

MORTGAGE MARKET INTEREST REFERENCE RATES

1. **Official interest rates published by the Banco de España**
 2. **Mortgage loan benchmark index (IRPH): definition and calculation, administration by the Banco de España, supervised contributors, dissemination, transparency policy and complaints procedure**
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Loans can be granted by banks to customers at a fixed or variable interest rate. Interest rates on fixed rate loans are known from the start. Interest rates on variable rate loans are reset at pre-defined intervals, in line with developments in the benchmark index established in the contract.

There are several **official interest rates that can be used by banks as benchmark indices for variable rate loans**, particularly mortgage loans.

Official interest rates are listed and regulated in Ministerial Order EHA/2899/2011. This Ministerial Order empowers the Banco de España to define these rates and establish a process for determining them, and entrusts it with publishing them monthly, both in the Official State Gazette and on its website. Pursuant to this authorisation, **the Banco de España published Circular 5/2012** including the official interest rates (the same as those listed in the Ministerial Order) along with their **definition and determination process**.

The Banco de España publishes the official interest rates monthly through various channels: (i) in the Official State Gazette and (ii) on the Banco de España's own website, where historical time series can be found in the **Statistical Bulletin** and on the **Bank Customer Portal**, and a press release is published on the first working day of each month.

Benchmark indices have an Administrator that is responsible for ensuring the integrity of all aspects relating to their determination, such as the definition of the methodology, the data collection process, their calculation and the control and accountability processes. These administrators must meet exhaustive governance criteria.¹

¹ In July 2013 the International Organisation of Securities Commissions (IOSCO) published the final **Principles for Financial Benchmarks**, which aim to improve the reliability of the benchmark indices used in the markets and regulate the governance and quality of the index and the methodology, along with accountability. Further, in June 2016 **Regulation (EU) 2016/1011** on indices used as benchmarks in financial instruments and financial contracts was approved, establishing a common regulatory framework in the European Union on how these benchmark indices are calculated. The governance requirements are detailed in both the Regulation and the above-mentioned IOSCO principles.

1 OFFICIAL INTEREST RATES PUBLISHED BY THE BANCO DE ESPAÑA

The legally established official interest rates are as follows:

a One-week, one-month, three-month, six-month and one-year EURIBOR.

These rates are defined as the monthly simple arithmetic average of the daily values of the one-week, one-month, three-month, six-month and one-year EURIBOR benchmark, calculated and published by the European Money Markets Institute (EMMI).

The administrator for these rates is the EMMI. The Banco de España only publishes as its official interest rate figure previously published by the EMMI on its [website](#).

b Average rate on three-year-plus mortgage loans for open-market house purchase, granted by credit institutions in Spain (IRPH).

This rate is defined as the simple average of the average interest rates weighted by principal on mortgage loans with a maturity of over three years for open-market house purchase arranged or renewed by commercial banks and savings banks in the month to which the index refers.

This interest rate, also known as IRPH by its Spanish abbreviation, is calculated by the Banco de España based on the data provided by commercial banks and savings banks in Spain.² Therefore, its administrator is the Banco de España.

See more:

- **Mortgage loan benchmark index (IRPH): definition and calculation, administration by the Banco de España, supervised contributors, dissemination, transparency policy and complaints procedure.**

c Average rate on loans for house purchase with a fixation period of between one and five years granted by credit institutions in the euro area.

Defined as the arithmetic average weighted by loan volume of interest rates on euro-denominated new loans for house purchase with an expected interest rate fixation period of between one and five years to euro area resident households. This interest rate is calculated and published by the European Central Bank (ECB) on its [website](#).

This is a statistical interest rate and has no administrator. The Banco de España only publishes as its official interest rate the figure previously calculated and published by the ECB.

d Five-year interest rate swap (IRS).

This rate is defined as the monthly simple average, determined by the Banco de España, of the daily annual interest rates on euro-denominated five-year interest rate swaps, calculated and published by the IBA (ICE Benchmark Administration®)³.

The administrator of this official interest rate is the Banco de España. The IBA publishes the daily interest rate (EUR ICE Swap Rate®) that is the basis for calculating the official rate, but not its monthly simple average, which is the actual official interest rate.

² Including branches in Spain of foreign credit institutions.

³ ICE swap Rate® and ICE Benchmark Administration® are registered trademarks of IBA and/or its affiliates and are used by the Banco de España with permission under licence by IBA.

Given that the daily data underlying the calculation (the EUR ICE Swap Rate®) are publicly available, the index does not have any contributors providing input data. These data are obtained from an index whose administrator (IBA) is authorised by the British Financial Conduct Authority (FCA).

e Benchmark interest rate based on the one-week, one-month, three-month, six-month and one-year euro short-term rates (€STR).

This rate is defined as the value on the last working day of the month of the average compound interest rate at different maturities (one week, one month, three months, six months and one year) that the ECB publishes and compiles on the basis of the €STR.

The administrator is the ECB. The Banco de España only publishes as its official interest rate the figure previously published by the ECB on its [Statistical Data Warehouse \(SDW\)](#).

f Internal rate of return in the secondary market on two-to-six-year government debt.

It is defined as the average weighted by the nominal trading volumes of the internal rates of return of the securities issued by the government with a residual maturity of between two and six years, traded in outright spot transactions in the preceding six months. This average is calculated monthly by Sociedad de Bolsas, S.A., which belongs to the Bolsas y Mercados Españoles (BME) group, as the “RODE two-to-six-year government debt (S)” index.

The administrator of this index is Sociedad de Bolsas, S.A. The Banco de España only publishes as its official rate the figure previously published by Sociedad de Bolsas, S.A. on its [website](#).

2 MORTGAGE LOAN BECNHMARK INDEX (IRPH): definition and calculation, administration by the Banco de España, supervised contributors, dissemination, transparency policy and complaints procedure.

