BANK LOAN Analysis

By

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INTRODUCTION

This banking analysis covers the overall lending performance, borrower demographics, loan quality, repayment patterns, and areas of potential risk. It is intended to provide both strategic and operational insights for management decision making.

The banking industry today faces the dual challenge of expanding credit access to meet customer needs while maintaining strict controls on credit risk. The institution's ability to balance growth with prudent lending practices directly impacts its profitability and long term sustainability. By examining key performance indicators (KPIs) such as total loan applications, good and bad loan ratios, funded amounts, repayment figures, loan terms, employment length, and home ownership patterns, this report aims to highlight strengths, identify weaknesses, and propose actionable recommendations.

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AIMS

The aim of this report is to evaluate the performance of Bank's loan portfolio, highlighting the effectiveness of its lending activities, repayment patterns, and risk management strategies. It seeks to provide management with insights that will support better decision-making and improved profitability.

OBJECTIVE

The objectives of this report are to assess the proportion of good and bad loans within the portfolio and understand how each group affects overall repayment performance. It aims to analyze borrower characteristics, such as employment stability, home ownership, and preferred loan terms, to determine their influence on repayment reliability. Another objective is to review monthly loan and repayment patterns to identify any seasonal changes or warning signs of repayment issues. Finally, the report seeks to highlight the financial impact of bad loans and suggest measures to reduce defaults and improve recovery rates

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CASE STUDY

In bank, a major player in the lending market, manages a diverse portfolio of personal, business, and home improvement loans. In the latest reporting period, the bank processed close to 39,000 loan applications, funding over $435M and recovering $473M. The portfolio is largely composed of good loans, with a default rate below 14%, which is a testament to the bank's rigorous credit assessment and prudent lending strategies.

Employment stability emerged as a key predictor of repayment behavior. Borrowers with over 10 years of job history accounted for the largest share of both funding and repayment, while those with less than a year in their current job still attracted significant funding but posed higher repayment risks. Similarly, home ownership status influenced repayment patterns, with mortgage holders demonstrating higher repayment reliability than renters.

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38.6K
Total Loan Application

33.2K
Good Loan Application

$435.8M
Total funded amount

5333.0
Bad Loan Application

$370.2M
Good Loan Funded Amount

$473.1M
Total Amount recieved

$65.5M
Bad loan funded Amount

$37.3M
Bad Loan Amount Received

$435.8M
Good Loan Amount Received

KPIs INSIGHT

1. Total Loan Application (38.6K)
This represents the total number of loan requests submitted. It shows the overall demand for loans within the period measured.
2. Good Loan Application (33.2K)
These are loan requests that met the lender's approval criteria. The high proportion compared to total applications indicates strong applicant quality
3. Bad Loan Application (5,333)
These are applications that failed to meet the approval standards, signaling potential credit risk. This metric helps track the rejection rate and credit screening effectiveness.
4. Total Funded Amount ($435.8M)
The sum of all disbursed loans, both good and bad. It reflects the scale of the lending operations.
5. Total Amount Received ($473.1M)
Total repayments collected from borrowers. The fact that this exceeds the total funded amount suggests earnings from interest and fees.
6. Good Loan Funded Amount ($370.2M)
The portion of total funding directed toward approved good loans, showing the focus on low-risk lending.
7. Bad Loan Funded Amount ($65.5M)
Funds disbursed to high-risk loans, representing potential exposure to defaults.
8. Bad Loan Recovered Amount ($37.3M)
Repayments collected from bad loans, showing recovery efforts' effectiveness
9. Good Loan Received Amount ($435.8M)
Total repayments from good loans, indicating strong repayment discipline among low-risk borrowers.

