Arc

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FACTSHEET

Arc by Teciem helps you stay ahead of market and regulatory challenges and gauge your risk tolerance with flexible asset and liability management scenarios, extensive stress testing, holistic risk analytics, FTP and regulatory reporting capabilities.

Comprehensive, cloud-ready banking book risk and regulatory compliance

In the global context of divergent monetary policy and trade and geopolitical tensions, efficient and risk-aware balance sheet management gains a new importance within financial institutions (FIs) looking to tame the resulting volatility.

Emerging risk factors such as climate change also contribute to an increasingly complex environment where FIs need to survive and thrive. These new, rapidly evolving challenges call for adequate tools that are able to adapt and expand equally fast.

Arc by Teciem, is such a modular and open banking book platform that supports FIs' need to balance risk management against growth and profitability targets, while meeting regulatory compliance requirements.

It works with both aggregated and contract-level data to promote strategic decision-making and risk management, enabling an in-depth analysis of the banking book.

In choosing either the full platform or individual modules suitable for their business, FIs get a tailored solution that contributes to operational efficiency while managing and optimizing the balance sheet.

Furthermore, the platform can be used via a traditional site deployment or as a cloud service, seamlessly working alongside other partner cloud offerings.

75%

cost reduction for resources dedicated to ALM and FTP

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Reduced costs, optimized efficiency

Arc is delivered via cloud servers. Migration to cloud-managed services comes with software production support and maintenance and an evergreen, up-to-date platform, to enable easy integration and collaboration.

Balance sheet and risk management become streamlined, dramatically reducing workload, time and cost.

Flexible delivery and integration

Features include strong authentication based on Open ID Connect (OIDC), while microservices and open APIs provide fast out-of-the-box integration with our front-office systems, partners and other third-party apps.

The flexible web-service APIs enable inputs from multiple front-office systems to centralize the assessment of risk, enabling risk managers to monitor overall exposures holistically across all banking books, for instance, for all subsidiaries.

Leveraging modern technology for optimized performance

Arc's modernized architecture leverages Kubernetes, providing containerized and orchestrated deployment that is cloud ready and cloud agnostic.

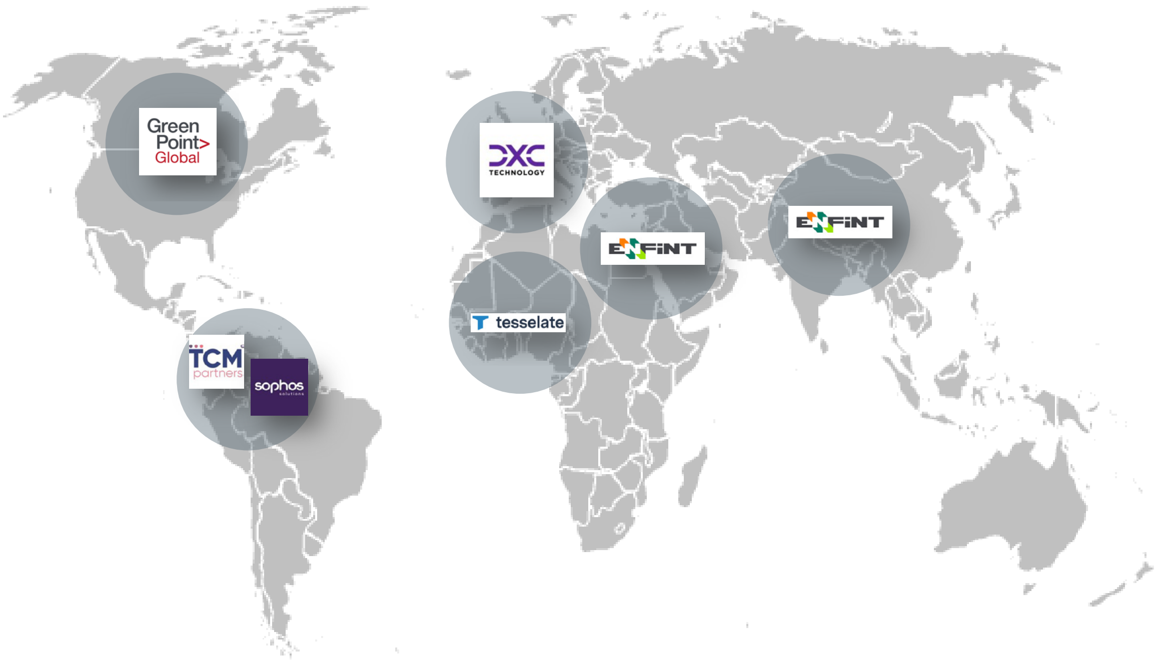
The system is able to process balance sheets with tens of millions of entries in just a few hours, ensuring vertical and horizontal scalability thanks to its easily configurable distributed processing capacities.

It can be easily integrated with relational database management systems, such as SQL Server, PostgreSQL or Oracle Database.

Built-in data aggregation capabilities are provided at every stage, to reduce redundancy and enhance performance.

