

OPEN FINANCE GROUP RESULTS AFTER FIRST HALF OF 2014

Presentation of financial results for investors and analysts

Warsaw, August 13, 2014

BASIC FINANCIAL INFORMATION - OPEN FINANCE GROUP

CHANGE		DATA AT THE END OF SECOND QUARTER OF 2014
- 9,7%	*	Branches (195)
+ 3,3 %	*	Equity (431,3 mln zł)*****
- 51,7 %	**	Net profit (13,7 mln zł)*****
- 12,0 %	**	Revenue (194 mln zł)
- 27,2 %	**	EBITDA (39 mln zł) ***
- 9,1 p.p.	**	ROE (6,6%) ****

* compared to data as at 31 December 2013

** compared to data for the period of H1 2013

*** 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

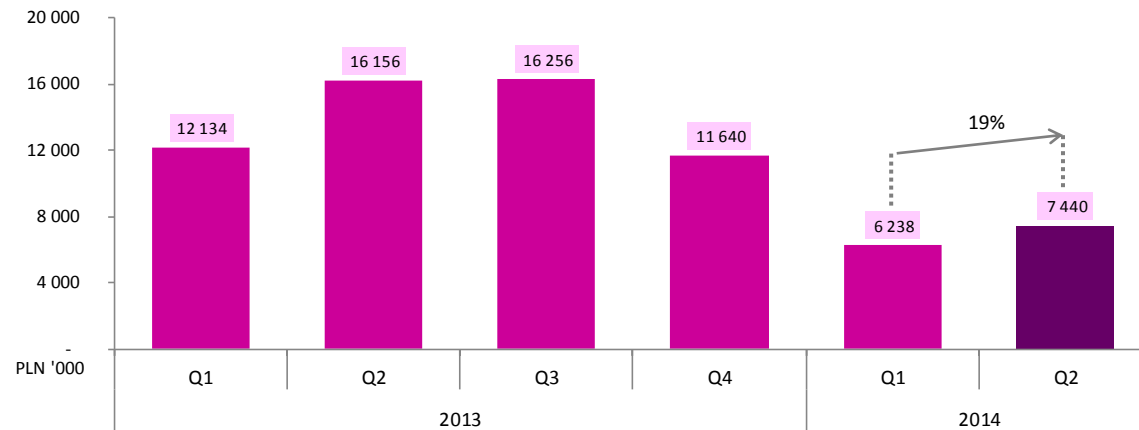
CHANGES

KEY CHANGES WITHIN THE GROUP IN 2014

- 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

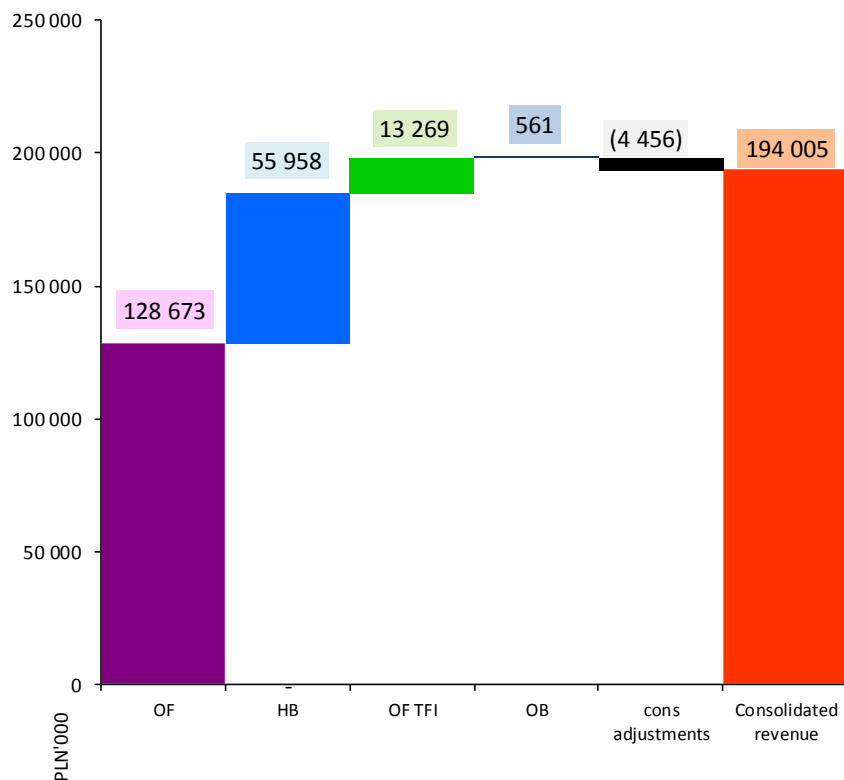
(attributable to shareholders of the parent)



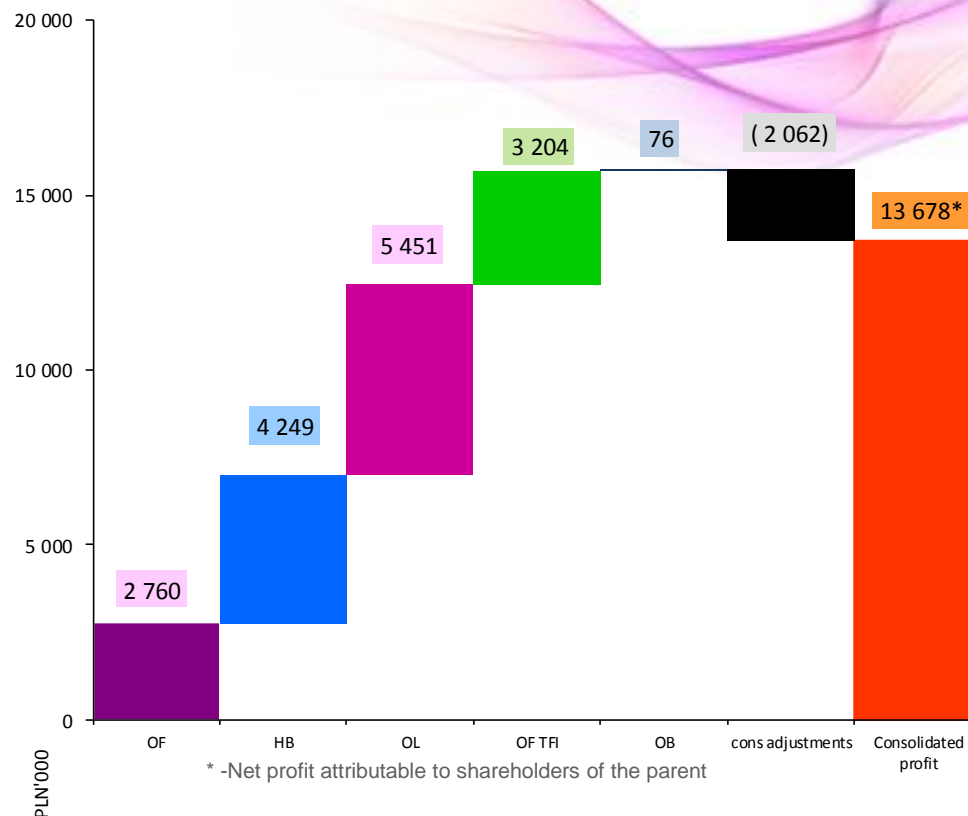
- The net profit earned by the Group in H1 2014 is lower than the net profit earned in H1 2013. This is due to lower sales bonuses on mortgage loans and lower volumes of regular premium unit-linked policies sold.
- It should be noted that net profit in Q2 2014 increased by 19% as compared to the net profit generated by the OF Group in Q1 2014.

