

## **THE EFFECT OF NON PERFORMING LOAN (NPL) AND LOAN TO DEPOSIT RATIO (LDR) ON RETURN ON ASSET (ROA)**

*"Case Study on State-Owned Banks (PT. Bank Tabungan Negara, PT. Bank Rakyat Indonesia Tbk, PT. Bank Negara Indonesia Tbk, and PT. Bank Mandiri Tbk, Period 2010-2020)"*

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### **ABSTRACT**

*Banks are financial institutions whose main activity is to collect funds and channel these funds back in the form of credit. The amount of third party funds will make it easier for banks to distribute high credit. In addition to the main activity of the bank, there is the main objective of the bank in distributing these funds to obtain income in the form of loan interest from the proceeds of credit distribution. If the credit is channeled well, it will have a good effect on profitability. Conversely, if the credit is substandard to default, it will reduce bank profitability. The purpose of this study was to determine the extent to which Non Performing Loans and Loan to Deposit Ratio affect Return on Assets. This research was conducted using multiple linear regression analysis at state-owned banks, namely, Bank BTN, Bank BRI, Bank BNI and Bank Mandiri for the 2010-2020 period.*

*The results of the research simultaneously show that Non Performing Loans (NPL) and Loan to Deposit Ratio (LDR) on Return on Assets (ROA) show significant results because the significance value is  $0.00 < 0.05$  and also partially there is a significant negative effect between Non Performing Loan (NPL) to Return on Assets (ROA) with a significance of  $0.00 < 0.05$  and there is a significant negative effect between Loan to Deposit Ratio (LDR) on Return on Assets (ROA) with a significance value of  $0.00 < 0.05$ .*

*Keywords : Non Performing Loans, Loan to Deposit Ratio and Return on Asset.*