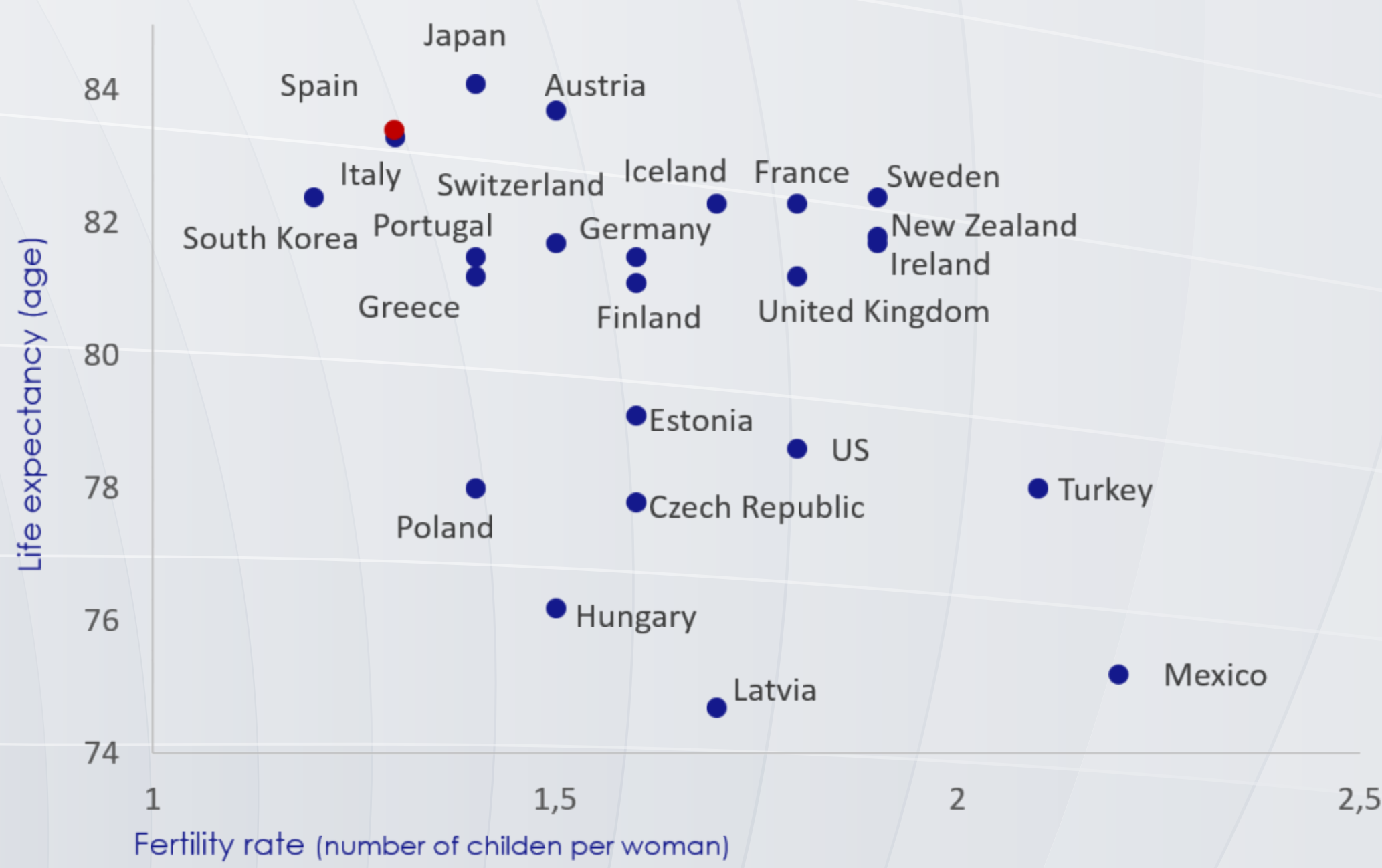


AGEING AND PENSIONS

Population ageing is a global phenomenon that predominantly affects the most advanced countries due to the declining fertility rates and rising life expectancy

