

# **BANK LOAN REPORT**

## **TERMINOLOGIES USED IN DATA**

### **Fields Used in Data**

#### **Loan ID:**

Purpose: A loan ID is a special number that is linked to every loan account or application. It acts as the main key for monitoring and controlling individual loans.

Use for Banks: Banks use Loan IDs to efficiently manage and track loans throughout their lifecycle. It aids in organizing loan records, monitoring repayments, and addressing customer inquiries.

#### **Address State:**

Purpose: Address State gives the borrower's location. It helps in assessing regional risk variables, figuring out the likelihood of default, and making sure state regulations are followed.

Use for Banks: Banks use this information to identify regional trends in loan demand, adjust marketing efforts, and manage risk portfolios based on geographic regions.

#### **Employee Length:**

Purpose: Employee Length provides insight into the borrower's employment stability. Longer employment durations may suggest greater work stability.

Use for Banks: Banks consider work duration when assessing a borrower's ability to repay. Stable employment is often correlated with a lower default risk.

#### **Employee Title:**

Purpose: The employee title specifies the borrower's occupation or employment title. It helps lenders understand the borrower's source of income.

Use for Banks: Banks use this field to verify income sources, assess the borrower's financial capacity, and tailor loan according to different professions.

#### **Grade:**

Purpose: The creditworthiness of a loan determines its grade, which is a risk classification. Higher grades indicate lower risk.

Use for Banks: Banks use the grade to determine lending prices and manage risk. Higher-grade loans typically have lower interest rates and are more attractive to investors.

**Sub Grade:**

Purpose: Sub Grade refines the risk assessment within a grade, providing additional risk differentiation.

Use for Banks: Sub Grades offer a finer level of risk assessment, helping banks tailor interest rates and lending terms to match borrower risk profiles.

**Home Ownership:**

Purpose: Home Ownership indicates the borrower's housing status. It offers insights into financial stability.

Use for Banks: Banks use this feature to assess the availability of collateral and borrower stability. Homeowners may have lower default rates.

**Issue Date:**

Purpose: The loan's genesis date is indicated by the issuing date. It is essential for keeping track of debts and determining their due dates.

Use for Banks: Issue Dates are used by banks to manage loan portfolios, compute interest accruals, and monitor loan aging.

**Last Credit Pull Date:**

Purpose: The borrower's credit report was last retrieved on the Last Credit Pull Date. It aids in creditworthiness monitoring.

Use for Banks: Banks utilize this date to assess credit risk, track changes to credit histories, and make informed lending decisions.

**Last Payment Date:**

Purpose: The Last Payment Date shows the most recent loan payment received and documents the borrower's payment history.

Use for Banks: Banks use this date to calculate delinquency, forecast future payments, and assess payment patterns.

**Loan Status:**

Purpose: Loan Status displays the current state of the loan, including whether it is fully paid, current, or in default. It keeps an eye on loan performance.

Use for Banks: Banks use Loan Status to track loan health, classify loans for risk analysis, and determine provisioning requirements.

**Next Payment Date:**

**Purpose:** The approximate date of the subsequent loan payment is known as the "Next Payment Date." It aids in cash flow forecasting.

**Use for Banks:** Banks use this day to plan for liquidity and estimate revenue from loan portfolios.

### **Purpose:**

**Purpose:** The loan's purpose (such as debt consolidation or schooling) is specified. It aids in comprehending the objectives of the borrower.

**Use for Banks:** In order to match loan terms with borrower needs, banks utilize this feature to segment and personalize loan offerings.

### **Term:**

**Purpose:** The loan's term specifies how many months it will last. It determines the period of payback.

**Use for Banks:** Banks use the word to form loan agreements, calculate interest payments, and manage loan maturities.

### **Verification Status:**

**Purpose:** Verification Status indicates if the borrower's financial information has been verified. It assesses the data's accuracy.

**Use for Banks:** This area is used by banks to assess the trustworthiness of loan applications, confirm income, and measure data reliability.

### **Annual Income:**

**Purpose:** The borrower's total yearly earnings are represented by their annual income. It evaluates the ability to repay.

**Use for Banks:** Banks utilize this revenue to determine loan eligibility, calculate debt-to-income ratios, and evaluate creditworthiness.

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

**Purpose:** DTI calculates a borrower's debt-to-income ratio. It determines the borrower's ability to take on more debt.

**Use for Banks:** DTI is used by banks to evaluate a borrower's capacity to manage loan payments and make prudent lending choices.

### **Instalment:**

Purpose: The set monthly payment amount for principal and interest on a loan is called an instalment.

Use for Banks: Banks use this field to structure loan terms, calculate amortization schedules and assess payment affordability.

**Interest Rate:**

Purpose: The interest rate is a percentage that shows the annual cost of borrowing. It establishes the cost of the loan.

Use for Banks: Interest rates are used by banks to set loan prices, control profit margins, and draw in investors.

**Loan Amount:**

Purpose: The total amount borrowed is known as the loan amount. It specifies the amount of the principle. Bank Use: Banks use Loan Amount to determine loan size