

X CALIBUR CARD



**The Ultimate Anti-Theft and
Fraud Solution**



1

Introduction



The XCalibur Card™

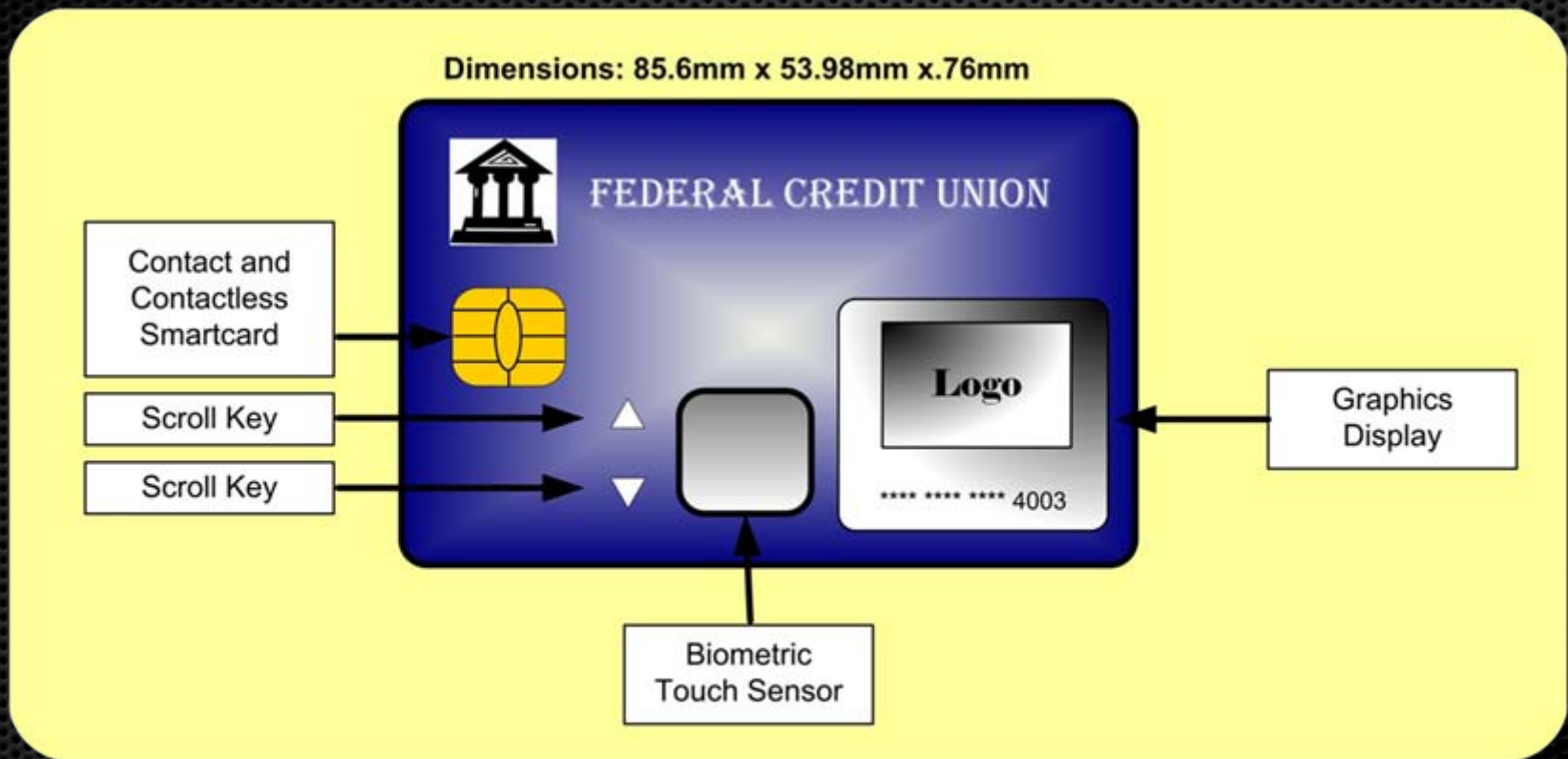
- A Biometrically Secured Multi-Function Electronic Device .
 - XCalibur Card™ is the same size as a regular Credit or Debit Card and utilizes all known Plastic Card Transaction technology and secure all of them. (Contactless, Contact and Magnetic Stripe)
- The XCalibur Card™ has the adaptability to hold multiple types of plastic card accounts and services. (Credit, Debit, Atm Cards, Loyalty, E-ticketing, Drivers licenses, Health care and membership) cards to name a few.



XCalibur Card's Technology and Components



Quick description of the device



touch sensor
biometric

Biometrics is the Best Security for XCalibur Card

How it works

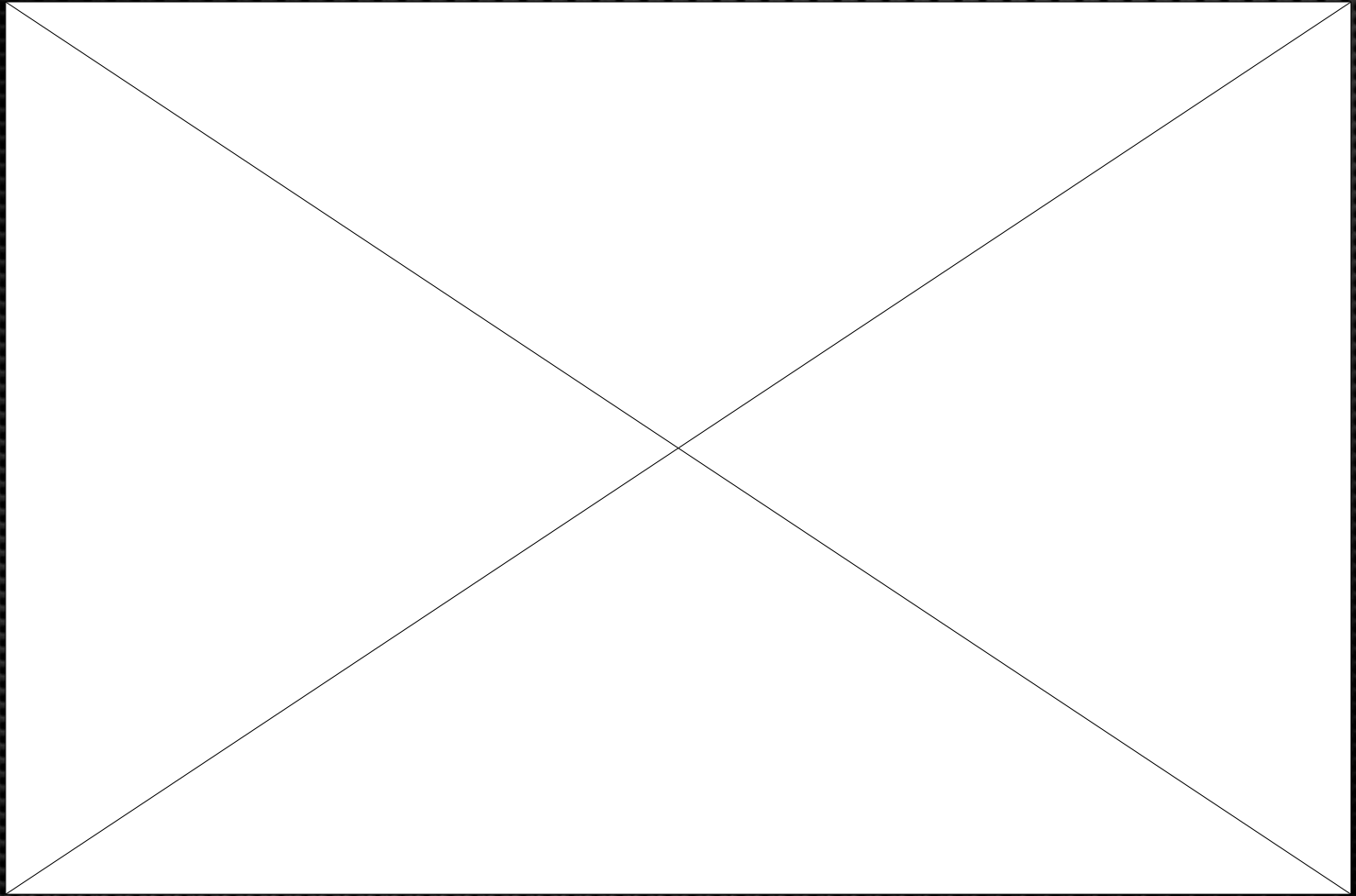


Why it Makes Sense

- Reliable Security
- Flexible and Durable
- Statistically Accurate
- Easy to Use
- Quickly Becoming Universally Accepted



