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Abstract

This study aims at evaluating and measuring the financial performance of Islamic banks in Algeria; beside to the extent of their competency that are used in their resources. Ratio financial group are applied under the profitability and liquidity measures, as a sample of study, we focused on AL SALAM bank during the period of 2011 to 2020.

This research conducted a number of result, So AL SALAM bank realized suitable outcomes of the studied measurements, as well as it reflects the bank's ability in employing the deposited funds, increasing profits and returns despite the faced short comings and difficulties.

Key words: Islamic expenses, Financial performance, Financial ratio.

ملخص الدراسة :

هدفت هذه الدراسة إلى تقييم وقياس الأداء المالي للبنوك الإسلامية بالجزائر ومدى كفاءتها في استخدام مواردها، تم ذلك باستخدام مجموعة من النسب المالية تدرج تحت مؤشرات الربحية والسيولة، أجريت الدراسة على بنك السلام الجزائري وذلك خلال الفترة الممتدة بين (2011-2020).

توصلت الدراسة إلى جملة من النتائج أهمها بأن بنك السلام حقق نتائج جيدة في المؤشرات المدروسة كما عكست النتائج قدرة البنك على توظيف الأموال المودعة لديه وتحقيق الأرباح والعوائد رغم النقائص والصعوبات التي تواجهها.

الكلمات المفتاحية: المصارف الإسلامية، تقييم الأداء، النسب المالية

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Chapter one

General introduction

I . Introduction

The banking system regarded as the pillar of the modern economic system either traditional or Islamic; through a performance of its financial brokerage duties from mobilizing savings and directing them to meet the individual and association's needs, and saving investments. Consequently the quality of the economic system could be increased as well as the available financial resources in the economy could have a better exploitation.

However, the banking system in the world knew multiple of turbulences amongst the international financial crisis which leads to a various of countries and authorities to look for an open door that solves their financial system from collapse but a lot of them transform their financial transaction toward the Islamic banks. The latter is characterized by ethical and legal distributions in its financial functions, besides it relies on legal controls, as a result, a particular Islamic banking system is created due to the efforts of economists and Islamists which also focused on the concept of equality and sharing profits and losses. Moreover, Islamic banking aims to enrich the economic and social development through a total mobilization of individual's savings towards investing that is controlled with provisions of Islamic sharia and avoided dealing with interest "give or take".

Although Islamic bank's main goal is to enhance social equivalent and distributive justice, lately it was exposed to many obstacles that decreases its financial performance averages.

Since the financial performance evaluating is determined as a primary factor to both traditional bank and Islamic banks, the economic researcher interested much more on the prosperity of this experience. In many ways among them, the financial side, defining and reinforcing the power point, discovering and solving weakness point, from this point our study tries to give a suitable answer to the following core problem.

1. Problem of the study

How can the financial performance of Islamic banks be evaluated?

2.Sub questions: (Research questions)

This problematic paved the way to ask the following questions

- * What does it mean by Islamic bank and financial financing formulas?
- * What are the suggested standards and indicators to evaluate the financial performance of the Islamic banks?
- * How was the achieved performance by the Algerian Al Salam bank during 10 years from (2011 to 2020)?

3.Hypothesis

- Islamic banks are banking institutions function as traditional banks. It serves the community under the Islamic sharia's area, depending on Islamic financing formulas, basically on ownership and Dept, and the principle of profit and loss sharing.
- The profitability and liquidity ratio consider as important used standards in evaluating the financial performance of Islamic banks, so it will be able to control its performance and its continuity.
- Al Salam banks possesses the ability and the quality to achieve profits, decrease costs, and preserve liquidity.

4. The importance of the study

This research includes a value from the following points:

- The importance of the bank's financial performance evaluation in knowing all the factors that effect its performance and its continuity.
- Shedding the light on the features of Islamic bank and knowing the nature of its function.
- Judging the extent of the Islamic bank experience in Algeria through the evaluating of the Algerian Al Salam bank performance.

5. Objective of the study

This research tries to achieve the following goals.

- 1- Providing a general view about the Islamic banks.

2- Producing the vital financial standards that are used in assessing the financial performance of the Islamic banks.

3- Evaluating the financial performance of Al Salam bank through a group of a chosen ratio

6. Choice of the theme

This topic is selected due to many reasons:

- The great importance of this topic according to Islamic banks.
- The desire and personal preference for this kind of research.
- Attempting to add a new foreign language reference in the university library

7. Study limitations

Spatial boundaries: the spatial framework of the study is limited to the Algerian Al Salam bank.

Time limits: the period of study starts from 2011 to 2020

8. Method of the study

In this research, we focus on the descriptive method to familiarize the theoretical concepts of the theme. Also, we use the analytical method which relies on analyzing data and information obtained from financial statements and indicators of the bank.

9. Resources of obtained data

This study prepared through the use of various references "book, thesis, articles, magazines, website, meetings.

10. Difficulties of study

Any research can face difficulties the same with this study, the research was affected by the quarantine for that reason, it was difficult to move and obtain the data bank, that's why we only reported on the bank's website

11. Review of past research:

Islamic banks and evaluation performance have seen an interest of many researchers among these studies related to this field.

ABDI-Duffra (2010) study.

It is a master thesis titled "Financial performance Evaluation a case study of awash international bank (AIB)". The essential objective of this study represented in pilot test comparison of performance of the first private commercial bank in Ethiopia and industry overage of both liquidity and profitability, credit risk, solvency.

The researcher used both financial analysis and statistical analysis to apply this study. Also, he focused on analyzing the financial lists of the bank and illustrated both the objective and the meaning of financial data analysis.

In addition, he presented the utilized tool of financial analysis in the financial performance evaluation of the banks.

The main obtained result :

- The profitability of the international Oshen bank were less than the industry average.
- The authenticity of the bank in asset use, income generation, and expense management.
- The international Oshen bank was less risky and more capable of industry average.

Ahmed Noor Hassam study (2011)

It is a master thesis titled " banking products and financial performance of Islamic bank in Kenya". This research aims at assessing the effect of the Islamic banking products on the Islamic banking profitability in Kenya, relying on the annual financial data of two Islamic banking in Kenya during (2008-2011).

The researcher show the theoretical part that determines the Islamic financial process and the financial performance of both banks authorized by the Kuwaiti central bank

The main obtained results:

- The Kenyan Islamic banks realize a huge achievement in assets, deposits, and financial contacts.

- A positive relationship between product size, the amount, and the Islamic financial performance of the bank in Kenya.

Entissar Mohamed Elcadi (2016) study:

It is a PhD thesis titled "assessing the financial performance of Islamic banking the case of Sudanese banks". This research aims at discovering and studying the interrelation ship between the performance measure and Sudanese Islamic banks determinations, basing on the annual reports of 27 SudaneseIslamic banks from 2005 to 2013.

This study used the linear regression to determine and assess the interrelationship between the performance measure and the official Sudanese Islamic banks performance determinants, since three models to measure performance have constructed.

Modal one: profitability measure :the results of this modal presents that the Sudanese Islamic bank administration missed the ability of predicting and avoiding the leverage risks while both of Modarabah and Mosharaka as financing formulas have a big positive effect on profitability.

Modal two: influence of corporate governance over profitability the outcomes of this modal demonstrate the negative influence of women in department manager positions on banking profitability, because woman hos a limited role in Islamic culture as well as negative effect of board size on profitability. Also, it has illustrated the important of hiring who gain PhD in corporate governance posts in order to understand the techniques of decision and risks forms.

Modal three: banks behavior risk as a measure on the Sudanese Islamic banks profitability lily, this result determines that the Sudanese bank administration has the attitude of aversion from risks which leads to a better stability performance of banks.

12. Structure of the dissertation

In order to answer the main questions that's presented in problematic study, and testing the hypothesis, this study is divided in to vital chapters:

Chapter one: titled the theoretical part of evaluating the financial performance of the Islamic banks. In this part we introduce the most important resources of Islamic banks and its usage. Also, the main risks that faced it and the important financial measurement that based on.

After that we move to evaluate the financial performance and the various used measurement in evaluating process.

Chapter two : titled the financial performance evaluation of the Islamic banks. We have intruded Al Salam bank, its most important services and its products in the last we analyzed the financial data of the Algerian Al Salam bank.

Beside to a general conclusion that produce the essential result and the declaration that can be used in as topics of study or can be researches in future.

Chapter two

The theoretical framework

I . Introduction

The use of Evaluating the Financial Performance system in the Islamic banks, through the evaluation and analysis of the financial lists has helped to disclose the gradual evolution process of the Islamic bank, and its ability to maintain a position on the banking surface; despite of the serious obstacles and challenges which faces particularly the Islamic bank and might be a factor to defect its financial performance. Moreover, the Islamic bank was able to compete other banks whether Islamic or conventional ones, thanks to its dependence on the variation of the products and services, besides the diversification of Islamic financing methods following the Islamic laws. Accordingly, we will learn in this chapter more about the generalities of the Islamic banks and the different functions of its resources. This chapter will also include several definitions regarding the evaluation of the financial performance in the Islamic bank besides, the most important indicators and financial ratios that could be used as instruments to evaluate the bank's performance. For that the chapter is divided into five parts:

- Introduction
- Definition of the Islamic banks
- Fund's sources and their uses in the Islamic bank
- Evolution of the financial performance of banks
- Conclusion

II . Definitions of the Islamic Banks

Islamic banks have been able to establish a distinguished position in the banking sector, since they were wide-spread in several countries. They have become even competitors to their conventional counterparts, despite their differences in multiple ways for example the mechanisms of how they work, the principles they are both based on, as well as the goals they are seeking.

Surfing the history of Islamic banks, we find many definitions that we can rely on in this research work first of all The International Association of Islamic banks has described Islamic banking as follows: "The Islamic bank implements, basically, a new banking concept because it rigorously abides by the rules of Islamic shariah in the field of finance and other business transaction" (Bellalah, 2014, p.8, 9). Whilst another definition frames it as:"financial intermediary institution which typically performs the function of resource mobilizations and revue generation in compliance with Islamic law"(Bellalah,2014,p.01)

There are those who consider Islamic banking as a branch of Islamic finance that has known a great growth up to date, it is also a large interesting sector that needs to be viewed from a different perspective as it cannot replicate conventional banking, because of the most important underlying principle of the conventional banking which is money generates money or that money has a premium, this practice known in Arabic as ‘Riba’, is the antinomy of Islamic finance. (Moinuddin,2018, p .5)

Another researcher goes by defining Islamic banking as "a banking system which is in consonance with the spirit, ethic and value system of Islam and governed by the principles laid down by Islamic shariah .interest free banking isa narrow concept denoting a number of banking instruments or operations which avoid interest" (Imran&chulam,2002,p.4)

Regarding all the above definitions we can deduce that Islamic banking does not only prohibit interest-based transactions and conventions,but also they aim to avoid unethical and antisocial practices. Their transactions must be based on tangible assets and real services, in fact the relationship between depositors and financial intermediaries becomes based on the profit and loss sharing principle. All those criteria in the Islamic banking system will absolutely lead to the prosperity of the economy, and social development. To

put it in a nutshell, Islamic bank is that financial bank which deals all its financial activities according to sharia.

1. Characteristics of the Islamic Banks

The Islamic bank is considered to be a financial institution that depends on the financial intermediary system; where it mobilizes the out flowing incomes and redirect them towards the parties who witness deficit, following a special method and exceptional patterns under the laws of Islamic shariah. Hence, that means it really holds characteristics and features that distinguish it from the conventional bank. In this section we have filtered the most important features which characterize the Islamic banks.

1.1 An Interest-free Industry

Interest or (Riba) is the concept used to describe the contracts that starts with lending money, but when paying back that money it must be accompanied with a surplus (additional money for the sum of loan).In Islamic banking this application is prohibited altogether, because the Islamic banking relies on the Islamic laws derived from the holy Quran (holy book of Islam), and the Islamic Sunna (the laws assimilated from the message of the prophet Mohamed and his lessons) (Kaakeh, 2018, p.30). For that we have translated some pieces related to interest from the Quran said:

"278.o ye who have believed, Fear Allah, and give up what remains of your demand for usury, if you should be believers²⁷⁹.if you do not, take notice of war from Allah and His Messenger: but if you turn back, ye shall have your capital sums; Deal not unjustly, and ye shall not be deal with unjustly"(Taqi-ud-din AL- Hilali & Muhsin khan,1419,translation of meaning, p.63, 64)

In a similar vein, the coming incident has happened during the era of the prophet Mohamed (peace be upon him), and from it, and other similar Hadith,rules and laws have been delineated:

"Bilal visited the Messenger of Allah (PBUH) with some high-quality dates, and the prophet (PBUH) inquired about their source. Bilal explained that he traded two volumes of lower quality dates for one volume of higher quality .The Messenger of

Allah (PBUH) said «this is precisely the forbidden Riba! Do not do this. Instead, sell the first type of dates and use the proceeds to buy the other"(El-chamel, 2000, as cited in Hadith, p.3).

To round off, money in the Islamic banking does not produce money by itself and the loan length of time does not produce money as well, since it is not a commodity that can be bought and sold (Kaakeh, 2018, p.30).

1.2 Activities Prohibited in Islamic Banks

Islamic banks focus on ethics in every conventional exchange, either while investing or even when dealing particularly with money, for example gambling is not allowed; because, one it is unethical and, two its principle is based on betting, which is giving money for a questionable return i.e., he may win or lose his money for no concrete commodity in the middle. Other activities like arming, prostitution and alcohol...etc., are all unsupported by the Islamic banking system (Kaakeh, 2018, p.30).

1.3 Prohibition of Ambiguity

Every single detail in the contract must be crystal clear and well-defined to all the parties and concerning the deal itself, i.e., every condition must be written and agreed for unanimously, that will prevent damage to any involved member of the deal, this latter is a basic principle in the Islamic conventions (Kaakeh, 2018.p.30).

1.4 Developing Islamic Financial Instruments and Contracts in Accordance with what was Mentioned Above

The use of legitimate investments is the only way to generate legitimate money, for example the concept of ‘Musharakah’ (sharing) and ‘Mudharaba’(speculation) for productive purposes must involve a commodity in each transaction (Kaakeh, 2018.p.30,31).

1.5 Risk-Profit Sharing

All the involved parties in the same transaction share the risk underlined in the transaction with a percentage equal to their contribution to the capital percent. In the other

way around, the concept of profit sharing means that any member has the right to negotiate on his portion percentage for his additional money, effort or expertise... after unanimous agreement of all the parties (Kaakeh, 2018.p.31)

1. 6 The Exceptional Balance of Islamic banks (Assets and Liabilities)

The structure of assets and liabilities in Islamic banks is approved to be different from the conventional ones. The Islamic principle focuses on asset, i.e. service provision or real partnership the main exceptional factor is the instrument or the tool used to mobilize savings. In Islamic banks demand deposits are 100% guaranteed based on the assumption that money is deposited as ‘Amanah’ and grants no return, while investment depositors are offered a pre-determined share of the profit on their investments (Ben meftah,2012, p.11)

2. Objectives of the Islamic Banks

2.1 Promotion of Equity-Based Financing

Considering that the most important feature of Islamic finance is the advantage of profit and loss sharing, Seddiqui confirms that: "Early advocates of Islamic economists are of the view that the prime objective of Islamic finance is to replace interest-based system of banking with profit-and-loss sharing (PLS) system".The Islamic bank has focused on standards and developed economic considerations: justice, efficiency, growth, and stability (Zhahid siddique,2016 , p .47).

