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SECRETARIAT OF STATE
FOR SOCIAL SECURITY

**SOCIAL
SECURITY
RESERVE
FUND**



Report to Parliament
Changes and actions in 2011
and status as at 31 December 2011



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RESERVE FUND REPORT AS AT 31/12/2011

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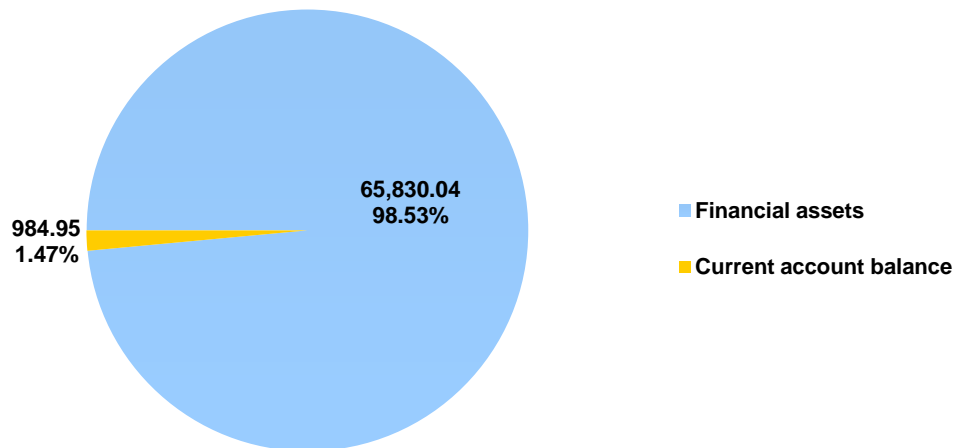


1. RESERVE FUND STATUS AS AT 31/12/2011

On 31/12/2011, the breakdown of the Reserve Fund balance was as follows:

1-Financial assets	€65,830,040,509.63
<i>(recorded at acquisition price¹)</i>	
2-Current account balance	€983,996,242.24
3-Interest accrued on the current account in December 2011	€956,541.10
<i>(received on 3 January 2012)</i>	
<hr/>	
RESERVE FUND TOTAL	€66,814,993,292.97

This is illustrated in the following graph (figures in millions of euros):



This Reserve Fund balance represents 6.22% of the Gross Domestic Product (according to figures from the INE (National Institute of Statistics) published in the CNE-2008 on 16 February 2012, GDP for 2011 was €1,073,383 million).

¹ The acquisition price is known as the “dirty price” because it includes the amount paid for the accrued - but not collected - interest coupons which, where applicable, the asset includes. Including this amount means that the amounts received when the asset matures or is disposed of have to be adjusted in the opposite direction to prevent them from being calculated twice. In terms of accounting, however, since the Public Debt assets that make up the SSRF as classed as “held-to-maturity investments”, the assets at the close of the financial year are recorded at their depreciated cost (64,194,890,254.02 euros).



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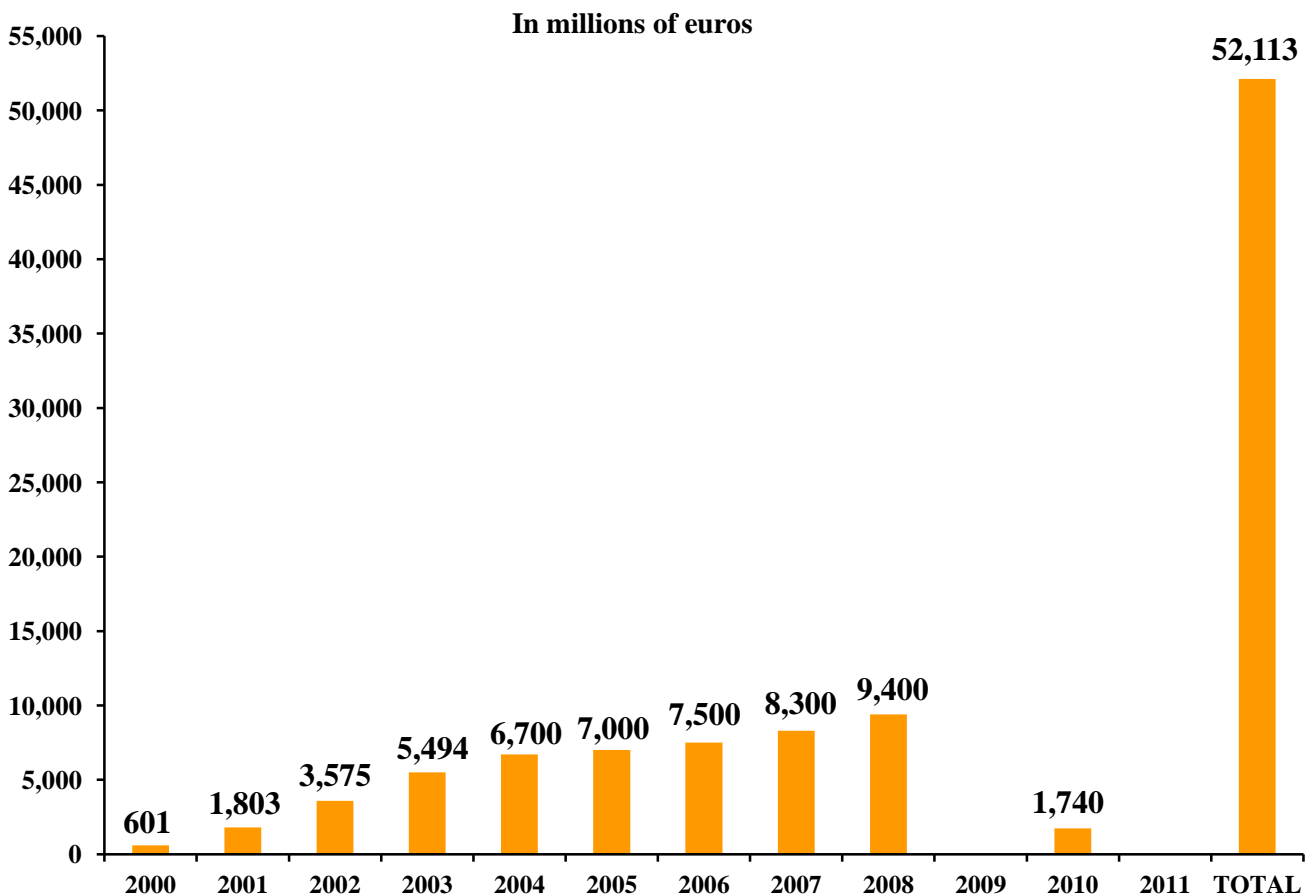
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2.- CHANGES IN THE RESERVE FUND BALANCE

The Reserve Fund **allocations** approved by the Council of Ministers and taken from the budget surpluses of the Social Security Managing Bodies and Common Services, covering the period from the first allocation approved in 2000 up to 31 December 2011, are illustrated in the following graph:

ALLOCATIONS APPROVED BY COUNCIL OF MINISTERS AGREEMENT UP TO 31 DECEMBER 2011 (taken from the budget surpluses of the Social Security Managing Bodies and Common Services)





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The amounts allocated as excess income arising from the management by the Social Security **Mutual Societies for Work-Related Injuries and Occupational Diseases** for the **Temporary Disability benefit due to common contingencies**, were paid into the Reserve Fund's dedicated account:

- For years 1997-2002: **€19,872,722.09.**
- For 2003: **€258,828.77.**
- For 2004: **€5,335,504.48.**
- For 2005: **€41,452,276.13.**
- For 2006: **€110,265,045.16.**
- For 2007: **€119,958,195.12.**
- For 2008: **€80,059,126.02.**
- For 2009: **€69,247,170.19.**
- For 2010: **€222,413,012.43**, with the following value dates: 30 November (€43,908,817.97), 1 December (€148,293,136.55), 2 December (€30,211,030.91) and 12 December 2011 (€27.00).

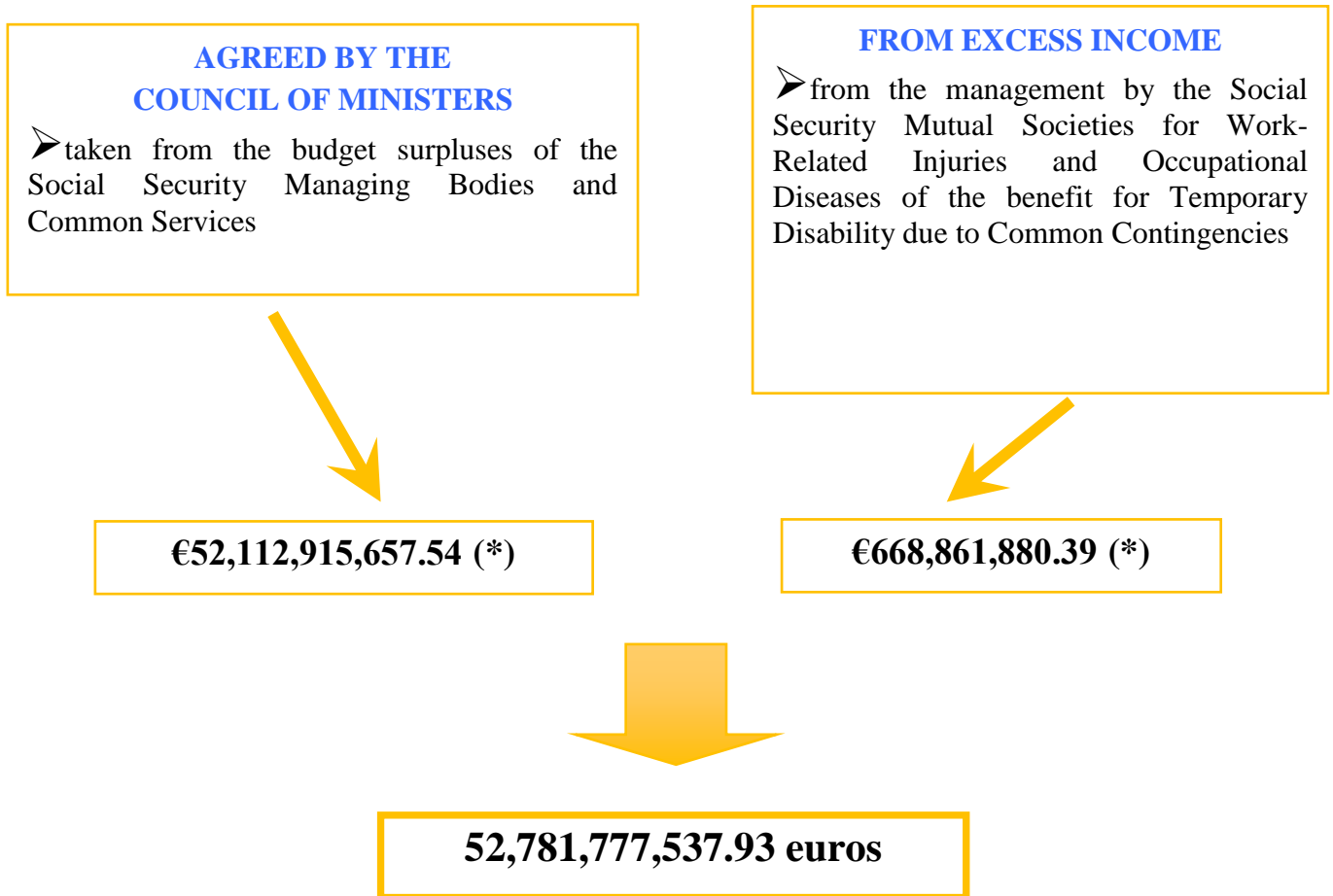


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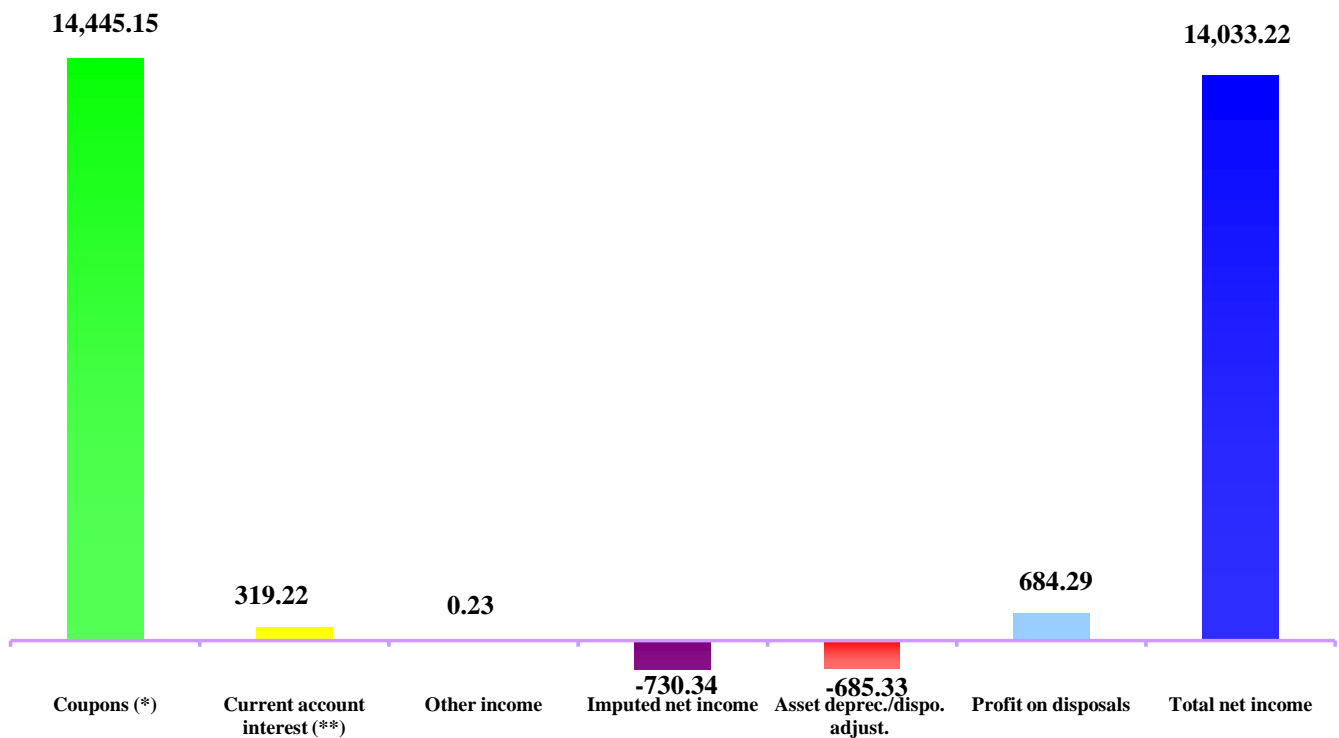
SOCIAL SECURITY RESERVE FUND ALLOCATIONS



() In 2011, €222,413,012.43 was paid into the Fund from the excess income arising from the management by the Social Security Mutual Societies for Work-Related Injuries and Occupational Diseases in order to benefit Temporary Disability due to Common Contingencies in 2010.*



The **net income generated²** by the Fund between 2000, when the first allocation to the Reserve Fund was approved, and 31/12/2010 (this income also forms part of the Reserve Fund allocation) can be summarised as follows:



Figures in millions of euros

(*) Includes the accrued interest coupon for the assets acquired by the Reserve Fund (€903,836,697.41 corresponds to the accrued interest coupon for the assets in the portfolio 31/12/2011).

(**) Includes interest accrued in December and received on 3 January 2012.

² Not including asset income that was earned but not received during the year. The income earned but not received for 2011 totalled €839,394,541.62. This figure is recorded in the accounts of the General Treasury of the Social Security as explicit interest and as part of the depreciated cost.



GENERAL CHANGES IN THE RESERVE FUND BALANCE

ALLOCATIONS AND INCOME

Status as at 31/12/2011. Figures in millions of euros

Cumulative figures	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1. ALLOCATIONS	601	2,404	5,979	11,473	18,193	25,198	32,740	41,150	50,670	50,750	52,559	52,782
1.a Council of Ministers' Agreement (*)	601	2,404	5,979	11,473	18,173	25,173	32,673	40,973	50,373	50,373	52,113	52,113
1.b. MATEPSS excess income (**)					20	25	67	177	297	377	446	669
2. NET INCOME GENERATED	3	29	190	552	1,137	1,987	3,139	4,566	6,553	9,272	11,816	14,033
2.a Income generated (***)	3	29	190	562	1,175	2,065	3,255	4,729	6,787	9,690	12,352	14,718
2.b Adjustments for depreciation/disposal of assets				-10	-38	-78	-116	-163	-234	-418	-536	-685
TOTAL	604	2,433	6,169	12,025	19,330	27,185	35,879	45,716	57,223	60,022	64,375	66,815

(*) Taken from the budget surpluses of the Social Security Managing Bodies and Common Services.

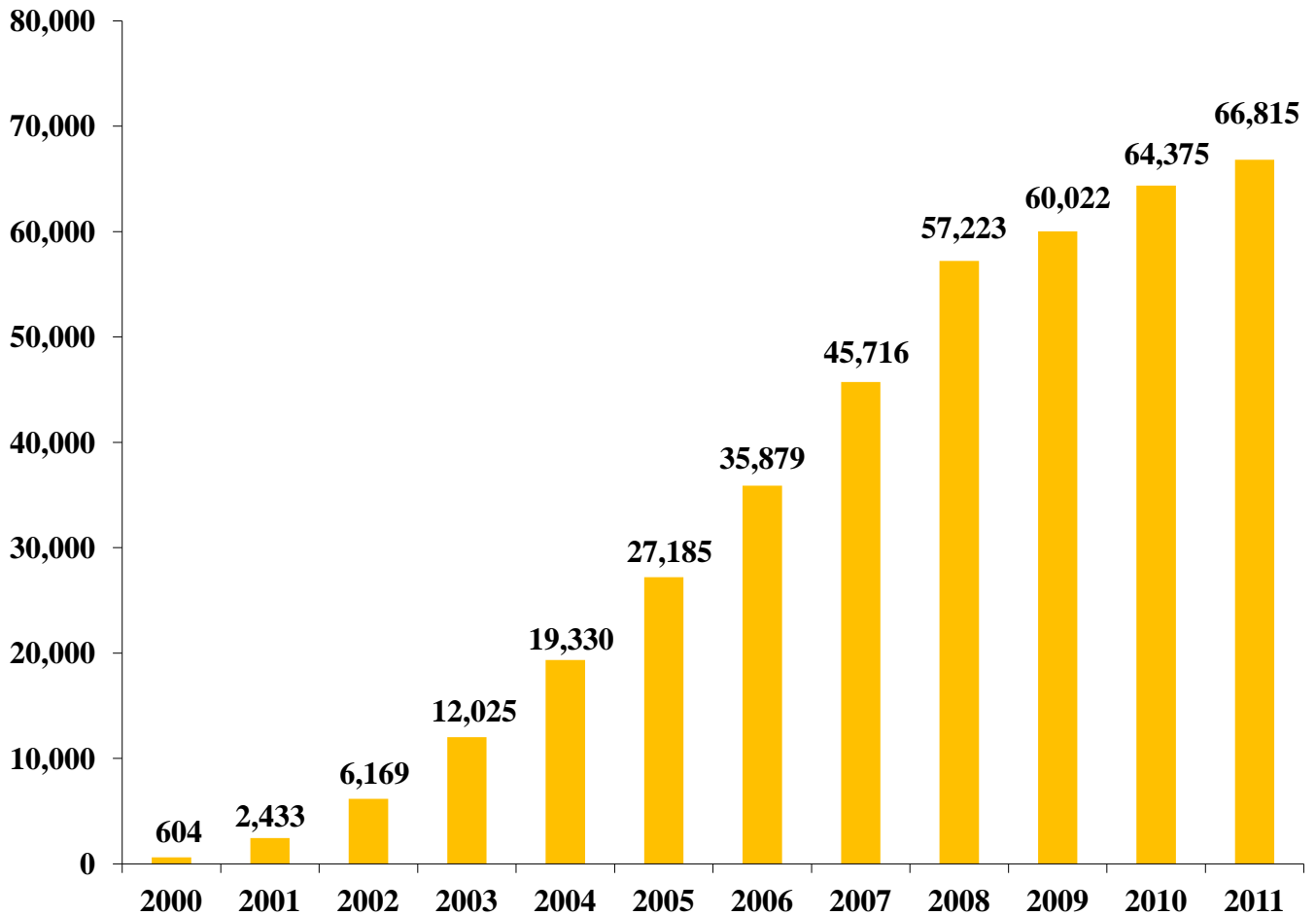
(**) Arising from the management by the MATEPSS of the benefit for Temporary Disability due to Common Contingencies.

