Measuring the performance of Islamic banks in the Kingdom of Saudi Arabia, using financial and profitability analysis indicators

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Summary: This study aims to compare the performance of Islamic banks in the Kingdom of Saudi Arabia through financial analysis indicators. Five indicators were tested: net income from financing and investments, net commission income, operating and administrative expenses, provisions for financing losses, net income. During the study period, these banks were tested by profitability indicators and according to the four indicators, these banks varied in the results of this index.

The study demonstrated the importance of evaluating the performance of Islamic banks in the Kingdom of Saudi Arabia, and that this evaluation gives a good opportunity for bank management to focus on strengths and avoid weaknesses in a competitive environment in which Islamic banks compete to provide the best performance.

Keywords: Islamic banks, financial analysis ratios, profitability ratios, performance evaluation.

Jel Classification Codes : G20, G21 ,G23.

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I-Introduction:

The Islamic banking sector is dominated by the intensity of competition that differs from one country to another. The spread of Islamic banking has increased all over the world, and the consequent necessity to diversify the Islamic financial instruments, to achieve better competitive advantages. In light of the increasing number of Islamic banks in various parts, these banks have sought to achieve the best use of their financial assets in an effective manner, and then enhance their advantages and competitiveness. The Islamic banking transactions in the Kingdom of Saudi Arabia are witnessing a great development despite the relatively modernity of the Islamic banking market. The demand for Islamic banking products is increasing due to their attraction of certain categories of depositors and investors, and to meet the desires of these customers. Which represents an additional challenge for these banks and work constantly to compete on the one hand and try to reach customer satisfaction on the other hand, as it enables them to maintain their continuity and survival, strengthen their financial position, increase their ownership rights and enhance their financial solvency and liquidity, which leads to raising their ability to face the risks and obligations they face.

The evaluation of the performance of Islamic banks is one of the important indicators that prove their right to double competition from each other under Islamic banking and with other traditional banks, which requires the bank to employ the money of depositors in a manner that achieves the best returns, and then it is one of the most important ways to reach an achievement.

Sustainable profitability, as well as achieving all the goals of those banks.

1/1: Problem of study:

Islamic banking in the Kingdom of Saudi Arabia faces many challenges related to its ability to enhance and achieve competitiveness, in addition to cooperating with its surroundings with all its components, and this is because the bank is an element of it, but this competition will be eligible to increase in the future, which makes it necessary for these banks to evaluate their performance from From time to time, because these banks operate within a large banking market in which everyone competes (Islamic and traditional banks). Based on that, the problem of the study is related to the question about the extent of the contribution of financial analysis tools and indicators of profitability ratios in evaluating the performance of Islamic banks in the Kingdom of Saudi Arabia and analyzing this performance?.

1/2: The importance of studying:

The importance of this study stems from the importance of evaluating the performance of Islamic banks in order to reach a competitive strategy based on the search for excellence to achieve the best performance of Islamic banking in the Kingdom of Saudi Arabia.

1/3: Literature Review and what the current study adds in this field: -

- Rozzani and Abdul Rahman (2013) explored the field of bank performance using the CAMELS classification, as its main objective was to examine the performance of both Islamic and conventional banks currently operating in Malaysia. Applying to 19 conventional banks and 16 Islamic banks to be samples of the study, as the financial data for the end of the year from 2008 to 2011 were collected from the annual reports of these banks. Through the analysis, the study found that the performance levels for both conventional and Islamic banks in Malaysia were largely similar, and by presenting the potential interaction between Islamic and conventional banks in the Malaysian banking system, and this study provides a financial analysis of interest to stakeholders to make better investment decisions. And to help traditional and Islamic banks to define and re-evaluate their performance based on the performance measurement used in the study.

