

| Possible Liquidity Outcomes for Next Week                           | Estimated Average Volume of Deposits Next Week (millions) | Estimated Average Volume of Loans Next Week (millions) | Estimated Liquidity Surplus or Deficit Position Next Week (millions) | Probability Assigned by Management to Each Possible Outcome |
|---|---|--|--|---|
| Best possible liquidity position (maximum deposits, minimum loans)  | \$170   | \$110  | +\$60  | 15%   |
| Liquidity position bearing the highest probability                  | \$150   | \$140  | +\$10  | 60%   |
| Worst possible liquidity position (minimum deposits, maximum loans) | \$130   | \$150  | -\$20  | 25%   |

$$\begin{aligned}
 \text{Expected liquidity requirement} &= \text{Probability of Outcome A} \times \left( \begin{array}{c} \text{Estimated liquidity surplus or deficit in Outcome A} \end{array} \right) \\
 &+ \text{Probability of Outcome B} \times \left( \begin{array}{c} \text{Estimated liquidity surplus or deficit in Outcome B} \end{array} \right) \\
 &+ \dots + \dots
 \end{aligned} \tag{11-7}$$

$$\begin{aligned}
 \text{Expected liquidity requirement} &= 0.15 \times (+\$60 \text{ million}) + 0.60 \times (+\$10 \text{ million}) \\
 &\quad + 0.25 \times (-\$20 \text{ million}) \\
 &= +\$10 \text{ million}
 \end{aligned}$$