

# OPEN FINANCE GROUP RESULTS AFTER FIRST HALF OF 2013

Presentation of financial results for investors and analysts

Warsaw, August 29, 2013

# BASIC FINANCIAL INFORMATION - OPEN FINANCE GROUP

| CHANGE      |    | DATA AT THE END OF SECOND QUARTER OF 2013 |
|-------------|----|---|
| + 2,3 %     | *  | Branches (227)                            |
| + 7,9%      | *  | Equity (390,6 mln zł)                     |
| - 49,4 %    | ** | Net profit (28,3 mln zł)                  |
| - 11,8 %    | ** | Revenue (220,5 mln zł)                    |
| - 32,5 %    | ** | EBITDA (53,6 mln zł) ***                  |
| - 27,7 p.p. | ** | ROE (15,6%) ****                          |

\* compared to data as at 31 December 2012

\*\* compared to data for the period of H1 2012

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

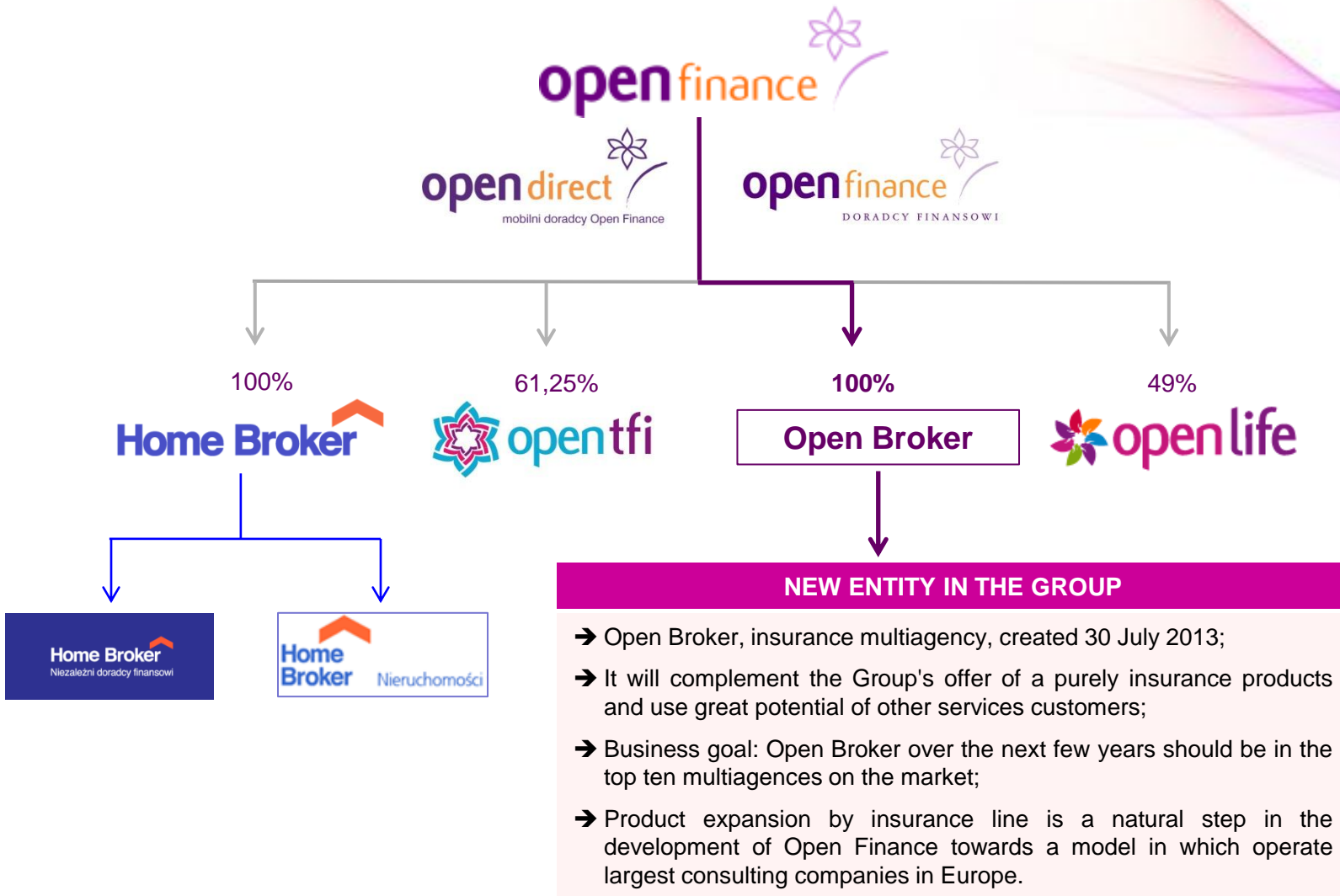
\*\*\*\* ROE - return on equity calculated as relation of annualised net profit for the period to equity as at the beginning of the period

# 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.

# CURRENT STRUCTURE OF OPEN FINANCE GROUP – NEW ENTITY IN THE GROUP

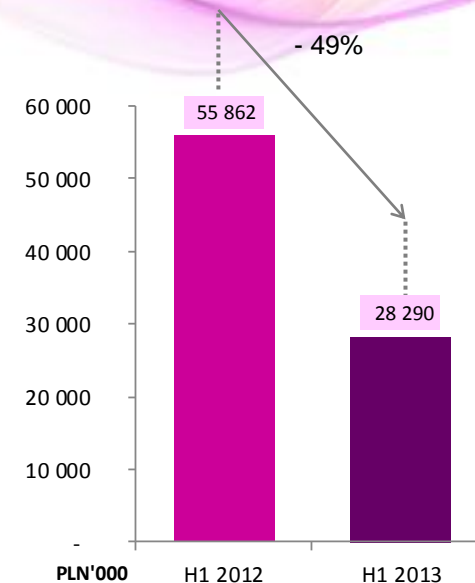
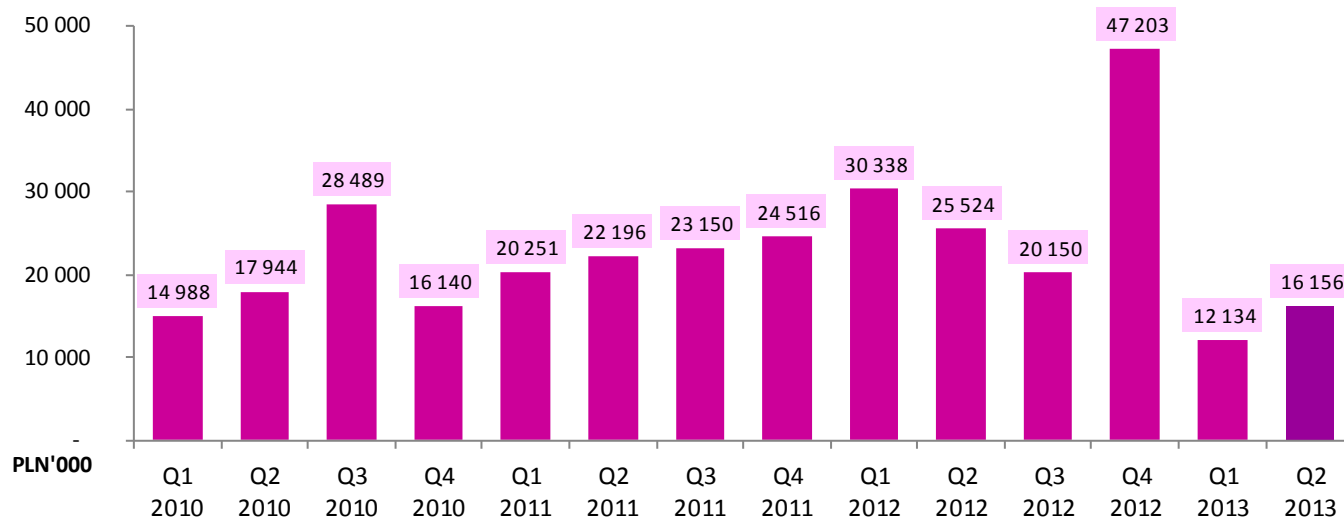


# CHANGES

## KEY CHANGES WITHIN THE GROUP

- Development of multiagency insurance in the structure of the Group; attracting current and new clients by wide insurance offer
- Further development of the cash loans segment
- 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
- Development of a group of employees: regional trainers responsible for, among other things:
  - controlling our advisers' work quality
  - implementing changes to our induction training provided to all new employees, with special emphasis on ethics, good market practices and high customer service standards
- Strengthening the role of internal audit function
- 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 .

