report published by United Bankers.

## 28 | OFF BALANCE SHEET ITEMS AND COMMITMENTS

### Contingent assets and contingent liabilities

Contingent liability is recognised, when:

- United Bankers has a potential obligation that has arisen on account of previous events and the existence of which is not ascertained until in connection with a future event that is beyond United Bankers' control
- United Bankers has an existing obligation that has arisen on account of previous events, but the materialisation of the payment obligation is improbable, or
- United Bankers is unable to estimate the amount of the existing obligation with sufficient reliability.

Contingent liabilities are not recognised in the balance sheet, but, rather, they are presented as a Note, unless the materialisation of the payment obligation is highly improbable.

A contingent asset is recognised, when:

- The economic benefit inuring to the benefit of United Bankers is probable but not practically certain, and
- It is dependent on an event that is beyond United Bankers' control

Contingent assets are presented in the notes. If the materialisation of an income item is practically certain, it is recognised in accounting.

As at the date of the financial statements, United Bankers does not have any contingent liabilities or contingent assets.

### Commitments

EUR 1,000	2022	2021
On own behalf		
Bank loan guarantees	-	3,030
<b>Total</b>	<b>-</b>	<b>3,030</b>

The Group has previously guaranteed its bank loan by own trading book securities, whose fair value was required to exceed EUR 2,500,000.

## 29 | RELATED PARTY TRANSACTIONS

### 29.1 ACCOUNTING POLICY

Related parties of the Group's parent company United Bankers Plc include the following:

- its subsidiaries
- Board of Directors, CEO and management team of the Group as key personnel belonging to the management of the Group
- Entities in which the aforementioned persons exercise control, joint control, or significant influence
- close family members of the above-mentioned persons

Related party transactions include transactions with related parties that are not eliminated in the consolidated financial statements or that are paid for by funds managed by same.

### 29.2 EMPLOYEE BENEFITS OF KEY PERSONNEL BELONGING TO THE MANAGEMENT

The amounts presented in the following tables correspond to the expenses recognised in the relevant financial years. Salaries include benefits in kind, if any. Share-based payments have been recognised through the fees recognised from management share-based incentive models. A portion of the compensation has been delayed and the final value of same is determined subsequently in connection with the confirmation of the remuneration and payments.

The management and the Board of Directors of the Company have had the possibility of participating in the personnel share issue in spring 2019, where personnel and members of the Board of Directors were offered the possibility of subscribing for shares of the Company at a 10 per cent discount from the market price. One of the members of the Board of Directors also participated in the directed tied agent share issue through their controlled entity. Shares subscribed for in the personnel and tied agent share issue confer rights to additional shares payable subsequently. The number of shares subscribed for and the additional shares that the management and the Board of Directors are entitled to are presented below.

#### CEO

EUR 1,000	2022	2021
Salaries and other short-term employee benefits	178	174
Pensions (contribution plan)	-	-
Share-based payments	139	216
<b>Total</b>	<b>314</b>	<b>390</b>
Subscribed shares in personnel share issue in 2019, pcs.	6,116	
Gross remuneration in share matching plan, shares, pcs.	3,058	

#### Board of Directors

Members of the Board of Directors who are not employed by the Group have been paid remuneration for their work pursuant to the resolution of the AGM. Members of the Board of Directors who are employed by the Group are not compensated for their BoD work as their salary expenses are considered to be related to the operational business, rather than to the work of the Board of Directors. Furthermore, one Board member has been compensated for their work as a Board member on the Board of Directors of the subsidiaries of the Group.

EUR 1,000	2022	2021
Remuneration for BoD work to external BoD members and Chairman	149	130
Remuneration paid by group subsidiaries	66	76
Subscribed shares in personnel share issue in 2019, pcs.	37,817	
Gross remuneration in share matching plan, shares, pcs.	19,798	

#### Key personnel in management

EUR 1,000	2022	2021
Salaries and other short-term employee benefits	865	857
Pensions (contribution plan)	162	151
Share-based payments	452	593
<b>Total</b>	<b>1,479</b>	<b>1,600</b>
Subscribed shares in personnel share issue in 2019, pcs.	30,669	
Gross remuneration in share matching plan, shares, pcs.	15,335	

### 29.3 OTHER RELATED PARTY TRANSACTIONS AND OPEN BALANCES

United Bankers Plc or companies controlled by persons related to its Group company, i.e. Taito Capital Oy, Konnun Tuulikallio Oy, Suomen Varainhoitopalvelut Oy and Quantum Capital Oy have concluded tied agent agreements and/or insurance agency agreements with Group companies belonging to the Group. The Group companies return commission income to the agents related to the distribution of investment products.

In addition, United Bankers Plc, its Group companies or funds managed by the Group companies procure consulting services from Häggblom & Partners Ltd Oy, a company controlled by a person related to the Company.

In addition to the services mentioned above, persons related to the Group or companies controlled by them have carried out other transactions with United Bankers Plc, its Group companies or funds managed by Group companies. The transactions have included, for example, other services or products sold to the Group and trans-



actions involving the assets of funds managed by Group companies. All transactions with the Group are on the same terms as transactions with unrelated parties, and the Group has separate internal processes in place for the approval of related party transactions. The table below shows the transactions with related parties during the financial period and the comparative period that are not eliminated in the consolidated financials or that are paid for by funds managed by the Group company.

United Bankers Plc has granted 16,385 of its own shares as part of the share-based incentive plan for management to the key employees covered by the plan.

### Transactions with related parties

EUR 1,000	1.1.-31.12.2022	1.1.-31.12.2021
Tied agent fees	685	708
Consultation fees	110	67
Other transactions	12	51
Loans extended	-	-
<b>Total</b>	<b>807</b>	<b>825</b>
of which with funds managed by the Group	15	69

In the years 2021 and 2022, the Group has acquired additional shares from non-controlling interest holders in the subsidiaries UB Yritysrahoitus Oy, UB Finnish Property Oy and UB Finance Ltd. As the Group has had control of the company already previously, these additional acquisitions have been recognised as internal equity arrangements.

In the year 2021, the Group also paid earnouts related to the acquisition of a non-controlling interest in UB Real Asset Management Ltd. The earnouts related to the transaction carried out in 2017 were paid in cash and through providing treasury shares in the Company's possession.



# Parent Company's financial statements

## INCOME STATEMENT 1.1.2022–31.12.2022

EUR 1,000	Note	1.1.-31.12.2022	1.1.-31.12.2021
Fee and commission income		-	-
Net gains or losses from trading in securities and foreign currencies	2.1		
Net income from trading in securities		-98	336
Income from equity investments	2.2		
From group companies		-	-
From other equity investments		74	16
Interest Income	2.3	10	2
Other operating income	2.4	6,032	4,858
<b>INCOME FROM INVESTMENT SERVICES ACTIVITIES</b>		<b>6,019</b>	<b>5,213</b>
Fee expenses		-	-
Interest expenses	2.3	-35	-55
Administrative expenses			
Personnel expenses	2.5		
Salaries and remuneration		-2,891	-3,259
Social security expenses			
Pension expenses		-526	-415
Other social security expenses		-171	-117
Other administrative expenses	2.6	-2,943	-2,040
Depreciation, amortization and impairment of tangible and intangible assets	2.7	-949	-937
Other operating expenses	2.8	-865	-707
<b>OPERATING PROFIT (LOSS)</b>		<b>-2,362</b>	<b>-2,316</b>
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>		<b>-2,362</b>	<b>-2,316</b>
Appropriations	2.9	11,771	14,276
Income taxes	2.10	-1,888	-2,516
<b>PROFIT (LOSS) FOR THE FINANCIAL PERIOD</b>		<b>7,521</b>	<b>9,444</b>



<b>ASSETS, EUR 1,000</b>	<b>Note</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Cash and equivalents		0	0
Claims on credit institutions	3.1		
Repayable on demand		450	1 591
Claims on the public and public-sector entities	3.2	513	371
Debt securities	3.3		
From other than public-sector entities		304	331
Shares and units	3.4	8,087	8,256
Shares and units in group companies	3.4	28,811	25,577
Intangible assets	3.5/3.7	3,270	1,911
Tangible assets	3.6/3.7		
Other tangible assets		247	286
Other assets	3.8/3.14/3.15	1,298	4,126
Accrued income and prepayments	3.9	461	269
<b>TOTAL ASSETS</b>		<b>43,442</b>	<b>42,718</b>
<b>LIABILITIES AND EQUITY, EUR 1,000</b>	<b>Note</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>LIABILITIES</b>			
Liabilities to credit institutions	3.10	-	2,000
Liabilities to public and public-sector entities	3.11	1,651	-
Other liabilities	3.12/3.14/3.15		
Other liabilities		639	455
Accrued expenses and deferred income	3.13	2,260	3,475
<b>LIABILITIES TOTAL</b>		<b>4,550</b>	<b>5,930</b>
<b>APPROPRIATIONS</b>			
Depreciation difference		-	-
<b>EQUITY</b>	<b>3.16</b>		
Share capital		5,464	5,464
Unrestricted reserves			
Reserve for non-restricted equity		25,150	21,916
Retained earnings (loss)		757	-37
Profit (loss) for the financial period		7,521	9,444
<b>TOTAL EQUITY</b>		<b>38,892</b>	<b>36,787</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>43,442</b>	<b>42,718</b>



## PARENT COMPANY CASH FLOW STATEMENT

EUR 1,000	31.12.2022	31.12.2021
<b>Cash flow from operating activities</b>		
Income received from sales	-45	112
Other operating income received	6,032	4,858
Operating costs paid	-7,469	-5,954
<b>Cash flow from operating activities before finance costs and taxes</b>	<b>-1,482</b>	<b>-983</b>
Interest and finance costs paid from operating activities	-35	-55
Interest received from operating activities	10	2
Income taxes paid	-3,038	-2,173
<b>Cash flow from operating activities</b>	<b>-4,545</b>	<b>-3,209</b>
<b>Cash flow from investing activities</b>		
Acquisitions of tangible and intangible assets	-2,270	-1,323
Changes in claims on the public and public-sector entities	-142	-23
Investments in financial assets	140	-1,398
Dividends received from investments	74	16
<b>Cash flow from investing activities</b>	<b>-2,198</b>	<b>-2,727</b>
<b>Cash flow from financing activities</b>		
Change of loans	-350	-500
Acquisition of treasury shares	-337	-495
Received group contributions	14,600	13,100
Dividends paid	-8,313	-5,309
<b>Cash flow from financing activities</b>	<b>5,601</b>	<b>6,796</b>
<b>Change in cash and cash equivalents</b>	<b>-1,142</b>	<b>859</b>
<b>Change in cash and cash equivalents</b>	<b>-1,142</b>	<b>859</b>
Cash and cash equivalents at the beginning of the year	1,591	732
Cash and cash equivalents at the end of the year	450	1,591



# Notes to the Parent Company

## 1 | NOTES ON THE PREPARATION OF THE FINANCIAL STATEMENTS

### Notes on the preparation of the financial statements

The financial statements have been prepared in accordance with the Act on Credit Institutions, the Decree of the Ministry of Finance on the Financial Statements and Consolidated Financial Statements of Credit Institutions and Investment Services Companies, and the Regulation and Guideline 2/2016 of the Financial Supervisory Authority's Compendium of Regulations: Financial Sector Accounting, Financial Statements and Annual Report.

### Valuation principles of financial assets and liabilities

The Company's investments are valued in fair value through profit and loss. Loans and other receivables are valued at cost, less possible impairment loss. Financial liabilities are valued at fair value. Shares and units in group companies are valued at cost.

### Intangible and tangible assets

Intangible and tangible assets are valued at cost, less depreciation as planned and impairment. Depreciation periods are calculated straight-line over the estimated economic useful life.

Depreciation periods based on estimated useful life are as follows:

Intangible assets

- IT programs 5 years
- Office renovation 5 years

Tangible assets

- IT equipment 5 years
- Office equipment and furniture 5 or 8 years

### Transactions in foreign currencies

Transactions in foreign currencies are converted into euro using the transaction date rates. Receivables and liabilities denominated in foreign currencies are converted into euro at the exchange rates prevailing at the end of the reporting period.

Exchange gains and losses related to ordinary business are recognized in net gains or losses from trading in foreign currencies.

Company had no positions in foreign currencies at the end of financial periods.

### Principles followed in recognizing interest income and expense

Interest income and expense are recognized on accrual basis.

### Presenting and rounding of figures

**The figures in the financial statements are rounded to thousands of euros.**

All the figures presented in the tables have been rounded and consequently the sum of individual figures may deviate from the sum presented.

Amount of EUR 0,0 corresponds that the absolute value is less than EUR 500. If the value of an item is EUR 0, it is presented as an empty cell.

## 2 | NOTES TO INCOME STATEMENT ITEMS OF PARENT COMPANY

EUR 1,000

### 2.1 Net gains or losses from trading in securities and foreign currencies

Year 2022	Sales profits and losses	Changes in fair value	Total
From debt securities	0	-11	-11
From shares and units	-30	-57	-87
<b>Total</b>	<b>-30</b>	<b>-68</b>	<b>-98</b>
Year 2021	Sales profits and losses	Changes in fair value	Total
From debt securities	-114	215	101
From shares and units	-30	265	234
<b>Total</b>	<b>-144</b>	<b>480</b>	<b>336</b>



## 2.2 Income from equity investments

	2022	2021
Income from equity investments	74	16
Dividend income from group companies	-	-
<b>Total</b>	<b>74</b>	<b>16</b>

## 2.3 Breakdown of interest income and expenses on the basis of balance sheet items

Interest income	2022	2021
Receivables from the public and public corporations	0	-
Debt securities	10	2
Other interest income	0	1
<b>Total</b>	<b>11</b>	<b>2</b>

Interest expenses	2022	2021
Liabilities to credit institutions	-26	-38
Other interest expenses	-9	-17
<b>Total</b>	<b>-35</b>	<b>-55</b>

## 2.4 Other operating income

	2022	2021
Management fee income from group companies	6,032	4,859
Other operating income	-0	-0
<b>Total</b>	<b>6,032</b>	<b>4,858</b>

## 2.5 Personnel expenses

	2022	2021
Salaries and fees	-2,891	-3,259
Pension expenses	-526	-415
Other social security costs	-171	-117
<b>Total</b>	<b>-3,588</b>	<b>-3,790</b>

Personnel in full-time equivalents (FTE)	33	33
Personnel at the end of financial period (FTE)	35	33

## 2.6 Other administrative expenses

	2022	2021
Other personnel expenses	-288	-139
IT and communication expenses	-1,296	-1,023
Consulting and other services	-771	-473
Other administrative expenses	-588	-405
<b>Total</b>	<b>-2,943</b>	<b>-2,040</b>

## 2.7 Depreciation, amortization and impairment of tangible and intangible assets

	2022	2021
Depreciation as planned	-949	-937

## 2.8 Other operating expenses

	2022	2021
Lease expenses	-514	-476
Property maintenance costs	-124	-85
Insurances and fees to authorities	-226	-148
Other expenses	-2	1
<b>Total</b>	<b>-865</b>	<b>-707</b>

## 2.9 Appropriations

	2022	2021
Received group contributions		
UB Asset Management Ltd	8,300	10,000
UB Fund Management Company Ltd	620	1,900
UB Securities Ltd	350	1,000
UB Nordic Forest Management Ltd	1,351	650
UB Brokerage Company Ltd	1,120	650
UB Life Oy	30	70
<b>Total</b>	<b>11,771</b>	<b>14,270</b>
Change of depreciation difference	-	6
<b>Total</b>	<b>11,771</b>	<b>14,276</b>

## 2.10 Income taxes

	2022	2021
Income taxes from profit of the financial period	1,888	2,466
Income taxes from previous financial period	0	50
<b>Total</b>	<b>1,888</b>	<b>2,516</b>

## Information concerning business segments and geographical markets

The Company has decided not to divide its business segments in its capital adequacy reporting and financial statements. The only registered office of the Company is located in Finland.

