

# OPEN FINANCE GROUP RESULTS AFTER FOUR QUARTERS OF 2012

Presentation of financial results for  
investors and analysts

Warsaw, February 28, 2013

# BASIC FINANCIAL INFORMATION - OPEN FINANCE GROUP

## CHANGE DATA AT THE END OF FOURTH QUARTER 2012

+ 33%	*	Branches (222)
+ 40%	*	Equity (362,1 mln zł)
+ 37%	**	Net profit (123,2 mln zł)
+ 10%	**	Revenue (450,7 mln zł)
+ 16%	**	EBITDA (139,1 mln zł) ***
- 6 %	**	ROE (48%) ****

\* compared to data as at 31 December 2011

\*\* compared to data for the period Q1-Q4 2011

\*\*\* EBITDA - earnings before interest, tax, depreciation and amortisation

\*\*\*\* ROE - return on equity calculated as relation of net profit for the period to equity as at the beginning of the period

# MISSION STATEMENT

## OUR MISSION

- We are building the Financial Group – an unquestioned leader in its category in Central and Eastern Europe
- Households are our only target Clients
- We aim to deliver dedicated and tailored product offer:
  - a) intermediation in respect of mortgages (financing of real estate) – Open Finance and Home Broker
  - b) advisory and intermediation in respect of investment products – Open Finance and Home Broker:
    - I. regular, long-term savings;
    - II. deposits and structured products with capital guarantee
  - c) life insurance products – Open Life
  - d) advisory and intermediation in respect of sale of real estate – Home Broker
  - e) portfolio asset-management „for everyone" – Open Finance and Home Broker
  - f) own, dedicated investment funds – Open Finance TFI
- Our ambition is to deliver our services to as many households as possible
- We target to deliver Investors both dividend and growth investment profile.

# WHAT WE OFFER

## THE GROUP'S COMPETITIVE ADVANTAGE

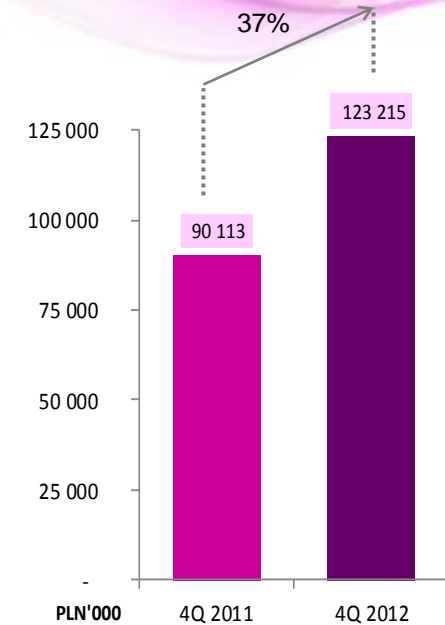
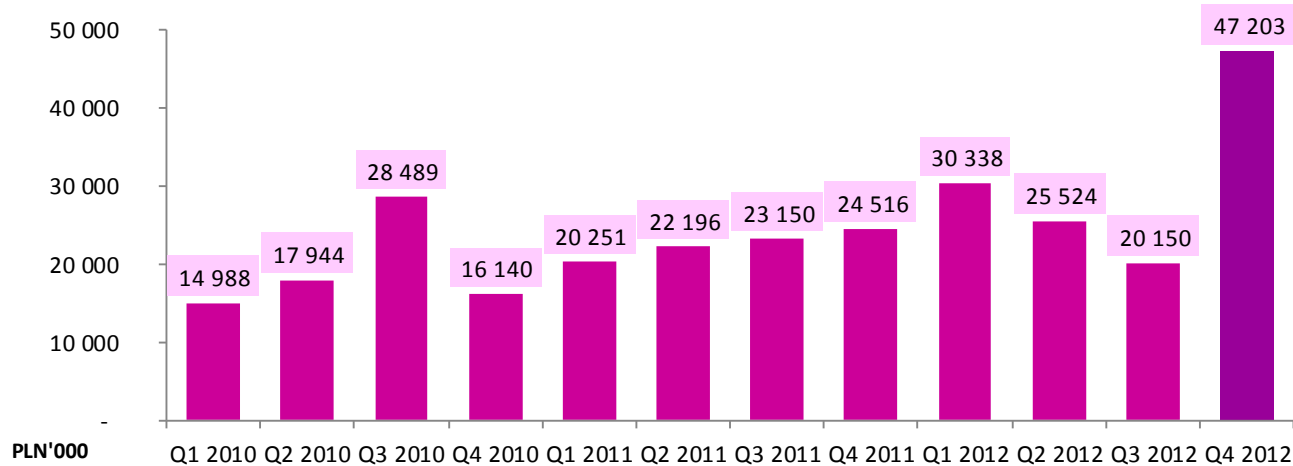
- The diversity of companies within the Group is our great competitive advantage. Despite the difficult conditions in the mortgage market today, we are at ease in our operation.
- Additionally, we are now launching **new solutions in our range, i.e. cash loans and savings accounts**. Our focus on savings accounts is closely linked to, among other things, the Group's approach to customer service quality.
- **Our priority is to build and maintain long-term relations with our customers. To achieve this goal, our companies are undergoing changes** that will ensure compliance of our services and products with new guidelines and recommendations issued by the relevant supervision authorities and with the applicable good practices in the financial service market.
- In a few months' time, a new CRM system will be put in place in the Group. It is an excellent tool that will help our advisers in their work and allow us to provide our customers with precise offers and information according to the highest standards. The new system will significantly improve the efficiency of our customer service processes.

# CHANGES

## KEY CHANGES WITHIN THE GROUP

- launching key data sheets for customers;
- implementing an adviser certification system and other processes designed to verify our advisers' knowledge;
- taking disciplinary action against any financial adviser who fails to comply with the principle of providing customers with detailed and reliable information and complete documentation regarding the products offered to customers;
- creating a new group of employees: regional trainers responsible for, among other things,
  - controlling our advisers' work quality, and
  - implementing changes to our induction training provided to all new employees, with special emphasis on ethics, good market practices and high customer service standards.
- reducing the age limit for access to selected products;
- withdrawing selected products carrying an excessively high risk of targeting customers with inadequate products and/or services;
- significantly reducing the longest periods for Open Life products;
- significantly reducing the cancellation fees for selected Open Life products;
- increasing the transparency of the documents provided to customers (key data sheets, highlighted speech balloons containing the most important information, examples of product performance scenarios depending on market conditions);
- revising our investment insurance plan distribution model to reflect the expectations of the Polish Financial Supervision Authority communicated to the market; in particular, launching the distribution of such products through agents .

