

ONE

GLOBAL

FORCE

2010 Results

Zurich – 18 March 2011

Global Leaders In Interdealer Broking



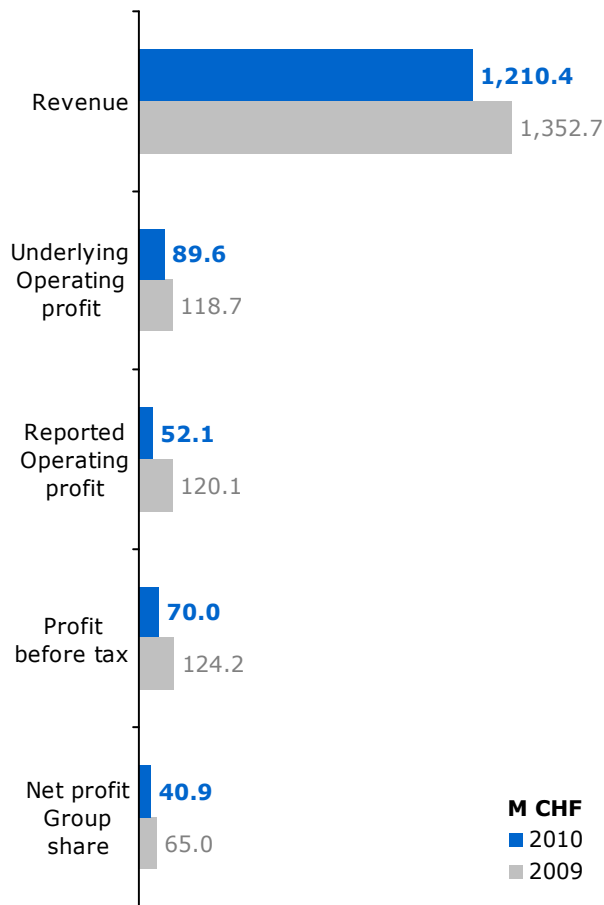
Compagnie Financière Tradition

Highlights

Performance

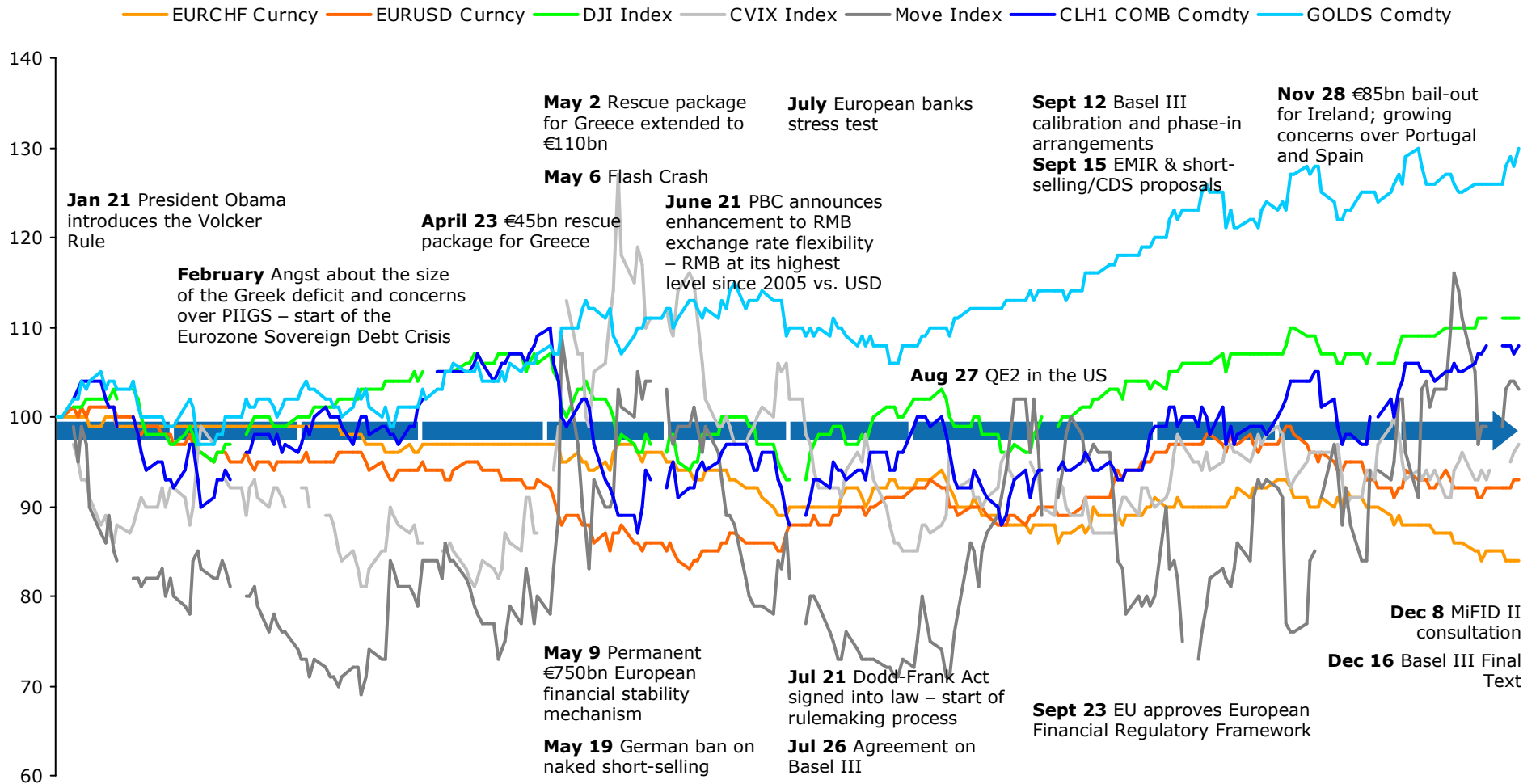
Revenues in constant currencies
-7.6%

Underlying margin
7.4%



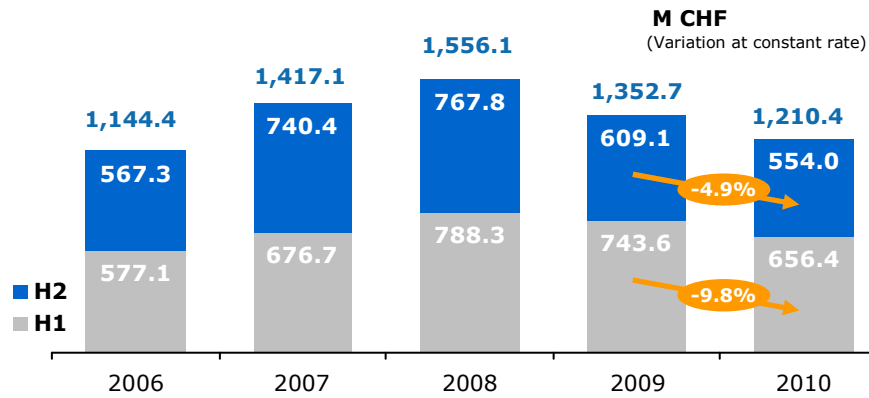
- Trading volumes in developed markets affected by economic challenges and continued regulatory uncertainties
- Significant headways in beefing up the financial regulatory environment with far-reaching consequences for financial institutions
- 2010 was a year of transition for CFT's IDB business with a focus on reducing costs and improving operating profitability amid continued investments at competitors
- A difficult year for Gaitame
- Proposed dividend of CHF 5.0 per share
- Development of a swap-trading platform in collaboration with leading banks
- IDB revenues up 5% in constant currencies year to date at the end of February 2011

Rising global imbalances despite a somewhat improved overall economic environment

