

## ANALYSIS OF ASSETS OF COMMERCIAL BANKS AND THEIR USE

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### Abstract

this research work focuses on the analysis of assets of commercial banks and their use. The study aims to evaluate the financial position, effectiveness, and risk management capabilities of commercial banks through a comprehensive analysis of their assets. The research examines the structure, liquidity, profitability, and interrelationships of different asset classes, with a specific emphasis on the credit portfolio. By analyzing the assets, the research aims to optimize resource utilization, minimize credit risk, and ensure long-term stability for commercial banks.

**Key words:** Analysis of assets, commercial banks, financial position, risk management, asset structure, liquidity, profitability, credit portfolio.

### Introduction

It is known that operations related to the placement of bank resources are called active operations, in other words, active operations of the bank represent an effective direction of own funds and borrowed funds in order to make a profit on the part of the bank.

In most economic literature, the active operations of a bank are understood primarily as assets that direct resources in order to generate income, that is, investments in securities, loans, leasing and factoring operations.

In other words, the active operations of the bank represent an increase in income-producing assets, that is, the placement of the remaining assets to generate income while maintaining the liquidity of the bank.

In addition, bank assets include cash on hand, representative office accounts with the Central Bank and funds in the mandatory reserve fund, balances on representative office accounts with other banks, fixed assets, intangible assets, cheap, perishable goods necessary for the safety and efficient organization of its activities.

Laws of the Republic of Uzbekistan "On the Central Bank of the Republic of Uzbekistan", "On Banks and Banking", "On Accounting" and Decree of the President of the Republic of Uzbekistan 2015 - Resolution PD-2344 of May 6 "On measures to further improve the financial stability of commercial banks and development of their resource base" on the classification of the quality of assets of commercial

banks and reserves to cover possible losses on assets determines the procedure for their formation and use.

Analysis of the assets of commercial banks is an important tool in today's financial environment. It allows you to assess the financial position of the bank, the effectiveness of its activities and the ability to manage risks. Commercial banks play a key role in the economy, providing financial services, lending and investment to corporate and private clients.

The assets of commercial banks include a wide range of financial instruments such as cash, loans, securities, real estate and other financial assets. The analysis of these assets helps banks make strategic decisions, optimize the use of resources and ensure financial stability.

The purpose of the analysis of assets of commercial banks is to assess their quality, profitability and risks. Analysts study the structure of assets, their liquidity, profitability and risk, as well as the relationship between different asset classes. This allows banks to determine the optimal balance of assets, manage risks and make decisions aimed at achieving strategic goals.

#### **Main part.**

“Naturally, not only developing countries, but also banks in developed countries are facing an economic crisis as a result of insufficiently continuous improvement in banking management practices”<sup>1</sup>. This was done in the second half of the 20th century by the financial system of Asia, Latin America, Western Europe and Russia. It can be seen as an example of the financial and economic crisis that took place in the US financial system in September 2008.

The composition of a bank's assets refers to the weight of assets of varying quality relative to the balance sheet.

Issues such as the state, dynamics, efficiency of banking assets should be constantly analyzed. At the same time, the analysis of liquidity, profitability and the level of risk of assets is a guarantee of the success of the activity. It is also important to ensure the balance of the bank's assets with its liabilities.

Any bank faces certain problems in the effective formation of its assets. The quality of banking assets depends on the appropriate asset structure, liquidity, diversification of asset transactions, the size of risky assets, the weight of problem and low-quality assets, and asset volatility.

The active operations of the bank can be divided into four groups:

- credit operations, as a result of which the bank's loan portfolio is formed;
- investment operations are the basis for the formation of an investment portfolio;
- cash and settlement operations, the main types of services provided by the bank to its customers;
- other active operations, that is, operations related to the creation of an infrastructure for the effective implementation of all banking operations.

It is necessary to constantly analyze such issues as the state, dynamics and efficiency of banking assets. At the same time, the analysis of liquidity, profitability and the level of risk of assets was considered the key to the success of the activity. It is also important to ensure that the bank's assets are proportional to its liabilities. That is why the bank's assets are studied and analyzed by its employees, auditors and the central bank<sup>2</sup>.

<sup>1</sup> Диана Макнотон. Банковские учреждения в развивающихся странах. пер. с англ. V 2-х т. -Вашингтон, Д.С.: Всемирный банк, 1994. Т.1.-С. -2

<sup>2</sup> Analysis of banking activity. T. M. Karaliev and others. Toolkit. financial institution. T.: - 2016. - 136 p. ISBN 978-9943-4017-4-7