Population ageing (OECD countries)

Age and children per woman



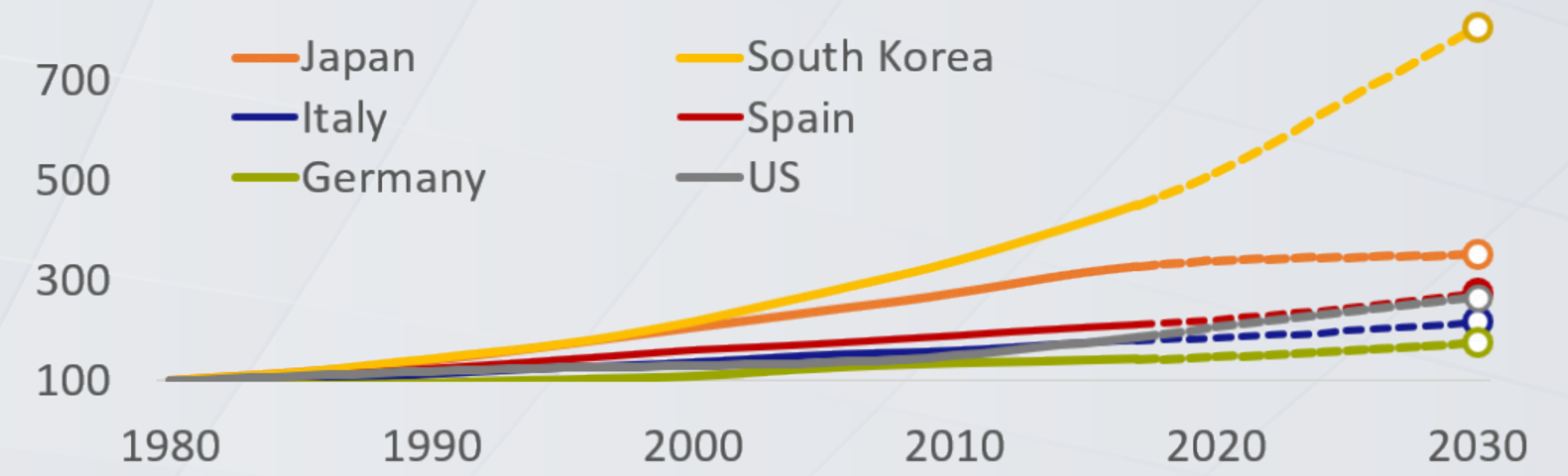