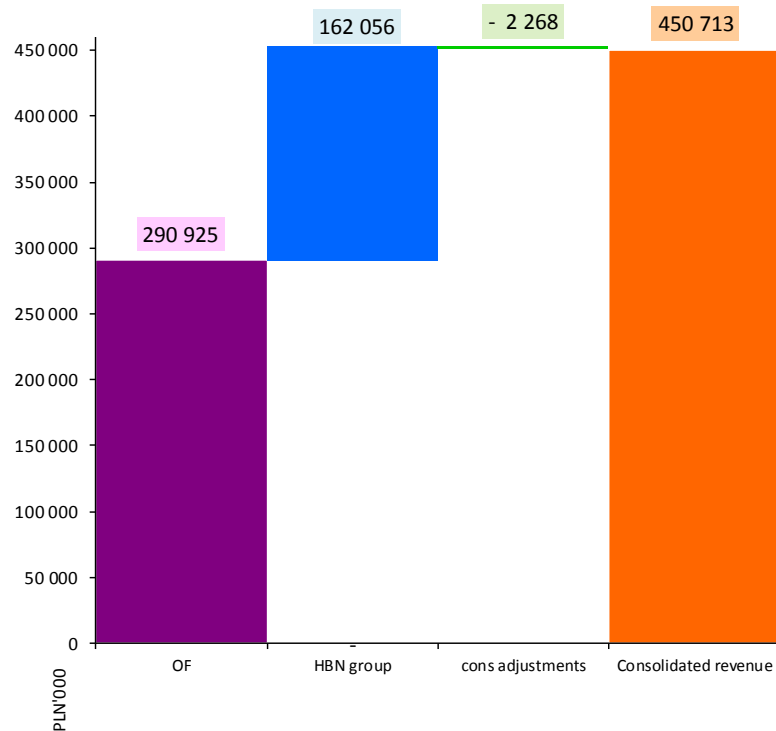
# CONSOLIDATED NET PROFIT – OPEN FINANCE GROUP



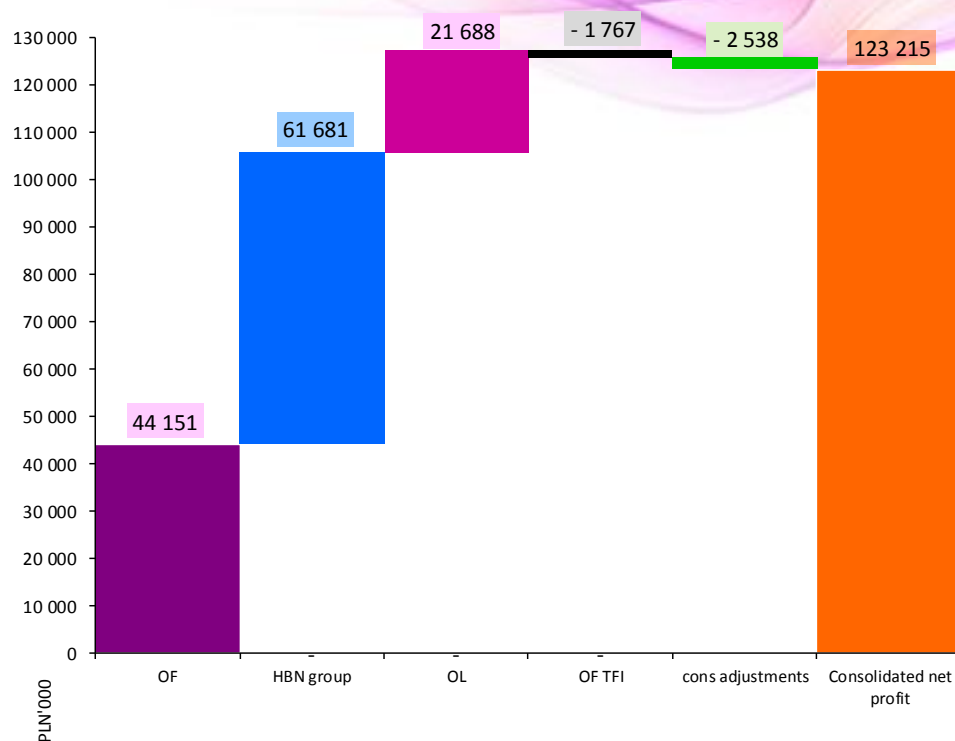
The net profit earned by the Group in 2012 amounting to 123.215 thousand PLN is 37% higher than the net profit earned in 2011. Without taking into account the tax transaction, which took place in 2012 in Home Broker Nieruchomości S.A. group, the increase in Open Finance S.A. Group's net profit amounts to 11% as compared to 2011 net profit.

# CONTRIBUTION OF EACH COMPANY TO CONSOLIDATED RESULTS OF OPEN FINANCE GROUP

COMPANIES' CONTRIBUTION TO CONSOLIDATED REVENUE IN 4Q 2012



COMPANIES' CONTRIBUTION TO CONSOLIDATED NET PROFIT IN 4Q 2012

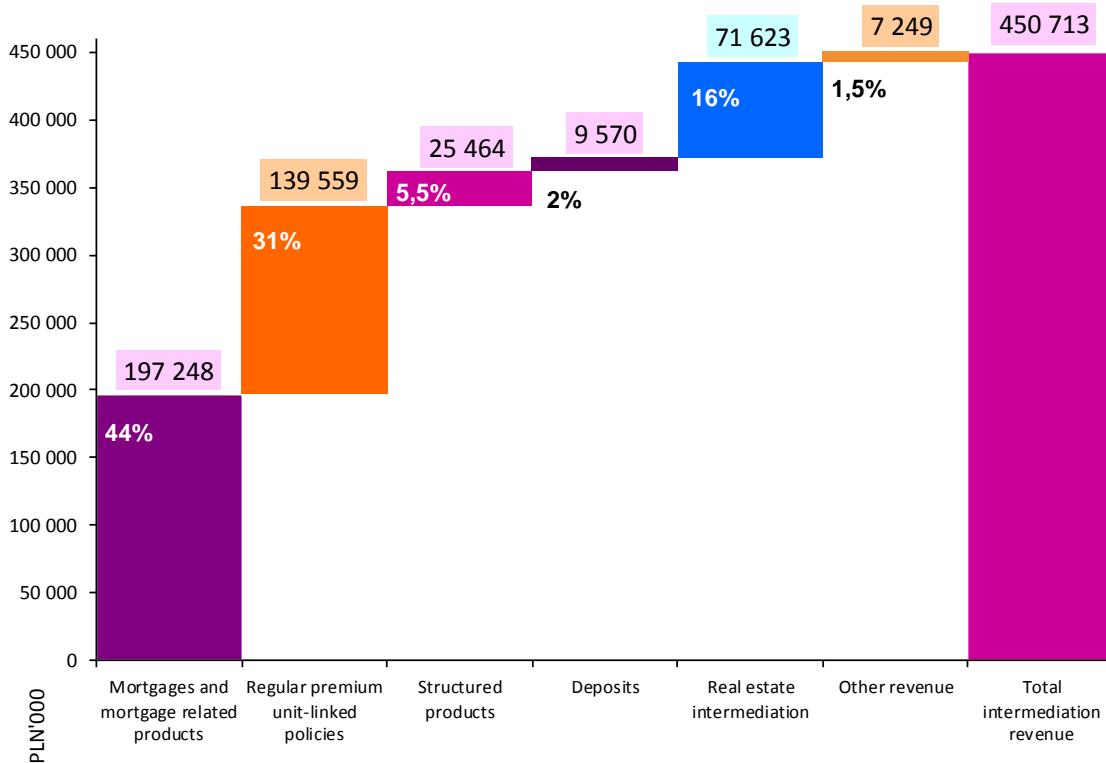


- Results of Open Life TUŻ S.A. (OL) are accounted for in the consolidated net result of Open Finance Group using the equity method; Open Life is not subject to full consolidation, thus Group's revenue does not include that of Open Life TUŻ S.A. The above net profit assigned to Open Life TUŻ S.A. of PLN 21.688 thousand represents 49% of net result of that company earned in 2012.
- OF TFI Company obtained approval from the FSA on 9 October 2012 for the management of funds and began operations.

