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The Japan Research Institute, Limited

To Whom It May Concern:

Notice of the Credit Scoring Service

The Japan Research Institute, Limited ("JRI"; Head office: 16, Ichiban-cho, Chiyoda-ku, Tokyo, President: Masahiko Koido) held a "Credit Scoring Workshop" for regional banks and secondary regional banks starting from October 2000, as a joint project with Fair Isaac, and Company Inc. (Fair Isaac), a world leader of credit scoring. In the workshop, we have developed scoring models and studied utilization methods of them. From January 2002, JRI started a credit scoring service in ASP mode for all the financial organizations and business corporations using the models that were developed in the workshop as the basis.

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1. Outline of the service

Through the Credit Scoring Workshop, we developed very convincing models using the data provided by a total of 15 banks including regional banks and secondary regional banks, analysis know-how of Fair Isaac, and their rich experience in the USA.

The models that were developed include a "model for small-to-medium companies" targeting companies of annual turnover of up to 500 million yen and a "model for sole proprietors businesses" targeting those applicable to blue form income tax returns.

The Credit Scoring Service is provided in ASP mode by using LiquidCredit(R), a strategic software of Fair Isaac.

2. Features of the service

(1) Displays not only scores and odds (NG probability) but also decision-making results based on user definition (providing a decision support system).

(2) Provides the optimum model by verifying periodically the feasibility of the model that was developed, modifying or redeveloping the model as required based on the data of each user with the full support of Fair Isaac.

JRI has many financing system products for financial organizations in addition to this Credit Scoring Service, showing many installation results. For outsourcing services also, JRI has accumulated a wide range of abundant assignment results covering from payroll calculation to operation management of base service systems. Based on the know-how, we have developed an agreeable ASP environment with a high security feature and will continue to provide user-friendly credit-scoring services.

1. Services provided

The Credit Scoring Service provides the following five types of services as the main services. In particular, the decision support system described in (2) offers a special feature.

(1) Scoring service

At the start of the service, seven types of models in total are provided for small-to-medium companies and sole proprietors. This service calculates scores and odds (NG probabilities) based on the input data.

(2) Providing a decision support system

A decision support system incorporates strategies and examination standards of each bank in the form of a strategic tree. This enables the inclusion of the conventional elements of personal judgment in addition to scoring results of simple scores and odds (NG probabilities), enabling clarification of examination rules. In addition, it is possible to standardize financing judgment by perfecting penetration of financing strategies set up by the project head office, up to the person in charge of negotiations in all the branches.

We believe that, through integration of credit scoring models and a decision support system, a service that can handle actual businesses can be provided.

(3) Creation and distribution of tracking reports (once or twice a year)

The service creates and distributes reports for verifying stability of distribution of population and whether credit scoring models work well. (Some reports require submission of data from users.)

(4) Implementation of workshops (three to four times a year)

The service provides three to four workshops per year to discuss case studies utilizing credit scoring models and sharing the latest information in the USA.

(5) Support of credit scoring staff of each user

The service supports credit-scoring staff of each company regarding the utilization method.

2. Utilization image

Users can receive the service by logging into the access of the specified window through the Internet and sending the necessary data (ASP mode). Calculation of scores and odds and display of decision-making are performed in almost real time.

By employing the ASP mode, JRI takes care of all the system tasks required for periodic maintenance or addition of models, reducing the amount that needs to be invested for the system by users and eliminating the load for securing system staff.

Reference: Fair Isaac, and Company Inc.

Fair,Isaac (Fair,Isaac, and Company Inc. Headquarter: San Rafael, California, USA) Fair, Isaac and Company is the preeminent provider of creative analytics that unlock value for people, businesses and industries. The company's predictive modeling, decision analysis, intelligence management and decision engine systems power more than 14 billion decisions a year. Founded in 1956, Fair, Isaac helps thousands of companies in over 60 countries acquire customers more efficiently, increase customer value, reduce risk and credit losses, lower operating expenses and enter new markets more profitably. Most leading banks and credit card issuers rely on Fair, Isaac's analytic solutions, as do insurers, retailers, telecommunications providers and other customer-oriented companies. In Japan, over 60 companies in banking, credit card, leasing and consumer finance industry are utilizing Fair,Isaac's solutions. For more information, visit www.fairisaac.com.

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Enquiries regarding this notice should be addressed to:

Credit Scoring Institute, Research Operation Head Office, The Japan Research Institute, Limited

Toshio Mori, Counselor (in charge of the Research Operation Head Office)

Hiroataka Shibata, Consultant

Tel: 03-3288-4685, E-Mail: c-scoring@rcd.jri.co.jp