

Strategic agreement T-Mobile – Alior Bank

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BANKING WILL BE SIGNIFICANTLY TRANSFORMED BY THE MOBILE REVOLUTION WITHIN THE NEXT 5 YEARS

Examples of players transforming the developed or developing markets

- **Osaifu-Keitai in Japan**
 - **Mobile wallet payment solution introduced by NTT Docomo**
 - **Acquired 15 M customers within first 3 years until 2007**
 - **Other telecom operators supported the system and it is now used by 70M out of 130M mobile phone users in Japan**
- **M-Pesa – service of mobile operators in Kenia**
 - **In 2012 17M clients (out of population of 42M), around 1/3 of Kenia's GDP passes through M-Pesa**

„Arguably M-PESA is the biggest bank in Kenya, and one of the largest in Africa. But it doesn't have a banking license...”

*Brett King
author of Bank 2.0
and Bank 3.0*

Banks need to look for partnerships in order to take a significant position in the transforming market



BANKS SHOULD PREPARE FOR IT, AND SOME OF THEM DO

Other banks and telecoms do not want to miss the opportunity

- **CaixaBank, Santander and Telefónica created in 2013 the first joint venture between banks and telecom operators in Europe to develop new digital businesses**

Wirecard AG – a successful white label payment provider

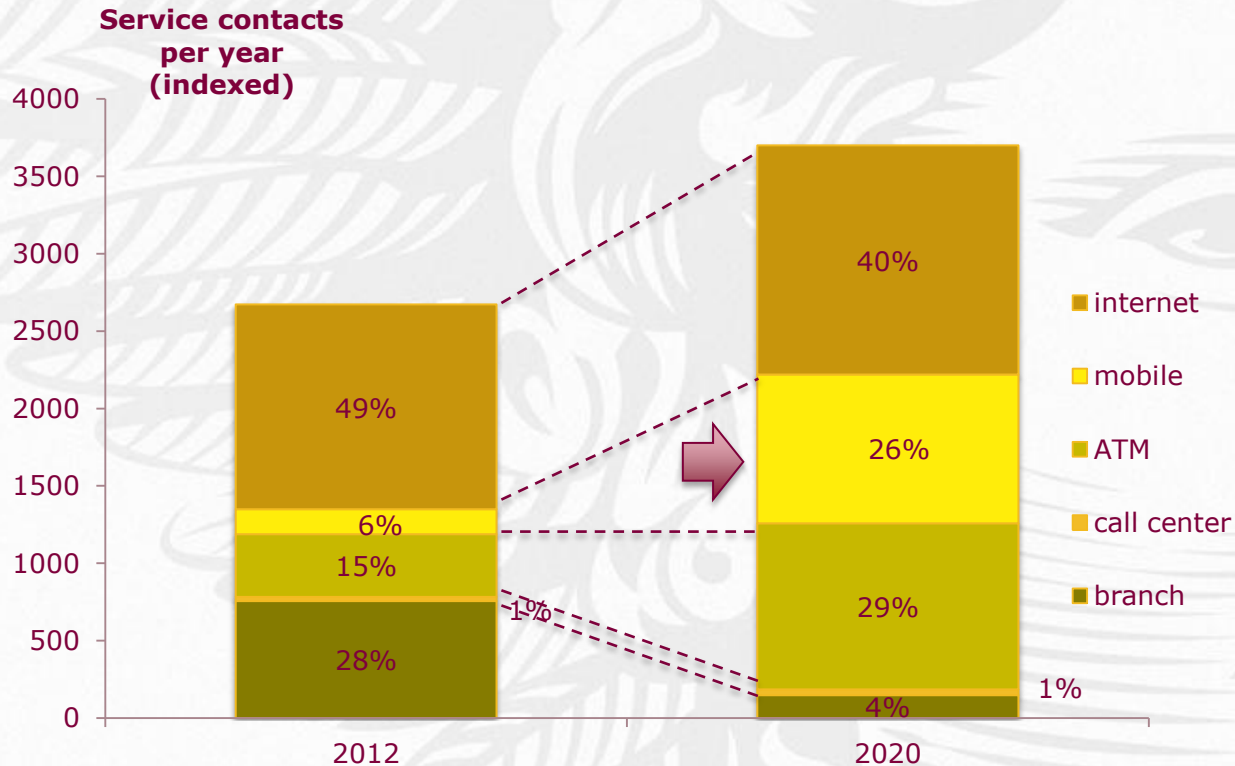
- **Agreements signed with Vodafone and E-Plus in Germany and Orange in France**
- **Volumes and revenues growing above 20% per annum, net profit for 9M 2013 at 58 M Euro**

