Banking Financial Stability Measured by Credit Risk Measurements (Quantitative Technique): New Evidence from Palestinian Commercial Banking Sector.

الباحث/
أحمد ثابت[1]
الباحث/
فراس الجديلي[2]

(1)PhD in Management (Financial Risk Management-.(Al-Azhar University –GAZA.
(2)MBA in Business Administration- Quds Bank

Abstract:
Credit risk management is the vital part of the comprehensive management and in addition to part of the control system. Credit risk is entirely considered as the most important risk for banks and financial institutions in general due to it being related with every trade transaction and financial activities. Banks must fulfill the priorities and the international standards of financial stability and sustainability. The present study is an attempt to evaluate and measure the Palestinian banking sector performance. For this reason, credit risk management approach (basically a quantitative technique includes; Capital Adequacy, Asset Quality, Leverage, Liquidity and Earning) has been implemented. A total of 13 banks were selected for a nine-year period from 2011 till 2019). This approach found that all the selected banks are in unsatisfactory performance.
Keywords: Capital Adequacy, Asset Quality, Leverage, Liquidity, Earning, Profitability, Financial Stability.

1. Introduction:

The banking sector has an intrinsic function in economic development. It performs as mediator among two major parties that are deficit and surplus units. Banks through their role of increasing funds between investors, capital raising, and providing a wide range of financial services for both corporations and individuals in addition to the establishment of new jobs and opportunities. The country's economic development and financial soundness and stability strongly depend on the role of the banking sector. On the other hand, inefficient banking sector role and weak financial system definitely will lead to an essential systematic crisis (Bessis, 2015). Therefore, a solid and efficient banking sector will enhance the economy in dealing with financial and operational shocks and seek to achieve the stability of the financial system.

Banking sector participates in a pivotal role in providing credit which involves various types of risks such as capital risk, interest rate risk, credit risk, market risk, exchange rate risk, liquidity risk, deposits risk, operational risk and several other risks. Nevertheless, this current study will concentrate on credit risk as one of the extreme important sources of risk faced by banks. Credit risk is that type of risks afford losses due to the unexpected distortion of the counterparties creditworthiness. Credit risk appears due to the Lack of institutional capacity to set out and adjust credit risks, in addition, the weakness of the banking management quality in oversighting and managing credit activities and operations (Chen and Pan, 2012; Bassis, 2009; Ahmed and Malik,2015). Furthermore, the slips of instructions and financial regulations that control and monitor the effectiveness of the lending practices in the financial system. Finally, late interference of the central bank will be strongly conducive to credit risk (Bhattarar, 2016).

Credit risk management has been focused on by the Basel Accord because of the credit risk exposure threats. Credit risk management has been concentrated on “as a function to maximize a bank’s risk-adjusted rate of return through preserving credit risk exposure within acceptable parameters”. Bank credit risks are rooted in every activity in the bank. It is very crucial for long-term banking success to establish effective credit risk management (Iwedi and Onuegbu,2014). Therefore, the suitable management of banks credit activities and dealing with financial risks significantly raise profitability and enhance banking sector performance. According to (Basel, 1999) precise measurement of banks' ability to meet credit risk decreases the managerial cost of debt and decreases the cost of money owed by banks. Distinctive credit risk management keeps bank far away from unexpected losses and financial hardship scenarios which involves; reschedule customers plans, change in capital structure, change in strategies, merging with other well perform banks on such complicated terms and conditions. Solid credit risk management provides a possibility of forecasting and measuring risk in any transaction. In addition, it helps in providing some techniques and procedures which could be implemented for transferring credit.

The Palestinian sector of banking is considered as one of the most important means of the Palestinian economic stability as it is one of the significant components of the system of finance. In addition, it is a very important funding resource which helps the private and public areas. In fact, it is vulnerable to a number of exogenous and endogenous factors, which have given rise to several shocks and risks which could be summarized as follows: Fundamental increase in government's recourse to borrowing from banks, due to the decrease in foreign aid. Furthermore, the continuous deficit in the overall budget balances in recent years; The Palestinian banking sector is very well-organized and capitalized; however, there is a little exposure to international markets; Credit facilities granted to public sector employees and the risk of default are increased. This is considered as an indicator in either the disability of the government to pay its obligation regularly. Finally, Political and economic matters are not stable in the Palestinian territories (Palestine Monetary Authority, 2014, 2016 and 2018). Therefore, to have a solid and well established credit risk management framework this will lead to increase in product and customer profitability, collection rates improvement, bad debt and operational cost reduction, customer management processes enhancement and ensuring financial stability.