(***) Current account interests (in each financial year this includes the interest accrued in December but received in January of the following year), asset income, income from disposals and other income.



The balance breakdown by year is shown below:

**General Changes in the Reserve Fund Balance
Status as at 31 December
Figures in millions of euros**





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3.- ACTIONS IN 2011 FINANCIAL YEAR

3.1. Investment and Management Criteria for 2011

- The Social Security Reserve Fund will invest in Spanish public debt and may invest in the public debt of Germany, France and the Netherlands. The debt must be issued in euros, with maximum credit quality, and negotiated on regulated markets or organised trading systems.
- Investment in the public debt of non-Spanish issuers, if approved by the Social Security Reserve Fund Management Committee, must be limited such that the total value of foreign debt in the portfolio does not exceed 55% of the total nominal value of the portfolio.
- If market conditions are favourable, assets may be disposed of subject to security, profitability and diversification criteria.
- The Social Security Reserve Fund must be managed taking into account the timeframes established by the Secretariat of State for the Social Security's schedule for future inflows and the availability of funds to cover contributory pensions.
- The modified term of the Social Security Reserve Fund shall be between 3.5 and 5 years, although the pace needed to achieve the required term will be gradual and may vary depending on the economic and financial climate and the status of the Social Security Reserve Fund.
- The maturity structure for portfolio assets must be well-balanced and avoid any excessive concentration of maturity periods.



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- The Social Security Reserve Fund’s Spanish securities must be diversified, such that no single product in the portfolio accounts for more than 16%, in general terms, of the nominal outstanding balance. This is in addition to the issuer policies, which will not automatically shape the Fund's investment decisions.
- The nominal value of all Spanish Treasury products in the Social Security Reserve Fund’s portfolio shall not exceed 11% of the total Treasury debt in circulation (bills and short and long-term bonds), excluding foreign currency issuances.
- At the time of investment, priority shall be given to purchases of benchmark products in the portfolio.
- For the purposes of their valuation, set forth in the General Public Accounting Plan, the public debt assets included in the Social Security Reserve Fund are initially classed as “held-to maturity investments”.



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3.2. First Management Committee Meeting of 2011

On 6 April 2011, the Social Security Reserve Fund Management Committee, which is the senior managing body for the Reserve Fund, held its thirtieth meeting. After having analysed the proposal from the Investment Advisory Committee, which met on 28 March 2011, the Committee adopted the following resolutions:

- ✓ To approve the management and investment criteria for 2011. These criteria are set out in the previous section.
- ✓ To approve the proposal to buy Spanish Public Debt –to be debited from the existing balance in the account opened with the Bank of Spain on 6 April 2011 (€1,661,839,448.89), as well as the predicted inflows from coupons (€393,866,505.29) and asset depreciation (€2,304,324,000.00) by 30 April 2011– for a total of €4,359,210,000 (€900,000,000 on the primary market –depending on the auctions the General Directorate of the Treasury and Financial Policy announced on 7 and 15 April– and €3,459,210.000 on the secondary market), leaving the remaining amount as the balance in the current account.
- ✓ The amounts of Spanish Public Debt that could not be acquired on the primary market would be acquired on the secondary market, with the same products being acquired.
- ✓ To distribute assets such that the term of the Fund remained at 4.8 years and the modified term at 4.6 years.
- ✓ To give the Bank of Spain, which would act as an agent, until 20 May 2011 to complete the aforementioned transactions, in accordance with the inflows and possible auctions.



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The proposal to purchase assets that the Reserve Fund Management Committee, as senior monitoring body, approved in its meeting on 6 April 2011, specified the following list of assets to be purchased:

Distribution of Spanish Public Debt acquisitions:

Description of asset	Maturity	Value in euros		
		Primary	Secondary	Total
State Short-Term Bonds (3.25%) (1)	30/04/2016	300,000,000	50,000,000	350,000,000
State Long-Term Bonds (4.30%)	31/10/2019		600,000,000	600,000,000
State Long-Term Bonds (4.85%)	31/10/2020		800,000,000	800,000,000
State Long-Term Bonds (5.50%) (2)	30/04/2021	300,000,000	550,000,000	850,000,000
State Long-Term Bonds (4.65%)	30/07/2025		809,000,000	809,000,000
State Long-Term Bonds (5.90%) (2)	30/07/2026	300,000,000	250,000,000	550,000,000
State Long-Term Bonds (4.90%)	30/07/2040		400,210,000	400,210,000
TOTAL		900,000,000	3,459,210,000	4,359,210,000

(1) Purchases on the primary market if on 7 April the General Directorate of the Treasury and Financial Policy announced that said product was going to be auctioned on 5 May. Otherwise the purchases would be made on the secondary market.

(2) Purchases on the primary market if on 7 and 15 April the General Directorate of the Treasury and Financial Policy announced that said products were going to be auctioned on 20 April. Products that were not auctioned on 20 April would be bought on the secondary market.



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Once the proposal was passed by the Social Security Reserve Fund Management Committee, on behalf of the General Treasury of the Social Security and based on the certificate issued by the Committee Secretary, the corresponding acquisition file was opened and the acquisition orders were sent to the Bank of Spain. Details of the acquisitions that took place between 26 April and 23 May –the value dates- (the transaction dates being between 19 April and 18 May) are as follows:

- Spanish financial assets were bought for an acquisition price of €4,359,205,962.04; through transactions on the primary market at an acquisition price of €588,024,000.00 and transactions on the secondary market at an acquisition price of €3,771,181,962.04.
- Average amounts of purchases made per day were €256.42 million.



Details of the transactions that took place are shown in the following table:

ACQUISITIONS

(Figures in euros)

	DESCRIPTION OF FINANCIAL ASSET AND ISSUE REFERENCE	DEPRECIATION DATE	TOTAL ACQUISITION PRICE (includes accrued interest coupon if applicable)	NOMINAL VALUE = REDEMPTION VALUE	AVERAGE ACQUISITION IRR
I)	SHORT-TERM ZONE		0.00	0.00	
	TOTAL		0.00	0.00	
II)	3-YEAR ZONE		0.00	0.00	
	TOTAL		0.00	0.00	
III)	5-YEAR ZONE				
	State Short-Term Bonds (3.25%) Issue ref. ES00000122X5	30/04/2016	349,999,202.15	370,620,000.00	4.547
	TOTAL		349,999,202.15	370,620,000.00	4.547
IV)	10+ YEAR ZONE				
	State Long-Term Bonds (4.30%) Issue ref. ES00000121O6	31/10/2019	599,999,045.72	617,346,000.00	5.048
	State Long-Term Bonds (4.85%) Issue ref. ES00000122T3	31/10/2020	800,000,129.74	801,636,000.00	5.221
	State Long-Term Bonds (5.50%) Issue ref. ES00000123B9	30/04/2021	849,999,801.51	836,149,000.00	5.394
	State Long-Term Bonds (4.65%) Issue ref. ES00000122E5	30/07/2025	808,998,662.93	861,448,000.00	5.657
	State Long-Term Bonds (5.90%) Issue ref. ES00000123C7	30/07/2026	549,999,793.93	537,227,000.00	5.757
	State Long-Term Bonds (4.90%) Issue ref. ES00000120N0	30/07/2040	400,209,326.06	443,925,000.00	5.890
	TOTAL		4,009,206,759.89	4,097,731,000.00	5.464
	TOTAL FINANCIAL ASSETS PURCHASED (I+II+III+IV)		4,359,205,962.04	4,468,351,000.00	5.388 (*)

(*) *Average weighted IRR on the nominal value acquired*

Zone-based distribution criteria:

Short-term zone: maturity up to 12 months from 31/12/2011 in order to tie in with accounting criteria.

3-year zone: maturity between 12 months and 4 years from 31/12/2011.

5-year zone: maturity between 4 years and 7 years from 31/12/2011.

10+ year zone: maturity over 7 years from 31/12/2011.

Once the acquisitions had been completed, and in order to summarise the actions carried out, a comparison was drawn between the figures estimated on the date of the meeting, according to the agreements adopted by the Management Committee, and the new status of the Reserve Fund on the final value date of the acquisition transactions:



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RESOLUTIONS	ESTIMATED INDICATORS PROPOSED FIGURES (06-04-11)	ACTUAL FIGURES (Figures as at 23/05/2011)
Amount of Spanish Debt to be purchased (€m)	4,359.21	4,359.21
Account value (€m) (1)	0.42	8.53
Level of concentration (%)	10.17	10.19
SSRF term (years)	4.80	4.65
SSRF modified term (years)	4.60	4.43
Acquisition IRR (%) (2)	5.33	5.39
Percentage of foreign debt (nominal value) compared to total portfolio value	11.10	11.12

(1) The Account Value in the Actual Figures column includes surplus from the acquisitions, which was €4,037.96, the interest on the current account from March and April 2011 (€1,971,036.72) and the coupons collected due to the new acquisitions (€6,550,525.57).

(2) The proposal's IRR was calculated - once the purchases had been completed - based on the nominal value that was actually acquired and the IRR on the day of the Social Security Reserve Fund Management Committee Meeting (06/04/2011).



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3.3. Second Management Committee Meeting of 2011

On 20 July 2011, the Social Security Reserve Fund Management Committee, which is the senior managing body for the Reserve Fund, held its thirty-first meeting. After having analysed the proposal from the Investment Advisory Committee, which met on 19 July 2011, and following the investment criteria in force, the Committee adopted the following resolutions:

- ✓ To approve the proposal to buy Spanish Public Debt –to be debited from the existing balance in the account opened with the Bank of Spain (€852,418,452.20) on 20 July 2011, as well as the predicted inflows from coupons (€917,400,107.23) and asset depreciation (€2,838,879,000.00) by 19 August 2011– for a total of €4,608,690,000 (€1,800,000,000 on the primary market –depending on the auctions the General Directorate of the Treasury and Financial Policy announced– and €2,808,690,000 on the secondary market), leaving the remaining amount as the balance in the current account.
- ✓ The amounts of Spanish Public Debt that could not be acquired on the primary market would be acquired on the secondary market, with the same products being acquired.
- ✓ To distribute assets such that the term of the Fund remained at 4.8 years and the modified term at 4.6 years.
- ✓ To give the Bank of Spain, which would act as an agent, until 30 September 2011 to complete the aforementioned transactions, in accordance with the inflows and possible auctions.

The proposal to purchase assets that the Reserve Fund Management Committee, as senior monitoring body, approved in its meeting on 20 July 2011, specified the following list of assets to be purchased:



Distribution of Spanish Public Debt acquisitions:

Description of asset	Maturity	Value in euros		
		Primary	Secondary	Total
Treasury Bills as at 12 months (1)	24/08/2012	300,000,000		300,000,000
Treasury Bills as at 18 months (1)	15/02/2013	300,000,000		300,000,000
State Short-Term Bonds (3.40%) (2)	30/04/2014	300,000,000		300,000,000
State Long-Term Bonds (4.75%)	30/07/2014		150,000,000	150,000,000
State Short-Term Bonds (3.30%)	31/10/2014		150,000,000	150,000,000
State Long-Term Bonds (4.40%)	31/01/2015		200,000,000	200,000,000
State Short-Term Bonds (3.00%)	30/04/2015		200,000,000	200,000,000
State Long-Term Bonds (3.15%)	31/01/2016		200,000,000	200,000,000
State Short-Term Bonds (3.25%)	30/04/2016		250,000,000	250,000,000
New reference as at 5 years (3)		300,000,000	200,000,000	500,000,000
State Long-Term Bonds (5.50%)	30/07/2017		150,000,000	150,000,000
State Long-Term Bonds (4.10%)	30/07/2018		150,000,000	150,000,000
State Long-Term Bonds (4.30%)	31/10/2019		200,000,000	200,000,000
State Long-Term Bonds (4.00%)	30/04/2020		200,000,000	200,000,000
State Long-Term Bonds (4.85%)	31/10/2020		200,000,000	200,000,000
State Long-Term Bonds (5.50%)	30/04/2021		200,000,000	200,000,000
New reference as at 10 years (4)		300,000,000		300,000,000
State Long-Term Bonds (4.80%)	31/01/2024		200,000,000	200,000,000
State Long-Term Bonds (5.90%) (5)	30/07/2026	300,000,000	158,690,000	458,690,000
TOTAL		1,800,000,000	2,808,690,000	4,608,690,000

(1) Auction on 16 August.

(2) Auction on 4 August.

(3) Auction on 1 September of the new 5-year product. The General Directorate of the Treasury and Financial Policy would announce the specific product to be issued.

(4) Auction on 15 September of the 10-year bond. If a new 10-year product had been previously syndicated, this product would be purchased, otherwise the acquisition would be made at the auction on 15 September of the 5.50% Bond (maturing on 30/04/2021). If no 10-year product was auctioned, the acquisitions of the new syndicated bond would be made on the secondary market (10-year bond that the General Directorate of the Treasury and Financial Policy announced) and if it had not been syndicated, the new product would be bought on the secondary market: 5.50% Bond (maturing on 30/04/2021).

(5) Auction on 15 September.



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Once the proposal was passed by the Social Security Reserve Fund Management Committee, on behalf of the General Treasury of the Social Security and based on the certificate issued by the Committee Secretary, the corresponding acquisition file was opened and the acquisition orders were sent to the Bank of Spain. Details of the acquisitions that took place between 1 August and 28 September –the value dates- (the transaction dates being between 27 July and 23 September) are as follows:

- Spanish financial assets were bought for an acquisition price of €4,608,645,800.81; through transactions on the primary market at an acquisition price of €1,163,367,256.68 and transactions on the secondary market at an acquisition price of €3,445,278,544.13.
- Average amounts of purchases made per day were €124.56 million.
- The proposed acquisition figure of €300 million to be invested in a new 10-year product on the primary market, was finally invested in the 5.50% bond maturing on 30/04/2021 on the secondary market, as the aforementioned product was not issued.
- The proposed acquisition figure of €300 million to be invested in the 5.90% Bond maturing on 30/07/2026 on the primary market, was finally invested in the same bond on the secondary market, as it was not issued on 15 September.



Details of the transactions that took place are shown in the following table:

ACQUISITIONS

(Figures in euros)

	DESCRIPTION OF FINANCIAL ASSET AND ISSUE REFERENCE	DEPRECIATION DATE	TOTAL ACQUISITION PRICE (includes accrued interest coupon if applicable)	NOMINAL VALUE = REDEMPTION VALUE	AVERAGE ACQUISITION IRR
I)	SHORT-TERM ZONE				
	Treasury Bills Issue ref. ES0L01208245	24/08/2012	299,999,593.53	310,316,000.00	3.335
	TOTAL		299,999,593.53	310,316,000.00	3.335
II)	3-YEAR ZONE				
	Treasury Bills Issue ref. ES0L01302154	15/02/2013	299,999,369.89	316,486,000.00	3.590
	State Short-Term Bonds (3.40%) Issue ref. ES00000123D5	30/04/2014	300,000,283.06	308,060,000.00	4.817
	State Long-Term Bonds (4.75%) Issue ref. ES0000012098	30/07/2014	149,971,375.37	146,425,000.00	3.971
	State Short-Term Bonds (3.30%) Issue ref. ES00000121P3	31/10/2014	149,999,639.95	148,451,000.00	3.843
	State Long-Term Bonds (4.40%) Issue ref. ES0000012916	31/01/2015	199,999,570.08	192,968,000.00	4.018
	State Short-Term Bonds (3.00%) Issue ref. ES00000122F2	30/04/2015	199,999,578.09	204,700,000.00	3.960
	TOTAL		1,299,969,816.44	1,317,090,000.00	4.068
III)	5-YEAR ZONE				
	State Long-Term Bonds (3.15%) Issue ref. ES00000120G4	31/01/2016	199,999,482.69	207,508,000.00	4.500
	State Short-Term Bonds (3.25%) Issue ref. ES00000122X5	30/04/2016	249,999,023.36	259,921,000.00	4.412
	State Short-Term Bonds (4.25%) Issue ref. ES00000123J2	31/10/2016	499,999,476.07	505,453,000.00	4.496
	State Long-Term Bonds (5.50%) Issue ref. ES0000012783	30/07/2017	149,999,803.47	143,885,000.00	4.734
	State Long-Term Bonds (4.10%) Issue ref. ES00000121A5	30/07/2018	149,998,484.12	157,908,000.00	5.015
	TOTAL		1,249,996,269.71	1,274,675,000.00	4.571
IV)	10+ YEAR ZONE				
	State Long-Term Bonds (4.30%) Issue ref. ES00000121O6	31/10/2019	199,999,287.74	203,165,000.00	5.065
	State Long-Term Bonds (4.00%) Issue ref. ES00000122D7	30/04/2020	199,999,698.45	212,028,000.00	5.009
	State Long-Term Bonds (4.85%) Issue ref. ES00000122T3	31/10/2020	199,992,811.28	195,179,000.00	5.054
	State Long-Term Bonds (5.50%) Issue ref. ES00000123B9	30/04/2021	500,010,104.26	485,840,000.00	5.371
	State Long-Term Bonds (4.80%) Issue ref. ES00000121G2	31/01/2024	199,998,608.37	208,615,000.00	5.572
	State Long-Term Bonds (5.90%) Issue ref. ES00000123C7	30/07/2026	458,679,611.03	456,126,000.00	5.916
	TOTAL		1,758,680,121.13	1,760,953,000.00	5.422
	TOTAL FINANCIAL ASSETS PURCHASED (I+II+III+IV)		4,608,645,800.81	4,663,034,000.00	4.668 (*)

(*) *Average weighted IRR on the nominal value acquired*

Note: see zone-based distribution criteria on page 13



Once the acquisitions had been completed, and in order to summarise the actions carried out, a comparison was drawn between the figures estimated on the date of the meeting, according to the agreements adopted by the Management Committee, and the new status of the Reserve Fund on the final value date of the acquisition transactions:

RESOLUTIONS	ESTIMATED INDICATORS PROPOSED FIGURES (20-07-11)	ACTUAL FIGURES (Figures as at 28/09/2011)
Amount of Spanish Debt to be purchased (€m)	4,608.69	4,608.65
Account value (€m) (1)	0.008	2.71
Level of concentration (%)	10.11	10.22
SSRF term (years)	4.80	4.74
SSRF modified term (years)	4.60	4.53
Acquisition IRR (%) (2)	5.08	4.67
Percentage of foreign debt (nominal value) compared to total portfolio value	10.30	10.28

(1) The Account Value in the Actual Figures column includes the surplus from the acquisitions, which was €44,199.19, and the interest on the current account from July and August 2011 (€2,654,849.06).

