



# Post Covid Challenges

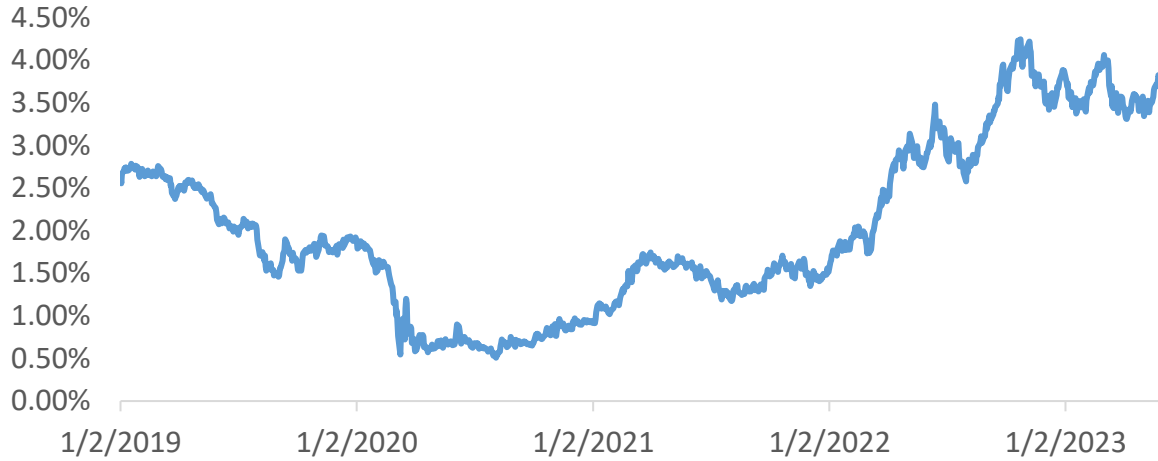


## Debt Office, Türkiye

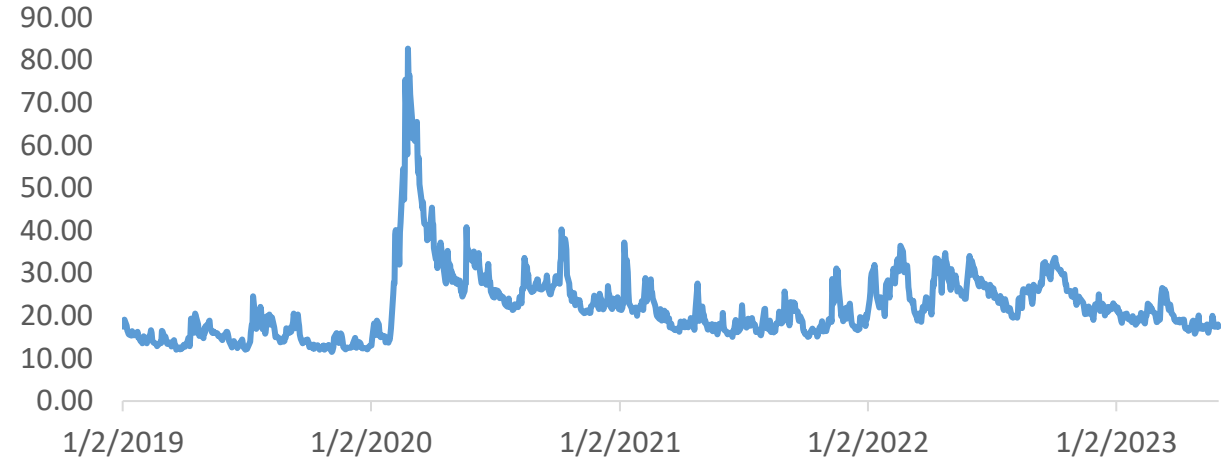
Yigit K. YASAR / DG of Debt Office / Ministry of Treasury and Finance  
Berlin, June 2023