The current study attempts to identify the credit risk factors affecting banks stability in Palestine due to the significant of the banking sector and the lack of sufficient research concentrating on the effect of credit risk management on Palestinian commercial banks financial performance and the strategic role of loan monitoring. The researchers use Capital Adequacy (EQTA); Leverage; Asset Quality (ROA); Liquidity and Return on Equity (ROE) to represent credit risk management. There is an existing literature like Al-Homaidi, Tabash, Farhan, & Almaqtari, (2018); Kapaya & Gwahula, (2016); Garcia & Guerreiro, (2016); Ebenezer, Bin Omar, & Syahida, (2017); Asheaf, et al., (2016); Ozili (2017); Taceng and Tarazi (2014); Vong (2015) on credit risk management focusing on the direct relation of credit risk toward banks performance. However, there is lack of empirical evidence on the strategic role of moderating variables such as (financial derivatives and loan monitoring) at Palestinian commercial banks.

2. Related Studies:

Boateng (2019) Point out that, CAMEL rating system is a significant measurement for banks performance. the author attempts to study and investigate the performance of commercial banks in Ghana. A standard multiple regression was implemented on studying the effect of CAMEL rating in banks financial performance. Data statistical analysis reveals that bank managers have been directed and assisted to enhance the banking system earning stability. In addition, banks loan portfolio and consumer credit quality must be insured thoroughly. Furthermore, financial managers are required to focus on the banks current level of liquidity to ensure that the banks are strongly ready to counter any unexpected action particularly customers credit withdrawal. Al Zaidanin (2020) conduct a financial technical research to identify macro-economic and bank specific determinants which are; capital adequacy, liquidity, deposits, business mix, asset quality, bank size, diversification and efficiency, while the macro-economic factors include the following items inflation rate, real interest rate and gross domestic product growth. The researcher applied panel data analysis for sixteen commercial banks operating in United Arab Emirates from 2013 till 2019. Empirical results expose loan under follow up to total loans and managerial efficiency are record very high significant relationship with profitability. statistical results illustrate that United Arab Emirates banks can enhance their profitability through adopting high operating income and reducing non-performing loans. Al- Homaidi et al., (2018) conduct a research to investigate Indian commercial banks profitability determinants, which was measured by three essential independent variables, namely return on asset (ROA), return on equity (ROE) and net interest margin (NIM). The study concluded that capital adequacy, liquidity, deposits, business mix, asset quality, bank size, diversification and efficiency have positive significant impacts on profitability as measured by net interest margin. Eventually, the researcher evidently recommends that United Arab Emirates commercial banks can strengthen their profitability by decreasing full utilization of liquid assets and manage their operational expenses efficiently. Several studies examine the impact of non-performing loans, capital adequacy, asset quality, liquidity, and efficiency in banks profitability (Blessing, 2015; Bougatef, 2017; Ebenezer et al., 2017; Garcia and Guerreiro, 2016; Issn etal., 2017). Muriithi et al., (2016) studied the impact of credit risk management measured by capital adequacy, asset quality and management efficiency on the Kenya commercial banks profitability for the period of 2005 till 2014. Their study results reveal that both capital adequacy and asset quality ratios have a negative relationship with the bank's profitability. while, Alshatti (2015) uses the panel data approach and finds that non-performing loans have a statistically positive significant relation on the banks performance in South Africa. Furthermore, in Pakistan Malik et al., (2016) studied the impact of liquidity on the commercial banks profitability. results reveal that there was no significant impact of liquidity on the return on assets of the Pakistani private banks.

3. Objectives of the Study

- The main objectives of this study are to analyze Palestinian commercial banks financial stability by implementing credit risk management determinants as a measuring technique.
- To boost Palestinian commercial banks policymaker with suggestions and recommendations to ensure banking sector stability and soundness.

4. Questions of the Study

What has been the level of financial soundness in the commercial banks operating in Palestine?

What are the directions forward to ensure Palestine banking industry performance stability?

5. Methodology:

In this study, a panel data set which is a time series data was employed. The spatial dimension refers to a set of cross-sectional units of observations while the temporal dimension pertains to periodic observations of a set of variables characterizing these cross-sectional units over a particular time span. Panel data is used because of its many advantages over either cross-section or time series data (Green, 2000; Wooldride, 2002).

5.1 Scope and Period of study:

In this study, 5 financial indicators are chosen from Credit risk management approach also the entire indicators are measured for selected Palestinian Commercial banks. For achieving the purpose of this study the authors selected 13 banks to be under investigation check table (1). This data covers a period of nine years from 2011-2019. Such banks admittedly provide the Palestinian Monetary Authority "PMA" with their annual financial reports. The fact behind this current empirical study is the great willingness to conduct the analysis to adapt with the future attempts of the PMA of reaching the level of significant financial stability practices which leads to high levels of stability and sustainability.

