

Luxembourg, 5 April 2023

## 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 loan and deposit operations have on average evolved as follows in February 2023.

### **Representative interest rates on new contracts<sup>1</sup> – loans and deposits – concluded with households**

The variable<sup>2</sup> interest rate on mortgage loans granted to households has increased by 2 basis points on a monthly basis to reach 3.53% in February 2023 compared to 3.51% in January 2023 and the volume of these newly granted loans has decreased by 24 million euros to reach 193 million euros in February compared to 217 million in January. On a yearly basis, the interest rate has increased by 221 basis points whereas the volume of newly granted loans has decreased by 27 million euros.

The fixed<sup>3</sup> interest rate on mortgage loans granted to households increased by 19 basis points on a monthly basis between January and February to reach 3.77% in February 2023 while the volume of these newly granted loans has increased by 49 million euros between the two months to reach 268 million euros. On a yearly basis, this interest rate increased by 226 basis points whereas the volume of newly granted loans has decreased by 212 million euros.

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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.

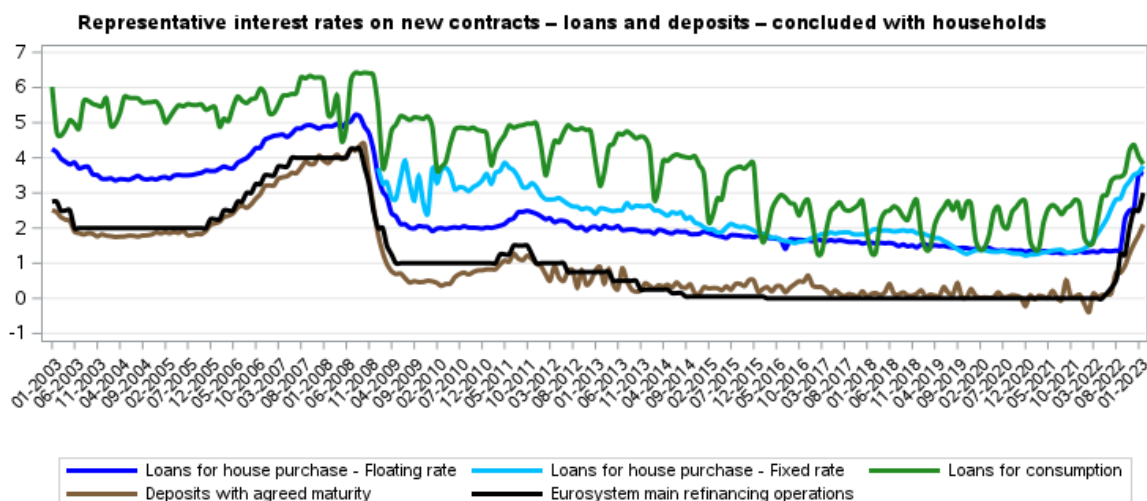
2 Variable interest rate or rate with an initial fixation period inferior or equal to 1 year.

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 since February 2009 only for methodological reasons linked to the identification of reporting agents.

On longer maturities, real estate loans with an initial rate fixation period over 10 years increased by 17 basis points to reach 3.77% in February 2023. The monthly volume of these newly granted loans increased by 35 million on a monthly basis to reach 217 million euros in February 2023. On a yearly basis, this rate increased by 219 basis points while the amount of newly granted loans decreased by 146 million euros. It is important to mention that this fixed rate includes all initial fixation periods above 10 years and is computed based on a sample of banks. The indicated rate is an average rate weighted on the volumes of granted loans. Furthermore, fixed rates with initial fixation periods on loans with very long maturities, like e.g. 30 years, can be significantly higher than this average rate mentioned above.

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 21 basis points on a monthly basis between January and February to reach 3.82% in February 2023. The volume of newly granted loans has increased by 23 million euros to reach 54 million euros in February compared to 31 million in January. On a yearly basis, the interest rate has increased by 228 basis points whereas the volume of new lending has decreased by 24 million euros.

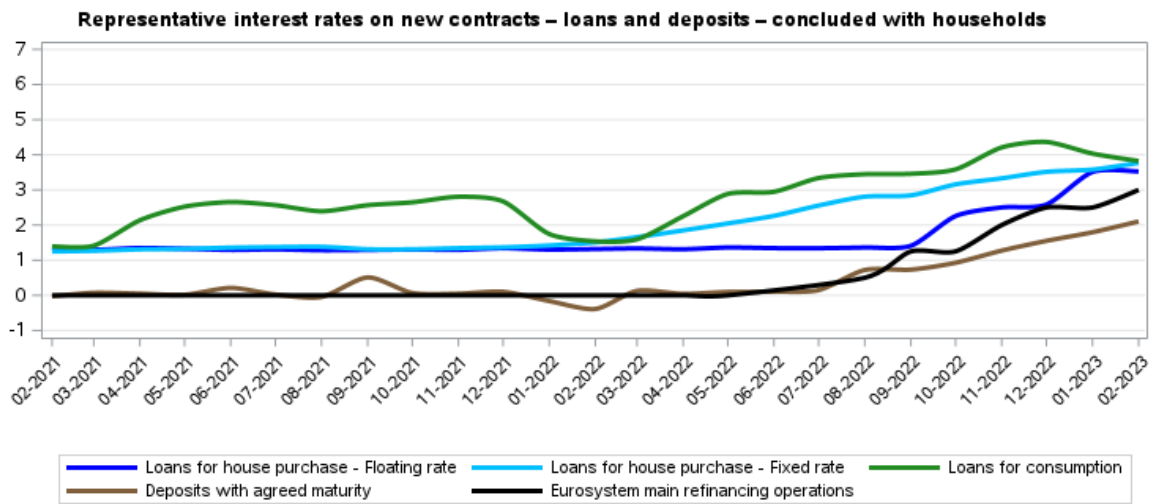
The interest rate on households' fixed-term deposits that have an initial maturity below or equal to 1 year has reached 210 basis points in February 2023 from 180 basis points in January 2023. On a yearly basis, this rate has increased by 249 basis points.



