



Lending Club Analysis

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Primary variables considered for analysis

Purpose of loan

Length of employment

Interest rate

Annual income

Loan: grade & sub-grade

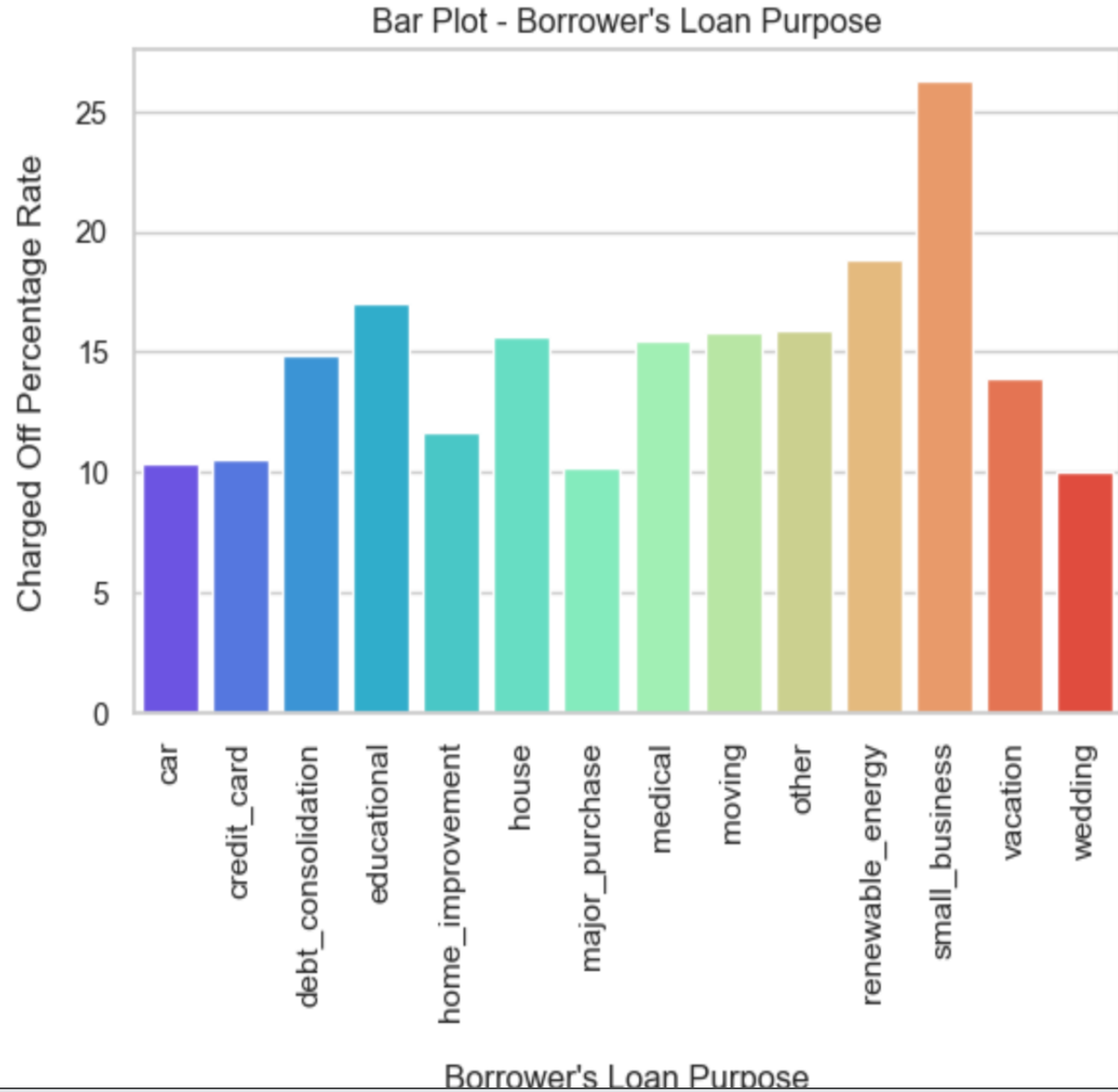
Address (state)

