

# Economic Report

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2020



S citem pro finance



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# Content

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**2020**



# Introductory Word



## Dear shareholders, business partners and colleagues,

From the perspective of the exchange rate of the Czech koruna, 2020 can be divided into two main stages. In the first, domestic currency gradually strengthened, and in Q1 it approached EURCZK 24.80. In the second stage, with the outbreak of COVID-19 pandemic in Europe and the first day of the Czech lockdown, the crown fell very quickly, losing three crowns during March. It stabilized at EURCZK 27.80. At the beginning of February 2020, Czech central bankers raised the key interest rate to 2.25%. In the following months, an illegible situation around the pandemic led the CNB to rapidly ease currency conditions and reduce a key interest rate to a technical zero of 0.25%. Despite the partial easing of governmental restrictive measures in the summer months, the crown failed to fully recover, and we did not see more significant strengthening until the last quarter of last year. The domestic currency ended 2020 at EURCZK 26.25.

By limiting Czech industrial production and reducing retail sales, the domestic economy has not fallen far short of what was originally expected. The historical decline in GDP of 5.6% was a decent result compared to the other countries, and it is very clear that the current "crisis" is highly selective. It does not affect all sectors in the same way compared to the classic economic crisis we faced ten years ago.

The situation was similar in the case of the crown's exchange rate against the dollar. A few days before the March shutdown of domestic economy, the exchange rate hovered near USDCZK 22.25, then to break USDCZK 25.60 within two weeks. This was followed by a further strengthening during the summer months below 22 crowns per dollar. At the end of 2020, the crown was below USDCZK 21.40.

The main factors in the volatile movement of the domestic currency included the already mentioned COVID-19, the economic risks arising from BREXIT, and the negotiation of an agreement between the United Kingdom and the EU. The US presidential elections and the transfer of power from D. Trump to J. Biden also had a significant effect on the crown's exchange rate. Last but not least, the koruna was affected by tense relations between the USA and China, when threats, quotas and other trade barriers were threatened across the Pacific Ocean.

In 2020, Citfin did well. Regarding the balance sheet total, we exceeded the limit of CZK 3.5 billion and our capital adequacy was again anchored at the highly safe level of 24%. Regarding profit, we achieved our planned goals,

which is, taking into account the overall economic situation, an unprecedented result. The diversification of our clients' portfolios across all sectors of the economy played a significant role.

Last year showed us all new possibilities and posed challenges that we could not even imagine until then. We had to largely adapt the infrastructure, processes and communication within the company. For preventive reasons of protecting the health of our employees, we were forced to reduce their number in offices from day to day and leave only one third of them in the company. The others were asked to work from home. However, we all had one goal in mind and devoted all our efforts to ensuring the full running of the business. We managed to provide a full range of our services to our clients without restrictions.

Personal meetings with our clients, which has always been very important to Citfin, were transferred in 2020 to an online space. Despite this seeming disadvantage, I dare say that we were, in a way closer to our clients than ever before. The feeling of belonging in a difficult situation proved to be a strong motive for deepening not only business relations, for which I am very grateful.

The experience and commitment of our staff proved to be absolutely crucial last year. Without their courage to apply innovation and required changes to their activities in a quick and smooth way, we would not have gone through this period as smoothly. Perhaps due to COVID-19, the turnover of our employees fell to 0.59% last year and the average employment length grew to more than 5 years. Nevertheless, I dare say that these figures have long shown Citfin as a stable employer in a highly competitive financial sector. I would like to thank all our employees, but also Citfin's long-term business partners, for their excellent work and look forward to further joint successes.

Citfin is going to celebrate its 25th birthday in 2021. A quarter of a century is an important milestone in a person's life. Some start their careers, others start a family, some experience the world opening up for them, but they all have years full of opportunities and development ahead. It is similar with the history of a company. Looking back, I am proud and convinced that we have done very well in all areas and with our heads held high we can look to the coming years together.

**Martina Zvěřinová**  
CEO Citfin

# Comment



## Dear clients,

Last year was demanding for Citfin in terms of organization. Due to the ongoing crisis, we applied a number of measures that placed new demands on internal processes with an impact on client services. The economic results showed that these processes were implemented in a sensitive and at the same time functional manner.

