Today’s Presentation

- Overview of Firethorn
- Macro Trends
- Consumer Financial Behavior
- Mobile Banking Delivery Alternatives
- Beyond Mobile Banking—Payments and Mobile Financial Services
Firethorn Overview

www.firethornmobile.com

Firethorn Today: Financial Institutions

- Consumer Wallet Powered by Carrier
- 3 of Top 10: Wachovia, SunTrust, Regions
- 6 of Top 100
- 3 Sub-Top 100
- 20+ Million Retail Banking Customers
- 9.5+ Million Internet Banking Customers
- Delivered Customization & Differentiation
- Exclusive relationship with AT&T and VZW
- Delivering Customization + Differentiation
Firethorn Sees Federation Model as Key to Success

- 62 million users
- 18 manufacturers
- 49 phones for sale

Sprint
- 52 million users
- 8 manufacturers
- 41 phones for sale

T-Mobile
- 26 million users
- 7 manufacturers
- 26 phones for sale

Alltel
- 12 million users
- 9 manufacturers
- 22 phones for sale

- Enable Large, Fragmented Market
- Enable Complex Network of Partners
- Simple, Convenient Application
- Secure Financial Transaction Platform

Why Federation? Market is Big & Fragmented

<table>
<thead>
<tr>
<th>Financial Institutions</th>
<th>Deposit Accounts</th>
<th>Share</th>
</tr>
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<tbody>
<tr>
<td>Top 10 FIs</td>
<td>208,801,668</td>
<td>33%</td>
</tr>
<tr>
<td>FIs 11 – 50</td>
<td>110,529,579</td>
<td>18%</td>
</tr>
<tr>
<td>FIs 51 – 100</td>
<td>37,756,530</td>
<td>6%</td>
</tr>
<tr>
<td>FIs 101 – 15,788</td>
<td>272,551,666</td>
<td>43%</td>
</tr>
<tr>
<td>All Banks</td>
<td>629,639,443</td>
<td>100%</td>
</tr>
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Source: FDIC, Sept. 2006
Macro Trends

- Consumer usage is moving to multiple platforms—PC’s, mobile devices
- The web is moving to mobile
- Financial Institutions are conflicted—is mobile a new channel or an extension of the internet?
- Unlike the internet, carriers run their own closed-data networks, and they're not likely to let banks use them for free
Financial Industry Complexity

243.4m Million US Subscribers

There is not a single source provider to deliver mobile financial services...

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<tr>
<th>Financial Institutions (15K)</th>
<th>Bill Pay Providers</th>
<th>Credit/Debit Cards</th>
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243.4m Million US Subscribers

100,000’s of Complex Connections required for mobile integration

Proprietary and Confidential

Stakeholder Key Objectives

- Simple and Secure
- Trusted Financial Institution
- All financial relationships

- Share the customer
- Revenue generation
- Customer acquisition
- Customer retention
- Simple and secure

- Shares the customer
- Consumer-focused solution
- Financial Institution branding, experience
- Protect network investment
- Financial services gateway

Proprietary and Confidential
Consumer Need Access to Finances

Consumers have many relationships
- Four (4) retail banking relationships
- One (1) or two (2) accounts with primary FI
- Thirteen (13) credit obligations; nine (9) likely to be credit cards

All balances are important to consumers
- 86% would check account balances four times per month (MQA Research)
- 73% would use mobile banking to check balances (Eisenhower Bank)
- More than 60% of calls to a major bank call center are to check balances and perform an action: transaction history or money transfer
- Consumers will not log on to more than three (3) sites to view their financial information

1 A.T. Kearney, “How does your financial institution grow?”
2 Fair Isaac Corporation, “Average Credit Statistics”
3 ABA; Dove Consulting, 2005/2006 Study of Consumer Payment Preferences
Consumer Need Access to Finances

Balances drive consumer payment decisions, avert the $45 hamburger and protect against fraud

- Two thirds (66%) of families need their next paycheck to meet expenses.4
- Average revolving balance for those with one credit card is $3,815. $8000 for those in the higher income bracket.6
- 32 million families run an annual deficit of $8,160.5
- Fifty-eight (58) individual payment choices monthly, 46 of which are in-store.3
- 30% - 40% of checking accounts incur at least one overdraft per year (FMCG Case Study)4
- 28% of NSF charges (~ $30) are as a result of a debit transaction (Firethorn Customer)4
- Debit usage has a CAGR of ~ 23% (EFT Data Book 2003, 2005, 2006)

Why Banks Love Mobile Banking

- **Reduces costs.** Banks hope to reduce calls to customer-service reps for basic account information.
- **Improves fraud prevention.** Mobile banking can allow banks to quickly notify customers of potentially fraudulent transactions.
- **Traps you more firmly in their web of services.** The more technological services a customer adopts, the more likely he or she is to stay with the bank. Adding mobile banking improves such "stickiness."
- **Boosts fee income down the line.** Banks typically don't charge for mobile-banking access, but they hope to get a slice of the next step in mobile banking -- using your cell to make purchases.
Why Mobile Carriers Love Mobile Banking

- **New Revenue Source.** Wireless carriers see the ability to insert themselves into the electronic fee chain.
- **Improves Subscriber Stickiness.** Wireless carriers want to deepen daily dependency on the wireless device.
- **Opportunity to Add Value.** Carriers want to expand their branded mobile experience.
- **Boosts fee income down the line.** Get subscribers accustomed to using their phones for financial transactions, then making the behavioral extension to highly lucrative payments is easier.

