

DECISION (EU) 2021/124 OF THE EUROPEAN CENTRAL BANK**of 29 January 2021****amending Decision (EU) 2019/1311 on a third series of targeted longer-term refinancing operations (ECB/2021/3)**

the governing council of the European Central Bank,

Having regard to the Treaty on the Functioning of the European Union, and in particular the first indent of Article 127(2) thereof,

Having regard to the Statute of the European System of Central Banks and of the European Central Bank, and in particular the first indent of Article 3.1, Article 12.1, the second indent of Article 18.1 and the second indent of Article 34.1 thereof,

Having regard to Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (General Documentation Guideline) (ECB/2014/60) ⁽¹⁾,

Whereas:

- (1) Pursuant to Article 1(4) of Guideline (EU) 2015/510 (ECB/2014/60), the Governing Council may, at any time, change the tools, instruments, requirements, criteria and procedures for the implementation of Eurosystem monetary policy operations.
- (2) On 22 July 2019, in pursuing its price stability mandate and to preserve favourable bank lending conditions and support the accommodative stance of monetary policy in Member States whose currency is the euro, the Governing Council adopted Decision (EU) 2019/1311 of the European Central Bank (ECB/2019/21) ⁽²⁾. This Decision provides for a third series of targeted longer-term refinancing operations (TLTROs-III) to be conducted over the period September 2019 to March 2021.
- (3) On 12 March 2020, in order to support bank lending to those most affected by the spread of the coronavirus disease (COVID-19), in particular small and medium-sized enterprises, the Governing Council decided to change certain key parameters of TLTROs-III. Moreover, on 30 April 2020, in order to further support the provision of credit to households and firms in the face of the prevalent economic disruptions and heightened uncertainty, the Governing Council decided some further changes to these parameters. Decision (EU) 2020/407 of the European Central Bank (ECB/2020/13) ⁽³⁾ and Decision (EU) 2020/614 of the European Central Bank (ECB/2020/25) ⁽⁴⁾ implement these changes.
- (4) On 10 December 2020, the Governing Council decided to adopt additional monetary policy measures aiming to contribute to preserving favourable financing conditions over the pandemic period, thereby supporting the flow of credit to all sectors of the economy, underpinning economic activity and safeguarding medium-term price stability. As part of these measures, the Governing Council decided to further recalibrate the conditions of TLTROs-III. In particular, it decided to extend the period over which considerably more favourable terms will apply to June 2022, that three additional operations will be conducted between June and December 2021, and to raise the total amount

⁽¹⁾ OJ L 91, 2.4.2015, p. 3.

⁽²⁾ Decision (EU) 2019/1311 of the European Central Bank of 22 July 2019 on a third series of targeted longer-term refinancing operations (ECB/2019/21) (OJ L 204, 2.8.2019, p. 100).

⁽³⁾ Decision (EU) 2020/407 of the European Central Bank of 16 March 2020 amending Decision (EU) 2019/1311 on a third series of targeted longer-term refinancing operations (ECB/2020/13) (OJ L 80, 17.3.2020, p. 23).

⁽⁴⁾ Decision (EU) 2020/614 of the European Central Bank of 30 April 2020 amending Decision (EU) 2019/1311 on a third series of targeted longer-term refinancing operations (ECB/2020/25) (OJ L 141, 5.5.2020, p. 28).

that Eurosystem counterparties will be entitled to borrow in TLTROs-III from 50 per cent to 55 per cent of their stock of eligible loans. In order to provide an incentive for banks to sustain the current level of bank lending, the Governing Council also decided that the extension of the more favourable terms on TLTROs-III to June 2022 will be made available only to banks that achieve a new lending performance target.

- (5) The Governing Council considers the full range of measures adopted on 10 December 2020 necessary and proportionate to counter the serious risks to price stability, the monetary policy transmission mechanism and the economic outlook in the euro area, which are posed by the continued severe pandemic conditions. The Governing Council remains of the view that the recalibration of certain parameters of TLTROs-III reflected in this Decision is an incentive for credit institutions to sustain the current level of lending and would help preserve the very attractive funding conditions that in the past months had supported the flow of credit to the real economy, even at a time of high stress. The Governing Council also considers that the recalibration of the TLTROs-III parameters is the most suitable and appropriate tool to help credit institutions secure the liquidity required to extend loans to households and firms on very favourable terms over the pandemic period, for the purposes of achieving the European Central Bank's price stability mandate. The Governing Council continues to stand ready to adjust all of its instruments, as appropriate, to ensure that inflation moves towards its aim in a sustained manner, in line with its commitment to symmetry.
- (6) In order to enable shifts from already outstanding TLTROs-III to the newly announced additional operations as of September 2021, early repayment notification deadlines have been brought forward by one week, so that the amounts to be repaid under the voluntary early repayment procedure can be taken into account for the calculation of bid limits.
- (7) Credit institutions leading TLTRO-III groups intending to participate in the seventh TLTRO-III have a very short deadline within which to apply for recognition of the group or changes to an existing group. For this reason, the changes to the parameters for group participation introduced by this Decision need to be made known to credit institutions as quickly as possible. Therefore, this Decision should enter into force without delay.
- (8) Therefore, Decision (EU) 2019/1311 (ECB/2019/21) should be amended accordingly,

HAS ADOPTED THIS DECISION:

Article 1

Amendments

Decision (EU) 2019/1311 (ECB/2019/21) is amended as follows:

1. Article 1 is amended as follows:

(a) point (1) is replaced by the following:

'(1) "benchmark net lending" means the amount of eligible net lending that a participant needs to exceed in the second reference period, in the special reference period, or in the additional special reference period in order to qualify for an interest rate on the participant's borrowing that is lower than the initial rate applied and which is calculated in accordance with the principles and the detailed provisions set out in Article 4 and 5 and Annex I, respectively;'

(b) point (23) is replaced by the following:

'(23) "rest of the life of the respective TLTRO-III" means the period from the settlement date of the respective TLTRO-III until 23 June 2020 and the period from 24 June 2022 until its maturity date or early repayment date, as applicable, thus excluding the special interest rate period and the additional special interest rate period;'

(c) the following points (26), (27) and (28) are added:

(26) “additional special interest rate period” means the period from 24 June 2021 to 23 June 2022;

(27) “additional special reference period” means the period from 1 October 2020 to 31 December 2021;

(28) “corporate reorganisation” means a merger or acquisition involving a participant or TLTRO-III group member and one or more other credit institutions, or a division of a participant or TLTRO-III group member, including a division that results from a participant’s resolution or liquidation.’;

2. in Article 2, paragraph 1 is replaced by the following:

‘1. The Eurosystem shall conduct ten TLTROs-III in accordance with the indicative calendar for TLTROs-III published on the ECB’s website.’;

3. Article 3 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. Institutions may participate in TLTROs-III on an individual basis if they are eligible counterparties for accessing Eurosystem monetary policy operations and are on the list of MFIs established by Article 4 of Regulation (EU) No 1071/2013 (ECB/2013/33).’;

(b) in paragraph 3, point (c) is replaced by the following:

‘(c) Each member of the TLTRO-III group shall be a credit institution established in a Member State whose currency is the euro, shall fulfil the criteria laid down in points (a), (b) and (c) of Article 55 of Guideline (EU) 2015/510 (ECB/2014/60) and shall be on the list of MFIs established by Article 4 of Regulation (EU) No 1071/2013 (ECB/2013/33).’;

(c) the following paragraph 5a is inserted:

‘5a. In exceptional cases, where there are objective reasons, the Governing Council may decide to allow institutions which have already participated in TLTROs-III on an individual basis to instead participate in future TLTROs-III on a group basis by forming a TLTRO-III group.’;

(d) paragraph 7 is replaced by the following:

‘7. Where changes in the composition of a TLTRO-III group have been accepted by the Governing Council in accordance with paragraph 5, a new TLTRO-III group has been formed in accordance with paragraph 5a, or changes in the composition of TLTRO-III groups have taken place in accordance with paragraph 6, unless otherwise decided by the Governing Council, the following shall apply:

(a) in respect of the changes to which paragraph 5, paragraph 5a, paragraph 6(b) or paragraph 6(c) applies, the lead institution may participate in a TLTRO-III on the basis of the new composition of its TLTRO-III group only after it has obtained confirmation from its NCB that the new composition of the TLTRO-III group has been recognised; and

(b) an institution that is no longer a member of a TLTRO-III group shall not participate in any further TLTRO-III either individually or as member of another TLTRO-III group, unless it submits a new application to participate in accordance with paragraphs 1, 3 or 6.’

