

RESERVE FUND



NIPO: 124-20-008-2

SOCIAL SECURITY

**A report to the Parliament
Developments, actions in 2022 and
status as of 31 December 2022**



GOBIERNO
DE ESPAÑA

MINISTERIO
DE INCLUSIÓN, SEGURIDAD SOCIAL
Y MIGRACIONES

SECRETARÍA DE ESTADO
DE LA SEGURIDAD SOCIAL
Y PENSIONES

RESERVE FUND



SOCIAL
SECURITY

A report to the Parliament
Developments, actions in 2022 and
status as of 31 December 2022



GOBIERNO
DE ESPAÑA

MINISTERIO
DE INCLUSIÓN, SEGURIDAD SOCIAL
Y MIGRACIONES

SECRETARÍA DE ESTADO
DE LA SEGURIDAD SOCIAL
Y PENSIONES

1

1. Introduction.....	5
----------------------	---

2

2. Fiscal year 2022 in figures.....	8
-------------------------------------	---

3

3. Position of the Reserve Fund as at 31 December 2022.....	11
---	----

4

4. Evolution of the Reserve Fund	14
4.1. Allocations to the Reserve Fund.....	17
4.2. Reserve Fund Returns.....	21
4.3. Withdrawals from the Reserve Fund.....	22

5

5. Actions for the financial year 2022.....	25
5.1. Investment and management criteria applied in the financial year 2022..	26
5.2. Meetings of the Management Committee in the year 2022.....	27
5.2.1. First meeting of the Management Committee in the year 2022 ..	27
5.2.2. Second meeting of the Management Committee in 2022	29
5.3 .Summary of agreements financial year 2022.....	31

6

6. Distribution and composition of the Reserve Fund portfolio as at 31 December 2022.....	00032
--	-------

7

7. Analysis of the performance of the Reserve Fund at 31 December 2022.....	35
7.1. Reserve Fund Returns	36
7.2. Performance of the Reserve Fund.....	44
7.2.1. Performance of fixed-income assets: Public Debt.....	47
7.2.2. Performance of the current account "Social Security General Treasury Special Reserve Fund. Art. 91.1 T.R.L.G.S.S."	49
7.3. Performance summary.....	51

8

8. Cash flow forecast 2023-2025.....	53
--------------------------------------	----

9

9. Comparison of the most representative magnitudes of the Reserve Fund.....	57
---	----

Annex. Economic and financial information in the annual accounts.....	61
---	----

SUMMARY



1.

Introduction

1. INTRODUCTION

In the 1990s, the establishment of stabilisation and reserve funds to meet future needs in terms of contributory benefits, caused by deviations between Social Security income and expenditure, was an institutional requirement for the Social Security system.

As a result of the initial dialogue on this issue between the different political and social forces and the government, the so-called Toledo Pact of April 1995 emerged, which established a series of recommendations aimed at ensuring the sustainability of the system. The reforms and measures that followed these recommendations constitute the path that our Social Security system has followed up to the present day. For its part, the institutionalisation of the Reserve Fund, with the aim of protecting the system in situations of need, came with the approval of Law 24/1997, of 15 July, on the consolidation and rationalisation of the Social Security system.

Years later, Law 18/2001 of 12 December, the General Law on Budgetary Stability, established the priority application of the Social Security system's surplus to the Reserve Fund. Since that date, the priority application of the surplus to the Reserve Fund has been set out in successive budgetary stability rules. This precept is currently included in article 32 of Organic Law 2/2012 of 27 April on Budgetary Stability and Financial Sustainability.

In addition, Law 24/2001 of 27 December on fiscal, administrative and social measures established the Social Security Reserve Fund within the General Treasury of the Social Security, empowering the Government to set the Fund's allocation for each financial year.

With the approval of Law 28/2003 of 29 September, the legal regime of the Reserve Fund was established for the first time in a specific law. Currently, this regulation is contained in Royal Legislative Decree 8/2015, of 30 October, which approves the revised text of the General Social Security Act (hereinafter, TRLGSS). Pursuant to article 127 of the aforementioned consolidated text, this report is presented on the evolution and composition of the Social Security Reserve Fund in the financial year 2022.

The budget deficit situation in the Social Security between 2012 and 2019 made the Reserve Fund an essential instrument to guarantee the financial viability of the pension system.

The Commission for Monitoring and Evaluation of the Toledo Pact Agreements, in its new recommendations contained in the Report on Evaluation and Reform of the Toledo Pact, approved by the Plenary of the Congress of Deputies on 19 November 2020, raised the advisability of establishing a minimum reserve in the Reserve Fund subject to a stricter availability rule, considering that, while the Reserve Fund can be an important aid in resolving short-term imbalances between Social Security revenue and expenditure, it is not the appropriate mechanism for resolving financial imbalances of a structural nature, since such challenges must be tackled with equally structural reforms.

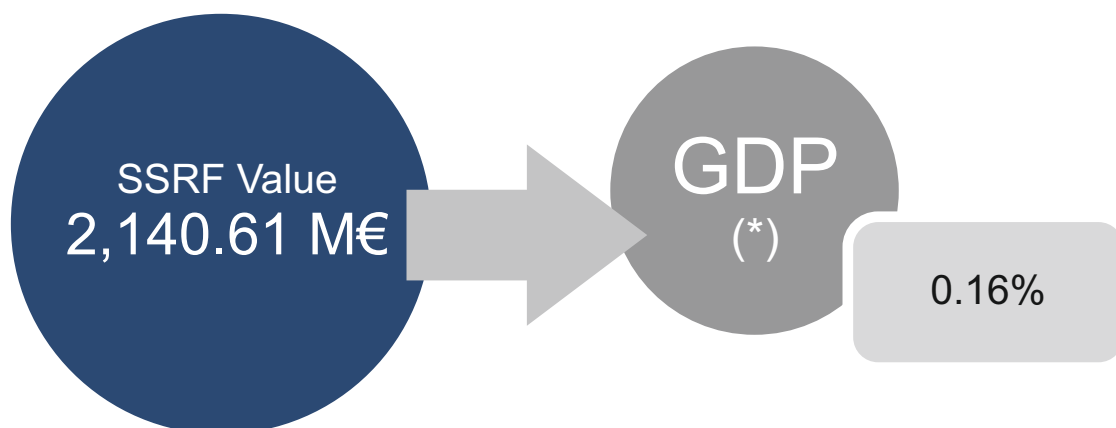
Finally, Royal Decree-Law 2/2023 of 16 March on urgent measures to extend pensioners' rights, reduce the gender gap and establish a new framework for the sustainability of the public pension system amended the TRLGSS to incorporate the regulation of the Intergenerational Equity Mechanism (hereinafter, IEM). It aims to preserve the balance between generations and strengthen the long-term sustainability of the Social Security system. This mechanism includes the provision of the Social Security Reserve Fund with a final contribution from 1 January 2023 to 31 December 2050. The development of this measure has involved changes in the regulation of the Reserve Fund contained in articles 117 to 127 of the TRLGSS to ensure that this finalist quota is incorporated into the Reserve Fund allocations. In addition, the regime for withdrawals from the Reserve Fund has been modified, incorporating new limits on withdrawals, as well as the impossibility of drawing from the Reserve Fund until 2033.

2.

Fiscal year 2022 in figures

Social Security Reserve Fund

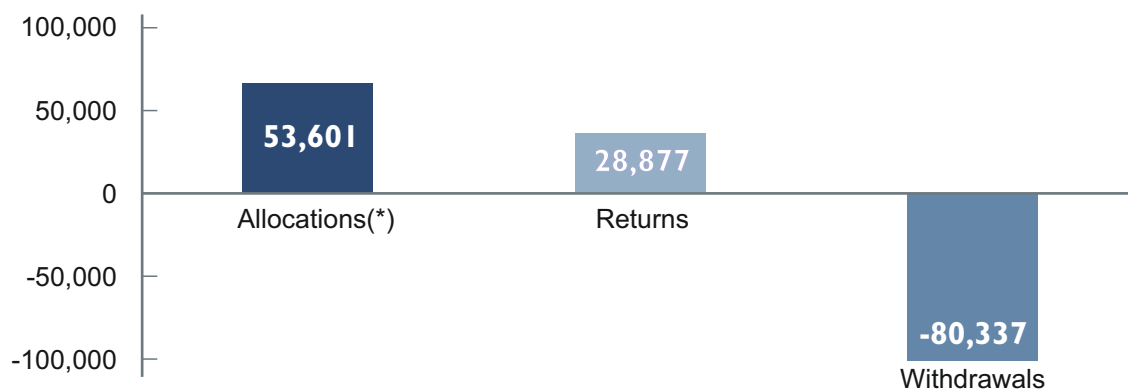
Position as of 31 December 2022



Note: M€ are millions of euros.

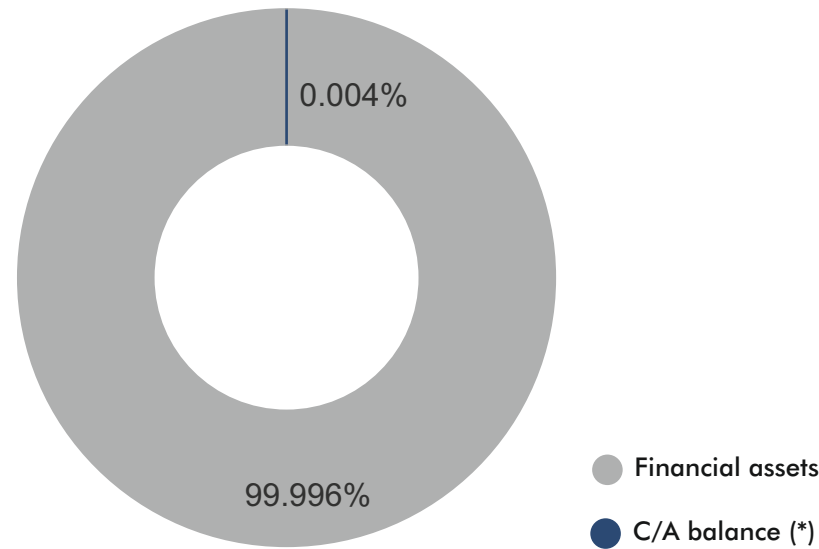
(*) The GDP for 2022, according to data from the National Statistics Institute (INE), published on 24 March 2023, based on CNE-2010, stood at 1,327,108 M€.

Allocations, returns and withdrawals up to 2022 (M€)



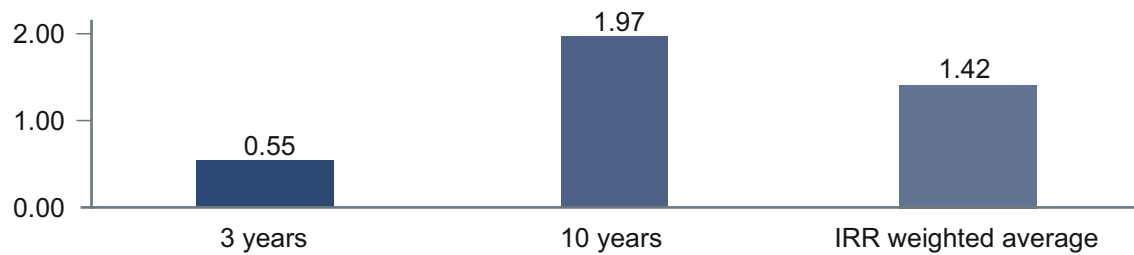
(*) From the surplus of managing entities and common services and partnering mutual societies.

