

## Magnum and Portfolio Defense Partner on Small Business Risk Models

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Atlanta, GA - Magnum™, a leader in credit data access, analysis and decision applications, and the Portfolio Defense Consulting Group™, a leading risk management consulting firm, today announced the release of four blended risk models for small business risk assessment. These models are hosted within Magnum's Credit Factory, a leading service bureau for providing lending institutions with data acquisition, risk evaluation and decision management processes.

Magnum will offer Portfolio Defense's scorecards to provide risk determination for both revolving or installment loans, each which can be scored with the principal partner's personal credit data, application data, as well as blended with or without available D&B data and risk scores. By providing a risk assessment which blends the principal partner's consumer data, with the commercial business data from D&B, the lending market gains a powerful decision tool which automates a process that has been typically performed through a laborious and manual process.

"The partnership between Magnum and Portfolio Defense will help Magnum's leading credit industry customers make faster, more informed decisions about small business credit risk by giving them a complete view of the combined health and risk picture," said Carl E. Eikhoff, chairman and chief executive officer of Magnum. "By combining the consumer data with D&B small business information, credit managers and their institutions can quickly focus on the truly profitable customer relationships while avoiding unnecessary risk."

### **Magnum's Credit Factory® rapidly retrieves credit information and scores and analyses that data to provide real-time loan decisions.**

Magnum's robust credit report retrieval and analysis software is designed to quickly retrieve the most up-to-date consumer credit information from the major credit data bureaus, and render a decision based on the clients own risk management rules. Magnum's clients use the Magnum Credit Factory as a fully out-sourced and hosted solution which provides all of the software services available to Magnum's licensed clients, plus the use of Magnum's Expert Scorecards. By hosting the models on behalf of Magnum's clients, Magnum, as well as Portfolio Defense, can provide the hands-on consulting and coaching many businesses desire in their credit risk and scoring management. The Magnum Credit Factory receives the application inquiry from the client, acquires the appropriate data for the decision, summarizes the data for scoring, determines a score with the appropriate scorecard, and renders a decision (with all of the supporting data) back to the client. This all happens in real-time, in a matter of seconds.

"Portfolio Defense is happy to be working with Magnum and we look forward to assisting Carl Eikhoff and his team in co-marketing Magnum's industry-leading solutions and our small business score cards for credit risk analysis," commented Peter DeForest, Portfolio Defense chief executive officer. "The Portfolio Defense small business scores are designed, by using data-driven risk assessment, to help the financial service market quickly establish better and deeper relationships with their small business customers. These models will permit lenders to reduce risk, increase lending volumes, and apply different product strategies, using information in new ways, for this complex decision process."

### **Portfolio Defense small business applicant risk models**

Portfolio Defense, working closely with Magnum, has developed a number of unique small business credit variables that are used to expand the decision process for small business lending. Using the Magnum platform to code these variables, Portfolio Defense was able to develop a new set of



blended score cards which combine the popular D&B data, with the much needed consumer data, to provide a new view of the small business. This provides the lending agent with a new holistic view of small business risk, rarely available to an analyst today. "The challenge for us was to take all the sources of data that Magnum provided, and design and generate a new set of powerful predictive models and variables, in order to squeeze all of the predictive juice out of that data." Said Peter DeForest.

The value of these types of scores is clear. They permit a lender to optimize their origination function and speed the process used to identify the relevant risk associated in a decision. In addition they permit actions that reflect the importance of these customers as well, from managing down payments and pricing to forecasting portfolio performance. A technological infrastructure that permits the use of robust scoring models, combined with creative strategies, and crisp real-time execution of those strategies, gives a lender powerful insight into their business.

### **Adaptive Analytics®**

Under Magnum's unique Adaptive Analytics program, clients of Magnum gain full visibility to the attributes that make up a score. In that way, the risk manager can better understand how to use the score, and how to best optimize the cutoffs to fit their business needs. No black box. In addition, Magnum and Portfolio Defense together, can optionally provide consulting which allows the lending institution to migrate these expert models into true custom models as experience with the card is developed. This is a very cost effective solution for a business desiring a custom scoring approach.

### **About Magnum**

Founded in 1976 as Magnum Communications, Limited, Magnum is a leader in credit data access, analysis and communications. The company offers a wide variety of products and services that enable lenders to make informed, automated decisions regarding credit risk. Using Magnum's powerful tools, clients can easily access and retrieve relevant data from a broad range of U.S. and international consumer and commercial data sources. Magnum enables its clients to maximize the value of this data to control both scoring attributes and decision criteria. For additional information about Magnum, please contact Ray Bridenbaugh at (770) 952-4940 or visit the company's Web site at [www.magnum.net](http://www.magnum.net).

### **About Portfolio Defense Consulting Group**

Founded in 1999, Portfolio Defense is a privately-held risk management consulting firm that provides services to a variety of credit markets, including direct and indirect installment lending, specialty automotive, mortgage and secured loans, retailing, credit card, and small business. The Principals and staff have over 70 years of risk management consulting experience, and have developed and deployed literally hundreds of solutions for leaders in consumer and small business lending. Headquartered in San Rafael, CA, Portfolio Defense also maintains staff in other locations around the country. Portfolio Defense headquarters is located at 7 Mt. Lassen Drive, Suite D150, San Rafael, CA 94903, telephone (415) 492-8262. Portfolio Defense is on the web at [www.portfoliodefense.com](http://www.portfoliodefense.com).

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