4. Article 4 is amended as follows:

(a) paragraph 2 is replaced by the following:

'2. Each participant's borrowing allowance shall equal 55 % of its total reference outstanding amount, less any amount previously borrowed by that TLTRO-III participant under TLTROs-II pursuant to Decision (EU) 2016/810 (ECB/2016/10) and outstanding on the settlement date of a TLTRO-III having regard to any legally binding notification for early repayment submitted by the participant in accordance with Article 6 of Decision (EU) 2016/810 (ECB/2016/10). The relevant technical calculations are outlined in Annex I.;

(b) paragraph 4 is replaced by the following:

'4. Each participant's bid limit for each TLTRO-III shall be equal to its borrowing allowance reduced by the amounts borrowed under previous TLTROs-III, and increased by the amounts that the participant repaid under the early repayment procedure set out in Article 5a or has notified the relevant NCB in a binding way that it intends to repay under the early repayment procedure set out in Article 5a. The resulting amount shall be considered to represent a maximum bid limit for each participant and the rules applicable to bids exceeding the maximum bid limit, as laid down in Article 36 of Guideline (EU) 2015/510 (ECB/2014/60), shall apply. The relevant technical calculations are outlined in Annex I.;

5. Article 5 is replaced by the following:

'Article 5

Interest

1. The interest rate applicable to amounts borrowed under each of the first seven TLTROs-III by participants whose eligible net lending during the special reference period equals or exceeds their benchmark net lending and whose eligible net lending during the additional special reference period is lower than their benchmark net lending shall be calculated as follows, subject to the condition set out in Article 6(3a):

- (a) during the special interest rate period, the interest rate shall be the average interest rate on the deposit facility over that period minus 50 basis points. The resulting interest rate shall not, in any case, be higher than minus 100 basis points;
- (b) during the additional special interest rate period, the interest rate shall be the lower of the following rates: (i) the average interest rate on the main refinancing operations over that period minus 50 basis points and (ii) the average interest rate on the deposit facility over the life of the respective TLTRO-III; and
- (c) during the rest of the life of the respective TLTRO-III, the interest rate shall be the average interest rate on the deposit facility over the life of the respective TLTRO-III.

2. The interest rate applicable to amounts borrowed under each of the first seven TLTROs-III by participants whose eligible net lending during the special reference period and during the additional special reference period is lower than their benchmark net lending but whose eligible net lending during the second reference period exceeds their benchmark net lending shall be calculated as follows:

- (a) during the special interest rate period, the interest rate shall be the lower of the following rates: (i) the average interest rate on the main refinancing operations over that period minus 50 basis points; and (ii) the interest rate calculated depending on the deviation from the benchmark outstanding amount, as set out in point (c);
- (b) during the additional special interest rate period, the interest rate shall be the lower of the following rates: (i) the average interest rate on the main refinancing operations over that period minus 50 basis points; and (ii) the interest rate calculated depending on the deviation from the benchmark outstanding amount, as set out in point (c); and
- (c) during the rest of the life of the respective TLTRO-III, the interest rate shall be lower than the average interest rate on the main refinancing operations over the life of the respective TLTRO-III and may be as low as the average interest rate on the deposit facility over the life of the respective TLTRO-III, depending on the deviation from the benchmark outstanding amount.

3. The interest rate applicable to amounts borrowed under each of the first seven TLTROs-III by participants whose eligible net lending during the second reference period, the special reference period and the additional special reference period is lower than their benchmark net lending shall be calculated as follows:

- (a) during the special interest rate period, the interest rate shall be the average interest rate on the main refinancing operations over that period minus 50 basis points;
- (b) during the additional special interest rate period, the interest rate shall be the average interest rate on the main refinancing operations over that period minus 50 basis points; and
- (c) during the rest of the life of the respective TLTRO-III, the interest rate shall be the average interest rate on the main refinancing operations over the life of the respective TLTRO-III.

3a. Notwithstanding paragraphs 1 to 3, the interest rate applicable to amounts borrowed under each of the first seven TLTROs-III by participants whose eligible net lending during the additional special reference period equals or exceeds their benchmark net lending shall be calculated as follows, subject to the condition set out in Article 6(3b):

- (a) during the period until 23 June 2020, the interest rate shall be calculated according to paragraph 1(c), paragraph 2(c) or paragraph 3(c), as applicable;
- (b) during the special interest rate period, the interest rate shall be calculated according to paragraphs 1(a), paragraph 2(a) or paragraph 3(a), as applicable;
- (c) during the additional special interest rate period, the interest rate shall be the average interest rate on the deposit facility over that period minus 50 basis points. The resulting interest rate shall not, in any case, be higher than minus 100 basis points; and
- (d) during the period after 23 June 2022, the interest rate shall be the average interest rate on the deposit facility over the life of the respective TLTRO-III.

3b. The interest rate applicable to amounts borrowed under the eighth or subsequent TLTROs-III by participants whose eligible net lending during the additional special reference period equals or exceeds their benchmark net lending shall be calculated as follows, subject to the condition set out in Article 6(3b):

- (a) during the additional special interest rate period, the interest rate shall be the average interest rate on the deposit facility over that period minus 50 basis points. The resulting interest rate shall not, in any case, be higher than minus 100 basis points; and
- (b) during the rest of the life of the respective TLTRO-III, the interest rate shall be the average interest rate on the deposit facility over the life of the respective TLTRO-III.

3c. The interest rate applicable to amounts borrowed under the eighth or subsequent TLTROs-III by participants whose eligible net lending during the additional special reference period is lower than their benchmark net lending shall be calculated as follows:

- (a) during the additional special interest rate period, the interest rate shall be the average interest rate on the main refinancing operations over that period minus 50 basis points; and
- (b) during the rest of the life of the respective TLTRO-III, the interest rate shall be the average interest rate on the main refinancing operations over the life of the respective TLTRO-III.

4. Further details on interest rate calculations are laid down in Annex I. The final interest rate and the relevant data pertaining to its calculation shall be communicated to participants in accordance with the indicative calendar for TLTROs-III published on the ECB's website.

5. Interest shall be settled in arrears on the maturity of each TLTRO-III or on early repayment as provided for in Article 5a, as applicable.

6. If, due to the exercise of remedies available to an NCB in accordance with its contractual or regulatory arrangements, a participant is required to repay outstanding amounts in one of the first seven TLTROs-III before the interest data related to the second and the special reference periods are communicated to that participant, the interest rate applicable to the amounts borrowed by that participant under each of the first seven TLTROs-III and subject to mandatory repayments shall be: (a) for the special interest rate period, the average interest rate on the main refinancing

operations over that period minus 50 basis points; (b) for the additional special interest rate period, the average interest rate on the main refinancing operations over that period minus 50 basis points; and (c) for the rest of the life of the respective TLTRO-III, the average rate on the main refinancing operations over the life of the respective TLTRO-III up to the date on which the repayment was required to be made by the NCB. If such repayment is required after the interest data related to the second and the special reference periods have been communicated to the participant but before the interest rate related data of the additional special reference period have been communicated to the participant, the interest rate applicable to the amounts borrowed by that participant under each of the first seven TLTROs-III and subject to mandatory repayments shall be set in accordance with paragraphs 1 to 3. If such repayment is required after the interest related data of the additional special reference period have been communicated to the participant, the interest rate applicable to the required repayment amounts borrowed by that participant under each of the first seven TLTROs-III shall be set in accordance with paragraphs 1 to 3a.