Average age of the population, 2020

Age



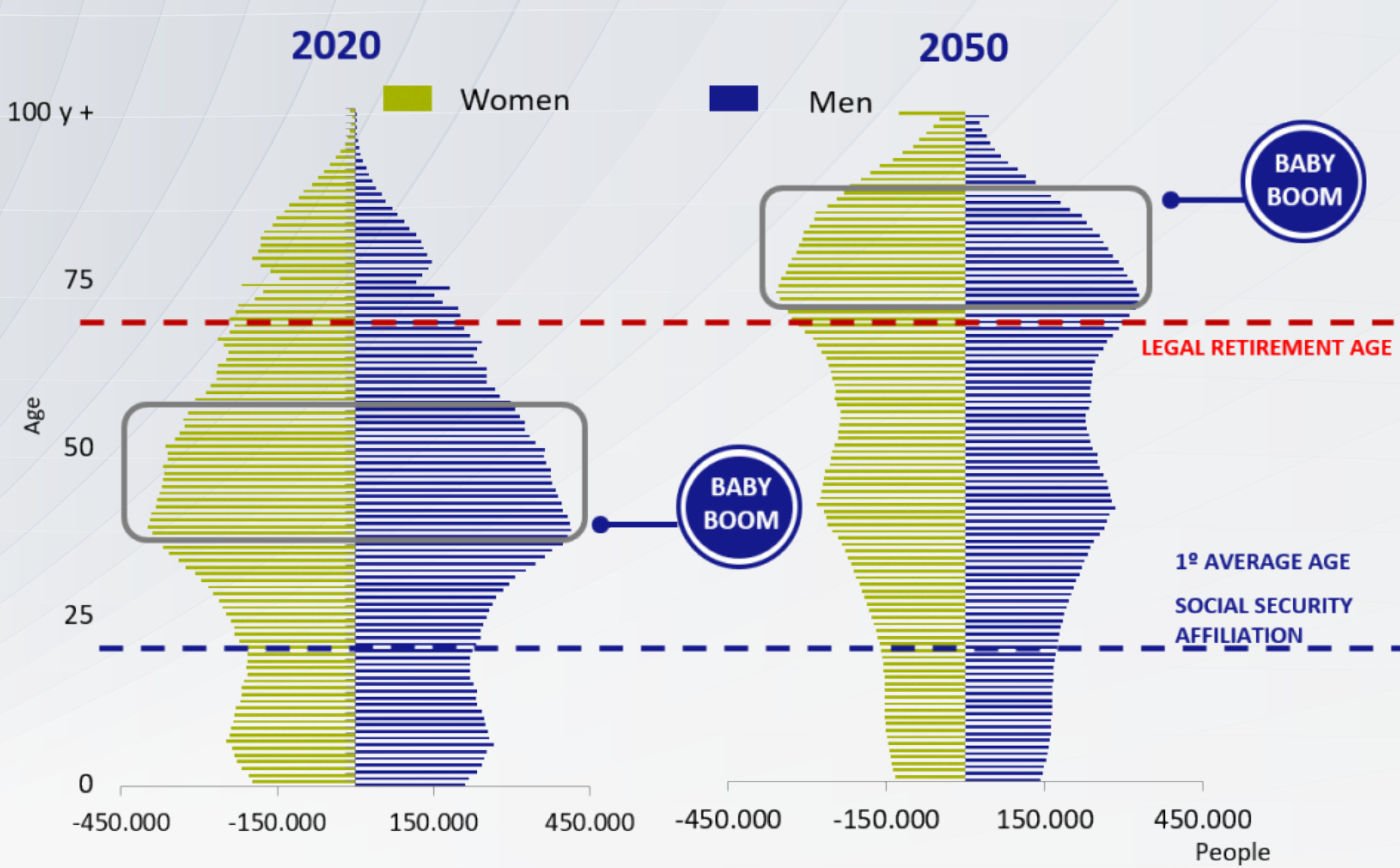
Evolution of the population aged over 65

