Delivering growth
Analyst & Investor Event
19 February 2014
Any remarks that we may make about future expectations, plans and prospects for the company constitute forward-looking statements. Actual results may differ materially from those indicated by these forward-looking statements as a result of various factors.

In particular, the forward-looking financial information provided by the company in this meeting represent the company’s estimates as of 19 February 2014. We anticipate that subsequent events and developments will cause the company’s estimates to change.

However, while the company may elect to update this forward-looking financial information at some point in the future, the company specifically disclaims any obligation to do so. This forward-looking information should not be relied upon as representing the company’s estimates of its future financial performance as of any date subsequent to 19 February 2014.
# Running order for today

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Speaker(s)</th>
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<tbody>
<tr>
<td>10.00 to 10.45</td>
<td>Strategy and vision</td>
<td>David Arnott, CEO</td>
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<tr>
<td>10.45 to 11.15</td>
<td>Delivering innovation</td>
<td>Mark Winterburn, Group Product Director</td>
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<tr>
<td>11.15 to 11.30</td>
<td>Coffee</td>
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<tr>
<td>11.30 to 12.00</td>
<td>Making payments pay</td>
<td>Amanda Gilmour, Payments Product Director</td>
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<td>Jost Hoppermann, Forrester</td>
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<tr>
<td>12.00 to 12.30</td>
<td>Delivering client success</td>
<td>Mike Davis, Client Director</td>
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<tr>
<td>12.30 to 12.50</td>
<td>Financials</td>
<td>Max Chuard, CFO</td>
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<tr>
<td>12.50 to 13.15</td>
<td>Q&amp;A</td>
<td>With the above speakers, and Mark Gunning</td>
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<td>(Director of Business Solutions)</td>
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<td>13.15 to 14.00</td>
<td>Lunch</td>
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**Delivering growth**

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Temenos The Banking Software Company 3
Strategy and vision
David Arnott, CEO
Key takeaways

• We have delivered on our commitments
• Our market opportunity is massive... and has increased with the launch of TPS
• The industry is undergoing a structural shift - the fundamental growth drivers remain
• We have the solutions to meet the industry’s needs and a compelling roadmap
• The competitive environment is changing - we are consolidating and extending our lead
• Our delivery is constantly improving with rich methodologies and the right partners
• Revenue growth and operational leverage driving strong earnings and cash generation

Delivering growth
We have delivered on our commitments

- Sustainably grow licence and maintenance revenues
- Multi-product offering with a focus on reusable product investment
- Realising the installed base opportunity
- Higher margin services supporting product business
- Partner strategy moving into the next phase
- Strategic M&A complementing organic growth
- Translating operational outperformance into financial outperformance

2013 performance gives greater confidence in delivery of medium term plan
The market opportunity is huge

Multi-product offering has added USD 19bn to the opportunity

*Licences and maintenance

Source: Gartner, IDC, Celent, Temenos estimates
Application software is significantly underpenetrated in banks

Banks have the lowest penetration of 3rd party software

Sources: BCG, Gartner, Forrester
The industry is undergoing a structural shift

Cloud
Breaking the value chain

Multi-channels
1bn predicted smartphone shipments in 2014
49% annual growth rate of tablet sales to 2018

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<th>Regulation</th>
<th>Price transparency</th>
<th>Diminishing customer loyalty</th>
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<tr>
<td>3% pts</td>
<td>50%</td>
<td>29%</td>
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The amount BASLE III lowers ROE

% of customers citing sensitivity to fees and charges as the reason for attrition

of banks see this as their biggest challenge

Banks must address these issues to succeed
We have the solutions to meet the industry’s needs

**Efficient**
IT solutions delivering 60% higher IT efficiency ratios

**Omnichannel**
Great, consistent user experience across all channels

**Analytics**
Fastest time to value, best success rate on analytics in our industry

**Agile**
The best product-building capabilities

A unique product offering
Multi-product offering remains the winning model

- Multi-product offering accelerating demand for core replacements
- Focus in 2013 was on winning the larger core banking deals
- However, in the medium term, multi-product still expected to drive growth
  - Multi-product offering expected to increase contribution to c.30% in 2014 from 25% in 2013
  - TPS has added 5th vertical

Non-core banking products expected to increase contribution in 2014
Key drivers for our five verticals

The key drivers are consistent across all of our verticals

- Higher capital requirements
- More intense competition
- Growing complexity
- More demanding customers
- Technology disruption

Verticals:
- Core banking
- PWM
- Channels
- BI
- Payments
Beating the competition

Taking market share

<1%  
Market growth in 2013

>4%  
Temenos growth in 2013

Extending our lead

Product
• Best products
• Best roadmap

Sales
• Unrivalled referenceability
• A strong partner channel

Delivery
• Rich methodologies
• The right partners

We are extending our leadership
Partner selling

% of software licensing brought by partners

- Earlier involvement in the sales cycle
- Greater reach
- Better connected
- Entrenched within the customer

Partner programme delivering results
A platform to capture the US market

“...the consolidation of the vendor market in US has created a general appetite for alternative options. The combination of a strong product with credible delivery and higher mindshare means that Temenos is now well placed to take advantage of this opportunity.”