CONTRIBUTION OF EACH COMPANY TO CONSOLIDATED RESULTS OF OPEN FINANCE GROUP

COMPANIES' CONTRIBUTION TO THE CONSOLIDATED REVENUE IN H1 2014



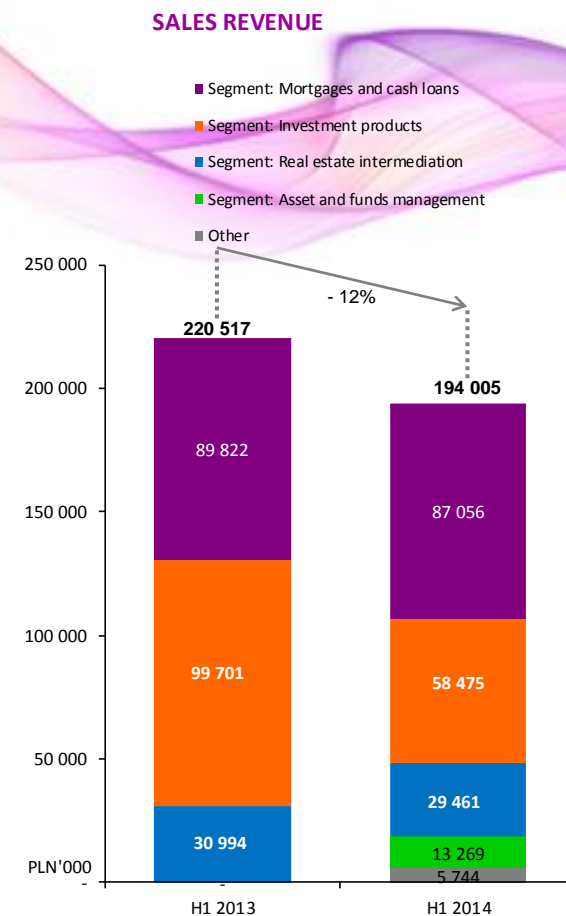
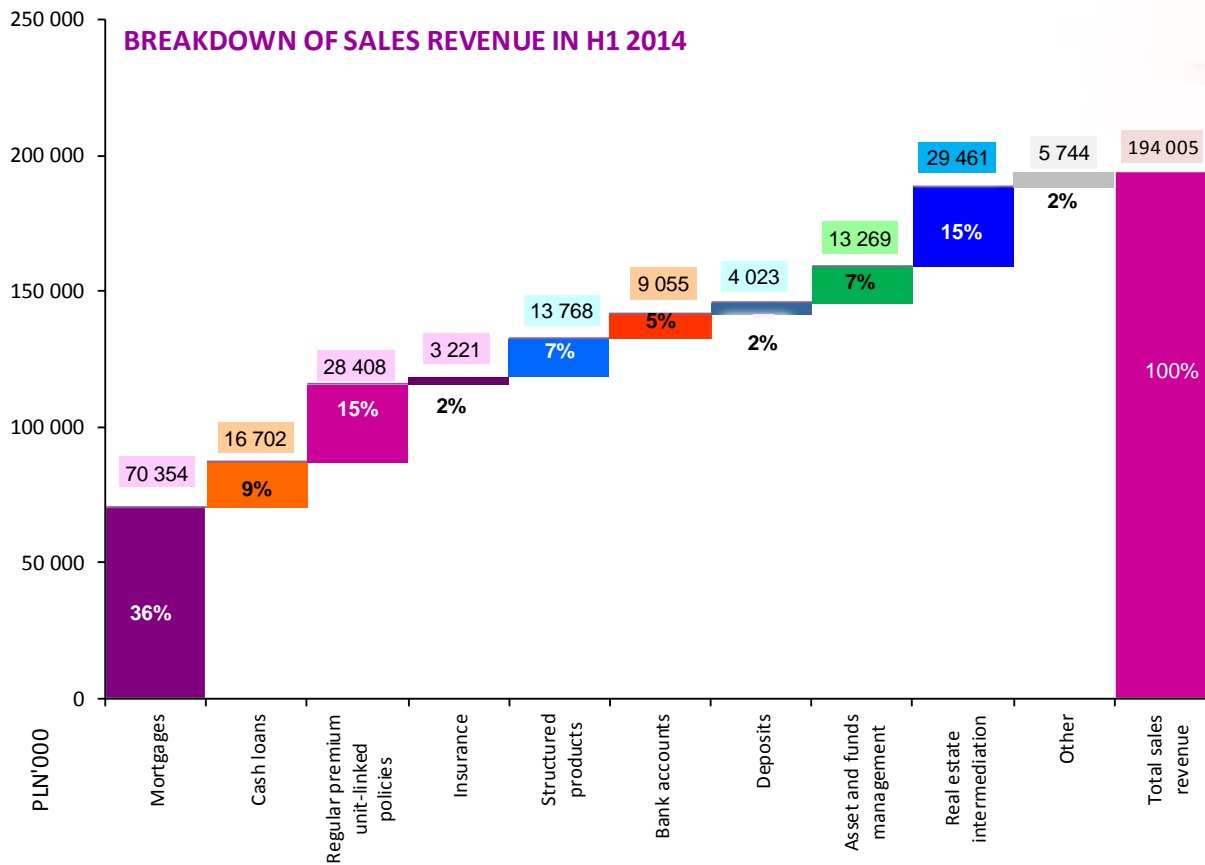
COMPANIES' CONTRIBUTION TO THE CONSOLIDATED NET PROFIT IN H1 2014



* -Net profit attributable to shareholders of the parent

- Consolidation adjustments to revenue in H1 2014 concern the transactions elimination of transactions within the Group;
- 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 5.451 thousand represents 49% of net result of that company earned in H1 2014.
- Significant increase in contribution to consolidated profit of Open Finance TFI and Open Life – companies acting as suppliers of products.

REVENUE STRUCTURE – OPEN FINANCE GROUP



In H1 2014 increase in share of revenue from real estate intermediation and revenue from sale of mortgages and cash loans in total revenue is observed (respectively 16% vs. 14% and 46% vs. 41%).