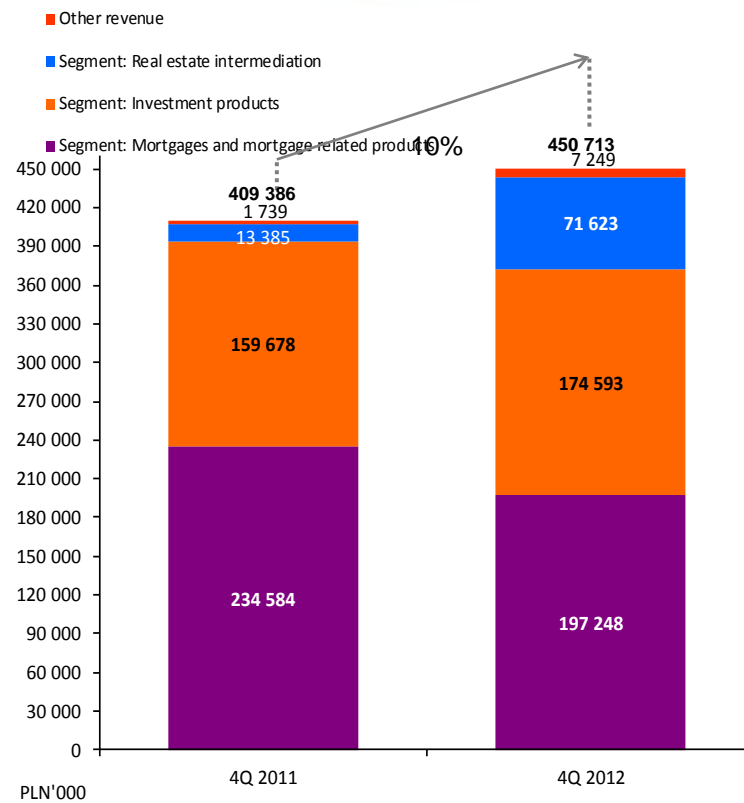
# REVENUE STRUCTURE – OPEN FINANCE GROUP

Increase in revenue in the investment products segment

**BREAKDOWN OF INTERMEDIATION REVENUE IN 4Q 2012**

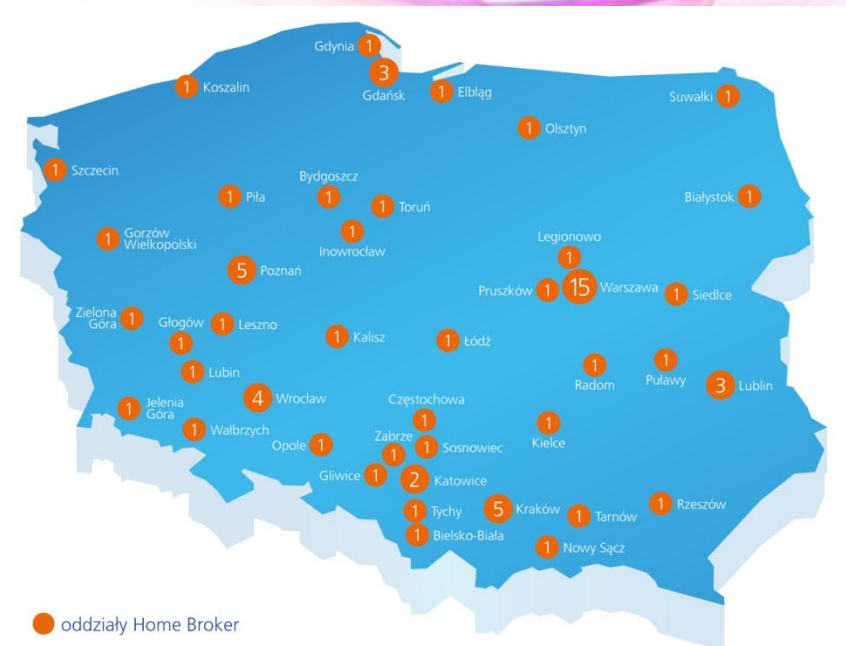


**REVENUE BY SEGMENT**





# CHAIN OF SALES IN OPEN FINANCE GROUP



Number of advisors	31 Dec 2011 (*)	31 Dec 2012 (*)
OF financial advisors	947	1 239
HB financial advisors	390	390
HB real estate agents	500	633
<b>Total</b>	<b>1 837</b>	<b>2 262</b>

(\*) employment as at exact date

Number of branches	31 Dec 2011	31 Dec 2012
Open Finance	114	149
Home Broker	53	73
<b>Total</b>	<b>167</b>	<b>222</b>

# IMPROVING DISTRIBUTION NETWORK COVERAGE

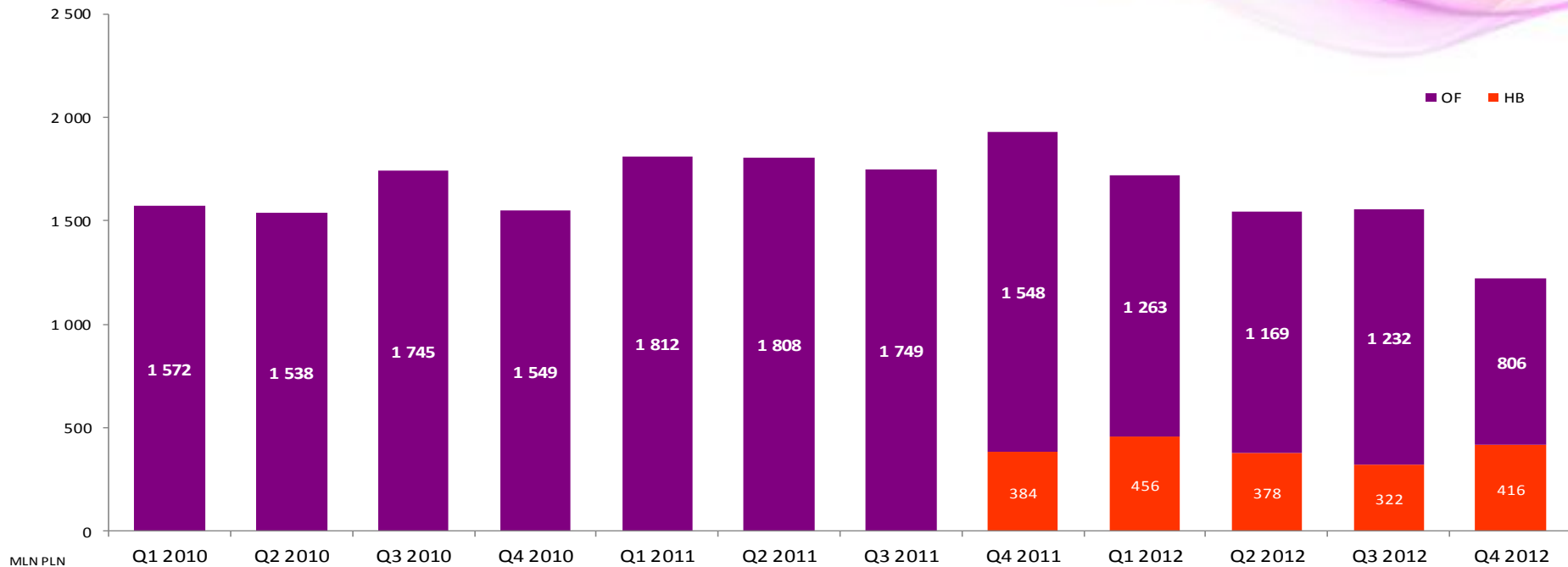
## OPEN DIRECT, mobile advisors at Open Finance

- Launching the **Open Partners** project as an element of strategy to improve the distribution network coverage.
- Reaching local businesses, which will ensure access to our offer of financial services for our clients.
- We aim to cooperate with:
  - Local real estate agents and loan brokers,
  - Developers,
  - Financial products brokers,
  - Smaller financial intermediation firms.



# MORTGAGES SALES VOLUMES - OPEN FINANCE GROUP

QUARTERLY VOLUMES OF MORTGAGES SOLD



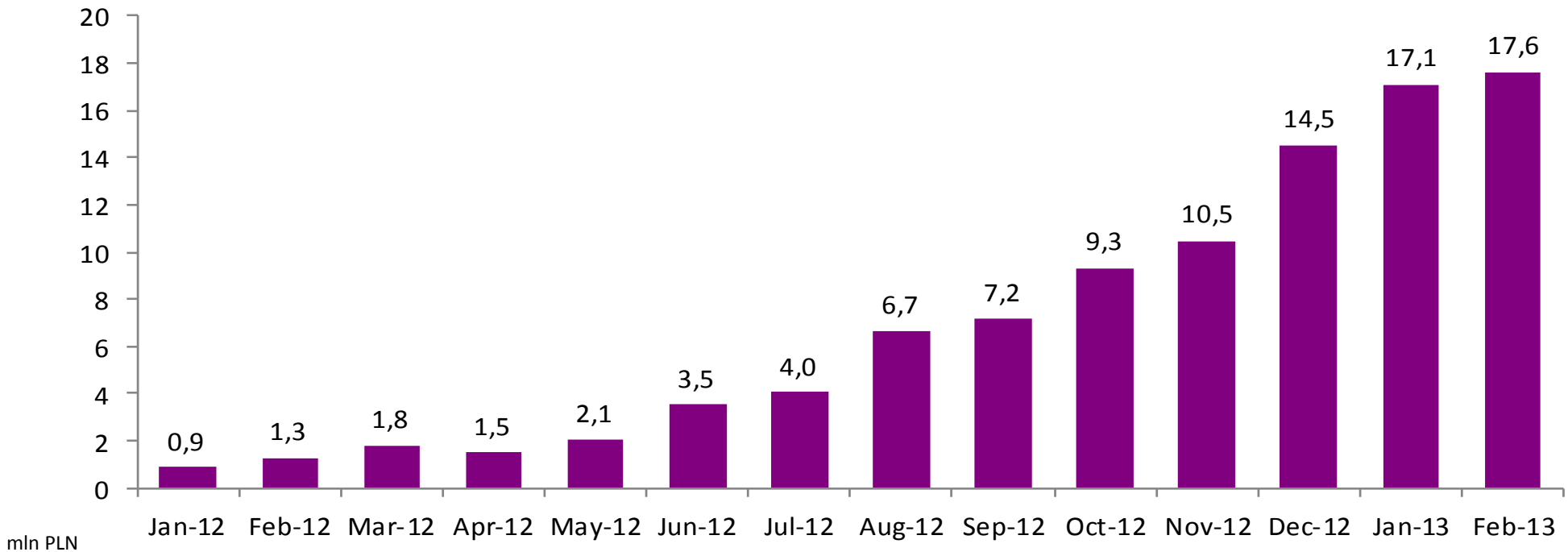
The noted decrease in mortgage volumes was caused by:

- changes in the conditions of the „Rodzina na Swoim” program;
- further exacerbation of regulations issued by Financial Supervision Commission for banks;
- concerns about the macroeconomic situation.

