

Luxoft Helps Risk Management Advisory (RMA) at Deutsche Bank *Move in the Right Direction* with COMPAS.

Outsourced Experts Assist With Crucial Loan Origination and Credit Risk Management Application, Enabling DB to Better Serve its Clients While Expanding Market Share.

Client:

Risk Management Advisory (RMA) delivers tailored solutions for the full spectrum of risk management and asset servicing requirements of **Deutsche Bank's** internal and external clients globally.

Summary:

The Risk Management Advisory (RMA) group at Deutsche Bank wanted to develop an innovative Loan Origination system, which would include an automated credit decision engine and easily meet all international banking "best practices".

Challenge:

Develop and launch an enhanced web-based Loan Origination system that increases profitability of lending products for financial institutions around the world.

Why Luxoft?

Luxoft was selected, based on the winning combination of the right skills and a proven track record of success on other DB projects.

"It's understood that Luxoft involvement makes our product more competitive on highly populated market of Credit Management tools";

Wolfgang Topp, Global Head of RMA.

In today's turbulent economy, one of the major hazards faced by most financial and non-financial institutions is the area of Credit Risk – that is the risk of debtors not repaying their financial obligations as agreed. A proactive management of these risks requires a serious and accurate calculation of probabilities of default, future exposures and recover expectations. At Deutsche Bank, Risk Management Advisory's (RMA) primary objective is to professionally counsel other financial institutions on their risk management methodologies, procedures and systems, helping them to achieve industry best practices and surpass challenging regulatory requirements.

RMA employs a team of 170 professionals with its head office in Hamburg and hubs in Berlin, London, Istanbul, Hong Kong and Singapore. Designed by Deutsche Bank specialists with hundreds of years of combines hands-on lending and risk management experience in diverse markets around the world, the **Comprehensive Approval System (COMPAS)** was built to effectively address the everyday challenges in risk management and regulatory compliance faced by banks in assessing credit in their operating environments. As an example, COMPAS possesses the ability to systemically assess (SME) borrowers who have limited or no financial statements in a manner that manages the risk while enhancing the role of the business areas. On the other end of the spectrum, COMPAS possesses the ability to effectively analyze complete corporate groups.

Given the importance and integrated nature of the COMPAS tool within the Advisory package, Deutsche Bank executives selected Luxoft as the software development "partner of choice" on the project

Luxoft, an emerging global leader in application outsourcing services, is engaged by the world's leading financial institutions to develop, deploy and maintain a broad range of systems, especially where commercially available products are unable to fully provide the needed functionality or where integration with the existing systems need to take place. Luxoft applies its strong culture of innovation and software engineering excellence along with its deep domain expertise to solve their clients' most complex problems.

Features and Functionality of COMPAS:

- Automated Loan Origination & Approval Flows
- Basel II Compliant
- Application Scoring & Client Risk Rating
- Collateral Allocation
- Expected Loss Calculation
- Business Rules Processing and Application Decision Generation
- Client Group Management and Joint Credit Risk Assessment
- Portfolio Reporting
- Scoring Model Testing & Calibration Module
- Batch Portfolio Scoring Module

Technologies Employed:

- J2EE
- Apache Struts
- Velocity Framework
- Spring
- Hibernate
- Web Services

Employing nearly 3000 people, Luxoft provides value to its clients through flexible delivery models, the world's best IT talent pool, low attrition rates, and the highest security and quality standards in the industry. Today, the Deutsche Bank Luxoft Development Center develops and maintains the IT systems that support the bank's key business processes.

Comprehensive Approval System (COMPAS)

COMPAS is the advanced web-based lending tool, designed by Deutsche Bank to significantly increase the profitability of the lending products of banks and financial institutions. Automating, standardizing, and systematically managing the loan origination and credit approval process helps mitigate the specific risks inherent in lending and delivers faster loan decisions, resulting in improved client satisfaction.

COMPAS delivers x-rating system coverage and can be used as a single point credit assessment and scoring model across a lending institution, managing client segments ranging from large corporate borrowers to Mid-Cap and commercial accounts as well as retail customers.

