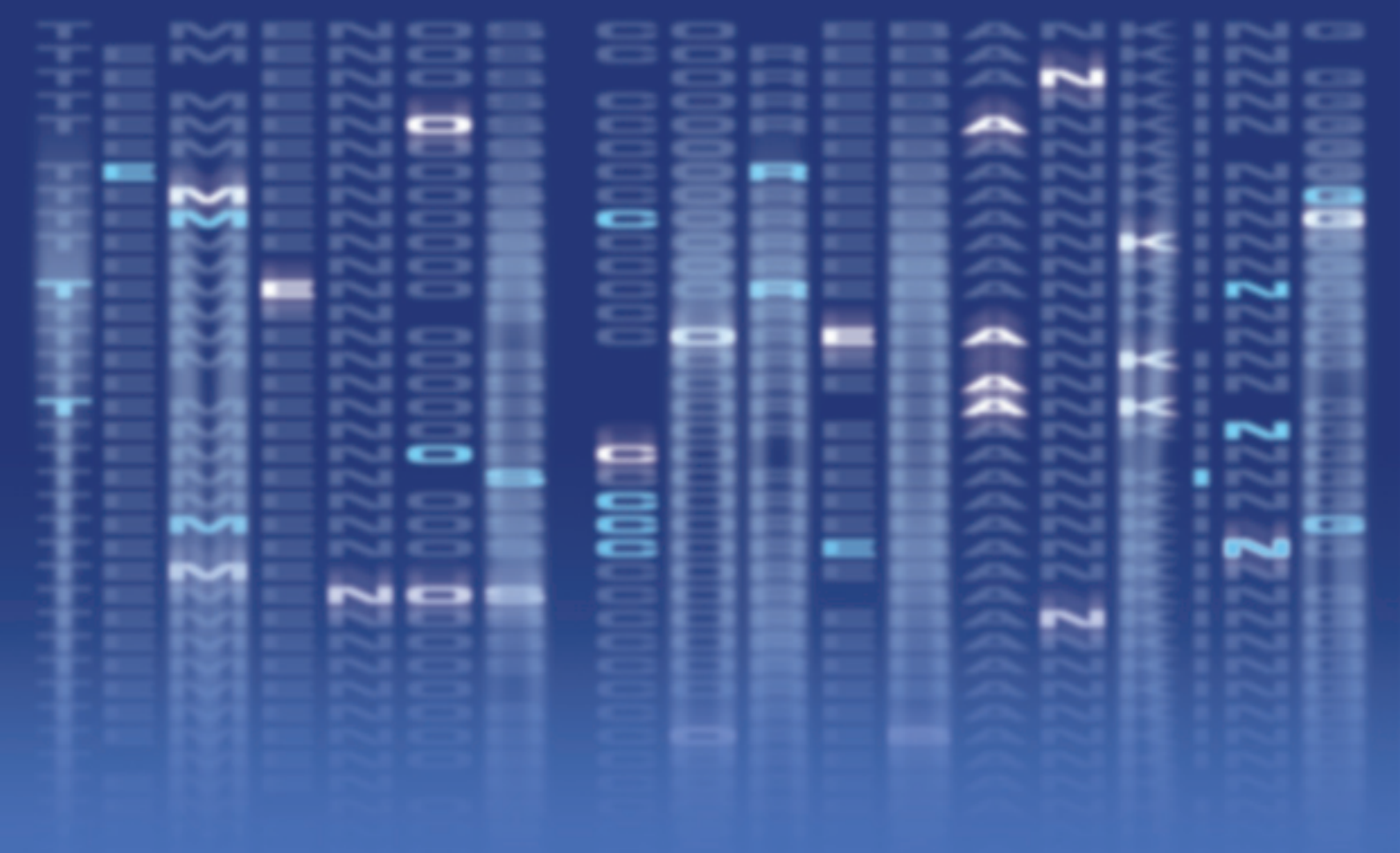


TEMENOS CoreBanking

Product Overview

TEMENOS
The Banking Software Company

Contents

Introduction

TEMENOS CoreBanking is the next generation, retail banking solution

TCB is a proven solution.