2.1.1 Justice Considerations

It is represented in the equivalent distribution of incomes, where the owner of the capital is entitled to receive a return on the investment, regardless of the results. Besides, the risk is shared between all the involved parties unlike the conventional financial system which focuses more on riskless benefits (Zhahid siddique, 2016, p.47)

2.1.2 Efficiency Considerations

On the contrary of the conventional banks whose foremost focus is on credit-worthiness of the borrower. The Islamic banking worked on enhancing efficiency by focusing on the

financial feasibility of the proposed project of investment, administrative capacities and the improvement of allocated resources' efficiency (Zhahid siddique, 2016, p. 48)

2.1.3 Growth Considerations

This is achieved by paying attention to the innovative ideas by encouraging and providing financing to innovative project owners, because the Islamic financial system is distinguished by the advantage of sharing profits and losses between investors and project owners. Thus, this will necessarily lead to more economic growth. Whilst the conventional banking targets only the big fishes and trending trademarks, to drag easy and fast profit without risk-taking (Zhahid siddique, 2016, p. 49).

2.1.4 Stability Considerations

The adoption of profit and loss-sharing system has contributed to the relative stability of the economy, through several considerations including the synchronization between the obligations with depositors and the income earned despite the profits collected, which have no impact on the financial responsibility towards the depositors. In addition to the non-interest system that has reduced the occurrence of financial speculation and protects the economy from foreign financial flows (incoming or outgoing). This latter proved to be more efficient than the interest-based system that depends on debt financing, by allowing resort to debt-creation transactions which will lead to more projects and more risk (Zhahid siddique, 2016, p. 49, 50)

2.2 Promotion of Equitable Resource Distribution and Welfare

On the contrary of what the Islamic banking preaches, the interest-based system is characterized by the monopoly of minority. They grant loans to credit-worthy companies at the expense of other economic agents, which necessarily leads to unequal opportunities in the society. The Islamic financial system aims to achieve social and economic goals in general by imposing restrictions on the self-interest of the individual to achieve social welfare. Islamic banks are also morally and socially committed institutions, this is embodied into economic prohibitions like interest, gambling, and excessive speculation...etc., also the corresponding obligations like 'zakat' and inheritance...etc., all this leads to the achievement of equitable growth of all the society classes (Zhahid

siddique, 2016, p.51,52) The International Association of Islamic Banks (IAIB) confirms that in the following statement:

"Islamic banks take into prime consideration the social implications that may be brought about by any decision or action taken by the bank. Profitability-despite its importance and priority-is not therefore the sole criterion or the prime element in evaluating the performance of Islamic banks. They have to match both between the material and the social objectives that would serve the interest of the community as a whole and help achieve their role in the sphere of social mutual guarantee. Social goals are understood to from an inseparable element of the Islamic banking system that cannot be dispensed with or neglected"(Zhahid siddique, 2016, p. 52)

In addition to all the above, there are other secondary goals that we can cite here like, collecting and distributing zakat, alleviation of poverty and removing social inequalities, maximization of profits, promotion of sustainable projects, minimizing cost of operation, enhancing product and service quality and offering competitive financial products. Most importantly all financial operations required by Muslims today in the framework of the principles and precepts of the sharia (HavizIftikha r& Akbal khan, p.48)

3. Functions of Islamic Banks

Islamic banks play an important role in economic development through Islamic investments, which are real investments based on dealing with real assets. In addition to its interest in achieving social solidarity between members of the society, especially through the legally imposed 'zakat' fund on the bank's capital and profit that finance their resources, as well as the zakat of investment, account holders, besides the donations received from individuals and organizations. The major functions of Islamic banks are:

3.1 Funds-based Functions

Funds-based activities are called primary functions of Islamic banks i.e., acceptance of deposits from savers on profit and loss basis, plus lending money to deficient individuals/business units on the same basis (Ashfaq, et al,2010, p.09)

3.1.1 Deposits Acceptance

The most important deposits that Islamic banks may accept are: current accounts, saving accounts, investment accounts; where you invest in profitable projects on the basis of profit and loss sharing (Ashfaq, et al ,2010, p.9).

3.1.2 Advance Loans

With short-term, medium-term and long –term like Murabaha, salam, ijarah, Musharika (Ashfaq,et al, 2010, p.10)

3.2 Non-Fund Based Functions

The money-based jobs are:

3.2.1 Agency services

It acts as an agent to provide services like collection of cheques, collection of dividends, execution of sending orders, and purchase/sale of securities (Ashfaq, et al ,2010, p.10)

3.2.2 General Utility Services

For example, collection of utility bills, foreign exchange remittances, providing hajj services, currency exchange and ATM services etc. (Ashfaq, et al ,2010, p.10)

III. Funds' Sources and their Uses in the Islamic Banks

Provided that the bank is able to perform its fullest and best functions, it must own various resources and exchange formulas to be utilized through supplying banking services, ultimate resources, and uses of funds. Thus, we will study in this section the financing mechanisms in the Islamic banks besides knowing the most sources of flowing out incomes. Finally we will identify the forms of usage and the different banking services that operate those available resources.

1. The Mechanisms of Financing in the Islamic Banks

1.1 The Concept of Islamic Finance and its Principles

Islamic finance beginning were in the late of 1970's as a small industry. It separated itself from conventional finance by relying on the laws of the Islamic shariah. Despite its accelerated growth in some given countries, it still lacks reliable data at all levels either regional or global. Thus, this industry dragged multinational financial institutions such as, **Citigroup** and **HSBC** which started to offer some Islamic financial products in some Arab countries like Bahrain and UAE (EL.Gamal,2006, p.2) Moinuddin (2018) defined it as: "Islamic finance is a term that reflects financial business that is not contradictory to the shariah ".(p.3) It is obvious that all scholars affirm that the Islamic finance assimilates its principles from the Islamic shariah. Here we have collected a set of Islamic principles:

- ✓ The financial transactions focus on the social order of brotherhood and solidarity.
- ✓ All the parties in any transaction share the profit and loss of any transaction.
- ✓ Islamic financial instruments and products are equity-oriented.
- ✓ The transfer of funds from the bank to the clients is based on profit-sharing either at mutually agreed-upon ratio as in the case of Mudarabah or at mutually agreed-upon fixed rate.
- ✓ The application of the partnership in Islamic insurance which is based on collective sharing of risk to a group of individuals whose payments are akin to premium invested by the Islamic banking institutions in a m
- ✓ Mudarabah arrangement for the benefit of the group.
- ✓ Equity in financial transactions based on prohibiting Riba (interest) and Algharar (ambiguity in the contract).

- ✓ Mandate asset ownership before transacting creates a great link between finance and the real economy. This also requires preservation and respect for property rights (Seibe & imady,2006, p.01)

1.2 Criteria of Financing and Investment in the Islamic Banks

The Islamic bank like its conventional counterpart delineates different criteria and terms to grant finance or to invest in any operation; however, the Islamic bank look to those criteria from different perspective, since its fundamental rules are assimilated from the Islamic shariah, and this one principle which make the Islamic bank more extended and distinct from the other banks. The criteria set by the Islamic bank can be divided as follows:

1.2.1 The Criteria Related to the Project

1.2.1.1 Beneficial Criteria

Those are the criteria applied according to the Islamic shariah, this means they do not approve to finance a given project only regarding its beneficial return, but more likely regarding its legitimate basis that respects the Islamic shariah. The most important legitimate criteria are as follows:

- **The Criterion of the Appropriate Profit Return Ratio**

In the Islamic banks, profits are considered as a principal indicator to approve and judge the validity of the economical feasibility to invest in a given aspect (Amaran,2008,p.132)

- **The Criterion of Guarantees and Capacities**

Banks are considered to be monetary institutions that obviously seek to fulfill benefits by employing all its available resources; however, this employment may get exposed to great risks that may transform the desired profits into realized losses. Therefore, the idea of guaranties related to the employment procedure and the potential risk. Which means that the nature of the appropriate guarantee is determined according to the nature of the employment and the potential risks. As the aspects where the financial resources are employed in the Islamic banks differentiate, the risks those banks are exposed to differentiate and multiply as well. Based on the nature of the relationship between the creditor and the debtor in the Islamic banks which stands on the principle of profit- and-

loss-sharing, revealed that the risks faced by the Islamic banks when employing its resources does not refer to the inability of the client to pay back his debt but more likely to the whole procedure of investment, from selecting the appropriate client and the nature of the surrounding circumstances to the quality of the used investing styles methods. Therefore, the nature of the guarantees provided by the Islamic banks must be suitable to the nature of the expected risks.

The most important guarantees are:

- **Essential Guarantees:** the client must show ethical competence and expertise in the field.
- **Supplementary Guarantees:** which can be divided to two kinds:
 - ✓ **Personal Guarantees:** the purpose of those warranties is to face the non-compliance of the client with the agreed terms.
 - ✓ **Technical Guarantees:** this can be achieved through diversifying investments and choosing the appropriate investing methods to fit the nature of the investment process and creating provision for losses (Amaran,2008,p.132)

1.2.1.2 Religious and Legal Criteria

This criterion aims to link the economic behavior of the bank with the belief, considering that the religious criterion is the border line to either accept or reject any suggested investment. On converse of the conventional banks, we find that the Islamic banks reject many projects that generate profits solely because they are contradicted with its religious principles. We can cite the most important religious criteria:

- The objective of the funded project must be legally and religiously acceptable.
- The project's inputs and outputs should not be legally or religiously unaccepted.
- It is not imperatively allowed to use any illegal and prohibited methods in the project(Amaran,2008,p.132)

1.2.1.3 Economic and Social Criteria

The investment priorities of the Islamic banks should be compatible with the economic priorities within the limits of the available means offered to the bank. From these criteria:

- Fighting poverty and improving the distribution of incomes and wealth.
- Preservation and development of the money (Amaran,2008,p.132)

1.2.2 The Criteria Related to the Client who asked Financing

The criteria related to the person or the client seeking financing are in mutual agreement with the criteria used in conventional banks, but the concept differs according to the religious-based nature of the Islamic banks. The most important criteria related to this purpose are:

- **Personal profile:** this concept in the Islamic banks is not limited to the financial commitment and commercial reputation (i.e., well-known on the markets trademarks) of the client only, as the case in the conventional banks, but also it extends to include moral and religious reputation, so that the most important criterion that is preferred to be held by the client is the religious commitment. This doesn't mean they do not finance non-Muslim applicants; however, they only must commit to the rules and laws of the Islamic shariah set by the Islamic bank.
- **Ability and Competency:** the client who request financing must have administrative abilities and competencies that enable him to succeed in managing his project. This never meant the project would be rejected in case of the client's incompetency, as it is the case in the conventional banks as a matter of fact. The featured Islamic bank provides for his clients the option of copartner ship financing in the case of conviction with the proposed project.
- Financing under the principle of the Quranic verse "And if someone is in hardship, then (let there be) postponement until (a time of) ease": the Islamic bank unlike the conventional bank takes into consideration the economic, social, and commercial circumstances that might be obstacles facing the client, this assuredly will lead to payment delay; i.e. this postponement is free the client doesn't have to pay any charges for his delay, on the contrary, the bank might offer for help and pieces of administrative needed advice to overcome his problems(Amaran,2008,p.133)

1.2.3 Criteria related to the Funding Bank

There are several criteria and settings that must be available in a bank so it would be able to grant funds. From these criteria we have:

- **Financial liquidity:** Islamic banks should obtain the needed liquidity to fund the enterprises and this depends on several factors like: the volume of financing and the amount of liquidity, besides many other factors.

- **The prevalent economic and political circumstances:** it is characterized in the economic and political stability of the country where the bank is located, in case of reverse the volume of financing decreases regarding its dangerous risks.
- **Legal Requirements:** The Islamic banks same as the conventional banks are both controlled by surveillance and static systems where they work. The legal requirements that Islamic banks should commit to are the ratio of liquidity and credit to deposits ratio (Amaram,2008,p.134)

1.3 The Risks of Finance and Investment in the Islamic banks

1.3.1 What is meant by Risk in the Islamic Banks?

The fluctuating banking environment opens great opportunities for banks to invest and prosper, but at the same time it may include complex and changing risks that challenge the traditional methods of managing banks. In order to maintain a position on the market, the Islamic bank must be able to manage risks effectively and compete with the other banks.

The Islamic banking services face some peculiar forms of risks due to the nature of their activities and the mechanism of their working system, which is based mainly on the principle of profit-and-loss sharing. Sharing means obtaining a financial share from the return of the investment which requires even and adequate distribution of the occurred risks to all the parties of the project. From another perspective, among the basic principles of Islamic economic system is the principle of justice and integrity in transactions, as it is not fair for a sharer to guarantee profit for himself, abandoning the other partners to carry all the losses.

From all the above we can give a small definition of risks by Helmy (2012) who defines it from a business dictionary saying that: "as probability or threat of damage, injury, liability, loss, or other negative occurrence that is caused by external or internal vulnerabilities, and that may be neutralized through preemptive action"(p.7)

1.3.2 Different Types of Risks

1.2.3.1 Credit Risks

Helmy (2012) has defined the credit risksas:"The failure of debater to repay the loan either it is an individual or a business entity, the credit risk is not limited only on the failure of repaying the loan, but also includes the delay of paying it. Which can cause cash

flow problems and affect a bank's liquidity."(p.16) The methods used by Islamic banks to mitigate credit risk are similar to those used by conventional banks, as they both depend on the clients' record and collect information about their client's creditworthiness through formal and informal sources such as checking the client's profile, home address, salary... etc., (Helmy,2012, p.16).

Some types of credit risks concerned the Islamic banks were defined as risks; however, they differentiate in application regarding the contrast between the conventional banks and the Islamic banks credit products suchlike:

- ✓ **Murabaha Transactions:** The Islamic bank would be exposed to credit risk if for example it delivers the asset to the client, but does not receive a payment on time. In case of a nonbinding Murabaha, where the client has the right to refuse receiving the product purchased by the bank, here the latter is more exposed to price and market risks (Helmy,2012, p.16).
- ✓ **In Bay'alSalam or Istisna Contracts:** Non-supply on time, or failure to provide the quality of goods as specified in the contract are potential risks that may confront the Islamic bank, because it will lead to failure, delay, default in payment or evening delivering the product, in that case the Islamic banks might be exposed to financial losses at the level of income as well as capital (Helmy,2012, p.16).
- ✓ **In the Case of Mudarabah Investments:** The nature of the Mudarabah contract does not give the bank the appropriate right to monitor the speculator or participate in the management of the project, which makes it difficult to assess and manage credit risks. In this case, the bank is not in a position to know or determine how to accurately manage speculative activities, especially if losses are claimed. This risk exists particularly in the markets where information asymmetry is high and transparency in financial disclosure by the speculator is low (Helmy,2012, p.16)

1.2.3.2 Liquidity Risk

This risk may arise in two situations, the first one as a result of lack of liquidity. The second situation is the inability of Islamic banking to borrow or collect funds at a reasonable cost when needed (Di Mauro, et al,2013 , p.33)

1.2.3.3 Market Risk

The market risk is defined as: "The risk of losses in on-and-off balance sheet positions arising from unfavorable movements in market price"(Muatuz,2017, p.17).Islamic banks are exposed to higher market risks than conventional banks due to the nature of assets and financial instruments (Muatuz,2017, p.17)

- ✓ **Ijarah:**"In case the lessee default, the IIFS have to either re-rent or dispose the asset at the market price, which may be lower than the agreed upon price or rent” (Muatuz,2017, p.18).
- ✓ **Salam:**"Commodity price fluctuations on the long position exists until the final disposal" (Muatuz,2017, p.18)
- ✓ **Parallel Salam:**"If the bank fails to deliver the items and needs to buy the same, at a higher price, from the market to meet its obligations" (Muatuz,2017, p.18)
- ✓ **Foreign Exchange:**"Fluctuations arising from foreign exchange spot rate changes in gross- border transactions and the foreign currency receivable and payables"(Muatuz,2017, p.18)

1.2.3.4 Operational Risk

Operational risk is defined: "as the risk of loss resulting from the inadequacy or failure of internal processes, as related to people and systems, or from external risks"(Hennie van & Ikbal, 2008,p.174). Islamic banks are more vulnerable to operational risks associated with the failure of controls, procedures and information technology and analysis systems the most important of which are:

- ✓ **Individual Risk:** It represents the operational risks resulting from fraud and non-compliance with credit terms(Henniev an & Ikbal, 2008,p.175).
- ✓ **Technology Risks:** These are the operational risks resulting from the use of software, systems and communications that are not specifically designed for the needs of Islamic banks (Hennie van & Ikbal, 2008,p.175)
- ✓ **Administration Operational Risks:** They are represented in the risks of securing management skills that must be fully familiar with the principles of conventional and Islamic finance, in addition to complying with the rules of Islamic law, which requires rare information system presence (Hennie van & Ikbal, 2008,p.175)

2. The sources of Funds in the Islamic Banks

They are represented in the financial resources obtained by the Islamic banks, which do not differ from those of the conventional banks, and they are divided into two types:

2.1 Internal Sources:

Internal sources are the bank's property rights which are represented in the capital, reserves and retained earnings. These sources play the role of a protector shield or insurance that secure the bank from sudden financial shocks, the most influential of which are:

2.1.1 Capital

"Capital for the Islamic financial institutions and especially banks is the insurance (safety valve) that absorbs the expected losses which may occur in the future. In addition, capital is the basic source of the source of the funds to start the activity. Also, capital is the safety and protection and the source of trust for the depositors"(AbdelWadoud, et al, 2012,as cited in Al-wadi 1999,P.1131).

