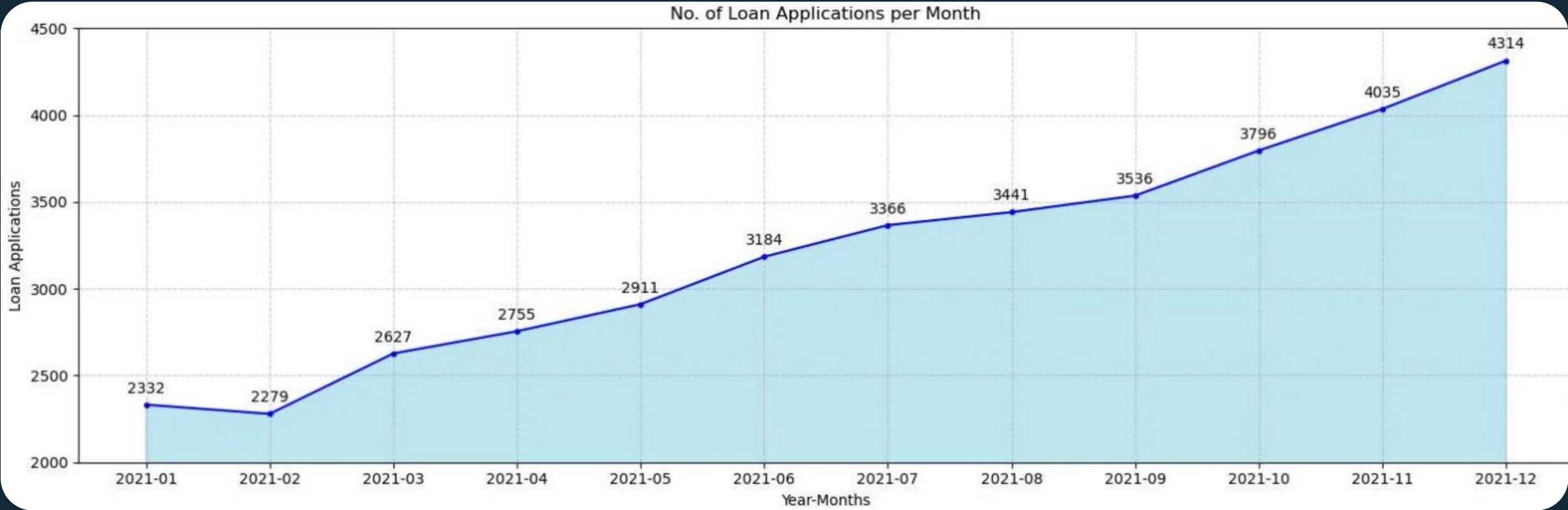# Bank Loan Analysis: Key Insights

This presentation provides a comprehensive analysis of financial loan data, highlighting trends in applications, funding, and defaults. We will explore key metrics and regional variations to understand the landscape of loan performance.

- Krish Mehta

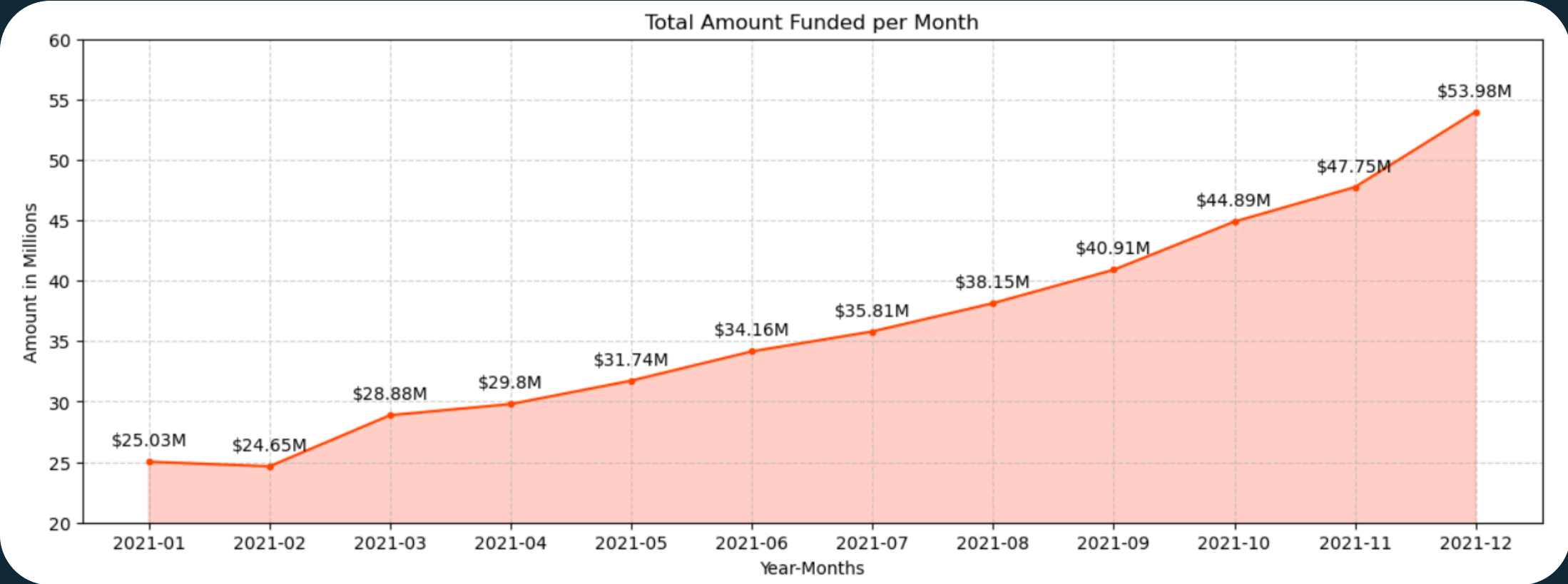# Loan Application Trends

No. of Loan Applications per Month

Monthly Loan Applications

Total loan applications show a consistent upward trend throughout 2021, culminating in 4,314 applications in December. This indicates a growing demand for financial loans.

Total Applications	Latest Month (Dec 2021)
38,576	4,314

Funding & Payments Overview

Total Amount Funded per Month

Monthly Funded Amounts

The total amount funded also increased month-over-month, reaching $53.98 million in December 2021. This growth aligns with the rising number of loan applications.

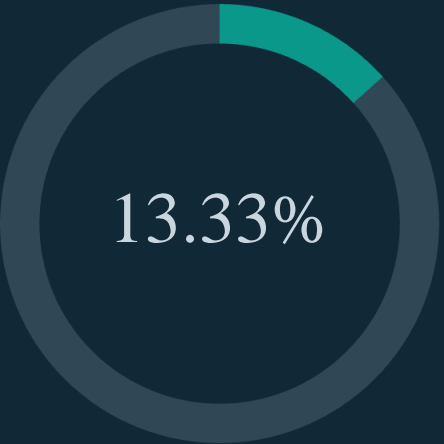| Total Funded Amount	Total Amount Received
$435.76 M	$473.07 M

Loan Performance Metrics

12.05%

Average Interest Rate

13.33%

Average DTI Ratio

These key financial indicators provide insight into the overall risk and profitability of the loan portfolio. The average interest rate reflects the cost of borrowing, while the Debt-to-Income (DTI) ratio indicates borrowers' capacity to repay.


Loan Status Overview

- A significant majority of loans, **83%, have been fully paid**, indicating a strong repayment success rate.

- The **charged off rate stands at 14%**, representing loans that are unlikely to be recovered.