“Temenos strengthens its US presence with TriNovus acquisition”, Daniel Mayo, Ovum - April 2013

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<th>Temenos</th>
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<td>Hosted solutions</td>
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<td>Complete solutions</td>
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<td>✓</td>
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<tr>
<td>Real-time solutions</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Best-in-class digital channels</td>
<td>✓</td>
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US market represents 40% of bank IT spend
Primed to capture the US opportunity

2013 in numbers

5
T24 on a SaaS basis sold in Q4

263
Total new customers for Temenos US in 2013

c.1,000
Total customers in the US

The fullest US SaaS offering

- T24 core banking
- Insight Business Intelligence
- Channels
- BSA/AML Compliance Suite
- TriComply
- SocialComply
- BankerVMS
- BankerMLS
- BankRISK
- TriVault
- TriShield

Delivering on plan in 2013 - sales activity gathering momentum
**SaaS**

**2020**

We believe by 2020 all new core replacements will be in the cloud

**1st**

Temenos was first vendor to put core banking in the cloud

**USD 1.8bn**

Estimate of cost saving if all T24 users moved to shared infrastructure

**What we are doing...**

- Setting up new division with a new culture
- Dedicated team
- 3 main products: Microfinance, smaller universal and non-core (Insight and AML)
- Benefits from closer client intimacy: service, cross selling, partner relationships, cash collection
- Leveraging cloud and TriNovus expertise

We are investing to stay ahead of an inevitable trend
Delivery – rich methodologies and the right partners

“Temenos scored highest on service and support and delivered a balanced performance for many criteria”

The Forrester Wave™: Global Banking Platforms, Q4 2012 – Jost Hoppermann, December 2012

Delivering the highest levels of customer success
Segment focus for 2014

Key drivers for 2014

Delivering growth

- US SaaS
- Non-US SaaS
- Retail / Universal
- Payments
- Channels
- PWM
- BI

The Banking Software Company
Delivering on our vision

**Build**
1993 to 2002
- Domain focus
- Truly global
- Single packaged product
- Commitment to openness
- High R&D
- Maintenance model
- Tier 3-5

**Scale**
2003 to 2011
- Built out regional structure
- Expansion of addressable market
- M&A programme
- Partner programme initiated
- Margin expansion
- 10pp of market share gains
- Tier 1-2

**Lead**
2012 onwards
- True multi-product focus
- Multi-deployment options
- Realising installed base opportunity
- Growth in key geos and segments, partners facilitating
- Further M&A
- Maturity and consistency
- Tier 1-6

Meeting our expectations and creating shareholder value
Thank you

www.temenos.com
Delivering innovation
Mark Winterburn, Group Product Director
Agenda

1. We have the solutions to meet the industry’s needs

2. We will continue to out-innovate our peers
Banking as it used to be

1. Low customer switching
2. Regulation
3. High start-up costs
4. Branch networks

High barriers to entry protecting margins
Banking now

1. Price transparency
2. Multi-channel banking / internet
3. Regulation
4. Cloud
5. Diminishing customer loyalty

The moat has disappeared
We have the solutions to meet the industry’s needs

**Efficient**
IT solutions delivering 60% higher IT efficiency ratios

**Omnichannel**
Great, consistent user experience across all channels

**Analytics**
Fastest time to value, best success rate on analytics in our industry

**Agile**
The best product-building capabilities

A unique product offering
The legacy challenge

The question is when, not if, and urgency growing

"The systems architecture of the typical lender is like a gothic house of horror."