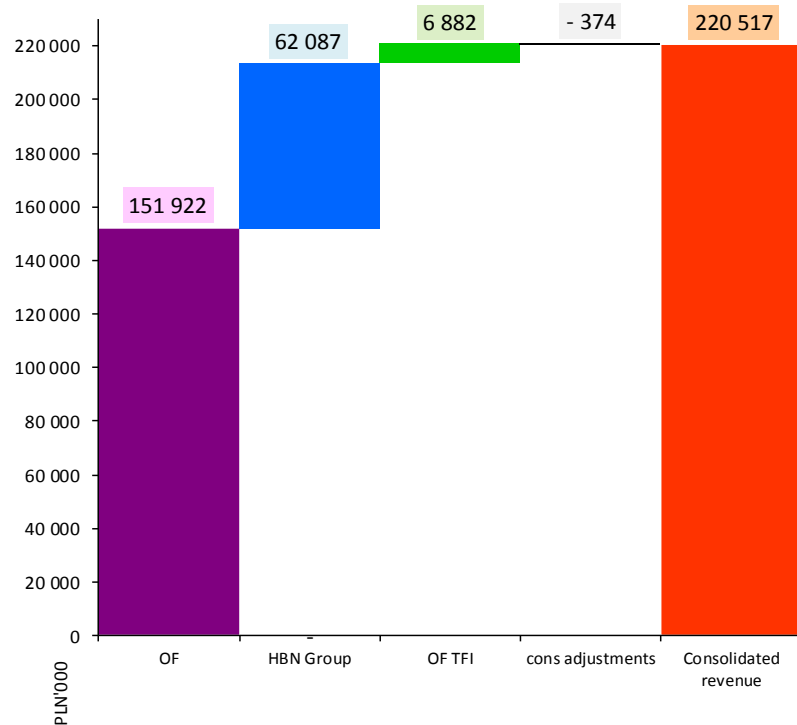
# CONSOLIDATED NET PROFIT – OPEN FINANCE GROUP



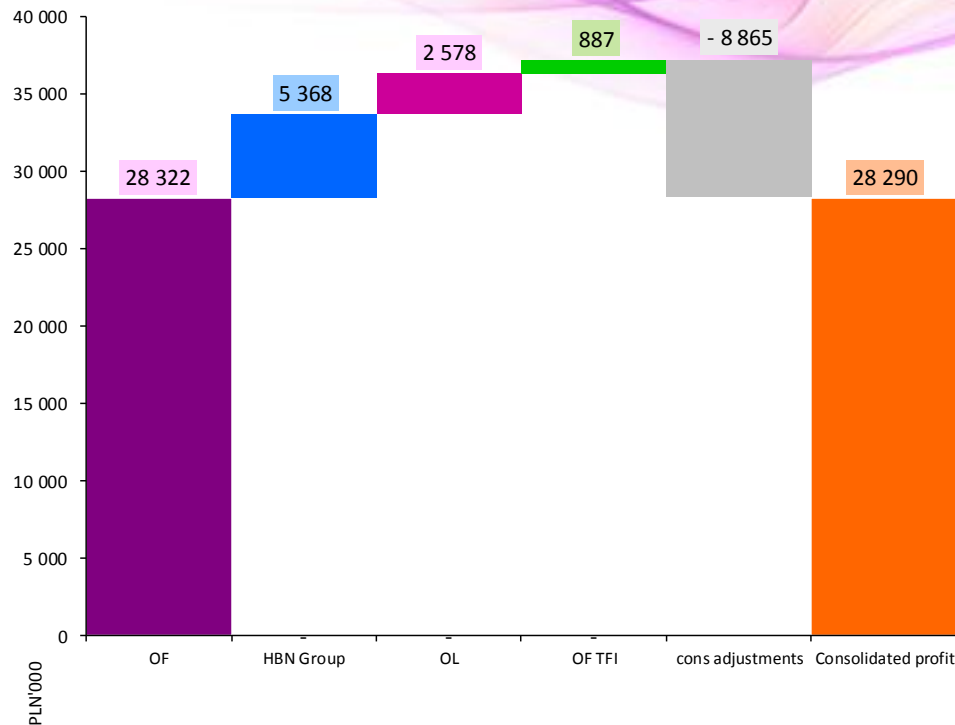
The net profit earned by the Group in H1 2013 decreased as compared to the net profit in the same period of 2012 by 49%. This is mainly due to the lower number of transactions on the real estate market as a result of the end of the program "Rodzina na swoim" (RNS) in December 2012. This decrease in the number of transactions caused reduction in sold mortgages as well as decrease in sales of high-margin regular premium unit-linked policies due to the changes in the Group (as described on the previous slide).