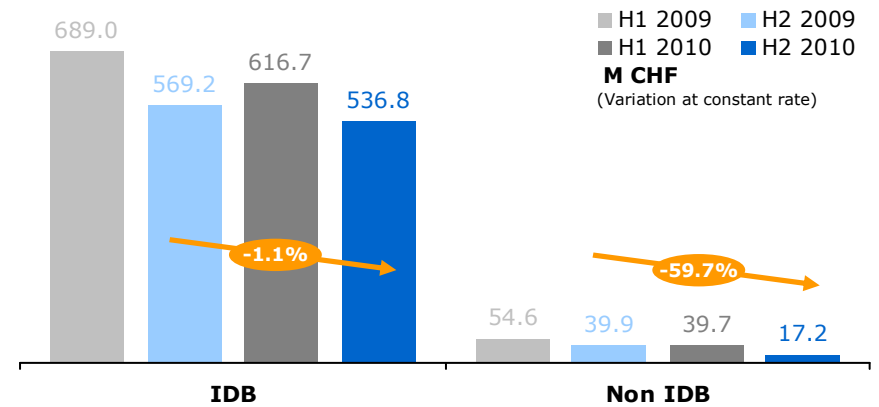


Group revenues – Better year on year trend in the IDB business in H2 than in H1

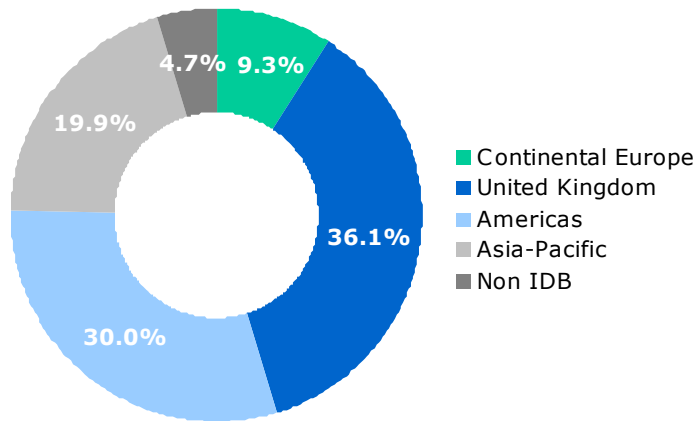
Half year / yearly revenues



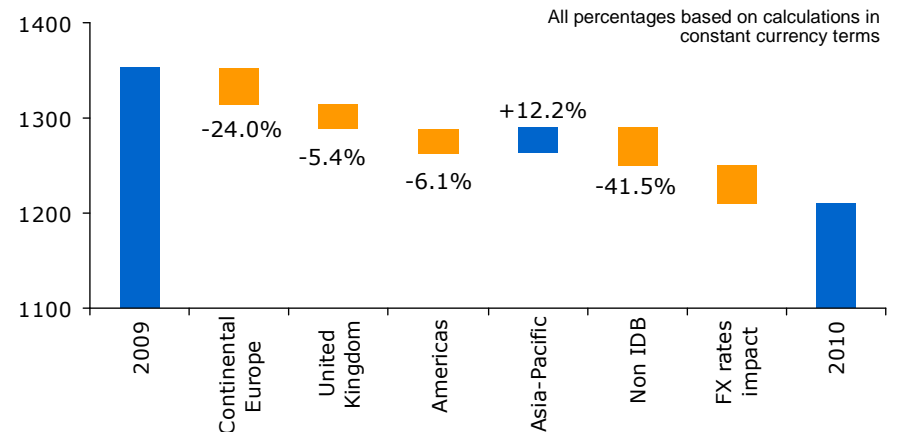
Half-yearly trend by business line



Revenues by region

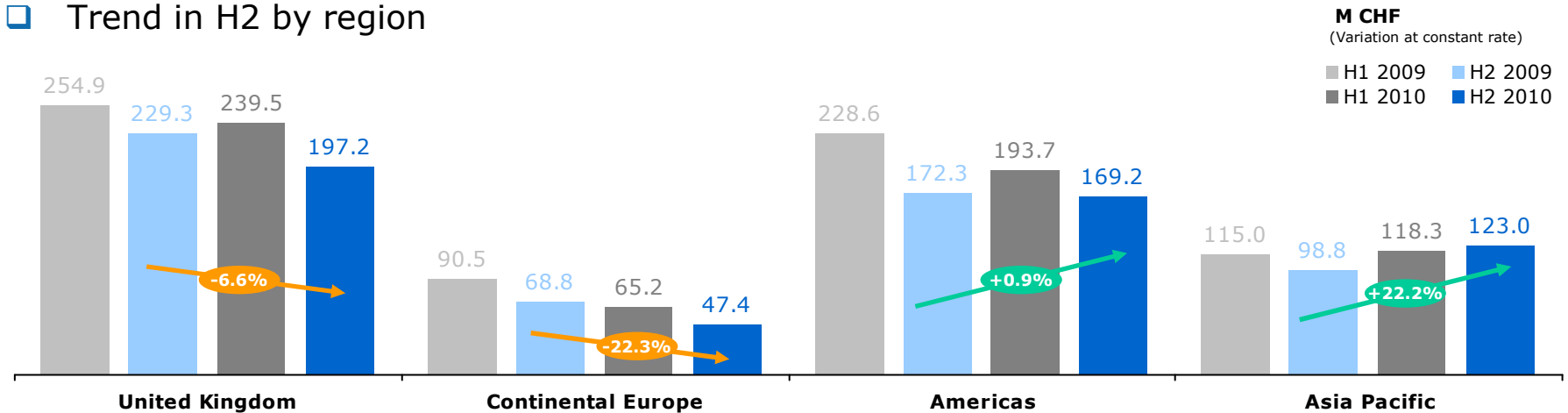


Regional bridge



IDB regional revenues – Contrast between European/ US and Asian markets in line with 2010 industry trends

□ Trend in H2 by region



□ UK

- Growth in FX and Commodities