Martin Taylor
Former CEO of Barclays

Source: BCG
Core renewal

- Solution broad and integrated
- All deployment options
- Progressive renovation
- Rich processes & workflow engine
- All hardware stacks
- Frameworks

We offer the fastest and lowest risk option - creating most value
Core renewal

Return on assets of banks using legacy systems vs. Temenos and other 3rd party software

Source: IBS, The Banker, Temenos, Deloitte

Temenos customers spend 60% less on IT than the industry
Digital channels – challenges and opportunities

**Explosion in smart devices**

- **1 billion**
  Predicted smartphone shipments in 2014

- **49%**
  Annual growth rate of tablet sales to 2018

- **2x**
  Growth in banking interactions since 2006

*Source: IDC, Cisco, BCG*

*“Banks can take out 20 – 25% of their cost base by leveraging this digital shift to transform how they process and serve.”*

McKinsey

*“Banks are leaking as much as 80% of leads generated from their digital channels, as a result of not having an integrated end-to-end approach that ensures delivery of an integrated value proposition to every customer.”*

McKinsey

We live in an omnichannel world
Temenos Connect

50%
Savings on maintenance costs with Temenos Connect

85%
Productivity savings during development and testing cycle

“Organisations with a need to create better user experiences for new channels of interaction within short timeframes; and those seeking innovative ways to leverage numerous, heavy and inflexible legacy systems...should look at Temenos.”

Gartner
Digital channels - Metro Bank

NEW Personal Internet Banking

Our new and improved Internet Banking for Personal Customers

How to open an account

What you need to open an account
Download information on what you will need to open an account.

Metro Bank More

Amazing offers for Metro Bank customers

User experience as a differentiator
Digital channels - Metro Bank

Hi MR MOHAN! Welcome to Personal Internet Banking, let's get going...

My Accounts
- Current: £5.55
- Metro Cash: £0.00
- Instant Savings: £10.00
- Instant Access Cash: £5,145.99

What would you like to do?
- Quick Payment
- Useful things to do
  - Move money between your accounts or send money to a saved Payee.
  - Amount: £
  - To: One of your Accounts / A Saved Payee

Customer journeys designed for the customer
Digital channels - Metro Bank

Card and PIN management

Manage all your Metro Bank cards here. Should you need to cancel your cards in an emergency please call 0345 08 08 500

Select a card
- Lost your card or has your card been stolen
- PIN Reminder: Forgotten your PIN?
- Order new card: Damaged card?
- New Card & PIN: Cancel existing card and send new PIN

Relating to account...

Current Account - 11960297 (£1,455.98)

Which card on this account?

<table>
<thead>
<tr>
<th>Select</th>
<th>Card Number</th>
<th>Name on Card</th>
<th>Expiry</th>
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<td></td>
<td>VISVESWAR</td>
<td>04/15</td>
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Why are you ordering a new card?

- Lost: You can’t find your card
- Stolen: You suspect your card might have been stolen or that someone knows your PIN
- Damaged: Your card isn’t working or it has become unusable

Personalised service & marketing driving loyalty
Analytics – the challenge

“Banks must move from being data custodians to data experts. They must use analytics to improve decision-making and add value to their customers.”

Gartner

Customers are more demanding

10%

Customers who are likely to switch banks in the next 6 months

70%

Customers willing to provide banks with more personal information in return for improvements in customer service

90%

Profit is generated from 20% of customers

Source: EY, Capgemini, Temenos

Banks need to accept that the customer is in control
**Insight**

1. Customer & operational Intelligence

2. Domain specific

3. Fastest time-to-value

4. Integrated

---

"We witnessed a 59% increase in average profit per customer within the first six months of using the Insight tool."

---

"A huge strategic decision that is in the process of being implemented was made in 30 minutes, as a result of having the information available at my fingertips."

---

**Real, actionable intelligence – fast!**
Many banks have legacy core banking systems...where adding new products and services can take months of development and testing at considerable cost.

Hani Massoud, IBM management consultant

Source: BCG
Arrangement Architecture

1. Leverages common components
2. Easy to configure new products
3. New products tailored to individual customers
4. Rapid product launches

850,000
Customers on-boarded in the first 3 weeks after launching M-Shwari

2.5x
BSF has been growing its asset base by 15% per year on average since 2009, two and a half times the rate of its peer group

Unique capabilities to enable our customers to stay ahead of their markets
Banking transformation challenges

4.5 years
Average pay back period for a core banking transformation
Capgemini

70%
Failure of transformational projects
McKinsey

Banking IT projects historically associated with high risk and slow payback
Architecture solution

1. Code-free interfaces in minutes
2. Componentised Product Platform
3. Leverage existing customer investments
4. Multi-channel cross-product user agents
5. 1,000x faster enquiries, 10x faster TPS
6. 80% reduction in database size

Delivering more value, faster and with minimal risk
Payments challenge

“Volume has grown by roughly 24 percent over this period, yet operational cost has grown at nearly the same rate, clearly indicating that scale effects have been negligible.”

