

Luxembourg, 26 April 2018

Interest rates

The Banque centrale du Luxembourg (BCL) informs that, based on preliminary data, the main interest rates applied by Luxembourg's credit institutions to euro area households and non-financial corporations (NFCs) for their loans and deposit operations have on average evolved as follows in February 2018.

Representative interest rates on new contracts¹ – loans and deposits – concluded with households

The variable² interest rate on mortgage loans granted to households has barely changed on a monthly basis to reach 1.59% in February 2018. The volume of these newly granted loans has decreased by 24 million euros on a monthly basis to reach 194 million euros during last reference period. On a yearly basis, the interest rate has decreased by 9 basis points whereas the volume of newly granted loans has increased by 34 million euros.

The fixed³ interest rate on mortgage loans granted to households has increased by 11 basis points on a monthly basis to reach 1.93% in February 2018. The volume of these newly granted loans has decreased by 35 million euros on a monthly basis and has consequently amounted to 248 million euros during the last reference period. On a yearly basis, this interest rate has

1 New contracts refer to any new agreement concluded between the household or the non-financial corporation and the reporting agent. New contracts include all financial contracts which mention for the first time the interest rate pertaining to the deposit or credit and all renegotiations of existing deposits or credits.

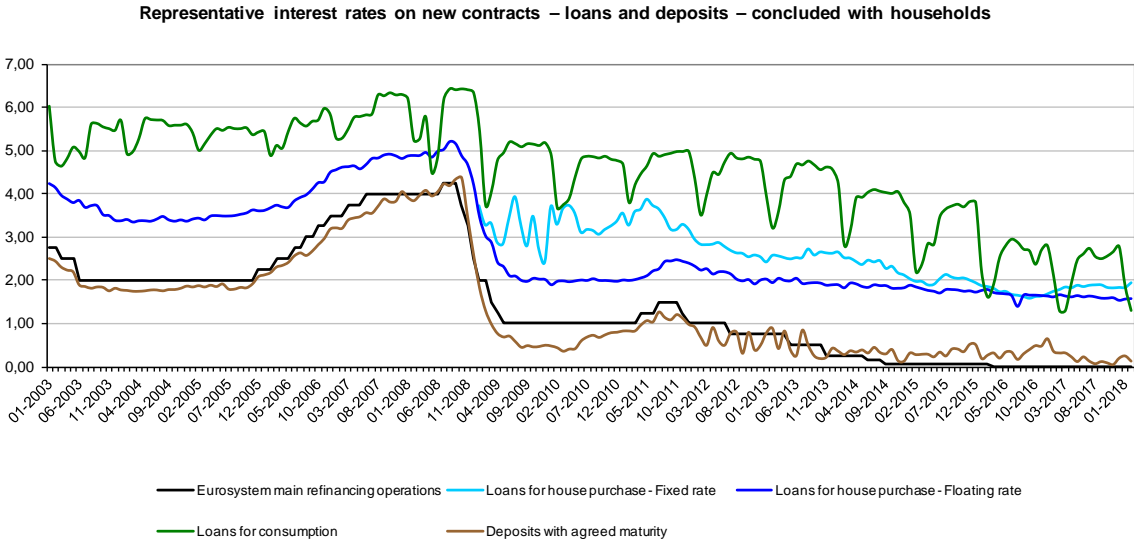
2 Variable interest rate or rate with an initial fixation period inferior or equal to 1 year.

3 Fixed interest rate weighted by the amounts of contracts for all mortgage loans granted, whatever the initial rate fixation period (above 1 year). This series has been published by the BCL only since February 2009 because of methodological reasons linked to the identification of reporting agents.

increased by 16 basis points and the volume of newly granted loans has increased by 8 million euros.⁴

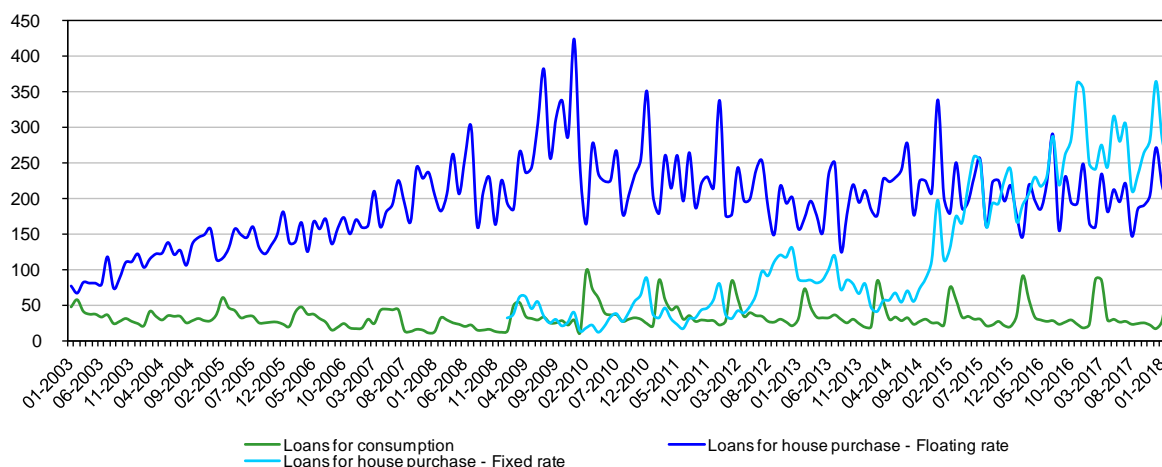
The interest rate on consumer loans that have an initial fixation period above 1 year and below or equal to 5 years has decreased by 56 basis points on a monthly basis to reach 1.29% in February 2018 due to favorable financing conditions during the traditional car festival. The volume of these newly granted loans has increased by 55 million euros on a monthly basis and has consequently amounted to 83 million euros in February 2018. On a yearly basis, the interest rate has remained unchanged whereas the volume of newly granted loans has decreased by 2 million euros.

