

# **BANK LOAN REPORT**

## **TERMS AND CONCEPTS USED IN DATA**

### **Loan ID:**

*Purpose:* Loan ID is a unique code given to each loan application or account, serving as a key identifier for tracking purposes.

*Bank Use:* It helps banks efficiently track, manage, and reference individual loans, from disbursement through repayment, ensuring streamlined record-keeping and handling of customer queries.

### **Address State:**

*Purpose:* This field captures the borrower's location, helping assess risks specific to their region and ensuring compliance with regional regulations.

*Bank Use:* Banks analyze this data to spot geographic loan demand trends, adapt marketing strategies, and manage regional risks effectively.

### **Employment Length:**

*Purpose:* Employment length gives insight into the borrower's job stability, which can be an indicator of their financial reliability.

*Bank Use:* Banks evaluate employment duration to determine a borrower's repayment reliability, as longer employment typically suggests reduced risk of default.

### **Employment Title:**

*Purpose:* This field specifies the borrower's job or role, offering insights into their source of income.

*Bank Use:* Banks use this to verify the borrower's occupation, assess earning potential, and customize loan options based on different professions.

### **Grade:**

*Purpose:* Grade is a classification system used to indicate the borrower's creditworthiness, with higher grades reflecting lower risks.

*Bank Use:* Banks utilize grades to adjust loan interest rates and manage risk, where high-grade loans often get better terms and are more appealing to investors.

### **Sub Grade:**

*Purpose:* Sub Grade provides further risk categorization within the main grade, allowing for more precise risk evaluation.

*Bank Use:* By using sub grades, banks can fine-tune loan terms and interest rates, ensuring they match the borrower's specific risk profile.

**Home Ownership:**

*Purpose:* This indicates the borrower's housing status and offers insight into their financial stability.

*Bank Use:* Banks consider home ownership when evaluating loan collateral and a borrower's stability, as homeowners generally present a lower risk of default.

**Issue Date:**

*Purpose:* The date when the loan was issued, marking its start and used for calculating loan maturity.

*Bank Use:* Banks track the issue date to monitor loan aging, calculate interest, and manage loan portfolios efficiently.

**Last Credit Pull Date:**

*Purpose:* This field records the most recent date the bank reviewed the borrower's credit report.

*Bank Use:* Banks use this information to monitor changes in the borrower's creditworthiness and reassess lending risks.

**Last Payment Date:**

*Purpose:* Indicates when the borrower made their most recent loan payment.

*Bank Use:* Banks analyze this data to track repayment patterns, calculate delinquency, and forecast future payments.

**Loan Status:**

*Purpose:* This field shows the current status of the loan, such as "current," "paid in full," or "default."

*Bank Use:* Banks monitor loan statuses to gauge loan performance and determine appropriate actions, such as collections or risk management.

**Next Payment Date:**

*Purpose:* Indicates when the next loan payment is due.

*Bank Use:* Banks use this data for cash flow projections and to anticipate revenue from upcoming payments.

**Purpose of Loan:**

*Purpose:* Describes the reason for borrowing, such as debt consolidation, education, or business expenses.

*Bank Use:* Banks utilize this information to customize loan products and better meet the needs of borrowers based on their specific purposes.

**Loan Term:**

*Purpose:* Refers to the length of the loan, typically measured in months, defining the repayment duration.

*Bank Use:* Banks use this field to structure loan terms, calculate repayment schedules, and ensure loan affordability over the set term.

**Verification Status:**

*Purpose:* Indicates whether the borrower's financial information has been verified, ensuring data accuracy.

*Bank Use:* This helps banks assess the reliability of borrower information and verify income or other data used in the loan application process.

**Annual Income:**

*Purpose:* Reflects the borrower's yearly earnings, which help determine their ability to repay the loan.

*Bank Use:* Banks use income figures to evaluate loan eligibility, calculate debt-to-income ratios, and assess the borrower's financial standing.

**Debt-to-Income Ratio (DTI):**

*Purpose:* This metric shows the borrower's debt obligations relative to their income, measuring their ability to handle new debt.

*Bank Use:* Banks rely on DTI to make informed lending decisions, ensuring that borrowers can manage monthly payments comfortably.

**Instalment Amount:**

*Purpose:* Refers to the fixed monthly payment required to repay the loan, covering both principal and interest.

*Bank Use:* Banks use this field to structure payment schedules and calculate amortization, helping ensure that loan terms remain affordable for borrowers.

**Interest Rate:**

*Purpose:* This is the annual cost of borrowing expressed as a percentage. It dictates how much the borrower will pay in addition to the loan amount.

*Bank Use:* Banks set interest rates based on risk factors, using them to determine the profitability of the loan.

**Loan Amount:**

*Purpose:* The total principal that the borrower receives.

*Bank Use:* Banks use this figure to determine the size of the loan and its impact on the borrower's financial obligations.