

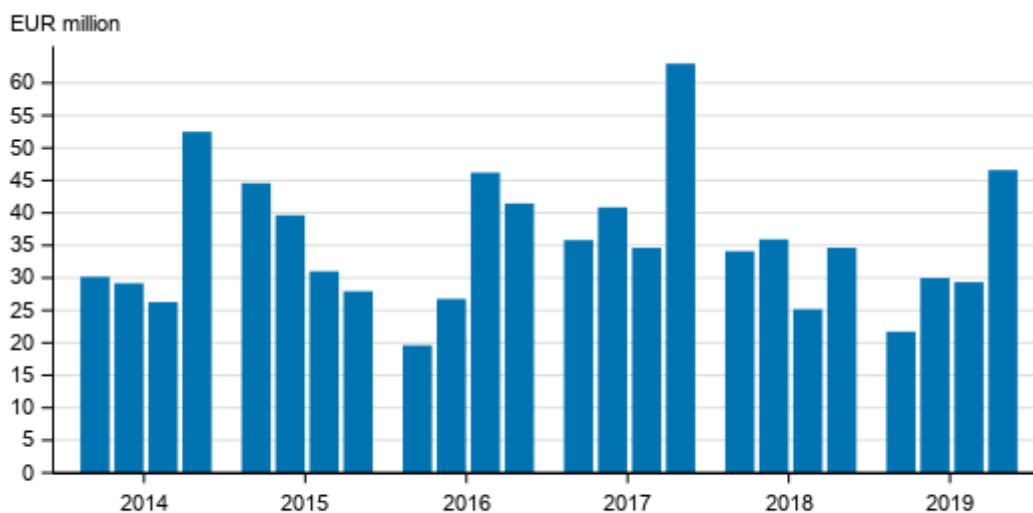
Investment service companies

2019, 4th quarter

Investment service companies' commission income and operating profit increased in the fourth quarter of 2019

The net operating profit of investment service companies was EUR 47 million in the last quarter of 2019. EUR 12 million more operating profit was accumulated than in the corresponding quarter of the previous year. Commission income increased by EUR 31 million from one year back to EUR 130 million. These data derive from Statistics Finland's statistics on investment service companies.

Investment service companies' operating profit by quarter in 2014 to 2019, 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 130 million in the fourth quarter of 2019. Growth compared to the corresponding period of the previous year amounted to 31 per cent or EUR 31 million. Compared to the previous quarter, commission income was, in turn, EUR 39 million higher. Commission expenses amounted to EUR 32 million, which is EUR three million more than in the corresponding quarter in 2018. Compared with the previous quarter, there was EUR 11 million more commission expenses.

In 2019, investment service companies' total commission income stood at EUR 408 million, which was EUR five million more than in 2018. Investment service companies paid a total of EUR 100 million in commission expenses in the whole year, which was EUR four million less than in the previous year.

Administrative expenses

In the fourth quarter of 2019, investment service companies had around EUR 50 million in administrative expenses, which corresponds with the amount of administrative expenses in the corresponding quarter of 2018. Compared with the previous quarter, there was EUR nine million more expenses. Personnel expenses amounted to some EUR 29 million, or 57 per cent of administrative expenses. Personnel expenses increased by EUR one million from the previous year's corresponding quarter. Other administrative expenses were EUR 22 million.

On the annual level, investment service companies' administrative expenses amounted to EUR 184 million. From the previous year, expenses fell by 0.8 per cent, which is around EUR two million.

Balance sheets

At the end of 2019, the aggregate value of the balance sheets was EUR 405 million. Balance sheets grew by 16.72 per cent year-on-year, while the aggregate value of the balance sheets was EUR 347 million at the end of the previous year. The share of own equity of the balance sheet total decreased from 70 per cent one year back to around 68 per cent.

At the end of the fourth quarter of 2019, there were 54 investment service companies operating in Finland, of which 45 generated a positive operating result.

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Appendix table 1. Profit and loss accounts of investment firms 1.1.- 31.12.2019, EUR thousands