# Borrowing Costs and Uncertainty have significantly increased after Covid

## US 10Y Treasury Yield

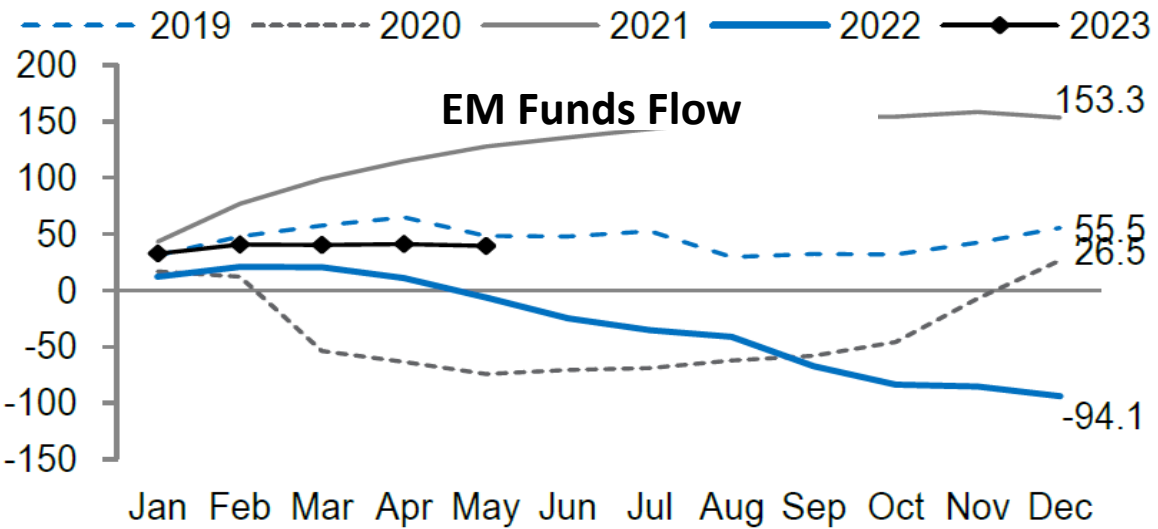


## VIX Index



USD billion

