

Climate Strategy of the National Bank of Slovakia

Caveat:

The present document is a shortened version of the original Climate Strategy of the National Bank of Slovakia that was prepared primarily for intra-institutional purposes. The content of the published version of the Climate Strategy of the National Bank of Slovakia remains the same as that of the internal version. The two versions only differ in scope of technical details captured and information on intra-institutional governance provided.

1. Backdrop

Climate change is reshaping economic landscape in ways that affect the National Bank of Slovakia's core responsibilities: maintaining price stability and supporting the resilience of the financial system. Disrupted supply chains, volatile energy and food prices, falling asset values, and the rapid transition to a low-carbon economy are already influencing prices, financial stability, and monetary policy. The National Bank of Slovakia cannot fulfil its mandate by standing apart from changing realities.

That is why the National Bank of Slovakia positions itself as an analytical centre when it comes to climate risks consideration. Our role is to provide rigorous, evidence-based insights into the macro-financial effects of climate disruption. We place this work firmly within our statutory responsibilities. We are also committed to improving public understanding of how climate change affects the economy, banks, insurers, markets, and households.

To make the greatest impact, we focus on areas where our expertise matters most: macroeconomic forecast and monetary policy analysis, climate risk monitoring, non-monetary policy portfolio management, and facilitating supervisory requirements implementation for banks and insurers. Through this work, we aim to strengthen the overall resilience of the financial system.

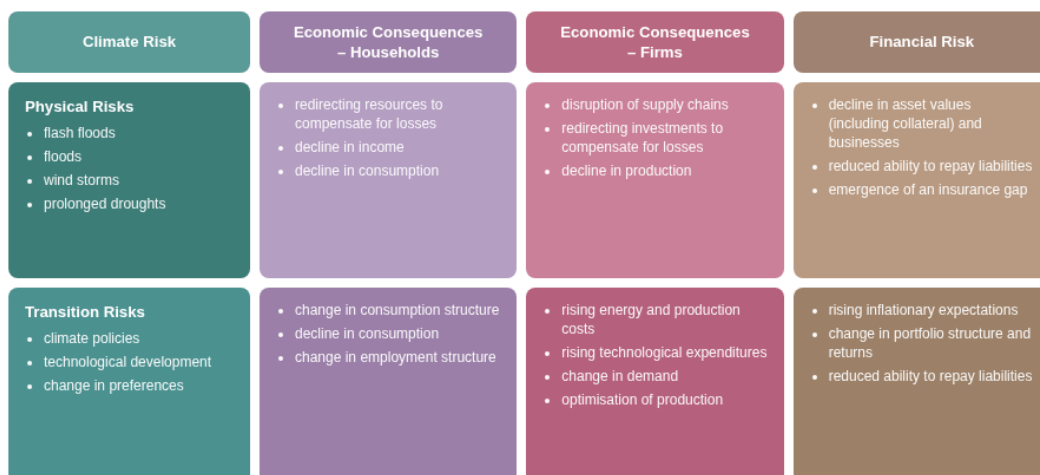
Accountability makes this strategy credible. We report regularly to the Bank Board. We track our analytical work through policy briefs, research, and annual reports. We monitor carbon intensity of our own portfolio. We also measure and report our institutional carbon footprint.

This strategy is our compass. It helps us navigate a changing economic landscape with purpose, transparency, and analytical integrity.

2. Central Banks in the New Waters of Climate Change

Climate change refers to long-term shifts in temperatures, precipitation and weather patterns, primarily driven by human-induced greenhouse gas emissions. However, it is no longer seen only as a purely environmental challenge. Its economic and financial impacts are becoming increasingly visible, affecting inflation, economic growth, financial markets, and the stability of the financial system. Numerous transmission channels between physical and transition risks and price, economic and financial stability are becoming increasingly apparent. Some of them are presented in Diagram No.1.

Diagram No.1
Economic and Financial Impacts of Climate Risks



Source: NBS based on [NGFS \(2025\)](#) and [Batten et al.\(2020\)](#)

Having realised that climate change poses complex challenges to price, economic, and financial stability, central banks and financial supervisors have gradually begun to integrate climate considerations into the execution of their core functions. The reasoning behind this is relatively simple: proactively addressing climate-related risks is not an extension of their mandate, but a necessary condition for fulfilling it in a changing world.

