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The impact of credit risk disclosure on profit continuity An applied study of a sample of commercial banks listed on the Iraq Stock Exchange

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Abstract : This research aims to demonstrate the impact of credit risks on the continuity of profits, as the continuity of profits is one of the most important goals that banks seek to achieve worldwide, as it is linked to protecting depositors' money and paying all obligations on time. The continuity of profits is affected by a set of factors, perhaps the most important of which is credit risks, which are one of the biggest challenges facing banks, as these risks arise due to the rapid technological development witnessed by the banking sector, as credit risks are an integral part of the work of any bank and banks are exposed to credit risks to varying degrees according to the financial policy of each bank, and their impact on the continuity of profits varies according to the methods used to confront them. The research was conducted on (2) commercial banks listed on the Iraq Stock Exchange for the period (2019-2023). To achieve the research objectives, the researcher relied on the deductive approach by taking advantage of sources and periodicals to complete the theoretical aspect in a way that enhances the ideas of the research and the inductive approach by relying on the annual financial statements of banks The research sample as well as some consultations, as many financial indicators were used to measure the research variables, also using many statistical analysis methods in line with the research objectives, as (simple regression) was employed within the statistical program environment (Eviews 9) to test the research hypotheses.

The research reached a set of conclusions, the most important of which are the existence of an inverse correlation and a statistically significant moral effect between credit risks and profit continuity, as the research showed that credit risks have a significant impact on profit continuity.

The research summarized a set of recommendations, including maintaining a good and high level of profit continuity by increasing capital due to its important role in raising the level of profitability and liquidity, which leads to maximizing the wealth of owners and protecting the money of depositors who represent the goals of profit continuity in banks. ract

Introduction: Banks are one of the most important economic sectors and the basic pillars contributing to the continuity and activation of economic transactions. The developments in the banking sector have contributed to the rise in the level of banking risks, including credit risks that these banks face, which affect their various activities and limit the achievement of their desired goals. Credit risks represent one of the most important risks that banks are exposed to, as they have a significant impact on the size of the losses that banks are exposed to if they occur. They are also one of the biggest challenges facing banks, as their severity varies according to the methods used to address them. Identifying the credit risks that banks are exposed to is beneficial to many parties, whether they are investors, shareholders, companies or individuals, as well as bank administrations that deal with the potential risks that banks face and the possibility of controlling these risks to confront their potential negative effects and be cautious of them and try to avoid them and enhance the positive effects and search for their causes and try to enhance and develop them in addition to focusing on the importance of achieving new levels of profit continuity, which is the basic pillar that bank management aims to achieve when carrying out its activities in light of the developments taking place in the economic and financial field. Therefore, this research will address the knowledge of credit risks and their impact on the continuity of profits in commercial banks listed on the Iraq Stock Exchange, the research sample. To achieve this, the research was divided into four chapters. The first chapter is devoted to the research methodology and previous studies in two sections. The first section dealt with the research methodology, while the second section dealt with some previous studies. The theoretical framework of credit risks and profit continuity is discussed in the second chapter in three sections. The first section dealt with credit risks - a conceptual approach. The second section dealt with profit continuity, while the third section was devoted to the use of credit risks and their impact on profit continuity. The third chapter of the research dealt with credit risks and their reflection on profit continuity, the research sample, in three sections. The first section dealt with a brief overview of some commercial banks listed on the Iraq Stock Exchange, the research sample. The second section dealt with measuring credit risks and profit continuity, the research sample. The third section was devoted to measuring and analyzing the results of the hypothesis test. Finally, the fourth chapter dealt with the theoretical and applied conclusions reached by the researcher and the proposed recommendations.

1- Research Problem.

The continuity of profits is affected by a set of risks, perhaps the most important of which is credit risks, which are one of the biggest challenges facing banks, as these risks vary and change due to the rapid technological development witnessed by the banking sector, as financial risks, including credit risks, are an integral part of the work of any bank, and banks that are exposed to credit risks to varying degrees have different impacts on the continuity of profits depending on the methods used to confront them.