Source : BCL

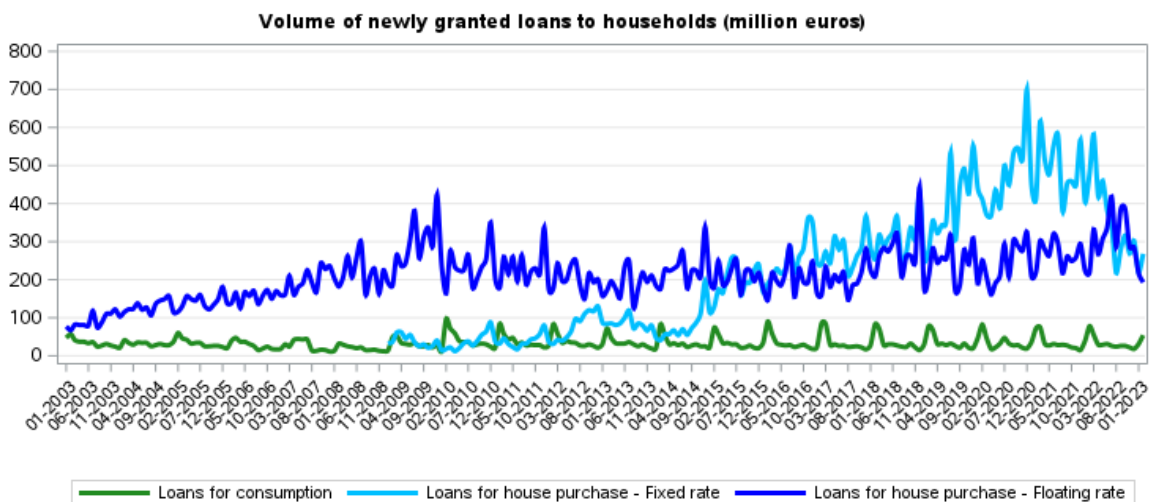
1) These statistics are computed based on a sample of 54 reporting banks.

The following graph provides a detailed overview of the evolution of interest rates over the past two years.



Source : BCL

1) These statistics are computed based on a sample of 54 reporting banks.



Source : BCL

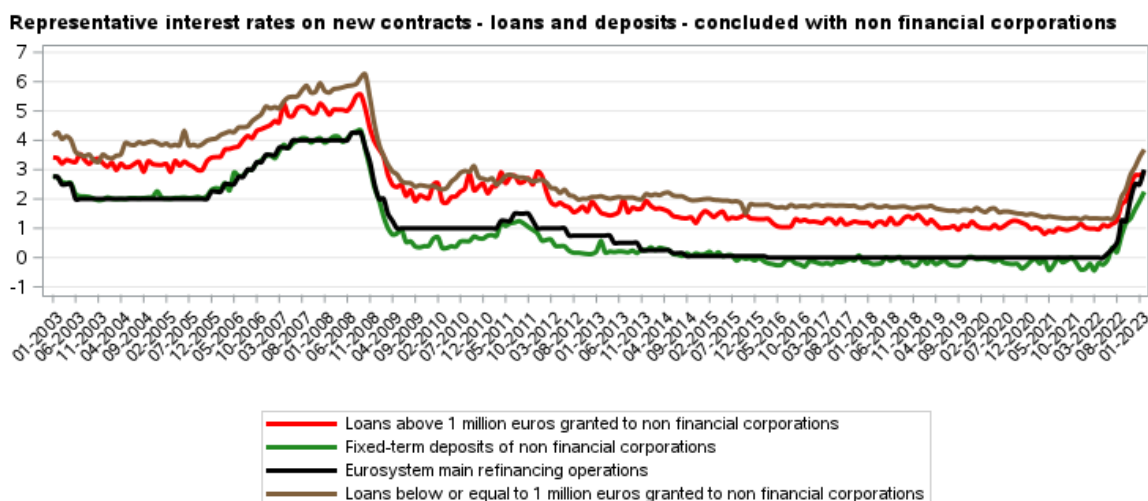
1) These statistics are computed based on a sample of 54 reporting banks.

### Representative interest rates on new contracts<sup>1</sup> – loans and deposits – concluded with NFCs

The variable<sup>2</sup> interest rate on loans below or equal to 1 million euros granted to NFCs increased by 26 basis points in February 2023 to 3.69%, compared to 3.43% in January, and the volume has increased by 93 million euros to reach 601 million in February from 508 million euros in January. On a yearly basis, this interest rate has increased by 235 basis points and the volume of newly granted loans has decreased by 174 million euros.

The variable<sup>2</sup> interest rate on loans above 1 million euros granted to NFCs has increased by 10 basis points on a monthly basis to 2.91% during the last reference period, compared to 2.81% in January. The volume of newly granted loans has decreased by 515 million euros to reach 2 588 million euros in February compared to 3 103 in January. On a yearly basis, this interest rate has increased by 192 basis points and the volume of newly granted loans has decreased by 596 million euros.

The interest rate on fixed-term deposits of NFCs with an initial maturity below or equal to 1 year has increased by 32 basis points on a monthly basis between January and February to reach 2.25% in February 2023. On a yearly basis, this interest rate has increased by 247 basis points.



Source : BCL

1) These statistics are computed based on a sample of 54 reporting banks.

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](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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