

ONE

GLOBAL

FORCE

Compagnie Financière Tradition

H1 2014 results presentation

Zurich

1 September 2014

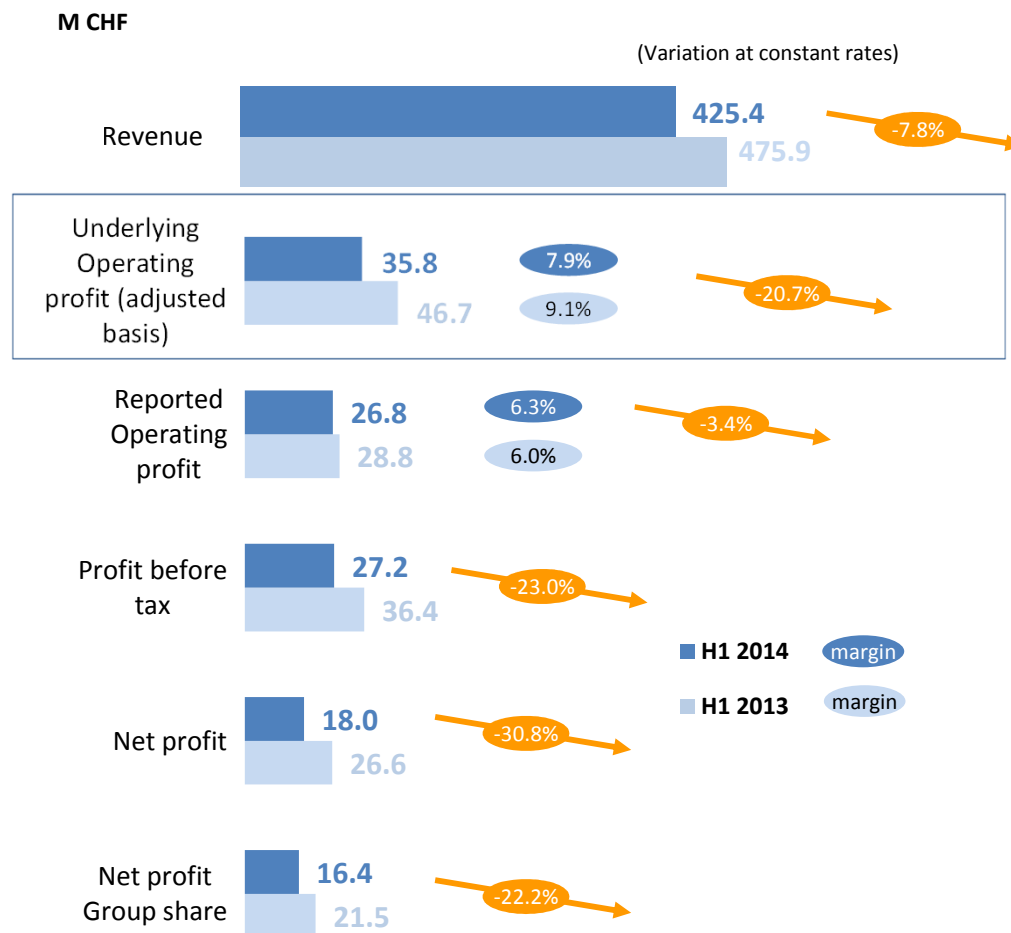
Low volatility environment and evolving market structure

Operating margin up to 6.3% from 6.0%

Results at a glance

- Continued development and positioning of Tradition SEF in the US with gradual implementation of “Made Available to Trade “ (MAT) products since February
 - Record electronic trading volumes in USD IRS in May and June
- Improved market share despite revenue down 7.8% in constant currencies
- Continued significant investments in distinctive technology to adapt to tomorrow’s business model having negative short term financial implications
 - Award-winning platforms with Trad-X and ParFX
- Continuous effort to adapt the cost base to the new market reality
 - More than CHF 100 millions in net savings over the last 24 months
- Increased adjusted net cash to CHF 87m from strong operating cash flows at CHF 48.2m
- Shareholder’s equity Group share increase to CHF 306m compared to market cap of CHF 283m*
 - Buy back of minority shareholders in Japan

H1 2014 Performance



The compounded impact of post-Lehman new regulations

A new reality for IDB's core clients forcing them to develop a new vision

Basle 3

=>Reduced risk appetite
=>Shrinking inventories
=>Focus on ROE by business line
Exit/Downsize/Reengineer

Volcker Rule

=> Expected impact on liquidity
as a result of prop trading
limitations

Dodd Frank on OTC derivatives trading/clearing/reporting

=>Open/Impartial access
=>New role for non-banks
=>Market fragmentation
=>Electronification on the back
of standardisation

