ABSTRACT

This study aims to examine the relationship between growth, represented by Loan Growth (LG); risk, represented by Non-Performing Loans (NPL); and profitability, represented by Return on Assets (ROA), while incorporating control variables such as Bank Size and Net Interest Margin (NIM) at Indonesian Conventional Commercial Banks during the implementation of the credit restructuring stimulus policy by OJK from 2020 to 2023.

This study uses a panel data regression analysis method, utilizing Eviews-13 as the analytical tool. The data used in this research are secondary data obtained from the Indonesia Stock Exchange website, the Bloomberg Laboratory, the OJK website, and annual reports, collected through literature review and documentation methods. A purposive sampling method was applied to determine the sample size. The analysis stages include selecting the best regression model, conducting classical assumption tests, and performing hypothesis testing.

The hypothesis testing results indicate that Loan Growth (LG) has a negative and significant effect on Non-Performing Loans (NPL). Furthermore, Loan Growth (LG) has a positive and significant effect on Return on Assets (ROA), while Non-Performing Loans (NPL) have a negative and significant effect on Return on Assets (ROA). Moreover, Non-Performing Loans (NPL) mediate the indirect relationship between Loan Growth (LG) and Return on Assets (ROA). The control variables, Bank Size and Net Interest Margin (NIM), both have a positive and significant effect on Return on Assets (ROA) and help reduce the bias of external variables by 2.6%.

Keywords*: Loan Growth, Non-Performing Loans, Profitability, ROA, Bank Size, NIM*