

Financial Performance for Arab Bank using DuPont Analysis 2000-2021

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Abstract:- In today's business environment, financial analysis is considered one of the most reliable tools to judge performance, especially in the banking sector. The present study investigates the financial performance of one of the most famous and highest profitable banks in Jordan, the Arab Bank. It examines the Arab Bank's financial performance from 2000 to 2019 by adopting the DuPont system of financial analysis of return on equity (ROE) model. This method relies on three main elements, which are net profit margin (NPM), total assets turnover (TAT), and equity multiplier (EM).

The main scope of this study is to analyze the profitability and efficiency of the Cooperative for one of the Jordanian banks. Dupont Analysis provides an indicator of the stockholders' wealth using the ROE index. Secondary data was used by accessing the official website of the Arab Bank and obtaining the financial information by analyzing the annual reports. The study finds that the Arab Bank has maintained stability over two decades with slight fluctuations in the ROE despite the international financial crises. On the other hand, NPM and TAT have witnessed relative strength from 2000 to 2019. Furthermore, EM indicates constant indicators for the period of 2000-2005 while the ratios from 2006 -2019 have diminished, which means the financial leverage of the Arab Bank lately was less dependent on the debts to finance the assets.

Key-words: -DuPont, Return on Equity, Net profit margin, Equity multiplier, Asset utilization.

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1 Introduction

In the business environment, the banks are looking to improve their performances with high competitiveness to create a comparative advantage and added value for the shareholders and maximize the profit. In this respect, Arab Bank has been superior in the Jordanian banking context based on the result of this study (2000- 2021) that the generalization can be reliable and more accurate. In addition, it will be a model for further studies in Jordan and other countries to compare the better performances. Thus, There are several ways to evaluate the performance and various models to express the efficiency and effectiveness of the business. The banking industry is considered the cornerstone of the economies by contributing to the Gross Domestic Product (GDP), reflecting the extent of healthy financial stability. Banking, money, and value are meaningful terms for shareholders and investors who are constantly seeking to analyze their financial feasibility and the benefit of their investments by examining the financial performance of the Bank and conducting comparative studies with the competitors. At the beginning of the last century, the DuPont model was designed to assess profitability, and it is still valid to use today. The economic environment circumstances and the lack of knowledge of professional financial practice cause a failure of businesses [16]. The ongoing

concern on the principle of the entities and their familiarity has been debated by [11] that found that financial and internal control weakness drive devastating consequences for the entities long run. Therefore, companies have to pay attention to financial [15] has encouraged boosting the ways to improve the rules inside the business. Most entities have published their financial statements to help the decision-makers take the investment opportunity [6]. When F. Donaldson Brown was employed as a financial manager at General Motors, Brown requested to organize the finance department; a brilliant model has created, DuPont Model and has been an instrumental path for financial analysis. F. Donaldson Brown is an engineer employed as a financial manager at DuPont; Brown had requested to organize the finance department in 1918 when a brilliant model was created, which is DuPont Model, and has been an instrumental path for financial analysis. Dupont's model depends on the financial ratios by computing two ratios, the net profit margin and the total turnover assets equal the return on assets. The profitability and efficiency measurements have affected the ROA, allowing DuPont to be the commonly used instrument for financial analysis [9]. The managers aim to maximise added value for the organization and shareholders, which determines the decisions made

in investing and finance [14]. In private industry, there are many ways to calculate all aspects of company productivity. Due to DuPont's organizational structure, the DuPont model remained applicable for profitability assessment.

The research aims to examine the Jordanian Arab Bank's performance progress. Banks are measured by their financial statements' overall financial characteristics and economic indicators. Such targets will calculate the return on assets, net operating profits, and total business earnings. The profit margins show us how well the organization handles its costs. Suppose an organization's net profit margin is high. In that case, they are more effective at turning revenue into real profits—the paper analyses how Arab Bank has used its assets in the same era. The funds ratio indicates how much a company uses per dollar it possesses. This ratio reflects how well a company has accomplished its goals. The equity multiplier analysis calculates a company's financial leverage and the abnormal volume of debt used to finance acquisitions. As an economic indicator of force, dollar leveraging is related to variability. A Financial Position may be done on a company, and the shareholder's actual interest splits the net assets. The essential profitability indicator is the revenue generated from investment money (ROE). It is symbolic of the viability of a company. It is assumed that a stock that can collect cash would have a better return rate. The greater the return on a company's markets, the more excellent the opportunity for profit is. Such targets will calculate the return on cash, net operating profits, and total business earnings. The profit margins show us how well the organization handles its costs. Suppose an organization's net profit margin is high. In that case, they are more effective at turning revenue into real profits—the paper analyses how Arab Bank has used its assets in the same era. The ratio of assets' use is of considerable significance in evaluating the productivity of school administration.

