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The Role of Financial Analysis in Evaluating Commercial Banks' Performance

Dr. Aisha Badawi Abdelrhman
Northern Boarder University College of Business Administration -Banking and Finance Department, Saudi Arabia

* Corresponding Author: **Dr. Aisha Badawi Abdelrhman**

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Abstract
This research dealt with the role of financial analysis in evaluating the performance of Saudi commercial banks by applying to a selected sample of Saudi commercial banks represented by Al Rajhi Bank, Ahli Bank and Samba Bank during the period from 2020-2023.
The problem of this research was the extent to which the financial analysis process is recognized as an effective tool in evaluating the performance of commercial banks and the aspects they cover, in addition to the steps that should be followed in carrying out the financial analysis process.
it's aimed to introduce the process of financial analysis and indicate its importance and types, to introduce the process of evaluating performance and the methods used in this regard, in addition to evaluating the performance of the Saudi commercial banks under study and to know the weaknesses and strengths of these banks in terms of liquidity, profitability, activity and indebtedness.
The most important findings of the research that are the Saudi commercial banks under study have a great ability to meet their obligations in the short and long term. Samba Bank is considered the best in this field, as it surpassed Al Rajhi and Al-Ahli Bank during the years under study.
The most important recommendations recommended by the study are the need to rely on the financial analysis process as one of the means that can clarify the weaknesses or strengths of banks, as well as the need to maintain the same policies followed by the banks under study to maintain the liquidity and profitability of these banks in the future.

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Introduction

Financial analysis is one of the most important tools used in the process of evaluating various commercial establishments, including commercial banks, because of the ability of financial analysis to evaluate different aspects of the facility that the numbers of financial statements cannot show, and the importance of financial analysis has increased in light of the complexity and multiplicity of activities of establishments, which requires the financial manager to know the financial position of the facility before carrying out the financial planning process in the future.
Financial analysis is concerned with measuring the performance of the facility in terms of liquidity, profitability, activity, indebtedness and others, which gives an integrated picture of the financial position of the facility and thus helps in making administrative, financing and investment decisions that various institutions wish to take, including commercial banks, In this research, the researcher deals with the process of financial analysis in evaluating the performance of commercial banks in the Kingdom of Saudi Arabia in terms of liquidity, profitability and indebtedness, and then arranging the performance of these banks according to the results reached through the financial analysis process.

Research problem:
The problem of research is that the financial analysis process is one of the tools for evaluating the performance of commercial banks from different aspects to show the strengths to strengthen and the weaknesses to address.

Through the research, the researcher raises the following questions:
1. Does financial analysis process a sufficient tool to evaluate the performance of commercial banks?
2. What are the aspects that the financial analysis evaluates, and the means used in this regard?
3. What are the steps that should be taken by commercial banks after evaluating the performance of the various aspects of the bank?

Importance of research:
Scientific importance: The research represents an addition to academic libraries that can benefit students, researchers and others regarding the process of financial analysis and how to conduct it and draw its conclusions.
Practical importance: It is to know:
1. Steps taken by the researcher when he carried out the process of analyzing the commercial banks under study
2. The results of the evaluation process of commercial banks and their impact on the performance of the commercial banks under study
3. Steps that should be taken by the administrations of these banks towards the process of evaluating these banks.

Research Objectives:
This research aims to achieve the following:
1. Introducing the financial analysis process and indicating its importance and types
2. Definition of performance evaluation and methods used in this regard
3. Evaluating the performance of the Saudi commercial banks and knowing the weaknesses and strengths of these banks in terms of liquidity, profitability, activity and indebtedness.

Research hypotheses:
Through research problems, the researcher seeks to test the following hypotheses:

Initial hypothesis:
The financial analysis process evaluates the performance of commercial banks from different financial aspects

Second hypothesis:
Measuring the liquidity, profitability and borrowing aspects of commercial banks illustrates the positions of strength and weakness in terms of the financial performance of these banks

Third hypothesis:
Addressing the weaknesses and perpetuating the positions of strength in Saudi commercial banks leads to the continuity of these banks in providing services to their customers.

