



TEMENOS

THE BANKING SOFTWARE COMPANY

**CAPITAL
MARKETS
DAY 2019**

Agenda

Time	Session	Presenter
09:00 – 09:30	Registration	
09:30 – 10:15	Strategy & Key Growth Drivers	Max Chuard, Chief Executive Officer
10:15 – 11:00	Product Leadership Part 1	Mark Winterburn, Chief Product Officer Temenos T24 Transact: Alex Duret Temenos Infinity: Darryl Proctor Temenos Payments: Sujatha Venkatraman
11:00 – 11:30	Coffee Break	
11:30 – 12:00	Product Leadership Part 2	WealthSuite: Pierre Bouquieaux Fund Administration: Oded Weiss SaaS and Cloud: Andrew Reeves
12:00 – 12:15	Implementation and Partners	Alexa Guenoun, Chief Client Officer
12:15 – 12:45	Bank Leumi's Digital Transformation	Ilan Buganim, First Executive Vice President and Head of Data Division, Bank Leumi
12:45 – 13:45	Lunch	
13:45 – 14:15	Creating Shareholder Value	Takis Spiliopoulos, Chief Financial Officer
14:15 – 14:30	Corporate Social Responsibility	Kalliopi Chioti, Director of CSR
14:30 – 14:45	Q&A	



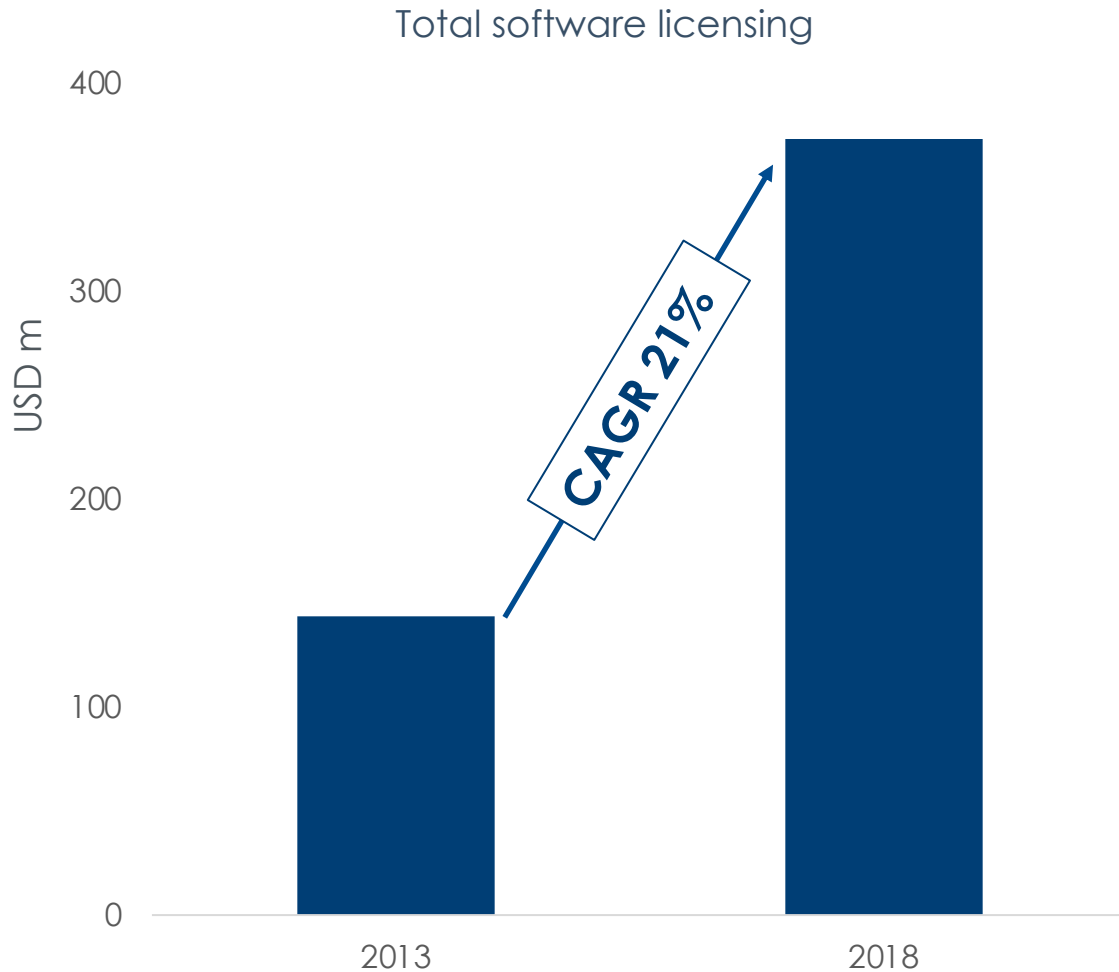
| Strategy and vision

Max Chuard, CEO



TEMENOS
THE BANKING SOFTWARE COMPANY

A business model that has delivered strong growth...



Significant addressable market of USD 57bn globally



The leader in a winner takes all market



Benefiting from six drivers of growth



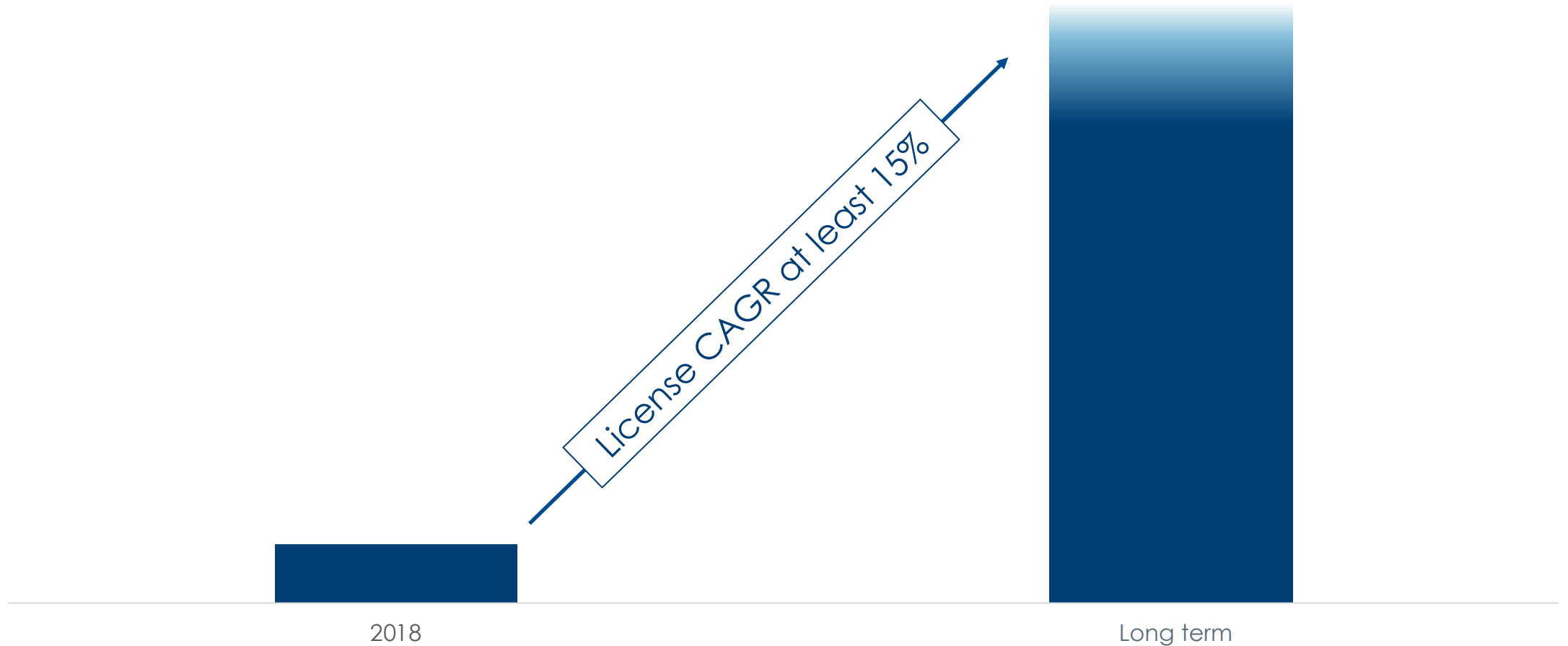
An expanding ecosystem of 6000+ consultants



M&A to accelerate organic growth

| ...and will deliver sustainable long-term growth

Total software licensing



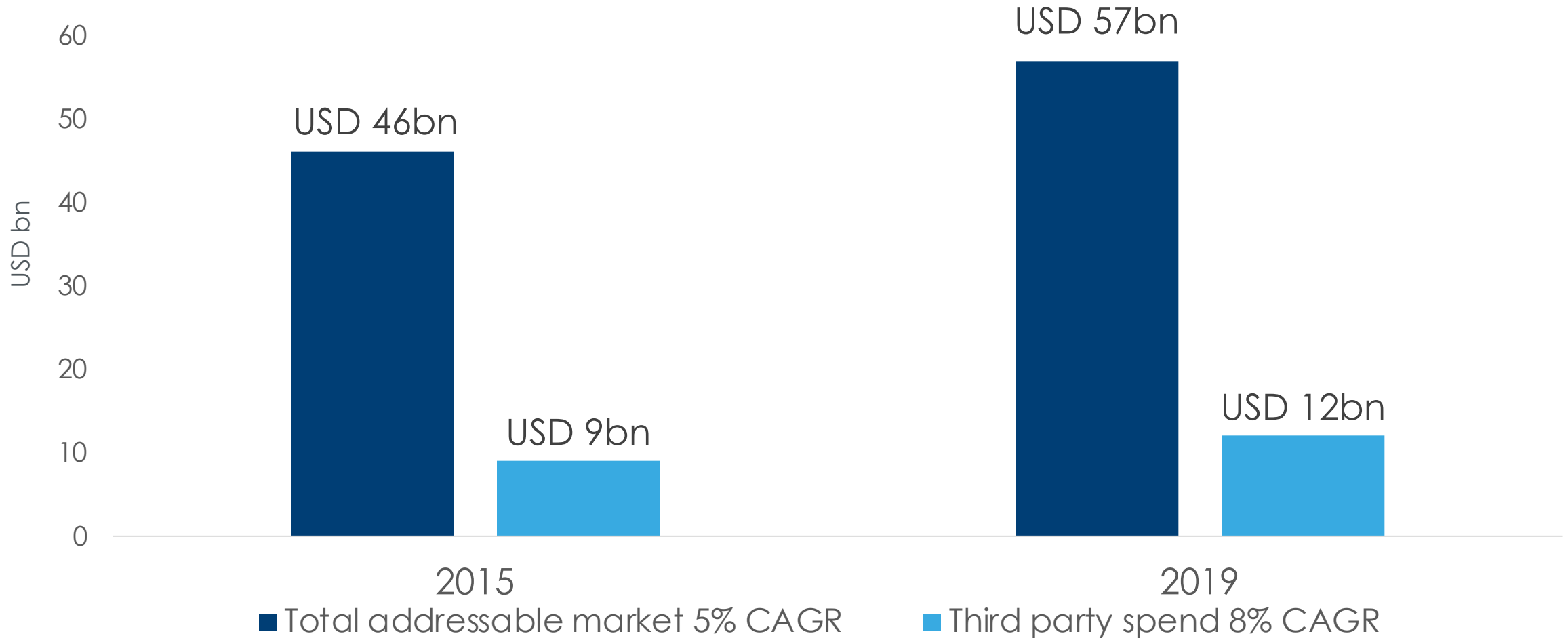
| Our market opportunity



TEMENOS

A large and growing market

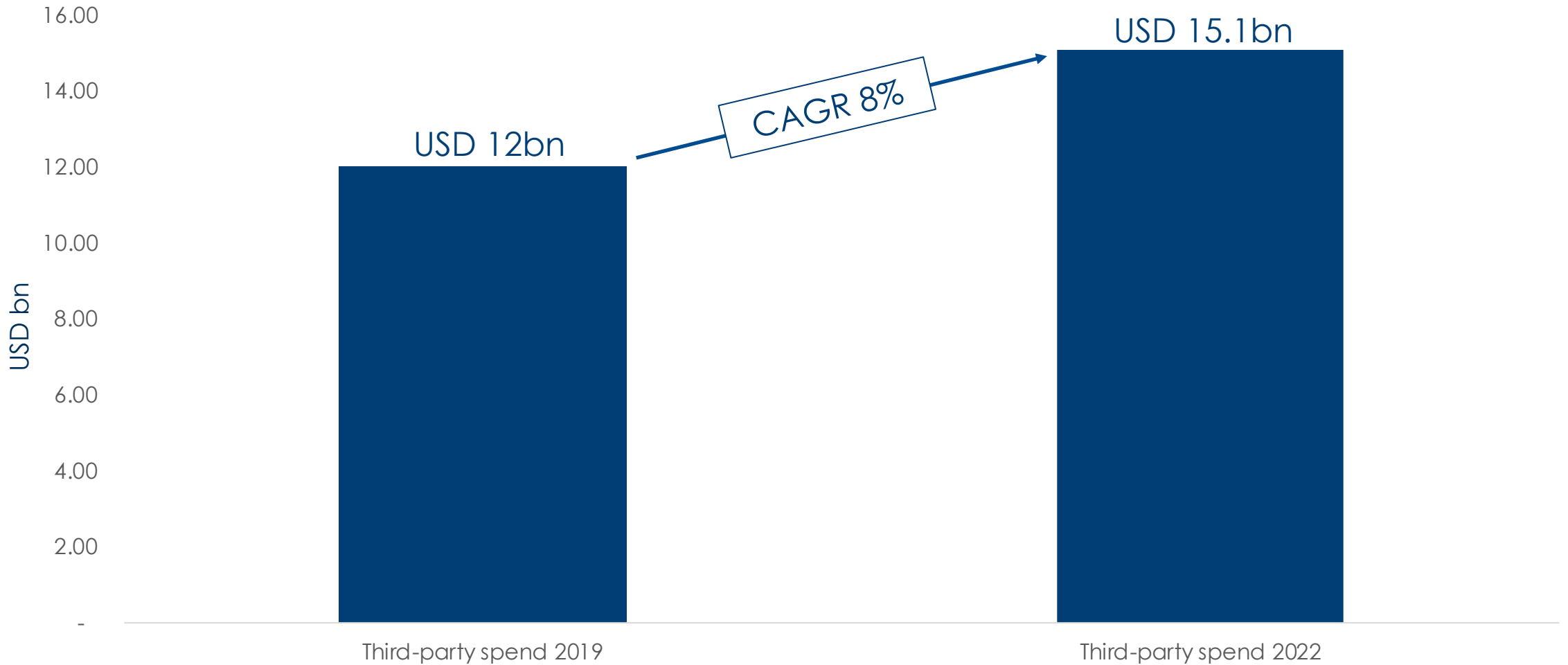
Addressable Bank IT spend



Source: Gartner, IDC, Celent, Ovum, Oliver Wyman, Temenos estimates

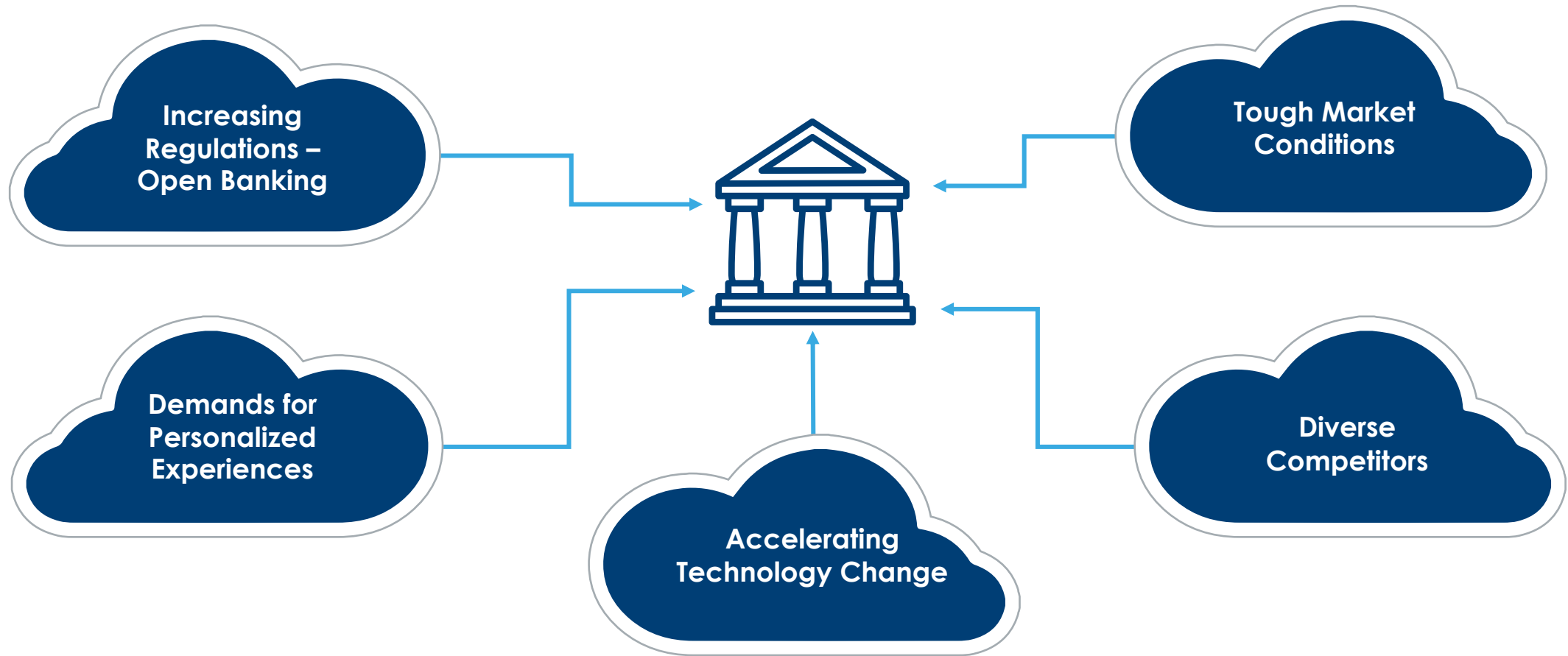
Note 2015 addressable market increased due to opening of new markets including fund administration, compliance and origination

The market will continue to grow



Source: Gartner, IDC, Celent, Ovum, Oliver Wyman, 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

The urgency to change has never been greater



“ Banks without a modern digital platform will find it hard to remain competitive in the next five to seven years.

Jost Hoppermann, Forrester

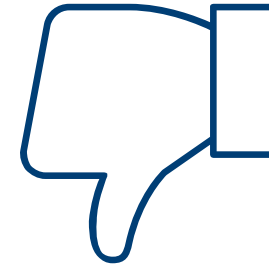
Banks are hindered by their legacy systems



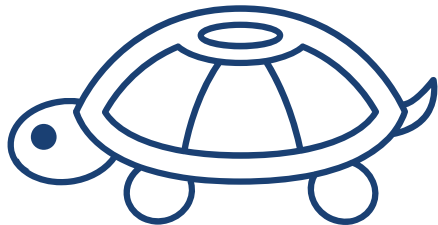
Higher
operating
costs



Higher
operational
risk



Poor
customer
experience



Reduced
speed to
market



Poor
analytics

Our market position and our ambitions

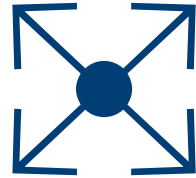


TEMENOS

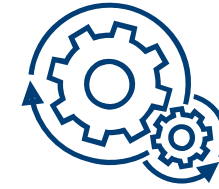
Temenos has a unique value proposition



Only focused on banking, 3,000+ banking customers



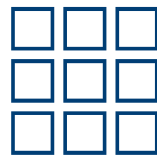
Leading functionality, localisation and advanced technology



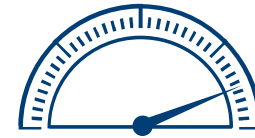
Open & independently implementable products



Relentless focus on innovation

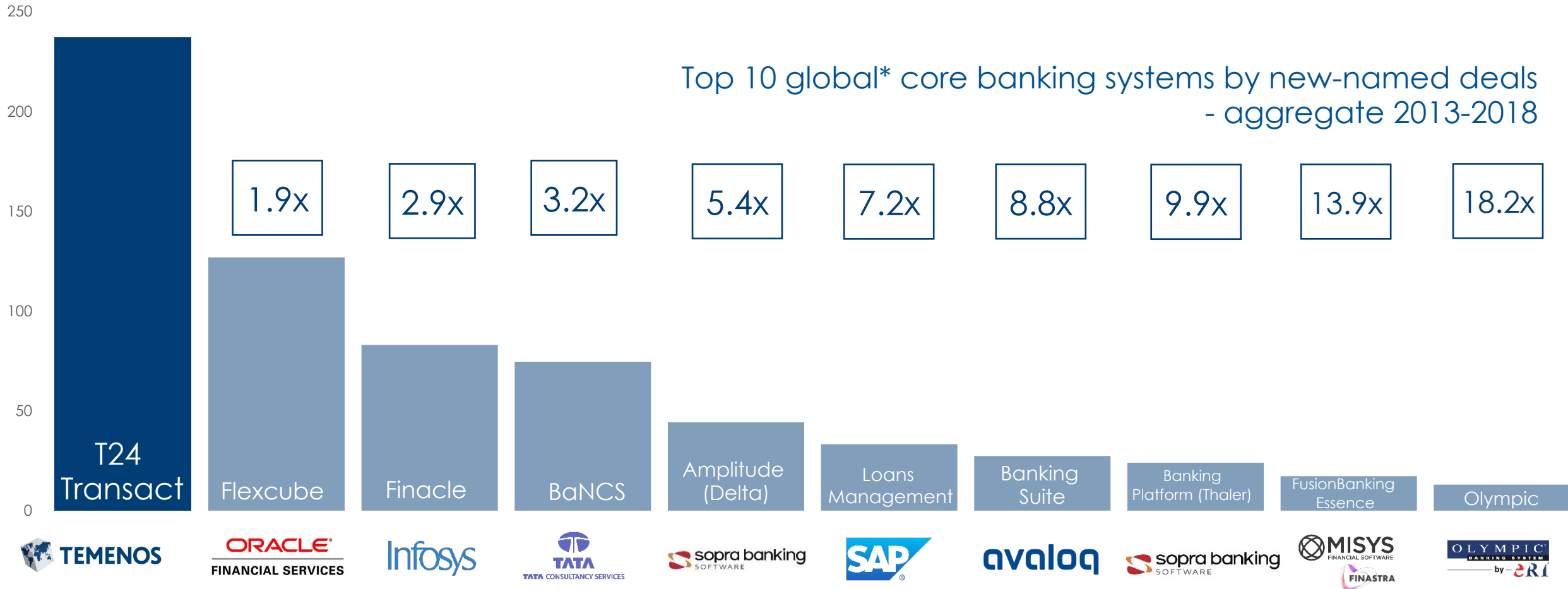


6,000+ consultants taking a bank live every day



Continuous & faster deployment

The vendor of choice for core banking transformation globally

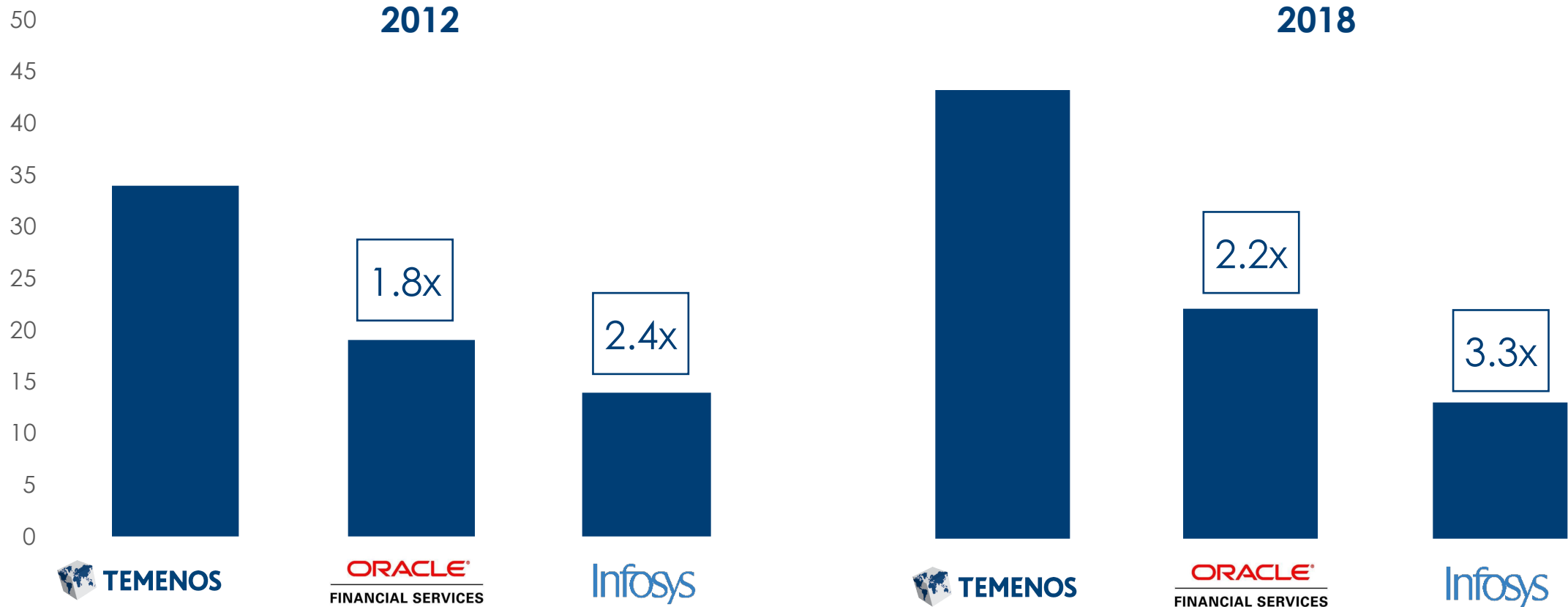


Outselling the top global* core banking systems by a factor of 5x on average

*excluded domestic/single country only core banking systems
 Source: IBS Sales League Tables 2013 - 2018
 Note: Oracle deals is average of deals from 2012-2015 as they did not participate in IBS since 2015

Accelerating our leadership position

Core banking systems sales by new-named deals



Note: Oracle 2018 deals is estimate based on average of deals from 2012-2015.
Oracle did not participate in IBS since 2015

The world's best selling banking software vendor



IBS intelligence



Best-selling
Core Banking
for **14 years**



Best-selling
Digital Banking
& Channels



Best-selling
Payments
system



Best-selling
Compliance
& Risk Mgmt.