# CASH LOANS SALES VOLUMES - OPEN FINANCE GROUP

A dynamic growth in sales of cash loans was noted in 2012.

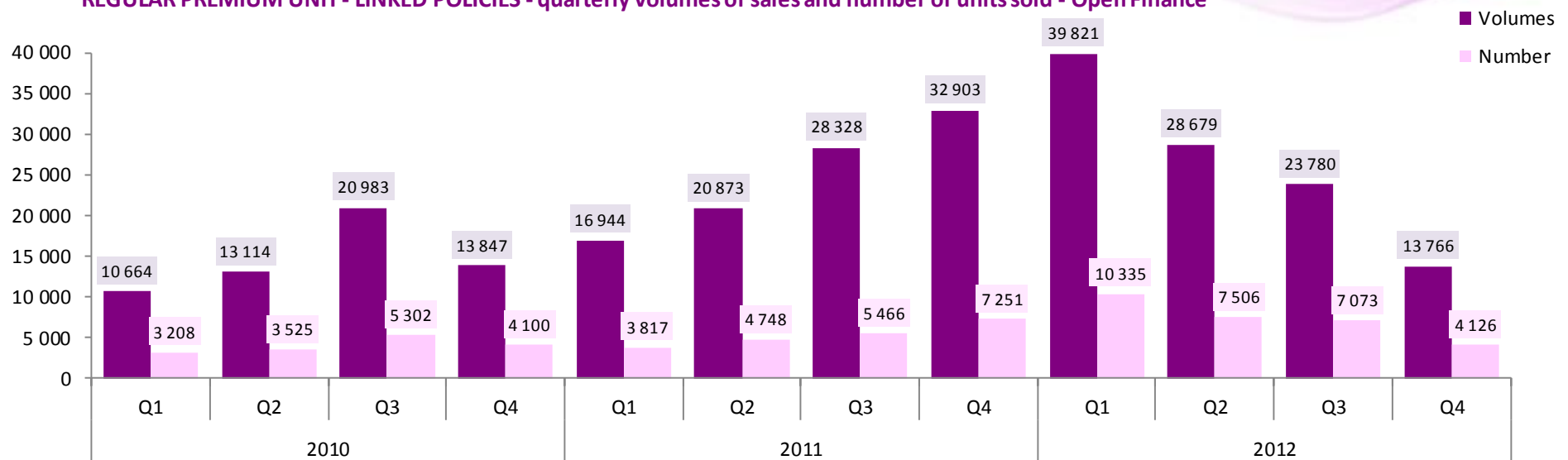
## Monthly volumes of cash loans sold in 2012 and 2013



- Sale of 10 mln PLN of cash loans generates the same revenue as the sale of 20 mln PLN of mortgages.

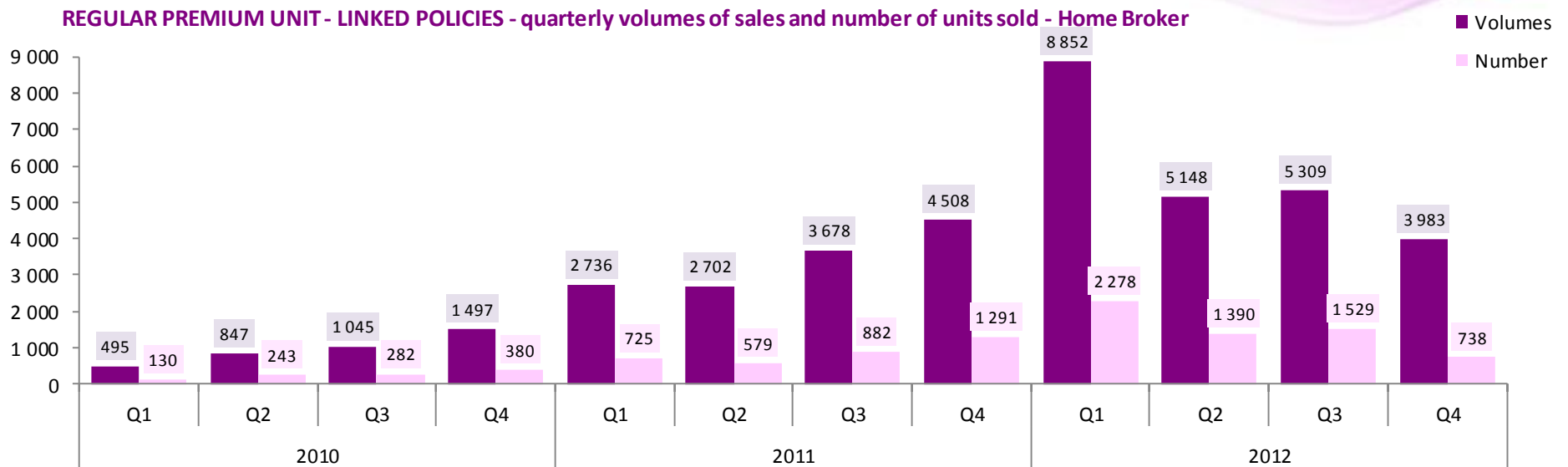
# SALES OF REGULAR PREMIUM UNIT-LINKED POLICIES – OPEN FINANCE GROUP

REGULAR PREMIUM UNIT - LINKED POLICIES - quarterly volumes of sales and number of units sold - Open Finance



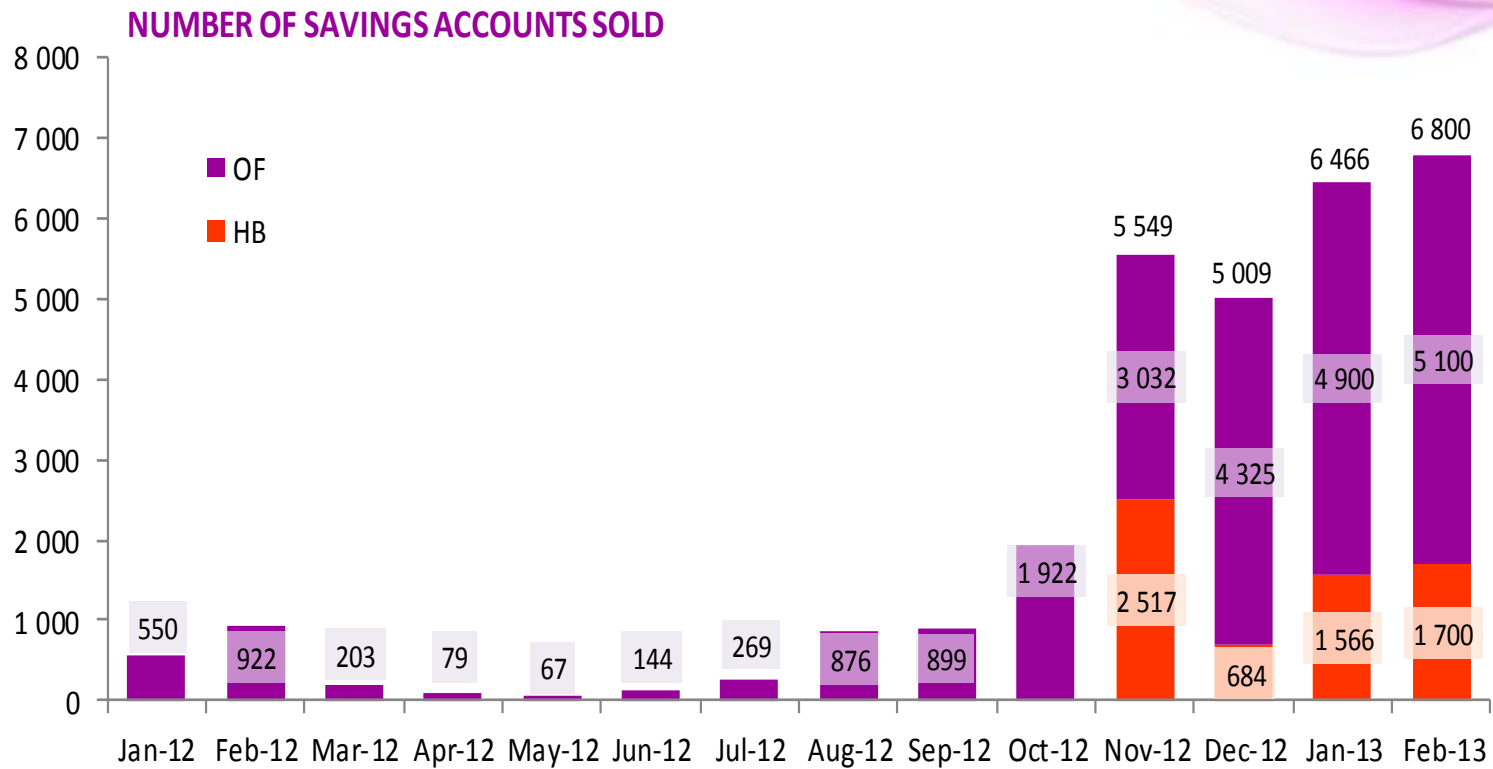
- „Volumes of production” means „first year declared premiums” adjusted by historical closing ratio.
- Sales of regular premium unit-linked policies rose in 4Q 2012 (compared to 4Q 2011) by 14% in terms of value of policies sold by the Group and by 41% in terms of number of policies sold.