.2 Table1: The Study Sample Includes the Following Banks Operating in Palestine for The Year 2011 till 2019 In USA Millions

Source: Association of Banks in Palestine, (2019)

3. Number	4. ***Bank Names***
5. 1	***6.*** Palestine Bank
7. 2	*8.* Arab Bank
9. 3	10. The National Bank
1. 4	12. Quds Bank
3. 5	14. Palestine Islamic Bank
5. 6	*16.* Arabic Islamic Bank
7. 7	18. Cairo Amman Bank
9. 8	20. The Housing Bank for Trade & Finance
1. 9	22. *Bank of Jordan*
3. 10	24. Palestine Investment Bank
5. 11	26. Jordan Ahli Bank
7. 12	28. Jordan Commercial Bank
9. 13	30. Egyptian Arab Land Bank

5.2 Data Source, Tools and Techniques:
Secondary data was collected from Palestinian commercial banks annual reports. Credit risk Parameters is used. Financial Stability Model Parameters:
Capital Adequacy (CA)= Total Shareholders' Equity / Total Assets.
Asset Quality (ROA)= Net Profit / Total Asset.
Leverage= Current Liabilities + long term liabilities / Total Assets.
Liquidity (LQ)= Customers Deposits / Total Assets
Earning (ROE)= Net Income after Tax / Total Equity.

6. Results and Discussion:

Trend analysis of the variables:
This study covers the period of nine years from 2011 till 2019. To measure the financial stability through adopting credit risk measurements of Palestinian Commercial Banks, which consists of capital adequacy, asset quality, leverage, liquidity, and equity. The five parameters of credit risk measurements have a composite range and international standard.
The current section outlines the general and most powerful credit risk measurements which are; asset quality (ROA); Leverage; Capital Adequacy (EQTA) and liquidity in the 13 selected banks in Palestine from the year 2011-2019 are analyzed by using time series analysis. Financial system strength strongly depends on the country's banking sector capital adequacy for countering banks default risks and solving the bankruptcy. Table 2 illustrate some facts about EQTA, measurement of banks capital adequacy the indicator is around 16.2% this means 83.8% of Palestinian banks assets financed through various sources of fund rather than shareholder's contribution such as; deposit liabilities. ETQA reached the peak at (18.2% in 2012) in spite of that, there was a decline in (2019 by 14.3%). Banks in Palestine ought to maintain capital not less than 8% of the total deposits according to Basel Committee requirements. Assets are essential and critical for banks as strong asset quality is the fundamental cause of most banks success and prosperity. Therefore, solid capital adequacy levels enable Palestinian commercial banks to afford sudden financial shocks and maintaining significant level of lending. Suitable capital adequacy level enhances banks to invest in several type of securities and lower risk loans which in turn increase bank's profitability.

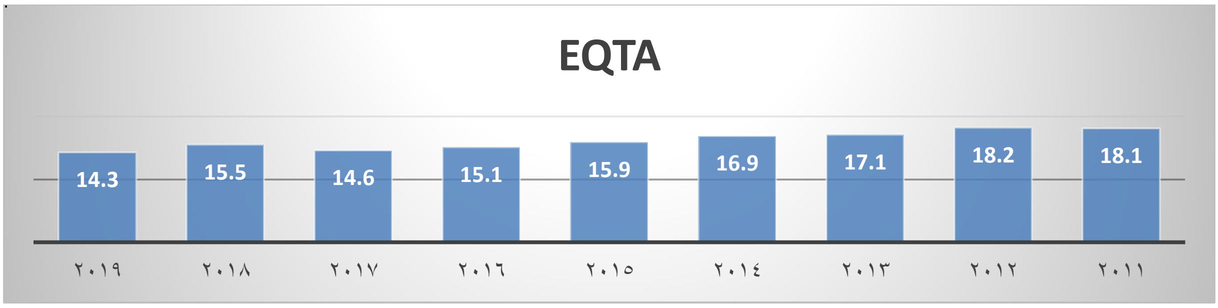

Figure 1: Capital Adequacy (EQTA) 2011-2019 in (%)

ROA measurement of a bank's asset quality, to gain a solid performance, banks must have more than 1.5% return on assets, this rate confirmed and certified by the bank's international standard performance. with respect to the thirteen Palestinian commercial banks, ROA asset quality measurement's means analysis rate percentage seen to be 0.98%. Evidently, this illustrates that the thirteen banks not able to fit the international standard which measures their asset quality, figures show that in 2011; 2014 ROA was 1.18; 1.16 respectively) while, in (2015; 2017 ROA was 0.66; 0.70 respectively). This deterioration in Palestinian banks assets quality resulted from unstable political situation in the country and due to the increase levels of inflation rate and unemployment and the restriction of cash movement and the despotic Israeli political restrictions. Banks' management quality is entirely the efficiency, capacity and capability of the board of directors and managers to manage, identify and measure the risks of the financial institution's activities and operations to insure the safety and stability of the financial system.

