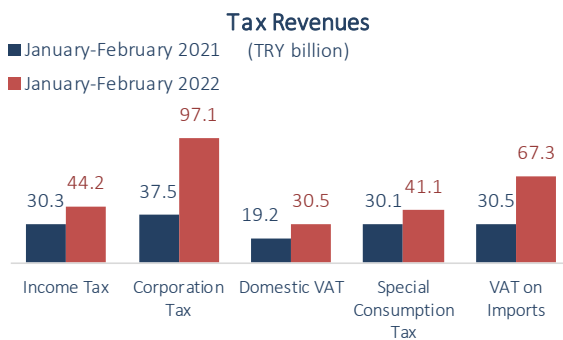


Central government budget posted a surplus of 69.7 billion TRY in February.

The central government budget balance maintained its positive performance in February. The central government budget, which gave a surplus of 23.2 billion TRY in February 2021, posted a surplus of 69.7 billion TRY in the same month of this year, well above the market expectations. In February, budget revenues which rose by 126.3% yoy to 270.6 billion TRY, were supported by the increase in tax revenues as well as the 49.6 billion TRY annual rise in enterprise and property revenues. Budget expenditures more than doubled in the same period and reached 200.8 billion TRY. The primary balance, which gave a surplus of 35.9 billion TRY in February 2021, posted a surplus of 113.4 billion TRY in the same month of this year. In the first two months of the year, budget revenues went up by 113.5% yoy, while budget expenditures rose by 65% yoy. Thus, the budget balance, which gave a deficit of 1 billion TRY in the January-February 2021 period, posted a surplus of 99.8 billion TRY in the same period of this year.

Enterprise and property incomes rose rapidly.

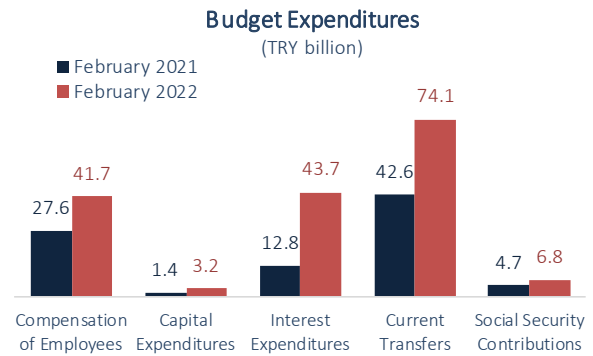
In February 2022, tax revenues increased by 83.2% yoy to 180.3 billion TRY. The corporate tax, which rose by 123.4% yoy, contributed the most to the increase in tax revenues. In addition, the value added tax on imports went up by 132% yoy due to the rise in exchange rates and supported tax revenues. Enterprise and property revenues, which were at the level of 1.7 billion TRY in February 2021, increased rapidly to 51.3 billion TRY in the same month of this year with the effect of transferring the CBRT's operating income to the budget. In addition, 5.8 billion annual increase in special incomes, which



is under the donations, aids received and special incomes item, supported the budget revenues as well.

Interest expenses increased by 242.3% yoy.

In February, interest expenses increased by 242.3% yoy due to the rise in TRY denominated bond interest expenses by 25 billion TRY. In this period, non-interest expenditures increased by 87.9% yoy, above the annual CPI inflation. In February 2022, annual rise in current transfers and personnel expenses, which constitute 47% of non-interest budget expenditures, were 73.9% and 51.1%, respectively. In this period, domestic debt transfers to public enterprises (PE) and transfers made within the scope of PE assignments significantly increased the budget expenditures. In this context, a total of 18 billion TRY (14.7 billion TRY lending, 3.3 billion TRY assignment expense) payments made to BOTAŞ due to the rise in natural gas prices, stood out. Rising energy prices in global markets caused electricity purchases to increase approximately 4 times on an annual basis in February.



Expectations...

The positive performance in the central government budget continued in February with the support of the transfer of the CBRT's operating income to the budget and the rapid increase in tax revenues. On the other hand, decrease in VAT rate in electricity at the beginning of March following the VAT reduction in the food products in February, is expected to limit the increase in revenues in the coming period. In addition, the recent rise in foreign exchange rates may put pressure on budget expenditures as the maturities of FX-linked TRY deposits are due in the coming period.

Central Government Budget

	February		%	January-February		%	2022 Budget	
	2021	2022		Change	2021		2022	Change
Expenditures	96.4	200.8	108.3	210.2	346.8	65.0	1,751.0	19.8
Interest Expenditures	12.8	43.7	242.3	34.7	57.9	66.9	240.4	24.1
Non-Interest Expenditures	83.7	157.1	87.9	175.5	288.9	64.6	1,510.6	19.1
Revenues	119.6	270.6	126.3	209.2	446.6	113.5	1,472.6	30.3
Tax Revenues	98.4	180.3	83.2	177.7	327.7	84.5	1,258.3	26.0
Other Revenues	21.1	90.2	326.8	31.5	118.8	276.9	214.3	55.4
Budget Balance	23.2	69.7	201.0	-1.0	99.8	-	-278.4	-
Primary Balance	35.9	113.4	215.7	33.7	157.7	367.7	-38.0	-

Numbers may not add up to total value due to rounding.

Source: Datastream , Ministry of Treasury and Finance

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