Capital Markets Day

15 February 2017
10.00 – 10.45  Strategy and vision  David Arnott, CEO
10.45 – 11.30  The US opportunity  David Roller, CIO, Commerce Bank
11.30 – 11.45  Coffee
11.45 – 12.30  Product leadership  Mark Winterburn, Group Product Director
12.30 – 13.00  Creating shareholder value  Max Chuard, CFO, COO
13.00 – 13.15  Q&A
13.15 – 14.00  Lunch
Strategy and vision

David Arnott, CEO
The digital pressures on banks are intensifying.

Vendor of choice for Tier 1 banks, significant barriers to entry.

We are pulling ahead of our competition.

We continue to deliver on our strategic initiatives.

High quality growth underpinned by multiple drivers.
Our strategic initiatives

1. Extending lead in core banking
2. Extending lead in private wealth
3. Penetrating the US market
4. Focus on front-to-back digital offering
5. SaaS – Taking 1st mover advantage
6. Industrialising sales & partner alignment
### Significant progress in 2016

<table>
<thead>
<tr>
<th>Category</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core</td>
<td>Signed largest Retail deals globally, BoI and Laurentian.</td>
</tr>
<tr>
<td>Wealth</td>
<td>Win rate remained at nearly 100%, including Standard Chartered, largest deal globally.</td>
</tr>
<tr>
<td>US</td>
<td>Signed Commerce Bank, 38th largest bank in the US, expanded distribution capabilities.</td>
</tr>
<tr>
<td>Digital</td>
<td>Front-to-back digital offering central to Tier 1 deals, substantial progress made on digital offering.</td>
</tr>
<tr>
<td>SaaS</td>
<td>Three regulated banks going live in Azure in next 12 months.</td>
</tr>
<tr>
<td>Sales/Partners</td>
<td>Significant expansion in global sales force, partners involved in largest deal wins and majority of implementations</td>
</tr>
</tbody>
</table>
We won all of the major deals in the market
Banking industry pressures intensify

**Demanding Customers**
- Convenience — anytime anywhere
- Responsiveness
- Relevance — personalized offerings
- Reliability & Trust

**Rise of New Competitors**
- Retailers/ telcos
- Fintechs
- Technology giants?
- Neobanks

**Regulatory Burden**
- Basel II and III
- IFRS, SOX, Dodd Frank
- Ring-fencing, KYC
- PSD II

**Tough Market Conditions**
- Economic slowdown
- Poor ROEs, Margins
- Debt crisis
- Uncertainty

**Responsiveness**
We believe banks have to pursue one of 4 strategies:

- Fully-fledged aggregators
- E2E, open platforms
- Infrastructure providers
- Traditional universal banking

Banks of the future must choose where they want to compete in the value chain.
Core renovation is critical for digital strategy

Top barriers to the success of a digital strategy

1. Complex and legacy core banking systems
2. Regulatory environment
3. Securing budget from the Board

"Heavy investments in channel solutions, without supporting back office business capabilities... deliver only a minor share of expected value."

Source: PwC Global Digital Banking Survey
We have the right business model

- Packaged, but modular
- Vertically integrated Suites
- Cloud
- Open architecture
- MarketPlace
- Embedded analytics
Our market opportunity continues to grow

Spend on banking software: total vs. third-party

USD 39bn

USD 9bn *

USD 12bn *

CAGR
- Payments +11%
- Fund Admin +10%
- Channels +8%
- BI +8%
- Wealth +6%
- Core banking +5%

*Licences and maintenance
Source: Gartner, IDC, Celent, Ovum, Oliver Wyman, Temenos estimates
Demand is accelerating

Annual core banking sales volumes

+8% CAGR

28% growth in combined new and extended business for global banking platform deals

Source: IBS, *2016 is Temenos estimate, Temenos addressable market segments
We continue to pull ahead of the competition

#1 position
For the last 4 years

Top 2 position
For the last 17 years

Top position for 11th year in a row

Best-selling vendor for both new-name clients and new & repeated business
Looking forward
Capturing the Tier 1 opportunity

Tier 1 credentials create barriers to entry for the competition.

