

# Economic Report

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**Citfin**

S citem pro finance

# Content

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2019



# Introductory Word



Dear shareholders, business partners and colleagues,

the first half of 2019 was marked by stability for the Czech koruna, ranging between 25.45–25.85 EURCZK. Significant appreciation of the domestic currency came only in October and lasted until the end of the year. Both domestic and foreign factors contributed to the appreciation of the Czech koruna. We observed a rise in domestic consumer prices and correctly anticipated a further rise of inflation. These developments forced the Czech National Bank (CNB) to make sharper comment, which resulted in interest rate growth to 2.25% in early 2020. Other Czech economic related data showed a persisting healthy GDP rate and low unemployment. Confidence in the economy was in a good condition, and this primarily concerned our business partners, first of all Germany. The threat of economic downturn or even crisis had been delayed. The foreign reasons for the strengthening of the Czech koruna included a certain calming of the markets in connection with the preparation of the U.S.–China trade agreement. In the second half of the year, the situation around Brexit was also clarified, as it became clearer under what conditions Great Britain would leave the European Union. Until then, it was a high-risk factor.

A similar scenario also took place on USDCZK value. The excellent condition of the Czech economy was also fully reflected against the U.S. dollar, which could be very well seen on the key macroeconomic indicators, especially gross domestic product and unemployment rate. In the second half of the year, the Czech koruna moved in October from 23.40–22.70 USDCZK, and ended last year at that level.

Similar to the Czech koruna performing well in 2019, Citfin also flourished. The total assets exceeded 3 billion CZK; in terms of profit, we again met our planned goals and the capital adequacy ratio increased year-on-year to reach a safe limit of 26.65%.

This year we were again awarded the most prestigious financial health award, CZECH Stability Awards, of AAA – EXCELLENT. This affirms the long-term trend of good financial results, which we also see as a strong commitment for the future. We continue to exhibit very good condition of financial health to the public. Uniqueness and rarity of this scoring is indicated by a low percentage of Czech companies that are able to reach it. We believe that our company's health and credibility are key factors for our business partners. Only maximum financial prudence and effective money handling in connection with revenue growth are the corner stone of long-term successful cooperation with our clients.

The year 2019 again brought Citfin many legislative obligations. One of them was to pass the certified test known as Capital Market II. The CNB proceeded with this requirement to ensure the accuracy and completeness of the information provided to clients of financial institutions through their professionally trained staff. We understand and welcome this initiative of the CNB. Since we have always been mindful of the completeness and correctness of information presented in a comprehensible manner to customers, this test was only a formal fulfilment of our legal obligation. I am convinced that the high level of professionalism of our employees will entirely remain in the future. It is my pleasure to state that all selected employees of the Sales and Dealing Department managed to pass this demanding test.

In the area of security, we have tightened the conditions under which we accept a legal entity as a Citfin client. The main need is to get to know the transparent and clear ownership structure of the company. In the event that the prospective client does not sufficiently prove its ownership structure, Citfin will not accept such a company as its client. Important changes to which we will respond in the course of 2020 include another expected amendment to Act No. 253/2008 Coll., on Certain Anti-Money Laundering and Counter-Terrorist Financing Measures, and the adoption of the Act on Registration of Beneficial Owners. Impacts are expected in particular in the client identification and control process, the amount of sanctions for breach of the law and the approach to identifying the beneficial owner.

I greatly appreciate the results achieved last year. First of all, I would like to thank our clients. We are well aware of the fact that our clients are a moving force for us and it is only thanks to them Citfin keeps improving. Their trust has a binding effect, and we value it. We know that for many companies, a good business partner's helpful and willing conduct is the most important value for many companies in these highly competitive times. A stable Citfin is not possible without staff stability, and therefore I am very happy to note that staff turnover in 2019 fell to 1.26%, and the average length of employment increased to 4.95 years. Our employees' long-term performance under the traditionally high pressure for the financial industry is excellent. Given the necessary accuracy and low error tolerance, it gives me pride and respect to see that. I am also happy to mention their professionalism and client-first approach, which has always been and will be crucial for Citfin.