- **Only 3% of loans are currently active or in progress**, suggesting a mature portfolio with most loans either resolved or defaulted.
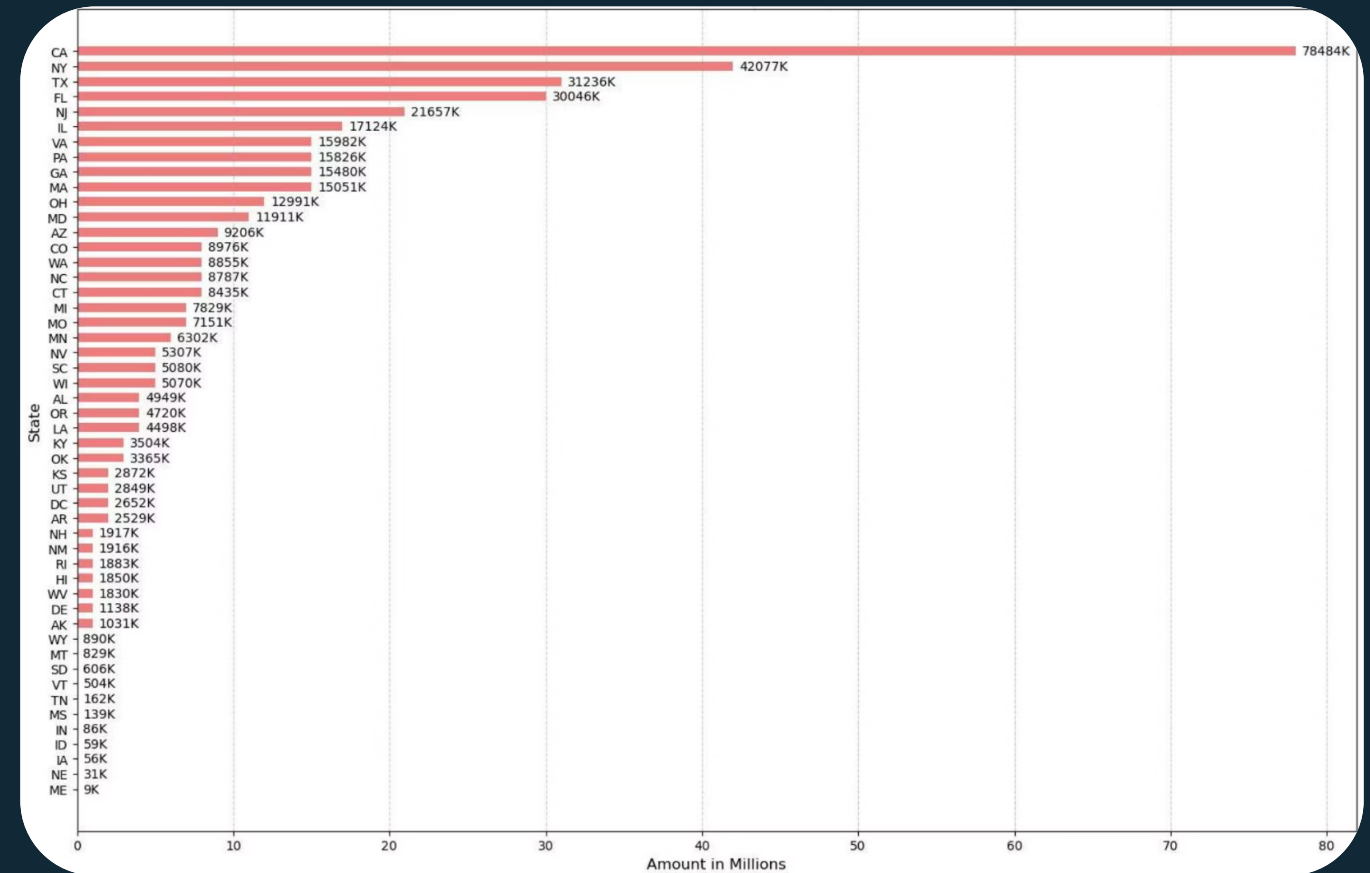
Regional Loan Distribution