Research Methodology:
The researcher follows the following approaches:
1. deductive approach: to identify the dimensions of the problem logically
2. descriptive analytical approach uses the descriptive approach for theoretical study and analytical study of applied study
3. Comparative approach: to make comparisons between different commercial banks and show the positions of strength or weakness of each of them.

Research Limitations:
Spatial boundaries: a sample of commercial banks operating in the Kingdom of Saudi Arabia (Al Rajhi - Al Ahli - Samba)
Time limits: during the period from 2020-2023

Research Structure:
The research is divided according to its problems and hypotheses into an introduction and three sections, the introduction includes the methodological framework of the study, the first section dealt with the theoretical framework of financial analysis, the second section was devoted to the performance evaluation process, and the third section was through which the financial analysis process of the Saudi commercial banks under study. The research concludes with findings and recommendations

Theoretical framework of the financial analysis process
Definition of financial analysis:
Financial analysis has been defined as (an organized processing of available data aimed at obtaining information used in the decision-making process, evaluating the performance of institutions in the past and present, and predicting what it will be in the future. (Al-Hayali, 2004:21) [14], Through the above identification, the financial analysis process is a process that processes financial statements aimed at obtaining information that helps in making decisions and knowing the financial position of the entity in the past, present and future. He also defined financial analysis as (the detailed study of financial statements and the correlation between them and raise questions about their meaning to explain the reasons that led to the emergence of these data in the ways they are, which helps to discover the strengths and weaknesses of the various financial policies that the institution works to show. (Al-Hayali, 2004:22) [14].
Through the above identification, the financial analysis process is a process that processes financial statements aimed at obtaining information that helps in making decisions and knowing the financial position of the entity in the past, present and future.
The above definition indicates that the financial analysis process is a deep study of the data contained in the financial statements and their relationship to each other and what the meaning of these data means to know the strengths and weaknesses of the entity.

Objectives of financial analysis:
Financial analysis aims to achieve the following aspects (Karajah *et al*., 2000: 143):
1. Know the ability of the institution to service its debts and its ability to borrow.
2. Evaluate the financial and operational policies in place.
3. Judging the efficiency of management.
4. Assess the feasibility of investing in the enterprise.
5. Take advantage of the information available to make decisions related to monitoring and evaluation.

The researcher believes that the above objectives help the facility in knowing the various financial aspects, which allows it to hedge for problems that can occur, especially liquidity problems and financial hardship, in addition to proper planning for the activities of the future facility.

Parties benefiting from the financial analysis process:
There are many parties that benefit from the financial analysis process: (Matar, 2000: 7) [3]

1. Investors:
The shareholder or owner of the sole proprietorship is interested in the return on the invested money, the added value, and the risks involved in the investments in the institution, so he is looking for whether it is better to hold shares in evaluating these aspects (Hatfi, 2004: 59), and this may differ slightly from the prospective shareholder, who tries to find out whether it is better for him to buy the company's shares or not, but both of them (the current and prospective shareholder) are interested in the company's past and the risks it has been exposed to, and the method used to address them. Then look at the expected growth in the short and long term.

2. Management of the facility:
Financial analysis is one of the most important means by which business results are analyzed and presented to unit owners or the general body in joint stock companies or the management supervising the institution in the sector. Financial analysis helps the management of the institution to achieve one or all the following goals together (Mohammed *et al*., 2005, 18)

- Evaluation of the profitability of the enterprise and the returns on investment; - Identify the trends in the performance of the enterprise.
- Comparing the performance of the enterprise with that of other institutions of similar size and similar in nature of activity, as well as with the performance of the industry to which the enterprise belongs.
- Evaluation of the effectiveness of oversight.
- How to distribute the available resources to different uses.
- Evaluation of the efficiency of asset management.
- Evaluation of the performance of the various levels of management.
- Diagnosis of current problems.
- -Assist in proper planning for the future