(2) The proposal's IRR was calculated -once the purchases had been completed- based on the nominal value that was actually acquired and the IRR on the day of the Social Security Reserve Fund Management Committee Meeting (20/07/2011).



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3.4. Third Management Committee Meeting of 2011.

On 23 November 2011, the Social Security Reserve Fund Management Committee, which is the senior managing body for the Reserve Fund, held its thirty-second meeting. After having analysed the proposals from the Investment Advisory Committee, which met on 21 November 2011, and following the investment criteria in force, the Committee adopted the following resolutions:

- ✓ To approve the proposal to buy Spanish Public Debt –to be debited from the existing balance in the account opened with the Bank of Spain on 23 November 2011 (€2,676,673,334.06)– for a total of €2,177,483,000 (€1,880,000,000 on the primary market –depending on the auctions the General Directorate of the Treasury and Financial Policy announced– and €1,880,000,000 on the secondary market), leaving the remaining amount as the balance in the current account.
- ✓ To keep the amount corresponding to the depreciation of Bills forecasted for 16 December 2011 of €260,810,000 in the current account, as well as the amount that the Mutual Societies for Work-Related Injuries and Occupational Diseases had to pay in during December 2011 –in the Reserve Fund account– in relation to the application of the positive results from the 2010 financial year.
- ✓ The amounts of Spanish Public Debt that could not be acquired on the primary market would be acquired on the secondary market, with the same products being acquired.
- ✓ To distribute assets such that, in respect of what was agreed by the Management Committee on 20 July 2011, the term of the Fund would be reduced, setting it at 4.5 years with a modified term of 4.2 years.
- ✓ To give the Bank of Spain, which would act as an agent, until 23 December 2011 to complete the aforementioned transactions, in accordance with the forecasted auctions.



Details of the approved transactions are as follows:

Distribution of Spanish Public Debt acquisitions:

Description of asset	Maturity	Value in euros		
		Primary	Secondary	Total
Treasury Bills (1)	23/03/2012	300,000,000		300,000,000
Treasury Bills (1)	22/06/2012	300,000,000		300,000,000
Treasury Bills (2)	14/12/2012	300,000,000		300,000,000
Treasury Bills (2)	21/06/2013	80,000,000		80,000,000
State Short-Term Bonds (3.00%) (3)	30/04/2015	300,000,000		300,000,000
State Long-Term Bonds (3.15%) (3)	31/01/2016	150,000,000		150,000,000
State Long-Term Bonds (3.80%) (3)	31/01/2017	150,000,000		150,000,000
State Long-Term Bonds (5.85%) (4)	31/01/2022	300,000,000	57,483,000	357,483,000
State Long-Term Bonds (4.65%)	30/07/2025		240,000,000	240,000,000
TOTAL		1,880,000,000	297,483,000	2,177,483,000

(1) Auction on 20 December.

(2) Auction on 13 December.

(3) Auction on 1 December.

(4) Auction on 15 December: if this product is not auctioned, the auction on this day will be attended and the closest product within the deadline will be bought.



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Once the proposal was passed by the Social Security Reserve Fund Management Committee, on behalf of the General Treasury of the Social Security and based on the certificate issued by the Committee Secretary, the corresponding acquisition file was opened and the acquisition orders were sent to the Bank of Spain. Details of the acquisitions that took place between 6 and 23 December –the value dates- (the transaction dates being between 1 and 20 December) are as follows:

- Spanish financial assets were bought for an acquisition price of €2,177,476,277.52; through transactions on the primary market at an acquisition price of €1,838,847,929.36 and transactions on the secondary market at an acquisition price of €338,628,348.16.
- Average amounts of purchases made per day were €272.18 million.
- The proposed acquisition figure of €300 million to be invested in the 5.85% bond maturing on 31/01/2022 on the primary market, was finally invested in the 5.50% bond maturing on 30/04/2021, as the 5.85% bond was not issued in the auction on 15 December and the 5.50% bond, issued in the aforementioned auction, was the closest within the deadline.



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Details of the transactions that took place are shown in the following table:

ACQUISITIONS (Figures in euros)

	DESCRIPTION OF FINANCIAL ASSET AND ISSUE REFERENCE	DEPRECIATION DATE	TOTAL ACQUISITION PRICE (includes accrued interest coupon if applicable)	NOMINAL VALUE = REDEMPTION VALUE	AVERAGE ACQUISITION IRR
I)	SHORT-TERM ZONE				
	Treasury Bills Issue ref. ESOL01203238	23/03/2012	299,999,179.45	301,315,000.00	1.735
	Treasury Bills Issue ref. ESOL01206223	22/06/2012	299,999,098.01	303,693,000.00	2.436
	Treasury Bills Issue ref. ESOL01212148	14/12/2012	299,998,743.56	312,230,000.00	4.032
	TOTAL		899,997,021.02	917,238,000.00	2.749
II)	3-YEAR ZONE				
	Treasury Bills Issue ref. ESOL01306213	21/06/2013	79,998,981.05	85,210,000.00	4.194
	State Short-Term Bonds (3.00%) Issue ref. ES00000122F2	30/04/2015	299,999,418.02	315,281,000.00	5.178
	TOTAL		379,998,399.07	400,491,000.00	4.969
III)	5-YEAR ZONE				
	State Long-Term Bonds (3.15%) Issue ref. ES00000120G4	31/01/2016	149,999,339.66	158,022,000.00	5.272
	State Long-Term Bonds (3.80%) Issue ref. ES00000120J8	31/01/2017	149,999,391.16	156,933,000.00	5.541
	TOTAL		299,998,730.82	314,955,000.00	5.406
IV)	10+ YEAR ZONE				
	State Long-Term Bonds (5.50%) Issue ref. ES00000123B9	30/04/2021	309,474,000.00	300,000,000.00	5.545
	State Long-Term Bonds (5.85%) Issue ref. ES00000123K0	31/01/2022	57,482,590.06	58,980,000.00	6.248
	State Long-Term Bonds (4.65%) Issue ref. ES00000122E5	30/07/2025	230,525,536.55	253,256,000.00	5.820
	TOTAL		597,482,126.61	612,236,000.00	5.726
	TOTAL FINANCIAL ASSETS PURCHASED (I+II+III+IV)		2,177,476,277.52	2,244,920,000.00	4.330 (*)

(*) *The average weighted IRR is calculated on the nominal value*

Note: see zone-based distribution criteria on page 13



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Once the acquisitions had been completed, and in order to summarise the actions carried out, a comparison was drawn between the figures estimated on the date of the meeting, according to the agreements adopted by the Management Committee, and the new status of the Reserve Fund on the final value date of the acquisition transactions:

RESOLUTIONS	ESTIMATED INDICATORS PROPOSED FIGURES (23-11-11)	ACTUAL FIGURES (Figures as at 23/12/2011)
Amount of Spanish Debt to be purchased (€m)	2,177.48	2,177.48
Account value (€m) (1)	982.41	984.00
Level of concentration (%)	10.12	9.84
SSRF term (years)	4.50	4.57
SSRF modified term (years)	4.20	4.36
Acquisition IRR (%) (2)	5.77	4.33
Percentage of foreign debt (nominal value) compared to total portfolio value	10.40	10.31

(1) *The Account Value in the Actual Figures column includes the surplus from the acquisitions, which was €6,722.48, the interest on the current account from November 2011 (€1,572,708.98) and the interest paid by double security-based swaps (€3,464.29).*

(2) *The proposal's IRR was calculated -once the purchases had been completed- based on the nominal value that was actually acquired and the IRR on the day of the Social Security Reserve Fund Management Committee Meeting (23/11/2011).*



4. KEY RESERVE FUND FIGURES AS AT 31/12/2011

The assets portfolio, which on 31/12/2011 had a purchase price³ of €65,830,040,509.63, broken down by zone, was distributed as follows:

ASSETS	VALUE IN EUROS	PERCENTAGE
Short-term zone	8,666,002,549.30	13.16%
3-year zone	22,168,892,106.30	33.68%
5-year zone	13,692,407,632.67	20.80%
10+ year zone	21,302,738,221.36	32.36%
TOTAL	65,830,040,509.63	100.00%

Note: see zone-based distribution criteria on page 13

And according to the nominal value:

ASSETS	VALUE IN EUROS	PERCENTAGE
Short-term zone	8,348,013,000.00	13.10%
3-year zone	21,369,142,000.00	33.54%
5-year zone	13,528,040,000.00	21.23%
10+ year zone	20,471,509,000.00	32.13%
TOTAL	63,716,704,000.00	100.00%

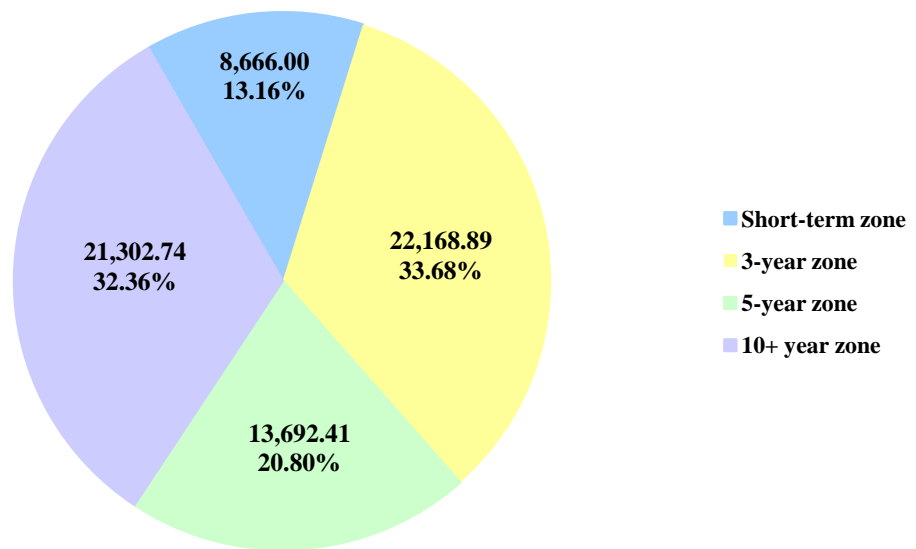
Note: see zone-based distribution criteria on page 13

³ Refer to footnote 1 (page 1) regarding how accrued interest coupons are considered in the acquisition price.

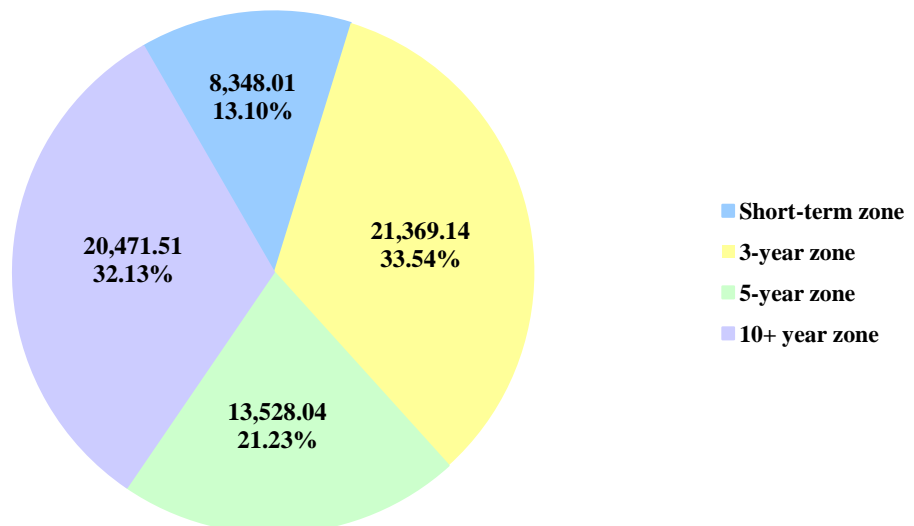


The following graphs show the acquisition price and nominal value of the assets as at 31/12/2011 (figures in millions of euros):

GRAPHS/ACQUISITION PRICE



GRAPHS/NOMINAL VALUE





The assets portfolio, as at 31/12/2011, contains Spanish debt as well as non-Spanish debt from: Germany, France and the Netherlands. The distribution of these assets is as follows, broken down by acquisition price:

ASSETS	SPANISH DEBT (in euros)	FOREIGN DEBT (in euros)	TOTAL (in euros)	%
Short-term zone	7,631,674,343.82	1,034,328,205.48	8,666,002,549.30	13.16%
3-year zone	19,777,666,320.84	2,391,225,785.46	22,168,892,106.30	33.68%
5-year zone	11,334,436,797.10	2,357,970,835.57	13,692,407,632.67	20.80%
10+ year zone	20,344,774,603.07	957,963,618.29	21,302,738,221.36	32.36%
TOTAL	59,088,552,064.83	6,741,488,444.80	65,830,040,509.63	100.00%

Note: see zone-based distribution criteria on page 13

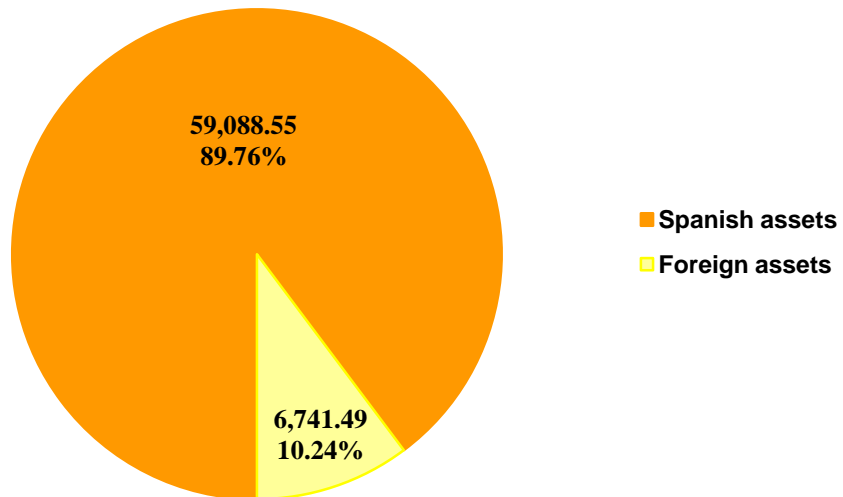
And nominal value:

ASSETS	SPANISH DEBT (in euros)	FOREIGN DEBT (in euros)	TOTAL (in euros)	%
Short-term zone	7,398,581,000.00	949,432,000.00	8,348,013,000.00	13.10%
3-year zone	18,911,075,000.00	2,458,067,000.00	21,369,142,000.00	33.54%
5-year zone	11,174,164,000.00	2,353,876,000.00	13,528,040,000.00	21.23%
10+ year zone	19,664,287,000.00	807,222,000.00	20,471,509,000.00	32.13%
TOTAL	57,148,107,000.00	6,568,597,000.00	63,716,704,000.00	100.00%

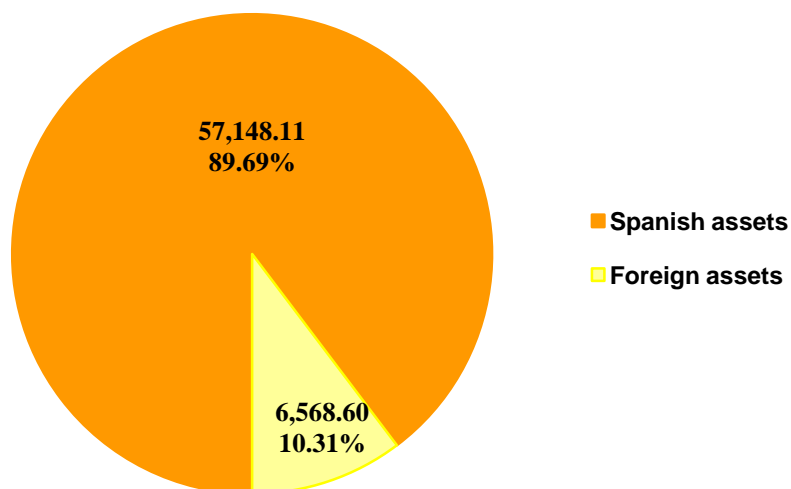
Note: see zone-based distribution criteria on page 13



The following graph illustrates the acquisition price as at 31/12/2011 (figures in millions of euros):

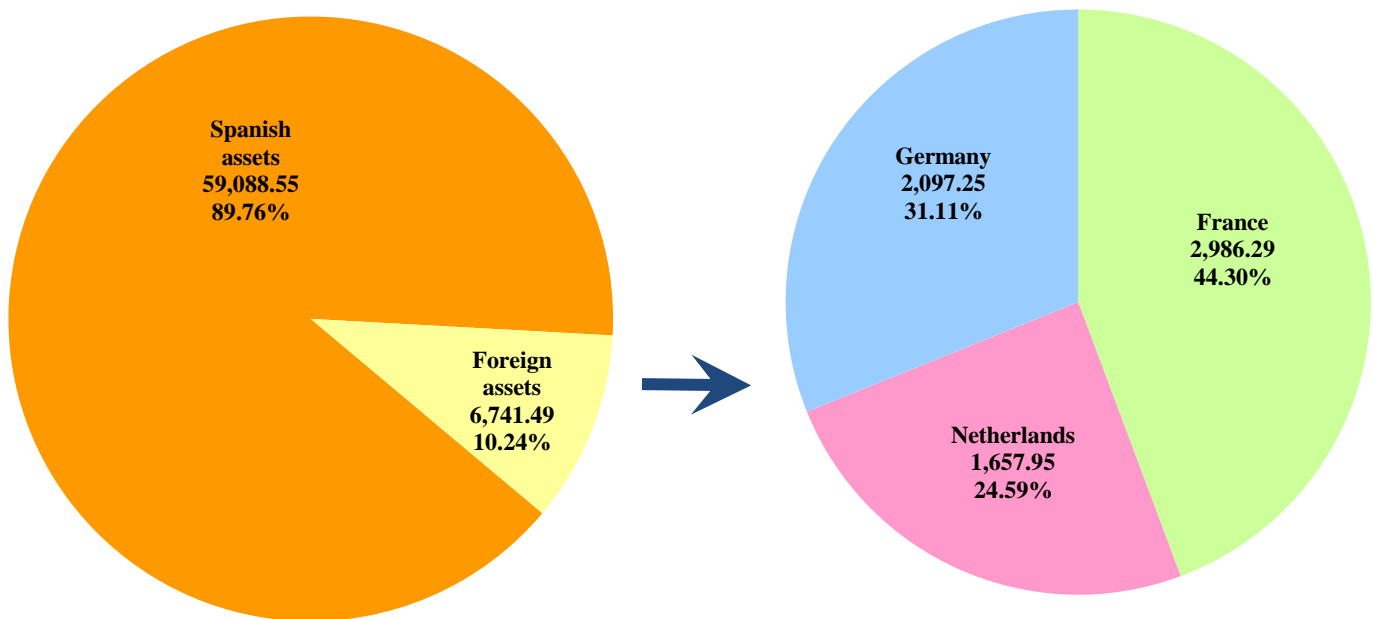


And nominal value (figures in millions of euros):

