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Article

Ways to Improve the Corporate Financing System of Commercial Banks

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Abstract: This article examines the issues of improving the corporate financing system of commercial banks using the cases of Turonbank JSCB and Xalq Banki JSCB. The study provides a comparative analysis of the banks' total assets, loans granted to legal entities, corporate customer deposits, and net financial results for the period from January 1, 2021, to January 1, 2025. Based on rating data, the study calculates the share of corporate loans in total assets, the corporate loan-to-deposit coverage ratio, and the conditional profitability indicators of corporate financing. The findings indicate that although the volume of corporate lending at Turonbank increased steadily, its profitability declined. At Xalq Banki, corporate deposits grew significantly; however, the share of loans granted to legal entities in total assets decreased. Based on these findings, proposals were developed to ensure the efficient allocation of corporate resources to lending activities, increase the profitability of the loan portfolio, and improve the coordination of financing sources.

Keywords: Commercial banks, corporate financing, loans to legal entities, corporate deposits, bank assets, net profit, profitability, loan portfolio, Turonbank, Xalq Banki, rating analysis.

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1. Introduction

In the context of deepening market relations, the corporate financing activities of commercial banks play an important role in meeting the financial resource needs of business entities, expanding their production capacities, implementing investment projects, and replenishing working capital. Corporate financing is carried out by banks through the provision of loans to legal entities, investment and project financing, leasing, factoring, and other financial services. The effective organization of this process not only strengthens the financial stability of enterprises but also contributes to an increase in the volume of banks' active operations, interest income, and overall profitability.[1]

The efficiency of the corporate financing system is assessed not only by the growth in the volume of loans issued but also by the share of such loans in total bank assets, the availability of funding sources, the profitability of the loan portfolio, and the bank's final financial results. Therefore, ensuring an appropriate balance between corporate loans and deposits of legal entities, making rational use of attracted resources, reducing credit risks, and conducting an in-depth assessment of the financial condition of corporate customers are among the priority areas of commercial bank operations.[2]

During the period under review, the volume of corporate loans at Turonbank JSCB increased from UZS 5,202.8 billion as of January 1, 2021, to UZS 10,362.2 billion as of January 1, 2025. However, the decline in the bank's net profit from UZS 115.2 billion to UZS 23.2 billion indicates that the growth in corporate lending was not accompanied by a corresponding increase in financial efficiency. This situation highlights the need for a more detailed analysis of the profitability of corporate loans, loan pricing, and the cost of financial resources.[3]

At Xalq Banki JSCB, loans granted to legal entities amounted to UZS 7,896.7 billion as of January 1, 2021, and increased to UZS 12,182.7 billion as of January 1, 2022. In subsequent years, however, this figure declined and reached UZS 8,263.7 billion as of January 1, 2025. At the same time, deposits of legal entities at the bank increased from UZS 3,968.0 billion to UZS 18,713.6 billion. This trend demonstrates that the corporate resource base of Xalq Banki strengthened considerably, while the proportion of attracted funds directed toward lending to legal entities did not increase sufficiently.[4]

Accordingly, improving the corporate financing system of commercial banks requires the establishment of an optimal ratio between loans and deposits, an increase in the profitability of corporate lending, diversification of financing sources, effective management of credit risks, and the development of banking products tailored to the individual needs of customers. The purpose of this article is to assess the efficiency of corporate financing based on a comparative analysis of the rating indicators of Turonbank JSCB and Xalq Banki JSCB for the period from January 1, 2021, to January 1, 2025, and to develop scientific and practical recommendations aimed at improving the corporate financing system.[5]

2. Methodology

The study employed bank rating data provided by the Ahbor-Reyting agency for the period from January 1, 2021, to January 1, 2025. The corporate financing activities of Turonbank and Xalq Banki were assessed using comparative analysis, dynamic analysis, and the coefficient method. To evaluate efficiency, the study used indicators such as the share of loans granted to legal entities in total assets, the coverage ratio of corporate loans by deposits of legal entities, and the conditional profitability ratio calculated as the proportion of net profit to corporate loans. Since net profit was not reported separately for the corporate segment, the profitability indicator was treated as an analytical and conditional coefficient.[6]