The paper is structured as follows: the first section discusses the study's significance and aims. In contrast, the second section includes the relevant literature review is disused the third section gives an overview of the Arab bank system. Section Four discusses the improved approach for DuPont financial ratio analysis and empirical results of banking system performance. In Section 4, the conclusion of the work is presented.

2 Literature Review

[18] have a revamped DuPont model to characterize the organization. The utilization of operating income as a criterion for assessing managers relies on a corporation's properties that limit a leader's ability to

execute those functions. [5] DuPont multiplication components in specific industries have a more generous assessment than regular ratios, suggesting increased validity to particular industries. Banks are a particular area of study due to their work and performance. Problems arise in managing the investments made by the banks, depositors, consumers, and other stakeholders. Bank managers are particularly going through a hectic atmosphere due to regulations. To mitigate risk, management is encouraged to achieve outcomes that are not following the aspirations of shareholders [19].

[21] have identified three corporate governance issues specific to banks. [13] address another recurring trend that combines the effect of the financial incentives of bank managers on their actions. [10] explore the differences within governance structures based on various service sectors' existence. Besides that, the complete volume of a company's organizational structure is defined by multiple factors, which all can also affect success assessment objectives and methods: the existence and distribution of a firm's assets and liabilities (leverage, the share of capital assets, market risk, cash- flow attitudes. firm size, and sector). Return rates are acceptable to use in economic and quantitative calculations. We accept that the emphasis on profitability indicators for bank appraisal is minimal. Regarding ROA, ROE, and the interest margin (and expenses without interest), all other operating ratios should be considered s" [20]). The revised model demonstrated how various income statements and Financial Position elements are related and how those elements affect a firm's ROE. [7].

2.1 The Arab Bank

Arab Bank offers commercial banking services in the Middle East. Founded in 1930 as a small bank, this organization has developed to include some 500 branches and over 30 separate countries on five continents. Since its establishment in Jerusalem as Arab Bank Limited on May 21, 1930, Arab Bank's growth and expansion continued. On Jan 31, 1990, the name Arab Bank changed to Arab Bank plc because it was listed under the Amman Stock Exchange. The Bank continuously strengthens its disclosures and presents a higher degree of openness in its accounting statements, helping investors and consumers understand its enormous earnings strength, low-risk level, and substantial economic role (Annual Report Arab Bank, 2019).

3 METHODOLOGY

3.1 Analysis Model

The efficiency model is based on net profit margin, gross asset turnover, and the equity multiplier. The income statement determines the profit margin and the efficiency of the income statement's various aspects—an inventory-based estimate of the financial position left-hand side: assets. The leveraged property valuation helps a lender determine the financial Position left-hand side: loans and owners' Equity.

Return on Equity allows financial institutions to plan and analyse their results [12]. The forecast indicates the investigation reveals a predicted profit margin [8]. In essence, net profits reflect a company's sales minus expenditures. With this information, the financial manager will correctly predict the expected sales revenue to meet each net income goal. The gross asset turnover ratio means the organisation's number of assets supports the expected sales level. The overall asset requirement is used to project all asset accounts to the pro forma level [4]. The financial calculation is the cash balance from assets minus liabilities plus Equity. Thus, the equity multiplier ratio will project a small bank's financial demands and composition. Return on assets and equity multiplier are two main factors of return on Equity. At the same time, the net profit margin and total assets turnover are the critical components of return on assets.