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

COMPANIES' CONTRIBUTION TO THE CONSOLIDATED REVENUE IN H1 2013



COMPANIES' CONTRIBUTION TO THE CONSOLIDATED NET PROFIT IN H1 2013

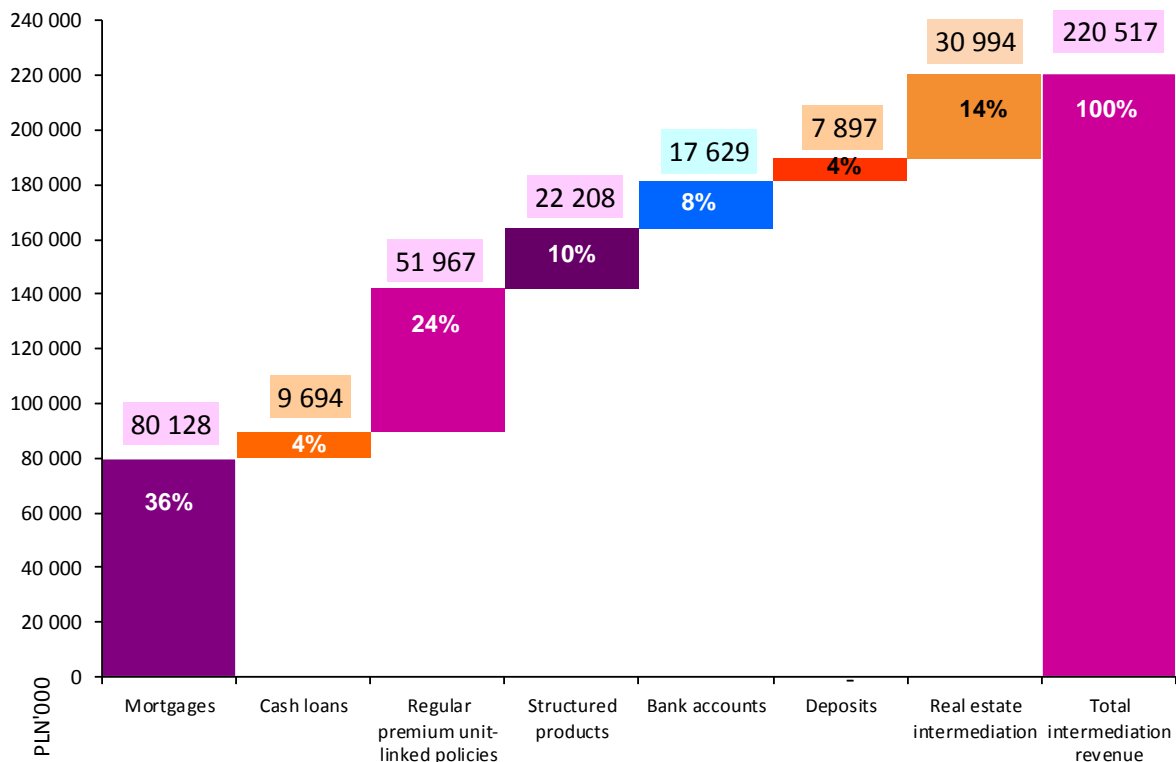


- Consolidation Adjustments to the net profit in H1 2013 mainly concern to the dividend received by Open Finance from Home Broker Nieruchomości S.A. of PLN 9.000 thousand.
- Results of Open Life TUŻ S.A. (OL) are accounted for in the consolidated net result of Open Finance Group using the equity method; 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 2.578 thousand represents 49% of net result of that company earned in H1 2013.

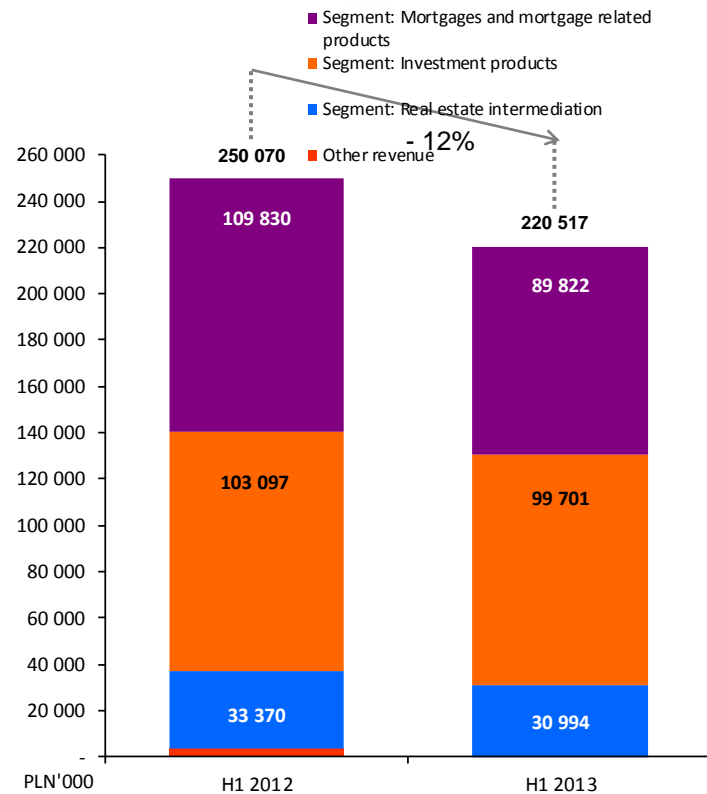
# REVENUE STRUCTURE – OPEN FINANCE GROUP

Dynamic increase of bank accounts revenue in total revenue since Q3 2012.

## BREAKDOWN OF INTERMEDIATION REVENUE IN H1 2013



## INTERMEDIATION REVENUE





# CHAIN OF SALES IN OPEN FINANCE GROUP



| Number of advisors    | 31 Dec 2012 (*) | 30 June 2013 (*) |
|-----------------------|-----------------|------------------|
| OF financial advisors | 1 239           | 1 373            |
| HB financial advisors | 390             | 369              |
| HB real estate agents | 633             | 604              |
| <b>Total</b>          | <b>2 262</b>    | <b>2 346</b>     |

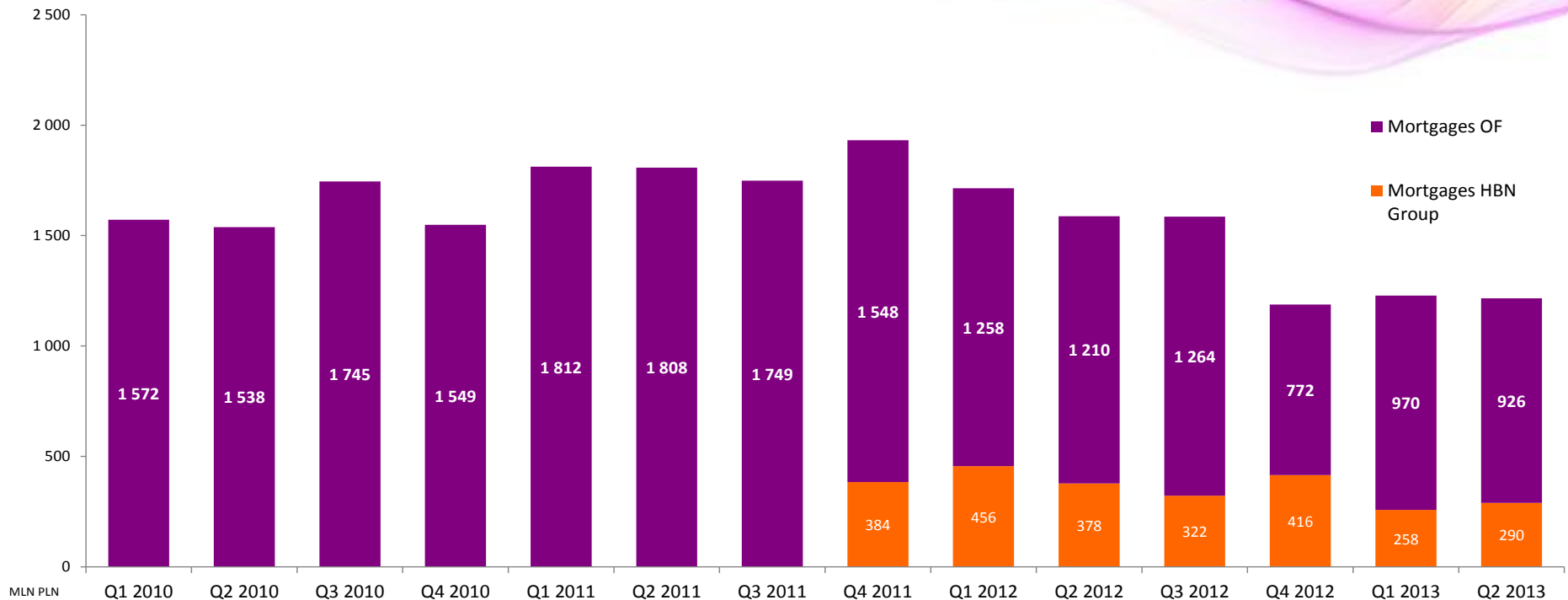
(\*) employment as at exact date



| Number of branches | 31 Dec 2012 | 30 June 2013 |
|--------------------|-------------|--------------|
| Open Finance       | 149         | 160          |
| Home Broker        | 73          | 67           |
| <b>Total</b>       | <b>222</b>  | <b>227</b>   |

