Evaluating Bank's Performance Using Financial Ratios: A Study of a Sample of Active Banks in Algeria During the Period (2012-2019)

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Abstract :
This study came for the purpose of evaluating the performance of a sample of active banks in Algeria, which are Al Salam Bank, the National Bank of Algeria and Algeria-Gulf Bank, during the period (2012-2019). This is by using financial ratios represented in liquidity ratios, profitability ratios, capital adequacy ratios and investment ratios, and this is based on the banks' financial statements.
This study reached a set of results, including: Evaluating the performance of banks allows knowing the bank's financial position, The evaluation of the banks 'performance also resulted in the following outcomes: the NBA is weak in using its money in profit-generating investments, the efficiency of AGB in using its own funds to achieve profits, the ability of the banks to absorb the losses that may occur in Their assets and the ability of the banks to meet the loans provided to them from their deposits.
***Key Words*:** Algeria; Banks; Evaluating financial performance; Financial performance; Financial ratios.

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Introduction:

The banking sector is one of the most important pillars of any country's economy, as it greatly contributes to achieving development through the various services it provides to society; and in light of the changes that the world is witnessing in what is known as globalization, it was necessary for banks to keep pace with these changes in order to Ensure its continuity and survival.

Financial analysis allows banks to identify and enhance strengths, as well as identify weaknesses and imbalances and try to find the necessary solutions to correct them, as evaluating the performance of banks is a very important matter, it is a necessary process that allows highlighting the bank's financial position and the extent of its efficiency and effectiveness in using its available financial resources in the best way compared to other banks. This requires using a set of tools, the most important ones are financial ratios, which are calculated and analyzed from banks' financial statements. The most important of these financial indicators are liquidity ratios, profitability ratios, capital adequacy ratios and investment ratios.

Research problematic: The financial performance of any bank reflects its real situation and its level of efficiency; this research came to answer the following problem: **How do financial ratios contribute to evaluating the performance of banks?**

Research Hypotheses:

- The National Bank of Algeria is the best in terms of investing its money in profit-generating investments;
- Al Salam Bank is the best bank for managing its liquidity;
- Algeria Gulf Bank Algeria is the best bank in terms of employing its own funds to generate profits.

Research Purposes: To answer the above questions, we formulate the following hypotheses:

- explain the concept of performance, the meaning of evaluating performance and highlighting the most important financial ratios;
- showing the importance of the banks' performance evaluation process;
- Evaluating the performance of Al Salam Bank, the National Bank of Algeria and the Algeria Gulf Bank based on the calculated financial ratios, through analyzing and comparing them during the study period.

Methodology and tools: To reach the purposes of this study the descriptive and the case study approach were used, for evaluating bank performance the financial ratios analysis is one of the most important tool to perform that, which can be useful indicators to know the financial position for the banks in this study; and to do so quantitive and secondary data was used for three active banks in Algeria which are Al salam bank as an islamique bank, National bank of Algeria as a public commercial bank and Algeria Gulf bank as privet commercial bank, researchers collected data from the banks official websites, annual reports such as income statement and balance sheets, during the period of 2012-2019, the collected data are tabulated and processed carefully to achieve the end results.

I. Theoretical framework for evaluating financial performance:

1. The definition of financial performance:

Performance is defined as: "A reflection of the way the organization uses its human and material resources in a manner that makes it capable of achieving its goals." (Jaadi & Nimr, 2019)

On the other hand, performance is defined as: “Output results obtained from processes and products, in addition to that performance gives the opportunity to conduct measurement and comparison relative to previous goals, standards and results, and also compare with other institutions, and it can be expressed in financial and non-financial indicators.” (ben Bouzid, 2017)

Wright also views performance as: "the results desired to be achieved and reached by the organization". (Saudi, 2018)

Financial performance of the organization deals with the financial strength and weaknesses, it also measures organizations whole financial health over a particular period of time. (Rajendran & Sudha, 2019)

Financial Performance can be defined as the quantitative reflection of the bank's financial position, by measuring a set of financial indicators and based on the information extracted from the financial statements.