Total Loan Applications per State

Total Fund Allocations per State
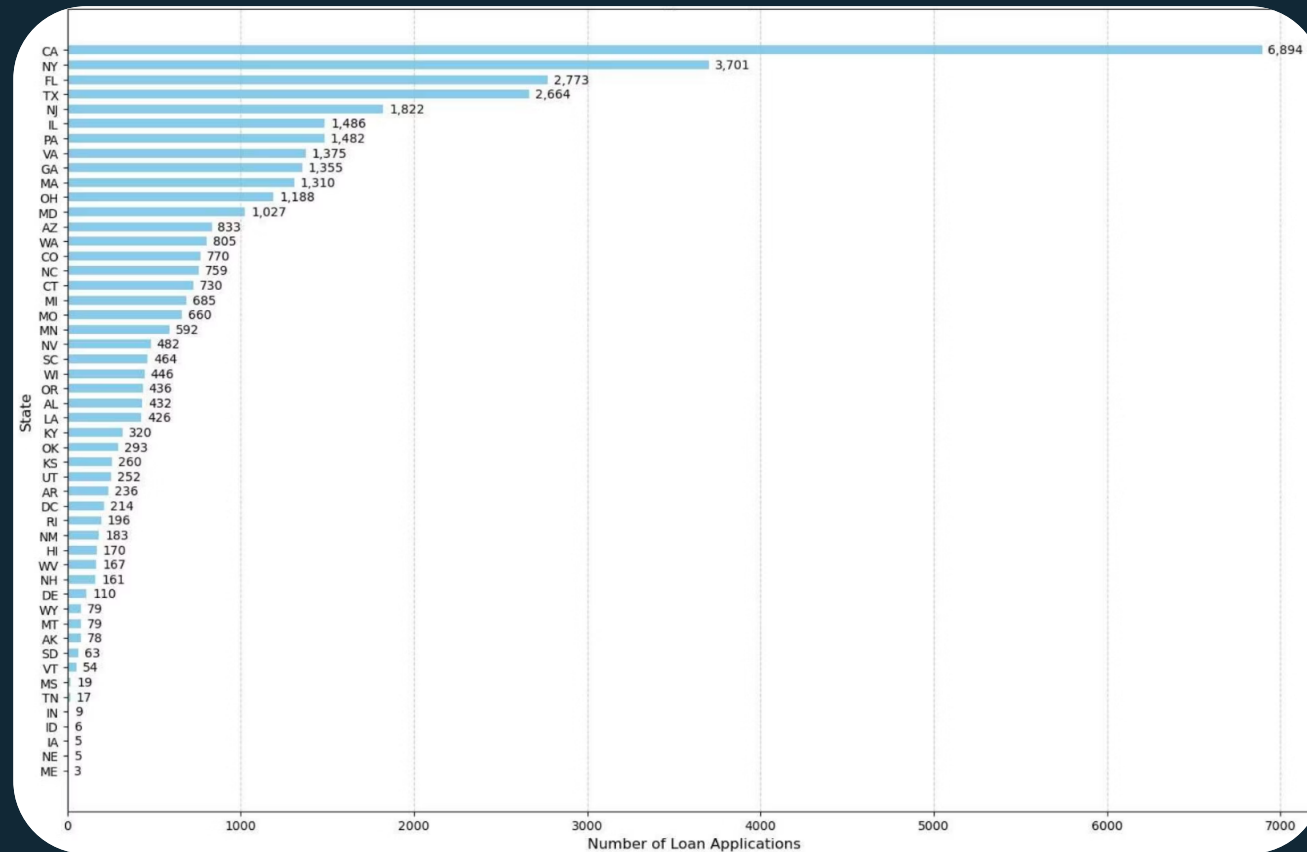
California leads in loan applications, followed by New York and Florida, indicating high demand in these populous states.
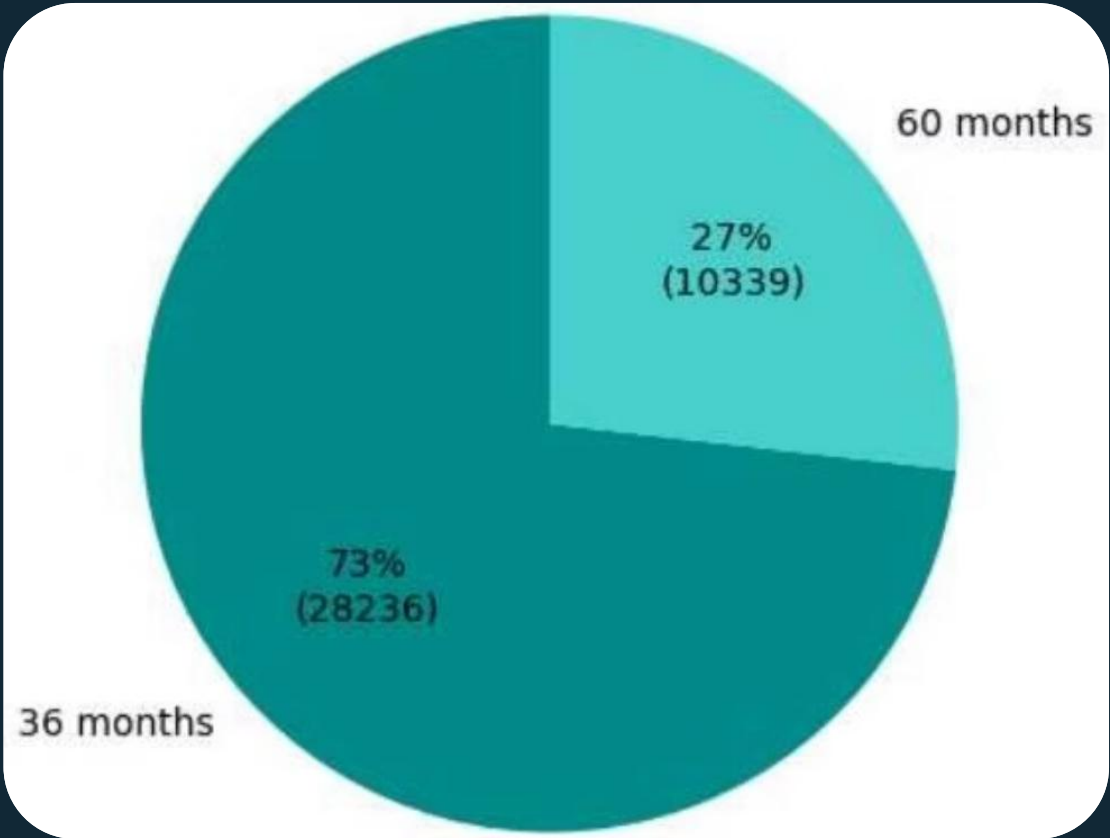
California also receives the largest share ($78484K)of funded amounts, consistent with its high application volume. This highlights key markets for loan distribution.
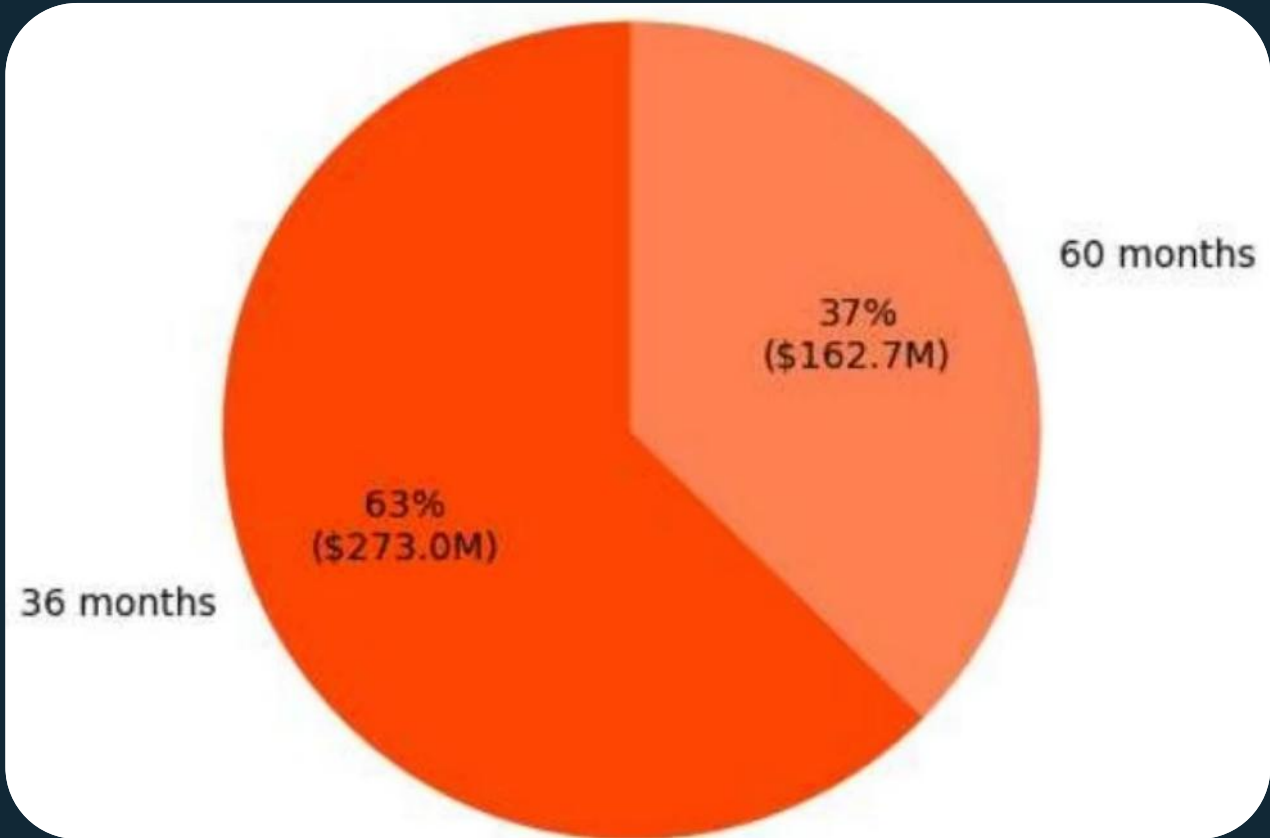
Loan Performance by Term

Applications by Tenure

60 months
27%
(10339)

73%
(28236)

36 months

The majority of loan applications are for 36-month terms, indicating a preference for shorter repayment periods.

