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WAYS TO ENSURE THE STABILITY OF THE CAPITAL BASE OF COMMERCIAL BANKS

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Abstract. The stability of the capital base is essential for the financial resilience of commercial banks. This study examines ways to strengthen regulatory capital through equity financing, subordinated debt, retained earnings, reserve capital, and risk-based capital planning. Using JSCB "Mikrokreditbank" as an example, the results show that in 2025 charter capital increased by 39.6%, the share of regulatory capital in liabilities by 3.6 percentage points, and regulatory capital by 61.7%, while risk-weighted assets increased by 27.5%. The findings highlight the importance of capital quality, funding structure, and risk-weighted assets in ensuring sustainable capital growth.

Keywords: commercial banks, capital stability, regulatory capital, Tier 1 capital, Tier 2 capital, subordinated debt, risk-weighted assets, capital adequacy.

Annotatsiya. Tijorat banklarining moliyaviy barqarorligini ta'minlashda kapital bazasining barqarorligi muhim ahamiyatga ega. Tadqiqotda regulativ kapitalni aksiyadorlik kapitali, subordinatsiyalangan qarz, taqsimlanmagan foyda, zaxira kapitali va riskka asoslangan rejalashtirish orqali mustahkamlash yo'llari o'rganilgan. "Mikrokreditbank" ATB misolida 2025-yilda ustav kapitali 39,6% ga, regulativ kapitalning majburiyatlardagi ulushi 3,6 foiz punktga va regulativ kapital 61,7% ga oshgani, riskka tortilgan aktivlar esa 27,5% ga ko'paygani aniqlangan. Natijalar barqaror kapital o'sishida kapital sifati, moliyalashtirish tarkibi va riskka tortilgan aktivlarning ahamiyatini ko'rsatadi.

Kalit so'zlar: tijorat banklari, kapital barqarorligi, regulativ kapital, birinchi darajali kapital, ikkinchi darajali kapital, subordinatsiyalangan qarz, riskka tortilgan aktivlar, kapital yetarliligi.

Аннотация. Устойчивость капитальной базы имеет важное значение для финансовой устойчивости коммерческих банков. В исследовании рассматриваются пути укрепления регулятивного капитала за счет акционерного капитала, субординированного долга, нераспределенной прибыли, резервного капитала и планирования с учетом рисков. На примере АКБ «Микрокредитбанк» установлено, что в 2025 году уставный капитал увеличился на 39,6%, доля регулятивного капитала в обязательствах - на 3,6 процентного пункта, а регулятивный капитал — на 61,7%, при росте активов, взвешенных по риску, на 27,5%. Результаты подчеркивают значение качества капитала, структуры финансирования и активов, взвешенных по риску, для устойчивого роста капитала.

Ключевые слова: коммерческие банки, устойчивость капитала, регулятивный капитал, капитал первого уровня, капитал второго уровня, субординированный долг, активы, взвешенные по риску, достаточность капитала.

INTRODUCTION

The stability of the capital base is a key determinant of the resilience and long-term development of commercial banks. Bank capital performs several important functions: it absorbs unexpected losses, protects depositors and creditors, supports lending expansion, and strengthens market confidence. Therefore, the effectiveness of capital management directly affects the ability of banks to withstand financial and macroeconomic shocks.

The importance of capital stability has increased as banking systems have become more exposed to credit, market, liquidity, and operational risks. Under the Basel framework, regulatory capital is structured around Common Equity Tier 1, Additional Tier 1, and Tier 2 capital, while risk-weighted assets provide the basis for assessing capital adequacy [1; 2]. The Basel framework establishes minimum risk-based requirements of 4.5% for CET1, 6% for Tier 1 capital, and 8% for total regulatory capital, supplemented by capital conservation and other buffers [3].

For Uzbekistan, the issue is particularly relevant because the banking sector is undergoing structural transformation, digitalization, and expansion of lending operations. According to the Central Bank of Uzbekistan, the total regulatory capital of the banking sector increased from UZS 124.8 trillion at the beginning of 2025 to UZS 150.9 trillion at the beginning of 2026, while the capital adequacy ratio increased from 17.4% to 18.3% [4]. By July 1, 2026, total regulatory capital had reached UZS 167.4 trillion, and the capital adequacy ratio stood at 18.5% [5].