**Martina Zvěřinová**  
CEO of Citfin

# Comment

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Citfin continues to do very well, and its value grows over time. Last year's economic results also prove this. The total turnover of exchange transactions grew by 20% to 184 billion Czech koruna. The number of executed payment transactions also increased. We processed more than 565 thousand domestic outgoing and incoming payments last year, and in the case of foreign payments, more than 373 thousand transactions were processed. The figure I am most pleased about is the growing number of satisfied clients. It increased by 4% to a total of 16,151 clients. I believe that this indicator will continue to rise resulting in an increased number of satisfied clients not only on the Czech and Slovak markets, but also on the Hungarian and Romanian markets, wherein Citfin began to operate in 2019 within the Citfin International project.

Given the entry of Citfin into foreign markets, we have expanded the employee team in the Sales and Dealing Department with new colleagues. Our Hungarian and Romanian colleagues are always ready to provide clients with maximum professional care and support in their native language.

We did not either forget about our domestic market and our existing clients. To better help them, we opened an office in Brno.

The change that will benefit our clients the most is the launch of a new, free service, which is the possibility to monitor exchange rates via text messages. It is a non-binding monitoring of an exchange rate, where Citfin sends clients a text message to their mobile phone immediately upon reaching the required value. This service allows our clients to always be on top of the exchange rate. The product is being used by an increasing number of clients, so we are continuing to improve it and are already preparing other ways to quickly and reliably inform clients about the market situation.

Citfin has always taken pride in deepening personal ties with clients, and I am very happy to see that this was the case last year as well. We have prepared several social events for our clients so that we can meet them in person and in an informal environment outside the office atmosphere. The highlights were the "Na stojáka" stand-up comedy show and a Prague performance of the Jára Cimrman in Žižkov Theatre. Both events were positively received, and therefore we would like to continue in a similar spirit in the future.

We plan to continue developing business activities in 2020. We want to increase the comfort and satisfaction of our existing clients. I am very proud of the results we have achieved together last year.

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

# Basic Information

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# Your expert on Foreign currency

We offer solutions to business and corporate needs associated with international payments and foreign exchange services. We are here for you when you need to buy or sell foreign currency conveniently and with favourable terms, to speed up and make lower-cost foreign payments, or to hedge against exchange rate risk.

## 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.



### AAA - EXCELLENT

Long-term financial stability is a reflection on all of us.

## 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

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# 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



## EASY Corporate Multi-Currency Account

- Outgoing Europayments only for 2 CZK.
- Incoming foreign and domestic payments free of charge
- Free account in 30 currencies
- Attractive exchange rates without limit



## Forwards

- Leverage against exchange rate fluctuations
- Fixed-term cross trades without CZK
- Term/settlement duration up to 2 years
- Low limits for Forward trades already from EUR 10,000 or USD 10,000



## BankServis

- Our internet banking is user-friendly
- Perfectly secured
- Clear and intuitive
- Available 24/7, 365 days a year



## Currency Calculator

- Possibility to calculate exchange rate savings quickly and transparently
- Information on the development of selected currency pairs over time
- Combination of 16 selected currencies and currency pairs in one place



## Online Exchange

- Possibility of independent trading
- Exchange without phone contact
- Exchange transactions in CZK, EUR, USD, CHF, GBP, PLN, HUF and RON
- Individual offer of exchange rates



## Foreign Payments

- Reduction of foreign payments fees
- Easy payment orders through BankServis
- Easy payment orders through Phonebanking
- Payments quickly and securely



