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The Role of Owned Capital and Deposits in Determining the Lending Policy of the Bank: An Applied Study on Jihan Bank for Investment and Islamic Finance

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Abstract: In general, the aim of this applied study on Jihan Bank for Investment and Islamic Finance for the period (2010-2022) is to shed light on the vital role of owned capital and deposits in shaping the bank's lending policy. The lending policy is considered one of the important policies adopted by the bank after analyzing its various internal and external components, including owned capital and deposits. These factors are essential for carrying out various lending and investment activities, and their increase can have a positive impact on the bank if invested and utilized properly and successfully, based on the study and analysis of experts and specialists, as well as financial and banking indicators, to ensure a sound lending process without exposing the bank to various risks. One of these indicators is the rates of return resulting from the utilization of these financial resources and their periodic role in achieving a successful lending policy. The study has reached an important conclusion, which is the low investment efficiency of the bank.

Introduction:

The lending policy is one of the policies adopted by banks after studying and analyzing influential factors. This is because the fundamental operation of any bank revolves around how it utilizes its acquired funds from various sources, with a significant portion coming from owned capital and deposits. Therefore, lending decisions primarily depend on these two factors, along with other important considerations (without diminishing their significance). Any increase in the proportion of granted loans can expose the bank to significant losses, potentially leading to bankruptcy. Hence, it is essential to carefully study and analyze these sources and clarify their roles in the bank's lending policy in a way that mitigates various risks (such as default risks or sudden withdrawals from depositors). To achieve this, the bank must actively manage and employ these sources, in addition to other funding sources, to ensure their effective utilization.

Firstly, the problem of the study: Owned capital and deposits are important and influential factors on the bank's economic policy. On one hand, these factors affect the bank's ability to provide loans and meet customer needs. On the other hand, they impact customer confidence and the bank's reputation in the local and international markets. However, we face a challenge due to the scarcity of studies related to the

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impact of these factors, which is a fundamental issue that should be focused on and studied in detail. The lack of sufficient research and analysis on owned capital and deposits and their impact on the bank's future hinders our understanding of the challenges the bank may face when implementing its economic policies.

Secondly, the importance of the study: The foundation of any bank's operations is the financial resources it possesses, which can be relied upon to conduct its activities, including granting loans, advances, and other investments. Our study emphasizes the following aspects:

A. The research focuses on a vital economic sector representing the Iraqi banking environment.

B. The research relies on important financial and banking variables, represented by deposits, owned capital, and the bank's lending policy.

Thirdly, the study's objective: The study aims to determine the bank's lending policy by studying and analyzing owned capital and deposits. This will be achieved through:

A. Studying and analyzing the indicators of adequacy and solidity of owned capital.

B. Studying and analyzing the return indicators related to the utilization of these factors and demonstrating their roles in the bank's lending policy.

Fourthly, the study's hypothesis: To achieve the study's objectives, a hypothesis has been formulated, which states that the bank's flexibility in shaping the lending policy increases with the increase in the total owned capital and deposits.

Chapter One: The Theoretical Framework

Firstly, the concept of owned capital:

Owned capital in financial institutions refers to the total value of ordinary shares combined with reserves that include profits generated in previous years and decided by the management to be retained. It is also defined as the total funds obtained by the bank or financial institutions from project owners since its establishment, including any subsequent additions or reductions that may occur over time.(Ad-Dawri and Hassan, 2008, p. 81)

The term "owned capital" for banks and other competitors is a specific term that primarily refers to the funds contributed or shared by the owners of the financial institution (Rose & Hudgin, 2008, p. 475).

Owned capital works to support the bank and solidify its financial position in the face of the risks it faces. It is worth noting that many economists and financial experts agree that owned capital represents the net assets of the bank, including original investments, gains, and profits. Some have defined it as the total value of ordinary shares combined with reserves considered as profits generated in previous years (Al-Shammari, 2009, p. 175).

On the other hand, another perspective defines owned capital as the sum of the amounts required to establish the company or bank, which the bank owners pay for the purpose of establishment, starting the operational process, purchasing buildings and other assets, paying salaries, and providing loans or buying shares until deposits are attracted or received (Al-Shammari and Ni'mah, 2016, p. 136).