These developments demonstrate the continued expansion of the capital base of Uzbek banks. In assessing capital stability, it is also important to consider the composition of capital, the proportion of high-

quality equity instruments, the level of retained earnings, and the relationship between regulatory capital and risk-weighted assets.

The purpose of this study is to identify effective ways to ensure the stability of the capital base of commercial banks and to assess the practical effectiveness of the proposed mechanisms using the example of JSCB "Mikrokreditbank".

LITERATURE REVIEW

The theoretical foundations of bank capital management have been extensively developed in international banking literature. The Basel Committee considers capital adequacy to be a central element of prudential banking regulation because sufficient high-quality capital enables banks to absorb losses and continue operating during periods of financial stress [1; 3].

Berger and Bouwman [6] emphasize that bank capital plays an important role in maintaining bank liquidity creation and financial performance, particularly during periods of financial crises. Demirgüç-Kunt, Detragiache, and Merrouche [7] demonstrate that stronger capitalization is generally associated with greater banking-system resilience.

Admati and Hellwig [8] emphasize the role of higher levels of bank equity in supporting systemic resilience and strengthening the capacity of banks to absorb losses. Their research highlights the importance of maintaining a balanced structure between equity and debt financing.

The importance of retained earnings as a source of internal capital accumulation has also been discussed in the literature. Since retained earnings do not create mandatory repayment obligations, they can provide banks with a relatively stable source of capital growth. The relationship between dividend distribution and internal capital accumulation is therefore an important aspect of capital management [9].

Recent international regulatory developments place greater emphasis on capital buffers and forward-looking capital planning. The IMF notes that Basel III has strengthened capital quality and introduced capital conservation, countercyclical, and systemic-risk buffers to improve banking resilience [10]. For emerging markets, the IMF recommends adapting capital requirements to domestic macroeconomic and structural risks [10].

In the case of Uzbekistan, the regulatory framework has been progressively aligned with Basel III principles. The IMF's 2025 assessment highlighted the capital adequacy requirements of Uzbekistan's banking sector and identified risk-based supervision and capital-quality requirements as important areas for continued development [11]. The updated capital framework introduced in January 2026 includes a 2.5% capital conservation buffer, a 1% buffer for domestic systemically important banks, and a countercyclical capital buffer within the established range [12].

These developments create opportunities for further examination of the practical mechanisms through which commercial banks can maintain a stable capital base. In particular, the interaction between ordinary share issuance, subordinated debt, retained earnings, reserve capital, and the growth of risk-weighted assets represents an important area of analysis.

RESEARCH METHODOLOGY

The study employs comparative, statistical, structural, and analytical methods to assess commercial bank capital stability. A case-study approach is applied to JSCB "Mikrokreditbank", focusing on regulatory capital, subordinated debt, and risk-weighted assets. The research uses official data from the Central Bank of Uzbekistan, Mikrokreditbank, and international regulatory sources.

ANALYSIS AND RESULTS

The analysis shows that capital stability requires a combination of external financing and internal capital accumulation. Four scientific proposals were implemented at JSCB "Mikrokreditbank", producing measurable results.

The first proposal focused on increasing the role of ordinary shares in regulatory capital. As a result, the bank's charter capital increased by 39.6% in 2025 compared with 2024, demonstrating the role of equity financing in strengthening the capital base.

The second proposal involved expanding subordinated debt as a source of Tier 2 capital. Its issuance increased by 2.1%, contributing to the diversification of regulatory capital.

The third proposal focused on reserve capital and retained earnings. Following its implementation, the share of regulatory capital in total liabilities increased by 3.6 percentage points, supporting the bank's capital position and internal capital accumulation.

The fourth proposal aimed to maintain an appropriate relationship between regulatory capital and risk-weighted assets. In 2025, regulatory capital increased by 61.7%, while risk-weighted assets increased by 27.5%, resulting in a difference of 34.2 percentage points. This reflects an increase in the bank's capital buffer relative to risk exposure.

