

REFERENCE CARD

Bank ratios on one page

The numbers a credit team works out from your statements, what each one means, and how to improve it. Lenders set their own limits, so there's no single pass mark.

RATIO	HOW IT'S WORKED OUT	WHAT IT SHOWS	HOW TO IMPROVE IT
Interest cover	EBIT / interest	How many times profit covers the interest bill.	Lift profit, or reduce debt or the rate.
Debt service cover	Cash available after drawings and tax / (interest + principal repayments)	How many times the business can meet its repayments.	Trim drawings, stretch the term, or reduce debt.
Loan to value (LVR)	Debt / security value x 100	How much you owe against what the security is worth.	Pay down debt, or add security.
Equity	(Assets - liabilities) / assets x 100	How much of the business you own.	Retain profit, sell non-core assets.
Current ratio	Current assets / current liabilities	Whether you can pay the next 12 months of bills.	Build stock and cash reserves, refinance short-term debt.
Debt per DSE or per sow	Total debt / DSE or sows carried	Debt against the size of the operation.	Grow carrying capacity, or reduce debt.

EBIT is earnings before interest and tax. The bank review ratio check works these out from your own figures.

Checked 26 October 2026. General information only. It doesn't take account of your circumstances and isn't tax, legal or credit advice. Farm CFO is a business name of Levelhead Capital Pty Ltd (ABN 15 703 134 918). farmcfo.com.au • 0412 759 847