



EUROPEAN CENTRAL BANK

EUROSYSTEM

PRESS RELEASE

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ECB announces easing of conditions for targeted longer-term refinancing operations (TLTRO III)

- More favourable operations to support bank lending to those affected most by the spread of the coronavirus, in particular small and medium-sized enterprises
- Interest rate on TLTRO III reduced by 25 basis points and can be as low as 25 basis points below average deposit facility rate during period from June 2020 to June 2021 for all TLTRO III operations outstanding during that period
- Borrowing allowance raised to 50% of eligible loans
- Bid limit per operation removed on all future operations
- Lending performance threshold reduced to 0%
- Early repayment option available after one year from settlement starting in September 2021
- Modification accompanied by series of longer-term refinancing operations (LTROs) designed to bridge liquidity needs until settlement of fourth TLTRO III operation in June 2020, starting from next week

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 support the continued access of firms and households to bank credit in the face of disruptions and temporary funding shortages associated with the coronavirus outbreak. The changes will apply to all TLTRO III operations.

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For the period from 24 June 2020 to 23 June 2021, the interest rate on all TLTRO III operations outstanding during that time will be 25 basis points below the average rate applied in the Eurosystem's main refinancing operations over the same period. From 24 June 2020 to 23 June 2021, for counterparties whose eligible net lending between 1 April 2020 and 31 March 2021 reaches the benchmark, the interest rate applied on all TLTRO III operations outstanding over that period will be 25 basis points below the average interest rate on the deposit facility prevailing over the same period, and in any case not higher than -0.75%.

The maximum total amount that counterparties will henceforth be entitled to borrow is raised from 30% to 50% of their stock of eligible loans as at 28 February 2019 for all future TLTRO III operations. The amount counterparties can borrow under future TLTRO III operations is reduced by any amount that they previously borrowed under TLTRO II or TLTRO III that is still outstanding.

The limit of 10% of the stock of eligible loans for the amount of funds that can be borrowed in each operation is removed on all future operations.

In view of the changing economic environment, the lending performance threshold that needs to be met in the period between 1 April 2020 and 31 March 2021 in order to attain the minimum interest rate on TLTRO III operations has been lowered to 0%, from 2.5%.

The option for counterparties to repay the amounts borrowed under TLTRO III earlier than their final maturity will now be available one year from the settlement of each operation, instead of two years, starting in September 2021.

The changes to TLTRO III are accompanied by a series of LTROs designed to bridge liquidity needs and support the normal functioning of the euro money market until the settlement of the fourth TLTRO III operation on 24 June 2020. A separate press release provides details.

These changes will apply as of the TLTRO III operation to be allotted on 19 March 2020 and will be implemented via amendments to the Decision of the ECB of 22 July 2019 on a third series of targeted longer-term refinancing operations (ECB/2019/21), as amended by the Decision of the ECB of 12 September 2019 (ECB/2019/28). The first amendment, to be published by 16 March 2020, will concern modifications to the borrowing allowance and the bid limits per operation. The second amendment, to be published before the fourth TLTRO III operation, will concern the lending performance

threshold, the temporary reduction in rates applied to all TLTRO III operations outstanding during the period from 24 June 2020 to 23 June 2021, as well as further aspects.

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Notes:

- The ECB [announced TLTRO III](#) on 7 March 2019 and [details](#) on 6 June 2019. It announced [changes to TLTRO III](#) on 12 September 2019.
- Further information on TLTRO I, TLTRO II and TLTRO III can be found on the [ECB's website](#).