

Luxembourg, 8 December 2022

## 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 October 2022.

### **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 85 basis points on a monthly basis to reach 2.26% in October 2022 compared to 1.41% in September 2022 and the volume of these newly granted loans has increased by 1 million euros to reach 386 million euros in October compared to 385 million in September. On a yearly basis, the interest rate has increased by 95 basis points whereas the volume of newly granted loans has increased by 137 million euros.

The fixed<sup>3</sup> interest rate on mortgage loans granted to households increased by 31 basis points on a monthly basis between September and October to reach 3.16% in October 2022 while the volume of these newly granted loans has increased by 37 million euros between the two months to reach 316 million euros. On a yearly basis, this interest rate increased by 185 basis points whereas the volume of newly granted loans has decreased by 143 million euros. On

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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.

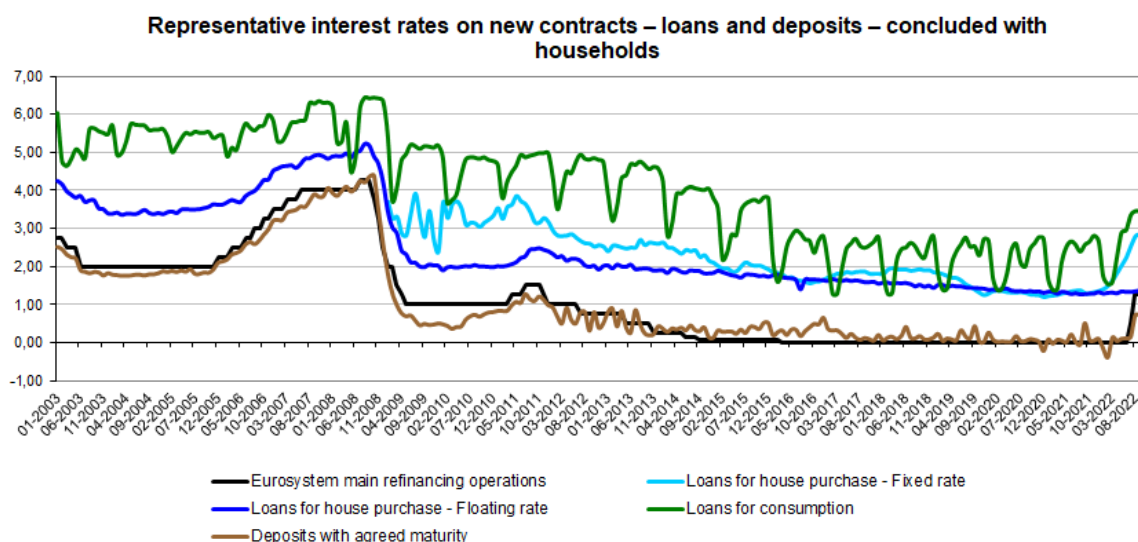
2 Variable interest rate or rate with an initial fixation period inferior or equal to 1 year.

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.

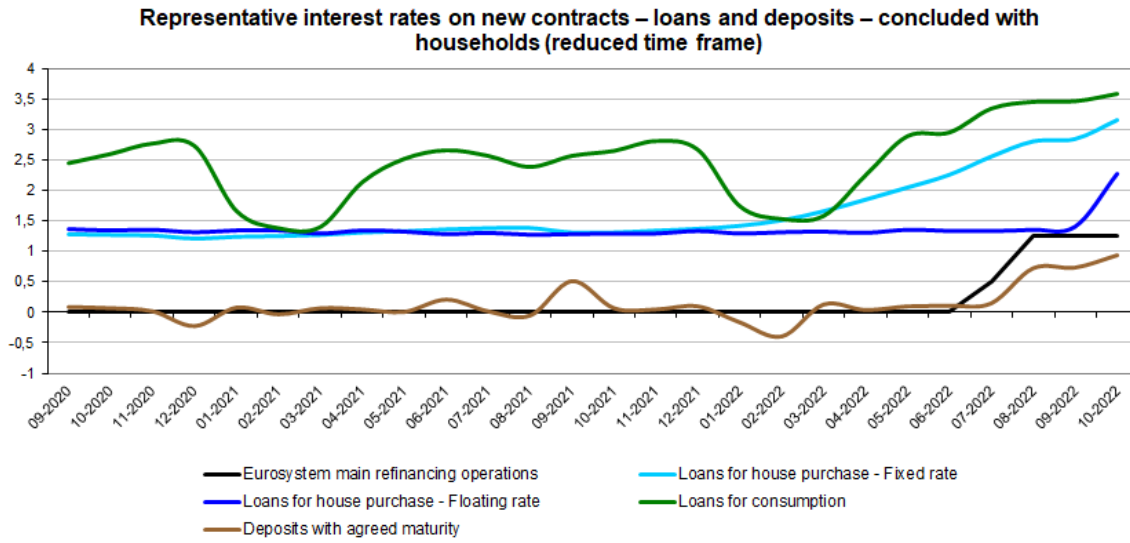
longer maturities, real estate loans with an initial rate fixation period over 10 year increased by 31 basis points to reach 3.17% in October 2022. The monthly volume of these newly granted loans increased by 37 million on a monthly basis to reach 263 million euros in October 2022. On a yearly basis, this rate increased by 179 basis points while the amount of newly granted loans shrank by 68 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 increased by 12 basis points on a monthly basis between September and October to reach 3.58% in October 2022. The volume of newly granted loans has remained stable at 26 million euros between September and October. On a yearly basis, the interest rate has increased by 94 basis points whereas the volume of new lending has increased by 4 million euros.