**3.1 Claims on credit institutions**

All repayable on demand	2022	2021
Claims from domestic credit institutions	450	1,591
<b>Total</b>	<b>450</b>	<b>1,591</b>

**3.2 Claims on the public and public-sector entities**

	2022	2021
Convertible bonds	-	-
Receivables from group companies	513	371
<b>Total</b>	<b>513</b>	<b>371</b>

**3.3 Debt securities****Debt securities 2022**

Issued by other than public corporations

**Financial assets entered at fair value through profit and loss**

	Publicly quoted	Other	Total
Bonds issued by banks	-	-	-
Other debt securities	-	304	304

**Debt securities 2021**

Issued by other than public corporations

**Financial assets entered at fair value through profit and loss**

	Publicly quoted	Other	Total
Bonds issued by banks	-	180	180
Other debt securities	-	135	135

**3.4 Shares and units****Shares and units 2022**

Financial assets entered at fair value through profit and loss

Shares and units in group companies

	Publicly quoted	Other	Total
Financial assets entered at fair value through profit and loss	5,628	2,459	8,087
Shares and units in group companies	-	28,811	28,811

**Shares and units 2021**

Financial assets entered at fair value through profit and loss

Shares and units in group companies

	Publicly quoted	Other	Total
Financial assets entered at fair value through profit and loss	5,872	2,383	8,256
Shares and units in group companies	-	25,577	25,577



### 3.5 Intangible assets

	2022	2021
IT expenses	3,102	1,865
Office renovation expenses	168	46
<b>Total</b>	<b>3,270</b>	<b>1,911</b>

### 3.6 Tangible assets

	2022	2021
Machinery and equipment	247	286

### 3.7 Intangible and tangible assets

	2022	2021
Other intangible assets		
Acquisition cost, 1 Jan	5,980	4,742
Additions	2,231	1,238
Acquisition cost, 31 Dec	8,211	5,980
Accumulated depreciation and impairment, 1 Jan	-4,069	-3,242
Depreciation for the period	-873	-828
Accumulated depreciation and impairment, 31 Dec	-4,942	-4,069
<b>Carrying amount, 31 Dec</b>	<b>3,269</b>	<b>1,911</b>

Other tangible assets		
Acquisition cost, 1 Jan	862	777
Additions	38	85
Acquisition cost, 31 Dec	900	862
Accumulated depreciation and impairment, 1 Jan	-576	-467
Depreciation for the period	-76	-109
Accumulated depreciation and impairment, 31 Dec	-653	-576
<b>Carrying amount, 31 Dec</b>	<b>247</b>	<b>286</b>

### 3.8 Other assets

	2022	2021
Receivables from group companies	1,292	4,122
Other assets	6	4
<b>Total</b>	<b>1,298</b>	<b>4,126</b>

### 3.9 Accrued income and prepayments

	2022	2021
Items due to interests	8	8
Other accrued income and prepayments	453	261
<b>Total</b>	<b>461</b>	<b>269</b>

### 3.10 Liabilities to credit institutions and central banks

	2022	2021
Repayable on demand		
to credit institutions	-	2,000
<b>Total</b>	<b>-</b>	<b>2,000</b>

### 3.11 Liabilities to public and public-sector entities

	2022	2021
Repayable on demand		
to group companies	1,651	-
<b>Total</b>	<b>1,651</b>	<b>-</b>

### 3.12 Other liabilities

	2022	2021
Tax liabilities	127	93
Other short-term liabilities	512	362
<b>Total</b>	<b>639</b>	<b>455</b>

### 3.13 Accrued expenses and deferred income

	2022	2021
Items due to interest	1	2
Personnel related	1,871	1,935
Tax liabilities	388	1,538
<b>Total</b>	<b>2,260</b>	<b>3,475</b>



### 3.14 Fair values and carrying amounts of financial assets and liabilities

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	0	0	0	0
Claims on credit institutions	450	450	1,591	1,591
Claims on public and public-sector entities	513	513	371	371
Debt securities	304	304	331	331
Shares and units	8,087	8,087	8,256	8,256
Shares and units in group companies	28,811	28,811	25,577	25,577
<b>Total</b>	<b>38,165</b>	<b>38,165</b>	<b>36,126</b>	<b>36,126</b>
<b>Financial liabilities</b>				
Liabilities to credit institutions	-	-	2,000	2,000
Liabilities to public and public-sector entities	1,651	1,651	-	-
<b>Total</b>	<b>1,651</b>	<b>1,651</b>	<b>2,000</b>	<b>2,000</b>

### 3.15 Financial instruments measured at fair value on balance sheet

#### 31.12.2022

	Level 1	Level 2	Level 3	Total
Debt securities	-	304	-	304
Shares and units	5,628	-	2,459	8,087
Shares and units in group companies	-	-	28,811	28,811
<b>Total</b>	<b>5,628</b>	<b>304</b>	<b>31,270</b>	<b>37,202</b>
Unrealised profit and loss (cumulative)			194	

#### 31.12.2021

	Level 1	Level 2	Level 3	Total
Debt securities	-	208	123	331
Shares and units	5,872	-	2,383	8,256
Shares and units in group companies	-	-	25,577	25,577
<b>Total</b>	<b>6,872</b>	<b>208</b>	<b>27,083</b>	<b>34,163</b>
Unrealised profit and loss (cumulative)	-	-	126	-

#### Hierarchy levels

Level 1: Fair values are based on unadjusted price quotations published in an active market.

Level 2: Quoted prices other than those at level 1 that can be observed for the asset or liability in question, either directly (i.e., as price) or indirectly (i.e., derived from prices).

Level 3: Input data on an asset or liability that is not based on observable market data.



### 3.16 Equity

	2022	2021
Share capital, 1 Jan	5,464	5,438
- Addition of share capital	-	26
Share capital, 31 Dec	5,464	5,464
<b>Reserve for non-restricted equity, 1 Jan</b>	<b>21,916</b>	<b>21,916</b>
Share issues	3,234	-
Distribution of funds	-	-
<b>Reserve for non-restricted equity, 31 Dec</b>	<b>25,150</b>	<b>21,916</b>
<b>Retained earnings, 1 Jan</b>	<b>9,407</b>	<b>5,767</b>
Distribution of dividend	-8,313	-5,309
Acquisition of treasury shares	-337	-495
<b>Retained earnings, 31 Dec</b>	<b>757</b>	<b>-37</b>
Profit (loss) for the period	7,521	9,444
<b>Equity, 31 Dec</b>	<b>38,892</b>	<b>36,787</b>

## 4 | NOTES TO GUARANTEES AND COMMITMENTS

EUR 1,000

### 4.1 Guarantees provided

On own behalf	2022	2021
Bank loan guarantees	-	3,030
The group has previously guaranteed its bank loan by own trading book securities, whose fair value was required to exceed EUR 2,500,000.		
On behalf of others	2022	2021
Bank loan guarantees	-	-

### 4.2 Pension commitments

The pension security of the personnel has been arranged in accordance with the statutory pension insurance scheme.

### 4.3 Leasing and rental liabilities

	2022	2021
Lease Oy Julius Tallberg Ab, commitment within one year	426	397

### Other off balance sheet items

The Company has no other off balance sheet items or commitments.

## 5 | OTHER NOTES

EUR 1,000

### 5.1 Fees to auditors

	2022	2021
Statutory fees	33	35
Other fees	9	6

## Board of Directors' proposal concerning distribution of funds

United Bankers Plc's result for the financial period 1 January – 31 December 2022 amounted to EUR 7,520,541.47. The company's distributable assets as at 31 December 2022 were EUR 33.4 million, of which the appropriations of retained earnings are EUR 8.3 million and the distributable funds in the reserve of invested unrestricted equity fund are EUR 25.2 million.

The Board of Directors proposes to the Annual General Meeting of Shareholders that based on the balance sheet adopted for the financial period ended on 31 December 2022, a total dividend of EUR 0.75 per share be paid and an equity repayment of EUR 0.15 per share be paid from the reserve of invested unrestricted equity fund. The total dividend distribution in accordance with the proposal, calculated at the number of shares outstanding at the date of the financial statements, amounts to EUR 7,971,234.00 and the total equity repayment, calculated at the number of shares outstanding at the date of the financial statements, amounts to EUR 1,594,246.80. No dividend or equity repayment shall be payable on treasury shares held by the company.

The Board of Directors proposes that the distribution of funds would be paid in two instalments so that the dividend would be paid in March and the equity repayment in September. The dividend shall be paid to a shareholder who is registered in the company's shareholders' register maintained by Euroclear Finland Ltd on the record date for dividend payment, 24 March 2023. The dividend is proposed to be paid out on 31 March 2023. The equity repayment shall be paid to a shareholder who is registered in the company's shareholders' register maintained by Euroclear Finland Ltd on the record date for equity repayment, 22 September 2023. The equity repayment is proposed to be paid out on 29 September 2023. The Board of Directors proposes it be authorised, if necessary, to decide on a new equity repayment record date and payment date, if the rules of Euroclear Finland Ltd or the regulations concerning the Finnish book-entry system change or otherwise require it.

No material changes have taken place in the company's financial position since the end of the financial year. The proposed dividend distribution and equity repayment do not, according to the Board of Directors, endanger the solvency of the company.



# Signatures of the financial statements and the report of the Board of Directors

In Helsinki, on 23 February 2023

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Johan Linder  
Chairman

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Patrick Anderson  
CEO

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Tarja Pääkkönen

---

Rasmus Finnilä

---

Rainer Häggblom

---

Lennart Robertsson

---

Eero Suomela

## **AUDITOR'S NOTE**

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A report on the audit performed has been issued today.

In Helsinki, on 23 February 2023

Oy Tuokko Ltd

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Janne Elo, APA

# Auditor's report

(Translation of the Finnish Original)

## To the Annual General Meeting of United Bankers Oyj

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of United Bankers Oyj (company code 2355443-6) for the year ended 31.12.2022. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements where statement of comprehensive income shows a profit of 12,871 thousand euros give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements where parent company's income statement shows a profit of 7,521 thousand euros give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

#### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 9 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## KEY AUDIT MATTER

## HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

### *Revenue recognition of fee income (accounting principles and notes to the consolidated financial statements 3.2 pp. 103–104)*

- Assets managed by the United Bankers entitle the group to charge management fees and success fees on the basis of agreements with customers and partners.
- Fee income is calculated based on contractual and other data using both automatic systems and manual methods. This means that there is some amount of risk associated with the correctness of the calculations.
- The management fees and success fees in the consolidated financial statements amounted to 37,5 million euros, forming a considerable proportion of the consolidated income statement.
- Commissions from managed assets, structured investments and capital market services may vary considerably from year to year.
- Revenue recognition is a key point in terms of auditing.
- We have studied the business processes concerning commission income and assessed the control environment.
- Our auditing procedures also include the comparison of the subledger and main accounts, substantive testing of commission income, and auditing the correctness of the timing and amounts of revenue recognised.
- As to the capital market services, based on the agreements we have audited the timing and amounts of revenue recognised.
- We have audited the calculation methods of management fees and success fees and compared the applicable calculation parameters to individual fund agreements or fund rules.
- We have assessed the sufficiency of notes related to consolidated fee income in relation to the requirements of the IFRS 15 standard.

### *Valuation of goodwill (accounting principles and notes to the consolidated financial statements 18.3, pp.116–117)*

- United Bankers group has previously expanded its operations through acquisitions, resulting in a goodwill of 15,6 million euros. Goodwill represents 22% of the Group's total assets and 32% of the Group's equity.
- Goodwill is valued on the basis of management estimate about the value in use calculations of the cash generating units. The assumptions applied to determine the value in use include among others net sales growth, Group profitability and the discount rate applied on net cash flows.
- Valuation of goodwill was determined to be a key audit matter because the assessment process is judgmental and because of the significance of goodwill to the consolidated financial statements.
- We have evaluated the methodologies, impairment calculations and underlying assumptions applied by the management in the impairment testing. We have also compared the principles used for impairment testing to the requirements of the IAS 36 Impairment of assets standard.
- We have assessed the key assumptions in the calculations, such as net sales growth, operational profitability and discount rate in relation to the Group budget, external data sources and our own views of appropriate assumptions.
- We have audited the technical correctness of the calculations and assessed the historical accuracy of managements' estimation.
- We have also assessed the sufficiency of the disclosures related to goodwill. Moreover, we have assessed the adequacy of disclosures about the sensitivity of the impairment assessment.



There are no significant risks of material misstatement referred to in EU regulation No 537/241, point (c) of Article 10(2) relating to the consolidated financial statements or the parent company's financial statements.

### **Responsibilities of the Board of Directors and the Managing Director for the Financial Statements**

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## **OTHER REPORTING REQUIREMENTS**

### **Information about the audit assignment**

Oy Tuokko Ltd has acted for 20 consecutive years, since 2002, as the auditor chosen by the annual general meeting. United Bankers Oyj became a public interest entity on 18th of June 2020. Authorised Public Accountant Janne Elo has been the company's auditor since 2011.

