



REVIEW OF THE FINANCIAL SOUNDNESS OF BANKING SYSTEM¹ OF THE REPUBLIC OF TAJIKISTAN IN THE THIRD QUARTER OF 2022

In connection with the application of comprehensive measures to eliminate the consequences of adverse geopolitical and economic situation in the world, according to the results of the third quarter of 2022, the indicators of the financial stability of the banking system have been at the appropriate level.

Capital adequacy. According to the results of the 3rd 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 25,1% which is 2,1 p.p. more compared to the same period of the last year. The increase in this indicator over this period was facilitated by the uneven decrease of regulatory capital (18,5%) and risk-weighted assets (8,6%). The K1-2 ratio decreased by 0,4 p.p. and in comparison with the same period of 2021 amounted to 18,5%.

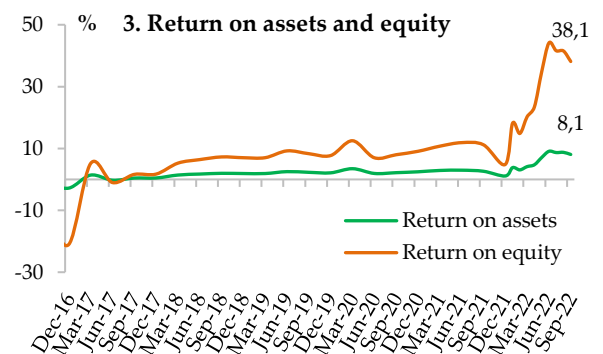
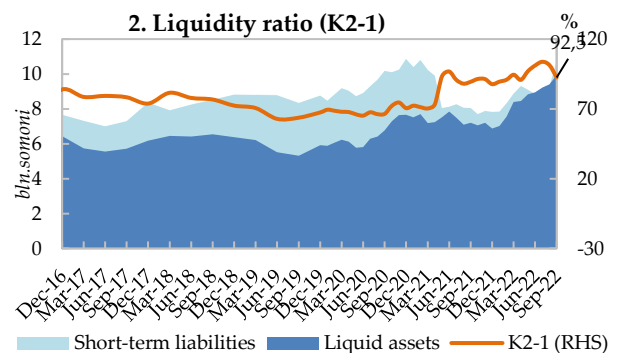
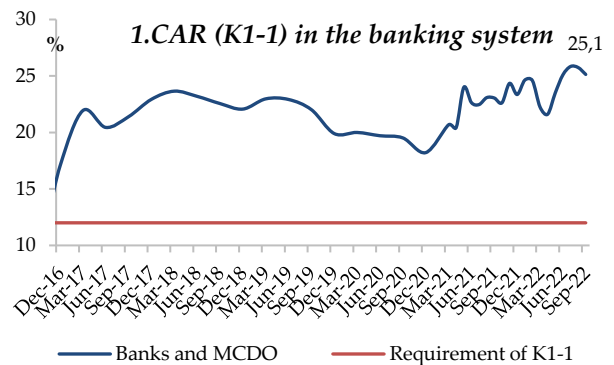
Liquidity. The liquidity ratio (K2-1) at the system level complies with the prudential requirements and amounted to 92,5% which is 3,1 p.p. more compared to the 3rd quarter of 2021.

The level of liquidity of the banking system in foreign currency is at an acceptable level and amounts to 99,9%.

Profitability. Over this period, stable profitability of the banking system in relation to assets and capital was ensured, which amounted to 8,1% and 38,1% respectively, which is 5,4 p.p. and 26,9 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.

The quality of the loan portfolio. As of the end of September 2022, the share of non-performing loans in the loan portfolio (overdue



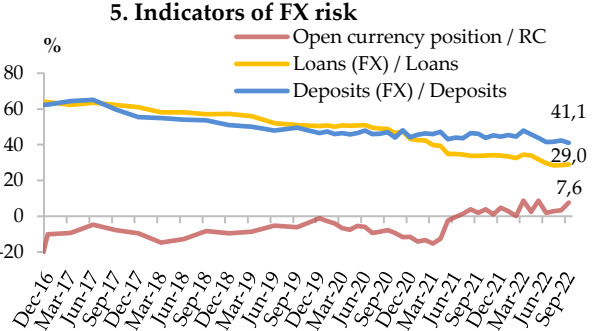
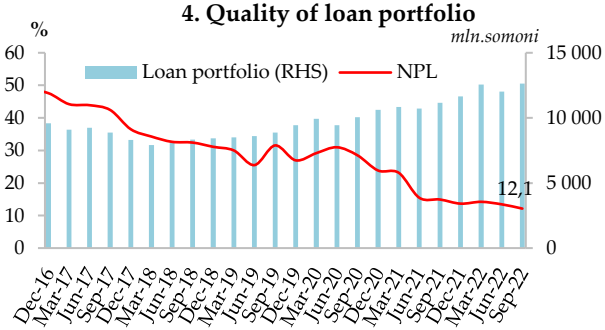
¹Banks and MCDO

by more than 30 days) amounted to 14,9%, which is 12,1 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 97,9% having increased by 7,0 p.p. compared to September 2021.

Currency risk. At the end of the 3rd quarter, 2022 the total open currency position in the banking system was long and its indicator amounted to 7,6% which complies with the minimum requirements (K6-1).

Over the reporting period, the share of loans in foreign currency decreased by 4,7 p.p. compared to September 2021 and the share of deposits in foreign currency decreased by 5,1 p.p. amounting to 29,0% and 41,1% 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.*