The interest rate on households' fixed-term deposits that have an initial maturity below or equal to 1 year has decreased by 12 basis points on a monthly basis to reach 13 basis points during February 2018.



⁴ It is worth stressing that new lending volumes for housing loans granted at fixed rates have been revised between January 2017 and December 2017 due to reporting errors from one bank. The revised data provide a more accurate evolution of bank lending on a yearly basis. Despite the variation in volumes, the interest rate of such mortgage loans remains barely unchanged.

Volume of newly granted loans to households (millions euros)



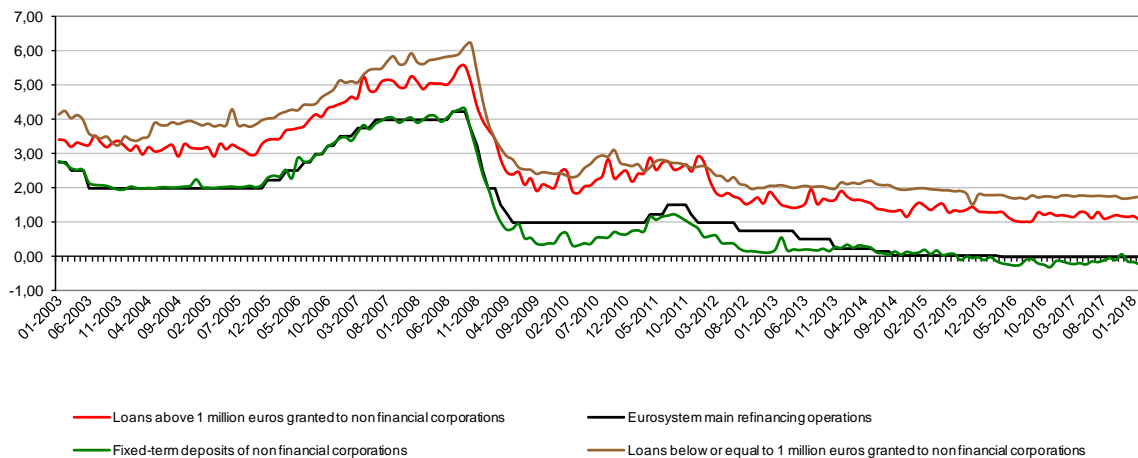
Representative interest rates on new contracts¹ – loans and deposits – concluded with NFCs

The variable² interest rate on loans below or equal to 1 million euros granted to NFCs has increased by 2 basis points on a monthly basis to reach 1.75% in February 2018. The volume of newly granted loans has decreased by 45 million euros on a monthly basis, reaching 750 million euros during the last reference period. On a yearly basis, this interest rate has decreased by 4 basis points whereas the volume of newly granted loans has increased by 40 million euros.

The variable² interest rate on loans above 1 million euros granted to NFCs has decreased by 11 basis points compared to previous month to reach 1.09% during February 2018. The volume of these newly granted loans has decreased by 330 million euros on a monthly basis and has consequently reached 5 123 million euros in February 2018. On a yearly basis, this interest rate has decreased by 11 basis points whereas the volume of newly granted loans has increased by 49 million euros.

The interest rate on fixed-term deposits of NFCs with an initial maturity below or equal to 1 year has decreased by 7 basis points on a monthly basis to reach -23 basis points during February 2018.

Representative interest rates on new contracts – loans and deposits - concluded with non financial corporations



The tables pertaining to interest rates applied to credit institutions can be consulted and/or downloaded on the BCL's website on the following pages:

http://www.bcl.lu/en/statistics/series_statistiques_luxembourg/03_Capital_markets/index.html

Weighting method

The interest rates applied to new contracts are weighted within the categories of instruments concerned by the amounts of individual contracts. This results from the compilation of national aggregates carried out by reporting credit institutions and by the BCL.

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