# SALES OF REGULAR PREMIUM UNIT-LINKED POLICIES – OPEN FINANCE GROUP



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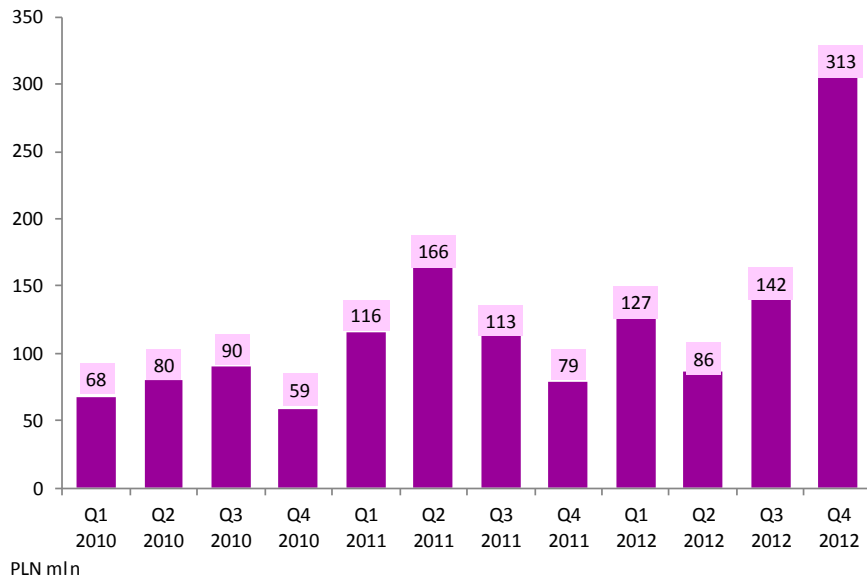
# SALES VOLUMES OF OTHER INVESTMENT PRODUCTS – OPEN FINANCE GROUP



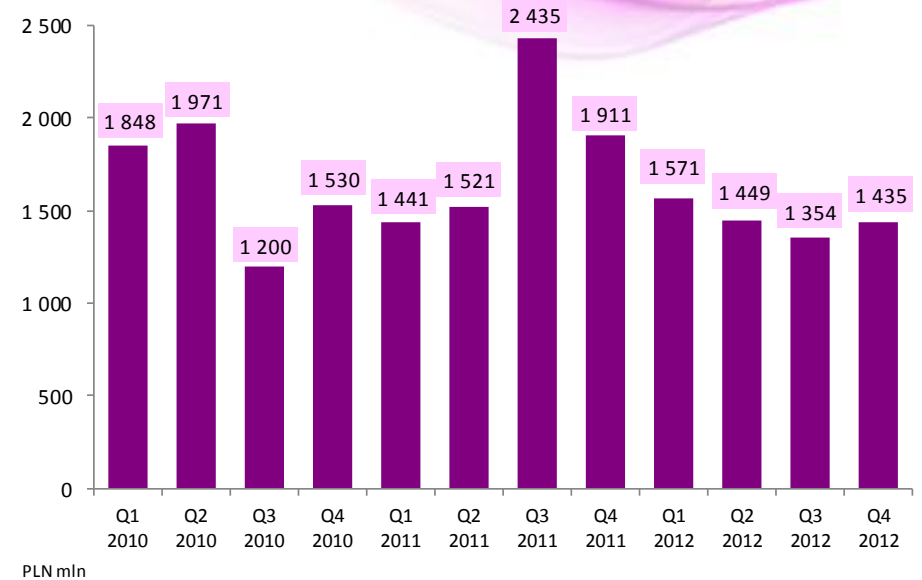
- In 2012 there has been a significant increase in sales of Getin Noble Bank S.A. savings accounts.

# SALES VOLUMES OF OTHER INVESTMENT PRODUCTS – OPEN FINANCE GROUP

VOLUMES OF STRUCTURED PRODUCTS SOLD



VOLUMES OF DEPOSITS SOLD



- Collected deposits constitute an excellent base for cross-sell of regular premium unit-linked policies and structured products.
- The sales of PLN 313 mln regarding single-premium investment products comprise both high-margin structured investments, low-margin investment policies, as well as bonds.



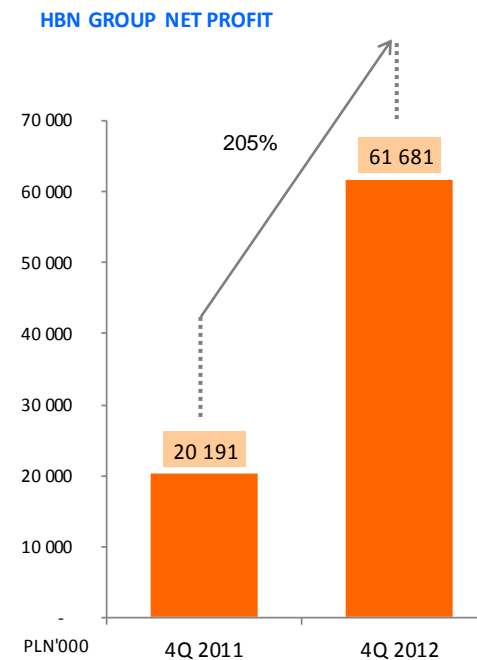
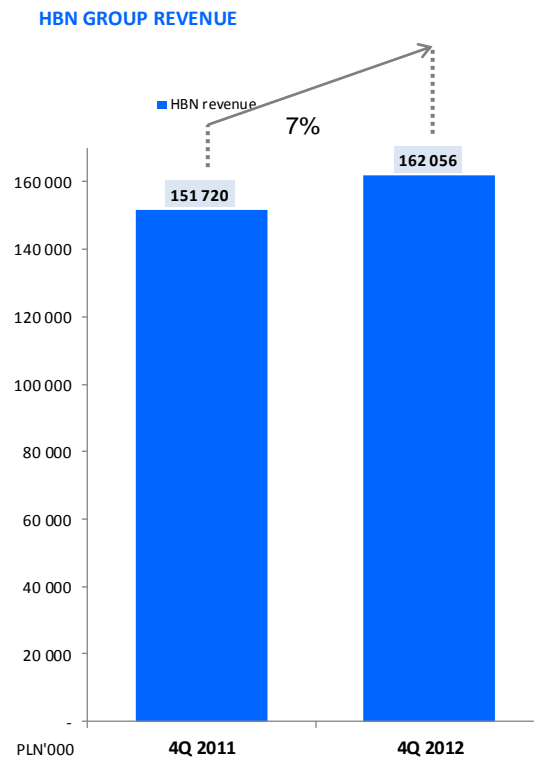