If due to the exercise of remedies available to an NCB in accordance with its contractual or regulatory arrangements, a participant is required to repay the TLTRO-III outstanding amounts in the eighth or subsequent TLTROs-III before the resulting interest rate for the additional special reference period has been communicated to the participant, the interest rate applicable to the amounts borrowed by that participant under the eighth or subsequent TLTROs-III shall be set in accordance with paragraph 3c. If such repayment is required after the interest related data of the additional special reference period have been communicated to the participant, the interest rate applicable to the required repayment amounts borrowed by that participant under the eighth or subsequent TLTROs-III shall be set in accordance with paragraphs 3b and 3c.

7. If counterparties voluntarily repay early amounts borrowed in one of the first seven TLTROs-III in line with Article 5a before the interest related data of the additional special reference period have been communicated to them, the interest rate for the additional special interest rate period shall be calculated in accordance with paragraphs 1(b), 2(b) and 3(b).;

6. Article 5a is amended as follows:

(a) paragraph 1 is replaced by the following:

'1. For the first seven TLTROs-III, from September 2021, starting 12 months after the settlement of each TLTRO-III, participants shall, on a quarterly basis, have the option of terminating or reducing the amount of TLTRO-III concerned before maturity. For the eighth or subsequent TLTROs-III, participants shall have that option on a quarterly basis starting in June 2022.;

(b) paragraph 3 is replaced by the following:

'3. In order to benefit from the early repayment procedure, a participant shall notify the relevant NCB at least two weeks in advance of that early repayment date that it intends to repay under the early repayment procedure on the early repayment date.;

(c) paragraph 4 is replaced by the following:

'4. The notification referred to in paragraph 3 shall become binding on the participant concerned two weeks before the early repayment date to which it refers. Failure by the participant to settle, in full or in part, the amount due under the early repayment procedure by the repayment date may result in the imposition of a financial penalty. The applicable financial penalty shall be calculated in accordance with Annex VII to Guideline (EU) 2015/510 (ECB/2014/60) and shall correspond to the financial penalty applied for failures to comply with the obligations to adequately collateralise and settle the amount the counterparty has been allotted as regards reverse transactions for monetary policy purposes. The imposition of a financial penalty shall be without prejudice to the NCB's right to exercise the remedies provided for on the occurrence of an event of default set out in Article 166 of Guideline (EU) 2015/510 (ECB/2014/60).;

7. Article 6 is amended as follows:

(a) paragraph 1 is replaced by the following:

'1. Each participant in TLTROs-III shall submit to the relevant NCB the data identified in the reporting templates set out in Annex II as follows:

- (a) the reference outstanding amount for the purposes of establishing the participant's borrowing allowance and bid limits, and data relating to the first reference period for the purposes of establishing the participant's benchmarks (hereinafter referred to as the 'first report');
- (b) data relating to (i) the second reference period and, (ii) optionally, to the special reference period for the purposes of determining the applicable interest rates for amounts borrowed in the first seven TLTROs-III (hereinafter referred to as the 'second report'); and
- (c) data relating to the additional special reference period, for the purposes of determining the applicable interest rates (hereinafter referred to as the 'third report').

Notwithstanding the previous sentence, participants who participate for the first time in the eighth or subsequent TLTROs-III shall submit to the relevant NCB (i) the first report and (ii) the third report.;

- (b) paragraph 3a is replaced by the following:

'3a. Participants intending to take advantage of the interest rates set out in Article 5(1) shall exercise this option by separately providing, in the second report, the data relating to the special reference period, as well as the results of the auditor's evaluation of these data pursuant to Article 6(6)(b). If these conditions are not fulfilled, the interest rate applicable to the amounts borrowed by the participants shall be calculated pursuant to Articles 5(2), 5(3) or 5(3a). No sanctions shall apply for the non-transmission of the data relating to the special reference period and/or the results of its respective auditor's evaluation.;

- (c) the following paragraph 3b is inserted:

'3b. Participants intending to take advantage of the interest rates set out in Articles 5(3a) and 5(3b) shall separately provide, in the third report, the data relating to the additional special reference period, as well as the results of the auditor's evaluation of these data pursuant to paragraph 6(bb) of this Article. If these conditions are not fulfilled, the interest rate applicable to the amounts borrowed by the participants shall be calculated pursuant to Articles 5(1), 5(2), 5(3) and 5(3c).;

- (d) paragraph 6 is replaced by the following:

'6. Each participant shall ensure that the quality of the data submitted pursuant to paragraphs 1 to 3b is evaluated by an external auditor in accordance with the following rules:

- (a) the auditor's evaluation of the first report shall be made available to the relevant NCB by the relevant deadline specified in the indicative calendar for TLTROs-III published on the ECB's website;
- (b) the results of the auditor's evaluation in respect of the second report shall be made available to the relevant NCB by the relevant deadline specified in the indicative calendar for TLTROs-III published on the ECB's website;
- (bb) the results of the auditor's evaluation in respect of the third report shall be made available to the relevant NCB by the relevant deadline specified in the indicative calendar for TLTROs-III published on the ECB's website;
- (c) the auditor's evaluations shall focus on the requirements set out in paragraphs 2, 3a, 3b and 4. In particular, the auditor shall:
 - (i) evaluate the accuracy of the data provided by verifying that the set of the participant's eligible loans including, in the case of a lead institution the eligible loans of its TLTRO-III group members, satisfies the eligibility criteria;
 - (ii) check that the data reported comply with the guidelines detailed in Annex II and with the concepts introduced by Regulation (EU) No 1071/2013 (ECB/2013/33);
 - (iii) check that the data reported are consistent with data compiled pursuant to Regulation (EU) No 1071/2013 (ECB/2013/33);
 - (iv) check whether controls and procedures are in place to validate the integrity, accuracy and consistency of the data; and

- (v) with respect to the supplementary items, ensure, by means of a positive assurance engagement procedure, i.e. a procedure that certifies that the data reported are accurate and relevant, that self-securitised eligible loans included for the purpose of calculating a participant's reference outstanding amount correspond to the relevant asset-backed securities 100 % retained by the respective participant or TLTRO-III group member that originated the self-securitised eligible loans.

In the case of participation on a group basis, the results of the auditor's evaluations shall be shared with the NCBs of the other TLTRO-III group members. At the request of the participant's NCB, detailed results of the evaluations conducted pursuant to this paragraph shall be provided to that NCB and, in the case of group participation, subsequently shared with the NCBs of the group members.

- (d) the auditor's evaluations shall contain, at least the following elements:
 - (i) the type of auditing procedure applied;
 - (ii) the period covered by the audit;
 - (iii) the documentation analysed;
 - (iv) a description of the methods followed by the auditors to perform the tasks specified in point (c);
 - (v) where applicable, the identifiers, i.e. FVC codes and/or LEIs, as applicable, of each securitisation vehicle holding the self-securitised eligible loans referred to in point (c)(v), and the MFI code of the participant or TLTRO-III group member that originated the self-securitised eligible loans;
 - (vi) corrections performed, if any, after applying the methods described in point (iv);
 - (vii) confirmation that the data included in the reporting templates are in line with the information contained in the participants' internal systems; and
 - (viii) final observations or assessment as a result of the external audit.

The Eurosystem may provide further guidance on the manner in which the auditor's evaluation is to be conducted in which case participants shall ensure that such guidance is applied by the auditors in their evaluation.;

- (e) paragraph 7 is replaced by the following:

'7. Subject to paragraph 8, following a change in the TLTRO-III group composition or a corporate reorganisation that affects the set of the participant's eligible loans, a revised first report shall be submitted in accordance with the instructions received from the participant's NCB, and as follows.

