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PRESS RELEASE

ECB ANNOUNCES FURTHER DETAILS OF THE TARGETED LONGER-TERM REFINANCING OPERATIONS

The Governing Council of the European Central Bank (ECB) decided today on further technical details of a series of targeted longer-term refinancing operations (TLTROs), announced on 5 June 2014. The TLTROs are designed to enhance the functioning of the monetary policy transmission mechanism by supporting bank lending to the real economy.

Under the scheme, banks will initially be able to borrow an amount equivalent to up to 7% of a specific part of their loans in two operations in September and December 2014. After this, additional amounts can be borrowed in further TLTROs, depending on the evolution of the banks' eligible lending activities in excess of bank-specific benchmarks.

The additional borrowing allowance is limited to three times the difference between the net lending since 30 April 2014 and the benchmark at the time it is claimed.

The Governing Council decided today that:

- For banks¹ that exhibited positive eligible net lending in the twelve-month period to 30 April 2014, the benchmarks are always set at zero.
- For banks that exhibited negative eligible net lending in the year to 30 April 2014, different benchmarks apply. These are set as follows: the average monthly net lending of each bank in the year to 30 April 2014 is extrapolated for 12 months until 30 April 2015. For the year from 30 April 2015 to 30 April 2016, the benchmark monthly net lending is set at zero.
- Banks that borrow in the TLTROs and fail to achieve their benchmarks as at 30 April 2016 will be required to pay back their borrowings in full in September 2016.
- Banks participating in a TLTRO will be subject to specific reporting obligations.

The initial operations will be conducted on 18 September and 11 December 2014, with the additional operations carried out in March, June, September and December 2015 and in March and June 2016.

¹ Banks can participate in a TLTRO individually. In addition, several banks may form a "TLTRO group", if they fulfil specific conditions, and can then participate in a TLTRO through one member of the group. In this case, the calculation of the TLTRO group's benchmark and borrowing allowances will be based on aggregated loan data for the TLTRO group.

Further technical details of the TLTROs can be found in an annex to this press release.

By the beginning of August 2014 the ECB will publish a legal act that will form the basis of the series of TLTROs.

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