BCG

Explosion in payments and transaction banking

18.1%
Predicted growth rate of M-payment transactions in 2014

58.5%
Predicted growth rate of M-payment transactions in 2014

8%
CAGR in transaction banking revenues through to 2022

Source: BCG, Capgemini

Great opportunity – but banks failing to translate into higher profits
# Temenos Payment Suite

<table>
<thead>
<tr>
<th>Channel agnostic</th>
<th>Brand new</th>
<th>Built for banks by banks</th>
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<tr>
<td>Any instrument, scheme, and</td>
<td>Incorporates best practices of</td>
<td>ABN AMRO co-development ensures</td>
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<tr>
<td>transaction can be handled over</td>
<td>hub design and latest technology</td>
<td>scalability and high quality</td>
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<td>any channel</td>
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| Linear condition driven          | Highly flexible                  |
| architecture                      |                                 |
| Highest level of STPs, lowest     | Enables customer data to be      |
| levels of maintenance and TCO    | changed quickly and setting of   |
|                                  | individual conditions            |

**Ability to extract scale economies AND offer high touch, differentiated service**
**Agenda**

1. We have the solutions to meet the industry’s needs

2. We will continue to out-innovate our peers
# Track record of innovation

<table>
<thead>
<tr>
<th>Windows GUI</th>
<th>SOA</th>
<th>XML</th>
<th>Open Database</th>
<th>Multi entity</th>
<th>24/7</th>
<th>Process Workflow</th>
<th>Models</th>
<th>Cloud</th>
<th>Platform Framework</th>
<th>Integration Framework</th>
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<tr>
<td>Retail banking, Corporate banking, Treasury, Lending, Payments back office, Securities</td>
<td>Trade finance</td>
<td>Front office – CRM</td>
<td>Internet banking</td>
<td>Insight Business Intelligence</td>
<td>Treasury Trader</td>
<td>Arrangement Architecture</td>
<td>Anti money laundering</td>
<td>Mobile banking</td>
<td>Enhanced wealth management</td>
<td>Insight operational intelligence</td>
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We have a pioneering history of delivering industry “firsts”
The highest R&D in the industry

We still outspend the industry by a factor of 2

Temenos spends on average 20% of sales on R&D

Source: Company Annual Reports, Temenos estimates

*Normalised cash R&D – adjusted for difference between capitalisation and amortisation and any one-off restructuring charges

Peer group consists of SAP, Misys (ex-Sesame where applicable), TCS (BaNCS) and Oracle Financial Services, which we have assumed to have remained constant as a % of sales since 2007, the last date of disclosure
Product strategy and development

We understand the market needs

Qualification, validation, approval

Build

1500+ R&D team
CMMI certified
Domain experts

Buy

Minimal overlap
Customer base
Modern technology

The products the market wants with best value-creating potential
Summary

- Market demands
  - Efficiency
  - Omnichannel capabilities
  - Analytics
  - Agility

- Maintaining our product leadership
  - Culture of innovation
  - Great people
  - High R&D spend
  - Maximum re-use
  - Strong process and governance

Best products and most exciting product roadmap in the industry
Thank you

www.temenos.com
Making payments pay

Amanda Gilmour, Payments Product Director
Jost Hoppermann, Forrester
Retail And Wholesale Payments

Illustrative Retail And Wholesale Payments chart showing the relationship between average value per transaction and number of transactions for retail and wholesale payments.
### Where Do Banks Typically Start Change?
#### Top Ten Initial Focal Points For Transformation

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<td>Mobile banking</td>
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    | • Transformational architecture |
| 3 | • Transformational architecture |
|   | • Payments |
Global banking platform deals survey 2013

55% of counted deals included core banking functionality

17% of counted deals included retail-payment banking functionality

27% of counted deals included non-retail payment functionality

Base: 1,633 submitted global banking platform deals
15% of decision makers in financial services say:

“We prefer mainly in-house-developed applications with a low share of off-the-shelf applications.”

85% don’t!
The Evolution Of Business Applications

Today

Extension, customization, and integration across functional silos

- Business apps
  - Horizontal: CRM, ERP, HR, (More)
  - Vertical: Core banking, Retail POS, Claims management, (More)

Future

Composed of multiple custom and off-the-shelf business applications, their components, and business metadata/parameters

- Client-specific apps
  - Business process components
  - User interface design
  - Modeling tools
  - Business metadata parameters

Buy vs. build

Buy plus build
74% of business application decision-makers in banking say: “We are working on a major transformation initiative or plan to do so by 2016 the latest.”
Thank you

Jost Hoppermann
+49 699.592.9837
JHoppermann@forrester.com

forrester.com
Making payments pay
Amanda Gilmour, Payments Product Director
### Why payments?