2.1.2 Reserves

It is the money that the bank acquires benefits through it, and a percentage of it, allocated in the form of a legal or special reserve to strengthen and support its financial position ,maintain the safety of capital , the stability of deposit values , and the balance of profits. The basic laws of the bank determine the basis for the formation of the legal reserve, which is usually a certain percentage of the capital (Abdel Wadoud, et al, 2012,as cited in Shihaatha 1977,P.1131).

2.1.3 Retained Earnings

"They refer to the portion of the net income which is retained by the corporation to reinvest them afterwards to support the financial position of the bank. This does not include the profits that are decided to be distributed and were not asked by some shareholders yet" (Abdel Wadoud, et al, 2012,as cited in Abdel Hadi,1998,P.1131).The Islamic bank can keep part of the profits to meet emergency conditions and this would not

contradict the provisions of Islamic sharia because it acts as Madaarib (speculator) with the money of depositor (Abdel Wadoud, et al, 2012,as cited in Abdel Hadi,1998,P.1131).

2.2 External Sources

They are the resources that flow to Islamic banks from non- shareholders and they are the same as the external resources of conventional banks, except that there is a difference in terms of the objectives. Deposits are the main resource on which the Islamic bank depends in most of its investment operations. "According to the domain of the Islamic banks, deposit is an agreement according to it the depositor pays an amount of money to the bank in one of the different means of payment. This will create a call deposit or for a specific term decided by the agreement of the two parties. Amongst main activities of the Islamic banks is mobilizing and attracting the savings from individuals through the systems of deposits that are in conformity with the Islamic guidelines"(Abdel Wadoud, et al, 2012,as cited in Al- Magharii, 1990,P1131). It is of three types:

2.2.1 Current Accounts

Current account represents the bulk of the resources of Islamic banks, which are usually known as demand deposits and are sometimes classified with other accounts in the financial statements. Deposit (call demand deposit) is defined as: "The deposit that the customer has the right to call or demand them in anytime, where it is through using checks or orders of banking transfer for other customers" (Abdel Wadoud, et al, 2012, p.1131). There are two views for current accounts in the Islamic banking community:

- ✓ For the first view it is to treat demand deposits as trust accounts (Amanah), this view is adopted by the Jordan Islamic banks(Muatuz, 2017, p.12). In this case credit account can be defined as: "cash deposits received by the bank where the bank is authorized to use the deposits, at its own risk and responsibility with respect to profit or loss and which are subject to any conditions for withdrawals or deposits."(Muatuz, 2017, p.12)
- ✓ For the second view, it is the treatment of demand deposits as ‘El Quard El Hasan’ (interest-free loans), this opinion is adopted by Iranian Islamic banks. This perspective claims that: "money deposited in these accounts is a benevolent (or interest- free) loan from the depositor to the bank. The bank is free to use these funds at its own risk without any return to the depositor and without needing an

authorization"(Muatuz, 2017, as cited in Omar M,2013, p.12). Islamic banks operate current accounts on behalf of their clients (individuals and companies) and they are supposed to maintain deposits and the dignity of the client (Muatuz, 2017, p.11). The most important characteristics of current accounts according to Muatuz (2017):

- ✓ Current accounts include all demand deposits and this account can be opened by individuals and companies in foreign and local currencies.
- ✓ The bank guarantees the full return of these deposits on demand without the depositor obtaining part of the profits or return.
- ✓ The bank shall use the funds at its own risk with the permission of the depositors.
- ✓ There are no conditions regarding deposits and withdrawals (p.12)

2.2.2 Saving Deposits

The Islamic bank of Malaysia marks out saving deposits as: "The bank accepts deposits from its customers looking for safe custody of their funds and a degree of convenience in their use together with the possibility of some profits on the principle of Alwadia" (Muatuz, 2017, p.12). In contrast to current accounts, the bank may reward customers by paying part of the profits resulting from the use of the customer's money from time to time (Muatuz, 2017, p.11)

The most pertinent features of saving accounts (Abdel Wadoud, et al, 2012, p. 3):

- ✓ These deposits are characterized by a large number of depositors corresponding to small amounts of money; therefore, Islamic banks seek to attract the surplus savings of individuals and small customers.
- ✓ The bank is responsible for investing it while determining the minimum account amount to share the profits.
- ✓ It is invested in absolute speculation.

2.2.3 Investment Deposits

Investment deposits are deposits similar to time deposits in the traditional system and they are also called profit and loss sharing accounts. Investment accounts and sometimes called participatory accounts (Muatuz, 2017, p.13)"They are the deposits that their owners put in the bank so that their money can make profits and be increase"(Abdel Wadoud, et al, 2012, p .3)

Investment deposits are based on the application of the cited below characteristics of Mudarabah contract, which are of significance for the sources of bank funds (Muatuz, 2017, as cited in Bkettel, 2011,p.13):

- ✓ The division of profits between the two parties must necessarily be on a proportional basis and cannot be a lump sum or a guaranteed return.
- ✓ The investor is not liable for losses beyond the capital has contributed.
- ✓ The Mudarib does not share in the losses expected for the loss of his own time and effort.
- ✓ The Mudarabah can be general purpose or for a specific purpose.

3. The Business and Services of Islamic Banks

Islamic banks conduct their business and all other financing operations on the basis of the principle of usurious interests' prohibition, at the same time they keep affording all the banking services provided by the conventional banks, but always excluding the services that are contradictory with the laws of the Islamic sharia. In this section we will try to present the most dominant contracts and banking services applied by Islamic banks:

3.1.Kafala" In its literal sense kafala means responsibility or surety ship. Legally, it can be defined as making the guaranteed person's liability, a joint liability of the guaranteed and guarantor at time of demanding compensation"(Marifa team,2014,p.61).

Application of kafala in Islamic banks:

- Letter of Guarantee
- Documentary Letter of Credit.

Charge cards (Marifa team,2014,p.61).

3.2 Wakala

Wakala contract is:" an agency agreement whereby one party agrees to be represented by a second party, the scope of authority between the parties is articulated in the Wakala contract language"(Shafiel,2010,p.55).

Application of Wakala in Islamic banks:(Marifa team,2014,p.61).

- Letter of Credit.
- Takaful products.
- Islamic funds.

- Islamic syndicated financing.
- Islamic Retail/Corporate products.

3.3 Hawala

Hawala is:" the transfer of debt from the transferor (muheel) to the payer (muhalalaihi).This involves transfer of right as well as transfer of debt .The transfer of debt differs from transfer of right in the sense that in transfer of debt ,a debtor is replaced by another debtor, whereas in a transfer of right a creditor is replaced by another creditor"(Marifa team,2014,p.65).

Application of Wakala in Islamic banks:

- Bills of Exchange.
- Transfer of money- Remittance (Marifa team,2014,p.65).

3.4 Wadiah

"The term wadiah is derived from the verb 'Wada'a 'which means to leave, lodge or deposit.Wadiah in the legal sense signifies a thing entrusted to the care of another. The proprietor of the asset is known as Muwdi(depositor), the person entrusted who is known as 'Wadi or Mustawde(custodian), and the deposited asset is wadia"(Marifa team,2014,p.66).

Application of Wadiah in Islamic banks:

- Current account.(Marifa team,2014,p.66).

4. The uses of Funds in the Islamic Banks

They are as follows:

4.1 Mudarabah

Mudarabah is "a contractual relationship executed between two parties,one supplying the capital(called rabb-ul-mal) and the other supplying the labour or skill in his capacity as an agent or a manager of the investment(called Mudarib).Each party shall be entitled to a share of the profit and the ratio upon which the profit is to be shared, is explicitly stated and agreed at the beginning of the contract"(Almutairi,2016, p.49)

4.2 Murabaha

Murabaha is" an Arabic word that refers to a simple sale contract in which the seller purchases a commodity and sells it to a customer at a cost plus an agreed mark-up, or profit margin, that is disclosed to the buyer"(Abdelwahid, 2020, p.5).

4.3 Musharaka

Musharaka is:" an agreement under which the Islamic bank offers funds which are associated with the funds of the business enterprise and others. All the contributors of the capital are entitled to participate in the organization, but not necessarily needed to do so. The profit is shared among the partners in predetermined ratios, while the loss is borne by each partner in proportion to the amount invested"(Zkaria Hassan, 2019, p.18).

4.4 Ijara

"The word Ijara Indicates leasing .The leasing purchase is another technique adopted by Islamic banks in financing equipments and instruments for customers. This system is also similar to leasing activity offered by conventional banking. Leasing is a contract between bank (lessor) and the customer (lessee) to use a particular asset and pay rent" (Ahmednoor, 2011, as cited in Zeneldin,1990,p.5).

4.5 Salam

Salam is:" a sale whereby the seller undertakes to supply some specific goods to the buyer at a future date in exchange of an advanced price fully paid at spot. Here the price is cash, but the supply of the purchased goods is deferred. The buyer is called "rabb-us-salam", the seller is"musalmilaih", the cash price is" ra's-ul-,al"and the purchased commodity is termed as "mualamfih"(TaqiUsmani, 1998, p.128.129)

3.6 Istisna

Istisna: "is meant to order a manufacture of a specific commodity for the purchaser. If the manufacturer undertakes to manufacture the goods for him with material from the manufacturer, the transaction of istisna comes into existence. But it is necessary for the validity of istisna that the price is fixed with the consent of the parties and that necessary specification of the commodity(intended to be manufactured) is fully settled between them"(Wiliam, 2019-2025, p.187)

3.7 Qard Hasan

"This is arguably the oldest form of financing commonly referred to as "Benevolent loan". Qard Hasan is a loan where the borrower is required to pay only the original amount and nothing more"(Almutairi,2016, p. 58).

3.8 Muqassa:

Muqassa : "is the discharge of adept receivable against a debt payable It is divided into two main forms: mandatory set-off and contractual set-off"(Marifa team,2014,p.67).

3.9 Takaful (Islamic insurance)

Islamic insurance is:" the system whereby each participant contributes into a fund that is used to support the other participants, with each participant contributing sufficient amount to cover expected claims.Takaful emphasizes unity and cooperation among participants .Objective of takaful is to pay a defined loss from a defined fund "(Brain, 2011,p.130).

IV. Evaluation of the financial performance in the Islamic banks

The ultimate goal of any organization that constantly works to establish a profit-seeking organization is to preserve and create wealth for its owners; therefore, the evaluation of financial performance is a process that enables the analysis of the bank's performance in terms of its ability to achieve sustainable profitability by identifying and empowering the strengths and weaknesses ,and finding appropriate solutions to overcome them .This is what makes the subject of performance evaluation increasingly important day after day.

Through this section, the concept of financial performance evaluation and its importance will be introduced, in addition, the types of performance evaluation and its the most important indicators

1. The concept of financial performance

1.1. The concept of performance in general

Per (2017) defined Performance as "all the activity of a given participant on a given occasion which serves to influence in any way the other participants"(cited in Goffman,1959,p.40). Performance liberally,relies globally on human management in relation to finance and resources. According to Vanlalawna (2016) as cited in Albanese: The Word performance" is used to mean the efforts to achieve the targets efficiently and effectively the achievements of the target involve the integrated use of human, financial and resources"(p.10).

1.2. The concept of financial performance in banks

Nabulime 2011 has defined the financial performance" as the firm's earning ability, which is reflected in its financial statements. He further points out that a business has a goal that is generally agreed in the theory that it should be maximizing the owner's economic welfare"(p.9) Thus Evaluation bank performance" is a complex process that involves assessing interaction between the environment, internal operations and external activities"(Ahmednoor,2011,p.21).It has also been defined "The financial performance analysis is a process of systematically making a profitability and financial health of a firm through the applications of financial statement analysis"(Vanlalawna, 2016, p.11).

From the foregoing, we conclude that the financial performance evaluation in banks is a tool for evaluating the financial side of the bank. As it indicates to which extent the

financial objectives have been enhanced, relying on a set of tools, methods, and techniques that facilitate the evaluation process. Consequently, the strengths are identified and supported; on the other hand, weaknesses are overcome for the purpose of making the accurate decision.

2. The importance of Evaluation the financial performance of banks

The financial performance can be evaluated from knowing the financial position of the bank and taking advantage of the final results of the financial position from different parties, which are represented in:

2.1 From the view point of management

Management depends much more on inner management. Despite its inability in assessing the effect of its own plans and affairs by performance analysis, management needs to measure politically its accuracy in order to shed the light on new policies and adaptation (Vanlalzawna, 2016, p.13).

2.2 For the view point of creditors

The bank's liquidity is constantly in consideration due to creditors' analysis of its accessibility. Thus, concerning liquidity and other concepts of business enterprise, performance analysis can be maintained through a use of different scales and effective real information (Vanlalzawna, 2016, p.13).

2.3 From the view point of investors

Bank(Enterprise)'s profitability , productivity and funding circumstances in business are the most concerns that investors pay attention to, because they are regularly relying on how and when their earnings solidity and achievement may or must take place and time(Vanlalzawna, 2016, p.13)

2.4 From the view point of depositors and bond holders

This category considers very structurally and effectively the analysis of bank's cash flow and liquidity during now or in the future. Depositors and bond holders characterize with various features that let them choose which financial condition of varied business firms reaches their needs (Vanlalzawna, 2016, p.13).

2.5 From the view point of employees and trade unions

Employees regarded as a fundamentalelement in every business firm. Their interest and knowledge are represented in and referred to by profit, cash flow, and financial position of the bank; on the other hand, trade unions are deeply based on financial performance, since their needs involve salaries, increased facilities and other benefits (Vanlalzawna, 2016, p.13).

2.6 From the view point of suppliers of long term finance

Suppliers of long term finance provide funding for long period of time, so their primer interest is in revealing both the solvency and survival of business depending on fund conditions of bank (Dufera,2010,p.16)

3. Type of financial performance analysis

According to Audu (2020) financial analysis: "it is often based on information extracted from financial statements"(p16) The analysis of financial statements is also necessary to understand the financial position during a particular period ;it's in turn divided into two type:

3.1 Material used

The analysis of financial performance on the basis of the materials used is divided into external analysis and internal analysis.