3. Creditors:
Creditor means a person who subscribed to the company's special bonds, is likely to purchase the issued bonds, subscribes to a new loan, lends or is in the process of lending funds to the institution, and the creditor may be a bank or financial institution. The view of creditors varies depending on the type of debt (Mohammed *et al*., 2005:19).
Long-term debt
What creditors are interested in here is to ensure that their money is recovered and that they receive interest in their money, so their interest in financial analysis is related to knowing the real value of fixed assets, the level of profitability and their adequacy in covering annual interest.
B- Short-term debts
What creditors are interested in here is to ensure that the amount of debt is received on its maturity date, so creditors are interested in analyzing the working capital, cash position and liquidity of the institution.

4. Suppliers:
The supplier is interested in ensuring the safety of the financial positions of its customers, and the stability of their financial conditions, the customer is practically indebted to the supplier, and this means studying and analyzing the customer's indebtedness in the supplier's books, and the development of this indebtedness, and in light of this, the supplier decides whether to continue to deal with him or reduce this dealing, and thus the supplier benefits from the data published by customers periodically, for example, to identify whether the credit period granted to its customers is similar to that granted by competitors, and For the analyst Calculate the average credit period granted to customers using financial statement data.

5. Customers:
Using the data published by the supplier as well as its competitors, the customer can find out whether the conditions he obtains, especially the credit period, are like those granted to others, and coincide with the credit period he grants to his customers, and these comparisons are made using financial statements by calculating the average credit period.

6. Employees of the institution.
In general, the most important stakeholders in the project are (Hanafi, 2004: 72) [5]:
Shareholders (owners).
B- Employees of the institution.
Increasing wages while productivity is stable means that the return allocated to owners decreases directly (distributions are reduced or disappeared), indirectly (insufficient internal funding) or a weakening of the financial position, if distributions are paid from reserves. For this reason, workers in France, for example, can only share profits if the net profit exceeds 5% compared to the equity, which motivates them to increase productivity and ensure a minimum return for owners. This indicates that it is useful for employees to know the financial position of the organization to which they belong, and to ensure proper management of funds.

7. Government Agencies
The interest of government agencies in analyzing the performance of institutions is primarily due to control reasons: and for tax reasons in the second place, in addition to the following objectives (Shanti, Shaqr, 2004: 170) [1]

- Ensure compliance with applicable regulations and laws
- Performance evaluation as central bank supervision of commercial banks
- Price control
- . Statistical targets.

8. Individuals and Securities Dealers
Securities brokers benefit from financial analysis for the following purposes (Zoghbi, 2004: 164)

- Analysis of rapid changes in the share prices of companies in the financial market;
- Monitoring and monitoring of prevailing financial funds and their impact on the financial market;
- Analyze the financial market and identify the institutions whose share purchase represents the best investment.

Definition of financial ratios:

The ratio is defined mathematically as a constant relationship between two numbers, while in the financial field, it represents a fractional relationship between two elements of the balance sheet, or between two elements of the income statement, or one of them (Al-Hanawi, Mustafa, 2005: 45) [9]. The ratios used in commercial banks.

The most important ratios used in evaluating bank performance are (Elias, 2005: 36-37):

1. Liquidity Ratio: This ratio measures the bank's ability to meet its immediate and expected obligations without delay. Since banks heavily rely on deposits for their resources, it is necessary for them to be prepared to meet sudden and regular withdrawals and continue providing credit facilities. A decrease in the bank's liquidity leads to a loss of trust among its customers (Al-Shakargi, 1999:107).

Liquidity ratios are calculated as follows:

1. The cash-to-deposit ratio = (current cash + quasi-cash balances) / the volume of deposits at the bank
2. The ratio of cash at the bank and with other banks to total deposits = (cash in the vault + cash with other banks) / total deposits
3. Loan-to-Total Assets Ratio = Loans / Total Assets
4. The ratio of short-term investments to total deposits = short-term investments / total deposits (Ramadan and Joudah, 2003: 276-277) [2].

