



TEMENOS

**CAPITAL
MARKETS
DAY 2020**

Agenda

Time	Session	Presenter
09:15 – 09:45	Vision & Strategy	Max Chuard, Chief Executive Officer
09:45 – 10:30	Product Leadership Part 1	Mark Winterburn, Chief Product and Technology Officer Temenos Infinity: Brian Abele, Product Manager Temenos Transact: Alex Duret, Product Director
10:30 – 10:50	Coffee Break	
10:50 – 11:35	Product Leadership Part 2	Temenos SaaS & Cloud: Colin Jarrett, Chief Cloud and Delivery Officer Technology: Tony Coleman, Cloud Technology Director Data, analytics and AI: Prema Varadhan, Chief Product Architect
11:35 – 12:00	Temenos Infinity product demonstration	Holger Lehmann, Business Solutions Group Ed Gross, Global Design Centre of Excellence
12:00 – 12:30	Temenos Value Benchmark	Kanika Hope, Global Strategic Business Development Director
12:30 – 13:30	Lunch	
13:30 – 13:50	The US opportunity	Alexa Guenoun, President of the Americas & Global Head of Partners
13:50 – 14:20	Creating Shareholder Value	Takis Spiliopoulos, Chief Financial Officer
14:20 – 14:35	Corporate Social Responsibility	Kalliopi Chioti, Director of Sustainability and Social Responsibility
14:35 – 15:00	Q&A	



| Vision and strategy

Max Chuard, CEO

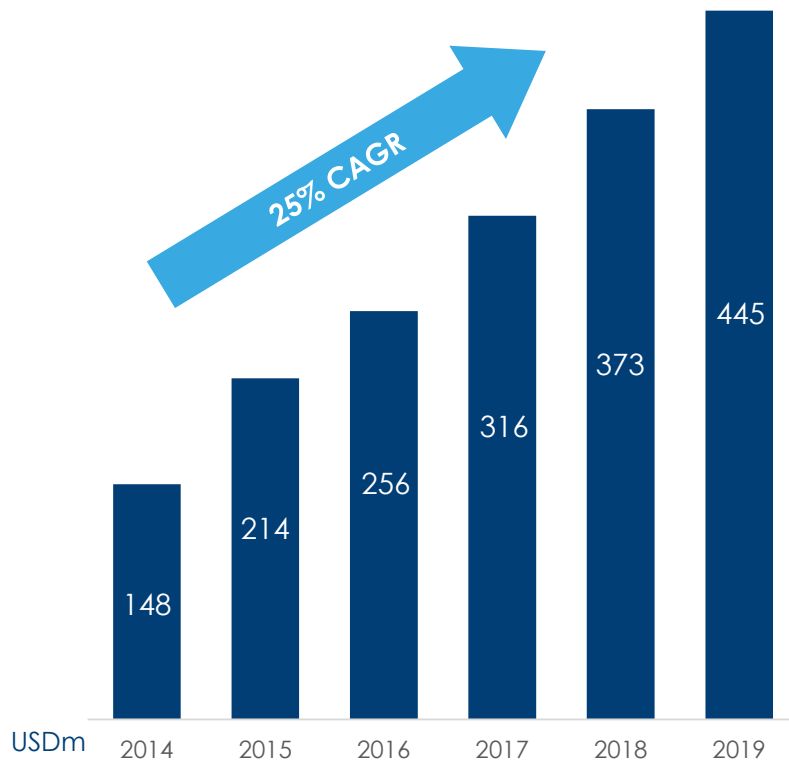
13th February, 2020



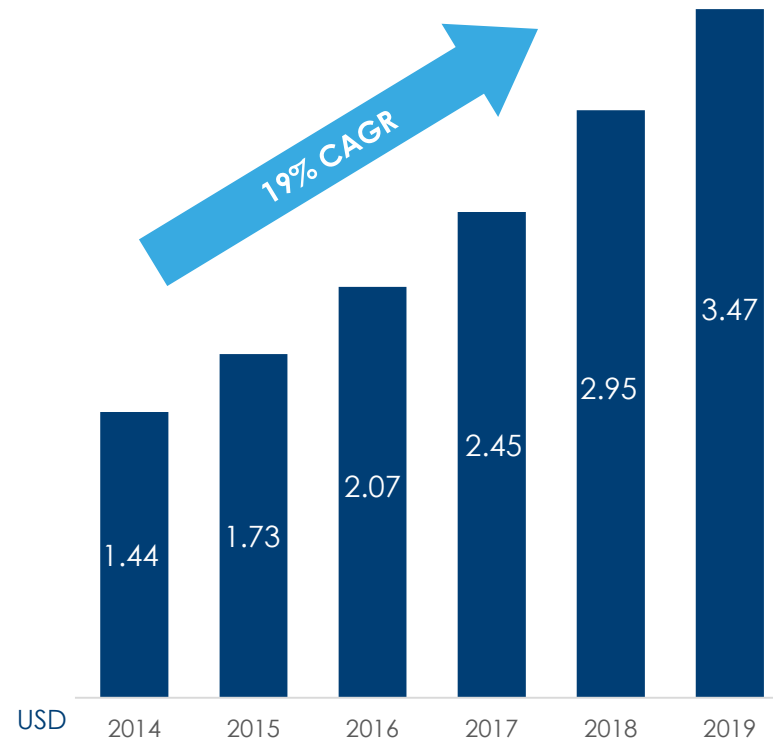
TEMENOS
THE BANKING SOFTWARE COMPANY

Excellent performance across KPIs in FY 2019

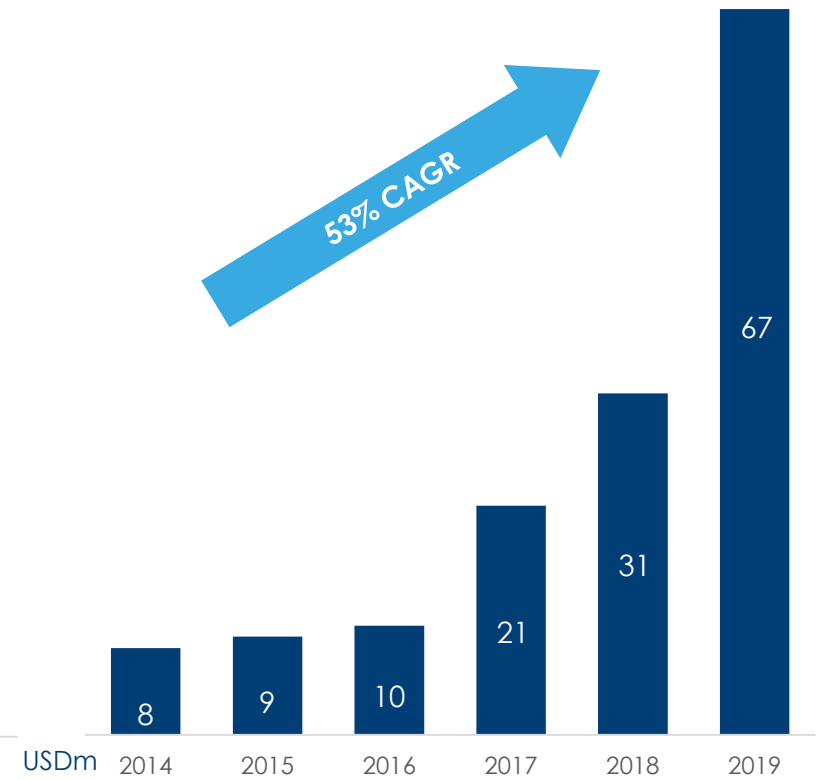
Total Software Licensing



EPS

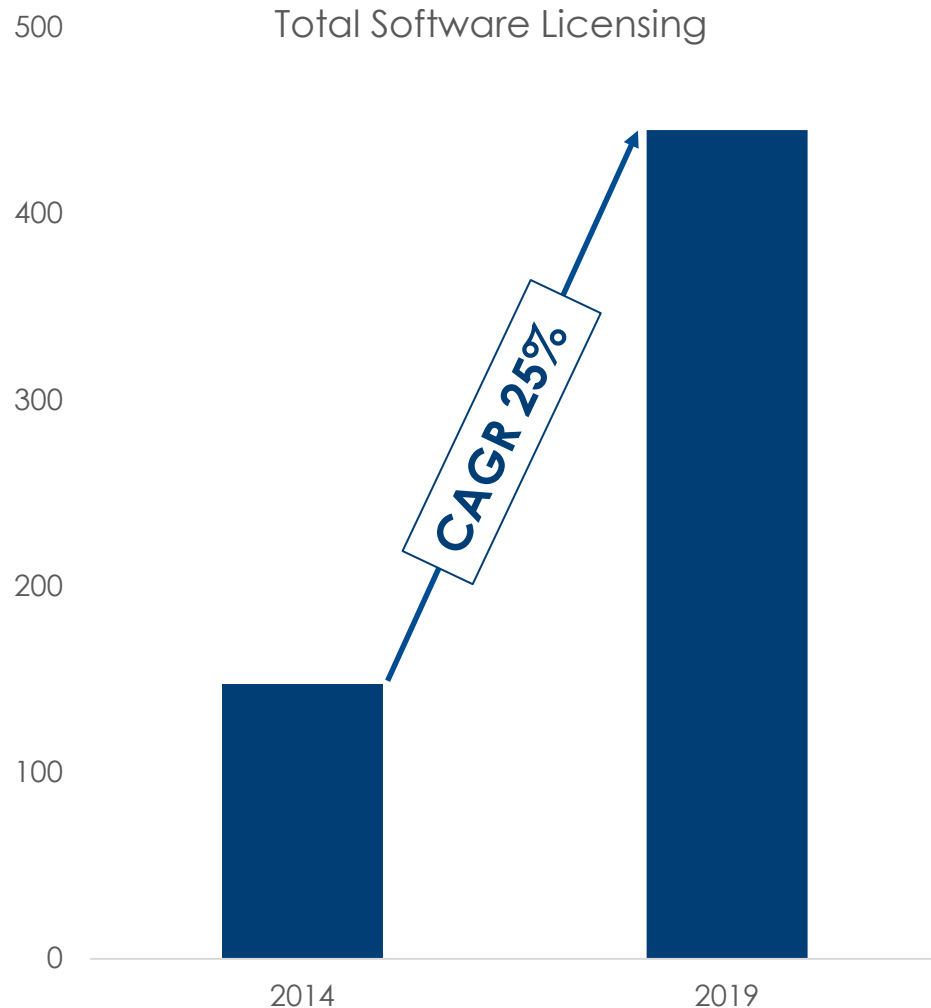


SaaS Revenues



Note: figures are non-IFRS c.c. growth rates unless otherwise stated. Historical SaaS revenues adjusted for estimated IFRS15 impact

A business model that has delivered strong growth



Significant addressable market of USD 60bn growing at 8% CAGR



The leader in our market



Sustainable total software licensing growth of 15%+ in the long term



ACV bookings growing 4x faster than license bookings and accelerating

A dramatic, high-contrast image of a massive, curling blue-green wave with white foam crashing over a small sailboat in the foreground. The wave is the central focus, with its crest breaking into a spray of white water. The sailboat is small and positioned in the lower right foreground, appearing vulnerable to the scale of the wave. The overall mood is one of immense power and scale.

BANKING IS UNDERGOING A FUNDAMENTAL CHANGE

TECHNOLOGY IS REVOLUTIONIZING BANKING

A woman with long blonde hair is looking down at a smartphone in her hands. She is wearing a dark jacket. The background is dark and blurry, showing what appears to be a body of water and distant hills or mountains under a twilight sky.

SAAS & CLOUD

API-FIRST

MICROSERVICES

EXPLAINABLE AI

SECURITY

DATA & ANALYTICS

NEW BUSINESS MODELS REQUIRE A NEW BANKING ARCHITECTURE

MANUFACTURING

DISTRIBUTION

The new banking architecture; agile, cloud-native & cloud-agnostic



TEMENOS
Infinity



Distribution
Services



TEMENOS
Transact



Manufacturing
Services

END-TO-END TRANSFORMATION IS ESSENTIAL

An aerial photograph of a long cable-stayed bridge spanning a body of water. The bridge has multiple piers and two prominent A-frame pylons. Several vehicles are visible on the bridge deck. The water is a deep blue color.

| DIGITAL FRONT OFFICE

| BACK OFFICE



TEMENOS

Value Benchmark

OUR HIGH-PERFORMING CLIENTS

Achieve
cost-income ratios

half the
industry average

Achieve
returns on equity

3x industry
average

Allocate IT spend

2x industry
average to growth
& innovation

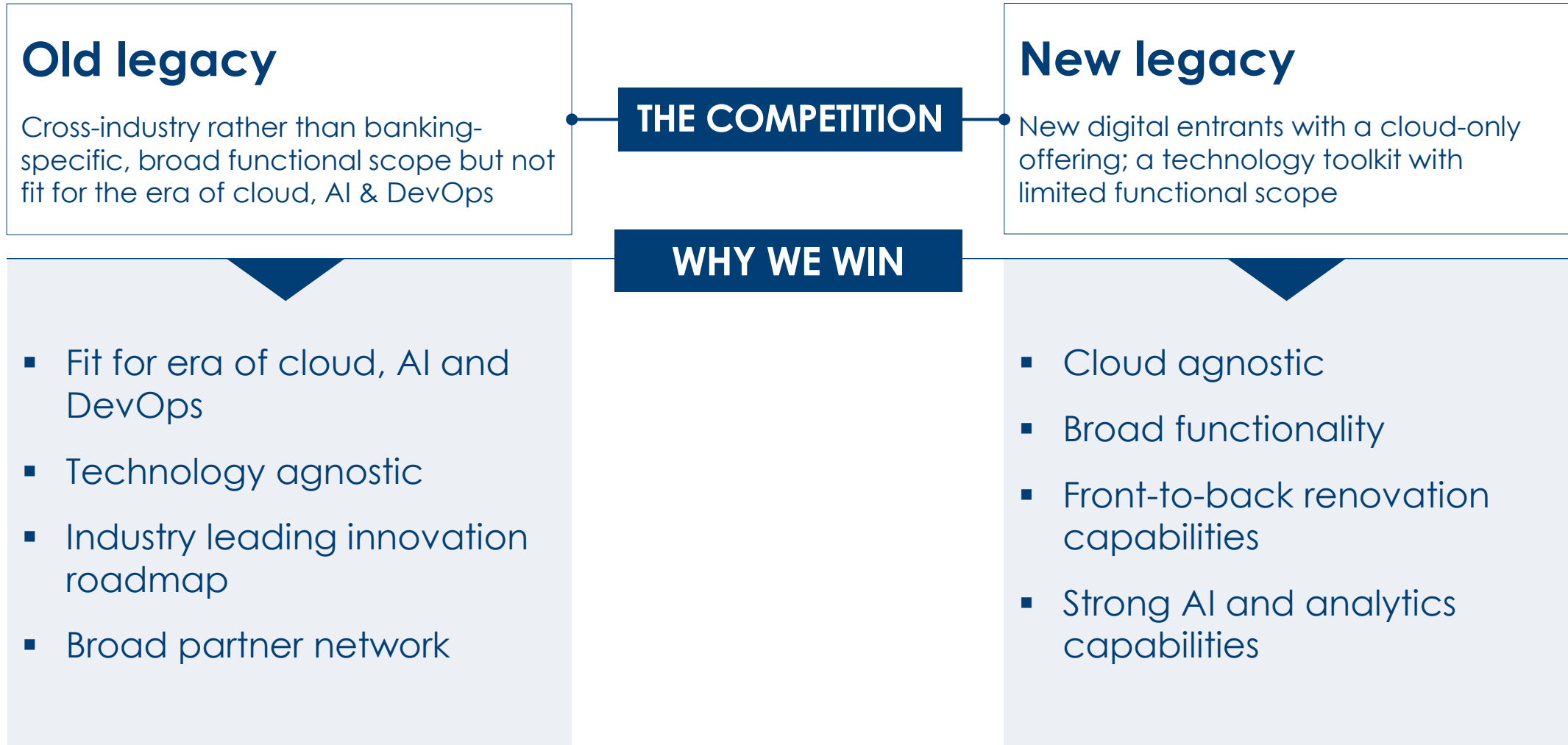
WE HAVE THE WINNING COMBINATION

| BEST
FUNCTIONALITY

| ADVANCED
TECHNOLOGY



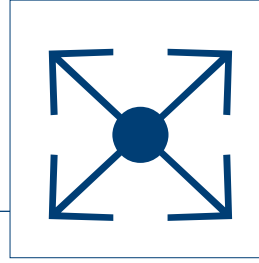
| Outselling the competition



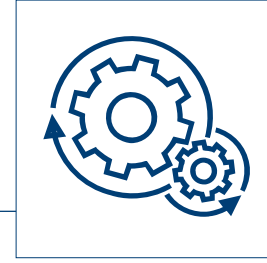
| Our unique value proposition



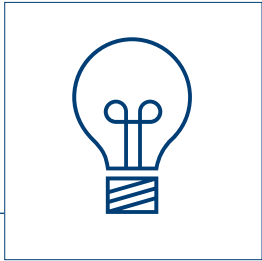
Only focused on banks,
3,000+ banking
customers



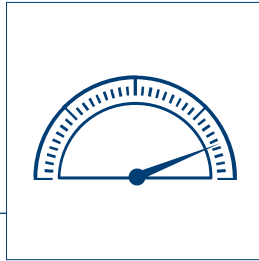
Leading functionality,
localisation and
advanced technology



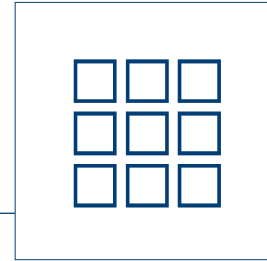
Open & independently
implementable
products



Relentless focus
on innovation

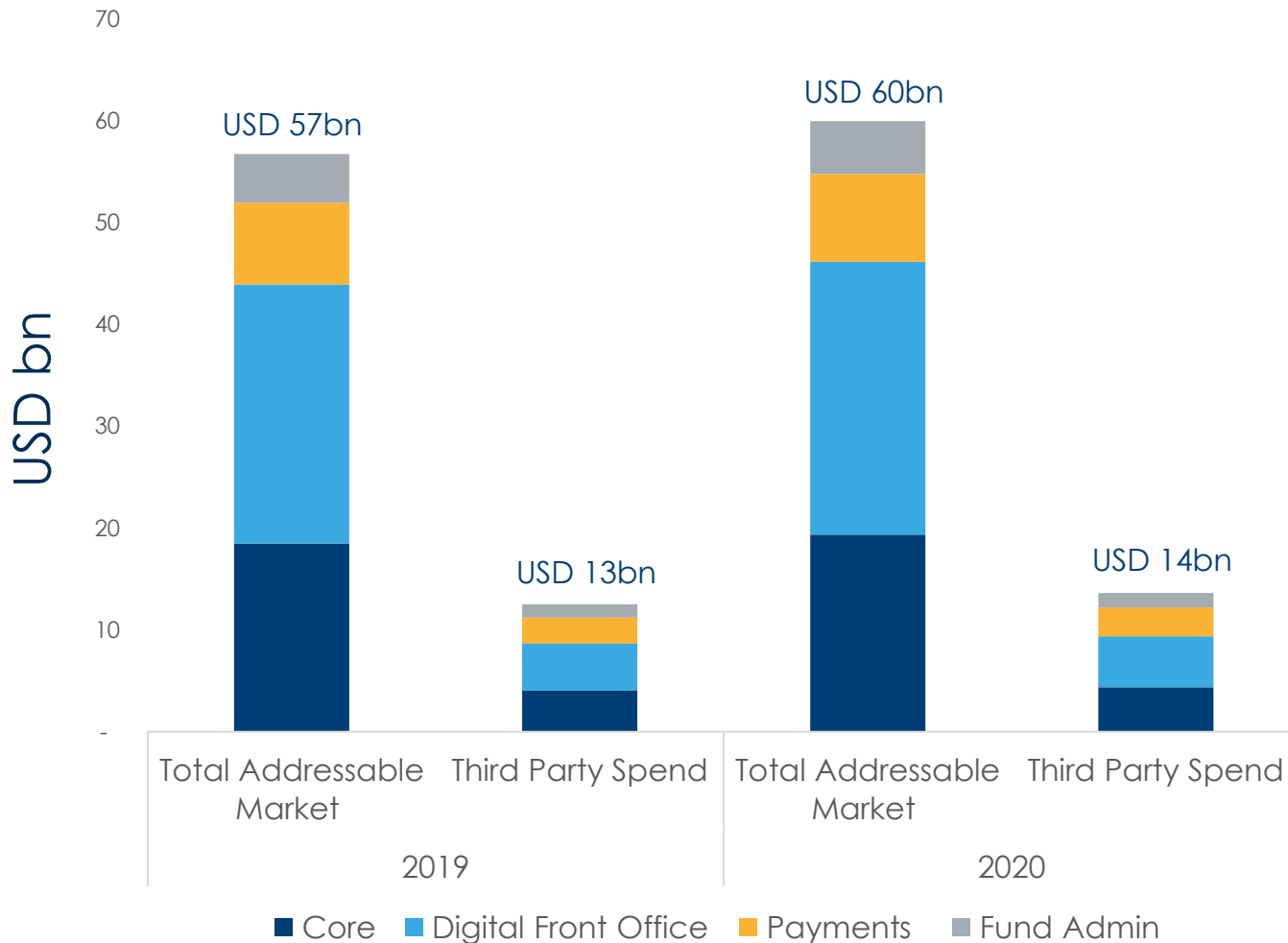


Continuous &
faster deployment



Network of 6,500+
consultants

Structural trends are driving market growth



Banks will increase the Third Party Software spend at a CAGR of 8% 2020 – 2022



Core banking growing at 7% CAGR for 2020-2022



Digital front office growing at 8% CAGR for 2020-2022



Payments growing at 10% CAGR for 2020-2022

Source: IDC, Ovum, Celent, Temenos estimates

Note 2019 addressable market increased due to opening of new markets including fraud and new spending data from IDC and Ovum

*Based on the new spending data from IDC (May 2019) and Ovum (July 2019)

Strategic initiatives to drive growth



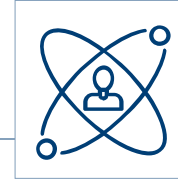
Enhance
award winning
solutions



Geographic
market
development



Investing in Sales
and marketing,
Cloud/SaaS and
Talent and
people



An expanding
partner
ecosystem



Using M&A to
accelerate
organic growth

Excellent progress in 2019



Enhance award winning solutions

Cloud-based microservices

Hypersonalisation of front office with XAI

Continuous renovation of Tier 1 back office



Geographic market development

Significant traction in the US for Infinity and Transact post integration of Kony



Investing in Sales and marketing, Cloud/SaaS and Talent and people

68% increase in SaaS ACV in FY 2019



An expanding partner ecosystem















6,500 partner consultants, 12,000 developer community members



Using M&A to accelerate organic growth



| We benefit from five engines of growth

		2022 third party spend (USD bn)	CAGR 2020-2022	
		\$5.1	7%	
		\$5.9	8%	
		\$3.3	10%	
		\$1.6	8%	
				
				

ALL DEPLOYMENT OPTIONS

Source: IDC, Celent, Ovum, Temenos estimates

Note: 2022 addressable market increased due to opening of new markets including fraud and new spending data from IDC and Ovum
WealthSuite spend is now included in Infinity

Exceptional momentum in SaaS and Cloud

50+

Core banking clients

(52% increase vs 2018)

1,000+

Clients use Temenos SaaS services

(+125% vs. 2018)

42%

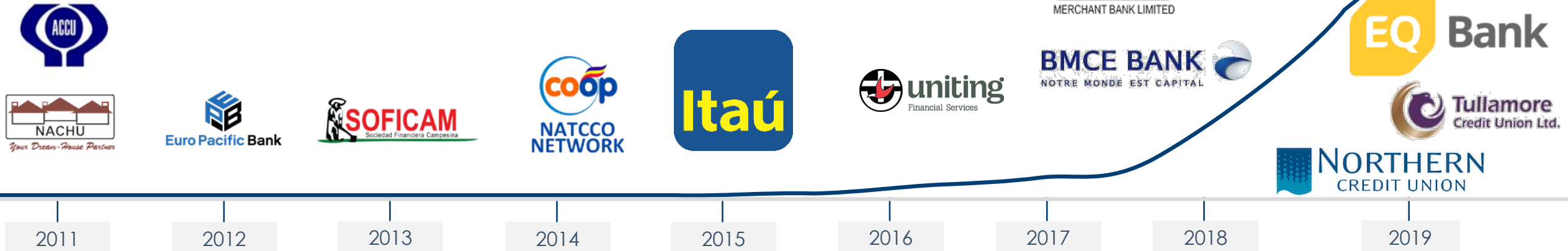
of all new deals are Cloud

(new clients sales)

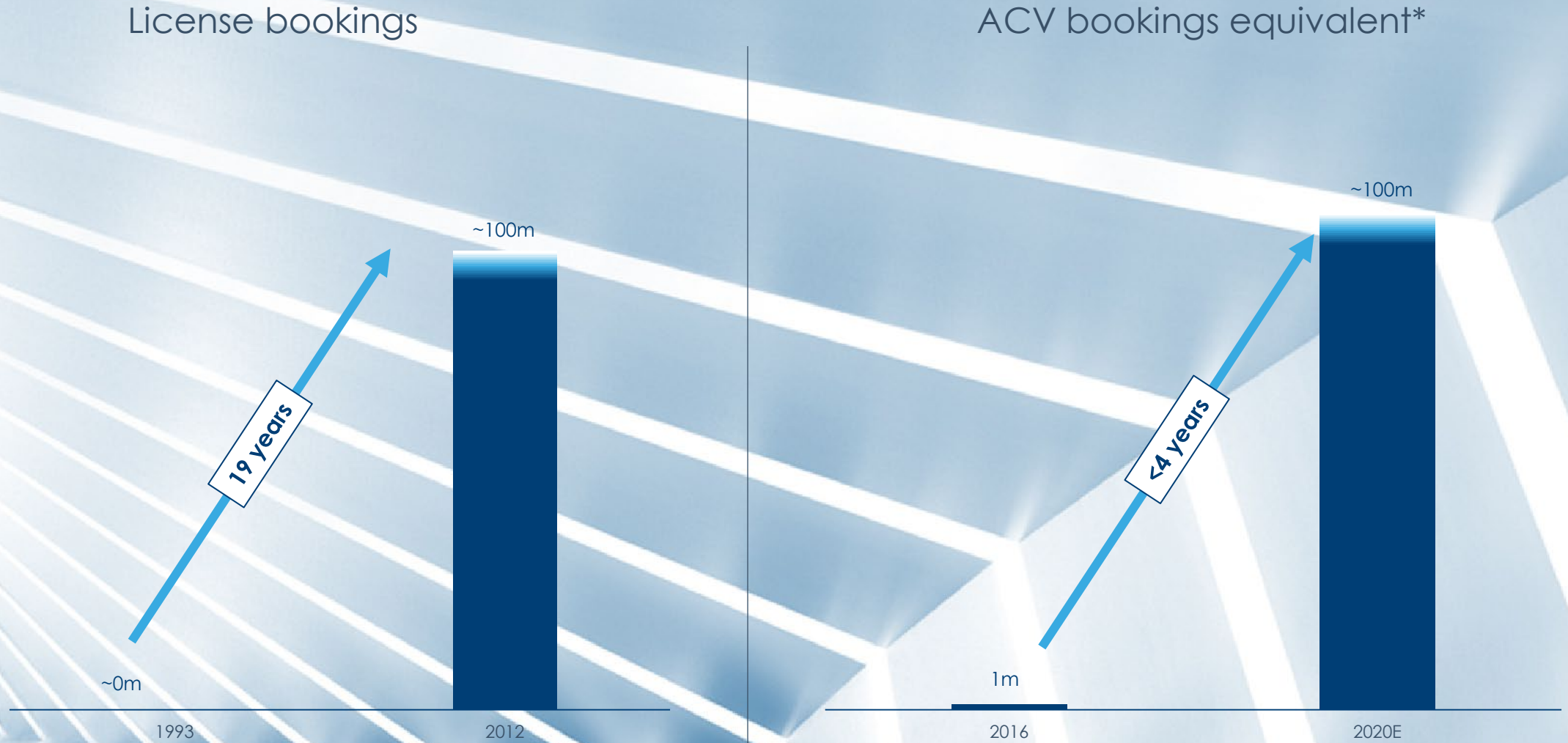
68% ACV

growth in 2019

(average contract term c. 3.5 years)



A tectonic shift in growth acceleration



*see appendix for definition

| Driving growth in the US



38% revenue growth and 50% headcount growth in the US, 57% increase in sales headcount in the US

Temenos Infinity enhanced through Kony and Avoka, extensive SaaS and digital expertise and local market knowledge