- According to the study (Fayed, Mona, 2013), which tried to analyze and compare the performance of Islamic banks and traditional banks in Egypt through cash flows in order to conduct a suitable comparative analysis, the period from 2008 to 2010, a relatively short period, and the financial ratios were estimated from annual reports and data Financial, and seven financial ratios were used to measure profitability, liquidity and credit risk; A model known as "Bank-o-meter" was used to measure solvency. From her study, she concluded the superiority of conventional banks over Islamic banks in indicators of profitability, liquidity, credit risk management and solvency.
- The study (Musa, Durana, and Natorin, 2020) compared the financial efficiency of conventional and Islamic banks in Europe. By comparing the selected financial indicators of conventional and Islamic banks in Europe. Then the study, in its other side, analyzed the economic efficiency of conventional and Islamic banks. The results of the research indicated the high financial efficiency of Islamic banks and attributed their interpretation to the fact that Islamic banking services contribute and have a wide impact on the financial stability of these banks.
- In the study (Siraj, KK; Pillai, P Sudarsanan, 2012.), it reviewed and compared the performance of conventional banks and Islamic banks operating in the Gulf Cooperation Council countries during the period 2005-2010, the study examines the existence of similarities in the growth of the selected performance indicators for conventional banks and Islamic banks in the GCC region. The study selected six Islamic banks and six conventional banks. A comparative study is conducted based on performance indicators such as return on assets, return on equity, operating expenses, profits, assets, operating income, deposits and total equity. The conclusions based on the analysis showed better performance of Islamic banks during the study period.

- The study (2015,, and Omar Tarique,; Rafikul.), Which used the scale based on the legal objectives to measure the performance of Islamic banks, indicated that it benefited from Imam Al-Ghazali's theory of the purposes of Sharia, where there are disagreements about that Islamic banks were moving towards the traditional banking system. Efforts were made to reverse the trend and align Islamic banking with its legitimate goals. Have the current conventional standards failed to measure the impact of the harmonization process on the performance of Islamic banks? Thus clarifying the sensitivity to market risk in measuring Sharia’s performance.
- While the study (MOHAMED, 2019) examined the performance of Islamic banks and commercial banks during and after the 2008 financial crisis, using the CAMEL classification model. It found that Islamic banks showed better performance during the financial crisis of 2008 in terms of capital adequacy, quality of management in addition to the sensitivity to market risks, but their performance is weak in the liquidity and asset quality components.

Based on previous studies, and in the field of adding to the previous efforts, and the desire to narrow the gap between what has been achieved and what must be achieved in this field, it is possible to present the main differences between the current study and the previous studies, which clarifies the most important areas of potential contribution of the current study in the following:-

A- The current study focuses on measuring and evaluating the performance of Islamic banks using the combined analysis method. On the one hand, it uses the well-known financial analysis tools and identifies the indicators for that analysis, and on the other hand it evaluates the performance of Islamic banks in the Kingdom of Saudi Arabia through profitability indicators and thus avoids as much as possible The study also uses descriptive analysis method, which is supported by many statistical indicators.

B- The previous studies deal with most of them evaluation through financial analysis or profitability indicator, while this study deals with methods of financial analysis and profitability together.

C- The study is limited to evaluating the performance of Islamic banks in the Kingdom of Saudi Arabia only, as there is an urgent need to evaluate the performance of those banks after they acquired a large share in the banking market, and therefore it is necessary to know and stand on their performance, especially after they have achieved clear successes in the banking market.

D- This study is concerned with the current financial analysis during the year 2019, while this study tries to determine the profitability of these banks through their four indicators in a specific and relatively large period (2010-2019).

1/4: Study hypothesis:

The following hypothesis will be tested: The use of financial analysis tools and profitability indicators in Islamic banks enables the bank's top management to evaluate their performance and take appropriate decisions towards the relevant authorities.

1/5: Scope and limits of the study:

The study relates to two dimensions of performance evaluation: The first dimension is concerned with evaluating performance through financial analysis to calculate the results of the financial operations of Islamic banks in the Kingdom of Saudi Arabia for the year 2019. The other dimension in evaluation through the profitability results of the Islamic banks in the Kingdom of Saudi Arabia during the ten years from 2010 until 2019.

