ABSTRACT

This study aims to examine the factors (NPL, LDR, GCG, NIM, CAR, and BOPO) that affect the bank's health for 5 years, from 2008 to 2012, how the non-performing loan, loan to deposite ratio, good corporate governance , capital adequacy ratio, net interest margin, and operating expenses / operating income affect the soundness of banks (as partial and simulants) are listed on the Indonesian Stock Exchange, and the factors which have the most dominant effect on the dependent variable (the bank's health).

This study used secondary data which includes 20 companies listed on the Indonesian Stock Exchange during the period 2008-2012 by using purposive sampling. Data were analyzed using logistic regression to examine the effect of independent variables to the dependent variable. The model eligibility test (fit model) and the determination coefficient test conducted to test the hypothesis with a confidence level of 5%.

The results showed that not all of the independent variables significantly affect the bank's health. Two independent variables are operating expenses / operating income (-), and good corporate governance (-) which have a significant effect on the bank's health. non-performing loans, loan to deposite ratio, net interest margin, and capital adequacy ratio does not significantly affect the bank's health. Finally, the evidence show that the predictive power of the logistic regression model is 50.1%.

Keywords: non-performing loans, loan to deposite ratio, good corporate governance, capital adequacy ratio, net interest margin, and operating expenses / operating income, the bank's health.