

prmtob9sq

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0.1 Lending Club Case Study Analysis

Importing the required python modules for our analysis

```
[885]: import pandas as pd
import numpy as np
import matplotlib.pyplot as plt
import seaborn as sns
import warnings
warnings.filterwarnings('ignore')
```

Reading the Data

```
[887]: df = pd.read_csv("loan.csv",header=0)
```

Loading the Dataframe and checking basic info about the dataframe

```
[889]: df.head()
```

```
[889]:
```

	id	member_id	loan_amnt	funded_amnt	funded_amnt_inv	term	\
0	1077501	1296599	5000	5000	4975.0	36 months	
1	1077430	1314167	2500	2500	2500.0	60 months	
2	1077175	1313524	2400	2400	2400.0	36 months	
3	1076863	1277178	10000	10000	10000.0	36 months	
4	1075358	1311748	3000	3000	3000.0	60 months	

	int_rate	installment	grade	sub_grade	...	num_tl_90g_dpd_24m	\
0	10.65%	162.87	B	B2	...	NaN	
1	15.27%	59.83	C	C4	...	NaN	
2	15.96%	84.33	C	C5	...	NaN	
3	13.49%	339.31	C	C1	...	NaN	
4	12.69%	67.79	B	B5	...	NaN	

	num_tl_op_past_12m	pct_tl_nvr_dlq	percent_bc_gt_75	pub_rec_bankruptcies	\
0	NaN	NaN	NaN	0.0	
1	NaN	NaN	NaN	0.0	
2	NaN	NaN	NaN	0.0	
3	NaN	NaN	NaN	0.0	
4	NaN	NaN	NaN	0.0	

	tax_liens	tot_hi_cred_lim	total_bal_ex_mort	total_bc_limit	\
0	0.0	NaN	NaN	NaN	
1	0.0	NaN	NaN	NaN	
2	0.0	NaN	NaN	NaN	
3	0.0	NaN	NaN	NaN	
4	0.0	NaN	NaN	NaN	

	total_il_high_credit_limit
0	NaN
1	NaN
2	NaN
3	NaN
4	NaN

[5 rows x 111 columns]

```
[890]: df.shape
```

```
[890]: (39717, 111)
```

```
[891]: df.info()
```

```
<class 'pandas.core.frame.DataFrame'>
RangeIndex: 39717 entries, 0 to 39716
Columns: 111 entries, id to total_il_high_credit_limit
dtypes: float64(74), int64(13), object(24)
memory usage: 33.6+ MB
```

0.1.1 Data Cleaning and Manipulation

```
[893]: (df.isnull().sum()*100)/len(df)
```

```
[893]: id                0.000000
member_id             0.000000
loan_amnt             0.000000
funded_amnt           0.000000
funded_amnt_inv       0.000000
...
tax_liens             0.098195
tot_hi_cred_lim      100.000000
total_bal_ex_mort    100.000000
total_bc_limit       100.000000
total_il_high_credit_limit 100.000000
Length: 111, dtype: float64
```

It is observed that there are many columns that are having all the values as null. Dropping these columns as they don't have significance in our analysis

```
[895]: df = df.dropna(axis=1,how='all')
df.shape
```

```
[895]: (39717, 57)
```

```
[896]: df = df.dropna(axis=0,how='all')
```

```
[897]: df.shape
```

```
[897]: (39717, 57)
```

Checking for Duplicate rows in the dataframe

```
[899]: duplicate_mask = df.duplicated(keep=False)
duplicate_rows = df[duplicate_mask]
print(duplicate_rows)
```

Empty DataFrame

Columns: [id, member_id, loan_amnt, funded_amnt, funded_amnt_inv, term, int_rate, installment, grade, sub_grade, emp_title, emp_length, home_ownership, annual_inc, verification_status, issue_d, loan_status, pymnt_plan, url, desc, purpose, title, zip_code, addr_state, dti, delinq_2yrs, earliest_cr_line, inq_last_6mths, mths_since_last_delinq, mths_since_last_record, open_acc, pub_rec, revol_bal, revol_util, total_acc, initial_list_status, out_prncp, out_prncp_inv, total_pymnt, total_pymnt_inv, total_rec_prncp, total_rec_int, total_rec_late_fee, recoveries, collection_recovery_fee, last_pymnt_d, last_pymnt_amnt, next_pymnt_d, last_credit_pull_d, collections_12_mths_ex_med, policy_code, application_type, acc_now_delinq, chargeoff_within_12_mths, delinq_amnt, pub_rec_bankruptcies, tax_liens]

Index: []

[0 rows x 57 columns]

```
[900]: df = df.drop_duplicates()
```

```
[901]: df.shape
```

```
[901]: (39717, 57)
```

Checking for Columns that are single valued as they won't contribute to our analysis

```
[903]: unique_counts = df.nunique()
single_value_columns = unique_counts[unique_counts == 1].index.tolist()
print(single_value_columns)
```

```
['pymnt_plan', 'initial_list_status', 'collections_12_mths_ex_med',  
'policy_code', 'application_type', 'acc_now_delinq', 'chargeoff_within_12_mths',  
'delinq_amnt', 'tax_liens']
```

Dropping single valued columns

```
[905]: df = df.drop(single_value_columns,axis=1)  
df.shape
```

```
[905]: (39717, 48)
```

Now we have 48 columns out of which some correspond to the post approval of loan

- We are analysing the user details and the driving factors of loan defaulting before approving loan.
- So we can safely remove the columns or variables corresponding to that scenario.
- Also there are some columns such as “id”, “member_id”, “url”, “title”, “emp_title”, “zip_code”, “last_credit_pull_d”, “addr_state”.
- The above features or columns doesn’t contribute to the loan defaulting in any way due to irrelevant information. So removing them.
- “desc” has description(text data) and does not contribute to the EDA analysis.
- “out_prncp_inv”, “total_pymnt_inv”, are useful for investors but not contribute to the loan defaulting analysis. So removing them.
- “funded_amnt” is not needed because we only need info as to how much is funded in actual. As we have “funded_amnt_inv” , we can remove the earlier column.

List of post-approval columns

- delinq_2yrs
- revol_bal
- out_prncp
- total_pymnt
- total_rec_prncp
- total_rec_int
- total_rec_late_fee
- recoveries
- collection_recovery_fee
- last_pymnt_d
- last_pymnt_amnt
- next_pymnt_d
- chargeoff_within_12_mths
- mths_since_last_delinq
- mths_since_last_record

```
[908]:
```

```
df.drop(["id", "member_id", "url", "title", "emp_title",
        ↪ "last_credit_pull_d", "desc", "out_prncp_inv", "total_pymnt_inv", "funded_amnt",
        ↪ "delinq_2yrs", "revol_bal", "out_prncp", "total_pymnt", "total_rec_prncp",
        ↪ "total_rec_int", "total_rec_late_fee", "recoveries",
        ↪ "collection_recovery_fee", "last_pymnt_d", "last_pymnt_amnt", "next_pymnt_d",
        ↪ "mths_since_last_delinq", "mths_since_last_record"], axis = 1, inplace =
        ↪ True)
df.shape
```

[908]: (39717, 24)

Columns with missing values

```
[910]: (df.isna().sum()/len(df.index))*100
```

```
[910]: loan_amnt                0.000000
funded_amnt_inv              0.000000
term                        0.000000
int_rate                    0.000000
installment                 0.000000
grade                      0.000000
sub_grade                  0.000000
emp_length                  2.706650
home_ownership              0.000000
annual_inc                  0.000000
verification_status         0.000000
issue_d                     0.000000
loan_status                 0.000000
purpose                     0.000000
zip_code                    0.000000
addr_state                  0.000000
dti                        0.000000
earliest_cr_line            0.000000
inq_last_6mths              0.000000
open_acc                    0.000000
pub_rec                     0.000000
revol_util                  0.125891
total_acc                   0.000000
pub_rec_bankruptcies        1.754916
dtype: float64
```

Handling the missing value

```
[912]: df.info()
```

```
<class 'pandas.core.frame.DataFrame'>
Int64Index: 39717 entries, 0 to 39716
Data columns (total 24 columns):
```

#	Column	Non-Null Count	Dtype
0	loan_amnt	39717 non-null	int64
1	funded_amnt_inv	39717 non-null	float64
2	term	39717 non-null	object
3	int_rate	39717 non-null	object
4	installment	39717 non-null	float64
5	grade	39717 non-null	object
6	sub_grade	39717 non-null	object
7	emp_length	38642 non-null	object
8	home_ownership	39717 non-null	object
9	annual_inc	39717 non-null	float64
10	verification_status	39717 non-null	object
11	issue_d	39717 non-null	object
12	loan_status	39717 non-null	object
13	purpose	39717 non-null	object
14	zip_code	39717 non-null	object
15	addr_state	39717 non-null	object
16	dti	39717 non-null	float64
17	earliest_cr_line	39717 non-null	object
18	inq_last_6mths	39717 non-null	int64
19	open_acc	39717 non-null	int64
20	pub_rec	39717 non-null	int64
21	revol_util	39667 non-null	object
22	total_acc	39717 non-null	int64
23	pub_rec_bankruptcies	39020 non-null	float64

dtypes: float64(5), int64(5), object(14)
memory usage: 7.6+ MB

Standardizing the data

```
[914]: df['int_rate']=df['int_rate'].str.rstrip('%')
print(df['int_rate'])
```

```
0      10.65
1      15.27
2      15.96
3      13.49
4      12.69
...
39712    8.07
39713   10.28
39714    8.07
39715    7.43
39716   13.75
```

Name: int_rate, Length: 39717, dtype: object

```
[915]: df['revol_util']=df['revol_util'].str.rstrip('%')
```

```
[916]: df.info()
```

```
<class 'pandas.core.frame.DataFrame'>
Int64Index: 39717 entries, 0 to 39716
Data columns (total 24 columns):
#   Column                Non-Null Count  Dtype
---  -
0   loan_amnt             39717 non-null  int64
1   funded_amnt_inv       39717 non-null  float64
2   term                  39717 non-null  object
3   int_rate              39717 non-null  object
4   installment           39717 non-null  float64
5   grade                 39717 non-null  object
6   sub_grade             39717 non-null  object
7   emp_length            38642 non-null  object
8   home_ownership        39717 non-null  object
9   annual_inc            39717 non-null  float64
10  verification_status   39717 non-null  object
11  issue_d               39717 non-null  object
12  loan_status           39717 non-null  object
13  purpose               39717 non-null  object
14  zip_code              39717 non-null  object
15  addr_state            39717 non-null  object
16  dti                   39717 non-null  float64
17  earliest_cr_line      39717 non-null  object
18  inq_last_6mths        39717 non-null  int64
19  open_acc              39717 non-null  int64
20  pub_rec               39717 non-null  int64
21  revol_util            39667 non-null  object
22  total_acc             39717 non-null  int64
23  pub_rec_bankruptcies  39020 non-null  float64
dtypes: float64(5), int64(5), object(14)
memory usage: 7.6+ MB
```

Imputing Mode value for missing value for the column emp_length

```
[918]: # df.emp_length.fillna('0',inplace=True) #dont replace na values with 0 instead
      ↪ fill it with mode value as shown in the below line
print("Mode : " + df.emp_length.mode()[0])
df.emp_length.value_counts()
df['emp_length']=df.emp_length.str.extract('(\d+)')
df.head()
```

Mode : 10+ years

```
[918]:   loan_amnt  funded_amnt_inv      term  int_rate  installment  grade \
0        5000         4975.0  36 months    10.65         162.87      B
1        2500         2500.0  60 months    15.27          59.83      C
```

2	2400	2400.0	36 months	15.96	84.33	C
3	10000	10000.0	36 months	13.49	339.31	C
4	3000	3000.0	60 months	12.69	67.79	B

	sub_grade	emp_length	home_ownership	annual_inc	...	zip_code	addr_state	\
0	B2	10	RENT	24000.0	...	860xx	AZ	
1	C4	1	RENT	30000.0	...	309xx	GA	
2	C5	10	RENT	12252.0	...	606xx	IL	
3	C1	10	RENT	49200.0	...	917xx	CA	
4	B5	1	RENT	80000.0	...	972xx	OR	

	dti	earliest_cr_line	inq_last_6mths	open_acc	pub_rec	revol_util	\
0	27.65	Jan-85	1	3	0	83.70	
1	1.00	Apr-99	5	3	0	9.40	
2	8.72	Nov-01	2	2	0	98.50	
3	20.00	Feb-96	1	10	0	21	
4	17.94	Jan-96	0	15	0	53.90	

	total_acc	pub_rec_bankruptcies
0	9	0.0
1	4	0.0
2	10	0.0
3	37	0.0
4	38	0.0

[5 rows x 24 columns]

Changing the Datatype of columns to integer type

```
[920]: columns1=['loan_amnt','int_rate','funded_amnt_inv','installment','annual_inc','dti']
df[columns1]=df[columns1].apply(pd.to_numeric)
```

```
[921]: df.info()
```

```
<class 'pandas.core.frame.DataFrame'>
Int64Index: 39717 entries, 0 to 39716
Data columns (total 24 columns):
#   Column                Non-Null Count  Dtype
---  -
0   loan_amnt             39717 non-null  int64
1   funded_amnt_inv       39717 non-null  float64
2   term                  39717 non-null  object
3   int_rate              39717 non-null  float64
4   installment           39717 non-null  float64
5   grade                 39717 non-null  object
6   sub_grade             39717 non-null  object
7   emp_length            38642 non-null  object
8   home_ownership        39717 non-null  object
```



```

9   annual_inc           39717 non-null float64
10  verification_status  39717 non-null object
11  issue_d              39717 non-null object
12  loan_status          39717 non-null object
13  purpose              39717 non-null object
14  zip_code             39717 non-null object
15  addr_state           39717 non-null object
16  dti                  39717 non-null float64
17  earliest_cr_line     39717 non-null object
18  inq_last_6mths       39717 non-null int64
19  open_acc             39717 non-null int64
20  pub_rec              39717 non-null int64
21  revol_util           39667 non-null object
22  total_acc            39717 non-null int64
23  pub_rec_bankruptcies 39020 non-null float64
dtypes: float64(6), int64(5), object(13)
memory usage: 7.6+ MB

```

Percentage of missing values for `revol_util` is very low so we can drop those rows

```
[923]: df.dropna(axis = 0, subset = ['revol_util'] , inplace = True)
df.revol_util.isna().sum()
```

```
[923]: 0
```

Data Clean on `pub_rec_bankruptcies` column as it will be used in analysis

```
[925]: print('Before cleaning pub_rec_bankruptcies')
print(df.pub_rec_bankruptcies.isnull().sum())

# Replacing the 'Not Known' with NA values
df.pub_rec_bankruptcies.fillna('Not Known',inplace=True)

print('After cleaning pub_rec_bankruptcies')
print(df.pub_rec_bankruptcies.isnull().sum())
```

```

Before cleaning pub_rec_bankruptcies
697
After cleaning pub_rec_bankruptcies
0

```

Dropping the rows for `loan_status` == 'Current' as the loan currently in progress and cannot contribute to conclusive evidence

```
[927]: df = df[df.loan_status != "Current"]
df.shape
```

```
[927]: (38527, 24)
```

converting issue_d to date type

```
[929]: df['issue_d'] = pd.to_datetime(df.issue_d, format='%b-%y')
df['issue_d']
```

```
[929]: 0      2011-12-01
      1      2011-12-01
      2      2011-12-01
      3      2011-12-01
      5      2011-12-01
      ...
     39712    2007-07-01
     39713    2007-07-01
     39714    2007-07-01
     39715    2007-07-01
     39716    2007-06-01
      Name: issue_d, Length: 38527, dtype: datetime64[ns]
```

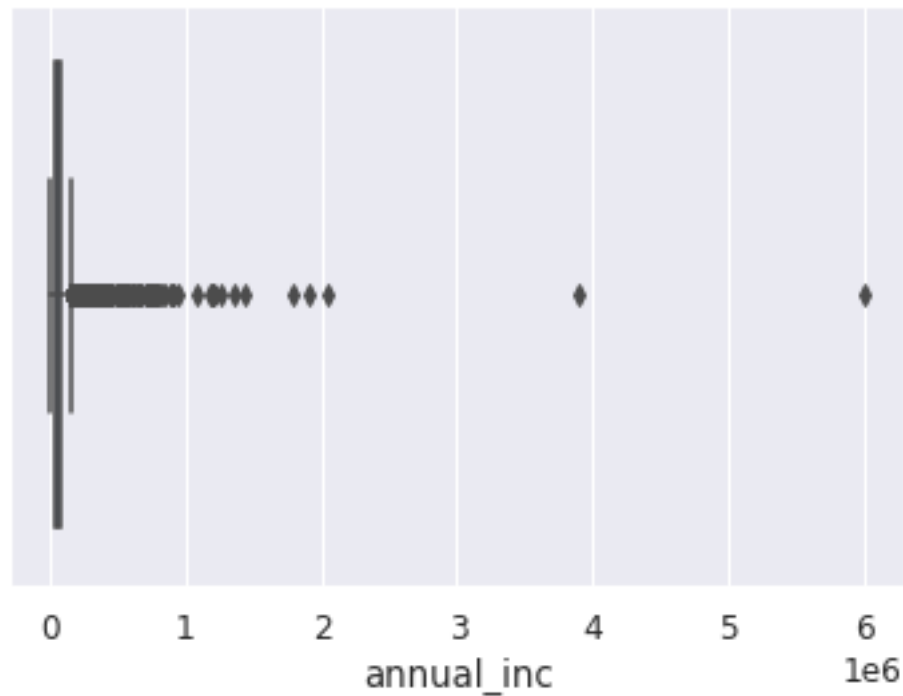
Creating two more columns issue_year and issue_month from issue_d(issue date) column

```
[931]: df['issue_year']=pd.DatetimeIndex(df['issue_d']).year
df['issue_month']=pd.DatetimeIndex(df['issue_d']).month
```

Outlier Detection

```
[933]: sns.boxplot(df['annual_inc'])
```

```
[933]: <AxesSubplot:xlabel='annual_inc'>
```



The above graph clearly shows the presence of outliers

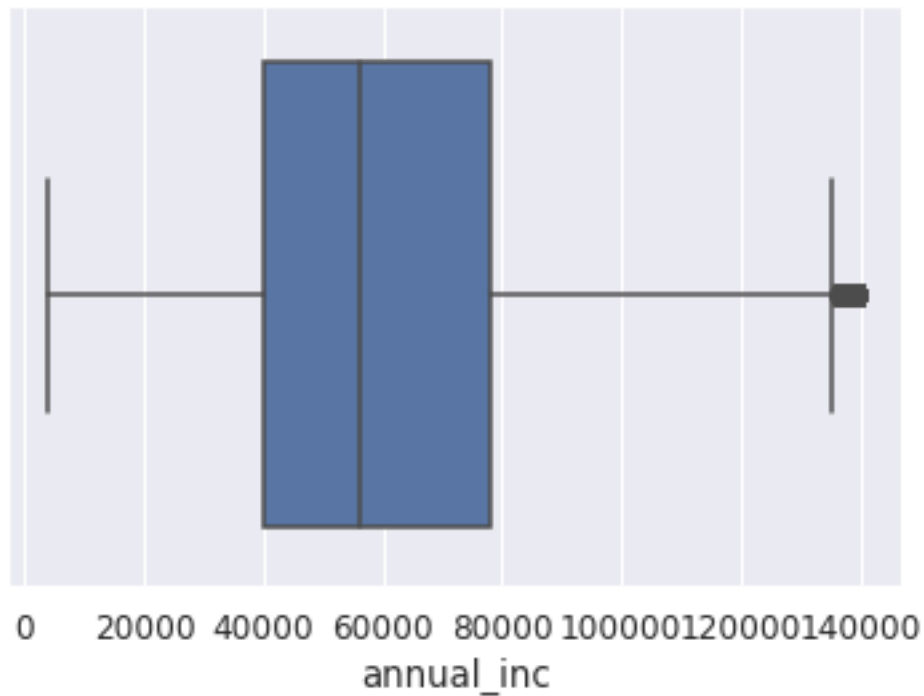
- The values after 95 percentile seems to be disconnected from the general distribution and also there is huge increase in the value for small quantile variation.
- So, considering threshold for removing outliers as 0.95
- So, Removing them.

```
[935]: quantile_info = df.annual_inc.quantile([0.5, 0.75, 0.90, 0.95, 0.97, 0.98, 0.99])
quantile_info
```

```
[935]: 0.50      59000.0
0.75      82000.0
0.90     115000.0
0.95     140004.0
0.97     165000.0
0.98     187000.0
0.99     234000.0
Name: annual_inc, dtype: float64
```

```
[936]: per_95_annual_inc = df['annual_inc'].quantile(0.95)
df = df[df.annual_inc <= per_95_annual_inc]
sns.boxplot(df.annual_inc)
```

```
[936]: <AxesSubplot:xlabel='annual_inc'>
```



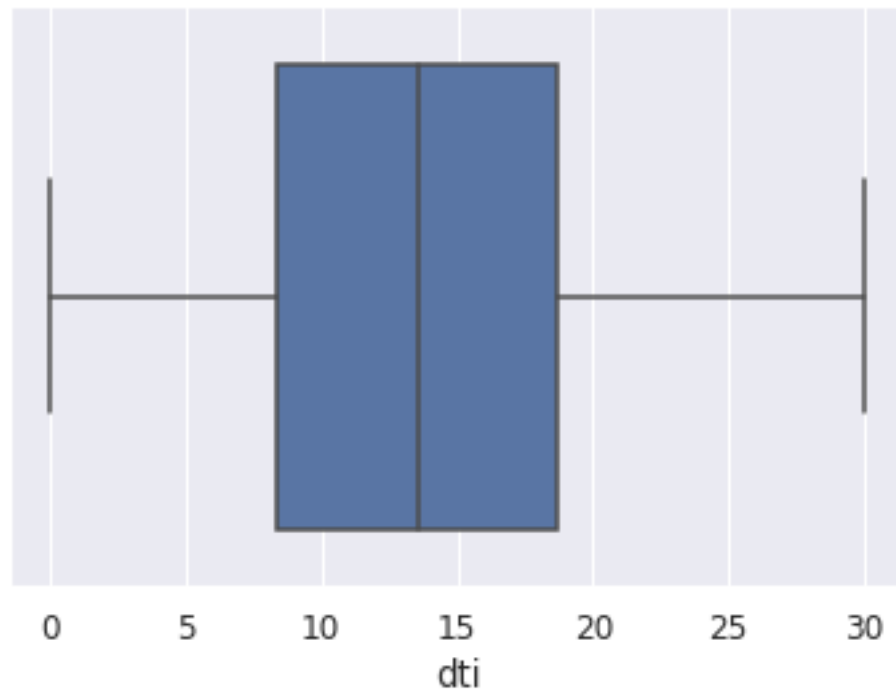
```
[937]: # describe the annual income details
df['annual_inc'].describe()
```

```
[937]: count      36606.000000
      mean       60890.563839
      std       27741.337421
      min        4000.000000
      25%       40000.000000
      50%       56000.000000
      75%       78000.000000
      max      140004.000000
      Name: annual_inc, dtype: float64
```

Observation The Annual income of most if applicants lies between 40k-75k.

```
[939]: sns.boxplot(df.dti)
```

```
[939]: <AxesSubplot:xlabel='dti'>
```

