AMERICAN JOURNAL OF ECONOMICS AND BUSINESS MANAGEMENT

ISSN: 2576-5973
Vol. 6, No. 7, 2023

Assessment of Commercial Banks' Financial Position and Impact on Market Value Applied Research on Sample of Iraqi Commercial Banks for 2012 – 2021

Dahham Lateef Dahham
Lecture, Tikrit University, College of Administration and Economics
dahham-2010@tu.edu.iq

Abdullah Mhaimeed Hawas
Assistant lecturer, Tikrit Universit, College of Administration and Economics
abdullah.m.2021@tu.edu.iq

Abstract: The study aimed to determine the extent to which the financial position assessment (profitability indicators, capital adequacy indicators) influenced the market value expressed as Tobin's q), In order To chieve this goal, research examined the method of analyzing the content of The annual financial statements will be website of Iraqi banks. The sample study consisted of (6) commercial banks and for the period 2012-2021, To collect preliminary data for the purpose of measuring the study's variables and dimensions, correlation and regression models were used in the statistical programmed (SPSS) to examine the relationship and impact between those variables and dimensions. The study found an impact of assessing the financial position of profitability indicators on market value (tobins q), Adequacy indicators showed that the results had no impact on market value. ، The study made several recommendations, the most important of which is that banks' efforts should be focused on maximizing and stimulating the wealth of owners and ensuring their continued investment to support the economic activity of the state. The study indicated that there was a need for legislation to support the banking sector. Because it is important to reduce the negative effects of banking crises and political and security unrest on banks' financial conditions, to support and develop these institutions on the one hand, and to guarantee the rights of their shareholders and clients on the other.

Keywords: Financial Position Assessment, Market Value, Iraqi Commercial Banks.

I. Introduction

The term commercial bank evaluation includes a description Regarding the management, business operations and financial condition of the bank. The evaluation report also highlights whether the bank is capable for pay off the debt or not ، It identifies its assets and liabilities, reveals capital adequacy, identifies credit trends, and evaluates risk management, All these factors are reflected in market value of the bank's valuation ,Therefore, this study focuses on linking the two variables "financial position and market value" by determining the effect of evaluating the financial position expressed by financial indicators on the market value expressed by (tobins q) ..This topic is important not only for banks and

ISSN 2576-5973 (online), Published by "Global Research Network LLC"
under Volume: 6 Issue: 7 in Jul-2023 https://globalresearchnetwork.us/index.php/ajebm

shareholders, but also for anyone interested in this activity .The banks in the research sample trade their shares in the financial markets, and supply and demand, in addition to internal and external factors, determine their market value .The purpose of analyzing the "indicators of financial position" through the published financial statements of these institutions is to obtain a general understanding of their economic and financial situation. Therefore, these indicators are important for evaluating public financial institutions and banks as models, and the stakeholders and shareholders who rely on the financial position are aware of the strength of the financial health and status levels of these institutions and help them make investment decisions.

II. the study Problem

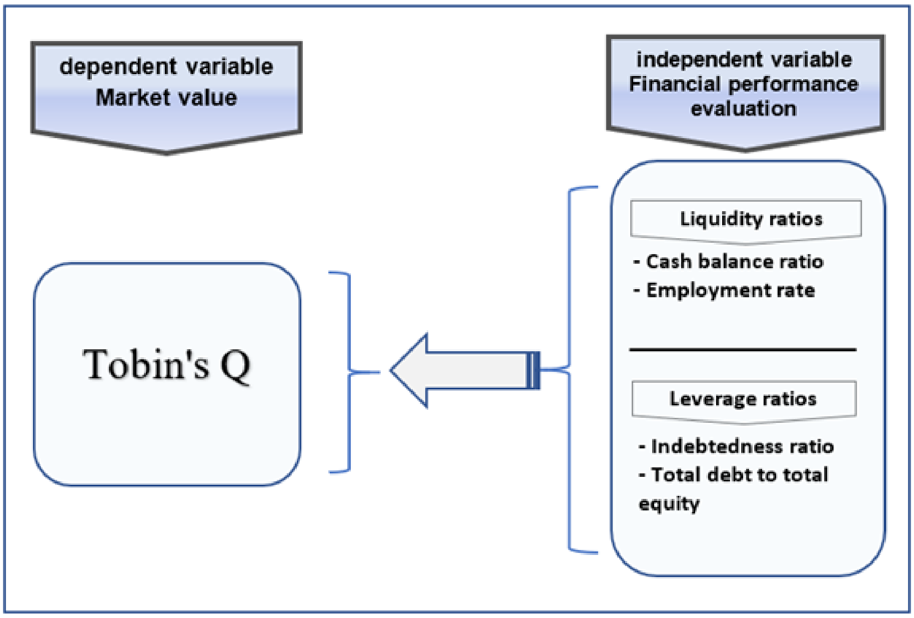
In light of the changes left by the financial and banking developments witnessed by the global banking environment during the emergence of globalization, and the changes in the structure of banking activities so far, and the possibility that the growth of the latter is greatly linked to facing risks. The subject of this study is concerned with the continuous rise and fall of the market value of banks, which negatively affected the value and financial position of these institutions among investors and professionals. This, in turn, will lead to the deterioration of the industry and the inability of banks to use their available resources to increase their market value. From the foregoing, the characteristics of the main question of the research appear, which can be formulated as follows: Is there an effect of the assessment of the financial condition on the market value of the banks in the sample ?