Minimise use of capital

**Optimise cash/collateral
management**

Limit prop trading

Reduce operating costs

**Select business model
(Agency, Market making, etc.)**

**Serve best clients
Retain best products**

**Adjust to the evolution of the
relationships with the buy side**

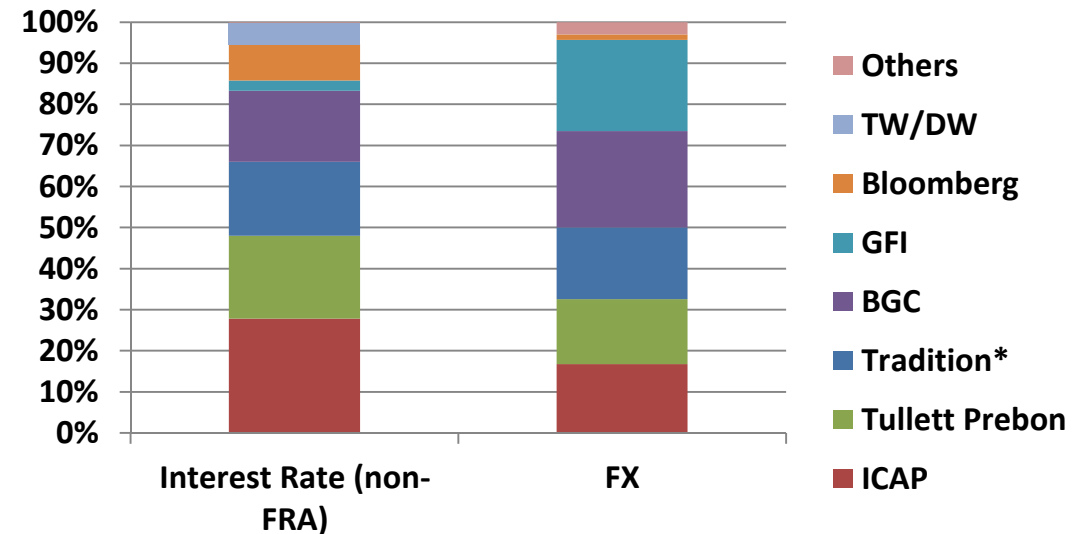
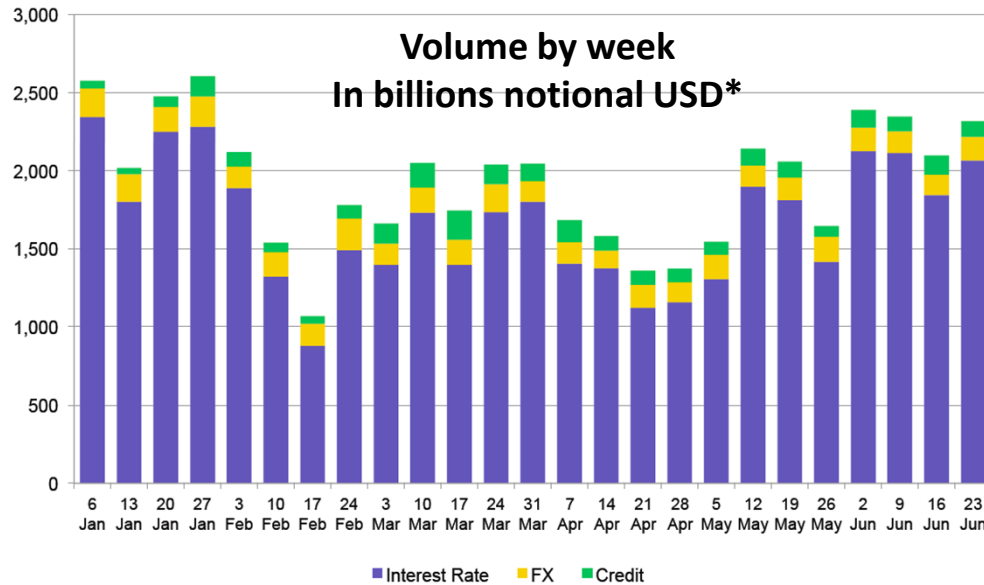
**Test new market models/venues
Manage market fragmentation**

What it means for the IDBs

- **Continue to provide the critical function of price discovery**
- **Formulate a new clear-cut mission to fully seize the opportunities arising from the new regulatory landscape**
- **Review existing client's needs. Prepare to onboard new types of clients**
- **Innovate through the combination of state-of-the-art technology offerings and top class brokers and salespeople**

The SEF landscape

US trading mandate since Feb 14, IDBs are key contenders in Interest Rate and FX



MAT products can no longer trade bilaterally in the US**

Bilateral D2C volume is moving to platforms with large buy side connectivity even if they are not necessarily offering the « ultimate price »

IDBs need to educate clients about value of CLOB/Hybrid electronic execution and design possible models for All-to-All markets

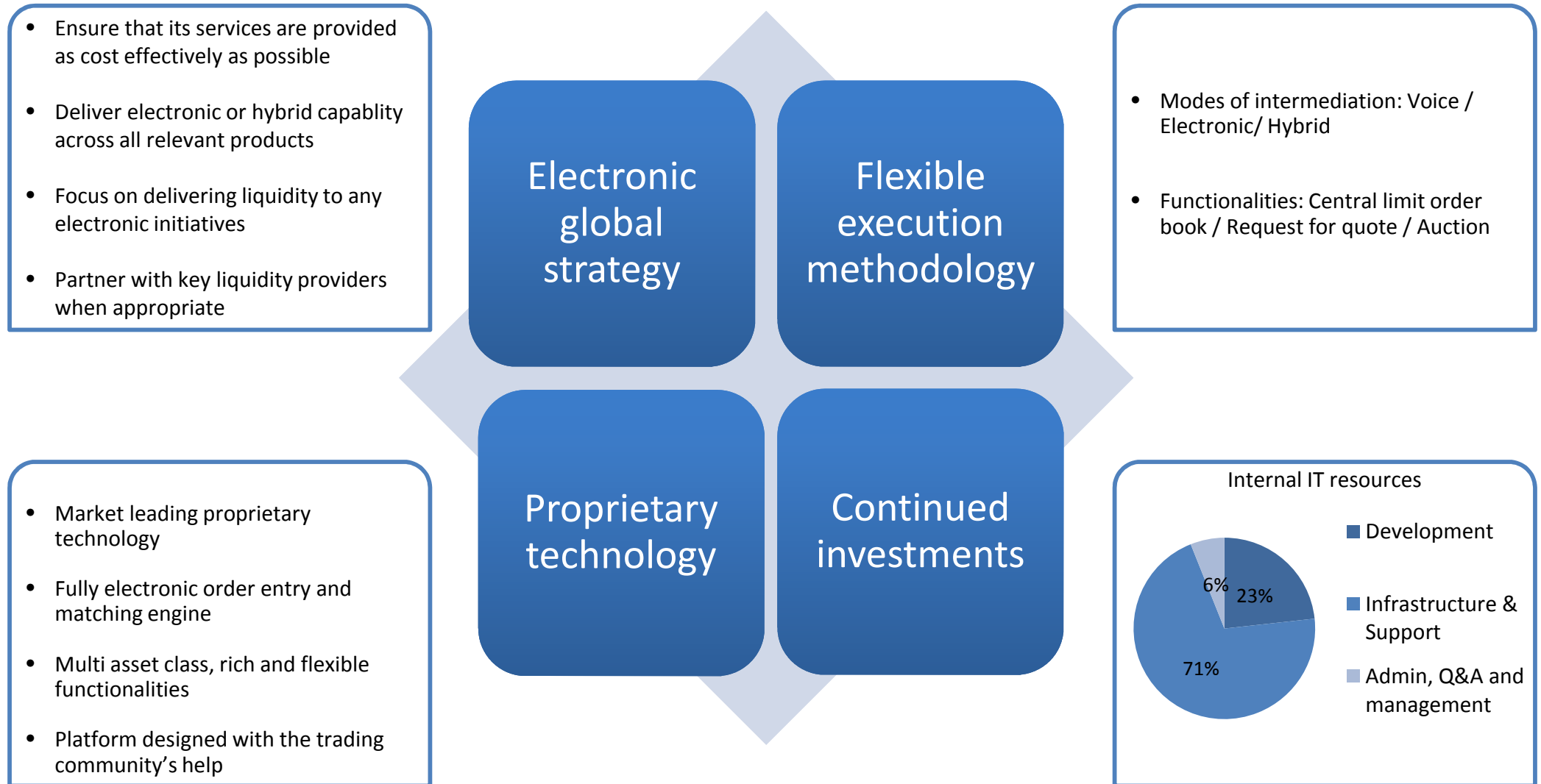
Seeing the beginnings of change in relation with the onboarding of both sell-side and buy-side