Distribution of the Reserve Fund



(*) Includes interest accrued in December 2022 and collected on 5 January 2023.

IRR portfolio acquisition (%)



IRR weighted average on nominal value.

3.

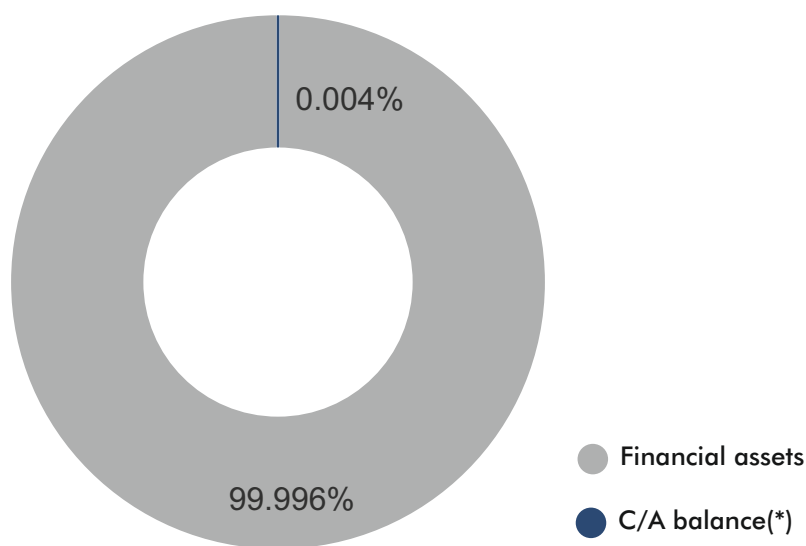
Position of the Reserve Fund as at 31 December 2022

3. POSITION OF THE RESERVE FUND AS AT 31 DECEMBER 2022

The Reserve Fund, as of 31 December 2022, has the following status and distribution:

1-Financial assets	€2,140,520,848.65
(At full acquisition price ¹)	
2-Current account balance (C/A)	€53,385.84
3-Interest accrued in the month of December 2022 on the C/A	€35,801.40
<hr/>	
TOTAL RESERVE FUND	€2,140,610,035.89

Distribution of the Reserve fund



(*) Includes interest accrued in December 2022 and collected on 5 January 2023.

¹The total acquisition price is the so-called "dirty" price, i.e. it includes the amount paid for any accrued interest—accrued but not collected—which, if any, is included in the asset. The inclusion of this amount entails a reverse adjustment of the amounts received when the asset matures or is disposed of to avoid double counting. However, for accounting purposes, since the Public Debt assets comprising the F.R.S.S. are classified as "Held-to-maturity investments", the assets at year-end are recorded at amortised cost (2,146,536,076.77 euros).

3. POSITION OF THE RESERVE FUND AS AT 31 DECEMBER 2022

The amount of the Reserve Fund as of 31 December 2022 is 2,140.61 M€. The amount has increased by 2.69 M€ compared to 31 December 2021.

The Reserve Fund represents 0.16% of Gross Domestic Product (the GDP for 2022, according to I.N.E. data based on CNE-2010, published on 24 March 2023, stood at 1,327,108 M€).

The market value of the Reserve Fund at 31 December 2022 amounts to 1,937.08 M€, of 0.15% of Gross Domestic Product.

4.

Evolution of the Reserve Fund

4. EVOLUTION OF THE RESERVE FUND

Since its creation, the Reserve Fund has developed as follows, in terms of allocations, returns earned and withdrawals made.

Accumulated data (M€)	2000 to 2014	2015	2016	2017	2018	2019	2020	2021	2022
1.ALLOCATIONS	53,484	53,587	53,598	53,600	53,601	53,601	53,601	53,601	53,601
1.a. Agreement of the Council of Minister (*)	52,113	52,113	52,113	52,113	52,113	52,113	52,113	52,113	52,113
1.b. Surplus of mutual societies (**)	1,371	1,474	1,485	1,487	1,488	1,488	1,488	1,488	1,488
2.NET INCOME GENERATED	22,101	26,095	28,759	28,932	28,879	28,889	28,874	28,874	28,877
2.a. Income generated (***)	23,377	27,584	30,510	30,802	30,793	30,818	30,811	30,811	30,814
2.b. Adjustments for amortisation or disposal of the assets	-1,276	-1,489	-1,751	-1,870	-1,914	-1,929	-1,937	-1,937	-1,937
3.WITHDRAWALS(****)	-33,951	-47,201	-67,337	-74,437	-77,437	-80,337	-80,337	-80,337	-80,337
Total	41,634	32,481	15,020	8,095	5,043	2,153	2,138	2,138	2,141

Position as at 31 December of each financial year.

(*) Charged against the budget surpluses of the managing bodies and common services of the Social Security.

(**) Derived from the management by the mutual insurance companies partnering with the Social Security of the temporary incapacity benefit for common contingencies.

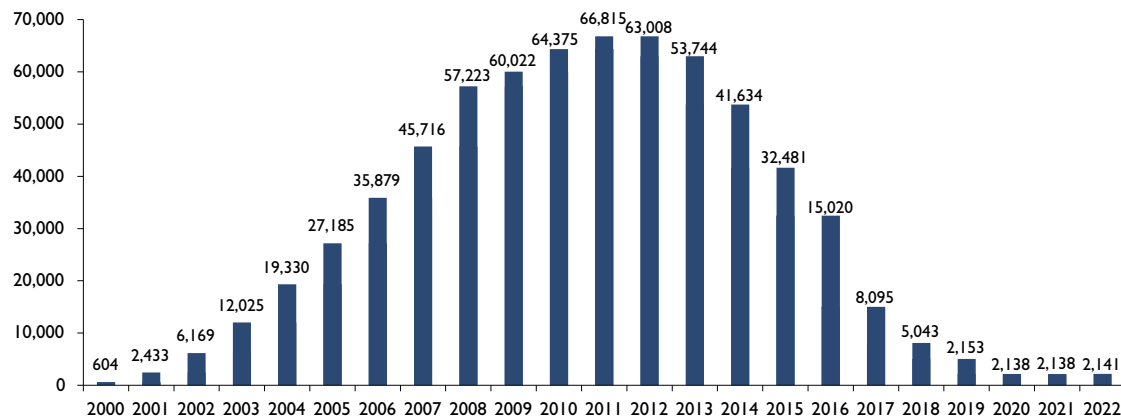
(***) Interest on current account, asset returns, results of disposal transactions and other income.

(****) By Agreement of the Council of Ministers of 27/09/2012, additional provision one of Royal Decree-Law 28/2012 of 30 November, additional provision ten of Law 36/2014 of 26 December, additional provision one hundred and twelve of Law 3/2017 of 27 June and Agreement of the Council of Ministers of 15/11/2019.

4. EVOLUTION OF THE RESERVE FUND

The evolution of the Reserve Fund by financial year is shown in the graph below:

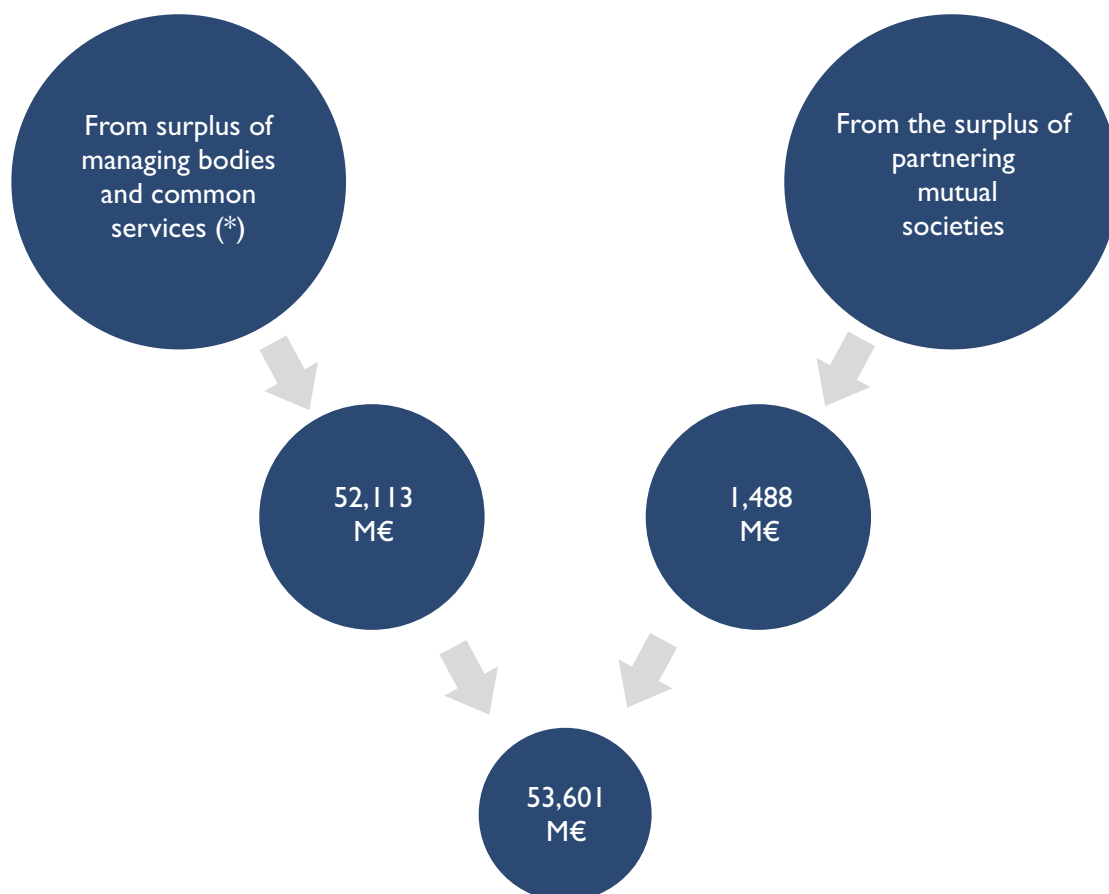
General evolution of the Reserve Fund (M€) (At full acquisition price)



Position as at 31 December of each financial year.

4.1. Allocations to the Reserve fund

The allocations to the Reserve Fund from the first allocation approved in 2000 to 31 December 2022 amount to 53,601 M€. Depending on their origin, the allocations are classified as allocations from the surplus of managing entities and common services and allocations from the surplus of mutual societies partnering with the Social Security, with the following distribution:

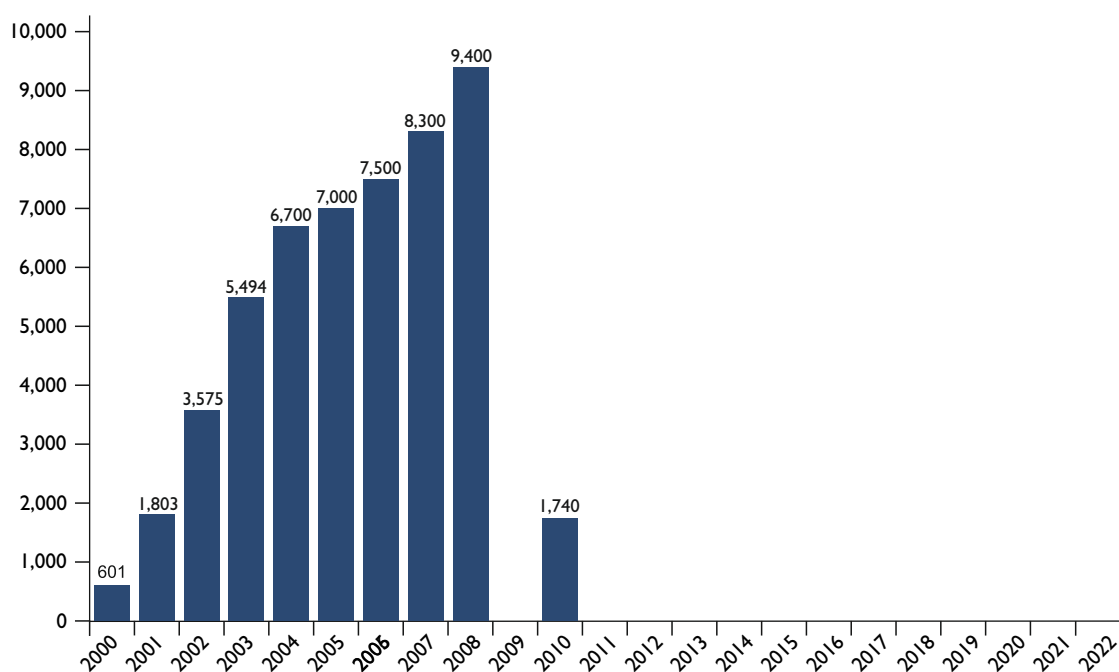


(*) Approved by Council of Ministers Agreement (ACM).