Profitability Indicators:

Banks strive to achieve the highest level of profits, as profitability is a primary goal that banks seek to achieve. For a bank to achieve high profitability, it must invest the funds it has obtained in assets that yield appropriate returns, such as loans and investments. The more commercial banks strive to reduce their expenses and increase their revenues, the more profitability will increase (Al-Shakarchi, 1999: 115). Among the most important indicators of profitability in commercial banks are (Ramadan and Joudah, 2003: 276-277) [2] the following:

1. Interest margin = (interest income – interest expense) / working assets
2. Net interest margin = Net profit after taxes / interest-bearing liabilities
3. Asset utilization rate = Interest income / Total assets

The researcher believes that the profitability ratios mentioned above cannot all be applied to Saudi commercial banks because some of them relate to measuring interest in commercial banks, which is prohibited and not dealt with in the Kingdom of Saudi Arabia. Therefore, the researcher focuses on the return on assets ratio as well as the return on equity ratio.

The researcher also believes that it is possible to add a third set of ratios called borrowing ratios, which measure loans to equity as well as to capital, and are calculated as follows:

1/ Debt to equity ratio = loans / equity

2/ Capital structure ratio = long-term liabilities / capital structure.

Performance evaluation

The concept of performance evaluation:

Performance evaluation is one of the main components of the supervisory process, as it involves comparing the actual performance of each activity within the establishment, as well as the overall performance, against predetermined indicators. This is done to identify deviations from previously set goals, determine the responsible centers, trace the reasons behind these deviations to avoid them in the future, and to assess the efficiency of operations at both the unit level and internal activities (Khasharma, 2002, 299).

Performance Evaluation Procedures:

The effective performance evaluation process takes place in several stages (Khasharma, 2002: 301):

1. Planning Stage: In this stage, budgets and estimated lists are prepared if the performance evaluation process is conducted through pre-set rates. Tools for evaluation are prepared, and the centers responsible for the evaluation process are identified.
2. Results Comparison Stage: After the period covered by the plan set in the planning stage ends, actual performance is compared with the planned performance. The purpose of this is to determine whether the set objectives have been achieved.
3. Deviations Identification and Interpretation Stage: Identifying the differences and deviations between actual performance and planned performance.
4. Deviations Handling and Addressing Stage: This is the final stage of the performance evaluation process, where these deviations are addressed to avoid them in the next stage.

Financial analysis as a tool for performance evaluation:

The financial analyst relies on indicators that assist in measurement during their work, which are numerous and varied, the most important of which are (Mohamed *et al.*, 2000:22):

1. Assisting management in making decisions related to planning and control
2. Evaluating the performance of departments as well as assessing administrative policies
3. Studying and evaluating the financial balance of the establishment
4. Studying and evaluating the profitability of the establishment
5. Studying and evaluating the establishment's ability to meet its financial obligations (liquidity study and evaluation)
6. Studying and evaluating the establishment's credit position
7. Studying and evaluating the establishment's ability to continue its operations...

The importance of performance evaluation:

The importance of performance evaluation lies in the following:

1. The performance evaluation process clarifies the reciprocal relationships between the parts of the organization and the commitment to those relationships. Through performance evaluation, it is determined to what extent the production units and the units that were not at the required level are functioning, and thus actions can be taken accordingly.
2. The performance evaluation illustrates the extent to which the organization engages in its activities and achieves its objectives with the highest degree of

efficiency and productivity, through monitoring both quantity and quality and through the optimal use of available economic resources.
3. Performance evaluation helps guide senior management supervision by providing information, facts, and data about the strengths and weaknesses within the organization. (Abdullah, 1997:191) [6]
4. Performance evaluation helps achieve production quality standards based on specified production specifications.
5. The performance evaluation process clarifies the reciprocal relationships between different departments and branches, as the process helps verify that these departments and branches perform their various functions with the best possible efficiency. (Al-Eisawi, 2001:245)
6. The importance of performance evaluation is closely related to planning at all levels, whether at the level of branches or departments, or at the level of the project, sector, or national economy.

