

A reading about the financial analysis of the financial statements of Islamic banks (analysis of the financial statements of the Algerian Al Salam and Baraka Bank)

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Abstract:

Financial evaluation and analysis are among the basic and necessary guarantees for the growth and continuity of public and private Islamic banks. It is also considered one of the most important methods used in evaluating performance, whether in financial institutions or in banks and business establishments. In this research paper, we tried to address the most important financial analysis tools and evaluation methods used to know the financial position of the Algerian Salam Bank through the horizontal analysis of the bank's assets and the horizontal analysis of the liabilities of the bank, in order to know the financial position of the bank under study, as we analyzed the total assets of the budget and the result of the financial year.

Keywords: Islamic banks, Financial analysis, Financial evaluation, Algerian AL Salam Bank, Algerian Baraka Bank..

JelClassificationCodes: G21,G32,D78

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1.INTRODUCTION:

Islamic banks are considered financial institutions that conduct their business in accordance with the controls and provisions of the true Islamic religion. These banks may practice financial intermediation operations like other banks - except that the essential difference between them is that Islamic banks do not deal with interest taking and giving in their operations, and banks have met The Islamic Bank has a great and distinguished interest in the environment of the banking industry, not only in the Arab countries, but also in a number of European countries, through the conversion of some banks to the methods and financing tools that Islamic banks deal with or by opening the windows of Islamic transactions in those countries within their traditional banks.

Islamic banks also occupied a distinguished position among the banks operating in the banking sector, especially after the indicators produced by the financial crisis at the end of the year 2008, which proved the success of the work of these banks with the principles and foundations that are consistent with the provisions and controls of Islamic law, and in light of the developments witnessed The banking sector had to find tools to evaluate these banks through financial analysis of the financial statements of Islamic banks.

Financial analysis is one of the important topics covered by research in the past and present, because it mainly aims at an analytical and detailed study of the data contained in the financial statements of financial institutions, clarifying their concepts and focusing attention on the facts and evidence hidden behind the numbers contained in the data in order to help in planning and organizing the various aspects of activity And control over it, as well as assisting in evaluating the past and present without falling into the risks of bankruptcy and loss, as well as giving a clear picture of the reality of its financial position and the extent of its ability to pay the obligations arising from it by identifying its liquidity and profitability and how to balance between them in a manner that achieves the largest possible return .

The importance of the study: The importance of the study is highlighted by identifying the methods of financial analysis by providing a set of special financial tools in evaluating the performance of financial institutions in general and Islamic banks in particular, and determining the efficiency of these banks in managing their assets in light of the various economic, social and political changes. During the study of the nature of the work of the Algerian Salam Bank.

Study problem: The study problem is represented in the following question: **Do financial analysis tools help Islamic banks, officials and various actors in the Islamic financial industry to obtain the necessary data and information for these banks?**

2. the theoretical framework for financial analysis of financial statements:

Interest in financial analysis of financial statements has increased over the past decades, especially in light of market economies, capital markets, and the emergence of multinational companies. This interest has increased in recent years, so the financial analysis of the financial statements has become among the important activities of the financial management of the institution, as we find that the link of the development of the financial analysis of the financial statements with the financial management lies in the fact that it is one of the most important tools in financial planning and it is a tool that many parties benefit from. .

2.1 the definition of financial analysis Financial analysis is defined as the process of diagnosing the current and past financial condition of the economic unit with the intention of giving indications of its future status (Cup & E, 1983, p. 347).

)It is also defined as a detailed study of the financial data and statements to find out the implications of these data and the reasons for their origin in order to find weaknesses and strengths of the financial policy followed in the establishment and to indicate the strength or weakness of its financial position (AL rawi & HE, 2000, p. 15).

While others know it as studying the numbers contained in the financial statements using quantitative and digital methods and showing the extent of interconnection and change between the elements of the financial statements and the impact of these changes on the status of the establishment as well as the derivation of a set of financial ratios that serve many of the parties benefiting in making administrative decisions - known as financial analysis For the financial statements that: "A procedural process for the accounting information system aimed at providing information based on the published financial statements and other financial and non-financial information, with the aim of helping the beneficiaries to make their economic decisions (Moayad & Ghassan, 2006, p. 71).