3. Result and Discussion

When assessing the efficiency of corporate financing in commercial banks, it is insufficient to examine only the volume of loans granted to legal entities. It is also important to analyze collectively the share of corporate loans in the bank's total assets, their growth rate, the extent to which they are financed through deposits of legal entities, and the impact of lending activities on the bank's financial performance. These indicators make it possible to assess the bank's capacity to finance corporate customers, the stability of its resource base, and the efficiency with which the allocated funds are utilized.[7]

The data presented in Table 1 indicate that the scale of corporate financing at Turonbank JSCB expanded significantly during 2021–2025. The bank's total assets increased from UZS 8,714.1 billion as of January 1, 2021, to UZS 17,585.3 billion as of January 1, 2025, representing an increase of UZS 8,871.2 billion, or 101.8 percent. Loans granted to legal entities increased from UZS 5,202.8 billion to UZS 10,362.2 billion over the same period. Thus, the volume of corporate loans nearly doubled within four years. The figures for total assets and corporate loans in 2021 were also recorded in the relevant rating data.[8]

Table 1. Indicators Characterizing the Volume and Efficiency of Corporate Financing at Turonbank JSCB.

Indicators	01.01.2021	01.01.2022	01.01.2023	01.01.2024	01.01.2025
Total assets, UZS billion	8,714.1	11,009.6	12,878.7	15,938.7	17,585.3
Loans granted to legal entities, UZS billion	5,202.8	6,985.9	7,833.7	9,368.6	10,362.2
Growth rate of corporate loans, %	57.55	34.27	12.14	19.59	10.61
Share of corporate loans in total assets, %	59.71	63.45	60.83	58.78	58.93
Deposits of legal entities, UZS billion	1,334.2	1,713.1	2,211.0	3,033.5	3,446.5
Coverage of corporate loans by deposits, %	25.64	24.52	28.22	32.38	33.26
Net profit, UZS billion	115.2	101.6	52.9	57.9	23.2
Conditional profitability of corporate financing, %	2.21	1.45	0.68	0.62	0.22

However, the growth rate of corporate loans showed a gradual slowdown over the years. The 57.55 percent growth rate reported for 2021 was calculated relative to 2020, while the growth rate amounted to 34.27 percent in 2022 and 12.14 percent in 2023. Although it recovered to 19.59 percent in 2024, it declined again to 10.61 percent in 2025. This indicates that, despite the continued increase in the volume of corporate lending, the pace of its expansion slowed compared with previous periods.[9]

The share of corporate loans in total assets amounted to 59.71 percent in 2021 and increased to 63.45 percent in 2022. During this period, nearly two-thirds of the bank's assets were directed toward lending to legal entities. In subsequent years, this share declined to 60.83 percent in 2023 and 58.78 percent in 2024, before reaching 58.93 percent in 2025. Therefore, although corporate loans continued to account for the largest share of the bank's assets, their proportion in total assets declined slightly after 2022. This suggests either an increase in the share of other banking operations within the asset structure or a faster growth rate of total assets compared with corporate loans.[10]

Deposits of legal entities increased from UZS 1,334.2 billion in 2021 to UZS 3,446.5 billion in 2025, representing an increase of UZS 2,112.3 billion, or 158.3 percent. The growth rate of deposits exceeded that of both corporate loans and total assets. In particular, deposits of legal entities amounted to UZS 2,211.0 billion in 2023 and UZS 3,033.5 billion in 2024.[11]

The coverage ratio of corporate loans by deposits of legal entities stood at 25.64 percent in 2021. Although this indicator declined to 24.52 percent in 2022, it subsequently increased consistently, reaching 28.22 percent in 2023, 32.38 percent in 2024, and 33.26 percent in 2025. This demonstrates an improvement in the bank's ability to finance corporate loans through corporate deposits. Nevertheless, even in 2025, deposits of legal entities covered only approximately one-third of corporate loans. Therefore, the bank remained dependent on household deposits, interbank funds, international credit lines, and other attracted resources to finance its corporate lending activities.

