

## **ABSTRACT**

*Industrial sector which has the potential to compete against ASEAN Economic Community is Islamic Banking. Islamic banking has a huge growth potential, particularly in a country with the largest Muslim population. Therefore, it should be a trailblazer of industrial development and Islamic finance. Nevertheless, they need to improve the performance of Islamic Banks to be in accordance with Islamic principles. The performance of Islamic banking is measured profitability ratio that are projected by Return on Assets.*

*This study aimed to examine the effect of Capital Adequacy Ratio, Cost Plus Sales Financing, Non Performing Financing, Financing to Deposit Ratio of profitability proxied by Return on Asset in Islamic Banks in Indonesia during 2011-2015. The data used in this study were obtained from the quarterly financial report for the 2011-2015 term Islamic Banks.*

*The population in this study is the Islamic Banks in Indonesia. Sample selection technique used is purposive sampling and obtained ten Islamic Banks with a period of study in 2011-2015. Methods of data analysis in this research is panel data regression analysis using Eviews software version 8*

*The results showed that capital adequacy ratio has impact to return on asset 4,30%. Cost plus sales financing has impact to return on asset 0,43%. Non performing financing has impact to return on asset -26,22% and financing to deposit ratio has impact to return on asset -2,42%.*

*Based on results, Capital Adequacy Ratio, Cost Plus Sales Financing, Non Performing Financing, Financing to Deposit Ratio simultaneously has significant effect on profitability. While partially, Capital Adequacy Ratio and Cost Plus Sales Financing significant positive effect on profitability. Non Performing Financing and Financing to Deposit Ratio significant negative effect on profitability.*

**Keywords :** *Capital Adequacy Ratio, Cost Plus Sales Financing, Non Performing Financing, Financing to Deposit Ratio, Profitability, Return on Asset*