

# Economic Report 2018

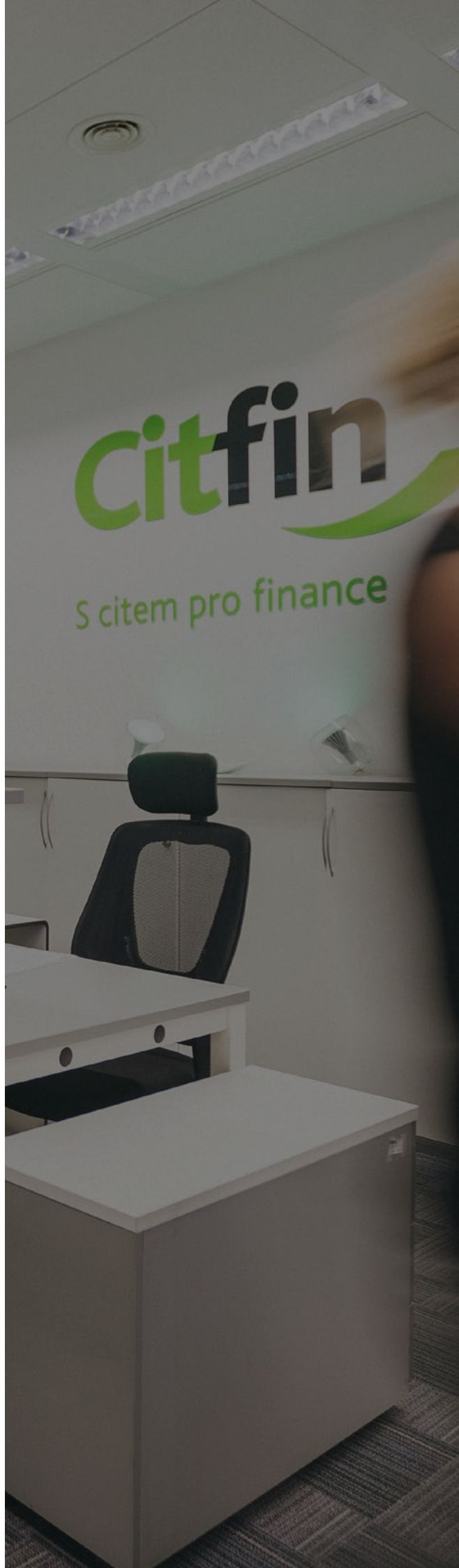
---



# Content

---

Introductory Word	4
Comment	5
Basic Information	7
Products and services	9
Development of the Selected Economic Indicators	10
The Most Important Events of the Year 2018	12
Economic Results Citfin – Finanční trhy, a.s.	13
Economic Results Citfin, spořitelní družstvo	16
Contacts	19



2018

# Introductory Word



Dear shareholders, business partners and colleagues,

2018 was a year of stabilisation for the Czech crown. The expectations of the financial markets and the Czech National Bank from the beginning of the year was to further strengthen the crown and reach the targeted 24.50 CZK to the EUR, as we already know have to date not come to pass. Although the crown reached its strongest 2018 value against the euro in the first few weeks of 2019, however, with its value of 25.10 CZK to the EUR remained far from market expectations. By contrast, in the first half of the year the domestic currency lost almost a crown vs. the euro, mainly because of the threat of trade wars between the EU and the US, by which the Czech economy would be affected. In the second half of the year, the crown remained in the range of 25.40 to 26.00 to the EUR, when its stronger appreciation was limited by uncertainty about Brexit and the slowing German economy. Due to faster growth of domestic consumer inflation, decent macroeconomic results and weaker Czech crown, the Czech National Bank could afford to raise the basic interest rate five times to 1.75% last year. This move made the Czech crown, with the exception of the Romanian new lei, the best-interest currency of all Central and Western Europe.