- **Julius Bär**: Progressive renovation
- **Standard Chartered**: Rich model banks for 30+ countries
- **Nordea**: First go-live already achieved
- **Bank of Ireland**: First milestones in 2017
The progressive renovation approach is now proven

Taking our key references live and showcasing them
The U.S. opportunity

**Major Accounts**
- > USD 10bn
- c. 120 banks and credit unions
- > USD 10bn
- Focus on core banking and digital

**Mid-market**
- > USD 1bn
- c. 1,300 – 1,500 banks and credit unions
- Focus on early core banking adopter and digital

**Community Market**
- < USD 1bn
- c. 10,000 community banks and credit unions
- Future focus on compliance

Growth in number of FIs 2011-2016

- **Major Accounts**: +8%
- **Mid-market**: +21%
- **Community Market**: -23%
Taking the lead in digital banking

Temenos named digital ‘Market Leader’ in Ovum’s Global Digital Banking Platform Decision Matrix

"With Temenos...banks get capabilities that equip them for the digital economy. Ovum recommends that banks shortlist Temenos when searching for a competitive digital banking platform solution."

Temenos is at the forefront of digital innovation
Alignment with strategic partners

Our strategic partners are key to securing large deals

- Nordea
- BIL
- Accenture
- Laurentian Bank
- Deloitte
- Bank of Ireland
- Capgemini
Significant investments in sales and marketing

20%+ Increase in sales headcount

Launched Sales Academy

- RetailSuite
- CorporateSuite
- WealthSuite
- FundSuite
- MicroBankingSuite
- IslamicSuite
- Lifecycle ManagementSuite
- UniversalSuite

This cloud helps Temenos lower the cost of borrowing by 90%.
Taking the lead in cloud

Our strategy with Microsoft Azure delivers lowest TCO

- **Euro Pacific Bank Ltd.**
  - First regulated FI signed in the cloud
  - Go-Live in 2017

- **prival bank**
  - Our first regulated Wealth client in cloud
  - Go-Live in 2018

- **Turicum Private Bank**
  - ERI Bancaire replacement in the cloud
  - Go-Live 2017
The digital pressures on banks are intensifying.

Vendor of choice for Tier 1 banks, significant barriers to entry.

We are pulling ahead of our competition.

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High quality growth underpinned by multiple drivers.
The US opportunity
Commerce Bank
Core Transformation

Dave Roller
Senior Vice President
Chief Information Officer
About Commerce Bancshares, Inc.

Super-Community Bank
founded in 1865
39th largest U.S. bank¹
$25.6 billion in assets
$21.1 billion in total deposits
$43.1 billion in Trust assets²

Source: ¹SNL Financial as of 09/30/2016, Company reports & filings as of 12/31/16:
²Assets under Administration
Super-Community Bank Platform

A CONSISTENT STRATEGY WITH A LONG TERM VIEW

Community Bank

- Responsive to customer needs and changing preferences
- Core values embraced by employees
- Award winning customer service
- Focus on the full client relationship

Customer relationship-based

We ask, listen and solve.

High performing teams and engaged workforce

Investment in distinctive, high-return businesses

Long history of top quartile credit quality metrics

Disciplined approach to acquisitions

Focus on operational efficiencies

Super-Regional Bank

- Sophisticated payment system capabilities
- Broad consumer product offerings
- Private Banking; Trust; Capital Markets
- Shareholder driven and strong financial performance
- Competitive on unit costs
A strong emphasis on culture

Giving **VOICE** to our **VALUES**

- We have a long term **V**iew
- We collaborate as **O**ne team
- We act with **I**ntegrity
- We are **C**ustomer focused
- We strive for **E**xcellence

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**2016 Employee Engagement**

<table>
<thead>
<tr>
<th></th>
<th>Commerce</th>
<th>U.S. High Performance Norm</th>
<th>U.S. Industry Norm</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>79%</td>
<td>74%</td>
<td>74%</td>
</tr>
</tbody>
</table>