Scandly:Functions of owned capital in the bank:

1.The central bank requires banks to maintain owned capital to reduce the likelihood of bank failures, which could have negative effects on the local economy and the broader economy. This measure aims to avoid widespread bank failures due to systemic risks that pose threats to financial stability, as witnessed

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during the Great Depression. To mitigate such outcomes, the central bank provides a financial safety net to protect insured depositors and the broader economy from bank failures.

2.Owned capital serves as a temporary buffer for the bank, safeguarding the financial safety net from losses and absorbing losses, providing a layer of protection before potential public intervention is needed.

3.Owned capital enables the institution to continue operating during expected periods of losses without facing bankruptcy. This ensures that initial loss risks are borne by the shareholders rather than the public safety net (i.e., the central bank). Consequently, owned capital requirements contribute to the soundness of the banking system but also have significant implications for taxpayers, the broader financial system, and the economy at large (P. Scott & Labonte, 2023, p. 6).

Thirdly: the concept of deposits:

Deposits are the lifeblood that supplies the bank with various investment funds and the primary source for its financial resources' growth. They are the most fertile ground in this field due to their economic and financial viability at the same time. Banks have excelled in recent years in using banking marketing strategies to attract and diversify deposits in various ways, given the intense competition between banks. Deposits can be defined as an agreement through which the depositor provides a financial amount to the bank by means of cash, check, or transfer. In return, the bank commits to refunding this amount to the depositor upon request or when the agreed-upon term or date arrives. The bank may also commit to paying interest on the deposit amount (Al-'Alaqq, 2001, p. 67).

There are several factors that influence the size and type of deposits at the bank level:

1. The public's mental image of the bank, as a positive image can attract more customers.
2. The variety of nominal and qualitative banking services offered by the bank, as a diverse range of services helps attract customers and increase their satisfaction.
3. The nature of the customers, as each sector of customers has its own needs, and the bank's efforts to meet these needs contribute to increasing the size and type of deposits.
4. The bank's policies and financial position, as a strong and sound financial position acts as a driving force for the public to deal with the bank in terms of the size and type of deposits.

As for the factors influencing the national level, they include:

1. Economic conditions, where deposits tend to increase during times of economic prosperity and vice versa.
2. The impact of government spending, as increased government spending leads to larger deposits due to the creation of market stimulation.
3. The level of financial awareness and banking literacy, as higher levels of awareness have a positive impact on the size and type of deposits.
4. Reserve and liquidity ratios, where higher ratios, which banks are required to deposit with the central bank, can reduce the size of new deposits at the bank(Al-Sayrfi, 2007, pp. 42-43).

Fourthly: loans:

1. Concept and importance: Loans are defined as money lent to individuals, professionals, and projects in either cash or kind, in exchange for the borrower's commitment to repay the principal, interest, commissions, and fees in one installment or in agreed-upon installments and against guarantees.

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The technological and economic advancements have given credit significant and evident importance. It has the capacity to provide the necessary funds and mobilize them for productive and consumptive activities, trade, and distribution, driving economic activity towards full employment. The importance of credit can be summarized as follows:

- Increasing production: Large industrial and agricultural projects, both existing and new, require continuous and substantial financial resources beyond their self-generated funds. Therefore, these projects resort to credit from banks or issuing bonds to the public. Specialized banks play a significant role in providing such financial resources.
- Boosting consumption: Consumer credit allows low-income individuals to acquire some consumer goods, creating obligations for them to repay the credit when their future incomes increase. Consumer credit helps stimulate demand for consumer goods and services, leading to increased market share, production, and support for the national economy.
- Distributing financial and credit resources across various economic activities: Credit plays an essential role in distributing available financial resources within the banking system among different sectors and activities, ensuring their efficient use by allocating them to various projects according to their needs. This approach achieves balanced economic growth, serving both credit and economic policies.