- Cash Equities reorganised

□ Continental Europe

- Conditions not as favorable for Bonds and Interest Rate products

□ Americas

- Growth in FX and Commodities
- Revenues from Financial products impacted by economic and regulatory conditions

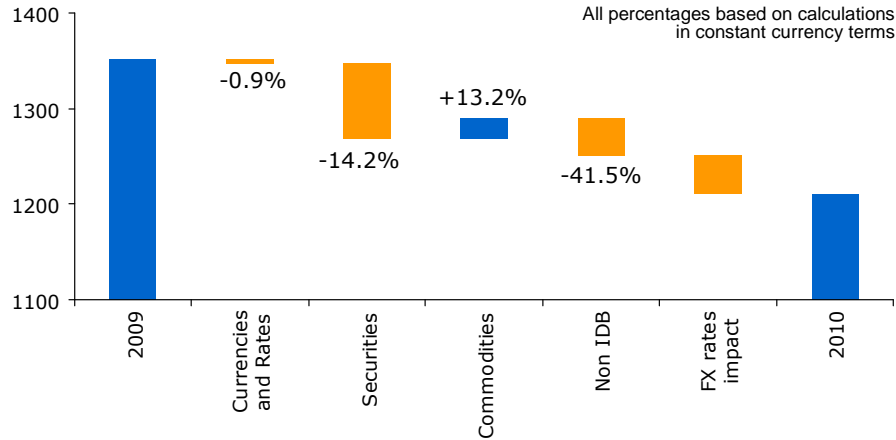
□ Asia-Pacific

- Favorable economic conditions
- Leveraging strong franchise and footprint
- After restructuring in H1, investment in staff in H2 and 2011

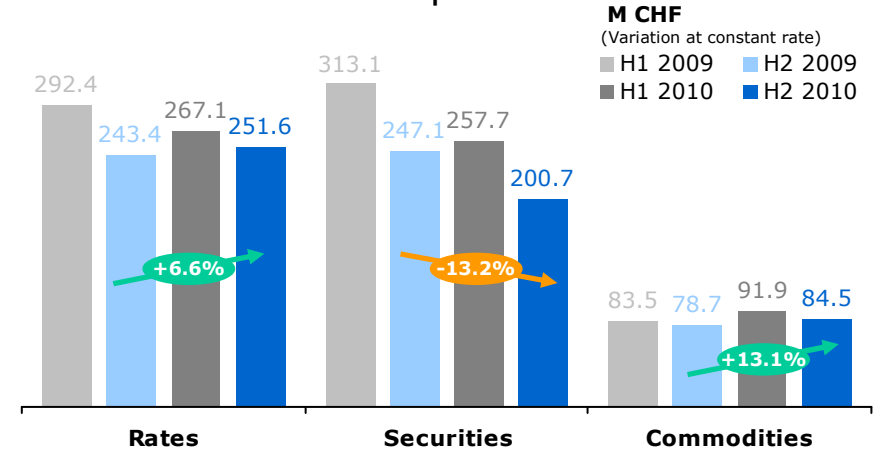
IDB product mix – Diversification remains key