## 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



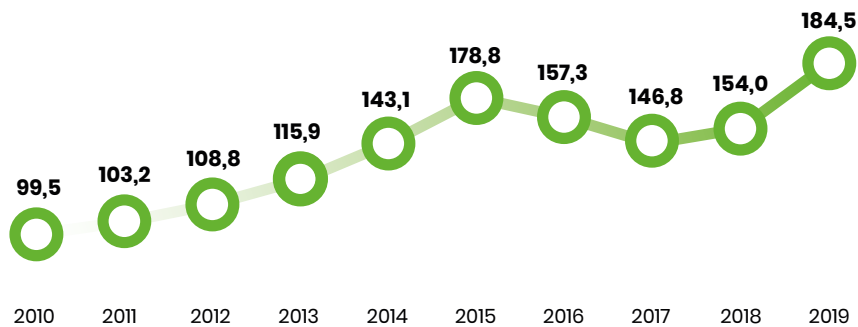
## Exchange Rate Monitoring via SMS

- Non-binding monitoring of the exchange course for entrepreneurs and companies
- When the desired rate is reached, we send a text message to our client's mobile phone
- Multiple levels of exchange rate monitoring of different currency pairs
- Simple and free-of-charge

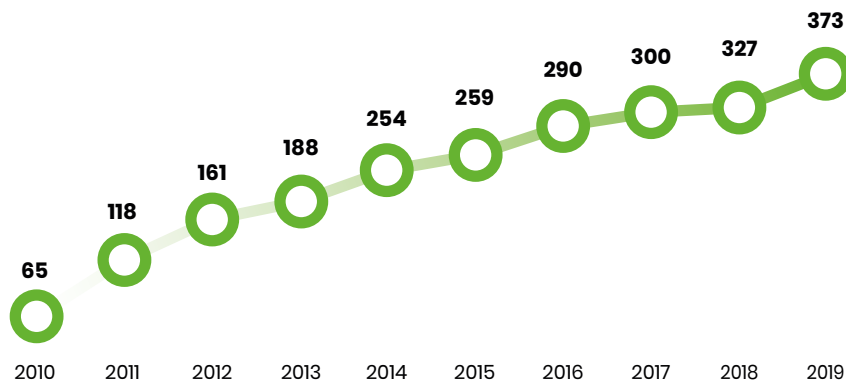
# The Development of the Selected Economic Indicators

Data as of 31.12.2019

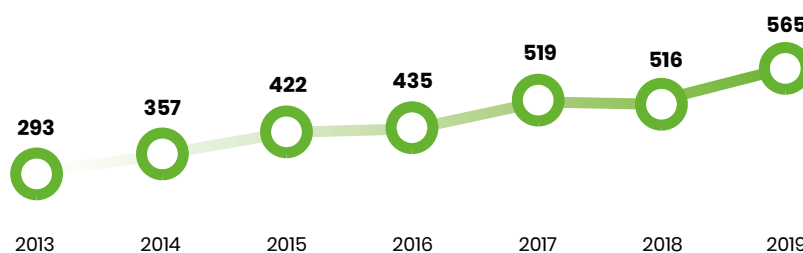
## The exchange trade turnover in CZK billions



## The number of foreign payment transactions executed in thousands



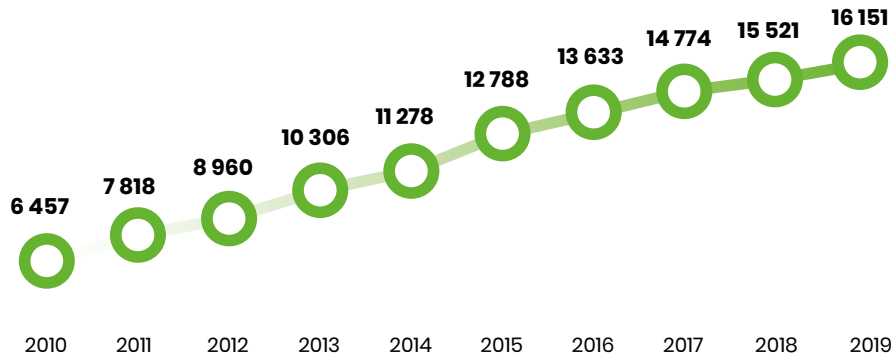
## The number of domestic payment transactions executed in thousands