2. The definition of financial performance evaluation:

Performance evaluation can be defined as: "Ensuring the efficient use of available resources and verifying the implementation of the planned objectives." (ben Habib & Khaldi, 2015)

Also, performance evaluation: "It is the process of studying planned goals with what has actually been achieved in order to identify deviations with reference to the causes to correct them." (Rifaat Khalil, 2018)

It is also seen as: "The means that allows ensuring that the results achieved by the bank at the end of a certain period of time are in conformity with what the bank wanted to achieve from the plans and programs set by the administration." (Shakhatrah & Ubadah, 2020)

Financial performance evaluating can be defined as a surveillance process in the light of prior plans and standards which allow the bank's management to know the deviations to correct them and the strengths to enhance them, and then to know the bank's efficiency in using its resources to achieve the desired results.

3. The importance of performance evaluation in banks:

The process of evaluating the performance in banks has a major importance in several aspects and levels that can be highlighted in the following points: (Al-Nasrawi & Hammadi, 2020)

- The performance evaluation shows the bank's ability to implement its planned goals by comparing the results achieved with those targeted, revealing deviations and proposing the necessary solutions for them;
- The performance evaluation assists in revealing the progress made by the bank in its way, for better or for worse, through the results of actual performance Chronologically in the bank from one period to another, and spatially in similar banks;
- The performance evaluation provides the overall situation about the bank's performance for the various administrative levels, defining its role in the national economy, and the mechanisms for strengthening it;
- Performance evaluation explains the efficiency of setting and using available resources;
- Performance evaluation helps to create a strong and effective system for communication and incentives;
- Performance evaluation provides clarifications to employees on how to perform their job tasks, and directs efforts to achieve successful performance that can be measured and judged.

4. Objectives of performance evaluation in banks:

Performance evaluation achieves a set of objectives, the most important are: (Fawzi Shihab, 2019)

- Identify the strengths and weaknesses of the bank’s activity and make a comprehensive analysis, with an explanation of their causes, in order to develop the necessary solutions for them;
- Providing the supervisory authorities with statistical data and information on the results of the performance evaluation in the bank, this will facilitate the process of following up their activities to ensure the achievement of better performance.
- It leads to the disclosure of efficient units and identification of the elements that need help in order to improve their performance;
- Determining the efficiency of using the available resources in a rational way that achieves greater returns at lower costs with good quality; (Rashwan, 2018)
- The performance evaluation process helps in knowing the bank’s level of achievement of its desired goals; (Bdiaf, Shamakhi, & Bekhaled, 2018)
- Providing a large database and information that contributes to putting practical policies and plans that are far from unrealistic estimates, which means correcting planning budgets and placing their indicators in a path that balances ambition and available capabilities. (Fahd Dakkak, 2017)

5. Financial ratios for evaluating performance in banks:

Financial ratios are one of the most important tools that management uses in analyzing the financial statements to determine the soundness of the financial position and the profitability of the institution, as well as being the main pillar in the planning process. (Jaddaini & Sahnoun, 2017)

Ratio analysis is used to evaluate various aspects of a company’s operating and financial performance such as its efficiency, liquidity, profitability and solvency. The trend of these ratios over time is studied to check whether they are improving or deteriorating. Ratios are also compared across different companies in the same sector to see how they stack up, and to get an idea of comparative valuations. Ratio analysis is also cornerstone of fundamental analysis. (AMINUL, 2014)

There are those who know these ratios as quantitative measures in evaluating financial performance, as the evaluation process now depends not only on measuring the profitability of the banking institution, but on measuring its efficiency in achieving it as well as its effectiveness in terms of reaching its objectives, (Chaoubi, 2015) so we will discuss in the following a group among the most important financial ratios used in evaluating bank performance:

5.1. Liquidity ratios:

Liquidity ratios are used to assess the overall administration of banks, (Ishaq, Karim, Ahmed, & Zaheer, 2016), it shows the bank’s ability to fulfill short-term obligations from its cash or other assets that are rapidly converting into cash without losses and without the need to liquidate some investments .(Al Shabib, 2018).

