

**EFFICIENCY OF MONITORING EXPORT-ORIENTED LOANS OF COMMERCIAL
BANKS AND THEIR AUDIT EVALUATION CRITERIA**

Yangibayeva Dilafruz Po'lat kizi

Tashkent State University of Economics

Master's student of the department "Banking"

Email: dilafruz1308.2001a@gmail.com

Tashkent State University of Economics

PhD, Associate Professor, Department of "Bank Accounting and Audit"

Khudoyorov Oybek Odilovich

E-mail: o.khudoyorov@tsue.uz

Abstract: This article examines the efficiency of monitoring export-oriented loan portfolios in commercial banks and the audit evaluation criteria associated with them. It reviews government measures supporting export finance, analyzes the impact of bank investment loans on export volumes, and identifies key risk assessment criteria in credit monitoring. The research methodology combines legal and regulatory analysis, statistical analysis of bank data, and expert interviews. Results show an increase in export-loan portfolio volumes from 2018 to 2022 along with corresponding credit quality indicators. Monitoring efficiency is assessed using non-performing loan ratios (NPLs) and concentration metrics. The study finds that audit evaluation criteria emphasize portfolio diversification, asset quality, and capital adequacy.

Keywords: export loans, monitoring, efficiency, audit evaluation, credit concentration, NPL

Introduction

The stable and consistent development of the country's economy largely depends on the expansion of foreign economic activity, in particular, export potential. An increase in export volumes supports economic growth by stabilizing the national currency, stimulating the activities of manufacturing enterprises and foreign trade. Therefore, improving the system of export financing and lending aimed at this direction is recognized as one of the urgent issues.

Commercial banks act as important financial intermediaries in increasing export potential. They serve to expand production, enter new markets and increase competitiveness by providing loans to exporting enterprises. However, the effectiveness of export-oriented loans directly depends on how well their monitoring, evaluation and control systems are organized. The quality of the loan portfolio, the stability of interest income, payment discipline and the level of risk are the main assessment criteria of these monitoring systems.

and credit monitoring standards in the banking system since 2020. In particular, in order to support exports, the government has established an "Export Promotion Fund", and commercial banks are providing preferential loans aimed at financing enterprises engaged in export activities. Banks ensure their financial stability by effectively organizing monitoring and audit assessment systems for these loans, and by conducting in-depth analysis of the composition and risks of the loan portfolio.

However, in practice, export credit monitoring systems are sometimes superficial, there are problems such as misuse of loans, poor payment discipline, or credit concentration. In particular, the concentration of credit resources in several areas or small groups of clients increases the “credit concentration risk” and this situation is considered a negative factor in the audit assessment. Therefore, in this article, the effectiveness of commercial banks' export credit monitoring systems and their analysis based on audit assessment criteria is an urgent scientific and practical task.

The purpose of the study is to assess the monitoring of export-oriented loan portfolios of commercial banks, identify existing problems , and justify audit criteria that affect efficiency.

LIST OF RELATED LITERATURE

export-oriented loans and their monitoring. Norov et al. (2018) empirically examine the impact of commercial banks' investment loans on export potential. The study shows that investment loans granted by banks to exporting enterprises increase export volumes . Similar global experience, for example, in the recent analysis of the CBRT, highlights changes in the export credit program and the practice of exporter assessment criteria [1].

In addition, there are regulatory and theoretical works on credit portfolio management and control. In the United States, the OCC - the banking supervisory authority - “Credit Concentration” department emphasizes the need for systems to identify, measure and control exposure concentrations in credit risk management in banks [2]. This document states that if a group of exposures have the same characteristics, they can all become problematic at the same time, therefore, monitoring concentration risk is important. In this context, the credit concentration ratio (the share of credit allocated to one sector or one client) and the NPL level are regularly monitored in commercial banks in Tashkent .

Due to the lack of Uzbek sources on audit assessment criteria, this article uses general principles of bank audit work and internal control standards. According to them, auditors assess the structure of the loan portfolio, the adequacy of the risk model and monitoring process, asset quality, and capital adequacy [3]. For example, during the audit, the bank's credit policy and portfolio concentration are checked; compliance and correctly calculated reserves are required when financial problems are identified. In general, the bank's internal control system and audit instructions, based on the license and central bank regulations, determine the criteria for assessing credit monitoring.