# MORTGAGES SALES VOLUMES – OPEN FINANCE GROUP

QUARTERLY VOLUMES OF MORTGAGES SOLD

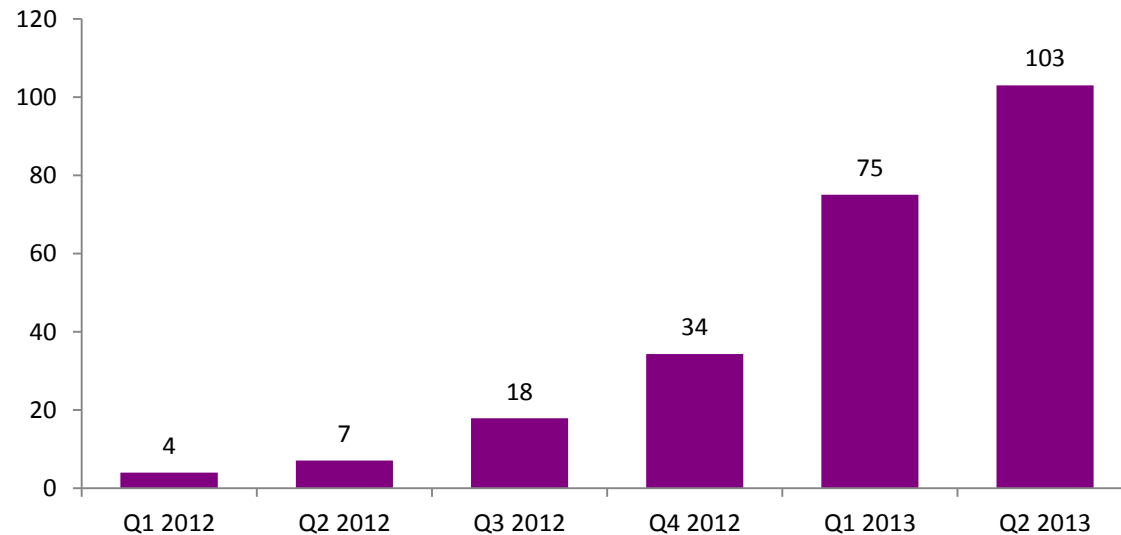


- Comparable level of mortgages sales in Q1 and Q2 2013; increase appropriately by 3,5% and 2,5% as compared to Q4 2012.

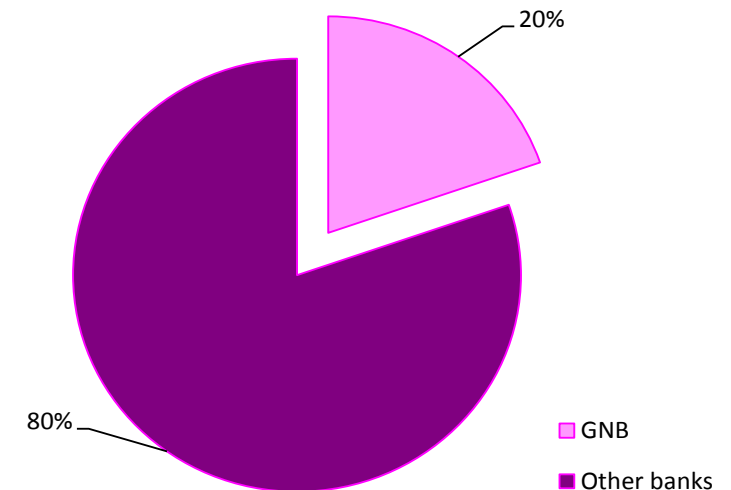
# CASH LOANS SALES VOLUMES - OPEN FINANCE GROUP

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

Quarterly volumes of cash loans sold



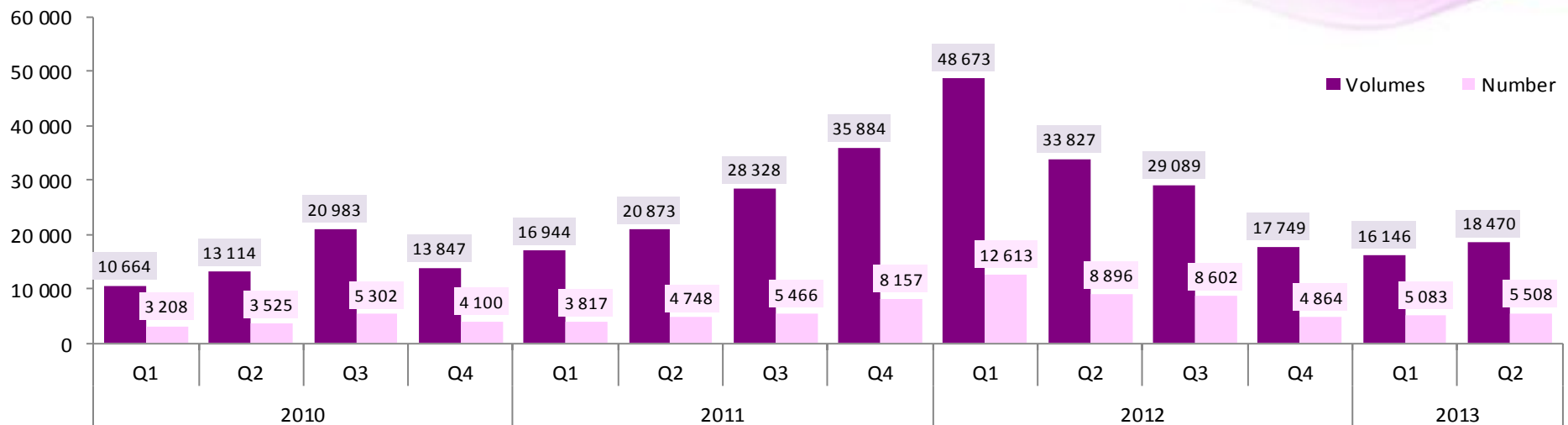
Structure of sales of cash loans by banks in H1 2013



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

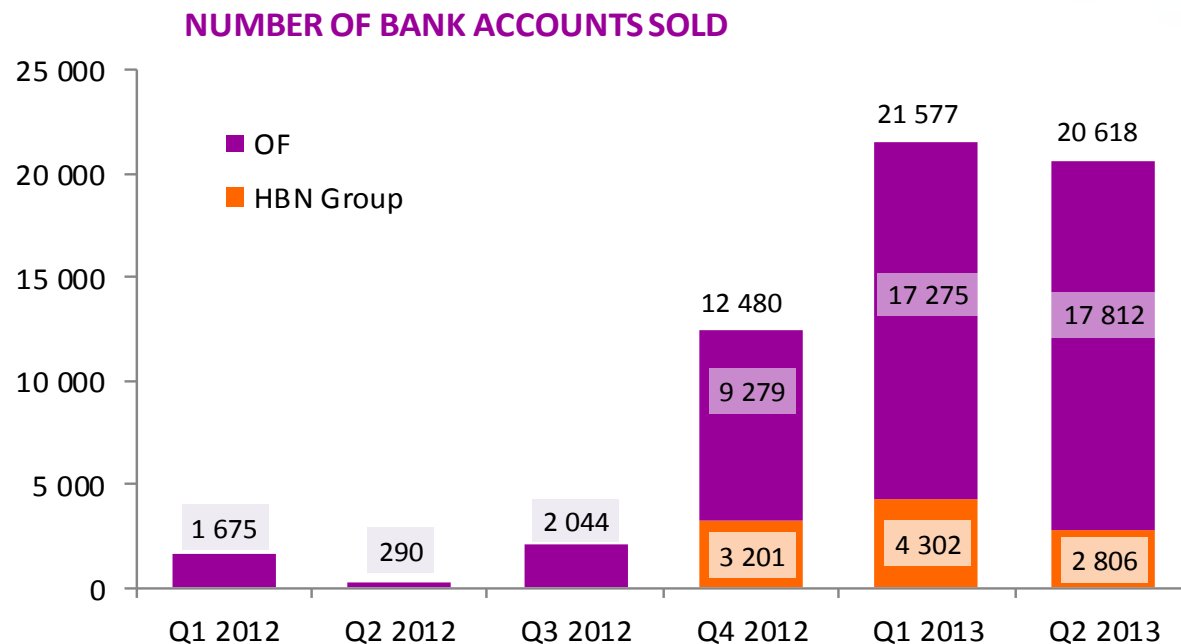
# SALES OF REGULAR PREMIUM UNIT-LINKED POLICIES – OPEN FINANCE GROUP

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



- „Volumes of production” means „first year declared premiums” adjusted by historical closing ratio.
- Open Finance noted an increase in the number of regular premium unit-linked policies sold in Q2 2013 as compared to Q1 2013 by 8% with a simultaneous increase in the volume of sales by 14%.