Record months for ICAP and Tradition SEF electronic volumes in May and June

Opportunity to gain market share thanks to quality of platform

Ongoing investments in distinctive technology

Award-winning platforms with Trad-X and ParFX



Successfully launched new electronic initiatives

Increased number of market participants

Tradition-ICAP

- Pioneer and global market leader in FX options in partnership with Volbroker consortium
- CLOB, RFQ, Auction, Hybrid
- New developments include
 - Logical trading arenas allowing ON/OFF SEF price segregation as well as forming the basis for credit control
 - VolCall, fully electronic broking service replicating voice processes
 - Constellation data mapping tool employing google maps technology allowing clients to visualise open interests mapped against their own risk profiles
- Further deployment in light of MIFIR, EMIR, DFA

Trad-X LIQUIDITY AT A TOUCH

- IRS Euro: Live since May 2011
- Launch of IRS USD in February 2013 and IRS GBP and IRO EUR/GBP in June 2013
- Since launch, Trad-X executed more than 18,000 trades amounting to a notional of over CHF 1.1tn (Single Count)
- Largest number of streaming participants producing an average of 10M orders volume per day
- CLOB, Auction service, Hybrid, Implied order generation
- Positive impact on existing business with increased voice volumes

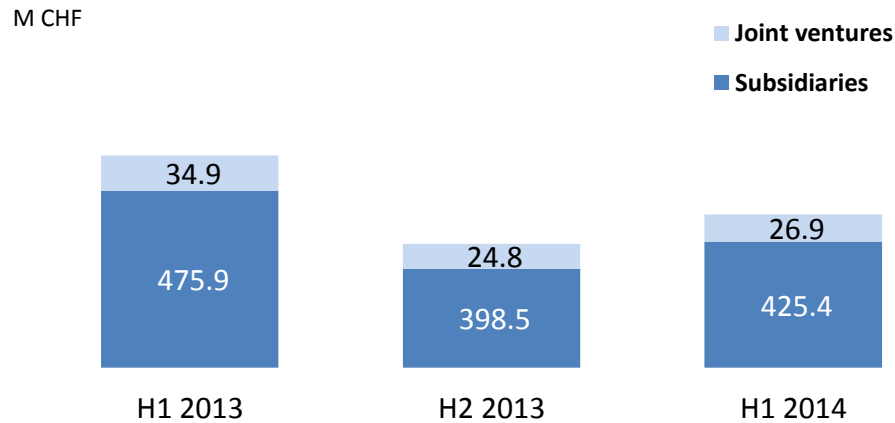
ParFX PURE BY DESIGN

- Successfully launched April 2013. Increased support from 14 founder banks
- Sales penetration continues with top 20 global banks expected live mid Q3
- Price discovery and trading experience remains encouraging as expected
- Volumes equally encouraging although remains challenged in line with competitors due to market conditions
- Technology performing well with no issues
- Second phase (Prime Brokerage) live and Pilot in progress. Buy-side interest remains high and Sales and marketing plan under way.

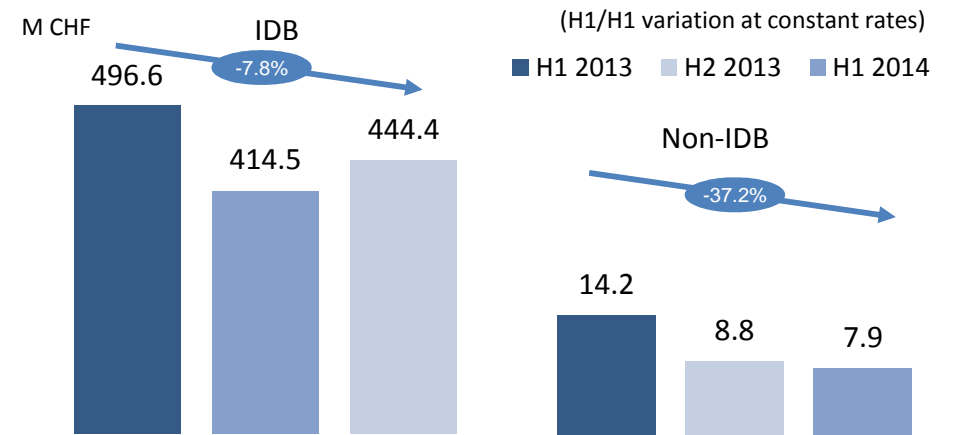
Revenue overview

Improving market share despite reduction in IDB revenue

Group half-year revenue

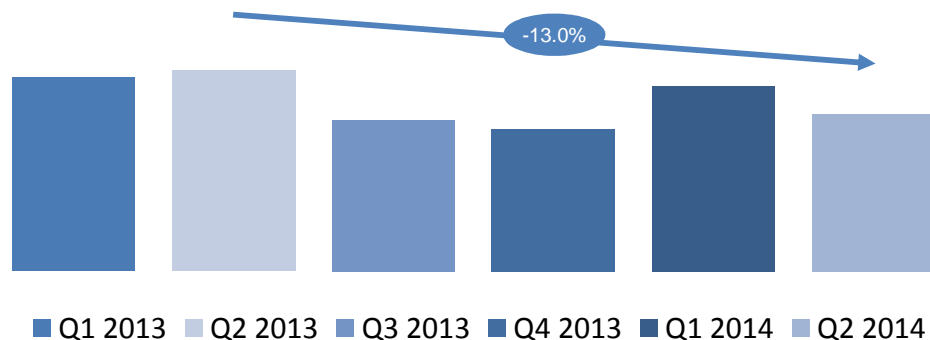


Half-year revenue by business



IDB quarterly revenue

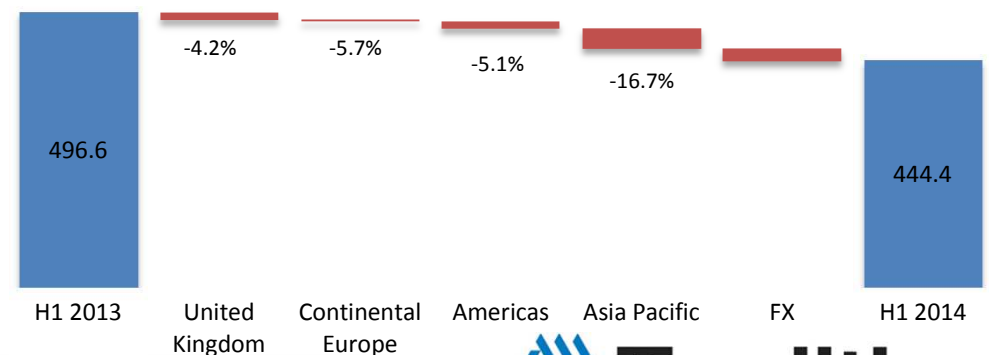
(Figures and variation at constant rates)



