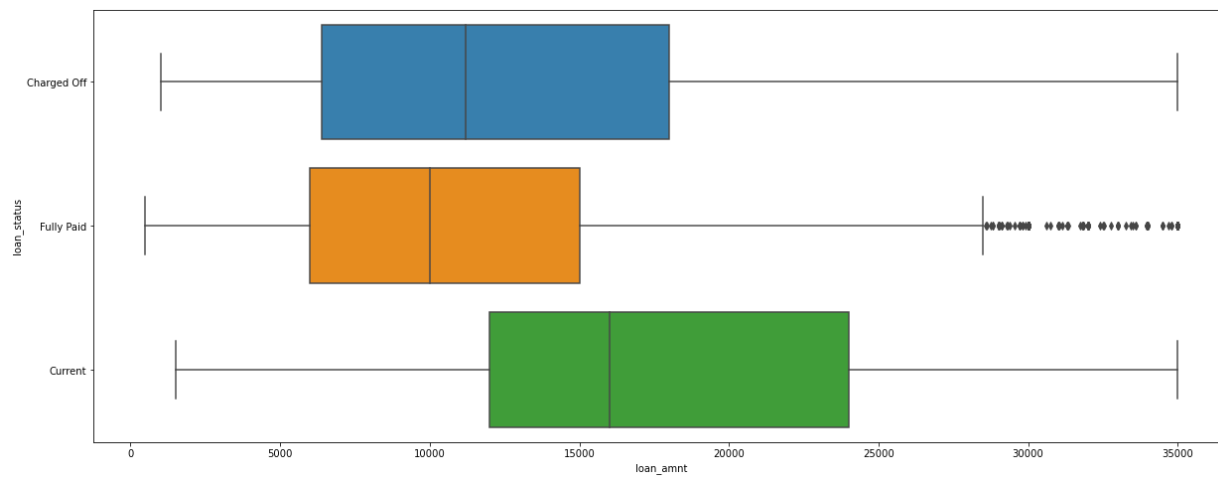
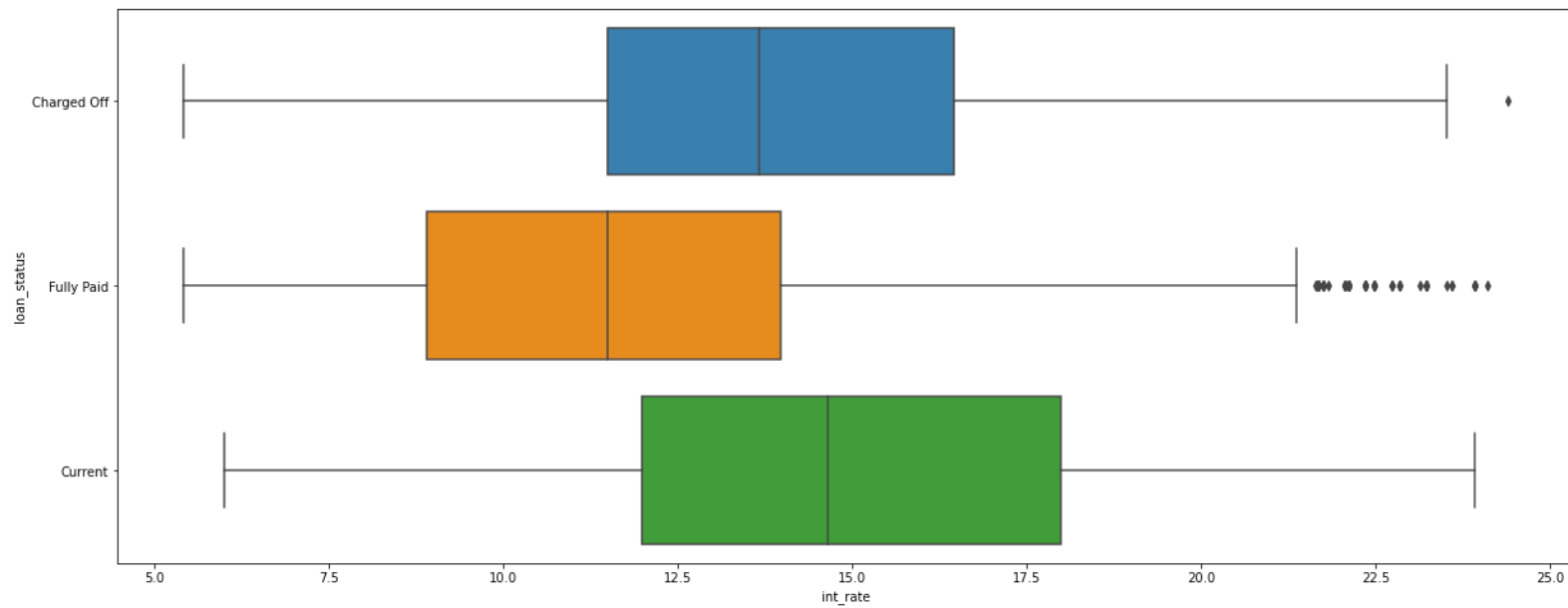