The main question is divided into the following sub-questions:

- Does the evaluation of the financial position represented by profitability ratios affect the market value?
- Does the assessment of the financial position represented by capital adequacy ratios affect the market value?

III. Study outline

The research outline presents a logical map of the cu2rrent research path and the directions the researcher will explore .It is an illustration of the topics under study and an analysis of the causal relationship between the independent variable represented by the evaluation of the financial position, and the dependent variable represented by the market value (Tobin's Q), as shown in the following figure:



ISSN 2576-5973 (online), Published by "Global Research Network LLC"
under Volume: 6 Issue: 7 in Jul-2023 https://globalresearchnetwork.us/index.php/ajebm

Figure (1): The hypothetical scheme of the study

IV. Study hypotheses

After reviewing the research questions, we suggest some hypotheses and test them in different ways and methods, whether they are correct or rejected. Therefore, we formulated the "following hypotheses":

1. The first main hypothesis: evaluating the financial condition by profitability affects the "market value" of the bank

The main hypothesis consists of the following partial hypothesis:

- The first partial hypothesis: There is an effect of the return on equity on the market value of banks.
- The second partial hypothesis: There is an effect of the net profit margin ratio on the market value of banks.

2. The second main hypothesis: There is an effect of assessing the financial position with capital adequacy ratios on the market value of the bank.

The second main hypothesis consists of the following partial hypothesis:

- The first partial hypothesis: There is an effect of the ratio of equity rights to loans on the market value of banks.
- The second partial hypothesis: There is an effect of the ratio of equity rights to deposits on the market value of banks.

V. Importance of studying

Importance of this study occur in the nature of the subject that we are studying, as it touches on an important topic that is an important nerve for any commercial bank in the world, which is to clarify the relationship between evaluating the financial position of banks and their market value. The most important points that can be concluded from the significance of this study are as follows:

- Statement of the means and methods available to manage the commercial bank in the process of managing and evaluating the financial position, as this is reflected in the market value of the commercial bank.
- Importance of this study stems from Importance of the banking industry sector as a subject of study and its direct impact on the local economy.
- The study relied on commercial banks as a variable that was studied in order to reach a clearer picture of the activities of these institutions.
- The importance of this research lies in the attempt to enrich the scientific and practical knowledge on which commercial banks depend.

VI. Objectives of the study

The current study aimed to focus on issues that lead to an increase in the market value of banks and the role of the financial position in this, and the most prominent of these objectives are:

1. Clarifying the impact and interdependence between the studied variables to benefit from the results and providing the necessary recommendations for developing and raising the level of the bank’s financial position in order to achieve an increase in its market value and thus achieve the desired goals.
2. Understanding the direct impact of financial position indicators on the bank's market value.

ISSN 2576-5973 (online), Published by “Global Research Network LLC"
under Volume: 6 Issue: 7 in Jul-2023 https://globalresearchnetwork.us/index.php/ajebm

3. Recognizing the importance of evaluating the financial position of the study sample banks and the industry as a whole.

4. Laying down a theoretical and practical basis for future research dealing with recent changes in the banking environment, and keeping pace with advanced banks.

VII. study population and sample

Given the effectiveness of the Iraq Stock Exchange as an active market and accurate and continuous financial disclosure, the current study population represents "commercial banks" found on the Iraqi Stock Exchange. As for the sample, (6) commercial banks were chosen randomly, namely (Al Khaleej Commercial Bank, Iraqi Investment Bank, Mansour Commercial Bank, Bank of Baghdad, Sumer Commercial Bank, and Mosul Bank), while it covered a period of (10) years from 2012-2021, The most recent data for these banks has been included.

The second chapter: the theoretical framework of the research

The first requirement: evaluation of the financial position

I. Concept of evaluation of the financial position

The process of assessing the financial position plays an important role in maintaining the strength and soundness for system of the bank, especially in view of growth of business and the expansion of the risks of banking institutions. There are a number of evaluation models that are used as early warning mechanisms and control tools to detect the strengths and weaknesses of the bank in order to warn before any symptoms that impede the activities of these institutions worsen. (Amari and Ibn Thabet, 2018, p. 400), and “financial ratios or indicators” are considered one of the best bases for entering into the process of evaluating the financial position of commercial banks, because their success depends to a large extent on the accuracy and relevance of these indicators and the ability to properly evaluate the financial position. (Bushnaq, 2011, p. 3).