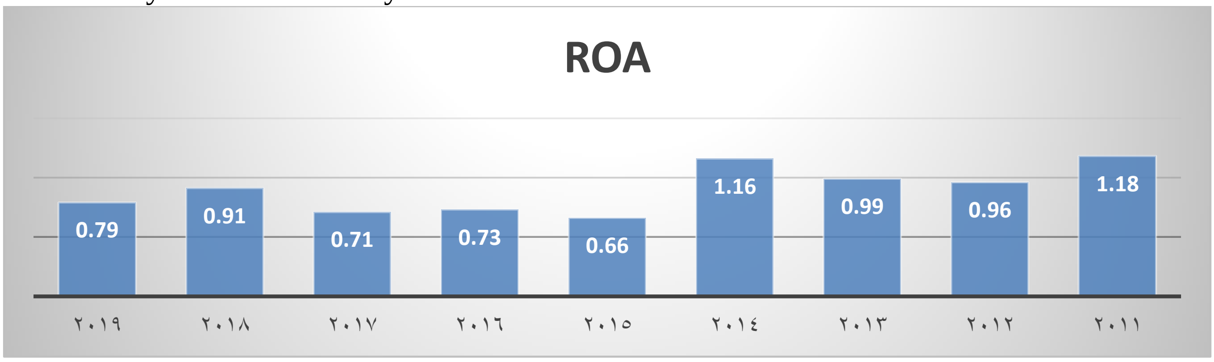

Figure 2: Asset Quality (ROA) 2011-2019 in (%)

Leverage (TLTA) measurement of debt ratio which indicate the clear percentage of bank's assets that are financed or provided via debt. This ratio equal to total liabilities divided by total assets. Banks with less than 0.5 most of its assets are financed via equity so the lower the ratio, the acceptable and manageable risk will associate with the bank's operations. Evidently, this illustrates that the thirteen banks not able to fit the international standard which measures their debt level. Table 2 illustrate some facts about TLTA, measurement of banks debt level the indicator is around 83.4% this means 16.6% of Palestinian banks assets financed through debt. TLTA reached the peak at (85.7% in 2019; 85.3 2017) in spite of that, there was a decline in (2011;2012 by 80.6; 80.1). undoubtedly, high debt level affect financial stability negatively. Sharp rise in credit contribute strongly to macroeconomic booms "asset bubble" and consequently financial crashes. Banks with a high level of leverage balance sheet will loss investors' confidence and flight of capital. In addition, high leverage ratio encourages banks to establish riskier balance sheets and to expand their off-balance-sheet activities. Eventually, lower level of bank's amount of equity affects banks governance adversely.

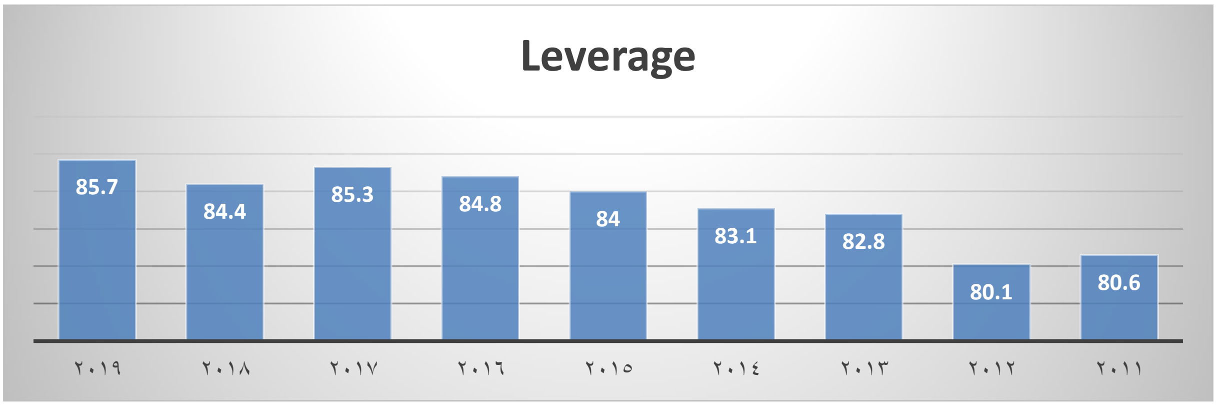

Figure 3: leverage (TLTA) 2011-2019 in (%)