Mobile Banking Delivery Alternatives

www.firethornmobile.com
Mobile Banking Delivery—Mobile Browser

- Deep penetration of WAP browsers on today’s phones
- Great functionality and flexibility for PDA’s
- Inherent input drawbacks w/o keyboard
- No carrier revenue beyond data
- Financial Institutions duplicate their highly branded web experience on mobile
- SLOW, even for “dumbed down” content
- Security is a concern—“WAP Gap”, continued concerns about phishing and ID theft
- No ability to do payments in the future

Mobile Banking Delivery—Application

- Phone resident, either pre-loaded or downloaded
- Easily discovered and launched, especially when pre-loaded
- Easier to use compared to text heavy alternatives
- May require subscriber to adopt different security model and a non-web experience
- Compatibility issues for every handset and carrier combination
- Difficult download process for a novice.
- Clear future evolution to, with a better user interface and more possibilities for future
Mobile Banking Delivery—Text Messaging

- Addresses widest potential audience
- Broadest penetration into existing and future handsets
- Broad SMS usage—and growing
- Security Concerns-- text messages typically aren't encrypted, un-erased information is easily accessed on the phone, phishing is easy
- Limited functionality
- User experience is poor, because of the verbose nature of texting

Regulatory Agencies

Extreme Scrutiny on Information Security in e-banking

- OTS - Office of Thrift Supervision
- OCC - Office of the Comptroller of the Currency
- FDIC - Federal Deposit Insurance Corporation
- FFIEC – Federal Financial Institution Examination Council
- NCUA - National Credit Union Administration
- FRB - Board of Governors of the Federal Reserve System
- FinCEN – Financial Crimes Enforcement Network
- State agencies too numerous to list
Mobile Banking

Stand-Alone Apps Create Complex Experience

Segregated access to each application
Complex logins with multiple usernames, PINs, passwords
Inconsistent access and incomplete financial information
Disjointed experience, difficult to initiate transactions

Proprietary and Confidential
Beyond Mobile Banking

Mobile Commerce Product Roadmap

- Account Balances & History
- Secure Pre-loaded Application
- Bill Payment & Presentment
- Remote Payments
- Contactless

Service Complexity
- Simple
- Complex

Addressable Market
- 90%
- 4%

Wireless Operators

Proprietary and Confidential
Banking is the Foundation for Payments

Discoverable and Accessible Mobile Wallet

Simple Access through a single sign-on

Complete access to information to make financial decisions

Choice of financial transaction and execution upon decision

Consumer Wallet - Proximity Payments

POS Terminal

Updated My Checking balance: $633.87

Alert! You qualify for a 10% discount on your next purchase at the Home Depot.
### Scope of Potential Markets

<table>
<thead>
<tr>
<th>Volumes</th>
<th>$ Spent</th>
<th># Transactions/Yr</th>
<th># Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit**</td>
<td>N/A</td>
<td>N/A</td>
<td>457 Million Accounts</td>
</tr>
<tr>
<td>Credit Cards*</td>
<td>$2.0 Trillion</td>
<td>25.3 Billion</td>
<td>1 Billion Accounts</td>
</tr>
<tr>
<td>Debit Cards*</td>
<td>$1.17 Trillion</td>
<td>25.0 Billion</td>
<td>396 Million Accounts</td>
</tr>
<tr>
<td>Cash</td>
<td>$1.4 Trillion</td>
<td>49.0 Billion</td>
<td>N/A</td>
</tr>
<tr>
<td>Insurance</td>
<td>N/A</td>
<td>N/A</td>
<td>190 Million Insured</td>
</tr>
<tr>
<td>Investments</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
</tr>
</tbody>
</table>

*Nilson, Sept. 2006 (Volume 865)*

**FFIEC

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Thank You.

www.firethornmobile.com
Complexity of Mobile Commerce

- 21” + Monitor
- Browser
- Desktop Usability
- Open Network

Wireless Device

- 2.5” Screen
- Thousands of Devices
- Mobile Usability
- Proprietary Network

Natural Mobile Application Friction

<table>
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<tr>
<th>Carrier Role</th>
<th>Content Provider</th>
<th>Wireless Carrier</th>
</tr>
</thead>
<tbody>
<tr>
<td>User Experience</td>
<td>100% Owned</td>
<td>Shared (Content Provider &amp; Carrier)</td>
</tr>
<tr>
<td>Value Add</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This dilemma creates natural friction between content providers and wireless carriers.
<table>
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<th>Future Opportunities: Stored Value Cards, Money Transfers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Stored value card “top ups” are estimated to be $1.4B in transactions by 2008</td>
</tr>
<tr>
<td>• Currently 4B transactions a year on stored value cards</td>
</tr>
<tr>
<td>• Payroll Cards- a niche market that fits with mobile</td>
</tr>
<tr>
<td>– Master card estimates $200 Billion is paid in wages to 30-50 million unbanked employees</td>
</tr>
<tr>
<td>– Unbanked employees spend $8 Billion a year to cash checks*</td>
</tr>
<tr>
<td>• Customer money transfers</td>
</tr>
<tr>
<td>– $260b global market</td>
</tr>
<tr>
<td>– Only 5% handled by banks</td>
</tr>
<tr>
<td>• Cross border transfers</td>
</tr>
<tr>
<td>– $500b market</td>
</tr>
<tr>
<td>– Avg rev/ trans $7.27 vs $1.58 for domestic</td>
</tr>
</tbody>
</table>

*Source: US Comptroller of Currency, June 2005