Funded Amount by Tenure

60 months
37%
($162.7M)

63%
($273.0M)

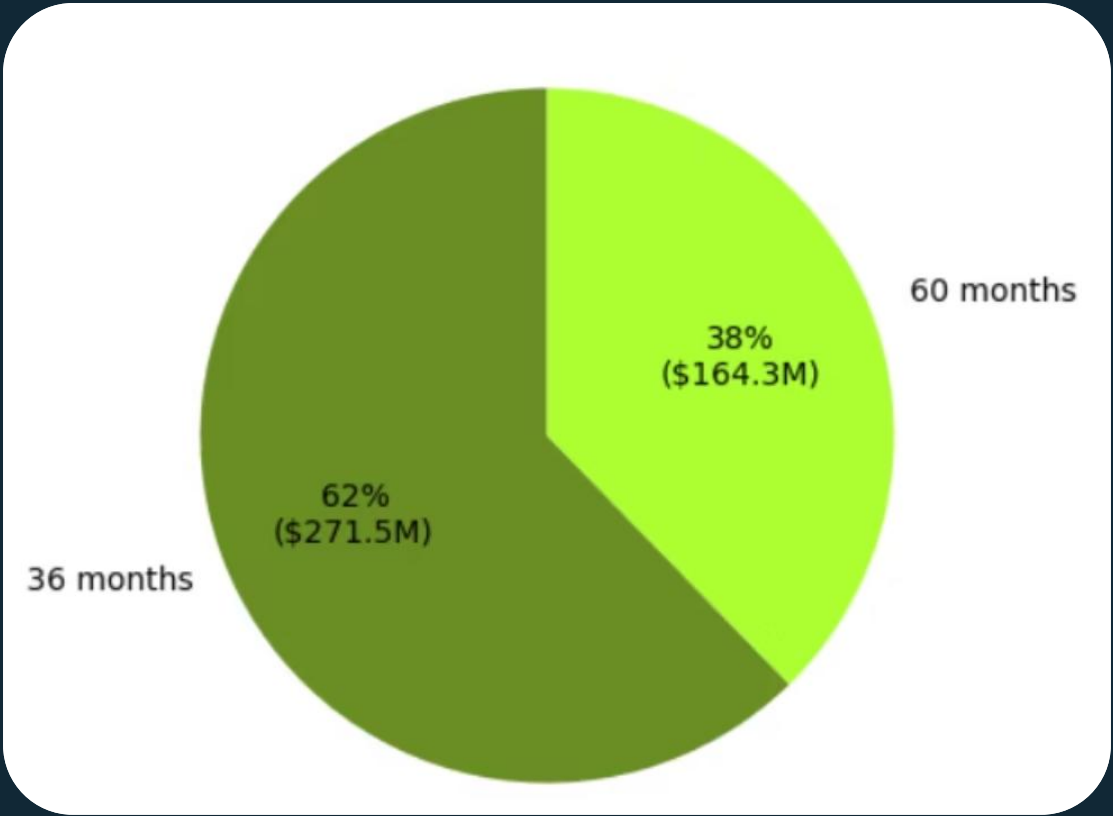36 months

The 36-month loans account for a larger portion of the total funded amount, indicating that shorter-term loans dominate the funding distribution.
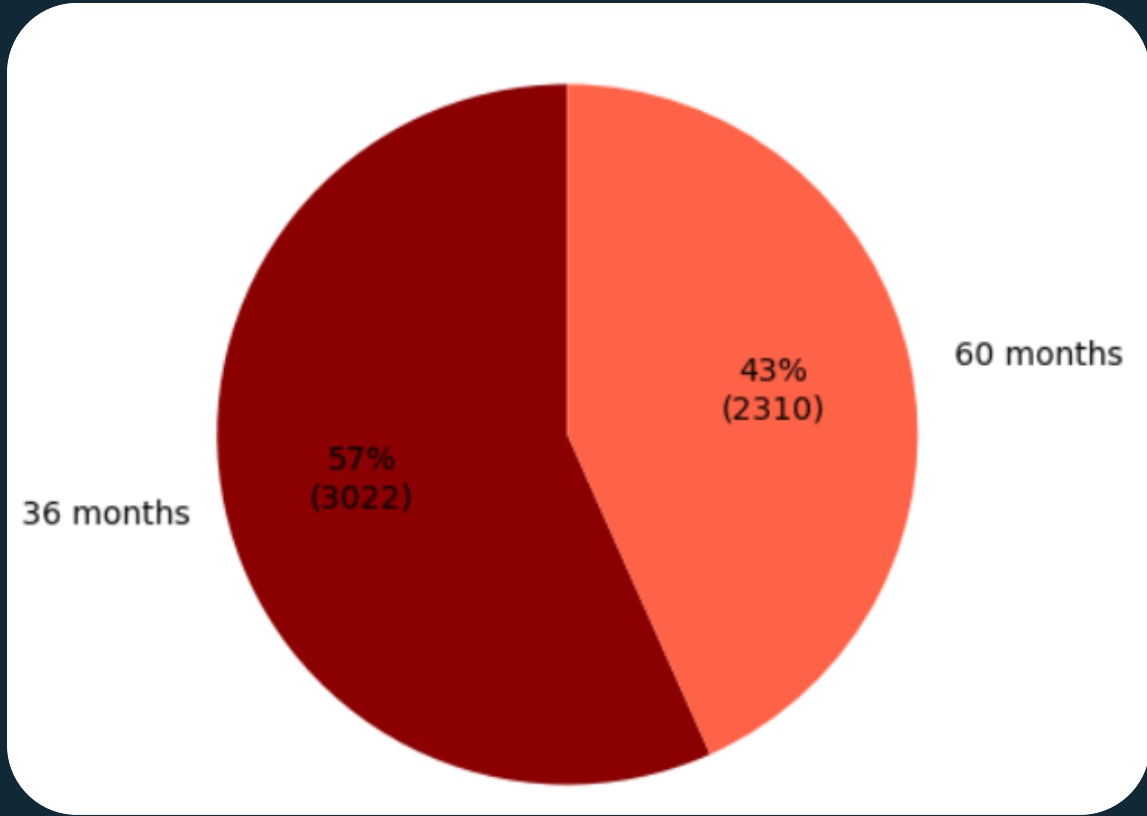
Loan Performance by Term

Total Amount Received by Tenure

60 months
38%
($164.3M)

36 months
62%
($271.5M)

The 60-month loan tenure accounts for 38% of the total amount received ($164.3M), while the 36-month loan tenure represent 62% ($271.5M).

Defaults by Tenure

60 months
43%
(2310)

36 months
57%
(3022)

Loans for 36 months have more defaults in absolute numbers, suggesting higher risk, while loans for 60 months represent a lower default rate.

Impact of Work Experience on Loans
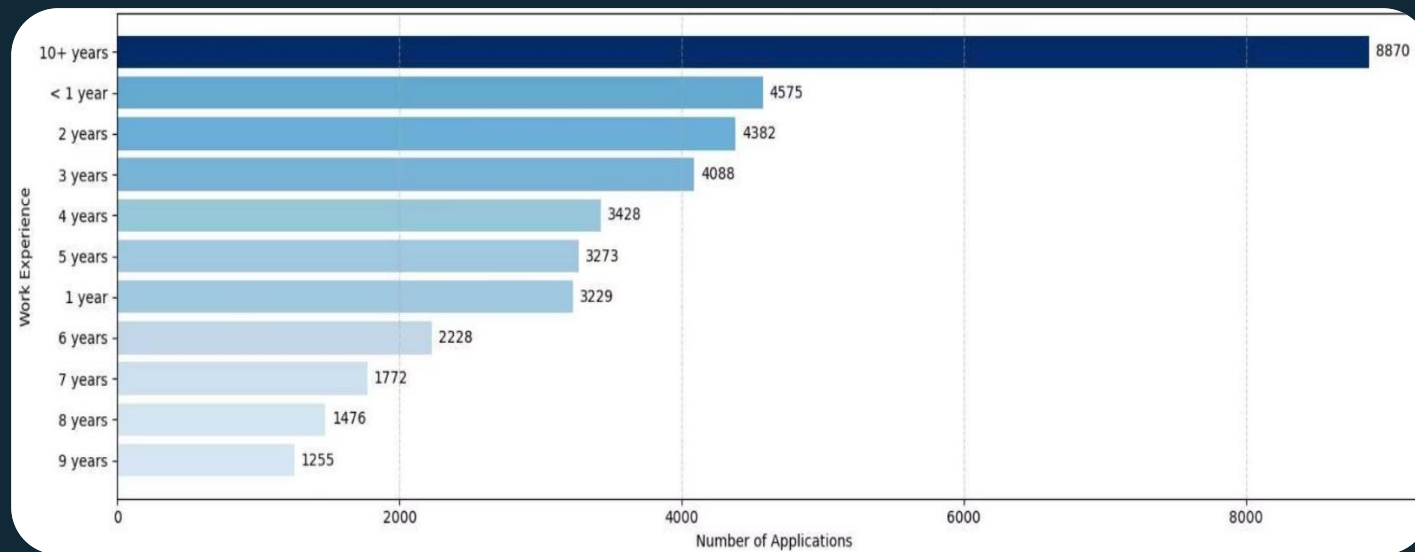
Loan Applications by Work Experience