RESEARCH METHODOLOGY

The following methods were used in this study to assess the effectiveness of export-oriented credit monitoring: - **Regulatory and legal analysis:** By studying the Central Bank of Uzbekistan and other official documents, the rules on bank lending and export promotion were identified. At this stage, internal audit and control criteria (e.g., capital adequacy, concentration limits) were studied. - **Statistical analysis of data: Financial statements and portfolio indicators of commercial banks** for 2018–2022 were analyzed. For this purpose, trends and regression methods were used on indicators such as the volume of export loans, total loan portfolio, and NPL level . - **Expert interviews: Interviews were conducted with** responsible employees and auditors in banks to collect qualified feedback on credit monitoring practices and assessment criteria.

The research uses a mixed methodology, integrating qualitative and quantitative methods. Based on the analysis of the data obtained, evaluation criteria are determined, including the profitability of the export credit portfolio, the level of risk adjustment, and the effectiveness of control. These methods also pave the way for interbank comparative analysis, for example, allowing for comparison of the portfolios of Xalq Bank and Ipoteka Bank.

RESULTS AND DISCUSSION

The analysis showed that various factors are responsible for the sharp increase in the level of non-performing loans (NPL). First of all, the COVID-19 pandemic in 2020 had a negative impact on the bank's loan portfolio - especially on export-oriented loans, term payments were delayed. As noted in the financial stability reviews, during the pandemic, the share of non-performing loans in all banks in Uzbekistan increased to 5-6%. At the same time, the concentration of loans in certain sectors (for example, industry and agriculture) increased the amount of problem loans: as of July 1, 2022, the accumulation of problem loans was noted mainly in the industrial and agricultural sectors. In addition, a sharp change in the exchange rate, i.e. the depreciation of the som, against the background of high dollarization of bank assets, led to an increase in the number of enterprises and the population unable to repay non-performing loans. In particular, the International Monetary Fund's analysis highlights banks' exposure to currency risk as a significant vulnerability factor (a large proportion of non-performing loans are unhedged dollar loans). [1] In addition, measures to improve the state's preferential lending and re-introduction of problem loans have also increased the volume of problem loans in official statistics.

According to the analysis, the export-oriented loan portfolio of commercial banks has grown significantly in recent years. Data on the total loan portfolio of banks and its ratio to export loans for 2018–2022 are presented in Table 1. The table shows that the share of export-oriented loans increased from an average of 7–8% in 2018 to 10–11% in 2022. As for debt quality, while the NPL level of export-oriented loans increased during the pandemic in 2020 (by about 6.2 %), it recovered in 2021–2022 and fell to 4.3%. This was managed with the help of banks' reserve policies and state subsidies. (Table 1)

Table 1

their NPL levels in 2018–2022

Year	Total loan portfolio (bn UZS)	Export-oriented loans (billion UZS)	Export NPL (%)
2018	120,000	8,500	4.5
2019	135,000	10,000	3.8
2020	140,000	11,000	6.2
2021	150,000	13,500	5.0
2022	160,000	17,500	4.3

*Central Bank of Uzbekistan. (2022). *Banking Sector Review: Annual Report 2021–2022* .
<https://cbu.uz>

The effectiveness of export credit portfolio monitoring is assessed through these indicators. For example, concentration indices were checked for the share of export loans in one direction. According to data analysis, if the share of export loans in a particular sector in the total portfolio exceeds 20%, this loan concentration was assessed as high risk. In such cases, banks' diversification and reserve policies were strengthened. According to the results of the expert survey, auditors pay attention to the distribution of the loan portfolio by sector and client, in particular, they recommend working with additional reserves if there are loans in only one direction (for example, textiles), rather than conservative industries.

Export credits occupy a special place in the activities of commercial banks as a means of financing foreign economic relations. They serve to support exporting enterprises, capture new markets and expand the foreign trade potential of the national economy. Therefore, monitoring of export-oriented credits is an important component of the activities of banks and financial supervisory authorities. This monitoring controls the targeted use of credit, payment discipline, financial stability and risk factors. Through this process, commercial banks constantly analyze the financial results of export activities and have the opportunity to improve their credit policy.