**Table 1.**  
Selected performance indicators of commercial banks grouped by size of assets<sup>3</sup>  
billion soum

| Indicator name                      | Total           |           | Aktivlar miqdori bo'yicha guruhlashtirilgan tijorat banklari taqsimoti |         |  |          |   |           |                           |           |
|-------------------------------------|-----------------|-----------|--|---------|--|----------|---|-----------|---------------------------|-----------|
|                                     |                 |           | Up to 3 trillion soums   |         | 3 trillion soums up to 10 trillion soums |          | 10 trillion soums up to 30 trillion soums |           | 30 trillion sum and above |           |
|                                     | number of banks | amount    | number of banks  | amount  | number of banks                          | amount   | number of banks                           | amount    | number of banks           | amount    |
| 1                                   | 2               | 3         | 4  | 5       | 6  | 7        | 8   | 9         | 10                        | 11        |
| <b>Assets</b>                       |                 |           |  |         |  |          |   |           |                           |           |
| Assets                              | 31              | 556 746,3 | 10   | 9 606,4 | 7  | 42 400,5 | 8   | 140 450,4 | 6                         | 364 289,0 |
| Credits, total                      | 31              | 390 048,9 | 10   | 5 221,9 | 7  | 20 190,0 | 8   | 92 240,0  | 6                         | 272 397,0 |
| Loans granted to individuals        | 31              | 100 948,7 | 10   | 1 905,7 | 7  | 8 655,3  | 8   | 36 168,0  | 6                         | 54 219,8  |
| Loans granted to legal entities     | 31              | 289 100,2 | 10   | 3 316,2 | 7  | 11 534,8 | 8   | 56 072,0  | 6                         | 218 177,2 |
| Short term loans                    | 31              | 51 139,7  | 10   | 1 360,2 | 7  | 3 084,0  | 8   | 8 847,8   | 6                         | 37 847,7  |
| Long term loans                     | 31              | 338 909,3 | 10   | 3 861,7 | 7  | 17 106,0 | 8   | 83 392,2  | 6                         | 234 549,3 |
| Loans in national currency          | 31              | 204 930,7 | 10   | 4 105,6 | 7  | 13 619,1 | 8   | 61 256,4  | 6                         | 125 949,6 |
| Loans in foreign currency           | 31              | 185 118,3 | 10   | 1 116,4 | 7  | 6 570,9  | 8   | 30 983,6  | 6                         | 146 447,4 |
| <b>Equity and financial results</b> |                 |           |  |         |  |          |   |           |                           |           |
| Capital, total                      | 31              | 79 565,4  | 10   | 2 651,8 | 7  | 6 248,0  | 8   | 19 199,2  | 6                         | 51 466,4  |
| Capital adequacy ratio, in percent  | 31              | 17,8      | 10   | 22,6    | 7  | 18,4     | 8   | 15,9      | 6                         | 18,4      |
| Net profit                          | 31              | 9 993,4   | 10   | 182,8   | 7  | 1 486,9  | 8   | 3 478,3   | 6                         | 4 845,4   |
| Return on assets, in percent        | 31              | 2,5       | 10   | 3,2     | 7  | 5,0      | 8   | 3,7       | 6                         | 1,8       |
| Return on equity, in percent        | 31              | 13,3      | 10   | 8,2     | 7  | 27,2     | 8   | 20,1      | 6                         | 9,8       |
| <b>Commitments</b>                  |                 |           |  |         |  |          |   |           |                           |           |
| Deposits                            | 31              | 216 737,5 | 10   | 5 714,5 | 7  | 30 953,9 | 8   | 70 033,0  | 6                         | 110 036,1 |

<sup>3</sup> www.cbu.uz

If we analyze the assets of commercial banks, then the assets amount to 3 trillion. soums from 10 banks, from 3 trillion. soums up to 10 trillion soums. the number of banks is 7, from 10 trillion. soums up to 30 trillion soums. the number of banks is 8 and over 30 trillion. soums, the number of banks with assets was 6. The ratio of assets to liabilities was 2.6 units.

The ratio of assets to liabilities (Asset to Liability Ratio) is an important financial indicator used to assess the financial stability of commercial banks and other financial institutions. This ratio expresses the share of the bank's assets in relation to its liabilities and helps to determine how dependent the bank is on external financing and how efficiently it uses its resources.

The calculation of the ratio of assets to liabilities is carried out by dividing the total value of the bank's assets by the total value of its liabilities. The total value of assets includes all financial assets, real estate ownership, interests in other companies and other assets, while the total value of liabilities includes deposits, borrowings and other financial liabilities to customers and creditors.

When analyzing bank assets, it is necessary to determine the following: how much the total balance of bank assets has changed over the reporting period; composition of assets - on which assets the bank's funds are mainly spent; the degree of change in the composition of the bank's assets for the reporting period (analyzed period) and the reasons for their change; liquidity of banking assets; indicators of the effectiveness of the use of the bank's assets and their differences between the reporting and the previous period; factors affecting the efficient use of the bank's assets (positive and negative) and ways to improve the efficiency of use.

### Conclusion and suggestions

The analysis of assets of commercial banks and their use is crucial for assessing the financial stability, profitability, and risk management capabilities of banks. Through a comprehensive evaluation of asset structure, liquidity, profitability, and credit portfolio, valuable insights can be gained to optimize resource utilization and ensure long-term stability.

The research findings highlight the importance of effective asset management strategies in commercial banks. By closely monitoring and analyzing their assets, banks can make informed decisions regarding loan disbursements, investment opportunities, and risk mitigation. A well-diversified asset portfolio can help minimize risk exposure and enhance overall financial performance.

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