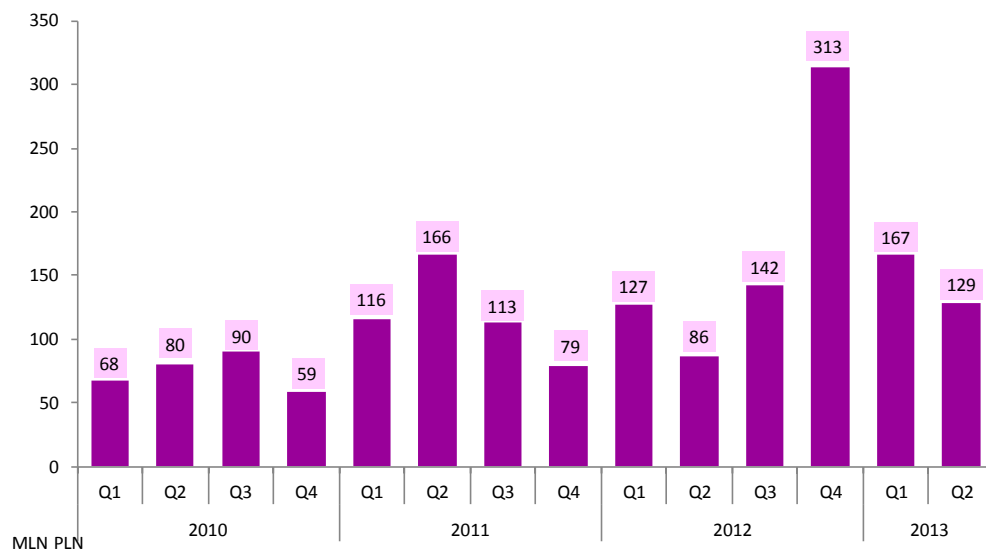
# SALES VOLUMES OF OTHER INVESTMENT PRODUCTS – OPEN FINANCE GROUP



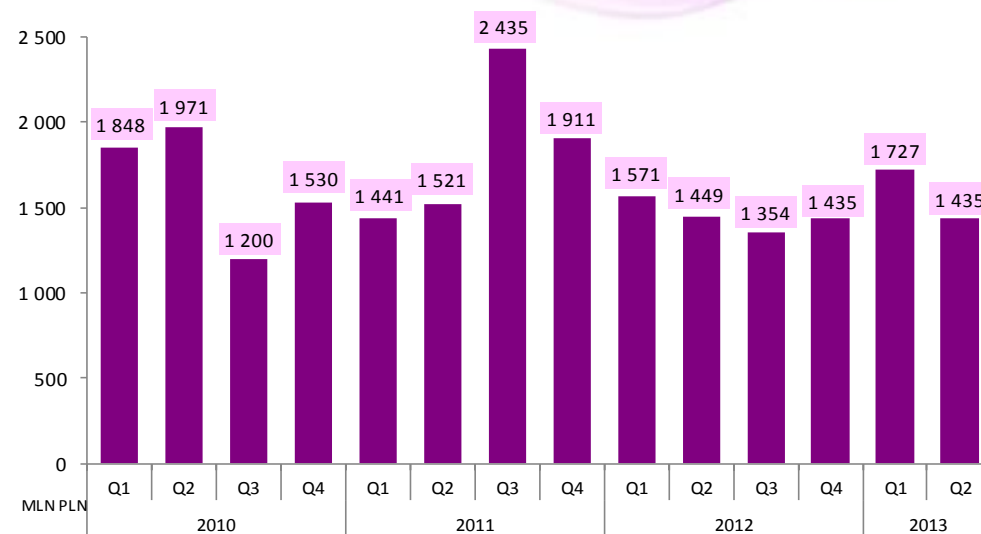
- Since Q4 2012 there has been a significant increase in sales of Getin Noble Bank S.A. bank accounts.
- Sales of bank accounts, in addition to generating sales for the Group, is next to the deposit, tool used in cross-sell.

# SALES VOLUMES OF OTHER INVESTMENT PRODUCTS – OPEN FINANCE GROUP

VOLUMES OF STRUCTURED PRODUCTS SOLD



VOLUMES OF DEPOSITS SOLD



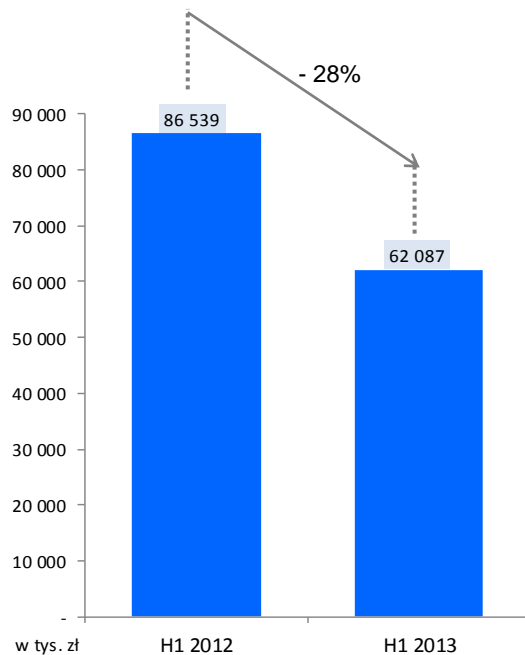
- Collected deposits constitute an excellent base for cross-sell of structured products.
- The sales of PLN 129 mln regarding single-premium investment products comprise both high-margin structured investments, low-margin investment policies, as well as bonds.



