



საქართველოს ეროვნული ბანკი
National Bank of Georgia

The role of green regulations for the commercial banking sector: challenges and achievements

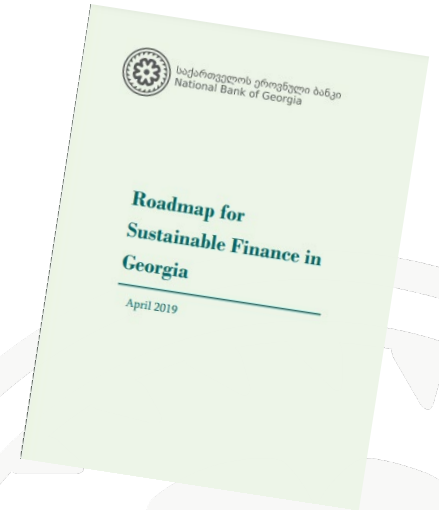
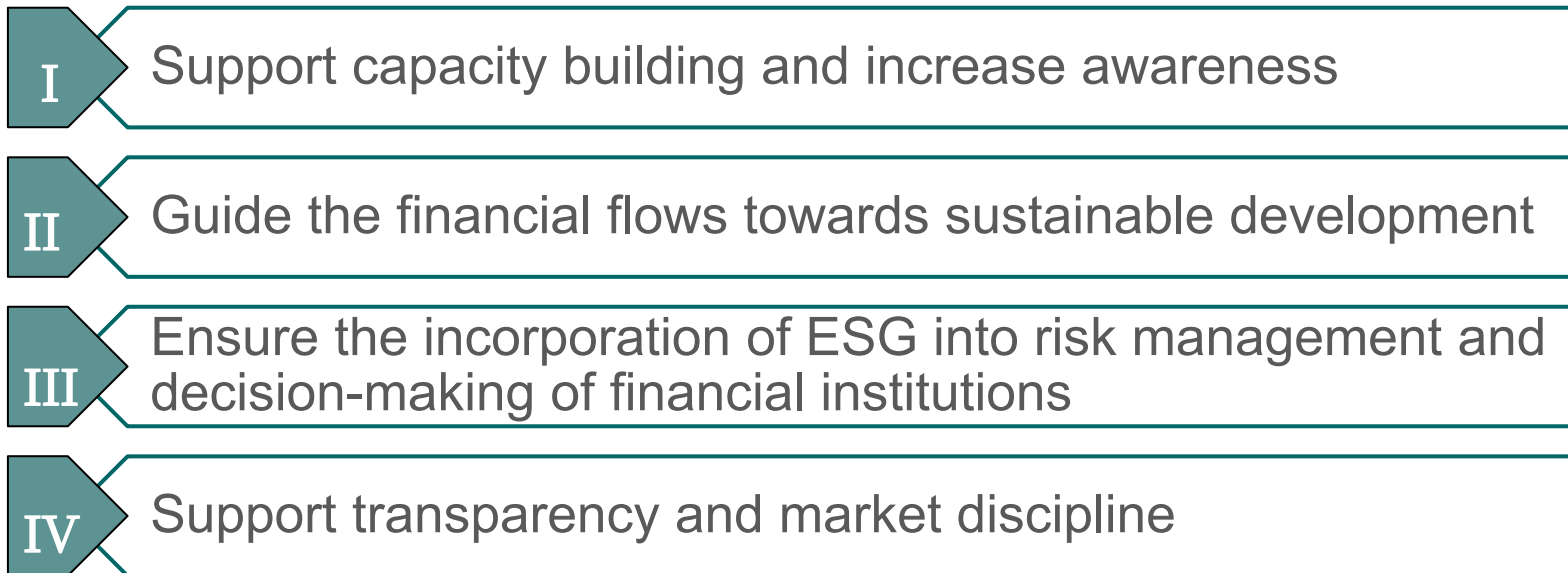
Salome Tvalodze

Head of Sustainable Finance Division, NBG

FINANCING THE GREEN AND NET-ZERO TRANSITION
in the Eastern Partnership and Central Asia countries