Building pipeline for Infinity and Transact across client tiers

Launched US SaaS digital bank, live in 90 days

THE ECOSYSTEM ADVANTAGE: CUSTOMER SUCCESS AT SCALE

8,000

Temenos Team

6,500

Experienced
Partner Consultants

1 bank going live

every day on Temenos
software

3,000+

Customers

100+

Fintechs

12,000+

Developer
Community Members

500m

Bank customers
relying on Temenos
software every day





TEMENOSITY

TENACITY

VELOCITY

RESPONSIBILITY

AUTHENTICITY

COMMUNITY



ESG leadership drives value creation

E ENVIRONMENT

Environmental
Management

Climate Change & Carbon
Neutrality

S SOCIAL

Digital Inclusion &
Innovation

Gender Diversity & Equal
Opportunity

Employee
Volunteering

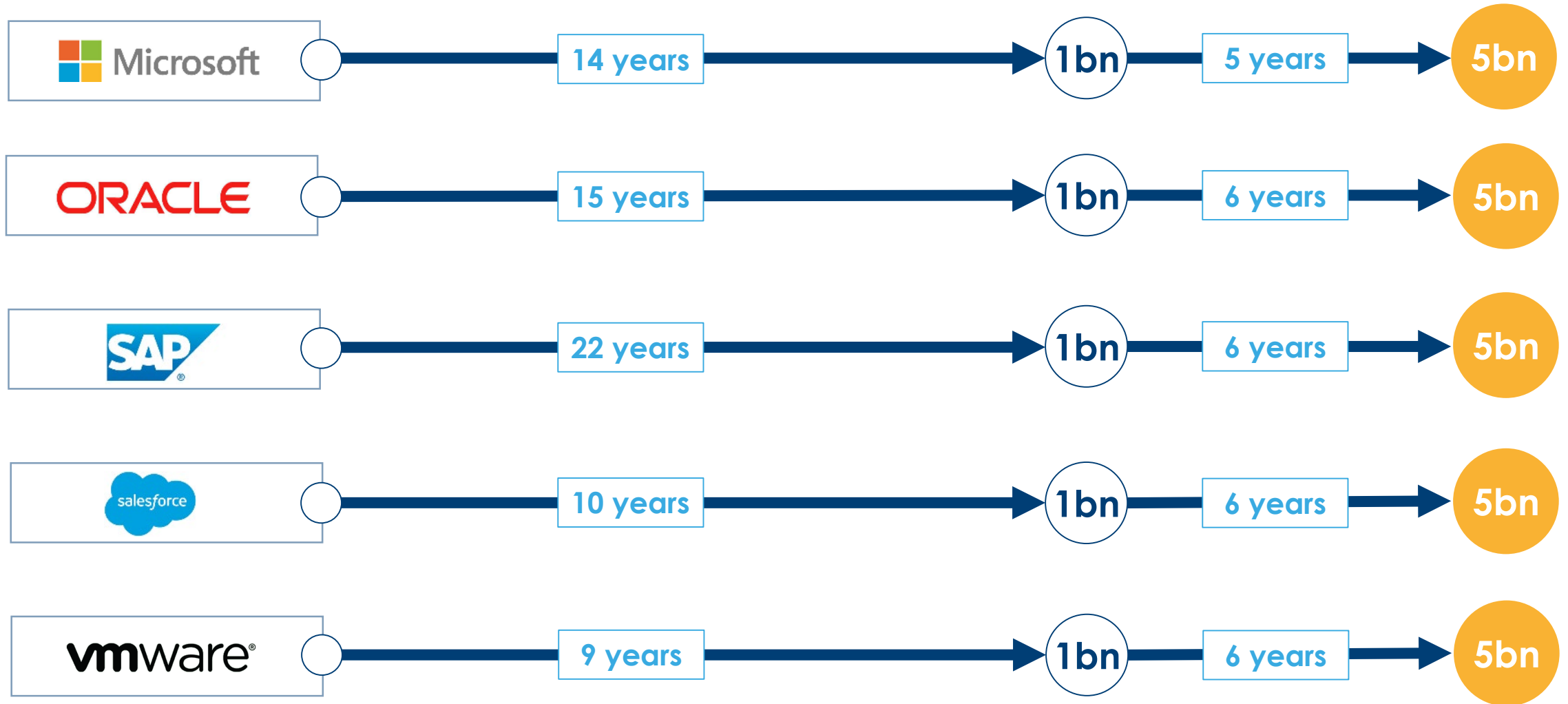
G GOVERNANCE

Ethical Business Conduct &
Governance

Responsible
Procurement

Information Security, Data
Privacy & Resilience

| We have reached the \$1bn inflection point



*figures rounded



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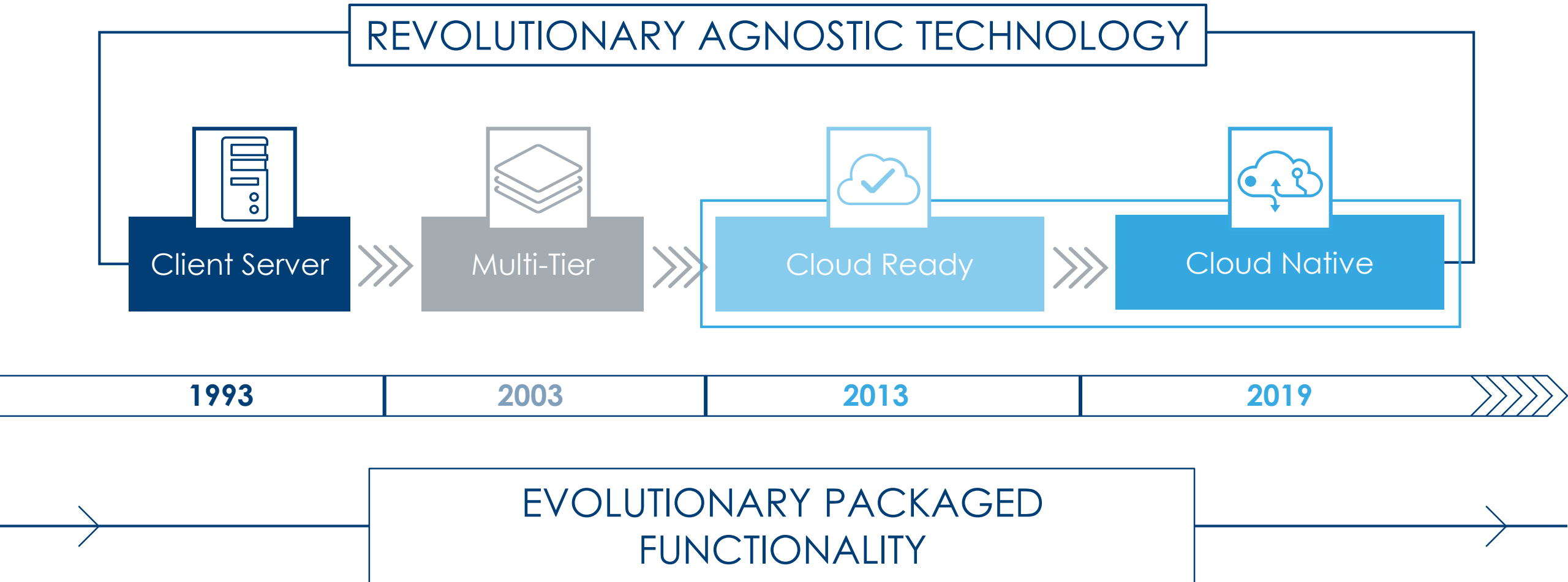
| Product leadership

Mark Winterburn,
Chief Product and Technology Officer



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| 25 years of leadership in banking software



Temenos Software



Temenos Runs Software



Client Runs Software



Applications into Microservices

Separation of solutions into

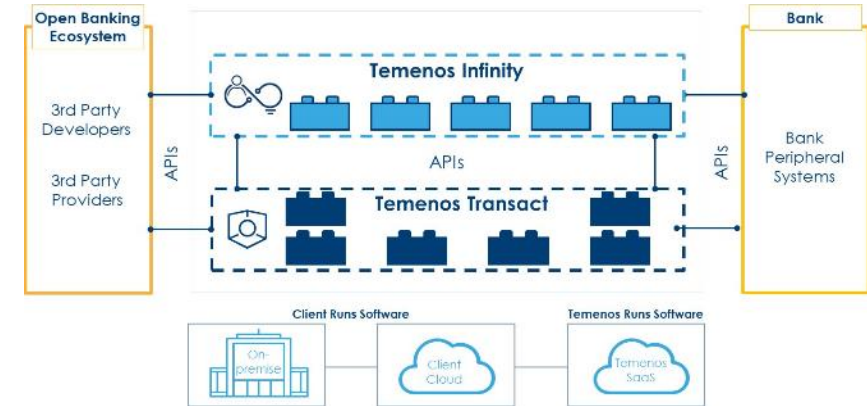


TEMENOS
Infinity

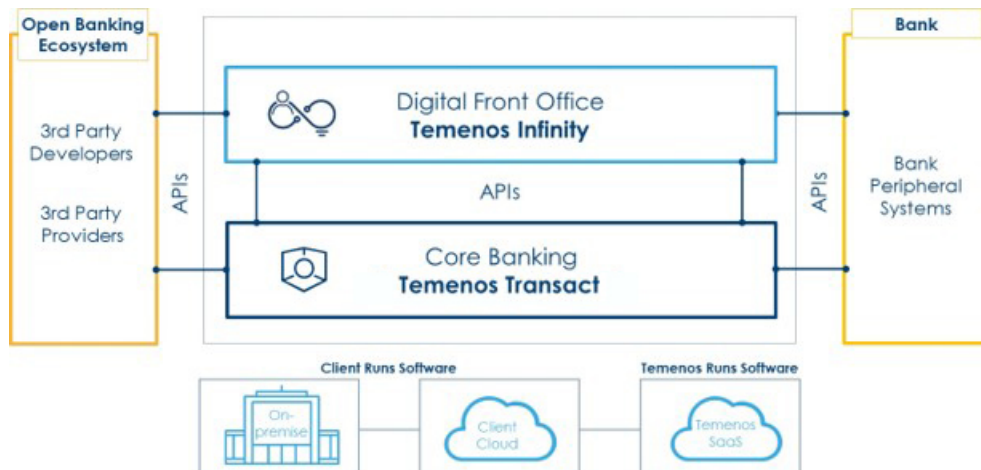


TEMENOS
Transact

2019



2020



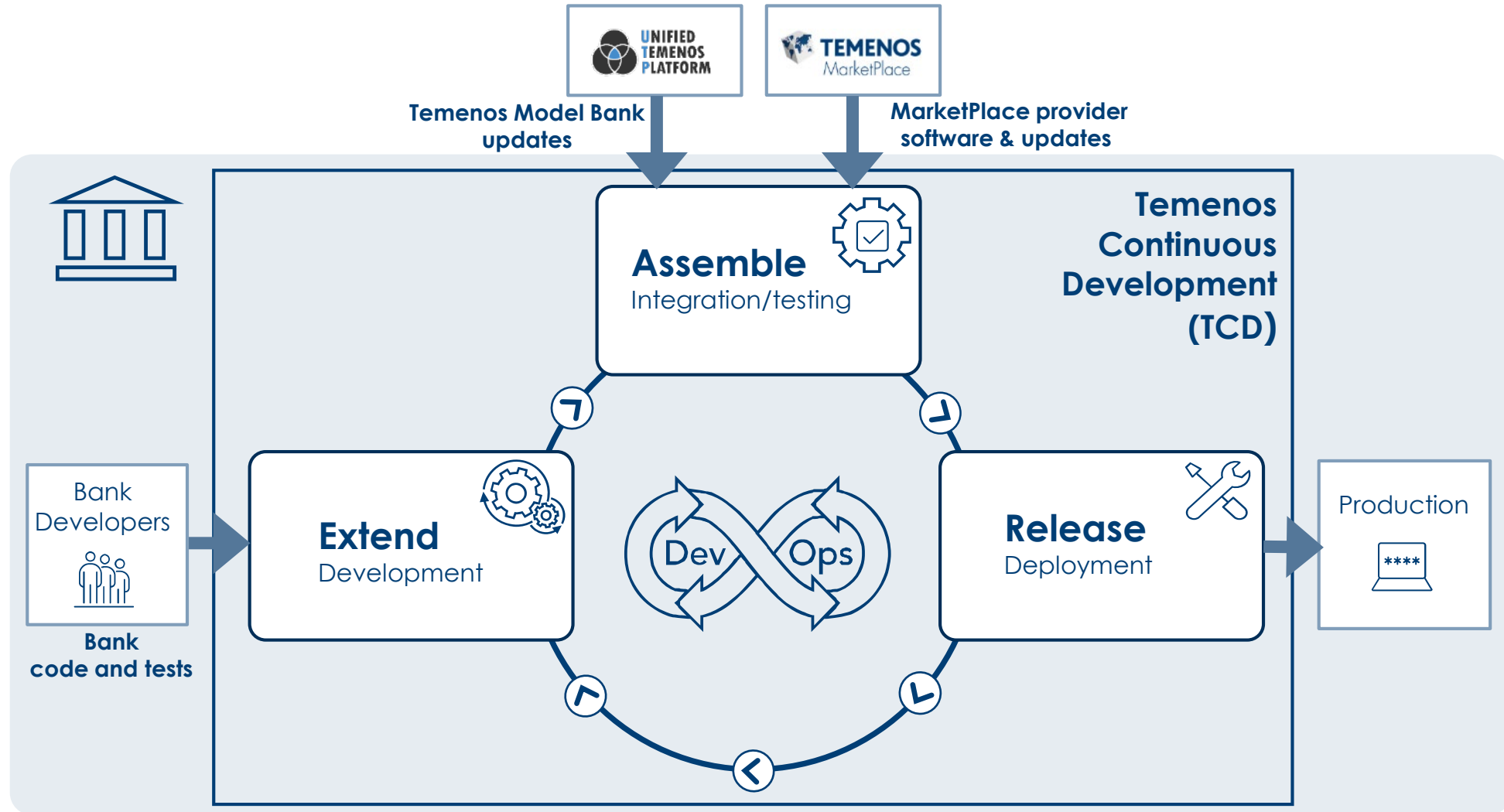
Infinity
Distribution Services



Transact
Microservices

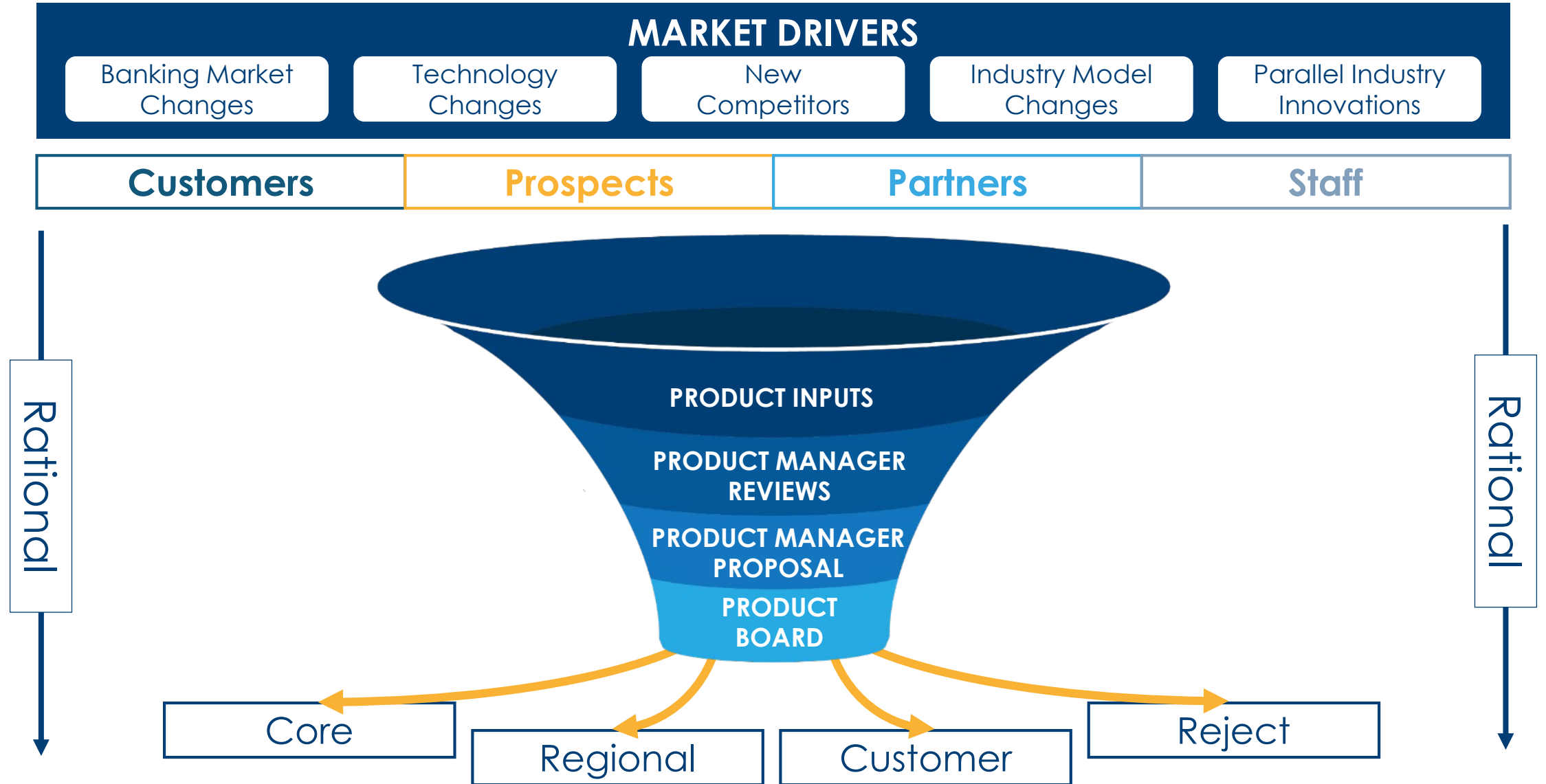


Delivered using Continuous Deployment



Build in the morning, consume in the afternoon

Significant investment in innovation



Functional Investments



TEMENOS

Infinity

DISTRIBUTION SERVICES

Open omni-channel services

Independently deployable

Multiple cores, multiple channels



TEMENOS

Transact

MICROSERVICES

Standalone functionality

Independently deployable

Partial upgrades

77 FURTHER FUNCTIONAL ANNOUNCEMENTS TO OUR SALES FORCE IN JANUARY 2020



Infinity



Transact



Payments



Fund
Administration



Analytics



Regulation &
Compliance



Financial
Crime
Mitigation



Wealth

| The five drivers of growth



TEMENOS
Infinity



TEMENOS
Transact



TEMENOS
SaaS



TEMENOS
Fund Administration



TEMENOS
Payments





| Temenos Infinity

Brian Abele,
Product Manager



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THE BANKING SOFTWARE COMPANY

| The digital front office market opportunity



Digital front office is the platform for **marketing to, acquiring and servicing customers** of the bank



Medium term spend of **\$5.9bn** growing at **8% CAGR**



Our product offering is **Temenos Infinity**

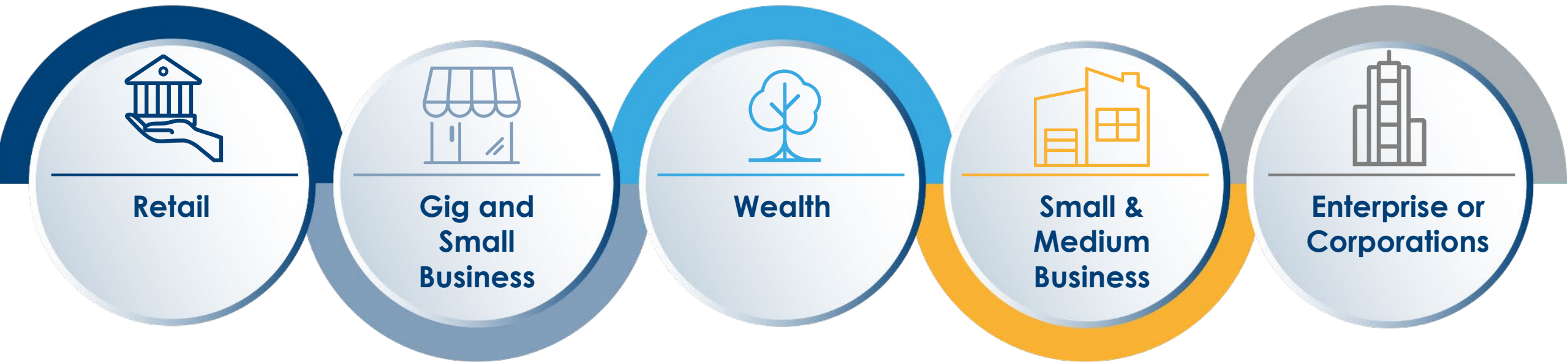


Our value proposition is an **omni-channel full service platform AI, API, and microservice driven**, enabling **hyper-personalized digital experiences** through **banking-specific distribution services** built for Open Banking

Competitive landscape

	 TEMENOS	Backbase	Q2	EdgeVerve	Crealogix
Digital Front to Back	✓	✗	✗	✓	✗
Distribution based Architecture	✓	✗	✗	✓	✓
Crosses all Banking Verticals	✓	✓	✓	✓	✓
Proven Digital Onboarding with Journey Analytics	✓	✗	✓	✗	✗
Extensive partner ecosystem	✓	✓	✓	✗	✗

