Bank Loan Report and Insights

What Makes a Bank the Best?
It's the ability to balance opportunity with caution—distributing loans wisely while maximizing returns through timely repayments and competitive interest rates. A bank's performance can be measured by many factors, but the **Good vs. Bad Debt ratio** stands out as one of the most critical. This ratio helps determine how much of the bank's loan portfolio is profitable and how much ends up draining the bank's resources.

Good loans are those that are either fully paid off or are being repaid on time through regular installments.
Bad loans, on the other hand, are those where the borrower has either defaulted or is significantly behind on payments. In essence, a bad loan is one where the bank ends up funding more than it receives back.

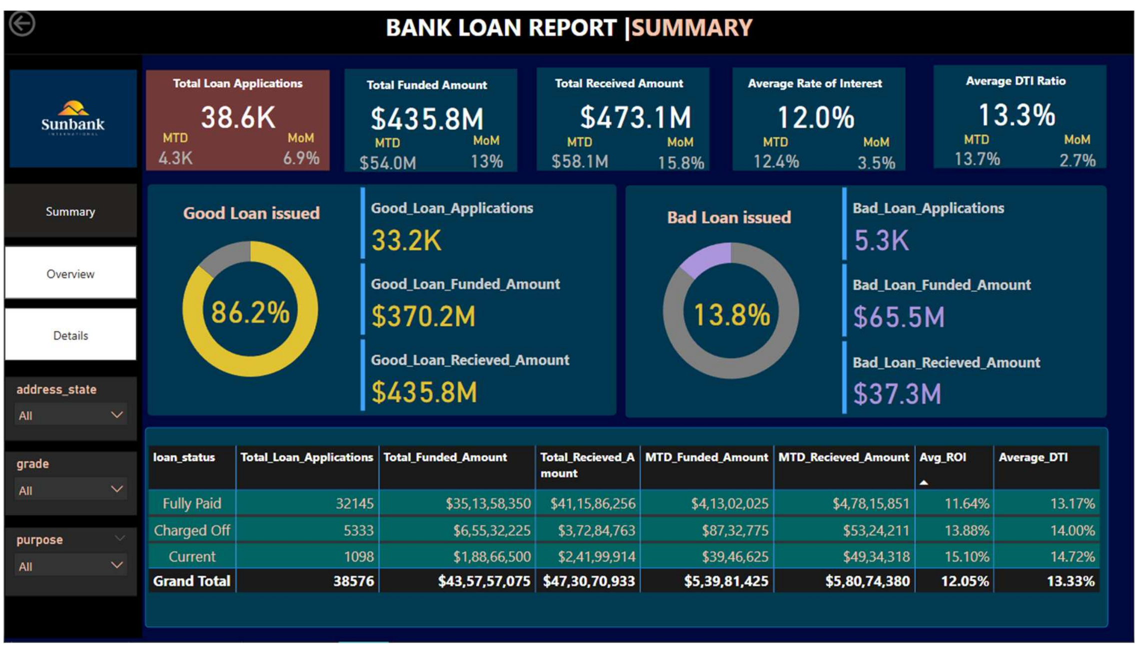
From a bank's perspective, it is essential to understand why borrowers fail to repay. In today's fiercely competitive banking industry, a bank cannot afford to simply reject a loan application because the applicant seems unworthy—because that customer will just go to a competitor.

The key is **not just about taking risks—it's about taking calculated risks.**

The following Bank Loan Report consists of 3 pages:

1)Summary:

This page presents all the major KPIs, along with the most significant one: the Good vs. Bad Debt comparison.



loan_status	Total_Loan_Applications	Total_Funded_Amount	Total_Recieved_Amount	MTD_Funded_Amount	MTD_Recieved_Amount	Avg_ROI	Average_DTI
Fully Paid	32145	$35,13,58,350	$41,15,86,256	$4,13,02,025	$4,78,15,851	11.64%	13.17%
Charged Off	5333	$6,55,32,225	$3,72,84,763	$87,32,775	$53,24,211	13.88%	14.00%
Current	1098	$1,88,66,500	$2,41,99,914	$39,46,625	$49,34,318	15.10%	14.72%
Grand Total	**38576**	**$43,57,57,075**	**$47,30,70,933**	**$5,39,81,425**	**$5,80,74,380**	**12.05%**	**13.33%**

From this, we understand that out of the total 38.6K loan applications, **86.2% turned out to be good loans**, while the remaining were classified as bad. The reasons behind this classification become clearer when we look at the numbers.

