

Article

Long-Term Financing: Organizing Fundraising through IPOs (Case of Uzbekistan's Banking Sector)

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Abstract: This article examines the role of Initial Public Offerings (IPOs) as an effective long-term financing tool for the banking sector of Uzbekistan. Drawing on the example of "Hamkorbank" ATB, it explores the bank's IPO preparation, international practices (US, Germany, Japan), and key financial indicators for 2020–2023. Empirical data from "Hamkorbank" ATB's annual reports, international organizations (EBRD, IFC), and state statistics form the backbone of the analysis. A SWOT framework is used to identify internal strengths, external opportunities, and challenges in IPO-based fundraising. Practical recommendations for improving IPO performance and ensuring investor confidence in Uzbekistan's financial system are proposed.

Keywords: IPO, Long-Term Financing, Banking Sector, "Hamkorbank" ATB, International Experience, Financial Stability, SWOT Analysis, Uzbekistan

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1. Introduction

In Uzbekistan's rapidly evolving financial sector, the use of Initial Public Offerings (IPOs) as a means of long-term financing has become an increasingly relevant topic. IPOs, which involve offering company shares to the public for the first time, represent a significant avenue for attracting substantial financial resources, enhancing transparency, and strengthening financial stability. In global practice, IPOs have been a key driver of growth for financial institutions and non-financial corporations alike, providing a mechanism to raise large volumes of capital and elevate corporate governance standards [1]. Despite their potential, IPO-based fundraising is still in its formative stages in Uzbekistan, highlighting the need for thorough academic investigation and practical recommendations.

A review of international best practices underscores the strategic importance of IPOs in bolstering the financial sustainability of banks. For instance, the U.S. IPO market in 2023 alone facilitated the raising of \$19.4 billion through 107 offerings (SEC, 2023). Similarly, in Japan, 96 IPO transactions were recorded in 2023 (JPX, 2023), showcasing a well-developed market infrastructure and robust investor participation. These examples underscore that IPOs are not only an important financial instrument but also a means of integrating national banking sectors into global markets. However, transferring this experience to Uzbekistan's economic environment requires an understanding of local realities and institutional frameworks [2], [3].

This study focuses on "Hamkorbank" ATB, one of Uzbekistan's leading commercial banks, to explore the role of IPO-based long-term financing in strengthening financial stability and expanding access to financial resources. Between 2020 and 2023, "Hamkorbank" ATB significantly increased its total assets from 7.2 trillion UZS to 20.98

trillion UZS and its net profit from 375.1 billion UZS to 1,200.2 billion UZS (Hamkorbank ATB, 2023). Such strong performance signals the bank's readiness for IPO-based fundraising and makes it an exemplary case for studying the implementation of international practices in Uzbekistan's banking sector [4], [5].

The research also incorporates a comparative perspective, analyzing the experiences of the U.S., Germany, and Japan to highlight the diverse ways IPO funds are sourced and used, as well as the regulatory mechanisms that ensure transparency and accountability. By juxtaposing these international practices with the realities of Uzbekistan's banking sector, the study aims to develop scientifically grounded recommendations for the successful implementation of IPO-based long-term financing in Uzbekistan [6]. Ultimately, the research seeks to contribute to the stability and competitiveness of Uzbekistan's banking sector while offering valuable insights for policy makers, banks, and international investors.

2. Methodology

The study adopts a mixed-method approach, combining:

- Descriptive analysis based on financial data from "Hamkorbank" ATB's annual reports (2020–2023), S&P Global Ratings, and Uzbekistan's Central Bank;
- Comparative analysis with IPO practices in the US (SEC reports), Germany (BaFin annual reports), and Japan (JPX market data);
- SWOT analysis to identify internal strengths and weaknesses, as well as external opportunities and threats related to IPO-based long-term financing.

The data sources include official bank documents, regulatory body publications, and international financial organization reports.

3. Results

The analysis of "Hamkorbank" ATB's financial performance from 2020 to 2023 reveals a consistent upward trend in key indicators, reflecting the bank's readiness for IPO-based long-term financing. In 2020, the bank's total assets amounted to 7.2 trillion UZS, increasing steadily to 10.03 trillion UZS in 2021, 16.72 trillion UZS in 2022, and reaching 20.98 trillion UZS by the end of 2023 (Hamkorbank ATB, 2023). This growth of nearly threefold in total assets underscores the bank's capacity to attract and manage large volumes of financial resources, a crucial factor in IPO readiness [7].

Similarly, net profit has shown impressive growth. In 2020, net profit stood at 375.1 billion UZS, increasing to 522.7 billion UZS in 2021, 735.4 billion UZS in 2022, and peaking at 1 200.2 billion UZS in 2023. This increase not only reflects improved profitability but also demonstrates strong investor interest potential. A high return on equity (ROE) of 374.8% in 2023 further highlights the bank's efficient use of its capital base and ability to generate high returns for its shareholders [8], [9].