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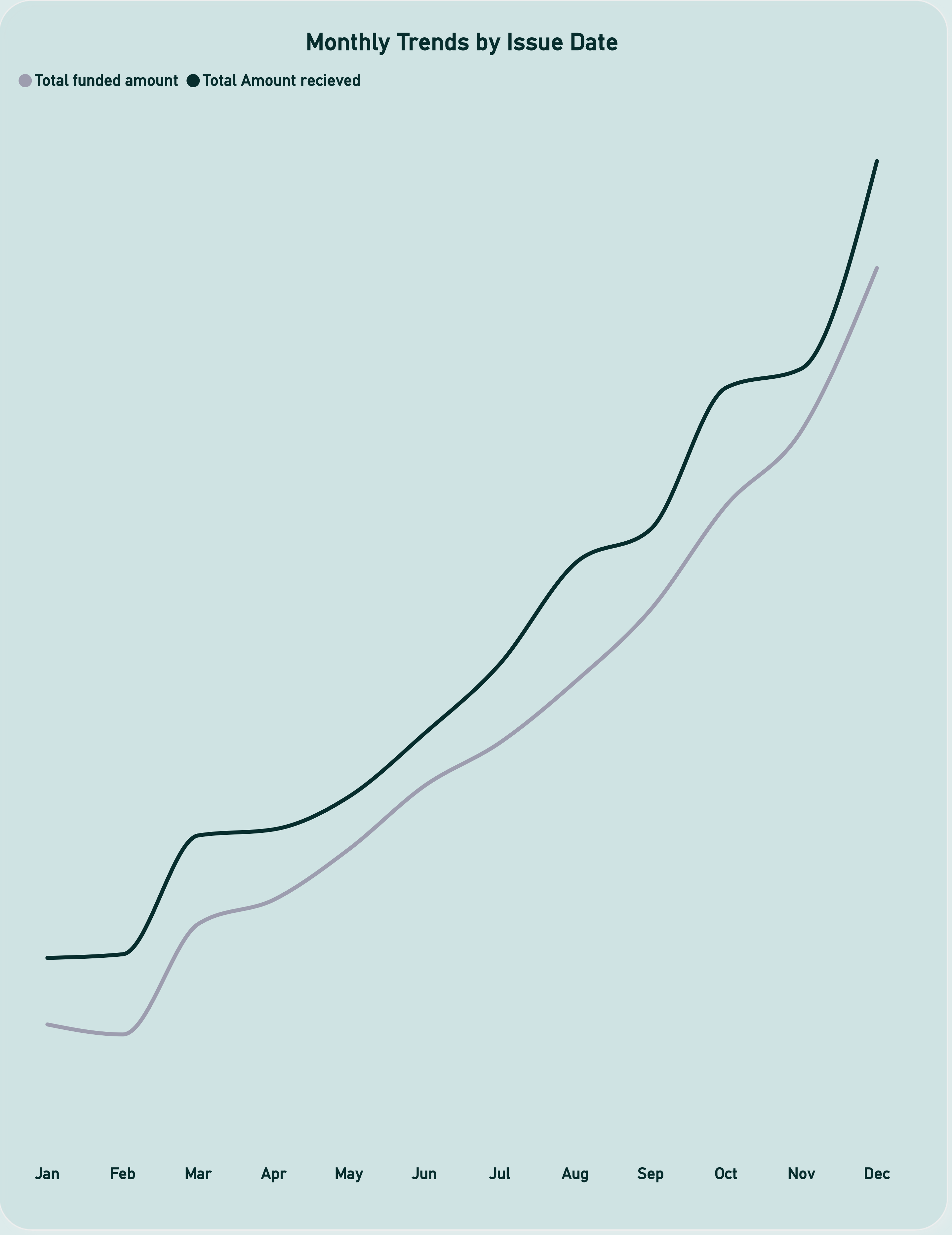

INSIGHTS

The monthly trends reveal that both the funded and received amounts are relatively balanced across the months, showing consistent lending and repayment cycles. Seasonal fluctuations appear minimal, which suggests that customer borrowing behavior is steady and not overly influenced by specific times of the year although a more granular month-by-month trend analysis could reveal subtle seasonal spike

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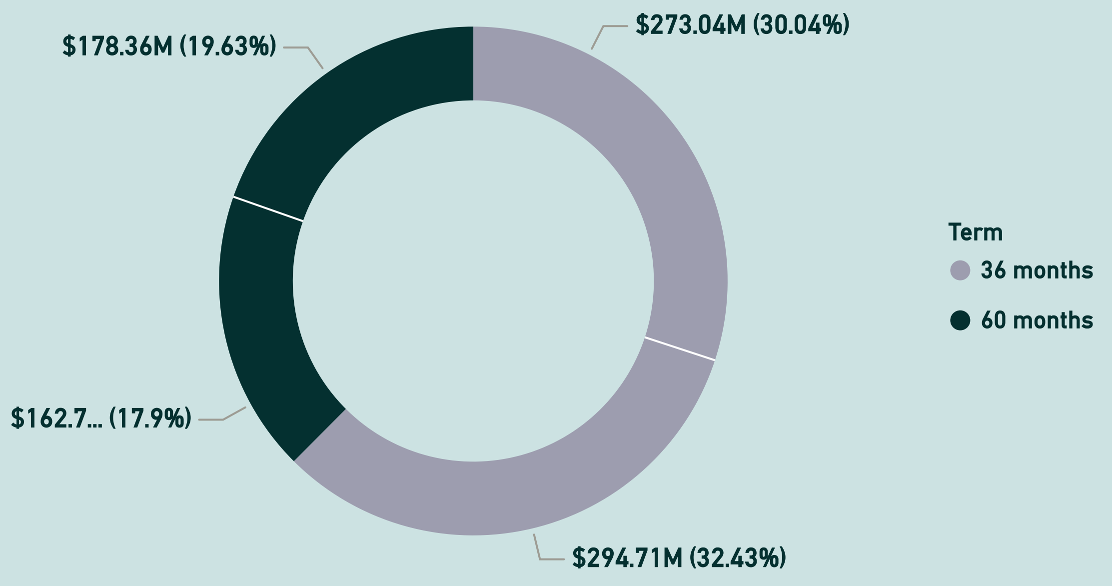
LOAN TERM ANALYSIS