TEMENOS CoreBanking (TCB) helps banks to design and distribute products quickly. After being granted government approval for an affinity savings product, one TCB customer was able to create and offer the product within the first three business days from approval. They secured 63,000 accounts and generated $3 billion (USD) in deposits in the first two weeks of the offering. Another TCB customer was able to reduce their time-to-market for new products by 74% in the first year of implementation.

TCB is a proven solution.

TCB supports multiple institutions within the same database. One TCB customer is running 71 banks with over 3,800 branches and processing an average of 4.6 million transactions per day. TCB enabled this particular customer to reduce IT cost-to-asset ratio by 34% and gain over 10% of the market share of their country. In addition, they were able to increase products per customer from 1.1 to 3.2.

TCB is a proven solution.

TCB is designed for mid-to-high volume retail operations. One of the top 50 banks worldwide runs TCB and processes 17 million peak daily transactions. TCB enabled them to simplify their business processes, standardise transactions and take 7,500 processes down to 2,600 processes. This bank increased revenue, decreased costs and experienced a return of $54.1 million (USD) in their first year after they went live on TCB.

What TCB means for the bank

TCB is the foundation for achieving process excellence across the financial institution

TCB for bank users

From its inception, TCB was designed to put bank users in control by helping them:

- Design, create and distribute new products quickly
- Create, track and measure marketing campaigns and customer targeting programmes
- Manage risk profiles

TCB will help you achieve operational efficiency by:

- Streamlining back office procedures
- Standardising the account process backbone for all account types
- Delivering complex products over the sales and delivery channels
- Standardising transaction handling using exception rules and workflow
- Providing parameter driven options for code independent product creation

With TCB, banks can offer their customers products priced according to the whole customer relationship. Those products can be tailored to meet customer needs, such as offering seasonal products or those suitable for cyclical businesses. Customer data will be delivered consistently across all delivery channels ensuring accurate risk reporting and stronger regulatory compliance. The bank and the customer will be able to see a complete financial picture, including accounts that are serviced outside the TCB system.

TCB for the implementation team

To best suit your bank's needs and the project's risk profile, you can implement TCB in three ways:

- As a complete core banking system – covering teller station to general ledger
- As a component-based system – adding functionality, component by component to your existing infrastructure in a sequence to suit your needs
- As a financial institution framework – including TCB modules into your own development project to reduce risk and to add proven core application capability

TCB for IT specialists

With TCB, IT specialists can choose the infrastructure model that best suits their bank's current and future needs. Because TCB uses the latest platform-independent standards, IT specialists can minimise the total cost-of-ownership of the system and implement Service Oriented Architecture (SOA) immediately. And because TCB is platform-independent, it can be delivered on a classic IBM® mainframe platform, a UNIX open platform that can be scaled to meet volume growth, or both – allowing the best of both worlds.

A global platform for the retail banking value chain

Achieving fastest time to market for new products

Traditional retail banking products are becoming more commoditised. At the same time, customers are calling for increasingly complex combinations of products and services. Some of the products that are now in demand could not have been imagined outside of the professional investor arena, let alone offered by retail banks over the Internet a decade ago.

In reality, there is a dual need:

- A need for commoditisation of traditional retail banking offerings
- A need for service personalisation

To satisfy these needs, a retail bank must:

- Design, price and launch new products with a minimum lead-time
- Distribute those products over the sales and delivery channels securely
- Sell those products without having to give bank users extensive training

To achieve each of these goals, TCB will:

- Help a bank's employees design new products and get them to market quickly
- Store details of all bank products so they can be re-used as templates for new ones
- Give users complete control over the product development life cycle
- Guide front office employees through the sales cycle and guide them when opening products for customers
- Capture complete customer information

Cataloguing bank products

TCB's 'product catalogue' provides a single point of storage for all the bank's financial product offerings – not just those wholly processed by TCB. The catalogue will accept characteristics of the bank's entire product range – including securities-based or insurance-based products – and warehouse them in one central location. Storing financial information that resides both in TCB and in other systems provides a complete view of the customer's financial relationships. In addition, the catalogue houses comparative data on competitors' products, facilitating informative and interactive sales sessions.