Accordingly, the research problem can be summarized by answering the following questions:

A. Does disclosure of financial risks, including credit risks, affect the continuity of profits?

B. Is there a correlation between credit risks and the continuity of profits for Iraqi commercial banks listed on the Iraq Stock Exchange?

2- The importance of the research

The importance of the research comes from identifying the financial risks, the most important of which is the credit risks that banks are exposed to, which benefits many beneficiaries, whether they are investors, shareholders, companies or individuals, as well as bank administrations in dealing with the potential risks they face. And the possibility of controlling these risks to confront their potential negative effects, and searching for their causes and trying to avoid them and enhancing the positive effects and searching for their causes and trying to develop them. In addition to focusing on the importance of achieving good levels of profit continuity, which is the basic pillar that bank management aims to achieve when carrying out its activities, in light of the developments taking place in the economic and financial field, banks have been exposed to many financial risks, the most important of which are credit risks, which necessitated the need to study them in depth, in order to reach a safe banking system that preserves customer deposits and shareholders' funds. Hence, the research was an attempt by us to highlight the financial risks represented by credit risks that affect the continuity of profits in Iraqi commercial banks listed on the Iraq Stock Exchange.

3- Research objectives

Credit risks are one of the most important risks faced by banks, especially at the present time. The research objectives are summarized as follows:

A- Shedding light on credit risks in terms of concept, types, measurement methods and their impact on commercial banks listed in the Iraq Stock Exchange.

B- Identifying the continuity of profits in terms of concept, measurement methods and factors affecting them.

C- Knowing the nature of the relationship between credit risks and continuity of profits for a sample of banks listed in the Iraq Stock Exchange.

C- Studying the impact of credit risks on the continuity of profits for a sample of banks listed in the Iraq Stock Exchange.

4- Research hypotheses:

To answer the research questions, the following hypotheses were formulated:

The first main hypothesis: There is a statistically significant moral correlation between credit risk disclosure and profit continuity.

The following sub-hypotheses are derived from it

The first sub-hypothesis: There is a statistically significant moral correlation between credit risk disclosure and profit continuity represented by (net income of the current year to total assets of the previous year + net income of the previous year to total assets of the previous year).

The second sub-hypothesis: There is a statistically significant moral correlation between credit risk disclosure and profit continuity represented by (owned capital to risk-weighted assets).

The third sub-hypothesis: There is a statistically significant moral correlation between credit risk disclosure and profit continuity represented by (cash assets to total current liabilities).

The second main hypothesis: There is a statistically significant moral effect between credit risk disclosure and profit continuity.

From this hypothesis, the following sub-hypothesis can be stated:

The first sub-hypothesis: There is a statistically significant moral effect between credit risk disclosure and profit continuity represented by (net income of the current year to total assets of the previous year + net income of the previous year to total assets of the previous year).

The second sub-hypothesis: There is a statistically significant moral effect between credit risk disclosure and profit continuity represented by (capital owned to risk-weighted assets).

The third sub-hypothesis: There is a statistically significant moral effect between credit risk disclosure and profit continuity represented by (cash assets to total current liabilities).

5-Research community and sample

The research community is represented by all commercial banks listed in the Iraq Stock Exchange, while the research sample was limited to (2) commercial banks shown in Table ( ) below during the period (2019_2023). The most important reasons for choosing the research sample banks are the following:
1- All research sample banks are listed in the Iraq Stock Exchange in addition to the existence of integrated financial reports audited by their external auditing bodies.
2- Most of the research sample banks have been listed in the Iraq Stock Exchange.
3- These banks were not merged during the research period.

6-Research limits:

Spatial limits: This research was applied to a group of commercial banks listed in the Iraqi Stock Exchange, represented by (7) banks (Bank of Baghdad, Mansour Bank, International Development Bank for Investment, Gulf Commercial Bank, Iraqi Union Bank, Iraqi National Bank, Iraqi Investment Bank).
Temporal limits: It is represented by the years of the research sample extending (2019_2023)

7- Research Methodology:

To achieve the research objective and test its hypotheses, the researcher will rely on the deductive approach, given that the research has two sections, the first of which is theoretical, specific to previous local, Arab and foreign studies in the field of credit risks and profit continuity. This section covers the theoretical study, and the second is applied. The necessary data for its completion is relied upon on the following sources:
A- Annual financial reports of the banks in the research sample listed on the Iraq Stock Exchange for the years (2019-2023).
B- Personal interviews with a number of professors and interested gentlemen in various entities to benefit from their experiences in the field of accounting and banking work, in addition to interviews with a number of specialists in the statistical aspect to benefit from their information and experiences in determining the statistical methods that help complete the research when statistically analyzing the data.