The financial analysis of the financial statements can also be defined as: "The process of interpreting and understanding the published financial statements, with the aim of diagnosing and evaluating the performance of the institution in light of a complete understanding of the foundations of accounting" (Moayad & Ghassan, 2006, p. 72).

)measurement and recognition. And the numbers that the accounts and financial statements reflect in the economic unit, then compare and measure them with the intention of discovering the relationships that bind them together, so that we can study the financial conditions of the economic unit. (Muhammed Al-Mabrouk, 2009, pp. 20-21).

The financial analysis of the financial statements is also defined as: "Studying the financial statements after classifying them and using quantitative methods, with the aim

of showing the links between their components and the changes in these elements, the size and impact of these changes, and deriving a set of indicators that help to study the institution's status in terms of operational and financing. These institutions, as well as evaluating the necessary information for the beneficiaries in order to make sound management decisions. (Munir Shaker & other, 2005, p. 12).

It is clear from the previous definitions that the financial analysis of the financial statements is "the study of the financial statements in their appropriate classification, by using mathematical and statistical methods, ratios, averages, trends and criteria with the aim of identifying the financial value of the institution at a specific date, in addition to the possibility of judging the performance, profitability and ability to continue in the future."

2.2 The importance of financial analysis:

At the present time, the importance of financial analysis has emerged as it is now possible for managers of economic units to look into the future through the results of financial analysis to obtain clear insights about the financial conditions of the economic unit. What increases the importance of using modern methods in software, analysts are able to incorporate endless variables into their analyzes, such as interest rates, exchange rate risks, foreign currencies, which can give strong warnings about the ability to pay, etc. (Tuckey, 2000, pp. 1-2)

Financial analysis for banks: There are many financial tools or ratios that can be relied upon in the process of financial analysis in general, but a group of these ratios have been allocated in line with the Islamic banking work, as 9 financial ratios were chosen that are believed to have a direct impact on evaluating the performance of the work. Banks, the research sample in terms of liquidity, profitability, financial balance and growth rate. (Tania Qader & Mushtaq Mahmoud, 2011, p. 158)

Table 01: The set of financial ratios selected for evaluating the performance of Islamic banks

The nature of the ratio	Selected proportions	How to derive it
Liquidity ratio	1 -The ratio of cash to total assets. 2- The ratio of current assets to total assets.	Cash / total assets Current assets / total assets
Investments of funds	1-The ratio of cash credit to total deposits 2- The ratio of cash to total deposits	Cash credit / total deposits Cash / Total Deposits
Safety ratios	1-The ratio of equity to total deposits 2-Equity ratio to total assets	Equity / Total Deposits Equity / total assets

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Capital structure ratio	1- The ratio of total liabilities to total assets 2- The ratio of equity to total liabilities	Total liabilities / total assets Equity / total liabilities
Deposit growth rate	Deposits of the following year to deposits of the current year	Deposits of the next year / Deposits of the current year

Source: Tania Qader Abdul Rahman, Mushtaq Mahmoud Al-Sabawi, Evaluating the Performance of Islamic Banks Using Complex Financial Analysis - A Comparative Study of the Performance of the Iraqi Islamic Bank and the Jordanian Islamic Bank for the Period 2000-2008, Kirkuk Journal of Administrative and Economic Sciences, Volume 1, Issue 2, 2011, p 158.

