

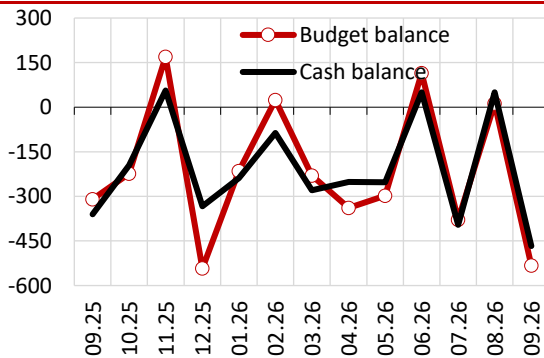
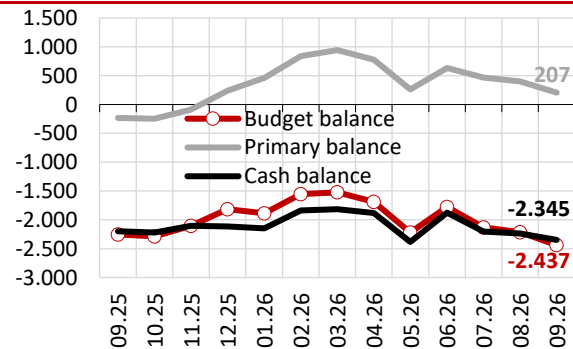
Macro: Moderate trend maintained in the budget in Q3

In September, the central government budget recorded a deficit of TRY532.2 billion, exceeding the Treasury cash balance deficit of TRY467.2 billion with the primary deficit of TRY269.2 billion. Consequently, the 12-month cumulative budget deficit rose to TRY2.4 trillion (-3.1% of GDP), while the primary surplus declined to TRY206.5 billion (0.3% of GDP). However, in seasonally adjusted terms, there is no deterioration, but slight improvement, in the primary balance compared to the previous month. The outlook for the third quarter, on the other hand, points to a moderate primary deficit, in contrast to the first half of the year.

In the first half, monthly fluctuations made it difficult to discern the underlying trend. In the third quarter, the shift in the primary balance from a moderate surplus to a moderate deficit—relative to the second quarter—was primarily driven by the normalization of the "State Social Security Contribution" item (under current transfers), which had been unusually low between March and June. Beyond this, despite the additional fiscal burden stemming from geopolitical developments, the dampening effect of slowing demand on revenues, and ongoing expenditures in the earthquake-affected region (TRY465 billion in the first nine months), it can be said that budget performance has not deteriorated and fiscal discipline has been maintained. As we noted last month, current trends suggest that the targets set out in the Medium-Term Program (MTP) remain achievable. At the same time, the emerging slowdown in economic activity and the burden on the budget—stemming from persistently high energy prices driven by geopolitical developments—continue to pose downside risks to the budget balance.

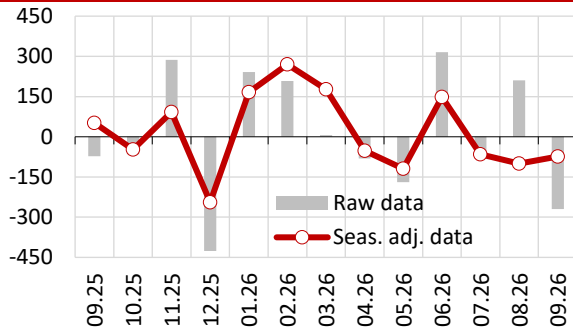
Budget Balance:

- **In September, the central government budget balance** recorded a deficit of TRY532.2 billion, which is higher than the Treasury cash balance deficit of TRY467.2 billion. The primary deficit stood at TRY269.2 billion (Chart 1). In the same period of 2025, the budget deficit was TRY309.6 billion, while the primary balance had recorded a deficit of TRY73.0 billion. Consequently, the 12-month cumulative budget deficit rose from TRY2.2 trillion to TRY2.4 trillion (-3.1% of GDP), while the 12-month cumulative primary surplus declined from TRY402.7 billion to TRY206.5 billion (0.3% of GDP) (Chart 2).