5.2. Profitability ratios:

Profitability is one of the main goals that banks seek to achieve through the optimal use of their available financial resources (Kroumi, 2016), and it also reflects the bank's ability to earn profit. (Pinto, Hawaldar, Rahiman, T.M, & Sarea, 2017)

5.3. Capital adequacy ratios:

These ratios measure the bank’s ability in terms of capital to increase confidence and safety for depositors of the bank, as it is the bank’s ability to absorb the losses that occur resulting from failure to pay interest and loan installments or a decrease in the return on investments. (Al Shabib, 2015)

5.4. Investment ratios:

It refers to the efficiency of the bank’s management in using the funds available in achieving returns from investments in various fields. (Hamo, Mokaddam, & Slemani, 2019)

Table (1): The financial ratios used to evaluate the performance of banks in this study

Group	Ratio	Abbreviation	Rule
Liquidity ratios	Cash to deposits	CTD	Cash/deposits
	Cash to assets	CTA	Cash/assets
Profitability ratios	Return on assets	ROA	Net profit/assets
	Return on Equity	ROE	Net profit/equity
	Profit margin	PM	Net profit/revenues
	Assets utility	AU	Revenues/assets
	Equity multiplier	EM	Assets/equity
Capital adequacy ratios	The bank's ability to return deposits	ETD	Equity/deposits
	Solvency	EAR	Equity/assets
Ratios of investment	Deposit utilization rate	LTD	Loans/deposits

Source: Prepared by researchers, based on various references

II. Using financial ratios to evaluate performance of the banks in this study during the period (2012-2019):

Financial ratios, which are calculated from the financial statements, allow an evaluation of the bank’s performance and determination of its financial position. Therefore, this study aimed to evaluate the performance of some banks active in Algeria, represented by Al Salam Bank, the National Bank of Algeria and the Algeria-Gulf Bank, during the period (2012-2019), Banks' financial ratios can be analyzed as follows:

1. Liquidity ratios:

1.1. Cash to deposits:

We note from Table (2) that for Al Salam Bank this ratio fluctuated during the period 2012-2016 and decreased during the period 2016-2019, with the highest rate recorded in 2015 (66.92%), and the lowest rate in 2019 (26.54%) This is due to the decrease in cash balances and the increase in the amount of deposits in the bank this year. However, it remains an acceptable percentage, and this indicates that the bank has the ability to face depositors ’withdrawals and cover them from its cash balances.

As for the National Bank of Algeria, we notice that this ratio fluctuates, as the bank recorded the highest rate in 2013 (19.79%) and the lowest rate in the following year (12.48%), Despite the low rates of the National Bank, they remain sufficient and it can be said that the bank manages its liquidity in a way that makes it able to meet its short-term liabilities.

As for Algeria Gulf Bank, we notice through the table the fluctuation of this ratio, where it recorded the highest rate in 2013 (44.77%), and the lowest rate in 2018 (15.86%) and this is due to the high volume of deposits compared to the size of cash balances in this year, However, it can be said that Algeria Gulf Bank recorded good rates, avoiding the risk of liquidity and allowing it to cover withdrawals, and when comparing the averages of banks for this ratio, we find that Al Salam Bank achieved the highest rate by 48.62%, followed by Algeria Gulf Bank with 31.42%, then the National Bank of Algeria with 15.88%.