### **Other Information**

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 23 February 2023

Oy Tuokko Ltd  
Audit Firm

Janne Elo  
Authorised Public Accountant (KHT)

# Capital adequacy management

Capital adequacy management comprises a part of the management and decision-making of the United Bankers Group at both the strategic and operational levels and, hence, constitutes a component of the reliable management of same. The objective of the capital adequacy management process is to safeguard the risk-bearing capacity of the United Bankers Group in relation to all material operational risks and thus to ensure the long-term continuity of operations. The adopted premise is that the amount, quality and allocation of own funds in the United Bankers Group must at all times be sufficient to cover the material risks encountered by the Group.

The Board of Directors of the United Bankers Group bears overall responsibility for capital adequacy management. The Board of Directors annually adopts and assesses the principles concerning capital adequacy management and the process as well as the disclosure of capital adequacy information. In order to safeguard its capital adequacy, the United Bankers Group sets risk-based capital targets and devises a capital plan for attaining such targets, submitted to the Group's Board of Directors for approval. The objective of internal control and risk management is to support the management of the Group by ensuring that the operations of the Group do not entail the assumption of risks so high as to pose a material risk to the capital adequacy or liquidity of the companies belonging to the Group.

The practical responsibility for capital adequacy management lies primarily with the financial administration and executive management of the Group. The capital adequacy management process is an element consisting of a business and capital strategy. Capital adequacy management is based on the Group's business plan, budget and capital plan, which are updated annually. The United Bankers Group strives towards proactive capital planning. The Group assesses and maintains the quantity, quality and allocation of the requisite internal capital. The amount must be sufficient to cover the risks to which the United Bankers Group is or may be

exposed. The Group undergoes an annual risk assessment coordinated by the risk management function, aimed to identify, assess, measure and mitigate risks, the materialisation of which would jeopardise the attainment of the Group's objectives and have an adverse effect, for instance, on the amount of capital. The capital plans contain defined targets for the capital adequacy level, along with the key risks and the methods for managing same.

The premise for measuring and assessing the risk-based capital needs of the United Bankers Group in capital adequacy management are the results produced by the Pillar 1 calculation methods. United Bankers assesses the minimum capital requirement on the basis of the results produced by the Pillar 1 calculation methods and expands the analysis by including such dimensions of said risks that are excluded from the scope of the Pillar 1 calculation (the so-called Pillar 2 elements). The total capital adequacy ratio of the United Bankers Group has been set at a minimum target level of 13%, which is being monitored. The executive management and financial administration monitor to ensure the capital adequacy management corresponds to the defined risk profile and capital adequacy targets. The financial administration reports any monitoring findings to the executive management and the Board of Directors on a regular basis. An audit firm conducts an annual assessment of the Group's capital adequacy management.

## The capital adequacy of the Group

The capital adequacy framework for investment firms (IFD/IFR) applies to the licensed investment firms within the Group and to the parent company United Bankers Plc as a holding entity. Pursuant to the regulation, the capital requirement of the United Bankers Group as at 31 December 2022 was determined on the basis of fixed overheads. At the end of the review period, the solvency of the Group was at a very good level.



The Group's Common Equity Tier 1 capital (CET 1) as at 31 December 2022 amounted to EUR 13.0 million (EUR 12.7 million) and the ratio of the Group's own funds to the required minimum capital requirement amounted to 299.5 per cent (311.4 per cent). As at 31 December 2022, the Group's capital adequacy ratio calculated

on the basis of the capital requirement under the IFR regulation amounted to 24.0 per cent (24.9 per cent). The Group management has set a minimum capital adequacy target level of 13 per cent. As at 31 December 2022, the Group's equity ratio amounted to 67.1 per cent (56.7 per cent as at 31 December 2021).

## GROUP CAPITAL ADEQUACY

EUR 1,000	31.12.2022	31.12.2021
Equity	48,056	44,337
Common Equity Tier 1 (CET 1) before deductions	48,056	44,337
Deductions from CET 1		
Intangible assets	20,696	19,872
Unconfirmed profit for the period	12,539	10,347
Other deductions	1,860	1,433
Total deductions from CET 1	35,095	31,652
<b>Common Equity Tier 1 (CET1)</b>	<b>12,961</b>	<b>12,685</b>
Additional Tier 1 (AT1)	0	0
<b>Tier 1 (T1 = CET1 + AT1)</b>	<b>12,961</b>	<b>12,685</b>
Tier 2 (T2)	0	0
<b>Total Capital (TC = T1 + T2)</b>	<b>12,961</b>	<b>12,685</b>
<b>Own funds requirement (IFR)</b>		
Absolute minimum requirement	1,100	750
Fixed overheads requirement	4,328	4,073
K-factor requirement	1,056	1,010
<b>Applicable requirement (most restrictive)</b>	<b>4,328</b>	<b>4,073</b>
Common equity tier (CET1) / own funds requirement, %	299.5%	311.4%
Tier 1 (T1) / own funds requirement, %	299.5%	311.4%
Total capital (TC) / own funds requirement, %	299.5%	311.4%
<b>Risk-weighted items total - Total risk exposure</b>	<b>54,100</b>	<b>50,917</b>
<b>Common equity tier (CET1) / risk-weights, %</b>	<b>24.0%</b>	<b>24.9%</b>
Tier 1 (T1) / risk-weights, %	24.0%	24.9%
Total capital (TC) / risk-weights, %	24.0%	24.9%



# United Bankers Plc

## Corporate Governance Statement 2022

### 1. Introduction

United Bankers Plc (hereinafter "United Bankers" or "Company") is a Finnish public limited liability company, whose shares are publicly traded on the official list of Nasdaq Helsinki Ltd ("Helsinki Stock Exchange") under the ticker symbol UNITED.

This Corporate Governance Statement has been devised separately from the Board of Directors' annual report. This statement does not constitute a part of the official financial statements. The Board of Directors of United Bankers has adopted this Corporate Governance Statement on 16 February 2023. This statement, along with the Company's Financial Statements, Board of Directors' Report, and Audit Report, as well as all other documents required by the Corporate Governance Code, are available on United Bankers' website at [www.unitedbankers.fi](http://www.unitedbankers.fi).

United Bankers complies with all of the recommendations in the Corporate Governance Code for Finnish Listed Companies issued by the Finnish Securities Market Association on 1 January 2020 (the "CG Code"). The CG Code is available from the website of the Finnish Securities Market Association at [www.cgfinland.fi](http://www.cgfinland.fi).

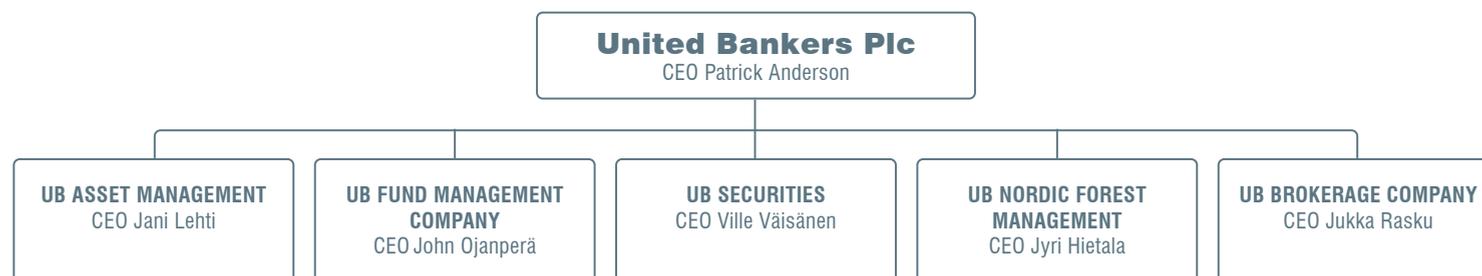
United Bankers' corporate governance is based on its Articles of Association, the Companies Act, the Securities Market Act, the Market Abuse Regulation (MAR), regulations and guidelines issued by the Finnish Financial Supervisory Authority, as well as the rules

and insider guidelines of Helsinki Stock Exchange. In its capacity as an entity owning investment services companies and a fund management company, the Company is obligated to abide by the national and European-level financial industry regulation. Consequently, corporate governance of the Company entails complying with the Act on Investment Services, Act on Credit Institutions to the extent applicable, the provisions of the Act on Mutual Funds and Act on Alternative Investment Fund Managers, as well as the guidelines issued by the European Banking Authority (EBA) and the European Securities Market Authority (ESMA).

### 2. Descriptions Concerning Corporate Governance

#### 2.1 Governance Structure

In addition to the parent company United Bankers, acting as the holding company, the United Bankers Group encompasses five subsidiaries fully owned by the Company: UB Asset Management Ltd, UB Brokerage Company Ltd, UB Fund Management Company Ltd, UB Securities Ltd, and UB Nordic Forest Management Ltd, the four first-mentioned of which constitute licensed companies subject to the supervision of the Finnish Financial Supervisory Authority. In addition, the United Bankers Group includes the subsidiaries of the aforementioned subsidiaries (hereinafter, all of the aforementioned companies, along with their subsidiaries, jointly referred to as "United Bankers Group").



<sup>1</sup> ISIN Code FI4000081427.



The administration, management, and oversight of United Bankers is divided between the General Meeting of Shareholders, the Board of Directors and the CEO as described below. In the operative management of the Company, the CEO is assisted by the other members of the Company's Management Team, consisting of the directors of the various business segments of the United Bankers Group, as well as of the directors of different Group functions. The Management Team manages matters relating to the entire Group. The Management Team assists the CEO in the adoption and implementation of Group-level operating principles and procedures. The CEO acts as the Chairman of the Management Team.

The planning, strategic management, steering, and risk management of the operations of the United Bankers Group have been centralised within the parent company United Bankers. The Board of Directors of the parent company also addresses certain more far-reaching and substantial matters of the subsidiaries in its meetings, as well as exercises ownership control in all its subsidiaries. The Board of Directors of the parent company addresses matters from the group's perspective and at a more general level than the Boards of the subsidiaries.

In each subsidiary, executive power is vested not only with the parent company, but also with the subsidiary's own Board of Directors and CEO. The Boards of the licenced companies belonging to the United Bankers Group have adopted the intra-group guidelines, governance and steering systems, processes and mechanisms affirmed by the Board of Directors of the parent company as binding upon the companies to ensure the organisation of effective and reliable corporate governance. Regardless of group-level decision-making, licenced companies within the Group are responsible for carrying out the duties assigned to them under the legislation and authority regulations.

## **2.2 General Meeting of Shareholders**

The General Meeting constitutes United Bankers' highest decision-making body, where shareholders of the Company participate in the steering and supervision of the Company. At the General Meeting, each United Bankers share confers one (1) vote. By attending the General Meeting either in person or via a proxy, share-

holders may exercise their right to speak and vote and to participate in the decision-making in matters related to the Company.

The matters to be addressed at the General Meeting have been determined in the Companies Act and in United Bankers' Articles of Association. In addition to the matters determined by legislation and the Articles of Association, the General Meeting discusses any matter presented to the meeting by the Board of Directors. Pursuant to the Companies Act, also the shareholders have the right to have a matter falling under the competence of the General Meeting discussed at the meeting. The Company announces annually on its website, on 31 December at latest, the date by which shareholders must submit to the Company's Board of Directors any matter they wish the subsequent Annual General Meeting of Shareholders to discuss.

Notice of the General Meeting is published at earliest of two (2) months and at latest of three (3) weeks prior to the General Meeting, however, no less than nine (9) days prior to the date of record of the General Meeting. The notice is published by means of a stock exchange release and on the Company's website. Furthermore, at its discretion, the Board of Directors may announce the General Meeting in one or more newspapers. Documents to be presented at the General Meeting and proposals of the Board of Directors to the General Meeting are made available for review on the United Bankers' website latest of three (3) weeks prior to the General Meeting.

To ensure the interaction between the shareholders and the Company's governing bodies, as well as the shareholders' right to pose questions, the Chairman of the Board of Directors, members of the Board of Directors, and the CEO are present at the General Meeting. In addition, a nominee for the Board of Directors must be present at the General Meeting resolving upon their election. Furthermore, the auditor of the Company must be present at the Annual General Meeting of Shareholders.

In 2022, the Annual General Meeting of Shareholders was held in Helsinki on 23 March 2022. Pursuant to the Act on Temporary Deviations from the Finnish Limited Liability Companies Act (375/2021), the Company's Board of Directors resolved that the Company's



shareholders and shareholders' proxies could participate in the General Meeting and exercise shareholder rights only by voting in advance, as well as by submitting counterproposals and posing questions in advance. A total of 19 shareholders attended the General Meeting either in person or by a proxy. Approximately 38 per cent of the votes conferred by all the shares were represented at the meeting. The shareholders did not submit any counterproposals or pose any questions.

In order to ensure the safe organisation of the General Meeting due to the COVID-19 pandemic that prevailed at the time, exceptionally only the Chairman of the General Meeting, the supervisor of vote tallying and the examiner of the minutes, the Company's CEO, members of the Board of Directors and the Company's General Counsel were physically present at the meeting. Additionally, a representative of Euroclear Finland Ltd, the provider of the registration and voting service for the General Meeting, attended the General Meeting via a remote connection.

An Extraordinary General Meeting of Shareholders is convened when deemed expedient by the Board of Directors. In addition, the auditor and shareholders representing more than ten (10) per cent of the Company's shares, have the right to require the convening of an Extraordinary General Meeting to process a matter they have brought forth. No Extraordinary General Meetings were convened in 2022.

## **2.3 Board of Directors**

### **2.3.1 Composition of the Board of Directors**

The General Meeting elects the members of the Board of Directors. The names of the candidates are stated in the notice of the General Meeting.

Pursuant to the Articles of Association, the Board of Directors must consist of no less than four (4) and no more than eight (8) ordi-

nary members. The Board of Directors elects their Chairman and Vice Chairman from among its members. Members of the Board of Directors are elected for a term of one year, ending at the adjournment of the first Annual General Meeting of Shareholders following the election. The General Meeting resolves upon the remuneration payable to the members of the Board of Directors.

The Company's Articles of Association do not contain any provisions regarding the order in which the members of the Board of Directors are to be appointed. The proposal to the Annual General Meeting of Shareholders as to the composition and remuneration of the Board of Directors is submitted by the major shareholders of the Company.

The Company discloses the following personal and ownership information concerning the members of the Board of Directors: name, year of birth, year of commencement of Board membership, education, nationality, principal occupation, as well as the number of Company shares owned by them and/or their controlled corporations. Additionally, any dependency on the Company or the major shareholders of the Company, as well as grounds on which the member of the Board of Directors is not considered independent, are stated. The criteria are available on the Company's website at [www.unitedbankers.fi/en/oyj/sijoittajat/hallinnointi/hallitus](http://www.unitedbankers.fi/en/oyj/sijoittajat/hallinnointi/hallitus).