1980=100



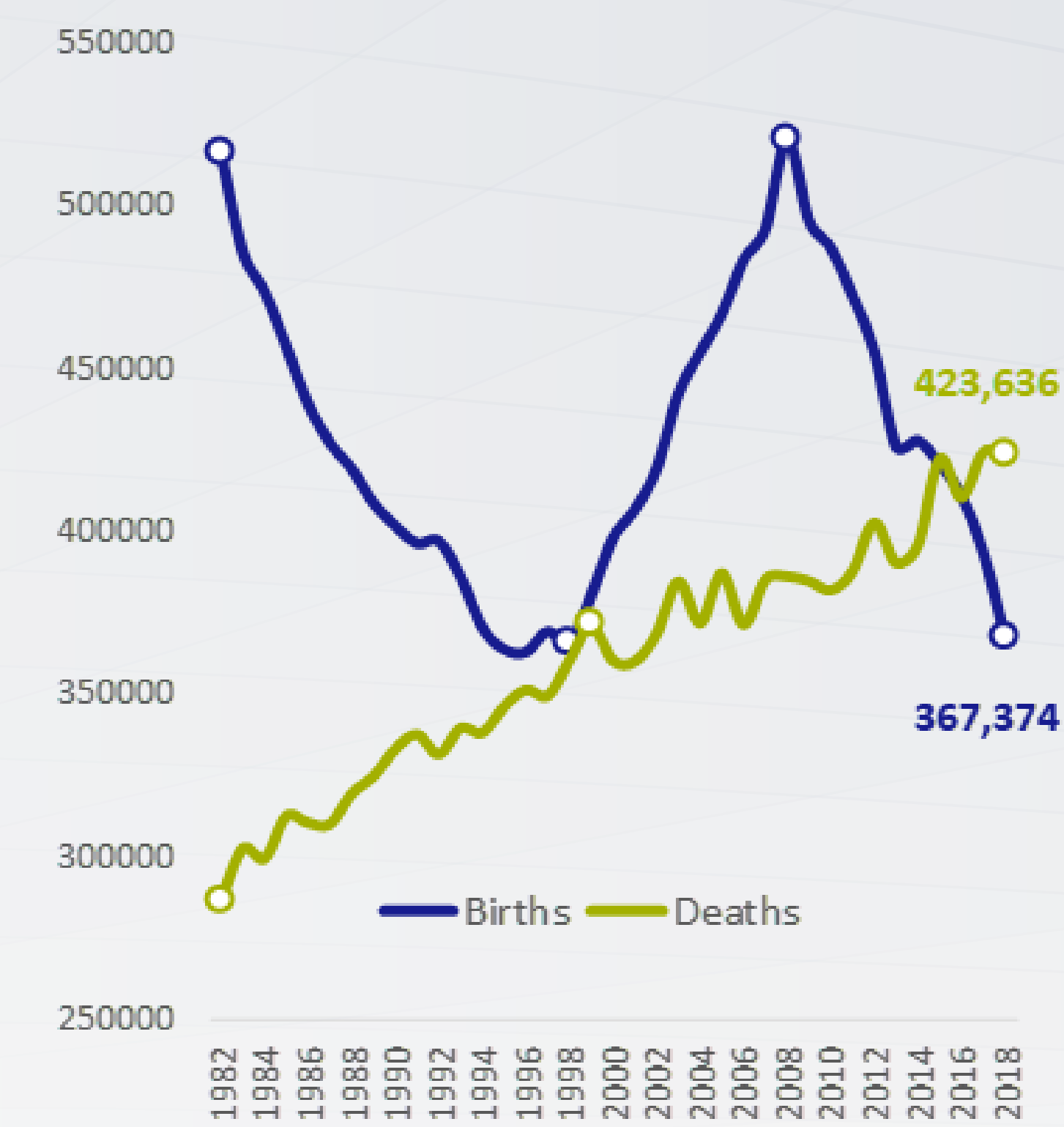
Spain is one of the longest-lived and most ageing countries in the world. It also has one of the lowest fertility rates (1.25) of the OECD countries, with a negative natural change¹ for the last 3 years

