

# Building the Factory

## ARE MY LOANS PRICED RIGHT?

Find out how to  
**REPRICE RISK  
BASED TIERS FOR  
NEW LOANS!**



**DON'T HAVE THE TIME  
OR MANPOWER?**

**Xtend** can do it  
for you!



*Simple DIY  
Instructions  
Inside!*

# Building the Factory

## Vol. 9: Loan Risk Score Analysis

This document and the following volumes are intended to give a credit union a complete road map to execute a marketing campaign. This road map will take the user from the very beginning point all the way through to the end of the process and the evaluation of the campaign. This design will contain all the steps necessary to create the campaign, the steps to follow through to the end using the referenced CU\*BASE options to mine the data and track the sales success.

## What is the Campaign?

Become a better and more informed lender! Analyze your risk portfolio and see how it correlates historically to your portfolio performance. Have you ever considered any of the following questions?:

- *How is my loan portfolio performing at different credit bands?*
- *Are my bands placed correctly?*
- *Could they be better?*
- *Are my risk based pricing tables the same for all products and categories?*
- *Should I consider secured versus unsecured risk based pricing?*
- *How can I do all this?*

Hint – you should be asking yourself these questions. This report allows you to select and view your delinquency status by credit and day ranges. You can compare two months' data side by side. You can also trend data across months (monthly, quarterly or annually). It can be as specific as by credit score or some other piece of data. This dashboard is a useful tool to ensure your risk based pricing is correct and conversely will highlight any gaps in performance within the credit score ranges.

## Where Do I Start?

1. Begin by accessing the Management Processing /Active Beta (MNMGMT) menu
2. Select **Loan Risk Score Analysis**

If this is your first time utilizing this report you will need to set your credit score and delinquency day ranges. This information will be saved and not needed for subsequent pulls.

Risk Score Ranges		Delinquency Day Ranges		Comparison Dates [MMYYYY]		
0525	to	0000	0000	to	0000	Oct 2013
0000	to	0000	0000	to	0000	Nov 2013
0000	to	0000	0000	to	0000	Dec 2013
0000	to	0000	0000	to	0000	Jan 2014
0000	to	0000	0000	to	0000	Feb 2014
0000	to	0000	0000	to	0000	Mar 2014
0000	to	0000	0000	to	0000	Apr 2014
0000	to	0000	0000	to	0000	May 2014
						Jun 2014
						Jul 2014

## Entering the Selection Criteria

1. Click the **Select Dates** tab at the bottom of the page to input the ranges you wish to compare. You will receive a pop up (shown below) that will allow you to view the data monthly, quarterly or annually. In this example we chose a monthly view in descending order. Once selected, click the **Back** arrow or hit F3.

Choose up to ten periods for me using a  Month  Quarter  Annual interval ending with **Jul 2014** [MMYYYY]

-OR-  Custom setup

Enter specific periods to compare:

1	<b>Jul 2014</b> [MMYYYY]	6	<b>Feb 2014</b> [MMYYYY]
2	<b>Jun 2014</b> [MMYYYY]	7	<b>Jan 2014</b> [MMYYYY]
3	<b>May 2014</b> [MMYYYY]	8	<b>Dec 2013</b> [MMYYYY]
4	<b>Apr 2014</b> [MMYYYY]	9	<b>Nov 2013</b> [MMYYYY]
5	<b>Mar 2014</b> [MMYYYY]	10	<b>Oct 2013</b> [MMYYYY]

Analysis Layout

Sort periods in  Ascending (most recent on right)  Descending (most recent on left)

Reset Defaults

← → ↑ || 🔗 ⓘ ? @

2. Click **Enter** to generate the report.
3. The next screen is the first stage of the report which two months are compared. You will see credit score ranges and the delinquency associated with that band for the two month period.