	1.1.- 31.3.2019	1.1.- 30.6.2019	1.1.- 30.9.2019	1.1.- 31.12.2019
Interest income	121	237	315	428
(Interest expenses)	103	216	334	581
NET INCOME FROM FINANCIAL OPERATIONS	17	21	-19	-153
(Expenses on share capital repayable on demand)	0	0	0	0
Dividend income	1 395	2 941	3 135	4 417
Fee and comission income	88 971	187 734	277 952	442 203
(Fee and comission expenses)	23 754	46 908	67 796	133 731
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	0	0	-97	0
Gains or (-) losses on financial assets and liabilities held for trading, net	0	587	747	993
Gains or losses on financial assets outside the trading fund that are mandatorily measured at fair value through profit or loss, net	0	-1 252	0	0
Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net	195	389	538	744
Gains or (-) losses from hedge accounting, net	0	0	0	0
Exchange differences [gain or (-) loss], net	-51	-105	-150	-124
Gains or (-) losses on derecognition of non-financial assets, net	0	0	0	0
Other operating income	5 501	12 030	18 084	22 694
(Other operating expenses)	3 878	7 892	11 810	17 420
TOTAL OPERATING INCOME, NET	68 475	147 642	219 333	317 951
(Administrative expenses)	45 283	92 943	133 734	184 330
of which: (Personnel expenses)	27 158	56 069	78 624	107 703
of which:(Other administrative expenses)	18 125	36 873	55 111	76 627
(Depreciation)	1 221	2 500	3 802	5 095
Gains or (-) losses caused by changes made, net	0	0	0	0
(Provisions or (-) reversal of provisions)	0	0	0	0
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	0	0	0	64
(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)	0	0	0	0
(Impairment or (-) reversal of impairment on non-financial assets)	0	0	0	0
Negative goodwill recognised in profit or loss	0	0	0	0
Share of profit or (-) loss in investments in subsidiaries, joint ventures and associates.	0	0	0	0
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	0	0	0	0
PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS	21 719	51 697	81 042	127 445
(Tax expense or (-) income related to profit or loss from continuing operations)	8 698	19 076	30 176	48 447
PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS	13 021	32 621	50 866	78 998
Profit or (-) loss after tax from discontinuing operations	0	0	0	0
PROFIT OR (-) LOSS FOR THE YEAR	13 021	32 621	50 866	78 998

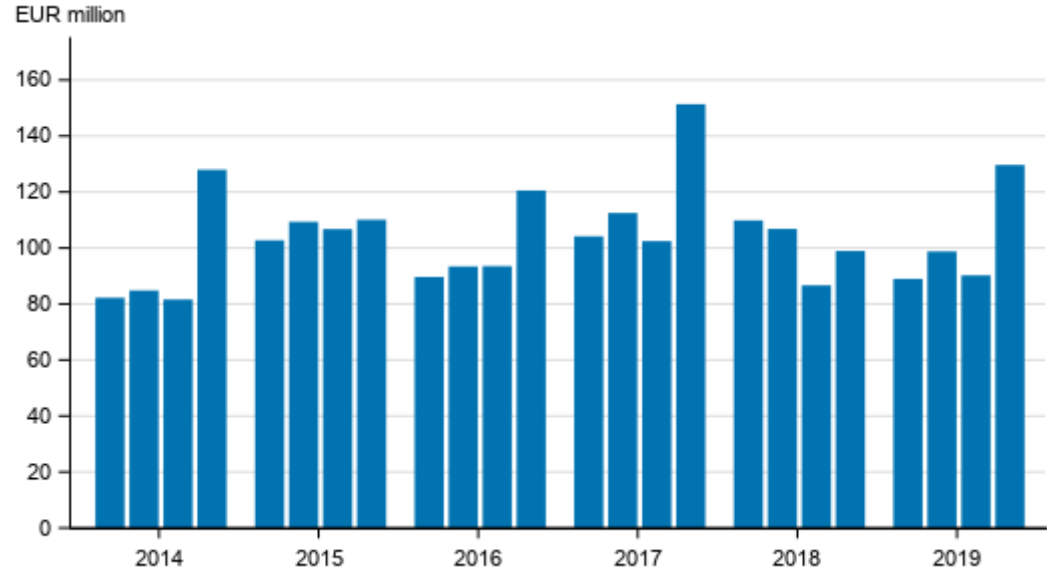
Appendix table 2. Balance sheet of investment firms 1.1.- 31.12.2019, EUR thousands

