

Luxembourg, 12 April 2019

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 2019.¹

Representative interest rates on new contracts² – loans and deposits – concluded with households

The variable³ interest rate on mortgage loans granted to households has remained unchanged at 1,53% compared to January 2019, whereas the volume of these newly granted loans has increased by 31 million euros on a monthly basis to reach 209 million euros in February 2019. On a yearly basis, the interest rate has decreased by 6 basis points whereas the volume of newly granted loans has remained unchanged.

The fixed⁴ interest rate on mortgage loans granted to households has decreased by 4 basis points on a monthly basis to reach 1.81% during February 2019. The volume of these newly

1 Some data have been revised in April 2019 for the reference period from November 2017 to January 2019. Thus, the statistics on new housing loans at variable and at fixed rates have changed slightly. These revisions are driven by the compliance of a major bank with the definitions and concepts of the underlying statistical collection. It is worth stressing that new business volumes in particular are impacted by the revisions, while the interest rate statistics remain broadly unchanged. Moreover, the statistics regarding new loans to non-financial corporations have also been revised.

2 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.

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

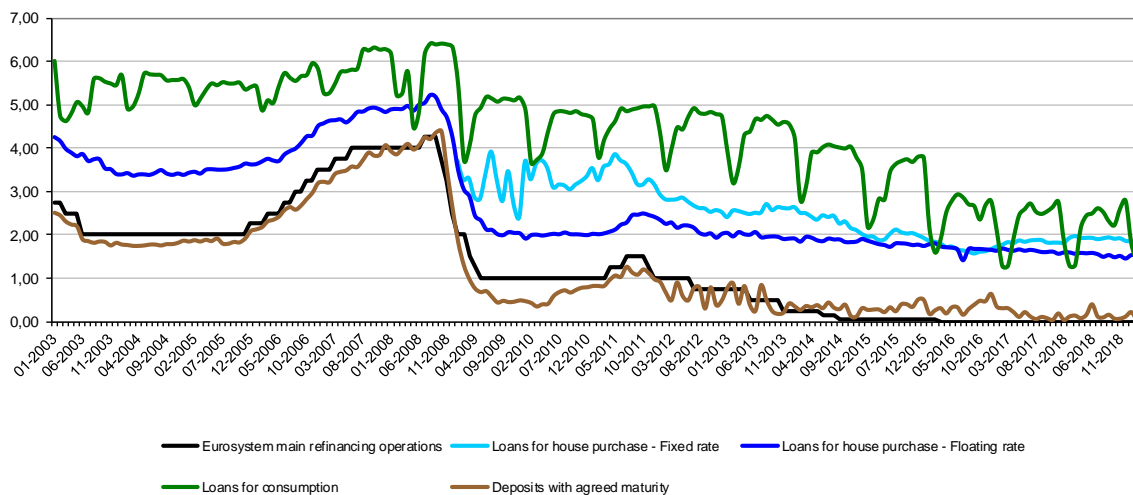
4 Fixed interest rate weighted by the amounts of contracts for all mortgage loans granted, whatever the initial rate fixation period (above 1 year). This series has been published by the BCL since February 2009 only for methodological reasons linked to the identification of reporting agents.

granted loans has increased by 25 million euros on a monthly basis and has consequently amounted to 278 million euros during the last reference period. On a yearly basis, this interest rate has decreased by 12 basis points and the volume of newly granted loans has increased by 24 million euros.