During 2018, the Czech crown maintained a narrower range of movement against the US dollar than in the previous two years. The crown stayed within 20.10-23.10 CZK to the USD, and as usual responded primarily to the movements of the Eurodollar. The fluctuations of the most liquid currency pair had not been significantly affected by the central banks, the FED and the ECB in the past year, but rather global political matters such as the threat and warding-off of trade wars and the uncertainty surrounding the UK's departure from the EU. The US President Donald Trump also contributed to this situation, including by cutting taxes and commenting on the FED's monetary policy.

The continued prosperous Czech economy provided Citfin with a very good base for implementation of its financial goals. Total assets exceeded 2.5 billion CZK, and we also increased our profit by more than 7% year-on-year, while Citfin's capital adequacy in 2018 again moved around a safe level of 25%.

Citfin confirms its positive assessment of financial health by again receiving the prestigious CZECH Stability Award, which transparently points to credibility of the company and also provides an independent view of its financial and non-financial standing. Citfin – Financial Markets, a.s. after being twice in a row in the AA scoring group, received the highest award for this year in the form of the AAA – EXCELLENT ranking. This category is reached by only a very small percentage of economic entities operating in the Czech Republic. Citfin acquired this thanks to the long-term positive trend in its financial results, in particular due to a positive assessment of revenue items, stability and an overall favourable economic result.

In addition to the financial stability declared above, Citfin, while carrying out its activities, undertakes to comply with the same cautious rules of business as banks. Although Citfin only deals with transaction banking, and does not provide its clients with any loans or offers of deposit products, it is, of course, affected by legislative restrictions. We also faced numerous legislative changes last year. We have adapted to the new guidelines on personal data protection (GDPR), incorporated European regulations on the regulation of financial instruments markets (MiFID II) as well as changes resulting from the new AML decree in our activities. This year, as a result of the new Payment Services Directive (PSD 2), we are obliged to include in our processes indirect payment order services through third party service providers. Citfin will be obliged to provide the third party with the Client's bank account upon the consent of the User. We believe that incoming legislative changes will lead to even greater security of electronic payments and enhance consumer protection.

I greatly appreciate the past year's achievements. I would like to thank all of our clients for their long-term trust and positive feedback on our products and services. I appreciate it and realize that the Clients' favour is a positive motivation for Citfin's future work and continual improvement. With each closed exchange business we move on in our experience, and that allows us to be an even better financial partner for you.

At the same time, I would like to thank all Citfin employees who participated in last year's achievements. I am fully aware of their indisputable contribution, great qualities, and the friendship they invest in the company.

**Martina Arnold Rubin**  
CEO of Citfin

# Comment

---



Citfin affiliates were successful again last year and their value grew. This is certainly evidenced by the achieved planned economic results. The total exchange trades turnover increased by 5% to 154 billion CZK. This was helped, in particular, by the first half of the year, which provided a favourable exchange rate for securing the CZK against the EUR. The clientele base grew to 15,521 clients last year and the number of foreign payment transactions grew by another 9%. By contrast, a slight year-on-year decline was recorded in the number of completed domestic payments, by almost 0.5%. Nevertheless, domestic payments have repeatedly exceeded half a million outgoing and incoming transactions.

There were many product and marketing innovations last year. The most significant change for the clients I consider to be the launch of the new Citfin website. By deploying a more attractive appearance, refining the text and, above all, making the website better arranged, we bring our clients to suitable landing pages. Firms trading with foreign businesses have the opportunity to become more familiar with our financial products. We also made a change last year with BankService and its Exchange Online. We started offering individual online rates for spot exchange operations in eight major world currencies. Upon our clients' request we have also added HUF and RON to the current offer of six CZK, EUR, USD, CHF, GBP and PLN currencies. Of course, we also offer the possibility to trade with cross rates.

Last but not least, I would like to mention the opening of Citfin separate bank accounts at Raiffeisenbank in three different currencies. New accounts in CZK, EUR and GBP enabled us to significantly accelerate the settlement of payment transactions within this bank with our clients.

At the end of summer, we also adjusted the terms of the futures trades for our clients. We extended the possibility of securing a stable exchange rate up to two years in advance. Extension of the rate fixation period through a wide range of futures trades has been welcomed by clients who want to be sure of future exchange rates.

