



## Equifax Risk Score 3.0

### Target More Profitable Markets While Reducing Losses with an Enhanced Scoring Solution

As a credit lender in today's economy, you are faced with a multitude of decisions that determine the profitability of your business. Should you offer a repayment plan or decrease the credit limit? Should you cross-sell or offer a lower interest rate? When faced with these situations on a daily basis, you need a tool that will help speed your credit evaluation process while safeguarding you from business losses. Equifax Risk Score<sup>SM</sup> 3.0 (ERS 3.0) is the answer.

ERS 3.0 is a general-purpose risk model that predicts the likelihood of a consumer becoming seriously delinquent (90+ days past due or worse) within 24 months of scoring. This includes collections, charge-offs, repossessions, foreclosures and bankruptcies. All in all, ERS 3.0 allows you to target more profitable markets, realize higher approval rates with less risk, create more cross-selling opportunities, reduce losses and improve overall portfolio performance and profitability.

#### Reduce Risk. Improve Profitability. Grow Your Business.

By identifying and rank-ordering consumers based on their likelihood of serious delinquency, ERS 3.0 helps you:

- **Improve the quality of your portfolio** by pricing new customers based on their likelihood of future risk.
- **Control risk within existing portfolios** by re-evaluating customers' external credit situations on a continual basis.
- **Reduce losses** by quickly and consistently identifying candidates for collections based on their risk of default.
- **Increase the cost-effectiveness of your collections efforts** by focusing on higher-risk accounts that are less likely to self-cure.
- **Maximize your return on campaigns** by offering the right offer to the right consumer based on his/her credit worthiness.
- **Strengthen the value of current low-risk customers** by offering timelier authorizations for credit limit increases and over-limit spending.
- **Expand customer relationships** by cross-selling, up-selling or renewing low-risk account holders.
- **Boost approval rates without increasing your exposure to risk** by taking advantage of enhanced risk evaluation and increased coverage.
- **Successfully enter new markets** by evaluating the credit risk associated with expansion.

**Easily transition from other scoring models** since ERS 3.0 offers both an odds score scale and a probability score scale.

**Effectively score more consumers** than alternative risk models. Emerging credit users are prime targets for product offerings, and currently inactive consumers may be profitable given the right credit vehicle.

**Seamlessly integrate** with other Equifax scoring solutions, such as Bankruptcy Navigator Index<sup>®</sup> 3.0 and Equifax Income Predictor<sup>®</sup> 2.0 for a more comprehensive solution.

To see how ERS 3.0 scores on a sample report, see reverse. ▶

#### Start Benefiting from Enhanced Risk Assessment Today!

For more information about ERS 3.0 and other products from Equifax Predictive Sciences, call **1-800-879-1025** or contact your Equifax sales representative.

**Equifax. Information that Empowers.**

[www.equifax.com](http://www.equifax.com)

**EQUIFAX**

## Sample of ERS 3.0 Odds Scale

- 1 Odds-scale version ranges from 280 to 850; the lower the score, the greater the likelihood of the consumer becoming severely delinquent. Double odds every 33 points, even odds of going severely delinquent (1:1) at 590.
- 2 Delivers up to four 3-digit numeric reason codes (along with narrative statements).
- 3 Narrative statements associated with reason codes indicate key factors as to why the consumer did not achieve the highest score possible.

1

EFX RISK 3.0 ODDS		SCORE: 528						
REASON CODES:	00200	00205	00088 00068					
NARRATIVES:								
3 NUMBER OF TRADES PAST DUE								
REVOLVING HIGH CREDIT								
MORTGAGE HIGH CREDIT								
AGE OF BANKCARD TRADES								
*065 EQUIFAX INFORMATION SERVICES LLC P O BOX 740241,ATLANTA,GA,30374-0241,800/685-1111								
*CONSUMER,JOHN,Q,JR SINCE 03/16/97 FAD 05/25/04 FN-214 123,MAIN,ST,ATLANTA,GA,30302,CRT RPTD 05/04 SSS-123-45-9789								
*SUM-03/97-05/04,PR/01-NO,COLL-NO,FB-NO, ACCTS:7,HCS232-60000, 4-ONES, 2-TWOS, 1-THREE. TRAINING FILE - NOT TO BE USED FOR CREDIT PURPOSES								
INQUIRY ALERT - SUBJECT SHOWS 3 INQUIRIES SINCE 02/04								
FIRM/ID CODE	CS	RPTD	LIMIT	HICR	BAL \$	DLA	MR (30-60-90+)	MAX/DEL
ECO/A/ACCOUNT NUMBER			OPND	P/DUE	TERM		24 MONTH HISTORY	
MAGNUS	1520N1026	R3	05/04	---	780	475	12/03	02
I/			10/02	60	---			
CAP 1 BANK	850BB1498	R2	05/04	---	900	529		08
I/			07/03	75	---			
RMCY/FDSB	401DC24	R2	05/04	---	500	250		
I/			02/02	60	---			
LOWES	404BB8029	R1	04/04	---	3346	3009	04/04	56
J/			03/97	---	---			
HERT BANK	460BB1033	R1	04/04	---	232	0	08/01	
I/			07/01	---	1M			
SINGLE PAYMENT LOAN								
REVOLVING TOTALS					---	5758	4263	
					195	---		

## Sample of ERS 3.0 Probability Scale

- 1 Probability-scale version ranges from 1 to 999 (for example: a score of 900 equates to a 10% probability of going severely delinquent); the lower the score, the greater the likelihood of the consumer becoming severely delinquent.
- 2 Delivers up to four 3-digit numeric reason codes (along with narrative statements).
- 3 Narrative statements associated with reason codes indicate key factors as to why the consumer did not achieve the highest score possible.

1

EFX RISK 3.0 PROBLTY SCORE:		235						
REASON CODES:	00200	00205	00088 00068					
NARRATIVES:								
3 NUMBER OF TRADES PAST DUE								
REVOLVING HIGH CREDIT								
MORTGAGE HIGH CREDIT								
AGE OF BANKCARD TRADES								
*065 EQUIFAX INFORMATION SERVICES LLC P O BOX 740241,ATLANTA,GA,30374-0241,800/685-1111								
*CONSUMER,JOHN,Q,JR SINCE 03/16/97 FAD 05/25/04 FN-214 123,MAIN,ST,ATLANTA,GA,30302,CRT RPTD 05/04 SSS-123-45-9789								
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LOWES	404BB8029	R1	04/04	---	3346	3009	04/04	56
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