International cooperation in this area has accelerated significantly since the adoption of the Paris Agreement in 2015. In 2017, eight central banks and supervisory authorities established the Network for Greening the Financial System (NGFS), which today brings together more than 150 members from over 95 countries. The network promotes best practices in climate-risk management and sustainable finance.

The European Central Bank (ECB) soon became one of the globally leading institutions integrating climate considerations into the execution of its mandatory functions. Its ambitious and comprehensive initiatives – [2021 Action Plan on Climate Change](#), [2022 Climate Agenda](#) and [2024–2025 Climate and Nature Plan](#) – increasingly shape the approach of national central banks across the Eurosystem, including the National Bank of Slovakia (NBS).

BOX 1

How Do Central Banks Promote Climate-Related Agenda?

The NBS has examined in which ways central banks promote climate-related agenda. The comparison of 31 central banks in advanced economies has shown that efficient integration of climate change-related topics into central banks' operational practice requires not only widening the scope of research but also institutional anchoring and significant communication enhancement.

The majority of central banks surveyed have already established an internal body, responsible for strategic coordination of climate-related topics, and adopted strategic program documents addressing climate risks. Two-thirds of central banks surveyed have equally launched a specific website section, dedicated to climate change, and about a third of them have established a communication platform with external stakeholders.

3. NBS Gradually Increasing Its Climate Engagement

Recognising that climate risks affect price stability, sound functioning of the financial system as well as the stability of the euro area— through impacts on inflation, output, labour, resource allocation, and financial resilience — the NBS has progressively deepened its climate-related engagement.

In 2019, the NBS joined the NGFS, reinforcing its commitment to integrate international best practices in climate risk management and sustainable finance into its operational standards.

In February 2021, the Bank endorsed the Eurosystem’s common position on sustainable investment in non-monetary portfolios, signalling alignment with broader efforts to integrate climate considerations into central bank reserve management.

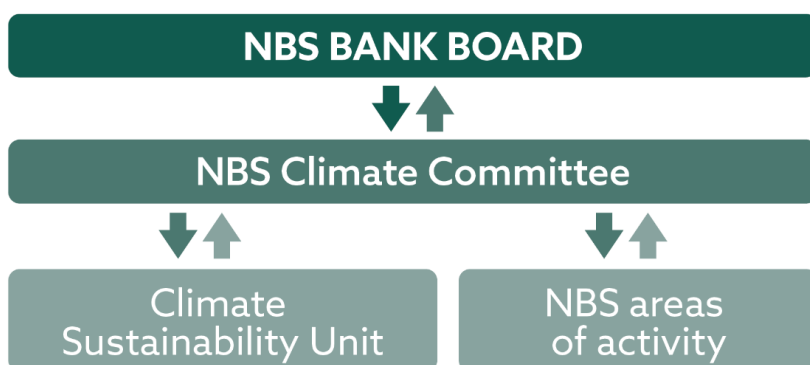
This was followed by the publication of the [NBS Climate Pledge](#) in November 2021, which outlines commitments in five key areas: risk understanding, supervisory expectations, transparency, stakeholder engagement, and operational footprint.

Since 2022, the NBS has regularly measured and published climate indicators related to its investment portfolios, including their carbon intensity and exposure to green and sustainable bonds.

Willing to foster information exchange and experience-sharing in the climate area with its European peers, the NBS equally joined the Eurosystem Climate Change Forum, established by the ECB in 2022. The Forum simultaneously provided space for discussing climate-related research findings. The NBS’s contribution to these discussions has become even more salient after including climate into its four research priorities in 2023.

The Bank has also strengthened its internal climate governance. First, in 2024, the NBS Climate Committee was established as an advisory, initiative-based, and coordinating body of the Bank Board for matters related to climate change, climate risks, policies, and sustainable finance. Its core mission is to guide the NBS’s climate agenda and review climate-related impacts on its activities. Second, the newly founded Climate Sustainability Unit was charged with coordinating climate-related initiatives within the NBS, stimulating climate risks and policies’ analyses and supporting the proper integration of the NBS Climate Committee’s decisions across the Bank’s operations. Both bodies facilitate the integration of climate-related aspects into core NBS functions executed by various sections and departments (see Diagram 2).

