

Lending Club Case Study

Loan Performance Analysis & Recommendation

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Portfolio Composition

Loan Portfolio Metrics

- \$445.6M Total Portfolio Size
- 39,717 Active Loans
- 14.17% Overall Default Rate
- 82.96% Successfully Paid

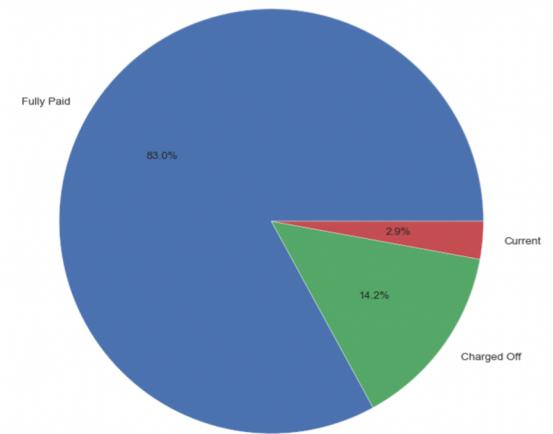
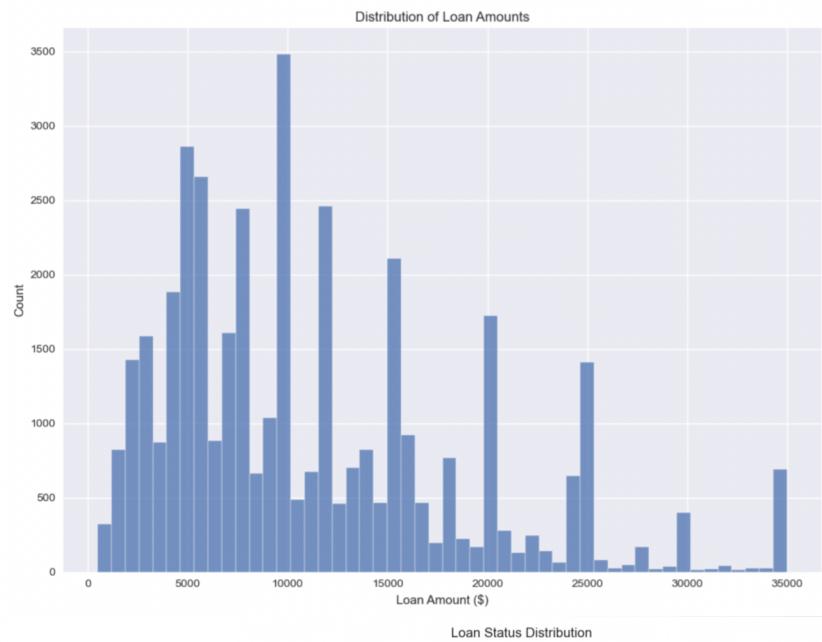
==== LOAN PORTFOLIO ANALYSIS ====

1. LOAN STATUS BREAKDOWN

Fully Paid : 32,950.0 loans (82.96%)
Charged Off : 5,627.0 loans (14.17%)
Current : 1,140.0 loans (2.87%)

2. PORTFOLIO METRICS

Total Portfolio Size : \$445,602,650.00
Number of Loans : 39,717
Average Loan Amount : \$11,219.44
Default Rate : 14.17%
Number of Defaults : 5,627