2. Facilitating exchanges and settlements: Credit is instrumental in facilitating exchanges between parties. While banknotes and coins represent debts to the issuer, checks represent debts to the bank on which they are drawn.
3. Utilizing idle resources: Idle funds can be temporarily utilized through short-term financing. Borrowers can benefit from using these resources for temporary activities that generate profitable income, while the borrower earns income for using those resources (Mohammed, 2021, p. 141).

The factors determining bank lending policy are as follows:

1- Bank Size: Bank size is usually measured by the total assets of the bank and is used as an indicator of the bank's lending capacity, as it reflects the economies of scale that the bank possesses. Several previous studies from African countries claim that bank size is among the factors that influence bank lending. For instance, Costant & Ngomsi (2012) used a sample of banks from six countries in Central Africa's monetary and economic community and found that bank size is the most important factor in determining the bank's inclination to grant loans.

Amidu (2014) also studied the determinants of bank lending in the context of African countries and concluded that bank size positively affects bank lending. Rabab'ah (2015), who investigated commercial bank lending in Jordan, found that larger banks tend to provide higher credit facilities to the public. Similarly, Tomak (2013) revealed that the largest commercial bank in Turkey tends to offer more commercial loans to the public. In general, empirical evidence from previous studies suggests that bank size can have a positive impact on commercial bank lending. In theory, larger banks have greater access and a larger pool of funds to lend to the public.

2- Non-Performing Loans: Non-performing loans refer to loans that are past due for more than 90 days and no longer accrue interest for the bank (Rose & Hudgins, 2013). According to some scientific studies, non-performing loans are one of the common factors that affect bank lending. Amidu (2014) suggests that a large portion of non-performing loans in the bank's public budget will hinder credit delivery and indirectly reduce the bank's lending capacity.

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In theory, high non-performing loans in the bank's loan portfolio will prompt the bank to allocate more loan loss provisions to mitigate potential losses and, thus, indirectly reduce the bank's lending capacity for commercial purposes.

3- Liquidity: Liquidity describes a bank's ability to convert its assets into cash with minimal losses (Mac Donald & Koch, 2006). Liquidity is used to determine the impact of the proportion of liquid assets held by the bank on commercial bank lending. Evidence from Asia shows that high liquidity held by the bank will negatively affect bank lending. For example, Sarath & Pham (2015) investigated determinants of commercial bank lending in Vietnam and found that high liquidity held by the bank negatively impacts bank lending.

In general, previous studies suggest that liquidity can negatively affect commercial bank lending. In theory, a high proportion of liquid assets held by the bank directly reduces the funds available for the bank to grant loans to the public.

4- Deposit Size: Customer deposits are crucial for bank lending as they provide most of the raw material for banks to grant loans and achieve profits (Rose & Hudgins, 2013). Commercial banks act as intermediaries by accepting deposits from depositors and using the funds to provide loans to deficit units in the financial market. Several studies in Asia have shown that deposit size does indeed affect bank lending.

Al-Kilani & Kaddumi (2015) suggest that banks in Jordan should attract more deposits from depositors because a large deposit size will provide more funds for banks to grant loans and advances to the public. Similarly, Imran & Nishat (2013) investigated determinants of bank credit in Pakistan and assume that real GDP growth can accelerate manufacturing sectors as well as total wages of individuals, which will stimulate local deposits. As a result, it will improve bank liquidity and facilitate increased bank lending to meet investment needs.

5- Macroeconomic Variables: Macroeconomic determinants refer to those variables that are not under the control of bank management but reflect the monetary, economic, and legal compliance of the country that affects the lending activities of banking institutions (Amidu, 2014). In general, gross domestic product (GDP) and lending rates are the most common determinants used in previous studies to examine bank lending.

Amidu (2014) conducted research on the long-term lending behavior of 35 commercial banks in Central Africa and discovered that GDP has a significant and positive relationship with bank lending. Several other studies in Asia also found that GDP has a positive impact on bank lending. In summary, empirical evidence from previous studies indicates that GDP can have a positive effect on bank lending. In theory, GDP's high growth rate will indirectly influence a bank's preference to grant long-term commercial loans.