Growth in FX, Energy and recovery in Rates products in H2

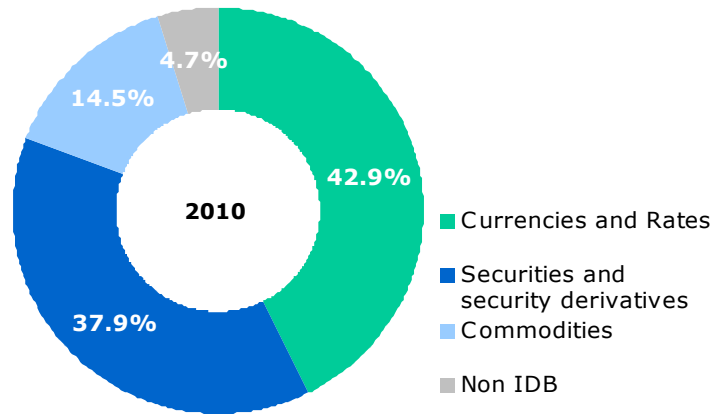
Bridge by asset class



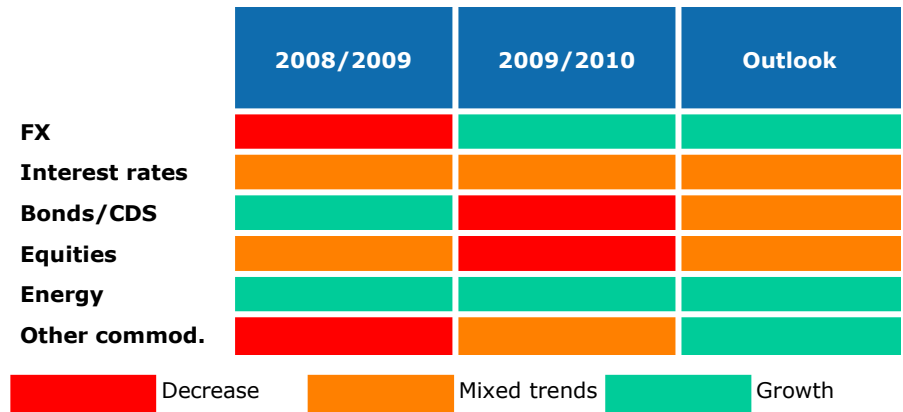
Trend in H2 - IDB products



Revenues breakdown



IDB segments dynamics

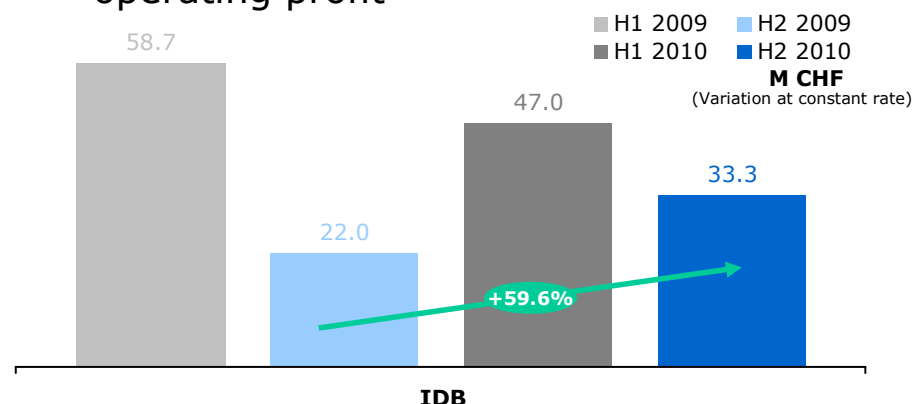


Operating performance – IDB business operating profit up in H2 thanks to Asia-Pacific and America

Group operating performance

M CHF	2010	2009	Variation vs. 2009
Revenues	1,210.4	1,352.7	-10.5%
Net operating expenses	-1,120.8	-1,234.0	-9.2%
Underlying operating profit	89.6	118.7	-24.5%
Underlying operating margin	7.4%	8.8%	
Gain on disposal of Group entities	-	32.0	
Net exceptional expenses	-17.2	-10.2	
Amortisation of intangibles	-20.3	-20.4	
Reported operating profit	52.1	120.1	-56.6%
Reported operating margin	4.3%	8.9%	

Half-yearly IDB business underlying operating profit



Underlying IDB operating ratios

In %	2010	2009
Revenues	100.0	100.0
Compensation costs	-73.1	-73.0
Operational	-62.2	-63.0
Administrative	-10.9	-10.0
Operational: variable/ total compensation	42.6	45.4
Telecom & Market data	-6.6	-6.8
Travel / Business / Marketing	-4.8	-5.3
Rent and occupancy	-2.6	-2.6
Other net operating expenses	-4.5	-4.4
Amortisation/Depreciation and impairment losses	-1.4	-1.5
Underlying operating profit / margin	7.0	6.4

Other KPIs

Number of brokers	1,466
Brokers - Ytd variation	-104 / -6.7%
Brokers annualised productivity (CHF)/Yoy variation in cst curr.	700k / -8.3%
Support staff (of which other front office staff)	850 (146)
Number of Support staff - Ytd variation	-12 / -1.4%

IDB business cost-cutting plan – Update

Annualised net savings

SAVINGS

Benefit in 2010

Estimated benefit in 2011

Annualised benefit

% of 2009 underlying IDB cost base

INVESTMENTS

Impact in 2010

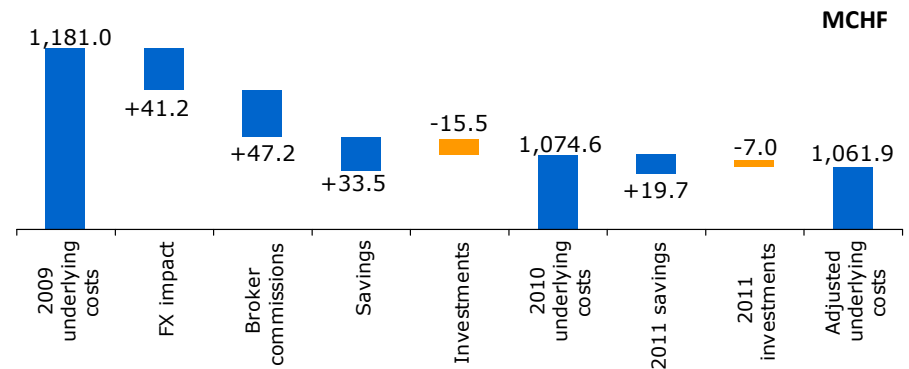
Estimated impact in 2011

Annualised impact

Annualised net savings

	M CHF
Benefit in 2010	33.5
Estimated benefit in 2011	19.7
Annualised benefit	53.2
<i>% of 2009 underlying IDB cost base</i>	<i>4.5%</i>
Impact in 2010	15.5
Estimated impact in 2011	7.7
Annualised impact	23.2
Annualised net savings	30.0

