

## REVIEW OF FINANCIAL STABILITY OF THE BANKING SYSTEM OF THE REPUBLIC OF TAJIKISTAN<sup>1</sup> FOR THE SECOND QUARTER OF 2026

*Despite economic uncertainties, increased geopolitical tensions worldwide, and financial market instability, the country's banking system in the first half of 2026 maintained its operations with an adequate level of liquidity, profitability, and capital.*

**Capital Adequacy.** The capital adequacy ratio (K1-1) and the Tier1 capital adequacy ratio (K1-3) as the main financial soundness indicators in the banking system, at the end of June 2026 exceeded the established limits (by 12,3 percentage point (p.p.) and 10,5 p.p.), and accounted for 24,3% and 20,5%, respectively.

These indicators demonstrate the high capacity of credit financial institutions to cover potential financial losses and ensure the uninterrupted operation of the banking system.

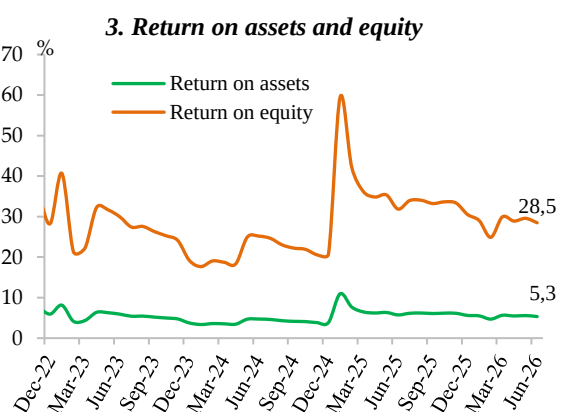
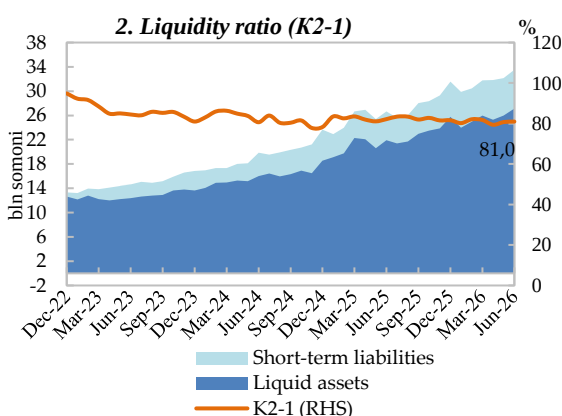
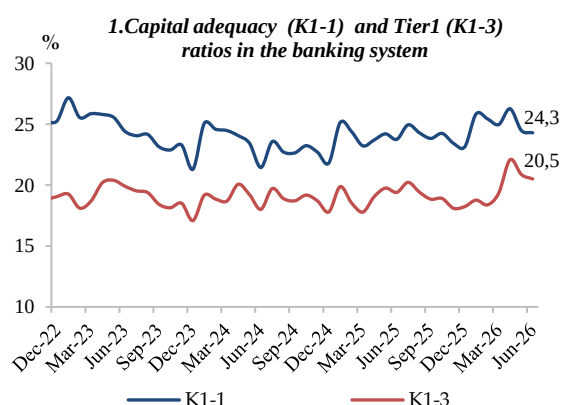
**Liquidity.** The liquidity ratio (K2-1) at the system level complies with the prudential requirements (30%) and accounted for 81,0%. The liquidity of the banking system in foreign currency accounted for 81,3%. The liquidity rate for systemically important credit institutions also met the requirements of the minimum prudential rate (50%) and equaled 75,8%.

The ratio of deposits to the loan portfolio reached 129,3 % in June 2026, which contributes to reducing the risk liquidity.

A high level of liquidity in the banking system facilitates the timely fulfillment of short-term liabilities and the conduct of financial transactions, and ensuring stability in stressful situations.

**Profitability.** For the reporting period, indicators of return on assets and return on capital, as indicators of the efficiency of the banking system, had a stable trend and accounted for 5,3% and 28,5%, respectively.