Total term of loan

Insights: Purpose of Loan

- Top three charge off rates as a percentage of total loans, for purposes are:
 - Small Business - 26.27 %
 - Renewable Energy - 18.81 %
 - Education - 17.03 %

Insights: Purpose of Loan

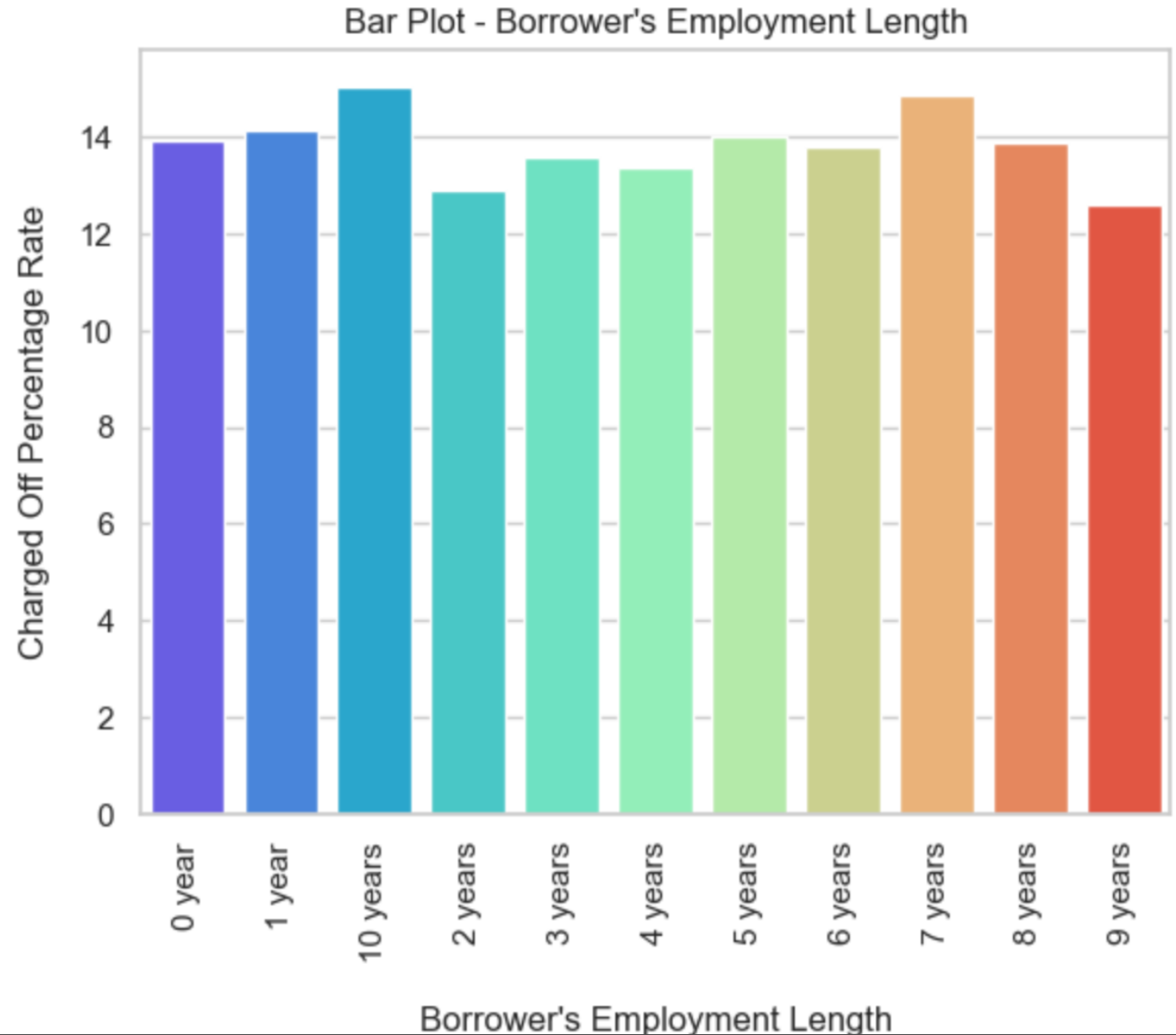


Insights: Length of employment

It appears length of employment has very little impact on charge off rates

1. Highest for more than 10 years of employment - 15.06%
2. Second highest for 7 years of employment: 14.89 %
3. Third highest for less than 2 year of employment - 14.16 %