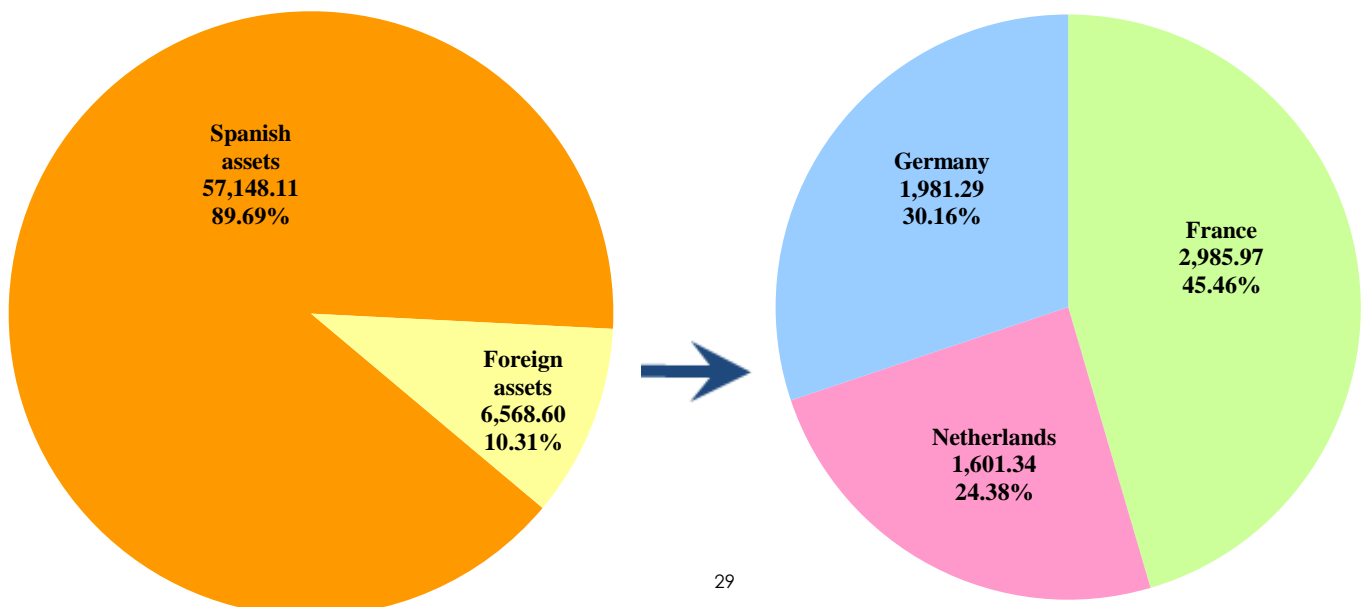




The distribution of the financial assets of the Reserve Fund as at 31/12/2011, showing the issuing country and the acquisition price is as follows (figures in millions of euros):



And nominal value (figures in millions of euros):





The following table shows the distribution, as at 31/12/2011, of **Spanish debt broken down by zones**, and the acquisition price:

ASSETS	SPANISH DEBT (in euros)	%
Short-term zone	7,631,674,343.82	12.92%
3-year zone	19,777,666,320.84	33.47%
5-year zone	11,334,436,797.10	19.18%
10+ year zone	20,344,774,603.07	34.43%
TOTAL	59,088,552,064.83	100.00%

Note: see zone-based distribution criteria on page 13

And nominal value:

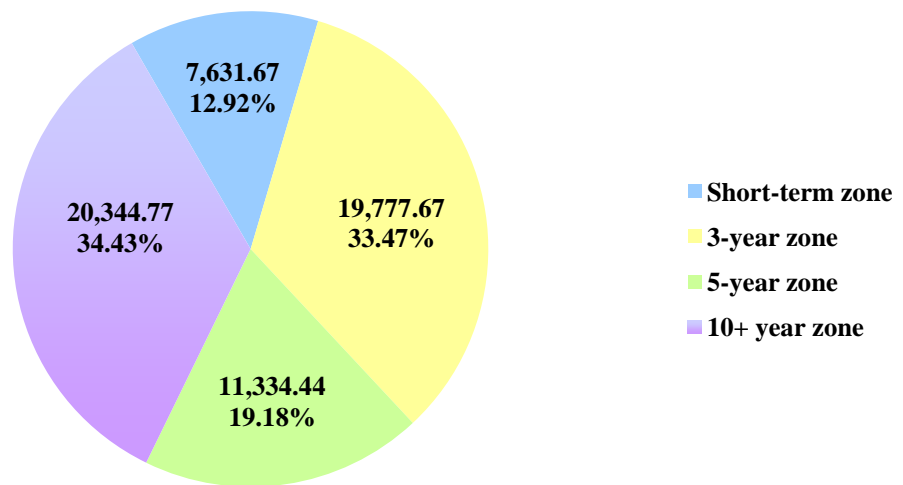
ASSETS	SPANISH DEBT (in euros)	%
Short-term zone	7,398,581,000.00	12.95%
3-year zone	18,911,075,000.00	33.09%
5-year zone	11,174,164,000.00	19.55%
10+ year zone	19,664,287,000.00	34.41%
TOTAL	57,148,107,000.00	100.00%

Note: see zone-based distribution criteria on page 13

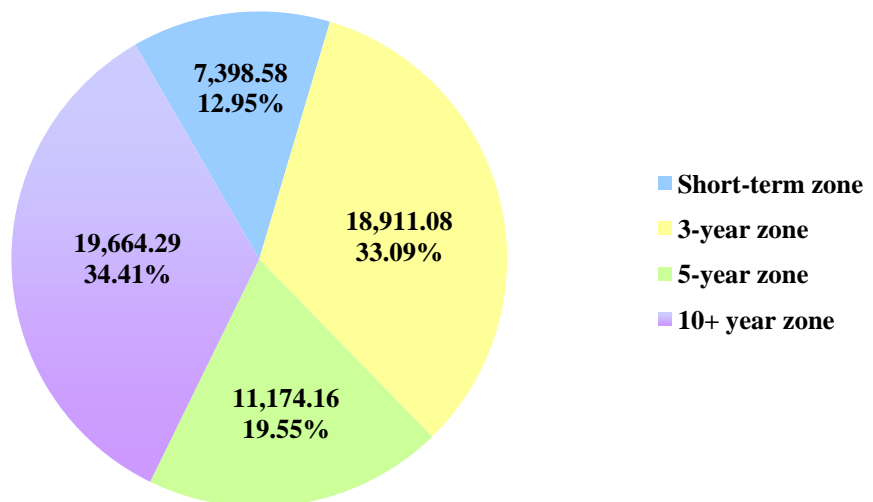


The following graphs show the acquisition price and nominal value of the assets as at 31/12/2011 (figures in millions of euros):

SPANISH DEBT BY ZONE /ACQUISITION PRICE



SPANISH DEBT BY ZONE / NOMINAL VALUE





Likewise, the distribution of **foreign debt broken down by zone** as at **31/12/2011**, and the acquisition price is shown below:

ASSETS	FOREIGN DEBT (in euros)	%
Short-term zone	1,034,328,205.48	15.34%
3-year zone	2,391,225,785.46	35.47%
5-year zone	2,357,970,835.57	34.98%
10+ year zone	957,963,618.29	14.21%
TOTAL	6,741,488,444.80	100.00%

Note: see zone-based distribution criteria on page 13

And nominal value:

ASSETS	FOREIGN DEBT (in euros)	%
Short-term zone	949,432,000.00	14.45%
3-year zone	2,458,067,000.00	37.42%
5-year zone	2,353,876,000.00	35.84%
10+ year zone	807,222,000.00	12.29%
TOTAL	6,568,597,000.00	100.00%

Note: see zone-based distribution criteria on page 13



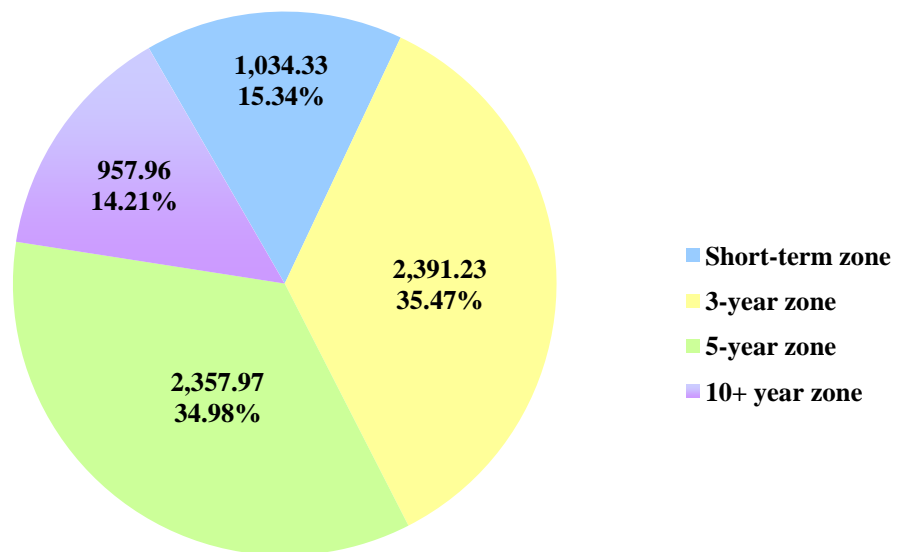
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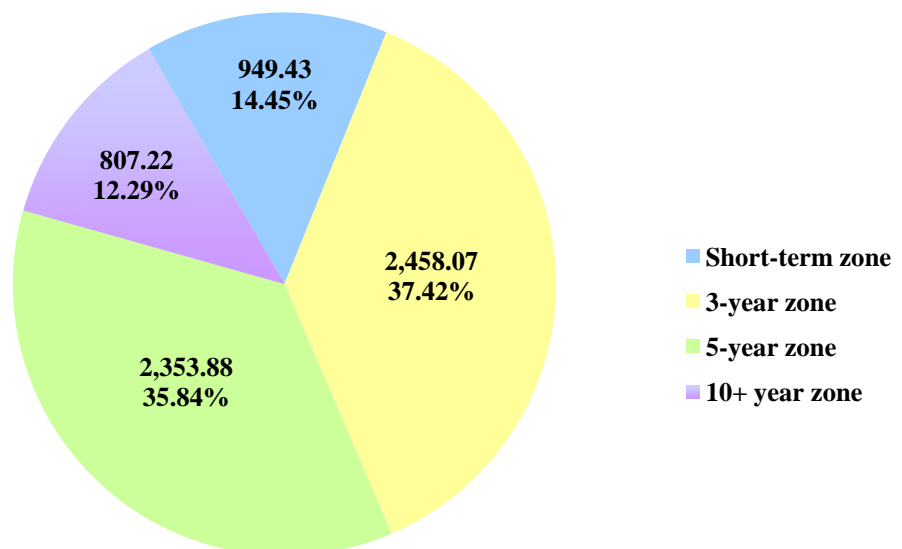
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The following graphs show the acquisition price and nominal value of the assets as at 31/12/2011 (figures in millions of euros):

FOREIGN DEBT BY ZONE / ACQUISITION PRICE



FOREIGN DEBT BY ZONE / NOMINAL VALUE





As mentioned above, **foreign debt** is made up of assets from the following countries: France, Germany and the Netherlands. Their distributions and graphs **by country and zone** as at **31/12/2011** are set out below, showing the acquisition price and nominal value:

FRANCE

Acquisition price:

ASSETS	FRENCH DEBT (in euros)	%
Short-term zone	499,992,281.98	16.74%
3-year zone	1,111,328,008.88	37.22%
5-year zone	949,989,934.25	31.81%
10+ year zone	424,980,731.10	14.23%
TOTAL	2,986,290,956.21	100.00%

Note: see zone-based distribution criteria on page 13

And nominal value:

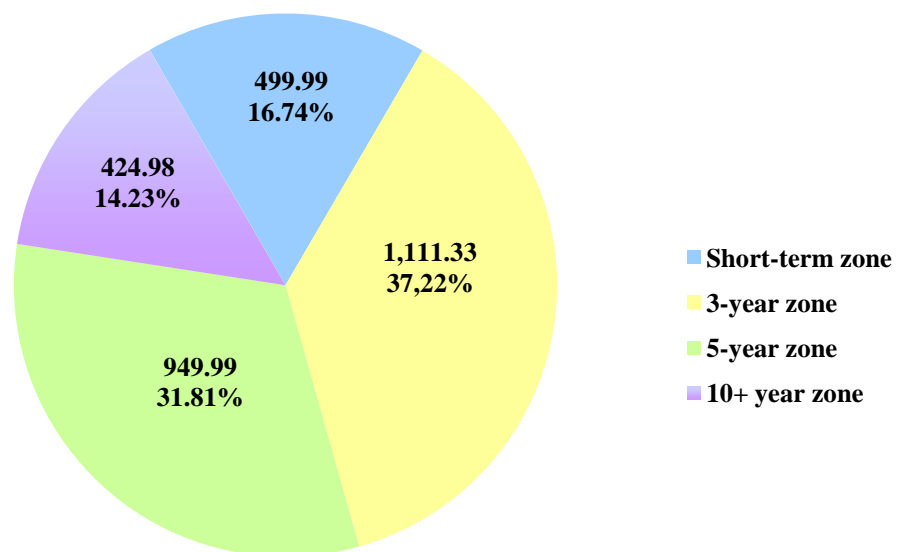
ASSETS	FRENCH DEBT (in euros)	%
Short-term zone	455,545,000.00	15.26%
3-year zone	1,155,708,000.00	38.70%
5-year zone	952,340,000.00	31.89%
10+ year zone	422,374,000.00	14.15%
TOTAL	2,985,967,000.00	100.00%

Note: see zone-based distribution criteria on page 13

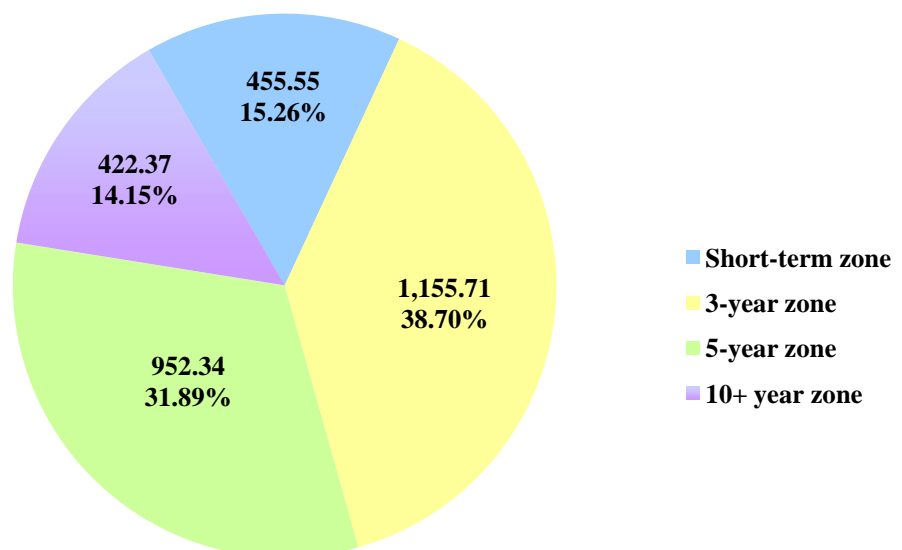


The following graphs show the acquisition price and nominal value of the assets as at 31/12/2011 (figures in millions of euros):

FRENCH DEBT BY ZONE / ACQUISITION PRICE



FRENCH DEBT BY ZONE / NOMINAL VALUE





GERMANY

Acquisition price as at 31/12/2011:

ASSETS	GERMAN DEBT (in euros)	%
Short-term zone	534,335,923.50	25.48%
3-year zone	454,932,474.49	21.69%
5-year zone	807,985,401.29	38.53%
10+ year zone	299,995,326.86	14.30%
TOTAL	2,097,249,126.14	100.00%

Note: see zone-based distribution criteria on page 13

And nominal value:

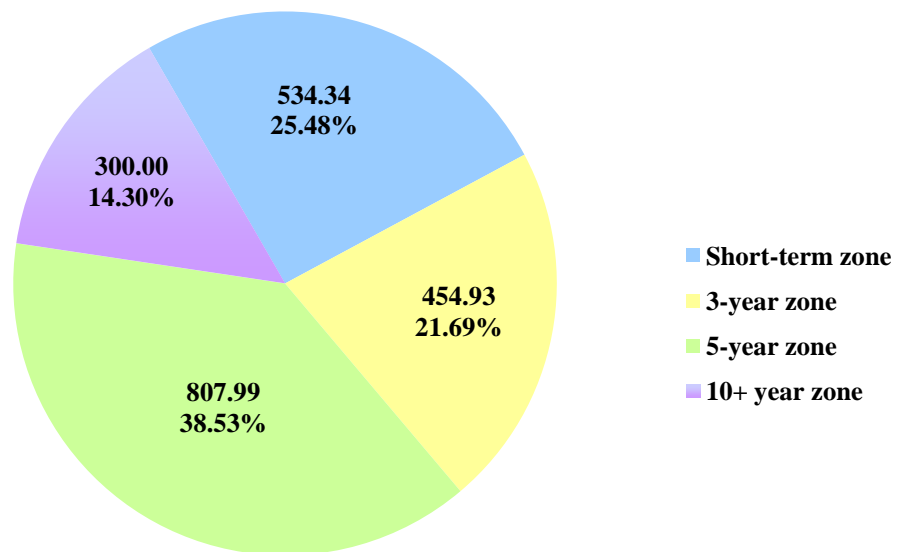
ASSETS	GERMAN DEBT (in euros)	%
Short-term zone	493,887,000.00	24.93%
3-year zone	448,695,000.00	22.64%
5-year zone	819,614,000.00	41.37%
10+ year zone	219,098,000.00	11.06%
TOTAL	1,981,294,000.00	100.00%

