ABSTRACT

Banks have a vital role in the economic and financial system of a country. They play roles in managing, controlling, and protecting public funds to create a healthy financial industry. Therefore, the bank needs to consider and maintain its condition. It can be seen from the assessment of the risk and performance of the bank. The assessment can use information in the financial statement and its financial ratio analysis. The financial ratio analysis can help business stakeholders including bank owners, bank managers, the public who use the services, and Bank Indonesia as the bank's supervisory authority.

This research aims to identify the effect of Capital Adequacy Ratio (CAR), Non-performing Loans (NPL), Net Interest Margin (NIM), Operating Expenses to Operating Income (BOPO), and Loan to Deposit Ratio (LDR) on the profitability of the bank in the 2099 – 2018 period proxied by Return on Assets (ROA). This research used a quantitative approach. The sample was selected using a non-probability sampling technique in which it involved all state-owned banks, namely Bank Rakyat Indonesia, Bank Mandiri, Bank Negara Indonesia, and Bank Tabungan Negara. The data were analyzed using panel data regression analysis.

The result of this study indicated that CAR, NPL, NIM, BOPO, and LDR significantly and simultaneous affect ROA. Further, CAR, BOPO, and LDR partially and significantly have a negative effect on profitability (ROA). In detail, NIM has a significant positive effect on profitability (ROA) and NPL does not affect profitability (ROA) in the state-owned banks in the 2009-2018 period.

***Keyword**:* CAR, NPL, NIM, BOPO, LDR, *and* ROA