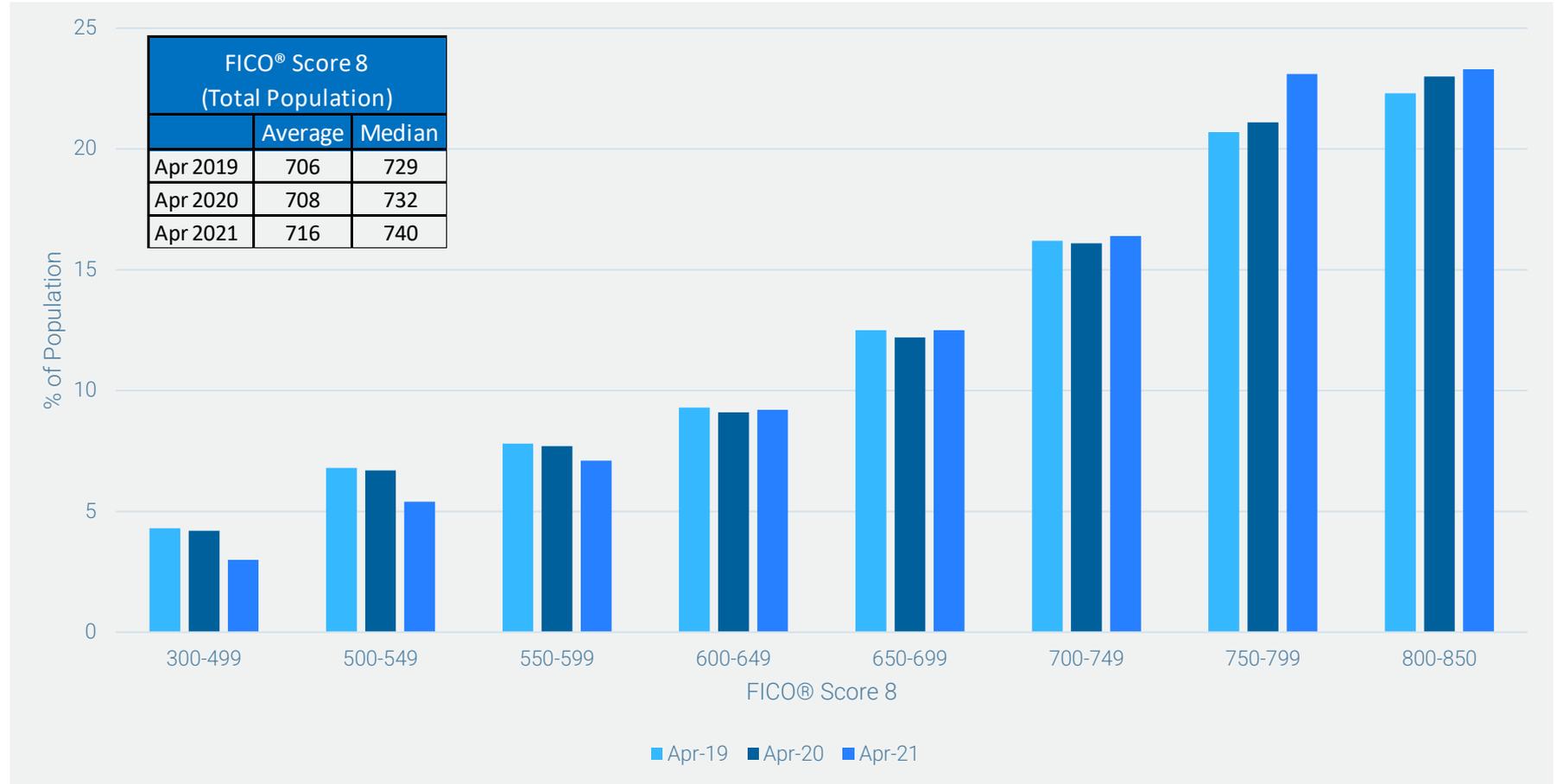




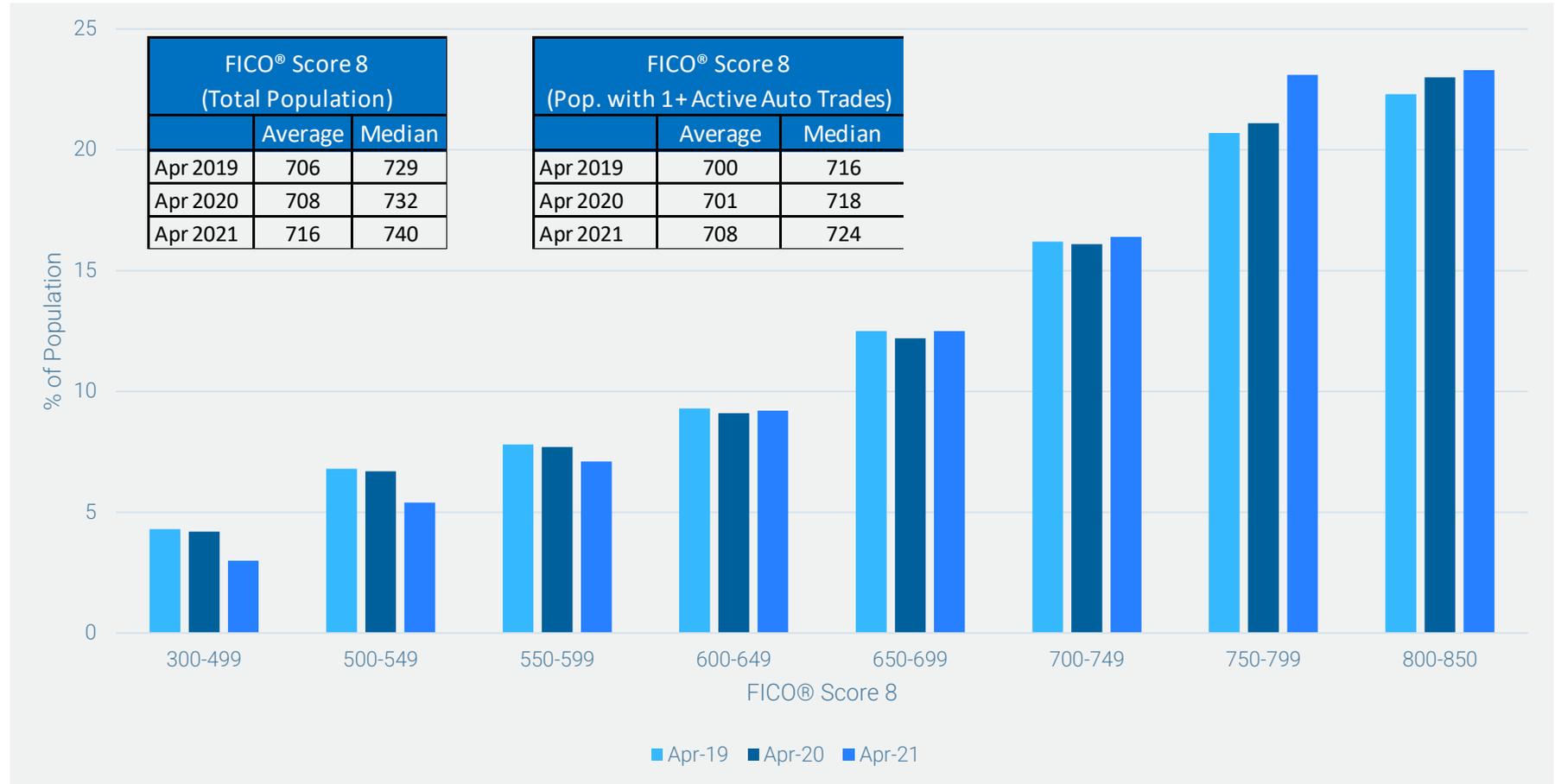
COVID-19 Credit Score Trends and New Model Developments

