

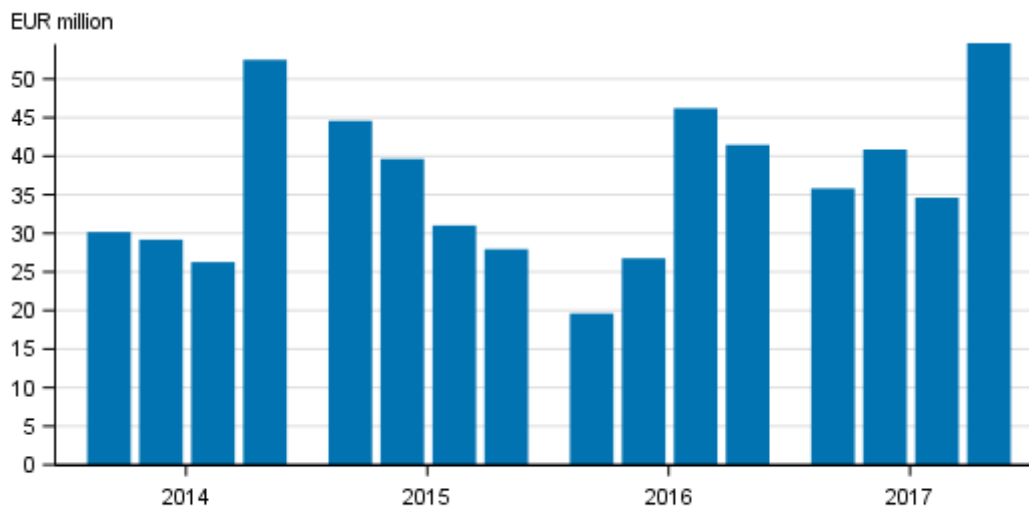
Investment service companies

2017, 4th quarter

Investment service companies' commission income and operating profit increased in the fourth quarter of 2017

The net operating profit of investment service companies was EUR 63 million in the fourth quarter of 2017. EUR 22 million more operating profit was accumulated than in the corresponding quarter last year. Commission income increased by EUR 31 million to EUR 151 million. These data derive from Statistics Finland's statistics on investment service companies.

Investment firms' net operating profit by quarter 2014-2017, EUR million



Investment service companies offer their customers services related to investment services such as investment advisory services, asset management, and reception, intermediation and implementation of trading assignments in monetary instruments. Commission income and expenses are the main items related to investment service companies' income and expenses in the profit and loss account. In addition to commission income and expenses, operating profit is considerably affected by administrative expenses.

In some cases, other items, such as profit or loss from non-current assets classified as held for sale can have a major impact on profit for the financial period.

Commission income and expenses

Commission income totalled EUR 151.4 million in the fourth quarter of 2017. Growth compared to the corresponding period of last year amounted to EUR 30.8 million, or 25.6 per cent. Compared to the previous quarter, EUR 48.9 million more commission income was accumulated. In turn, commission expenses amounted to EUR 29 million, which is EUR 2.1 million, or 7.9 per cent more than one year previously. Compared with the previous quarter, there was EUR 3.3 million more commission expenses.

In 2017, investment service companies' total commission income stood at EUR 470.5 million, which was EUR 73.4 million more than in 2016. Investment service companies paid a total of EUR 109 million in commission expenses in 2017, which was EUR 10.4 million more than in the year before.

Administrative and operating expenses

In the fourth quarter of 2017, investment service companies had EUR 61.7 million in administrative expenses, which was EUR 4.8 million more than in the year before and EUR 16.8 million more than in the previous quarter. Personnel expenses amounted to EUR 36.3 million, or some 59 per cent of administrative expenses. Personnel expenses increased by EUR 3.1 million from the previous year's corresponding quarter. Other administrative expenses amounted to EUR 25.4 million, which is EUR 1.7 million more than one year earlier. On the annual level, the administrative expenses of investment service companies increased by 4.0 per cent from EUR 193 million in 2016 to EUR 201 million.

Balance sheets

At the end of 2017, the aggregate value of the balance sheets was EUR 461 million. The balance sheets grew by 17.6 per cent from EUR 393 million at the end of 2016. The share of own equity of the balance sheet total grew from 61.7 to around 62 per cent.

At the end of the fourth quarter of 2017, there were 68 investment service companies operating in Finland, of which 47 generated a positive operating result.

