



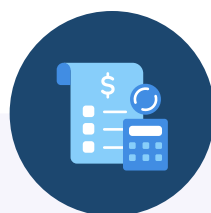
Currently, revenue and expenditure of the republican budget are forecast



On the revenue side

The following indicators are forecast on the revenue side:

- Tax revenue;
- Customs duties;
- Dividends and other receipts, as well as resources from the return of budget loans and deposits provided in previous years,
- Including return of funds previously placed in bank deposits.



On the expenditure side

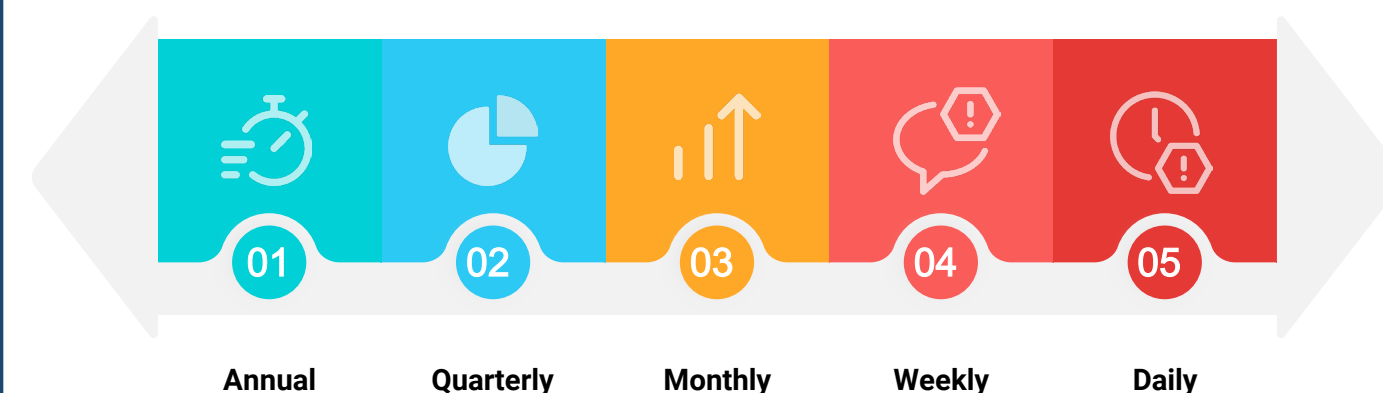
The following indicators are forecast on expenditure side:

- **Group I** – salaries and related payments, social welfare payments, military and security related expenditure and transfers
- **Group II** – payroll-based social security payments;
- **Group III** – capital construction and reconstruction expenditures;
- **Group IV** – other expenditure including from the Reserve Fund of the Cabinet of Ministers, interest payments on public debt and others.



Based on the comparison of projected revenues and expenses, calculations are made of sources for covering the gap (if any) between the revenue and expenditure parts, including: funds from external borrowing, the issue of government securities and proceeds from the privatization of state assets.

The forecast is formed over several horizons to combine strategic planning and operational liquidity management:








At the beginning of the financial year, an annual forecast is prepared based on the approved Law on the State Budget. The forecast indicators are updated monthly, taking into account actual budget execution for previous months, revised macroeconomic parameters, changes in regulations and government decisions, as well as adjustments to external and domestic public debt schedules.





For developing and updating cash forecast the following data is used:

- 01**  **TSA balance**
→ Actual balance on the forecast formation date (opening balance); forecast balance at the end of the period; expected changes in balances.
- 02**  **Revenue forecast**
→ Tax revenues; customs duties; non-tax revenues and other receipts; receipts from the return of previously issued budget loans/deposits.
- 03**  **Expenditure forecast**
→ Cash plans of spending units (annual/monthly/weekly/daily); historical data; seasonal expenses are also taken into account.
- 04**  **Data on Foreign and Internal Public Debt**
→ Receipts: borrowings, government securities placement;
Payments: principal repayment and interest payments (according to schedule).
- 05**  **Changes in legal and regulatory acts**

Model used for cash forecasting



Currently, the forecast is formed using a weighted average statistical model based on an analysis of data over the past five years.