Customer deposit to total assets measurement of bank's liquidity position means analysis rate percentage seen to be 72.5%. Evidently, this illustrates that the thirteen banks are able to fit the liquidity international standard minimum 50% which prescribed by financial supervisory and regulation bodies measures their liquidity levels. Bank figures show that liquidity levels increased gradually from 2011 till 2019 from 69.6 till 75.6). Therefore, significant and high level of liquidity reinforce Palestinian commercial banks to earn additional profits, to meet its obligations and pay off debt and provide additional credit facilities. This high level of liquidity indicates that Palestinian commercial banks holds sufficient volume of securities that can be sold in a relatively short period of time. This ratio strongly indicates the ability of the banking system to afford shocks related to cash flows fluctuations. In addition, measures the available liquid assets to face the event of a loss of market funding or an outflow of deposits. According to liquidity levels banks are able to sustain in the market, maintain their trustworthiness, save their clients' confidence, enhance strong relations with stockholders and have a good reputation. Palestinian commercial banks must have a solid risk management agenda in order to achieve stability and trust among investors.

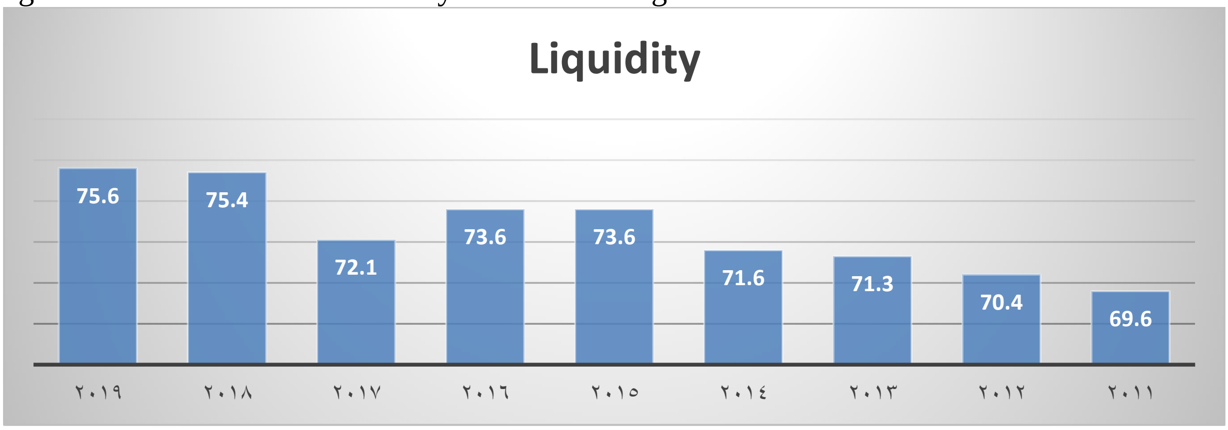

Figure 4: Liquidity (LQ) 2011-2019 in (%)

With respect to earning levels measured by return on equity (ROE), the findings in the appendix 1 which are related to the thirteen banks under study showed that ROE witnesses some kind of decrease from 2014 till 2019 As stated by Flamini et al, (2009) the ROE profitability measurement good performance must be 15%. Thus, the thirteen bank’s performance did not fit the international standards and was even lower. This is attributed to the increase level of net income compared to the increase in banks equity, therefore, Monetary Authority intervenes and provides several guidelines and instructions for the commercial banks operating in Palestinian so that they raise their capital to a minimum of

50$ million dollars. Return on equity is a significant parameter to measure the productivity and profitability of the banks, illustrate the future growth and continuous of earning capacity. With low levels of ROE banks are unable to conduct several distinctive activities such as; dividends funding, maintaining suitable levels of capital adequacy, extending investment opportunities for banks, maintaining competitive levels and engaging in modern financial activities and providing new financial instruments.

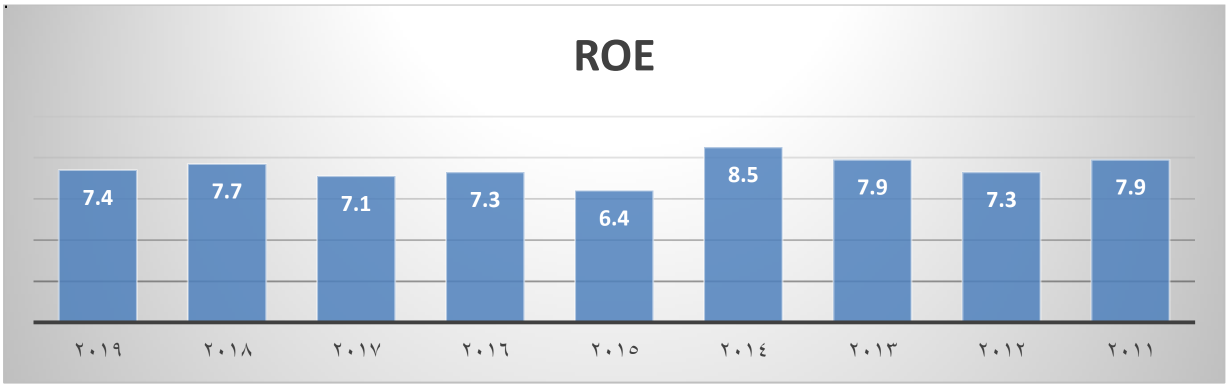

Figure 5:Earning (ROE) 2011-2019 in (%)