INITIATIVES CONCERNING COSTS AND EXPENSES REDUCTION IN OPEN FINANCE GROUP

- In H1 2014 Open Finance and Home Broker undertook a number of actions aimed at reducing operating costs.
- Results of actions taken are presented in the table below (consolidated data):

Operating costs	H1 2014 PLN '000	H1 2013 PLN '000	change	change %
REMUNERATION AND SOCIAL BENEFITS				
Salaries	65 984	84 526	(18 542)	-22%
Comissions for external financial advisors	46 552	33 009	13 543	41%
Other employee benefits	1 398	2 548	(1 150)	-45%
	113 934	120 083	(6 149)	-5%
Amortisation and depreciation	17 298	15 733	1 565	10%
Costs of fund management (in OF TFI)	3 564	2 130	1 434	67%
OTHER OPERATING COSTS				
Lease and rental	21 945	24 507	(2 562)	-10%
Marketing, representation and adverstising	3 986	5 330	(1 344)	-25%
Telecommunications and postal services	2 192	3 530	(1 338)	-38%
Materials and energy	4 803	6 238	(1 435)	-23%
Repair and maintainance services, IT services and security	3 027	3 155	(128)	-4%
Insurance, advisory and legal services	829	956	(127)	-13%
Taxes and charges	731	994	(263)	-26%
Other costs	2 978	2 847	131	5%
	40 491	47 557	(7 066)	-15%

CHAIN OF SALES IN OPEN FINANCE GROUP



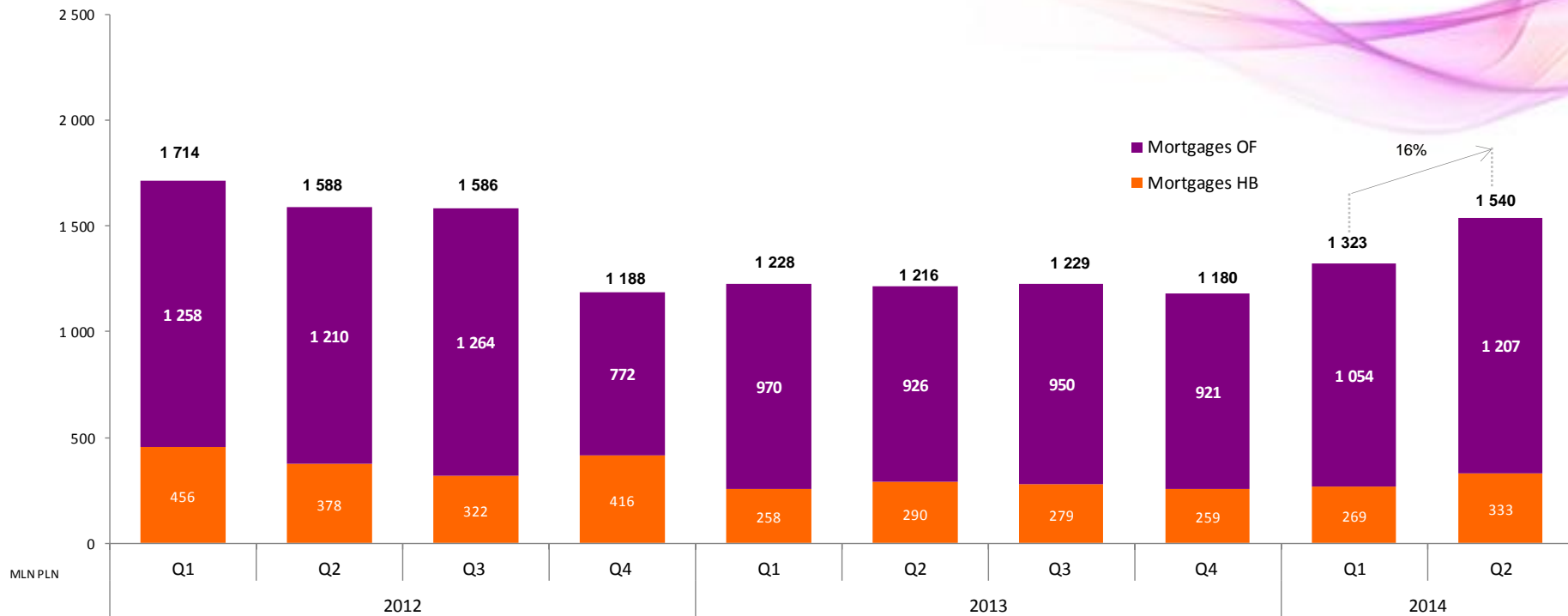
Number of advisors	31 Dec 2013 (*)	30 June 2014 (*)	change%
OF financial advisors	1 282	1 122	-12%
Open Partners advisors	268	632	136%
HB financial advisors	356	329	-8%
HB real estate agents	636	614	-3%
Total	2 542	2 697	6%

Number of branches	31 Dec 2013	30 June 2014	change%
Open Finance	152	139	-9%
Home Broker	58	47	-19%
Merged branches	6	9	50%
Total	216	195	-10%

(*) - employment as at exact date

MORTGAGES SALES VOLUMES – OPEN FINANCE GROUP

QUARTERLY VOLUMES OF MORTGAGES SOLD

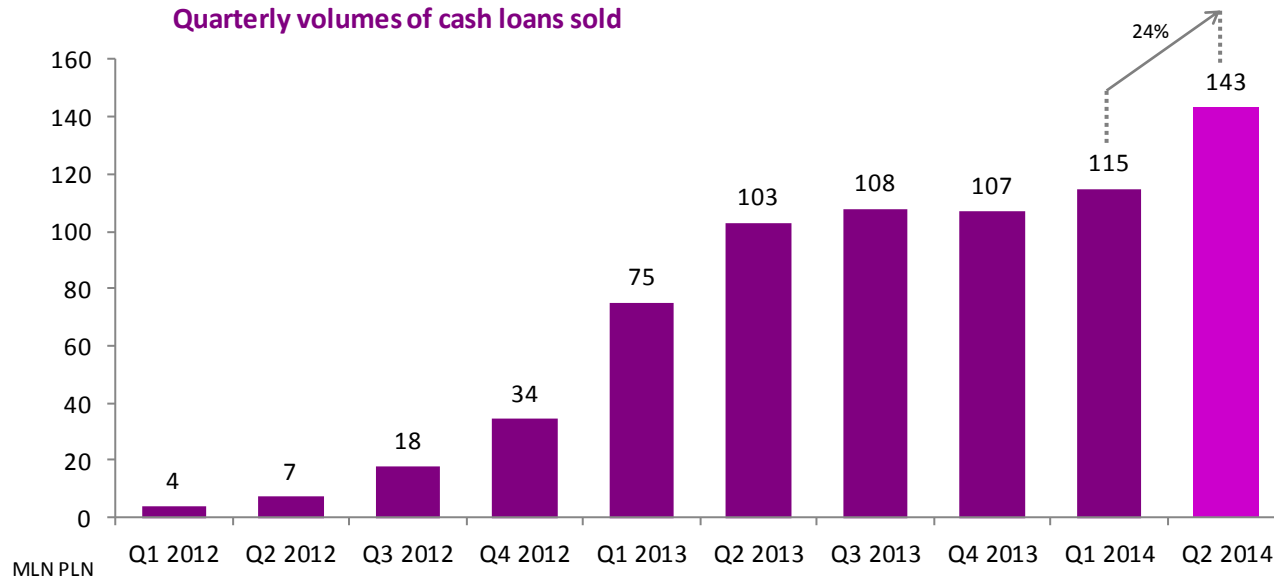


- 16% increase in the volume of mortgages sold in Q2 2014 in comparison with Q1 2014 and a 27% increase as compared to the same period of 2013.
- **Q2 2014 - the best quarter since Q4 2012.**