Chart 1. Budget and Cash Balances (billion TL)**Chart 2. Budget and Cash Balances (12-month cumulative, billion TL)**

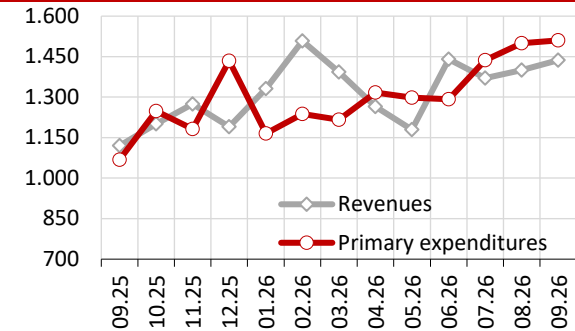
- **In seasonally adjusted (s.a.) terms, monthly budget balance deteriorated**, driven by an increase in interest payments. In fact, the primary budget balance slightly improved, though it remained at a moderately negative level (Chart 3). On a monthly basis, both primary expenditures and revenues increased (Chart 4).

Chart 3. Primary Balance (billion TL)



Source: Treasury, Akbank

Chart 4. Revenue and Expenditure (s.a, bn. TL)

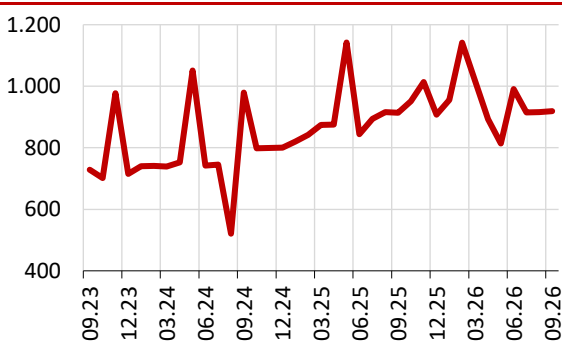


Source: Treasury, Akbank

Budget Revenue:

- **Central government budget revenues** reached TRY1,253.1 billion in September, marking a 22.7% year-on-year (yoy) increase. Consequently, total revenue for the first nine months of the year rose by 34.5% yoy to TRY12,108 billion. According to the MTP, the forecast for the end of 2026 is TRY17.0 trillion; thus, the realization rate was 71% as of first nine months.
 - Tax revenues rose by 21.8% yoy in September, reaching TRY1,074 billion. For the first nine months of the year, the yoy increase in tax revenues stood at 34.2%.
 - In September, **income tax** increased by 27.2% yoy, while **corporate tax** decreased by 38.2% yoy. Adjusted for price and seasonal effects, the declines were 1.4% and 3.0%, respectively.
 - **Domestic VAT** increased 34.8% yoy in September. Adjusted for price and seasonal effects, it recorded a 2.5% monthly increase in September, following two consecutive months of decline.
 - **Special Consumption Tax (SCT)** revenues continued to fall over the last six months (excluding July) mainly due to the sliding-scale system, with a 7.9% yoy decrease in September. In seasonally adjusted terms, SCT revenues rose by 3.4% in September, following a 4.3% monthly decline in August. **SCT revenues from petroleum and natural gas products** fell by 74.5% yoy, as the sliding-scale mechanism remained in effect. Meanwhile, **SCT revenue from motor vehicles** has shown an accelerating downward trend over the last three months (July: -2.6%, August: -8.1%, September: -12.7%), driven by a decline in sales. **SCT revenues from tobacco products** increased by 84.1% yoy.
 - Based on our seasonally adjusted calculations, the total loss in tax revenue (SCT) resulting from the sliding-scale system amounted to approximately TRY250 billion, while the loss in Value Added Tax (VAT) revenue has approached TRY50 billion.
 - **Import VAT** increased by 30.5% on an annual basis; when adjusted for price and seasonal effects, the monthly growth rate stood at 1.8%

