

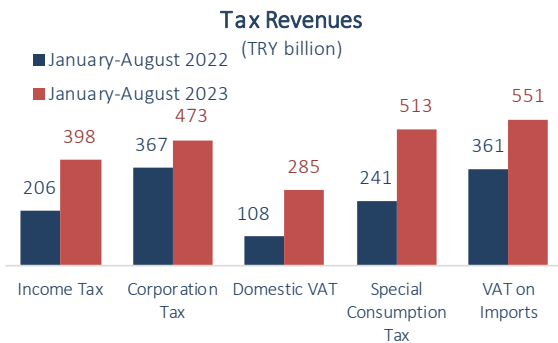


Central government budget posted a surplus of 51.3 billion TRY in August.

Following July, the central government budget posted a surplus of 51.3 billion TRY in August. Budget revenues more than doubled compared to the same period of the previous year, reaching 614 billion TRY, while expenditures increased by 86.1% yoy to 562.7 billion TRY. Thus, in January-August period the central government budget deficit declined to 383.4 billion TRY. In this period, primary balance posted a surplus of 16.7 billion TRY.

In August, tax revenues almost doubled on an annual basis.

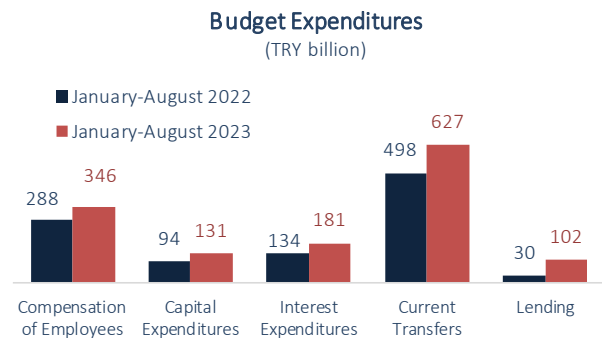
Tax revenues, which nearly doubled yoy to 543.2 billion TRY in August, accounted for 88% of total budget revenues. In addition to the hikes in tax rates, the rise in tax revenues was also driven by the 76.9 billion TRY increase on an annual basis in import and domestic value added tax due to high inflation and rising exchange rates. Moreover, special consumption tax revenues rose by 164.5% yoy to 104.1 billion TRY in line with the rising sales in the automobile market while income tax revenues went up by 101.5% yoy to 68.2 billion TRY. Corporate tax also supported the rise in tax revenues by recording an increase which is close to the annual CPI inflation, becoming 161.1 billion TRY. In August, interest, shares and



finances increased by 140% yoy and accounted for 9% of the budget revenues.

The rise in current transfers was effective in budget expenditures.

In August, budget expenditures excluding interest expenditures went up by 70% yoy. This was mainly driven by the 89.7% yoy rise in current transfers due to the rapid rise in Treasury aids as well as the 125.5% yoy rise in personnel expenditures. In August, capital transfers increased by 241.3% yoy while lending expenditures contracted by 38% yoy due to the high base effect despite the 24 billion TRY payment to the Turkish Grain Board. In August, interest expenditures almost quadrupled on an annual basis due to the rise in interest payments on government domestic borrowing bonds to 58.1 billion TRY.



Expectations...

Supported by the rapid increases in tax revenues, central government budget displayed a positive performance in August as in July. Thus, the budget deficit in January-August period constituted 23.5% of the budget deficit target of TRY 1,633 billion set for 2023 in the Medium Term Program published on September 6th.

Central Government Budget

	August		% Change	January-August		% Change	MTP Target	Real./ MTP Target (%)
	2022	2023		2022	2023			
Expenditures	302.3	562.7	86.1	1,735.2	3,382.1	94.9	6,562.6	51.5
Interest Expenditures	22.6	87.1	284.8	174.0	400.1	130.0	646.1	61.9
Non-Interest Expenditures	279.7	475.5	70.0	1,561.2	2,982.0	91.0	5,916.5	50.4
Revenues	305.9	614.0	100.7	1,768.3	2,998.7	69.6	4,929.7	60.8
Tax Revenues	271.9	543.2	99.8	1,474.5	2,595.8	76.0	4,270.7	60.8
Other Revenues	34.1	70.8	107.7	293.8	402.9	37.1	659.0	61.1
Budget Balance	3.6	51.3	1,329.6	33.1	-383.4	-	-1,633.0	23.5
Primary Balance	26.2	138.4	427.6	207.1	16.7	-91.9	-986.8	-

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

Source: Datastream , Ministry of Treasury and Finance

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