Beyond meeting regulatory requirements

- The asset/liability management (ALM) component provides institutions with an effective and thorough process to decide on their portfolio's profitability.
- Dynamic ALM functionality enables strategy simulations and ongoing risk evaluation in realistic scenarios.
- Funds Transfer Pricing (FTP) helps financial managers precisely forecast and manage profitability performance of funding, leading to optimized budgeting and pricing analysis.
- The IFRS 9 module supports classification, initial recognition valuation, measurement, benchmarking, impairment, and hedge accounting functionalities that comply with the latest IASB standards.
- Covering Basel II, III and IV frameworks, our regulatory reporting tool offers a rapid route to financial compliance. In the everchanging regulatory environment, this means significant savings, freeing up high-cost resources for performance optimization.
- Everything comes packed in an open, flexible interface, supported by a dashboard for reporting, with user-friendly widgets that enable slice-and dice analysis.



Arc is a proven and robust balance sheet management solution, used with success by many customers around the globe.

Global and local expertise

The product provides worldwide coverage and supports regulatory compliance in highly regulated markets, such as the EU and USA, while also accounting for local market conventions, for example, interest and accrued interest calculations specific to the Brazilian market.

Country-specific regulatory compliance is supported via the so-called National Discretion functionality, available out-of-the-box while adaptable to the individual needs of every FI.

Teciem has an extensive network of certified local partners with deep knowledge of regional requirements and market conventions, who can onboard/deploy and configure the solution.

Built-in implementation accelerator

Blueprints, a tried, tested and trusted implementation methodology, provides preconfigured processes, reports and integration with other Teciem products.

This quick-start solution is divided into modules, enabling a configuration adapted to each client's setup.

Regularly updated to include both new product features and Basel updates, Blueprints significantly reduces implementation costs.

The out-of-the-box solution delivers ALM and FTP scenarios, IFRS 9 calculations and events, as well as a full regulatory configuration at Basel, EU or national levels, enabling FIs to calculate regulatory metrics such as risk-weighted assets (RWA), McDonough ratio, or Liquidity ratios (LCR and NSFR).

Balance sheet management

ALM

- Economic scenario
- Behavioral modeling
- Business planning
- Simulations/dynamic calculations
- Sensitivity analysis (what-if)
- Banking book VaR

FTP

- Behavioral modeling
- Replication for non-maturing products
- On- and off-balance sheet products management

IFRS 9/CECL

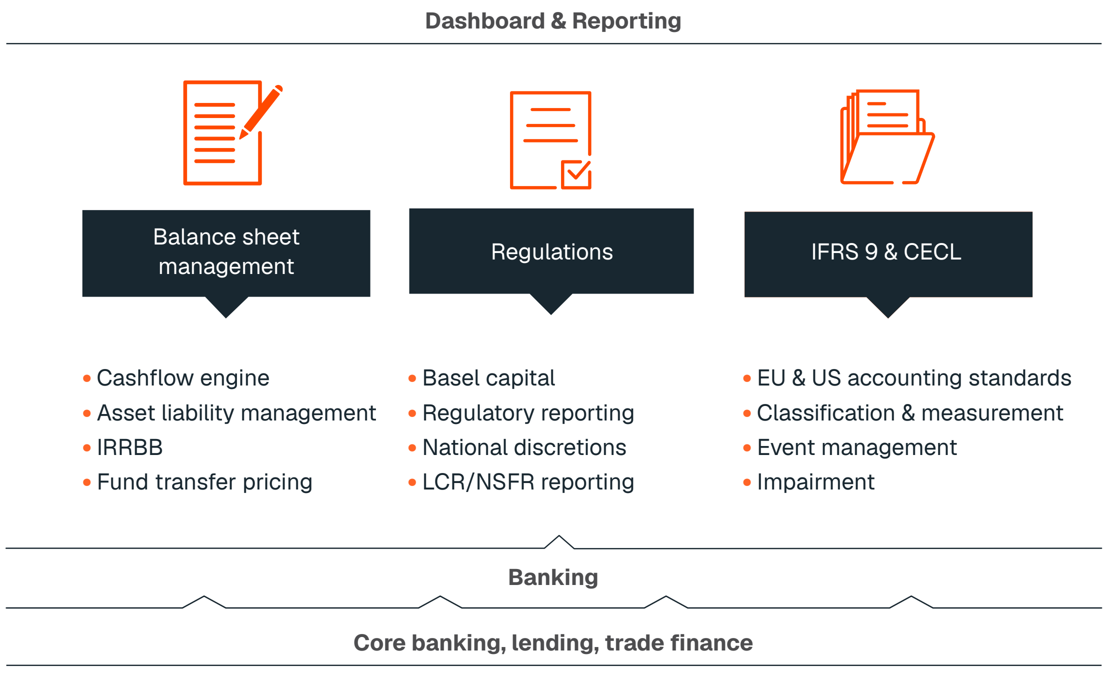
- Classification of financial instruments
- Initial recognition valuation
- Amortized cost and fair value measurements
- Impairment management
- Hedge accounting functionalities

Regulatory reporting (Basel)