Diagram No.2
Three-Level Model of Climate Agenda Coordination in the NBS



Source: NBS

The third component strengthening the institutional support for the NBS climate engagement is the NBS Climate Strategy, recently adopted by the Bank Board. The document embeds climate change considerations into the institutional fabric of the National Bank of Slovakia (NBS). It anchors the issue within the Bank’s mandate, aligns it with the activities of the Eurosystem and best international practice, and fosters internal trust, legitimacy, and support. The document will serve

as a strategic compass for the NBS Climate Committee, guiding its work plans and providing a foundation for progress monitoring.

At the same time, the Strategy recognises that the NBS operates within limited institutional capacities. Its climate engagement therefore needs to remain focused, practical, and closely linked to its core responsibilities. To support this, the NBS conducted an objectivising exercise mapping the intersection between climate change and the Bank's core activities. Firstly, we made a long list of climate-change related risks to central bank business areas, based on publications by the ECB, EBA, EIOPA, ESMA, BIS and other international authorities. Then, we assessed their relevance to the NBS, taking into account the following assessment criteria: mandate alignment, strategic impact, competitive advantage, internal and external stakeholder demand as well as internal risk relevance. The final results identified four areas (see below) where the NBS can achieve the greatest impact relative to its mandate – in line with *prioritising with purpose* principle.

4. Strategic Areas of the NBS Climate Engagement

We have identified the need to understand risks and opportunities of climate change and transition to a low-carbon economy in the following areas: monetary policy; macroprudential policy and financial stability; portfolio and risk management and financial sector supervision.

4.1. Informing Monetary Policy Decision-Making with Quantified Climate Change Impacts on Macroeconomic Developments

As explained above, climate change affects the euro-area economy, financial system, natural rate of interest and, consequently, also the conduct of monetary policy. However, current macroeconomic tools do not fully capture these cross-sectional linkages: they need to explicitly reflect energy sector inputs, heterogeneous agents, more realistic expectations, and scenario-based climate pathways. Central banks are therefore working to improve their analytical tools and forecasting frameworks.

The NBS plans to further integrate climate-related variables into its economic models and forecasting exercises. This should help improve the understanding of how climate-related risks affect inflation, economic activity, and long-term interest rates. Better analytical tools can also help policymakers to get ready to both orderly and disorderly transition scenarios and better assess their impact on the economy and financial system. Consequently, the NBS will maintain credibility and analytical excellence.

4.2. Strengthening Climate-Risk-Exposure Monitoring & Analyses to Maintain Financial Stability

The NBS monitors the impacts of both physical and transition climate-related risks¹ on financial stability. Physical risks are observed with a focus on the main climate change-induced threats relevant for Slovakia, primarily flood risk. The assessment of transition risks in financial sector includes, above all, exposures to high-emission-intensity sectors and overall climate change-related vulnerability of bank portfolios.

The NBS currently applies quantitative, data-based approaches that directly measure the potential financial impact of climate risks. For physical risks, the approach relies on granular geographical data and the identification of relevant hazards.² For transition risks, banks' exposures to carbon-

¹ See, for instance, the NBS Working Paper 7/2023 "[What's the Cost of "Saving the Planet" for Banks?](#)".

² See, for instance, the NBS Working Paper 15/2025 "[Exploring the exposure of Slovak banks' corporate loan portfolio to flood risk](#)".

intensive sectors are combined with indicators such as sectoral emission intensity and energy-cost sensitivity.

With the aggravation of climate risks, the NBS will further strengthen its climate-risk-exposure monitoring. To reach this target, it will refine data inputs to support regular monitoring of systemic exposures, broaden analytical scope to cover indirect exposures, introduce scenario-based approaches for quantifying climate risks in longer horizons and improve its climate stress testing approach. Where appropriate, analytical findings may also support adoption of new macroprudential measures aimed at safeguarding financial stability.

4.3. Assessing Climate-Related Risks and Policies in Portfolio Management

Climate change and climate-related policies also affect financial markets and investment portfolios. Many central banks, willing to maintain a stable level of profits with acceptable risks as well as to support an orderly transition, are therefore gradually incorporating climate considerations into the management of their investments. Climate-related disclosures have likewise become an increasingly important transparency and risk-monitoring tool while the scope of reporting is gradually widening.

The NBS has already introduced several climate-related principles into the management of its non-monetary portfolios. Under its Sustainable Investment Strategy, adopted in 2025, it has committed to monitor issuers' ESG ratings, pursue thematic investment, support decarbonisation and apply negative screening. In line with its Eurozone commitments, the NBS annually publishes systemized information on the carbon intensity and transition risk profile of the Bank's holdings in [dedicated climate-related disclosures](#).

