



NIPO: 124-20-008-2

FONDO DE RESERVA

Seguridad Social

Reserve fund a report to the Parliament

Developments, actions in 2023
and status as of 31 December 2023





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Glossary of abbreviations

ACM: Agreement of the Council of Ministers.

SSRF: Social Security Reserve Fund.

IEM: Intergenerational Equity Mechanism.

M€: millions of euros. Figures are generally expressed in millions of euros, without prejudice to those which, because of their size and for the sake of better approximation, are presented in euros.

IRR: internal rate of return or return on financial assets.

CTGSSL: Royal Legislative Decree 8/2015, of 30 October, which approves the consolidated text of the General Social Security Law.

Technical issues

Value of the Social Security Reserve Fund: for the purpose of calculating the value of the Reserve Fund in this report, financial assets are valued at their purchase price, unless specifically stated otherwise.

Purchase price: the total price paid for the financial asset, including, where applicable, the amount of the accrued coupon. The purchase price differs from the carrying amount of the assets comprising the Reserve Fund which, classified as held-to-maturity investments, are carried at amortised cost at year-end.

Amortised cost: the amount at which the financial asset was initially recognised, plus or minus, as appropriate, the portion of the difference between the initial amount and the redemption value at maturity allocated to the economic outturn account using the effective interest rate. The implied returns are therefore accrued and recognised as an increase in the value of the asset.

GDP: Unless explicitly stated otherwise, references to GDP shall be understood as references to GDP for 2023 according to I.N.E. data on the basis of CNE-2010, published on 26 March 2024. It stood at 1,461,889 M€.



1

INTRODUCTION

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 consolidated text of the General Social Security Law (hereinafter, CTGSSL). 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 2023.

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.

On the other hand, the fourth final provision of Law 21/2021 of 28 December on the Guarantee of the Purchasing Power of Pensions and Other Measures to Strengthen the Financial and Social Sustainability of the Public Pension System introduced the Intergenerational

Equity Mechanism (hereafter IEM) to maintain the balance between the generations and strengthen the long-term sustainability of the Social Security system.

Subsequently, 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, repealed the original configuration of the IEM and introduced a new regulation in the CTGSSL, with the aim of removing any doubts about the capacity of this supplementary contribution as an instrument for the financial stabilisation of the 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 CTGSSL 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.

Finally, the General State Budget Law for 2023 included amendments to the CTGSSL to allocate 80% of the surpluses of the mutual insurance companies cooperating with the Social Security system to the reserve fund, after the allocation of the stabilisation reserve for professional contingencies. The reform of the CTGSSL also included changes to the maximum amount of the stabilisation reserve for operational contingencies and the stabilisation reserve for joint contingencies. Once the stabilisation reserve for joint contingencies has been endowed, the management surpluses are also allocated to the Reserve Fund.



2

THE RESERVE FUND IN FIGURES

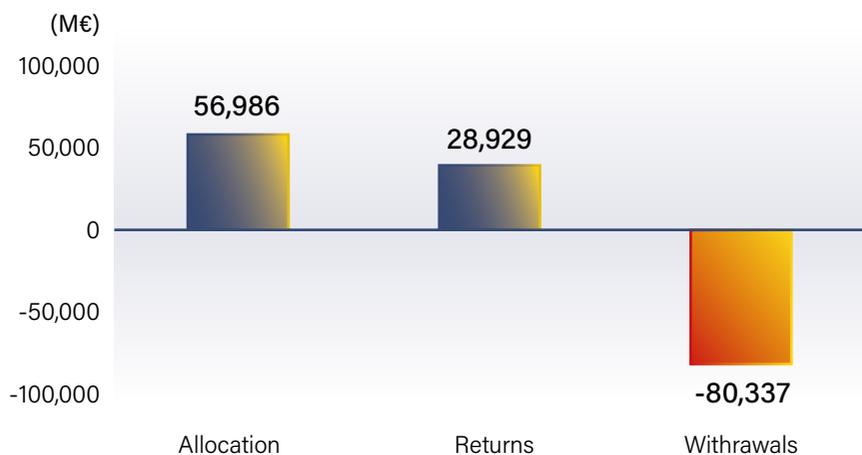
Data as at
31 December 2023

The Reserve Fund in figures. Data as at 31 December 2023

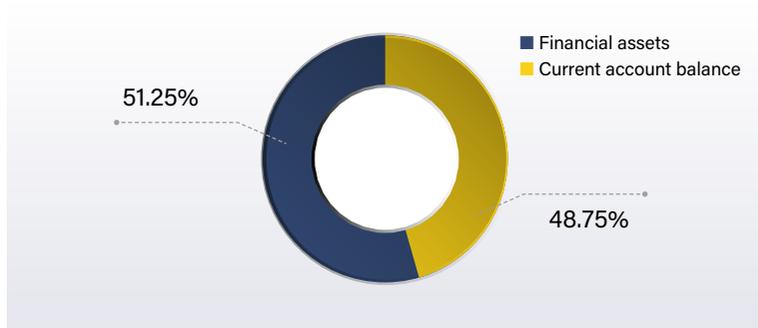
Social Security Reserve Fund



Allocations, returns and withdrawals up to 2023

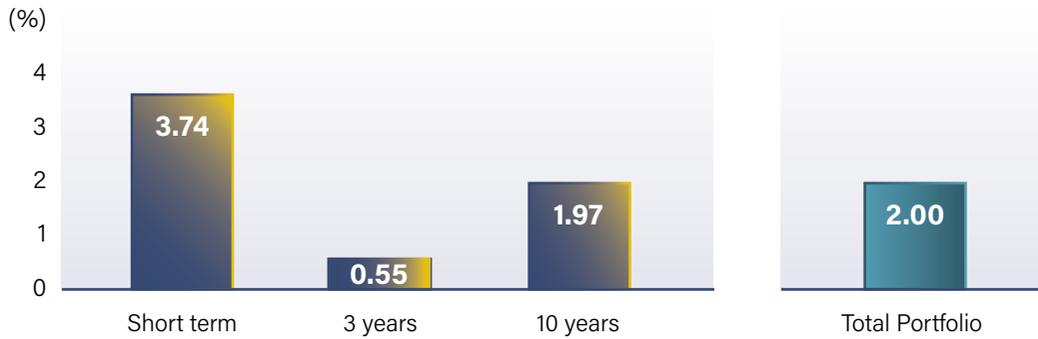


Distribution of the Reserve Fund



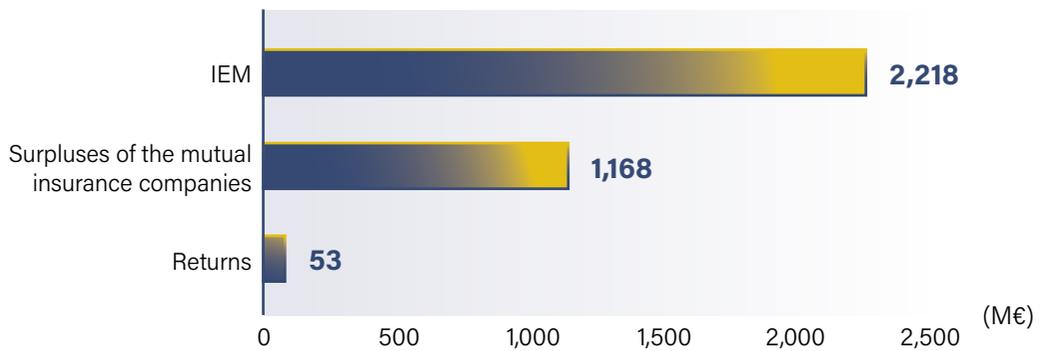
NOTE: The current account balance includes interest accrued in December 2023 and collected on 5 January 2024.