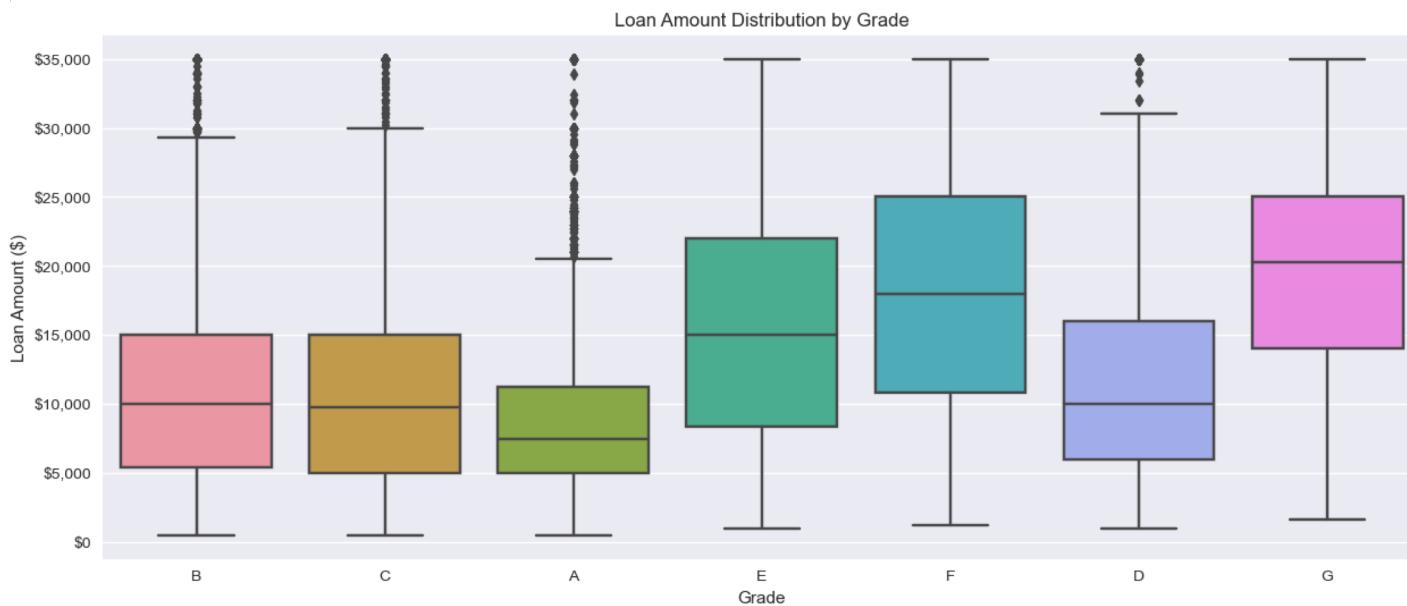


Risk-Return Analysis

Grade Performance Summary

Loan Grade Performance Summary:

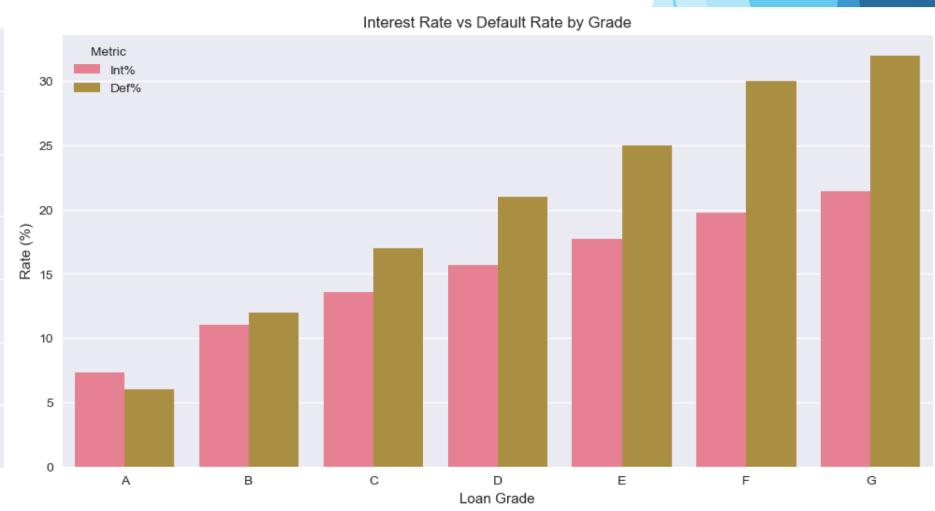
grade	Int%	Def%	AvgLoan\$	Loans#	Total\$	Port\$M
A	7.34%	6.0%	\$8,624.93	10085	\$86,982,400.00	\$86.98M
B	11.02%	12.0%	\$11,119.08	12020	\$133,651,350.00	\$133.65M
C	13.55%	17.0%	\$11,004.67	8098	\$89,115,825.00	\$89.12M
D	15.72%	21.0%	\$12,278.20	5307	\$65,160,400.00	\$65.16M
E	17.71%	25.0%	\$15,847.26	2842	\$45,037,900.00	\$45.04M
F	19.75%	30.0%	\$18,363.30	1049	\$19,263,100.00	\$19.26M
G	21.4%	32.0%	\$20,226.82	316	\$6,391,675.00	\$6.39M