Achieving operational efficiency

Working effectively throughout the processing chain

In addition to developing and selling products effectively, banks must also process the resulting transactions efficiently. When TCB was designed, an original mandate was to help the founder banks achieve operational efficiency. That mandate, which still holds true today, was to:

- Streamline back office processes
- Eliminate redundant data entry
- Reduce manual intervention as much as possible
- Reduce the number of printed reports wherever possible
- Achieve the most competitive cost per transaction
- Help banks improve key ratios, such as cost : income

Helping the bank achieve benefits from outsourcing

TCB takes into account the fact that banks often outsource parts of the processing chain in their drive for efficiency. So TCB makes sure new functions are easy to add, even if they are processed outside of the system. Because of TCB's structure, it can co-exist with the plethora of systems that are typically present and integrate data from multiple sources into a cohesive whole. TCB has modules that make it easy to interface specialist third-party systems – such as card management, investment management or insurance products – to the core retail system. This ensures the bank can take advantage of third-party provision, but still incorporate relevant data within the core system.

The concept of TCB working alongside other systems is also true during implementation. TCB's structure enables a component based implementation on a business line basis – for example, for term deposits only, to reduce the risk and disruption caused by 'big-bang' implementations.

Marketing and Management control

Collecting information along the way

TCB is tri-centric. It looks at the relationships between:

- Customers
- Products
- Accounts

The system records all data relating to those relationships and events. That information can be used to gain marketing insight and provide management and control.

Marketing Insight

The relationships between customer usage of products and their profile can be analysed. Marketing offers can be generated individually, based on a customer's profile or transaction activity, or through specific campaigns. The results are available for follow-up and management review.

Specific campaigns can be created and tracked at a specific branch, a group of branches, or bank-wide.

TCB records employee incentives and attainment of objectives, the campaign budget and calendar, offer periods, promotions and media used.