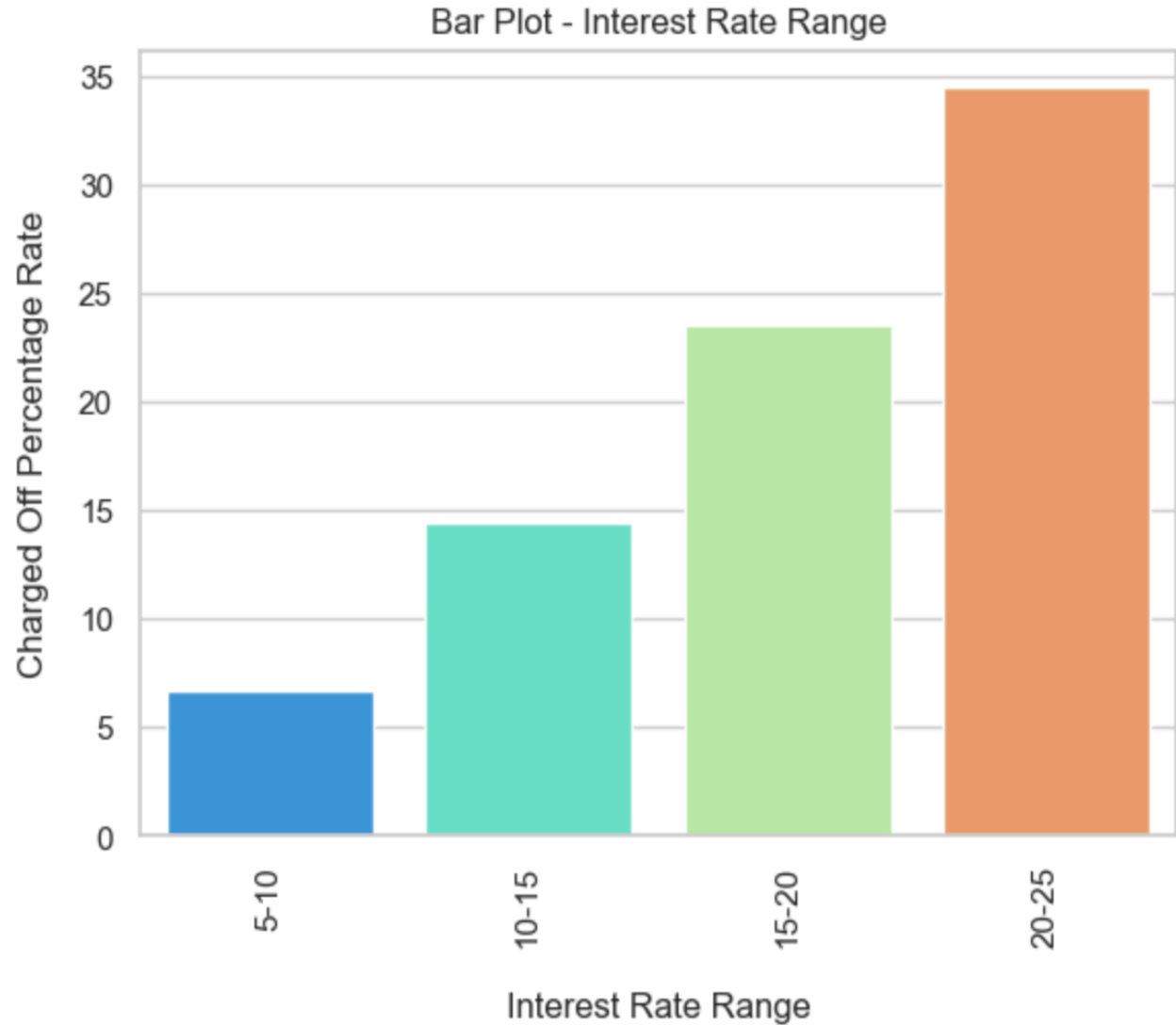
Insights: Length of employment



Insights: Interest rate

- Higher interest rates have higher charge-off percentage
 - Between 20 - 25 % interest rate the charge off is 34.44 %
 - Between 15 - 20 % interest rate the charge off is 23.51 %

