The Effect of Planning for Profitability and Liquidity on the Market Share Prices of Commercial Banks Listed on the Iraq Stock Exchange for the Period(2013-2018)

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Abstract. The current study's goal was to ascertain the market's impact on profitability and liquidity metrics. Shares of commercial banks are worth. by disclosing This study was conducted in order to better understand the relationship between certain profitability and liquidity indicators that are important for determining a bank's capacity to create value. These indicators include the return on equity index, the return on assets, the ratio of cash assets to current liabilities, the ratio of total loans to total deposits, and the market value as determined by the closing price.and in order to achieve the goals and hypothesis of the research, it was Selection of a bank (Middle East Commercial, National Commercial, Iraqi Islamic, Baghdad Commercial, National Islamic, Elaf Islamic) and relied on the financial data of the research sample banks, and in order to process the data, Financial equations and statistical techniques were used, and the results were extracted using the program (SPSS.V.23), relying on the multiple and simple regression method to test the research hypotheses. The first main hypothesis' results showed a strong correlation between profitability indicators (ROE, ROA) and the market value index of the share price by about 77%, and the first sub-hypothesis' results showed a significant relationship between pro While the second key hypothesis' findings revealed a substantial correlation of roughly 88% between liquidity indicators and the share price's market value index, and the first sub-hypothesis' findings revealed a correlation between profitability measures of roughly 29% and 57%, respectively, which was considered significant. The study produced a number of conclusions, the most significant of which is that there is no significant relationship between the first main hypothesis and the first and second sub-hypotheses, nor between the second main hypothesis and the first and second sub-hypotheses, despite the fact that there is a correlation between the variables because the significance is higher than the 0.05 threshold assumed by the researcher in both hypotheses. Even though the share's book value is one dinar, the researcher advised commercial banks' management to stop issuing shares because they trade for less than that amount.

Keywords. (ROE, ROA), National Commercial, Iraqi Islamic

1. Introduction

From reviewing the financial literature Clearly, banks want to increase the share price of their securities on the financial market. which is the goal towards which most financial management decisions should be directed. Therefore, the current research sought to analyze the relationship and impact between indicators of profitability, liquidity, and the value of the ordinary share in the financial market.

Some indicators of profitability and liquidity that could enhance the market value were discussed. The indicators of profitability and liquidity are among the most important information that the Securities Commission must provide, as the financial markets work to prepare financial information and data and work to publish them periodically to investors.

But addressing the importance of profitability and liquidity indicators and their role in influencing stock prices does not mean that they are the only influencers on those prices. In general, stock prices are affected by many factors in addition to performance indicators such as economic and political factors, speculation in financial markets, rumors, and financial and political crises. , These factors can influence the behavior of investors, so it is difficult to study the impact of all these factors on stock prices, and this is one of the reasons for the limitations of this research.

Therefore, this research came to shed light on the role of profitability and liquidity indicators in improving the market value. The return on equity index was used as the return on assets index, The proportion of total loans to total deposits, the ratio of cash assets to current liabilities, and the liquidity of the study sample banks' banks are all important indicators of the profitability of banks.

The remaining research is set up as follows. While the second portion discusses the literature on indices of profitability, liquidity, and the market value of commercial bank shares, the first section analyzes the methods used in this study. The financial and statistical examination of the data is covered in the third section. The research's findings and conclusions are covered in the fourth topic. Lastly, a list of references.

2. Research Methodology

2.1 The research problem
In order to increase their profitability and strengthen their financial position, banks aim to increase the market value of their shares on the financial market.

As a result, the current study aims to respond to the following query:
• What is the relationship between the market value of the commercial banks under examination and profitability indicators?
• What is The relation between liquidity indicators **and the commercial banks' market value** under study?
• Is there an effect of profitability indicators in improving the market value of the commercial banks under study?
• Is there an effect of liquidity indicators in improving the market value of the commercial banks under study?

2.2 The importance of research
This research derives its importance by reviewing an aspect of the indicators of profitability, liquidity, and the market value index and providing important information to judge the efficiency of these financial indicators and the market value, which helps the bank's management to diagnose weaknesses, its causes, and a remedy mechanism.

2.3 Study objectives
The following objectives are the focus of the research:
1. Analyzing and measuring liquidity and profitability metrics for a sample of business banks listed on the Iraq Stock Exchange.
2. Using the market value of bank stocks as a research sample and measuring and analyzing it.
3. Calculating how profitability and liquidity indicators relate to and affect the market value of bank shares in the research sample.
4. Assessing the variation across banks in accordance with each dependent indicator used in the research technique.

2.4 Research hypotheses
The first main hypothesis: There is no significant impact of profitability indicators on the market value of the shares of commercial banks, the research sample.
The first sub-hypothesis: There is no obvious effect of the return on equity index on the market value of the shares of commercial banks, the research sample.
The second sub-hypothesis: There is no obvious effect of the return on assets index on the market value of the shares of commercial banks, the research sample.
The second main hypothesis: There is no obvious effect of liquidity indicators on the market value of the shares of commercial banks, the research sample.
The first sub-hypothesis: There is no obvious effect of the ratio of cash assets / current liabilities on the market value of the shares of commercial banks, the research sample.

The second sub-hypothesis: There is no obvious effect of the ratio of total loans / total deposits on the market value of the shares of commercial banks, the research sample.

2.5 Spatial and temporal boundaries

1. Spatial boundaries: represented in the following commercial banks (Baghdad Commercial, Middle East Commercial, National Commercial, Islamic Iraqi, National Islamic, Elaf Islamic)

2. Temporal boundaries: represented in the commercial banks, the research sample, according to a time series (2013-2018).