Return on Equity = (Return on Assets) Multiply (Equity Multiplier)

Return on Assets= (Net Profit Margin) Multiply (Total Assets Turnover)

As shown in Figure 1, the net income has been used to extract the total Equity by dividing it by the total equity capital. On the other hand, net income has also been used in the return on assets ratio by dividing it by the average total assets. The total assets and equity capital ratio is called the total equity multiplier. Where,

Return on Equity = (Net Income) Divided (Total Equity Capital)

Return on Assets = (Net Income) Divided (Total Assets)

Equity Multiplier = (Total Assets) Divided (Total Equity Capital)

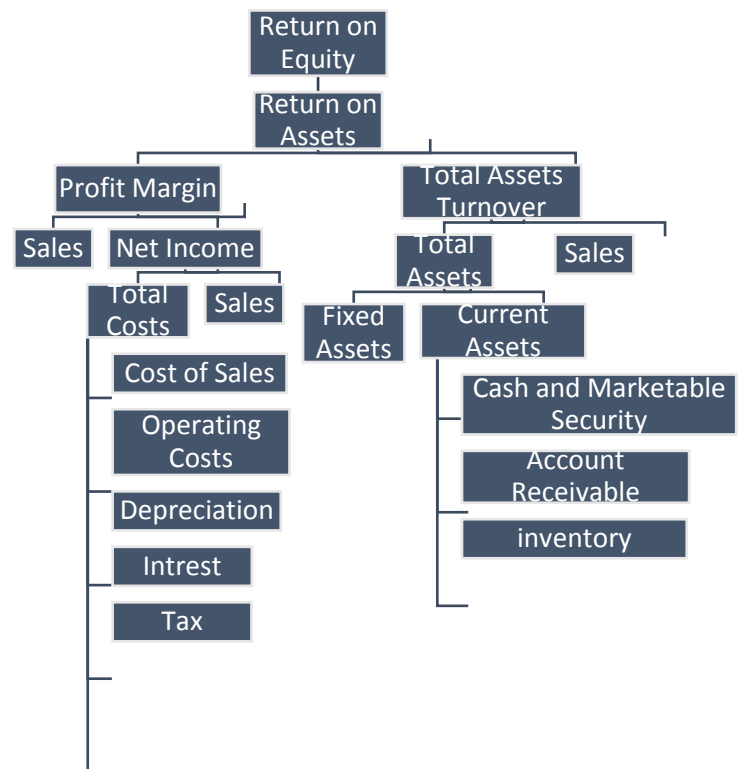


Fig. 1: The DuPont Model Analysis

Source: [2],[3],[1]

The net profit margin can be broken down into revenue and cost. Interest and non-interest profits were divided into two components. The net profit margin ratio will clarify the business's income statement. The total asset turnover ratio shows us how successful the company has been. The equity multiplier ratio can measure the founding Equity of a company. Applying the DuPont method of financial analysis to a bank illustrates how it can operate. The DuPont method of economic analysis offers quality management of a firm's preparation process and support during the audit.

4 Analysis andResults

4.1 Financial Position Items

Arab Bank has numerous sources of assets: firstly: Cash, secondly: loans of the customer, third:

deposits, and fourth: fixed other assets. Table 1 Cash swing from JOD (1,406,023) since 2000 to a peak of JOD (4,709,940) in 2015 and back to JOD (3,752,594) with an average (3,083,396.5) the average is (Note: The exchange rate 1 Dollar to Jordanian dinar is equal:0.721 while the 1 JOD is equal to 1.43 US dollar). The account of customer loans has increased from JOD (3,336,626) in 2000 to JOD (3,264,458) in 2019, while the average was (3,369,377). Securities and Deposits expanded from JOD (8,673,176) in 2000 to JOD (18,523,023) in 2019 with an average JOD (14,303,422.3). Fixed and other assets have grown from a JOD (429,279)0.43 in 2000 to JOD (788,610) in 2019 and JOD (524,421.25) on average in the COVID-19 period (2020-2021). The table shows an increase in cash in 2020 to (4833256). It continues to increase to reach (5685990) with an average (3281234.2)while the customer loans were in 2020(3498702) and decreased in 2020 to (2641667) and average (3342177.7), securities and deposits approximately remained as they were in 2020 they were (18251055) and decreased a bit in 2021 (18708241) with an average (14683079) finally fixed. Other assets were in 2020 (606080) and decreased to (579581) in 2021, so the average will be (530458.45). The Arab Bank has three large accounts with liabilities Corporate and retail deposits, other liabilities, and shareholders fund. Raised corporate and retail deposits from JOD (12,342,462) in 2000 to JOD (21,669,386) in 2019, with an average of JOD (17,656,599.35). Other liabilities have increased from JOD (1,055,480) in 2000 up to JOD (864,057) with an average (654,708.2). Shareholder fund started from (447,162) in 2000. It increased to JOD (3,795,242) in 2019 and an average of (2,962,667.2),i 2021 deposits have been raised to (23046472) with an average(18123566), other liabilities was decreased to (7252987) and average (665621.73) while shareholder funds were decreased to (3816020). With average (3041906) due to the pandemic.

