AVESTA INVESTMENT GROUP

EUROMONEY AWARDS FOR EXCELLENCE 2025 UZBEKISTAN BEST INVESTMENT BANK

April 2026

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Uzbekistan Bond Market

Market Dynamics, Key Drivers and Outlook

Executive Summary

- Government bond issuance doubled from UZS 21.3 trillion in 2023 to UZS 42.2 trillion in 2025
- The corporate bond market reached a record size, with the issuance UZS 5.28 trillion by February 2026, compared to UZS 2.2 trillion in the end of 2025.
- Limited Liability Companies now account for around 76% of issuers in a corporate bond market
- 21 bond issues registered in the MFO sector by February 2026, totaling UZS 431 billion, while 98% of bondholders are individuals
- According to the Presidential decree, new trading platforms for foreign securities and foreign-currency bonds are planned to be introduced on the Tashkent Republican Stock Exchange.

Uzbekistan's bond market is undergoing a structural transition driven by regulatory reforms, improved market access, and efforts to establish a credible yield curve. Government securities dominate the market by volume of issuances, supported by reforms since 2018 and expanded the role of the Ministry of Economy and Finance alongside the Central Bank of Uzbekistan.

Uzbekistan's domestic bond market is primarily driven by macroeconomic conditions, with inflation dynamics and monetary policy playing a central role in bond pricing. The Central Bank of the Republic of Uzbekistan has maintained a relatively tight monetary stance, prioritizing disinflation toward its 5% target and macroeconomic stability, which has changed positively investor expectations across the fixed-income market.

In 2022, Uzbekistan's bond market was underdeveloped, with total domestic bonds accounting for below 3% of GDP and corporate bonds for less than 0.2%, reflecting high policy rates and weak investor participation. By 2025, the bond market expanded to around **6-7% of GDP**, driven mainly by increased government issuance and monetary easing by the Central Bank of the Republic of Uzbekistan, while the corporate segment remained marginal, highlighting limited private-sector use of capital markets.

Government securities dominate Uzbekistan's bond market, with demand concentrated among domestic banks due to favorable regulation and access to central bank liquidity, while the upward-sloping yield curve reflects persistent term and inflation risk despite improving expectations in 2025-2026. Bond issuance accelerated sharply, nearly doubling in 2024, driven by higher domestic financing needs and a shift toward local-currency borrowing.

The corporate bond segment has expanded rapidly, reaching UZS 5.28 trillion by early 2026 following regulatory reforms that expanded market size, yet yields remain well above the policy rate, indicating clear risk differentiation, ongoing liquidity and long-term risk constraints despite overall market progress.

