

Luxembourg, 16 February 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 December 2022.

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

The variable² interest rate on mortgage loans granted to households has increased by 8 basis points on a monthly basis to reach 2.58% in December 2022 compared to 2.5% in November 2022 and the volume of these newly granted loans has decreased by 3 million euros to reach 284 million euros in December compared to 287 million in November. On a yearly basis, the interest rate has increased by 124 basis points whereas the volume of newly granted loans has decreased by 10 million euros.

The fixed³ interest rate on mortgage loans granted to households increased by 18 basis points on a monthly basis between November and December to reach 3.52% in December 2022 while the volume of these newly granted loans has increased by 33 million euros between the two months to reach 302 million euros. On a yearly basis, this interest rate increased by 215 basis points whereas the volume of newly granted loans has decreased by 265 million euros.

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.

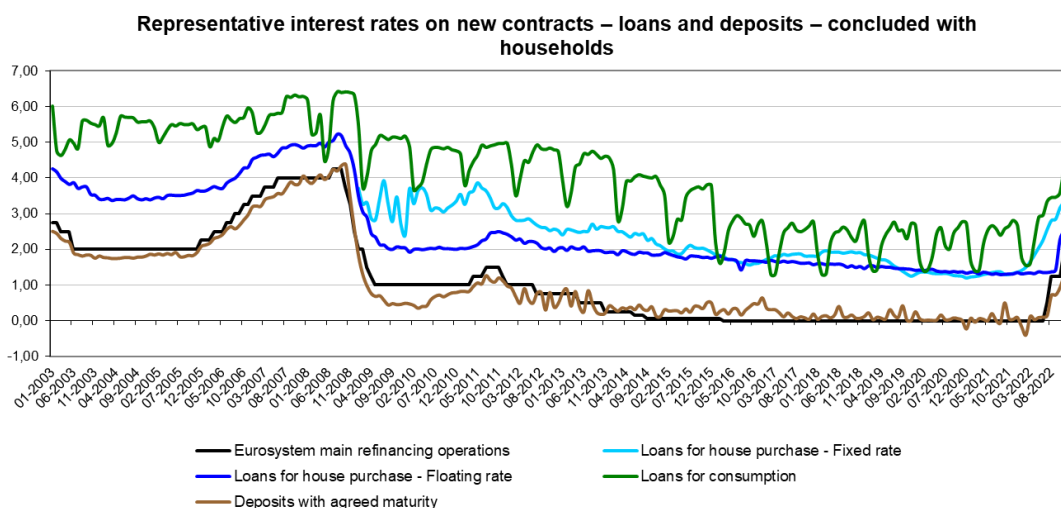
2 Variable interest rate or rate with an initial fixation period inferior or equal to 1 year.

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.

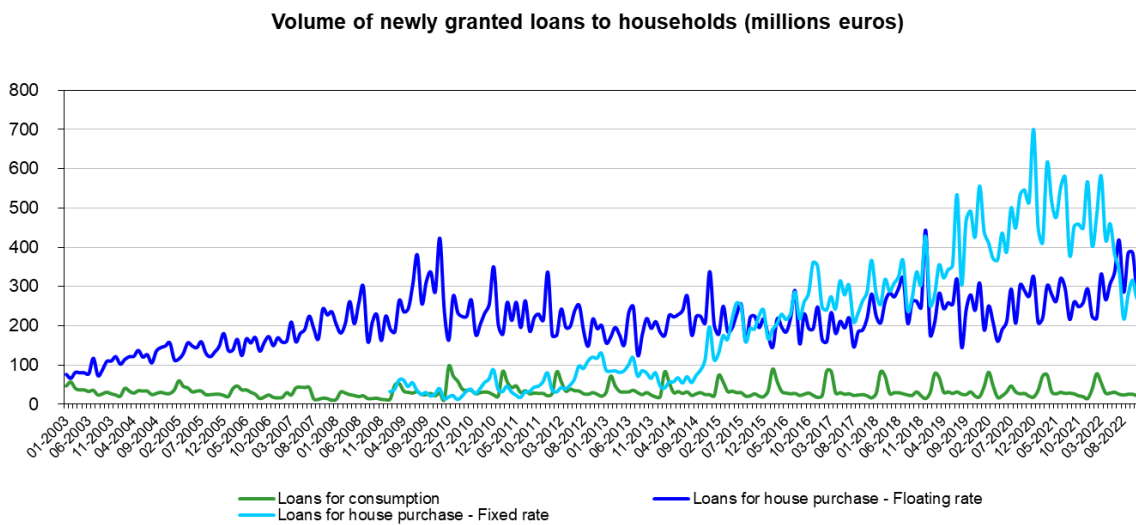
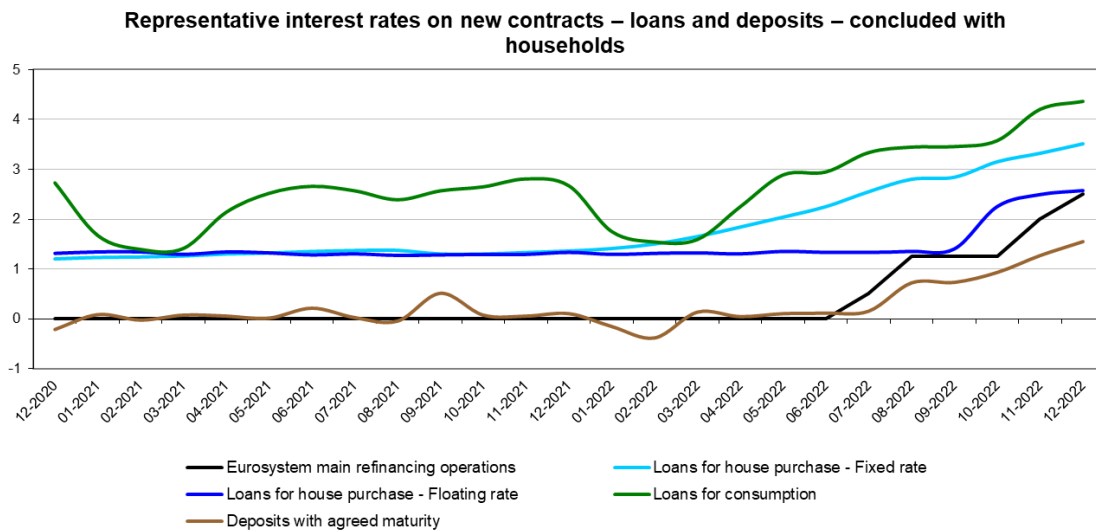
On longer maturities, real estate loans with an initial rate fixation period over 10 years increased by 23 basis points to reach 3.54% in December 2022. The monthly volume of these newly granted loans increased by 17 million on a monthly basis to reach 241 million euros in December 2022. On a yearly basis, this rate increased by 210 basis points while the amount of newly granted loans shrank by 172 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 16 basis points on a monthly basis between November and December to reach 4.37% in December 2022. The volume of newly granted loans has decreased by 4 million euros to reach 18 million euros in December compared to 22 million in November. On a yearly basis, the interest rate has increased by 170 basis points whereas the volume of new lending has increased by 3 million euros.