Note: see zone-based distribution criteria on page 13

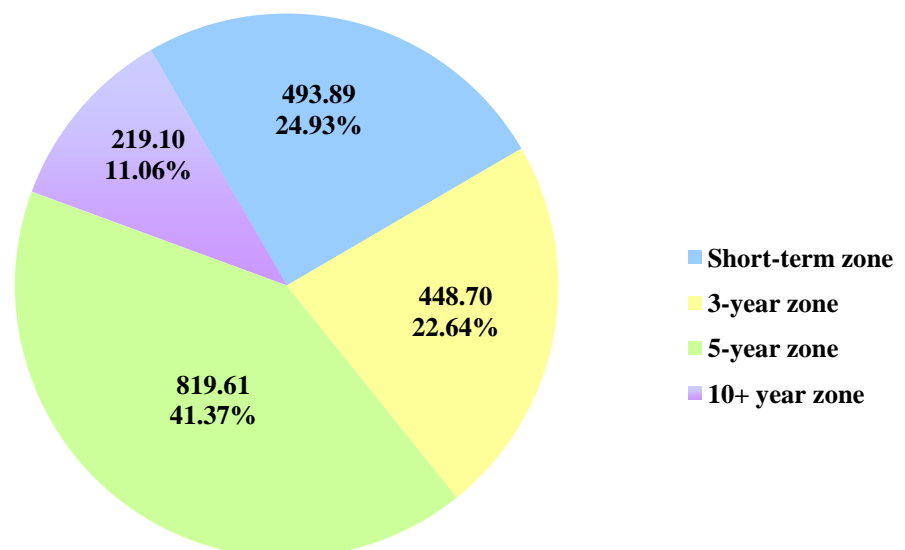


The following graphs show the acquisition price and nominal value of the assets as at 31/12/2011 (figures in millions of euros):

GERMAN DEBT BY ZONE / ACQUISITION PRICE



GERMAN DEBT BY ZONE / NOMINAL VALUE





THE NETHERLANDS

Acquisition price:

ASSETS	DUTCH DEBT (in euros)	%
Short-term zone	-	-
3-year zone	824,965,302.09	49.76%
5-year zone	599,995,500.03	36.19%
10+ year zone	232,987,560.33	14.05%
TOTAL	1,657,948,362.45	100.00%

Note: see zone-based distribution criteria on page 13

And nominal value:

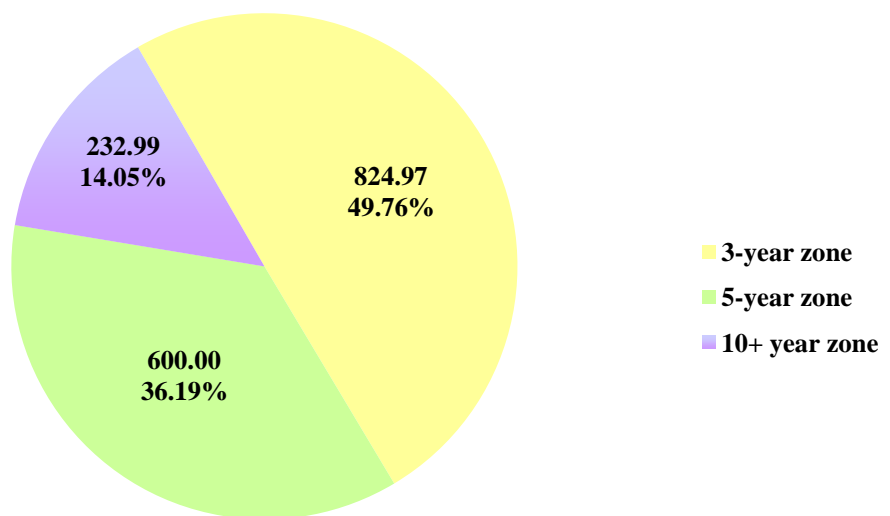
ASSETS	DUTCH DEBT (in euros)	%
Short-term zone	-	-
3-year zone	853,664,000.00	53.31%
5-year zone	581,922,000.00	36.34%
10+ year zone	165,750,000.00	10.35%
TOTAL	1,601,336,000.00	100.00%

Note: see zone-based distribution criteria on page 13

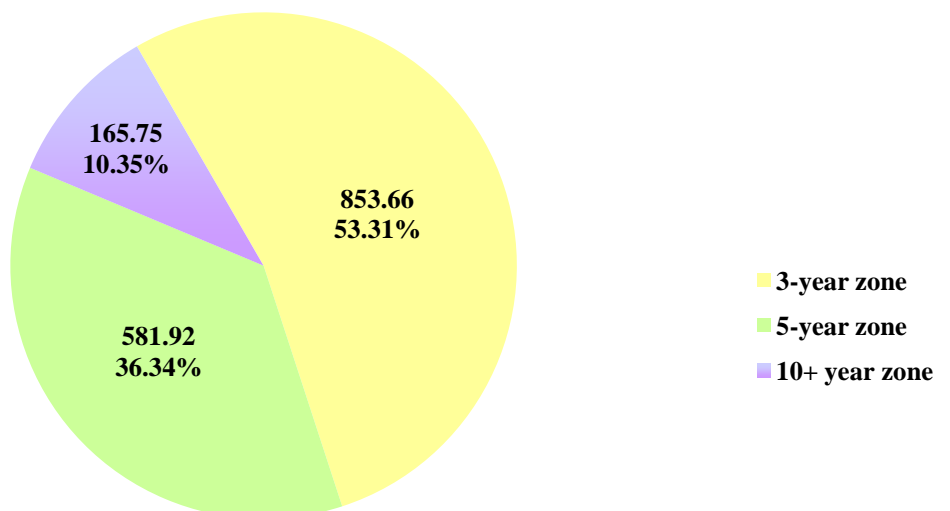


The following graphs show the acquisition price and nominal value of the assets as at 31/12/2011 (figures in millions of euros):

DUTCH DEBT BY ZONE / ACQUISITION PRICE



DUTCH DEBT BY ZONE / NOMINAL VALUE





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The following table lists the types of assets and products contained in the portfolio on
31/12/2011:

	DESCRIPTION OF FINANCIAL ASSET AND ISSUE REFERENCE	DEPRECIATION DATE	TOTAL ACQUISITION PRICE (includes accrued interest coupon if applicable)	NOMINAL VALUE = REDEMPTION VALUE
I)	SHORT-TERM ZONE			
	German State Bonds (5.00%) Issue ref. DE0001135192	04/01/2012	349,986,397.49	321,680,000.00
	Treasury Bills Issue ref. ESOL01202172	17/02/2012	296,373,525.08	305,603,000.00
	Treasury Bills Issue ref. ESOL01203238	23/03/2012	299,999,179.45	301,315,000.00
	French State Bonds (5.00%) Issue ref. FR0000188328	25/04/2012	499,992,281.98	455,545,000.00
	State Short-Term Bonds (2.75%) Issue ref. ES0000012118	30/04/2012	1,873,294,761.86	1,841,228,000.00
	Treasury Bills Issue ref. ESOL01206223	22/06/2012	299,999,098.01	303,693,000.00
	German State Bonds (5.00%) Issue ref. DE0001135200	04/07/2012	184,349,526.01	172,207,000.00
	State Long-Term Bonds (5.00%) Issue ref. ES0000012791	30/07/2012	2,032,037,868.42	1,873,260,000.00
	Treasury Bills Issue ref. ESOL01208245	24/08/2012	299,999,593.53	310,316,000.00
	State Short-Term Bonds (3.90%) Issue ref. ES00000120L4	31/10/2012	2,229,971,573.91	2,150,936,000.00
	Treasury Bills Issue ref. ESOL01212148	14/12/2012	299,998,743.56	312,230,000.00
	TOTAL		8,666,002,549.30	8,348,013,000.00
II)	3-YEAR ZONE			
	State Long-Term Bonds (6.15%) Issue ref. ES0000011660	31/01/2013	2,269,855,477.95	1,965,031,000.00
	Treasury Bills Issue ref. ESOL01302154	15/02/2013	299,999,369.89	316,486,000.00
	State Short-Term Bonds (2.30%) Issue ref. ES00000121T5	30/04/2013	1,927,473,581.93	1,904,286,000.00
	Treasury Bills Issue ref. ESOL01306213	21/06/2013	79,998,981.05	85,210,000.00
	State Long-Term Bonds (4.20%) Issue ref. ES0000012866	30/07/2013	2,314,308,216.12	2,209,067,000.00
	State Short-Term Bonds (2.50%) Issue ref. ES00000122R7	31/10/2013	1,353,224,293.31	1,379,399,000.00
	State Short-Term Bonds (4.25%) Issue ref. ES00000121H0	31/01/2014	1,977,949,247.60	1,875,054,000.00
	State Short-Term Bonds (3.40%) Issue ref. ES00000123D5	30/04/2014	300,000,283.06	308,060,000.00
	State Long-Term Bonds (4.75%) Issue ref. ES0000012098	30/07/2014	2,371,292,422.65	2,171,630,000.00
	State Short-Term Bonds (3.30%) Issue ref. ES00000121P3	31/10/2014	2,309,716,725.39	2,250,063,000.00
	German State Bonds (3.75%) Issue ref. DE0001135267	04/01/2015	329,974,905.58	323,795,000.00
	State Long-Term Bonds (4.40%) Issue ref. ES0000012916	31/01/2015	2,590,215,866.17	2,446,771,000.00
	French State Bonds (3.50%) Issue ref. FR0010163543	25/04/2015	611,406,510.34	635,598,000.00
	State Short-Term Bonds (3.00%) Issue ref. ES00000122F2	30/04/2015	1,983,631,855.72	2,000,018,000.00
	German State Bonds (3.25%) Issue ref. DE0001135283	04/07/2015	124,957,568.91	124,900,000.00
	Dutch State Bonds (3.25%) Issue ref. NL0000102242	15/07/2015	824,965,302.09	853,664,000.00
	French State Bonds (3.00%) Issue ref. FR0010216481	25/10/2015	499,921,498.54	520,110,000.00
	TOTAL		22,168,892,106.30	21,369,142,000.00



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	DESCRIPTION OF FINANCIAL ASSET AND ISSUE REFERENCE	DEPRECIATION DATE	TOTAL ACQUISITION PRICE (includes accrued interest coupon if applicable)	NOMINAL VALUE = REDEMPTION VALUE
III)	5-YEAR ZONE			
	German State Bonds (3.50%) Issue ref. DE0001135291	04/01/2016	299,998,190.69	307,544,000.00
	State Long-Term Bonds (3.15%) Issue ref. ES00000120G4	31/01/2016	2,439,830,307.82	2,519,102,000.00
	French State Bonds (3.25%) Issue ref. FR0010288357	25/04/2016	649,994,942.83	679,870,000.00
	State Short-Term Bonds (3.25%) Issue ref. ES00000122X5	30/04/2016	1,099,997,743.43	1,159,180,000.00
	German State Bonds (4.00%) Issue ref. DE0001135309	04/07/2016	507,987,210.60	512,070,000.00
	Dutch State Bonds (4.00%) Issue ref. NL0000102283	15/07/2016	599,995,500.03	581,922,000.00
	French State Bonds (5.00%) Issue ref. FR0000187361	25/10/2016	299,994,991.42	272,470,000.00
	State Short-Term Bonds (4.25%) Issue ref. ES00000123J2	31/10/2016	499,999,476.07	505,453,000.00
	State Long-Term Bonds (3.80%) Issue ref. ES00000120J8	31/01/2017	2,224,994,840.02	2,249,445,000.00
	State Long-Term Bonds (5.50%) Issue ref. ES0000012783	30/07/2017	2,539,638,057.67	2,235,849,000.00
	State Long-Term Bonds (4.10%) Issue ref. ES00000121A5	30/07/2018	2,529,976,372.09	2,505,135,000.00
	TOTAL		13,692,407,632.67	13,528,040,000.00
IV)	10+ YEAR ZONE			
	State Long-Term Bonds (4.60%) Issue ref. ES00000121L2	30/07/2019	2,004,771,945.76	1,920,215,000.00
	State Long-Term Bonds (4.30%) Issue ref. ES00000121O6	31/10/2019	2,310,963,382.57	2,282,185,000.00
	State Long-Term Bonds (4.00%) Issue ref. ES00000122D7	30/04/2020	1,904,038,909.67	1,949,569,000.00
	State Long-Term Bonds (4.85%) Issue ref. ES00000122T3	31/10/2020	1,696,181,526.57	1,689,710,000.00
	French State Bonds (3.75%) Issue ref. FR0010192997	25/04/2021	424,980,731.10	422,374,000.00
	State Long-Term Bonds (5.50%) Issue ref. ES00000123B9	30/04/2021	1,659,483,905.77	1,621,989,000.00
	State Long-Term Bonds (5.85%) Issue ref. ES00000123K0	31/01/2022	57,482,590.06	58,980,000.00
	Dutch State Bonds (7.50%) Issue ref. NL0000102077	15/01/2023	232,987,560.33	165,750,000.00
	State Long-Term Bonds (4.80%) Issue ref. ES00000121G2	31/01/2024	1,936,274,245.23	1,852,433,000.00
	State Long-Term Bonds (4.65%) Issue ref. ES00000122E5	30/07/2025	1,339,522,761.08	1,423,784,000.00
	State Long-Term Bonds (5.90%) Issue ref. ES00000123C7	30/07/2026	1,008,679,404.96	993,353,000.00
	German State Bonds (6.50%) Issue ref. DE0001135044	04/07/2027	299,995,326.86	219,098,000.00
	State Long-Term Bonds (6.00%) Issue ref. ES0000011868	31/01/2029	1,849,758,681.42	1,575,715,000.00
	State Long-Term Bonds (5.75%) Issue ref. ES0000012411	30/07/2032	1,802,404,459.37	1,526,314,000.00
	State Long-Term Bonds (4.20%) Issue ref. ES0000012932	31/01/2037	1,524,995,975.20	1,529,027,000.00
	State Long-Term Bonds (4.90%) Issue ref. ES00000120N0	30/07/2040	1,250,216,815.41	1,241,013,000.00
	TOTAL		21,302,738,221.36	20,471,509,000.00
	TOTAL FINANCIAL ASSETS AS AT 31/12/2011 (I+II+III+IV)		65,830,040,509.63	63,716,704,000.00

Note: see zone-based distribution criteria on page 13



5.- RESERVE FUND PROFITABILITY ANALYSIS AS AT 31/12/2011

5.1. Reserve Fund income

Since the Council of Ministers approved the first allocation to the Reserve Fund in 2000, the income that has been generated by the Fund can be broken down into **coupons, imputed net income, profit from disposal transactions, other income** and **interest** obtained on the Fund's **current account**.

As regards **coupons**, a total of **€14,445,151,307.77** has been collected. We can distinguish between coupons that have been collected on the maturity date (€14,197,021,427.54) and those collected when the assets were disposed of (€248,129,880.23) as follows:

1. Coupons collected on the maturity date:

COUPONS	PARTIAL AMOUNT (€)	TOTAL AMOUNT (€)
2001		18,699,000.00
2002		120,425,190.08
2003		338,265,455.84
2004		592,924,827.64
2005		857,615,313.37
2006		1,171,273,841.45
2007		1,535,058,217.03
2008		2,034,850,211.79
2009		2,339,694,054.23
2010		2,478,598,524.41
2011		2,709,616,791.70
04/01/2011	38,990,352.50	
15/01/2011	36,279,130.00	
31/01/2011	684,724,805.50	
25/04/2011	82,957,980.00	
30/04/2011	317,459,050.86	
04/07/2011	47,393,770.00	
15/07/2011	71,851,710.00	
30/07/2011	917,400,107.23	
25/10/2011	29,226,800.00	
31/10/2011	483,333,085.61	
TOTAL		14,197,021,427.54



2. Coupons collected when disposing of assets:

COUPONS	PARTIAL AMOUNT (€)	TOTAL AMOUNT (€)
2009		156,913,647.84
2010		91,216,232.39
TOTAL		248,129,880.23

The **net imputed income** that has been generated by the Fund since the first approved allocation in 2000 is shown below:

Depreciation/D isposal		PARTIAL AMOUNT (€)	AMOUNT AMOUNT (€)
2001	- From depreciated assets		0.00
2002	- From depreciated assets		6,714,260.00
2003	- From depreciated assets		17,220,919.74
2004	- From depreciated assets		-14,800,848.92
2005	- From depreciated assets		7,627,818.36
2006	- From depreciated assets		-14,445,823.13
2007	- From depreciated assets		-100,368,613.40
2008	- From depreciated assets		-70,394,705.16
2009			-111,803,859.74
	- From depreciated assets	-144,330,440.02	
	- From disposed assets	32,526,580.28	
2010			-97,778,162.86
	- From depreciated assets	-65,155,129.73	
	- From disposed assets	-32,623,033.13	
2011			-352,313,679.93
	- From depreciated assets	-352,313,679.93	
TOTAL			-730,342,695.04



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The **profit from disposals** totals **€684,290,527.45** and can be broken down as follows:

PROFIT FROM DISPOSALS	PARTIAL AMOUNT (€)	TOTAL AMOUNT (€)
2009		498,913,390.60
2010		185,377,136.85
TOTAL		684,290,527.45

Other income includes income generated from double security-based swaps €154.135,17, as well as compensation for interest that was not earned on income received too late to be counted as excess income arising from the management by the MATEPSS of the benefit for Temporary Disability due to Common Contingencies for the 2006 financial year (€78,017.23). Details are as follows:

OTHER INCOME	AMOUNT (€)
FROM DOUBLE SECURITY-BASED SWAPS	154,135.17
2007	44,755.52
2008	45,023.25
2009	11,269.09
2010	
2011	53,087.31
COMPENSATION FOR INTEREST NOT EARNED ON MATEPSS INCOME RECEIVED LATE	78,017.23
2008	78,017.23
TOTAL	232,152.40



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Finally, as regards **interest accrued** on the **current account** opened with the Bank of Spain, the following amounts have been earned from 2000 to 31/12/2011:

CURRENT ACCOUNT INTEREST	VALUE (€)
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
TOTAL	319,214,676.53



