ABSTRACT

This study focuses on analyzing the factors affecting the financial performance of conventional commercial banks in Indonesia, specifically for the period 2018-2023. The factors examined include the Capital Adequacy Ratio (CAR), Net Interest Margin (NIM), Loan to Deposit Ratio (LDR), Operational Costs to Operating Income (BOPO), and Non-Performing Loans (NPL), as well as Bank Size (Size) as a control variable. The primary objective of the research is to understand how each of these financial ratios impacts Return on Assets (ROA), which is a key indicator of a bank's financial performance.

The study involves 21 conventional commercial banks in Indonesia with a total of 126 observations, selected using purposive sampling. Secondary data was obtained from the annual reports of banks listed on the Indonesia Stock Exchange (IDX) and analyzed using multiple linear regression with IBM SPSS 25 software.

The findings indicate that BOPO and CAR have a negative and significant impact on ROA, with BOPO having the most substantial effect compared to other financial ratios. Conversely, NIM and LDR have a positive and significant impact on ROA, while NPL shows a positive but non-significant effect. Bank Size, as a control variable, also has a positive and significant effect on ROA, although the inclusion of this variable results in a slight decrease in the Adjusted R Square from 89.4% to 89.3%.

Keywords: *Financial Performance, Bank Health, Profitability*