| A holistic Digital Banking capability



How banks use Temenos Infinity



Customer



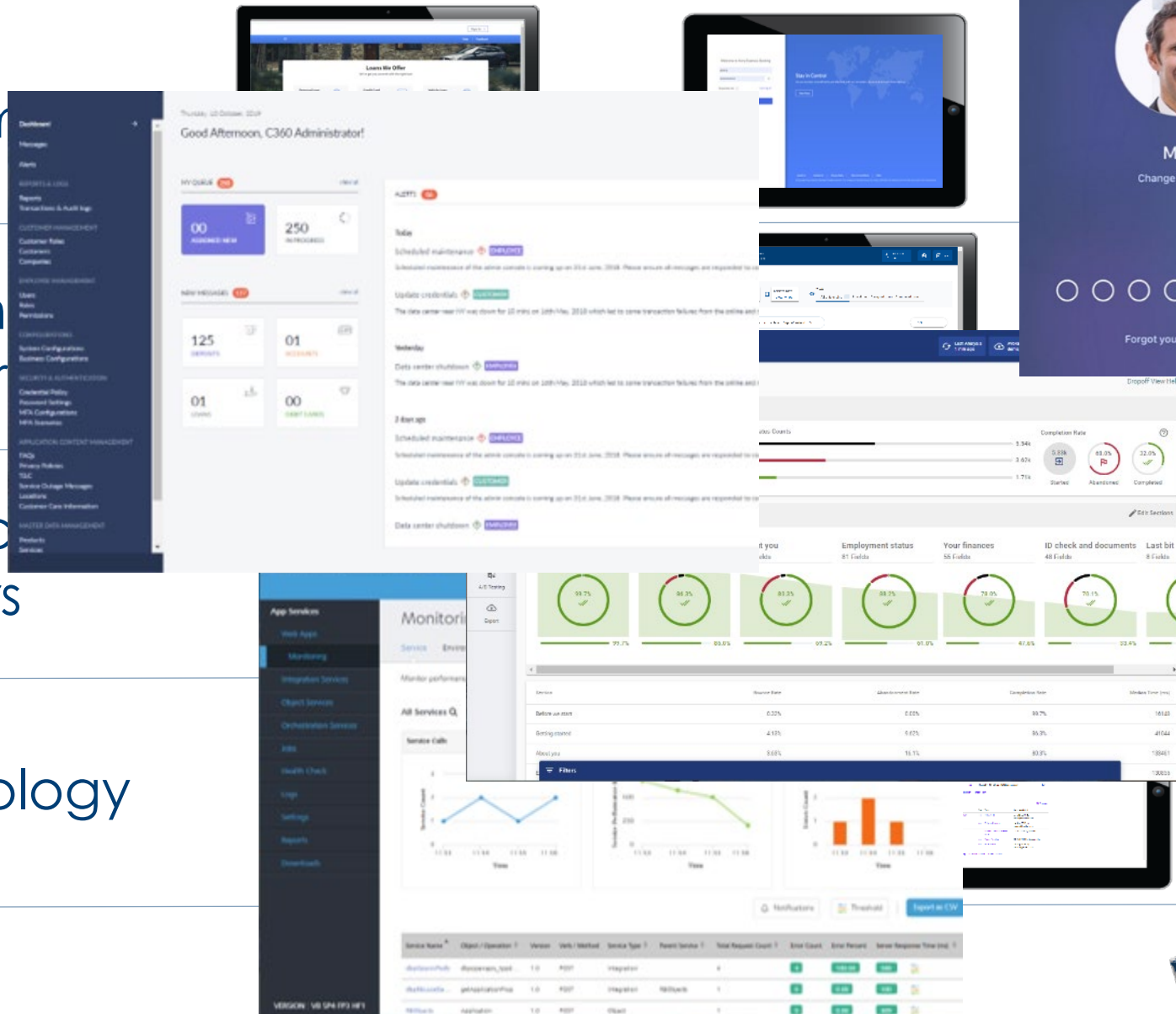
Branch Support



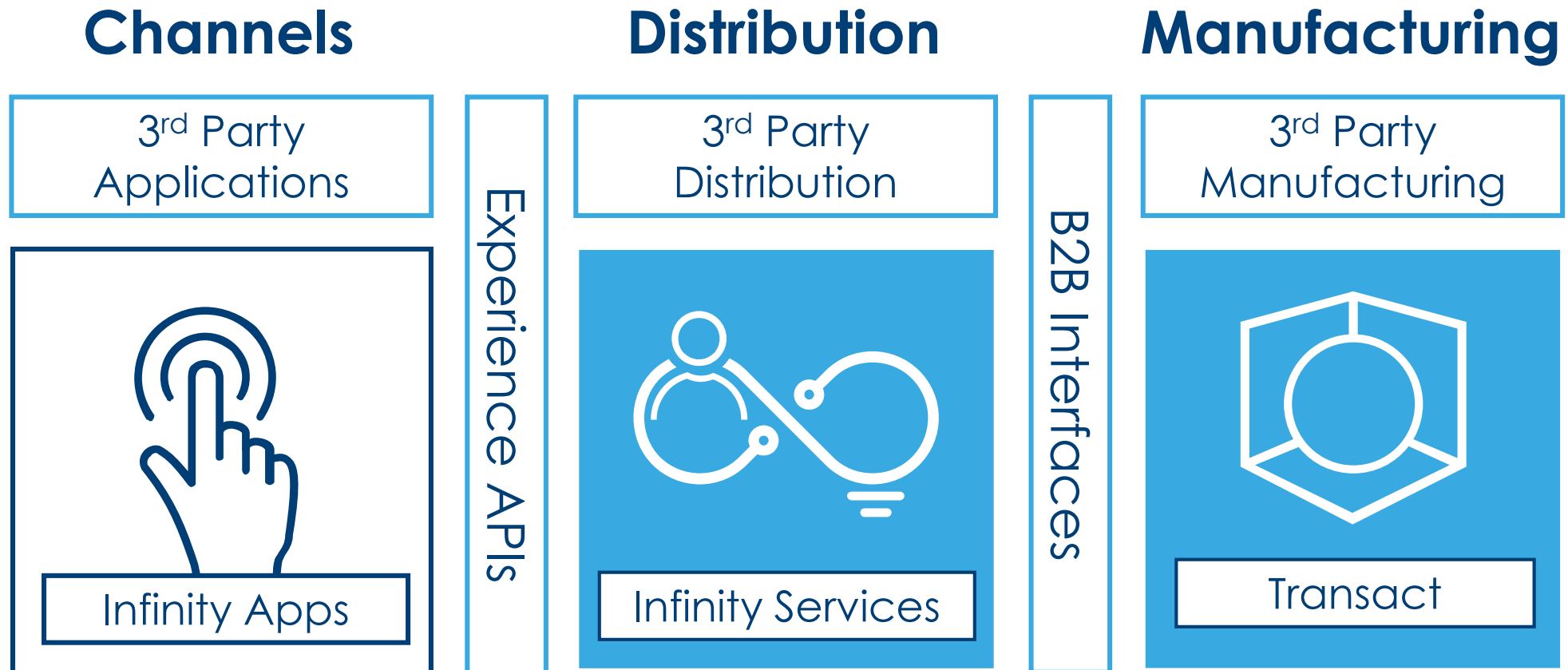
Product Owners



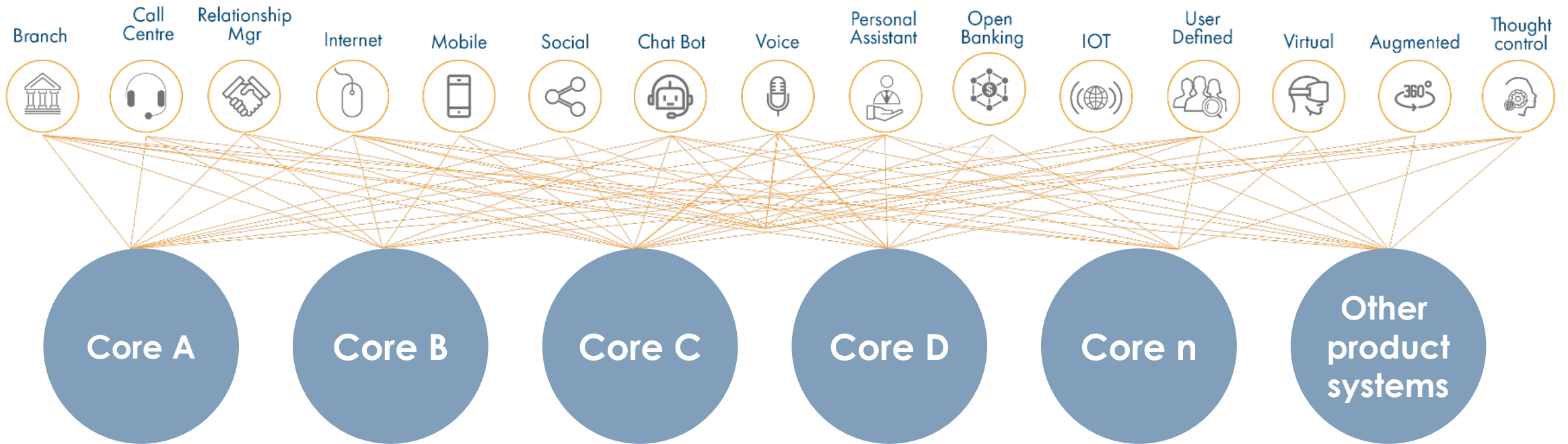
Technology



| The banking value chain



A bank without Temenos Infinity

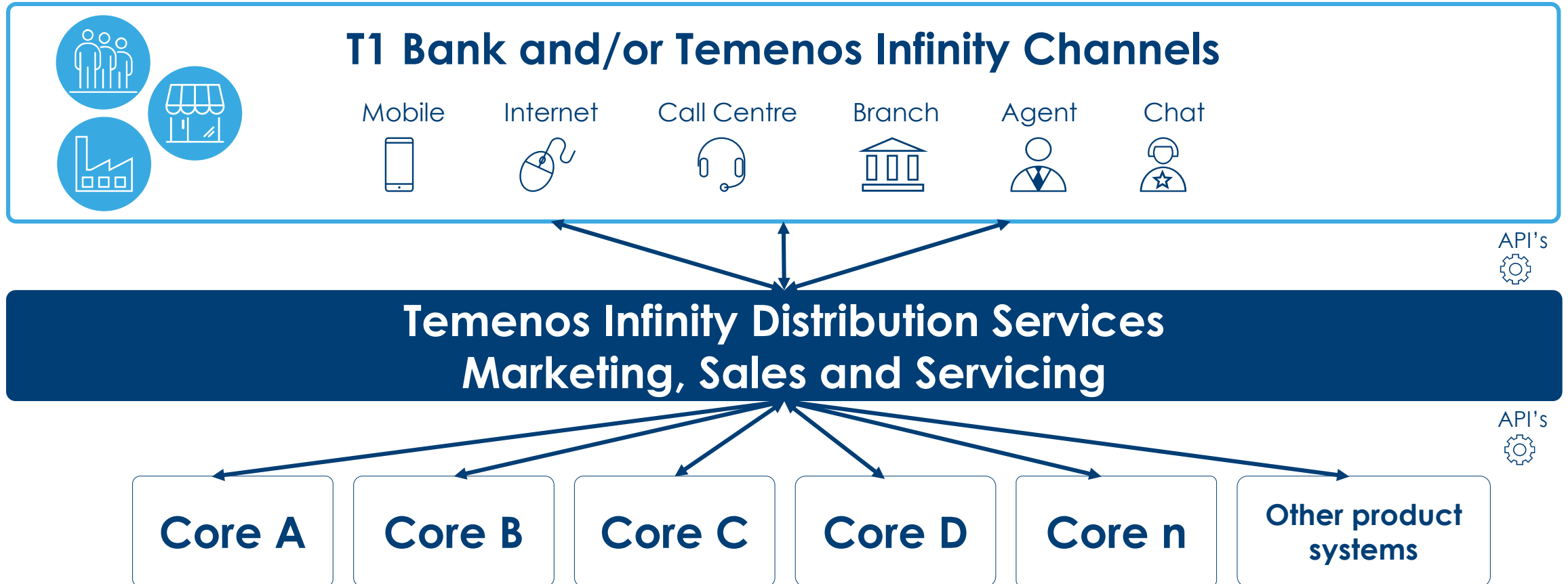


Application drop-offs

Lost marketing leads

High legacy platform costs

A bank with Temenos Infinity



Distribution Microservices

Microservice based

Origination

Onboarding

Marketing
Catalogue

Payment
Initiation

Real-Time
Engagement

Funds
Authorization

Multi-Party

Holdings &
Arrangements

Distribution Microservices – key value statements

Personalization & Explainability

Deployment & Cost of Operation

Time to Market

Scalability & Availability

Adoption of New Business Models





| Temenos Transact

Alex Duret,
Product Director



TEMENOS
THE BANKING SOFTWARE COMPANY

| The core banking market opportunity



Core banking is the **transaction processing and position keeping system** of the bank



Medium term spend of **\$5.1bn** growing at **7% CAGR**



Our product offering is **Temenos Transact**



Our value proposition is to deliver a **faster and cheaper transformation** through technology **innovation** and 25 years of **packaged & integrated** functionality

Competitive landscape

	 TEMENOS	Infosys	Oracle	Sopra	Mambu
Global, all segments	✓	✓	✓	✗	✗
Integrated, end-to-end	✓	✗	✗	✗	✗
Cloud native, cloud agnostic	✓	✗	✗	✗	✗
Upgrade path	✓	✗	✗	✗	✓
Localization	✓	✗	✗	✗	✗

Introducing New Microservices

- Large and complex banks often maintain intricate and ageing core systems built on obsolete technologies.
- Their replacement should be a priority, but can prove difficult to justify in immediate payback or risk.
- Transact microservices architecture enables large banks to strategically transform their core systems at scale, in a safe and progressive manner



| Temenos Transact Microservices



Temenos Transact

Standalone microservices

Accounts
& Deposits

Retail Lending

Enterprise
Product Hub

Enterprise
Pricing Hub

Embedded modules

Trade Finance

Forex

Etc.

| Temenos Transact vs. T24



| Simplify upgrades and speed up adoption of new features

| Enable progressive renovation of complex, legacy core platforms

| Deliver enterprise services

| Where is the value?



Small banks:

full Transact deployment, SaaS



Middle tier:

full Transact deployment, partial upgrades

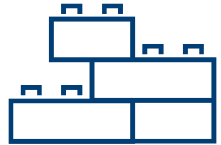


Tier 1-2 banks:

individual microservices, unlock the value of Temenos software



| Temenos Transact in 2020



Micro services

Leading technology for T1 banks for disruptors for any client



Corporate Banking

Heavy investment into a new, competitive, modern offering



Retail Banking

More pricing and lending capabilities to consolidate our lead



User Experience

New user experience based on Kony technology to run & change the bank



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**CAPITAL
MARKETS
DAY 2020**



| SaaS and cloud

Colin Jarret,
Chief Cloud and Delivery Officer



| The SaaS and cloud market opportunity



| SaaS and cloud enable banks to **use our solutions in a cloud environment which can be run by Temenos**



| Applicable across **all Temenos products**



| Our product offering is **Temenos SaaS**, supported by our **Temenos cloud services**



| Our value proposition is an **enabling banks to optimise their use of cloud technology, either directly or with services from Temenos at speed**

Competitive landscape

	 TEMENOS SaaS	Mambu	Fidor	Finastra	Infosys	Avaloq
Global presence with regional customization	✓	✗	✗	✗	✓	✓
Extensive product offering	✓	✗	✗	✗	✓	✓
Cloud Native capabilities for core services	✓	✓	✓	✗	✗	✗
Robust API architecture	✓	✓	✓	✓	✗	✓
Extensive partner ecosystem*	✓	✗	✓	✓	✗	✗

We compare favourably to our closest competitors

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

Exceptional momentum in SaaS and cloud

50+

Core banking clients

(52% increase vs 2018)

1,000+

Clients use Temenos SaaS services

(+125% vs. 2018)

42%

of all new deals are Cloud

(new clients sales)

68% ACV

growth in 2019

(average contract term c. 3.5 years)

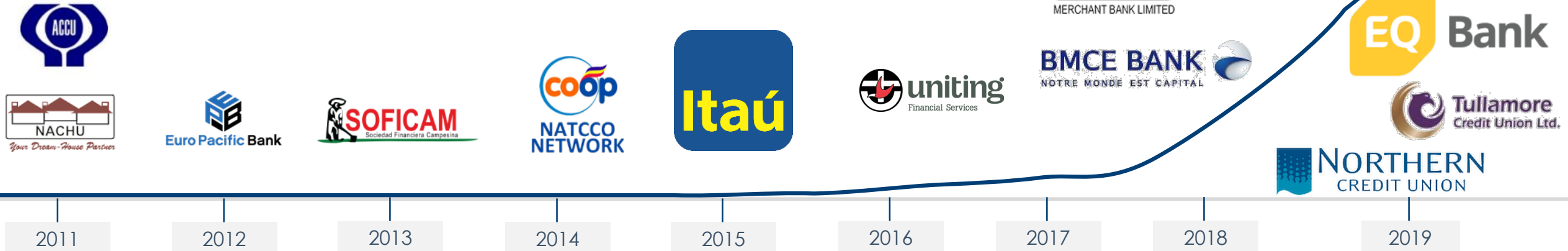
2011

First Temenos Cloud client

250+

Temenos Cloud employees

(112% increase vs 2018)



| Temenos SaaS: investment in operating capabilities



Customer Success

Client Relationship Management

Professional Services

Service Continuity

Service Desk

Service Level Management

Support



Cloud Platform Management

Application Management

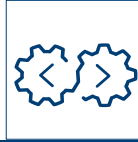
Data Management

Environment Management

Infrastructure Management

Performance Management

Third Party Management



Release & Implementation

Temenos Continuous Deployment

Data Migration

Implementation Partners

Implementation Services

Release Management



Governance, Risk & Compliance

Certification & Compliance

Governance

Regulatory Support

Risk Management

With the integration of Avoka and Kony, we now have even more SaaS capabilities

| SaaS on the rise globally

\$21.5_{bn}

In 2019, public cloud spend is set to reach \$21.5bn in banking, **growing at a projected 22% annually** (IDC).

15%

Worldwide, **15% of bank applications** are already running on the cloud.

36%

of retail banks top new proposition for innovation is building their own **greenfield digital bank** (EIU)



The background image is a wide-angle, low-angle shot of the main concourse of Grand Central Terminal in New York City. The image captures the iconic vaulted ceiling with its three large arched windows, the ornate stone architecture, and the bustling crowd of people moving through the space. The lighting is warm and golden, highlighting the grandeur of the interior.

| US banking market dynamics

Interest rate environment fueling the need for low cost deposit growth

Growing number of banks launching digital only, affinity brands

Rising FinTechs are creating “deposit run-off” pressure

Complexity of US regulatory environment

A low-angle shot of a tall, classical building with many windows and columns. An American flag is waving in the foreground on the right side. The sky is clear and blue.

21st Jan 2020
Temenos announces
the launch of its US
SaaS solution for
new digital banks

| Service and functionality

PRODUCTS

Checking accounts

Savings accounts

MMDA accounts

CDs

SERVICES

On-boarding

Origination

Account servicing

Card mgmt

Bill Payments

ACH Payments

FCM

Analytics

CHANNELS

Mobile

Internet

API



| Service and functionality – future additions

PRODUCTS

Checking accounts

Savings accounts

MMDA accounts

CDs

Consumer Lending

Business accounts

Rewards

SERVICES

On-boarding

Origination

Account servicing

Card mgmt

Bill Payments

ACH Payments

FCM

Analytics

Fedwire

CHANNELS

Mobile

Internet

API

Chat



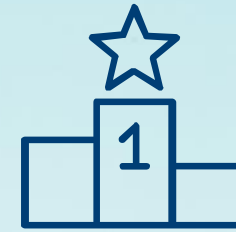


BEST TECHNOLOGY

Using marking leading software including channels, core, FCM, analytics

Microservices and API architecture

Secure and resilient



BEST SERVICE

Market leader in core banking in the cloud

Longest tenure

Experience in regulated markets

Stable of success stories and references

Expertise of teams across globe



| Technology

Tony Coleman,
Cloud Technology Director



TEMENOS
THE BANKING SOFTWARE COMPANY

| The banking technology market opportunity



Technology is the enabler for banks to deliver an **exceptional customer experience**



Our technology permeates all Temenos solutions

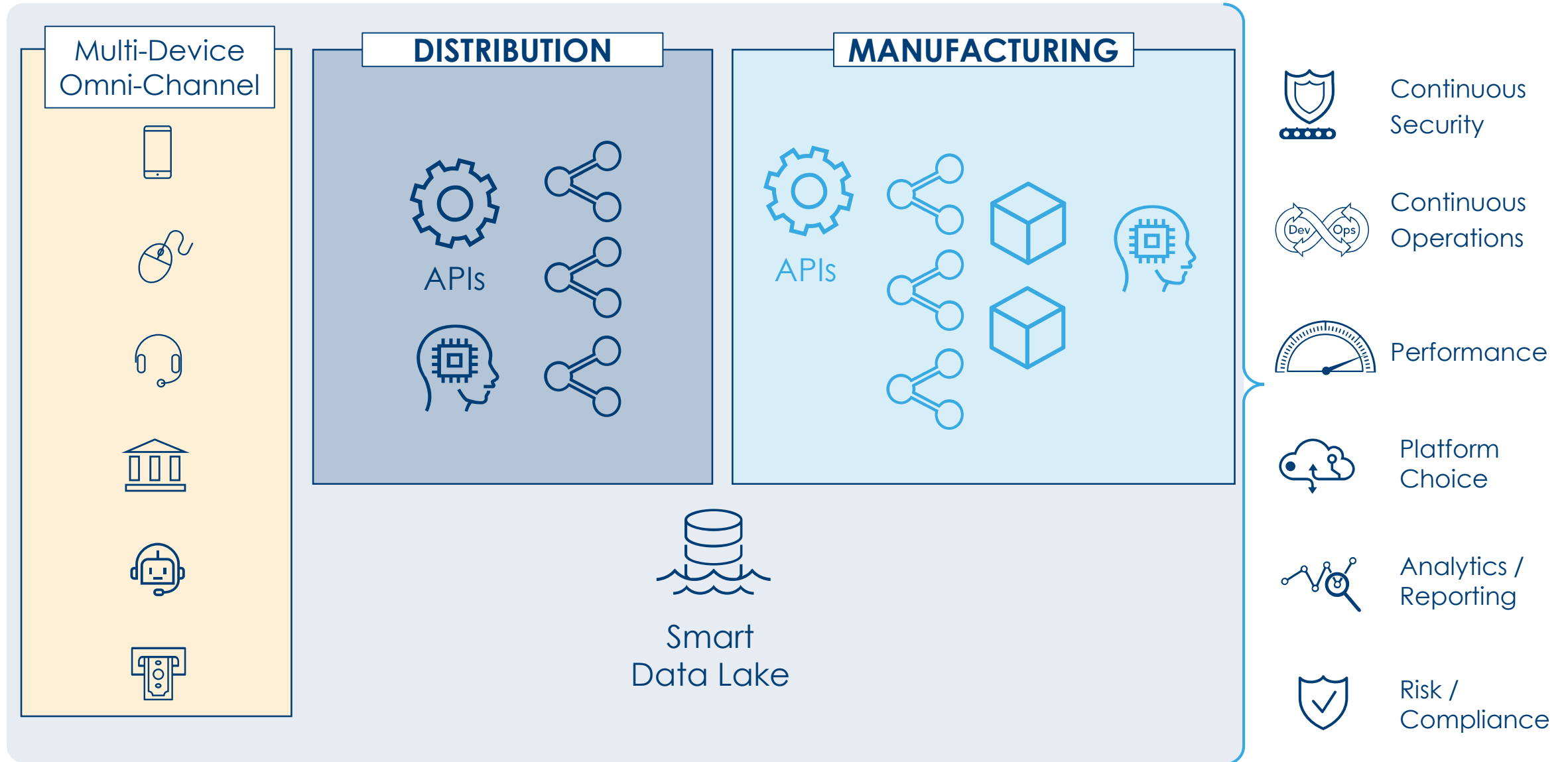


Our value proposition is to provide banks **platform choice** with cloud native, cloud agnostic, **API-first** software, which can be delivered on a distributed **multi-cloud** in a loosely coupled, event driven, **distributed architecture**

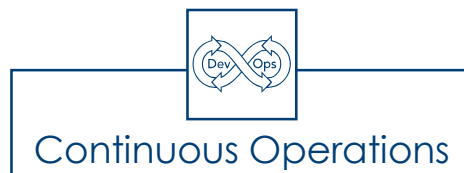
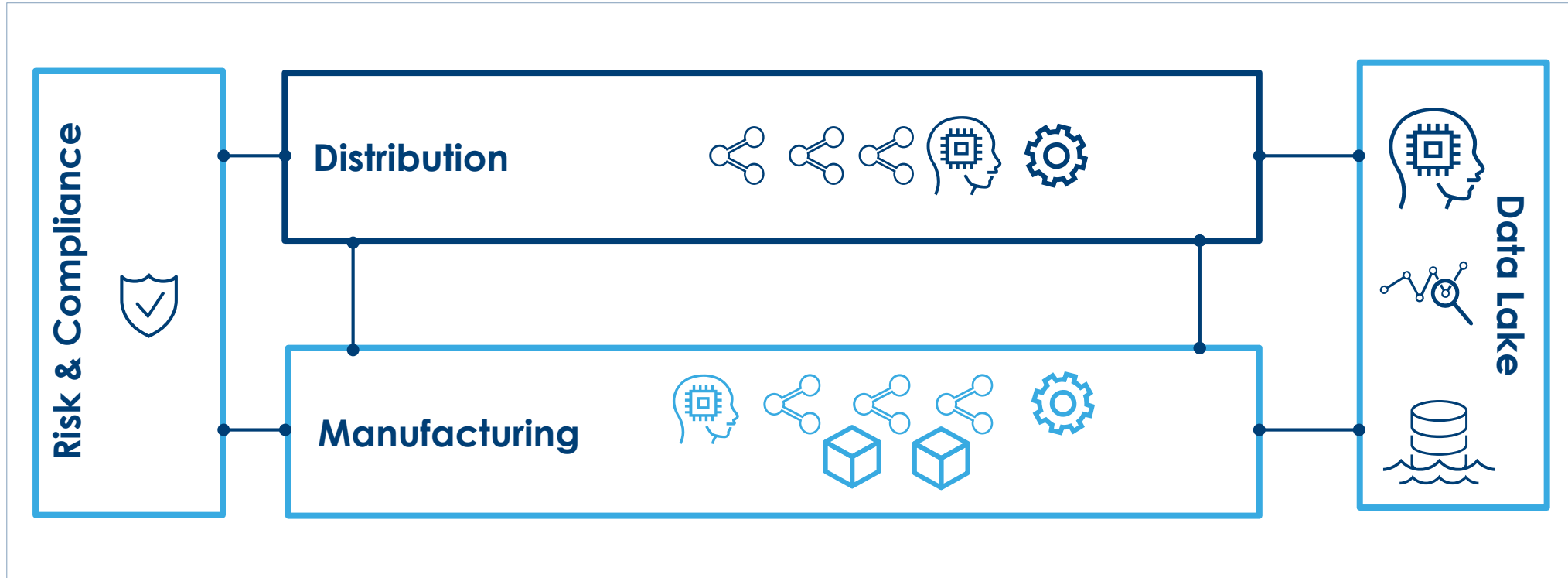
Banks need
TECHNOLOGY
to deliver an
EXCEPTIONAL
CUSTOMER
EXPERIENCE



Delivering exceptional customer experiences



| Temenos delivering exceptional customer experiences



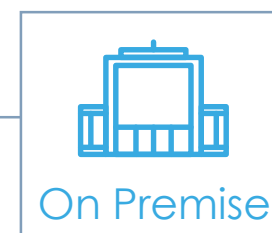
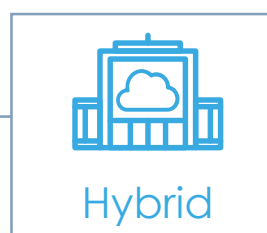
Temenos software



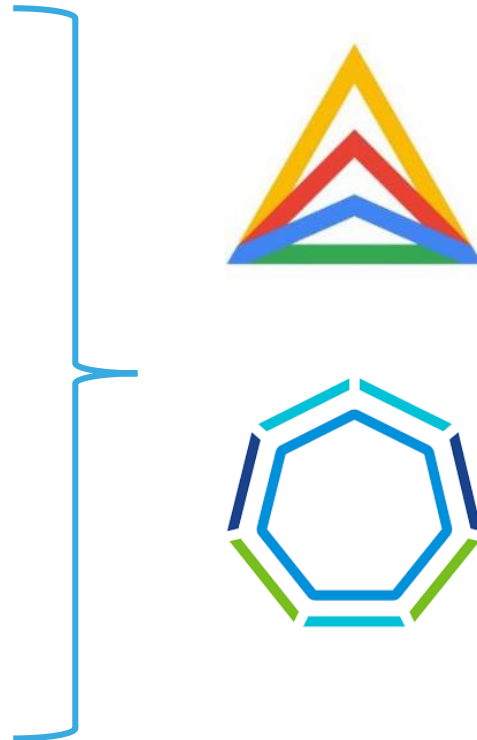
Temenos Runs Software



Client Runs Software



Google Anthos, VMware Tanzu: Multi-Cloud, Managed



Anthos is Google Cloud's hybrid and multi-cloud application platform.

Run anywhere; in the cloud, on-premise, hybrid or on multiple clouds.

A single pane of glass to manage deploy and run

VMware's Tanzu represents a growing portfolio of solutions to help build, run and manage modern apps.

| What's new



Platform
Choice



Distributed
Multi-Cloud



Cloud Native
Cloud Agnostic



Loosely Coupled
Event Driven
Distributed
Architecture



| Temenos Data, Analytics, and AI

Prema Varadhan,
Chief Product Architect



| The Data & Analytics, and AI market opportunity



| **Data, Analytics, and AI** enables banks to gain **deeper insights** into customer behaviour and **increase revenues**



| Embedded within **all Temenos products**, making existing products more **valuable**, and enabling of creation of **next generation** banking solutions

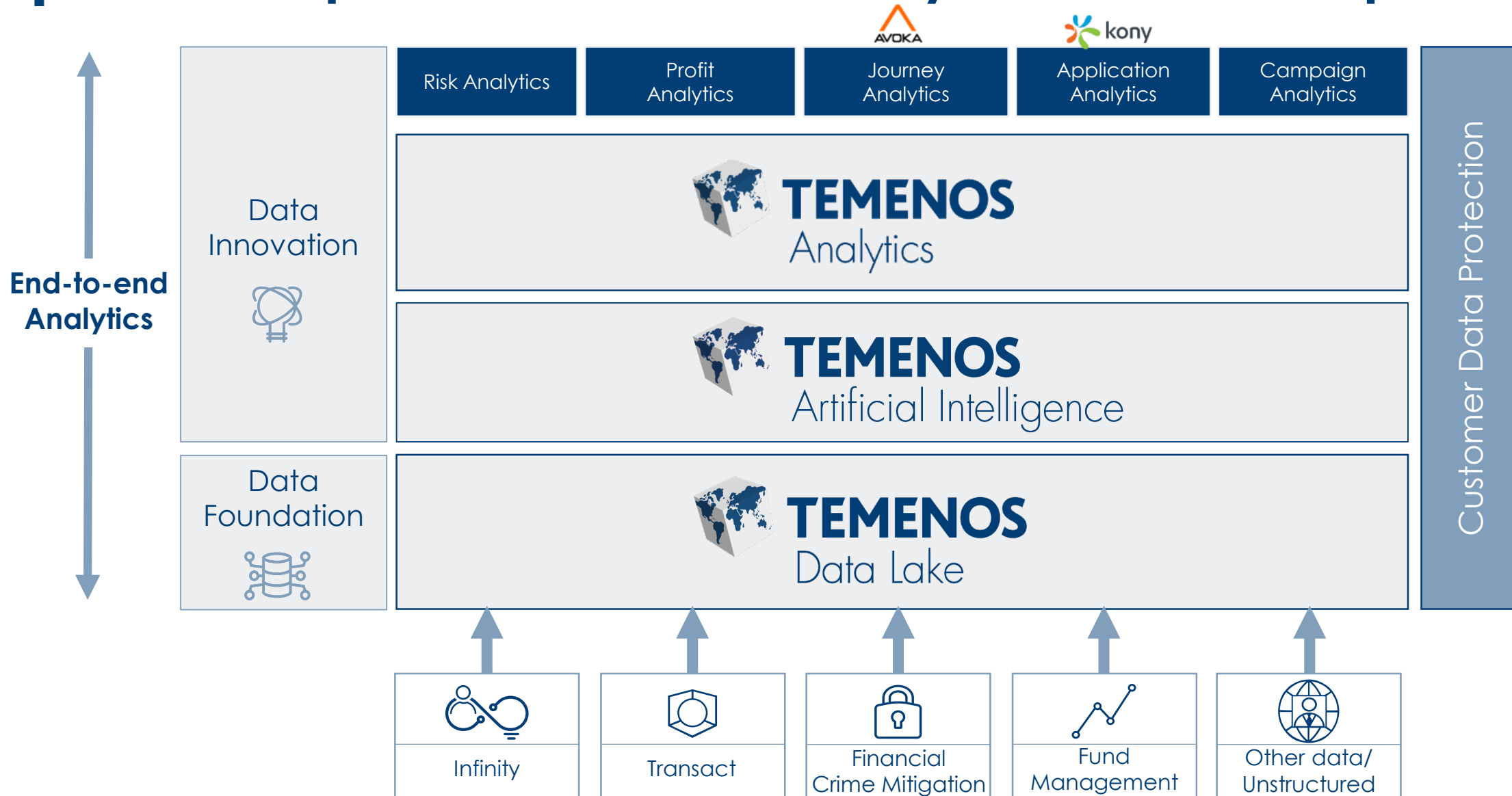


| Our product offering is **Temenos Analytics, Temenos Data Lake, and Temenos Explainable Artificial Intelligence (XAI)**




| Our value proposition is to enable banks to achieve **digital transformation faster, smarter, and at lower cost.**

Full compliment of Data, Analytics, and AI capabilities




| Competitive position – Temenos Analytics

	 TEMENOS Analytics	Other analytics providers
Web native, cloud agnostic platform for development and distribution of analytics and reporting	✓	✓
Hundreds of out of the box banking dashboards, KPIs, analytics, and reports for all banking verticals	✓	✗
Embedded Analytics allowing for no-code integration of analytics into any banking software process or user interface	✓	✗
Self-service analytics to drive smarter decisions and more efficient processes	✓	✗
Analytics APIs driving real-time customer intimacy and personalization via the digital Omni channel solutions	✓	✗
Hundreds of customers in over 100 countries continually driving advancement in the product and roadmap	✓	✗

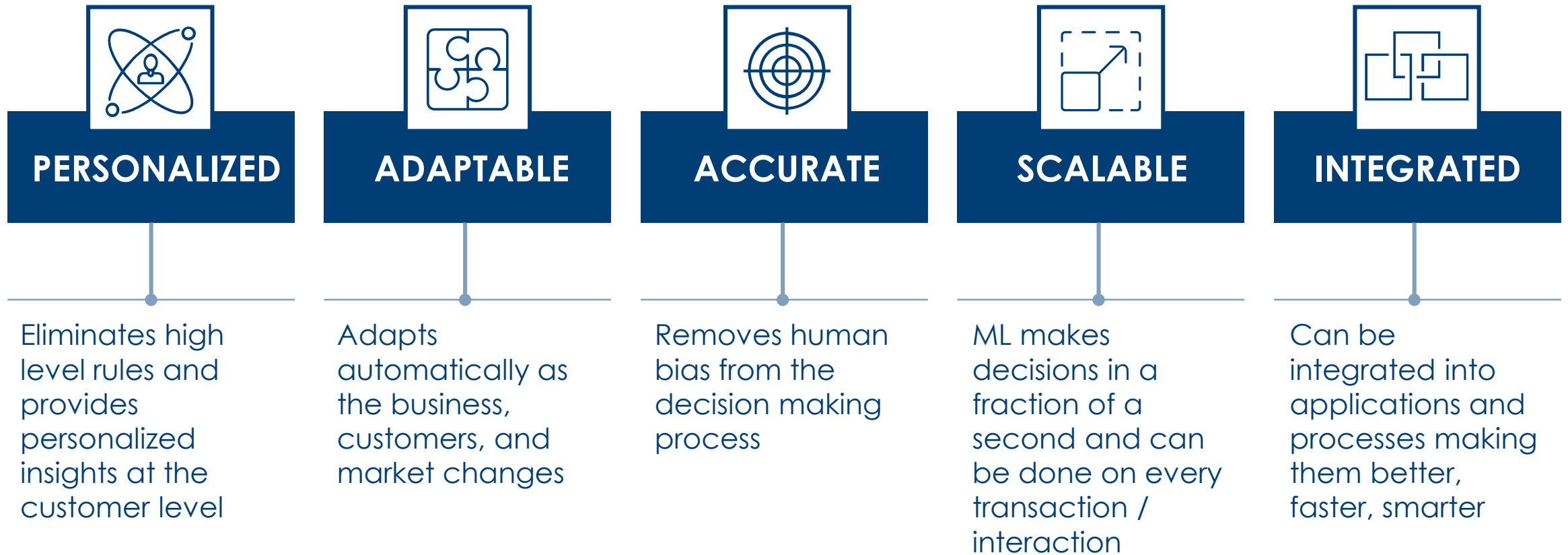
Temenos Analytics fully integrated **Banking Analytics Solution**

