

ABSTRACT

The purpose of this paper is to examine the effect of liquidity risk and credit risk on bank performance and the proportion of independent commissioner as the moderating effect of the credit risk on bank performance.

The sample in this study consisted of 81 banking companies listed in Indonesia Stock Exchange for the period 2012-2015. Then, the samples were selected by purposive sampling method. The data analysis is done by testing data quality, classic assumption test, and hypothesis testing with multiple linear regression model.

The results showed that the cash reserves and significant positive effect on the profitability of banks, liquidity gap and a significant negative effect on the profitability of banks, the proportion of independent commissioners moderate negative influence on the profitability of the banking NPL, it is because the p-value less than 0.05. Deposits are not significant to the profitability of banks, the NPL no significant effect on the profitability of banks, it is because the p-value more than 0.05 and a coefficient of different directions.

Keywords: Indonesia, Bank, Liquidity Risk, Credit Risk, Proportion of Independent Commissioner, Bank Performance.