IDB revenue by region

M CHF

(Variation at constant rates)



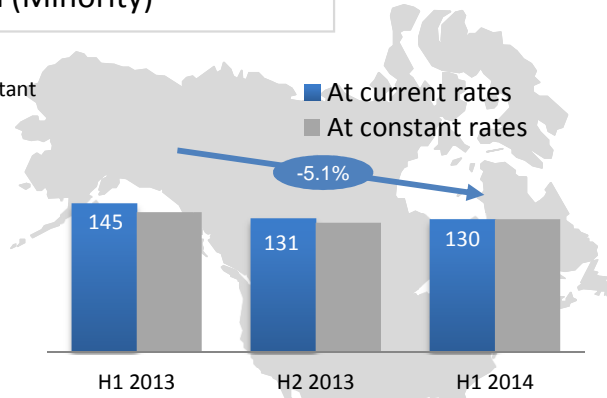
Revenue by region

Strategic positioning through diversified geographical presence

Americas:

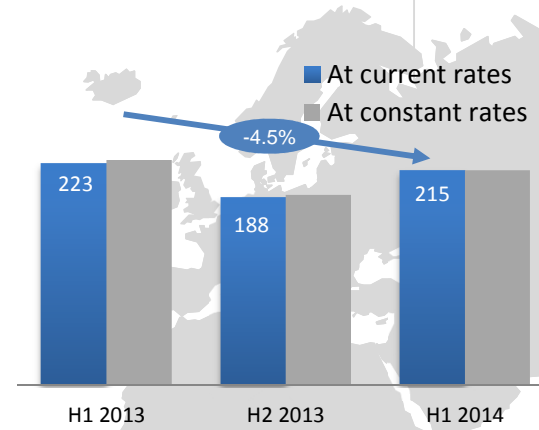
USA, Argentina, Chile, Colombia, Mexico, Brazil (Minority)

Revenue in mCHF
(H1/H1 variation at constant rates)



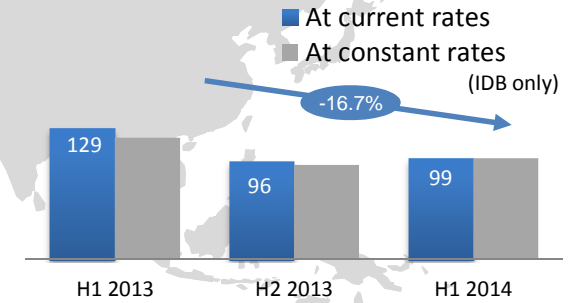
Europe:

UK, France, Belgium, Germany, Italy, Luxembourg, Russia, Spain (Minority), Switzerland

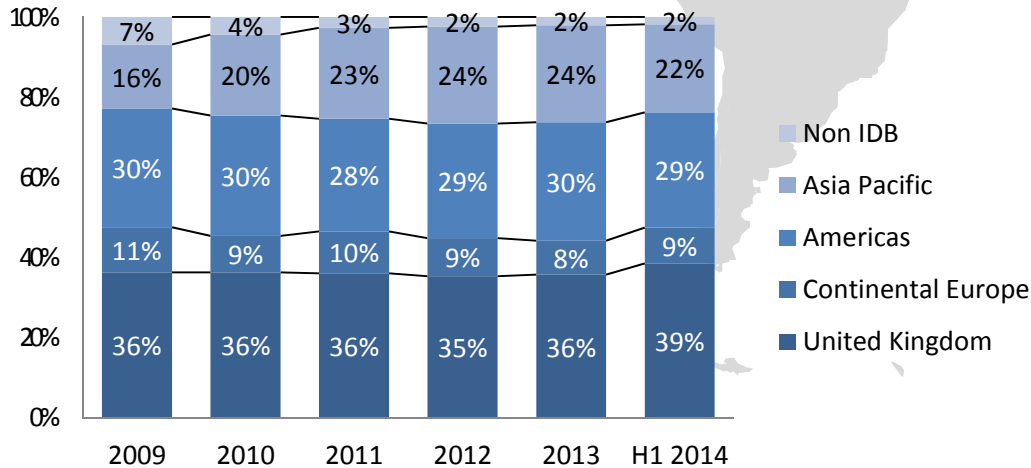


Middle East / Africa:

UAE, Israel, South Africa



In % of consolidated revenue



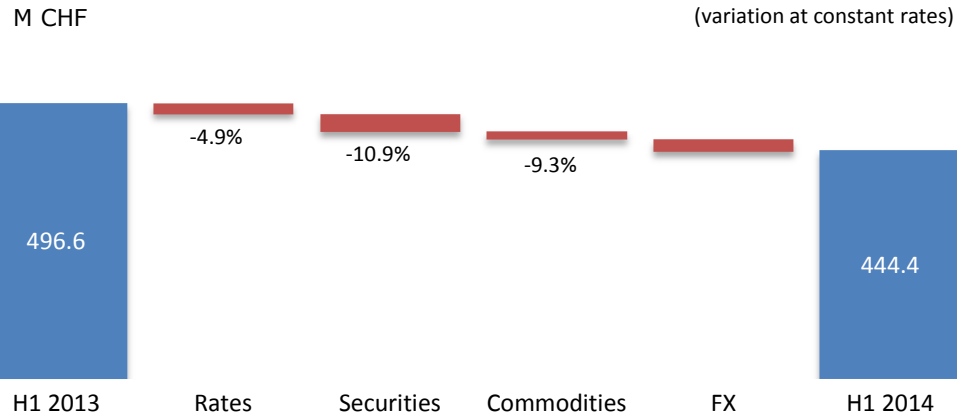
Asia-Pacific :

