



REVIEW OF BANKING SYSTEM FINANCIAL STABILITY OF THE REPUBLIC OF TAJIKISTAN¹ IN THE FOURTH QUARTER OF 2023

For the reporting period due to favorable macroeconomic environment in the country, the main indicators of the financial stability of banking system on the whole showed a stable trend and met established prudential requirements.

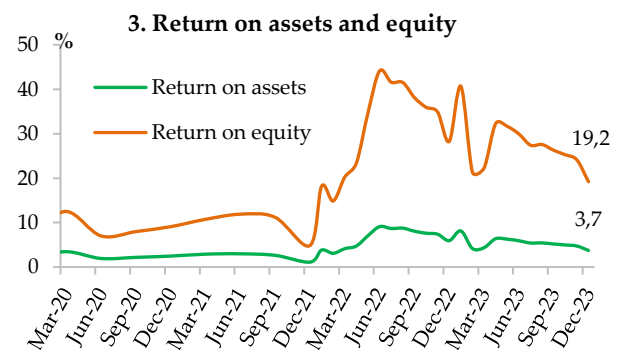
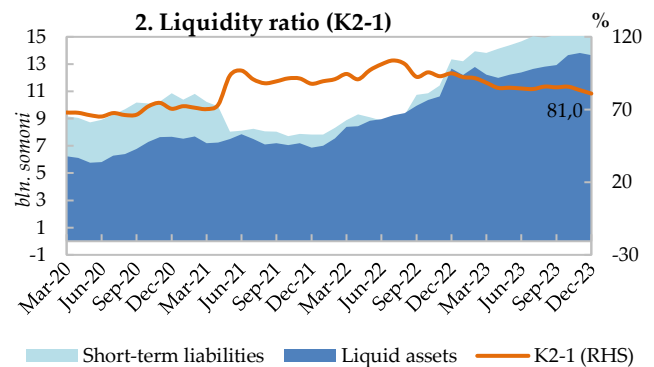
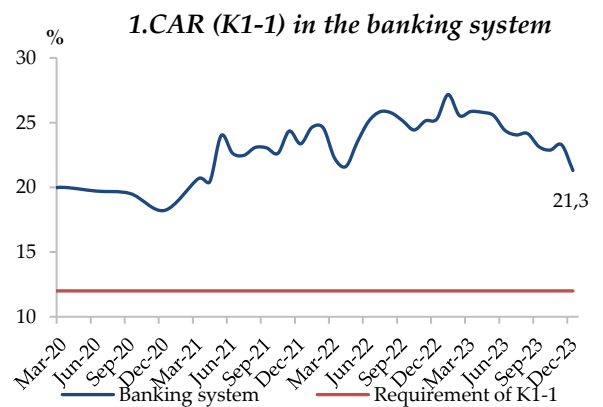
Capital Adequacy. According to the results of the 4th quarter of 2023, the capital adequacy ratio in the banking system (K1-1) exceeded the minimum requirements by 9,3 percentage point (p.p.) and equaled to 21,3%. Uneven growth of regulatory capital (21,1%) and risk-weighted assets of banking system (43,6%) over this period facilitated the change of adequacy capital ratio (K1-1). The K1-3 ratio amounted to 17,1%.

It should be noted that exceeding the capital adequacy ratio of the minimum requirement promotes 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 amounted to 81,0%.

The liquidity of banking system in foreign currency is at an acceptable level as well and amounted to 91,8%.

Profitability. Over the reporting period, stable profitability of the banking system in relation to assets and capital was ensured, which amounted to 3,7% and 19,2% respectively, which is less with 3,2 p.p and 19,2% respectively.



¹ Banks, non-bank credit organizations and MCDO

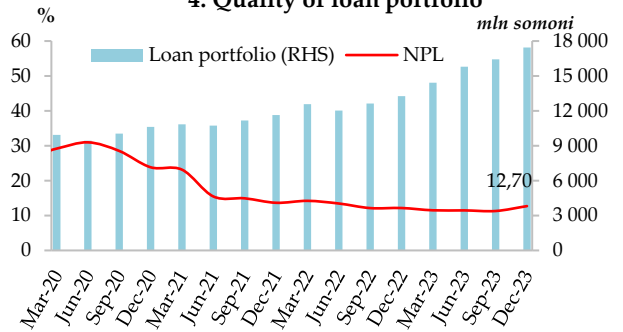
The quality of the loan portfolio. The share of non-performing loans (overdue by more than 30 days) in the loan portfolio increased from 12,2 % at the end of December 2022 to 12,7 % for the reporting period.

Over this period the provision fund indicator in relation to nonperforming loans totaled to 97,3%. It should be noted that the ratio of nonperforming loans and deduction of special fund to cover potential losses in relation to regulatory capital as of December 31, 2023 amounted to 0,97% having showed inadequacy load of non-performing loans on capital.

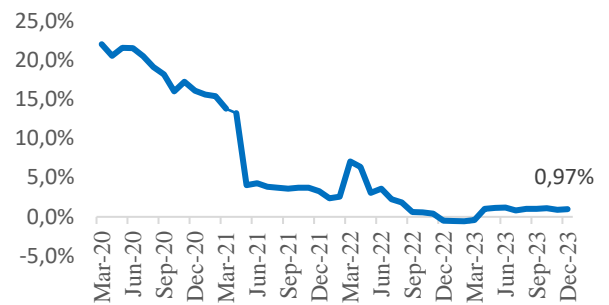
Currency risk. Over the reporting period, the share of loans in foreign currency increased by 4,2 p.p. compared to December 2022 and the share of deposits in foreign currency decreased by 0,2 p.p. which amounted to 33,2% and 44,5% respectively.

One of the ways of determination of capital vulnerability is a ratio of general open currency position in relation to regulatory capital which shows inadequacy of currency position on assets and obligations (open position). According to an analysis the capital of banking system of Tajikistan is less vulnerable to foreign currency and this indicator (open currency position/regulatory capital) accounted to 2,7% at the end of 2023.

4. Quality of loan portfolio



5. (NPL-Provisions)/RC



6. Indicators of FX risk