4.2 Income Statement Items

Arab Bank has three main income sources – interest income, non-interest income and gains, and net income. Regarding the interest income, Table 1 shows fluctuation JOD (894,257) in the year 2000 with increasing slop in 2019 JOD (1,377,051), with an average JOD (935217.2). Net incomes from non-interest income and gains have grown from JOD (129,380) in 2000 to JOD (341,812) in 2019, with an average of (259,472.8). Net income rapidly increased from JOD (130,200) in 2000 to JOD (423,560) in 2019, with an average JOD (236,222.95). The Arab Bank has four types of expenditure: interest expense, provision for bad loans, overhead costs, and income tax. Interest expense ranged between JOD (632,790) in 2000 and JOD (602,140) in 2019, with a JOD (439,516.9) average. Provision for bad loans (34,415) and JOD (12,885) in 2019 with a JOD (72,374.95) average. Overhead cost JOD (195,364) in 2000 and JOD (547,618) in 2019 with a JOD (365,666) average income tax JOD (30,868) in 2000 and JOD (132,660) in 2019 with a JOD (79,739.45) average. Considering COVID -19 in the last two years, regarding the net income, table 1 indicates that the average is increased by (10,832.1) because of the fluctuation in 2019, decreased to (1141265) and continued falling in 2021 to reach (967477) due to COVID-19 effects.

4.3 Discussion of Financial Ratios

As a percentage of total assets for the Arab Bank in Table 2 with cash averages (14.16%), with a high of (20.58%) in 2021 and a low of (10.16%) in 2000. Customer loan averages contribute (16.87%) of total assets, with the highest percentage (26.26%) in 2002 and the lowest (9.56%) in 2021 The net security average was (66.47%) with a high of (72.32%) in 2018 and a low of (59.26%) in 2002. Fixed assets average was (2.52%) with a high of (3.10%) in 2000 and a low of (1.96%) in 2015. Corporate and retail deposits average was (83.48%) with a high of (89.18%) in 2001 and a low of (80.64%) in 2006.

Other liabilities average was (3.18%) with a high of (7.62%) in 2000 and a low of (2.02%) in 2010. Shareholder equities average was (13.33%) with a high of (16.79%) in 2006 and a low of (3.23%) in 2000.

4.4 Dupont Analysis of Arab Bank

For the coverage study period, as shown in Figure 2: DuPont Analysis 2000-2019, the Return on Equity for Arab Bank averages (9.29) varies from (29.12%) in 2000 to (12.69%) in 2001 and then (11.16%) in 2019. The overall net profit margin average was (19.41%) with a range of (26.29) in 2013 to (12.72%) in 2000. Total asset turnover averages have been (5.62%) times with a degree from (7.39%) times in 2000, decreasing in 2004 with (4.40%) and get an increase to (6.52%) times in 2019. The equity multiplier averages (8.83%) times with a range from (30.96%) times in 2000 to (5.97%) times in 2006, then to (6.93%) times in 2019. Return on Equity is explained by a rise in net profit margin and a reduction in equity multiplier. The equity multiplier has declined gradually from (30.96) times in 2000 to less than (5.96%) times in 2006, then increased to (7.35%) in 2015. The net profit margin has fluctuated from low levels of (12.72%) in 2000 to (26.29%) in 2013 and then to (24.46%) in 2019. The Arab bank network, extended over over thirty nations, was impacted by the global financial crisis. In 2011, international and local difficulties impacted the Jordanian economy and its ramifications. Regardless of the global challenges and local circumstances, the organizational culture of the Arab Bank believes that professionalism and confidence are a way to maintain its mission, which belongs to decades ago. Arab Bank has played a vital role by committing to its aims and being enabled to outshine and succeed. Arab Bank is listed on Amman Stock Exchange (ASE) with the acronym Arab Bank <ARBK>.