FORRESTER®

New-name clients:

Top global power seller for the 12th consecutive year with more than 60 new named deals

New and existing clients:

Top global player for the 6th consecutive year

The leading vendor across the banking software market

We benefit from six drivers of growth

Medium-term third party spend (bn)

CAGR

	 TEMENOS T24 Transact	\$5.0	7%
	 TEMENOS Infinity	\$5.3	8%
	 TEMENOS WealthSuite	\$0.6	8%
	 TEMENOS Payments	\$2.7	10%
	 TEMENOS Fund Administration	\$1.6	8%

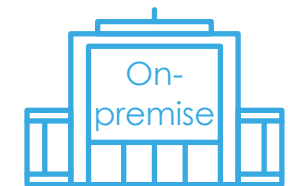
 **TEMENOS**
SaaS



 Azure

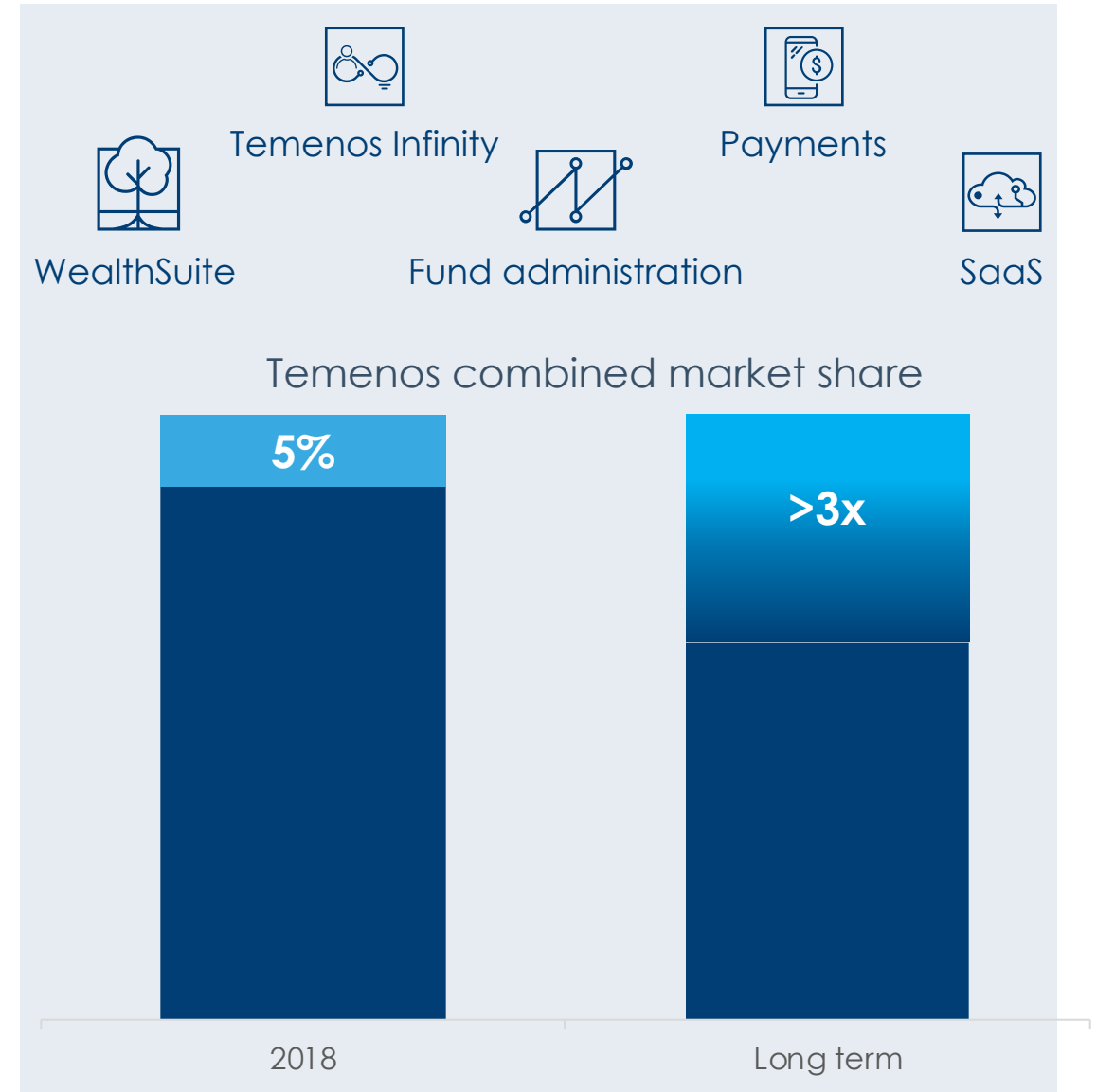
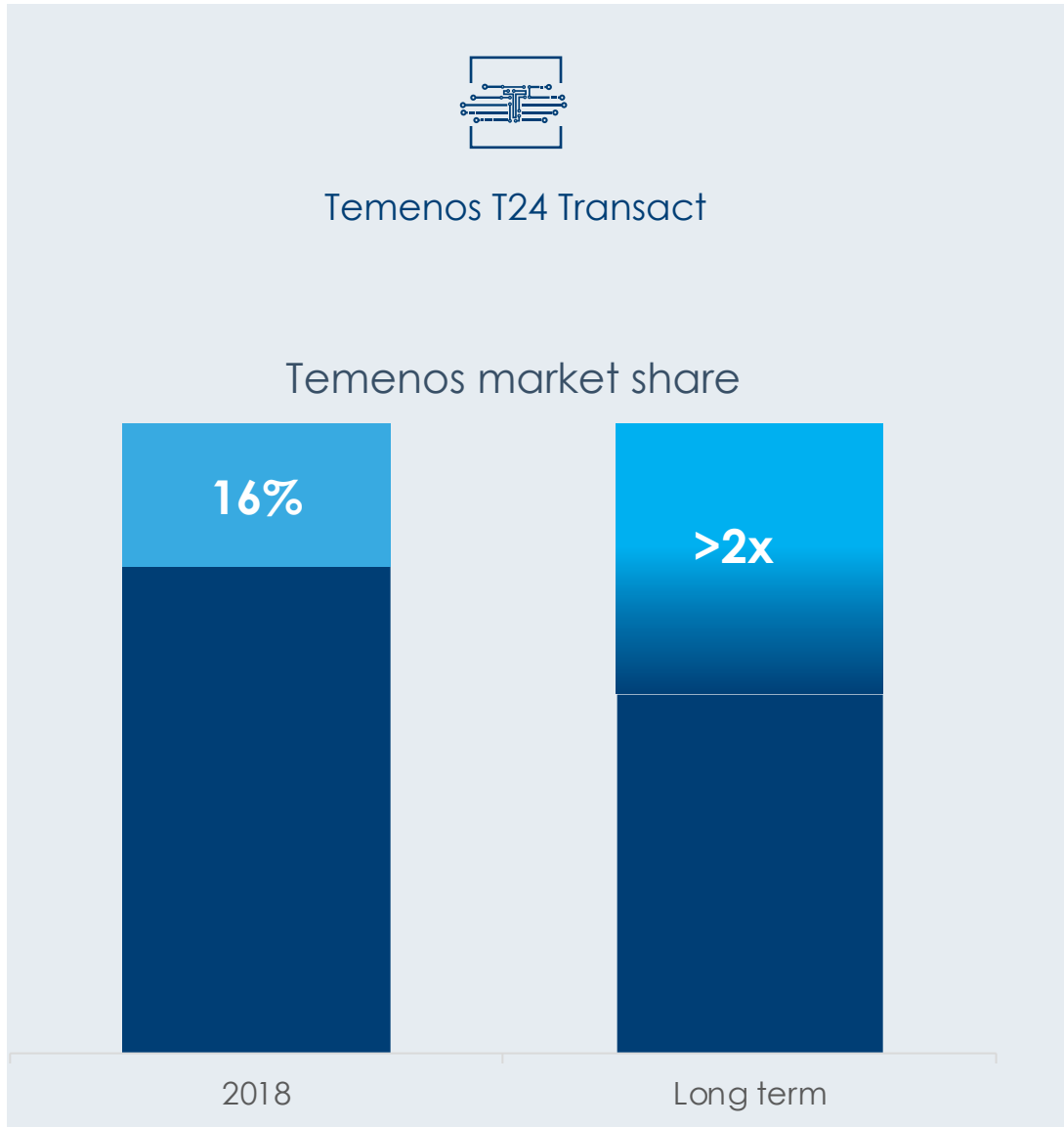
 aws

 Google
Cloud Platform



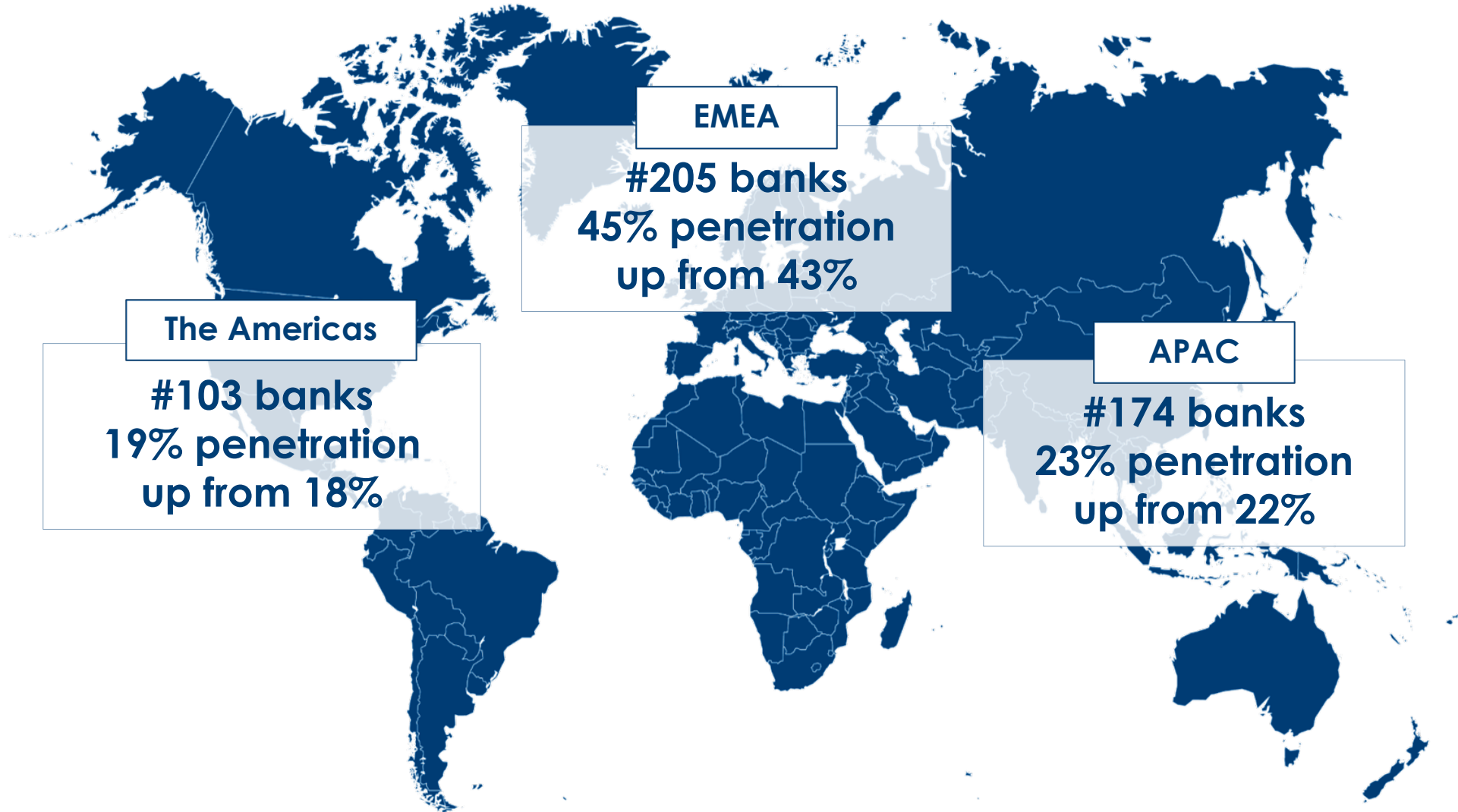
ALL DEPLOYMENT OPTIONS

Set to take market share across all drivers of growth



Note: independent scales, market share based on licenses only

Expanding our tier 1 and 2 client base

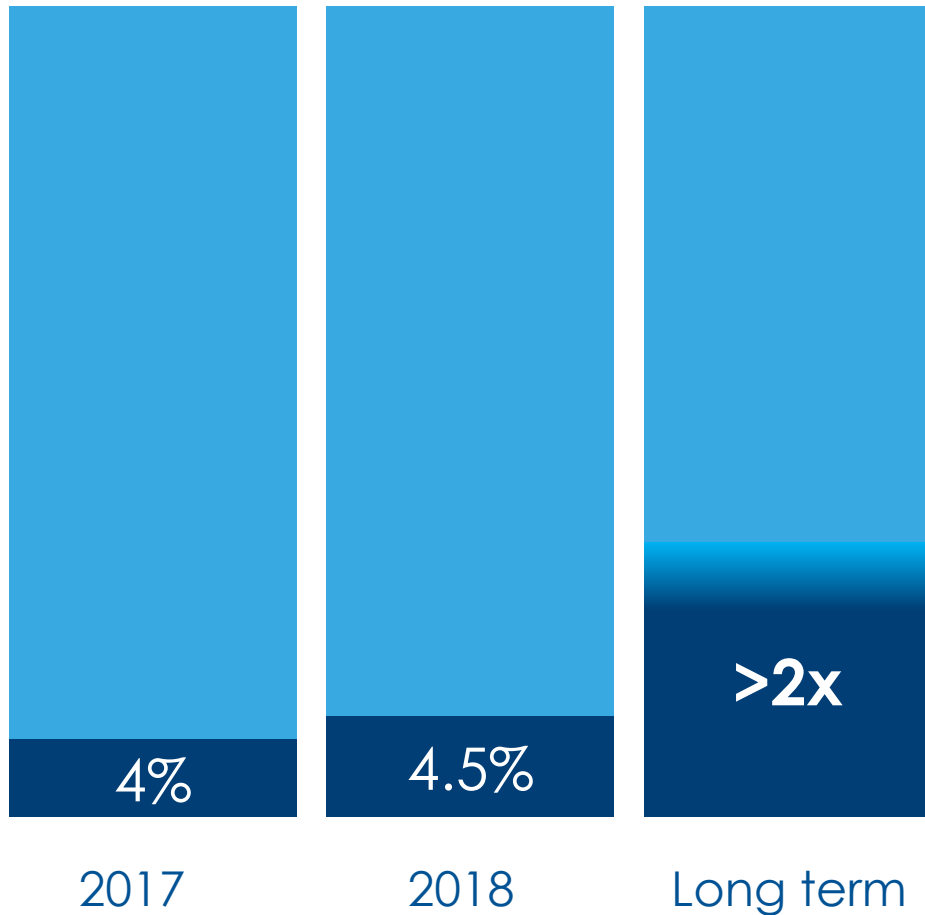


- number of Tier 1 and 2 banks
% - Temenos account penetration of T1 and T2 banks

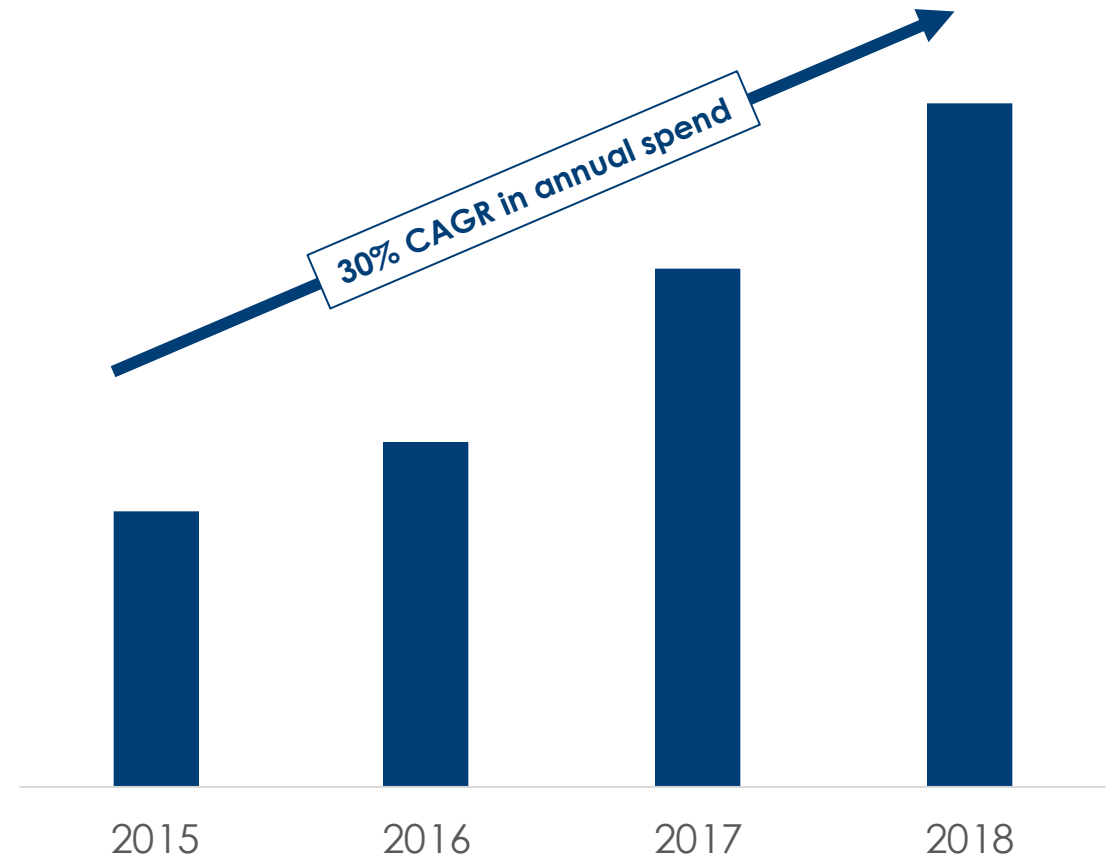
Source: FT Banker Database; Temenos

Increasing wallet share in Tier 1 and 2 banks

Temenos' average share of wallet in tier 1 and 2 banks



Average annual spend from tier 1 and 2 banks undergoing transformation



* Based on Temenos estimates of average addressable transformational software spend by tier 1/2 banks

Our strategic initiatives



TEMENOS

Our strategic initiatives to drive growth



Enhance award winning solutions to accelerate penetration and open new markets



Geographic market development to drive faster growth



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



An expanding partner ecosystem to support growth



Using M&A to accelerate organic growth

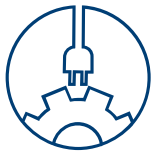
Enhance award winning solutions to accelerate penetration and open new markets



Cloud-native and cloud-agnostic – elastic scalability, security, multi-cloud resilience, reduced TCO



Temenos Continuous Deployment – code in the morning and deploy in the afternoon



Open-API first – rapidly integrate and innovate at lowest risk and cost



Major functional enhancements – extending our gap over the competition



Strategic collaboration with Bloomberg – opening up a new \$5bn buy-side technology market

Market expansion in the U.S.

Strategy

- **Major accounts:** top 120 FIs, assets \geq \$10bn for all products
- **Mid-market:** \$3bn < Assets < \$10bn for Temenos Infinity in particular
- **Digital/New Entrants:** proactive opportunities in the market.

Presence



430+
Employees



7
Offices



Acquisitions

Major wins



T1 Retail Signing



T1 Corporate Signing

2018



GRASSHOPPER

2017



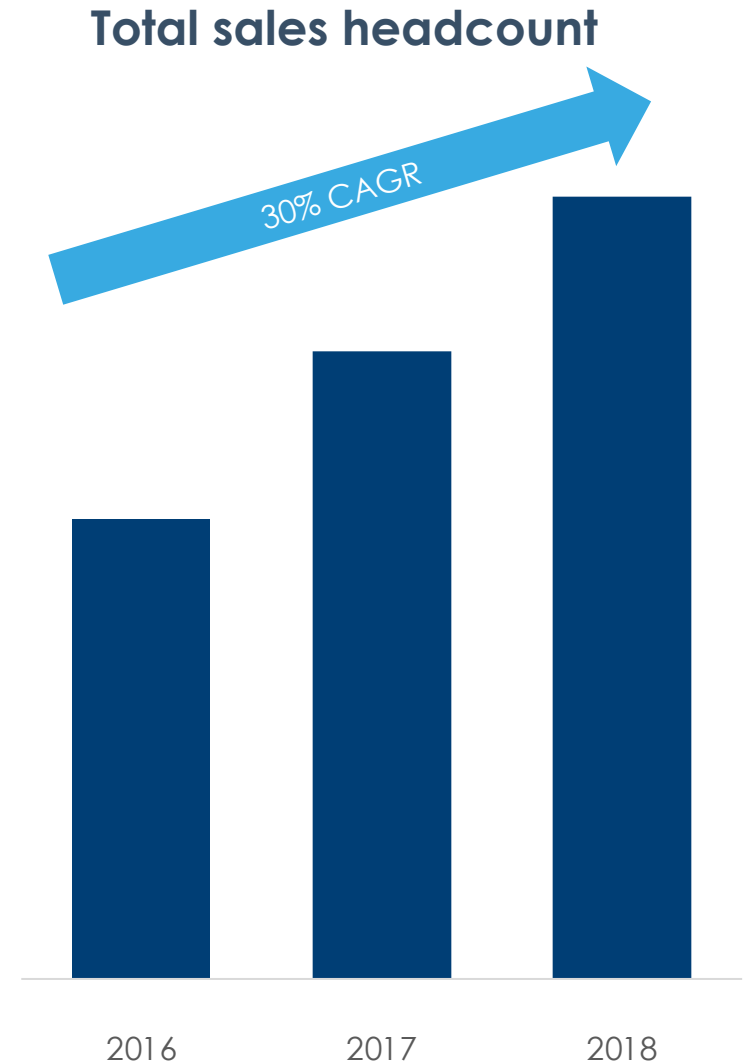
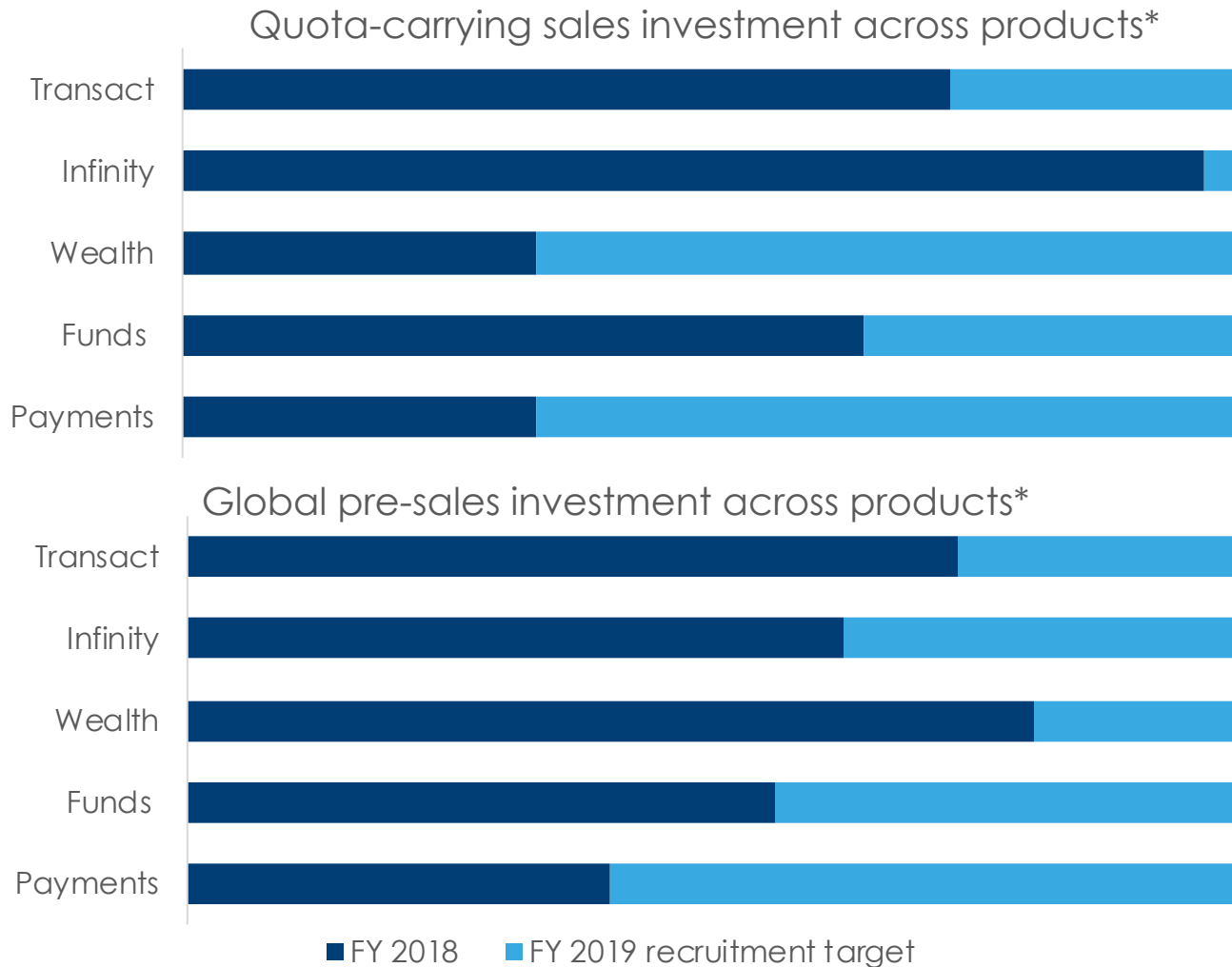
Commerce Bank
Member FDIC

2016



2015

Structuring sales around the six drivers of growth



*% of FY 2019 term total

Accelerating adoption through cloud and SaaS

2011

First Temenos Cloud client

33

Core banking clients

400+

Clients use Temenos Cloud services

120+

Temenos Cloud employees

22%

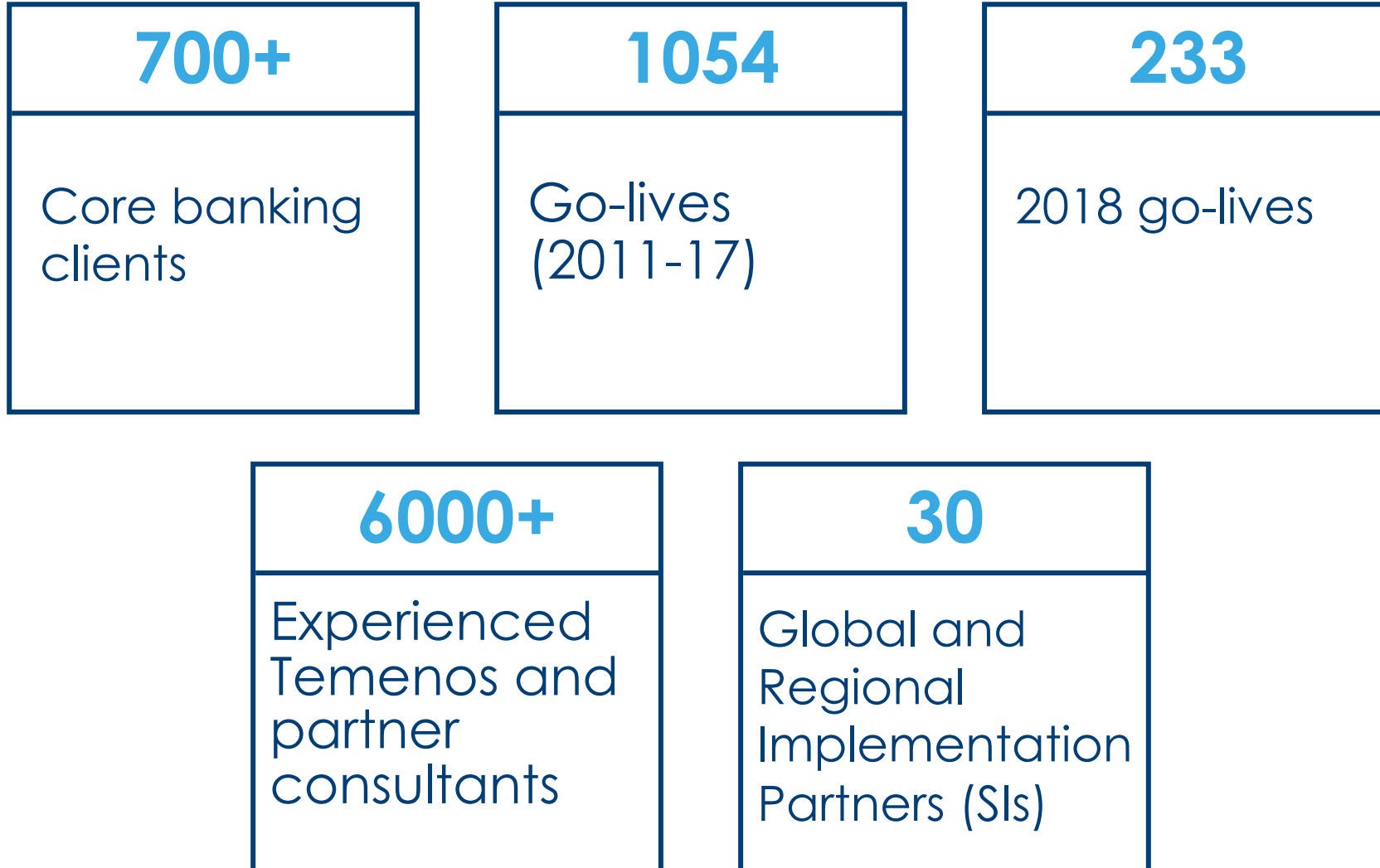
of all new deals are Cloud

x6

Increase in Total Contract Value



An expanding partner ecosystem to support our growth



A swimmer in a pool, wearing a white swim cap and goggles, is captured in a dynamic pose, likely during a freestyle stroke. The swimmer is positioned in the center-right of the frame, with their arms extended forward. The water is a deep blue, and the pool's lane lines are visible in the foreground. The overall scene is bright and energetic, with a strong blue color palette.

