

Press Release

Contact: Andrea Schlaepfer +44 (0) 20 7426 7463
Rachael Harper +44 (0) 20 7426 7175
Sophie Major +44 (0) 20 7426 7577

LCH.Clearnet Group Results and Announcements

28 March 2011

LCH.Clearnet Group Limited (LCH.Clearnet) today announces its results for the year ended 31 December 2010.

Business highlights:

- Volumes up 7.5% to 1.7 billion, equivalent to 6.7 million trades a day, with strong growth in fixed income and OTC derivatives.
- New OTC clearing services for credit default swaps (CDS), contracts-for-difference (CFDs) and OTC bullion launched, other OTC initiatives, such as foreign exchange, developed further.
- Strong growth in interest rate swaps (IRS), notional outstanding up 15% to \$248 trillion at year end, daily average of trades cleared up 25% to 2,900 per day. 10 new SwapClear members joined in 2010 and client clearing in Europe was successfully implemented.
- Fixed income volumes up 28%. Total nominal value of fixed income trades cleared rose to €137 trillion, equating to over €500 billion in nominal value cleared daily, or over 80% of the cleared European government bond market. 19 new participants signed up to clear their fixed income business through LCH.Clearnet, taking the total to 70. Successful launch of Spanish government debt clearing €700 billion in circa four months.
- Expansion of strong OTC commodities franchise with launch of OTC container freight and steel.

Financial highlights:

- Normalised profit before tax of €32.3 million (2009: €163.5 million¹).
- Net revenue fell 21% to €355.6 million (excluding the one off receipt of €260.4 million from NYSE Liffe) due to tariff reductions, a decrease in treasury revenues as treasury markets normalise and the first full year impact of the LiffeClear agreement.
- Balances with clearing members rose 15% to €510.6 billion.

- The total regulatory capital of the Group, at €303.9 million (2009: €311.1 million) is well in excess of required capital of €105.3 million.

Commenting on the Group's performance, Roger Liddell, Chief Executive said;

"2010 was a year of consolidation. It was the first year following the capital restructuring and the refocusing on the primary aim of serving our users' clearing requirements. This has enhanced the relationship with our clients and supported the development of existing core services; in particular in commodities and fixed income clearing and new, largely OTC offerings, such as CDS clearing.

"We continue to focus on reducing risk across financial markets, through the continued expansion and enhancement of our services. New initiatives, such as clearing OTC bullion and contracts-for-difference, have been designed to enhance the Group's core offering.

"In 2010 we were also the first clearing house group to begin clearing OTC interest rate swaps with 50 year tenors and the first to introduce OIS discounting. In addition to extending OTC interest rate swap clearing to clients, we continued to grow membership of our core services, with 28 new members joining the Group in 2010.

"The important role played by LCH.Clearnet Group in the facilitation of interbank liquidity was highlighted by the successful launch of clearing for Spanish government debt in August. Received positively by the market, by year end the Group had cleared €700 billion of Spanish debt. Overall, fixed income volumes continued to grow, up 28% year on year to reach €137 trillion, equating to over €500 billion in nominal value cleared daily. The number of participants in our fixed income services rose by 19 to 70.

"Looking forward, the Group is well positioned to continue to lead the market in the development of innovative and specialised risk management solutions."

Ends

¹The figure of €163.5 profit before tax for 2009 excludes the impairment charge of €393.4 million and the one off receipt of €260.4 million from NYSE Liffe.

About LCH.Clearnet

LCH.Clearnet is the leading independent clearing house group, serving major international exchanges and platforms, as well as a range of OTC markets. It clears a broad range of asset classes including: securities, exchange traded derivatives, commodities, energy, freight, interest rate swaps, CDS and euro and sterling denominated bonds and repos; and works closely with market participants and exchanges to identify and develop clearing services for new asset classes.

A clearing house sits in the middle of a trade, assuming the counterparty risk involved when two parties (or members) trade. When the trade is registered with a clearing house, it becomes the legal counterparty to the trade, ensuring the financial performance; if one of the parties fails, the clearing house steps in. By assuming the counterparty risk, the clearing house underpins many important financial markets, facilitating trading and increasing confidence within the market.

Initial and variation margin (or collateral) is collected from clearing members; should they fail, this margin is used to fulfill their obligations. The amount of margin is decided by the clearing house's highly experienced risk management teams, who assess a member's positions and market risk on a daily basis. Both the soundness of the risk management



approach and the resilience of its systems have been proven in recent times. LCH.Clearnet is regulated or overseen by the national securities regulator and/or central bank in each jurisdiction from which it operates.