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1 The Hay Group – 2016 survey results

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**ENABLES EXECUTION OF CORPORATE STRATEGIES**
Long term view: net income & earnings per share

49th Consecutive Year of Dividend Growth in 2017

Earnings Per Share

Net Income

$0.86
$0.61
$0.65
$0.67
$0.69
$0.72*
$0.74
$0.78
$0.82
$0.86

*Excludes 2012 special dividend paid of $1.18
All data has been restated for 5% stock dividend distributed in December 2016
Source: Corporate Finance
Steady shareholder returns

Total Shareholder Returns
Indexed, 12/31/2006 = 100

Annualized Comparison
Total Shareholder Returns

Consistent, positive returns to shareholders
Significant outperformance relative to banks over long period

Source: Index data from Bloomberg; Commerce data from company filings; All data as of 12/31/2016
US Banking Industry
Banks facing pressures from multiple sources
What is a bank?

A bank pools savings and then allocates that capital

Current definition has evolved...

✓ Enterprise Software Company
✓ Mobile-app developer
✓ Utility
✓ Customer service organization
✓ Tool of government-mandated social policy
✓ Shareholder-return engine
✓ Policeman of criminals
✓ ...

Source: Wall Street Journal
# Fintech attacking the banking value chain

<table>
<thead>
<tr>
<th>Lending</th>
<th>Personal Finance</th>
<th>Payments</th>
</tr>
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<tbody>
<tr>
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<td><img src="image" alt="stripe logo" /></td>
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<td><img src="image" alt="venmo logo" /></td>
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<thead>
<tr>
<th>Equity Financing</th>
<th>Remittances</th>
<th>Retail Investments</th>
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<tr>
<td><img src="image" alt="seedinvest logo" /></td>
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<tr>
<th>Consumer Banking</th>
<th>Security, Fraud, Auth.</th>
<th>Institutional Investments</th>
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<tr>
<th>Corporate Finance/SCF</th>
<th>Big Data for Analytics</th>
<th>Big Data for Risk</th>
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<td><img src="image" alt="EDGELAB logo" /></td>
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<tr>
<td><img src="image" alt="cloudtrade logo" /></td>
<td><img src="image" alt="MADIVA logo" /></td>
<td><img src="image" alt="Kabbage logo" /></td>
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**US$ +70bn**

Invested globally in FinTech in the last 6 years (CB Insights)
Competition from traditional players

Not bound by size/geography

Line of business specific
Customer expectations are changing

<table>
<thead>
<tr>
<th>Customer Channel Usage at Least Weekly</th>
<th></th>
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<tbody>
<tr>
<td>Internet</td>
<td>65.4%</td>
</tr>
<tr>
<td>Mobile</td>
<td>43.4%</td>
</tr>
<tr>
<td>Branch</td>
<td>25.3%</td>
</tr>
<tr>
<td>Social Media</td>
<td>13.1%</td>
</tr>
</tbody>
</table>

Top 3 Customers’ Perceived Benefits with Fintech Firms

- Ease of Use 91.6%
- Good Service/Experience 90.4%
- Faster Services 87.7%

Source: Cap Gemini World Retail Banking Report 2016

Customers have same expectations as they have with big tech firms
Economic environment

Source: Commerce Trust Company, U.S. Bureau of Economic Analysis, Bloomberg
Regulatory uncertainty persists

Regulatory trends for the banking industry in 2017

- US elections and consequences for the regulatory landscape
- The new age of capital planning and stress testing
- New capital order
- Data quality, analytics, and reporting
- Fintech
- Cyber threats and cyber risk
- Resolution planning
- Consumer protection
- Liquidity
- Governance and risk management
- Regulatory outlook and enhanced prudential standards for foreign banking organizations
- Credit quality concerns
- Model risk management
- Financial crimes risk

Dodd-Frank Progress Report

- Finalized rules (70%)
- Rules proposed, but not finalized (21%)
- Rules not proposed (9%)

Source: Davis Polk Law Firm (July 2016)