For **Good Loans**, the **Funded Amount** was **$370.2M**, and the **Amount Received** was **$435.8M**, resulting in a **profit of $65.6M**.
In contrast, for **Bad Loans**, the **Funded Amount** was **$65.5M**, but the **Amount Received** was only **$37.3M**, leading to a **loss of $28.2M**.

What's striking is that just **5,333 charged-off loan applications** were responsible for such a significant loss to the bank.

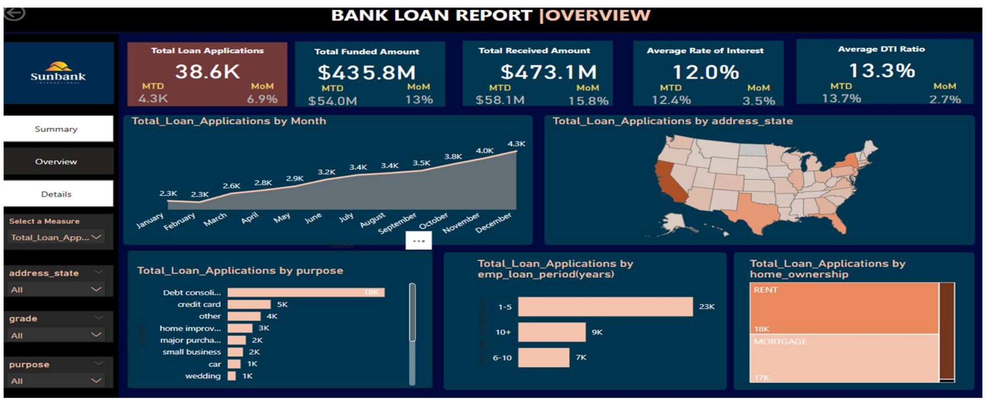
2):Overview

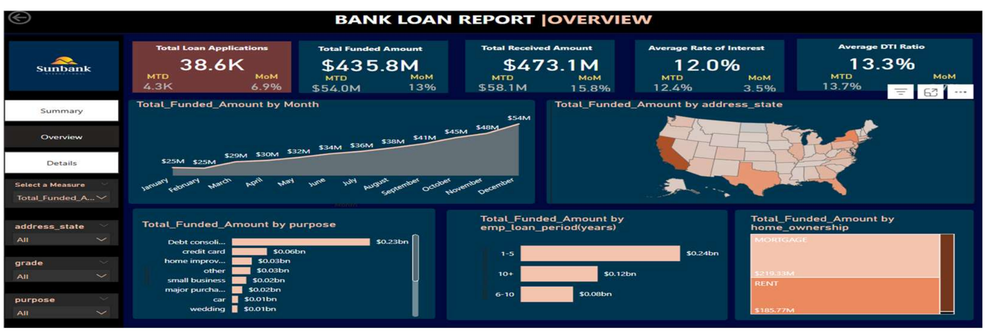
This page presents all the major KPIs, along with analysis based on :