The evaluation and performance analysis is done by applying to the Islamic banks in the Kingdom of Saudi Arabia, namely: Al-Rajhi Bank, Al-Inma Bank, Al-Jazira Bank, and Al-Bilad Bank.

1/6: Research Methodology :

The study uses the descriptive analysis method, and the data analysis method supported by many statistical indicators, as required by the nature of the analysis to evaluate the performance of Islamic banks in the Kingdom of Saudi Arabia, thus moving away as much as possible from the general in determining these indicators.

2- Evaluating the performance through the financial analysis of Islamic banks in the Kingdom of Saudi Arabia

The financial analysis of the banks aims at a detailed analytical study of all the data of the financial statements of the banks, through which it becomes clear through their numbers the evidence through which they can help in evaluating the performance of those banks, and help to give a real picture from which the banking decision-maker can benefit, so that he can contribute to a greater achievement Possible returns.

Financial analysis is defined as the process of diagnosing the current and past financial situation of the economic unit with the intention of giving indications of its future status. (Cup Benton E., ,1983), It is also known as studying the numbers contained in the financial statements using quantitative and numerical 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 beneficiaries in making administrative decisions.**(**Muhammad, Munir.etc,2000:12).

Thus, we can evaluate the efficiency of the bank's financial performance through financial analysis of the financial statements to determine the extent of the bank's achievement of appropriate performance and then achieving its objectives. It can be based on many financial tools or ratios that can contribute to the process of financial analysis In line with Islamic banking.

The ratios were chosen by evaluating the performance of these banks' work and having a direct impact on determining the returns on the banking operations carried out by these banks, as shown in Table No. (1).

-Analyzing banking performance by analyzing the results calculation for Islamic banks in the Kingdom of Saudi Arabia: Analysis of net bank output

A /1 - Net income from financing and investments / total : operating income It is noticed that all Islamic banks in the Kingdom of Saudi Arabia depend on financial intermediation activities as a main source of income despite the variation in ratios, as the percentage for Al-Rajhi Bank rises 84% and the extent of its dependence on the returns from financing activities in various Islamic financing formats (murabaha, mudarabah, participation, trading ... .), Followed by Al-Inma Bank, Al-Bilad, and Al-Jazira in the latter, at rates of 78%, 68%, and
65.3% with lower rates of dependence on the aforementioned financing formulas.

A / 2- (Net commission income / total income from banking operations) :

It is evident from the previous tables that Al-Jazira Bank is ahead of the rest of the other banks by 26%, followed by Al-Inma Bank by 21.6%, Al-Rajhi Bank by 15.6%, and finally Bank Al-Bilad by 8%, and therefore the dependence of Al-Jazira Bank to provide services in exchange for a guaranteed commission instead of credit On financial intermediation operations whose income depends on the profits that come from supporting the work in Islamic financing formulas and the consequent risks such as non-payment, and therefore Bank Al-Jazira has an advantage in diversifying its sources of income compared to other banks.

-Analysis of operational and administrative expenses

A / 3 Operating and Administrative Expenses / Total income from banking operations Al-Bilad Bank occupies first place with an operational rate of 13%, followed by Al-Rajhi Bank by 32.7%, Al-Inma Bank by 37%, and finally Bank Al-Bilad by 39.7%.

-Risk cost analysis

A / 4 Provisions for financing losses / total income from banking operations Al-Rajhi Bank is distinguished by choosing projects that have a great ability to repay its debts and is distinguished by the diversity in the uses of its money from the rest of the banks at a rate of 9%, and therefore when it carries out from Al-Rajhi Bank financial intermediation operations represented in collecting resources and using them in Islamic financing formulas, these operations generate it Income, but there is a risk of non-payment of 9% of the income derived from these operations, which are unpaid debts that cost the bank this percentage.