- (a) Where a change in the TLTRO-III group composition or a corporate reorganisation occurs before 31 March 2021, a revised first report shall be submitted by the deadline specified in the indicative calendar for TLTROs-III published on the ECB's website for the TLTRO-III following the change in the TLTRO-III group composition or corporate reorganisation;
- (b) Where a change in the TLTRO-III group composition or a corporate reorganisation occurs between 1 April 2021 and the deadline for lead institutions to apply to their home NCB for recognition of changes to TLTRO-III group compositions specified for the last TLTRO-III in the indicative calendar for TLTROs-III published on the ECB's website, a revised first report shall be submitted by the deadline specified in the indicative calendar for TLTROs-III published on the ECB's website for the TLTRO-III following the change in the TLTRO-III group composition or corporate reorganisation;
- (c) Where a change in the TLTRO-III group composition or a corporate reorganisation occurs between the deadline for lead institutions to apply to their home NCB for recognition of changes to TLTRO-III group compositions specified for the last TLTRO-III in the indicative calendar for TLTROs-III published on the ECB's website and 31 December 2021, a revised first report shall be submitted by the deadline for the result of the auditor's evaluation of the first report specified in the indicative calendar for TLTROs-III published on the ECB's website for those participating for the first time in one of the eighth or subsequent TLTROs-III.

The relevant NCB shall assess the impact of the revision and undertake appropriate action. Such action may include a requirement to repay amounts borrowed which, taking into account the change to the TLTRO-III group composition or the corporate reorganisation, exceed the relevant borrowing allowance. The participant concerned, which may include a newly-established entity following the corporate reorganisation, shall provide any additional information requested by the relevant NCB to assist in the assessment of the impact of the revision.’;

(f) paragraph 8 is replaced by the following:

‘8. By way of exception from paragraph 7, revision of the first report shall not be required, but the relevant impact on eligible loans may instead be recorded as an adjustment in the second report or the third report, as appropriate, in cases where:

- (a) the corporate reorganisation involves institutions which prior to the corporate reorganisation were subject to supervisory or resolution measures and these measures, as confirmed by the relevant NCB, actually hampered their ability to lend during at least half of the second reference period or during at least half of the additional special reference period respectively;
- (b) the corporate reorganisation involves an acquisition either by a participant or a TLTRO-III group member of a credit institution that is neither a participant nor a TLTRO-III group member that was completed in the last six months of the additional special reference period; or
- (c) the relevant NCB assesses the impact of the change in the group composition or corporate reorganisation as not requiring a revised first report.

Where point (b) or (c) applies, participants may choose to revise the first report to take into account the corporate reorganisations.’;

(g) the following paragraph 8a is inserted:

‘8a. Participants shall ensure that the quality of the data submitted in revised first reports required pursuant to paragraph 7 is evaluated by an external auditor in accordance with the rules laid down in paragraph 6. These auditor’s evaluations shall be made available to the relevant NCB by the relevant deadline specified in the indicative calendar for TLTROs-III published on the ECB’s website.’;

8. Article 7 is replaced by the following:

‘Article 7

Non-compliance with reporting requirements

1. Where a participant fails to submit a report or comply with audit requirements, or where errors are identified in the data reported, the following shall apply:

- (a) If a participant fails to make the first report available to the relevant NCB by the relevant deadline, its borrowing allowance shall be set at zero.
- (b) If a participant fails to make the results of the auditor’s evaluation of the first report available to the relevant NCB by the relevant deadline specified in the indicative calendar for TLTROs-III published on the ECB website, the participant shall repay all the outstanding amounts borrowed under TLTRO-III on the settlement day of the next main refinancing operation at the average rate on the main refinancing operation over the life of each respective TLTRO until the settlement day of the repayment, except during the special interest rate period and the additional special interest rate period, when the average rate on the main refinancing operations over each such period minus 50 basis points shall apply.
- (c) If a participant in one of the first seven TLTROs-III fails to make the data relating to the second reference period in the second report available to the relevant NCB by the relevant deadline, the average rate on the main refinancing operation over the life of each respective TLTRO-III shall apply to the amounts borrowed by that participant under TLTROs-III, except during the special interest rate period and the additional special interest rate period, when the average rate on the main refinancing operations over each such period minus 50 basis points shall apply. Notwithstanding the previous sentence, if the participant only provides the data for the special reference period of the second report and the auditor’s evaluation of this data, and the participant’s eligible net lending during the special reference period equals or exceeds its benchmark net lending, the interest rate applicable to the amounts

borrowed by the participant shall be calculated pursuant to Article 5(1) or Article 5(3a) subject to the conditions set out in Article 6(3a) and Article 6(3b) respectively. The participant shall also incur a daily penalty of EUR 500 until the second report is submitted up to a maximum of EUR 15 000. The penalty shall be accumulated and charged upon receipt by the relevant NCB of the second report or when the maximum penalty has been reached if the second report has still not been received by then.

- (d) If a participant in one of the first seven TLTROs-III fails to make the results of the auditor's evaluation of data relating to the second reference period in the second report available to the relevant NCB by the relevant deadline specified in the indicative calendar for TLTROs-III published on the ECB's website, the average rate on the main refinancing operation over the life of each respective TLTRO-III shall apply to the amounts borrowed by that participant under TLTROs-III, except during the special interest rate period and the additional special interest rate period, when the average rate on the main refinancing operations over each such period minus 50 basis points shall apply. Notwithstanding the previous sentence, if the participant only provides the data for the special reference period of the second report and the auditor's evaluation of this data, and the participant's eligible net lending during the special reference period equals or exceeds its benchmark net lending, the interest rate applicable to the amounts borrowed by the participant shall be calculated pursuant to Article 5(1) or Article 5(3a) subject to the conditions set out in Article 6(3a) and Article 6(3b) respectively.
- (e) If a participant in one of the first seven TLTROs-III fails to make the data relating to the special reference period or the results of the auditor's evaluation of the data relating to the special reference period in the second report available to the relevant NCB by the relevant deadline specified in the indicative calendar for TLTROs-III published on the ECB's website, its eligible net lending during the special reference period shall be considered lower than its benchmark net lending and the participant may not take advantage of the interest rate set out in Article 5(1).
- (f) If a participant in one of the first seven TLTROs-III fails to make the third report available to the relevant NCB by the relevant deadline specified in the indicative calendar for TLTROs-III published on the ECB's website, the interest rate calculated pursuant to Article 5(1)(b), 5(2)(b) or 5(3)(b) shall apply during the additional special interest rate period to the amounts borrowed by that participant under those TLTROs-III, while during the period after the additional special interest rate period, the rate shall be calculated pursuant to Articles 5(1)(c), 5(2)(c) or 5(3)(c). If a participant in the eighth or subsequent TLTROs-III fails to make the third report available to the relevant NCB by the relevant deadline, the interest rate on the amounts borrowed by the TLTRO-III participant in those TLTROs-III shall be calculated pursuant Article 5(3c). In each of the cases set out in this point, the participant shall also incur a daily penalty of EUR 500 until the third report is submitted to a maximum of EUR 15 000. The penalty shall be accumulated and charged upon receipt by the relevant NCB of the third report or when the maximum penalty has been reached if the third report has still not been received by then.
- (g) If a participant in one of the first seven TLTROs-III fails to make the results of the auditor's evaluation of data relating to the third report available to the relevant NCB by the relevant deadline specified in the indicative calendar for TLTROs-III published on the ECB's website, the interest rate during the additional special interest rate period and during the period after the additional special interest rate period until maturity or early repayment shall be calculated pursuant to Articles 5(1), 5(2) or 5(3). If a participant in the eighth or subsequent TLTROs-III fails to make the results of the auditor's evaluation of data relating to the third report available to the relevant NCB by the relevant deadline specified in the indicative calendar for TLTROs-III published on the ECB's website, the interest rate on the amounts borrowed by the TLTRO-III participant in those TLTROs-III shall be calculated pursuant Article 5(3c).
- (h) If a participant fails to otherwise comply with the obligations set out in Article 6(6), (7) or (8a), the average rate on the main refinancing operations over the life of each respective TLTRO-III shall apply to the amounts borrowed by that participant under TLTROs-III, except during the special interest rate period and the additional special interest rate period when the average rate on the main refinancing operations minus 50 basis points over each such period shall apply.

