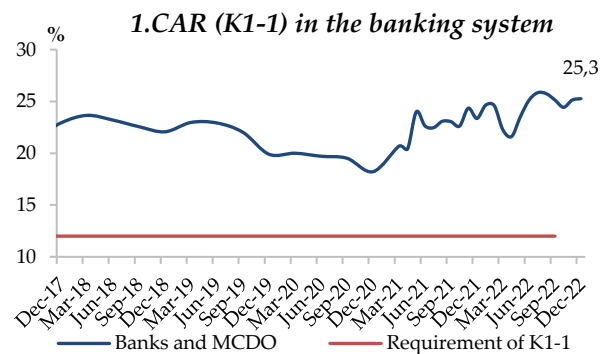




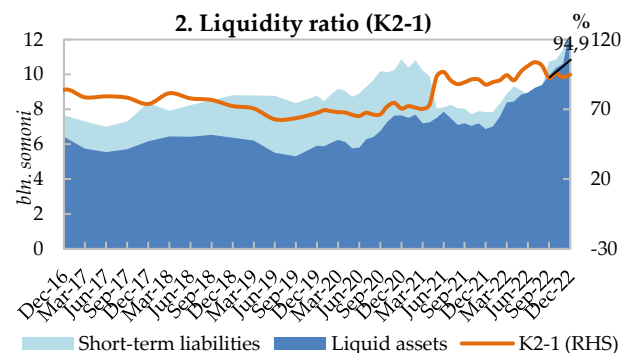
## REVIEW OF THE FINANCIAL SOUNDNESS OF BANKING SYSTEM<sup>1</sup> OF THE REPUBLIC OF TAJIKISTAN FOR THE FOURTH QUARTER OF 2022

The activity of credit financial institutions in 2022 was summed up with an increase in balance sheet indicators and improvement in profitability, and the prudential requirements of the country's banking system were much higher than the minimum requirements.

**Capital Adequacy.** According to the results of the 4<sup>th</sup> quarter of 2022, the capital adequacy ratio in the banking system (K1-1) exceeded the minimum requirements by 13,3 p.p. and equaled to 25,3% which is 1,9 p.p. more compared to the same period of the last year. The increase in this indicator over this period was facilitated by the increase of regulatory capital by 18,0% and risk-weighted assets by 9,1%. The K1-2 ratio decreased by 2,5 p.p. and in comparison with the same period of 2021 amounted to 16,6%.

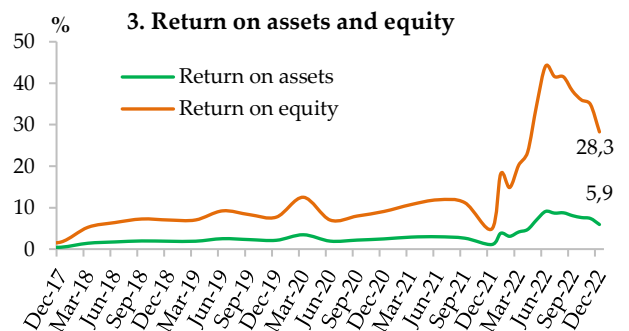


**Liquidity.** The liquidity ratio (K2-1) at the system level complies with the prudential requirements and amounted to 94,9% which is 7,2 p.p. more compared to the 4<sup>th</sup> quarter of 2021.



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 5,9% and 28,3% respectively, which is 4,8 p.p. and 23,4 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 December 2022, the share of non-performing loans in the loan portfolio (overdue

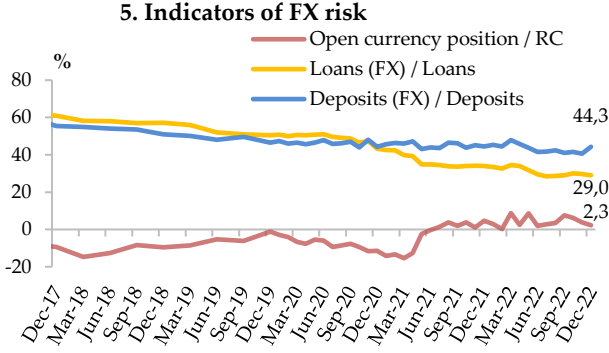
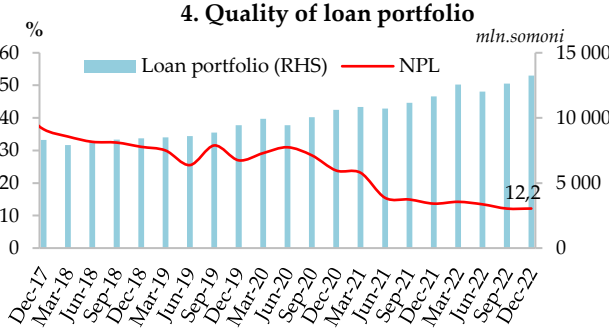
<sup>1</sup>Banks and MCDO

by more than 30 days) amounted to 13,7%, which is less in 12,2 p.p. compared to the same period of 2021.

Over this period the provision fund indicator in relation to non-performing loans totaled to 101,1% having increased by 9,8 p.p. compared to December 2021.

**Currency risk.** At the end of the 4<sup>th</sup> quarter, 2022 the total open currency position in the banking system was long and its indicator amounted to 2,3% which complies with the minimum requirements (K6-1).

Over the reporting period, the share of loans in foreign currency decreased by 5,0 p.p. compared to December 2021 and the share of deposits in foreign currency increased by 0,2 p.p. amounting to 29,0% and 44,3% 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.