- Clients with **10+ years & < 1 year** of experience submit the most loan applications, followed by those with **less than 1 year**, indicating diverse borrower profiles.
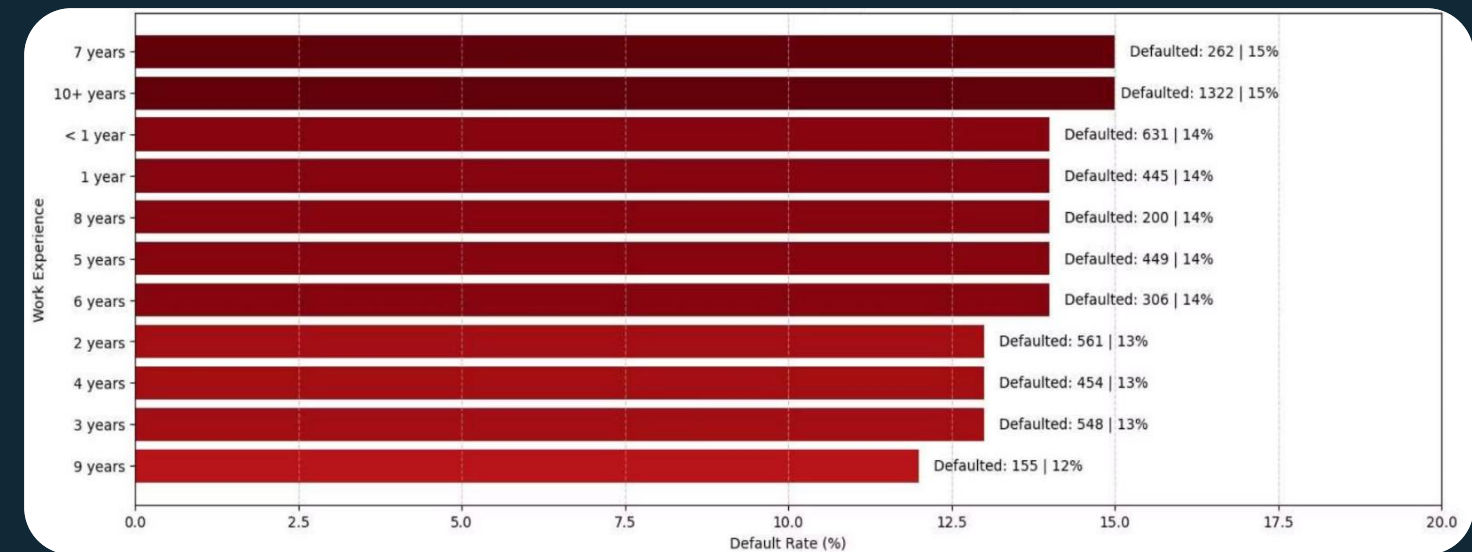
Defaulted Volume & Rate by Work Experience

- Default rates vary across experience levels, with **7 years** and **10+ years** showing slightly higher percentages.
- This suggests that experience alone doesn't guarantee lower risk.

Loan Purpose Analysis
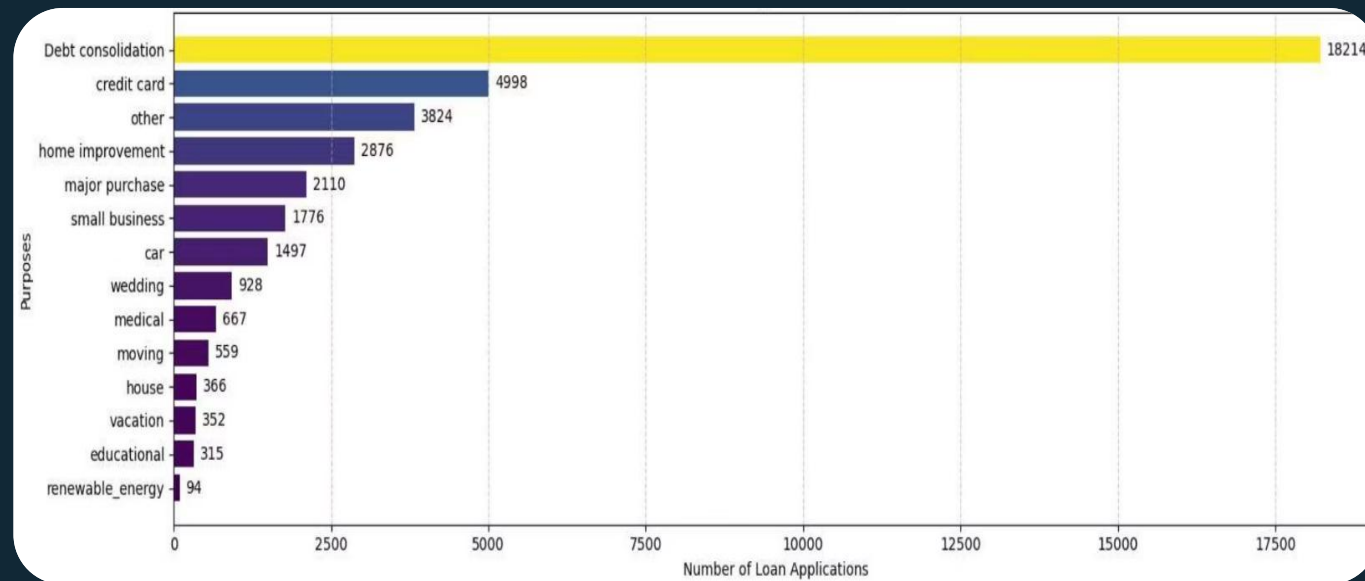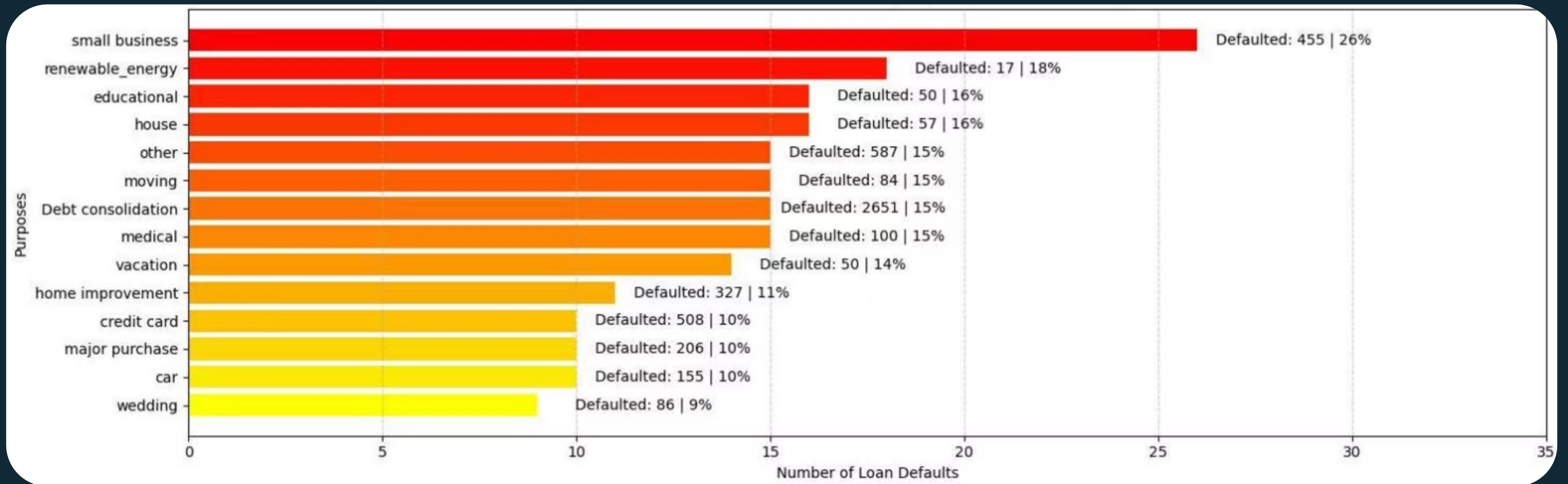

