CALCULATING THE LIQUIDITY COVERAGE RATIO

Liquidity Coverage Ratio (LCR)

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

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