- Credit risk with RWA calculations
- Market risk
- Operational risk
- Large exposures
- Liquidity risk (LCR, NSFR, ALMM)
- Capital requirements (McDonough Ratio)

Technology

- Robust, module-agnostic cashflow engine
- Parallel processing for increased speed performance
- Customizable, rule-based workflow
- OIDC authorization/SSO
- Flexible user management logic
- Custom replication and behavioral models SDK
- Open API-based based interface for external data and apps



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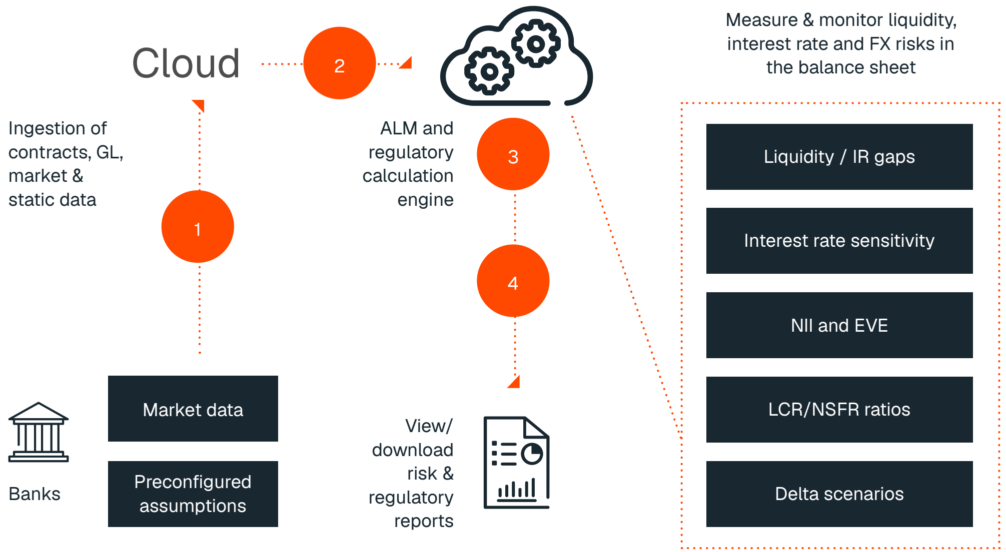
Cloud-native SaaS framework that supports long-term stability and profitability.

From data ingestion to deep analysis and intuitive reporting, Arc is a low-cost, future-proof ALM solution that integrates IRRBB principles with ALM policies, thus optimizing the bank's risk management framework.



Our open-banking approach means that it is far quicker and simpler to add modules and functionality compared with closed environments from other vendors where extensions and integrations come at a much higher price.

In addition, Arc relies on stateless services so that the solution does not keep the history or any data of the customer, simplifying compliance with data security regulations.

1. Data ingested by the bank's existing core solution includes contracts, general ledger, market and static data.
2. Consolidated data accessed by the ALM and regulatory calculation engine includes generating economic scenarios, behavioral analysis, credit risk scenarios and new business scenarios.
3. Highly flexible measurement and monitoring tools provide a holistic view of risk in the balance sheet including liquidity and interest rate gaps.
4. Visualize data and key metrics via an intuitive dashboard and reports designed for all areas of the institution including CEOs, CFOs and heads of business.

- **Sector focus**: Market-leading ALM solution tailored to small and mid-size banks
- **Standardization**: No customization required; standard reports included
- **From cost to profit center**: A holistic view of the balance sheet, helping to drive the business
- **Platform based**: Scalable, on demand
- **Fast to deploy**: Open banking approach ensures rapid journey to value
- **Predictable costs**: Low TCO, no maintenance, automatic updates (evergreening)
- **Exponential value**: Activation of additional modules from Teciem and third-party vendors
- **Efficiency**: Automated workflows, combined with powerful risk and regulatory reporting
- **Simplified compliance**: Stateless services; no retention of history of customer data

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Arc can be used as a cloud service, seamlessly working alongside other partner cloud offerings.

Banking book SaaS, ALM methodology

We partner with leading managed services providers, combining deep expertise in delivering treasury and risk management solutions with cloud-native experience, in order to offer evergreen cloud reliability, monitoring and support with minimal infrastructure requirements.

A fully supported and evergreen cloud solution for balance sheet management.

Increased operational efficiency (zero onsite deployment).

Quicker time to market for new features and business functionalities.

Seamless software updates with minimal disruption to ongoing business operations.

Scalable on demand, in line with business growth.

Reduced TCO of treasury management by an average of about 20-40%.

Strong security and reliability of the cloud.

About Teciem

Teciem is a global provider of front-to-back treasury and capital markets software solutions, serving banks and financial institutions of all sizes. We deliver award-winning solutions for trading lifecycle and risk management, helping clients to operate seamlessly across asset classes and global markets. Built on decades of domain expertise, our solutions – Kondor, Summit, Opics, Sophis, Sophis Invest and Arc – are trusted by more than 340 financial institutions (and many of their subsidiaries) worldwide, including a majority of the top 100 global banks.

For more information visit teciem.com

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