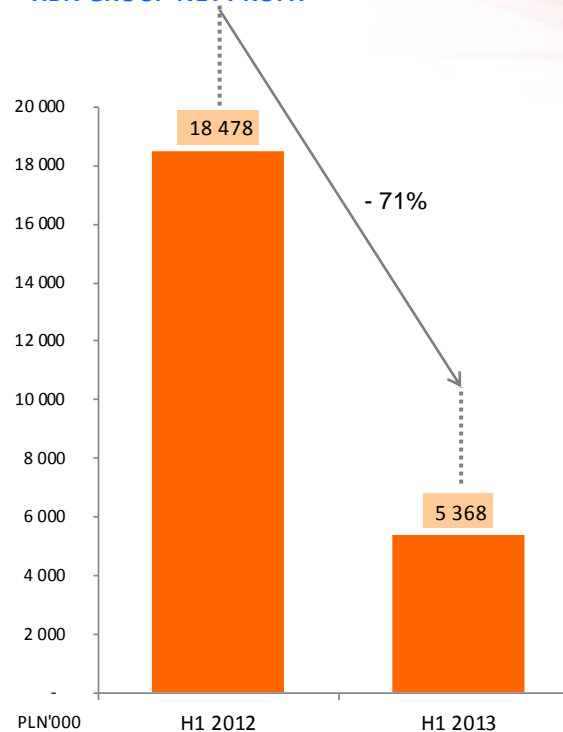
# Home Broker

# REVENUE AND NET PROFIT - HOME BROKER NIERUCHOMOŚCI GROUP

COMMISSION REVENUE HBN GROUP



HBN GROUP NET PROFIT



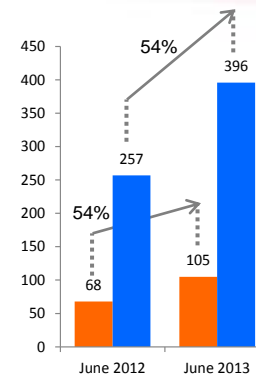
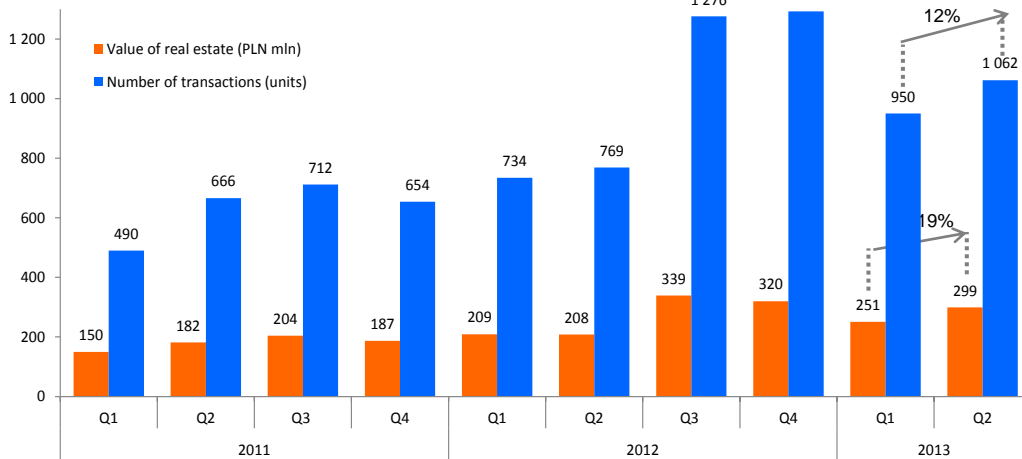
- Financial results of the HBN Group in H1 2013, decreased as compared to the same period of 2012. This is mainly due to the lower number of transactions due to the end of the program "Rodzina na swoim" (RNS) in December 2012.
- Strong decrease in the amount of transactions on the real estate market caused reduction in sold mortgages by HBN Group.

- Increase in the number of transactions in June and July 2013, increase in transaction prices and also good news from Polish economy (increase in retail, increase in Gross Domestic Product, positive balance of foreign trade, decrease in unemployment ) make future optimistic.



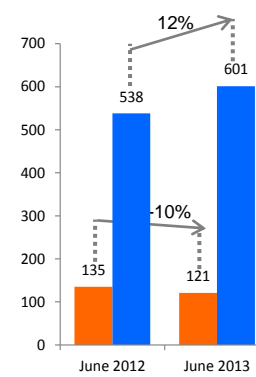
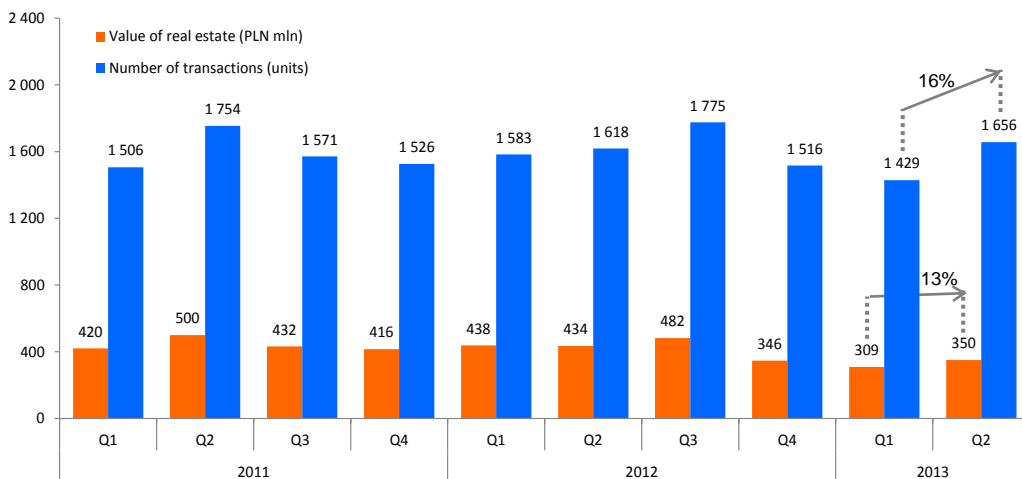
# SALES VOLUMES IN HOME BROKER NIERUCHOMOŚCI Home Broker GROUP - REAL ESTATE

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



- Record volume of sold apartments with RnS subvention in second half of 2012 resulted in strong decrease in the number of transactions at the beginning of 2013. Since Q2 2013, especially in June and further in July 2013, there have been significant increase in the number of transaction and also transaction prices.

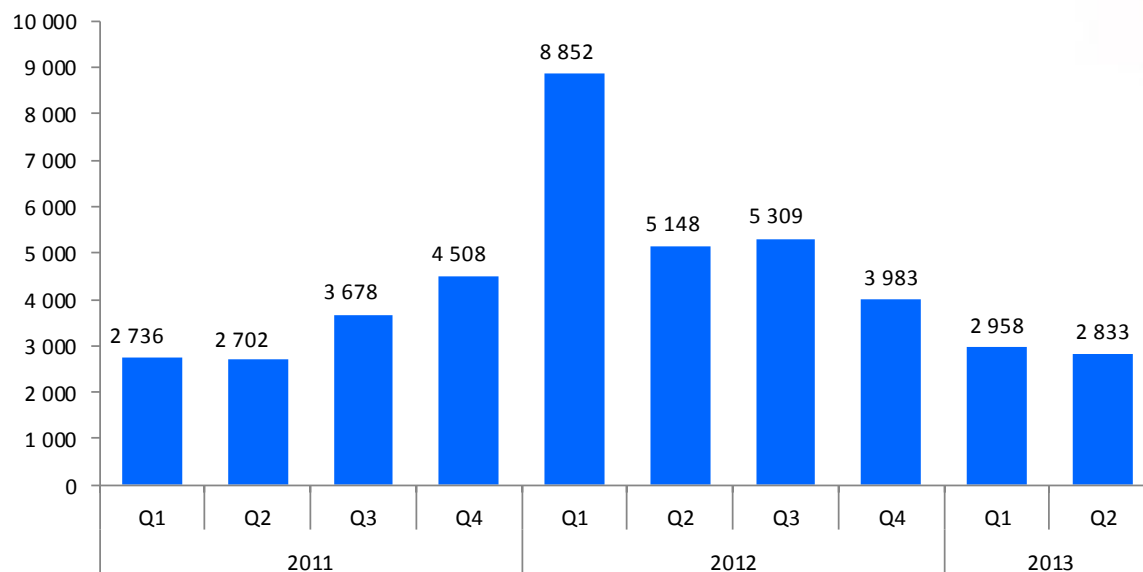
Value of real estate and number of transactions on the secondary market