In two or three years, only 5 per cent of consumer interaction will be through branches. (...) And almost certainly some big names in the digital world, companies with strong brands and millions or billions of users, will jump into the fray.

Banks need to take on Amazon and Google or die,
Francisco González,
CEO of BBVA



BY 2020 SERVICE TRANSACTIONS AND ALSO SALES CONTACTS WILL MIGRATE TO MOBILE



Also in sales-and-advice contacts the mobile channel in 2020 will account for ~1/3 of the branch channel



T-MOBILE AND ALIOR BANK ARE PARTNERS WITH EXCELLENT SKILLS AND FIT

T-Mobile

Large client base of ~16 M clients

- **Including 7 M postpaid SIM cards with high client loyalty**
- **All segments, including affluent**

Strong distribution network

- **~1000 outlets**
- **Call center with strong selling skills**

Strong brand

- **Within 2 years reached 90% recognition level**
- **#1 brand in Polish telecom market (Top Marka 2013 survey)**

Strong international group

- **T-Mobile has 132 M mobile customers worldwide**

Alior Bank

Innovative approach to electronic channels

- **Award winning Alior Sync virtual bank**

Excellent credit capabilities

- **Leader in fully on-line processes**
- **Fully automated multiproduct application processing**
- **Proven credit and collections methodologies**

Modern and versatile IT

- **„Best Use of IT in Retail Banking” in „Banking Technology Awards 2013”**

Strong track record of partnerships

- **400 franchised branches**
- **Unique partnership with PayU for white label consumer loans**



1ST TRUE TELECOM BANK IN EUROPE

Scope of project

Fast acquisition of client through T-Mobile outlets, call center and mobile channel

Phase 1: products for individuals

- ... followed by offer for business clients

Comprehensive set of client-friendly, mobile-centric products

- Current account, instant overdraft
- Wide range of deposit and loan products
- Innovative, easy to use transactions – including leading offer of mobile transactions
- All access channels: mobile, WWW, call center, virtual & physical branches

Services offered under a brand associated with T-Mobile

Advantages for Alior Bank

Alior ambition: acquisition of ~2 M clients within 5 years

- Mainly from 16 M strong T-Mobile client base
- Taking advantage of synergies in T-Mobile distribution and marketing

Strong profitability

- Planned ROE in year 3 of 16% growing to ~40% in year 5

Developing joint capabilities in product design and distribution

- Based on wide range of financial and telecom based customer data

Creating an option to expand the cooperation to other T-Mobile markets worldwide



CONSTRUCTION OF THE PARTNERSHIP AND POTENTIAL OPTIONS

This scope of partnership is unique in Europe

- **It is also unique for T-Mobile worldwide**
- **T-Mobile declares the will to enter a long term partnership**
- **5 year agreement with prolongation option for subsequent 5-year periods**

Alior Bank intends to make the best use of its skills so that T-Mobile is interested in continuing the cooperation

If T-Mobile decides to terminate the contract – it has a call option allowing a bank designated by T-Mobile to purchase an Organized Part of Enterprise comprising the clients and products of the „white label bank” and Alior Bank resources directly linked to this business line

Even if T-Mobile decides to exercise this option the financial effect for Alior Bank will stay strongly positive

- **The call option price is set at 400-500 PLN per client**
- **With foreseen client acquisition this can result in transaction price of 0,8-1,0 B PLN after 5 years**

The resulting process until start of operations:

- **Agreement signed: Dec 11th 2013**
- **Alior EGM approval required for the call option**