The results are consistent with broader banking-sector trends. According to Central Bank statistics, total regulatory capital increased from UZS 139.4 trillion in July 2025 to UZS 167.4 trillion in July 2026, while the capital adequacy ratio increased from 17.4% to 18.5% [5] Table 1.

Table 1. Results of Implementing the Proposed Capital-Stability Mechanisms at Mikrokreditbank

No	Scientific proposal	Indicator of practical implementation	Result in 2025 compared with 2024
1	Increase the share of charter capital through greater issuance of attractive ordinary shares	Charter capital	+39.6%
2	Increase Tier 2 capital through subordinated debt issuance	Subordinated debt issuance	+2.1%
3	Increase reserve capital and retained earnings and strengthen regulatory capital relative to liabilities	Regulatory capital share in liabilities	+3.6 percentage points
4	Increase the share of CET1 capital and maintain proportionality between capital and risk-weighted assets	Regulatory capital growth	+61.7%

The results presented in Table 1 indicate that the most pronounced effect was observed in the relationship between regulatory capital and risk-weighted assets. The 61.7% growth in regulatory capital compared with the 27.5% growth in risk-weighted assets suggests that capital accumulation was considerably faster than the expansion of risk exposure.

This is consistent with the logic of risk-based capital regulation. The Basel framework requires banks to maintain capital in proportion to risk-weighted assets, while the capital conservation buffer provides an additional layer of protection [3]. In Uzbekistan, regulatory requirements have also been strengthened through the introduction of additional capital buffers from 2026 [12] Figure 1.

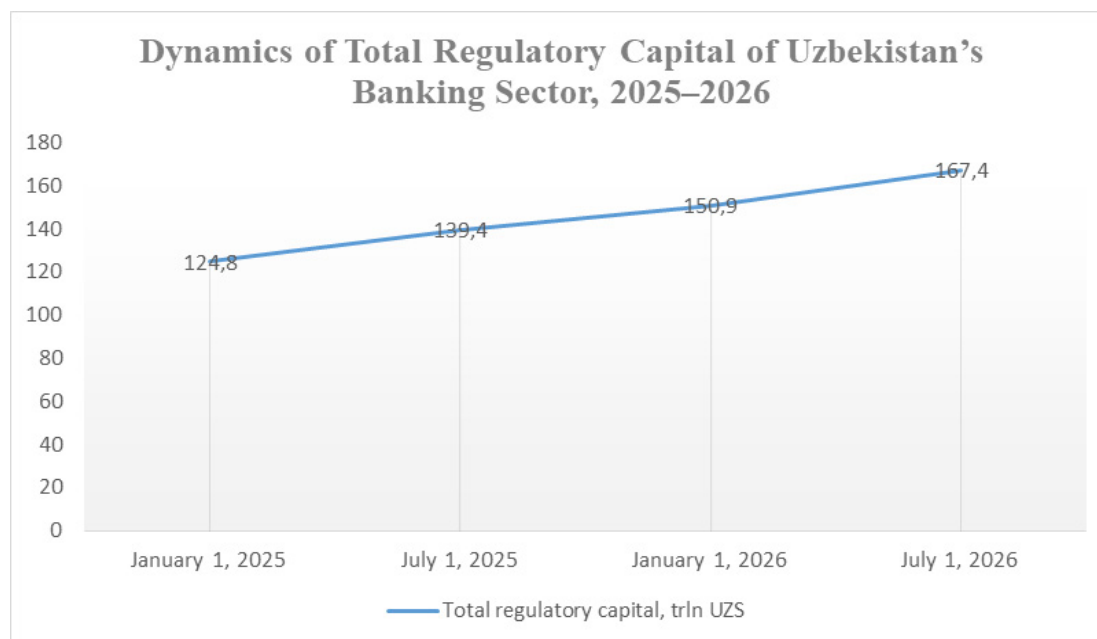


Figure 1. Dynamics of Total Regulatory Capital of the Banking Sector of Uzbekistan

Official Central Bank data show that total regulatory capital increased from UZS 124.8 trillion at the beginning of 2025 to UZS 150.9 trillion at the beginning of 2026. By July 2026, it had reached UZS 167.4 trillion [4; 5].