Using M&A to accelerate organic growth

Increased
scale

Accelerated growth in key
markets and segments

Adjacent markets and
complementary products

Our ambition: delivering sustainable long-term growth



Significant addressable market of USD 57bn globally



The leader in a winner takes all market



Benefiting from six drivers of growth



An expanding ecosystem of 6000+ consultants



M&A to accelerate organic growth

Software companies leading their categories



1bn → 3bn → 5bn → 110bn (today)



1bn → 3bn → 5bn → 40bn



1bn → 3bn → 5bn → 25bn



1bn → 3bn → 5bn → 13bn



1bn → 3bn → 5bn → 9bn



1bn → 3bn → 5bn → 9bn

*figures rounded

Once they achieved the USD 1bn revenue mark



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| Product leadership

Mark Winterburn, Chief Product Officer



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Relentless focus on innovation



Relentless focus on innovation



20% revenues
in R&D

1.9 billion USD
cumulative R&D
investment 1990-2018

6x TCV
SaaS growth in 2018

180,000+ MD
invested in R&D in
2018

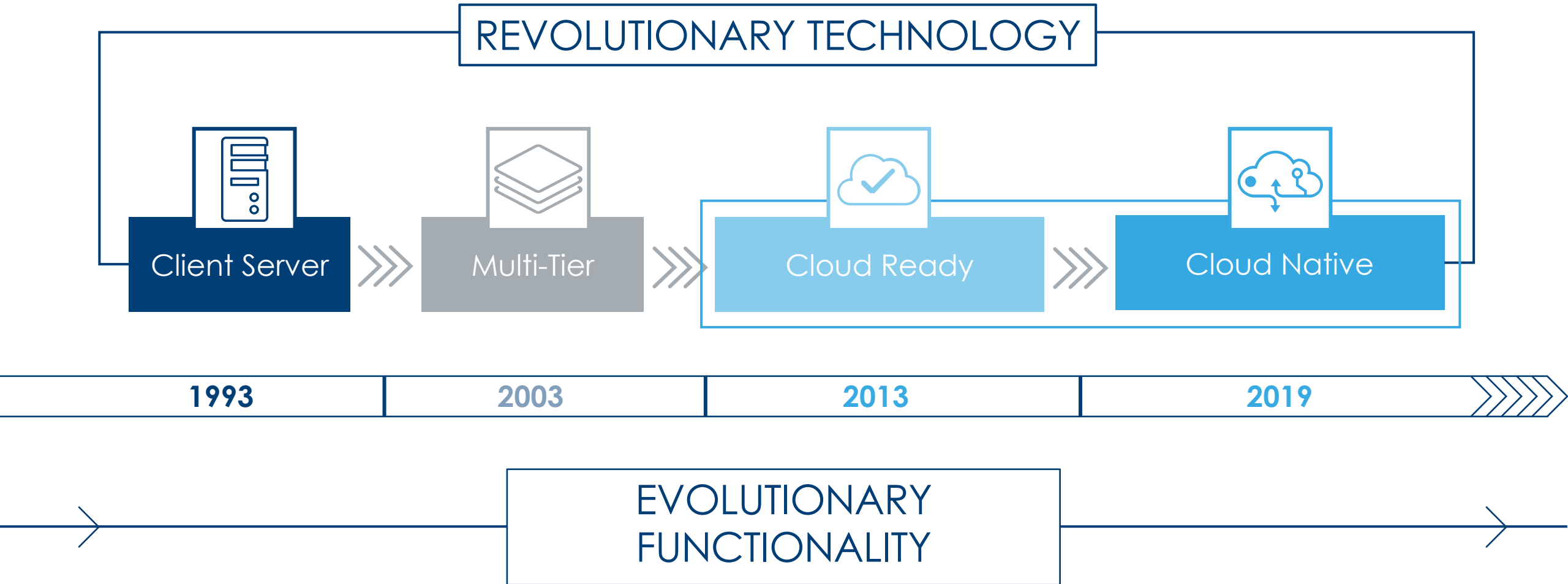
Continuous R&D investment since inception

Virtuous cycle of software development

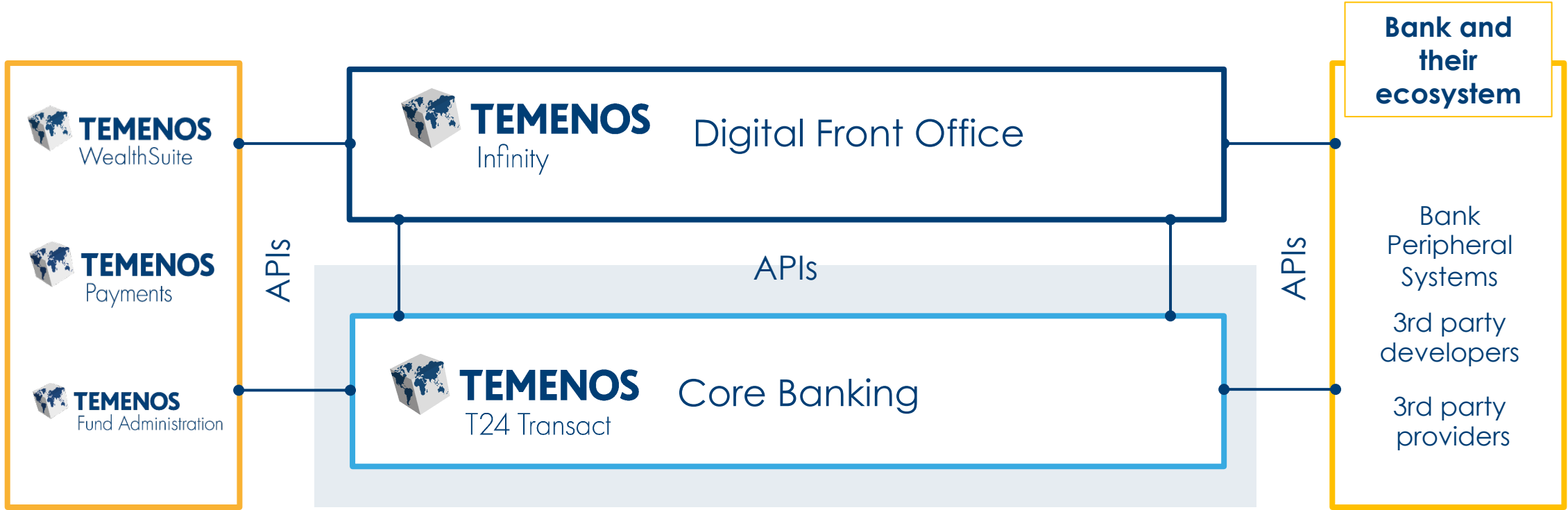
Evolutionary functionality and revolutionary technology investment

Migration to cloud native, cloud agnostic Platform

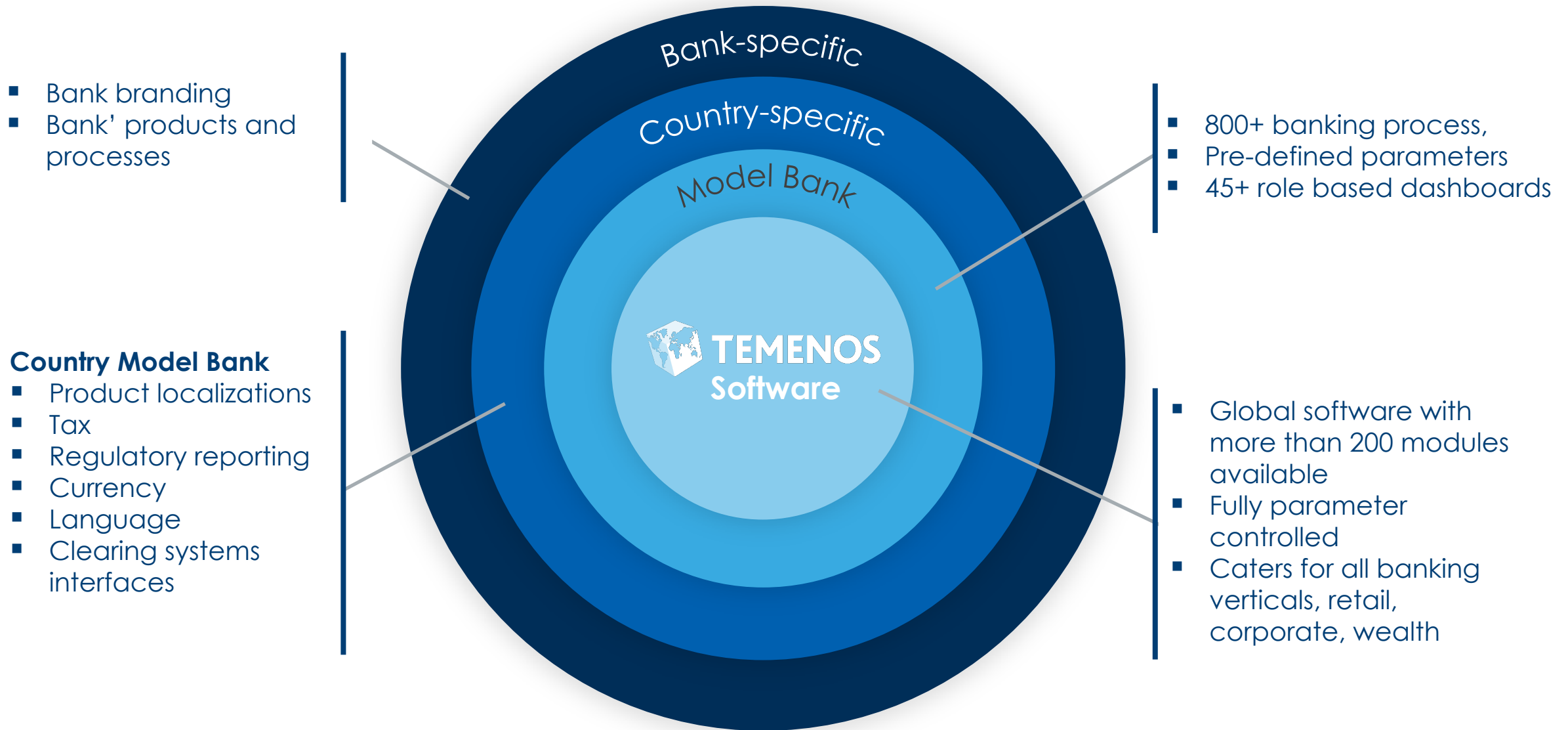
25 years of leadership in banking software



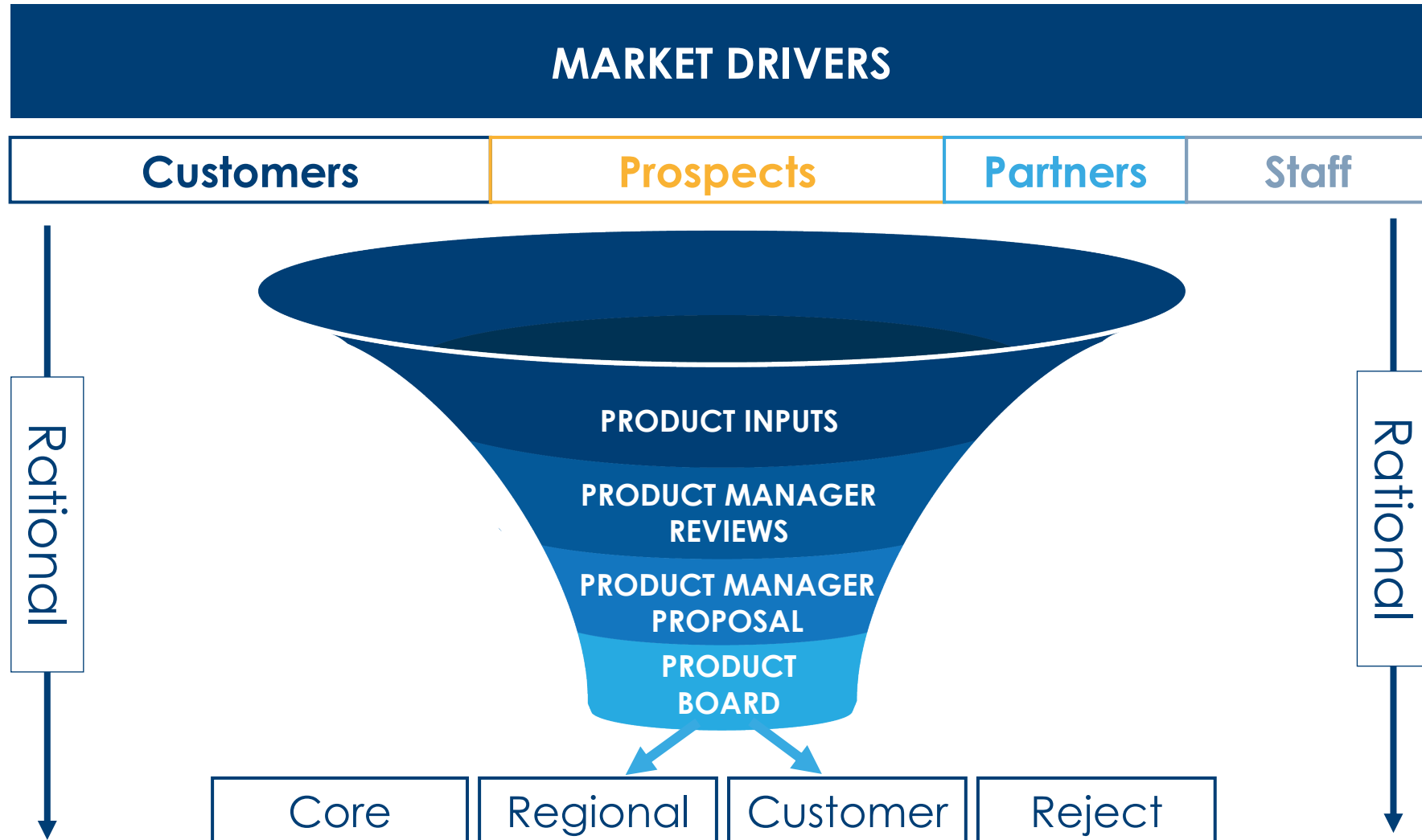
Temenos software – the big picture



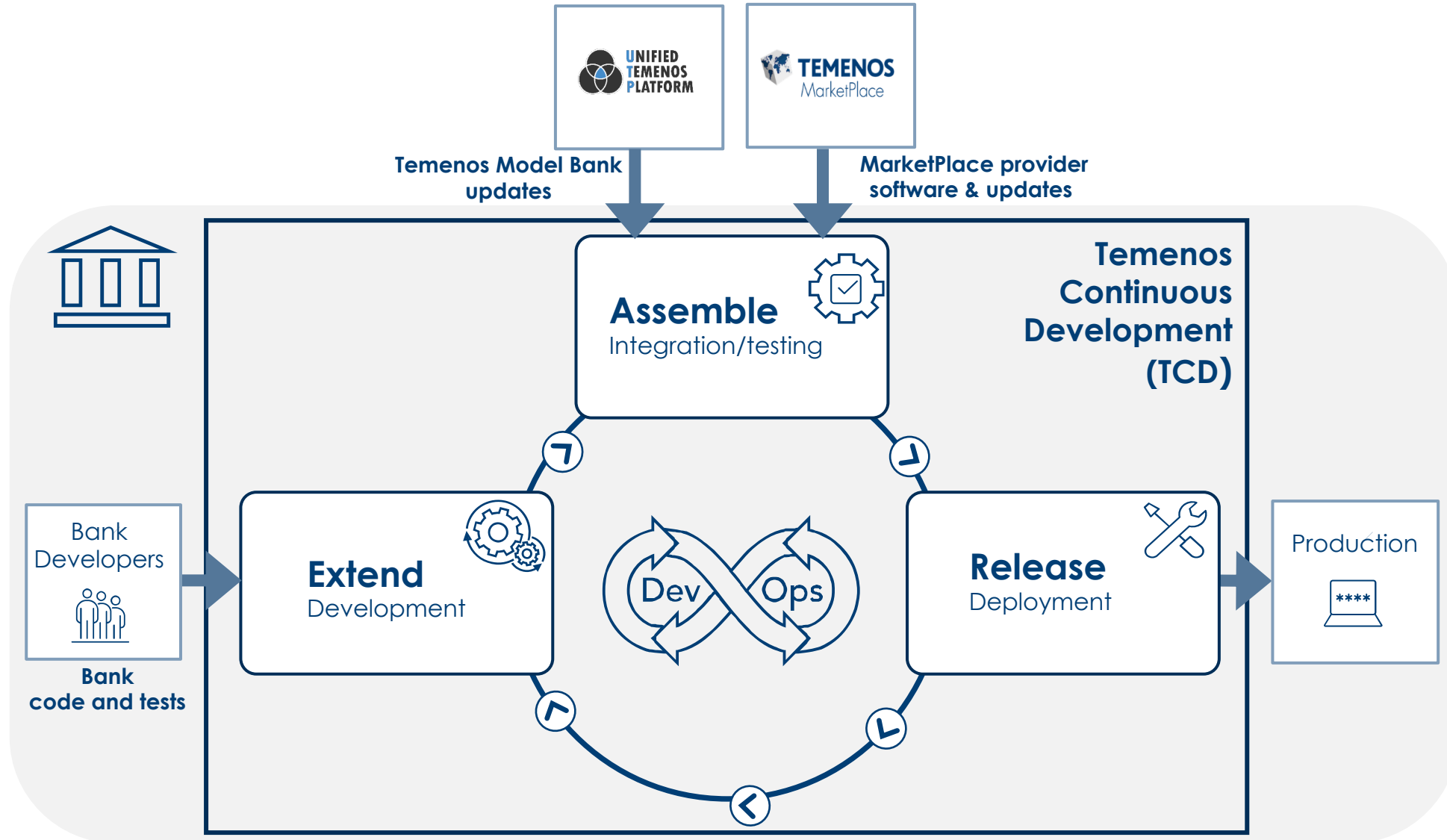
Global software with localization capability



Significant investment in innovation



Enabling Continuous Deployment



Build in the morning, consume in the afternoon

| The six drivers of growth



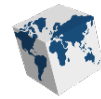
TEMENOS
T24 Transact



TEMENOS
Infinity



TEMENOS
Payments



TEMENOS
WealthSuite



TEMENOS
Fund Administration



TEMENOS
SaaS





| Temenos T24 Transact

Alex Duret, Product Director



The core banking market opportunity



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



Medium term spend of **\$5.0bn** growing at **7% CAGR**



Our product offering is **Temenos T24 Transact**



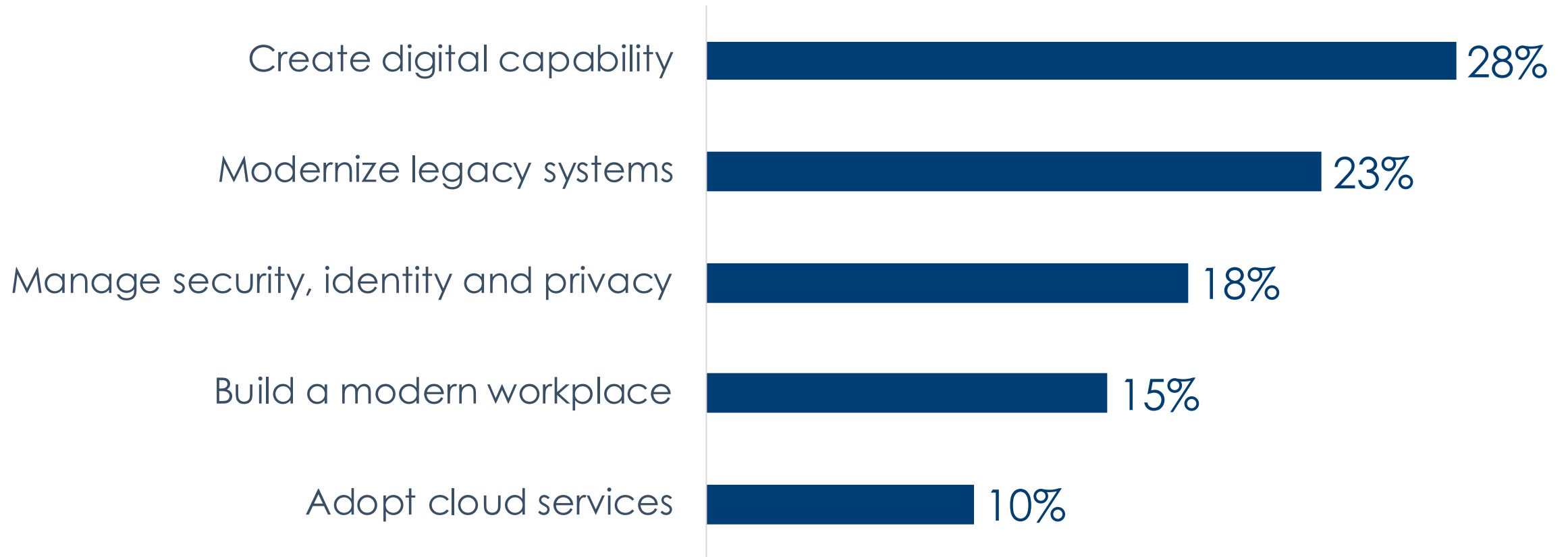
Our value proposition is to deliver a **faster and cheaper transformation** through technology **innovation** and 25 years of **packaged & integrated** functionality

Competitive landscape

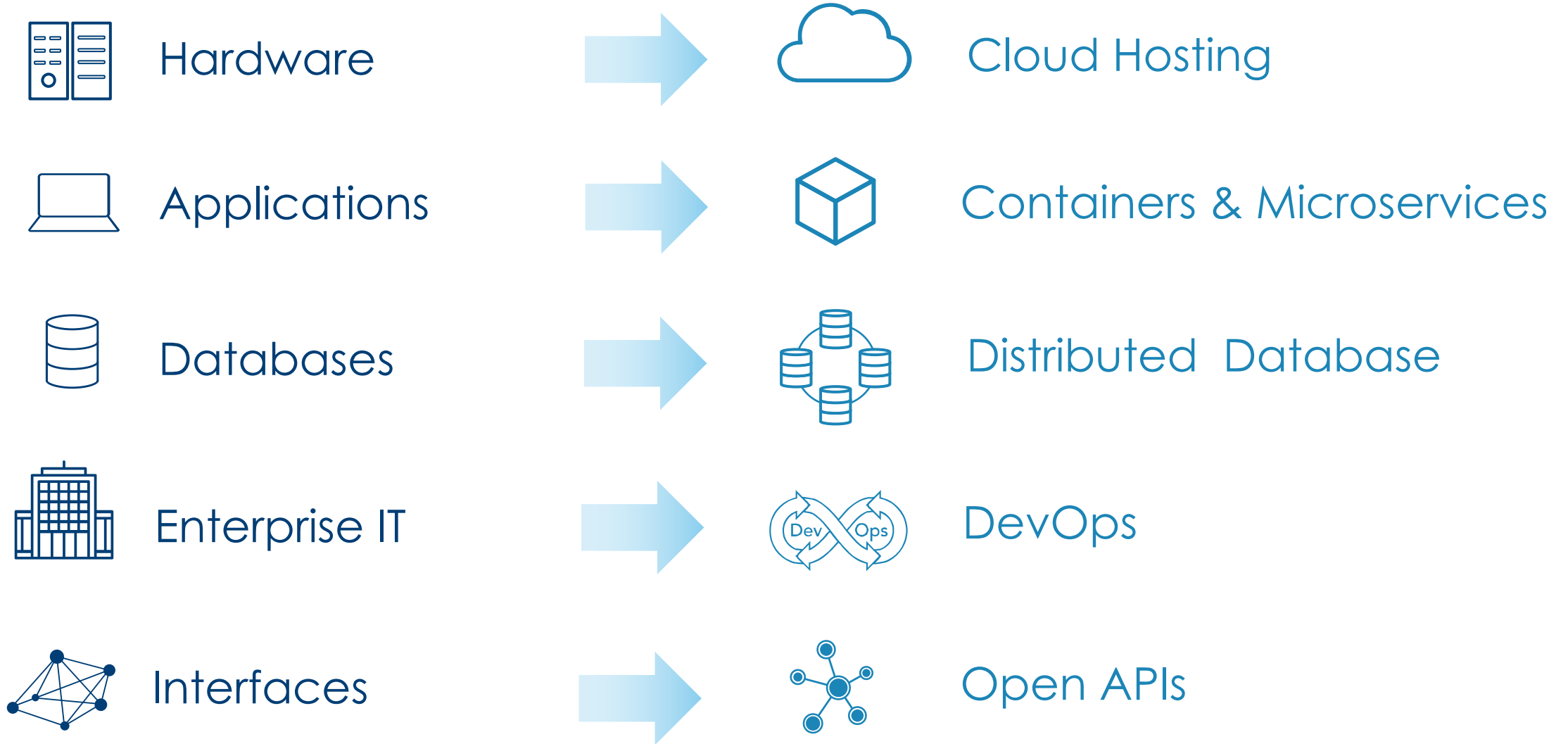
	 TEMENOS	Infosys	Oracle	Sopra	Mambu
Global presence	✓	✓	✓	✗	✗
Cloud native	✓	✗	✗	✗	✓
All market segments, all sizes	✓	✗	✗	✗	✗
Pre-integrated, end-to-end solutions	✓	✗	✗	✗	✗
Long term upgrade path	✓	✗	✗	✗	?

Modern core technology is a top priority

Most important technology areas to financial institutions in 2019



Cloud native: a revolution in banking software



What is the business value?

Up to 10x
lower infra
costs

15-20%
revenue
uplift

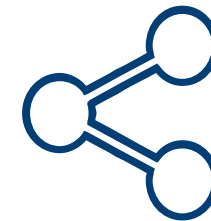
Up to
100x faster
response
times



Distributed,
Cloud native
architecture



Faster time to market
with Continuous
Deployment



Query
optimised
microservices

(1) [Azure TCO calculator](#)

(2) [AWS TCO calculator](#)

(3) [50% decrease of hosting infrastructure investment per customer with NuoDB](#)

(4) [Deutsche Bank: 6x better efficiency of computing resources using containers](#)

(5) [The ROI of Continuous Delivery](#)

| T24 Transact is a highly differentiated product

Breadth & Depth

- All banking segments
- Country models
- + Distribution, Analytics, KYC...

