Valley Republic Bank
Local. Responsive. Reliable.

## Loan to Deposit Ratio

The formula for the loan to deposit ratio is exactly as its name implies, loans divided by deposits. The loan to deposit ratio is used to calculate a lending institution's ability to cover withdrawals made by its customers. A lending institution that accepts deposits must have a certain measure of liquidity to maintain its normal daily operations. Loans given to its customers are mostly not considered liquid meaning that they are investments over a longer period of time. Although a bank will keep a certain level of mandatory reserves, they may also choose to keep a percentage of their non-lending investing in short term securities to ensure that any monies needed can be accessed in the short term.

$$\text{Loan to Deposit Ratio} = \frac{\text{Loans}}{\text{Deposits}}$$

| LOAN TO DEPOSIT RATIO - 2018 | |
|---|---|
| **Quarter** | **RATIO** |
| March 2018 | 73.31% |
| June 2018 | 74.76% |
| September 2018 | 67.12% |
| December 2018 | 73.08% |
| **2018 Average** | **72.07%** |