

German banks lead the way in TLTRO repayments, though the sums are small

German banks paid back EUR 4bn of their central bank funding, LTRO in September. We've yet to see any significant repayments by Spanish banks. Another round of repayments is expected on 23 November under different terms



Based on the ECB data published 1 November, German banks in particular have paid down their TLTRO drawings in September 2022. German banks' usage of LTROs declined by €4.4bn in September to €399bn. In addition, banks in Italy paid down €1bn of their drawings with the total now at €431bn and Austrian banks paid back €1.3bn with their usage now at €85bn. French banks' LTROs were down by less than €1bn in September with the total still at €459bn. Drawings by banks in Luxembourg dropped by €790m.

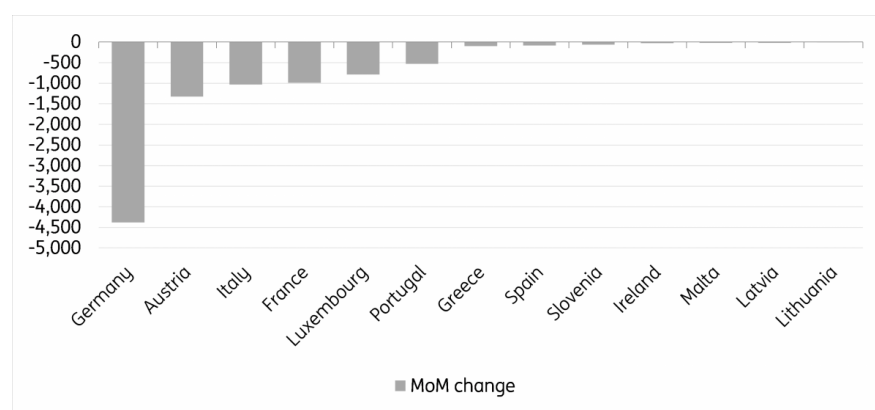
Since October 2021, ie. at the time of the maximum LTRO drawings, the LTROs have dropped especially in Germany (-€41bn), followed by France (-€26bn) and Italy (-€18bn). These developments stand opposed to the trend in Spain where the usage has increased slightly since then (+€190m).

The repayment activity seems to coincide at least partly with bond issuance. French and German

banks have been especially active this year in printing new debt, with their supply running €28bn and €21bn ahead of 2021 YTD levels. Italian and Spanish banks have shown less strong increases over 2021 so far this year. Spanish banks are perhaps planning to rely more on existing liquidity reserves for LTRO refinancing. Instead, we consider that Italian banks face higher pressure to refinance their LTRO redemptions via bond markets.

Banks paid back a total €6.5bn of their TLTRO-III drawings in September. The size of the operation now stands at €2.1trn. The next repayment possibility for banks is in line with the date when the new TLTRO terms kick in with the settlement date set to 23 November. Banks are expected to announce their intentions by 16 November with the publication of the data set for 18 November. Read more on our thoughts on the TLTROs and bond supply [here](#).

Change in LTROs in September



Source: ING, ECB

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