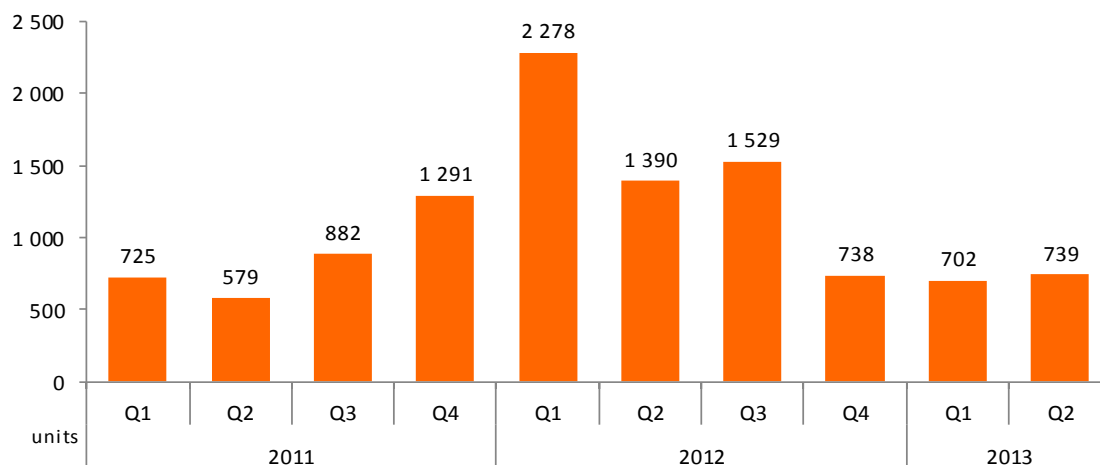
- Purchase of real estate, due to the current low interest rates, is an investment alternative, more profitable than bank deposit.
- Low borrowing costs make that revenue from rent is enough to pay loan installments and maintenance costs, which encourages to the purchase of the property for the rent.

# SALES VOLUMES IN HOME BROKER NIERUCHOMOŚCI GROUP - FINANCIAL PRODUCTS

## REGULAR PREMIUM UNIT-LINKED POLICIES - quarterly production



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

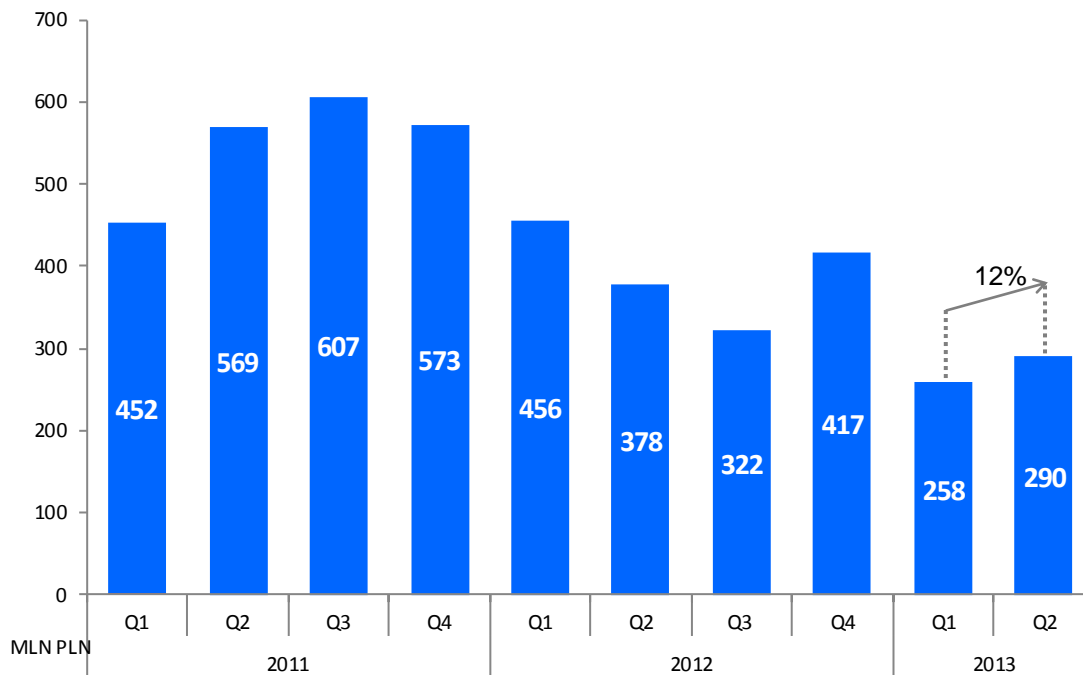


- „Volumes of production” means „first year declared premiums” adjusted by historical closing ratio.
- Home Broker noted an increase in the number of regular premium unit-linked policies sold in Q2 2013 as compared to Q1 2013 by 5%.

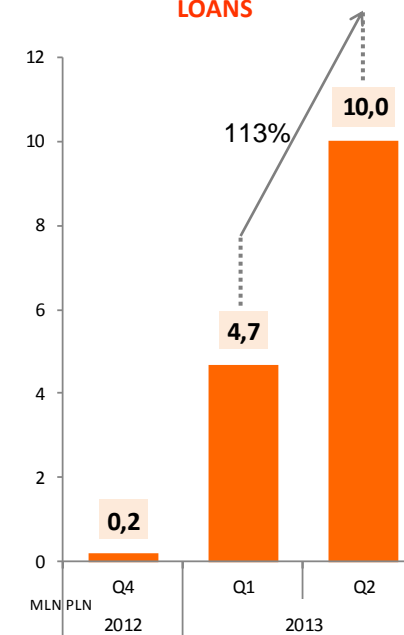
# SALES VOLUMES IN HOME BROKER NIERUCHOMOŚCI Home Broker GROUP - FINANCIAL PRODUCTS

A dynamic growth in sales of cash loans was noted in Home Broker since Q4 2012.

## QUARTERLY SALES OF MORTGAGES



## QUARTERLY SALES OF CASH LOANS



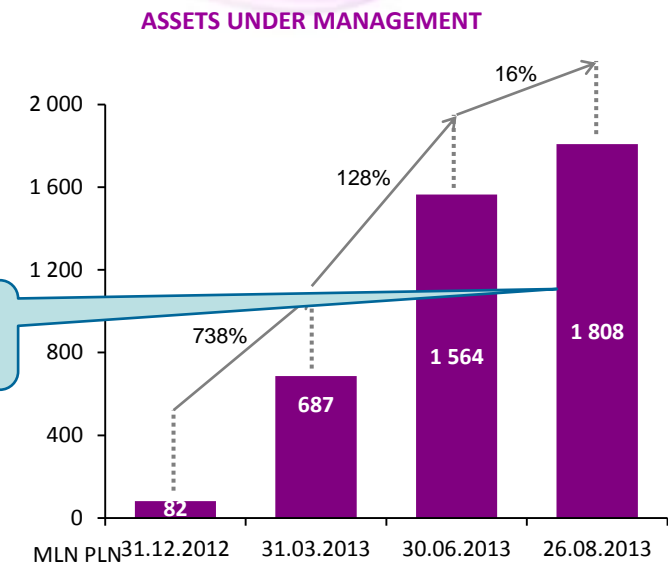


**Open Finance TFI SA** obtained the FSA approval for management of funds on 9 October 2012 and began operations.

## 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;
- ✓ 3 private equity investment fund.

Include over PLN 1.150 mln in capital market funds



## Partners:

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

**Positive financial results for 1H 2013. Plan to achieve positive financial results for 2013.**



# LEADER IN MARKET CHANGES



## INTRODUCING PRO-CLIENT CHANGES

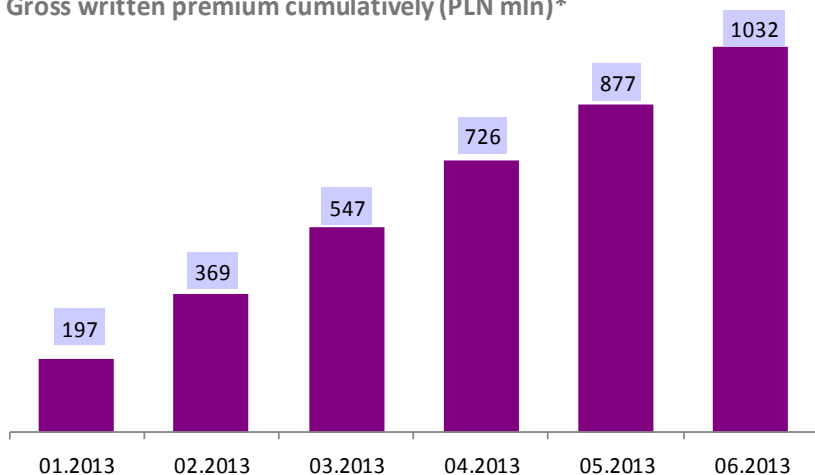
- Withdrawal of complicated, long-term insurance policies from sale
- **Reduction of fees** for early cancellation of insurance
- Further restrictions on the age of entry to individual products
- **Simplification and increase in the transparency of the documentation** for the customer
- Introduction 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)\*