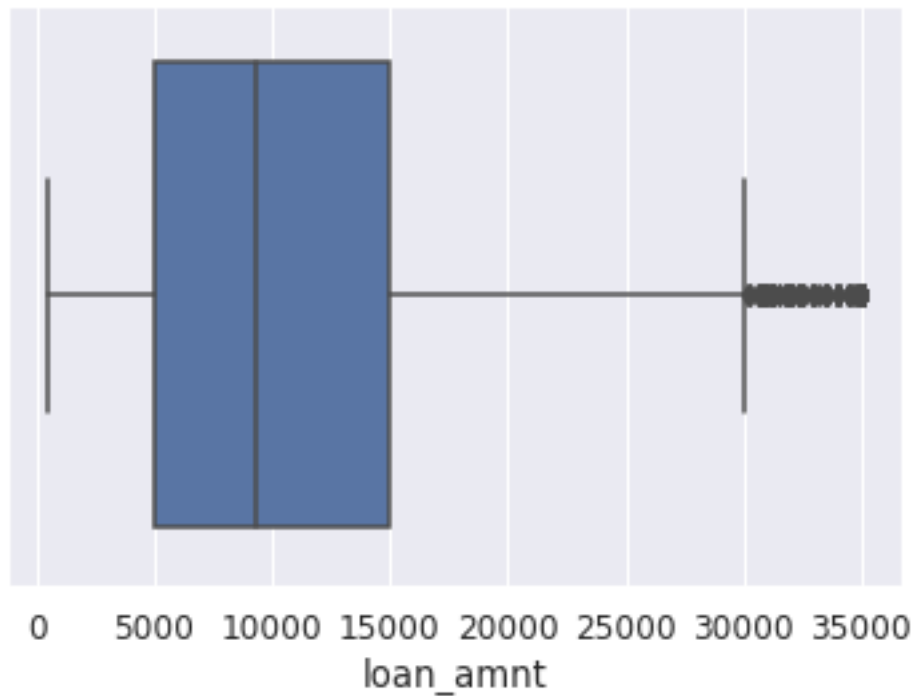


```
[940]: # describe the Loan Amount  
df['dti'].describe()
```

```
[940]: count      36606.000000  
mean         13.450146  
std           6.660418  
min           0.000000  
25%           8.350000  
50%          13.580000  
75%          18.720000  
max          29.990000  
Name: dti, dtype: float64
```

```
[941]: sns.boxplot(df.loan_amnt)
```

```
[941]: <AxesSubplot:xlabel='loan_amnt'>
```



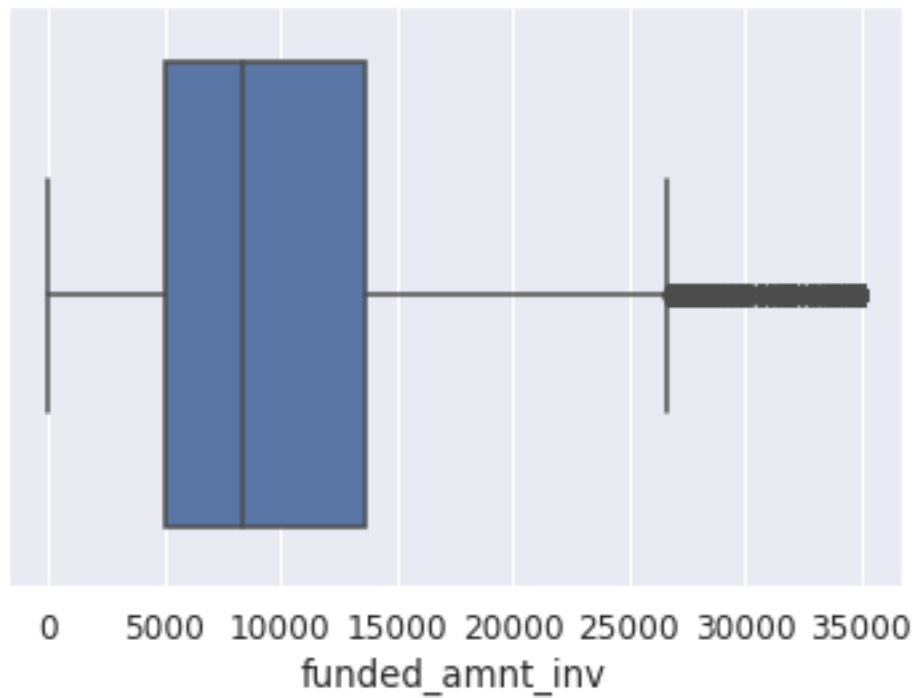
```
[942]: # describe the Loan Amount  
df['loan_amnt'].describe()
```

```
[942]: count    36606.000000  
      mean     10690.058324  
      std      7048.412687  
      min        500.000000  
      25%       5000.000000  
      50%       9250.000000  
      75%      15000.000000  
      max      35000.000000  
      Name: loan_amnt, dtype: float64
```

Observation - Most of the loan amount applied was in the range of 5k-14k. Max Loan amount applied was ~27k.

```
[944]: sns.boxplot(df.funded_amnt_inv)
```

```
[944]: <AxesSubplot:xlabel='funded_amnt_inv'>
```

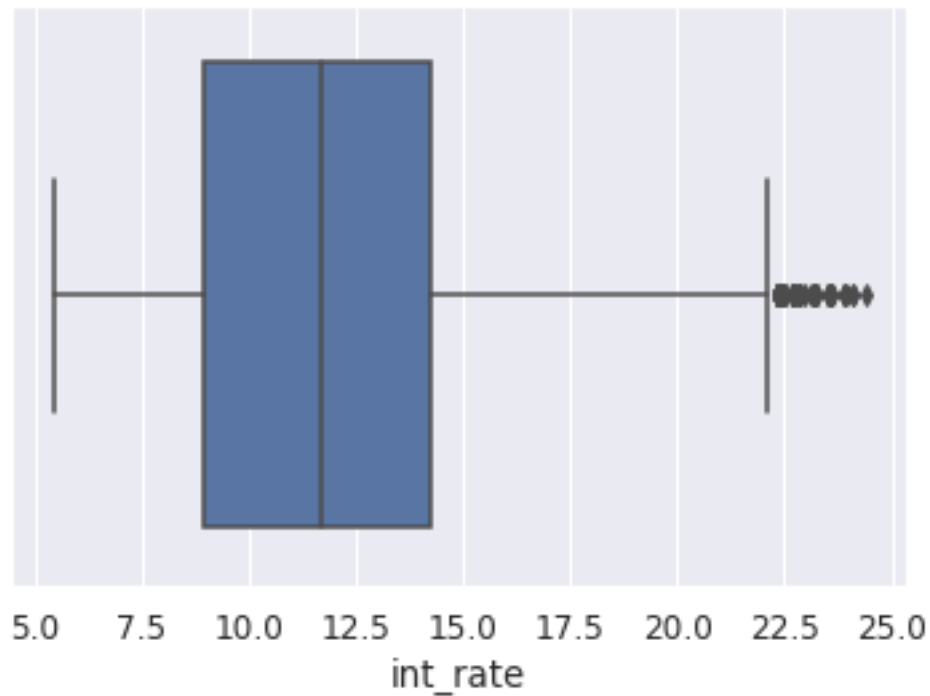


```
[945]: # describe the funded amount
df['funded_amnt_inv'].describe()
```

```
[945]: count    36606.000000
      mean      9902.311039
      std      6730.696329
      min         0.000000
      25%      4988.276705
      50%      8396.342174
      75%     13649.999283
      max     35000.000000
      Name: funded_amnt_inv, dtype: float64
```

```
[946]: sns.boxplot(df.int_rate)
```

```
[946]: <AxesSubplot:xlabel='int_rate'>
```



```
[947]: # describe the interest rate
df['int_rate'].describe()
```

```
[947]: count    36606.000000
      mean      11.883216
      std       3.666065
      min       5.420000
      25%       8.940000
      50%      11.710000
      75%      14.270000
      max      24.400000
      Name: int_rate, dtype: float64
```

Observation Most of the applicant's rate of interest is between in the range of 8%-14%. Average Rate of interest of rate is 11.7 %

Though there are some values far from distribution, the distribution is pretty continuous and there is no need to remove outliers / extreme values for these above columns.

Bucketing different variables for better analysis

```
[951]: # Bucketing Loan Amount
def bucket_loan_amnt(column):
    if column <= 5000:
        return '0 - 5K' # 25% quartile
```



```

elif (column >5000) and (column <= 10000):
    return '5K - 10K'
elif (column >10000) and (column <= 15000):
    return '10K - 15K'
else:
    return '15K - above' # 75% quartile

df['loan_amnt_b'] = df.apply(lambda x : bucket_loan_amnt(x['loan_amnt']), axis=
    ↪= 1)

```

```

[952]: #Bucketing Annual Income
def bucket_annual_inc(column):
    if column <= 40000:
        return '0 - 40k' # 25% quartile
    elif (column >40000) and (column <= 50000):
        return '40k - 50k'
    elif (column >50000) and (column <= 60000):
        return '50k to 60k'
    elif (column >60000) and (column <= 70000):
        return '60k to 70k'
    elif (column >70000) and (column <= 80000):
        return '70k to 80k'
    else:
        return '80k - above' # 75% quartile

df['annual_inc_b'] = df.apply(lambda x: bucket_annual_inc(x['annual_inc']),
    ↪axis = 1)

```

```

[953]: # Bucketing interest rate
def bucket_int_rate(column):
    if column <= 9:
        return 'Very Low' # 25% quartile
    elif (column >9) and (column <= 11):
        return 'Low'
    elif (column >11) and (column <= 13):
        return 'Moderate'
    elif (column >13) and (column <= 15):
        return 'High'
    else:
        return 'Very High' # 75% quartile

df['int_rate_b'] = df.apply(lambda x : bucket_int_rate(x.int_rate), axis = 1)

```

```

[954]: def bucket_dti(column):
    if column <= 8:
        return 'Very Low' # 25% quartile
    elif (column >8) and (column <= 12):

```

```

        return 'Low'
    elif (column >12) and (column <= 16):
        return 'Moderate'
    elif (column >16) and (column <= 20):
        return 'High'
    else:
        return 'Very High' # 75% quartile

df['dti_b'] = df.apply(lambda x : bucket_dti(x.dti), axis = 1)

```

Univariate Analysis

```

[956]: counts = df['loan_status'].value_counts()
percentages = counts.apply(lambda x: (x / df['loan_status'].count()) * 100)
print(percentages)

```

```

Fully Paid      85.242856
Charged Off     14.757144
Name: loan_status, dtype: float64

```

```

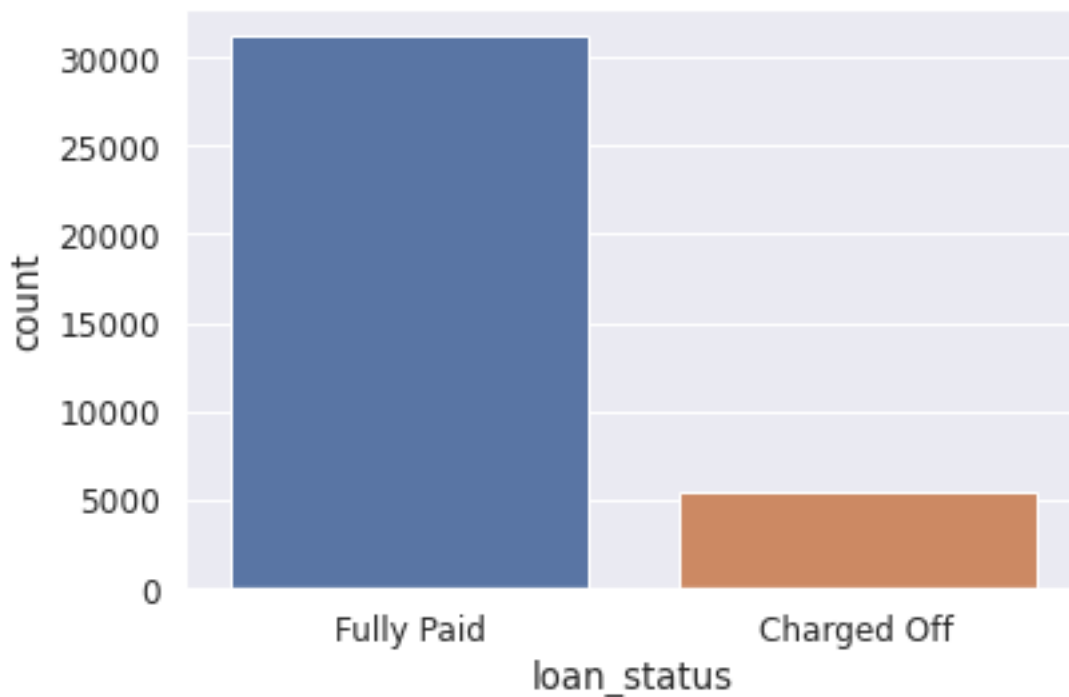
[957]: sns.countplot(x = 'loan_status', data = df)

```

```

[957]: <AxesSubplot:xlabel='loan_status', ylabel='count'>

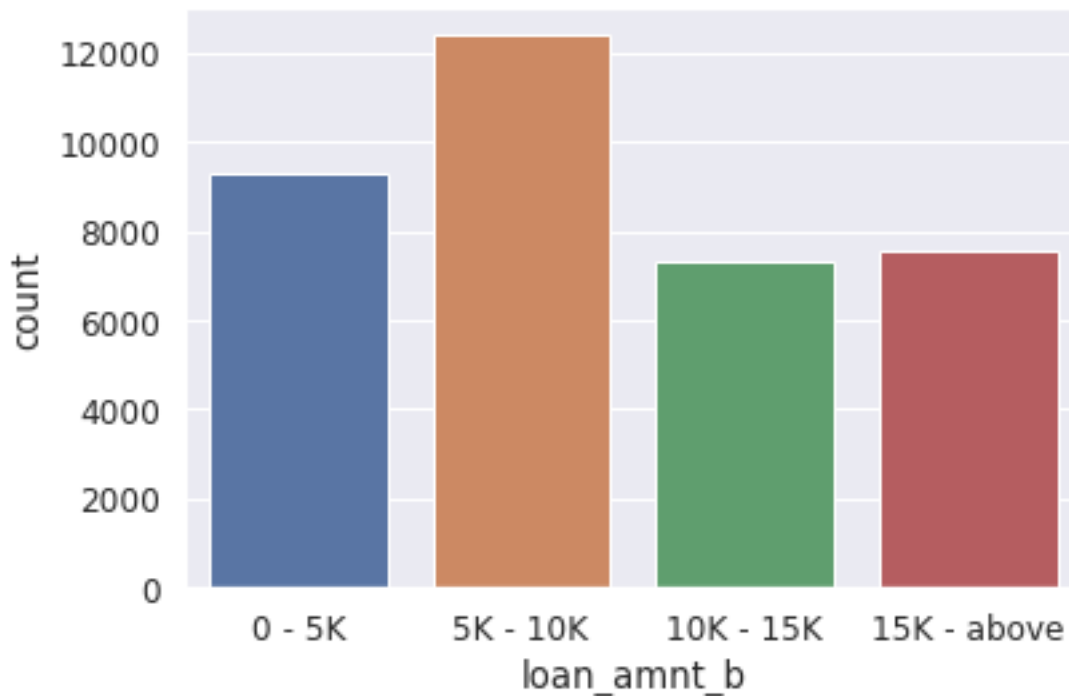
```



Observations - The following plot shows that around 14% loans were charged off out of the total loans issued

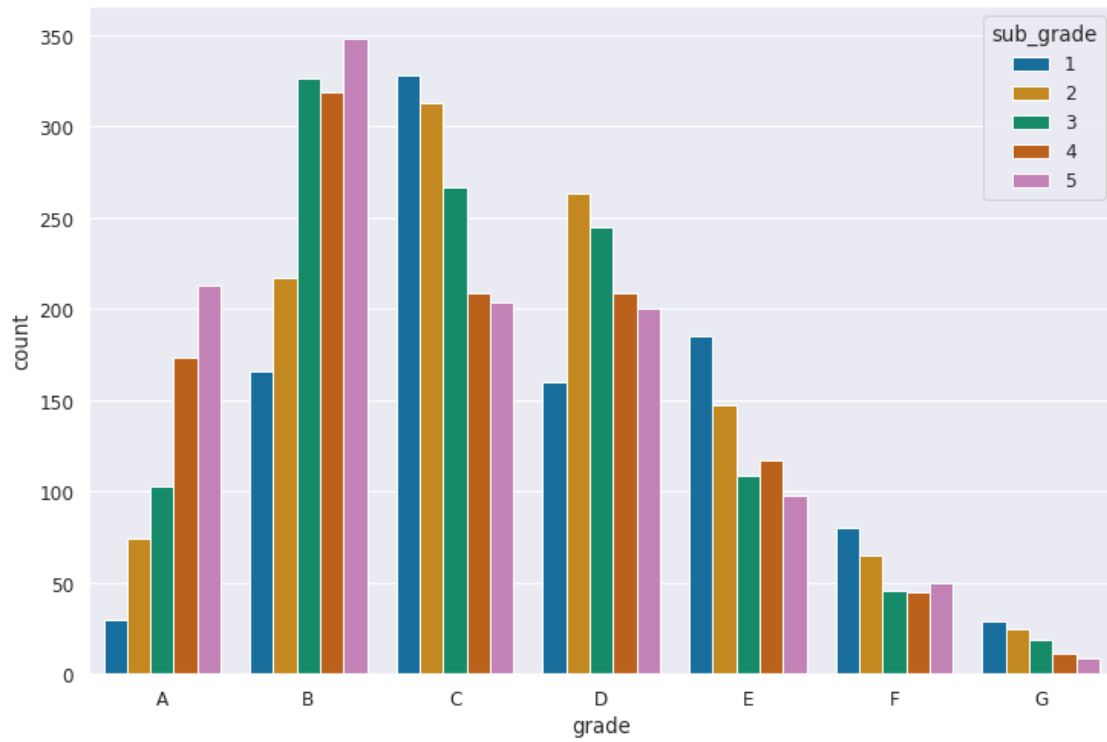
```
[959]: sns.countplot(x = 'loan_amnt_b', data = df)
```

```
[959]: <AxesSubplot:xlabel='loan_amnt_b', ylabel='count'>
```



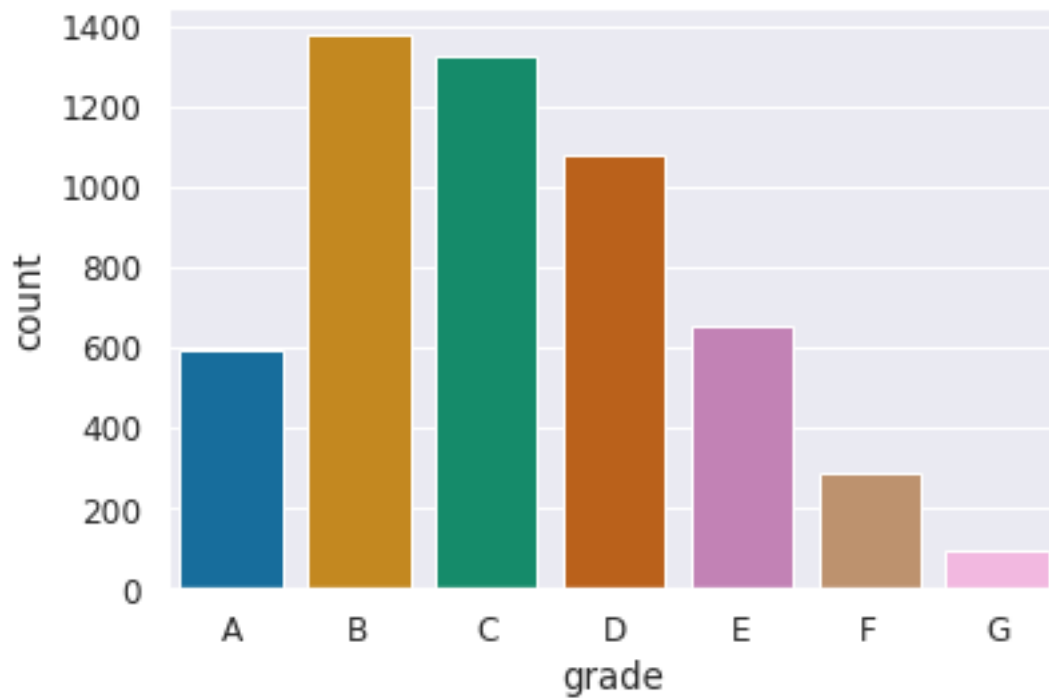
```
[960]: df.sub_grade = pd.to_numeric(df.sub_grade.apply(lambda x : x[-1]))
df.sub_grade.head()
fig, ax = plt.subplots(figsize=(12,8))
sns.set_palette('colorblind')
sns.countplot(x = 'grade', order = ['A', 'B', 'C', 'D', 'E', 'F', 'G'] , hue = 'sub_grade', data = df[df.loan_status == 'Charged Off'])
```

```
[960]: <AxesSubplot:xlabel='grade', ylabel='count'>
```



```
[961]: sns.countplot(x = 'grade', data = df[df.loan_status == 'Charged Off'], order =  
↳ ['A', 'B', 'C', 'D', 'E', 'F', 'G'])
```

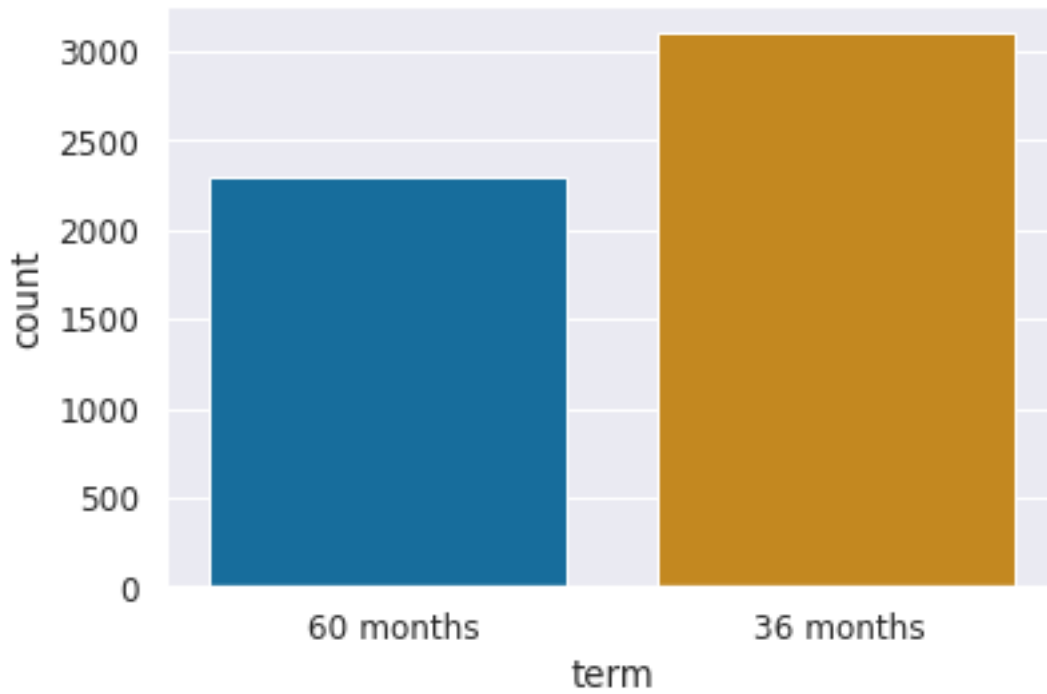
```
[961]: <AxesSubplot:xlabel='grade', ylabel='count'>
```