Portfolio Composition

Grade Distribution

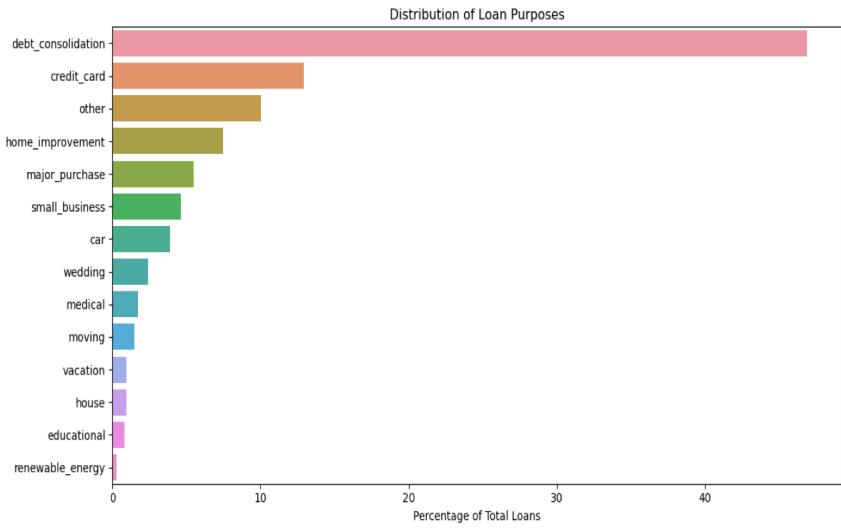
- Grade A: 25.39% | \$86.98M
- Grade B: 30.26% | \$133.65M
- Grade C: 20.39% | \$89.12M
- Grade D: 13.36% | \$65.16M
- Grade E-G: 10.60% | \$70.69M



Loan Distribution Analysis

Loan Purpose Distribution

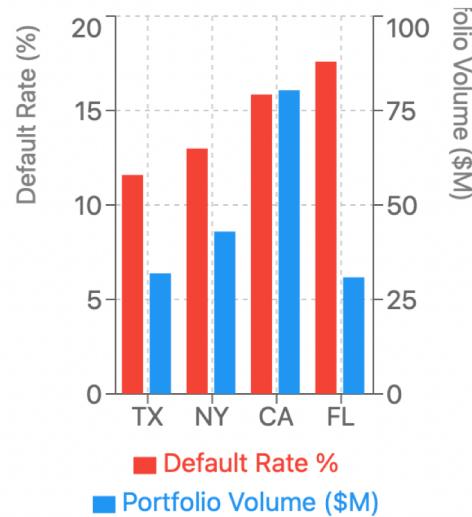
1. Debt Consolidation: 46.93%
2. Credit Card: 12.92%
3. Other: 10.05%
4. Home Improvement: 7.49%



TOP Markets by Geography

1. California: \$80.4M | 15.85% Default
2. New York: \$43.0M | 12.99% Default
3. Florida: \$30.9M | 17.59% Default
4. Texas: \$31.9M | 11.59% Default

State Performance Comparison



Loan Distribution Analysis

Loan Distribution - Purpose & Grade

1. Debt Consolidation: 46.93% - Grade A to C - 33.9%
2. Credit Card: 12.92% - Grade A to C - 10.4%
3. Home Improvement: 7.49% - Grade A to C - 6.1%