INSIGHTS

The loan term analysis shows a slightly higher preference for 60-month loans ($294.71M) over 36-month loans ($273.04M). While longer loan terms are attractive to borrowers because they reduce monthly payment amounts, they extend the period of exposure to default risk for the bank. Over time, economic shifts or personal financial challenges can impact repayment, making long-term loans inherently riskier despite their popularity.

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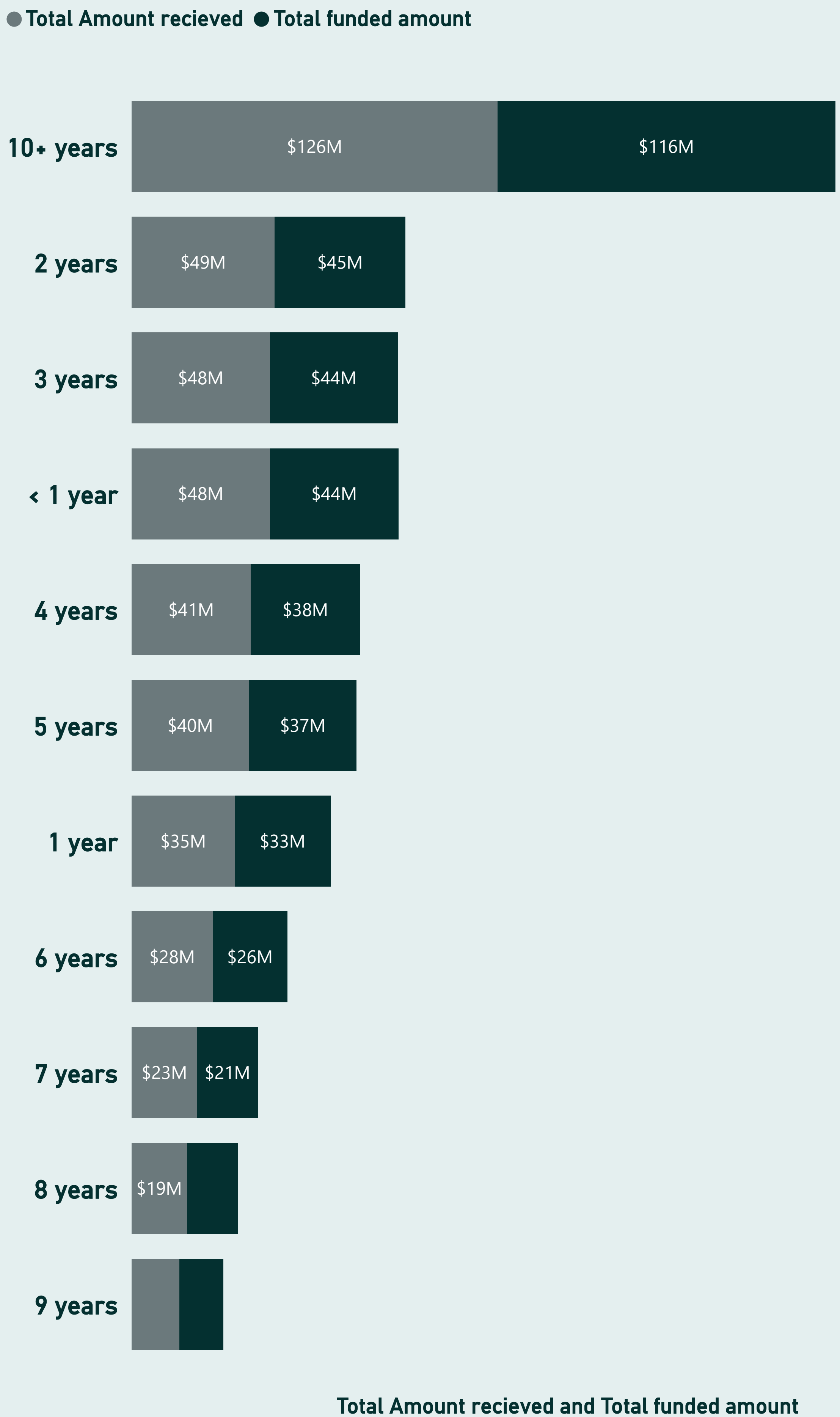
EMPLOYEE LENGHT ANALYSIS