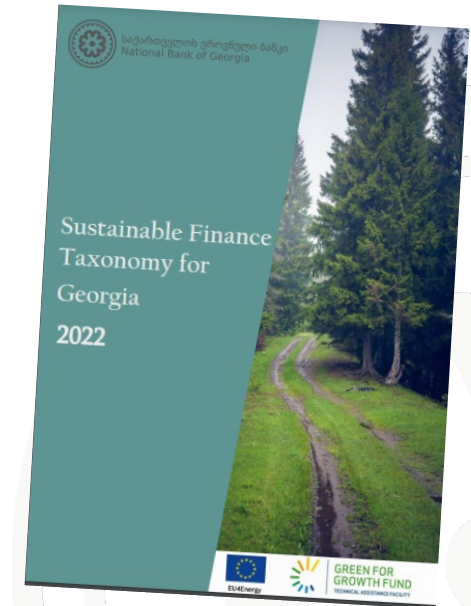
NBG's Sustainable Finance Framework

- ❑ The NBG started developing Sustainable Finance Framework in 2017.
- ❑ In 2019, the NBG launched the **Roadmap for Sustainable Finance in Georgia**:
 - ❑ The **ultimate goal of this roadmap** is to provide a credible, predictable, and stable regulatory framework and prepare the market for transitioning to sustainable finance.
- ❑ Pillars of the Roadmap:



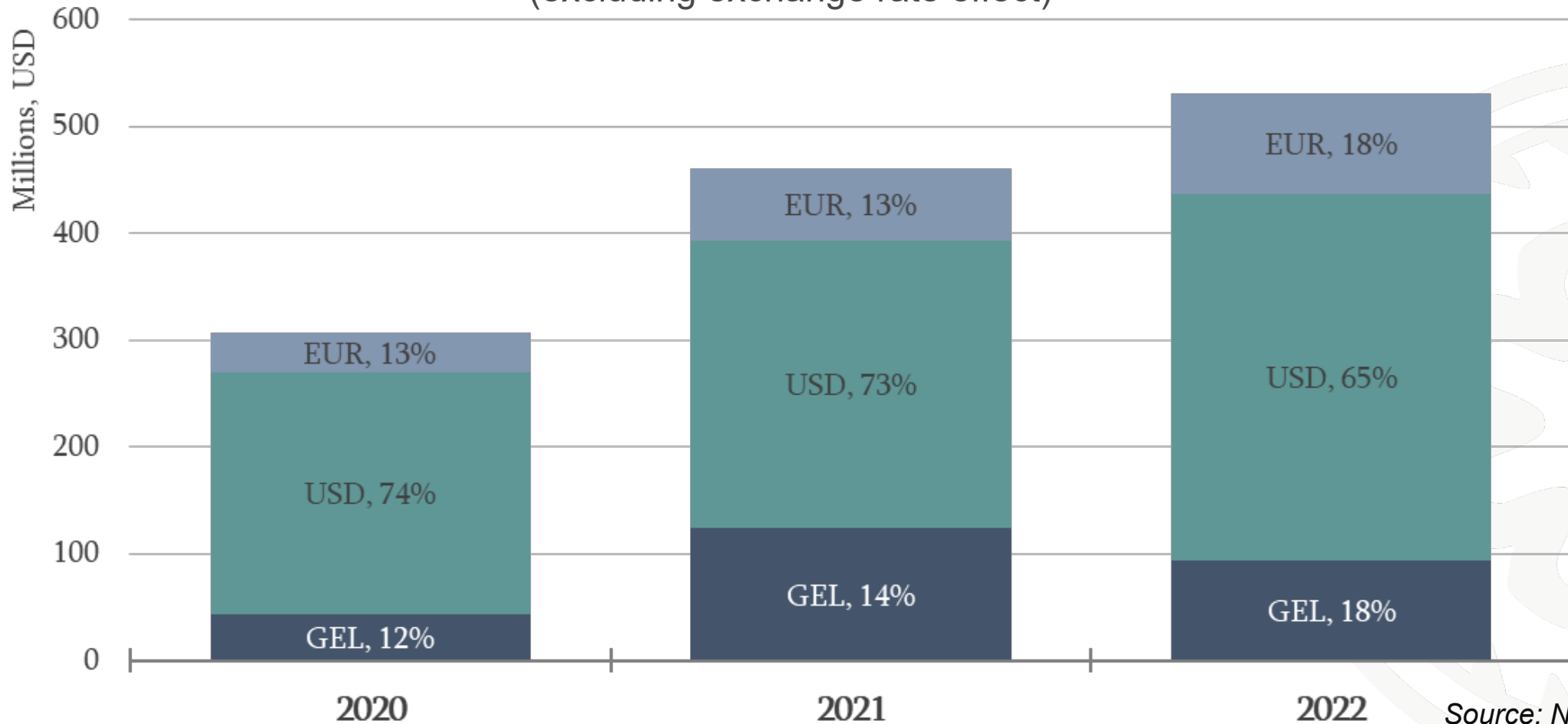
Sustainable Finance Market Development – Regulatory Side