Observation - Most of the defaulters are people who are in grade B, C followed by D,E and A. Lowest defaulters are from grade G followed by F

```
[963]: sns.countplot(x='term',data=df[df.loan_status=="Charged Off"])
```

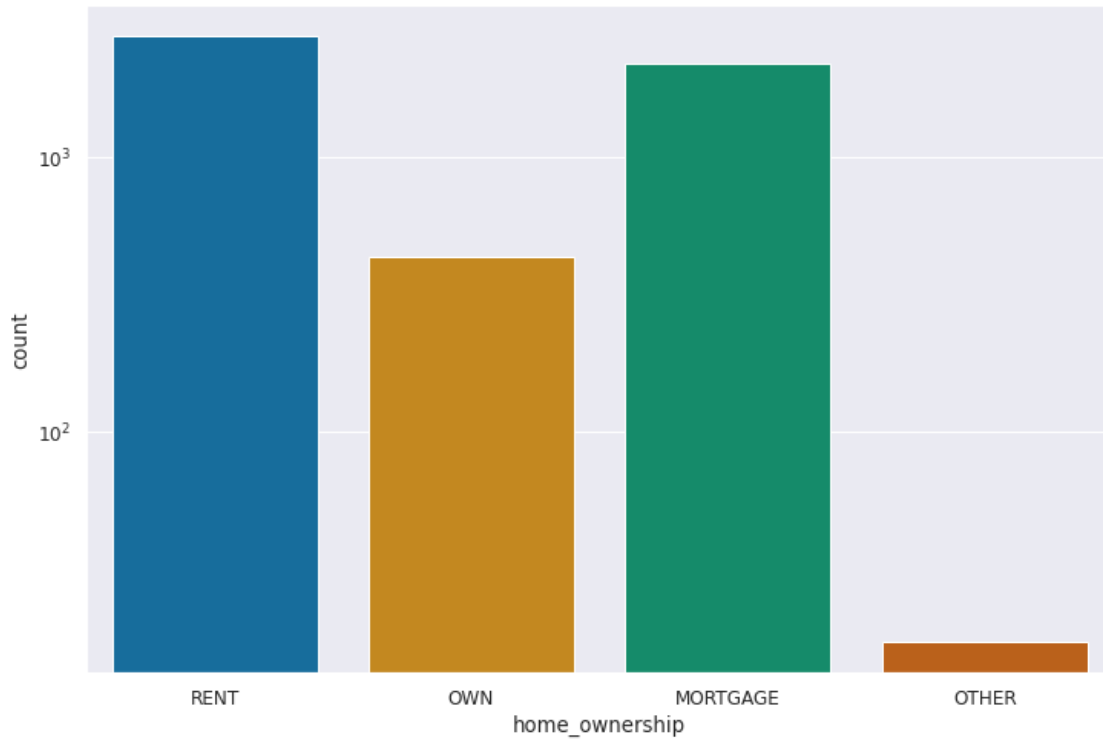
```
[963]: <AxesSubplot:xlabel='term', ylabel='count'>
```



```
[964]: df['home_ownership'].replace(to_replace = ['NONE'],value='OTHER',inplace = True)
print(df['home_ownership'].unique())
fig, ax = plt.subplots(figsize = (12,8))
ax.set(yscale = 'log')
sns.countplot(x='home_ownership',data=df[df.loan_status=="Charged Off"])
```

```
['RENT' 'OWN' 'MORTGAGE' 'OTHER']
```

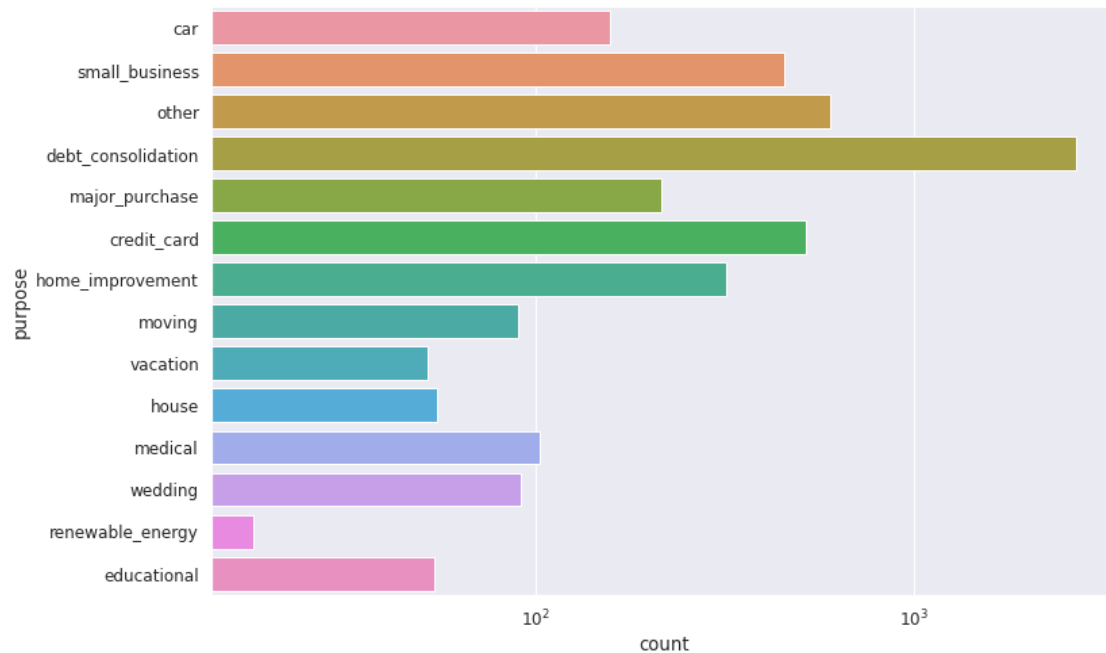
```
[964]: <AxesSubplot:xlabel='home_ownership', ylabel='count'>
```



Observation - The Count plot shows that most of them living in rented home or mortgaged their home.

```
[966]: fig, ax = plt.subplots(figsize = (12,8))
ax.set(xscale = 'log')
sns.countplot(y = 'purpose', data=df[df.loan_status == 'Charged Off'])
```

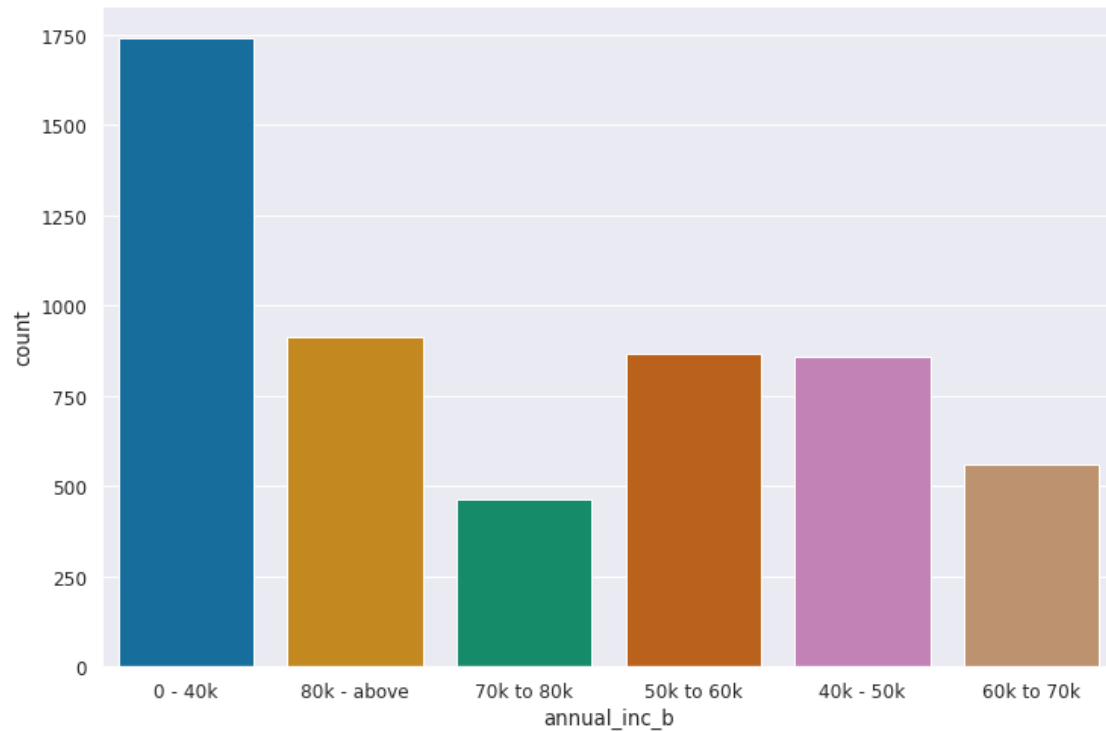
```
[966]: <AxesSubplot:xlabel='count', ylabel='purpose'>
```



Observation - The Count Plot shows that most of the loans were taken for the purpose of debt consolidation & paying credit card bill.. Number of charged off count also high too for these loans.

```
[968]: plt.figure(figsize=(12, 8))
sns.countplot(x='annual_inc_b', data=df[df.loan_status=="Charged Off"])
```

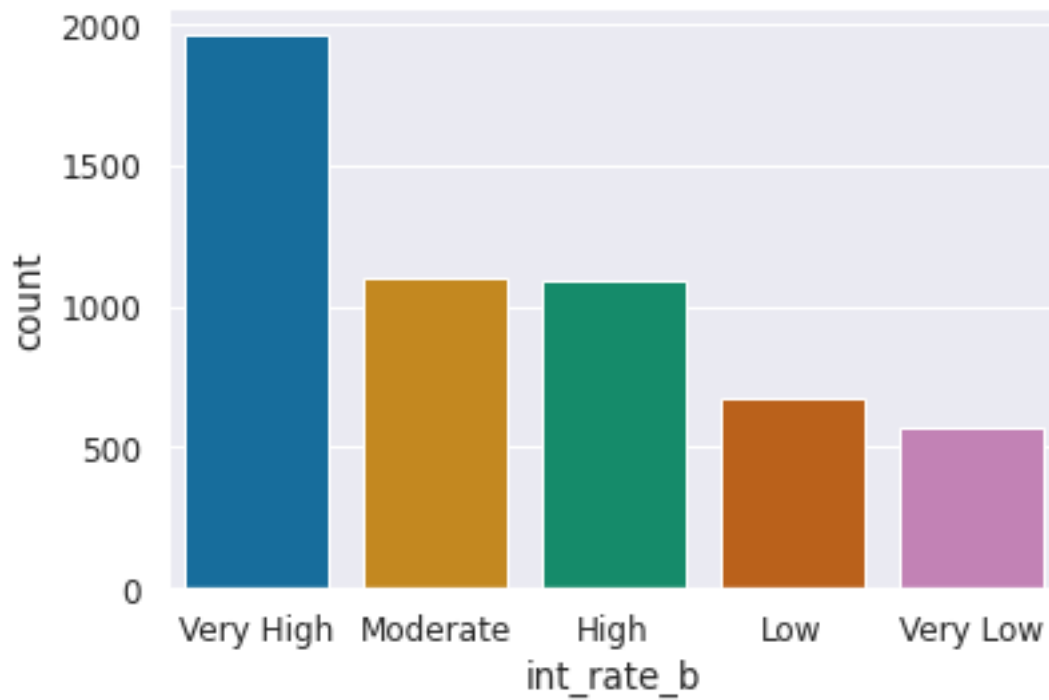
```
[968]: <AxesSubplot:xlabel='annual_inc_b', ylabel='count'>
```

Observation - We observe that most of the charged-off loans are from the people with annual income between 0-40K.

```
[970]: sns.countplot(x='int_rate_b',data=df[df.loan_status=="Charged Off"])
```

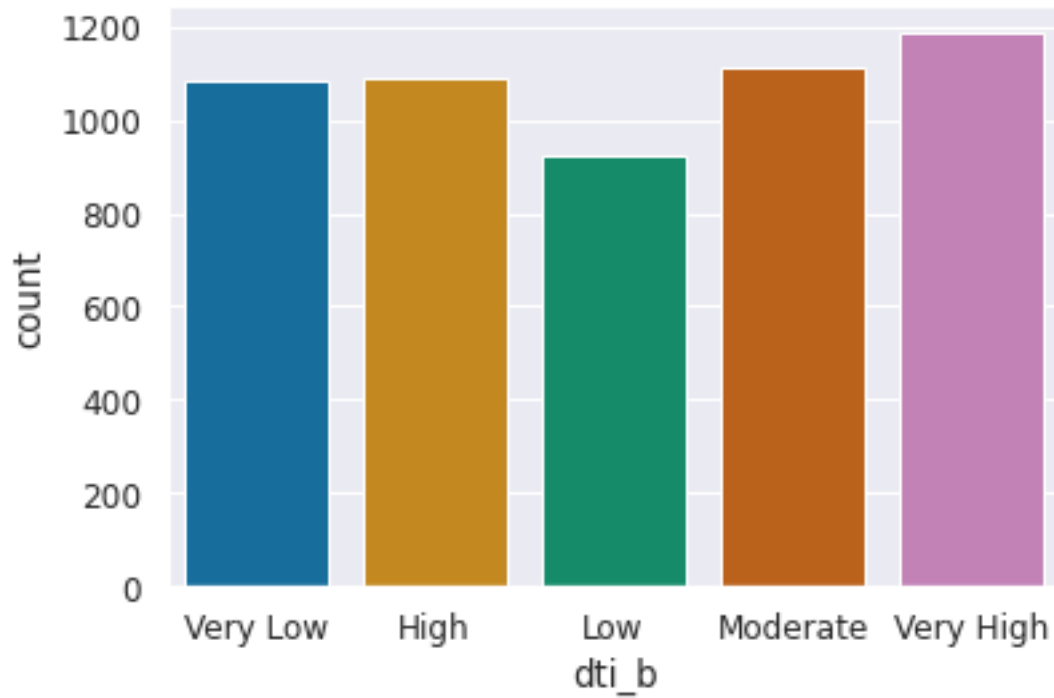
```
[970]: <AxesSubplot:xlabel='int_rate_b', ylabel='count'>
```



Observation - We see that people who have interest rate categorized as “Very High” that is interest rate > 13 are more likely to default on their loans.

```
[971]: sns.countplot(x='dti_b', data=df[df.loan_status=="Charged Off"])
```

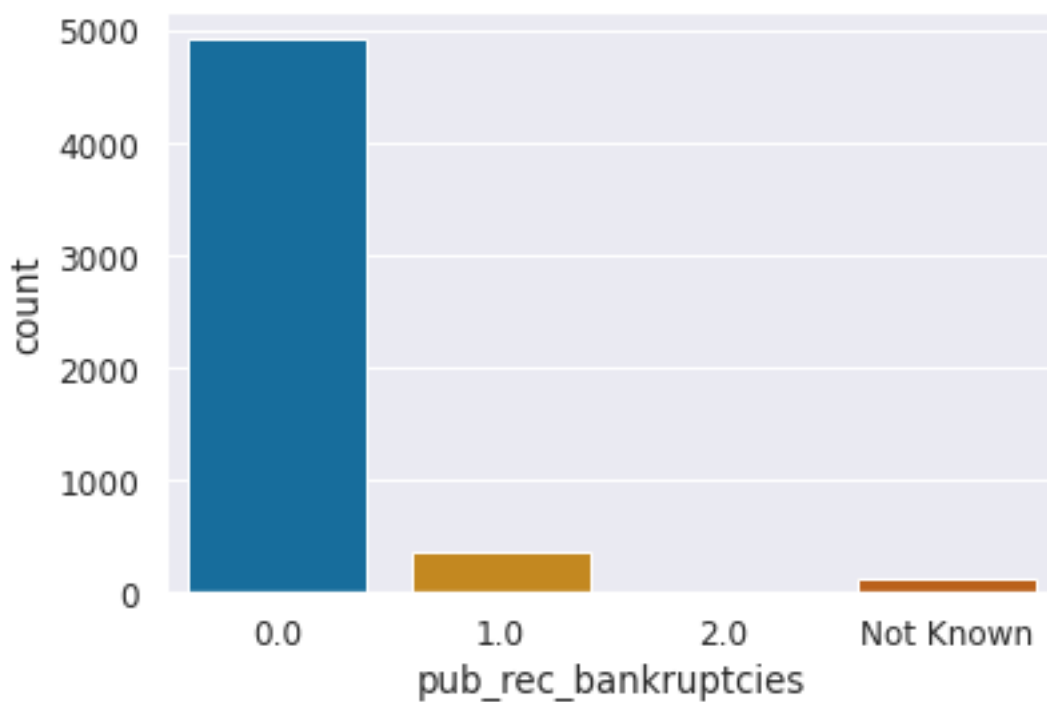
```
[971]: <AxesSubplot:xlabel='dti_b', ylabel='count'>
```



Observation - We can observe that the charged-off ratio is more or less the same across all dti groups.

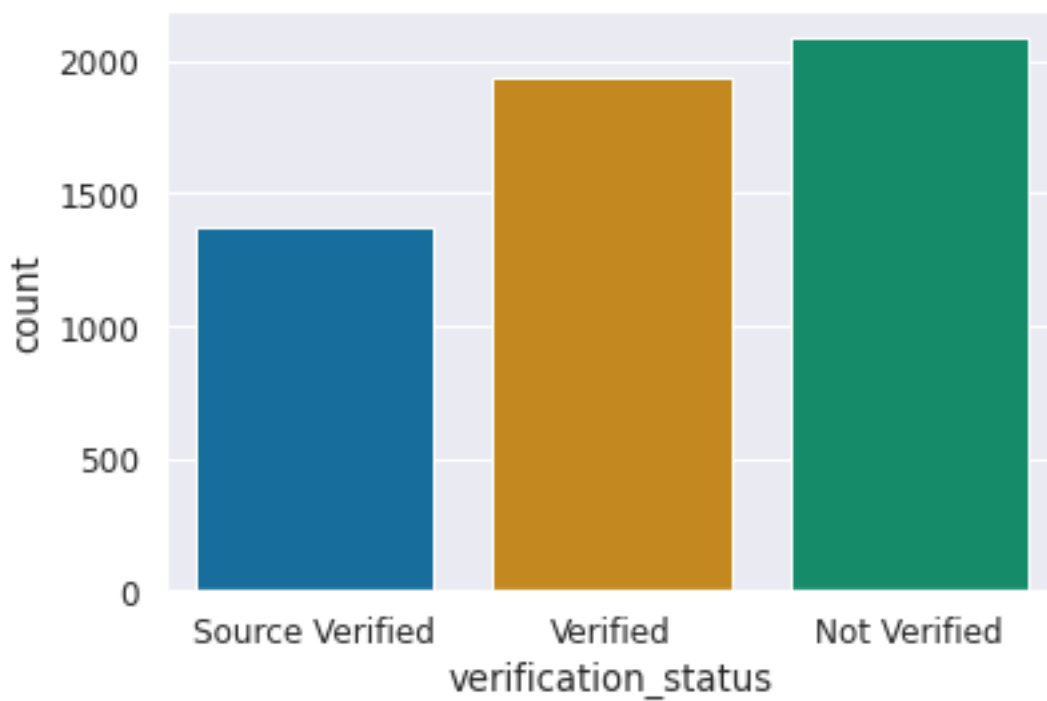
```
[972]: sns.countplot(x='pub_rec_bankruptcies', data=df[df.loan_status=="Charged Off"])
```

```
[972]: <AxesSubplot:xlabel='pub_rec_bankruptcies', ylabel='count'>
```



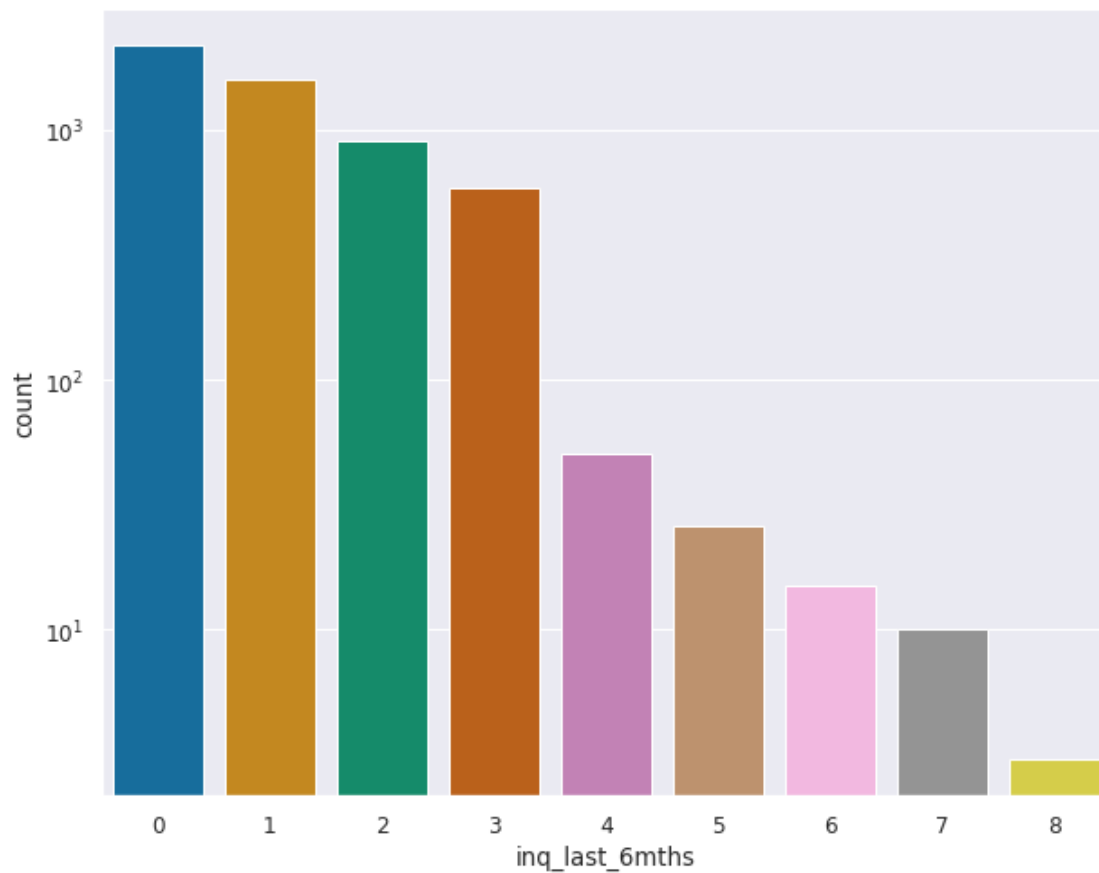
```
[973]: sns.countplot(x='verification_status',data=df[df.loan_status=="Charged Off"])
```

```
[973]: <AxesSubplot:xlabel='verification_status', ylabel='count'>
```