IINSIGHTS

The employee length analysis highlights that borrowers with 10+ years of employment history secured the highest loan funding ($126M) and made the highest repayments ($116M). This reinforces the idea that employment stability strongly correlates with repayment reliability. Borrowers with shorter job tenures, particularly less than 1 year, still attract significant funding ($48M) but represent a greater risk category because their income stability has not yet been proven over time.

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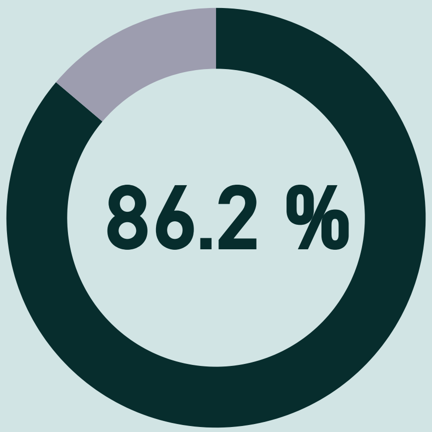
GOOD LOAN ISSUED



Good Loan Application

33.2K

Good Loan Funded Amount

$370.2M

Good Loan Amount Received

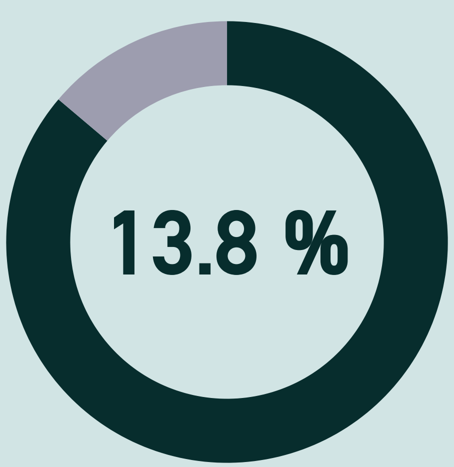
$435.8M

GOOD LOAN INSIGHTS

Good loans are the ones given to people who meet the bank's requirements and are considered low risk. In this report, good loans make up 86.2% of all applications, that's 33,200 out of 38,600 applications. The bank gave out $370.2 million to these borrowers, and they paid back $435.8 million.

These borrowers are valuable to the bank because they bring in steady income and are less likely to cause losses. The bank can build strong relationships with them, offer them more loan products, or give them small interest rate discounts to keep them loyal

BAD LOAN ISSUED



Bad Loan Application

5.3K

Bad loan funded Amount

$65.5M

Bad Loan Amount Received

$37.3M

BAD LOAN INSIGHTS

Bad loans are those given to borrowers who turn out to be risky either they struggle to pay back or stop paying altogether. They make up 13.8% of total applications, which is about 5,300 loans. The bank gave out $65.5 million in these loans but has only gotten back $37.3 million so far.

That means there's still over $28 million that hasn't been recovered. In simple terms, for every dollar lent in this group, the bank is only getting about 57 cents back.