- **External analysis**

Mengesha, et al (2014) declared that the external analysis is " undertaken by the outsiders of the business namely, investors, credit agencies, government agencies and other creditors who have accessed to the internal records of the company. They mainly use published financial statements for the analysis and as it serves limited purposes" (p.9)

- **Internal analysis**

Paramasivan and subramanian identified that the goals of business concern can be achieved through the help of internal analysis; thus, company it self does disclose some of valuable information to the business concern in every deoprtment and unit of the business concern (p.12,13)

3.2 Modus operandi

According to the operating systems, the analysis of financial statement can be classified into horizontal analysis and vertical analysis

- **Horizontal analysis**

Matt H (2000) said: "Horizontal analysis looks at the percentage change in a line item from one period to the next. This helps us identify trends from the financial statements. Once we spot a trend, we can dig deeper and investigate why the change occurred". " (p.12) "In this type of analysis financial statements for number of years are reviewed and analyzed. The current year's figures are compared with the standard or base year, and changes are usually shown in the form of percentages. This analysis helps the management to have an insight into levels and areas of strengths and weakness. This analysis also called Dynamic analysis, as it based on data from various years" (Mengesha, et al, 2014, p.9)

- **Vertical analysis**

Mengesha et al (2014) declared that: In this type of analysis, a study is made on the quantitative relationship of the various items of financial statements on a particular date. This analysis is useful in comparing the performance of several companies in the same group, or divisions or departments in the same company. Also, this analysis is called Static analysis as it is based on data from one date or for one accounting period. (p.30)

4. The nature of financial statement

Provided that the analyst tracks the financial position of the bank and the operational results of the business, he must rely on the financial statements that are relevant to the analysis objectives. So, each one of them must be clearly understood in order to ensure that, their effects on performance, are identified. Audu (2020) defined the financial statements "as documents that portray recorded accounting information in monetary terms e.g. statement of financial position, statement of changes in equity, cash flow statement, statement of comprehensive income" (p.16) the most important are:

4.1 The balance sheet

"A bank's balance sheet presents the institution's financial condition at a single point in time. Balance sheets are presented on a particular date- usually the last day of a month,

year or quarter"(Dufera, 2010, P.13). So, the recorded value of the total asset invested in the business matches the value of the recorded liabilities and the proper rights that support these assets. The balance sheet is characterized by a constant that reflects the conditions of its preparation, and it is also a cumulative; because, it represents the effect of all decisions and transactions that occurred and was calculated from the beginning of the work until the date of preparation. Balance sheet consists of two components, assets and liabilities (Erich A,2000,p.38)

- The major categories of assets:
 - **Current assets:** items that are delivered the normal cycle of work within a relatively short period, such as cash, marketable securities, accounts receivable, and inventories.
 - **Fixed assets:** these are items that are used over a long period of time, such as land, mineral resources, building, equipment, machinery, and vehicles.
 - **Other assets:** such as deposits, patents, and various intangibles,including goodwill that arose from an acquisition.
- Major sources of the funds obtained:
 - **Current liabilities:** these are obligations of sellers, employees, tax authorities and lenders that are done within a year or less.
 - **Long-term liabilities:** which are a variety of debt instruments repayable beyond one year, such as bonds, loans, and mortgages?
 - **Owner's (shareholder's) equity:** the money of shareholders and business owners in addition to the accumulated profits retained in the business after payment of dividends. (Erich A, 2000, p.38)

4.2 The income statement

According to paramasivan & Subramanian "income statement is also called as profit and loss account, which reflects the operational position of the firm during a particular period. Normally it consists of one accounting year. It determines the entire operational performance of the concern like total revenue generated and expenses incurred for earning that revenue. The profit or loss calculated in the statement increases or decreases owner's'equity on the balance sheet"(p.12). Thus, the income statement is a necessary adjunct to the balance sheet in explaining this major component of change in owners'equity, and it provides a variety of performance assessment information (Erich, 2001, p. 40)

- **Interest income**

Interest income loans are the largest asset class in most banks' balance sheets, and they are considered as one of the main sources of bank income. It includes all interest and fees on loans. The analyst must realize that income from loans and leases is accrued. Which means that it is recognized over the appropriate time period for the loan and not when the cash is actually received. The income is divided into integrated taxable and exempt parts (Dufera, 2010 ,p. 16)

- **Interest expense**

Interest expense is one of the largest expenses for banks and is allocated into six categories:

- ✓ Interest paid on time
- ✓ Interest on other deposits
- ✓ Interest expense on federal funds purchased and securities sold under agreements to repurchase
- ✓ Interest on not balance issued to the government treasury and on other borrowed money
- ✓ Interest on mortgage debt and capital leases on bank premises, fixed assets and other real estate owned
- ✓ Interest on subordinated notes and debentures(Dufera,2010,p.17)

- **Net interest income**

Net interest on a tax- equivalent basis is total interest income less total interest expense. The relationship between net interest income and the amount by which the interest received exceeds the interest paid, and total assets are the most important analytical tool in evaluating the banks' ability to earn profits(Dufera,2010,p.17)

- **non-interest income**

Non-interest income includes all other sources of income from fiduciary activities, service charges on deposits, gains or losses and commissions and fees on assets held in trading accounts, foreign exchange trading gains or losses, loan and security guarantees, derivative securities services and other off-balance sheet activities (Dufera,2010,p.17)

- **other Expense**

Three other types of expenses are deducted from adjusted income to arrive at pretax operating income, overhead includes employee benefits expense and fixed

asset and other non-interest operating expenses. The provision for loan and lease (Dufera, 2010,p.17.18)

- **Income tax expense**

Income tax includes the total estimated federal, state, local, and foreign income taxes on operating income (Dufera, 2010, p.18)

- **Net income**

Income taxes are deducted from pre-tax operating income to arrive at net operating income. If there are any extraordinary items, defined as transactions that are both unusual in nature and not expected to recur, these are deducted/added net of taxes, to determine net income (Dufera, 2010, p.18)

4.3 The cash flow statement

" Cash flow statement is a statement which shows the sources of cash inflow and uses of cash out-flow of the business concern during a particular period of time. it is the statement which involves only short-term financial position of the business concern. Cash flow statement provides a summary of operating, investment and financing cash and reconciles them with changes in its cash and cash equivalents such as marketable securities" (paramasivan & Subramanian , p.19)

4.4 The statement of change in owners' equity

"It is also called a statement of retained. This statement provides information about the change or position of owner's equity in the company. How the retained earnings are employed in the business concern. Nowadays, preparation of this statement is not popular and nobody is going to prepare the separate statement of change in owner's equity" (paramasivan & Subramanian , p.12)

5. Measures of performance in Islamic banks

Vanlalzawna (2016) declared that Analysis of financial statement is regarded as an appropriate support or aid to financial performance analysis of business enterprise. In order to make a decision about the financial strength and weakness of the enterprise, the data taken are mentioned by the financial performance measurement (cited in Gadhia , 2015,p.12)

Among the financial indicators that the bank relies on in analyzing and evaluating its financial statements are the following:

5.1 Profitability ratio

Dufera (2010) explained profitability ratios "are generally considered to be the basic bank financial ratio in order to evaluate how well a bank is performing in terms of profit. For the most part, if a profitability ratio is relatively higher as compared to the competitor(s), industry averages, guidelines, or previous years' same ration, then it is taken as indicator of better performance of the bank"(p.27)

The main profitability indicators of banks are:

a. Return on Assets (ROA)

Matt H (2000) identified "Return on Assets measures the net income returned on each dollar of assets. This ratio measures overall profitability from our investment in assets. Higher rates of return are desirable"(p.7). Therefore, Dufera (2010) added "RAO is calculated as under: $RAO = \text{Net profit after tax} / \text{total assets}$ " (p.28)

b. Return on Equity(ROE)

According to Mustafa Hassan (2014)" this ratio measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. The higher such ratio, the more efficient is the financial performance of profitability of a bank. Such profitability ratios measure the financial performance and the managerial efficiency of a bank" (p.172). Dufera (2010) identified "ROE is calculated as under: $ROE = \text{Net profit after tax} / \text{Shareholders' Equity}$ "(p.28)

C. Profit to Expenses ratio (PER)

Dufera (2010) declared that PER " measures the operation profitability of the bank with regards to its total operating expenses. Operating profit is defined as earnings before taxes and operating expenses means total non-interest expenses. The ratio measures the amount of operating profit earned for each dollar of operating expense. The ratio indicates to what extent bank is efficient in controlling its operating expenses" (cited in Samad & Hassan,2000,p .22).He added (2010) the profit to expenses ratio is calculated as under: " $PER = \text{Profit before tax} / \text{Operating Expense}$ " (p.28)

d-Net interest margin (NIM)

"This ratio measures the net interest as a percentage of average total assets. NIM is calculated as under: $NIM = (\text{Interest Income} - \text{Interest Expense}) / \text{total Asset}$ " (selvavinavagam, 1995, p.27)

e- Return on deposit (ROD)

Mustafa Hssan (2014) pointed out that "This ratio reflects the bank management ability to utilize the customers' deposits in order to generate profits. According to him ROD is calculated as under: $ROD = \text{Net profits after tax} / \text{total Deposit}$ " (p.171)

5.2. Liquidity ratio (Short-term ratio)

"Liquidity ratio is the relationship of current asset as compared to the current liabilities and the timing of funds from inventories through receivables into cash" (Mengesha, et al, 2014, p.30). liquidity ratio are, however, listed below as following:

a- cash deposit ratio (CDR)

"Cash in a bank vault is the most liquid asset of a bank. Therefore, a higher CDR indicates that a bank is relatively more liquid than a bank, which has lower CDR. Depositors' trust to bank, is enhanced when a bank maintains a higher cash deposit ratio. CDR is calculated as under: $CDR = \text{Cash} / \text{Deposit}$ " (Dufera, 2010, p.30)

b-Loan deposit ratio(LDR)

"This ratio is a measure of bank liquidity, the higher the lower the liquidity is calculated as under:

$LDR = \text{Loan} / \text{Deposit}$ " (selvavinavagam, 1995, p.22)

c- Loan to Asset ratio (LAR)

"LAR measures the percentage of assets that are tied up in loans. That is, it gauges the percentage of total assets the bank has invested in loans (or financing). The higher the ratio the less the liquidity of the bank. LAR is calculated as under:

$LAR = \text{Loan} / \text{Asset}$ " (Dufera, 2010, p. 30)

3.5.3 Credit risk and solvency ratio

Dufera (as cited in Ross, Wedsterfield & Jaffe, 2005) determined credit risk and solvency ratio: "It is a category of ratio that measures the risks and solvency of the bank, and it is called gearing, debtor financial leverage ratio. It is the extent to which the company depends on debt financing rather than the linkage of equity to financial leverage. This ratio enables the company to know the possibility of the company's inability to fulfill

its contractual obligations despite the importance of debt in financing .As it provides a great tax advantage, it may create a conflict of interest between creditors and shareholders" (p.32).

The following are the commonly used measures for a risk and insolvency:

a- Equity multiplier (EM)

"This is a measure of leverage or financing policies. i.e. debt or equity (the sources chosen to fund the financial institution)"(Audu,2020,p.33). EM is calculated as under:

"EM = Total Asset / Total Shareholders' Equity" (Dufera,2010 ,p.16)

b- Debt equity ratio(DER)

"The extent to which a firm uses debt. It measures the ability of the bank capital to absorb financial shocks. In case, creditors default in paying back their loans or the asset values decrease, bank capital provides a shield against those loan losses. A bank with lower DER is considered better as compared to the bank with higher DER. DER is calculated as under:DER = Total Debt / Shareholders 'Equity" (Dufera, 2010, p.31)

c- Non performing loans to total loan ratio (NPTL)

NPTL," are loans that no longer generate income for the bank that owns them and become distressed when borrowers stop making payments. A loan is usually considered ineffective after it has been in default for three consecutive months. NPTL is calculated as under: NPTL = Non-performing loans / Total Loans".(Dufera, 2010, p.32)

d- Debt to total Asset ratio (DTAR)

" It measures the amount of total debt a firm uses to finance its total assets. It is an indicator of the financial strength of the bank. It provides information about the solvency and the ability of the firm to obtain additional financing for potentially attractive investment opportunities. DTAR is calculated as under:DTAR = Total Debt / Total Asset"(Dufera, 2010, p.32)

V. Conclusion

Islamic banks are considered as financial enterprises that play the role of pulling out surplus savings of individuals to be provided to those with financial deficits; like traditional banks.

However, Islamic banks are characterized with fundamental differences and features that represent their business management that rely much more on Islamic sharia's law.

Theoretically, we shed the light also on economic Islamic investment, it includes determinants and controls relevant to what sharia is build on ;that's why, Islamic banks ,financially, integrate Mudaraba and Musharaka in money investment .In addition, customers are attracted to the authenticity of Islamic banks due to its huge wideness of varied activities that are fulfilled through many investing tools and diversified financial resources. As a result, Islamic banks successfully reach their goals of their own activities following the path of performance, its major standards , and indicators that are achieved in the financial evaluation performance.

Chapter three

Empirical research case study of Al Salam banks

I .Introduction

In the theoretical chapter, items are presented to identify Islamic banks and financial evaluation performance. Whereas in the practical side, many tools and concepts that were previously treated through an investigation on the bank, as a case of study, will be examined. As a sample of our research, we select Al Salam bank as the most important Algerian Islamic bank because of its remarkable financial position.

This chapter will address two concepts:

- Exploratory studies of the bank
- The financial performance evaluation of the Algerian Al Salam bank

II . Exploratory studies of the bank

1. An overview of Al Salam bank

Al Salam bank, an Algerian bank, works according to the Algerian laws and sharia's rules in all its transactions; that is why this holistic bank is regarded as the fruit of Algerian-Gulf cooperation.

Al Slam bank was announced in September 2005 as an Algerian bank to give a new beginning to its activities, which are practiced as creative bank services.

Al Slam bank owns fifteen branches that are spread over varied regions in Algeria. It focuses on applying the highest quality standards of performance to face the future challenges in the local, regional, and international markets. Thus, the major goal is to achieve the superior percentage of both shareholders and customers proceeds.

Furthermore, the Algerian bank-Al Salam adopts many values represented in commitment, communication, and superiority. These features are directed by a legal association of popular sharia and economic scientists who have an inspiration to religious sciences and an access to economic, legal banking systems, as well as Islamic transactions. They are appointed by the approval of the bank 's ordinary general assembly and under the managing court suggestion.

All in All, This association is independent from the top management .It controls the legitimacy of the bank transactions .Ali Mohemmed bouriouba is a bank legal auditor who makes cyclic reports about the bank activity as an aid to the assembly.

2. Production services of Al Slam bank

Al Salam bank presents a group of production and developed services of banking as follow:

2.1. Products

A- Financial activities

Al slam bank finances all the needs and investing activities in both consumption and exploitation field through Al Musharaka and Moudaraba, the lease, Al Murabaha, ordering to make ,Al Ijara (the ladder) sale, installment, short sale.

B- Foreign trade

The bank provides the international trading transactions with a grantee and without any delay. Thus, it suggests quick and effective services as follows: international payment methods, documentary operation, bank guarantee speeches, the pledges.

C-Investing and saving

The bank proposes many offers which develop the used capital from its own investing surplus liquidity ,and it is represented in; subscription of investment banks, saving account (oumniyati),ATM card, investing accounts.

2.2 Bank services

Al Salam Bank offers various services for the clients that are relevant to the international banking standards. They are identified in:

- Money transfer through automatic teller machine
- Al Salam moubachir services
- Al Salam smart banking services
- Email swift- swifti services
- Amana payment card
- Amana payment online
- AL Salam international visa card
- ATM

III. The financial performance evaluation of the Algerian Al Salam bank

1. Representation, Analysis, and Interpretation of financial Data

In this category, we will analyze and examine the most important composition of the financial statements (the balance sheets, the income statements) of Al Salam bank as a case study through the period from 2011 to 2020.

1.1 Balance sheet of Al Salam bank

It divides into two groups, assets and liabilities.

Table 01 : Assets balance sheets:

AL Salam Bank Balance sheets, Assets “ uses of assets” and liabilities “Resources” Through (2011 – 2020) the currency is a thousand Algerian dinars.