Biennial Conference on Auto Lending

FICO® Score Has Increased Materially since the Onset of the Pandemic



FICO® Score Has Increased Materially since the Onset of the Pandemic

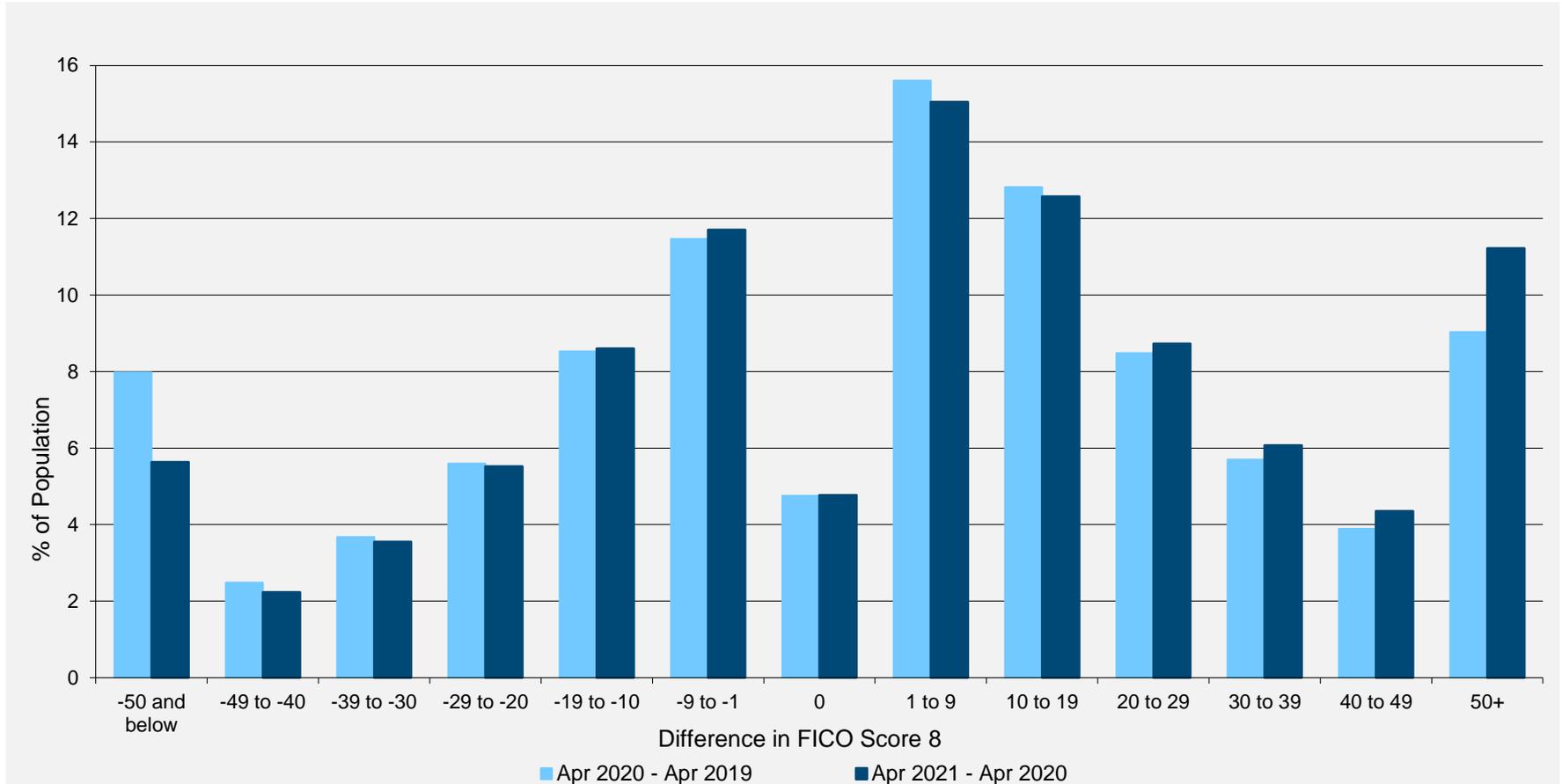


Key Credit Metrics Showed Improvement Between Apr 2020 and Apr 2021

Credit Dimension	Credit Metric	As of:		Relative % Difference
		Apr-20	Apr-21	Apr '20 vs Apr '21
Payment History	% of Population 30+ Days Past Due in Last Year	19.6%	15%	-23%
Payment History	% of Population with 90+ Days Past Due in Last 6 Months	7.9%	5.4%	-31%
Amounts Owed	Average Credit Card Utilization	33%	30%	-10%
Amounts Owed	Average Credit Card Balances	\$6,277	\$5,591	-11%
New Credit	% of Population with 1+ inquiries in the past year	39.7%	37.6%	-5%

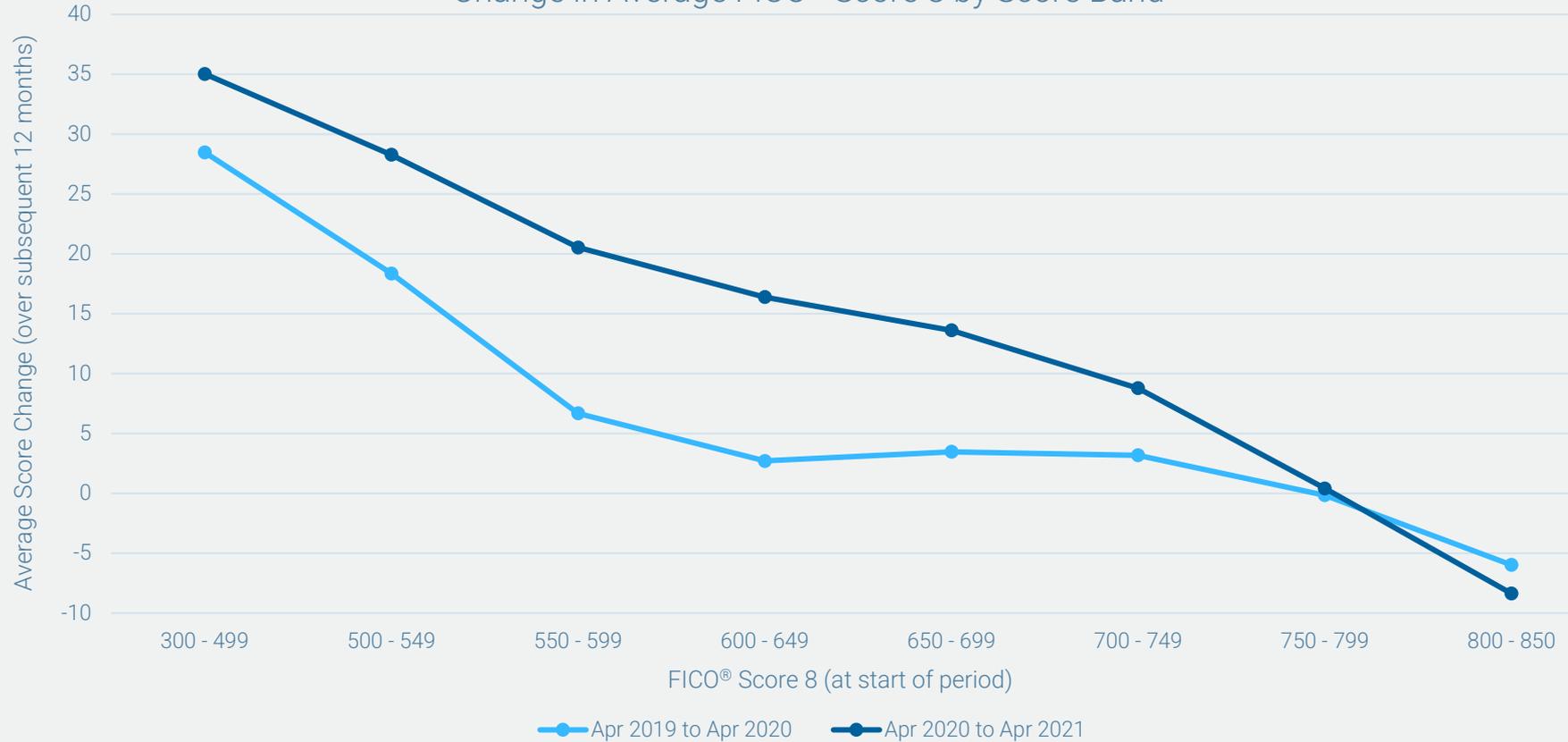
58% of Consumers Experienced a Score Increase Between Apr '20 and Apr '21