Applications by Purpose :

- **Debt consolidation** is the primary reason for loan applications, followed by **credit card** and other personal expenses. This highlights key areas of financial need among borrowers.
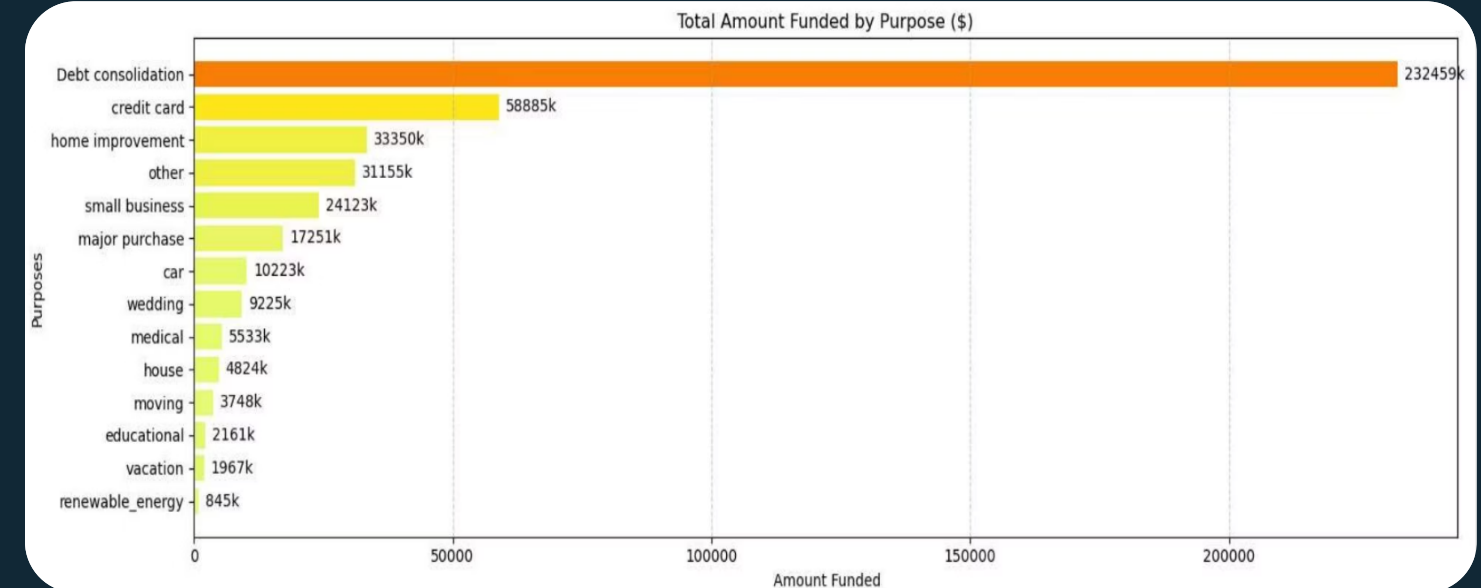
Funded Amount by Purpose :

- **Debt consolidation** also accounts for the largest portion of funded amounts, reinforcing its significance in the loan portfolio.

Default Rates by Loan Purpose & Home Ownership

Defaults by Purpose

Small business loans show the highest default rate, followed by **renewable energy** and **educational loans**, indicating a higher risk associated with this loan purpose. Understanding these patterns is crucial for risk management.
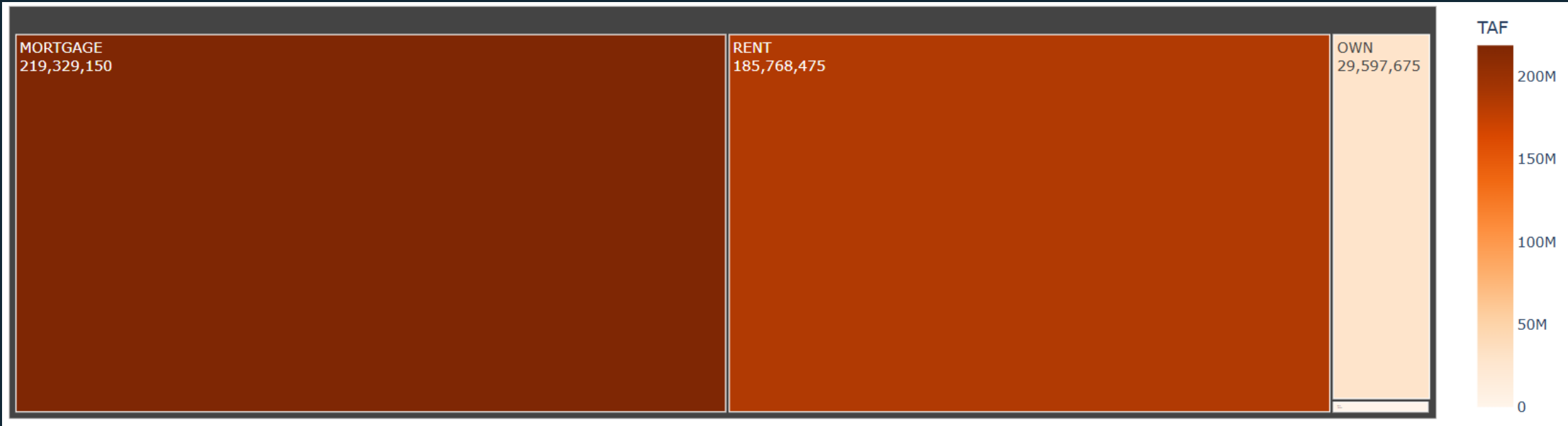
Home Ownership Analysis