4. EVOLUTION OF THE RESERVE FUND

The allocations to the Reserve Fund, agreed by the Council of Ministers, charged against the budget surpluses of the Social Security management entities and common services, from the first allocation approved in 2000 to 31 December 2022, amount to 52,113 M€, and are shown in the following graph, with no such allocations to the Reserve Fund since 2010:

Surplus allocations to Social Security managing bodies and common services (M€)



The following table shows, by date, the total allocations charged against the budget surpluses of the Social Security managing bodies and common services.

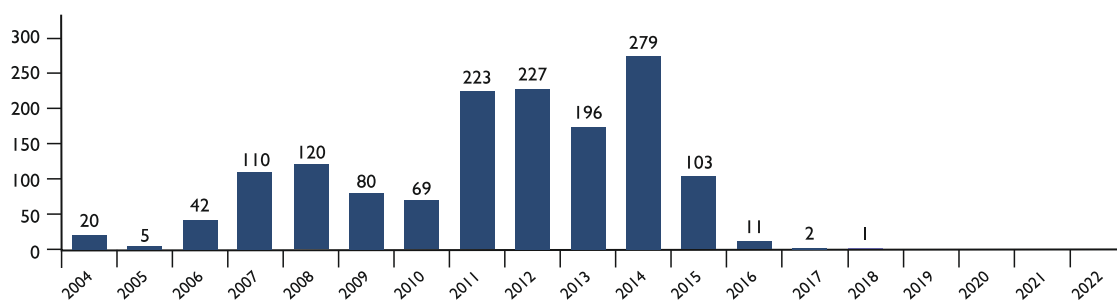
Surplus allocations to Social Security managing bodies and common services

Year	Quarter	Date	Amount (M€)	Subtotal (M€)	Cumulative total (M€)
2000	4°	16/10/2000	240		
		12/12/2000	361		
				601	601
2001	2°	11/05/2001	240		
	4°	23/11/2001	1,563		
				1,803	2,404
2002	2°	25/04/2002	1,052		
		25/06/2002	840		
	3°	27/08/2002	840		
		27/09/2002	843		
				3,575	5,979
2003	1°	26/02/2003	1,202		
		28/02/2003	0		
	3°	08/07/2003	1,200		
		11/09/2003	1,092		
	4°	19/12/2003	2,000		
				5,494	11,473
2004	1°	04/03/2004	3,000		
	2°	17/06/2004	3,700		
				6,700	18,173
2005	1°	18/02/2005	3,500		
	3°	12/07/2005	3,500		
				7,000	25,173
2006	2°	15/02/2006	3,700		
	3°	18/07/2006	3,800		
				7,500	32,673
2007	1°	21/02/2007	4,000		
	3°	17/07/2007	4,300		
				8,300	40,973
2008	1°	12/02/2008	4,700		
	3°	01/07/2008	4,700		
				9,400	50,373
2009				0	50,373
2010	1°	02/03/2010	1,740		
				1,740	52,113

4. EVOLUTION OF THE RESERVE FUND

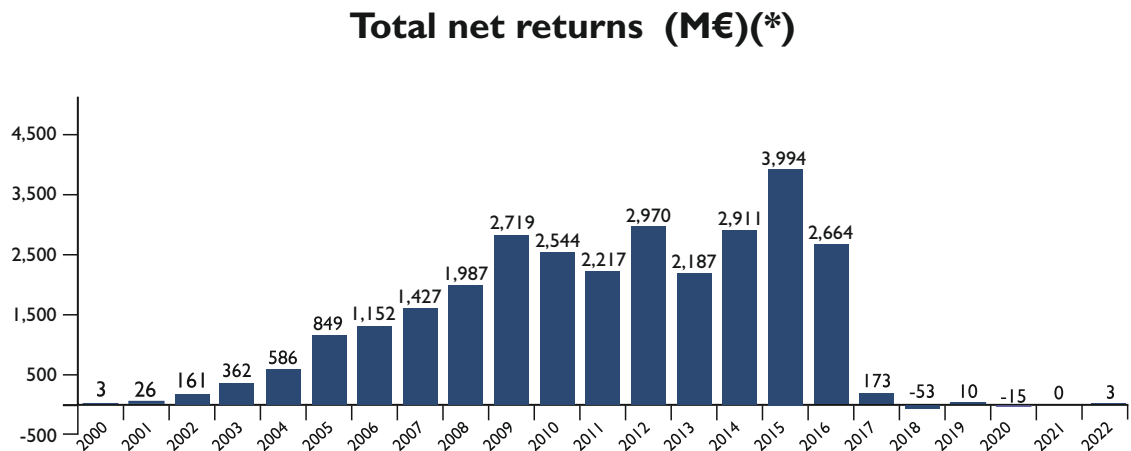
The amounts allocated, by way of surplus derived from the management by the mutual societies partnering with the Social Security of the temporary incapacity benefit for common contingencies, amounted to 1,488 M€ at 31 December 2022 and were paid into the account exclusively allocated to the Reserve Fund. They are presented in the following graph, according to the year of entry, the latest of which took place in 2018:

**Mutual Social Security partnering societies
surplus allocations (M€)**



4.2. Reserve Fund Returns

The net returns since the first allocation to the Reserve Fund, approved in 2000, to 31 December 2022 amount to 28,877 M€. Their breakdown by year is presented in the following graph:



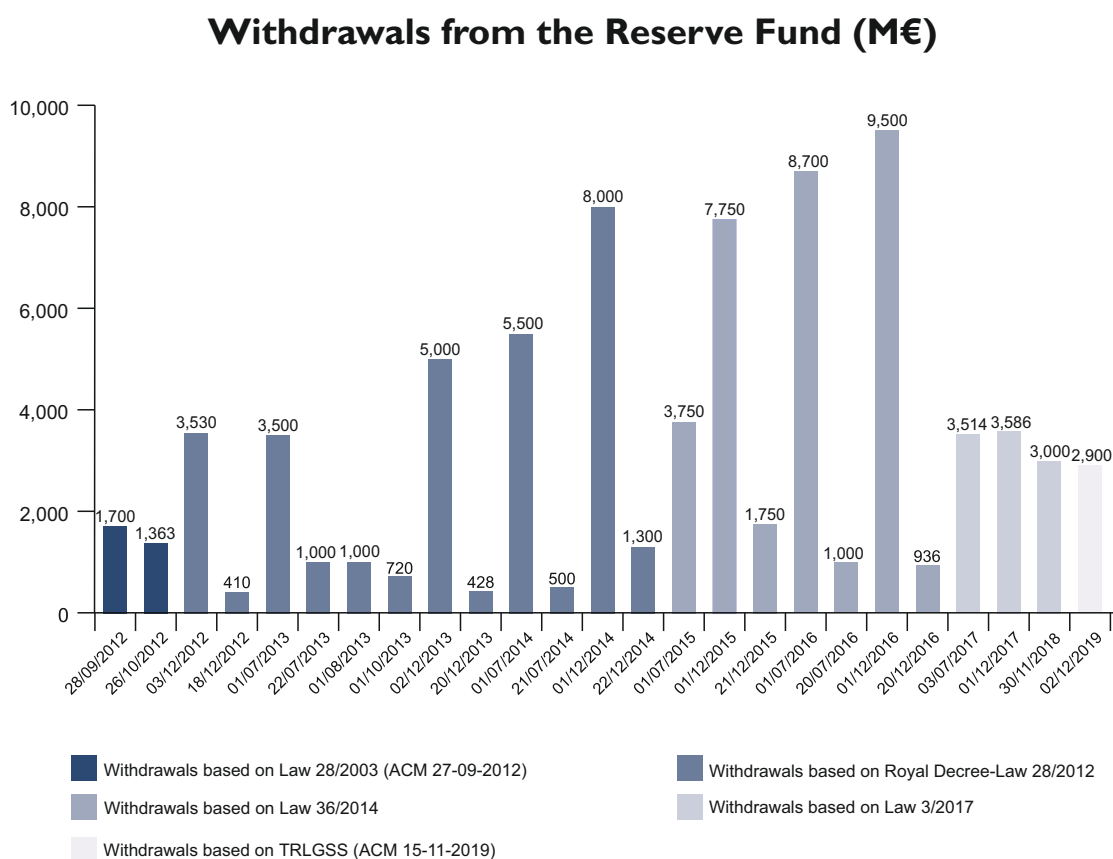
(*) The amounts shown in the graph include the accounting adjustments made in each financial year for the amortisation and disposal of assets (implied returns and accrued interest).

4. EVOLUTION OF THE RESERVE FUND

4.3. Withdrawals from the Reserve Fund

Withdrawals from the Reserve Fund in the financial years 2012 to 2019 amount to 80,337 M€. No withdrawals have been made from the Reserve Fund since 2020.

The distribution of withdrawals is shown in the graph below:



As of 2012, the Social Security's financial shortfalls made it necessary to use the Reserve Fund to enable the Social Security General Treasury to meet its payment obligations in a timely manner. Successive withdrawals from the Reserve Fund have been made under the following rules:

- **Agreement of the Council of Ministers of 27 September 2012**, in application of article 4 of Law 28/2003, of 29 September, regulating the Social Security Reserve Fund, which established the ordinary limit for withdrawal of the Fund at 3% of the budget credit for contributory pensions and other expenses necessary for its management.
- **Royal Decree-Law 28/2012, of 30 November, on measures to consolidate and guarantee the Social Security system**, which renders ineffective the limit of three per cent established on a general basis in article 4 of the aforementioned Law 28/2003, of 29 September, for the financial years 2012, 2013 and 2014, being able to make available in the aforementioned financial years, as needs arise, up to a maximum amount equivalent to the amount of the deficit for non-financial operations showing the settlement forecasts of the budgets of the managing bodies and common services of the Social Security.
- **Law 36/2014 of 26 December 2014, on the General State Budget for 2015**, which in its tenth additional provision, extends the validity of the extraordinary regime of withdrawals to the financial years 2015 and 2016.
- **Law 3/2017 of 27 June 2017 on the General State Budget for the year 2017**, which, in its additional one hundred and twelfth provision, renders the general limit of three percent void for the financial years 2017 and 2018.
- **Agreement of the Council of Ministers of 15 November 2019**, in application of article 121 of the TRLGSS, establishing the ordinary limit and authorising the withdrawal from the Social Security Reserve Fund in the financial year 2019 for a maximum amount equivalent to 3% of the budget credit for contributory pensions and other expenses necessary for its management.