IDB cost base bridge

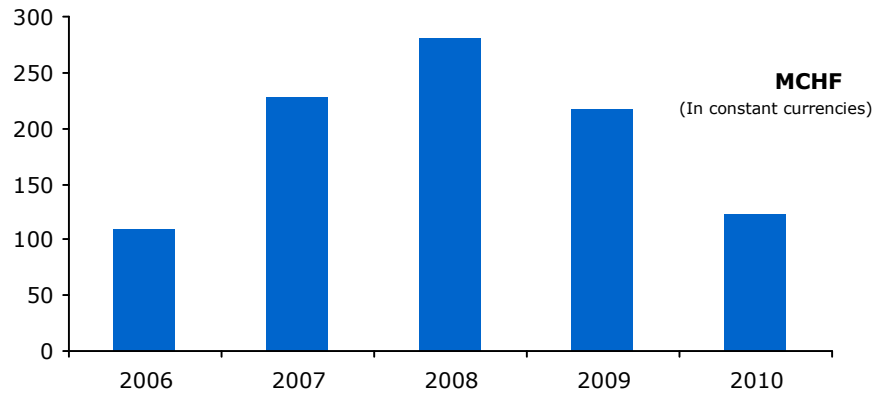


- ❑ Significant progress offset by need to invest to secure key areas and develop others
- ❑ Net benefit in 2010 results of CHF 18.0m, with further CHF 12.7m in 2011
- ❑ Operating margins
 - Improved in Asia on the back of cost cutting initiatives taken in 2009 and buoyant activity in 2010
 - Improved in America on the back of cost cutting initiatives taken in 2009 and despite subdued activity in 2010
 - Deteriorated in Europe where cost cutting initiatives started in Q2 2010 amid difficult market conditions

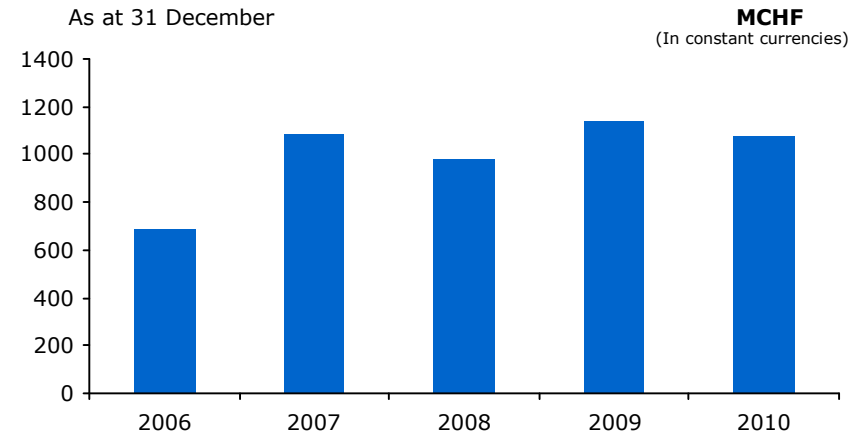
- ❑ Savings
 - Focused on mature businesses i.e. core product areas where CFT has an established presence
 - Low performing brokers and poorly performing desks
 - Absolute level of travel and marketing costs
 - Additional savings anticipated in the medium term from rationalisation of IT network and infrastructure
- ❑ Investments
 - Continued focus on new activities or offices started within the last three years
 - Investments primarily focused in Asia and Europe
 - Investments in established businesses also required in order to protect franchises threatened by market developments and competitor activity
 - Strategic investment in electronic platforms has been capitalised where appropriate

Non IDB business – Gaitame, a difficult year

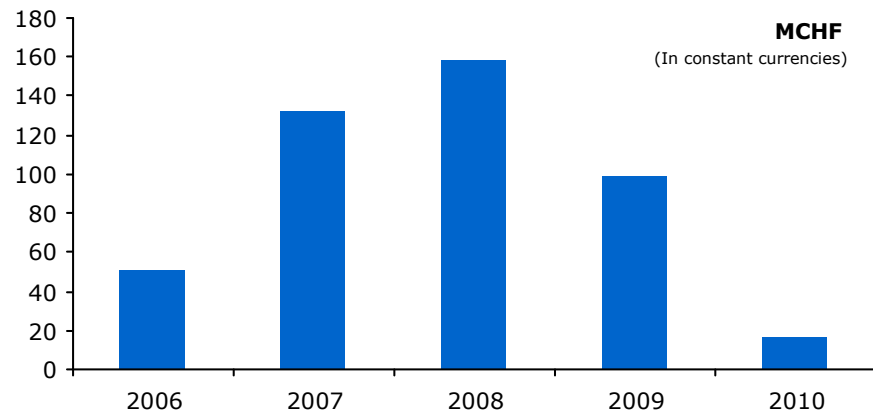
Non IDB revenues



Gaitame's client deposits



Non IDB underlying operating profit



2010 developments

- Sustained level in client base/client deposits
- Reductions in individual leverage limits impacting revenues following changing regulation
- Closure of business in October following technical reporting issues

2011 objectives and outlook

- Organisational changes
- Focus on costs reduction
- Looking for recovery in returns during second half
- Immediate outlook uncertain following recent events

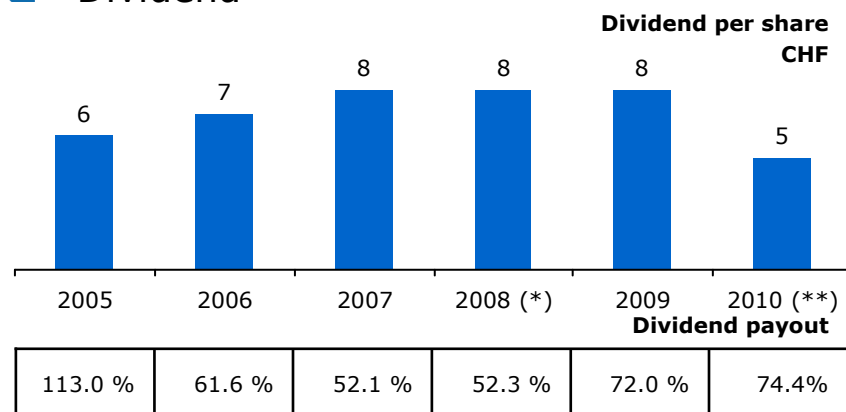
Group profit – Profit before tax of CHF 70.0m