Innovation

- Quick adoption of new tech
- Continuous Deployment
- Developer Community

Choice

- Cloud agnostic
- Also on premise, or SaaS

Stability

- Continued R&D investments
- 25 years of growth
- Implementation track record



| Temenos Infinity

Darryl Proctor, Product Director



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The digital front office market opportunity



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



Medium term spend of **\$5.3bn** growing at **8% CAGR**




Our product is **Temenos Infinity**, a digital banking solution focused on customer experience



Our value proposition is an **omni-channel full service platform** using **APIs to enable innovation and independent deployment** leveraging **25 years of back office knowledge**

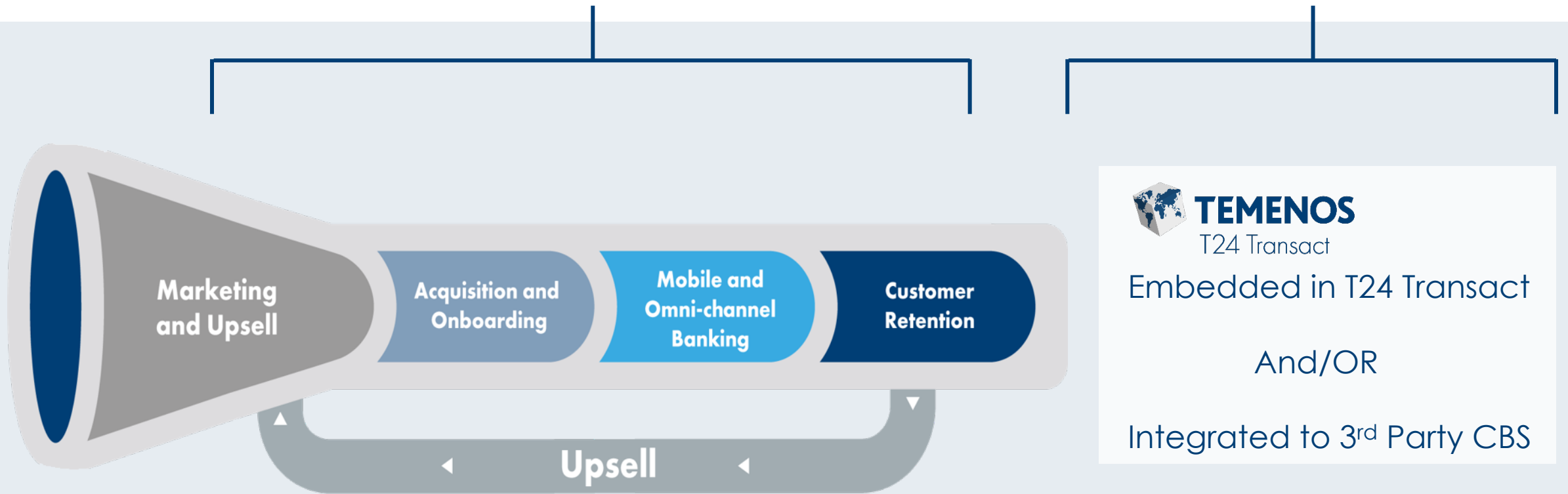
Competitive landscape

	 TEMENOS	Backbase	EdgeVerve	Crealogix
Digital Front to Bank	✓	✗	✓	✗
Abstracted Full Banking Capability	✓	✗	✓	✓
Crosses all Banking Verticals	✓	✓	✓	✓
Proven Digital Onboarding with Journey Analytics	✓	✗	✗	✗
Extensive partner ecosystem	✓	✓	✗	✗

Temenos Infinity – The Window and Door to your bank



Data Driven customer journeys

Embedded or Integrated



Banks struggle with fragmentation across silos...

Mobile Internet




Call Centre Branch



Agent RM




Chat-bot



ATM



API



Separate Channels

Retail Banking

Business Banking

Wealth CX

Loan Origination

Mortgage Origination

Different CX for every product

Retail

Corporate

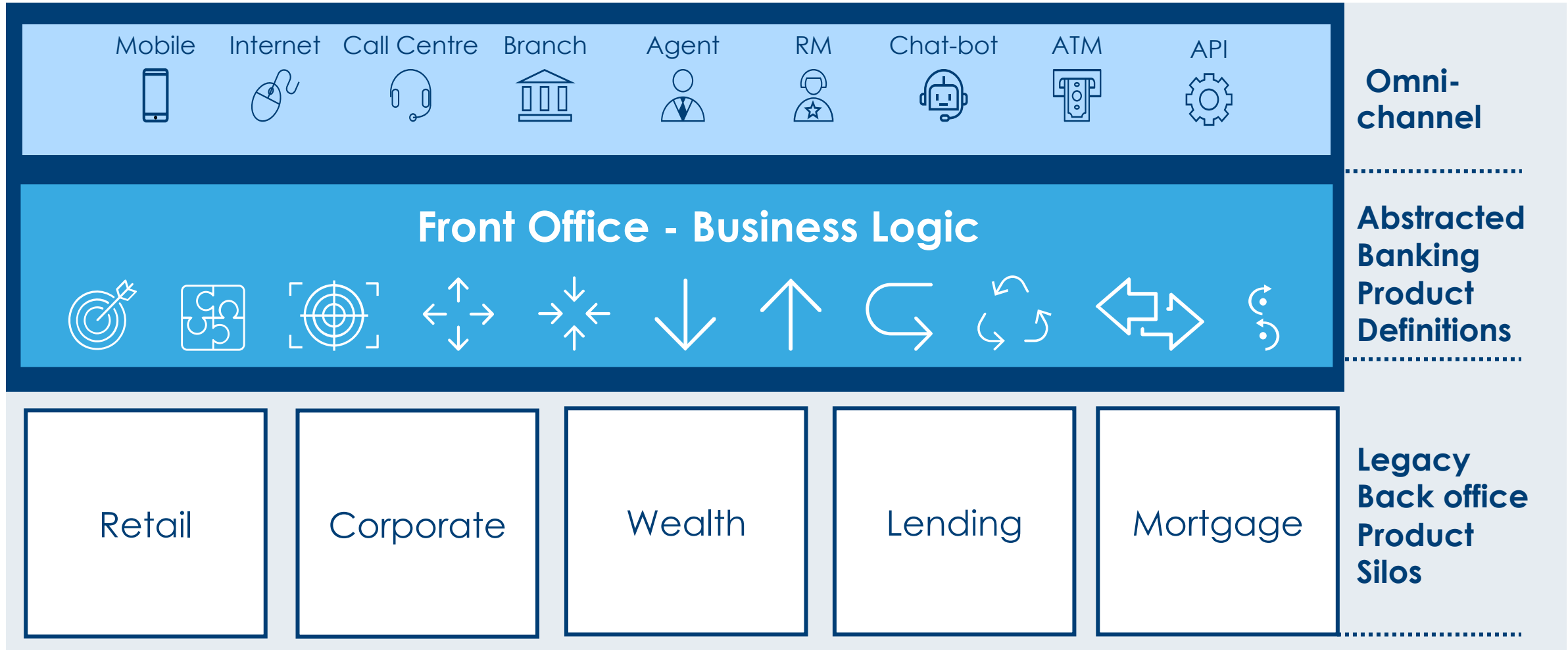
Wealth

Lending

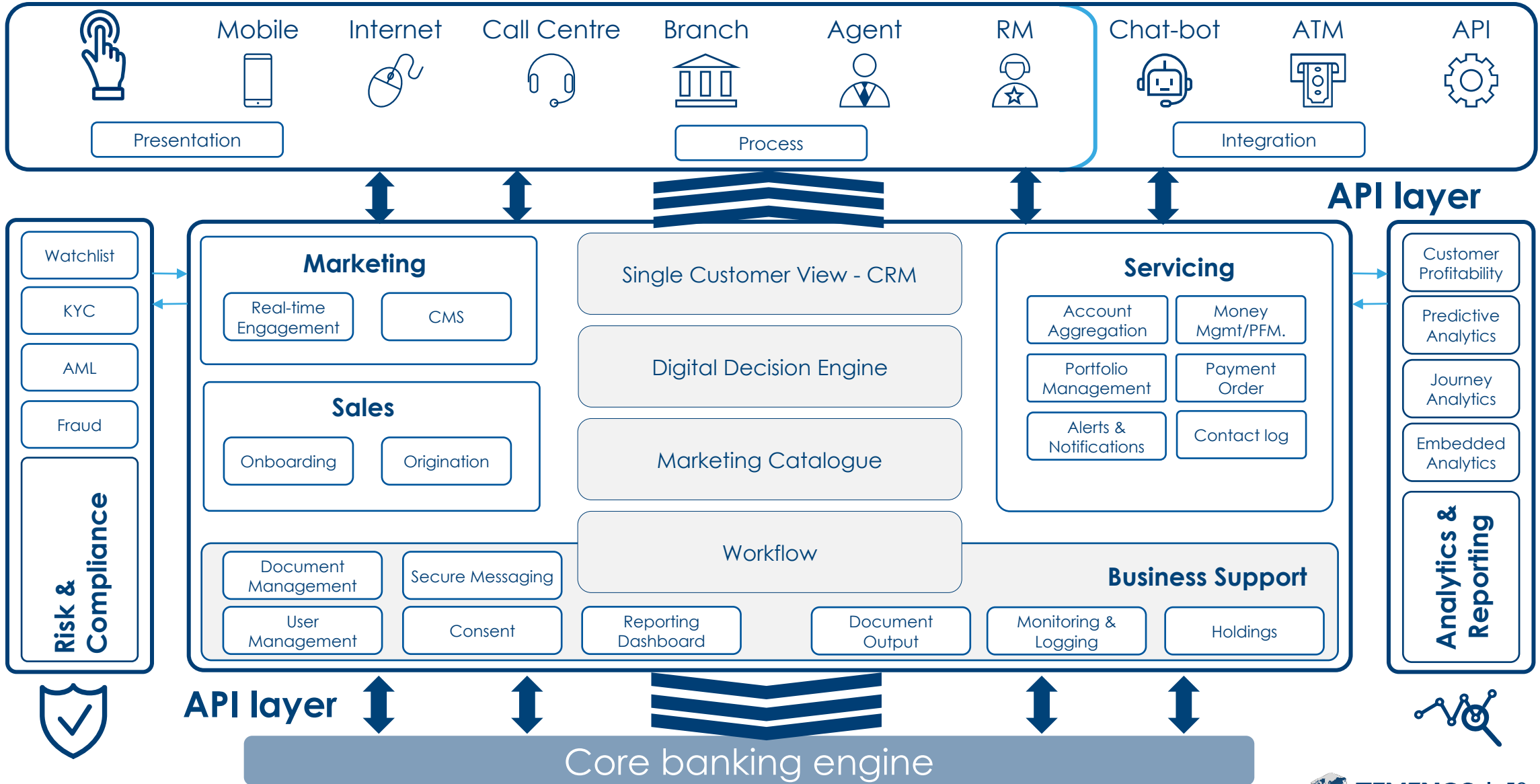
Mortgage

Legacy Back office Product Silos

Why is Temenos Infinity different



Temenos Infinity – The Big Picture





| Payments

Sujatha Venkatraman, Product Director



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The payments market opportunity



Payments are the solutions banks use to **manage, repair and process any type of payments**



Medium term spend of **\$2.7bn** growing at **10% CAGR**




Our product offering is **Temenos Payments**



Our value proposition is a **centralized hub for real-time management, repair and processing of all types of payments**

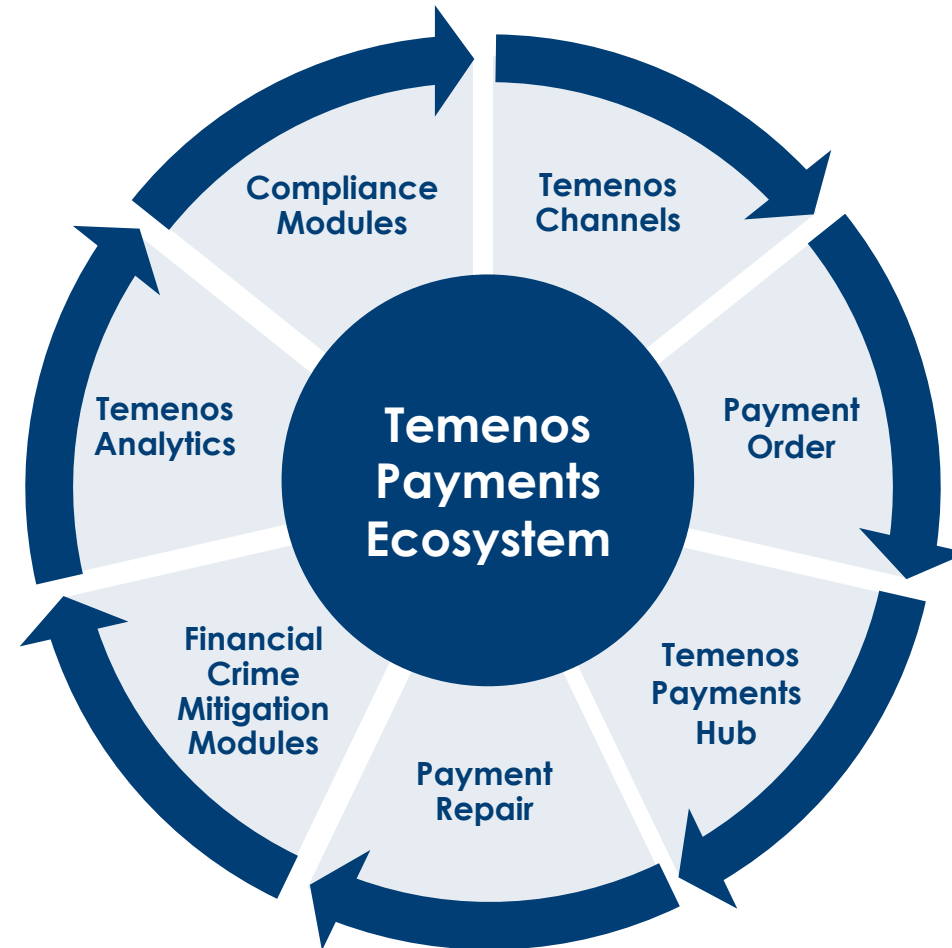
Competitive landscape

	 TEMENOS	Dovetail (Fiserv)	ACI	Fundtech (Finastra)	Clear2Pay (FIS)
Global presence	✓	✗	✓	✓	✓
Multi-product	✓	✗	✓	✓	✗
Universal payments process	✓	✗	✗	✓	✗
Extensive partner ecosystem	✓	✗	✗	✗	✗

Multiple paradigm shifts impacting payments



Proven products covering entire payments lifecycle



Products designed to work separately & together, providing flexibility to tailor a payment solution specific to clients' requirements

Widest range of deployment options

Embedded

**Temenos Payments +
T24 Transact**

Stand-alone

**Temenos Payments + any
Core Banking solution**



or



On-Premise

Cloud

Temenos Payments consistently top-rated by analysts



IBSintelligence



Core Banking
for the last
7 years



Best-Selling
Payments
System



Best-selling
Digital Banking
& Channels

FStech
awards 2018

Winner:

Payments Innovation of
the Year



Shortlisted:

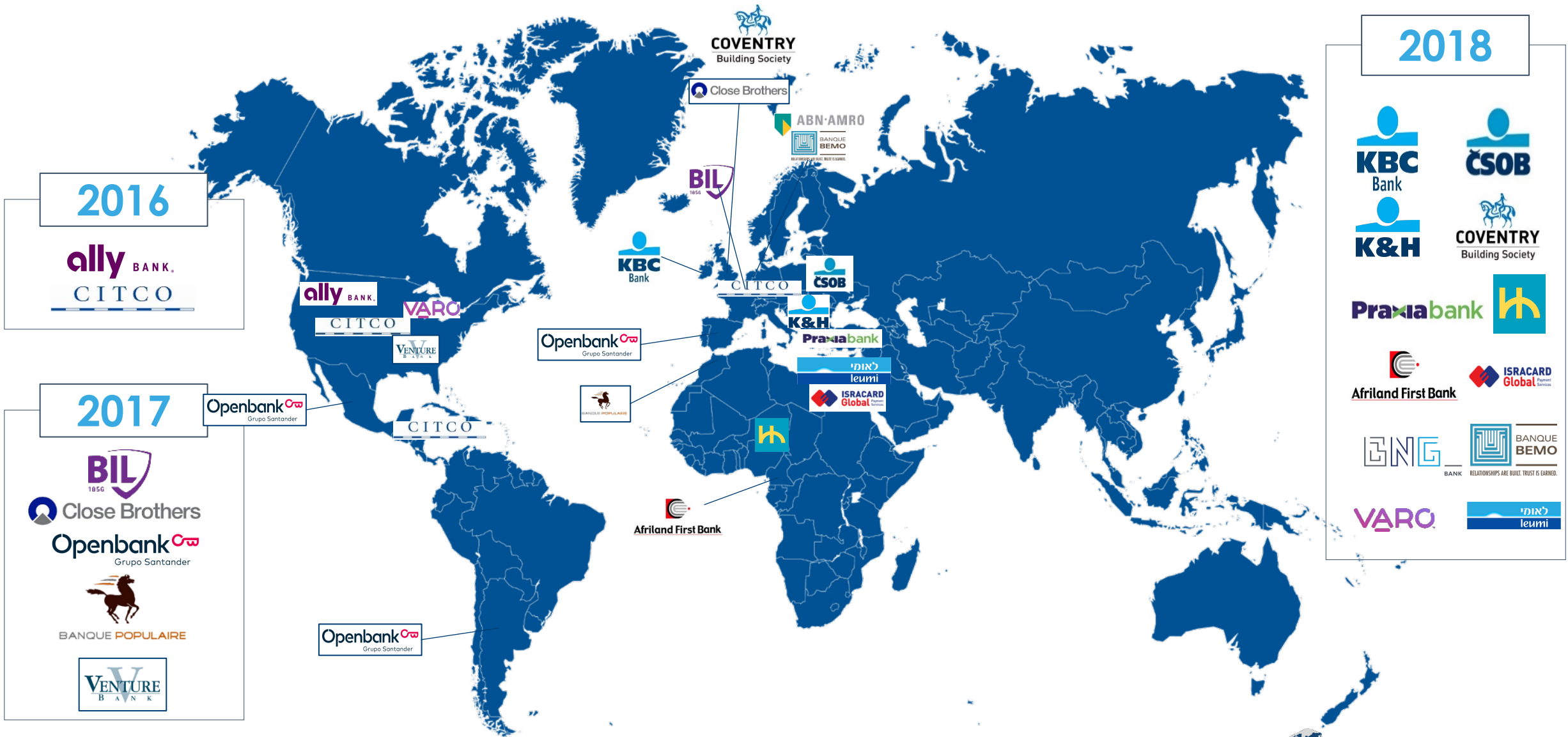
Best Consumer Payments
Initiative (with KBC)

kapron
ASIA

Leader

2018 Asia Pacific Vendor
Landscape: Payment Hubs

Temenos Payments – Client growth





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| WealthSuite

Pierre Bouquieaux, Product Director



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The Wealth market opportunity



Wealth is the solution banks use to **service the investment needs of clients from retail to U/HNW**



Medium term spend of **\$0.6bn** growing at **8% CAGR**



Our product offering is the **Temenos WealthSuite**

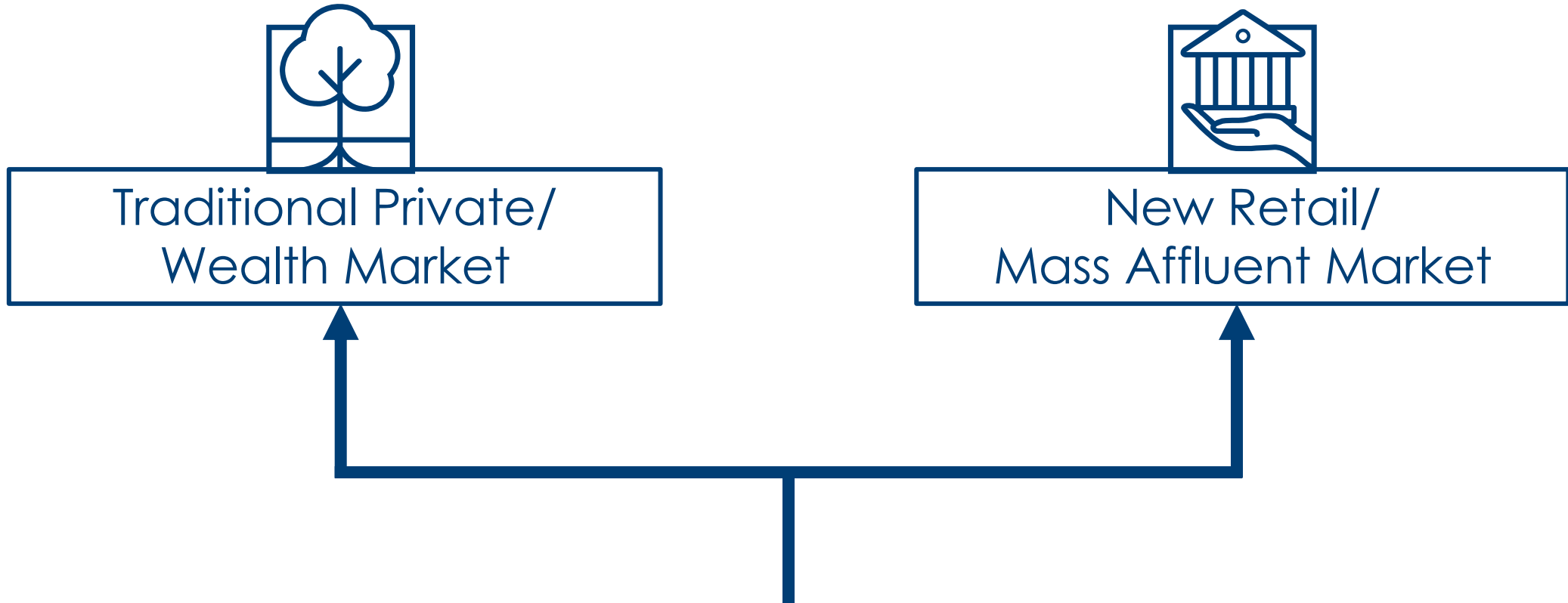


Our value proposition is **to leverage our best of breed components, PMS, CRM and Core Banking to deliver an integrated omni-channel solution** for retail, mass affluent and U/HNW clients and advisors.

Competitive landscape

	 TEMENOS	Avaloq	ERI Bancaire	FNZ	Charles River
Global presence	✓	✓	x	✓	✓
Multi-Components	✓	x	x	x	✓
Multi-Segments	✓	x	x	✓	x
Extensive partner ecosystem**	✓	✓	✓	x	x

A growing market



Growth Opportunities

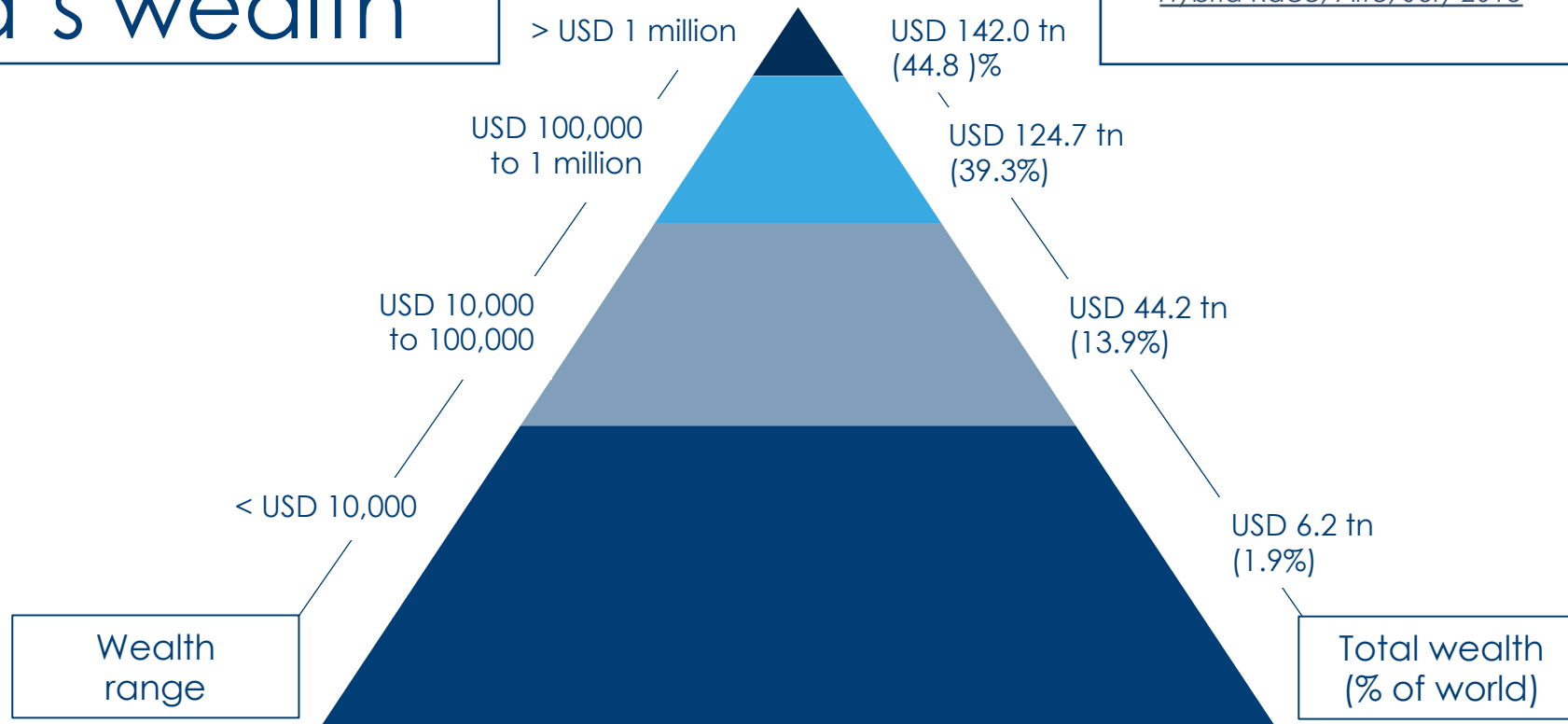
The Retail & Affluent Wealth Opportunity

53% of the world's wealth



The lost segment

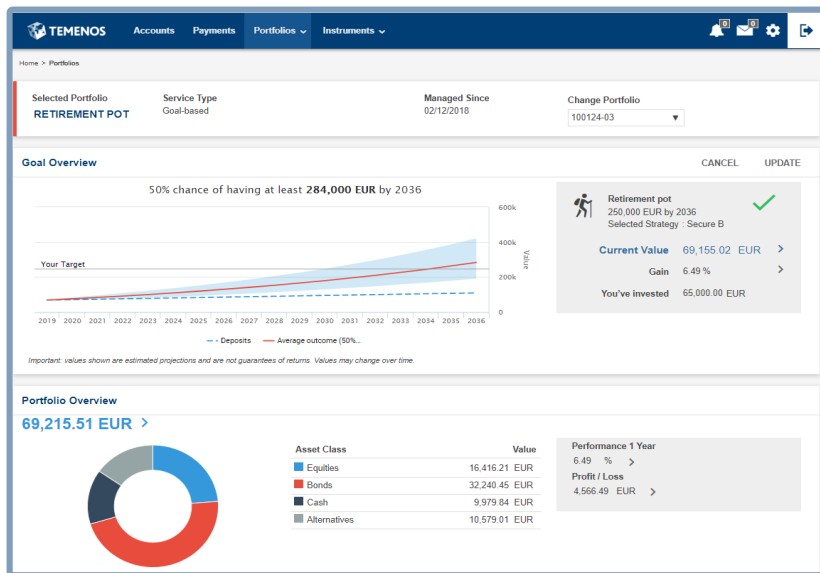
Source: *Wealth Managers in Europe Join the Hybrid Race*, Aite, July 2018



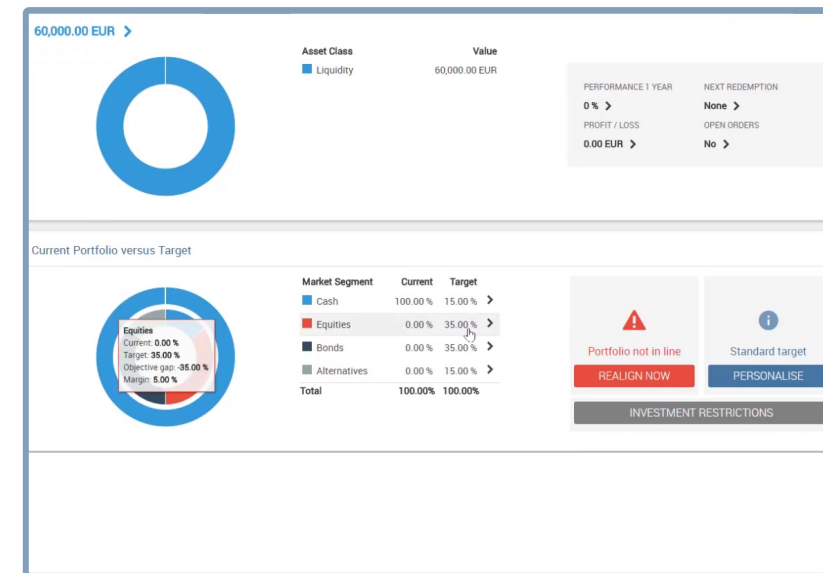
New Modules



GOAL BASED INVESTING



ROBO ADVISOR



Temenos Goal-based Investing

Attractive and easy to use screens provided as well as API access for full functionality

Goal type, risk level, target amount, contributions and timeline

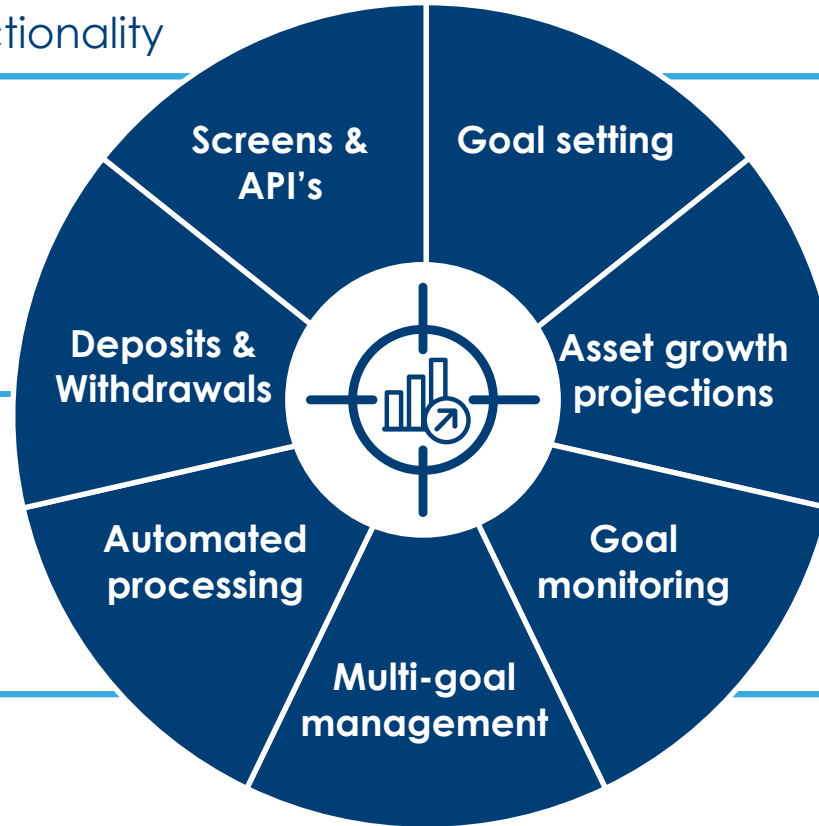
Deposits and withdrawals fully integrated with Temenos T24 Transact

In-built Monte Carlo simulation engine

Packaged processes for automated threshold & frequency rebalancing

At a glance view of goal status
Alerts and notifications if remedial action required

Individually managed goals with own objectives but also aggregated into holistic view of assets and returns



New Geographies

Tax lots

Improve the wealth management scope by supporting the tax dimension for portfolio management, analysis, reporting, optimization of investment ordering decision. Currently focused on Australia and US.