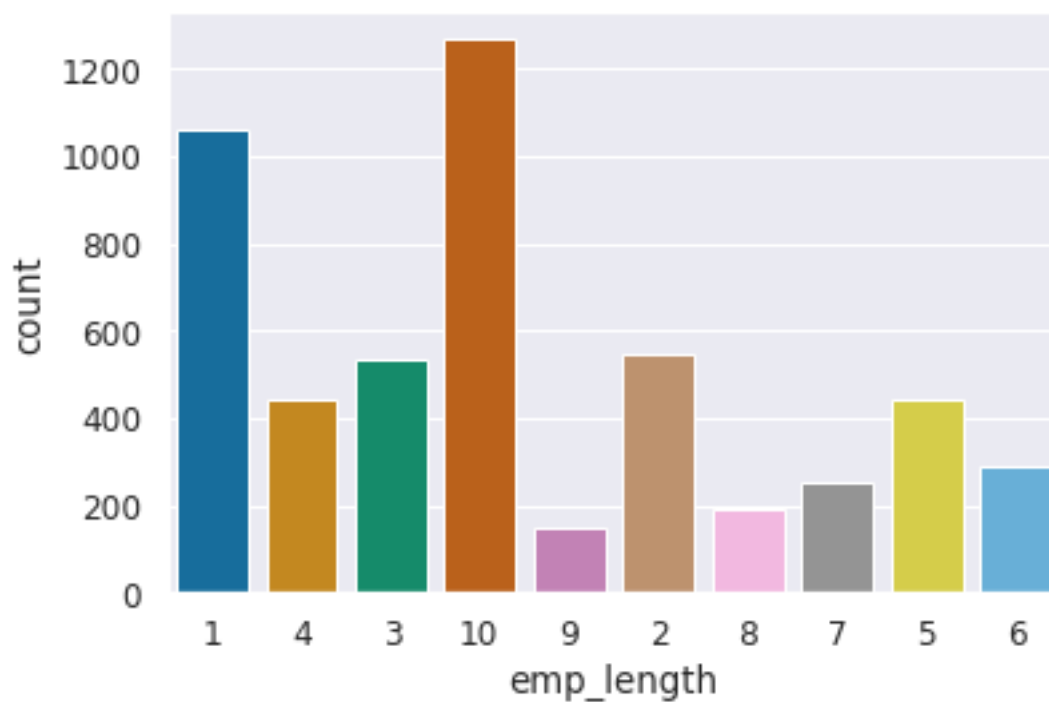
```
[974]: fig,ax = plt.subplots(figsize = (10,8))
ax.set_yscale('log')
sns.countplot(x="inq_last_6mths",data=df[df.loan_status=="Charged Off"])
```

```
[974]: <AxesSubplot:xlabel='inq_last_6mths', ylabel='count'>
```



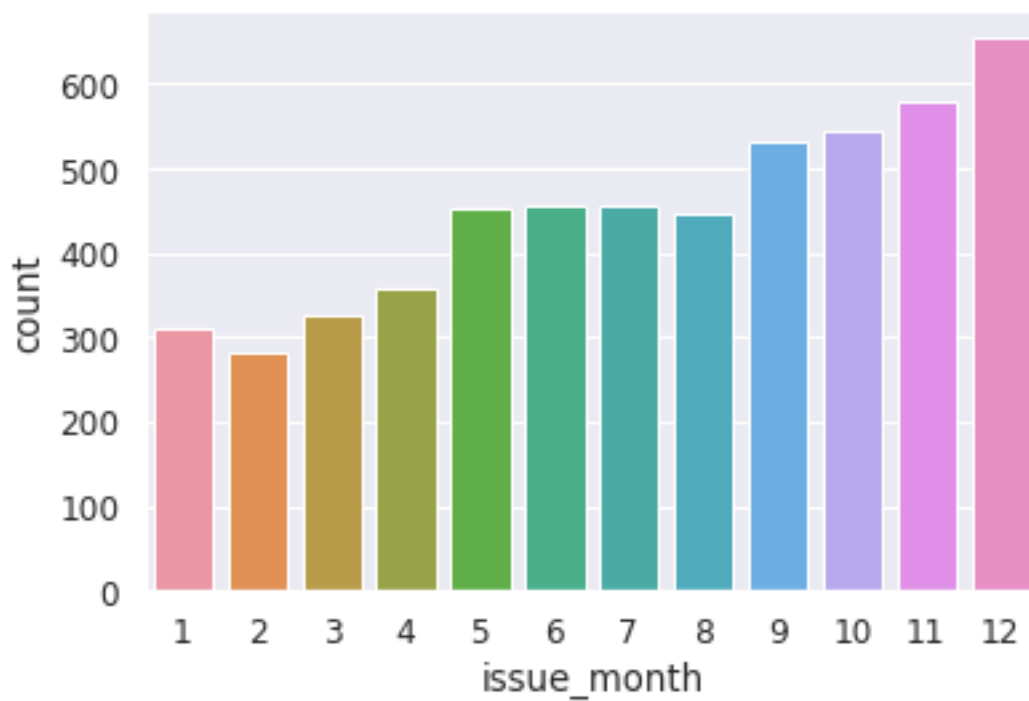
```
[975]: sns.countplot(x='emp_length',data=df[df.loan_status=="Charged Off"])
```

```
[975]: <AxesSubplot:xlabel='emp_length', ylabel='count'>
```



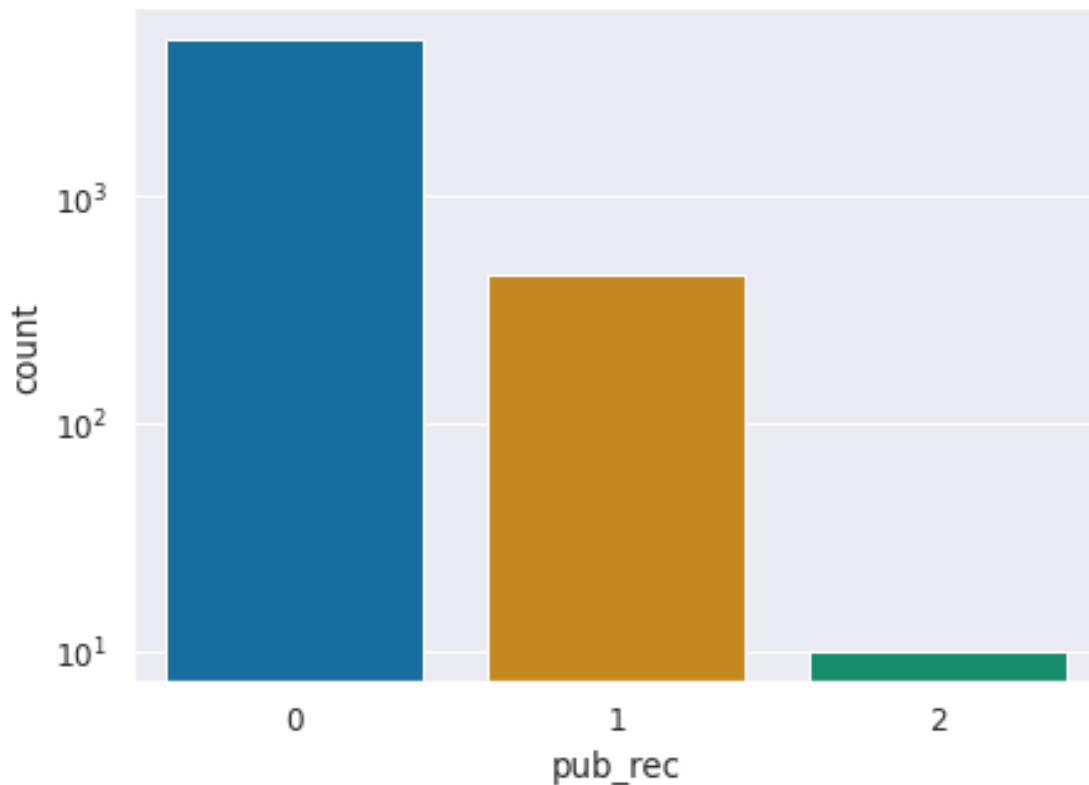
```
[978]: sns.countplot(x="issue_month",data=df[df.loan_status=="Charged Off"])
```

```
[978]: <AxesSubplot:xlabel='issue_month', ylabel='count'>
```



```
[980]: fig,ax = plt.subplots(figsize = (7,5))
ax.set_yscale('log')
sns.countplot(x='pub_rec',data=df[df.loan_status=="Charged Off"])
```

```
[980]: <AxesSubplot:xlabel='pub_rec', ylabel='count'>
```

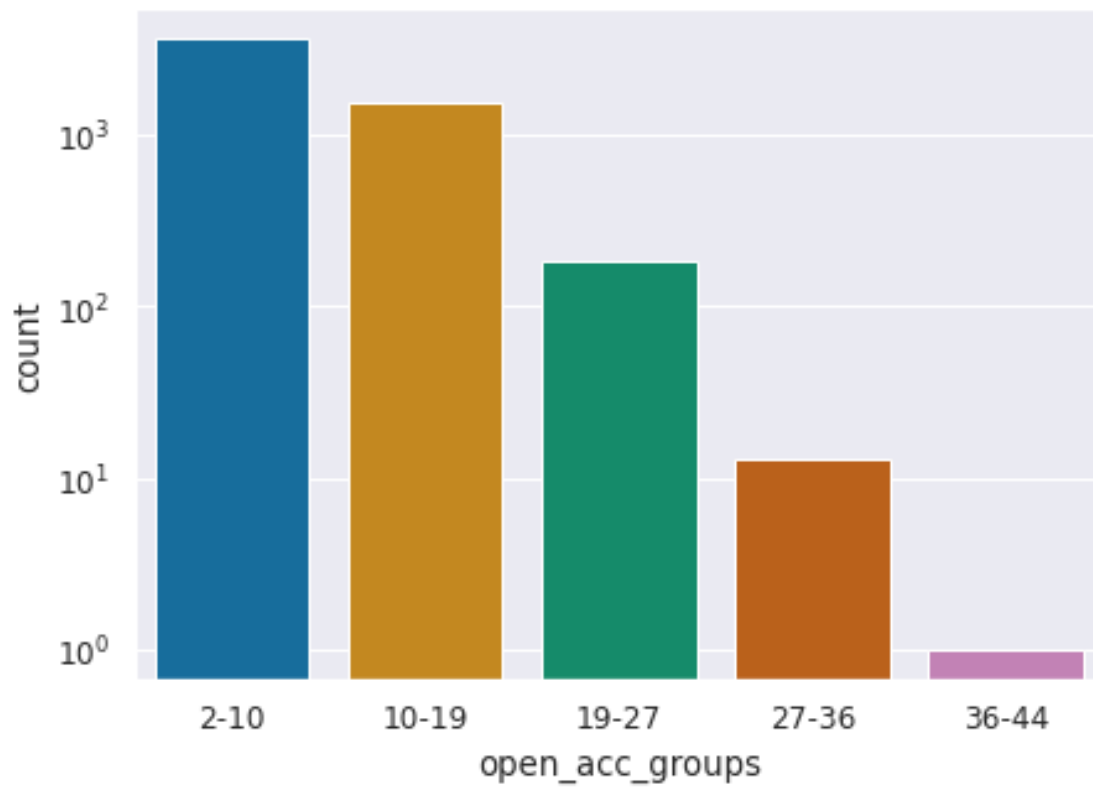


Observation - Creating Buckets for open_acc, revol_util and total_acc columns for our analysis

```
[983]: df['open_acc_groups'] = pd.cut(df['open_acc'],bins = 5,precision_
↪=0,labels=['2-10','10-19','19-27','27-36','36-44'])
df['revol_util_groups'] = pd.cut(df['revol_util'], bins=5,precision_
↪=0,labels=['0-20','20-40','40-60','60-80','80-100'])
df['total_acc_groups'] = pd.cut(df['total_acc'], bins=5,precision_
↪=0,labels=['2-20','20-37','37-55','55-74','74-90'])
```

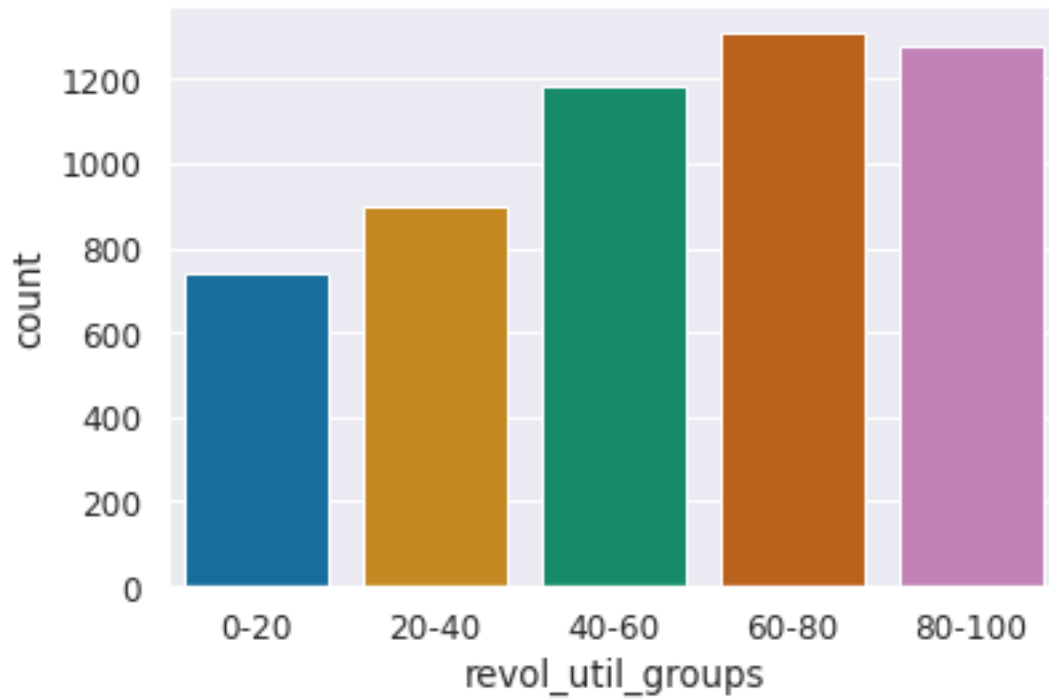
```
[984]: fig, ax = plt.subplots(figsize = (7,5))
ax.set_yscale('log')
sns.countplot(x='open_acc_groups', data=df[df.loan_status == 'Charged Off'])
```

```
[984]: <AxesSubplot:xlabel='open_acc_groups', ylabel='count'>
```



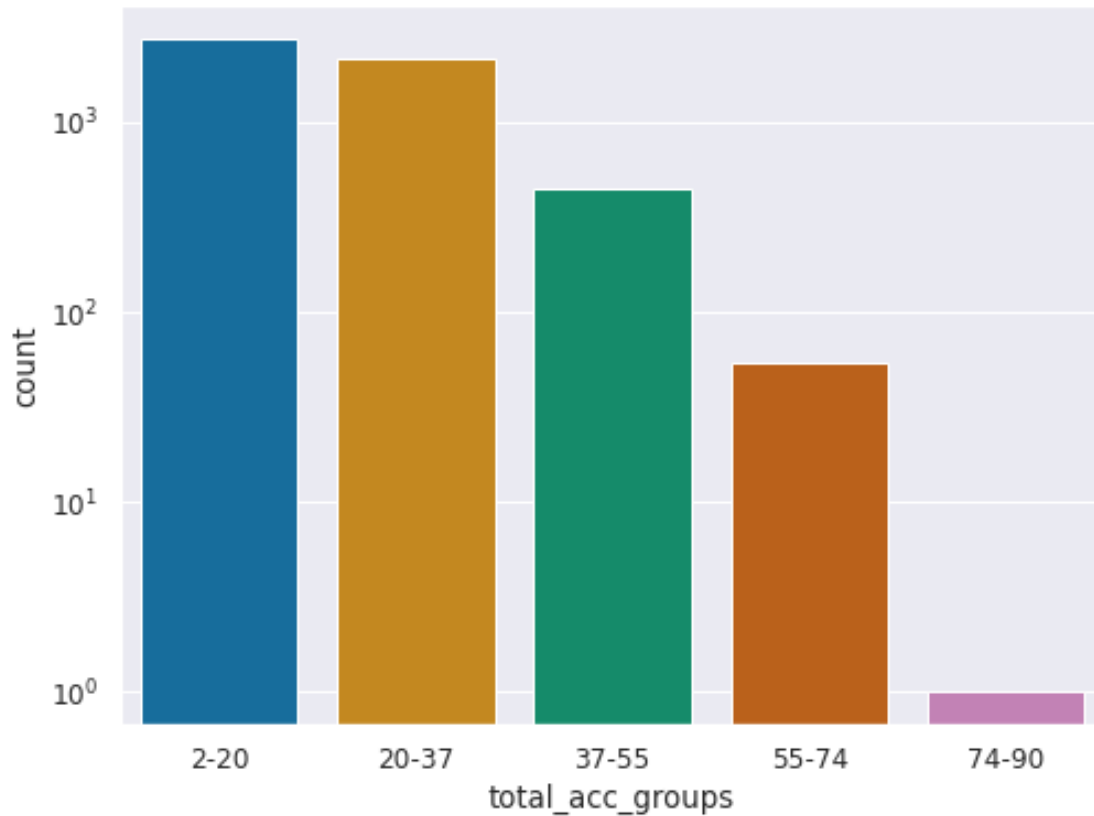
```
[985]: sns.countplot(x='revol_util_groups', data=df[df.loan_status == 'Charged Off'])
```

```
[985]: <AxesSubplot:xlabel='revol_util_groups', ylabel='count'>
```

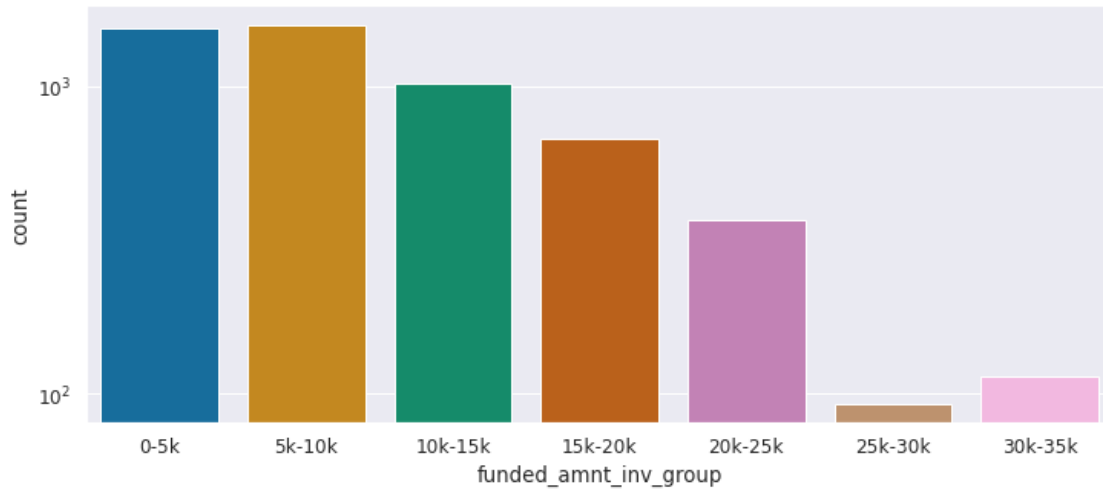
```
[986]: fig, ax = plt.subplots(figsize = (8,6))  
ax.set_yscale('log')  
sns.countplot(x='total_acc_groups', data=df[df.loan_status == 'Charged Off'])
```

```
[986]: <AxesSubplot:xlabel='total_acc_groups', ylabel='count'>
```



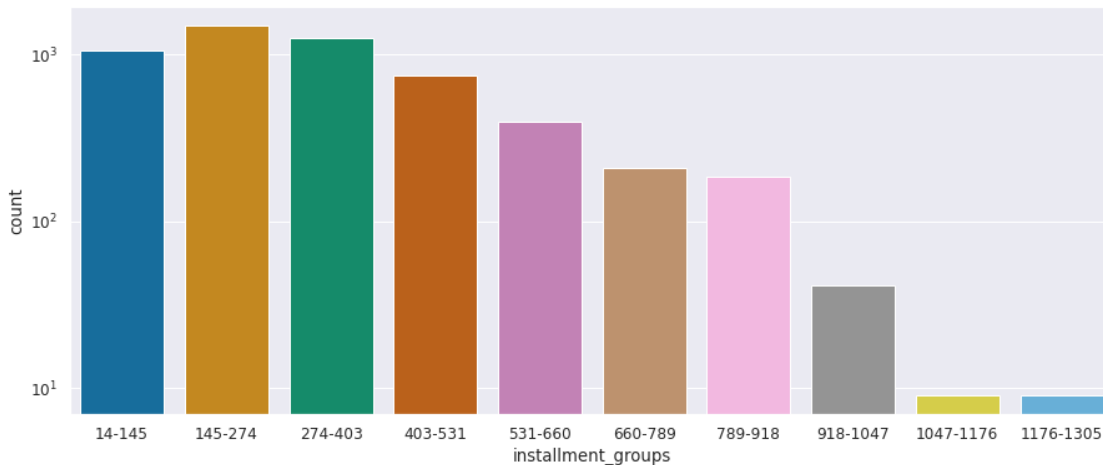
```
[987]: df['funded_amnt_inv_group'] = pd.cut(df['funded_amnt_inv'],
      ↪ bins=7, labels=['0-5k', '5k-10k', '10k-15k', '15k-20k', '20k-25k', '25k-30k', '30k-35k'])
      ↪ ## bin is starting from -35?
fig, ax = plt.subplots(figsize = (12, 5))
ax.set_yscale('log')
sns.countplot(x='funded_amnt_inv_group', data=df[df['loan_status']=='Charged_
      ↪ Off'])
```

```
[987]: <AxesSubplot:xlabel='funded_amnt_inv_group', ylabel='count'>
```



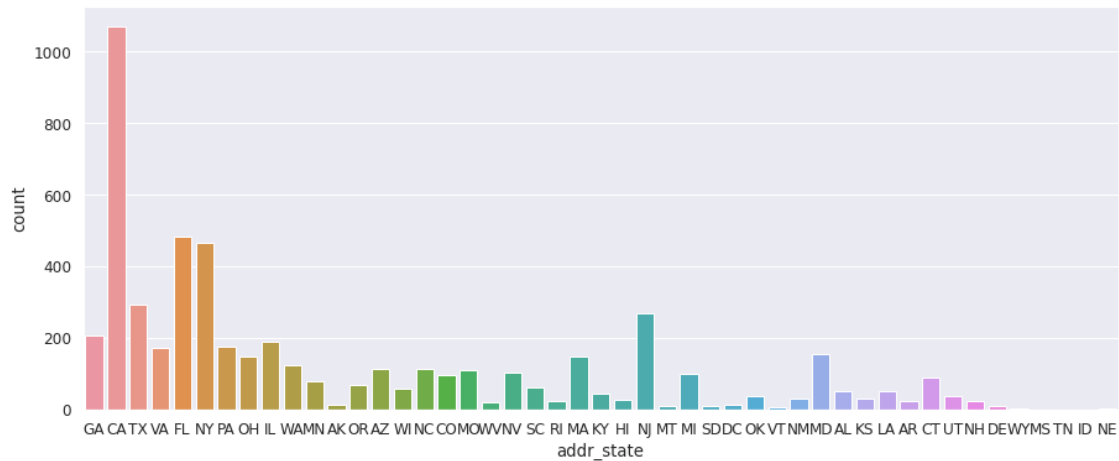
```
[988]: df['installment_groups'] = pd.cut(df['installment'], bins=10,precision_
      ↪=0,labels=['14-145','145-274','274-403','403-531','531-660','660-789','789-918','918-1047',
fig,ax = plt.subplots(figsize = (15,6))
ax.set_yscale('log')
sns.countplot(x='installment_groups', data=df[df['loan_status']=='Charged Off'])
```