Table (2): CTD for the banks during (2012-2019)

Unit: (%)

	2012	2013	2014	2015	2016	2017	2018	2019
ASB*	54.46	41.90	57.69	66.92	54.83	53.89	32.73	26.54
NBA**	16.97	19.79	12.48	15	16.22	14.86	15.02	16.71
AGB***	41.79	44.77	44.34	35.94	19.98	29.19	15.86	19.54

Source: Prepared by researchers based on banks' financial reports for various years

*ASB: Al Salam Bank

**NBA: National Bank of Algeria

***AGB: Algeria Gulf Bank

1.2. Cash to assets:

This ratio showed instability during the study period in the three banks, as we note through Table (3) that Al Salam Bank achieved the highest rate in 2017 (40.62%) and this is due to recording the highest value in the volume of cash balances, and the lowest value was recorded in 2019 (21.05%), due to the decrease in cash balances on the one hand and the increase in the volume of assets on the other hand.

As for Algeria National Bank, it recorded the highest rate in 2013 (14.03%) and the lowest rate in 2014 (9.16%), which is a weak and insufficient ratio, and this is due to the low volume of cash balances.

As for Algeria Gulf Bank, it achieved the highest rate in 2014 (34.06%) and the lowest rate in 2018 (12.63%). This is because the volume of assets this year is the largest throughout the study period, in contrast to the decrease in cash balances.

In total, increasing this percentage means the bank’s ability to fulfill its obligations; however, increasing it heavily will have a negative impact on the bank’s profitability because it indicates the availability of inactive cash balances, without using them in profit-generating investments. And when we compare the averages of banks for this ratio, we find that Al Salam Bank achieved the highest rate of 31.28%, followed by Algeria Gulf Bank with 24.11%, then the Algerian National Bank 11.46%.

Table (3): CTA for the banks during the period (2012-2019)

Unit: (%)

	2012	2013	2014	2015	2016	2017	2018	2019
ASB	32.23	25.35	30.90	39.06	35.63	40.62	25.41	21.05
NBA	11.96	14.03	9.16	11.98	10.75	10.56	10.94	12.34
AGB	30.14	33.66	34.06	27.81	15.60	23.92	12.63	15.09

Source: Prepared by researchers based on banks' financial reports for various years

2. Profitability ratios:

2.1. Return on Equity:

We note from Table (4) that for Al Salam Bank, this ratio fluctuated during the period 2012-2015 and increased during the period 2015-2019, and it achieved the highest rate in 2019 (24.54%) due to the increase in net profit this year which it was the highest over the period of study; the explanation for this result is that investing 100 DZD of own funds made a profit of 24.54 DZD, while the lowest percentage was recorded in 2015 (2.10%), which is very low, this was due to the decrease in net profit that year, as it was the lowest during the study period.

As for the National Bank of Algeria, the highest percentage was recorded in 2012 (14.76%) this is due to the relatively high net profit and the decrease in the volume of own funds in this year, and the lowest percentage was recorded in 2019 (4.76%) this is due to the high volume of Equity this year, as it was the highest during the study period this is offset by the decrease in net profit, as it was the lowest during the study period.

Regarding Algeria Gulf Bank, the highest rate was recorded in 2013 (33.33%), which was the highest among the banks during the study period, which indicates the bank's efficiency in managing its own funds to generate profits, and the lowest rate was recorded in 2016 (11.14%), however, it remains the best bank in terms of this ratio, with an average of (20.50%), followed by Al Salam Bank (11.05%), and the National Bank of Algeria (10.63%).

Table (4): ROE of the bank during (2012-2019)

Unit: (%)

	2012	2013	2014	2015	2016	2017	2018	2019
ASB	10.48	10.57	10.68	2.10	7.36	7.41	15.27	24.54
NBA	14.76	13.56	12.49	10.31	10.37	8.89	9.93	4.76
AGB	30.45	33.33	22.57	17.63	11.14	13.82	15.79	19.34

Source: Prepared by researchers based on banks' financial reports for various years

2.2. Return on assets:

We notice through Table (5) that for Al Salam Bank it recorded the highest rate in 2014 (3.80%), which means that investing 100 DZD of the bank's assets made a profit of 3.80 DZD, and the lowest rate was recorded in 2015 (0.74%), which is a very weak rate, it was due to the decrease in net profit this year.