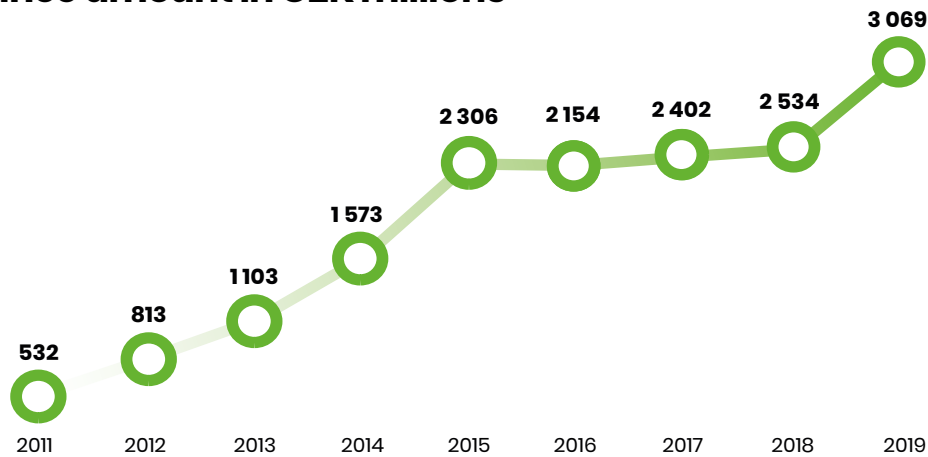
# The Development of the Selected Economic Indicators

Data as of 31.12.2019

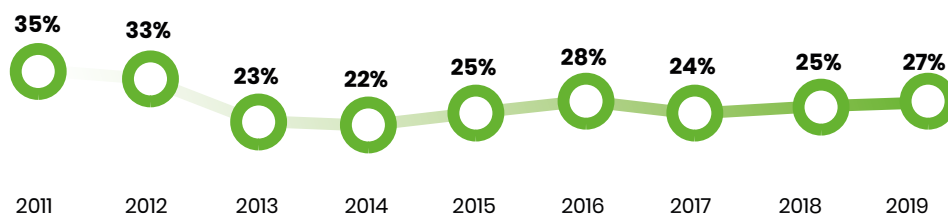
## The number of clients



## The balance amount in CZK millions



## Capital adequacy



# The Most Important Events of the Year 2019

## Exchange Rate Monitoring via SMS

We enabled our clients to be able to monitor exchange rate via SMS. This product is intended primarily for clients who want to be informed about reaching a rate quickly and easily. In case the exchange rate approaches the desired limit, information is automatically sent to the client on his or her mobile phone. Citfin offers this service for free and without obligation.

## We opened an office in Brno

We opened an office in Brno for our Moravian clients. Thus we expanded our scope of activities enabling clients to sign contracts or resolve their own requirements in the second largest city in the Czech Republic.

## Capital Market II

Selected Citfin employees, who specialize in the trade types of currency forward and currency swap, have passed the required test by the Czech National Bank. It was aimed at confirming their economic knowledge of the forward trades, thus meeting their obligation newly imposed by Act No. 256/2004, Section 14b. This gives client's confidence in the accuracy of information by professionals.

## Citfin International

During 2019, we expanded the Citfin team by addition of Hungarian and Romanian speaking colleagues. We are active in gaining clients in new markets, and therefore we launched a website for international clients and BankServis in their native languages.

## Carbon footprint

We decided to take stock of the greenhouse gases that Citfin causes with its activities. To neutralize the negative impacts on the environment and sustainable development, we sponsored the planting of a linden tree alley.

## CSR Fund and Charity

We have established the Corporate Social Responsibility Fund (CSR Fund). It is a Citfin money market fund intended for improvement of the environment outside the company, especially to support leisure time activities and our employees' interests and hobbies. Through the CSR Fund we support specific non-profit sector events with direct participation or involvement of our employees. In 2019, we supported charity projects totalling almost 300,000 Czech koruna.