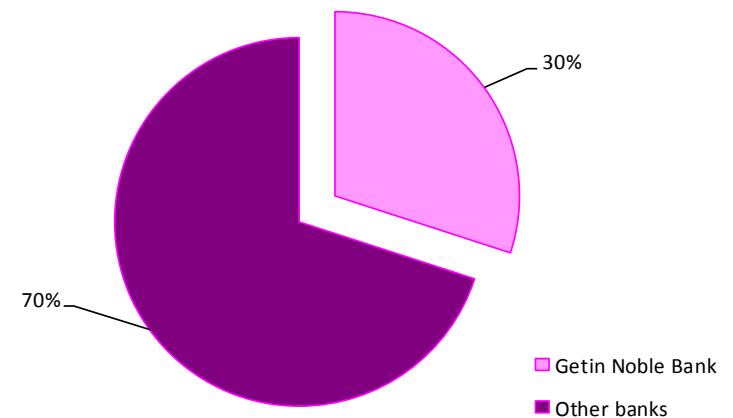
CASH LOANS SALES VOLUMES - OPEN FINANCE GROUP

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

Quarterly volumes of cash loans sold



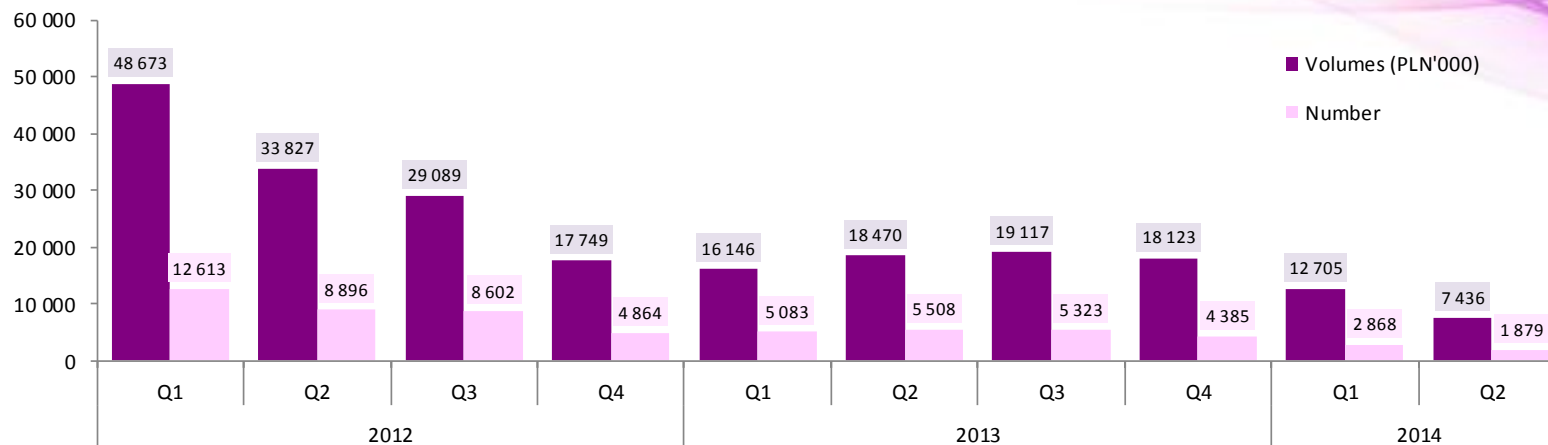
Structure of sales of cash loans by banks in H1 2014



- Sale of 10 mln PLN of cash loans generates equal revenue as the sale of 25 mln PLN of mortgages;
- 24% increase in the volume of cash loans sold in Q2 2014 as compared to Q1 2014 is observed.

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

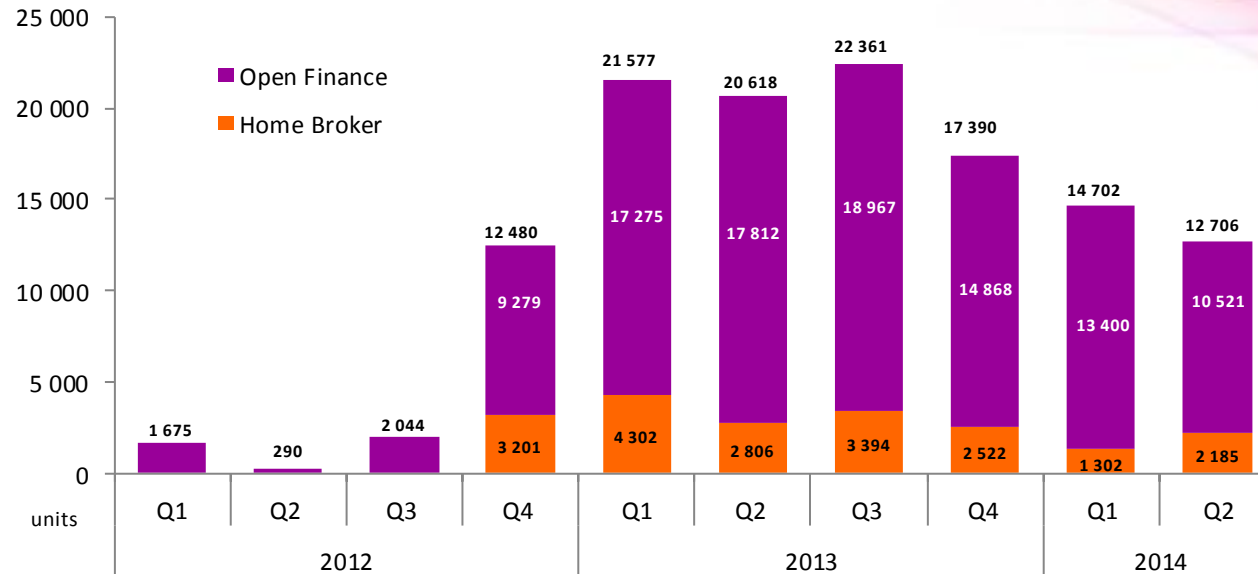
REGULAR PREMIUM UNIT - LINKED POLICIES - quarterly volumes of sales and number of units sold



- „Volumes of production” means „first year declared premiums” adjusted by historical closing ratio;
- Decrease in the volume of regular premium unit-linked policies sold results from negative PR in the media for this type of product, as well as the Group's cautious approach to the sale of these products;
- The average premium in H1 2014 increased by 30% as compared to H1 2013;
- Regular premium unit-linked policies are replaced progressively by insurance products, life insurance of about 85% margins for Open Finance.