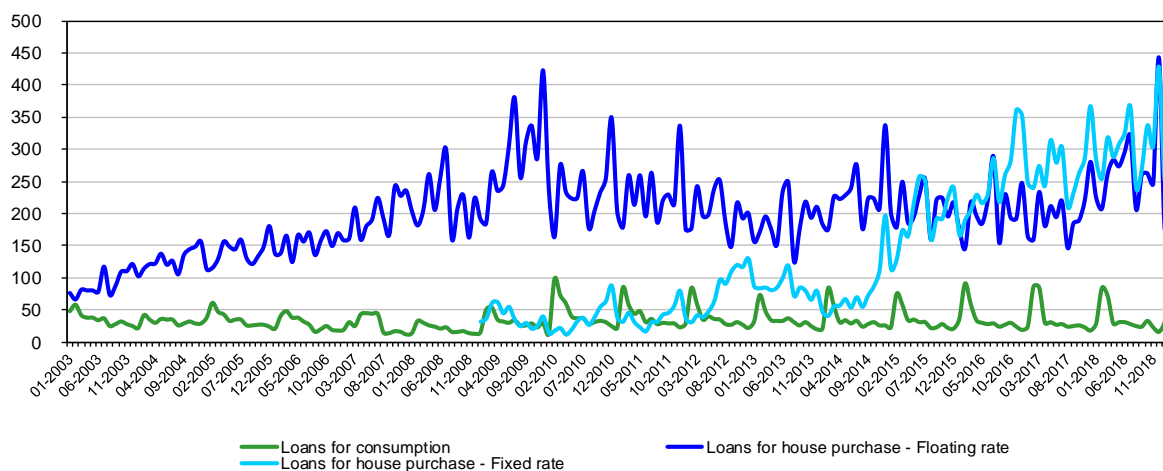
The interest rate on consumer loans that have an initial fixation period above 1 year and below or equal to 5 years has decreased by 42 basis points on a monthly basis to reach 1.39% in February 2019 whereas the volume of newly granted loans has increased by 48 million euros to reach 78 million euros. These developments in consumer loan dynamics are driven by the favorable financing conditions during the traditional car festival. On a yearly basis, the interest rate has increased by 10 basis points whereas the volume of new lending has decreased by 5 million euros.

The interest rate on households' fixed-term deposits that have an initial maturity below or equal to 1 year has decreased by 19 basis points on a monthly basis to reach 4 basis points during February 2019.

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



Volume of newly granted loans to households (millions euros)



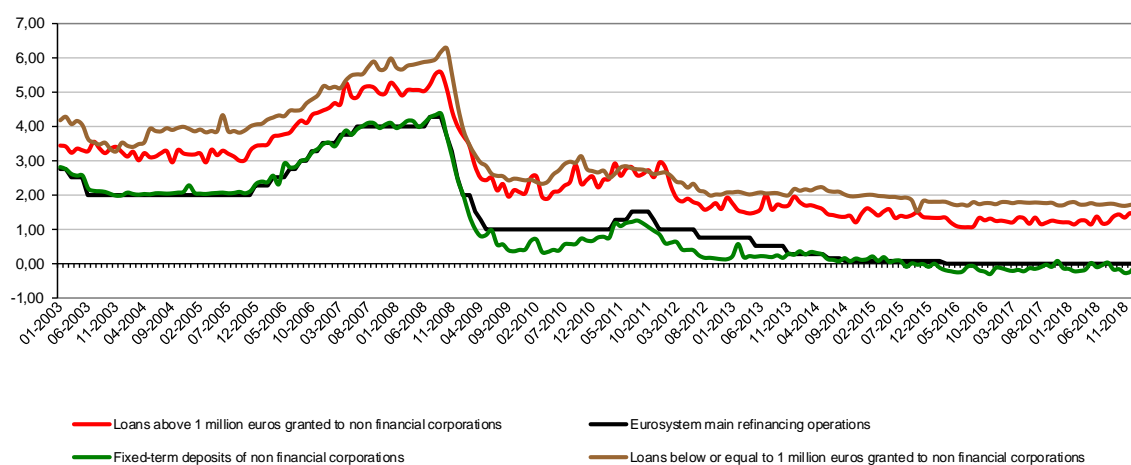
Representative interest rates on new contracts² – loans and deposits – concluded with NFCs

The variable³ interest rate on loans below or equal to 1 million euros granted to NFCs has remained unchanged at 1.73% compared to January 2019. The volume of newly granted loans has decreased by 75 million euros on a monthly basis, reaching 791 million euros in February 2019. On a yearly basis, this interest rate has decreased by 6 basis points whereas the volume of newly granted loans has remained unchanged.

The variable³ interest rate on loans above 1 million euros granted to NFCs has decreased by 16 basis points on a monthly basis to reach 1.15% during February 2019 while the new business volume has decreased by 282 million euros and has consequently amounted to 6 289 million euros during the last reference period. On a yearly basis, this interest rate has increased by 3 basis points and the volume of newly granted loans has increased by 964 million euros.

The interest rate on fixed-term deposits of NFCs with an initial maturity below or equal to 1 year has reached -21 basis points during the last reference period, from -5 basis points during January 2019.

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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