Just Touch it and it Works

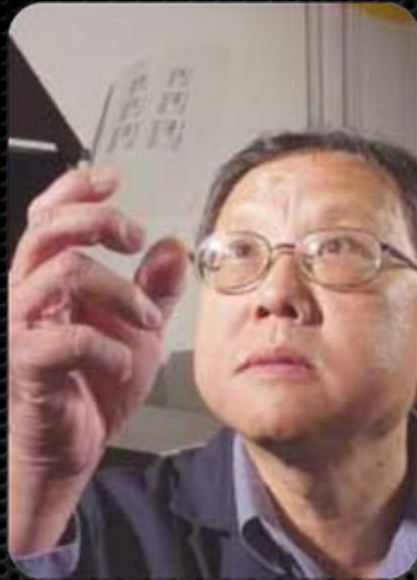


Display for XCalibur Card



Printed Flexible Electronics

Flexible
And
Durable



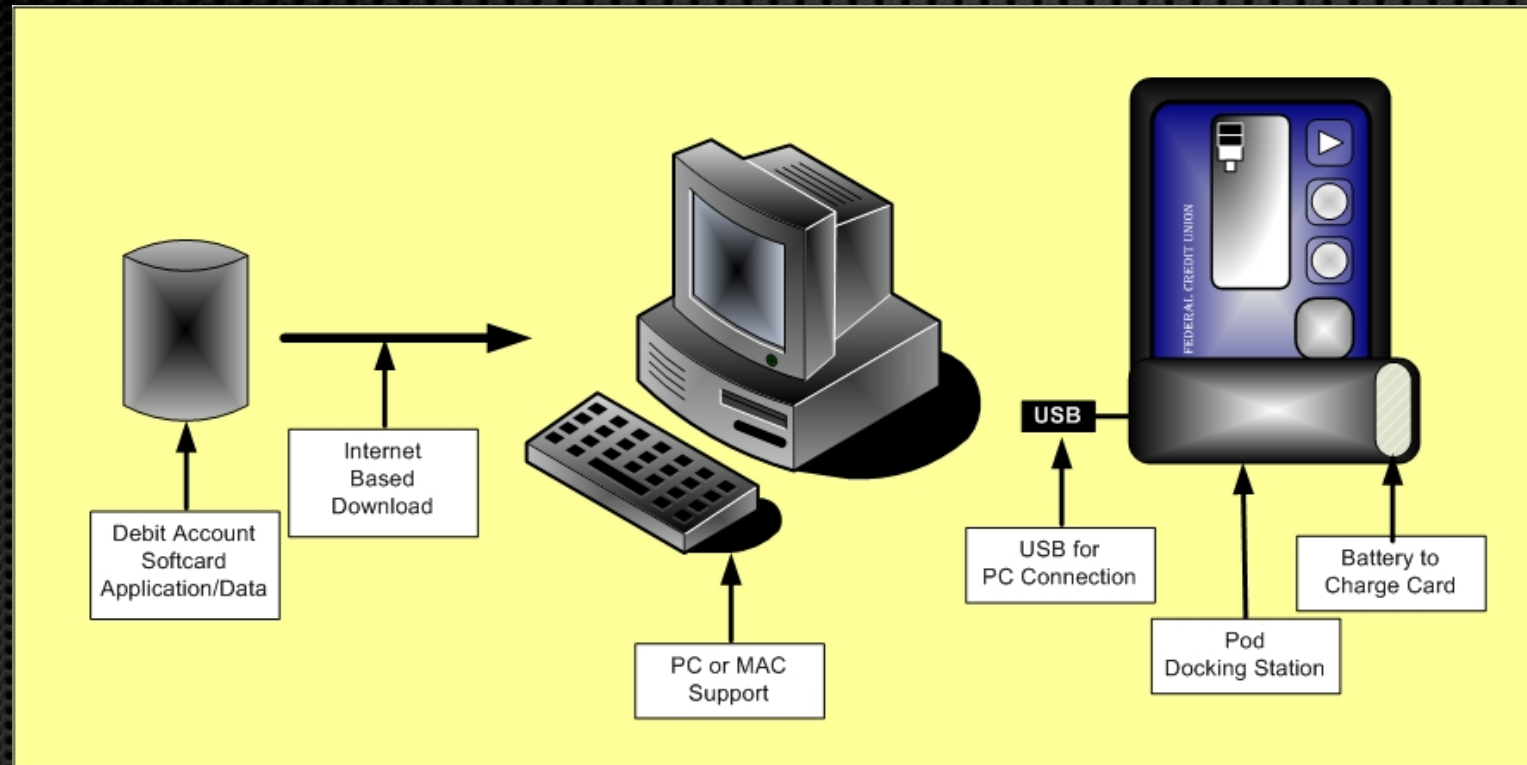
XCalibur Card Components

The Battery



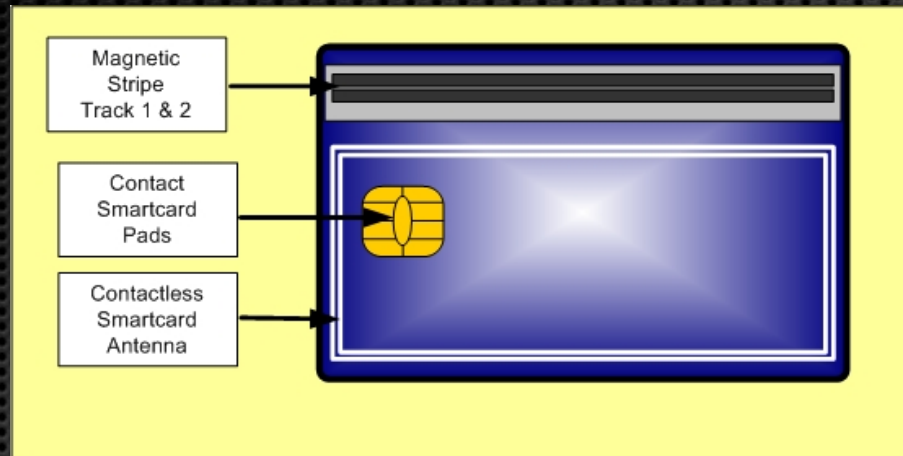
- Ultra-Thin, Flexible Battery Boasts Super-Fast Charging
- Charges to 100 percent in less than 10 seconds
- Highly Durable
- Does not contain any harmful heavy metals
- Environmentally Friendly

Technology of the XCalibur Card



- Softcard application downloads allow XCalibur Card to be updateable and adaptable to future requirements.
- Internet / PC based secure and proven provisioning downloads allow the XCalibur Card to be updated at home or at the branch office of the financial institution.
- The POD is small and transportable, supports communications with the PC and allows the XCalibur Card internal battery to be recharged.

Technology of the XCalibur Card



- The magnetic stripe emulation allows the XCalibur Card to be used at over 20,000,000 Point of Sale Devices (POS).
- Dynamic data can be transmitted via the Track 1 & 2 discretionary data segment to allow current POS devices to support Security Token One-Time-Password solutions.
- The XCalibur Card also supports contact and contactless POS devices as they become available in more locations.

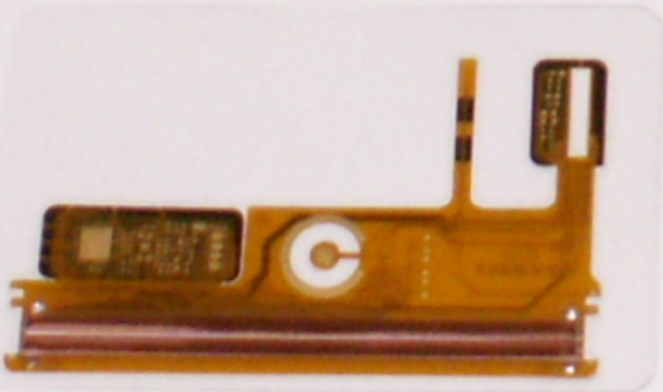
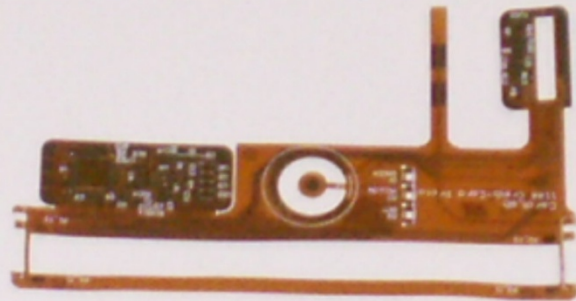
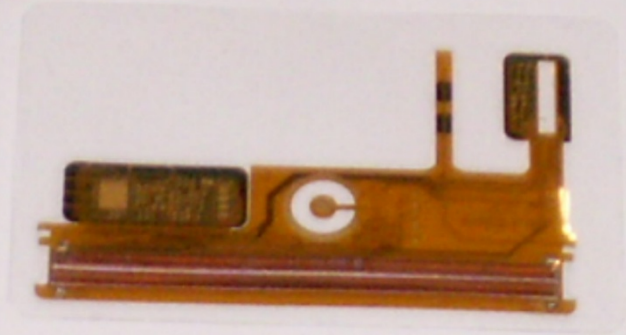
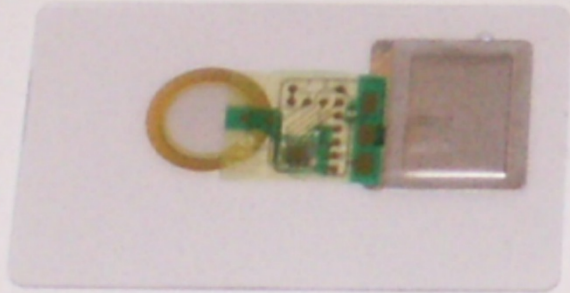
XCalibur Card Secures Old and New Technologies

Magnetic Stripe

Magnetic Stripe Emulation



- **Traditional Plastic Cards** contain static information and are not adaptable leaving account information open for attacks
- **The Magnetic Stripe Emulator** is not a Magnetic Stripe but a flexible electronic planar array that is encased in between the layers of the card that “lights up” with the signal of a regular magnetic stripe and then turns off when complete.
- **Can only be used once per authentication and employs dynamic information**



X-Card Advantage

- The Biometric Authentication and XCalibur Card's ability to display dynamic information (when necessary) and transmit seamlessly to the authorization points makes this the "most" secure solution available.
- The current infrastructure has the capability to transfer dynamic information to the authorization point. This Transmission secures the back end data and renders any information fraudulently obtained "useless".
- This is a first in the financial industry

An aerial photograph of a vast forest at sunset. The sun is low on the horizon, casting a golden glow over the trees and reflecting off a body of water in the distance. The sky is a mix of orange, yellow, and blue, with some clouds visible. The overall scene is serene and expansive.

