

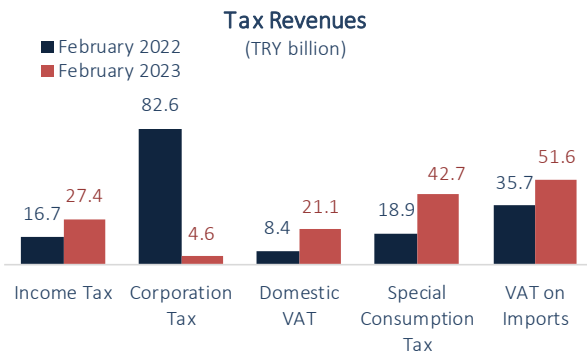


Central government budget gave a deficit of 170.6 billion TRY in February.

In February, the effects of the earthquake disaster were seen on central government budget. While budget revenues decreased by 19.1% yoy in this period, budget expenditures increased by 93.9% yoy in parallel with the rapid rises in personnel expenses, current transfers and capital transfers. Thus, the budget deficit reached a historically high level of 170.6 billion TRY. In the first two months of the year, the central government budget posted a deficit of 202.8 billion TRY. In February, when interest expenditures decreased, the primary deficit was 136.3 billion TRY, while the deficit in the first two months of the year became 147.2 billion TRY.

Corporate tax revenues decreased by 94.6% on an annual basis.

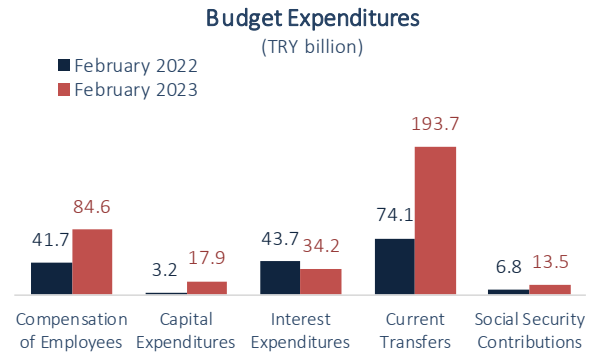
Tax revenues, which made up 82% of total budget revenues in February, decreased by 0.4% yoy to 179.6 billion TRY. In this period, with the effect of tax deferrals provided to corporate taxpayers due to the earthquake disaster, the corporate tax revenues decreased by 94.6% on an annual basis. The rapid annual increases of 152.2% in domestic value added tax and 126.5% in special consumption tax, on the other hand, limited the decline in total tax revenues. In addition, enterprise and ownership revenues, which were at the level of 51.3 billion TRY in February 2022 because of the transfer of CBRT's operating income to the budget, decreased by 90.4% yoy to 4.9 billion TRY in the same month of this year.



Current transfers rose by 161.4% yoy.

Current transfers increased by 161.4% yoy in February and constituted 54.5% of primary budget expenditures. The rapid

rises in the payments to Elektrik Üretim A.Ş. (9 billion TRY) and BOTAŞ (16 billion TRY), as well as the rapid increase in the not-classified Treasury aid item (21.6 billion TRY) were behind the expansion of budget expenditures. In this period, support payments were provided at an amount of 5.6 billion TRY for the transformation of areas under disaster risk, and at 15.9 billion TRY as fertilizer and diesel supports within the scope of field-based agricultural supports. Transfers to households and businesses went up by 38.9 billion TRY (406%) yoy in February, 16.8 billion TRY of this increase was in the form of other transfers to households and businesses that were not included in the classification. In this period, capital expenditures expanded approximately 6 times on an annual basis to 17.9 billion TRY due to the increase in highway construction (5.7 billion TRY) and other contracting expenses (3.9 billion TRY). In February, expenses related to FX-indexed deposit accounts were recorded as 632 million TRY, in line with the relatively flat course in foreign exchange rates.



Expectations...

In February, the central government budget gave a high deficit due to the decline in corporate tax revenues and the rapid rise in budget expenditures because of the earthquake disaster. In this period, CBRT's operating income was not transferred to the budget and this also caused a decline in budget revenues compared to last February. Thus, in the first two months of the year, the budget deficit reached 30.8% of the year-end target which is 659.4 billion TRY.

Central Government Budget

	February			January-February			(billion TRY)	
	2022	2023	% Change	2022	2023	% Change	2023 Budget Target	Real./ Budget Target (%)
Expenditures	200.8	389.4	93.9	346.8	710.7	104.9	4,469.6	15.9
Interest Expenditures	43.7	34.2	-21.6	57.9	55.6	-4.0	565.6	9.8
Non-Interest Expenditures	157.1	355.2	126.0	288.9	655.1	126.8	3,904.0	16.8
Revenues	270.6	218.8	-19.1	446.6	507.9	13.7	3,810.1	13.3
Tax Revenues	180.3	179.6	-0.4	327.7	432.4	31.9	3,199.5	13.5
Other Revenues	90.2	39.2	-56.5	118.8	75.5	-36.5	610.6	12.4
Budget Balance	69.7	-170.6	-	99.8	-202.8	-	-659.4	30.8
Primary Balance	113.4	-136.3	-	157.7	-147.2	-	-93.8	-

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

Source: Datastream , Ministry of Treasury and Finance

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