- (i) If a participant, either in connection with the audit referred to in Article 6(6) and 6(8a) or by any other means, identifies errors in the data submitted in the reports, including inaccuracies or incompleteness, it shall notify the relevant NCB thereof within the shortest timeframe possible. Where the relevant NCB has been notified of such errors, inaccuracies or omissions, or where such errors, inaccuracies or omissions come to its attention by other means: (i) the participant shall provide any additional information requested by the relevant NCB within the shortest timeframe possible to assist in assessing the impact of the errors, inaccuracies or omissions concerned; and (ii) the relevant NCB may take appropriate action, which may include a recalculation of the relevant values that in turn may affect the interest rate applied to the participant's borrowing under TLTROs-III and a requirement to repay the amounts borrowed which, due to the error, inaccuracy or omission exceed the participant's borrowing allowance. Participants shall demonstrate that any shortcomings identified by the audit referred to in Articles 6(6) and 6(8a) have been addressed in the data reported to NCBs in accordance with the timeframe requested by the relevant NCB and, where shortcomings are identified by the auditor's evaluation of the second report or the third report, by a deadline which allows for the timely communication of interest rates by the relevant NCB based on the respective data in accordance with the indicative calendar on the ECB's website.
2. Paragraph 1 shall be without prejudice to any sanction that may be imposed pursuant to Decision ECB/2010/10 (*) in respect of the reporting obligations laid down in Regulation (EU) No 1071/2013 (ECB/2013/33).
3. For the avoidance of doubt, the reporting requirements and related sanctions in case of non-compliance laid down in paragraph 1 shall only apply if the participant participates in TLTRO-III.

(*) Decision ECB/2010/10 of 19 August 2010 on non-compliance with statistical reporting requirements (OJ L 226, 28.8.2010, p. 48).;

9. Annexes I and II are amended in accordance with the Annex to this Decision.

Article 2

Entry into force

This Decision shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

Done at Frankfurt am Main, 29 January 2021.

For the Governing Council of the ECB
The President of the ECB
Christine LAGARDE

ANNEX

Annexes I and II to Decision (EU) 2019/1311 (ECB/2019/21) are amended as follows:

1. Annex I is amended as follows:

(a) the third paragraph of Section 1 is replaced by the following:

‘The borrowing allowance equals 55 % of the reference outstanding amount relating to the participant (*) minus the amounts borrowed by the participant in the targeted longer-term refinancing operations pursuant to Decision (EU) 2016/810 (ECB/2016/10) (TLTROs-II) and outstanding at the settlement date of the respective TLTRO-III, or zero if such amount is negative, i.e.:

$$BA_k = \max(0,55 \times OR_{Feb2019} - OB_k, 0) \text{ for } k = 1, \dots, 10.$$

(*) References to a “participant” should be understood as applying to individual participants or TLTRO-III groups.’;

(b) the fourth paragraph of Section 1 is replaced by the following:

‘Where BA_k is the borrowing allowance in TLTRO-III k (with $k = 1, \dots, 10$), $OR_{Feb2019}$ is the reference outstanding amount as at 28 February 2019 and OB_k is the amount borrowed by the participant in TLTROs-II and outstanding on the settlement date of the TLTRO-III k .’;

(c) the fifth paragraph of Section 1 is replaced by the following:

‘The bid limit applicable to each participant in each TLTRO-III is its borrowing allowance BA_k less the amounts borrowed under previous TLTROs-III and increased by the amounts that the participant has repaid under the early repayment procedure set out in Article 5a or has notified the relevant NCB in a binding way that it intends to repay under the early repayment procedure set out in Article 5a. Let $C_k \geq 0$ be the borrowing of a participant in TLTRO-III k , let $R_k \geq 0$ be the voluntary repayments of TLTRO-III, then $C_k \leq BL_k$ where BL_k is the bid limit for this participant in operation k that is defined as follows:

$$BL_k = BA_k - \sum_{j=1}^{k-1} C_j + \sum_{j=1}^{k-1} R_j$$

for $k = 2, \dots, 10$.’

(d) Section 3 is replaced by the following:

‘3. Calculation of the interest rate

A. Let $NL_{Special}$ denote the amount of eligible net lending over the special reference period from 1 March 2020 to 31 March 2021.

$$NL_{Special} = NL_{Mar2020} + \dots + NL_{Mar2021}$$

B. Let $NL_{ADSpecial}$ denote the amount of eligible net lending over the additional special reference period from 1 October 2020 to 31 December 2021.

$$NL_{ADSpecial} = NL_{Oct2020} + \dots + NL_{Dec2021}$$

C. Let $NS_{Mar2021}$ denote the amount obtained by summing the eligible net lending over the period 1 April 2019 to 31 March 2021 and the outstanding amount of eligible loans as at 31 March 2019; this is calculated as:

$$NS_{Mar2021} = OL_{Mar2019} + NL_{Apr2019} + \dots + NL_{Mar2021}$$

Denote now by EX the percentage deviation of $NS_{Mar2021}$ from the benchmark outstanding amount over the period 1 April 2019 to 31 March 2021, that is,

$$EX = \frac{(NS_{Mar2021} - OAB)}{OAB} \times 100$$

EX will be rounded to 15 decimal positions. Where OAB is equal to zero, EX is deemed to equal 1,15.

- D. Let \overline{MRO}_k be the average of the main refinancing operation (MRO) rate applicable over the life of TLTRO-III k and expressed as an annual percentage rate and let \overline{DF}_k be the average of the deposit facility (DF) rate applicable over the life of TLTRO-III k , where the applicable interest rate refers to the life of the respective TLTRO-III, and expressed as an annual percentage rate, i.e.:

$$\overline{MRO}_k = \frac{1}{n_k} \sum_{t=1}^{n_k} MRO_{k,t}$$

$$\overline{DF}_k = \frac{1}{n_k} \sum_{t=1}^{n_k} DF_{k,t}$$

In the above equations n_k (for $k=1, \dots, 10$) denotes the number of days of the TLTRO-III k and, where the MRO is conducted under a fixed-rate full allotment regime, $MRO_{k,t}$ denotes the rate applied to the MRO on the t -th day of the TLTRO-III k , or, where the MRO is conducted under a variable-rate tender procedure, $MRO_{k,t}$ denotes the minimum bid rate applied to the MRO on the t -th day of the TLTRO-III k , and in each case is expressed as an annual percentage rate. In the above equations $DF_{k,t}$ denotes the rate applied to the deposit facility on the t -th day of the TLTRO-III k , and expressed as an annual percentage rate.

- E. Let k_{pre} denote the period from the settlement date of the respective TLTRO-III until 23 June 2020, $k_{special}$ denote the special interest rate period from 24 June 2020 to 23 June 2021, $k_{adspecial}$ denote the additional special interest rate period from 24 June 2021 to 23 June 2022, and k_{post} denote the period from 24 June 2022 until the maturity of the respective TLTRO-III or until its early repayment date, as applicable).