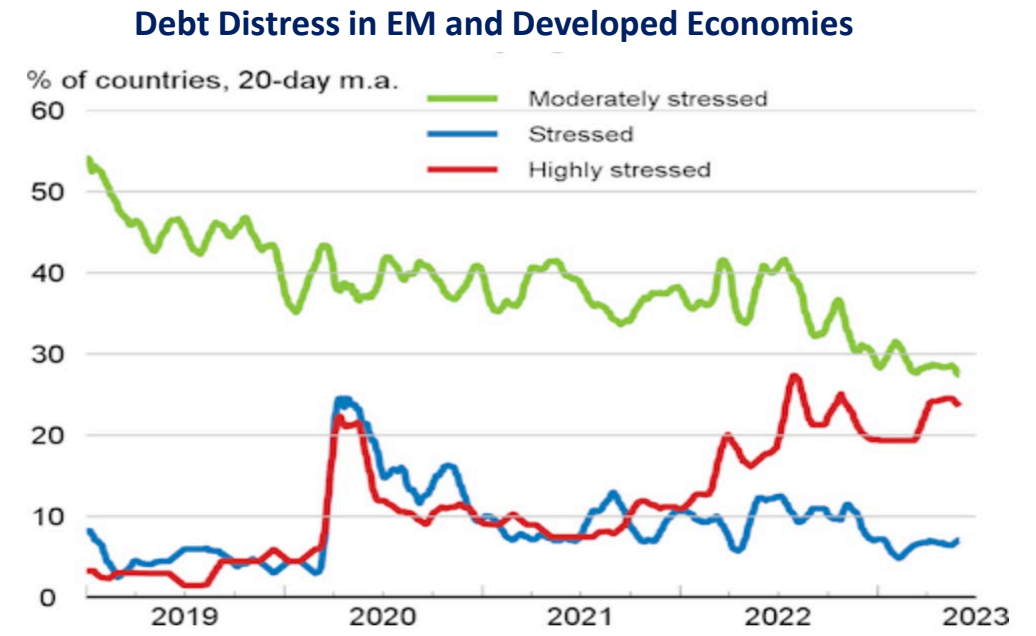
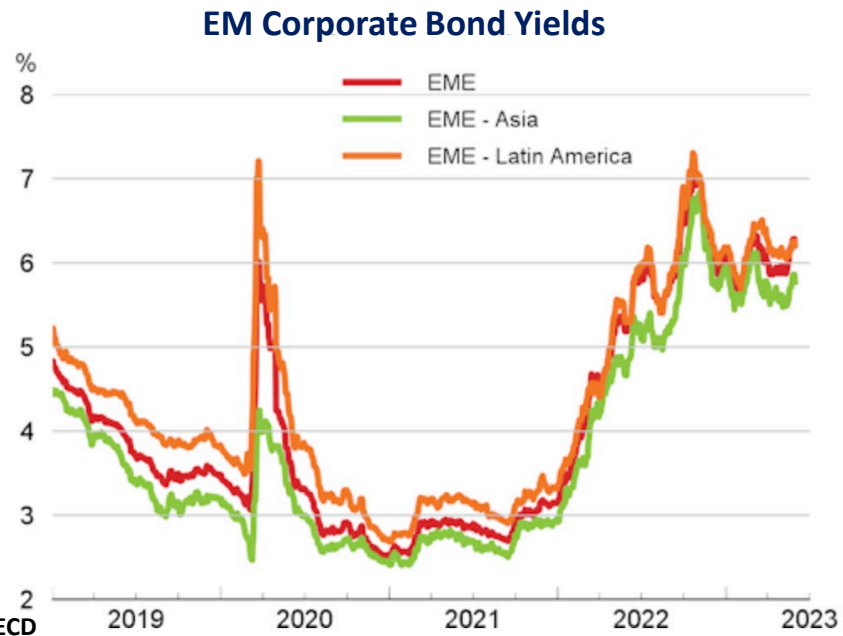
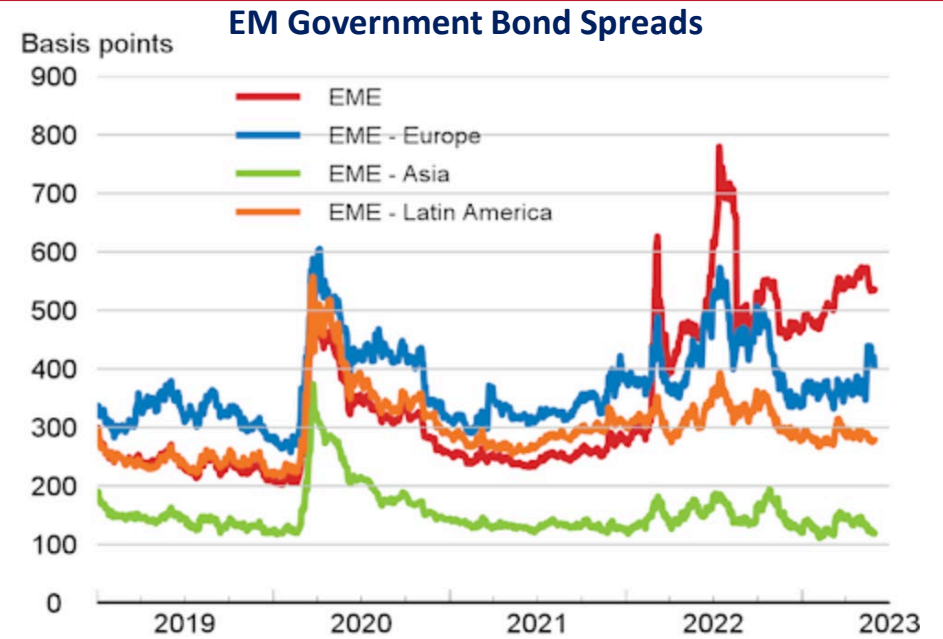
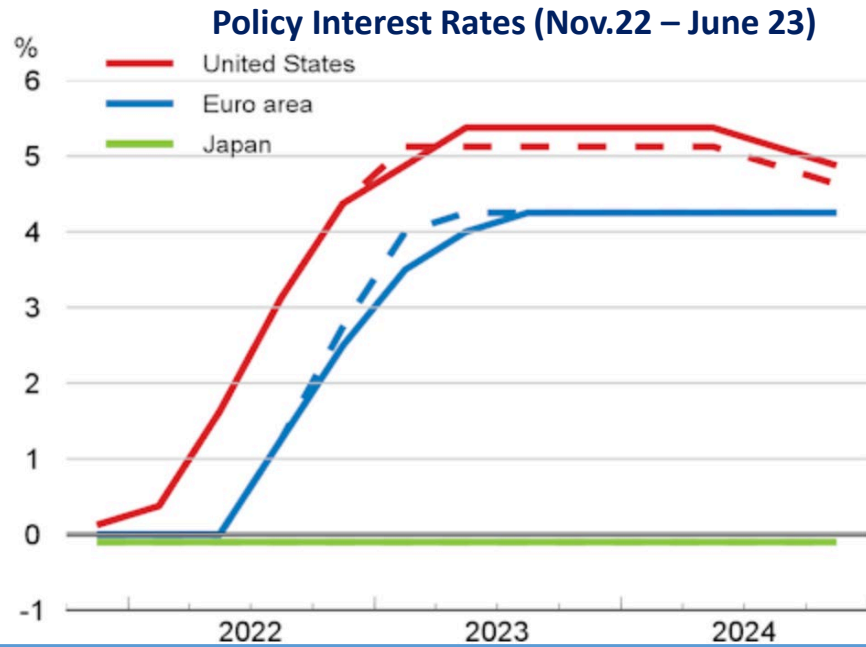
## EM Funds Flow