**Home Broker** 

**open**finance 

# REVENUE AND NET PROFIT - HOME BROKER GROUP

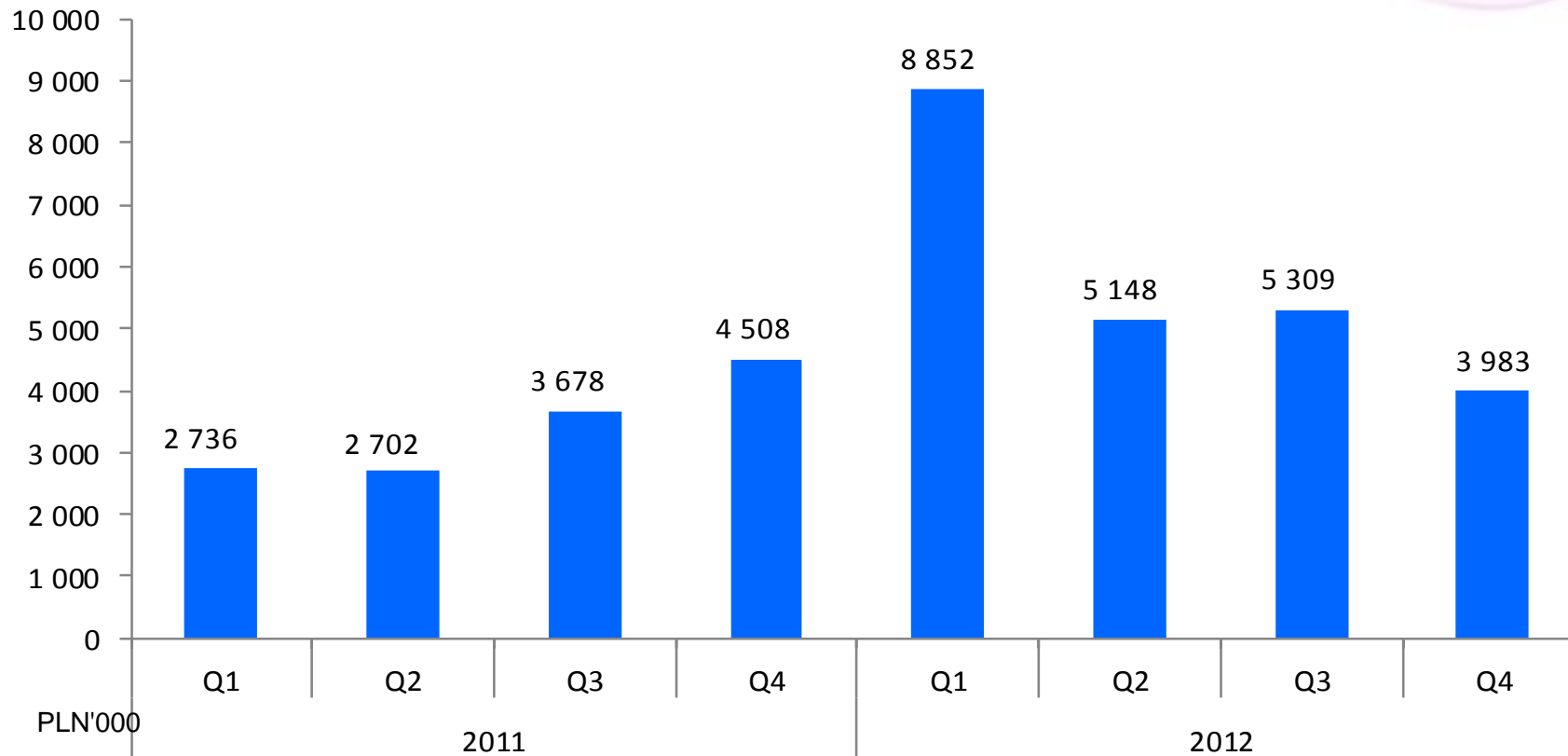
In 2012, the net profit of Home Broker Nieruchomości increased by 205% from 20.191 thousand PLN in 2011 to 61.681 thousand PLN in 2012. Without taking into account the result on tax transaction, which took place in 2012, the net profit of Home Broker Nieruchomości S.A. increased by 90% compared to 2011 net profit.



- Home Broker Group revenue after 2012 rose by 7% compared to 2011.