Loan Default Analysis

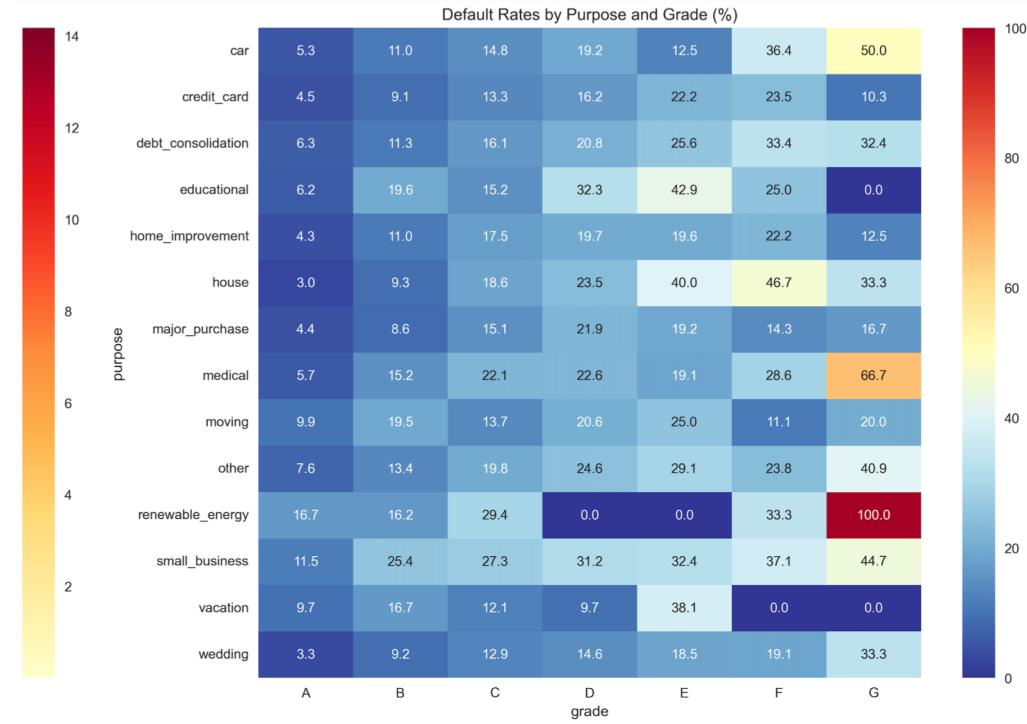
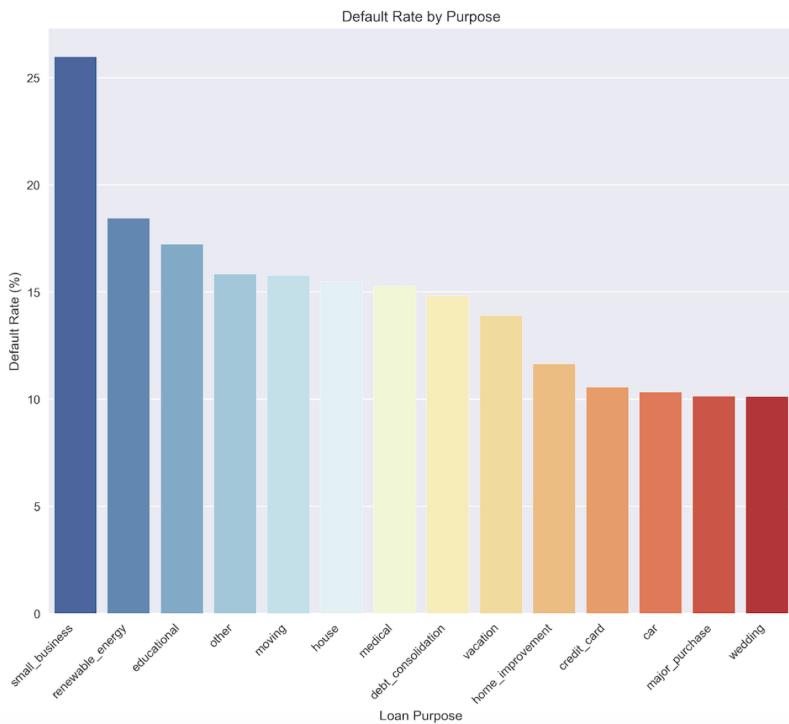
Default Rates by "Purpose"

Highest Risk:

- Small Business: 25.98%
- Renewable Energy: 18.45%

Lowest Risk:

- Wedding: 10.14%
- Major Purchase: 10.15%

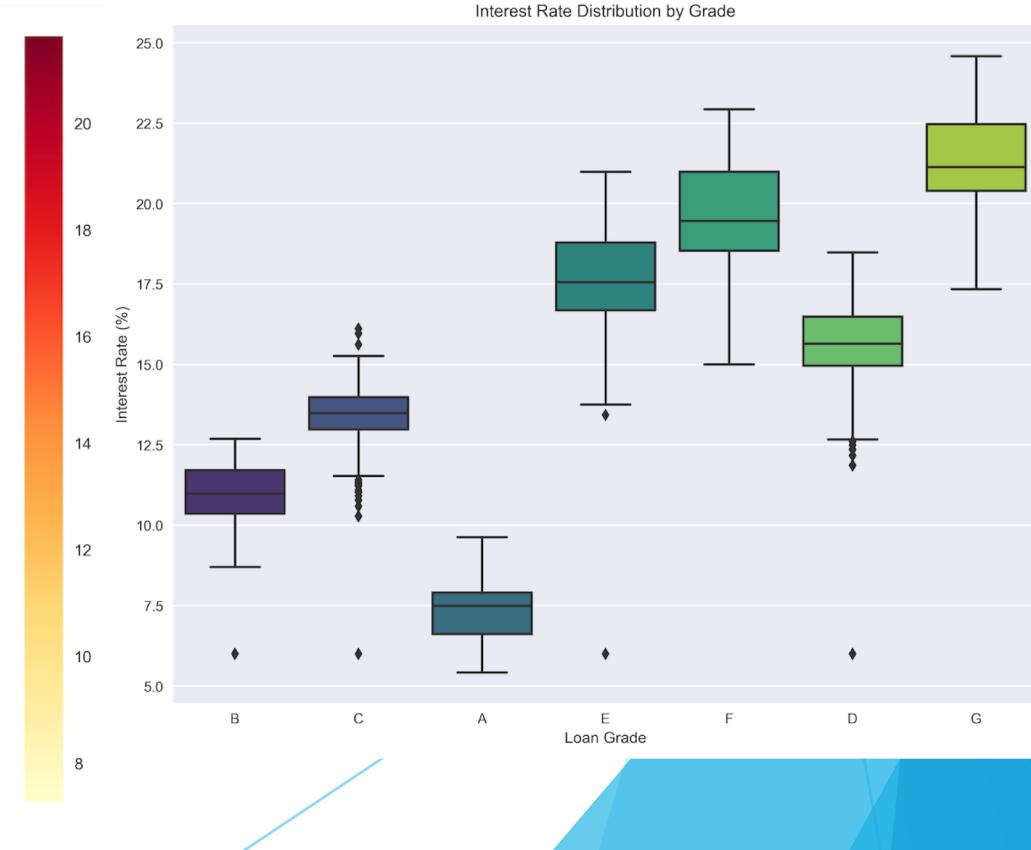
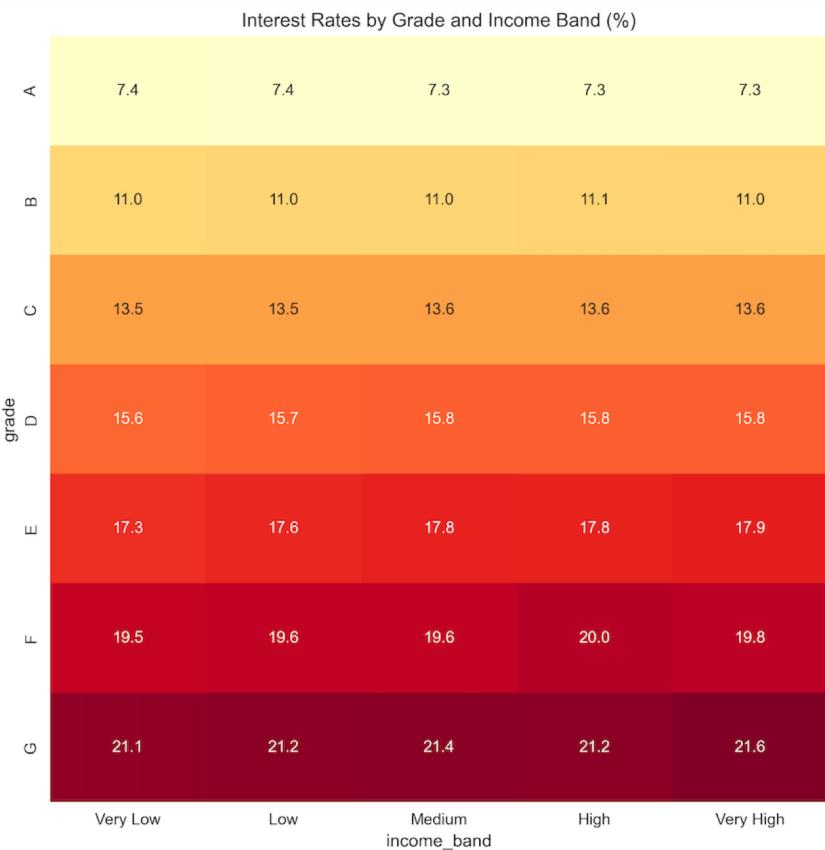