IRR financial assets



NOTE: IRR weighted average on the nominal value of financial assets calculated by maturity and on the total portfolio.

Allocations 2023





3

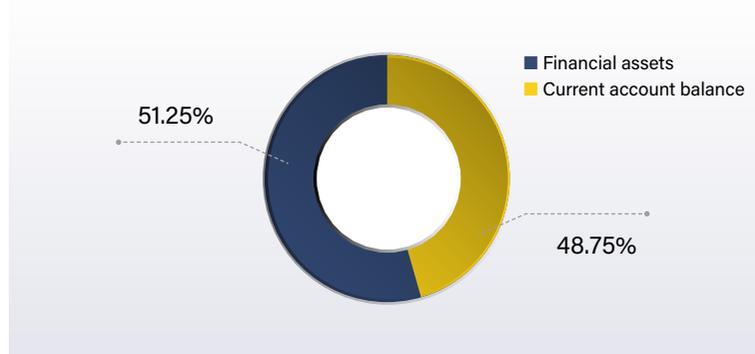
**POSITION OF
THE RESERVE
FUND AS AT
31 DECEMBER
2023**

Position of the Reserve Fund as at 31 December 2023

The Reserve Fund, as of 31 December 2023, has the following status and distribution:

Financial assets ¹	2,858,769,567.99 €
Current account balance	2,711,691,411.85 €
Current account interest accrued in December	7,978,170.28 €
RESERVE FUND	5,578,439,150.12 €

Distribution of the Reserve Fund



NOTE: The current account balance includes interest accrued in December 2023, collected on 5 January 2024.

The value of the Reserve Fund as of 31 December 2023 is 5,578.44 M€. The amount

has increased by 3,437.83 M€ compared to 31 December 2022.

¹ Although the financial assets are valued at purchase price, as they are classified for accounting purposes as "Held-to-maturity investments", the assets at year-end are recorded at amortised cost (2,889,539,201.25 euros).



4

EVOLUTION OF THE RESERVE FUND

Evolution of the Reserve Fund

Since its creation, the Reserve Fund has developed as follows, in terms of allocations,

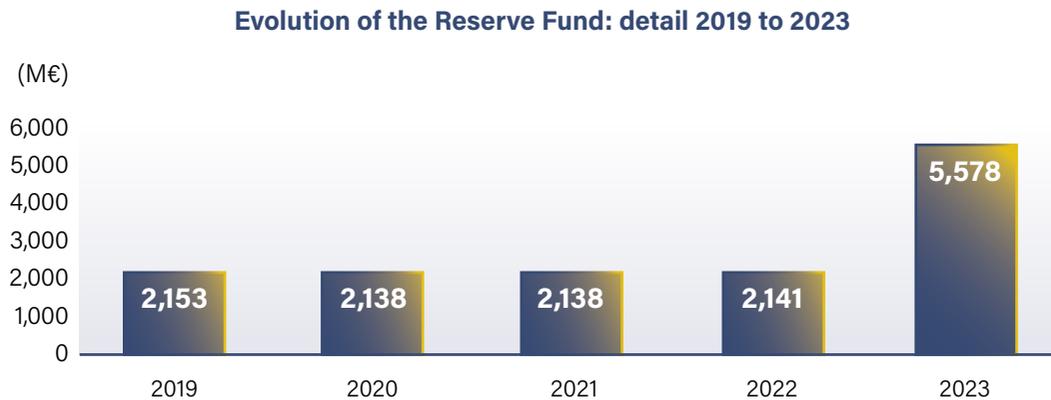
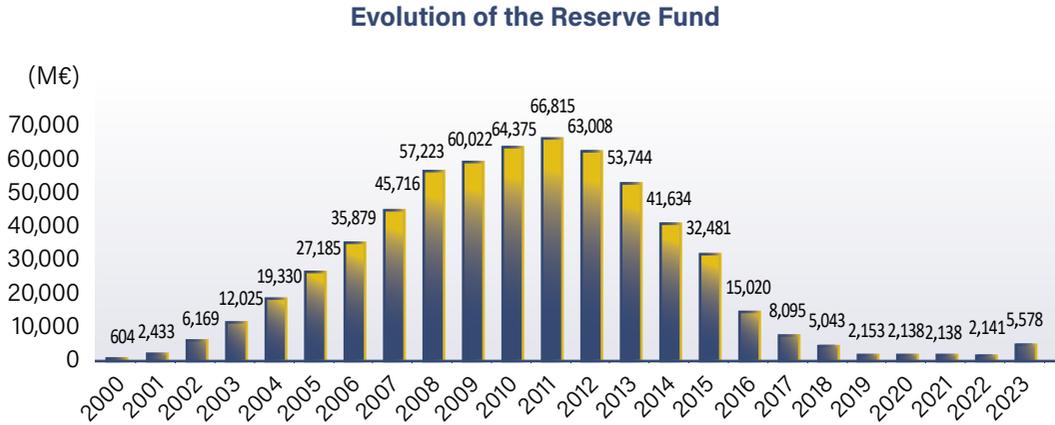
returns earned and withdrawals made up to 31 December of each year.

Cumulative data	2000 to 2015	2016	2017	2018	2019	2020	2021	2022	2023
ALLOCATIONS	53,587	53,598	53,600	53,601	53,601	53,601	53,601	53,601	56,986
Surplus of managing bodies and common services	52,113	52,113	52,113	52,113	52,113	52,113	52,113	52,113	52,113
Surplus of the mutual insurance companies	1,474	1,485	1,487	1,488	1,488	1,488	1,488	1,488	2,655
IEM									2,218
NET RETURNS	26,095	28,759	28,932	28,879	28,889	28,874	28,874	28,877	28,929
Returns	27,584	30,510	30,802	30,793	30,818	30,811	30,811	30,814	30,866
Adjustments due to amortisation/disposal of assets	-1,489	-1,751	-1,870	-1,914	-1,929	-1,937	-1,937	-1,937	-1,937
WITHDRAWALS	-47,201	-67,337	-74,437	-77,437	-80,337	-80,337	-80,337	-80,337	-80,337
RESERVE FUND VALUE	32,481	15,020	8,095	5,043	2,153	2,138	2,138	2,141	5,578

Amounts in M€

The evolution of the Reserve Fund as a function of its amount at purchase price at 31

December of each year is shown graphically below:



4.1 ALLOCATIONS TO THE RESERVE FUND

The allocations to the Reserve Fund from the first allocation approved in 2000 to 31 December 2023 amount to 56,986 M€.