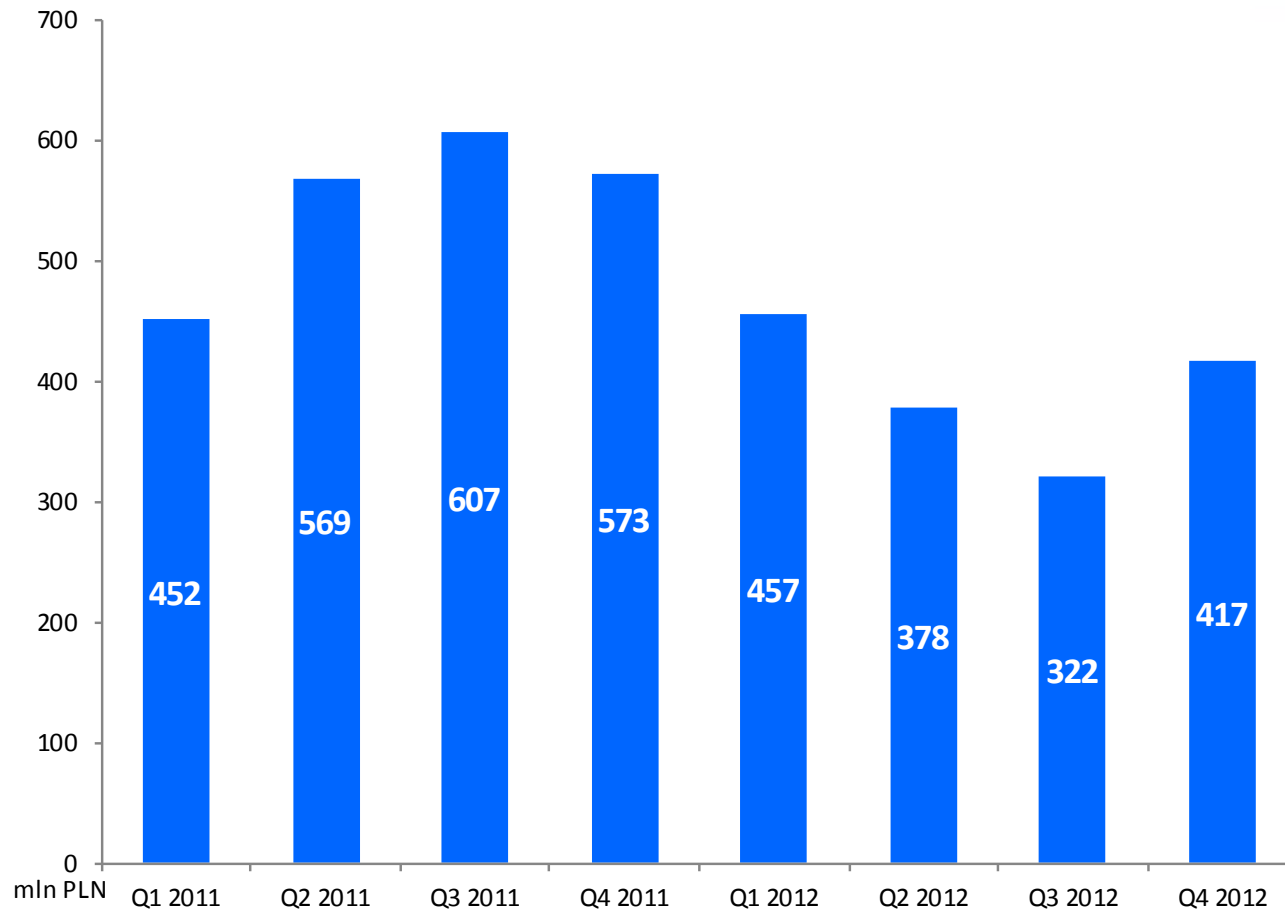
# SALES VOLUMES IN HOME BROKER GROUP - FINANCIAL PRODUCTS

## REGULAR PREMIUM UNIT-LINKED POLICIES - quarterly production - Home Broker



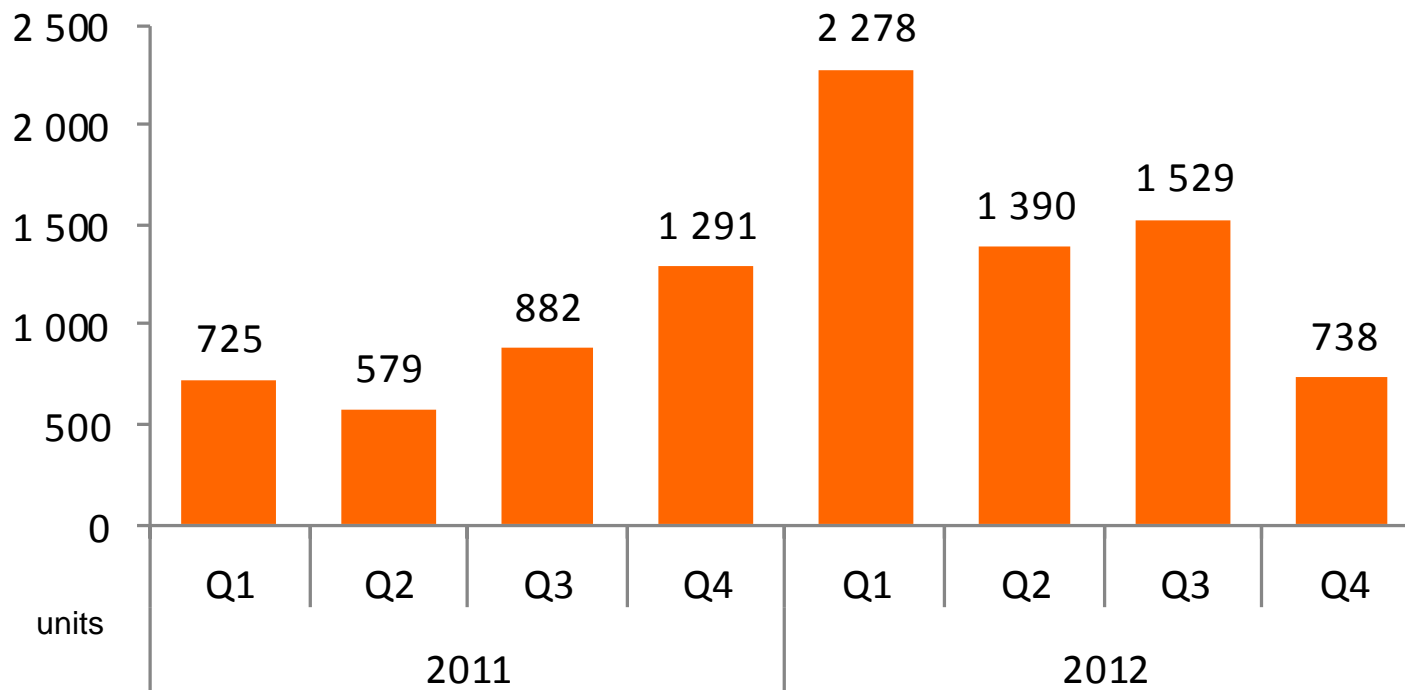
# SALES VOLUMES IN HOME BROKER GROUP - FINANCIAL PRODUCTS

## QUARTERLY SALES OF MORTGAGES - HOME BROKER

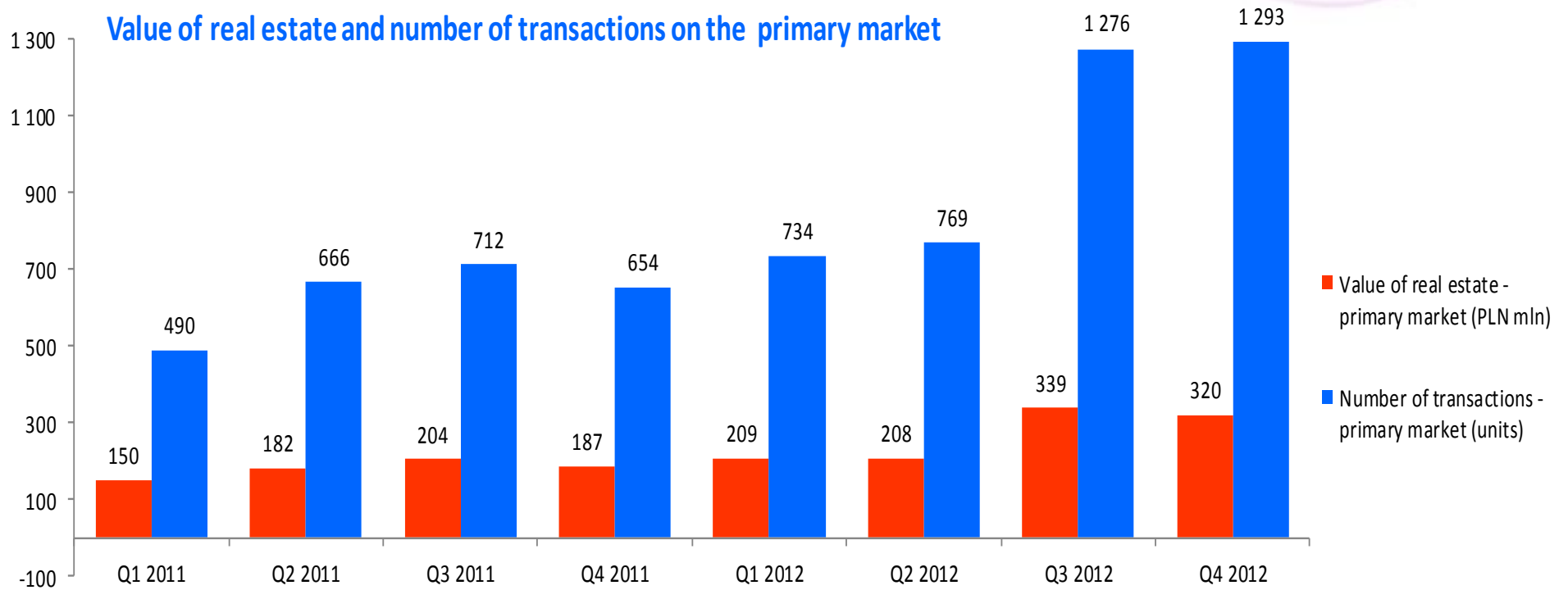


# SALES VOLUMES IN HOME BROKER GROUP - FINANCIAL PRODUCTS

Number of regular premium unit-linked policies sold in each quarter

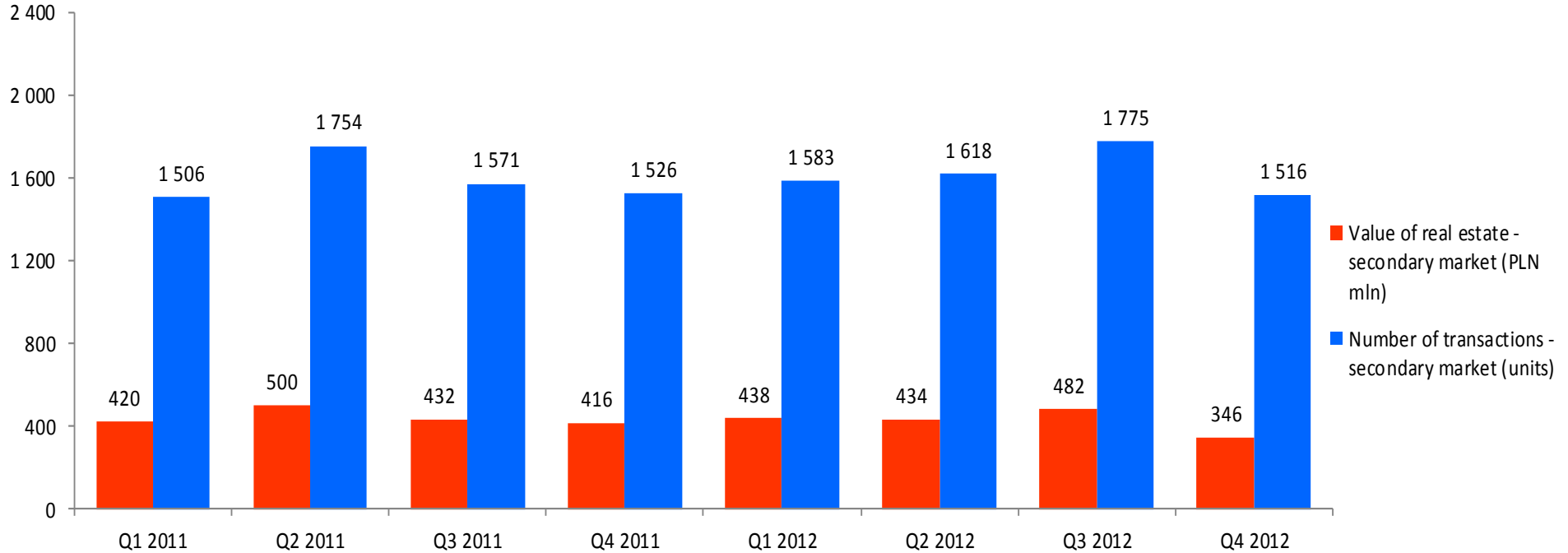


# SALES VOLUMES IN HOME BROKER GROUP - REAL ESTATE



# SALES VOLUMES IN HOME BROKER GROUP - REAL ESTATE

Value of real estate and number of transactions on the secondary market







**Open Finance TFI SA** obtained the FSA approval for management of funds on 9 October 2012 and began operations.

## 1. Investment Funds under management:

- ✓ **Open Finance Open-End Investment Fund** with 6 subfunds;
- ✓ 4 Closed Investment Funds with absolute return strategy;
- ✓ 1 Closed Investment Fund – corporate bonds;
- ✓ 1 securitization fund;
- ✓ 1 private equity investment fund.