Inverted population pyramid, Spain



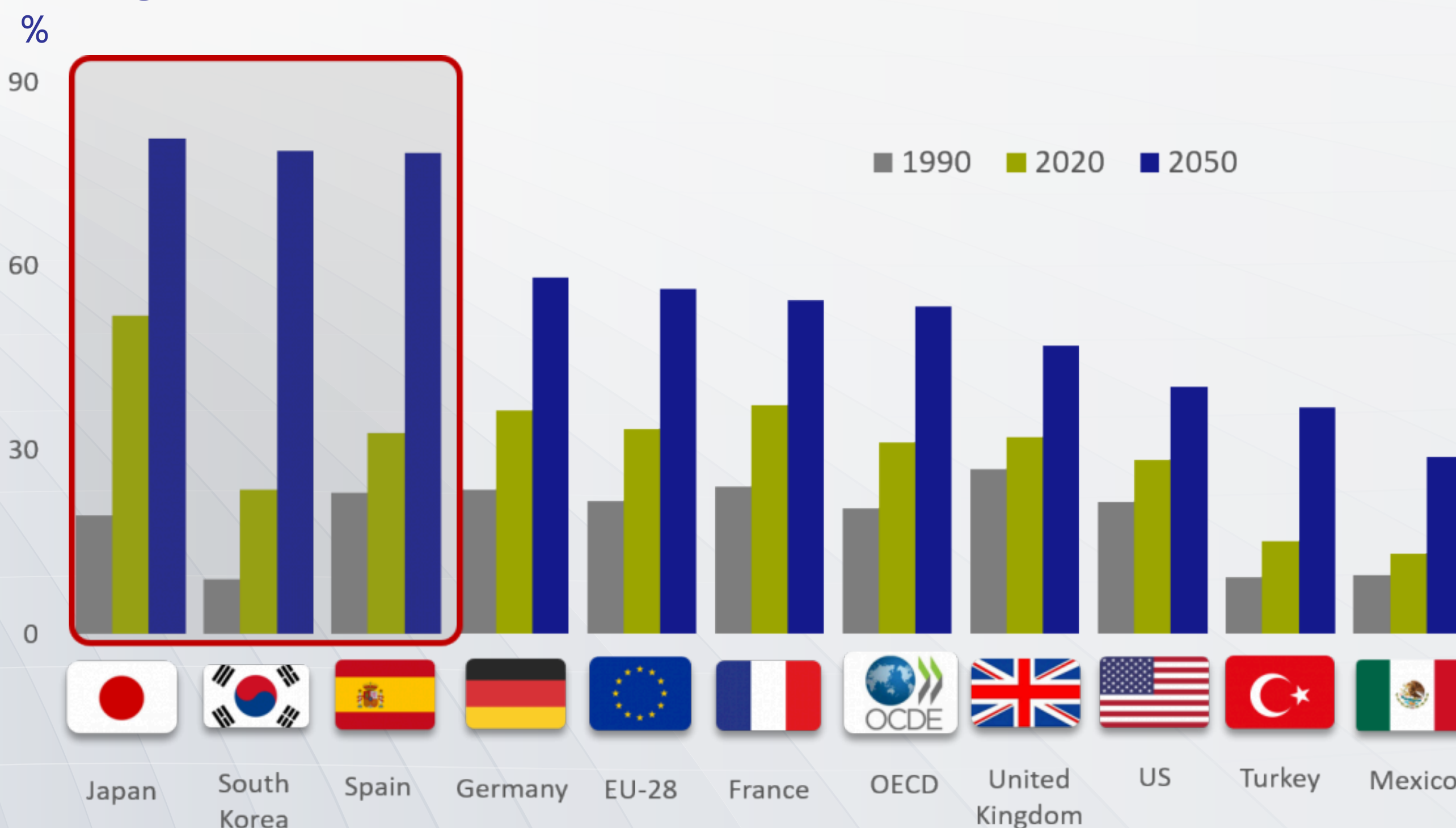
Natural change, Spain

People

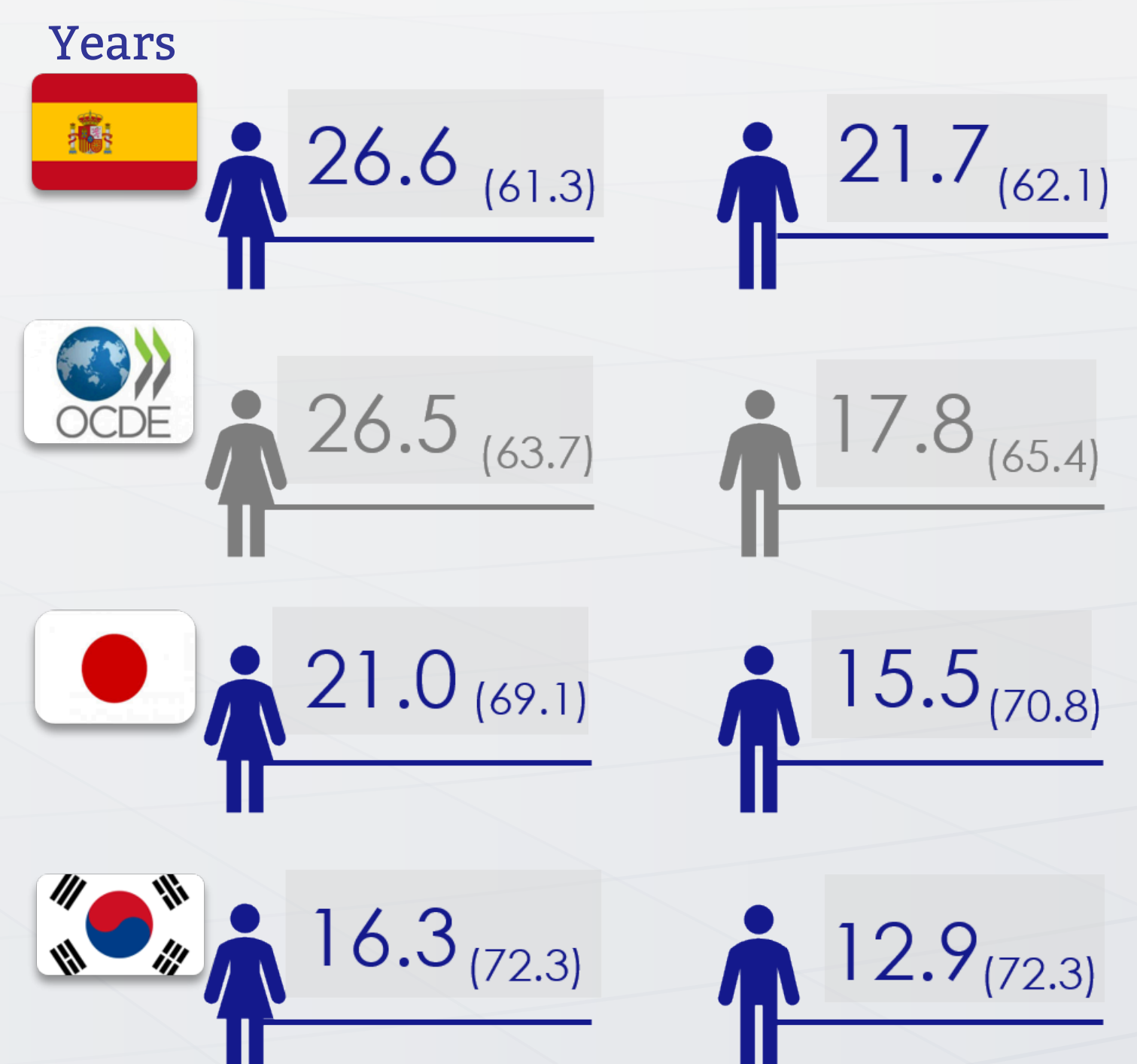


The future sustainability of our pension system hinges upon the demographic challenge faced by Spain, in a context where the dependency ratio will rise to 78% in 2050

