Lombard Risk

PRESS RELEASE

New release of Lombard Risk COLLINE collateral management software addresses key market issues

- **Impact of credit rating downgrade calculation**

LONDON, England – 12th August 2011: Lombard Risk Management plc (LSE: LRM) ("Lombard Risk"), a leading provider of integrated collateral management and liquidity, regulatory and MIS reporting solutions for the financial services industry, announces latest release of COLLINE collateral management solution with combination of enhanced and new features.

COLLINE is a state-of-the-art, web-based solution designed by experienced business practitioners for end-to-end, cross-product collateral management. It provides a consolidated solution for mitigating credit risk while meeting the growing demand for multiple global entities, cross-product margining, Central Counterparty Clearing (CCP)and MIS reporting.

Lombard Risk releases COLLINE software updates containing new and enhanced features and functionality approximately twice a year. The development roadmap is designed to meet new market demands and those identified by the users. Users will be given a further opportunity to discuss their new requirements at this year's European and US COLLINE User Groups to be held in October.

The latest version (V 11.1) of COLLINE contains the following functionality:

- **Scenario analysis**: the ability to forecast the impact on collateral liquidity arising from credit rating up/**down**grades.

- **Master Netting** at fund level: allowing consolidation at fund manager level of individual fund margin calls – for greater efficiency, transparency across funds, enhanced client reporting and control.

- **Convenience Margining**: allowing users to net margin calls across different asset classes (e.g. OTC and Repos) - reducing the number of margin calls issued, providing a consistent and efficient workflow mechanism for clients, delivering a transparent risk overview across asset classes and enhancing client service.
    - *Master Netting and Convenience Netting further enhances the existing COLLINE portfolio margining*

- **Settlement Risk Management**: collateralising settlement risk by retaining the exposure on matured trades until the final fee proceeds settle - to provide a 'true' view of exposure

- **Enhanced rule-based approval processes**: adding additional levels of authorisation to collateral bookings meeting certain criteria (i.e. 'four-eyes control' on collateral bookings that exceed agreement-defined conditions)
    - *Smaller collateral movements may be processed with minimum authorisation or Straight-Through-Processing (STP) with exception-based interaction can be achieved if required.*

- **A new, single-screen workflow**: for processing bulk collateral and transfer bookings – making it faster and more efficient for users to book multiple collateral movements.

- **Enhanced Exposure Management** functionality: enabling users to create bespoke workflow views that reflect their individual business requirements.

Joanne Coe, Director Product Consulting COLLINE at Lombard Risk, comments: *"The enhanced and new COLLINE functionality would enable users to assess the business impact of market issues as they arise – such as the downgrading of the United States' credit rating by S&P that recently took place – by enabling users to quickly access recalculated information indicating potential collateral deficits and funding requirements. The workflow efficiencies and Master Netting capabilities enable users to manage increased volumes as typically seen in times of a stressed market."*

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About Lombard Risk – www.lombardrisk.com (London Stock Exchange: LRM)

Lombard Risk enables firms in the financial industry significantly to improve their approach to managing the risk in their businesses. Founded in 1989 and headquartered in London, Lombard Risk has offices in New York, Shanghai, Hong Kong, Luxembourg and Singapore. Our clients include banking businesses - over 20 of the world's "Top 50" financial institutions - almost half of the banks operating in the UK, as well as investment firms, asset managers, hedge funds, fund administrators and large corporations worldwide.

The Lombard Risk solution suite is developed and supported by an extensive team of risk and financial experts and includes:

COLLINE® - collateral management. A state-of-the-art, web-based solution designed by experienced business practioners for end-to-end, cross-product collateral management. It provides a consolidated solution for mitigating credit risk while satisfying the growing demand for multiple global entities, cross-product margining, Central Counterparty Clearing (CCP), MIS reporting and electronic messaging.

REPORTER - regulatory reporting. A fully scalable solution for regulatory compliance at branch and/or head office level with global coverage. Fully supports key supervisory computations (including capital adequacy (Basel II and III) and large exposures) and integrates with LISA for stress testing and scenario analysis – now part of the regulatory scene. Powerful and streamlined integration to multiple source systems enabled by the SuperConsolidator ETL functionality.

MIS REPORTING – a flexible and easy-to-use module for reporting across the Lombard Risk product range AND with external sources. Provides valuable **Business Intelligence** by combining risk and regulatory information in reports or on-screen dashboards, enabling well-informed business decisions to be made with confidence.

LISA® - scenario analysis and stress testing. LISA satisfies the latest liquidity risk management requirements and supports growing regulatory demands for timely and reliable information.

The Lombard Risk software solution suite also includes OBERON® trade capture and valuation and FIRMAMENT® credit and equity valuation.

Contact: Tel: +44 (0)20 7593 6700

Rebecca Bond	Group Marketing Director	Rebecca.Bond@LombardRisk.com