37% Experienced a Score Decrease Over the Same Period



Largest Score Increases Observed in Lower FICO® Score Bands

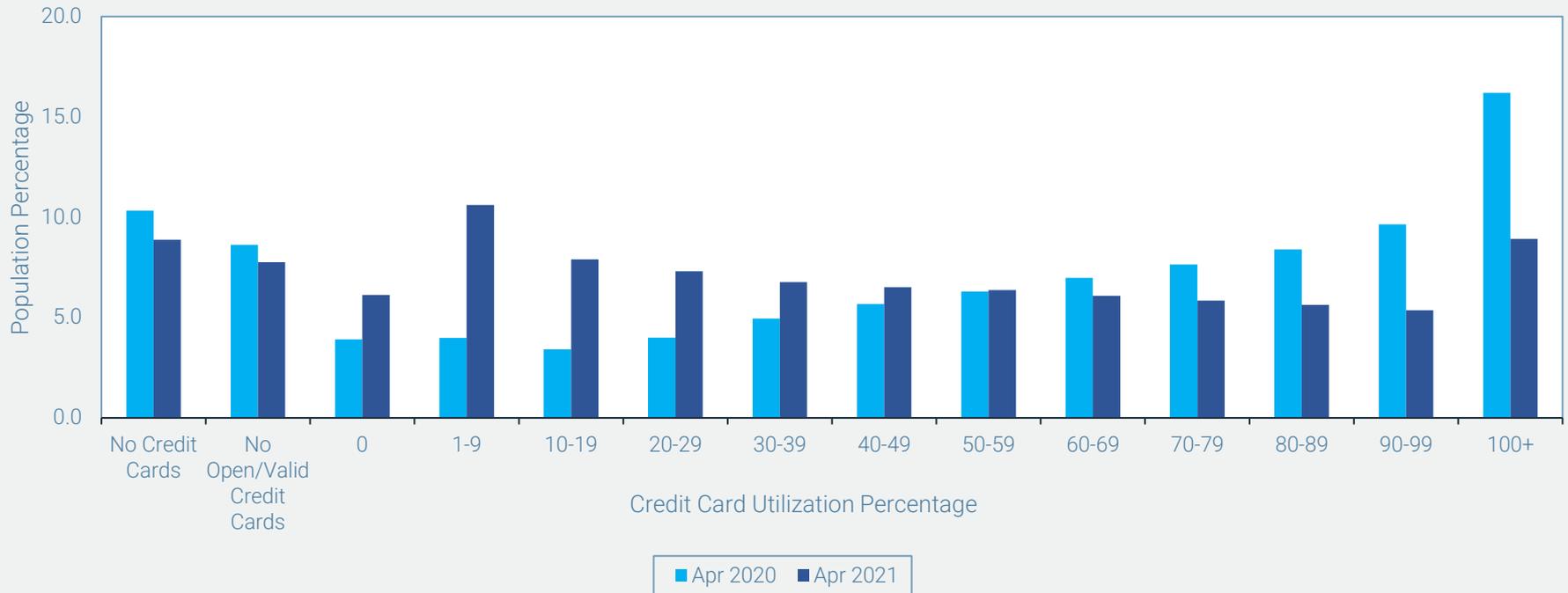
Change in Average FICO® Score 8 by Score Band



Score Increases in Lower Score Ranges During Pandemic Driven by More than Just Reduction in Delinquencies

Distribution of Total Credit Card Utilization: Apr '20 vs Apr '21

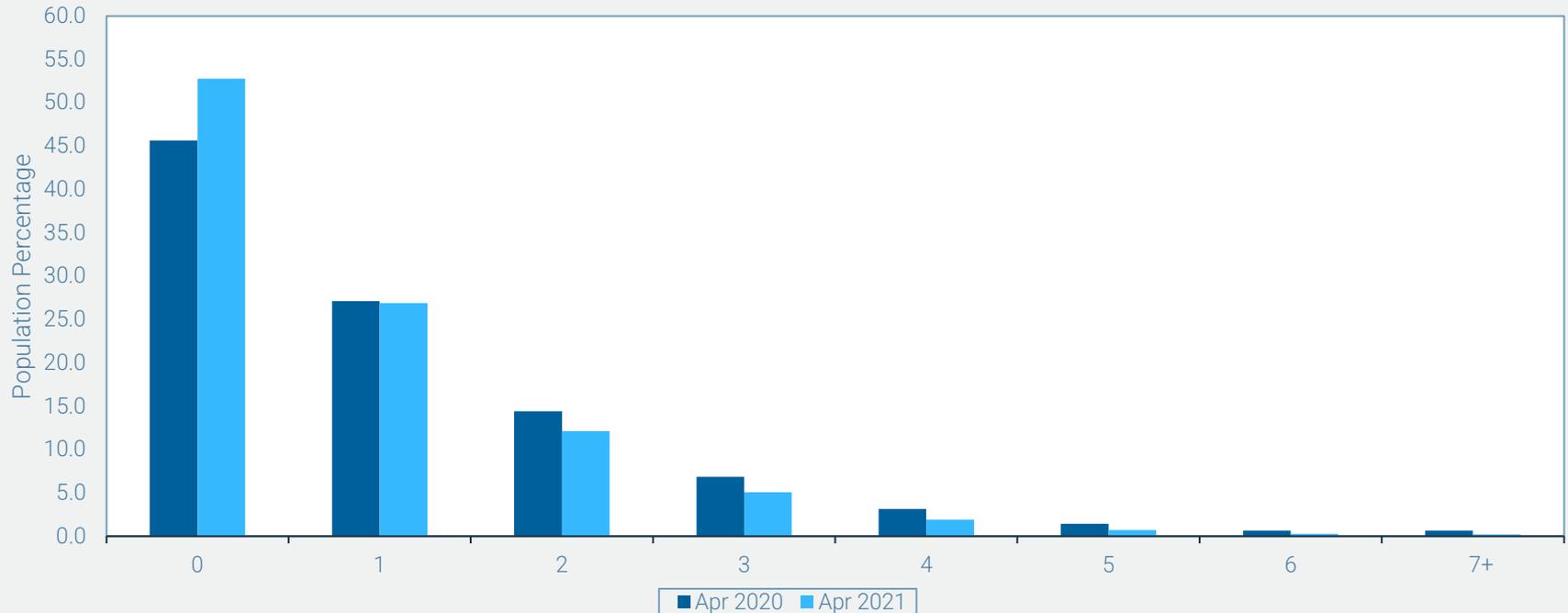
On Population with FICO < 700 as of Apr '20 & 10+ Point Score Increase Apr '21 vs. Apr '20



Score Increases in Lower Score Ranges During Pandemic Driven by More than Just Reduction in Delinquencies