The greatest challenge was to create operable infrastructures for staff who started working from home. We moved the corporation's operations to a home-office mode. A number of staff coming directly to the corporation's headquarters decreased by 70%. We were forced to create separate teams, which alternate in the offices to this day. With this step, we avoided the risk of infection spreading across the company. With this step, we avoided the risk of infection spreading across the company. Thanks to the professional approach of all colleagues, we were immediately able to operate in the emergency situation without the need to limit client services.

Despite the unfavourable economic situation, I can state that last year was, in terms of business, successful for Citfin. The number of clients increased to 16,800, and we made over 574,000 domestic outgoing and incoming payments, while the number of foreign payments exceeded 351,000. The total turnover of all exchange transactions was equal to 185 billion crowns. Citfin has made progress in almost all economic indicators.

Development plans in the area of client services were only partially met in 2020, but we managed to continue with partial innovations. We have now enabled our clients to sign contractual documentation and "remotely" open an account. The governmental restrictions only accelerated everything we had long planned. The existing solutions have been evaluated as fully functional, so we will continue to work on their upgrade. Unfortunately, the current economic situation made it impossible to travel outside the Czech Republic, and due to this fact, our expectations on the Romanian and Hungarian markets were not met.

In the near future, we are planning a significant expansion within the Exchange Rate Monitoring via SMS service. New functionalities will allow clients to send a text message repeatedly with reaching the selected exchange rate limit for different currency pairs with an option to choose the repeated frequency of these messages.

I am aware that unexpected changes due to COVID-19 have certainly affected not only Citfin, but also all our clients. Throughout last year, we walked through this pandemic together and proved that we can be good partners even throughout difficult times. Thank you to all clients for their patience and kindness. I believe that 2021, the year of Citfin will have been on the market for 25 years, will be successful for everyone and we will be able to meet you in person again.

**Ing. Dagmar Rottová, MBA**  
CSO 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.

## 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.

## Expert na cizí měny

Devizové služby pro firemní klientelu obchodující se zahraničím.

Více o nás

JSME TU PRO VÁS, KDYŽ POTŘEBUJETE:



Nakoupit nebo  
prodat cizí měnu



Zajistit se proti  
kurzovému riziku



Spojit všechny  
devizové účty



Máte otázky?  
Ptejte se prosím  
Neustále sledovat  
výv

Jste online

# 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



## 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



## Exchange rate website

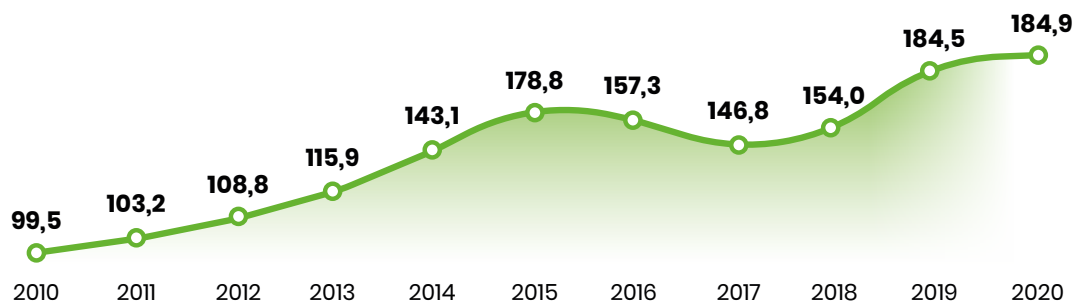
- Clear information about currencies EUR, USD, GBP, PLN, HUF, RUB
- Prediction of selected currency pairs EURCZK, USDCZK, GBPCZK, PLNCZK
- Selected currency pairs graphs
- Regular events in a foreign exchange market



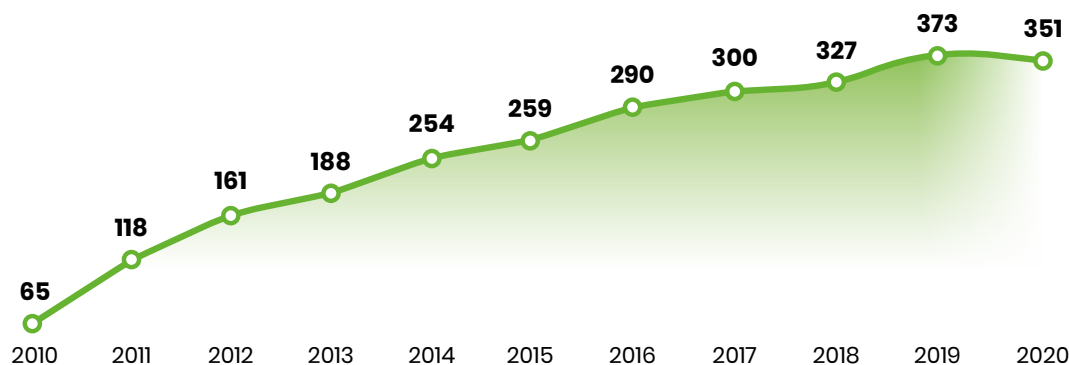
# The Development of the Selected Economic Indicators

