

OPEN FINANCE GROUP Q1 2015 RESULTS

Presentation of financial results for investors and analysts

Warsaw, May 14, 2015

BASIC FINANCIAL INFORMATION - OPEN FINANCE GROUP

CHANGE DATA AT THE END OF Q1 2015

CHANGE		DATA AT THE END OF Q1 2015
- 6%	*	Branches (163)
+ 2%	*	Equity (453,9 mln zł)*****
+ 5%	**	Net profit (6,5 mln zł)*****
- 9%	**	Revenue (87 mln zł)
- 4%	**	EBITDA (18 mln zł) ***
- 0,1 p.p.	**	ROE (5,8%) ****

* compared to data as at 31 December 2014

** compared to data for Q1 2014

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

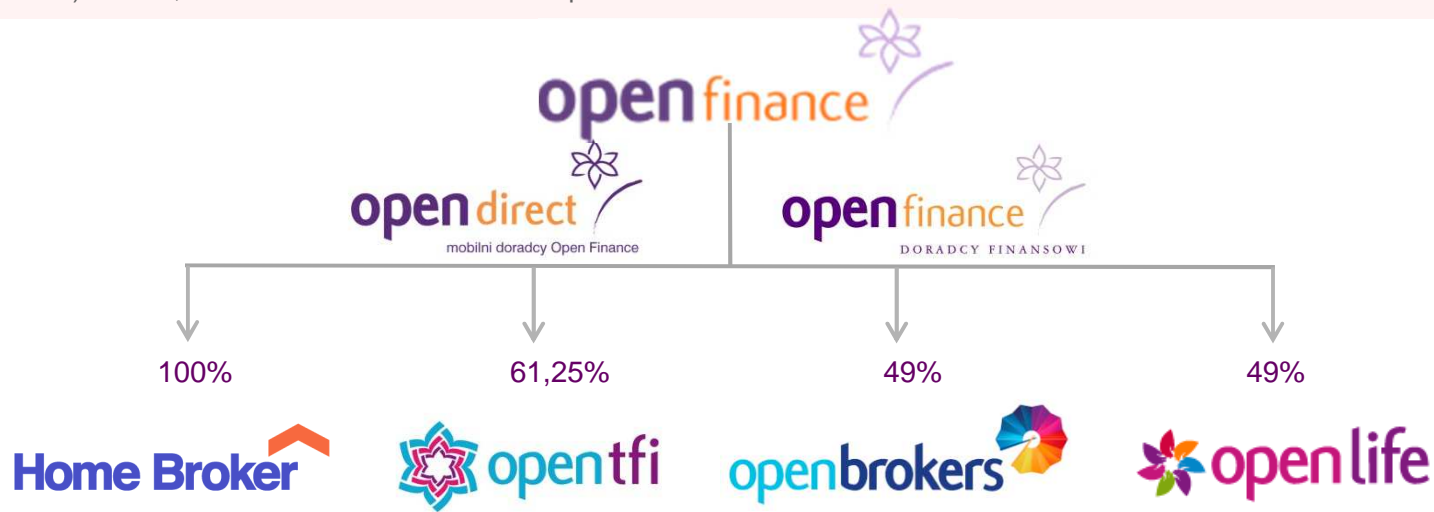
**** ROE - return on equity calculated as relation of annualised net profit for the period to equity as at the beginning of the period

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

MISSION STATEMENT AND ORGANIZATION STRUCTURE OF THE GROUP

OUR MISSION

- We are building the Financial Group – an unquestioned leader in its category in Central and Eastern Europe
- Households are our main target Clients; our ambition is to deliver our services to as many households as possible
- 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
 - III. life and property insurance including also car insurance
 - 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



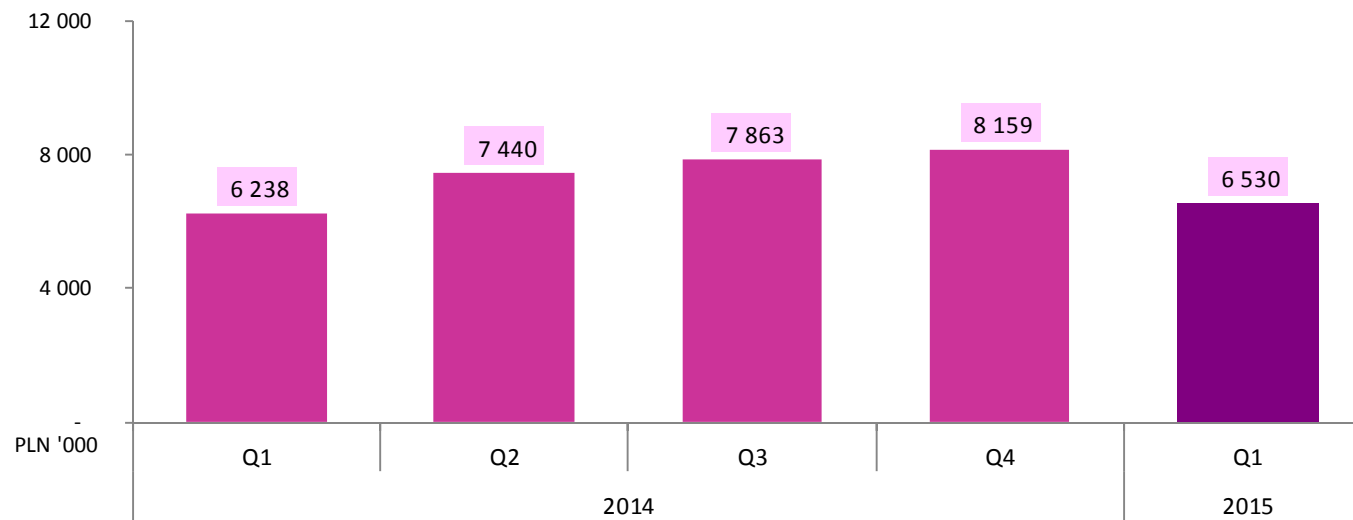
CHANGES

KEY ACTIVITIES WITHIN THE GROUP IN Q1 2015

- Change in business model – moving away from store-front branches to office hubs (large sales/office spaces with both real estate and financial advisers);
- Refocusing marketing expenses to acquire customers outside of the Internet;
- Shifting the emphasis of the Group income to companies in the Group portfolio (Open Finance TFI and Open Life);
- Development of insurance multiagency in the structure of the Group; attracting current and new clients by wide insurance offer;
- Further development of the cash and corporate loans segment;
- 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