Old-age dependency ratio²

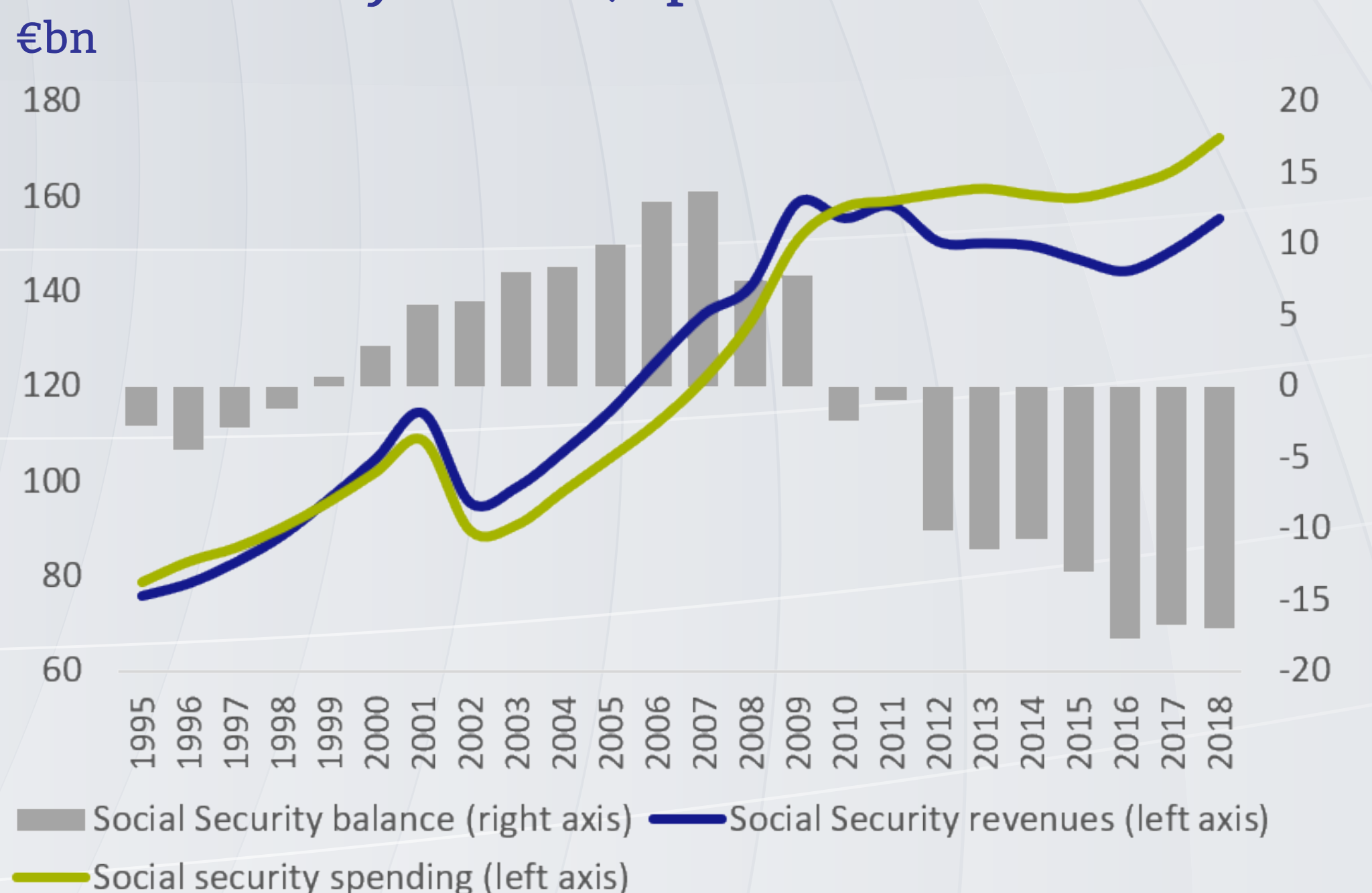


Life expectancy after retirement (and effective retirement age)



