

Retail bank opportunity: WOCU[®] accounts

WOCU Denominated Deposit Accounts – the Retail Opportunity

Need:

- Simple way of insulating depositors & savers from home currency devaluation
 - This is critically amplified in potential Euro drop-out countries

Solution: WOCU denominated deposit accounts, sheltering savers in a logical, naturally evolving basket of world currencies – huge potential market size

WOCU - global composite currency derivative

- Independent, standardised, proven low volatility
- Customer confidence - WOCU cannot be gamed; fungible & transparent
- Responds naturally to the rise & fall in prominence of fiat currencies
- **Deposit accounts denominated in WOCU reduce the likelihood of value erosion by local currency devaluation: a natural “shock absorber” for savings**

WOCU Ready for Use:

- Currency basket principle well established outwith Retail
- Historical Data available
- NYSE Liffe ready to make WOCU derivatives, contracts specified

What is the WOCU®?

Bespoke “Currency Baskets” are already in common use by financial institutions and sophisticated corporates operating across borders, to reduce risk:

- The **WOCU®** is a trademarked, independent, standardised currency basket unit;
- Consisting of the fiat currencies of the 20 largest global economies, as measured by GDP, covering the vast majority of global production;
- Naturally adjusts over time to the prominence of each constituent country currency based on relative GDP;
- Reliable reference quotation readily and universally available in real time;

Advantages of the WOCU:

- **Risk reduction:** low volatility, relative stability
- **Credibility:** openly valued, cannot be gamed, bank independent
- **Fungible:** standardised value (unlike bespoke baskets) = universality

| LIVE FX RATES | | | |
|---------------|--------|--------|-------|
| PAIR | SELL | BUY | CHART |
| EUR/USD | 1.2603 | 1.2604 | +1 |
| GBP/USD | 1.4986 | 1.4988 | +1 |
| USD/JPY | 96.29 | 96.31 | |
| AUD/USD | 0.6460 | 0.6462 | |
| USD/CHF | 1.2010 | 1.2012 | -1 |
| USD/CAD | 1.2320 | 1.2322 | -1 |
| NZD/USD | 0.5493 | 0.5496 | |
| EUR/GBP | 0.8406 | 0.8408 | +1 |

The WOCU (code XCU) Calculation

Input: Live FX Rates are input into calculation:
\$/£, \$/€, \$/¥.....



WOCU Calculation in real-time from algorithm in resilient datacentres

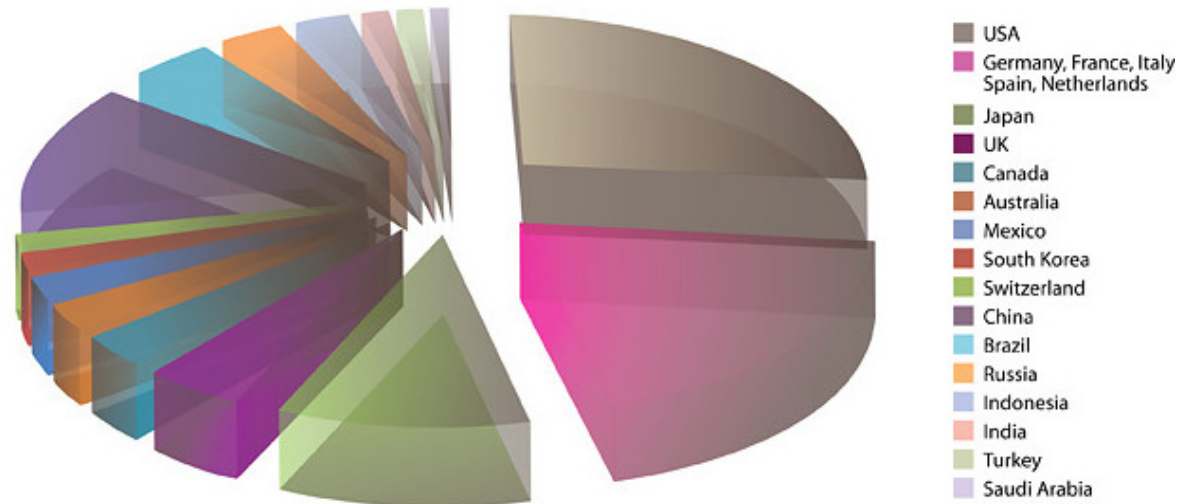


Output: Live WOCU FX Rates
XCU/\$, XCU/£, XCU/¥....