This bank was chosen because it is one of the Iraqi commercial banks listed in the Iraq Stock Exchange and its data is available and can be used and continues to carry out its business and has not been suspended throughout the research period.

2.6 The hypothetical scheme of the research

The study chart is an illustration of the variables under study and The relation between those variables to analyze the causal relationship between the variables. Therefore, the first independent variable is the profitability ratios (the independent variable), while the second independent variable is the liquidity ratios, and the dependent variable is represented by the market value of the share (the dependent variable)
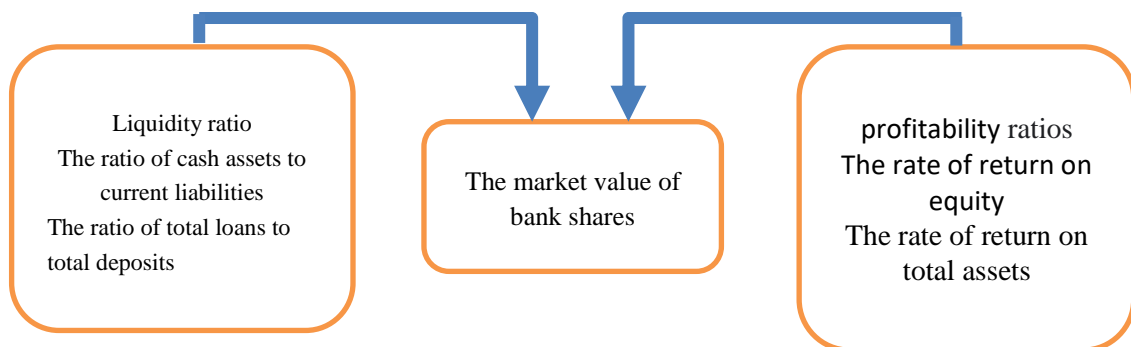

Figure 1. The hypothetical scheme of the research

Profitability indicators (independent variable) Market value index (dependent variable) Liquidity indicators (independent variable)

2.6 Data collection methods

Theoretical aspect: The available Arab and foreign sources related to the research article, such as books, periodicals, theses, and dissertations, have been instrumental in establishing and formulating the theoretical aspect.

The practical side: the financial statements of the research sample banks were relied upon in analyzing the financial and statistical side.

Eighth: Financial and statistical indicators used in measurement and analysis

1- Financial indicators:

   a- Profitability ratios

   The rate of return on equity

   The rate of return on total assets

   b- Liquidity ratios

   - The ratio of cash assets / current liabilities

   The ratio of total loans/total deposits

   C- Market value index

        The researcher relied on measuring the market value as a dependent variable in measuring the market value of the shares of commercial banks, the research sample

Table 1. Search variables

variable	Abbreviation	Type	Unit	The equation
stock market value index	MVPS	Dependent variable	ID	Share price
The rate of return on equity	ROE	independent variable	rate	net income/equity
The rate of return on total assets	ROA	independent variable	rate	Return index on total assets
The ratio of cash assets to current liabilities	-	independent variable	rate	The ratio of cash assets / current liabilities
Total loans/total deposits ratio	-	independent variable	rate	Total loans/total deposits

2.8 Statistical indicators

The statistical program (SPSS.V.23) and the ready-made (Excel) program were relied upon to study the effect between variables.

3. The Theoretical Side

3.1 The concept and definition of profitability:

The term profitability consists of two words, profit, and ability, and profit means total revenues minus total expenses, while ability means the ability of the organization to achieve profits, as well as refers to the revenue strength or operational performance of the organization, and thus the definition of profitability is complete, as the ability of a particular investment to earn a return through its use (Tulsian, 19: 2014).

Profitability is also the first and main goal for the organization's survival and continuity, the goal that shareholders and investors aspire to, and an indicator that creditors care about when dealing with the organization (Ismail and Rahima, 2018: 5), as it is the result of the collective effort in the organization, and the main goal that organizations aspire to with its various names, As it is an essential indicator for measuring the efficiency of financial or administrative performance in general, through which the organization can grow, develop and expand continuously.

Concerning the definition of profitability, there are many opinions of researchers and writers on this, and the following is a statement of some of these definitions:

Profitability is defined as the net result of a set of policies and decisions (Brigham & Ehrhardt, 2014: 107).

It is also defined as The relation between the profits obtained by the organization and the investments made for those profits. It is a goal sought by the organization, and a measure for judging its efficiency, at the level of the whole or partial unit (Al-Hussein, 2016: 82).

3.2 The importance of profitability:

Profitability brings organizations a set of advantages, including (Al-Imam, 2018: 62):

3.2.1 Increasing the organization's ability to liquidate its shares (Cashing Per Share), i.e. increasing its selling capacity.

3.2.2 Reducing and confronting the risks of economic activity.

3.2.3 Demonstrating the effectiveness and efficiency of organizations, by knowing and determining their positive financial status.

3.3 Factors Affecting Profitability:

Profitability is affected by a group of factors, some of which may be internal to the organization itself, or they may be externally related to the economic and political situation, and the organization cannot control them, including the following (Al-Mamouri and Kubba, 2018: 44):

1. Marketing and sales volume per unit are evidence of the profitability of the organization.

2. Costs hurt profitability, as high costs and inflation lead to a decrease in the volume of profits.

3. Intense competition for similar organizations.

4. The opportunity cost of the organization affects profitability, in light of the availability of alternative opportunities to use liquidity.