Japan, China Mainland, China Hong Kong, India, Malaysia, Singapore, South Korea, Australia, Philippines, Thailand, Indonesia

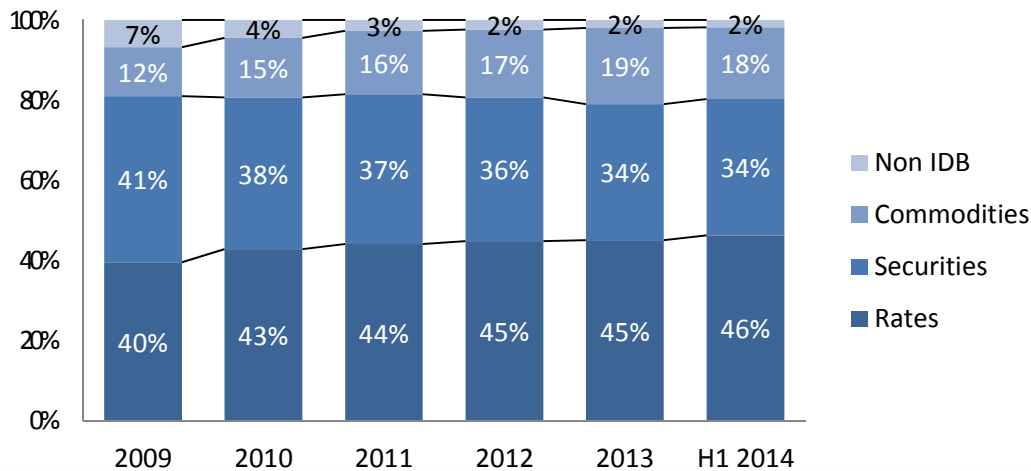
Revenue by product

Overall reduction in all asset classes with mixed regional evolution

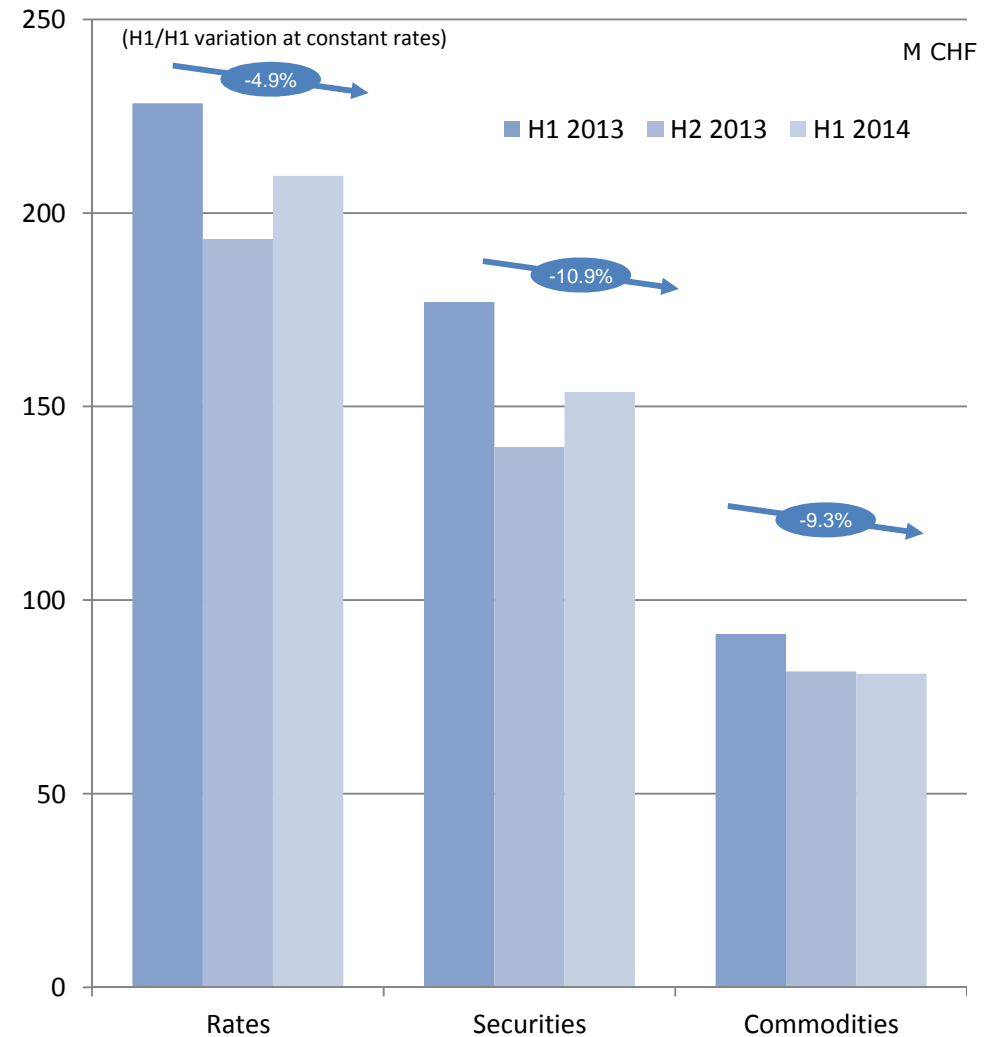
IDB revenue by product



Revenue breakdown



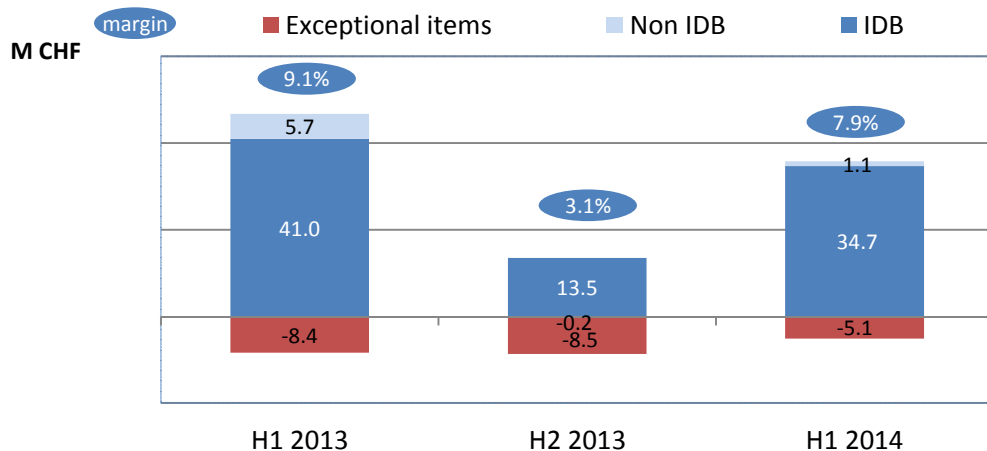
IDB Revenue trend



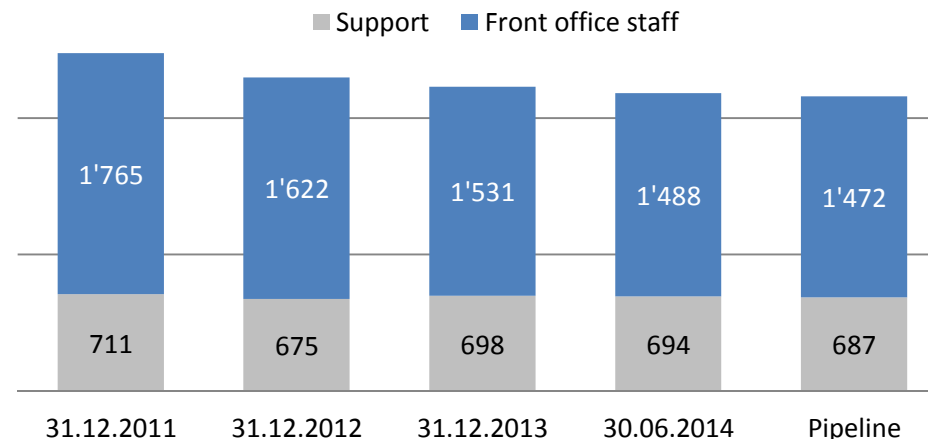
IDB underlying operating margin down to 7.8% from 8.3%

Continued focus on costs reduction, above CHF 100m net over the last 24 months

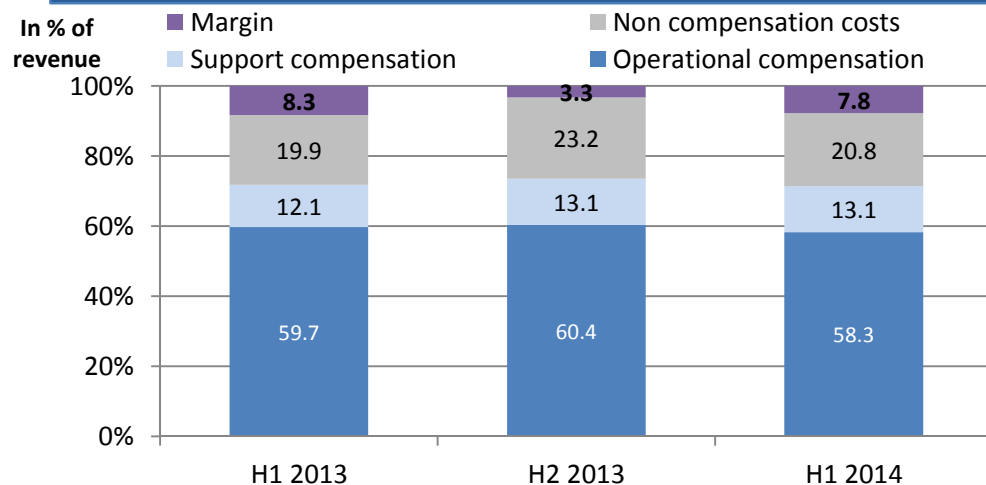
Underlying operating profit



IDB Headcount



IDB underlying operating ratios



Other IDB KPIs

	H1 2014	FY 2013	H1 2013
Average broker annual productivity (CHF)	682k	672k	723k
Broker variable on total compensation	43.9%	42.5%	44.6%

Net profit – Group share of CHF 16.4m

Impact from net financial result

Reported operating profit

M CHF	H1 2014	H1 2013	Var cst.	Var cur.
