

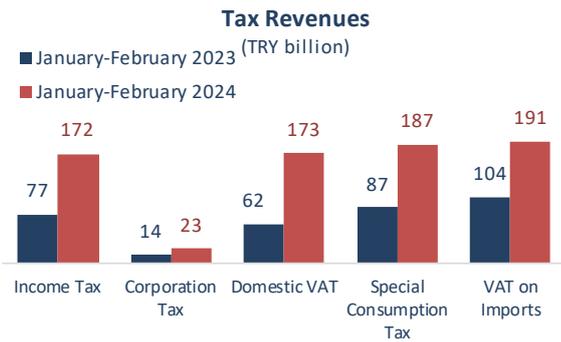


Central government budget deficit became 153.8 billion TRY in February.

In February, central government budget revenues increased by 145% compared to February 2023, the date of earthquake disaster, to 536.1 billion TRY and budget expenditures rose by 77.2% to 689.9 billion TRY. Thus, central government budget deficit decreased by 9.8% yoy to 153.8 billion TRY in February. In the same period, primary budget deficit narrowed by 27.4% to 99 billion TRY. On the other hand, cumulative budget deficit increased by 50.2% yoy to 304.5 billion TRY in the first two months of 2024.

Tax revenues rose by 126.2% on annual basis.

In February, tax revenues increased by 126.2% yoy to 406.3 billion TRY due to the low base effect. In this period, domestic value added tax revenues nearly tripled, while corporate tax income increased rapidly by 182.3% yoy. Special consumption tax revenues also rose by 108% to 88.8 billion TRY.



In February, revenues from Treasury portfolio and subsidies increased almost 17-fold on an annual basis due to the difference in revenue transfer periods between the base year and current year. In this period, the Treasury's revenues from interest, shares and fines went up by 204.6% yoy to 55.5 billion TRY. Thus, non-tax revenues surged by 231.1% yoy in February.

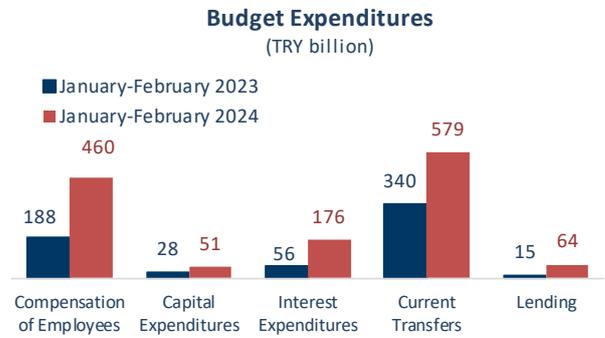
Central Government Budget

	February			January-February			(billion TRY)	
	2023	2024	% Change	2023	2024	% Change	MTP Target	Real./ MTP Target (%)
Expenditures	389.4	689.9	77.2	710.7	1,457.9	105.1	11,089.0	13.1
Interest Expenditures	34.2	54.8	60.2	55.6	175.9	216.5	1,254.0	14.0
Non-Interest Expenditures	355.2	635.1	78.8	655.1	1,281.9	95.7	9,835.0	13.0
Revenues	218.8	536.1	145.0	507.9	1,153.4	127.1	8,437.1	13.7
Tax Revenues	179.6	406.3	126.2	432.4	923.5	113.6	7,407.7	12.5
Other Revenues	39.2	129.8	231.2	75.5	229.9	204.6	1,029.4	22.3
Budget Balance	-170.6	-153.8	-9.8	-202.8	-304.5	50.2	-2,651.9	11.5
Primary Balance	-136.3	-99.0	-27.4	-147.2	-128.6	-12.7	-1,397.9	9.2

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

Current transfers increased by 51.9% yoy.

In February, current transfers increased by 51.9% yoy, below the CPI inflation, while personnel expenditures surged by 136.5% yoy. In this period, 18.2 billion TRY was paid to Electricity Generation Corporation (EÜAŞ) and 72.9 billion TRY was paid to social security institutions from the assignment item. In February, the lending item increased by 3.7 times yoy to 38.2 billion TRY, in line with the loans to the Produce of Soil Office (TMO) (12.5 billion TRY), Türkiye Sugar Factory Inc. (TÜRKŞEKER) (7.2 billion TRY) and Turk Eximbank (11.8 billion TRY). In February, capital transfers, which were high last year due to earthquake expenditures, declined by 85.2% yoy. In this period, interest expenses rose by 60.2% yoy.



Expectations...

In February, central government revenues increased faster than expenditures on an annual basis due to the fact that extraordinary realizations of previous year's February caused by earthquake disaster, created a base effect. In the January-February period, cumulative budget deficit was 304.5 billion TRY, 11.5% of the Medium Term Program target of 2,652 billion TRY for 2024. In the upcoming period, the effects of the steps to be taken in line with the disinflation target on domestic demand, budget revenues and public expenditures will be decisive on the budget outlook.

Economic Research Division

Alper Grler
Division Head
alper.gurler@isbank.com.tr

Dilek Sarsın Kaya
Asst.Manager
dilek.kaya@isbank.com.tr

H.Erhan Gl
Unit Manager
erhan.gul@isbank.com.tr

Utkan İnam
Asst.Economist
utkan.inam@isbank.com.tr

Our reports are available on our website <https://research.isbank.com.tr>

LEGAL NOTICE

This report has been prepared by Trkiye İř Bankası A.ř. economists and analysts by using the information from publicly available sources believed to be reliable, solely for information purposes; and they are not intended to be construed as an offer or solicitation for the purchase or sale of any financial instrument or the provision of an offer to provide investment services. The views, opinions and analyses expressed do not represent the official standing of Trkiye İř Bankası A.ř. and are personal views and opinions of the analysts and economists who prepare the report. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this report. All information contained in this report is subject to change without notice, Trkiye İř Bankası A,ř, accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

This report is copyright-protected. Reproducing, publishing and/or distributing this report in whole or in part is therefore prohibited. All rights reserved.
