ABSTRACT

This research aims to examine the effect of non-performing loans, equity to assets ratio, loans to assets ratio, and income diversification for bank profitability. This research using non-performing loans, equity to assets ratio, loans ti assets ratio, and income diversivication as independent variable, and then bank's profitability which is measured by return on assets as a dependent variabele. In addition, bank size is used as a control variable.

This research using secondary data and the population of this research is 43 banks listed on Indonesian Stock Exchange in period 2014 – 2018. By purposive sampling methods, 29 conventional commercial banks were obtained as the sample of this research. The analytical method used in this research is multiple linear regression analysis.

The results of this research indicated that non-performing loans have a negative and significant effect on bank profitability which is measured by return on assets. In addition, equity to assets ratio, loans to assets ratio, and income diversification has a positive and significant effect on bank profitability.

Keywords : *bank profitability, return on assets, non perfoming loans, equity to assets ratio, loans to assets ratio, income diversification, bank size*