Bond Market

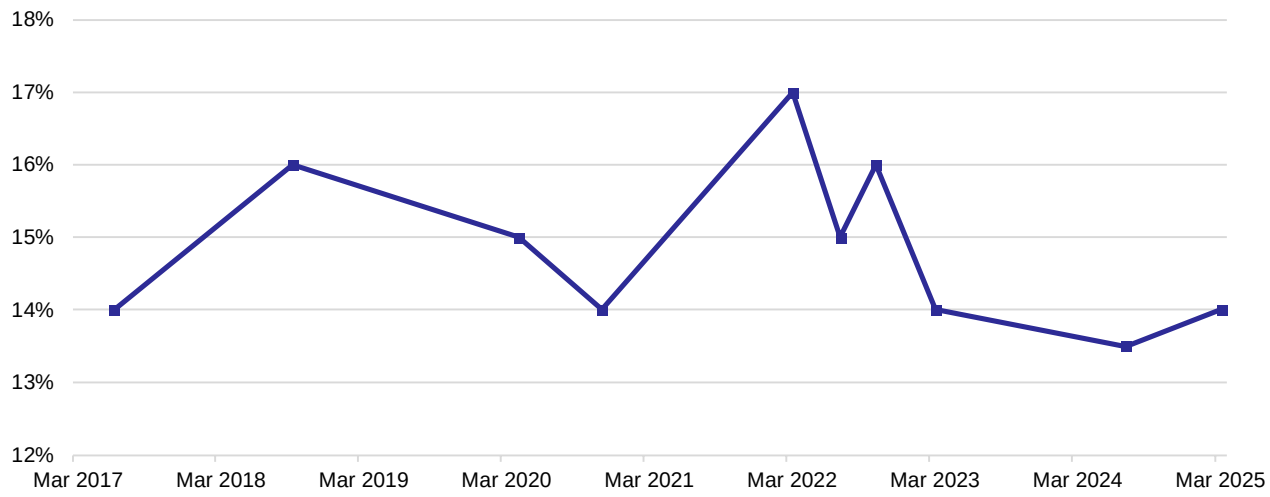
Policy Rate

Changes in the policy rate set by the Central Bank of the Republic of Uzbekistan have had a direct impact on the bond market. During 2017–2019, when the policy rate increased from 14% to 16%, government bond yields rose, bond prices declined, and corporate bond issuance remained limited, with the market dominated by short-term government securities.

In 2020–2021, the gradual reduction of the policy rate to 14% supported declining yields, improved investor demand, and the issuance of longer-maturity bonds. In 2022, a sharp policy rate hike to 17% in response to inflationary pressures led to a spike in bond yields, a fall in bond prices, and a significant slowdown in corporate bond issuance as investors shifted toward short-term, low-risk instruments.

Subsequently, the easing cycle in 2023–2024, which lowered the policy rate from 16% to 13.5%, reduced borrowing costs, increased bond prices, lowered yields, and stimulated the expansion of the corporate bond market, including greater participation by LLC issuers. In 2025, a moderate increase in the policy rate to 14% signaled a cautious monetary stance, resulting in yield stabilization and more selective bond issuance, reflecting growing market maturity.

Central Bank Policy Rate



Source: Central Bank of the Republic of Uzbekistan, Avesta Investment Group estimates

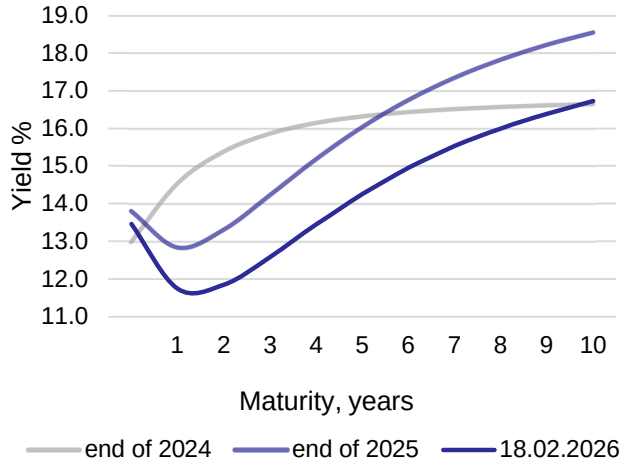
Government Securities

Demand for government securities is dominated by domestic banks, supported by favorable regulatory treatment, including zero risk weights, full liquidity recognition, and eligibility for Central bank Repo operations. This framework has reinforced banks' role as core investors and helped ensure stable demand at primary auctions.

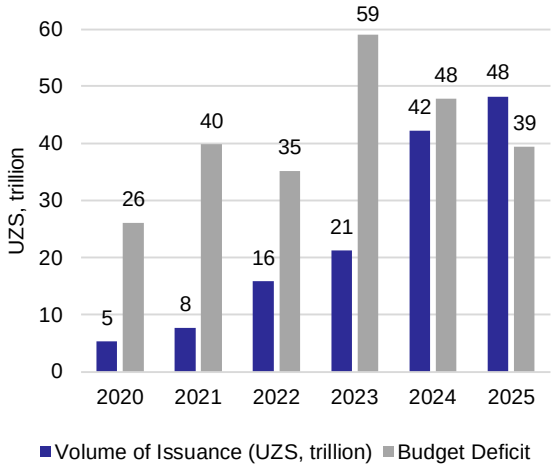
While access has expanded to include individuals and non-bank investors, secondary market liquidity remains relatively concentrated. Recent initiatives to improve market infrastructure and facilitate foreign investor participation are expected to support gradual diversification of the investor base and deepen the government securities market over time.