| Indicative Spot FX Rates: | | |
|---------------------------|----------|--|
| Currency | 1 Wocu | |
| USD | 1.8397 | |
| EUR | 1.2722 | |
| CNY | 10.0512 | |
| JPY | 164.42 | |
| BRL | 3.7006 | |
| GBP | 1.0919 | |
| RUB | 54.4010 | |
| CAD | 1.7269 | |
| INR | 99.1955 | |
| AUD | 1.7934 | |
| MXN | 21.1941 | |
| KRW | 1672.66 | |
| IDR | 16129.03 | |
| TRL | 3.1910 | |
| CHF | 1.5723 | |
| SAR | 8.1469 | |
| PLN | 5.4421 | |

The WOCU Weighting

(historical)



The WOCU constituent currencies are transparently weighted by IMF published GDP figures, as updated every 6 months:

- A country's currency prominence rises or falls according to relative GDP;
- Currencies can be promoted or demoted into or out of the WOCU 20;
- **Advantage:** the WOCU naturally adjusts to the economic prominence of currencies to maintain its strength – “The Best Of All Worlds”

Example of WOCU weighting changes since 2000: Rise of China / Demise of UK



2010



China



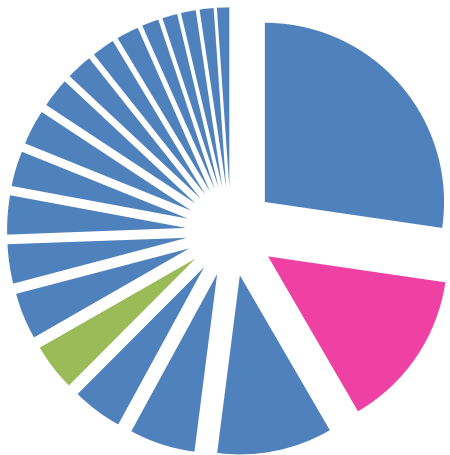
U.K.



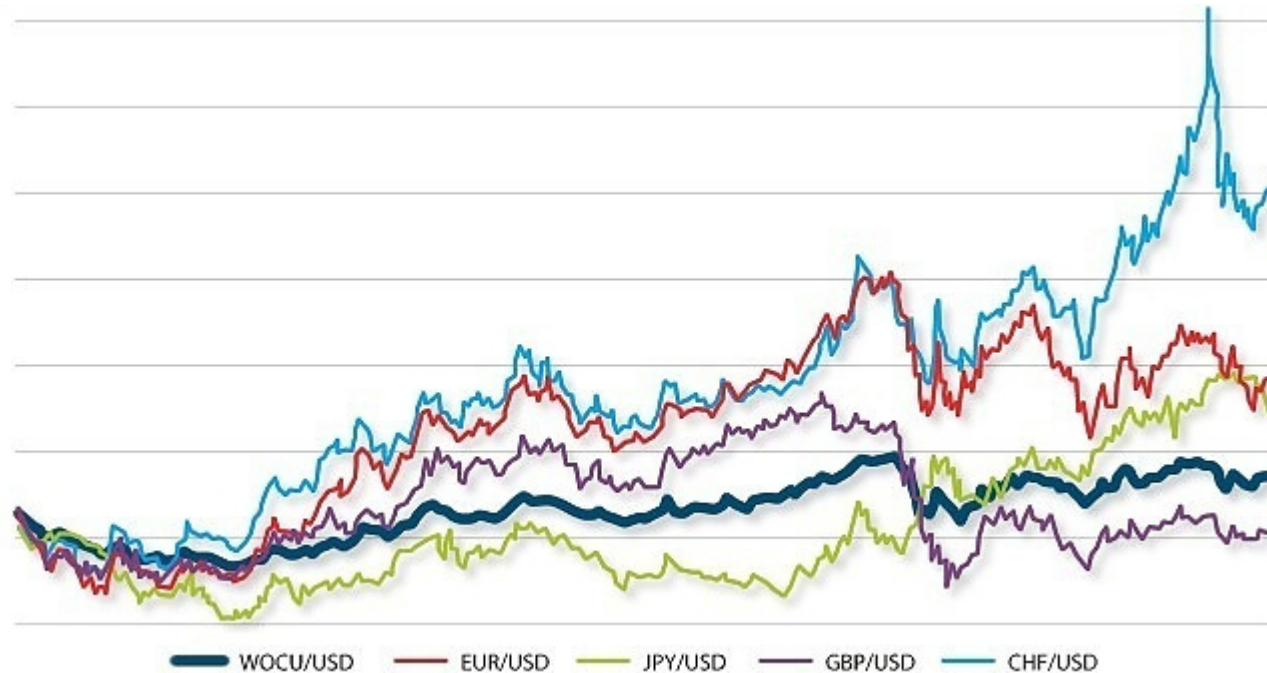
2005



WOCU Composition Today



The WOCU Advantage: Relative Low Volatility



Because it is a (composite) currency basket reference the WOCU is a natural currency stabiliser.

