

The President of the National Bank of Georgia

Resolution

01/02/2024

N 54

On the approval of the Terms and Condition of Financial Collateral of the National Bank of Georgia

Based on the subparagraph “g” of the first paragraph of article 15, subparagraph “e” of the third paragraph and the fifth paragraph of the article 17 of the Organic Law of Georgia on the “National Bank of Georgia”, Decision of the board of the National Bank of Georgia N3 as of April 04, 2018 on the “Approving the Regulation on Management of Financial Collateral of the NBG” and in accordance to the protocol decision N1 as of January 31, 2024 of the Monetary Policy Committee of the National Bank of Georgia (NBG):

1. Minimum credit rating for the debt securities issuers acceptable for the monetary operations of the NBG is defined as the lowest among the publicly available ratings assigned by the following international credit rating agencies: Standard & Poors (S&P), Moody’s, Fitch and Scope Ratings, with following conditions:
 - a) If only one Credit Rating is available then this available rating will be used;
 - b) If two/three ratings are available - second best should be used.
2. Approved the Ratio of the Refinancing Loan, One Month Open Market Instrument (1MOMI), Overnight Loan and interest accrued on them and/or the Intraday Loan to the nominal value of the collateralized assets according to the following table:

	Assets eligible as a collateral for the loans of the NBG	Long term credit rating of the securities issuer		Ratio of the Refinancing Loan, One Month Open Market Instrument, Overnight loan and interest accrued on them and/or the intraday loan to the nominal value of the collateralized assets according to the residual maturities (year) of these assets			Rating Code in GSSS (Georgian Securities Settlement System)
		S&P, Fitch and Scope Ratings scale	Moody’s scale	Less than 2 years	From 2 years to 5 years	More than 5 years	
1	Lari denominated debt securities issued either by the Government of Georgia and by the NBG	-	-	95%	95%	95%	A1
2	Lari denominated debt securities issued by the International Financial Institutions	AAA, AA+, AA, AA-	Aaa, Aa1, Aa2, Aa3	95%	95%	95%	A1
		A+, A, A-, BBB+, BBB	A1, A2, A3, Baa1, Baa2	90%	90%	90%	A2
3	Lari denominated debt securities issued as a public offering in accordance with the “Law of Georgia on Securities Market” by the resident and non-resident legal entities	AAA ≤ BBB-	AAA ≤ Baa3	90%	85%	80%	B1
		BB+ ≤ BB-	Ba1 ≤ Ba3	85%	80%	75%	B2
		B +	B1	80%	75%	70%	B3
4	Loan Assets of Commercial Banks	-	-	80%	80%	80%	C1
5	FX Deposits at NBG	-	-	80%	80%	80%	D1

3. In case of using FX Deposits as of collateral for NBG loan, the Margin Call point shall be +/- 10%.
4. Maximum amount of Commercial Banks Loan Assets eligible as a collateral for NBG Refinance Loans, One Month Open Market Instrument (1MOMI), Overnight Loan and Intraday Loan is equal to 35% of High Quality Liquid Assets (NBG Certificate of Deposits, Debt Securities of Government of Georgia, Lari denominated Bonds issues by International Financial Institutions) owned by each Commercial Banks as of previous day of pledging.
5. Debt securities issuers - International Financial Institutions (IFI) acceptable for the monetary operations of the NBG are considered such IFIs which are defined by the Government of Georgia.

6. Not more than 25% of debt securities issued by one issuer and held by single commercial bank are acceptable for the monetary operations of the NBG. This limit is assigned to the debt securities issued in accordance with the “Law of Georgia on Securities Market” by the resident and non-resident legal entities and debt securities issued as a public placement, denominated in Lari.
7. Floaters with interest linked only to TIBR indices and issued after June 01, 2022 will be acceptable for the monetary operations of the NBG.
8. Pledging of indexed interest rate loan assets acceptable for monetary operations of the NBG shall be carried out as follows:
 - a) NBG will no longer accept as collateral floated rate loans, which are linked to the NBG monetary policy rate and issued by commercial banks after July 1, 2023;
 - b) From January 1, 2026, within the floated rate loans issued by commercial banks, the NBG will accept as collateral loans, which are linked to TIBR;
 - c) In the transitional period from July 1, 2023 to January 1, 2026, the NBG will gradually reduce the collateralized loans linked to the NBG monetary policy rate and issued by commercial banks until July 1, 2023 according to the following schedule:

#	Loan assets pledging period	The share of loans linked to the monetary policy rate of the NBG as of July 1, 2023 to the volume of loans of individuals secured by real estate pledged in favor of the NBG
I	2023, July - December	90%
II	2024, January – December	70%
III	2025, January - June	50%
IV	2025, July - December	25%
V	from January 1, 2026	0%

9. NBG Presidential Resolution N64 On the approval of the Terms and Condition of Financial Collateral of the NBG as of December 22, 2022 is declared invalid.
10. This Resolution shall enter into force after signing.

Acting President of the NBG

N.Turnava