

Air Bank finishes first half on a positive note with first half loss down 95% to CZK 15.1 million

The growing demand for Air Bank's services was clearly visible in its financial results. In the first half of 2013 Air Bank's loss decreased to CZK 15.1 million, a 95% improvement compared to the CZK 284 million loss for the same period in 2012. Air Bank plans to be in profit in 2015.

"Building a bank from scratch and making it profitable within four years would be a resounding success, and we are on the right track to achieving this ambitious goal. Our CZK 323 million loss for FY 2012 was already only half the estimated level, and for FY 2013 it may be even lower, between CZK 150 and 200 million," said **Pavel Pfauser**, Air Bank's CFO.

As at 30 June 2013, the number of Air Bank's clients increased 223% year-on-year to more than 150,000. The biggest increase was in the number of current accounts which rose 340%. The volume of client deposits rose 133% year-on-year to CZK 44 billion. The loans with a reward for timely repayment, which Air Bank launched in October 2012, were also successful. By the end of June 2013, the bank had lent more than CZK 1.1 billion to more than 12,000 clients.

Air Bank achieved the significant reduction to its loss for the most part by growing the funds from client deposits. Some of these deposits were invested profitably on the Czech and international bond markets, and Air Bank was successful in growing other deposits internally within the group. Gradually, the proportion of revenues from consumer loans also increased. Thanks to this, Air Bank posted an operating income of CZK 375.4 million for H1 2013.

Consistent operating cost management was also a key factor in reducing the loss. Air Bank grew quickly, recruiting new employees and opening additional branches, yet costs increased only 20% year-on-year to CZK 386.8 million. *"While our operating costs will continue to be closely managed, we expect more dynamic growth in operating income in the future. Thanks to this, we may turn a profit in as early as 2015,"* concluded **Pavel Pfauser**.

Key ratios (in CZK '000)	30 June 2013	30 June 2012	YoY change
Interest income	584,523	123,704	373%
Interest expense	(357,803)	(132,748)	170%
Net interest income	226,720	(9,044)	2,607%
Operating income	375,422	(27,441)	1,468%
Operating costs	(386,775)	(323,433)	20%
Loss before tax	(11,333)	(350,874)	-97%
Net loss	(15,082)	(284,231)	-95%
Total assets	47,201,653	21,597,973	119%
Equity	2,826,894	1,405,579	101%

Other interesting numbers	30 June 2013	30 June 2012	YoY change
Number of clients	150,948	46,708	223%
Number of current accounts	97,055	22,056	340%
Number of saving accounts	123,970	43,141	187%
Volume of loans	CZK 1.14bn	(since October 2012)	(since October 2012)
Volume of deposits	CZK 44bn	CZK 18.9bn	133%
Number of employees	472	347	36%
Number of branches	20	16	+4
Number of ATMs	42	34	+8
Number of Sazka cash withdrawal points	4,300	(since April 2013)	(since April 2013)