The Company's major shareholders are responsible for all proposals concerning Board composition and remuneration. Evaluation of the knowledge, skills, and experience of the members of the Board of Directors is conducted in accordance with the financial industry regulation, concerning both new members and on a regular basis, all members of the Board of Directors. In addition, the board nominations seek to foster diversity within the Board of Directors.

On 23 March 2022, the Annual General Meeting of Shareholders confirmed the number of the members of the Board of Directors at seven (7) and elected the following members to United Bankers' Board of Directors:



Board Member	Born	Member since	Education	Nationality	Main occupation	Shares held in United Bankers 31 Dec 2022*)
Johan Linder, Chairman since 2010	1959	2010	LL.M	Finnish	United Bankers Plc, Chairman of the Board, Oy Karl Fazer Ab, Board member	35 000
Lennart Robertsson, Vice Chairman since 2018	1959	2017	BSc (Econ and Bus Admin)	Swedish	United Bankers Plc, Vice Chairman of the Board; InterFagervik AB, founder, Chairman of the Board	2 410
Rainer Häggblom	1956	2014	MSc (Agriculture and Forestry), MSc (Econ and Bus Admin)	Finnish	Häggblom & Partners Ltd. Oy, Chairman of the Board	61 480
Antti Asunmaa**)	1981	2018	MSc (Econ and Bus Admin)	Finnish	UB Asset Management Ltd and UB Brokerage Company Ltd, Chairman of the Board until 4 November 2022; Amos Partners Oy, Board member; Taito Capital Oy, Board member and CEO; Future Group Oy, Board member	1 089 144
Tarja Pääkkönen	1962	2018	MSc (Tech), DSc (Tech)	Finnish	Boardman Oy, Partner	8 817
Eero Suomela	1953	2020	MSc (Econ and Bus Admin)	Finnish	Board professional	3 500
Rasmus Finnilä	1960	2022 (a member also during 2013-2020)	MSc (Econ and Bus Admin)	Finnish	Asset Manager, UB Asset Management Ltd	1 078 541
						<b>Total 2 278 892</b>

\*) Number of Company shares held by the Board members and their controlled corporations at the end of the financial period on 31 December 2022.

\*\*\*) Resigned from his position as a member of the Board of Directors as of 4 November 2022

Elected in the preceding Annual General Meeting of Shareholders, Carl-Gustaf von Troil acted as a member of the Board of Directors until the Annual General Meeting of Shareholders held on 23 March 2022. Antti Asunmaa resigned from his position as a member of the Board of Directors as of 4 November 2022.

The Board of Directors elected Johan Linder as its Chairman and Lennart Robertsson as its Vice Chairman. Nina Rosenlew, General Counsel, acted as the secretary to the Board of Directors.

The members of the Board of Directors are not a part of the operative management of the company.

### **2.3.2 Competence and Independence Requirements for the Board of Directors**

A person to be elected as a member of the Board of Directors must possess both the competence and the sufficient time to carry out the task. In addition to the CG Code, independence and competence requirements for Board members have been stipulated in the Act on Investment Services, in the regulations and guidelines issued by the Financial Supervisory Authority as well as in other regulation and guidelines applicable to the financial industry.

The Company facilitates the working of the Board through providing members of the Board of Directors with sufficient information concerning the operations of the Company and of the United Bankers Group. A member of United Bankers' Board of Directors must submit to the Board of Directors and to the Company adequate information in order to have the assessment of their competence and independence carried out, as well as communicate any changes in such details. The Board of Directors conducts an assessment of the independence of its members and announces its outcome on the Company's website. The assessment of independence also considers the comparable circumstances of private persons or legal entities belonging to the member's circle of related parties. Companies belonging to the same corporate group as the company are equated with the company.

United Bankers' current Board of Directors consists both of experts in the field and of representatives of the Company's major shareholders. Based on the member-specific overall assessment conducted by the Board of Directors in accordance with the CG Code, four (4) of the members of the Board of Directors are independent of the Company: Johan Linder, Tarja Pääkkönen, Lennart Robertsson and Eero Suomela. According to the assessment of the Board of Directors, five (5) of the members of the Board of Directors are independent of the Company's major shareholders: Johan Linder, Rainer Häggblom, Tarja Pääkkönen, Lennart Robertsson and Eero Suomela. Four (4) of the members of the Board of Directors are independent both of the Company and of the Company's major shareholders: Johan Linder, Tarja Pääkkönen, Lennart Robertsson and Eero Suomela.

### **2.3.3 Principles Concerning the Diversity of the Board of Directors**

United Bankers' Board of Directors seeks to promote the diversity of the composition of the Board of Directors. The principles concerning diversity of the Board of Directors are included in the Company's Fit & Proper as well as suitability principles, which are considered in the working of the Board of Directors, and in the planning of the composition of the Board. The diversity of the Board of Directors is examined from a variety of aspects. Pertinent factors include, for instance, that the experience and educational backgrounds of the members are mutually complimentary, ensuring that a variety of skillsets are represented on the Board, the varying age and gender allocation of members, different backgrounds of the members in terms of board work or other leadership experience, as well as the personal attributes of the members. Diversity encourages open discourse between the members and facilitates the decision-making of the members of the Board of Directors. The materialisation of diversity and progress towards the attainment of the diversity objectives are assessed in the annual self-assessment of the Board of Directors.

The Company has been implementing the diversity requirements in the composition of the Board of Directors. At the close of the 2022 financial period, members of the Board of Directors represented experience from a variety of executive and board positions, expertise on the capital markets and business life and possessed mutually complimentary educational backgrounds, skillsets, and experience. All of the members of United Bankers' Board of Directors possess university degrees, representing economic sciences, law, agriculture and forestry as well as engineering sciences. The longest term of office of the Board members had lasted for twelve (12) years, and the shortest under one year, with the median being six (6) years. The median figure of the years of birth of the members of the Board of Directors was 1967, and the age difference between the youngest and oldest member was 28 years<sup>2</sup>.

In selecting the Board of Directors, the objective is to ensure a composition that is as diverse as possible. Both genders must be represented at the Board of Directors. The representation of both

<sup>2</sup> The median figure of the years of birth of the members of the Board of Directors as well as the age difference between the youngest and oldest member are presented based on the members of the Board of Directors elected by the 2022 Annual General Meeting.



genders on the Board of Directors is considered a factor complementing diversity. The General Meeting elected six (6) male members and one (1) female members to the Board of Directors.

#### **2.3.4 Duties of the Board of Directors**

United Bankers' Board of Directors is entrusted with the overall responsibility for the steering and oversight of the Company and the

Group and for ensuring that the Company's corporate governance, operations as well as the supervision of its accounting and asset management activities are duly organised. The Board of Directors discusses and adopts the Company strategy, as well as the principles and procedures regarding the organisation, accounting, and oversight of asset management. The Board of Directors has devised written Rules of Procedure for its operations, setting forth its fundamental duties and meeting practices.

The duties of the Board of Directors include, inter alia:

- Adopting the strategy and vision for the different business areas of the Company and of the United Bankers Group, as well as overseeing the execution of the strategy
- Adopting the Company's commercial and financial objectives, as well as the strategic plans of the Group and its business segments and monitoring the development of the operative business functions of the group companies, changes in the operating environment and the attainment of the set targets
- Adopting the organisational structure and values of the Company and of the United Bankers Group
- Ensuring that the supervision of accounting and asset management is duly arranged as well as seeing to the proper arrangement of corporate governance and operations
- Adopting internal governance and steering principles as well as monitoring the appropriateness thereof
- Based on the proposal of the Audit Committee, adopting all internal guidelines, principles and policies required under the regulation and subject to Board approval
- Based on the proposal of the Audit Committee, adopting the Company's Corporate Governance Statement
- Adopting the ESG principles and ESG report of the United Bankers group of companies
- Resolving upon the establishment and composition of Board committees
- Adopting the Rules of Procedure of the Board of Directors and its committees and the Management Team and assessing that their content is appropriate and up-to-date
- Resolving upon matters of substantial financial significance or in terms of principle, reorganisations, establishment, modification or discontinuation of business functions, investments, mergers and acquisitions, as well as divestments
- Resolving upon matters pertaining to the Company's shares and other financial instruments, as well as on other related measures
- Approving material agreements, transactions, and other arrangements between the related parties of the United Bankers Group and the group companies



- Regularly processing reporting concerning the Company's financial standing, including capital adequacy and liquidity management, the operating results of the Company and of the United Bankers Group as well as the development of sales and personnel
- Monitoring the financial statements and other financial reporting and reliability of such reporting
- Approving the Company's financial statements and half-year reports as well as financial results releases
- Assessing the independence and competence of the members of the Board of Directors annually and overseeing that the members of the Board of Directors satisfy the independence requirements
- Assessing its own performance as a self-assessment once a year at the end of the period of office, also including an assessment of committee work
- Assessing and providing feedback to the CEO on their performance on an annual basis
- Appointing and dismissing the CEO, resolving upon the terms and conditions of the CEO's service agreement as well as, based on the proposal of the CEO, appointing members of the Company's Management Team
- Monitoring the expediency of the CEO's actions as well as supervising and steering the operative management of the Company
- Approving and proposing the remuneration policy to the General Meeting
- Processing and approving the principles of the United Bankers' remuneration systems based on a proposal by the Remuneration Committee
- Approving and presenting the remuneration report to the General Meeting, approving other information concerning remuneration
- Monitoring and supervising the efficiency, functioning, and procedures of internal control as well as risk and capital adequacy management, as well as approving the operating principles of internal control and internal audit, and risk and capital adequacy management
- Overseeing that the applicable laws and authority regulations are adhered to within the United Bankers Group and that the appropriate authorities are duly reported to
- Approving and overseeing the Company's and the United Bankers Group's overall risk strategy, processing the report on risk management, the compliance function as well as on the risks actualised
- Convening the Annual General Meeting of Shareholders and submitting proposals thereto, determining the Company's dividend policy, and drafting a proposal to the Annual General Meeting of Shareholders on dividend distribution
- Confirming the objectives in the United Bankers Group's personnel plan
- Processing pending and threatened legal and administrative processes that may have a material effect on the financial standing of the Company

United Bankers' Board of Directors addresses matters of its wholly-owned subsidiaries at a general level in its meetings, to the extent such matters have material financial relevance or have far-reaching impacts or are significant in terms of principle. The actual resolutions are, however, passed at the Board meetings of each subsidiary.

It is the obligation of the Board of Directors to promote the interests of the Company and of all its shareholders. The Board of Directors assesses its operations and working methods annually and refines its operation based on the outcome of the assessment.

### **2.3.5 Attendance at Meetings of the Board of Directors**

United Bankers' Board of Directors convenes in accordance with a pre-confirmed meeting schedule, as a rule once per month and no less than ten (10) times per year. Where necessary, or owing to the urgency of matters, the Board of Directors may also convene more often or pass resolutions without convening a meeting. During the financial period of 2021, the Board of Directors convened a total of fourteen (14) times.

### **Attendance of members of the Board of Directors at meetings in 2022:**

<b>Board member</b>	<b>Meetings</b>
Johan Linder	14/14
Lennart Robertsson	14/14
Antti Asunmaa, until 4 November 2022	10/10
Rasmus Finnilä, as of 23 March 2022	11/11
Rainer Häggblom	14/14
Tarja Pääkkönen	14/14
Eero Suomela	13/14
Carl-Gustaf von Troil, until 23 March 2022	3/3

### **2.3.6 Board's Self-Assessment**

The Board of Directors assesses its performance and operating methods on an annual basis. The assessment is usually conducted in the form of a self-assessment and the results are addressed and discussed at the December meeting of the Board of Directors.

Board members evaluate the performance of the Board of Directors in their duties and responsibilities set forth above, the composition and structure of the Board of Directors, working culture, efficiency of Board meetings, as well as the performance of individual members of the Board of Directors. Furthermore, members of the Board of Directors evaluate the performance and working methods of the Chairman of the Board of Directors and of the committees. Any identified areas for improvement are considered when planning the work of the Board of Directors.

## **2.4 Committees of the Board of Directors**

### **2.4.1 General**

United Bankers' Board of Directors has established an Audit Committee and a Remuneration Committee for the purposes of preparing matters under its responsibility, reporting on their work to the Board of Directors on a regular basis. The committees are not vested with any independent decision-making power, but, rather, the Board of Directors passes resolutions based on their preparatory work.

### **2.4.2 Audit Committee**

The Audit Committee is tasked with assisting United Bankers' Board of Directors in ensuring that the United Bankers Group has in place an adequate internal monitoring system encompassing its entire operations, seeing to it that the Company's risk management has been appropriately arranged and monitoring the reporting process pertaining to the financial statements.

### **Further duties of the Audit Committee include, inter alia:**

- monitoring and assessing the correctness of the Company's financial reporting, as well as the reliability of such reporting, and monitoring the content and scope of the statutory audit of the financial statements and of the consolidated financial statements;
- overseeing the annual accounts reporting process and issuing recommendations with the intention of ensuring the reliability of the reporting process;

- overseeing the formulation of the Company's accounting practices;
- monitoring that the Company's operations and internal control has been organised in a manner required by the applicable laws, regulations, as well as by good management and governance practices; and
- preparing the proposal to be submitted to the Annual General Meeting of Shareholders concerning the selection and remuneration of the auditors.

United Bankers' Board of Directors appoints the Chairman and the members of the Audit Committee. The Audit Committee consists of no less than three (3) Board members, of which a minimum of two (2) must be independent of United Bankers and a minimum of one (1) member must be independent of United Bankers' major shareholders. No less than one (1) member of the Audit Committee must be an independent person with expertise in accounting or auditing.

Members of the Audit Committee are elected for a period of office of one (1) year at the inaugural meeting of the Company's Board of Directors held after the Annual General Meeting of Shareholders. The term of office of the committee members ends at the Annual General Meeting of Shareholders following the election.

The members of United Bankers' Audit Committee are Eero Suomela (Chairman), Rainer Häggblom and Johan Linder. In 2022, the Audit Committee convened ten (10) times. Attendance at meetings per each member is indicated in the following table.

<b>Audit Committee Member</b>	<b>Meetings</b>
Eero Suomela	10/10
Rainer Häggblom	8/10
Johan Linder	10/10

#### **2.4.3 Remuneration Committee**

The Remuneration Committee assists the Board of Directors in preparing matters pertaining to the remuneration of the Company's personnel. Furthermore, tasks of the committee include assisting the Board of Directors with preparing matters pertaining to the remuneration and incentive plans of the management and personnel, as well as in the regular assessment of the functioning of the remuneration system and supervision of its compliance.