## Turkiye 5Y CDS



# Borrowing Costs and Uncertainty have significantly increased after Covid



## Recommendations - Multifaceted Approach

Strengthen the Financial Sector Resiliency, assess vulnerabilities

Switch from External to Domestic, external balance, CAD !

Sound PD System / liability management operations

Diversify the Funding Venues, new markets – new investors

New Instruments, ESG

Improved Cash Management, TSA / liquidity buffers / STMMO

Sound Investor Relations Office, active & transparent communication

# Turkiye's Experience



11 b \$ in 2022



7.5b \$ in 2023



## SSAR Issuer: Republic of Turkey

10 Feb 14:54 | IFR Awards 2022

### Toughing it out:

Few sovereign issuers faced the challenges Turkey did in 2022. The funding team not only had to navigate volatile global markets, but also had to contend with worsening domestic economic and financial indicators weighing on investor sentiment. It did so with great skill, reaching its external funding target with a series of deals at the most opportune moments. Turkey is IFR's SSAR Issuer of the Year.

Investors were left suitably impressed. "Turkey is an interesting case – it is very opportunistic, and I think its treasury office is more flexible in timing capital markets access compared to other EM sovereigns," said Mikhail Volodchenko, EM debt portfolio manager at AXA Investment Managers.

Luckily for Turkey, it launched the US\$3bn five-year sukuk a week before Russia's invasion of Ukraine. With the relative cost of issuing in the conventional US dollar market more expensive, the Islamic bond market proved a better alternative.

