**Notes**\*From the perspective of risk management, the result of predictive accuracy of the estimated probability of default will be more valuable than the binary result of classification - credible or not credible clients.

\*\*\*\*\*

'default\_next\_m' : Is a binary variable response variable with “Yes, they defaulted” = 1 and  “No, they did not default” = 0 The other 23 variables, which are explained below, are the explanatory variables:

'LIMIT\_BAL' :Is the amount of the given credit in New Taiwan dollars. It includes both the individual consumer credit and his/her family (supplementary) credit.

‘GENDER’: Defines each subjects gender with 1 = male and 2 = female.

‘EDUCATION’: Represents each subject level of education with:

1 = graduate school

2 = university

3 = high school

4 = others

Please note a classification of “0”,”5” and “6” were found while grouping the Education category. These undefined categories were grouped in with the “4” category “Other” because of the logic they are not defined as a graduate school, university or high school. This means they have education outside of those parameters so they will be in the “Other” category which also is outside of the first three categories.

‘MARRIAGE’: Defines the persons state of 1 = married, 2 = single and 3 = others.

‘AGE’: defines how old each person is in years.

The below variables measure the repayment status in each month.

x6'PAY\_0' = the repayment status in September, 2005

x7'PAY\_2' = the repayment status in August, 2005

x8 'PAY\_3'= the repayment status in July, 2005

x9'PAY\_4'= the repayment status in June, 2005

x10'PAY\_5'= the repayment status in May, 2005

x11‘PAY\_6’ = the repayment status in April, 2005

The scale for the PAY\_ variables above is as follows:

-1 = pay duly

1 = payment delay for one month

2 = payment delay for two months

3 = payment delay for two months

4 = payment delay for two months

5 = payment delay for two months

6 = payment delay for two months

7 = payment delay for two months

8 = payment delay for eight months

9 = payment delay for nine months and above.

\*note there is no “0” classifier

The below variables represent the amount of how much each individual owes on their bill statement in New Taiwan dollars:

X12 'BILL\_AMT1'= the repayment status in September, 2005

X13 'BILL\_AMT2'= the repayment status in August, 2005

X14 ‘BILL\_AMT3'= the repayment status in July, 2005

X15 'BILL\_AMT4'= the repayment status in June, 2005

x16 'BILL\_AMT5'= the repayment status in May, 2005

x17 ‘BILL\_AMT6'= the repayment status in April, 2005

The below variables define the amount of previous payment New Taiwanese dollar:  
X18-X23: Amount of previous payment (NT dollar).

X18 'PAY\_AMT1' = the amount paid in September, 2005

X19 'PAY\_AMT2' = the amount paid in August, 2005

X20 ‘'PAY\_AMT3' = the amount paid in July, 2005

X21 'PAY\_AMT4' = the amount paid in June, 2005

X22 'PAY\_AMT5' = the amount paid in May, 2005

X23 ‘'PAY\_AMT6' = the amount paid in April, 2005