- ❑ **Sustainable Finance Taxonomy (August 2022):**
 - ❑ **Green and Social Taxonomy;**
 - ❑ **Regulation** on Loan Classification and Reporting according to the SF Taxonomy for commercial banks (January 2023);
 - ❑ Trainings and capacity building for financial institutions.
 - ❑ Green/Social/Sustainable **Bonds Framework** and regulation (ongoing)



Sustainable Finance Market Development – Market Side

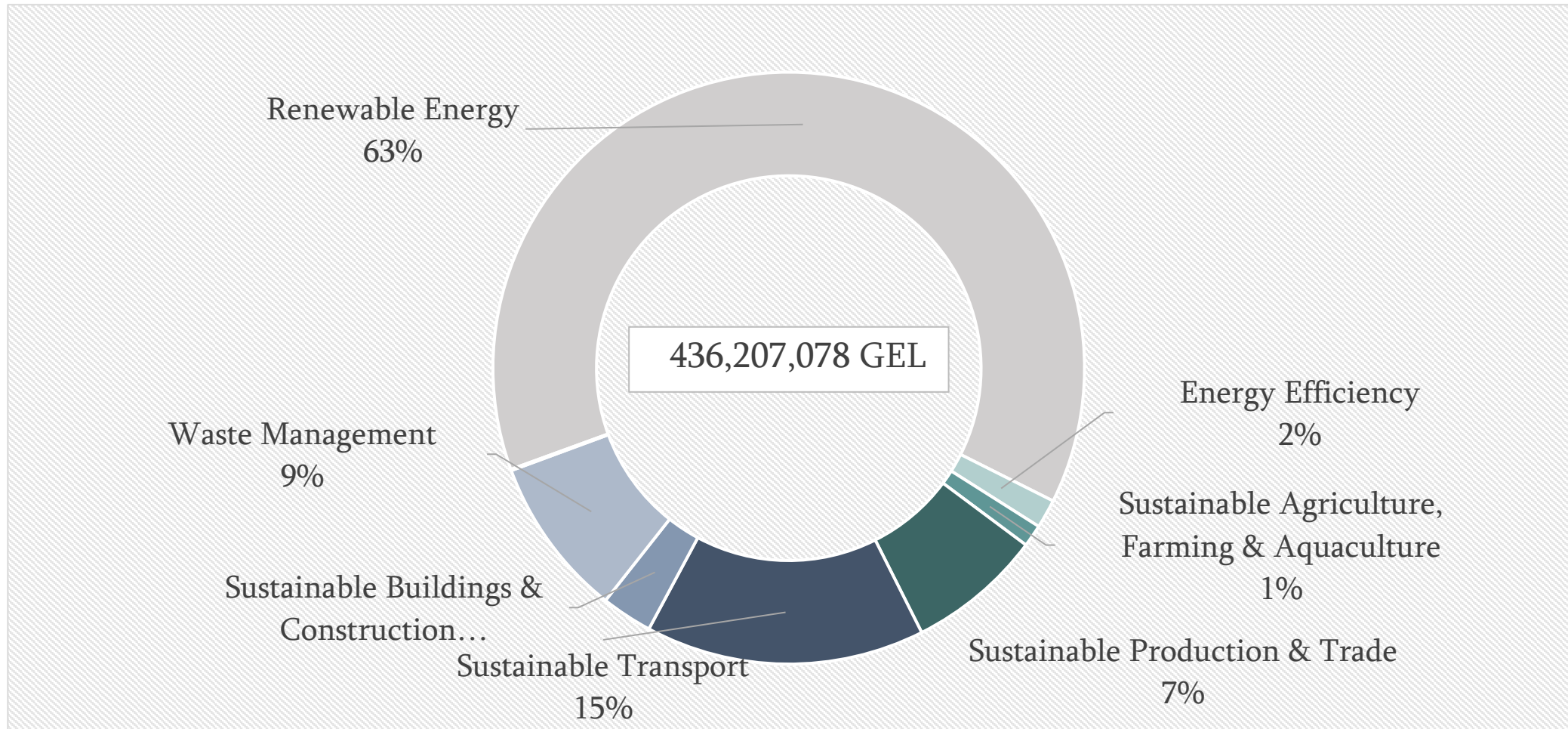
Total Green Loans Outstanding, Dec. 2022
(excluding exchange rate effect)