SALES VOLUMES OF OTHER INVESTMENT PRODUCTS – OPEN FINANCE GROUP

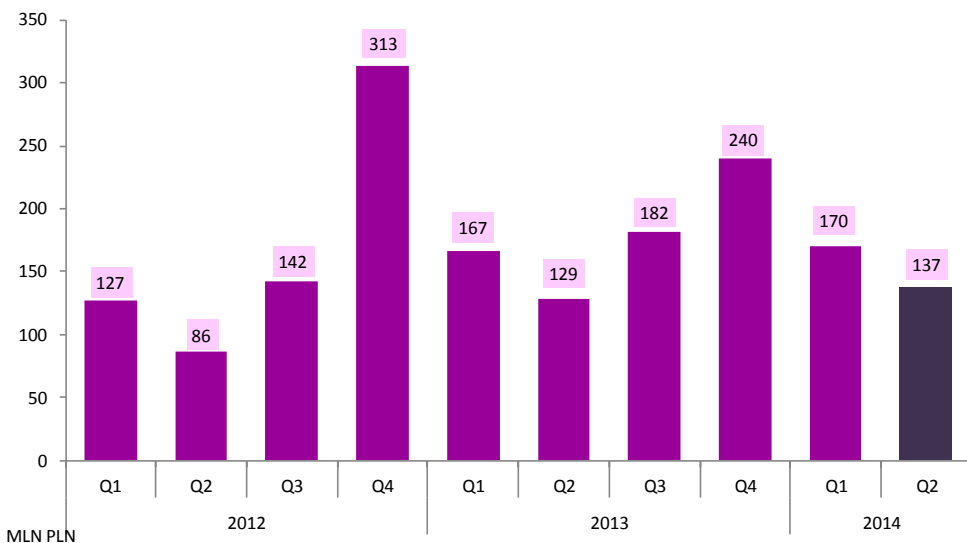
NUMBER OF BANK ACCOUNTS SOLD



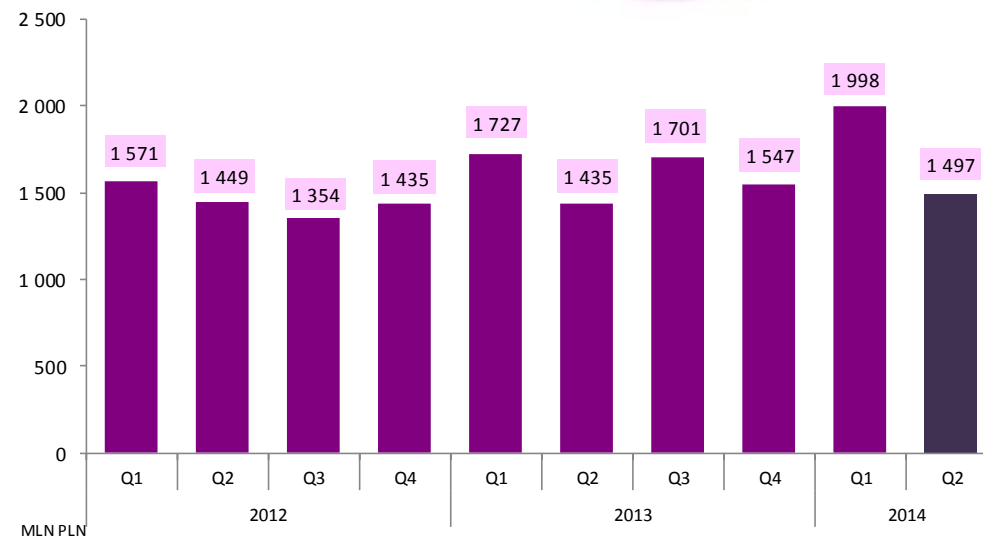
- Open Finance Group sells only Getin Noble Bank S.A. bank accounts;
- Sales of bank accounts, in addition to generating sales for the Group, is next to the deposits, a tool used in cross-sell.

SALES VOLUMES OF OTHER INVESTMENT PRODUCTS – OPEN FINANCE GROUP

VOLUMES OF STRUCTURED PRODUCTS SOLD



VOLUMES OF DEPOSITS SOLD



H1 2014 better than H1 2013 both in terms of deposit and investment products sold.

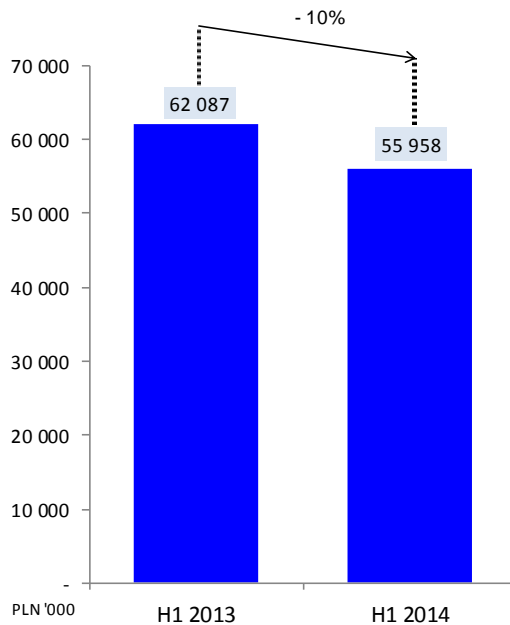
- 11% increase in production of deposit products in H1 2014 as compared to H1 2013. Collected deposits constitute an excellent base for cross-sell of structured products;
- The volume of sales of PLN 137 mln of structured products comprise high-margin structured investments, units in investment funds (TFI), low-margin investment policies, as well as UFK based on corporate bonds.