5. The quality of the product provided to customers, and the level of trust given to them.

6. Direct taxes imposed on profits.

3.4 Profitability Ratios:

Profitability ratios show how well a firm is doing all around. Profitability ratios combine the effects of the majority of management actions, whereas other ratios focus on specific components of the organization's success. They are interested in learning how much the company may benefit from its sales, assets, and ownership rights. Profits are the primary indicator of how well an organization's operational, financial, and investment decisions and policies are working (Al-Amiri, 2013: 87). The most significant profitability ratios are as follows:

3.4.1- Return on Assets:

We get the rate of return on assets by dividing the net income by the total assets as follows (Brigham & Houston, 2009: 96):

Return on Assets (ROA) = Net Income / Total Assets

This ratio measures the net profits of the organization for each dinar invested in the assets, regardless of the method used to finance those assets. In short, this ratio shows the extent to which the organization can achieve profits from its various resources (Tim, 2011: 46).

3.4.2 The rate of return on equity:

This rate is calculated by dividing net income by equity as follows:

Return on Equity = Net Income / Common Equity

This ratio measures the amount of return achieved as a result of investing the owners' money and shows the efficiency of the organization's management, so the high of this ratio is evidence of efficient management performance. The high rate of return on equity could also be an indication of the high risks resulting from the increase in financial leverage, while its decrease indicates the conservative use of loans for financing by the organization (Al-Amiri, 2013: 89).

3.4.3 Basic Earning Power:

EBIT is divided by total assets to obtain this ratio (BEP) as follows:

EBIT divided by total assets equals basic earning power (BEP).

This ratio is helpful for comparing companies with various tax circumstances and levels of financial leverage since it illustrates the revenue strength of the organization's assets before the impact of taxes and financial leverage. Armstrong and Ehrhardt (2014): 108

3.4.4 Gross Margin:

Operating Profit Margin:

This ratio is calculated by dividing operating profit by sales as follows:

Operating Profit Margin = EBIT / Sales

The operating profit margin measures the percentage of each remaining sales dinar after deducting all costs and expenses except for interest and taxes, and as is the case with the gross margin, the higher the operating margin percentage, the better for the organization, and this percentage is an important metric, it provides analysts The final result of the organization before deducting premiums paid to creditors and taxes in favor of the tax authorities (William & Scott, 2009: 54)

3.4.5 Net Profit Margin:

An organization's net profit margin represents the ratio between net income and sales revenue and can be calculated as follows (Berk & Demarzo, 2014: 36).

Net Profit Margin = Net Income / Sales

The net profit margin measures the percentage of every sales dinar remaining after subtracting all costs, including interest, taxes, and preferred stock dividends. The net profit margin varies widely between industries (Willian & Scott,

2009: 54). This variance may be due to differences in efficiency, or due to leverage variance, which determines the amount of interest expense, or it may be due to accounting assumptions (Berk & Demarzo, 2014: 36).

4. Requirement: Liquidity
4.1 The concept and definition of liquidity:

Liquidity means cash in the absolute sense, while liquidity in the technical sense means the ability of the asset to convert into cash quickly and without loss.)

Liquidity also expresses the ability of the organization to meet its short-term obligations, whether expected or unexpected, through the regular cash flow that it obtains from its sales and receivables in the first place, and by obtaining cash in the second degree, that is, by converting some assets into ready cash within a period short and without causing losses to it, so liquidity has a double effect on the capital structure, The relation between debt and liquidity ratio may be positive or negative, organizations that have high liquidity are more able to fulfill their short-term obligations when they are due, which facilitates Borrowing on it (Sanghani, 2014: 2)

Liquidity refers to the amount or amount of money readily available for investment and spending. Liquidity is considered high when it is easy to obtain funds, and low or narrow when obtaining funds is difficult or costly. In other words, cash is the lifeblood of companies (Lamberg & Valming, 2009: 2).

4.2 Liquidity Objectives:

The financial management in the organization aims to increase the value of its assets and to achieve this, the financial manager is responsible for providing sufficient and appropriate liquidity to meet the obligations of the organization and pay them on the specified dates, which leads to paying off the risks that the organization may face, and through this, the financial manager is responsibly Maintaining the reputation of the credit organization (Alwan, 2015: 21).

The organization seeks to achieve the following objectives by achieving adequate liquidity as follows:

1- Building a good reputation for the organization in terms of credit with creditors and banks, by paying obligations on time, which enables it to obtain loans from these entities at the time of need and on soft terms.

2- Benefit from getting a cash discount when paying early.

3- Benefiting from fluctuations in prices and taking advantage of opportunities when an abnormal decrease occurs in the prices of materials used by the organization to achieve cost savings.

4- The ability of the organization to grow and expand.

5- The ability of the organization to face unexpected deviations in cash flows and to fulfill obligations of any kind (Anwar Zia et al., 2006: 2).

6- Improving the organization's ability to purchase, and its enjoyment of flexibility in choice, because the availability of its liquidity enables it to search and acquire the best source whenever it desires to obtain it without being restricted and limited to a specific source.

7- Facing the organization to the requirements of production and operation.

8- The organization's payment of all its obligations on time avoids the risk of bankruptcy, and this is of great importance to ensure the continuity and survival of the organization (Sultan and Abdul Khader, 2016: 72).

4.3 Liquidity Risk:

If liquidity means the availability of cash or its equivalent, then liquidity risk can be defined as the risk of loss resulting from a shortage of cash or its equivalent, or more specifically, the risk of loss arising from the inability to obtain financing at economically reasonable levels. Liquidity risk, in essence, expresses the risk of economic loss incurred by the organization, in an attempt to secure cash, which is very vital to its ongoing business operations. As for (Soprano), liquidity risk is defined as the current or expected risk resulting from the inability of the organization to meet its obligations when they fall due (Radi, 2018: 54).

