

OPEN FINANCE GROUP RESULTS AFTER FOUR QUARTERS OF 2013

Presentation of financial results for investors and analysts

Warsaw, February 21, 2014

BASIC FINANCIAL INFORMATION - OPEN FINANCE GROUP

CHANGE		DATA AT THE END OF FOURTH QUARTER OF 2013
0%	*	Branches (222)
+ 15,3 %	*	Equity (417,6 mln zł)*****
- 54,4 %	**	Net profit (56,2 mln zł)*****
- 2,3 %	**	Revenue (440,3 mln zł)
- 24,1 %	**	EBITDA (105,6 mln zł) ***
- 48,2 p.p.	**	ROE (15,5%) *****

* compared to data as at 31 December 2012

** compared to data for the period of 4Q 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

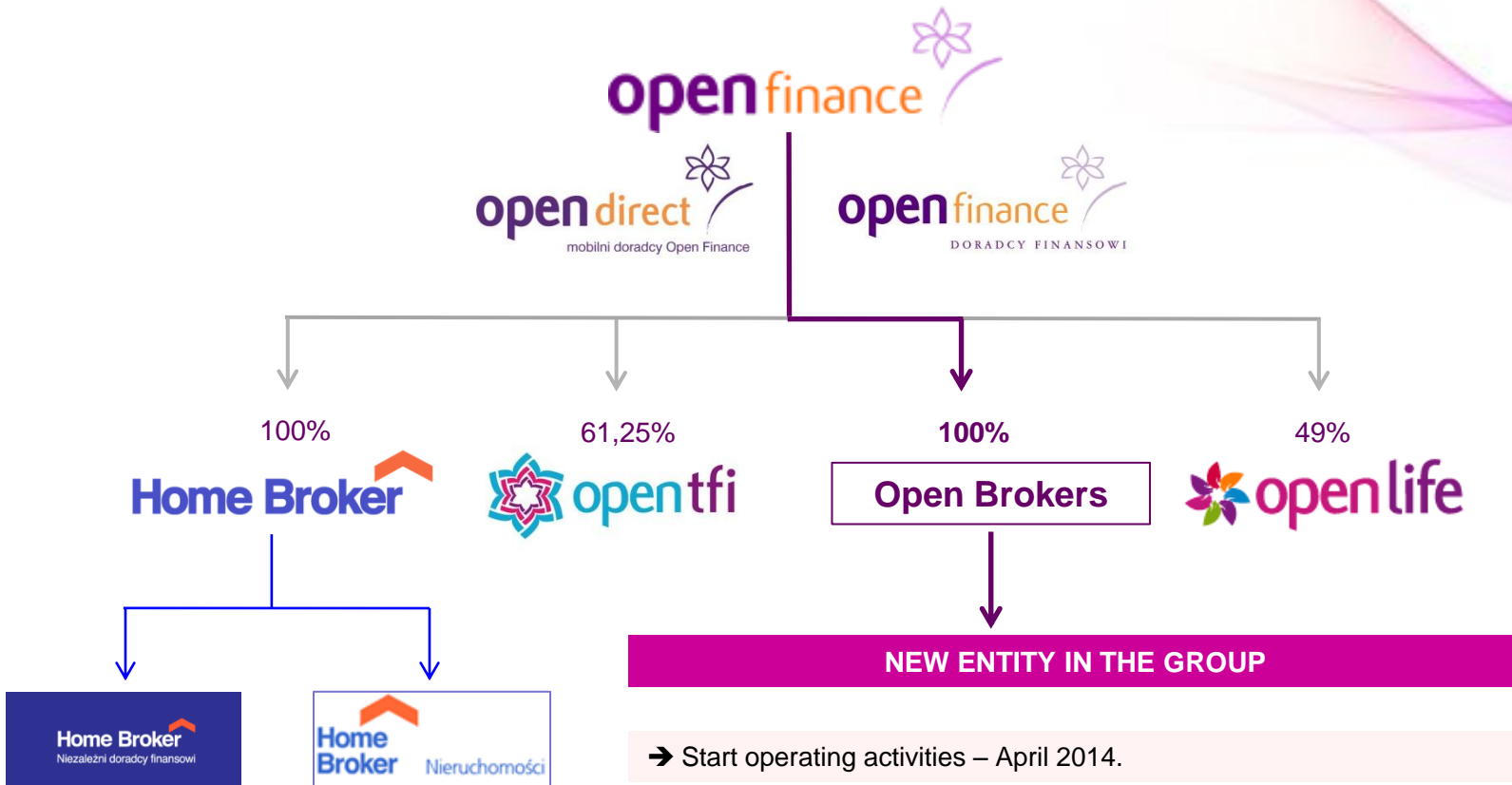
***** attributable to shareholders of the parent company

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 IN 2013

- 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
- Implementing a new openCRM system.

NEW openCRM SYSTEM

System implemented in December 2013.

Maria Nowak [Obserwuj](#)
 +48 600000001 maria.nowak@open.pl

Podstawowe dane Klienta | Dane adresowe | Charakterystyka Klienta | Dodatkowe dane osobowe | Zgody Klient

Imię: Maria **Kategoria Klienta:** Standard
Nazwisko: Nowak **Źródło pozyskania Klienta:** oddział
Płeć: kobieta **Data utworzenia Klienta:** 2013-10-14
PESEL: 65022819212
Data urodzenia: 1965-02-28
Telefon główny: +48 600000001
Email: maria.nowak@open.pl

[Notatka](#)

Spotkania, wykonane telefony i maile | [Notatki](#) | [Wszystkie zdarzenia](#) | [Zadania \(organizacja pracy z Klientem\)](#)

[Nowe spotkanie](#) | [Nowy telefon](#) | [Nowy mail](#)

10 Znalazionych wyników: 1 - 4 z 4

#	Typ	Data	Godzina	Status	Sprawy	Odpowiedzialny	Z CC	Akcje
1		2014-01-02	18:00	Planowane	Kredyt		TAK	Odbly sie nie odbylo sie
2		2013-11-21	11:36	Wyslany	Inwestycja		NIE	
3		2013-11-21	11:35	Wyslany	Inwestycja		NIE	
4		2013-11-19	11:42	Wykonany	Inwestycja		NIE	

10 Znalazionych wyników: 1 - 4 z 4

Otwarte sprawy | [Zakończone sprawy](#) | [Wnioski](#)

Ankiety klienta

Kampanie | [Formularze Klienta](#)

Historia systemowa

openCRM | Katarzyna Administrator - Root - OPF00 | [Wyloguj](#)

Klienci | Sprawy | Zdarzenia i zadania | **Kalendarz** | Administracja | Zarządzanie

openCRM » Kalendarz » Dzienny rejestr spotkań oddziału

Dzienny rejestr spotkań oddziału

Dzienny rejestr spotkań oddziału

[Tygodniowy rejestr spotkań](#) | [Konfiguracja godzin tygodniowa](#)

Jednostka: WAW - Oddział Warszawa **Nazwisko Klienta:**
Odpowiedzialny: -- wszyscy --

[Odwieź kalendarz](#) | [Przechowalnia spotkań](#) | 2014-02-18

	08:00	09:00	10:00	11:00	12:00	13:00	14:00	15:00	16:00	17:00	18:00	19:00	20:00	21:00
Oddział Warszawa	18 Lut Wt													
Nowak Małgorzata Doradca Finansowy	18 Lut Wt				R. Nowak	M. Kowalska					R. Nowak	M. Kowalska		
Kowalski Artur Doradca Finansowy	18 Lut Wt				M. Kowalski						K. Mazur			
Nowak Przemysław Doradca Finansowy	18 Lut Wt				G. Nowak	I. Nowicki		M. Nowicki						
Kowalski Krzysztof Doradca Klienta	18 Lut Wt				K. Nowak	K. Nowakowa		A. Kowalska	M. Kot					
Nowakowski Karol Z-ca Kierownika Oddziału/Starszy Doradca F	18 Lut Wt				G. Nowak	I. Nowicki		J. Nowak						



NEW openCRM SYSTEM

Basic functions

- ✓ Providing an intuitive, graphical interface that will improve users' work organization;
- ✓ Collecting a wide range of information about the Client and history of their activity;
- ✓ Automatic scheduling of contacts with the Client in order to support long-term relationships;
- ✓ Use algorithms matching the best advisor to individual customer needs in the process of making appointments by the Contact Center;
- ✓ Automate marketing campaigns and Contact Center activities by integration with external systems;
- ✓ Standardized generation of documents for the Client, including the presentation of models of asset allocation;
- ✓ Current access to information about the effectiveness of advisors and individual marketing campaigns.