Competitive position – Temenos Data Lake

	 TEMENOS Data Lake	Other data lake providers
Natively built on state of the art big data technologies	✓	✓
Provides seamless integration with Temenos core banking system both on real time and batch	✓	✗
Recipient of continuous R&D for next generation connectors	✓	✗
Completely automated data management	✓	✗
Offers build, deploy, schedule, test and visualize in the same solution	✓	✗
Integration of Temenos XAI models predictions mirroring human intuition	✓	✗

Temenos Data Lake delivers up to **3X faster** than competition

| Why AI is better



Our strategy is to build and **embed** Artificial Intelligence into our Banking Platform

Embedding AI into Temenos software

Current

XAI Platform

SME Credit Scoring

Retail Credit Scoring

Peer Group Identifier for (FCM)

Q1 2020

Smart Wealth Advice

Customer Attrition

Customer Lifetime Value

Automatic Alert Evaluation +
(FCM)

Cash Flow Prediction

Q2 2020

Next Best Product

Portfolio Optimization

Credit Score with
Preapproved Loan Amount

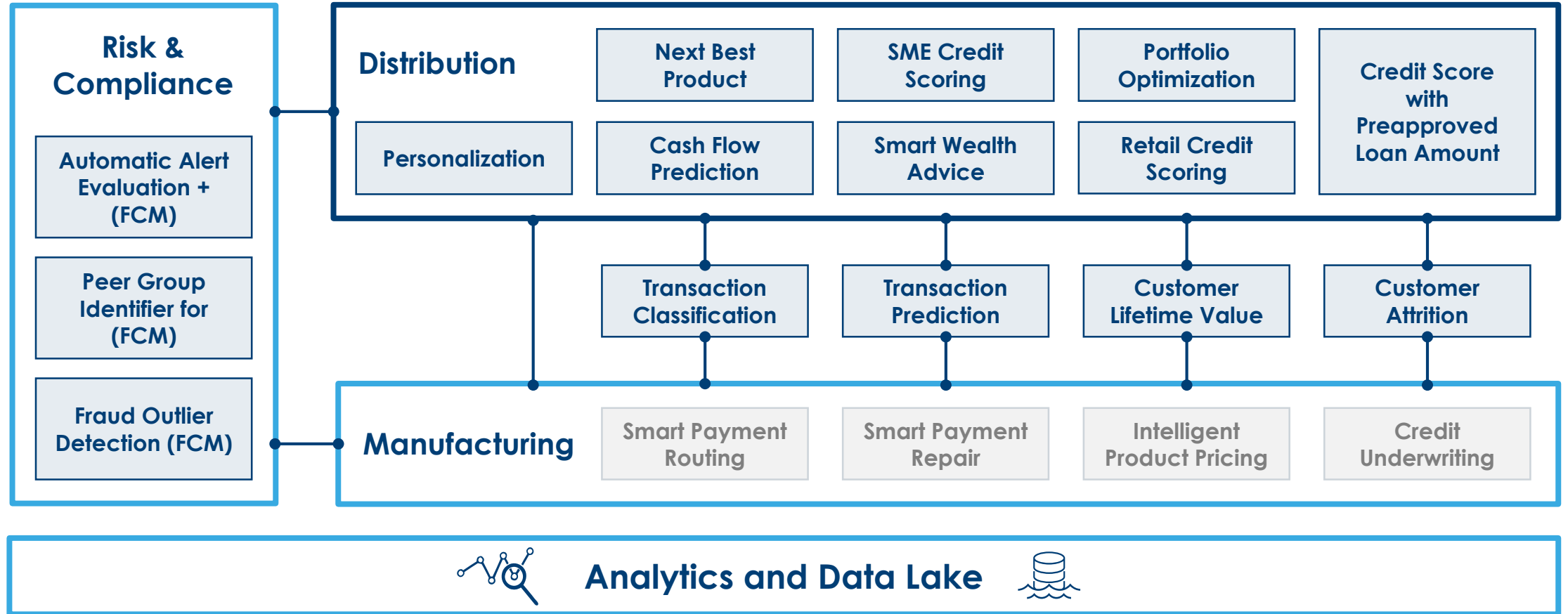
Transaction Classification

Transaction Prediction

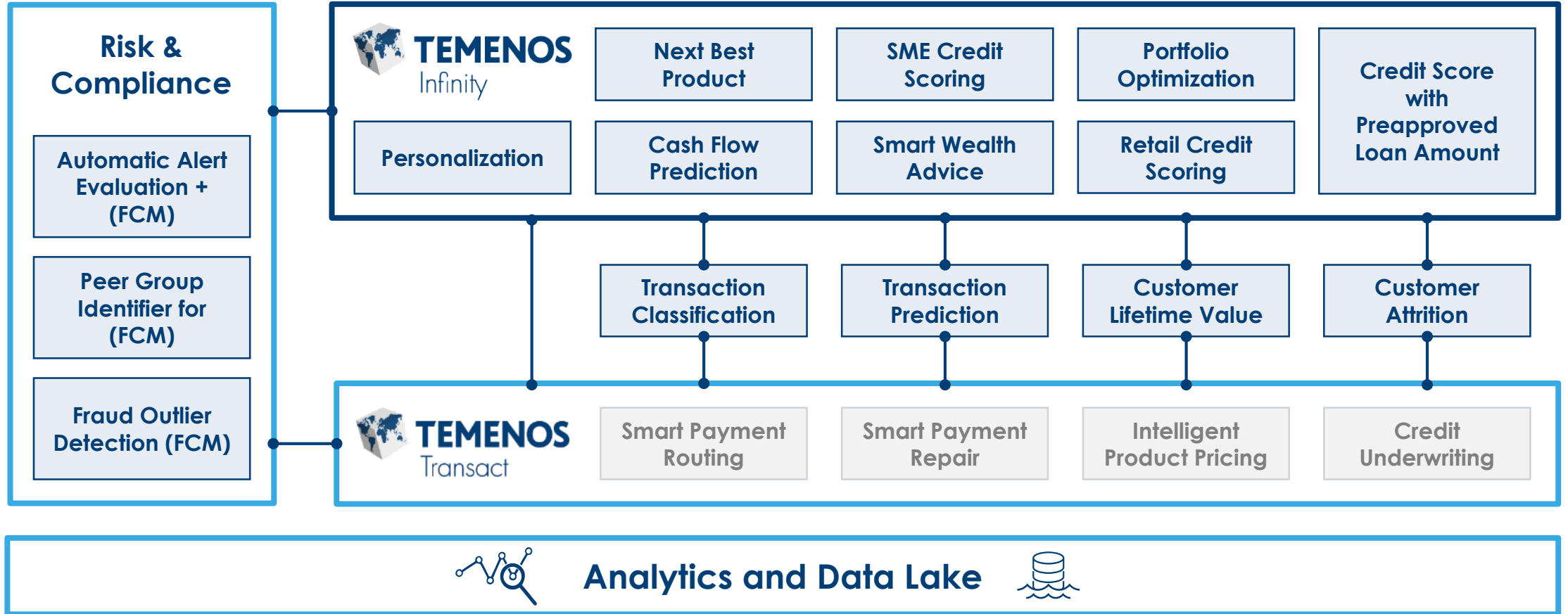
Personalization

Fraud Outlier Detection (FCM)

Temenos AI embedded across the board



Temenos AI embedded across the board



| The explainability of AI decisions

An **XAI** or Transparent AI or Interpretable AI is an AI whose models and actions can be easily understood and analyzed by humans.

TRANSPARENCY

CAUSALITY

BIAS

FAIRNESS

SAFETY

“

Leaders may not invest in AI if they can't see evidence of how it made its decision

PWC - Pricewaterhouse Coopers

”



“

Companies will be at a competitive advantage if they embrace Explainable AI in order to future-proof their AI systems from a regulatory point of view

Accenture

”

| Temenos XAI is uniquely positioned

		Other XAI 
Data driven models	✓	✓
Fully Transparent models	✓	✗
Fully auditable rules	✓	✗
Integrate human experience to augment and edit	✓	✗
Governance	✓	✗
AI predictions mirroring human intuition	✓	✗
Unique patented techniques	✓	✗

Temenos delivers the only fully transparent modelling technique allowing refinements when the model is operational

AI models



Customer Attrition

Minimize customer churn by more than 20% while allowing optimising the customer offers



Personalization

Drive targeted campaigns through recognising unusual contextualised events and offering appropriate services



SME Credit Scoring

Reduce risk and increase new business



SmartWealth Advice

Increase Relationship Manager efficiency with Explainable investment advice



Automatic Alert Evaluations

Harness XAI to improve fraud alert quality without sacrificing compliance



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| Infinity Customer Solutions Demos

Holger Lehmann, Business Solutions Group
Ed Gross, Global Design Centre of Excellence



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| Partners Federal Credit Union

Americas: United States



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THE BANKING SOFTWARE COMPANY

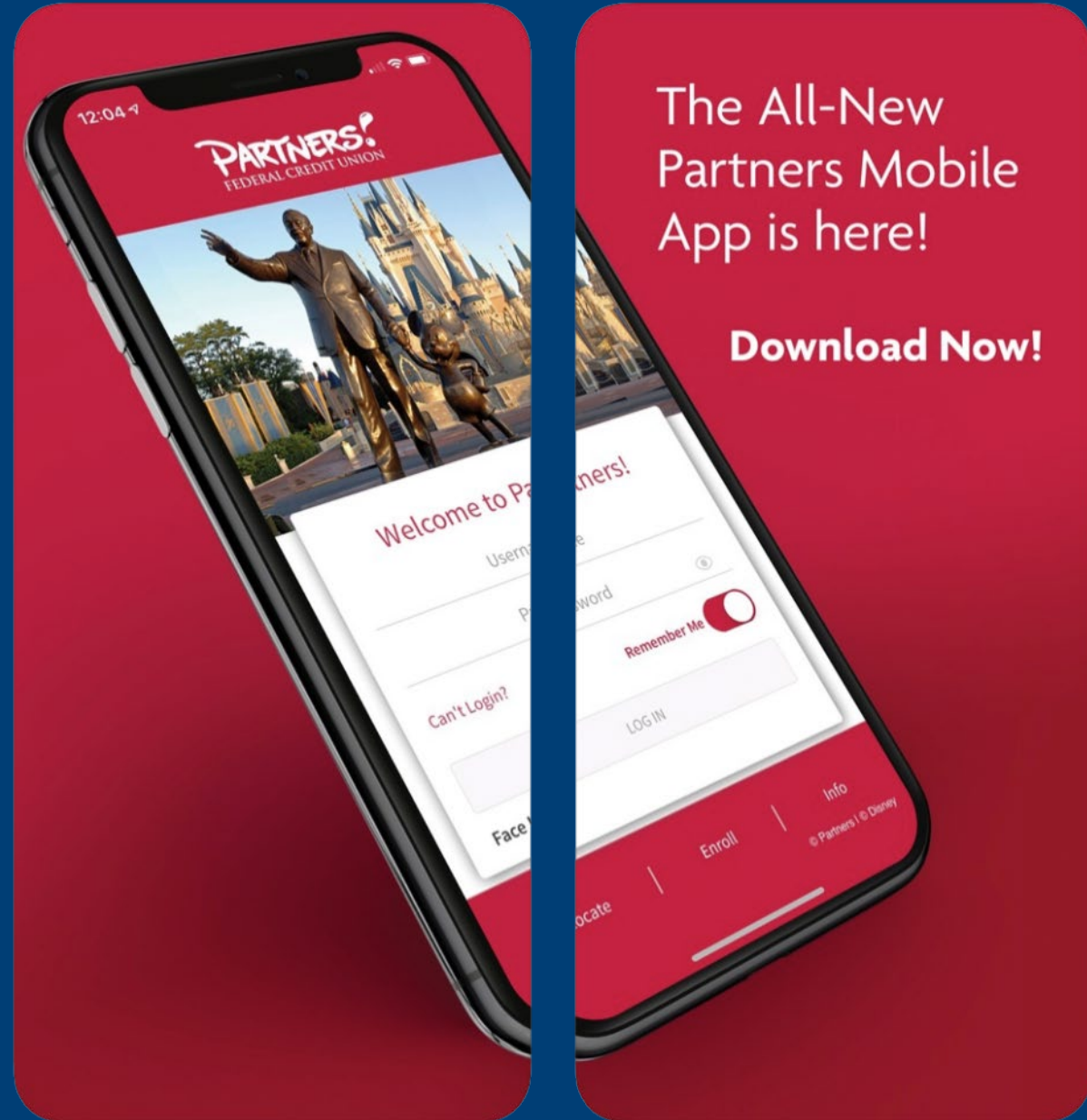


\$1.8BN AUM servicing Disney Cast.

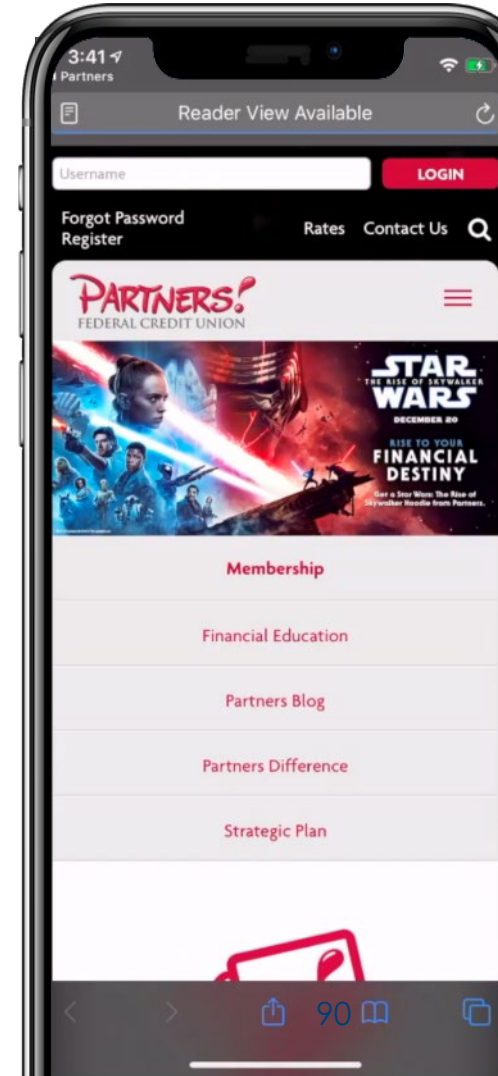
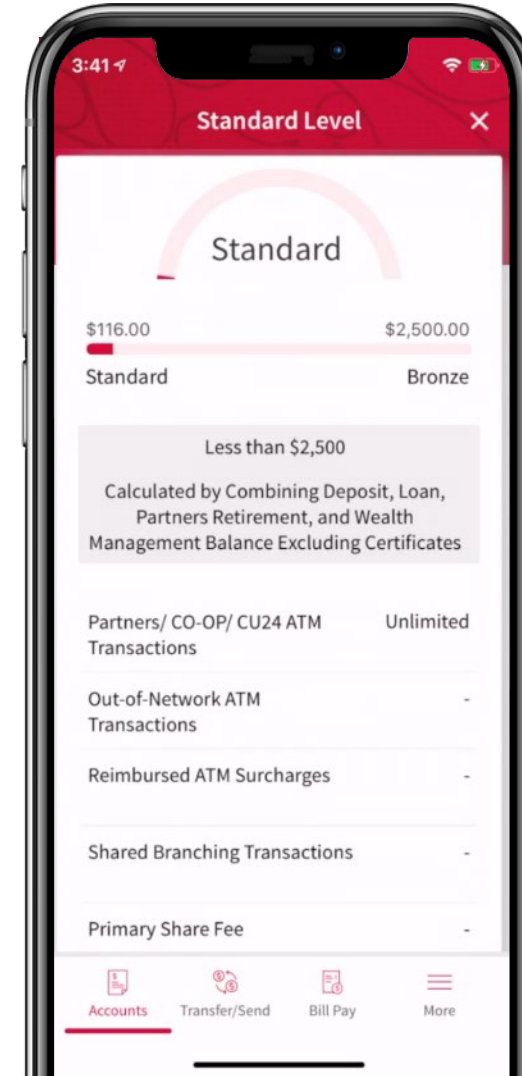
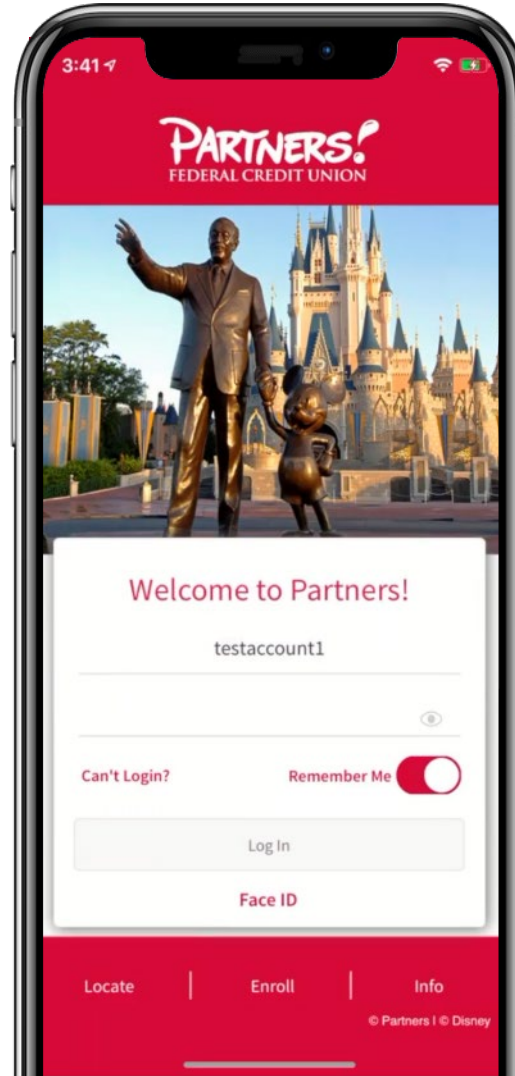
Serving a community that has mastered the art of creating dream-like experiences.

Wanted to

- Gain alignment with Disney brand.
- Grow wallet share of existing members.
- Show members that they are valued.



Demonstration Partners!





Results Powered by Temenos:

From 2.2 to 4.6 star rating in app stores

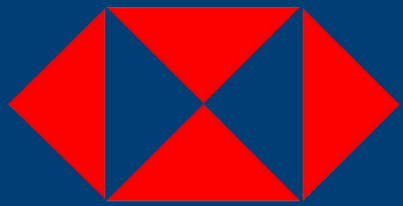
80% of non-cash transactions done through digital channels, reducing operating costs significantly.

16% growth of mobile users in 2019.

4 releases in 4 months, enhancing functionality with every release.

Powered by **TEMENOS**





HSBC

2.5 Trillion AUM

HSBC Credit Card Onboarding & Origination Goals

- Rapid time to market
- Platform & Solution Flexibility
- Connectivity to Ecosystem
- Customer Experience

HSBC Credit Cards

Get rewarded for doing the things you love

New to HSBC? See if you pre-qualify

Find out which credit cards you're eligible for first -- before filling out an application. Available to new HSBC customers, pre-qualification is the fast way to get a decision with no impact to your credit score.



See what cards you're eligible for

1. HSBC Gold Mastercard® credit card
2. HSBC Cash Rewards Mastercard® credit card

Get pre-qualified



No impact to your credit score

Our pre-qualification is a soft credit check, which has no impact to your credit score. It's a quick way to find the card for you.



Fast and simple

Use our online form to enter a few details about yourself and you should have an answer in about 60 seconds.

Card choices for a variety of lifestyles

Low introductory APRs, Rewards Program bonus Points, cash back, travel benefits, and more – compare and find the credit card that fits the way you live.



HSBC Gold Mastercard® credit card

A little extra spending power

- ✓ No Annual Fee¹
- ✓ No Foreign Transaction Fees

Introductory offer

0%¹

Introductory APR*

*On Purchases and Balance Transfers for the **first 18 months** from Account opening. Balance Transfers must be posted within the **first 60 days**

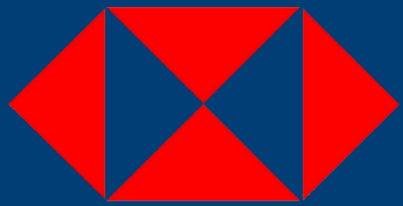
Demonstration: HSBC

- Rapid Journey Implementation & Refinement
- Powerful Integrations
- Flexible User Journey
- Consistent, Simple, Engaging User Experience



Demonstration: HSBC Journey Analytics





HSBC

| Results Powered by Temenos:

4x to 5x in origination volume.

Exceeded plan by 50% +

75% Straight through processing

Powered by **TEMENOS**





Australia: Credit Union of Australia



TEMENOS
THE BANKING SOFTWARE COMPANY

cua

They Know Best In Class...

Australia's largest credit union with 550k members and US\$10bil funds under management

Need to out-innovate rather than out-spend Australia's 4 dominant banks to continue to thrive

3 different vendors to achieve best in class:

Customer On-Boarding

Mobile Banking

Relationship Management

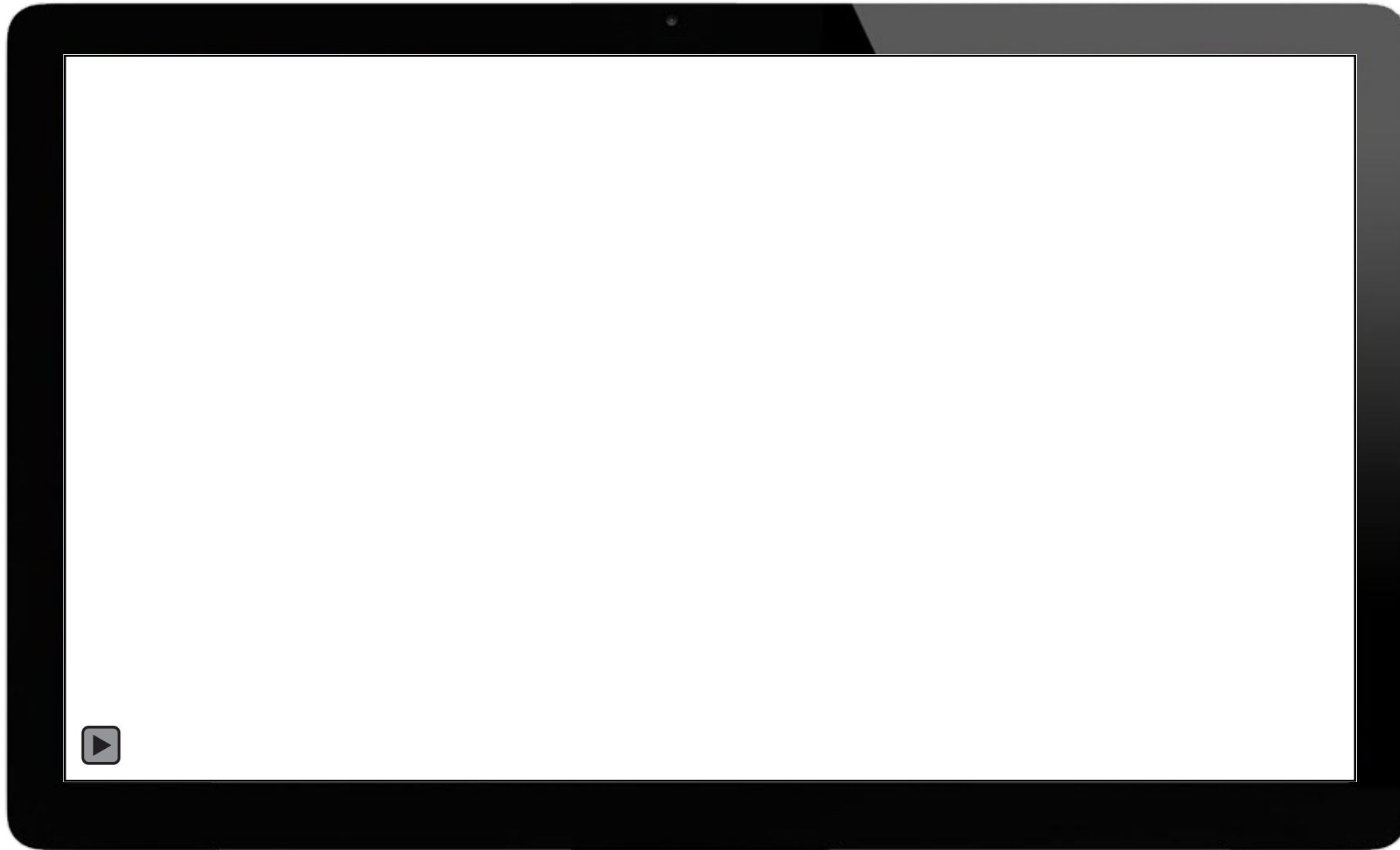


cua



Demonstration

CUA: Journey Manager



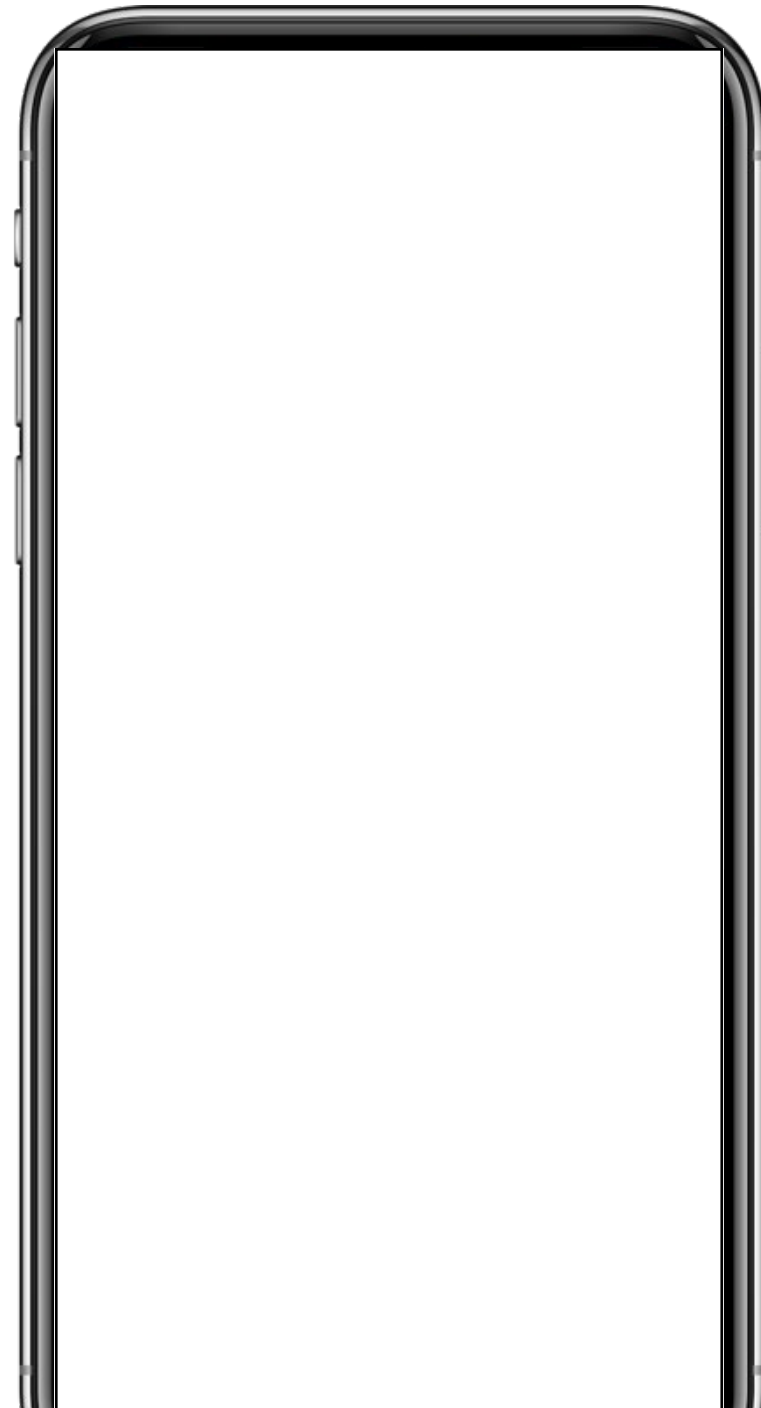
Demonstration

CUA: Account Servicing

Payee Setup Example

Pre-configured low-code banking objects and templates, supporting:

- Accounts and Transaction Details
- Account Info and Transaction Search
- Payments and Transfers
- Pay ID and BPay – a local AU Service
- Apple, Samsung & Google Pay
- In-app integration with iMCUA



Demonstration: CUA Engage

cua

| Results Powered by Temenos:

10% Member growth over 24 months
with 70% less manual processing

40% growth in Mobile Banking adoption

220% increase in payments via Mobile

20k Engage Users with 50k 2020 target

1 Agent Outsold 8 Branches in a Week

Product holding of 1.9 vs 3.1 (iMCUA)

Powered by **TEMENOS**





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| Temenos Value Benchmark

Kanika Hope,
Global Strategic Business Development Director



| Introduction to the Temenos Value Benchmark



IT is now a “Driver” rather than an “Enabler” of the Banking Business Model



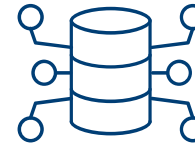
Mobile



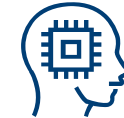
Social



Cloud



Big Data



AI/Machine
Learning



Blockchain

Disruptive Technologies driving Industry Transformation



What is the value of IT ?