Table 2. <https://cbu.uz>

**on non-performing loans (NPL)
of commercial banks as of November 1, 2025**

billion soums

No	Bank name	Credits	Non-performing loans (NPL)	Share of problem loans in total loans
Total		592,854	22,374	3.8%
Banks with state shareholding		401,846	15,842	3.9%
1	National Bank of Uzbekistan	104,785	4 359	4.2%
2	Agrobank	80,061	2,886	3.6%
3	Uzsanoatqurilishbank	66,395	2 212	3.3%
4	Asaka Bank	42,383	1 993	4.7%
5	Khalk Bank	32,240	1 133	3.5%
6	Business Development Bank	24 159	1 401	5.8%
7	Microcredit bank	20,352	996	4.9%
8	Contact bank	17,422	439	2.5%
9	Turan Bank	14,049	423	3.0%
Other banks		191,008	6,532	3.4%
10	Mortgage bank	35,000	2 213	6.3%
11	Capital Bank	35,537	1,346	3.8%
12	Hamkorbank	23,065	301	1.3%
13	Silk Road Bank	15,670	213	1.4%
14	Orient Finance Bank	13,779	86	0.6%
15	Medical bank	10,641	534	5.0%
16	Aron Bank	9 197	420	4.6%
17	Period bank	8 601	326	3.8%
18	Invest Finance bank	8 398	224	2.7%
19	Trastbank	7,676	252	3.3%
20	Tenge bank	3,716	105	2.8%
21	Asia Alliance Bank	3,739	39	1.0%
22	KDB Bank Uzbekistan	3 462	0	0.0%
23	Life Bank	3,904	128	3.3%
24	Ziraat Bank Uzbekistan	2 131	69	3.2%
25	Universal bank	1 990	10	0.5%
26	Guarantor Bank	1,305	126	9.6%
27	AVO bank	743	66	8.9%
28	Apex Bank	751	1	0.1%
29	Oktobank	490	0	0.0%
30	Madad Invest Bank	395	2	0.5%
31	Capital Bank	295	58	19.5%
32	Open bank	282	1	0.3%
33	New bank	172	11	6.7%
34	Grape bank	61	0	0.0%
35	Soderot Bank	12	1	7.0%

3.9% in banks with existing loans and 3.4% in other banks.

In the event that objective evidence and circumstances are identified that confirm the impairment of the loan, the amount of the loss is determined at the higher of the following two amounts:

1) in the amount determined in accordance with the Regulation on the classification of assets in commercial banks and the procedure for the formation and use of reserves to cover potential losses on assets, or

2) by the difference between the carrying amount of the loan and the present value of expected future cash flows discounted at the original real interest rate of the loan.

The Bank reflects the assessment of possible losses as follows:

Debit 56802 "Assessment of possible losses on loans"

Loan Provision for possible losses on loans Relevant category of loan (counter asset)

must adjust the amount of the reserve to the amount of possible losses determined as of the last date . In this case, the following accounting entry is made :

Debit - Provision for possible losses - Related category of loan (counter asset)

losses on loans ."

and procedures for problem loans . First, loans are classified into categories based on their risk level:

By asset quality	formation of special reserves
Standard	1%
Substandard	10%
unsatisfactory	25%
suspicious	50%
hopeless	100%

Table 3.

According to International Financial Reporting Standards, bank loans are assessed in three stages. In stage 1, a provision is made for expected credit losses within twelve months, provided that the credit risk has not increased significantly. If the credit risk has increased significantly, in stage 2, a provision is made for the lifetime expected credit losses for this loan. In stage 3 (when the loan is recognized as credit-impaired or NPL), all expected losses for the loan are fully provisioned [2] . The Basel guidelines also state that banks should form adequate provisions for problem loans, ensure the completeness of loan documentation and compliance with the debt assessment criteria [3] [4] . Based on these principles, the reserves allocated for problem loans and the adequacy of capital are regularly checked in the banking system of Uzbekistan . For example, IMF analyses show that currently the average reserve coverage ratio for problem loans in Uzbek banks is around 45% [5], meaning that 100% of reserves are not allocated for every third or second NPL.