Clients portfolio

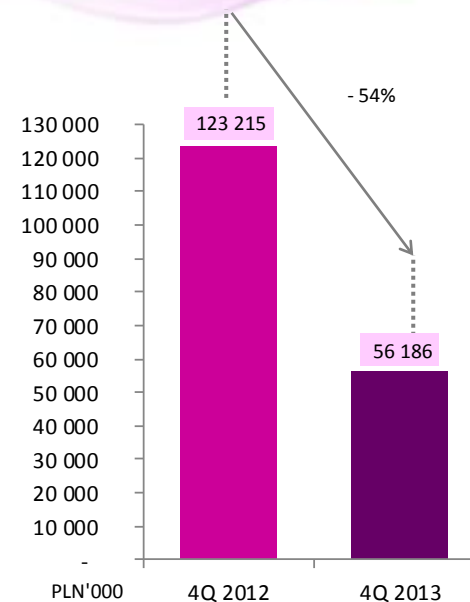
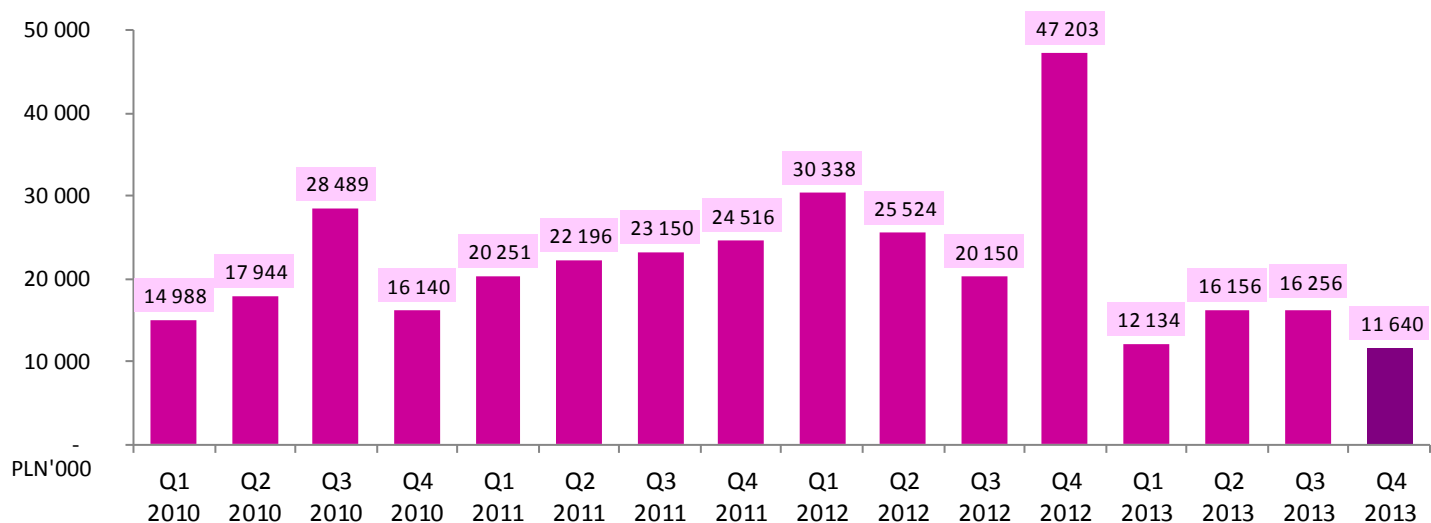
2,1 mln Clients

Expected business results

- ✓ Increasing the efficiency of marketing actions by promoting the most effective channels to reach the Client;
- ✓ More effective cooperation with current Clients by preparing profiled offers based on multivariate analysis of the needs and expectations.

CONSOLIDATED NET PROFIT – OPEN FINANCE GROUP

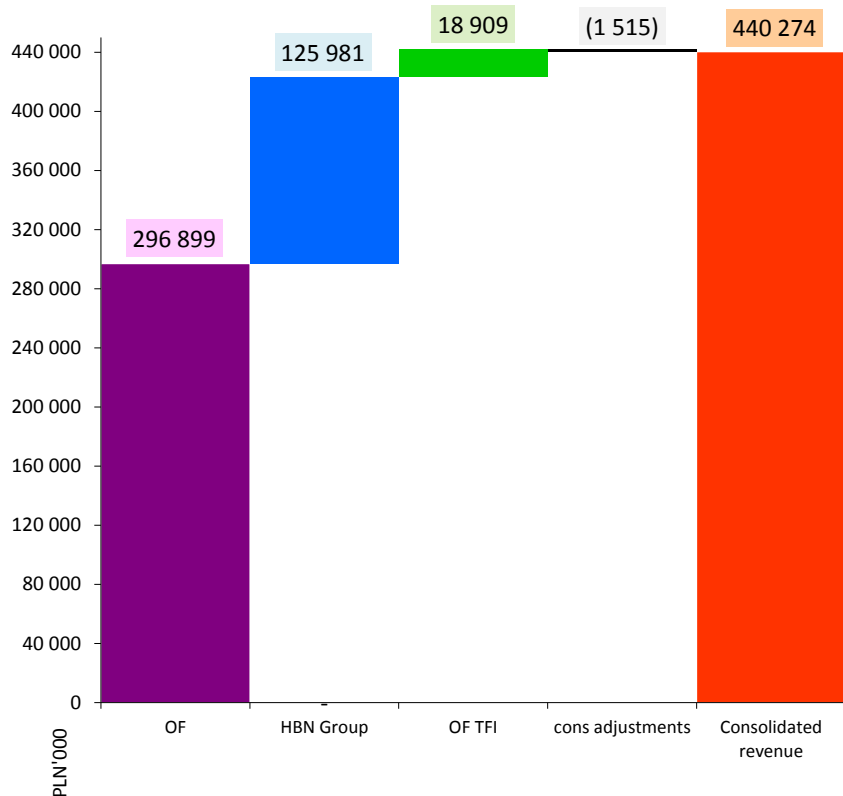
(attributable to shareholders of the parent)



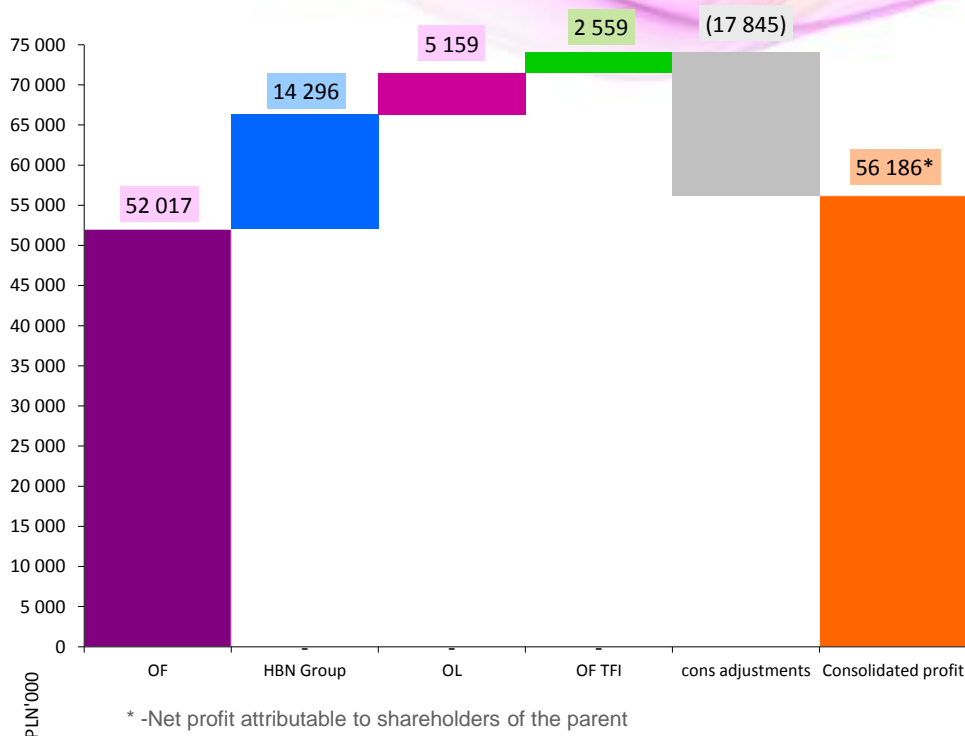
The net profit earned by the Group in Q4 2013 is lower than the net profit earned in previous quarters. This is due to the expectation of the market for the launch of the MDM program and a reduction in the average margin on regular premium unit-linked policies (sales pressure on products safer for the Client).