N°	Assets	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
01	The central bank fund /public treasury/instrument center	9362330	10567060	10029677	11221358	15851680	18923368	34846456	27980262	27584242	53600804
02	Financial Assets owns. For transactions	-	-	-	-	-	-	-	-	-	-
03	Financial Assets for sale	-	-	-	-	-	-	-	-	-	-
04	Loans and Rights on Financial institutions	82403	56676	60395	64164	83177	210776	848213	276872	515459	259466
05	Loans and Rights on costumers	13719076	20212187	27530829	22548034	21268340	29377096	45454481	75339606	95582580	101771998
06	Financial assets owned to maturity	-	-	-	-	-	-	-	-	-	-
07	Current tax – Assets	2642	17731	6076	105574	199910	12754	26386	31254	40968	202282
08	Deferred tax - Assets	32485	30478	58657	46840	14804	53056	61730	123897	76542	92713
09	Other Assets	27884	64567	10558	546281	179282	946118	335675	1185225	1008461	19932

10	Settlement accounts	52793	83424	146874	160095	182070	152581	262280	394440	512999	533823
11	Contributing to joint supply branches	10000	10000	10000	10000	10000	10000	12000	12000	12000	12000
12	Employed real estate	-	-	-	-	-	357065	576558	739902	714078	1069994
13	Fixed Assets (tangible)	1368164	1586846	1551994	1487870	2697882	3000787	3315923	3939365	4747742	4787914
14	Fixed Assets (intangible)	163653	153554	145689	118873	88062	60318	35627	86236	223896	274850
15	Owing difference	-	-	-	-	-	-	-	-	-	-
16	Total	24821430	32782523	39550749	36309089	40575207	53103919	85775329	110109059	131018967	162625776

Source: The student production, depending on the annual reports (2014,P.13) (2016,P.22) (2018,P.40) (2020,P.30)

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Table 02: Liabilities balance sheets of AL salam bank from (2011-2020)
Thousand Algerian dinar (currency).

N°	Liabilities	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
01	Central Bank	-	-	-	-	-	-	-	-	-	-
02	Liabilities forward financial institution	-	-	-	-	-	-	15996	53031	116778	69462
03	Liabilities forward costumers	10438014	16125515	19084716	15409819	19407756	29084236	53717182	70615294	84671904	110488355
04	Liabilities with cash	2507722	3275723	4846969	4041129	4277406	5427617	10925029	14816207	19119923	22759613
05	Current taxes, liabilities	253635	328467	187844	59559	47661	316882	136039	746507	686076	191328
06	Deferred taxes, liabilities	-	-	-	-	-	-	-	-	-	-

07	Other liabilities	408143	653965	1233467	667259	538190	1115344	1407383	1817870	2527178	5645762
08	settlement accounts	702330	593478	936481	1749154	1472579	1179441	2385541	3501519	3207078	2733972
09	Supplies to cover Risks and (obstacles)	-	3785	11082	53430	226000	226481	74375	308180	354911	317626
10	Processing aids, other aids. For investing	-	-	-	-	-	-	-	-	-	-
11	Assets to cover financed Risks	281120	451574	633514	328749	304268	372485	551105	945502	1322918	1519418
12	following debts	-	-	-	-	-	-	-	-	-	-
13	The capital	10000000	10000000	10000000	100000000	10000000	10000000	10000000	10000000	15000000	15000000
14	Bonus Linked to capital	-	-	-	-	-	-	-	-	-	-
15	precautions	-	23047	135002	261668	399999	4301347	5381433	4820009	904791	1331052
16	Evaluation difference	-	-	-	-	-	-	-	-	-	-
17	Repeated evaluation difference	-	-	-	-	-	-	-	-	-	-
18	Relay again	-667699	207420	1215014	2355008	3599991	-	-	66925	-900000	-500000
19	Financial year Result	898166	1119549	1266660	1383314	301357	1080086	1181246	2418015	4007410	3069188
20	Total	24821430	32782523	39550749	36309089	40575207	53103919	85775329	110109059	131018967	162625776

Source: The Student production, depending on the annual reports (2012,P.23) (2014,P.14) (2016,P.16) (2018,P.41) (2020,P.31)

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Changes can be demonstrated in the assets amounts during the studied period regarding the following schedule:

Schedule 03: The assets and liabilities analysis during 2011-2020

Currency: a thousand Algerian dinars.

Statement /year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total assets and liabilities	24821430	327825223	39550749	36309089	40575207	53103919	85775329	110109059	131018967	162625776
The change amount (assets/ liabilities)	-	7961093	14729319	11487659	15753777	28282489	60953899	85287629	106197537	137804346
The change ratio (assets/ liabilities)	-	32.07	59.34	46.28	63.46	13.94	245.56	343.60	427.84	555.18
The assets Ratio to liabilities	-	00%	00%	00%	00%	00%	00%	00%	00%	00%

Source: student presentation depending on the schedule number (1) end (2)

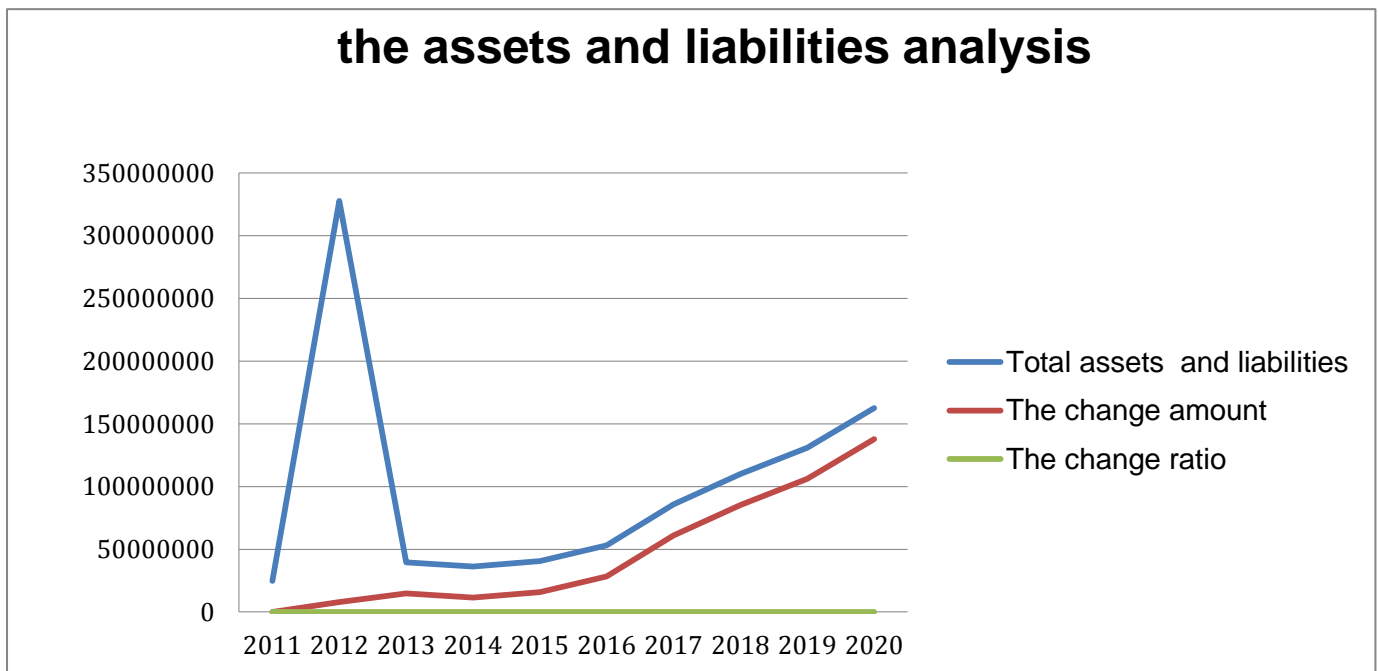
Throughout the above schedule, we notice a constant increase touches both assets and liabilities during the studied period, but a slight decrease occurred in 2014 .Until it has

reached the highest amount of increase 137804346 in 2020 with a change of 555.18 %; compared to the base ratio in 2011 which promote the financial position of the bank.

Furthermore, the assets expand returns to the bank’s ability on generating cash inflow and semi -cash, as wellas, its real estate assets that are used for the purpose of hiring and valuing the capital to employ the funds in productive investment.

Whereas, the resources increase comeback to develop the process of making deposits; as a result of the confidence adopted by the bank from depositors .Thus, the funds will not deactivate and it will be invested in profitable projects for both depositors and shareholders. For that reason, the gained profits promote positively the financial performance of the bank and its reputation in the markets, due to its efficiency in assets and liabilities increase. The assets and liabilities ratio indicate the ability of the bank to cover its obligations through the assets increase on the studied period from 2011to 2020.

Figure 01: The assets and liabilities analysis in AL Salam bank through the period (2011-2020) unity :(%).



1.3 Outputs calculation of Al Salam bank

Table04: Outputs calculation schedule

N	Date	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1	+profits and outputs	1394816	1905061	2489569	2351715	1758252	2261997	3329013	5446523	7592667	7668998
2	-Depositor's share of the profits	59356	77593	134629	149880	125930	205547	297952	595517	1064986	1358344
3	+Commission (outputs)	920412	1264112	1748244	660186	584807	717907	947052	2081278	2826854	1463478
4	-Commission (charge)	65060	87717	82066	2756	2880	5083	6140	9130	217008	99652
5	- Net profits or losses on the owing financial assets for dealing	-	-	-	-	-	-	-	-	-	-
6	+/-Net profits or losses on the available financial assets	-	-	-	-	-	-	-	-	-	-
7	+ Other outputs activities	1292	63	693	136	35	-	17520	92504	89386	26629
8	- Other charges activities	2747	93	-	-	-	78	-	-	-	-
9	+Bank output	2189357	3003833	4021811	2859401	2214284	2769196	3989527	7015658	9226913	7701109
10	-General exploitation charges	596334	816677	1126574	1007324	915333	1365471	1561925	2270923	2628798	2372872
11	-depreciation for Owings and value losses on the fixed assets tangible and intangible	143872	156941	183547	191859	201686	225787	257544	276733	312367	395015

12	The total output of the exploitation	1449151	2030215	2711690	1660218	1097265	1177938	2170058	4468002	6285748	4933222
13	-provision allotment, value losses and accruals are not recoverable	205054	470475	1171920	460608	803866	344379	1026456	1197266	1167153	1122593
14	+Loss of value refunds and refunds on the account	11652	-	22238	567666	183981	668725	484283	65230	228080	339722
15	Exploitation outputs	1255748	1559740	1762008	1767276	477380	1502284	1627885	3335966	5346675	4150351
16	+/-Net profits and losses another financial assets	-	-	-	-	-	-	-	-	11031	05
17	+Unusual elements (outputs)	-	-	-	-	-	3102	-	-	93717	3781
18	-Unusual element (charge)	-	-	-	-	-	-	-	-	-	-
19	Outputs before taxes	1255748	1559740	1762008	1767276	477380	1505386	1627885	3335966	5451423	4154137
20	Taxes on results	357582	440191	495348	383962	176023	425300	446639	917951	1444013	1084949
21	Net output for financial year	898166	1119549	1266660	1383314	301357	1080086	1181246	2418015	4007410	3069188

Source: the student production, depending the annual reports (2012, p.25) (2014,p. 16) (2016,p.25) (2018,p.42) (2020,p.30)

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Depending on the schedule three ,we note that the net output of the fiscal year is progressing where it marked the highest height during 2019 with value (4007410) .As we have record a slight decrease in both years 2015 and 2011; as a result ,the obtained

commission rises to the introduced services, and the profits from financing granted to clients expand as well as to the compensation that are provided to bank by the insurance company in 2019 .This development is explained to the bank policy on how its assets are managed and its liquidity is ensured Which precisely represent the highest efficiency of the bank in financial performance .

2 .Al salam bank’s activity evaluation using the financial analysis measurements

Schedule 05: The used financial ratio in study

Remark	Scale ration	The measure
* Net profit after tax: represent item number 20 from The accounting Result Schedule. * Shareholder’s equity: represents items 13+14+15+16+17+18 from The Assets table. * Operating expense: represents items 10+11 from Result. * Total Deposit: represents items 2+3+4 from Assets table.	* Return on Assets (ROA) = $\text{Net profit after tax} / \text{total assets} * 100$ * Return on Equity (ROE) = $\text{Net profit after tax} / \text{shareholder's Equity} * 100$ * Profit to Expenses ration (PER)= $\text{profit before tax} / \text{operating Expense}$. * Return on deposit (ROD) ROD: $\text{Net profit after tax} / \text{total Deposit} * 100$	Profitability ratio
*Deposit :determines items 2+3+4 from table of assets *Cash: presents item number one from assets table *Loan: presents items 4 and 5 from assets table	* cash deposit ratio (CDR)= $\text{Cash} / \text{Deposit}$. * Loan deposit ratio (LDR)= $\text{Loan} / \text{Deposit}$ *Loan to Asset ratio (LAR)= LAR: $\text{loan} / \text{Asset}$	Liquidity ratio

2.1 Profitability feedback:

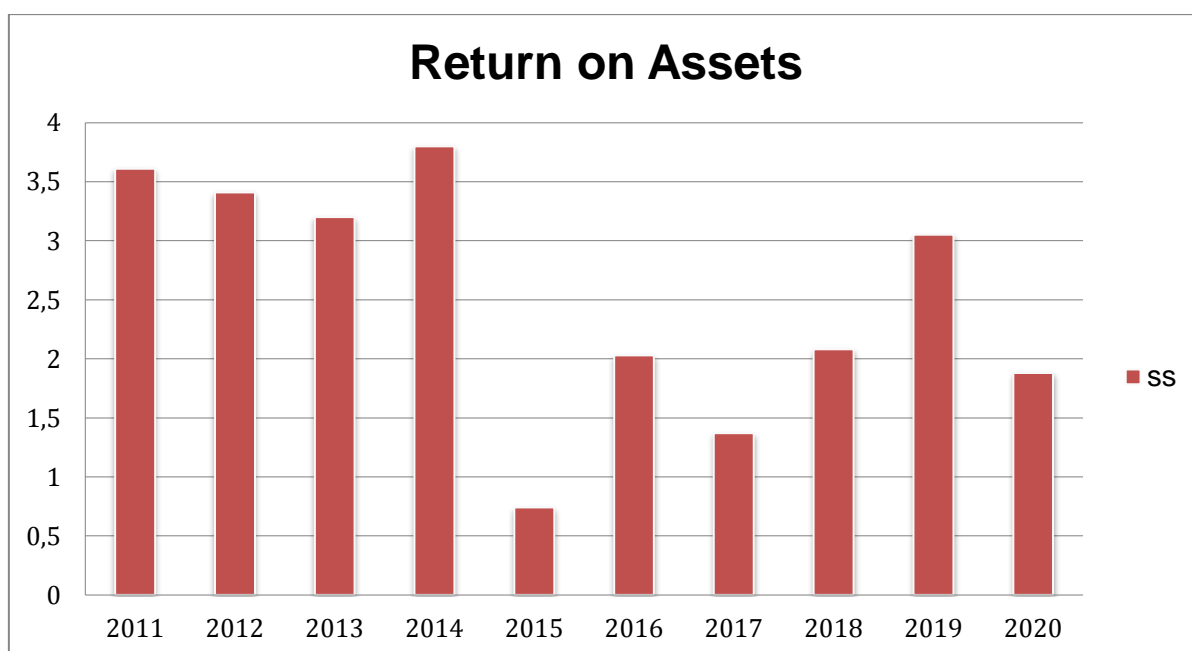
Profitability ratios can be analyzed through the period of study according to The following table.