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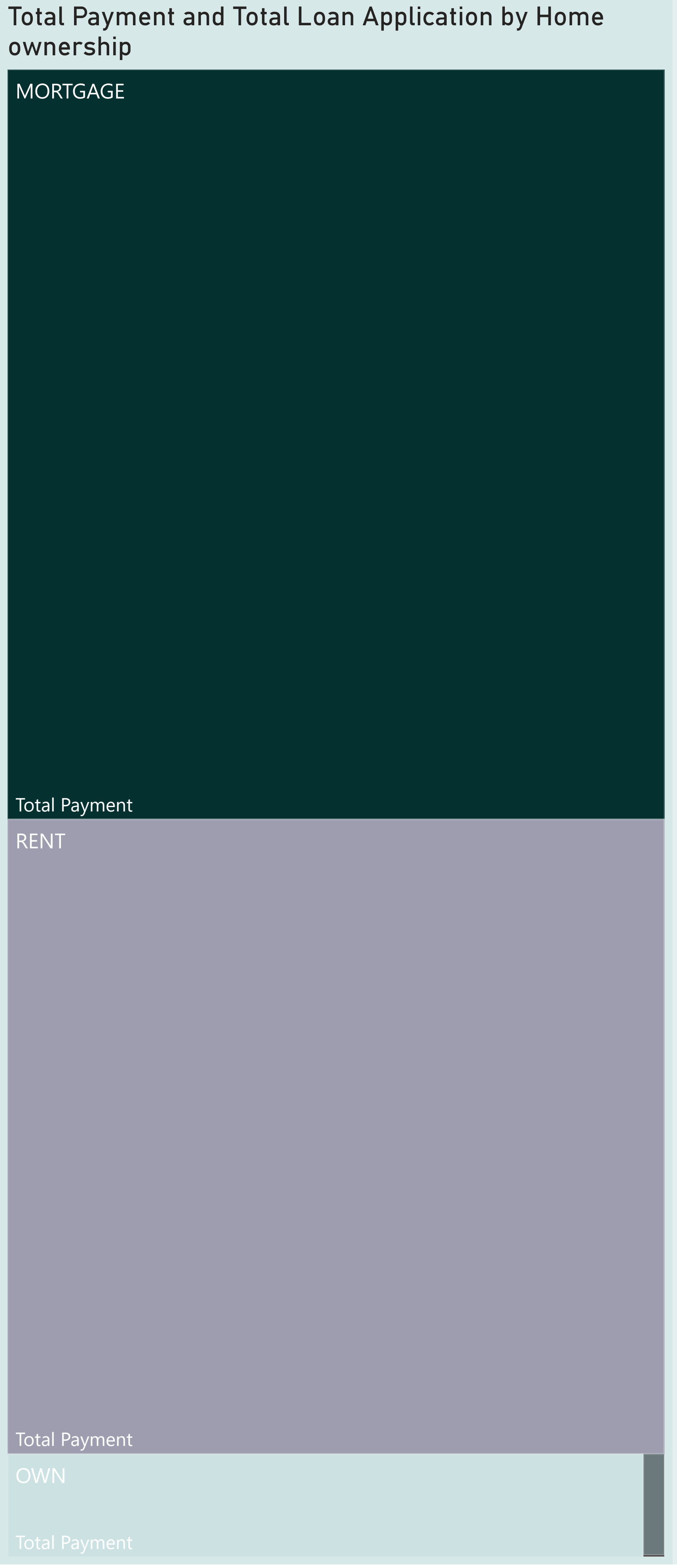

INSIGHTS

Mortgage holders and homeowners generally perform better in repayments than renters. For renters, implementing slightly stricter approval rules or lower loan limits could help reduce defaults. The bank could also offer financial literacy support to this group to improve repayment discipline. For homeowners and mortgage holders, flexible top-up loan options could boost cross-selling opportunities.

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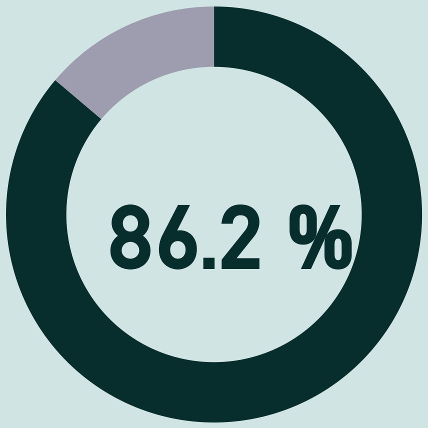
BANK LOAN REPORT

38.6K	$435.8M	$473.1M	12.0%	13.3%
Total Loan Application	Total funded amount	Total Amount recieved	Average interest Rate	Average Dti

GOOD LOAN ISSUED



Good Loan Application

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Good Loan Amount Received

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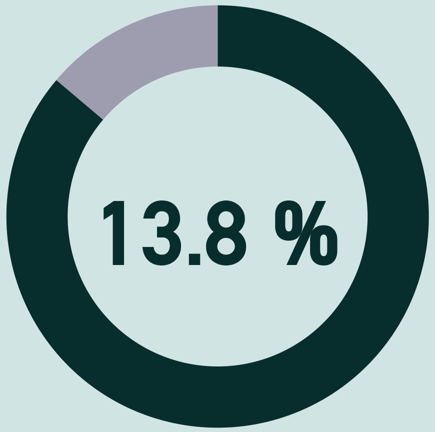
BAD LOAN ISSUED