# Loan\_amnt

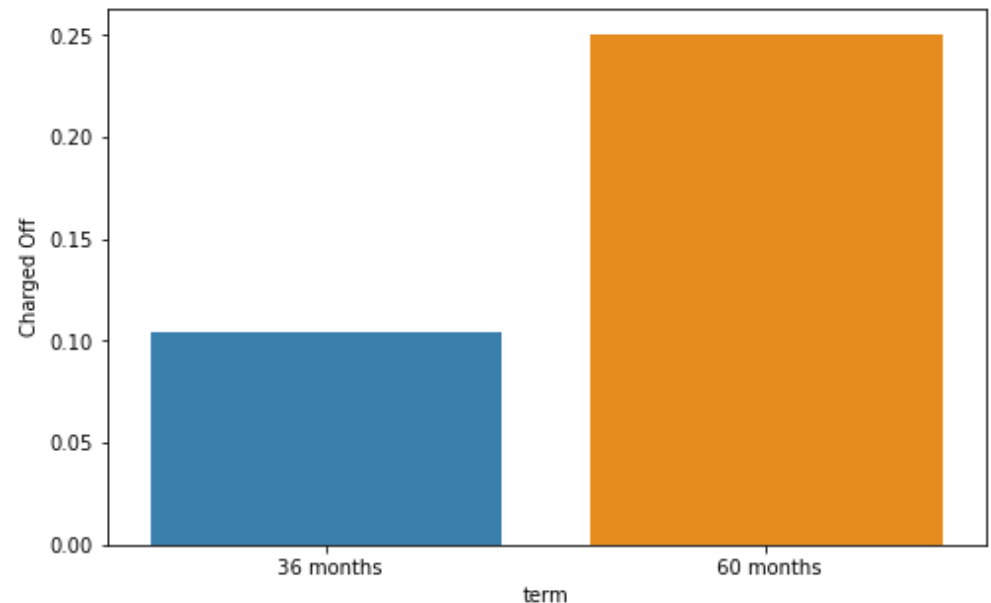


# Int\_rate



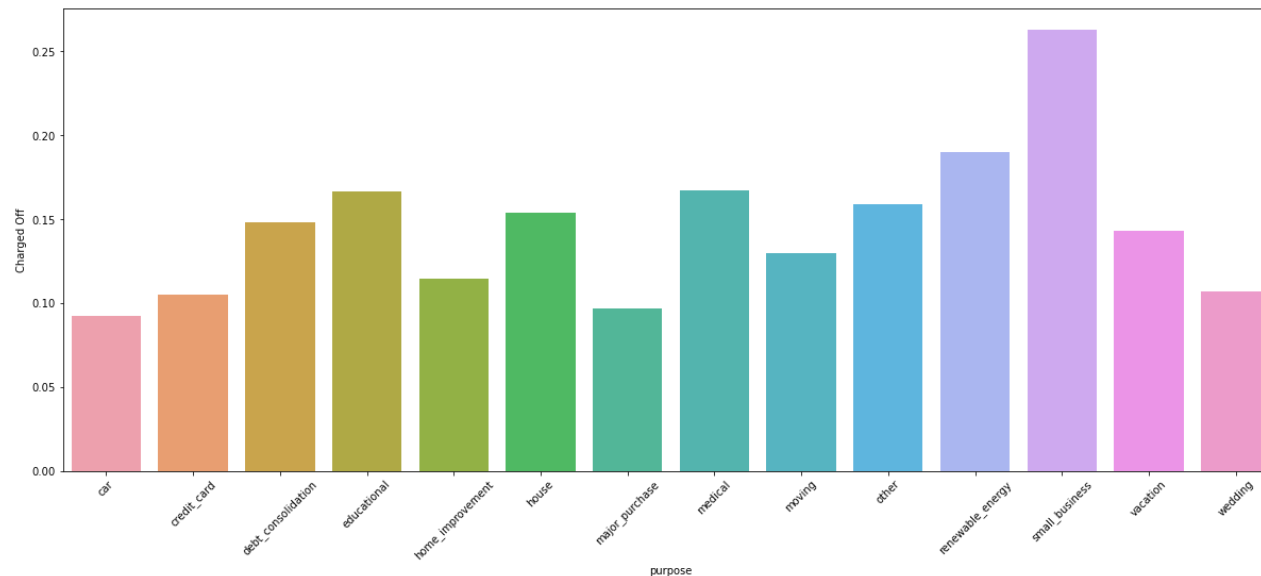
# Conclusion

- The fig shows the chances of default across the “term” categories
- For Ex: at least 1 out of 4 loans (>25%) in “60 months” end up defaulting
- This helps the company to manage their portfolio by not allocating a high number of loans in the high risk “term” categories