While the Ministry of Economy and Finance continues to act as the fiscal agent responsible for bond issuance, the Central Bank ensures timely and public dissemination of yield data to enhance overall market efficiency.

T-bond Yield Curve



Volume of Issued Bonds



Source: Central Bank of the Republic of Uzbekistan, International Journal of Finance and Digitalization, Avesta Investment Group estimates

The local currency government yield curve shows a broadly upward-sloping shape across all three observation dates, indicating that investors continue to demand higher yields for longer maturities due to inflation uncertainty and term risk. The shift in the curve over time shows a gradual decline in yields from 13-14% to 11.5-13% at the short and medium maturity bonds in 2025 and 2026 curves, reflecting easing inflation expectations and increased confidence in the disinflation process. Investors expect lower inflation and Central Bank credibility is improving.

The trend is also supported by improvements in Uzbekistan's macroeconomic fundamentals, including a stronger sovereign credit profile. In the half of 2025, S&P Global Ratings and Fitch Ratings upgraded the country to 'BB' with a Stable outlook, while Moody's Investors Service maintained its 'Ba3' rating with a Positive outlook. Where S&P upgraded Uzbekistan's rating from BB- to BB for the first time since 2018.

Uzbekistan's international reserves increased significantly in recent years, rising from USD 34 billion at the end of 2023 to approximately USD 66 billion in 2025. A substantial share of these reserves consists of gold holdings, which account for about 83% of total official reserves. The large accumulation of gold reflects Uzbekistan's position as a major global gold producer and provides an important buffer against external shocks. The strong reserve position enhances the country's external stability and supports investor confidence, contributing to lower perceived sovereign risk.

At the same time, longer-dated yields remain elevated around 16.5-18.5% in all three observing dates, suggesting that investors still price in structural risks and require a premium for long-term exposure. Overall, the evolution of the curve points to improving macroeconomic credibility, while highlighting that expectations for sustained price stability remain more cautious at longer horizons.

As Uzbekistan's fiscal deficit widened in recent years, the Ministry of Economy and Finance expanded local currency bond issuance to cover part of the financing gap while reducing reliance on external borrowing. By 2023–2024, domestic bond issuance accounted for a significant share of deficit financing, indicating a strategic shift toward developing the local debt market.

Bond issuance had a gradual increase to UZS 21.3 trillion in 2023, increasing sharply compared with previous years and signalling a turning point in market activity. This sharp development strengthened further in 2024, when reported issuance approximately doubled to UZS 42.2 trillion annually, reflecting a combination of higher financing needs and ongoing efforts to deepen and develop the local bond market.

Sovereign International Bonds

Uzbekistan successfully placed a new issuance of sovereign international bonds on global financial markets with a total value of approximately USD 1.5 billion. The order book was opened in London on February 18–20 and included bonds denominated in USD (7-year maturity), EUR (4-year maturity), and UZS (3-year maturity). Investor demand was strong, with total orders reaching $4.2 billion, including USD 2 billion for USD-denominated bonds, EUR 1.6 billion for EUR-denominated bonds, and UZS 7.3 trillion for UZS-denominated bonds. As a result, Uzbekistan issued USD 500 million in 7-year USD bonds at 6.95%, EUR 500 million (about USD 525 million) in 4-year EUR bonds at 5.1%, and UZS 6 trillion (about USD 463 million) in 3-year UZS bonds at 15.5%. These rates were lower than those of similar bonds issued in 2024, indicating improved investor confidence and favourable market conditions.

For comparison, issued USD 600 million 7-year USD bonds (6.9% coupon), EUR 600 million 3-year EUR bonds (5.375% coupon), and UZS 3 trillion 3-year UZS bonds (16.625% coupon) in 2024. On other side, yields on 3-year government treasury bonds in the domestic market ranged between 15.6% and 16.1% during January–February of 2025.

