

# Lending to corporate clients of commercial banks at the expense of international financial institutions

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**Annotation:** Credit relations are an important component of the economic development of the state. They influence the economic processes of the country through credit policy. Credit policy, in turn, is an integral part of the bank's overall strategy and is aimed at achieving its strategic goals. With the help of the credit policy, procedures and standards are determined, based on which bank employees provide, issue loans and manage them. Lending is one of the priority areas of the bank's work, and currently every commercial bank provides financing to stable companies with clear business development prospects.

International financial institutions play an important and significant role in the cooperation of States and multilateral diplomacy. International financial institutions were created by pooling financial resources by participating countries to expand certain tasks in the field of global economic development.

**Keywords:** commercial bank, lending, attracted funds, banking resources, to attracts free funds, borrower, international financial institutions.

To carry out their functions, international financial institutions use the full range of modern technologies of financial and investment analysis and risk management, from fundamental research of a potential investment project (for which, specialized teams or institutes of internationally qualified experts, international audit firms and investment banks are most often involved) to the provision of long-term loans to corporate clients of commercial banks.

As you know, the main clients, we can say consumers of funds of international financial institutions are corporate clients of commercial banks. The attracted funds of international financial institutions are refinanced to investment projects of corporate clients through commercial banks.

Each commercial bank forms its own principles that form the basis of relationships with corporate clients. However, the general features of the approach of banks in the issue of corporate lending are a comprehensive analysis of the activities of a corporate client and an assessment of the risks associated with it.

JSCB "Uzpromstroybank" being one of the backbone banks of the country, the bank has a unique base of more than 1.3 thousand corporate clients. The Bank works with all client segments, focusing on interaction with the basic sectors of the economy (oil, gas, chemical, energy), using a deep understanding of corporate business.

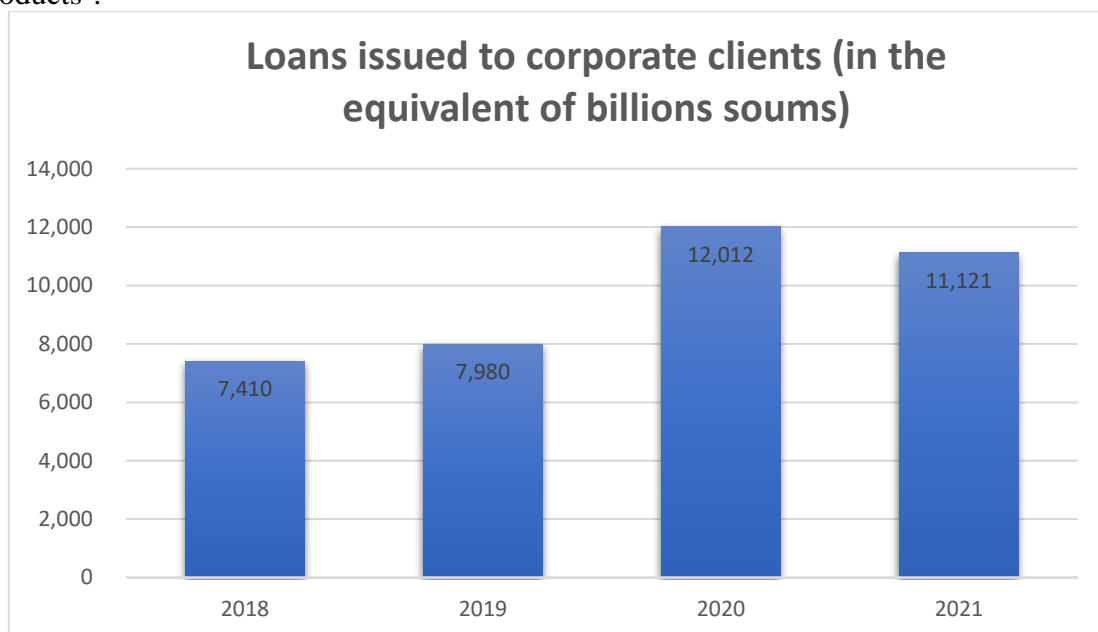
The bank's strategic vision in Corporate business provides for the development of the existing business model with a special emphasis on an individual client approach based on industry specifics and an in-depth understanding of the client's needs.