Source: Deloitte Banking Regulatory Outlook 2017
U.S. banking industry continues to consolidate

FDIC Insured Institutions

14,427 banks in 1985

- 5,170 banks Q3 2016
- 228 new charters in 1999 and only 1 new charter in 2015

Consolidation remains compelling as economies of scale drive significant value creation

All FDIC-insured institutions. Data as of 9/30/2016
Current technology situation

- Disjointed customer experience
- Lack of enterprise-level customer information
- Digital demands stressing platforms
Banks and Solution Providers have accumulated Technical Debt
Customer expectations have evolved and banking IT systems no longer fit for purpose
Banks facing pressures from multiple sources

Key Themes:
- Competition
- Changing Expectations
- Uncertainty
- Technical Debt
Core Transformation
Commerce bank response to shifting landscape

• Super-Community Bank Platform
• Core Values:

We have a long term view
We collaborate as one team
We act with integrity
We are customer focused
We strive for excellence

• Bias toward action:

We invest in our people, products and technology for the long term.
We are innovative and agile in response to a changing world.
Core transformation business goals

• Improve time to market
• Enhance ability to innovate
• Provide comprehensive view of customers
• Address technology risk
• Long term efficiency
Partner selection process

Extensive research of both US-based and international solution providers

Multi-year selection process: RFI, RFP, demonstrations, customer reference activities

Cross-functional selection team: Retail, Commercial, Wealth, IT, Legal, Compliance, etc.

Temenos provides a unique value proposition
Scope

Replacement of deposits and customer information systems
Integration with existing channel applications
Branch Platform
Lending and Payments
Platform Consolidation

Current Roadmap
Probable Next Steps
Possible Future
Why Temenos

Culture fit

Modern integrated core banking solution

Highly configurable and flexible

Shared vision of the future
Product leadership

Mark Winterburn, Group Product Director
1. Innovation – key investment areas
2. Flexibility and scalability of product
3. Focus on architecture
4. Strength of front-to-back, vertically integrated suites
Digital Banking

- Full customer lifecycle
- Contextual engagement
- Customer centric
- New business models
- Collaborative ecosystem
- Lowest cost of ownership
- Scale, speed, secure
- Time to market
- Beyond banking
- Innovation speed

Customer Intimacy

Operational Efficiency

Digital Banking

Innovation
Full Front-to-back Integrated Stack

Mobile  Internet  Call Centre  Branch  Agent  ATM  API

Channels

Marketing  Sales  Services

Core Banking  Payments  Analytics  Open Banking Marketplace

Front Office  Back Office
The market view - Suites

- RetailSuite
- WealthSuite
- CorporateSuite
- MicroBankingSuite
- UniversalSuite
- IslamicSuite
- FundSuite
- Lifecycle ManagementSuite
Integrated solutions freeing up budget for innovation

Rest of Banks*  Temenos Clients

Maintenance

21.1%  53.7%

Innovation

Source: Temenos

*Adjusted to remove Temenos customers

Celent, IT Spending in Banking: A Global Perspective, 2015*
How we upgrade client software – decoupled innovation cycle

Upgrading product family independently reducing risk and reducing Time To Market
Technology and Architecture Perspective

USABILITY
85% faster UI development

FLEXIBILITY
Lowest TCO through choice of stacks including Cloud.

MAINTAINABILITY
Partial software upgrades across all software

SCALEABILITY
70% reduction in db size – in-memory core banking

AGILITY
3x faster integration

PRODUCTIVITY
10X increase in customisation productivity

Platform Framework

Component Framework

Interaction Framework

Integration Framework

Data Framework
Analytics – Embedded inside the Suites

**Embedded Analytics**
- Embedded Analytics Product Builder
- PLAN 1.0

**Predictive Analytics**
- Customer Attrition
- Customer Lifetime Value
- Next Best Product
- Funds Flow
- UX Optimization

**Digital Analytics**
- Digital Campaign Analytics
- Clickstream Analytics

**Customer Profitability**
- Enterprise Risk Management

### Advanced Analytics Platform Packages:
- Advanced Financial Reporting
- Retail Analytics
- Corporate Analytics
- Wealth Analytics
- Microfinance Analytics
- Corporate Analytics
- Country Model Banks Analytics

