**EXPLANATION OF VARIABLES**

The data are retrieved from the loan inventory of the bank for December 2017. Firstly, we checked the data to identify incomplete, inaccurate or irrelevant records from the database and removed them. Secondly, we have considered the borrowers once because there are cases when a borrower might have other exposures within the bank. Thirdly, for each borrower we have observed over one-year performance horizon. We considered a default (or bad) loan if a borrower for the first time is overdue more than +90 days and we have denoted in the database with value 1 (one) and 0 (zero) non-defaulted the rest of the borrowers. In addition, below we presented the variables description.

**Age:** is calculated as a difference between disbursement date and birthday date divided by 365 days.

**Gender**: M-male and F-female

**Marital status**:

1. Single
2. Married
3. Widowed
4. Separated
5. Divorced

**Education type**:

1. Without education
2. Elementary
3. Secondary/Less than high school
4. College/High school
5. University

**Employment type**:

1. Student
2. Household
3. Retired
4. In expectation of the first employment
5. Unemployed
6. Public sector
7. Private sector
8. Self-employed
9. Administrator

**Residential status**:

1. Rent
2. Co-owner
3. Owner
4. Others
5. Live with parents

**Credit registry information:**

1. The borrower doesn’t have history with banks (this means that the borrower is not known in the banks history, f.ex. he has never had any account before).
2. The borrower it is not and has not been categorized with banks  -(this means that the borrower has never been problematic in his relations with any bank)
3. The borrower has been categorized in the past (the borrower has had some problems with banks un the past)
4. The borrower it is currently categorized (the borrower has always problems in his relation with banks)

Notice that problem with banks includes several different situations as when the client does not respect the delays, or is in negative, etc…

**Reference (from the bank staff):**

1. Yes
2. No
3. No information

**Type of loan:**

1. Loan
2. Overdraft

**Loan classification**

1. Good clients
2. Bad clients

**Currency**

1. Local currency
2. Euros