8- Methods of collecting data and information:

A- Theoretical aspect: Local, Arab and foreign literature from books, periodicals, research and studies published on the Internet related to the variables of scientific research.
B- Applied aspect: Annual financial statements of the banks in the research sample listed on the Iraq Stock Exchange for the period (2019_2023).

9- Financial Methods:

A- Financial Methods:
T Variable Measurement Equation
1- Credit Risk (Total Loans / Total Assets)
2- Liquidity Ratio (Cash Assets / Current Liabilities)

The second topic: The theoretical side

2:1 Credit risk
2:1:1 Definition of credit risk
The most prominent definitions of credit risk in the literature can be identified in Table ( ) as follows:

Table (1) Some concepts of credit risk

NO.	Source	The concept of credit risk
1	IBRAHIM DANJUMA , 2015:72	It is the possibility that the obligor (the person who is obligated to pay) will not fulfill his obligations according to the agreed upon terms, leading to a financial loss.
2	SULAIMAN MUSADDIQ,2016:113	The risk of unilateral default in any loan contract resulting in failure to pay the loan or interest on the loan
3	KHEMAKHEM,el.al,2017:66	Credit risk refers to the possibility that debtors will not fulfil their obligations, i.e. fail to meet deadlines for repaying loans or stop providing their credit.
4	ZOLKIFI NORAZWA AHMED,et.al,2018:102	Credit risk is the potential loss due to the failure of borrowers to meet their financial obligations.
5	KALU,et.al,2018:154	It is the possibility that the borrower or the bank's counterparty will fail to fulfil its obligations in accordance with the agreed-upon terms, especially the risk of the borrower's default, which occurs when the borrower faces financial difficulties in repaying loan obligations and the interest resulting from them.

Source: Prepared researcher based on the sources mentioned in the table

Accordingly, the researcher believes that credit risk is a potential loss resulting from the inability of the borrowing client to pay the value of the original amount borrowed and its interest to the lending bank on the due date specified in the terms of the credit contract.

2:1:2 Types of credit risks

1. **Customer risk**: is the risk that the customer will not fulfill his obligations in the credit contract. It can be a major obstacle to the bank and directly affects the bank's liquidity, which sometimes leads to the bank's bankruptcy.(Adjirackor,et.al,2016:102)
2. **Recovery rate risk**: is the loss that arises from the possibility that the debtor will not pay the amount in full or when the debtor defaults more than 90 days after the credit payment due date, which leads to the risk of credit default. (Hull C.John,2015:286)
3. **Credit concentration risks**: These risks occur as a result of the investment portfolio not being sufficiently diversified, whether at the bank level or in general, which exposes the bank to the risk of bankruptcy in the event of financial defaults.(Kream, 2019:241)
4. **Risks of currency price fluctuation**: Banks incur significant losses when the value of the local currency declines against the foreign currency. This means that the value of the bank's assets decreases compared to the bank's obligations and thus requires an increase in the local currency to cover the debt obligations in the foreign currency. (Mahapatra&Bhaduri,2018:3)
5. **Settlement risk** Settlement or payment risk - a risk facing banks; It refers to the situation where one party to a contract fails to pay money or deliver assets to another party at the time of settlement. It can include credit/default risk if one party fails to settle. It can also relate to any differences in the timing of settlement between the parties. (Casu,2006:273)

2:1:3 Credit risk management objectives

The goal of risk management in every bank is to reduce it to the lowest level, and this is what was indicated in the study. There is a set of goals that credit risk management seeks to achieve, which are economic goals that work to reduce costs to the lowest possible level in order to hedge the losses that may occur and reduce Their impact is reduced to the lowest possible level through preventive measures before credit risks occur (Hanouna, P, et.al, 2018:2). Every bank aims to grow, not stop, and continue. Every bank develops this strategy that contributes to its continuation, and this growth and continuity is through developing treatments. To protect against risks, the types of these risks are credit risk and how to deal with risks if they occur. They prefer stakeholders and shareholders in general and obtain continuous and stable profits. Risk management greatly helps to stabilize and prevent income fluctuation. There is an important goal, which is social responsibility through work. To reduce losses and try not to expose depositors and borrowers to bankruptcy, and this means protecting workers and investors (Muhammad, 2018: 95).