### Reporting Platform Packages:
- Financial Reporting
- Retail Reporting
- Wealth Reporting
- Microfinance Reporting
- Corporate Reporting
- Country Model Banks Reporting

### API Services
- PowerBI Integration
- Analytics Dashboard Hub
Digital banking

Dharmesh Mistry, Chief Digital Officer
1. Perspectives of the market
2. What is digital banking
3. Models for the bank of the future
4. Temenos front to back offering
5. MyState case study video
6. Demo’s:
   - Digital engagement
   - Embedded analytics
A Perspective on the market
Our Addressable market – huge opportunity

- $9 bn annual spend on third party software and maintenance
- 8% CAGR 2016-2020 as predicted by Gartner
- 79% of bank IT spending is still in-house (IDC)
- Digital focus: Driving banking spend
Core renovation is critical for digital strategy

Top barriers to the success of a digital strategy

1. Complex and legacy core banking systems
2. Regulatory environment
3. Securing budget from the Board

“Heavy investments in channel solutions, without supporting back office business capabilities... deliver only a minor share of expected value.”

Source: PwC Global Digital Banking Survey
The pressure on scalable systems is bigger than ever

Interactions per month

<table>
<thead>
<tr>
<th>Year</th>
<th>Interactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>1.8</td>
</tr>
<tr>
<td>2015</td>
<td>12.6</td>
</tr>
<tr>
<td>2020</td>
<td>51.1</td>
</tr>
</tbody>
</table>
Everybody now expects the Starbucks/Uber experience everywhere.

Customer’s Perspective on FinTech Value Proposition

1. Ease of Use
2. Faster Service
3. Better Experience
And banks have the right advantage.
Bank as facilitator and trusted advisor

...to deliver Experience-Driven banking
Bank as facilitator and trusted advisor…to deliver Experience-Driven banking

Contextual and Relevant

Fintech Co’s

Instant fulfilment
Digital Banking

The (almost) complete story
What is Digital Banking: The fundamental digital equation

\[
\{A^3\} + \{B\} + \{C\} = \text{Digital banking}
\]

Anytime, anyplace, any channel – this is what customers expect. Whether they are retail bank customers, High Net Worth (HNW) investors or corporate customers – their expectations are banking on their terms.

Better banking – customer journeys that are unencumbered by paper, process and people, frictionless and delivered at the lowest possible cost through cloud deployment.

Contextual – the service, communication, rewards and products you offer to meet customers’ expectations, need to be driven by data and analytics and personalized to their requirements.
Bank of the Future
The digital bank of the future has multiple models

A flexible, scalable and open core that enables a compelling and engaging customer experience

- Distribution
  Channels: Self serve, assisted & external channels

- Front Office
  Sales, Marketing, Service

- Core Banking Platform
  Account management

- Banking Licence
  Governance & Reporting

Customer Experience & Engagement

Horizontal value proposition

Flexible architecture & Efficiency
The WHOLE is GREATER THAN the sum of its parts…
Full Front-to-back Integrated Stack

Channels

Mobile
Internet
Call Centre
Branch
Agent
ATM
API

Open Banking Marketplace

Front Office

Risk and Compliance
Marketing
Sales
Core Banking

Back Office

Services
Payments
Analytics

Risk and Compliance
Marketing
Sales
Core Banking
Front Office

Channels:
- Mobile
- Internet
- Call Centre
- Branch
- Agent
- ATM
- API

Risk and Compliance:
- CRM
- Party Relationships
- Rewards
- Scoring
- SLAs
- Origination
- Document validation

Analytics:
- Simulations
- Treasury Trader
- Document output
- Image
- Real-time Marketing
- Instant Messaging
- 360 SCV

Front Office:
- Decision Engine
  - “Single Brain”
- Marketing catalogue

Back Office:
- Content mgt.
- Prospects
- Orders
- Leads
- PFM
- Social media
- Diary

