



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

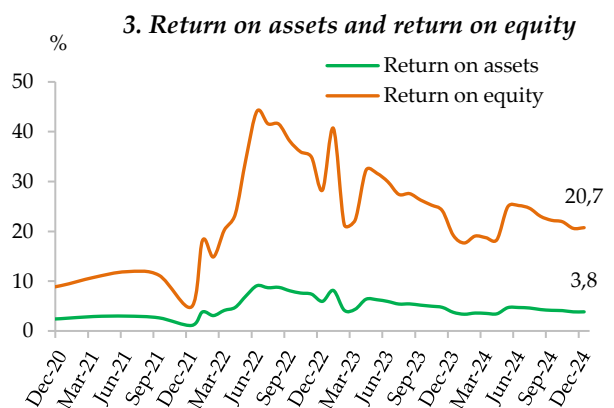
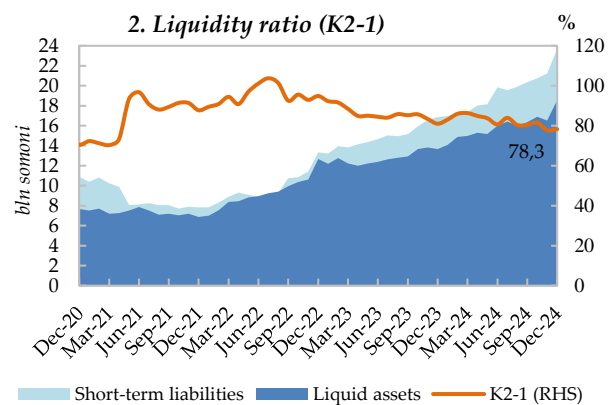
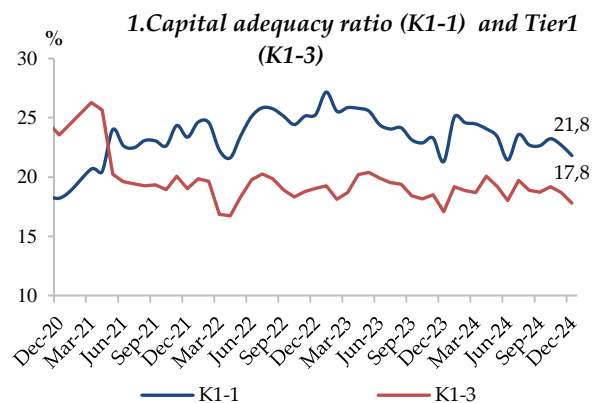
During the reporting period, despite the uncertain in the global economy and the continuation of trade and political conflicts, taking into account their potential impact on the country's economy, the main indicators of the financial stability of the banking system as a whole demonstrate stable dynamics and meet prudential requirements.

Capital Adequacy. The capital adequacy ratio (K1-1) and the Tier1 capital adequacy ratio (K1-3) as the main indicators of financial stability in the banking system, at the end of December 2024 exceeded the established limits by 9,8 percentage point (p.p.) and 7,8 p.p. respectively and accounted for 21,8% and 17,8%, respectively.

It should be noted that exceeding the minimum capital adequacy ratio helps mitigate potential financial losses and ensures the uninterrupted activities of the banking system.

Liquidity. The liquidity ratio (K2-1) at the system level complies with the prudential requirements (30%) and accounted for 78,3%. The liquidity rate for systemically important credit institutions also met the requirements of the minimum prudential rate (50%) and equaled 76,6%. The liquidity of the banking system in foreign currency was also at an appropriate level and accounted for 83,4%.

Profitability. Over 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 3,8% and 20,7% respectively.



¹ Banks, non-bank credit organizations and MCDO.

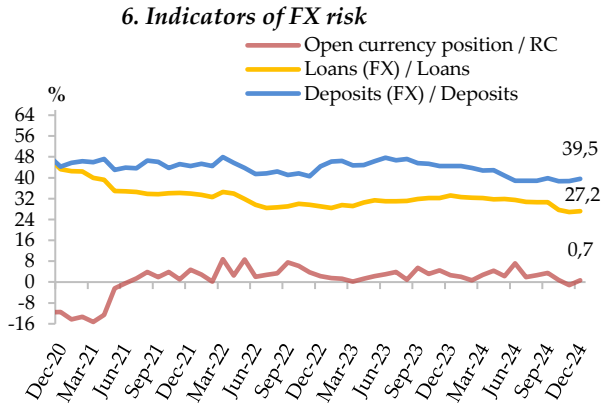
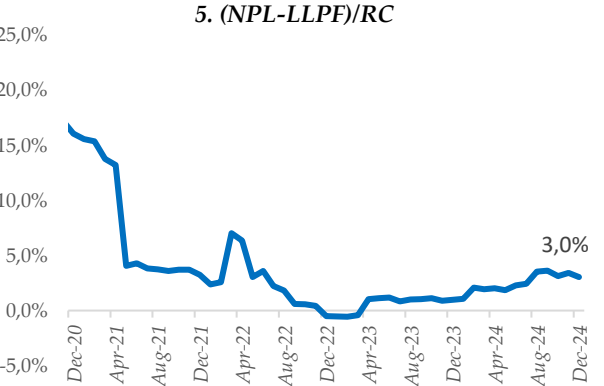
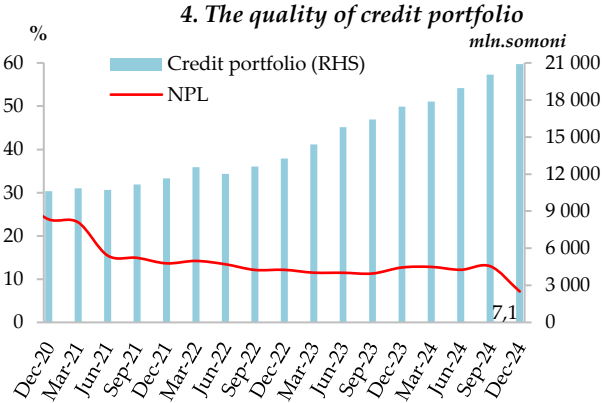
The quality of the credit portfolio. The share of non-performing loans (NPL)² in the credit portfolio as a result of the effective measures taken compared to the same period of the previous year decreased by 5.5 p.p. and accounted for 7,1%. It should be noted that this indicator is the lowest in the last five years.

Over this period the loan loss provision fund indicator (LLPF) in relation to NPL equaled 85,1%.

It should be noted that as of December 31, 2024 the ratio of NPL without LLPF to regulatory capital (RC) accounted for 3,0% which indicates a low burden of NPL on capital.

Foreign exchange risk. Over the reporting period, the share of loans and deposits in foreign currency (FX) decreased by 6,0 p.p. and 5.0 p.p. compared to the end of December 2023 and equaled 27,2% and 39,5% respectively. Reduction in dollarization indicates a decrease in foreign exchange risk and the influence of external factors on the banking system.

One of the ways to determine the vulnerability of the capital 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 December 2024, above mentioned ratio accounted for 0,7%.



Source: NBT calculations.

² Loans overdue by more than 30 days.