5 Conclusion

Similarly, based on studies [17],[2],[23], this study has investigated a financial analysis model for the Arab Bank by using the DuPont system analysis over the years 2000 -2019. Two decades of performance of Arab Bank represents the all of global and local events that affected one of the biggest banks in Jordan. Furthermore, more, the return on Equity consists of net profit margin (NPM), total asset turnover (TAT) and the equity multiplier (EM). However, the latest financial crisis harmed most world banks, but the Arab Bank of Jordan's results had a marginal impact.

The results shed light that the Arab Bank has succeeded through the years despite the circumstances which impacted Jordan's Arab Bank, which was mild. In 2000, Arab Bank enjoyed a dramatic rise in ROE and EPS growth instead of prior years. The Arab Bank's financial results have been relatively steady since 2001 until influenced by the 2008 crisis's aftermath. After then, the net profit margin and overall stock turnover reflect considerable consistency. The equity multiplier reflects nearly steady estimates from 2006 -to 2019 but declined from 2006-to 2009, indicating that the Arab Bank is seeing a decline in its financial leverage in these years. In other words, the Bank has relied less on debt to finance its assets in the recent year. Net income stood at about (25.78%) in 2018 with an average (of 19.47%), total asset turnover of about (7.39%) and an average of (5.62%), and the equity multiplier levelled out at about (30.96%) in 2000 with an average of (8.83%).

Regardless of the COVID -19 period, the authors have added the years (2020-to 2021) to examine the effect as well. But the challenge we have to consider is two decades, so the length of the sample period can not be summarized easily. Furthermore, there are several studies which have handled the same topic in different countries and have presented the result in same format.

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Table1: The Financial Statement for the Arab Bank (2000-2019)

Income Statement – Income	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interest Income	894257	775153	585661	499583	539934	723986	931750	1183122	1128629	916739	806546
Non-Interest Income and Gains	129380	149916	149157	183509	199460	225741	194756	217951	270627	245732	307956
Total	1023637	925069	734818	683092	739394	949727	1126506	1401073	1399256	1162471	1114502
Income Statement Expenses											
Interest Expenses	-632790	-506754	-325469	-251086	-262550	-368730	-464662	-640236	-576012	-398367	-316031
Provision for Bad Loans	-34415	-41511	-31435	-35848	-24853	-6746	-23202	-11341	-6620	-85499	-236768
Overheads	-195364	-211735	-222765	-246878	-266723	-320103	-309371	-332778	-346816	-353942	-341928
Income Tax	-30868	-25869	-24949	-26745	-39844	-54056	-65994	-82062	-89668	-74624	-73674
Net Income	130200	139200	130200	120200	144200	200092	263277	334656	360174	250039	145085
Financial Position: Assets	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Cash	1406023	1629226	1735788	2103607	2253477	2044984	1940964	2894720	3026127	4004819	4649556
Customer Loans	3336626	3755995	3864377	3770014	3444403	3683586	4321512	3507125	3263567	2782746	2613031
Securities and Deposits	8673176	8766706	8719974	9215561	10688100	10573816	11642611	14258893	15846624	15756920	15489842
Fixed and Other Assets	429279	396908	394014	387930	400048	513418	535051	559293	614684	555006	566979
Total Assets	13845104	14548835	14714153	15477112	16786028	16815804	18440138	21220031	22751002	23099491	23319408
Financial Position: Liabilities	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Deposits	12342462	12974264	12966576	13599191	14582887	14366500	14870546	17161380	18638502	18777745	19062842
Other Liabilities	1055480	398976	461551	444395	602762	589674	475644	510657	532546	520540	469971
Shareholder Funds	447162	1096932	1286026	1433526	1600379	1859630	3093948	3547994	3579954	3801206	3786595
Total Liabilities & Equities	13845104	14548835	14714153	15477112	16786028	16815804	18440138	21220031	22751002	23099491	23319408