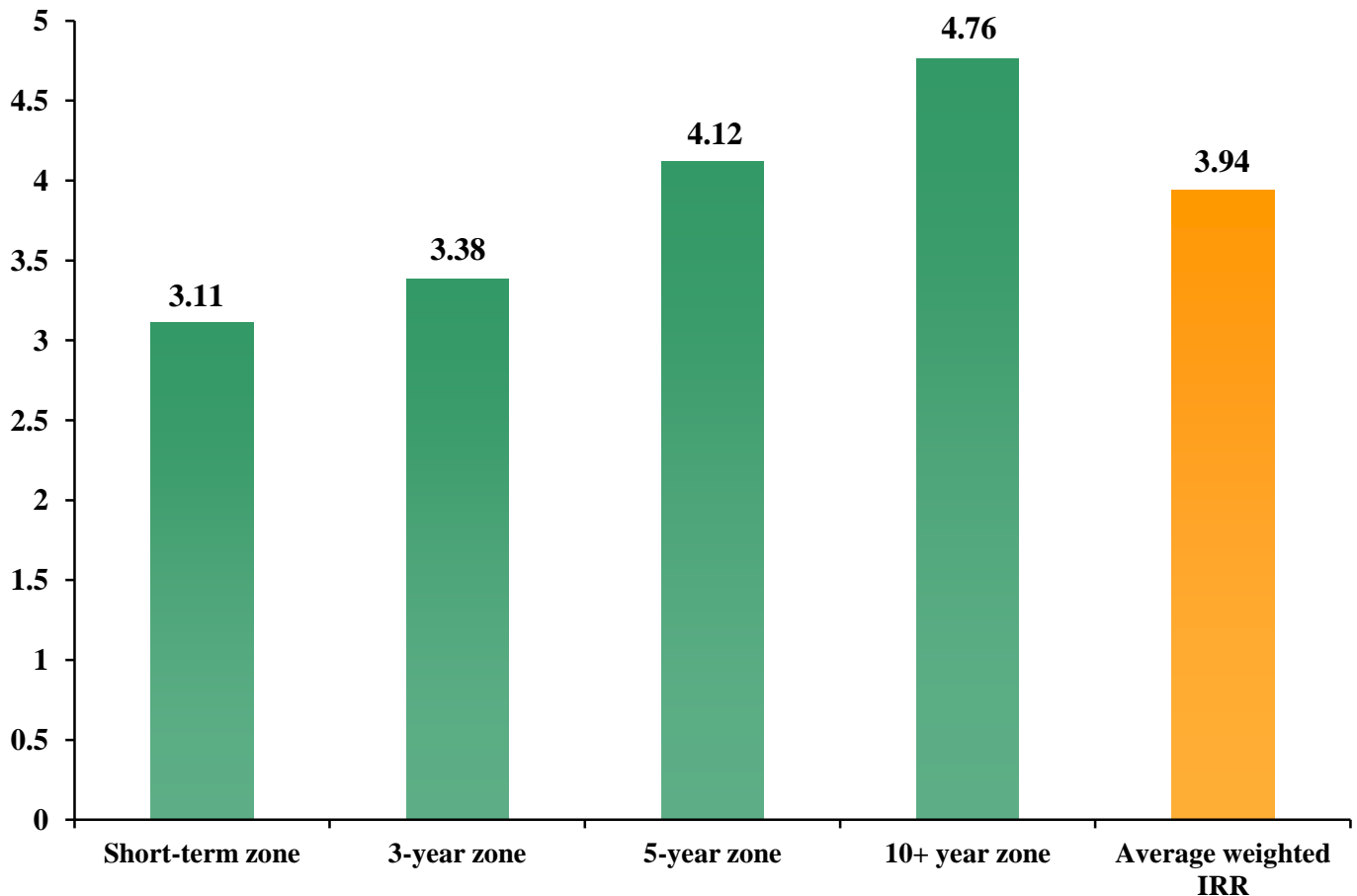
The **overall income generated** by the Reserve Fund, from the date of the first approved allocation in 2000 to 31/12/2010 is summarised in the following table:

NET INCOME GENERATED BY THE RESERVE FUND 2000-2011	
Figures in euros	
Coupons	14,445,151,307.77
Imputed net income	-730,342,695.04
Profit from disposals	684,290,527.45
Other income	232,152.40
Adjustments for depreciation/disposal of assets (interest coupon for depreciated or disposed assets)	-685,330,214.07
Current account interest	319,214,676.53
TOTAL NET INCOME	14,033,215,755.04



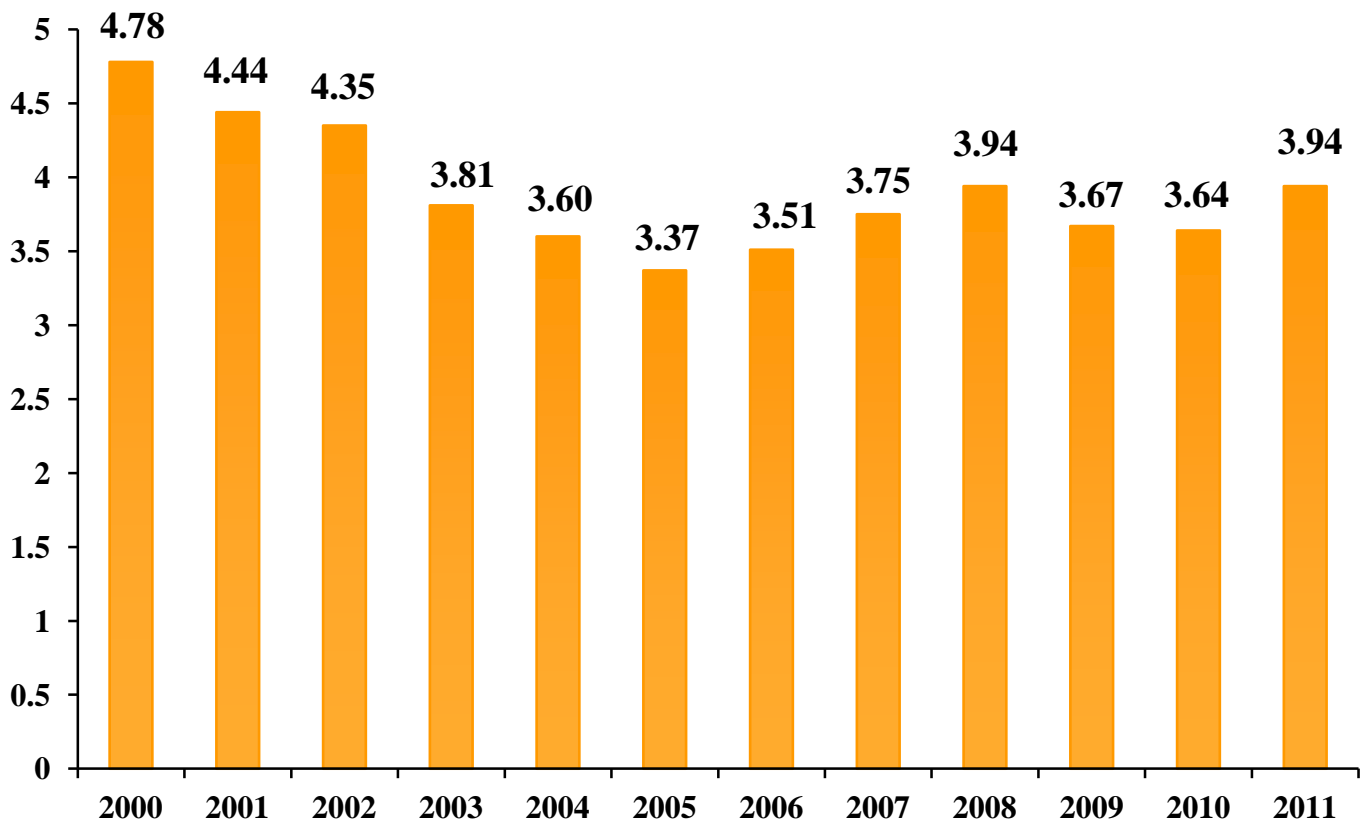
5.2. Profitability of fixed-income assets: public debt

The following figures show the profitability of the assets contained in the Fund's portfolio. Profitability is determined by the IRR of each product at the time of purchase. Thus, the "acquisition IRR" of the current portfolio, which is made up of products that have been acquired since December 2000 and which are still contained in the portfolio on 31 December 2011, is determined by taking the average weighted IRR on the nominal value for each type of asset. This is equal to **3.94%**. The breakdown is as follows:





The changes in the annual figures for the average weighted IRR on the nominal value of the assets in the portfolio are as follows:





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5.3. Profitability of the “General Treasury of the Social Security Special Reserve Fund Art. 91.1 TRLGSS”

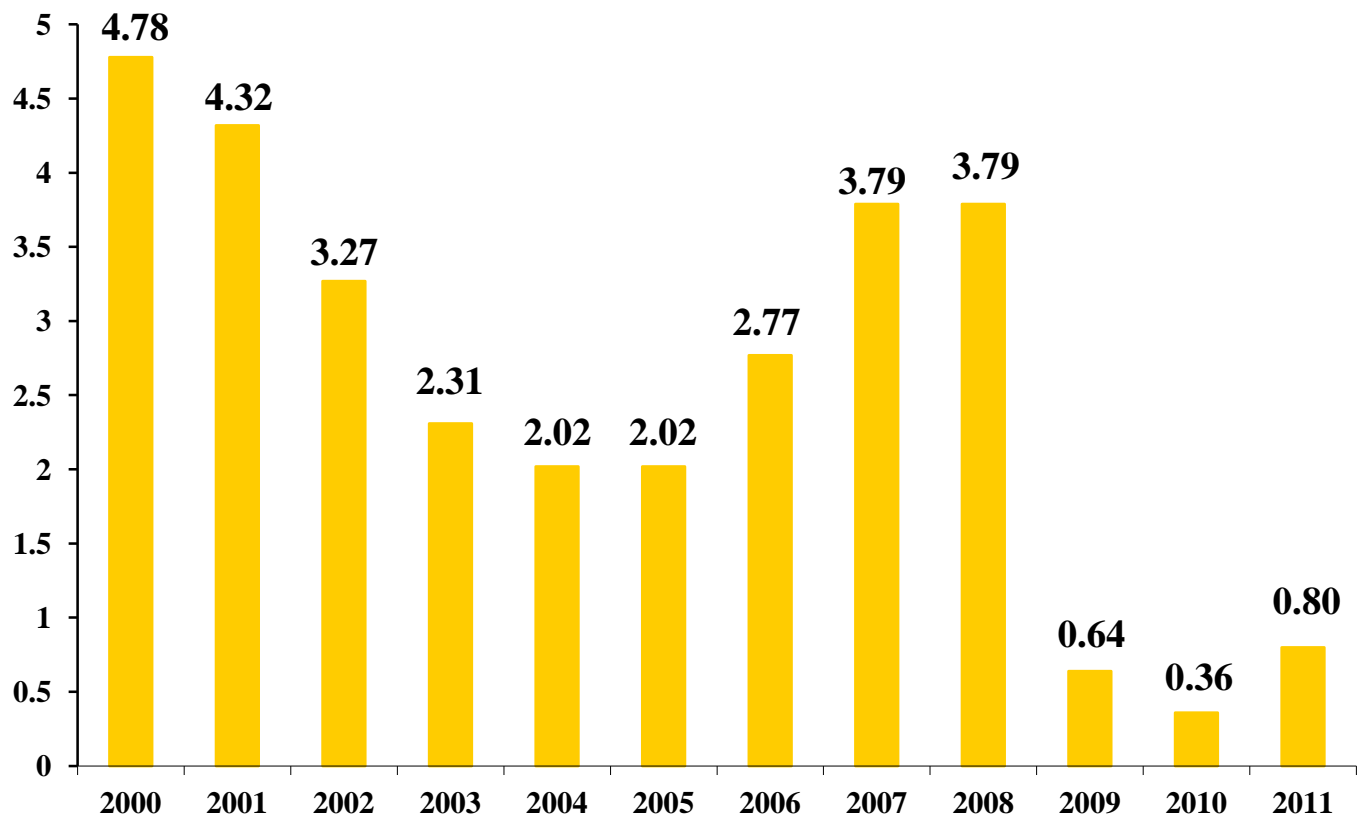
Until 31 December 2004, the nominal rate applied to amounts that the General Treasury deposited in the Special Reserve Fund account opened with the Bank of Spain, pursuant to the terms of the agreement between the General Treasury and the Bank of Spain, was **“the simple mean of the marginal rates used for the weekly auctions of the European System of Central Banks (main funding transactions) published during the period corresponding to the settlement of the account”**.

As of 1 January 2005 the nominal interest rate to be applied is **“equal to seven base points below the Eonia day-to-day rate, applied to the balances at the close of every day”**. The Eonia rate is the 1-day interbank interest rate for the Eurozone and, over the years, has been used to obtain the following average rates:

YEAR	AVERAGE RATE %
2000	4.78
2001	4.32
2002	3.27
2003	2.31
2004	2.02
2005	2.02
2006	2.77
2007	3.79
2008	3.79
2009	0.64
2010	0.36
2011	0.80



The interest rate changes are illustrated in the following graph:





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The **interest accrued** during **2011** on the TGSS Special Reserve Fund account was **€9,664,584.45**.

The average monthly interest rates for 2011 are shown below:

MONTH	AMOUNT (euros)	AVERAGE INTEREST
JANUARY	260,796.11	0.60
FEBRUARY	680,259.46	0.61
MARCH	815,757.50	0.58
APRIL	1,155,279.22	0.93
MAY	904,473.52	0.95
JUNE	131,701.75	1.06
JULY	603,133.75	0.93
AUGUST	2,051,715.31	0.83
SEPTEMBER	426,002.93	0.93
OCTOBER	106,214.82	0.91
NOVEMBER	1,572,708.98	0.71
DECEMBER (*)	956,541.10	0.55
TOTAL	9,664,584.45	0.80

(*) *The income was received on 3 January 2012*



5.4. Reserve Fund Profitability

We have determined the **total accumulated profitability of the Reserve Fund as at 31 December 2011** (asset portfolio + Reserve Fund current account balance + accrued but unpaid interest).

The figure was calculated using the method approved by the Social Security Reserve Fund Management Committee in its meeting on 11 November 2005. This new method applies a technical adjustment to the method that had been used previously, in order to bring it in line with the method used for other investment and private pension funds. The main feature of this method is that it takes into account the market value of the Fund at the time of each allocation. This means that each inflow can be suitably weighted against total fund profitability.

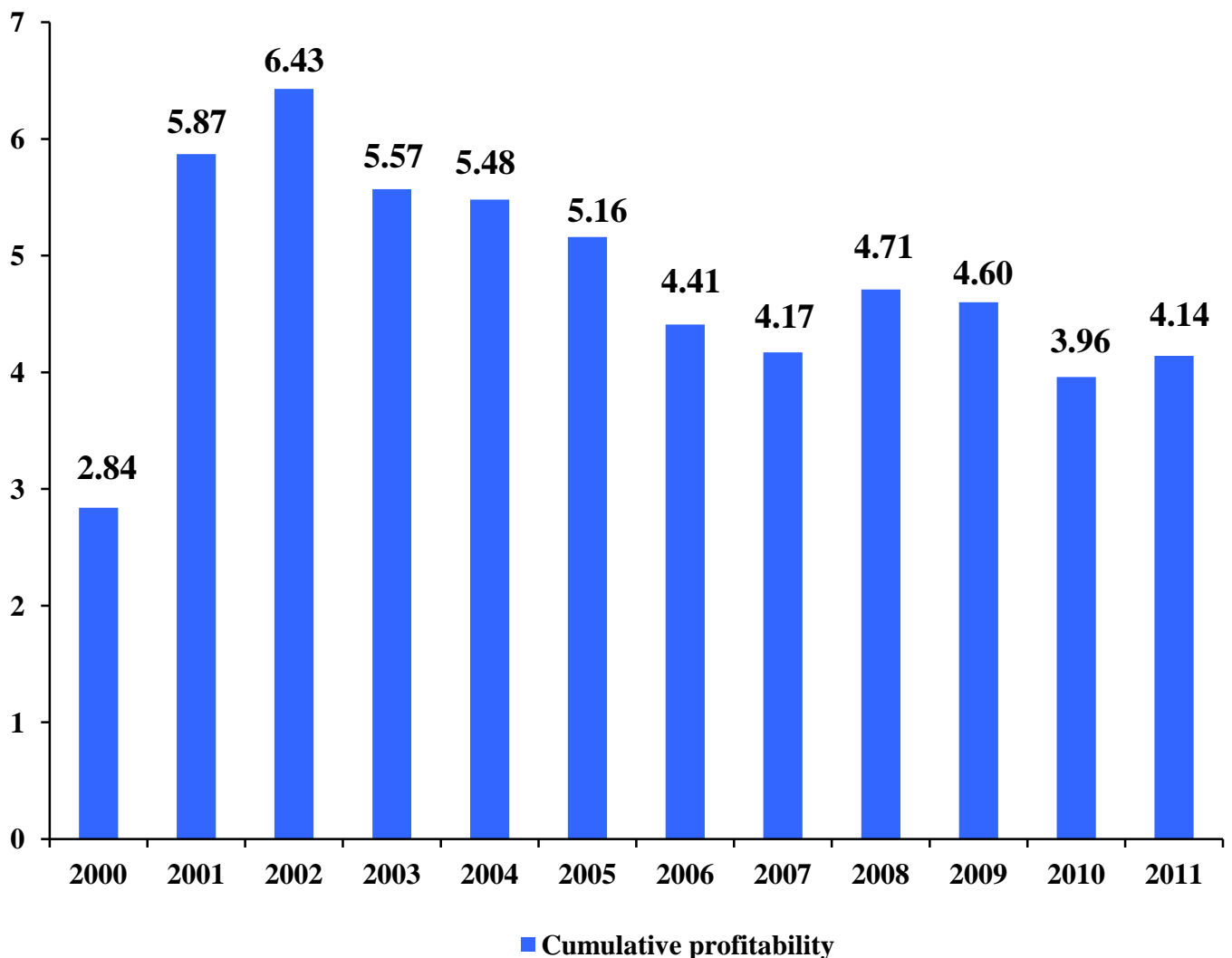
The accumulated Fund profitability figure is obtained by comparing the current net asset value of an allocation and its value at the time when the Fund was created, then annualising said accumulated profitability figure. The net asset value of the unit contribution is adjusted every time a new allocation is made in order to distinguish the profitability generated by each inflow from the Fund total for each sub-period.

For the purposes of the calculation, we used the market value of the portfolio based on the closing price of each product on said date. The closing price was the price published by the Bank of Spain for Spanish debt products, and for foreign debt products the closing price was provided by Reuters. On 31/12/2011, the net asset value of the Reserve Fund was **€66,060,079,673.45** (€65,075,126,890.11 from the portfolio, €983,996,242.24 deposited in the current account, and €956,541.10 in interest accrued during December).