Schedule06: profitability ratios development through (2011-2020)

Statement/year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Return on Assets	3.61	3.41	3.20	3.80	0.74	2.03	1.37	2.08	3.05	1.88
Return on Equity	9.62	10.94	11.45	10.96	2.15	7.55	7.67	16.24	26.70	19.38
Profit to Expenses	169.6	160.20	134.49	147.37	42.47	94.60	89.47	130.94	185.35	150.08
Return on deposit	6.93	5.77	5.29	7.11	1.27	3.12	1.82	2.68	3.85	2.30

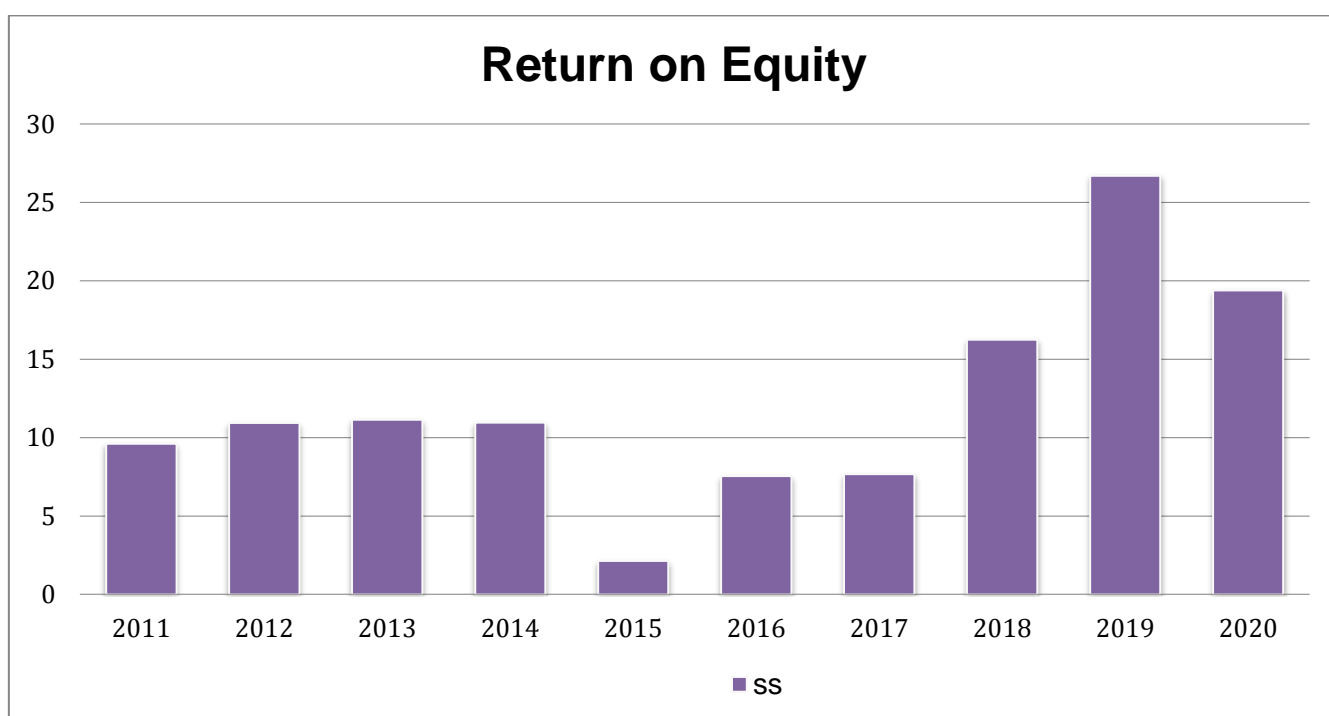
We remark from the above, through (2011-2020) the profitability ratios have seen an up-and-down from one year to another, since it has recorded the highest point for both years 2014 and 2019 with a decrease in 2015 according to all profitability measurements ratios.

Figure 02: the development of the return measure on assets in AL Salam bank through the period (2011-2020) unity:(%).



Depending on the figure 02, AL Salam bank determines the best usage of assets in profits generating through the amount of its investments, because the bank has pointed the highest return ratio on the assets in 2014. Despite its value 3.05%, in 2015 it has recorded the lowest return ratio as 0.74%, in a comparison to the normal ratio that should be bigger than 1%.

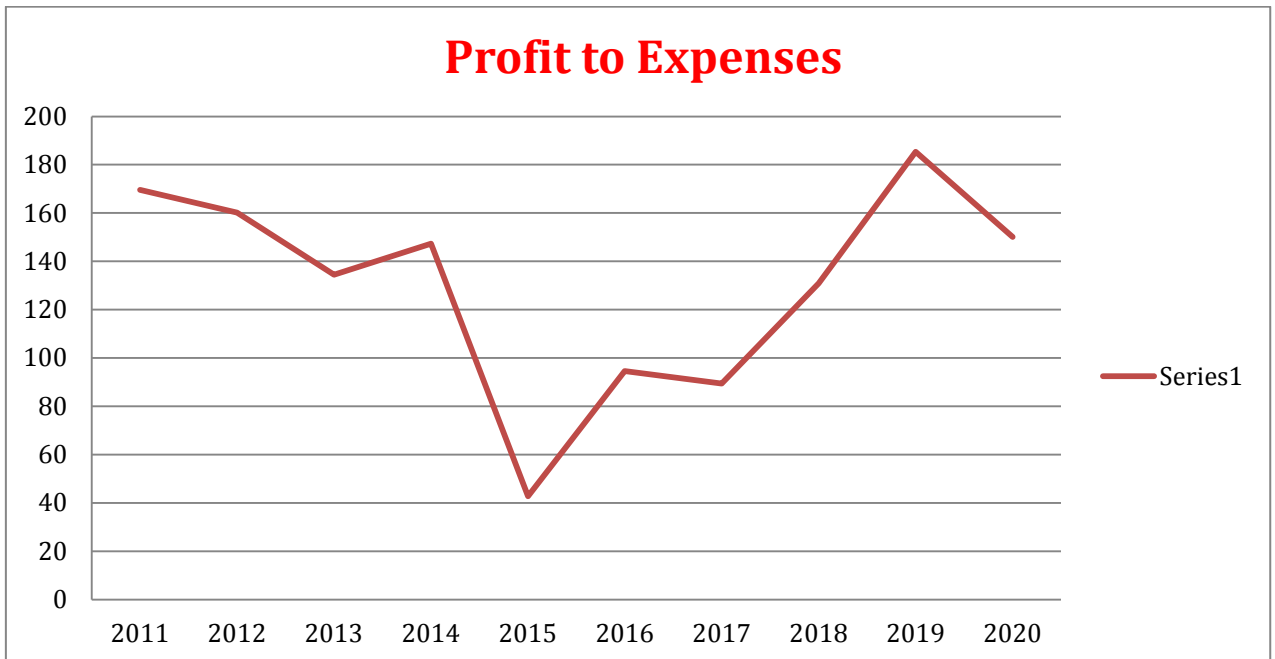
Figure03: the development of the return measure on equity in Al Salam Bank through the period (2011-2020) unity: (%).



We point out from the above figure that the measurement return on owner's equity rises during the first studied years (2011-2013). As soon as, it decreased from 2014 to 2015 to reach its height again during the fourth years 2016, 2017, 2018, and 2019 with a slight decrease in 2020. These vibration has recorded the lowest ratio 2.15% in 2015 because of the net income decrease with a value of 30157 thousand dinars.

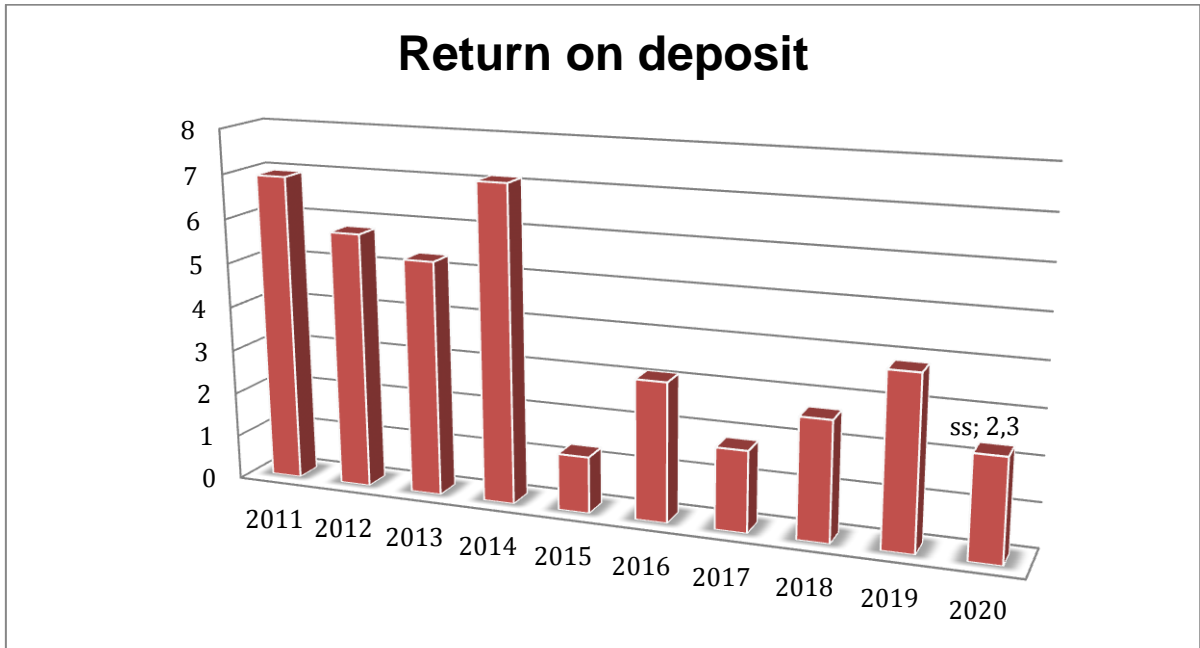
In the opposite, in 2019 it marked the highest point 26.70%, due to the net income progresses a higher average than the one of the developing owner's equity. Thus, the higher ratio, the better profitability which reflects the better performance to the Bank.

Figure 04: AL Salam Bank's progress profits measurement ratio to expenses during (2011-2020) unity (%).



Depending on the figure 04, the profit ratio to expenses has seen vacillation during the studied period especially, in 2015 by 42.74% as a minimum value, because of the expenses expand and the income contract. Since 2019, the highest ratio has been recorded by 185.35%; as a result, the income outcomes enhanced with an average that overtops the increase average of operating expenses. For that reason, the higher return, the better bank's performance which reflects the Bank's capacity in controlling the cost management.

Figure 05: Return on Deposits development in AL Salam Bank through “2011-2020”. Unity (%).



The above chart represents that the average of return on deposits ratio has seen an inconstancy during the study between expand and contract in 2014 with a value 7.11%, as well as a decrease throughout its successive years. That’s back to the deposits amount growth which has the highest value 133317610 thousand dinars in 2020. This indicates that, the Bank propagates its capabilities in depositors attract because the costumers confidence is raised, funds are employed in available investment, and opening multiple agencies among different regions in country.

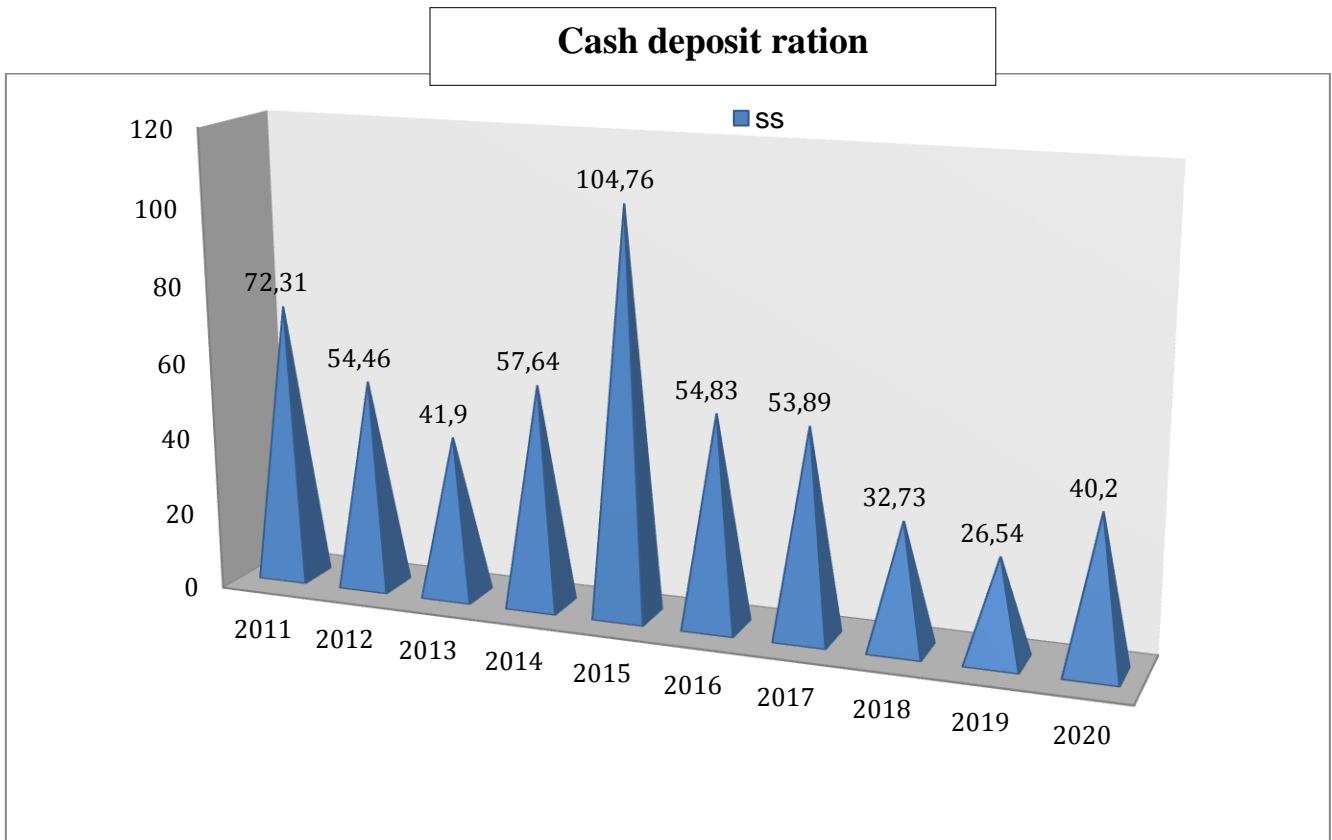
2.2. Liquidity feedback:

The liquidity measurements Results can be introduced in the following table:

Statement/year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash deposit ratio	72.31	54.46	41.90	57.64	104.76	54.83	53.89	32.73	26.54	40.20
Loan deposit ratio	106.61	104.47	115.29	116.25	141.11	85.73	71.61	88.45	42.48	76.53
Loan to Asset ratio	55.60	61.82	69.76	62.27	52.61	55.71	53.98	68.67	73.34	62.74

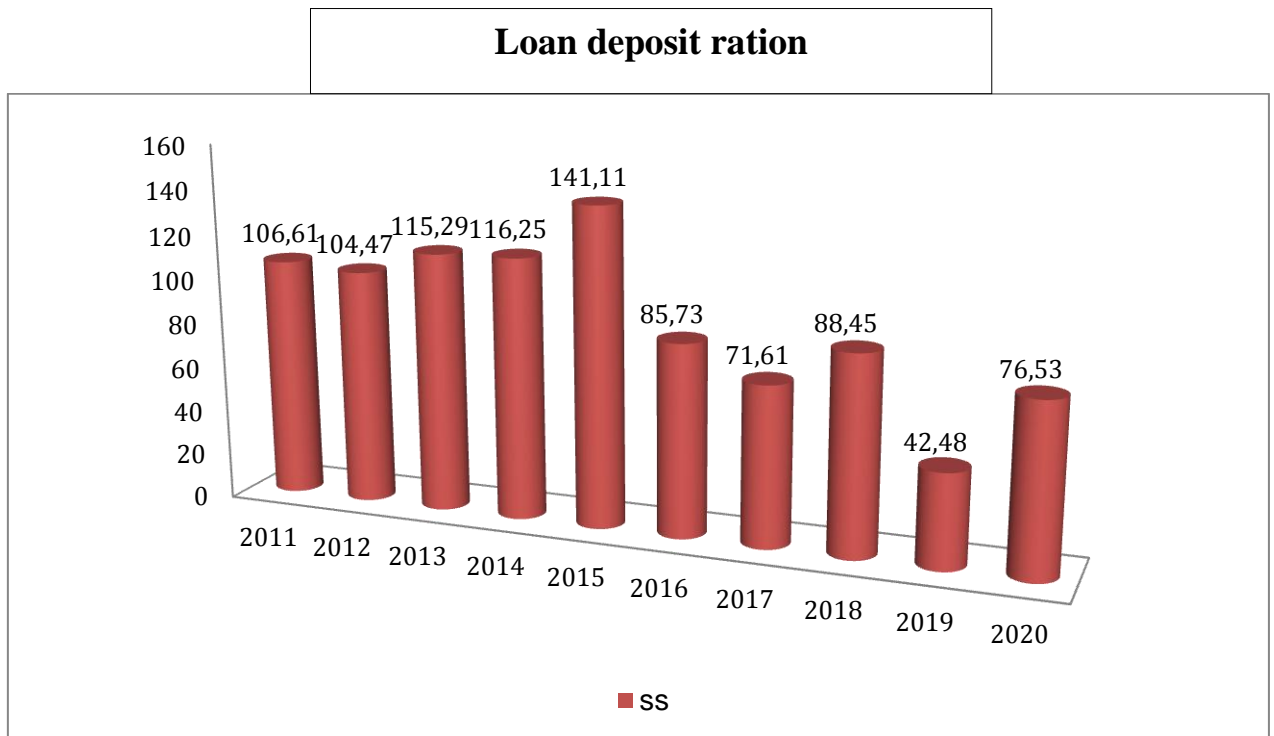
We note that Al Salam Bank realizes acceptable ratios in provide liquidity for with drawals related to proceeds can be faced at any time.

