

ABSTRACT

This study aimed to determine the effect of non performing loan (NPL), Net Interest Margin (NIM), Loan to Deposit Ratio (LDR) and BOPO (Operating Expenses to Operating Income) on the Earnings Change with Capital Adequacy Ratio (CAR) as intervening variable. This study uses four independent variables, namely NPL, NIM, LDR and BOPO, the dependent variable Earnings Change and the intervening variable CAR.

The sampling technique used is purposive sampling in order to obtain a total sample of 29 banks. Data obtained on the basis of published financial statements in Indonesian Banking Directory. The analysis technique used is regression analysis, path analysis and Sobel Test was previously tested with the classical assumption test includes normality test, multicollinearity, heteroscedasticity test and autocorrelation test.

Based on the analysis of data, showed that: NPL variable has a negative and significant effect on CAR and Earnings Changes, NPL has indirect effect on earnings changes, NIM has a positive and significant impact on CAR and Earnings Changes, NIM has a direct impact on Earnings Change, LDR and CAR has a positive and significant impact on earnings changes. The BOPO has a negative and significant effect on CAR and Earnings Change, as well as having a direct effect on Earnings Changes

Keywords: Non Performing Loan (NPL), Net Interest Margin (NIM), Loan to Deposit Ratio (LDR), BOPO (Operating Expenses to Operating Income), Earnings Change, Capital Adequacy Ratio (CAR).