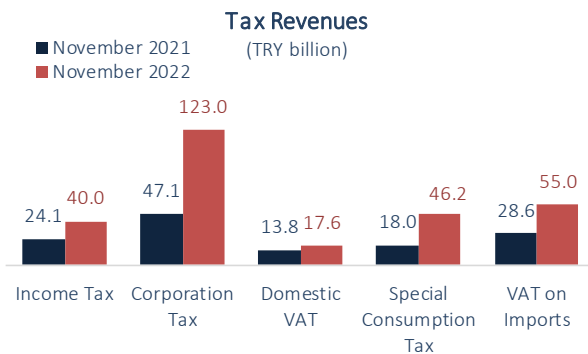


Central government budget posted a surplus of 108.3 billion TRY in November.

The central government budget posted a surplus of 108.3 billion TRY in November thanks to the rapid increase in revenues as well as the decline in expenditures in real terms. In November, budget revenues surged by 107.3% compared to the same month of the previous year and reached 347.7 billion TRY, while budget expenditures rose by 76.4% yoy, below the inflation rate, to 239.4 billion TRY. In this period, the primary balance gave a surplus of 132.7 billion TRY. In the January-November period, budget expenditures expanded by 94.7% on an annual basis, while revenues doubled in the same period. Thus, in the first 11 months of the year, the budget deficit was realized as 20.4 billion TRY.

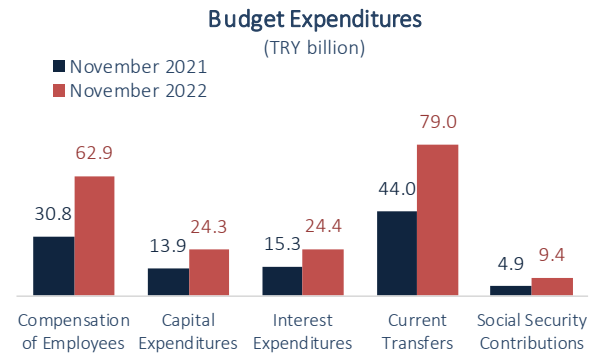
Tax revenues amounted to 312 billion TRY in November.

In November, tax revenues increased by 109.6% on an annual basis and were recorded as the highest monthly tax revenues on a monthly basis with 312 billion TRY. This development was driven by provisional corporation tax, which went up by 189.7% yoy and contributed 48.1 points to the annual increase in budget revenues. In addition, SCT revenues, which expanded by 156.7% yoy in November with the support of the rises in SCT's from petroleum and natural gas as well as motor vehicles, contributed significantly to the rise in budget revenues with 16.8 points. While domestic VAT increased slightly in November, the contribution of VAT on imports remained at a high level with 15.7 points. Interest incomes, which increased more than 6 times on an annual basis in November, also contributed 9.4 billion TRY to the annual rise in budget revenues.



There were no budget payment for KKM in November.

Non-interest expenditures climbed by 76.4% yoy in November, below the inflation rate for the first time since May. In this period, increasing by 79.6% on an annual basis, current transfers raised budget expenditures by 25.8 points. Current transfers rose due to increases in health, retirement, and social assistance costs, as well as the amounts allocated to local governments. Compensation of employees nearly doubled on an annual basis in November, reaching 62.9 billion TRY. The annual decline in payments made to PEs within the scope of domestic debt transfers and the absence of expenditure on Currency Protected Deposits (KKM) accounts restrained the expansion in budget expenditures. In November, interest expenses increased by 59.3% and reached 24.4 billion TRY.



Expectations...

The central government budget posted a surplus in November thanks to the rapid rise in budget revenues, especially in corporate taxes, and the low increase in budget expenditures compared to the first 10 months of the year. In the January-November period, the central government budget deficit was realized as 20.4 billion TRY, well below the year-end forecast of 461 billion TRY in the Medium Term Program. Although the budget posts generally high deficits in the month of December, the realization in the first 11 months of the year indicates that the budget deficit may remain slightly below the targeted level in the whole year of 2022.

Central Government Budget

| | November | | % Change | January-November | | % Change | (billion TRY) | | MTP Real./ Budget Target (%) |
|---------------------------|--------------|--------------|--------------|------------------|----------------|--------------|--------------------|-----------------|------------------------------|
| | 2021 | 2022 | | 2021 | 2022 | | 2022 Budget Target | 2022 MTP Target | |
| Expenditures | 135.8 | 239.4 | 76.4 | 1,318.8 | 2,567.6 | 94.7 | 2,831.5 | 3,133.7 | 81.9 |
| Interest Expenditures | 15.3 | 24.4 | 59.3 | 171.9 | 292.7 | 70.3 | 329.8 | 329.8 | 88.7 |
| Non-Interest Expenditures | 120.4 | 215.0 | 78.5 | 1,146.9 | 2,274.9 | 98.3 | 2,501.7 | 2,803.9 | 81.1 |
| Revenues | 167.8 | 347.7 | 107.3 | 1,272.3 | 2,547.2 | 100.2 | 2,553.1 | 2,672.5 | 95.3 |
| Tax Revenues | 148.9 | 312.0 | 109.6 | 1,053.4 | 2,141.8 | 103.3 | 2,186.0 | 2,269.6 | 94.4 |
| Other Revenues | 18.9 | 35.7 | 89.1 | 218.9 | 405.4 | 85.2 | 367.1 | 402.9 | 100.6 |
| Budget Balance | 32.0 | 108.3 | 238.5 | -46.5 | -20.4 | -56.0 | -278.4 | -461.2 | 4.4 |
| Primary Balance | 47.3 | 132.7 | 180.5 | 125.4 | 272.2 | 117.1 | 51.4 | -131.4 | - |

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

Source: Datastream , Ministry of Treasury and Finance

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