

Luxembourg, 28 May 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 March 2018.

### **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 decreased by 3 basis points compared to February 2018 to reach 1.56% in March 2018. The volume of these newly granted loans has increased by 58 million euros on a monthly basis and has consequently amounted to 252 million euros during the 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 18 million euros.

The fixed<sup>3</sup> interest rate on mortgage loans granted to households has increased by 4 basis points on a monthly basis to reach 1.97% in March 2018. The volume of these newly granted loans has increased by 64 million euros on a monthly basis and has consequently amounted

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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.

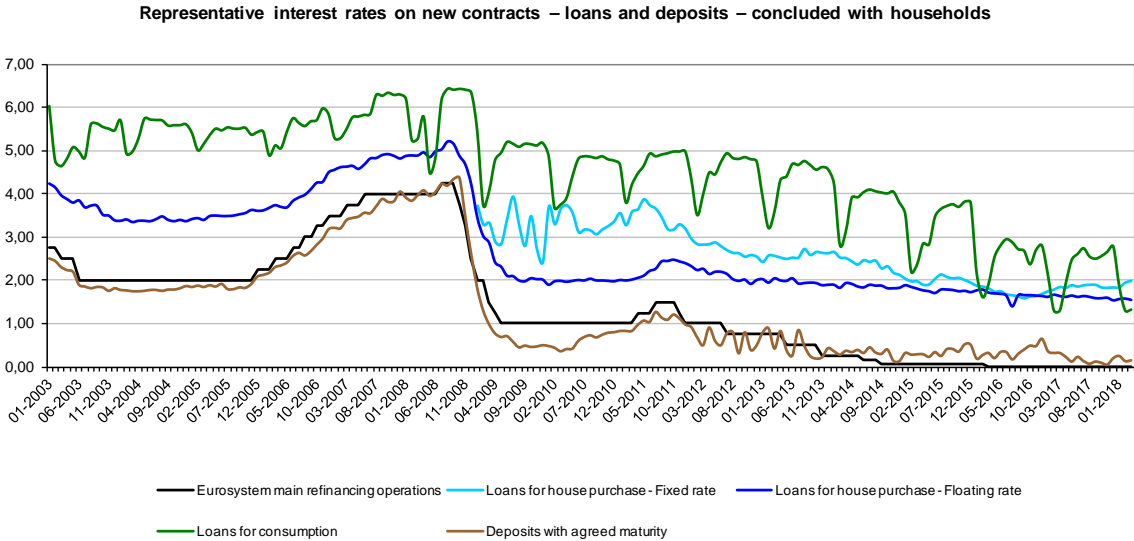
2 Variable interest rate or rate with an initial fixation period inferior or equal to 1 year.

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.

to 312 million euros during the last reference period. On a yearly basis, this interest rate has increased by 14 basis points and the volume of newly granted loans has increased by 38 million euros<sup>4</sup>.

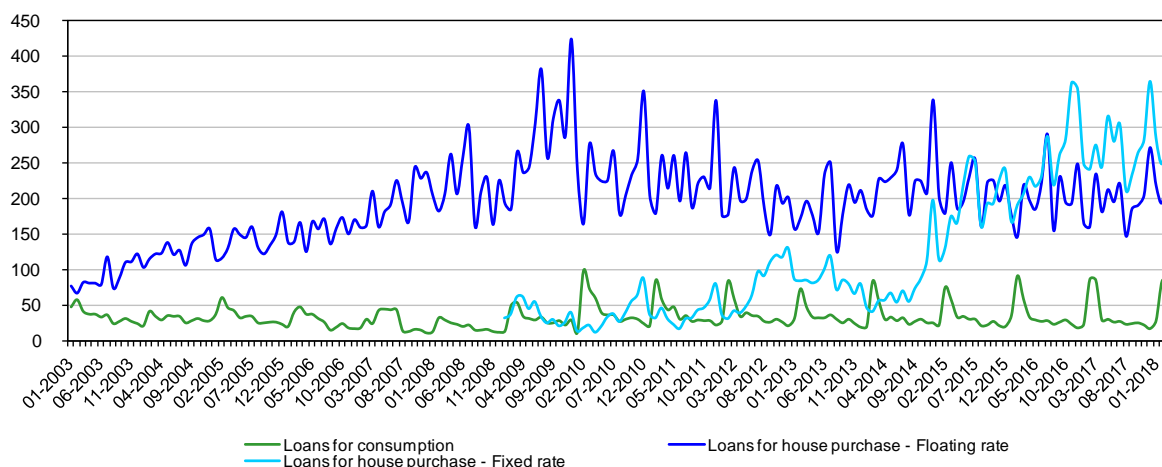
The interest rate on consumer loans that have an initial fixation period above 1 year and below or equal to 5 years has increased by 2 basis points on a monthly basis to reach 1.31% in March 2018. The volume of these newly granted loans has decreased by 12 million euros on a monthly basis and has consequently amounted to 71 million euros in March 2018. On a yearly basis, the interest rate has increased by 2 basis points whereas the volume of newly granted loans has decreased by 13 million euros.