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Appendix table 1. Profit and loss accounts of investment firms 1.1.- 31.12.2017, EUR thousands

	1.1.- 31.3.2017	1.1.- 30.6.2017	1.1.- 30.9.2017	1.1.- 31.12.2017
Interest income	112	228	305	573
Interest expenses	74	164	272	580
NET INCOME FROM FINANCIAL OPERATIONS	37	64	33	-7
(Expenses on share capital repayable on demand)	.. ¹⁾
Dividend income	3 132	2 382	3 652	3 677
Fee and comission income	104 177	216 680	319 140	470 516
(Fee and comission expenses)	26 368	54 359	80 026	108 983
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	408	372	535	490
Gains or (-) losses on financial assets and liabilities held for trading, net	1 202	2 616	3 599	4 373
Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net	59	76	104	125
Gains or (-) losses from hedge accounting, net	..	..	..	..
Exchange differences [gain or (-) loss], net	76	-87	-125	-168
Gains or (-) losses on derecognition of non financial assets, net	..	..	..	..
Other operating income	7 557	13 725	20 049	29 177
(Other operating expenses)	5 170	8 546	12 862	18 432
TOTAL OPERATING INCOME, NET	85 118	172 963	254 151	380 916
(Administrative expenses)	48 328	94 237	139 106	200 807
of which: Wages, salaries and fees (including staff-related cost)	29 190	55 602	82 287	118 601
of which: Other administrative expenses	19 138	38 634	56 819	82 206
(Depreciation)	1 008	2 051	3 574	5 264
(Provisions or (-) reversal of provisions)	..	..	..	..
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	..	..	..	333
(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)	..	..	..	..
(Impairment or (-) reversal of impairment on non-financial assets)	..	..	..	..
Negative goodwill recognised in profit or loss	..	..	..	..
Share of profit or (-) loss in investments in subsidiaries, joint ventures and associates.	..	..	..	..
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	..	..	..	..
PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS	35 815	76 678	111 291	174 273
(Appropriations)	..	..	11 874	32 871
(Tax expense or (-) income related to profit or loss from continuing operations)	..	..	20 283	27 237
PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS	26 979	55 081	79 134	114 165
Extraordinary profit or (-) loss after tax	..	..	..	..
PROFIT OR (-) LOSS AFTER TAX FROM DISCONTINUING OPERATIONS	..	..	..	..

	1.1.- 31.3.2017	1.1.- 30.6.2017	1.1.- 30.9.2017	1.1.- 31.12.2017
PROFIT OR (-) LOSS FOR THE YEAR	26 979	54 850	78 996	114 138

1) Data not available or too uncertain for presentation, or subject to secrecy

Appendix table 2. Balance sheet of investment firms 1.1.- 31.12.2017, EUR thousands

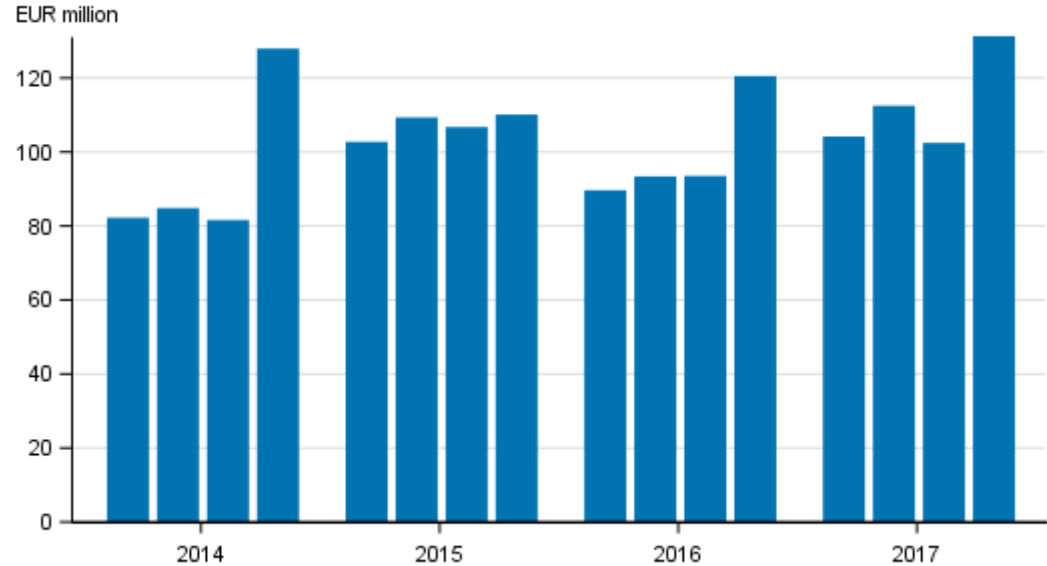
	1.1.- 31.3.2017	1.1.- 30.6.2017	1.1.- 30.9.2017	1.1.- 31.12.2017
ASSETS				
Cash, cash balances at central banks and other demand deposits	135 675	128 926	137 819	187 647
Financial assets held for trading	4 753	6 388	6 243	5 698
Financial assets designated at fair value through profit or loss	10 052	9 403	8 216	8 913
Available-for-sale financial assets	11 100	12 117	12 389	11 370
Loans and receivables	3 234	5 003	4 586	5 146
Held-to-maturity investments	1 829	1 329	.. ¹⁾	..
Derivatives - Hedge accounting (assets)	..	..	..	..
Fair value changes of the hedge items in portfolio hedge of interest rate risk (assets)	..	..	..	..
Investments in subsidiaries, joint ventures and associates	14 924	15 466	23 726	23 881
Investments of investment service companies in subsidiaries, joint ventures and associates	..	..	..	..
Tangible assets	6 012	5 899	5 786	5 932
Intangible assets	14 782	15 629	14 979	15 792
Other assets	108 367	138 510	160 871	162 743
Non-current assets held for sale and transferable item groups	..	..	..	..
Tax assets	4 113	4 071	4 364	4 822
TOTAL ASSETS	346 072	357 948	406 912	461 816
LIABILITIES				
Financial liabilities held for trading	..	..	..	..
Financial liabilities designated at fair value through profit or loss	..	..	..	..
Financial liabilities measured at amortised cost	3 828	5 867	5 442	5 469
Derivatives - Hedge accounting (liabilities)	..	..	..	..
Fair value changes of the hedge items in portfolio hedge of interest rate risk (liabilities)	..	..	..	..
Provisions	6 689	6 601	6 960	8 535
Tax liabilities	3 452	4 715	6 177	7 871
Share capital repayable on demand	..	..	..	..
Other Liabilities	91 424	92 578	102 411	116 095
Liabilities included in disposal groups classified as held for sale	..	..	..	..
Depreciation difference	33	31	32	30
Voluntary provisions	..	..	..	..
TOTAL LIABILITIES	145 134	134 272	155 939	175 404
Equity	30 347	29 869	30 869	30 744
Share premium	7 317	3 642	3 642	3 642
Equity instruments issued other than capital	..	..	..	3 026
Other equity	3 975	3 975	3 975	3 285
Accumulated other comprehensive income	-3 166	-2 785	-3 054	-4 418
Retained earnings	111 367	136 598	157 118	188 604
Revaluation reserves	..	2 824	2 861	2 890
Other reserves	49 101	47 388	55 456	58 893
(-) Treasury shares	..	..	..	..