External Cost &
Efficiency Pressures



Historic Underinvestment
in IT

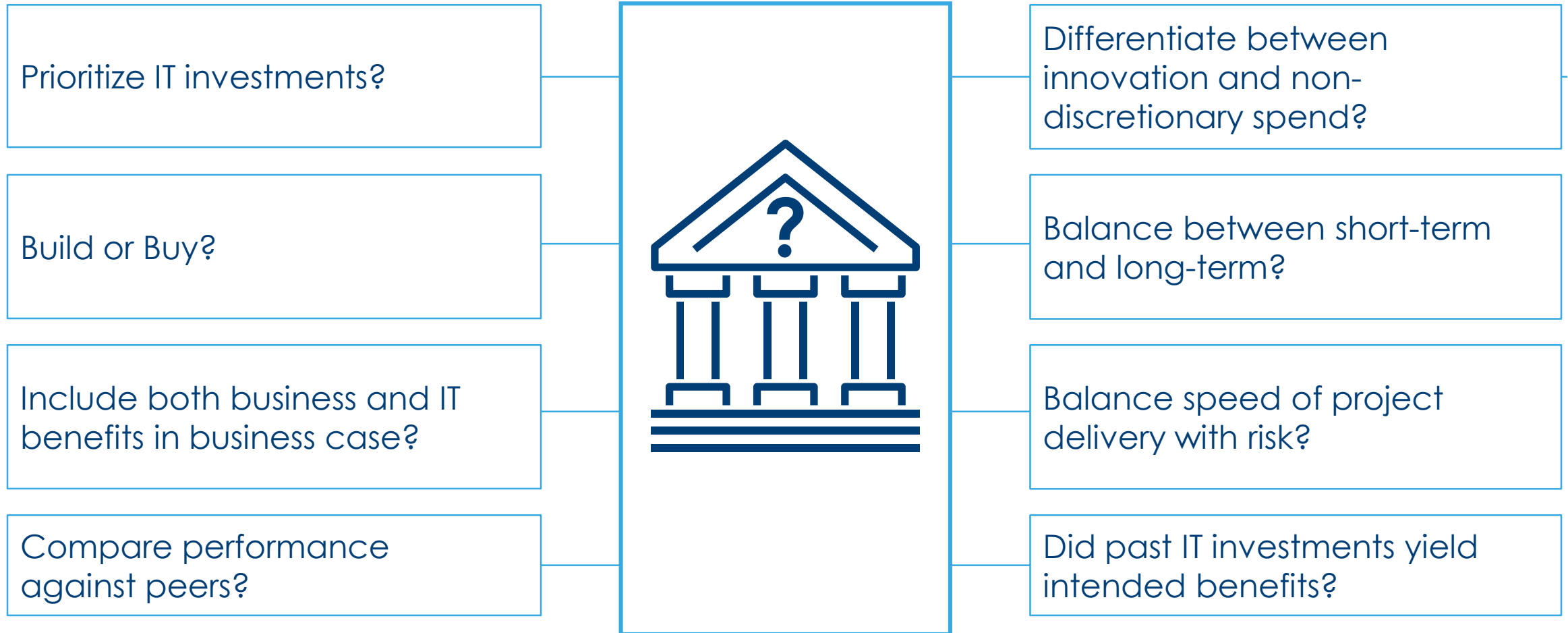


Business and IT alignment

IT investments are under scrutiny more than ever



Key questions that banks face regarding their Business-led IT investments



Banking Boards need a Strategic view of IT Needs, Opportunities & Investment

| Temenos Value Benchmark Program



TEMENOS

A strategic survey-based program to discuss business performance and value creation enabled by our clients' **investment in IT**, structured around **business and IT metrics and qualitative best practices**



Complete **confidentiality** - anonymous aggregated data only



Bank-specific report with executive-level business and IT insights



Interactive workshops conducted by Temenos strategy consultants



Ongoing participation every year or after significant event

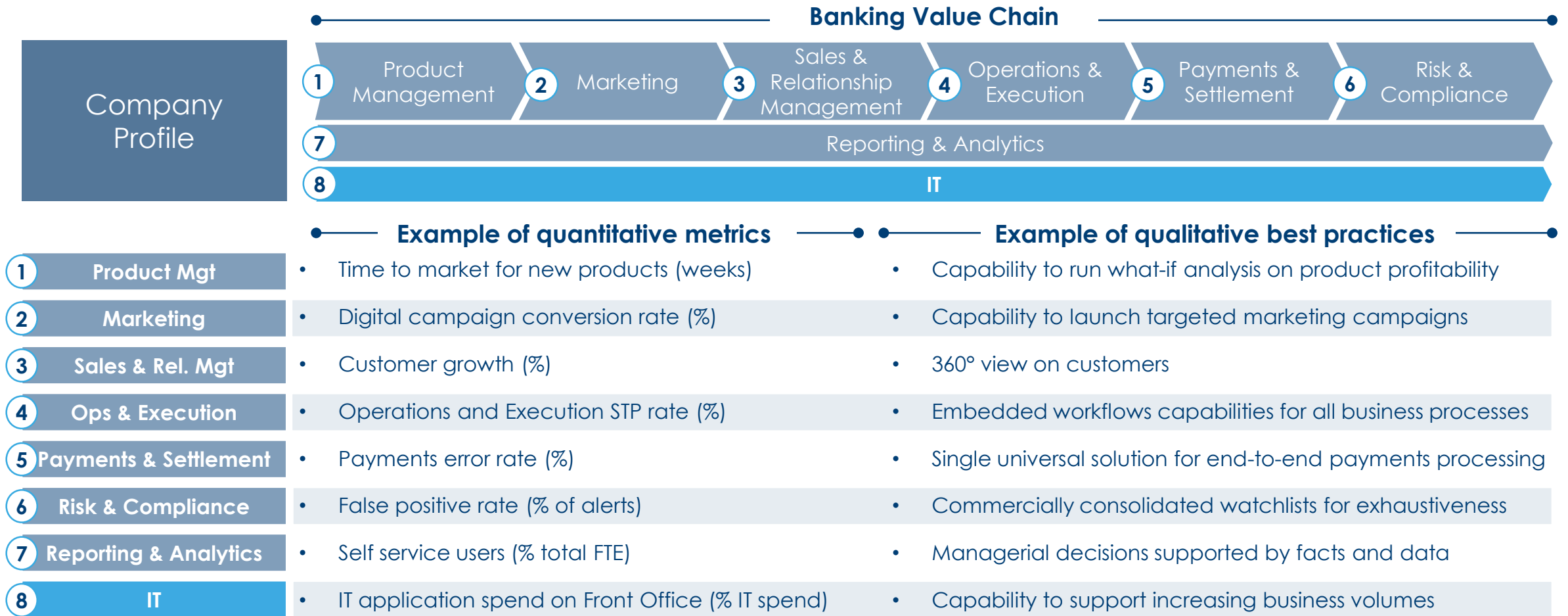


Four key factors position Temenos to offer a compelling value benchmarking service to banks



“ This is a zero risk engagement for me to identify how I can improve my business. **I don't see this benchmark as another sales tool that other software vendors offer because Temenos has the right people who are consultants and not sales people** to conduct the exercise. – CEO, Participant Bank ”

Temenos Value Benchmark Performance Analysis Framework



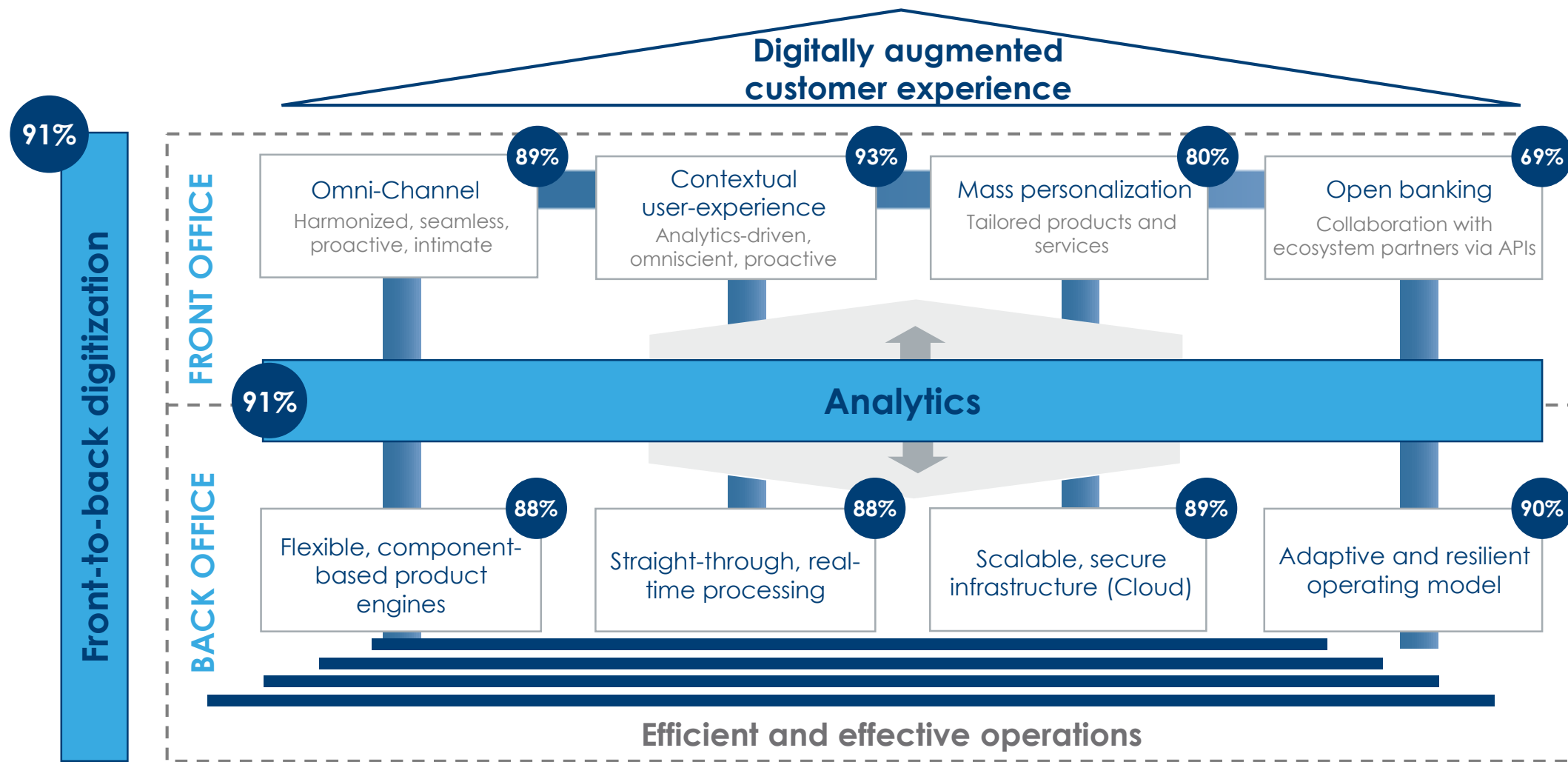
| Temenos Value Benchmark in Numbers



| Insights: Industry Trends and Capabilities



Participants confirm that Front-to-back Digitization and Analytics are key capabilities required to compete in the industry today



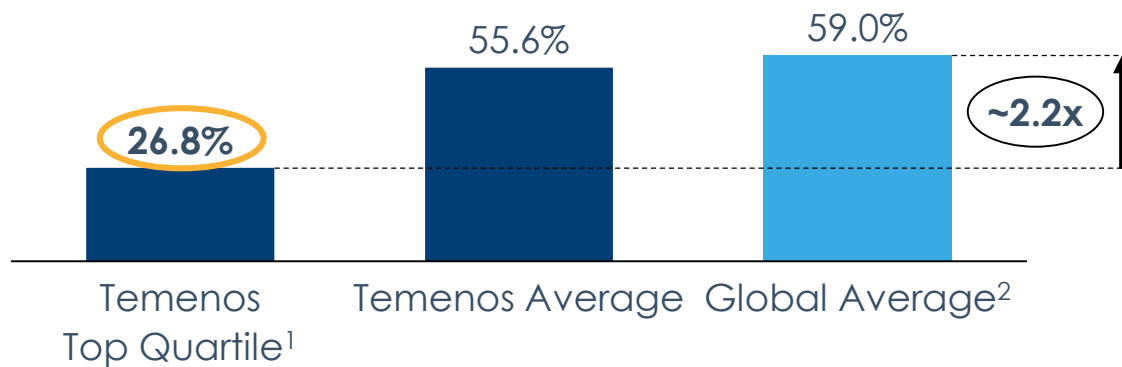
X%

Proportion of benchmark participants (retail divisions of 34 banks) rated the capability as top priority (importance of 4 or 5 out of 5)

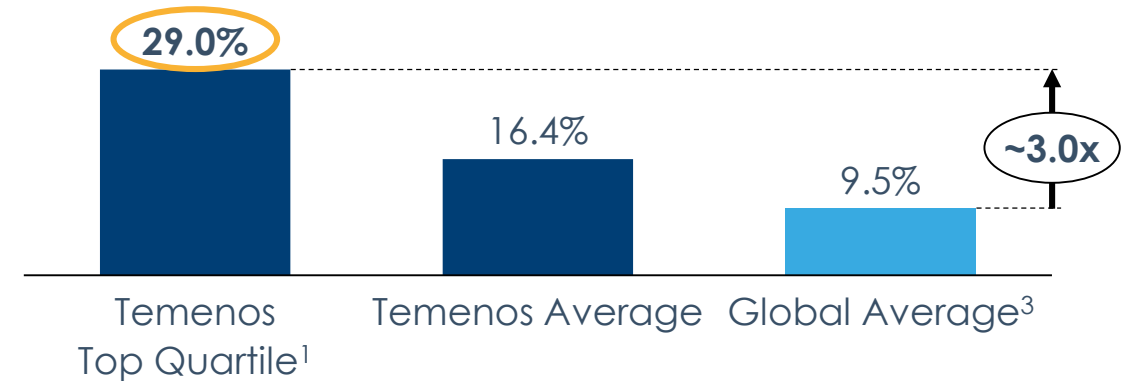
Our top performing clients significantly outperform the industry



Cost-Income Ratio



Return on Equity



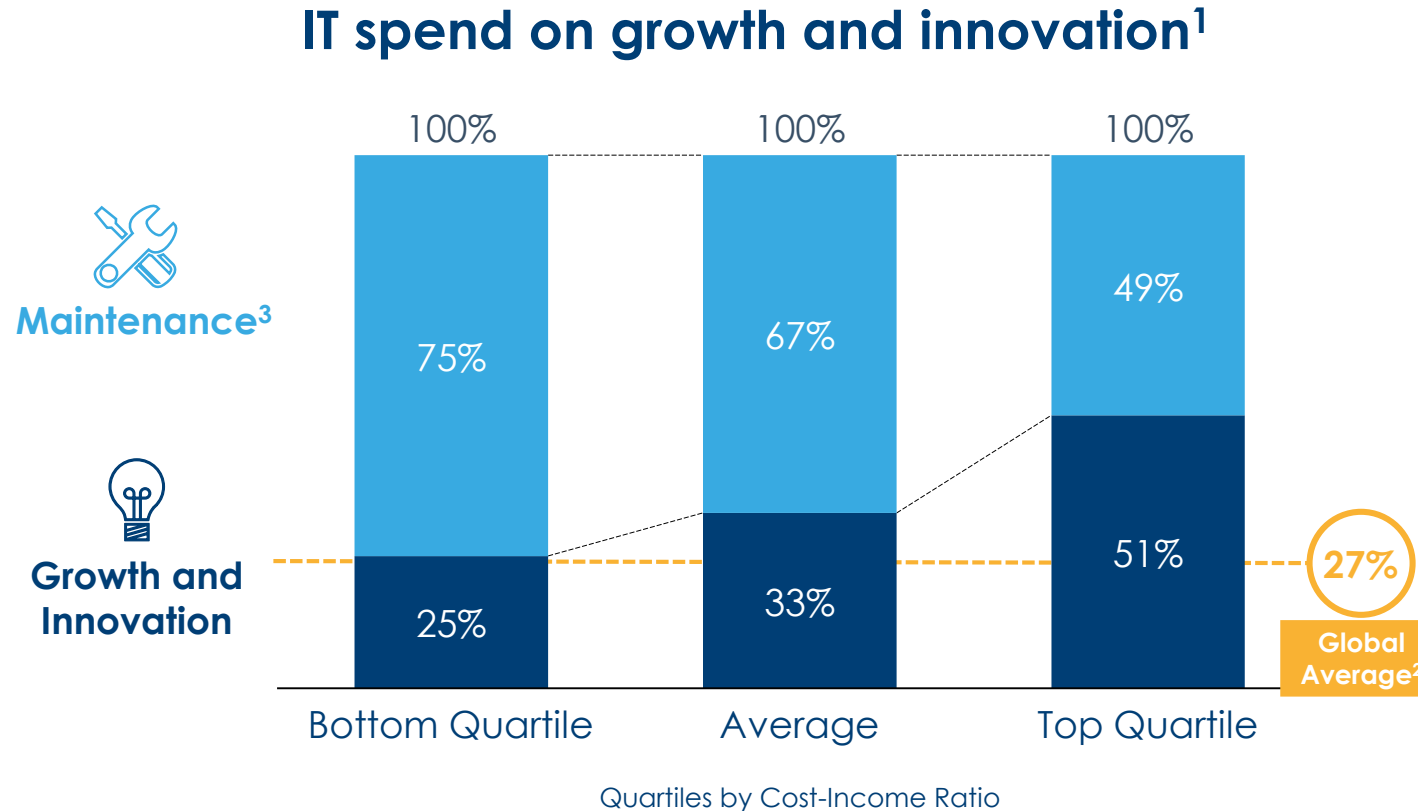
1. Refers to average of top quartile of banks participating in the Temenos Value Benchmark - Source: Temenos Value Benchmark 2019

2. Calculated based on 2017 and 2018 data from The Banker Database covering 2750 banks globally with total assets within the same range as that of participants on the Temenos Value Benchmark 2019

3. Source – McKinsey Asia Pacific Banking Review 2019

Our top performing clients spend double their IT on growth & innovation

Retail



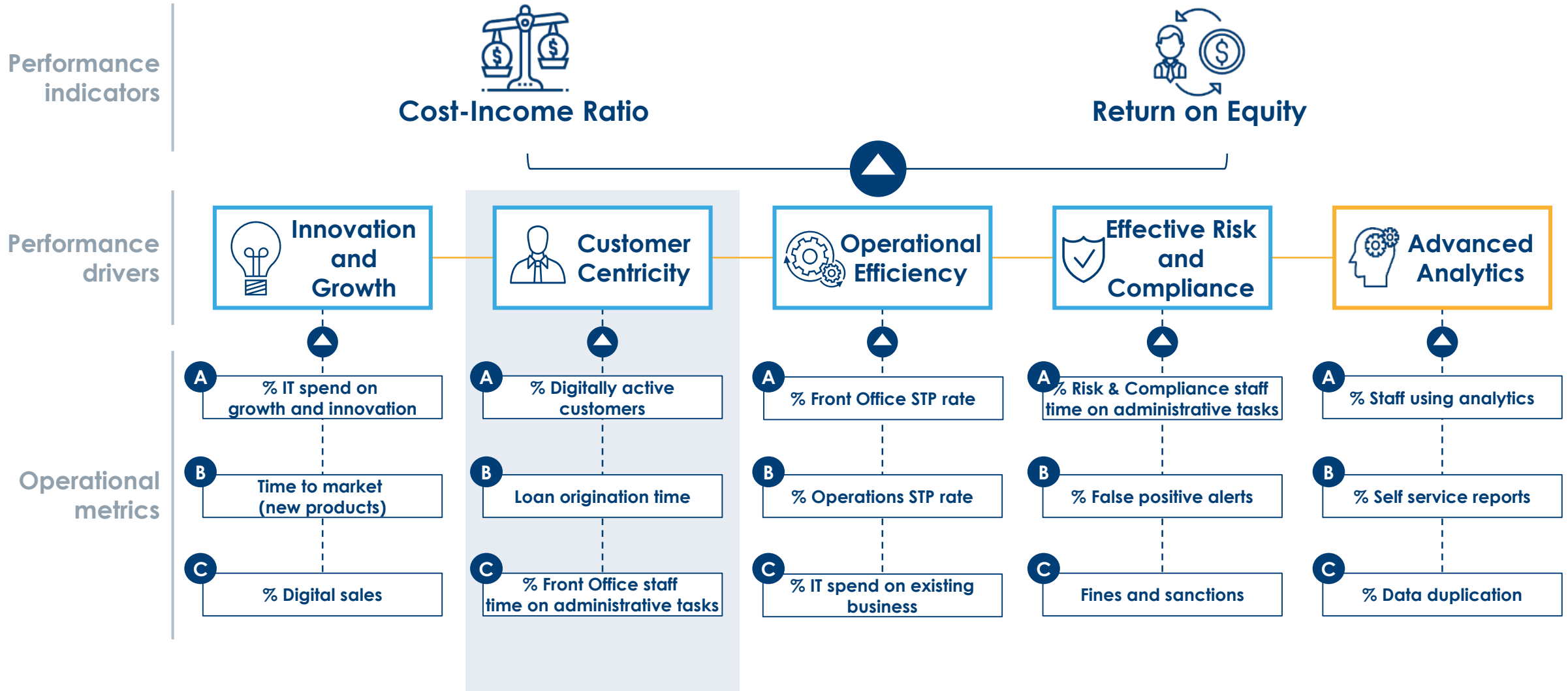
Temenos invests in commodity so our clients can invest in differentiation

1. Temenos Value Benchmark 2019– average of Retail divisions of benchmark participants

2. Celent 2019: 2018 Global average IT spend by Banks in new investments

3. Maintenance includes non-discretionary regulation and non-regulatory maintenance (keeping the lights on)

Drivers of Banking performance

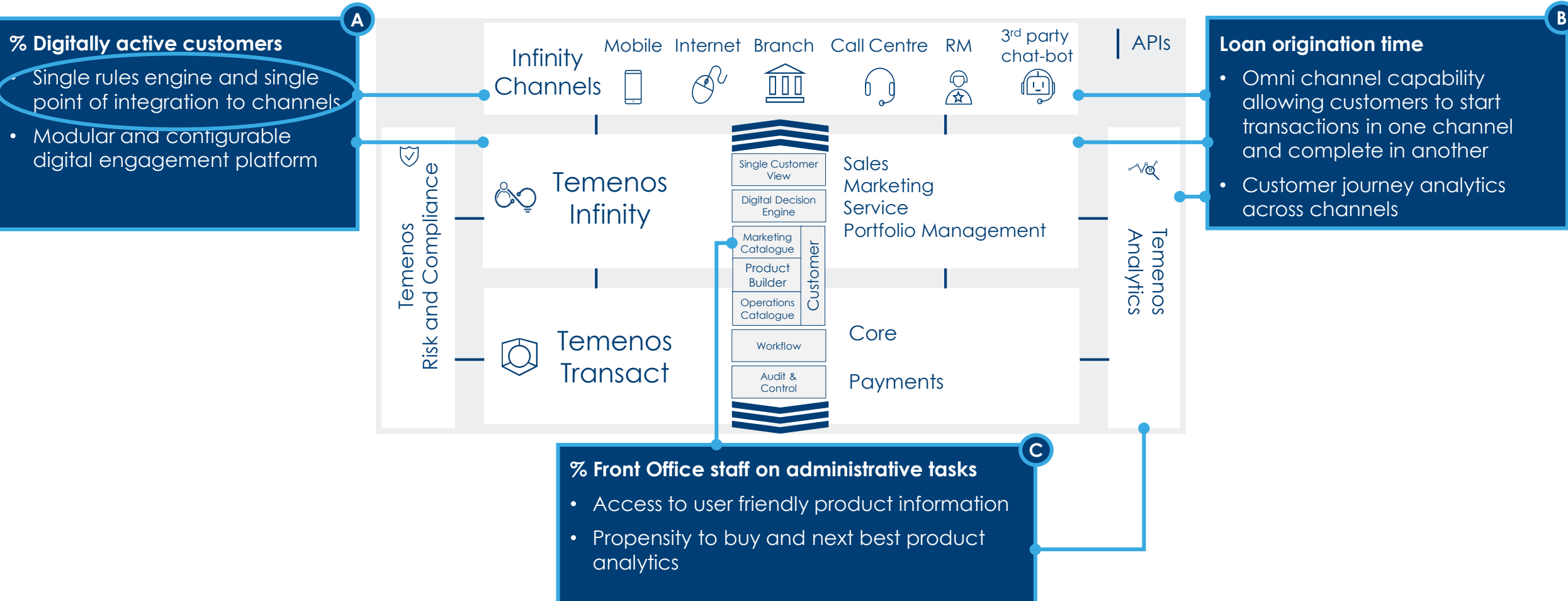


Note: All listed operational metrics correlate with one or more performance indicators

| Insights: Drivers of Banking performance



Customer Centricity: operational metrics driven by Temenos solution enablers



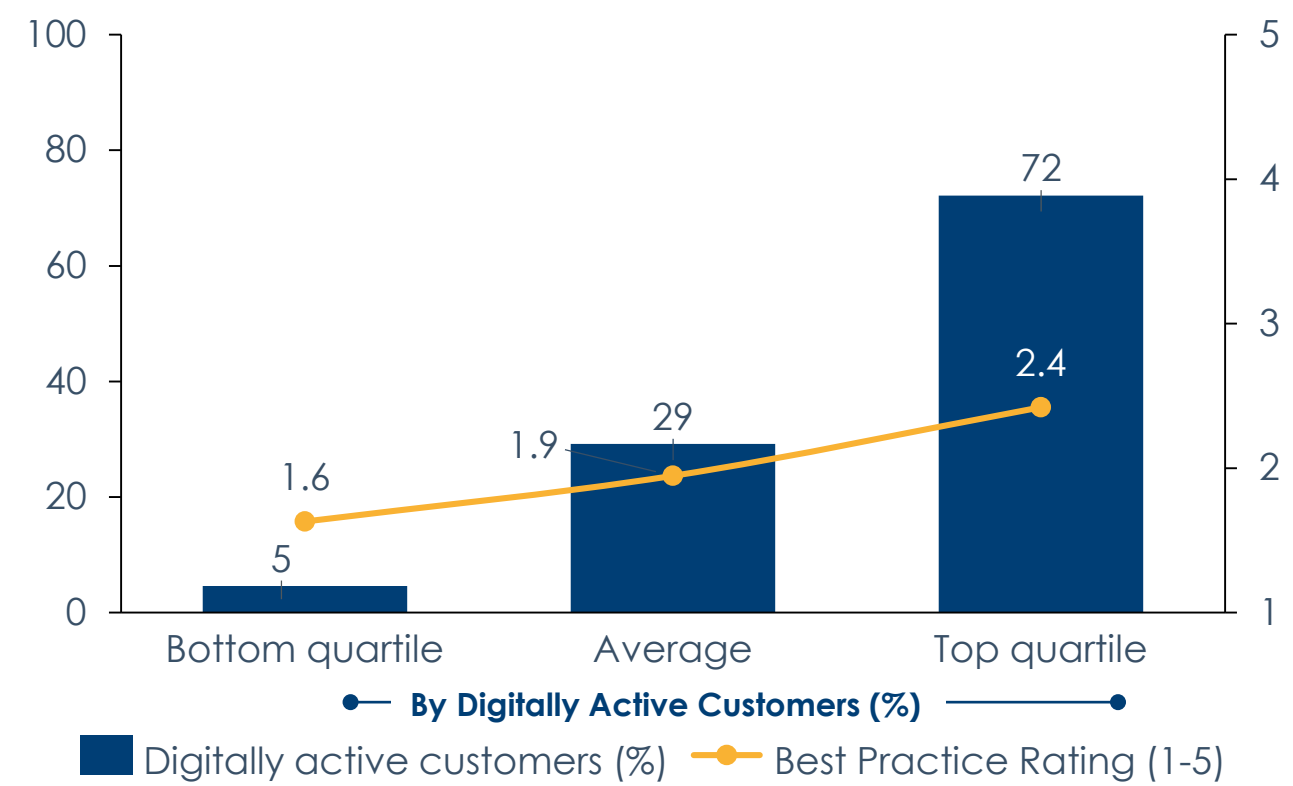
Note: All associated solution enablers correlate with the operational metric