According to their origin, the allocations are classified as allocations from the surplus of the managing bodies and common services, allocations from the surplus of the management

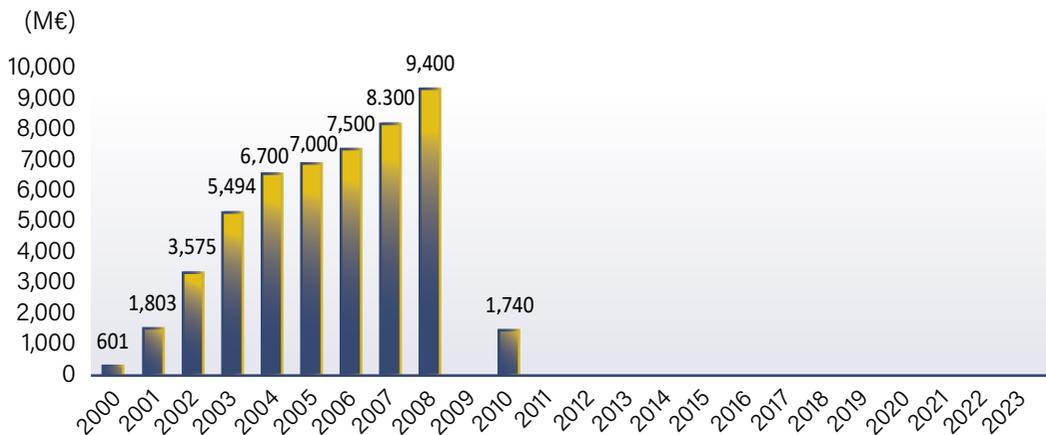
of temporary disability benefits for common contingencies and benefits for occupational contingencies by the mutual insurance companies cooperating with the social security system, and allocations charged to the final contribution of the IEM, with the following distribution:



The allocations to the Reserve Fund charged against the budget surpluses of the Social Security management bodies and common services, agreed by the Council of Ministers,

from the first allocation approved in 2000 to 31 December 2023, amount to 52,113 M€, and are shown in the following graph:

Surplus allocations to Social Security managing bodies and common services



The following table shows, by date, the total allocations charged against the budget sur-

pluses of the Social Security managing bodies and common services.

**Surplus allocations to Social Security
managing bodies and common services**

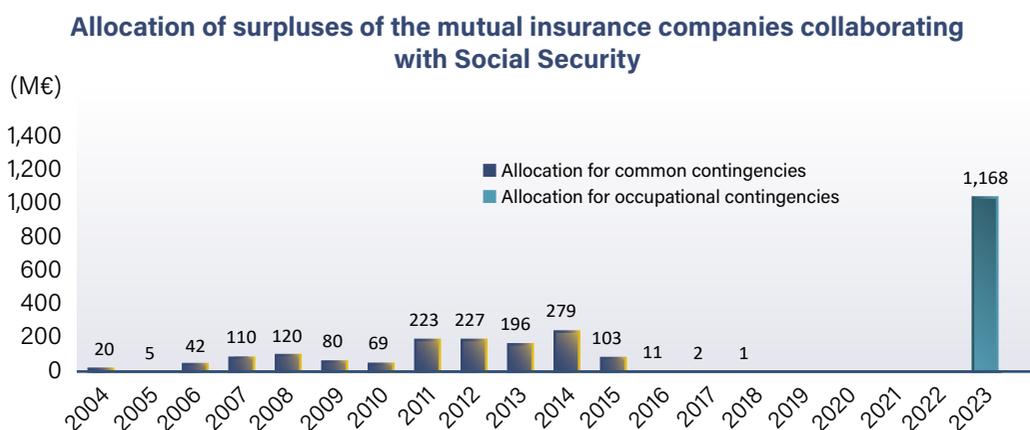
Year	Quarter	Date	Amount	Subtotal	Cumulative total
2000	4°	16/10/2000	240		
		12/12/2000	361		
				601	601
2001	2°	11/05/2001	240		
	4°	23/11/2001	1,563		
				1,803	2,404
2002	2°	25/04/2002	1,052		
		25/06/2002	840		
	3°	27/08/2002	840		
		27/09/2002	843		
				3,575	5,979
2003	1°	26/02/2003	1,202		
		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

Amounts in M€

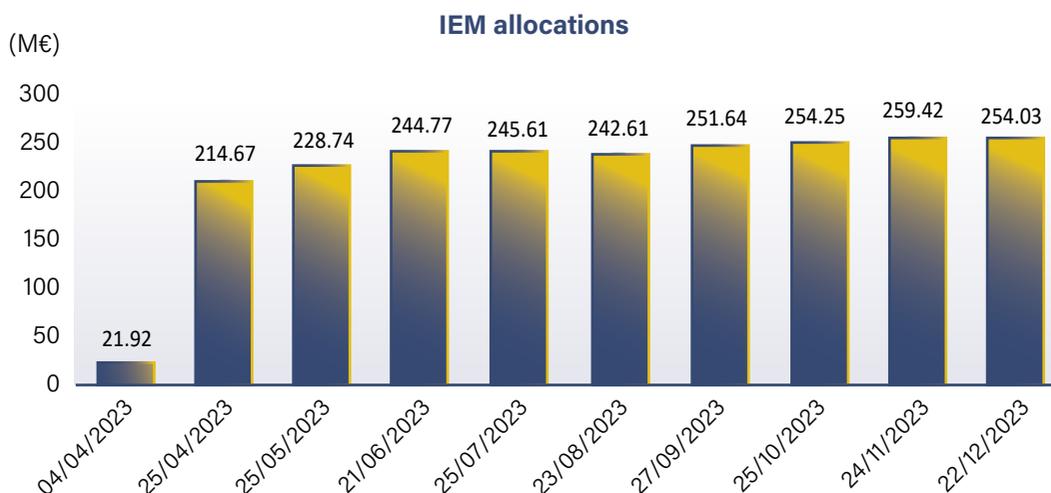
With regard to the allocations from the surpluses of the mutual insurance companies collaborating with the social security system, until 2022 only the amounts from the surpluses from the management of the disability contingency for common contingencies are included in the reserve fund. However, the General State Budget Law for 2023 includes amendments to the CTGSSL to allocate 80% of the surpluses of the mutual insurance companies to the reserve fund, after the allocation of the stabilisation reserve for professional contingencies.

The amounts allocated by the collaborating mutual insurance companies totalled 2,655.67 M€, of which 1,488.07 M€ corresponded to the surpluses from the management of temporary disability benefits for common contingencies (the last allocation to the surpluses for common contingencies took place in 2018) and 1,167.60 M€ corresponded to the surplus from the management of benefits for occupational contingencies.