## 2. Assets under management:

- ✓ Exceeding PLN 100 mln level after 3 months of operations;
- ✓ Planned assets level at the end of 1Q 2013: PLN 500 mln (very probable);

## 3. Partners:

- ✓ Open Finance S.A., Home Broker Nieruchomości S.A., Getin Noble Bank S.A. (main distributors);
- ✓ **OF Open-End Investment Fund** available under insurance capital funds of leading insurance companies (AXA, ING, Aegon, Open Life)

## 4. Plan to achieve positive financial results for 2013.



# LEADER IN MARKET CHANGES



## INTRODUCING PRO-CLIENT CHANGES

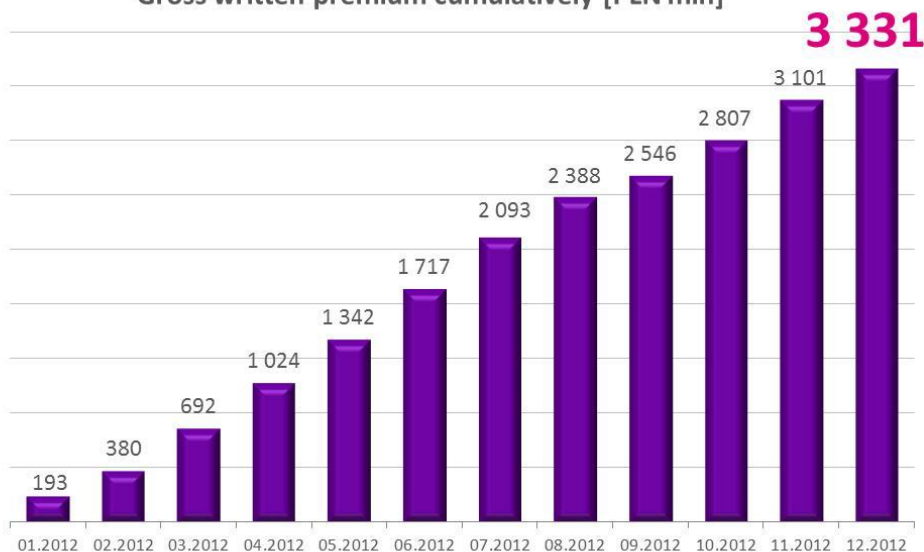
- Withdrawal of complicated, long-term insurance policies from sale,
- **Reduction of fees** for early cancellation of insurance,
- Further restrictions on the age of entry to individual products,
- **Simplification and increase in the transparency of the documentation** for the customer,
- Introduction of the Product Card, which is a clear guide to the product.



# OPEN LIFE IN THE STRUCTURE OF OPEN FINANCE GROUP



Gross written premium cumulatively [PLN mln]



1. Net profit (in accordance with IAS/IFRS)	<b>44,6 PLN mln</b>
2. Number of Clients	<b>174 thousand</b>
3. Share capital	<b>80,5 PLN mln</b>
4. „Assets to technical provisions” ratio	<b>138%</b>
5. „Own funds to solvency margin” ratio	<b>167%</b>

## Cooperating Partners:

PKO Bank Polski	Noble Securities
Bank Pocztowy	BZ WBK TFI
Deutsche Bank	Union Investment TFI
Getin Noble Bank	Noble Funds TFI
Idea Bank	Legg Mason TFI
Expander	Schroder ISF
Infinity 8	Opera TFI
HB Finance	AXA TFI
Idea Expert	TFI Investors
Atlantic Fund Services	KBC TFI
ProService AT	Allianz Global Investors Europe GmbH
PKO BP Finat	Idea TFI
Open Finance S.A.	PKO TFI
SUPERFUND TFI	TC Finance
Open Finance TFI	

## Targets for 2013:

1. Increasing the number of Cooperating Partners
2. Start construction of the multiagent channel
3. Start the Agent Project





OPEN FINANCE  
GROUP RESULTS AFTER  
4Q 2012

# CONSOLIDATED ASSETS, PROFIT AND LOSS OF OPEN FINANCE GROUP

PLN'000	31.12.2012	31.12.2011	Change	
			value	%
<b>ASSETS</b>				
<b>Fixed assets</b>	<b>414 271</b>	<b>420 930</b>	<b>(6 659)</b>	<b>-2%</b>
Tangible and intangible fixed assets	324 419	395 454	(71 035)	-18,0%
Investment in associate - Open Life	55 254	11 516	43 738	380%
Investment property	4 145	9 418	(5 273)	-56%
Deferred tax asset	26 157	1 879	24 278	1292%
Other long term receivables	3 619	2 459	1 160	47%
Other non-financial long term assets	677	204	473	232%
<b>Current assets</b>	<b>186 714</b>	<b>178 264</b>	<b>8 450</b>	<b>5%</b>
Trade receivables	98 211	36 033	62 178	173%
Interperiod settlements	67 273	85 631	(18 358)	-21%
Cash and cash equivalents	14 128	47 769	(33 641)	-70%
Other	7 102	8 831	(1 729)	-20%
<b>TOTAL ASSETS</b>	<b>600 985</b>	<b>599 194</b>	<b>1 791</b>	<b>0,3%</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Equity</b>	<b>362 125</b>	<b>257 792</b>	<b>104 333</b>	<b>40%</b>
Share capital	542	542	-	0%
Other reserve capital	228 833	161 947	66 886	41%
Retained earnings	132 750	95 303	37 447	39%
<b>Liabilities</b>	<b>238 860</b>	<b>341 402</b>	<b>(102 542)</b>	<b>-30%</b>
Deferred tax provision	16 996	9 607	7 389	77%
Provisions	4 691	218	4 473	2052%
Financial lease liabilities	2 300	2 112	188	9%
Issued bonds	78 742	30 657	48 085	157%
Financial liabilities at fair value through profit or loss	53 328	164 230	(110 902)	-68%
Trade liabilities	17 173	9 358	7 815	84%
Interperiod settlements	39 893	59 158	(19 265)	-33%
Corporate income tax payable	5 660	1 731	3 929	227%
Other non-financial liabilities	20 077	64 331	(44 254)	-69%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>600 985</b>	<b>599 194</b>	<b>1 791</b>	<b>0,3%</b>

PLN'000	1.01.2012- 31.12.2012	1.01.2011- 31.12.2011	Change	
			value	%
Revenue	450 713	409 386	41 327	10%
Costs of commissions paid	(141 657)	(129 463)	(12 194)	9%
<b>Gross result</b>	<b>309 056</b>	<b>279 923</b>	<b>29 133</b>	<b>10%</b>
Administrative costs	(195 364)	(166 041)	(29 323)	18%
Result on other operating activity	3 767	3 779	(12)	0%
Share in associate's profit - Open Life	21 688	1 920	19 768	n/a
<b>EBITDA</b>	<b>139 147</b>	<b>119 581</b>	<b>19 566</b>	<b>16%</b>
Depreciation and amortisation	(27 921)	(9 259)	(18 662)	202%
Result on financial activity	6 063	2 374	3 689	155%
<b>Gross profit</b>	<b>117 289</b>	<b>112 696</b>	<b>4 593</b>	<b>4%</b>
Income tax	(5 926)	22 583	(28 509)	-126%
<b>Net profit</b>	<b>123 215</b>	<b>90 113</b>	<b>33 102</b>	<b>37%</b>

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