7. Conclusion and Recommendation

The main objectives of this study are to analyze commercial banks operating in Palestine financial stability by implementing credit risk management determinants as a measuring technique. After analyzing the ratios computed from financial annual statements of the selected banks, capital adequacy, asset quality, leverage, liquidity and earnings ratio were evidently indicating unsatisfactory performance. Therefore, such performance could threaten the stability of the banking sector. In this connection, the banking sector must exert additional effort to acquire sustainability in the financial sector, nevertheless, effective and efficient banking sector operations assists to decrease risk of failure of an economy.

Based on the financial data analysis results, the following recommendations were made to banker's regulators, police makers and financial management researchers.

- Commercial banks operating in Palestine must improve their loan quality. So, through decrease lending government as the raise levels of public sector share to total credit. Furthermore, create lending policies to ensure profitability.
- The banks should raise their net interest margin and net profit and maximize the income from loan financial instruments.
- The management of operating banks in Palestine must manage liquidity to enhance its operation and meet the credit and withdrawal orders of customers and avoid banks run scenarios.
- Banks are required to attract additional levels of deposits to enhance the accurate amount of liquid assets to strengthen its liquidity position.
- Commercial banks operating in Palestine must maintain a certain capital adequacy level to meet unexpected losses before losing their entire depositors funds.
- It seems significant for Commercial banks operating in Palestine to host new methods and techniques of managing credit risk which perfectly fit with their operations.

8. Suggestions for further research

According to our findings, we want to draw several important suggestions of further research. We use capital adequacy, asset quality, leverage, liquidity and earning to measure credit risk at commercial banks operating in Palestine. Other measures can indicate performance and measuring credit risk. In addition, we recommend including more banks for this research. In our study we studied 13 commercial banks, further studies can concentrate on Islamic banks and other financial institutions. Eventually, researchers are required to develop the credit risk management model by implementing mediator and moderator variables such as (financial derivatives and loan monitoring strategies) and their interaction role in enhancing the relationship between credit risk management and banks performance.

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Appendix 1:

The Annual Mean Scores (%) of Dependent Variables from 2011 – 2019.										
Return on Assets Or Asset Quality	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Total**
Bank of Palestine	**2.1**	**1.9**	**1.72**	**1.66**	**1.5**	**1.2**	**1.1**	**1.1**	**0.9**	
Arab Bank	**1.8**	**1.6**	**1.9**	**1.6**	**1.5**	**1.4**	**1.7**	**1.8**	**1.7**	
The National Bank	**0.2**	**0.6**	**0.6**	**0.6**	**0.7**	**0.8**	**0.8**	**0.8**	**0.7**	
Quds Bank	**1.0**	**0.7**	**0.9**	**1.1**	**1.0**	**1.1**	**1.1**	**1.0**	**0.8**	
Palestine Islamic Bank	**1.0**	**1.4**	**1.3**	**1.2**	**1.5**	**1.6**	**1.4**	**1.4**	**1.1**	
Arab Islamic Bank	**0.3**	**0.2**	**0.7**	**0.7**	**0.8**	**0.8**	**0.6**	**0.7**	**0.7**	
Cairo Amman Bank	**1.5**	**1.1**	**0.9**	**1.2**	**0.9**	**0.8**	**0.9**	**0.5**	**0.4**	
Housing Bank for Trade & Financing	**0.7**	**0.9**	**1.1**	**1.2**	**1.3**	**0.8**	**0.9**	**1.1**	**0.8**	
Bank of Jourdan	**1.0**	**1.1**	**0.8**	**1.0**	**0.4**	**0.7**	**1.2**	**1.3**	**2.0**	
Palestinian Investment Bank	**1.0**	**0.7**	**0.7**	**0.9**	**0.5**	**1.0**	**0.9**	**1.0**	**0.90**	
Jordan Ahli Bank	**0.9**	**1.6**	**1.4**	**1.4**	**1.0**	**0.8**	**0.5**	**0.6**	**0.3**	
Jordan Commercial Bank	**2.9**	**0.6**	**0.9**	**2.4**	**0.7**	**0.7**	**0.8**	**0.2**	**0.01**	
Egyptian Arab Land Bank	**1.0**	**0.1**	**0.02**	**0.3**	**-3.2**	**-2.2**	**-2.7**	**0.2**	**0.2**	
Mean	**1.18**	**0.96**	**0.99**	**1.16**	**0.66**	**0.73**	**0.70**	**0.91**	**0.79**	**0.98**
Leverage	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Total**