[988]: <AxesSubplot:xlabel='installment_groups', ylabel='count'>



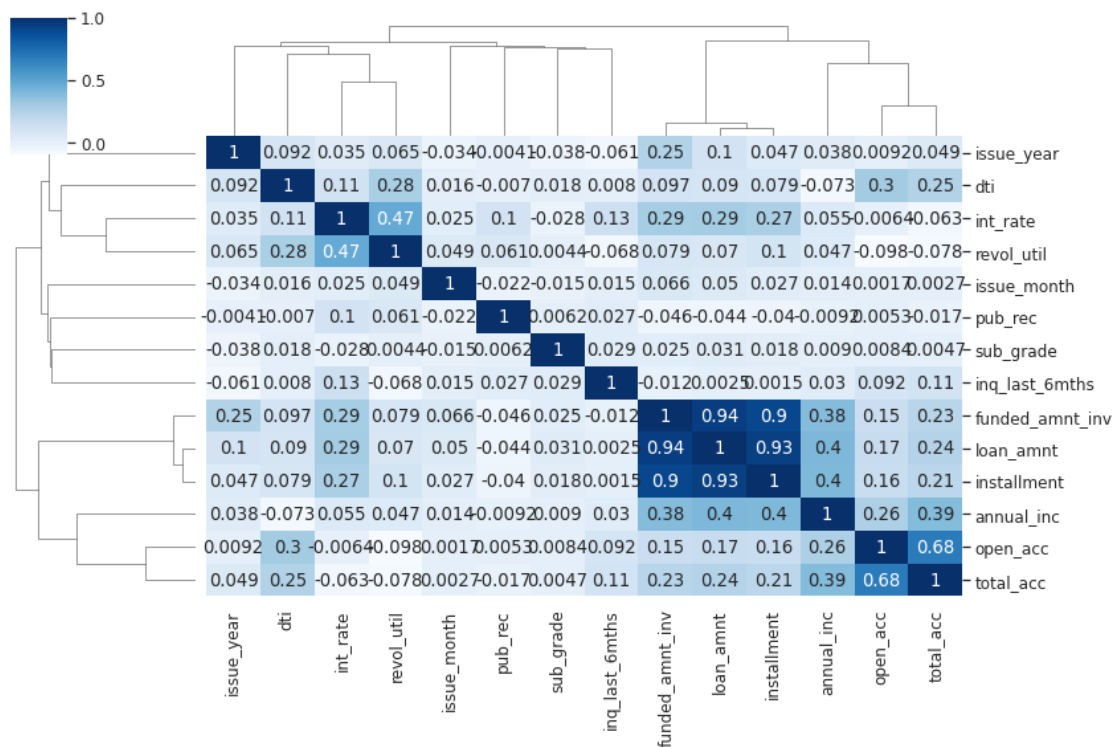
```
[989]: fig,ax = plt.subplots(figsize = (15,6))
sns.countplot(x="addr_state",data=df[df.loan_status=="Charged Off"])
```

[989]: <AxesSubplot:xlabel='addr_state', ylabel='count'>



0.1.2 Correlation Analysis

```
[991]: corr_loan = df
corr = corr_loan.corr()
sns.set(font_scale=1.1)
sns.clustermap(corr, annot=True, figsize=(12, 8), cmap="Blues")
plt.show()
```



Observation -

- Annual Income to Debt To Income Ratio i.e. dti are negatively correlated
- Loan_amnt has negative correlation with pub_rec_bankruptcies
- Loan Amount,Investor Amount and Funding Amount are strongly correlated
- Positive correlation between Annual Income and employment years
- Positive correlation between annual income and funded amount that means people with high income gets high funded amount
- Positive correlation between annual income and total payment
- Term has a strong correlation with loan amount
- Term has a strong correlation with interest rate

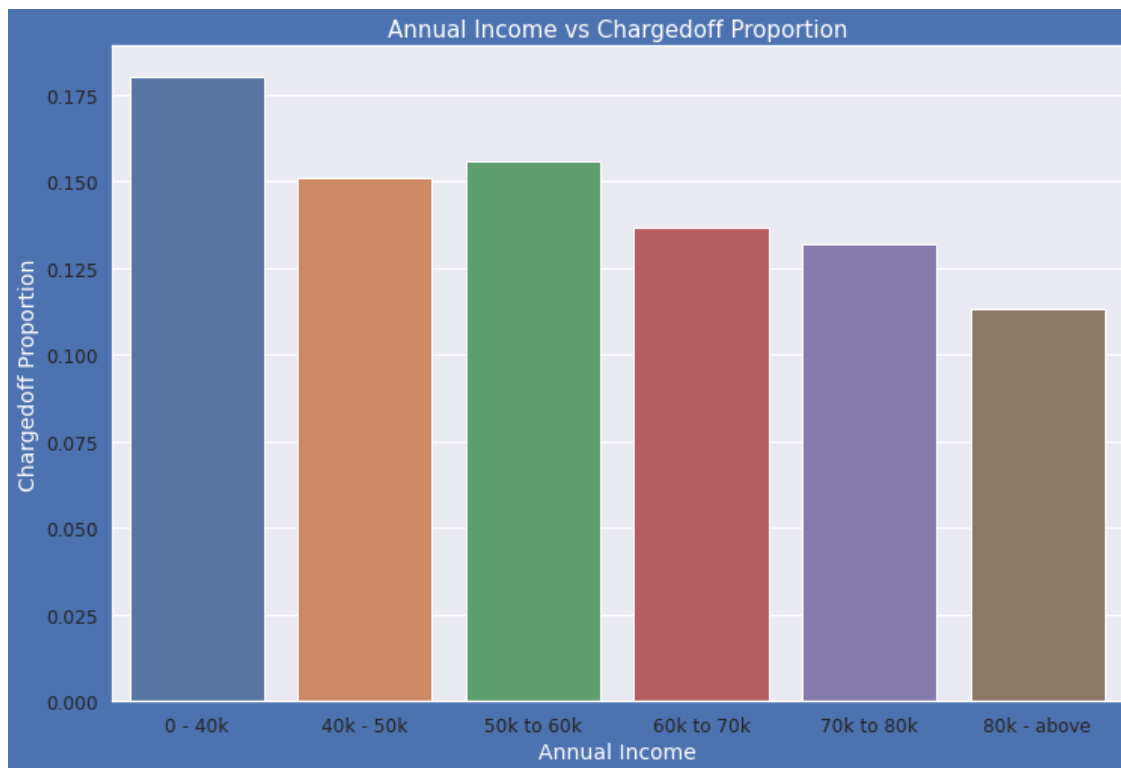
0.1.3 Bivariate Analysis

```
[992]: inc_range_vs_loan = df.groupby(['annual_inc_b', 'loan_status']).loan_status.  
        ↪count().unstack().fillna(0).reset_index()  
inc_range_vs_loan['Total'] = inc_range_vs_loan['Charged Off'] +  
        ↪inc_range_vs_loan['Fully Paid']  
inc_range_vs_loan['Chargedoff_Proportion'] = inc_range_vs_loan['Charged Off'] /  
        ↪inc_range_vs_loan['Total']  
inc_range_vs_loan.sort_values('Chargedoff_Proportion', ascending=False)
```

```
[992]: loan_status annual_inc_b  Charged Off  Fully Paid  Total  \  
0          0 - 40k          1740        7924   9664  
2          50k to 60k          867        4703   5570  
1          40k - 50k          858        4825   5683  
3          60k to 70k          559        3537   4096  
4          70k to 80k          464        3059   3523  
5          80k - above          914        7156   8070
```

```
loan_status  Chargedoff_Proportion  
0           0.180050  
2           0.155655  
1           0.150977  
3           0.136475  
4           0.131706  
5           0.113259
```

```
[993]: fig, ax1 = plt.subplots(figsize=(12, 8),facecolor='b')  
ax1.set_title('Annual Income vs Chargedoff Proportion',fontsize=15,color = 'w')  
ax1=sns.barplot(x='annual_inc_b', y='Chargedoff_Proportion',  
        ↪data=inc_range_vs_loan)  
ax1.set_ylabel('Chargedoff Proportion',fontsize=14,color = 'w')  
ax1.set_xlabel('Annual Income',fontsize=14,color='w')  
plt.show()
```



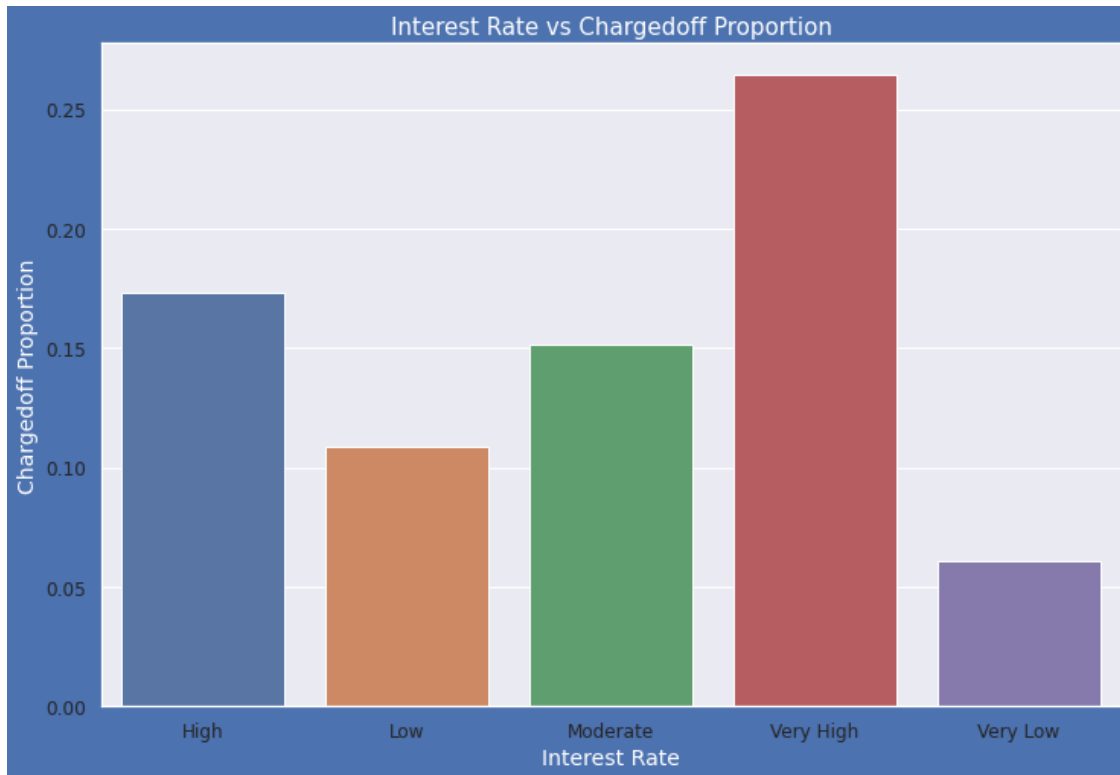
Observation -

- Income range of 80000+ has less chance of getting charged off.
- Income range of -20000 has high chances of charged off.
- With increase in annual income charged off proportion got decreased. So, they are inversely proportional

```
[994]: interest_vs_loan = df.groupby(['int_rate_b', 'loan_status']).loan_status.  
      ↪count().unstack().fillna(0).reset_index()  
interest_vs_loan['Total'] = interest_vs_loan['Charged Off'] +  
      ↪interest_vs_loan['Fully Paid']  
interest_vs_loan['Chargedoff_Proportion'] = interest_vs_loan['Charged Off'] /  
      ↪interest_vs_loan['Total']  
interest_vs_loan.sort_values('Chargedoff_Proportion', ascending=False)
```

```
[994]: loan_status int_rate_b Charged Off Fully Paid Total Chargedoff_Proportion  
3          Very High      1963      5462    7425      0.264377  
0           High       1087      5184    6271      0.173338  
2        Moderate      1100      6171    7271      0.151286  
1           Low        677      5548    6225      0.108755  
4        Very Low       575      8839    9414      0.061079
```

```
[995]: fig, ax1 = plt.subplots(figsize=(12, 8),facecolor='b')
ax1.set_title('Interest Rate vs Chargedoff Proportion',fontsize=15,color='w')
ax1=sns.barplot(x='int_rate_b', y='Chargedoff_Proportion',
↳data=interest_vs_loan)
ax1.set_xlabel('Interest Rate',fontsize=14,color='w')
ax1.set_ylabel('Chargedoff Proportion',fontsize=14,color = 'w')
plt.show()
```



Observation -

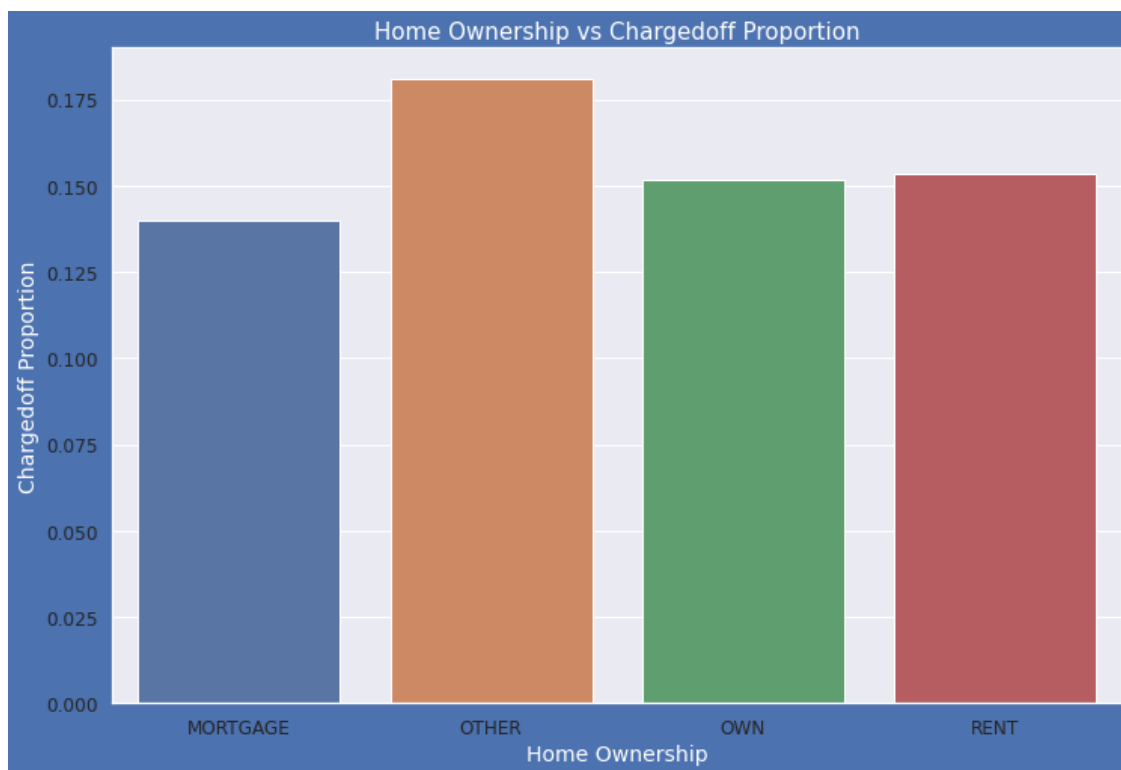
- Interest Rates which is less than 10% have very less chances of defaulting on their loan
- Charged off proportion increases with higher interest rates

```
[996]: home_ownership_vs_loan = df.groupby(['home_ownership', 'loan_status']).
↳loan_status.count().unstack().fillna(0).reset_index()
home_ownership_vs_loan['Total'] = home_ownership_vs_loan['Charged Off']+
↳home_ownership_vs_loan['Fully Paid']
home_ownership_vs_loan['Chargedoff_Proportion'] =
↳home_ownership_vs_loan['Charged Off'] / home_ownership_vs_loan['Total']
home_ownership_vs_loan.sort_values('Chargedoff_Proportion', ascending=False)
```

```
[996]: loan_status home_ownership Charged Off Fully Paid Total \
1          OTHER          17          77          94
3          RENT        2763        15237       18000
2          OWN         432         2415        2847
0        MORTGAGE       2190        13475       15665
```

```
loan_status Chargedoff_Proportion
1          0.180851
3          0.153500
2          0.151739
0          0.139802
```

```
[997]: fig, ax1 = plt.subplots(figsize=(12, 8),facecolor='b')
ax1.set_title('Home Ownership vs Chargedoff Proportion',fontsize=15,color='w')
ax1=sns.barplot(x='home_ownership', y='Chargedoff_Proportion',
               data=home_ownership_vs_loan)
ax1.set_xlabel('Home Ownership',fontsize=14,color='w')
ax1.set_ylabel('Chargedoff Proportion',fontsize=14,color = 'w')
plt.show()
```



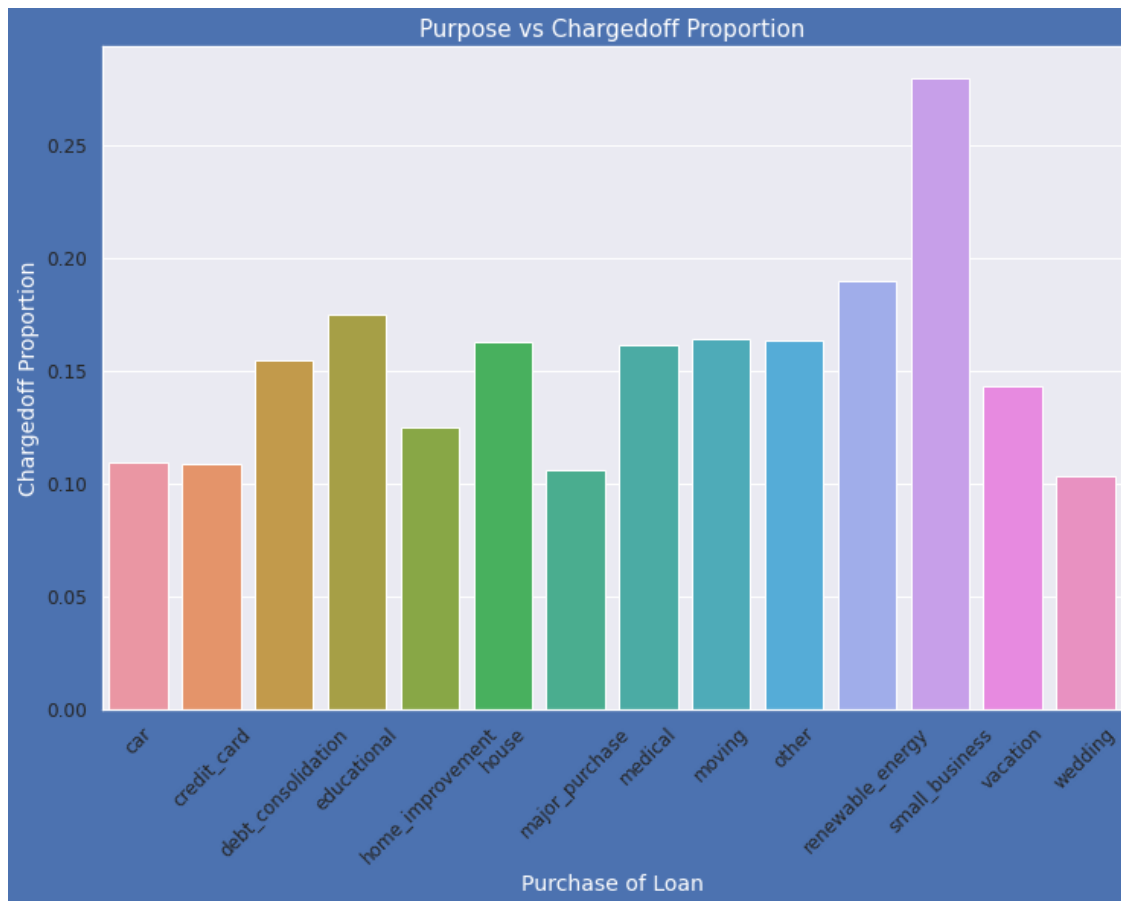
Observation No strong evidence or correlation observed


```
[998]: purpose_vs_loan = df.groupby(['purpose', 'loan_status']).loan_status.count().
        ↳unstack().fillna(0).reset_index()
purpose_vs_loan['Total'] = purpose_vs_loan['Charged Off'] +
        ↳purpose_vs_loan['Fully Paid']
purpose_vs_loan['Chargedoff_Proportion'] = purpose_vs_loan['Charged Off'] /
        ↳purpose_vs_loan['Total']
purpose_vs_loan.sort_values('Chargedoff_Proportion', ascending=False)
```

```
[998]: loan_status      purpose  Charged Off  Fully Paid  Total  \
11      small_business      454      1168      1622
10      renewable_energy      18       77       95
3        educational      54      255      309
8          moving      90      458      548
9          other     601     3085     3686
5          house      55      283      338
7          medical     103      536      639
2      debt_consolidation    2672     14621     17293
12         vacation      52      312      364
4      home_improvement     319      2232     2551
0            car      158      1288     1446
1      credit_card     518      4264     4782
6      major_purchase     216      1825     2041
13         wedding      92       800      892

loan_status  Chargedoff_Proportion
11              0.279901
10              0.189474
3               0.174757
8               0.164234
9               0.163049
5               0.162722
7               0.161189
2               0.154513
12              0.142857
4               0.125049
0               0.109267
1               0.108323
6               0.105830
13              0.103139
```

```
[999]: fig, ax1 = plt.subplots(figsize=(12, 8),facecolor='b')
ax1.set_title('Purpose vs Chargedoff Proportion',fontsize=15,color='w')
ax1=sns.barplot(x='purpose', y='Chargedoff_Proportion', data=purpose_vs_loan)
ax1.set_xlabel('Purchase of Loan',fontsize=14,color='w')
ax1.set_ylabel('Chargedoff Proportion',fontsize=14,color = 'w')
plt.xticks(rotation=45)
plt.show()
```



Observation - Small business have the highest chances of defaulting of loans followed by debt consolidation, renewable energy

```
[1000]: dti_vs_loan = df.groupby(['dti_b', 'loan_status']).loan_status.count().
         ↪unstack().fillna(0).reset_index()
dti_vs_loan['Total'] = dti_vs_loan['Charged Off'] + dti_vs_loan['Fully Paid']
dti_vs_loan['Chargedoff_Proportion'] = dti_vs_loan['Charged Off'] /
         ↪dti_vs_loan['Total']
dti_vs_loan.sort_values('Chargedoff_Proportion', ascending=False)
```

