

## ABSTRACT

*This research was conducted to examine the effect of bank income diversification (non interest income), Growth of assets ( $\Delta TA$ ), Loan to asset, CAR, and Loan loss provision to asset towards bank risk measured by SDROA (Deviation Standard of Return on Asset) and SDROE (Deviation Standard of Return on Equity).*

*We use commercial banks that listed on Indonesia Stock Exchange (IDX) through period 2011-2015 as a sample of the research and based on purposive sampling, we selected 24 banks as the sample of this research. We use multiple regression analysis to examine the effect, and the analytical methods we used are classical assumptions test that consist of normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test. To test the hypothesis, we used t-statistics and F-statistics at 5% of significance level.*

*The Result shows that simultantly using F test, NNII,  $\Delta TA$ , Loan to Asset, CAR, and Loan Loss Provision to asset influence significantly towards SDROA and SDROE. Using t test, the effect of partially variable explained. NNII is negative significant towards SDROA and SDROE with significant level of 0.042 to SDROA and 0.000 to SDROE.  $\Delta TA$  is positive insignificant towards SDROA but significant to SDROE with significant level 0.078 and 0.007 sequentially, which means  $\Delta TA$  positive significant towards SDROE but insignificant to SDROA. Loan to asset is negatively significant to SDROA with significance level 0.023 but insignificant toward SDROE with significance level of 0.210. CAR are insignificant for both SDROA and SDROE with significant level of 0.545 and 0.275 sequentially. Loan Loss provision to asset is positively significant for both SDROA and SDROE with significance level 0.000 for both risk measures. The adjusted r square is 39.2% for SDROA and 45.1% for SDROE which means 39.2% SDROA and 45.1% SDROE variation could explained by NNII,  $\Delta TA$ , Loan to Asset, CAR, and Loan Loss Provision to asset. Meanwhile 61.8% and 54.9% were explained by another variables which not include in these research model.*

*Keyword: Net Non-Interest Income (NNII), Growth of Asset ( $\Delta TA$ ), Loan to Asset (LAR), Capital Adequacy Ratio (CAR), Loan Loss Provision (LLP), Deviation Standard of Return on Assets (SDROA), Deviation Standard of Return on Equity (SDROE)*