These allocations are presented in the following graph, according to the year of entry:



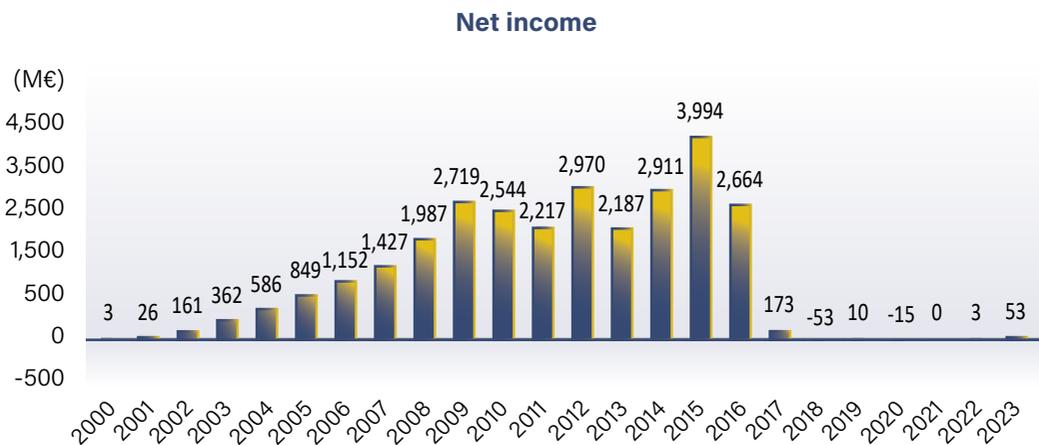
Finally, the amounts allocated by the IEM final contribution amount to 2,217.66 M€.



4.2 RESERVE FUND RETURNS

The net returns since the first allocation to the Reserve Fund, approved in 2000, to 31 December 2023 amount to 28,929 M€. Their

breakdown by year is presented in the following graph:

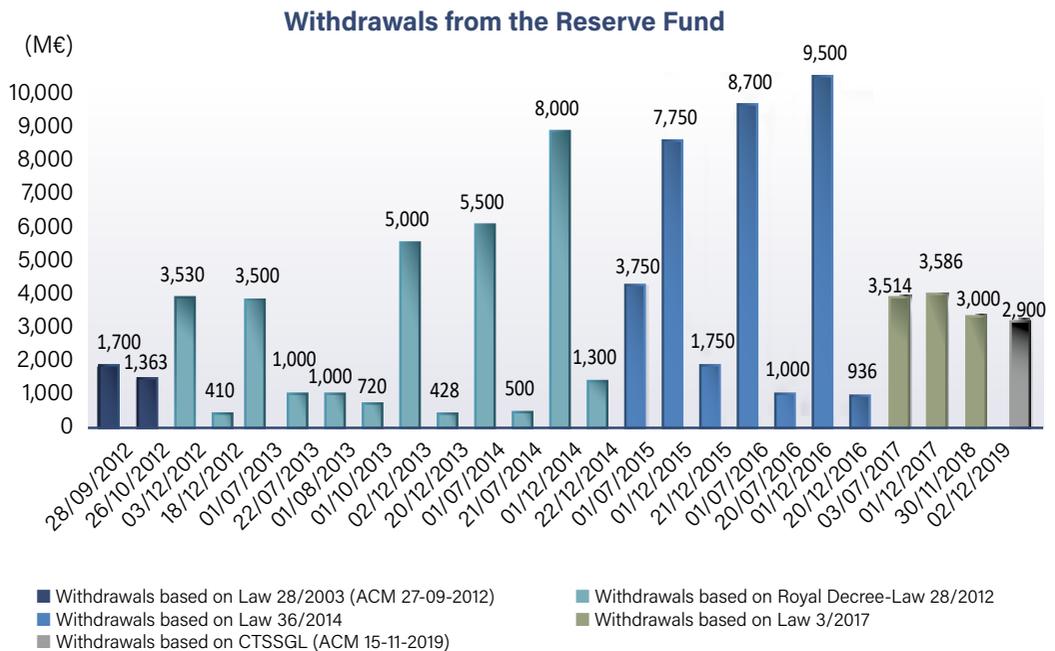


Details of the return are shown in section 71.

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 detailed in the figure above, 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:

- ▶ **ACM 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 3% 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 3% void for the financial years 2017 and 2018.
- ▶ **ACM of 15 November 2019**, in application of article 121 of the CTGSSL, 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.

The total withdrawals up to 31 December 2023 are presented in the table below:

Withdrawals from the Reserve Fund

Standard	Year	Quarter	Date	Amount	Subtotal	Cumulative total
ACM 27-09-2012		3°	28/09/2012	1,700		
		4°	26/10/2012	1,363		
	2012				3,063	3,063
		4°	03/12/2012	3,530		
			18/12/2012	410		
					3,940	7,003
Royal Decree-Law 28/2012 of 30 November 2012	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	
	2015	3°	01/07/2015	3,750		
			01/12/2015	7,750		
		4°	21/12/2015	1,750		
				13,250	47,201	
Law 36/2014 of 26 December	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
ACM 15-11-2019	2019	4°	02/12/2019	2,900		
					2,900	80,337

Amounts in M€



5

**MANAGEMENT
OF THE RESERVE
FUND IN THE
FINANCIAL YEAR
2023**

Management of the Reserve Fund in the financial year 2023

The Management Committee is responsible for providing the highest level of advice, control and supervision of the economic management of the Reserve Fund. The Management Committee meets regularly to formulate proposals for the management, advice and selection of securities to be included in the Fund's portfolio and, where appropriate, the disposal of the Fund's financial assets. To this end, the Management Committee approves the investment and management criteria for each financial year and agrees the investments to be made from the Fund's cash flows.

At 1 January 2023, the value of the Reserve Fund was 2,140.61 M€ and was almost entirely invested in financial assets. As of April, the Reserve Fund started to receive allocations from the IEM.

In this context, the Management Committee held a meeting in June 2023, at which it ratified the investment and management criteria in force to date - detailed in Section 5.1 - and, with regard to the balance on the account of 718,276,748.68 euros, agreed to invest in short-term Spanish public debt as follows:

- ▶ One third in Treasury Bills maturing in June 2024 (Reference ES0L02406079).
- ▶ One third in Treasury Bills maturing in July 2024 (Reference ES0L02407051).
- ▶ One third in Treasury Bills maturing in August 2024 (Reference ES0L02408091).

Secondary market purchases of Spanish financial assets are summarised in the table below:

Acquisitions of financial assets (July-August 2023)

Description of the financial asset and issue reference	Amortisation date	Purchase price	Nominal value	IRR
Treasury Bills ES0L02406079	07/06/2024	239,407,915.53	247,850,000.00	3.760%
Treasury Bills ES0L02407051	05/07/2024	239,418,944.74	248,563,000.00	3.794%
Treasury Bills ES0L02408091	09/08/2024	239,421,859.07	248,216,000.00	3.656%
Total		718,248,719.34	744,629,000.00	3.737%

Amounts in €
Weighted average IRR calculated on the nominal value acquired.

While the funds were held in the current account, repurchase agreements (repos) were executed until the June 2023 meeting, based on the decision of the Management Committee in November 2022. The Committee agreed such measures for the flows in the first half of 2023, in anticipation of the new allocations to be made from the IEM contribution. The Agreement authorised the execution of such operations provided that their return

exceeded by at least 5 basis points the interest rate at which the Reserve Fund's current account with the Banco de España was remunerated.