Building the Future for Credit Unions

“The XCalibur Card’s technology enables effortless advancement into the next generation of global mobile payments”



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Provisioning

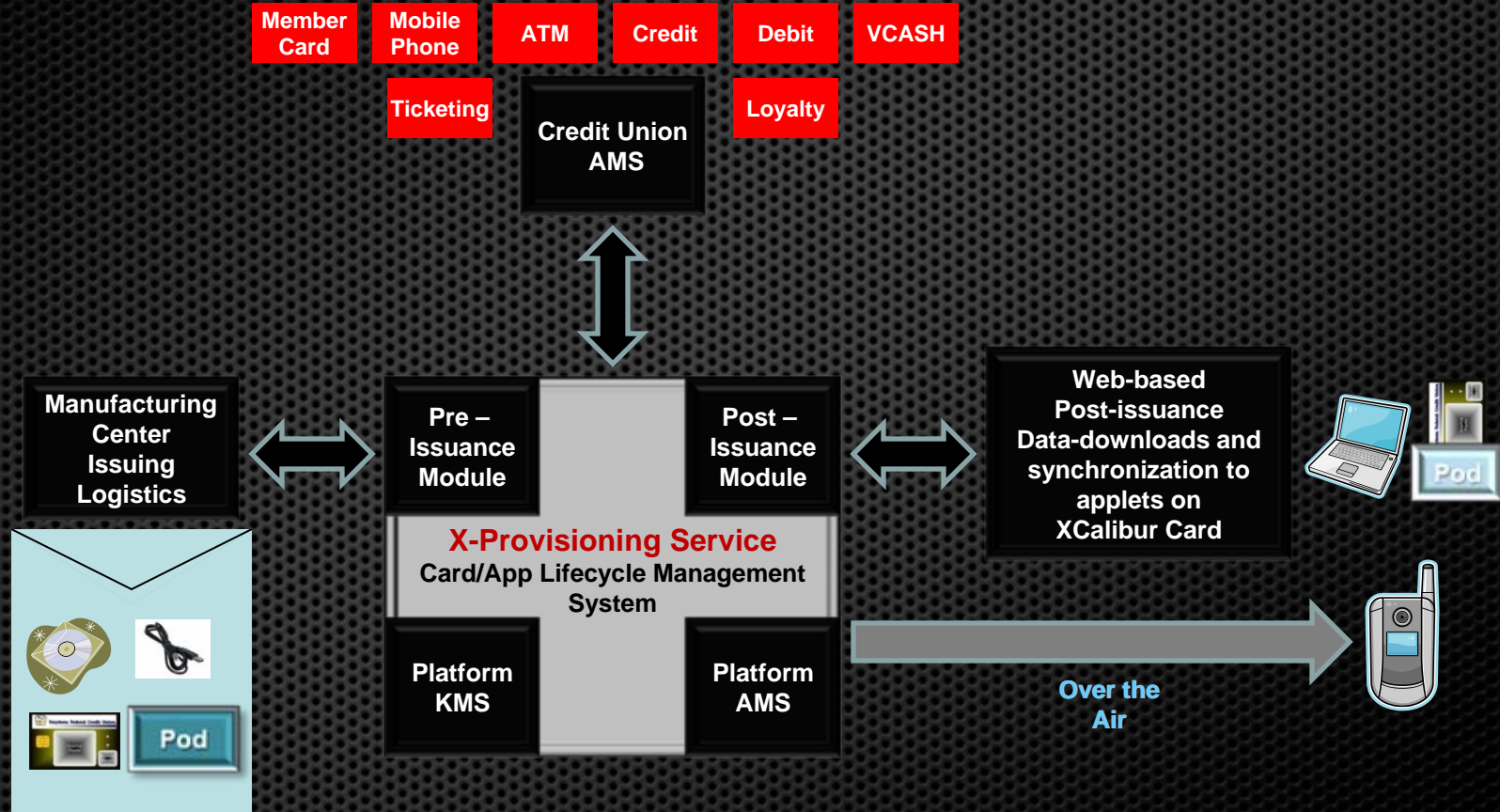


Provisioning

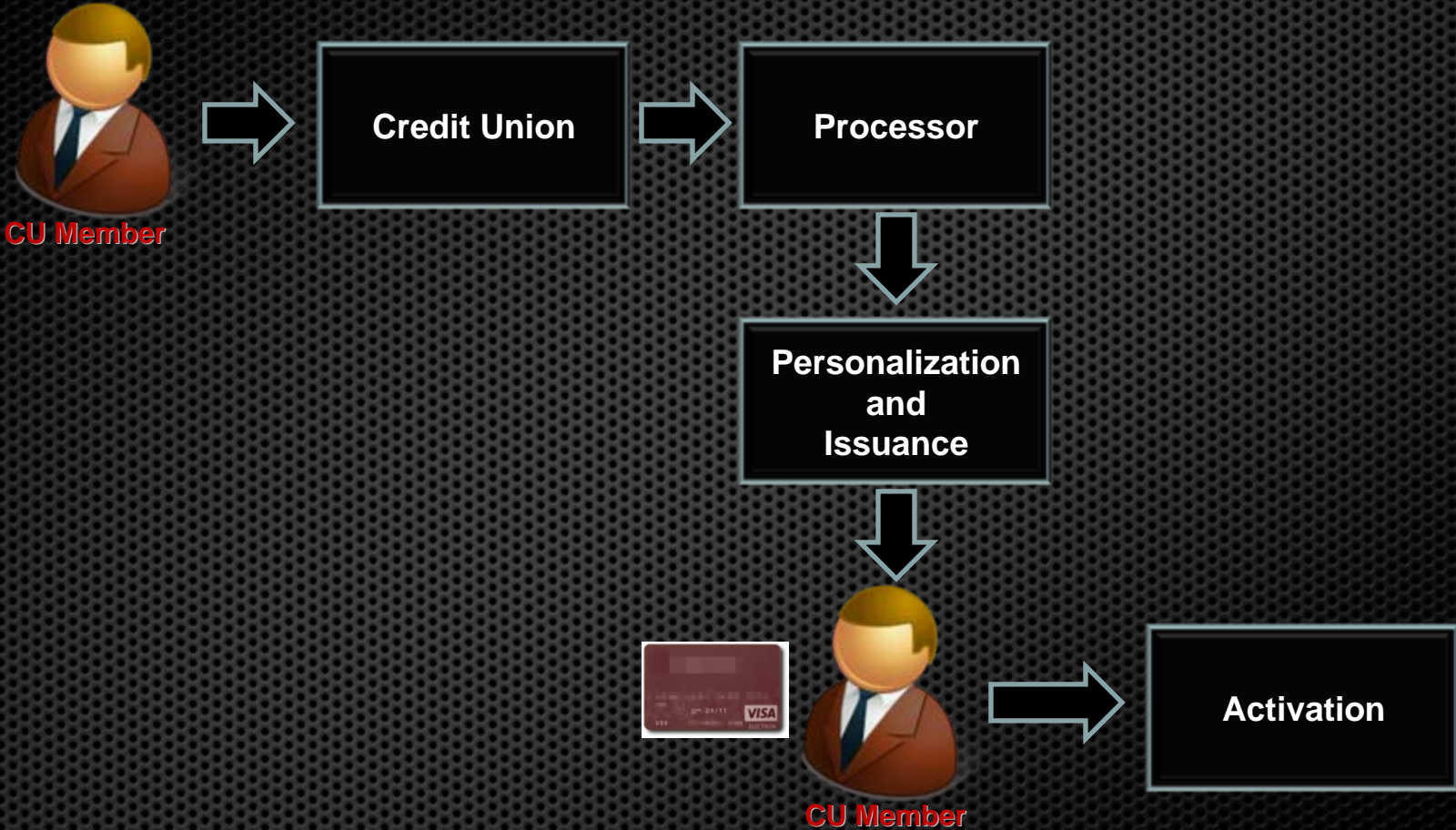
- A fully proven multi-application system
- Approved in Korea by VISA, MC, AMEX
- Currently operating with over 16 million users
- Supporting for use “Both” XCalibur Card and Mobile Phones