United Bankers' Board of Directors appoints the Chairman and the members of the Remuneration Committee. The Remuneration Committee consists of no less than three (3) members of the Board of Directors. The majority of the members of the Remuneration Committee must be independent of United Bankers.

Members of the Remuneration Committee are elected for a period of office of one (1) year at the inaugural meeting of the Board of Directors, after the Annual General Meeting of Shareholders. The term of office of the committee members ends at the Annual General Meeting of Shareholders following the election.

Johan Linder (Chairman), Antti Asunmaa, Lennart Robertsson, and Tarja Pääkkönen were elected to United Bankers' Remuneration Committee for the year 2022. Antti Asunmaa resigned from his position as a member of the Board of Directors and the Remuneration Committee as of 4 November 2022. In 2022, the Remuneration Committee convened six (6) times. Attendance at meetings per each member is indicated in the following table.

<b>Remuneration Committee Member</b>	<b>Meetings</b>
Johan Linder	6/6
Antti Asunmaa, until 4 November 2022	5/5
Tarja Pääkkönen	5/6
Lennart Robertsson	6/6

#### **2.5 CEO**

The CEO carries out United Bankers' day-to-day management in accordance with the provisions of the Companies Act, resolutions of the Board of Directors, and guidelines issued by the Board of Directors. The CEO is entrusted with ensuring that the Group's accounts are kept in accordance with the legislation and that financial management and asset management has been arranged reliably. The CEO further ensures that the risk management, internal audit, and compliance functions of the United Bankers Group have been organised in an expedient manner and in accordance with the principles and guidelines adopted by the Board of Directors.

The CEO is only permitted to undertake actions that are unusual and far-reaching considering the scope and nature of the Compa



ny's activities when authorised to do so by the Board of Directors. The CEO shall not be elected to act as the Chairman of the Board of Directors or, as a rule, as a member of the Board of Directors.

The CEO is appointed by United Bankers' Board of Directors. Patrick Anderson (born 1979), MSc (Economics and Business Administration), has acted as the CEO of United Bankers since 2010.

Shares in the Company held by the CEO and his controlled corporations as at the close of the financial period, on 31 December 2022:

<b>CEO</b>	<b>Shares</b>	<b>Type of book-entry securities</b>
Patrick Anderson	609 525	Share

In addition to the CEO of the parent company, United Bankers, each of the subsidiaries in the United Bankers Group have a CEO of their own. The CEO of each of the subsidiaries in the United Bankers Group primarily reports to the Board of Directors of the subsidiary in question, as well as to the CEO and Management Team of the parent company. Furthermore, upon request, the CEO of a subsidiary must also report to United Bankers' Board of Directors.

## 2.6 Management Team

The Management Team is not an actual governing body under company law, but it has a de facto significant position within the organisation of the Company's management. The task of the United Bankers' Management Team is to lead and develop the business of the Company and of the United Bankers Group as a whole, in accordance with the objectives set by the Board of Directors. The Management Team, inter alia, prepares matters related to the strategy and the operating principles of the United Bankers Group. The Management Team convenes regularly on a monthly basis, usually once a week.

The members of the United Bankers' Management Team, as well as their years of birth, education, area of responsibility, year of commencement of Management Team membership, as well as the

number of shares in the Company held by them and/or their controlled corporations have been set forth below.

- Patrick Anderson (b. 1979), MSc (Economics and Business Administration), CEO of United Bankers, Chairman of the Management Team 2010-
- Jani Lehti (b. 1966), MSc (Economics and Business Administration), CEO of UB Asset Management Ltd 2005-, member of the Management Team 2012-
- Inka Noramaa (b. 1975), MSc (Economics and Business Administration), Director of Investor Relations and Communications, member of the Management Team 2018-
- John Ojanperä (b. 1981), MSc (Economics and Business Administration), CEO of UB Fund Management Company Ltd, member of the Management Team 2016-
- Timo Ronkainen (b. 1965), MSc (Economics and Business Administration), Director of Institutional Asset Management at UB Asset Management Ltd, member of the Management Team 2012-
- Jarkko Saukkola (b. 1968), MSc (Economics and Business Administration), COO of United Bankers, member of the Management Team 2018-
- Jukka Rasku (b.1979), MSc (Economics and Business Administration), CEO of UB Brokerage Company Ltd, member of the Management Team 2020-

John Ojanperä acts as the secretary for the Management Team. As a main rule, in 2022, the Management Team convened on a weekly basis.

The Company shares held by members of the Management Team and their controlled corporations at the end of the financial period on 31 December 2022:



<b>Management Team Member</b>	<b>Pcs</b>	<b>Book-entry securities category</b>
Patrick Anderson	609 525	Share
Jani Lehti	498 849	Share
Inka Noramaa	83 331	Share
John Ojanperä	34 725	Share
Jukka Rasku	4 713	Share
Timo Ronkainen	239 795	Share
Jarkko Saukkola	9 936	Share

The Company's Board of Directors resolves upon the terms and conditions of the service and employment relationships of the CEO and members of the Group's Management Team as well as other compensation. Further details concerning remuneration are available from United Bankers' website at [www.unitedbankers.fi](http://www.unitedbankers.fi)

### **3. Descriptions of Internal Control Procedures and Main Features of Risk Management Systems**

#### **3.1 General Description of Internal Control**

United Bankers' Board of Directors is responsible for arranging for adequate and functioning internal control. Internal control and risk management encompasses all the functions of the United Bankers Group. The objective of the risk management of the United Bankers Group is to seek to systematically identify, assess, process, and prevent risks resulting from the business operations of the Group that may either in the short or in the long term have a negative impact on the business of the United Bankers Group or its revenue formation, or compromise its operations as mandated by regulation.

United Bankers' Board of Directors bears principal responsibility for arranging for the risk management and internal control of the United Bankers Group. The Board of Directors confirms the principles of risk management, internal control, internal audit and the compliance function, liabilities, Group risk limits and other general guidelines in accordance with which the risk management, internal control, internal audit, and compliance function are organised. The CEO is responsible for the implementation of the principles

affirmed by the Board of Directors within the organisation of the United Bankers Group.

The risk management and internal control of the United Bankers Group are built on the principle of three lines of defence:

#### **3.1.1 Business Segments – First Line of Defence**

Risk management is part of internal control. Consequently, the Group's subsidiaries and business segments, as the first line of defence, are responsible for the identification of risks, risk management measures, as well as the construction of the internal control processes and knowhow. The Boards of Directors and management of the Group's subsidiaries, as well as the directors of the business segments are responsible for ensuring that risk management and internal control is at an adequate level within the said functions through ascertaining the appropriate safeguards as well as processes for identifying, assessing and management of risks.

#### **3.1.2 Risk Management and Compliance – Second Line of Defence**

The parent company risk management and compliance functions independent of the business of the United Bankers Group comprise the second line of defence in risk management and internal control. The risk management and compliance functions maintain and develop internal control and risk management methods, propose improvements to risk management principles and devise internal guidelines and processes. They additionally support, maintain, and monitor the actualisation of risk management and internal control, the deployment of methods and principles as well as the legality of governance and of the business.

The risk management functions support the management and business functions of the United Bankers Group and of its subsidiaries subject to supervision by providing a systematic approach to the evaluation and development of the risk management, oversight, and administrative processes. The task of the risk management function is to ensure and monitor that the risk management is at an adequate level relative to the quality, scope, diversity, and risks of the business of the companies within the United Bankers Group.

The risk management function oversees the day-to-day business, as well as compliance with the risk limits designated for the business segments and the risk exposure principles and guidelines. The risk management function reports to the Board of Directors on a biannual basis and to the Management Team on a quarterly basis.

The compliance function is responsible for overseeing compliance with the regulation within the operations of the United Bankers Group as well as supporting management and the business segments in the application of legislation, authority regulations and internal guidelines. The compliance function develops and oversees compliance with due procedure in customer relationships as well as the materialisation of the ethical principles within the United Bankers Group. The Compliance function reports its observations regularly to United Bankers' Board of Directors and the Management Team. Furthermore, the Compliance function reports its findings to the Board of Directors biannually.

### **3.1.3 Internal Audit – Third Line of Defence**

The third line of defence consists of internal audit, independent of the business functions and providing support for the Board of Directors and senior management. The Board of Directors of the parent company of the United Bankers Group approves the internal audit action plan annually, upon the internal audit's presentation. The task of the internal audit is, through targeted audits, to assess the functioning, expediency, and effectiveness of the United Bankers Group's internal oversight system objectively and systematically, as well as compliance with internal guidelines and their development. A separate audit report is devised of each audit. The audit report includes the findings of the internal audit, as well as recommendations for remedial action.

The United Bankers Group does not have a separate internal audit function of its own. The operation of internal audit in the United Bankers Group has been arranged as an outsourced service, operated by a reputable external operator selected by the Company's Board of Directors. In 2022, internal audit was entrusted to KPMG Oy Ab.

## **3.2 Financial Reporting Process**

Oversight of the financial reporting of the United Bankers group is the responsibility of the parent company's Board of Directors. The Board of Directors oversees, with the assistance of the Audit Committee, that the financial reporting process generates high-quality financial information. Furthermore, the tasks of the Audit Committee include the regular assessment of the risk and capital adequacy management, as well as financial audit monitoring.

United Bankers' CEO and CFO are tasked with ensuring that the accounting and financial reporting complies with law, the applicable accounting policies, and the guidelines issued by United Bankers' Board of Directors. The accounting and financial reporting of the United Bankers Group has been centralised within the financial administration of the parent company. United Bankers' financial administration is centrally responsible for external calculation and management reporting. Financial performance is reported regularly to the Board of Directors and the Management Team. United Bankers' financial administration is also responsible for the monitoring and reporting of the performance of each business segment. The Board of Directors, the Audit Committee, CEO, and the Management Team are responsible for the monitoring and thereby ensure the efficiency of internal controls.

United Bankers' consolidated financial statements for 2022 were devised in accordance with the International Financial Reporting Standards (IFRS). International Financial Reporting Standards refer to the standards and interpretations adopted in accordance with the Regulation of the European Parliament and of the Council (EC) No 1606/2002. Alongside the IFRS standards, the preparation of the United Bankers Group's financial statements is subject to legislation, regulations, and guidelines applicable to investment services companies and fund management companies. In addition to its annual accounts, the United Bankers Group also devises a half-year report published every six months in accordance with the IAS 34 standard. The guidelines and calculation principles regarding financial reporting are applied in all the group companies.

### 3.3 Capital Adequacy Management

The capital adequacy management of the Company comprises part of the financial management and administration of the United Bankers Group both on strategic and operative level. The objective of capital adequacy management is to ensure the group's risk tolerance, as well as the non-disrupted business continuity also in case of any unexpected events. The assessment of capital adequacy is based upon the identification, measurement, and assessment of risks. Capital adequacy management and proactive capital planning serves to ensure that the United Bankers Group's own funds are sufficient to cover the material risks encountered by the Group and the business operations. The adequacy of the capital buffer is tested through stress tests.

### 4. Audit

At the Annual General Meeting of Shareholders, the shareholders annually elect an auditor for the Company that must be an audit firm certified by the Finland Chamber of Commerce. The proposal prepared by the Company's Board of Directors as to the auditor is announced in the notice of the General Meeting. United Bankers' Annual General Meeting of Shareholders held on 23 March 2022 elected Oy Tuokko Ltd as the Company's auditor, with the responsible auditor being Authorised Public Accountant Janne Elo.

The auditors verify that the financial statements of the United Bankers Group are prepared in accordance with the applicable legislation and guidance and present a true and fair view of the financial performance and financial position of the Group to the shareholders and other stakeholders. As part of the annual audit assignment, the auditors of the United Bankers Group audit the books and administration of the Group parent company and its subsidiaries. The requirements of internal control are considered in the audit plans of the auditors. The auditors submit an annual audit report to United Bankers' Annual General Meeting of Shareholders. Additionally, the auditors report to the Board of Directors the key items in the audit plan, as well as provide a written audit report concerning the entire corporate group in connection with each half-year report and annual accounts.

The total fees paid to the auditors in 2022 amounted to EUR 128 135. The audit fee amounted to EUR 114 051. Fees unrelated to the audit amounted to EUR 14 083. The other fees primarily consist of a statement concerning the capital adequacy audit as well as legal and tax advisory services.

### 5. Principal Insider Administration Procedures

The United Bankers Group adheres to the insider and trading guidelines adopted by the parent company's Board of Directors. United Bankers has in place an insider administration organisation determined by the Board of Directors, including the person in charge of insider matters and their deputy, as well as the Compliance function. Insider administration maintains insider registers and a register of persons of the management subject to the disclosure obligation and of their related parties, verifies the details of those considered as insiders on a regular basis, is responsible for granting trading permissions, oversees the compliance with insider regulations and provides information of the closed periods relating to trading with the Company's share.

The Company has determined that the persons obligated to disclose their transactions with United Bankers' share and other financial instruments include United Bankers' Board members, CEO, other members of the Management Team, the CFO and Finance Manager, as well as their related parties.

The Company maintains a list of the management members subject to the disclosure obligation and of their related parties. The statutory information concerning the persons role in the management, their related parties as well as their controlled corporations and corporations which they have influence over is maintained in the register. A register of the members of the management subject to the disclosure obligation and their related parties does not constitute an insider register.

United Bankers publishes information concerning a transaction effected by a member of the management or one of their related parties immediately, or latest within two (2) working days of receiving a notification concerning the transaction.

United Bankers maintains project-specific insider registers of persons having access to insider information, as required under the insider regulation. Persons included in the project-specific insider lists are not allowed to engage in trade with the securities of the relevant company while the project is pending. Furthermore, United Bankers maintains a supplementary section of the insider register consisting of permanent insiders, identifying persons with a continuous access to insider information in the Company. Such persons include the Company's CEO, members of the Management Team and the assistant to the Management Team, the CFO, Finance Manager, members of the Board of UB Brokerage Company Ltd, persons working in Legal and Compliance functions, Head of Risk Management, Investor Relations Manager, and HR Director. These registers are not public.

Pursuant to the internal trading permission procedure of the United Bankers Group, members of the Boards of Directors of the Group companies, as well as persons employed by the United Bankers Group and its tied agents, as well as legally incompetent persons for whom such persons act as guardians, along with controlled corporations of such persons, must also request a written permission from the person responsible for insider matters to trading with United Bankers' shares or other financial instruments prior to carrying out such transaction. The aforementioned persons and instances must also not engage in shorting of United Bankers' shares or other financial instruments.

