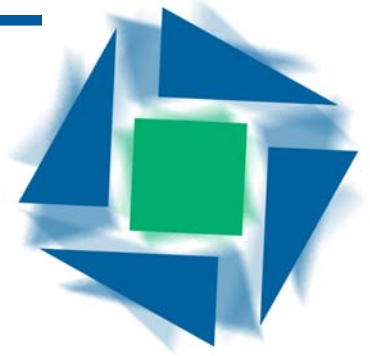


Recovery Scoring



Turning
Probabilities
Into
Profits™

Optimizing recovery rates with efficiency

PredictiveMetrics helps you liquidate more accounts by developing custom Recovery Scoring models to effectively prioritize and automate recovery decisions. By knowing the current assessment of the collectability and financial position of an account in an ever-changing environment, you can direct your collection efforts to maximize returns.

Return On Your Investment

- ◆ Collect more by collecting smarter
- ◆ Know the probability of payment **and** expected dollars to be collected on each account
- ◆ Utilize internal performance data for cost-productive decisioning
- ◆ Reduce collection costs and time by taking the appropriate action

Knowing the Score

Applying your business experience and guidance, PredictiveMetrics develops Recovery Scoring models to evaluate the probability that a severely delinquent account will pay its outstanding credit obligation.

Through understanding an account's propensity to pay a debt and how much you will collect on each account, you can develop collection strategies to rank order collections.

Recovery Scoring models are empirically derived multivariate statistical models that incorporate many different data elements. These models leverage actual collection portfolio performance from your portfolio as well as your collection effort data to drive model performance up. Statistics identifies the most predictive data variables and optimally weights them.

The output of a Recovery Scoring model is a score that can be used by itself to arrive at a decision or can be combined with other information in a matrix to prioritize collection activities.

Using the Score

A recovery score helps you set up a collection strategy by using the score and outstanding balance to focus collection activities. Minimize working accounts that are likely to pay; concentrate on accounts with medium to high probability of paying; and substantially lower costs and time on accounts that are not likely to pay.

Implementing the Score

You Implement: PredictiveMetrics provides technical specifications, which are detailed instructions used to program the model. PredictiveMetrics works closely with your IT to ensure the model is coded correctly. This process entails the model being coded internally and/or externally.

PredictiveMetrics Implements: The recovery model is programmed on PredictiveMetrics' computer systems, which decreases IT implementation time, resources, and expenses. File transfer occurs through encrypted FTP Internet exchange, which creates greater speed and efficiency as well as protecting data and customer security.

Proving the Score

The following Recovery Scoring case study illustrates the effectiveness of using custom recovery scores to predict payments from a bad debt portfolio.

PredictiveMetrics developed a Recovery Scoring model based upon delinquent utility bills already placed for collections. The goal of the model was payment in full with potential goals of partial payments, and payments in excess of 50% owed.

PredictiveMetrics combined information available at time of placement from information databases (i.e., public records) with collection agency record information to model paid-in-full determinants. The company used the scores to rank order collections by paid-in-full behavior increasing liquidation rates.



The performance and effectiveness of the Recovery Scoring model can be seen and compared by analyzing the model's ability to capture accounts that will completely pay off their bad debt. The x-axis is a ranking of the portfolio based upon the score showing retrospectively who will PAY-IN-FULL and the y-axis tells you who actually PAID-IN-FULL. By the 50th percentile of the most collectable accounts the model captures 85% of all paid-in-full accounts.

Scoring with PredictiveMetrics

PredictiveMetrics turns probabilities into profits. Statistical modeling is our business and we make it yours by helping you understand collectability on your portfolio. Our analytical team works with you to ensure that your company's resources are optimally utilized to make automated, knowledge-based decisions that are proven accurate through statistical validation. Your solutions are delivered on time, to specifications, with definitive results!

For more information about PredictiveMetrics' custom Recovery Scoring models, call 732-530-9303 and ask to speak with a sales representative.



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