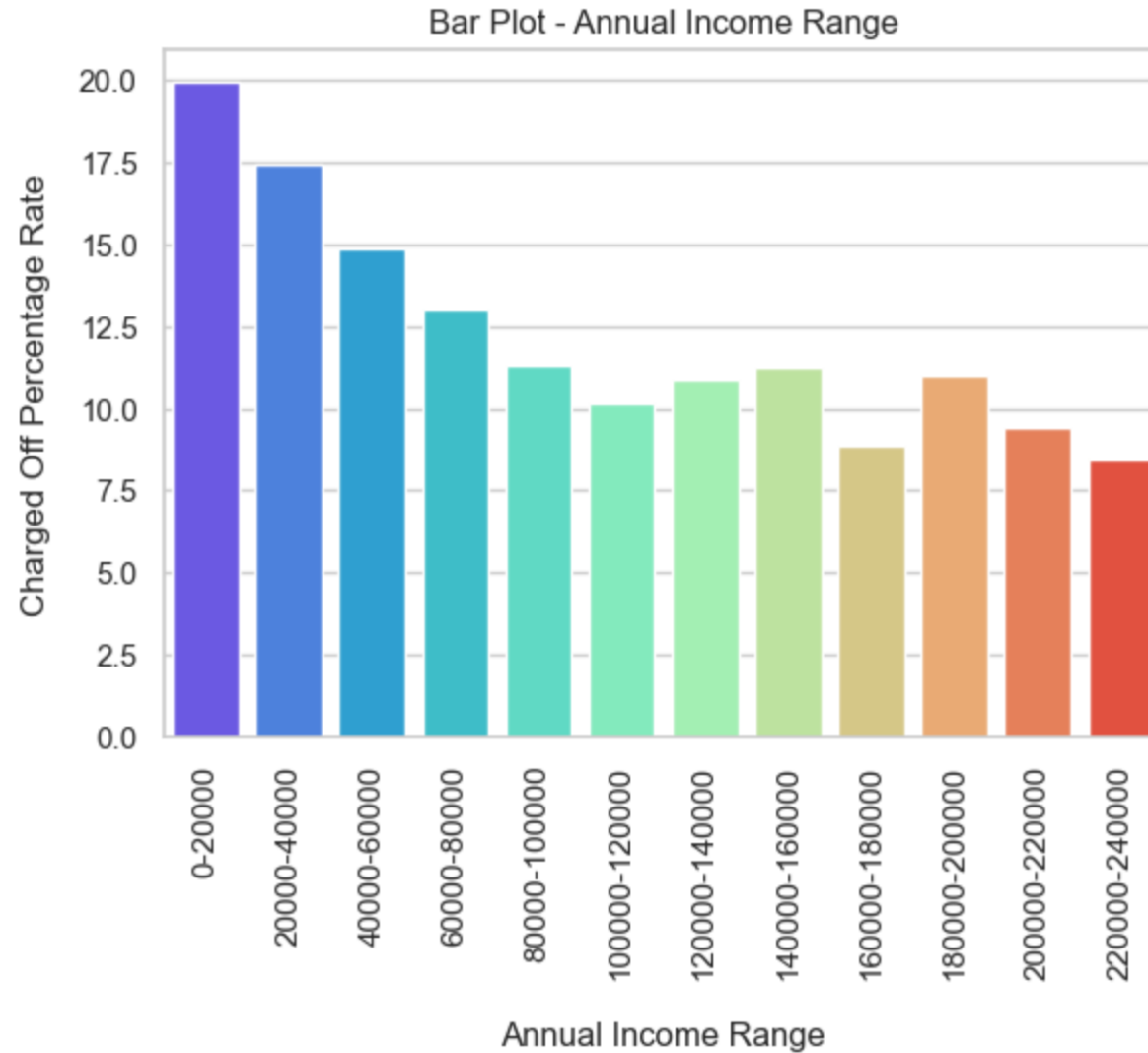
Insights: Interest rate



Insights: Annual Income

- Income is negatively correlated with charge-off rates (to a low degree)
 - Highest charge off rate is for customers earning less than 20,000 per annum - 19.93 %
 - Lowest charge off rate is for customers earning between 220,000 - 240,000 per annum - 8.45 %