Banks with single rules engine and point of integration to channels have more digitally active customers

Retail

Digitally active customers vs Single rules engine and channel integration best practice¹

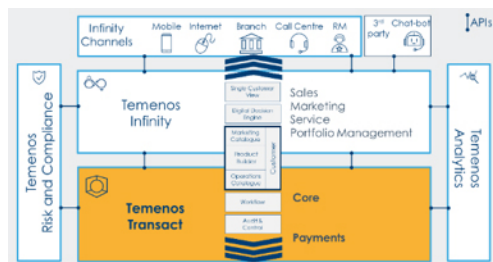


1. By abstracting out the decision-making into a single rules engine, we have a single point of integration to channels and data sources and a single point from which all customer engagements can be prioritised or synchronized

Banks that run Temenos front-to-back are more efficient

Retail

Transact only customers



Transact + Infinity customers¹



Onboarding duration² (min)

600

~0.3x

191



Customers per FTE

351

~1.7x

594



Front Office staff time on admin tasks

39%

~0.8x

31%

1. Those participants that are live on some front office modules (channels or digital front office) in addition to T24 Transact²
2. Time it takes on average for new customers to complete the onboarding process until they formally get their account/product, including time needed for the customer to establish a relationship with the bank and provide all necessary information

| What a client gets



Detailed insights on trends, quantitative metrics and qualitative best practices

A 100+ page detailed report

1

DRIVERS of banking performance & INDUSTRY TRENDS

- Identification of key operational drivers of performance (CIR/ROE/ROA)
- Selection of top trends based on statistical correlations

2

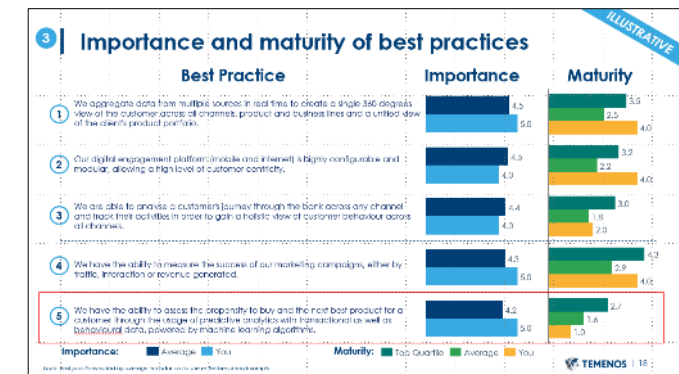
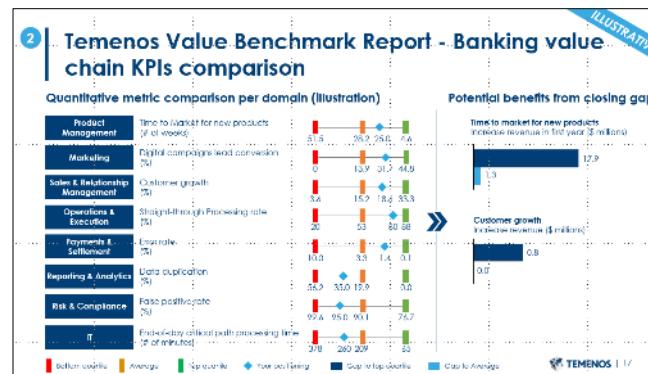
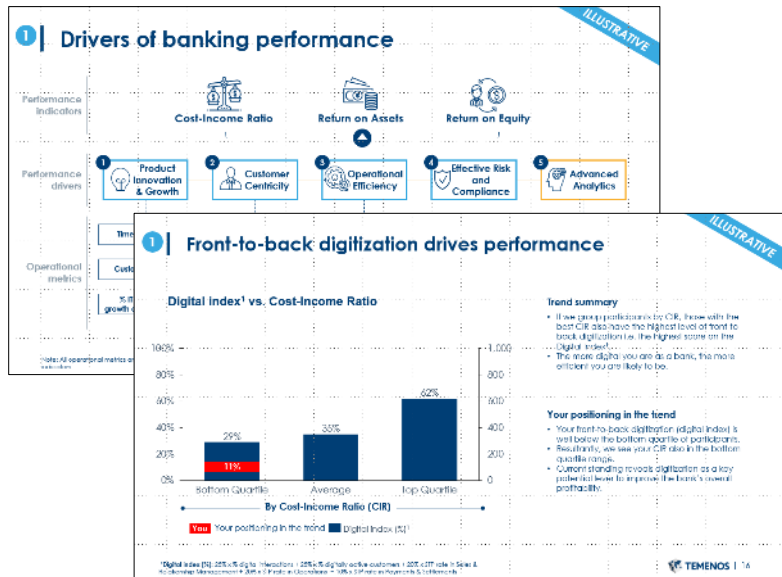
QUANTITATIVE METRICS comparison by domain

- Bank's metrics compared with:
 - Top quartile
 - Average
 - Bottom quartile

3

QUALITATIVE BEST PRACTICES comparison by domain

- Bank's ratings (importance and maturity) compared with:
 - Top quartile
 - Average
 - Bottom quartile



| Temenos Value Benchmark Impact



Temenos Value Benchmark demonstrates business value to clients

Approach



Leverage Temenos **unique** client
global network to build the
Temenos Value Benchmark
program

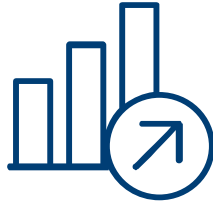


Source team with **strategic**
consulting skills across globe



Impact

Existing clients



- Use **Temenos Value Benchmark** to:
 - Provide **tangible business value** by assessing how IT enables their business performance vs other Temenos clients
 - Use performance gaps identified to help client **upgrade or utilize the software better**

New clients



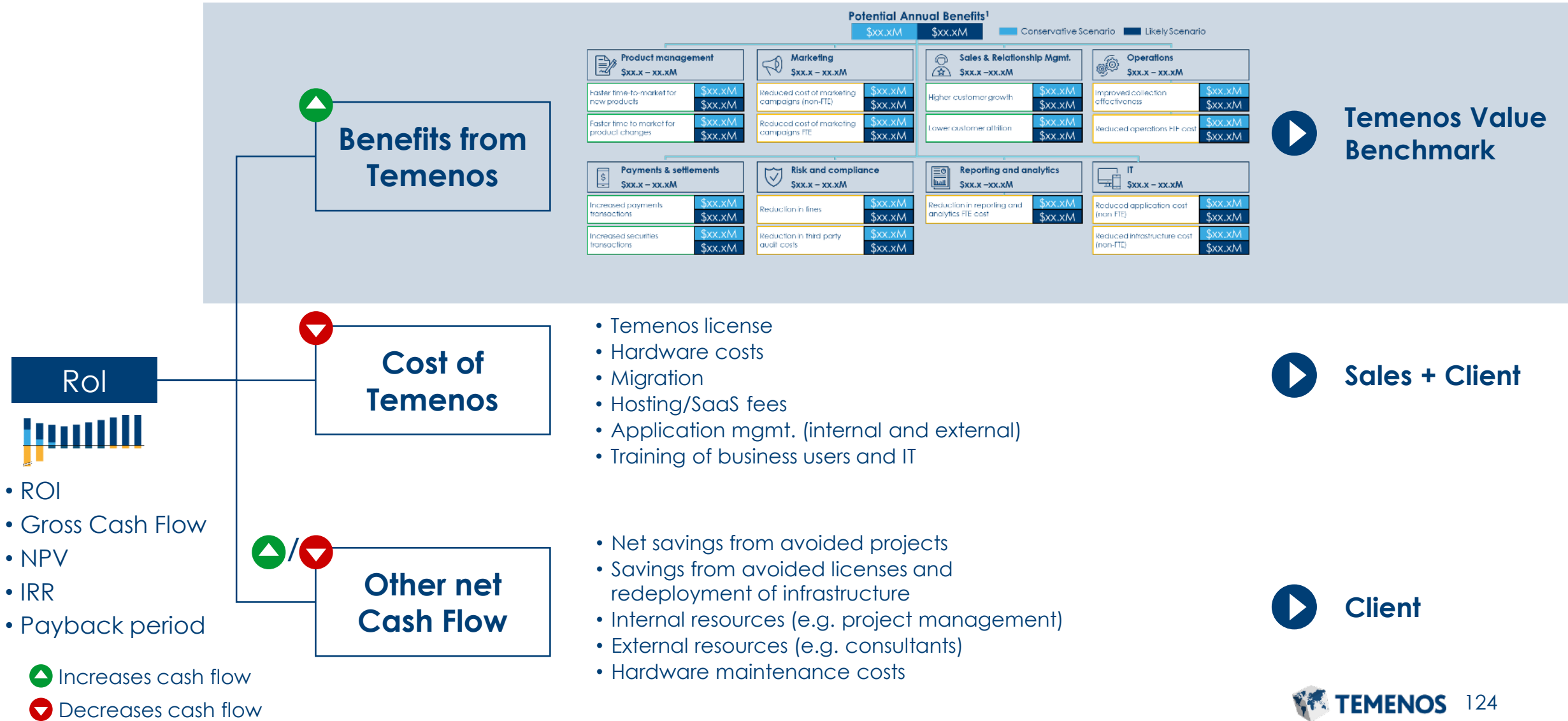
- Use the **Temenos Value Benchmark** to:
 - Demonstrate business value through compelling value messages
 - Build client-specific **ROI Business Cases** to justify investment

Value => # Deals X Win rate X Deal size = Revenue

Building an RoI model from the Benchmark

Business Case Structure

Source





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| The US opportunity

Alexa Guenoun,
President of the Americas & Global Head of Partners



TEMENOS
THE BANKING SOFTWARE COMPANY

A growing US presence

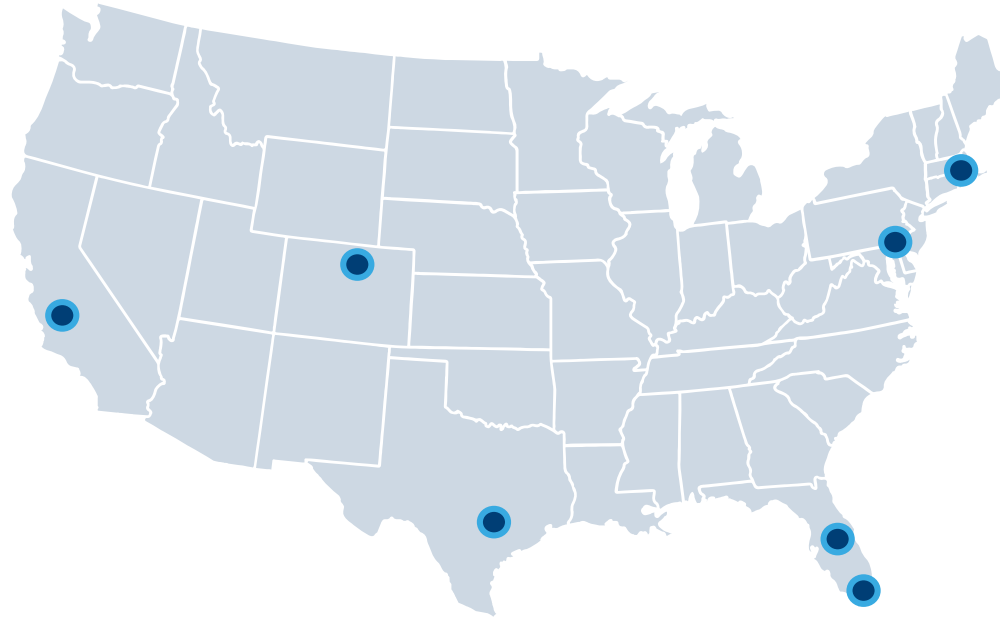


A GROWING PRESENCE

700 Headcount
in the US (up 50%)

7 Major Offices
across the US

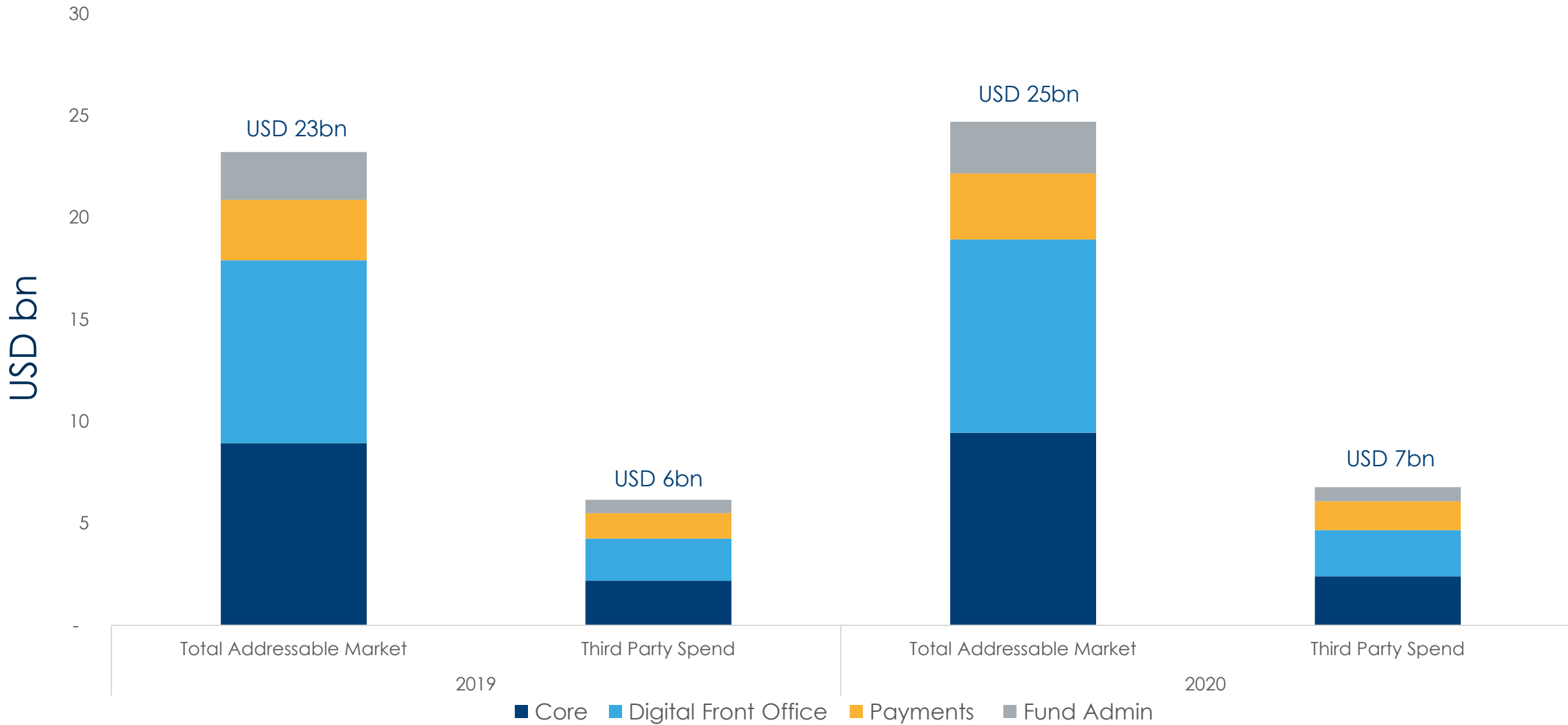
Over 1,300
Referenceable US
clients



STRATEGIC ACQUISITIONS



The largest market globally



Source: IDC, Ovum, Celent, Temenos estimates

*Based on the new spending data from IDC (May 2019) and Ovum (July 2019)

Strong drivers supporting investment in banking software

DEPOSIT
LAND-GRAB

EMERGENCE OF DIGITAL-
FIRST COMPETITION

COMPLEX REGULATORY
ENVIRONMENT

OPERATIONAL COST
PRESSURE

INTEREST RATE
PRESSURE

Kony has significantly strengthened our US GTM



DIGITAL & CLOUD EXPERTISE

Award winning DBX & MXDP complement Infinity & Avoka

Low code development

Functionally rich (US specific) & technologically advanced

SaaS-centric, development & delivery expertise

MARKET PRESENCE

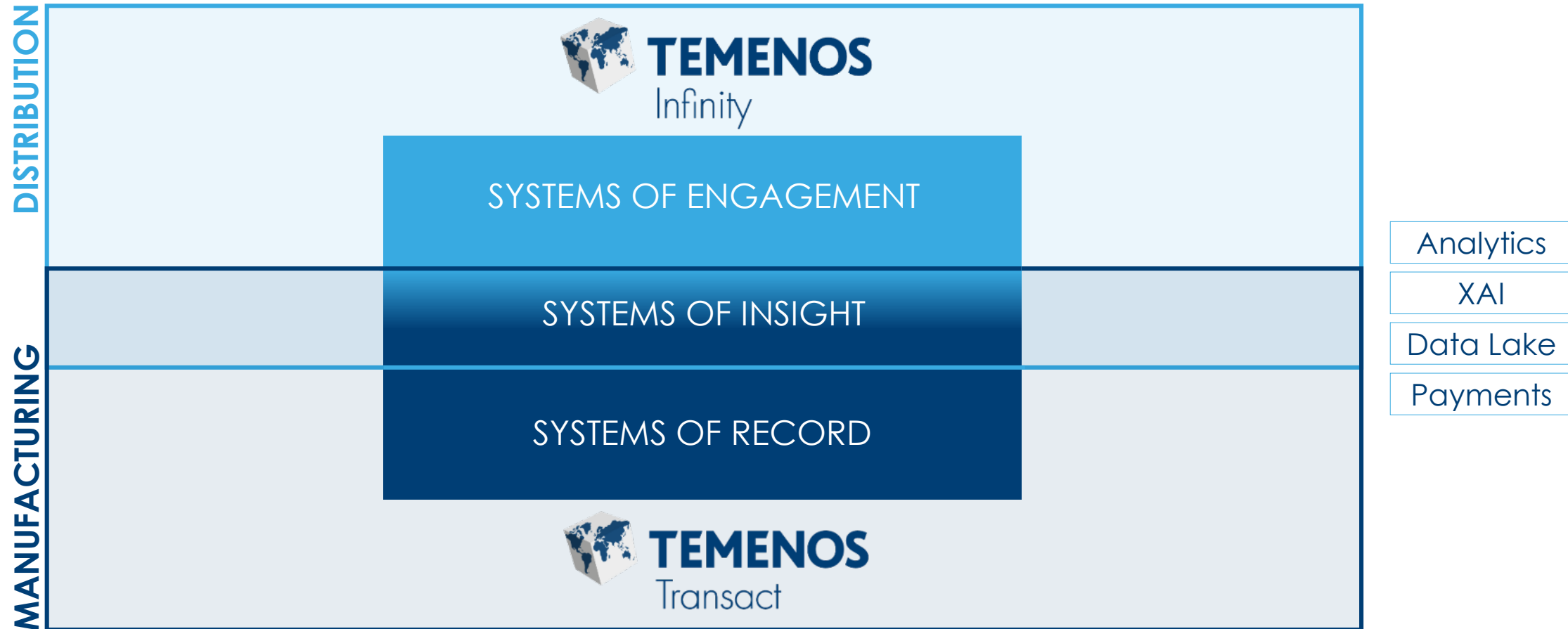
US-centric product and expertise

50 US clients, traction in upper tiers

Knowledgeable digital US sales coverage

Cross-sell opportunities

US Bank Technology Strategy: Aligned to Temenos' Portfolio



1,300+ US INSTITUTIONS LIVE

| US SaaS Offer

An aerial photograph of the Golden Gate Bridge in San Francisco, taken during sunset. The bridge's iconic red-orange structure is silhouetted against a sky with soft, orange and pink clouds. The water below is a deep blue, with a small boat leaving a white wake. The surrounding hills are visible in the background, and the bridge's suspension cables and towers are clearly defined.

US SaaS solution for new digital banks:
front-to-back, out of the box, continuously deployed

Go live with end-to-end SaaS
digital banking in just 90 days

Strategically relevant given new digital
entrants and deposits land-grab

Early interest from the US market

| US Go-to-market



Majors

\$100B+ AUM ~30

~30



Nationals

\$10B-\$100B AUM ~100

~100



Regionals

\$1B-\$10B AUM, Credit Unions & Banks

~1,000



Digital Banks

Digital-first & Digital Affinity Banks

~100



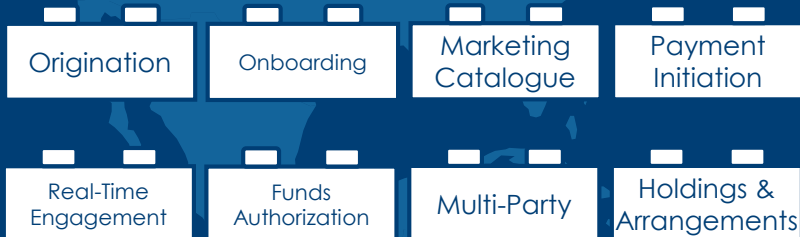
Funds & Wealth

Asset servicers, managers & owners,
Wealth managers

\$85.3tn AUM

| US Go-to-market

DISTRIBUTION MICROSERVICES



TRANSACT MICROSERVICES



Majors



Nationals



Regionals



Digital Banks



Funds & Wealth



Case Study: Varo Bank

February 10, 2020, 2:32 p.m. EST

AMERICAN BANKER®

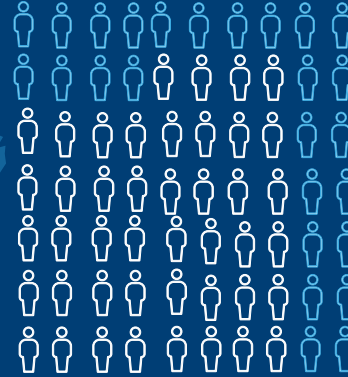
Varo gets vital
FDIC OK for bank
charter

VARO™

| Scaling sales in the US

US sales coverage up
57% to c.70 people

US Sales



An experienced US team
with proven success

Partner Channels

Technology



Microsoft
Azure

Cognizant



Deloitte.



Google Cloud Platform

Distribution



TEMENOS



**CAPITAL
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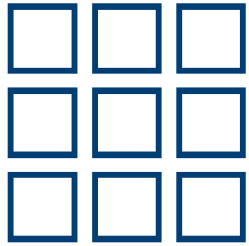


| Creating shareholder value

Takis Spiliopoulos
CFO



| A sustainable and attractive business model



Strong business
model;
committed
community



16 years

management board
average tenure

25%

total software license
revenue growth (CAGR)

\$11.9bn

market cap

64%

total shareholder return
p.a. since IPO

\$981m

FY 19 revenue

\$318m

FY19 EBIT

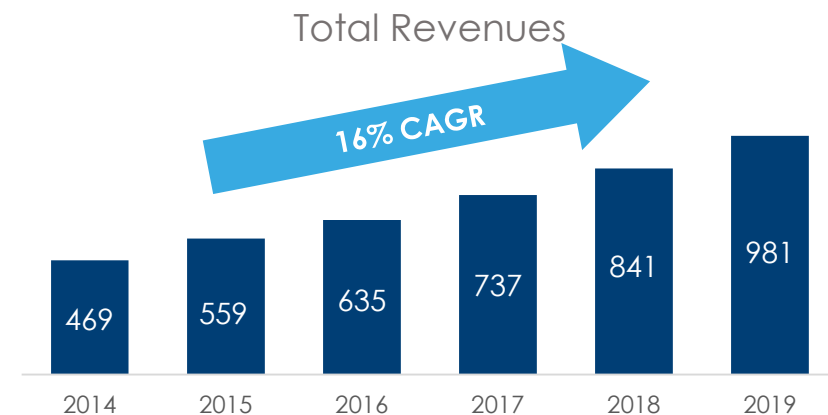
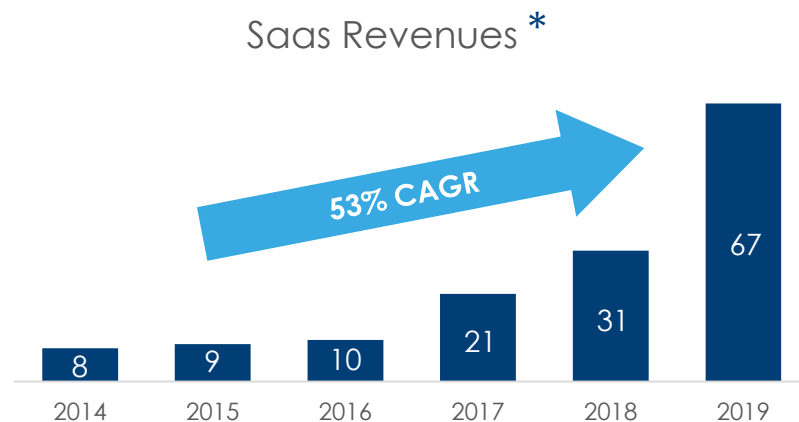
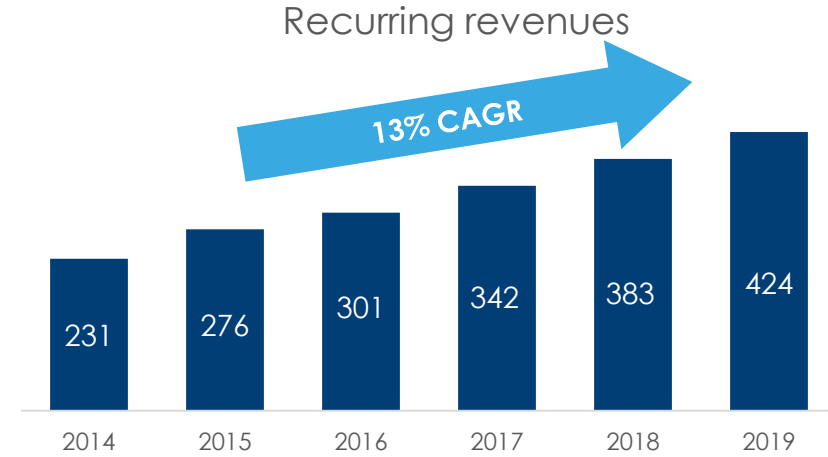
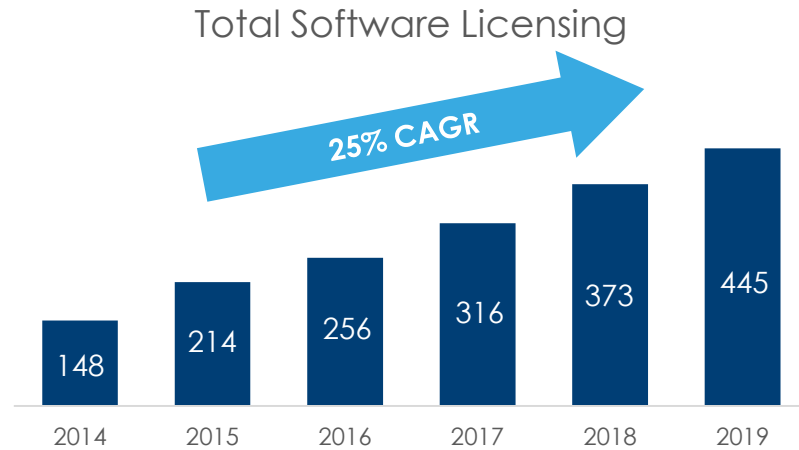
26 years of consistent
strategy & execution

Experienced
management team

Strong community of
clients, partners,
industry experts

Corporate social
responsibility integral
part of culture

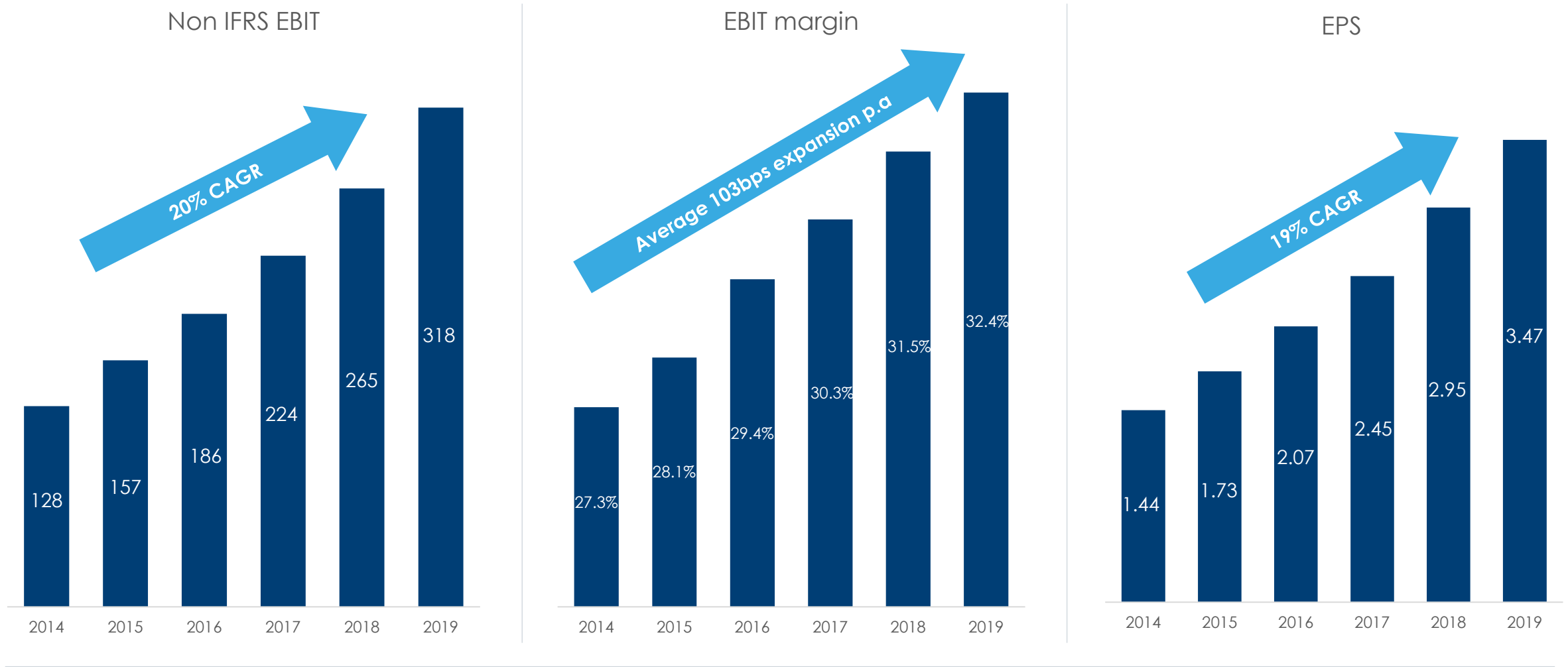
Sustained strong growth across revenue KPIs...