Data as of 31.12.2020

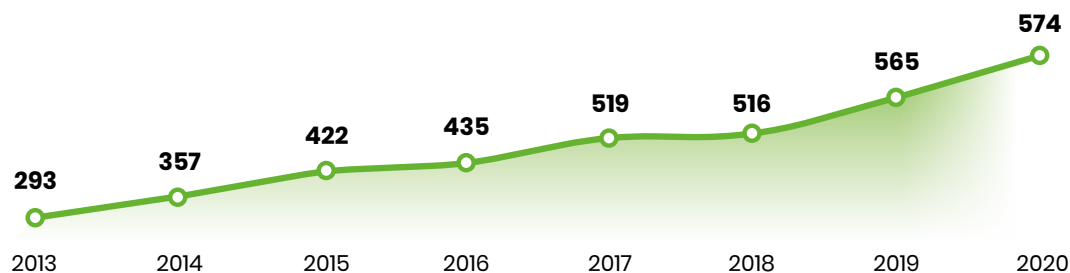
## The exchange trade turnover in CZK billions



## The number of foreign payment transactions executed in thousands



## The number of domestic payment transactions executed in thousands

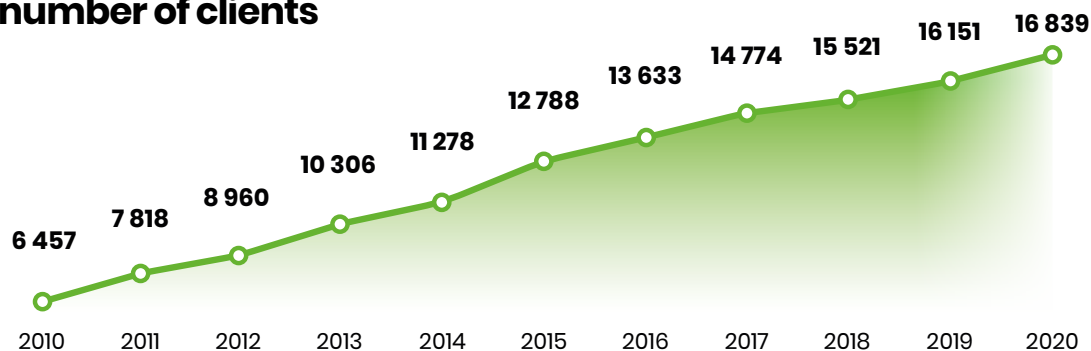




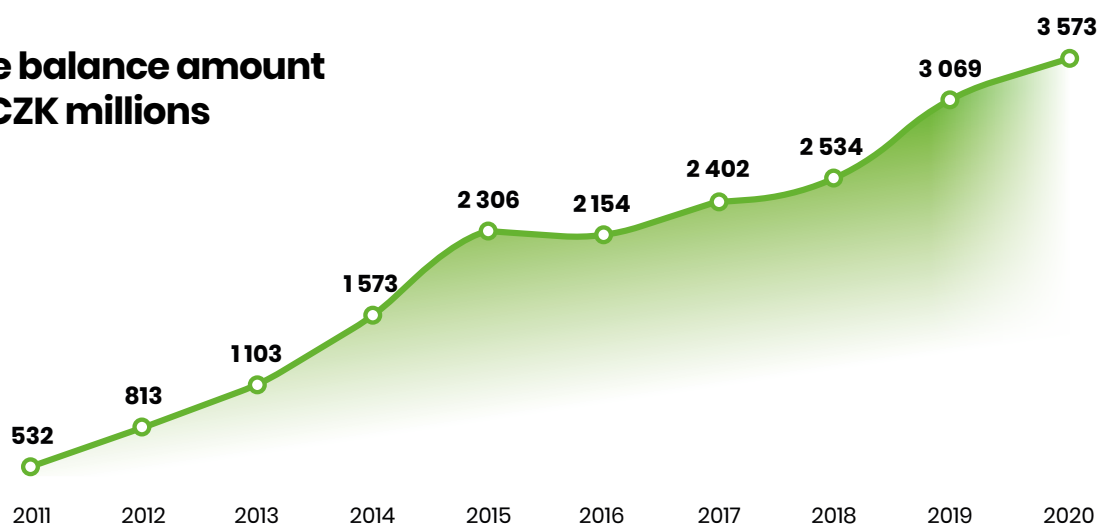
# The Development of the Selected Economic Indicators