COMPAS modules comprise loan origination and workflow management; collateral capture; generation of risk rating; customer, facility, and combined exposure ratings; group analysis functionality; as well as pre-defined and user-defined reporting. The key benefits of COMPAS are quantified in several ways:

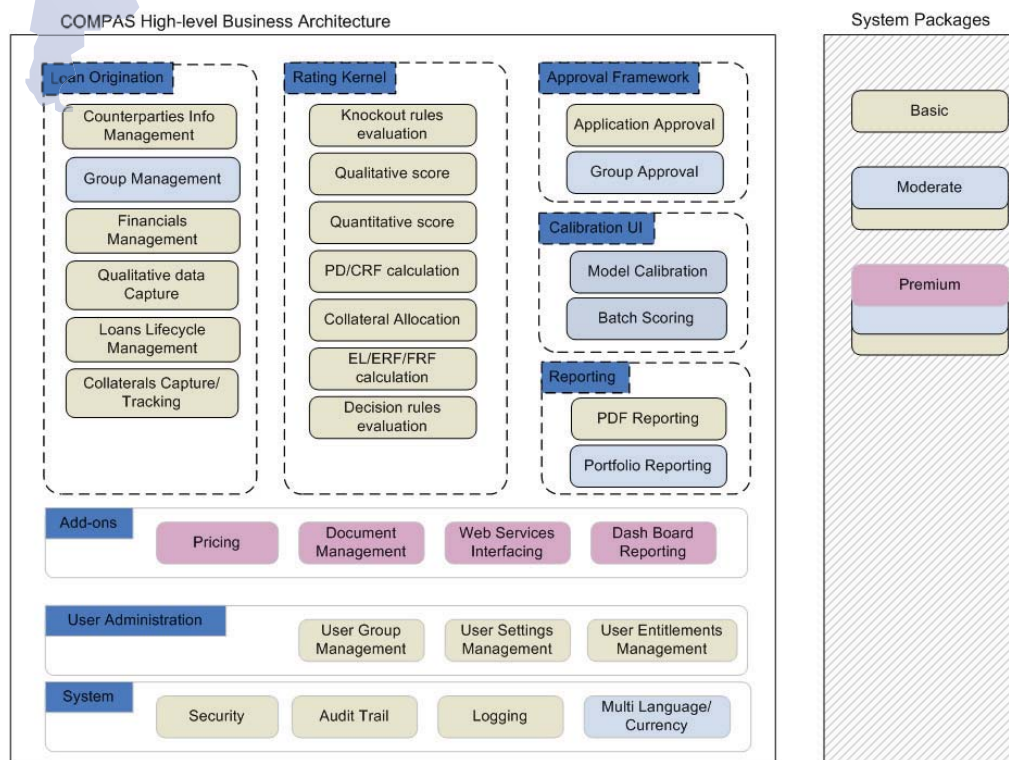
- Reduced average turnaround time of a credit
- Reduced number of man-hours spent on each new credit
- Reduced credit and operational losses facilitated by a strategic proactive risk management platform.

COMPAS is easy to implement and adopt because it takes advantage of the most advanced IT platforms and uses flexible database interfaces combined with a web-based system solution with intuitive design and workflow. COMPAS can run against any J2EE 1.5 compatible software / hardware and will be completely tailored to the user needs. Web services interface facilitates integration of COMPAS with the existing systems used by the bank.

The primary goals of COMPAS are:

- Automation and structuring of Loan Origination
- Risk Quantification (Score, Rating, Expected Loss)
- Approval processing and program based lending

COMPAS was built inline with best enterprise practices resulting in a secure, stable & scalable system. Its architecture ensures COMPAS can be successfully deployed on wide range of client's infrastructures and be easily customized upon client's request.



Project Results

By partnering with Luxoft for the original development and ongoing support function, RMA was able to release a marketable version of COMPAS in less than six months. Communication was smooth and all questions and issues were resolved quickly, making efficient use of the 30-member team's geographic spread across several time zones.

Luxoft continues to go above and beyond in its support by taking part in client sales presentations; providing documentation support for RFP responses; and serving as full IT project partner in all COMPAS integrations for third parties. Luxoft is also actively involved in COMPAS marketing.

"Luxoft team rose up to every challenge that this complex project had presented. They demonstrated both in-depth understanding of risk management best practice, our RMA business and the innovative approach we proposed. They designed with COMPAS a cutting edge tool that sets new benchmarks for an integrated risk rating and credit approval engine. Luxoft has won our full trust as a partner, and we look forward to continuing our cooperation," said Jan Gross, Global Head of Risk Advisory Services at Deutsche Bank.

Wolfgang Topp, Global Head of RMA at Deutsche Bank, added: "It's understood that Luxoft's involvement makes COMPAS more competitive on highly populated market of Credit Management tools."

For more information, please contact:

Yuri Elkin
Financial Services Managing Director
E-mail: YEIkin@db.luxoft.com
Tel.: +7 (495) 922-97-49

Luxoft EMEA

10-3, 1-Volokolamsky proezd
123060 Moscow, Russia
Tel: +7(495) 967-8030

Luxoft USA

111 Broadway, Suite 1503
New York, NY 10006
Tel.: +1 (212) 731-4227