II. Criteria for evaluating the financial position of banks

There are several criteria adopted to evaluate the financial position of the bank, namely:

1. The advantage of deliberation, ease and assimilation.

2. The effect of the market and its accounting nature.

3. The economic impact and the impact of the stock market

Summarizing the above, we found the criteria on the basis of which the financial position is evaluated, we found the following:

Accounting standards:

Standards with an accounting dimension are among the most widely used tools in the financial evaluation of the bank’s condition, as they have characteristics that allow them to effectively evaluate the bank’s performance, which facilitates their use as a means. To obtain a bank representative, one of the most important of these criteria is the ratios of the financial.

Economical standards:

One of the main ones is the economic added value: it represents the remaining income after deducting the cost of capital (including equity capital). When they retain some of their financial power within the

ISSN 2576-5973 (online), Published by “Global Research Network LLC”
under Volume: 6 Issue: 7 in Jul-2023 https://globalresearchnetwork.us/index.php/ajebm

company, they sacrifice the opportunity to invest their money in other uses by way of opportunity. (Amari and Ibn Thabet, 2018, pg. 406)

III. The concept of financial ratios

These ratios are defined as a mathematical relationship consisting of two numbers, one in the numerator and the other in the denominator, and the results obtained can only be used by comparison with the financial ratios of the same bank that have been evaluated over many years, or by comparing them with the current ratios To other banks of the same business sector. (Hussein A., 2020, p. 167), and another expresses the financial ratios as "the ratios that determine the relationship between two information and achieve the link between the various financial indicators and ratios to provide the economic unit and other beneficiaries with a clear and better understanding of the financial position of the unit under evaluation (Kazem, 2019 Indicators can also be used in management to analyze financial statements and determine the financial condition and profitability of the institution (Jadaini and Sahnoun, 2017, page 305) and that the selection of financial ratios must be commensurate with the needs of those in charge of the evaluation process: (Al-Dhahabi, 2017, page 32)

1. Not relying on a single indicator to evaluate the financial position, but rather augmenting it with other financial indicators to verify the value and contribute to a set of indicators in evaluating the financial position.
2. The "financial ratios" must give a logical meaning in their interpretation and application.
3. The importance of the correlation between the evaluation objective and the financial ratios used compared to any other number in the financial statements that is treated as an indicator in an indefinite way.
4. Using moving analysis to examine the trends of indicators over a period of time that is determined according to the nature and importance of the subject matter of the analysis, such as horizontal analysis, ratios, or financial ratios for a number of years
5. Financial measures by themselves are of little use unless they are linked to unified standards or measures. This means that the use of financial indicators as an indicator for evaluating the financial position depends on its ability to transmit certain scientific indicators. Ratios are categorized by: profit ratio, liquidity ratio, leverage ratio, activity ratio.

IV. Types of financial ratios

Financial ratios form the basis of financial information, and these different types of ratios give interpretations with different purposes because they play a major role in accounting, management, investment and evaluation decisions. It is used to measure the position and financial position of a business while investors use it to support decision making. (Ongoro, 2018).

- **Profitability ratios**

Profitability is one of tricky trends of an organization finds difficult to understand, measure, and analyze because there is no comprehensive method for determining when a bank is profitable. (Atrill, 2005, p. 69), profitability indicators are among the most important measures for the management of commercial banks. (Innocent & et al., 2013, p. 107), and among the most important indicators of profitability are the following:

- **Rate of return on equity, ROE**

This ratio is considered very important for the management of the bank because it measures the degree to which the bank seeks to achieve its most important goal, which is the return on the capital invested by the

ISSN 2576-5973 (online), Published by "Global Research Network LLC"
under Volume: 6 Issue: 7 in Jul-2023 https://globalresearchnetwork.us/index.php/ajebm

owners, which is a measure of maximizing their wealth, that is, the owners invest their money in the business, the amount of return obtained by the bank and the risk, and it shows the extent of the efficiency of using the bank trade for its resources. By showing the degree to which these resources are used and can generate profits, the higher the percentage, the higher the guaranteed profit "more return" and vice versa. (Fakhri & Qadir, 2016, p. 150), and it is measured using the following equation: (Petersen & Schoeman, 2008, p. 1)

Return on equity = (net profit after tax/equity)

- **Net Profit Margin Ratio, NBM**

This ratio indicates the bank's effectiveness in controlling costs. The higher the ratio, the more efficient the bank is in converting revenues into profit. It is an indicator to measure the enterprise's ability to withstand competition and achieve net profit from operating activities under adverse conditions such as fierce competition, high cost and low price. (ALi, 2019), and it is measured based on the following equation:

Net profit margin ratio = (net profit after tax / total revenue)

- **Capital adequacy ratios**

The primary function of capital is to protect and absorb losses as they occur. It is also considered a safety factor for depositors. There is no single ideal standard for capital adequacy, as the level of capital adequacy required varies from one bank to another according to the size of the bank and the nature of its business. (Mahsoul and Mosu, 2019, p. 125), Capital adequacy is a very important indicator to measure a bank's sustainability and this index is widely used among banks, as it provides a sense of security and comfort for depositors in banks as a guarantee for their deposits, and it also helps in the smooth operation of banks. (Qais, 2018), and its most important indicators:

- **Equity to loan ratio, ELR**

It reflects the bank's estimated capital adequacy ratio in facing losses resulting from non-obtaining of loans and interest by clients, and is considered a margin of safety for measuring the risks of uncollectible loans. Funds invested in loans (credit risks). (Salman, 2017), measured in the following equation:

Equity to loan ratio = (total Equity / total loans)

- **Equity to Deposits Ratio, EDR**

The ratio provides information about the performance of the bank to return the deposits it obtained through its own funds, and it also indicates the extent to which it relies on property rights as a source of funds. The higher this percentage, the greater the depositor's insurance. (Boulhiya and Boujmaa, 2016, p. 11), and it is measured in the following equation:

Equity to Deposits Ratio = (total Equity / total deposits)

The second requirement: the market value

The reason for naming the market capitalization is that the stock market determines it because it is the value of a share in the market that is generated by stock trading whether it is trending up or down under the influence of market conditions and under the influence of supply and demand and based on the current performance of the enterprise and its expectations of profit and loss, investors get the market value of their shares When sold in the secondary market or money markets, and greater or less than the par or book value. The market value constitutes an important part of the priorities for any production or

ISSN 2576-5973 (online), Published by "Global Research Network LLC"
under Volume: 6 Issue: 7 in Jul-2023 https://globalresearchnetwork.us/index.php/ajebm

service institution, and it is becoming increasingly important in the financial and banking sector due to the sensitivity of this activity. Therefore, this requires banks to focus their investment choices on creating opportunities and maximizing the value of equity. (Abed and Zomlot, 2019, p. 120)

I. The concept of market value

The market value is defined as the price that is traded in the stock market, which is determined by the state of the economy, future expectations, and the degree of availability of information to investors in the stock exchange, or the value of the balance of supply and demand in the market, that is, the value of shares agreed upon by the market, which may be greater than or less than the "book value", so when the share price rises above the book value, the bank gets a high dividend, and vice versa. (Al-Halabi, 2021) (Al-Aqili, 2021), and it is also known as the value of shares sold in the stock market or stock exchange, and they are sold at greater or less than the nominal or book value. (Abed, 2019, p. 227).

Thus, the market value is the price of the company's securities in the financial market (stock exchange), so that the price changes with the change of market conditions. (Bukhnaf and Hawalli, 2021, page 521) The market value changes from time to time, and in most cases the market value of the share increases whenever the company succeeds in terms of production and sales, and whenever the company succeeds in distributing good profits to shareholders compared to other companies, and it also increases whenever there are positive future indicators Regarding the company's progress and development, the market capitalization is one of the most important indicators of the stock market and is important by stakeholders.

II. Factors affecting the market value

The market value of the bank's stock is influenced by many factors as it is closely related to the variables and the surrounding economic conditions. Investors are very interested in the market value or the market price of the share because the share price determines the buying or selling process, and since the financial markets do not operate in isolation from the external environment, rather there is a mutual effect Among them, the most important of these factors are:

1. inflation
2. Supply and demand
3. Exchange rate
4. earnings per share for one
5. Economic conditions
6. interest rate
7. Disclosure and transparency
8. Dividend Distribution Policy
9. Capital Structure Installation

III. Market value measurement model

There are many methods and methods for the purpose of determining the value of the bank, and the methods and methods used in the evaluation vary greatly, and it is difficult to apply some methods in banks due to the different characteristics of the work of banks. Unlike other business organizations. In this study, we chose the (Tobin's Q) model as one of the modern measures that outperform the traditional measures that express the bank's performance and value to help investors make investment decisions.

ISSN 2576-5973 (online), Published by "Global Research Network LLC"
under Volume: 6 Issue: 7 in Jul-2023 https://globalresearchnetwork.us/index.php/ajebm

➢ ***Tobin's Q Model***

The ratio (tobins q) was named after the owner of the theory, and the scientist (Tobin) showed that the choice of the letter (Q) was random and has nothing to do with any meaning, and this model can be used in many fields such as (determining the value of banks, predicting future capital investments, measuring Future growth opportunities, and the (Tobins Q) model is used to measure "the market value" of the bank because of the advantages of the model that shows the current value and potential future profits of the bank, i.e. the value of the bank comes from the investor's point of view (Bassam, 2020), because this ratio reflects price changes, so if the bank is able to achieve a return on investment equal to the average cost of capital, the theoretical Tobin ratio must be equal to one (Nader, 2016) and the (Tobins Q) model is calculated according to the following equation:

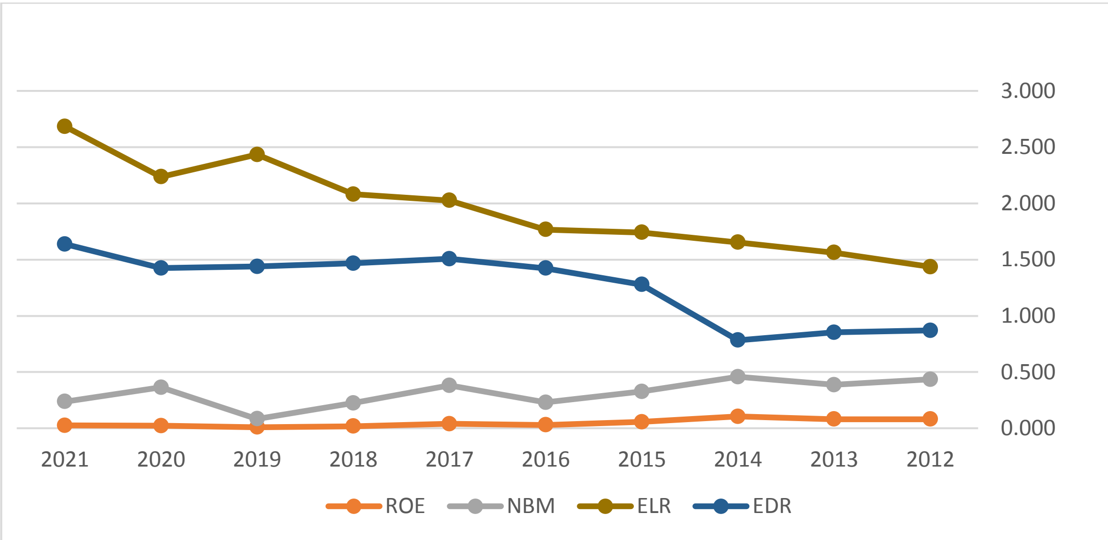
Tobin s Q = Market Value of Equity + Book Value of Assets – Book Value of Equity/ Book Value of Total Assets

Therefore, when the ratio (Tobin Q) is more than "one correct", this indicates a good position and high profitability, This leads to an increase in the value of the bank, That means the market value of the stock is higher than the value of the asset, which is also indicative of positive management performance and an indicator of investment opportunities. good investment. But if the value of "Tobin's Q" is less than "the value of one", this indicates that the value of the asset is higher than the market value of the share, which reduces the value of the bank, that is, the value of the bank is less than what it is. (Swaify, 2020)

The third chapter: the practical side of the study

I. Analyzing the results of evaluating the indicators of the financial position of the study sample banks

The following table (1) and figure (2) show the results of the overall financial position assessment indicators for the period (2012-2021) for the study sample:



Source: Prepared by the researcher based on the financial data of the Iraqi banks surveyed

Figure (2) Indicators for evaluating the financial position for the period from 2012-2021 for the study sample

ISSN 2576-5973 (online), Published by "Global Research Network LLC"
under Volume: 6 Issue: 7 in Jul-2023 https://globalresearchnetwork.us/index.php/ajebm

Table (1) Indicators for evaluating the financial position for the period 2012-2021 for the study sample

EDR	ELR	NBM	ROE	The ratio the year
0.87	1.43	0.436	0.081	**2012**
0.85	1.56	0.387	0.081	**2013**
0.78	1.65	0.459	0.105	**2014**
1.28	1.74	0.327	0.058	**2015**
1.42	1.77	0.230	0.029	**2016**
1.51	2.03	0.381	0.041	**2017**
1.47	2.08	0.224	0.018	**2018**
1.44	2.43	0.084	0.010	**2019**
1.42	2.24	0.364	0.023	**2020**
1.64	2.68	0.237	0.026	**2021**
1.304	**2.296**	**0.337**	**0.068**	**the average**

Source: Prepared by the researcher based on the total financial statements of the study sample banks for the period.(2021-2012)

- **Profitability indicators**

The results in Table (1) and Figure (2) show that the highest rate of return on equity achieved by banks in the study sample amounted to (0.105) in the year 2014, then it decreased to record the lowest rate (0.010) in the year 2019. Therefore, the bank was affected by the economic and security situation for the same period The bank did not achieve a satisfactory return on shareholders' equity, So the percentage was higher, the greater the bank's ability to achieve a net profit for each investment dinar with a certain amount of revenue.

As for the net profit margin ratio, the results showed that the highest observation of this ratio achieved by banks during the study period amounted to (0.459) in the year 2014, while the lowest observations on this ratio reached (0.084) during the study period in the year 2019 for banks to achieve fluctuating results. From this ratio, the reason for the low profitability of banks affected by the economic and security situation of that period.

- **Capital adequacy indicators**

The results of Table (1) and Figure (2) on the ratio of Equity to loan ratio show that during the study period, the highest noticeable value of the ratio reached (2.68) in the banks of the research sample for the year 2021, while it reached the lowest noticeable value. (1.43) for the year 2012, and the higher the ratio, the more the bank management will be provided with an indicator and a margin of safety for its ability to face the risks of non-payment of loans and their benefits (credit risks).

Regarding the ratio of equity to deposits as shown in table (1) and figure (2), reached the highest detectable value of the research sample banks during the study period (1.64) for the year 2021, while the lowest noticeable value for the ratio is (0.78) for the year 2014 It is noted in the results of this ratio that due to the increase in the value of bank deposits compared to the value of property rights, their value decreased during the years (2012-2014), while it began to rise.(2021-2015)

ISSN 2576-5973 (online), Published by "Global Research Network LLC"
under Volume: 6 Issue: 7 in Jul-2023 https://globalresearchnetwork.us/index.php/ajebm

II. Test the study hypotheses

The first hypothesis: the existence of a significant effect of evaluating the financial position with profitability ratios on the bank's market value.