Country model bank

A standard out-of-the-box package that offers the specialization of WealthSuite according to the regulatory and business legal rules per country/region



| Fund administration

Oded Weiss, Managing Director



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The Fund administration market opportunity



Fund administration are the solutions banks use to **provide fund administration services to asset managers**



Medium term spend of **\$1.6bn** growing at **8% CAGR**



Our product offering is **Temenos Fund Administration**

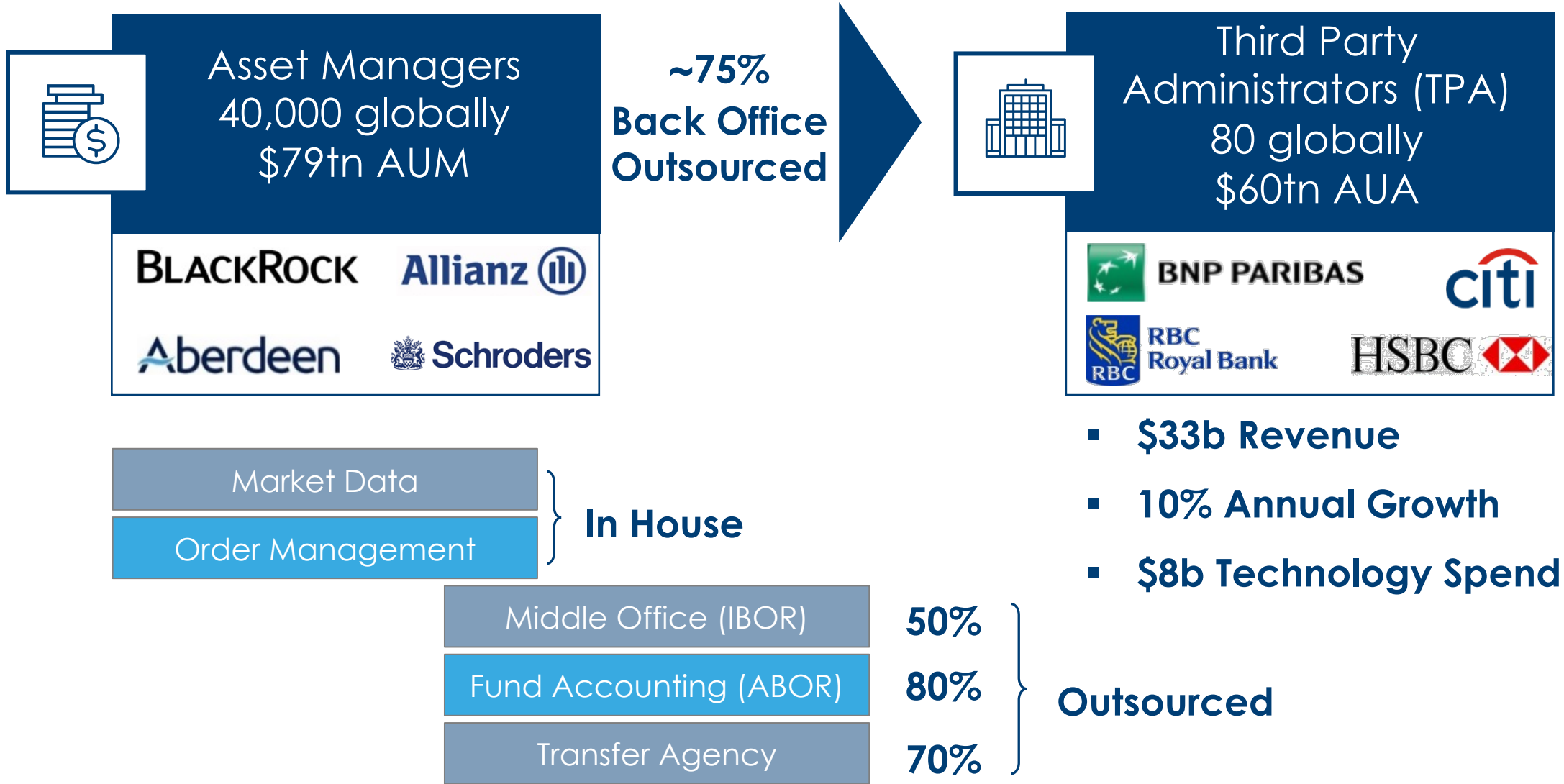


Our value proposition is a **single platform for key asset and investor servicing, position keeping, valuation and accounting**

Competitive landscape

	 TEMENOS	SS&C	Simcorp	FIS	Linedata
Global presence	✓	✓	✓	✓	✗
TPA Focused	✓	✓	✗	✓	✗
Integrated workflow	✓	✗	✗	✗	✗
Cross Assets	✓	✓	✓	✓	✗
Integrated ETF	✓	✗	✗	✗	✗

The Global Fund Service Market



Source: Company information, BCG (2018 figures)

The Fund Service Technology Market

Asset Managers
40,000 globally

Third Party Administrators
(TPA)
80 globally

Market Data

Bloomberg



THOMSON REUTERS

Order Management

Bloomberg



A State Street Company

Middle Office (IBOR)



ALADDIN



SUNGARD IS NOW FIS.



TEMENOS

Fund Accounting (ABOR)



Transfer Agency



SUNGARD IS NOW FIS.



TEMENOS



Temenos Products

Asset Managers
40,000 globally

Third Party
Administrators (TPA)
80 globally

 **TEMENOS**
Multifonds
Global
Accounting
(MFGA)

- Middle Office (IBOR)
- Fund Accounting (ABOR)
- NAV Calculations for Mutual, ETF and Hedge funds
- 35 Jurisdictions
- 10 Sales/Pre-sales specialists

8 Clients



35 Clients
7 of the top global 10



 **TEMENOS**
Multifonds
Global
Investor
(MFGI)

- Transfer Agency
- Shareholders record keeping for Mutual, Hedge, and PE funds
- 20 Jurisdictions
- 4 Sales/Pre-sales specialists



The Need for Contingency and Oversight

Key market drivers

Regulatory pressure to manage the outsourcing operational risks

Ongoing new regulatory initiatives
e.g. FATCA, AIFMD, MiFID II

Pressure on fees and operational costs

Need for greater risk management and transparency

The 2015 Bank of New York Mellon Outage

A software problem at Bank of New York Mellon ([BK](#)) caused **inaccurate values on up to 1,200 mutual and exchange-traded funds**. The problem began on August 24 -- just as U.S. markets suffered their worst one-day plunge since 2011 -- and wasn't resolved until Monday.

The outage created **serious headaches for funds and ETF firms**. Invesco PowerShares, Prudential Investments and dozens of other mutual fund and ETF companies rely on Bank of New York data to provide their funds' value.

The FSA "Dear CEO" Letter

To the CEOs of Asset Managers.

....Our initial discussions and research have identified that the asset management industry outsources a growing number of activities, and that the small number of outsource providers are usually part of complex international banking groups..... **Our concern is that if an outsource provider were to face financial distress or severe operational disruption, UK asset managers would not be able to perform critical and important regulated activities, thereby causing detriment to customers.**

Using a 2nd administrator for contingency is a very expensive and complicated option so most managers are left with no real solution

Navigator by Temenos and Bloomberg

Navigator Product

NAV Oversight and Contingency capability for Asset Managers:

- Independent of their primary fund administrator
- Easy/highly automated to start and run on a daily basis

Bloomberg

- Sales leveraging:
 - 900 AIM Clients
 - 350,000 Terminals
 - 2,000 people sales force
 - 180 Asset Management sales specialists
- Customer Support
- Delivery via the Bloomberg network



TEMENOS

Multifonds
Global
Accounting
(MFGA)

- Sales force training
- Pre-sale support for selected opportunities
- Product maintenance

Target Market



Asset Managers
40,000 globally
\$79tn AUM

Navigator Go to Market Plan

H2 2018

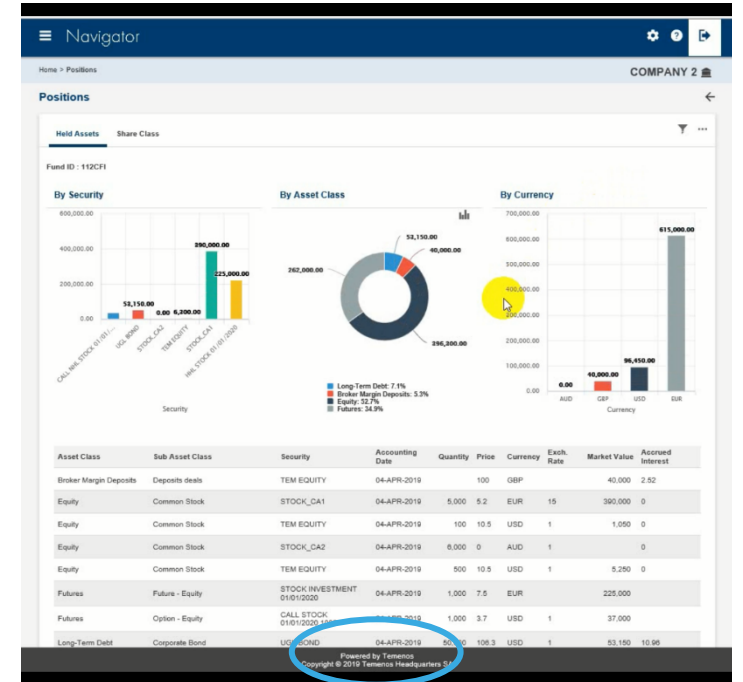
- Planning
- Design
- Commercial Agreement

- Integration with the Bloomberg network
- Sales force training
- Marketing material
- Proof of concept with selected customers

H1 2019

H2 2019

- Full speed to market !





| SaaS and cloud

Andrew Reeves, Head of SaaS and Cloud



TEMENOS
THE BANKING SOFTWARE COMPANY

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** over time



Our offering is **Temenos Cloud and SaaS**



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

Competitive landscape

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

Temenos Cloud History



Temenos has amassed more cloud expertise and experience than any other banking software vendor.



Cloud is gaining traction

81%

of companies surveyed have a multi-cloud strategy, according to the RightScale report "State of Cloud 2018"

94%

of responders from a Microsoft survey experienced security benefits they did not have on premise

15.2%

The CAGR forecast by Gartner public cloud services in the financial services vertical market will grow through 2020

The
Economist

INTELLIGENCE
UNIT

35%

are looking to cloud technologies to address their computing power needs

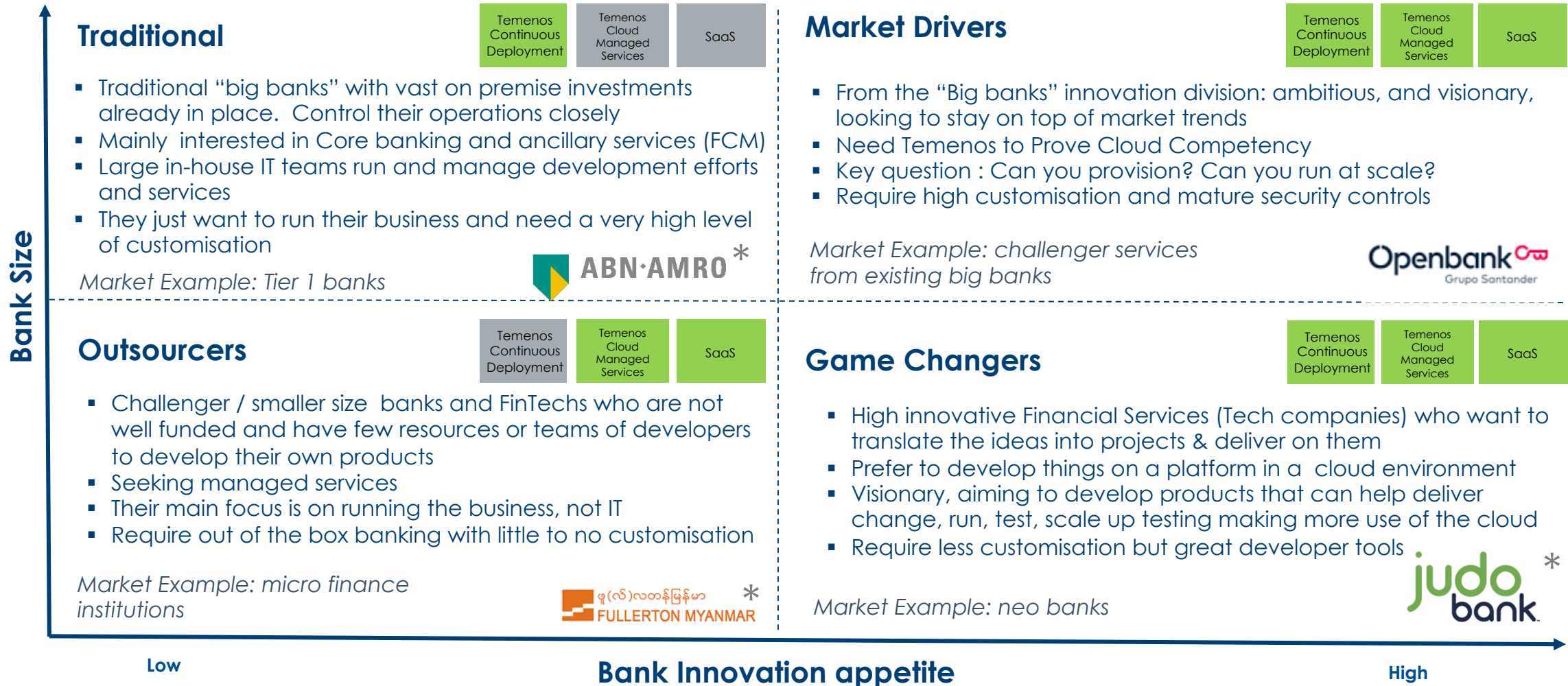
60%

foresee deploying more computing power in the public cloud by 2025 than they currently deploy in all private clouds.

36%

of retail banks top new proposition for innovation is building their own greenfield digital bank.

The market for banking services in the Cloud



*Current Temenos Cloud clients

Temenos Cloud Offering

Temenos Continuous Deployment



Extend

Extend your Temenos software functionality through self-service environments with Temenos product templates.



Assemble

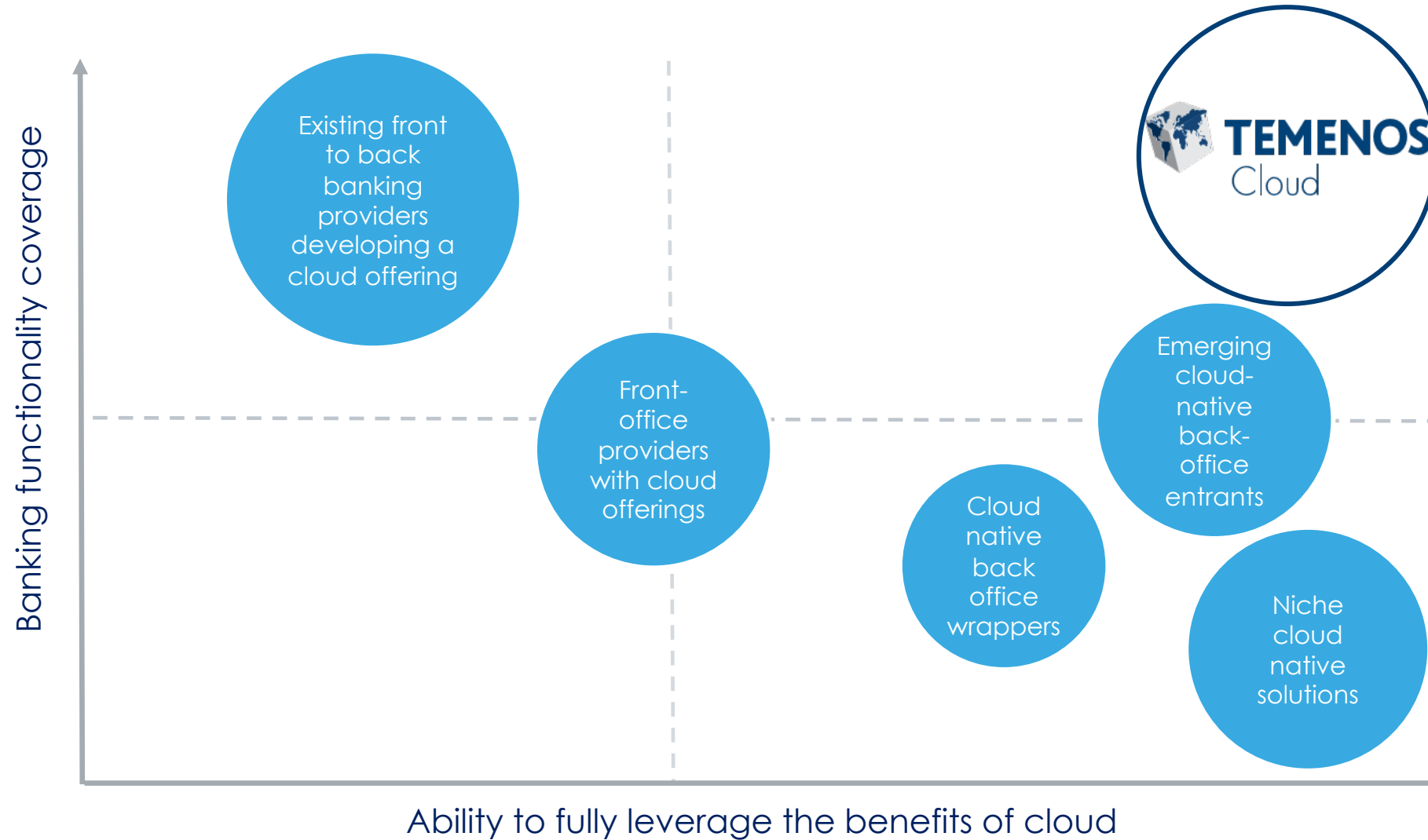
Bring together configuration and local developments, with published versions of Temenos software and run through automated regression testing. Triage results for continuous development.



Deliver

Run your banking service from the cloud in Temenos Cloud. Expert managed services provide full mission-critical service delivery leaving you to focus on your customers.

A winning position





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THE BANKING SOFTWARE COMPANY

**CAPITAL
MARKETS
DAY 2019**



Implementation and Partner strategy

Alexa Guenoun, Chief Client Officer



TEMENOS
THE BANKING SOFTWARE COMPANY

Temenos – proven success

700+

Core banking clients

1054

Go-lives (2011-17)

233

2018 go-lives

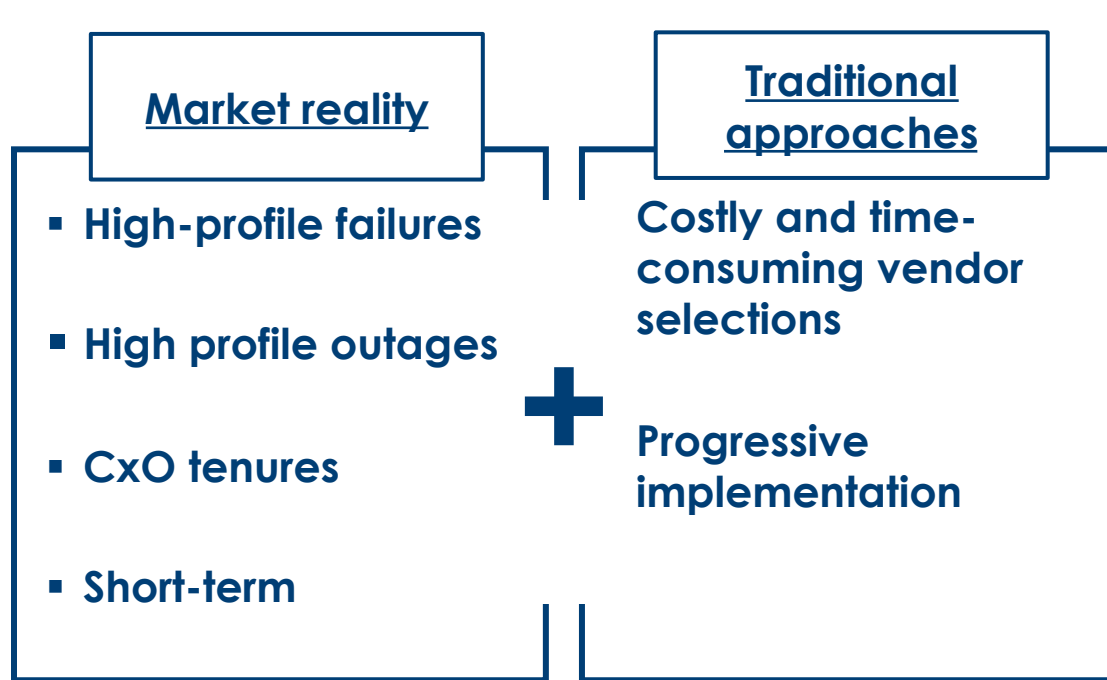
6000+

Experienced Temenos and partner consultants

30

Global and Regional Implementation Partners (SIs)

Banks have traditionally been unable to justify Banking Transformations



* UK Example: Spate of online banking glitches hit all the UK's high street banks last year leading to discussions of resilience and operational risk in the industry