The financial hardship faced by organizations is of two types (Al-Sheikh, 2008: 30):

1- Technical Insolvency: It is the case in which the assets of the organization are greater than its liabilities, meaning that the organization has a positive net value, but this organization cannot meet the obligations that it owes on time, and this may arise through the expansion of investment in Assets that cannot be converted into cash, or an imbalance between sources, uses, or losses. This type of hardship can be overcome by liquidating disposable investments and scheduling debts.

2- Real insolvency occurs when an organization's assets are less than its liabilities, resulting in a negative net value for the entity. The real difficulty, which results from the technical difficulty, is typically a cash flow issue and the inability to fulfill the necessary commitments on time. Real financial difficulty is challenging to overcome, thus this kind of hardship frequently results in bankruptcy or liquidation, especially when creditors insist on minimizing their losses.

4.4 Liquidity Measurement Ratios:

Liquidity ratios measure the financial solvency of the organization in the short term, that is, the ability of the organization to pay short-term financial obligations, and thus show the extent to which current liabilities are covered by assets that can be converted into cash in a period approximately equal to the maturity period of current liabilities.

The lack of sufficient liquidity in the organization leads to an increase in its financial risk, in addition to its inability to obtain financing except under harsh conditions. Therefore, commercial banks and other financial organizations for short-term financing rely heavily on liquidity ratios. However, the organization's retention of high liquidity misses the opportunity for potential returns from investing surplus liquidity in investments with a certain return (Al-Amiri, 2013: 78).

The most common and used liquidity ratios can be stated as follows:

A. Current Ratio:

This ratio shows the organization's ability to meet its short-term obligations. To measure this ratio, you divide the organization's total current assets (liquid and illiquid) by its total current liabilities. This percentage is calculated according to the following formula. (Tennent, 2008: 230)

Current Ratio = Current Assets / Current Liabilities

A high ratio may indicate that the organization is not using its current assets efficiently, or that it is not managing them well. This ratio gives a clear picture of the **organization's** efficiency in converting its products into cash. Organizations that face a problem in paying their dues, or whose inventory turnover is long, face liquidity problems, because they are unable to reduce their obligations. (Akenga, 2017: 280)

B. Quick Ratio:

This ratio indicates the organization's ability to pay short-term liabilities when they fall due. It is of great help in knowing the financial position of the organization. It measures the organization's ability to quickly repay its current liabilities, and is more accurate in measuring liquidity than the previous ratio (Mekonnen, 2011: 37). This ratio is calculated by deducting inventory from current assets, as inventory is the least liquid current organized asset, and if there is a slowdown in sales, inventory cannot be converted into cash as quickly as expected, and this ratio is calculated according to the following formula (Brigham & Houston, 2009: 88):

Quick Ratio = (Current Assets - Inventory) / Current Liabilities

The reason for lack of stock liquidity is attributed to two main reasons, which are as follows (Savchuk, 2014: 17):

- Not many types of inventory can be sold easily, the inventory may be semi-finished materials, special purpose items, and the like.
- Inventory is usually sold on account (on credit), which indicates that it became account receivable before being converted into cash.

C. The ratio of total loans to total deposits

This ratio shows how to measure the ability and efficiency of the management in the bank in converting available deposits into loans except for capital and is extracted from dividing the granted loans by the total deposits.

Loan / Deposits Ratio= (Total Loan / Total Deposits) * 100%

D. Cash balance ratio: This ratio shows the bank's ability to meet short-term liabilities through the bank's cash balances. This ratio can be explained as follows: (Ross, et.al, 2016:50)

cash assets to current liabilities ratio= (cash assets/current liabilities)*100%

5. Financial and Statistical Analysis

Knowledge of the growth of the market value of the banks, the research sample, requires the availability of a set of indicators or criteria to know the level of profitability achieved by the banks and the level of liquidity maintained by the banks. On the important relationships that exist between the numbers that appear in those lists, the return on equity index and the return on assets will be adopted as indicators of profitability, the cash asset on current liabilities, the total loans on the total deposits as indicators of liquidity and the closing price as an indicator of the market value of the share during the period (2013-2018).

5.1 Description and coding of the approved indicators in the research

For practical analysis of the research variables, a set of indicators were relied upon for each variable, and a code was given for each of the approved indicators for each variable, as follows:

1- Independent indicators (independent variable X)

a- Profitability indicators

Return on Equity Ratio (X1)

- return on assets (x2)

b- Liquidity indicators

The ratio of cash assets over current liabilities (X3)

- Ratio of total loans over total deposits (x4)

C- The approved indicator is the market value (the dependent variable Y).

1- Analysis of independent indicators (independent variable X)

5.2 Analysis of profitability indicators

This paragraph aims to analyze the indicators of the independent variables of profitability and liquidity of the research sample banks during the approved time series.) for the shares of banks, the research sample, and this analysis can be presented as follows:

5.3 Analysis of the rate of return on equity (X1) for the research sample banks

Where this ratio indicates the company's ability to compete in raising capital from the private sources of the organization in light of a specific market economy, and (ROE) is a very important measure for measuring the company's profits and also determines the effectiveness of the shareholders' use of their money. (Alwan, 2019: 25)

Table 2. ROE of commercial banks for the research sample

NO.	the year	Baghdad commercial	The Middle East	Al-Ahly Commercial	Islamic Iraqi	Islamic National	Islamic Elaf	Average%
1	**2013**	11	10.29	8.232	11.96	11.41	3.889	9.47
2	**2014**	9.5	1.174	2.677	2.513	10.53	5.206	5.27
3	**2015**	2.45	2.065	0.835	3.478	9.892	0.13	3.14
4	**2016**	7.16	4.758	8.165	2.663	7.567	1.667	5.33
5	**2017**	2.29	-1.79	1.019	2.655	8.824	0.749	2.29
6	**2018**	1.56	-1.24	-3.07	1.944	2.827	0.256	0.38
	Average	5.66	2.543	2.977	4.202	8.509	1.983	4.31
	MAX	11	10.29	8.232	11.96	11.41	5.206	9.47
	MIN	1.56	-1.79	-3.07	1.944	2.827	0.13	0.38

Source :According to material the researcher created the annual reports of the commercial banks, the research sample, and using the outputs of the electronic calculator.