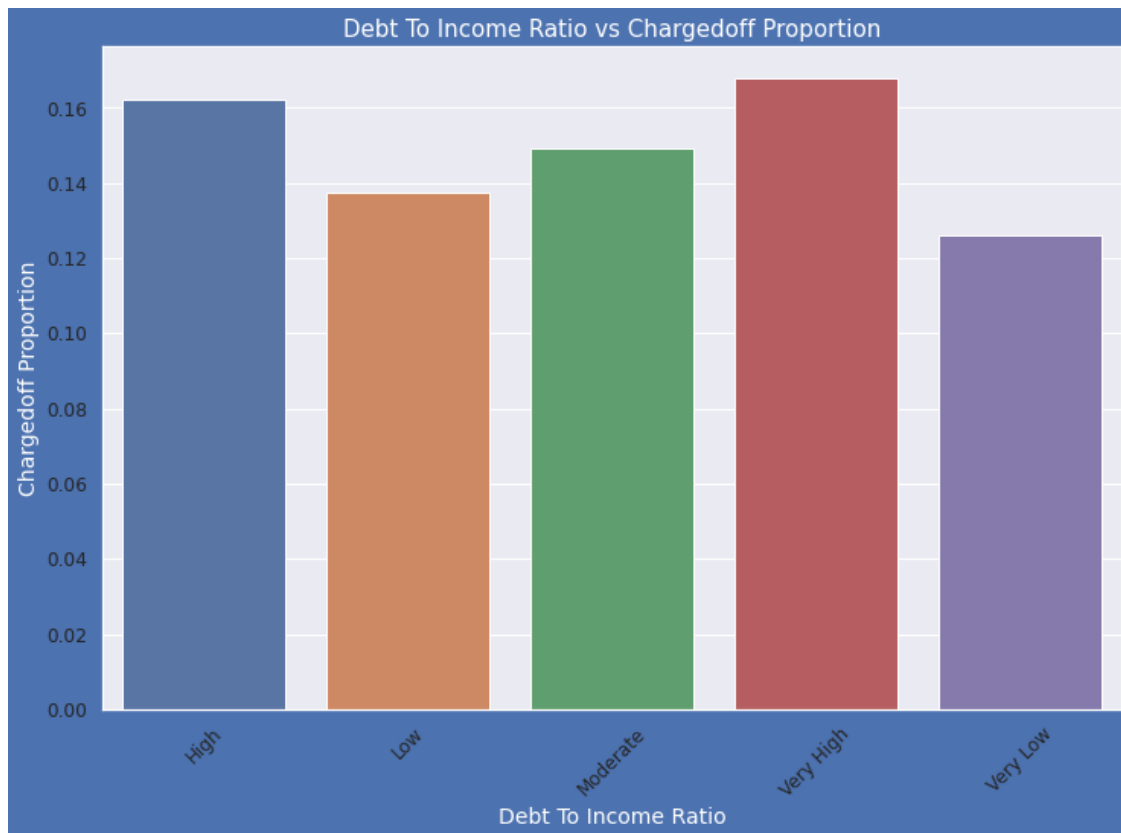
```
[1000]: loan_status    dti_b  Charged Off  Fully Paid  Total  Chargedoff_Proportion
3         Very High      1187      5880      7067      0.167964
0           High      1089      5619      6708      0.162343
2        Moderate      1114      6348      7462      0.149290
1           Low       926      5818      6744      0.137307
4        Very Low     1086      7539      8625      0.125913
```

```
[1001]:
```

```

fig, ax1 = plt.subplots(figsize=(12, 8),facecolor='b')
ax1.set_title('Debt To Income Ratio vs Chargedoff_
↳Proportion',fontsize=15,color='w')
ax1=sns.barplot(x='dti_b', y='Chargedoff_Proportion', data=dti_vs_loan)
ax1.set_xlabel('Debt To Income Ratio',fontsize=14,color='w')
ax1.set_ylabel('Chargedoff Proportion',fontsize=14,color = 'w')
plt.xticks(rotation=45)
plt.show()

```



Observation -

- High dti value have high risk of defaults

```

[1002]: pub_rec_bankruptcies_vs_loan = df.groupby(['pub_rec_bankruptcies',
↳'loan_status']).loan_status.count().unstack().fillna(0).reset_index()
pub_rec_bankruptcies_vs_loan['Total'] = pub_rec_bankruptcies_vs_loan['Charged_
↳Off'] + pub_rec_bankruptcies_vs_loan['Fully Paid']
pub_rec_bankruptcies_vs_loan['Chargedoff_Proportion'] =
↳pub_rec_bankruptcies_vs_loan['Charged Off'] /
↳pub_rec_bankruptcies_vs_loan['Total']

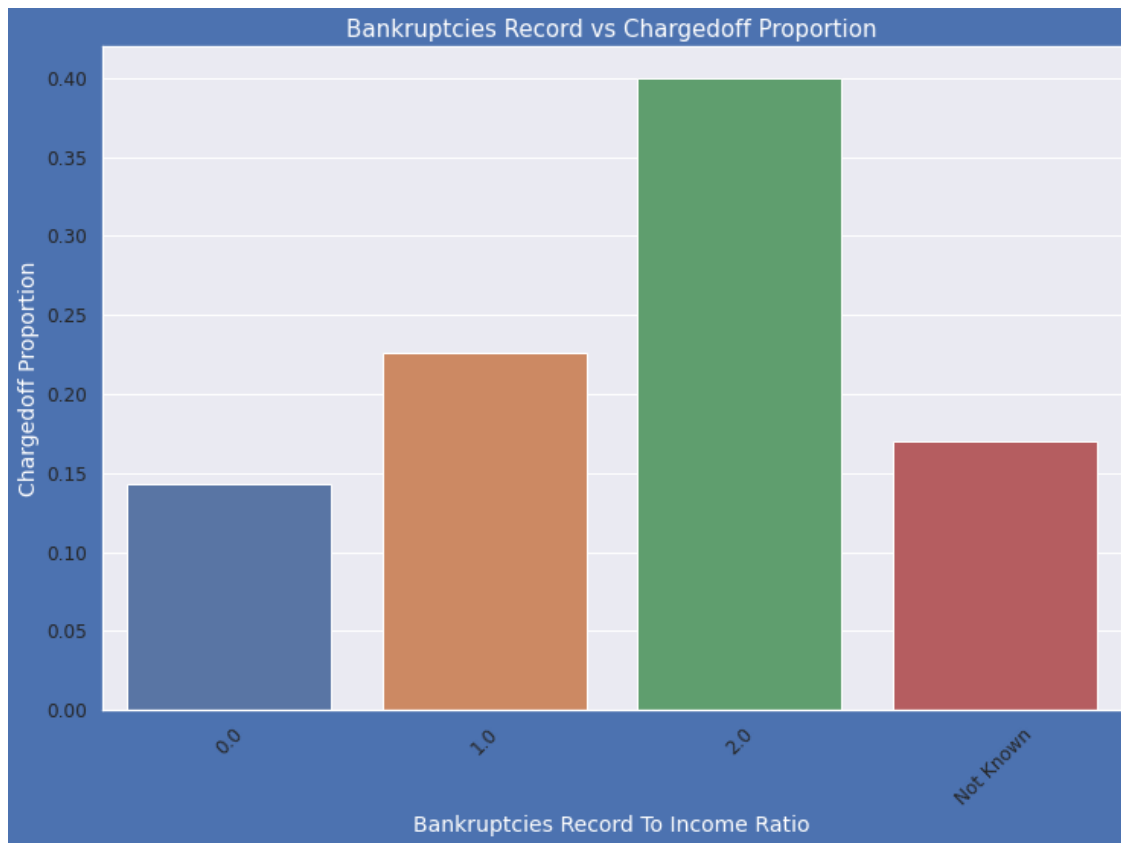
```

```
pub_rec_bankruptcies_vs_loan.sort_values('Chargedoff_Proportion',
↪ascending=False)
```

```
[1002]: loan_status pub_rec_bankruptcies  Charged Off  Fully Paid  Total  \
2                2.0                2          3          5
1                1.0             361        1237       1598
3                Not Known          112         546        658
0                0.0          4927        29418       34345
```

```
loan_status  Chargedoff_Proportion
2                0.400000
1                0.225907
3                0.170213
0                0.143456
```

```
[1003]: fig, ax1 = plt.subplots(figsize=(12, 8),facecolor='b')
ax1.set_title('Bankruptcies Record vs Chargedoff_
↪Proportion',fontsize=15,color='w')
ax1=sns.barplot(x='pub_rec_bankruptcies', y='Chargedoff_Proportion',
↪data=pub_rec_bankruptcies_vs_loan)
ax1.set_xlabel('Bankruptcies Record To Income Ratio',fontsize=14,color='w')
ax1.set_ylabel('Chargedoff Proportion',fontsize=14,color = 'w')
plt.xticks(rotation=45)
plt.show()
```



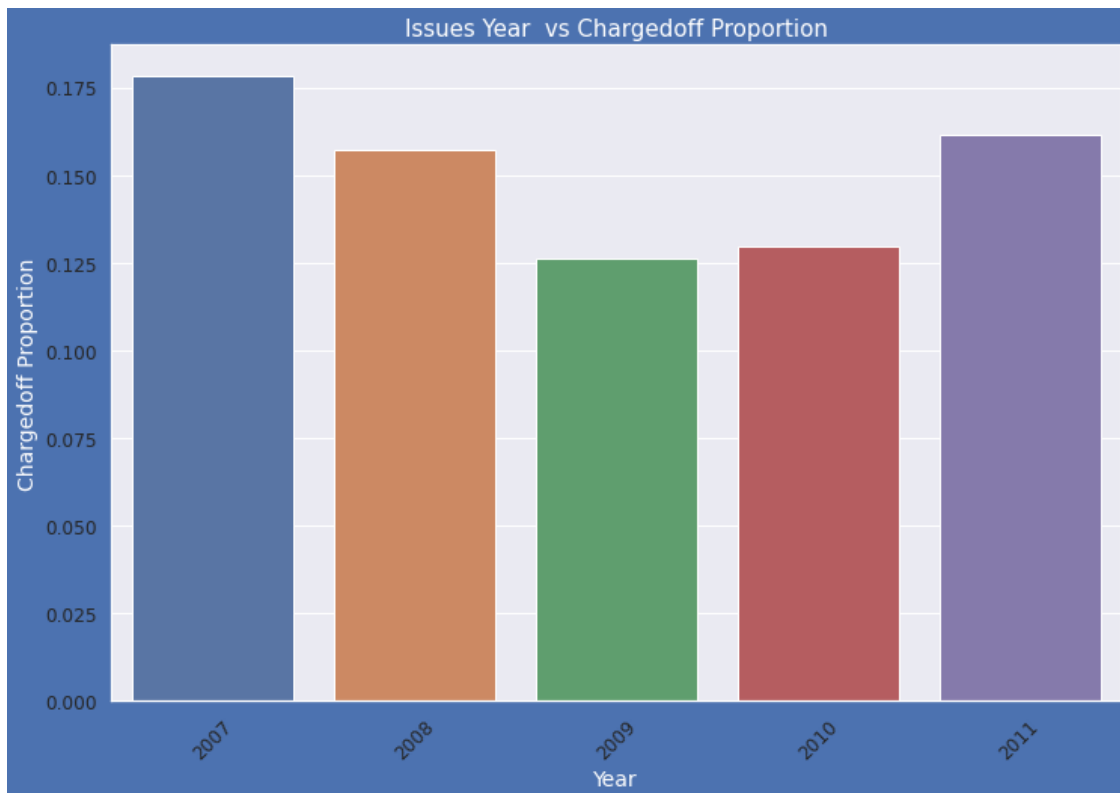
Observation -

- Bankruptcies record with 2 is having high impact on loan defaults
- Lower the Bankruptcies lower the risk.

```
[1004]: issue_year_vs_loan = df.groupby(['issue_year', 'loan_status']).loan_status.  
        ↪count().unstack().fillna(0).reset_index()  
issue_year_vs_loan['Total'] = issue_year_vs_loan['Charged Off'] +  
        ↪issue_year_vs_loan['Fully Paid']  
issue_year_vs_loan['Chargedoff_Proportion'] = issue_year_vs_loan['Charged Off'] /  
        ↪ issue_year_vs_loan['Total']  
issue_year_vs_loan.sort_values('Chargedoff_Proportion', ascending=False)
```

```
[1004]: loan_status  issue_year  Charged Off  Fully Paid  Total  Chargedoff_Proportion  
0          2007          41         189      230          0.178261  
4          2011        3139        16298     19437          0.161496  
1          2008         233         1248      1481          0.157326  
3          2010        1425         9569     10994          0.129616  
2          2009         564         3900      4464          0.126344
```

```
[1005]: fig, ax1 = plt.subplots(figsize=(12, 8),facecolor='b')
ax1.set_title('Issues Year vs Chargedoff Proportion',fontsize=15,color='w')
ax1=sns.barplot(x='issue_year', y='Chargedoff_Proportion',
↳data=issue_year_vs_loan)
ax1.set_xlabel('Year',fontsize=14,color='w')
ax1.set_ylabel('Chargedoff Proportion',fontsize=14,color = 'w')
plt.xticks(rotation=45)
plt.show()
```



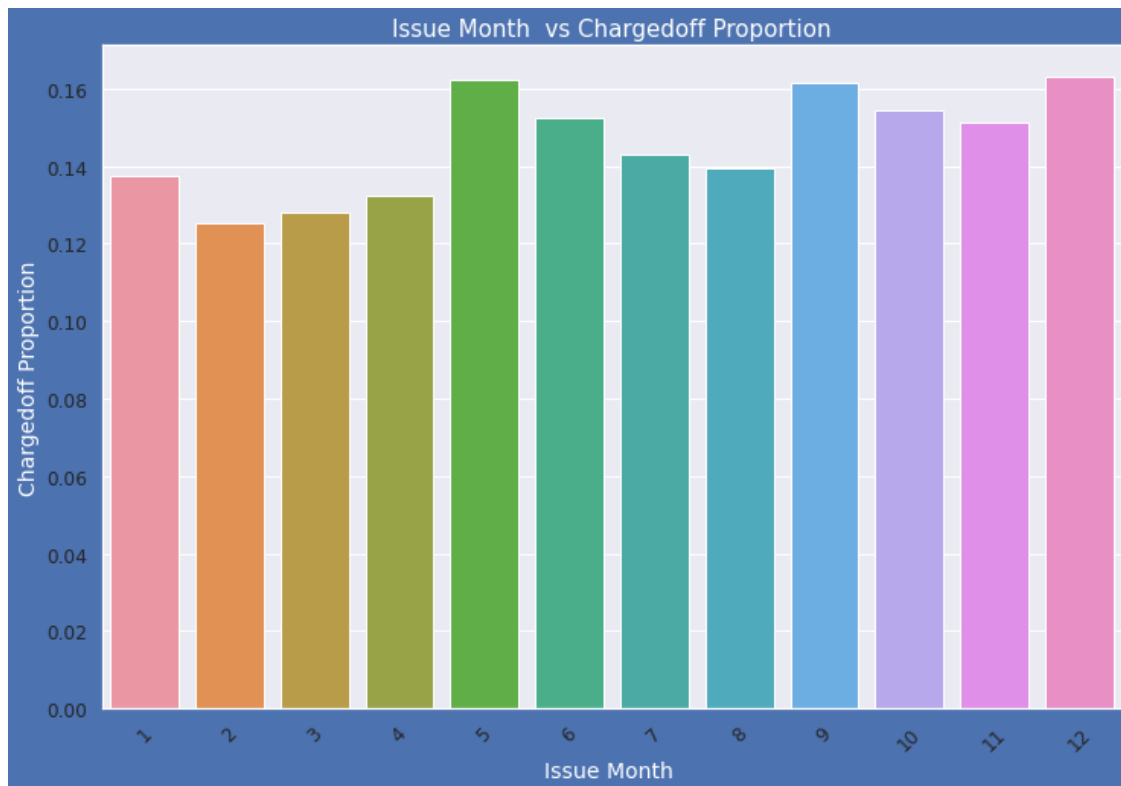
Observation - Most number of defaults where in the year 2011 which can be attributed to 2011 Debt ceiling crisis.

```
[1006]: issue_month_vs_loan = df.groupby(['issue_month', 'loan_status']).loan_status.
↳count().unstack().fillna(0).reset_index()
issue_month_vs_loan['Total'] = issue_month_vs_loan['Charged Off']+
↳issue_month_vs_loan['Fully Paid']
issue_month_vs_loan['Chargedoff_Proportion'] = issue_month_vs_loan['Charged_
↳Off'] / issue_month_vs_loan['Total']
issue_month_vs_loan.sort_values('Chargedoff_Proportion', ascending=False)
```

```
[1006]: loan_status  issue_month  Charged Off  Fully Paid  Total  \
11                12         655        3361    4016
4                 5         453        2335    2788
8                 9         532        2758    3290
9                10         545        2983    3528
5                 6         457        2543    3000
10               11         578        3238    3816
6                 7         456        2734    3190
7                 8         448        2763    3211
0                 1         311        1952    2263
3                 4         359        2352    2711
2                 3         326        2218    2544
1                 2         282        1967    2249
```

```
loan_status  Chargedoff_Proportion
11           0.163098
4            0.162482
8            0.161702
9            0.154478
5            0.152333
10           0.151468
6            0.142947
7            0.139520
0            0.137428
3            0.132423
2            0.128145
1            0.125389
```

```
[1007]: fig, ax1 = plt.subplots(figsize=(12, 8),facecolor='b')
ax1.set_title('Issue Month vs Chargedoff Proportion',fontsize=15,color='w')
ax1=sns.barplot(x='issue_month', y='Chargedoff_Proportion',
               ↪data=issue_month_vs_loan)
ax1.set_xlabel('Issue Month ',fontsize=14,color='w')
ax1.set_ylabel('Chargedoff Proportion',fontsize=14,color = 'w')
plt.xticks(rotation=45)
plt.show()
```



Observation -

- Maximum number of defaults occurred when the loan was sanctioned/issued in Dec.
- We can see that loans taken during the second half of the year have more chances of getting charged off than first half of the year.

```
[1008]: addr_state_vs_loan = df.groupby(['addr_state', 'loan_status']).loan_status.
        ↪count().unstack().fillna(0).reset_index()
addr_state_vs_loan['Total'] = addr_state_vs_loan['Charged Off'] +
        ↪addr_state_vs_loan['Fully Paid']
addr_state_vs_loan['Chargedoff_Proportion'] = addr_state_vs_loan['Charged Off']
        ↪ / addr_state_vs_loan['Total']
addr_state_vs_loan.sort_values('Chargedoff_Proportion', ascending=False)
```

```
[1008]: loan_status addr_state  Charged Off  Fully Paid  Total  Chargedoff_Proportion
28      NE              3.0         2.0      5.0             0.600000
32      NV            103.0        353.0     456.0             0.225877
13      ID              1.0         4.0      5.0             0.200000
40      SD             12.0         49.0     61.0             0.196721
0       AK             13.0         58.0     71.0             0.183099
9       FL            484.0       2167.0    2651.0             0.182573
11      HI             28.0        131.0    159.0             0.176101
```

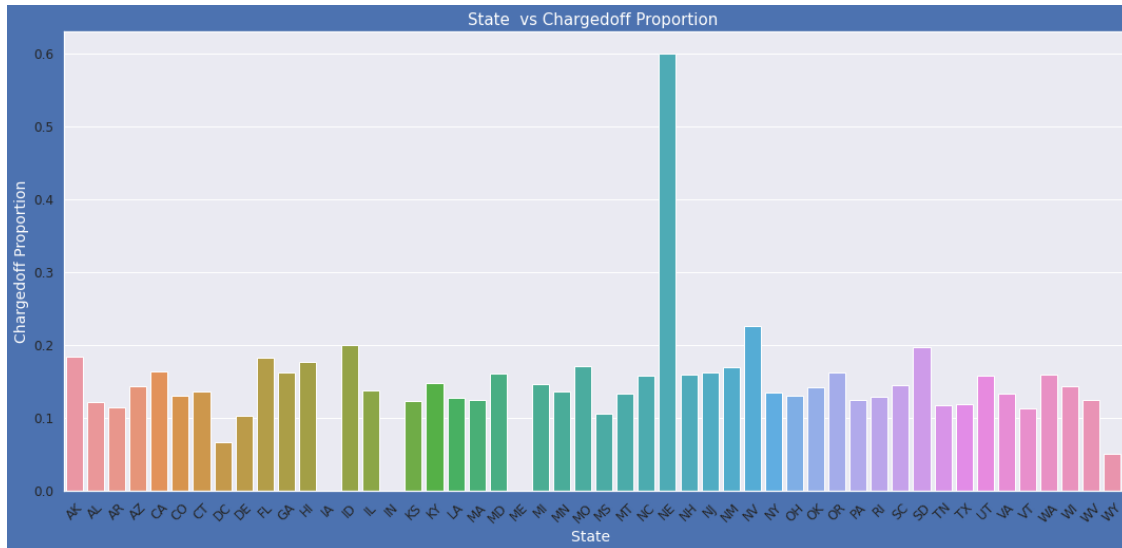

24	MO	110.0	536.0	646.0	0.170279
31	NM	30.0	147.0	177.0	0.169492
4	CA	1072.0	5482.0	6554.0	0.163564
36	OR	69.0	358.0	427.0	0.161593
10	GA	208.0	1080.0	1288.0	0.161491
30	NJ	269.0	1398.0	1667.0	0.161368
20	MD	155.0	809.0	964.0	0.160788
29	NH	25.0	132.0	157.0	0.159236
46	WA	124.0	659.0	783.0	0.158365
27	NC	113.0	605.0	718.0	0.157382
43	UT	38.0	204.0	242.0	0.157025
17	KY	45.0	259.0	304.0	0.148026
22	MI	100.0	582.0	682.0	0.146628
39	SC	64.0	377.0	441.0	0.145125
3	AZ	116.0	692.0	808.0	0.143564
47	WI	60.0	361.0	421.0	0.142518
35	OK	40.0	241.0	281.0	0.142349
14	IL	192.0	1213.0	1405.0	0.136655
23	MN	80.0	506.0	586.0	0.136519
6	CT	91.0	581.0	672.0	0.135417
33	NY	468.0	2996.0	3464.0	0.135104
26	MT	11.0	72.0	83.0	0.132530
44	VA	173.0	1135.0	1308.0	0.132263
34	OH	149.0	994.0	1143.0	0.130359
5	CO	96.0	645.0	741.0	0.129555
38	RI	24.0	162.0	186.0	0.129032
18	LA	51.0	350.0	401.0	0.127182
48	WV	21.0	148.0	169.0	0.124260
19	MA	150.0	1058.0	1208.0	0.124172
37	PA	176.0	1242.0	1418.0	0.124118
16	KS	30.0	214.0	244.0	0.122951
1	AL	51.0	371.0	422.0	0.120853
42	TX	293.0	2179.0	2472.0	0.118528
41	TN	2.0	15.0	17.0	0.117647
2	AR	26.0	202.0	228.0	0.114035
45	VT	6.0	47.0	53.0	0.113208
25	MS	2.0	17.0	19.0	0.105263
8	DE	11.0	97.0	108.0	0.101852
7	DC	13.0	181.0	194.0	0.067010
49	WY	4.0	76.0	80.0	0.050000
12	IA	0.0	5.0	5.0	0.000000
15	IN	0.0	9.0	9.0	0.000000
21	ME	0.0	3.0	3.0	0.000000

```
[1009]: fig, ax1 = plt.subplots(figsize=(18, 8),facecolor='b')
ax1.set_title('State vs Chargedoff Proportion',fontsize=15,color='w')
```

```

ax1=sns.barplot(x='addr_state', y='Chargedoff_Proportion',
↳data=addr_state_vs_loan)
ax1.set_xlabel('State ',fontsize=14,color='w')
ax1.set_ylabel('Chargedoff Proportion',fontsize=14,color = 'w')
plt.xticks(rotation=45)
plt.show()