Based on this method, **the accumulated profitability of the Reserve Fund since it was created in 2000 until 31 December 2011 is 57.56%, the equivalent of an annual rate of 4.14%.**



Similarly, and using the same steps as for calculating the accumulated profitability as at 31/12/2011, we have calculated the accumulated profitability at the end of each financial year since the first Reserve Fund allocation, approved by the Council of Ministers in 2000. The change in profitability over this period is shown in the following graph:





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5.5. Summary of profitability

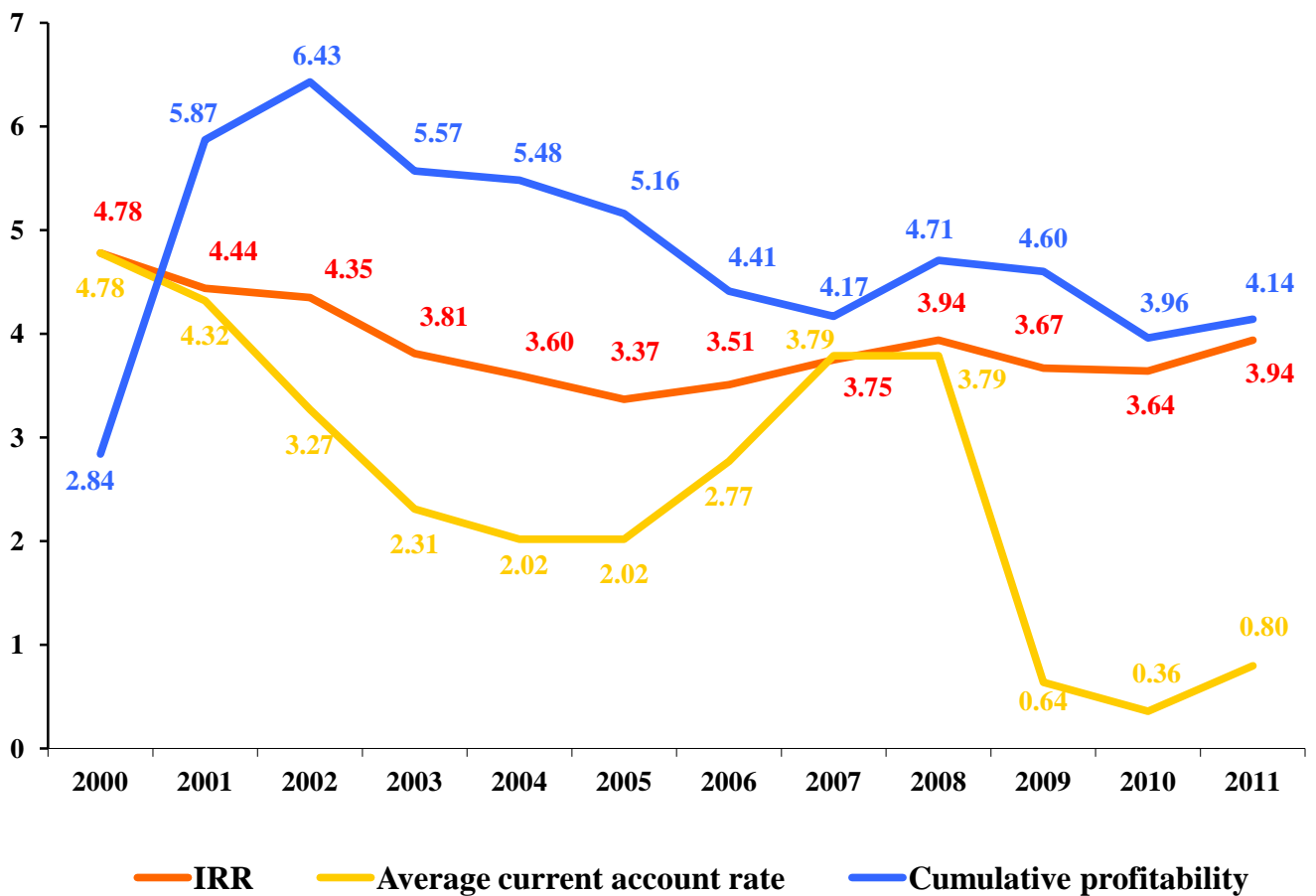
Set out below is a table summarising the percentages and a graph showing the change in Fund profitability, as analysed in detail in the foregoing sections:

Financial year	IRR	Average rate current account	Cumulative profitability (*)
2000	4.78	4.78	2.84
2001	4.44	4.32	5.87
2002	4.35	3.27	6.43
2003	3.81	2.31	5.57
2004	3.60	2.02	5.48
2005	3.37	2.02	5.16
2006	3.51	2.77	4.41
2007	3.75	3.79	4.17
2008	3.94	3.79	4.71
2009	3.67	0.64	4.60
2010	3.64	0.36	3.96
2011	3.94	0.80	4.14

(*) Profitability at market price



CHANGE IN PROFITABILITY (AS A PERCENTAGE)





6.- FORECASTS

6.1. Financial Year 2012

During 2012, using the portfolio as at 31/12/2011 as a reference, the following **coupons** will mature:

COUPON DATE	VALUE (€)
04/01/2012	38,990,352.50
15/01/2012	12,431,250.00
31/01/2012	721,368,273.74
25/04/2012	82,957,980.00
30/04/2012	369,772,433.00
04/07/2012	47,393,770.00
15/07/2012	51,020,960.00
30/07/2012	876,994,834.00
25/10/2012	29,226,800.00
31/10/2012	394,190,200.50
TOTAL	2,624,346,853.74



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Furthermore, during 2012 various **public financial assets** will mature for the value of **€8,348,013,000.00** (of which €7,398,581,000.00 are Spanish financial assets and €949,432,000.00 are foreign financial assets), on the following dates:

DATE OF DEPRECIATION	DESCRIPTION OF ASSET	NOMINAL VALUE (€)
04/01/2012	German State Bonds (5.00%) Issue ref. DE0001135192	321,680,000.00
17/02/2012	Treasury Bills Issue ref. ES0L01202172	305,603,000.00
23/03/2012	Treasury Bills Issue ref. ES0L01203238	301,315,000.00
25/04/2012	French State Bonds (5.00%) Issue ref. FR0000188328	455,545,000.00
30/04/2012	State Short-Term Bonds (2.75%) Issue ref. ES00000121I8	1,841,228,000.00
22/06/2012	Treasury Bills Issue ref. ES0L01206223	303,693,000.00
04/07/2012	German State Bonds (5.00%) Issue ref. DE0001135200	172,207,000.00
30/07/2012	State Long-Term Bonds (5.00%) Issue ref. ES0000012791	1,873,260,000.00
24/08/2012	Treasury Bills Issue ref. ES0L01208245	310,316,000.00
31/10/2012	State Short-Term Bonds (3.90%) Issue ref. ES00000120L4	2,150,936,000.00
14/12/2012	Treasury Bills Issue ref. ES0L01212148	312,230,000.00
TOTAL		8,348,013,000.00



Projections for the inflows throughout 2012 are shown in the following table and its corresponding graph:

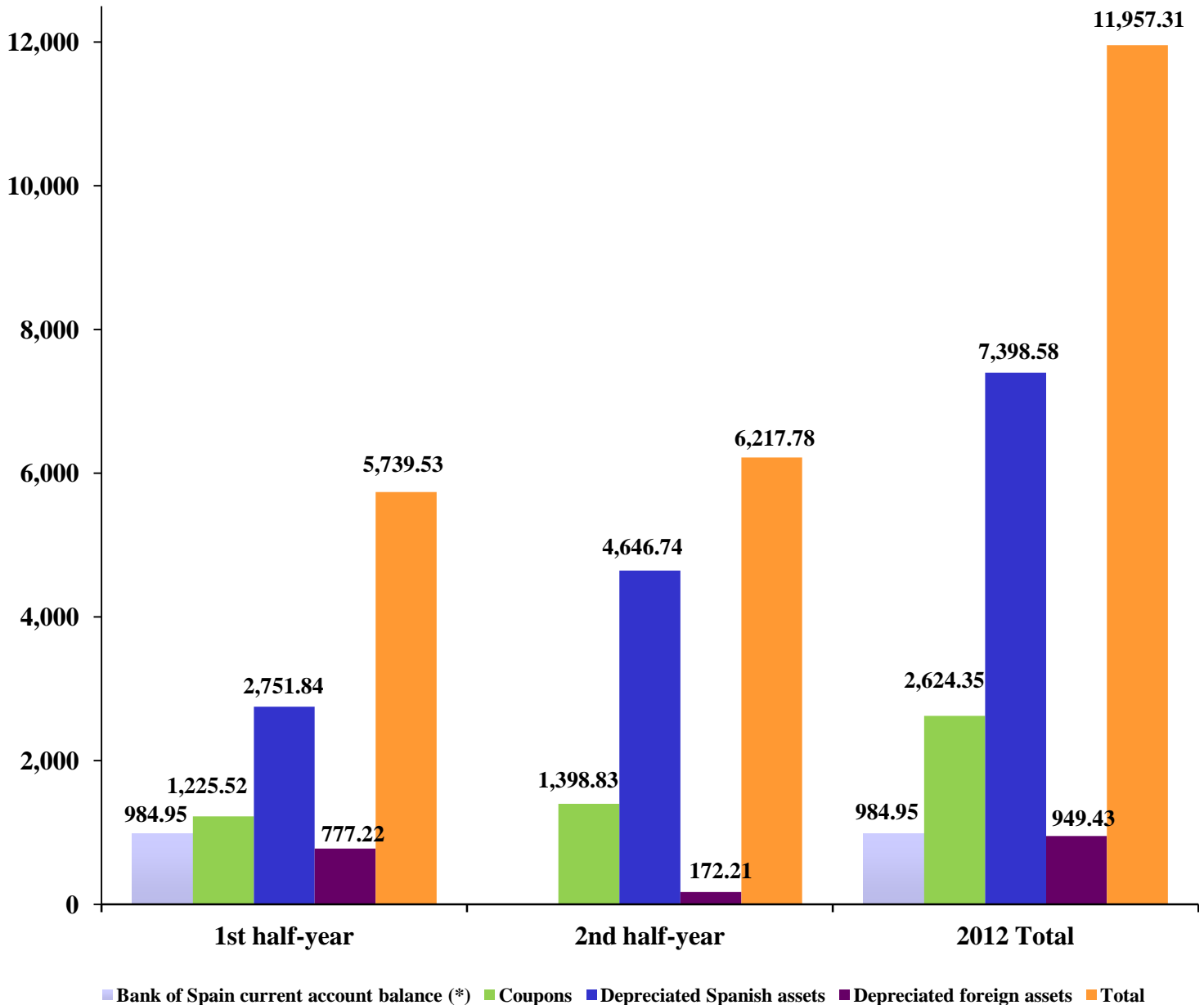
FLOWS DURING 2012

Current account balance as at 01/01/2012			983,996,242.24 €
Interest for December 2011, received on 03/01/2012			956,541.10 €
2012 Coupons			2,624,346,853.74 €
First quarter		772,789,876.24	
Second quarter		452,730,413.00	
Third quarter		975,409,564.00	
Fourth quarter		423,417,000.50	
Assets maturing in 2012	Spanish		7,398,581,000.00 €
	Foreign		949,432,000.00 €
First quarter	Spanish	606,918,000.00	
	Foreign	321,680,000.00	
Second quarter	Spanish	2,144,921,000.00	
	Foreign	455,545,000.00	
Third quarter	Spanish	2,183,576,000.00	
	Foreign	172,207,000.00	
Fourth quarter	Spanish	2,463,166,000.00	
	Foreign	-	
TOTAL			11,957,312,637.08 €



FLOWS DURING 2012

Figures in millions of euros



(*) Includes interest accrued in December 2011 and received on 3 January 2012



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6.2. Financial Years 2013 and 2014

During **2013**, using the **portfolio as at 31/12/2011** as a reference, the following coupons will mature:

COUPON DATE	VALUE (€)
04/01/2013	22,906,352.50
15/01/2013	12,431,250.00
31/01/2013	724,156,896.50
25/04/2013	60,180,730.00
30/04/2013	319,138,663.00
04/07/2013	38,783,420.00
15/07/2013	51,020,960.00
30/07/2013	783,331,834.00
25/10/2013	29,226,800.00
31/10/2013	310,303,696.50
TOTAL	2,351,480,602.50

Furthermore, during 2013 various **public financial assets** will mature for the value of **€7,859,479,000.00** (all of which are Spanish financial assets) on the following dates:

DATE OF DEPRECIATION	DESCRIPTION OF ASSET	NOMINAL VALUE (€)
31/01/2013	State Long-Term Bonds (6.15%) Issue ref. ES0000011660	1,965,031,000.00
15/02/2013	Treasury Bills Issue ref. ES0L01302154	316,486,000.00
30/04/2013	State Short-Term Bonds (2.30%) Issue ref. ES00000121T5	1,904,286,000.00
21/06/2013	Treasury Bills Issue ref. ES0L01306213	85,210,000.00
30/07/2013	State Long-Term Bonds (4.20%) Issue ref. ES0000012866	2,209,067,000.00
31/10/2013	State Short-Term Bonds (2.50%) Issue ref. ES00000122R7	1,379,399,000.00
TOTAL		7,859,479,000.00

This represents a total of **€10,210,959,602.50** by way of coupons and the depreciation of assets.



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Likewise, the following coupons will mature in **2014** , using the **portfolio as at 31/12/2011** as a reference:

COUPON DATE	VALUE (€)
04/01/2014	22,906,352.50
15/01/2014	12,431,250.00
31/01/2014	603,307,490.00
25/04/2014	60,180,730.00
30/04/2014	275,340,085.00
04/07/2014	38,783,420.00
15/07/2014	51,020,960.00
30/07/2014	690,551,020.00
25/10/2014	29,226,800.00
31/10/2014	275,818,721.50
TOTAL	2,059,566,829.00

Furthermore, during 2014 various **public financial assets** will mature for the value of **€6,604,807,000.00** (all of which are Spanish financial assets) on the following dates:

DATE OF DEPRECIATION	DESCRIPTION OF ASSET	NOMINAL VALUE (€)
31/01/2014	State Short-Term Bonds (4.25%) Issue ref. ES00000121H0	1,875,054,000.00
30/04/2014	State Short-Term Bonds (3.40%) Issue ref. ES00000123D5	308,060,000.00
30/07/2014	State Long-Term Bonds (4.75%) Issue ref. ES0000012098	2,171,630,000.00
31/10/2014	State Short-Term Bonds (3.30%) Issue ref. ES00000121P3	2,250,063,000.00
TOTAL		6,604,807,000.00

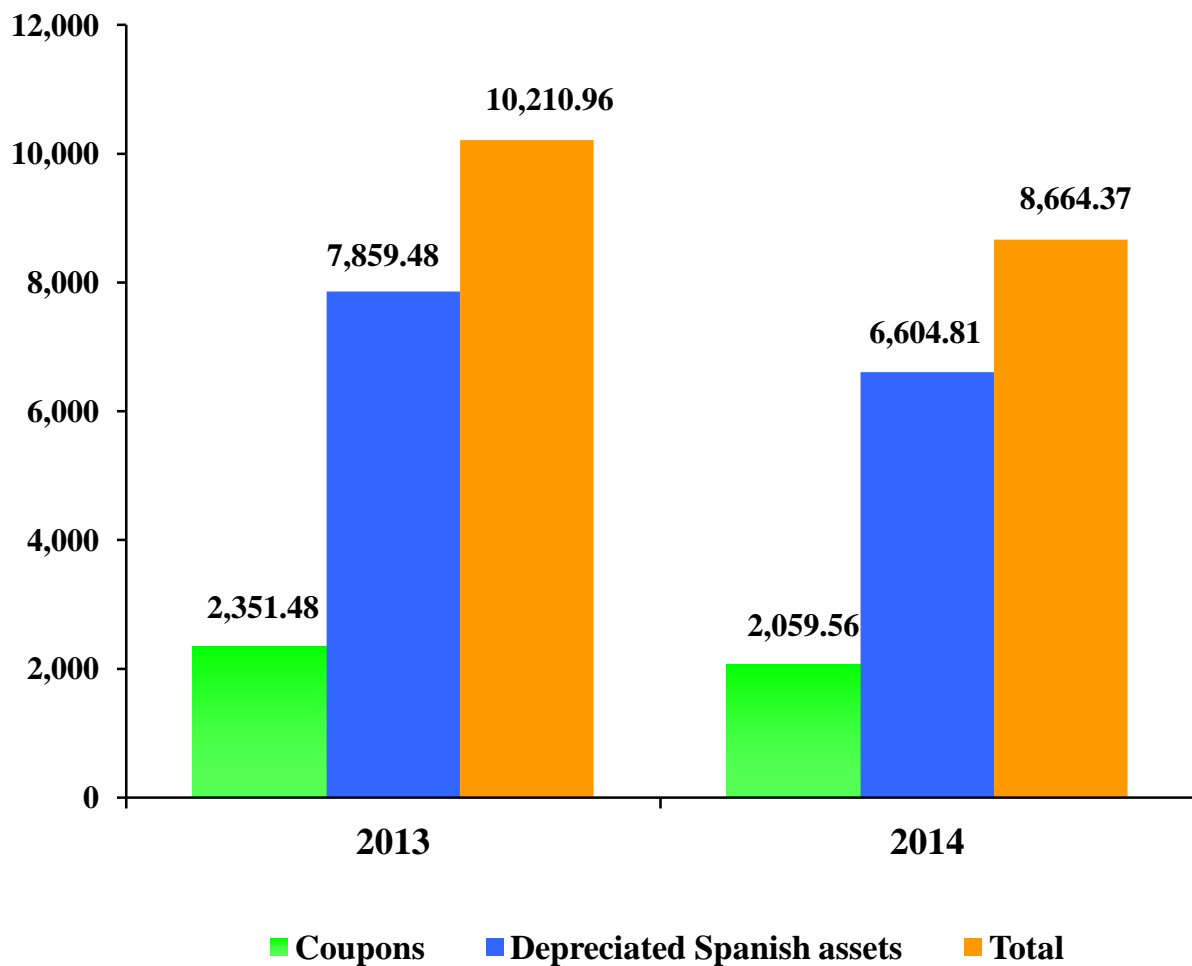
This represents a total of **€8,664,373,829.00** by way of coupons and the depreciation of assets.



Therefore, considering the variables described above, the graph below shows the amounts of the inflows during 2013 and 2014.

INFLOWS DURING 2013 AND 2014

Figures in millions of euros





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7.- COMPARISON OF RESERVE FUND KEY FIGURES

We will now draw comparisons with the Social Security Reserve Fund's key figures from 2010.

KEY FIGURES FOR THE SOCIAL SECURITY RESERVE FUND		
	2010 (AS AT 31/12/2010)	2011 (AS AT 31/12/2011)
PROFITABILITY OF FIXED INCOME ASSETS (IRR) ON ACQUISITION	3.64%	3.94%
CURRENT ACCOUNT AVERAGE RATE	0.36%	0.80%
RESERVE FUND PROFITABILITY	3.96%	4.14%
LEVEL OF CONCENTRATION (1)	10.24%	9.84%
TERM (2)	4.42 years	4.59 years
MODIFIED TERM (2)	4.22	4.39
% FOREIGN DEBT (NOMINAL VALUE) IN TOTAL PORTFOLIO	12.32%	10.31%
% SSRF OF GDP (3)	6.12%	6.22%

(1) Level of concentration means the percentage of Spanish Treasury products (nominal value) in the SSRF portfolio compared to the total Spanish Treasury debt in circulation, not counting the stripped coupon.

(2) When calculating the term and modified term of the Fund, we have included interest on the current account that is accrued during December of each year but not paid until January of the following year.

