

Technical Details Regarding Turkish Lira Liquidity Management

13 September 2018

In our press release dated September 13, 2018, it has been stated that The Central Bank funding, which is currently provided through overnight lending, will be provided via one-week repo auctions starting from September 14, 2018. One-week transition period has been envisaged for providing all of the funding via one-week auctions.

Within this framework, during the one week transition period, the overnight lending rate will be 24% from September 14, 2018 to September 20, 2018 (these dates included) in order to ensure materialization of the weighted average funding cost in line with the determined monetary policy stance.

During the transition period and afterwards, banks, as in the current situation, will be able to borrow from the Repo and Reverse Repo Market and the Interbank Repo and Reverse Repo Market within İstanbul Stock Exchange and from the Central Bank Interbank Money Market within their limits at the Central Bank lending rate. Also, banks will be able to lend the Central Bank at the Central Bank borrowing rate without any limit in case of liquidity surplus. All participants may utilize overnight repo facility through quotation at the lending rate against Turkish Lira denominated Lease Certificates issued by the Undersecretariat of Treasury Asset Leasing Company (HMKVŞ).

The late liquidity window and the intraday limit facilities will continue to operate within their existing framework.