Performance Measurement Tools:
There are various performance measurement tools, and here are some of the metrics used in performance measurement.
1. Financial Metrics:
These metrics provide a picture of the institution's financial performance during the current period, making it easier to compare with previous years. Financial performance measurement relies on the financial analysis of historical data found in the balance sheet and income statement. Therefore, it is considered a means to identify strengths and weaknesses in the financial position and in various policies that affect the institution's profitability. There are many financial analysis tools, the most important of which are the resources and uses list and financial ratios. (Hendi, 1997: 27)

2.Market Metrics:
These metrics relate to market activities in achieved sales, the extent of their increase, the trend of these sales, the cost of sales transactions, the profit realized from them, and new customers. These metrics help the organization identify the extent to which it achieves its sales objectives, whether its business is increasing, and whether it has managed to attract new customers.
Many strategic management enthusiasts use sales volume and market share as performance measures. (Falah Hussein and Muayad Abdul Rahman, 2003: 221) [8]

3. Production metrics:
Productivity refers to the efficiency in the optimal utilization of material and human resources to achieve a certain volume or level of products. While some use the term production synonymous with efficiency, others differentiate between them on the basis that production does not mean efficiency; it represents any relationship between outputs and inputs, not necessarily the best relationship between them (Abu Qahf, 2002:25) [4].

4. Efficiency metrics:
Efficiency means the ability to optimally use the resources available to institutions. In other words, it means achieving the best possible relationship between inputs and outputs. Efficiency could be described as accomplishing a lot with the least possible, which involves working on reducing the resources used, whether they are human or material. (Hussein and Abdul Rahman, 2003: 227) [8]

The analysis
The researcher conducted a financial analysis using financial ratios on a sample of commercial banks operating in the Kingdom of Saudi Arabia based on their published data on the Saudi Capital Market Authority (Tadawul) website www.tadawul.com.sa during the period from 2020 to 2023 to identify the strengths and weaknesses of these banks through liquidity, profitability, and borrowing ratios. The analysis results were as follows:

First: Liquidity Ratios:
1. Cash to Total Deposits Ratio:
This ratio measures the cash available in the bank to the total deposits. The higher this ratio, the more it indicates the bank's ability to provide immediate cash to meet instant withdrawals.

Table 1: shows the cash-to-deposit ratios for the banks under study.

Number	Bank Name	2020	2021	2022	2023
1	Al Rajhi	6%	8%	7%	7%
2	Al Ahly	4%	9%	7%	3%
3	Samba Group	19%	9%	7%	3%

Source: Prepared by the researcher based on the published financial statements of the banks under study at the Saudi Capital Market Authority (Tadawul).

From the table (1-3) above, in 2020, Samba Bank was the best in providing liquidity, with a cash-to-deposit ratio of 19%, surpassing Al Rajhi Bank by 13% and the National Bank Group by 15%. In 2021, both Samba and National Banks excelled with a 9% ratio each, surpassing Al Rajhi Bank by 1%. In 2022, all banks were equal in this ratio. In 2023, Al Rajhi Bank surpassed both National and Samba Banks by 4%.
From the above analysis, Samba Bank is the best among the sample banks in providing liquidity to its customers. However, it is also the least profitable bank, with an investment return rate of 2% over the study years, which is the lowest rate among the studied banks.

The ratio of cash in the fund and other banks to total deposits:
This ratio measures the cash in the bank and other banks to total deposits. The higher this ratio is also considered evidence of the bank's ability to provide cash in a short period of time to meet withdrawals that occur within a very short period, which may be hours or extend to a few days.