Let $\overline{MRO}_{k_{special}}$ be the average of the MRO rate applicable during the special interest rate period from 24 June 2020 to 23 June 2021 of TLTRO-III k expressed as an annual percentage rate and let $\overline{DF}_{k_{special}}$ be the average of the DF rate applicable during the special interest rate period from 24 June 2020 to 23 June 2021 of TLTRO-III k and in each case expressed as an annual percentage rate, i.e.:

$$\overline{MRO}_{k_{special}} = \frac{1}{n_{k_{special}}} \sum_{t=1}^{n_{k_{special}}} MRO_{k_{special},t}$$

$$\overline{DF}_{k_{special}} = \frac{1}{n_{k_{special}}} \sum_{t=1}^{n_{k_{special}}} DF_{k_{special},t}$$

In the above equations $n_{k_{special}}$ denotes the number of days of the period $k_{special}$ of the TLTRO-III k and, where the MRO is conducted under a fixed-rate full allotment regime, $MRO_{k_{special},t}$ denotes the rate applied to the MRO on the t -th day of the period $k_{special}$ of the TLTRO-III k , or, where the MRO is conducted under a variable-rate tender procedure, $MRO_{k_{special},t}$ denotes the minimum bid rate applied to the MRO on the t -th day of the period $k_{special}$ of the TLTRO-III k , and in each case is expressed as an annual percentage rate. In the above equations $DF_{k_{special},t}$ denotes the rate applied to the deposit facility on the t -th day of the period $k_{special}$ of the TLTRO-III k , and expressed as an annual percentage rate.

Let $\overline{MRO}_{k_{adspecial}}$ be the average of the MRO rate applicable during the additional special interest rate period from 24 June 2021 to 23 June 2022 of TLTRO-III k expressed as an annual percentage rate and let $\overline{DF}_{k_{adspecial}}$ be the average of the DF rate applicable during the additional special interest rate period from 24 June 2021 to 23 June 2022 of TLTRO-III k and in each case expressed as an annual percentage rate, i.e.:

$$\overline{MRO}_{k_{adspecial}} = \frac{1}{n_{k_{adspecial}}} \sum_{t=1}^{n_{k_{adspecial}}} MRO_{k_{adspecial},t}$$

$$\overline{DF}_{k_{adspecial}} = \frac{1}{n_{k_{adspecial}}} \sum_{t=1}^{n_{k_{adspecial}}} DF_{k_{adspecial},t}$$

In the above equations $n_{k_{adspecial}}$ denotes the number of days of the period $k_{adspecial}$ of the TLTRO-III k and, where the MRO is conducted under a fixed-rate full allotment regime, $MRO_{k_{adspecial},t}$ denotes the rate applied to the MRO on the t -th day of the period $k_{adspecial}$ of the TLTRO-III k , or, where the MRO is conducted under a variable-rate tender procedure, $MRO_{k_{adspecial},t}$ denotes the minimum bid rate applied to the MRO on the t -th day

of the period $k_{ad\text{special}}$ of the TLTRO-III k , and in each case is expressed as an annual percentage rate. In the above equations $DF_{k_{ad\text{special}},t}$ denotes the rate applied to the deposit facility on the t -th day of the period $k_{ad\text{special}}$ of the TLTRO-III k , and expressed as an annual percentage rate.

- F. Let the interest rate incentive adjustment, where applicable, measured as a fraction of the average corridor between the \overline{MRO}_k and the \overline{DF}_k , be denoted iri .
- G. Let the interest rate to be applied for the life of a TLTRO-III k (final interest rate), expressed as an annual percentage rate, be denoted r_k . Let the interest rate to be applied for a period k_j , with $j = \text{pre}, \text{special}, \text{ad\text{special}} \text{ or } \text{post}$, of a TLTRO-III k , expressed as an annual percentage rate, be denoted r_{k_j} .
- H. The interest rate r_k is defined as:

$$r_k = \frac{n_{k_{\text{pre}}}}{n_k} r_{k_{\text{pre}}} + \frac{n_{k_{\text{special}}}}{n_k} r_{k_{\text{special}}} + \frac{n_{k_{\text{ad\text{special}}}}}{n_k} r_{k_{\text{ad\text{special}}}} + \frac{n_{k_{\text{post}}}}{n_k} r_{k_{\text{post}}} .$$

In the above equation $n_{k_{\text{pre}}}$ denotes the number of days of the period k_{pre} of the TLTRO-III k and $n_{k_{\text{post}}}$ denotes the number of days of the period k_{post} of the TLTRO-III k .

The interest rate applicable to each TLTRO-III k is calculated as follows:

- (1) For amounts borrowed in the first seven operations, that is, if $k = 1, \dots, 7$:

- (a) If a participant equals or exceeds its benchmark net lending in the special reference period and in the additional special reference period, the interest rate to be applied to amounts borrowed by that participant under TLTROs-III is:

- (i) during the special interest rate period: the average of the deposit facility rate over that period minus 50 basis points, which in any case must not exceed minus 100 basis points, that is:

$$\text{if } NL_{\text{Special}} \geq \text{NLB}, \text{ then } r_{k_{\text{special}}} = \min(\overline{DF}_{k_{\text{special}}} - 0,50, -1);$$

- (ii) during the additional special interest rate period: the average of the deposit facility rate over that period minus 50 basis points, which in any case must not exceed minus 100 basis points, that is:

$$\text{if } NL_{\text{ADSpecial}} \geq \text{NLB}, \text{ then } r_{k_{\text{ad\text{special}}}} = \min(\overline{DF}_{k_{\text{ad\text{special}}}} - 0,50, -1);$$

- (iii) during the rest of the life of the respective TLTRO-III: the average of the deposit facility rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{\text{Special}} \geq \text{NLB} \text{ and } NL_{\text{ADSpecial}} \geq \text{NLB}, \text{ then } r_{k_{\text{pre}}} = r_{k_{\text{post}}} = \overline{DF}_k.$$

- (b) If a participant equals or exceeds its benchmark net lending in the special reference period but does not equal or exceed its benchmark net lending in the additional special reference period, the interest rate to be applied to amounts borrowed by that participant under TLTROs-III is:

- (i) during the special interest rate period: the average of the deposit facility rate over that period minus 50 basis points, which in any case must not exceed minus 100 basis points, that is:

$$\text{if } NL_{\text{Special}} \geq \text{NLB}, \text{ then } r_{k_{\text{special}}} = \min(\overline{DF}_{k_{\text{special}}} - 0,50, -1);$$

- (ii) during the additional special interest rate period: the lower of the average of the main refinancing operation rate over that period minus 50 basis points and the average of the deposit facility rate over the life of the respective TLTRO-III, that is

$$\text{if } NL_{\text{Special}} \geq \text{NLB} \text{ and } NL_{\text{ADSpecial}} < \text{NLB}, \text{ then } r_{k_{\text{ad\text{special}}}} = \min(\overline{MRO}_{k_{\text{ad\text{special}}}} - 0,50, \overline{DF}_k);$$

- (iii) during the rest of the life of the respective TLTRO-III: the average of the deposit facility rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{\text{Special}} \geq \text{NLB} \text{ and } NL_{\text{ADSpecial}} < \text{NLB}, \text{ then } r_{k_{\text{pre}}} = r_{k_{\text{post}}} = \overline{DF}_k.$$

(c) If a participant does not equal or exceed its benchmark net lending in the special reference period but equals or exceeds its benchmark net lending in the additional special reference period and exceeds its benchmark outstanding amount of eligible loans during the second reference period by at least 1,15 %, the interest rate to be applied to amounts borrowed by that participant under TLTROs-III is:

(i) during the special interest rate period: the lower of the average of the main refinancing operation rate over that period minus 50 basis points and the average of the deposit facility rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{Special} < NLB \text{ and } EX \geq 1,15, \text{ then } iri = 100 \% \text{ and } r_{k_{special}} = \min(\overline{MRO}_{k_{special}} - 0,50, \overline{DF}_k);$$