Second Chapter - Practical Aspect:

Firstly: Study Sample and Duration: The study sample represents Jihaan Bank for Investment and Islamic Financing, which was established in February 2008 according to the Iraqi Companies Law No. 21-1997 and its amendments for the year 2004. The bank officially opened on April 1, 2009, at its headquarters in Erbil. Jihaan Bank is a full-fledged Islamic bank listed on the regular market of the Iraq Stock Exchange (ISX) since 2017, under the abbreviated name (BCIH) and the company's code in the International Agency ISIN (IQ000A2DN949). The bank complies with the disclosure standards of the Iraqi Securities Commission (ISC) and the Iraq Stock Exchange. Jihaan Bank offers a wide range of Islamic banking products and services, striving to provide the most accurate and unique banking services, developed according to the principles of Islamic Sharia for its clients, including government institutions, companies,

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and individuals in the new Iraq, including provinces in the Kurdistan Region.The study period covered (2010-2022).

Secondly: Financial Methods Used in Measurement and Analysis:

Capital Adequacy and Soundness Ratios:

A. Capital-to-Deposits Ratio = (Owned Capital) / (Total Deposits)

B. Capital-to-Risky Assets Ratio = (Owned Capital) / (Risky Assets)

C. Capital-to-Total Assets Ratio = (Owned Capital) / (Total Assets)

Return Indicators:

A. Return on Equity Ratio = (Taxes and Interest after Net Profits) / (Equity)

B. Return on Deposits Ratio = (Taxes and Interest after Net Profits) / (Deposits)

C. Return on Available Funds Ratio = (Taxes and Interest after Net Profits) / (Deposits + Equity)

(Note: The sources for the above financial methods and indicators are cited as Al-Janabi and Abd (2022), pages 219-220.)

Thirdly, the results of the financial ratio analysis and comments:

A. Capital-to-Deposits Ratio: This ratio measures the bank's ability to meet the depositors' demands from its owned capital when needed, as shown in Table (1).

From this table, we observe a decline in the bank's ability to meet its depositors' demands from its owned capital since 2015. There is a clear downward trend, and currently, the average ratio stands at approximately 2%, which is considered acceptable.

Table(1) The ratio of owned capital to deposits.

The years	The ratio of equity capital to total deposits
2010	2.753
2011	5.172
2012	3.192
2013	3.670
2014	3.421
2015	3.776
2016	0.115
2017	0.520
2018	0.912
2019	0.961
2020	0.730
2021	0.604
2022	0.617
The average is 2.034.	

Source: Compiled by the researcher based on the annual reports of Jihan Bank for the years (2010-2022).

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B- Capital to Assets Ratio: This ratio measures the bank's ability to use its own capital to finance its total assets. An increase in this ratio means better protection for depositors, but it can also lead to a decrease in the return on equity, which can harm shareholders.

Table (2) Capital to Total Assets Ratio:

The years	Capital to Total Assets Ratio:
2010	1
2011	1
2012	0.223
2013	0.280
2014	0.352
2015	0.428
2016	0.468
2017	0.520
2018	0.454
2019	0.460
2020	0.391
2021	0.227
2022	0.230
The average is 0.464.	

Source: Compiled by the researcher based on the annual reports of Jihan Bank for the years (2010-2022).

Stability in 2020 and 2011: Table (2) shows a stability in the Equity to Total Assets Ratio with values close to 1 in the years 2020 and 2011. This indicates that the bank's equity was nearly equal to its total assets during those years, suggesting a sound financial position.

Decreasing Trend: From 2012 to 2016, there was a noticeable downward trend in the Equity to Total Assets Ratio. This decline indicates that the bank's equity decreased compared to its total assets during those years. A decrease in this ratio may raise concerns about the bank's financial health and its ability to cover its debts using its own capital.

Recovery in 2017: However, in 2017, there was a significant improvement as the Equity to Total Assets Ratio increased to 0.520. This indicates an improvement in the bank's financial position. This improvement could be due to increased profitability or a reduction in debt burden.

Fluctuations: Subsequently, from 2018 to 2020, the Equity to Total Assets Ratio fluctuated, indicating some variations in the bank's financial performance during those years.