2:2 Knowledge foundations for continued profits

2:2:1 The concept of profit continuity

The most prominent definitions of the literature on profit continuity can be identified in the following table, as follows: Table (2)

NO.	Source	Definition of profit continuity
1	(Al-Hashemi, 2017: 208)	Continuity of profits is the ability to repeat performance in the future and allows continuity and providing financial services to customers. It represents the cornerstone of effective financing and all financial institutions seek to achieve financial sustainability.
2	(Mohamed and Hussein, 149, 2018)	It occurs when there is acceptable public debt to cover a required deficit and finance desired economic growth.
3	(Zdravković:2019:7)	A state in which a government's budget can be financed smoothly without causing massive increases in public debt or the money supply over time.
4	(Lars&Timothy,2020;17)	The government's ability to service its debts at different times
5	(Saleh, 2021: 1)	It is the government's ability to maintain various revenues in order to cover its current expenses for a period of time without the emergence of obstacles or failures that prevent it from fulfilling the government's obligations.

Source: Prepared researcher based on the sources mentioned in the table

2:2:2 Requirements for continued profits

First: Equity and justice between generations

: The continuity of profits includes issues related to the future and equity between generations. The state must take into account the absence of interference and inheritance between generations so that its policy does not change frequently, and at least it works to balance the budget from time to time, although it is not useful in the event of shocks and crises, as it is unable to fulfill its obligations and a budget deficit occurs. For this reason, borrowing is used to cover current obligations. In this case, it must take into account future generations and not burden them with burdens from a previous generation that benefited and enjoyed them. Achieving continuity enhances justice and equity between the current generation and the future generation by leaving them the ability to meet their needs without bearing the burdens of previous generations, and they can manage things without previous obstacles (Andersen, 2012: 2)

. **Second**: Achieving the principles of solvency and liquidity:

1. **Financial solvency**: Financial solvency means the state's ability to find sources of financing and cover its current obligations (Al-Ani, 2018: 44), and this is achieved through the homogeneity of financial solvency and financing costs in order to avoid risks (Alasoro & Park, 2018: 9), and that current and expected revenues in the future after deducting debt interest are greater than current and future expenditures, as solvency is important because failure to provide it will create major problems in the economy.
2. **Financial liquidity**: The principle of liquidity refers to financial resources available to the government to cover its future obligations when they are due (Al-Rifai, 2018: 83, 84). Therefore, it is the duty of the authority to provide sufficient liquidity to overcome crises and secure sufficient funding to protect the country and avoid financial collapse (Al-Naimi and Al-Tamimi, 2012: 8).

Third: Tax stability:

Tax is a mandatory duty of economic units to pay to the government or one of its agencies, i.e. it is non-refundable to contribute to bearing the costs and public burdens to cover public expenditures without obtaining tangible or special gains in exchange for paying taxes (Al-Ani,
2018: 85). As for tax stability, it is one of the basic pillars that determine continuity by enabling the government to maintain the tax base at least at its current level in order to cover its current expenses and finance obligations in the future. For this reason, the general budget must maintain the stability and balance in the medium term without any imbalance. The basic assumption for achieving continuity is that the government follows wise policies and avoids pressures for future increases. It must maintain the tax burden at the current level. In general, we find that the total tax burden is a major pillar for the continuity of profits (Schick, 2005: 112). One of the important conditions for achieving continued profits is that the country's economic growth rate should exceed interest rates on debt. This will enable the government to control debt rates in the future. If this is not achieved, the government will be forced to resort to borrowing in order to cover debt payments, which will affect the increase in the debt ratio below the target rate. Conversely, if the economic growth rate exceeds the interest rate on bonds and bills, the public debt to GDP will be according to the specified ratio that does not exceed 60%, and the deficit to GDP ratio will not exceed 3% according to the European Union Treaty. The government can finance its obligations by borrowing without increasing or raising taxes (Amin and Rashid, 2022: 34).