2.3 Clarify the purpose and scope of financial analysis:

The purpose of any financial analysis of the financial statements differs from one category of beneficiary to another, so the prospective investor wants to know the profitability of the institutions in which there are investment opportunities, and is also interested in the profit distribution policies followed in the institutions, while the banks and lenders are mainly interested in identifying the liquidity of the institutions and their ability to pay their debts. While management pays special attention to evaluating performance in various departments and divisions. After determining the purpose of the analysis, the extent and scope of the analysis must be known (Moayad & Ghassan, 2006, p. 76)

A.Data collection: At this stage, the financial analyst determines and collects sufficient and appropriate data for the purposes of his analysis, as the more these characteristics are available in the data collected, the more the analyst arrives at a comprehensive analysis in which all the desired goals are verified. Financial, non-financial, statistical, and quantitative ... etc, and the data must cover the period or periods that the analysis will cover, and data related to the institution or institutions that are targeted by the analysis must be available. (Moayad & Ghassan, 2006, p. 77)

B.Data processing: After obtaining the necessary financial statements and other information, the financial analyst processes that data using the appropriate analytical tools, and among those tools used we mention, for example: financial ratios, growth rates, cash turnover, stock turnover, financial leverage, in addition To other analytical tools, as the understanding of financial analysis at this stage includes the following: (Thomas, wiley, Inc, & Others, 2009, p. 21)

- Reading the financial statements of each institution subject to analysis by reading the budget, results accounts, cash flow list, special funds changes list and appendices;
- Making the necessary adjustments to the financial statements to facilitate the comparison process in the event of differences in accounting methods and operational decisions between the comparable institutions.

Preparing or collecting financial statements data and financial ratios that enable the financial analyst to assess the profitability of the institution and its liquidity ... etc.

C. Analyze / translate processed data:

This is the most difficult and important step, as you need to use a great deal of mental work, wisdom, skill and effort to assess the facts behind the numbers and aim to interpret the outputs to support the findings and recommendations (Thomas, wiley, Inc, & Others, 2009, p. 21).

D. Developing and communicating recommendations and results:

The job of the analyst is an advisory, not an executive, function, as it is necessary for the financial analyst, after completing all the analysis processes, to write the report containing the results of the analysis, directed to the competent authority, which is usually the party that assigned the analyst to carry out the analysis process. The analyst must take full care in the completion of the final report so that he does not lose sight of all the important results that have been reached, and the report must be prepared in an orderly and in a clear manner supported by tables and graphs whenever possible (Muhammed Al-Mabrouk, 2009, p. 29).

The appropriate time for the report to include the following items : (Mufleh Muhammad, 2009, p. 241).

- Information about the background of the project being analyzed, the industry to which it belongs, and the economic environment in which it operates;
- Financial and non-financial information used in the analysis;
- the assumptions about the economic and other conditions on which the estimates are based on the analysis;

Determine the quantitative and qualitative pros and cons that the analyst sees in the basic elements of the analysis;

- the conclusion that the analyst makes as a result of the analytical work he carried out;
Suggested solutions and necessary recommendations.

E. Follow-up :

The process of financial analysis does not end with the writing of the report, as we find it necessary to repeat all the above-mentioned steps on a periodic basis to determine if the original conclusions and recommendations are still valid (Thomas, wiley, Inc, & Others, 2009, p. 21)

3.financial analysis for an Islamic bank (Algeria's Salam Bank)

3.1 the horizon analysis of total assets

Table 02 : Horizontal Total Assets Analysis

	Assets	2019	2018	2019/ 2018% Change
1	The Fund, the Central Bank, the Public Treasury, the Postal Instruments Center	27980262	27584242	1.43
2	Financial assets owned for the purpose of dealing	-	-	
3	Financial assets ready for sale	-	-	
4	Financing financial bodies	276872	515459	-46.28
5	Customer financing	75339606	95582580	-21.17
6	Owned to maturity financial assets	-	-	
7	Current taxes - assets	31254	40968	-23.71
8	Deferred tax - assets	123897	76542	61.86
9	Other assets	1185225	1008461	17.52
10	Settlement accounts	394440	512999	
11	Contributions to affiliates, joint ventures or participating entities	12000	12000	0
12	Employed real estate	739902	714078	3.61
13	Physical fixed assets	3939365	4747742	-15.88
14	Intangible fixed assets	86236	223896	-61.48
15	Possession difference	-	-	
16	Total assets	110109059	131018967	