We will continue to invest in development in the coming year. Priority will be given to the indicative offer and exchange rate monitoring via text messages. We are also intensively pursuing Citfin's entry into Romania and Hungary.

**Ing. Dagmar Kubíková, MBA**  
CSO of Citfin

# Basic Information

---

# Your expert on Foreign currency

Comprehensive financial services for companies, including advantageous rates of exchange for foreign exchange assets, exchange rate risk management, and fast, cost effective foreign exchange payments!

## Why trade with Citfin?



### We always find a solution

We are the experts on foreign currencies. Any non-standard requirements? We can handle it.



### We are cool

That's what our clients say about us. We're all ears and like to take an interest in our client's affairs.



### We make no distinctions

Even a small trader can experience the comfort of services for large corporations.

## Licenses of Citfin



Authorization to operate payment institution



Securities brokerage license



Savings cooperative license

## Significant business entities of Citfin

### ADET

Citfin is a founding member of the Association for the foreign exchange market, the professional association of the leading non-bank currency traders in the Czech Republic.

### ADZ

As a member of the Association of Cooperative Savings Unions, Citfin represents the Czech cooperative monetary sector.

### CERTIS

Citfin is a participant in the CNB's interbank payment clearing system (Czech Express Real Time Interbank Gross Settlement System). Citfin's assigned bank code is 2060.

### SEPA

Citfin is a full member of the Single Euro Payment Area, SEPA, and offers its clients the wire transfer of money in Euros in the same manner and under the same conditions for both internal and international payments.

### SWIFT

Citfin is a member of the SWIFT global communications network of financial institutions. This membership enables Citfin to carry out all types of international payment transactions rapidly and efficiently.



# Products and services

---



# Products and services



## Foreign exchange

- attractive exchange rates
- reduction of costs when compared with foreign exchange services of other financial institutions
- individual approach to our clients, phone consultations
- foreign exchange news



## Forwards

- leverage against exchange rate fluctuations
- fixed-term cross trades without CZK
- term/settlement duration up to one year
- low limits for Forward trades already from EUR 10,000 or USD 10,000



## Multi-currency EASY corporate account

- three euro payments free of charge during the month, another payments for only CZK 20.60
- incoming foreign and domestic payments free of charge
- free account in 30 currencies
- attractive exchange rates without limit



## Currency order

- automatic exchange rate watch
- 24 hours a day, 5 days a week
- new space for foreign exchange trading
- low limits for Order trades already from EUR 10,000 or USD 10,000



## Exchange – Online

- possibility of independent trading in 8 main world currencies
- CZK, EUR, USD, CHF, GBP, PLN, HUF and RON
- individual offer of exchange rates
- exchange without phone contact with the dealing department



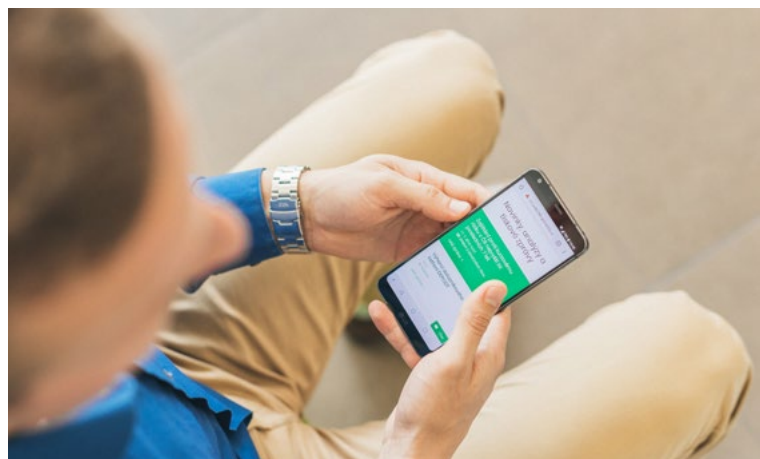
## Foreign payments

- reduction of foreign payment fees
- easy payment orders through BankServis
- easy payment orders through Phonebanking
- individual and personal approach