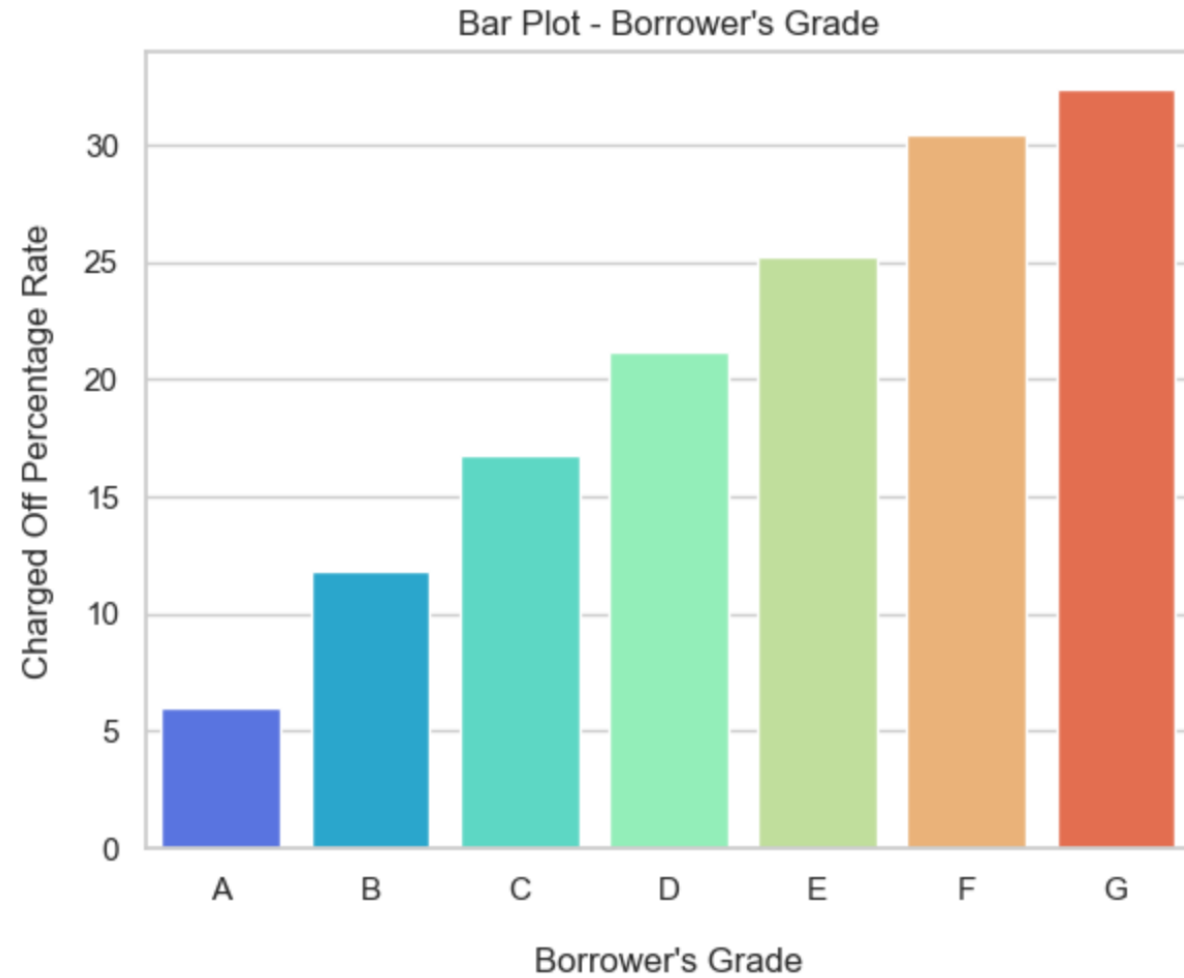
Insights: Annual Income



