

INTRODUCING VantageScore 4.0

The fourth generation
consumer credit scoring
model developed by



Available Fall 2017 through the Credit Reporting Companies (CRCs)

KEY DIFFERENTIATORS



Leverages trended credit data to take into account the trajectory of borrower behaviors



Engages patent-pending machine learning techniques to generate a more accurate credit score for those with sparse credit histories



Aligns with the removal of tax lien and public record data under the National Consumer Assistance Plan (NCAP)



Aligns with NCAP's exclusion of medical debts for 180 days (allowing for insurance payments). VantageScore 3.0 already excludes paid medical collections which is carried forward in 4.0



Developed on a more recent 2014-16 timeframe, using leveled attributes



The only generic credit score with an identical model in production at all three national CRCs

KEY BENEFITS

- More predictive than prior versions of VantageScore
- Provides opportunity to safely and soundly expand lending to majority of "credit invisibles"
- Scores more consumers compared with conventional models, without lowering standards, including 12 million additional Hispanic-Americans and African-Americans
- Teases out "bads" more precisely within higher scoring consumer populations
- Preserves distinctive consistency and better aligns scores
- Uses familiar 300-850 score range and easy to implement
- Includes positive and negative reason codes and will be imported into ReasonCode.org
- Uses only Fair Credit Reporting Act (FCRA) regulated data from the CRCs

PERFORMANCE HIGHLIGHTS



Performance lift of 30% among the population of consumers with sparse credit files



Major upside for the mortgage industry with 5.4% predictive lift within mortgage origination for mainstream consumers over VantageScore 3.0



Trended credit data attributes drove substantial lift in predictive performance; nearly 20% increase for originations among Prime consumers

FAST FACTS



VantageScore 4.0 is the first tri-bureau credit scoring model to align with the removal of negative credit-file data under the National Consumer Assistance Plan (NCAP).



VantageScore 4.0 is more predictive than prior versions of VantageScore with less reliance on derogatory collections and public-records data.

HOW TO TAKE ADVANTAGE OF VANTAGESCORE 4.0



Commercially available to lenders and other users of credit scores in the Fall of 2017.



Contact your CRC relationship manager for inquiries and best practices associated with new model installation, implementation and governance.

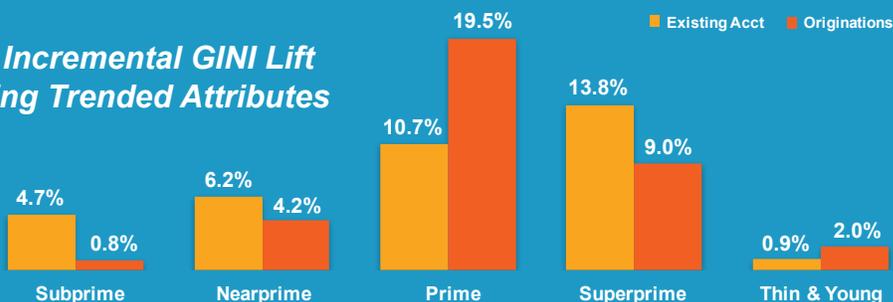
TRENDED CREDIT DATA

What is it? Aggregated monthly credit file data that details the trajectory of borrower behaviors. Available at all three CRCs on open trades:

- Loan Amount/High Credit/Credit Limit
- Balance
- Actual Amount
- Scheduled Amount/Minimum Payment Due

Data scientists distilled over 2,000 attributes into those that will substantially improve predictive performance, particularly for Prime and Superprime consumers. This allows lenders to tease out “bads” in overwhelmingly good populations.

% Incremental GINI Lift Using Trended Attributes



UNIVERSE EXPANSION OPPORTUNITY & MACHINE LEARNING

- Approximately 30-35 million more consumers scored compared with conventional models

Predictive Lift Among Dormant Consumers