To further comply with the principles of cautious and responsible investment, the NBS intends to explore how transition and physical risks affect asset prices and market dynamics. Willing to strengthen the Bank's capacity to manage financial risks, it equally aims to conduct portfolio-level climate stress testing based on various climate scenarios.

4.4. Deepening the Integration of Climate Change Considerations into Supervisory Framework

Supervisory authorities play a key role in ensuring that banks and insurers identify, measure, and manage climate-related risks within their governance, strategy, and risk frameworks. With data availability increasing, supervisors rely on climate scenario analysis, risk-based supervisory reviews, and benchmarking to evaluate institutions' resilience to both physical and transition risks.

The climate-related supervision by the NBS builds on the existing prudential framework, complementing the Supervisory Review and Evaluation Process (SREP) with climate risk considerations. This scheme will be strengthened by the requirement to adopt prudential transition plans for climate-related risk management. Particular attention is given to the insurance sector³ wherein the evaluation of climate-related risks is becoming an integral part of the broader risk assessment framework, linking exposure analysis with firms' strategic and governance responses. In this context, climate-related risks represent a twofold challenge for insurers. First, they contribute to increasing claims-related costs, driven by the growing frequency and severity of insured events. Second, they require the adaptation of underwriting practices and the development of new and recalibrated insurance products capable of providing adequate coverage for emerging climate-related risks.

Further on, the NBS plans to develop informal supervisory dialogues with the financial sector, deepen climate-related risk assessments in the insurance sector and complement its supervisory toolkit with on-site observations and other soft measures. These efforts are expected to strengthen

³ Among other events, the international conference "[Climate Risk in Insurance: Addressing the Climate Insurance Gap and Using Climate Data](#)" organised by the NBS on April 16, 2026 deserves particular attention.

supervisory consistency, enhance the resilience of financial institutions, and support the gradual integration of climate considerations into prudential practice.

Apart from the four aforementioned areas with the highest strategic relevance and feasibility, two additional domains — statistics & research and the NBS operational carbon footprint reduction - equally represent a significant contribution to the Bank's overall climate engagement.

Complementary Areas: Statistics & Research

In the area of statistics, climate considerations are being gradually integrated into data collection, compilation, and disclosure. Enhancing the availability and quality of climate-related financial data as well as development of new composite indicators contributes to more informed decision-making, both within the NBS and across the Eurosystem. Similarly, climate-related topics are kept among NBS's research priorities as this supports evidence-based policymaking and ensures that the NBS research maintains its analytical expertise and topicality.

Complementary Area: Own Carbon Footprint

In its own operation, the NBS has already taken tangible steps toward sustainability. It continuously increases its efforts for the reduction of operational carbon footprint by adopting energy efficiency measures, responsible procurement practices and investments in sustainable technologies. Further continuation aligns with the spirit and objectives of the NBS Climate Strategy and contributes to the NBS's overall credibility in promoting responsible institutional behaviour.

5. Leaving a Mark on the Map: Communicating the Results

The adoption of the NBS Climate Strategy is accompanied by a targeted communication campaign that will include launching a dedicated website section – "[Climate Agenda at the NBS](#)".

Sharing expert understanding of climate risks and dissemination of climate change-related statistical indicators via dedicated communication channels simultaneously allows the NBS to promote broader cooperation in the area of climate change. The NBS might benefit from the latter itself as the thorough coverage of cross-sectional climate-related topics requires analytical and technical cooperation with external partners.

The publication of the NBS Climate Strategy not only anchors climate change matters in the NBS agenda but, even more importantly, opens the door for active engagement with a broader professional public and development of meaningful cooperation with external stakeholders. Efficient and targeted communication of the Strategy's content thus remains an irreplaceable part of its implementation.

Abbreviations

BIS	Bank for International Settlements
EBA	European Banking Authority
ECB	European Central Bank
EIOPA	European Insurance and Occupational Pensions Authority
ESG	Environmental, Social and Governance
ESCB	European System of Central Banks
ESMA	European Securities and Markets Authority
NBS	National Bank of Slovakia
NGFS	Network for Greening the Financial System
SREP	Supervisory Review and Evaluation Process