Net profit Group share

M CHF	2010	2009	Variation
Underlying operating profit	89.6	118.7	-24.5%
Reported operating profit	52.1	120.1	-56.6%
Net financial income	-1.3	-1.3	0.0%
Share of profit of associates	19.2	5.4	255.6%
Profit before tax	70.0	124.2	-43.6%
Income tax	-19.7	-45.4	-56.6%
Reported net profit for the period	50.3	78.8	-36.2%
Group share	40.9	65.0	-37.1%

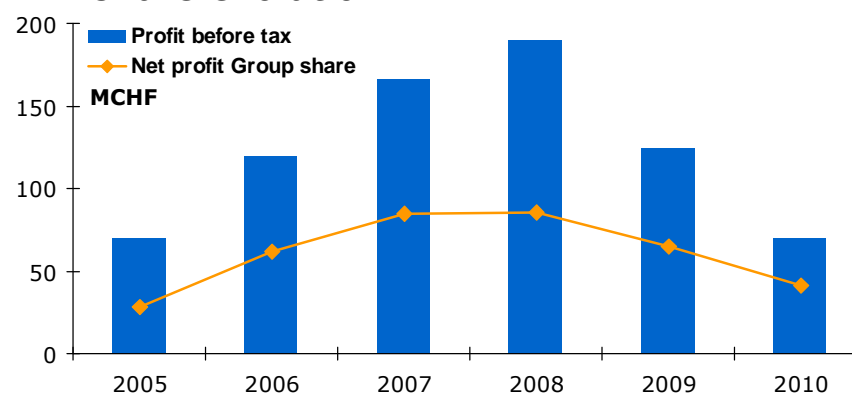
- In December 2010, CFT acquired a strategic 30% stake in CM Capital Markets Holding SA, a leading brokerage group in Spain and Brazil
- A negative goodwill of CHF 17.8m was recognized on this transaction and presented under share of profit of associates

Dividend



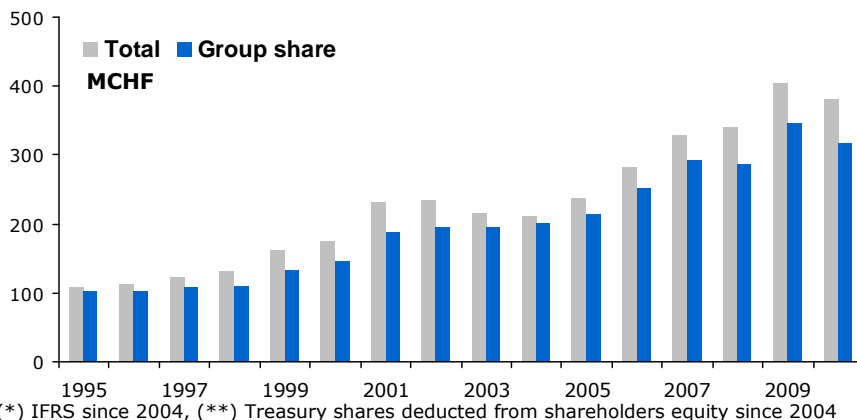
(*) In addition, distribution of a subscription right with a ratio of 11 rights for 1 new share,
 (**) Subject to AGM approval on 7 June 2011

Profit before tax and net profit Group share evolution



Balance sheet – Historical focus on capital structure

Shareholders' equity

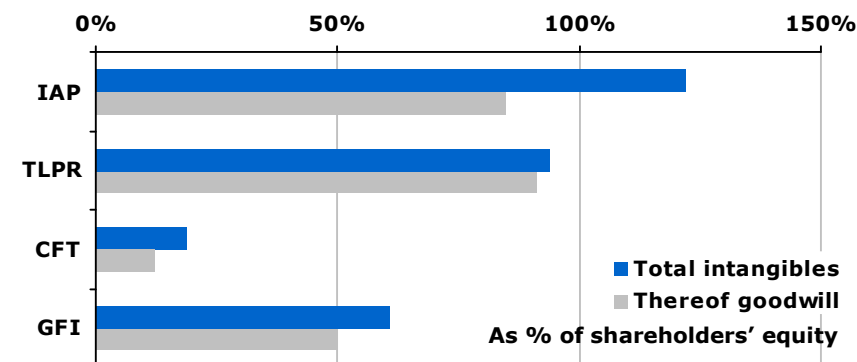


Cash and debt

MCHF	31.12.10	31.12.09
Cash & cash equivalents	352.3	399.2
Financial assets @ fair value	10.5	9.6
Financial debt (*)	-146.2	-167.4
Adjustments linked to variances in AH & MP activities	-2.1	9.7
Net funds adjusted	214.5	251.1

(*) Excluding debt linked to matched principal activities

Intangible assets – Peer group



IAP and GFI as of 30/9/2010, TLPR and CFT as of 31/12/2010

Small level of goodwill

- Intangible assets of CHF 73.0m, thereof CHF 45.1m of goodwill
- Goodwill is 12% of group equity
- Amortization of our intangible assets in Americas ends in April 2011

