

# Small Business Portfolio Evaluator®



**Assess small business loan portfolio risk and enhance securitization—with the same resource.**

## **One newly enhanced analytical model. Two capabilities.**

Standard & Poor's Small Business Portfolio Evaluator® introduces a new chapter in small business loan analysis by enabling banks and other institutions to perform two important functions with the same analytical model. Incorporating a host of new enhancements, it can lay the foundation for better-informed lending decisions by allowing institutions to identify the risk in their current small business loan portfolio. At the same time, it streamlines the process of analyzing, testing and assembling small business loan pools for securitization.

### **Portfolio-level risk assessment.**

Small Business Portfolio Evaluator is designed to make it easy to obtain a portfolio-level view of small business loan risk. Using each borrower's Equifax Small Business Credit Risk Score™ as a measure of default probability, Standard & Poor's Small Business Portfolio Evaluator analyzes individual borrower quality as well as geographic, business sector and other correlations between borrowers to provide an assessment of a portfolio's overall risk.

### **Informed decision-making and other benefits.**

By providing insight into small business loan risk, Small Business Portfolio Evaluator helps improve decision-making in a number of important ways. For example, you can use it to:

- Determine whether your portfolio is concentrated in particular business sectors or geographical regions, so that you can target new loans to help reduce your industry or geographical risk
- Perform “what if” analysis, to identify weaker loans that could potentially be dropped from your portfolio
- Evaluate the small business loan risk profile of potential acquisition targets or merger partners for your institution

Small Business Portfolio Evaluator can also be used to present your institution's small business loan risk profile to regulators whenever required.

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## Facilitate small business loan securitization.

In addition to assessing the risk associated with your small business loan portfolio, Small Business Portfolio Evaluator can enhance the process of small business loan securitization. It lets you test and assemble small business loan pools with one of the tools that Standard & Poor's analysts use during the course of ratings development.

### Gain additional insight and intelligence.

Small Business Portfolio Evaluator uses a Monte Carlo simulation to determine the default distribution for geographically correlated small business loan pools. It provides a probability distribution of a given portfolio's default rates through the final maturity of the longest loan, helping you to analyze and assemble portfolios that are optimized for securitization.

The Small Business Portfolio Evaluator analytical model is based on more than 20 years of Small Business Administration (SBA) 7(a) default data on more than 1,000,000 loans—the largest publicly available pool of diverse loan information.

For added perspective, Small Business Portfolio Evaluator can also assess the potential impact of loan prepayment on a securitization transaction.

### Structure and evaluate pools with greater efficiency.

Small Business Portfolio Evaluator gives you the opportunity to conveniently analyze, test and assemble loan pools for securitization. It can also help you create loan pools with increased geographic diversification, or an increased allocation to business sectors with lower historical default rates—attributes that often translate into lower required credit support and improved capital market execution.

### Find out more or arrange a demonstration today.

Learn more about how you can both assess small business loan risk and enhance small business loan securitization, all with the same analytical model—Standard & Poor's Small Business Portfolio Evaluator.

For more information or to arrange a demonstration, please contact:

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