The most adverse trend during the period under review was observed in the bank's net profit and conditional profitability. Net profit declined from UZS 115.2 billion in 2021 to UZS 101.6 billion in 2022 and further to UZS 52.9 billion in 2023. Although profit increased slightly to UZS 57.9 billion in 2024, it fell to UZS 23.2 billion in 2025. As a result, net profit decreased by UZS 92 billion, or approximately 79.9 percent, during 2021-2025.[12]

The conditional profitability of corporate financing also declined from 2.21 percent in 2021 to 1.45 percent in 2022, 0.68 percent in 2023, 0.62 percent in 2024, and 0.22 percent in 2025. The decrease of 1.99 percentage points in this indicator demonstrates that the growth in the volume of corporate loans was not accompanied by a corresponding increase in the bank's net profit. This may have been influenced by an increase in the cost of credit resources, a narrowing of the interest margin, provisions for expected credit losses, higher operating expenses, or changes in the quality of the loan portfolio. However, additional

information on the bank's interest income, interest expenses, non-performing loans, and loan-loss provisions would be required to confirm these factors accurately.

The data presented in Table 2 indicate that, although the volume of total assets and corporate deposits at Xalq Banki JSCB increased significantly during 2021–2025, loans granted to legal entities did not develop in the same direction. The bank's total assets increased from UZS 26,410.5 billion as of January 1, 2021, to UZS 46,490.9 billion as of January 1, 2025. As a result, total assets grew by UZS 20,080.4 billion, or 76.0 percent. This indicates an expansion in the bank's overall financial capacity and the scale of its operations.[13]

Table 2. Indicators Characterizing the Volume and Efficiency of Corporate Financing at Xalq Banki JSCB.

Indicators	01.01.2021	01.01.2022	01.01.2023	01.01.2024	01.01.2025
Total assets, UZS billion	26,410.5	26,921.3	31,671.9	36,602.8	46,490.9
Loans granted to legal entities, UZS billion	7,896.7	12,182.7	11,100.6	8,886.2	8,263.7
Growth rate of corporate loans, %	66.54	54.28	−8.88	−19.95	−7.01
Share of corporate loans in total assets, %	29.90	45.25	35.05	24.28	17.77
Deposits of legal entities, UZS billion	3,968.0	9,504.8	10,730.7	13,383.7	18,713.6
Coverage of corporate loans by deposits, %	50.25	78.02	96.67	150.61	226.46
Net profit/loss, UZS billion	505.1	−2,186.8	7.9	248.5	268.5
Conditional profitability of corporate financing, %	6.40	−17.95	0.07	2.80	3.25

Loans granted to legal entities amounted to UZS 7,896.7 billion as of January 1, 2021, and increased to UZS 12,182.7 billion as of January 1, 2022. During this period, the growth rate of corporate loans reached 54.28 percent, and the highest volume of corporate lending within the period under review was recorded. However, from 2023 onward, corporate loans followed a downward trend, declining to UZS 11,100.6 billion in 2023, UZS 8,886.2 billion in 2024, and UZS 8,263.7 billion in 2025.