Provisioning Overview

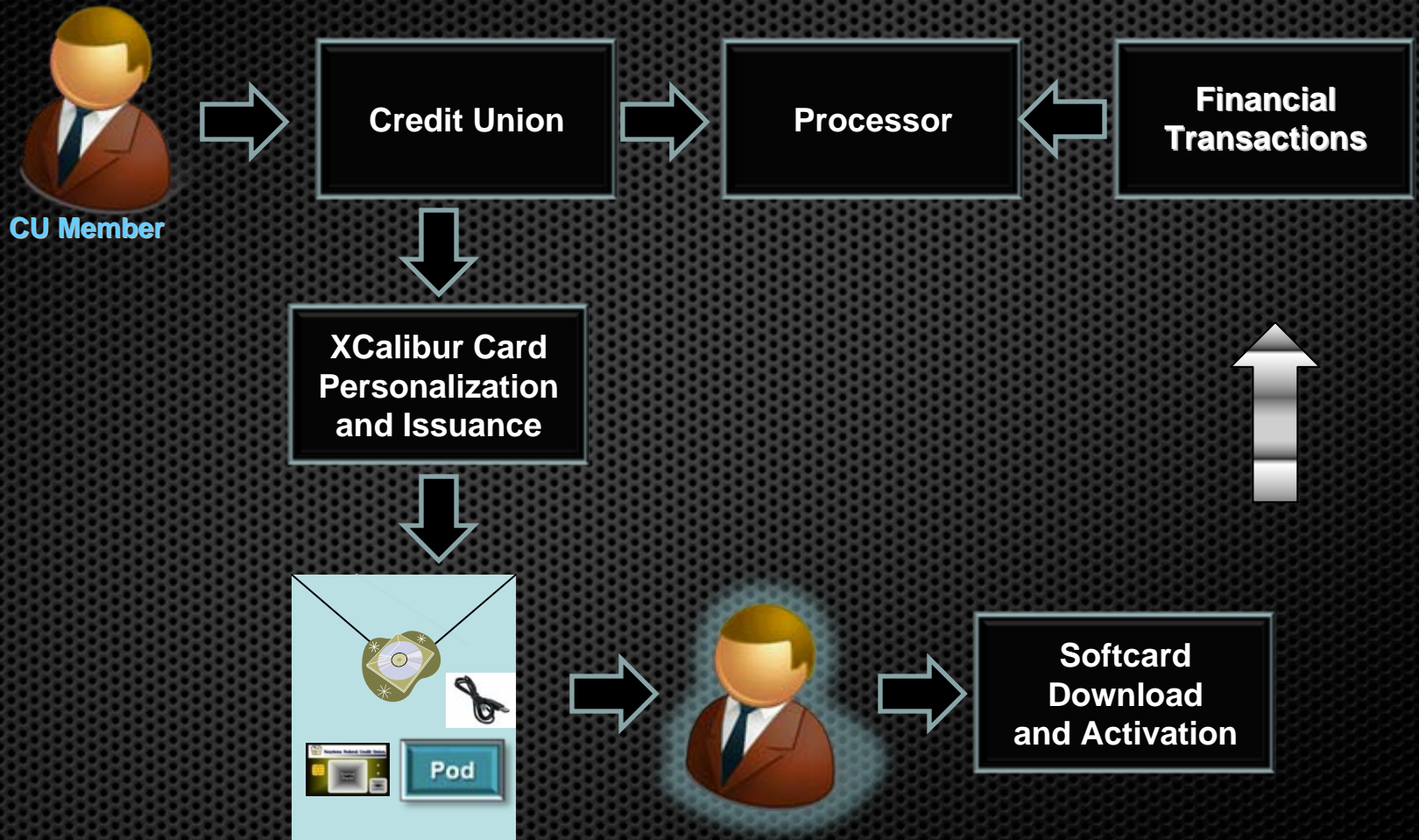
Applications



Plastic Card Issuing Process



XCalibur Card Issuing Process



X-Card Impacts

Financial
Benefits

Credit Union
Benefits



Financial Benefits

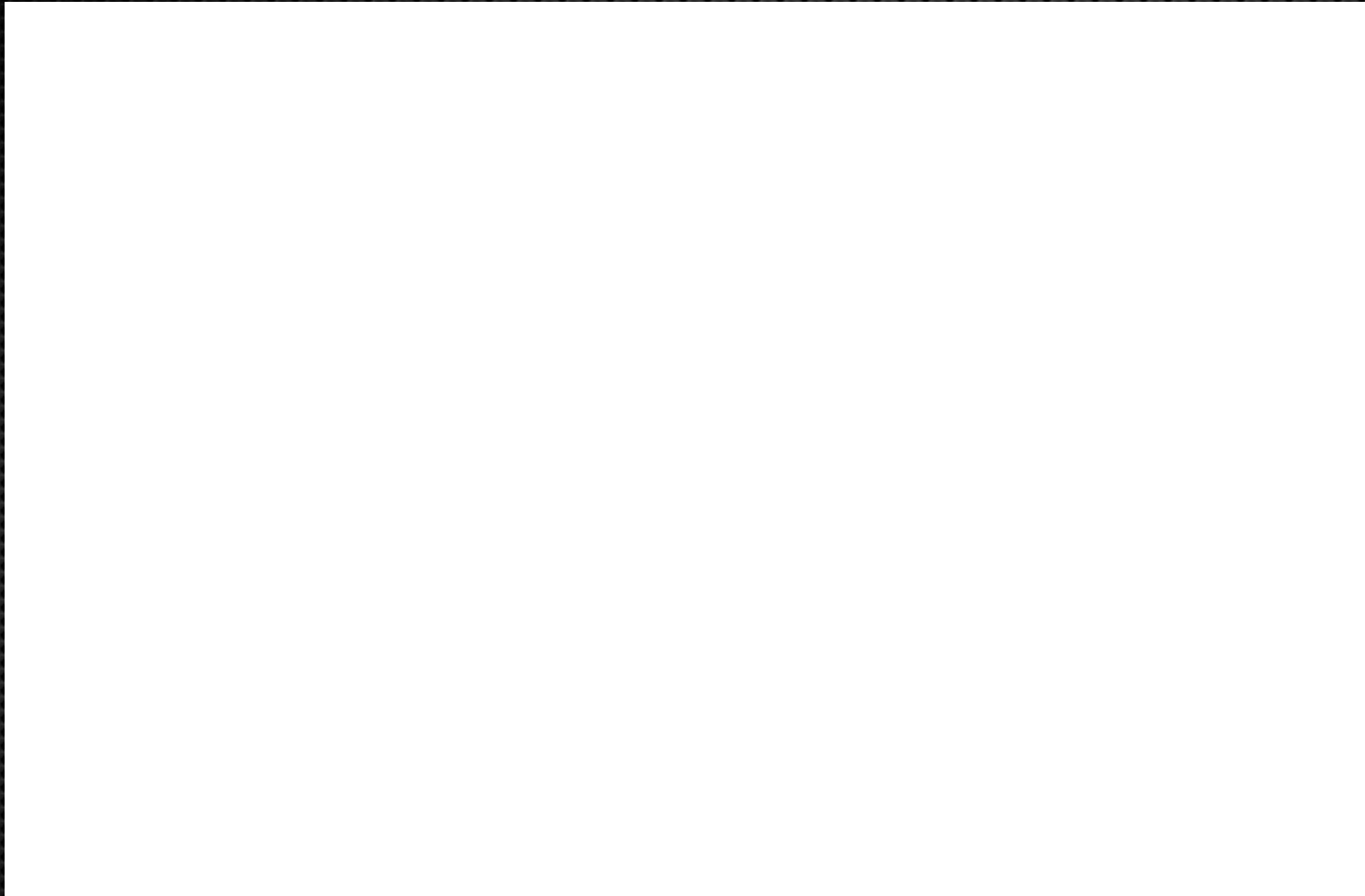
- XCalibur Card will increase profitability
 - Minimize fraud losses
 - Ongoing long term revenue due to the card's security features and built in adaptability to future advances.
 - X-Card's system will provide a distribution that will increase card penetration rates and memberships.
 - Provides a platform from which CU's can gain a foothold in the emerging mobile payment markets.
 - The 5-year card life is more than double the life of normal card reducing reissue costs.
 - A cost-effective alternative for managing multiple accounts and services.

Credit Union Benefits

- Boost member confidence in the value of their Credit Union attracting new Generation X and Y members
- No hard card costs for adding new accounts
- The program allows for individual customization by the member and the CU
- XCalibur Card can hold virtually everything in the members wallet that the CU wishes to support
- Simplifies online banking while raising the bar of security which will increase utilization.

For additional benefits see www.XCaliburcard.com

Just Touch it and it Works



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Current Status

XCalibur Card Projects
&
IBM Global Business Services
&

MVYA[®]

XCalibur Card Projects

IBM Global Engineering

XCalibur Card

- Technical Design Specification
- Consumer Acceptance Study
- RFQ / Integrator Selection

MAYA Design

- Prototype Development
- Pilot Device Manufacturing
- Pilot use study

IBM Global Business Services

Provisioning Services

- Pilot Design
- Pilot Setup
- Implementation
- Deployment

Summary

The XCalibur Card is a powerful compilation of technological advances.

This initiative will drive the forward advances in the point of sale security coupled with the secure provisioning platform upon which the CU will gain a foothold in the emerging mobile payment future

NEVADA FEDERAL C.U.

- \$820 MILLION TOTAL ASSETS
- 23 BRANCHES
- 80,000 MEMBERS
- 115,000 DEBIT AND CREDIT CARDS



NEVADA FEDERAL continued

- 3-YR AVG ANNUAL FRAUD LOSSES = \$360,000
(24 basis points on \$150,000,000 purchase volume)
- COST TO PROCESS CLAIMS = \$185 per claim
(2007 = \$185,000)



NEVADA FEDERAL continued

FRAUD-PROOF ALTERNATIVE?

IMPLEMENT AN ANNUAL CARD MAINTENANCE FEE OF \$10.00 PER CARD FOR THE “OLD TECHNOLOGY”

INSTANT \$1 MILLION IN ANNUAL FEE REVENUE WHILE CREATING INCENTIVE TO MOVE TO THE “NEW TECHNOLOGY”

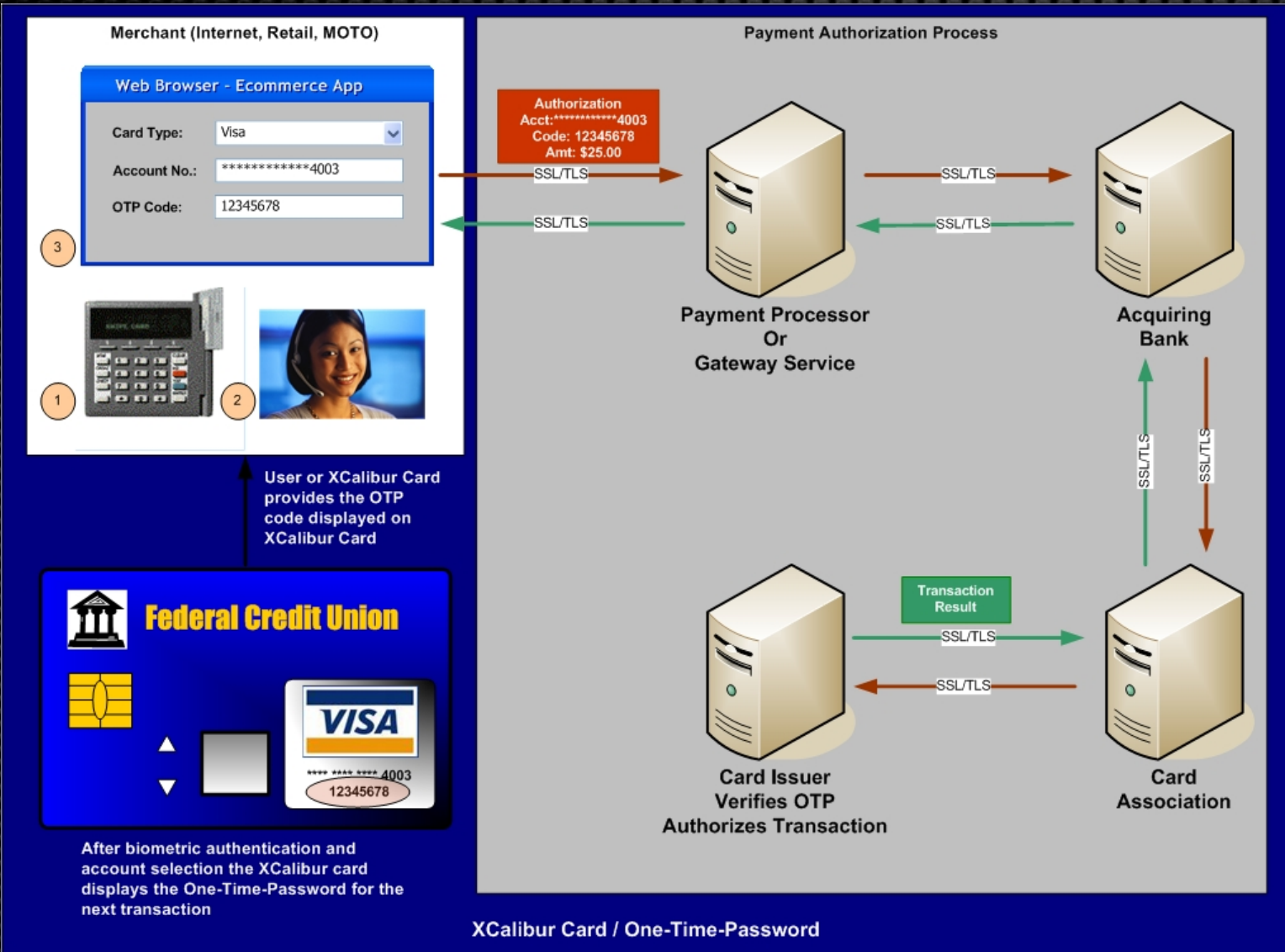


 CALIBUR
CARD





XCalibur Card – One-time password





Current Trends in Investment Program Benchmarking

NACUSO Annual Meeting

April 28, 2008

AGENDA

- I. BISA Research Overview**
- II. BISA / Symetra FA Retirement Attitudes Study**
- III. Callahan/SCS Benchmarking Study**