2:3: The relationship between credit risk disclosure and earnings sustainability

2:3:1:Credit Risk Measurement Indicators

There are a set of indicators to assess credit risk and can be divided into quantitative and qualitative measures. We will discuss and review these measures:

Quantitative measures:

Quantitative measures include a set of ratios, namely:

First: The ratio of total loans to total assets:

If this indicator is high, the risks are high, i.e. the credit risks are high, which is represented by the increase in credit loans that the bank must face when they are not repaid by borrowers on the due date. This ratio is extracted from the following equation, which will be mentioned in the practical aspect of the research.

(Total loans)/(Total assets) Credit risk

Second: Total loans to deposits:

Bad debts are loans that cannot be collected by the bank. This indicator indicates the high risk of the bank, the most important of which is credit risk. The ratio can be extracted from the following equation. Which will be addressed in the practical aspect

(Total Loans Ratio)/(Deposits)= Credit Risk

Third: Total Loans to Current Assets Ratio:

Non-performing loans are loans that have been delayed in payment and interest collection by the bank and there is suspicion of non-payment. It is clear to us that the increase in this indicator indicates an increase in credit risk, and we can extract this indicator from the equation, which will be addressed in the practical aspect

(Total Loans)/(Total Current Assets)=Credit Risk (3)

Fourth: The ratio of the annual reserve for loan losses to total loans:

This measure shows us how to prepare to face future loan losses by the bank setting a reserve for loan losses, and the increase in this measure indicates an increase in risk, which is a direct relationship. The indicator can be extracted from the following equation:

(Loans to Annual Losses Reserve)/(Total Loans)=Credit Risk..(4)
Fifth: Current ratio
It is one of the most widely used and common ratios and can be calculated by finding the result of dividing current assets by current liabilities as shown in the following equation:
(Current assets)/(Current liabilities) Credit risk……(5)
(Al-Mamluk, 39:2014)
2:3:2Profit Continuity Measures
First: Capital Adequacy **Index:**
This index determines the extent of the ability and resilience to confront the risks, problems and shocks that financial institutions are exposed to and that affect their balance sheet items, as the capital adequacy index takes into account the financial risks that financial institutions are exposed to, as the Basel Committee called for capital adequacy to be (10.5%) as a minimum required for adequacy. The lower the financial ratio is than the prescribed ratio, the more these banks may be exposed to problems due to their lack of safety and security components due to this decline. On the other hand, we find that the increase in this ratio gives the authority the ability to confront risks and absorb potential losses when they occur due to its security activity and keep the bank safe. The Central Bank of Iraq also set the capital adequacy ratio at (12%), which is a good ratio by staying away from the minimum risk line and working with confidence (Clyde p & Paul, 2000:64).
It is calculated using the following equation, which will be used in the practical aspect.
(1)…………. Equity / Risk Weighted Assets
Second: Financial Sustainability Index
: Financial sustainability is defined as the ability of the establishment to pay all its obligations on time and is calculated through the following equation, which will be mentioned in the practical aspect:
(2)…………. Total Loans/Total Assets
Third: Liquidity Risk Index
: Banking liquidity risks are the bank's inability to pay current obligations.
(3)…………. Cash assets/current liabilities
3:2: Measuring credit risk and profit sustainability in banks: Research sample

