

National Risk Model

Powerful credit risk prediction

The National Risk Model from Experian is a powerful, cost-effective tool that can help you determine which accounts are most likely to be profitable and which pose the greatest credit risk. Developed with the comprehensive information from Experian's consumer credit database, the National Risk Model is an indispensable tool for creating lending strategies that accomplish your portfolio objectives.

An essential risk management tool

Improve your credit decision process by incorporating the National Risk Model.

This model separates your accounts across the spectrum of creditworthiness, adding confidence, detailed analysis and objectivity to your credit granting decisions in all phases of the Customer Life Cycle:

- Minimize risk by screening your solicitation lists
- Make better informed new account application decisions
- Maximize profits and minimize risk in account management
- Solidify customer relationships by identifying cross-sell opportunities

The ideal risk management solution

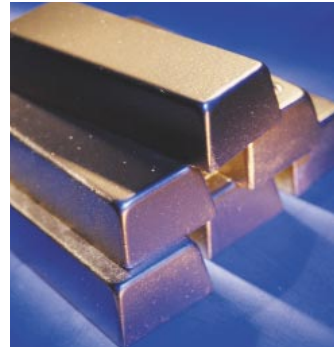
Easy to understand — The National Risk Model's exclusive score range of 0-1000 (low score = low risk) translates directly into statistical probability. For example, a score of 100 equals a 10% chance that at least one tradeline will become seriously delinquent in the next 24 months.

Fast — Approve low-risk accounts on the spot. Flag high-risk accounts for a more complete review.

Cost-effective — Increase the number of profitable accounts in your portfolio while reducing losses from delinquency.

Powerful and accurate — The National Risk Model's multiple scorecard technology further enhances the model's predictive power. This state-of-the-art technology segments prospects into groups having similar credit histories. Scores are calculated from scorecards developed specifically for each group. This allows detailed analysis of the predictive variables that vary among subpopulations and enables more accurate credit evaluation.

Consistent and objective — With the National Risk Model, you can consistently make objective credit decisions. Because the model was empirically and statistically derived from a random sample of credit histories, your chance of making discriminatory decisions is reduced.



How the National Risk Model predicts account performance

The National Risk Model predicts the probability of seriously derogatory credit behavior. It calculates a numerical score on each Credit Profile report from Experian that indicates the likelihood that an account will become seriously delinquent within the next 24 months.

The model arrives at this score by analyzing the most predictive characteristics of future derogatory account performance. To identify the predictive characteristics found in the National Risk Model, Experian evaluated hundreds of thousands of credit histories over 24 month period.

Summary of features

- Predicts the probability of seriously derogatory credit behavior, including charge-offs, repossessions, foreclosures, collections and bankruptcies
- Eight scorecards based on past credit profiles, including:
 - Amount of credit history
 - Length of credit history
 - Past payment performance
- 24-month performance period
- Score ranges from 0-1000 (low score = low risk)
- Optional score ranges of 360-840 (high score = low risk) provides compatibility with existing scoring systems
- Up to four numeric score factors per score
- One score per Credit Profile Report

To find out more about the National Risk Model, contact your local Experian sales representative or call 800 333 4930.

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