The proceeds from the issuance will be allocated according to Law No. O‘RQ-1011 on the State Budget of Uzbekistan for 2025, mainly to finance the state budget deficit and support mortgage lending programs through commercial banks. Notably, the EUR-denominated bonds were issued as Green Bonds under Uzbekistan’s Sustainable Development Goals (SDG) financing framework, with funds directed toward environmentally sustainable projects such as water-saving technologies and waste management initiatives. Between 2021 and 2024, Uzbekistan issued about USD 1.2 billion in SDG and Green sovereign bonds, with fund allocation monitored according to international standards and supported by organizations such as UNDP and Sustainalytics. Meanwhile, the USD- and UZS-denominated bonds will finance housing programs and investments in social infrastructure, including the construction and renovation of schools, preschools, and other public facilities.

Corporate Bonds

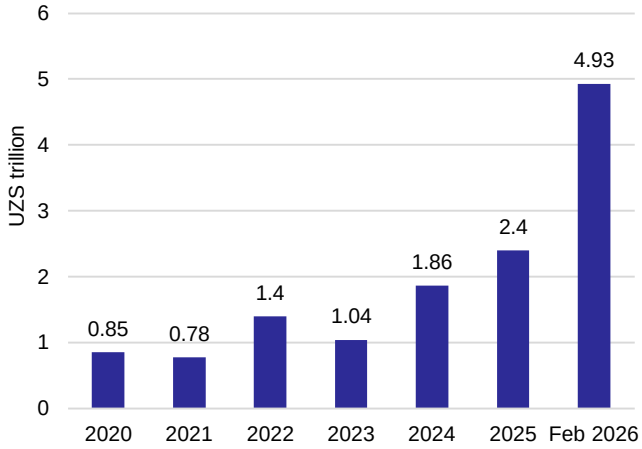
The corporate bond market in Uzbekistan is an emerging segment of the domestic capital market that plays an increasingly important role in diversifying corporate financing beyond bank lending. In recent years, issuance volumes have increased in non-state companies, especially microfinance organizations, reflecting improved macroeconomic stability and ongoing financial sector reforms. Where several years ago issuance has grown steadily, driven mainly by banks and state-affiliated financial institutions.

According to the results of February 2026, a total of 21 bond issuances were registered in the MFO sector. The total nominal value of these securities reached UZS 431.0 billion. Notably, out of a total of 3,258 bondholders, 3,190 (or 98%) are individuals. This indicates a growing public confidence in debt market instruments.

"Agat Credit" JSC leads among microfinance organizations in terms of bond issuance volume. The company raised UZS 150.0 billion through 4 issuances. This organization also has the highest number of investors (1,885 holders).

A historical record has been set in the bond market of Uzbekistan. According to the Central Securities Depository of Uzbekistan, as of 13 February 2026, the total nominal value of issued corporate bonds reached a record UZS 5.28 trillion. The market volume expanded 2.4 times within a single year, where it accounted for UZS 2.2 trillion in the early 2025. This milestone demonstrates successful transition into phase of rapid development and strategic expansion of the national financial system.

Volume of Issued Bonds



Source: Tashkent Republican Stock Exchange, Avesta Investment Group estimates

The legislative act signed by the President on 22 July 2020, allowed limited liability companies (LLCs) to issue bonds, reducing issuance requirements and broadening the range of corporate issuers beyond joint-stock companies and bank. These reforms have resulted in LLCs accounting for 76% of bond issuers, indicating increased confidence in direct investment instruments as an effective alternative to traditional bank financing.

There are several advantages for legal entities that are issuing bonds. Interest payments on bonds are treated as deductible expenses for corporate income tax purposes, which reduces the taxable profit of issuing companies. Where companies noticeably decrease tax expenses by payments of interest for bondholders.

According to the Tax Code of the Republic of Uzbekistan, income in the form of interest on corporate bonds received by individuals and legal entities is exempt from personal income tax and corporate income tax until 31 December 2028. This can have a huge impact on interest to investing on bond market of Uzbekistan and alongside strengthening financial position of issuing companies.