Bad Loan Application

5.3K

Bad loan funded Amount

$65.5M

Bad Loan Amount Received

$37.3M

Adress State

All

Grade

All

Purpose

All

LOAN STATUS

Loan Status	Total Loan Application	Total funded amount	Total Amount recieved	MTD total funded amount	MTD Amount Recieved	Average interest Rate	Average Dti
Charged Off	5333	$65,532,225.00	$37,284,763	$8,732,775	$5,324,211	13.9%	14.00%
Current	1098	$18,866,500.00	$24,199,914	$3,946,625	$4,934,318	15.1%	14.72%
Fully Paid	32145	$351,358,350.00	$411,586,256	$41,302,025	$47,815,851	11.6%	13.17%
Grand Total	**38576**	**$435,757,075.00**	**$473,070,933**	**$53,981,425**	**$58,074,380**	**12.0%**	**13.33%**

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SUMMARY
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Adress State
All

Grade
All

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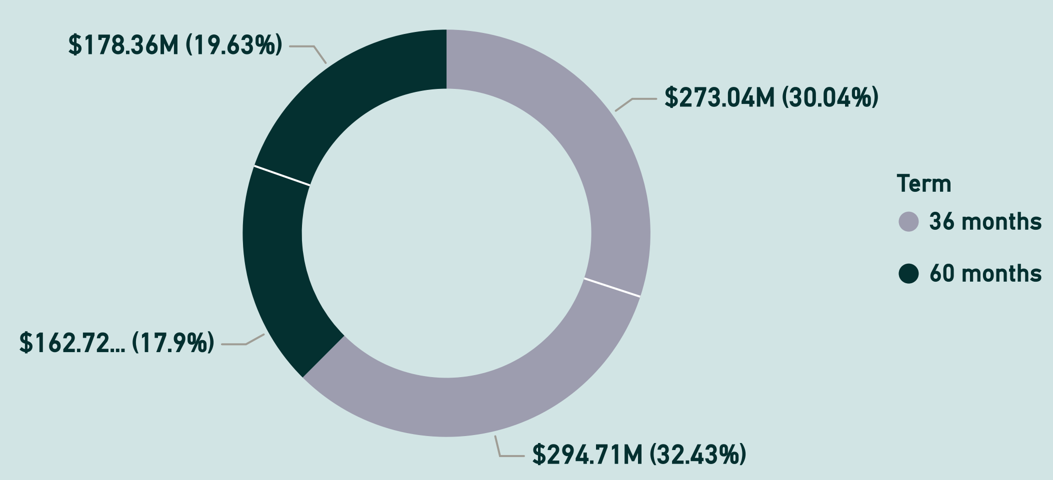
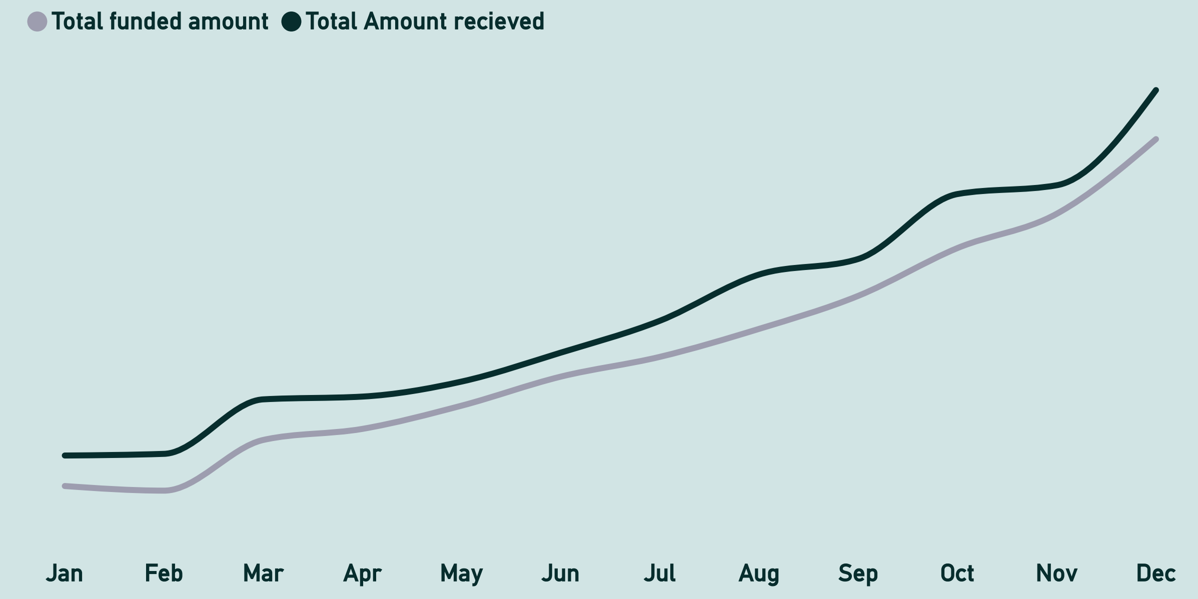
BANK LOAN REPORT