- Contact mgt.
- Gamification*
- Alerts
- Portfolio Management
- Investment Recommendation
- Goal Based Planning
- Suitability & Investment Profiling

*2017 delivery
Here and now & Future focus

Here and now

(0-2 years)

Customer experience (optimise)
Open Platform: Flexible architecture - Tech Integration
Analytics (Big Data + meaning)
Cyber Security
Culture - Digitally emerging (Augmentation)

Future Focus

(5-10 years)

Experience banking (engagement)
Advanced Computing - Componentised architecture (new models)
Artificial Intelligence (predictive thinking)
Cyber Security (Advanced computing)
Culture - Digitally mature (in the DNA)
Demo’s
Creating a Digital Bank From The Ground Up!

We wanted to build a digital bank quickly… What we achieved with Temenos was remarkable.

Dan Dickinson, VP of Digital Banking, EQ Bank
Temenos – a leader in digital banking

Temenos created an architecture that supports a digital banking foundation that is second to none.

With Temenos UXP, banks get capabilities that equip them for the digital economy. Ovum recommends that banks shortlist Temenos when searching for a competitive digital banking platform solution.

Temenos named digital ‘Market Leader’ in Ovum’s Global Digital Banking Platform Decision Matrix
Creating shareholder value

Max Chuard, CFO, COO
1. Creating shareholder value
2. Drivers of growth
3. Medium term targets
Creating shareholder value
Temenos drivers of value

- Substantial revenue growth
- Business model drives margin expansion
- Significant free cash flow generation
- Disciplined capital allocation
Substantial license revenue growth

Non-IFRS Total Software License Revenues

USDm

2013 2014 2015 2016

Medium term target of 15% CAGR

22% CAGR
Significant growth in recurring revenue

Non-IFRS Maintenance, SaaS and Subscription revenues

USDm

2013 2014 2015 2016

12% CAGR
Business model consistently drives margin improvement

Non-IFRS EBIT margin

Average 176 bps improvement p.a.

2013: 24.1%
2014: 27.3%
2015: 28.1%
2016: 29.4%

Medium term target of 100 to 150 bps expansion p.a.
Outstanding double digit growth in profitability

Non-IFRS EBIT (USD m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>113</td>
<td>128</td>
<td>157</td>
<td>187</td>
</tr>
</tbody>
</table>

18% CAGR

Non-IFRS EPS (USD)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1.22</td>
<td>1.44</td>
<td>1.73</td>
<td>2.07</td>
</tr>
</tbody>
</table>

19% CAGR

Medium term target of 15% CAGR
Exceptional cash flow generation

Operating Cash Flow and DSOs

USDm

198 days 180 days 154 days 127 days

Medium term target DSO reduction of 5-10 days p.a.
Disciplined capital allocation

Capital allocation 2013 – 2016

- Acquisitions: 48%
- Share buyback: 35%
- Dividends: 17%
Track record of M&A

- Proposed acquisition announced in 2017
### Balance sheet strength

- **Total available financing**: USD 350m (2013) vs. USD 875m (2016)
- **Weighted average interest rate**: 5.0% (2013) vs. 3.3% (2016)
- **Weighted average maturity**: 4 years (2013) vs. 3.6 years (2016)
- **Leverage ratio**: 0.6x (2013) vs. 0.8x (2016)

**Low-cost debt structure with significant flexibility**
<table>
<thead>
<tr>
<th>Total shareholder return (USD, 31/12/16)</th>
<th>1 year</th>
<th>3 years</th>
<th>10 years</th>
<th>Since IPO</th>
<th>Average p.a. since IPO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temenos</td>
<td>34%</td>
<td>153%</td>
<td>330%</td>
<td>459%</td>
<td>30%</td>
</tr>
<tr>
<td>Swiss Market Index</td>
<td>-6%</td>
<td>-4%</td>
<td>52%</td>
<td>194%</td>
<td>13%</td>
</tr>
<tr>
<td>Stoxx Euro 600</td>
<td>-1%</td>
<td>-7%</td>
<td>13%</td>
<td>127%</td>
<td>8%</td>
</tr>
<tr>
<td>Nasdaq</td>
<td>9%</td>
<td>34%</td>
<td>150%</td>
<td>209%</td>
<td>13%</td>
</tr>
<tr>
<td>Peer group average</td>
<td>9%</td>
<td>32%</td>
<td>173%</td>
<td>267%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Exceptional shareholder value creation
Drivers of growth
We have grown our addressable market