Regarding the National Bank of Algeria, it achieved the highest percentage in 2013 (1.38%), and the lowest rate in 2019 (0.54%) due to the decrease in the value of net profit in this year, as it was the lowest value for the bank during the study period on the one hand, and the high volume of assets On the other hand, it can be said that the National Bank of Algeria recorded weak rates, which means it is weak in using its assets in profitable investments.

As for Algeria Gulf Bank, it achieved the highest rate in 2012 (3.79%) and the lowest rate in 2016 (1.38%). On average, Al Salam Bank achieved the highest rate of 2.47%, followed by Algeria Gulf Bank 2.33%, and then the National Bank of Algeria with 1.09%, which is a weak rate compared to the other two banks; Where an American study showed that the best performing banks are the ones that have achieved a return on assets of no less than 1.50%. (Kroumi, 2016)

Table (5): ROA of the bank during (2012-2019)

Unit: (%)

	2012	2013	2014	2015	2016	2017	2018	2019
ASB	3.41	3.20	3.80	0.74	2.03	1.37	2.19	3.05
NBA	1.31	1.38	1.13	1.08	1.10	1.06	1.16	0.54
AGB	3.79	3.62	2.26	2.04	1.38	1.41	1.80	2.34

Source: Prepared by researchers based on banks' financial reports for various years

2.3. Profit margin:

Through Table (6), we notice that Al Salam Bank witnessed a fluctuation in this ratio, then an increase during the period 2017-2019, it achieved the highest rate in 2014 (45.92%), which means that 1 DZD of revenues made a profit of 45.92 DZD, it also recorded the lowest percentage in 2015 (12.86%) this is due to the decrease in net profit for this year.

Regarding the National Bank of Algeria, this ratio witnessed a decrease during the period 2012-2015 and this is due to the increase in the value of revenues, then fluctuated during the period 2016-2019, the bank achieved the highest rate in 2012 (35.15%), and the lowest rate in 2019 (13.35%) this is due to recording the lowest value of Net profit for this year and achieving the highest value of revenue in the same year during the whole study period.

As for Algeria Gulf Bank, it achieved the highest rate in 2013 (43.15%), and this is due to the increase in net profit this year, and the lowest rate was recorded in 2016 (22.12%) and this is due to the decrease in net profit. On average, Al Salam Bank achieved the highest rate (32.19%), followed by Algeria Gulf Bank (30.41%), then the National Bank (25.20%), from this it can be said that Al Salam Bank and Algeria Gulf Bank were more efficient in financial performance in view of achieving higher rates of profits in relation to total revenues.

Table (6): PM for the banks during (2012-2019)

Unit: (%)

	2012	2013	2014	2015	2016	2017	2018	2019
ASB	35.32	29.88	45.92	12.86	36.24	27.51	31.73	38.13
NBA	35.15	31.69	26.18	20.73	23.78	25.53	25.25	13.35
AGB	37.61	43.15	33.83	29.40	22.12	23.57	24.67	28.93

Source: Prepared by researchers based on banks' financial reports for various years

2.4. Assets utility:

We notice through Table (7) the fluctuation of this ratio in the three banks, as it ranged in Al Salam Bank between 5% and 10.71%, and in the National Bank of

Algeria between 3.75% and 5.23%, and in the Algeria Gulf Bank it ranged between 6% and 10.10% This reflects the efficiency of Al Salam Bank and Algeria Gulf Bank in exploiting their assets and using them in investments that achieve high revenues. As for the low ratios of the National Bank, this is due to the large volume of assets in this bank, which makes it difficult to manage them; when comparing the average of this ratio, we find that Al Salam Bank and Algeria Gulf Bank achieved close rates of 7.49% and 7.47% respectively, followed by the National Bank of Algeria with 4.39%

Table (7): AU for the banks during (2012-2019)

Unit: (%)