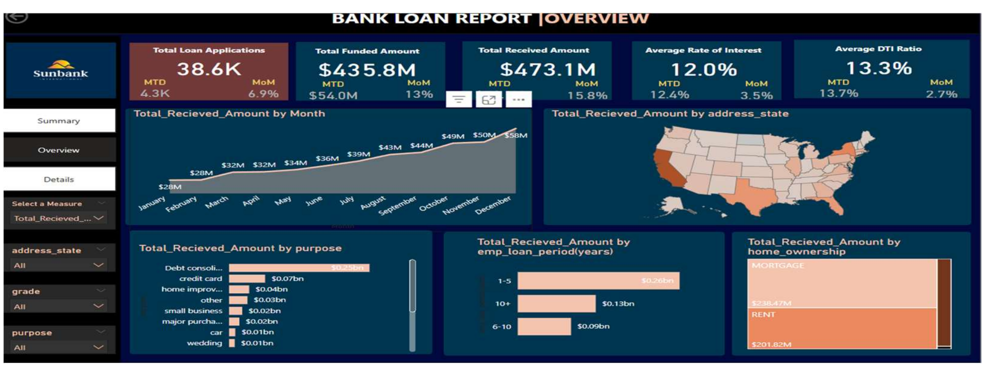
1)Total Loan Applications

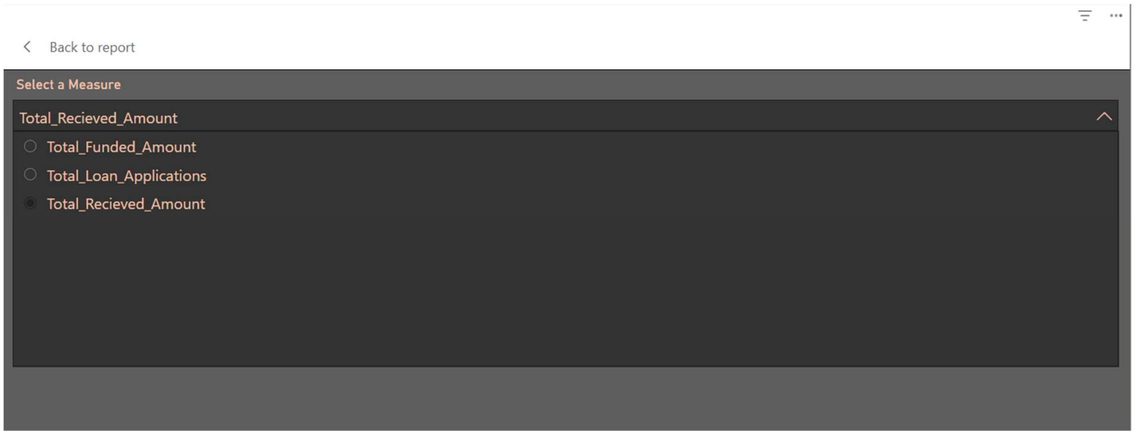
2)Total Funded Amount

3)Total Received Amount

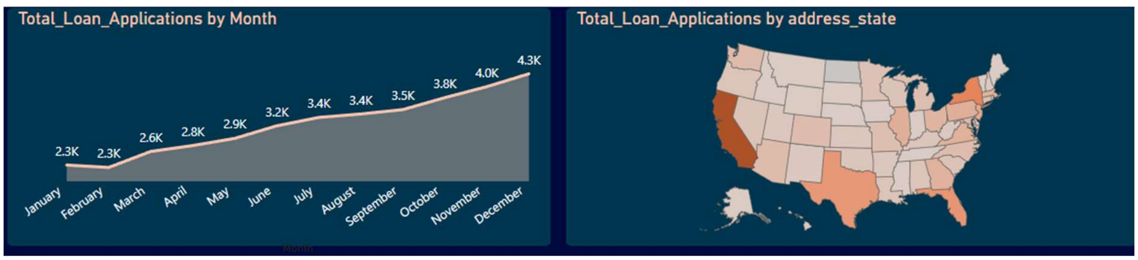








As you can see, instead of creating three separate pages, we streamlined the process using **data modeling**. We incorporated measures like **Total Funded Amount**, **Total Loan Applications**, and **Total Received Amount** into a single view. This way, you can simply select the measure you want to analyze, and the relevant insights will be generated instantly—with just a click.



