

PRESS RELEASE

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ECB announces details of new targeted longer-term refinancing operations (TLTRO III)

- Operations aim to preserve favourable bank lending conditions and to support the accommodative stance of monetary policy
- TLTRO III interest rate will be set at 10 basis points above the average MRO rate over the life of each operation
- For counterparties exceeding their lending benchmark a lower interest rate will apply, which can be as low as the average deposit facility rate plus 10 basis points

The Governing Council of the European Central Bank (ECB) today decided on key parameters of the new series of targeted longer-term refinancing operations (TLTRO III), including the interest rates that will be charged. The quarterly operations, first announced in March, will help preserve favourable bank lending conditions and support the accommodative stance of monetary policy. They will start in September 2019 and end in March 2021, and have a maturity of two years each.

The interest rate for each operation will be set at a level of 10 basis points above the average rate applied to the Eurosystem's main refinancing operations (MROs) over the life of the respective TLTRO.

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 operation plus 10 basis points.

Counterparties will receive the maximum rate reduction if they exceed their benchmark stock of eligible loans by 2.5% as at 31 March 2021. Below this limit, the size of the decrease in the interest rate will be graduated linearly depending on the percentage by which a counterparty exceeds its benchmark stock of eligible loans.

For counterparties that exhibited positive eligible net lending in the 12-month period to 31 March 2019, the benchmark net lending is set at zero. For counterparties that exhibited negative eligible net lending in the 12-month period to 31 March 2019, the benchmark net lending is equal to the eligible net lending in that period. The interest rate applied to TLTRO III operations will be communicated to participants in September 2021.

The first series of TLTROs was announced in June 2014 and the second series in March 2016. They are targeted operations because the amount that banks can borrow, as well as the borrowing rate, are linked to their loans to non-financial corporations and households (excluding loans for house purchase).

Counterparties are entitled to borrow up to a total of 30% of the stock of eligible loans as at 28 February 2019. The amount counterparties can borrow under TLTRO III is reduced by any amount that they previously borrowed under TLTRO II that is still outstanding. In addition, the amount that counterparties can borrow in each of the seven operations will be limited to, at most, 10% of their stock of eligible loans as at 28 February 2019. TLTRO III operations cannot be repaid before maturity.

Further technical details of the TLTRO III operations will be announced in due course.

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Notes:

- As in the first two series of TLTROs, counterparties can participate in TLTRO III individually or, subject to certain conditions, on a group basis. In the latter case, the calculation of the TLTRO III group's benchmark and borrowing allowances will be based on aggregated loan data for the TLTRO III group. As in the first two series of TLTROs, eligible loans are defined as those to euro area non-financial corporations and households excluding loans to households for house purchase.
- The ECB [announced TLTRO III](#) on 7 March 2019.
- Further information on TLTRO I and TLTRO II can be found [on the ECB's website](#).