Income Statement – Income	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average
Interest Income	847331	954607	1027810	1041502	1022375	1063885	1120039	1264383	1377051	1141265	967477	946049.32
Non-Interest Income and Gains	285155	302195	289876	319672	336663	311622	311040	417236	341812	249954	308039	261247.68
Total	1132486	1256802	1317686	1361174	1359038	1375507	1431079	1681619	1718863	1391219	1275516	1207297
Income Statement Expenses												
Interest Expenses	-341428	-408676	-438103	-434549	-412596	-439220	-454857	-516082	-602140	462421	343843	436209.18
Provision for Bad Loans	-91938	-131128	-49240	-38685	-12217	-182726	-230077	-160365	-12885	424259	298291	98638.591
Overheads	-366181	-365585	-371580	-541405	-648109	-431727	-441778	-450933	-547618	435918	422840	371458.05
Income Tax	-71083	-90072	-112337	-128691	-132097	-109420	-109351	-120725	-132660	46821	54441	77093.227
Net Income	263001	261341	346426	217844	154020	212414	195016	433514	423560	218000	156101	
Financial Position: Assets	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average
Cash	3954882	3354402	4331096	3930155	4709940	3416485	3270576	3258485	3752594	4833256	5685990	3281234.2
Customer Loans	3415545	4044307	2676405	3313566	2625024	3432626	3063256	3209371	3264458	3498702	2641667	3342177.7
Securities and Deposits	16028453	15957684	16985248	18088851	18017731	16885604	17497764	18451865	18523023	18251055	18708241	14683079
Fixed and Other Assets	522763	556023	545623	537205	506467	519531	529976	625617	788610	606080	579581	530458.45
Total Assets	23921485	23912416	24538372	25869777	25859162	24254246	24361572	25545338	26328685	27189093	27615479	21836942
Financial Position: Liabilities	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average
Deposits	19584371	19535880	20003301	21229540	21056474	19866162	19797456	21046522	21669386	22539997	23046472	18123566
Other Liabilities	523590	497025	579657	589364	1248547	887329	1014207	828192	864057	796527	752987	665621.73
Shareholder Funds	3813524	3875511	3955414	4040873	3518141	3500755	3549909	3670623	3795242	3852569	3816020	3041906
Total Liabilities and Equities	23921485	23908416	24538372	25859777	25823162	24254246	24361572	25545338	26328685	27189093	27615479	

Source: Arab Bank annual reports

*All the figures in thousand Jordanian Dinars¹ (000)

Table 2: The calculated Arab Bank Ratios (2000 -2019)

Income Statement Items	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interest Expenses	61.82%	54.78%	44.29%	36.76%	35.51%	38.80%	41.25%	45.70%	41.17%	34.27%	28.38%
Provision for Loan Facilities	3.36%	4.49%	4.28%	5.25%	3.36%	0.72%	2.06%	0.81%	0.47%	7.35%	21.26%
Staff and Other Overheads	19.09%	22.89%	30.32%	36.48%	36.24%	33.70%	27.46%	23.75%	24.79%	30.45%	30.70%
Income Tax	3.02%	2.80%	3.40%	3.92%	5.39%	5.70%	5.86%	5.86%	6.41%	6.42%	6.61%
Net Income	12.72%	15.05%	17.72%	17.60%	19.50%	21.07%	23.37%	23.89%	25.74%	21.50%	13.05%
Total Income Statement	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Financial Position: Assets	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Cash	10.16%	11.20%	11.80%	13.59%	13.42%	12.16%	10.53%	13.64%	13.30%	17.34%	19.93%
Customer Loans	24.10%	25.82%	26.26%	24.36%	20.52%	21.91%	23.44%	16.53%	14.34%	12.05%	11.25%
Securities, Net	62.64%	60.26%	59.26%	59.54%	63.67%	62.88%	63.14%	67.12%	69.65%	68.21%	66.42%
Fixed and Other Assets	3.10%	2.73%	2.68%	2.51%	2.38%	3.05%	2.90%	2.64%	2.70%	2.70%	2.40%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Financial Position: Liabilities	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Deposits	89.15%	89.18%	88.12%	87.87%	86.88%	85.43%	80.64%	80.87%	81.92%	81.29%	81.75%
Other Liabilities	7.62%	2.74%	3.14%	2.87%	3.97%	3.51%	2.58%	2.41%	2.34%	2.25%	2.02%
Shareholders Equities	3.23%	7.54%	8.74%	9.26%	9.53%	11.05%	16.79%	16.72%	15.74%	16.46%	16.24%
Total Liabilities & Equities	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
DuPont Ratios	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Net Profit Margin (NPM)	12.72%	15.05%	17.72%	17.60%	19.50%	21.07%	23.37%	23.89%	25.74%	21.51%	13.01%
Asset Utilization (TAT)	7.39%	6.36%	4.99%	4.41%	4.40%	5.65%	6.11%	6.60%	6.15%	5.03%	4.77%
Equity Multiplier (EM)	30.96%	13.26%	11.44%	10.80%	10.49%	9.04%	5.96%	5.98%	6.36%	6.08%	6.16%