The interest rate on households' fixed-term deposits that have an initial maturity below or equal to 1 year has reached 155 basis points in December 2022 from 127 basis points in November 2022. On a yearly basis, this rate has increased by 145 basis points.



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



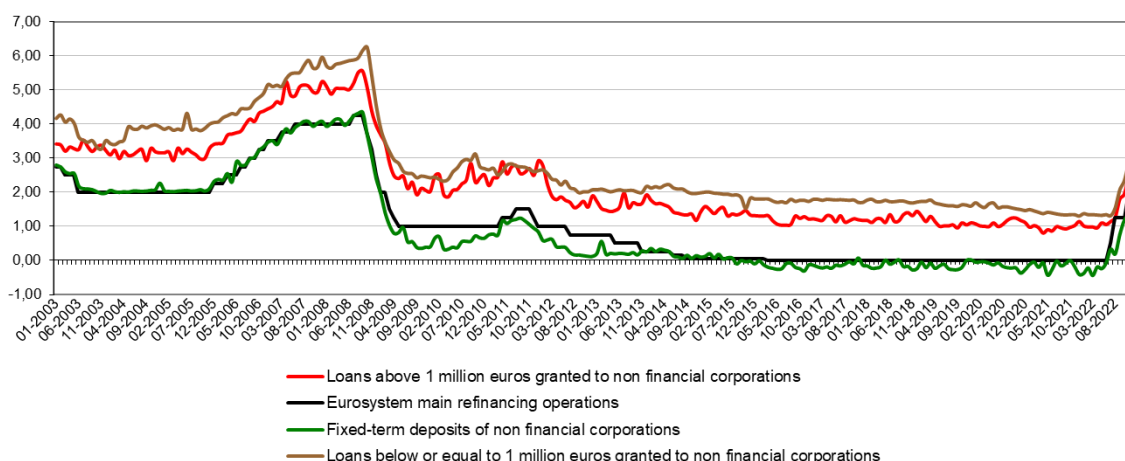
Representative interest rates on new contracts¹ – loans and deposits – concluded with NFCs

The variable² interest rate on loans below or equal to 1 million euros granted to NFCs increased by 27 basis points in December 2022 to 3.09%, compared to 2.82% in November, and the volume has increased by 233 million euros to reach 817 million in December from 584 in November. On a yearly basis, this interest rate has increased by 179 basis points and the volume of newly granted loans has decreased by 69 million euros.

The variable² interest rate on loans above 1 million euros granted to NFCs has increased by 34 basis points on a monthly basis to 2.8% during the last reference period, compared to 2.46% in November. The volume of newly granted loans has increased by 1 457 million euros to reach 4 208 million euros in December compared to 2 751 in November. On a yearly basis, this interest rate has increased by 165 basis points and the volume of newly granted loans has decreased by 1 949 million euros.

The interest rate on fixed-term deposits of NFCs with an initial maturity below or equal to 1 year has increased by 30 basis points on a monthly basis between November and December to reach 1.64% in December 2022. On a yearly basis, this interest rate has increased by 205 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

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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