I. BISA Research

Annual Studies



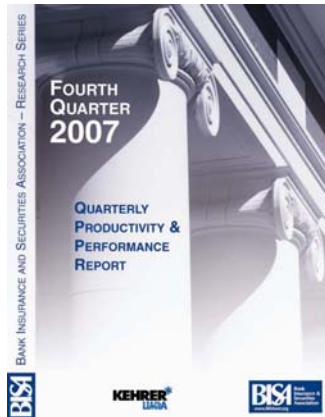
Directories



Monthly Flash Numbers



Quarterly Reports



Ad Hoc Reports



I. BISA Research *-Continued*

<u>Project</u>	<u>Frequency</u>	<u>Type</u>
“Flash Numbers”	Monthly	Productivity Benchmark
Productivity Reports	Quarterly	Productivity Benchmark
Trends Report	Annual	Productivity Benchmark and More
Statenet	Monthly	Regulatory report
Whos’ Who Bank Insurance Wealth Management	Generally Annual	Directories
FA Retirement Attitudes	Annual	Info, Trends, Benchmark
Other	Ad hoc	Topical issues

II. FA Retirement Attitudes Study

BANK INSURANCE AND SECURITIES ASSOCIATION – RESEARCH SERIES

**2ND ANNUAL
BISA STUDY OF:**

**BANK REPRESENTATIVES'
ATTITUDES AND
PERCEPTIONS ABOUT THE
RETIREMENT INCOME
MARKET**

BISA

SYMETRA.
FINANCIAL

BISA Bank Insurance & Securities Association
www.BISAnet.org

Topics

A. Research background, objectives and overview

B. Results and key findings

Background

- BISA, as part of an effort to share insights among member firms into a fast-moving marketplace, arranged for a survey of bank and CU Reps on “retirement income”.
- The study was sponsored by Symetra Financial
- These are initial results, the full report will be sent to members in May.
- The BISA/Symetra study is the fifth in a series that examines Rep attitudes about the retirement income market across major distribution channels.

Objectives

The study extracts the working knowledge attitudes and best practices of Bank Reps working in the Retirement Income Market on their:

- Business Expectations
- Marketing Methods
- Clients' Profile and their "Conversation" with Them
- Products and Services
- Business Development

Understanding the changing attitudes, perceptions, biases, needs and behaviors of these Reps are key to building actionable strategies and tactical programs to attract and retain retirement assets

Research Design

- The survey was designed to
 - Address unique bank and CU distribution channels
 - Provide comparability to other channel surveys
 - Provide a basis for ongoing measurement and tracking
 - Provide a tool for Banks and CUs to benchmark their own Reps
- A total of 901 web based surveys were completed during December 2007 and early January 2008.
 - Drawn across all BISA bank and CU members
 - Invitation to BISA Leadership Banks, CUs, and TPMs to uniquely sample their Reps
 - Unique samples indicate institutional differences within the industry averages

Respondent Profile

- 78% of Reps have 5 or more years experience working with retired or nearly retired clients
 - 69%, up from 2006, have 5 or more years providing specific products and services on retirement income matters
- Reps averaged 388 individual clients (households)
 - Nearly twice the average for Financial Planners
 - The median, 300 clients is over twice the Financial Planner average
- **Nearly 40% of respondents are extremely likely or already providing non-financial retirement services to clients**
- **37% of reps indicate that their firm has a dedicated Retirement Support Group**
 - Up from 10% in the prior year

Respondent Profile *-Continued*

- 45% of Reps generated in excess of \$300K GDC, up from 41% in the prior study.
- 91% of Reps were Series 7 licensed
 - 92% were insurance licensed
 - 8% held a CFP designation
- Rep compensation is highly weighted in packaged solutions
 - 36% from annuities and insurance, 35% from mutual funds
 - 14% from SMA and wrap arrangements, and 9% from individual securities
- 59% of Reps are primarily full-time dedicated representatives, 30% are primarily RIAs.
 - The primary roles for the remainder were distributed between wealth manager, licensed banker, and insurance agent.

Things to Think About in Review of Findings

- Banks aren't at the forefront of providing retirement income solutions, but they recognize the importance and are taking steps.
- Banks focus on a much broader retirement income market than other channels.
 - Large volume of clients and prospects
 - Wide range of client resources and needs
 - Clients tend to be older and less 'comfortable' than clients in other channels
- Segmentation is critical to address retirement markets economically and compliantly
 - Desire to offer 'full' advice
 - Economics often dictate a product solution

Things to Think About *-Continued*

- Key to bank representatives success in retirement income is the training and support available to them.
 - Bank Reps sense a gap between what their clients value and their level of expertise
 - Bank Reps appear to be keen to get training
 - Bank Reps have less ability to select and control the support available to them, than for example independent Reps



Key Findings

FA Retirement Attitudes Study

BANK INSURANCE AND SECURITIES ASSOCIATION – RESEARCH SERIES

2ND ANNUAL
BISA STUDY OF:

Key Findings

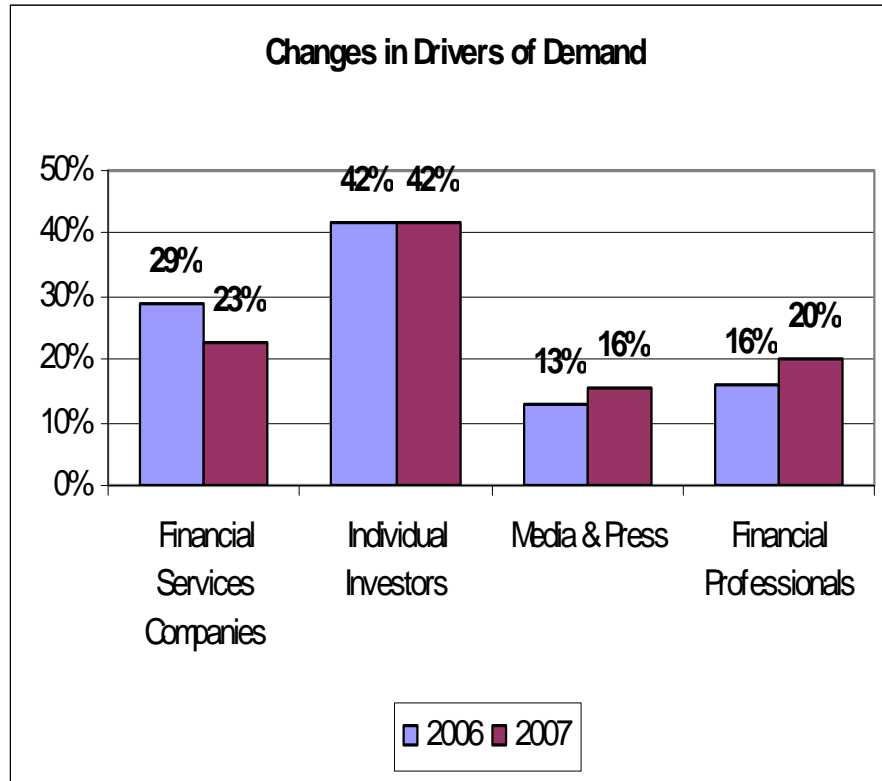
BANK REPRESENTATIVES'
ATTITUDES AND
PERCEPTIONS ABOUT THE
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BISA

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A. Business Expectations

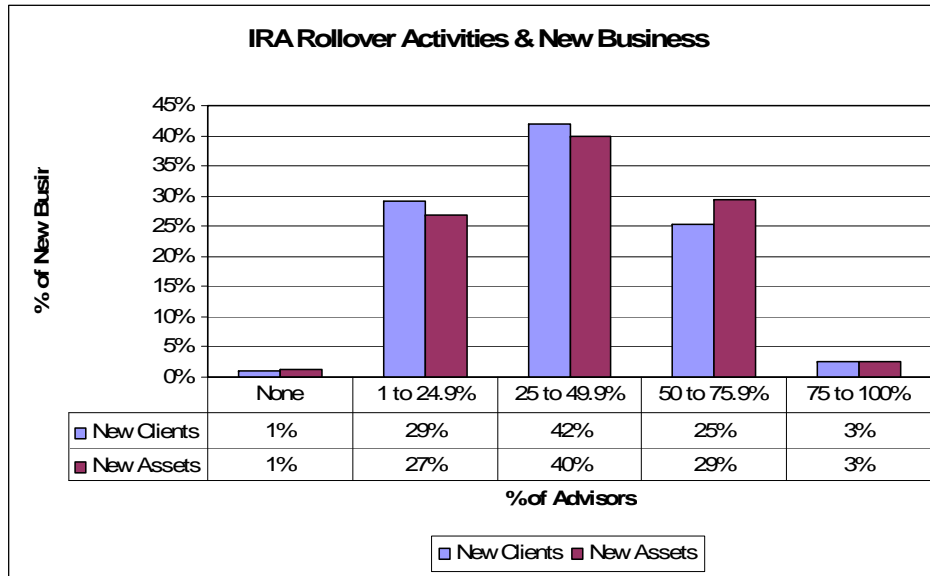


Drivers of Demand

Reps' perception of what is driving demand has shifted subtly over the past year. Financial Service Companies are seen as less important, while the media and financial professionals are seen as more important.

This shift is apparent in studies of other Channels as well and may be attributable to reps in general increasingly seeing themselves and the media as the focal point for education in the retirement income market as it evolves.