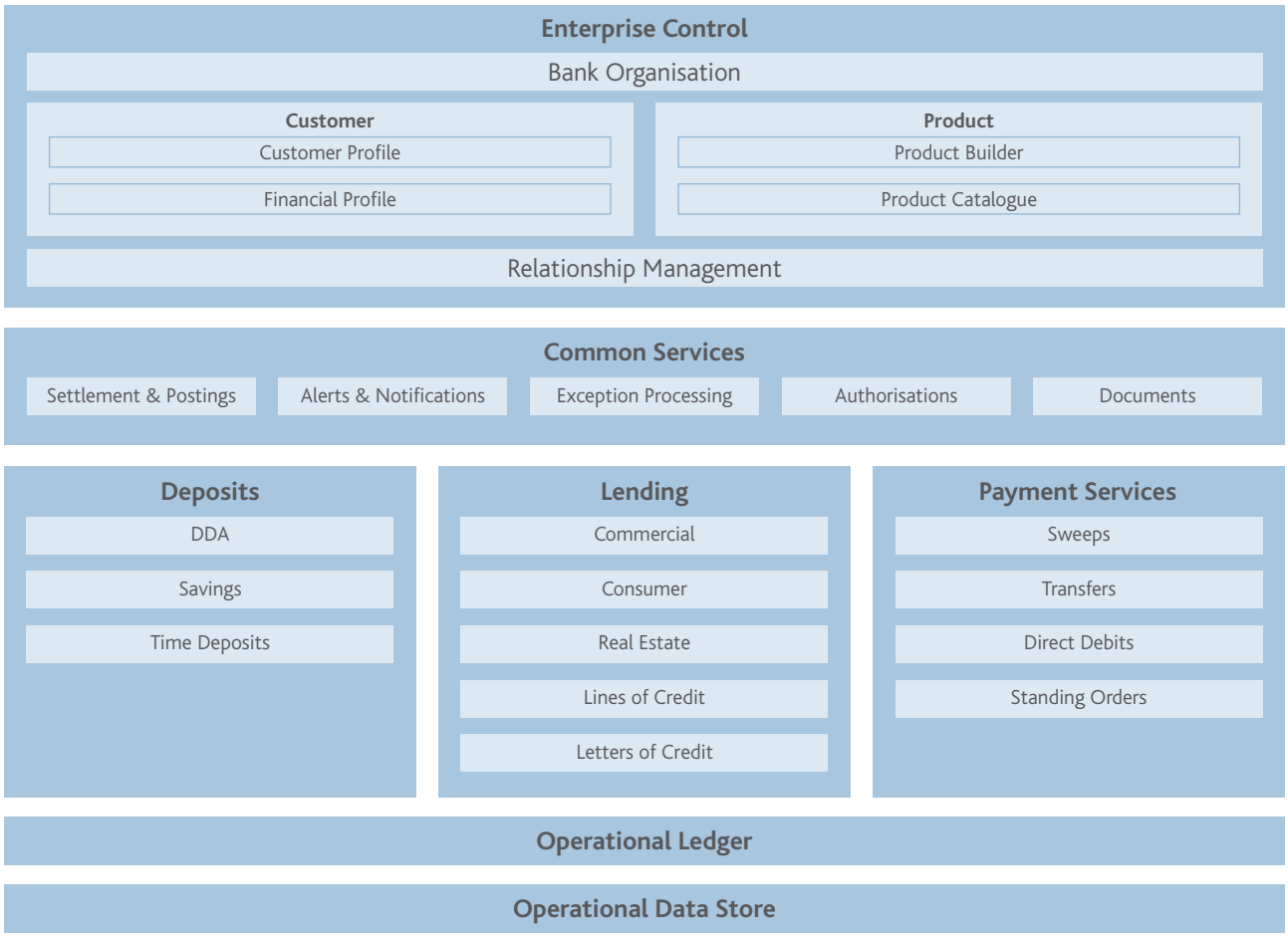
Management and control

In addition to providing the audit data that a modern financial institution would expect to be collected, TCB provides information for management in a multi-dimensional way. For example, TCB can not only provide data on profitability, it can also answer a management query on the profitability of a specified set of branches for consumer loans over a given period.

An overview of TCB's internal architecture

TCB internal architecture

The TCB internal architecture consists of groups of related modules:



Enterprise Control

These provide common applications used throughout several business events:

Bank Organisation

- Describes all the internal organisation structure of the financial institution, branches and involved party
- Maintains user access and authorisation levels
- Maintains holidays and user profiles

Customer Data Administration

- Provides data on all entities related to the financial institution including customers, prospects, employees and relationship managers
- Provides grouping of related customers
- Includes 'properties' for any entity (that several entities can share to avoid data duplication)
- Includes a document management sub-system
- Designates special handling instructions or restricted access accounts

Product Builder and Catalogue

- Enables users to create, modify and market products
- Manages the life cycle of customer products
- Provides product-build capability across all banking areas
- Provides an audit trail of the product build process
- Maintains a catalogue of all products, including how and where they can be sold and the documentation needed

Relationship Management

- Describes the relationship between any party/product and the financial institution (relating across all banking areas)
- Indicates the status of the arrangement - for example, offered, requested, approved, active, matured, suspended or cancelled

TCB infrastructure

Common Services

These provide common processing used throughout the business:

Settlements & Posting

- Posts financial entries across all applications

Alerts and Notifications

- Provides intra-bank communications related to entities or arrangements

Exception Processing

- Provides a single point where all non-posted items related to all applications can be managed

Authorisations

- Controls the flow of authorisation requests and resolutions between bank officers

Documents

- Enables the design and printing of any document from the system

Banking Products

Each set of business objects provides specific functionality to a line of business:

Lending

- Provides specific lending functionality, including instruments such as loans, lines of credit, guarantees, mortgages and home equity loans

Deposits

- Provides support for deposits and withdrawals, authorisation of overdrafts, nostro account management, cheque book or passbook issuance

Payment Services

- Includes transfers, cheque truncation, direct debits and credits, teller receipts, clearing house operations