This ratio reflects the rate of return obtained by the investors with capital in the financial institution, the efficiency of the institution, and the extent of its success in generating profits from each unit of the owners' equity.

From Table (2), we note that the research sample banks achieved the return on an equity index, which reached the general average (4.31), and we find that this percentage is low, which indicates the dependence of the research sample banks on property funds in financing their banking operations, and the low value of income.

And by analyzing vertically, we find that the National Islamic Bank achieved the highest ROE index, which reached an average of (8.509), and this indicates that the National Islamic Bank is the bank that achieved a higher net income than other banks in the research sample, while the Commercial Bank of Baghdad came in second place and achieved an average of (5.66).), and the Iraqi Islamic Bank came in third place, achieving a ratio of (4.2), and the National Commercial Bank came in fourth place, achieving a ratio of (2.977), and the banks (Middle East, Elaf Islamic) ranked fifth and sixth, respectively, with an average of (2.543, Elaf Islamic). By comparing the general rate with the rate for each bank vertically and for all years of research, we find that the Islamic National and Baghdad Commercial exceed this rate because they achieved a higher rate of return on the right of owners than the research sample banks.

5.4 Analysis of the return on total assets (X2) for the research sample banks

This ratio measures the profits generated from the assets and shows how the company's management can use its real investment resources well and efficiently to generate profits, as this return is directly proportional to the size of the invested assets. (Brigham & Houston, 2013: 96)

Table 3. ROA for commercial banks, the research sample

NO.	the year	Baghdad commercial	The Middle East	Al-Ahly Commercial	Islamic Iraqi	Islamic National	Islamic Elaf	Average%
1	**2013**	1.82	2.696	2.558	6.084	5.222	2.152	3.42
2	**2014**	1.52	0.528	1.145	1.406	5.341	2.872	2.14
3	**2015**	0.44	0.859	0.412	1.976	4.035	0.064	1.3
4	**2016**	1.69	2.042	4.06	1.556	3.318	1.072	2.29
5	**2017**	0.56	-0.65	0.482	1.509	3.258	0.534	0.95
6	**2018**	0.37	-0.4	-1.5	1.009	1.3	0.133	0.15
	Average	1.07	0.846	1.192	2.257	3.746	1.138	1.71
	MAX	1.82	2.696	4.06	6.084	5.341	2.872	3.42
	MIN	0.37	-0.65	-1.5	1.009	1.3	0.064	0.15

Source: **According to material the researcher created** the annual reports of the commercial banks, the research sample, and using the outputs of the electronic calculator.

From Table (3), we note that the research sample banks achieved the return on total assets index, which reached a general average of (1.71).

And that this decrease came due to the increase in the growth of total assets, especially in the Commercial Bank of Baghdad, compared to the return rate, which amounted to (-4861, -3307), respectively, for the years 2017 and 2018 for the Middle East Bank, in addition to the decrease in bank profits.

By analyzing vertically, we find that the National Islamic Bank achieved the highest ROA index, which reached an average of (3.746), and this indicates that the National Islamic Bank is the bank that achieved a higher net income than other banks in the research sample, while the Iraqi Islamic Bank came in second place and achieved an average of (2.257), and the National Commercial Bank came in third place with a score of (1.192), Elaf Islamic Bank came in fourth place with a score of (1.138), and banks (Baghdad Commercial, Middle East) ranked fifth and sixth, respectively, with an average of (1.07, 0.846), and from By comparing the general rate with the rate for each bank vertically and for all years of research, we find that the National Commercial Bank, the Iraqi Islamic Bank, the National Islamic Bank, and Alaf Al-Islami exceed this rate because they achieved a higher rate of return on total assets than the research sample banks over the years surveyed.

6. Analysis of liquidity indicators:

This paragraph aims to analyze the indicators of the independent variable liquidity of the research sample banks during the approved time series. This analysis is as follows:

6.1 Analysis of the ratio of cash assets to current liabilities (X3) of the research sample banks

Table (4) The ratio of cash assets to the current liabilities of commercial banks, the research sample

NO.	the year	Baghdad commercial	The Middle East	Al-Ahly Commercial	Islamic Iraqi	Islamic National	Islamic Elaf	Average%
1	2013	82.1	73.86	102.5	108	59.49	98.7	87.4
2	2014	64.6	94.49	116.2	124.1	73.28	94.7	94.6
3	2015	65.8	78.43	113.1	121.9	52.93	114.1	91
4	2016	59.5	69.77	136.7	145.5	43.82	53.6	84.8
5	2017	91.8	89.64	125.6	103.3	39.71	85.66	89.3
6	2018	93.1	84.01	141.3	87.71	33.22	200.9	107
	Average	76.2	81.7	122.5	115.1	50.41	107.9	92.3
	MAX	93.1	94.49	141.3	145.5	73.28	200.9	107
	MIN	59.5	69.77	102.5	87.71	33.22	53.6	84.8

Source: According to material the researcher created the annual reports of the commercial banks, the research sample, and using the outputs of the electronic calculator.