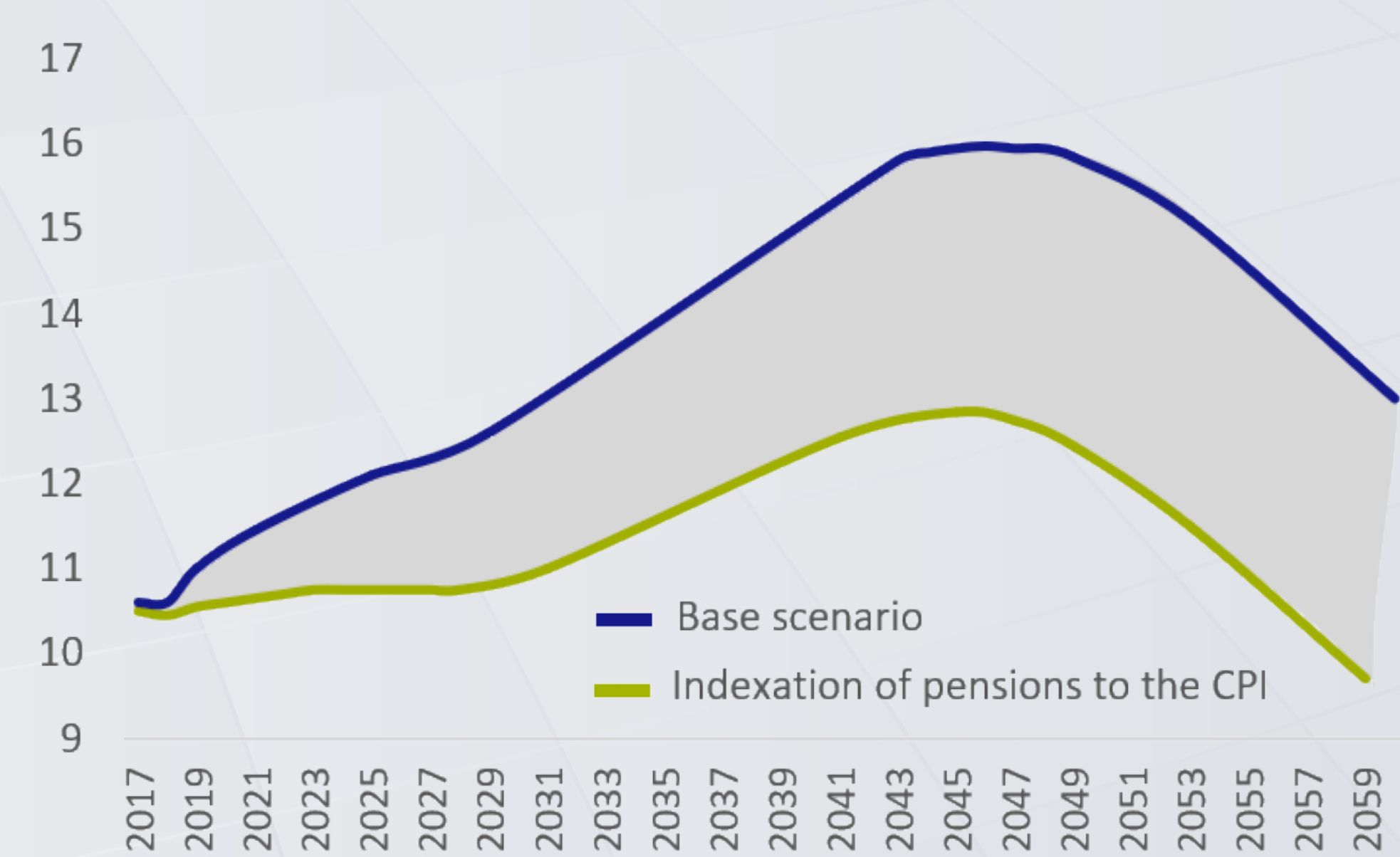
Since 2009, the Social Security has been registering negative balances, which in 2018, reached 1.4% of GDP

Social Security balance, Spain



Projected pension spending, Spain

% of GDP



The Bank of Spain deems that, in the absence of new measures, a CPI-linked indexation of pensions will lead to an increase in spending of 3pp of GDP in 2050

¹ The difference between the number of births and deaths for a given population

² Number of people aged 65 or over for every 100 people of working age (i.e. those aged 20 to 64)