REPUBLIC OF TÜRKİYE
MINISTRY OF TREASURY
AND FINANCE

PUBLIC DEBT MANAGEMENT REPORT

2024

REPUBLIC OF TÜRKİYE
MINISTRY OF TREASURY
AND FINANCE

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INTRODUCTION 7
Foreword By The Minister 9
Foreword By The Deputy Minister 11
Debt And Risk Management Committee 13
Financial Asset And Liability Management 13
DEVELOPMENTS AND PROSPECTS 15
Macroeconomic And Financial Framework 16
ASSET MANAGEMENT 19
Cash Management 20
Receivable Management 22
LIABILTY MANAGEMENT 25
Debt Management 26
Domestic Borrowing 27
External Borrowing 29
Project Finance 30
Dept Stock 31
Management Of The Abrogated Funds Obligations 33
Management Of Contingent Liabilities 34
Treasury Guarantees 35
Debt Assumption Commitments 36
RISK MANAGEMENT 37
Budget And Fiscal Risks 38
Market Risk 41
Credit Risk 43
Operational Risk 47
INTERNATIONAL EXPERIENCE SHARING IN DEBT MANAGEMENT 49
RESEARCH AND ANALYSIS 50
Comparison Of Debt Statistics In Terms Of Coverage, Instrument And Valuation Methods 52
INFORMATION FOR INVESTORS 59
Government Debt Securities 60
Principles Of Participation In The Auctions Of Gdbs 60
Principles Of Buyback Auctions Of Gdbs 60
Taxation Of Domestic Borrowing Notes 60
Primary Dealership System 61
Investor Relations Office 62
SELECTED STATISTICS 63
Central Government Debt Stock - Currency And Interest Composition 64
General Government Debt Stock Defined By European Union Standards 65
Public Net Debt 65
Gross External Debt Stock Of Türkiye - By Borrower 66
Net External Debt Stock Of Türkiye 67
Program Defined Balance 67
Repayments Of Treasury Guaranteed Credits 68
Treasury Receivable Stock 68

TABLES

Table 1 – Interest Revenues from Remuneration and General Expense Payments for Treasury Operations....20
Table 2- Treasury Financing Program....26
Table 3- Eurobond and Lease Certificate Issuances in 2019-2023....29
Table 4 - Composition of Central Government Debt Stock by Currency, Interest and Cash Type....32
Table 5- Debt Stock Indicators....33
Table 6 - Loans Subject to Debt Assumption Agreement....36
Table 7- 2023 Central Government Budget....39
Table 8 - 2023 Central Government Budget Balance/GDP (%)....39
Table 9 - Change in EU Defined General Government Debt to GDP Ratio....41
Table 10 - Developments in the Treasury-backed Guarantee System for the Period of 2023....47
Table 11 - Operational Risk Matrix....48
Table 12 - International Experience Sharing in Debt Management....50
Table 13 - Comparation of Debt Statistics....55

FIGURES

Figure 1 – Cash Based Revenues, Non-Interest Expenditures, Primary Balance....20
Figure 2 - Financial Resources of Public Institutions at the End of Each Year....21
Figure 3 - Distribution of Public Financial Resources by Institutions....22
Figure 4 - Treasury Receivables Stock by Borrower....22
Figure 5 - Treasury Receivable Stock....23
Figure 6 - Treasury Receivable Stock By Debtor....23
Figure 7 - Collections from Treasury Receivables by Debtor Institutions....24
Figure 8 - Collections from Treasury Receivables....24
Figure 9 - Share of Domestic Sukuk Intruments in Overall Domestic Borrowing....28
Figure 10 - Domestic Sukuk Issuances and Redemptions, 2012-2022....28
Figure 11- Domestic Borrowing by Instruments in 2023....28
Figure 12 - Risk Premiums for International Bond Issuances....30
Figure 13 - Distribution of Project Loans Secured Between 2019-2023 by Sources....31
Figure 14 - Allocated Facilities....31
Figure 15 - Treasury Guarantee and On-lending Limit, Guarantee and On-lending Amount Secured....31
Figure 16 - Central Government Debt – Interest Composition....32
Figure 17 – General Government Debt Stock Defined by the EU Standards to GDP by the end of 2023....33
Figure 18 - Payments from Compulsory Savings Account....34
Figure 19 - Treasury Guaranteed External Debt Stock by Borrower....35
Figure 20 - Treasury Guarantees Undertaken....36
Figure 21 – Central Government Budget Balance/GDP....39
Figure 22– Central Government Primary Budget Balance (Program Defined)/GDP....40
Figure 23 - Share of Debt Maturing within 12 Months in Domestic Debt Stock....41
Figure 24 - Interest Composition of Central Government Domestic Debt Stock....42
Figure 25 - Duration of TL Denominated Central Government Debt Stock....42
Figure 26 - TL/FX Composition of Central Government Debt Stock....42
Figure 27 - The Distribution of Treasury Repayment Guaranteed and On-lent Credit Stock by Credit Rating....43
Figure 28 - Credit Rating Distribution of Institutions in Treasury Repayment Guaranteed and On-lent Stock....44
Figure 29 - Treasury Guaranteed External Debt Stock and Undertakings from Treasury Guarantees....44
Figure 30 - Distribution of Risks by Activity....48
Figure 31 - Public Sector Classification....53
Figure 32 - Comparative Valuation Methods....55
Figure 33 - Debt Stock to GDP Ratio According to Guidelines....56
Figure 34 - Investor Composition of Primary Market Issuances....61
Figure 35 - Distribution of Borrowings Through Auction Method from the Primary Dealer Banks in 2023 (%)....61
Figure 36 –Investor Relations Office....62

INTRODUCTION

FOREWORD BY THE MINISTER

In 2023, global growth and trade remained below long-term averages. Global inflation continued to stay above historical averages, despite tight monetary policies and declining commodity prices. Geopolitical tensions, rising protectionism in trade, aging population, and high indebtedness were among the prominent global structural challenges of 2023.

Under these conditions, we began implementing policies that prioritize price stability, fiscal discipline, and structural transformation since June. With the Medium Term Program announced in September, we aimed to achieve balanced growth, a sustainable current account deficit, reserve accumulation, and to implement structural reforms that will make these gains permanent.

Economy grew by 4.5 percent in 2023. Thanks to this growth performance, total employment reached 31.6 million people, while the unemployment rate decreased to 9.4 percent. Despite weak external demand and the earthquake disaster, the current account deficit declined due to a moderate increase in exports, strong tourism revenues, a decrease in energy imports, and steps taken towards rebalancing. Consumer inflation remained high due to exchange rate developments, wage adjustments, strong domestic demand, the impact of the earthquake on costs, and VAT and other tax regulations. The budget deficit to GDP ratio was 5.3 percent in 2023, below the MTP estimate of 6.4 percent. Excluding earthquake-related expenditures, this ratio realized as 1.6 percent, indicating that fiscal discipline did not deteriorate permanently thanks to the measures we implemented.

In this period, public financial assets and liabilities were managed effectively, taking into account market conditions. Thanks to the policies we implemented to improve risk indicators and ensure a holistic debt management, the EU-defined general government debt stock to GDP ratio realized at 29.6 percent, less than half of the average of developing countries at 68.9 percent. In addition, in April, we issued the first green bond in international capital markets. In this way, a new international investor base was reached and a significant contribution was made to the development of sustainable finance.

The Public Debt Management Report comprehensively and transparently presents the developments in financial asset and liability management to the public as in previous years. I would like to thank all my colleagues who contributed to the preparation of this report.

Mehmet ŞİMŞEK
Minister

FOREWORD BY THE DEPUTY MINISTER

Despite increasing geopolitical tensions, weak global growth, tight global financial conditions, and earthquakes described as the disaster of the century, economy continued to grow in 2023, while employment increased, the unemployment rate decreased and the current account balance began to improve. On the other hand, developments in the financial markets continued to put pressure on the financing needs and debt stocks of countries. As a result of all these developments, the importance of practices regarding the management of Treasury financial assets and liabilities was highlighted once again.

Public debt management objective is to meet the financing needs with a reasonable risk level and the most appropriate cost in the medium and long term, taking into account domestic and foreign market conditions with borrowing policies based on strategic benchmarks. In this context, the debt stock was managed and its structure was strengthened by taking into account refinancing, interest, exchange rate and inflation risks thanks to borrowing with predominantly fixed-rate and TL-denominated instruments and extending the average maturity of domestic borrowing. Besides, thanks to effective debt management, the ratio of EU-defined general government debt stock to GDP declined by 1.2 percentage points compared to previous year to 29.6 percent in 2023. This ratio is 81.5 percent on average for EU member countries. In this context, Türkiye is among the least indebted countries in terms of general government debt stock compared to these countries.

In 2018, the Extended Treasury Single Account (TSA) system, one of the most important reforms in public finance, was put into practice to ensure efficiency in Treasury cash management. In line with the activities to expand the scope of the TSA, 33 public administrations were included in the system in 2023 and the number of public administrations covered by the system reached to 257. Thus, over TL 100 billion of resource was collected in the Treasury accounts and over TL 25 billion of interest revenue was generated. Therefore, a positive contribution has been made to the central government budget. In the upcoming period, it is aimed to carry out the activities to increase efficiency in Treasury cash management with the cooperation and coordination of the Ministry and other stakeholders.

The new issue of this comprehensive report, which includes developments in financial assets, liabilities, and risk management, is presented as a valuable resource within the framework of the principles of accountability and transparency. In this context, I would like to thank all my colleagues for their devoted efforts and dedication in achieving our objectives and for their contributions to the preparation of this report.

Osman ÇELİK
Deputy Minister

DEBT AND RISK MANAGEMENT COMMITTEE

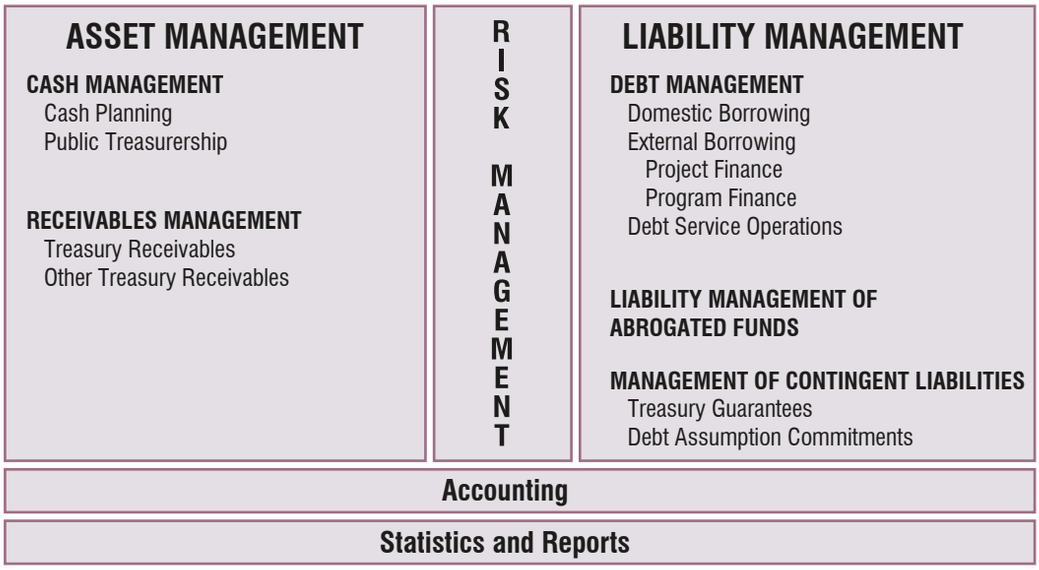
Debt and Risk Management Committee (DRC) is the decision making authority of the Ministry of Treasury and Finance which determines the main framework of debt and risk management activities. The duties of the DRC are set by the Article 12 of the Law No. 4749 on Regulating Public Finance and Debt Management. In this context, DRC are responsible for

- Determination of strategic benchmarks and indicators within the scope of management of the government debt and Treasury Guarantees, recommendation of on-lent and Treasury Guaranteed Credit limits, determination of basic policies related to Treasury receivables management and Treasury cash assets,
- Monitoring the implementation of the Treasury's financial assets and liabilities management, increasing its efficiency and improving its infrastructure.

FINANCIAL ASSET AND LIABILITY MANAGEMENT

Legal framework regarding the management of financial assets and liabilities within the mandate of the Ministry of Treasury and Finance is set by the Law No. 4749 "Regulating Public Finance and Debt Management" and "Regulation on the Principles and Procedures of Coordination and Execution of Debt and Risk Management". As stated in the Law No. 4749; "The strategic benchmarks and implementation framework for the management of the Treasury's financial assets and liabilities shall be specified by the Debt and Risk Management Committee composed of the Minister, Deputy Minister and members appointed among General Directors and approved by the Minister". In this context, operations related to the management of financial assets and liabilities are carried out by relevant departments of the General Directorate of Public Finance and the General Directorate of Foreign Economic Relations within the Ministry of Treasury and Finance. Domestic borrowing and bond issuances in the international capital markets, cash management, management of Treasury receivables, risk management, accounting operations, compilation of statistics, management of obligations arising from abrogated funds and activities regarding contingent liabilities are carried out by the General Directorate of Public Finance. Financing of public projects via external loans, budget financing with program loans from international institutions, and activities related to the public private partnership projects are conducted by the General Directorate of Foreign Economic Relations.

Financial assets and liabilities managed by the Ministry of Treasury and Finance are presented in the following diagram.



DEVELOPMENTS AND PROSPECTS

Global growth in 2023 was weak and below its long-term average, impacted by tight monetary policies. Favorable supply-side developments and tight monetary policies led to a decline in global inflation. While global trade was weak in 2023, indebtedness remained high across the world. Despite the ongoing war in our nearby region, tight global liquidity conditions, weak growth among our trade partners, and the devastating earthquake, the Turkish economy grew by 4.5 percent in 2023. Approximately half of this growth stemmed from investments. With the implementation of the program that started in the second half of the year, economic activity began to rebalance. Thanks to strong growth performance, total employment reached 31.6 million people, and the unemployment rate decreased to 9.4 percent. The current account deficit to GDP ratio improved by 1 percentage point, declining to 4 percent, due to the steps taken towards rebalancing, measures introduced regarding gold imports, falling energy prices, and increasing tourism revenues.

MACROECONOMIC AND FINANCIAL FRAMEWORK

2023 was a year in which the ongoing effects of the Russia-Ukraine war continued, leading central banks to implement tight monetary policies to combat high inflation. Global growth remained below its long-term average, at 3.3 percent [1].

The US economy showed a growth performance that exceeded expectations in 2023, despite the tight monetary policies implemented. Growth in the Euro Area remained limited due to the impact of Russia-Ukraine war and tight monetary policies. The Chinese economy improved its growth performance in 2023, despite issues in its property sector. The US, Euro Area, and Chinese economies grew by 2.5 percent, 0.5 percent, and 5.2 percent, respectively, in 2023 [2].

2023 has been a year in which global trade expectations were not met. Factors such as the Russia-Ukraine war and weak demand caused the growth of world trade volume to decline significantly, remaining at 0.8 percent .[3]

In 2023, global inflation declined due to interest rate hikes by major central banks like the Fed and ECB, their tight monetary policies, and favorable supply-side developments. While some rigidity was observed in core inflation, inflation varied across countries. Globally, consumer prices increased by 6.7 percent in 2023.[4]

In 2023, despite the ongoing Russia-Ukraine war, there was a notable decline in both oil and food prices. The decrease in energy, food, and overall commodity prices played a significant role in reducing inflation throughout the year.

Due to the expansionary fiscal policies implemented during the pandemic, global debt levels have remained high. In 2023, the public debt-to-GDP ratio reached 111 percent in advanced economies and 68 percent in developing countries[5]. Meanwhile, the general government deficit as a percentage of GDP stood at 5.6 percent in advanced economies and 5.4 percent in developing countries in 2023 [6].

Despite the earthquake described as the disaster of the century and the ongoing geopolitical tensions in our region, the Turkish economy grew by 4.5 percent in 2023, slightly above the MTP forecast. Our national income exceeded USD 1.1 trillion and per capita income rose to USD 13,110...

In 2023, consumption continued to drive strong growth while investments gained momentum. Approximately one-third of the growth stemmed from machinery and equipment investments that boosted our productive capacity. Public consumption contributed to growth at a level consistent with the long-term average. With the steps taken to achieve macro-financial stability, sustainable strong growth, and fiscal discipline, growth began to rebalance in the second half of the year and the contribution of domestic demand declined, while the negative contribution of net external demand decreased. In 2023, the contribution of domestic demand to growth was 7.6 percentage points, while the contribution of net external demand was negative 3.1 percentage points. On the production side, the highest contributions to growth came from the services sector and tax and subsidy. The contribution of the construction sector turned positive, the industrial sector provided a slight positive contribution, and the agricultural sector did not contribute to growth.

In 2023, employment increased by 880 thousand people, reaching 31.6 million. During the same period, the labor force participation rate rose by 0.2 percentage point to 53.3 percent, the employment rate increased by 0.8 percentage point to 48.3 percent, and the unemployment rate decreased by 1 percentage point to 9.4 percent, below the MTP (2024-26) target.

1 MF World Economic Outlook Report (WEO), July 2024
2 IMF World Economic Outlook Report (WEO), July 2024
3 IMF World Economic Outlook Report (WEO), July 2024
4 MF World Economic Outlook Report (WEO), July 2024
5 IMF World Economic Outlook Report (WEO), April 2024
6 IMF World Economic Outlook Report (WEO), April 2024

Despite the weak outlook for external demand and the effects of the earthquake disaster, the current account balance improved due to a moderate increase in exports, a recovery in the energy balance, and strong tourism revenues...

Exports, which increased modestly due to the weak outlook for external demand and the adverse impact of the earthquake, broke the historical record in 2023, reaching USD 255.6 billion. In 2023, export prices increased by 0.1 percent and the real exports rose by 0.4 percent. Despite the increase in gold imports and strong domestic demand, total imports declined to USD 362 billion in 2023 due to decrease in energy imports. Gold demand began to normalize in the last months of 2023 thanks to measures taken regarding gold imports, which negatively affected the foreign trade balance. While import prices decreased by 10.9 percent, real imports increased by 11.5 percent. In line with these developments, the foreign trade deficit decreased to USD 106.3 billion in 2023.

The tourism sector, which showed a strong recovery in the post-pandemic period, achieved its best performance in 2023. The number of tourists increased by 11.1 percent, reaching 57.1 million, while tourism revenues rose by 12.1 percent, totaling USD 55.9 billion.

The current account deficit, which reached USD 57 billion in May 2023, began to decrease thanks to steps taken for rebalancing, including measures introduced to normalize gold imports, as well as the impact of falling energy prices and decreased to USD 45 billion (4.0 percent of GDP) at the end of the year. Meanwhile, the current account balance excluding gold and energy gave a surplus of USD 33.4 billion.

In 2023, the central government budget deficit to GDP ratio was realized as 5.3 percent, due to the earthquake disaster that occurred in February...

While the central government budget balance recorded a deficit of TL 1.38 trillion, the primary deficit was TL 706 billion in 2023. Due to the impact of earthquake related additional expenditures and increases in personnel and interest expenses, the budget balance recorded a deficit of 5.3 percent of GDP. This ratio remained below the MTP estimate of 6.4 percent, thanks to austerity measures and policies to boost public revenues. The primary deficit to GDP ratio was 2.7 percent, below the MTP estimate of 3.9 percent. However, excluding earthquake expenditures, the budget deficit to GDP ratio was 1.6 percent.

As a result of the revenue-increasing measures taken in 2023 to mitigate the negative impact of the earthquake on the budget, tax revenues increased by 91.3 percent. The highest contribution to the increase in tax revenues came from the special consumption tax. Along with a 58.2 percent rise in non-tax revenues, total revenues recorded an 86 percent increase.

In 2023, while budget expenditures increased by 123.9 percent, primarily due to earthquake-related expenditures, the highest contributions to this increase came from current transfers, capital transfers, and personnel expenditures. Interest expenditures, on the other hand, rose by 117 percent.

The ratio of EU-defined general government debt stock to GDP decreased by 1.2 percentage points, realizing at 29.6 percent in 2023, and remained well below the averages of advanced and emerging economies, as well as the Maastricht criterion of 60 percent.

In 2023, consumer inflation was realized at 64.8 percent, slightly below the MTP forecast...

Exchange rate developments, wage adjustments, strong domestic demand and measures to maintain fiscal discipline have kept inflation high. The main objective of the program is to fight against inflation. In this context, monetary and quantitative tightening steps as well as a selective credit policy are being implemented. Additionally, policy coordination is being strengthened and steps are being taken to support disinflation in fiscal and income policies.

The banking sector continues to grow on a sound basis...

The banking sector has a healthy outlook with its strong capital structure, high asset quality, and profitability ratios. In 2023, the sector's return on equity and return on assets remained high at 42.7 percent and 3.8 percent, respectively.

In the same period, the sector maintained its strong capital structure and asset quality. The capital adequacy ratio stood at 19.1 percent, well above the target ratio of 12 percent and the legal minimum ratio of 8 percent. The sector's non-performing loan ratio remained at a sustainable level of 1.6 percent in 2023.

Since June 2023, monetary tightening, selective credit and quantitative tightening steps have tightened financial conditions, resulting in a loss of momentum in both consumer and commercial loan growth. At the end of 2023, the annual growth in FX-adjusted total loans stood at 34.4 percent.

ASSET MANAGMENT

Having a holistic view of all the financial assets and liabilities of the government is crucial in order to determine the risks and incurred costs of the borrowing policies of the Ministry of Treasury and Finance effectively. Accordingly, Treasury cash reserves, Treasury receivables and risk account items, which are among the main assets of the Treasury, are closely monitored, thus medium and long term strategies are shaped with the perspective of financial asset and liability management approach.