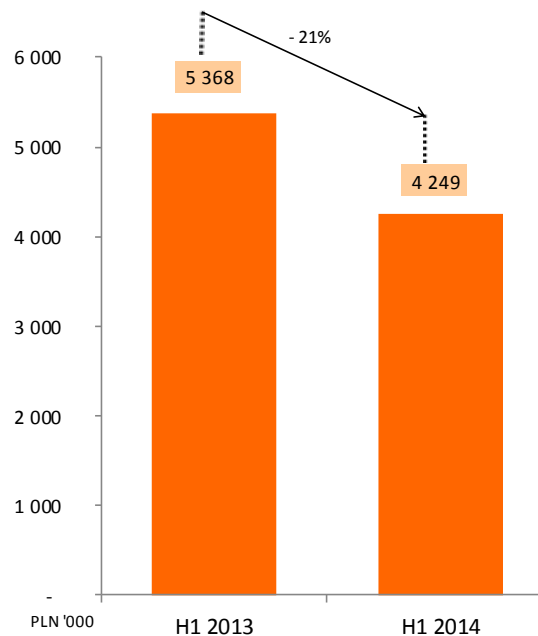
Home Broker

REVENUE AND NET PROFIT - HOME BROKER

COMMISSION REVENUE OF HOME BROKER



HOME BROKER'S NET PROFIT

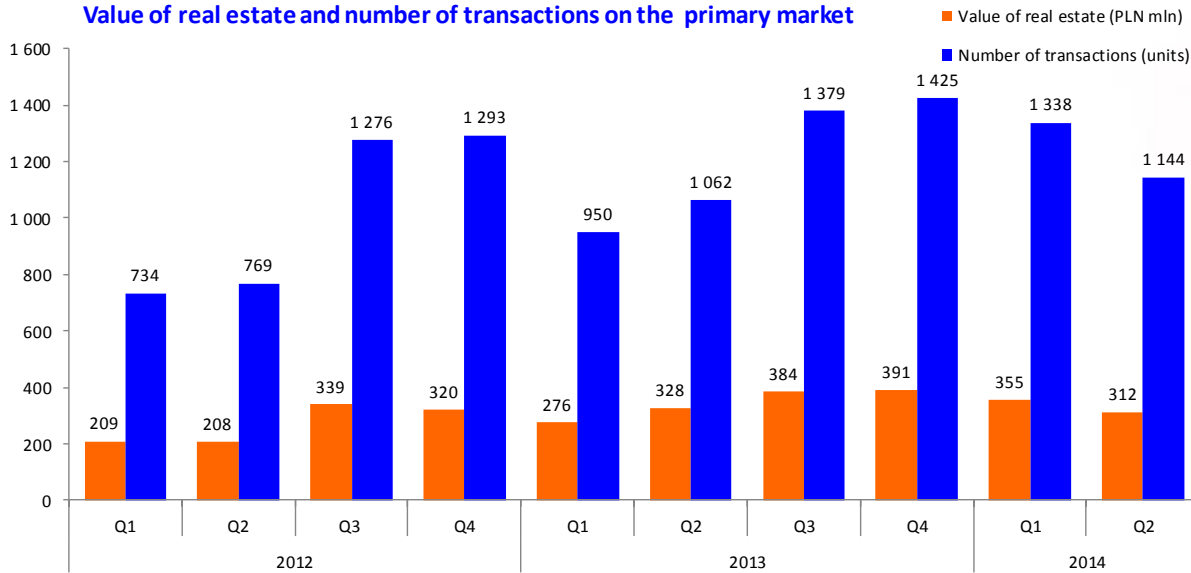


Financial results of Home Broker in H1 2014 are lower than financial results noted in the same period of 2013 which is in line with management expectations. This is mainly due to:

- decrease in average value and number of transactions on secondary market, which results from ceasing promotion „commission of 0%” in case of purchase of real estate financed by loan in GNB in H1 2014;
- lower volumes of regular premium unit-linked policies sold.

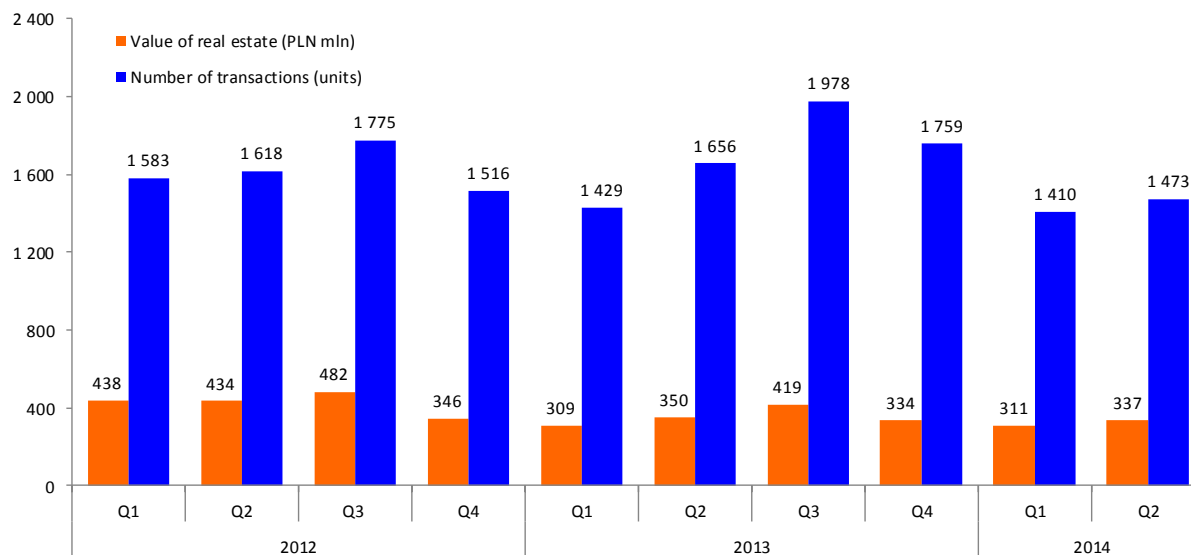
SALES VOLUMES IN HOME BROKER - REAL ESTATE

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



- **Primary market** –The number of transactions realized in H1 2014 increased by 23% as compared to H1 2013 as a consequence of changes introduced in distribution and marketing in this segment. The number of transactions realized in Q2 2014 decreased by 14% comparing to Q1 2014 which was largely due to decline in customers interest in government support under the MDM program and a decrease in number of completed development projects which had an impact on customer decisions.

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



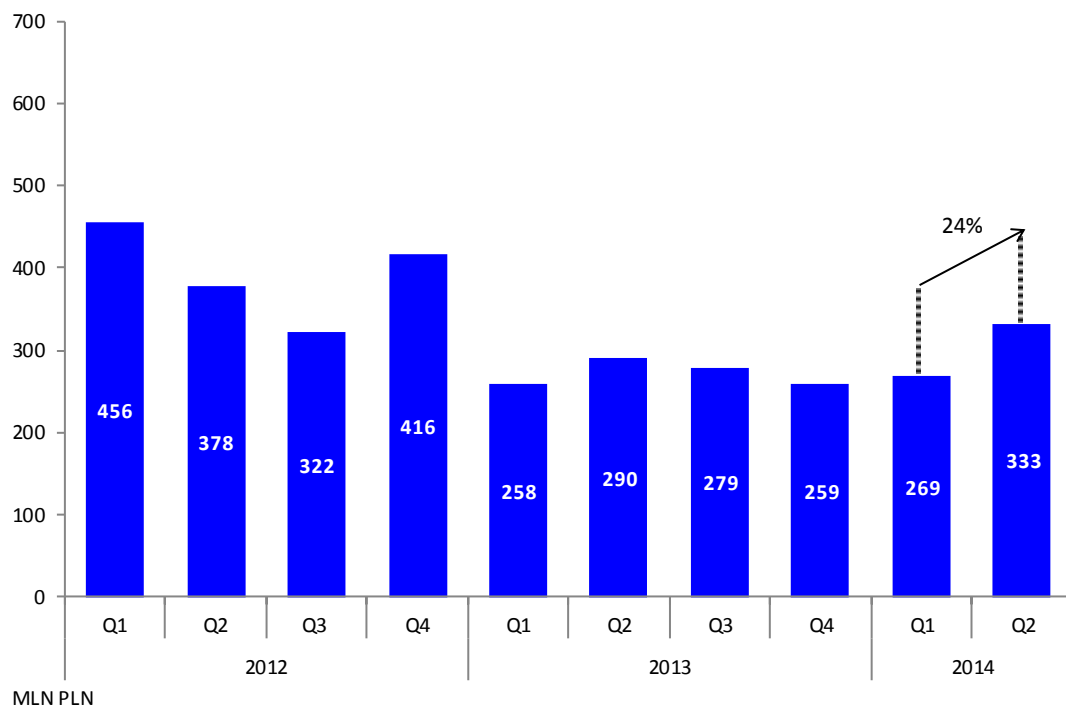
- **Secondary market** - The number of transactions noted in Q2 2014 increased by 4% as compared to Q1 2014 which was mainly due to the company's action to maintain the attractiveness of the services in this segment of the market by proposing the notary in the price and attractive brokerage fees for customers with credit via Home Broker.