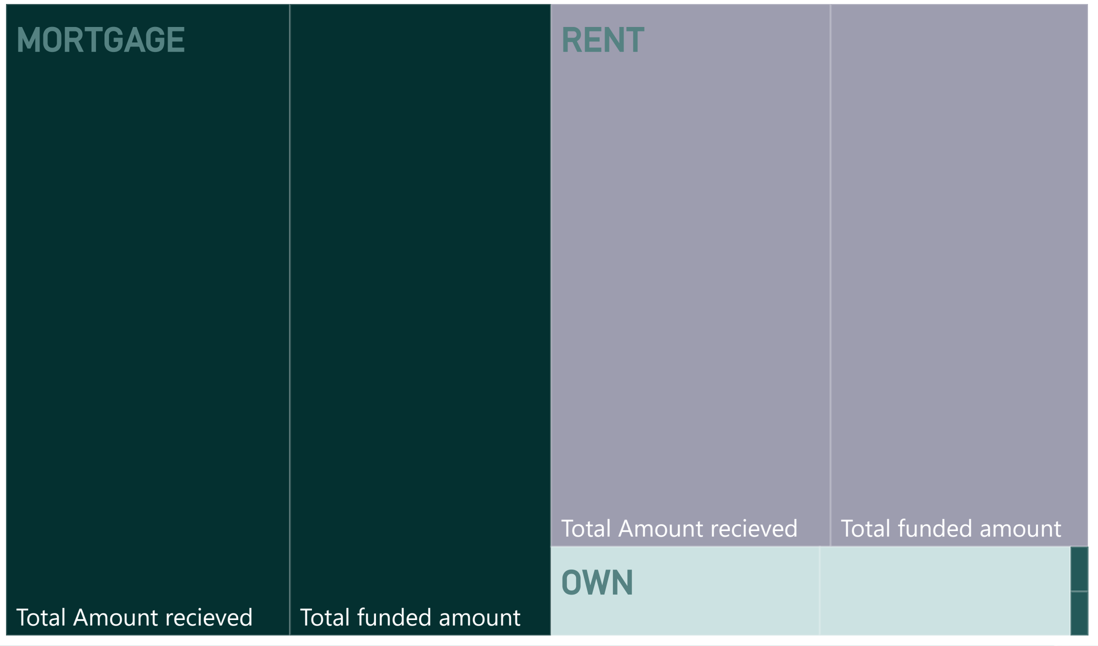
LOAN TERM ANALYSIS



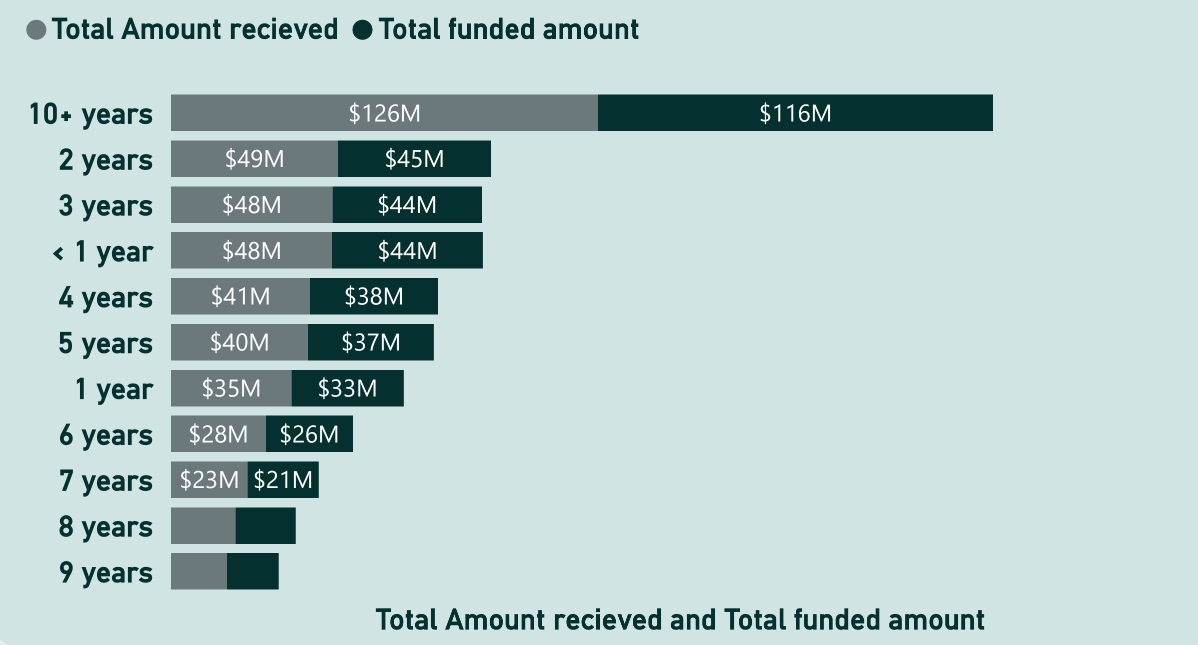
Monthly Trends by Issue Date



Home ownership Analysis



Employee length Analysis



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BANK LOAN REPORT

38.6K
Total Loan Application

$435.8M
Total funded amount

$473.1M
Total Amount recieved

12.0%
Average interest Rate

13.3%
Average Dti

Loan ID	Purpose	Home ownership	Grade	Sub_Grade	issue_date	Total funded amount	Sum of Interest Rate	Sum of Installment	Total A
1068350	car	MORTGAGE	A	A1	1 January, 2021	$3,500.00	0.06	106.53	
1072053	car	RENT	E	E1	1 January, 2021	$3,000.00	0.19	109.43	
1069243	car	RENT	C	C5	5 January, 2021	$12,000.00	0.16	421.65	
178977	small business	MORTGAGE	B	B4	8 January, 2021	$25,000.00	0.10	802.47	
190846	home improvement	RENT	E	E2	8 January, 2021	$25,000.00	0.14	851.41	
191730	Debt consolidation	RENT	E	E4	8 January, 2021	$20,000.00	0.14	687.25	
192299	other	RENT	D	D4	8 January, 2021	$16,000.00	0.13	537.57	
192311	Debt consolidation	RENT	B	B4	8 January, 2021	$10,000.00	0.10	320.99	
192616	Debt consolidation	MORTGAGE	B	B5	8 January, 2021	$12,000.00	0.10	386.99	
193452	small business	RENT	A	A5	8 January, 2021	$10,000.00	0.08	315.12	
193586	major purchase	RENT	C	C2	8 January, 2021	$9,000.00	0.11	292.91	
193630	Debt consolidation	RENT	A	A4	8 January, 2021	$4,000.00	0.08	125.48	
194565	Debt consolidation	RENT	B	B3	8 January, 2021	$12,000.00	0.09	383.45	
194762	Debt consolidation	RENT	E	E1	8 January, 2021	$15,450.00	0.13	523.78	
195618	other	MORTGAGE	D	D2	8 January, 2021	$6,000.00	0.12	199.78	