Source: Prepared by the researcher based on the data of the annual report of Al Salam Bank, 2019

Item change value: the new value - the old value

Item Relative Change: Change value of item / old item value * 100 percent

Interpretation of results and horizontal analysis of assets

Ready values: This element includes all the accounts of the Fund and the Central Bank, as it recorded a very slight increase of 1.43 only, and this can be explained by the political conditions that the country went through in 2019, and their repercussions on the economic expansion, as this explains the precautions that the bank takes in such Circumstances. It also reflected negatively on the financing of financial institutions, which recorded a shortfall of 46.28, which is calculated through the funds granted to financial institutions. As for customer financing, the shortfall in 2019 was also recorded by 21.17 as a result of the bank's warning against financing during this period, as this year was characterized by a decrease in activity The bank is clearly visible.

As for the current taxes, they recorded a decrease of -23.71 percent, as it was recorded in 2018 at 40968 thousand Algerian dinars, and in 2019 it amounted to 31254 thousand Algerian dinars, which represents the fee on the added value, which in turn is the discount on future payments for the benefit of the tax administration.

The relative change in other assets recorded an increase of 17.25 percent compared to the year 2018, which recorded 1008,461 compared to the year 2019, which increased by 1185,225 thousand Algerian dinars. This item includes stocks, in addition to payments and services advances.

As for the real estate employed by the bank, it recorded a significant increase of 3.61 compared to previous years, as it includes all the real estate and assets that the bank owns for the purpose of renting them or securing the capital, as it was estimated in 2018 at 714078 thousand Algerian dinars, rising in 2019 by 739902 thousand dinars Algerian

Table 03: Horizontal analysis of total liabilities

	Opponents	2019	2018	2019/ 2018 %Change
1	central bank	-	-	
2	Deposits of financial bodies	53031	116778	-54.58
3	Customers deposits	70615294	84671904	-16.60
4	Investment bonds	14816207	19119923	-22.50
5	Ongoing taxes - liabilities	746507	686076	8.80
6	Deferred taxes - liabilities	-	-	
7	Other opponents	1817870	2527178	-28.06
8	Settlement accounts	3501519	3207078	9.18
9	Provisions to cover the notified and charges	308180	354911	-13.16
10	Equipment subsidies - other subsidies for investments	-	-	
11	Funds to cover general banking risks	945502	1322918	-28.52
12	Affiliated debts	-	-	
13	capital	10000000	15000000	-33.33
14	Equity related bonuses	-	-	-
15	Precautions	4820009	904791	432.7
16	Valuation difference	-	-	
17	The revaluation difference	-	-	
18	Fiscal Year Result- +	2418015	4007410	-39.66
	Total liabilities	110042134	131918967	

Source: Prepared by the researcher based on the data of the annual report of Al Salam Bank, 2019

Interpretation of horizontal liability financial analysis

Item change value: the new value - the old value

Item Relative Change: Change value of item / old item value * 100 percent

Deposits of financial institutions recorded -54.58 percent of the rate of change in the year 2018-2019, and this item includes the current account of the financial institution, obligations towards customers, as the deposits of financial institutions in 2018 were estimated at 116,778 thousand Algerian dinars, to decrease in 2019 by 53,031 thousand Algerian dinars.