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<th>Market opportunity</th>
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<td>USD 6bn market opportunity</td>
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<td>Growing fast with an estimated 5-year CAGR of 9.6%</td>
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<td>Increased financial inclusion driving growth in overall payments – 8.8% annually</td>
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<td>Online shift – m-payments and e-payments growing at 58.5% and 18.1% p.a. in 2014</td>
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<table>
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<th>Our fit</th>
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<tr>
<td>We are experts in banking</td>
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<tr>
<td>Unique position to be able to compete by building a new solution (no baggage) with bank</td>
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<td>Ability to leverage common assets – frameworks, STeP, FT, etc</td>
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<tr>
<td>Cross-sell potential – our customers were asking us to build TPS; same decision makers</td>
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</tbody>
</table>

Our solution is in a position to take advantage of the huge opportunity
The market opportunity

Source: IDC, CEB, Temenos estimates

Target market for payments is as large as core banking

Target market
- Banks
- Clearing houses
- Service bureaus

Pricing model
- ILF
- ASP
Why now?

Opportunity for co-development with ABN AMRO
What is TPS and how is it built?

- Temenos Payment Suite is a payments hub
- Allows financial institutions’ customers to make any type of payment, in any form or currency, to any payee
- Sold to institutions with complex payments needs
- Built using agile methods – built in just 18 months
- Built together with ABN AMRO – built by banks for banks
- Underpinned by the Temenos architectural frameworks
- Blends best industry expertise with latest technology

A state-of-the-art payments hub, built by banks for banks
Where does TPS sit?

The whole payments industry is worth c. **USD 1 trillion**
Why do banks need TPS?

Banking revenues from payments are growing fast...

...but costs grew as fast as revenue between 2007 and 2012

Competition becoming fierce with the entrance of tech companies, e.g. Google

10%

CAGR to 2022 for banking revenues generated from payments.

BCG

“Volume has grown by roughly 24 percent over this period, yet operational cost has grown at nearly the same rate, clearly indicating that scale effects have been negligible.”

BCG

“Financial institutions that ignore payments today risk losing their positioning in the long term. Chief among the risks they face is the threat of disintermediation and they can quickly become just a “dumb pipe” for payments.”

Ovum

Compelling business case for banks to invest in a modern payments system
## Competitors

<table>
<thead>
<tr>
<th></th>
<th>Dovetail</th>
<th>ACI</th>
<th>Fundtech</th>
<th>Clear2Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global presence</td>
<td>✔</td>
<td>☒</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Multi-product</td>
<td>✔</td>
<td>☒</td>
<td>☒</td>
<td>☒</td>
</tr>
<tr>
<td>Universal payments process</td>
<td>✔</td>
<td>☒</td>
<td>☒</td>
<td>☒</td>
</tr>
<tr>
<td>Payment hub*</td>
<td>✔</td>
<td>☒</td>
<td>☒</td>
<td>✔</td>
</tr>
<tr>
<td>Extensive partner ecosystem**</td>
<td>✔</td>
<td>☒</td>
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<td>☒</td>
</tr>
</tbody>
</table>

*As defined by CEB**Extensive partner ecosystem defined as having more than 10 services partners, as per IBS

“We compare favourably to our closest competitors”

“TPS is a market disrupting product”
Universal payments process

Illustrating the Universal Payments Process which evidences the supply chain nature of the product. In addition clearly showing the principles of components.
## Go-to-market

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development agreement with ABN</td>
<td>May 12</td>
</tr>
<tr>
<td>Launched to industry analyst, press</td>
<td>Sept 13</td>
</tr>
<tr>
<td>Recruitment of specialist sales initiated</td>
<td>Dec 13</td>
</tr>
<tr>
<td>Launched to sales</td>
<td>Jan 14</td>
</tr>
<tr>
<td>Market-building activities commence</td>
<td>Mar 14</td>
</tr>
<tr>
<td>Go-Live date (ABN AMRO)</td>
<td>Jun 14</td>
</tr>
<tr>
<td>Target for first new customer</td>
<td>Dec 14</td>
</tr>
</tbody>
</table>

- Sales cycle is 12 to 18 months
- Average deal size is similar to core banking
- In 2013, we estimate there were 75 payment deals

**First sale expected in late 2014**
Summary

Ground-breaking payments hub, exactly aligned to market needs
Thank you

www.temenos.com
Delivering client success
Mike Davis, Client Director
2013 review

- We delivered more projects
- Time to go-live for our projects was reduced
- We grew “premium” services
- Our partner model delivered and was scaled
- We improved the governance of projects

A year of successes
A record year for go-lives

In 2012, Temenos and its partners took 89 financial institutions live on mission-critical systems.