CONTRIBUTION OF EACH COMPANY TO CONSOLIDATED RESULTS OF OPEN FINANCE GROUP

COMPANIES' CONTRIBUTION TO THE CONSOLIDATED REVENUE IN 4Q 2013



COMPANIES' CONTRIBUTION TO THE CONSOLIDATED NET PROFIT IN 4Q 2013

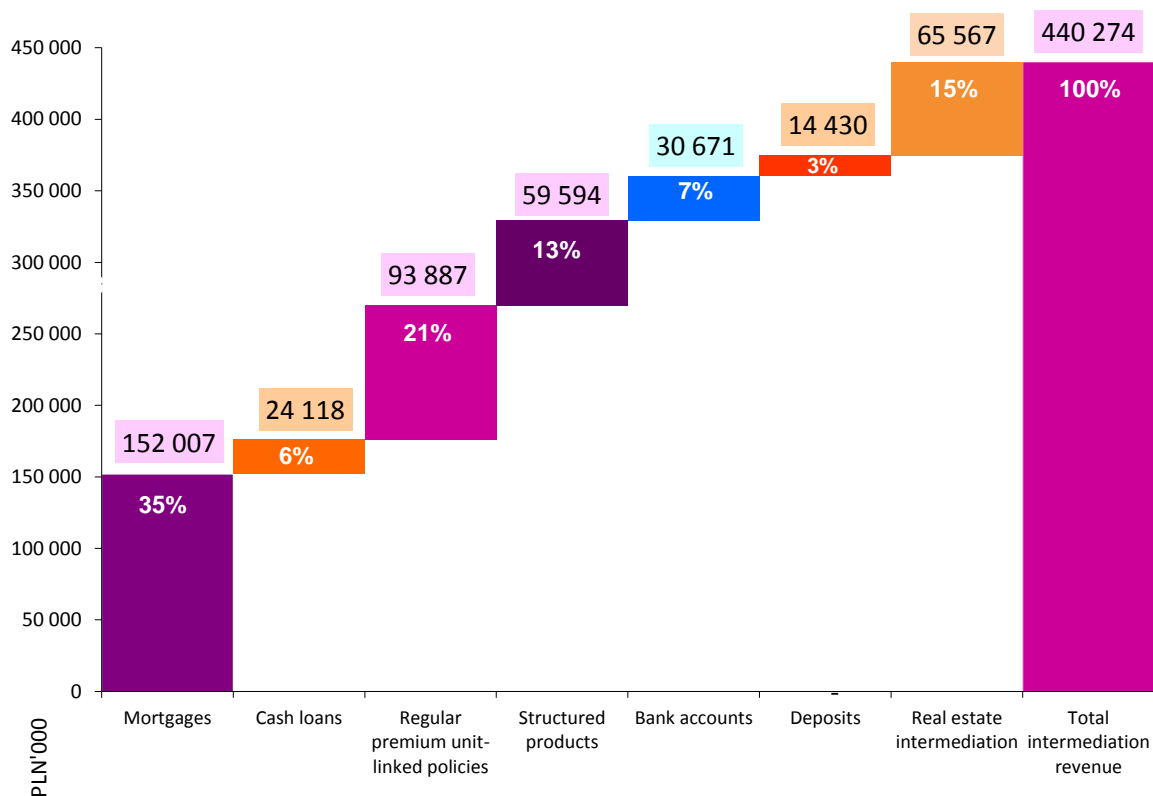


- Consolidation adjustments to the net profit in 4Q 2013 mainly concern to the dividend received by Open Finance from Home Broker Nieruchomości S.A. of PLN 20.000 thousand;
- Results of Open Life TUŻ S.A. (OL) are accounted for in the consolidated net result of Open Finance Group using the equity method; 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 5.159 thousand represents 49% of net result of that company earned in 4Q 2013.

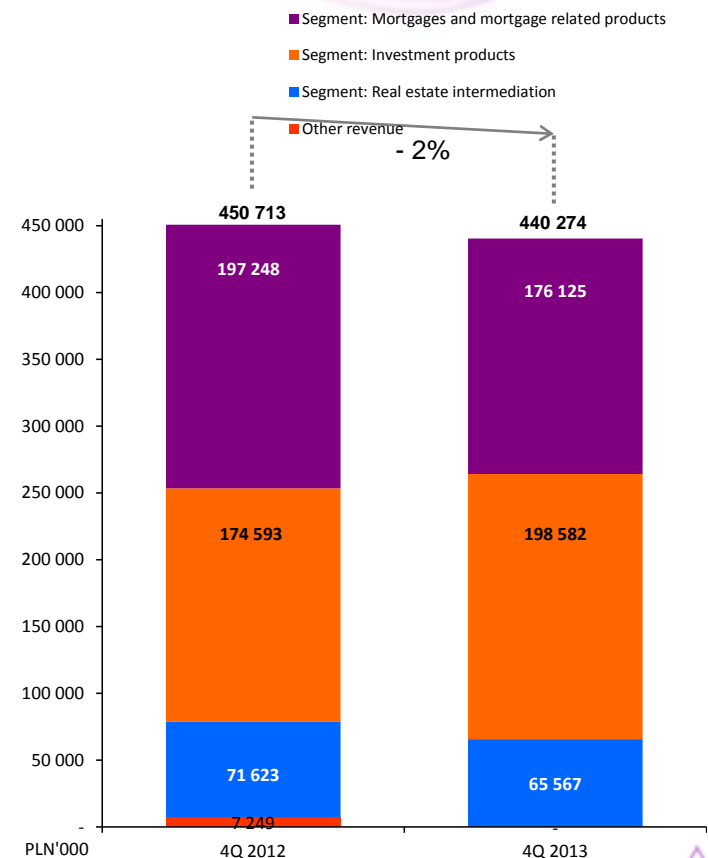
REVENUE STRUCTURE – OPEN FINANCE GROUP

The consequent increase in share of revenue from sale of investment products in total revenue in 4Q 2013 compared to the same period in 2012 (45% vs. 39%) is observed.

BREAKDOWN OF INTERMEDIATION REVENUE IN 4Q 2013



INTERMEDIATION REVENUE



CHAIN OF SALES IN OPEN FINANCE GROUP



Number of advisors	31 Dec 2012 (*)	31 Dec 2013 (*)
OF financial advisors	1 239	1 550 (**)
HB financial advisors	390	356
HB real estate agents	633	636
Total	2 262	2 542