United Bankers adheres to a 30-day closed period, ending in the publication of a half-year report or a financial statements release. During the closed period, the aforementioned persons and instances are not allowed to trade with United Bankers' shares or other financial instruments.

## **6. Principles Concerning Related-Party Transactions**

United Bankers assesses and monitors transactions carried out with its related parties and ensures that any conflicts of interest are duly considered in the Company's decision-making. The Company's Board of Directors has determined the instances considered as related parties of the Company, with United Bankers' CEO, to-

gether with the financial administration, being responsible for compiling, maintaining, and updating the register of related parties.

Transactions between the Company and its related parties are acceptable when they contribute to the purpose of the Company's operations and to the Company's interests and when there is a sound business reason. Related-party transactions must be carried out in compliance with the general principles of the Finnish Companies Act, such as the limited liability company's purpose of generating profit, the principles of equal treatment of shareholders as well as the obligation of the Company's management to promote the Company's interests by acting diligently.

The Company's Board of Directors has determined and adopted the principles for monitoring and evaluating United Bankers' related-party transactions. The Board of Director's Audit Committee monitors and evaluates whether the agreements and other legal acts concluded between the Company and its related parties fall under the scope of the Company's customary operations and satisfy the arm's length principle. The Audit Committee also evaluates potential conflicts of interest regarding potential related-party transactions and submits recommendations to the Board of Directors for appropriate measures in order to execute such transactions. Should the contemplated transaction deviate from the customary business of the Company or in case its execution would not apply the arm's length principle or be in accordance with customary market practices, the transaction shall be cancelled or submitted to the Board of Directors for approval.

The Company's CEO, financial administration, and risk management function of the group administration monitor related-party transactions as part of the Company's normal reporting and oversight practices.

Material transactions between United Bankers and its related parties are reported in the notes of United Bankers' consolidated financial statements. Pursuant to the Securities Market Act, material related-party transactions that are not part of the customary business operations or that are not executed on customary commercial terms, are also published as stock exchange releases.



# United Bankers Plc

## Remuneration policy for the governing bodies

Valid as of 25 February 2021

### 1. Introduction

This Remuneration Policy for Governing Bodies has been approved by the Board of Directors of United Bankers Plc (“United Bankers” or the “Company”). The Remuneration Policy for Governing Bodies determines the general principles and decision-making procedures applicable to the remuneration of the Board of Directors and the CEO of United Bankers.

The Remuneration Policy for Governing Bodies will be presented at the Annual General Meeting (AGM) for an advisory shareholder resolution.

The Remuneration Policy for Governing Bodies is submitted to the AGM at minimum of every four years, and whenever any material amendments have been made. The Company publishes an annual remuneration report for governing bodies, setting forth in detail the remuneration paid to the members of the Board of Directors and the CEO for each year. The remuneration report is submitted to the AGM for the purposes of advisory shareholder resolution.

The Remuneration Policy for Governing Bodies has been developed in accordance with the Finnish Limited Liability Companies Act, the Corporate Governance Code published by the Finnish Securities Market Association in 2020 (the “Corporate Governance Code”), and other applicable regulation. Furthermore, remuneration of the governing bodies is carried out in accordance with the specific regulation pertaining to the financial industry, as applicable.

For the purposes of guidance regarding the remuneration of the management and the personnel of the United Bankers Group, the Company’s Board of Directors has also adopted separate principles concerning the remuneration of the personnel of United Bankers. These separate principles are in line with those set forth in this

Remuneration Policy. The CEO of United Bankers is subject to the same remuneration principles and practices as the personnel of United Bankers. However, the remuneration of the CEO includes certain elements that reflect the responsibilities and requirements of the CEO.

The Remuneration Policy for Governing Bodies as well as the remuneration principles pertaining to the entire United Bankers Group personnel seek to promote a motivational remuneration culture and the personnel’s commitment to the Company.

Partially performance-based remuneration practices steer and incentivise personnel to implement the strategy and objectives adopted by the Company’s Board of Directors from time to time. The Company’s objectives include the long-term development of business operations, profits, profitability, and competitiveness, acting in accordance with the Company’s values and CSR principles, cost-effectiveness, and the ensuring of adequate financial stability, as well as the creation of shareholder value in the long term. One of the objectives of the remuneration policy is also to attract skilled management into the Company through competitive remuneration.

Remuneration must not result in a conflict of interest between a person receiving remuneration and the benefits of a customer of United Bankers. Also, it must not encourage excessive risk-taking that would result in a conflict of interest with United Bankers, its risk profile, applicable rules of the funds managed by United Bankers or with the benefit of its customers. Furthermore, remuneration must always ensure and attend to the materialisation of comprehensive and efficient risk management.

All stipulations of this Remuneration Policy set out below concerning the CEO shall also apply to any deputy CEO.

## **2. Decision-making related to the remuneration policy**

The Company's Board of Directors drafts the Company's Remuneration Policy for Governing Bodies. The Remuneration Policy for Governing Bodies is enclosed to the notice of the General Meeting of Shareholders or published by the means of a separate stock exchange release, in accordance with the Finnish Limited Liability Companies Act and the Finnish Securities Market Act.

The Board of Director's Remuneration Committee prepares the Remuneration Policy, along with any amendments to it. To avoid any conflicts of interest, members of the Remuneration Committee must be independent of the Company and its major shareholders. The Remuneration Committee may appoint external experts to its assistance in the preparation of remuneration matters.

The Remuneration Policy for Governing Bodies is submitted to the General Meeting of Shareholders for advisory decision-making a minimum of once every four years unless an amended remuneration policy is submitted to the General Meeting of Shareholders prior to such submission. The Board of Directors may implement amendments of a technical nature to the Remuneration Policy for Governing Bodies, for instance due to reasons of legislative, regulatory, taxing, or administrative nature, without submitting the amended remuneration policy to the General Meeting of Shareholders. However, no material amendments can be made to the Remuneration Policy for Governing Bodies without submitting the amended policy to the General Meeting of Shareholders.

The Company seeks to develop its remuneration systems regularly. The Remuneration Committee of the Company's Board of Directors assesses the appropriateness of this Remuneration Policy for Governing Bodies at minimum of once per year, as well as monitors its actualisation.

## **3. Board of Directors' remuneration and decision-making**

The United Bankers' General Meeting of Shareholders decides on the remuneration of members of the Board of Directors essentially

based on a proposal of the Company's major shareholders. The Company's major shareholders propose to the General Meeting of Shareholders the number of the members of the Board of Directors, the nominees as the members of the Board of Directors, and their remuneration. When preparing the proposal, the shareholders must consider the Remuneration Policy for Governing Bodies in their decision-making, submitted to the General Meeting of Shareholders and valid from time to time.

The remuneration of the members of the Board of Directors has been designed to attract and retain board members who possess the requisite skills, industry expertise, and experience to oversee the implementation of the Company's strategy, and who emphasise the creation of long-term shareholder value.

The remuneration of the members of the Board of Directors may consist of one or more components. The members of the Board of Directors may be eligible for compensation in the form of meeting fees, annual or monthly fees, or a combination of the aforementioned. The members of the Board of Directors are not primarily in an employment relationship with the Company and have not entered into a service contract with the Company. The Company may refrain from paying fees to a member of the Board of Directors, if, for instance, they are in an employment or service relationship with the Company or another company in the United Bankers Group. The travel costs of the members of the Board of Directors may be compensated in accordance with the Company's cost reimbursement policy.

The remuneration of the members of the Board of Directors may be paid in cash or entirely or partially in shares based on a resolution of the General Meeting of Shareholders. Such shares used as remuneration may be subject to transfer restrictions. The General Meeting of Shareholders may also decide upon other forms of remuneration and the basis for their determination.

Resolutions of the General Meeting of Shareholders concerning the remuneration of members of the Board of Directors are published by the means of a stock exchange release together with any other resolutions passed at the General Meeting of Shareholders.

## 4. CEO's remuneration

### 4.1 Decision-making

The Board of Directors appoints the Company's CEO and resolves upon their remuneration, benefits, and terms of service.

The Remuneration Committee prepares a proposal concerning the remuneration of the CEO and their annual overall compensation in accordance with the Remuneration Policy for Governing Bodies in force from time to time, taking also into account the applicable regulation in force from time to time, as well as the general remuneration principles of the United Bankers Group.

To avoid any conflicts of interest, the CEO cannot be a member of the Remuneration Committee or any other committee of the Board of Directors and must not participate in the decision-making concerning their own remuneration. The Board of Directors and the Remuneration Committee may appoint external experts to assist them in the preparation of remuneration matters.

The Remuneration Committee assesses the remuneration of the CEO annually or periodically as agreed in the CEO agreement and submits a proposal to the Board of Directors to amend the remuneration, where necessary.

### 4.2 Components of remuneration and their proportional percentages

The overall remuneration of the CEO consists of a fixed salary and a variable remuneration. The CEO's fixed and variable remuneration must be proportionate to the objectives of the remuneration, taking into account the Company's business strategy and objectives, as well as the long-term interests of the Company and the United Bankers Group.

The determination of the level of the CEO's fixed salary concerns the CEO's professional competence, educational background, expertise, and professional experience, as well as organisational responsibility and the general compensation level in corresponding positions. The purpose of the base salary is to attract a competent

person and to commit such person to managing the Company. The proportion of the fixed salary of the overall compensation must be sufficiently high to avoid dependency on the variable remuneration and potentially excessive risk-taking. Alongside their fixed salary, the CEO may also receive benefits in kind.

The components of the CEO's fixed and variable remuneration must be proportionate to the Company's business strategy, objectives, and long-term interests. The variable remuneration shall depend on performance considering the targets set forth, the overall consideration of the Board of Directors, as well as on the development of the Company's share value. The amount of the CEO's variable remuneration and its proportional percentage compared to the fixed salary must, additionally, adhere the maximum limits imposed by the financial industry regulation in force from time to time.

### 4.3 Grounds for determining variable remuneration

The purpose of the variable remuneration is aligning the interests of the CEO with those of the Company's shareholders through the financial performance of the United Bankers Group, or the development of the Company's share price.

The Company's CEO may be eligible for the share incentive scheme of the key personnel of United Bankers Group. Variable remuneration may be determined based on the attainment of the quantitative or qualitative targets set by the Board of Directors, or the development of the Company's share price. Quantitative targets may include, for instance, the financial performance of the Company or the United Bankers Group. Qualitative targets may include, for instance, the attainment of the Company's strategic targets set for the vesting period, targets related to the development of the Company's operations, sustainability-related targets, compliance with operational principles, guidelines and regulation or other qualitative criteria, as well as an assessment of the CEO's personal performance.

Remuneration schemes relating to the variable remuneration of the CEO must contain a vesting period, the duration of which must not be less than one (1) year. A vesting period refers to the period

for which the fulfilment of pre-determined criteria is evaluated. The Board of Directors sets the targets, indicators, and the weightings used as a basis for the variable remuneration, along with the duration of each vesting period. Upon the expiration of the vesting period, the Board of Directors determines the final amount of variable remuneration by assessing the extent to which the set targets have been reached. Payments based on the remuneration scheme concerning the CEO's variable remuneration are paid out in accordance with the terms and conditions of the remuneration scheme after the expiration of the vesting period.

The Board of Directors may resolve to pay the variable remuneration in part or in full in shares in United Bankers Plc, cash, option rights, other equity-based rights, securities, benefits in kind or in other benefits. Payment of the remuneration in the form of shares in United Bankers Plc may be carried out within the confines of a given share issuance authorisation by the General Meeting of Shareholders to the Board of Directors.

In equity-based remuneration, shares or equity-based financial instruments may, subject to the resolution of the Board of Directors, be subject to a certain commitment period. The Board of Directors may resolve upon transfer restrictions pertaining to the Company shares held by the CEO. Furthermore, payment of the variable remuneration may be deferred in accordance with Clause 4.5 below ("Deferral and potential claw-back of remuneration").

The payment of the variable remuneration must at the time of making the assessment be justified considering the CEO's performance and the results and financial standing of the Company and of its group of companies, evaluated as a whole. The amounts and payment of the variable remuneration payable to the CEO must take into account, at the very least at the time of making the assessment, the known and estimated future risks, the requisite financial liquidity as well as the operating environment of the Company and the United Bankers Group. The aggregate amount of remuneration payable within the United Bankers Group must never be so high as to restrict the recapitalisation of the Company and its group of companies or jeopardise its financial solvency.

#### **4.4 Other key terms applicable to the service term**

The CEO agreement contains written stipulations concerning notice of termination period, non-competition, and severance payment. The terms and conditions as well as the amounts follow customary notice periods and severance payments of CEO agreements. The payment of any compensation regarding a premature termination of the CEO agreement must not result in a manner that would reward a failure in the performance of the CEO.

The CEO is covered by the statutory pension benefits system. Additionally, the CEO may be granted other potential reasonable benefits in accordance with market practice to ensure the commitment of a competent CEO to the development of the Company.

The Company's Board of Directors may resolve upon other terms and conditions of the CEO's service agreement, such as additional pension rights and the principles and objectives pertaining to ownership of shares.

#### **4.5 Deferral and potential claw-back of remuneration**

The Company's Board of Directors may resolve on refraining from the payment of the CEO's variable remuneration either in full or in part through reducing the variable remuneration. Furthermore, the Board of Directors may resolve on the payment of the remuneration in several instalments. In certain situations, the Company may be obligated to defer the payment of the variable remuneration, in which case the deferral of the payment is carried out in accordance with the financial industry regulation applicable from time to time. The variable remuneration may be denied in part or in full, or the payment of the remuneration may be deferred to a later date that is more appropriate for the Company, if such payment could jeopardise the solvency of the Company or its group of companies, or if the payment could otherwise result in an adverse or unreasonable outcome for the Company or the United Bankers Group.

The Board of Directors may refrain from paying variable remuneration in part or in full, or it may claw already paid variable remuneration back as unjust enrichment in part or in full in the event that the CEO has acted contrary to the Company's or the United Bankers

Group's internal guidelines and operational principles, applicable regulation or contributed to such conduct by omission, or if such claw-back is justified considering the overall financial situation of the Company or of the United Bankers Group.

## **5. Temporary deviation from the remuneration policy**

In principle, the remuneration of the Company's governing bodies must be based on the remuneration policy adopted by the General Meeting of Shareholders. The remuneration of the Board of Directors or the CEO set forth in this Remuneration Policy for the Governing Bodies of United Bankers may be temporarily deviated from in certain exceptional situations to ensure the Company's long-term interests. The deviation may apply to the entire remuneration policy or a part thereof to the extent required by the exceptional situation at hand.