## BankServis

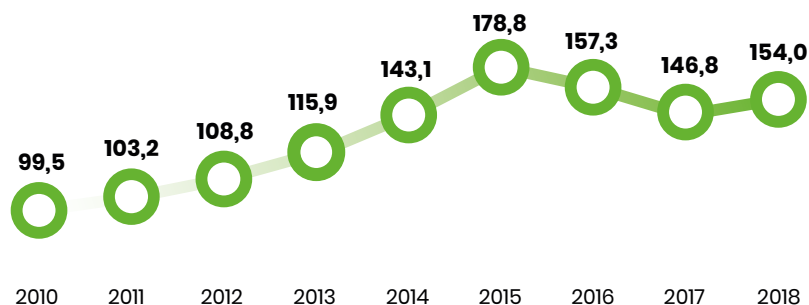
- our internet banking is user-friendly
- perfectly secured
- clear and intuitive
- you can work with your corporate account 24/7



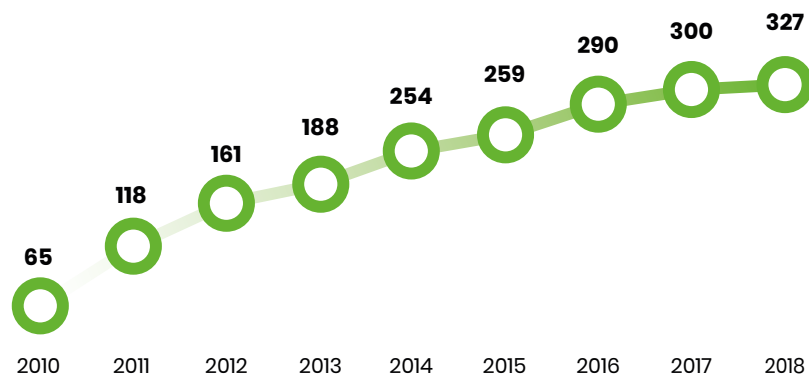
# The Development of the Selected Economic Indicators

Data as of 31. 12. 2018

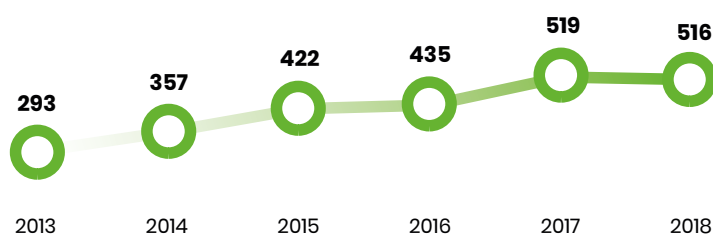
## The exchange trade turnover in CZK billions



## The number of foreign payment transactions executed



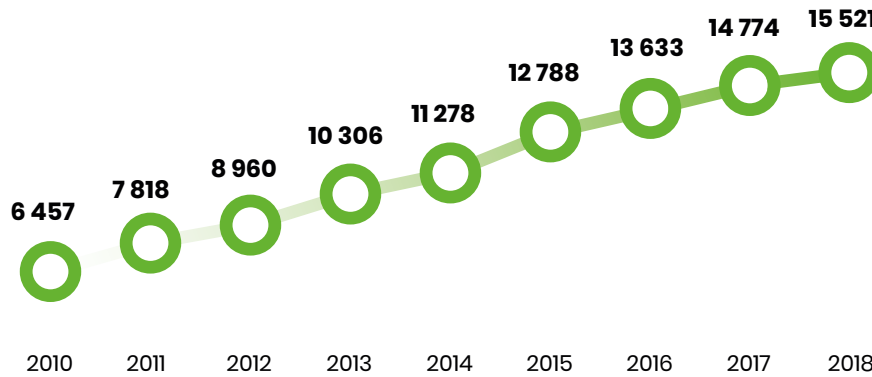
## The number of domestic payment transactions executed