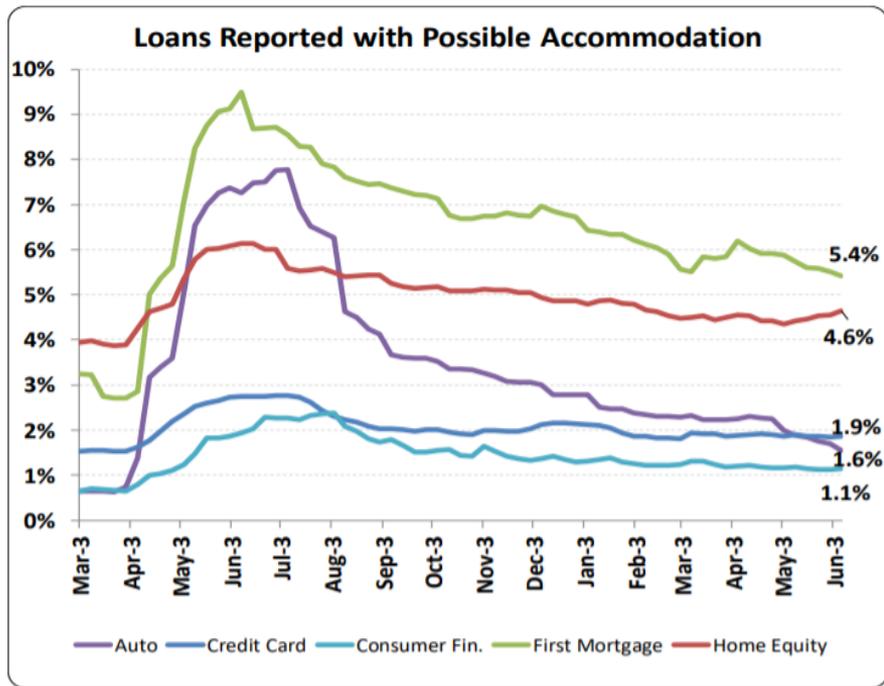
Distribution of # Inquiries in the Last Year

On Population with FICO < 700 as of Apr '20 & 10+ Point Score Increase Apr '21 vs. Apr '20



Payment Accommodation Reporting During COVID-19

Spike in reported accommodations occurred in summer 2020 across all credit products

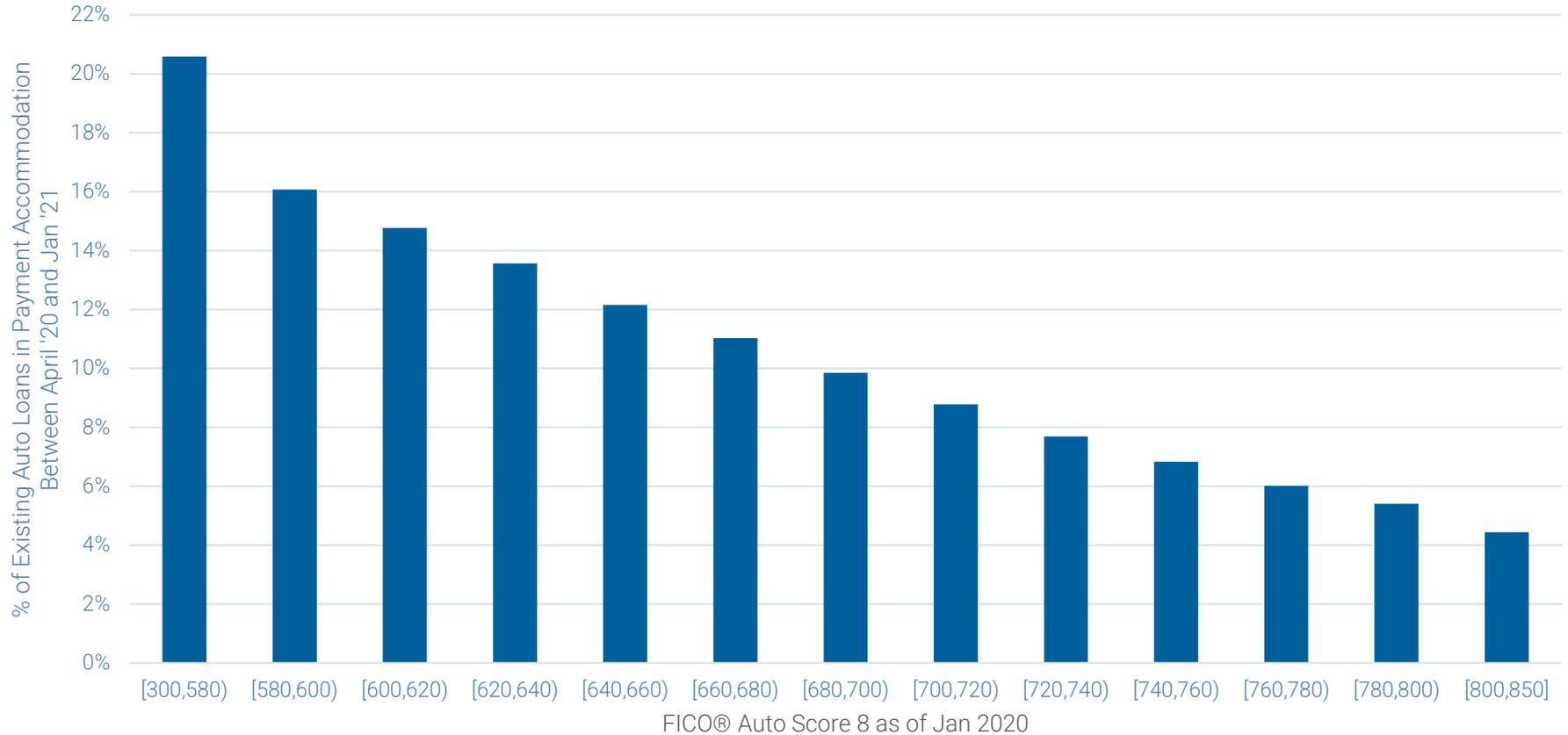


- Metro 2 reporting capturing the following accommodation scenarios will not affect the FICO® Score calculation
 - Loan modification
 - Forbearance
 - Affected by natural or declared disaster
 - Deferred
 - Scheduled Monthly Payment Amount of \$0