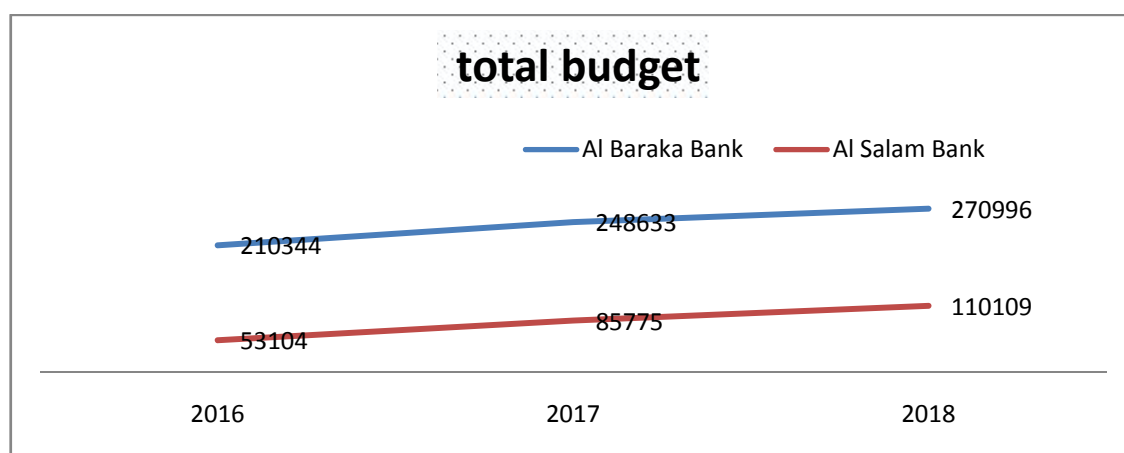
As for customer deposits, a decrease of -16.60 was recorded, mainly due to the decrease in cash insurances, which contain most of the documentary credit and collections operations. The year 2019 was estimated at 70615294 thousand Algerian dinars, compared to the year 2018 of 84671904 thousand Algerian dinars.

As for reserves, they recorded a remarkable increase by 432.7 percent, as it was estimated in 2019 at 4820009

One thousand Algerian dinars compared to 2018, which was calculated at 904 791 thousand Algerian dinars, due to the maintenance of reserves, and this is due to the bank's management that studies the implications of the situation and its impact on the bank's profitability.

The bank's financial result was estimated to have decreased by 39.66 percent, as a result of the natural movement of the bank's activity in these two years, compared to the year 2017, which recorded an increase of 9.36 percent.

Figure 01: A comparison between Al Salam Bank and Al Baraka Bank(Total assets budget)



Source: Prepared by the researcher based on the data of the annual report of Al Salam Bank and Baraka Bank 2016-2017-2018

The Algerian Baraka Group witnessed an increase in the budget, as it was estimated in 2018 at 270996 billion Algerian dinars, compared to 2017, which was estimated at 248633 billion Algerian dinars, while in 2016 it was recorded at 210344 billion Algerian dinars.

The total assets of Al Salam Bank amounted to 110 109 billion Algerian dinars in 2018 (929 million US dollars), compared to 86 billion Algerian dinars in 2017 (724 million US dollars), and compared to 53 billion Algerian dinars in 2016 (448 billion US dollars).

Through financial analysis, the aim is not to compare the total budget of two banks, but rather a process aimed at evaluating investment methods and investing funds in the two banks under study, in addition to studying the efficiency and profits resulting from their operations, which are translated into numbers that clearly show us whether the efficiency in increasing banking activity Not to lose sight of the date of establishment of the two banks, which differentiates the value of the activity according to the time period for starting their activity.

Fiscal year result.

**Table 04: for the financial statements of Al Baraka and Al Salam Bank (2016-2017-2018)
million Algerian dinars**

	2018	2017	2016
Al Baraka Bank	5167	3548	3984
Al Salam Bank	2418	1181	1080

Source: Prepared by the researcher based on the data of the annual report of Al Salam Bank and Baraka Bank 2016-2017-2018

This analysis is based on evaluating the components of the financial statements by comparing the results of the financial year for each bank separately, which allows us to study their relationships with each other or based on specific criteria in order to come up with information on the indicators and symptoms of conditions prevailing in the specific bank.

The result refers to the financial year the outcome of the operations carried out by the bank during the fiscal year in terms of profit and loss. Only one year.