Time to value

- Best-of-breed approaches introduce delays and complexity

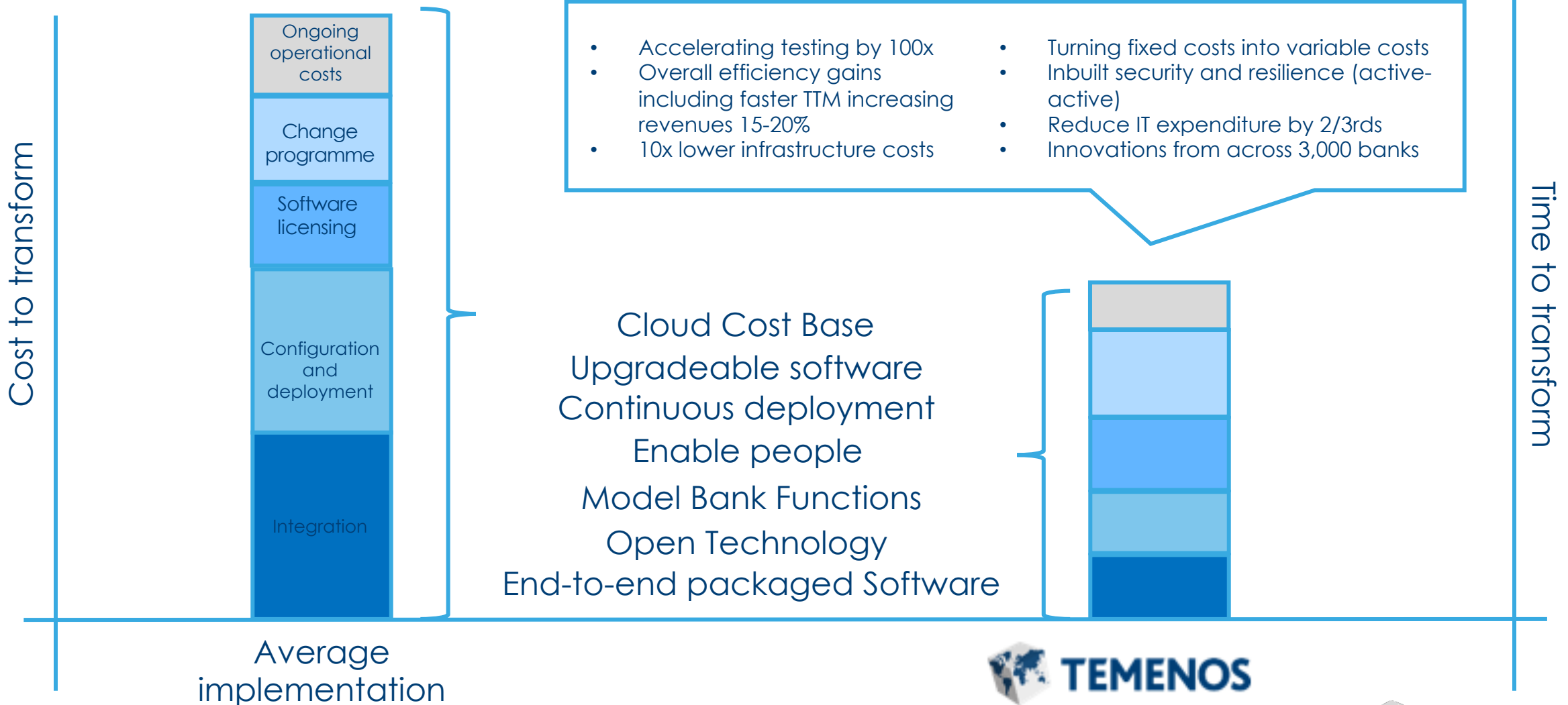
Business case

- Difficult to justify business case

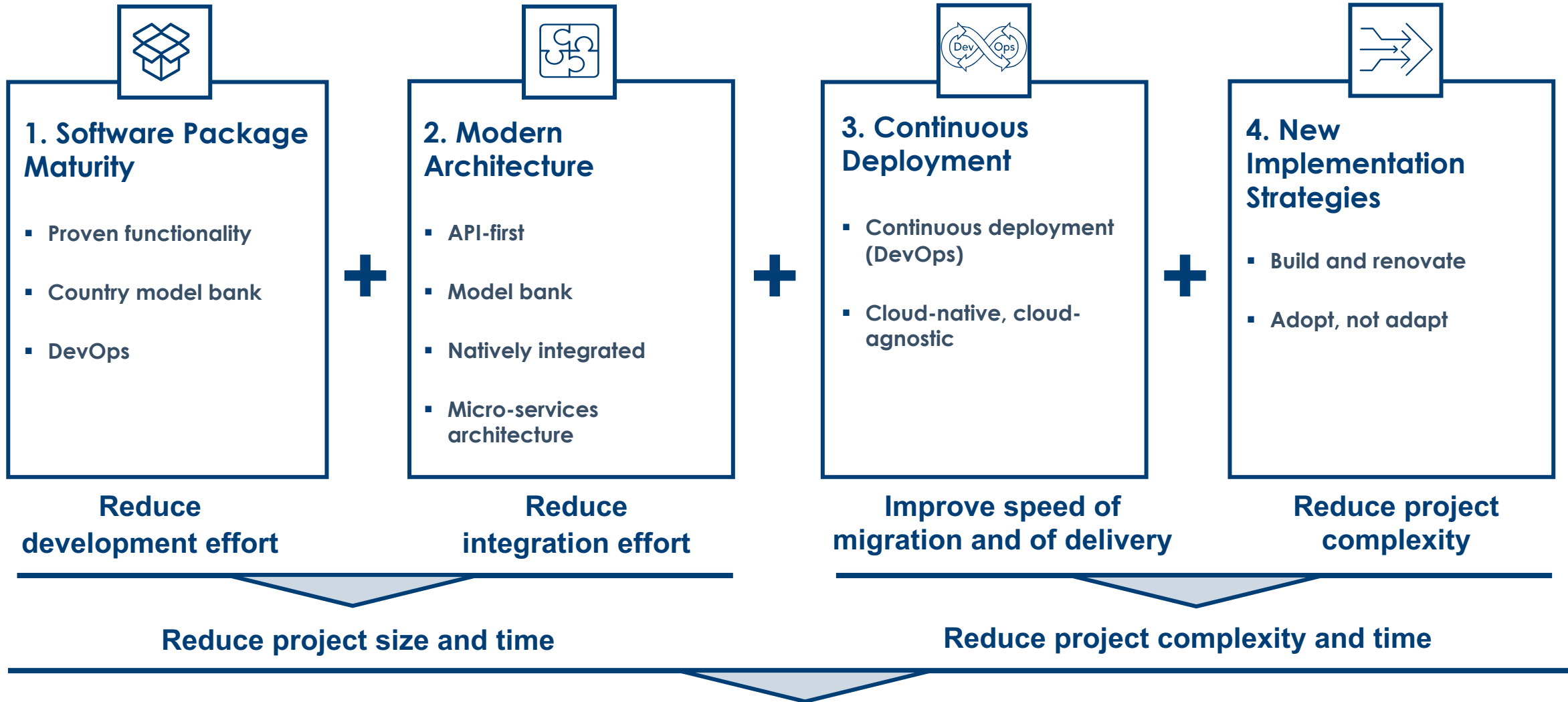
Risk

- Changing business requirements
- Highly sensitive projects

Banks can transform faster and at reduced cost with Temenos



Temenos enables continuous banking transformations

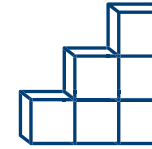


Fastest time to value with reduced cost and risk

Build & Renovate offers fastest time to market and minimises risk



**Build
(& migrate)**



**Progressive
renovation**



**Build
& renovate***

- **Build** a new front-to-back stack for a ring-fenced business area with **minimal core-to-core integration**
- **Renovate continuously** to migrate remaining business and address changing business requirements

* Build & renovate is complementary to a bank deciding to do a front-to-back renovation, building a digital front-office before building a full new stack. This will however add time, cost and complexity to the transformation.

Temenos Partner landscape in 2018



Global System Integrators

accenture
Cognizant

Deloitte.
Capgemini

Tech Mahindra
SOFCEN

N + P
syncordis



Local/Regional System Integrators

anabatic TECHNOLOGIES MAINSYS Banking IT Services IT Solutions Services . ECH MBS MASAREF BUSINESS & SYSTEMS CONSULTANCY OneAston Excellence in Wealth Solutions Delivery IMS INFORMATION MANAGEMENT SOLUTIONS An ITG company WAVESTONE

STOICS-IT INLAKS own tomorrow. JETHRO ClearSight SOLUTIONS aspire SYSTEMS US UNITED SYSTEM INTEGRATORS MCB Consulting FNX FORANX Banktech Software Services

premac CONSULTING SoftwareGroup doing it right Integrated Solutions For Computers & Engineering Techmill All About FinTech FORTRESS DATA SERVICES abris GlobalLogic DXC DXC.technology



Technology Partners

MuleSoft IBM Business Partner Microsoft Google Cloud

ORACLE redhat. aws nuodb

Blended Learning, Training & Certification of Temenos Software



TEMENOS

Learning Community



TLC
CLASSROOM

Virtual or instructor-led classroom training provided by highly experienced, certified trainers with standard or bespoke delivery



TLC
ONLINE

Cloud-based, community learning platform for unlimited, 24x7 access to official Temenos training and certification programmes



TLC
ENGINE

Bank-specific, digital transformation platform that shapes & documents a bank's unique SOP*, as well as to train and certify staff

The answer to accessible, blended Temenos training and the growing, global demand for Temenos experts

*Standard Operating Procedure



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**CAPITAL
MARKETS
DAY 2019**



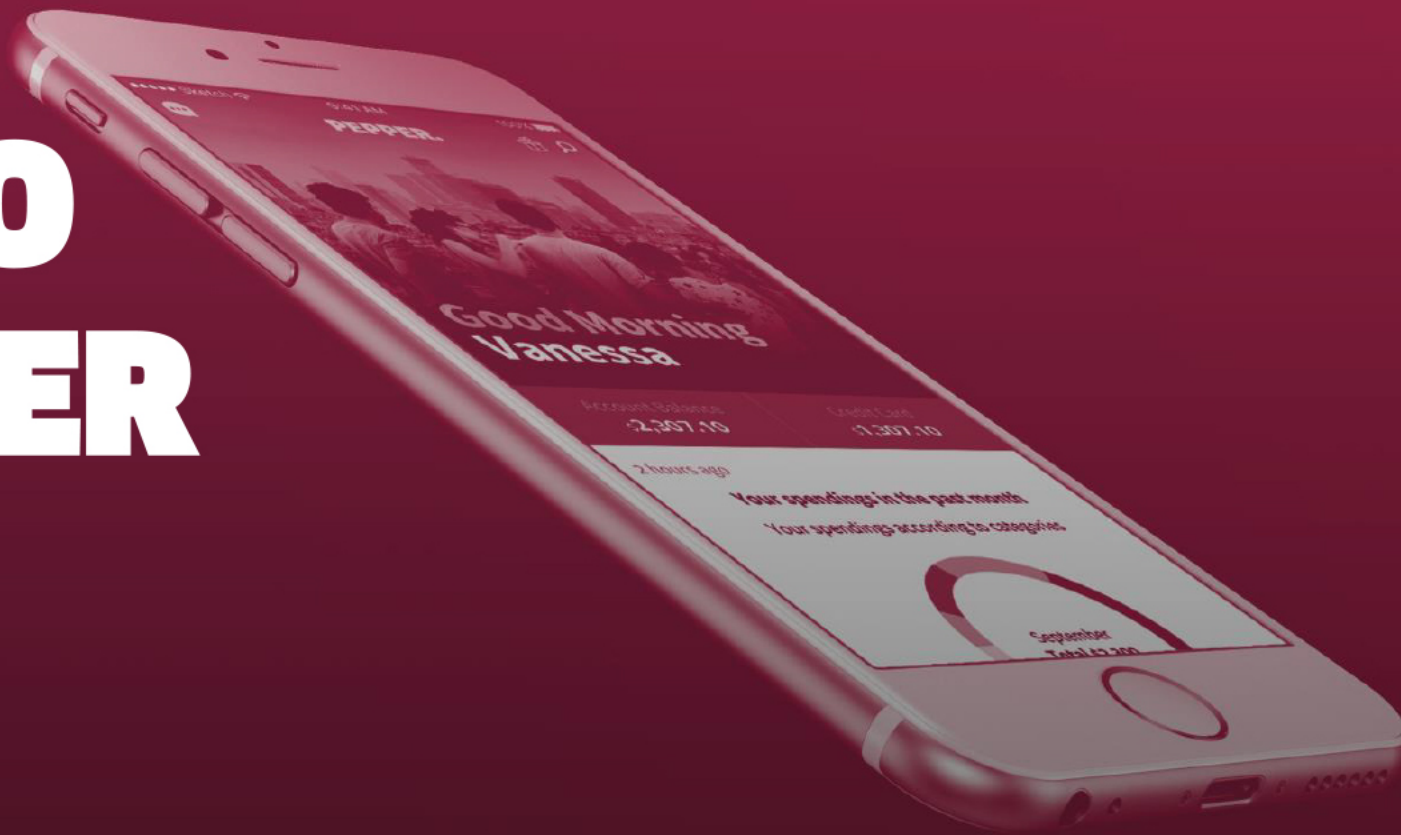
| Bank Leumi's digital transformation

Illan Buganim, First Executive Vice President and Head of Data Division, Bank Leumi

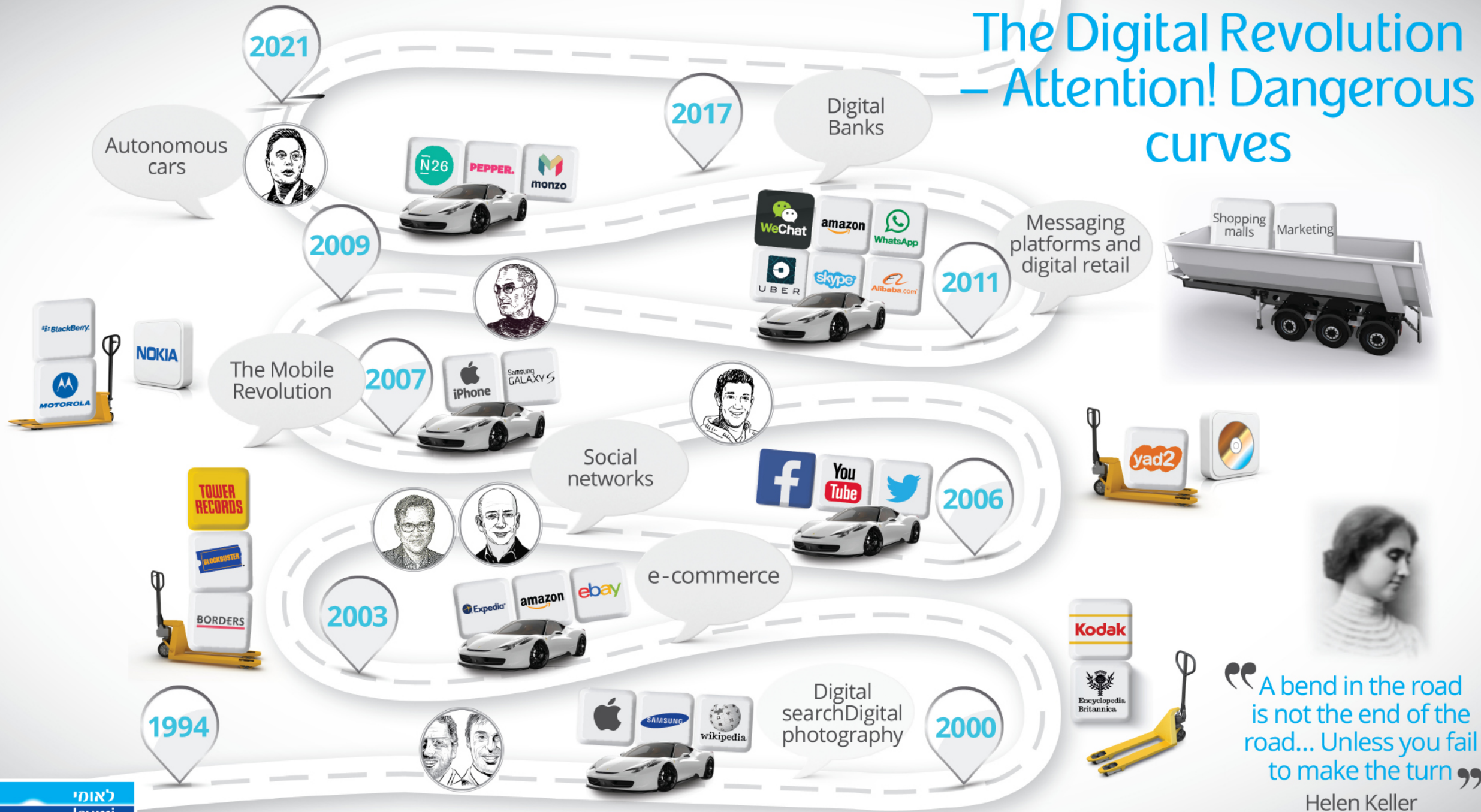


TEMENOS
THE BANKING SOFTWARE COMPANY

HELLO PEPPER



The Digital Revolution – Attention! Dangerous curves



“A bend in the road is not the end of the road... Unless you fail to make the turn”
Helen Keller

**WE ARE HERE
TO BUILD A
BANK THAT
PEOPLE LOVE.**





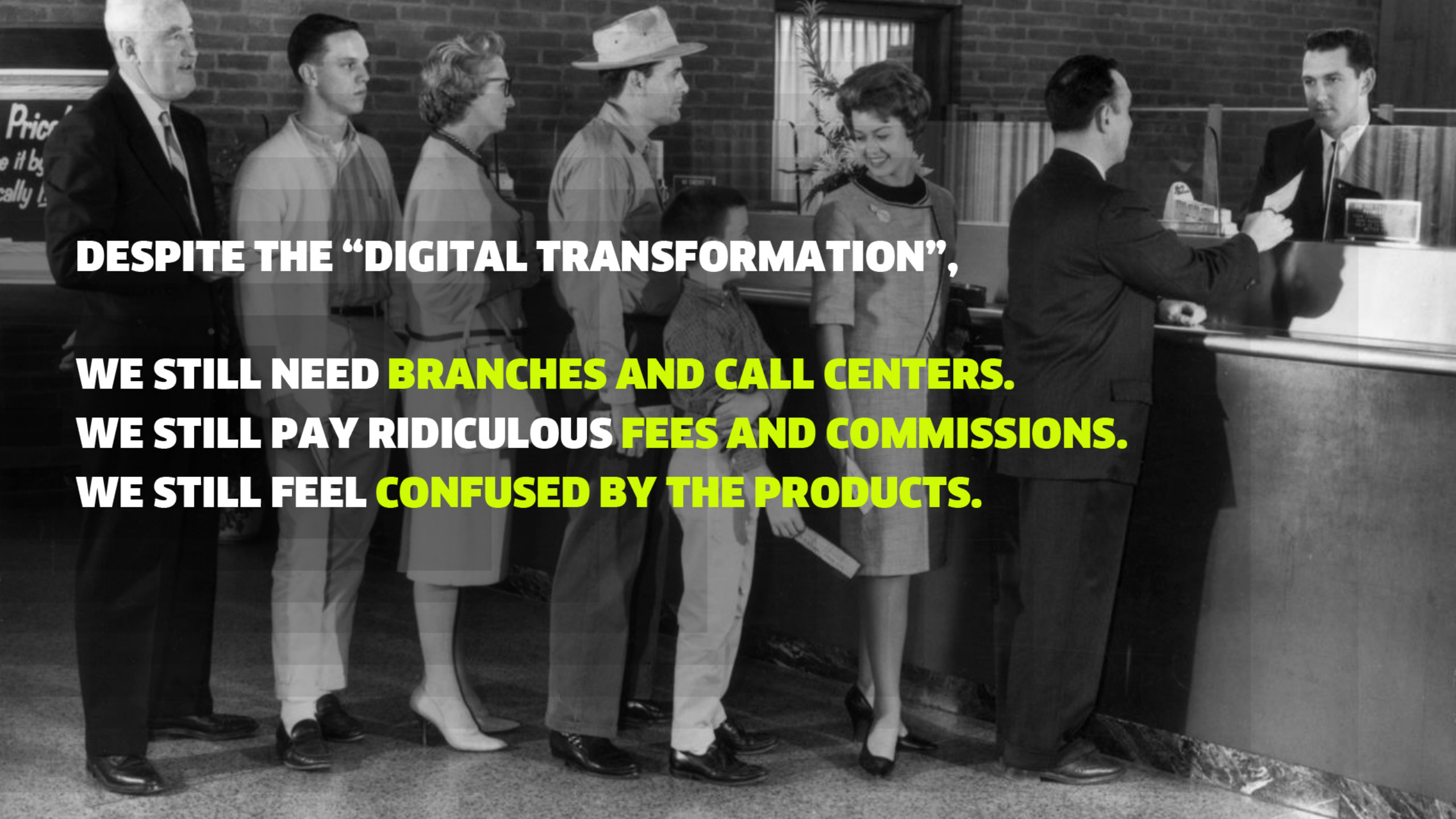
LET'S FACE IT.

**BANKING TODAY
IS PAINFUL.**



**71% OF MILLENNIALS WOULD
RATHER VISIT THE DENTIST
THAN LISTEN TO THEIR BANKS**

The Millennial Disruption Report 2015



DESPITE THE “DIGITAL TRANSFORMATION”,

WE STILL NEED BRANCHES AND CALL CENTERS.

WE STILL PAY RIDICULOUS FEES AND COMMISSIONS.

WE STILL FEEL CONFUSED BY THE PRODUCTS.

**WE ALL CRAVE A
DRAMATICALLY
BETTER BANKING
EXPERIENCE.**





TO DO THIS, WE NEEDED TO START FROM SCRATCH.

NOT RENOVATE, NOT RE-ORGANIZE, NOT REDESIGN.

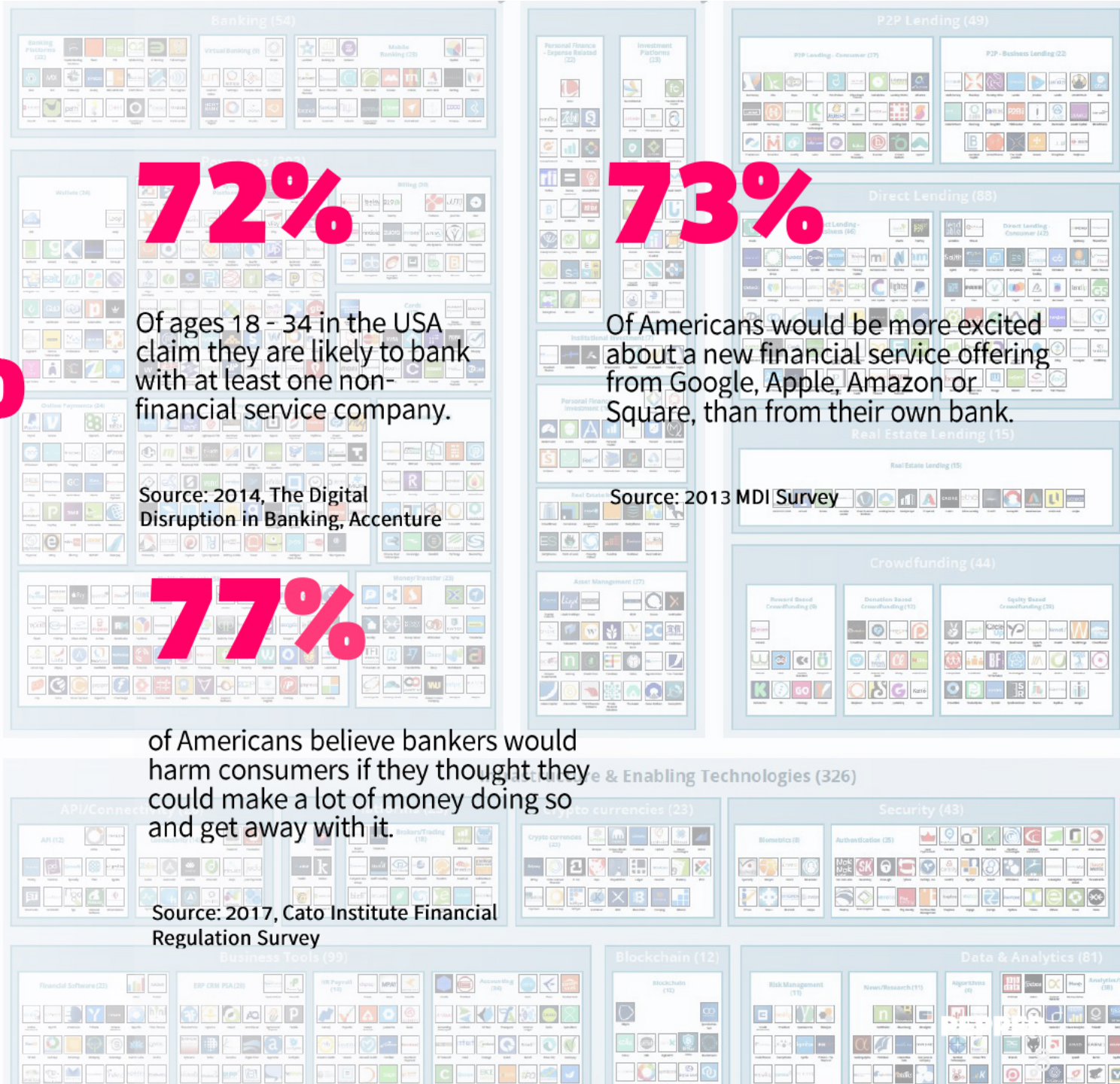
START ALL OVER AGAIN,

RE-THINK BANKING THAT FITS 2020

CONSUMERS, TECH & EXPECTATIONS.

THESE TRENDS ARE AFFECTING BANKING ALL OVER THE WORLD

- Digital banking in the US has tremendous potential, which has yet to be realized
- Digital consumers and millennials are looking for alternatives to traditional banking
- Digital players, fintechs and banks are trying to penetrate the digital banking market



WHAT IS PEPPER?

- Pepper is a retail mobile only bank, specially designed for the digital era
- Incubated in Leumi Bank, Israel's largest financial group and the leader in digital banking
- Founded in 2015, launched in 2017
- Highest market share of new bank accounts in Israel in 2017
- Ranked among the top mobile banks worldwide



IT'S BUILT TO OFFER A FULL SUITE OF BANKING SERVICES

CHECKING ACCOUNT

CHECKS

DEPOSITS

SAVINGS

LOANS

P2P PAYMENTS

CREDIT CARD

INVESTMENTS



1.

All-Mobile Bank

Not even a website

PARTY



2.

No Fees. EVER.

Right, it means
cannibalization

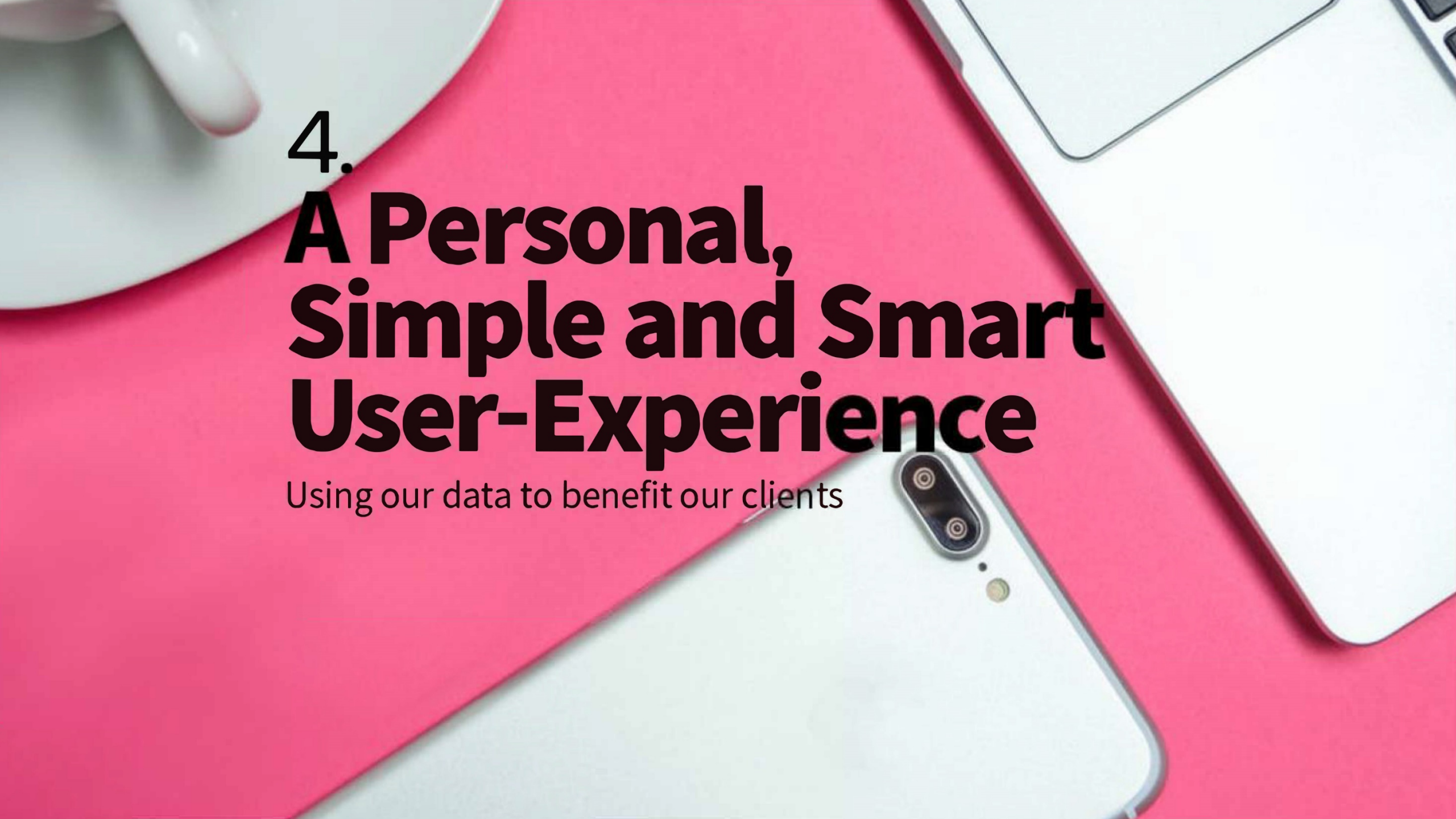


3.

A Whole New Technology

Real-time, on-the-go response



A hand holding a white pen is visible in the top left corner. The background is a vibrant pink surface. A silver laptop is partially visible in the top right corner. A white smartphone with a dual-camera system is positioned in the bottom right corner. The text is overlaid on the pink background.

4.

A Personal, Simple and Smart User-Experience

Using our data to benefit our clients

5.