Data as of 31.12.2020

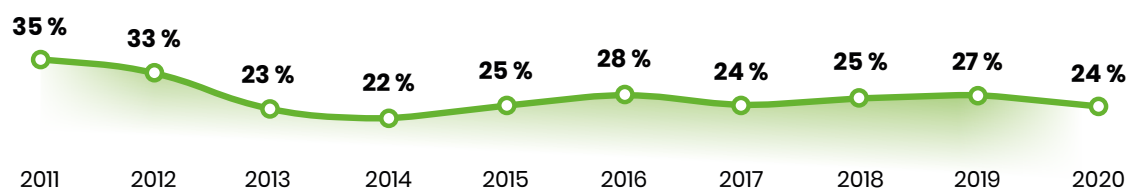
## The number of clients



## The balance amount in CZK millions



## Capital adequacy







30.4. 2019

25,80 EUR / CZK

100 000 CZK → EUR  
(EUR) 5%

# The Economic Results

Citfin – Finanční trhy, a.s.



# The Balance Sheet

Citfin – Finanční trhy, a.s.

| (in thousands of CZK)      | 2020           | 2019           | 2018           |
|----------------------------|----------------|----------------|----------------|
| <b>TOTAL ASSETS</b>        | <b>696 664</b> | <b>587 393</b> | <b>476 879</b> |
| <b>FIXED ASSETS</b>        | <b>3 152</b>   | <b>2 089</b>   | <b>2 210</b>   |
| Intangible fixed assets    | 1 769          | 1 543          | 1 349          |
| Tangible fixed assets      | 1 383          | 545            | 860            |
| Long-term financial assets | 1              | 1              | 1              |
| <b>CURRENT ASSETS</b>      | <b>693 066</b> | <b>585 103</b> | <b>474 311</b> |
| Short-term receivables     | 37 550         | 35 366         | 30 405         |
| Financial assets           | 655 516        | 549 737        | 443 906        |
| <b>ACCRUALS</b>            | <b>446</b>     | <b>201</b>     | <b>359</b>     |

|   | 2020           | 2019           | 2018           |
|---|----------------|----------------|----------------|
| <b>TOTAL LIABILITIES</b>                        | <b>696 664</b> | <b>587 393</b> | <b>476 879</b> |
| <b>EQUITY</b>                                   | <b>138 154</b> | <b>142 234</b> | <b>116 806</b> |
| Registered capital                              | 22 000         | 22 000         | 22 000         |
| Retained earnings                               | 4 400          | 4 400          | 4 400          |
| Profits / losses from previous years            | 104 064        | 90 406         | 61 674         |
| Profit / loss for the current accounting period | 7 690          | 25 429         | 28 732         |
| <b>LONG-TERM LIABILITIES</b>                    | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>CURRENT LIABILITIES</b>                      | <b>558 483</b> | <b>445 135</b> | <b>359 799</b> |
| <b>ACCRUALS</b>                                 | <b>26</b>      | <b>24</b>      | <b>275</b>     |

# The Profit and Loss Statement

Citfin – Finanční trhy, a.s.

| (in thousands of CZK)                        | 2020          | 2019          | 2018          |
|--|---------------|---------------|---------------|
| <b>FINANCIAL RESULTS</b>                     | <b>70 472</b> | <b>71 458</b> | <b>81 085</b> |
| Interest                                     | -204          | -102          | -14           |
| Income from shares and interest              | 393           | 53            | 2 064         |
| Fees   | -1 444        | -579          | -2 247        |
| Foreign exchange operations                  | 71 727        | 72 085        | 81 282        |
| Other operating income                       | 676           | 939           | 397           |
| Other operating expenses                     | 86            | 0             | 40            |
| <b>STAFF EXPENSES</b>                        | <b>30 380</b> | <b>17 234</b> | <b>23 558</b> |
| Labour costs                                 | 22 706        | 12 850        | 16 767        |
| Social security and health insurance costs   | 7 675         | 4 384         | 6 791         |
| Other administrative costs                   | 23 322        | 22 429        | 20 971        |
| Depreciation of fixed assets and receivables | 1 470         | 1 240         | 1 173         |
| Provisioning and use of other reserves       | 6 398         | 0             | 0             |
| Extraordinary profit                         | 0             | 0             | 0             |
| <b>EARNINGS BEFORE TAX</b>                   | <b>9 491</b>  | <b>31 494</b> | <b>35 740</b> |
| Income tax                                   | 1 801         | 6 065         | 7 008         |
| <b>EARNINGS FOR THE ACCOUNTING PERIOD</b>    | <b>7 690</b>  | <b>25 429</b> | <b>28 732</b> |