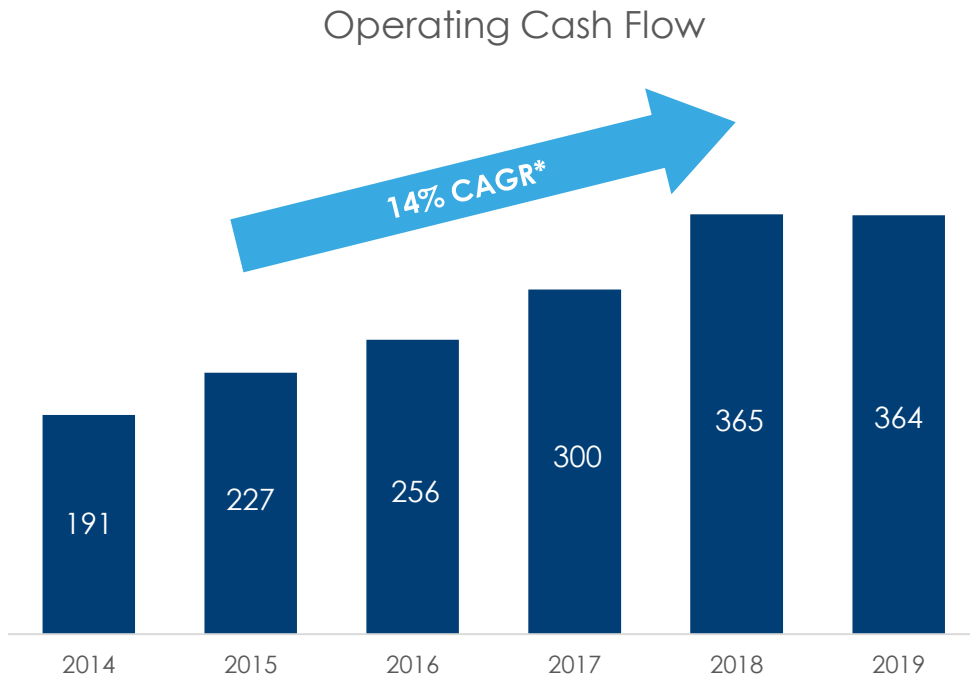
Note: KPIs are non-IFRS

* Historical SaaS revenues adjusted for estimated IFRS15 impact

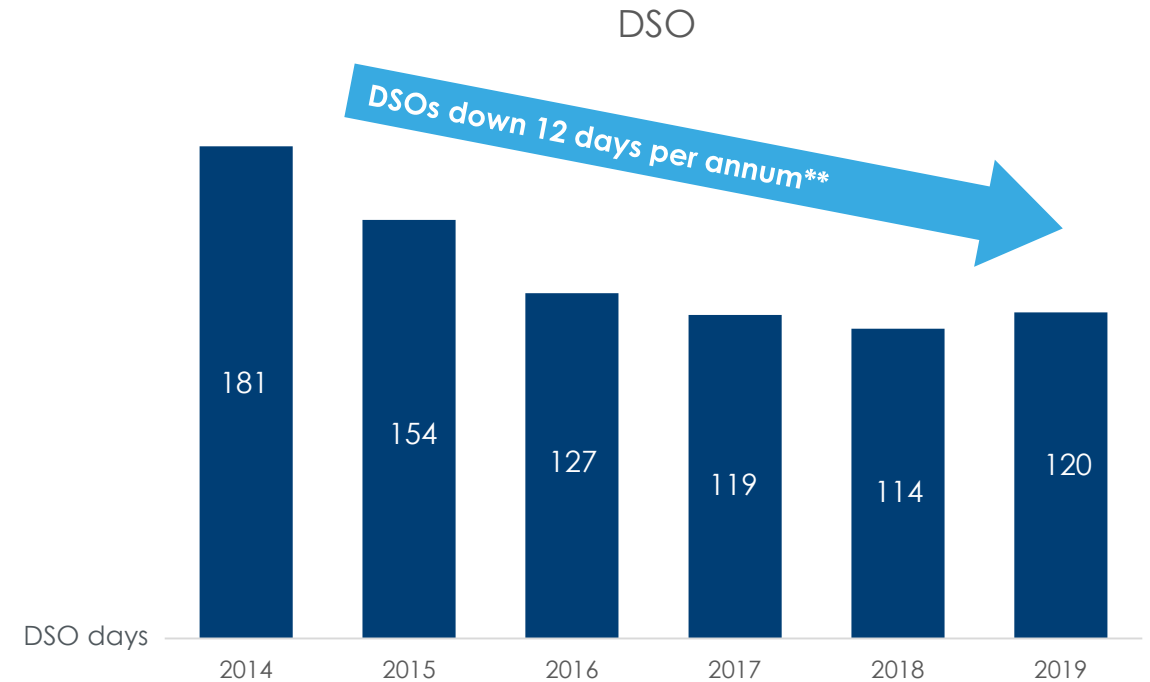
| ... and delivering very robust profit growth



Business model generates strong cash-flow profile

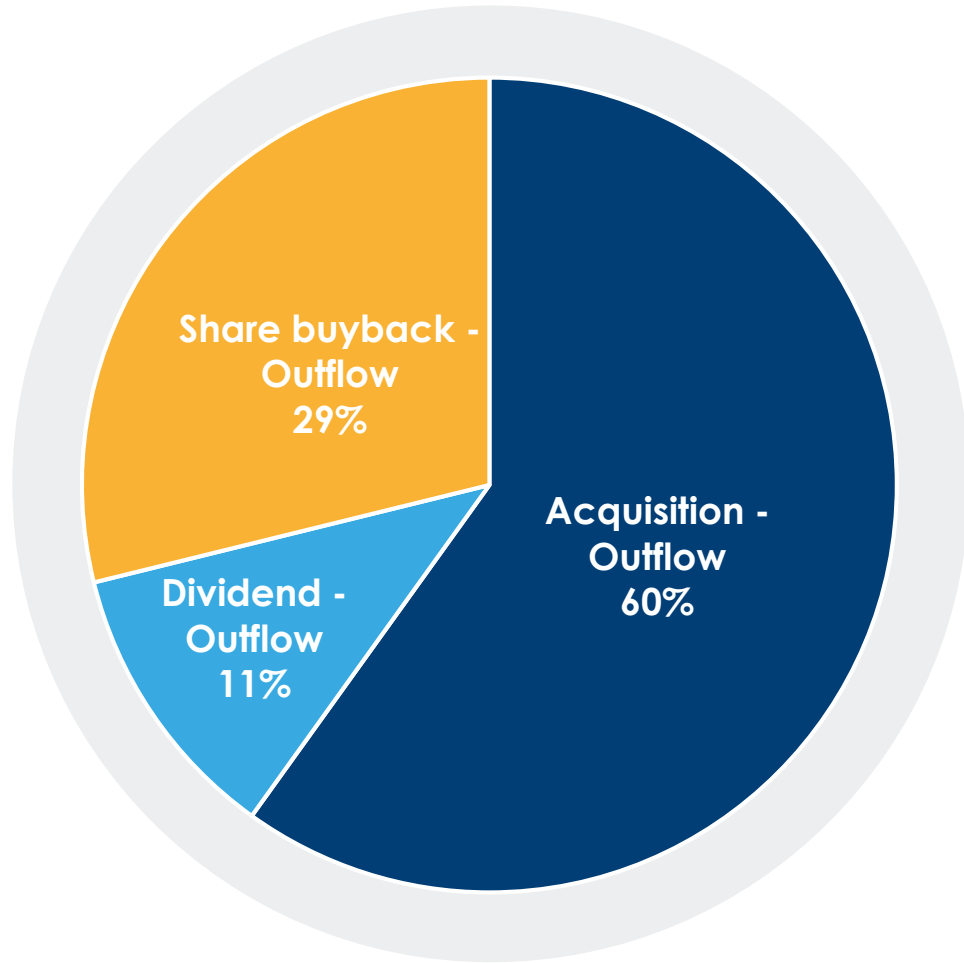


* 16% CAGR if excluding 2019 cut-off



** 14 days if excluding impact from Kony and cut-off 2019

| Disciplined capital allocation (2014-2019)



Weighted average interest rate

3.5%

Weighted average debt maturity

4 years














Leverage ratio

2.6x

Balance sheet
(31-Dec-19)

Targeted acquisitions for USD1.2bn+ and returned USD800m+ to shareholders

Using M&A to accelerate organic growth

Date		Price (m)	Capabilities
Sep19		\$580	Digital banking and low code development
Jul 19		£12	Explainable AI
Feb 19		N.D.	Data lake
Dec 18		\$245	Digital front office
Feb 17		\$50	Core banking, wealth management
Mar 15		\$260	Fund and securities
Feb 15		\$55	Core banking, analytics
Mar 13		\$24	Core banking, risk and compliance
Sep 12		\$15	Channels
Jul 11		\$1	Analytics
Sep 10		\$86	Digital front office
May 10		\$5	Channels
Dec 09		\$81	Core banking

| Shareholder value creation

Total shareholder return (USD, 31/12/19)	1 year	5 years	10 years	Since IPO on 25/6/01 at CHF 23 per share
Temenos	33%	357%	548%	1,188%
Swiss Performance Index	33%	48%	144%	372%
Stoxx Euro 600	25%	33%	81%	208%
Nasdaq	37%	101%	347%	399%
Peer group average	27%	116%	382%	688%

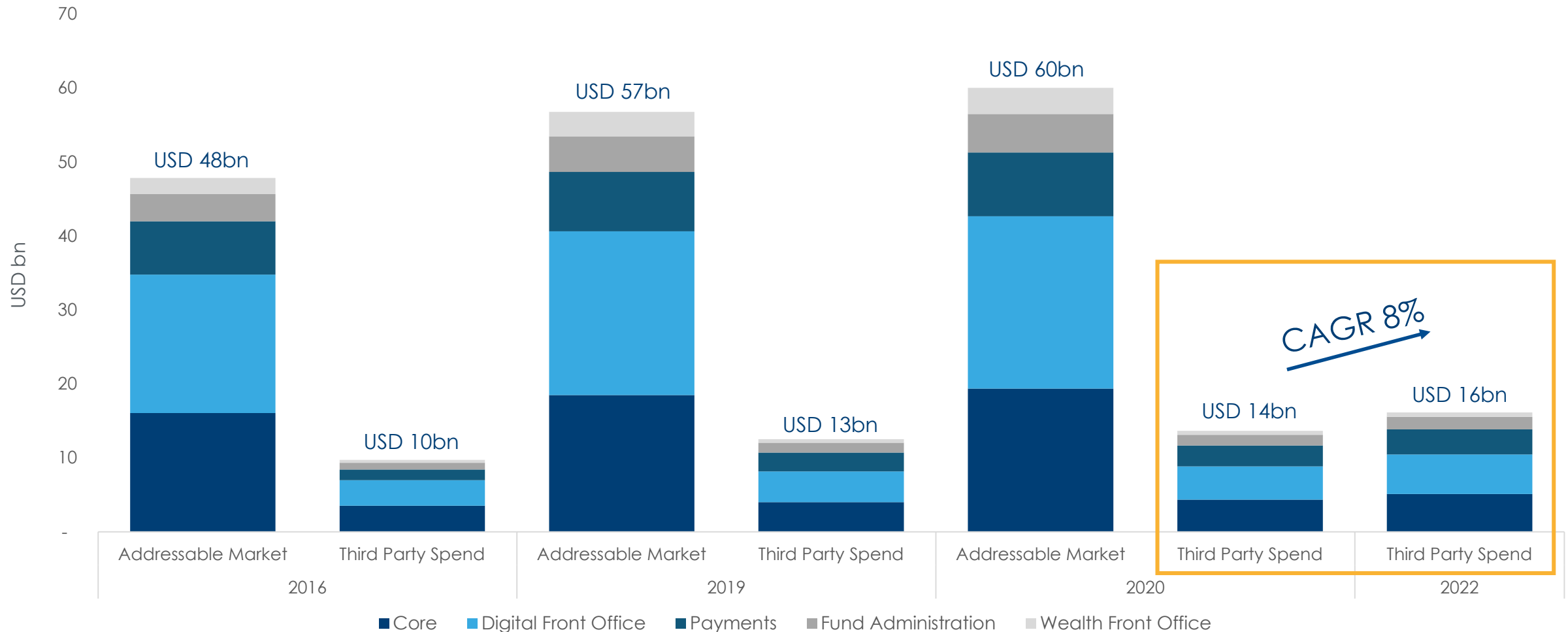


| Engines of growth

An attractive and continuously growing market

Total Addressable Market CAGR
Third Party Spend CAGR

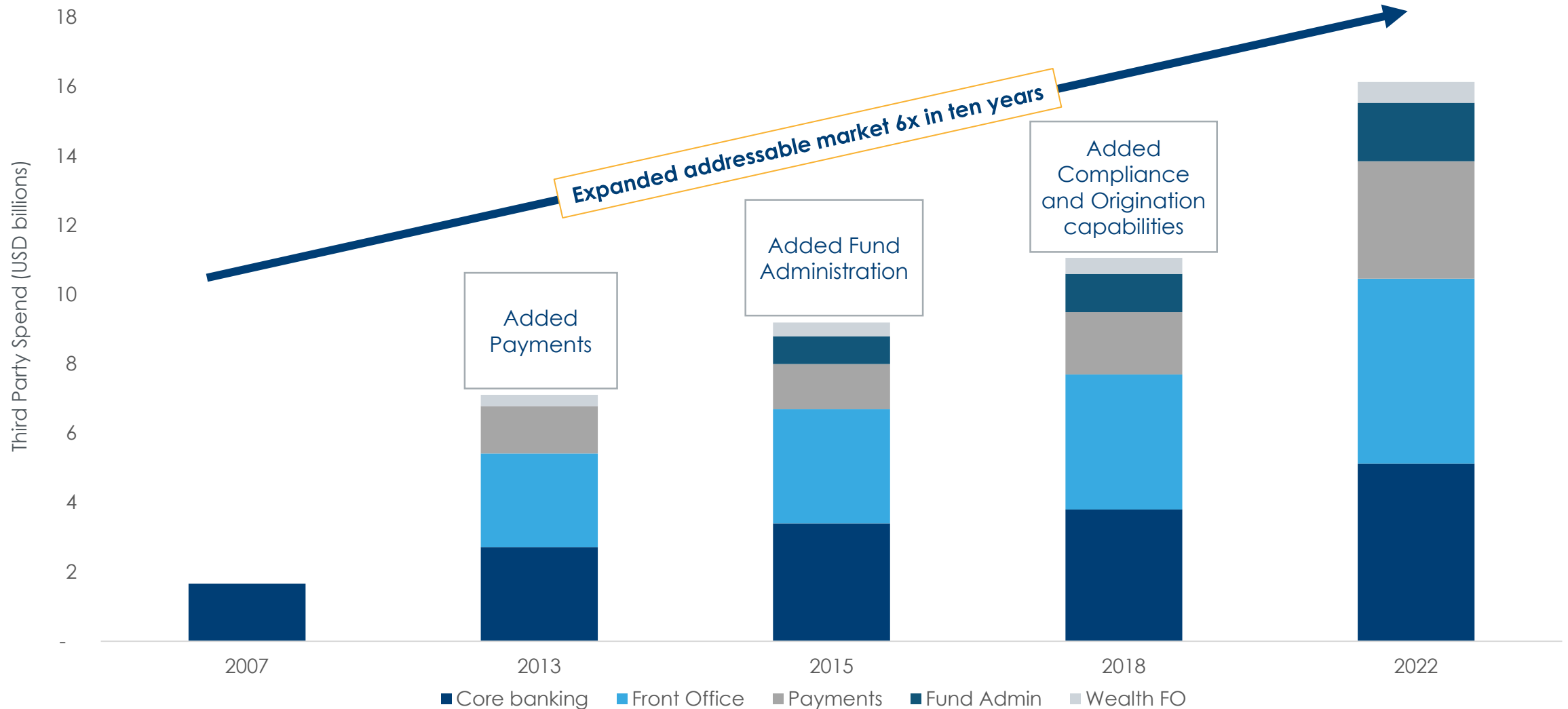
6%
8%



Source: IDC, Ovum, Celent, Temenos estimates

Note: 2019 addressable market increased due to opening of new markets including fraud and new spending data from IDC and Ovum

Expanding our market opportunity



Source: IDC, Ovum, Celent, Temenos estimates

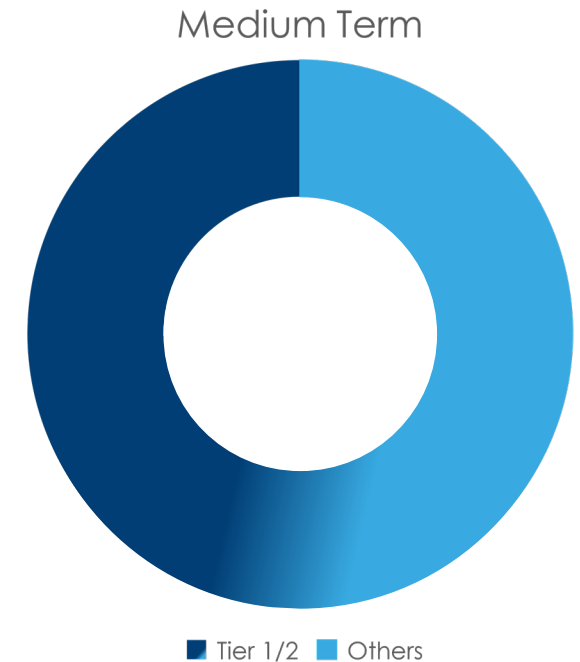
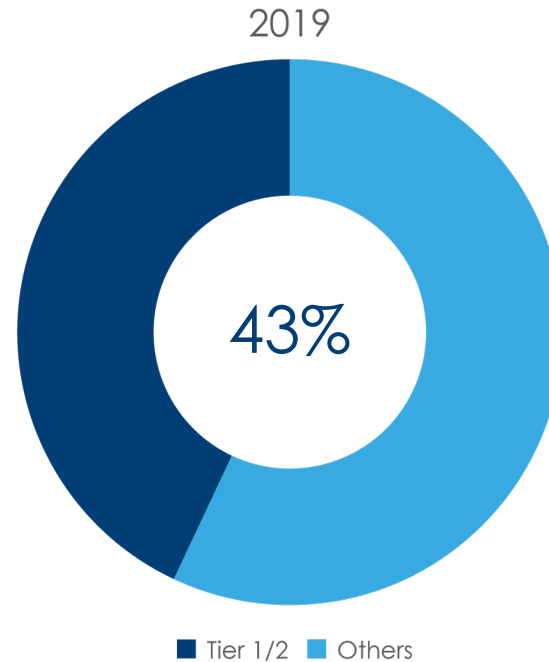
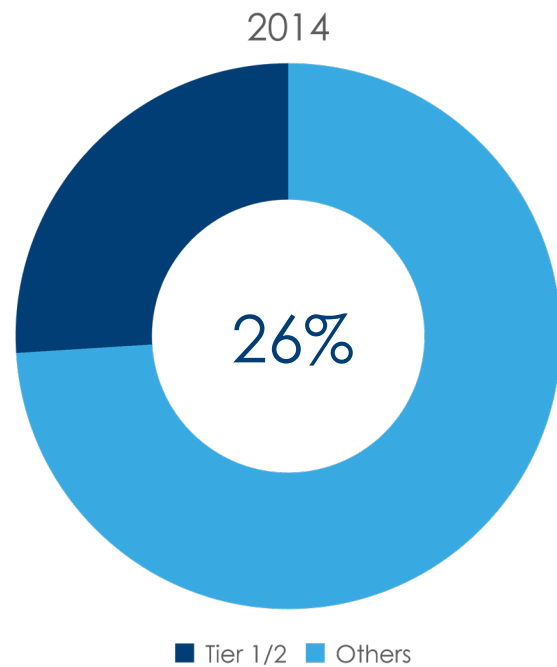
N.B. Digital Front Office comprises previous segments stated as Digital Channels, Front Office, Origination

All spend and forecasts are for licenses and maintenance only

2022 Third Party Spend increased in-line with the new data from IDC (May 2019) and Ovum (July 2019)

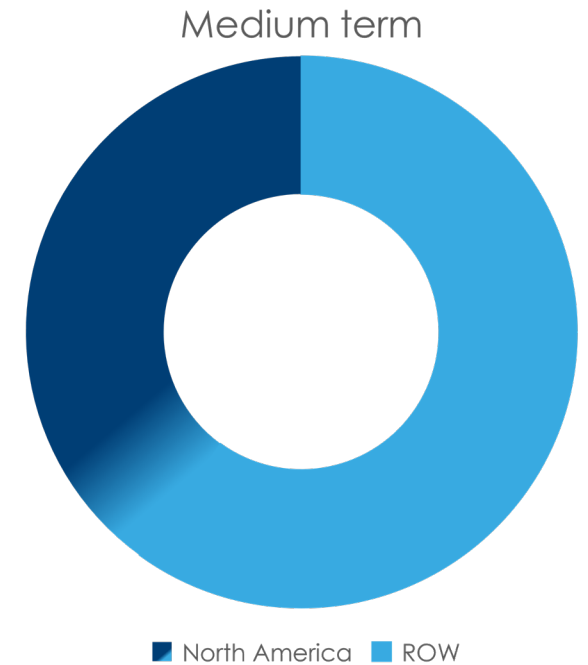
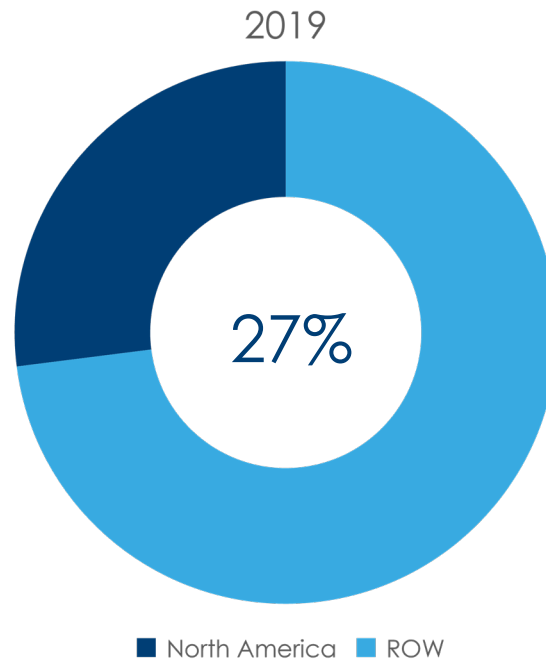
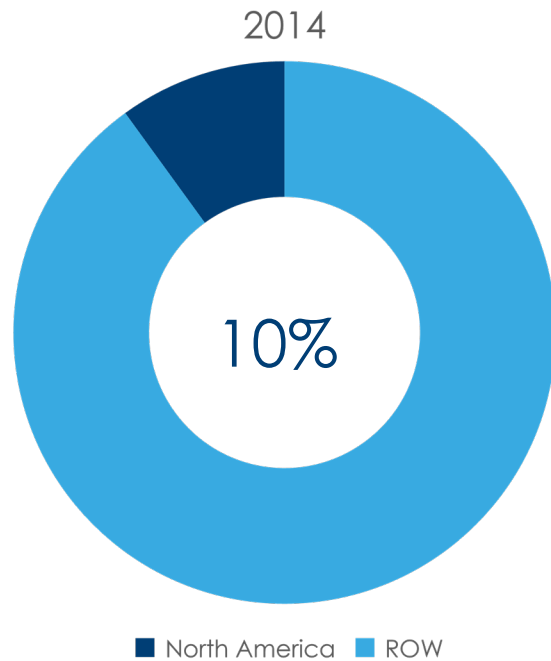
Building momentum with tier 1 and 2 clients