### **Exceptional situations where the Remuneration Policy for Governing Bodies may be deviated from are as follows:**

- change of the CEO,
- appointment of a temporary CEO,
- appointment of a substitute CEO,
- considerable changes in the strategy of the United Bankers Group,
- material changes in the structure, organisation, or ownership of the United Bankers Group, such as a corporate acquisition, merger or demerger, public tender offer or sale of assets pertaining to a significant portion of the business operations of the Company or of the United Bankers Group,
- a material change in the financial position, strategy, or governing structure of the United Bankers Group,
- changes in the applicable legislation or in other regulation or authority guidelines or changes in taxation,
- other weighty and justified cause to adjust the CEO's remuneration,
- other exceptional circumstances due to which such a deviation may be necessary for ensuring the long-term interests and sustainable development of the United Bankers Group as a whole.

Under the above-mentioned exceptional circumstances, it is deemed to be in the long-term interest of the Company and of its shareholders that the Company's Board of Directors has the authority to resolve upon the CEO's remuneration regardless of the agreement in place concerning the remuneration of the CEO. Deviations from the Remuneration Policy for Governing Bodies are subject to a resolution of the Board of Directors.

If the deviation from the Remuneration Policy for Governing Bodies is estimated to continue other than temporarily, the Remuneration Committee of the Company's Board of Directors must prepare a new Remuneration Policy for Governing Bodies for the Board of Directors that shall be processed at the subsequent Annual General Meeting of Shareholders. Any temporary deviation is reported in an annual Remuneration Report which is processed at the Company's next Annual General Meeting of Shareholders.



# United Bankers Plc

## Remuneration report

### General

This remuneration report sets forth the remuneration of the Board of Directors (the "Board") and of the Chief Executive Officer (the "CEO") of United Bankers Plc ("United Bankers" or the "Company") for the 2022 financial period. The remuneration report is based on the requirements set out in the Companies Act, the Securities Market Act, the Government Decree on the Remuneration Policy and Remuneration Report of the Issuer of Shares as well as the recommendations of the Corporate Governance Code 2020 (the "CG Code") published by the Finnish Securities Market Association. The remuneration report also describes the Company's financial performance in the past five (5) years, so that the remuneration of the Board of Directors and the CEO can be reviewed accordingly.

The Remuneration Committee of United Bankers' Board of Directors and the Board of Directors have reviewed this Remuneration Report. The shareholders will resolve upon the adoption of the Remuneration Report at United Bankers' Annual General Meeting of Shareholders of 2023. The resolution of the Annual General Meeting of Shareholders is consultative in nature.

### Remuneration Principles

The remuneration of the Company's governing bodies is based on the Company's remuneration policy as stipulated under the CG Code (the "Remuneration Policy"), which has been reviewed at the Company's Annual General Meeting of Shareholders on 19 March 2021. The Remuneration Policy shall be valid until the Annual General Meeting of Shareholders of 2025, unless the Board of Directors decides to submit it to a prior General Meeting of Shareholders for an earlier revision.

The remuneration of the members of the Board of Directors and the CEO in the 2022 financial period adhered to the Company's effective Remuneration Policy. The Board of Directors has not temporarily

deviated from the Remuneration Policy during the 2022 financial period, nor has it discovered any circumstances or activities causing a need to apply the terms concerning the reduction, revocation, or claw-back of the CEO's long-term performance-based incentive in the 2022 financial period.

The Remuneration Policy seeks to promote a motivating remuneration culture and commitment to the Company. Together with the other key personnel, the CEO is part of a share incentive plan (the "Share Incentive Plan"), intended to support the Company's business strategy and align the objectives of the shareholders and key personnel in order to maximise the long-term value of the Company. The objective is also to commit the key personnel to the Company and to offer a competitive incentive scheme that is based on earning the Company's shares and the development of its value.

The CEO's partially performance-based remuneration aligns the Company's financial performance with the CEO's remuneration, and the targets set out in the Share Incentive Plan are directly connected to the performance of United Bankers' business operations. The CEO's share ownership ensures coherence between the interests of the shareholders and those of the management.

In 2022, the remuneration of the governing bodies has been carried out in accordance with the Remuneration Policy, which has provided support to United Bankers' business strategy. The Remuneration Committee and the Board of Directors have evaluated the CEO's remuneration for the year of 2022 to ensure a competitive and fair overall remuneration as compared to competitors and other market operators.

### The Development of United Bankers' Financial Performance and Remuneration

United Bankers' financial performance during the past five years has been positive and the Company's revenue and profitability



have been on the rise. Profitability improved in 2022, despite the weak development of the market in general. The Company has set four (4) key indicators that it considers to best describe its performance. These indicators include revenue, assets under manage-

ment, adjusted EBITDA and cost-to-income ratio. The Company has been able to provide its shareholders steady returns, as illustrated by the development of the Company's share price as well as the development of dividends per share.

	2018 IFRS	2019 IFRS	2020 IFRS	2021 IFRS	2022 IFRS
Revenue of the United Bankers Group, million EUR	29.7	32.5	34.4	43.8	48.6
Assets Under Management, billion EUR	2.9	3.6	3.8	4.8	4.4
Adjusted EBITDA, million EUR	7.1	8.4	10.3	16.3	18.5
Cost-to-Income Ratio	0.88	0.80	0.74	0.66	0.65
Year-End Share Price, EUR	6.60	8.80	10.70	14.20	13.60
Amount of Dividends, EUR/share	0.41	0.43	0.51	0.80	0.90 <sup>1</sup>

1) Board of Directors' proposal of distribution of assets (EUR 0,75 dividend per share and EUR 0,15 of capital distribution from the reserve for invested non-restricted equity, EUR 0,90 per share in total) to the Annual General Meeting of Shareholders to be held on 22 March 2023.

### Remuneration development for the past five (5) years (remuneration paid during the year)

Remuneration, EUR	2018	2019	2020	2021	2022
Chairman of the Board	30 000	30 000	30 000	30 000	33 990
Other Board members	20 000	20 000	20 000	20 000	23 750
CEO	155 843	163 566	262 286	325 474	381 469
Employee of the United Bankers Group, on average*	73 655	82 026	91 217	98 423	93 380

\* The average salary development of an employee of the United Bankers group is based upon personnel expenses, without social security costs, divided by the average number of personnel during the year.

According to the United Bankers' Remuneration Policy, the remuneration of the CEO is partially based upon the attainment of the targets set out in advance regarding the development of the Company's operating results as well as strategic and other quantitative

or qualitative targets. United Bankers' actualised performance is therefore reflected in the long-term performance-based incentives paid to the CEO.



United Bankers' General Meeting resolves upon the remuneration of the members of the Board of Directors. As resolved by the Annual General Meeting of Shareholders in 2021 the annual fee payable to the Chairman of the Board of the Board of Directors amounted to EUR 30 000 and annual fee for other board members who were not employed by the United Bankers group amounted to EUR 20 000 during the period between 1 January and 23 March 2022. Pursuant to the resolution of the Annual General Meeting of Shareholders of 23 March 2022, the annual fees of the Board of Directors were raised as of 23 March 2022 so that remuneration of the Chairman of the Board of Directors amounted to EUR 35 000. Other mem-

bers, who were not employed by the United Bankers group, were paid annual remuneration in the amount of EUR 25 000.

The Board of Directors has appointed an Audit Committee and a Remuneration Committee to prepare matters subject to decision-making of the Board of Directors. The annual remuneration paid to the members of the Board of Directors also included committee work. Members of the Board of Directors, who were working as employees of the United Bankers group, were not paid for their work in the Board of Directors as per the resolution of the General Meeting of Shareholders.<sup>1</sup>

## Board Remuneration in 2022

Board remuneration paid by United Bankers between 1 January and 31 December 2022:

Board member	Annual remuneration for Board work/EUR (incl. benefits-in-kind) *
Johan Linder, Chairman of the Board	33 990
Lennart Robertson, Vice Chairman of the Board	23 750
Antti Asunmaa, until 4 November 2022	19 583
Rainer Häggblom	23 750
Tarja Pääkkönen	23 750
Eero Suomela	23 750
Rasmus Finnilä**, as of 23 March 2022	0
Carl-Gustaf von Troil**, until 23 March 2022	0

\* No additional meeting or committee fee was paid

\*\* Employed by a company belonging to the United Bankers group

<sup>1</sup> The United Bankers group procured consultancy services from Häggblom & Partners Ltd Oy, the controlled corporation of a member of the Board of Directors, Rainer Häggblom, in the total amount of EUR 110 070,16 in 2022. Rainer Häggblom was paid Board remuneration and meeting fees by other United Bankers' group companies in the total amount of EUR 2 600,00 in 2022. The controlled corporation of a former Board member Antti Asunmaa, Taito Capital Oy, has concluded a tied agent agreement with a United Bankers group company. In 2022, the group company reimbursed Taito Capital Oy fees and commission income regarding distribution of investment products in the total amount of EUR 141 466,73. Antti Asunmaa was paid Board remuneration and meeting fees by United Bankers' other group companies in the total amount of EUR 63 000,00 in 2022. Antti Asunmaa resigned from the Board of Directors as of 4 December 2022. Former board member Carl-Gustaf von Troil is in an employment relationship with UB Asset Management Ltd. For the duration of his Board membership, from 1 January through 23 March 2022, he was paid a total of EUR 18 720,00 as salary and other benefits. Board member, Rasmus Finnilä, who is in an employment relationship with UB Asset Management Ltd, was paid during the period between 23 March and 31 December 2022, a total of EUR 56 880,00 as salary and other benefits. The salaries or remuneration paid to Board members that are also in an employment, service, or tied agent relationship to United Bankers group companies adhered to the customary employment, service, and tied agency agreement practices and remuneration principles of the United Bankers group.



## CEO's remuneration in 2022

The remuneration paid to United Bankers' CEO Patrick Anderson during 1 January through 31 December 2022 and the primary terms of his CEO agreement:

Remuneration element	Summary of the Remuneration Policy	Application in 2022
<b>Fixed remuneration</b>	<p>The determination of the level of the CEO's fixed remuneration is based on the CEO's professional competence, educational background, expertise, and professional experience, as well as organisational responsibility and the general compensation level in corresponding positions.</p>	<p>CEO's fixed annual remuneration in 2022 was 177 774.72 EUR in total (including holiday pay and benefits in kind).</p>
<b>Long-term performance-based incentive</b>	<p>The purpose of the long-term performance-based incentive is to align the interests of the CEO with those of the Company's shareholders through the financial performance of the United Bankers group, or the development of the Company's share price.</p> <p>Regarding the long-term performance-based incentive, the Company's CEO may be eligible for the Share Incentive Scheme of the key personnel of United Bankers group.</p> <p>The long-term performance-based incentive may be determined based on the attainment of the quantitative or qualitative targets set out by the Board of Directors, or the development of the Company's share price.</p> <p>Part of the remuneration shall be deferred in accordance with the regulations of the financial industry as applicable from time to time.</p>	<p>Based on the vesting period of the key personnel Share Incentive Plan between 2019 and 2021, the CEO received a total of 2 709 shares in the Company in 2022, at the price of EUR 14.0686 per share, which was the weighted average of the trading volume of United Bankers' share on 16 March 2022. The total value of the shares at the above-mentioned average rate amounted to EUR 38 111.84. Additionally, based on the vesting period of the key personnel Share Incentive Plan between 2019 and 2021, the CEO was paid a total of EUR 114 307.38 in cash.</p> <p>Furthermore, the payment of the long-term performance-based incentive of EUR 101 603.43 payable for the vesting period of the Share Incentive Plan between 2019 and 2021, and due as of 2022, has, in accordance with the remuneration regulation applicable to the financial industry, been postponed for the period between 2023 and 2025. Proportion of remuneration deferred from prior vesting periods pursuant to financial industry regulation paid out in 2022 totaled to EUR 51 275.53. A total of EUR 76 805.93 of deferred remuneration from previous vesting periods remains to be paid out.</p>



<b>Ratio of the variable and fixed remuneration</b>	<p>The proportion of the fixed salary of the overall compensation must be sufficiently high to avoid dependency on the variable remuneration and potentially excessive risk-taking.</p> <p>The ratio of the fixed and long-term remuneration must be proportional, taking into consideration the Company's long-term interest. The amount of long-term remuneration depends also on the targets set out by the Board of Directors. The amount of the CEO's variable remuneration and its proportional percentage compared to the fixed remuneration must, additionally, adhere the maximum limits imposed by the financial industry regulation in force from time to time. According to the resolution passed by the Annual General Meeting of Shareholders in 2021, the amount of the long-term incentive cannot be no more than 200 per cent of the annual fixed remuneration.</p>	<p>In 2022, the ratio of the long-term incentive and fixed remuneration paid was 114,6 %, including deferred remuneration from other vesting periods of the Share Incentive Plan.</p>
<b>Earning criteria of the long-term performance-based incentive</b>	<p>Long-term performance-based remuneration may be determined based on the attainment of the quantitative or qualitative targets set by the Board of Directors, or the development of the Company's share price.</p>	<p>Remuneration paid out in 2022 based on the Share Incentive Plan of the vesting period between 2019 and 2021, was based 100 % on the company's financial targets as well as the qualitative assessment of the CEO's performance. According to the Board of Directors' assessment, the success rate of United Bankers group of companies was 100 % as well as the success rate of the essential qualitative criteria was 100 %.</p>
<b>Pension</b>	<p>The CEO is covered by the statutory pension benefits system.</p>	<p>The CEO is not covered by any additional pension scheme.</p>
<b>Other benefits</b>	<p>The CEO may be granted other potential reasonable benefits in accordance with market practice to ensure the commitment of a competent CEO to the development of the Company.</p>	<p>The CEO has a phone benefit.</p>



<b>Termination of the CEO's service term</b>	The CEO agreement contains written stipulations concerning notice of termination period, non-competition obligation, and severance payment.	The CEO's notice of termination period is four (4) months.  In case the Company terminates the CEO agreement, or the agreement is terminated upon the mutual agreement of the Company and the CEO, the Company shall carry out a severance payment to the CEO that is equivalent to a six (6) month's fixed remuneration prior to the termination. The severance payment shall not be carried out in case the Company terminates the contract on the grounds that would warrant the termination or annulment of an employment contract in accordance with the Employment Contracts Act.
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### Long-term performance-based remuneration

The purpose of the long-term performance-based remuneration is to support the United Bankers's business strategy and to commit key personnel to the Company. Share ownership creates a long-term incentive for the management to maximise the Company's long-term value and the possibility for competitive earnings. The CEO is a part of the United Bankers group's key personnel Share Incentive Plan. In 2022, the CEO was entitled to three (3) three-year (3-year) vesting periods of the United Bankers Group's Share Incentive Plan regarding periods between 2020 and 2022, 2021 and 2023, as well as 2022 and 2024. Remuneration earned from the Share Incentive Plan falls due after the termination of each vesting period.

