



EUROPEAN CENTRAL BANK

EUROSYSTEM

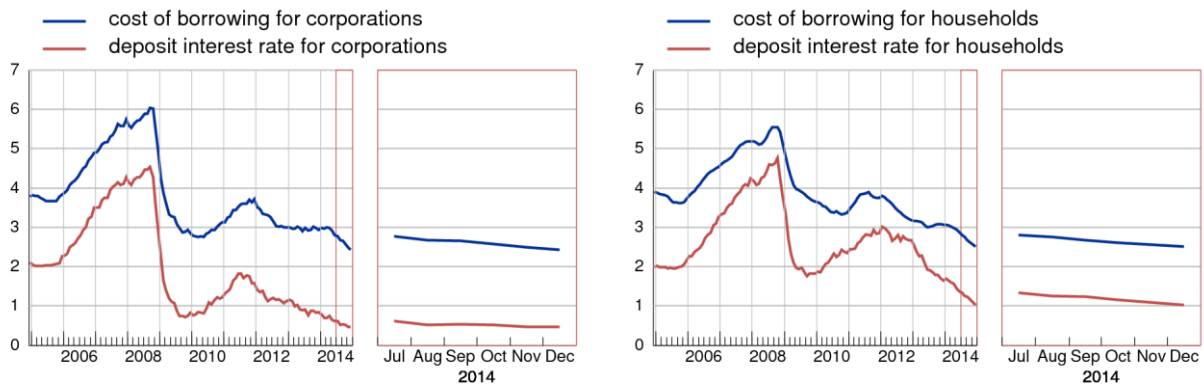
# PRESS RELEASE

4 February 2015

## Euro area bank interest rate statistics: December 2014

- The composite cost-of-borrowing indicator for new loans to corporations<sup>1</sup> decreased by 6 basis points from the previous month to 2.43% in December 2014. This was the 8<sup>th</sup> decrease in a row since May 2014.
- The composite cost-of-borrowing indicator for new loans to households<sup>1</sup> for house purchase decreased by 4 basis points from the previous month to 2.51% in December. This was the 11<sup>th</sup> decrease in a row since February 2014.
- In the same month, the euro area composite interest rate for new deposits from corporations showed no change, whereas the one from households decreased. For the deposit rate for households, this was the 11<sup>th</sup> decrease in a row since February 2014.

### Bank<sup>1</sup> interest rates on new loans to, and deposits from, euro area corporations and households (percentages per annum)



### Bank interest rates for corporations

While the [composite cost-of-borrowing indicator](#), which combines interest rates on all loans to corporations, decreased, December 2014 saw mixed developments in the cost of new borrowing by corporations both for small loans of up to €250,000 and for loans of over €1 million. For example, the interest rate on [new loans of over €1 million with a floating rate and an initial rate fixation period of up to three months](#) increased by 4 basis points from the previous month to 1.77%. The rate for new loans of the same size with an [initial rate fixation period of over ten years](#) increased by 15 basis points to 2.33%. The month-on-month increase was driven by the interest rate effect. In the case of [new loans of up to €250,000 with a floating rate and an initial](#)

<sup>1</sup> In this press release "corporations" refers to non-financial corporations (sector S.11 in the European System of Accounts 2010, or ESA 2010) and "households" to households and non-profit institutions serving households (ESA 2010 sectors S.14 and S.15). "Banks" refers to monetary financial institutions except central banks and money market funds (ESA 2010 sector S.122).

[rate fixation period of up to three months](#), the average rate charged decreased by 6 basis points to 3.70%.

The month-on-month decrease was driven by the interest rate effect.

As regards new deposit agreements, the interest rate on [deposits from corporations with an agreed maturity of up to one year](#) stayed constant at 0.42% in December 2014.

The interest rate on [new loans to sole proprietors and unincorporated partnerships with a floating rate and an initial rate fixation period of up to one year](#) decreased by 14 basis points to 2.79%. This decrease was driven by the interest rate effect.

### Bank interest rates for households

The [composite cost-of-borrowing indicator](#), which combines interest rates on all loans to households for house purchase, decreased in December 2014. The interest rate on [loans for house purchase with a floating rate and an initial rate fixation period of up to one year](#) increased by 4 basis points to 2.47%, while the interest rate on [housing loans with an initial rate fixation period of over ten years](#) fell by 4 basis points to 2.69%. In the same period, the interest rate on [new loans to households for consumption with a floating rate and an initial rate fixation period of up to one year](#) fell by 32 basis points to 5.27%. This was driven by the interest rate effect which outweighed the corresponding weights.

Rates agreed on new deposits from households decreased. The interest rate on [deposits with an agreed maturity of up to one year](#) fell by 7 basis points to 0.98%, while the interest rate on [deposits redeemable at three months' notice](#) fell by 4 basis points to stand at 0.85% in December 2014.