(ii) during the additional special interest rate period: the average of the deposit facility rate over that period minus 50 basis points, which in any case must not exceed minus 100 basis points, that is:

$$\text{if } NL_{ADSpecial} \geq NLB, \text{ then } r_{k_{adspecial}} = \min(\overline{DF}_{k_{adspecial}} - 0,50, -1);$$

(iii) during the rest of the life of the respective TLTRO-III: the average of the deposit facility rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{Special} < NLB, NL_{ADSpecial} \geq NLB \text{ and } EX \geq 1,15, \text{ then } iri = 100 \% \text{ and } r_{k_{pre}} = r_{k_{post}} = \overline{DF}_k$$

(d) If a participant does not equal or exceed its benchmark net lending in the special reference period, does not equal or exceed its benchmark net lending in the additional special reference period, but exceeds its benchmark outstanding amount of eligible loans during the second reference period by at least 1,15 %, the interest rate to be applied to amounts borrowed by that participant under TLTROs-III is:

(i) during the special interest rate period: the lower of the average of the main refinancing operation rate over that period minus 50 basis points and the average of the deposit facility rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{Special} < NLB \text{ and } EX \geq 1,15, \text{ then } iri = 100 \% \text{ and } r_{k_{special}} = \min(\overline{MRO}_{k_{special}} - 0,50, \overline{DF}_k);$$

(ii) during the additional special interest rate period: the lower of the average of the main refinancing operation rate over that period minus 50 basis points and the average of the deposit facility rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{ADSpecial} < NLB, NL_{Special} < NLB \text{ and } EX \geq 1,15, \text{ then } iri = 100 \% \text{ and } r_{k_{adspecial}} = \min(\overline{MRO}_{k_{adspecial}} - 0,50, \overline{DF}_k);$$

(iii) during the rest of the life of the respective TLTRO-III: the average of the deposit facility rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{Special} < NLB, NL_{ADSpecial} < NLB \text{ and } EX \geq 1,15, \text{ then } iri = 100 \% \text{ and } r_{k_{pre}} = r_{k_{post}} = \overline{DF}_k$$

(e) If a participant does not equal or exceed its benchmark net lending in the special reference period but equals or exceeds its benchmark net lending in the additional special reference period and exceeds its benchmark outstanding amount of eligible loans during the second reference period by less than 1,15 %, the interest rate to be applied to amounts borrowed by that participant under TLTROs-III is:

(i) during the period from the settlement date of the respective TLTRO-III until 23 June 2020: the interest rate that is graduated linearly depending on the percentage by which the participant exceeds its benchmark outstanding amount, that is,

$$\text{if } NL_{Special} < NLB \text{ and } 0 < EX < 1,15, \text{ then } iri = \frac{EX}{1,15} \text{ and } r_{k_{pre}} = \overline{MRO}_k - (\overline{MRO}_k - \overline{DF}_k) \times iri;$$

(ii) during the special interest rate period: the lower of the average of the main refinancing operation rate over that period minus 50 basis points and the interest rate calculated according to point (i), that is:

if $NL_{Special} < NLB$ and $0 < EX < 1,15$, then $iri = \frac{EX}{1,15}$ and $r_{k_{special}} = \min(\overline{MRO}_{k_{special}} - 0,50, \overline{MRO}_k - (\overline{MRO}_k - \overline{DF}_k) \times iri)$;

- (iii) during the additional special interest rate period: the average of the deposit facility rate over that period minus 50 basis points, which in any case must not exceed minus 100 basis points, that is:

if $NL_{ADSpecial} \geq NLB$, then $r_{k_{adspecial}} = \min(\overline{DF}_{k_{adspecial}} - 0,50, -1)$;

- (iv) during the period from 24 June 2022 until the maturity of the respective TLTRO-III or until its early repayment date: the average of the deposit facility rate over the life of the respective TLTRO-III, that is:

if $NL_{Special} < NLB$, $NL_{ADSpecial} \geq NLB$ and $0 < EX < 1,15$, then $r_{k_{post}} = \overline{DF}_k$.

- (f) If a participant does not equal or exceed its benchmark net lending in the special reference period, does not equal or exceed its benchmark net lending in the additional special reference period but exceeds its benchmark outstanding amount of eligible loans during the second reference period by less than 1,15 %, the interest rate to be applied to amounts borrowed by that participant under TLTROs-III is:

- (i) during the special interest rate period: the lower of the average of the main refinancing operation rate over that period minus 50 basis points and the interest rate calculated according to point (iii), that is:

if $NL_{Special} < NLB$ and $0 < EX < 1,15$, then $iri = \frac{EX}{1,15}$ and $r_{k_{special}} = \min(\overline{MRO}_{k_{special}} - 0,50, \overline{MRO}_k - (\overline{MRO}_k - \overline{DF}_k) \times iri)$;

- (ii) during the additional special interest rate period: the lower of the average of the main refinancing operation rate over that period minus 50 basis points and the interest rate calculated according to point (iii), that is:

if $NL_{Special} < NLB$, $NL_{ADSpecial} < NLB$ and $0 < EX < 1,15$, then $iri = \frac{EX}{1,15}$ and $r_{k_{adspecial}} = \min(\overline{MRO}_{k_{adspecial}} - 0,50, \overline{MRO}_k - (\overline{MRO}_k - \overline{DF}_k) \times iri)$;

- (iii) during the rest of the life of the respective TLTRO-III: the interest rate that is graduated linearly depending on the percentage by which the participant exceeds its benchmark outstanding amount, that is,

if $NL_{Special} < NLB$, $NL_{ADSpecial} < NLB$ and $0 < EX < 1,15$, then $iri = \frac{EX}{1,15}$ and $r_{k_{pre}} = r_{k_{post}} = \overline{MRO}_k - (\overline{MRO}_k - \overline{DF}_k) \times iri$.

- (g) If a participant does not equal or exceed its benchmark net lending in the special reference period, does not exceed its benchmark outstanding amount in the second reference period, but equals or exceeds its benchmark net lending in the additional special reference period, the interest rate to be applied to amounts borrowed by that participant under TLTROs-III is:

- (i) during the period from the settlement date of the respective TLTRO-III until 23 June 2020: the average of the main refinancing operation rate over the life of the respective TLTRO-III, that is:

if $NL_{Special} < NLB$ and $EX \leq 0$, then $iri = 0\%$ and $r_{k_{pre}} = \overline{MRO}_k$

- (ii) during the special interest rate period: the average of the main refinancing operation rate over that period minus 50 basis points, that is:

if $NL_{Special} < NLB$ and $EX \leq 0$, then $r_{k_{special}} = \overline{MRO}_{k_{special}} - 0,50$;

- (iii) during the additional special interest rate period: the average of the deposit facility rate over that period minus 50 basis points, which in any case must not exceed minus 100 basis points, that is:

if $NL_{ADSpecial} \geq NLB$, then $r_{k_{adspecial}} = \min(\overline{DF}_{k_{adspecial}} - 0,50, -1)$;

- (iv) during the period from 24 June 2022 until the maturity of the respective TLTRO-III or until its early repayment date: the average of the deposit facility rate over the life of the respective TLTRO-III, that is:

if $NL_{Special} < NLB$, $NL_{ADSpecial} \geq NLB$ and $EX \leq 0$, then $r_{k_{post}} = \overline{DF}_k$.

