



REVIEW OF THE FINANCIAL SOUNDNESS OF BANKING SYSTEM¹ OF THE REPUBLIC OF TAJIKISTAN IN THE SECOND QUARTER OF 2021

In the 2nd quarter of 2021, due to the gradual overcoming of the negative consequences of the COVID-19 pandemic in the national economy and the improvement of the banking system, the stability of financial soundness indicators banking system was ensured.

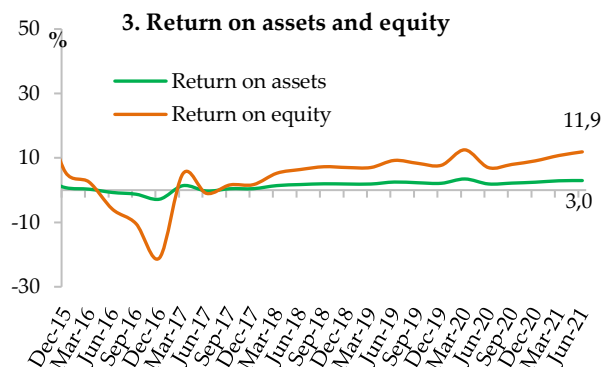
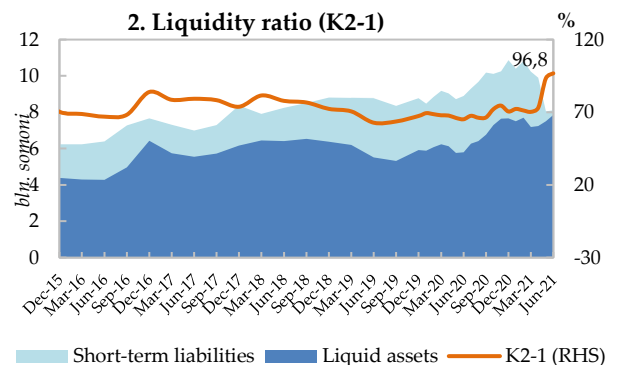
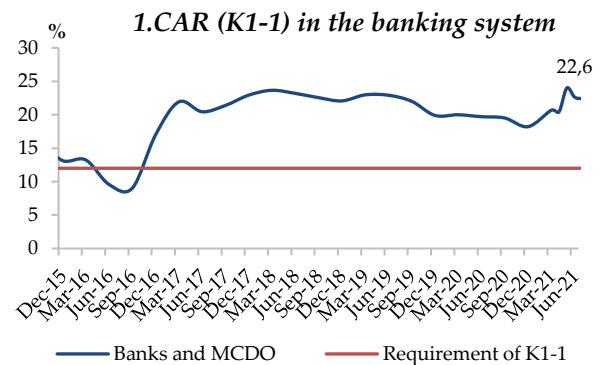
Capital adequacy. According to the results of the 2nd quarter of 2021, the capital adequacy ratio in the banking system (K1-1) exceeded the minimum requirements by 10,6 p.p. and amounted to 22,6%.

Liquidity. The liquidity ratio (K2-1) at the system level complies with the prudential requirements and amounted to 96,8%, which is 31,6 p.p. more compared to the same period of the last year.

The level of liquidity of the banking system in foreign currency amounted to 108,5%, which is the highest for last few years.

Profitability. Over this period, despite the stable level of profitability of the banking system in relation to assets and equity has been preserved and amounted respectively to 3,0% and 11,9%, which is more 1.1 p.p and 4.9 p.p compared to the same period of 2020.

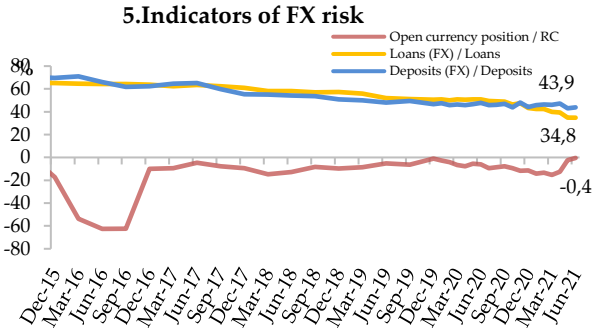
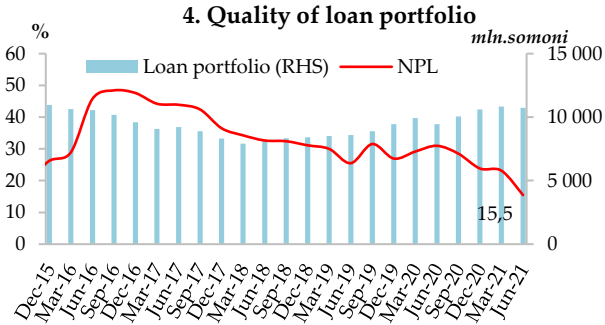
The quality of the loan portfolio. At the end of the second quarter of 2021, the quality of the loan portfolio has improved due to the improvement of the structure of the banking system and the reduction in the volume of non-performing loans in most financial institutions. The share of non-performing loans (overdue above 30 days) in the loan portfolio amounted to 15,5%, which 2 times less compared to the same period last year.



¹Banks and MCDO

Currency risk. At the end of the 2nd quarter of 2021 the total open currency position in the banking system was short and its indicator amounted to -0,4 %, which complies with the minimum requirements (K6-1).

Over the reporting year, the share of loans and deposits of the banking system in foreign currency continued to decline, amounting to 34.8% and 43.9%, which is respectively 16,2 p.p and 3,9 p.p less compared to the 2nd quarter of 2020. This trend is demonstrates gradual decline of dollarization in economy.



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