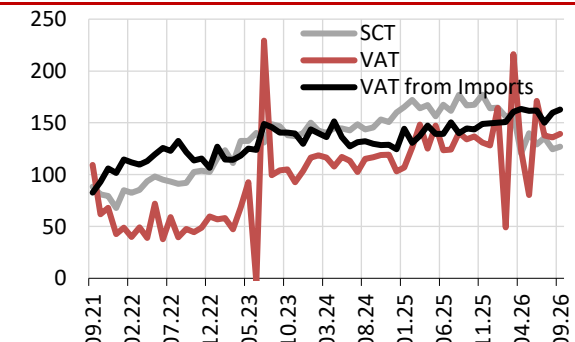
Chart 5. Tax Revenue (bn TL, s.a., 2025 prices)



Sources: Treasury, Akbank

Note: Tax revenues are deflated with the relevant CPI items.

Chart 6. Tax Revenue (bn TL, s.a., 2025 prices)



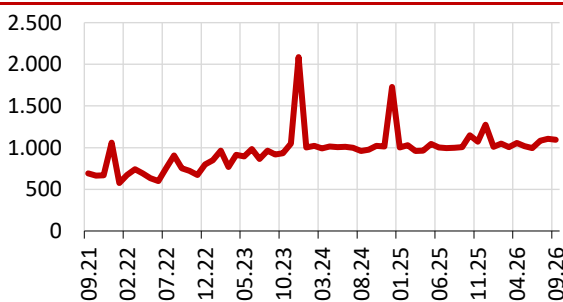
Sources: Treasury, Akbank

- In **seasonally adjusted terms**, **tax revenues** rose by 1.9% month-on-month (mom) in September, following a 2.3% mom increase in August. However, in **seasonally adjusted real terms**, the monthly increase in tax revenues remained nearly flat (Charts 5 and 6).

Budget Expenditure:

- **Central government budget expenditures** in September reached TRY1,785.4 billion, marking a 34.1% yoy increase. Consequently, total expenditures for the first nine months of the year rose by 36.4% yoy, amounting to TRY13,948 billion. The year-end projection in the MTP is TRY19.7 trillion, with 71% of this forecast realized within the first nine months.
- **Primary expenditures** increased by 39.1% yoy in September, driven mainly by a rise in current transfers and purchases of goods and services, while for the January–September period, reached TRY11,697 billion, marking a 36.7% yoy increase.
 - **Current transfers** increased by 48.7% yoy in September. The amount allocated to state-owned enterprises was TRY10.1 billion, of which TRY8.5 billion was transferred to the Elektrik Üretim A.S.(EUAS), TRY1.0 billion to the Türkiye Kömür İşletmeleri Kurumu (TKİ), and TRY0.6 billion to the Toprak Mahsulleri Ofisi (TMO). In the first nine months of the year, the total transfer amount reached TRY241.9 billion; of this, TRY140.1 billion went to the EUAS., TRY91 billion to BOTAS, and TRY6.4 billion to TKİ. When adjusted for price and seasonal effects, current transfers decreased by 1.4% mom.
 - **Goods and services purchases** increased by 60.8% yoy, while **personnel expenses** rose by 24.5% yoy. In seasonal adjusted real terms, goods and services purchases grew by 10.9% mom, following two consecutive months of decline. Personnel expenses increased modestly by 0.8% mom. **Capital expenditures**, including investment spending, rose by 34.6% yoy; when adjusted for price and seasonal effects, the monthly increase stood at 1.9%. **Capital transfers** amounted to TRY16.2 billion in September 2026, compared to TRY9.9 billion in September 2025.
 - In September, **the lending item** reached TRY39.2 billion, marking a 56.2% yoy increase. Capital transfers made within the scope of lending to State-Owned Enterprises accounted for TRY32.0 billion of this amount; TRY 18.0 billion was transferred to the T.C. Devlet Demiryolları, TRY 10.0 billion to the Makina ve Kimya Endüstrisi Kurumu, TRY2.4 billion to the TKİ and TRY1.6 billion to the Türkiye Taskömrü Kurumu.
- **Interest payments** rose by 11.2% yoy to TRY 263 billion in September, and by 35.4% yoy to TRY 2,251 billion in the first nine months of the year. MTP year-end forecast stands at TRY 2,825 billion, with 80% of this projection realized during the first nine months.
- In **seasonal adjusted real terms**, primary expenditures declined by 1.0% in September, following increases over the previous two months (Chart 7). A breakdown of the components reveals that current transfers, capital transfers, and lending items all recorded monthly decreases

Chart 7. Primary Expenditure (bn TL, s.a., 2025 prices)



Sources: Treasury, Akbank

Note: Expenditure are deflated with the relevant CPI items.

