

Written Report

The logistic regression model created by myself, Anoje Janathanan, serves the purpose of predicting loan outcomes which ended up achieving an accuracy score of 99%. Despite the fact that this score is high, it also indicates overfitting and this analysis will showcase some additional limitations behind this model.

The accuracy score (99%) reflects the model's ability to accurately identify the majority class, which happens to be healthy loans, which actually accommodates a large proportion of the dataset. Furthermore, the precision score of 0.85 represents the concept that 85% of the loans predicted as high risk are in fact high risk loans. This means that 15% are healthy loans .

Therefore, despite the overfitting, 85% precision highlights the fact that the model minimizes the number of healthy loans incorrectly categorized as "high risk" respectively. In addition, this high precision is likely to result in increased customer satisfaction, as fewer healthy loans are wrongly identified as high-risk, reducing missed business opportunities and maintaining positive customer relations.