```



Observation -

- State of NE has a very high chances of getting defaulted on loans
- State of NV,CA and FL shows good number of charge offs

```

[1010]: grade_vs_loan = df.groupby(['grade', 'loan_status']).loan_status.count().
↳unstack().fillna(0).reset_index()
grade_vs_loan['Total'] = grade_vs_loan['Charged Off'] + grade_vs_loan['Fully
↳Paid']
grade_vs_loan['Chargedoff_Proportion'] = grade_vs_loan['Charged Off'] /
↳grade_vs_loan['Total']
grade_vs_loan.sort_values('Chargedoff_Proportion', ascending=False)

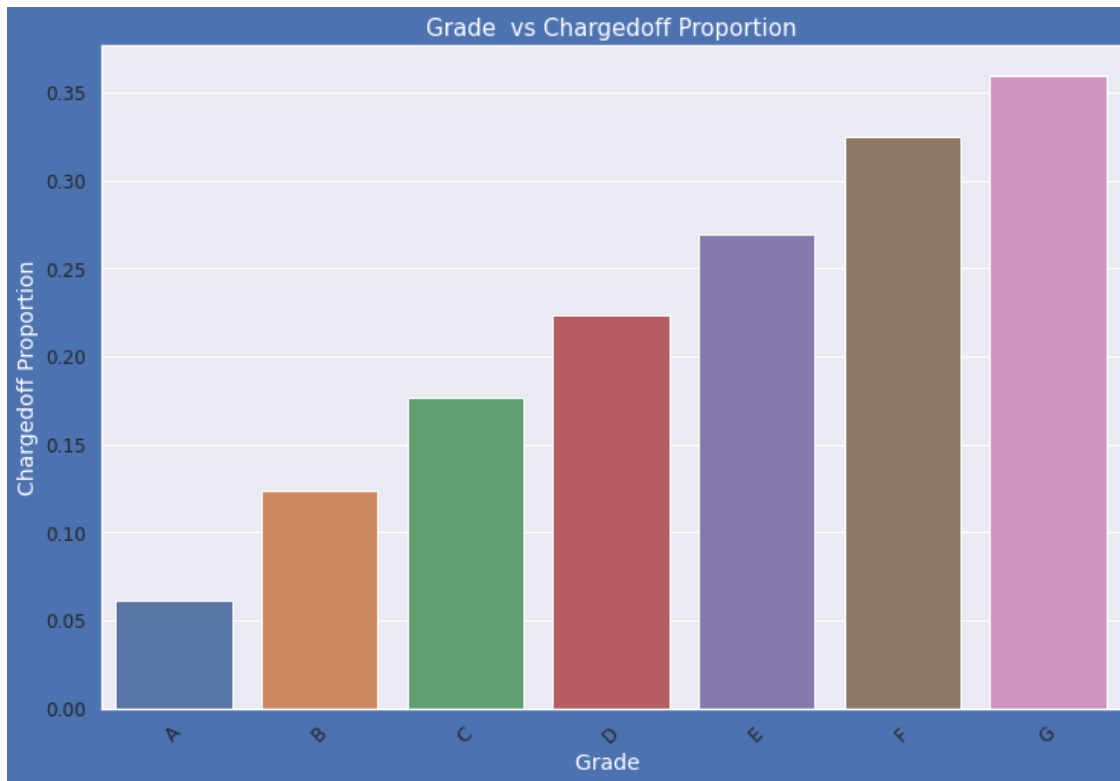
```

```

[1010]: loan_status grade  Charged Off  Fully Paid  Total  Chargedoff_Proportion
6          G           93          166      259          0.359073
5          F          286          595      881          0.324631
4          E          656         1781     2437          0.269183
3          D         1077         3743     4820          0.223444
2          C         1321         6146     7467          0.176912
1          B         1376         9720    11096          0.124009
0          A          593         9053     9646          0.061476

```

```
[1011]: fig, ax1 = plt.subplots(figsize=(12, 8),facecolor='b')
ax1.set_title('Grade vs Chargedoff Proportion',fontsize=15,color='w')
ax1=sns.barplot(x='grade', y='Chargedoff_Proportion', data=grade_vs_loan)
ax1.set_xlabel('Grade ',fontsize=14,color='w')
ax1.set_ylabel('Chargedoff Proportion',fontsize=14,color = 'w')
plt.xticks(rotation=45)
plt.show()
```



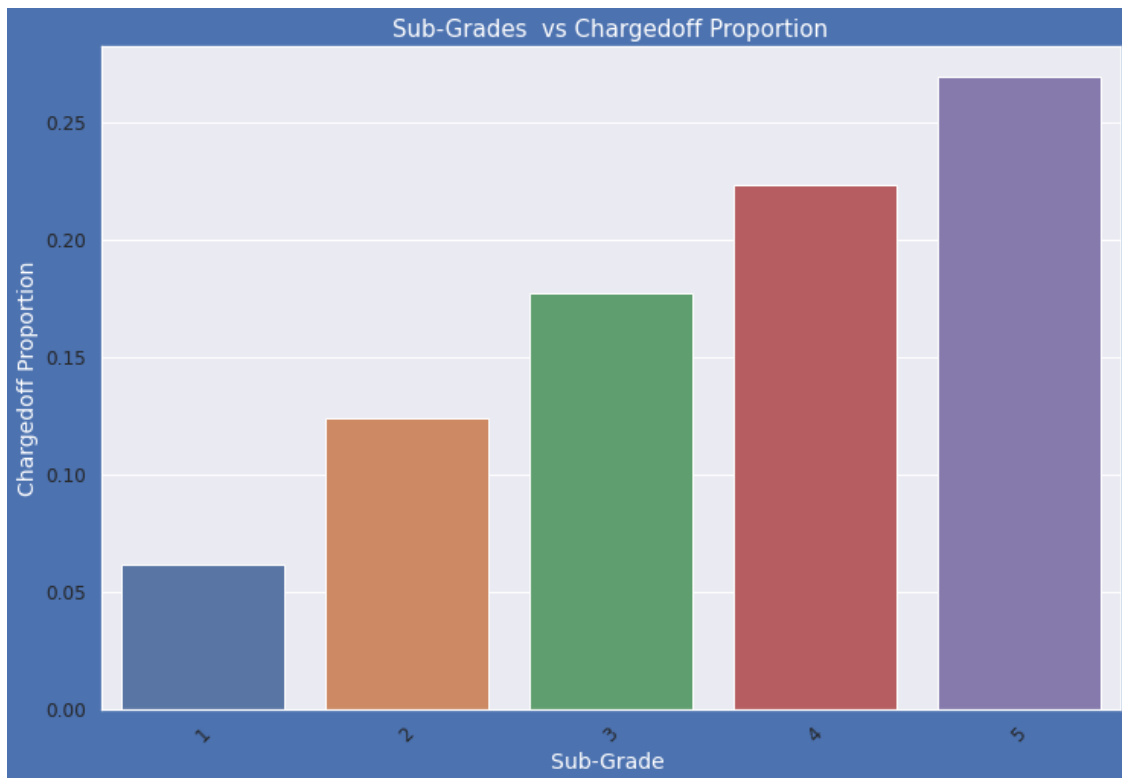
Observation

- Grade A has the least proportion of people defaulting on their loans.
- Grade F and G have high charged off proportion
- Chances of getting charged off is increasing with grades moving from A to G

```
[1012]: subgrade_vs_loan=df.groupby(['sub_grade','loan_status']).loan_status.count().
↳unstack().fillna(0).reset_index()
subgrade_vs_loan['Total']=grade_vs_loan['Charged Off'] + grade_vs_loan['Fully_
↳Paid']
subgrade_vs_loan['ChargedOff_Proportion']=grade_vs_loan['Charged Off']/
↳grade_vs_loan['Total']
subgrade_vs_loan.sort_values('ChargedOff_Proportion',ascending=False)
```

```
[1012]: loan_status  sub_grade  Charged Off  Fully Paid  Total  ChargedOff_Proportion
4                5         1122        6308    2437          0.269183
3                4         1083        6596    4820          0.223444
2                3         1115        6430    7467          0.176912
1                2         1104        6150   11096          0.124009
0                1          978        5720    9646          0.061476
```

```
[1013]: fig, ax1 = plt.subplots(figsize=(12, 8),facecolor='b')
ax1.set_title('Sub-Grades vs Chargedoff Proportion',fontsize=15,color='w')
ax1=sns.barplot(x='sub_grade', y='ChargedOff_Proportion', data=subgrade_vs_loan)
ax1.set_xlabel('Sub-Grade ',fontsize=14,color='w')
ax1.set_ylabel('Chargedoff Proportion',fontsize=14,color = 'w')
plt.xticks(rotation=45)
plt.show()
```

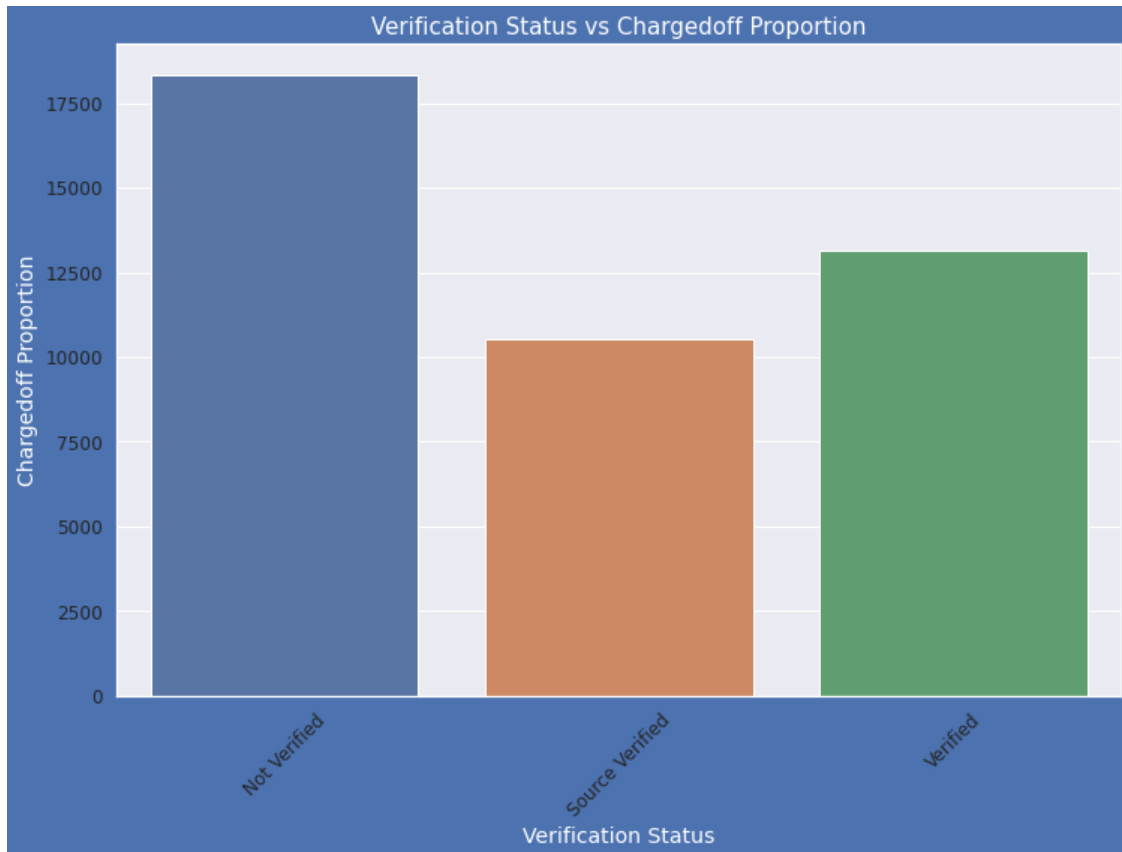


```
[1014]: verify_vs_loan = df.groupby(['verification_status','loan_status']).loan_status.
        ↪count().unstack().fillna(0).reset_index()
verify_vs_loan['Total'] = verify_vs_loan['Charged Off']+verify_vs_loan['Fully_
        ↪Paid']
verify_vs_loan['ChargedOff_Proportion'] = verify_vs_loan['Charged_
        ↪Off']/verify_vs_loan['Total']
verify_vs_loan.sort_values('ChargedOff_Proportion',ascending=False)
```

```
[1014]: loan_status verification_status Charged Off Fully Paid Total \
0          Not Verified          2089        14164    16253
2          Verified          1943         9266    11209
1      Source Verified          1370         7774     9144
```

```
loan_status  ChargedOff_Proportion
0              18342
2              13152
1              10514
```

```
[1016]: fig, ax1 = plt.subplots(figsize=(12, 8),facecolor='b')
ax1.set_title('Verification Status vs Chargedoff_
↳Proportion',fontsize=15,color='w')
ax1=sns.barplot(x='verification_status', y='ChargedOff_Proportion',
↳data=verify_vs_loan)
ax1.set_xlabel('Verification Status',fontsize=14,color='w')
ax1.set_ylabel('Chargedoff Proportion',fontsize=14,color = 'w')
plt.xticks(rotation=45)
plt.show()
```

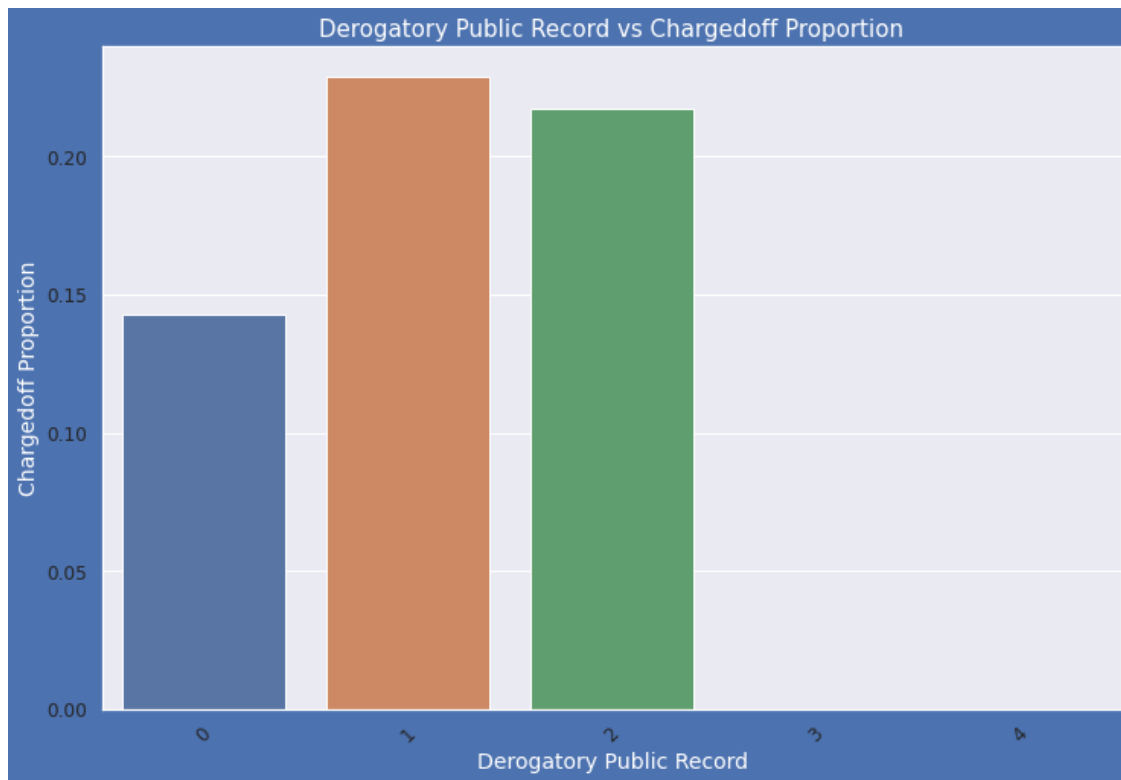


Observation - As there is not much difference in Charged off proportions, the variable doesn't provide any insight on Charged Off Proportion

```
[1017]: bankruptcies_vs_loan = df.groupby(['pub_rec', 'loan_status']).loan_status.
        ↪count().unstack().fillna(0).reset_index()
bankruptcies_vs_loan['Total'] = bankruptcies_vs_loan['Charged Off'] +
        ↪bankruptcies_vs_loan['Fully Paid']
bankruptcies_vs_loan['Chargedoff_Proportion'] = bankruptcies_vs_loan['Charged_
        ↪Off'] / bankruptcies_vs_loan['Total']
bankruptcies_vs_loan.sort_values('Chargedoff_Proportion', ascending=False)
```

```
[1017]: loan_status  pub_rec  Charged Off  Fully Paid    Total  Chargedoff_Proportion
1                1         449.0      1514.0    1963.0         0.228732
2                2          10.0        36.0     46.0         0.217391
0                0       4943.0     29646.0   34589.0         0.142907
3                3           0.0         6.0     6.0         0.000000
4                4           0.0         2.0     2.0         0.000000
```

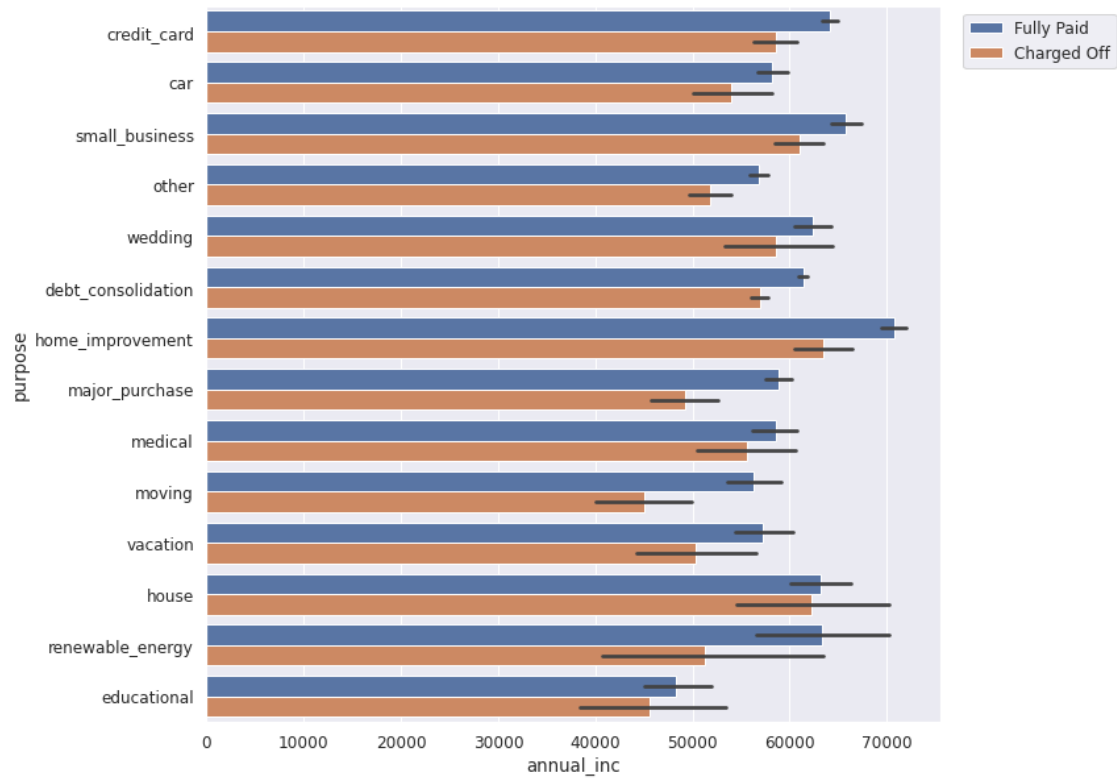
```
[1018]: fig, ax1 = plt.subplots(figsize=(12, 8),facecolor='b')
ax1.set_title('Derogatory Public Record vs Chargedoff_
        ↪Proportion',fontsize=15,color='w')
ax1=sns.barplot(x='pub_rec', y='Chargedoff_Proportion',
        ↪data=bankruptcies_vs_loan)
ax1.set_xlabel('Derogatory Public Record',fontsize=14,color='w')
ax1.set_ylabel('Chargedoff Proportion',fontsize=14,color = 'w')
plt.xticks(rotation=45)
plt.show()
```



Observation -

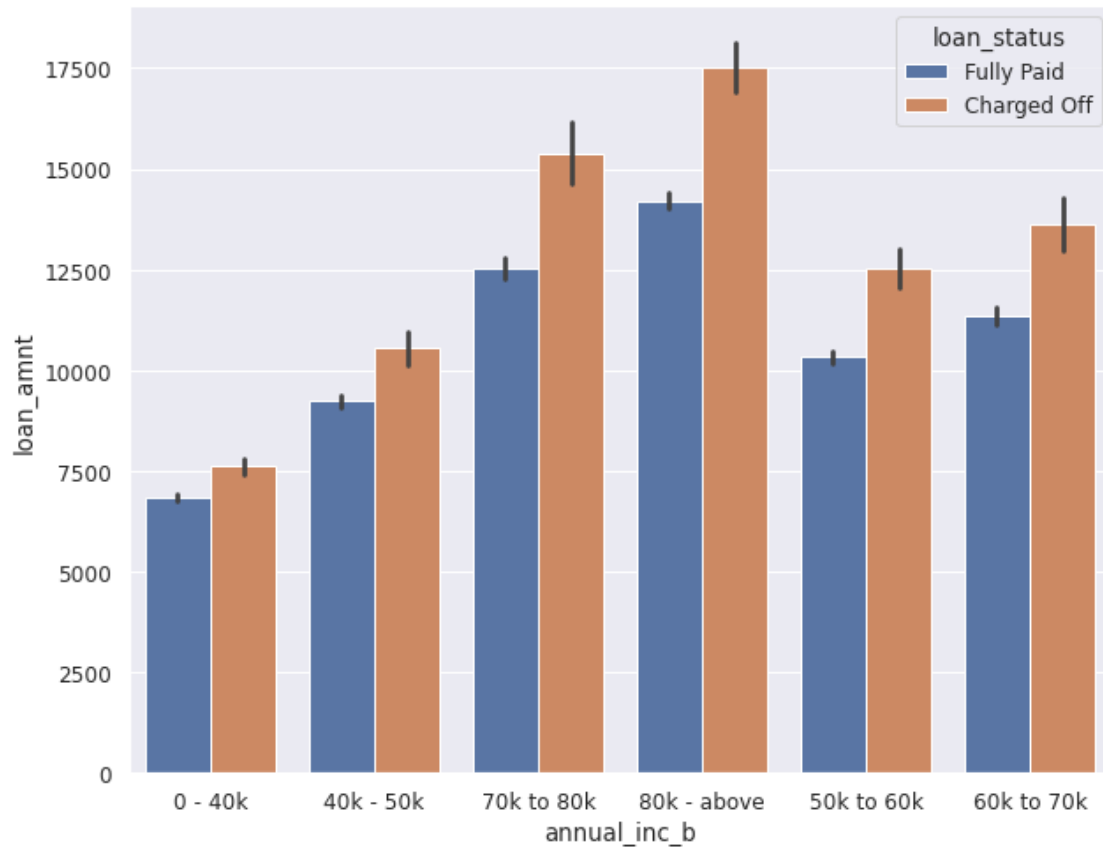
- Those who already have pub_rec value 1 or 2 have charged off chances higher than who have no Derogatory Public Record.
- pub_rec count 3-4 has less numbers so cannot reach on any conclusions.

```
[1019]: plt.figure(figsize=(10,10))
sns.barplot(data=df,x='annual_inc', y='purpose', hue='loan_status',palette="deep")
plt.legend(loc='upper right', bbox_to_anchor=(1.25, 1))
plt.show()
```