## Loan Risk Score Analysis

Using Member Scores

Data												
Delinquency Ranges												
CURRENT												
1 - 30 Days												
31 - 59 Days												
60 - 89 Days												
90 - 120 Days												
ALL LOANS												
Period 1 Aug 2014 [MMYYYY]												
Period 2 Jul 2014 [MMYYYY]												
Period 1						Period 2						
Score Range	# of Accts	% Tot # of Loans	Current Balance	% Tot \$ Loans	Avg Score	Wgt Avg Rate %	# of Accts	% Tot # of Loans	Current Balance	% Tot \$ Loans	Avg Score	Wgt Avg Rate %
CURRENT	27,248	93.22	430,639,281	91.27	727	4.402	27,111	93.08	452,139,612	95.90	728	4.401
0001 TO 0599	1,252	4.28	8,911,189	1.89	556	8.516	1,201	4.12	10,033,171	2.13	556	8.113
0600 TO 0639	1,820	6.23	16,261,513	3.45	622	7.283	1,792	6.15	16,963,885	3.60	622	7.200
0640 TO 0679	3,704	12.67	42,749,974	9.06	661	5.416	3,654	12.55	46,247,630	9.81	661	5.382
0680 TO 0719	4,570	15.63	69,689,231	14.77	699	4.580	4,537	15.58	73,465,097	15.58	699	4.581
0720 TO 0900	15,902	54.40	293,027,372	62.11	776	3.927	15,927	54.68	305,429,827	64.78	776	3.932
1 - 30 Days	1,701	5.82	37,178,070	7.88	677	5.092	1,709	5.87	15,966,173	3.39	669	6.125
0001 TO 0599	232	.79	2,818,777	.60	550	8.045	269	.92	2,103,288	.45	552	9.087
0600 TO 0639	251	.86	2,507,173	.53	620	7.810	270	.93	1,877,815	.40	621	8.583
0640 TO 0679	404	1.38	7,687,014	1.63	659	5.639	431	1.48	4,403,154	.93	659	6.107
0680 TO 0719	313	1.07	7,886,668	1.67	696	4.642	317	1.09	3,606,443	.76	697	5.156
0720 TO 0900	501	1.71	16,278,436	3.45	765	4.122	422	1.45	3,975,472	.84	763	4.296
31 - 59 Days	214	.73	2,768,722	.59	637	6.486	238	.82	2,057,736	.44	640	6.970
0001 TO 0599	52	.18	796,738	.17	548	7.251	61	.21	280,723	.06	548	9.954
0600 TO 0639	52	.18	433,542	.09	620	7.652	51	.18	369,088	.08	619	8.581
0640 TO 0679	58	.20	866,534	.18	662	6.164	67	.23	851,209	.18	661	6.509
0680 TO 0719	36	.12	557,097	.12	697	5.275	31	.11	371,457	.08	695	4.974
0720 TO 0900	16	.05	114,010	.02	755	5.089	26	.10	185,250	.04	765	5.361
60 - 89 Days	45	.15	957,537	.20	630	6.410	44	.15	765,646	.16	638	6.081

- To further utilize this tool, click the **Trend** tab at the bottom of any of the columns you wish to sort by.
- This will bring up the third screen of the report where you can compare data over the ten (10) selected months.

Loan Risk Score Analysis											
Using Member Scores											
Trending Current Balance in Thousands											
Score Range	Jul 2014	Jun 2014	May 2014	Apr 2014	Mar 2014	Feb 2014	Jan 2014	Dec 2013	Nov 2013	Oct 2013	
CURRENT	28,323	28,277	28,150	28,050	28,054	28,275	28,579	28,522	28,696	28,916	
0000 TO 0001	185	193	165	154	149	173	181	179	183	191	
0002 TO 0539	316	355	369	364	348	351	347	389	364	409	
0540 TO 0599	743	770	792	797	770	808	832	823	874	873	
0600 TO 0639	1,225	1,305	1,299	1,344	1,366	1,421	1,353	1,391	1,408	1,383	
0640 TO 0699	9,814	9,652	9,632	9,395	9,329	9,379	9,429	9,426	9,438	9,508	
0700 TO 9999	16,036	15,999	15,891	15,993	16,090	16,140	16,435	16,312	16,427	16,551	
11 - 29 Days	637	258	218	142	193	230	253	315	253	265	
0000 TO 0001	0	5	5	5	6	0	0	0	2	0	
0002 TO 0539	40	2	2	2	17	20	3	0	19	0	
0540 TO 0599	41	7	1	0	2	0	9	0	2	0	
0600 TO 0639	35	22	12	11	16	16	39	15	27	52	
0640 TO 0699	334	170	119	86	69	69	78	109	123	135	
0700 TO 9999	185	49	76	36	81	124	122	189	77	77	
30 - 59 Days	124	145	212	341	275	233	346	482	365	315	
0000 TO 0001	0	0	0	0	0	0	0	0	0	0	
0002 TO 0539	0	19	17	37	34	28	50	27	54	38	
0540 TO 0599	1	14	8	14	25	15	12	50	12	54	
0600 TO 0639	14	22	13	10	25	20	23	51	40	36	
0640 TO 0699	64	55	94	174	129	103	194	229	156	136	

- You may then use the export function to create a PDF, Excel or database file. You may find these reports useful for planning purposes or board packets.