Simplified balance sheet

M CHF	Assets		M CHF	Liabilities	
	31.12.10	31.12.09		31.12.10	31.12.09
Property, Plant & Equipment	36.0	51.5	Capital	15.4	15.3
Intangible assets	73.0	89.9	Share premium	53.1	48.8
Investments in associates	44.1	15.0	Treasury shares	-5.8	-7.7
Available-for-sale financial assets	7.5	22.5	Currency translation	-92.3	-67.7
Unavailable cash	33.2	18.6	Consolidated reserves	347.7	356.4
Other non-current assets	34.4	30.4	Minority interests	64.0	60.5
Non-current assets	228.2	227.9	Equity	382.1	405.6
Receivables related to MP activities	52.2	90.3	Non-current liabilities	38.2	40.6
Receivables related to AH activities	510.0	501.4	Short term financial debts	147.3	165.5
Trade & other receivables	210.3	231.1	Payables related to MP activities	50.5	82.2
Financial assets at fair value	10.5	10.2	Payables related to HA activities	511.8	499.3
Cash & Cash equivalents	352.3	399.2	Trade & other payables	253.9	286.9
Other current assets	20.3	20.0	Current liabilities	963.5	1,033.9
Current assets	1,155.6	1,252.2	TOTAL EQUITY AND LIABILITIES	1,383.8	1,480.1
TOTAL ASSETS	1,383.8	1,480.1			

Market structure reform – No new themes but detailed rulemaking a challenging task

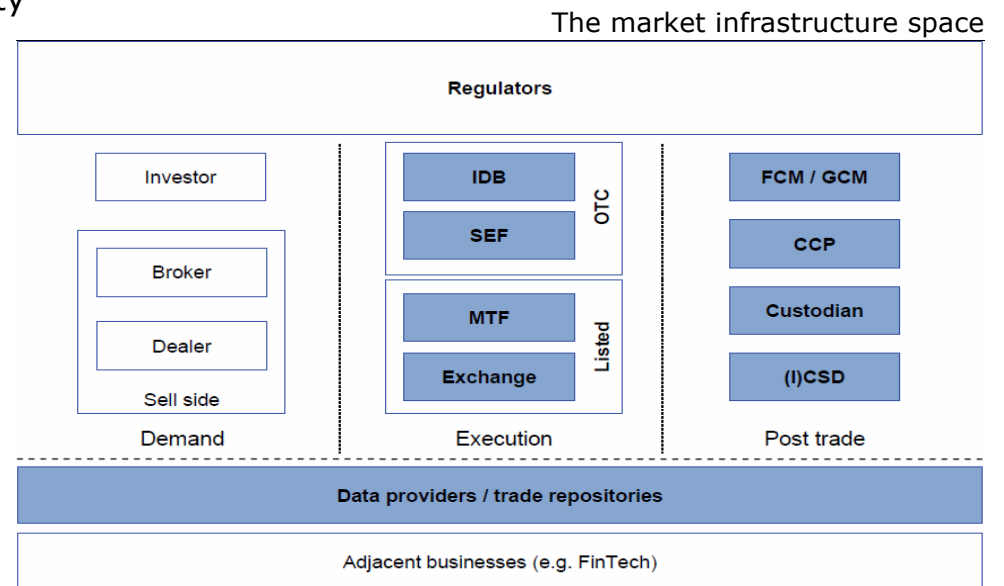
- ❑ “Ensuring efficient, safe and sound derivatives markets”
 - Focus on systemic risk and transparency
- ❑ Moving from consultation to legislation in Europe, legislation to regulation in the US
 - Dodd-Frank Act passed in July 2010
 - Titles VI and VII relevant to OTC derivatives market structure
 - CFTC and SEC in charge of detailed rulemaking
- ❑ Key themes include clearing, trade reporting, regulation of trading venues
 - Possible delays in the implementation but banks have started to adapt
 - IDBs in active dialogue with regulators and well positioned to be recognised (SEF in the U.S. and OTF in Europe) on par with exchanges for the most standardised instruments while retaining their know how for bespoke products
 - Global coordination both a requirement for market participants and a challenge for regulators

	Status	Next steps	
European Union	EMIR (*)	On-going discussions between the European Parliament, the Council and the European Commission on compromise text	Plenary vote expected in June Implementation 2013
	MiFID II (*)	Consultation closed in February	Legislative proposal before summer - Implementation 2013
	SSR (*)	Voted in European Parliament	Plenary vote in the coming months - Implementation 2012
	CRD IV (*) (Basel III in the EU)	Consultations on various aspects of CRD amendment closed	Legislative proposal before July Phased-in implementation starting 2013
	Energy Markets	Legislative proposal in Dec 2010	Plenary vote in September Implementation 2012
	Commodity markets	European Commission communication in Feb 2011	No details yet on next steps
United States	Participant def. and registration	Comments period on proposed rulemaking closed (CFTC and SEC)	Publication final regulation July 2011 - Implementation earliest Q4 2011
	SEF core principles	Comments period on proposed rulemaking closed (CFTC) and on-going (SEC / before April 4)	Publication of final regulation July 2011 - Implementation earliest Q4 2011
	Position limits	Plan introduced in Dec 2010	Deadline for comments on proposed rulemaking on March 28 - Implementation mid-January 2011
	Volcker rule	FSOC study released	Regulators to issue final rules by mid-Sept 2011 - Phased-in implementation starting 2013
	Swaps push-out rule	Comments period on proposed rulemaking closed	Phased-in implementation starting July 2012
	Collins am. (Basel III in the US?)	FDIC, OCC and Fed working on rulemaking	Regulators to issue final rules by Jan 2012 - Phased-in implementation starting 2013

(*) EMIR = Proposal for a regulation on OTC derivatives, central counterparties and trade repositories; MiFID II = Review of the Markets in Financial Instruments Directive; SSR = Proposal for a regulation on short selling and certain aspects of CDS; CRD IV = further possible changes to the Capital Requirement Directive; SEF = Swap Execution Facility; OTF = Organised Trading Facility

Market structure reform – Changes at stake but current plans mean IDBs could reinforce their role as market infrastructure

