

Polaris Launches World's Leading 'Basel III - Ready' Solution

...will strengthen Banks ability to conform to the global 'liquidity' standards of Basel III regulation

Abu Dhabi (UAE), Chennai (India), May 31, 2011: Polaris Software (POLS.BO), a leading global Financial Technology Company, today announced the launch of **Intellect™ Liquidity Risk Management (LRM)** solution which enables the banks and financial institutions worldwide to comply with BASEL III. It is state of the art liquidity risk management solution meant to improve the bank's ability to monitor internal liquidity - both structural and intraday -along with stress test to calculate the bank's capital adequacy and rigorous reporting process to review the implications of the liquidity mismatch. The solution is being showcased to the Banking industry leaders at the Middle East Financial Technology Exhibition and Conference (MEFTEC 2011).

The focus on effective management of liquidity is ever increasing in the post meltdown world. The increased incidence of failures in the financial services marketplace has further intensified this trend. BASEL III* is part of the continuous effort made by the Basel Committee on banking supervision to enhance the banking regulatory framework. At a high level, the regulations fall in two groups viz. Solvency and Liquidity. Globally, banks have progressed adequately on the 'solvency' part of regulation while working on Basel I, II and 2.5 regulations. However, financial institutions will need to make fresh technology investments to be able to monitor and manage real time internal liquidity.

While the Basel III standards are evolving, the key recommendations are:

- Near real-time intraday liquidity risk at enterprise level
- Structural liquidity risk management for the long term funding
- Precision in pricing of asset and liability products

Our solution helps the banks to achieve the following business rationale with regard to BASEL III norms:

Intraday Liquidity Management

- Minimize Intraday Liquidity Exposure
- Reduce the Cost of Borrowing
- Optimize Investment

Structural Liquidity Management

- Enables Asset -Liability classification/definition
- Ratios for Short term and long term funds usage
- Scenarios/Stress Testing and its impact on liquidity and determine the capital coverage

Pricing

- Helps in arriving at the right pricing to achieve borrowing and lending targets- core to Structural Liquidity Management

Within the solution this is achieved by

1. Accurate cash flow from all source system by individual currencies and entities; optimal funding and gapping decision based on interest sensitivity analysis; customer and branch back to back transfers of aggregated cash flows
2. User definable classification of asset and liability; ability to define coverage and funding ratios; comprehensive scenario analysis to evaluate the impact of sudden stress events on liquidity position
3. Change in FTP, margin and interest rate to see impact on Net Interest Income to arrive at the right mix of product and customer at appropriate price; back testing to fine tune assumptions

Speaking on the occasion, **Arun Jain, Chairman & CEO, Polaris Software**, said, “In light of the Basel III regulations, the launch of Intellect™ LRM is just in time. The solution is created from the best practices in global risk and treasury management assimilated over years of working with top tier banks in 80 countries across the globe. Intellect LRM is built on a superior architecture comprising Intellect™ ALM, functioning at Saudi’s top rated bank and Intellect Treasury system, live in a leading Treasury in Bahrain. It will establish stronger liquidity standards; improve resolution frameworks and enable banks comply with Basel III. ”

* **BASEL III** is part of the continuous effort made by the Basel Committee on Banking Supervision to enhance the banking regulatory framework. The third of the Basel Accords was developed in a response to the deficiencies in financial regulation revealed by the global financial crisis and seeks to improve the banking sector's ability to deal with financial and economic stress, improve risk management and strengthen the banks' transparency. Basel III strengthens bank capital requirements and introduces new regulatory requirements on bank liquidity and bank leverage. For more information, please visit www.bis.org

About MEFTEC

MEFTEC is the world's premier financial technology event dedicated to emerging markets, with specific focus on the Middle East, Africa and South Asia (MEASA) region. Powered by an invitation-only Hosted Delegate Programme, MEFTEC brings together financial technology leaders for a bespoke learning, networking and business experience that blends an industry-leading conference with a tightly focused exhibition and high-class social functions.

A prestigious and exclusive event, MEFTEC is run like a private club with delegate admission limited to the financial industry's finest IT buyers, and exhibitor attendance to an elite band of leading-edge financial technology vendors. For more information, please visit <http://www.meftec.com>

About Polaris Software Lab

Polaris Software Lab (POL.S.BO) is a leading Financial Technology company, with its comprehensive portfolio of products, services and consulting. Polaris has a talent strength of over 10,500 solution architects, domain and technology experts. The company owns the largest set of Intellectual Properties in the form of a comprehensive product suite, Intellect™ Global Universal Banking (GUB) 10.0. Intellect™ is the first pure play SOA based application suite for Retail, Corporate, Investment banking and Insurance.

Polaris is headquartered in Chennai and has offices in all global financial hubs including Tokyo, Sydney, Hong Kong, Singapore, India, Dubai, Bahrain, Riyadh, London, Belfast, Zurich, Frankfurt, Toronto, New York, Chicago, Fremont, Pittsburgh and Chile. For more information, please visit <http://www.polarisFT.com/>



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