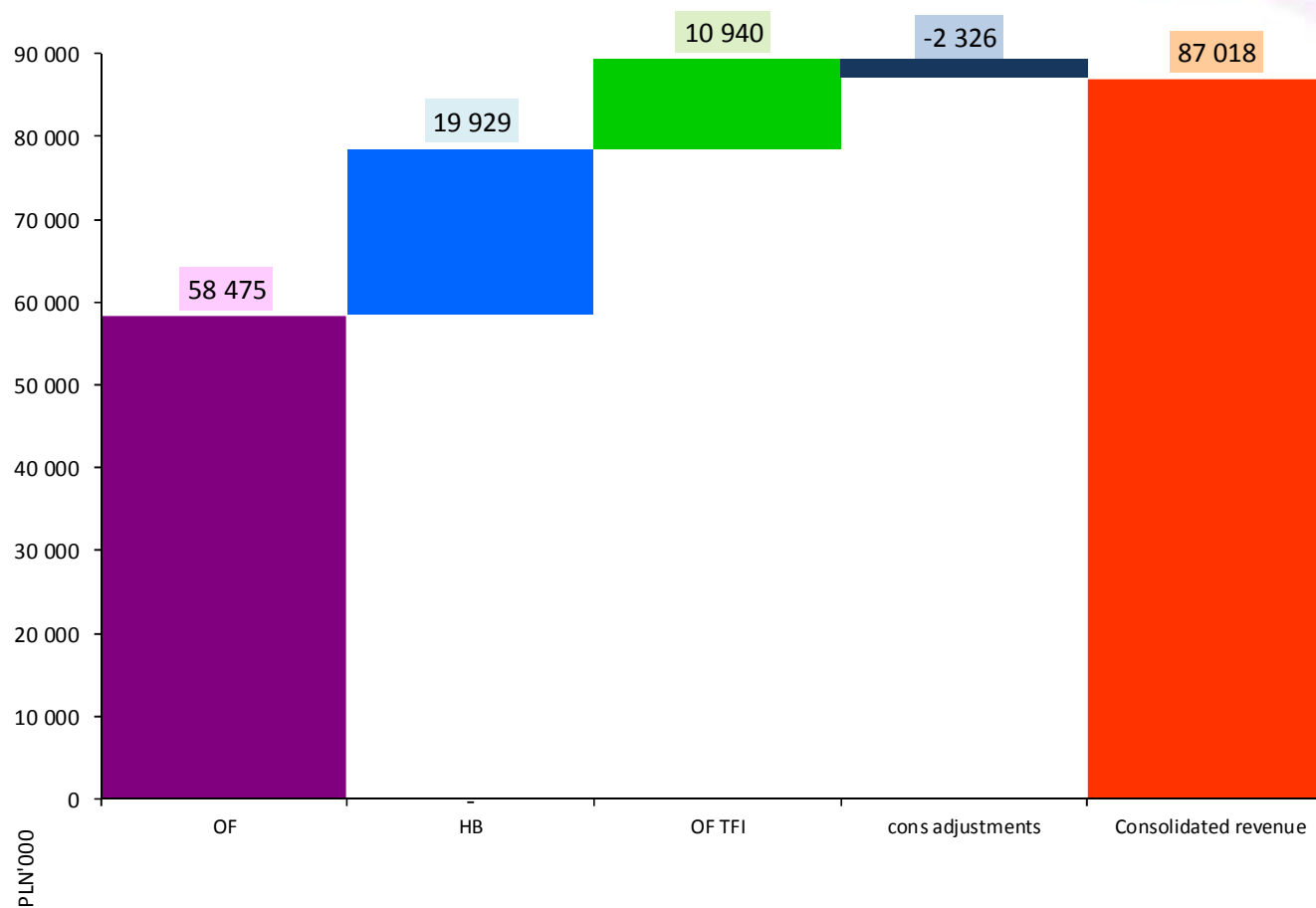
(attributable to shareholders of the parent)



- Net profit in Q1 2015 increased by 5% as compared to the net profit generated by the OF Group in Q1 2014;
- The financial result for Q1 2015 does not include any one-off transactions.

