Bank Loan Analysis Report

# Overview

The bank loan dataset analyzed through Excel dashboards reveals key insights into loan application trends, disbursement, repayment behavior, and borrower characteristics over a defined period. The analysis employs descriptive statistics and visualizations to monitor loan performance and detect patterns influencing loan outcomes.

# Key Findings

1. Loan Application Trends  
A total of 38.6K loan applications were recorded, with a positive Month-on-Month (MoM) growth of 6.9%. Applications increased steadily throughout the year, peaking in December (4.3K), suggesting a year-end borrowing trend possibly linked to holiday spending or year-end financial goals.

2. Loan Issuance and Repayment  
The bank issued ₦435.8 million in loans and received ₦473.1 million in repayments. The MoM growth for issued and repaid loans was 13.0% and 15.8% respectively. These figures suggest efficient loan recovery and growing lending activities.

3. Loan Quality Distribution  
The portfolio consists of 86.2% good loans and 13.8% bad loans, with charged-off loans totaling ₦65.5 million, indicating a relatively healthy lending profile. Good loans (fully paid) accounted for ₦411.6 million in repayments, while bad loans repaid only ₦37.3 million.

4. Interest Rate and Debt-to-Income (DTI) Ratio  
Fully paid loans had an average interest rate of 11.6% and DTI of 13.2%, compared to 13.9% interest and 14.0% DTI among charged-off loans. These disparities suggest that higher interest and DTI values are associated with increased default risk.

5. Borrower Demographics and Loan Characteristics  
The majority of applicants had over 10 years of employment (8.9K). The most common loan term was 36 months (28.2K loans). The leading purposes for loans were Credit Card, Home Improvement, and Small Business, and the majority of applicants were either renters or had mortgages.

# Interpretation

The analysis indicates effective lending and recovery practices, with most borrowers successfully repaying loans. However, a higher interest rate and DTI ratio are predictive of loan default. Loan demand increases at year-end, and borrowers with longer employment histories tend to apply more frequently, likely due to perceived creditworthiness.

# Conclusion

This dashboard provides critical insights into loan performance and borrower behavior, supporting strategic decision-making in risk management and product targeting. Future models could integrate predictive analytics to proactively identify default risks and optimize lending criteria.