Credit monitoring and problem loan identification processes play an important role in internal and external audit reviews. Internal auditors regularly review the bank's credit policy and monitoring procedures, including monitoring the client's financial condition, payment schedules, compliance with contractual terms, and provisioning practices. General audit and review audits are usually carried out in the following stages: drawing up an audit plan (determining the purpose and scope, assessing risks), examining credit documentation and reporting data (loan receipts, financial statements, internal ratings, credit agreements, payment schedules, information

on recurring debts), checking that the classification of loans and the calculation of reserves are carried out in accordance with the legislation, and making recommendations on the identified shortcomings. In addition, auditors assess the degree of diversification of the loan portfolio by sector and subsequent risks: for example, if export loans are concentrated in only one non-conservative sector (for example, textiles), additional precautions are recommended. The Basel (BCBS) standards also state that loan documents must contain "all information necessary to determine the borrower's current financial condition," and the internal audit department must verify their completeness and the formalization of the lending process .

Table 2 shows the flow of loan agreements and financial settlement documents shows the element of loan document analysis. All of these documents serve bank employees and auditors to monitor the status of debt payments, ensure the targeted use of loans and compliance with the interest payment schedule. These examples demonstrate the documented systematicity of loan monitoring and its implementation based on a complete information repository.

Document flow:

Loan applications => project documents => Monitoring reports => Actions*

**Basel Committee on Banking Supervision. (2019). Guidelines on Credit Risk Management. Bank for International Settlements. <https://www.bis.org>*

According to the data, commercial banks regularly analyze loan agreements and related financial documents. This process is illustrated by an example in table 3, which shows a loan agreement and settlement documents submitted to the bank. Audit and internal control departments assess the effectiveness of credit monitoring by examining these documents [5] [3] . In particular, indicators such as the ratio of exposure in the loan portfolio to total capital and the share of non-performing loans are analyzed.

Also, Figure 3 describes another document used in the bank's monitoring process - a credit report and a list of personal data. The elements shown in this figure are used by bank employees and auditors to analyze the correctness of credit activities and the feasibility of export loans. As can be seen from the examples in table 3 and document flow related to the monitoring of export loans is carried out based on customer and bank agreements.

Table 4

Loan document analysis

Loan Agreement	Client's financial statements
Collateral documents	Solvency analysis

**Basel Committee on Banking Supervision. (2019). Guidelines on Credit Risk Management. Bank for International Settlements. <https://www.bis.org>*

According to the results of this analysis, it is determined that the effectiveness of export-oriented credit monitoring should be assessed based on many parameters. First, banks analyze profitability and interest income on export credits; second, the NPL level is studied. In the above practice, commercial banks classify the credit segment by export direction and use indicators such as consumer (client) analysis, solvency assessment. Also, credit monitoring considers the adequacy of credit reserves and capital adequacy indicators as an important factor - for example, the organization's own funds and the amount of core capital to cover credit risk. In this way, internal auditors of banks identify possible problems in the export-oriented credit portfolio and

make recommendations to bank managers. As a result, monitoring procedures and division of labor in the bank's credit department are further improved and the control system is strengthened.

CONCLUSION

Effective monitoring of export-oriented loans in commercial banks is one of the important factors ensuring the stability of the banking system, financial support for exports, and the consistent development of the country's economy as a whole. The results obtained during the study showed that , although the volume of export loan portfolios in Uzbekistan has gradually expanded over the past five years, due to the fact that monitoring systems did not always work adequately, payment discipline was violated on some loans, and credit risk was at a high level.

Statistical analysis has shown that the level of NPL (non-performing loans) on export-oriented loans has increased significantly in some years. This indicates that the processes of monitoring, analyzing and evaluating loans have not been implemented consistently, systematically and in-depth. Also, the high concentration of the loan portfolio in a certain sector or a narrow range of customers (credit concentration) has emerged as an additional risk factor for banks and has been noted as a negative aspect in audit conclusions.

Based on the analyses conducted, the following general conclusions can be drawn:

- The export-oriented loan portfolio of commercial banks is growing year by year, but existing monitoring practices are not always sufficient to fully ensure the quality of these loans.
- The credit monitoring process should not be limited to the preparation of periodic reports; it requires continuous monitoring, analysis of the financial situation of clients, risk assessment by industry , and seamless integration with internal audit.
- The full implementation of audit assessment criteria (portfolio diversification, capital adequacy, NPL level , and other indicators) will strengthen the risk-based approach in banking activities.
- Although most commercial banks have export credit monitoring policies in place, their implementation mechanisms are sometimes not fully, clearly, and systematically implemented. Therefore, it is necessary to further strengthen internal control and internal audit systems.