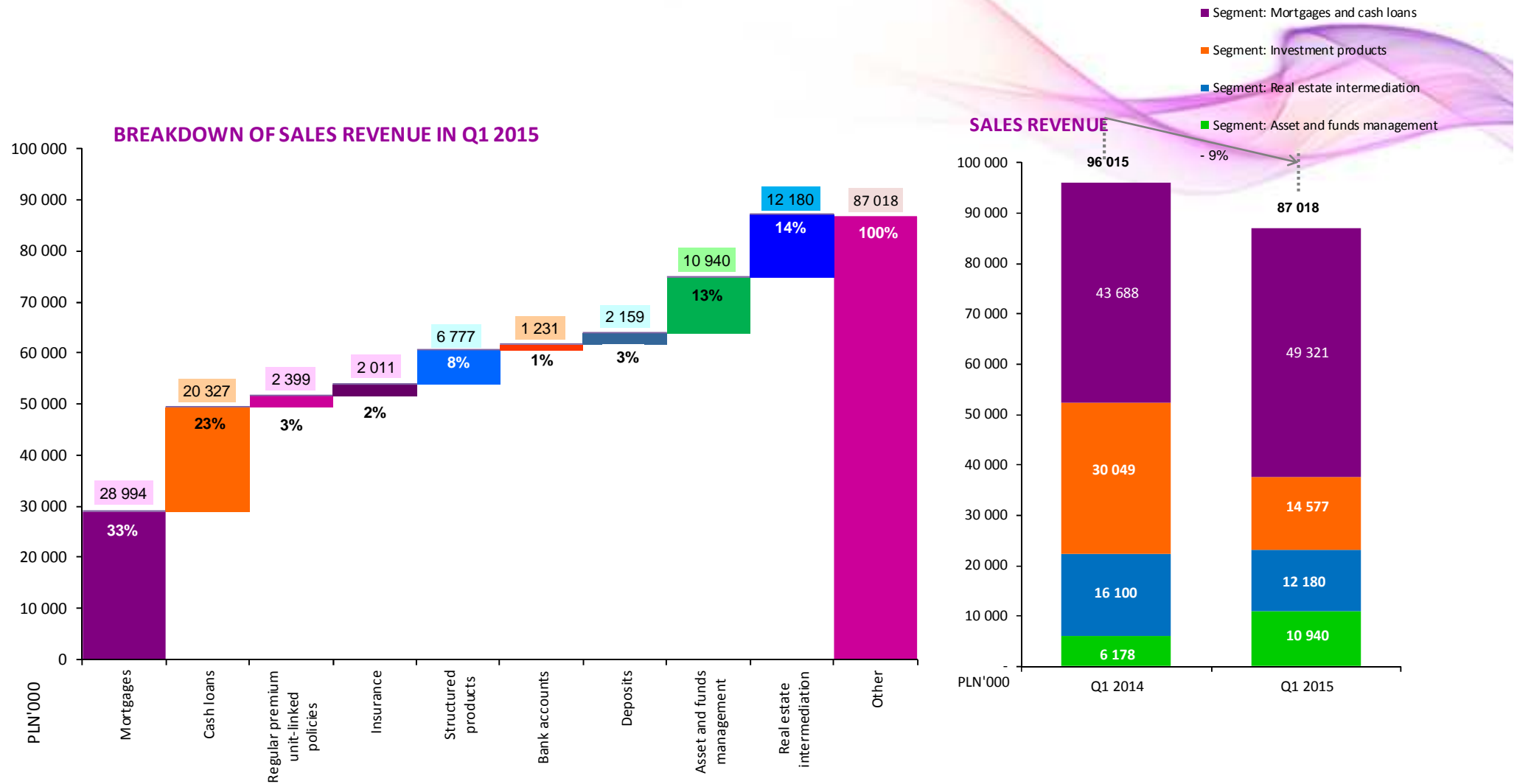
CONTRIBUTION OF EACH COMPANY TO CONSOLIDATED REVENUE OF OPEN FINANCE GROUP

COMPANIES' CONTRIBUTION TO THE CONSOLIDATED REVENUE IN Q1 2015



- Consolidation adjustments to revenue in Q1 2015 concern the elimination of transactions within the Group.

REVENUE STRUCTURE – OPEN FINANCE GROUP



An increase in share of revenue from sale of mortgages and cash loans in total revenue is observed (57% vs. 46%) in Q1 2015 vs. Q1 2014.

INITIATIVES CONCERNING COSTS AND EXPENSES REDUCTION IN OPEN FINANCE GROUP

- In 2014 and 2015 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	Q1 2015 PLN '000	Q1 2014 PLN '000	change	change %
REMUNERATION AND SOCIAL BENEFITS				
Salaries	19 335	33 374	(14 039)	-42%
Comissions for external financial advisors	34 691	22 295	12 396	56%
Other employee benefits	648	758	(110)	-15%
	54 675	56 427	(1 752)	-3%
Amortisation and depreciation	6 941	8 378	(1 438)	-17%
Costs of fund management (in OF TFI)	3 430	1 623	1 807	111%
OTHER OPERATING COSTS				
Lease and rental	7 571	10 950	(3 379)	-31%
Marketing, representation and adverstising	1 376	1 792	(416)	-23%
Telecommunications and postal services	972	889	83	9%
Materials and energy	1 724	2 340	(616)	-26%
Repair and maintanance services, IT services and security	1 220	1 492	(272)	-18%
Insurance, advisory and legal services	616	352	264	75%
Taxes and charges	537	337	200	59%
Other costs	1 107	1 814	(707)	-39%
	15 124	19 966	(4 842)	-24%

