Budget Balance
February 2026

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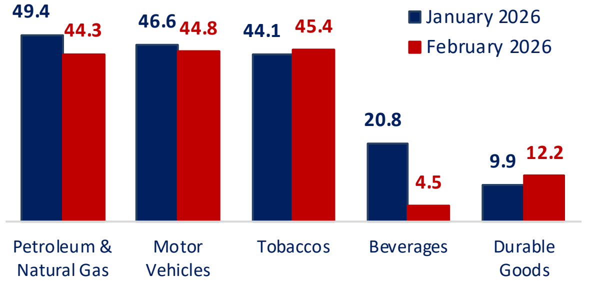
The central government budget recorded a surplus of 24.4 billion TRY in February.

In February, central government budget revenues rose by 87.1% compared to the same month of last year to 1.4 trillion TRY, while budget expenditures increased by 28.6% yoy to 1.3 trillion TRY. Thus, the central government budget, which recorded a deficit of 310.1 billion TRY in February 2025, posted a surplus of 24.4 billion TRY in the same month this year. During the same period, the Treasury cash balance had recorded a deficit of 92.4 billion TRY. Following January, the primary budget balance continued to post a surplus with 208.1 billion TRY.

Consequently, in the first two months of 2026, the budget deficit narrowed by 58% yoy to 190.2 billion TRY, while the primary surplus reached 449.9 billion TRY.

Special Consumption Tax Revenues
(billion TRY)



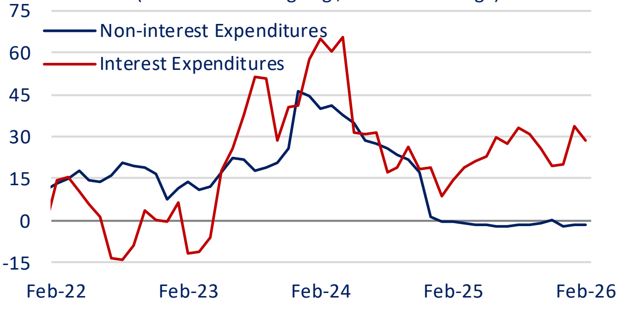
Tax revenues increased by 91.8% yoy.

In February, tax revenues -which accounted for 83% of the central government's budget revenues- rose by 91.8% yoy and reached 1.1 trillion TRY. Corporate income tax revenue rose to 376 billion TRY, partly due to variations in the collection period. Income tax revenue rose by 67.5% yoy to 220 billion TRY, while increases in value-added tax (VAT) on imports and special consumption tax (SCT) revenues were 34.4% and 21.1%, respectively. Details of special consumption tax revenues reveals that SCT on petroleum and natural gas products rose by 33.8% yoy, while those on tobacco products increased by 26.9%; however, the increase in SCT on motor vehicles remained limited to 5%. On the other hand, the 66% annual decline in domestic VAT revenue to 31.9 billion TRY in February limited the overall growth in tax revenue. Non-tax revenues also showed a strong increase of 67.3% in February. This development was driven by a sevenfold annual increase in enterprise and property income to 62.4 billion TRY, in parallel with the rapid rise in Treasury portfolio and affiliate revenues.

The annual increase in interest expenses lost momentum in February.

In February, interest expenses recorded a more moderate annual increase (31.5%) compared to January and accounted for 14% of total budget expenditures, in line with the 2025 average. During the same period, non-interest budget expenditures increased by 28.2% yoy, reaching 1.1 trillion TRY. Current transfers, which accounted for 48% of non-interest expenditures in February, rose by 35.2% yoy, while personnel expenses, which accounted for 34%, increased by 39.7%,both exceeding the annual inflation rate. Social security contributions and expenditures on goods and services, which increased by 50.6% and 39.1%, respectively, during this period, together accounted for 12% of total non-interest expenditures. On the other hand, the annual contraction in capital transfers (-89.6%) and capital expenditures (-35.5%) in February alleviated the pressure on budget expenditures.

Real Expenditures
(12 month moving avg., annual % change)



Expectations...

In February, the central government budget presented a positive outlook, thanks to the strong rise in budget revenues compared to the moderate increase in budget expenditures. However, increases in major expenditure items generally exceeded inflation, and the factor limiting budget expenditures was the annual decline in investment items. The reintroduction of the sliding scale system at the beginning of March implemented as a precaution against the rise in energy prices amid geopolitical concerns, is expected to put pressure on tax revenues in the coming period. The pace of domestic economic activity also continues to be significant for the budget outlook.

Central Government Budget (billion TRY)

	February		%	January-February		%	2026 Budget	Real/ Budget
	2025	2026	Change	2025	2026	Change	Target	Target (%)
Expenditures	**1,033.5**	**1,329.2**	**28.6**	**2,089.9**	**2,965.0**	**41.9**	**18,978.8**	**15.6**
Interest Expenditures	139.7	183.7	31.5	302.7	640.1	111.5	2,741.7	23.3
Non-Interest Expenditures	893.8	1,145.5	28.2	1,787.2	2,324.9	30.1	16,237.2	14.3
Revenues	**723.4**	**1,353.6**	**87.1**	**1,640.5**	**2,774.8**	**69.1**	**16,266.1**	**17.1**
Tax Revenues	585.0	1,122.0	91.8	1,377.6	2,303.2	67.2	13,833.1	16.6
Other Revenues	138.5	231.6	67.3	262.9	471.6	79.4	2,433.0	19.4
Budget Balance	**-310.1**	**24.4**	**-**	**-449.4**	**-190.2**	**-57.7**	**-2,712.7**	**7.0**
Primary Balance	**-170.4**	**208.1**	**-**	**-146.6**	**449.9**	**-**	**29.0**	**1,553.5**

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

Source: Datastream, Ministry of Treasury and Finance

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