Al-Inma Bank comes second with 12.5%, Al-Bilad Bank 13%, and finally Al-Jazira Bank with approximately 13.1%.

-Profit analysis of banking operations

A / 5 Exploitation output / total income from banking operations Al-Rajhi Bank was able to save 58% of the total income of shareholders in its capital, and thus it has a competitive advantage that makes it control its operating costs, while Al-Jazira Bank comes in second place with 55%, followed by Alinma Bank by 50% and finally Bank Albilad with 35%.

Final result of the financial analysis of the Islamic banks under study: -

Islamic banks under study enjoy high efficiency in financial performance, and this efficiency varies among banks, as Al-Rajhi Bank is superior to other Islamic banks in terms of financial performance and thus its ability to generate future cash flows, as it has operated and employed money and investment in a way that brings the highest rates in the results of exploitation What indicates the importance of the relationship between the employment of funds and resources on the one hand and the performance of the bank on the other hand.

1-Evaluating performance through profitability indicators of Islamic banks in the Kingdom of Saudi Arabia

Banks seek to achieve profits, as it is one of the most important goals of banks, because it is necessary for the survival and continuity of these banks, and achieving profits is the main requirement for shareholders to increase the value of their wealth, and the main source of confidence for depositors and customers, and it is an important indicator that the bank’s management works on to measure Its efficiency in using the resources it has, and it is the focus of the supervisory authorities because it reflects the success of the performance of banks and their ability to improve the efficiency of their capital, and the profitability allows the development and expansion of banking services, so the Islamic bank intends to maximize its profitability.

3/1 – **Profitability** :

Profitability can be defined as the relationship between the profits achieved by the Islamic bank and the investments (the value of assets or property rights that contributed to achieving these profits), and profitability is the objective of the facility and a measure to judge its efficiency. Profitability is one of the goals pursued by banks in general (Islamic and traditional) as the high profitability index in the bank enables it to compare its performance with other banks operating in the same field and thus it is considered the best indicators in comparing performance (Abdi Dufera,2010:27).

The profitability ratio is related to the value of realized profits and the value of capital.

The greater the profits without a change in the capital, the higher the profitability ratio, and this is evidence of the optimal use of resources.

The higher the value of the capital without a change in the profits, the lower the rate of profitability.

This is evidence of misuse of resources because it has spent money on new investments without obtaining an increase in the return.

When analyzing this ratio, one must verify the sources of change. In some cases, this percentage may increase without a change in the level of profits, as a result of a decrease in the level of the capital and not the result of the good performance of the bank .(Al-Momani, et, 2007).

3/2 - Criteria for measuring profitability of Islamic banks:

There are several indicators and criteria used to measure profitability in Islamic banks. They are explained in Table No. (6) as follows :

3/2/1:- **Return on assets (ROA) :**

The return on assets index is considered the best profitability measure to assess the bank’s efficiency, know the direction it is taking, and facilitate the process of comparison with the returns of other periods with other banks.

Table No. (7) shows the calculation of the rate of return on assets (ROA) for the Islamic banks under study during ten years from 2010 AD to 2019 AD, noting that the profitability ratios for Bank Albilad start from 2012 AD and for Bank Al Jazira from 2016 AD, which are the date of the establishment of these two banks.

the profit rates for Albilad Bank start from 2012, and for Al Jazira Bank from 2016, which are the dates of the establishment of these two banks**.**

It is evident from the return on assets ratio of the Islamic banks under study within 10 years that Al-Rajhi Bank outperformed the other three Islamic banks in the return on assets (ROA) ratio, as

Al-Rajhi Bank is the most capable and effective. Best Islamic bank in investing its assets, which indicates the high efficiency of the operational and administrative performance of Al-Rajhi Bank.