Figure 06: Cash deposit ratio progress of AL Salam Bank through the studied years (2011-2020).



From 2011 to 2013, a decrease in AL Salam Bank cash deposits has marked; whereas, in 2014 and 2015, it has raised to touch the highest ratio 104.76 %, continually to drop its value during the last fourth years 2016, 2017, 2018, 2019. But , the Bank enrolled the minimum ratio 26.54% in 2019. Again and again, cash deposit ratio rises to reach 40.20% in 2020 which is acceptable to exclude the liquidity risks somehow, Bank's cash balances enable it to fulfill its obligations in hand, in the other hand it affects its profitability.

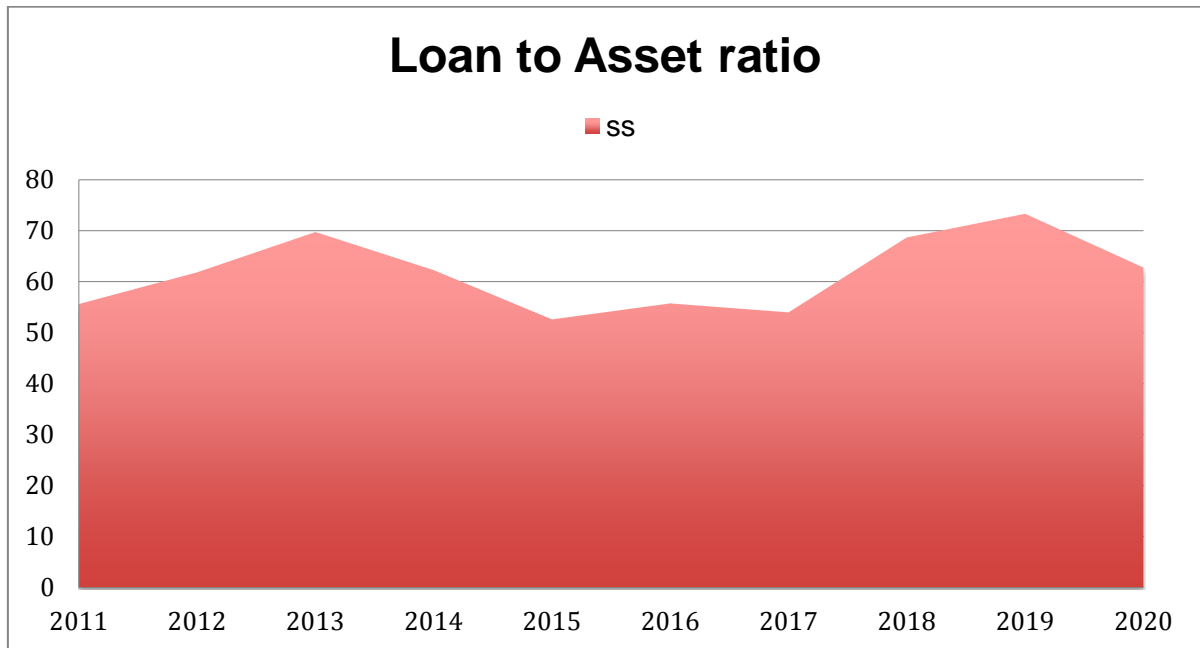
Figure 07: Ratio growth of Loan deposit in Al Salam Bank during 2011 to 2020, unity (%)



This chart identifies that the measure ratio during the first year of study (2011-2015) has shown a noticeable increase.

Furthermore, it gained a progress where the measure record a higher proposition in 2015 by 141.11%. That's why the loan to deposit ratio increases which means that liquidity ratio was contracting contentiously till the successive fourth years from 2016 to 2019. Somehow, in 2019 it marked the minimum ratio 42.48% with a slight increase in 2020 with a value 76.53% for that reason the deposits are more relatively raised than loans, so the liquidity center of the Bank and the Bank's financial Brokerage role are improved

Figure 08: Loan to Asset ratio development of AL Salam Bank through years of study (2011-2020).



We point out from chart eight that the study period from 2011 to 2020 has marked a relative stability. The ratio ranged between 52.61% in 2015 and 73.74% in 2019 which indicate that the Bank Keeps the assets increase in liquidity unlike the loans advancing through the conducted study. In turn it leads to default risks decreasing.

IV.conclusion:

Through the practical study of AL Salam Bank, we introduce a brief overview about the Bank, mentioning its foundation, its classification, and its most important services and products. Also, we have demonstrated the financial Data of the Bank and analyzed them during the period from 2011-2020. Depending on the conducted study, we measured the Bank financial performance, focusing on a group of profitability and liquidity measurement. Gradually, an analysis and an interpretations are used as a tool of study, both enlighten the strengths and weaknesses points of the study. Equally, we test the occurred changes that touch the ratios accordingly to financial statement of the Bank.

Chapter four

Conclusion and Recommendations

I .Conclusion

The research of evaluating the financial performance of Islamic banks has clarified the importance of the financial performance appraisal process in high lighting the bank's financial situation, we must pay intention to this side of banks, because it is vital and official in order to judge the success on how objectives are reached and on how administrative efficiency is measured for coping the pace of the traditional banks.

After we had treated this investigation under the previous hypothesis and we had examined the financial performance of Al Salam bank through 2011 to 2020, we briefly reached the following results.

Theoretical results:

- Islamic bank gathers the financial transaction with the framework of Islamic sharia as well as its special social and economic role in community.
- The Islamic bank possesses unique characteristics, objectives, and standards than the other banks.
- Financing in Islamic banks has limits and conditions inspired from Islamic sharia.
- Islamic bank transaction based on profits and losses sharing with a diversity of its styles such as, Musharaka, Mautharaba, and Ijara.....
- Financial evaluation performance process focused on standards and measurements illustrate to what extent the bank succeed in achieving its objectives and its continuity.

Practical results :

- The assets and liabilities ratio reflect the bank's efficiency in covering its obligation through the study period from (2011 to 2020). Also, the bank has the ability of engendering and directing cash and semi cash flows which refer to a better assets exploitation and function in serious investment.

- Depending on results of return average on assets, the bank achieves acceptable averages of profits. Whenever the ratio is higher, the financing profitability and investment will be better.
- "ROE" Rate of return average on equity has seen vibrations during the study years because the assets quality and their employment in fields of more revenue.
- Profit to expenses ratio have seen vibration because the bank capacity in controlling administrative costs, but it was different from one year to another.
- ROD (return on deposit) measurement measures the capacity of the bank in attracting deposits that's going to be employed in investment this ratio has seen an increase in 2014 , but lately it has decreased which reflect the increase of the depositor's confidence, the vibration of administrative capacity, and recruitment of resources.
- Cash deposit ratio represents the bank competency in controlling the emergent circumstances which it will be better, if it increases. The last studied years it was decreased, but it considers acceptable which lowers the liquidity risk
- Loan deposit ratio illustrates the decrease of liquidity ratio from (2011-2015), but it has increased from (2016-2019), so deposits is higher than loan which reflect the enhancement of the financial bank center.
- loan to assets measures the bank ability in liquidity preservation, so the stability of this ratio protects the bank from liquidity risk.

II .Recommendation of the study

In the light of the inspiring results from this study, we can present set of suggestions that can assist to avoid some difficulties in Islamic banks financial evaluating performance in general and Al Salam bank in particular, among them.

- The theme of the Islamic bank financial performance should take an important value because it is an essential measurement to evaluate the performance of these banks and test the extent of it success in achieving goals of the banks.
- The introduced financing services must be diverse, since the bank focuses on just Morabaha and Ijarah.

- Islamic bank must base mostly on assets and capital management in order to strength en the bank's performance and compete the traditional banks with an available strategy that works on defining between profitability and liquidity.

- Developing new financial tools satisfy the clients and agreed with Islamic sharia .

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Appendix .1: liabilities balance sheets(2011.2012)

الميزانية (بآلاف الدينار الجزائري)

2011	2012	الايضاح	الخصوم
			1 البنك المركزي
			2 ديون تجاه الهيئات المالية
10 438 014	16 125 515	11.2	3 إلتزامات تجاه الزبائن
2 507 722	3 275 723	12.2	4 إلتزامات ممثلة بورقة مالية
253 635	328 467	13.2	5 الضرائب الجارية- خصوم
			6 الضرائب المؤجلة- خصوم
408 143	653 965	14.2	7 خصوم أخرى
702 330	593 478	15.2	8 حسابات التسوية
	3 785	16.2	9 مؤونات لتغطية المخاطر و الأعباء
			10 إعانات التجهيز-إعانات أخرى للاستثمارات
281 120	451 574	17.2	11 أموال لتغطية المخاطر المصرفية العامة
			12 ديون تابعة
10 000 000	10 000 000		13 رأس المال
			14 علاوات مرتبطة برأس المال
	23 047		15 احتياطات
			16 فارق التقييم
			17 فارق إعادة التقييم
- 667 699	207 420		18 تحريل من جديد (-/+)
898 166	1 119 549		19 نتيجة السنة المالية (-/+)
24 821 430	32 782 523		مجموع الخصوم

Appendix .2: Assets balance sheets(2011.2012)

الميزانية (بآلاف الدينار الجزائري)

2011	2012	الايضاح	الأصول
9 362 330	10 567 060	1.2	1 الصندوق، البنك المركزي، الخزينة العمومية مركز الصكوك البريدية
			2 أصول مالية مملوكة لغرض التعامل
			3 أصول مالية جاهزة للبيع
82 403	56 676	2.2	4 حقوق على الهيئات المالية
13 719 076	20 212 187	3.2	5 تمويل الزبائن
			6 أصول مالية مملوكة إلى غاية الاستحقاق
2 642	17 731	4.2	7 الضرائب الجارية- أصول
32 485	30 478	5.2	8 الضرائب المؤجلة- أصول
27 884	64 567	6.2	9 أصول أخرى
52 793	83 424	7.2	10 حسابات التسوية
10 000	10 000	8.2	11 المساهمات في الفروع، المؤسسات المشتركة أو الكيانات المشاركة
			12 العقارات الموظفة
1 368 164	1 586 846	9.2	13 الأصول الثابتة المادية
163 653	153 554	10.2	14 الأصول الثابتة غير المادية
			15 فارق الحيابة
24 821 430	32 782 523		مجموع الأصول

Appendix .3: Outputs calculation schedule (2011,2012)

حساب النتائج (بآلاف الدينار الجزائري)

2011	2012	الايضاح	
1 394 816	1 905 061	1.4	1 + إيرادات و نواتج مماثلة
59 356	77 593	2.4	2 - نصيب المودعين في الأرباح
920 412	1 264 112	3.4	3 + عمولات (نواتج)
65 060	87 717	4.4	4 - عمولات (أعباء)
			5 +/- أرباح أو خسائر صافية على الأصول المالية المملوكة لغرض التعامل
			6 +/- أرباح أو خسائر صافية على الأصول المالية المتاحة للبيع
1 292	63	5.4	7 + نواتج النشاطات الأخرى
2 747	93	6.4	8 - أعباء النشاطات الأخرى
2 189 357	3 003 833		9 الناتج البنكي
596 334	816 677	7.4	10 - أعباء استغلال عامة
143 872	156 941	8.4	11 - مخصصات للاهتلاكات و خسائر القيمة على الأصول الثابتة المادية و غير المادية
1 449 151	2 030 215		12 الناتج الإجمالي للاستغلال
205 054	470 475	9.4	13 - مخصصات المؤونات، و خسائر القيمة و المستحقات غير القابلة للاسترداد
11 652	-		14 + استرجاعات المؤونات، خسائر القيمة و استرداد على الحسابات الدائنة المهتلكة
1 255 748	1 559 740		15 ناتج الاستغلال
			16 +/- أرباح أو خسائر صافية على أصول مالية أخرى
			17 + العناصر غير العادية (نواتج)
			18 - العناصر غير العادية (أعباء)
1 255 748	1 559 740		19 ناتج قبل الضريبة
357 582	440 191	10.4	20 - ضرائب على النتائج و ما يماثلها
898 166	1 119 549	11.4	21 الناتج الصافي للسنة المالية

Appendix .4: liabilities balance sheets(2013.2014)

البيانات المالية كما في 31 ديسمبر 2014

الميزانية بآلاف الدينار الجزائري

2013	2014	الإيضاح	الخصوم
			1 البنك المركزي
			2 ديون تجاه الهيئات المالية
19 084 716	15 409 819	11.2	3 ديون تجاه الزبائن
4 846 969	4 041 129	12.2	4 ديون ممثلة بورقة مالية
187 844	59 559	13.2	5 الضرائب الجارية - خصوم
			6 الضرائب المؤجلة - خصوم
1 233 467	667 259	14.2	7 خصوم أخرى
936 481	1 749 154	15.2	8 حسابات التسوية
11 082	53 430	16.2	9 مؤونات لتغطية المخاطر و الأعباء
			10 إعانات التجهيز - إعانات أخرى للإستثمارات
633 514	328 749	17.2	11 أموال لتغطية المخاطر المصرفية العامة
			12 ديون تابعة
10 000 000	10 000 000		13 رأس المال
			14 علاوات مرتبطة برأس المال
135 002	261 668		15 احتياطات
			16 فارق التقييم
			17 فارق إعادة التقييم
1 215 014	2 355 008		18 ترحيل من جديد (-/+)
1 266 660	1 383 314		19 نتيجة السنة المالية (-/+)
39 550 749	36 309 089		مجموع الخصوم

Appendix .5: Assets balance sheets(2013.2014)

البيانات المالية كما في 31 ديسمبر 2014

الميزانية بآلاف الدينار الجزائري

2013	2014	الإيضاح	الأصول
10 029 677	11 221 358	1.2	1 الصندوق، البنك المركزي، الخزينة العمومية، مركز الصكوك البريدية
			2 أصول مالية مملوكة لغرض التعامل
			3 أصول مالية جاهزة للبيع
60 395	64 164	2.2	4 سلفيات و حقوق على الهيئات المالية
27 530 829	22 548 034	3.2	5 سلفيات و حقوق على الزبائن
			6 أصول مالية مملوكة إلى غاية الإستحقاق
6 076	105 574	4.2	7 الضرائب الجارية-أصول
58 657	46 840	5.2	8 الضرائب المؤجلة-أصول
10 558	546 281	6.2	9 أصول أخرى
146 874	160 095	7.2	10 حسابات التسوية
10 000	10 000	8.2	11 المساهمات في الفروع، المؤسسات المشتركة أو الكيانات المشاركة
			12 العقارات الموظفة
1 551 994	1 487 870	9.2	13 الأصول الثابتة المادية
145 689	118 873	10.2	14 الأصول الثابتة غير المادية
			15 فارق الحيابة
39 550 749	36 309 089		مجموع الأصول