- ❑ Shift from bilateral OTC trades to centrally cleared
 - IDBs already used to OTC clearing by CCPs
 - Fair and open access to CCPs for trading venues more critical than ever in the context of a new round of consolidation among exchanges
- ❑ Reporting of trades to trade repositories
 - IDBs support trade reporting to regulators and in general, transparency that is not detrimental to liquidity
- ❑ Shift from bilateral OTC trades to regulated trading venues
 - IDBs operate multilateral pools of liquidity
 - Listed vs. OTC: complementary models rather than substitutes
 - Need for the new regulations to preserve the variety of execution models that characterize OTC trades and ensure efficiency
 - Electronic trading likely to be evolutionary not revolutionary, hybrid platforms to play a critical role
- ❑ New capital requirements – Stricter speculative position limits – Other bans/limits or taxes
 - Impact on trading volumes difficult to predict



Source: Morgan Stanley/Oliver Wyman

Market structure reform – Launch of Trad-X, a key step forward

- ❑ March 15, 2011: Announcement of the launch of a hybrid trading platform initially available for Interest Rate Swaps
 - 8 founder streaming participants among the leading banks
 - BNP Paribas, Citi, Goldman Sachs, HSBC, Morgan Stanley, Société Générale, Royal Bank of Scotland and UBS
 - Bank arrangements designed to enhance liquidity

- ❑ Proprietary technology, multi-asset class, rich and flexible functionalities
 - Trad-X enables fully electronic order entry, whilst leveraging the benefits of execution capability of Tradition's voice brokers.

- ❑ MiFID-compliant, and is as much as possible designed to be MiFID 2 compliant once it is in force in Europe
 - Also being designed to be able to meet SEF requirements as envisaged by the Dodd-Frank Act in the United States

- ❑ Platform designed with the help of the trading community



Strategy and objectives for 2011

- ❑ Be an influential participant as an intermediary and market place in the wholesale financial markets
 - For the financial sector at large, on going challenges due to the politically-driven regulatory agenda for the management and the containment of banks' risk taking capabilities and for the way in which OTC markets work
 - Expected benefits and medium term opportunities for global IDBs

- ❑ Encouraging outlook in terms of volumes

- ❑ Areas of focus for 2011
 - Maintain cost management discipline and improve operating margins
 - Continue to build-out electronic broking model across products and geographies
 - Sustain and leverage market leadership amongst IDBs in Asia-Pacific
 - Focus investment on higher growth products
 - Restructure Gaitame so that it will deliver acceptable returns by the end of the year
 - Maintain historical focus on sound balance sheet and capital position

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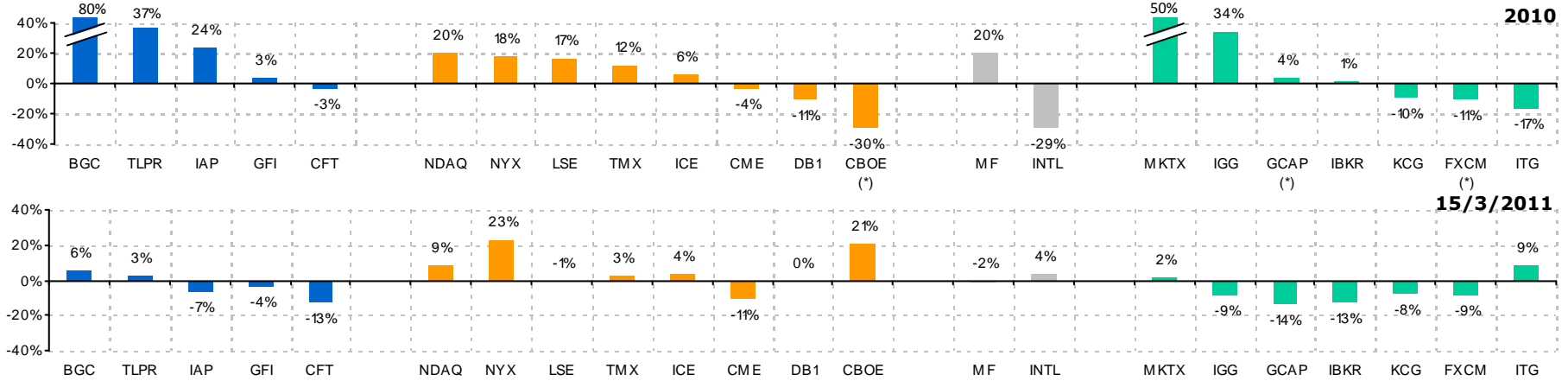
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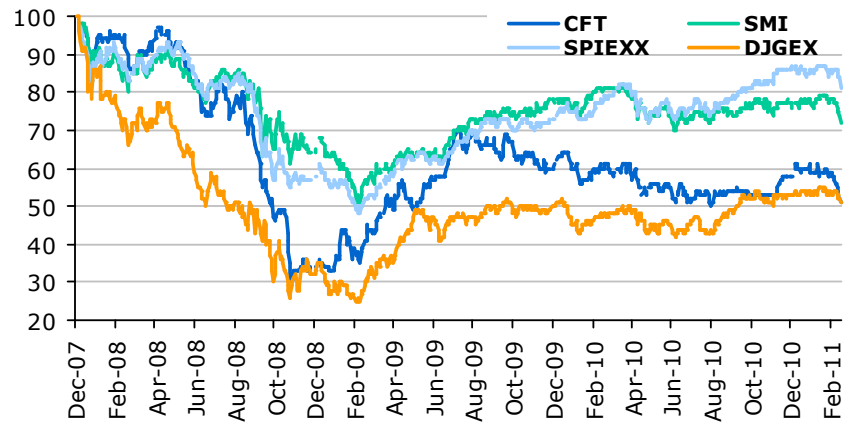
Stock performance

(*) CBOE first quoted on June 15, 2010; FXCM on Dec 2, 2010 and GCAP on Dec 15, 2010

Market structure stocks



CFT's share price versus indices



CFT's share price versus peer group