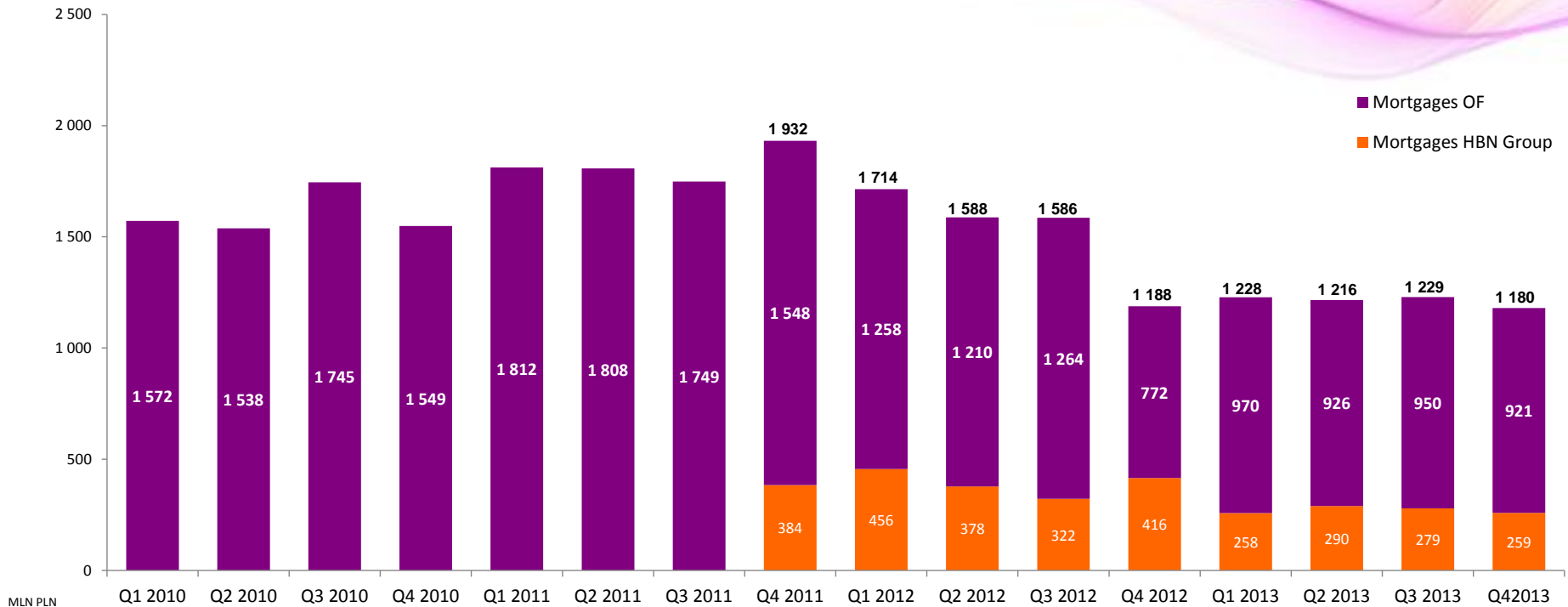
(*) employment as at exact date

(**) including advisors cooperating in the Open Partners project

Number of branches	31 Dec 2012	31 Dec 2013
Open Finance	149	158
Home Broker	73	64
Total	222	222

MORTGAGES SALES VOLUMES – OPEN FINANCE GROUP

QUARTERLY VOLUMES OF MORTGAGES SOLD

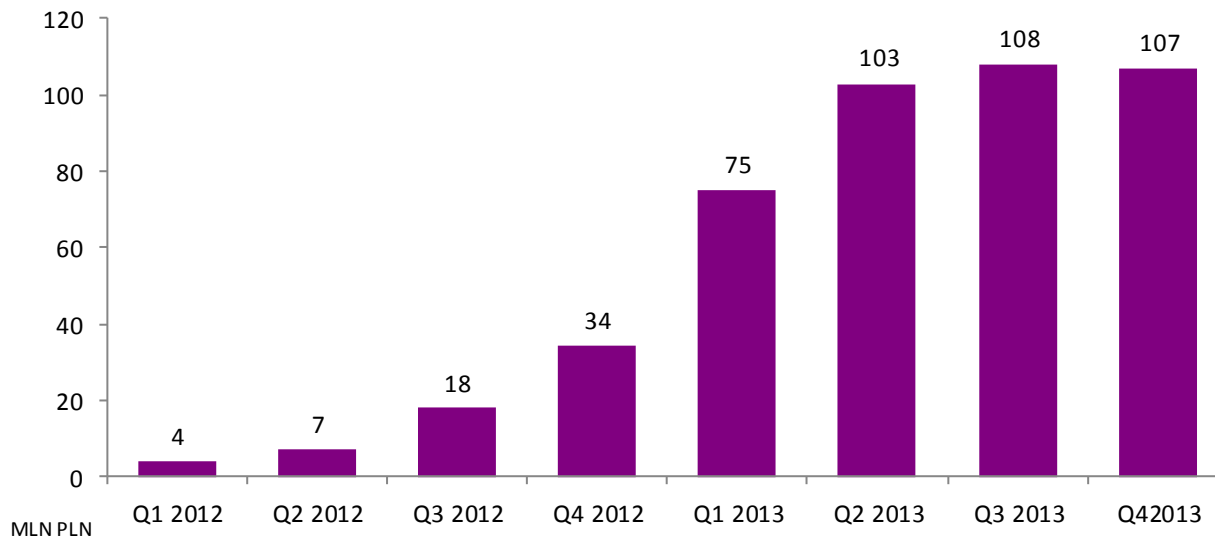


- Comparable level of mortgages sales in the following quarters of 2013. No increase in Q4 2013 as a result of market expectations for the introduction of the MDM program.

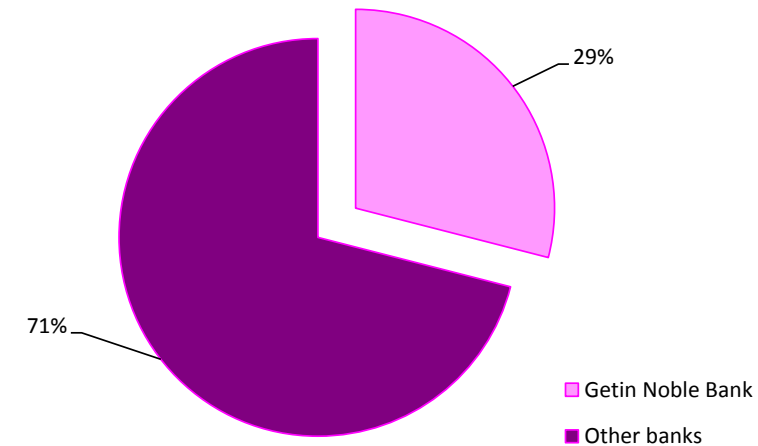
CASH LOANS SALES VOLUMES - OPEN FINANCE GROUP

A dynamic growth in sales of cash loans has been noted since second half of 2012.

Quarterly volumes of cash loans sold



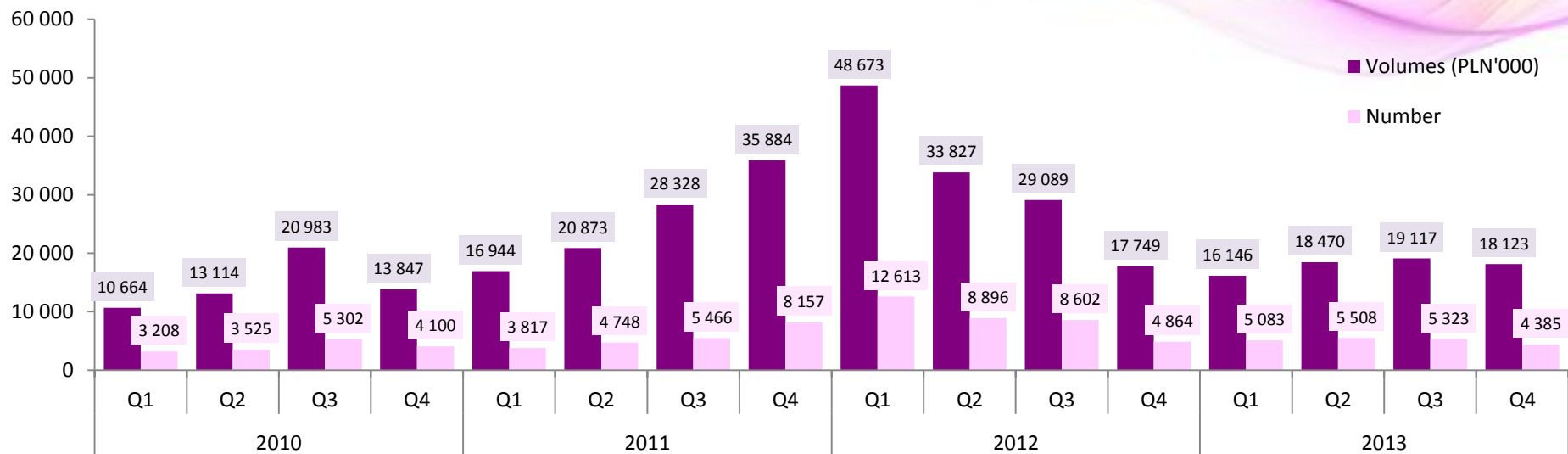
Structure of sales of cash loans by banks in 4Q 2013



- Sale of 10 mln PLN of cash loans generates the same revenue as the sale of 20 mln PLN of mortgages;
- Increase in sales of Getin Noble Bank cash loans – with 25% share in 3Q 2013 to 29% share in 4Q 2013.