Appendix .6: Outputs calculation schedule (2013.2014)

البيانات المالية كما في 31 ديسمبر 2014

حساب النتائج بالآلاف الدينار الجزائري

2013	2014	الإيضاح	
2 489 569	2 351 715	1.4	1 + فوائد و نواتج مماثلة
134 629	149 880	2.4	2 - فوائد وأعباء مماثلة
1 748 244	660 186	3.4	3 + عمولات (نواتج)
82 066	2 756	4.4	4 - عمولات (أعباء)
			5 +/- أرباح أو خسائر صافية على الأصول المالية المملوكة لغرض التعامل
			6 +/- أرباح أو خسائر صافية على الأصول المالية المتاحة للبيع
693	136	5.4	7 + نواتج النشاطات الأخرى
			8 - أعباء النشاطات الأخرى
4 021 811	2 859 401		9 الناتج البنكي
1 126 574	1 007 324	6.4	10 - أعباء إستغلال عامة
183 547	191 859	7.4	11 - مخصصات للإهتلاكات و خسائر القيمة على الأصول الثابتة المادية و غير المادية
2 711 690	1 660 218		12 الناتج الإجمالي للإستغلال
1 171 920	460 608	8.4	13 - مخصصات المؤونات، و خسائر القيمة و المستحقات غير القابلة للإسترداد
222 238	567 666	9.4	14 + إسترجاعات المؤونات، خسائر القيمة و إسترداد على الحسابات الدائنة المهتلكة
1 762 008	1 767 276		15 ناتج الإستغلال
			16 +/- أرباح أو خسائر صافية على أصول مالية أخرى
			17 + العناصر غير العادية (نواتج)
			18 - العناصر غير العادية (أعباء)
1 762 008	1 767 276		19 ناتج قبل الضريبة
495 348	383 962	10.4	20 - ضرائب على النتائج و ما يماثلها
1 266 660	1 383 314	11.4	21 الناتج الصافي للسنة المالية

البيانات المالية

كما في 31 ديسمبر 2016

الميزانية بالآلاف الدينار الجزائري			
2015	2016	الإيضاح	الخصوم
			1 البنك المركزي
			2 التزامات تجاه الهيئات المالية
19 407 756	29 084 236	12.2	3 التزامات تجاه الزبائن
4 277 406	5 427 617	13.2	4 التزامات ممثلة بورقة مالية
47 661	316 882	14.2	5 الضرائب الجارية- خصوم
			6 الضرائب المؤجلة- خصوم
538 190	1 115 344	15.2	7 خصوم أخرى
1 472 579	1 179 441	16.2	8 حسابات التسوية
226 000	226 481	17.2	9 مؤونات لتغطية المخاطر و الأعباء
			10 إعانات التجهيز-إعانات أخرى للإستثمارات
304 268	372 485	18.2	11 أموال لتغطية المخاطر المصرفية العامة
			12 ديون تابعة
10 000 000	10 000 000		13 رأس المال
			14 علاوات مرتبطة برأس المال
399 999	4 301 347		15 احتياطات
			16 فارق التقييم
			17 فارق إعادة التقييم
3 599 991			18 ترحيل من جديد (-/+)
301 357	1 080 086		19 نتيجة السنة المالية (-/+)
40 575 207	53 103 919		مجموع الخصوم

Appendix .8: Assets balance sheets(2015.2016)

البيانات المالية

كما في 31 ديسمبر 2016

الميزانية بآلاف الدينار الجزائري

2015	2016	الإيضاح	الأصول
15 851 680	18 923 368	1.2	1 الصندوق، البنك المركزي، الخزينة العمومية، مركز الصكوك البريدية
			2 أصول مالية مملوكة لغرض التعامل
			3 أصول مالية جاهزة للبيع
83 177	210 776	2.2	4 حسابات لدى الهيئات المالية
21 268 340	29 377 096	3.2	5 تمويل الزبائن
			6 أصول مالية مملوكة إلى غاية الإستحقاق
199 910	12 754	4.2	7 الضرائب الجارية-أصول
14 804	53 056	5.2	8 الضرائب المؤجلة-أصول
179 282	946 118	6.2	9 أصول أخرى
182 070	152 581	7.2	10 حسابات التسوية
10 000	10 000	8.2	11 المساهمات في الفروع، المؤسسات المشتركة أو الكيانات المشاركة
	357 065	9.2	12 العقارات الموظفة
2 697 882	3 000 787	10.2	13 الأصول الثابتة المادية
88 062	60 318	11.2	14 الأصول الثابتة غير المادية
			15 فارق الحيابة
40 575 207	53 103 919		مجموع الأصول

Appendix .9: Outputs calculation schedule (2015.2016)

البيانات المالية

كما في 31 ديسمبر 2016

حساب النتائج بالآلاف الدينار الجزائري

2015	2016	الإيضاح	
1 758 252	2 261 997	1.4	1 + أرباح و نواتج التشغيل
125 930	205 547	2.4	2 نصيب المودعين في الأرباح
584 807	717 907	3.4	3 + عمولات (نواتج)
2 880	5 083	4.4	4 - عمولات (أعباء)
			5 +/- أرباح أو خسائر صافية على الأصول المالية المملوكة لغرض التعامل
			6 +/- أرباح أو خسائر صافية على الأصول المالية المتاحة للبيع
35			7 + نواتج النشاطات الأخرى
	78	5.4	8 - أعباء النشاطات الأخرى
2 214 284	2 769 196		9 الناتج البنكي
915 333	1 365 471	6.4	10 - أعباء إستغلال عامة
201 686	225 787	7.4	11 - مخصصات للإهتلاكات و خسائر القيمة على الأصول الثابتة المادية و غير المادية
1 097 265	1 177 938		12 الناتج الإجمالي للإستغلال
803 866	344 379	8.4	13 - مخصصات المؤونات، و خسائر القيمة و المستحقات غير القابلة للإسترداد
183 981	668 725	9.4	14 + إسترجاعات المؤونات، خسائر القيمة و إسترداد على الحسابات الدائنة المهتلكة
477 380	1 502 284		15 ناتج الإستغلال
			16 +/- أرباح أو خسائر صافية على أصول مالية أخرى
	3 102	10.4	17 + العناصر غير العادية (نواتج)
			18 - العناصر غير العادية (أعباء)
477 380	1 505 386		19 ناتج قبل الضريبة
176 023	425 300	11.4	20 - ضرائب على النتائج و ما يماثلها
301 357	1 080 086	12.4	21 الناتج الصافي للسنة المالية

Appendix .10: liabilities balance sheets(2017,2018)

البيانات المالية 2018

الميزانية بآلاف الدينار الجزائري

2017	2018	الإيضاح	الخصوم
			1 البنك المركزي
15 996	53 031	12.2	2 التزامات تجاه الهيئات المالية
53 717 182	70 615 294	13.2	3 التزامات تجاه الزبائن
10 925 029	14 816 207	14.2	4 التزامات ممثلة بورقة مالية
136 039	746 507	15.2	5 الضرائب الجارية-خصوم
			6 الضرائب المؤجلة-خصوم
1 407 383	1 817 870	16.2	7 خصوم أخرى
2 385 541	3 501 519	17.2	8 حسابات التسوية
74 375	308 180	18.2	9 مؤونات لتغطية المخاطر ولأعباء
			10 إعانات التجهيز-إعانات أخرى للاستثمارات
551 105	945 502	19.2	11 أموال لتغطية المخاطر المصرفية العامة
			12 ديون تابعة
10 000 000	10 000 000		13 رأس المال
			14 علاوات مرتبطة برأس المال
5 381 433	4 820 009	20.2	15 احتياطات
			16 فارق التقييم
			17 فارق إعادة التقييم
-	66 925	21.2	18 ترحيل من جديد (-/+)
1 181 246	2 418 015		19 نتيجة السنة المالية (-/+)
85 775 329	110 109 059		مجموع الخصوم

البيانات المالية 2018

أعدت البيانات المالية بآلاف الدينار الجزائري حسب متطلبات الإفصاح
الصادرة عن البنك المركزي
(1 دولار = 115.19 دج بتاريخ 2017/12/31)

الميزانية بآلاف الدينار الجزائري

2017	2018	الايضاح	الأصول
34 846 456	27 980 262	1.2	1 الصندوق، البنك المركزي، الخزينة العمومية، مركز الصكوك النقدية
			2 أصول مالية مملوكة لغرض التعامل
			3 أصول مالية جاهزة للبيع
848 213	276 872	2.2	4 حسابات جارية لدى الهيئات المالية
45 454 481	75 339 606	3.2	5 تمويل الزبائن
			6 أصول مالية مملوكة إلى غاية الاستحقاق
26 386	31 254	4.2	7 الضرائب الجارية-أصول
61 730	123 897	5.2	8 الضرائب المؤجلة-أصول
335 675	1 185 225	6.2	9 أصول أخرى
262 280	394 440	7.2	10 حسابات التسوية
12 000	12 000	8.2	11 المساهمات في الفروع، المؤسسات المشتركة أو الكيانات
576 558	739 902	9.2	12 العقارات الموظفة
3 315 923	3 939 365	10.2	13 الأصول الثابتة المادية
35 627	86 236	11.2	14 الأصول الثابتة غير المادية
			15 فارق الحيازة
85 775 329	110 109 059		مجموع الأصول

Appendix .12: Outputs calculation schedule (2017.2018)

البيانات المالية 2018

حساب النتائج بآلاف الدينار الجزائري

الإيضاح	2018	2017	
1 + أرباح ونواتج التشغيل	5 446 523	3 329 013	1.4
2 - نصيب المودعين في الأرباح	595 517	297 918	2.4
3 +عمولات (نواتج)	2 081 278	947 052	1.4
4 -عمولات (أعباء)	9 130	6 140	2.4
5 +/-أرباح أو خسائر صافية على الأصول المالية المملوكة لغرض التعامل			
6 +/-أرباح أو خسائر صافية على الأصول المالية المتاحة للبيع			
7 + نواتج النشاطات الأخرى	92 504	17 520	1.4
8 - أعباء النشاطات الأخرى			
9 الناتج البنكي	7 015 658	3 989 527	
10 - أعباء استغلال عامة	2 270 923	1 561 925	3.4
11 - مخصصات للاهتلاكات وخسائر القيمة على الأصول الثابتة المادية وغير المادية	276 733	257 544	4.4
12 الناتج الإجمالي للاستغلال	4 468 002	2 170 058	
13 - مخصصات المؤونات، خسائر القيمة والمستحقات غير القابلة للاسترداد	1 197 266	1 026 456	5.4
14 +استرجاعات المؤونات، خسائر القيمة واسترداد على الحسابات الدائنة المهتلكة	65 230	484 283	6.4
15 ناتج الاستغلال	3 335 966	1 627 885	
16 +/-أرباح أو خسائر صافية على أصول مالية أخرى			
17 + العناصر غير العادية (نواتج)			
18 - العناصر غير العادية (أعباء)			
19 ناتج قبل الضريبة	3 335 966	1 627 885	
20 - ضرائب على النتائج وما يماثلها	917 951	446 639	7.4
21 الناتج الصافي للسنة المالية	2 418 015	1 181 246	8.4

Appendix .13: liabilities balance sheets(2019,2020)

البيانات المالية 2020

الميزانية بالآلاف الدينار الجزائري

2019	2020	الإيضاح	الخصوم
			1 البنك المركزي
116 778	69 462	12.2	2 ودائع الهيئات المالية
84 671 904	110 488 355	13.2	3 ودائع الزبائن
19 119 923	22 759 613	14.2	4 سندات الاستثمار
686 076	191 328	15.2	5 الضرائب الجارية- خصوم
			6 الضرائب المؤجلة- خصوم
2 527 178	5 645 762	16.2	7 خصوم أخرى
3 207 078	2 733 972	17.2	8 حسابات التسوية
354 911	317 626	18.2	9 مؤونات لتغطية المخاطر و الأعباء
			10 إعانات التجهيز-إعانات أخرى للاستثمارات
1 322 918	1 519 418	19.2	11 أموال لتغطية المخاطر المصرفية العامة
			12 ديون تابعة
15 000 000	15 000 000	20.2	13 رأس المال
			14 علاوات مرتبطة برأس المال
904 791	1 331 052	21.2	15 احتياطات
			16 فارق التقييم
			17 فارق إعادة التقييم
-900 000	-500 000	22.2	18 ترحيل من جديد (-/+)
4 007 410	3 069 188		19 نتيجة السنة المالية (-/+)
131 018 967	162 625 776		مجموع الخصوم

البيانات المالية 2020

الميزانية بآلاف الدينار الجزائري

2019	2020	الإيضاح	الأصول
27 584 242	53 600 804	1.2	1 الصندوق، البنك المركزي، الخزينة العمومية، مركز الصكوك البريدية
			2 أصول مالية مملوكة لغرض التعامل
			3 أصول مالية جاهزة للبيع
515 459	259 466	2.2	4 تمويل الهيئات المالية
95 582 580	101 771 998	3.2	5 تمويل الزبائن
			6 أصول مالية مملوكة إلى غاية الإستحقاق
40 968	202 282	4.2	7 الضرائب الجارية-أصول
76 542	92 713	5.2	8 الضرائب المؤجلة-أصول
1 008 461	19 932	6.2	9 أصول أخرى
512 999	533 823	7.2	10 حسابات التسوية
12 000	12 000	8.2	11 المساهمات في الفروع، المؤسسات المشتركة أو الكيانات المشاركة
714 078	1 069 994	9.2	12 العقارات الموظفة
4 747 742	4 787 914	10.2	13 الأصول الثابتة المادية
223 896	274 850	11.2	14 الأصول الثابتة غير المادية
			15 فارق الحيابة
131 018 967	162 625 776		مجموع الأصول

Appendix .15: Outputs calculation schedule (2019.2020)

البيانات المالية 2020

حساب النتائج بالآلاف الدينار الجزائري

2019	2020	الإيضاح	
7 592 667	7 668 998	1.4	1 + أرباح من التمويل
1 064 986	1 358 344	2.4	2 نصيب المودعين في الأرباح
2 826 854	1 463 478	1.4	3 + عمولات (نواتج)
217 008	99 652	2.4	4 - عمولات (أعباء)
			5 +/- أرباح أو خسائر صافية على الأصول المالية المملوكة لغرض التعامل
			6 +/- أرباح أو خسائر صافية على الأصول المالية المتاحة للبيع
89 386	26 629	1.4	7 + نواتج النشاطات الأخرى
			8 - أعباء النشاطات الأخرى
9 226 913	7 701 109		9 الناتج البنكي
2 628 798	2 372 872	3.4	10 - أعباء إستغلال عامة
312 367	395 015	4.4	11 - مخصصات للإهتلاكات و خسائر القيمة على الأصول الثابتة المادية و غير المادية
6 285 748	4 933 222		12 الناتج الإجمالي للإستغلال
1 167 153	1 122 593	5.4	13 - مخصصات المؤونات، و خسائر القيمة و المستحقات غير القابلة للإسترداد
228 080	339 722		14 + إسترجاعات المؤونات، خسائر القيمة و إسترداد على الحسابات الدائنة المهتلكة
5 346 675	4 150 351		15 ناتج الإستغلال
11 031	5	7.4	16 +/- أرباح أو خسائر صافية على أصول مالية أخرى
93 717	3 781	8.4	17 + العناصر غير العادية (نواتج)
			18 - العناصر غير العادية (أعباء)
5 451 423	4 154 137		19 ناتج قبل الضريبة
1 444 013	1 084 949	9.4	20 - ضرائب على النتائج و ما يماثلها
4 007 410	3 069 188	10.4	21 الناتج الصافي للسنة المالية *

* بما فيه أرباح مجنبة بمبلغ 26 011 ألف دينار جزائري