

**Explanation of the “(Reference) Current Account Balances Subject to the
Complementary Deposit Facility”
in the “BOJ Current Account Balances by Sector”
(applicable from the May 2016 reserve maintenance period onwards)**

Step 1: Assume the following financial institutions A, B, C, and D in sector X:

Institution	Benchmark Balances ^a	Required Reserves ^b	Loan Support Program, etc. (end of 2016/3) ^c	Loan Support Program, etc. ^d	Benchmark Ratio	Benchmark Balances * Benchmark Ratio	Current Account Balances ^e
A	40	2	15	10	7.5%	$40 \times 0.075 = 3$	100
B	80	2	10	10	7.5%	$80 \times 0.075 = 6$	90
C	120	2	10	10	7.5%	$120 \times 0.075 = 9$	30
D	120	2	5	10	7.5%	$120 \times 0.075 = 9$	30

[a] Average current account balances during the reserve maintenance period from 2015/1-12.

[b] Required reserve per day during the reserve maintenance period of month T on year Y.

[c] Amount of the sum of yen-denominated loans under the “Loan Support Program” and the “Funds-Supplying Operation to Support Financial Institutions in Disaster Areas” at the end of March 2016.

[d] Average amount of the sum of yen-denominated loans under the “Loan Support Program,” the “Funds-Supplying Operation to Support Financial Institutions in Disaster Areas” and the “Funds-Supplying Operation to Support Financial Institutions in Disaster Areas of the Kumamoto Earthquake” during the reserve maintenance period of month T on year Y.

[e] Average current account balances during the reserve maintenance period of month T on year Y.

Step 2: The balances to which different interest rates are applied are as follows:

Institution	Balances to which a positive interest rate is applied		Balances to which a zero interest rate is applied		Balances to which negative interest rate is applied
	Upper bound	Actual amount	Upper bound	Actual amount	
A	$40 - 2 = 38$	$100 - 2 = 98 > 38 \Rightarrow 38$	$\begin{matrix} [b] & [d] & * & ** \\ 2 + 10 + 0 + 3 = 15 \end{matrix}$	$100 - 38 = 62 > 15 \Rightarrow 15$	$100 - 38 - 15 = 47$
B	$80 - 2 = 78$	$90 - 2 = 88 > 78 \Rightarrow 78$	$2 + 10 + 0 + 6 = 18$	$90 - 78 = 12 < 18 \Rightarrow 12$	$90 - 78 - 12 = 0$
C	$120 - 2 = 118$	$30 - 2 = 28 < 118 \Rightarrow 28$	$2 + 10 + 0 + 9 = 21$	$30 - 28 = 2 < 21 \Rightarrow 2$	$30 - 28 - 2 = 0$
D	$120 - 2 = 118$	$30 - 2 = 28 < 118 \Rightarrow 28$	$2 + 10 + 5 + 9 = 26$	$30 - 28 = 2 < 26 \Rightarrow 2$	$30 - 28 - 2 = 0$
Total of sector X	(i) 352	(ii) 172	(iii) 80	(iv) 31	(v) 47

Note: In the “Upper bound” of the “Balances to which a zero interest rate is applied” on the table above, [b] and [d] correspond to [b] and [d] on the table in the Step 1. * is the part of [d] which exceeds [c] and ** corresponds to the column “Benchmark Balances * Benchmark Ratio” on the table in the Step 1.

Step 3: The balances are released in the following formats:

	Sector X			
	Current Account Balances	To which: a positive interest rate is applied	To which: a zero interest rate is applied	To which: a negative interest rate is applied
Year Y Month T	250	(i) (352) (ii) 172	(iii) (80) (iv) 31	(v) 47

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