	1.1.- 31.3.2019	1.1.- 30.6.2019	1.1.- 30.9.2019	1.1.- 31.12.2019
ASSETS
Cash, cash balances at central banks and other demand deposits	118 776	121 882	139 649	178 422
Financial assets held for trading	14 797	15 746	16 351	15 484
Financial assets outside the trading inventory that are mandatorily measured at fair value through profit or loss	8 616	5 823	0	11 416
Financial assets designated at fair value through profit or loss	1 479	1 267	1 268	0
Financial assets measured at fair value through other comprehensive income	2 041	2 083	0	2 446
Financial liabilities measured at amortised cost	15 739	16 070	0	13 165
Derivatives - Hedge accounting (assets)	0	0	0	0
Fair value changes of the hedge items in portfolio hedge of interest rate risk (assets)	0	0	0	0
Investments in subsidiaries, joint ventures and associates	15 969	19 483	19 777	25 766
Tangible assets	4 660	6 169	6 081	6 051
Intangible assets	18 420	18 815	17 876	17 552
Tax assets	6 628	8 118	6 839	4 950
Other assets	98 647	99 324	107 328	128 105
Non-current assets held for sale and transferable item groups	0	0	0	0
TOTAL ASSETS	307 427	320 302	342 573	404 468
LIABILITIES
Financial liabilities held for trading	0	0	0	0
Financial liabilities designated at fair value through profit or loss	0	0	0	0
Financial liabilities measured at amortised cost	0	1 655	1 664	1 635
Derivatives - Hedge accounting (liabilities)	0	0	0	0
Fair value changes of the hedge items in portfolio hedge of interest rate risk (liabilities)	0	0	0	0
Provisions	7 254	7 794	8 995	7 588
Tax liabilities	3 020	3 821	3 833	5 531
Share capital repayable on demand	0	0	0	0
Other Liabilities	96 219	78 279	82 941	109 048
Liabilities included in disposal groups classified as held for sale	0	0	0	0
TOTAL LIABILITIES	113 817	104 763	107 754	130 615
Equity	24 525	24 646	25 134	23 720
Share premium	5 669	5 669	5 669	5 669
Equity instruments issued other than capital	0	0	0	991
Other equity	1 590	1 590	985	4 987
Accumulated other comprehensive income	4 796	5 890	5 245	7 523
Retained earnings	82 312	80 508	77 642	80 521
Uudelleenarvostus_rahastot	0	0	0	0
Other reserves	61 099	66 298	70 625	76 234
(-) Treasury shares	0	0	0	0
Profit or loss allocated to shareholders of the parent company	13 020	32 619	50 820	77 982
(-) Interim dividends	0	0	0	0
Minority interests (non-controlling owners' interests)	0	0	0	0

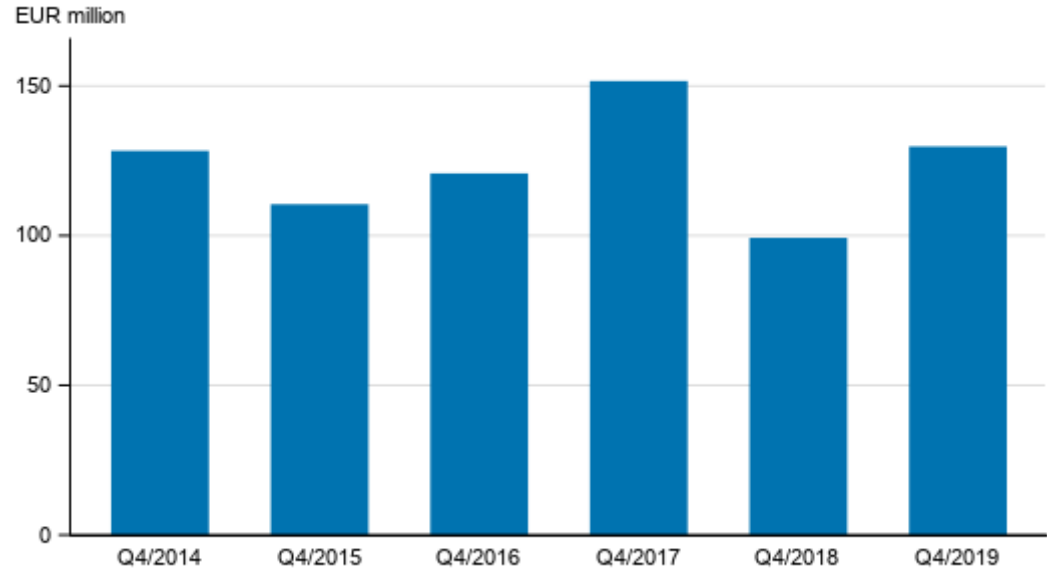
	1.1.- 31.3.2019	1.1.- 30.6.2019	1.1.- 30.9.2019	1.1.- 31.12.2019
TOTAL EQUITY	193 609	215 539	234 819	273 854
TOTAL EQUITY AND TOTAL LIABILITIES	307 426	320 302	342 573	404 469

Figures

Appendix figure 1. Investment firms' commission income by quarter 2014-2019, EUR million



Appendix figure 2. Investment firms' commission income by quarter, 4th quarter 2014-2019, EUR million



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Source: Investment firms, Statistics Finland