WOCU Indicative Forward & Interest Rates

- WOCU indicative Forward FX rates (01M, 02M, 03M, 06M, 09M, 01Y, 02Y, 03Y) are available
- The WOCU Overnight Interest Rate is derived from a weighted blend of its constituent currency interest rates
- The WOCU Interest Rate for all other periods is logically derived from the WOCU Overnight Interest Rate and the Forward Forex Rate.

Application of the WOCU to Retail Accounts

Imagine if a domestic saver had the option to **easily** save in a “World Currency” rather than just their home currency....

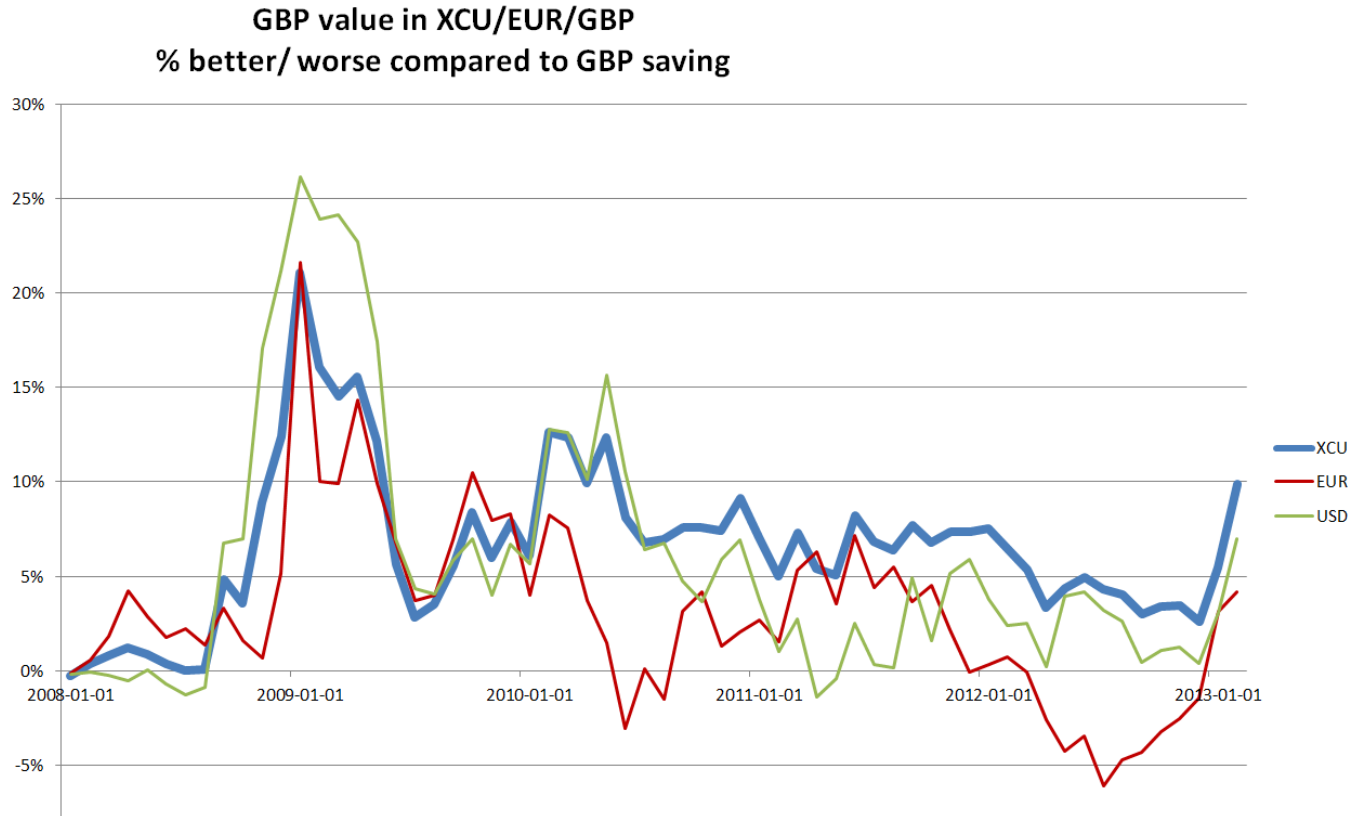
- Will GBP rise or fall further? UK WOCU savers spread their risk c.f. saving in GBP only
- For domestic Euro savers in the Mediterranean countries, the WOCU advantage is critical, given the growing uncertainty of Euro membership status;
 - **Status quo**: continued membership?
 - Final **bailout** with severe conditions attached (Cyprus type “Account Theft”)?
 - **Dropout** and competitive devaluation?