Net interest income increased by 12.7% compared to June 2025, which led to an increase in total income of the



<sup>1</sup> Banks and MCDO.

banking system. In this regard, the ratio of net interest income to gross income<sup>2</sup> of the banking system accounted for 53.2%.

**Quality of the credit portfolio.** The share of non-performing loans (NPL)<sup>3</sup> in the loan portfolio increased slightly (by 0.1 p.p.) compared to the same period last year and accounted for 6.9%. Also, according to international practice, NPL is defined as loans overdue by more than 90 days, which, at the end of June 2026, accounted for 3.4% in the country's banking system.

Over this period the loan loss provision fund indicator (LLPF) in relation to NPL equaled 102,3%.

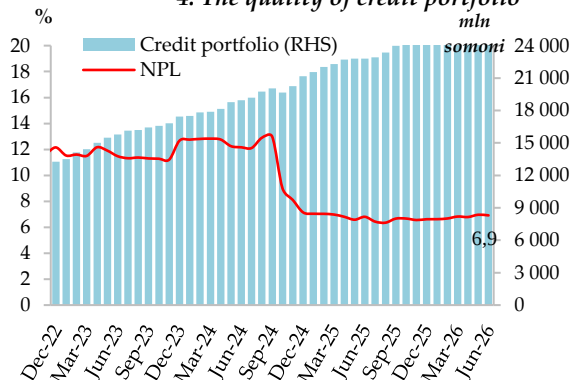
In the reporting period the indicator of NPL without LLPF to regulatory capital (RC) accounted for -0,5%, which indicates a low burden of NPL on capital.

The ratio of large exposures to regulatory capital in the banking system decreased from 58.4% in 2023 to 52.8% in the reporting period, reflecting lower credit risk concentration and an improvement in loan portfolio quality.

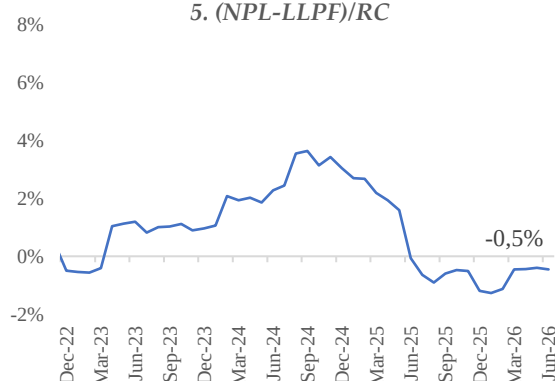
**Foreign exchange risk.** In the reporting period, the share of loans and deposits in foreign currency (FX) decreased by 2,7 p.p. and 1,5 p.p. compared to the end of June 2025 and accounted for 20,9% and 39,1% respectively. The process of reducing dollarization indicates a decrease in foreign exchange risk and the impact of external factors on the banking system.

One of the ways to determine the vulnerability of the capital of the banking system to foreign exchange risk is the ratio of the total open currency position to regulatory capital, which shows the discrepancy between the open currency position of assets and liabilities. According to the analysis, the capital of the Tajikistan's banking system is relatively less vulnerable to foreign exchange risk, and as of the end of June 2026, above mentioned ratio accounted for 0,7%.

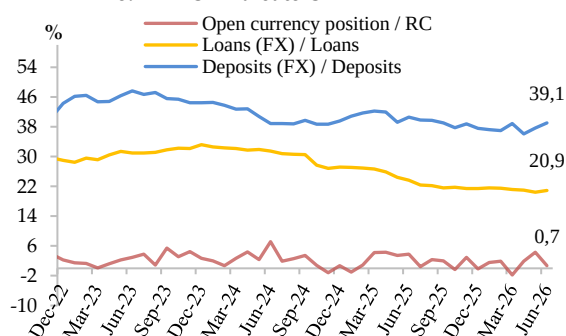
**4. The quality of credit portfolio**



**5. (NPL-LLPF)/RC**



**6. FX risk indicators**



Source: NBT calculations.

<sup>2</sup> According to Compilation Guide for Financial Soundness Indicators (by IMF)

<sup>3</sup> Loans overdue by more than 30 days.