Table 2: shows the ratio of cash in the fund and other banks to total deposits for the banks under study:

Number	Bank Name	2020	2021	2022	2023
1	Al Rajhi	14%	15%	13%	13%
2	Al Ahly	9%	15%	12%	9%
3	Samba Group	21%	18%	10%	8%

Source: Prepared by the researcher based on the published financial statements of the banks under study at the Saudi Capital Market Authority (Tadawul).

From Table (2-3) above, in 2020, Samba Bank is the best by 21%, ahead of Al Rajhi by 7% and Al Ahli by 12%. In 2021, Samba also outperformed by 18%, ahead of Al Ahli and Al

Rajhi by 3%. During 2022, Al Rajhi Bank was the best by 13%, ahead of Al Ahli by 1% and Samba by 3%. In 2023, Al Rajhi Bank is also the best, as its percentage was 13%, an increase of 4% over Al Ahli Bank and 5% over Samba Bank. It is clear from the above that the preference in providing cash in the fund and other banks are Samba and Al Rajhi Banks, as Samba outperformed during the years 2020 2021, while Al Rajhi outperformed in the years 2022 2023.

3-Loan to total assets ratio

This ratio measures the value of total loans to the total assets owned by the bank. A high ratio is considered a bad indicator as it may lead to risks represented by the bank's inability to meet its obligations in the event of liquidation.

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Table 3: shows the ratio of loans to total assets for the banks under study:

Number	Bank Name	2020	2021	2022	2023
1	Al Rajhi	85%	86%	86%	86%
2	Al Ahly	85%	89%	89%	89%
3	Samba Group	85%	84%	83%	82%

Source: Prepared by the researcher based on the published financial statements of the banks under study at the Saudi Capital Market Authority (Tadawul).

From Table (3-3) above, in 2020 all banks are equal in this ratio. In 2021, we find that Samba has the lowest borrowing to total assets ratio, reaching 84%, a decrease of 2% from Al Rajhi and 5% from Al Ahli. The situation did not change in 2022 and 2023, as Samba is considered to have the lowest borrowing ratio. In 2022, the borrowing to total assets ratio reached 83%, a decrease of 3% from Al Rajhi and 6% from Al Ahli. As for 2023, Samba achieved a borrowing ratio of 82%, a decrease of 4% from Al Rajhi and 7% from Al Ahli. It is clear from the above that Samba Bank is the best in terms of borrowing compared to assets during the period under study.

Ratio of short-term investments to total deposits: This ratio measures the short-term investments in the bank to total deposits. The higher this ratio is, the more evidence of the bank's ability to pay its short-term obligations from these investments.

Table 4: shows the ratio of short-term investments to total deposits for the banks under study:

Number	Bank Name	2020	2021	2022	2023
1	Al Rajhi	103%	10%	10%	97%
2	Al Ahly	49%	42%	40%	45%
3	Samba Group	42%	33%	36%	37%

Source: Prepared by the researcher based on the published financial statements of the banks under study at the Saudi Capital Market Authority (Tadawul).

From Table (4-3) above, in 2020, Al Rajhi Bank is the best, as the ratio of investments to deposits reached 103%, outperforming Al Ahli Bank by 54% and Samba by 61%. In 2021, Al Ahli outperformed by 42%, outperforming Samba by an increase of 9% and Al Rajhi by an increase of 32%. Likewise, in 2022, Al Ahli outperformed again by 40%, an increase of 10% over Samba and 30% over Al Rajhi. As for 2023, Al Rajhi outperformed by 97%, an increase of 52% over Al Ahli and 60% over Samba. Based on the above, Al Rajhi Bank is considered to have outperformed during 2020 and 2023, while Al Ahli Bank outperformed during 2021 and 2022

Second: Profitability ratios:

1. Rate of return on investment (total assets):

This ratio measures net profit after tax to total assets. If this ratio increases, it is considered a good indicator of achieving profits, and if the ratio decreases, it indicates that the profits achieved are small compared to the invested assets.