Bank of Palestine	**88.2**	**88.9**	**89.3**	**88.4**	**89**	**90.2**	**90.7**	**91.1**	**91.8**	
Arab Bank	**92.3**	**91.9**	**91.5**	**91.4**	**91.7**	**92.3**	**91.5**	**91.2**	**91.3**	
The National Bank	**88.2**	**85.4**	**89.6**	**88.2**	**89.1**	**90.3**	**91**	**91.5**	**91.9**	
Quds Bank	**88.3**	**87.9**	**87.8**	**89.5**	**90.4**	**90.7**	**90.4**	**90.8**	**91.2**	
Palestine Islamic Bank	**86.7**	**86.3**	**87.4**	**88.7**	**89.1**	**88.2**	**89.1**	**90.1**	**91.2**	
Arab Islamic Bank	**78.6**	**77.6**	**86.7**	**87.9**	**89.4**	**90.5**	**89.7**	**89.7**	**90.8**	
Cairo Amman Bank	**89.6**	**89.5**	**89.8**	**89.7**	**89.6**	**90.3**	**89.3**	**88.2**	**89**	
Housing Bank for Trade & Financing	**80.2**	**72.7**	**87.3**	**85.9**	**84.6**	**84.5**	**84.6**	**85.1**	**86.1**	
Bank of Jourdan	**87.9**	**87.3**	**87.7**	**86.9**	**87**	**85.8**	**85**	**82.9**	**82.8**	
Palestinian Investment Bank	**73.5**	**74.5**	**76.4**	**78.6**	**77.6**	**77.3**	**79.5**	**78.6**	**80.1**	
Jordan Ahli Bank	**73.4**	**74.9**	**76.1**	**76.3**	**76.4**	**80.4**	**79.6**	**78.6**	**80.5**	
Jordan Commercial Bank	**59.8**	**64.3**	**64.8**	**65.2**	**72.9**	**73.1**	**75.5**	**65.3**	**69.4**	
Egyptian Arab Land Bank	**61.6**	**60.3**	**63**	**63.6**	**65.7**	**69.2**	**73.7**	**74.9**	**77.8**	
Mean	**80.6**	**80.1**	**82.8**	**83.1**	**84**	**84.8**	**85.3**	**84.4**	**85.7**	**83.4**
Capital Adequacy	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Total**
Bank of Palestine	**11.7**	**11.02**	**10.7**	**11.5**	**10.9**	**9.7**	**9.2**	**8.9**	**8.1**	**10.2%**
Arab Bank	**7.1**	**8**	**8.5**	**8.6**	**8.2**	**7.7**	**9.2**	**8.9**	**8.7**	**8.3%**
The National Bank	**11.8**	**14.6**	**10.4**	**11.8**	**10.9**	**9.6**	**9.1**	**8.5**	**8.1**	
Quds Bank	**11.7**	**12**	**12.2**	**10.5**	**9.6**	**9.3**	**9.5**	**9.2**	**8.8**	**10.3%**
Palestine Islamic Bank	**13.3**	**13.7**	**12.6**	**11.4**	**10.8**	**11.8**	**10.8**	**9.9**	**8.8**	**11.4%**
Arab Islamic Bank	**18.9**	**15.4**	**13.3**	**12.1**	**10.6**	**9.4**	**10.2**	**10.3**	**9.2**	**12.1%**
Cairo Amman Bank	**10.4**	**10.5**	**10.2**	**10.3**	**10.4**	**9.7**	**10.7**	**11.7**	**11**	
Housing Bank for Trade & Financing	**14.4**	**12.9**	**12.7**	**14.1**	**15.4**	**15.5**	**15.3**	**14.9**	**13.9**	**14.3%**
Bank of Jourdan	**12.1**	**12.7**	**12.2**	**13.1**	**13**	**14.2**	**14.9**	**17.1**	**17.2**	**14.1%**
Palestinian Investment Bank	**26.4**	**25.5**	**23.5**	**21.3**	**22.4**	**22.7**	**20.5**	**21.4**	**19.8**	
Jordan Ahli Bank	**19.2**	**25.1**	**23.9**	**23.9**	**23.6**	**19.6**	**20.4**	**21.4**	**19.5**	
Jordan Commercial Bank	**40.1**	**35.6**	**35.2**	**34.8**	**27.1**	**26.9**	**24.5**	**34.7**	**30.6**	
Egyption	**38.4**	**39.7**	**37**	**36.5**	**34.3**	**30.8**	**26.3**	**25.1**	**22.2**	