# Turkish Experience After Covid-19

## Issuance Strategy:

%50 Sukuk / %50 Conv.  
Partial Switch to LCBM

## Improved Investor Relations:

Overall Improvement  
Road shows

## Sound Cash Management:

Liquidity Buffers  
Treasury Single Account

## Liability Management:

CC Swaps

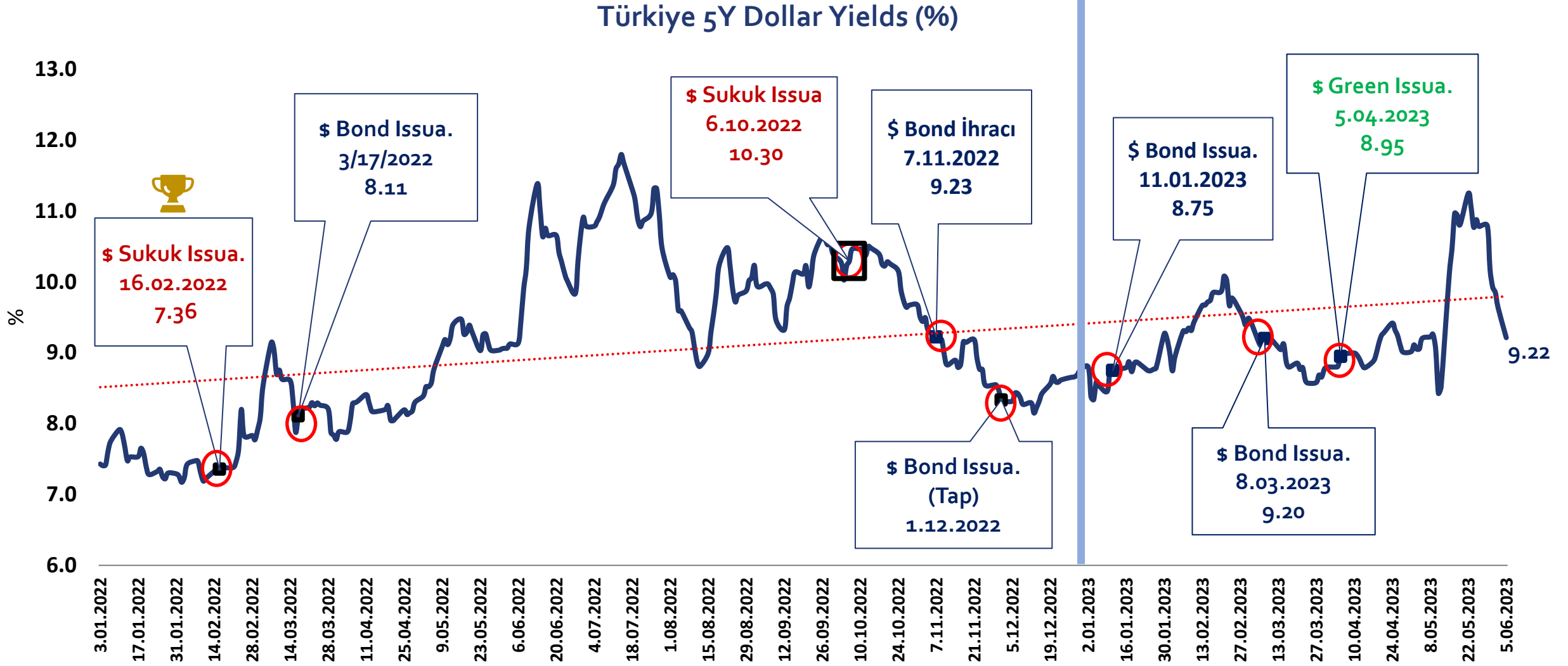
## New Instrument:

ESG, Green Bond

## PD System Improvements:

Ease on Quotations  
Evenly Distribution

# Türkiye - Sovereign Issuance Strategy 2022 - 2023



# Türkiye's Practice of Investor Relations Office (IRO)



## Investor Meetings

IRO uses every opportunity to reach out to as many investors as possible

The senior managers join international meetings and hold bilateral and group meetings regularly both in Turkey and abroad