No withdrawals were made from the Reserve Fund during the financial years 2020, 2021 and 2022.

4. EVOLUTION OF THE RESERVE FUND

The total withdrawals up to 31 December 2022 are presented in the table below:

Total Reserve Fund Withdrawals

Regulation	Year	Quarter	Date	Amount (M€)	Subtotal (M€)	Cumulative total (M€)
ACM 27-09-2012	2012	3°	28/09/2012	1,700		
		4°	26/10/2012	1,363		
						3,063
						3,063
Royal Decree-Law 28/2012, of 30 November	2012	4°	03/12/2012	3,530		
			18/12/2012	410		
						3,940
						7,003
	2013	3°	01/07/2013	3,500		
			22/07/2013	1,000		
			01/08/2013	1,000		
		4°	01/10/2013	720		
			02/12/2013	5,000		
			20/12/2013	428		
						11,648
						18,651
	2014	3°	01/07/2014	5,500		
			21/07/2014	500		
		4°	01/12/2014	8,000		
			22/12/2014	1,300		
						15,300
						33,951
Law 36/2014, of 26 December	2015	3°	01/07/2015	3,750		
		4°	01/12/2015	7,750		
			21/12/2015	1,750		
						13,250
						47,201
	2016	3°	01/07/2016	8,700		
			20/07/2016	1,000		
		4°	01/12/2016	9,500		
			20/12/2016	936		
						20,136
						67,337
Law 3/2017, of 27 June	2017	3°	03/07/2017	3,514		
		4°	01/12/2017	3,586		
						7,100
						74,437
	2018	4°	30/11/2018	3,000		
						3,000
						77,437
						77,437
ACM 15-11-2019	2019	4°	02/12/2019	2,900		
						2,900
						80,337
	2020					
						0
						80,337
	2021					
						0
						80,337
	2022					
						0
						80,337

5.

Actions for the financial year 2022

5.1. Investment and management criteria applied in the financial year 2022

The investment and management criteria for the Reserve Fund, approved by the Management Committee, determine the securities in which the Reserve Fund will be invested and the general investment guidelines. The criteria in force in 2022 are set out below:

- The Social Security Reserve Fund will invest in Spanish Public Debt and may invest in German, French and Dutch Public Debt and in assets issued by ICO (Instituto de Crédito Oficial). All assets must be issued in euro, be of high credit quality and traded on regulated markets or organised trading facilities.
- The investment in Public Debt of non-Spanish issuers approved by the Management Committee of the Social Security Reserve Fund will be limited so that the total amount of foreign debt in the total portfolio does not exceed the limit of 55% in nominal value.
- If market conditions make it advisable, asset disposals are envisaged in accordance with criteria of security, profitability and diversification.
- The Social Security Reserve Fund will be managed taking into account the time horizon determined by the planning of future inflows and withdrawals to cover contributory pensions, which is carried out by the Secretariat of State for Social Security and Pensions.
- The maturity structure of the securities in the portfolio should be balanced, avoiding excessive concentration of maturities by period.
- The Spanish securities of the Social Security Reserve Fund will be diversified, avoiding concentrations of the same benchmark in the portfolio, the weight of which in relation to the nominal outstanding balance will not exceed, as a general rule, 16%. However, this maximum percentage of each benchmark will be increased from 16% to 35% for those benchmarks where this is strictly necessary to meet the conditions of the investment. This is without prejudice to

the policy of the issuer, which shall not automatically condition the investment decisions of the Fund. In addition, this 35% limit may, exceptionally, be exceeded for certain short-term benchmarks in which it is considered appropriate to invest.

- The nominal volume of all Spanish Treasury benchmarks in the Social Security Reserve Fund portfolio in relation to total outstanding Treasury debt (bills, bonds and obligations), excluding issues in foreign currency, will not exceed 12%.
- At the time of investment, purchases in the Benchmark index will be prioritised in the portfolio.

5.2. Meetings of the Management Committee in the year 2022

5.2.1. First meeting of the Management Committee in the year 2022

5.2.1.1. Agreements adopted

The fifty-seventh meeting of the Social Security Reserve Fund Management Committee was held on 24 March 2022 and the following resolution was adopted.

- Regarding the balance on account of 2,137,923,025.06 euros of the Social Security Reserve Fund:
 - Investment of 40% of the account balance (€855,169,210.00) in Spanish government bonds with a 10-year maturity (Benchmark ES0000012K20).
 - Investment of 40% of the account balance (€855,169,210.00) in Spanish public debt with a 3-year maturity (Benchmark ES0000012K38).

5. ACTIONS FOR THE FINANCIAL YEAR 2022

- Keep the remaining 20% of the balance (€427,584,605.06) in current account.
- The Banco de España would act as agent.
- Ratify the investment and management criteria in force, except for the classification of assets in the portfolio for accounting valuation purposes, which was eliminated as an investment and management criterion for the Reserve Fund, as it is a technical criterion for internal management, the decision on which is the sole responsibility of the Comptroller General's Office. A detailed description of the accounting criteria followed over the years is provided in the Economic and Financial Information Annex to the annual accounts of this report.

5.2.1.2. Implementation of agreements

Secondary market purchases of Spanish financial assets, with a value date between 30 March and 8 April 2022, are summarised in the table below:

Acquisitions of financial assets (March-April 2022)

Description of financial assets and issue reference	Amortisation date	Full acquisition price and market value (€)	Nominal value (€)	Average IRR acquisition (%)
Government bonds (0.00%) ES0000012K38	31/05/2025	855,095,186.00	870,100,000.00	0.551
Government obligations (0.70%) ES0000012K20	30/04/2032	855,094,900.29	923,800,000.00	1.518
Total		1,710,190,086.29	1,793,900,000.00	1.049(*)

(*) Weighted average IRR calculated on the nominal value acquired.

5.2.2. Second meeting of the Management Committee in 2022

5.2.2.1. Agreements adopted

The fifty-eighth meeting of the Social Security Reserve Fund Management Committee was held on 25 November 2022 and the following resolutions were adopted.

- Regarding the balance on account of 429,899,399.95 euros of the Social Security Reserve Fund, invest the entire amount in Spanish public debt with a 10-year maturity (Benchmark ES0000012K61).
- Concerning the account balance that will be produced after settlement of the interest accrued on the balances held in the account during November 2022, invest it in Spanish government bonds with a 10-year maturity (Benchmark ES0000012K61).
- With respect to flows in the first half of 2023, carry out reverse repurchase agreements, provided that their return is at least 5 basis points higher than the interest rate on the current account of the Reserve Fund with the Banco de España. The maturity of these operations shall be prior to the date on which the next meeting of the Reserve Fund Management Committee is held.
- The Banco de España would act as agent.

5.2.2.2. Implementation of agreements

- Regarding the balance on account of 429,899,399.95 euros:

Secondary market purchases of Spanish financial assets with a value date between 30 November and 6 December 2022 are summarised in the table below:

5. ACTIONS FOR THE FINANCIAL YEAR 2022

Acquisitions of financial assets (November-December 2022)

Description of financial assets and issue reference	Amortisation date	Full acquisition price and market value (€)	Nominal value (€)	Average IRR acquisition (%)
Government obligations (2.55%) ES0000012K6I	31/10/2032	429,846,853.47	442,050,000.00	2.900
Total		429,846,853.47	442,050,000.00	2.900(*)

(*) Weighted average IRR calculated on the nominal value acquired.

- Regarding the existing balance on account after settlement of the interest accrued on the balances held on account during the month of November 2022 (484,748.25 euros):

Secondary market purchases of Spanish financial assets with a value date of 9 December 2022 are summarised in the table below:

Acquisitions of financial assets (December 2022)

Description of financial assets and issue reference	Amortisation date	Full acquisition price and market value (€)	Nominal value (€)	Average IRR acquisition (%)
Government obligations (2.55%) ES0000012K6I	31/10/2032	483,908.89	492,000.00	2.773
Total		483,908.89	492,000.00	2.773(*)

(*) Weighted average IRR calculated on the nominal value acquired.

5.3. Summary of agreements financial year 2022

During the year 2022, Spanish financial assets were acquired for a total purchase price of 2,140.52 M€ through secondary market transactions. Details of the acquisitions made are shown in the table below:

Summary of acquisitions of financial assets

Description of financial assets and issue reference	Amortisation date	Full acquisition price and market value (€)	Nominal value (€)	Average IRR acquisition (%)
Government bonds (0.00%) ES0000012K38	31/05/2025	855,095,186.00	870,100,000.00	0.551
Government obligations (0.70%) ES0000012K20	30/04/2032	855,094,900.29	923,800,000.00	1.518
Government obligations (2.55%) ES0000012K61	31/10/2032	430,330,762.36	442,542,000.00	2.900
Total		2,140,520,848.65	2,236,442,000.00	1.415(*)

(*) Weighted average IRR calculated on the nominal value acquired.

6.

Distribution and composition of the
Reserve fund portfolio
as at 31 December 2022

6. DISTRIBUTION AND COMPOSITION OF THE RESERVE FUND PORTFOLIO AS AT 31 DECEMBER 2022

At 31 December 2022, the total acquisition price of the portfolio of assets forming part of the Social Security Reserve Fund amounts to 2,140.52 M€.

The portfolio is composed exclusively of Spanish Government Debt and its classification by tranche is summarised as follows:

Portfolio distribution by tranche

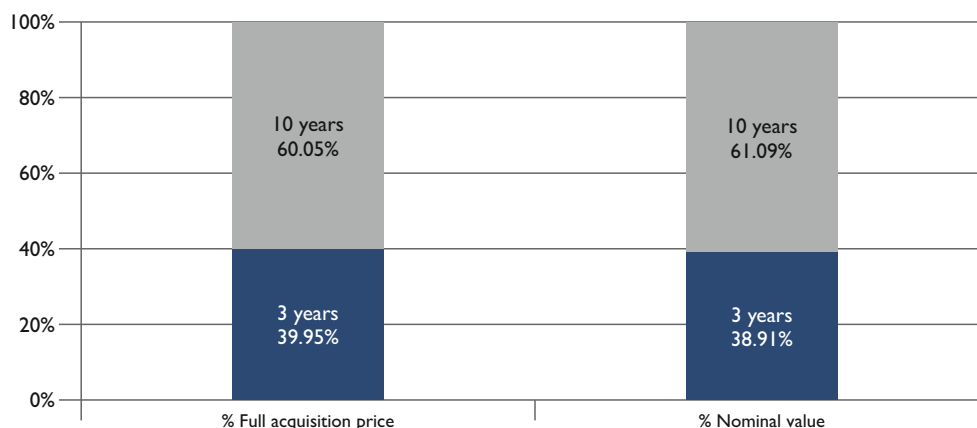
Assets	Full acquisition price and market value (€)	%	Nominal value (€)	%
3 years	855,095,186.00	39.95%	870,100,000.00	38.91%
10 years	1,285,425,662.65	60.05%	1,366,342,000.00	61.09%
Total	2,140,520,848.65	100.00%	2,236,442,000.00	100.00%

Criteria for tranche distribution:

3 years: maturity more than 12 months up to 4 years with reference to 31-12-22.

10 years or more: maturity more than 7 years with reference to 31-12-22.