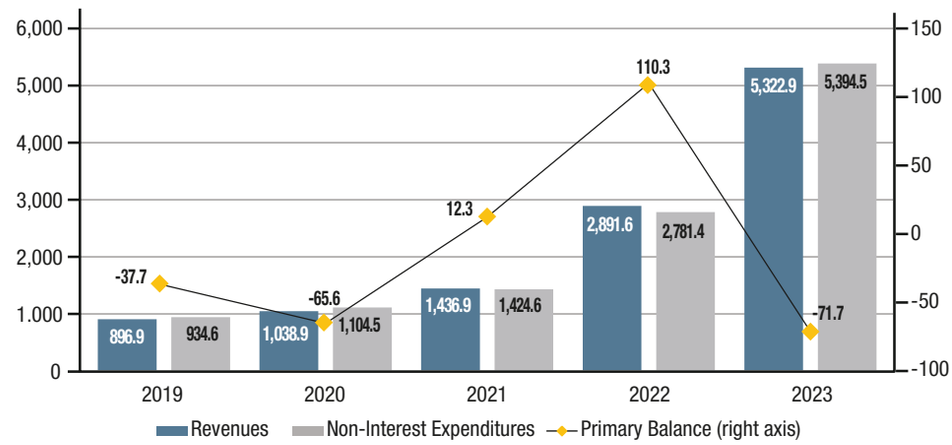
1. CASH MANAGEMENT

TREASURY CASH MANAGEMENT

Treasury cash reserve is held in TL and foreign exchange denominated accounts at Central Bank of the Republic of Türkiye (CBRT) and state-owned banks. Tax and non-tax revenues of general budget and financing resources received via borrowing and other financing resources are collected in these accounts. Likewise, general budget expenditures are also made from these accounts. Cash inflows and outflows relating to these accounts are monitored and reported on a daily basis.

Cash flows related to the Treasury accounts are classified and monitored under three categories as revenues, expenditures and financing. Revenues consist of tax and non-tax cash flows; expenditures consist of interest payments and non-interest expenditures and financing items are borrowings from the market, transfers made by Saving Deposits Insurance Fund, returns from on-lending / guaranteed loans and change in bank account. Having a primary surplus -the excess of government revenues over noninterest spending- is considered as an essential factor in reducing borrowing requirement and the debt stock of the government and maintaining the strong reserve policy.

Figure 1 – Cash Based Revenues, Non-Interest Expenditures, Primary Balance (Billion TL)



In 2023, cash-based revenue collection increased by 84.1 percent to TL 5,322.9 billion, cash based non-interest expenditures from deferred and current year's appropriations increased by 94.0 percent to TL 5,394.5 billion compared to 2022. As a result, cash-based primary deficit was realized as 71.7 billion TL in 2023.

Treasury cash reserve is managed in line with strong cash reserve policy which is determined through the strategic benchmarks and indicators defined by Debt and Risk Management Committee. Moreover, within the framework of international good practices, the Ministry receives interest revenue through remuneration of the Treasury's resources at the CBRT and state-owned banks and makes payment for Treasury operations. Interest revenues from remuneration and general expense payments over years are shown in Table 1.

Table 1 - Interest Revenues from Remuneration and General Expense Payments for Treasury Operations (Million TL)

Year	Interest Revenues (Net)	General Expense Payments
2019	3,954	535
2020	7,446	859
2021	10,351	1,204
2022	31,381	8,264
2023	104,118	10,982

In addition to these practices, the "Extended Treasury Single Account" (Extended TSA) system has been introduced through Law No. 7103 dated 03.21.2018. This system helps Treasury to manage the cash reserves of the public in an integrated manner including the idle cash amount of the public institutions and as a result increase the efficiency of the cash management overall. With the Presidential Decrees published pursuant to the authority granted in the aforementioned Law, the public administrations and financial resources to be included under the extended TSA were determined and with the Regulation of the Extended Treasury Single Account published in the Official Gazette dated 08.09.2018, the general framework and operation of the system was regulated.

By the end of 2023, 257 public administrations were included in the extended TSA system and approximately exceeding TL 100 billion amount of public resources has been collected. Additionally, expanding the scope of TSA will continue in the upcoming period.

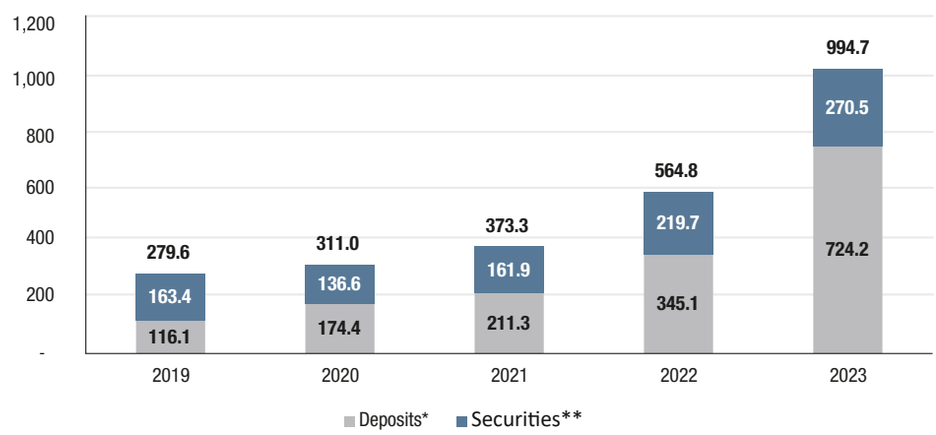
Box 1 - Gains Obtained with the Extended Treasury Single Account System

- The Treasury remunerates public resource with higher returns compared to the public administrations, and the interest revenue gained by the Treasury is transferred to the general budget as income. Therefore, a positive contribution has been made to the state budget.
- The resources collected in Extended TSA enabled the Treasury to reduce its borrowing costs by providing cost-free short-term financing. The Treasury cash and debt management has been carried out with a stronger cash reserve.
- The implementation of the Unity of Treasury principle has been strengthened.

PUBLIC TREASURERSHIP

Within the framework of Public Treasurership Bylaw which was issued according to article no. 12 of the Law on Regulating Public Finance and Debt Management (Law No.4749), the financial resources of the public institutions and organizations other than the accounts of General Directorate of Public Finance of the Ministry of Treasury and Finance are closely monitored by the Ministry. According to the terms of the Bylaw, the public instuitions can hold their financial resources in a wide variety of the instruments such as time deposits, demand deposits, special current account, participation account, debt securities issued by the Ministry, debt securities of the public banks. The Bylaw also regulates the terms of the interest rates for some of the instruments used by the institutions.

Figure 2 - Financial Resources of Public Institutions at the End of Each Year (Billion TL)

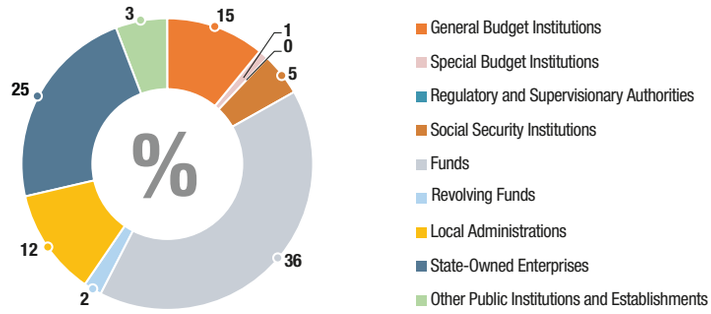


** The amounts related to the 'Deposit' represent the TL denominated and foreign currency denominated time and demand deposit accounts, special current accounts and participation accounts.*

*** The data under 'Securities' represent the financial resources that are held as Government Domestic Debt Securities, Eurobonds and Lease Certificates, and the reverse repo transaction amounts.*

Financial resources of public institutions increased by 13.4 percent in 2019, 11.2 percent in 2020, 20 percent in 2021, 51.3 percent in 2022 and 76.1 percent in 2023 respectively.

Figure 3 - Distribution of Financial Resources of Public Institutions (%)*



** As of 31.12.2023*

By the end of 2023, the financial resources of the public institutions have reached to TL 994.7 billion. 'Funds' with the percentage of 35.7 (Unemployment Insurance Fund, Saving Deposits Insurance Fund and other funds) have the largest share among different classifications within the scope of the Bylaw.

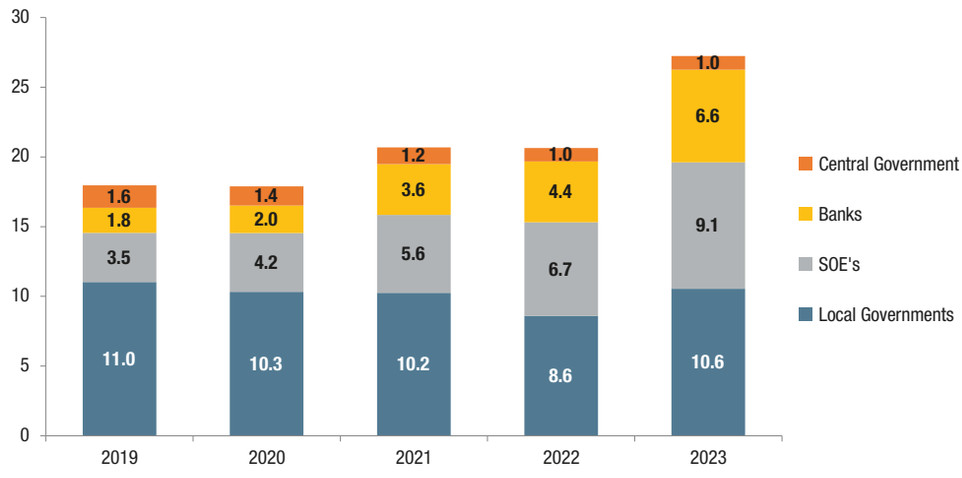
2. RECEIVABLE MANAGEMENT

The sources of Treasury receivables are; undertaking of Treasury guarantees, on-lending of foreign loans and on-lending of domestic debt securities. By the end of 2023, "Treasury Receivables" stock was TL 27.3 billion.

In addition to the "Treasury Receivables" defined in the Law No. 4749, there are also "Other Treasury Receivables[7]" arising from transactions in which the Treasury takes place as the legal entity of the State. By the end of 2023, the stock of "Other Treasury Receivables" stood at TL 12.9 billion.

The borrower profile of the Treasury receivables indicates that the local administrations are the most indebted group with an amount of TL 10.6 billion as of the end of 2023. It is followed by the SOEs with TL 9.1 billion and Public Banks with TL 5.4 billion, respectively.

Figure 4 – Treasury Receivables Stock by Borrowers (Billion TL)



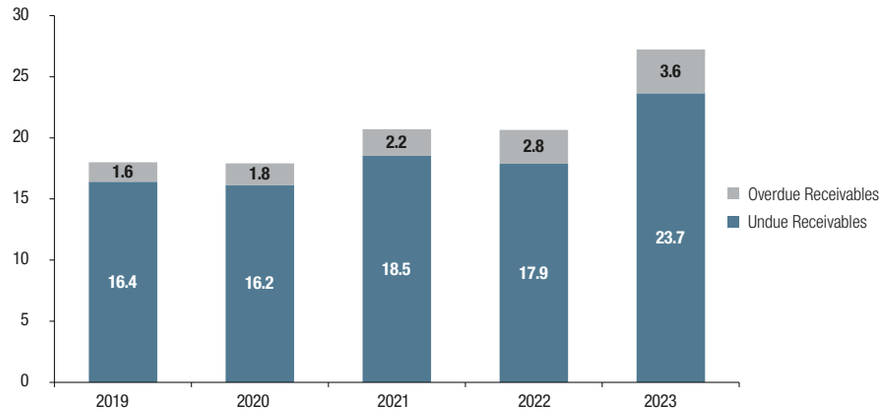
The amount of TL 27.3 billion Treasury Receivables stock is comprised of TL 3.6 billion overdue receivables[8] and TL 23.7 billion undue receivables[9].

Figure 5 - Treasury Receivables Stock (Billion TL)

7 *Mentioned receivables are regulated by "Regulation on Management, Proceeding and Collecting of Other Treasury Receivables" which was published in the Official Gazette dated 23.12.2014*

8 *It reflects the overdue portion of receivables which is followed under a redemption plan. It consists of the sum of overdue capital, interest, expenses and interest accrued to those amounts.*

9 *It reflects the capital amount of undue portion of receivables which is followed under a redemption plan.*

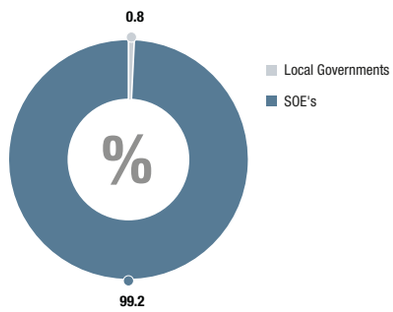


The largest share of Treasury overdue receivables belongs to SOE's (99.2%), which are followed by local administrations (0.8%). Overdue receivables have increased by TL 0.8 billion in 2023 as compared to 2022.

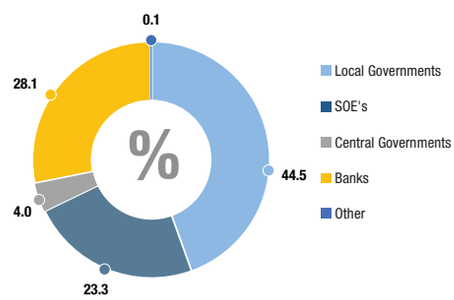
On the other hand, 44.5% of undue Treasury receivables arise from local administrations, 28.1% from banks, 23.3% from SOE's and 4% from central administration. In 2023, undue Treasury receivables have increased by TL 5.8 billion as compared to 2022.

Figure 6 - Treasury Receivable Stock by Debtor (%)

Overdue Treasury Receivable Stock



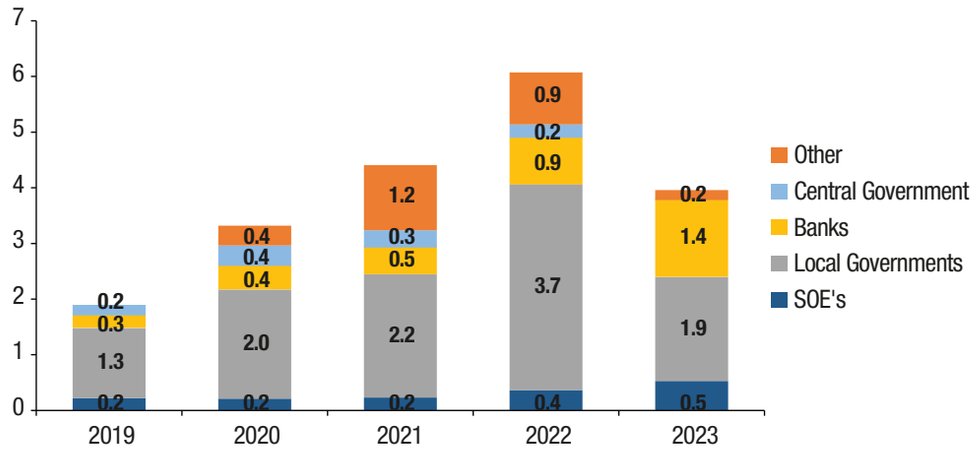
Undue Treasury Receivable Stock



**As of 31.12.2023*

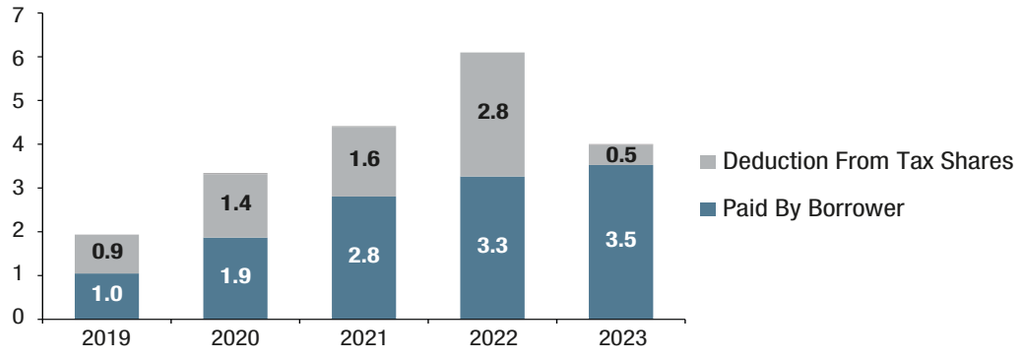
In 2023, total collections for Treasury Receivables were realized as TL 4.0 billion. With respect to borrowers, the collections realized from Local Administrations have the majority with TL 1.9 billion which is followed by Public Banks with TL 1.3 billion, SOEs with TL 0.5 billion and the Türkiye Wealth Fund with TL 0.2 billion, respectively.

Figure 7 - Collections from Treasury Receivables by Debtor Institutions (Billion TL)



The amount of TL 3.5 billion of total collections were paid directly by beneficiaries and TL 0.5 billion were collected via deductions from tax shares.

Figure 8 - Collection Types of Treasury Receivables (Billion TL)



LIABILITY MANAGEMENT

Liability management operations are conducted within the scope of ALM approach adopted by Law No. 4749 and relevant secondary legislation. In this regard, liabilities arising from domestic and external borrowing, Treasury guarantees, abrogated funds as well as the contingent liabilities arising from debt assumption commitments constitute the main components of liability management.

1. DEBT MANAGEMENT

Public debt management is mainly based on the principle of lowering costs to appropriate levels by considering risk exposure of debt stock. In this context, borrowing policies are carried out by strategic benchmarks built on a medium-term perspective every year. These benchmarks, which have been implemented since 2003, not only improved the structure of debt stock but also made a significant contribution to reducing the sensitivity of debt stock to risks.

In 2023, the policies such as borrowing in local currency (TL) in domestic market, keeping the share of debt maturing within 12 months and the share of debt stock with interest rate refixing period of less than 12 months at a certain level, by taking into account appropriate instrument and maturity composition to optimize interest payments, keeping a certain level of cash reserve in order to reduce the liquidity risk associated with cash and debt management were continued to be implemented.

Macroeconomic balances and cyclical movements are also taken into account through the entire debt management process starting from creating strategic benchmarks to implementation of debt program. In this context, debt management is carried out in accordance with the institutions responsible for monetary and fiscal policy.

In accordance with the aforementioned strategic benchmarks, the announcement of 2023 Treasury Financing Program was released to public attention on 31th October 2022, based on Medium Term Programme (MTP) for 2023-2025 period.

Table 2- Treasury Financing Program[1] (Billion TL)

	2023 (Program)	2023 (Realization)
I- TOTAL DEBT SERVICE	1,082.8	1,182.6
Domestic Debt Service	805.8	876.0
Principal	412.7	452.9
Interest	393.2	423.2
External Debt Service	276.9	306.5
Principal	150.9	164.0
Interest	126.0	142.5
II- FINANCING	1,082.8	1,182.6
Non-Borrowing Resources [2]	-46.4	-258.4
Total Borrowing	1,129.2	1,440.9
External Borrowing	210.9	219.2
Domestic Borrowing	918.3	1,221.7
Memo	-	-
NET BORROWING (Borrowing - Principal Payments)	565.6	824.1
Net Domestic Borrowing	505.6	768.9
Net External Borrowing	60.0	55.2

(1) Cash based.

(2) The cash primary balance, privitization revenues, the revenues from 2B land sales, receipts from SDIF, receipts from on-lending and guaranteed debt, use of cash account and FX changes are included.

In 2023, total amount of TL 876 billion domestic debt service was redeemed and TL 1,221.7 billion worth of borrowing was raised in domestic market. In the same period, TL 306.5 billion external debt service was redeemed and TL 219.2 billion worth of external borrowing was realized.

Keeping strong cash reserves is critical for an effective Treasury cash and debt management system, in terms of mitigating the refinancing, liquidity, exchange rate and interest rate risks.

In addition, this policy has an important role in providing the flexibility needed to carry out the borrowing program, especially when the market volatility surges. In this context, the policy of keeping cash reserves in a certain level continued in 2023.

Gold bonds and gold lease certificates, which started to be issued to individual investors in 2017 also started to be issued to institutional investors in 2019 in order to expand the investor base and diversify investment instruments. In this context, until the end of 2023, a total of 393.5 tons of gold equivalent of 171.2 billion TL gold bond and gold lease certificates were issued.

On the other hand, in order to broaden the investor base and diversify the borrowing instruments, foreign currency bonds and lease certificates were issued for institutional investors within the framework of cyclical developments. In this context, in 2023, the total amount of the issuances conducted in terms of foreign exchange was approximately USD 6.6 billion. By the end of 2023, total of EUR 11.6 billion and USD 24.8 billion were issued.

DOMESTIC BORROWING

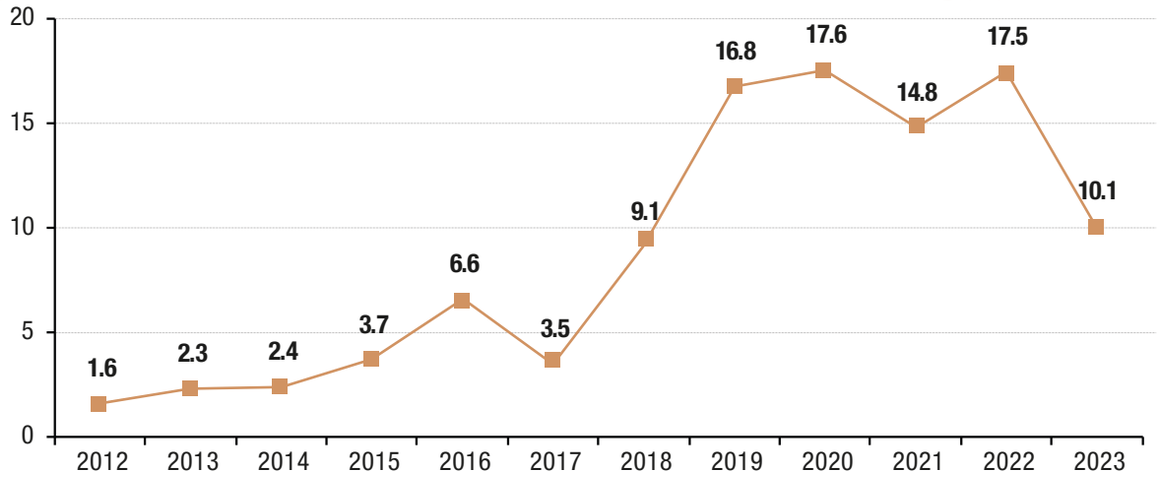
In 2023, alongside adverse global economic and geopolitical developments, the negative effects of the uncertainties caused by the earthquake disaster in our country were seen. On the other hand, as a result of the the inflationary pressures experienced since 2022, central banks, primarily the U.S. Federal Reserve and the European Central Bank, began raising interest rates gradually, starting in March 2022. By the second half of 2023, they maintained a stable course in policy rate decisions. These developments caused negative effects on fund flows to emerging economies.

