

## ABSTRACT

In the banking world, the non-performing debts are considering one of the main critical that have almost all commercial banks attention. Hence, this study aimed to know the impact of non-performing loans on profitability and liquidity of commercial banks, where it has found a fundamental impact on its various profitability activities such as return on equity assets. The study was conducted on a group of the Iraqi commercial banks, 10 banks, for the period (2011-2018), and panel data models were used to analyze and demonstrate the impact of non-performing bank loans on profitability, return on equity (shareholders' equity), and return on assets. In return, the study did not find such an impact of liquidity size because it determines by monetary authority represented by Central Bank of Iraq (CBI) and it related significantly to loans, the higher the proportion of loans the greater the proportion of its reserves.