The execution of this agreement involved repo transactions for an effective amount of 953,132,159.33 €, and interest of 1,271,250.54 € was generated. The following table shows the details of the transactions:

Date value	Expiry date	Actual amount	Interest rate	Interests
5-may.-23	8-may.-23	131,320,000.00	2.9400%	32,173.40
5-may.-23	8-may.-23	106,820,000.01	2.9400%	26,170.90
10-may.-23	15-may.-23	242,999,773.99	3.2300%	109,012.40
16-may.-23	15-jun.-23	242,992,385.33	3.1575%	639,373.71
29-may.-23	21-jun.-23	54,390,000.00	3.1750%	110,328.60
29-may.-23	21-jun.-23	78,766,000.00	3.1750%	159,774.64
29-may.-23	21-jun.-23	95,844,000.00	3.1750%	194,416.89
TOTAL		953,132,159.33		1,271,250.54

Amounts in €

5.1 INVESTMENT AND MANAGEMENT CRITERIA 2023

The investment and management criteria for the Reserve Fund, approved by the Management Committee at its meeting in June 2023, determine the securities in which the Reserve Fund will be invested and the general investment guidelines.

- ▶ 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, return 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 (Treasury Bills, Bonds and Government Bonds), 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.



6

**DISTRIBUTION
AND COMPO-
SITION OF THE
RESERVE FUND
PORTFOLIO**

Distribution and composition of the Reserve Fund portfolio

At 31 December 2023, the portfolio of assets forming part of the Social Security Reserve Fund amounts to 2,858.77 M€.

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

Portfolio distribution by tranche

Financial assets	Purchase price	%	Nominal value	%
Short term	718,248,719.34	25.13	744,629,000.00	24.98
3 years	855,095,186.00	29.91	870,100,000.00	29.19
10 years	1,285,425,662.65	44.96	1,366,342,000.00	45.83
TOTAL	2,858,769,567.99	100.00	2,981,071,000.00	100.00

Amounts in €

The criteria for tranche distribution applied are as follows:

- Short-term: maturity up to 12 months with reference to 31 December 2023, to harmonise with the accounting standard.
- 3 years: maturity more than 12 months up to 4 years with reference to 31 December 2023
- 10 years or more: maturity more than 7 years with reference to 31 December 2023.

Portfolio distribution by tranche



The detailed breakdown by asset type and benchmark of the composition of the portfolio

as of 31 December 2023 is set out in the table below:

Composition of Reserve Fund portfolio as at 31 December 2023

Description of the financial asset and issue reference	Amortisation date	Purchase price	Nominal value
Short term			
Treasury Bills ES0L02406079	07/06/2024	239,407,915.53	247,850,000.00
Treasury Bills ES0L02407051	05/07/2024	239,418,944.74	248,563,000.00
Treasury Bills ES0L02408091	09/08/2024	239,421,859.07	248,216,000.00
Total		718,248,719.34	744,629,000.00
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 bonds (0.70%) ES0000012K20	30/04/2032	855,094,900.29	923,800,000.00
Government bonds (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 public financial assets		2,858,769,567.99	2,981,071,000.00

Amounts in €



7

ANALYSIS OF THE RETURN OF THE RESERVE FUND

Analysis of the return of the Reserve Fund

7.1 RESERVE FUND RETURNS

From the first allocation to the Reserve Fund in the financial year 2000 until 31 December 2023, the net returns obtained by the Reserve Fund amount to 28,929.20 M€.

The returns can be classified as coupons, net implied returns, gains on disposals,

other income and interest earned on the balance held in the current account of the Fund.

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

Returns

Concept	Amount
Coupons	26,429,508,827.27
Net implied returns	-2,037,924,814.89
Disposal transactions result	6,118,911,481.05
Other income	-3,398,054.85
Adjustments due to amortisation-disposal of assets	-1,936,561,803.49
Current account interests	358,661,248.36
Total net returns	28,929,196,883.45

Amounts in €

The breakdown of the returns generated in 2023 is as follows:

Returns 2023

Concept	Amount
Coupons	17,751,421.00
Net implied returns	
Disposal transactions result	
Other income	1,272,141.34
Adjustments due to amortisation-disposal of assets	
Current account interests	33,548,866.73
Total net returns	52,572,429.07

Amounts in €

In terms of coupons, a total of 26,429.51 M€ was collected, with a distinction being made between coupons collected on the maturity

date, 25,578.02 M€, and coupons obtained at the time of disposal of the assets, 851.49 M€, with the following breakdown:

Coupons collected

Year	At maturity	At disposal	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
2023	17,751,421.00		17,751,421.00
Total	25,578,016,553,37	851,492,273,90	26,429,508,827.27

Amounts in €

Net implied returns are the difference between the nominal value and the ex-coupon purchase price. This return is recognised in full

when the assets are depreciated or disposed of. They are detailed below:

Net implied returns

Year	Of securities amortised	Of securities disposed of	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			
2023			
Total	-1,907,039,740.38	-130,885,074.51	-2,037,924,814.89

Amounts in €

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	
2023	
Total	6,118,911,481.05

Amounts in €

Other income includes income from double swap transactions for securities, income from reverse repo transactions, 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. The evolution of this income, up to 31 December 2023, is detailed below by year and concept:

Other income

Year	Double swap transactions	Reverse repo transactions	Compensation for late payments to collaborating mutual insurance companies	Counterparty default interest	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
2023		1,271,250.54		890.80	1,272,141.34
Total	245,998.34	-3,734,741.43	78,017.23	12,671.01	-3,398,054.85

Amounts in €

Adjustments for asset amortisation or disposals are negative entries made at the time of the amortisation or disposal of the asset for the amount of the accrued coupon. This is because financial assets are measured at the total price paid for the asset including, where applicable, the amount of accrued coupons, and subsequently the coupons are col-

lected at the relevant collection date and the full amount is taken into account, so that an adjustment for the amount of accrued coupons must be made against the amounts received when the asset matures or is disposed of in order to determine the net return on the asset. For this item, the following adjustments have been made:

Adjustments to amortisation/disposal of assets

Year	Adjustments due to amortisation of assets	Adjustments due to 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			
2023			
Total	-1,335,036,123.22	-601,525,680.27	-1,936,561,803.49

Amounts in €

Finally, the interest accrued and collected on the current account opened with the Bank of Spain is detailed:

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
2023	33,548,866.73
Total	358,661,248.36

Amounts in €

The January - June 2014 figure refers to the period when the EONIA remuneration was in force (from 1 January to 10 June). From that date until August 2022 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.

The interest earned on the current account balances during the above-mentioned periods, when they were negative, was not transferred to the Reserve Fund, but was received by the Social Security System in accordance with its specific regulations.

7.2 PERFORMANCE OF THE RESERVE FUND

The cumulative 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 return. 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 con-

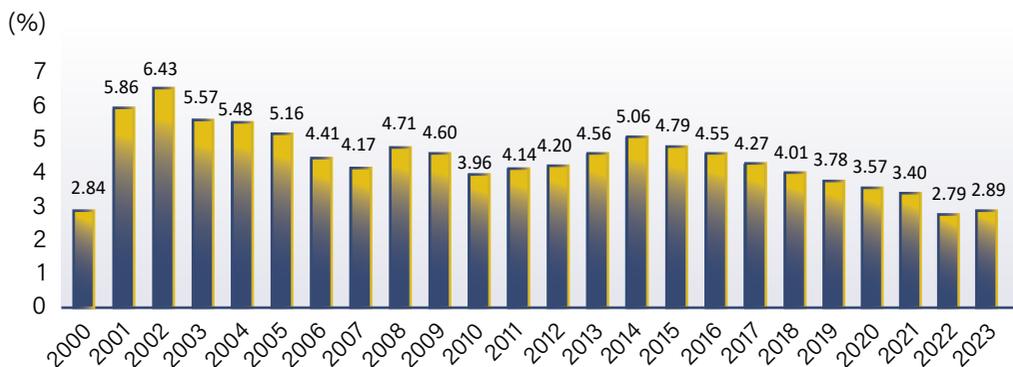
tributed by each flow to the Fund's total by sub-periods.