In 2023, thanks to effective borrowing policies based on strategic benchmarks and fiscal discipline, improvements have been obtained in public debt management, the structure of the public debt stock. In addition, the macro-prudential measures implemented since May 2022 countinued until the first half of 2023. As a result of these policies, there has been a sustained increase in investor demand, particularly for TL-denominated fixed-rate long term securities. In order to meet the investor demand and additional financing needs caused by the earthquake disaster experienced in February issuance amount of domestic securities has been increased. It is aimed to meet this increase at the most affordable cost possible in the medium and long term, in line with strategic benchmarks, within the framework of the risk level determined by taking into account domestic and foreign market conditions and cost factors.

In this context, the share of fixed-rate TL-denominated securities in domestic borrowing has increased to 55% in 2023, while it was 46.7% in 2019-2022 period. Furthermore, the policy of borrowing mainly in TL and gradually reducing the FX-denominated debt stock has continued in 2023. Thus, the FX-denominated domestic debt stock, which was $36.2 billion in 2020, has decreased to $27.1 billion as of the end of 2023.

As a result of these developments, the domestic debt roll-over ratio was approximately 130.5% in 2023.

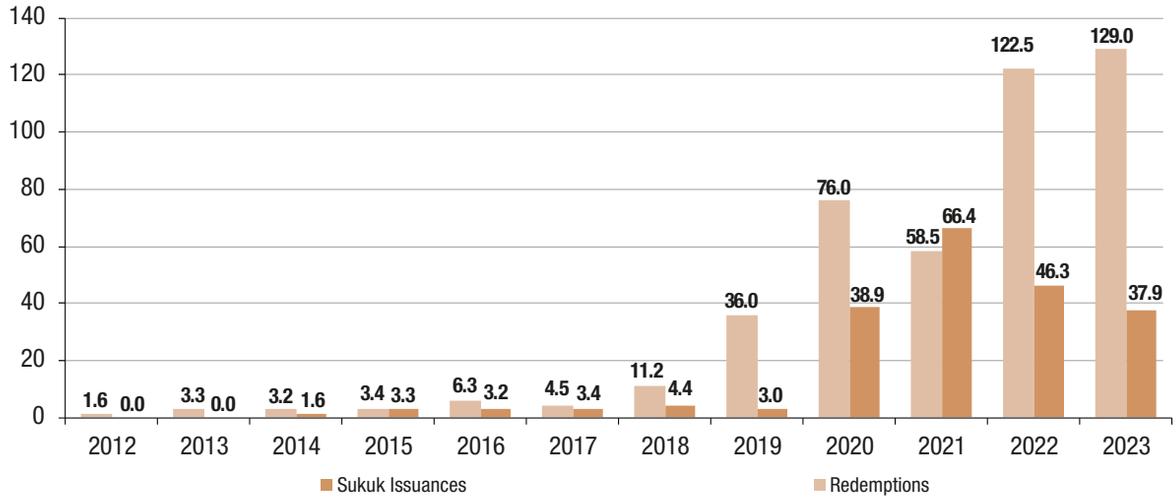
Figure 9 - Share of Domestic Sukuk Intruments in Overall Domestic Borrowing (%)[10]



10 *Gold based lease certificate and foreign currency lease certificates issued domestically are included.*

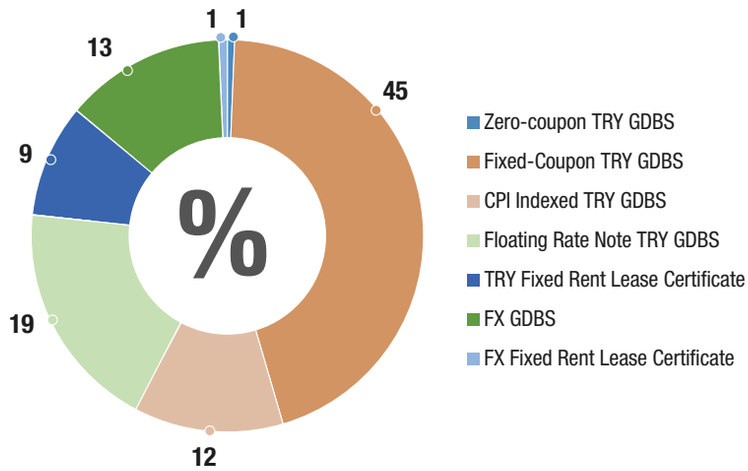
The share of domestic lease certificates in total domestic borrowing was 1.6 percent in 2012, and the ratio increased each year and it realized as 10.1 percent in 2023.

Figure 10 - Domestic Sukuk Issuances and Redemptions, 2012-2023 (Billion TL)



In order to support the development of the domestic lease certificate market, the issuance amounts have been generally realized above the redemption since 2014, the year in which the lease certificate redemptions started, until the end of 2023. In 2023, approximately 37.9 billion TL worth of Sukuk were redeemed, and 129.0 billion TL worth of Sukuk were issued in return, reaching the highest issuance amount on an annual basis. In reaching the highest issuance amount, the macroprudential measures taken by the CBRT, and in this regard, the increased demand for TL-denominated lease certificates by banks also played a significant role.

Figure 11- Domestic Borrowing by Instruments in 2023 (%)*



* *The calculation is based on net borrowing amounts.*

In 2023, 1 percent of total domestic cash borrowing was realized through TL denominated zero-coupon bonds; 19 percent through TL denominated floating rate notes, 45 percent through TL denominated fixed rate coupon bonds; 12 percent through TL denominated CPI indexed bonds; 9 percent through TL denominated lease certificates; 13 percent through foreign exchange denominated bonds; and 1 percent foreign exchange lease certificates.

In 2023, 77 percent of domestic borrowing was realized through auctions and 23 percent with direct sales.

EXTERNAL BORROWING

Eurobond and Lease Certificate Issuances in the International Capital Markets

In 2023, a total of USD 10 billion worth of external financing was raised through three bond and one lease certificate issuances in international capital markets. The first transaction of the year in January was a 10-year bond issue amounting to USD 2.75 billion. The coupon rate of this bond issue was 9.375%. Following the bond issue in January, a bond issue with a maturity of 6 years and an amount of USD 2.25 billion was executed in March, with a coupon rate of 9.375%. The third transaction of the year was the USD 2.5 billion green bond issue with a maturity of 7 years and 3 months in April. This green bond was the first ESG (Environmental, Social and Governance) bond issued by the Turkish Treasury in international capital markets. The coupon rate for the green bond was 9.125%. In November, as the last transaction of the year, a lease certificate with a maturity of 5 years and 2 months and an amount of USD 2.5 billion was issued and the lease rate was 8.5091%.

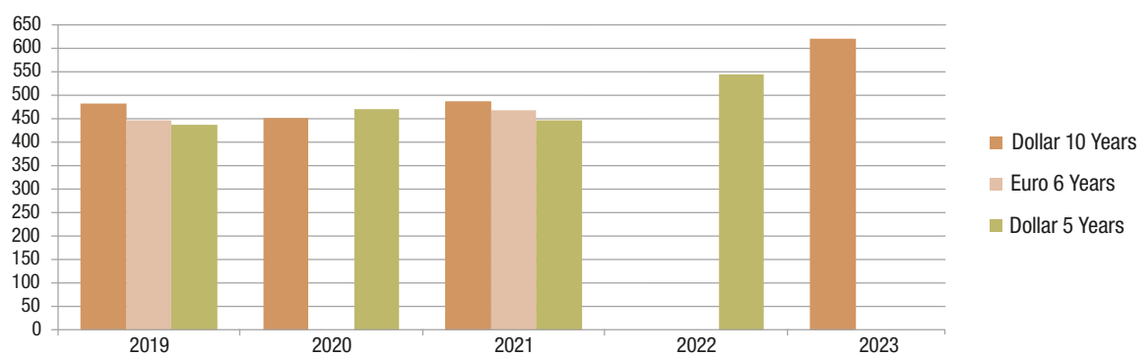
Table 3 - Eurobond and Lease Certificate Issuances in 2019-2023

Issue Date	Maturity Date	Currency	Amount	Coupon/Lease Rate (%)	Yield-To-Investor	
					(%)	Spread (bp)
01.16.2019	04.26.2029	USD	2,000,000,000	7.625	7.680	UST + 497.0
01.31.2019	03.31.2025	EUR	1,250,000,000	4.625	4.750	MS + 446.0
02.21.2019	02.21.2022	USD*	2,000,000,000	5.800	5.800	MS + 318.4
03.26.2019	04.26.2029	USD	1,000,000,000	7.625	7.150	UST + 454.0
07.10.2019	08.10.2024	USD	2,250,000,000	6.350	6.450	UST + 469.7
11.14.2019	11.14.2024	USD	2,500,000,000	5.600	5.700	UST + 407.4
02.13.2020	03.13.2025	USD	2,000,000,000	4.250	4.450	UST + 298.5
02.13.2020	03.13.2030	USD	2,000,000,000	5.250	5.450	UST + 380.6
10.14.2020	10.14.2025	USD	2,500,000,000	6.375	6.400	UST + 608.7
12.02.2020	01.15.2031	USD	2,250,000,000	5.950	6.000	UST + 511.7
01.26.2021	01.26.2026	USD	1,750,000,000	4.750	4.900	UST + 445.3
01.26.2021	06.26.2031	USD	1,750,000,000	5.875	5.950	UST + 486.0
06.22.2021	06.22.2026	USD*	2,500,000,000	5.125	5.125	MS + 426.7
07.08.2021	07.08.2027	EUR	1,500,000,000	4.375	4.500	MS + 468.3
09.20.2021	10.24.2028	USD	750,000,000	6.125	5.700	UST + 459.6
09.20.2021	09.20.2033	USD	1,500,000,000	6.500	6.500	UST + 517.9
02.24.2022	02.24.2027	USD*	3,000,000,000	7.250	7.250	MS + 524.7
03.24.2022	09.24.2027	USD	2,000,000,000	8.600	8.625	UST + 645.1
10.13.2022	11.13.2025	USD*	2,500,000,000	9.758	9.750	MS + 545.5
11.15.2022	01.15.2028	USD	1,500,000,000	9.875	10.000	UST + 561.4
12.08.2022	01.15.2028	USD	2,000,000,000	9.875	9.000	UST + 529.6
01.19.2023	01.19.2033	USD	2,750,000,000	9.375	9.750	UST + 619.2
03.14.2023	03.14.2029	USD	2,250,000,000	9.375	9.500	UST + 516.7
04.13.2023	07.13.2030	USD**	2,500,000,000	9.125	9.300	UST + 596.8
11.14.2023	01.14.2029	USD*	2,500,000,000	8.5091	8.500	UST + 394.4

**Lease Certificate*

***Green Bond*

Figure 12 - Risk Premiums for International Bond Issuances (basis points)*



** The values are the weighted averages of the spreads and the nominal amounts of the bonds issued during the year corresponding to the given maturity.*

Box 2- Developments in International Capital Markets

In 2023, the ongoing war between Russia and Ukraine, along with the escalating conflicts in the Middle East during the last quarter of the year, led to increased geopolitical risks that exerted pressure on the global economy from time to time. However, despite uncertainties surrounding the monetary policies of major central banks worldwide, the global economy demonstrated resilience in 2023, supported by strong labor markets and consumer spending. Besides, 2023 was also marked by a moderate slowdown alongside persistent inflation.

Central banks in advanced economies continued to raise interest rates in 2023 in order to bring inflation to targeted levels. After raising the target range for the federal funds rate to 4.25-4.50 percent at the end of 2022, The Federal Reserve (Fed) raised interest rates by 25 basis points at the meetings in February, March and May 2023. At its July meeting, the Fed hiked the rates for the last time in 2023, raising the target range for the federal funds rate to 5.25-5.50 percent. Likewise, the European Central Bank (ECB) continued to raise interest rates in 2023 against rising inflation in the Eurozone. The ECB raised the interest rate on the main refinancing operations in the euro area, which was 2.50 percent at the end of 2022, to 4.50 percent with the last increase taking place in September 2023. The Bank of England (BoE) raised its policy rate, which was 3.50 percent at the end of 2022, to 5.25 percent with the last hike in August 2023. The gradual decline in inflation in the most parts of the world, driven by falling energy and food prices, allowed central banks to halt interest rate hikes.

Expectations regarding the future trajectory of monetary policies implemented by global central banks, geopolitical developments and macroeconomic data led to considerable volatility throughout the year in terms of risk perception and capital flows to emerging markets. The year began with a capital inflow into risky assets due to a temporary easing of financial conditions in the United States; however, the regional banking crisis that emerged in the U.S. during the first quarter, along with the robust performance of the U.S. economy and the Fed's hawkish stance, subsequently reversed this trend. Consequently, there was an outflow from risky assets, leading U.S. Treasury yields to reach their highest levels in recent years during the last quarter of 2023. As expectations grew that central banks might begin interest rate cuts in 2024, risk appetite rebounded, driving a rally in global equity markets. Despite the volatility observed in bond yields throughout the year, emerging markets recorded a substantial increase in total bond issuances in international capital markets, particularly in January, compared to 2022.

While the CDS premiums of the emerging countries were generally volatile in 2023, a downward trend was observed from the end of October to the end of the year. Türkiye's 5-year USD-denominated CDS premium was volatile similar to the CDS premiums of emerging countries in 2023, and the highest level of our CDS premium was recorded in May with 702 basis points and the lowest level with 283 basis points in December. Our CDS premium closed 2023 at 284 basis points. J.P. Morgan EMBI+ index, which shows the risk premium in emerging market bonds, decreased by approximately 30 basis points compared to the end of 2022 to 345 basis points at the end of 2023, while the J.P. Morgan EMBI+ Türkiye index, the Türkiye sub-segment of the index, decreased by 137 basis points to 276 basis points in the same period. As of August 2023, the relationship between the two indices reversed and the J.P. Morgan EMBI+ Türkiye index started to hover below the J.P. Morgan EMBI+ index. The improvement in both our CDS premium and the J.P. Morgan EMBI+ Türkiye index in 2023 was driven by increased foreign investor interest in Türkiye due to the confidence in the implemented economic policies.

Project Finance

Between 2019 and 2023, annual average of USD 6.1 billion in external financing was provided under agreements in which the Ministry is designated as borrower or guarantor. In 2023, the amount of financing provided reached to about USD 8.77 billion. The financing provided in 2023 was mainly for projects in the disaster management, real sector, transportation energy, environment and health sectors.

The transportation sector received the most financing between 2019 and 2023 with approximately USD 8.01 billion. The transportation sector is followed by energy, real sector, disaster management, environment and health sectors respectively.

Figure 13 - Distribution of Project Loans Secured Between 2019-2023 by Sources (Million USD)

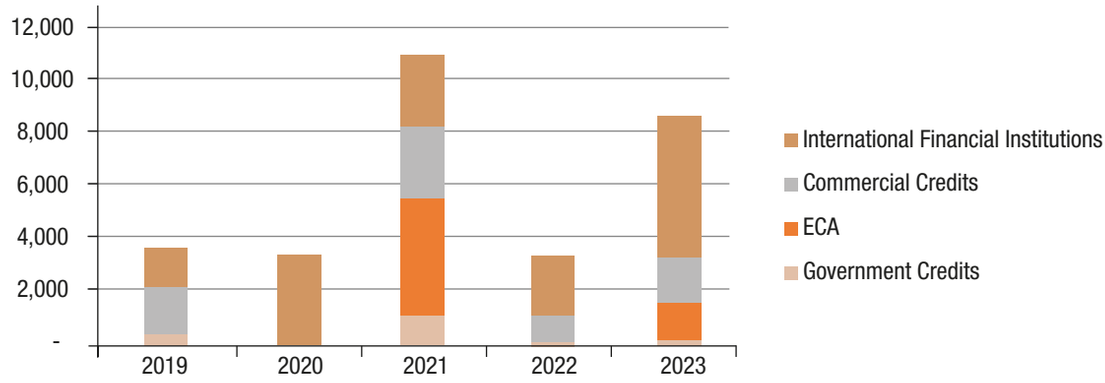


Figure 14 - Allocated Facilities (Million USD)

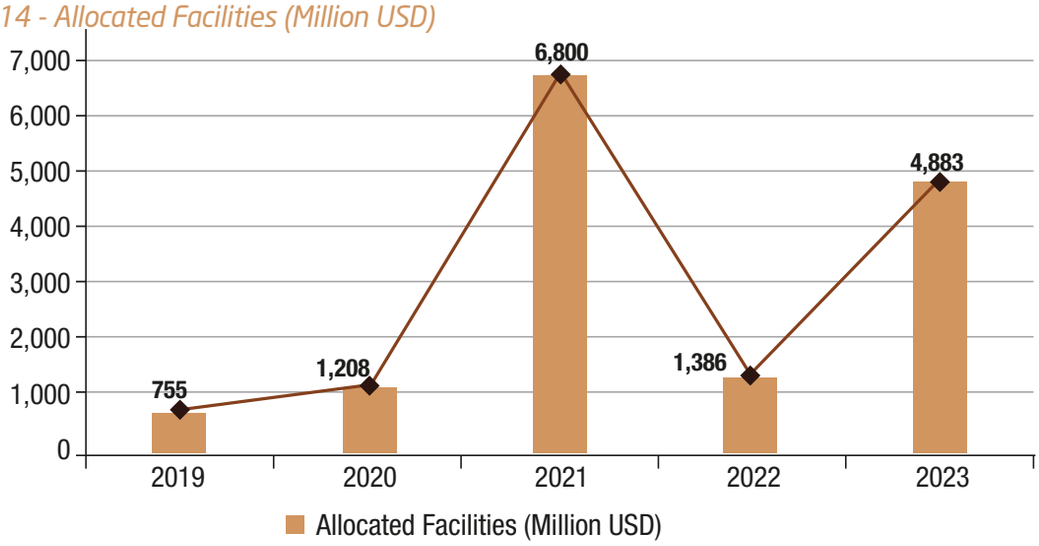
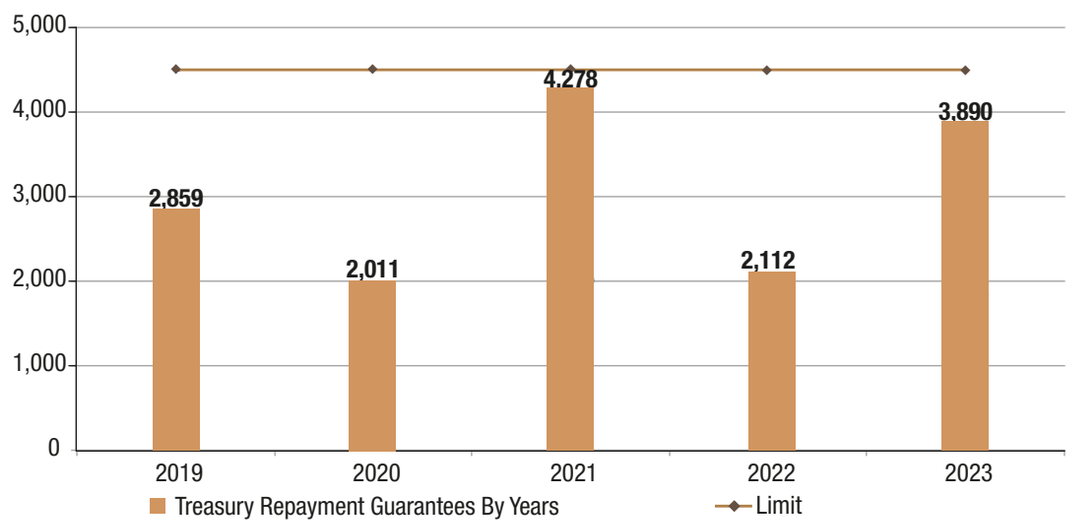


Figure 15 - Treasury Guarantee and On-lending Limit, Guarantee and On-lending Amount Secured (Million USD)



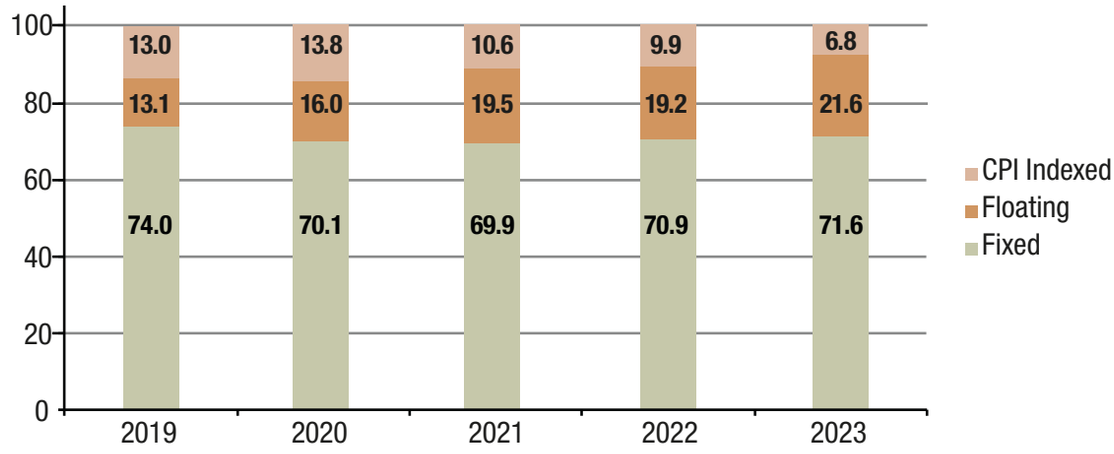
DEBT STOCK

Liquidity, interest and exchange rate risks are mitigated and significant improvements are achieved by implementing the borrowing strategies consistent with the strategic benchmarks framework that are determined by the Debt and Risk Management Committee since 2003.