Loan Applications by Home Ownership

RENT	MORTGAGE	OWN
18,439	17,198	2838

TA

15k
10k
5k
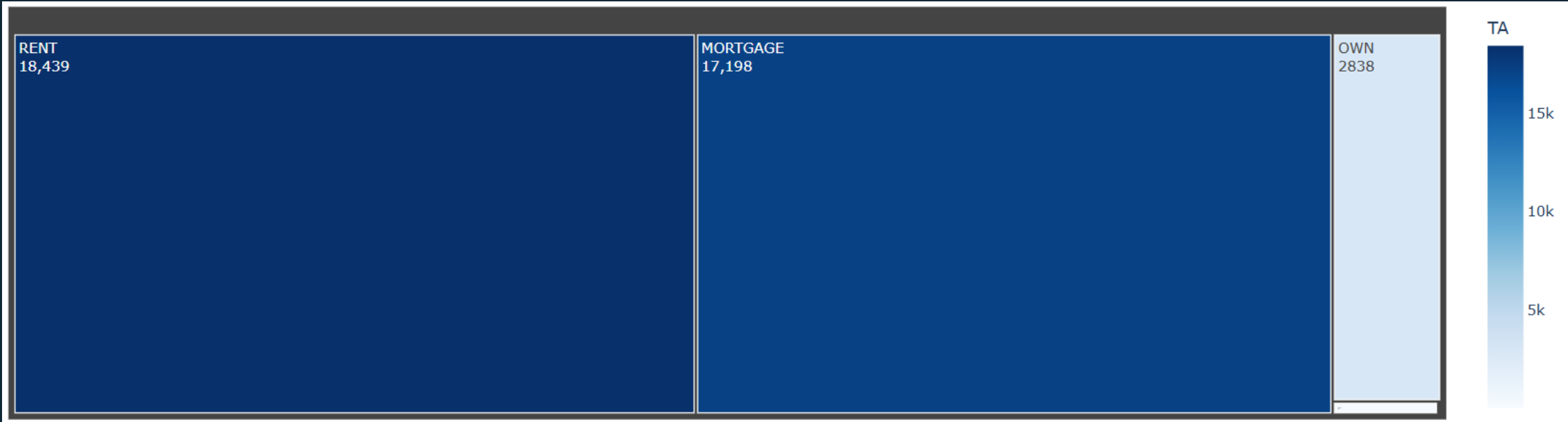
Borrowers with a Rent or Mortgage account for the largest share of loan applications, reflecting typical housing situations.

Funded Amounts by Home Ownership
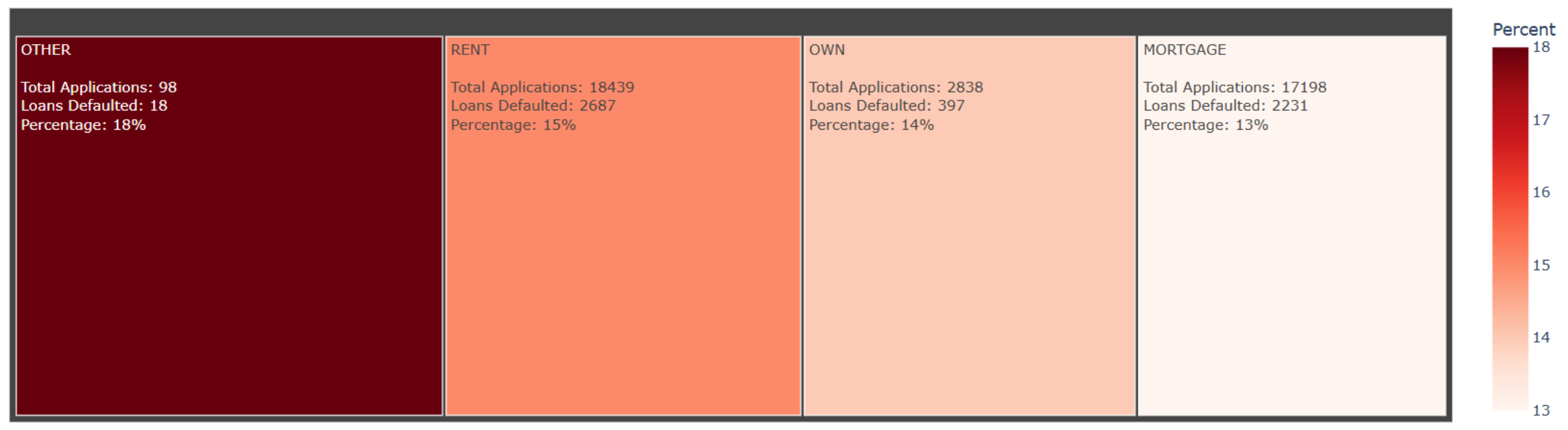

MORTGAGE	RENT	OWN
219,329,150	185,768,475	29,597,675

TAF

200M
150M
100M
50M
0

The distribution of funded amounts opposes application trends, with Mortgage holders has been funded higher amounts than the Renters
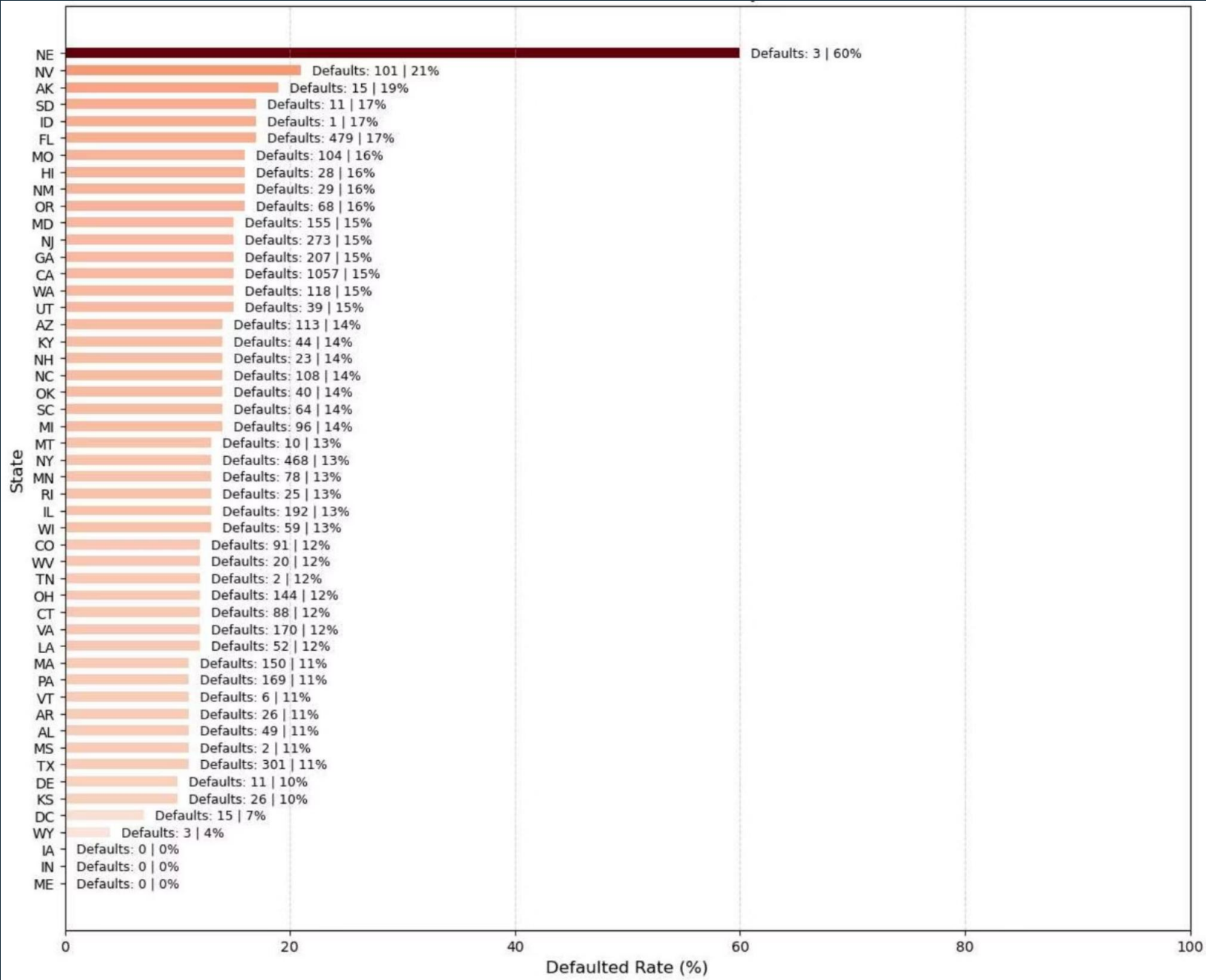
Home Ownership Analysis

