

BEACON®

Validation Chart		BASE CATEGORY: All Industries NEGATIVE PERFORMANCE: Bankrupt INDUSTRY/TYPE: All Industries / All Types APPLICATION: Customer Management				
		BASE CATEGORY		NEGATIVE PERFORMANCE		% OF NEGATIVE
SCORE RANGE	# OF RECORDS	CUMULATIVE %	# OF RECORDS	CUMULATIVE %		
<500	10,931	1.1	1,131	13.8	10.3	8.7
500-509	3,214	1.4	253	16.8	7.9	11.7
510-519	3,897	1.8	286	20.3	7.3	12.6
520-529	4,316	2.2	279	23.7	6.5	14.5
530-539	4,979	2.7	295	27.3	5.9	15.9
540-549	5,354	3.3	280	30.7	5.2	18.1
550-559	5,917	3.9	288	34.2	4.9	19.5
560-569	6,564	4.5	273	37.5	4.2	23.0
570-579	7,430	5.3	281	41.0	3.8	25.4
580-589	8,407	6.1	285	44.4	3.4	28.5
590-599	9,531	7.1	282	47.9	3.0	32.8
600-609	10,805	8.2	297	51.5	2.7	35.4
610-619	12,261	9.4	294	55.0	2.4	40.7
620-629	13,515	10.7	312	58.8	2.3	42.3
630-639	14,920	12.2	309	62.6	2.1	47.3
640-649	16,626	13.9	302	66.3	1.8	54.1
650-659	18,300	15.7	310	70.1	1.7	58.0
660-669	20,609	17.8	296	73.7	1.4	68.6
670-679	23,214	20.1	283	77.1	1.2	81.0
680-689	25,107	22.6	281	80.5	1.1	88.3
690-699	27,546	25.4	259	83.7	0.9	105.4
700-709	29,281	28.3	229	86.5	0.8	126.9
710-719	31,905	31.5	195	88.8	0.6	162.6
720-729	36,845	35.2	183	91.1	0.5	200.3
730-739	39,147	39.2	149	92.9	0.4	261.7
740-749	45,174	43.7	136	94.5	0.3	331.2
750-759	51,152	48.8	112	95.9	0.2	455.7
760-769	56,756	54.5	88	97.0	0.2	644.0
770-779	55,476	60.1	65	97.7	0.1	852.5
780-789	65,448	66.6	57	98.4	0.1	1147.2
790-799	60,125	72.7	36	98.9	0.1	1669.1
800+	272,784	100.0	92	100.0	0.0	2964.0
TOTAL	997,536	100.0	8,218	100.0	0.8	120.4

This chart represents the performance of accounts/loans in the base category which were opened prior to the observation date.

Observation Date: Feb 1997

Performance Date: Feb 1999

Publication Date: Dec 2000

(24 month performance period)



How To Read Fair, Isaac Odds Charts

Defines the population of interest

Defines the negative behavior of interest within a population

Defines how scores will be used

Fair, Isaac Odds Chart

Base Category:
Existing Bank Revolving Accounts

Negative Performance Category:
90+ Days/Other derogatory

Application:
Account Management

Score Range	Base Category		Negative Performance		% Negative to Base	Odds (Value to One)
	# of Records	Cumulative %	# of Records	Cumulative %		
< 550	15,587	2.7	7,244	26.2	46.5	1.2
550 — 599	22,084	6.5	5,916	47.6	26.8	2.7
600 — 609	5,791	7.5	1,068	51.5	18.4	4.4
610 — 619	6,739	9.8	1,111	55.5	16.5	5.1
•	•	•	•	•	•	•
•	•	•	•	•	•	•
•	•	•	•	•	•	•
780 — 799	42,063	88.7	143	99.4	0.3	293.1
800 >	71,595	100.0	155	100.0	0.2	460.9
Total	587,646*	100.0	27,685	100.0	4.7	20.23

Number of records from the defined base category in each score range

Number of records displaying the defined negative performance category

Percentage of the number of negative records to the number of base category records

Ratio of base category records NOT exhibiting the particular negative performance to those that do

Summarizes the Fair, Isaac credit bureau scores into ranges

Cumulative percentage of records (up to and including a given score range) to the total base category

Cumulative percentage of records (up to and including a given score range) to the total number of records displaying the negative performance

Selecting an odds chart that will work for you

Credit bureau score odds charts, produced from actual development or redevelopment samples, show how the scores work on specific populations. These charts display the odds of poor performance observed at a given score, and can be very helpful as a starting point in setting risk strategies.

Odds charts reflect the experience of many credit grantors combined. The following tips will help you select the chart that most closely reflects the performance of your portfolio. Your own credit experience may be somewhat different.

Each chart is specific to an industry, performance, and application. See the prior page for an example.

The “Base Category” refers to the industry or credit type. Select a base category which most closely corresponds to your lending environment. Odds charts are currently available for the following credit types:

BEACONSM: Bank Revolving • Bank Installment • Auto Finance •
Personal Finance • Retail • and many others

The “Negative Performance” category is the negative behavior of interest. You can choose odds charts that show the relationship of score to odds of serious delinquency, charge-off, or bankruptcy.

“Application” refers to how the bureau scores will be used; that is, for new account approval or for account management. The odds charts used for new account approval display the performance of consumers who obtained credit, in the base category industry, within a short time period after the date of scoring. Keep in mind that the odds charts reflect the performance of consumers who have been recently approved for credit, and do not include those who were not approved for credit in the same time frame (those recently approved for credit are generally better credit risks than the applicant population as a whole so they would tend to score higher). The odds charts used for account management display performance information about consumers with existing accounts at the time of scoring. Only those consumers with an open tradeline in the base category before the scoring date are included in account management odds charts.

When selecting the appropriate odds chart, keep the options above in mind.