SALES VOLUMES IN HOME BROKER - FINANCIAL PRODUCTS

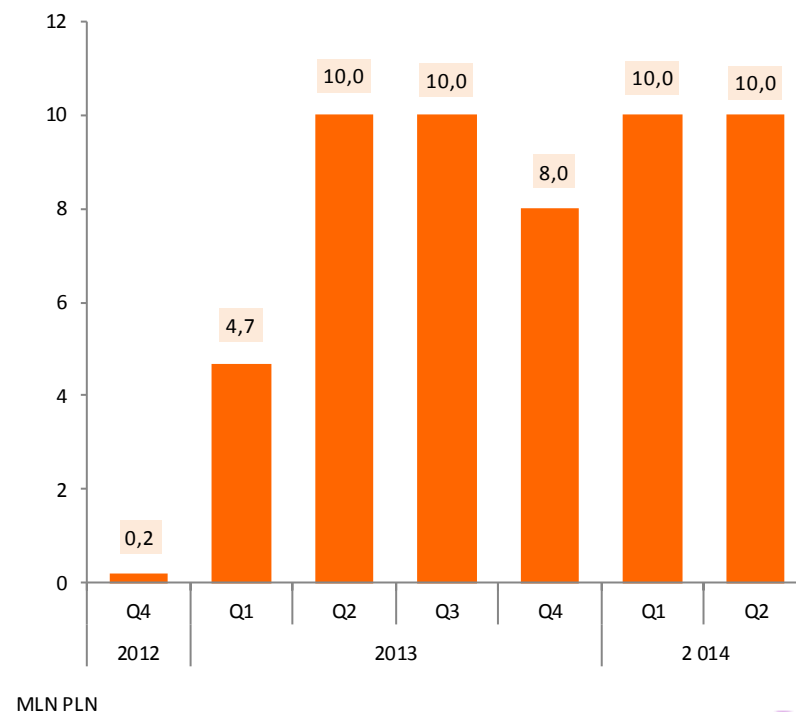
Q2 2014 – the best quarter since Q1 2013.

In Q2 2014 an increase in mortgage sales in Q2 2014 as compared to Q1 2014 by 24% and by 15% comparing to the same period of 2013.

QUARTERLY VOLUMES OF MORTGAGES SOLD



QUARTERLY VOLUMES OF CASH LOANS SOLD

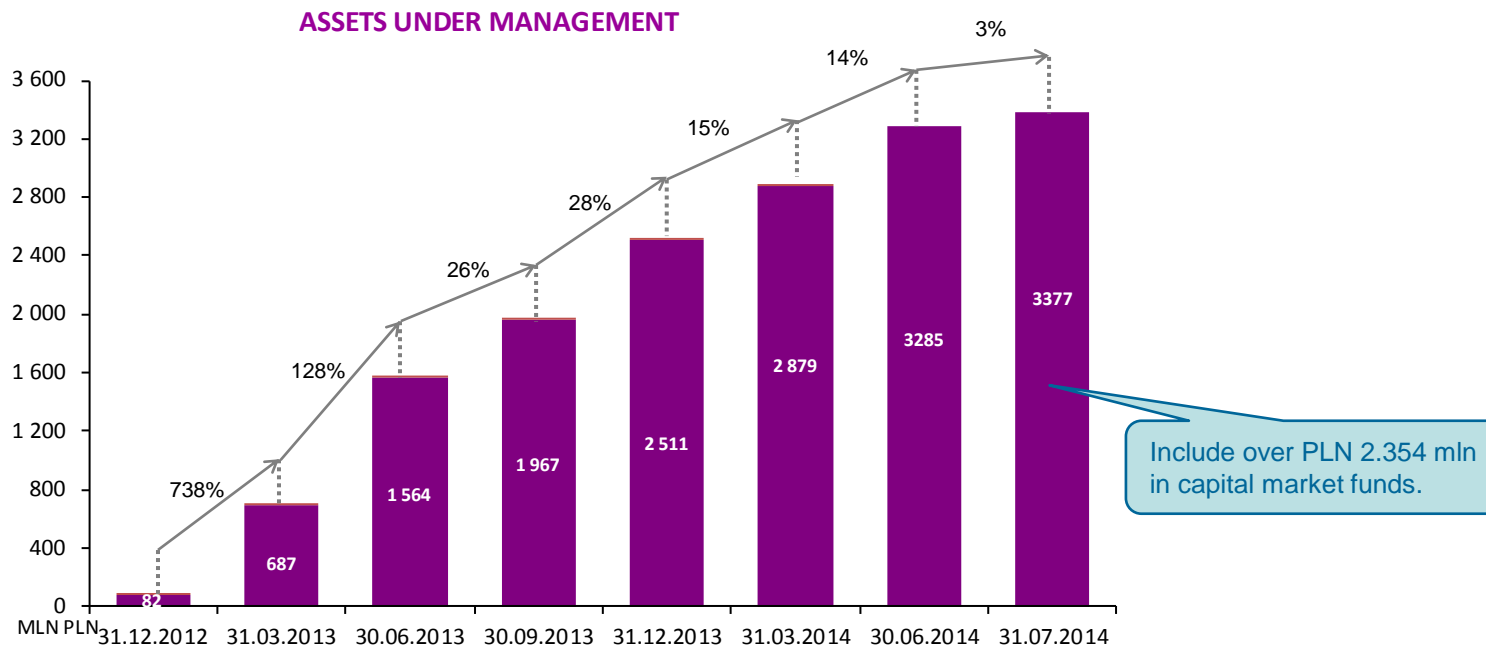




Open Finance TFI SA obtained the FSA approval for management of funds on 9 October 2012 and began operations.

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.



OPEN FINANCE TFI



Financial results for H1 2014 – PLN 3,2 mln.

Partners:

- Open Finance;
- Home Broker;
- Getin Noble Bank (main distributors).

OF Open-End Investment Fund available under insurance capital funds (UFK) of leading insurance companies (AXA, ING, Aegon, Open Life).

<i>(data in PLN thousand)</i>	Assets as at 30.06.2014	% share
Open Finance Open-End Investment Fund with 6 sub-funds	391 147	12%
Absolute return closed-end fund	132 192	4%
Corporate bonds closed-end fund	1 737 943	53%
Capital market funds - total	2 261 282	69%
Securitization fund	438 580	13%
Private equity investment fund	585 156	18%
Total assets	3 285 018	100%





openbrokers



openfinance 

OPEN BROKERS IN STRUCTURE OF OPEN FINANCE GROUP



Achievements and objectives for 2014:

1. Start of life insurance distribution – II quarter of 2014;
2. Own distribution platform available for use of advisors;

In plans:

1. Commencement of sale of property insurance (including car insurance) - III quarter of 2014;
2. Startup of the company's website – III quarter of 2014;
3. Start selling products through call center – III quarter of 2014;
4. Building own external multi agency network - IV quarter of 2014.