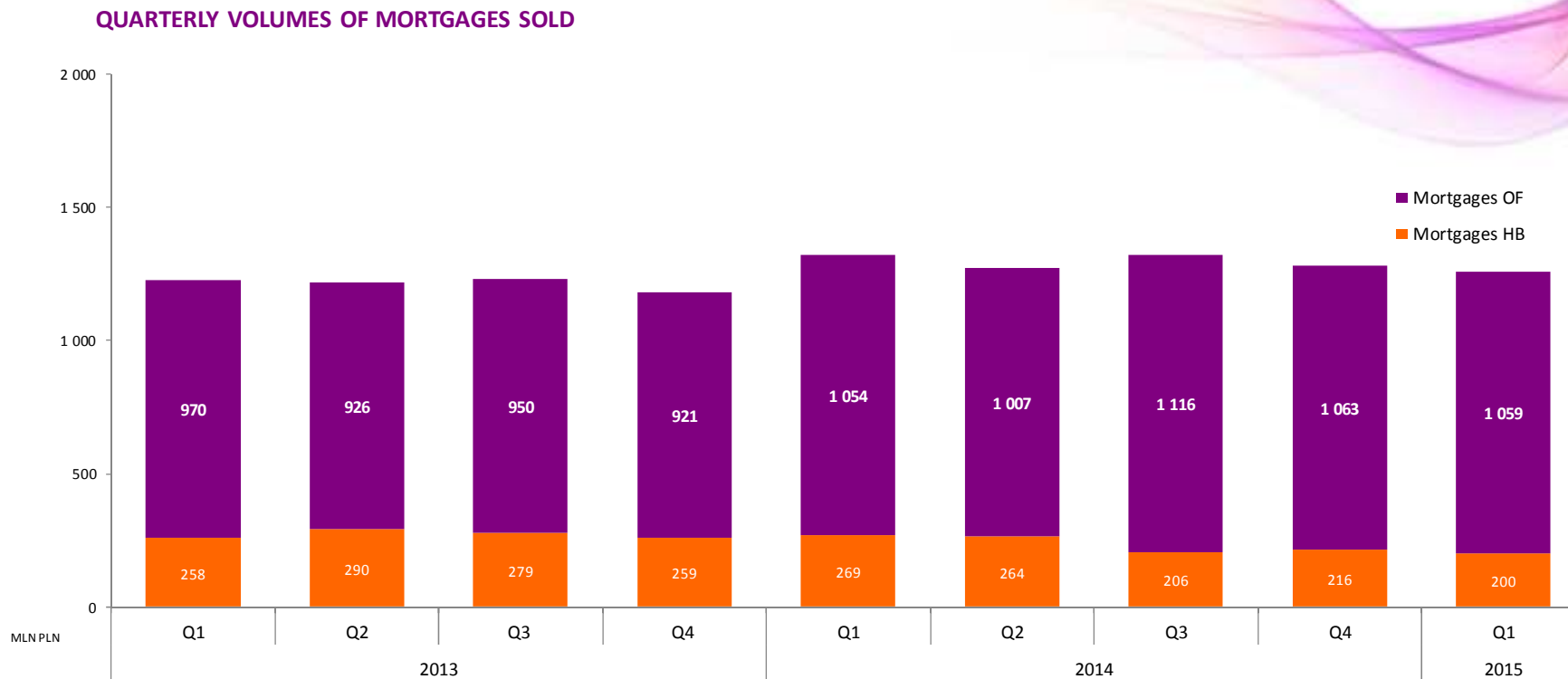
CHAIN OF SALES IN OPEN FINANCE GROUP



Number of advisors	31 Mar 2015	31 Dec 2014	change%
OF financial advisors	1 082	1 120	-3%
Open Partners advisors	1 062	888	20%
HB financial advisors	240	279	-14%
HB real estate agents	500	527	-5%
Total	2 884	2 814	2%

Number of branches	31 Mar 2015	31 Dec 2014	change%
Open Finance	124	127	-2%
Home Broker	29	37	-22%
Merged branches	10	9	11%
Total	163	173	-6%

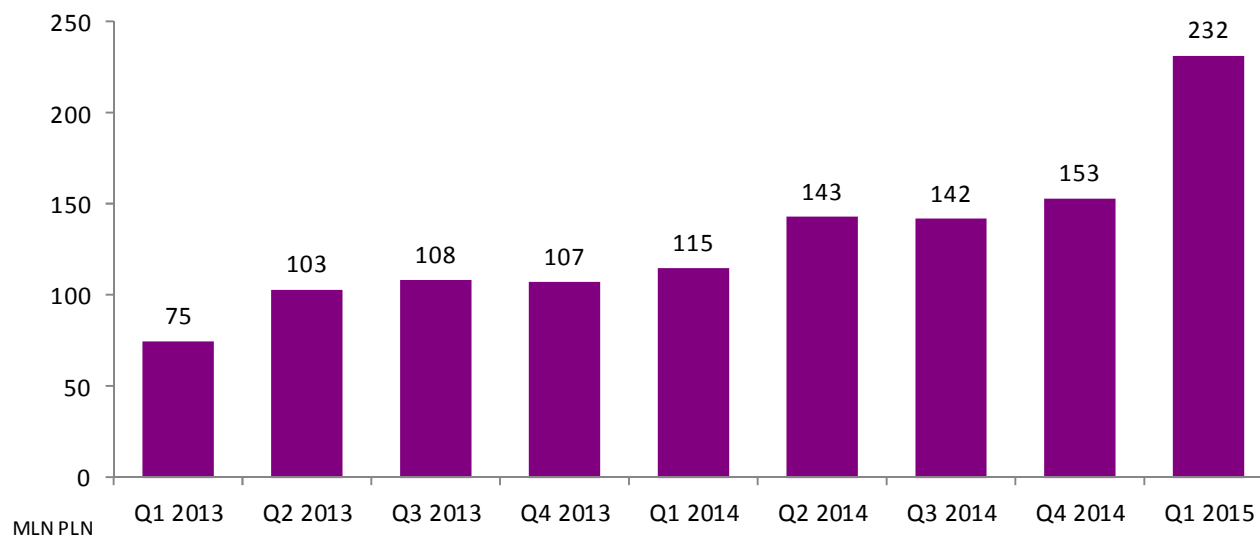
MORTGAGES SALES VOLUMES – OPEN FINANCE GROUP



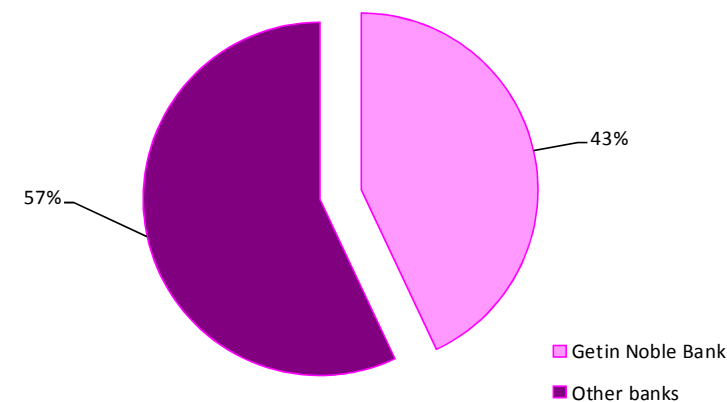
- Maintenance of the volume of mortgage loans sold in Q1 2015 compared to Q4 2014.