## AAA – EXCELENT

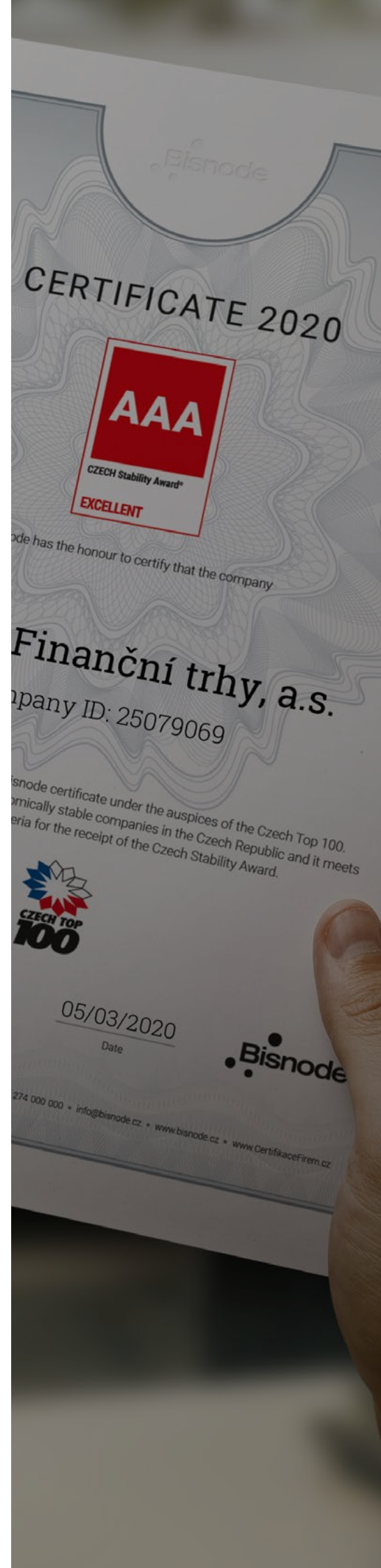
For 2019 we were again awarded the very prestigious CZECH Stability Award. Citfin obtained it based on the evaluation of the long-term positive trend of financial and non-financial creditworthiness.

## Citfin API

Based on the European Parliament Directive and the EU Council Directive (abbreviated PSD2), we created a new Citfin API service. Thanks to this service our clients can provide a third-party access to their account.

## BankServis statements

We integrated new bank statement related functionalities to BankServis. Since 2019, clients can easily request in their online banking to receive statements on a daily, weekly, or monthly basis, all in CSV format.



A person is sitting at a desk in an office, working on a laptop. The person's hands are on the keyboard. On the desk, there is a white mug, a green folder, and a blue notebook with a pen. The laptop screen shows a financial chart. The background is a blurred office setting with a black mesh chair.

# The Economic Results

Citfin – Finanční trhy, a.s.

# The Balance Sheet

Citfin – Finanční trhy, a.s.

(in thousands of CZK)	2019	2018	2017
<b>TOTAL ASSETS</b>	<b>587 159</b>	<b>476 879</b>	<b>458 617</b>
<b>FIXED ASSETS</b>	<b>2 089</b>	<b>2 210</b>	<b>2 204</b>
Intangible fixed assets	1 567	1 349	678
Tangible fixed assets	521	860	1 525
Long-term financial assets	1	1	1
<b>CURRENT ASSETS</b>	<b>584 869</b>	<b>474 311</b>	<b>455 955</b>
Short-term receivables	35 132	30 405	24 460
Financial assets	549 737	443 906	431 495
<b>ACCRUALS</b>	<b>201</b>	<b>359</b>	<b>459</b>

	2019	2018	2017
<b>TOTAL LIABILITIES</b>	<b>587 159</b>	<b>476 879</b>	<b>458 617</b>
<b>EQUITY</b>	<b>142 234</b>	<b>116 806</b>	<b>88 074</b>
Registered capital	22 000	22 000	22 000
Retained earnings	4 400	4 400	4 184
Profits / losses from previous years	90 406	61 674	42 675
Profit / loss for the current accounting period	25 429	28 732	19 216
<b>LONG-TERM LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CURRENT LIABILITIES</b>	<b>444 901</b>	<b>359 799</b>	<b>370 242</b>
<b>ACCRUALS</b>	<b>24</b>	<b>275</b>	<b>301</b>

# The Profit and Loss Statement

Citfin – Finanční trhy, a.s.