These EURO savers have choices; remain in Euros **risking devaluation** on exit, **gamble** on another single currency or seek relative **safety** in the WOCU:

| | Euro Deposit | Other Single Currency | WOCU Deposit |
|------------|------------------------|------------------------|--------------------------------|
| Status quo | No FX risk | FX gamble | Minimised FX Risk |
| Bailout | Possible Account Theft | Possible Account Theft | Possible Account Theft* |
| Dropout | Massive Devaluation | No Devaluation | Minimised Devaluation |

Savers in WOCU take on the least risk for the maximum benefit, *albeit if a government elects to haircut all onshore accounts there is no protection, regardless of account denomination.

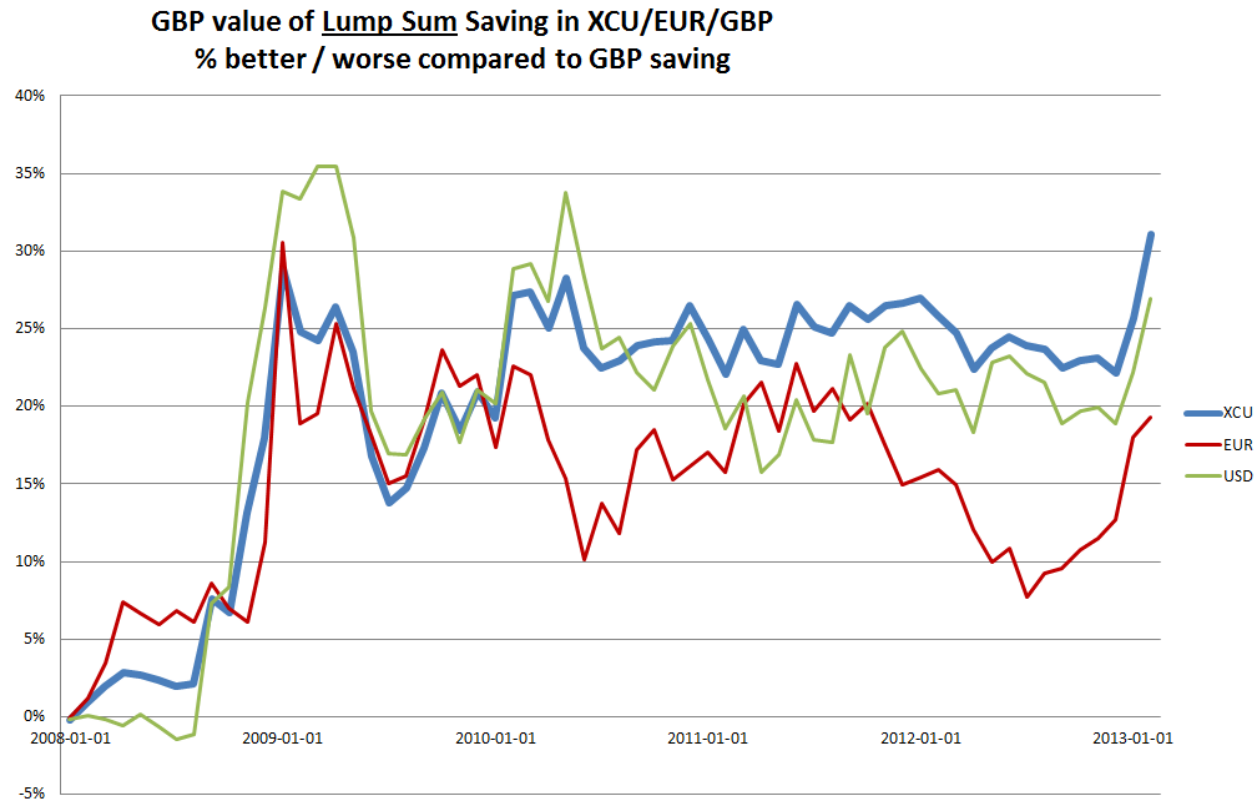
WOCU denominated*, GBP return: Regular Monthly Saving from 2008 to 2013



- Virtually always better off saving in WOCU, 10% better off at end of term, WOCU least volatile option & most above the equivalence line (x axis)....

*GBP monthly amount converted to WOCU when saved, WOCU indicative interest rate applied.

WOCU denominated*, GBP return: Lump Sum Saving in 2008 to 2013



- Virtually always better off saving in WOCU, 30 plus % better off at end of term, WOCU least volatile option & most above the equivalence line (x axis)....