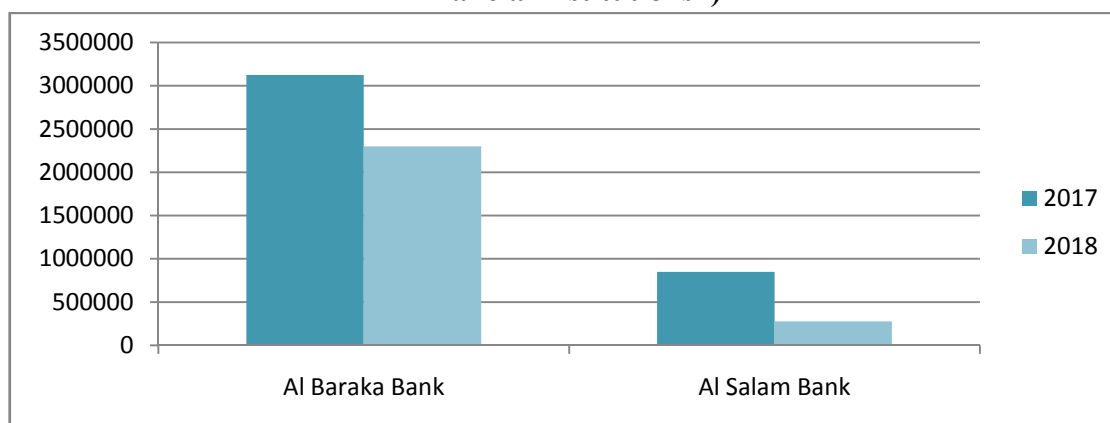
As for the Bank of Peace, the result of the fiscal year in 2018 was estimated at 2418 million Algerian dinars, compared to 1181 million Algerian dinars in 2017, and 1080 million Algerian dinars in 2016, an increase of 2317 million Algerian dinars, which is a high rate, in addition to the stability of the bank's activity

Table 05: Finances granted to financial institutions

The Bank	<u>2018</u>	<u>2017</u>
Al Baraka Bank	<u>2299974</u>	<u>3123641</u>
Al Salam Bank	<u>276872</u>	<u>848213</u>

Source: Prepared by the researcher based on the data of the annual report of Al Salam Bank and Baraka Bank 2017-2018

Figure 02: A comparison between Al Salam Bank and Al Baraka Bank (Finances granted to financial institutions)



Source: Prepared by the researcher based on the data of the annual report of Al Salam Bank and Baraka Bank 2017-2018

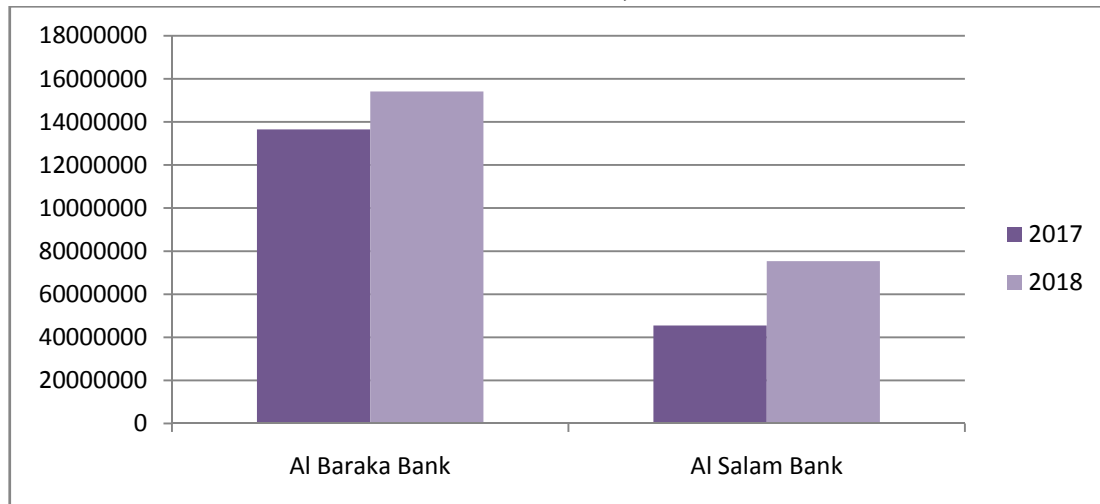
Al Baraka and Al Salam Bank is considered one of the supporting structures for financial institutions in Algeria, through the desire of financial institutions to deal with Islamic banks that deal in accordance with Islamic law, and the financial facilities granted by the two banks are translated in order to create jobs and increase the added value, thus contributing to the rate of economic growth. However, with the beginning of 2018, the funds granted to financial institutions by Al Baraka Bank witnessed a decrease, as the funds granted were estimated at 2,299,974 million Algerian dinars compared to 3,123,641 million Algerian dinars. As for Al-Salam Bank, it also witnessed a decrease in the total of the funds granted as the financing granted in 2018 was estimated with 276,872 million Algerian dinars compared to 2017, which granted an amount of 848,213 million Algerian dinars, due to the financing portfolio of the two banks, as the past years witnessed large facilities and large support for financial institutions, but with 2018 this support for the group of granted activities decreased due to the urgent changes at the level. In addition, the discretionary authority to manage the bank remains regarding the efficiency of providing these funds or reducing them according to the case and the situation. What the bank and the state are going through, in addition to the problems and difficulties these financial institutions are going through in fulfilling their debts within the specified deadlines.