Significant Decline in 2021: In 2021, the Equity to Total Assets Ratio witnessed a substantial decline to 0.227. This low value might be a cause for concern, suggesting that the bank's equity was much lower compared to its total assets. It could imply higher debts or losses during that year.

Recovery in 2022: In 2022, there seems to be a slight improvement with the Equity to Total Assets Ratio rising to 0.230. However, further context is needed to determine whether this recovery is sustainable or just a temporary fluctuation.

Overall Average: The average Equity to Total Assets Ratio calculated over the entire period is 0.464. This value could serve as a benchmark for evaluating the bank's financial health over the years. However, it is

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essential to interpret this average in conjunction with the observed trends and fluctuations in individual years.

J - Capital to Total Risky Assets Ratio:

This ratio measures the bank's ability to use its own capital to face the risks associated with recovering a portion of the invested funds in risky assets. Risky assets include all assets except risk-free or guaranteed ones, such as government bonds, cash held at the central bank, and cash in the vault. Therefore, this ratio is considered one of the important financial indicators that reflect the effective utilization and management of financial resources in facing potential losses from these risky assets, including loans provided to customers.

Table (3) Capital to Total Assets Ratio

The years	Capital to Total Assets Ratio
2010	2.670
2011	2.175
2012	0.309
2013	0.410
2014	0.462
2015	0.589
2016	0.785
2017	0.881
2018	0.831
2019	0.737
2020	0.878
2021	0.361
2022	0.403
The average is 0.884.	2.670

Source: Compiled by the researcher based on the annual reports of Jihan Bank for the years (2010-2022).

High Ratios in 2010 and 2011: The relatively high ratio indicates that the bank's equity significantly exceeds its risky assets. A higher ratio here suggests that the bank has a relatively strong financial position and can cover its risky assets with its equity.

Sharp Decline in 2012: From 2012 onwards, there was a sharp decline in the equity to risky assets ratio. This decline is crucial and raises concerns about the financial stability of the bank, especially if the risky assets increase while equity does not keep pace.

Gradual Recovery: Starting from 2013, there is a gradual recovery in the equity to risky assets ratio. The ratio increases over time, indicating that the bank's equity is growing and becoming more capable of covering its risky assets.

Fluctuations: Over the years, there have been fluctuations in the equity to risky assets ratio. These fluctuations may be due to changes in the composition of risky assets or changes in the bank's capital structure.

Low Ratio in 2021: In 2021, the equity to risky assets ratio decreases to (0.361), which is significantly lower than previous years. Such a low ratio may indicate increased exposure to risky assets compared to the bank's equity, potentially leading to financial weakness.

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Moderate Increase in 2022: While the ratio shows a slight improvement in 2022 (0.403), it is still lower than the levels seen in previous years. This suggests that the bank's equity may still face challenges in keeping up with the growth of its assets or risks.

Average Ratio: The average equity to risky assets ratio over the entire period is calculated to be (0.884). This average can serve as a benchmark for evaluating the bank's ability to manage its risky assets through its equity over the studied time period

2. Return on Equity (ROE) Ratios: A- Return on Equity (ROE) Ratio: This ratio measures the return earned by shareholders on their invested capital in the bank. If the value of this ratio is high, it indicates the efficiency of investment and operational decisions in the bank, where loans are a significant component.

Table (4) Return on Equity (ROE) Ratio

The years	Capital to Total Assets Ratio
2010	0.032
2011	0.063
2012	0.152
2013	0.107
2014	0.070
2015	0.057
2016	0.065
2017	0.051
2018	0.014
2019	0.002
2020	0.011
2021	0.029
2022	0.003
The average is 0.050.	

Source: Compiled by the researcher based on the annual reports of Jihan Bank for the years (2010-2022).

The table above (Table 4) illustrates the annual return on equity for the years from 2010 to 2022. It can be observed that the trend in the return on equity has been fluctuating over the years, with values ranging from 0.152 in 2012 to less than 0.002 in 2019. This volatility may be influenced by various factors such as economic conditions, business performance, and market fluctuations.

Stability in recent years: In the few years from 2018 to 2022, the return on equity remained generally low, with values close to zero. This indicates that the bank's profitability or overall performance may have been affected during this period.

