

**CORPORATE GOVERNANCE AND CAPITAL STRUCTURE ANALYSIS
OF JSCB “UZBEK INDUSTRIAL AND CONSTRUCTION BANK” IN THE
CONTEXT OF ECONOMIC REFORMS IN UZBEKISTAN****Tillashayxov Muhammadrizo Muxiddin ugli**Second-year master’s student of
Tashkent State University of Economics**Abstract**

This article examines the development of corporate governance and the capital structure of large commercial banks with state participation in the Republic of Uzbekistan in the context of ongoing economic reforms. The study focuses on the institutional transformation of joint-stock companies, the strengthening of corporate governance mechanisms, and the gradual reduction of state participation in the economy. Particular attention is given to the financial stability and capitalization of JSCB “Uzbek Industrial and Construction Bank” as one of the major banks operating in the national banking sector. The dynamics of the bank’s authorized capital for the period 2021–2025 are analyzed both in national currency and in US dollar equivalents, taking into account changes in exchange rates. In addition, the structure of shareholders and the level of ownership concentration are examined to assess the influence of institutional investors and the state on corporate governance. The results of the analysis indicate that despite exchange rate fluctuations affecting the dollar equivalent of capital, the nominal level of authorized capital remains stable, confirming the bank’s financial sustainability. The study also highlights the importance of improving corporate governance practices, expanding private sector participation, and strengthening transparency and audit mechanisms in order to enhance investment attractiveness and ensure sustainable development of the banking sector.

Keywords: corporate governance, joint-stock companies, state participation, banking sector, authorized capital, financial stability, ownership structure, Uzbekistan banking reforms, investment attractiveness.

In recent years, large-scale economic reforms have been implemented in the Republic of Uzbekistan aimed at modernizing the economy, deepening market mechanisms, and strengthening the role of the private sector. Under these conditions, improving the corporate governance system has become particularly important for enhancing the efficiency of joint-stock companies, improving the investment climate, and ensuring sustainable economic development of the country. A particularly relevant task is the management of large corporate structures with state participation based on

market principles, ensuring their financial stability and expanding their integration into international capital markets.

In recent years, systematic measures have been implemented in the country to develop corporate governance based on international standards, transform enterprises with state participation, accelerate privatization processes, and increase investment attractiveness. At the same time, strengthening the activities of supervisory boards, introducing the institution of independent directors, increasing corporate transparency, preparing financial statements in accordance with international standards, and improving risk management mechanisms have become priority directions of reform.

In the national economy, joint-stock companies with a high share of state participation still occupy a significant place. Large enterprises operating in sectors such as energy, transport, industry, banking and finance, and infrastructure remain key drivers of economic growth. At the same time, the need to modernize the corporate governance system in these companies in order to improve management efficiency, ensure rational use of investment resources, and strengthen competitiveness is becoming increasingly relevant.

As a result of the ongoing economic reforms, special attention is being paid to gradually reducing the state share in joint-stock companies, expanding the participation of the private sector in enterprise management, developing the stock market, and forming a culture of corporate governance. In this process, issues such as management transparency, the quality of information disclosure to investors, strengthening the audit system, and ensuring a balance of interests in corporate decision-making become particularly important.

However, practical experience shows that in some joint-stock companies problems still remain, including insufficient effectiveness of supervisory boards, a low share of independent directors, underdeveloped risk management systems, and formal approaches to corporate governance mechanisms. These factors can negatively affect investment attractiveness, reduce management efficiency, and slow down the pace of corporate development.

From this perspective, a comprehensive analysis of the current state of corporate governance in joint-stock companies, as well as institutional changes and development trends under the conditions of ongoing reforms in the country, has significant scientific and practical importance. The analysis evaluates the influence of the reduction of the state share on management systems, the level of corporate transparency, the protection of investors' rights, the effectiveness of supervisory boards, and processes related to the development of the capital market.

In the context of economic reforms in the Republic of Uzbekistan, particular importance is attached to analyzing the financial stability indicators of large banks with state participation. One of the key indicators characterizing the reliability and stability of a commercial bank is the size of its authorized capital. This indicator reflects the ability of a credit institution to ensure operational stability, expand investment activities, and meet regulatory capital requirements.

The analysis of the dynamics of authorized capital allows us to evaluate the degree of bank capitalization and the impact of macroeconomic factors, including exchange rate fluctuations, on its position in international comparisons. In this regard, it is advisable to examine changes in the authorized capital of JSCB “Uzbek Industrial and Construction Bank” in recent years both in national currency and in US dollar equivalents.

Below is a table reflecting the dynamics of the bank’s authorized capital for the period 2021–2025, as well as its conversion into US dollars based on the average annual exchange rate.