CASH LOANS SALES VOLUMES - OPEN FINANCE GROUP

Quarterly volumes of cash loans sold

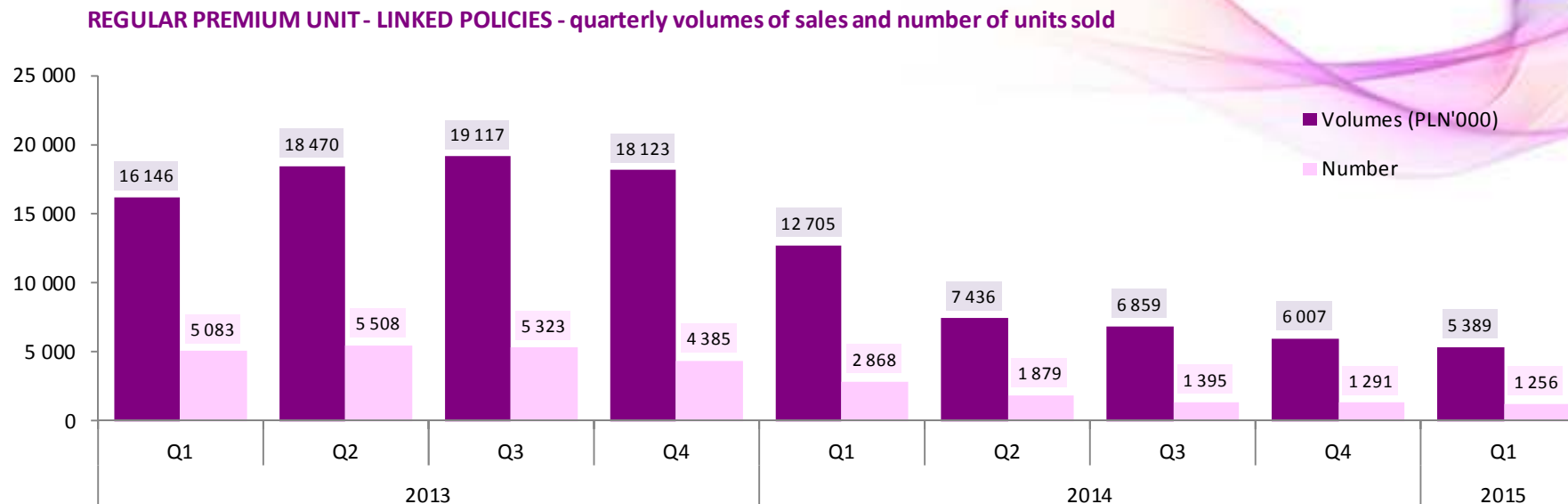


Structure of sales of cash loans by banks in 2015



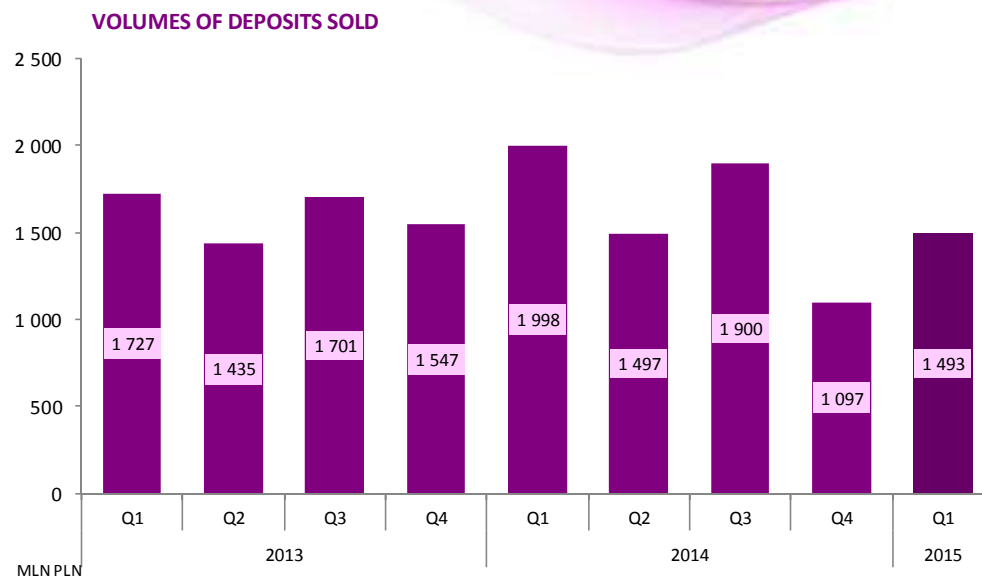
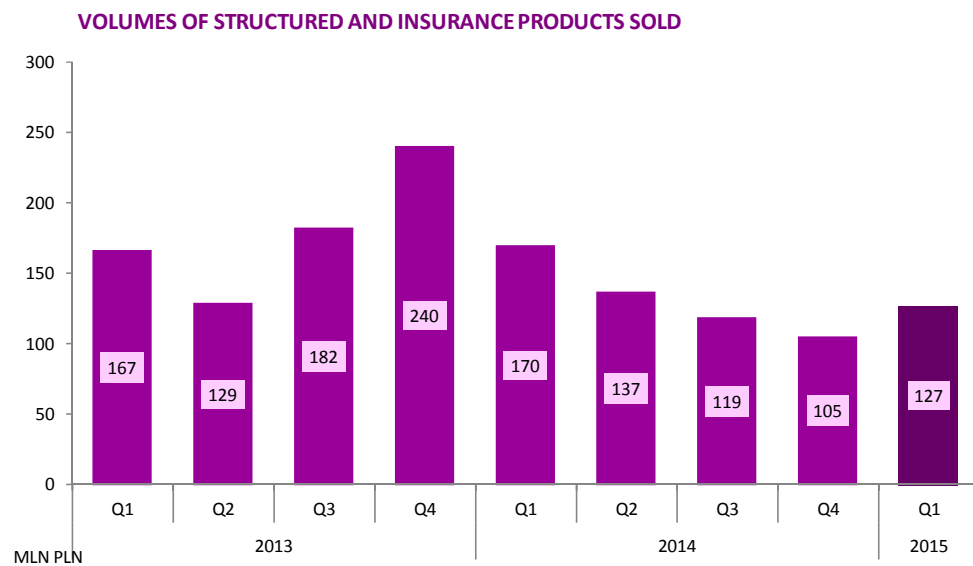
- Sale of 10 mln PLN of cash loans generates equal revenue as the sale of 38 mln PLN of mortgages;
- 52% increase in volume of cash loans sold in Q1 2015 as compared to Q4 2014.
- The volume of cash loans sold in Q1 2015 increased 2 times as compared to Q1 2014.