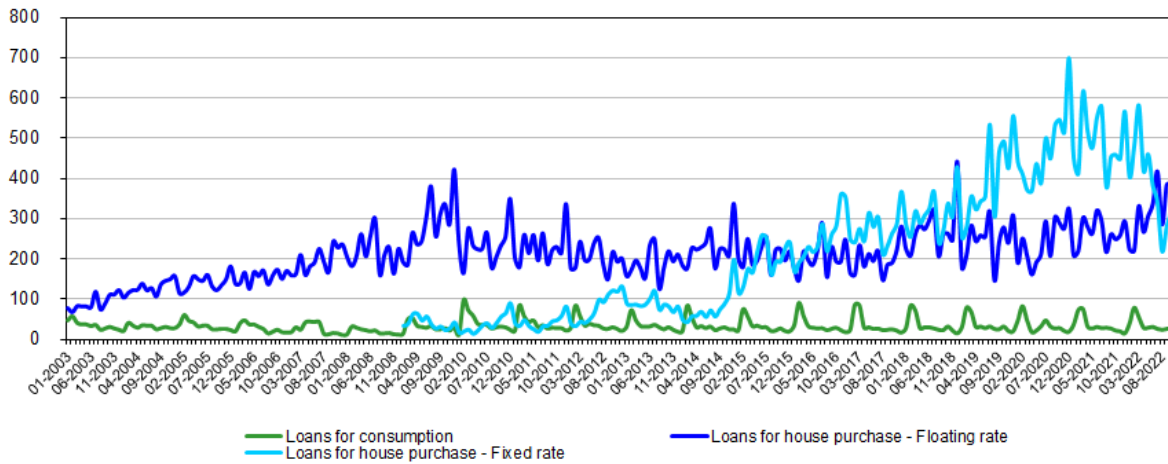
The interest rate on households' fixed-term deposits that have an initial maturity below or equal to 1 year has reached 93 basis points in October 2022 from 73 basis points in September 2022. On a yearly basis, this rate has increased by 86 basis points.



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



**Volume of newly granted loans to households (millions euros)**



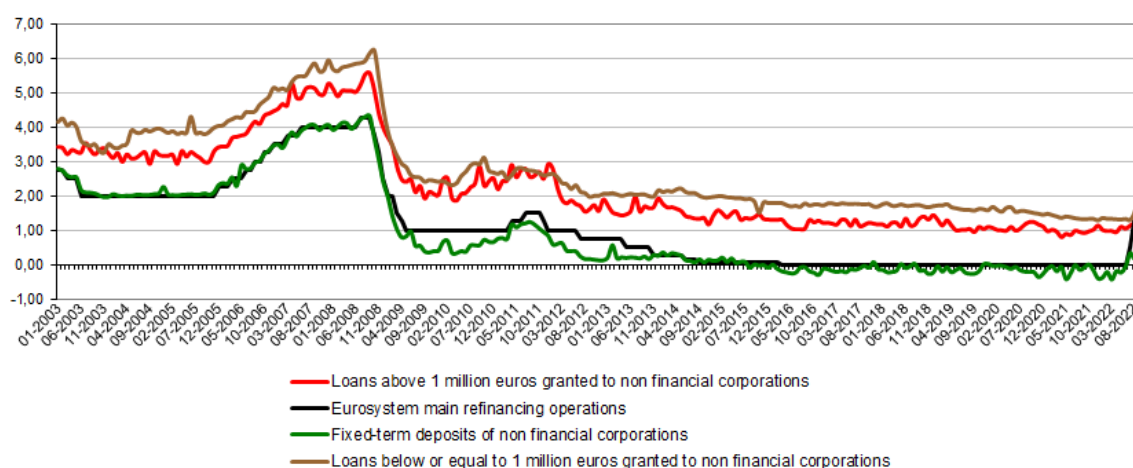
**Representative interest rates on new contracts<sup>1</sup> – loans and deposits – concluded with NFCs**

The variable<sup>2</sup> interest rate on loans below or equal to 1 million euros granted to NFCs increased by 26 basis points in October 2022 to 2.33%, compared to 2.06% in September, and the volume has decreased by 23 million euros to reach 597 million in October from 620 in September. On a yearly basis, this interest rate has increased by 99 basis points and the volume of newly granted loans has decreased by 224 million euros.

The variable<sup>2</sup> interest rate on loans above 1 million euros granted to NFCs has increased by 14 basis points on a monthly basis to 1.95% during the last reference period, compared to 1.8% in September. The volume of newly granted loans has decreased by 1 121 million euros to reach 3 205 million euros in October compared to 4 326 in September. On a yearly basis, this interest rate has increased by 97 basis points and the volume of newly granted loans has decreased by 322 million euros.

The interest rate on fixed-term deposits of NFCs with an initial maturity below or equal to 1 year has increased by 43 basis points on a monthly basis between September and October to reach 1.17% in October 2022. On a yearly basis, this interest rate has increased by 117 basis points.

**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.

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