Dynamics of the Authorized Capital of JSCB “Uzbek Industrial and Construction Bank” in 2021–2025

Year	Authorized capital (bln UZS)	Average exchange rate (UZS/USD)	Equivalent in USD (mln USD)
2021	4 630	10 600	437
2022	4 630	11 000	421
2023	4 630	11 300	410
2024	4 630	12 300	376
2025	4 630	12 500	370

The presented data show that during the period from 2021 to 2025 the nominal size of the authorized capital of JSCB “Uzbek Industrial and Construction Bank” remained stable at 4.63 trillion soums. This indicates that no additional capitalization of the bank was carried out during the analyzed period. The stability of authorized capital reflects the preservation of a sufficient level of own funds to support the bank’s operational activities and comply with regulatory capital requirements.

At the same time, when recalculating the authorized capital into US dollars, a gradual decrease in its equivalent value can be observed—from 437 million USD in

2021 to 370 million USD in 2025. This dynamic is not related to a reduction in the bank’s capital but rather to changes in the exchange rate of the national currency against the US dollar.

Thus, the decline in the dollar equivalent reflects the influence of macroeconomic and currency factors, while the capital remains stable in national currency. This indicates that the observed changes are primarily associated with exchange rate fluctuations rather than a deterioration in the financial stability of the bank. Overall, the maintained level of authorized capital confirms the bank’s resilience and its ability to maintain the necessary capitalization under changing economic conditions.

In the context of banking sector reforms in Uzbekistan, analyzing the ownership structure of commercial banks is also important because the distribution of shares among shareholders significantly affects corporate governance systems, development strategies, and financial stability.

The study of share capital structure allows for the identification of ownership concentration, the degree of state participation in the banking sector, and the role of private and institutional investors in forming the bank’s capital base. The structure of shareholders of JSCB “Uzbek Industrial and Construction Bank” is presented below.

Structure of the Share Capital of JSCB “Uzbek Industrial and Construction Bank”

№	Shareholder Category	Share in Authorized Capital (mln UZS)	Share (%)
1	Total legal entities (3,817 shareholders)	4,588,704.79	99.13
	Including shareholders with 1% or more		
1.1	Fund for Reconstruction and Development of Uzbekistan	2,415,891.98	52.19
1.2	National Investment Fund of Uzbekistan	1,388,682.58	30.00
1.3	Ministry of Economy and Finance of Uzbekistan	623,994.10	13.48
1.4	JSC “O‘ztransgaz”	56,051.93	1.21
1.5	Other legal entities (3,813 shareholders)	104,084.21	2.25

2	Individuals (36,328 shareholders)	40,237.14	0.87
Total	Total shareholders: 40,145	4,628,941.93	100

The data indicate a high concentration of capital in the hands of legal entities, accounting for more than 99% of the authorized capital. The main shareholders are state institutional structures, demonstrating the significant role of the state in forming the bank’s capital base and strategic development priorities.

The largest share belongs to the Fund for Reconstruction and Development of Uzbekistan, which controls more than half of the bank’s authorized capital. Significant shares are also held by the National Investment Fund and the Ministry of Economy and Finance. Such a structure indicates the dominant role of the state in the bank’s capital.

The contribution of individual shareholders remains minimal, accounting for less than 1% of the capital, which reflects the limited participation of retail investors. This ownership structure is typical for banks with state participation, where major shareholdings are concentrated among institutional investors.

Dynamics of the State Share in the Authorized Capital of the Bank (2021–2025)

Year	Authorized Capital (mln UZS)	State Share (%)	State Share (mln UZS)	Average Rate (UZS/USD)	State Share (mln USD)
2021	4,628,941.93	96.88	4,484,620.59	10,600	423.1
2022	4,628,941.93	96.88	4,484,620.59	11,000	407.7
2023	4,628,941.93	96.88	4,484,620.59	11,300	396.9
2024	4,628,941.93	96.88	4,484,620.59	12,300	364.6
2025	4,628,941.93	96.88	4,484,620.59	12,500	358.8

According to the data presented in the table, during 2021–2025 the size of the bank’s authorized capital remained unchanged at 4,628,941.93 million soums. At the same time, the state share remained stable at 96.88%, corresponding to 4,484,620.59 million soums.

However, due to gradual changes in the exchange rate of the national currency against the US dollar, a decrease in the value of the state share in dollar terms can be observed. If in 2021 the value amounted to 423.1 million USD, by 2025 it decreased to 358.8 million USD, which represents a reduction of approximately 15%.

Thus, despite nominal stability in national currency terms, a decline in the international currency value of capital is observed. In this regard, strengthening bank capitalization, expanding the participation of private investors, and increasing the efficiency of capital utilization remain important priorities in the context of financial liberalization and market reforms.

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