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



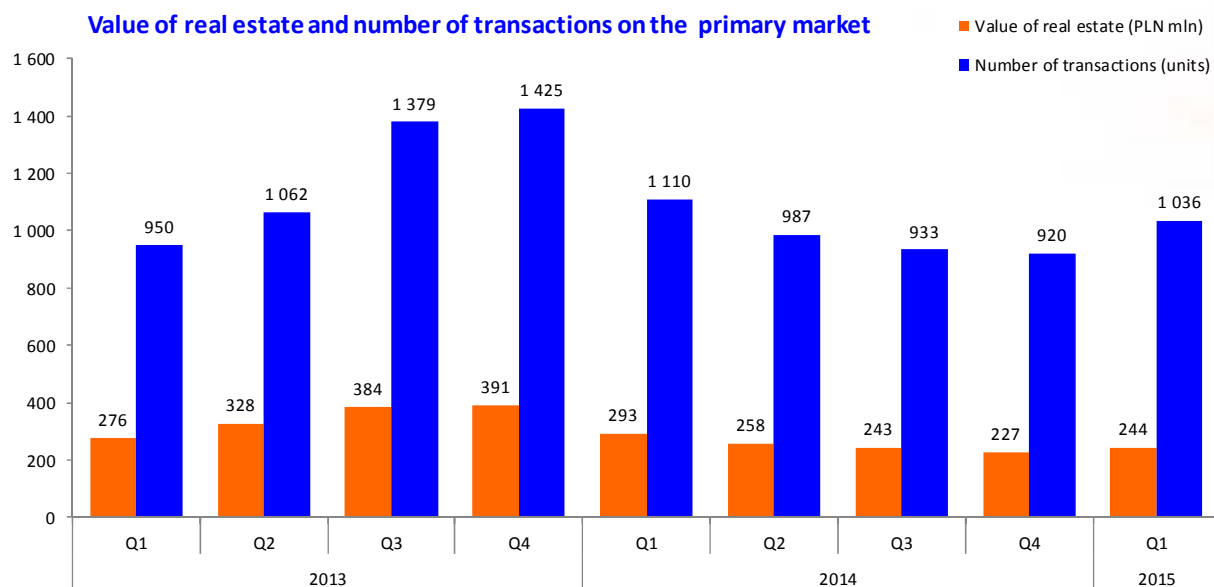
- „Volumes of production” means „first year declared premiums” adjusted by historical closing ratio;
- Decrease in the volume of regular premium unit-linked policies sold results from negative PR in the media for this type of product, as well as the Group's cautious approach to the sale of these products;
- 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

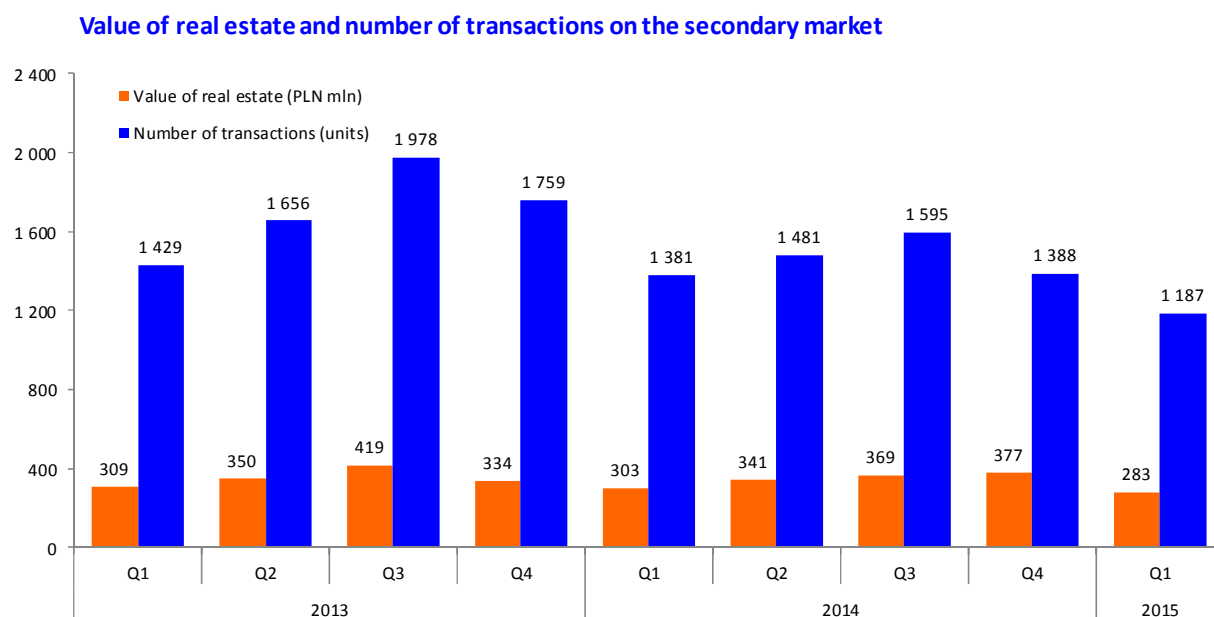


- Collected deposits constitute an excellent base for cross-sell of structured products;
- The volume of sales of PLN 127 mln of structured products comprise high-margin structured investments, units in investment funds (TFI), low-margin investment policies, as well as UFK based on corporate bonds.

SALES VOLUMES IN REAL ESTATE – OPEN FINANCE GROUP



- **Primary market** – in Q1 2015 there was an increase in the number of transactions as compared to the previous quarters due to increased number of developers in the offer. At the same time there has been a decrease in the average value of property sold by 5% in Q1 2015 as compared to Q4 2014.