132 Go-Lives in 2013

132 Total Go Lives in 2013
- 38 full implementations
- 48 phased implementations
- 45 upgrades
- 1 insurance go live

processing
3,927,236,920 transactions every year

The Banking Software Company
<table>
<thead>
<tr>
<th>Highest levels of execution</th>
<th>Regional delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reducing implementation times</td>
<td>Accountability within the regions</td>
</tr>
<tr>
<td>Delivery excellence</td>
<td>Global support remains</td>
</tr>
<tr>
<td>Referenceability</td>
<td></td>
</tr>
<tr>
<td>Rich methodologies and model banks</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Supportive partner model</th>
<th>“Premium” services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation focussed</td>
<td>Training</td>
</tr>
<tr>
<td>Lead generation</td>
<td>Expert services</td>
</tr>
<tr>
<td>Temenos governance on all partner projects</td>
<td>Productised services</td>
</tr>
</tbody>
</table>
Highest levels of execution: reducing time to go-live

Model Bank....TIM....Country platforms....Partners....Integration framework

Continual enhancement

Risk reduction

Product centricity

Customer success

Average implementation times are continuing to fall
Highest levels of execution: centres of excellence

1. Accelerate growth of implementation skills and knowledge

2. Field-driven product improvement

3. Business and solution development

4. Knowledge sharing in the Temenos Delivery Ecosystem

Connecting partners, services and product
We’re absolutely delighted to launch our new internet banking platform to our personal customers. We’ve listened extensively to feedback from our customers on what they want from their bank online, and have designed this platform with them and their needs in mind. As a bank, we want to give all our customers unparalleled levels of service and convenience, whether that’s in store, online or by telephone – and we are confident that the new platform will make our customers’ online banking experience better than ever.

Craig Donaldson
CEO – Metro Bank

**Upgrade to Personal Banking platform – replacing ARC IB**

- Provides Metro with a solid user experience platform with significantly greater flexibility over ARC IB - well positioned to adjust swiftly to industry trends
- New functions delivered include card management, expanded views on transaction states and dynamic help as well as optimisation for competitive performance
- Show-case for Temenos Connect capabilities

**Some Words on Metro Bank UK**

- Headquartered in London
- Offers Personal and Business Banking to individuals, Small Businesses and Corporations respectively
- 24 UK stores based around London with growth of 200 stores across Greater London and beyond by 2020
Supportive partner model: a win-win relationship

USD1bn

The value of services opportunity around Temenos applications

Revenue opportunity

Self-sustaining

Generate sales, deliver growth in key geographies and segments

People Investment
• Consultants
• Pre-sales

Partners implementing and selling – now over 1,700 certified consultants
Supportive partner model: reducing Temenos headcount

<table>
<thead>
<tr>
<th>From 2010</th>
<th>“Implementation” headcount vs 2010</th>
<th>“Expert” consultants vs 2010</th>
<th>Total headcount vs 2010</th>
<th>Total go-lives</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>Down 10%</td>
<td>Up 19%</td>
<td>Down 8%</td>
<td>89</td>
</tr>
<tr>
<td>2013 / 14</td>
<td>Down 31%</td>
<td>Up 52%</td>
<td>Down 21%</td>
<td>132</td>
</tr>
</tbody>
</table>

Headcount down.... but more go-lives than ever
Supportive partner model: improving governance

Monthly Regional IPRs

Regional Governance Reviews

Regional Services Scorecards

Regional Scorecards

Ensuring consistent delivery
“Premium” services: productised services covering all products

Client Architect Service

- T24 Productised Services
  - Performance Healthcheck
  - Upgrade Assessment
  - T24 Archiving
  - Database Conversion
  - FATCA Readiness Review

- Private Wealth Productised Services
  - Triple’A Plus Performance
  - Triple’A Plus DBA Service
  - WealthManager Workflow Quickstart

- Productised Services for All Temenos Products
  - Insight Model Version Delivery
  - Insight Quickstart
  - Early Visualisation – Temenos Connect
  - Rapid Temenos Mobile

See website for full range of services
“Premium” services: what our clients say about Expert Services

“Useful, good value for money, a must for any site” – John Mitchell

We wish we’d known about this a long time ago

John Mitchell
National Bank of Malawi

We are looking forward to using this expert service again in the future – only next time, we will definitely request it sooner. We would definitely recommend the service to other banks.