(in thousands of CZK)	2019	2018	2017
<b>FINANCIAL RESULTS</b>	<b>71 458</b>	<b>81 085</b>	<b>71 263</b>
Interest	-102	-14	-9
Income from shares and interest	53	2 064	0
Fees	-579	-2 247	-2 159
Foreign exchange operations	72 085	81 282	73 431
Other operating income	939	397	616
Other operating expenses	0	40	76
<b>STAFF EXPENSES</b>	<b>17 234</b>	<b>23 558</b>	<b>28 120</b>
Labour costs	12 850	16 767	19 943
Social security and health insurance costs	4 384	6 791	8 177
Other administrative costs	22 429	20 971	18 510
Depreciation of fixed assets and receivables	1 240	1 173	1 192
Extraordinary profit	0	0	0
<b>EARNINGS BEFORE TAX</b>	<b>31 494</b>	<b>35 740</b>	<b>23 982</b>
Income tax	6 065	7 008	4 766
<b>EARNINGS FOR THE ACCOUNTING PERIOD</b>	<b>25 429</b>	<b>28 732</b>	<b>19 216</b>

# The Economic Results

Citfin, spořitelní družstvo

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# The Balance Sheet

Citfin, spořitelní družstvo

(in thousands of CZK)	2019	2018	2017
<b>TOTAL ASSETS</b>	<b>2 849 686</b>	<b>2 360 398</b>	<b>2 176 150</b>
<b>FIXED ASSETS</b>	<b>8 037</b>	<b>8 796</b>	<b>4 674</b>
Intangible fixed assets	2 649	2 612	2 115
Tangible fixed assets	5 388	6 184	2 559
Long-term financial assets	0	0	0
<b>CURRENT ASSETS</b>	<b>2 841 178</b>	<b>2 349 083</b>	<b>2 171 253</b>
Short-term receivables	83 452	86 727	71 723
Financial assets	2 757 726	2 262 356	2 099 530
<b>ACCRUALS</b>	<b>471</b>	<b>2 518</b>	<b>223</b>

	2019	2018	2017
<b>TOTAL LIABILITIES</b>	<b>2 849 696</b>	<b>2 360 398</b>	<b>2 176 150</b>
<b>EQUITY</b>	<b>67 837</b>	<b>66 166</b>	<b>72 612</b>
Registered capital	62 211	61 879	61 429
Retained earnings	4 102	4 081	3 291
Profits / losses from previous years	0	0	0
Profit / loss for the current accounting period	1 524	206	7 892
<b>LONG-TERM LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CURRENT LIABILITIES</b>	<b>2 781 859</b>	<b>2 293 246</b>	<b>2 103 265</b>
<b>ACCRUALS</b>	<b>0</b>	<b>986</b>	<b>273</b>

# The Profit and Loss Statement

Citfin, spořitelní družstvo

(in thousands of CZK)	2019	2018	2017
<b>FINANCIAL RESULTS</b>	<b>82 023</b>	<b>68 577</b>	<b>62 574</b>
Interest	39 236	15 545	3 881
Fees	3 151	4 667	5 903
Foreign exchange operations	39 636	48 365	52 790
Other operating income	225	183	201
Other operating expenses	102	100	100
<b>STAFF EXPENSES</b>	<b>51 007</b>	<b>41 986</b>	<b>33 704</b>
Labour costs	38 034	31 381	25 214
Social security and health insurance costs	12 973	10 604	8 491
Other administrative costs	25 599	24 070	18 305
Depreciation of fixed assets and receivables	3 256	2 104	771
Extraordinary profit	0	0	0
<b>EARNINGS BEFORE TAX</b>	<b>2 285</b>	<b>502</b>	<b>9 894</b>
Income tax	761	296	2 001
<b>EARNINGS FOR THE ACCOUNTING PERIOD</b>	<b>1 524</b>	<b>206</b>	<b>7 892</b>

# Contacts

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## **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**

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**Citfin**

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

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