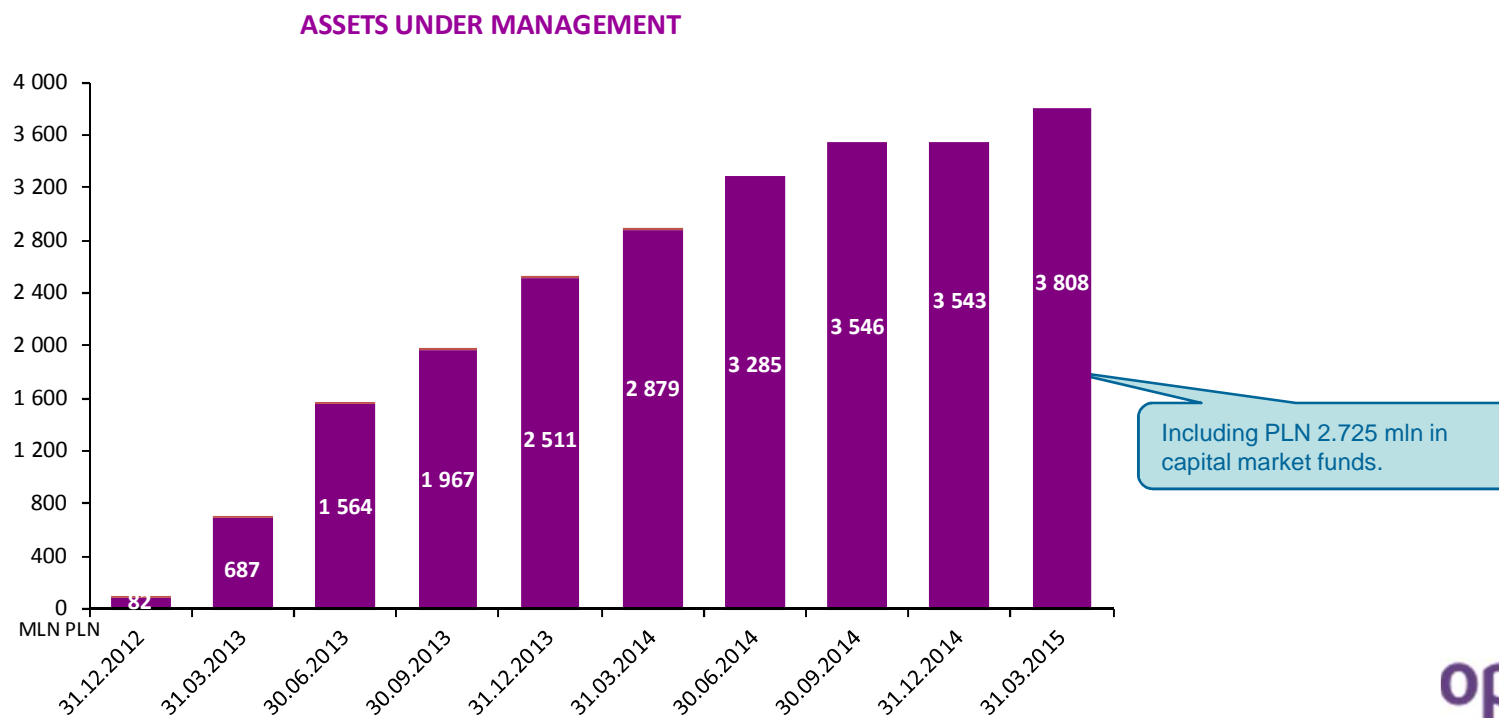
- **Secondary market** – in Q1 2015 as compared to Q4 2014 there was a decrease in the number of transactions by 14% as a result of loss in the number of advisors in connection with restructuring carried out by the Company in 2014. At the same time the average value of property sold in Q1 2015 has not changed when compared to 2014.



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;
- ✓ 3 securitization fund;
- ✓ 3 private equity investment fund.



Financial results for Q1 2015 – PLN 3,7 mln.

The largest increase in assets in Q1 2015 concerns open-end and securitization funds.

<i>(data in PLN thousand)</i>	Assets as at 31.03.2015	% share
Open Finance Open-End Investment Fund with 6 sub-funds	522 829 566	14%
Absolute return closed-end funds	105 679 096	3%
Corporate bonds closed-end funds	2 096 145 604	55%
Capital market funds - total	2 724 654 266	72%
Securitization funds	807 425 450	21%
Private equity investment funds	275 836 060	7%
Total assets	3 807 915 776	100%



openbrokers 

OPEN BROKERS IN STRUCTURE OF OPEN FINANCE GROUP



Objectives for 2015:

1. expansion of the network's own insurance advisors;
2. development of external distribution network - by the end of the year 300 external partners;
3. further development of applications for agents;
4. launch of insurance comparison website;
5. extension the offer insurance for pension products.

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 AT THE END OF Q1 2015

Revenue for Q1 2015	PLN 2 577 thousand
Net profit for Q1 2015	PLN 320 thousand
Share capital	PLN 100 thousand
Net margin	12%





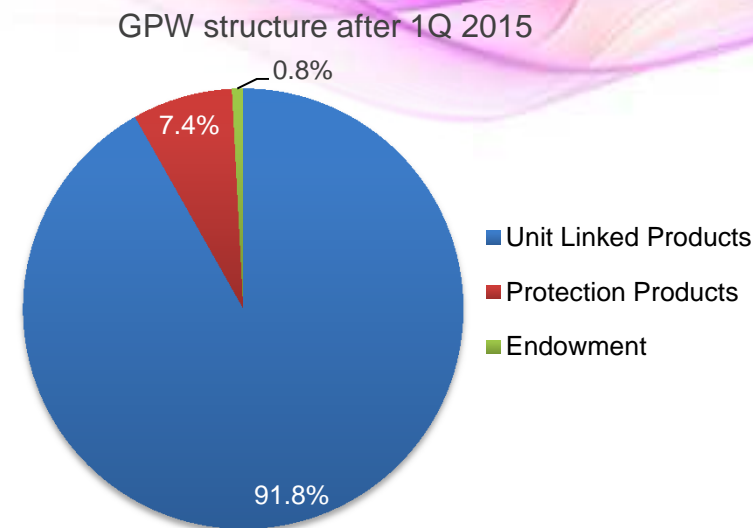
open life
LIFE & PENSION



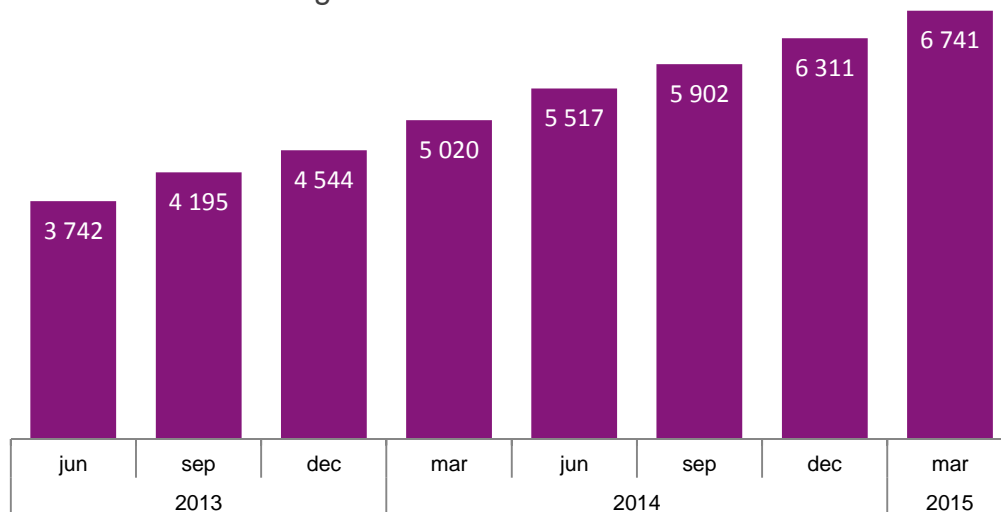
OPEN LIFE AS PART OF OPEN FINANCE CAPITAL GROUP (1/2)