Chege Thumbi
NIC Bank

Having used the system for around a decade, we thought we understood the system very well. Whilst the Temenos specialist confirmed our views, we also realised that we had a lot more to learn. The specialist knew the system inside out, and much better than we ever did.

Abdul Razac
Standard Bank

The Temenos specialist was very proactive and helped us with many topics outside the scope of the engagement, for example, our future roadmap and planning. We rate him extremely highly.

Raffoul Raffoul
Byblos Bank Lebanon
Case Study: Unibank, Accra, Ghana

- Progressive Expert and Productised Services to optimise use of our products
- Driven by Client Architect engagement with client, local partners and database

Thanks to the progress made, we now have the right foundation, and right approach, for a sustainable Banking Platform

- T24 Performance Healthcheck 2012
- Client Architect engagement 2013
- Database conversion jBASE to Oracle 2013
- T24 upgrade R08 to R13 2014
- Business optimisation, extension of Temenos product footprint 2014-2015
Case Study: Temenos Client Architect

- Our most experienced and respected consultants
- Trusted advisor to our clients
- Focused on optimal use of our products, now and in future

“The service we received from the Client Architect was beyond our wildest dreams.”

“Quick time to value. Within two days, you are able to discuss your requirements and get their input on the best way to proceed.”

Chege Thumbi
Director of Technology and Operations, NIC Bank

Dennis Volemi
Head of Technology, CBA
Case study: T24 performance optimisation

- Over 70 assignments delivered
- High impact, high value, two week engagement at premium rates
- 70% reduction in daily COB time from 14 hours to 4.5 hours at NIC Bank, Kenya
- 82% improvement in transaction time at National Bank of Malawi, from 5.5 seconds to 1 second
- 71% improvement in End of Week reporting time at Byblos Bank, Lebanon

“We are very happy with the service. Saving 1.5 hours every day on COB is a real benefit for us. The consultant was consistent, cost-efficient and focused on the work. He was also very happy to help us with other tasks. We won’t think twice about a second engagement if required.”

Standard Bank
Mozambique

“We would have paid more for the relief…..brought to the Bank.”

Client in Ghana after averting supervisory intervention due to poor performance & instability
Summary

Services
A strong 2013

• More projects delivered
• Growth in “premium” services
• Implementation times reduced

Partners
The model is delivering

• Growth in partner resource
• Increase in ILF brought by partners
• Improved governance of partner-led projects

No change to the strategy which is delivering results
Thank You
Medium term targets announced in February 2013

Non-IFRS revenue growth of 5%+ pa with
• Licence growth of 10%+ pa
• Services contributing 20% to 25% of group revenue and be profitable

Non-IFRS EBIT margin improvement of 100 to 150bps on average pa

Cash conversion over 100% pa

DSOs reducing by 10 to 15 days pa

Tax rate of 17% to 18%

Ambitious plan to generate shareholder value
Q4 and FY 2013 financial KPIs

**LFL licence revenue**
- Q4 up 15%
- FY up 10%

**Non-IFRS EBIT (and margin)**
- Q4 up 11% (margin up 1.1% pts)
- FY up 30% (margin up 4.9% pts)

**Cash**
- USD 169m of operating cash flow in Q4
- 119% FY conversion; DSOs down 28 days

**Services**
- FY services revenue down 9%
- FY services margin up 7%

**Non-IFRS EPS**
- Q4 up 3%
- FY up 36%

**Leverage**
- USD 109m of free cash flow in Q4
- 0.7x leveraged as at Dec 2013

**Year one delivered on plan**
2014 guidance

Software licensing growth of 10% to 15% (implying software licensing revenue of USD 152m to USD 158m)*

Non-IFRS revenue growth of 5% to 10% (implying revenue of USD 491m to USD 515m)*

Non-IFRS EBIT margin of 25.1% (implying non-IFRS EBIT of USD 123m to USD 129m)*

100%+ conversion of EBITDA into operating cashflow

Tax rate of 17% to 18%

* Currency assumptions and definitions of IFRS in Appendix to Q4 and FY 2013 results presentation

2014 guidance comfortably in line with medium term plan
## Delivering on our medium term targets