Portfolio distribution by tranche



6. DISTRIBUTION AND COMPOSITION OF THE RESERVE FUND PORTFOLIO AS AT 31 DECEMBER 2022

The detailed breakdown by asset type and benchmark of the composition of the portfolio as of 31 December 2022 is set out in the table below:

Composition of the Reserve Fund portfolio

Description of financial assets and issue reference	Amortisation date	Full acquisition price and market value (€)	Nominal value (€)
3 years			
Government bonds (0.00%) ES0000012K38	31/05/2025	855,095,186.00	870,100,000.00
Total		855,095,186.00	870,100,000.00
10 years			
Government obligations (0.70%) ES0000012K20	30/04/2032	855,094,900.29	923,800,000.00
Government obligations (2.55%) ES0000012K61	31/10/2032	430,330,762.36	442,542,000.00
Total		1,285,425,662.65	1,366,342,000.00
Total of public financial assets		2,140,520,848.65	2,236,442,000.00

See criteria for tranche distribution on page 33.

7.

Analysis of the performance of the Reserve Fund at 31 December 2022

7.1. Reserve Fund Returns

From the first allocation to the Reserve Fund approved by the Council of Ministers' Agreement in the financial year 2000 until 31 December 2022, the returns obtained by the Reserve Fund amount to 28,876.62 M€.

The returns can be classified as coupons, net implied returns, gains on disposals, other income and interest earned on the current account of the Fund. Net returns include adjustments occurring at the time of amortisation or disposal of the assets for the accrued interest paid at the time of acquisition.

The overall amounts obtained by the Reserve Fund are shown in the table below:

Total net returns

Concept	Amount (€)
Coupons	26,411,757,406.27
Implied net returns (1)	-2,037,924,814.89
Disposal transaction result	6,118,911,481.05
Other income	-4,670,196.19
Adjustments for amortisation or disposal of the assets (2)	-1,936,561,803.49
Current account interest	325,112,381.63
Total net returns	28,876,624,454.38

(1) Difference between the nominal value and the ex-coupon acquisition price, which are recognised in full at the time of amortisation or disposal of the assets.

(2) Adjustment occurring at the time of amortisation or disposal of the asset for the accrued interest paid at the time of acquisition.

7. ANALYSIS OF THE PERFORMANCE OF THE RESERVE FUND AT 31 DECEMBER 2022

The breakdown of the net income generated in 2022 is as follows:

Net income generated in financial year 2022

Concept	Amount (€)
Coupons	1,807,100.61
Implied net returns (1)	
Disposal transaction result	
Other income	1,112.43
Adjustments for amortisation or disposal of the assets (2)	
Current account interest	878,797.79
Total net returns	2,687,010.83

(1) Difference between the nominal value and the ex-coupon acquisition price, which are recognised in full at the time of amortisation or disposal of the assets.

(2) Adjustment occurring at the time of amortisation or disposal of the asset for the accrued interest paid at the time of acquisition.

7. ANALYSIS OF THE PERFORMANCE OF THE RESERVE FUND AT 31 DECEMBER 2022

In terms of coupons, a total of 26,411.76 M€ was collected, with a distinction being made between coupons collected on the maturity date, 25,560.27 M€, and coupons obtained at the time of disposal of the assets, 851.49 M€, with the following breakdown:

Coupons collected

Year	To maturity (€)	Disposal transaction (€)	Total amount (€)
2001	18,699,000.00		18,699,000.00
2002	120,425,190.08		120,425,190.08
2003	338,265,455.84		338,265,455.84
2004	592,924,827.64		592,924,827.64
2005	857,615,313.37		857,615,313.37
2006	1,171,273,841.45		1,171,273,841.45
2007	1,535,058,217.03		1,535,058,217.03
2008	2,034,850,211.79		2,034,850,211.79
2009	2,339,694,054.23	156,913,647.84	2,496,607,702.07
2010	2,478,598,524.41	91,216,232.39	2,569,814,756.80
2011	2,709,616,791.70		2,709,616,791.70
2012	2,765,822,459.74	58,802,906.46	2,824,625,366.20
2013	2,561,622,105.56		2,561,622,105.56
2014	2,243,846,346.50	147,071,866.64	2,390,918,213.14
2015	1,790,818,506.50	239,048,434.14	2,029,866,940.64
2016	1,159,723,202.92	158,439,186.43	1,318,162,389.35
2017	573,667,848.00		573,667,848.00
2018	183,329,300.00		183,329,300.00
2019	57,828,185.00		57,828,185.00
2020	24,778,650.00		24,778,650.00
2021			
2022	1,807,100.61		1,807,100.61
Total	25,560,265,132.37	851,492,273.90	26,411,757,406.27

7. ANALYSIS OF THE PERFORMANCE OF THE RESERVE FUND AT 31 DECEMBER 2022

The net implied returns (obtained as the difference between the nominal value and the ex-coupon acquisition price, which are recognised in full at the time of amortisation or disposal of the assets) are detailed below:

Net implied returns

Year	Amortised value (€)	Disposal transaction value (€)	Total amount (€)
2002	6,714,260.00		6,714,260.00
2003	17,220,919.74		17,220,919.74
2004	-14,800,848.92		-14,800,848.92
2005	7,627,818.36		7,627,818.36
2006	-14,445,823.13		-14,445,823.13
2007	-100,368,613.40		-100,368,613.40
2008	-70,394,705.16		-70,394,705.16
2009	-144,330,440.02	32,526,580.28	-111,803,859.74
2010	-65,155,129.73	-32,623,033.13	-97,778,162.86
2011	-352,313,679.93		-352,313,679.93
2012	-193,164,725.87	90,528,546.56	-102,636,179.31
2013	-251,607,366.30		-251,607,366.30
2014	-199,697,478.25	-89,181,162.29	-288,878,640.54
2015	-98,723,767.46	-96,604,608.60	-195,328,376.06
2016	105,013,436.76	-35,531,397.33	69,482,039.43
2017	-281,342,264.90		-281,342,264.90
2018	-192,464,934.27		-192,464,934.27
2019	-32,096,564.27		-32,096,564.27
2020	-32,709,833.63		-32,709,833.63
2021			
2022			
Total	-1,907,039,740.38	-130,885,074.51	-2,037,924,814.89

7. ANALYSIS OF THE PERFORMANCE OF THE RESERVE FUND AT 31 DECEMBER 2022

The result of disposals amounted to 6,118.91 M€, with the following breakdown:

Disposal transactions result

Year	Amount (€)
2009	498,913,390.60
2010	185,377,136.85
2011	
2012	478,199,906.83
2013	
2014	1,041,120,454.32
2015	2,373,983,076.82
2016	1,541,317,515.63
2017	
2018	
2019	
2020	
2021	
2022	
Total	6,118,911,481.05

Other income includes income from repo transactions, income from reverse repurchase agreements, income from the offsetting of interest forgone due to the failure of the cooperating mutuals to meet their payment deadlines, and interest income due to the failure of the counterparty in financial asset purchase transactions.

7. ANALYSIS OF THE PERFORMANCE OF THE RESERVE FUND AT 31 DECEMBER 2022

The evolution of this income, up to 31 December 2022, is detailed below by year and concept:

Other income

Year	Income from repo transactions (€)	Income from reverse repurchase agreements (€)	Income from the offsetting of interest forgone due to the failure of the cooperating mutuals to meet their payment deadlines(€)	Interest income due to the failure of the counterparty (€)	Total amount (€)
2007	44,755.52				44,755.52
2008	45,023.25		78,017.23		123,040.48
2009	11,269.09				11,269.09
2010					
2011	53,087.31				53,087.31
2012	40,254.17				40,254.17
2013	27,607.08				27,607.08
2014	24,001.92	22,183.54			46,185.46
2015		-1,947,508.57			-1,947,508.57
2016		-2,799,470.39			-2,799,470.39
2017					
2018				5,168.94	5,168.94
2019		-281,196.55		5,498.84	-275,697.71
2020					
2021					
2022				1,112.43	1,112.43
Total	245,998.34	-5,005,991.97	78,017.23	11,780.21	-4,670,196.19

7. ANALYSIS OF THE PERFORMANCE OF THE RESERVE FUND AT 31 DECEMBER 2022

The following amounts were obtained for the interest accrued and collected on the current account opened with the Banco de España:

Current account interests

Period	Amount (€)
2000	2,779,240.69
2001	7,500,828.26
2002	33,507,299.15
2003	16,991,616.34
2004	35,243,455.27
2005	24,341,090.96
2006	33,743,035.77
2007	38,559,185.51
2008	93,906,295.36
2009	18,618,272.71
2010	4,359,772.06
2011	9,664,584.45
2012	3,160,265.51
2013	1,404,582.21
January-June 2014(*)	454,059.59
July 2014 - August 2022(*)	
September - December 2022	878,797.79
Total	325,112,381.63

(*) The 2014 figure refers to the period when the EONIA remuneration was in force (from 1 January to 10 June). From that date until 2022 (up to and including August) the account ceased to be remunerated at positive rates. As of 14 September 2022, as a result of the European Central Bank's decisions to raise interest rates, the remuneration of the accounts becomes positive again. Negative interests are not charged to the Reserve Fund but are borne by the Social Security system, in accordance with its specific regulations.

7. ANALYSIS OF THE PERFORMANCE OF THE RESERVE FUND AT 31 DECEMBER 2022

Finally, with regard to adjustments for amortisation and disposal of assets¹, the following amounts have been obtained:

Adjustments to amortisation/disposal of assets

Year	Adjustments for amortisation of assets (€)	Adjustments for disposal of assets (€)	Total amount (€)
2003	-10,127,671.24		-10,127,671.24
2004	-27,994,229.11		-27,994,229.11
2005	-40,342,926.12		-40,342,926.12
2006	-37,745,774.46		-37,745,774.46
2007	-46,818,106.24		-46,818,106.24
2008	-71,255,374.93		-71,255,374.93
2009	-86,417,563.25	-96,846,522.35	-183,264,085.60
2010	-86,764,239.58	-31,432,533.89	-118,196,773.47
2011	-149,585,272.90		-149,585,272.90
2012	-174,890,719.20	-58,398,804.46	-233,289,523.66
2013	-124,194,336.56		-124,194,336.56
2014	-110,321,460.64	-122,180,770.35	-232,502,230.99
2015	-56,834,529.01	-156,350,039.60	-213,184,568.61
2016	-125,743,980.33	-136,317,009.62	-262,060,989.95
2017	-119,418,296.60		-119,418,296.60
2018	-43,833,617.03		-43,833,617.03
2019	-15,144,819.63		-15,144,819.63
2020	-7,603,206.39		-7,603,206.39
2021			
2022			
Total	-1,335,036,123.22	-601,525,680.27	-1,936,561,803.49

¹ The total acquisition price is the so-called "dirty" price, i.e. it includes the amount paid for any accrued interest—accrued but not collected—which, if any, is included in the asset. The inclusion of this amount entails a reverse adjustment of the amounts received when the asset matures or is disposed of to avoid double counting.

7.2. Performance of the Reserve Fund

The accumulated return of the Reserve Fund on the securities portfolio, the balance of the Reserve Fund current account and accrued and uncollected interest is calculated using the method approved by the Social Security Reserve Fund Management Committee at its meeting of 11 November 2005, which technically adjusts the method previously applied, bringing it into line with that used by other investment and private pension funds. Its main feature is that it takes into account the market value of the Fund at the time of each allocation or withdrawal, allowing for an appropriate weighting of the contribution of each flow to the Fund's total return.