Accordingly, the growth rate of corporate loans amounted to −8.88 percent in 2023, −19.95 percent in 2024, and −7.01 percent in 2025. Thus, compared with the peak level of UZS 12,182.7 billion recorded in 2022, the volume of corporate loans decreased by UZS 3,919.0 billion, or 32.2 percent, by 2025. Overall, between 2021 and 2025, corporate loans increased by only UZS 367.0 billion, or 4.6 percent. Compared with the 76 percent growth in total assets, this indicates that corporate lending activity developed at a considerably slower pace.[14]

The share of corporate loans in total assets also changed significantly. This indicator stood at 29.90 percent in 2021 and increased to 45.25 percent in 2022. During this period, nearly half of the bank's assets were directed toward financing legal entities. In subsequent years, however, the indicator declined to 35.05 percent in 2023, 24.28 percent in 2024, and 17.77 percent in 2025. Consequently, between 2021 and 2025, the share of corporate loans in total assets decreased by 12.13 percentage points, while it declined by 27.48 percentage points compared with its peak level in 2022. This may indicate that the shares of loans to individuals, investments, liquid assets, or other active operations increased within the structure of the bank's assets.

In contrast, deposits of legal entities demonstrated stable and substantial growth. Their volume increased from UZS 3,968.0 billion in 2021 to UZS 9,504.8 billion in 2022, UZS 10,730.7 billion in 2023, UZS 13,383.7 billion in 2024, and UZS 18,713.6 billion in 2025. During the period under review, corporate deposits increased by UZS 14,745.6 billion, or 371.6 percent, rising by approximately 4.7 times. This indicates that Xalq Banki significantly strengthened its capacity to attract funds from legal entities and expanded its corporate resource base.

The coverage ratio of corporate loans by deposits of legal entities increased from 50.25 percent in 2021 to 78.02 percent in 2022 and 96.67 percent in 2023. This indicator reached 150.61 percent in 2024 and 226.46 percent in 2025. Thus, at the beginning of 2025, the volume of corporate deposits was 2.26 times greater than the amount of loans granted to legal entities. This demonstrates that the bank possessed a sufficient resource base to finance its corporate loans. However, the decline in corporate loans alongside the rapid growth of deposits suggests that a substantial portion of the attracted corporate funds was directed toward other active operations. Therefore, it may be concluded that the bank did not fully utilize the available opportunities to channel corporate resources into financing legal entities.

The bank's financial results were characterized by considerable fluctuations. Net profit amounted to UZS 505.1 billion in 2021, whereas a loss of UZS 2,186.8 billion was recorded in 2022. In 2023, the bank recovered from the loss position and reported a profit of UZS 7.9 billion. Net profit subsequently increased to UZS 248.5 billion in 2024 and UZS 268.5 billion in 2025. Thus, following the substantial loss recorded in 2022, the bank gradually restored its financial stability. Nevertheless, net profit in 2025 remained UZS 236.6 billion, or 46.8 percent, below the level recorded in 2021.

The conditional profitability of corporate financing also reflected changes in the bank's financial results. The indicator stood at 6.40 percent in 2021 but declined to −17.95 percent as a result of the loss recorded in 2022. It subsequently reached 0.07 percent in 2023, 2.80 percent in 2024, and 3.25 percent in 2025. This indicates that the bank's ability to generate profit relative to the volume of corporate loans improved after 2022. Nevertheless, the 3.25 percent level recorded in 2025 remained 3.15 percentage points below the 6.40 percent indicator observed in 2021.[15]

4. Conclusion

At Turonbank, the volume of corporate loans nearly doubled during 2021–2025 and accounted for approximately 59–63 percent of total assets. However, the coverage of corporate loans by corporate deposits remained only 33.26 percent in 2025, indicating that the bank continued to depend significantly on other sources of financing. The decline in net profit and conditional profitability demonstrates that the expansion of lending activities was not accompanied by a sufficient level of profitability.

At Xalq Banki, corporate loans reached their highest level in 2022 and declined over the following three periods. At the same time, deposits of legal entities increased sharply, and their ratio to corporate loans reached 226.46 percent in 2025. This indicates that the bank's corporate resource base strengthened considerably, while the level of activity in directing these funds toward corporate lending declined.

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