*GBP amount converted to WOCU when saved, WOCU indicative interest rate applied.

WOCU WORLD SAVER: A Brand New Retail Product



- Genuine retail innovation in a well supplied, intensely competed, commodity market
- **A new USP for customer recruitment**
- Global currency principles applied to “old fashioned saving”
- Guard against plunging £
- Huge market opportunity; existing and new customers
- Premium product

How would a bank offer a WOCU account?

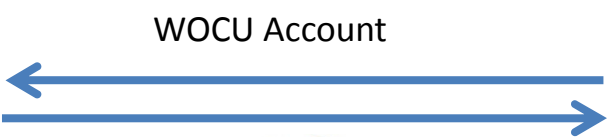
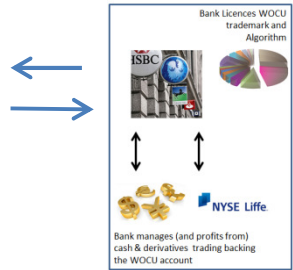


Customers deal in WOCU

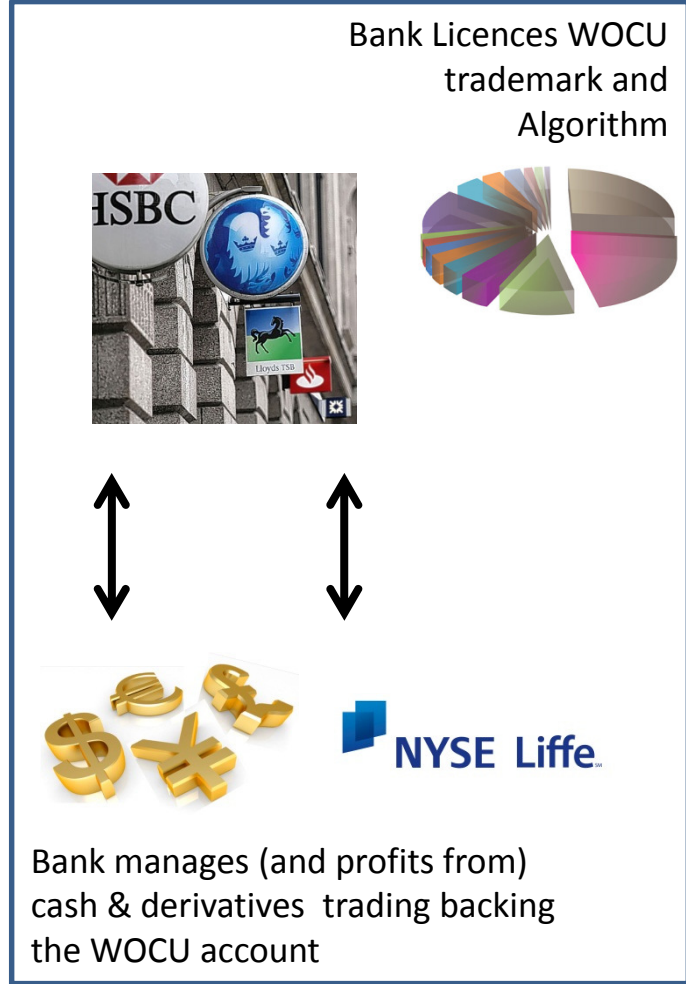


Comfort of transparent, independent WOCU valuation

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Customers deposit & exchange disparate currencies into WOCU account



WOCU® Readiness

- Trademark registered, developed technology with proven stability over 3 years
- Cross rates against any tradable currency available
- Blended WOCU interest rate calculation
- Full live data application with charting
- High integrity reference data with GuardTime Keyless Signature
- Wealth of historical data
- **NYSE Liffe accepted, futures contracts specified & ready to meet demand**
- iPhone app and other analytical tools available
- White Papers analysing utility available
- WOCU® owned by WOCU Limited, a private company based in London
- WOCU utility intellectually backed by high level opinion formers:



Lord Flight, former Shadow Chief Secretary to the Treasury & Author “All You Need To Know About Exchange Rates” said; *“The introduction of the WOCU was a great day in the history of currency. The WOCU provides those engaged in international trade with a properly representative currency unit of account. In a period of potentially rising exchange rate turbulence the WOCU will be in growing demand as a more up to date currency unit of account than the SDR.”*

WOCU Retail Account Licencing

- Trademark /algorithm / reference data / historical data as required;
- Per WOCU account fee / annual licence fee / blend options

WOCU®. WOCU World Saver™. A novel, extraordinary product. Huge potential market.

www.wocu.com