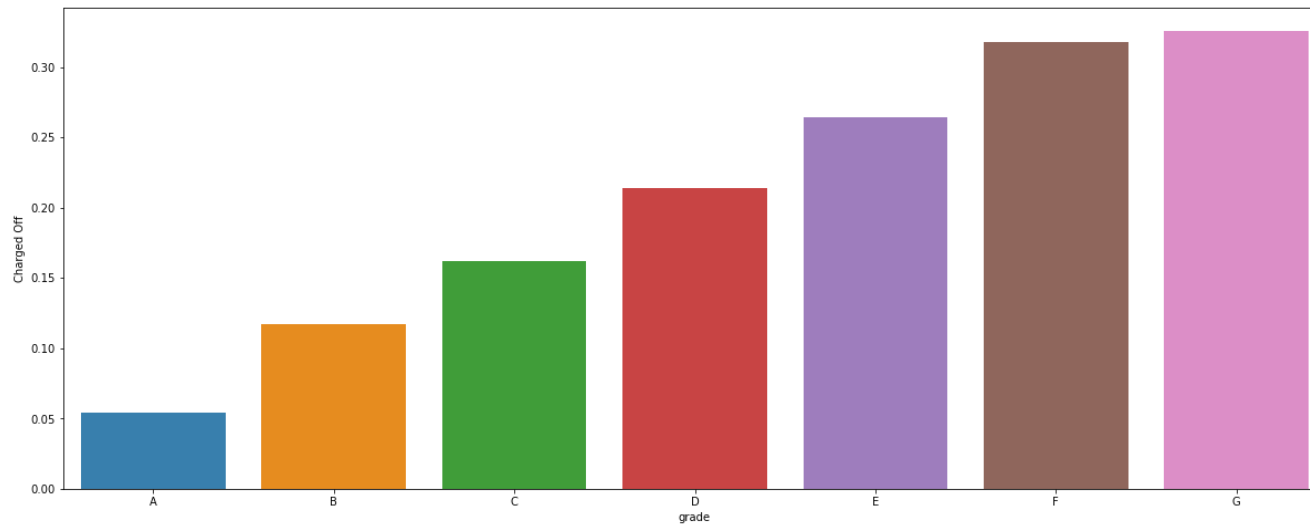
# Conclusion

- The fig shows the chances of default across the “purpose” categories
- For Ex: at least 1 out of 4 loans (>25%) in “small business” end up defaulting
- This helps the company to manage their portfolio by not allocating a high number of loans in the high risk “purpose” categories