Non-IFRS total software licensing revenues by client tier



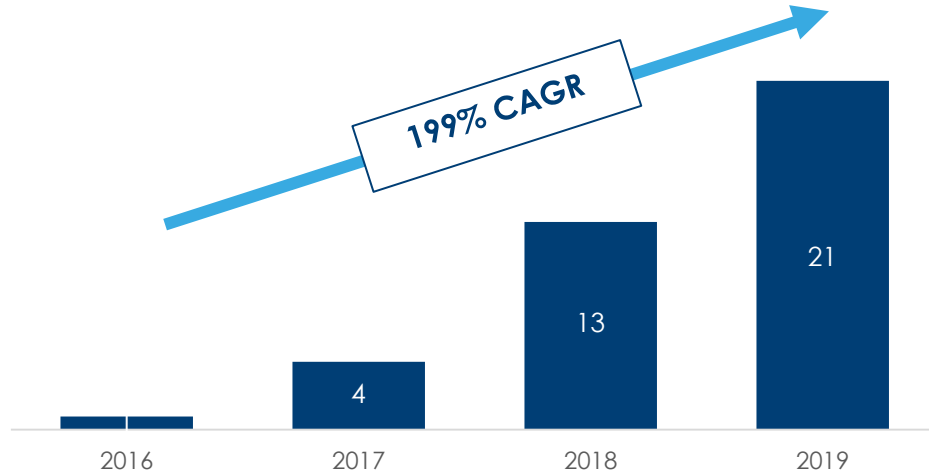
| Building momentum in North America

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

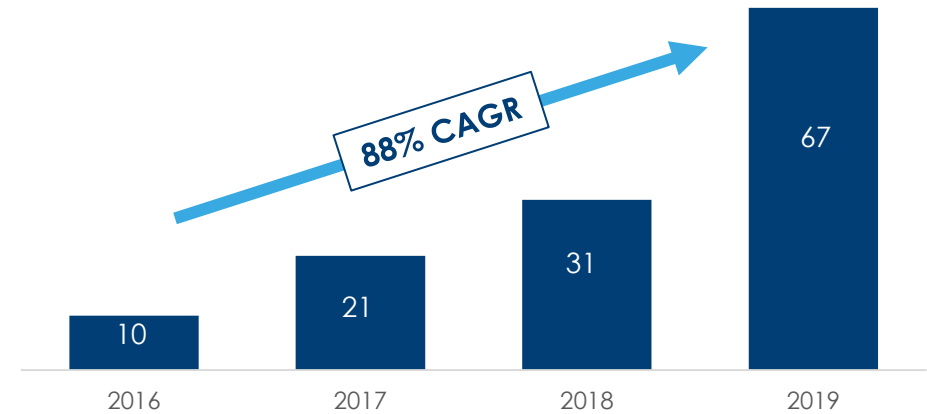


Exceptional growth across all SaaS metrics

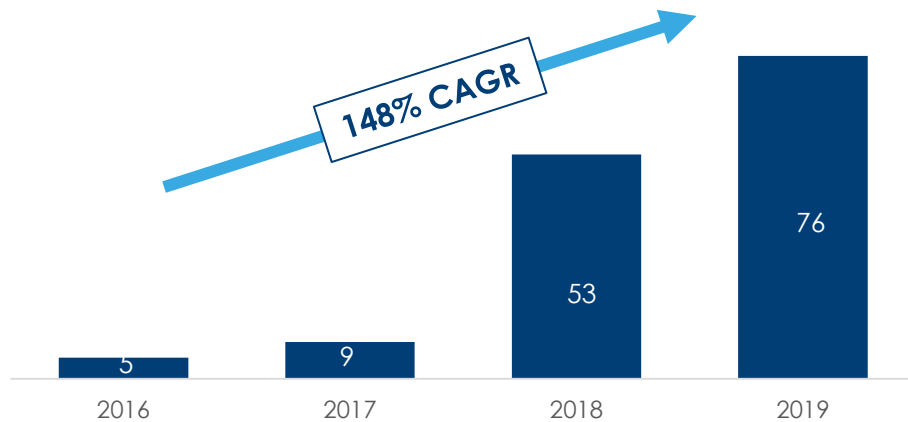
Annual Contract Value



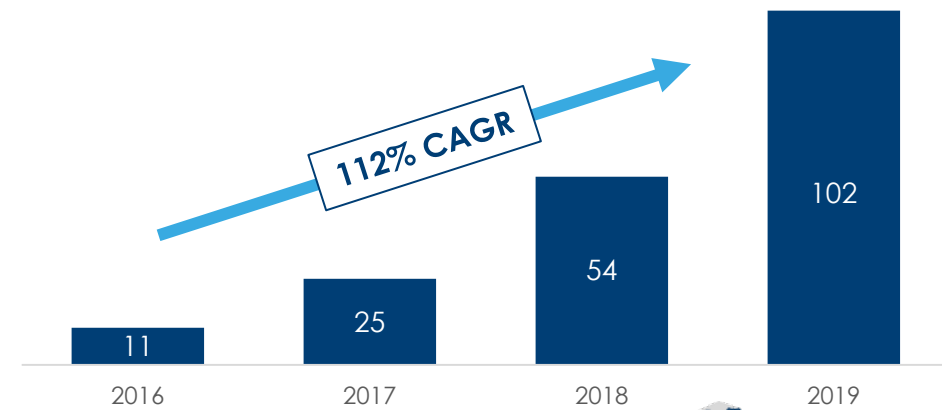
SaaS revenue



Total Contract Value

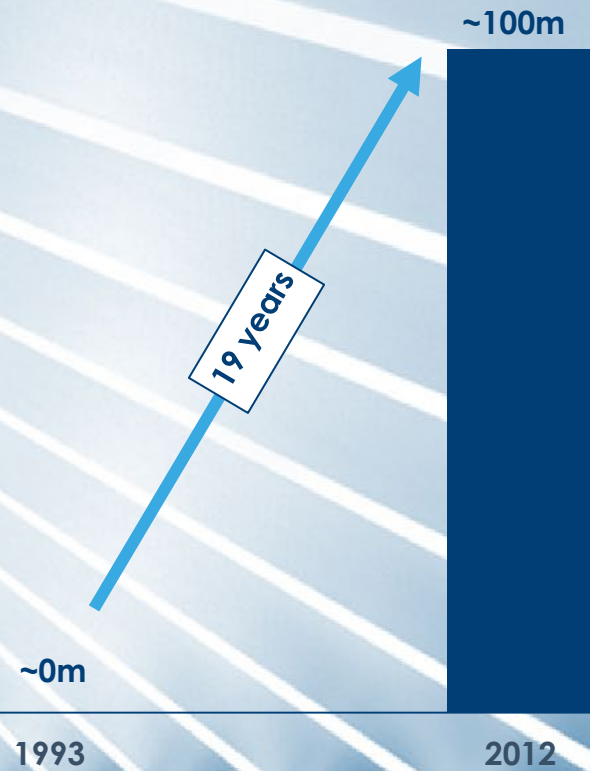


Annual Recurring Revenue

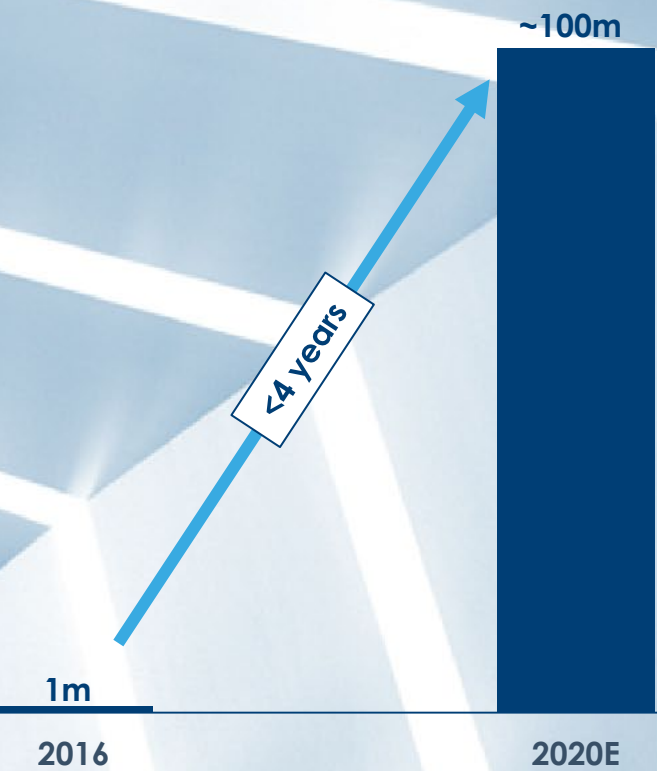


A tectonic shift in growth acceleration

License bookings

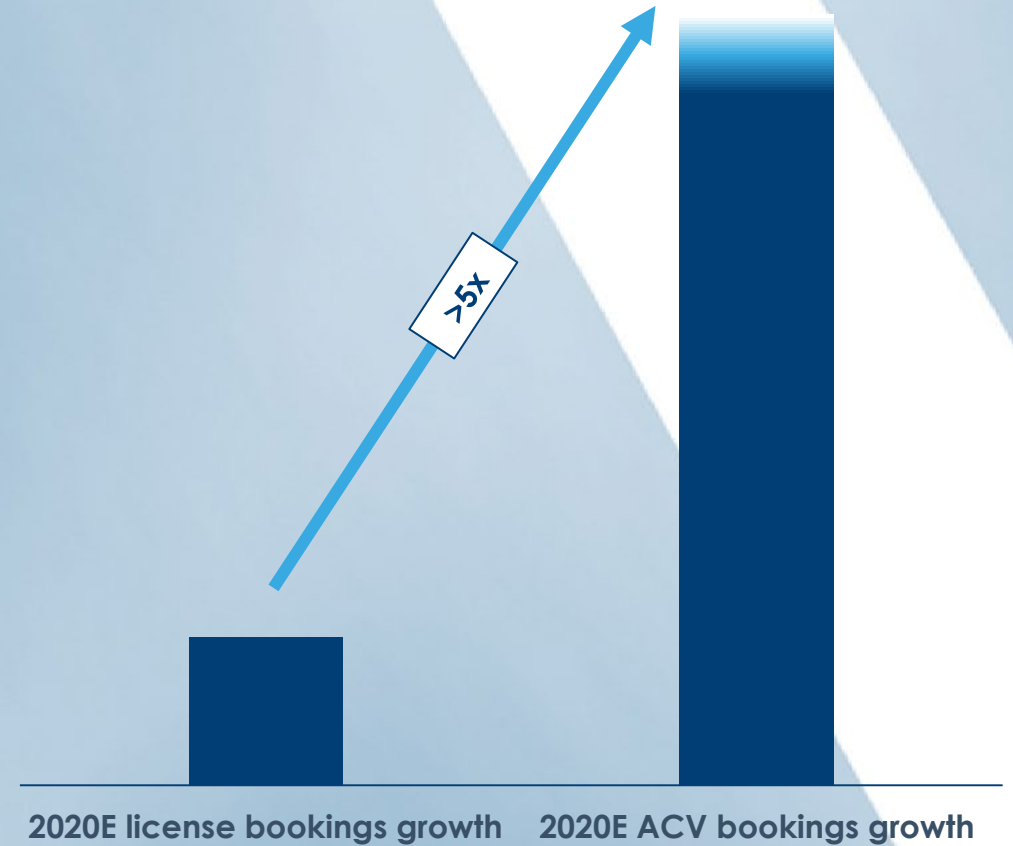


ACV bookings equivalent*



*see appendix for definition

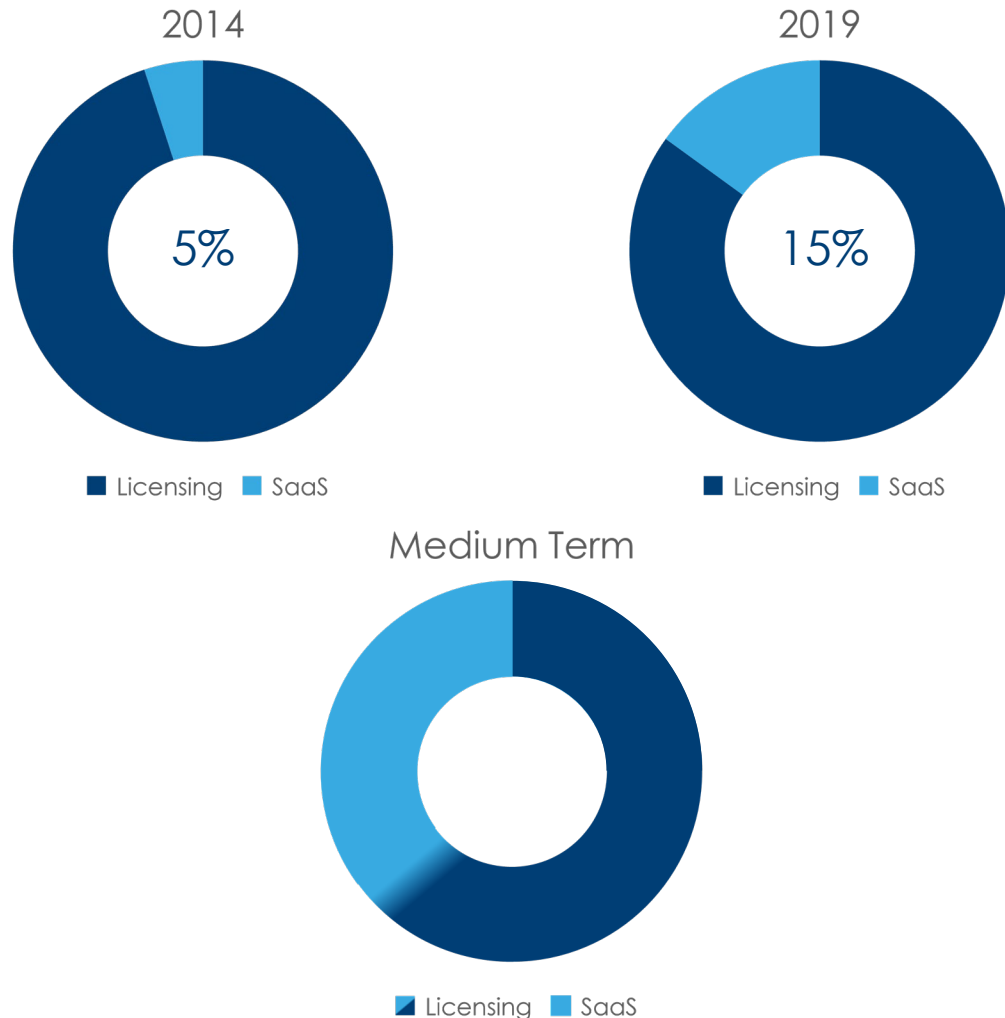
| ACV bookings growth set to accelerate further



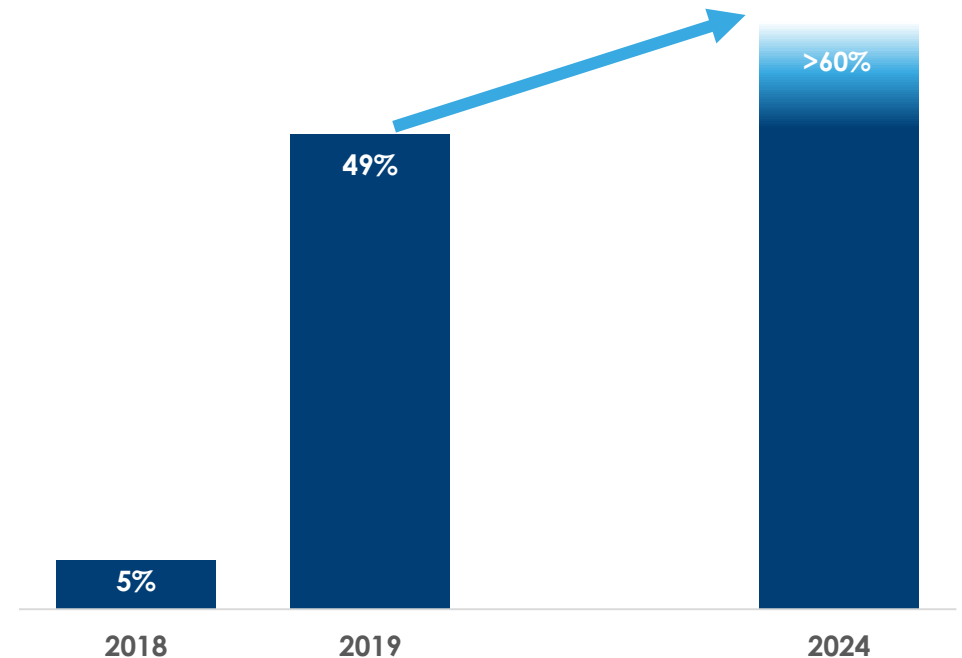
*run-rate Q4 2019

Growth contribution from SaaS is rising rapidly

Non-IFRS Software licensing vs. SaaS revenues

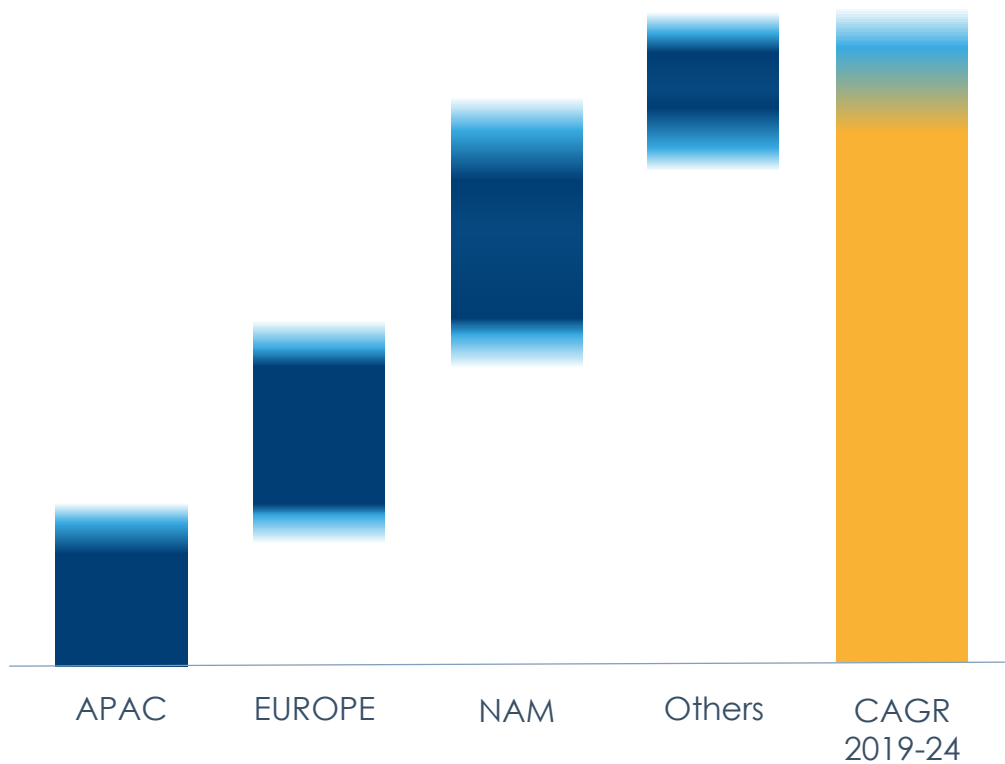


SaaS contribution to overall Total SW licensing growth

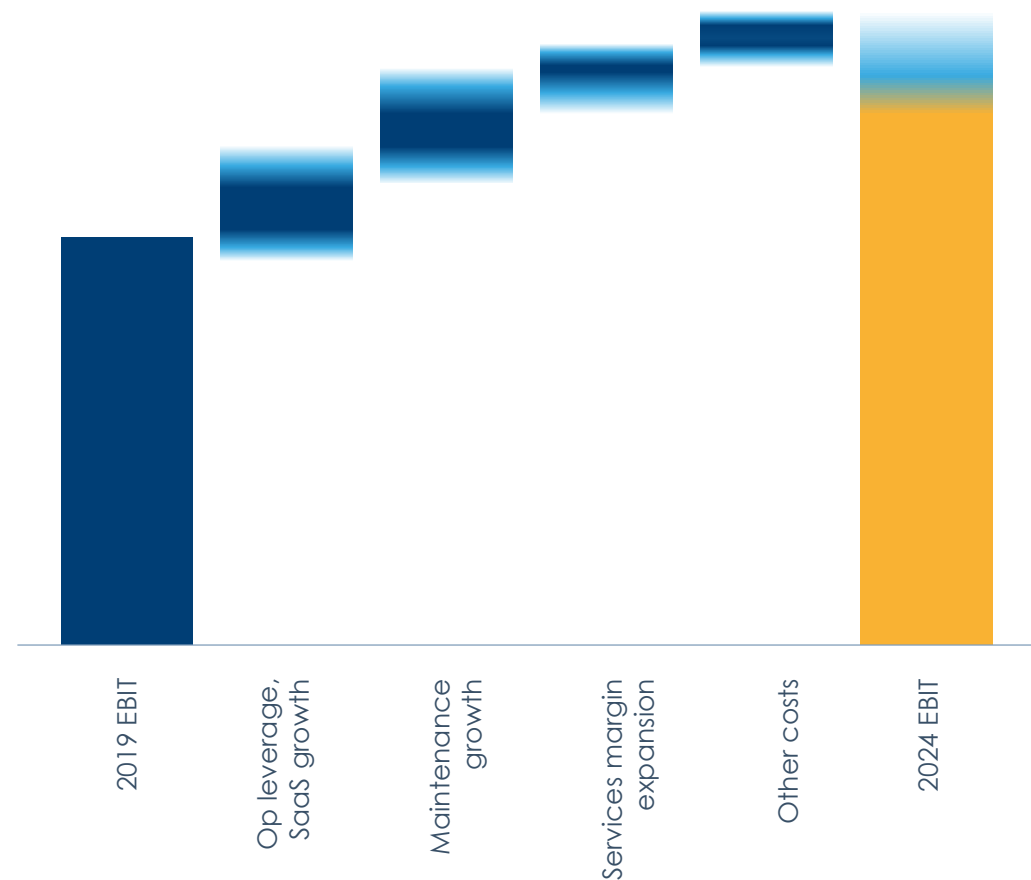


Building blocks of mid-term growth and EBIT targets

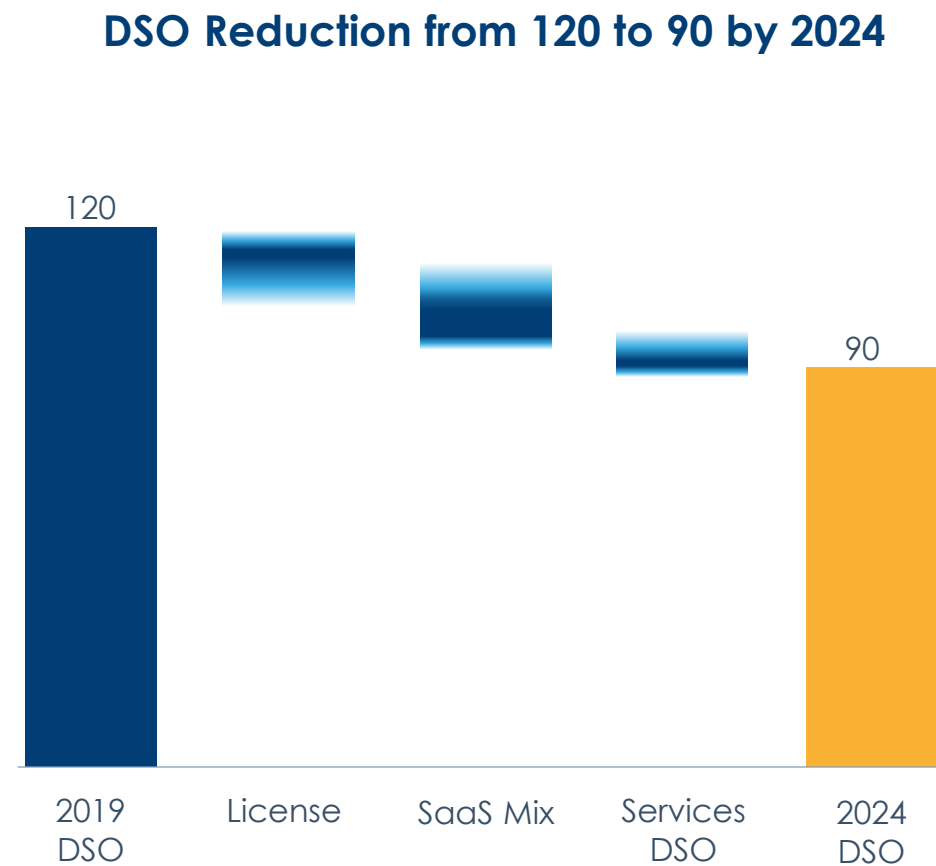
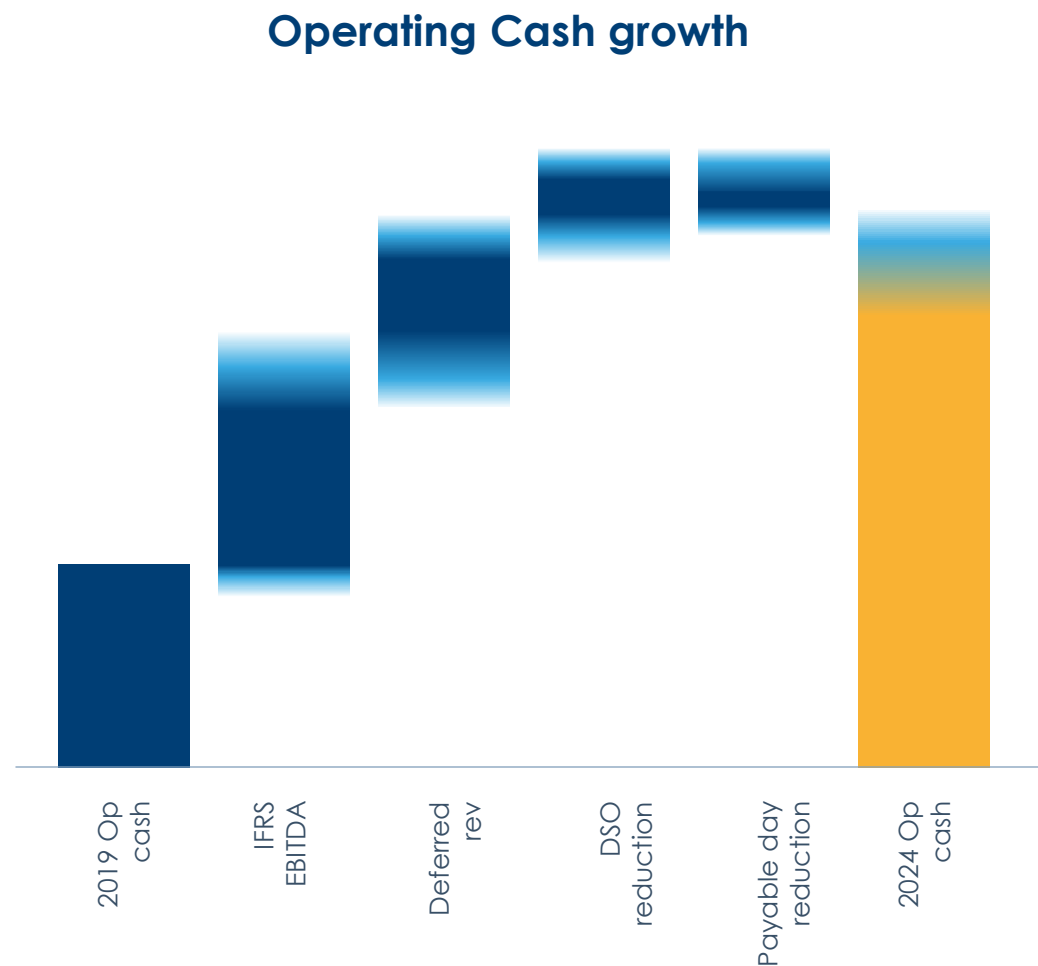
Licensing growth – Regional contribution



EBIT margin improvement contribution



Building blocks of mid-term operating cash target



A three-pronged approach to M&A to accelerate organic growth

```
graph TD; A["A three-pronged approach to M&A to accelerate organic growth"] --- B["Accelerated R&D roadmap in key markets and segments"]; A --- C["Increased scale"]; A --- D["Adjacent markets and complementary products"];
```

The diagram features a central title at the top, "A three-pronged approach to M&A to accelerate organic growth", in white text against a teal background of a swimming pool. Three white lines extend from the title to three separate light blue rectangular boxes arranged horizontally below. Each box contains one of the three prongs of the approach in dark blue text.

**Accelerated R&D
roadmap in key
markets and
segments**

**Increased
scale**

**Adjacent
markets and
complementary
products**

Sustainable annual growth targets



| Sustainable annual growth targets

Metric (Non-IFRS)
Total software licensing
Total revenue
EPS
Tax rate
Cash conversion

Sustainable long term annual targets
At least 15% CAGR
10-15% CAGR
At least 15% CAGR
c. 20%
100%+ of EBITDA p.a.

DSOs
EBIT Margin
Tax rate

Medium-term targets
90 days
36%+
18-20%



TEMENOS



**CAPITAL
MARKETS
DAY 2020**



| Corporate Social Responsibility

Kalliopi Chioti,
Director of Sustainability & Social Responsibility



TEMENOS
THE BANKING SOFTWARE COMPANY

The background of the image shows three red velvet cupcakes. Each cupcake has a swirl of white frosting on top, and a 'Great Place To Work Certified' label is placed on the frosting. The labels are partially visible on the middle and right cupcakes, showing the company logo, the text 'Great Place To Work', 'Certified', and the dates 'SEP 2019 - AUG 2020' and 'INDIA'.

**8,000
people**

**68 offices in
40 countries**

**90
nationalities**

A group of people, mostly young adults, are standing outdoors in a grassy area. They are wearing white t-shirts with the TEMENOS logo, which consists of a blue world map icon above the word "TEMENOS" in blue capital letters. They are holding hands in a circle, suggesting a team or community. The background is a soft-focus green landscape.

TEMENOS

TEMENO

OUR GOAL

**To grow our business
in a way that takes care of the world around us,
delivering value to anyone associated with us**

| The 3 dimensions of our CSR strategy

VALUE CREATION

Impact on
business model

RISK MANAGEMENT

Impact on
operations

COMMUNITY INVESTMENT

Impact on
society



| Our priority areas

Governance:

- Ethical Business Conduct & Governance
- Responsible Procurement
- Information Security, Data Privacy & Resilience

Environment:

- Environmental Management
- Climate Change & Carbon



Social:

- Digital Inclusion & Innovation
- Gender Diversity & Equal Opportunity
- Employee Volunteering

with 3rd party
verification and assurance

| Our achievements

SXI
Switzerland
Sustainability
25® Index

Dow Jones
Sustainability
Index 2019

FTSE4GOOD
Index

MSCI

ISS E&S

Ecovadis
Gold

5 Great
Place to
Work
recognitions



We want to keep on doing what we know best
THE RIGHT WAY, NOT JUST THE EASY WAY



TEMENOS



**CAPITAL
MARKETS
DAY 2020**

Thank You

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SaaS - Financial metrics definitions and reporting

Annual Contract Value (ACV)

Annual value of incremental business taken in-year (Bookings). Includes New Customers, up-sell/cross-sell. Only includes the recurring element of the contract and exclude variable elements.
Disclosure: quarterly reporting, annual guidance

Total Contract Value (TCV)

Total value of incremental business taken in-year (Bookings). Includes New Customers, up-sell/cross-sell. Only includes the recurring element of the contract and exclude variable elements.
Disclosure: annual reporting

Annual Recurring Revenue (ARR)

Annualized value of revenues booked in a period: Recurring revenue recognized in a month * 12.
Disclosure: annual reporting

Software-as-a-Service Revenue (SaaS)

Software-as-a-Service revenues booked in a period
Disclosure: quarterly reporting, annual reporting

ACV bookings equivalent

License component of SaaS contracts includes estimated value of license revenue over the life of the SaaS contract, excluding infrastructure, services and maintenance revenue components.
$$\text{ACV} \times \text{average duration of contract} / \text{license equivalent factor}$$