**BANK LOAN REPORT**

**TERMINOLOGIES USED IN DATA**

**Fields Used in Data**

**Loan ID:**

Purpose: A Loan ID is a unique identifier assigned to each loan application or account, serving as a primary key for tracking and managing individual loans.

Use for Banks: Banks use Loan IDs to effectively manage and track loans throughout their lifecycle. They help organize loan records, monitor repayments, and address customer inquiries.

**Address State:**

Purpose: The Address State indicates the borrower's location, assisting in the assessment of regional risk factors, compliance with state regulations, and estimating default probabilities.

Use for Banks: Banks use this data to recognize regional trends in loan demand, tailor marketing strategies, and manage risk portfolios based on geographic areas.

**Employee Length:**

Purpose: Employee Length offers insights into the borrower’s employment stability, with longer durations often suggesting greater job security.

Use for Banks: Banks factor in employment length when evaluating a borrower’s ability to repay, as stable employment typically correlates with a lower risk of default.

**Employee Title:**

Purpose: Employee Title indicates the borrower’s occupation or job title, helping lenders understand the source of their income.

Use for Banks: Banks use this information to verify income sources, evaluate the borrower’s financial capacity, and customize loan offers based on different professions.

**Grade:**

Purpose: Grade indicates a risk classification assigned to the loan based on creditworthiness, with higher grades representing lower risk.

Use for Banks: Banks use the grade to determine loan pricing and manage risk. Loans with higher grades generally have lower interest rates and are more appealing to investors.

**Sub Grade:**

Purpose: Sub Grade further refines the risk assessment within a grade, providing more detailed risk differentiation.

Use for Banks: Sub Grades provide a more granular risk evaluation, allowing banks to adjust interest rates and lending terms based on the borrower’s specific risk profile.

**Home Ownership:**

Purpose: Home Ownership reflects the borrower’s housing status, offering insights into their financial stability.

Use for Banks: Banks use this information to evaluate collateral availability and borrower stability, as homeowners may have lower default rates.

**Issue Date:**

Purpose: Issue Date signifies the loan’s origination date, playing a key role in loan tracking and maturity calculations.

Use for Banks: Banks use the Issue Date to monitor loan aging, calculate interest accruals, and manage loan portfolios.

**Last Credit Pull Date:**

Purpose: Last Credit Pull Date records the most recent access to the borrower’s credit report, helping monitor their creditworthiness.

Use for Banks: Banks use this date to track updates in credit history, assess credit risk, and make well-informed lending decisions.

**Last Payment Date:**

Purpose: Last Payment Date indicates the most recent loan payment received, tracking the borrower’s payment history.

Use for Banks: Banks use this date to evaluate payment behavior, calculate delinquency, and project future payments.

**Loan Status:**

Purpose: Loan Status reflects the current state of the loan (e.g., fully paid, current, default), tracking its performance.

Use for Banks: Banks use Loan Status to monitor loan health, categorize loans for risk analysis, and determine provisioning needs.

**Next Payment Date:**

Purpose: Next Payment Date estimates when the next loan payment is due, aiding in cash flow forecasting.

Use for Banks: Banks use this date for liquidity planning and to project revenue from loan portfolios.

**Purpose:**

Purpose: Purpose indicates the reason for the loan (e.g., debt consolidation, education), helping to understand the borrower’s intentions.

Use for Banks: Banks use this information to segment and personalize loan offerings, tailoring loan terms to meet borrower needs

**Term:**

Purpose: Term defines the loan’s duration in months, setting the repayment period.

Use for Banks: Banks use the term to structure loan agreements, calculate interest payments, and manage loan maturities.

**Verification Status:**

Purpose: Verification Status indicates whether the borrower’s financial information has been verified, helping assess data accuracy.

Use for Banks: Banks use this field to assess data reliability, confirm income, and evaluate the credibility of the loan application.

**Annual Income:**

Purpose: Annual Income represents the borrower’s total yearly earnings, helping to assess their repayment capacity.

Use for Banks: Banks use this income figure to determine loan eligibility, calculate debt-to-income ratios, and evaluate creditworthiness.

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

Purpose: DTI measures the borrower’s debt burden in relation to their income, assessing their capacity to take on additional debt.

Use for Banks: Banks use DTI to evaluate a borrower’s ability to manage loan payments and make informed lending decisions.

**Instalment:**

Purpose: Instalment refers to the fixed monthly payment amount that covers both principal and interest on the loan.

Use for Banks: Banks use this information to structure loan terms, create amortization schedules, and evaluate the borrower’s payment affordability.

**Interest Rate:**

Purpose: Interest Rate indicates the annual borrowing cost as a percentage, defining the overall expense of the loan.

Use for Banks: Banks use interest rates to set loan pricing, maintain profit margins, and appeal to investors.

**Loan Amount:**

Purpose: Loan Amount refers to the total sum borrowed, representing the principal of the loan.

Use for Banks: Banks use the Loan Amount to determine the size of the loan and structure repayment terms accordingly.