Data for the year 2022: There is a sharp decline in the return on equity to 0.003 in 2022, indicating a significant and substantial decrease in the direction of the return concerning equity.

As for the average return on equity over the entire period (2010 - 2022), it is 0.05, which is a very low ratio. This suggests a long-term decline in the efficiency of operational and investment decisions in the bank since its establishment.

B - Deposit Yield Rate: This indicator is used to measure the bank's success in generating profits from the deposits it has acquired and invested in various areas, including bank loans. Considering the deposits and their stability, they have a significant impact on the bank's lending policy, directing it in the right direction

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without exposing the bank to losses that may be difficult to cope with. Consequently, the bank may lose the trust of depositors and shareholders.

Table (5) Deposit Yield Rate

The years	Deposit Yield Rate
2010	8.939
2011	33.034
2012	48.538
2013	39.271
2014	24.214
2015	21.766
2016	0.756
2017	2.687
2018	1.314
2019	0.166
2020	0.875
2021	1.774
2022	0.192
The average is 14.118**.**	

Source: Compiled by the researcher based on the annual reports of Jihan Bank for the years (2010-2022).

We observe significant fluctuations in the deposit yield rate throughout the study period, ranging from 48.538% in 2012 to 0.166% in 2019. These wide variations in yields could be influenced by changes in interest rates, economic conditions, and monetary policies in the country.

There were high yields during the period of 2011 and 2012, reaching 33.034% and 48.538%, respectively. These high rates may have been influenced by favorable macroeconomic factors, leading to attractive deposit interest rates during those periods. However, there was a sharp decline in 2016, reaching 0.756%, and the decline continued in the recent years from 2017 to 2022, with deposit yields remaining generally low at values below 2%. This suggests that depositors may have received lower returns during this period compared to previous years.

The average deposit yield rate for the entire period from 2010 to 2022 is 14.118%. This average represents the total returns received by depositors during this time frame. The fluctuations in the deposit yield rate highlight the impact of economic conditions, interest rates, and market dynamics on deposit returns. This makes it essential for individuals and investors to monitor the economic environment when making decisions related to deposits. Additionally, diversifying investments is important. While deposits provide safety and liquidity, these yields may prompt the bank to consider diversifying its investment portfolio to achieve higher returns through other investment options.

j. Return on Available Funds:

This indicator measures the bank's efficiency in generating profits from the funds available to it, which include equity and deposits. An increase in this rate indicates the bank's ability to achieve returns from utilizing the funds in profitable assets, including loans.

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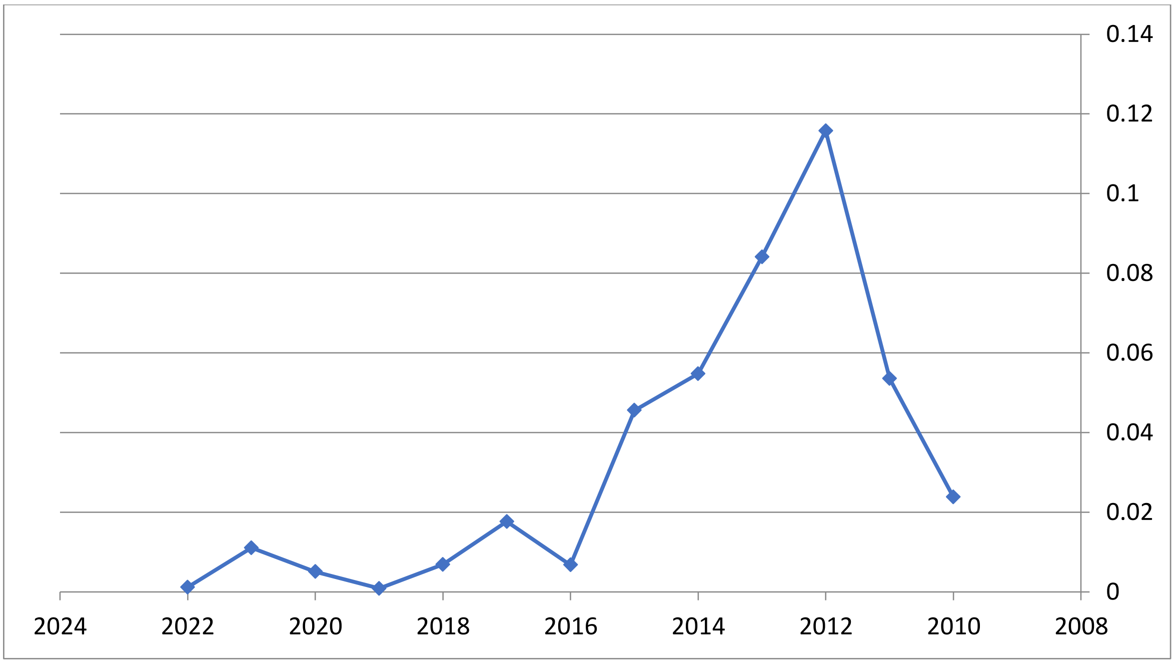
Table (6) Return on Available Funds