3/2/2: Return – on equity ratio (ROE) :-

The rate of return on shareholders' equity (ROE) measures the bank’s profit ratio to the total equity of its shareholders, and Table No. (8) shows the calculation ratios (ROE) for the Islamic banks under study for the same period and during the 10 years from 2010 AD to 2019 AD, noting The profitability rates for Albilad Bank start from 2012 AD and for Al Jazira Bank from 2016, which are the dates of the establishment of these two banks.

By extracting the rate of return on property rights for the Islamic banks under study during the study period, the strength of Al-Jazira Bank performance and the efficiency of its management in achieving returns for owners (shareholders) from investing their money is better than other banks under study, and this reflects the efficiency of Al-Jazira Bank management in managing both sides of the budget And its skill in using the assets to achieve the best possible return for the owners of the bank.

3/2/3: Rate of return on investment (ROI) :-

The clarification of this concept contributes to determining the feasibility of investing in various forms of Islamic financing. Thus, this will help to know the concept of return on investment and its importance in addition to the factors that must be taken into account while calculating the return on investment**.**

Table No. (9) shows the calculation ratios (ROI) for the Islamic banks under study for the same period and during 10 years from 2010 AD to 2019 AD, noting that the profitability ratios for Bank Albilad start from 2012 AD and for Bank Al Jazira from 2016, which are the dates of the establishment of these two banks**.**

two banks**.**

It is noted from Table No. (9) the superiority of Alinma Bank over the rest of the Islamic banks as the percentage of return on investment (ROI) increased, as Alinma Bank has the optimal capacity among Islamic banks in the last 10 years to employ depositors ’money and invest it in appropriate financing formulas. The rate of return on investment increased, in favor of the investment and achieving its objective and the appropriateness of the financing formulas used.

3/2/4: Capital adequacy ratio (CAR) % :-

It clarifies the relationship between the bank's capital sources and the risks surrounding the bank's assets and any other operations. The capital adequacy ratio is considered a tool to measure the solvency of the bank, that is, the bank's ability to pay its obligations and face any losses that may occur in the future.

Table No. (10) shows the rate calculation ratios for the Islamic banks under study for the same period and during 10 years from 2010 AD to 2019 AD, noting that the profitability ratios for Bank Albilad start from 2012 AD and for Bank Al Jazira from 2016, which are the date of the establishment of these two banks.

It is noted from Table No. (10) that Alinma Bank outperforms over a period of 6 years from 2010 to 2015, taking into account that the Alinma and Al Jazira banks have a significantly higher rate than expected, and this leads to many risks as there is an increase in liquidity rates that are not benefited It does not obtain any returns from it. Perhaps the procedures for converting the bank from conventional to Islamic contributed to the increase in the liquidity side of the two banks.

As for Bank Albilad and Al-Rajhi Bank, they have a capital adequacy ratio that is appropriate and ideal for facing risks, paying obligations and preserving depositors' rights**.**

And this ratio, which indicates the availability of more capital to cover losses in the value of assets, and thus the owners bear a greater volume of shocks to the assets (losses) before they reach the depositors. Consequently, the higher this percentage in all Islamic banks under study means greater protection for depositors' funds, and on the contrary, its lower means less protection for them. In all the Islamic banks under study, these percentages represented more than the 10.5% established by the banking supervision authorities.

4-Results and recommendations of the study:

The study focused on evaluating the financial performance of Islamic banks in the Kingdom of Saudi Arabia during the year 2019 AD, analyzing the profit indicators of these banks during ten years from 2010 AD until 2019 AD and comparing their performance during that period. While the four banks have rotated in occupying their positions within ten years for profitability indicators, which means increased competition between Islamic banks in the Kingdom of Saudi Arabia, as these banks face new challenges that impose them to measure their financial performance and compare their performance with their achievements in light of their competitive conditions in the market. The banker, every bank that takes care of providing the best performance can result in a high profitability index.

4/1- The use of financial analysis tools and profitability indicators for Islamic banks can be the most important tools that enable the bank's top management to evaluate their performance and take appropriate decisions towards the relevant authorities.