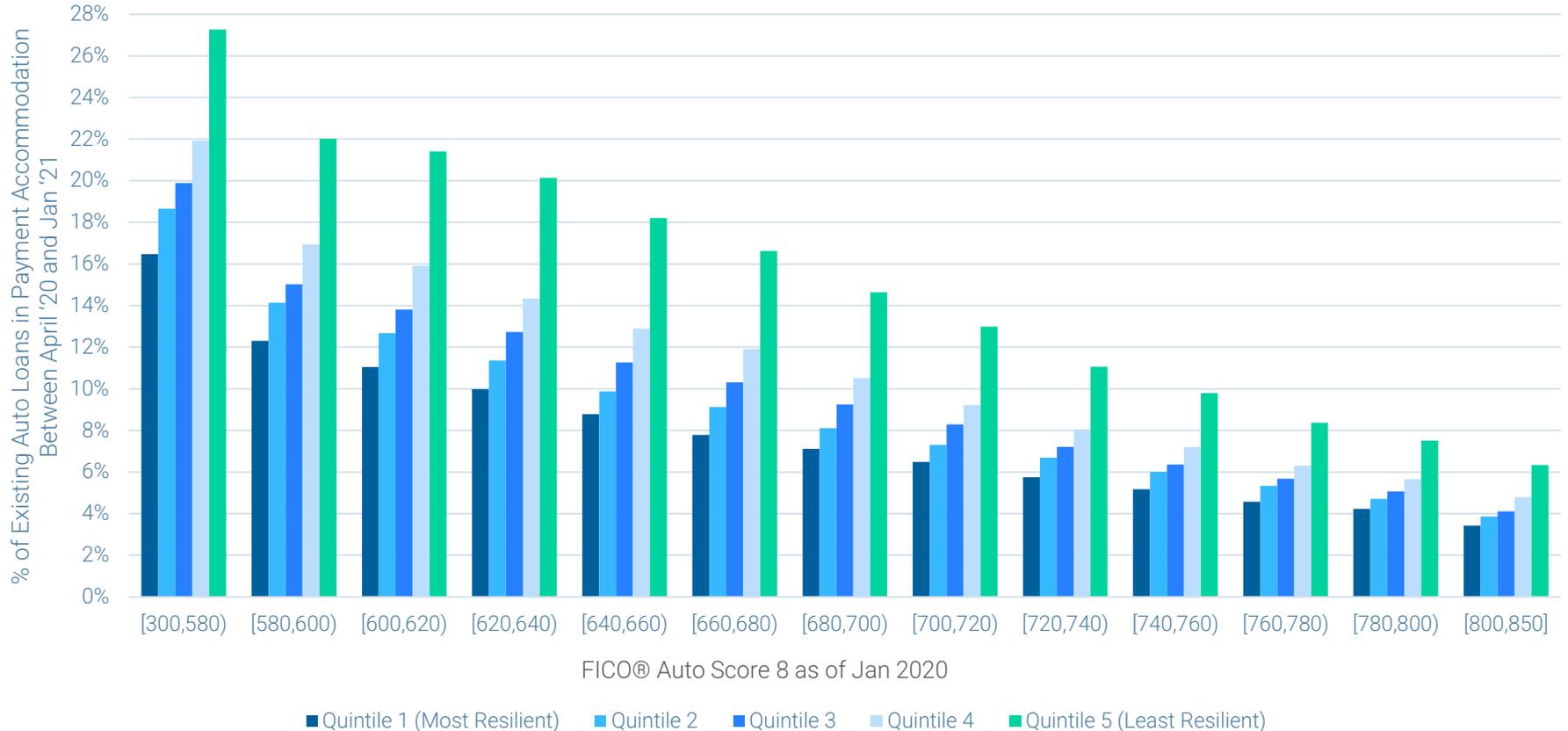
Source: Equifax Credit Trends; data through April 27, 2021

<https://www.equifax.com/resources/monthly-national-consumer-credit-report-june-2021-accommodations/>

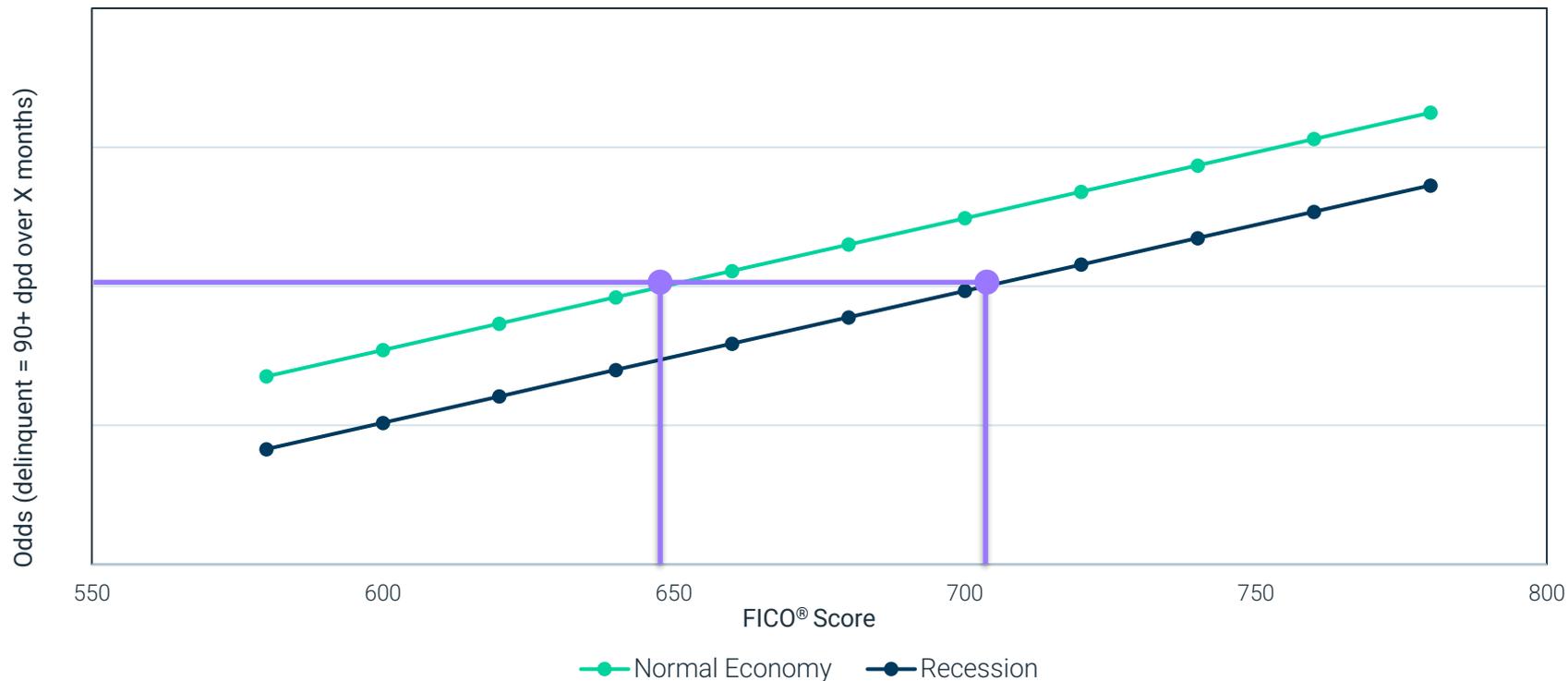
FICO® Score Rank Ordered Likelihood of Auto Loan Payment Accommodation Post-onset of the Pandemic (April 2020-Jan 2021)



FICO® Resilience Index Provided Further Differentiation in Accommodation Likelihood Post-onset of the Pandemic (April 2020 – Jan 2021)