Financial data 1Q 2015	
Net financial result (IFRS) in mln PLN	8.5
ROE	20.4%
No. of active policies in thousands	325.9
Technical reserves coverage ratio	119.4%
Solvency margin coverage ratio	143.1%



Assets under management in mln PLN



TOP 5 unit-linked funds in terms of assets (mln PLN)

Unit-linked funds	Amount
1 UFK OL Corporate Bonds	1 447.8
2 UFK OL Debt Bonds II	484.7
3 UFK OL Corporate Bonds 3	483.9
4 UFK OL Debt Bonds III	161.4
5 UFK OL Debt Bonds	108.6

OPEN LIFE AS PART OF OPEN FINANCE CAPITAL GROUP (2/2)



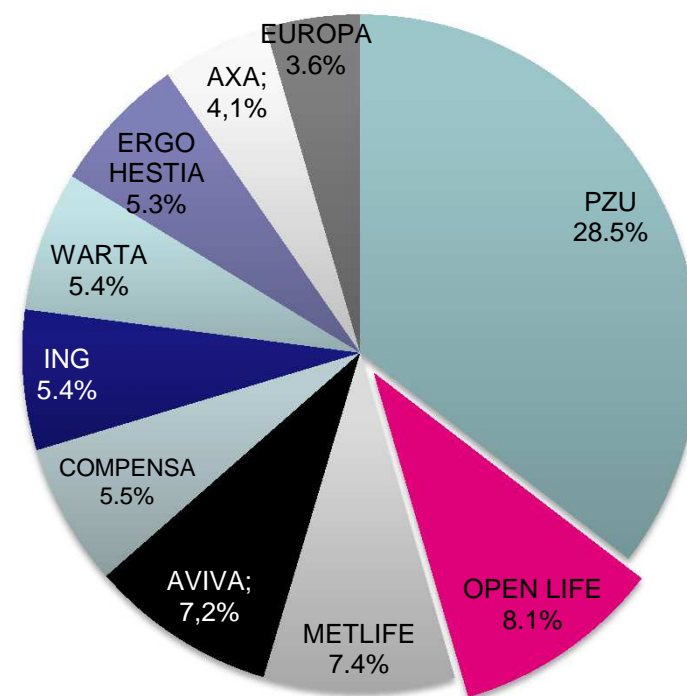
Gross Written Premium in mln PLN

	Company	2013	2014	Change
1	PZU	8 843	8 182	-7%
2	OPEN LIFE	2 634	2 325	-12%
3	METLIFE	1 987	2 112	6%
4	AVIVA	1 864	2 061	11%
5	COMPENSA	578	1 574	172%
6	ING	2 036	1 549	-24%
7	WARTA	2 224	1 545	-31%
8	ERGO HESTIA	544	1 530	181%
9	AXA	1 192	1 184	-1%
10	EUROPA	1 792	1 043	-42%
	TOTAL MARKET	31 264	28 667	-8%

Source: KNF (Polish Financial Supervision Authority)

Open Life second on the market since 2013

Market share in terms of gross written premium of top 10 insurance companies at the end of 2014



Source: KNF (Polish Financial Supervision Authority)



OPEN FINANCE Q1 2015 GROUP RESULTS

CONSOLIDATED ASSETS – OPEN FINANCE GROUP

PLN '000	31.03.2015	31.12.2014	Change	
			value	%
ASSETS				
Fixed assets	502 419	496 977	5 442	1%
Tangible and intangible fixed assets	379 385	378 350	1 035	0%
Investment in associate - Open Life	89 904	86 026	3 878	5%
Investment property	8 381	8 381	-	0%
Deferred tax asset	20 792	21 260	(468)	-2%
Other long term receivables	2 851	2 957	(106)	-4%
Other non-financial long term assets	1 106	3	1 103	36767%
Current assets	197 430	201 020	(3 590)	-2%
Trade receivables	44 233	43 869	364	1%
Interperiod settlements	109 072	111 993	(2 921)	-3%
Cash and cash equivalents	16 197	16 015	182	1%
Other	27 928	29 143	(1 215)	-4%
TOTAL ASSETS	699 849	697 997	1 852	0%
LIABILITIES AND EQUITY				
Equity attributable to shareholders of the parent	453 878	447 348	6 530	1%
Share capital	543	543	-	0%
Other reserve capital	324 562	324 562	-	0%
Retained earnings	128 773	122 243	6 530	5%
Equity of non-controlling shareholders	6 863	5 428	1 435	26%
Total equity	460 741	452 776	7 965	2%
Liabilities	239 108	245 221	(6 113)	-2%
Deferred tax provision	25 369	25 063	306	1%
Provisions	66	66	-	0%
Credit, loans and financial lease liabilities	13 967	14 178	(211)	-1%
Issued bonds	140 258	142 913	(2 655)	-2%
Trade liabilities	16 734	16 688	46	0%
Interperiod settlements	28 781	31 673	(2 892)	-9%
Corporate income tax payable	285	390	(105)	-27%
Other non-financial liabilities	13 648	14 250	(602)	-4%
TOTAL LIABILITIES AND EQUITY	699 849	697 997	1 852	0%

CONSOLIDATED PROFIT AND LOSS – OPEN FINANCE GROUP

PLN '000	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014	Change	
			value	%
Sales revenue	87 018	96 015	(8 997)	-9%
Costs of sales	(42 907)	(36 371)	(6 536)	18%
Profit on sales	44 111	59 644	(15 533)	-26%
Administrative costs	(30 321)	(41 645)	11 324	-27%
Result on other operating activity	(157)	(1 586)	1 429	-90%
Share in associate's profit - Open Life	4 320	2 250	2 070	92%
EBITDA	17 953	18 663	(709)	-4%
Depreciation and amortisation	(6 941)	(8 378)	1 437	-17%
Result on financial activity	(1 740)	(1 883)	143	-8%
Gross profit	9 272	8 402	871	10%
Income tax	1 307	1 647	(340)	-21%
Net profit	7 965	6 755	1 211	18%
including:				
- attributable to shareholders of the parent	6 530	6 238	293	5%
- attributable to non-controlling shareholders	1 435	517	918	178%

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