Source: NBG

Sustainable Finance Market Development – Market Side

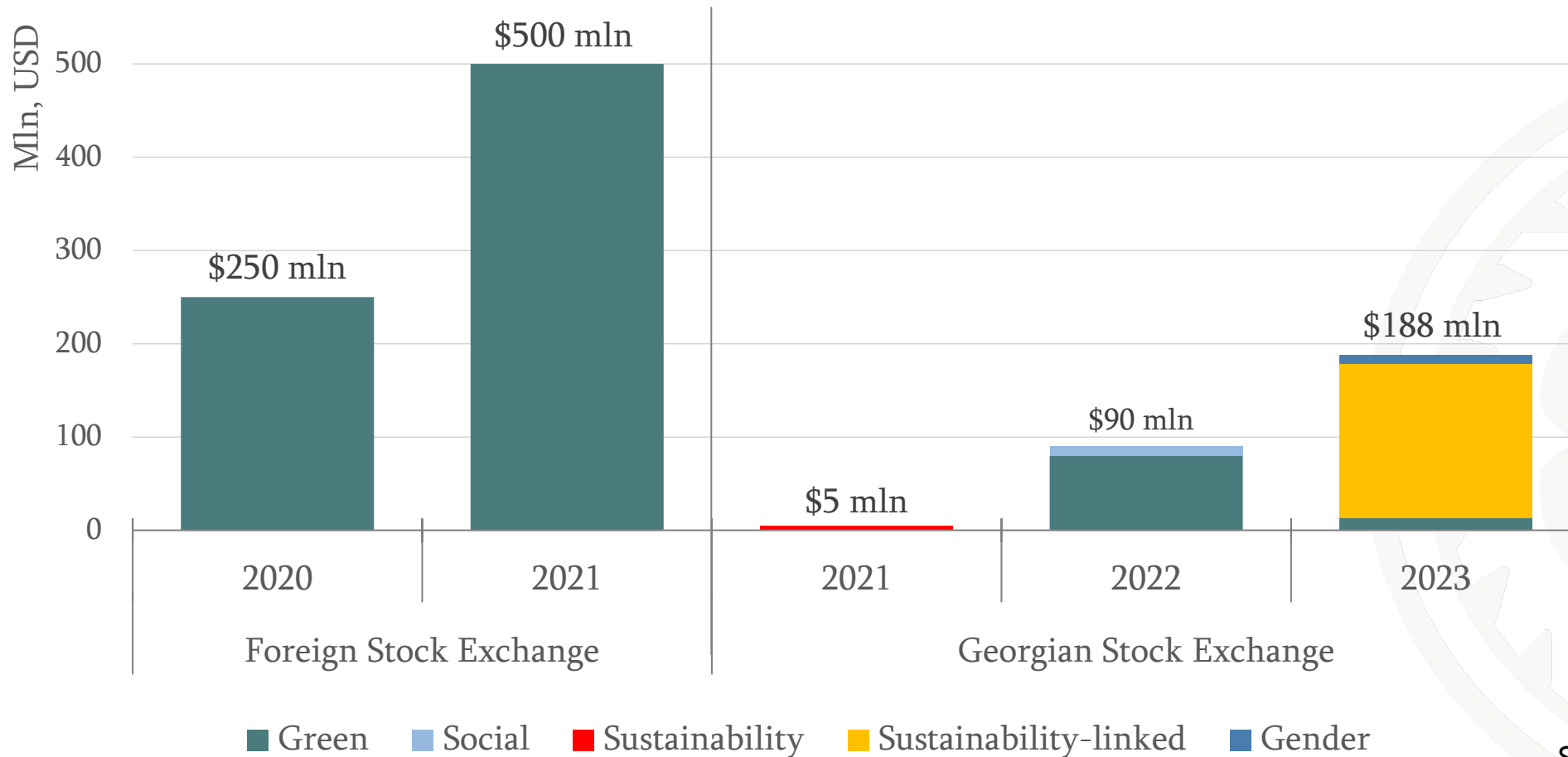
SF Taxonomy Aligned Green Loans, total outstanding amount, July 2023