TRANSPARENCY



ACCESSIBILITY



PREDICTABILITY



ACCURACY

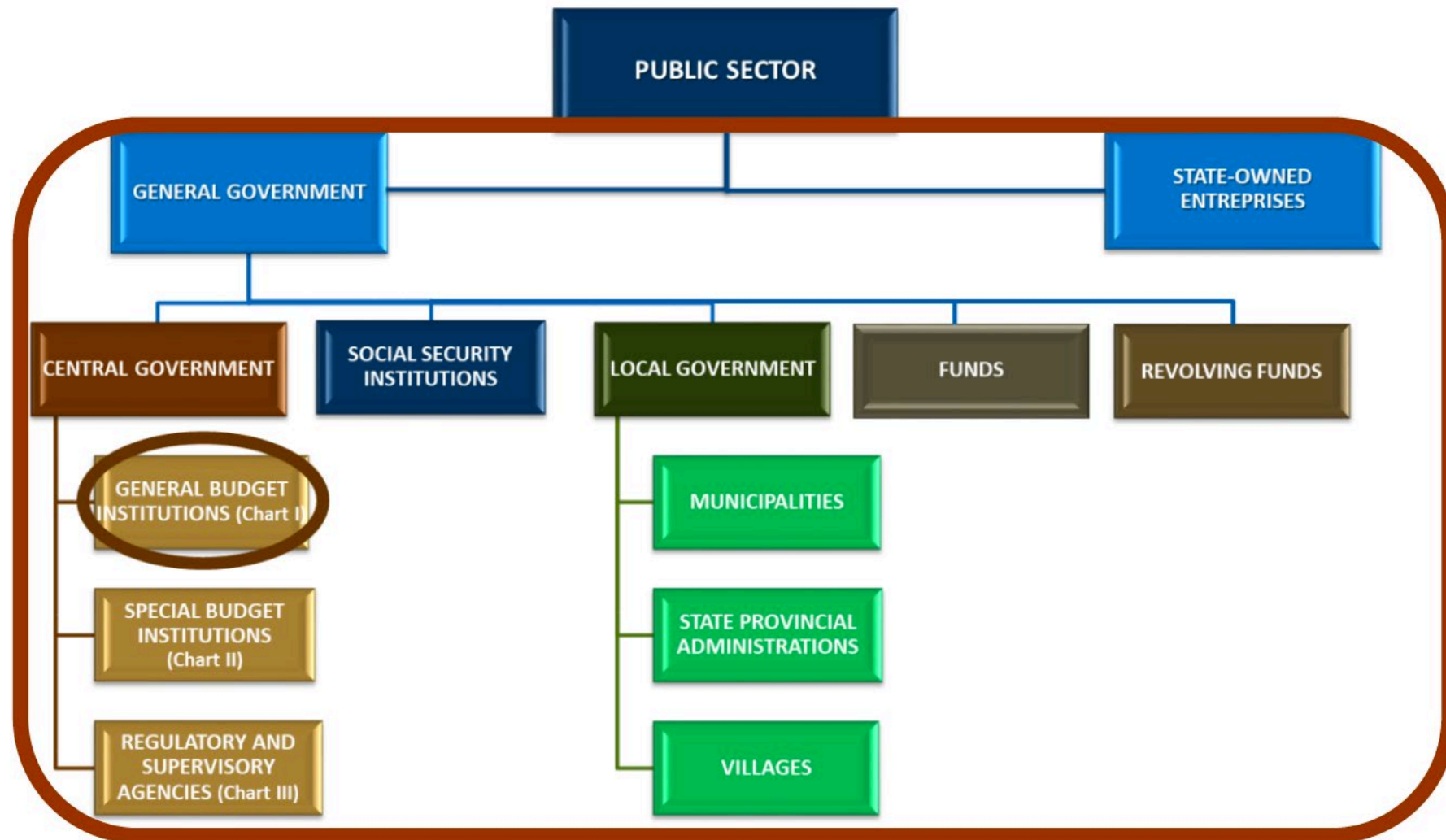




# Cash Management - The Coverage of Former TSA and Extended TSA

Based on the principle of unity of cash and the unity of treasury, a **TSA is a bank account** or a set of linked accounts through which the **government transacts all its receipts and payments**

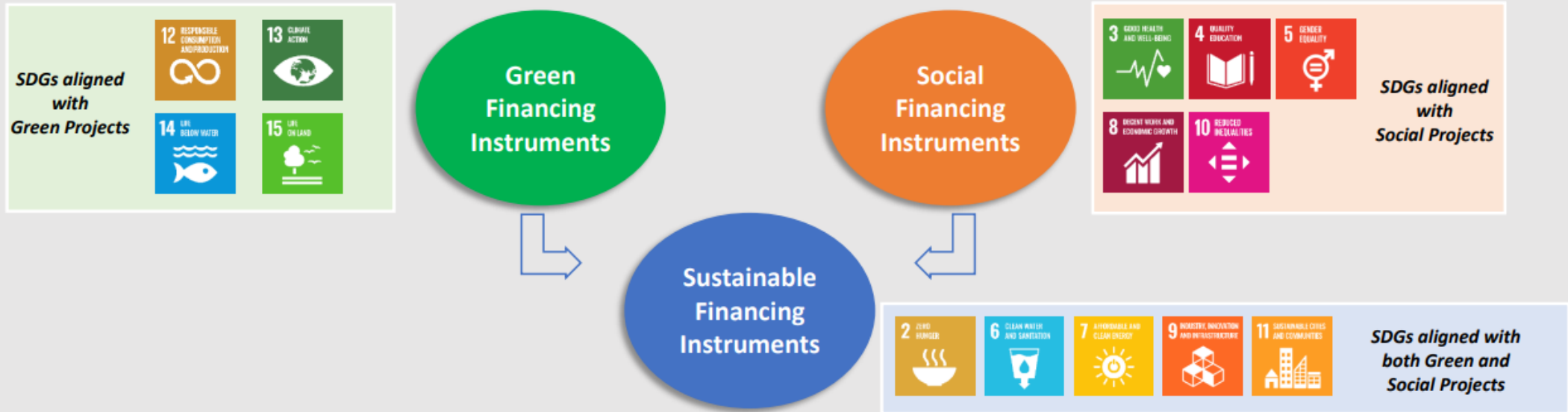
**TSA** is a bank account or set of linked bank accounts which all government receipts **regardless of which entity collects** those receipts are transferred into it and all disbursements are made from it



○ The circle represents coverage of the TSA before 2018.