Table 06: Funds granted to customers

The bank	2018	2017
Al Baraka Bank	154159890	136553370
Al Salam Bank	75339606	45454481

Source: Prepared by the researcher based on the data of the annual report of Al Salam Bank and Baraka Bank 2017-2018

Figure 03: A comparison between Al Salam Bank and Al Baraka Bank(Funds granted to customers)



Source: Prepared by the researcher based on the data of the annual report of Al Salam Bank and Baraka Bank 2017-2018.

Customer financing increased by Al Baraka and Al Salam Bank as a result of the expansion of the bank's customer base, as well as the penetration of the retail sector and individuals, and because of the citizen's confidence in the Islamic financial transactions applied in the two banks under study.

As the balance of the funds granted to customers in Al Baraka Bank increased, as it recorded in 2018 an amount of 15,415,989 million Algerian dinars compared to 13,655,337 million Algerian dinars, an increase of 1,760,652 million Algerian dinars.

As for Al Salam Bank, it is the other way to increase the balance of customers' finances. The total financing granted to customers in 2018 was estimated at 7,533,960 million Algerian dinars, compared to the year 2017, which was estimated at 4,545,448.

An increase of 29,885,125 million Algerian dinars.

The two banks under study are examining the best way to achieve better insurance and expand the base of customer financing, whether in real estate, consumer loans, or private financing, according to the existing and deliberate formulas in the two banks under study. By increasing the acceptance of client files and studying the possibility of financing them completely. And through the development of banking services and products that suit the needs and desires of all members of Algerian society and in line with the developments taking place in the country.

4.determinants of financial analysis and its weaknesses

Despite the advantages of financial analysis, there are a set of determinants, some of which are treatable and some of them stem from the nature of the financial statements themselves.

4.1 Determinants of Financial Analysis

There are many determinants that can be addressed in whole or in part according to the effort and diligence exerted by the financial department in the bank, or by the financial analyst, and the most important of these determinants are the following : (Al-Shamaa, 2015, pp. 663-664).

Focusing the attention of the analyst on one side of the financial position and income statement of the bank and neglecting the other aspects

The degree of the analyst's interest in the bank, and the depth of analysis required by the relevant authorities.

The size of the available data, which has a direct impact on the results of the analysis, as the smaller the volume of data and doubts about its reliability, the more the analyst is in a situation with which it is difficult to reach accurate recommendations

- The introduction of some subjective judgments in preparing the financial statements, such as those related to evaluating investments, estimating loan losses, re-evaluating assets, and calculating goodwill, which affects the extent to which they represent correct values and, accordingly, the results obtained from their analysis.