From Table (4), we note that the research sample banks achieved the percentage of cash assets over current liabilities, which reached the general average (92.3). Iraqi for the year 2017. This ratio confirms that banks maintain high liquidity in the event of emergency withdrawals of depositors and the provision of loans, and then reflect positively on financial stability at the same time as hedging and not resorting to the central bank to request liquidity.

By analyzing vertically, we find that the National Commercial Bank achieved the highest percentage of cash assets over current liabilities, reaching an average of (122.5), and this indicates that the National Commercial Bank is the bank that covered all current deposits with it, while the Iraqi Islamic Bank came in second place and achieved an average of (115.1), and the Elaf Islamic Bank came in the third place with a score of (107.9), and the Middle East Bank came in the fourth place with a score of (81.7), and the banks (Baghdad Commercial, Al Watani Islamic) ranked fifth and sixth, respectively, with an average of (76.2, 50.41), and from By comparing the general rate with the rate for each bank vertically and for all years of research, we find that the National Commercial Bank, the Iraqi Islamic Bank, and Alaf Al-Islami exceed this rate, because they achieved the ratio of the cash asset to the current liabilities higher than the research sample banks over the years surveyed.

6.2 Analysis of the ratio of total loans to total deposits (X4) for the research sample banks

It reflects the ability of banks to employ the funds available to them that come from deposits to meet the demand for credit so that the standard percentage specified by the Central Bank of Iraq, which should not exceed (75%) (Financial Stability Report, 2021: 71)

Table (5) The ratio of total loans to total deposits of commercial banks, the research sample

NO.	the year	Baghdad commercial	The Middle East	Al-Ahly Commercial	Islamic Iraqi	Islamic National	Islamic Elaf	Average%
1	2013	14.9	35.95	32.06	64.42	114	89.52	58.5
2	2014	15.2	50.99	42.58	69.99	135.6	129	73.9
3	2015	27.7	47.44	107	89.16	122.1	70.31	77.3
4	2016	20.6	50.21	100.7	106.8	267.6	142.5	115
5	2017	19.3	34.97	93.36	135.1	212.9	199.3	116
6	2018	20.7	23.72	40.48	87.9	154.8	65.91	65.6
	Average	19.7	40.55	69.35	92.23	167.9	116.1	84.3
	MAX	27.7	50.99	107	135.1	267.6	199.3	116
	MIN	14.9	23.72	32.06	64.42	114	65.91	58.5

Source: According to material the researcher created the annual reports of the commercial banks, the research sample, and using the outputs of the electronic calculator.

From Table (5), we note that the research sample banks achieved a ratio of total loans to total deposits, which reached a general average of (84.3), and we find that this percentage is high, which indicates that the research sample banks employ the funds available to them that come from deposits to meet the demand for credit by 84.3%, which is The acceptable percentage according to the financial stability report of the Central Bank of Iraq for the year 2017.

Vertically analyzing, we find that the National Islamic Bank achieved the highest ratio of total loans to total deposits, which amounted to an average of (167.9). 116.1), and the Iraqi Islamic Bank came in third place, achieving a ratio of (92.23), and the National Commercial Bank came in fourth place, achieving a ratio of (69.35), and the banks (Middle East, Baghdad Commercial) ranked fifth and sixth, respectively, with an average of (40.55, 19.7), and from By comparing the general rate with the rate for each bank vertically and for all years of research, we find that Al Watani Al Islami, Al Iraqi Islamic, and Alaf Al Islami exceed this rate because they achieved the ratio of total loans to total deposits higher than the research sample banks over the years surveyed.

6.3 Analysis of the market value index

The market value index and shares are particularly significant to a number of parties, particularly stockholders and potential share investors who are curious to learn how the company's performance will affect the expected returns on their investments in the company's shares as well as the financial manager who wants to maximize the market value of the owners (Haddad, 2009: 84).

Table 6. MVPS for commercial banks, research sample

NO.	The year	Baghdad commercial	The Middle East	Al-Ahly Commercial	Islamic Iraqi	Islamic National	Islamic Elaf	Average%
1	**2013**	1.8	1.46	0.84	1.23	0.88	0.88	1.18
2	**2014**	1.7	1.6	0.82	1.29	0.82	0.77	1.17
3	**2015**	1.55	0.6	0.9	0.95	0.9	0.73	0.94
4	**2016**	1.17	0.51	0.55	0.51	0.99	0.4	0.69
5	**2017**	0.91	0.43	0.41	0.6	1.1	0.29	0.62
6	**2018**	0.61	0.35	0.47	0.49	1.21	0.3	0.57
	Average	1.29	0.825	0.665	0.845	0.983	0.562	0.86
	MAX	1.8	1.6	0.9	1.29	1.21	0.88	1.18
	MIN	0.61	0.35	0.41	0.49	0.82	0.29	0.57

Source: **According to material the researcher created** the annual reports of the commercial banks, the research sample, and using the outputs of the electronic calculator.

From Table (6), we note that the research sample banks achieved MVPS, which reached the general average (0.86), and we find that the general average of the closing price of the research sample banks is low from the nominal value of the issue, which indicates that the research sample banks have a low market value of the share price.

And by analyzing vertically, we find that the Baghdad Commercial Bank achieved the highest closing price over the years surveyed for the bank, which amounted to an average of (1.29), and this indicates that the Baghdad Commercial Bank is the bank that achieved a high market value for the share price compared to other banks in the research sample, while the National Bank came The Islamic Bank ranked second and achieved an average of (0.983), and the Iraqi Islamic Bank came in the third place and achieved a rate of (0.845), and the Middle East Bank came in the fourth place and achieved a rate of (0.825) (), and the banks (Al-Ahly Commercial, Elaf Islamic) ranked fifth And the sixth, respectively, with an average of (0.665, 0.562), and by comparing the general rate with the rate for each bank vertically and for all years of research, we find that the Baghdad Commercial and National Islamic Bank exceeds this rate.

