



საქართველოს ეროვნული ბანკი
National Bank of Georgia



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NBG APPROVES UPDATED HANDBOOK FOR GRAPE - GENERAL RISK ASSESSMENT PROGRAM

The National Bank of Georgia is guided by risk-based supervision principles as it oversees and regulates the financial sector. The NBG uses GRAPE - the General Risk Assessment Program to assess the risks of banks. Being a continuous cycle of risk-based supervision, GRAPE serves to assess the risks of commercial banks and helps determine appropriate supervisory actions. The risk profile of each commercial bank is assessed by categories of risks at the end of the GRAPE cycle, and the net GRAPE buffer requirement is determined along with the areas for improvement, risks and weaknesses identified, and actions to be taken. There is a year and a half cycle for GRAPE assessment.

The National Bank of Georgia initially published the General Risk Assessment Program (GRAPE) Handbook in 2017 to safeguard transparency of supervisory methods. However, NBG updated the Handbook to improve it and bring it closer to international practice. The goal of the document is to provide commercial banks, investors

and bring it closer to international practice. The goal of the document is to provide commercial banks, investors, depositors and other stakeholders with information about the supervisory methods of the National Bank of Georgia, to promote the formation of right expectations in the financial sector and the prevention of the sector's pro-cyclical behavior.

The revised Handbook intends to provide greater transparency to the GRAPE process and assessment. The updated document details the categories of risks to be assessed for GRAPE purposes, components for assessment, risk mitigators, giving definitions and criteria for assigning scores to each risk. The document additionally explains appropriate weights related to each risk. The criteria and elements for determining the level of supervisory attention and the supervisory plan of the bank are given in detail. The Handbook also covers procedural aspects of GRAPE: the timeframe of the GRAPE assessment process and the structural units involved in the assessment.

It is important to note that the amendments and updates to the Handbook are based on the recommendations of the Financial Sector Assessment Program (FSAP).