Within this framework, the share of the domestic debt in total stock actualized as 47.6 percent and the share of the external debt in total stock actualized as 52.4 percent at the end of 2023. On the other hand,

share of TL-denominated debt in total stock realized as 35.8 percent. Besides, the share of fixed rate debt in total stock realized as 71.6 percent, the share of CPI-indexed debt as 6.8 percent and the share of floating-rate debt excluding CPI-indexed debt realized as 21.6 percent.

Figure 16 - Central Government Debt – Interest Composition (%)



The average time to maturity of central government debt realized as 5.3 years as of the end of 2023, 3.8 years for domestic debt stock and 6.6 years for external debt stock.

In 2023, central government domestic debt stock was TL 3,209.3 billion. TL 2,895.4 billion of it was the cash bonds and TL 313.8 billion of it was the non-cash bonds. Foreign share in the domestic debt stock had realized as 1.9 percent.

Table 4 - Composition of Central Government Debt Stock by Currency, Interest and Cash Type (Billion TL)

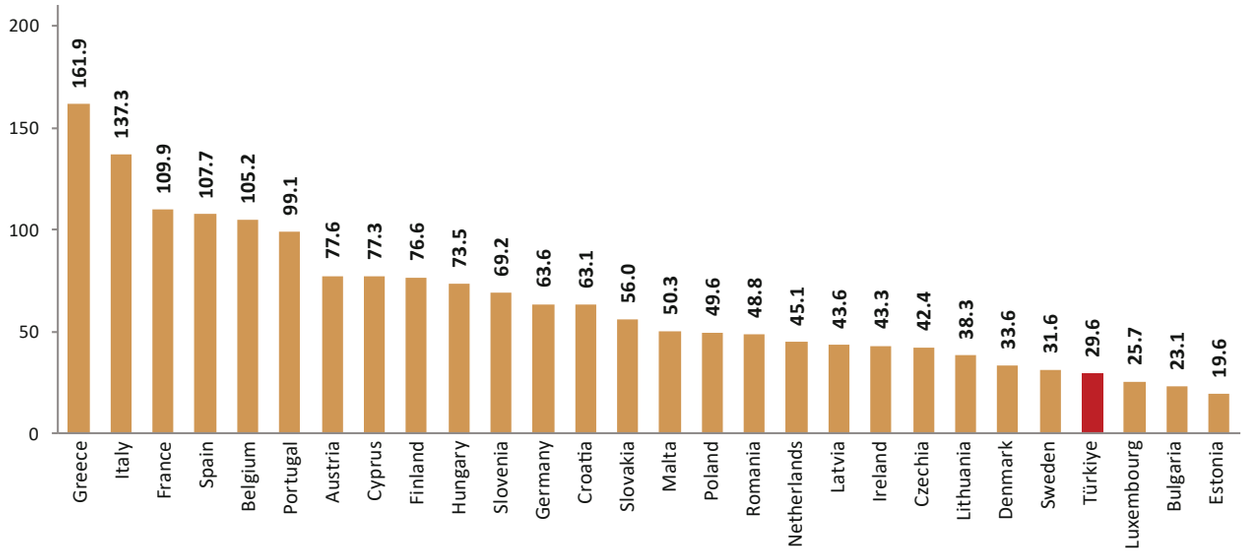
	2019	2020	2021	2022	2023
Interest					
Fixed	464.2	591.7	696.0	1,044.3	1,845.7
Floating	290.8	468.7	625.2	861.0	1,363.5
Indexed to CPI	*172.3*	*250.9*	*291.6*	*397.7*	*459.4*
Currency					
TL	668.5	794.4	933.2	1,392.1	2,408.7
FX	86.5	265.9	388.0	513.2	800.6
Cash / Non-cash					
Cash	716.5	983.9	1,226.4	1,742.0	2,895.4
Non-cash	38.6	76.5	94.7	163.3	313.8
Central Government Domestic Debt Stock	**755.1**	**1,060.4**	**1,321.2**	**1,905.3**	**3,209.3**

On the other hand, in order to monitor debt levels, the general government debt stock, which European Union Member States are obliged to compile and report to Eurostat under the Excessive Deficit Procedure (EDP), has been calculated by the Ministry of Treasury and Finance since 2003 and published under the designation "EU-defined general government debt stock". In accordance with the EDP, a limit of 60 percent has been established for the ratio of government debt to GDP as an indicator of debt sustainability for members of the European Union.

Taken into account this ratio as an indicator, it is observed that Türkiye has exhibited a positive divergence from the average of EU - 27 countries in the post-Covid-19 pandemic period. In 2023, the

average for EU countries decreased by 10.5 percentage points to 81.5 percent in comparison to the highest level observed in this period. In the same period, this rate decreased by 12.8 percentage points to 29.6 per cent for Türkiye.

Figure 17 - General Government Debt Stock Defined by the EU Standards to GDP by the end of 2023 (%)



Source: Eurostat (July, 2024), Ministry of Treasury and Finance (June, 2024)

Table 5- Debt Stock Indicators

	2019	2020	2021	2022	2023
Central Government Debt Stock (Million TL)	1,329,054	1,812,849	2,747,819	4,035,441	6,736,590
Central Government Debt Stock / GDP (%)	30.8	35.9	37.9	26.9	25.6
General Government Debt Stock Defined by EU Standards (Million TL)	1,398,531	1,991,448	2,930,308	4,623,983	7,768,280
General Government Debt Stock Defined by EU Standards / GDP (%)	32.4	39.4	40.4	30.8	29.6
Public Sector Net Debt Stock (Million TL)	702,236	970,709	1,489,151	2,523,081	5,559,024
Public Sector Net Debt Stock / GDP (%)	16.3	19.2	20.5	16.8	21.2

Note: Figures may vary due to possible revisions on external debt data of previous years.

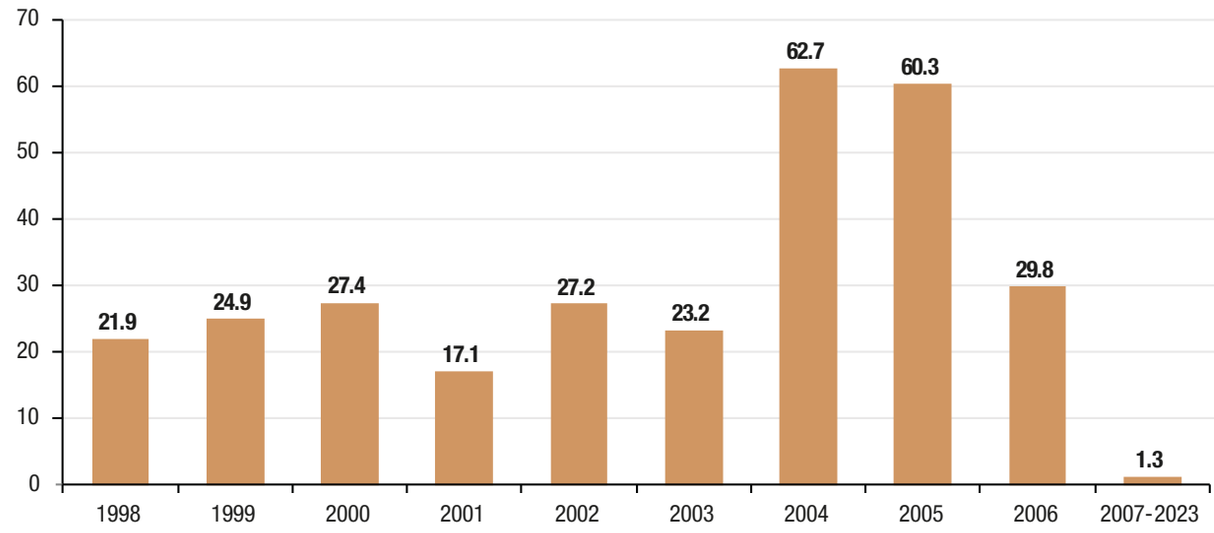
2.MANAGEMENT OF THE ABROGATED FUNDS OBLIGATIONS

Funds are special accounts of public, which may or may not reside in the budget for the allocation specified resources for particular purposes. As a result of the increase in the usage of funds from the beginning of 1980's, collective funds account was established in 1992 to oversee all the revenues and expenditures of the funds and the majority of the funds were incorporated into the budget in 1993. Therefore, abrogation of the funds had been decided in 1999 and related legislation was enacted in 2000.

Compulsory savings account was established by Law No. 3417 enacted on March 9, 1988. The purpose of the account was to encourage employees to save by funneling part of their wages and salaries and contributions from employers or the government to the account where the proceeds earn high yields. Between April 1988 and May 2000, 2 percent of wages and salaries with 3 percent contributions from employers or the government were deposited to the savings accounts held by Ziraat Bank. After the establishment of Unemployment Fund in 2000, the deduction from salaries and wages and the contributions from employers or the government were halted. By the Law No. 4853 enacted on April 24,

2003, the account has been set to dissolve. Accumulated savings and yields were paid to the employees in ten installments between 2003- 2006. As of December 31, 2007 all the assets and liabilities of the account had been transferred to Ministry of Treasury and Finance.

*Figure 18 - Payments from Compulsory Savings Account * (Billion TL)*



** Payments have been updated as of 12.31.2023, taking into account inflation realizations.*

3. MANAGEMENT OF CONTINGENT LIABILITIES

Contingent liabilities refer to obligations of which timing and magnitude depend on the occurrence of some uncertain future event outside the control of the government. If contingent liabilities are obligations based on contracts, laws, or clear policy commitments they are called "explicit contingent liabilities". On the other hand, if they are based on social, political and economic concerns for the government instead of a clear commitment, they are called "implicit contingent liablities".

Treasury repayment guarantees and Treasury debt assumption commitments provided in the context of Public-Private-Partnership (PPP) projects are among the explicit contingent liabilities of the Ministry of Treasury and Finance (MoTF). In the debt assumption commitments provided by the MoTF, in case the senior debt of a PPP project is assumed by the MoTF as a result of the early termination[11] of a project contract, all assets related to the project are also transferred to the government. Similarly, once an assumption occurs as a result of Treasury repayment guarantees, the related beneficiary becomes indebted to the MoTF with an equal amount and Treasury receivable collection mechanisms are triggered. Thereby, the change that occurs in the public assets and liabilities should be evaluated with a wholistic approach when calculating the contingent liabilities' effects on the public fiscal balance.

In order to strengthen the management of the contingent liabilities faced by the MoTF, the Internal Credit Rating Model, which takes into account the performance and financial data of the institutions that have guaranteed debt and receivables stock against the MoTF, has been used since 2007. In this context, the model outputs are used to determine and implement tools such as Treasury guarantee and on-lent limit, guarantee and on-lent fee and Risk Account allowance that used to reduce risks arising from contingent liabilities.

Within this framework, the limit for the Treasury guarantee and on-lent and the limit for the Treasury debt assumption commitment to be provided within the relevant fiscal year under the Law no 4749, are included in the Central Government Budget Law. Both limits have been determined as USD 4.5 billion for 2023.

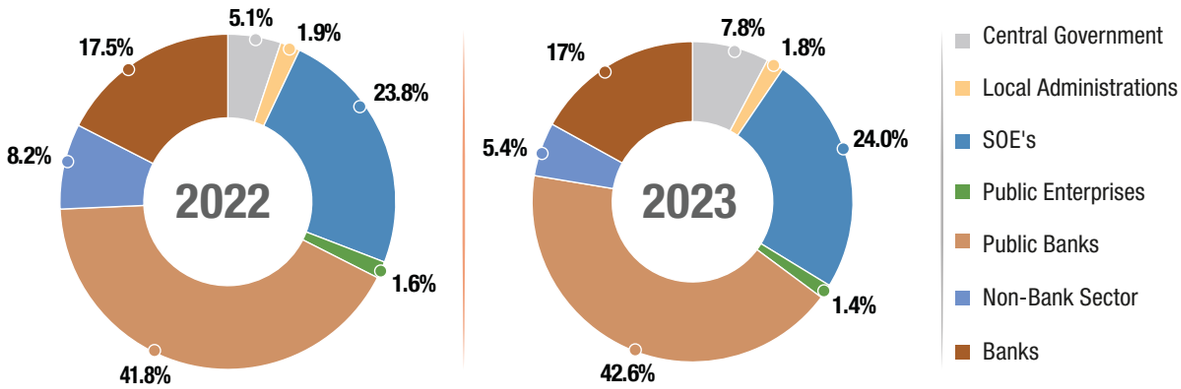
Possible effects of risks that the MoTF exposed to within the scope of contingent liabilities on debt stock, debt sustainability and fiscal discipline are measured, monitored and reported regularly by various risk management tools and scenario analyzes as part of the risk management.

11 *More detailed information can be found in the article "Termination Payment Provisions in Public Private Partnership Contracts" in the 2017 Public Debt Management Report. p. 48-58*

TREASURY GUARANTEES

According to Law no 4749, there are four types of guarantees that the Ministry of Treasury and Finance can provide. These are Treasury repayment guarantee, Treasury counter-guarantee, Treasury country guarantee and Treasury investment guarantee. Treasury investment guarantee is mainly used for energy power plant projects within the scope of Public Private Partnership. Treasury country guarantee are yet to be realized. Implementation of Treasury counter-guarantee started in 2020. Treasury repayment guarantee is one of the most commonly used guarantee type for supporting the external financing of the public investment projects. In this context, compared to 2022 Treasury guaranteed foreign debt stock has decreased by USD 130 million to USD 16.1 billion by the end of 2023.

Figure 19 - Treasury Guaranteed External Debt Stock by Borrower (%)

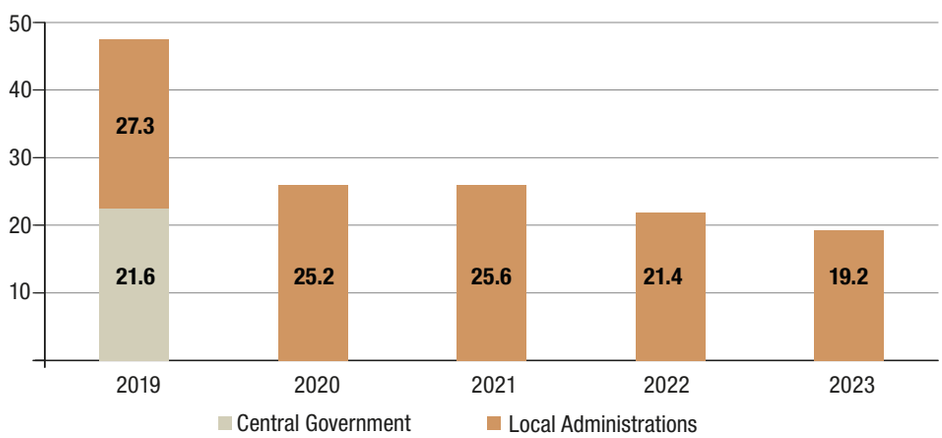


Source: Ministry of Treasury and Finance.

The undertaken ratio[12] of Treasury guaranteed credits has decreased to 0.5 % in 2023 from its level of 1.1 % in 2022. Undertakings were realized from municipality guaranteed debt.

In 2023, Treasury has undertaken USD 19.2 million due to the repayment guarantees in total and there is no undertakings related to investment guarantees. In 2023, institutions have paid USD 4.2 billion from their guaranteed debt stock without any undertakings by the Treasury.

Figure 20 - Treasury Guarantees Undertaken (Million USD)



The undertaken amounts of Treasury guaranteed credits have been paid from the Risk Account[13]. As the balance of the account carried forward in the previous years and the collections of the account throughout the year are high enough to cover the payments of the undertaking, no budget allocation has been used in 2023. Since 2009 there hasn't been any need for transfer from the budget allocations because of the sufficient balances of the account.

12 *The undertaken ratio is provided by the ratio of undertakings for Treasury repayment guaranteed credits divided by the sum of undertakings by the Treasury and payments made by institutions to creditors. "Treasury undertakings/ (Treasury undertakings + repayments by the borrower)"*

13 *Within the framework of related provisions of Law No. 4749, the account established at the Central Bank of Republic of Turkey. All the amounts paid by the Ministry of Treasury and Finance for the Treasury Guarantees and payments within the context of risk management that were not possible to foresee beforehand are met from a risk account of the Ministry of Treasury and Finance that has been established at the Central Bank of Turkey. No use of the account shall be made other than the situations mentioned in this Law.*

DEBT ASSUMPTION COMMITMENTS

Within the framework of PPPs, debt assumption mechanism will be put into use by the public sector in the case of early termination of the contract between the administration and the appointed company (i.e. the company carrying out the project). If a debt assumption occurs, the assets of the project are transferred to the public sector and the outstanding liabilities of the external financing provided for the project as of the date of termination of the contract will be covered by the MoTF. In this context, in case of the early termination of the implementation contracts and the transfer of the project assets, the MoTF is authorized to assume the external financing including those resulting from the hedging products. The projects subjected to debt assumption commitment are given in Table 6 below. As of the date of the report, no debt assumption has been realized.

*Table 6 - Loans Subject to Debt Assumption Agreement**

Project Name	PPP Model	Debt Asssumption Agreement Date	Total Project Cost	Loan Amount	Loan Amount (USD Equivalent)
Eurasia Tunnel	Build-Operate-Transfer	11.12.2012	$1,239,863,000	$960,000,000	$960,000,000
Gebze-Orhangazi-İzmir Motorway (including the Izmit Gulf Crossing)	Build-Operate-Transfer	05.06.2015	$6,312,392,047	$4,956,312,328	$4,956,312,328
Çanakkale-Malkara Motorway (including 1915 Çanakkale Bridge)	Build-Operate-Transfer	16.03.2018	€ 3,159,721,036	€ 2,265,000,000	$2,799,993,000
Ankara-Nigde Motorway	Build-Operate-Transfer	07.06.2018	€ 1,462,628,902	€ 1,114,962,012	$1,310,749,341
Northern Marmara Motorway - Kurtköy-Akyazı Section	Build-Operate-Transfer	16.09.2019	$3,661,656,404	$2,840,000,000	$2,840,000,000
Northern Marmara Motorway-Kınalı-Odayeri Section	Build-Operate-Transfer	16.09.2019	$2,072,257,009	$1,595,000,000	$1,595,000,000
Northern Marmara Motorway -Odayeri-Paşaköy Section (including Third Bosphorus Bridge)	Build-Operate-Transfer	02.12.2021	$3,456,244,239	$1,198,302,550	$1,198,302,551
Aydın-Denizli Motorway	Build-Operate-Transfer	30.12.2021	€ 1,118,643,935	€ 769,939,998	$869,416,246
		15.09.2023	€ 173,560,000	€ 100,000,000	$107,340,000
				TOTAL	**16,637,113,465**

**As of 31 December 2023, Treasury's debt assumption commitment stock including hedging cost caps is USD 12.478.438.853.*

RISK MANAGEMENT

According to the Law No. 4749 on Regulating Public Finance and Debt Management and its secondary legislation, "Debt and Risk Management Committee (DRC)" is responsible for determining general strategies concerning the management of public assets and liabilities. Major risks regarding the public debt, receivables and cash management; namely market risk, credit risk and operational risk, are managed in line with the principles and policies set by the DRC and regularly reported to DRC.

1. BUDGET AND FISCAL RISKS

Monitoring, estimating and identifying potential risks in the public fiscal balance are the most important inputs in determining of measures and policies for efficient debt and cash management. In this context, while the Central Government Budget (CGB) realizations are monitored closely, the deviations in budget revenues and expenditures are analyzed and solid data is provided for debt and cash management.

In 2022, the buoyant economic activity, especially boost in domestic demand, contributed to the strong performance of budget revenues. In 2023, the earthquakes centered in Kahramanmaraş and the revenue and expenditure measures implemented during the election period had an impact on the CGB balance peformance. In July, a Supplementary Budget Law was enacted to meet financing needs arising from the earthquakes that occurred in 2023. With the Supplementary Budget Law, a balanced budget was introduced by allocating TL 1.119.5 billion in revenue appropriations against TL 1.119.5 billion in expenditure appropriations. Additionally, based on Article 2 of Law No. 7457 on Amendments to the CGB Law for 2023 and its Annexed Schedules, the President has been authorized to add appropriations to personnel expenditures and current transfers. In 2023, CGB revenues showed strong performance thanks to the impact of fiscal measures[14] implemented as well as domestic demand. In 2023, CGB revenues increased by 20.9 percent in real terms compared to the previous year, while CGB expenditures increased by 45.5 percent in real terms with the effect of earthquake-related expenditures. The ratio of the CGB deficit to GDP ended the year at 5.3 percent, below the Medium-Term Program (MTP) expectation of 6.4 percent. The ratio of the primary balance of CGB to GDP ended the year at 2.7 percent deficit. When excluding earthquake-related expenditures, the CGB deficit realized as 1.6 percent, while the primary balance showed 1 percent surplus.