4/2- Financial analysis, with the financial tools it provides, contributes to evaluating the performance of Islamic banks, as financial analysis and its tools play a major role in the planning process, setting appropriate financial policies, and improving the performance of these banks.

4/3- The results of this study showed the efficiency of the performance of Saudi Islamic banks in managing their financial resources, even if there is a disparity between those banks.

4/4- Profitability indicators contribute to evaluating the performance of Islamic banks, as the profits achieved by the bank have an effect on the wealth of the owners and ensure the continuity of the bank and its ability to grow, and then it is a tool for measuring the solvency of the bank, i.e. the bank’s ability to fulfill its obligations and face any losses that may occur in the future.

- Appendices:

Table No. (1)

Determine the ratios and indicators adopted in the financial analysis of the Islamic banks under study

Serial	The nature of the indicator.	Definition of the indicator	how itiscalculated
1	Net incomefromfinancing and investments	This indicator measures the percentage of income generated from the main activities of the bank, represented in mediation between the owners of financial deficit and those with financial surpluses. It is a measure of the degree to which banks are associated with their function as a financial intermediary.	Net incomefromfinancing and investments / total operating income
2	Net commission income	This indicatormeasures the percentage of incomethatcomesfrom the bank'ssubsidiaryactivities in the form of commissions (collectingchecks, openingletters of guarantee, transferringcurrencies ....). This indicatorgives us an idea about the bank’spolicy to diversify sources of income and an indicator for evaluating the bank’s service performance.	Net commission income / total incomefrombankingoperations
3	Operating and administrative expenses	This indicatormeasures the percentage of incomethat the bankallocates to operating expensessuch as wages, salaries, rent, electricity and training. Consequently, a bankwhose operating expenses are lowerwill have an advantage in managing and	Operating and administrative expenses / total incomefrombankingoperations

		rationalizingoperationalcostscompared to otherbanks.	
4	Provisions for financinglosses	This indicatormeasures the percentage of incomethat the bankallocates to coveragainst the risk of non-payment, and thishighpercentageis an indication of the bank’sinability to chooseprojectsthat have a greatability to repayitsdebts and a weakness in diversifying the use of funds.	Provisions for financinglosses / total bankingincome
5	Exploitation Output (Net Income)	This indicatormeasures the percentagethatactuallyrefers to the bank'sowners (shareholders) and gives us an idea about the final outcome of bankingactivities. This resultisrelated to the bank'sability to manage default risk and control operationalcosts. The weakness of this ratio isevidencethat the bankdoes not have good control over itsrisk-relatedcosts and itsoperationalactivities. Thesecoststake a large percentage of the incomeachieved by the bank, and consequently, the return achieved to shareholdersdecreases.	Exploitation output / total incomefrombankingoperations

Source: Prepared by the researcher using (Al-Qudah, 2019: 120), (Fathy, 2019).

Tables No. (2), (3), (4), (5) show the results of the financial analysis for each bank separately.

Table No. (2) Calculation and Analysis of Results - Al-Rajhi Bank 2019

Total income from financing and investment **(16.962.583)**		**Performance Standards**	**percentage**
(-)Returns from customers, banks and financial institutions on term investments **(534.860)**	(=)Net income from financing and investments (**16.427.723**)	Net income from financing and investments / total income from banking operations	**%84.3**
(+) Net commission income (income from other operations) (**3.056.741**)	(=) Total banking income (net bank product) **(19.484.464)**	Net commission income / total income from banking operation	**%15.6**
(-) Operating and administrative expenses **(6.385.841)**	(=) Total product of exploitation (**13.098.623**)	Operating and administrative expenses / total income from banking operations	**%32.7**
(-) Risk cost (provisions for financing losses) (**1.772.265**)	(=) Exploitation Output (net income) **(11,326,358)**	Risk cost / total banking income	**%9.09**
	Exploitation Output (Net Income) (11.326.358)	**Net income / total income from banking operations**	**%58.1**