Interest Rate Analysis

Interest Rates by Income & Grade

- Grade A, High Income: 7.34%
- Grade A, Low Income: 7.41%

- Grade G, High Income: 21.64%
- Grade G, Low Income: 21.13%

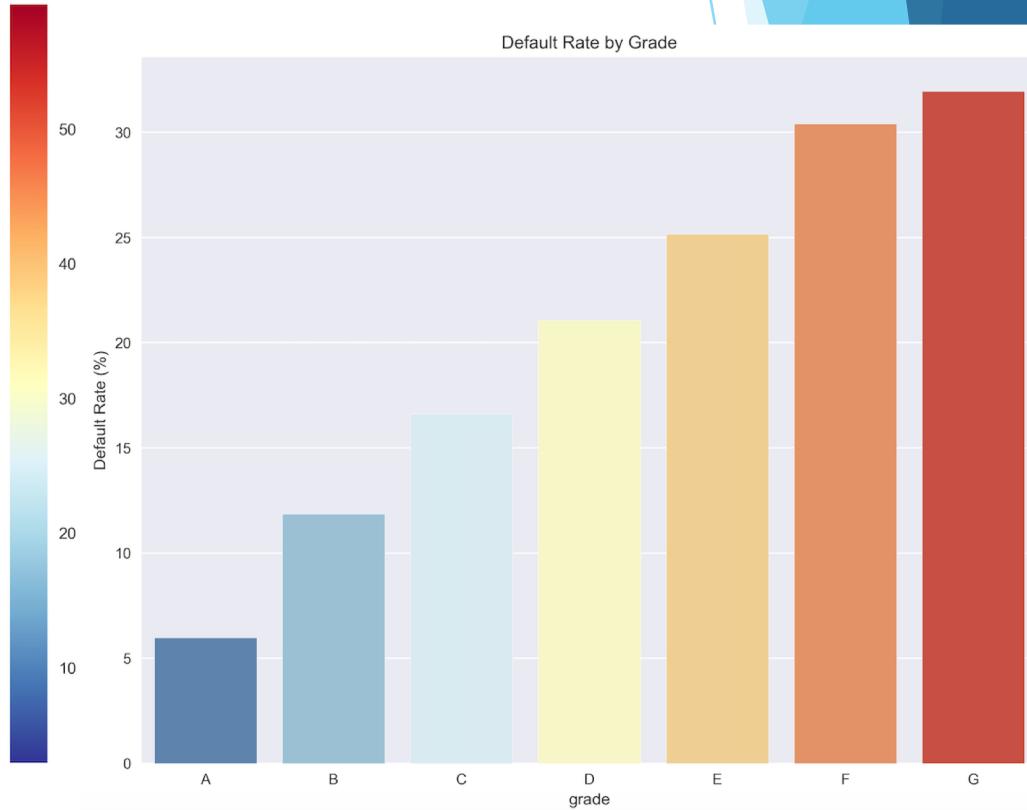
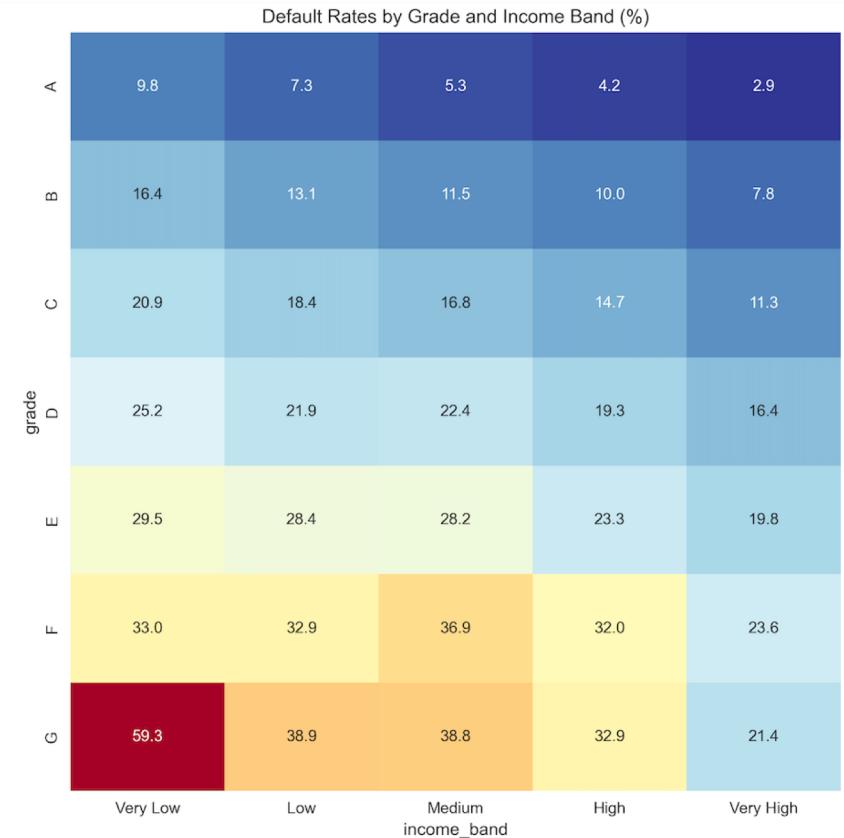