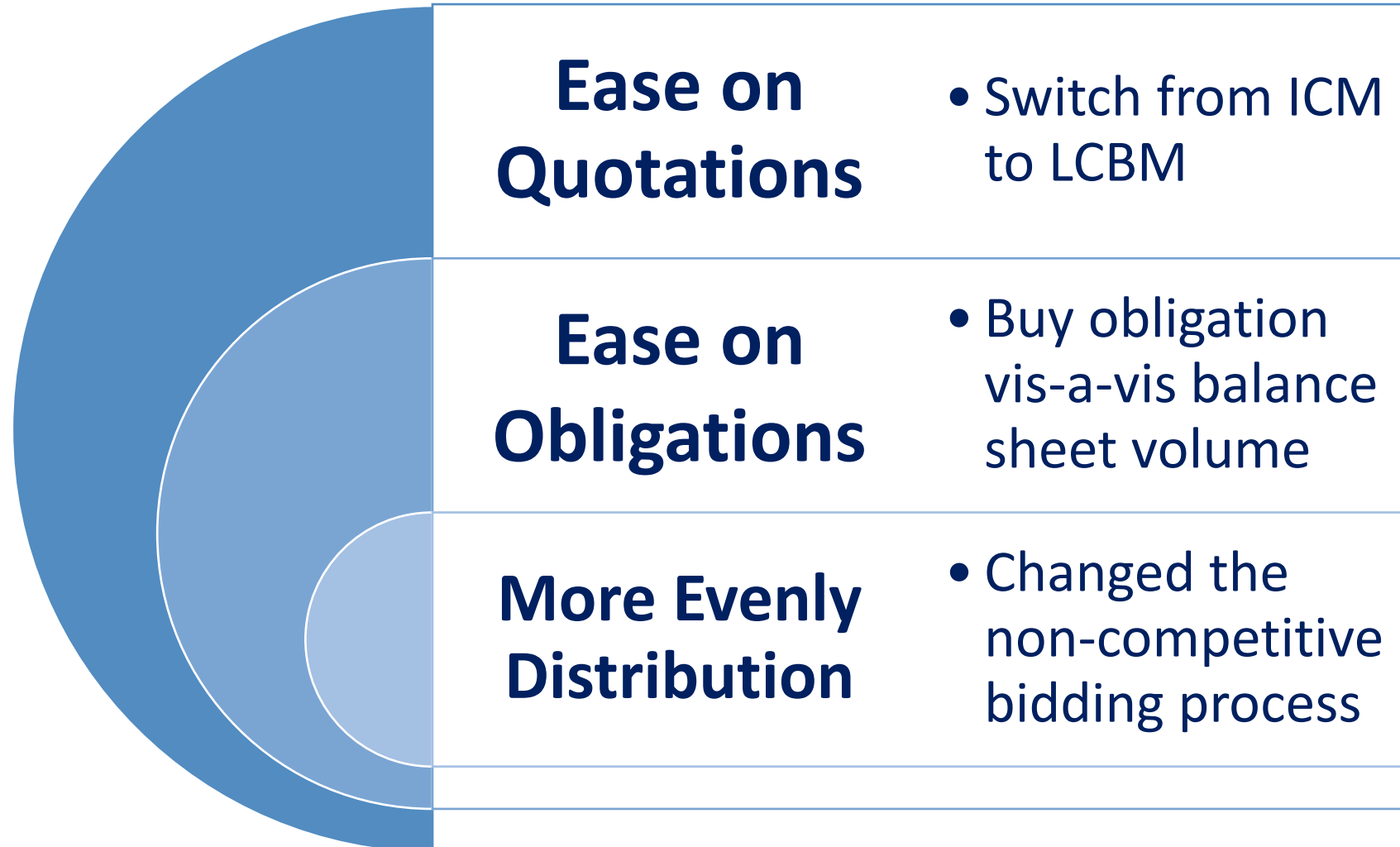
# New Markets, New Instruments

**ESG bond market** is a great opportunity for sovereigns not only for reaching finance, but also for demonstrating their policies and initiative in all ESG related areas



Eligible Projects are limited to those that occurred no earlier than three years prior to issuance, the budget year of issuance, and the two budget years following issuance.







# Thank you !

Further questions:

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Debt Office, Türkiye