

PRESS RELEASE

12 September 2019

ECB announces changes to new targeted longer-term refinancing operations (TLTRO III)

- Interest rate on TLTRO III operations to be reduced
- Rate can be as low as the average interest rate on deposit facility
- Maturity extended to three years, from two years, with repayment option after two years

The Governing Council of the European Central Bank (ECB) today decided to modify some of the key parameters of the third series of targeted longer-term refinancing operations (TLTRO III) to preserve favourable bank lending conditions, ensure the smooth functioning of the monetary policy transmission mechanism and further support the accommodative stance of monetary policy.

First, in terms of the pricing of TLTRO III, the previously announced 10-basis point spread above the average interest rate of the Eurosystem's main refinancing operations (MROs) and, for counterparties exceeding their lending benchmark, above the average interest rate on the deposit facility, will no longer be applied. The interest rate for TLTRO III will therefore be equal to the average rate applied to the Eurosystem's MROs over the life of the respective TLTRO III operation. For counterparties whose eligible net lending between the end of March 2019 and the end of March 2021 exceeds their benchmark net lending, the rate applied to TLTRO III operations will be lower, and can be as low as the average interest rate on the deposit facility prevailing over the life of the respective TLTRO III operation. This adjustment in the pricing of TLTRO III will enhance the effectiveness of the operations by increasing the support they provide to bank funding conditions, so that banks may continue to lend to firms and households on favourable terms.

Second, the maturity of TLTRO III operations has been extended to three years as of their settlement date. This longer maturity is better aligned with that of bank loans used to finance investment projects and thereby enhances the support that the operations will provide to the financing of the real economy, in view of the deterioration in the economic outlook since the maturity was originally announced in March 2019.

European Central Bank Directorate General Communications
Global Media Relations Division, Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany
Tel.: +49 69 1344 7455, e-mail: media@ecb.europa.eu, website: www.ecb.europa.eu

Reproduction is permitted provided that the source is acknowledged.

Third, following the extension of the maturity of TLTRO III operations, counterparties will be able to repay the amounts borrowed under TLTRO III earlier than their final maturity, at a quarterly frequency starting two years after the settlement of each operation.

These changes will apply as of the first TLTRO III operation to be allotted on 19 September 2019 and will be implemented in an amendment to the Decision of the ECB of 22 July 2019 on a third series of targeted longer-term refinancing operations (ECB/2019/21).

For media queries, please contact Stefan Ruhkamp, tel.: +49 69 1344 5057.

Notes:

- The ECB [announced TLTRO III](#) on 7 March 2019 and [details](#) on 6 June 2019.
- Further information on TLTRO I, TLTRO II and TLTRO III can be found [on the ECB's website](#).