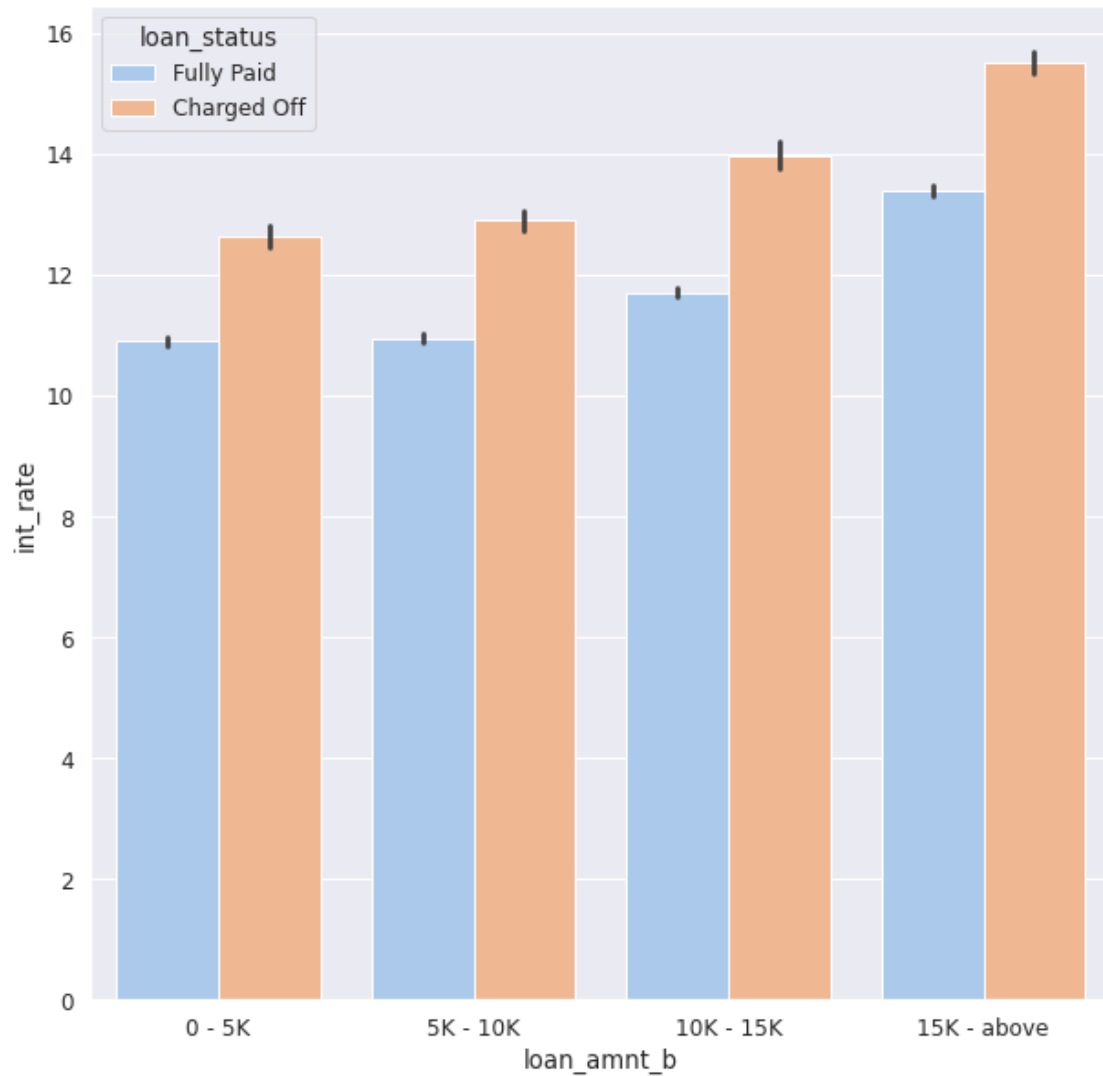
```
[1236]: plt.figure(figsize=(10,8))
sns.barplot(x = "annual_inc_b", y = "loan_amnt", hue = 'loan_status', data = df)
```

```
[1236]: <AxesSubplot:xlabel='annual_inc_b', ylabel='loan_amnt'>
```

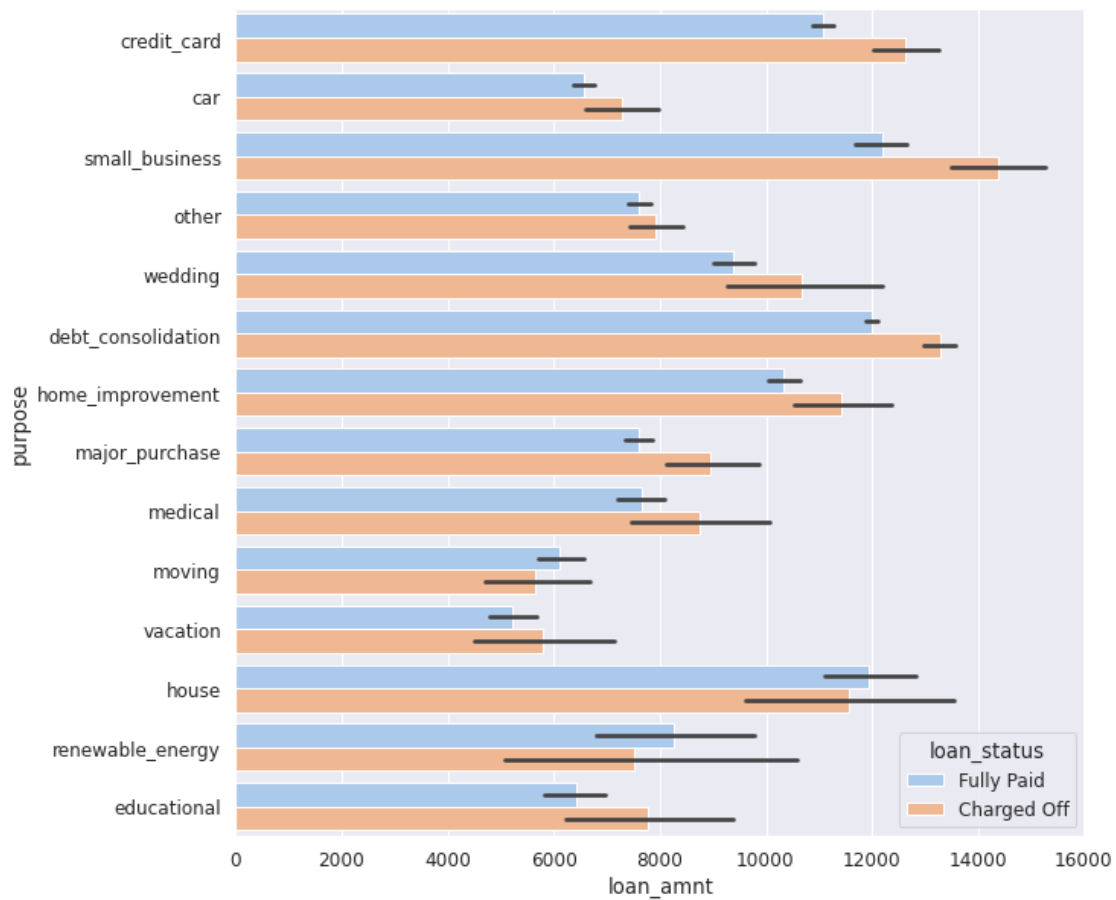
Observation Across all the income groups, the loan_amount is higher for people who defaulted.

```
[1024]: plt.figure(figsize=(10,10))
sns.barplot(data=df, x='loan_amnt_b', y='int_rate', hue='loan_status', palette="pastel")
plt.show()
#same as above. select which one to use
```

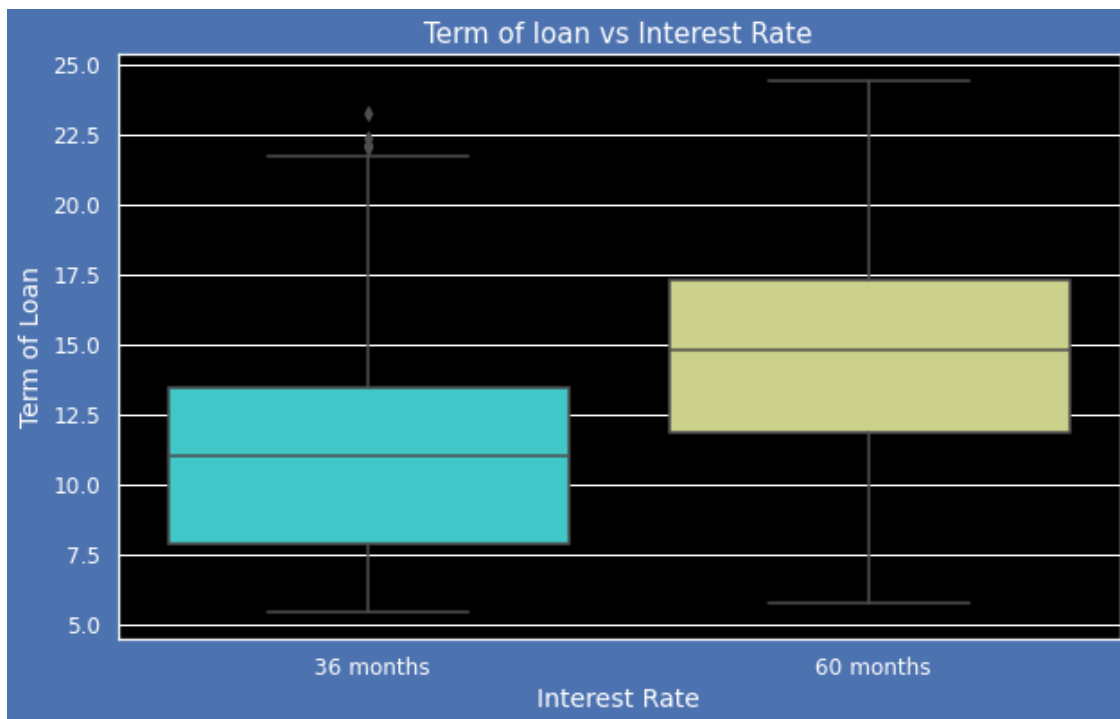


Observation The interest rate for charged off loans is pretty high than that of fully paid loans in all the loan_amount groups. This can be a pretty strong driving factor for loan defaulting.

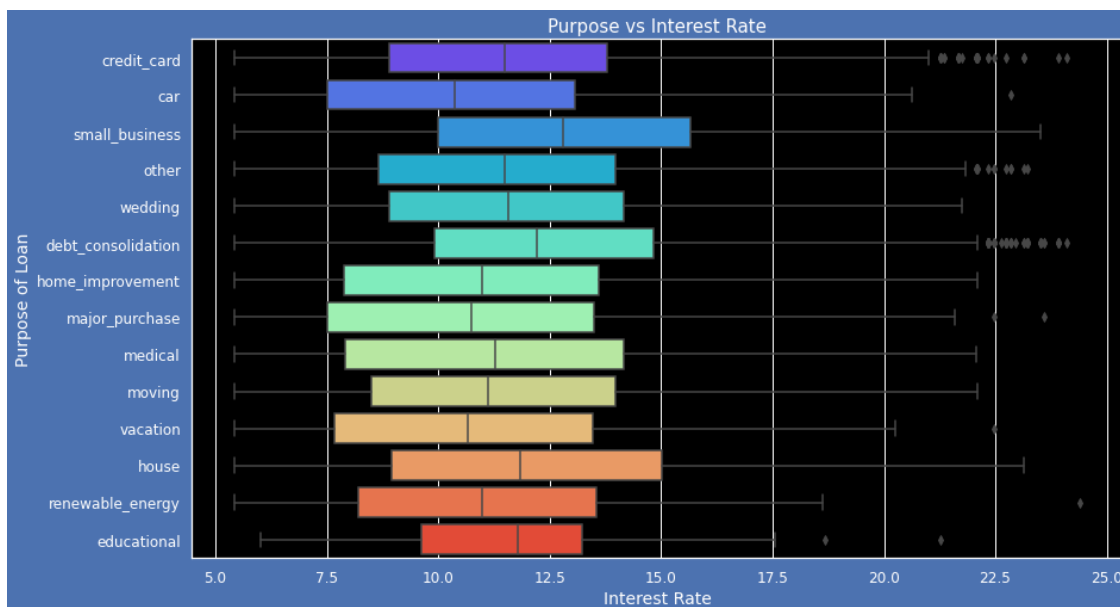
```
[1026]: plt.figure(figsize=(10,10))
sns.barplot(data=df,x='loan_amnt', y='purpose', hue='loan_status', palette="pastel")
plt.show()
```



```
[1027]: with plt.style.context('dark_background'):
plt.figure(figsize=(10,6),facecolor='b')
ax=sns.boxplot(y='int_rate',x='term',data=df,palette='rainbow')
ax.set_title('Term of loan vs Interest Rate',fontsize=15,color='w')
ax.set_xlabel('Interest Rate',fontsize=14,color='w')
ax.set_ylabel('Term of Loan',fontsize=14,color='w')
plt.show()
```



```
[1028]: with plt.style.context('dark_background'):
plt.figure(figsize=(14,8),facecolor='b')
ax = sns.boxplot(x='int_rate', y='purpose', data =df,palette='rainbow')
ax.set_title('Purpose vs Interest Rate',fontsize=15,color='w')
ax.set_xlabel('Interest Rate',fontsize=14,color = 'w')
ax.set_ylabel('Purpose of Loan',fontsize=14,color = 'w')
plt.show()
```

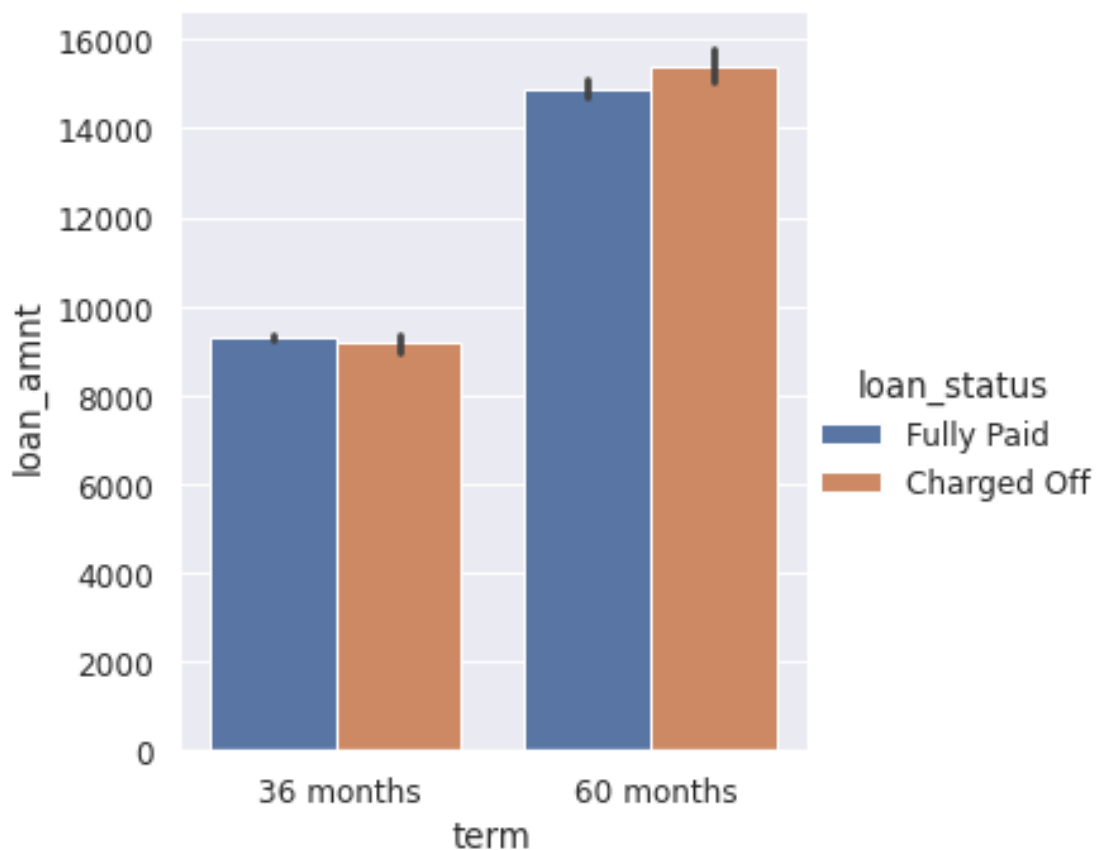


Observations -

- It is clear that average interest rate is highest for small business purpose.
- Loans taken for small business purposes had to repay the loan with more interest rate as compared to other. Debt consolidation is 2nd where borrowers had to pay more interest rate.

```
[1255]: sns.catplot(x = 'term', y = 'loan_amnt', data = df, hue = 'loan_status', kind = 'bar')
```

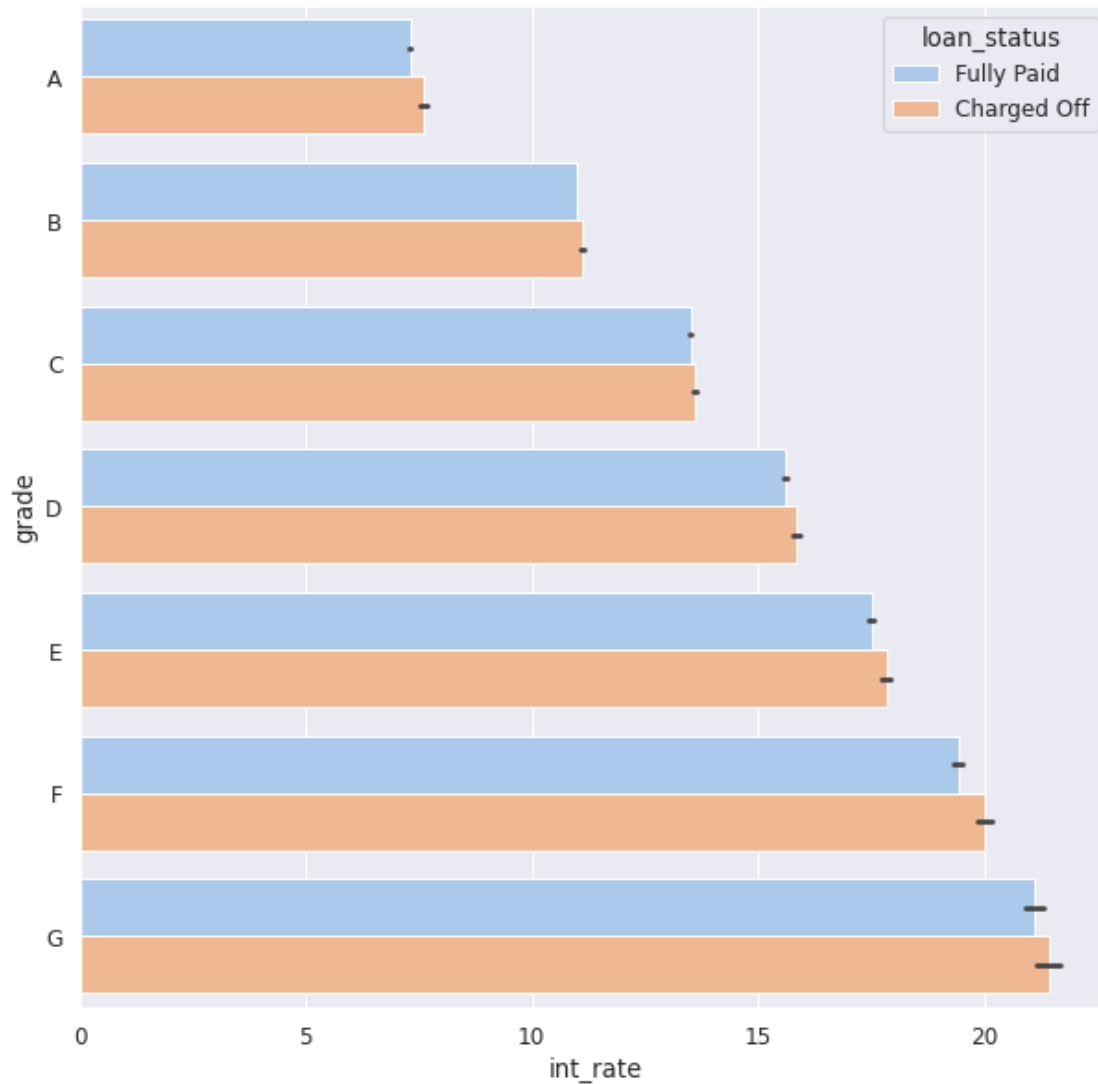
```
[1255]: <seaborn.axisgrid.FacetGrid at 0x7f45821c04c0>
```



Observations - It is clear that interest rate is increasing with loan amount increase. probably when loan amount is more it is taken for longer loan term, we saw earlier that longer the loan term more the interest rates.

```
[1035]: plt.figure(figsize=(10,10))
sns.barplot(data = df, x = 'int_rate', y = 'grade', hue = 'loan_status', palette = "pastel", order = ['A', 'B', 'C', 'D', 'E', 'F', 'G'])
```

```
plt.show()
```



Observations - A-grade is a top letter grade for a lender to assign to a borrower. The higher the borrower's credit grade, the lower the interest rate offered to that borrower on a loan. It is clear that interest rate is increasing with grades moving from A to F.

0.2 Observations from Analysis

0.2.1 The above analysis with respect to the charged off loans. There is a more probability of defaulting when :

- Applicants taking loan for 'home improvement' and have income of 60k -70k
- Applicants whose home ownership is 'MORTGAGE' and have income of 60-70k
- Applicants who receive interest at the rate of 21-24% and have an income of 70k-80k

- Applicants who have taken a loan in the range 30k - 35k and are charged interest rate of 15-17.5 %
- Applicants who have taken a loan for small business and the loan amount is greater than 14k
- Applicants whose home ownership is 'MORTGAGE' and have loan of 14-16k
- When grade is F and loan amount is between 15k-20k
- When employment length is 10yrs and loan amount is 12k-14k
- When the loan is verified and loan amount is above 16k
- For grade G and interest rate above 20%

[]: