



საქართველოს ეროვნული ბანკი
National Bank of Georgia

NBG approaches and plans regarding improvement of financial reporting | Cooperation with SARAS

Teona Kontridze
Head of Supervisory Policy Department

December 15, 2020

- 1. NBG's Agenda to Approximate to IFRS**
- 2. Expectations for Audit Committees**
- 3. Cooperation Framework with External Auditors**
- 4. Cooperation with SARAS**

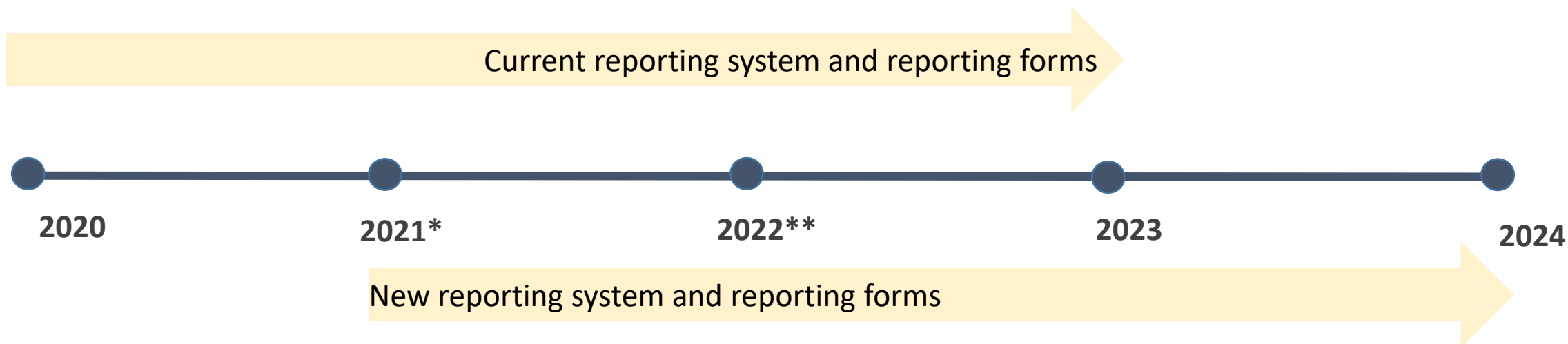
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Goal

- Approximation of the current accounting and reporting framework to the International Financial Reporting Standards (IFRS)

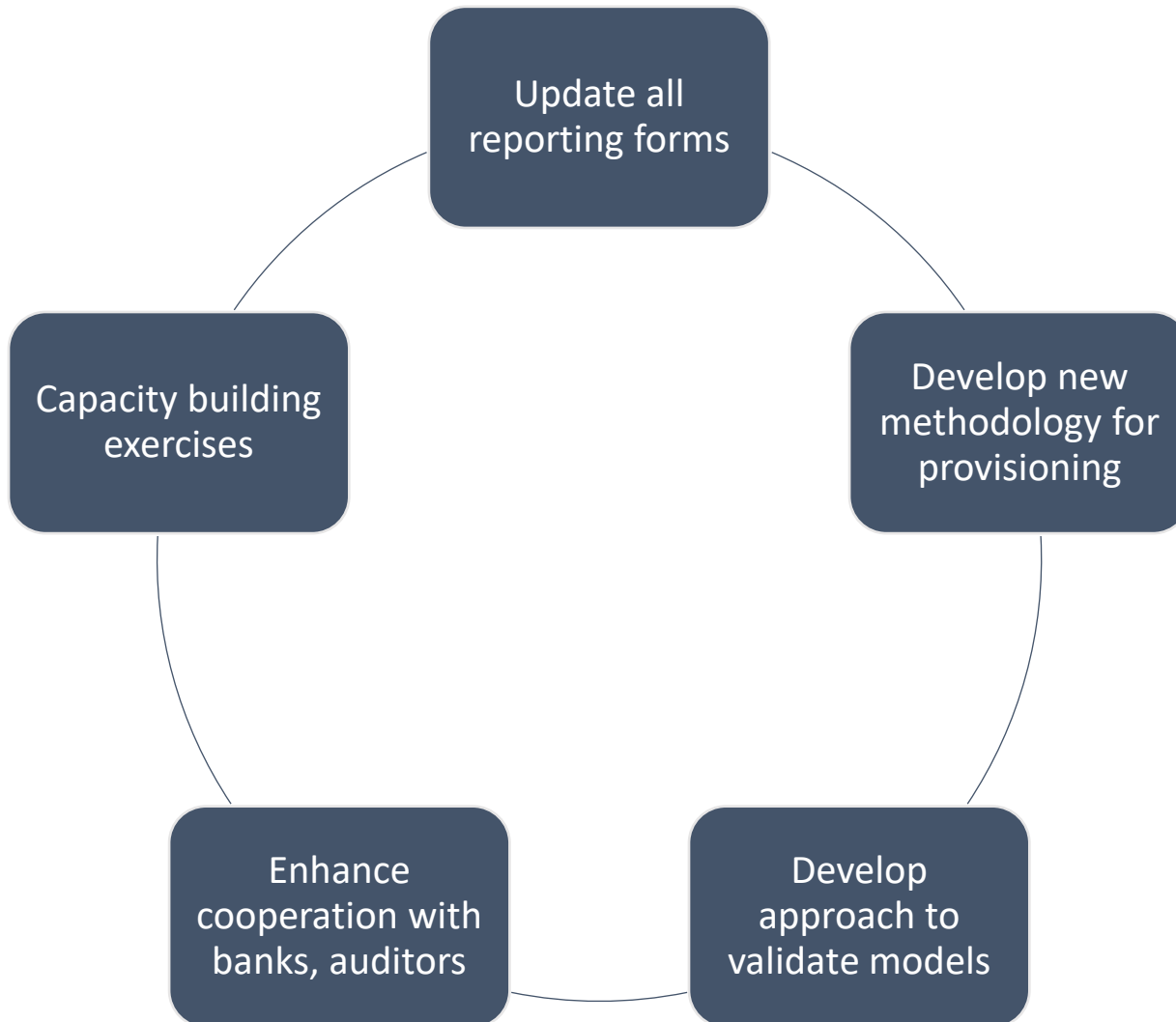
Results

- Financial information will be based on IFRS this will ease the burden of reporting in the future
- Reliance on IFRS based numbers and Audited Financial Statement will increase



*Banks could voluntarily transfer to new IFRS based rules, however they have to satisfy existing rules and requirements

**Banks are obliged to transfer to IFRS based rules in parallel with the existing rules and requirements



- Several working groups were created within NBG (reporting, model, credit and other teams)
- Information requested from the bank were analyzed (including transformation matrix, current provisioning models and policies used for financial statements)
- International practice were reviewed (communication with more than 20 supervisors)
- Quantitative impacts studies were conducted in several instances (some is still in progress)

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- Role and importance of audit committees for commercial banks are emphasized in the relevant regulatory acts
- NBG supports effective functioning of audit committees by introduction of Corporate Governance Code which further defines committee roles, composition of the committee, independence and competence criteria



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Communication Handbook

- Effective communication framework between supervisors and auditors
- Shared with banks and auditors, based on feedback Q&A was prepared
- Sets clear expectations on cooperation and communication process

IFRS transition project

- Introductory presentation were held for auditors
- Draft reporting forms and policies would be shared with auditors
- Follow-up meeting will be planned



BANK FOR INTERNATIONAL SETTLEMENTS





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Cooperation with SARAS

- Quality of financial reports are assessed by NBG
- In case of identification of problems, concerns would be communicated with SARAS
- Draft policies related to reporting are shared with SARAS
- There is further room for cooperation; More reliance on IFRS based numbers and reports will increase the communication between the authorities



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Thank You!
Questions?

Teona Kontridze, Head of Supervisory Policy Department

Teona.Kontridze@nbg.gov.ge



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