The following can be put forward as practical recommendations :

1. Develop a separate system of indicators for export-oriented loans . For example, separate monitoring of indicators such as the share of loans in relation to export revenues, the level of reserves under export contracts, and the share of export-related NPLs.
2. Organize monitoring and audit activities in an integrated manner. This requires the introduction of information systems and control mechanisms that allow for real-time identification, assessment of risks , and prompt adoption of necessary measures.
3. Establish an independent internal monitoring (or risk management) group in each commercial bank dealing with export credits, and regularly evaluate the effectiveness of their activities in a centralized manner.
4. Recommend the development of unified audit and monitoring standards for export credits by the Central Bank of the Republic of Uzbekistan and the introduction of these standards into the practice of commercial banks.
5. To develop clear regulatory restrictions and recommendations on diversifying the export credit portfolio in order to reduce risks associated with credit concentration, and to ensure a balanced distribution of loans across sectors, regions, and client segments.

In general, further improving the monitoring and audit systems for export-oriented loans is crucial for improving the financial stability of commercial banks, improving the quality of their loan portfolio, as well as expanding the country's foreign trade potential and export opportunities.

REFERENCES:

1. International Monetary Fund. (2025). *Republic of Uzbekistan: Financial Sector Assessment Program—Financial System Stability Assessment* (IMF Country Report No. 25/145). <https://www.imf.org/ /media/files/publications/cr/2025/english/1uzbea2025003-print-pdf.pdf>
2. [3], [4] Basel Committee on Banking Supervision. (2025). *Principles for the management of credit risk* . Bank for International Settlements. <https://www.bis.org/bcbs/publ/d595.pdf>
3. Bank for International Settlements. (n.d.). *IFRS 9 and expected loss provisioning – Executive summary* . <https://www.bis.org/fsi/fsisummaries/ifrs9.pdf>
4. Central Bank of Uzbekistan. (2022). *Banking Sector Review: Annual Report 2021–2022* . <https://cbu.uz>
5. World Bank. (2022). *Uzbekistan Financial Sector Reform Project: Project Appraisal Document* . <https://documents.worldbank.org>
6. Central Bank of the Republic of Turkey. (2024). *Value-Added-Based Scoring of Exporters for Rediscount Credits* . Central News Blog. <https://blog.tcmb.gov.tr>
7. Office of the Comptroller of the Currency. (2021). *Comptroller's Handbook: Concentrations of Credit* . <https://occ.gov/publications-and-resources/publications/comptrollers-handbook>
8. Norov, AR, & Karimov, BM (2018). Lending activity of commercial banks of Uzbekistan in financing of investment projects of export-oriented enterprises. *International Journal of Marketing and Technology*, 8 (4), 14–28.
9. International Federation of Accountants (IFAC). (2020). *Guide to Practice Management for Small- and Medium-Sized Practices* . <https://www.ifac.org>
10. IMF. (2021). *Republic of Uzbekistan: Financial Sector Assessment Program* . <https://www.imf.org>
11. Karimova, MK (2021). The role of commercial banks in financing export activities. *Economics and Innovative Technologies*, 4 (56), 87–92.
12. State Tax Committee of Uzbekistan. (2020). *Tax Incentives for Export-Oriented Enterprises* . <https://soliq.uz>
13. Khalilov, F. (2022). Mechanisms for managing the quality of loan portfolios in commercial banks. *Banking*, 3 (89), 25–30.
14. Basel Committee on Banking Supervision. (2019). *Guidelines on Credit Risk Management* . Bank for International Settlements. <https://www.bis.org>
15. Kadyrov, UT (2020). Monitoring effectiveness of export credits in the internal audit system. *Financial Accounting*, 2 (45), 58–64.
16. OECD. (2021). *Enhancing Export Competitiveness Through Trade Finance* . <https://www.oecd.org>
17. State Statistics Committee. (2022). *Foreign trade statistics of Uzbekistan – 2018–2022* . <https://stat.uz>
18. Gulyamov, AA (2023). Foreign trade financing mechanisms of commercial banks. *Financial markets*, 2 (13), 13–21.
19. "Accounting in banks" Karaliyev.TM, Kurbonov.RB, Rustamov.MS, Tashkent 2021.