



## REVIEW OF THE FINANCIAL SOUNDNESS OF BANKING SYSTEM<sup>1</sup> OF THE REPUBLIC OF TAJIKISTAN IN THE SECOND QUARTER OF 2022

Despite ongoing political conflicts in a certain of countries of the region and global economic instability, uncertainties and other existing issues, according to the results of the second quarter of 2022, the indicators of the financial stability of the banking system were met in accordance with set requirements.

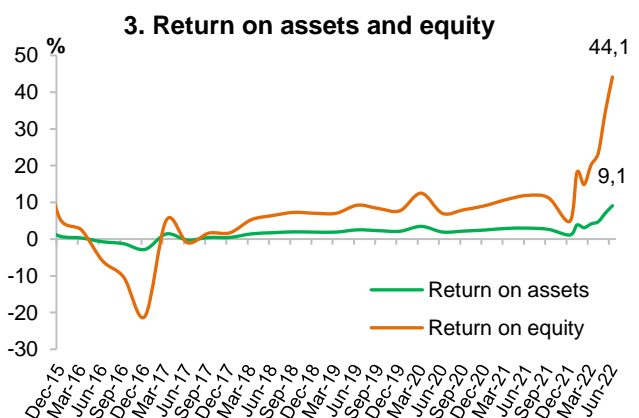
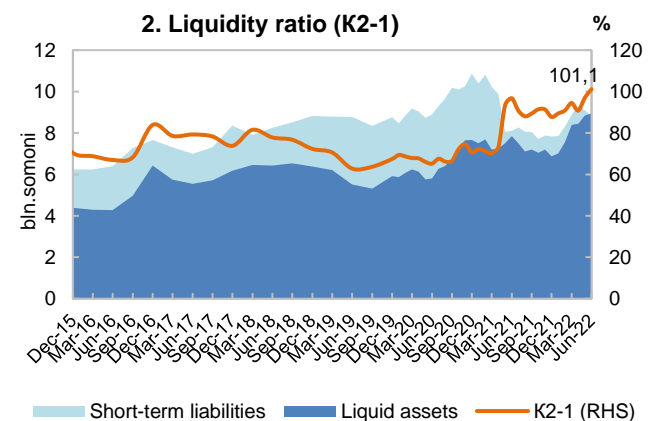
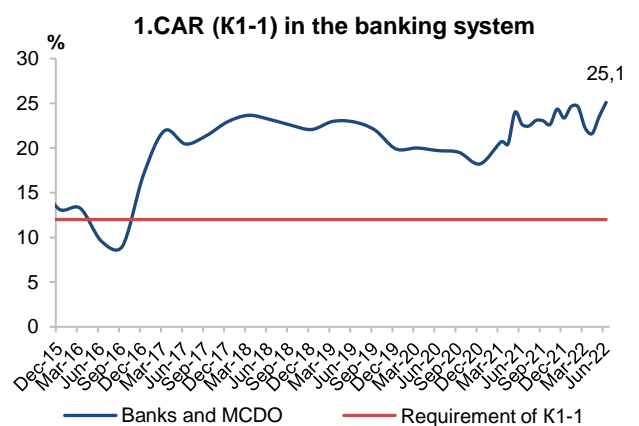
**Capital adequacy.** According to the results of the 2<sup>nd</sup> quarter of 2022, the capital adequacy ratio in the banking system (K1-1) exceeded the minimum requirements by 13,1 p.p. and equaled to 25,17%. The increase in this indicator over this period was facilitated by the uneven decrease of regulatory capital (20,1%) and risk-weighted assets (8,3%). The K1-2 ratio increased by 0,6 p.p. and in comparison with the same period of 2021 amounted to 19.0%.

**Liquidity.** The liquidity ratio (K2-1) at the system level complies with the prudential requirements and amounted to 101,1% which is 4,3 p.p. more compared to the 2<sup>nd</sup> quarter of 2021.

The level of liquidity of the banking system in foreign currency is at an acceptable level and amounts to 107,0%.

**Profitability.** Over this period, stable profitability of the banking system in relation to assets and capital was ensured, which amounted to 9,1% and 44,1% respectively, which is 6,1 p.p. and 32,2 p.p. more compared to the same period of 2021.

It should be noted that over the reporting period the majority of credit financial institutions operated with the extra revenue (profit), and this was reflected in the increase of these indicators.



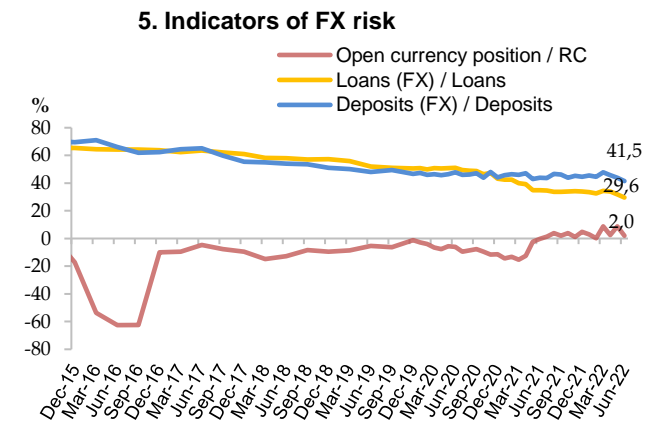
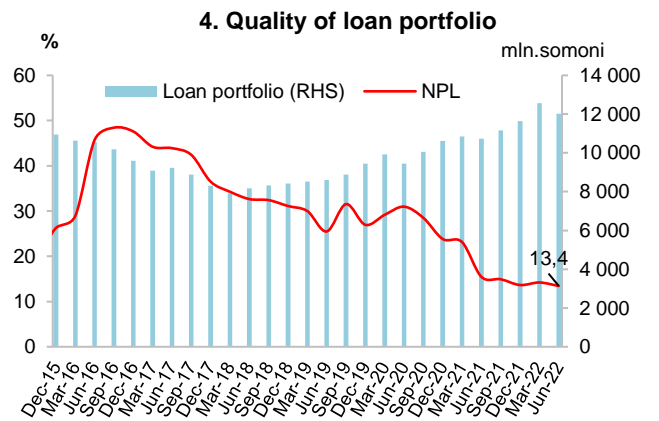
<sup>1</sup>Banks and MCDO

**The quality of the loan portfolio.** As of the end of June 2022, the share of non-performing loans in the loan portfolio (overdue by more than 30 days) amounted to 13,4%, which is 2,0 p.p. less compared to the same period of 2021.

Over this period the provision fund indicator in relation to non-performing loans totaled to 89,5% having decreased by 0,2 p.p. compared to June 2021.

**Currency risk.** At the end of the 1st quarter , 2022 the total open currency position in the banking system was long and its indicator amounted to 2,0% which complies with the minimum requirements (K6-1).

Over the reporting period, the share of loans in foreign currency decreased by 5,2 p.p. compared to June 2021 and the share of deposits in foreign currency increased by 2,5 p.p. amounting to 29,6% and 41,5% respectively, which indicates gradual reduction of dollarization in the economy.



*\*The analyzes were carried out on the basis of statistical data and calculations of the NBT.*