\*- according to the Polish accounting act

## Cooperating Partners:

|                              |                            |
|------------------------------|----------------------------|
| Alior Bank                   | CPC                        |
| Bank Pocztowy                | Infinity8                  |
| BNP Paribas Bank Polska      | All money                  |
| Deutsche Bank PBC            | ProService Transfer Agency |
| DZ Bank                      | Atlantic Fund Services     |
| Getin Noble Bank             | PKO BP Finat               |
| Idea Bank                    | Arka BZ WBK TFI            |
| PKO BP                       | Union Investment TFI       |
| Expander Advisors            | Noble Funds TFI            |
| Open Finance                 | Legg Mason GAM             |
| HB Finance                   | Schroder ISF               |
| TC Finance                   | OPERA TFI                  |
| Noble Securities             | AXA TFI                    |
| Life and Pension             | Investors TFI              |
| Vasco Group                  | KBC TFI                    |
| CDS Finance                  | TFI Allianz                |
| Doradcy 24                   | PKO TFI                    |
| Horyzont-in, Sławomir Wojtas | Open Finance TFI           |
| Horyzont, Roman Bodziak      | Superfund TFI              |

## Targets for 2013:

1. Increasing the number of Cooperating Partners
2. Further development of investment products' offer
3. Start construction of the multiagent channel
4. Start the Agent Project

## DATA AT THE END OF SECOND QUARTER OF 2013

|  |              |
|--|--------------|
| Net profit in accordance with IAS/IFRS for 1H 2013 | PLN 5,3 mln  |
| Number of Clients                                  | 214 thousand |
| Share capital                                      | PLN 95,5 mln |
| „Assets to technical provisions” ratio             | 113%         |
| „Own funds to solvency margin” ratio               | 110%         |







OPEN FINANCE  
GROUP RESULTS AFTER  
H1 2013

# CONSOLIDATED ASSETS, PROFIT AND LOSS OF OPEN FINANCE GROUP

| PLN'000  | 30.06.2013     | 31.12.2012     | Change          |             |
|--|----------------|----------------|-----------------|-------------|
|  |                |                | value           | %           |
| <b>ASSETS</b>  |                |                |                 |             |
| <b>Fixed assets</b>  | <b>434 525</b> | <b>414 271</b> | <b>20 254</b>   | <b>5%</b>   |
| Tangible and intangible fixed assets                       | 337 008        | 324 419        | 12 589          | 4%          |
| Investment in associate - Open Life                        | 57 832         | 55 254         | 2 578           | 5%          |
| Investment property  | 8 097          | 4 145          | 3 952           | 95%         |
| Deferred tax asset   | 25 666         | 26 157         | (491)           | -2%         |
| Other long term receivables                                | 5 308          | 3 619          | 1 689           | 47%         |
| Other non-financial long term assets                       | 614            | 677            | (63)            | -9%         |
| <b>Current assets</b>                                      | <b>171 523</b> | <b>186 714</b> | <b>(15 191)</b> | <b>-8%</b>  |
| Trade receivables  | 34 236         | 98 211         | (63 975)        | -65%        |
| Interperiod settlements                                    | 106 732        | 67 273         | 39 459          | 59%         |
| Cash and cash equivalents                                  | 24 250         | 14 128         | 10 122          | 72%         |
| Other  | 6 305          | 7 102          | (797)           | -11%        |
| <b>TOTAL ASSETS</b>  | <b>606 048</b> | <b>600 985</b> | <b>5 063</b>    | <b>1%</b>   |
| <b>LIABILITIES AND EQUITY</b>                              |                |                |                 |             |
| <b>Equity</b>  | <b>390 583</b> | <b>362 125</b> | <b>28 458</b>   | <b>8%</b>   |
| Share capital  | 542            | 542            | -               | 0%          |
| Other reserve capital                                      | 273 152        | 228 833        | 44 319          | 19%         |
| Retained earnings  | 116 889        | 132 750        | (15 861)        | -12%        |
| <b>Liabilities</b>   | <b>215 465</b> | <b>238 860</b> | <b>(23 395)</b> | <b>-10%</b> |
| Deferred tax provision                                     | 21 829         | 16 996         | 4 833           | 28%         |
| Provisions   | 891            | 4 691          | (3 800)         | -81%        |
| Financial lease liabilities                                | 1 985          | 2 300          | (315)           | -14%        |
| Issued bonds   | 121 623        | 78 742         | 42 881          | 54%         |
| Financial liabilities at fair value through profit or loss | 3 833          | 53 328         | (49 495)        | -93%        |
| Trade liabilities  | 15 267         | 17 173         | (1 906)         | -11%        |
| Interperiod settlements                                    | 34 236         | 39 893         | (5 657)         | -14%        |
| Corporate income tax payable                               | 3 680          | 5 660          | (1 980)         | -35%        |
| Other non-financial liabilities                            | 12 121         | 20 077         | (7 956)         | -40%        |
| <b>TOTAL LIABILITIES AND EQUITY</b>                        | <b>606 048</b> | <b>600 985</b> | <b>5 063</b>    | <b>1%</b>   |

| PLN'000                                 | 1.01.2013-<br>30.06.2013 | 1.01.2012-<br>30.06.2012 | Change          |             |
|---|--------------------------|--------------------------|-----------------|-------------|
|   |                          |                          | value           | %           |
| Revenue                                 | 220 517                  | 250 070                  | (29 553)        | -12%        |
| Costs of commissions paid               | (61 668)                 | (71 465)                 | 9 797           | -14%        |
| <b>Gross result</b>                     | <b>158 849</b>           | <b>178 605</b>           | <b>(19 756)</b> | <b>-11%</b> |
| Administrative costs                    | (108 102)                | (110 621)                | 2 519           | -2%         |
| Result on other operating activity      | 287                      | 3 948                    | (3 661)         | -93%        |
| Share in associate's profit - Open Life | 2 578                    | 7 468                    | (4 890)         | n/a         |
| <b>EBITDA</b>                           | <b>53 612</b>            | <b>79 400</b>            | <b>(25 788)</b> | <b>-32%</b> |
| Depreciation and amortisation           | (15 733)                 | (7 225)                  | (8 508)         | 118%        |
| Result on financial activity            | (3 121)                  | (4 463)                  | 1 342           | -30%        |
| <b>Gross profit</b>                     | <b>34 758</b>            | <b>67 712</b>            | <b>(32 954)</b> | <b>-49%</b> |
| Income tax                              | 6 468                    | 11 850                   | (5 382)         | -45%        |
| <b>Net profit</b>                       | <b>28 290</b>            | <b>55 862</b>            | <b>(27 572)</b> | <b>-49%</b> |

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