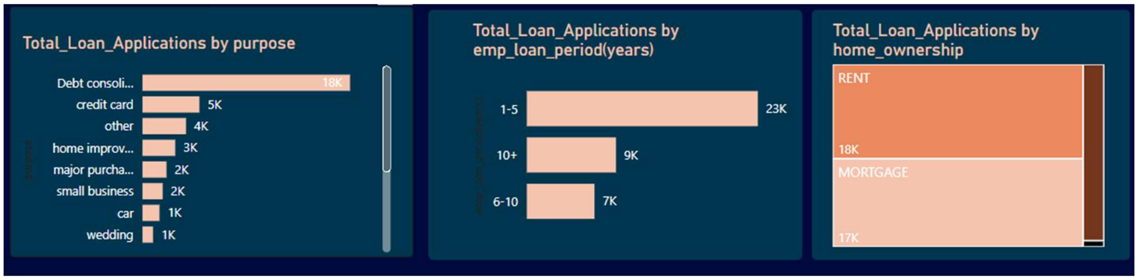
Here as we can see the **loan applications throughout the year are continously increasing.**

The steady increase in **Total Loan Applications** from January to December **indicates growing customer trust, expanding market reach, or effective promotional and lending strategies throughout the year. This upward trend may also reflect improved economic confidence or seasonal demand patterns.** For the bank, it suggests a positive trajectory in customer engagement and presents an opportunity to scale lending operations—provided risk and credit quality are managed effectively.

The color map uses density to signify the number of aplications statewise,More denser the color more the number of applications from the State.From the Color Map it is clearly visible that the bank receives loan applications mainly from **California ,Texas ,Florida and New York** ,**California with most applications 6894**

The concentration of loan applications in **California, Texas, Florida, and New York** suggests that the bank's loan activity is **predominantly urban-centric**. These states contain some of the **largest metropolitan areas** in the U.S., such as:

- **California** – Los Angeles, San Francisco, San Diego
- **Texas** – Houston, Dallas, Austin
- **Florida** – Miami, Orlando, Tampa
- **New York** – New York City, Buffalo, Rochester



Now on further analysis considering **the purpose for loan**, **the Duration period of the loan** and considering one more important aspect which may seem less relevant but speaks volumes: **Home Ownership** we derive:

Loans for **Debt Consolidation** are the highest around **18k**,which comes out to be **47.21% of the Total Applications** but what exactly is Debt Consolidation?

Debt consolidation is a financial strategy where a person combines multiple debts into a single loan—usually with better terms like a lower interest rate, reduced monthly payments, or a longer repayment period. Instead of managing several different credit card bills, personal loans, or other debts, you take out one new loan to pay off all the others. Then, you just make one monthly payment on that new loan.

1)A large volume of debt consolidation applications suggests that many customers are already juggling multiple debts and are seeking relief through more manageable, single-payment solutions.

2) It implies financial stress but also financial awareness. People are trying to avoid default by restructuring their obligations—so they're actively seeking ways to improve their debt situation.

While debt consolidation loans can be profitable, they also come with moderate risk, since these customers are already in financial pressure zones. It's important for the bank to assess the borrower's repayment behavior and creditworthiness carefully.

The fact that most loans have a duration of 1–5 years can be attributed to the nature of debt consolidation loans, which commonly fall within this tenure. Out of the total 18,000 debt consolidation loans, approximately 10,600 have a loan term of 1–5 years, accounting for around 58% of such applications.

Now comes the aspect many tend to ignore:

Home Ownership

1. Rent

- The borrower **does not own** the home they live in and pays **monthly rent** to a landlord.
- **Implication:**
  - May have **less financial stability** or fewer assets.
  - Often seen as **slightly higher risk**, especially if rent is a significant portion of their income.
  - No home equity to fall back on.