3:2:1: Research Procedures

This paragraph will describe the research procedures represented by describing the research sample and the research tools used to test the hypotheses as follows.
A- Research Sample:
The field aspect of the research depends on the actual data of a sample consisting of (2) commercial banks listed on the Iraq Stock Exchange for the period (2019_2023), as the companies' guide and financial reports issued by the Central Bank of Iraq for commercial banks listed on the Iraq Stock Exchange were relied upon.
B- Research Tool:
After the research sample was selected, the necessary data was taken from the annual reports of the commercial banks listed on the Iraq Stock Exchange, the research sample. The practical or applied aspect of this research relied on the following methods to analyze the data for the banks, the research sample, as a research tool.
First: Measuring Credit Risk: The following indicators will be relied upon to measure the credit risks of the research sample.
1- Total loans to total assets
These financial indicators were chosen for the following reasons:
1- These indicators are common for measuring all types of financial risks, including credit risks, and their data can be obtained from the financial reports published for banks in the Iraq Stock Exchange, the research sample.
2- One of the most appropriate ratios for the data published in the Iraq Stock Exchange and for all commercial banks.
Second: Measuring financial sustainability: Financial sustainability was measured based on the following indicators:
1- Cash assets to total current liabilities.
These indicators were chosen for the following reasons.
1- These indicators are the most appropriate and most widely used in studies that deal with financial sustainability.
2- Financial sustainability is the main pillar for protecting depositors' money, facing the risks to which banks are exposed, and paying all obligations due to banks on time.
3:2:2: Analysis and measurement of credit risks and financial sustainability of banks Research sample
First: Credit risks:
1. Total loans to total assets:

This ratio measures the bank's ability to invest its loans compared to total assets. Table ( ) shows the movement and direction of the ratio of loans to assets for (2) banks (research sample) for a period of five years (2019-2023). The higher this ratio, the greater the risks, as shown below.

Table No. (3) Total loans to total assets

N	Years / Bank Name	2019	2020	2021	2022	2023	Arithmetic Average	Maximum	Minimum
1	Bank of Baghdad	0.046	0.102	0.080	0.052	0.022	0.060	0.102	0.022
2	Mansour Bank	0.074	0.079	0.175	0.226	0.171	0.145	0.226	0.074

Source: Prepared by the researcher based on the annual budgets of the sample banks submitted to the Central Bank of Iraq.

The following is noted from the table (3)

A- Bank of Baghdad:

First: The highest credit risk ratio was reached during the year 2020, as it was (0.102) as a result of the increase in total loans compared to total assets during this year compared to previous years, while we find that the lowest ratio was recorded in the year 2023, as it reached (0.022) due to a decrease in total loans during this year compared to previous years.

Second: The value of the general arithmetic mean of credit risks during the research years was (0.060). The standard deviation was ( ).

B- Mansour Bank:

First: The highest credit risk ratio was reached during the year 2022, as it was (0.226) as a result of the increase in total loans compared to total assets during this year compared to previous years, while we find that the lowest ratio was recorded in the year 2019, as it reached (0.074) due to a decrease in total loans during this year compared to previous years Previous.

Second: The value of the general arithmetic mean of credit risks during the research years was (0.145). The standard deviation was ( ).

From what was analyzed on the two banks (Bank of Baghdad and Mansour Bank), we conclude that Mansour Bank achieved the highest percentage of credit risks with an arithmetic average of (0.145), due to the increase in total loans over total assets, while Baghdad Bank achieved the lowest percentage of credit risks with an arithmetic average of (0.060).

Second: Financial Sustainability:

1- Liquidity Index Analysis:

The liquidity index represents the bank's ability to meet its financial obligations basically, to meet the demands of depositors and credit (loans and advances) and meet the requirements of society. This requires liquid cash in sufficient quantities and at the appropriate time, or by converting assets into cash as quickly as possible and with the least possible losses. In order for the asset to be liquid, two conditions must be met: the first is the ability to convert it into cash as quickly as possible, and the second is to reduce the loss to the least possible when converting it into cash. Otherwise, the asset is not considered liquid. The Central Bank of Iraq has set the liquidity ratio at (20%) (Al-Dawri, 2008: 56). In general, the higher this ratio, the lower the liquidity risks and thus, the bank's ability to absorb shocks increases. On the other hand, very high values (higher than the set limit) sometimes for cash at banks are not appropriate because they produce less income, so banks face a trade-off between liquidity and profitability (Mosnova, 2014: 7).

Table (4) Cash Assets to Current Liabilities

N	Years / Bank Name	2019	2020	2021	2022	2023	Arithmetic Average	Maximum	Minimum
1	Bank of Baghdad	1.263	1.198	1.203	0.892	1.164	1.144	1.263	0.892
2	Mansour Bank	1.210	1.258	1.604	1.651	1.343	1.395	1.604	1.210

Source: Prepared by the researcher based on the annual budgets of the sample banks submitted to the Central Bank of Iraq.

