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PRESS RELEASE

ECB ALLOTS €82.6 BILLION IN FIRST TARGETED LONGER-TERM REFINANCING OPERATION

- Banks take up €82.6 billion in first of eight TLTROs
- Programme supports lending to the real economy
- Part of package of ECB measures that will have sizeable impact on ECB's balance sheet

The European Central Bank has today allotted €82.6 billion to 255 counterparties in the first of eight targeted longer-term refinancing operations (TLTROs) to be conducted between September 2014 and June 2016. The programme is designed to enhance the functioning of the monetary policy transmission mechanism by supporting bank lending to the real economy.

In order to participate in the tender that was announced on 16 September, credit institutions had to express their interest and send completed reporting templates by 28 August. A total of 382 entities were eligible to bid in the first TLTRO, representing, either directly or indirectly, 1372 credit institutions. Additional counterparties that intend to participate in the second TLTRO in December will have to send completed reporting templates by 20 November 2014, 3.30 p.m. CET.

The second TLTRO, as previously communicated, will be announced on 9 December and allotted on 11 December.

In the first two tenders, banks and groups of banks are entitled to an initial borrowing allowance equal to 7% of the total amount of their loans to the euro area non-financial private sector, excluding loans to households for house purchase, outstanding on 30 April 2014. Therefore, eligible banks who have not reached their initial allowance limit in the first TLTRO will be able to increase their initial borrowing amount up to that limit in the second TLTRO.

Thereafter, banks will be able to apply for additional funding, depending on the evolution of their lending activities against a specific benchmark.

The TLTROs, first announced on 5 June, together with measures announced on 4 September related to the purchase of non-financial private sector assets, will have a sizeable impact on the ECB's balance sheet.

For further information on the TLTRO programme, please refer to the relevant press releases:

http://www.ecb.europa.eu/press/pr/date/2014/html/pr140605_2.en.html

http://www.ecb.europa.eu/press/pr/date/2014/html/pr140703_2.en.html

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