A. Business Expectations -Continued

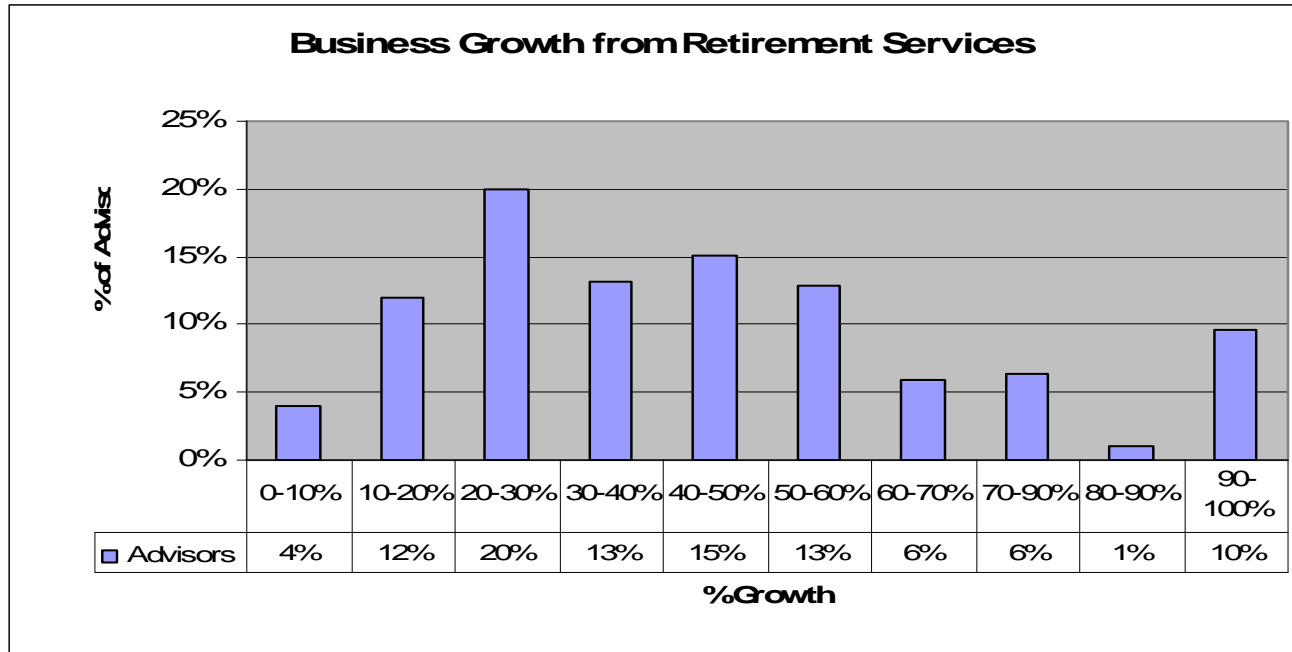


Importance of IRA Rollovers – Short Term

Over the next 12 months, 70% of reps expect more than 25% of their new clients to come from IRA rollovers. An even higher 72% expect over 25% of their new assets to come from rollovers.

Over a quarter of reps think more than 50% of their new clients will come from rollovers, and nearly a third think that more than 50% of their new assets will come from this source.

A. Business Expectations -Continued



Retirement Services Impact Over 5 Years

Over the longer 5 year timeframe, reps anticipate Retirement Service to continue to have a significant impact. 84% expect over more than a fifth of their new business will come from these services, and more than a third expect 50% or more of their business growth will be based on these services.

B. Marketing Methods

Effectiveness to Acquire Retirement Income Clients

Tier One	% Less Effective	% More Effective
Existing Clients	9	91
Referral Blend	15	86
Referrals- Prof. Network	29	72
Tier Two		
Work-Site	49	51
Community Involvement	68	33
Seminars	70	30
Tier Three		
Print Ads	80	20
Website	84	16
Email	88	12
Direct Mail	89	11
Radio Ads	90	10

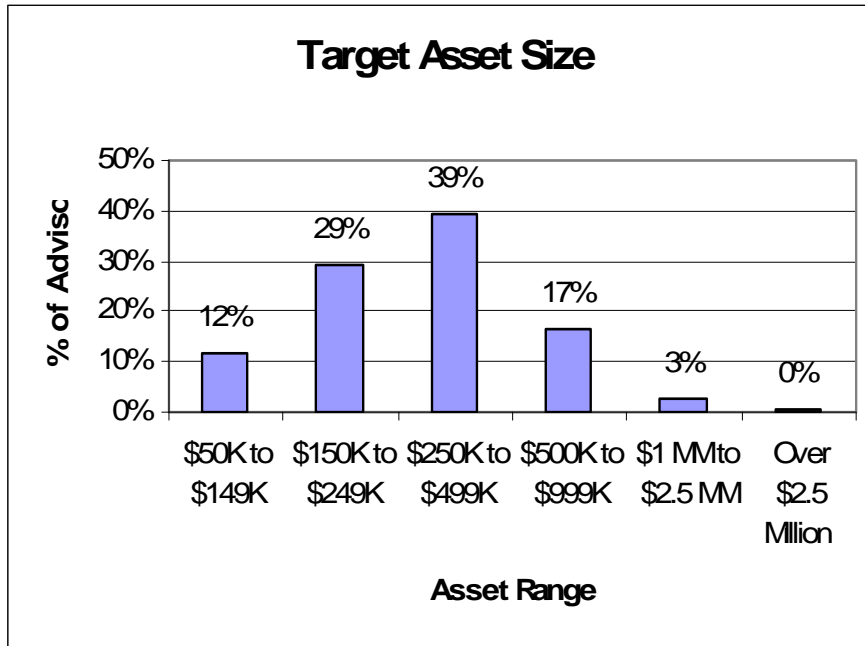
Effectiveness of Various Methods

For bank reps the effectiveness of the top four methods was up relative to the prior year. Most notable was an increase in worksite marketing.

For the balance of tier two and three, with the exception of community involvement and website, effectiveness was also up.

As in last years study, bank reps found tier three direct marketing methods to be somewhat more effective than did financial planners and independents. Bank reps also marginally increased their ratings of the effectiveness of these methods, but as indicated, they remain in the third tier of ratings.

C. Client Profile

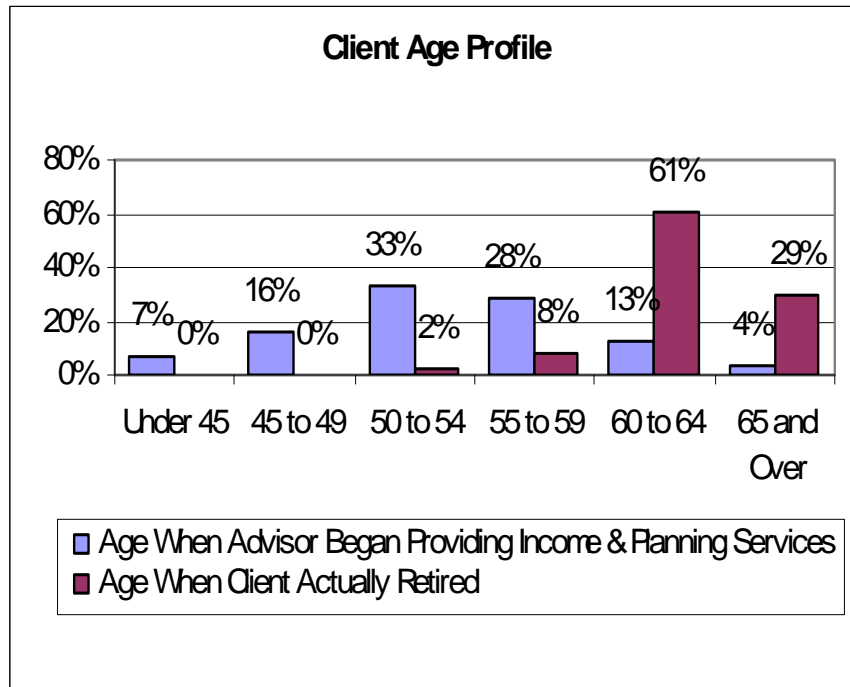


Retirement Prospect Asset Ranges

80% of bank reps target clients with less than \$500K of Investible assets. If we impute an average asset size target of \$357K and 388 clients, this indicates a total of investable client assets on the order of \$138MM.

In contrast, using the same approach with Financial Planners indicates total client investable assets of \$158MM, but from just over half as many (204) clients.

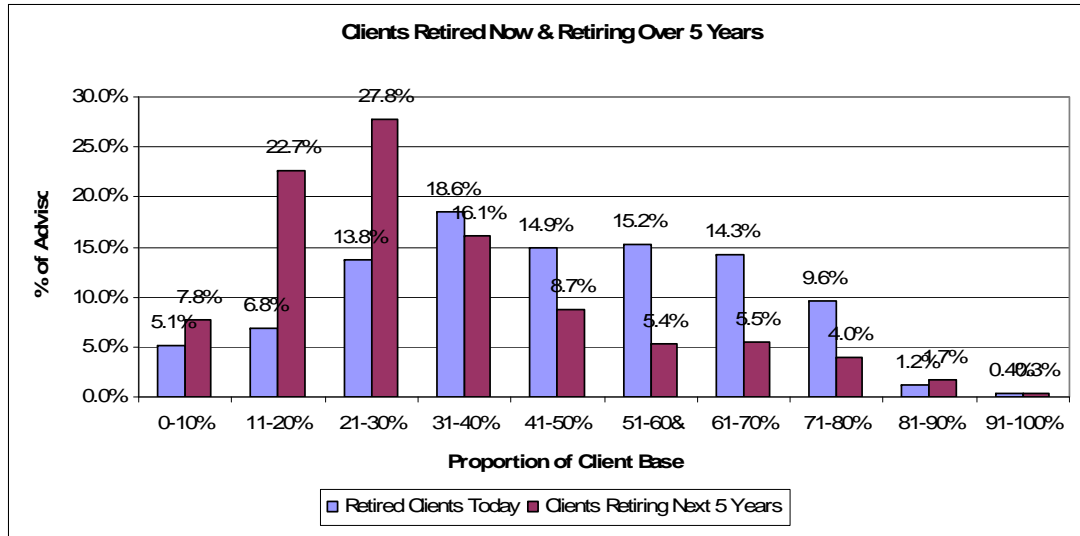
C. Client Profile -Continued



Age Profiles

The distribution of client ages for typical bank reps is similar to the pattern for other channels with one primary difference, it is shifted modestly toward higher age ranges. The typical bank rep starts engaging the typical client in a conversation about retirement somewhat later, and the typical client also retires somewhat later. Given the lower levels of investable assets, later retirement is a logical consequence.

