

## Portfolio Statistics

I am always amazed at the number of detailed statistics sports broadcasters report regarding a specific player or team. It is almost unimaginable the amount of record keeping that takes place in sports today. It is also amazing how much this data is mined to find relevant information to provide an advantage to a team or a player. For example, “Stat to know: The Packers' Rodgers and Adams connected on 76.7% of their attempts this season, the second-highest rate among the 60 QB-WR duos with 150 attempts in the past 20 seasons.” per NFL Next Gen Stats<sup>1</sup>.

These statistics can help both players and teams improve in specific aspects of their game. These statistics may identify strengths and weaknesses of a team or player and assist in preparation for the next opponent. Understanding and interpreting this information based on a point in time can be very beneficial. Monitoring these statistics over time may identify trends into the direction of a team or player's performance. These trends may demonstrate opportunities to leverage advantages or improve upon weaknesses.

Financial institutions also capture and track many stats on their customers. Loan systems today track many borrower data points which may include the loan officer, average balance, high balance, number of days at a \$0 balance, times past-due, risk ratings and so on. These are typically standard fields included in the various loan systems. This basic information provides knowledge regarding borrower performance and the overall quality of the loan portfolio. Leveraging this information may lead to borrower pricing and loan structure decisions and may become a part of the criteria in loan loss reserve funding.

Loan systems also provide for user defined fields to allow management to capture data they believe will assist in the effective management of the loan portfolio. These user defined fields continue to be an opportunity for many financial institutions to benefit from additional data points. The additional data may afford a greater understanding and perspective regarding the loan portfolio.

The incorporation of loan policy exceptions within the loan system is one area where financial institutions could reap immediate benefit. Items such as policy approved exceptions for advance rates, debt service coverage, loan to value and guarantor requirements can provide useful reporting for segments of the portfolio and the overall loan portfolio. Many institutions manually generate ad-hoc by consolidating data maintained in various systems to create exception reporting. The user defined fields of the loan system can be used as a centralized location to maintain this borrower data. The centralization of this information will provide for an efficient and effective management reporting tool and will facilitate reporting on both borrower specific metrics and overall loan portfolio metrics. Portfolio wide data management will then enhance current reporting with metrics to provide additional perspective. This data can then be measured at a point and time and identify trends into the levels of the various exceptions. New reporting metrics are only limited by the creativity and insight of the management team. Enhanced data collection will provide for opportunities to identify areas improve performance and/or manage and quantify risk. The information will also benefit management, the board, regulators and other third parties.

Financial institutions should continue to creatively develop and mine specific borrower and portfolio

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<sup>1</sup> [NFL playoffs: Packers-Rams matchup features clash of No. 1 offense, defense - Green Bay Packers Blog- ESPN](#)

metrics. Detailed loan portfolio statistics may not be as entertaining as the passing statistics of your favorite quarterback. However, just as professional sports teams continue to find new ways to collect, capture and analyze data to gain an advantage, financial institutions can also continue to strive for improved data collection and management. Your institution may gain insights regarding the loan portfolio which had never been discussed or contemplated. Improved data collection and management will provide opportunities for enhanced risk management techniques. “The goal is to turn data into information and information into insight.” – Carly Fiorina, former chief executive officer, Hewlett Packard.

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