Underlying adjusted operating profit	35.8	46.7	-23.5%	-20.7%
Amortisation of intangibles	-0.5	-2.0		
Net exceptional expenses	-4.6	-6.4		
Adjusted operating profit	30.7	38.3	-19.8%	-16.9%
Equity method for joint ventures	-3.9	-9.5		
Operating profit as reported	26.8	28.8	-6.6%	-3.4%

Net profit – Group share

M CHF	H1 2014	H1 2013	Var cst.	Var cur.
Reported operating profit	26.8	28.8	-3.4%	-6.6%
Net financial result	-3.8	-0.2		
Share of profit of associates and joint ventures	4.1	7.9		
Profit before tax	27.2	36.4	-23.0%	-25.3%
Income tax	-9.3	-9.9	-1.9%	-6.3%
<i>Effective tax rate</i>	40%	35%		
Net profit for the period	18.0	26.6	-30.8%	-32.3%
Net profit - Group share	16.4	21.5	-22.2%	-23.9%

Net financial result

M CHF	H1 2014	H1 2013
Net interest (expense)/income	-2.5	-1.0
Net foreign exchange (losses)/gains	-1.5	0.6
Gains/(losses) on financial assets at fair value	-	0.2
Other financial (expense)/income	0.2	-
Net financial income/(expense)	-3.8	-0.2