For the purposes of the calculation, the market value of the assets comprising the portfolio at 31 December 2023 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 5,502.74 M€. Of this net asset value, 2,783.07 M€ corresponds to the valuation of the portfolio, 2,711.69 M€ to the current account balance and 7.98 M€ to the interest accrued on the account balance during the month of December.

Based on this method, the cumulative return on the Reserve Fund from its creation in 2000 to 31 December 2023 is 93.80%, or 2.89% in annualised terms.

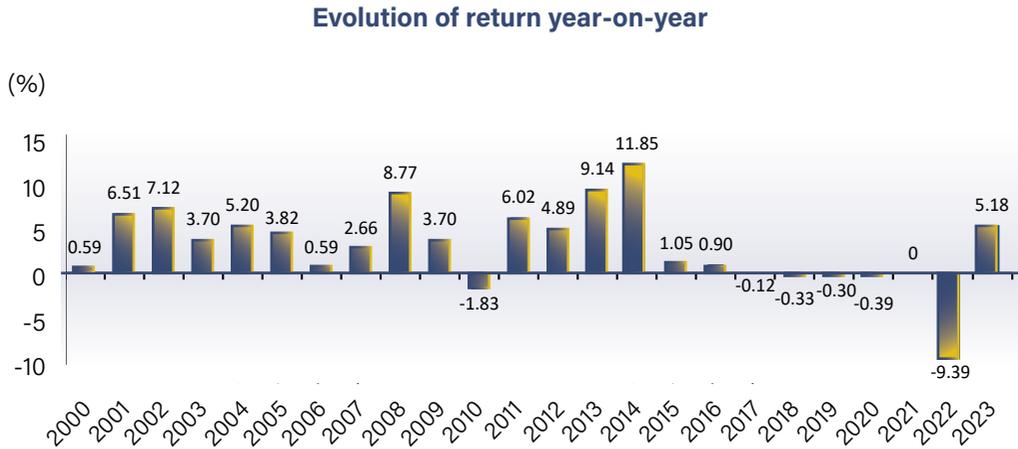
The evolution of the annualised cumulative return at the end of each year since the first allocation to the Reserve Fund in 2000 is shown in the following graph:

Evolution of annualised cumulative return



On the other hand, the year-on-year return on the Reserve Fund for the year 2023 is 5.18%.

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



It should be noted that the return, as stated above, takes into account the market value of the financial assets at 31 December 2023. However, the assets of the Reserve Fund, in accordance with current regulations, are not available until 2033 and, in accordance with the current investment strategy of the Reserve Fund, they will be held to maturity.

In this framework the portfolio is valued at purchase price and not at market price.

Finally, by way of summary, the following table shows the average annualised return of the Reserve Fund as at 31 December 2023, as well as a comparison with private pension plans (individual system):

Average annualised returns on pension plans						
	20 years	10 years	5 years	3 years	1 years	
SSRF	2.90%	0.70%	-1.10%	-1.60%	5.20%	
INVERCO	SHORT-TERM FIXED INCOME	0.70%	-0.10%	-0.10%	-0.20%	3.00%
	LONG-TERM FIXED INCOME	1.30%	0.50%	-0.30%	-1.90%	5.30%
	TOTAL PENSION PLANS	2.70%	2.60%	3.60%	2.20%	9.40%

Source: GTSS; INVERCO

The table shows the annualised cumulative return as at 31 December 2023 over a period of 1, 3, 5, 10, and 20 years.

The 20-year return of the Reserve Fund is assimilated to the return since its inception.

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.

7.2.1 Return on financial assets

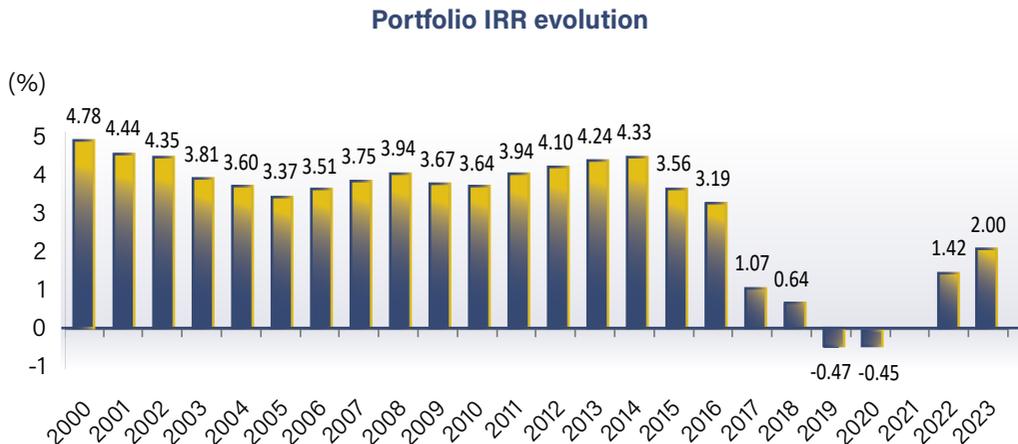
The return of the financial assets comprising the Fund's portfolio are defined by the IRR of each security at the time of purchase and calculated as a weighted average over the nominal value of each asset.

The IRR of the current portfolio, consisting of the fixed income securities acquired up to 2023 and forming part of the portfolio as at 31 December 2023, is calculated as a weighted average over the nominal value and stands at 2.00%, with the following breakdown:



NOTE: IRR weighted average on the nominal value of financial assets calculated by maturity and on the total portfolio.

The IRR the assets in the portfolio shows the following development per financial year:



The 2020 figure refers to the portfolio as at 12 November, as 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 IRR for this period.

7.2.2 Return of the current account opened with Banco de España

Since 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:

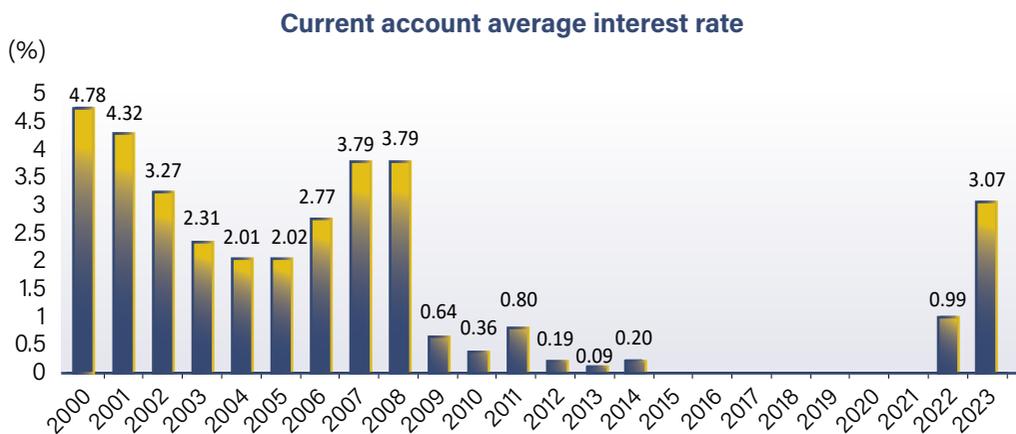
- a) The €STR interest rate, whether positive or negative, for balances held daily up to the 20 M€ threshold.
- b) The lower of the Eurosystem's deposit facility rate and the €STR, for balances exceeding the threshold on each day.