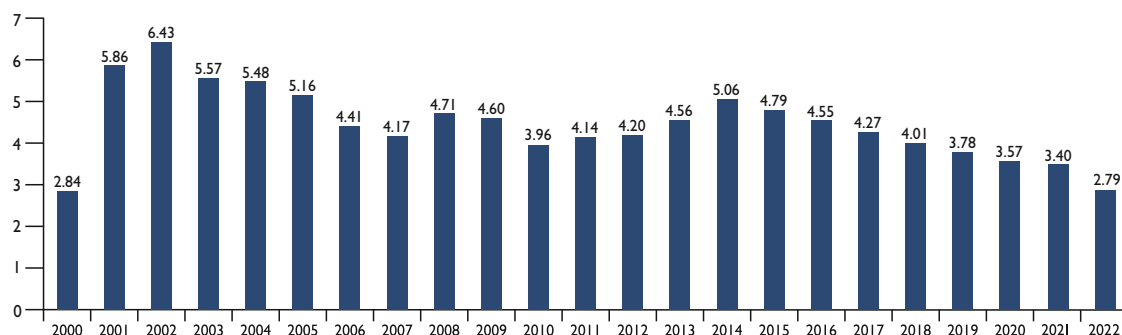
The cumulative performance of the Fund is obtained by comparing the net asset value of shares at the present time with the value at the time the Fund was established and then annualising the cumulative performance. The net asset value of the share unit is adjusted each time a new allocation or withdrawal takes place in order to discriminate the return contributed by each flow to the Fund's total by sub-periods.

For the purposes of the calculation, the market value of the assets comprising the portfolio at 31 December 2022 has been taken into consideration, according to the closing price of each security obtained from the Bloomberg information source, with the net asset value of the Reserve Fund at that date amounting to 1,937.08 M€. Of this net asset value, 1,936.99 M€ corresponds to the valuation of the portfolio, 0.05 M€ to the current account balance and 0.04 M€ to the interest accrued during the month of December.

Based on this method, the cumulative return on the Reserve Fund from its creation in 2000 to 31 December 2022 is 84.25%, or 2.79% in annualised terms.

The evolution of the annualised accumulated return at the end of each year since the first allocation to the Reserve Fund approved by the Council of Ministers in 2000 is shown in the following graph:

Annualised cumulative profitability evolution (%)



The year-on-year return on the 2022 Reserve Fund is -9.39%, exclusively due to macroeconomic factors. Against the backdrop of a sharp pick-up in global inflation since December 2021, the European Central Bank has followed a path of monetary policy tightening to ensure price stability that has resulted in a cumulative increase of 250 basis points in policy rates over the course of 2022. Because the Fund's entire portfolio is invested in government securities, the rise in interest rates has meant that the Fund's portfolio has seen an increase in yields and a fall in the market value of government securities.

However, the fall in the value of the Fund's portfolio constitutes an unrealised loss for two reasons:

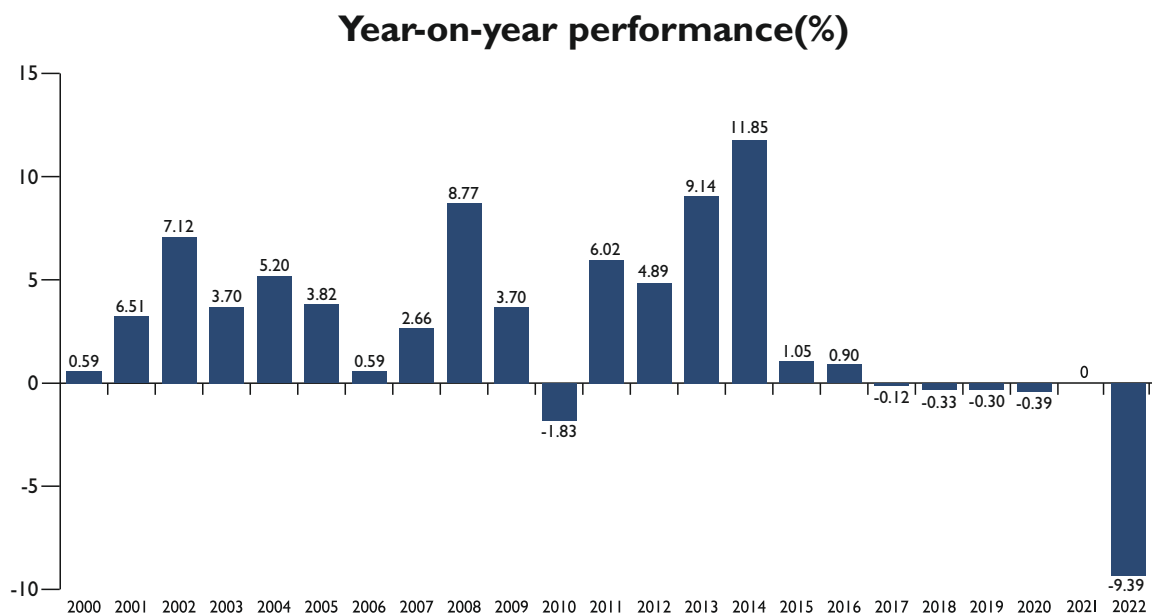
- On the one hand, the last year of drawdown of the Fund was 2019, with no sales of financial assets since 2016. The impact of the economic crisis that began in 2008, the increase in protection activity and the evolution of demographics meant that the Social Security's financing needs increased and that, from 2012 to 2019, a total of 80,337 M€ was required. However, no provision has been made for the year 2020 onwards (see graph on page 22).
- On the other hand, the new regulatory framework approved in 2023 through Royal Decree-Law 2/2023, of 16 March, on urgent measures to extend pensioners' rights, reduce the gender gap and establish a new framework for the sustainability of the public pension system, has incorporated the impossibility of disposing of the Fund's financial assets before 2033. In

7. ANALYSIS OF THE PERFORMANCE OF THE RESERVE FUND AT 31 DECEMBER 2022

addition, the annual disbursement to be made by the Fund shall be fixed by the General State Budget Law for each financial year, subject to a ceiling as a percentage of GDP. As the current maximum maturity of the portfolio extends to 2032, the losses in market value that occurred in the current year will not materialise. As can be seen in the Annex to this report, which contains the economic and financial information of the Fund's annual accounts, together with the decision on the acquisition of financial assets, the Social Security Reserve Fund Management Committee, based on the new conditions for the disposal of the Reserve Fund regulated in the IEM, changed the classification of the assets to the category "Held-to-maturity investments".

In view of the above, the fall in the market value of the Fund's portfolio constitutes an unrealised loss and the portfolio must be valued at acquisition prices. The introduced regulatory framework prevents the Fund's drawdowns until 2033, so the valuation of the Fund's portfolio must be at amortised cost, without any downward mark-to-market adjustment (these are unrealised losses). In other words, as the intention of the Fund's management is to hold the portfolio to maturity, the bonds are valued at their original cost and not at market prices.

The year-on-year return on the Reserve Fund is shown in the graph below:



7. ANALYSIS OF THE PERFORMANCE OF THE RESERVE FUND AT 31 DECEMBER 2022

By way of summary, the following table shows the average annualised returns of the Reserve Fund as at 31 December 2022, as well as a comparison with private pension plans (individual system):

I
N
V
E
R
C
O

Average annualised returns pension funds (%)					
	15 years	10 years	5 years	3 years	1 year
S.S.R.F.	2.8	1.1	-2.2	-3.4	-9.4
SHORT TERM FIXED INCOME	0.4	-0.2	-1.1	-1.4	-3.2
LONG TERM FIXED INCOME	1.1	0.4	-1.8	-3.2	-8.9
TOTAL PENSION FUNDS	1.4	2.5	0.5	-0.8	-10.1

Annualised cumulative return as at 31-12-2022 over a period of 1, 3, 5, 10 years.

The 15-year return is deemed equivalent to the return from the start of the Reserve Fund.

Total pension plans refers to the total number of pension plans in the individual system including short term fixed income, long term fixed income, mixed fixed income, mixed variable income, variable income and guaranteed pension funds.

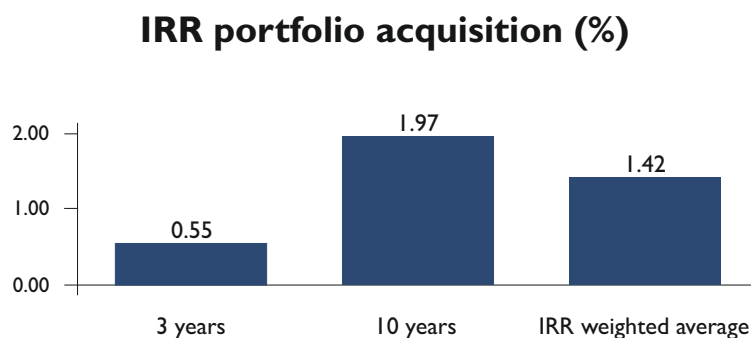
Source: GTSS; INVERCO.

7.2.1. Performance of fixed-income assets: Public Debt

The return of the assets that complete the Fund is defined by the IRR (intern return rate) of every title at the moment of the acquisition and is calculated as the weighted average on the nominal value of each asset. On 13 November 2020, all the financial assets in which the Reserve Fund was materialised at that time were amortised, and from then until 30 March 2022 (the date on which the acquisitions of new assets began) the entire Reserve Fund was materialised on account, so that in that period it is not appropriate to speak of asset acquisition IRR. The acquisition IRR of the current portfolio, consisting of the securities acquired in 2022 and forming part

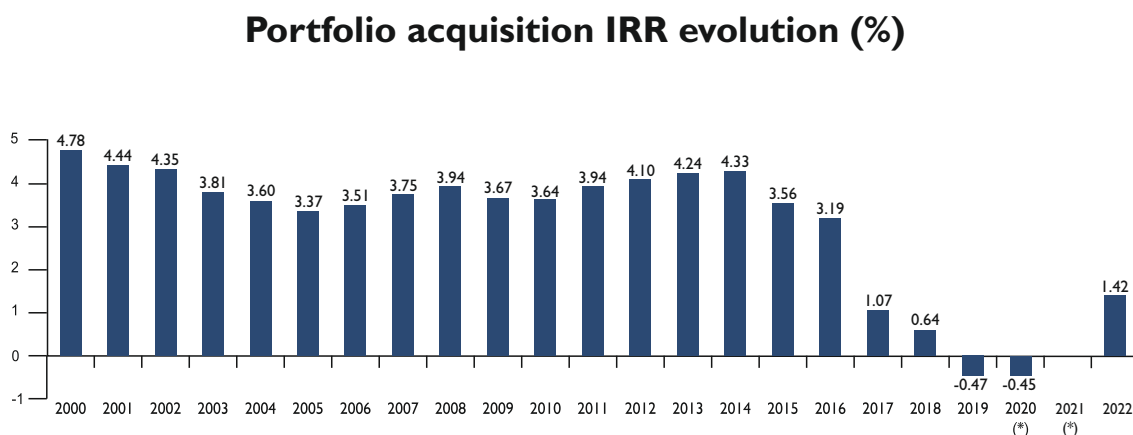
7. ANALYSIS OF THE PERFORMANCE OF THE RESERVE FUND AT 31 DECEMBER 2022

of the portfolio as at 31 December 2022, is calculated as a weighted average over the nominal value and stands at 1.42%, with the following breakdown:



IRR weighted average on nominal value

The weighted average acquisition IRR on the nominal value of the assets in the portfolio shows the following development per financial year:



IRR weighted average on nominal value.