# The Economic Results

Citfin, spořitelní družstvo

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# The Balance Sheet

Citfin, spořitelní družstvo

| (in thousands of CZK)      | 2020             | 2019             | 2018             |
|----------------------------|------------------|------------------|------------------|
| <b>TOTAL ASSETS</b>        | <b>3 368 970</b> | <b>2 864 035</b> | <b>2 360 398</b> |
| <b>FIXED ASSETS</b>        | <b>6 913</b>     | <b>8 037</b>     | <b>8 796</b>     |
| Intangible fixed assets    | 3 200            | 2 649            | 2 612            |
| Tangible fixed assets      | 3 714            | 5 388            | 6 184            |
| Long-term financial assets | 0                | 0                | 0                |
| <b>CURRENT ASSETS</b>      | <b>3 361 676</b> | <b>2 855 527</b> | <b>2 349 083</b> |
| Short-term receivables     | 109 772          | 97 776           | 86 727           |
| Financial assets           | 3 251 904        | 2 757 751        | 2 262 356        |
| <b>ACCRUALS</b>            | <b>381</b>       | <b>471</b>       | <b>2 518</b>     |

|   | 2020             | 2019             | 2018             |
|---|------------------|------------------|------------------|
| <b>TOTAL LIABILITIES</b>                        | <b>3 368 970</b> | <b>2 864 035</b> | <b>2 360 398</b> |
| <b>EQUITY</b>                                   | <b>101 325</b>   | <b>67 826</b>    | <b>66 166</b>    |
| Registered capital                              | 82 443           | 62 211           | 61 879           |
| Retained earnings                               | 4 285            | 4 091            | 4 081            |
| Profits / losses from previous years            | 0                | 0                | 0                |
| Profit / loss for the current accounting period | 14 597           | 1 524            | 206              |
| <b>LONG-TERM LIABILITIES</b>                    | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>CURRENT LIABILITIES</b>                      | <b>3 267 645</b> | <b>2 796 208</b> | <b>2 293 246</b> |
| <b>ACCRUALS</b>                                 | <b>0</b>         | <b>0</b>         | <b>986</b>       |



# The Profit and Loss Statement

Citfin, spořitelní družstvo

| (in thousands of CZK)                        | 2020          | 2019          | 2018          |
|--|---------------|---------------|---------------|
| <b>FINANCIAL RESULTS</b>                     | <b>82 308</b> | <b>82 023</b> | <b>68 577</b> |
| Interest                                     | 32 806        | 39 236        | 15 545        |
| Fees   | 4 436         | 3 151         | 4 667         |
| Foreign exchange operations                  | 45 066        | 39 636        | 48 365        |
| Other operating income                       | 75            | 225           | 183           |
| Other operating expenses                     | 100           | 102           | 100           |
| <b>STAFF EXPENSES</b>                        | <b>34 774</b> | <b>51 007</b> | <b>41 986</b> |
| Labour costs                                 | 25 866        | 38 034        | 31 381        |
| Social security and health insurance costs   | 8 908         | 12 973        | 10 604        |
| Other administrative costs                   | 25 657        | 25 599        | 24 070        |
| Depreciation of fixed assets and receivables | 3 665         | 3 256         | 2 104         |
| Extraordinary profit                         | 0             | 0             | 0             |
| <b>EARNINGS BEFORE TAX</b>                   | <b>18 186</b> | <b>2 285</b>  | <b>502</b>    |
| Income tax                                   | 3 590         | 761           | 296           |
| <b>EARNINGS FOR THE ACCOUNTING PERIOD</b>    | <b>14 597</b> | <b>1 524</b>  | <b>206</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**

Tel.: +420 234 092 011  
E-mail: [business@citfin.cz](mailto:business@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 - 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** CZ: 800 311 010 SK: 0800 333 010