



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

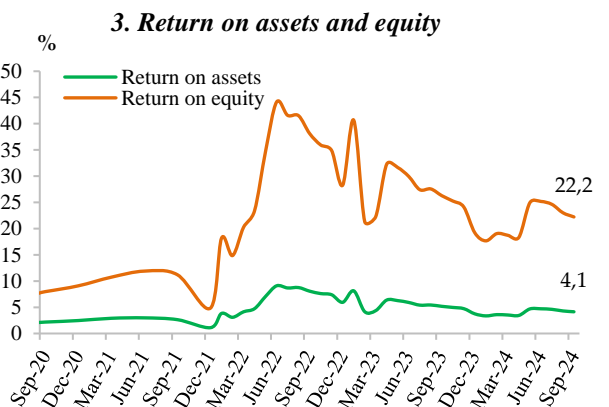
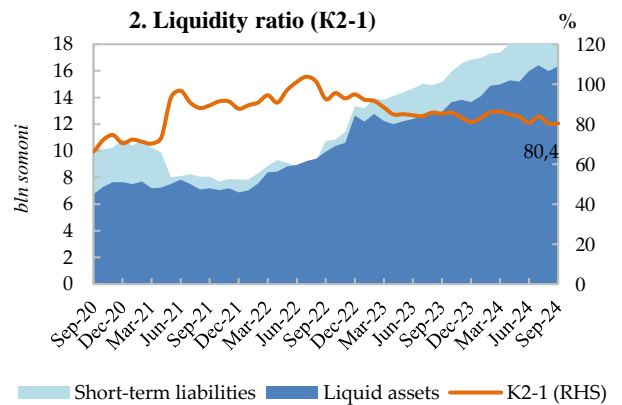
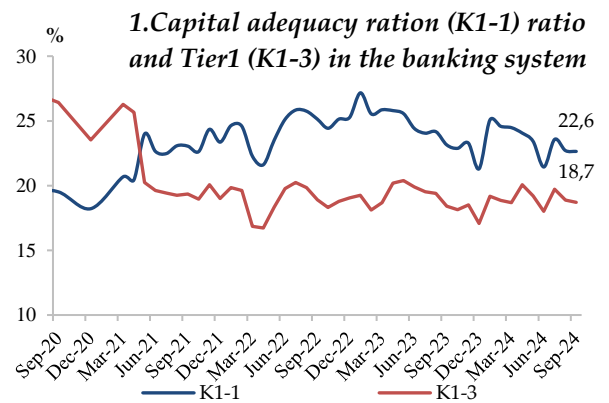
In the third quarter of 2024, taking into account the recovery of supply chain of goods and products' in the world market, the growth of the global economy, a relative reduction of potential external risks, the stability of the main financial indicators of the banking system has been ensured.

Capital Adequacy. The capital adequacy ratio (K1-1) and the Tier1 capital adequacy ratio (K1-3) are the main indicators of financial stability in the banking system and at the end of September 2024, exceeded the established limits by 10,6 percentage point (p.p.) and 8,7 p.p. and accounted for 22,6% and 18,7%, 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 accounted for 80,4%. The liquidity rate for systemically important credit institutions also met the requirements of the minimum acceptable rate (50%) and equaled 75,7%. The liquidity of the banking system in foreign currency was also at an appropriate level and accounted for 91,6%.

Profitability. Over the reporting period, profitability indicators of the banking system based on the assets and equity had stable trend and accounted for 4,1% and 22,2% 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 accounted for 13,0%, which is 1,7 p.p. more compared to the same period of the previous year.

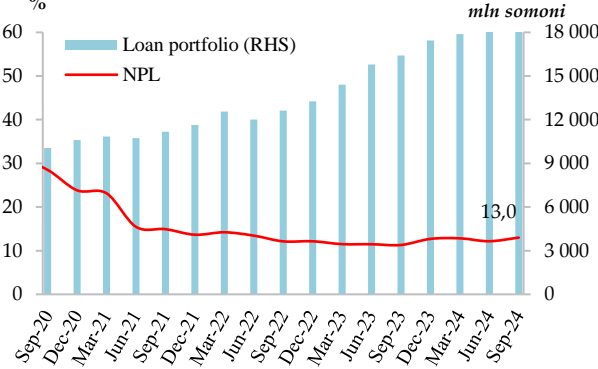
Over this period the loan loss provision fund indicator (LLPF) in relation to NPL equaled 90,2%.

It should be noted that as of September 30, 2024 the ratio of NPL without LLPF to regulatory capital (RC) accounted for 3,6% which indicates a low burden of NPL on capital.

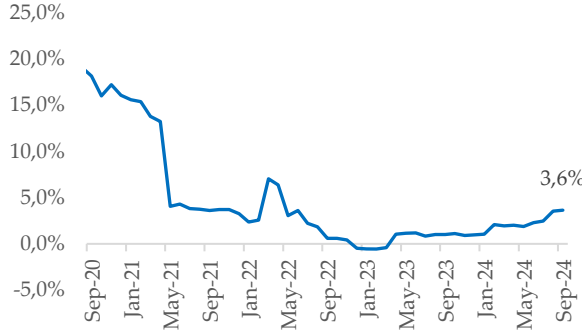
Foreign exchange risk. Over the reporting period, the share of loans and deposits in foreign currency (FX) decreased by 1,2 p.p. and 5.8 p.p. compared to the end of September 2023 and equaled 30,6% and 39,8% respectively. Reduction in dollarization indicates a decrease in foreign exchange risk and the 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 September 2024, above mentioned ratio accounted for 3,5%.

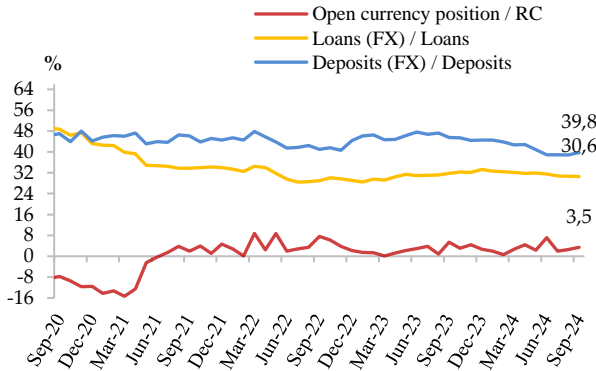
4. The quality of the credit portfolio



5. (NPL-LLPF)/RC



6. Indicators of foreign exchange risk



Source: NBT calculations.

² Loans overdue by more than 30 days.