	1.1.- 31.3.2017	1.1.- 30.6.2017	1.1.- 30.9.2017	1.1.- 31.12.2017
Profit or loss allocated to shareholders of the parent company	..	..	..	..
(-) Interim dividends	..	..	-2 154	..
Minority interests (non-controlling owners' interests)	..	..	..	..
TOTAL EQUITY	200 940	223 675	250 973	286 412
TOTAL EQUITY AND TOTAL LIABILITIES	346 074	357 947	406 912	461 816

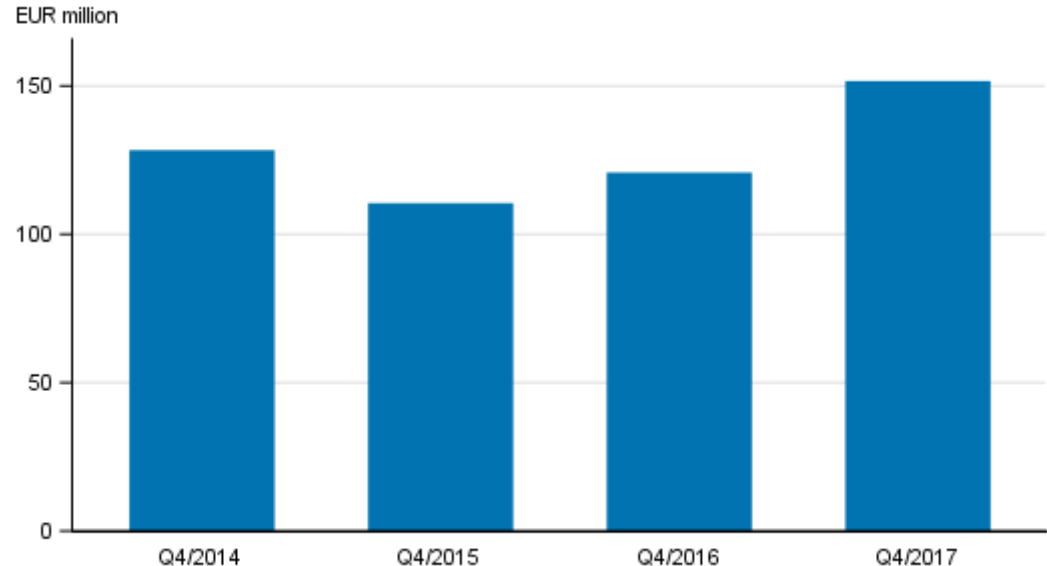
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Figures

Appendix figure 1. Investment firms' commission income by quarter 2014-2017, EUR million



Appendix figure 2. Investment firms' commission income by quarter, 4th quarter 2014-2017, EUR million



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Source: Investment firms, Statistics Finland