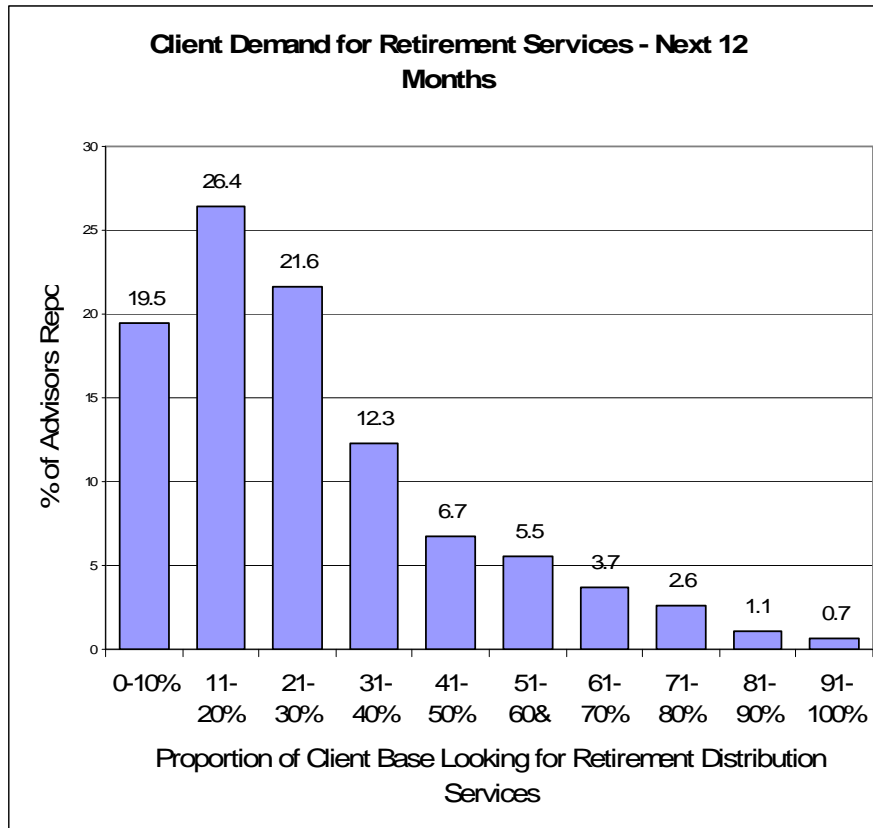
C. Client Profile -Continued



Retirement Timing & Client Base

The aggregate picture is one in which many bank reps (or more accurately bank investment programs) are likely to experience a doubling or tripling of the number of retired people in their client base. Given the relatively large number of clients the average rep serves, this is likely to represent a substantial challenge.

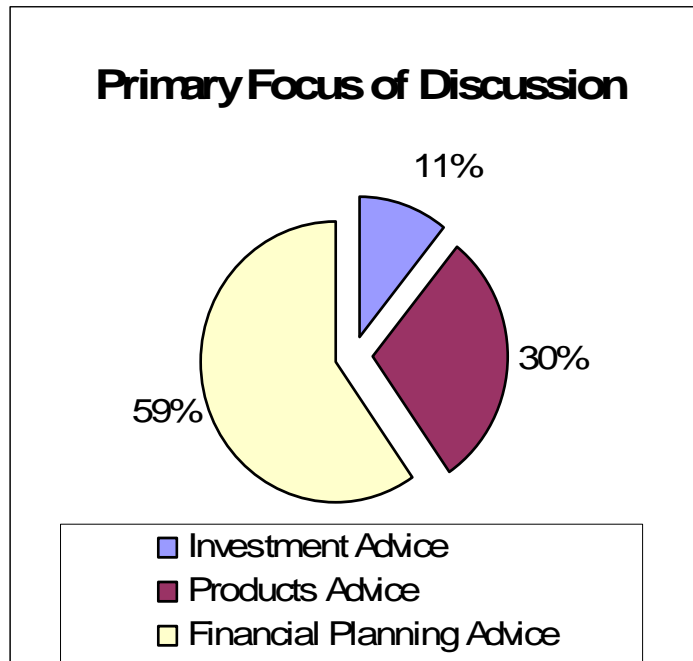
C. Client Profile -Continued



Short Term Demand for Retirement Services

Reps indicate a high level of demand for retirement services over the next 12 months. Another way of looking at the implication is to estimate the number of 'conversations' per month this could translate into. (It is important to note, each 'conversation' is in fact a series of interactions and may consume significant amounts of time.) The implication is that over a third of reps will be having between 10 and 13 'retirement conversations' each month. Handling those conversations effectively will be a challenge.

D. “The Conversation” with the Client

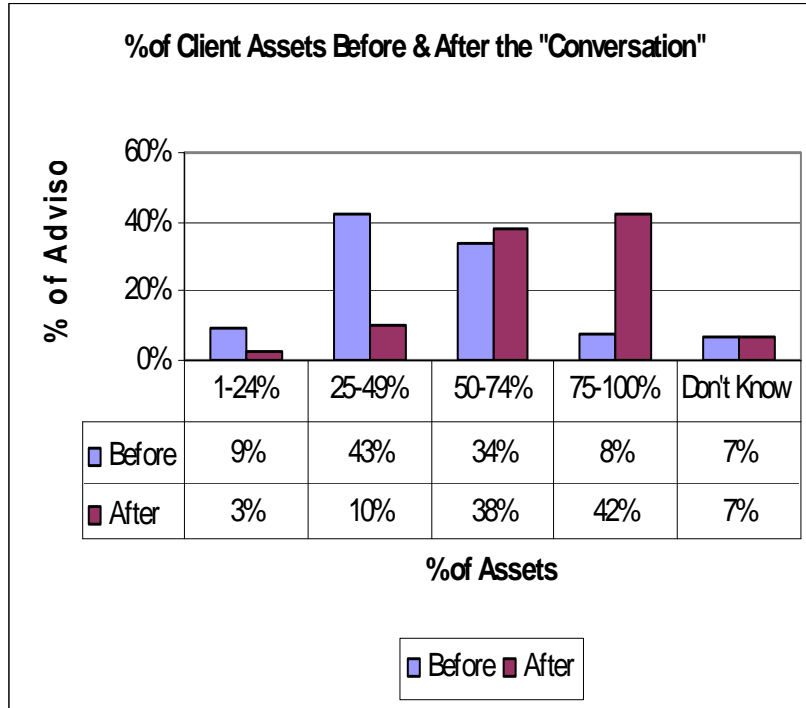


Focus of the “Retirement Conversation”

The “Conversation” is often an iterative process that lends itself to collecting and analyzing information about all of a clients assets and being well positioned to take a more central role in managing a clients assets going forward.

Over the past year, there was a doubling in responses indicating product was the focus of the conversation. This is not surprising in light of the client loads and asset levels mentioned above. As one would also expect, it is in marked contrast with the Financial Planning Channel

D. “The Conversation” with the Client *-Continued*

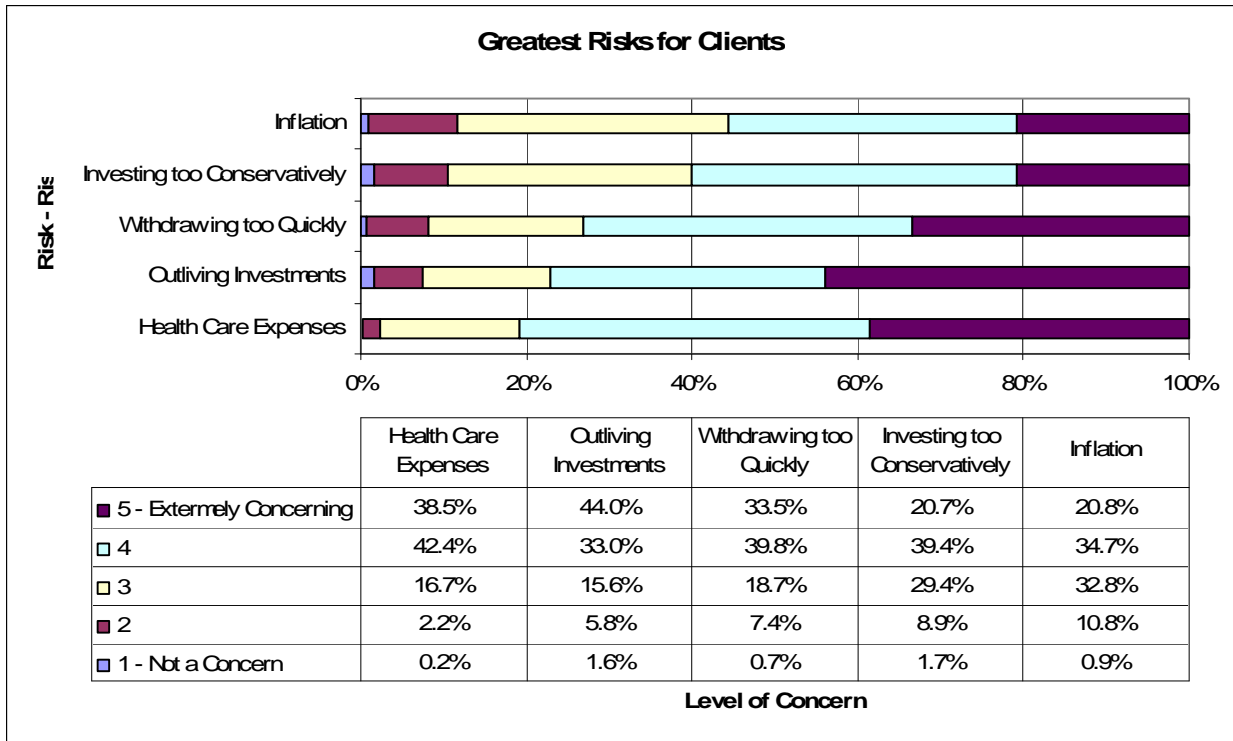


Impact of the Conversation

Bank reps report a substantial increase in the proportion of assets they control as a result of the retirement conversation. After the conversation the number of advisors reporting that they control 75% to 100% of a clients assets increased more than five fold to 42%.