Table No. (3) Calculation and Analysis of Results - Alinma Bank 2019

Total income from financing and investment (**5608762**)		**Performance Standards**	**percentage**
(-)Returns from customers, banks and financial institutions on term investments **(1214303)**	(=)Net income from financing and investments **(4394459)**	Net income from financing and investments / total income from banking operations	**%78**
(+) Net commission income (income from other operations) **(1215702)**	(=) Total banking income (net bank product) **(5610161)**	Net commission income / total income from banking operation	**%21.66**
(-) Operating and administrative expenses **(2076563)**	(=) Total product of exploitation **(3533598)**	Operating and administrative expenses / total income from banking operations	**%37**
(-) Risk cost (provisions for financing losses) **(706317)**	(=) Exploitation Output (net income) **(2827281)**	Risk cost / total banking income	**%12.58**
	Exploitation Output (Net Income) (2827281)	**Net income / total income from banking operations**	**%50**

Table No. (4) Calculation and Analysis of Results - Albilad Bank 2019

Total income from financing and investment **(3355200)**		**Performance Standards**	**percentage**
(-)Returns from customers, banks and financial institutions on term investments **(638229**)	(=)Net income from financing and investments **(2716971)**	Net income from financing and investments / total income from banking operations	**%68**
(+) Net commission income (income from other operations) **(32614)**	(=) Total banking income (net bank product) **(3945347)**	Net commission income / total income from banking operation	**%8**
(-) Operating and administrative expenses (**523512**)	(=) Total product of exploitation **(1922346)**	Operating and administrative expenses / total income from banking operations	**%13**

(-) Risk cost (provisions for financing losses) **(535623)**	(=) Exploitation Output (net income) **(1386723)**	Risk cost / total banking income	**%13**
	Exploitation Output (Net Income) (1386723)	**Net income / total income from banking operations**	**%35**

Table No. (5) Calculation and Analysis of Results - Aljazira Bank 2019			
Total income from financing and investment **(3227547)**		**Performance Standards**	**percentage**
(-)Returns from customers, banks and financial institutions on term investments **(8547)**	(=)Net income from financing and investments **(766722)**	Net income from financing and investments / total income from banking operations	**%65.3**
(+) Net commission income (income from other operations) **(766822)**	(=) Total banking income (net bank product) **(1533544)**	Net commission income / total income from banking operation	**%26.3**
(-) Operating and administrative expenses **(110891)**	(=) Total product of exploitation **(1422653)**	Operating and administrative expenses / total income from banking operations	**%39.77**
(-) Risk cost (provisions for financing losses) **(21448)**	(=) Exploitation Output (net income) **(1401205)**	Risk cost / total banking income	**%13.10**
	Exploitation Output (Net Income) (1401205)	**Net income / total income from banking operations**	**%55.11**

Source: Prepared by the researcher based on the published annual reports of the bank, each bank separately.

Table No. (6) Indicators of measuring profitability of Islamic banks

Serial	The nature of the indicator	Definition of the indicator	Calculationmethod
1	Return On Asset (ROA)	This indicator is the relationship between the profit of operations and the assets that contributed to achieving this profit, and the return on assets is defined as the banks ability to achieve profits as a result of investing its assets, and in simpler terms it is the ratio of the profit of operations carried out by the bank to the assets of this institution.	(ROA) = Net operating profit (net income) / Total assets
2	**Return – on equity ratio) (ROE)**	Return on equitymeans the amount of return thatowners (shareholders) get as a result of investingtheir money in the Islamicbank and theirrisktolerance, and itisbased on the concept of comprehensive profit.	(ROE) = Rate of Return on Assets (ROA) x the shareholderequity multiplier EM%
3	**Rate of return on investment (ROI)**	One of the metricsthat must beconsidered in the profit analysisprocess, itrefers to the financialreturnsobtained by the bank, and itis a measurethat expresses the relationshipbetween the use of fundsobtainedfromdepositors and theirinvestment in Islamicfinancing formulas and the value of the return on investment in those formulas. , Providedthatitisusedfrequently to verify the financialviability of the investments made by the bank on the financiallevel.	**(ROI)** = Investmentreturns / total investments%
4	**Capital adequacy ratio(CAR) %**	The ability of the bank's capital to pay obligations and maintain the money of depositors, in addition to maintaining the relationshipbetween the bank and itscustomers, and in thiswayitprovides protection againstanyrisks to the bank, and it has the ability to generateadded value for the bank. The capital adequacy ratio determines the ability to face riskssuch as creditrisk, operationalrisk, etc., and protects the bank, depositors and otherinvestors.	The ratio of the bank's capital to itsrisk