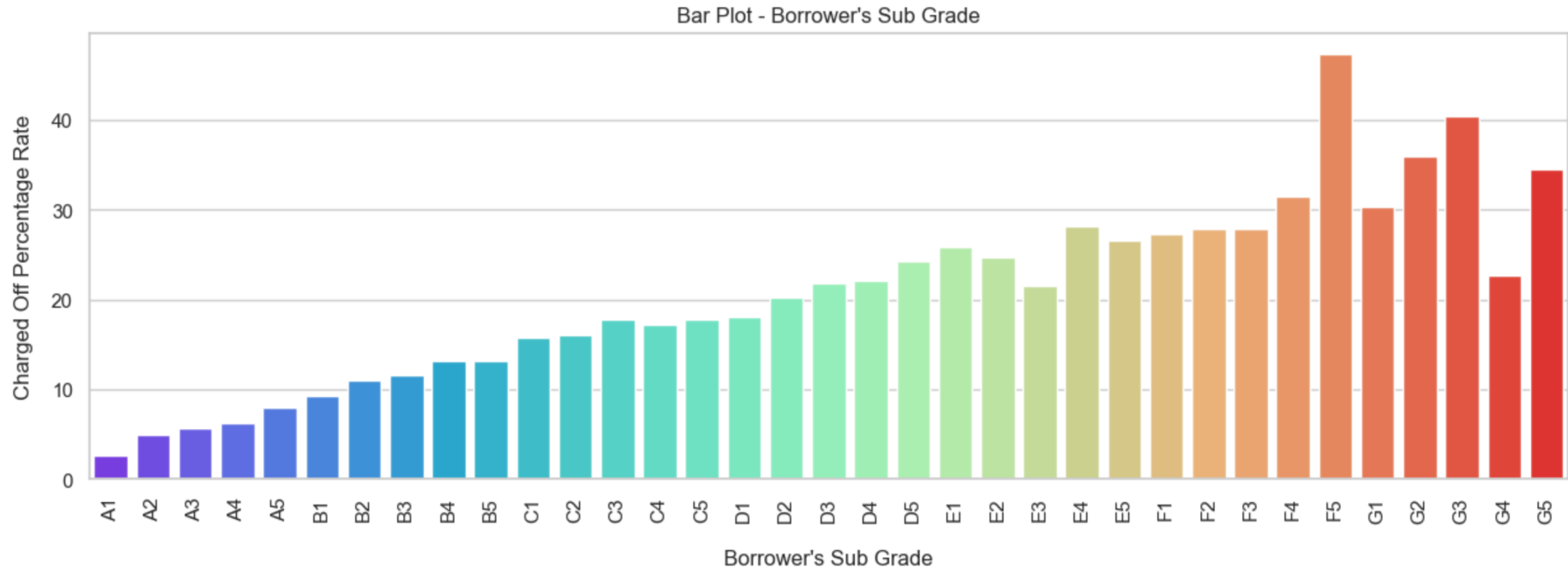
Insights: Borrower's grades & sub-grades