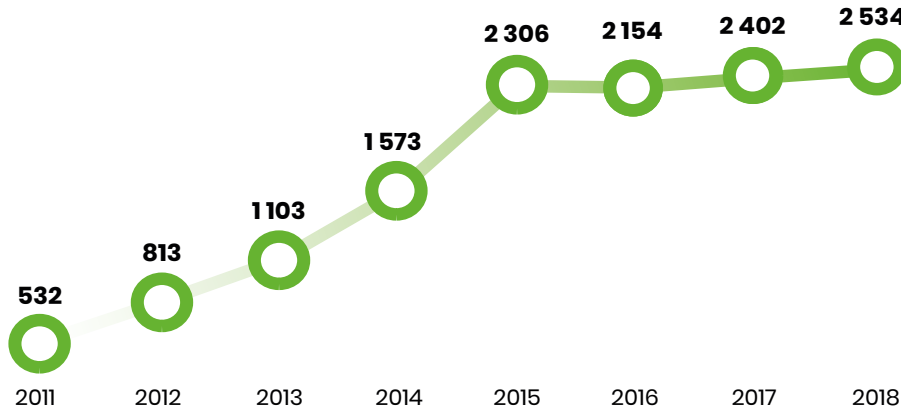
# The Development of the Selected Economic Indicators

Data as of 31.12.2018

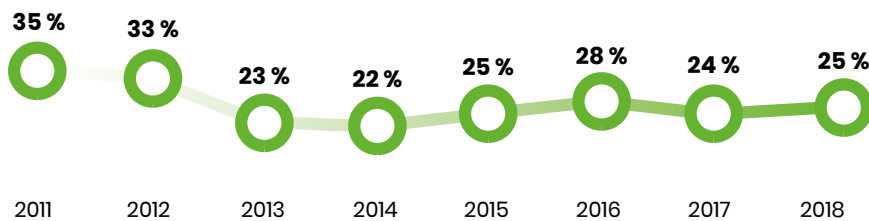
## The number of clients



## The balance amount in CZK millions



## Capital adequacy



# The Most Important Events of the Year 2018

## Personal Data

Integration of legal regulation changes into Citfin's business and internal processes regarding the new method and conditions of personal data processing. Since May 2018, Citfin has been processing personal data of entities in full compliance with Regulation of the European Parliament and the Council of the European Union 2016/679.

## HUF and RON

We have added two more currencies – HUF and RON – to the BankService Online Exchange product at the request of our clients. Citfin already offers individual online courses for spot exchange operations in eight major world currencies. The advantage is the possibility of trading with cross rates.

## EASY and CNY

We have newly expanded the EASY Corporate Multi-Currency Account to include Chinese yuan (CNY), including the possibility to make foreign payments in this currency. We confirmed the uniqueness on the Czech market by the set-fee policy. Incoming payments in yuan are at Citfin free and outgoing payments only for 190 Czech crowns.

## A 2-year fixation period

We have extended the possibility of securing a stable exchange rate up to two years in advance. Extension of the rate fixation period, through Citfin futures trades, provides clients with a longer-term certainty of future exchange rate.

## Website

Citfin – Finanční trhy, a.s. and Citfin, the savings cooperative, jointly launched a new website. The website has a broader content, a clearer structure, and its appearance has changed compared to the previous version.

## 4 days

Citfin provided its employees with high-performance positions with a four-day working week as an interesting benefit. If employees meet their monthly performance benchmark, they are entitled to a four-day working week in the following month. Thus, a new benefit means up to 40 days off a year on top of vacation time. Citfin will not reduce employees' salary or other benefits for these days off.

## Bank account at Raiffeisenbank

For Citfin – Finanční trhy a.s. clients we opened separate bank accounts at Raiffeisenbank. New accounts in CZK, EUR and GBP significantly accelerated and made settlements of payment transactions within this bank less expensive.

## AAA – EXCELLENT

Acquisition of the most prestigious CZECH Stability Award for Citfin – Finanční trhy, a.s., in the form of AAA – EXCELLENT rating. Citfin acquired it based on a long-term positive trend in its financial and non-financial standing.