This hypothesis is divided into two hypotheses, as follows:

- There is a significant effect of the return on equity index on the market value of the bank.
- The net profit margin ratio has a significant impact on the bank's market value.

Table (2) presents the simple regression model estimates of the regression of the dependent variables on the independent**.**

Table (2): Impact test for evaluating financial position indicators represented by profitability indicators

(Sig.)	(T) for all indicators	(Sig.)	(T)	Beta	(β)	R2	the independent variable
0.005	3.401	0.003	3.655	0.713	2.02	0.52	return on equity
		0.004	3.101	0.642	0.81	0.43	net profit margin

Source: The table prepared by the researcher based on the results of the statistical analysis (SPSS).

Referring to Table (2), we note the following:

- It is noted that there is an effect of the financial position evaluation indicators, represented by the return on equity index, On the "market value" represented by the Tobin's-Q index, as indicated by the fixed limit (T) amounting to (3.655), and with a significance level of (0.003), which is less than (5%). And the type of positive effect (extreme) of the return on equity index, On the "market value" represented by the Tobin's-Q index, in terms of the value of the beta regression coefficient (β) amounted to (2.02). It is also noted that the coefficient of determination (R2) for the return on equity had a value of (0.52). This means that the independent variable represented by (return on equity) explains approximately (52%) of change in the dependent variable represented by the market value (Tobin's Q), while the remainder of this percentage is subject to factors other than this indicator. The impact of the "ROE" on the market value of the banks of the research sample is large, and it follows from this to accept the first sub-hypothesis of the existence of an effect of the return on equity on the market value of the research sample. Banks, expressed as a Tobin Q ratio.
- It is noted that there is an effect of the financial position evaluation indicators represented by the net profit margin index On the "market value" represented by the Tobin's-Q index, as indicated by the fixed limit (T) amounting to (3.101), with a significance level of (0.004), which is less than (5%). And the type of effect is positive (extreme) of the net profit margin index on the market value (Tobin's Q), in terms of the value of the beta regression coefficient (β) which amounted to (0.81). This means that the independent variable represented by (net profit margin) explains approximately (43%) change in the dependent variable represented by the market value (Tobin's Q), while the rest of this percentage is subject to other factors other than this indicator. The researcher concludes that the second sub-hypothesis is acceptable because the net profit ratio has a significant impact on the market value of the banks of the research sample represented by the Tobin Q ratio**.**

ISSN 2576-5973 (online), Published by "Global Research Network LLC"
under Volume: 6 Issue: 7 in Jul-2023 https://globalresearchnetwork.us/index.php/ajebm

Based on the foregoing, the first main hypothesis is accepted, that is, the existence of a significant and statistically significant effect of evaluating the financial position represented by profitability rates on the market value of the bank.

The second hypothesis: There is effect Evaluation of the financial position through capital adequacy ratios on the market value of the bank.

This hypothesis is divided into two hypotheses, as follows:

- There is effect of the equity-to-loan ratio index on the market value of the bank**.**
- There is an effect of the ratio of equity rights to loans on the market value of banks.

Table (3) presents the simple regression model estimates of the regression of the dependent variables on the independent.

Table (3): Impact test for evaluating financial position indicators represented by capital adequacy indicators

(Sig.)	**(T) For all indicators**	**(Sig.)**	**(T)**	**Beta**	**(β)**	**R2**	**the independent variable**
0.112	3.512	0.138	1.601	0.408	0.013	0.06	Equity to credit
		0.696	-0.412	-0.113	-0.031	0.02	Equity to deposits

Source: The table prepared by the researcher based on the results of the statistical analysis (SPSS).

Referring to Table (3), we note the following:

- It is noted that there is no effect of the financial position evaluation indicators, represented by the ratio of equity to loans, On the "market value" represented by the Tobin's-Q, as indicated by the fact that the fixed limit (T) reached (1.601), and the level of significance (0.138), which is more than (5%). The value of the beta regression coefficient (β) amounted to (0.013). It is also noted that the coefficient of determination (R2) for the ratio of equity to loans amounted to a value of (0.06), meaning that the independent variable represented by (the ratio of equity to loans) explains approximately what ratio (6%) change in the dependent variable represented by the market value (Tobin's Q), while the rest of this percentage is subject to factors other than this indicator. From this, the researcher concluded that the first sub-hypothesis is rejected because the ratio of equity to loans does not have a significant impact on the market value of banks in the research sample, represented by the Tobin Q ratio.
- It is noted that there is an effect of the financial position evaluation indicators, represented by the ratio of Equity to deposits On the "market value" represented by the Tobin's-Q, as indicated by the fixed limit (T) amounting to (0.412), and at a level of significance (0.696), which is more than (5%). And the value of the beta regression coefficient (β) amounted to (0.031). It is also noted that the coefficient of determination (R2) for the ratio of Equity to deposits had a value of (0.02), meaning that the independent variable represented by (the ratio of ownership rights to deposits) roughly explains what ratio (2%) change in the dependent variable represented by the market value (Tobin's Q), while the rest of this percentage is subject to factors other than this indicator. From this, the researcher concluded that the second sub-hypothesis is rejected because the ratio of Equity to deposits does not have a significant impact on the market value of banks in the research sample, represented by the Tobin Q ratio.