(*) The 2020 figure refers to 12 November. On 13 November 2020, all the financial assets in which the Reserve Fund was materialised were amortised, and until 30 March 2022 (the date on which the acquisitions of new assets began) the entire Reserve Fund was materialised on account, and therefore it is not appropriate to speak of an asset acquisition IRR for this period.

7.2.2. Performance of the current account "Social Security General Treasury Special Reserve Fund. Art. 91.1T.R.L.G.S.S."

On 11 June 2014 there was a change in the remuneration conditions of the accounts held by the Reserve Fund with the Banco de España. At the meeting of the Governing Council of the European Central Bank on 5 June 2014 it was agreed that the applicable interest rate would be zero per cent or the deposit facility rate if this were negative. With effect from 11 June 2014, the rate on the deposit facility was set at -0.10% (currently - 0.50%).

This measure would be effective from the aforementioned date for all accounts held by public sector entities, regardless of whether they were remunerated or not. However, taking into account that the interest calculation periods for the accounts coincide with calendar months, the Banco de España applied the deposit facility rate, provided that it remained negative, to interest settlements made as from 1 July 2014.

Between 1 March 2015 and 31 December 2021, on the basis of European Central Bank Guideline ECB/2014/9, the first 20 M€ of balances on the Reserve Fund accounts held at the Banco de España were remunerated at the EONIA interest rate, while balances exceeding this amount were remunerated at the deposit facility rate.

As of 1 January 2022, with the abolition of the publication of the EONIA interest rate, the reference rate for the euro area for the unsecured overnight market rate became the Euro Short Term Rate (€STR), which is produced by the European Central Bank. For this reason, and in accordance with Guideline ECB/2019/7, as of 1 January 2022, the €STR interest rate began to be applied to the first 20 M€ of the balance held on the Reserve Fund's accounts with the Banco de España, and the lower of the zero per cent, deposit facility rate and the €STR for balances exceeding this threshold (in practice the entire balance became remunerated at the €STR interest rate).

The Governing Council of the European Central Bank adopted Decision ECB/2022/30 on 12 September 2022. In accordance with the provisions of Article 1 thereof, the rates applied, from 14 September 2022 to 30 April 2023, to the Reserve Fund accounts opened at the Banco de España by the General Treasury were as follows:

- a) The €STR (Euro Short Term Rate) interest rate, whether positive or negative,

7. ANALYSIS OF THE PERFORMANCE OF THE RESERVE FUND AT 31 DECEMBER 2022

for balances held daily up to the 20M€ threshold.

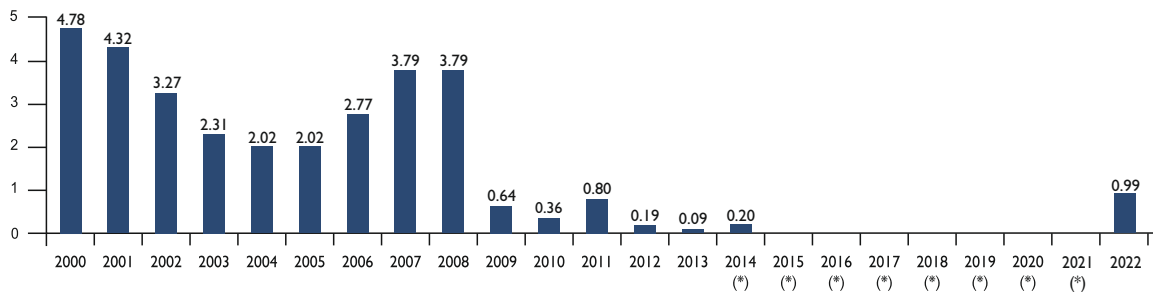
b) The lower of the Eurosystem's deposit facility rate and the €STR, for balances exceeding the threshold on each day.

As a result of this decision, and the increases in official interest rates agreed by the European Central Bank on various dates, the Reserve Fund accounts have been remunerated at positive rates since 14 September 2022.

Negative interest charges are not passed on to the Reserve Fund but are borne by the Social Security system, in accordance with its regulations. Therefore, despite the negative current account remuneration from 2014 to September 2022, the negative interest has not reduced the value of the Reserve Fund.

The average, by year, of the rates applied is presented in the graph below:

Current account average interest rate (%)



(*) The 2014 figure refers to the period when the EONIA remuneration was in force (from 1 January to 10 June). In the financial years 2015 to 2022 (up to and including August), the account ceased to be remunerated at positive rates, the cost being borne by the Social Security system and not by the Fund.

7.3. Performance summary

The table of percentages and the graph representing the evolution of the Fund's performance, analysed in detail in the previous sections, are summarised below:

Performance summary

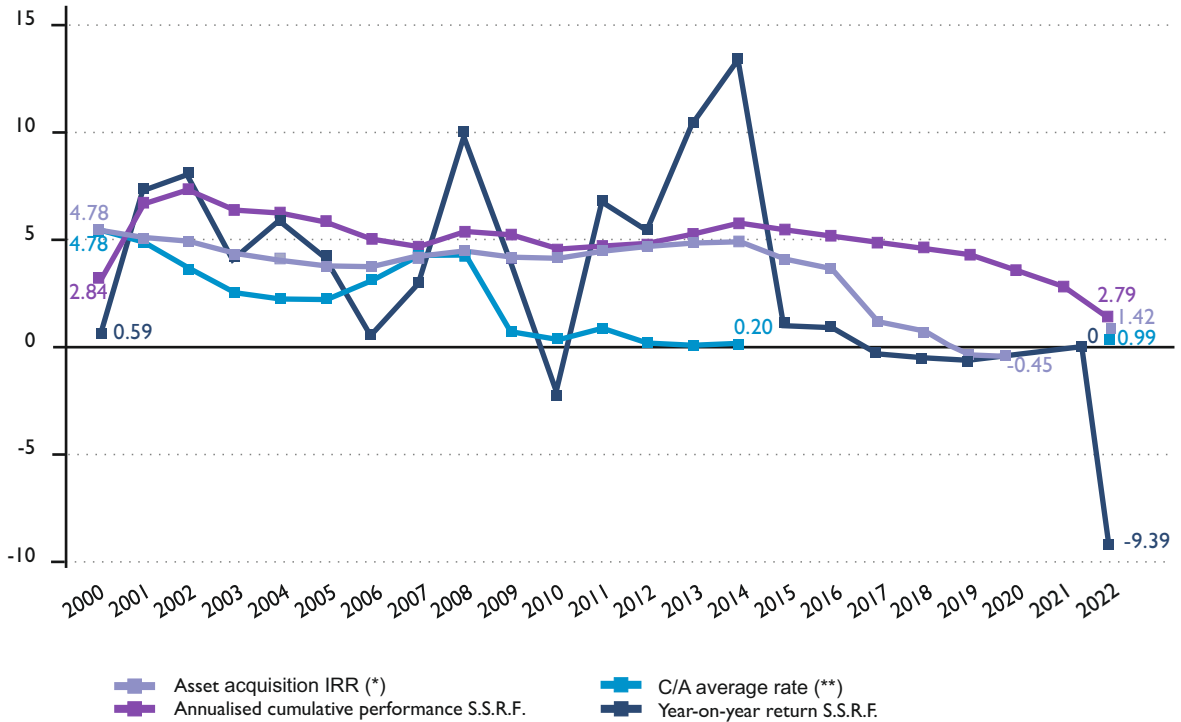
Year	IRR asset acquisition (%)	Average interest C/C (%)	Annualised cumulative return (%)	Year-on-year return (%)
2000	4.78	4.78	2.84	0.59
2001	4.44	4.32	5.86	6.51
2002	4.35	3.27	6.43	7.12
2003	3.81	2.31	5.57	3.70
2004	3.60	2.02	5.48	5.20
2005	3.37	2.02	5.16	3.82
2006	3.51	2.77	4.41	0.59
2007	3.75	3.79	4.17	2.66
2008	3.94	3.79	4.71	8.77
2009	3.67	0.64	4.60	3.70
2010	3.64	0.36	3.96	-1.83
2011	3.94	0.80	4.14	6.02
2012	4.10	0.19	4.20	4.89
2013	4.24	0.09	4.56	9.14
2014	4.33	0.20(*)	5.06	11.85
2015	3.56	(*)	4.79	1.05
2016	3.19	(*)	4.55	0.90
2017	1.07	(*)	4.27	-0.12
2018	0.64	(*)	4.01	-0.33
2019	-0.47	(*)	3.78	-0.30
2020	-0.45(**)	(*)	3.57	-0.39
2021	(**)	(*)	3.40	0.00
2022	1.42	0.99	2.79	-9.39

(*) The 2014 figure refers to the period when the EONIA remuneration was in force (from 1 January to 10 June). In the financial years 2015 to 2022 (up to and including August), the account ceased to be remunerated at positive rates, the cost being borne by the Social Security system and not by the Fund.

(**) The 2020 figure refers to 12 November. On 13 November 2020, all the financial assets in which the Reserve Fund was materialised were amortised, and until 30 March 2022 (the date on which the acquisitions of new assets began) the entire Reserve Fund was materialised on account, and therefore it is not appropriate to speak of an asset acquisition IRR for this period.

7. ANALYSIS OF THE PERFORMANCE OF THE RESERVE FUND AT 31 DECEMBER 2022

Performance evolution (%)



(*) The 2020 figure refers to 12 November. On 13 November 2020, all the financial assets in which the Reserve Fund was materialised were amortised, and until 30 March 2022 (the date on which the acquisitions of new assets began) the entire Reserve Fund was materialised on account, and therefore it is not appropriate to speak of an asset acquisition IRR for this period.

(**) The 2014 figure refers to the period when the EONIA remuneration was in force (1 January to 10 June). In the financial years 2015 to 2022 (up to and including August), the account ceased to be remunerated at positive rates, the cost being borne by the Social Security system and not by the Fund.

8.

Cash flow forecast 2023-2025

8. CASH FLOW FORECAST 2023-2025

During 2023, taking as a reference the portfolio at 31 December 2022, coupons will mature in the amount of 17.75 M€, with the following breakdown:

Coupon maturity 2023

Maturity date	Amount (€)
30/04/2023	6,466,600
31/10/2023	11,284,821
Total	17,751,421

On the other hand, no financial assets mature in 2023.

The establishment of the final contribution to the IEM, by virtue of article 127 bis of the TRLGSS, as amended by Royal Decree-Law 2/2023, of 16 March, on urgent measures to extend pensioners' rights, reduce the gender gap and establish a new framework for the sustainability of the public pension system, will allow new allocations to be made to the Fund from 2023 onwards,¹. The estimate of these contributions has not been included in the forecasts for reasons of financial prudence.

¹This mechanism includes the provision of the Social Security Reserve Fund with a final contribution from 1 January 2023 to 31 December 2050. The development of this measure has implied changes in the regulation of the Reserve Fund contained in articles 117 to 127 of the TRLGSS to ensure that this finalist quota is incorporated into the Fund's allocations. These changes entered into force on 1 April 2023.

During 2024, taking as a reference the portfolio at 31 December 2022, coupons will mature in the amount of 17.75 M€, with the following breakdown:

Coupon maturity 2024

Maturity date	Amount (€)
30/04/2024	6,466,600
31/10/2024	11,284,821
Total	17,751,421

On the other hand, no financial assets will mature in 2024.