	Bank interest rates				New business volumes (EUR billions)		
	Dec.2014	Month-on-month change (basis points)			Dec.2014	Nov.2014	Dec.2013
		Interest rate effect	Weight effect				
<b>Corporations</b>							
<i>Loans of over €1 million with a floating rate and an initial rate fixation period of up to three months</i>	1.77%	+4	-1	+4	139.37	99.54	128.93
<i>Loans of over €1 million with an initial rate fixation period of over ten years</i>	2.33%	+15	+19	-4	7.33	4.14	5.48
<i>Loans of up to €250,000 with a floating rate and an initial rate fixation period of up to three months</i>	3.70%	-6	-10	+4	18.86	17.85	18.11
<i>Composite cost-of-borrowing indicator</i>	2.43%	-6	-7	0	239.56	239.35	260.21
<i>Deposits with an agreed maturity of up to one year</i>	0.42%	0	-1	+1	88.79	66.69	105.98
<b>Sole proprietors and unincorporated partnerships</b>							
<i>Loans with a floating rate and an initial rate fixation period of up to one year</i>	2.79%	-14	-12	-2	6.17	4.30	5.90

	Bank interest rates				New business volumes (EUR billions)		
	Dec.2014	Month-on-month change (basis points)			Dec.2014	Nov.2014	Dec.2013
		Interest rate effect	Weight effect				
<b>Households</b>							
<i>Loans for house purchase with a floating rate and an initial rate fixation period of up to one year</i>	2.47%	+4	+1	+3	14.58	11.14	12.25
<i>Loans for house purchase with an initial rate fixation period of over ten years</i>	2.69%	-4	-9	+5	25.91	20.05	16.56
<i>Loans for consumption with a floating rate and an initial rate fixation period of up to one year</i>	5.27%	-32	-26	-6	2.58	2.40	2.71
<i>Composite cost-of-borrowing indicator</i>	2.51%	-4	-4	0	45.66	44.92	43.23
<i>Deposits with an agreed maturity of up to one year</i>	0.98%	-7	-6	-2	60.72	56.54	67.60
<i>Deposits redeemable at notice of up to three months*</i>	0.85%	-4	-4	0	2,055.22	2,055.31	2,058.01

\* For this instrument category, the concept of new business is extended to the whole outstanding amounts and therefore it is not comparable with the business volumes of the other categories; households and corporations are merged and allocated to the household sector. Volume data are derived from the ECB's monetary financial institutions balance sheet statistics.

Tables containing further breakdowns of bank interest rate statistics, including the composite cost-of-borrowing indicators for all euro area countries, are available from the ECB's Statistical Data Warehouse at [sdw.ecb.europa.eu/reports.do?node=1000002880](http://sdw.ecb.europa.eu/reports.do?node=1000002880). A subset is visually presented in "Our statistics" at [www.euro-area-statistics.org](http://www.euro-area-statistics.org). The full set of bank interest rate statistics for both the euro area and individual countries can be downloaded from [sdw.ecb.europa.eu/browse.do?node=2018774](http://sdw.ecb.europa.eu/browse.do?node=2018774). More information, including the release calendar, is available under "Bank interest rates" in the statistics section of the ECB's website at [www.ecb.europa.eu/stats/money/interest/interest/html/index.en.html](http://www.ecb.europa.eu/stats/money/interest/interest/html/index.en.html).

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#### Notes:

- The composite cost-of-borrowing indicators are described in the article entitled "Assessing the retail bank interest rate pass-through in the euro area at times of financial fragmentation" in the August 2013 issue of the ECB's Monthly Bulletin (see Box 1).
- Interest rates on new business are weighted by the size of the individual agreements. This is done both by the reporting agents and when the national and euro area averages are computed. Thus, changes in average euro area interest rates for new business reflect, in addition to changes in interest rates, changes in the weights of individual countries' new business for the instrument categories concerned. The "interest rate effect" and the "weight effect" presented in this press release are derived from the Bennet index, which allows month-on-month developments in euro area aggregate rates resulting from changes in individual country rates (the "interest rate effect") to be disentangled from those caused by changes in the weights of individual countries' contributions (the "weight effect").
- As of December 2014, the sector classification applied to bank interest rates statistics is based on the European System of Accounts 2010 (ESA 2010). In accordance with the ESA 2010 classification and as opposed to ESA 95, the non-financial corporations sector (S.11) now excludes holding companies not engaged in management and similar captive financial institutions. These institutions are classified in captive financial institutions and money lenders sector (S.127) and are thus out of the scope of bank interest rate statistics.
- In addition to monthly euro area bank interest rate statistics for December 2014, this press release incorporates minor revisions to data for previous periods. Apart from regular revisions, the data include revisions that are due to the application

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of an enhanced grossing up method introduced in Guideline ECB/2014/15 for the calculation of national new business volumes. Unless otherwise indicated, these euro area statistics cover the EU Member States that had adopted the euro at the time to which the data relate.

- As of January 2015, the layout and the information provided in this press release have been enhanced, including direct links to the underlying data available in the ECB's Statistical Data Warehouse. Please note that the hyperlinks are dynamic; thus, the data might slightly change with the next monthly release due to revisions. Feedback and suggestions for further improvements are welcome.