The upward trend reflects the continued capitalization of the banking sector. The researcher considers

capital quality and loss-absorbing capacity important factors in supporting sustainable capital growth alongside its nominal expansion Figure 2.

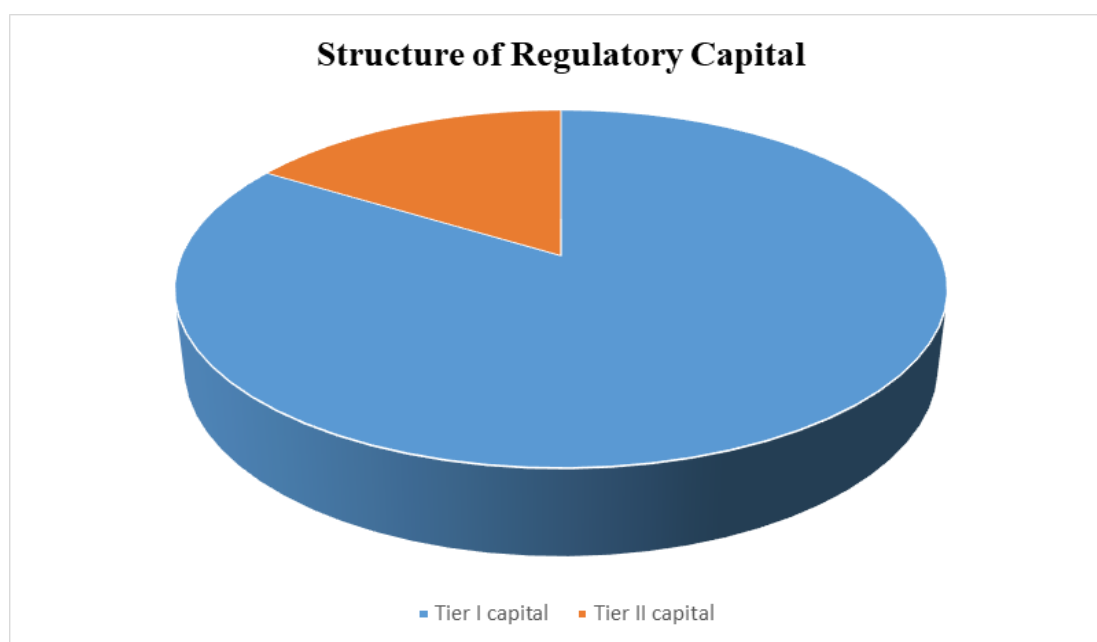


Figure 2. Structure of Regulatory Capital of the Banking Sector, July 1, 2026

As of July 1, 2026, Tier 1 capital accounted for 83.8% of total regulatory capital, while Tier 2 capital represented 16.2% [5]. The structure of regulatory capital indicates the important role of Tier 1 capital in the banking system.

The researcher considers this structure supportive of capital stability, as high-quality capital contributes to the capacity of banks to absorb losses. Further development of CET1 capital can support capital adequacy as credit portfolios and risk-weighted assets expand.

Overall, the empirical results identify several key mechanisms for ensuring capital stability. First, banks can increase the attractiveness of ordinary shares as a sustainable source of equity capital. Second, subordinated debt can contribute to the diversification of Tier 2 capital. Third, retained earnings and reserve capital can support internal capital accumulation. Fourth, capital planning can be coordinated with changes in risk-weighted assets.

CONCLUSIONS AND RECOMMENDATIONS

The study confirms that the stability of commercial bank capital depends on its quality, structure, accumulation capacity, and relationship with risk-weighted assets. The results from Mikrokreditbank demonstrate the effectiveness of the proposed measures: charter capital increased by 39.6%, subordinated debt issuance by 2.1%, and the share of regulatory capital in liabilities by 3.6 percentage points. Regulatory capital grew by 61.7%, compared with 27.5% growth in risk-weighted assets.

The findings highlight the importance of strengthening CET1 capital, retained earnings, and reserve capital, while diversifying capital sources and linking capital planning to risk-weighted assets. This approach supports capital stability, banking resilience, and sustainable lending.

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