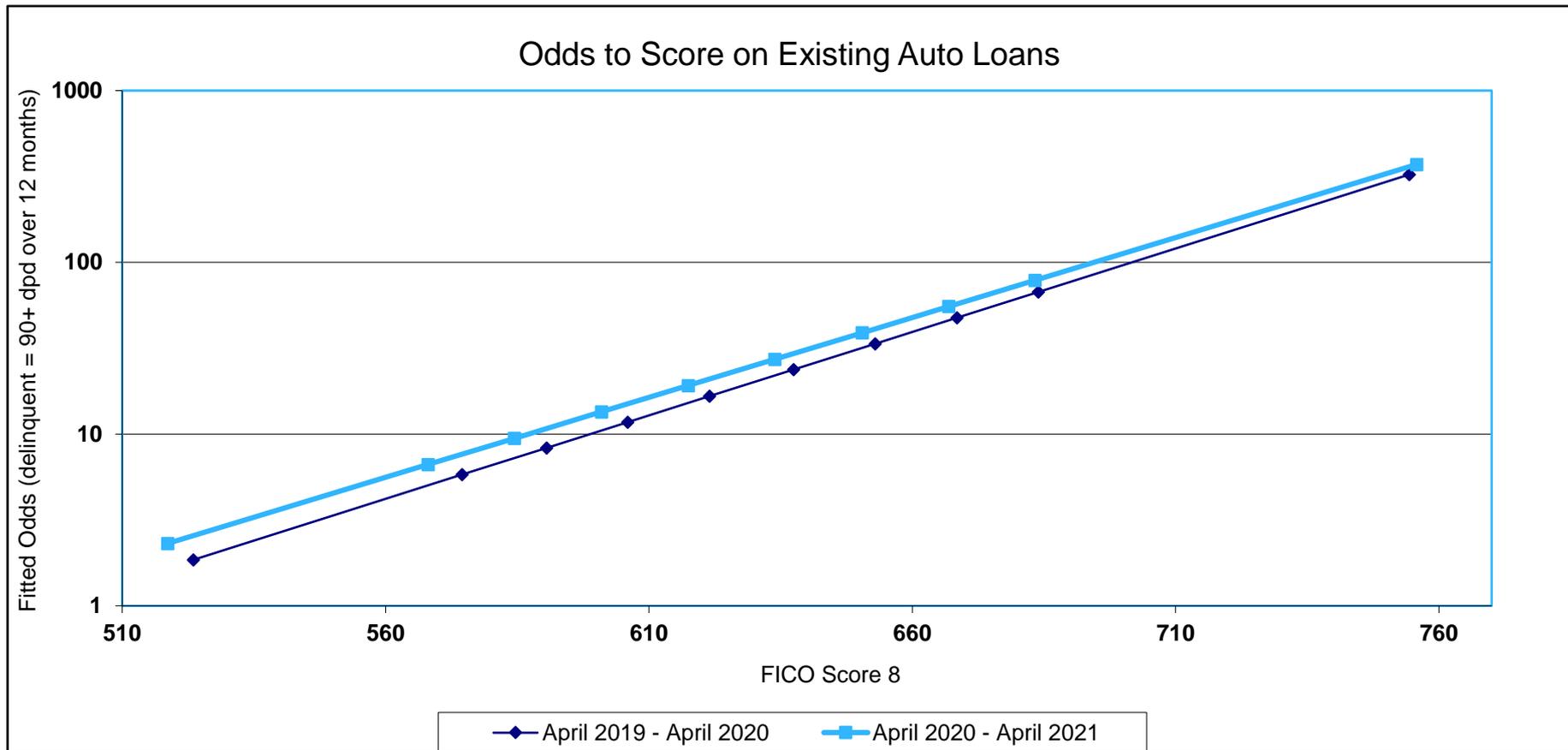


Odds-To-Score Relationship Can/Does Shift in Response to Changing Economic Conditions



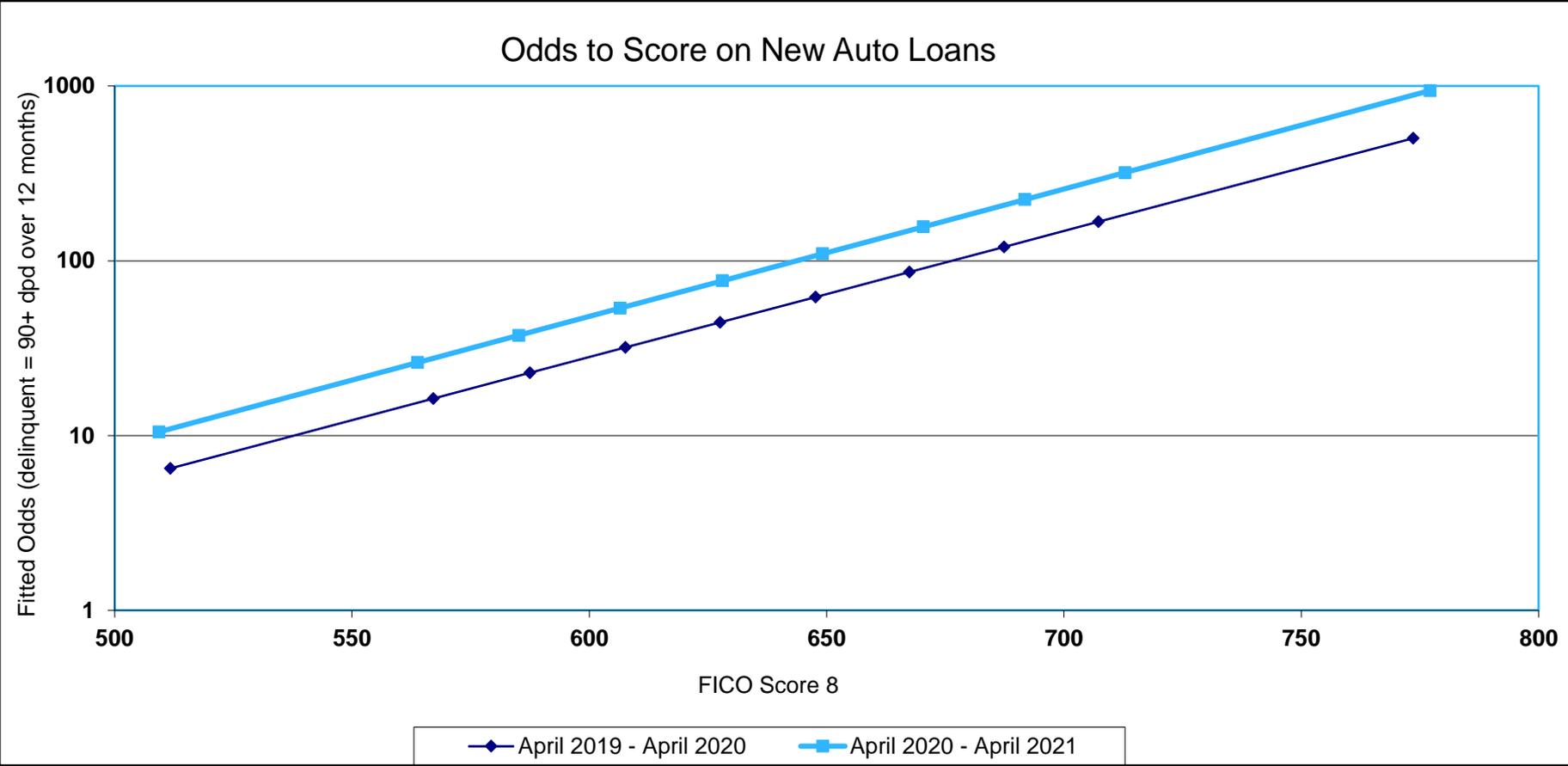
Odds-to-Score Relationship: No Sign of Deterioration

Repayment Likelihood on Existing Auto Loans at a Given FICO Score Higher than Pre-COVID



Odds to Score Relationship: No Sign of Deterioration

Repayment Likelihood on New Auto Loans at a Given FICO Score Higher than Pre-COVID



Summary of FICO® Score Dynamics Through the Pandemic

Where We Are, Where We Might Head, and Opportunities

Consumer credit profiles stronger across key FICO® Score drivers relative to pre-pandemic, driving 11 point uptick in average score

The FICO score distribution has shifted as a result of the pandemic, but not as dramatically as many expected

The FICO Score is a very effective tool for rank ordering risk across all economic conditions—but the relationship between score and repayment odds can and does shift through the cycle.

Thus far into the pandemic, the repayment odds at a given score have improved rather than deteriorated

Whether this continues to be the case depends largely on whether stimulus spending and payment accommodations will continue to bridge the gap for consumers until the jobs market has recovered and income instability has abated

Opportunity

Use additional data sources and profiling analyses to identify borrowers more/less likely to be adversely impacted as a result of COVID-19. Many will weather this pandemic; strategy adjustments should be refined and segment-driven.