Income Statement Items	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average
Interest Expenses	30.11%	32.52%	33.25%	31.92%	30.36%	31.93%	31.40%	30.69%	35.03%	29.13%	26.95%	37.50%
Provision for Loan Facilities	8.11%	10.43%	3.73%	2.84%	0.90%	13.28%	15.88%	9.54%	0.75%	26.72%	23.38%	5.94%
Staff and Other Overheads	32.31%	29.09%	28.20%	39.77%	47.69%	31.39%	30.50%	26.82%	31.86%	27.46%	33.15%	30.67%
Income Tax	6.28%	7.17%	8.53%	9.45%	9.72%	7.95%	7.55%	7.18%	7.72%	2.90%	4.26%	6.35%
Net Income	23.19%	20.79%	26.29%	16.01%	11.33%	15.44%	14.66%	25.78%	24.64%	13.70%	12.23%	19.47%
Total Income Statement	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100%
Financial Position: Assets	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average
Cash	16.53%	14.03%	17.65%	15.19%	18.21%	14.09%	13.43%	12.76%	14.25%	17.77%	20.58%	14.16%
Customer Loans	14.28%	16.91%	10.91%	12.81%	10.15%	14.15%	12.57%	12.56%	12.40%	12.87%	9.56%	16.87%
Securities, Net	67.00%	66.73%	69.22%	69.92%	69.68%	69.62%	71.83%	72.23%	70.35%	67.12%	67.75%	66.47%
Fixed and Other Assets	2.19%	2.33%	2.22%	2.08%	1.96%	2.14%	2.18%	2.45%	3.00%	2.22%	2.10%	2.52%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100%
Financial Position: Liabilities	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average
Deposits	81.87%	81.71%	81.52%	82.09%	81.54%	81.91%	81.27%	82.39%	82.30%	82.90%	83.45%	83.48%
Other Liabilities	2.19%	2.08%	2.37%	2.28%	4.83%	3.66%	4.16%	3.24%	3.28%	2.92%	2.70%	3.18%
Shareholders Equities	15.94%	16.21%	16.11%	15.63%	13.62%	14.43%	14.57%	14.37%	14.41%	14.16%	13.80%	13.33%
Total Liabilities & Equities	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100%
DuPont Ratios	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average
Net Profit Margin (NPM)	23.22%	20.79%	26.29%	16.00%	11.33%	15.44%	13.62%	25.77%	24.64%	15.67%	12.24%	19.41%
Asset Utilization (TAT)	4.73%	5.25%	5.36%	5.26%	5.25%	5.67%	5.87%	6.58%	6.52%	5.12%	4.62%	5.62%
Equity Multiplier (EM)	6.27%	6.17%	6.20%	6.40%	7.35%	6.93%	6.86%	6.95%	6.93%	7.06%	7.24%	8.83%
Return on Equity (ROE)	6.90%	6.74%	8.76%	5.39%	4.38%	6.61%	5.49%	11.81%	11.16%	5.66%	4.09%	9.29%
Return on Equity (ROE)	29.12%	12.69%	10.12%	8.38%	9.01%	10.76%	8.51%	9.43%	10.06%	6.58%	3.83%	

