ABSTRACT

This study aims to examine the effect of Non Performing Loans (NPL) and Loan to Deposit Ratio (LDR) on Return on Assets (ROA). and Return on Equity (ROE) mediated by the Capital Adequacy Ratio (CAR) at Indonesian Conventional Commercial Banks for the period 2020 and 2021.

Purposive sampling methodused to determine the number of research samples, namely in the period I-IV quarters of 2020 and 2021 to represent each class. The analytical technique used is multiple linear regression for each research model with the SPSS:25 which has previously passed the classical assumption test.

The results of the hypothesis in this study indicate that in the first research model bank the NPL has a positive and significant effect at the level of 5% on CAR and LDR has a negative and significant effect on the 1% level of CARvariable NPL has a negative and significant effect on the 1% level. ROA and LDR have a negative and significant effect at the level of 5% on ROA and CAR has no effect on ROA then finally in the third model the NPL has a negative and significant effect at the level of 5% on ROE variable LDR has a negative and significant effect at the level of 5% on ROE and then the last variable CAR has no effect on ROE. This study explains the direct and indirect effects of the independent variables on the dependent with the result that the direct effect is greater than the indirect effect between variables.

Keywords : Profitability, Covid-19, Non Performing Loan, Loan to Deposit Ratio, Capital Adequacy Ratio

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