ISSN 2576-5973 (online), Published by "Global Research Network LLC"
under Volume: 6 Issue: 7 in Jul-2023 https://globalresearchnetwork.us/index.php/ajebm

Based on the foregoing, **The second main hypothesis is "rejected",** that is, there is no significant and statistically significant impact of the assessment of the financial condition represented by the capital adequacy indices on the market value of the bank.

Conclusions:

1. The results of the analyses to evaluate the Financial position show That the Banks of the research sample achieved similar results in the net profit margin index during the study period. We conclude from them that the banks did not achieve a significant increase in this indicator, which means that they were unable to reduce the fees incurred on their activities to increase their level of profit during the period. the study.
2. The results of the analysis to evaluate the financial position show that the banks of the research sample have achieved positive results in terms of the ratios of Equity to loans, from which we conclude that the ability of the banks included in the study to face credit risks, which is an indicator of financial soundness, may seem that this ratio is high Some banks due to the low value of their loans compared to the value of equity.
3. The results of the analysis for evaluating "the financial position" of the sample banks in the study show that the ratio of their capital to deposits has achieved positive results, that is, it expresses the ability of banks to return deposits from the capital, and reflects the relative importance of each ownership right and deposits as a source of financing. This ratio represents a margin of safety depositor.
4. The results of the statistical analysis using the linear regression analysis method As for the indicators of the capital adequacy ratio, it shows that (the ratio of Equity to loans) and (the ratio of Equity to deposits) do not have a significant effect. As for the first ratio, the higher it is, the better it is a good indicator for the bank. As for the second ratio, the higher this ratio, the lower the market value of banks, and vice versa.

Recommendations:

In line with the conclusions of this study, the following recommendations and suggestions have been proposed:

1. The financial management of banks needs to pay more attention to analyzing and evaluating financial positions in order to understand the determinants of the value of shares in the stock exchange and to propose and make recommendations for decision-making that will improve and achieve their performance. its goals.
2. The bank should draw up a plan or develop a strategy to expand investment and improve competitiveness in order to maximize market value.
3. Banks must use available resources efficiently, delve into their financial metrics, diagnose weaknesses, and propose solutions that will help improve their operational efficiency and secure their position in the market.
4. Given the importance of the banking sector, there is a need for legislation to increase government support for these sectors, reduce the negative impact of crises and political and security unrest on the financial position of banks, and support and develop these institutions. In terms of protecting the rights and interests of shareholders and traders.

ISSN 2576-5973 (online), Published by "Global Research Network LLC"
under Volume: 6 Issue: 7 in Jul-2023 https://globalresearchnetwork.us/index.php/ajebm

5. There is a need for Iraqi commercial banks to disclose more financial indicators, which in turn can provide investors with a clear picture that helps them evaluate the status of banks operating in the Iraqi Stock Exchange and thus make investment decisions.
6. Evaluating the financial condition of a bank can be difficult because it involves evaluating many factors simultaneously. Therefore, an accurate assessment is crucial so that banks can improve themselves and make more profits in the future. Banking institutions often receive rating reports so that investors know how stable their bank is and whether they can trust it.

Source list

Arabic sources:

1. Al-Tayeb Boulahia, Omar Boujma. (2016) Evaluating the financial performance of Islamic banks - an applied study on a group of Islamic banks for the period 2009-2013, - North African Economics Journal, No. 41.
2. Al-Aqili Sabah Hassan Abdul Salman. (2017). Applying stress tests to achieve the objectives of the bank and its market value. Karbala University - College of Administration and Economics. Karbala, Iraq.
3. Zaher Subhi Bushnaq. (2011). Evaluating the financial performance of Islamic and conventional banks using financial indicators - a comparative study of public national banks in Palestine, "Master's Thesis". Palestine / Gaza: The Islamic University of Gaza - Accounting and Finance.
4. Hussein Jawad Kazem and Ahmed Abdul Karim Muhammad Al-Yassin. (September, 2020). Determinants of the market value of shares (an applied study of a sample of companies listed in the Iraq Stock Exchange). Journal of Economic Sciences, Volume: 15, Issue: 58.
5. Al-Subhi Nuri Mahmoud Ahmed & Muhammad Radi Abd Kazem. (2019). Evaluating the performance of banks using the return on investment index (University of Anbar). Al-Mamoun College Journal, Issue: 34.
6. Samia Jadini, and Jamal Al-Din Sahnoun. (2017). Evaluating and analyzing the financial performance of Islamic banks - a case study of the Jordan Islamic Bank for Finance and Investment, "Journal Research". Jordan: Journal of North African Economics, 8.(15)
7. Haider Younes Al-Musawi and Ayat Hussein Al-Khafaji. (March, 2020). Measuring the causal relationship of financial flexibility and banking risk. Management and Economics Journal, Volume: 9, Issue: 33.
8. Jude Al-Halabi. (2021). Factors affecting the market value of shares of Islamic banks listed on the Damascus Stock Exchange. Hama University Journal, Volume: 4, Issue: 2.
9. Jalila Aidan Al Thahabi. (2017). Integration between value chain analysis and the balanced scorecard to evaluate performance, Journal of Accounting and Financial Studies, Volume Twelve, Issue 41, Chapter Four.
10. Sabah Hassan Al-Akeli. (March, 2021). The relationship between market risk and profitability and its impact on the market value. Iraqi Journal of Economic Sciences, Issue: 68.
11. Saliha Ammari and Ali Bin Thabit. (2018). The financial evaluation of banks using the indicators of the American Banking Evaluation System - CAMEL, a case study of the Gulf Bank of Algeria -, Journal of Human Sciences of Oum El-Bouaghi University, Volume: 5, Number: 2.