Cooperating partners:

Towarzystwo Ubezpieczeń i Reasekuracji Allianz Polska S.A.
AXA Życie Towarzystwo Ubezpieczeń S.A.
ING Towarzystwo Ubezpieczeń na Życie S.A.
Metlife Towarzystwo Ubezpieczeń na Życie S.A.
Link 4 Towarzystwo Ubezpieczeń S.A.
Sopockie Towarzystwo Ubezpieczeń Ergo Hestia S.A.
Allianz Towarzystwo Ubezpieczeń S.A.
Ceska Poistovna A.S. Oddział w Polsce
Benefia Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group
Generali Towarzystwo Ubezpieczeń S.A.
Liberty Seguros Compania de Seguros y Reaseguros S.A. Oddział w Polsce

DATA AS AT THE END OF SECOND QUARTER OF 2014

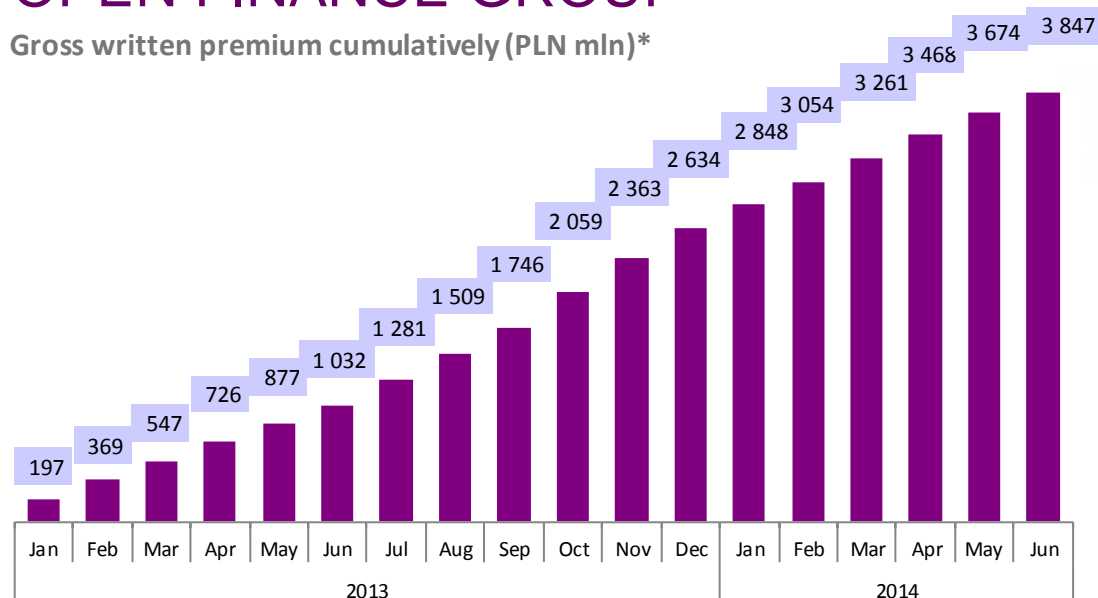
Revenue for H1 2014	PLN 561 thousand
Profit for H1 2014	PLN 76 thousand
Share capital	PLN 100 thousand
Net margin	14%





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	Meritum Bank	AXA TFI
Bank Pocztowy	Arionn Investment	Investors TFI
BNP Paribas Bank Polska	Doradcy 24	KBC TFI
Deutsche Bank PBC	Horyzont, Roman Bodziak	TFI Allianz
Getin Noble Bank	AFORTI Finance	PKO TFI
Idea Bank	Infinity8	Open Finance TFI
PKO BP	ProService Transfer Agency	Superfund TFI
Expander Advisors	Atlantic Fund Services	Skarbiec TFI
Open Finance	PKO BP Finat	PROFIT Doradcy Finansowi
Wealth Solutions	Arka BZ WBK TFI	Szkoła Inwestowania
HB Finance	Union Investment TFI	Partnerzy Inwestycyjni
TC Finance	Noble Funds TFI	Eques Securities
Noble Securities	Legg Mason GAM	WDF
Idea Expert	Schroder ISF	Chandryko, Dąbrowski, Matczuk kancelaria Finansowa
ING Bank Śląski	OPERA TFI	




Targets for 2014:

1. ROE at the level not lower than 15%
2. Development of external distribution channels
3. Development of insurance product offer

DATA AS AT THE END OF SECOND QUARTER OF 2014

Net profit in accordance with IAS/IFRS for H1 2014	PLN 11,1 mln
Number of Clients	279 thousand
Share capital	PLN 95,5 mln
„Assets to technical provisions” ratio	115%
„Own funds to solvency margin” ratio	191%





OPEN FINANCE
GROUP RESULTS AFTER
SECOND QUARTER OF 2014

CONSOLIDATED ASSETS, PROFIT AND LOSS OF OPEN FINANCE GROUP

PLN '000	30.06.2014	31.12.2013	Change	
			value	%
ASSETS				
Fixed assets	472 012	459 873	12 139	3%
Tangible and intangible fixed assets	372 368	360 538	11 830	3%
Investment in associate - Open Life	65 864	60 413	5 451	9%
Investment property	8 381	7 182	1 199	17%
Deferred tax asset	20 615	27 162	(6 547)	-24%
Other long term receivables	4 314	4 052	262	6%
Other non-financial long term assets	470	526	(56)	-11%
Current assets	188 298	179 786	8 512	5%
Trade receivables	54 765	61 884	(7 119)	-12%
Interperiod settlements	115 159	95 626	19 533	20%
Cash and cash equivalents	11 907	14 756	(2 849)	-19%
Other	6 467	7 520	(1 053)	-14%
TOTAL ASSETS	660 310	639 659	20 651	3%
LIABILITIES AND EQUITY				
Equity attributable to shareholders of the parent	431 326	417 648	13 678	3%
Share capital	543	543	-	0%
Other reserve capital	324 562	272 545	52 017	19%
Retained earnings	106 221	144 560	(38 339)	-27%
Equity of non-controlling shareholders	3 679	2 437	1 242	51%
Total equity	435 005	420 085	14 920	4%
Liabilities	225 305	219 574	5 731	3%
Deferred tax provision	24 131	27 988	(3 857)	-14%
Provisions	66	66	-	0%
Loans and Financial lease liabilities	5 586	1 671	3 915	234%
Issued bonds	120 767	122 105	(1 338)	-1%
Liabilities for the purchase of shares in Home Broker S.A.	3 833	3 833	-	0%
Trade liabilities	24 416	15 412	9 004	58%
Interperiod settlements	28 451	31 595	(3 144)	-10%
Corporate income tax payable	280	2 337	(2 057)	-88%
Other non-financial liabilities	17 775	14 567	3 208	22%
TOTAL LIABILITIES AND EQUITY	660 310	639 659	20 651	3%

PLN '000	1.01.2014 - 30.06.2014	1.01.2013- 30.06.2013	Change	
			value	%
Sales revenue	194 005	220 517	(26 512)	-12%
Costs of sales	(74 280)	(61 668)	(12 612)	20%
Profit on sales	119 725	158 849	(39 124)	-25%
Administrative costs	(83 709)	(108 102)	24 393	-23%
Result on other operating activity	(2 434)	287	(2 721)	-948%
Share in associate's profit - Open Life	5 451	2 578	2 873	111%
EBITDA	39 033	53 612	(14 579)	-27%
Depreciation and amortisation	(17 298)	(15 733)	(1 565)	10%
Result on financial activity	(3 811)	(3 121)	(690)	22%
Gross profit	17 924	34 758	(16 834)	-48%
Income tax	3 004	6 468	(3 464)	-54%
Net profit	14 920	28 290	(13 370)	-47%
including:				
- attributable to shareholders of the parent	13 678	28 290	(14 612)	-52%
- attributable to non-controlling shareholders	1 242	-	1 242	n/a

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