Corporate business segments include corporate clients:

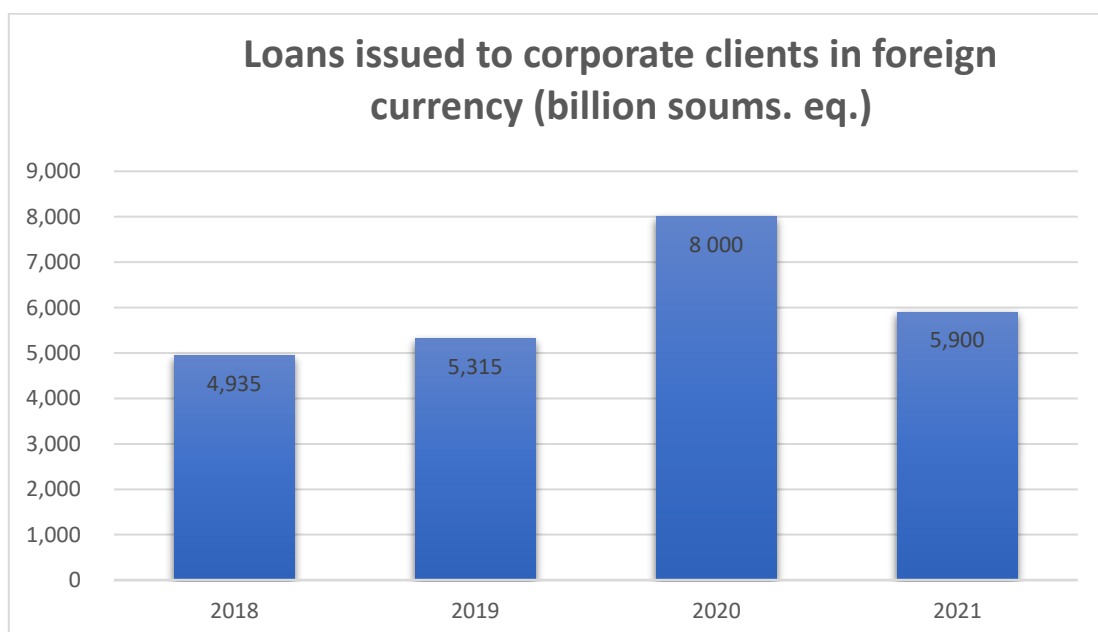
- with an annual turnover of \$10.0 million within one year;
- state-owned enterprises, all joint-stock companies and their associated group of clients, regardless of their annual revenue;
- clients and a related group of clients who have the amount of all debts more than or equal to the equivalent of USD 10.0 million;
- financial institutions, regardless of their form of ownership and annual sales.

The bank's strategy in this direction for the next three years provides for the continuation of the given vector of development of the bank.

Using the example of the Uzpromstroybank JSCB (hereinafter referred to as the Bank), you can see the growth dynamics of loans issued to corporate clients. To date, the Bank is actively developing its active part, focusing on corporate clients, including allowing its activities to focus on the development of new banking products<sup>1</sup>.



Analyzing the data, we can conclude that in 2018 the total amount of loans issued to corporate clients amounted to eq. 7 410 billion. soum, and in 2019 this amount amounted to eq. 7,980 billion soums. Based on this, it can be concluded that the amount of loans granted has increased by eq. 570 billion soums. There was a sharp jump, in 2020 the total amount of loans issued to corporate clients was equal to eq. 12,012 billion. Unfortunately, due to some circumstances in the world, the total amount of loans issued to corporate clients of the Bank in 2021 amounted to eq. 11,121 billion. soum, on in eq. 891 billion soums less in relation to 2020. The overall issuance of loans was affected by the situation related to COVID-19.



<sup>1</sup> <https://www.sqb.uz>

Analyzing the diagram, we can conclude that in 2018 the amount of loans issued to corporate clients in foreign currency amounted to eq. 4 935 billion. soum, in 2019, the amount amounted to eq. 5,315 billion. soum, which increased by eq. 380 billion. soum, and this suggests that there has been a significant increase in the attraction of IFI funds. In 2020, the amount of loans issued in foreign currency amounted to eq. 8,000 billion. soum, and by the end of 2021, this amount decreased and amounted to eq. 5,900 billion. sum (reduction of issuance by eq. 2 100 billion sum). The decrease in issuance was affected by the situation related to COVID-19, which covered the whole world.

The main sources of foreign currency loans are funds from international financial institutions, such as the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Asian Development Bank (ADB), the World Bank Group (WB) and other foreign banks.

Considering the above and the current difficult period, commercial banks need to pay due attention to active operations, i.e. lending to corporate clients. To do this, first of all, it is necessary:

- manage your financial situation wisely in accordance with sound banking and financial policies. In accordance with this, the bank will comply with the requirements of the regulator;
- continue to implement a client-centric approach of the business, which allows to fully meet the needs of the client in banking products and services;
- development of the existing business model with a special emphasis on an individual client approach based on industry specifics and an in-depth understanding of the client's needs;
- active participation in the economic development of the country and strategic national projects, providing its corporate clients with a wide range of opportunities for infrastructural transformations of system-forming industries by providing banking services in accordance with international standards;
- improving the efficiency of clients' business through knowledge of the industry specifics of each corporate client and the use of the most relevant banking instruments;
- creation of structural financing, which will ensure the attraction of direct investments and loans from foreign financial institutions to finance projects of corporate clients without affecting the bank's balance sheet.

Summing up, it can be concluded that the key tool for the effective implementation of the timely lending system is to increase the potential of employees, the competent allocation of human, time and financial resources of the bank.

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