## Charity

Throughout 2018, charity projects were held at Citfin to help children with special needs and autism. Employees together with the Citfin contribution donated almost 65,000 CZK.



A close-up photograph of a person's hands interacting with a silver laptop. The left hand is on the keyboard, and the right hand is on the trackpad. The laptop screen displays a financial chart with a green line and a white box. The background is slightly blurred, showing a desk and a pen.

# The Economic Results

Citfin – Finanční trhy, a.s.

---

# The Balance Sheet

Citfin - Finanční trhy, a.s.

(in thousands of CZK)	2018	2017	2016
<b>TOTAL ASSETS</b>	<b>476 879</b>	<b>458 617</b>	<b>327 086</b>
<b>FIXED ASSETS</b>	<b>2 210</b>	<b>2 204</b>	<b>2 258</b>
Intangible fixed assets	1 349	678	676
Tangible fixed assets	860	1 525	1 582
Long-term financial assets	1	1	0
<b>CURRENT ASSETS</b>	<b>474 311</b>	<b>455 955</b>	<b>324 428</b>
Short-term receivables	30 405	24 460	8 948
Financial assets	443 906	431 495	315 480
<b>ACCRUALS</b>	<b>359</b>	<b>459</b>	<b>401</b>

	2018	2017	2016
<b>TOTAL LIABILITIES</b>	<b>476 879</b>	<b>458 617</b>	<b>327 086</b>
<b>EQUITY</b>	<b>116 806</b>	<b>88 074</b>	<b>68 859</b>
Registered capital	22 000	22 000	22 000
Retained earnings	4 400	4 184	3 920
Profits / losses from previous years	61 674	42 675	37 667
Profit / loss for the current accounting period	28 732	19 216	5 272
<b>LONG-TERM LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CURRENT LIABILITIES</b>	<b>359 799</b>	<b>370 242</b>	<b>255 648</b>
<b>ACCRUALS</b>	<b>275</b>	<b>301</b>	<b>2 579</b>

# The Profit and Loss Statement

Citfin – Finanční trhy, a.s.

(in thousands of CZK)	2018	2017	2016
<b>FINANCIAL RESULTS</b>	<b>81 085</b>	<b>71 263</b>	<b>65 081</b>
Interest	-14	-9	32
Income from shares and interest	2 064	0	0
Fees	-2 247	-2 159	-1 488
Foreign exchange operations	81 282	73 431	66 537
Other operating income	397	616	266
Other operating expenses	40	76	40
<b>STAFF EXPENSES</b>	<b>23 558</b>	<b>28 120</b>	<b>37 964</b>
Labour costs	16 767	19 943	27 438
Social security and health insurance costs	6 791	8 177	10 526
Other administrative costs	20 971	18 510	19 248
Depreciation of fixed assets and receivables	1 173	1 192	1 333
Extraordinary profit	0	0	0
<b>EARNINGS BEFORE TAX</b>	<b>35 740</b>	<b>23 982</b>	<b>6 762</b>
Income tax	7 008	4 766	1 490
<b>EARNINGS FOR THE ACCOUNTING PERIOD</b>	<b>28 732</b>	<b>19 216</b>	<b>5 272</b>

# The Economic Results

Citfin, spořitelní družstvo



# The Balance Sheet

Citfin, spořitelní družstvo

(in thousands of CZK)

	2018	2017	2016
<b>TOTAL ASSETS</b>	<b>2 360 398</b>	<b>2 176 150</b>	<b>1 996 470</b>
<b>FIXED ASSETS</b>	<b>8 796</b>	<b>4 674</b>	<b>2 297</b>
Intangible fixed assets	2 612	2 115	1 545
Tangible fixed assets	6 184	2 559	752
Long-term financial assets	0	0	0
<b>CURRENT ASSETS</b>	<b>2 349 083</b>	<b>2 171 253</b>	<b>1 993 860</b>
Short-term receivables	86 727	71 723	81 849
Financial assets	2 262 356	2 099 530	1 912 011
<b>ACCRUALS</b>	<b>2 518</b>	<b>223</b>	<b>313</b>