6.4 Research hypotheses

1- The first main hypothesis(H1): The researcher assumes that there is no significant influence relationship between the variables x1, x2, and y, and this means that y is a function of each of the two variables, and any change in it leads to a change in y, while the percentage of each independent indicator in the market value will be determined through the coefficient of determination Which shows the variation that is explained by the independent indicators in the dependent variable (market value), The (Beta) coefficient, which depicts the tendency of the relationship between the independent indicators and the dependent variable (market value), will be used to determine the degree of effect, and the results are

shown in Table (7). At the aggregate level of the research sample banks, the market value (y) is a function of the return on equity index (x1) and the return on assets index (x2).

$$y = a + \beta 1 x 1 + \beta 2 x 2$$
$$y = 0.603 + (0.142)x1 - (0.208)x2$$

Table 7. Coefficients of The relation between the independent indicators in the market value of the research sample banks

Independent Indicators	Market value					
	R	R^2	Beta	T-Cal	F-Table	Sig.
Return On Equity Index	0.776	0.602	1.64	0.536	2.265	0.252
Return On Assets Index			0.877-	0.278 -		

Source: The researcher's numbers, **based on the program's outcomes** (SPSS V.23).

Since the return on equity index (x1) and the return on assets index (x2) were found to explain about (60%) of the variation in the market value, the calculated (f) value was (2.265), which is less than its tabular value (9.55), Table (7) shows that there is a good overall correlation between indicators of profitability and liquidity on the market value of all banks. The research sample totaled (77%).

Because the estimated value of (F) is less than its tabular value of (9.55), and because the level of significance was calculated at (0.2), which is higher than the level of significance that the researcher expected (0.05), it is not significant. and according to these results, this means accepting the null hypothesis, which indicates that The multiple linear regression model is not significant, although there is a relationship for profitability indicators (ROA, ROE) in the market value at the aggregate level of the research sample banks.

After the main hypothesis has been tested, which has been tested through multiple regression analysis,

The sub-hypotheses: will be tested individually using simple regression analysis. The researcher assumes that There is no obvious effect relationship of profitability indicators X1, and X2 in the market value of the shares of commercial banks, and this means The market value of the share is a function of each of the return on equity index (x1) and the return on assets index (x2) at the overall level of the research sample banks, and that any change in the return on equity index and the return on assets index will lead to a positive change in the market value And the extent of the existence of a relationship between the search indicators at the level of the surveyed banks will be identified by finding the correlation coefficient. As for the percentage of each independent indicator in the market value, It will be determined using the coefficient of determination, which analyzes the variance in the dependent variable, the market value, that is explained by the independent indicators. The (Beta) coefficient, which displays the slope of the relationship between the independent indicators and the dependent variable, the market value, and the results, as shown in Table (8), will be used to determine the effect.

Table 8. Coefficients of The relation between the independent indicators in the market value of the shares of banks, the research sample

independent indicators	Market value					
	R	R2	Beta	T-Cal	F-Table	Sig.
return on equity index	0.769	0.591	0.751	3.991	5.771	0.07
return on Assets index	0.751	0.563	0.462-	2.271	5.162	0.08
Equations						
y = a + β1x1			y = .574 + (0.067)x1			
y = a + β2x2			y = 0.588 + (0.178)x2			

Source: The researcher's numbers, based on the program's outcomes (SPSS V.23).

According to Table (8), it was found that there is a good correlation between the return on equity index and the market value of the share, which amounted to approximately (77%). As for the return on an equity index, it is explained by the variation in the dependent variable, the market value of the share, as the coefficient of the determination reached (59). %) While the calculated (F) value was (5.771), which is not significant because the calculated (F) value is less than its tabular value of (7.71), in addition to the level of significance that amounted to (0.07), which is greater than the level of

significance assumed by the researcher (0.05).), and according to these results, this means accepting the null hypothesis, which indicates that the simple linear regression model is not significant, although there is a relationship to the profitability index (ROE) in the market value at the aggregate level of the research sample banks. And the slope of the influence relationship of the return on equity index in the added market value amounted to (77%).

There is also a correlation between the return on assets index and the market value, which amounted to (75%). The return on assets index is explained by the variation in the dependent variable, the market value of the share, as the determination coefficient reached (56%), while the value of (F) was calculated (5.162), which is not significant because the value of (F) calculated is less than its tabular value of (7.71), in addition to the level of significance that amounted to (0.08), which is greater than the level of significance assumed by the researcher (0.05), and according to these results, this means accepting the null hypothesis This indicates that the simple linear regression model is not significant, although there is a relationship to the profitability index (ROA) in the market value at the aggregate level of the research sample banks. And the slope of the influence relationship of the return on equity index in the added market value amounted to (77%).

2- Sconed main hypothesis:

the researcher assumes that there is no significant influence relationship between the variables x3, x4, and y, and this means that y is a function of each of the two variables, and any change in them leads to a change in y, while the percentage of each independent indicator in the market value will be determined through the coefficient of determination Which shows the variation that is explained by the independent indicators in the dependent variable (market value), While the (Beta) coefficient, which depicts the tendency of The association between the independent indicators and the dependent variable (market value) and the results in the table (), will be used to determine the degree of effect, as At the aggregate level of the research sample banks, the market value (y) is a function of the ratio of cash assets to current liabilities (x3) and the ratio of total loans to total deposits (x4):

$$y = a + \beta 1 x 1 + \beta 2 x 2$$
$$y = 4.223 + (0.027)x1 + (0.01)x2$$

Table 9. Coefficients of The relation between the independent indicators in the market value of the research sample banks

independent indicators	Market value					
	R	R2	Beta	T-Cal	F-Table	Sig.
The ratio of cash assets to current liabilities	**0.876**	**0.767**	**-0.767**	-2.389	**4.944**	**0.112**
The ratio of total loans to total deposits			-0.952	-2.963		

Source: The researcher's numbers, **based on the program's outcomes** (SPSS V.23).