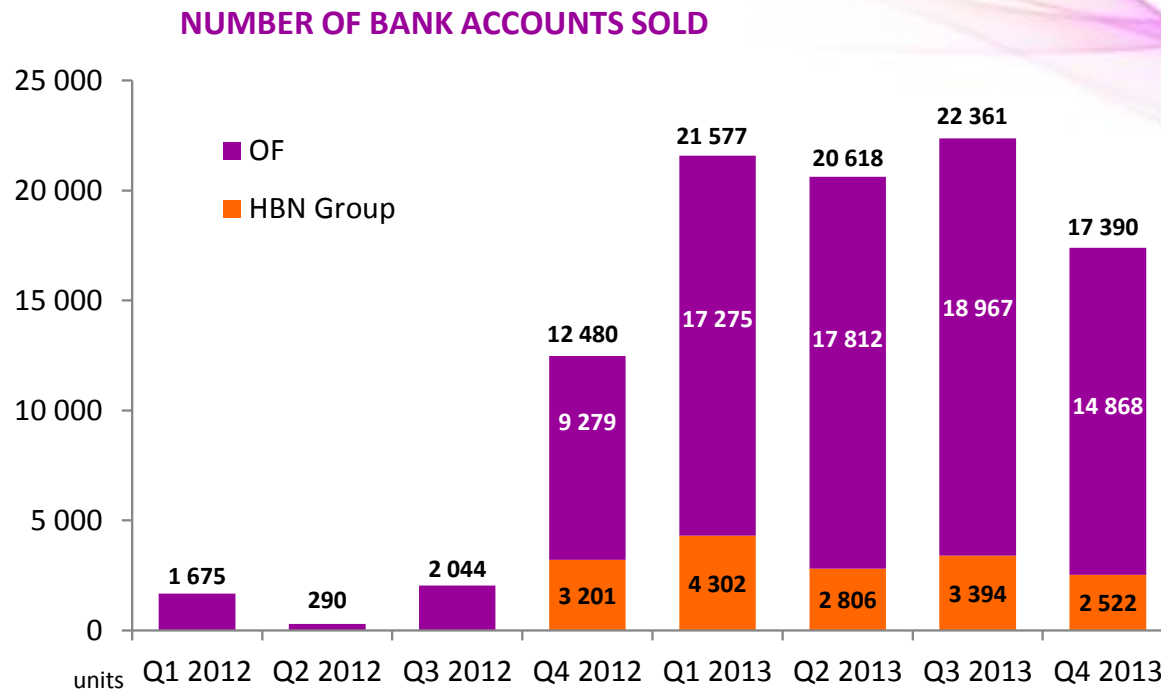
SALES OF REGULAR PREMIUM UNIT-LINKED POLICIES – OPEN FINANCE GROUP

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.
- Year of 2013 is perceived as a period of consequent making up for decreased volumes of sales - Open Finance noted an increase in the volumes of regular premium unit-linked policies sold in following quarters as compared to Q1 2013 – increase by 14% in Q2 2013, increase by 18% in Q3 2013 as compared to Q1 2013 and increase by 12% in Q4 2013 as compared to Q1 2013.
- The average premium is steadily growing and has increased by 15% compared to Q3 2013 and by 30% compared to Q1 2013.

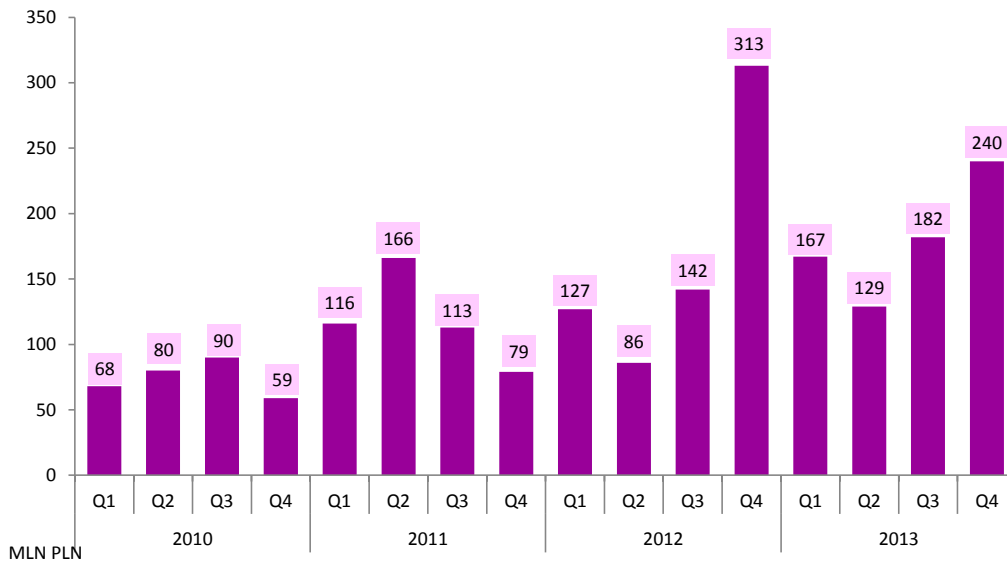
SALES VOLUMES OF OTHER INVESTMENT PRODUCTS – OPEN FINANCE GROUP



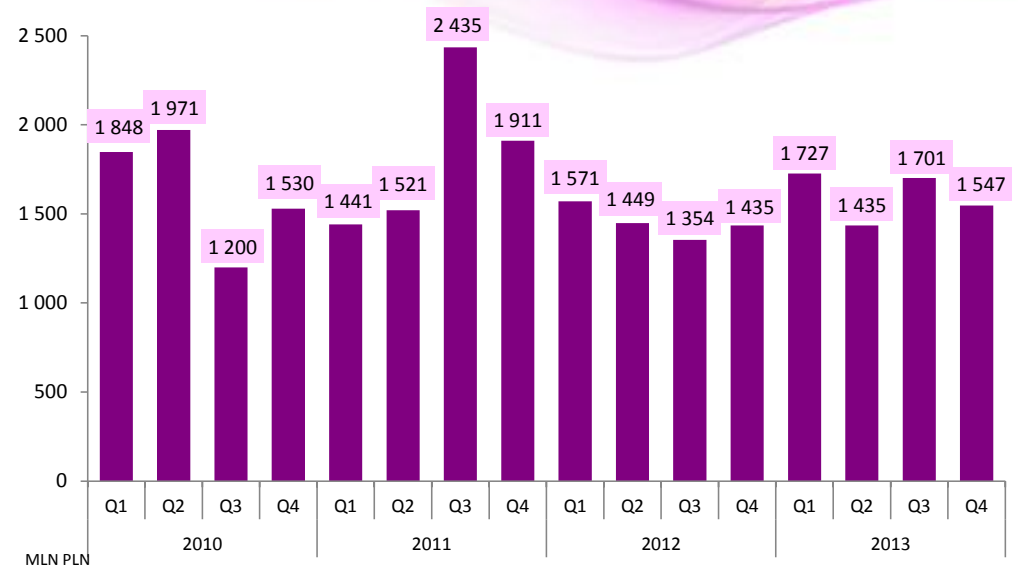
- Open Finance Group sells only Getin Noble Bank S.A. bank accounts.
- Sales of bank accounts, in addition to generating sales for the Group, is next to the deposits, a tool used in cross-sell.