Chart 8. Primary Expenditures (bn TL, s.a., 2025 prices)

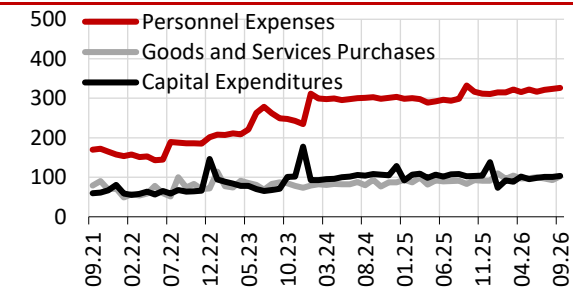


Table 1. Budget Balance (Million TRY)

	Monthly		First 9 months		12-Month Cumulative	
	Sep.26	Sep.25	2026	2025	Sep.26	Sep.25
Budget Revenues	1,253,149	1,021,358	12,107,800	9,004,924	15,929,751	11,593,138
General Budget Revenues	1,216,011	994,236	11,792,459	8,760,703	15,522,437	11,276,229
Taxes	1,074,088	881,810	10,401,981	7,753,506	13,698,303	9,924,726
Income Tax	324,501	255,084	2,893,022	1,947,538	3,758,728	2,458,580
Corporate Tax	10,044	16,262	1,249,401	860,035	1,613,240	1,078,181
VAT	187,552	139,091	1,516,523	1,104,554	1,967,910	1,403,465
Special Consumption Tax	166,218	180,386	1,436,883	1,394,157	2,067,041	1,846,583
VAT from Imports	198,975	152,504	1,594,229	1,224,847	2,093,578	1,588,158
Property Income	13,567	8,886	249,134	156,631	292,754	193,465
Grants and Aids and Special Revenues	8,406	5,132	62,578	89,536	83,867	147,233
Interest, Shares and Fines	117,778	96,807	1,029,418	719,345	1,390,521	947,932
Capital Revenues	2,159	1,489	48,314	38,412	54,969	56,460
Collections from Loans	13	112	1,033	3,274	2,022	6,414
Special Budget Revenues	31,218	22,806	244,777	191,788	322,454	254,591
Rev. of Regulatory & Supervisory Inst.	5,920	4,316	70,564	52,433	84,860	62,317
Budget Expenditures	1,785,391	1,331,001	13,948,130	10,222,202	18,366,348	13,844,179
Primary Expenditures	1,522,351	1,094,380	11,697,000	8,559,822	15,723,216	11,824,030
Compensation of Employees	455,639	365,857	3,841,030	2,738,816	4,736,244	3,398,107
Social Security Contributions	58,039	49,398	484,741	335,901	603,313	421,551
Purchases of Goods and Services	135,511	84,296	958,093	660,904	1,370,105	953,483
Current Transfers	679,380	457,009	5,030,822	3,807,703	6,631,698	4,931,287
Capital Expenditures	138,402	102,845	883,019	762,669	1,466,240	1,173,891
Capital Transfers	16,218	9,903	222,668	83,562	499,242	671,435
Lending	39,162	25,073	276,627	170,267	416,373	274,276
Interest Payments	263,040	236,621	2,251,130	1,662,380	2,643,132	2,020,150
Budget Balance	-532,242	-309,643	-1,840,330	-1,217,278	-2,436,596	-2,251,042
Primary Balance	-269,202	-73,022	410,800	445,103	206,536	-230,892

Source: Treasury

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