## Note:

From the first report screen you are also able to highlight one of your credit score bands simply by clicking on it and choosing the **Isolate Range** tab at the bottom of the page. This allows you to see not only the overall performance of your loan portfolio but will really allow you to place each credit band under a microscope and ensure it is performing adequately. This will also help you determine if your bands need to be adjusted. For this example, 640-679 was selected. You will then see the following screen.

Loan Risk Score Analysis													Using Member Scores																												
Data													Delinquency Ranges				CURRENT				1 - 30 Days				31 - 59 Days				60 - 89 Days				90 - 120 Days				ALL LOANS				
Period 1													Nov 2013				[MMYYYY]				Period 2													Dec 2013				[MMYYYY]			
Period 1													Period 2																												
Score Range	# of Accts	% Tot # of Loans	Current Balance	% Tot \$ Loans	Avg Score	Wgt Avg Rate %	# of Accts	% Tot # of Loans	Current Balance	% Tot \$ Loans	Avg Score	Wgt Avg Rate %																													
CURRENT	22,376	92.93	402,309,751	96.28	731	4.306	22,367	92.70	403,481,007	96.04	732	4.295																													
0001 TO 0599	940	3.90	7,949,839	1.90	556	7.159	800	3.65	7,334,230	1.75	557	7.216																													
0600 TO 0639	1,392	5.78	13,327,205	3.19	623	6.668	1,404	5.82	13,670,404	3.25	623	6.679																													
0640 TO 0679	2,887	11.99	36,916,463	8.83	661	5.261	2,846	11.79	36,986,251	8.80	661	5.236																													
0680 TO 0719	3,544	14.72	63,221,224	15.13	699	4.577	3,553	14.73	63,148,551	15.03	699	4.569																													
0720 TO 0900	13,613	56.53	280,895,017	67.22	777	3.926	13,684	56.71	282,341,561	67.20	777	3.919																													
1 - 30 Days	1,452	6.03	13,059,834	3.13	679	5.857	1,488	6.17	13,379,697	3.18	669	5.887																													
0001 TO 0599	177	.74	953,194	.23	548	8.274	242	1.00	1,442,857	.34	547	7.669																													
0600 TO 0639	209	.87	1,690,820	.40	620	7.650	202	.84	1,360,596	.32	620	7.945																													
0640 TO 0679	352	1.40	3,522,400	.87	653	6.202	305	1.31	3,419,153	.82	653	6.153																													
0680 TO 0719	287	1.19	3,059,697	.73	698	5.197	282	1.17	3,453,409	.82	698	5.119																													
0720 TO 0900	427	1.77	3,833,780	.92	766	4.601	373	1.55	3,679,527	.88	765	4.578																													
31 - 59 Days	195	.81	1,747,753	.42	647	6.893	210	.90	1,871,938	.45	646	6.671																													
0001 TO 0599	39	.16	367,650	.09	543	9.269	37	.15	272,065	.06	545	9.339																													
0600 TO 0639	44	.18	526,707	.13	621	6.548	53	.22	562,039	.13	620	6.758																													
0640 TO 0679	49	.20	410,287	.10	658	7.217	68	.28	577,625	.14	658	6.254																													
0680 TO 0719	35	.15	259,152	.06	700	5.388	36	.15	261,951	.06	696	6.138																													
0720 TO 0900	28	.12	183,954	.04	749	4.530	24	.10	198,256	.05	754	4.685																													
60 - 89 Days	35	.15	655,862	.16	620	6.555	38	.16	983,223	.23	634	6.334																													

## How Do I Follow Up and See My Results?

At this point you have an idea of what your portfolio looks like overall and how your credit bands are performing. With the screen shown above you can really drill down into a specific piece of data, such as balance to find useful information that will guide your next action steps. This is a great report to run on a monthly basis and include in management reports. The trend analysis really gives you the power to get as detailed and analytical as needed.

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