Top 15 Issued Corporate Bonds

		Field	Date	Maturity, months	Rate	Volume of issue, UZS
1	JSC "MFO AGATCREDIT"	Microfinancing	24/03/2025	12	29%	40,000,000,000
2	LLC «MFO DELTA»	Microfinancing	27/03/2025	24	28%	10,000,000,000
3	LLC "MAKESENSE"	Microfinancing	28/03/2025	24	25%	300,000,000,000
4	LLC Sardoba Tekstil	Textile	26/01/2026	36	27%	7,000,000,000
5	LLC "Hamroh mikromoliya tashkiloti"	Microfinancing	16/04/2025	36	25%	20,000,000,000
6	JSC «O'zbekiston ipotekani qayta moliyalashtirish kompaniyasi»	Finance	22/12/2025	60	18%	200,000,000,000
7	JSC "TBC Bank"	Bank	28/02/2025	22	24%	128,000,000,000
8	LLC «MFO DELTA»	Microfinancing	23/10/2025	24	26%	20,000,000,000
9	JSC "AVO bank"	Bank	26/06/2025	36	22%	500,000,000,000
10	LLC "MK Leasing"	Leasing	07/11/2025	36	24%	50,000,000,000
11	JSC "MFO AGATCREDIT"	Microfinancing	16/01/2026	24	26%	40,000,000,000
12	LLC "MAKESENSE"	Microfinancing	17/02/2026	24	22%	300,000,000,000
13	LLC "CONTACT FINANCE"	Microfinancing	03/02/2026	25	25%	10,000,000,000
14	JSC “Asakabank”	Bank	03/02/2026	56	18%	1,000,000,000,000
15	LLC “Dorkomplektsnab Plus”	Construction	04/02/2026	24	28%	50,000,000,000

The corporate bond coupon rates in Uzbekistan are widely dispersed across issuers and maturities, remaining well above the Central Bank of the Republic of Uzbekistan policy rate of 14%.

The highest coupon rates, reaching around 29%, are offered by microfinance institutions such as Delta and Agat Credit, mainly at short to medium maturities (12–24 months), reflecting elevated credit risk and the need to attract large number of investors.