The budget deficit, which was determined as TL 659.4 billion in the CGB Law for 2023, was revised to TL 2.651,9 billion in the MTP. At the end of 2023, the CGB deficit was realized as TL 1.380,5 bilion, above the Budget Law expectations but well below revised projection. The CGB primary balance, which was expected to have a TL 93.8 billion deficit (total of TL 13.3 billion including the supplementary budget) in the Budget Law, was revised to TL 986,8 billion in the MTP. At the end of 2023, the CGB primary balance ended the year with a deficit of TL 705.8 billion. When the CGB figures for the year 2023 are examined, budget revenues exceeded the Budget Law and total budget projections by TL 277.9 billion after supplementary budget. In 2023, tax revenues performed TL 230.4 billion above the total budget projections. When tax revenues are examined in detail, all essential tax items outperformed the budget projections except for the personel income tax, motor vehicles tax, petroleum and natural gas SCT, stamp duties and fees. Domestic VAT, motor vehicles SCT, tobaccos SCT and banking and insurance transaction tax were noteworthy for their performance above the projections. The realization of non-tax revenues above the budget projections was mainly driven by interest income, the revenues from special budget administrations and regulatory and supervisory institutions.

When CGB expenditures are examined, both non-interest expenditures and interest expenditures realized as TL 970.5 billion and TL 28.5 billion respectively above the Budget Law and the total budget projections, which included in the Budget Law and supplementary budget in 2023. All expenditure items of non-interest expenditure, except lending item, exceeded the total budget projections. The highest increase compared to total budget projection in non-interest expenditure items was seen personnel expenditures, current transfers, capital expenditures and capital transfers items. The TL 432.9 billion increase in current transfers item mainly resulted from Social Security Institution (SSI) expenditures and earthquake-related expenditures. The TL 337.3 billion increase in capital transfers was mainly driven earthquake-related expenditures. The TL 407.7 billion increase in personnel expenditures (including SSI expenditures) was mainly driven by wage increases and public employment growth since the beginning of the year.

14 Revenue-increasing measures were implemented, such as the Restructuring Law No. 7440, additional motor vehicle tax, additional corporate tax, and tax increases in other categories (Gampling Tax, Banking and Insurance Transactions Tax, VAT, and Special Consumption Tax).

Table 7 - 2023 Central Government Budget (Million TL)

	MTP (2022 - 2024)	MTP (2023 - 2025)	Realization (*)
Budget Balance	-659,421	-1,632,973	-1,380,455
Primary Balance	-93,825	-986,837	-705,840
Revenues	3,810,149	4,929,664	5,207,561
Tax Revenues	3,199,534	4,270,668	4,501,104
Other Revenues	610,615	658,996	706,457
Expenditures	4,469,570	6,562,636	6,588,016
Primary Expenditures	3,903,974	5,916,500	5,913,401
Interest Expenditures	565,596	646,136	674,615

** Source: Directorate General of Public Accounts*

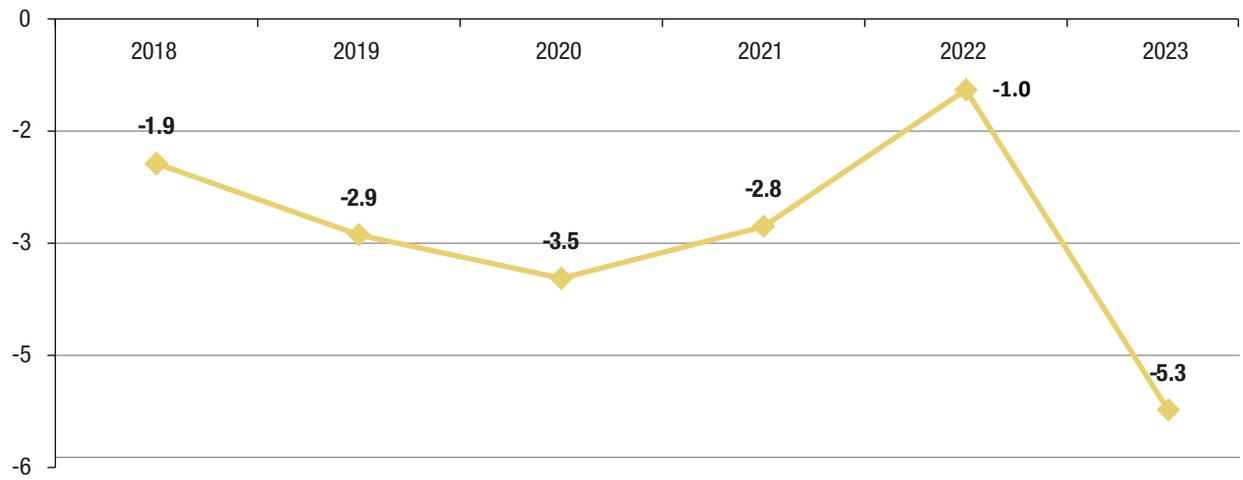
Table 8 - 2023 Central Government Budget Balance/GDP (%)

	MTP (2022 - 2024)	MTP (2023 - 2025)	Realization (*)
Budget Balance	-3.5	-6.4	-5.3
Primary Balance	-0.5	-3.9	-2.7
Revenues	20.4	19.3	19.8
Tax Revenues	17.2	16.8	17.1
Other Revenues	3.3	2.6	2.7
Expenditures	24.0	25.8	25.1
Primary Expenditures	20.9	23.2	22.5
Interest Expenditures	3.0	2.5	2.6

** Source: Directorate General of Public Accounts*

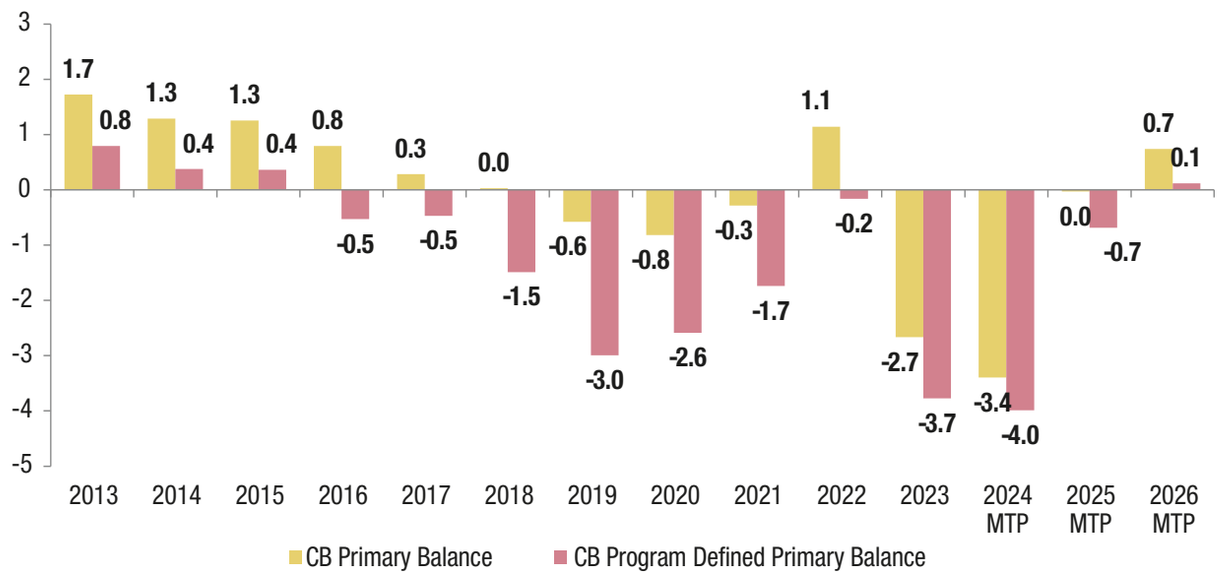
Looking at the ratio of the CGB balance to the GDP for the period of 2018 to 2023, measures taken to mitigate the negative effects of economic fluctuations in the last quarter of 2018 on commercial activities continued to affect public finances in 2019. In 2020, increase in budget deficit was observed in parallel with the expansionary policies implemented all over the world in order to eliminate the pandemic effect. In 2021, as a result of the recovery in economic activity and the improvement in the revenue performance of the budget, the ratio of the budget deficit to GDP decreased. In 2022, the ratio of the budget deficit to GDP realized 1 percent in line with the high increase in budget revenues and limited increased in expenditures. By 2023, the fiscal burden caused by the earthquakes increased the budget deficit to 5.3 percent, despite the strong performance in budget revenues.

Figure 21- 2023 Central Government Budget Balance/GDP (%)



On the other hand, when the Central Government Primary Budget Balance (program defined) is examined, it was -1.5 percent in 2018 and increased to -3.0 percent in 2019. In 2020, it advanced to -2.6 percent demonstrating better peformance than the preceding year. After declining to -1.7 percent in 2021, the program defined primary budget balance improved to -0.2 percent in 2022. In 2023, the balance increased to -3.8 percent.

Figure 22- 2023 Central Government Primary Budget Balance (Program Definition) /GDP (%)



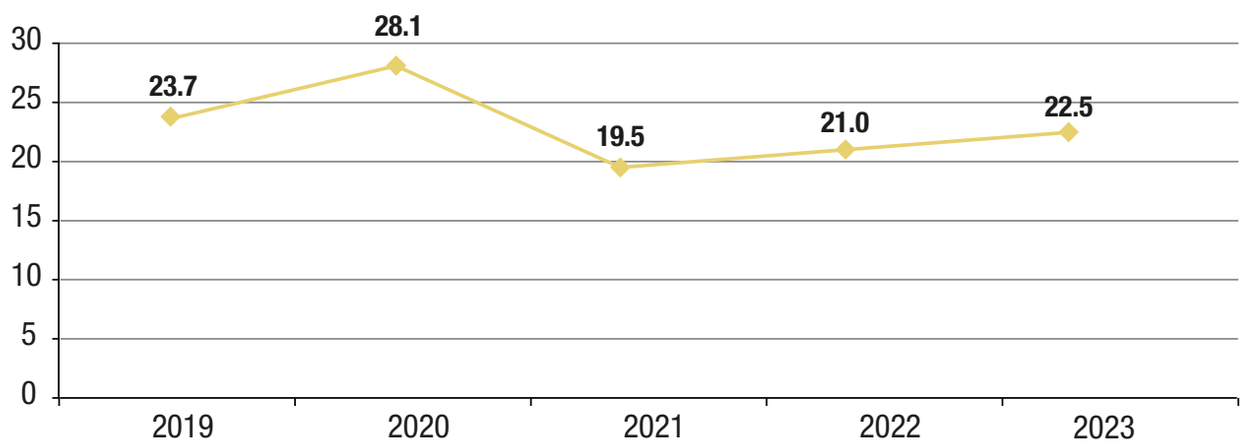
2. MARKET RISK MANAGEMENT

"Market risk" is defined as the exposure of public debt dynamics to market variables such as exchange rates, interest rates and inflation. "Liquidity risk" can be described as possibility of experiencing difficulties in accessing funds required for Treasury operations which also induces the refinancing (roll-over) risk for the Treasury. The main principle of the public debt management is reducing the costs to the most appropriate level in the medium-long term taking these risks into consideration. Facing with a trade-off between cost and risk, public debt managers try to balance the effects of changes in macroeconomic indicators on debt dynamics.

By considering risk factors that Treasury portfolio is exposed to, targets are set for the current and the following two years via strategic benchmarking practice since 2003 by the Ministry. Thus, a medium term perspective is brought to borrowing policies. In this context, strategic benchmarks and indicators determined for the year 2023:

- Liquidity Risk:
  - To keep the share of debt maturing within 12 months at a certain level,
  - To keep a certain level of cash reserve in order to reduce the liquidity risk associated with cash and debt management.
- Interest Rate Risk:
  - To keep the share of debt stock with interest rate refixing period of less than 12 months at a certain level by taking into account appropriate instrument and maturity composition to optimize interest payments.
- Exchange Rate Risk:
  - To borrow mainly in TL and to decrease the share of domestic debt stock denominated in foreign currency,
  - To borrow in foreign currencies besides US dollar in international markets for market diversification.

Figure 23 - Share of Debt Maturing within 12 Months in Domestic Debt Stock (%)



In terms of liquidity risk, the share of domestic debt maturing within 12 months realized as 21 percent in 2022, while this ratio increased to 22.5 percent as of the end of 2023.

Table 9 - Change in EU Defined General Government Debt to GDP Ratio

	2002	2023
Change in real exchange rate app/dep by 5 percentage points	+ / - 2.0 Points	+ / - 0.8 Points
Change in TL interest rate by 500bp	+ / - 1.4 Points	+ / - 0.6 Points
Change in GDP growth rate by 2 percentage points	+ / - 1.3 Points	+ / - 0.6 Points

The sensitivity of general government debt burden to macroeconomic shocks has been in a general downward trend since 2002. This change was mainly driven by tight fiscal policies and borrowing policies based on strategic benchmarks. As a result of these policies, the sensitivity of the general government debt burden to macroeconomic indicators was significantly reduced considerably in 2023 compared to end-2002.

Figure 24 - Interest Composition of Central Government Domestic Debt Stock (%)

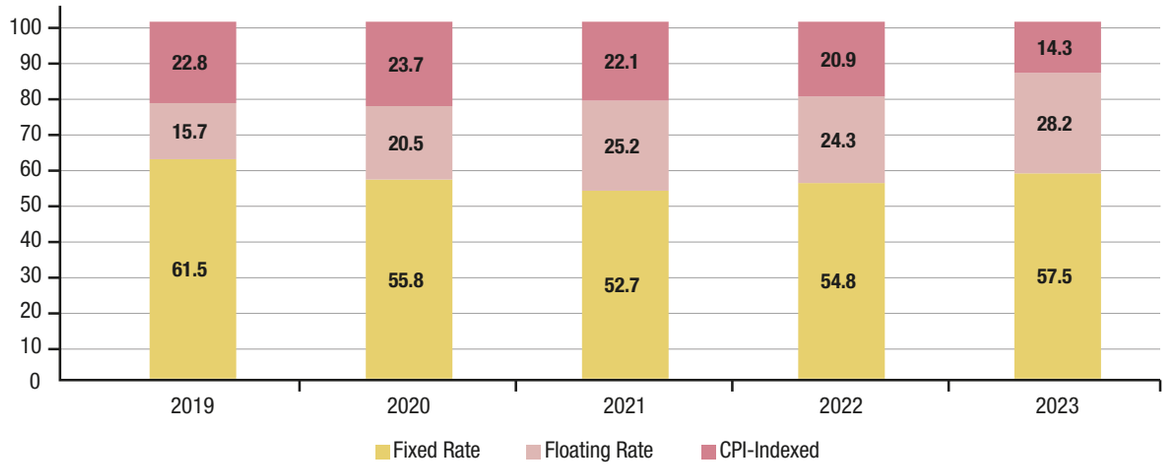
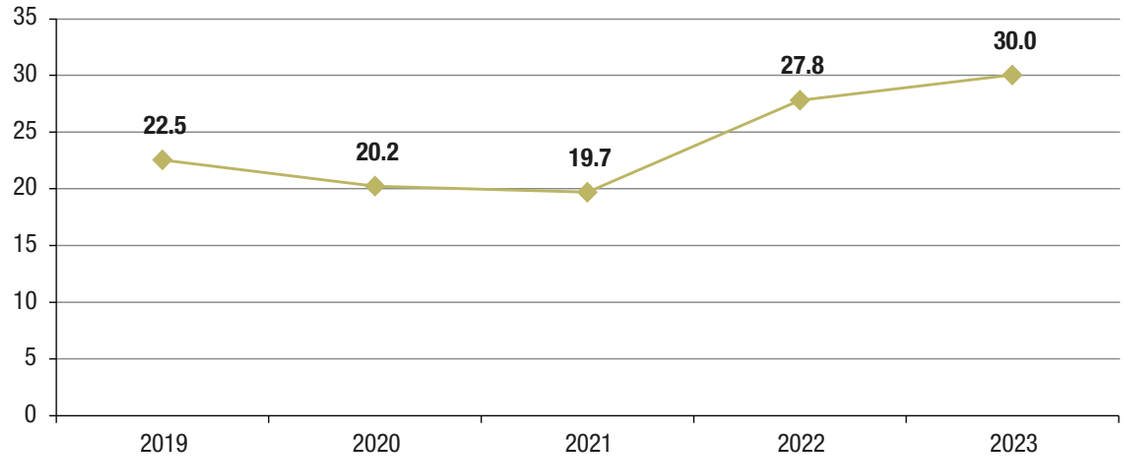
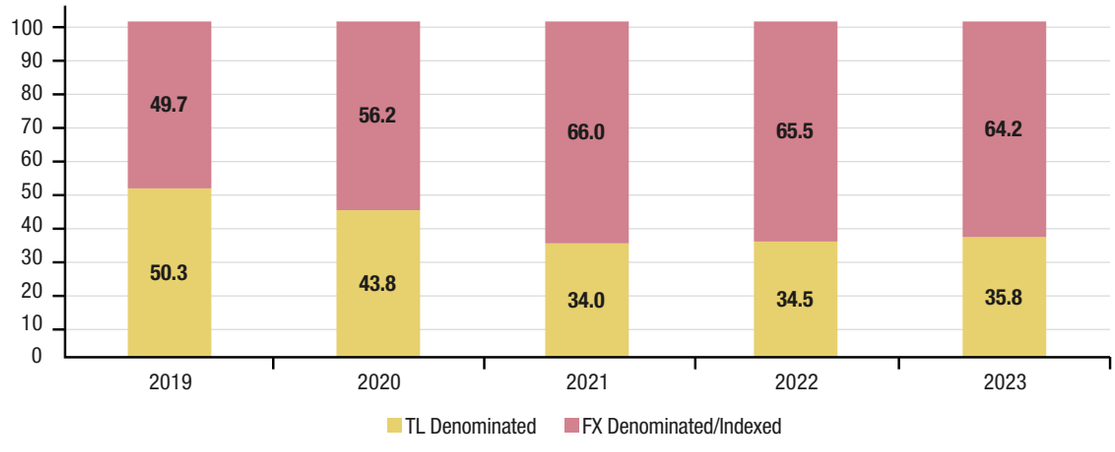


Figure 25 - Duration of TL Denominated Central Government Debt Stock (*) (in Months)



** Represents Macaulay duration. Not covered the non-cash bonds, the CPI-indexed bonds, the gold bonds and the gold denominated lease certificates.*

Figure 26 - TL/FX Composition of Central Government Debt Stock (%)



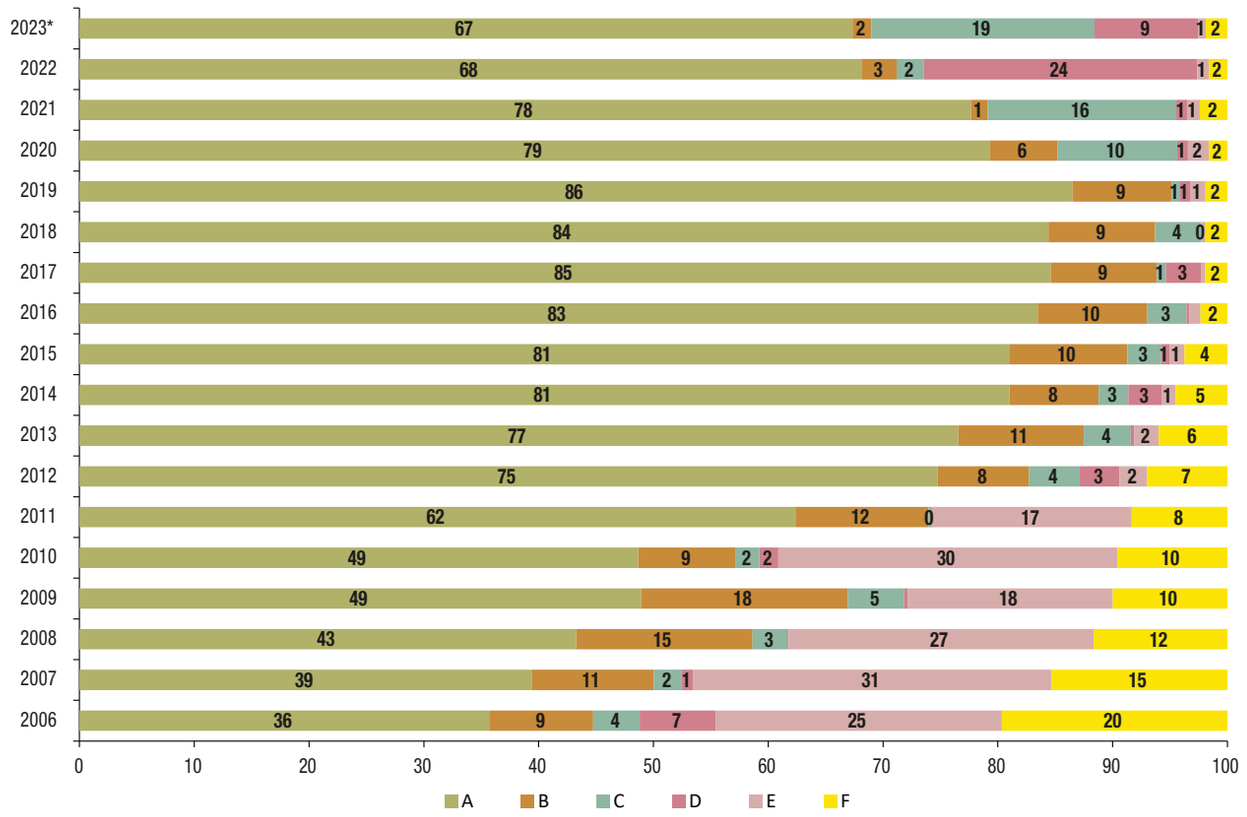
3. CREDİT RİSK

Credit risk is defined as the probability that the beneficiary institutions will not be able to fulfill their obligations on time under the terms of agreements. Main sources of credit risk that the MoTF is exposed to are the guaranteed and on-lent loans as well as the debt assumption commitments provided by the MoTF. The realization of credit risk will result in an unanticipated cash need, which may have negative impacts on the borrowing programs. Credit risk management aims to assess such risks and to take necessary measures to mitigate them.