Loan Default Analysis

Default Rates by Income & Grade

- Grade A, High Income: 2.92%
- Grade A, Low Income: 9.75%

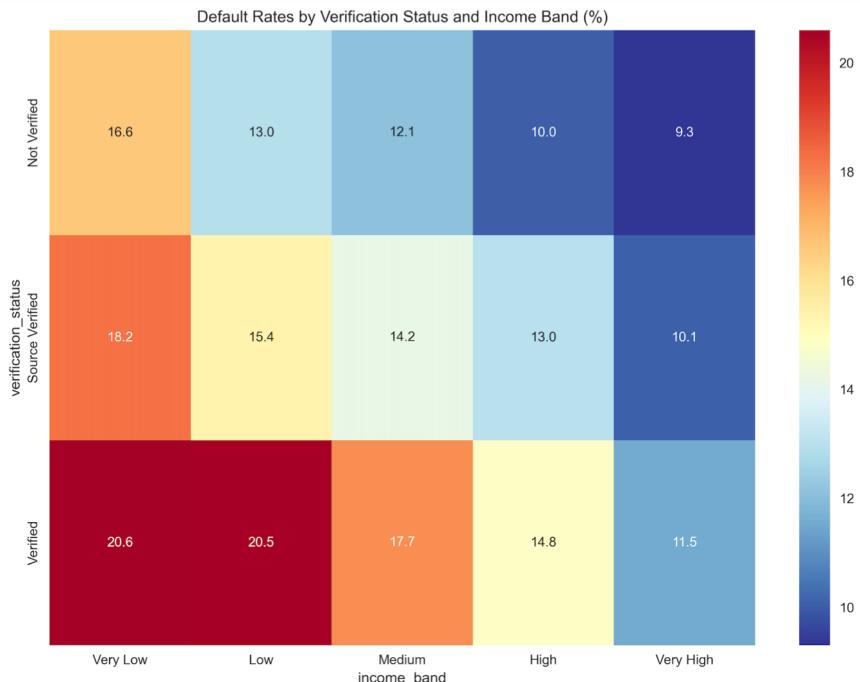
- Grade G, High Income: 21.37%
- Grade G, Low Income: 59.26%



Loan Distribution and Default Rates

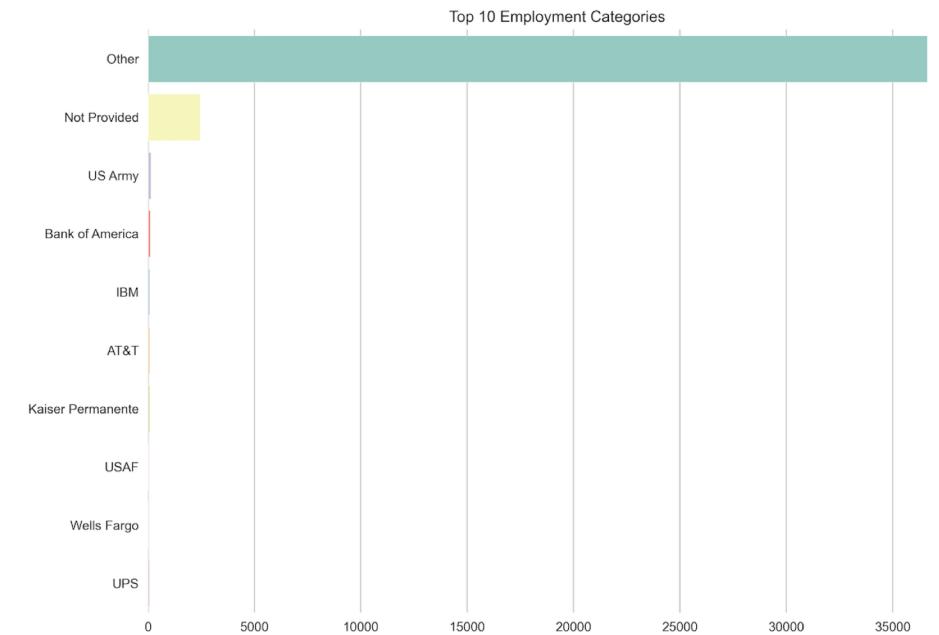
Default Rates by Verification

- Default Rates are higher for Verified Customers for very low income band.
- Need to Review & Enhance verification process