The years	Return on Available Funds
2010	0.023
2011	0.053
2012	0.115
2013	0.084
2014	0.054
2015	0.045
2016	0.006
2017	0.017
2018	0.0068
2019	0.001
2020	0.005
2021	0.011
2022	0.001
The average is 0.032	

Source: Compiled by the researcher based on the annual reports of Jihan Bank for the years (2010-2022).

We observe from Table (6) above fluctuations in the return rates over the years, with some years showing higher returns and others lower. The highest return rate was recorded in 2012, reaching 0.115, indicating the possibility of a profitable year for investments. On the other hand, the lowest return rate was in 2019, at only 0.001, suggesting minimal growth or even losses in the bank's investments.

The average return rate over the entire period (2010 to 2022) is 0.032, which can be considered a general indicator of overall investment performance. This is a low level, reflecting the decline in economic activity in the region, which constitutes the core center of the bank's operations.



"**Figure (1) Return on Available Funds**

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Section Three: Conclusions and Recommendations:

Firstly, Conclusions:

Studies have indicated that several factors can influence the lending policy of the bank, including internal factors such as the bank's size and capital, and external factors such as overall economic conditions, economic growth, and monetary policies of the country.

The study found that the capital-to-deposit ratio was moderate during the study period, indicating that the bank possesses sufficient capital to face financial risks. On the other hand, the capital-to-total assets ratio showed improvement in recent years.

Regarding the equity-to-risk assets ratio, it experienced a decline throughout the study period, but it showed a moderate increase in 2022. However, it still remained lower compared to previous years, indicating that the bank's equity may face challenges in keeping up with the growth of its assets or risks.

The average return on equity over the entire period (2010-2022) was 0.05, which is significantly low, indicating a decline in the efficiency of operational and investment decisions in the bank over an extended period since its establishment.

As for the average return on deposits over the entire period (2010-2022), it was 14.118%, reflecting the total returns received by depositors during this timeframe. Fluctuations in the return on deposits are influenced by economic factors such as interest rates, market dynamics, and overall economic conditions. The average return on available funds over the same period was 0.032, indicating a general indicator of investment performance. This low level is attributed to the economic downturn in the region, which represents the bank's core activity.

Secondly, Recommendations:

It is essential to diversify investments and loans offered by the bank actively. Failure to do so may lead to a loss of market reputation both locally and internationally, as well as the trust of depositors.

Expanding the bank's equity base is necessary to enhance its banking reputation, credit standing, and ability to keep up with global developments in the banking sector and the level of services provided by the bank.

Implementing studies and analyses based on financial and banking metrics is vital to assess the efficiency and performance of banking operations concerning fund utilization and returns, ensuring the safety of depositors' funds and increasing shareholders' confidence.

Activating the bank's management information system in light of continuous and rapid changes in the domestic and international environments should be prioritized. This can be achieved by providing intensive and continuous training programs on essential information and supplying it to decision-makers and investment and lending authorities within the bank.

Paying significant attention to both factors (capital and deposits) as they form the foundation of the bank's operations, without neglecting the importance of other influential factors on the bank's lending policy.

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