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.

Following the approval by the Governing Council of the European Central Bank of Guideline ECB/2023/8 of 5 April, which introduces changes to the remuneration framework for balances deposited by general government with Eurosystem central banks, from 1 May 2023 the entire balance on the Reserve Fund accounts opened at the Banco de España will be remunerated at the €STR rate minus 20 basis points, and the previously established thresholds will no longer apply.

The negative interest on the current account, generated from 2014 to September 2022, is not passed on to the Reserve Fund, but is assumed by the Social Security system, in accordance with its regulations, and therefore does not reduce the value of the Fund.

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



7.3 RETURN SUMMARY

The table of percentages and the graph representing the evolution of the Fund's returns,

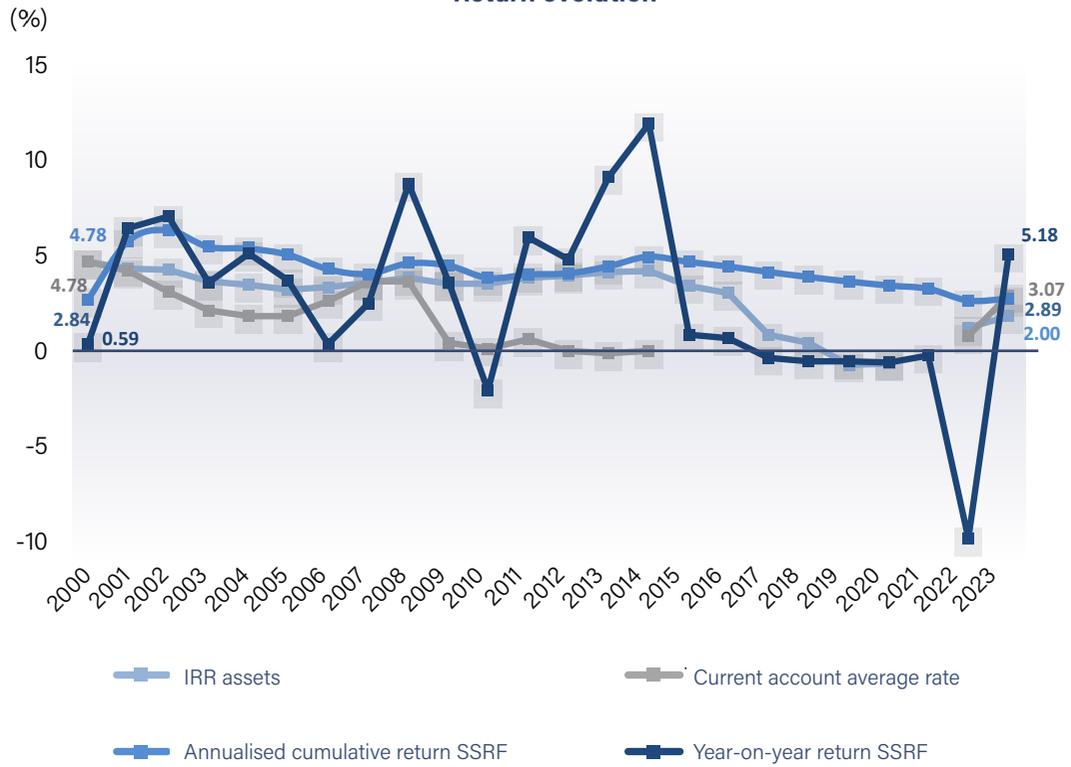
analysed in detail in the previous sections, are summarised below:

Return summary

Year	IRR assets	Current account average rate	Annualised cumulative performance	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
2023	2.00	3.07	2.89	5.18

Data in %

Return evolution





8

**FLOW
FORECAST
2024**

Flow forecast 2024

The establishment of the IEM final contribution will enable further allocations to be made to the Reserve Fund in the course of the financial year 2024. As from January 2024, the IEM contribution rate will increase from 0.6% in 2023 to 0.7% and the proceeds will be invested in accordance with the decisions of the Management Committee.

On the other hand, during 2024, in accordance with the portfolio at 31 December 2023, coupons will mature in the amount of 17.75 M€, with the following breakdown:

Coupon maturity 2024

Expiry date	Amount
30/04/2026	6,466,600
31/10/2026	11,284,821
Total	17,751,421

Amounts in €

Equally, in 2024 Spanish public financial assets will mature in the amount of 744.63 M€, with the following breakdown:

Amortisation of financial assets 2024

Expiry date	Description of the financial asset and issue reference	Amount
07/06/2024	Treasury Bills ES0L02406079	247,850,000
05/07/2024	Treasury Bills ES0L02407051	248,563,000
09/08/2024	Treasury Bills ES0L02408091	248,216,000
Total		744,629,000

Amounts in €

The sum of coupons and amortisations in 2024 will rise to a total of 762.38 M€.



9

**COMPARISON
OF THE MOST
REPRESENTATIVE
MAGNITUDES OF
THE RESERVE
FUND**

Comparison of the most representative magnitudes of the Reserve Fund

This section compares the value of the Reserve Fund in 2023 with that in 2022, both at purchase

price and market price, as well as the most representative magnitudes of the Reserve Fund.

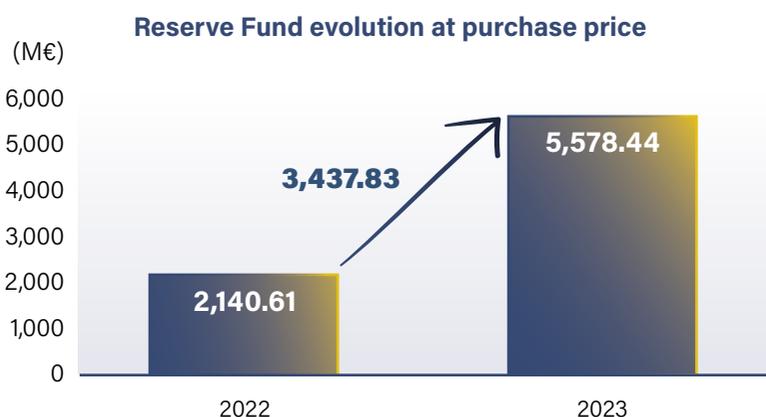
Comparison Reserve Fund value

Concept	Year 2022	Year 2023	Difference
SSRF at purchase price	2,140.61	5,578.44	+ 3,437.83
SSRF at market value	1,937.08	5,502.74	+ 3,565.66