During 2025, taking as a reference the portfolio at 31 December 2022, coupons will mature in the amount of 17.75 M€, with the following breakdown:

Coupon maturity 2025

Maturity date	Amount (€)
30/04/2025	6,466,600
31/10/2025	11,284,821
Total	17,751,421

8. CASH FLOW FORECAST 2023-2025

On the other hand, in 2025 Spanish public financial assets will mature in the amount of 870.10 M€, with the following breakdown:

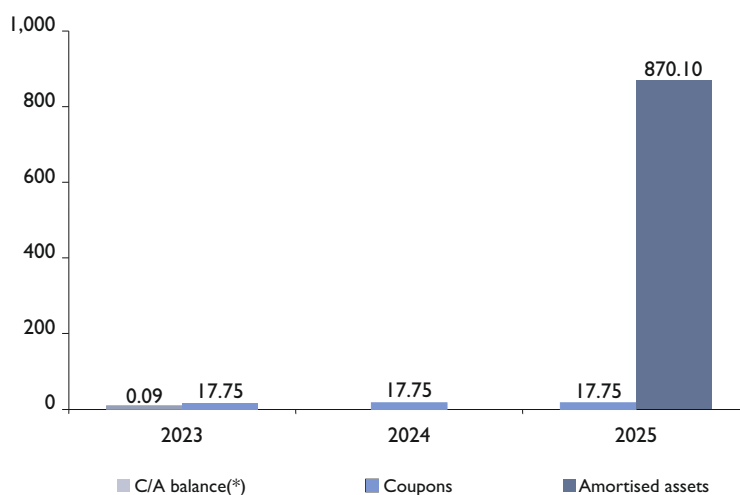
Amortisation of financial assets 2025

Maturity date	Description of financial assets and issue reference	Amount(€)
31/05/2025	Government bonds (0.00%) ES00000012K38	870,100,000
Total		870,100,000

The sum of coupons and redemptions in 2025 will amount to a total of 887.85 M€.

The cash flows that will occur between 2023 and 2025, based on the portfolio as of 31 December 2022, are shown in the following graphical representation:

Forecast flows 2023 to 2025 (M€)



(*) Includes interest accrued in December 2022 and collected on 5 January 2023.

9.

Comparison of the most representative magnitudes of the Reserve Fund

9. COMPARISON OF THE MOST REPRESENTATIVE MAGNITUDES OF THE RESERVE FUND

This section compares the value of the Reserve Fund in 2022 with that in 2021, both at full acquisition price and market value, as well as the most representative magnitudes of the Reserve Fund. Finally, the evolution of their distribution at total purchase price is shown.

Comparison Reserve Fund value

Concept	Year 2021 (M€)	Year 2022 (M€)
S.S.R.F. total acquisition price	2,137.92	2,140.61
S.S.R.F. market value	2,137.92	1,937.08

Data as at 31 December of each financial year.

Comparison of the most representative of the Reserve Fund

Concept	Year 2021	Year 2022
Return of fixed income assets (IRR) acquisition	-	1.42%
Return of fixed income assets (IRR) market	-	3.37%
Type of current account (1)	-	0.99%
Annualised accumulated return S.S.R.F.	3.40%	2.79%
Year-on-year return S.S.R.F.	0.00%	-9.39%
Concentration level	-	0.18%
Duration	0 years	6.17 years
Modified duration	0	5.96
% nominal value foreign debt on the portfolio	-	-
% S.S.R.F. total acquisition price on the GDP (2)	0.18%	0.16%

Data as at 31 December of each financial year.

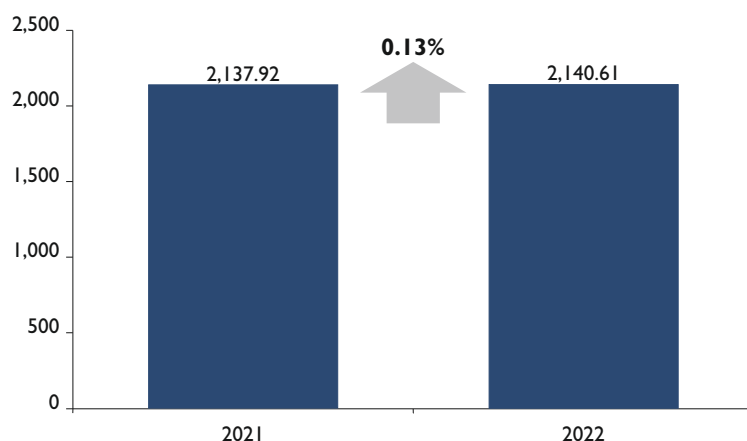
(1) The figure for 2022 refers to the period in which the account has been remunerated at positive rates (from September).

(2) The data for the financial year 2021 are expressed in relation to the GDP for 2021 (1,206,842 M€) and those for the financial year 2022 are expressed in relation to the GDP for 2022 (1,327,108 M€) according to data from the I.N.E. based on CNE-2010 published on 24 March 2023.

9. COMPARISON OF THE MOST REPRESENTATIVE MAGNITUDES OF THE RESERVE FUND

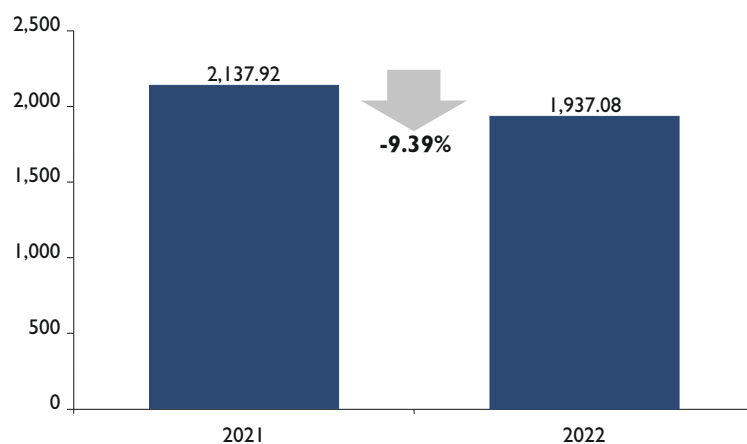
The total amount of the Social Security Reserve Fund, at full acquisition cost, at 31 December 2022, shows the following evolution compared to the same date of the previous year:

Reserve Fund evolution at total acquisition price (M€)



Similarly, the evolution of the Social Security Reserve Fund at market value is shown:

Reserve Fund evolution at market value (M€)



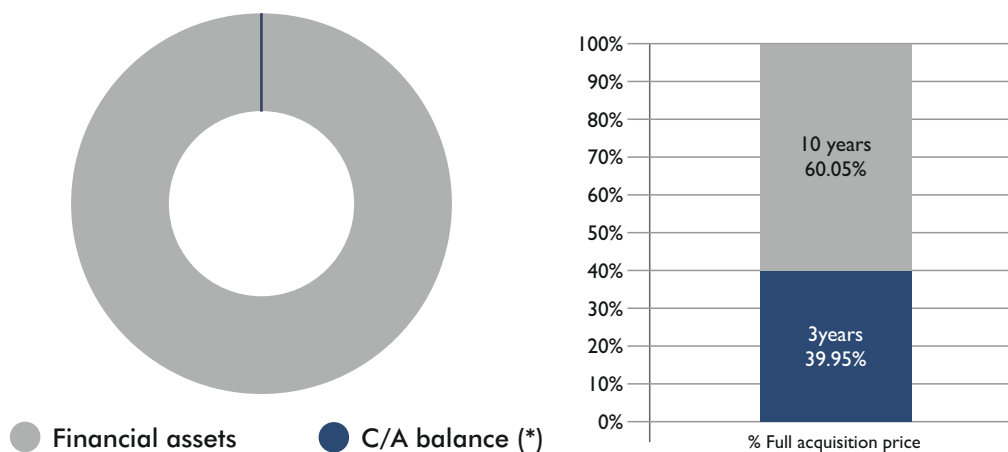
9. COMPARISON OF THE MOST REPRESENTATIVE MAGNITUDES OF THE RESERVE FUND

The distribution of the Reserve Fund at full acquisition cost is as follow:

31 December 2021



31 December 2022



(*) Includes interest accrued in December 2022 and collected on 5 January 2023.

Annex.

Economic and financial information
in the annual accounts

The purpose of this report on the actions for the year 2022 and the situation of the Reserve Fund at 31 December 2022, which is submitted to Parliament in compliance with article 127 of the TRLGSS, is to provide information on the management and actions carried out during the year, based on the decisions of the Management Committee, as the highest management and control body. Specifically, the most representative data of the Reserve Fund as at 31 December 2022 are detailed, such as its value, composition, distribution by portfolios, performance and market value. It also includes additional key information on the evolution of the Fund in the coming years, which provides insight into the expected flows of the Fund in order to be able to plan the appropriate management actions.

The aforementioned information, from the point of view of management, presentation of data, breakdown of information by time periods and valuation at market prices, has a different approach, in specific sections, to the economic-financial information included in the annual accounts, in accordance with the applicable accounting principles.

Order EHA/1037/2010 of 13 April 2010 approved the Spain's General Public Accounting Plan as a framework accounting plan for all Public Administrations.

By Resolution of 1 July 2011 of the Controller General of the State Administration, the Adaptation of the Spain's General Public Accounting Plan to the entities that make up the Social Security system was approved.

Given the nature of the securities in which, by law, the Social Security Reserve Fund may be realised, they can only be classified for valuation purposes under the categories of "Held-to-maturity investments" or "Available-for-sale financial assets".

Until 2014, the assets of the Reserve Fund were classified as "Held-to-maturity investments".

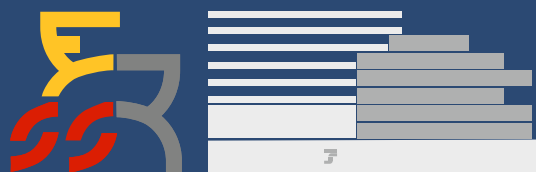
With effect from the end of 2014, for the purposes of the valuation established in the Spain's General Public Accounting Plan, in view of the foreseeable disposals of the Public Debt financial assets comprising the Social Security Reserve Fund, as well as changes in the intention and financial capacity to hold them, the Public Debt assets comprising the portfolio of the Social Security Reserve Fund, which were classified as "Held-to-maturity investments", were reclassified to the "Available-for-sale investments" category.

Subsequently, the Social Security Reserve Fund Management Committee, on the basis of the new conditions for the disposal of the Reserve Fund regulated in the IEM, changed the classification of the assets back to the category "Held-to-maturity investments". Finally, this classification was eliminated from the criteria governing the investment and management of the Reserve Fund, as it represents a technical criterion for internal management, the decision on which is the responsibility of the Comptroller General's Office.

Lastly, additional information is provided on the equity position of the Social Security Reserve Fund based on accounting data for the year-end 2022.

Financial position of the Reserve Fund as at 31 December 2022

Concept	Amount (€)
Held-to-maturity representative values of long term debt	2,146,536,076.77
- National portfolio	2,146,536,076.77
- Euro area portfolio	0.00
Held-to-maturity representative values of short term debt	0.00
- National portfolio	0.00
- Euro area portfolio	0.00
Financial balance on the Social Security Reserve Fund	53,385.84
Short time interests of debt representative values	6,226,550.94
- National portfolio	6,226,550.94
- Euro area portfolio	0.00
Other interests to collect short time	0.00
Total	2,152,816,013.55



FONDO DE RESERVA DE LA SEGURIDAD SOCIAL



GOBIERNO
DE ESPAÑA

MINISTERIO
DE INCLUSIÓN, SEGURIDAD SOCIAL
Y MIGRACIONES

SECRETARÍA DE ESTADO
DE LA SEGURIDAD SOCIAL
Y PENSIONES