- The extent to which the same accounting methods and rules are still being used over time, because their change will lead to a change in the results, and to the difficulty of comparing the bank's financial statements with those of other banks, as well as the absence of notes about the accounting treatments used in preparing the financial statements, in particular about asset evaluation, and the transition from a standard Accountant to another.

- Shortening the financial statements in the financial statements, which limits the ability of the outside shop to make an accurate conclusion.

- Limited trend indicators, as it is not necessary for the past pattern to continue into the future, for example if the liquidity ratio has decreased for the past years, this may not mean the use of this trend in the future.

- Facing the windows in a way that makes it difficult for the analyst to recognize the correctness of the figures, such as the timing of improving the liquidity position before the current fiscal year and then deteriorating its position later, that is, after its effects have appeared in the primary and secondary precautions when preparing the final accounts

- Financial statements not directly showing the adequacy of management, expansion plans, and relationships with depositors and borrowers.

4.2 Weaknesses in financial analysis:

Two lists are used in financial analysis: the final balance sheet (the financial position statement) and the income statement, in addition to a set of additional financial

statements, including the cash flow statement. Although these two lists are prepared in accordance with generally accepted accounting principles, the analyst must be aware of some of the weaknesses related to them, namely:

Preparing the financial position list on the basis of the historical values of the assets and liabilities, which does not reflect the prevailing market values, even if the impact of inflation on banks is less than its impact on the establishments operating in other sectors, due to the parallel evaluation of assets with historical values against the evaluation of deposits and other liabilities on the basis itself.

- The use of estimates in determining the values of some assets, such as the components of each of the loans and investments portfolios.

In many cases, the date of preparing the financial statements falls at the end of the year. This may not reflect the seasonal nature of the bank's activity, even if its preparation in the advanced industrial countries has become quarterly and compulsory, including the quarterly publication as well.

5. Conclusion

Financial analysis is one of the important topics covered by research in the past and present, because it mainly aims at an analytical and detailed study of the data contained in the financial statements of financial institutions, clarifying their concepts and focusing attention on the facts and evidence hidden behind the numbers contained in the data in order to help in planning and organizing the various aspects of activity and control over it, as well as help in evaluating the past and present without falling into bankruptcy and loss risks, as well as giving a clear picture of the reality of its financial position and the extent of its ability to pay its obligations by identifying its liquidity and profitability and how to balance them in a manner that achieves the largest possible return.

- Results:

-Financial analysis, with the financial tools it provides, helps in evaluating the performance of financial institutions in general, including Islamic banks, as financial analysis and its tools have a major role in the planning process and setting sound policies on the one hand, and improving the performance of these institutions on the other hand. Although Islamic banks, since their emergence, have faced many challenges, they have managed to occupy a distinguished position among other banks, due to the principles and foundations they are based on that are consistent with the rules and regulations stated in the Holy Quran and the Sunnah.

-The mechanism for displaying the elements of the financial statements of the operations of the Islamic bank varies from one bank to another, according to the circumstances in which banks operate through their financial statements, in addition to that this reason is due to the instructions of central banks regarding the presentation of the elements of the financial statements of Islamic banks and their equality in this aspect

With other banks, for example, the method of presenting the elements of the financial statements used in the Algerian Salam Bank.

- Recommendations:

-In order for Islamic banks to fulfill their economic and social goals as required, the administrations of these banks should be given the major role in making decisions and drawing financial policies and future plans in order to enhance the status of these banks in the societies in which they operate.

-In order to overcome the challenges facing Islamic banks, these banks should work to standardize their methods of work in their various fields, the most important of which are the Sharia fields. In order for this to help to give a clear picture of the nature of the work of these banks to the whole world, and to achieve this, an international body of jurists and scholars of the Islamic Ummah should be formed to overcome the obstacles that hinder the work of Islamic banks by issuing and unifying fatwas that are compatible with the nature of the work of these banks on the one hand, and for the establishment of this body On the other hand, in the supervisory and supervisory role and following up on the functioning of Islamic bank

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