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2. Mortgage

- The borrower **owns the home**, but it's **still under a mortgage loan** (i.e., they're making regular payments to a bank).
- **Implication:**
    - More financially established than renters.
    - Has assets, but also **ongoing debt obligations**.
    - Usually seen as a **moderate risk**—dependent on mortgage-to-income ratio.

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3. Own

- The borrower **fully owns** their home **outright**, with **no mortgage**.
- **Implication:**
    - Generally the **lowest risk** group.
    - Indicates strong financial health and **higher net worth**.
    - May also be older or further along in their financial journey.

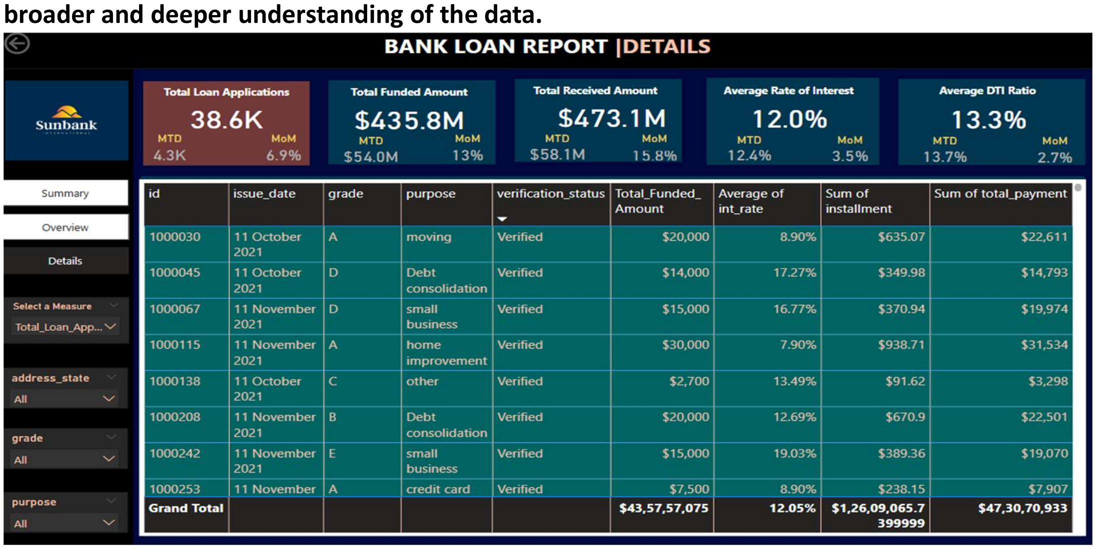
In Lending Context:

Home ownership status helps banks assess:

- **Asset-backed security** (owning a home could mean better collateral potential)
- **Cash flow stability** (rent/mortgage burden affects ability to repay)
- **Creditworthiness** (owners tend to have higher credit scores on average)

3)Details

This page presents all major KPIs along with detailed insights into loan applications, providing a broader and deeper understanding of the data.



id	issue_date	grade	purpose	verification_status	Total_Funded_ Amount	Average of int_rate	Sum of installment	Sum of total_payment
1000030	11 October 2021	A	moving	Verified	$20,000	8.90%	$635.07	$22,611
1000045	11 October 2021	D	Debt consolidation	Verified	$14,000	17.27%	$349.98	$14,793
1000067	11 November 2021	D	small business	Verified	$15,000	16.77%	$370.94	$19,974
1000115	11 November 2021	A	home improvement	Verified	$30,000	7.90%	$938.71	$31,534
1000138	11 October 2021	C	other	Verified	$2,700	13.49%	$91.62	$3,298
1000208	11 November 2021	B	Debt consolidation	Verified	$20,000	12.69%	$670.9	$22,501
1000242	11 November 2021	E	small business	Verified	$15,000	19.03%	$389.36	$19,070
1000253	11 November	A	credit card	Verified	$7,500	8.90%	$238.15	$7,907
Grand Total					**$43,57,57,075**	**12.05%**	**$1,26,09,065.7 399999**	**$47,30,70,933**