SALES VOLUMES OF OTHER INVESTMENT PRODUCTS – OPEN FINANCE GROUP

VOLUMES OF STRUCTURED PRODUCTS SOLD



VOLUMES OF DEPOSITS SOLD



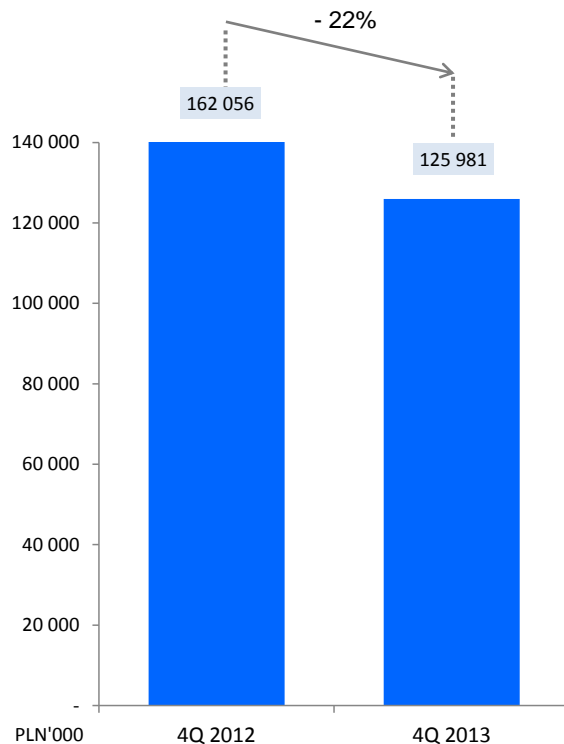
- Collected deposits constitute an excellent base for cross-sell of structured products.
- The sales of PLN 240 mln regarding single-premium investment products comprise both high-margin structured investments, TFI, low-margin investment policies, as well as bonds.



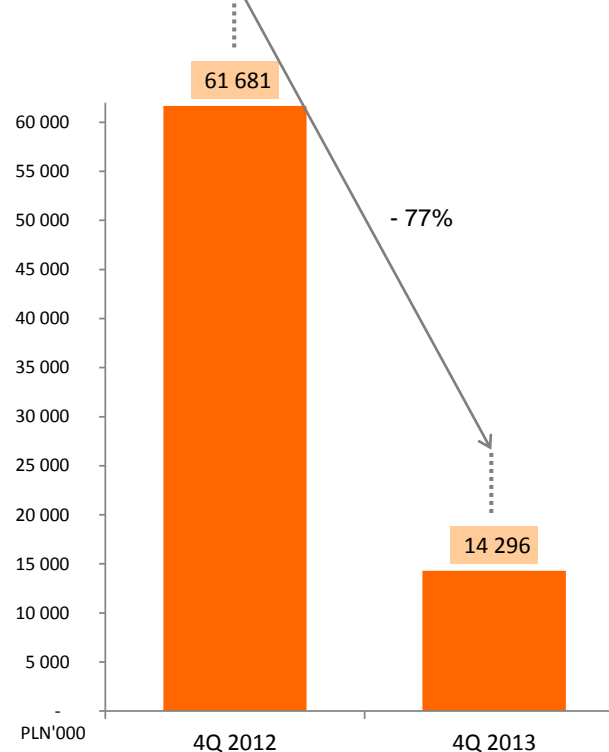
Home Broker

REVENUE AND NET PROFIT - HOME BROKER NIERUCHOMOŚCI GROUP

COMMISSION REVENUE HBN GROUP



HBN GROUP NET PROFIT

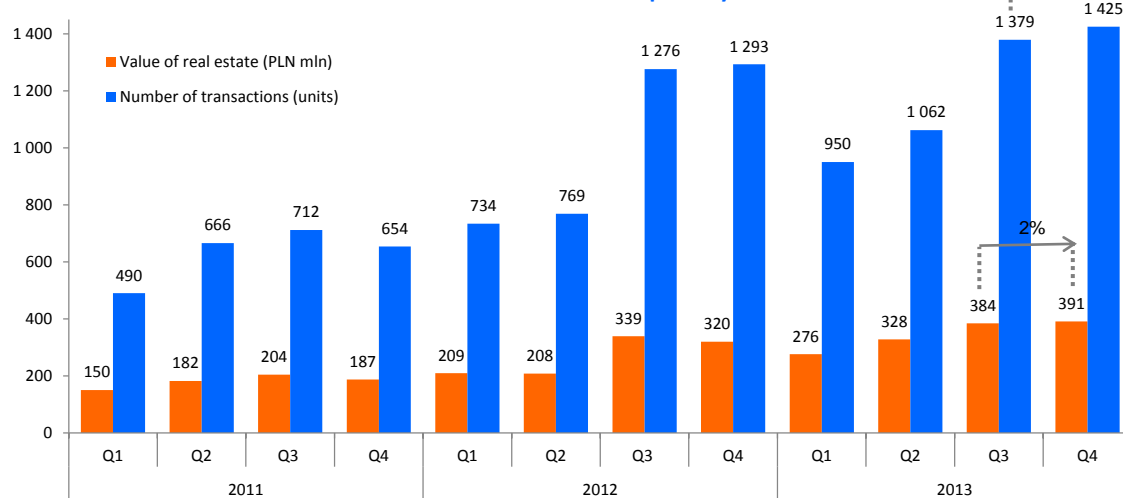


Financial results of the HBN Group in 2013, decreased as compared to the same period of 2012 which is in line with management expectations. This is mainly due to:

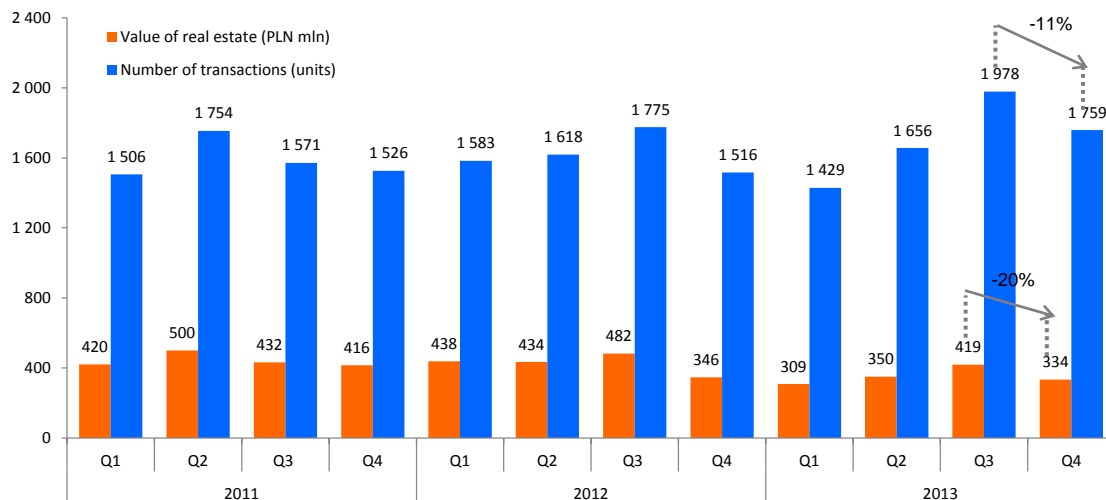
- the lower average value of real estate on the secondary market that were transacted by Home Broker Group.
- increase in cash transactions which caused reduction in the number of sold mortgages by Home Broker Group.
- one-off transactions in 2013, which were included in net profit for the year 2012 (deferred tax asset recognized on the transaction of sale of an organized part of the enterprise (25 mln PLN), the result on the sale of investment properties (9 mln PLN), sale Lion's House outside the Home Broker Group (4 mln PLN)).

