

DERIVATIVE INSTRUMENTS PORTFOLIO

(data in €mn)

Derivative instruments on debt

Instrument	30/06/2020				30/09/2020				31/12/2020				31/03/2021			
	Nozionale	in %	MTM	in %	Nozionale	in %	MTM	in %	Nozionale	in %	MTM	in %	Nozionale	in %	MTM	in %
IRS ex-ISPA	3,500	3.67%	-1,932	5.12%	3,250	3.42%	-1,848	4.87%	3,250	3.24%	-1,867	4.89%	3,250	3.20%	-1,638	5.10%
CCS (Cross Currency Swap)	10,783	11.32%	968	-2.57%	10,720	11.29%	435	-1.15%	13,174	13.13%	-354	0.93%	13,174	12.98%	-115	0.36%
IRS (Interest Rate Swap) for hedging purposes	3,477	3.65%	1,215	-3.22%	3,477	3.66%	1,229	-3.24%	3,477	3.47%	1,278	-3.34%	3,477	3.43%	1,142	-3.55%
IRS (Interest Rate Swap) for duration purposes	77,528	81.36%	-37,958	100.67%	77,463	81.62%	-37,756	99.51%	80,398	80.16%	-37,267	97.53%	81,583	80.39%	-31,530	98.10%
Swaption	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total derivatives on debt	95,289	100%	-37,706	100%	94,910	100%	-37,941	100%	100,299	100%	-38,210	100%	101,484	100%	-32,141	100%
<i>Government securities outstanding</i>	2,122,742				2,178,300				2,149,584				2,216,631			
<i>Derivatives on debt/Government securities</i>	4.49%				4.36%				4.67%				4.58%			

Derivative instruments on assets (2005 Budget Law)

Instrument	Nozionale	MTM	Nozionale	MTM	Nozionale	MTM	Nozionale	MTM
IRS (Interest Rate Swap)	566	-50	566	-50	451	-35	451	-35

Total derivative instruments portfolio

Instrument	Nozionale	in %	MTM	in %	Nozionale	in %	MTM	in %	Nozionale	in %	MTM	in %	Nozionale	in %	MTM	in %
Derivatives on debt	95,289	99.41%	-37,706	99.87%	94,910	99.41%	-37,941	99.87%	100,299	99.55%	-38,210	99.91%	101,484	99.56%	-32,141	99.89%
Derivatives on assets	566	0.59%	-50	0.13%	566	0.59%	-50	0.13%	451	0.45%	-35	0.09%	451	0.44%	-35	0.11%
Total derivative instruments	95,855	100%	-37,756	100%	95,476	100%	-37,991	100%	100,750	100%	-38,246	100%	101,935	100%	-32,176	100%

Bilateral collateral on derivatives (*)

Cash collateral	2,802	3,343	4,313	4,721
-----------------	--------------	--------------	--------------	--------------

N.B.: Mark-to-Market (MtM) figures included in this table are calculated by MEF for its own management purposes, thus not matching figures published by the Bank of Italy in the Financial Accounts Series. In these latter, as aiming at strictly statistical purposes, a part of the MtM is reclassified as a debt, according to the provisions of the new Manual on Government deficit and debt issued following the entry into force of the European System of National and Regional Accounts (SEC 2010). All MTM figures are gross of collateral value.

With regard to the derivatives on the debt, the cross-currency swaps refer to the issues denominated in foreign currency, while the IRS for hedging purposes refer to the issues of euro denominated securities as part of the MTN programme. In addition, the IRS for the purposes of duration include all positions referable to the strategy of protection from a rise in interest rates, which, in some cases, entail the sale of receiver swaptions in association with the IRS. The IRS ex-ISPA include all derivatives associated with the liabilities of the company, Infrastrutture S.p.A., which were assumed by the Treasury as provided by the 2007 Budget Law. The stand-alone receiver swaptions, namely those not related to pre-existing IRS, are included in the swaption category.

As far as derivatives on assets, they were executed pursuant to the 2005 Budget Law (Law No. 311 of 30 December 2004). These derivatives are referred to public entity mortgage receivables transferred to the Treasury from the budget of the Cassa Depositi e Prestiti, following the transformation of the latter into a joint-stock company (Article 5 of Decree-Law No. 269 of 2003 – a decree attached to the 2004 Budget law - converted, with amendments, by Law No. 326 of 2003). These contracts are not included in public debt management.

(*) Bilateral Guarantees pursuant to D.M. n.103382, 20 Dicembre 2017 available in the section "Laws and Regulations on Government Debt, Rules on Derivative transactions"

http://www.dt.tesoro.it/export/sites/sitodt/modules/documenti_en/debito_publico/normativa_spalla_destra/D.M._20.12.2017_-_Bilateral_collateral_with_reference_to_derivates.pdf