In order to effectively manage the credit risk exposure of MoTF, a credit rating model is used to assign ratings to the beneficiary institutions (municipalities, municipal administrations, public banks, development banks and state owned enterprises). As a result of the measures introduced[15] in the area of credit risk management, the distribution of the credit ratings of Treasury repayment guaranteed and on-lent credits has been improving.

The share of institutions with "A" credit rating within the overall portfolio of Treasury guaranteed and on-lent credits stock increased to 67 percent in 2023 compared to 36 percent in 2006.

*Figure 27-The Distribution of Treasury Repayment Guaranteed and On-lent Credit Stock by Credit Rating (%)***



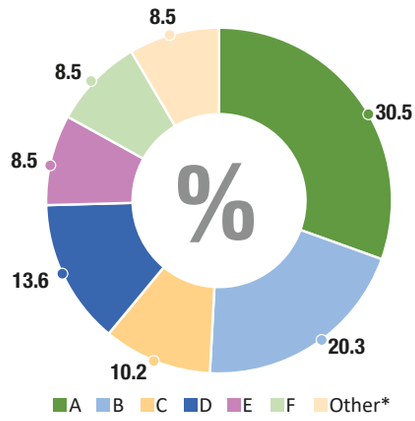
(*) Temporary.

(**) Stock amounts do not include institutions that are not included in the internal credit rating model. The share of these institutions in the total foreign debt stock with guaranteed and on-lent is 13 percent.

Figure 28 shows the numerical distribution of institutions in the guaranteed and on-lent external debt stock according to their credit ratings determined by the Internal Credit Rating Model. Evaluating the composition of the credit ratings of the institutions, the share of A rated institutions in Treasury guaranteed credit and on-lent credits portfolio is 30,5 percent and the share of B rated institutions is 20,3 percent as of the end of 2023.

15 *For the measures taken under credit risk management, Credit Rating Model and detailed information about the calculation of credit ratings see Public Debt Management Report 2011 pg. 39- 42.*

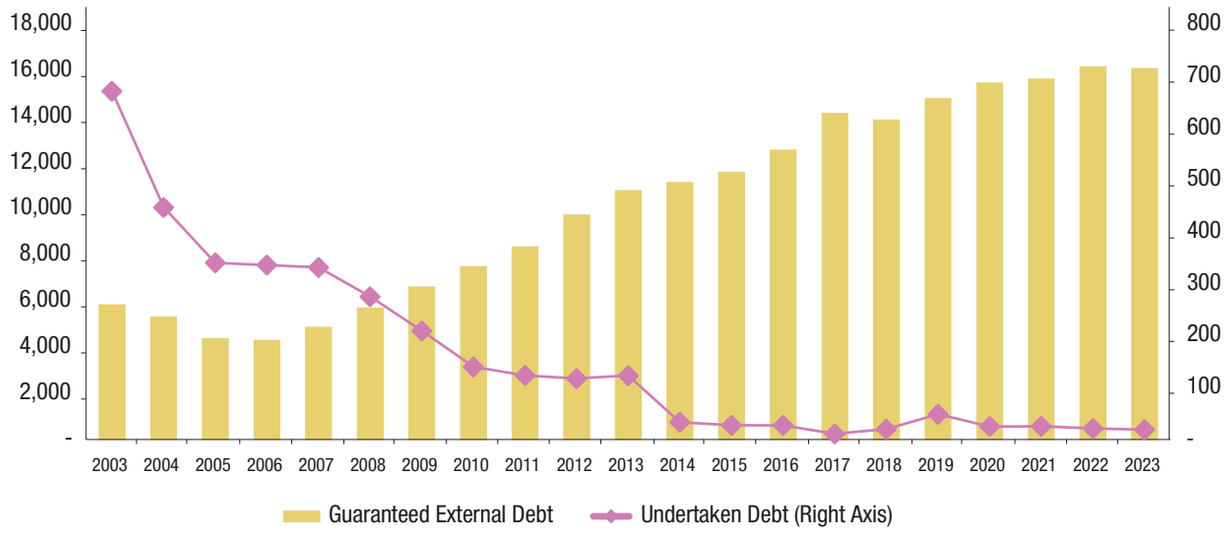
Figure 28 – Credit Rating Distribution of Institutions in Treasury Repayment Guaranteed and On-lent Stock (%)



(*) Institutions that are not included in the internal credit rating model.

Despite the increase observed in Treasury Guaranteed external debt stock, there is a decreasing trend in the undertakings from Treasury repayment guaranteed loans as a result of the implementation of effective credit risk management principles. In this context, while USD 672 million was undertaken in 2003, this amount decreased to USD 19 million in 2023.

Figure 29 - Treasury Guaranteed External Debt Stock and Undertakings from Treasury Guarantees (Million USD)



In 2009, the revenues of the Risk Account, which was established to ensure fiscal discipline, has reached a level sufficient to cover the undertaken amounts. As a result, no budgetary appropriations were used for the Risk Account since 2009.

Treasury-Backed Guarantee System

Treasury-backed guarantee system has been introduced in 2009 to increase accessing of finance for small- and medium-sized enterprises (SMEs). Pursuant to the Provisional Article 20 laid down in the Law no. 4749 on Regulating Public Finance and Debt Management, Turkish Treasury is entitled to provide with support up to TL 1 billion and/or special category state domestic borrowing notes. After establishment of the regulatory framework Turkish Credit Guarantee Fund is designated as an institution to be backed by Treasury.

The changes made within the scope of Treasury-backed credit guarantee system over the years are as follows;

- The amount of cash that can be provided to credit guarantee institutions increased from TL 1 billion to TL 2 billion in accordance with the change of the Provisional Article 20 laid down in the Law no. 4749 Decree in 2015.
- In order to make the system more effective and efficient, a new implementation period has started in Treasury-backed credit guarantee system with the Council of Ministers' Decision of 31st of October 2016 and numbered 9538 (Decision). In this context, the Portfolio Guarantee System (PGS) was put into practice and with the PGS, the evaluation of the applications was left to the creditors and the approval process of the collateral was accelerated. In addition, the definition of beneficiary was extended to all SMEs and non-SME firms to benefit from the system.
- In January 2017, the amount of cash that can be provided to credit guarantee institutions was increased from TL 2 billion to TL 25 billion with the amendment made to the Law numbered 4749. Thus, the guarantee volume was increased from TL 20 billion to TL 250 billion. The upper limits of guarantee are determined as maximum TL 12 million for beneficiaries with SME definition and maximum TL 200 million for beneficiaries other than SME definition.
- The amendment to the Decision in January 2018 allowed the re-use of the guarantee gap resulting from credit returns. The beneficiaries classified in the third and fourth groups in terms of credit risk were excluded from the system within the framework of banking legislation. With the amendment put into force in October, the beneficiary is required to be given the opportunity to restructure within the scope of the Decision or Regulation on Restructuring of Debts to the Financial Sector before the lenders can demand compensation.
- In March 2020, the amount of cash that can be provided to credit guarantee institutions was increased from TL 25 billion to TL 50 billion with the amendment made to the Law numbered 4749.
- In 2022, the amount of cash that can be provided to credit guarantee institutions was increased from TL 50 billion to TL 100 billion with the amendment made to the Law numbered 4749.

The limits allocated within the scope of the decision are as follows;

- Protocol with a Guarantee Limit of TL 200 Billion - 03.15.2017

The guarantee limit of TL 200 billion signed on 03.15.2017 between our Ministry and Credit Guarantee Fund, allocated to all firms (SME's and non- SME's). The indemnity upper limit of the guarantees provided under the system is determined as 7 percent. As of 12.31.2019, the amount of guarantee granted from the limit is TL 199.8 billion.

- Protocol with a Guarantee Limit of TL 52.5 Billion - 02.28.2018

Guarantee provided by the Protocol; exporters and foreign exchange earning activities, investors, investors within the scope of center of attraction, agricultural firms, women and young entrepreneurs, companies within the scope of "TOBB Nefes Project" are allocated to certain beneficiary groups. As of 12.31.2019, the total amount of guarantee granted from the limit is TL 37.7 billion.

- Protocol with a Guarantee Limit of TL 32.5 Billion - 05.11.2018

The limit of guarantee returns is reserved for the use of exporters, foreign exchange earning activities and all other firms. The guarantee limit for exporters and foreign currency earners and manufacturers and investors is determined as TL 25 million. As of 12.31.2019, the total amount of guarantee granted from the limit is TL 31.05 billion.

In 2019, total of TL 60 billion guarantee limit allocated with the SME Value I, SME Value II and Economy Value packages, each of has TL 20 billion guarantee limit, put into effect in January, March and May in 2019 respectively. Thus, within these guarantee packages TL 51.7 billion guarantee utilized.

In order to facilitate access to credit for legal entities and individuals who were economically affected by the Covid-19 pandemic, which made its negative impact felt in every area of our country in 2020, 12 new guarantee packages were put into practice, 10 of which were offered to commercial enterprises and 2 to individual beneficiaries (real persons). The guarantee packages opened were used for all sectors included in the economy as well as for specific sectors. The guarantee limits allocated in the packages are allocated for the following purposes:

- Covering all fixed expenses based on contracts or invoices, especially salary and rent payments, of businesses operating in all sectors,
- Covering the operating expenses of companies operating in all sectors,
- Facilitating the payment of checks drawn by a certain date,
- Providing loans to businesses operating in the export and foreign exchange earning services sectors by the Turk Eximbank.
- To be used to meet the basic needs of individual beneficiaries,
- To be used by Turk Eximbank for stock financing support to businesses operating in the export and foreign exchange earning services sectors.

With these twelve packages, a total guarantee limit of TL 261.28 billion allocated, and TL 44.30 billion of this amount belongs to individual beneficiaries who adversely affected by the pandemic. In this context, approximately TL 195.33 billion guarantee amount utilized and TL 33.49 billion of this amount belongs to individual beneficiaries.

In 2021, in order to lessen impacts of the pandemic, three support packages implemented within the scope of The Economic Reform Program. The purpose of the guarantee limits allocated to the packages is providing financial support to long-term investments, providing guarantee to micro and small-scale companies which have liquidity problems for additional employment, supporting investments of SMEs that invest in cold storage units.

With these packages, TL 23 billion guarantee limit allocated. As of December 2022, approximately TL 16,4 billion guarantee utilized.

In 2022, within the scope of The Economic Reform Program;

- Export Package which have 25 billion worth of the guarantee limit and which is aimingto support SMEs operating in exporting and foreign exchange earning sectors, and SMEs that are not currently exporters but have export potential, with the aim of increasing the export volume of existing exporters and increasing the number of exporting companies,
- Working Capital Package which have 10 billion worth of the guarantee limit and which is aiming to support certain areas for operational expenses and to provide regular financing to corporate card holders.
- Investment Support Package which have 25 billion worth of the guarantee limit and which is aimingto support the investments of enterprises to meet their investment expenditures and working capital needs.

Additionally, in 2022, the following support packages were implemented, taking into account sectoral needs:

- In addition, 2 billion worth of the guarantee limit was announced. The focus of the program is to support SMEs and non-SME companies that purchase unprocessesed fresh tea crop.
- Furthermore, 20 billion worth of the guarantee limit was announced .The focus of the program is to support SMEs and non-SME construction companies that projects have not been completed entirely however, at least 30% of their projects have been completed during the application of loan.
- Additionally, 8 billion worth of the guarantee limit was announced The focus of the program is to support natural and legal entity farmers and irrigation unions so that financing of agricultural electricity bills.
- Lastly, 500 million worth of the guarantee limit was announced. The focus of the program is to support groceries who has signed supplier agreement with the Turkish Agricultural Credit Cooperatives to consumers through grocery stores/markets.

In 2023, within the framework of the selective credit approach, the following support packages were implemented, paying attention to supporting strategic sectors through capacity utilization rates, foreign trade data and balance sheet-income statements:

- 14 support packages with a total guarantee limit of 300 billion TL, including the Operating Expenses Support Package with a guarantee limit of 80 billion TL on 15.01.2023, the Investment-Project Financing Support Package with a guarantee limit of 30 billion TL and other support packages put into effect in February 2023, to be used by prioritizing areas of activies such as foreign exchange earning activities, investment-project financing, manufacturing industry, entrepreneurship, green transformation and energy efficiency, technology, digital transformation.
- The 6th of February Earthquakes Operating Expenses Support Package with a guarantee limit of 15 billion TL as of 15.02.2023, to be used in the operating expenses of businesses operating in earthquake zones due to the earthquake disaster that occurred on 6 February, and the 6th of February Earthquakes Investment Support Package with a guarantee limit of 5 billion TL, to be used in the investment expenses of businesses operating in earthquake zones and/or investing in these regions and
- The Investment Support Package with a guarantee limit of TL 9 billion to be used in the investment and investment-related business expenses of SMEs and non-SMEs that have an Investment Incentive Certificate as of 07.11.2023, and the Export Support Package with a guarantee limit of TL 9 billion to be used by SMEs and non-SMEs operating in the exporting or foreign exchange earning services sectors.

Table 10 - Developments in the Treasury-backed Guarantee System for the Period of 2023 (Million TL)*

REALIZATION (*)			OUTSTANDING RISK (*)				INDEMNIFICATION	
Number	Credit (Million	Credit Guarantee (Million₺)	Number	Kredi Tutarı (Milyon ₺)	Credit (Million ₺)	Credit Guarantee (Million ₺)	Number	Credit (Million ₺)
1,372,301	848,831	713,404	763,051	291,556	239,702	267,495	51,149	18,524

** Loan and guarantee amounts are calculated from the exchange rate on the date of approval. Restructuring are excluded.*

4. OPERATIONAL RISK

The concept of operational risk management refers to prevention of potential losses in business processes, which may arise from coordination and communication problems, poor resource management, technical infrastructure/information system failures, external factors and extraordinary events such as natural disasters and terrorism. Operational risk management also aims to reduce the likelihood of these incidents by taking precautionary measures.

By taking operational risks under control, the main objective is to monitor the risks effectively, to ensure consistency between the purpose of the work and the implementation, to support the control objectives of organizational structure and to create an institutional culture that takes the importance of internal controls into account. Therefore, it is aimed to increase the quality of operational activities and to minimize the disruptions that may arise in business processes.

Maintaining business continuity during an emergency is crucial for the future and the prestige of institutions. In that regard, Business Continuity Plan (BCP) provides a guideline to avoid disruptions and ensures the continuity of the critical processes within the predetermined downtime period if a disruption happens. The BCP was prepared by the General Directorate of Public Finance (GDPF) consists of action plans towards maintaining the critical processes, which aim to protect the assets and liabilities of the Treasury under certain scenarios. BCP was reviewed in 2023 and necessary updates were made.

Additionally, "ISO 9001 Quality Management System Certificate" project, which was initiated at the end of 2018 in order to strengthen the organizational structure, increase stakeholders' satisfaction, improve processes and accommodate the latest technological advancements in the GDPF, was completed as a result of the external audit by Turkish Standards Institution (TSI) auditors and the GDPF was awarded the ISO 9001 Quality Management System Certificate in 2020. In October 2023, as a result of the Certificate Renewal Audit conducted by TSI, it was decided to renew the certificate. Within this scope, it has been certified that the activities of our General Directorate continue to be carried out in accordance with ISO 9001 Standards.

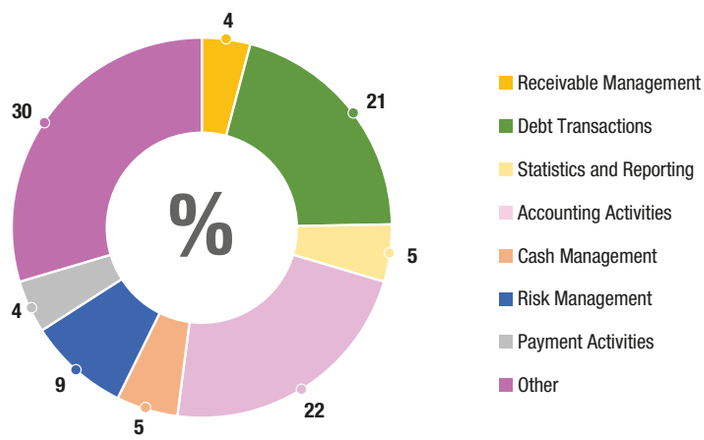
Operational Risk Management

Operational Risk Management process involves measuring risks (determination of "Likelihood" and "Impact" levels of risks), developing management strategies to keep the potential risks under control, regular reporting and continuous monitoring.

In order to monitor the operational risks concerning the cash, debt and receivables management within the GDPF, a Risk Profile Table was created. These risks are monitored via Operational Risk Management Information System and updated annually and as needed.

A total of 254 risks, covering all the business processes of GDPF identified in Operational Risk Management Information System were reviewed in 2023. Among these risks; 22 percent refers to the accounting, 21 percent refers to debt transactions and 9 percent refers to the risk management, 5 percent refers to the cash management, 4 percent refers to the payment activities, 5 percent refers to the statistics and reporting, 4 percent refers to receivables management and 30 percent related to other activities[16].

Figure 30 - Distribution of Risks by Activity (%)



Likelihood and impact levels of 254 operational risks in GDPF are assessed in a 5x5 scale. The risks with relatively high likelihood and impact are determined as high priority risks (red cells). As of 2023, there is no priority risk. The risk matrix showing the prioritization of existing risks is given below:

Table 11 - Operational Risk Matrix

		Risk Impact					Total
		Insignificant (1)	Minor (2)	Modarate (3)	Major (4)	Catastrophic (5)	
Risk Likelihood	Very Low (1)	1	15	15	24	18	**73**
	Low (2)	4	16	42	63	18	**143**
	Medium (3)	0	6	19	8	0	**33**
	High (4)	2	1	1	0	0	**4**
	Very High (5))	0	1	0	0	0	**1**
Total		**7**	**39**	**77**	**95**	**36**	**254**

16 *Other activities are Support Services (19%), Secretariat, Coordination and Legal Transactions (9%), Total Monitoring of Public Sector (1%), International Organizations and Foreign Relations (1%).*

INTERNATIONAL EXPERIENCE SHARING IN DEBT MANAGEMENT

Since 2002, the Ministry of Treasury and Finance has developed its legal and organizational infrastructure and technical capacity in the field of public debt, cash, receivables and risk management

within the framework of international best practices. This experience and knowledge accumulated over the years is shared with the debt management of other countries as well as international institutions and organizations through training programs, consultancy, technical support and workshops within the scope of Experience Sharing Program.

Within this framework, the activities that our Ministry has taken part in the Experience Sharing Program for the last 5 years are shown in the table. In addition to this, the experience of Türkiye has been shared with the audience consisting of executives of foreign debt in events organized by various international organizations, including the OECD, the IMF and World Bank.

As in previous years, participation in the activities of the "Debt Management Working Group", the "Steering Committee" operating within the OECD and "Macroeconomic Forecasting Working Group", which is organized by the European Commission twice a year for the experts, was continued in 2023.

Table 12 - International Experience Sharing in Debt Management

Year	Country	Subject	Location
2023	Pakistan	Cash, Debt and Risk Management Applications in Türkiye	Online
2019	Kosova	Cash Management Applications in Türkiye	Ankara
2019	Uganda	Debt and Risk Management Applications in Türkiye	Ankara
2019	Thailand	Cash and Risk Management Applications in Türkiye	Ankara
2017	India	Gold Bonds and Gold Denominated Lease Certificates	New Delhi
2017	Kenya	Cash Management and Treasury Single Account	Ankara
2017	Bahrain	Debt and Risk Management Applications in Türkiye	Ankara
2017	Sudan	Public Finance and Debt Management Operations	Ankara
2016	Azerbajian	Risk Management Tools in Public Private Partnership Projects	Ankara
2016	Kyrgyzstan	Kyrgyzstan Public Finance Information System Development Project	Bishkek

RESEARCH AND ANALYSIS

COMPARISON OF DEBT STATISTICS IN TERMS OF COVERAGE, INSTRUMENT AND VALUATION METHODS

1. INTRODUCTION

Many macroeconomic indicators are closely monitored in order to follow economic developments, in this regard the government debt level and debt to GDP ratios are important indicators. In this context, monitoring the developments in the debt stock enables the as assessment of the fiscal policies and fiscal measures taken by the public sector (Balıbek, 2010).

Government debt stock refers to the outstanding financial liabilities arising from government debt. This indicator also provides important information on the economy of a country in order to assess its debt sustainability.

2. INTERNATIONAL GUIDELINES AND COVERAGE

Guidelines issued by international organisations such as the International Monetary Fund (IMF), the Organisation for Economic Cooperation and Development (OECD), the World Bank and the European Union (EU) may have **different definitions of debt stock**. Therefore, debt statistics prepared under each guideline may differ from each other even though they ultimately define the debt stock. This study presents debt stock statistics produced within the framework of the approaches in the guidelines and the differentiating elements of the statistics comperatively.

Below guidelines;

- "Government Finance Statistics Manual – GFSM",
- "Public Sector Debt Statistics - Guide for Compilers and Users – PSDS",
- "External Debt Statistics Guide – EDS" are published by IMF,
- "Manual on Government Deficit and Debt - MGDD" is published by Eurostat.

In addition to international guidelines, the Ministry of Treasury and Finance (MoTF) also prepares Central Government Debt Stock statistics within the scope of Article 2 of the Public Financial Management and Control Law No. 5018 and publishes them on the website of the MoTF on a monthly basis.

These guidelines allow for the compilation of debt stock data using a specific standard and methodology. Thus, the data presents a full comparison with other country data prepared with the same standard.