Consistent focus on sound balance sheet and capital position

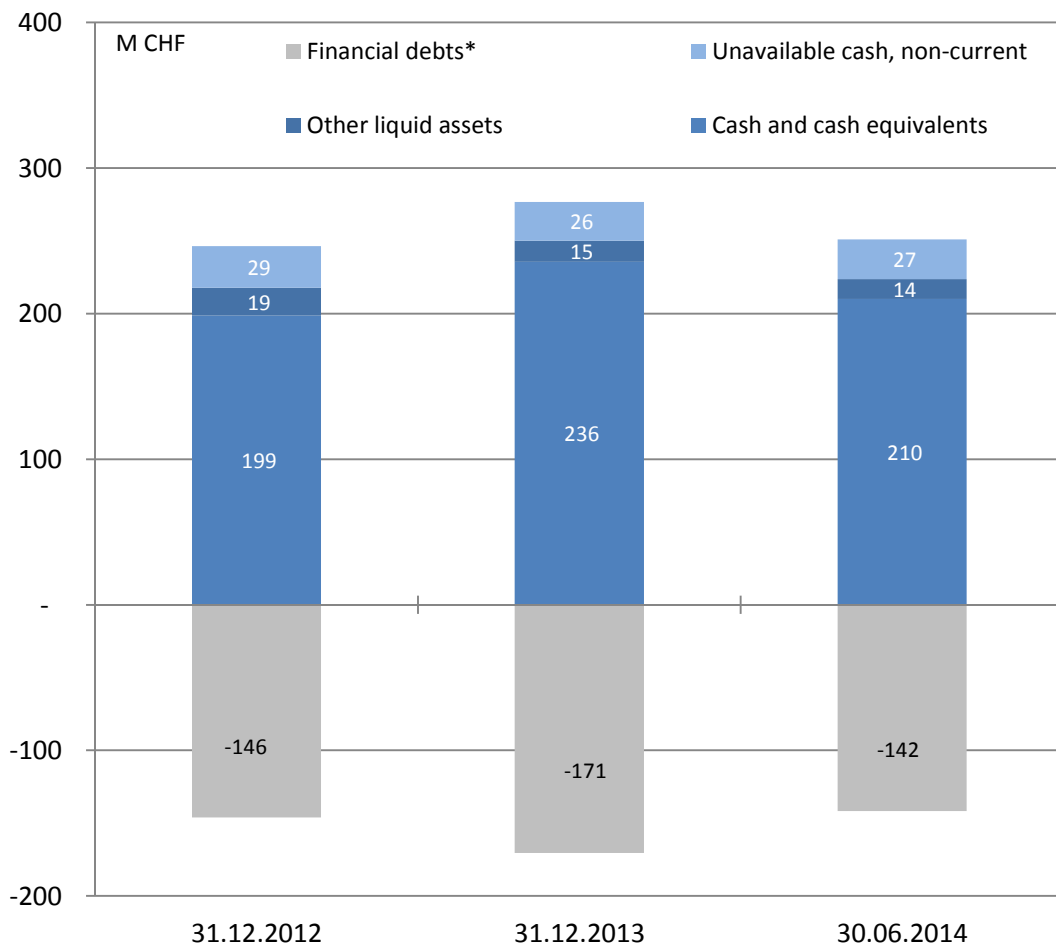
Consolidated equity – Group share increase to CHF 305.8m

M CHF	Assets		M CHF	Liabilities	
	30.06.14	31.12.13		30.06.14	31.12.13
Property, Plant & Equipment	18.2	20.5	Capital	16.8	16.8
Intangible assets	48.1	48.6	Share premium	27.8	44.2
Investments in associates and joint ventures	126.2	127.5	Treasury shares	-11.3	-9.9
Available-for-sale financial assets (AFS)	6.6	7.4	Currency translation	-126.4	-132.5
Unavailable cash	27.3	26.5	Consolidated reserves	398.9	363.4
Other non-current assets	28.6	29.6	Minority interests	9.8	50.5
Non-current assets	255.0	260.1	Equity	315.6	332.5
Receivables related to MP activities	521.8	156.2	Non-current liabilities	154.2	153.0
Receivables related to AH activities	23.6	18.1			
Trade & other receivables	188.5	190.0	Short term financial debts	50.6	57.1
Financial assets at fair value and AFS	7.2	7.2	Payables related to MP activities	482.2	147.5
Cash & Cash equivalents	210.4	235.5	Payables related to AH activities	23.6	18.1
Other current assets	16.4	19.1	Trade & other payables	196.7	178.0
Current assets	967.9	626.1	Current liabilities	753.1	400.7
TOTAL ASSETS	1,222.9	886.2	TOTAL EQUITY AND LIABILITIES	1,222.9	886.2