Table 5: shows the return on investment ratio for the banks under study:

Number	Bank Name	2020	2021	2022	2023
1	Al Rajhi	3%	3%	3%	2%
2	Al Ahly	2%	2%	2%	2%
3	Samba Group	2%	2%	2%	2%

Source: Prepared by the researcher based on the published financial statements of the banks under study at the Saudi Capital Market Authority (Tadawul)

From Table (5-3) above, Al Rajhi Bank is the best in terms of return on investment, as it outperformed Al Ahli and Samba Banks during the years 2020, 2021 and 2022 with an increase of 1%, while all banks were equal in the return on investment ratio in the year 2023. It is noted that the rate of return on investment in all the banks under study is considered low compared to the return on equity for the same banks under study.

2. Return on equity ratio: This ratio measures the net profit after tax to the equity. If this ratio increases, it is considered a good indicator of achieving profits for the owners, and if the ratio decreases, it indicates that the profits achieved for the equity category are low.

Table 6: shows the return on equity ratio for the banks under study:

Number	Bank Name	2020	2021	2022	2023
1	Al Rajhi	22%	22%	19%	16%
2	Al Ahly	18%	18%	18%	19%
3	Samba Group	15	21%	13%	13%

Source: Prepared by the researcher based on the published financial statements of the banks under study at the Saudi Capital Market Authority (Tadawul)

From Table (6-3) above, in the years 2020, 2021 and 2022, Al Rajhi Bank had the advantage. In 2021, it outperformed by 22%, outperforming Al Ahli by an increase of 4% and Samba by an increase of 7%. In 2021, Al Rajhi Bank achieved a return on equity of 22%, outperforming Samba by an increase of 1% and Al Ahli by an increase of 4%. In 2022, it achieved a return on equity of 19%, an increase of 1% over Al Ahli Bank and an increase of 6% over Samba Bank. In 2023, Al Ahli Bank outperformed, achieving a return rate of 19%, outperforming Al Rajhi by an increase of 3% and Samba by an increase of 6%.

3. Rate of return to total fixed assets: This ratio measures the net profit after tax to the total fixed assets. If this ratio increases, it is considered a good indicator of achieving profits compared to the invested fixed assets. If the ratio decreases, it indicates that the achieved profits are small compared to the invested assets.

Table 7: shows the ratio of the rate of return to the total fixed assets of the banks under study:

Number	Bank Name	2020	2021	2022	2023
1	Al Rajhi	203%	206%	170%	142%
2	Al Ahly	26%	259%	260%	253%
3	Samba Group	368%	279%	194%	223%

Source: Prepared by the researcher based on the published financial statements of the banks under study at the Saudi Capital Market Authority (Tadawul)

From Table (7-3), in 2020, Samba is considered the best, as the return on fixed assets ratio reached 368%, outperforming Al Rajhi with an increase of 165% and Al Ahli by 342%. In 2021, Samba Bank also outperformed by 279%, an increase of 20% over Al Ahli Bank and 73% over Al Rajhi Bank. In 2022, Al Ahli Bank advanced by 260%, an increase of 66% over Samba and 90% over Al Rajhi. Likewise, in 2023, Al Ahli outperformed by 253%, an increase of 30% over Samba and 111%.

over Al Rajhi. It is noted from the above that Al Rajhi Bank has the lowest return on total fixed assets, because the value of fixed assets held by the bank greatly exceeds the values of fixed assets of Al Ahli and Samba, which led to a decrease in the return on total fixed assets.

Third: Borrowing ratios

1. Borrowing to equity ratio:

This ratio measures the total loans to the total equity. The higher this ratio is, the less good it is considered, because the large number of loans threatens the bank's continuity in terms of paying interest and the principal of the loan.