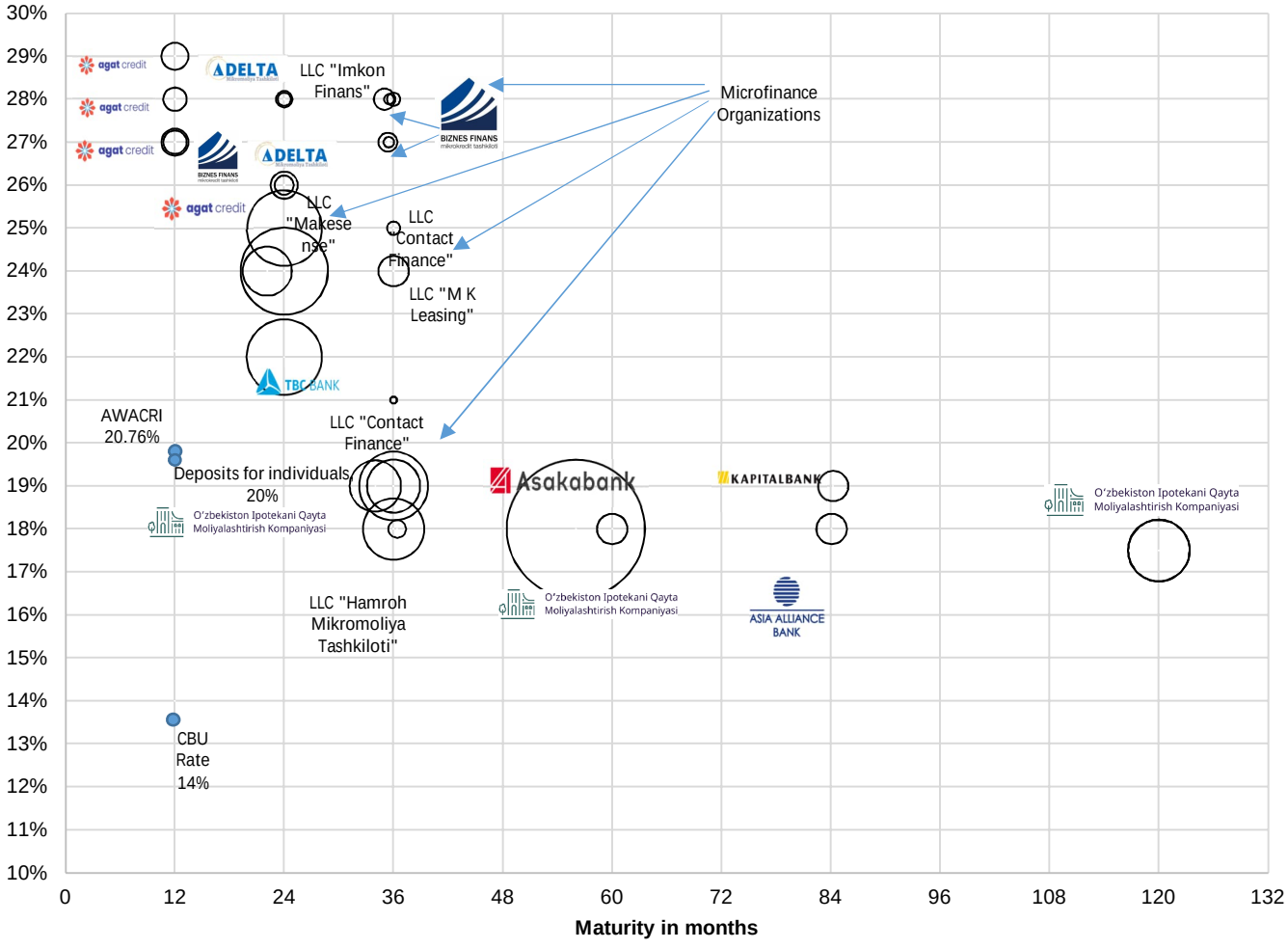
Mid-range yields of 23%–26% are observed for issuers such as Maksesense, Biznes Finans, Imkon Financ, and Contact Finance, indicating moderate risk profiles.

In contrast, the lowest corporate bond yields, at approximately 17%–18%, are offered by established banks and State-Owned Issuers, such as Asia Alliance Bank, Kapital Bank and O‘zbekiston Ipotekani Qayta Moliyalashtirish Kompaniyasi, typically at longer maturities (60–84 months), reflecting stronger creditworthiness and lower perceived risk.

Both Asia Alliance Bank and Kapital Bank maintain B (Stable) and B1 (Positive Outlook) respectively from Moody’s and uzA+ from national rating Ahbor-Rating, meaning high creditworthiness and positive outlook. Moreover, banks are subject to strict capital adequacy requirements imposed by the Central Bank of Uzbekistan, including a minimum capital adequacy ratio of around 13%. While commercial banks operating in Uzbekistan must maintain a minimum charter capital 500 billion UZS, comparingly MFOs must have minimum 20 billion UZS.

As a result, investors perceive bonds issued by banks as less risky, which allows banks to issue bonds with lower coupon rates compared to many non-financial companies.

Corporate Bond Pricing Landscape



According to the presidential decree adopted in December 2025 aimed at improving the investment climate in the capital market, the Tashkent Republican Stock Exchange plans to introduce new trading platforms for foreign securities and foreign currency-denominated bonds.

These reforms are expected to significantly expand investment opportunities for both domestic and international investors by broadening the range of financial instruments available in the local market. The ability to trade foreign securities and currency bonds will allow investors to diversify their portfolios, gain exposure to global assets, and better manage currency risks. In addition, the modernization of trading, clearing, and market supervision systems is expected to enhance transparency, liquidity, and overall efficiency of the capital market, thereby attracting greater investment into Uzbekistan.

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