



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

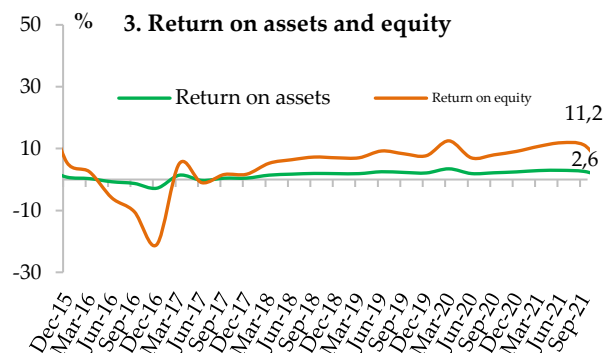
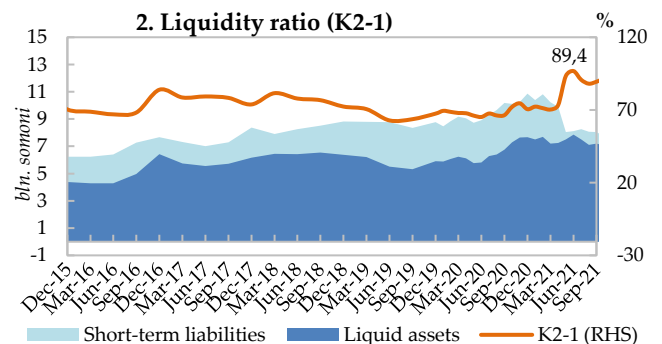
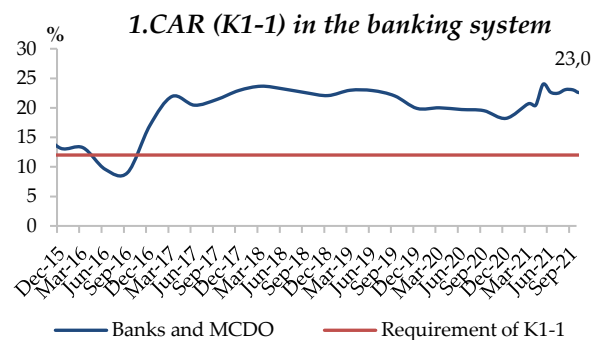
In the 3rd quarter of 2021 the improvement of the epidemiological situation in the country, the removing of covid restrictions and the expansion of trade relations with countries, as well as the recovered of economic growth, an increase in incomes of the population, a decrease in exchange rate fluctuations and an improvement in the banking system create condition for ensuring the stability of financial soundness indicators. In this regard, such important banking indicators as the level of liquidity, profitability and capital adequacy tended to increase compared to the same period last year, and also the quality of the loan portfolio improved.

Capital adequacy. According to the results of the 3rd quarter of 2021, the capital adequacy ratio in the banking system (K1-1) exceeded the minimum requirements by 11,0 p.p. and equaled to 23,0%. The increase in given indicator for this period was due to an increase in regulatory capital (6,2%) and decrease in risk risk-weighted assets (10.1%).The K1-2 ratio increased by 2,7 p.p. compared to the same period in 2020 and amounted to 18,9%.

Liquidity. The liquidity ratio (K2-1) at the system level complies with the prudential requirements and amounted to 89,4%, which is 2,3 p.p. more than in the 3rd quarter of 2020.

The level of liquidity of the banking system in foreign currency, also is at an appropriate level and increased by 42,1 p.p compared to the same period in 2020, amounting to 106,7%.

Profitability. Over the reporting period, the stable level of profitability of the banking system was provided in relation to assets and capital amounted to 2,6% and 11,2%, which is more 0,5 p.p and 3,2 p.p compared to the same period of 2020.

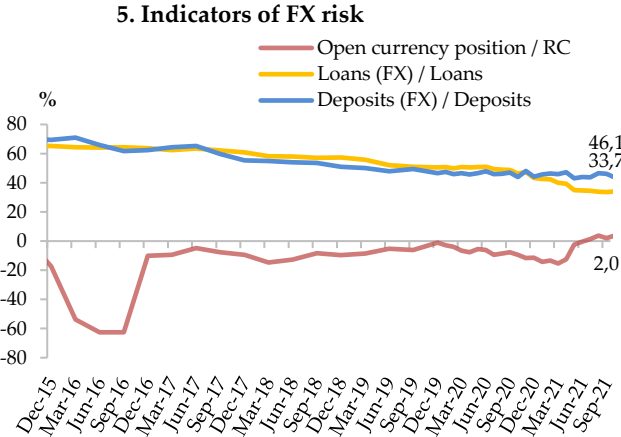
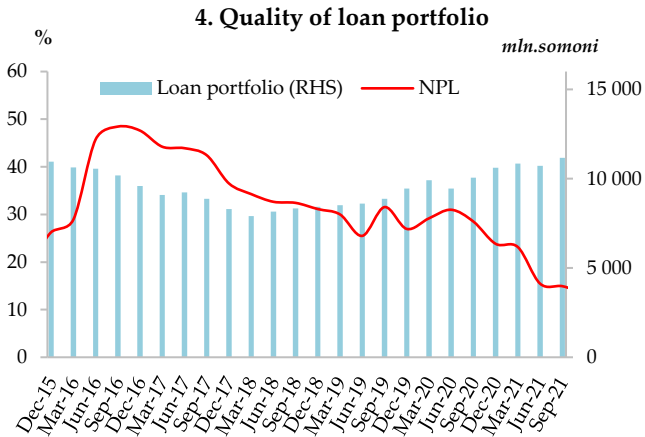


¹Banks and MCDO

The quality of the loan portfolio. At the end of the 3rd quarter of 2021, the quality of the loan portfolio has improved due to the improvement of the structure of the banking system liquidation of owing to problematic banks 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 14,9%, which is less 13,6 p.p. compared to the same period last year.

Currency risk. At the end of the 3rd quarter of 2021 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 year, the share of loans and deposits of the banking system in foreign currency continued to decline, amounting to 33.7% and 46.1%, which is respectively 15,0 p.p and 0,9 p.p less compared to the same period of 2020. This trend is demonstrates gradual decline of dollarization of the economy.



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