

FOR IMMEDIATE RELEASE

Quaternion Risk Management collaborates with UBS Delta to deliver CVA Service launched today

LONDON, 17 October 2014—Quaternion Risk Management Limited (Quaternion), provider of specialized risk analytic consultancy, services and software are now working together with UBS Delta, the award-winning provider of risk and performance analytics to provide counterparty exposure, CVA/DVA analytics and reporting services to the financial and corporate community.

Quaternion's risk engine and complex analytics have been integrated into UBS Delta to provide the CVA Service.

"We have first hand experience of a wide variety of CVA implementations which are in live operation in a number of jurisdictions, and are delighted to have the opportunity of making "big bank" CVA capabilities readily available to the UBS Delta customer base in a user-friendly offering," said Donal Gallagher, Managing Director, for Quaternion; "Requirements which are complex to implement – such as CSA details, and flexible trade and netting set reporting – are all taken care of."

"Our core clients – asset managers, insurers, corporates and pensions schemes - have historically not required counterparty exposure profiles or CVA/DVA analytics" said Dermot Shortt, Global Head of UBS Delta. "They now face increasing requirements of regulators and accounting standards (such as IFRS 13) and we are excited to have extended our core risk offering to include calculation of such analytics, through this new partnership with Quaternion, who have significant experience and track-record in this area. Our clients are already uploading their OTC derivatives onto our platform, and with the additional upload of netting set / CSA details they will be able to make use of this additional analytic suite."

Derivative portfolios, whether collateralised or not, contain embedded counterparty risk. The Credit Valuation Adjustment (CVA) and its counterpart Debit Valuation Adjustment (DVA) are the market price of the embedded credit risk in a derivative portfolio. In addition to Balance Sheet and Risk Management applications, CVA and DVA are required under banking regulations (Basel III) and, since January 2013, international accounting standards (IFRS 13). Any company reporting accounts under IFRS is required to account for CVA/DVA for reporting periods starting after January 2013. CVA and DVA pricing has become a mainstream valuation challenge and is no longer confined to large and sophisticated financial institutions.

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Notes to Editors

About Quaternion Risk Management

Quaternion Risk Management Ltd was founded in 2010 by three senior banking professionals with extensive capital markets experience. It is an Irish registered company. Increasing demand for our services across Europe is driving rapid growth of the Quaternion team and led to the formation of UK and German subsidiaries in 2011, with a representation starting in Switzerland in 2014.

Our clients are all participants in the capital markets around the world. They encompass investment banks, the capital markets arms of universal banks, state-sponsored financial institutions, insurance companies and asset managers. To date we have worked with such clients in Germany,

UK, Ireland and the Middle East.

Quaternion's services range from senior advice to concrete implementation with a focus on the quantitative aspects of the risk management, trading and finance functions. Our services are backed by the extensive experience of senior **Quaternion** consultants and partners in the areas of Risk Organisation Remediation, Quantitative Analysis, Software Solutions, Project and Programme Management, as well as Training; as well as provision of our proprietary risk engine.

Consulting Services: Quantitative analysis for derivatives and other highly structured products; bespoke pricing and risk system design and implementation.

Validation Services: Independent pricing and risk model validation and review; valuation of complex asset and derivative portfolios; review of in-house quantitative development; independent stress testing and backtesting.

Quaternion Risk Engine: Quantlib-based proprietary software optimized for performance to support market, credit and liquidity risk and CVA analytics and reporting.

About UBS Investment Bank

The Investment Bank provides corporate, institutional, and wealth management clients with expert advice, innovative financial solutions, outstanding execution, and comprehensive access to the world's capital markets. It offers investment banking and capital markets, research, equities, foreign exchange, precious metals, and tailored fixed-income services in rates and credit through its two business units, Corporate Client Solutions and Investor Client Services. The Investment Bank is an active participant in capital markets flow activities, including sales, trading, and market-making across a range of securities.

For more information about UBS Delta, please visit: www.ubs.com/delta.