Currently, debt stock data compiled under the guidelines are shared with international organisations on a regular basis. Although all of these statistics exhibit debt stock data, they present different amounts for the same reporting period. **The differences in debt statistics stem from the following 3 fundemantal factors:**

a. Sectoral Coverage
b. Liability (Debt) Instruments
c. Valuation Method

2.1. Sectoral Coverage

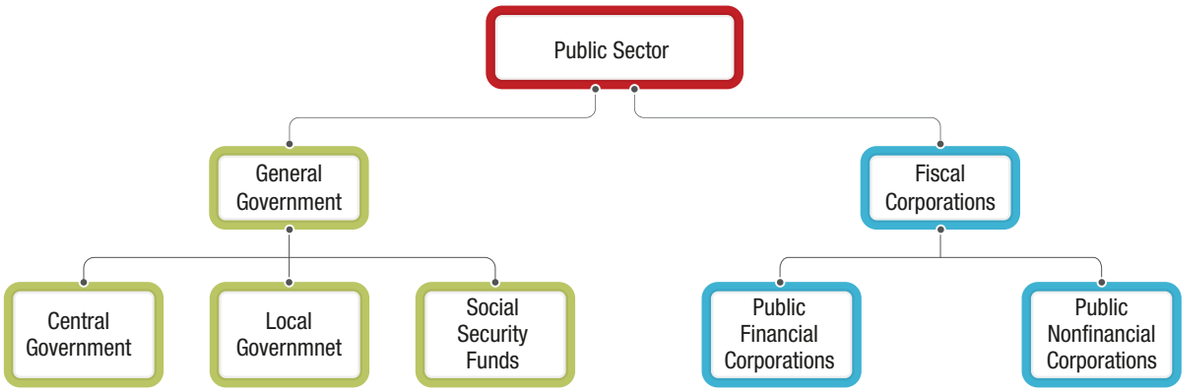
In the broadest coverage the sector definition is divided into public and private sectors. The public sector consists of two main sub-sectors: the general government sector and public corporations. The general government sector include central government, local governments and social security institutions, while the public corporations sector compose of public financial (fiscal) and non-financial corporations.

According to Article 52 of Law No. 5018, the MoTF is authorised to **determine a coverage under the general government sector** for the preparation of financial statistics in line with international standards.

G. Şeyda GÜNAYDIN. Head Of Department
Tolga Sivrikaya. Head Of Department Acting.

In addition, public sector classification is defined in Article 1 of the Regulation on Statistical Classifications. Within the framework of these regulations, the coverage of the public sector and the general government sector may be updated in regular periods. The updated sector coverage is used in the preparation of statistics submitted to national and international organisations and is also reflected in the published statistics.

Figure 31 - Public Sector Classification



Source: TURKSTAT

The sector for which debt statistics are produced affects the level of debt stock. It is generally expected that the outstanding debt stock of the general government sector will be larger than the central government. However, this may not always be the case. This is due to the intra-sectoral consolidation of the amounts when compiling general government debt stock instruments. Since the term consolidation is used in different meanings, it is often confused. For example, in fiscal policy terms, fiscal consolidation refers to a government policy aimed at reducing deficits and debt accumulation; in debt management terms, consolidation refers to the conversion of short-term debt into long-term debt, i.e. a form of maturity extension; while in statistical terms, consolidation refers to an consolidation process. Consolidation in the statistical terms is a method of elimination to present the statistics of a number of units (or organisations) as if they were a single unit. For example, if a general government unit holds a bond issued by another general government unit, the data of the two units are elimited. The stock of bonds held as assets and liabilities of the consolidated unit is reported as zero as if there were no bond position between them. Thus, the general government outstanding debt stock may be less than the sum of the each debt stocks of the other units of the sector.

2.2 Liability Instruments

The debt stock consists of financial liabilities. According to international guidelines, debt instruments are broadly defined as the following 8 debt instruments (Definitions compiled from GFSM 2014).

1. **Special Drawing Rights (SDR):** These are assets created by the IMF and allocated to member countries to support their reserve assets. The allocation of SDRs is an obligation of the member country and interest accrues on this obligation. The value of the SDR is determined daily on the basis of a basket of currencies selected by the IMF.
2. **Currency and Deposits:** Currency consists of banknotes and coins issued by the central bank or the government with nominal values. Currency refers to the liability of the issuing units. In this definition currency does not mean an assets such as cash or monetary gold held by the government. Since the outstanding debt stock is composed of public liabilities, currency is also one of the liabilities issued by the government or an authorised institution. For example, the coin in circulation minted by the General Directorate of Mint and Security Printing is one of the liability items of the debt stock of Türkiye.
3. **Debt Securities:** Debt securities are negotiable financial instruments serving as evidence of a debt. They consist of instruments such as bills, bonds, debentures, asset-backed securities.
4. **Loans:** A loan is a financial instrument that is created when a creditor lends funds directly to a debtor and receives a non-transferable document as evidence of the asset.
5. **Insurance, Pensions and Standardised Guarantees:** Non-life insurance technical provisions

1. comprise of liabilities for life insurance and annuity liabilities, pension rights, fund receivables from pension administrators, and provisions for calls onstandardised guarantee schemes.Retirement benefits, a significant component of this item, are financial claims that current and future retirees have against their employeror a fund designated by the employer to pay pensions earned as part of a compensation agreement between the employer and the employee.

2. **Financial Derivatives and Employee Stock Options:** A financial derivative contract is a financial instrument in which financial risks (e.g., interest rate risk, foreign exchange rate risk, equity and commodity price risks, and credit risk) can be traded on their own or linked to another financial instrument, indicator or commodity. Employee stock options are options to purchase the equity of a company offered to employees as a form of remuneration.

3. **Equity and Investment Fund Shares:** Equity and investment fund shares represent a residual claim on the assets of the institutional unit that issued the instrument, i.e., these shares represent the holders' funds in the institutional unit. Unlike debt instruments, equity do not provide the holder with a predetermined fixed amount or right. Investment fund shares have a special function in financial intermediation as a form of collective investment in other assets and should be recorded separately. When calculating the net worth of a institutional unit, equity and mutual fund shares are generally included in total liabilities.

4. **Other Accounts Receivable:** Other liabilities consist of trade credits and advances, and other items to be paid or received.

All or only some of the mentioned liability instruments may constitute the debt stock (total debt). In other words, debt stock statistics are compiled on the basis of the liability instruments in the guidelines published by the international organisations.

2.3 Valuation Method

The valuation methods of the liabilities are as follows:

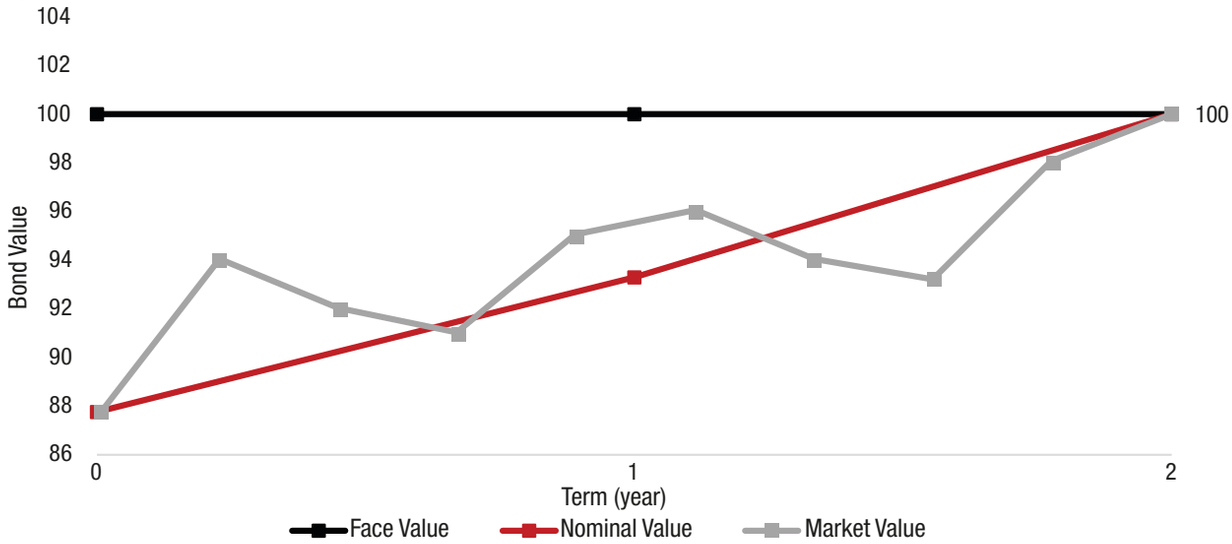
1. **Face - Par Value:** The face value of a debt instrument represents the undiscounted principal amount that is to be repaid at (or before) maturity.

2. **Nominal Value:** The nominal value of a financial asset or liability, as defined in the GFS guideline and other related sources, is the total liability value, including accumulated interest, owed by the debtor at any moment in time.

3. **Market Value:** The amount at which an asset could be exchanged or a liability settled between the parties. It therefore represents an estimate of the amount that could be realised if the owner were to sell the asset or the debtor were to pay the debt. Although this method is generally recommended in the guidelines, it may not be entirely reflected in the valuation process because it is not available at all times and for all financial assets/liabilities and it is difficult to estimate.

It can be concluded from the all three definitions nominal and face values are known at any given time, whereas the market value is a value that reflects the current market value and cannot be predicted in advance. The graph below illustrates the hypothetical discrepancy between these three valuation methods. For instance, the nominal value and market value of a 2-year zero - coupon bond are identical at the issue date; however, the market value of the bond subject to trading may vary with changing interest rates according to market conditions. However, the value of the bond is equalised for the these methods at maturity.

Figure 32 - Comparative Valuation Methods



3. GENERAL AND CENTRAL GOVERNMENT DEBT STOCK STATISTICS

The MoTF produces debt stock data in accordance with both international guidelines and local regulations. The data prepared within the coverage of international guidelines are transmitted to institutions such as IMF, World Bank, OECD and Eurostat. As mentioned in the previous sections, debt stocks prepared for the same period may differ from each other due to differences in sectoral coverage, liability instruments and valuation methods. The main components of debt statistics are presented comparatively in Table 13. This table comparatively presents the sectoral coverage of debt statistics, liability instruments, valuation methodology, dissemination, frequency of dissemination, underlying regulations and end-2023 figures.

Table 13 - Comparation of Debt Statistics

Statistic	Central Government Debt Statistic	Public Sector Debt Statistic (PSDS)	EU Defined General Government Debt Statistic (EDP)	Governmnet Finance Statistic (GFS)	Türkiye External Debt Statistic (EDS)
Sectoral Coverage	Central Government (CG)	Central Government	General Government (GG)	General Government	Public Sector CBRT Private Sector
Liability Instruments	1. SDR Allocations 2. – 3. Debt Securities 4. Loans 5. – 6. – 7. – 8. –	1. SDR Allocations 2. Currency and Deposits 3. Debt Securities 4. Loans 5. Insurance, Pensions and Stand. Guarantees 6. Other Accounts Payable/Receivable 7. – 8. –	1. – 2. Currency and Deposits 3. Debt Securities 4. Loans 5. – 6. – 7. – 8. –	1. SDR Allocations 2. Currency and Deposits 3. Debt Securities 4. Loans 5. Insurance, Pensions and Stand. Guarantees 6. Other Accounts Payable/Receivable 7. Financial Derivatives and Employee Stock Options 8. Equity and Investment Fund Shares	1. SDR Allocations 2. Currency and Deposits 3. Debt Securities 4. Loans ** 5.- 6. Other Accounts Payable/Receivable*** 7.- 8.-
Main Valuation Method*	Face Value (Bills at net value)	Nominal Value	Face Value (CPI bonds with accumulated capital uplift)	Market Value	Face Value
Publication/Share Frequency	Monthly	Quarterly	Quarterly	Annual	Quarterly
Publication Address	MoTF webpage https://en.hmb.gov.tr/public-finance	World Bank webpage https://www.worldbank.org/en/programs/debt-statistics/gpsd	MoTF webpage https://en.hmb.gov.tr/public-finance	MoTF and IMF webpage https://en.hmb.gov.tr/government-finance-statistics https://data.imf.org/gfs	MoTF and World Bank webpage https://en.hmb.gov.tr/public-finance https://www.worldbank.org/en/programs/debt-statistics/qeds
Guideline	Law No. 5018	PSDS Guideline 2011 (IMF)	Manual on Government Deficit and Debt 2022 (Eurostat)	GFS Manual 2014 (IMF)	EDS Guideline 2013 (IMF)
2023 Türkiye Data (Ratio to GDP)	**TL 6,737 Billion (25.6%)**	**TL 9,231 Billion (35.1%)**	**TL 7,768 Billion (29.6%)**	**TL 9,235 Billion (35.1%)**	**USD 500 Billion (44.7%)**

** The valuation method in the Guidelines may differ on the basis of liability instruments.*

*** Commercial loans and advances are included.*

**** Insurance, Pension and Standardised Guarantees are included.*

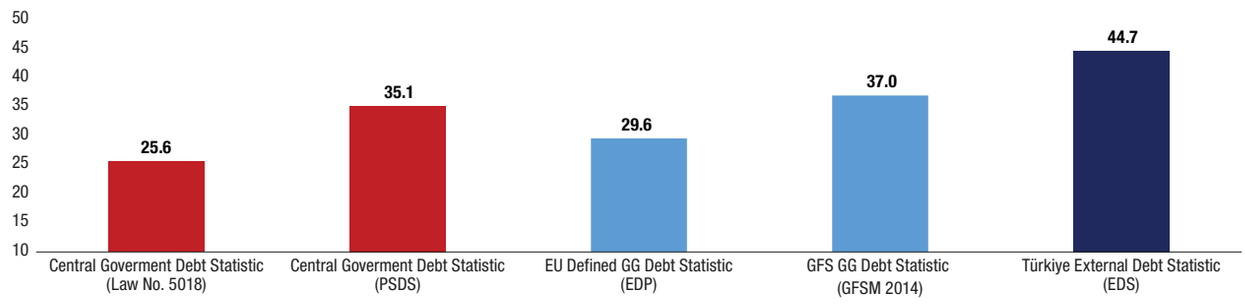
Among these, the **Central Government Debt Stock** published monthly on the website of the MoTF, and the **Public Sector Debt Statistics (PSDS)** published quarterly on the website of the World Bank are presented as the sum of both domestic and external debt stock of **the central government sub-sector**. **EU Defined Debt Stock** and **Government Finance Statistics** are also presented as total debt stock of the **general government sector**. On the other hand, the **Türkiye External Debt Stock** statistics, which are compiled from public, CBRT and private sector data, have broader coverage than the other statistics but **include only external debt stock**.

In terms of the liability instruments in the debt stock, the Government Finance Statistics provide the broadest coverage. In the IMF's GFSM 2014 guideline, more liability instruments are defined as a component of the debt stock than other guidelines.

In sum, debt stock levels for the same period may differ from each other in line with the aforementioned factors. However, the term of **'debt burden'**, which refers to the ability to reimbursement of debt rather than its amount, is used in analysis. In this context, economies are evaluated and compared based on the debt to GDP ratio, which is one of the fundemental international indicator of debt burden (Figure 33).

In this regard, comparisons between Türkiye and EU countries with regard to the general government debt stock are generally based on the statistics published by Eurostat. It is widely acknowledged that one of the economic criteria (Maastricht criterion) for accession to the European Union is that the ratio of public debt to GDP should not exceed 60 percent. With a debt ratio of 29.6 percent as of the end of 2023, Türkiye is well below the EU average of 81.5 percent[17] and is among the least indebted countries in terms of general government debt.

Figure 33 - Debt Stock to GDP Ratio According to Guidelines (2023, %)



4. CONCLUSION

In the context of international guidelines, the determination of the coverage of the sector and liability instruments, the valuation methods to be applied and the consolidation procedures are considered to be of significant importance with regard to the production of debt statistics. The difference among the guidelines can be attributed to the varying definitions and approaches to these issues. International standards and guidelines are important tools for the accurate and reliable compilation of debt statistics. In this way, consistent, high quality and cross-country comparable data can be produced, as well as fiscal and financial information on the liabilities of countries.. This enhances the reliability, accuracy, transparency and usability of statistics.

Furthermore, these statistics play a fundamental role in decision-making processes and policy making. They provide crucial input for policymakers in the development of a robust and comprehensive policy mix, debt management and sustainability analyses, and programme preparations. In this framework, the production of quality data sets enhances the impact of the decisions to be taken. Moreover, these data not only provide benefits in terms of assessing potential risks related to public debt, but also support the reinforcement of compliance with international standards.

In this framework, Türkiye produces debt statistics in line with international standards. Relevant institutions, particularly the MoTF, CBRT and TURKSTAT, closely monitor and assess methodological developments in this field and reflect the updates to the statistics produced. Besides, these statistics compiled within the framework of international cooperation are also shared with relevant international organisations for publication. These statistics are presented to users on the websites of international institutions in the time series for both cross-country comparisons and debt sustainability analyses.

17 *https://ec.europa.eu/eurostat/en/ [Accessed: 22 July 2024]*

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INFORMATION FOR INVESTORS

GOVERNMENT DEBT SECURITIES

Government Domestic Borrowing Security

Government Domestic Borrowing Securities (GDBS) are the common name of government bonds and treasury bills issued by Republic of Türkiye Ministry of Treasury and Finance. Information regarding types of securities, issuing process and frequently asked questions can be reached through Ministry's web page by following the link "www.hmb.gov.tr > Debt Office> Information for Investors".

Lease Certificates

Lease certificates are the securities designed by the asset leasing companies in their own name and own behalf and for the account of and the benefit of certificate holders to provide the financing of assets that are taken over by special purpose vehicles through sale or lease agreements and to give the holders of the security the entitlement to the revenues generated from these assets in proportion to the holders' share. Investor guide takes place on the following link: "www.hmb.gov.tr > Debt Office > Information for Investors".

International Bonds

These bonds have been issued by Ministry of Treasury and Finance in the international capital markets in the purpose of budget financing since 1988. Information about to issuances of such bonds are announced via press release on Ministry's web site.

PRINCIPLES OF PARTICIPATION IN THE AUCTIONS OF GDBS

The Principles of Participation in the Auctions of Government Domestic Borrowing Securities comprise regulations related to the operations of Government domestic borrowing securities issuance performed by Republic of Türkiye Ministry of Treasury and Finance, and also include participation offer form for auctions. These principles can be reached through Ministry's web page by following the link "www.hmb. gov.tr > Debt Office > Information for Investors.

PRINCIPLES OF BUYBACK AUCTIONS OF GDBS

In order to ensure smooth debt redemption, controlling the liquidity risk defined as not having enough cash or financing and to increase the price efficiency of secondary market, regular buyback auctions may be implemented in domestic markets. In these auctions, Treasury pays to the investors by early redemption. These principles can be reached through Ministry's web page by following the link www.hmb.gov.tr > Debt Office > Information for Investors.

TAXATION OF DOMESTIC BORROWING NOTES[18]

With the Decree of the Council of Ministers-2010/926 dated 09.27.2010, withholding rate on the interest incomes and purchase-sale profits of the domestic borrowing notes, issued after 01.01.2006, was determined as 10 percent (15 percent formerly) for individual investors. Aforementioned withholding rate is performed as 0 percent for capital stock companies, which are mentioned in the law and 10 percent for other taxpayers.

Provisional Article 67 is not applied for interest incomes and purchase-sale profit of Eurobonds regardless of their issuing date. Eurobond interest income is declared by resident taxpayers when the declaration limit of the preceding year is surpassed while purchase - sale profit is declared for the remaining amount over the cost value indexing and exemptions. For non-resident taxpayers, income of the Eurobonds is not declared. On the other hand, with the decision of the Council of Ministers dated 09.22.2017 and numbered 2017/10840, the tax rate for gold bond and gold based lease certificate was determined as 0 percent.

18 Information about taxation of state domestic borrowing notes are based on from "Taxation Guide For Individual Investors 2015" which is published by Revenue Administration.

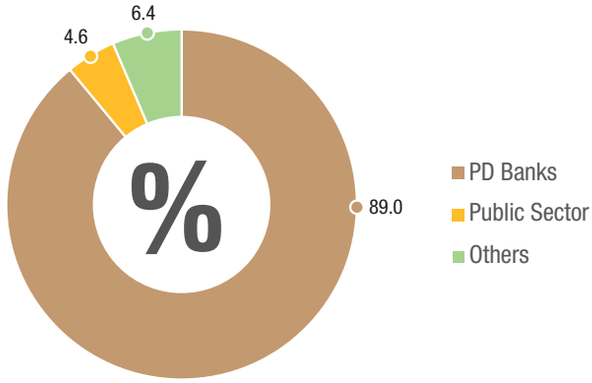
PRIMARY DEALERSHIP SYSTEM

Primary Dealership System can be described as a system which is designed with the purpose of reducing roll-over risk, broadening investor base, constituting transparent, competitive and more organized market and also increasing liquidity and reducing volatility in the secondary market by giving certain official rights and obligations related to primary and secondary market of government debt securities to a group of professional intermediaries.

Primary Dealership Agreement which includes the selection criteria, the name of the banks selected as primary dealer and the rights and obligations for Primary Dealers can be reached under the "Debt Office > Information for Investors > Primary Dealership System" section at www.hmb.gov.tr.

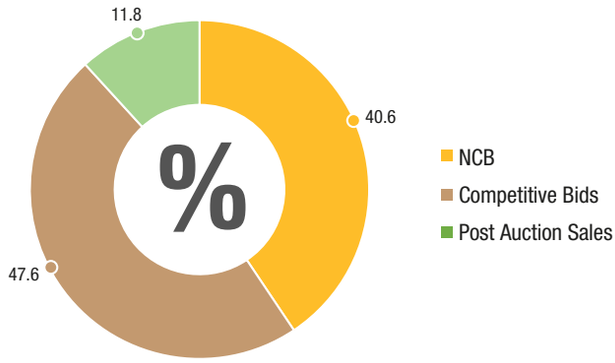
In 2023, 89 percent of total domestic borrowing including premium in the primary markets was met by primary dealers.