Addressable market (USD billions)

- Core banking
- Analytics
- Wealth
- Channels
- Payments
- Fund Admin

Expanded addressable market 5x in 10 years

8% CAGR medium term
Taking market share

Temenos core banking market share by value of deals*

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Share</th>
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</thead>
<tbody>
<tr>
<td>2013</td>
<td>16%</td>
</tr>
<tr>
<td>2014</td>
<td>21%</td>
</tr>
<tr>
<td>2015</td>
<td>24%</td>
</tr>
<tr>
<td>2016**</td>
<td>27%</td>
</tr>
</tbody>
</table>

* Source: IBS league table, Temenos estimates; ** Source: Temenos estimates
We won all the large transformational deals

Our credentials create significant barriers to entry for our competition
Consistent growth in revenues from Tier 1+2 clients

Non-IFRS total software licensing revenues by client tier

Tier 1+2 clients buy an average of $3-5m additional new license p.a.

- Tier 1 & 2
- Tier 3, 4 & 5

2013

2016

Medium term
Maximising the installed base

Installed base will continue to represent 60%+ of non-IFRS total software licensing going forward

Breakdown of the installed base

- Cross Selling
- Tier 1+2 progressive renovation
- Relicensing

Relicensing, progressive renovation and cross-selling increase license predictability
SaaS and Subscription revenues are growing rapidly

Non-IFRS Software licensing vs. SaaS and subscription revenues

- **2013**: SaaS and subscription revenue is a very small portion of total revenue.
- **2016**: SaaS and subscription revenue has grown significantly, with a larger portion of total revenue compared to software licensing.
- **Medium term**: Continued rapid growth in SaaS and Subscription revenues, with a forecasted compound annual growth rate (CAGR) of 20% or more.

**Continued rapid growth in SaaS and Subscription revenues**
Our North America strategy will drive incremental growth

Non-IFRS total software licensing, North America vs. Rest of World

- **2013**: Non-IFRS total software licensing for North America and Rest of World.
- **2016**: Non-IFRS total software licensing for North America and Rest of World with a significant growth rate.
- **Medium term**: Non-IFRS total software licensing with a c.35% CAGR and a 25%+ growth rate.

**Significant untapped potential**
A three-pronged approach to M&A

- Accelerated growth in key markets and segments
- Increased scale
- Complementary products
Medium term targets
## Medium term targets

<table>
<thead>
<tr>
<th>Metric (Non-IFRS)</th>
<th>2013-2016 performance</th>
<th>Medium term targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total software licensing</td>
<td>22% CAGR</td>
<td>15% CAGR</td>
</tr>
<tr>
<td>Total revenue</td>
<td>11% CAGR</td>
<td>10% CAGR</td>
</tr>
<tr>
<td>EBIT</td>
<td>176 bps p.a.</td>
<td>100-150bps p.a.</td>
</tr>
<tr>
<td>EPS</td>
<td>19% CAGR</td>
<td>15% CAGR</td>
</tr>
<tr>
<td>DSO reduction</td>
<td>24 days p.a.</td>
<td>5-10 days p.a.</td>
</tr>
<tr>
<td>Cash conversion</td>
<td>120% p.a.</td>
<td>100%+ of EBITDA</td>
</tr>
<tr>
<td>Tax rate</td>
<td>13% p.a.</td>
<td>17-18%</td>
</tr>
</tbody>
</table>
The digital pressures on banks are intensifying.

Vendor of choice for Tier 1 banks.

Digital is at the heart of our offering.

We have created significant shareholder value.

We benefit from multiple drivers of growth.