Table 8: shows the ratio of borrowing to equity for the banks under study:

Number	Bank Name	2020	2021	2022	2023
1	Al Rajhi	573%	633%	628%	635%
2	Al Ahly	777%	811%	817%	858%
3	Samba Group	585%	530%	488%	460%

Source: Prepared by the researcher based on the published financial statements of the banks under study at the Saudi Capital Market Authority (Tadawul)

From Table (8-3) above, in 2020, Al Rajhi has the lowest borrowing compared to equity, as this ratio reached 573%, more than five times, a decrease of 12% from Samba Bank and 204% from Al Ahli Bank. In 2022, Samba is considered the best, as the borrowing ratio reached 530%, a decrease of 103% from Al Rajhi Bank and 281% from Al Ahli Bank. Likewise, in 2022 and 2023, we find that the borrowing ratio at Samba Bank is the lowest, as it reached 488% in 2022, a decrease of 141% from Al Rajhi and 329% from Al Ahli Bank. As for 2023, Samba Bank's borrowing ratio was 460%, a decrease of 175% from Al Rajhi and 398% from Al Ahli.

2. Capital structure ratio: This ratio measures long-term loans to capital. The higher this ratio is, the less good it is because the high ratio also threatens the bank's continuity due to long-term obligations, which requires the bank to develop long-term plans to meet these obligations.

Table 9: shows the capital structure ratio of the banks under study:

Number	Bank Name	2020	2021	2022	2023
1	Al Rajhi	1250%	1500%	2426%	1588%
2	Al Ahly	1770%	2030%	2230%	1842%
3	Samba Group	1830%	1860%	1890%	1443%

Source: Prepared by the researcher based on the published financial statements of the banks under study at the Saudi Capital Market Authority (Tadawul)

From Table (9-3) above, in 2020, Al Rajhi Bank had the lowest borrowing ratio to capital, reaching 1250%, i.e. more than 12 times, down 520% from Al Ahli and 580% from Samba. Also in 2021, Al Rajhi Bank had the lowest borrowing ratio, reaching 1500%, i.e. about 15 times, down 360% from Samba and 530% from Al Ahli. As for 2022, Samba's borrowing ratio was the lowest, reaching 1890%, i.e. about 19 times, down 340% from Al Ahli and 536% from Al Rajhi. In 2023, Samba also had the lowest borrowing ratio, reaching 1443%, i.e. more than 14 times, down 145% from Al Rajhi and 399% from Al Ahli.

Conclusion:

Through this research, the researcher reached several results and in light of them, he recommended a number of recommendations.

First: Results:

1. Financial analysis is an important tool for evaluating the performance of establishments from many aspects.
2. The evaluation process is necessary for establishments so that they can identify strengths and weaknesses and work to address them.
3. Through the process of analyzing the financial statements of the banks under study, it becomes clear that Saudi banks are distinguished by their high ability to provide liquidity and achieve profits together, which shows that the financial management of the banks under study is distinguished by efficiency in managing bank funds.
4. Through the analysis of the financial statements of the banks under study, it becomes clear that Samba Bank is the best in terms of liquidity, as it outperformed Al Rajhi Bank and Al Ahli Bank during the years under study.
5. Through the results of the analysis, it becomes clear that Al Rajhi Bank is the best in terms of profitability, as it outperformed Al Ahli Bank and Samba Bank during the years of the study.
6. Through the results of the analysis, it becomes clear that Al Rajhi Bank is the least borrowing compared to Al Ahli Bank and Samba Bank, which makes it safer from bankruptcy compared to the other banks under study.

Second: Recommendations:

Through the results reached by the researcher, he recommends the following:

1. The necessity of relying on the financial analysis process as one of the means that can clarify the strengths or weaknesses of the establishments.
2. The necessity for banks to follow the performance evaluation approach to ensure the continuity of the establishment, as the evaluation process clarifies the strengths and weaknesses of the banks, which helps management in finding solutions to such problems.

3. The necessity for the banks under study to pay attention to the ideal financial ratios related to liquidity, profitability and borrowing to achieve the goals of these banks on the short and long-term levels.
4. The necessity for Al-Ahli and Samba banks to seek to increase their profitability to be more attractive to investors because the goal of profitability is a basic goal for investors and owners alike.

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