- Most charge-offs as a percentage of total loans for the grades occur in the following three grades (in descending order)
 - G - 32.35 %
 - F - 30.43 %
 - E - 25.26 %
 - Most charge-offs as a percentage of total loans for the sub-grades occur in the following three sub-grades (in descending order)
 - F5 - 47.24 %
 - G3 - 40.43 %
 - G2 - 36.00 %
 - Most loans are granted in B, A and C
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Insights: Borrower's grade



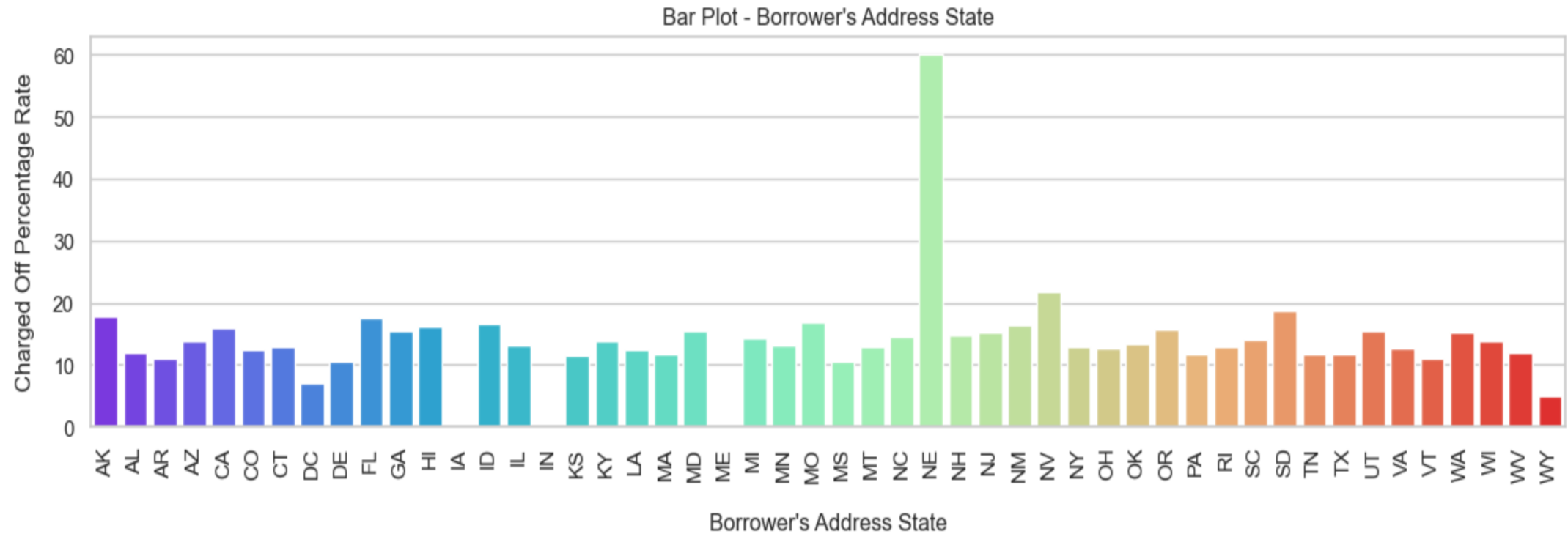
Insights: Borrower's sub-grade



Insights: Address (state)

- Charge-off rate is highest in following states:
 - Nebraska (NE) - 60.00 %
 - Nevada (NV) - 21.75 %
 - South Dakota (SD) - 18.75 %
 - Alaska (AK) - 17.72 %
 - Florida (FL) - 17.54 %

Insights: Address (state)



Insights: Total term of loan

- Higher loan-terms have higher charge-off rates
 - 60 months - 22.69 %
 - 36 months - 11.11 %



Recommendations

- Loans should be given to higher income customers
 - In Nebraska, based on small dataset the recommendation is to not give loans.
 - Since the years of experience has very little correlation with charge-off, it should be relatively low on evaluation scale.
 - It is recommended that we retain low interest rates to recover the loans.
 - It is recommended to avoid giving loans for starting small businesses.
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