Default Rates by Home Ownership

- Borrowers with 'OTHER' home ownership status have the highest default rates, followed by 'RENT' and 'OWN'.

- While Mortgage holders show the lowest default rate, suggesting greater financial stability.
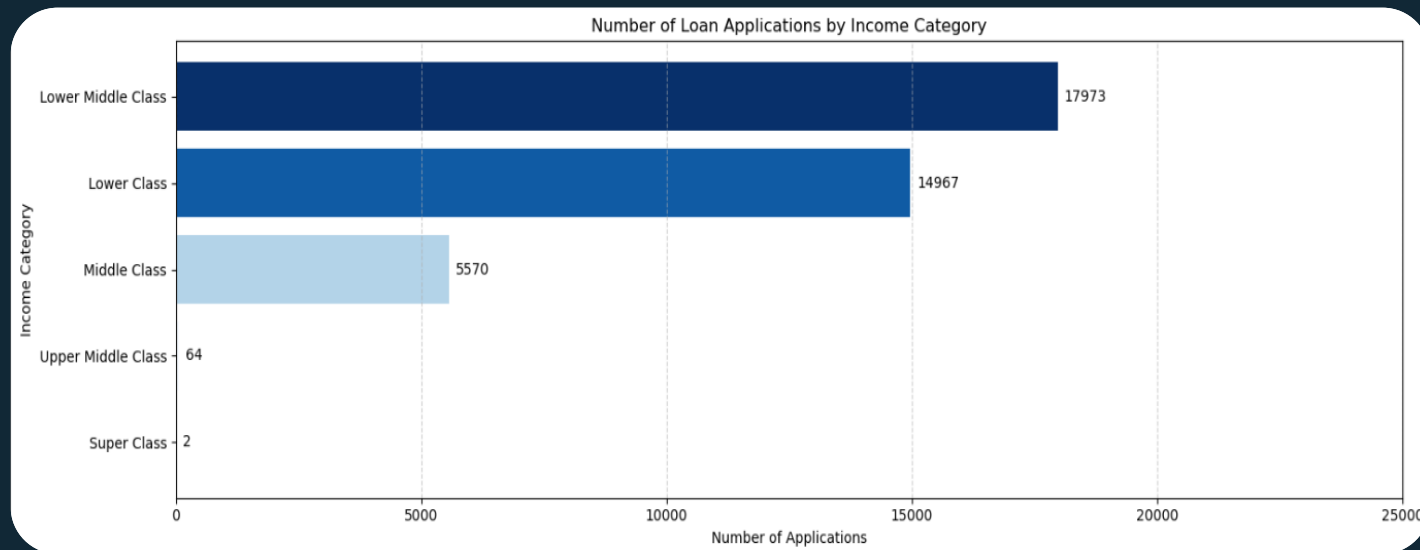
State-wise Defaulted Loans

Volume & Rate of Defaulted Loans per State

Nebraska (NE) exhibits the highest default rate at 60%, despite a low volume of defaults. Nevada (NV) and Alaska (AK) also show high default percentages. This regional analysis helps identify high-risk areas for lending.
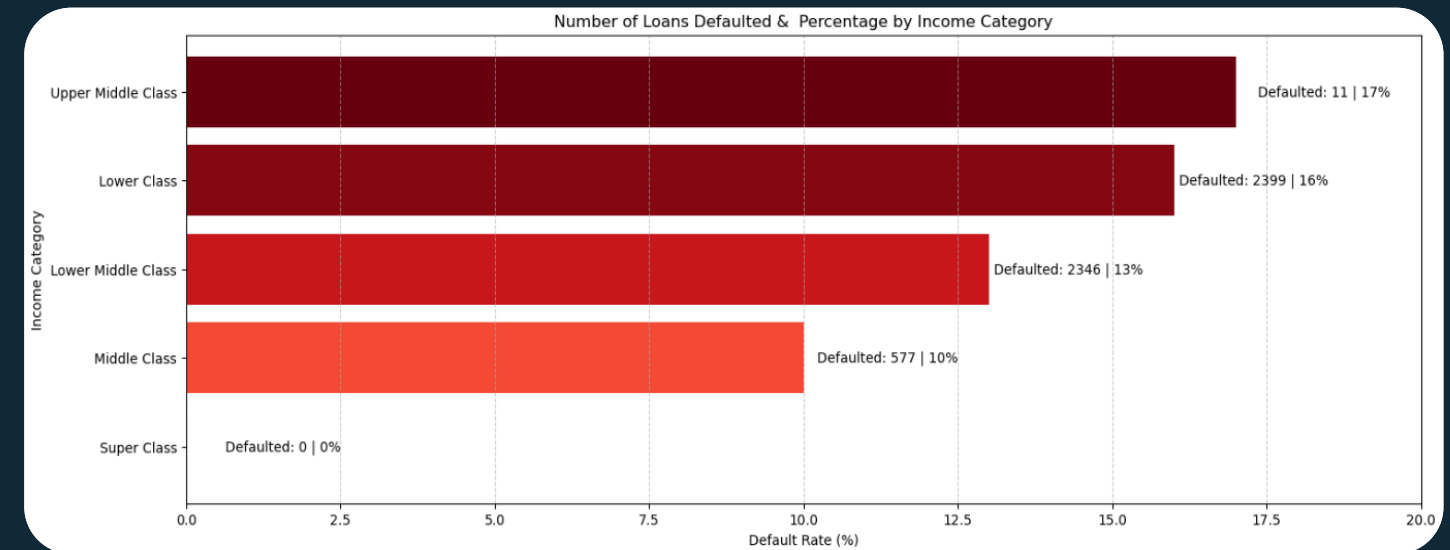
Highest Default Rate

Nebraska (NE): 60%

Lowest Default Rate

Iowa (IA), Indiana (IN), Maine (ME): 0%

Impact of People's Income on Loans

Number of Loan Applications by Income Category

Number of Loans Defaulted & Percentage by Income Category

Loan Applications by Income Category :

- The Lower Middle Class (17,973) and Lower Class (14,967) contribute the highest applications
- These segments are highly credit-dependent and represent the core customer base.

Defaulted Volume & Rate by Income Category :

- The Upper Middle Class has the highest default rate (17%) despite low application numbers.
- A balanced credit strategy focusing on controlled expansion in the Lower Middle Class segment can maximise profitability while minimising NPAs.

Thank You!