195655	Debt consolidation	OWN	B	B3	8 January, 2021	$18,000.00	0.09	575.17	
196027	Debt consolidation	RENT	B	B2	8 January, 2021	$3,000.00	0.09	95.42	
196148	Debt consolidation	RENT	B	B2	8 January, 2021	$15,000.00	0.09	477.07	
196380	car	RENT	A	A4	8 January, 2021	$11,000.00	0.08	345.06	
196428	other	RENT	C	C4	8 January, 2021	$4,725.00	0.11	155.19	
196521	home improvement	RENT	B	B5	8 January, 2021	$20,000.00	0.10	644.97	
196559	other	MORTGAGE	A	A1	8 January, 2021	$3,000.00	0.07	[illegible]	
196574	Debt consolidation	RENT	B	B5	8 January, 2021	$9,500.00	0.10		

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RECOMMENDATION

The bank should prioritize tightening its credit assessment process, especially for borrower profiles that have shown higher default risk, such as short-tenure employees and renters without significant collateral. Using advanced predictive analytics can help the bank proactively identify potential defaulters and take preventive measures before loans turn delinquent.

Bad loan recovery processes need to be more aggressive and systematic. This could include early intervention programs, negotiated repayment plans, or partnerships with specialized recovery agencies. Increasing recovery rates from the current levels could significantly improve profitability without increasing new loan volume.

Product structuring should also be reconsidered. While longer loan terms are popular with borrowers, they expose the bank to prolonged risk. Introducing incentives for shorter repayment terms, such as lower interest rates or reduced fees, could shift some borrowers toward safer loan structures.