Figure 34 - Investor Composition of Primary Market Issuances (2023, %)



In 2023, 47.6 percent of the domestic borrowing to the PD banks were implemented through competitive bidding with auctions method, and the remaining 40.6 percent from non-competitive bidding and 11.8 percent from post-auction sales.

Figure 35 - Distribution of Borrowings Through Auction Method from the Primary Dealer Banks in 2023 (%)



The 11 Primary Dealers for the year 2023 are listed below:

1. Akbank T.A.Ş
2. Denizbank A.Ş.
3. HSBC Bank A.Ş.
4. QNB Finansbank A.Ş.
5. Türk Ekonomi Bankası A.Ş
6. T. Garanti Bankası A.Ş.
7. T. İş Bankası A.Ş.
8. T. Vakıflar Bankası T.A.O.
9. T. Halk Bankası A.Ş.
10. T.C. Ziraat Bankası A.Ş.
11. Yapı ve Kredi Bankası A.Ş.

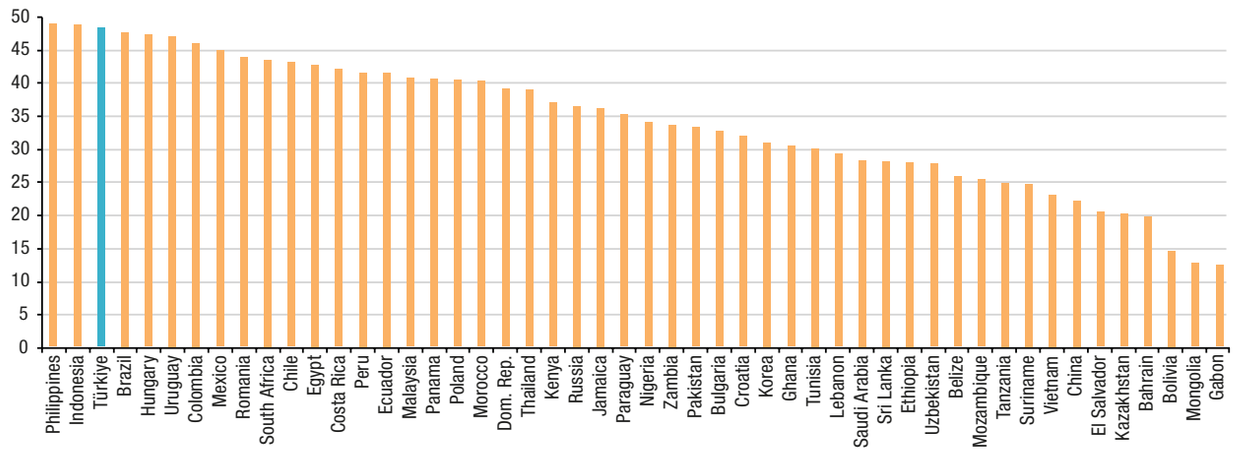
INVESTOR RELATIONS OFFICE

The Investor Relations Office (IRO)[19] was established under the General Directorate of Borrowing[20] in order to conduct relations with credit rating agencies (CRAs), as well as international banks, individual or corporate fund and portfolio managers, and to convey the current developments in our country's economy and financial markets at first-hand.

In line with the investor relations management function; the IRO organizes investor group meetings, gives feedbacks by reviewing the reports from foreign stakeholders including CRAs, monitors the data, trends and predictions regarding many areas of the Turkish economy and the global conjuncture, and carries out the processes of answering questions from foreign stakeholders.

Each year, the International Finance Institute (IIF) assess investor relations practices of 50 emerging markets and developing countries, which are active in capital markets with a periodic report. In the latest issue of this report, which was published in July 2024, Türkiye ranked third with 48.38 points in the investor relations offices ranking.

Figure 36 -Investor Relations Office (IIF - 2024)



19 *The IRO's website can be reached at https://en.hmb.gov.tr/investor-relations-office.*
20 *Front Office, Middle Office and Back Office have been unified under DG of Public Finance.*

SELECTED STATISTICS

All transactions carried out by the Ministry of Treasury and Finance within the asset and liability management framework are booked and the statistical results of these transactions are disclosed by the statistic department regularly. In this context, monthly debt management reports, monthly, quarterly, yearly statistics and various presentations are being published in the Ministry's official website https://en.hmb.gov.tr/. In this section of the report, some selected statistics are also presented to provide key aggregates.

CENTRAL GOVERNMENT DEBT STOCK - CURRENCY AND INTEREST COMPOSITION (1)

		2020			2021			2022			2023		
		Billion TL	Billion USD	%	Billion TL	Billion USD	%	Billion TL	Billion USD	%	Billion TL	Billion USD	%
INTEREST DECOMPOSITION	**TOTAL DEBT STOCK**	**1,813**	**247**	**100.0**	**2,748**	**211**	**100.0**	**4,035**	**215**	**100.0**	**6,737**	**228**	**100.0**
	Fixed	1,271	173	70.1	1,920	148	69.9	2,862	153	70.9	4,820	163	71.6
	Floating	291	40	16.0	537	41	19.5	776	41	19.2	1,457	49	21.6
	Indexed to CPI	251	34	13.8	292	22	10.6	398	21	9.9	459	16	6.8
	TL	794	108	100.0	933	72	100.0	1,392	74	100.0	2,409	82	100.0
	Fixed	401	55	50.5	436	34	46.7	723	39	51.9	1,389	47	57.6
	Floating	142	19	17.9	206	16	22.1	272	15	19.5	561	19	23.3
	Indexed to CPI	251	34	31.6	292	22	31.3	398	21	28.6	459	16	19.1
	FX	1,018	138	100.0	1,815	140	100.0	2,643	141	100.0	4,328	147	100.0
	Fixed	870	118	85.5	1,484	114	81.8	2,139	114	80.9	3,432	116	79.3
	Floating	148	20	14.5	331	25	18.2	504	27	19.1	896	30	20.7
	DOMESTIC DEBT STOCK	**1,060**	**144**	**100.0**	**1,321**	**102**	**100.0**	**1,905**	**102**	**100.0**	**3,209**	**109**	**100.0**
	Fixed	592	80	55.8	696	54	52.7	1,044	56	54.8	1,846	63	57.5
	Floating	218	30	20.5	334	26	25.2	463	25	24.3	904	31	28.2
	Indexed to CPI	251	34	23.7	292	22	22.1	398	21	20.9	459	16	14.3
	TL	794	108	100.0	933	72	100.0	1,392	74	100.0	2,409	82	100.0
	Fixed	401	55	50.5	436	34	46.7	723	39	51.9	1,389	47	57.6
	Floating	142	19	17.9	206	16	22.1	272	15	19.5	561	19	23.3
	Indexed to CPI	251	34	31.6	292	22	31.3	398	21	28.6	459	16	19.1
	FX	266	36	100.0	388	30	100.0	513	27	100.0	801	27	100.0
	Fixed	191	26	71.6	260	20	67.1	322	17	62.7	457	16	57.1
	Floating	75	10	28.4	128	10	32.9	192	10	37.3	343	12	42.9
	EXTERNAL DEBT STOCK(2)	**752**	**102**	**100.0**	**1,427**	**110**	**100.0**	**2,130**	**114**	**100.0**	**3,527**	**120**	**100.0**
	Fixed	680	92	90.3	1,224	94	85.8	1,818	97	85.3	2,975	101	84.3
	Floating	73	10	9.7	203	16	14.2	312	17	14.7	553	19	15.7
CURRENCY DECOMPOSITION	**TOTAL DEBT STOCK**	**1,813**	**247**	**100.0**	**2,748**	**211**	**100.0**	**4,035**	**215**	**100.0**	**6,737**	**228**	**100.0**
	TL	794	108	43.8	933	72	34.0	1,392	74	34.5	2,409	82	35.8
	USD	631	86	34.8	1,164	90	42.4	1,742	93	43.2	2,850	97	42.3
	EUR	257	35	14.2	376	29	13.7	529	28	13.1	855	29	12.7
	SDR	10	1	0.6	99	8	3.6	136	7	3.4	215	7	3.2
	JPY	42	6	2.3	44	3	1.6	41	2	1.0	58	2	0.9
	XAU	75	10	4.2	128	10	4.6	192	10	4.7	343	12	5.1
	Other	2	0	0.1	3	0	0.1	4	0	0.1	7	0	0.1
	DOMESTIC DEBT STOCK	**1,060**	**144**	**58.5**	**1,321**	**102**	**48.1**	**1,905**	**102**	**47.2**	**3,209**	**109**	**47.6**
	TL	794	108	43.8	933	72	34.0	1,392	74	34.5	2,409	82	35.8
	USD	103	14	5.7	164	13	6.0	189	10	4.7	240	8	3.6
	EUR	88	12	4.8	96	7	3.5	133	7	3.3	217	7	3.2
	XAU	75	10	4.2	128	10	4.6	192	10	4.7	343	12	5.1
	EXTERNAL DEBT STOCK (2)	**752**	**102**	**41.5**	**1,427**	**110**	**51.9**	**2,130**	**114**	**52.8**	**3,527**	**120**	**52.4**
	USD	528	72	29.2	1,001	77	36.4	1,553	83	38.5	2,609	88	38.7
	EUR	170	23	9.4	280	22	10.2	396	21	9.8	638	22	9.5
	JPY	42	6	2.3	44	3	1.6	41	2	1.0	58	2	0.9
	SDR	10	1	0.6	99	8	3.6	136	7	3.4	215	7	3.2
	Other	2	0	0.1	3	0	0.1	4	0	0.1	7	0	0.1
	USD Selling Rate	**7.3537**			**13.0009**			**18.7320**			**29.4913**		
	EUR/USD	1.2272			1.1314			1.0661			1.1065		
	SDR/USD	1.44482			1.39881			1.33446			1.34456		

(1) Provisional

(2) TL equivalents of external debt figures are calculated by end of relevant period USD selling rates.

Note: The stock by years can change due to possible updates.

GENERAL GOVERNMENT DEBT STOCK (1) DEFINED BY EUROPEAN UNION STANDARDS					
(Million TL)	**2019**	**2020**	**2021**	**2022**	**2023**
Total Debt	**1,398,531**	**1,991,448**	**2,930,308**	**4,623,983**	**7,768,280**
Central Government	1,449,287	1,986,385	2,906,168	4,601,335	7,677,244
Local Government	74,415	85,467	104,888	136,351	236,387
Social Security Funds	7	6	6	8	13
Between Sector Consolidation	-125,178	-80,409	-80,755	-113,711	-145,364
Total Debt	**1,398,531**	**1,991,448**	**2,930,308**	**4,623,983**	**7,768,280**
Currency and Deposits	3,145	3,632	4,184	4,738	5,397
Securities	1,207,408	1,745,705	2,579,321	4,139,851	6,952,972
Loans	187,978	242,112	346,803	479,395	809,910
Total Stock / GDP (%)	**32.4**	**39.4**	**40.4**	**30.8**	**29.6**

(1) Consolidated nominal debt stock defined in European System of Accounts (ESA) deficit and debt manual.

PUBLIC NET DEBT					
(Million TL)	**2019**	**2020**	**2021**	**2022**	**2023**
Total Public Sector Net Debt (I-II-III-IV)	**702,236**	**970,709**	**1,489,151**	**2,523,081**	**5,559,024**
I- Total Public Sector Debt Stock (Gross)	**1,451,081**	**1,959,555**	**3,010,892**	**4,552,731**	**7,543,026**
A-Domestic Debt	**846,083**	**1,158,415**	**1,493,032**	**2,277,425**	**3,769,326**
Central Government	755,052	1,060,354	1,321,189	1,905,331	3,209,252
Rest of the Public Sector	91,031	98,061	171,843	372,094	560,074
B- External Debt	**604,999**	**801,141**	**1,517,860**	**2,275,306**	**3,773,700**
Central Government	574,002	752,495	1,426,629	2,130,110	3,527,338
Rest of the Public Sector	30,997	48,646	91,231	145,196	246,362
II- Central Bank Net Assets	**460,677**	**614,196**	**1,037,584**	**995,839**	**141,459**
Net Foreign Assets	613,427	657,726	1,303,879	2,127,612	3,304,661
Other Asset and Obligations (Net)	-152,750	-43,530	-266,295	-1,131,773	-3,163,202
III- Public Sector Deposits	**156,627**	**271,438**	**393,406**	**909,538**	**1,645,593**
Central Government	105,464	194,963	271,988	630,469	1,142,951
Rest of the Public Sector	51,163	76,474	121,418	279,069	502,642
IV-Unemployment Insurance Fund Net Assets	**131,542**	**103,213**	**90,752**	**124,273**	**196,951**
Memo:					
Net External Debt Stock	**-8,428**	**143,415**	**213,981**	**147,694**	**469,039**
Net Domestic Debt Stock	**710,664**	**827,294**	**1,275,170**	**2,375,387**	**5,089,984**
Public Net Debt Stock/GDP (%)	**16.3**	**19.2**	**20.5**	**16.8**	**21.2**
GDP	**4,317,810**	**5,048,568**	**7,256,142**	**15,011,776**	**26,276,307**

GROSS EXTERNAL DEBT STOCK of TÜRKİYE - by BORROWER (Million USD)					
	2019 (*)	2020 (**)	2021 (**)	2022 (**)	2023 (**)
SHORT TERM	**95,871**	**111,594**	**118,351**	**148,601**	**176,012**
PUBLIC SECTOR	**23,444**	**24,892**	**22,219**	**28,895**	**34,473**
GENERAL GOVERNMENT	0	0	0	0	0
Central Government	0	0	0	0	0
Local Administrations	0	0	0	0	0
Funds	0	0	0	0	0
FINANCIAL INSTITUTIONS	23,444	24,892	22,219	28,895	34,473
Banks	23,444	24,892	22,219	28,895	34,473
Non-Banking Institutions	0	0	0	0	0
NON-FINANCIAL INSTITUTIONS	0	0	0	0	0
SOE's	0	0	0	0	0
Other	0	0	0	0	0
CBRT	**8,452**	**21,344**	**26,052**	**32,790**	**46,360**
PRIVATE SECTOR	**63,975**	**65,358**	**70,080**	**86,916**	**95,179**
FINANCIAL INSTITUTIONS	29,859	31,930	27,564	33,798	34,883
Banks	28,813	30,804	26,938	33,374	33,979
Non-Banking Institutions	1,046	1,126	626	424	904
NON-FINANCIAL INSTITUTIONS	34,116	33,428	42,516	53,118	60,296
LONG TERM	**318,589**	**316,989**	**317,016**	**308,425**	**324,320**
PUBLIC SECTOR	**137,444**	**152,735**	**156,412**	**156,273**	**167,185**
GENERAL GOVERNMENT	99,751	106,584	113,663	117,574	124,109
Central Government	96,443	102,317	109,732	113,715	119,607
Local Administrations	3,309	4,268	3,932	3,859	4,502
Funds	0	0	0	0	0
FINANCIAL INSTITUTIONS	35,460	33,623	30,134	25,584	29,860
Banks	34,340	32,396	28,720	24,252	28,986
Non-Banking Institutions	1,120	1,227	1,414	1,333	874
NON-FINANCIAL INSTITUTIONS	2,233	12,527	12,615	13,115	13,215
SOE's	2,044	2,348	3,086	3,892	3,852
Other	189	10,179	9,529	9,222	9,364
CBRT	**0**	**0**	**0**	**0**	**0**
PRIVATE SECTOR	**181,145**	**164,255**	**160,605**	**152,153**	**157,135**
FINANCIAL INSTITUTIONS	79,414	73,253	66,481	55,650	59,498
Banks	66,363	63,385	57,845	46,282	50,707
Non-Banking Institutions	13,051	9,868	8,636	9,368	8,791
NON-FINANCIAL INSTITUTIONS	101,731	91,001	94,124	96,502	97,637
GROSS EXTERNAL DEBT STOCK of TÜRKİYE	**414,460**	**428,583**	**435,367**	**457,026**	**500,332**
PUBLIC SECTOR	**160,888**	**177,627**	**178,631**	**185,168**	**201,658**
GENERAL GOVERNMENT	99,751	106,584	113,663	117,574	124,109
Central Government	96,443	102,317	109,732	113,715	119,607
Local Administrations	3,309	4,268	3,932	3,859	4,502
Funds	0	0	0	0	0
FINANCIAL INSTITUTIONS	58,904	58,515	52,353	54,479	64,333
Banks	57,784	57,288	50,939	53,147	63,459
Non-Banking Institutions	1,120	1,227	1,414	1,333	874
NON-FINANCIAL INSTITUTIONS	2,233	12,527	12,615	13,115	13,215
SOE's	2,044	2,348	3,086	3,892	3,852
Other	189	10,179	9,529	9,222	9,364
CBRT	**8,452**	**21,344**	**26,052**	**32,790**	**46,360**
PRIVATE SECTOR	**245,120**	**229,613**	**230,685**	**239,069**	**252,314**
FINANCIAL INSTITUTIONS	109,273	105,183	94,045	89,448	94,381
Banks	95,176	94,189	84,783	79,656	84,686
Non-Banking Institutions	14,097	10,994	9,262	9,792	9,695
NON-FINANCIAL INSTITUTIONS	135,847	124,429	136,640	149,620	157,933

(1) In accordance with the Presidency Decision dated December 4th, 2019 and numbered 1814, the foreign debt data of VakıfBank started to be classified under public sector classification as of 2019 Q4.

(2) Public Sector Classification has been updated as of the first quarter of 2020 within the scope of the "Statistical Classification Regulation" published in the Official Newspaper No. 31022 (repeated) dated 28 January 2020.

NET EXTERNAL DEBT STOCK OF TÜRKİYE

	GROSS EXTERNAL DEBT STOCK	CBRT EXTERNAL DEBT STOCK (-)	BANKS EXTERNAL DEBT STOCK (-)	EXTERNAL DEBT STOCK EXCLUDING MONETARY SECTOR (I)	CBRT NET FOREIGN ASSETS (1)	BANKS NET FOREIGN ASSETS	MONETARY SECTOR NET FOREIGN ASSETS (2) (II)	NET EXTERNAL DEBT STOCK (I-II)	NET EXTERNAL DEBT STOCK / GDP (3) (%)
2019	414,460	8,452	152,960	**253,049**	104,660	-71,722	**32,938**	**220,111**	**28.9**
2020	428,583	21,344	151,477	**255,762**	91,163	-78,229	**12,934**	**242,828**	**33.9**
2021	435,367	26,052	135,721	**273,594**	107,058	-54,133	**52,925**	**220,669**	**27.3**
2022	457,026	32,790	132,803	**291,434**	121,024	-59,349	**61,674**	**229,759**	**25.4**
2023	500,332	46,360	148,145	**305,827**	119,549	-76,206	**43,344**	**262,483**	**23.5**

(1) As the Treasury's obligations to the IMF are included in the "External Liabilities" side of the "Monetary Survey" and "Gross External Debt Stock of Türkiye", Treasury's obligations to the IMF are subtracted from CBRT's liabilities in order to avoid double counting.
(2) "Monetary Survey" data is used as a net foreign assets of monetary sector.
(3) For quarterly terms, ratios are calculated using GDP in USD amounts on a four quarter moving basis.

PROGRAM DEFINED BALANCE (% GDP)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 MTP	2025 MTP	2026 MTP
CB Primary Balance	1.7	1.3	1.3	0.8	0.3	0.0	-0.6	-0.8	-0.3	1.1	-2.7	-3.4	0.0	0.7
CB Program Defined Primary Balance	0.8	0.4	0.4	-0.5	-0.5	-1.5	-3.0	-2.6	-1.7	-0.2	-3.7	-4.0	-0.7	0.1

Million USD	REPAYMENTS OF TREASURY GUARANTEED CREDITS (1)								
	2021			2022			2023		
	Paid by Treasury	Paid by Institution	Undertaken Ratio (%)	Paid by	Paid by	Undertaken	Paid by	Paid by	Undertaken
Central Government	0	35	0.0	0	38	0.0	0	72	0.0
Local Administrations	26	47	35.2	21	39	35.7	19	25	35.7
Funds	0	0	0.0	0	0	0.0	0	0	0.0
Financial Institutions	0	2,523	0.0	0	1,175	0.0	0	2,584	0.0
Non-Financial Institutions	0	159	0.0	0	235	0.0	0	1,065	0.0
Private Sector Financial Institutions	0	398	0.0	0	406	0.0	0	466	0.0
Private Sector Non-Financial Institutions	0	0	0.0	0	0	0.0	0	0	0.0
Total	**26**	**3,162**	**0.8**	**21**	**1,892**	**1.1**	**19**	**4,241**	**0.5**

(1) Provisional

Million TL	TREASURY RECEIVABLE STOCK (1)								
	2021			2022			2023		
	Outstandig Overdue Receivables	Projected Receivables Stock	Total	Outstandig Overdue Receivables	Projected Receivables Stock	Total	Outstandig Overdue Receivables	Projected Receivables Stock	Total
Local Institutions	35	10,213	10,249	32	8,562	8,594	28	10,525	10,553
SOEs	2,146	3,450	5,595	2,738	3,983	6,722	3,554	5,517	9,071
Banks	0	149	149	0	181	181	0	1,218	1,218
Social Security Institution	0	6	6	0	8	8	0	13	13
Public Banks	0	3,499	3,499	0	4,184	4,184	0	5,422	5,422
Public Enterprises (2)	0	22	22	0	12	12	0	4	4
Central Administrations	0	1,189	1,189	0	954	954	0	953	953
Total	**2,181**	**18,528**	**20,709**	**2,771**	**17,885**	**20,655**	**3,582**	**23,651**	**27,233**

(1) Provisional. Indicates total amount of outstanding overdue and projected receivables.

(2) Represents İstanbul Gas Distribution Company.

REPUBLIC OF TÜRKİYE
MINISTRY OF TREASURY
AND FINANCE