The FICO Score 10 Suite and FICO Industry Scores

FICO® Score 10 T and FICO® Score 10 Benefits Summary

FICO® Score 10 T and FICO® Score 10 were developed on recent data samples and provide predictive lift over prior score versions

- Many consistencies with prior score versions: 300-850 score range, odds-to-score relationship, minimum scoring criteria

FICO® Score 10 T

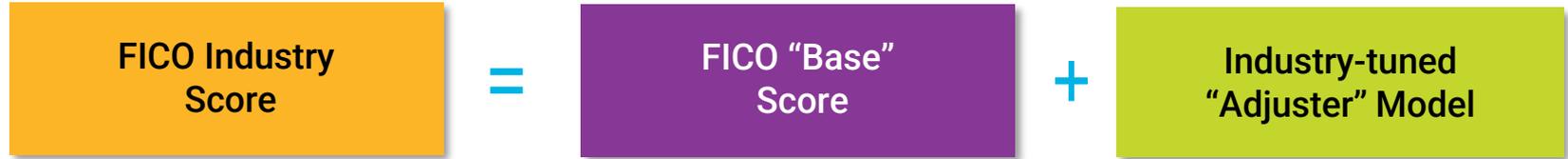
- Incorporates trended data for refined predictive power
 - Utilizes trended variables
 - Utilizes new kinds of static variables
 - Introduces new reason codes

FICO® Score 10

- Backwards compatible
- Does not utilize trended data
- No new reason codes
- Minimizes operational changes associated with adopting new scores while still delivering improved predictive capabilities

FICO® Industry Scores Overview

Provide refined risk assessment for specific credit industries



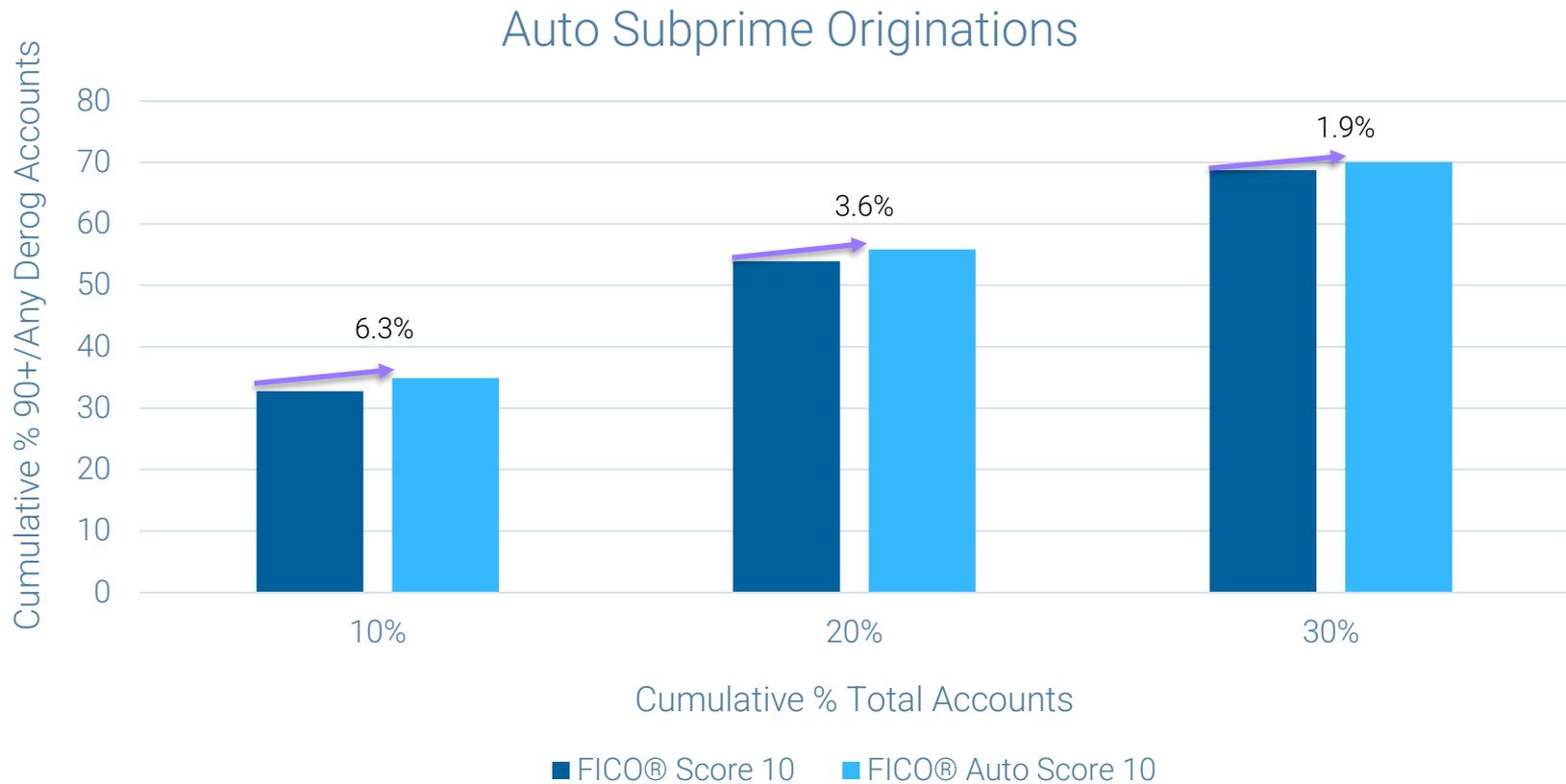
Similarities to “Base” FICO® Score

- Same minimum scoring criteria
- Aligned to consistent odds-to-score relationship
- Developed on same data snapshots

Differences from “Base” FICO® Score

- Utilize additional CB characteristics specific to risk prediction for that industry
- Broader score range (250–900 vs 300–850 for “base” FICO® Score)

FICO® Industry Scores Provide Predictive Lift Over “Base” Score



FICO® Auto Score 10 Provides Predictive Lift Over Prior Auto Scores

Offering Opportunities to Increase Approval Volumes While Controlling for Risk

FICO® Auto Score 10 Swapset Table (relative to FICO® Auto Score 8)
Auto Finance, Originations

Cutoff FICO® Auto Score 8	Above Cutoff % FICO® Auto Score 8	Below Cutoff % FICO® Auto Score 8	Swapped Above Percent	Swapped Below Percent	Swapped Above Odds	Swapped Below Odds
580	88.7	11.3	1.8	2.2	12.1	8.1
620	81.3	18.7	2.8	2.7	20.8	13.6
660	70.8	29.2	4.1	3.0	39.1	21.9
700	57.8	42.2	5.3	3.2	74.5	37.3
740	44.0	56.0	5.2	3.1	142.0	71.0



‘Debt Consolidators’ and the FICO 10 Suite

Credit Card Debt Consolidation Research

Background and Methodology

- Questions raised both internally and externally around the impact of credit card debt consolidation on FICO® Scores
- Conducted research on a nationally representative, longitudinal sample of 10+ million consumers
 - Focused on consumers who consolidated debt during the period Oct 2015 - April 2016
- No readily used/available field in the credit file to identify debt consolidation loans
 - As a result, it was necessary to define a proxy for debt consolidator behavior
 - **~0.5% of total FICO scorable population met the proxy 'debt consolidator' definition used for this study**