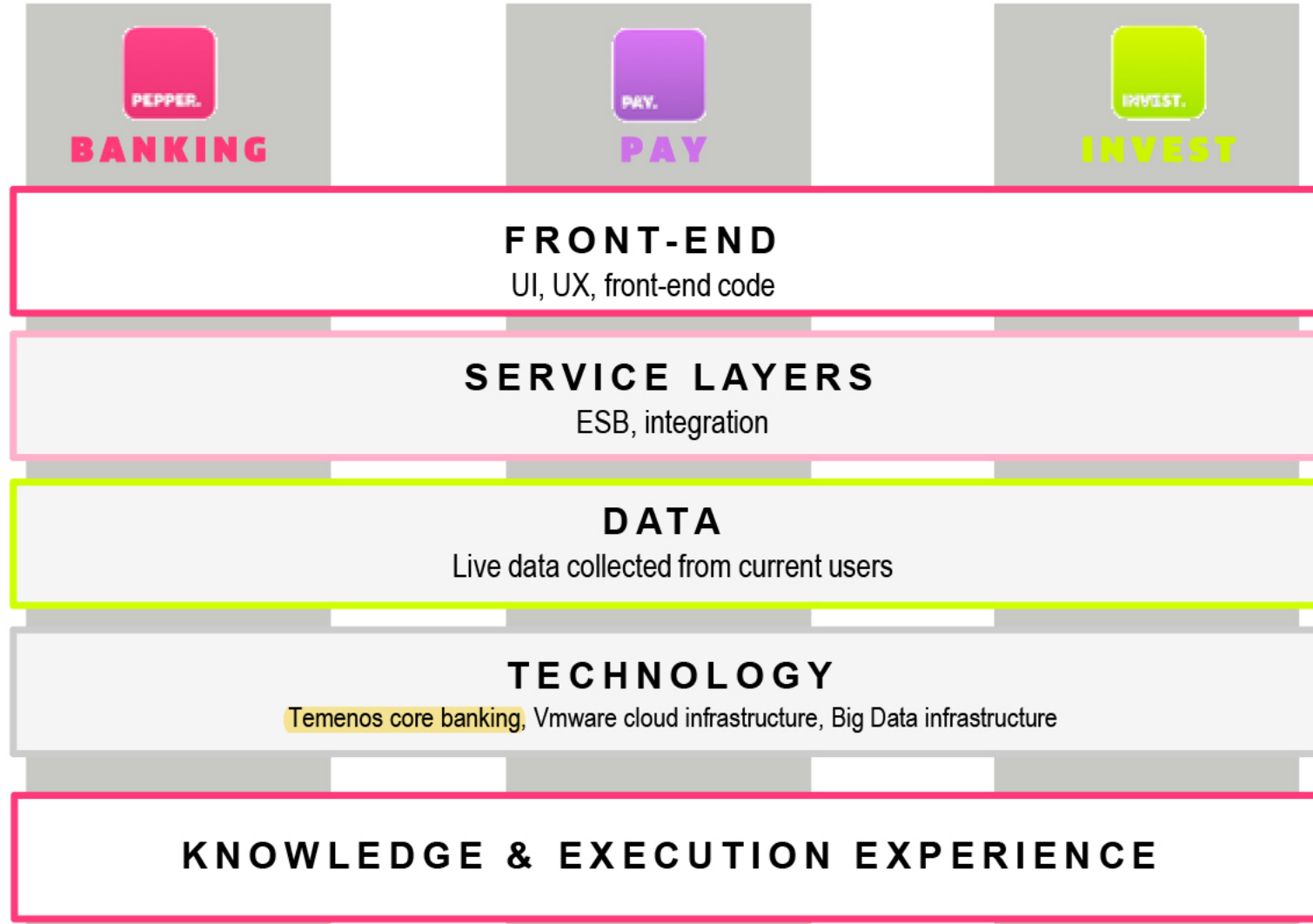
**PEPPER. is the
first Independent
bank for
Teenagers**

we allow clients aged 16-18 to
open an account all by themselves



OFFERINGS AND ASSETS

OUR 3 FINANCIAL SOLUTION SUITES



LeumiMind, Pepper

Investments –
launching the app and expanding it

Pay –
Payment vouchers,
billing authorizations,
'Pay' for Businesses

2023

Phase 2 – Full Migration
Retail

2020

Phase 1 – Initial Migration
Adding banking capabilities

2019

Middle period:
Shared account
T24 Upgrade
Segmentation - phase 1



scoping



A stack of papers is shown from a low angle, creating a sense of depth. The papers are slightly wavy and have a soft pink overlay. The text 'THANK YOU' is written in a bold, white, sans-serif font across the middle of the stack.

THANK YOU



TEMENOS

THE BANKING SOFTWARE COMPANY

**CAPITAL
MARKETS
DAY 2019**

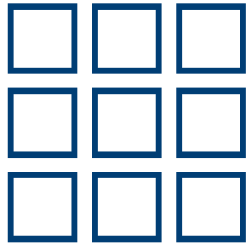


| Creating shareholder value

Takis Spiliopoulos, CFO



A sustainable and attractive business model



Stable business model;
committed community



15 years
management board
average tenure

22%
license revenue growth
(CAGR)

\$12bn
market cap

57%
total shareholder return
p.a. since IPO

\$989m
FY 19 consensus revenue

\$314m
FY19 consensus EBIT

25 years of consistent
strategy & execution

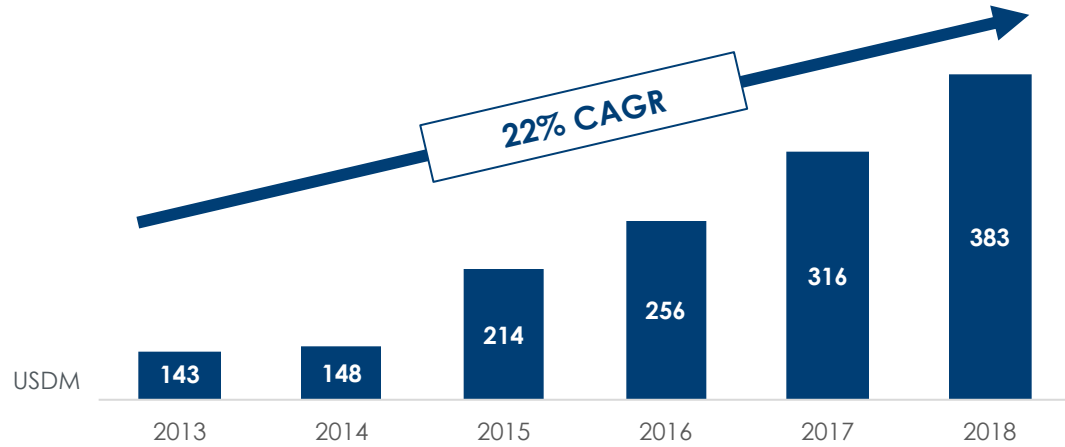
Experienced
management team

Strong community of
clients, partners,
industry experts

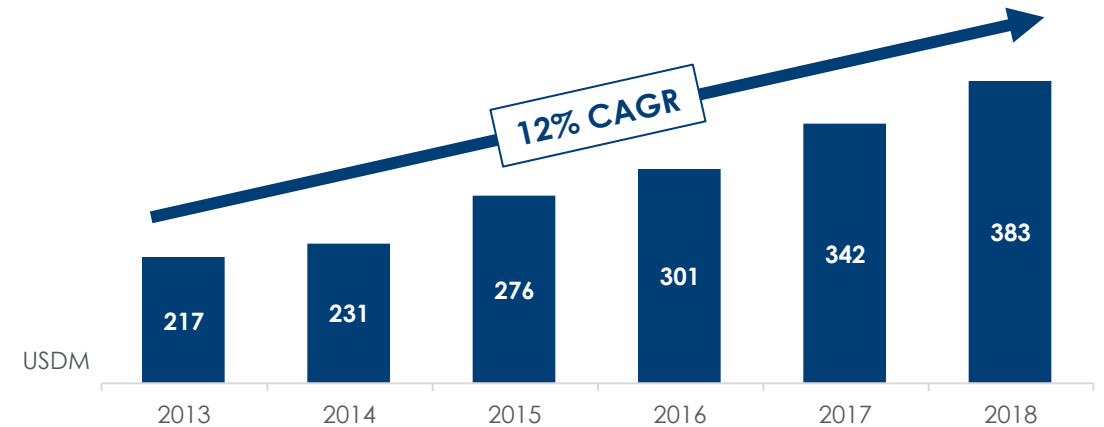
Corporate social
responsibility integral
part of culture

Strong growth across KPIs

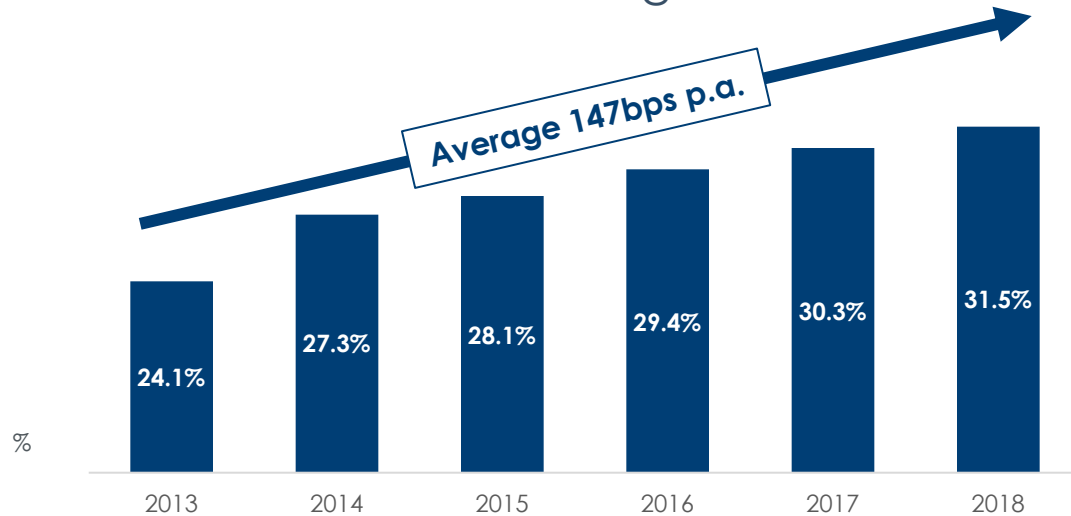
Total software license revenue



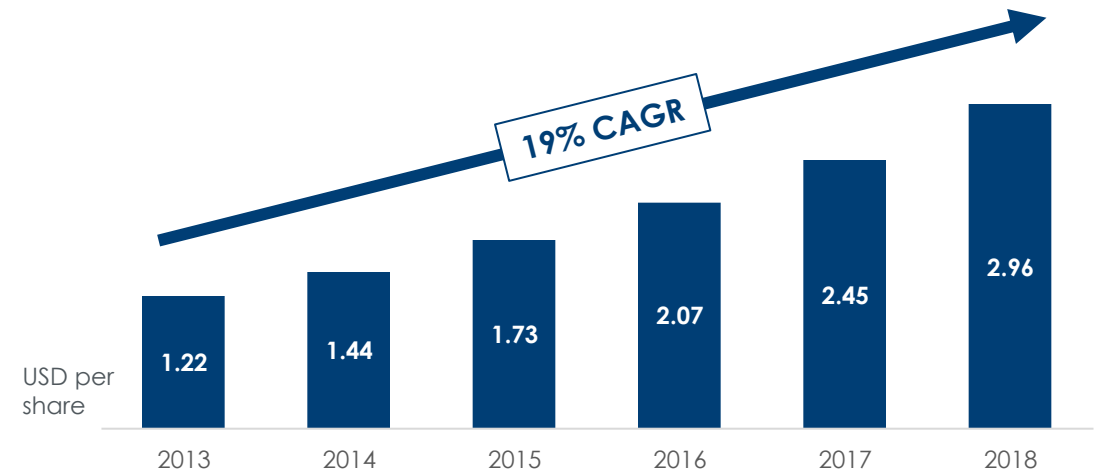
Recurring revenues



EBIT margin



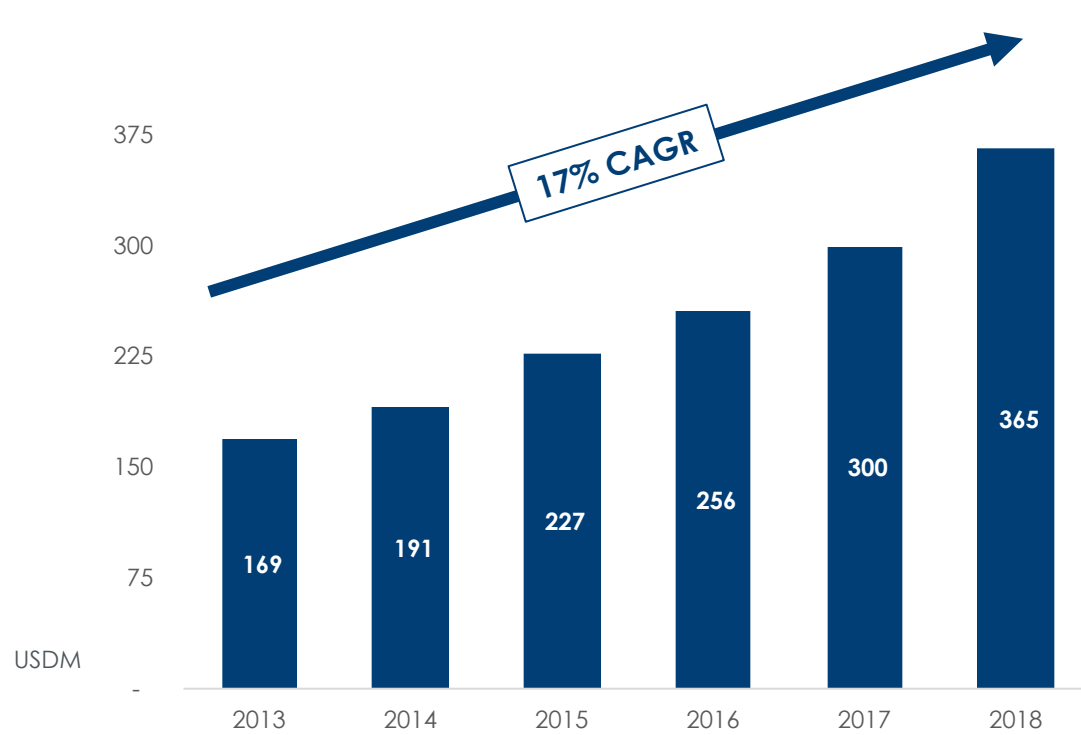
EPS



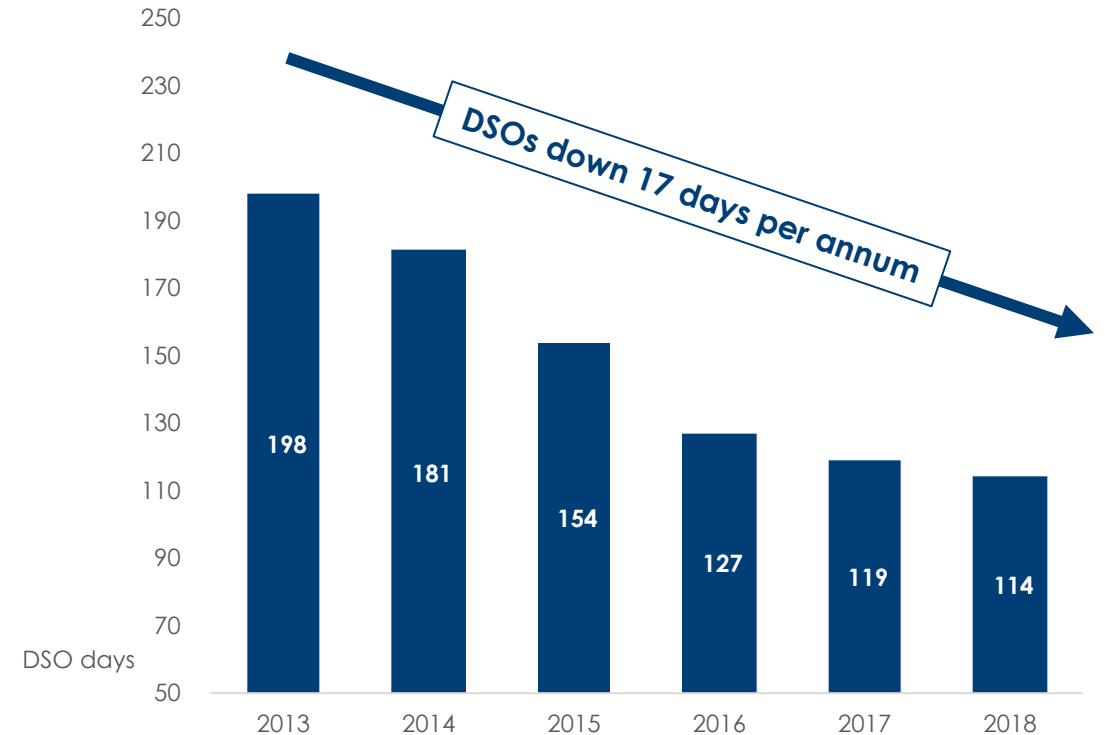
Note: KPIs are non-IFRS

Outstanding cash-flow generation

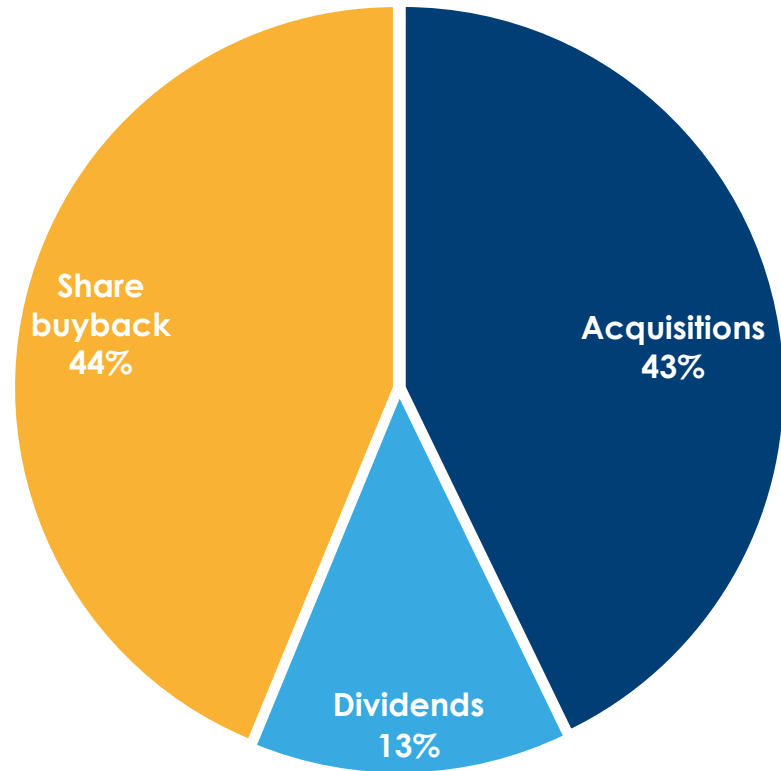
Operating Cash Flow



DSOs













Disciplined capital allocation (2013-2018)



Balance sheet (31-Dec-18)	
Total available financing	USD 1bn
Weighted average interest rate	3.0%
Weighted average debt maturity	3 years
Leverage ratio	1.6x

Targeted acquisitions for USD600m+ and returned USD800m+ to shareholders

Using M&A to accelerate organic growth

Date		Price (\$m)	Capabilities
Dec 18		\$245.0	Digital front office
Feb 17		\$50.0	Core banking, wealth management
Mar 15		\$260.0	Fund and securities
Feb 15		\$55.0	Core banking, analytics
Mar 13		\$24.0	Core banking, risk and compliance
Sep 12		\$14.7	Channels
Jul 11		\$1.3	Analytics
Sep 10		\$86.3	Digital front office
May 10		\$5.1	Channels
Dec 09		\$19.1	Core banking

Shareholder value creation

Total shareholder return (USD, 30/4/19)	1 year	4 years	10 years	Since IPO on 25/6/01 at CHF 23 per share
Temenos	32%	372%	1158%	1248%
Swiss Performance Index	8%	17%	193%	310%
Stoxx Euro 600	-3%	13%	135%	184%
Nasdaq	16%	72%	432%	376%
Peer group average	17%	85%	495%	624%

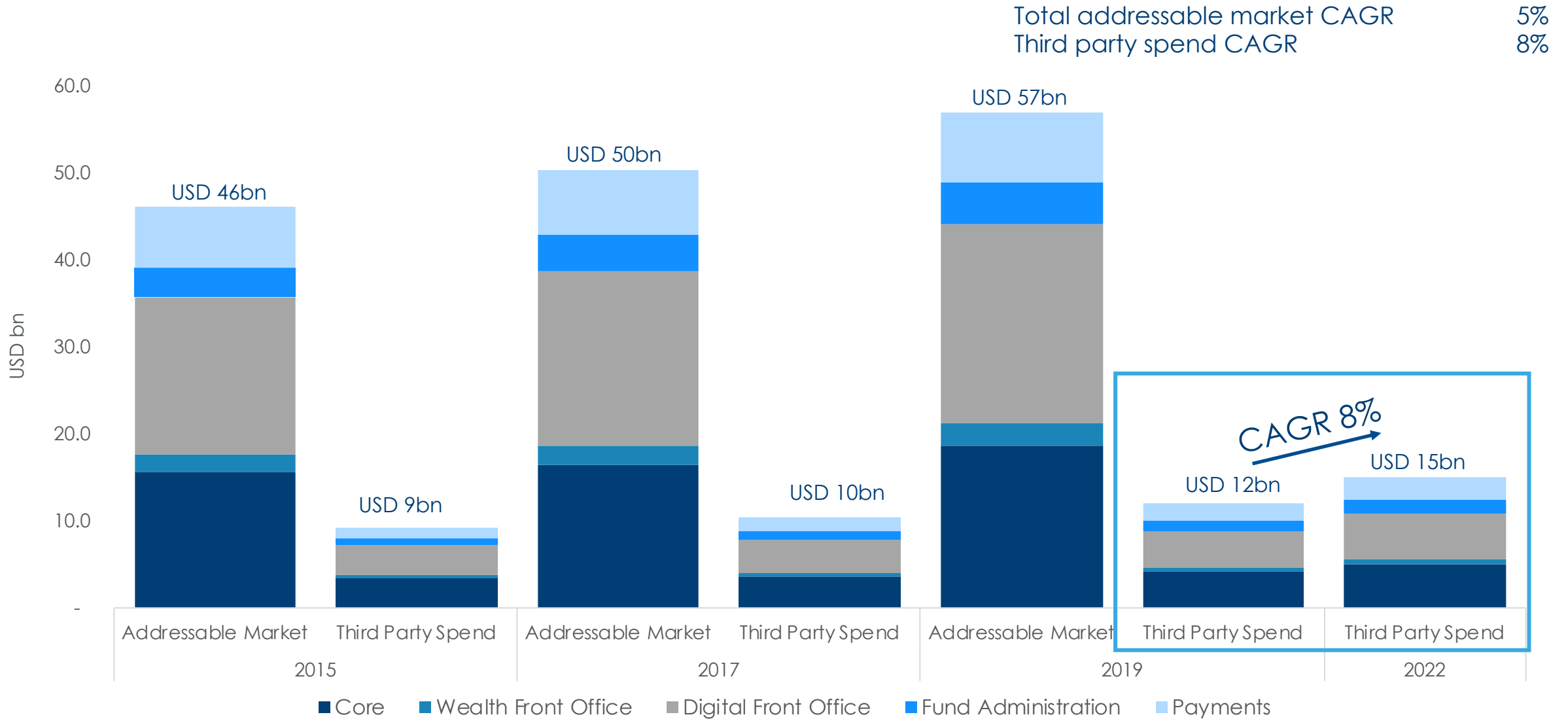
| Holding up well vs. US tech world dominators

Total shareholder return (USD, 30/4/19)	1 year	4 years	10 years	Since IPO on 25/6/01 at CHF 23 per share
Temenos	32%	372%	1158%	1248%
Amazon	23%	357%	2293%	14939%
Apple	23%	72%	1170%	13217%
Facebook	12%	146%	N.A.	N.A.
Google	18%	118%	505%	N.A.
Netflix	19%	366%	5625%	N.A.
Microsoft	42%	194%	724%	482%

A swimmer in a blue pool performing a butterfly stroke with arms extended. The swimmer is wearing a blue swim cap and goggles. The water is splashing around the swimmer's head and arms. The background is a bright blue pool with lane lines.