	2012	2013	2014	2015	2016	2017	2018	2019
ASB	9.66	10.71	8.29	5.77	5.61	5	6.92	8.02
NBA	3.75	4.36	4.34	5.23	4.64	4.15	4.60	4.08
AGB	10.10	8.39	6.70	6.95	6.28	6	7.29	8.09

Source: Prepared by researchers based on banks' financial reports for various years

5.1. Equity multiplier:

We note from Table (8) that Al Salam Bank achieved the highest rate in 2019 (8.02 times) and this is due to the high volume of assets, and this percentage means that assets can cover Equity of the bank by 8.02 times, while it achieved the lowest rate in 2014 (2.80 times), and for the National Bank It achieved the highest rate in 2012 (11.19 times) and the lowest rate in 2017 (8.38 times); As for Algeria Gulf Bank, it achieved the highest rate in 2014 (9.95 times) and the lowest rate in 2012 and 2016 (8,016 times); When comparing the average of this ratio, we find that the National Bank of Algeria achieved the highest rate with a rate of 9.56 times, followed by the Algerian Gulf Bank with 8.82 times, followed by Al Salam Bank 4.49 times.

Table (8): EM for the banks during 2012-2019

Unit: time

	2012	2013	2014	2015	2016	2017	2018	2019
ASB	3.06	3.30	2.80	2.83	3.61	5.38	6.95	8.02
NBA	11.19	9.80	10.99	9.49	9.38	8.38	8.54	8.72
AGB	8.01	9.19	9.95	8.62	8.01	9.76	8.77	8.26

Source: Prepared by researchers based on banks' financial reports for various years

3. Capital adequacy ratios:

3.1. The bank's ability to return deposits:

Through the table, we note that for Al Salam Bank, this ratio was fluctuating during the period 2012-2014, then it showed a continuous decrease during the period 2014-2019, as it recorded the highest rate in 2014 (66.55%) due to the fact that the increase in Equity was greater than the total deposits; the lowest percentage was recorded in 2019 (15.71%), due to the large volume of deposits, which is the largest during the study period.

As for the National Bank of Algeria, it achieved the highest rate in 2017 (16.78%) and the lowest rate in 2014 (12.38%), and for Algeria Gulf Bank, it achieved the highest rate in 2012 (17.30%) and the lowest rate in 2017 (12.49%). It can be said that the three banks had the ability to return deposits from their own funds, as this ratio exceeded the internationally specified rate (10%) (ben Habib & Khaldi, 2015) throughout the study period. This provides the safety element for depositors with the ability to recover their money in the case of the bank suffers from losses; and when comparing the average of banks for this ratio, we find that Al Salam Bank achieved the highest rate with 41.68%, followed by Gulf Bank Algeria with 14.78%, and the National Bank of Algeria with 14.62%.

Table (9): ETD for the banks during the period (2012-2019)

Unit: (%)

	2012	2013	2014	2015	2016	2017	2018	2019
ASB	55.05	50.07	66.55	60.39	42.51	24.64	18.52	15.71
NBA	12.67	14.38	12.38	13.18	16.07	16.78	16.05	15.50
AGB	17.30	14.45	13.08	14.98	15.97	12.49	14.31	15.66

Source: Prepared by researchers based on banks' financial reports for various years

3.2. Solvency:

Regarding Al Salam Bank, we notice a decline in this ratio during the period 2014-2019, it recorded the highest rate in 2014 (35.65%) and the lowest rate in 2019 (12.46%), which remains a sufficient percentage because it is greater than the internationally accepted percentage (10%) (ben Habib & Khaldi, 2015), This confirms the level of adequacy of Al Salam Bank in absorbing the losses that may occur without affecting the depositors' money.

And for the National Bank of Algeria, the highest rate was recorded in 2017 (11.92%) and the lowest rate in 2012 (8.93%), which is less than the internationally accepted percentage, but on average (10.55%) it can be said that the bank has the ability to absorb the losses that may occur, however, it does not rely heavily on its own funds to finance its assets and relies on external sources represented in customers' deposits, at an average rate of (89.45%).