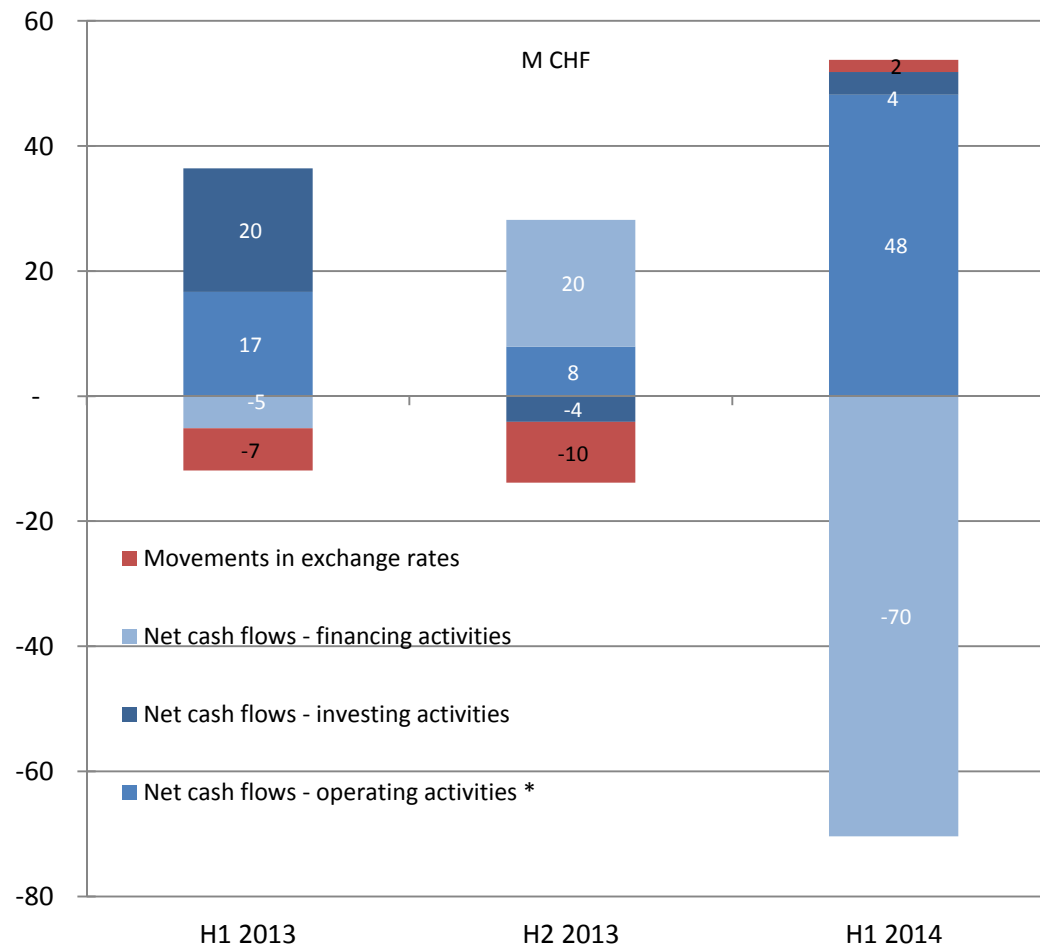
Net cash position

Improved adjusted operating cash flows to CHF 48.2m

Net cash position trend



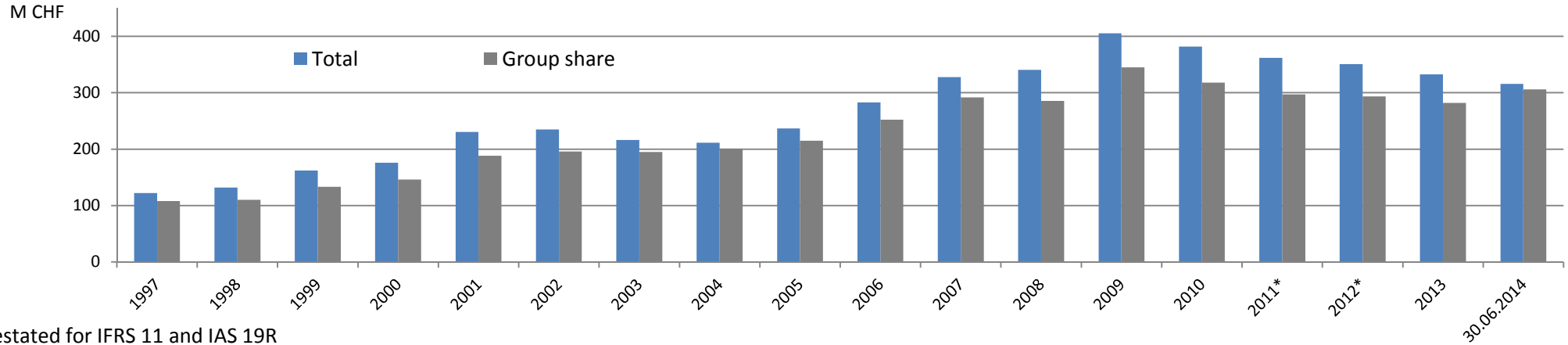
Net adjusted cash flows trend*



Shareholders' equity and capital structure

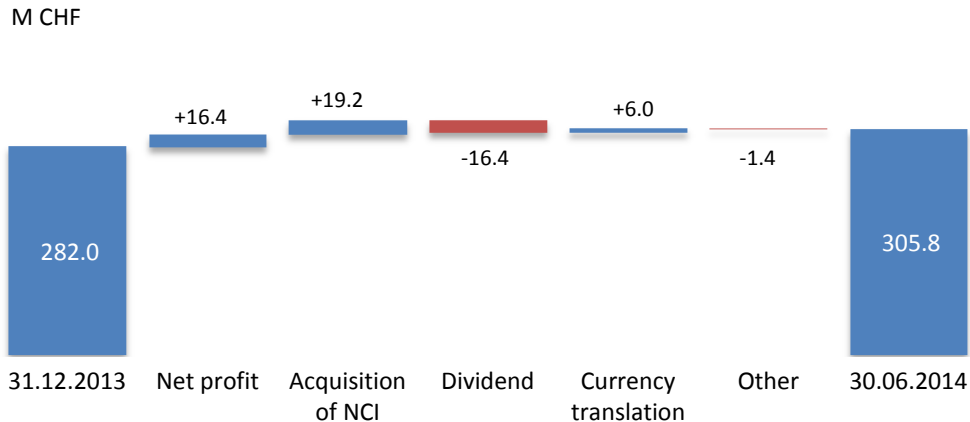
Significantly differentiates the Group from its competitors

Shareholders' equity trend

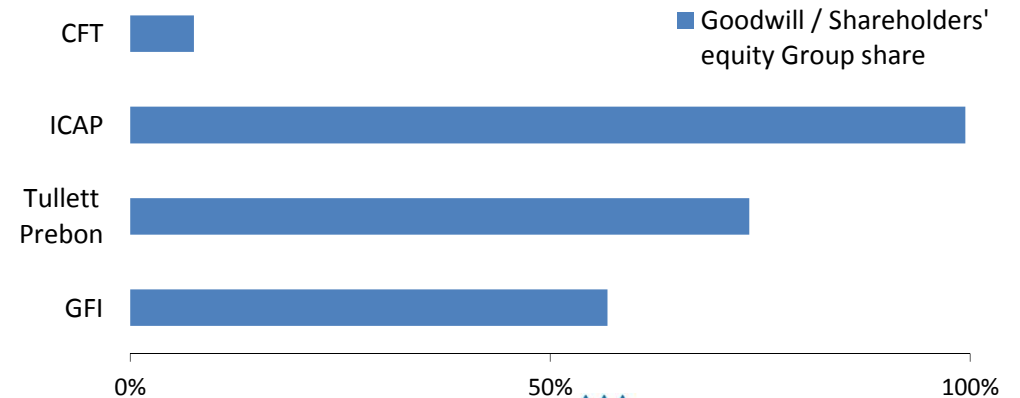


*Restated for IFRS 11 and IAS 19R

Shareholders' equity – Group share bridge



Capital structure comparison¹



Outlook

- Leverage on key electronic initiatives to deploy the Group's electronic strategy
- Continue to reduce costs while maintaining investments in technology
- Consider growth opportunities arising from regulatory evolution
- Maintain consistent focus on sound balance sheet and capital position
- Shape tomorrow's IDB industry thanks to our top tier positioning

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Appendix

Shareholding structure

Founder background

Patrick Combes currently serves as the Chairman of the Board and CEO of VIEL et Compagnie Finance, VIEL & Cie and Compagnie Financière Tradition

1978 - MBA from Columbia University

1979 - Acquires VIEL & Cie, a small scale money broker with 3 employees

1996 - Takes control of Compagnie Financière Tradition

Patrick Combes has led the development of his group into a global financial market player while remaining a majority shareholder

Chevalier de la Légion d'Honneur

VIEL & Cie's other investments:

Bourse Direct: largest online retail broker in France in market share. Around 88,000 clients. Track record of organic growth and acquisitions. VIEL & Cie played a key role in the consolidation of this sector since the launch of Capitol.fr in 1999. Listed on Euronext

SwissLife Banque Privée (France): Acquisition of a 40% stake in 2007

Simplified legal structure

At 30 June 2014