	2018	2017	2016
<b>TOTAL LIABILITIES</b>	<b>2 360 398</b>	<b>2 176 150</b>	<b>1 996 470</b>
<b>EQUITY</b>	<b>66 166</b>	<b>72 612</b>	<b>67 773</b>
Registered capital	61 879	61 429	37 006
Retained earnings	4 081	3 291	2 421
Profits / losses from previous years	0	0	19 653
Profit / loss for the current accounting period	206	7 892	8 693
<b>LONG-TERM LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CURRENT LIABILITIES</b>	<b>2 293 246</b>	<b>2 103 265</b>	<b>1 925 003</b>
<b>ACCRUALS</b>	<b>986</b>	<b>273</b>	<b>3 694</b>

# The Profit and Loss Statement

Citfin, spořitelní družstvo

(in thousands of CZK)	2018	2017	2016
<b>FINANČNÍ VÝSLEDEK HOSPODAŘENÍ</b>	<b>68 577</b>	<b>62 574</b>	<b>47 864</b>
Interest	15 545	3 881	5 657
Fees	4 667	5 903	3 438
Foreign exchange operations	48 365	52 790	38 768
Other operating income	183	201	39
Other operating expenses	100	100	95
<b>STAFF EXPENSES</b>	<b>41 986</b>	<b>33 704</b>	<b>20 750</b>
Labour costs	31 381	25 214	15 669
Social security and health insurance costs	10 604	8 491	5 082
Other administrative costs	24 070	18 305	15 798
Depreciation of fixed assets and receivables	2 104	771	280
Extraordinary profit	0	0	0
<b>EARNINGS BEFORE TAX</b>	<b>502</b>	<b>9 894</b>	<b>10 979</b>
Income tax	296	2 001	2 286
<b>EARNINGS FOR THE ACCOUNTING PERIOD</b>	<b>206</b>	<b>7 892</b>	<b>8 693</b>

# Contacts

---

## **Citfin – Finanční trhy, a.s.**

Radlická 751/113e, 158 00 Prague 5 – Jinonice

Company ID: 250 79 069

VAT reg. no.: CZ25079069

Registered in Commercial Register kept by Municipal Court in Prague, Section B, File 4313

Account number: 1002091/2060

BIC/SWIFT: CITFCZPPXXX

LEI: 213800BVHZ8XUCN63U23

GIIN Citfin FT: PRDZKH.99999.SL.203

## **Citfin, spořitelní družstvo**

Radlická 751/113e, 158 00 Prague 5 – Jinonice

Company ID: 257 83 301

VAT reg. no.: CZ25783301

Registered in Commercial Register kept by Municipal Court in Prague, Section Dr, File 4607

Account number: 1002083/2060

BIC/SWIFT: CITFCZPPXXX

LEI: 2138007WKF5CM2EUM824

GIIN Citfin SD: F7TPN5.99999.SL.203

### **Business Department**

Tel.: +420 234 092 011

E-mail: [obchod@citfin.cz](mailto:obchod@citfin.cz)

### **Dealing Department**

Tel.: +420 234 092 020

E-mail: [dealing@citfin.cz](mailto:dealing@citfin.cz)

### **Middle Office**

Tel.: +420 234 092 322

E-mail: [info@citfin.cz](mailto:info@citfin.cz)

### **Call Centre**

Tel.: +420 234 092 333

E-mail: [info@citfin.cz](mailto:info@citfin.cz)





# Citfin

**Citfin - Finanční trhy, a.s.**  
**Citfin, spořitelní družstvo**

Radlická 751/113e  
158 00 Prague 5 - Jinonice  
Czech republic  
Tel.: +420 234 092 011  
info@citfin.cz

[www.citfin.cz](http://www.citfin.cz)  
[www.citfin.sk](http://www.citfin.sk)  
[www.citfin.hu](http://www.citfin.hu)  
[www.citfin.ro](http://www.citfin.ro)  
[www.citfin.eu](http://www.citfin.eu)



Green line from the Czech republic:  
Green line from the Slovak republic:

800 311 010  
0800 333 010