Regarding the Algeria Gulf Bank, it recorded its highest rate in 2012 and 2016 (12.47%) and the lowest in 2014 (10.04%). It can be said that Algeria Gulf Bank is sufficient to finance its investments from its own funds and has the ability to absorb losses that occur in its assets; and when comparing the average of banks for this ratio, we find that Al Salam Bank achieved the highest rate with 25.85%, followed by Algeria Gulf Bank with 11.39%, and then the National Bank of Algeria with 10.55%.

Table (10): The solvency ratio during the period (2012-2019)

Unit: (%)

	2012	2013	2014	2015	2016	2017	2018	2019
ASB	32.58	30.29	35.65	35.25	27.63	18.57	14.37	12.46
NBA	8.93	10.20	9.09	10.52	10.65	11.92	11.69	11.46
AGB	12.47	10.86	10.04	11.59	12.47	10.24	11.40	12.09

Source: Prepared by researchers based on banks' financial reports for various years

4. Ratios of investment:

4.1. Deposit utilization rate:

Regarding Al Salam Bank, we note that it recorded the highest rate in 2014 (1.16 times) and the lowest rate in 2017 (0.71 times), and the National Bank of Algeria recorded the highest percentage in 2014 (1.02 times) and the lowest rate in 2016 (0.82 times), and Algeria Gulf Bank also achieved the highest percentage in 2018 (0.96 times) and the lowest rate in 2014 (0.74 times). It can be said that the increase in this percentage indicates the bank's ability to meet the loans provided to it from its deposits, which reflects the good performance in the banks of the study sample; and when comparing averages for the banks, we find that Al Salam Bank and the National Bank of Algeria achieved close rates of 0.95 times and 0.94 times respectively, followed by Algeria Gulf Bank with 0.84 times.

Table (11): Deposits utilization rate for banks during the period (2012-2019)

Unit: time

	2012	2013	2014	2015	2016	2017	2018	2019
ASB	1.04	1.15	1.16	0.90	0.85	0.71	0.88	0.92
NBA	0.97	0.95	1.02	0.92	0.82	0.94	0.98	0.95
AGB	0.85	0.77	0.74	0.83	0.92	0.80	0.96	0.91

Source: Prepared by researchers based on banks' financial reports for various years

Conclusion:

Through this study, the following results were reached:

- The performance evaluation process is necessary in banks because it aims to reveal strengths and weaknesses, and then try to find suitable solutions to correct them;
- The National Bank of Algeria is weak compared with Al Salam Bank and Algeria Gulf Bank in terms of ROA, which indicates its weakness in using its money in profit-generating investments;
- Algeria Gulf Bank recorded the highest rate of ROE, followed by Al Salam Bank and then the National Bank of Algeria, which confirms its efficiency in using its own funds to achieve profits;
- Al Salam Bank achieved the highest percentage in terms of solvency with 25.85%, followed by Algeria Gulf Bank with 11.39%, then the National Bank of Algeria with 10.55%, which are sufficient ratios being greater than the internationally accepted rate of 10%, which means the ability of the three banks to absorb the losses that may occur in its assets;
- Regarding the rate of using deposits, Al Salam Bank and the National Bank of Algeria achieved close rates of 0.95 times and 0.94 times respectively, followed by Algeria Gulf Bank with 0.84 times, which indicates the ability of banks to meet the loans provided to them from their deposits, this reflects the good performance in the banks of the study sample.

In light of these results, a set of suggestions can be put forward as follows:

- Increasing efforts and interest in the process of evaluating the performance of banks as it reflects the true picture in the banking sector;

- Conducting training courses for employees on the subject of bank performance evaluation to be done in accordance with international standards;
- Algerian banks must keep pace with all developments and modernize their services in order to improve their performance and achieve profits;
- Attracting the largest volume of customer deposits, as they represent the most important resources of the bank, allowing it to expand and diversify outside the specified investments.

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