According to the Share Incentive Plan, the CEO of United Bankers is entitled to a long-term incentive, whose vesting period has ter-

minated between the period from 1 January to 31 December 2022, and which falls due after the 2022 financial period. For the years between 2020 and 2022 of the Share Incentive Plan, in accordance to which the remuneration falls due in 2023, the emphasis was 100 % in the financial targets of the United Bankers group of companies and the qualitative parameters related thereto. The Board of Directors confirms the amount of remuneration falling due after the publication of this remuneration report and therefore they will be included in the remuneration report for the financial period of 2023.

In the ongoing years of the Share Incentive Plans of 2021 through 2023 and 2022 through 2024, applicable to the CEO, the targets set out by the Board of Directors shall be emphasized according to the table below. The Board of Directors confirms the final amount of the remuneration payable separately after the termination of each plan, and therefore they will be included in the remuneration reports in the subsequent years.



<b>Target</b>	<b>Emphasis</b>	<b>Additional information</b>
<b>Financial targets of the United Bankers group of companies</b>	70%	Targets set by the Board of Directors of United Bankers, which evaluate the group's cumulative profitability during a period of three (3) years.
<b>Sustainability targets of the United Bankers group of companies</b>	20%	Sustainability targets have been set out, among others, to the following criteria for the period of three (3) years: execution of the United Bankers' sustainability strategy, adherence to the Principles for Responsible Investment, results of the study conducted by the Scandinavian Financial Research Ltd (SFR), personnel's satisfaction measured by personnel research as well as the attainment of qualitative ESG objectives, including good governance.
<b>Essential qualitative criteria of the United Bankers group of companies</b>	10%	The company's adherence to the internal guidelines and principles of the United Bankers group of companies as well as generating high-value services and products.

The Company's Board of Directors resolves upon the earnings criteria for the Share Incentive Plan and the targets to be set out in the beginning of each vesting period. In 2022, the remuneration was based upon the attainment of the group-level financial targets set out by the Board of Directors as well as of the individual targets set out for the CEO for the period between 2019 and 2021. In the vesting period between 2019 and 2021, the earning criteria were met so that the CEO's long-term performance-based remuneration actualised at 100 % of the maximum remuneration.

Any remuneration payable for each vesting period shall be paid out upon the expiration of the vesting period, in one (1), or in a maximum of four (4) separate instalments over a period of approximately three (3) years. The remuneration shall be payable partially as shares in the Company and partially in cash. The cash portion seeks to cover the taxes and tax-like charges in relation to the re-

muneration. Should the CEO's service relationship end prior to the payment of the remuneration under the Share Incentive Plan, the remuneration would not be paid out as a general rule.

During the term of the service relationship, the CEO or their controlled entity is not allowed to sell the shares obtained by them via the Share Incentive Plan, to the extent the value of such shares in the Company falls short of the amount of the CEO's fixed gross annual remuneration.

The CEO's long-term performance-based remuneration pursuant to the Share Incentive Plan paid out in 2022 amounted, within the confines of the resolution concerning long-term performance-based remuneration resolved by the Annual General Meeting of Shareholders on 19 March 2021, to no more than 200 per cent of the annual fixed remuneration.



# Shares and shareholders

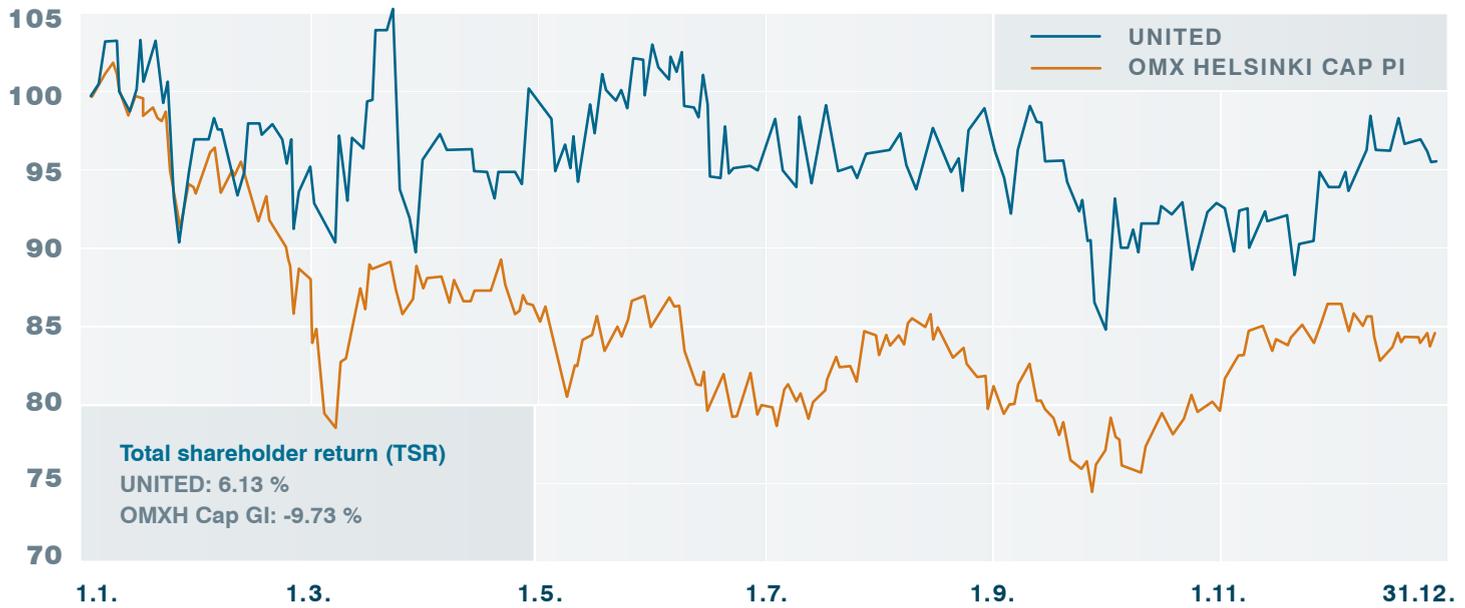
## THE LARGEST SHAREHOLDERS

31.12.2022

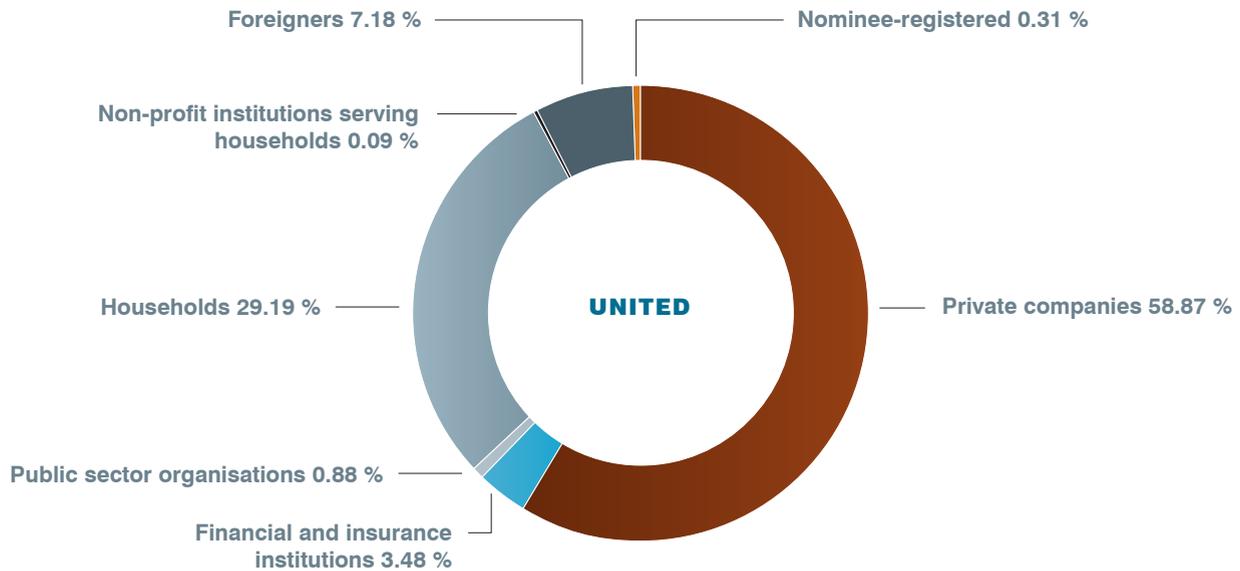
Shareholders	Shares	% of share and votes
Oy Castor-Invest Ab	1,200,000	11.22
Amos Partners Oy	1,089,144	10.18
Jarafi Oy (Finnilä Rasmus)	1,078,541	10.09
Bockholmen Invest Ab (Anderson Patrick)	598,000	5.59
J. Lehti & Co Oy (Lehti Jani)	490,500	4.59
Olsio Tom Henrik Wilhelm	469,572	4.39
Biomerit Oy	403,269	3.77
Jouhki Marina Sophia Helena	379,695	3.55
Linder Cassandra Marie	280,750	2.63
Linder Christoffer Magnus	280,750	2.63
Linder Corinne	280,750	2.63
Oy Ottiger Ab (Ronkainen Timo)	210,000	1.96
Cartelle Oy	205,680	1.92
Konnun Tuulikallio Oy	188,117	1.76
Viapori Kapital Oy	180,045	1.68
Quantum Capital Oy	179,654	1.68
Winberg Peter Vilhelm	113,431	1.06
RK-Invest Oy Ltd	86,000	0.80
Mäkinen Anja Mirja-Liisa	85,477	0.80
Noramaa Inka-Liisa Erika	83,331	0.78
<b>20 largest owners total</b>	<b>7,882,706</b>	<b>73.71</b>
Nominee-registered	0	0.00
Others	2,811,249	26.29
<b>Total</b>	<b>10,693,955</b>	<b>100</b>



### UNITED BANKERS PLC'S SHARE PRICE DEVELOPMENT 2022



### SHAREHOLDING BY SECTOR



# Information to investors

## Basic share information

United Bankers Plc's shares are listed on Nasdaq Helsinki Stock Exchange Ltd. United Bankers has one series of shares, each share of which entitles the holder to one vote at the company's General Meeting. All shares carry equal rights in the distribution of the company's assets. United Bankers' trading code is UNITED.

United Bankers Plc's shares have been entered into the book-entry system on 31 March 2014. Shares are kept for account holders registered in the book-entry system, such as also the managers of the nominee-registered shares. The book-entry securities system is maintained by Euroclear Finland Ltd.

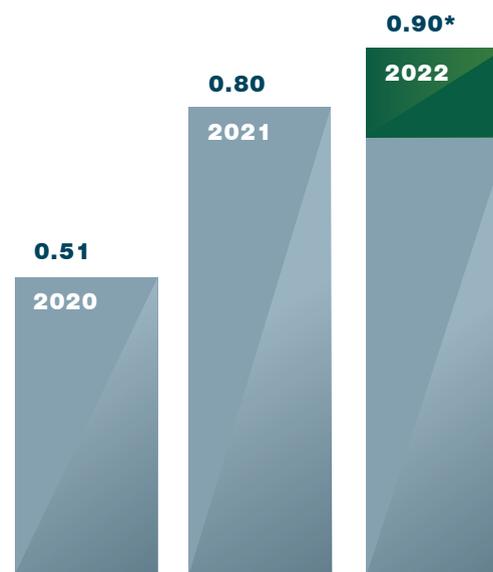
United Bankers' share capital on 31 December 2022 amounted to EUR 5,464,225.47. The total number of fully paid and issued shares in the company in accordance with the applicable regulation amounted to 10,693,955. The shares of the company have no nominal value and the Articles of Association do not include any provisions regarding the maximum or minimum amount of shares or share capital. The company has not issued stock options or other securities that could be exchanged or converted into shares of the company. The company held a total of 65,643 of its own shares on 31 December 2022.

## Distribution of funds

The company's dividend policy is to distribute a minimum of 50 per cent of the earnings per share or cash flow per share as dividends.<sup>1</sup>

The Board of Directors proposes to the Annual General Meeting of Shareholders that based on the balance sheet adopted for the financial period which ended on 31 December 2022, a total dividend of EUR 0.75 per share to be paid and an equity repayment of EUR 0.15 per share to be paid from the reserve of invested unrestricted equity fund.

The Board of Directors proposes that the distribution of funds would be paid in two instalments so that the dividend would be paid in March 2023 and the equity repayment in September 2023. The dividend shall be paid to a shareholder who is registered in the company's shareholders register maintained by Euroclear Finland Ltd on the record date for dividend payment, 24 March 2023. The dividend is proposed to be paid out on 31 March 2023. The equity repayment shall be paid to a shareholder who is registered in the company's shareholders register maintained by Euroclear Finland Ltd on the record date for equity repayment, 22 September 2023. The equity repayment is proposed to be paid out on 29 September 2023. The Board of Directors proposes to be authorised, if necessary, to decide on a new equity repayment record date and payment date, if the rules of Euroclear Finland Ltd or the regulations concerning the Finnish book-entry system change or otherwise require it.



### DIVIDEND/SHARE EUR

\*The Board of Directors' proposal for the distribution of funds for 2022: a dividend of EUR 0.75 and an equity repayment of EUR 0.15.

<sup>1</sup> United Bankers announced an updated dividend policy on 17 February 2023, according to which the company's goal is to distribute at least 70 per cent of the earnings per share or cash flow per share as dividends, considering the company's financial situation and strategy.



## Information on the general meeting 2023

United Bankers Plc's Annual General Meeting will be held on Wednesday 22 March 2023 at 14.00 EET in Helsinki.

## IR calendar 2023

In 2023, in addition to the Financial Statements Bulletin, United Bankers will publish a Half-Year Financial Report for the period of 1 January through 30 June 2023 on or about 25 August 2023.

Releases are published both in Finnish and English. After publication, the releases are also accessible on the company's website at [www.unitedbankers.fi](http://www.unitedbankers.fi). United Bankers' stock exchange and press releases, annual reports, half-year financial reports and financial statements are also available on the company's website. In addition, the company's press releases can be subscribed to via the website.

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