# **CALCULATING THE LIQUIDITY COVERAGE RATIO**

## Liquidity Coverage Ratio (LCR)

 $LCR = \frac{\text{High-quality liquid asset (HQLA)amount}}{\text{Total net cash outflow amount}}$ 

#### HQLA Amount (Numerator)

HQLA amount = Level 1 liquid asset amount + Level 2A liquid asset amount + Level 2B liquid asset amount - max (Unadjusted excess HQLA amount ; Adjusted excess HQLA amount),

Where

Level 1 liquid asset amount = Level 1 liquid assets that are eligible HQLA – Reserve balance requirement;

Level 2A liquid asset amount = .85 \* Level 2A liquid assets that are eligible HQLA;

Level 2B liquid asset amount = .50 \* Level 2B liquid assets that are eligible HQLA;

Unadjusted excess HQLA amount = Level 2 cap excess amount + Level 2B cap excess amount,

Where

- Level 2 cap excess amount = max (Level 2A liquid asset amount + Level 2B liquid asset amount 0.6667 \* Level 1 liquid asset amount ; 0);
- Level 2B cap excess amount = max (Level 2B asset liquid amount Level 2 cap excess amount 0.1765 \* (Level 1 liquid asset amount + Level 2A liquid asset amount); 0).
- Adjusted excess HQLA amount = Adjusted level 2 cap excess amount + Adjusted level 2B cap excess amount,

## Where

- Adjusted level 2 cap excess amount = max (Adjusted level 2A liquid asset amount + Adjusted level 2B liquid asset amount 0.6667 \* Adjusted level 1 liquid asset amount ; 0);
- Adjusted level 2B cap excess amount = max (Adjusted level 2B asset liquid amount Adjusted level 2 cap excess amount 0.1765 \* (Adjusted level 1 liquid asset amount + Adjusted level 2A liquid asset amount); 0).

## **Total Net Cash Outflow Amount (Denominator)**

Total net cash outflow amount =  $\sum$  Outflow amounts calculated under §§\_.32(a) through \_.32(l) min ( $\sum$  Inflow amounts calculated under §§\_.33(b) through \_.33(g); .75 \*  $\sum$  Outflow amounts calculated under §§\_.32(a) through \_.32(l)) + Maturity mismatch add - on,

Where

Maturity mismatch add-on = max (0; max (Net cumulative maturity outflow amount(t), for t = 1, 2,...30)) – max (0; Net day 30 cumulative maturity outflow amount),

Where

Net cumulative maturity outflow amount(t) =  $(\sum_{i=1}^{t} \text{Outflow amounts (t)calculated under } \text{S}_.32(g), (h)(1), (h)(2), (h)(5), (j), (k), (l) - \sum_{i=1}^{t} \text{Inflow amounts (t) calculated under } \text{S}_.33(c), (d), (e), (f)), \text{ for } t = 1, 2, ...30;$ 

Net day 30 cumulative maturity outflow amount =

 $\sum_{i=1}^{30}$  Outflow amounts (t)calculated under §§\_.32(g), (h)(1), (h)(2), (h)(5), (j), (k), (l) -  $\sum_{i=1}^{30}$  Inflow amounts (t) calculated under §§\_.33(c), (d), (e), (f).