2.1 What is it?

The IRPH or average rate on three-year-plus mortgage loans for house purchase **is one of the official interest rates published by the Banco de España.**

See more:

>Benchmark rates published by the Banco de España

2.2 How is it calculated?

The Banco de España calculates the index based on the information provided by **commercial banks and savings banks in Spain.**⁴ These institutions are deemed for these purposes to be **contributing supervised institutions.**

Contributing institutions send to the Banco de España on a monthly basis the average interest rate figure (weighted by their loan amounts) for all the three-year-plus mortgage loans for house purchase extended that month. Once the Banco de España receives the information from the contributing institutions, after performing the pertinent quality controls

⁴ Including branches in Spain of foreign credit institutions.

it calculates the simple arithmetic average of the interest rates sent by the banks that exceed ten transactions each month.

The index is determined on the basis of the following formula (established in Annex 8 of Circular 5/2012):

$$I_c = \frac{\sum i_b + \sum i_{ca}}{n_b + n_{ca}}$$

Where:

I_c = weighted average interest rates for all institutions.

i_b, i_{ca} = weighted average interest rates on the loans of each commercial bank and savings bank, respectively.

n_b, n_{ca} = number of reporting commercial banks and savings banks.

2.3 Who is its administrator?

The Banco de España is the index administrator.⁵ It also **exercises supervisory, inspection and sanctioning functions** in relation to compliance with governance and control obligations by the supervised contributors which provide the calculation data used to draw up the indices.⁶

Although the legislation regulating administrators' actions⁷ is not applicable to the Banco de España, the Banco de España has considered it advisable to use it as a reference for determining the IRPH. Accordingly, it has conducted an assessment of its internal governance, methodology and data quality processes, concluding that the Banco de España has an efficient control framework which guarantees the integrity and independence of the process used to determine the IRPH.

The Banco de España has set up an **Internal Oversight Committee** to review all the relevant aspects of the IRPH to ensure its integrity and quality. The composition, functions and operating rules of the Committee have been approved by the Executive Commission of the Banco de España.

2.4 Who are the supervised contributors and what requirements must they meet?

The supervised contributors are the commercial banks and savings banks⁸ in Spain which contribute the underlying dataset needed for the Banco de España to calculate the official interest rate according to the above formula.

Supervised contributors must meet certain governance and control requirements. These include having control systems in place that ensure that the calculation data are contributed in accordance with a code of conduct⁹. As the administrator of the index and supervisor of compliance with these requirements, the Banco de España has drawn up a **code of conduct** for contributors to the index which clearly sets out their responsibilities regarding the contribution of calculation data, ensuring that Regulation (EU) 2016/1011 is complied with. The Banco de España supervises compliance with the code of conduct.

⁵ According to the criteria provided for in [Regulation \(EU\) 2016/1011](#).

⁶ According to [Royal Legislative Decree 4/2015](#) of 23 October 2015, approving the consolidated text of the Securities Market Law.

⁷ [Regulation \(EU\) 2016/1011](#) and [IOSCO Principles for Financial Benchmarks](#).

⁸ Including branches in Spain of foreign credit institutions.

⁹ Established in [Regulation \(EU\) 2016/1011](#).

2.5 ¿ How is it disseminated?

Around the 19th day of each month, the Banco de España disseminates the IRPH figure by publishing it in the Official State Gazette. It is also published in both the [Statistical Bulletin](#) and the [Bank Customer Portal](#) on the Banco de España's website.

2.6 Is the index revised once it has been published?

The Banco de España performs quality controls on the information sent by contributors immediately after receiving it.

All incidents and errors detected before the IRPH is published are corrected. Thus, **the official interest rate published includes the latest information sent by the banks** and made available by the Banco de España before it is published.

No changes are made to the official interest rate following its publication in the Official State Gazette. However, in the event that corrections to the data provided by contributors for determining the IRPH are reported after the index is published, the Banco de España recalculates the index with the new data available to determine any differences between the published index and the one resulting from the correction. Solely for information purposes, the Banco de España publishes information on any incidents giving rise to any change (in absolute terms) in the index exceeding 0.001%. This information is updated on a quarterly basis.

See more:

- [Revisions after publication of the official IRPH.](#)

2.7 Processing of complaints

Any natural or legal persons may file a complaint with the Banco de España on **any aspect of the process of determining the index** which they may deem has significantly affected their interests.

Complaints may be submitted electronically, by post or in person, following the instructions described in the Banco de España's Virtual Office, which can be found here:

- [Suggestions and complaints relating to services provided by the Banco de España](#)

The Banco de España will register and acknowledge receipt of all complaints and commits to respond on a timely basis.

2.8 Revisions after publication of the official IRPH

Summary information on incidents subsequent to publication of the official IRPH giving rise to any change (in absolute terms) in the index exceeding 0.1 basis points (error > 0.001%) since January 2023.

The incidents are classified into three categories, according to the root cause:

- **Delayed submission of information:** the bank does not submit valid information to the Banco de España within the deadlines set.
- **Errors in the data submitted:** the bank submits to the Banco de España incorrect or incomplete information affecting the integrity and accuracy of the data reported.
- **Incident in the administrator's system or process:** technical or operational problems affecting the administrator in the process of determining the index.

Incident Number	Reference period covered since January 2023	Absolute impact in percentage points				Reason
		0.001 < impact <= 0.005	0.005 < impact <= 0.010	0.010 < impact <= 0.020	impact > 0.020	
1	April - 2023				x	Error in data submitted
2	March - 2023				x	Error in data submitted
3	May - 2023		x			Error in data submitted
4	October - 2023			x		Error in data submitted
5	November - 2023			x		Error in data submitted

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