



REVIEW OF BANKING SYSTEM FINANCIAL STABILITY OF THE REPUBLIC OF TAJIKISTAN¹ FOR THE SECOND QUARTER OF 2024

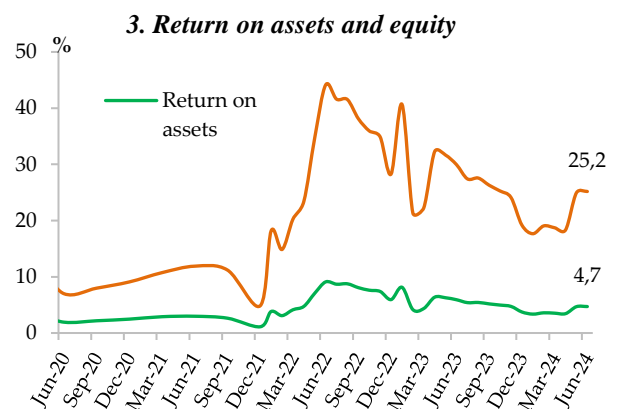
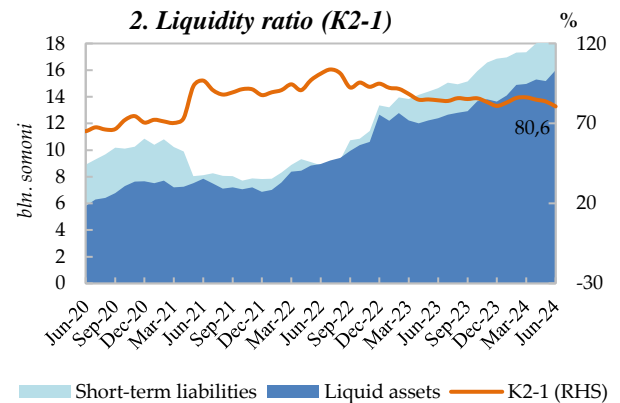
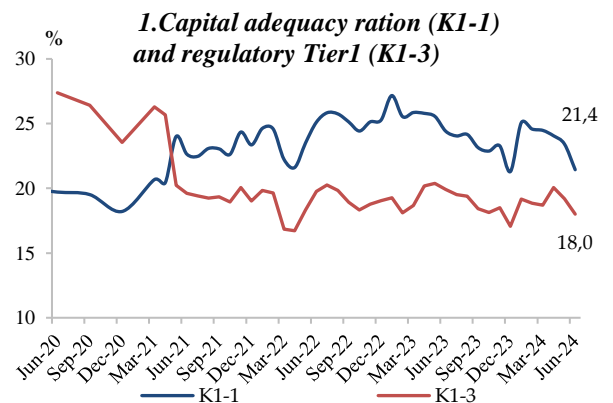
In the second quarter of 2024, taking into account the chain of goods and products' revival in the world market, the world economy development, the reduction of potential external risks, the stability of the main financial indicators of the internal system has been ensured.

Capital Adequacy. The capital adequacy ratio and the net capital adequacy ratio are the main indicators of financial stability in the banking system and at the end of June 2024, exceeded the established limits by 9, 4 p.p. and 8, 0 p.p. and amounted to 21, 4% and 18,0%, respectively.

It should be noted that exceeding the minimum capital adequacy ratio contributes to reducing potential financial losses and ensuring the uninterrupted activities of the banking system.

Liquidity. The liquidity ratio (K2-1) at the system level complies with the prudential requirements (30%) and amounted to 80,6%. The liquidity rate for systemically important credit institutions also met the requirements of the minimum acceptable rate (50%) and amounted to 81,8%. The liquidity of the banking system in foreign currency is at an acceptable level and amounted to 96,1%.

Profitability. Over the reporting period, profitability indicators of the banking system in relation to assets and capital had stable trend and amounted to 4,7% and 25,2%.



¹ Banks, non-bank credit organizations and MCDO

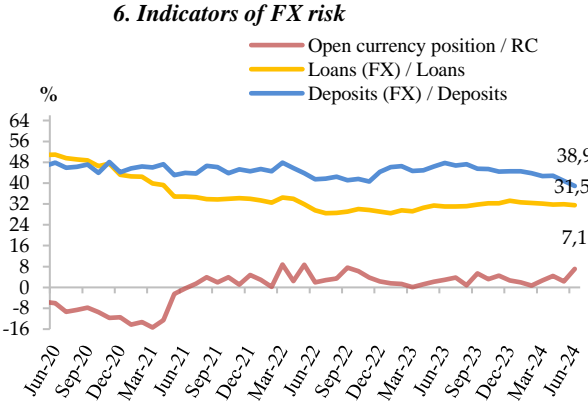
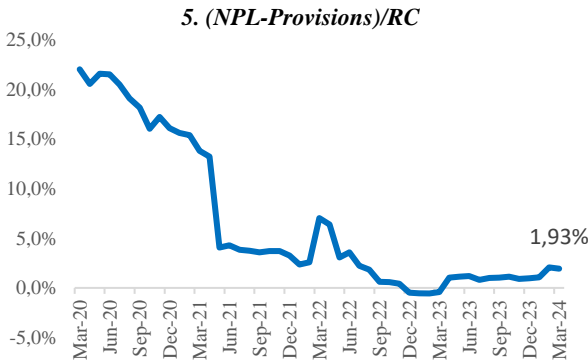
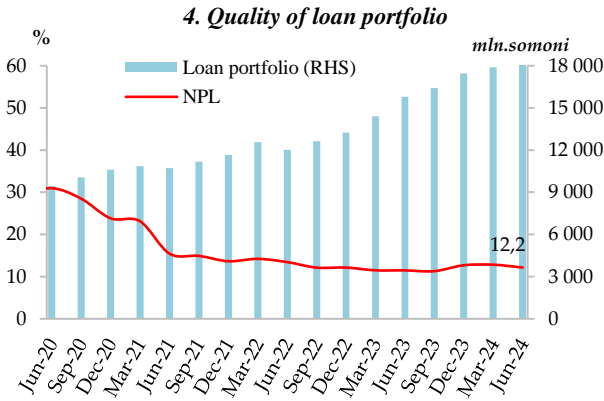
The quality of the loan portfolio. The share of non-performing loans (overdue by more than 30 days) in the loan portfolio amounted to 12,2%, almost unchanged compared to the previous year.

The index of the fund for covering possible losses on non-performing loans for this period amounted to 93,2%.

In addition, it should be noted that as of June 30, 2024, the ratio of non-performing loans and deduction of special fund to cover potential losses in relation to regulatory capital amounted to 2,3% having showed inadequacy load of non-performing loans on capital.

Currency risk. Over the reporting period, the share of loans in foreign currency increased by 0,7 p.p. compared to June 2023 and the share of deposits in foreign currency decreased by 8,8 p.p. which amounted to 31,5% and 38,9% respectively. The process of reducing dollarization indicates a decrease in currency risk and the influence of external factors on the banking system.

One of the ways to determine the vulnerability of the capital of the banking system to currency risk is the ratio of the total open currency position to regulated capital, which shows the discrepancy between the currency position of assets and liabilities (open position). According to the analysis, the capital of the Tajikistan banking system is relatively less vulnerable to foreign exchange risk, and as of the end of June 2024, this ratio (open foreign exchange position/regulated capital) was 7.1%.



Source: NBT calculations