

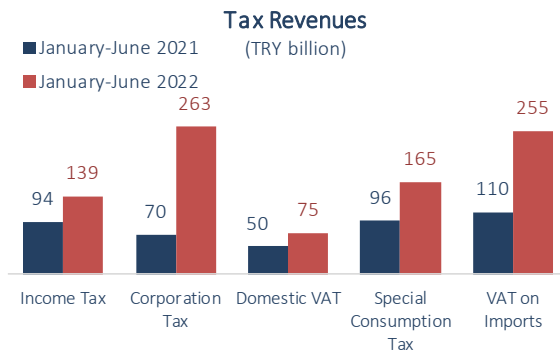


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Central government budget gave a deficit of 31.1 billion TRY in June. In this period, budget revenues increased by 104.9% yoy to 181 billion TRY, while budget expenditures rose by 87.1% yoy and reached 212.1 billion TRY. In June, the primary budget deficit expanded by 17.1% yoy and amounted to 18.3 billion TRY. In the January-June period, budget revenues went up by 100.6% yoy, while budget expenditures increased by 76.7%. Thus, the central government budget posted a surplus of 93.6 billion TRY in the first half of the year thanks to the rapid increase in tax revenues.

The increase in tax revenues continued in June.

Tax revenues increased by 108.4% yoy in June and became 152.6 billion TRY. In this period, value added tax revenues on imports, which constituted 36% of tax revenues, increased 2.5 times on an annual basis with the effect of exchange rate developments, while the rise in SCT revenues, which constituted 25% of tax revenues, was 113.4%. Domestic value added tax revenues increased by 94.3% and reached TRY 8.9 billion in June. In this period, non-tax revenues also performed a strong increase.

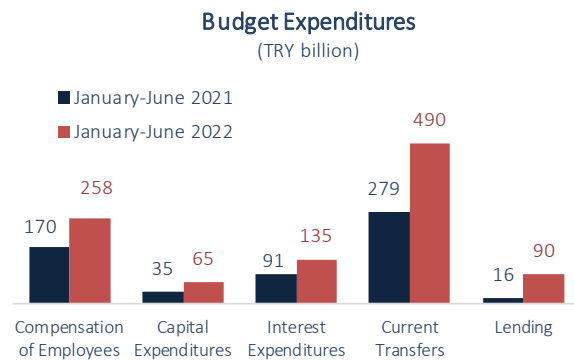


Current transfers doubled on an annual basis.

In June, the annual increase in non-interest expenditures became 91.7%, above the inflation rate, but slightly below the rise in revenues. In this period, current transfers, which accounted for 54% of primary expenditures, surged by 100.7% yoy and reached 106.8 billion TRY. Other transfers to households, under current transfers, increased 3.5 times on an annual basis, while there was also a rapid rise in the

shares of local administrations and funds. Expenditures on the purchase of goods and services rose by 97.8% yoy to 17.3 billion TRY in June, while capital expenditures nearly tripled to 18.6 billion TRY due to the rise in immovable capital produce expenses. In this period, interest expenses increased by 35.6% and became 12.8 billion TRY.

Payments made within the scope of domestic debt transfers to PEs in June was realized as 1.8 billion TRY, the lowest level since January. Thus, in the first six months of the year, domestic debt transfers to PEs reached 79.5 billion TRY. In addition, expenses related to FX-indexed Turkish Lira deposit accounts were recorded as 16.1 billion TRY in June. In the March-June period, aforementioned expenditure amount reached 37.2 billion TRY.



Expectations...

The Turkish Grand National Assembly approved the additional budget, which projects an increase of 1,080 billion TRY in budget revenues and expenses. In this context, an additional budget of 120.5 billion TRY was allocated for capital transfers to PEs and an appropriation of 40 billion TRY was allocated for the expenses related to FX-indexed Turkish Lira deposit accounts. The central government budget, which showed a positive performance with the support of the rapid increase in corporate tax revenues in the first half of the year, presents an outlook in line with the targets set with the additional budget. In the coming months, the effects of the course of global energy prices on the budget balance, as well as the outlook in domestic demand and exchange rates, will continue to be monitored.

Central Government Budget

	June		%	January-June		%	2022 Budget		Real./ Budget
	2021	2022		Change	2021		2022	Change	
Expenditures	113.4	212.1	87.1	663.4	1,171.9	76.7	2,831.5	41.4	
Interest Expenditures	9.4	12.8	35.6	90.9	134.7	48.2	329.8	40.8	
Non-Interest Expenditures	104.0	199.3	91.7	572.5	1,037.2	81.2	2,501.7	41.5	
Revenues	88.3	181.0	104.9	630.8	1,265.4	100.6	2,553.1	49.6	
Tax Revenues	73.2	152.6	108.4	496.9	1,033.8	108.0	2,186.0	47.3	
Other Revenues	15.1	28.4	87.9	133.9	231.6	73.0	367.1	63.1	
Budget Balance	-25.0	-31.1	24.1	-32.5	93.6	-	-278.4	-	
Primary Balance	-15.6	-18.3	17.1	58.3	228.2	291.2	51.4	443.8	

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

Source: Datastream , Ministry of Treasury and Finance

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