From Table (9), we note that there is a good overall correlation between liquidity indicators on the market value of all banks in the research sample, which amounted to approximately (88%), The ratio of total loans to total deposits (x4) and the ratio of cash assets to current liabilities (x3) were found to explain about 77% of the variation in market value. The calculated (f) value was (4.944), which is not significant because it is less than the tabular value of (9.55) and the level of significance was (0.11), which is higher than the significance level assumed by the reanalysis. After the second main hypothesis was tested, which was tested through multiple regression analysis,

The sub-hypotheses: will be tested individually using simple regression analysis. The researcher assumes that There is no obvious **effect** relationship of the liquidity indicators X3, and X4 in the market value of the shares of commercial banks, and this means that the market value of the share is a function of each of the ratio of cash assets to current liabilities (X3) at the overall level of the research sample banks, and the ratio of total loans to total deposits (X4), and that any change in the ratio of cash assets to current liabilities and the ratio of total loans to total deposits The market value will increase as a result, and by calculating the correlation coefficient, we can determine the degree to which there is a relationship between the search indicators at the level of the assessed banks. In terms of how much each independent indicator contributes to market value, It will be calculated using the determination coefficient, which takes into account the variation in the data explained by the independent indicators. The dependent variable is the market value, and the (Beta) coefficient, the market value, and the findings, as shown in Table (10), will be used to determine the degree of effect.

Table 10. Coefficients of The relation between the independent indicators in the market value of the shares of banks, the research sample

independent indicators	Market value					
	R	R2	Beta	T-Cal	F-Table	Sig.
The ratio of cash assets to current liabilities	0.294	0.086	0.294 -	0.614 -	0.377	0.572
The ratio of total loans to total deposits	0.57	0.325	0.57-	1.386-	1.922	0.238
Equations						
$y = a + \beta_1 x_1$			$y = 1.811 - (0.01)x_1$			
$y = a + \beta_2 x_2$			$y = 1.388 - (0.006)x_3$			

Source: The researcher's numbers, **based on the program's outcomes** (SPSS V.23).

According to Table (10), it was found that there is a weak correlation between the ratio of cash assets to current liabilities and the market value of the share, which amounted to approximately (29%). The calculated (F) value was (0.377), which is not significant because it is less than the tabular value of (7.71), and the level of significance was (0.57), This exceeds the importance level that was anticipated. Although the computed (F) value was (0.377), which is less than the tabular value of (7.71), the calculated (F) value was roughly (9%), which is not noteworthy. At the aggregate level of the research sample banks, there is a correlation between the ratio of the cash asset to the current liabilities in the market value, but the researcher (0.05), and based on these findings, this means accepting the null hypothesis, which shows that the simple linear regression model is not significant. The probability that the cash asset to obligation ratio would affect the increasing market value was (-29%).

Additionally, there is a moderate association between the market value, which was around 60%, and the ratio of total loans to total deposits. The variation in the dependent variable, the market value of the share, is what accounts for the ratio of total loans to total deposits, as the coefficient of determination reached (32%), while it was Because the calculated (F) value is smaller than its tabular value of (7.71), the calculated (F) value of (1.922), which shows that the simple linear regression model is not significant, must be accepted. despite there being a weak correlation between the ratio of total loans to total deposits in the market value at the aggregate level of the research sample banks. The level of significance reached (0.23), which is greater than the level of significance assumed by the researcher (0.05), and according to these Results. And the angle of the return on equity index's influence on the increased market value has fallen to (-57%).

7. Conclusions and Recommendations

7.1 Conclusions
- The surveyed banks did not achieve a balance between liquidity and profitability, as they achieved high liquidity ratios compared to their very low profitability ratios, and this indicates that these banks keep a large part of their money without operating them in fruitful investment areas that enable them to achieve high profits and raise their financial position.
- The bank needs to maintain a minimum level of liquidity that meets emergency requirements, which greatly affects profits.
- The main measure of the financial performance of profitability banks, which is reflected in the rate of return achieved by banks for shareholders and potential investors, on which investment decisions in shares are based.
- Achieving positive profit rates will lead to adding sums of them to shareholders' equity as reserves, which will lead to an increase in the value of the shares in the bank and thus will lead to an increase in the price of its shares in the stock market
  There is no significant relationship between the first main hypothesis, the first and second sub-hypothesis, the second main hypothesis, and the first and second sub-hypothesis, despite the existence of a correlation between the variables.

7.2 Recommendations
- The importance of balancing between liquidity and profitability, as part of the banks' liquidity can be used in good investment areas, without making them unable to fulfill their financial obligations.

- The need to invest the surplus liquidity available with banks in various aspects of investments to increase the profitability of banks and obtain interest, which ultimately leads to an increase in both liquidity and profitability.
- Directing investors to focus their investments and trading on banks that enjoy high profitability indicators and liquidity indicators that meet financial solvency.
- The Securities Commission directs the contributing banks to increase the disclosure of important profitability and liquidity indicators to rationalize securities trading operations through financial and accounting indicators.
- The necessity of conducting studies dealing with a larger number of variables, especially factors outside the control of banks, in addition to increasing the period under study.

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