KYC - Employment Category

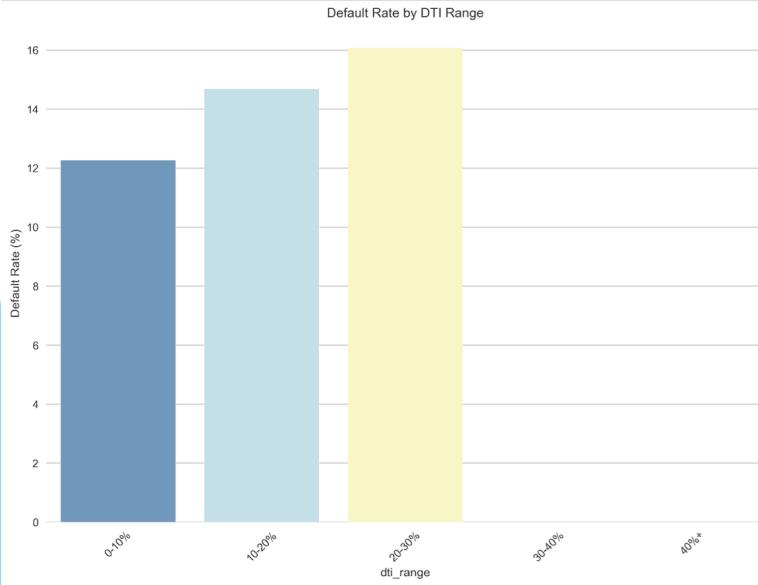
- *emp_title* column is clear not enough to establish customer's work background.
- Data needs to be cleaned up to use customer's employee's industry name.



Credit Profile Analysis

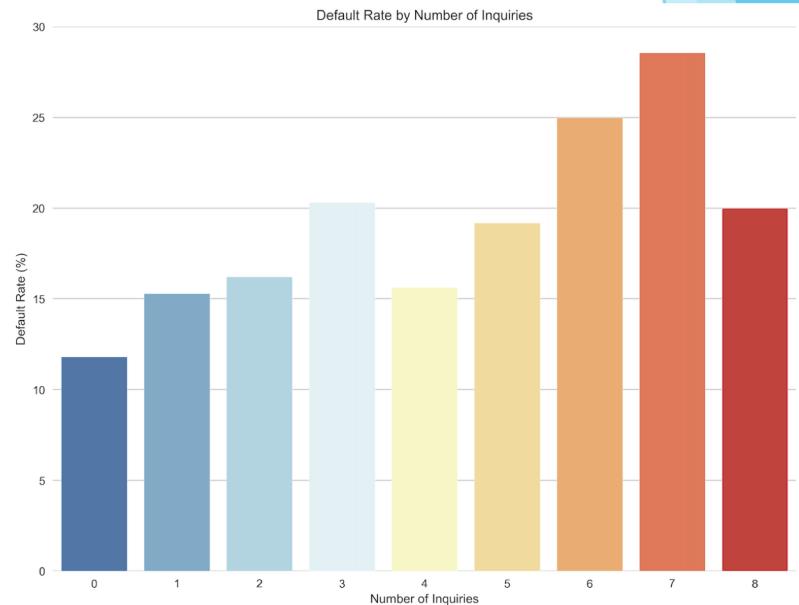
Risk Indicators

- DTI Ranges:
 - 0-10%: 12.28% default
 - 10-20%: 14.69% default
 - 20-30%: 16.09% default
- Credit Inquiries Impact:
 - 0 inquiries: 11.81%
 - 3+ inquiries: 20.31%



Key Metrics

- Principal Received: \$389.0M
- Interest Received: \$89.9M
- Recovery Rate: 5.55%
- Collection Fees: \$492.7K



Key Indicators

Critical Insights

1. Income-Grade Correlation:

- High income reduces default risk across grades
- Strongest effect in higher risk grades

2. Geographic Opportunities:

- Texas outperforms on risk metrics
- Florida needs underwriting review

3. Purpose-Based Performance:

- Wedding loans outperform
- Small business needs review

Strategic Recommendations

Action Items

1. Portfolio Optimization:

- Increase Grade A-B exposure
- Reduce small business lending
- Expand in Texas market

2. Risk Management:

- Implement income-based pricing
- Review verification process
- Enhance recovery strategies

3. Growth Opportunities:

- Expand wedding loan program
- Develop targeted products for high-income segments
- Focus geographic expansion in strong-performing markets

Implementation Roadmap

Priority Actions :

Phase 1: Risk Adjustments

- Update pricing models
- Revise underwriting criteria
- Implement new scoring models

Phase 2: Product Development

- Launch enhanced wedding loans
- Develop high-income products
- Geographic expansion plan

Phase 3: Process Improvement

- Recovery process enhancement
- Verification system upgrade
- Risk monitoring tools

Appendix

Supporting Data:

Reference Sites :

Consumer Financial Protection Bureau : <https://www.consumerfinance.gov>
Office of Financial Research : <https://www.financialresearch.gov>
ProjectHub : <https://www.projectionhub.com/>

Supporting Data:

- Detailed default rates
- Geographic breakdowns
- Income band analysis
- Term performance data