

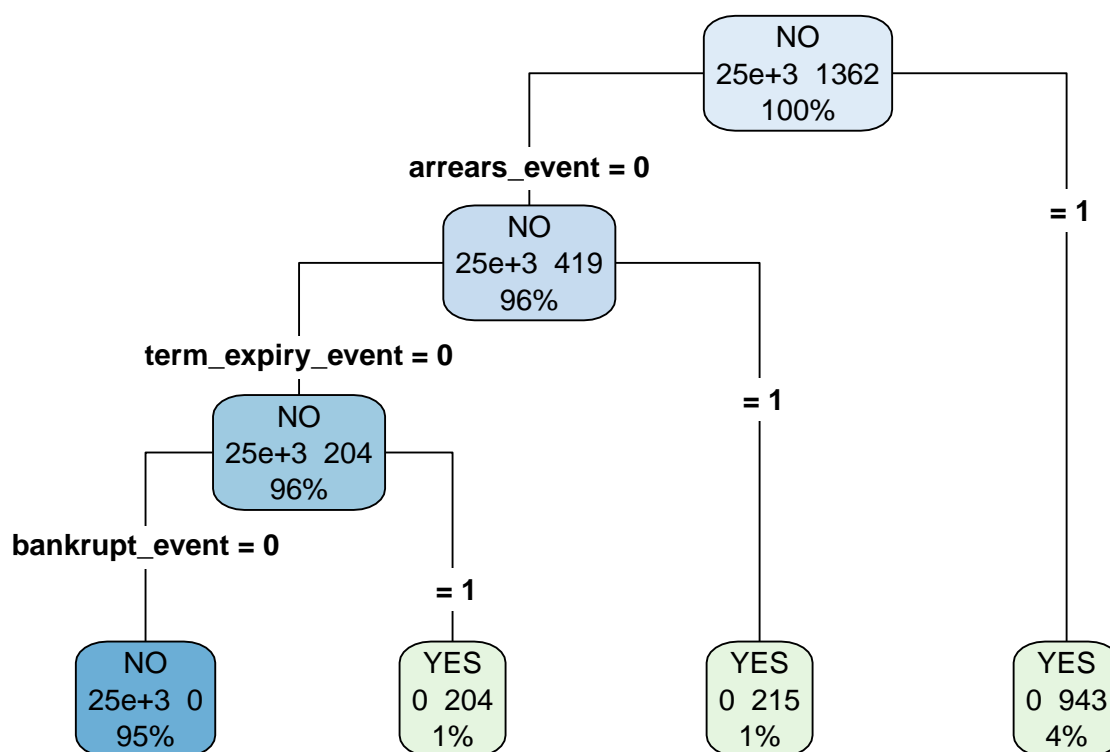
# Decision Tree for Default Analysis using R

## Decision Tree for Default Analysis using R

Load Data

Fit a classification tree

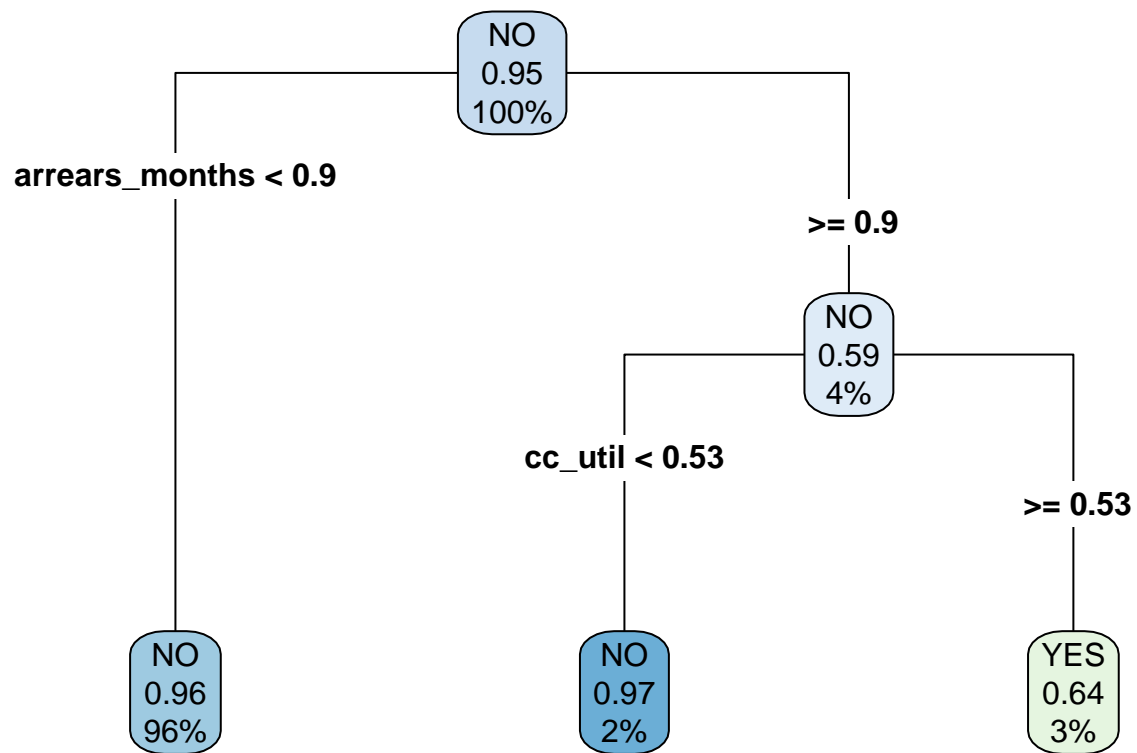
```
da_tree_classifier1 <- rpart(default_indicator ~ . - default_event - default_flag, data = def, cp = 10^-4)
rpart.plot(da_tree_classifier1, extra=101, type=4)
```



```
da_tree_classifier2 <- rpart(default_indicator ~ cc_util + arrears_months, data = def, cp = 10^(-6))
```

Prune to two branches

```
cp2 = which(da_tree_classifier2$cptable[,2] == 2)
da_tree_classifier2 <- prune(da_tree_classifier2, da_tree_classifier2$cptable[cp2,1])
rpart.plot(da_tree_classifier2, extra=108, type=4)
```



Fit a regression tree classifier

```
da_tree_regression <- rpart(default_event ~ ., method='anova', data = subset(def, select=-c(default_ind,
rpart.plot(da_tree_regression, extra=101, type=4)
```