Source: NBG

Sustainable Finance Market Development – Market Side

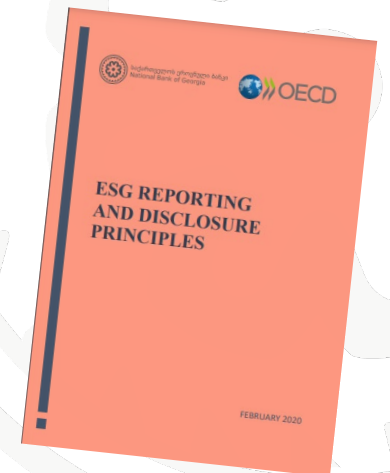
GSS+ Bonds, total amount issued by Georgian Companies, Aug. 2023



Source: NBG

ESG Integration and Risk Management – Regulatory Framework

- ❑ **ESG considerations in Corporate Governance (CG) Codes** for commercial banks (2018, 2021) and issuers of public securities (2021):
 - ❑ ESG considerations must be the part of the entity’s strategy;
 - ❑ ESG risks should be incorporated into the entity’s risk management framework;
 - ❑ Supervisory Board is responsible for ensuring that ESG considerations are adequately integrated into the bank’s strategy and monitoring its effective implementation.
 - ❑ ESG related information should be disclosed by the entity.
- ❑ **ESG Reporting and Disclosure Principles** and the ESG reporting form (2020);



ESG Integration and Risk Management – Regulatory Framework

❑ Guidelines for ESG Integration through Double Materiality

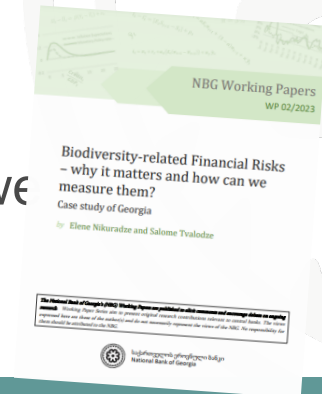
Perspective (ongoing) – holistic approach to ESG risk management

❑ Climate-related Risks

- ❑ Climate-related Risk Radar for the Georgian economic sectors and its possible application for the financial sector (2022);
- ❑ Climate scenario analysis and climate stress testing Framework (Ongoing)

❑ Nature-related Risks

- ❑ Biodiversity-related Financial Risks – why it matters and how can we measure them? Case study of Georgia (2023)





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Thank You!

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<https://nbg.gov.ge/en/page/sustainable-finance>