**The University of Edinburgh**

**Business School**

**Credit Risk Management**

**Computer Lab 3. Logistic regression**

The objective of this lab is to practise fitting and interpreting Logistic Regression.

After Computer lab 2 you should have the following new variables (in addition to those created in Computer lab 1): AgeBinned, AgeGrouped, 7 Age Dummies and AgeWoe. In this tutorial, please use the dataset Data\_tutorial3.csv provided in Learn.

**1. Running logistic regression model (dummy variables)**

**2. Running logistic regression model (‘weights of evidence’ variables)**

Estimate the model again using the ‘weights of evidence’ variables, rather than the dummy variables. How does the output compare?

**3. If you have time, and want to extend your model**

Try adding additional variables to your model that are included in the Data\_tutorial3.csv dataset (e.g., kids). You will need to prepare (coarse classify) them as we did in Labs 1 & 2. How does their inclusion change your model results?