It is noted from the table (4) the following:

A- Bank of Baghdad:

First: The highest liquidity ratio was reached during the year 2019, as it was (1.263) as a result of the increase in cash assets compared to current liabilities during this year compared to previous years, while we find that the lowest ratio was recorded in the year 2022, as it reached (0.892) due to a decrease in cash assets during this year compared to previous years.

Second: The value of the general arithmetic mean of liquidity during the research years was (1.144). The standard deviation was ( ).

B- Mansour Bank:

First: The highest liquidity ratio was achieved during the year 2021, as it was (1.604) as a result of the increase in cash assets compared to current liabilities during this year compared to previous years, while we find that the lowest ratio was recorded in 2019, as it reached (1.210) due to a decrease in cash assets during this year compared to previous years.

Second: The value of the general arithmetic mean of liquidity during the research years was (1.395). The standard deviation was ( ).

From what was analyzed on the two banks (Bank of Baghdad and Mansour Bank), we conclude that Mansour Bank achieved the highest liquidity ratio with an arithmetic average of (1.395), while Baghdad Bank achieved the lowest liquidity ratio with an arithmetic average of (1.144). This explains why Mansour Bank achieved a higher level of profit continuity.

4: Conclusions and recommendations

4:1: Conclusions:

Through presenting the theoretical and applied research aspects, the researcher reached a set of conclusions that can be mentioned as follows:

1- Working to find a balance between credit risks and profit continuity in the banking sector in general and in the Iraqi sector in particular because the subject of studying profit continuity is one of the important topics that banks should pay attention to in order to ensure their continuity in the financial and banking market.

2- The factors affecting profit continuity differ as internal factors controlled by banks and others are beyond their control and seriously affect profit continuity.

3- Studying risks not only makes the bank management avoid the risks it is exposed to in the future, but also maximizes the value of the bank and then maximizes the value of shareholders and depositors by studying and clarifying all the risks that the banking sector is exposed to and being cautious of them. This helps the bank achieve its goals.

4- Analyzing credit risk and profit sustainability indicators helps policymakers, concerned, supervisory and administrative bodies to easily identify strengths and weaknesses in the financial and banking system so that they can take preventive measures to avoid financial crises.

5- There is a significant inverse correlation between credit risk and profit sustainability for all banks in the research sample, which means that when these risks increase, profit sustainability will decrease.

6- There is a significant impact of credit risk on profit sustainability, which indicates that the banks in the research sample are unable to confront credit risk risks, which may be due to not following good policies that ensure the recovery of their money from borrowers in a timely manner.

4:2: Recommendations:

Based on the conclusions reached, a set of recommendations is presented as follows

1- Finding a balance between credit risk and profit sustainability, which is represented by adhering to the regulations and laws issued by the Central Bank of Iraq, especially with regard to the financial ratios for all indicators.

2- Providing an integrated and effective framework for managing credit risks in all banks, with a focus on the existence of systems and procedures in the departments concerned with risk management that are compatible with the ongoing changes in the banking sector and the surrounding business environment due to their impact on the continuity of profits.

3—Providing adequate systems and means to measure the credit risks facing banks through the presence of a specialized department that works on using credit risk indicators, which are one of the most important means of helping identify risks and avoid financial crises in banks.

4- Qualifying human cadres, including the culture and methods of dealing with banking risks in general and credit risks in particular, and explaining the danger of the absence of this aspect and the negative repercussions it has on the continuity of profits, in order to achieve the elements of discipline and stability by preparing educational courses, workshops and seminars for bank employees on credit risks and the continuity of profits.

5- Maintaining a good level of continuity of profits and finding a kind of balance that achieves liquidity and profitability on the one hand and confronting the financial risks to which the bank is exposed.

6- The banking management shall follow up on the continuous development of the necessary regulatory and banking controls to ensure good risk management and demonstrate its strong impact on the continuity of profits while conducting continuous monitoring of them.

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