<table>
<thead>
<tr>
<th>Software licensing</th>
<th>Services</th>
<th>Margin</th>
<th>Cash &amp; DSOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faster recovery in Europe</td>
<td>Higher growth of “premium” services</td>
<td>Faster improvement in revenue mix</td>
<td>Faster recovery of old balances</td>
</tr>
<tr>
<td>Return of larger core banking deals, especially in Europe</td>
<td>Faster shift of implementations to partners</td>
<td>Faster improvement in services margin</td>
<td>More sales to existing customers</td>
</tr>
<tr>
<td>More licences from relicensing customers than expected in 2013</td>
<td></td>
<td>Lower cost base delivered</td>
<td>Reduced implementation times</td>
</tr>
</tbody>
</table>

### Over-delivering on many KPIs
Growth in 2014 and beyond

### By geography
- Europe continuing to grow
- MEA and APAC biggest contributors to growth
- Strong growth from Americas but from a low base

### By product
- Core banking continuing to grow
- Contribution from multi-product offer to increase from 25% in 2013 to 30% in 2014
  - Strong growth from PWM, BI and Channels
  - Only small contribution from TPS in 2014, accelerating in medium term

### By new / existing
- Realising installed base opportunity
  - cross-selling of multi-product offering
  - relicensing opportunity
- Focus on strategic accounts

### Relicensing
- Provides opportunity to engage
- Hard to distinguish between relicensing and new sales so will not separately disclose
- Lower contribution in 2014 than in 2013, to accelerate in medium term

## Multiple levers for growth
A view on costs

Cost breakdown

- Cost of services falling as % of revenue: focus on “premium” services and leveraging fixed costs

- R&D falling as % of revenue (although increasing in actual amounts): exploiting scale synergies and productivity improvements and absorbing increasing amortisation of capitalised development

- G&A falling as % of revenue: leveraging fixed costs of running an already global business

- S&M rising as % of revenue: significant investment drives licencing growth

Cost base moving towards target model
Year-on-year margin expansion

100-150bps of margin expansion on average per annum in the medium term

Margin improvement to be driven by

• better revenue mix
• improving services margin
• economies of scale

Due to the headwind in 2014 and 2015 of increased amortisation of capitalised development costs, EBITDA will grow faster than EBIT

Licence growth funds investment; incremental maintenance delivers margin expansion

Significant margin expansion
High quality earnings

100%+ conversion of EBITDA into operating cashflow driven by quality of earnings
• EBITDA growing faster that EBIT
• cash growing faster than profit

10 to 15 days reduction in DSOs per annum driven by
• reducing implementation time
• higher proportion of sales to existing customers (i.e. cross selling opportunity to drive better terms)
• continued expansion of partner programme
• recovery of old balances

Significant growth in operating cash, coupled with an efficient tax and financing structure, to drive free cashflow

DSOs expected to reach 130 in medium term

* 2014 and 2015 DSOs based on reduction of 12.5 days each year, at the midpoint of guidance
Financial flexibility

Use of funds

Temenos is highly cash generative with a strong balance sheet which enables investment in the business as well significant cash return to shareholders.

Preference for M&A over returning additional capital to shareholders, providing suitable acquisition opportunities exist.

Leverage

Temenos has significant flexibility
- currently under 1.0x leveraged
- 1.0x to 1.5x optimal but would increase for acquisitions if clear path to deleveraging
- leverage is constantly reviewed to ensure efficiency

Temenos may look to diversify further sources of funding on an opportunistic basis

Significant financial flexibility to achieve corporate objectives
A three-pronged approach to M&A

Accelerated growth in key markets and segments

A three-pronged approach

Increased scale

Complementary products

2007 2008 2009 2010 2011 2012 2013
M&A criteria and pipeline

Strong financial metrics
• EPS accretive within 12 months
• IRR of at least 13%

Most attractive and synergistic areas are
• Core banking
• Payments
• Wealth management
• SaaS / Cloud

Good pipeline of opportunities
• Broad geographic and market spread
• Range of values, with “sweet spot” of c.USD 100m of revenues but would do larger deals of strategic importance

A disciplined and selective approach to M&A
Key takeaways

• We have delivered on our commitments

• Our market opportunity is massive... and has increased with the launch of TPS

• The industry is undergoing a structural shift - the fundamental growth drivers remain

• We have the solutions to meet the industry’s needs and a compelling roadmap

• The competitive environment is changing - we are consolidating and extending our lead

• Our delivery is constantly improving with rich methodologies and the right partners

• Revenue growth and operational leverage driving strong earnings and cash generation

Delivering growth
Thank you

www.temenos.com