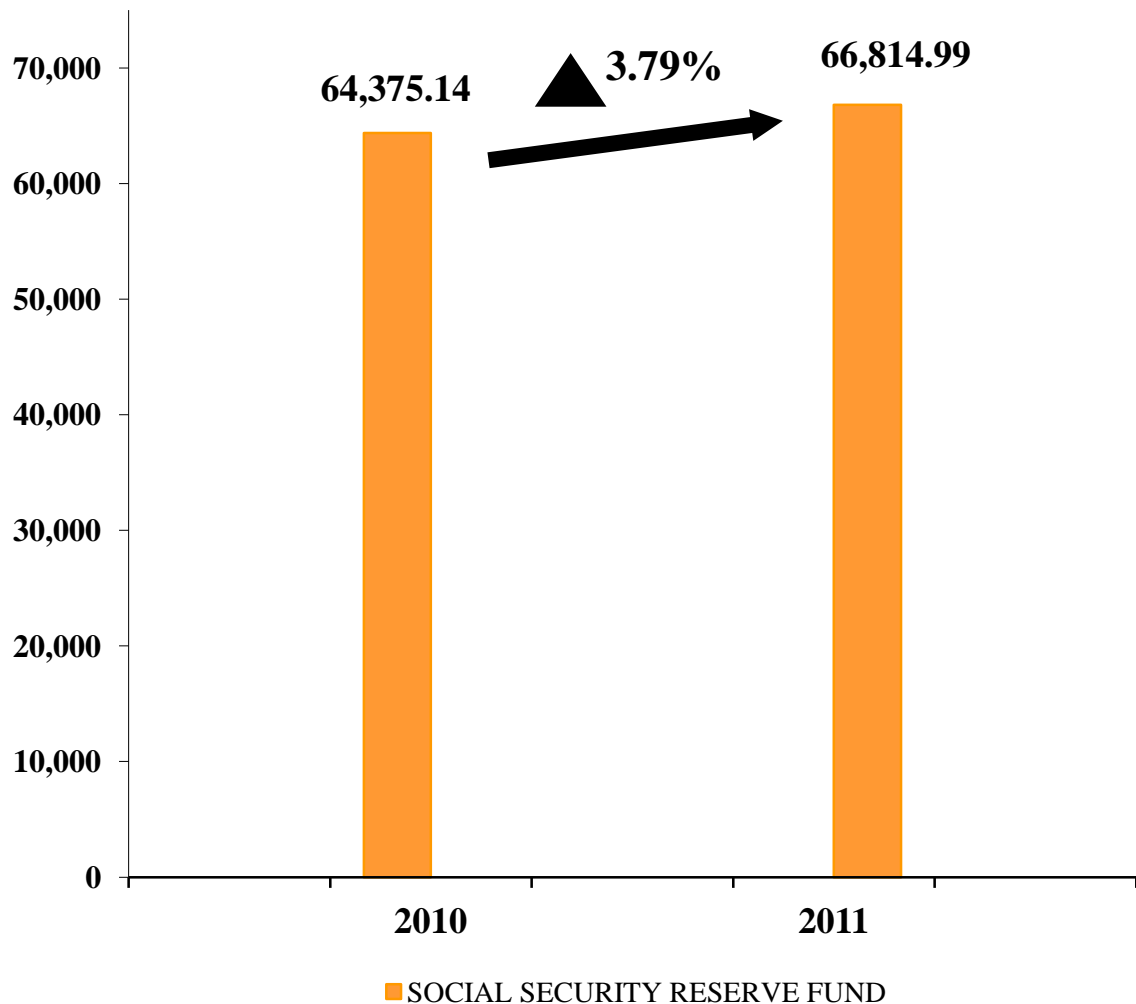
(3) The figures for 2010 have been calculated using the 2010 GDP (€1,051,342 million), based on data from the National Institute of Statistics published in the CNE-2008 on 12 February 2012) and the figures for 2011 have been calculated using the 2011 GDP (€1,073,383 million), based on data from the National Institute of Statistics published in the CNE-2008 on 16 February 2012).



The following graph shows the changes in the total value of the Social Security Reserve Fund between 31/12/2010 and 31/12/2011:

RESERVE FUND ON 31/12/2010 AND 31/12/2011

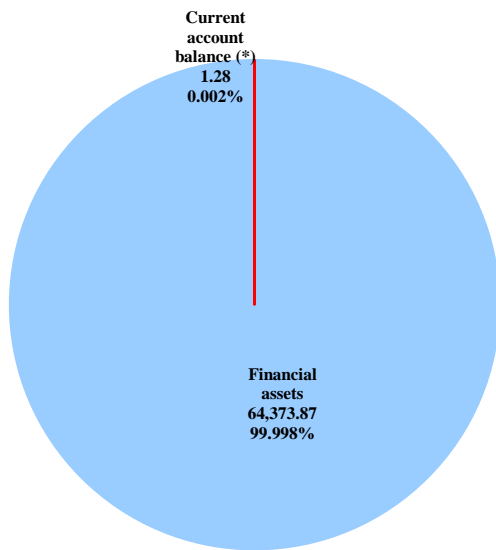
Figures in millions of euros



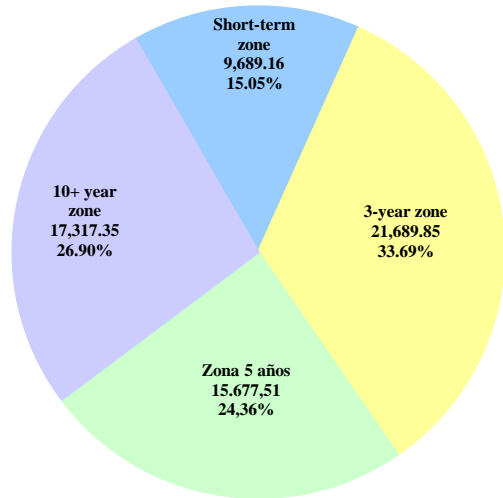


The figures are distributed as follows:

31-12-2010

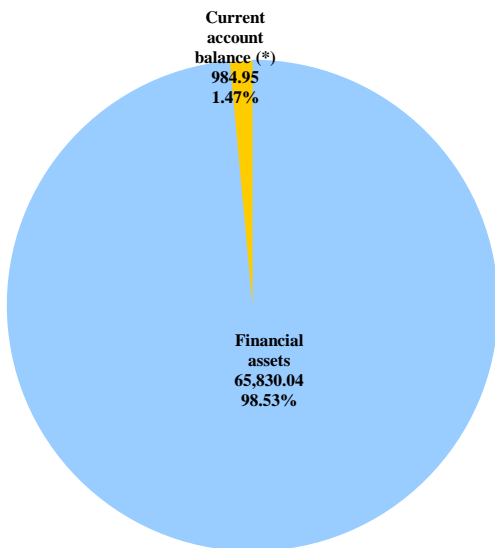


() With interest accrued in December 2010 and received on 04/01/2011*

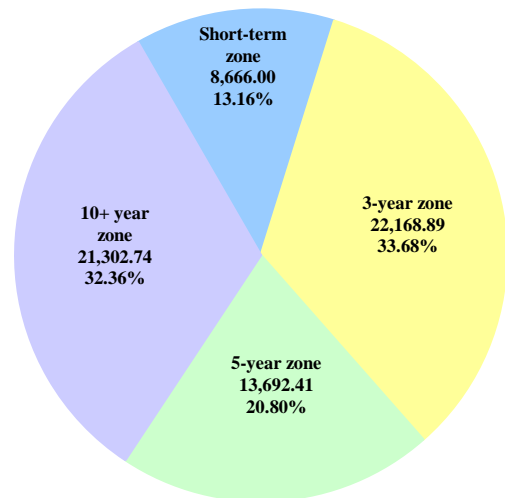


Distribution of financial assets at acquisition price

31-12-2011



() With interest accrued in December 2011 and received on 03/01/2012*



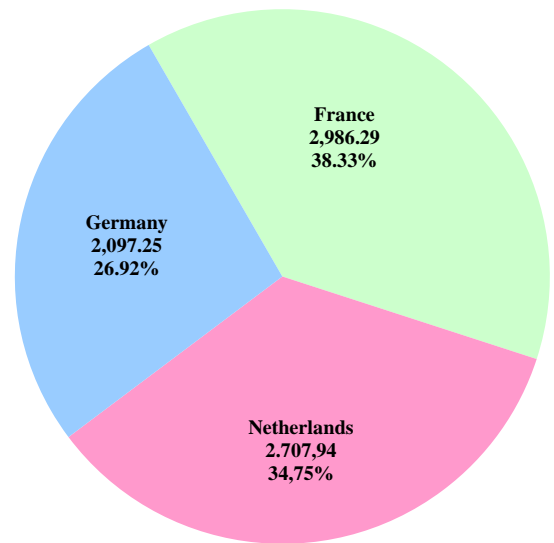
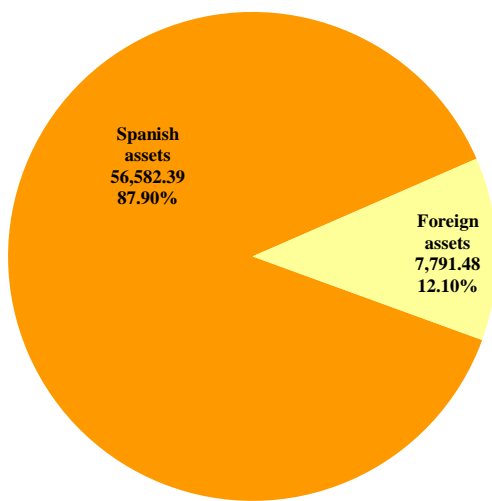
Distribution of financial assets at acquisition price

Figures in millions of euros

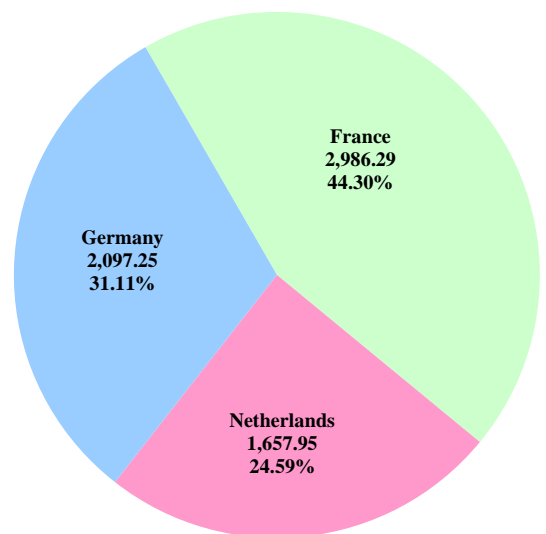
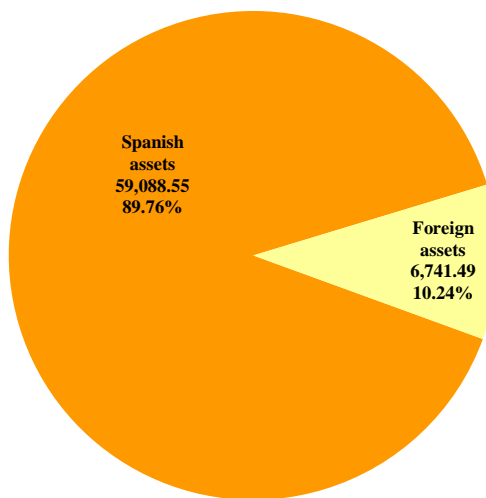


**DISTRIBUTION OF FINANCIAL ASSETS HELD BY THE RESERVE FUND,
ACCORDING TO ISSUING COUNTRY AND BASED ON THE ACQUISITION PRICE**

31-12-2010



31-12-2011

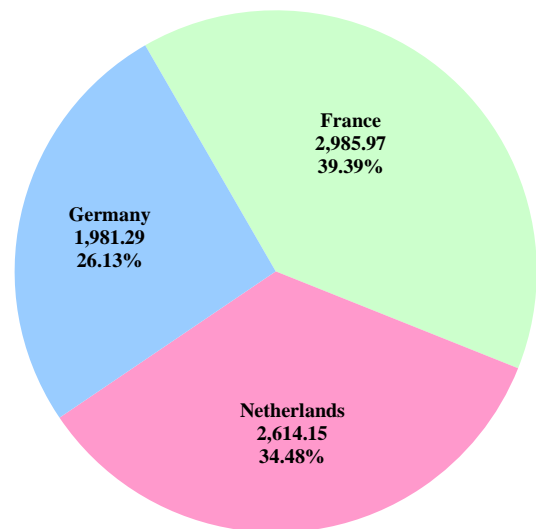
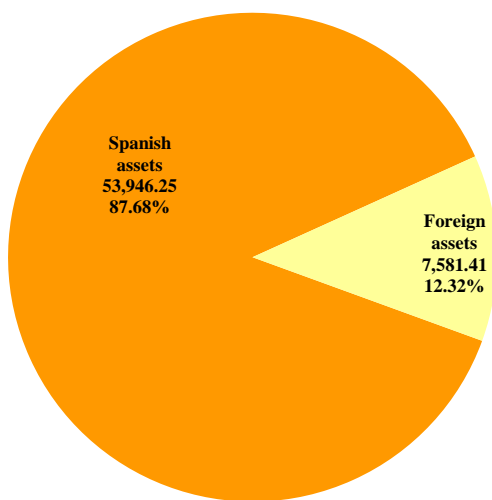


Figures in millions of euros

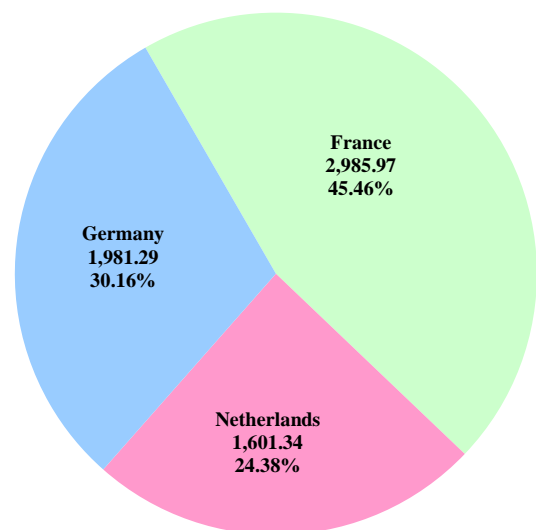
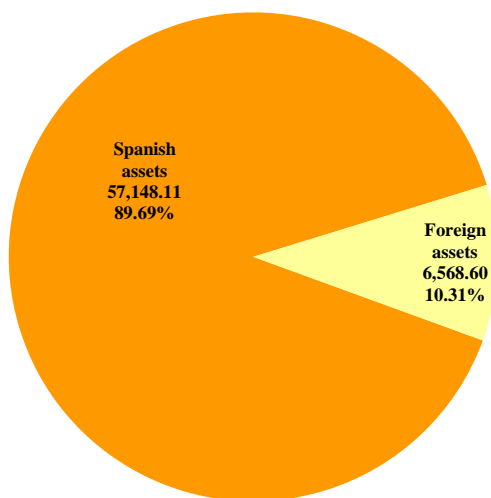


**DISTRIBUTION OF FINANCIAL ASSETS HELD BY THE RESERVE FUND,
ACCORDING TO ISSUING COUNTRY AND BASED ON THE NOMINAL VALUE**

31-12-2010



31-12-2011



Figures in millions of euros



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APPENDIX I

FINANCIAL AND ECONOMIC INFORMATION FROM THE ANNUAL ACCOUNTS



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FINANCIAL AND ECONOMIC INFORMATION FROM THE ANNUAL ACCOUNTS

This report on the actions in 2011 and the Reserve Fund Status as at 31 December 2011, which is submitted to the Parliament –in accordance with Article 6 of Law 28/2003, of 29 September, which governs the Social Security Reserve Fund– aims to provide information on the management and actions carried out during the year –based on the decisions of the Management Committee, as the senior managing and monitoring body–, specifically the data showing the Reserve Fund value, composition, portfolio distribution, profitability and market value as at 31/12/2011. With additional information on the changes to the Reserve Fund balance over the next three years, which allows the forecast for the Fund's inflows to be carried out, so that the appropriate management actions can be planned.

The aforementioned information, prepared from the point of management, which presents data, breaks down information by countries and periods and evaluates market prices, has a different approach, in specific sections, to the financial and economic information that is included in the annual accounts, in accordance with the applicable accounting principles.

In accordance with EHA Order/1037/2010, of 13 April, the General Public Accounting Plan was approved as an accounting plan framework for all Public Administration departments.

Decision of 1 July 2011, of the State Administration General Auditing Department, approved the Adaptation of the General Public Accounting Plan, for the organisations included in the Social Security System.

This new accounting plan sets out a series of new valuation criteria. Of these, the criterion on the problems of financial assets and consequently the asset portfolio in which the Social Security Reserve Fund is invested is particularly significant.



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An initial distinction is based on the fact that with the new plan, the asset portfolio is not going to be catalogued in the first instance according to the nature of the products it is composed of, but rather according to the investment aim or purpose. Therefore, the portfolio can be classed as a “held-to-maturity portfolio” as a result of the desire and the financial capacity of the investor to hold the portfolio until said time arrives, or as an “available-for-sale portfolio”. Cataloging in this manner has a direct impact, in this case, on how the Reserve Fund's financial situation is shown in the annual accounts.

With regard to held-to-maturity portfolios, the plan makes a distinction between its initial valuation, at the time of underwriting or purchasing the products, and a subsequent valuation at the end of the financial year. As a result, the initial valuation must be at a reasonable value; in other words, the amount of the payment made plus the directly attributable costs, insofar as the subsequent valuation of the held-to-maturity portfolio is done using the depreciated cost, by which we mean the amount at which the asset was initially valued, plus/minus, as appropriate, the amount attributed to the difference between the initial amount and the amount received on maturity in the financial year results.

Another of the new features in the new plan is the disappearance of the traditional provision for asset depreciation, which adjusted the book value of the products downwards as a result of the market value being lower than the product acquisition price at the end of the financial year.



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The Social Security Reserve Fund Management Committee unanimously agreed that for the purposes of valuation set forth in the General Public Accounting Plan, the Public Debt assets that make up the Social Security Reserve Fund would initially be classed as “held-to-maturity investments”.

In order to clarify the foregoing, additional information on the **financial situation** of the **Social Security Reserve Fund** is provided, based on the accounting figures at the **close of the 2011 financial year**.

SSRF FINANCIAL SITUATION AS AT 31 DECEMBER 2011	AMOUNT (euros)
Key figures for long-term, held-to-maturity debt	55,842,371,936.02
- National portfolio	50,188,614,203.71
- Eurozone portfolio	5,653,757,732.31
Short-term, held-to-maturity debt securities	8,352,518,318.00
- National portfolio	7,400,291,452.77
- Eurozone portfolio	952,226,865.23
Financial balance of the Social Security Reserve Fund	983,996,242.24
Interest on short-term debt securities	1,501,463,177.82
- National portfolio	1,342,096,922.00
- Eurozone portfolio	159,366,255.82
Other short-term interest receivable	956,541.10
SSRF FINANCIAL SITUATION AS AT 31 DECEMBER 2011	66,681,306,215.18