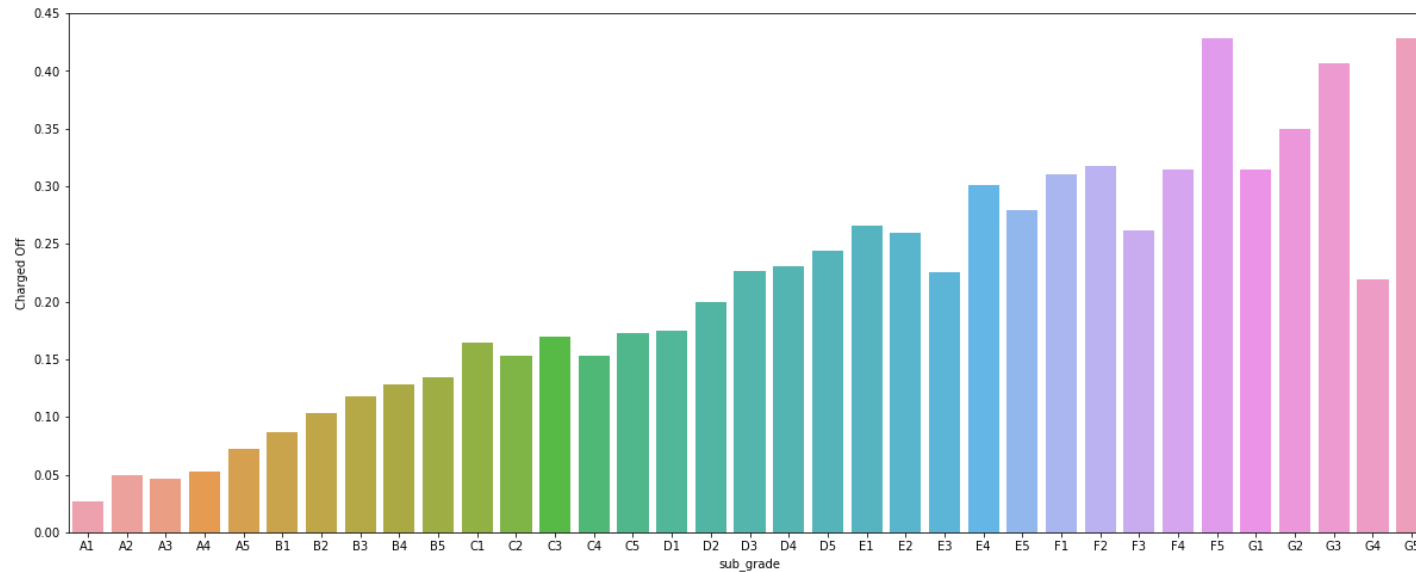
# Conclusion

- The fig shows the chances of default across the “grade” categories
- For Ex: more than 30% of loans in grade G end up in defaulting
- This helps the company to manage their portfolio by not allocating a high number of loans in the high risk “grade” categories



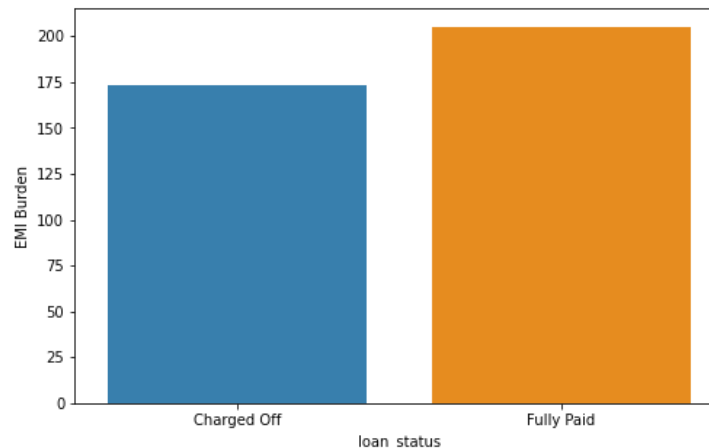
# Conclusion

- The fig shows the chances of default across the “sub\_grade” categories
- For Ex: more than 40% of loans in sub\_grade F5 & G5 end up in defaulting
- This helps the company to manage their portfolio by not allocating a high number of loans in the high risk “sub\_grade” categories



# Conclusion

- Business Driven Metric – EMI\_BURDEN
- The medians of the calculated emi\_burden are "173" & "205" for "Charged Off" & "Fully Paid" respectively.
- Fully paid loans have much higher emi\_burden values than that of defaults
- The derived metric helps in predicting defaults at the time of approval
- Note: The metric must be used with caution. An increase/decrease in annual\_inc during the term can greatly affect its importance



# Loan\_amnt/int\_rate across addr\_state