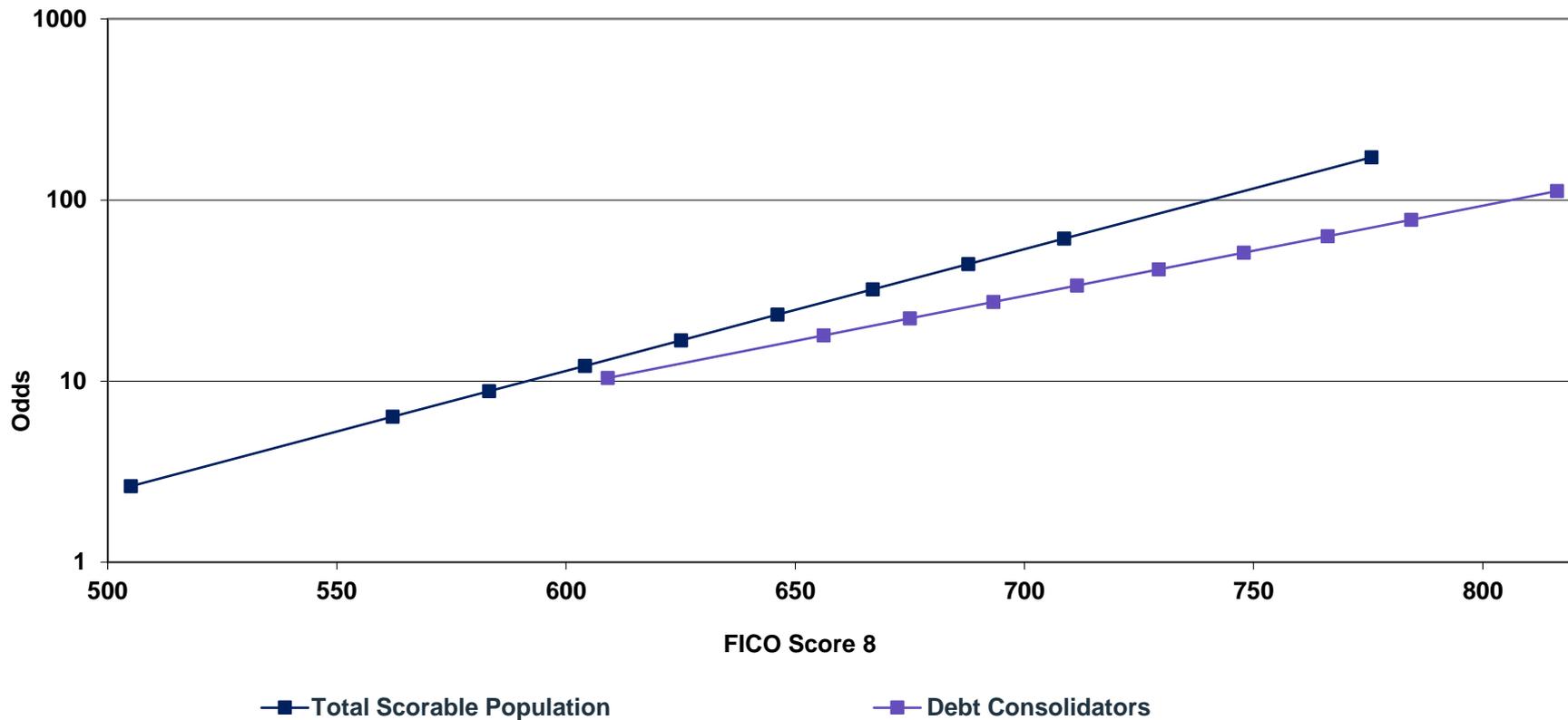
On Average, 24 Point Increase in Score Post-Debt Consolidation

This Initial Score Increase Experienced By Consolidators Regresses Some Over Subsequent Year

Average Metric	Debt Consolidators					Total U.S. Population				
	Oct-15	Apr-16	Jul-16	Oct-16	Apr-17	Oct-15	Apr-16	Jul-16	Oct-16	Apr-17
FICO® Score 8	651	676	672	667	666	702	704	705	705	706
Revolving Utilization	68%	40%	45%	48%	50%	35%	34%	34%	34%	33%
Credit Card Balances	\$9,736	\$6,262	\$7,329	\$8,336	\$9,295	\$5,744	\$5,756	\$5,803	\$5,931	\$5,984
Highest Credit Card Utilization	104%	75%	82%	85%	86%	51%	50%	51%	51%	50%
Total IL Balances	\$28,528	\$30,513	\$31,134	\$31,420	\$31,445	\$23,353	\$23,756	\$24,091	\$24,352	\$24,696
Total Tradeline Balances	\$108,920	\$112,251	\$114,025	\$115,145	\$119,390	\$87,481	\$88,976	\$89,328	\$89,152	\$92,167

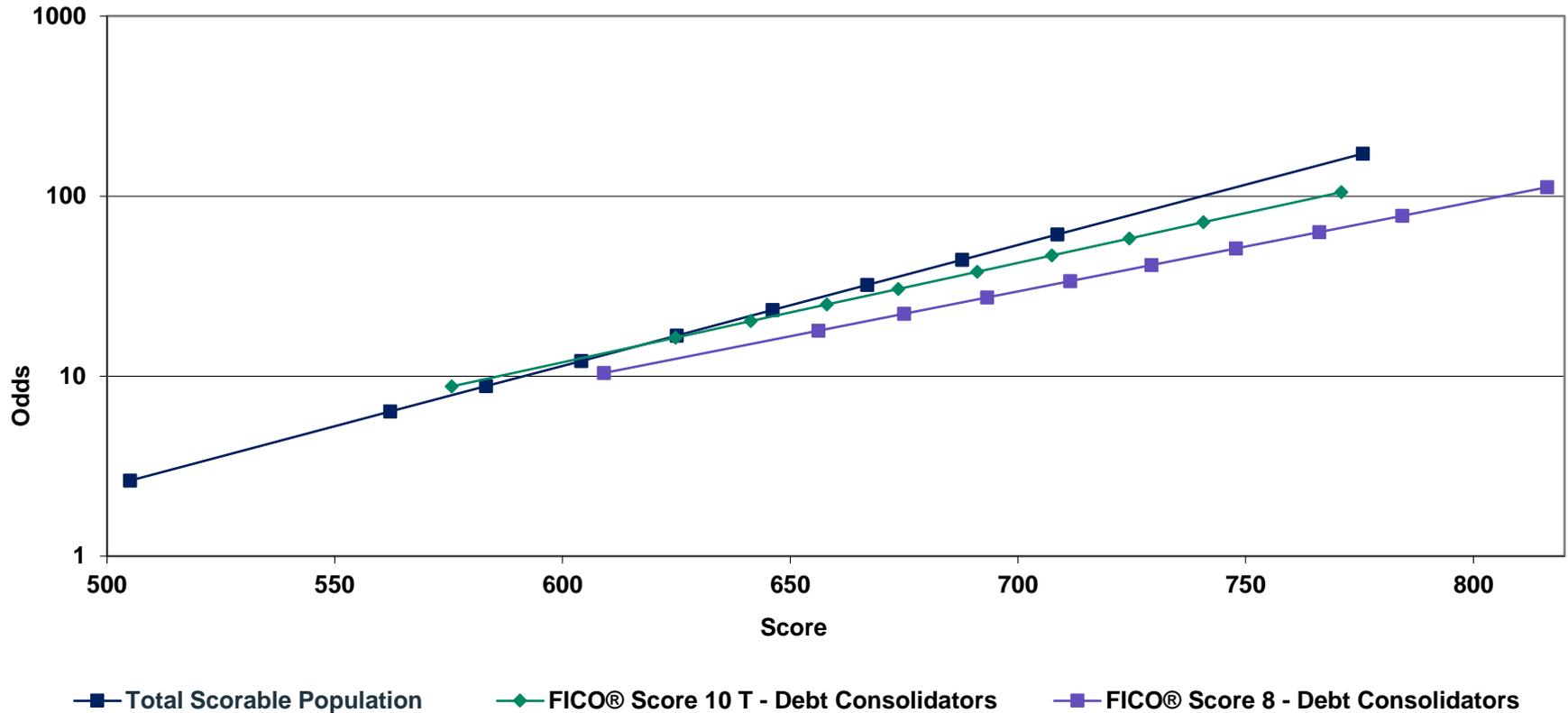
Debt Consolidators Riskier Relative to National Population

Auto Finance, New Accounts



Debt consolidators score more appropriately with FICO® Score 10 T

Auto Finance, New Accounts





Thank You!

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FICO® Scores are Designed to Rank-Order Credit Risk

-  Paid-as-agreed borrower
-  Delinquent borrower