SALES VOLUMES IN HOME BROKER NIERUCHOMOŚĆ Home Broker GROUP - REAL ESTATE

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



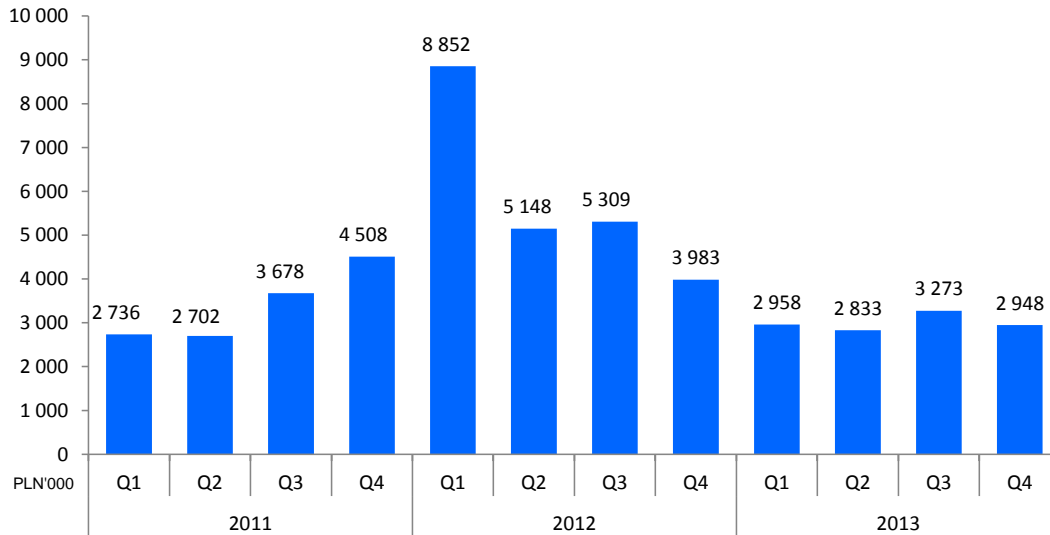
Value of real estate and number of transactions on the secondary market



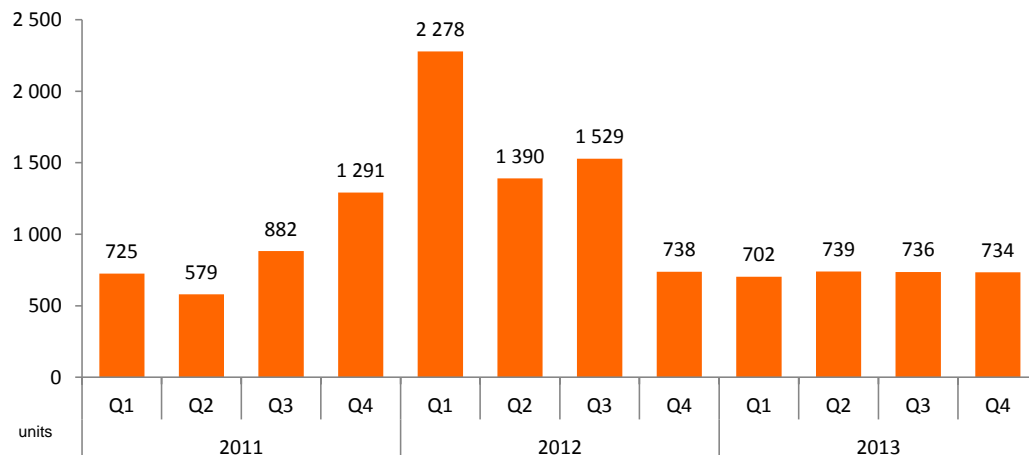
- Primary market – Q4 2013 is another quarter in a row this year with both increase in the number of sold real estate and in number and volume of transactions. **Q4 2013 - the best quarter in the history of Home Broker in respect of the number of transactions on the real estate market.**
- Secondary market - Home Broker noted a decrease in the number of transactions and average value of real estate in Q4 2013 as compared to Q3 2013, but still **2013 was record year in the history of Home Broker in terms of number of purchas/sale transactions on the real estate market realized through the Home Broker Group.**

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

REGULAR PREMIUM UNIT-LINKED POLICIES - quarterly production



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

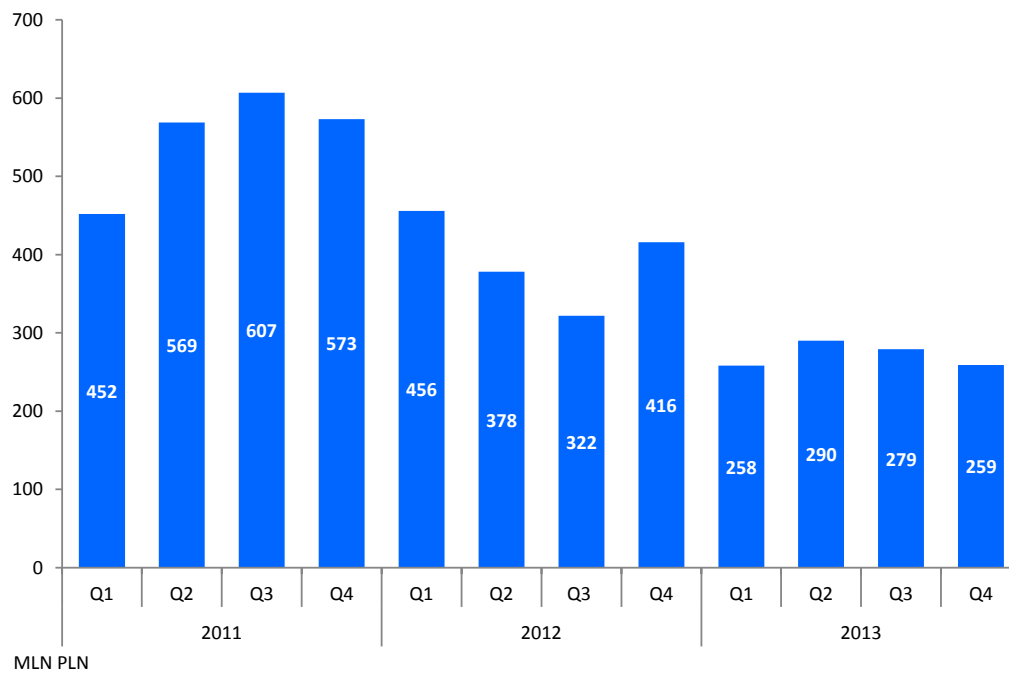


- „Volumes of production” means „first year declared premiums” adjusted by historical closing ratio.
- Home Broker noted an increase in the number of regular premium unit-linked policies sold in Q4 2013 as compared to Q2 2013 by 4%.

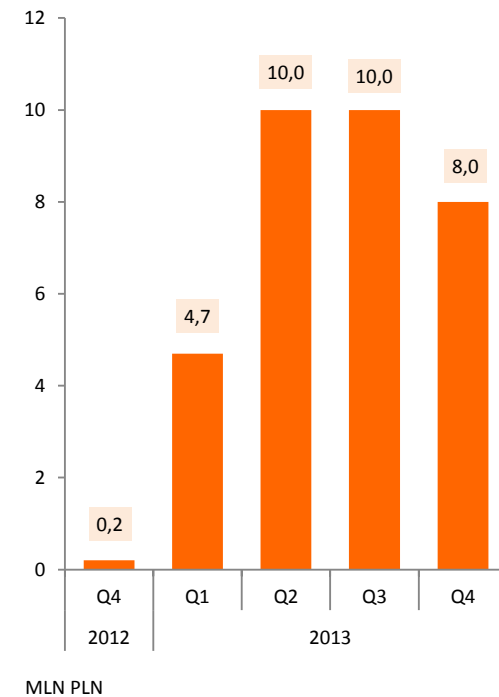
SALES VOLUMES IN HOME BROKER NIERUCHOMOŚCI **Home Broker** GROUP - FINANCIAL PRODUCTS