Arab Land Bank										
Mean	**18.1**	**18.2**	**17.1**	**16.9**	**15.9**	**15.1**	**14.6**	**15.5**	**14.3**	**16.2**
Liquidity	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Total**
Bank of Palestine	**78.4**	**77.6**	**74.3**	**85.1**	**80.5**	**76.3**	**77.1**	**80.2**	**78.2**	
Arab Bank	**81.8**	**85.5**	**87.5**	**86.5**	**85.1**	**85.6**	**86.4**	**82.7**	**83**	
The National Bank	**52.4**	**61.6**	**57.1**	**60.9**	**65.7**	**68.5**	**74.9**	**77.9**	**81.4**	
Quds Bank	**72.3**	**73.5**	**79.1**	**76.8**	**80.5**	**81.0**	**79.5**	**79.1**	**77.5**	
Palestine Islamic Bank	**76.7**	**79.4**	**79.5**	**76.6**	**79.5**	**80.5**	**50.1**	**80.2**	**80**	
Arab Islamic Bank	**78.6**	**77.4**	**78.8**	**75.8**	**79.5**	**78.6**	**76.0**	**79.8**	**80.5**	
Cairo Amman Bank	**80.9**	**78.8**	**78.1**	**74.0**	**75.2**	**68.5**	**74.0**	**76.5**	**78.5**	
Housing Bank for Trade & Financing	**80.2**	**72.7**	**73.4**	**77.7**	**82.5**	**79.9**	**80.8**	**81.8**	**78**	
Bank of Jourdan	**86.2**	**84.3**	**84.3**	**84.5**	**84.7**	**83.4**	**82.5**	**80.7**	**80.1**	
Palestinian Investment Bank	**56.0**	**58.8**	**63.1**	**62.1**	**63.6**	**69.4**	**67.1**	**67.0**	**72.7**	
Jordan Ahli Bank	**69.1**	**70.9**	**68.3**	**67.8**	**72.2**	**68.6**	**73.1**	**75.6**	**71.1**	
Jordan Commercial Bank	**39.4**	**40.7**	**47.3**	**49.3**	**53.5**	**58.7**	**55.5**	**52.6**	**55.5**	
Egyptian Arab Land Bank	**53.2**	**54.9**	**57.0**	**54.1**	**54.8**	**58.3**	**59.9**	**65.7**	**66.5**	
Mean	**69.6**	**70.4**	**71.3**	**71.6**	**73.6**	**73.6**	**72.1**	**75.4**	**75.6**	**72.5**
ROE	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	
Bank of Palestine	**17.5**	**17.4**	**16**	**14.4**	**14.1**	**13.1**	**12**	**13**	**9**	
Arab Bank	**25.4**	**19.5**	**22.1**	**18.9**	**18.4**	**17.9**	**19.9**	**20.4**	**19.2**	
The National Bank	**1.9**	**3.9**	**6.5**	**5.5**	**6.1**	**8**	**9.4**	**10.3**	**9.3**	
Quds Bank	**8.4**	**5.6**	**7.3**	**10.3**	**10.4**	**11.8**	**10.9**	**10.4**	**9.6**	
Palestine Islamic Bank	**7.7**	**10.1**	**10.3**	**11.2**	**13.7**	**13.2**	**13.3**	**13.8**	**12.5**	
Arab Islamic Bank	**1.6**	**1.1**	**5.6**	**6.1**	**7.5**	**8.3**	**6**	**6.5**	**7.7**	
Cairo Amman Bank	**14.7**	**10.5**	**9.2**	**11.4**	**8.7**	**8.9**	**8.3**	**4.1**	**3.3**	
Housing Bank for Trade & Financing	**5**	**7.2**	**8.8**	**8.6**	**8.7**	**5.1**	**5.8**	**7**	**6**	
Bank of Jourdan	**8.4**	**8.9**	**6.9**	**7.6**	**-3.3**	**4.6**	**7.8**	**7.3**	**11.8**	
Palestinian Investment Bank	**4**	**2.8**	**2.9**	**4.1**	**2.3**	**4.2**	**4.3**	**4.4**	**4.5**	

Jordan Ahli Bank	**3.6**	**6.4**	**5.7**	**5.8**	**4.3**	**4.2**	**2.4**	**2.9**	**1.8**	
Jordan Commercial Bank	**7.3**	**1.8**	**2.5**	**6.8**	**2.4**	**2.5**	**3.3**	**0.5**	**0.5**	
Egyptian Arab Land Bank	**-2.6**	**0.1**	**0.1**	**-0.8**	**-9.3**	**-7.1**	**-10.3**	**0.7**	**1**	
Mean	**7.9**	**7.3**	**7.9**	**8.5**	**6.4**	**7.3**	**7.1**	**7.7**	**7.4**	