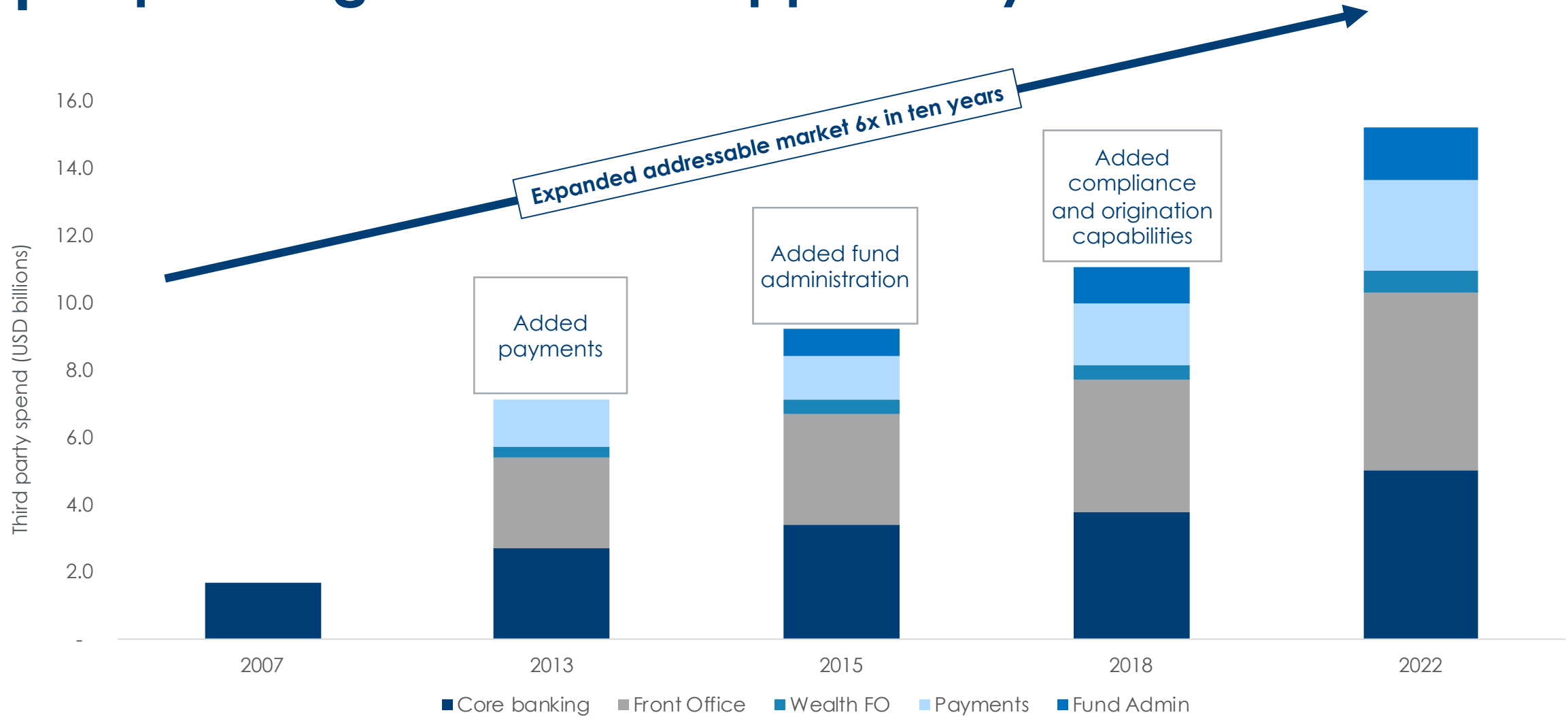
| Drivers of growth

A continuously growing market



Source: Gartner, IDC, Celent, Ovum, Oliver Wyman, Temenos estimates
Note 2015 addressable market increased due to opening of new markets including fund administration, compliance and origination

Expanding our market opportunity

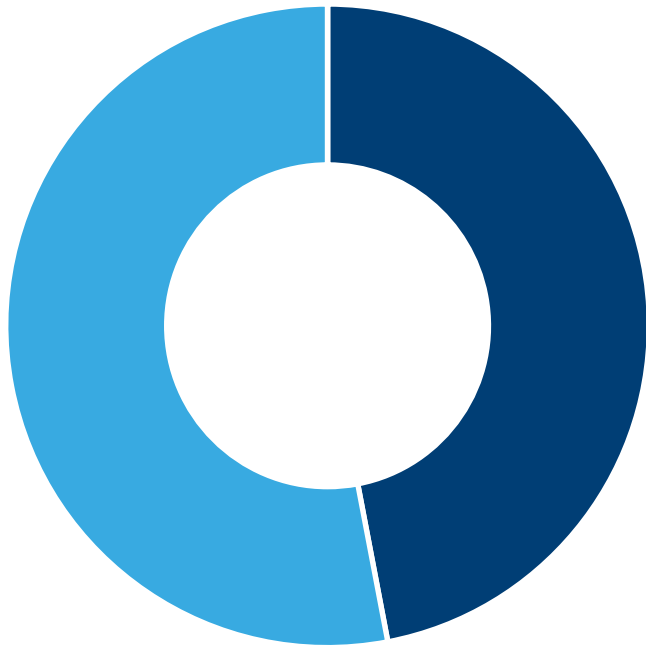


Source: Gartner, IDC, Celent, Ovum, Oliver Wyman, Temenos estimates
 N.B. Digital Front Office comprises previous segments stated as Digital Channels, Front Office, Origination
 All spend and forecasts are for licenses and maintenance only

Increasing the tier 1 and 2 client mix

Non-IFRS total software licensing revenues by client tier

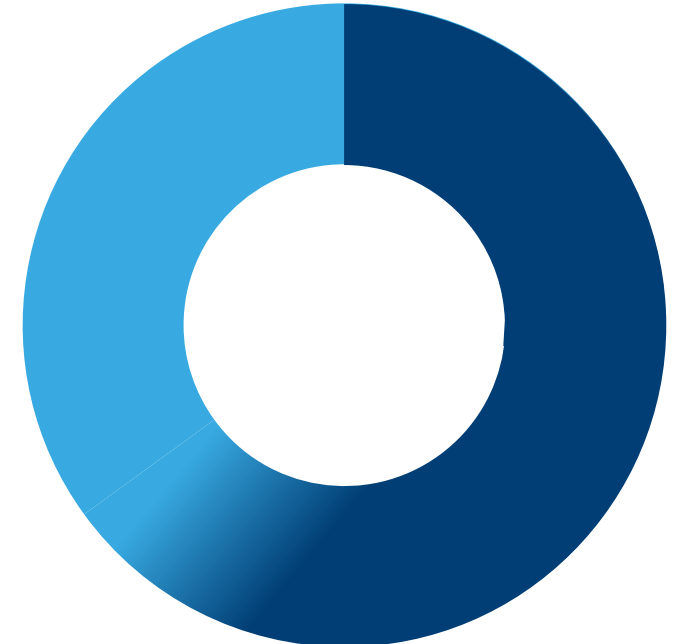
■ Tier 1 & 2 ■ Tier 3, 4 & 5



2015



2018

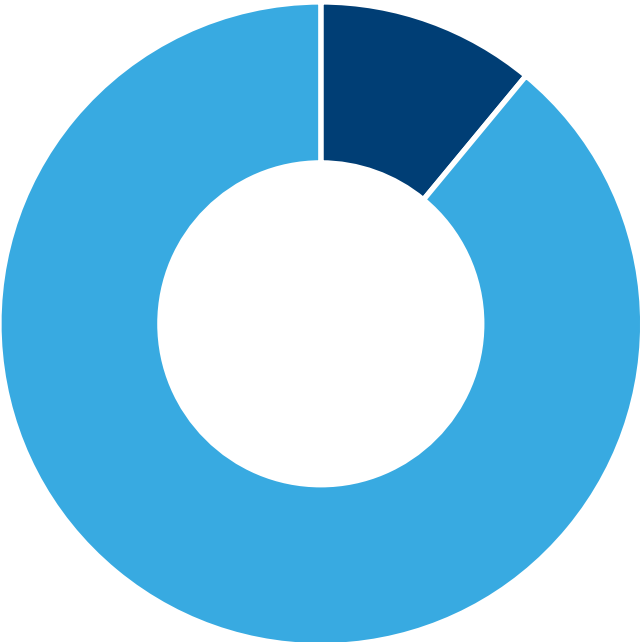


Long term

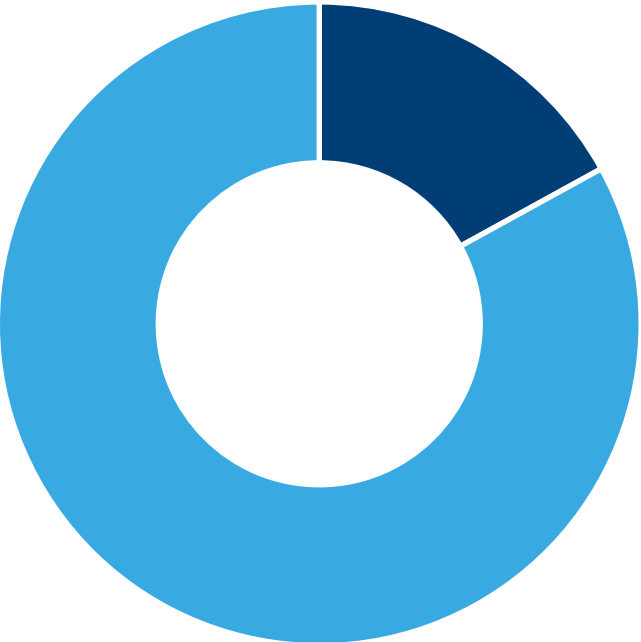
Building momentum in North America

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

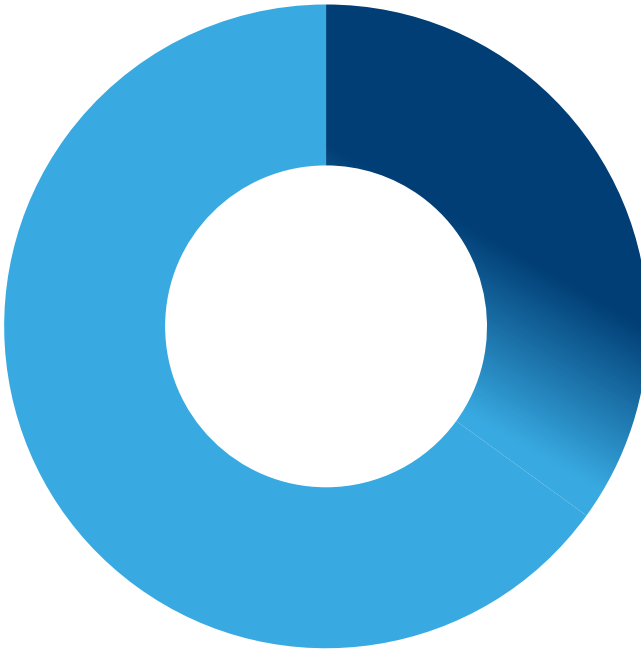
■ North America ■ Rest of World



2015



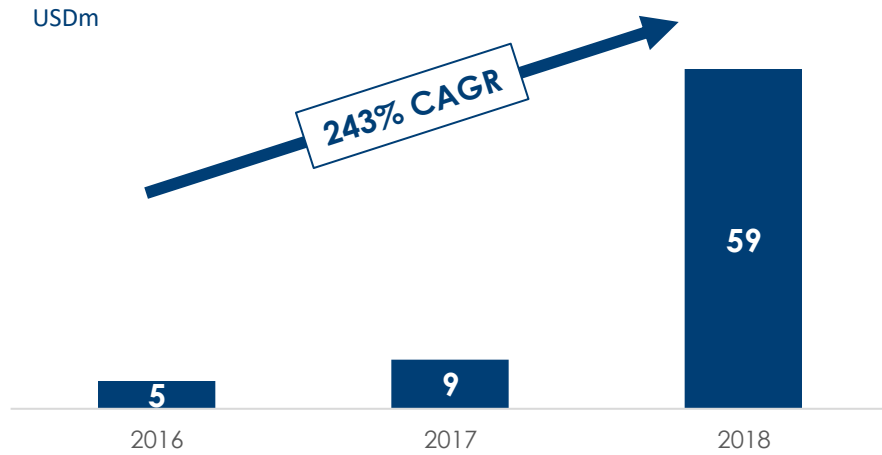
2018



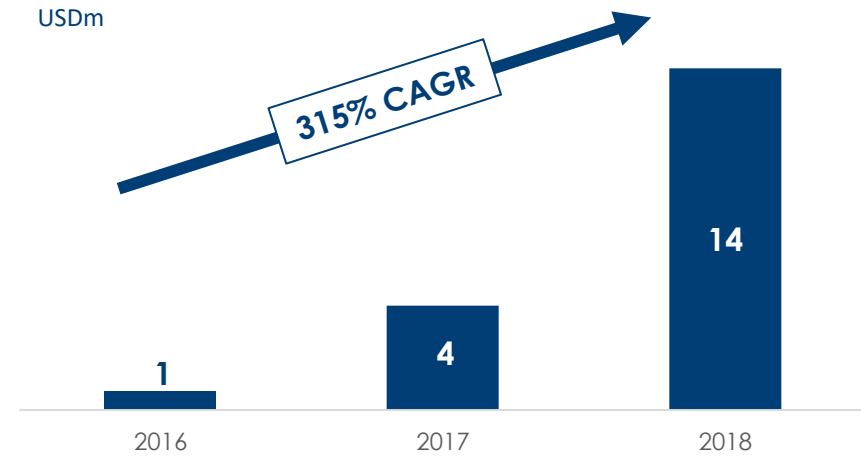
Long term

Increasing disclosure on SaaS metrics

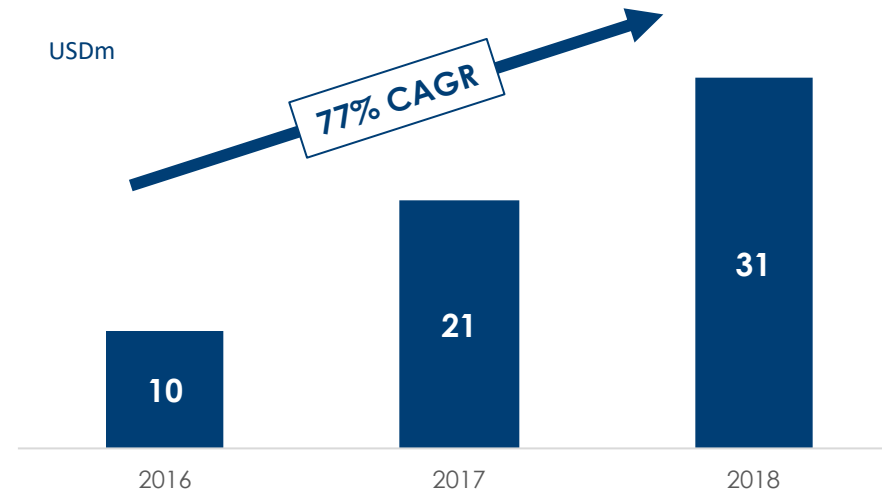
Total Contract Value



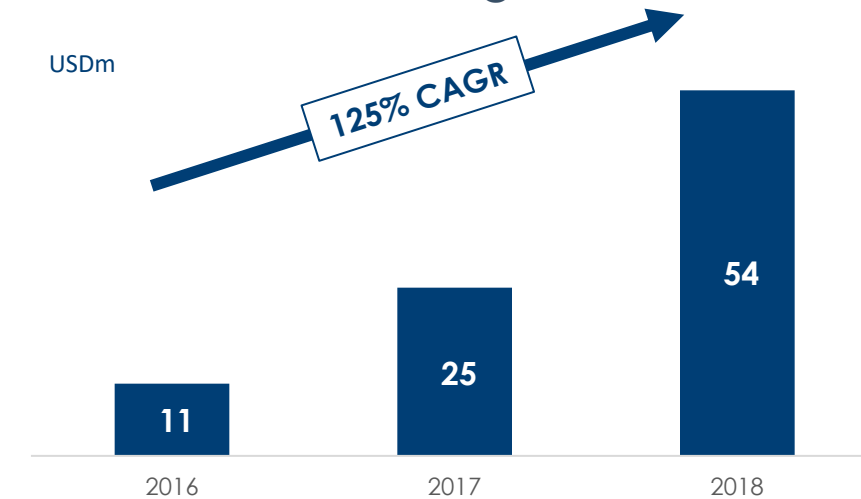
Annual Contract Value



SaaS revenue



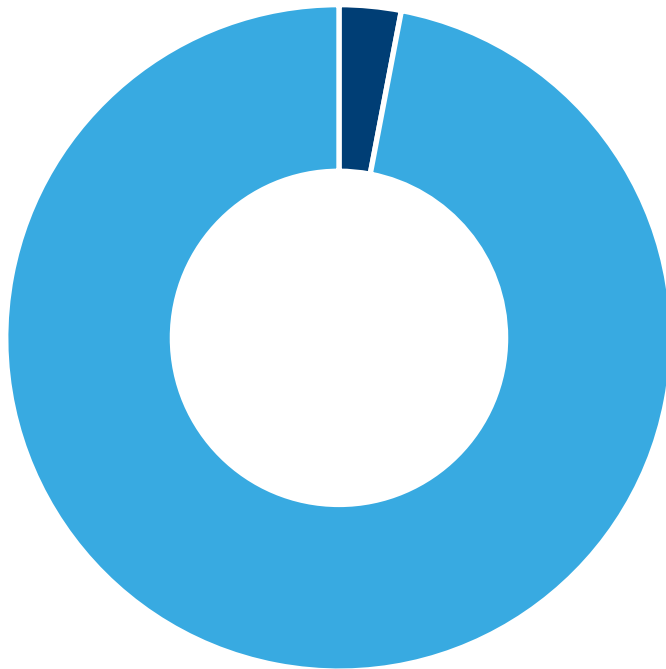
Annual Recurring Revenue



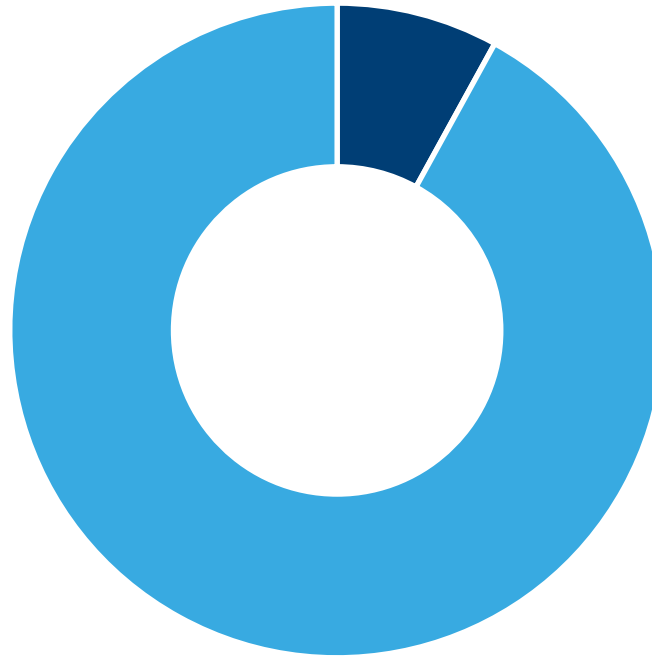
SaaS revenues are growing rapidly

Non-IFRS Software licensing vs. SaaS revenues

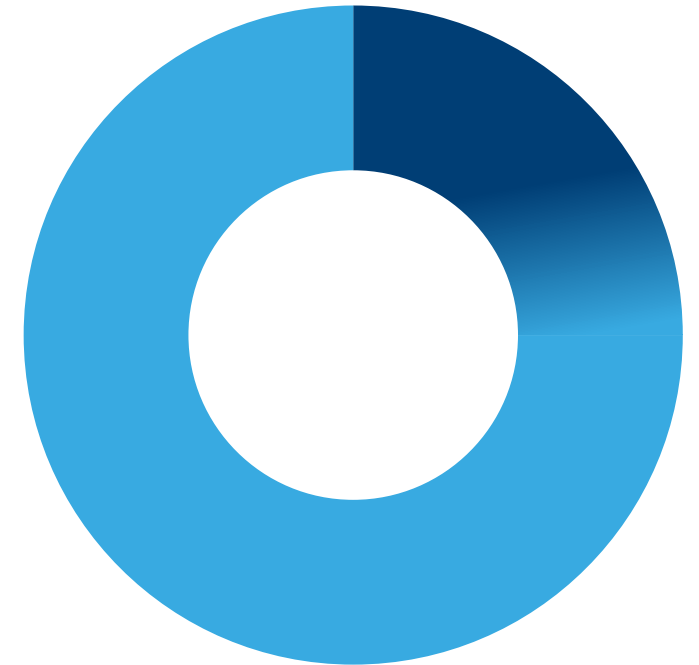
■ SaaS ■ Software licensing



2015



2018



Long term

A swimmer in a pool, wearing a white swim cap and goggles, is captured in a dynamic, low-angle shot. The swimmer is moving from left to right, with their arms extended forward. The water is a deep blue, and the pool's lane lines are visible on the bottom. The overall scene is bright and energetic, with a strong blue color palette.

A three-pronged approach to M&A

Accelerated growth in key markets and segments

Increased scale

Adjacent markets and complementary products

Sustainable annual growth targets



Sustainable annual growth targets

Metric (Non-IFRS)	Sustainable long term annual targets
Total software licensing	At least 15% CAGR
Total revenue	10-15% CAGR
EPS	At least 15% CAGR
DSOs	Less than 90 days
EBIT Margin	36%+
Tax rate	c. 20%
Cash conversion	100%+ of EBITDA p.a.

	3-5 year targets
EBIT Margin	100-150 bps p.a.
Tax rate	18-20%



| Corporate Social Responsibility

Kalliopi Chioti, Head of Sustainability and CSR



TEMENOS
THE BANKING SOFTWARE COMPANY

| Our Approach



Our Values:

We operate responsibly to build a sustainable business



Our Commitments

- To build long term sustainable relationships
- To manage our operations responsibly
- To help our clients transform into sustainable organizations
- To achieve both financial and non-financial value



Our Endorsements

- [United Nations Global Compact participant](#)
- [Externally Assured CSR Report within 2018 Annual Report](#)
- [Aligned with the UN Sustainable Development Goals](#)

Our 2018 Highlights



1. Indices & Awards:

- SXI Switzerland Sustainability 25[®] Index
- Ecovadis Silver Medal
- [Great Place to Work[®] Awards in Greece, Luxembourg and UAE](#)

2. Environment

- ISO 14001:2015 EMS certification in India (52% of Temenos headcount)
- Offset 2018 business travel emissions (84% of Temenos emissions)

3. Society

- Adopt iT reaching 1,500 students in 3 schools in India
 - 3 brand new computer labs and girls' restrooms
- 34% women @ Temenos

Our Action Plan

How to manage our
CSR strategy

CSR & Ethics Committee chaired by CEO and reporting to the BoD

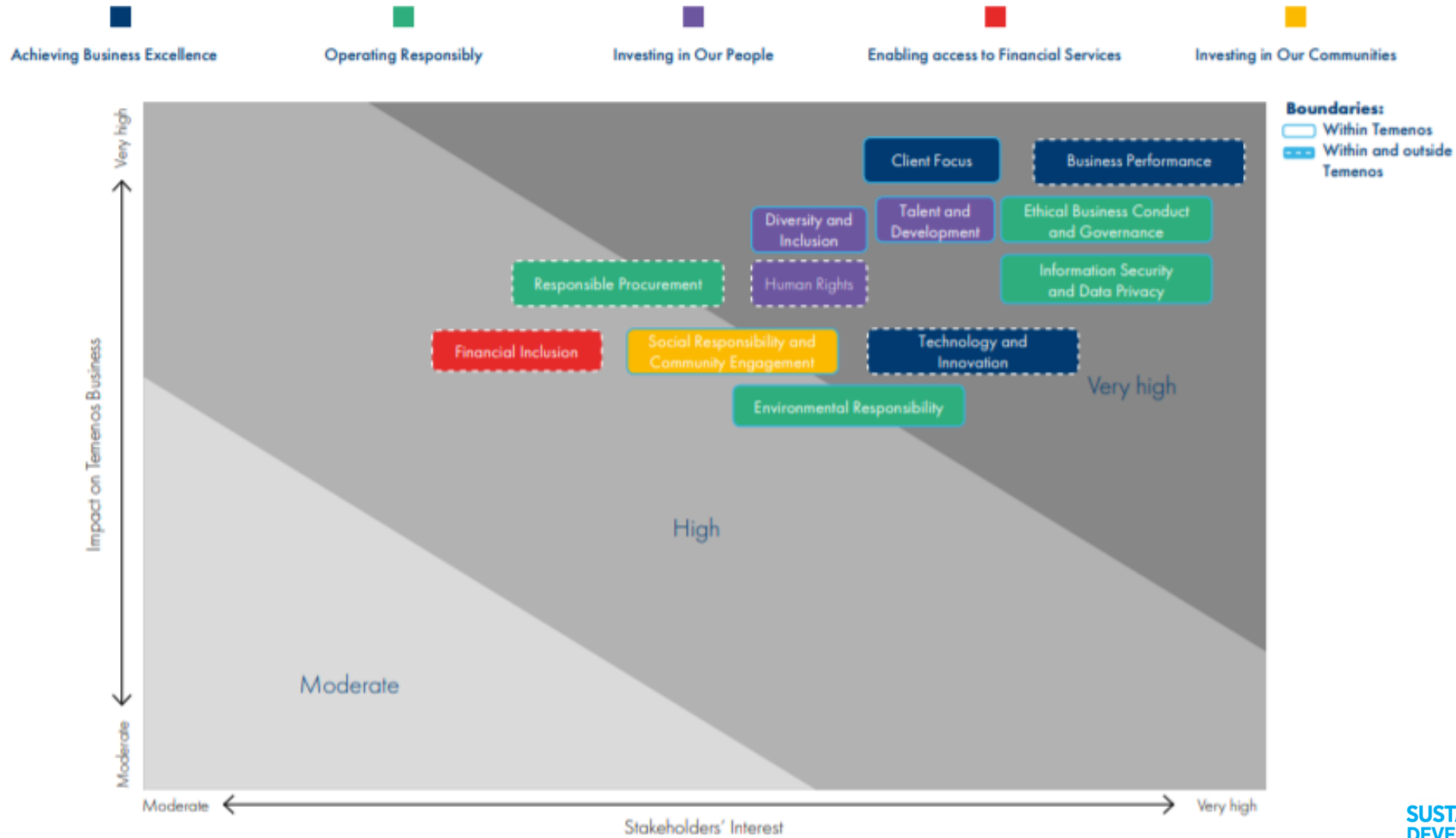
How to measure
our ESG footprint

2016-2019: Set up an internal mechanism
2019-2022: Identify priority areas and set targets

How to communicate
our CSR strategy

Continuous stakeholder engagement and reporting

Our Materiality Analysis



SUSTAINABLE DEVELOPMENT GOALS

Our Priorities for 2019-22



Achieving Business Excellence

- Client Voice & Satisfaction



Operating Responsibly

- Conduct & Governance
- Security & Privacy
- Procurement
- Environment



Enabling Access to Financial Services

- Financial Inclusion



Investing in Our People

- Diversity
- Engagement
- Talent & Development



Investing in Our Communities

- Community Investment - Gender Equity, Digital Inclusion & Clean Energy
- Volunteering



TEMENOS

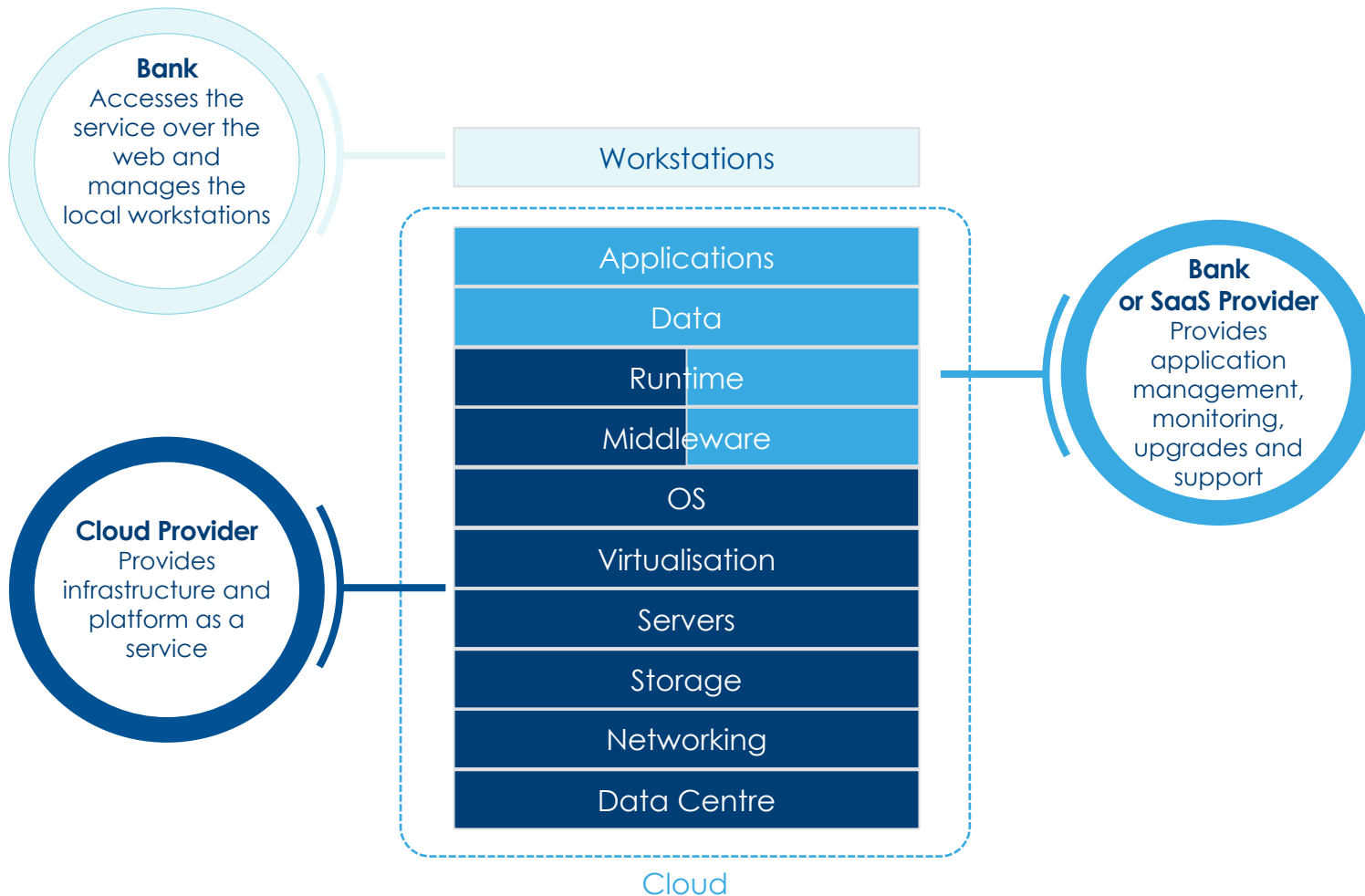
THE BANKING SOFTWARE COMPANY

**CAPITAL
MARKETS
DAY 2019**

Thank You

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SaaS is not Cloud



Deployment options in the cloud

- With the bank's own cloud subscription and application management services (bank's cloud, public or private)
- Leveraging Temenos application management services (Temenos Cloud's SaaS offering)
- Using a local partner's cloud and application services (Partner's SaaS offering)

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 guidance