Management and Control

This sub-system provides financial and management information:

Operational Ledger

- Provides either a full corporate multi-bank, multi-currency general ledger or one that will provide balanced input to an enterprise-wide accounting system

Operational Data Store

- Provides information about the daily operational transactions
- Provides the ability to export the data as needed

Delivering modern-day industry standards

Technical standards for retail banking systems are few and far between. But the IBM® Financial Services Data Model (FSDM) was specifically created for the financial services industry. This, together with its associated Information Framework (IFW), has become widely accepted by tier 1 retail banks. The original design of TCB's internal architecture was based around FSDM. The result is that TCB delivers the physical implementation of what the technical departments have been trying to achieve for the last few years.

Service Oriented Architecture

TCB is designed as a Service Oriented Architecture (SOA) in support of the co-existence interface requirements that are a necessity in the complex application architectures that have evolved within large Retail banks. However, more importantly, the re-usable discrete component design of TCB takes SOA significantly beyond ease of integration to delivering agility and flexibility whereby discrete functional components can be aggregated to create new products, services and processes easily and quickly. Today's next generation banks have realised - not unlike the evolution of the manufacturing industry - that significantly improved quality, productivity and cost reduction can be achieved through re-using standardised proven components across multiple product lines and that the end products can be much more closely aligned to the needs of their customers.

Using development best practices

TCB's structure allows a very high level of re-use of the business core logic and therefore enables a best practice approach. The internal application architecture of each module uses exactly the same structure. This provides a form of internal SOA that:

- Reduces total cost of ownership by reducing maintenance costs
- Simplifies development of new business processes
- Provides a common 'look and feel' to each module

Providing flexible, future-proofed infrastructures

Because TCB does not depend on one single hardware or software configuration, your bank can:

- Choose technology to suit each stage of the cost-versus-number-of-users curve
- Implement the system on the platform that best suits your internal skill set

Temenos maintains only one set of development code which enables TCB to be deployed in multiple technological environments and easily adapts to different platforms.

At a high level, there are three configurations currently available:

- A traditional configuration based on IBM® mainframes, with a software platform based on a Cobol host and a IBM® DB2® database
- An open system based on J2EE that provides a scalable solution across a wide range of hardware and software platforms (UNIX)

Summary

TCB has been designed using industry-leading tools and technology. This has resulted in the development of best business practices and a system with extremely high levels of business logic re-use. This means TCB is functionally rich and can evolve to meet the new demands of today's sophisticated markets. Most importantly, Temenos is committed to taking the TCB product forward, through annual product releases to meet the changing demands and evolution of retail banks globally.

TCB provides banks with a banking platform that can:

- Design, create and distribute new products rapidly through a true 'Product Builder'
- Easily integrate with SOA and has flexible aggregation

TCB offers:

- Common Processes across lines of business, eliminating silos, redundancy and complexity
- Immediate and direct access to extensive information through a single Definition of the Bank's Data (based around FSDM)
- Proven scalability
- Global Continuous Processing for all functionality
- Platform neutrality

About Temenos

Founded in 1993 and listed on the Swiss Stock Exchange (SWX: TEMN), Temenos Group AG is a global provider of banking software systems in the Retail, Corporate & Correspondent, Universal, Private Wealth Management, Islamic and Microfinance & Community banking markets. Headquartered in Geneva with 44 offices worldwide, Temenos serves over 600 customers in more than 120 countries.

Temenos' software products provide advanced technology and rich functionality, incorporating best practice processes that leverage Temenos' experience in over 600 implementations around the globe.

Temenos' advanced and automated implementation approach, provided by its strong Client Services organisation, ensures efficient and low-risk core banking platform migrations. Temenos annually invests around 20% of revenues in R&D, significantly more than its peers, into a single fully packaged upgradable software release, which ensures all Temenos customers benefit from modern technology and support indefinitely.

For more information please visit www.temenos.com

Temenos Headquarters SA

18 Place des Philosophes
CH-1205 Geneva
Switzerland
Tel: +41 22 708 1150
Fax: +41 22 708 1160

www.temenos.com

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