



NATIONAL BANK OF TAJIKISTAN

REVIEW OF THE FINANCIAL STABILITY OF THE BANKING SYSTEM OF THE REPUBLIC OF TAJIKISTAN¹ FOR THE FIRST QUARTER OF 2023

In the first quarter of 2023, in connection with the implementation of regulatory measures aimed at increasing capital buffer and liquidity, as well as improving the quality of assets, the banking system ensured its uninterrupted activity showing restraint to the impact of existing risks.

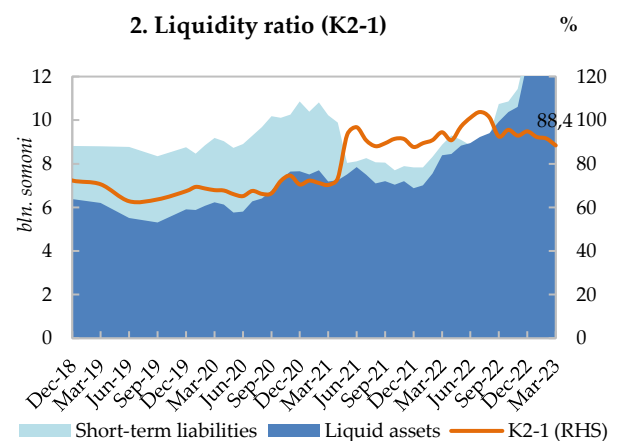
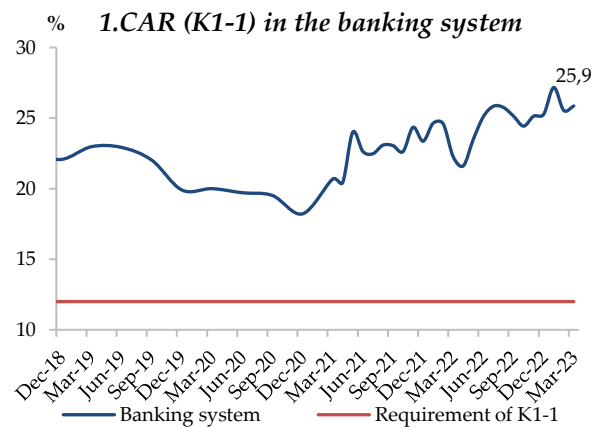
Capital Adequacy. According to the results of the 1st quarter of 2023, the capital adequacy ratio in the banking system (K1-1) exceeded the minimum requirements by 13,9 p.p. having increased by 3,6 p.p. compared to the same period of the last year.

The increase in this indicator over this period was facilitated by the growth of regulatory capital by 24,4% and risk-weighted assets by 7,0%, which contributed to the increase in the capital adequacy ratio. The K1-3 ratio (regulatory Tier 1 capital to risk-weighted assets) increased by one 1,8 p.p. to the same period in 2022 and amounted to 18,7% compared.

It should be noted that exceeding the minimum capital adequacy ratio contributes 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 and amounted to 84,4% which is 6,0 p.p. less compared to the 1st quarter of 2022.

The level of liquidity of the banking system in foreign currency is at an acceptable level and amounted to 89,6%.



¹ Banks, non-bank credit organizations and MCDO

Profitability. Over this period, stable profitability of the banking system in relation to assets and capital was ensured, which amounted to 4,4% and 22,3% respectively, having increased with 0,2 p.p. and 2,0 p.p. compared to the same period in 2022.

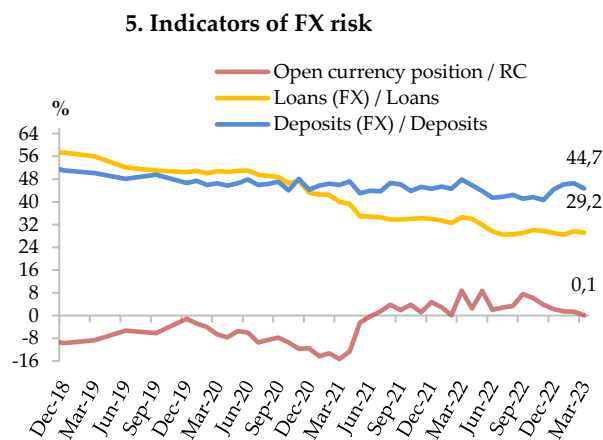
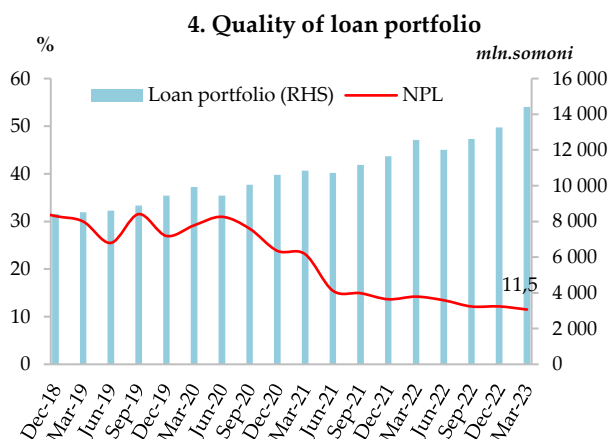
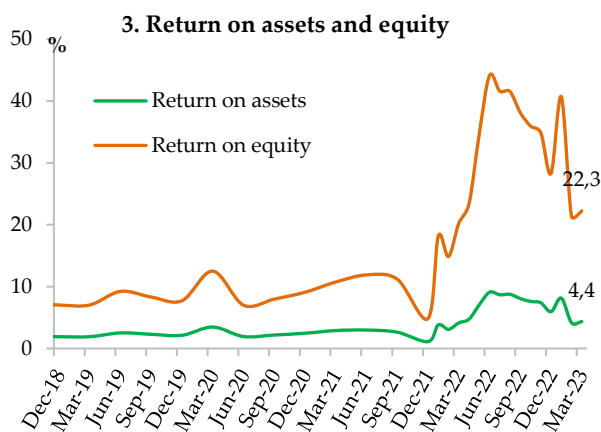
It should be noted that over the reporting period the majority of credit financial institutions operated with the profit, and this was reflected in the increase of these indicators.

The quality of the loan portfolio. As of the end of March 2022, the share of non-performing loans in the loan portfolio (overdue by more than 30 days) decreased from 14,2% to 11,5% for the reporting period.

Over this period the provision fund indicator in relation to non-performing loans totaled to 101,0% having increased by 18.5 p.p. compared to March 2022.

Currency risk. At the end of the 1st quarter of 2023, the total open currency position in the banking system was long and its indicator amounted to 0,1%, which complies with the minimum requirements (K6-1).

Over the reporting period, the share of loans in foreign currency decreased by 5,3 p.p. compared to March 2022 and the share of deposits in foreign currency by 3,2 p.p. amounting to 29,2 % and 44,7% respectively, which indicates gradual reduction of dollarization in the economy.



Source: calculations of the NBT.