(h) If a participant does not equal or exceed its benchmark net lending in the special reference period or in the additional special reference period and does not exceed its benchmark outstanding amount in the second reference period, the interest rate to be applied to amounts borrowed by that participant under TLTROs-III is:

(i) during the special interest rate period: the average of the main refinancing operation rate over that period minus 50 basis points, that is:

$$\text{if } NL_{\text{Special}} < \text{NLB} \text{ and } EX \leq 0, \text{ then } r_{k_{\text{special}}} = \overline{MRO}_{k_{\text{special}}} - 0,50;$$

(ii) during the additional special interest rate period: the average of the main refinancing operation rate over that period minus 50 basis points, that is:

$$\text{if } NL_{\text{Special}} < \text{NLB}, NL_{\text{ADSpecial}} < \text{NLB} \text{ and } EX \leq 0, \text{ then } r_{k_{\text{adspecial}}} = \overline{MRO}_{k_{\text{adspecial}}} - 0,50;$$

(iii) during the rest of the life of the respective TLTRO-III: the average of the main refinancing operation rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{\text{Special}} < \text{NLB}, NL_{\text{ADSpecial}} < \text{NLB} \text{ and } EX \leq 0, \text{ then } iri = 0 \% \text{ and } r_{k_{\text{pre}}} = r_{k_{\text{post}}} = \overline{MRO}_k$$

(2) For amounts borrowed in the eighth or subsequent TLTROs-III, that is, if $k = 8, 9$ or 10 :

(a) If a participant equals or exceeds its benchmark net lending in the additional special reference period, the interest rate to be applied to amounts borrowed by that participant under TLTROs-III is:

(i) during the additional special interest rate period: the average of the deposit facility rate over that period minus 50 basis points, which in any case must not exceed minus 100 basis points, that is:

$$\text{if } NL_{\text{ADSpecial}} \geq \text{NLB}, \text{ then } r_{k_{\text{adspecial}}} = \min(\overline{DF}_{k_{\text{adspecial}}} - 0,50, -1);$$

(ii) during the period from 24 June 2022 until the maturity of the respective TLTRO-III or until its early repayment date: the average of the deposit facility rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{\text{ADSpecial}} \geq \text{NLB}, \text{ then } r_{k_{\text{post}}} = \overline{DF}_k$$

(b) If a participant does not equal or exceed its benchmark net lending in the additional special reference period, the interest rate to be applied to amounts borrowed by that participant under TLTROs-III is:

(i) during the additional special interest rate period: the average of the main refinancing operation rate over the respective period minus 50 basis points, that is:

$$\text{if } NL_{\text{ADSpecial}} < \text{NLB}, \text{ then } r_{k_{\text{adspecial}}} = \overline{MRO}_{k_{\text{adspecial}}} - 0,50;$$

(ii) during the period from 24 June 2022 until the maturity of the respective TLTRO-III or until its early repayment date: the average of the main refinancing operation rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{\text{ADSpecial}} < \text{NLB}, \text{ then } r_{k_{\text{post}}} = \overline{MRO}_k.$$

The interest rate incentive adjustment (*iri*) is expressed by rounding to 15 decimal positions.

The interest rates $r_{k_{\text{pre}}}, r_{k_{\text{special}}}, r_{k_{\text{adspecial}}}, r_{k_{\text{post}}}$ are expressed by rounding to 15 decimal positions.

The final interest rate r_k is expressed as an annual percentage rate, rounded down to the fourth decimal position.'

2. Annex II is amended as follows:

(a) in Section 2, the second sentence of the first paragraph is replaced by the following:

'In accordance with Article 6, there are three data reports: the first report covers data on the reference outstanding amount and data relating to the first reference period, the second report covers data relating to the second reference period and optionally, the special reference period, and the third report covers data relating to the additional special reference period.');

- (b) in Section 2, the third sentence of the third paragraph is replaced by the following:

'In accordance with Article 5, data on eligible net lending during the respective reference periods reported in the second and third reports will be used to assess the lending developments and, consequently, the interest rates applicable.');

- (c) in Section 3, the first sentence of the second paragraph of point (a) is replaced by the following:

'There are three reports in the TLTRO-III.');

- (d) in Section 3, the following indent is inserted after the second indent of the second paragraph of point (a):

— Participants intending to take advantage of the interest rates set out in Article 5(3a) and 5(3b) must provide the third report. The third report requires the completed data template B for the "additional special reference period", i.e. 1 October 2020 to 31 December 2021, for the purposes of calculating the eligible net lending and the comparisons against benchmarks on which the applicable interest rates for the additional special interest rate period are based.;

- (e) in Section 3, the third paragraph of point (a) is replaced by the following:

'In template B, indicators relating to outstanding amounts must be reported as at the end of the month preceding the start of the reporting period and as at the end of the reporting period; therefore, for the first reference period outstanding amounts must be reported as at 31 March 2018 and 31 March 2019; for the second reference period outstanding amounts must be reported as at 31 March 2019 and 31 March 2021; for the special reference period outstanding amounts must be reported as at 29 February 2020 and 31 March 2021; for the additional special reference period outstanding amounts must be reported as at 30 September 2020 and 31 December 2021. In turn, data on transactions and adjustments must cover all relevant effects that take place during the reporting period.');

- (f) in Section 4, the last sentence in the second indent of point (c)(i) is replaced by the following:

'For the purposes of compiling the data reports, in both cases the implications are the same and the data should be reported under item 3.1B (and not under item 3.2C).';

- (g) the TLTRO-III reporting template B is replaced by the following template B.

TLTRO-III reporting template B

Reporting period: 1 April 2018 to 31 March 2019 (first reference period) / 1 April 2019 to 31 March 2021 (second reference period) / optionally: 1 March 2020 to 31 March 2021 (special reference period) / 1 October 2020 to 31 December 2021 (additional special reference period)

Loans to non-financial corporations and households, excluding loans to households for house purchase (EUR thousands)

Main aggregates		Loans to non-financial corporations	Loans to households (including non-profit institutions serving households), excluding loans for house purchase	item	formula	validation
1	Outstanding amounts of eligible loans at the end of the month preceding the start of the reporting period.....	0	0	1	$1 = 1.1 - 1.2 (+1.3)$	
2	Eligible net lending in the reporting period.....	0	0	2	$2 = 2.1 - 2.2$	
3	Adjustments to the outstanding amounts: reductions (-) and increases (+).....	0	0	3	$3 = 3.1 + 3.2$	
4	Outstanding amounts of eligible loans at the end of the reporting period.....	0	0	4	$4 = 4.1 - 4.2 (+4.3)$	$4 = 1 + 2 + 3$
Underlying items						
Outstanding amounts of eligible loans at the end of the month preceding the start of the reporting period						
1.1	Outstanding amounts on the balance sheet.....			1.1		
1.2	Outstanding amounts of loans securitised or otherwise transferred but not derecognised from the balance sheet.....			1.2		
1.3	Outstanding provisions against loans reported in item 1.1 excluding 1.2 *.....			1.3		
Eligible net lending in the reporting period						
2.1	Gross lending.....			2.1		
2.2	Repayments.....			2.2		
Adjustments to the outstanding amounts: reductions (-) and increases (+)						
3.1	Loan sales and purchases and other loan transfers during the reporting period.....	0	0	3.1	$3.1 = 3.1A + 3.1B + 3.1C$	
3.1A	Net flows of loans that are securitised with an impact on loan stocks.....			3.1A		
3.1B	Net flows of loans that are otherwise transferred with an impact on loan stocks.....			3.1B		
3.1C	Net flows of loans that are securitised or otherwise transferred without an impact on loan stocks.....			3.1C		
3.2	Other adjustments.....	0	0	3.2	$3.2 = 3.2A + 3.2B + 3.2C$	
3.2A	Revaluations owing to changes in exchange rates.....			3.2A		
3.2B	Write-offs/write-downs.....			3.2B		
3.2C	Reclassifications.....			3.2C		
Outstanding amounts of eligible loans at the end of the reporting period						
4.1	Outstanding amounts on the balance sheet.....			4.1		
4.2	Outstanding amounts of loans securitised or otherwise transferred but not derecognised from the balance sheet.....			4.2		
4.3	Outstanding provisions against loans reported in item 4.1 excluding 4.2 *.....			4.3		

* Only applicable in those cases where loans are reported net of provisions; see the reporting instructions for more details.'