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

QUARTERLY SALES OF MORTGAGES



QUARTERLY SALES OF CASH LOANS





OPEN FINANCE TFI

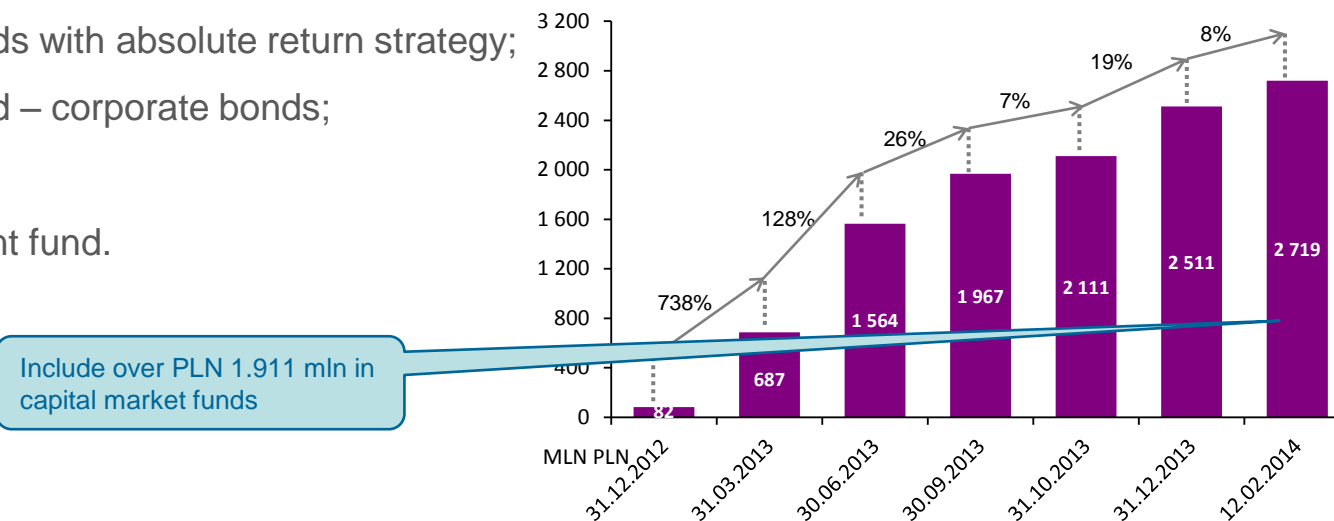


Open Finance TFI SA obtained the FSA approval for management of funds on 9 October 2012 and began operations.

Investment Funds under management:

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

ASSETS UNDER MANAGEMENT



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).

Financial results for 4Q 2013 – PLN 2,6 mln.

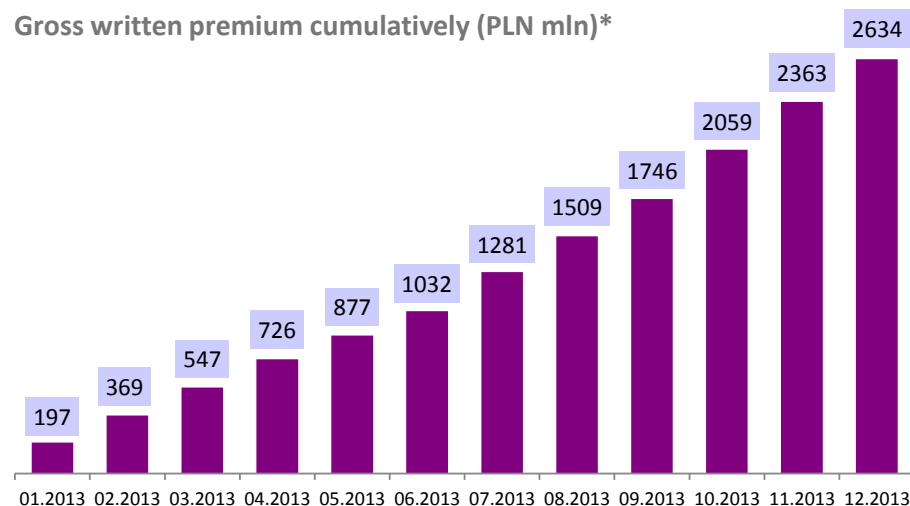




OPEN LIFE IN THE STRUCTURE OF OPEN FINANCE GROUP



Gross written premium cumulatively (PLN mln)*



Realized targets in 2013:

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

*- according to the Polish accounting act


Cooperating Partners:

Alior Bank	CDS Finance	Investors TFI
Bank Pocztowy	Doradcy 24	KBC TFI
BNP Paribas Bank Polska	Horyzont-in, Sławomir Wojtas	TFI Allianz
Deutsche Bank PBC	Horyzont, Roman Bodziak	PKO TFI
Getin Noble Bank	AFORTI Finance	Open Finance TFI
Idea Bank	Infinity8	Superfund TFI
PKO BP	ProService Transfer Agency	Skarbiec TFI
Expander Advisors	Atlantic Fund Services	PROFIT Doradcy Finansowi
Open Finance	PKO BP Finat	Szkoła Inwestowania
Wealth Solutions	Arka BZ WBK TFI	Partnerzy Inwestycyjni
HB Finance	Union Investment TFI	Gerda Broker
TC Finance	Noble Funds TFI	Gruppa
Noble Securities	Legg Mason GAM	Allfinanz
Idea Expert	Schroder ISF	Fabryka Ofert
Life and Pension	OPERA TFI	WDF
Vasco Group	AXA TFI	Eques Securities

DATA AT THE END OF FOURTH QUARTER OF 2013

Net profit in accordance with IAS/IFRS for 4Q 2013	10,5 mln PLN
Number of Clients	258 tys.
Share capital	95,5 mln PLN
„Assets to technical provisions” ratio	122%
„Own funds to solvency margin” ratio	169%





OPEN FINANCE
GROUP RESULTS AFTER
FOUR QUARTERS 2013

CONSOLIDATED ASSETS, PROFIT AND LOSS OF OPEN FINANCE GROUP

PLN'000	31.12.2013	31.12.2012	Change	
			value	%
ASSETS				
Fixed assets	459 873	414 271	45 602	11%
Tangible and intangible fixed assets	360 538	324 419	36 119	11%
Investment in associate - Open Life	60 413	55 254	5 159	9%
Investment property	7 182	4 145	3 037	73%
Deferred tax asset	27 162	26 157	1 005	4%
Other long term receivables	4 052	3 619	433	12%
Other non-financial long term assets	526	677	(151)	-22%
Current assets	179 786	186 714	(6 928)	-4%
Trade receivables	61 884	98 211	(36 327)	-37%
Interperiod settlements	95 626	67 273	28 353	42%
Cash and cash equivalents	14 756	14 128	628	4%
Other	7 520	7 102	418	6%
TOTAL ASSETS	639 659	600 985	38 674	6%
LIABILITIES AND EQUITY				
Equity attributable to shareholders of the parent	417 648	362 125	55 523	15%
Share capital	543	542	1	0%
Other reserve capital	272 545	228 833	43 712	19%
Retained earnings	144 560	132 750	11 810	9%
Equity non-controlling shareholders	2 437	-	2 437	n/d
Total equity	420 085	362 125	57 960	16%
Liabilities	219 574	238 860	(19 286)	-8%
Deferred tax provision	27 988	16 996	10 992	65%
Provisions	66	4 691	(4 625)	-99%
Financial lease liabilities	1 671	2 300	(629)	-27%
Issued bonds	122 105	78 742	43 363	55%
Financial liabilities at fair value through profit or loss	3 833	53 328	(49 495)	-93%
Trade liabilities	15 412	17 173	(1 761)	-10%
Interperiod settlements	31 595	39 893	(8 298)	-21%
Corporate income tax payable	2 337	5 660	(3 323)	-59%
Other non-financial liabilities	14 567	20 077	(5 510)	-27%
TOTAL LIABILITIES AND EQUITY	639 659	600 985	38 674	6%

PLN'000	1.01.2013- 31.12.2013	1.01.2012- 31.12.2012	Change	
			value	%
Revenue	440 274	450 713	(10 439)	-2%
Costs of commissions paid	(147 548)	(141 657)	(5 891)	4%
Gross result	292 726	309 056	(16 330)	-5%
Administrative costs	(196 805)	(195 364)	(1 441)	1%
Result on other operating activity	4 534	3 767	767	20%
Share in associate's profit - Open Life	5 159	21 688	(16 529)	-76%
EBITDA	105 614	139 147	(33 533)	-24%
Depreciation and amortisation	(29 488)	(27 921)	(1 567)	6%
Result on financial activity	(7 699)	6 063	(13 762)	-227%
Gross profit	68 427	117 289	(48 862)	-42%
Income tax	11 624	(5 926)	17 550	-296%
Net profit	56 803	123 215	(66 412)	-54%
including:				
- attributable to shareholders of the parent	56 186	123 215	(67 029)	-54%
- attributable non-controlling shareholders	617	-	617	n/d

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Thank you for attention