Source: The researcher making use of (Al-Qudah, Al-Shawqafa, 2002), (Qadir, and Al-Sabawi, 2011).

Table No. (7) Percentage of Return on Assets (ROA) years 2010 to 2019

Islamic banks	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Al Rajhi Bank	**%3.81**	**%3.64**	**%3.23**	**% 2.72**	**% 2.33**	**% 2.29**	**% 2.48**	**% 2.67**	**%1.07**	**% 2.64**
Alinma Bank	**%4.4**	**%3.7**	**%2.6**	**%2.3**	**%1.90**	**%1.8**	**%1.6**	**%1.63**	**%1.83**	**%1.9**
AlBelad Bank			**%3.82**	**%2.21**	**%2.12**	**%1.63**	**%1.54**	**%1.61**	**%0.90**	**%1.56**
Aljazira Bank							**%1.31**	**%1.25**	**%1.37**	**%1.14**

Source: Calculated by the researcher,

Table No. (8) Rate of return on equity (ROE)

Islamic banks	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Al Rajhi Bank	%22.93	%23.13	%22.54	%19.84	%17.01	%16.11	%16.49	%16.94	% 7.24	%19.83
Alinma Bank	%22.35	%26.6	%37	%42	%52	%54	%60	%61	%54	%52
AlBelad Bank			%24.19	**%15.40**	**%15.72**	%12.78	**%11.92**	**%12.82**	**%7.95**	**%14.41**
Aljazira Bank							%87.78	%87.07	%84.59	%86.32

Source: Calculated by the researcher, the profit rates for Albilad Bank start from 2012, and for Al Jazira Bank from 2016, which are the dates of the establishment of these two banks**.**

Table No. (9) Rate of return on investment (ROI)

Islamic banks	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Al Rajhi Bank	% 72.39	%79.13	% 81.40	%73.54	% 66.94	% 69.50	%69.15	%72.50	% 25.13	% 87
Alinma Bank	%54	%84	%95	%80	%74	%71	%68	%53	%54	%91
AlBelad Bank			**%109.44**	**%74.81**	**%80.55**	**%63.64**	**%45.62**	**%44.50**	**%22.49**	**%73.07**
Aljazira Bank							%5.13	%4.65	%4.23	%2.40

Source: Calculated by the researcher, the profit rates for Albilad Bank start from 2012, and for Al Jazira Bank from 2016, which are the dates of the establishment of these

Table No. (10) Capital Adequacy Ratio (CAR)

Islamic banks	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Al Rajhi Bank	%20.36	%20.03	%19.83	%19.60	%19.59	%20.83	%21.98	%19.87	% 20.07	%19.87
Alinma Bank	%75	%44	%32	%28	%26	%23	%20	%21	%21	%20
AlBelad Bank			**%18.52**	**%17.14**	**%16.71**	**%15.88**	**%20.46**	**%18.54**	**%17.33**	**%17.50**
Aljazira Bank							%19.86	%20.94	%27.46	%22.38

Source: Calculated by the researcher, the profit rates for Albilad Bank start from 2012, and for Al Jazira Bank from 2016, which are the dates of the establishment of these two banks**.**

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