The interest rate on households' fixed-term deposits that have an initial maturity below or equal to 1 year has increased by 2 basis points on a monthly basis to reach 15 basis points during March 2018.



<sup>4</sup> 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)



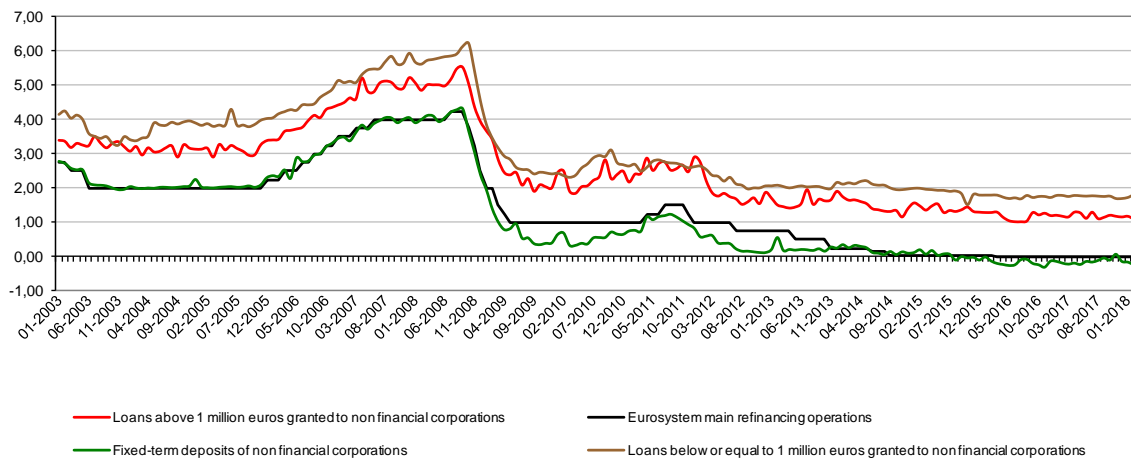
## Representative interest rates on new contracts<sup>1</sup> – loans and deposits – concluded with NFCs

The variable<sup>2</sup> interest rate on loans below or equal to 1 million euros granted to NFCs has decreased by 13 basis points on a monthly basis to reach 1.66% in March 2018. The volume of newly granted loans has increased by 127 million euros on a monthly basis, reaching 918 million euros during the last reference period. On a yearly basis, this interest rate has decreased by 10 basis points whereas the volume of newly granted loans has increased by 70 million euros.

The variable<sup>2</sup> interest rate on loans above 1 million euros granted to NFCs has decreased by 9 basis points compared to previous month to reach 1.03% during March 2018. The volume of these newly granted loans has increased by 919 million euros on a monthly basis and has consequently reached 6 244 million euros in March 2018. On a yearly basis, this interest rate has decreased by 15 basis points and the volume of newly granted loans has decreased by 1 224 million euros.

The interest rate on fixed-term deposits of NFCs with an initial maturity below or equal to 1 year has barely changed compared to the previous reference period to reach -22 basis points in March 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](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.

For further information about this press release, please contact us  
by phone: 4774-4243 /-4265



International Relations and Communications department

Communications section

L-2983 Luxembourg

Fax: + 352 4774-4910

[info@bcl.lu](mailto:info@bcl.lu)