Task 1: Summary from Charts

Lending Club Statistics

Lending club shares its statistical information via graphs which gives wide information about its business and product performance. From 2010-2018 there is a significant increase in the total loan issuance for each quarter. The rise is evident in both the total loan amount issued as well as the number of loans issued.

As per the recent Borrower's Loan Purpose report about 68.81% is utilized to refinance existing loans (45.60%) or pay off credits (22.58%) and remaining 31.82% of loans are issued for car financing, home improvement, business etc.

Lending club widely issues loan throughout the States which could be determined from its loan issuance distribution represented geographically. More than $50M loan amount is issued in highly populated states like California, Texas, Washington, New York, Massachusetts whereas in states like Iowa, Wyoming it has issued maximum loan amount of $10M. A brief percentage count of loan issuance in States is given below:

Loan Issuance Range [$]	**States [Percentage]**
50+ M	40
25M - 50M	24
10M - 25M	16
0 - 10M	20

Investor Account Performance:

The investor account performance is determined by Adjusted Net Annualized Return of all the investor accounts on the Lending Club Platform that have invested in at least 100 Notes and that have not purchased or sold Notes on the Folio Investing Note Trading Platform. Investment returns can change over a period of time and different factors can influence the volatility of returns. Some of these factors are given below:

a. ***Number of Notes in a portfolio***: Owning a small number of notes leads to more volatile returns. However, if the investment is distributed evenly across multiple notes corresponding to different Borrowers gives stable returns. This is called diversification.
b. ***Concentration of investments***: If more than 50% of investment is concentrated to single loan and when the loan is fully performing the returns will be high however if the loan charges off the account value will decline substantially and returns may be low. Hence concentrating an investment may lead to high volatility in returns.
c. ***Weighted Average Interest Rate***: More stable returns can be achieved from Notes with a lower interest rate because these loans are expected to have lower charge-offs. Notes with a higher rate of interest have more chances of declining.

d. ***Weighted Average Note Age***: Having a higher or lower number of notes, will eventually going to decrease the returns associated with the accounts as these accounts could be expired, defaults or charged off.
e. ***Composition of Portfolio***: Accounts with same average weighted rate interest can have different composition notes and hence have different returns. Example an account which holds Notes in B and C grades loan will have more stable returns as compared to the account which includes notes in all grades.
f. ***Performance***: Accounts with a higher number of charges off will affect the overall performance of the portfolio.
g. ***Vintage***: Returns can depend on the timeframe of investment. Market conditions can vary which will impact on the investment rates.

Average weighted interest rate:

Grades (Interest Rates)	A	B	C	D	E	F	G
36/60/All	5-10%	10-15%	10-17%	15-20%	15-25%	19-31%	20-30%

For grade A and B average weighted interest rate is stable in the given time period. While for grade C and D it is quite fluctuating. And for grade E, F and G it is gradually increasing over the years.

Total No. of loans issued:

The total number of loans issued for a period of 36 months for grade A and B is itself close to 65% for the tenure. Approximately 20% and 10% of the loan issued in grade C and D respectively. While grade E is having some number of loans issued, E and F are negligible.

For 60 months' time periods, statics are different. Grade C is having the highest number of loans issued over the years. And grade B, D and E is showing a fairly good percentage. Grade E shows few loans issued while grade A and G have hardly loans issued.

Loan Performance details:

Based on numbers we can depict that A is having low-interest rate but it will provide constant return with the least probability of getting the charge off. Grade B and C seems a suitable option with average interest and low risk of charge off. Higher interest rate will give higher returns but also lead to high chances of charge off.

Over the period of time rates will get lower for the investment with delaying for payment in interest rate would higher the further amount before it will get charge off.