It should be noted this still lags the Planner Channel substantially and indicates an opportunity for further improvement given an efficient, effective process to conduct the conversation.

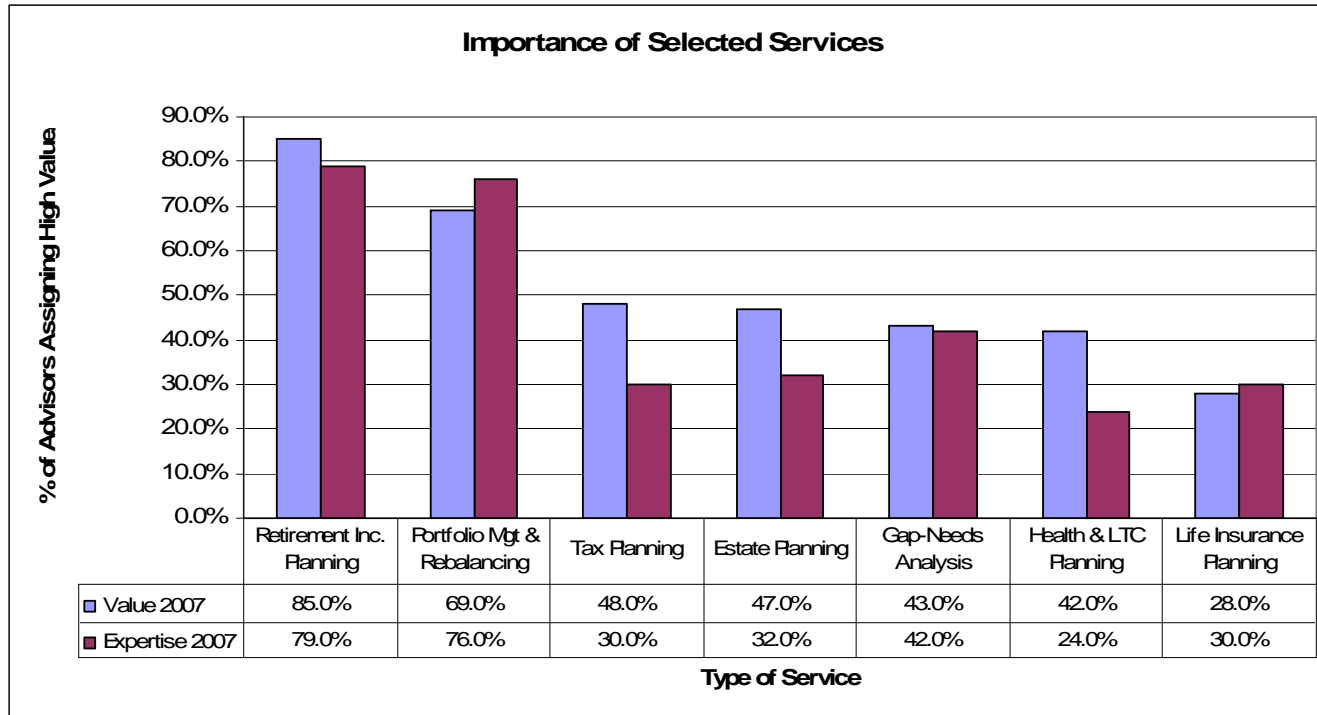
D. “The Conversation” with the Client -Continued



Rep’s Perception Of Their Clients’ Greatest Risks

Health Care expense clearly leads the way, closely followed by outliving investments. This pattern is similar in other Channels, suggesting an opportunity for effective health care solutions. Bank reps may face extra challenges as their clients tend to be older at the start of the retirement process and face higher health care cost structures.

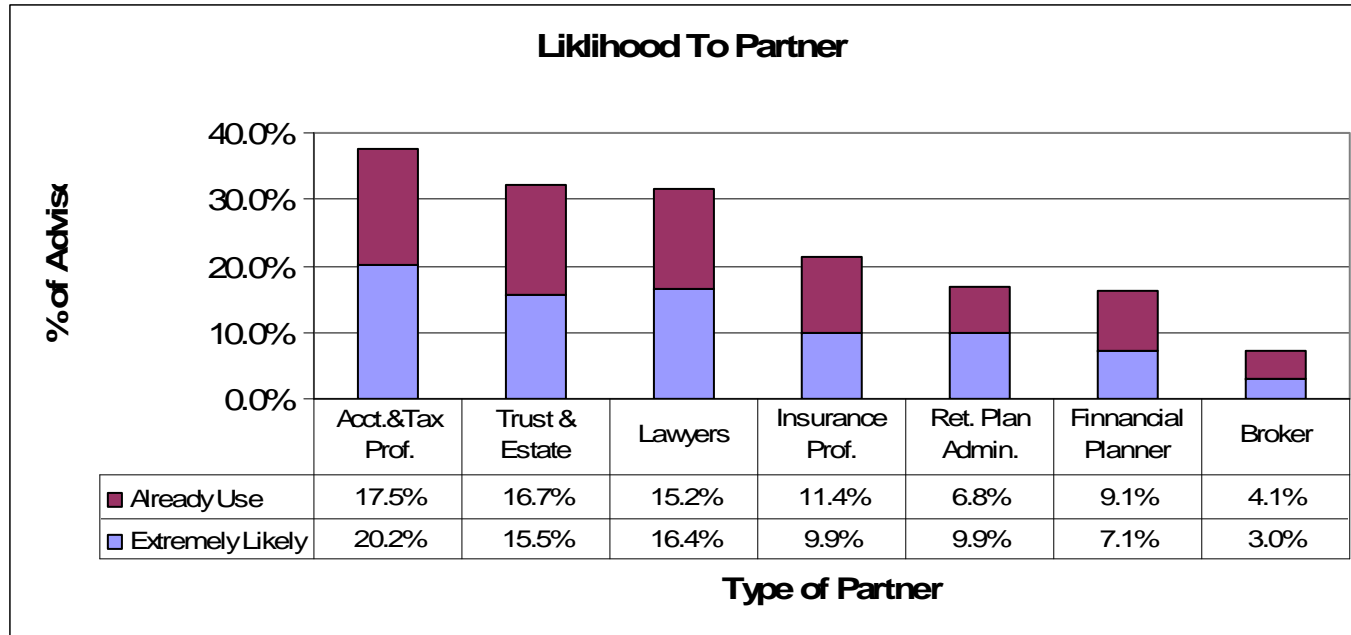
D. “The Conversation” with the Client *-Continued*



Value to Clients vs. Rep’s Expertise

Bank reps rate their expertise at a lower level than the value they attribute to the particular service in numerous areas. This represents an opportunity to either provide training or to support reps with ready access to expertise.

E. Business Development

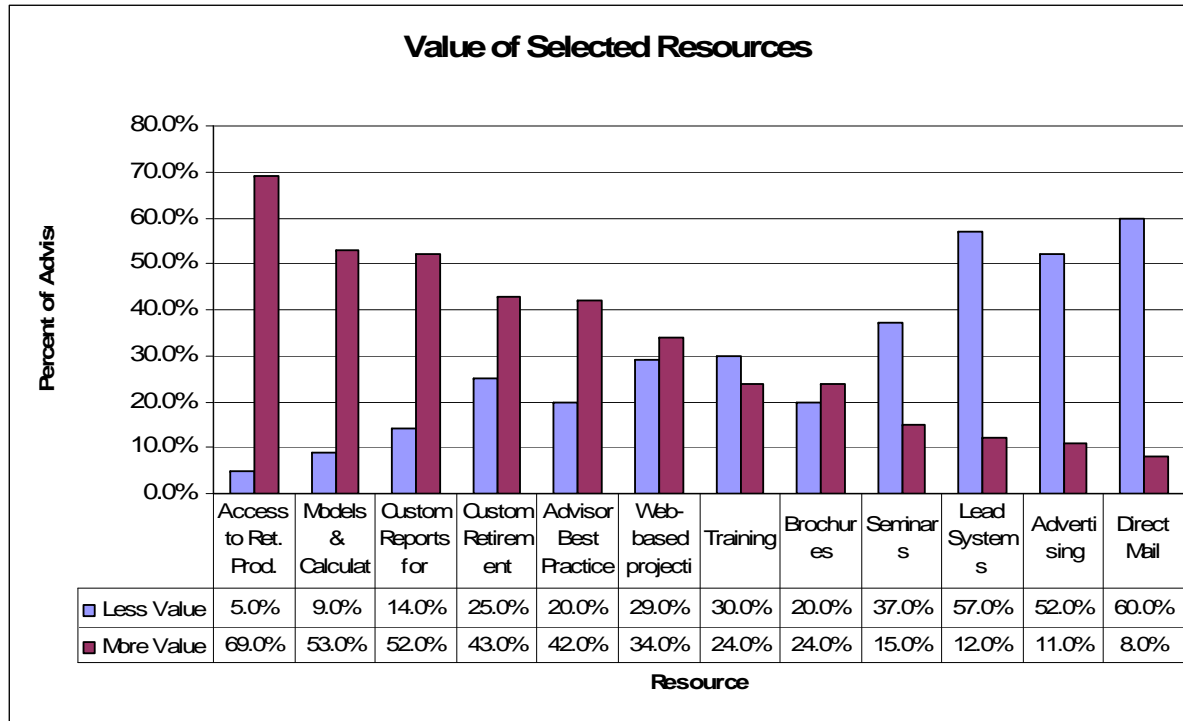


Willingness to Partner

In to prior study we uncovered a clear willingness to partner in order to market/network, to delegate/outsource, and to offer clients added expertise.

This year, the survey drilled down to get more specific. It is notable that in all cases reps in the independent channel indicate a greater interest in partnering.

E. Business Development -Continued



Resources to Develop Business

In many areas where bank reps assign less value, other channels also do, but to a lesser extent. This may indicate that, with more communication and training about the application of a specific resource, the value attributed to the resource may increase.

Summary / Conclusions

- Bank FA's have a broader mix of clients
 - More segmentation is required
 - Simple (product) to Complex (planning)
 - Need to increase tools, options, training
 - Look where you stand vs. others (in channel, outside channel)
 - Look at FA perceptions vs. Program Management / Institution perception
-
- Option for “proprietary” study