Source: Created by author depending on the Arab Bank annual reports (2000-2021)

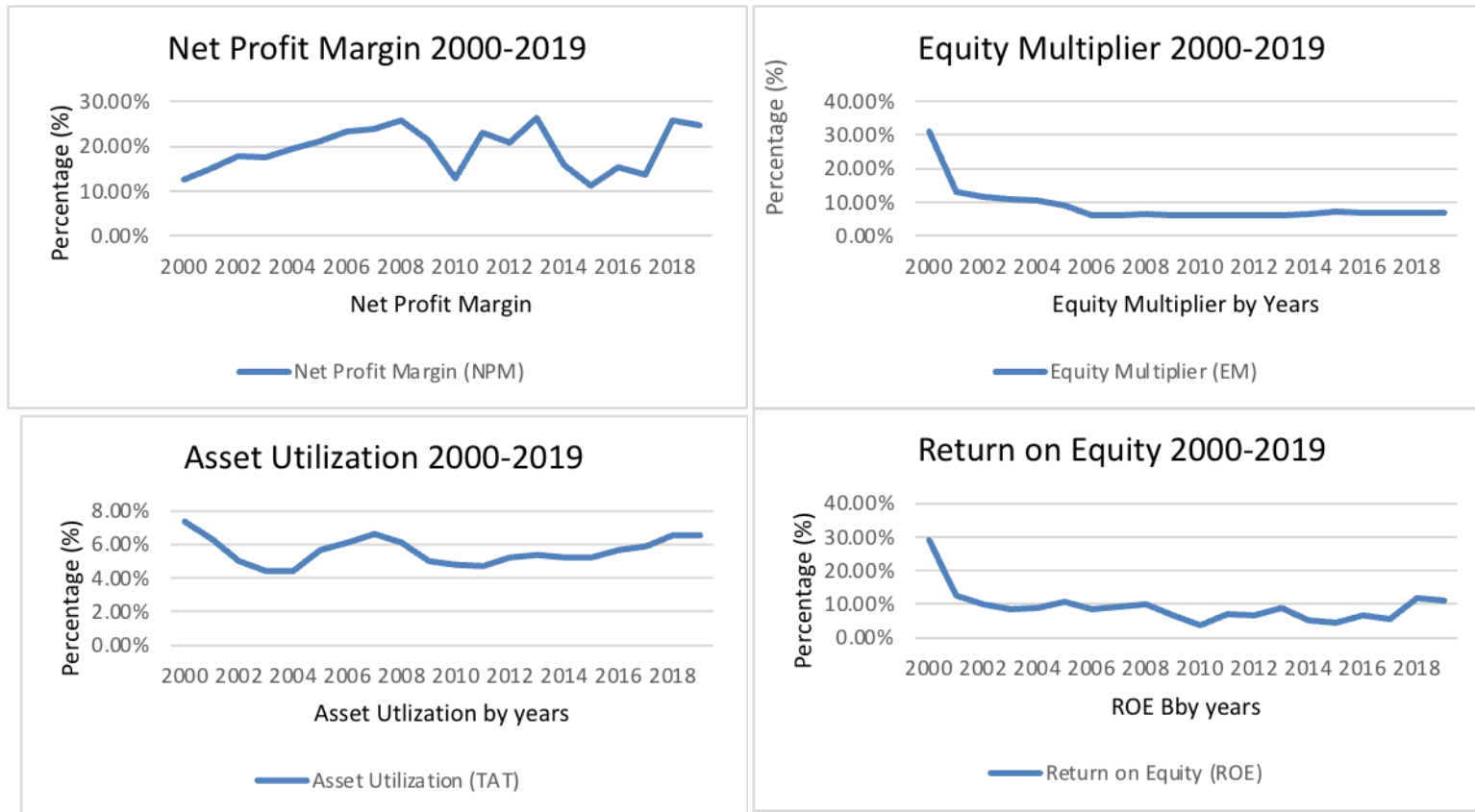


Figure 2: DuPont Analysis 2000-2019

Source: Created by author depending on the Arab Bank annual reports (2000-2019)