Amounts in M€

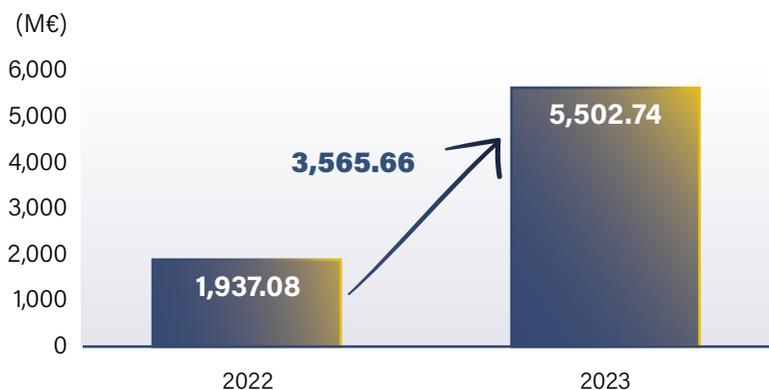
The total amount of the Social Security Reserve Fund, at purchase price, at 31 Decem-

ber 2023, shows the following evolution compared to the same date of the previous year:



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

Reserve Fund evolution at market value



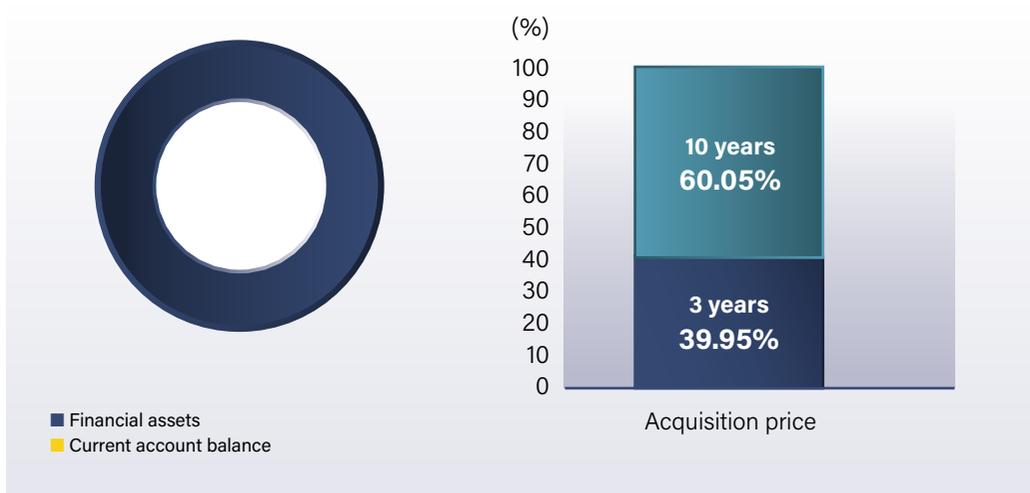
Comparison of the most representative magnitudes of the Reserve Fund

Concept	Year 2022	Year 2023
Performance fixed-income assets (IRR)	1.42%	2.00%
Annualised cumulative performance SSRF	2.79%	2.89%
Year-on-year return SSRF	-9.39%	5.18%
Current account average rate	0.99%	3.07%
Level of concentration	0.18%	0.22%
Duration	6.17 years	2.06 years
Modified duration	5.96	2.00
SSRF at purchase price as % of GDP	0.16%	0.38%

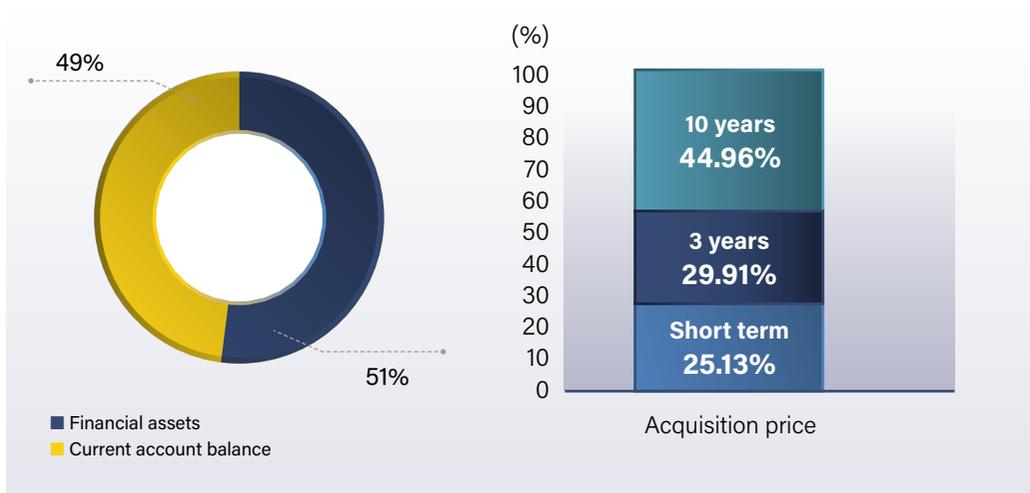
The figure of % SSRF over GDP for the year 2022 refers to the GDP for 2022 according to I.N.E. data on the basis of CNE-2010, published on 26 March 2024. It stood at 1,346,377M€.

Finally, a comparison of the distribution of the Reserve Fund and its portfolio in the years 2022 and 2023 is presented:

31 December 2022



31 December 2022



NOTE: The current account balance includes interest accrued in December and collected in January.



10

**ANNEX.
ECONOMIC AND
FINANCIAL
INFORMA-
TION IN THE
ANNUAL
ACCOUNTS**

Annex. Economic and financial information in the annual accounts

The purpose of this report on the actions for the year 2023 and the situation of the Reserve Fund at 31 December 2023, which is submitted to Parliament in compliance with article 127 of the CTGSSL, 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 2023 are detailed, such as its value, composition, distribution by portfolios, return 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 price, 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 General Public Chart of Accounts 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 General Public Chart of Accounts to the entities that make up the Social Security system was approved. This resolution was subsequently amended by the Resolution of 11 October 2023 of the Intervención General

de la Administración del Estado (Comptroller General of the State), which regulates a specific reserve representing the materialisation of the assets of the Social Security Reserve Fund.

Given the nature of the securities in which, by law, the Social Security Reserve Fund may be invested, 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 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.

In 2022, 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

Intervención General de la Seguridad Social (Office of the Comptroller General of Social Security).

Finally, at the end of the 2023 financial year, the Reserve Fund amounted to 6,126,394,262.04 €, broken down as follows

Financial position of the Reserve Fund as at 31 December 2023

Concept	Amount
Long-term debt securities held to maturity	2,159,001,894.03
- National Portfolio	2,159,001,894.03
- Eurozone Portfolio	0.00
Short-term debt securities held to maturity	730,537,307.22
- National Portfolio	730,537,307.22
- Eurozone Portfolio	0.00
Financial balance allocated to the Social Security Reserve Fund	3,222,667,352.04
Short-term interest on debt securities	6,209,538.47
- National Portfolio	6,209,538.47
- Eurozone Portfolio	0.00
Other short-term interest receivable	7,978,170.28
Total 116 SOCIAL SECURITY RESERVE FUND	6,126,394,262.04

Amounts in €



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Y MIGRACIONES

SECRETARÍA DE ESTADO
DE LA SEGURIDAD SOCIAL
Y PENSIONES