ISSN 2576-5973 (online), Published by "Global Research Network LLC"
under Volume: 6 Issue: 7 in Jul-2023 https://globalresearchnetwork.us/index.php/ajebm

12. Samer Mohamed Fakhry, and Aso Bahauddin Qadir. (2016). The banking profitability index and the factors influencing it, a standard study in a sample of Iraqi commercial banks, "Research in a journal". Iraq: Kirkuk University Journal of Administrative and Economic Sciences, Volume 6, Number 2.
13. Ahmed Abdullah Bassam. (2020). Using the cost of capital as an input to change the company's market value and its financial performance. An analytical study of a sample of business companies listed in the Iraq Stock Exchange. Tikrit University, College of Administration and Economics, Tikrit Journal of Administrative and Economic Sciences, Volume: 16, Issue: 51. Salahuddin, Iraq.
14. Nihad Elias Nader (2016). The impact of administrative ownership on the market value of companies listed on the Damascus Stock Exchange. Tishreen University Journal for Research, Scientific Studies and Economic Sciences, Volume: 38, Issue: 2.
15. Noman Mahsoul, and Freer Musso. (2019). Evaluating the financial performance of commercial banks - a case study of the Arab Banking Corporation during the period 2013-2018, Namaa Journal of Economics and Trade, Volume 3, Issue 2.
16. Haider Abdullah Abd Al-Hussein Al-Swaify. (2020). Investment banking strategies and their impact on the market value through financial performance (PhD thesis). Karbala University - College of Administration and Economics. Karbala, Iraq.
17. Muhammad Nawaf Abed and Iyad Zomlot. (2019). The impact of liquidity and profitability indicators on the market performance indicators of banks listed on the Palestine Exchange, Journal of Economic, Management and Commercial Sciences, Volume: 12, Issue:01.
18. Muhammad Nawaf Abed. (2019). The Impact of Non-Financial Disclosure on Market Value Indicators An Applied Study on the Banking and Insurance Sectors in the Palestine Stock Exchange, Economics and Finance Journal, Volume: 05, Issue: 01.
19. Warda Boukhnaf, and Muhammad Hawally. (2021). The impact of income smoothing practices on the market value - a study of a sample of Saudi joint stock companies for the dairy sector for the period (2014-2017), Algerian Journal of Human Security, Volume: 06, Issue: 02**.**

English sources:

1. ALi, M. S. (2019, September 1). The Use of Dubont Modified Financial Model in Evaluating the Financial performance of Kuwaiti Banks. Journal of banking and financial Dynamics, Vol: 3_ ISSN:2576_6321, p. p:3.
2. Ongoro, M. O. (2018). The Use of Financial Ratios in detecting fraudulent financial Reporting(Master Thesis). Master Thesis_ Strathmore University. Kenya.
3. Innocent, E. C., & O. O. (2013). Financial Ratio Analysis as a Determinant of Profitability in Nigerian Pharmaceutical Industry , "Article". Canada: InternationalJournal of Business and Management; Vol. 8, No. 8.
4. Musa, S. H., & Z.-A. (2020). Managing Liquidity and Profitability in Islamic Banks in Iraq - Case Study of the National Islamic Bank for the period 2010-2017 , "Article". Iraq: University of Kufa.
5. Qais, H. B. (2018). Financial Performance of Commercial Banks in Afghanistan. International Journal of Economics and Financial ISSUES Vol:8, ISSU:1., p. 244.
6. Atrill, P. (2005). Financial management for decision makers , "book". Canada: Pearson Education , Sixth Edition.
7. Petersen, M., & Schoeman, I. (2008). Modeling of banking profit via return-on-assets and return-on equity , "Article". London, U.K: Proceedings of the World Congress on Engineering. Vol. 2.

ISSN 2576-5973 (online), Published by "Global Research Network LLC"
under Volume: 6 Issue: 7 in Jul-2023 https://globalresearchnetwork.us/index.php/ajebm