Capital adequacy ratio (CAR) and liquidity coverage ratio (LCR) also improved significantly over the analyzed period. The CAR rose from 25.4% in 2020 to 43.05% in 2023, well above regulatory requirements and indicating a strong capital buffer. The LCR improved from 1 230% in 2020 to 1 523.75% in 2023, reflecting the bank's robust liquidity management practices.

These achievements were complemented by proactive steps to strengthen internal governance and risk management systems. In 2023, "Hamkorbank" ATB obtained the ISO 37001:2016 certification for its anti-bribery management system, demonstrating its commitment to international standards of transparency and ethical conduct. Additionally, the bank reinforced its internal audit processes and aligned financial reporting with international best practices (IFRS), thus creating a solid foundation for the IPO process.

In terms of external support, "Hamkorbank" ATB entered into several significant agreements with international financial institutions to bolster its IPO readiness. Notably,

in 2024, it signed a \$20 million long-term credit line agreement with the European Bank for Reconstruction and Development (EBRD) [10]. These partnerships have not only enhanced the bank's financial resilience but also expanded its access to global capital markets, which is essential for successful IPO fundraising, see Table 1.

Table 1. Key Financial Indicators of "Hamkorbank" ATB (2020–2023).

Indicator	2020	2021	2022	2023
Total Assets (trillion UZS)	7.2	10.03	16.72	20.98
Net Profit (billion UZS)	375.1	522.7	735.4	1 200.2
Capital Adequacy Ratio (CAR, %)	25.4	27.9	34.2	43.05
Liquidity Coverage Ratio (LCR, %)	1 230	1 310	1 420	1 523.75

Source: "Hamkorbank" ATB Annual Reports (2020–2023), EBRD Press Release (2024)

Overall, the strong financial performance and strategic initiatives undertaken by "Hamkorbank" ATB between 2020 and 2023 underscore the bank's readiness to enter the IPO market. These efforts not only enhance the bank's financial stability but also create an attractive investment proposition for both domestic and international investors, laying a solid foundation for long-term sustainable growth.

A comparative analysis of IPO-based long-term financing practices in the United States, Germany, Japan, and Uzbekistan highlights the importance of robust financial performance and transparent governance in successful IPO implementation. In 2023, the United States saw IPO fundraising volumes reach approximately \$19.4 billion, spread across 107 transactions. Germany, although more conservative in IPO activity, recorded about \$2.1 billion in IPO volumes, primarily driven by large institutional investors. In Japan, IPO volumes reached around \$1.6 billion, with the NISA program playing a significant role in expanding retail investor participation [11], [12].

In contrast, Uzbekistan's IPO market is still in its early stages of development. "Hamkorbank" ATB has been actively preparing for IPO-based fundraising by strengthening its capital adequacy, profitability, and transparency. The bank's net profit grew from 375.1 billion UZS in 2020 to 1 200.2 billion UZS in 2023 (Hamkorbank ATB, 2023), while its capital adequacy ratio rose from 25.4% to 43.05% over the same period. These results underscore the bank's potential to integrate into the global financial system.

The practical significance of these findings lies in identifying the key areas where Uzbekistan's banks can improve their IPO readiness. International experience shows that transparency, investor confidence, and diversified investor bases are crucial. For example, in the United States, institutional investors such as BlackRock and Vanguard typically provide 70–80% of IPO funding, ensuring market stability and liquidity. In Germany, insurance companies and large banks dominate IPO investments, while in Japan, retail investor participation has increased through government-supported savings programs [13].

For "Hamkorbank" ATB, the EBRD's \$20 million long-term credit line (EBRD, 2024) and its ongoing partnership with international financial institutions serve as crucial factors in building investor trust. Furthermore, the bank's achievement of the ISO 37001:2016 certification in 2023 strengthens its internal governance and enhances its attractiveness to international investors.

The Figure 1 below illustrates the IPO volumes in the United States, Germany, Japan, and Uzbekistan in 2023:

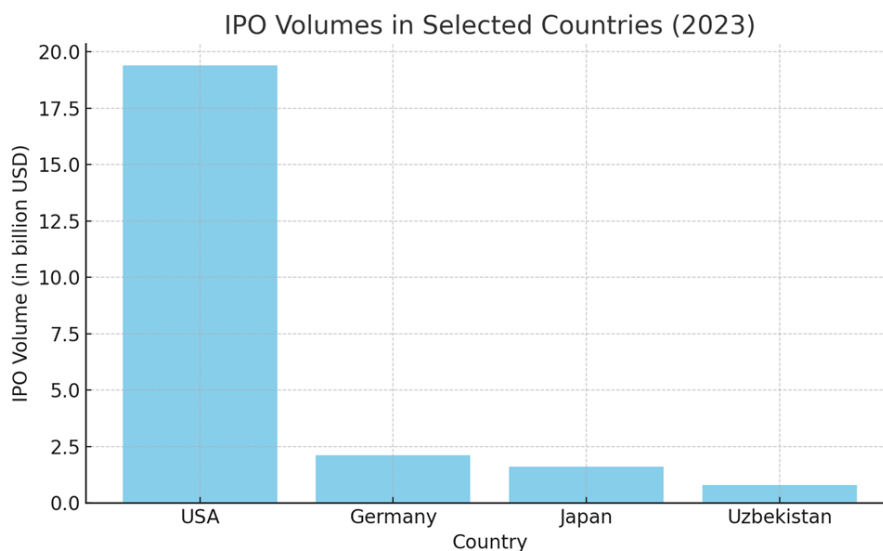


Figure 1. IPO Volumes in Selected Countries (2023).

In conclusion, this comparative analysis highlights the potential for Uzbekistan’s IPO market to develop by leveraging international best practices. For “Hamkorbank” ATB and other domestic banks, aligning with global standards in transparency, governance, and investor relations is key to tapping into broader long-term funding sources and accelerating integration into the international financial community [14], [15].

4. Discussion

In the discussion section, the research findings are contextualized within the broader framework of long-term financing in the banking sector and the challenges and opportunities that Uzbekistan’s IPO market faces. The evidence from “Hamkorbank” ATB’s financial performance and IPO preparation underscores the bank’s ability to leverage IPO-based fundraising to ensure its long-term stability and competitiveness. Between 2020 and 2023, the bank not only demonstrated a threefold increase in total assets—from 7.2 trillion UZS to 20.98 trillion UZS—but also enhanced its net profitability from 375.1 billion UZS to 1 200.2 billion UZS. These figures suggest that, when managed effectively, IPO proceeds can provide a stable and sustainable source of funding to strengthen the balance sheets of banks operating in developing markets.

Moreover, the bank’s improved capital adequacy ratio (from 25.4% in 2020 to 43.05% in 2023) and its achievement of ISO 37001:2016 certification reflect the increasing role of good governance and transparency in attracting investor interest. This aligns with global practices observed in more mature IPO markets such as the US and Germany, where robust internal controls and risk management systems serve as key criteria for investor confidence. The bank’s partnership with international financial institutions, particularly the \$20 million credit line secured from the EBRD in 2024, further demonstrates the importance of external cooperation in enhancing IPO readiness and mitigating financing risks.

However, the comparative analysis also reveals several challenges for Uzbekistan’s IPO market. While international examples—like the \$19.4 billion raised in US IPOs in 2023—demonstrate the potential of IPOs to mobilize substantial funds, Uzbekistan’s smaller domestic institutional investor base and nascent market structure constrain the scalability of such fundraising efforts. Unlike Germany, where institutional investors contribute over 60% of IPO proceeds, Uzbekistan must contend with a limited pool of large-scale domestic investors, requiring a greater emphasis on attracting foreign investment and expanding the reach of IPO campaigns to retail investors.

Additionally, the SWOT analysis identified structural weaknesses that must be addressed to enhance IPO outcomes. These include the need to further align financial reporting with IFRS standards, strengthen internal risk management practices, and promote greater transparency to meet the expectations of both domestic and international investors. The positive trends in “Hamkorbank” ATB’s financial results, as well as the bank’s growing partnerships with international stakeholders, suggest that these weaknesses can be effectively mitigated through targeted policy reforms and best-practice governance frameworks.

This discussion underscores that IPO-based long-term financing can be a viable and sustainable pathway for Uzbek banks to bolster their financial stability and tap into global capital markets. However, successful implementation requires not only strong financial fundamentals but also ongoing improvements in governance, transparency, and investor relations. These insights have practical implications for bank managers, policymakers, and international partners interested in strengthening Uzbekistan’s banking sector and integrating it into the broader global financial landscape.

5. Conclusion

The research confirms that IPO-based long-term financing offers significant potential for banks in Uzbekistan, particularly “Hamkorbank” ATB, to strengthen financial stability and expand capital resources. The bank’s consistent asset and profit growth, alongside its efforts to align with international standards, highlight the strategic importance of IPOs in diversifying funding sources and improving governance practices. However, limitations such as the small domestic institutional investor base and the need for enhanced regulatory frameworks remain challenges to be addressed. Drawing on international experience, especially from the US, Germany, and Japan, the study recommends prioritizing transparency, governance reforms, and investor outreach strategies to accelerate IPO market development. Overall, leveraging IPO-based financing can support sustainable growth for banks and enhance Uzbekistan’s position in global financial markets.

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