

## **ABSTRACT**

*The purpose of this research to analyze the effect of bank financial ratios for the soundness of banks in Indonesia in the period 2007 to 2011. Variables used as independent variables are the five financial ratios of banks that LDR, NPL, CAR, ROA, and BOPO.*

*The research data used is the data bank 54 financial ratios, which consisted of 27 healthy banks and 27 banks are not healthy based on the ratings of the bank by InfoBank the period 2007 through 2011. Tool is regression analysis used logit / logistic regression with SPSS software version 16.*

*The results of multivariate tests showed that significant LDR variable, while the CAR did not significantly impact on the soundness of banks in Indonesia at the  $\alpha = 5\%$ , but does not have the same sign with those predicted. Variables NPL, and BOPO significant and have signs similar to those predicted, while the ROA has a different sign to that predicted, but not sigifikan. In general, the results did not receive the entire  $H_a$ . Overall accuracy of prediction of bank soundness 2007-2011 period amounted to 90.7%. Level of errors made in predicting the health of banks is of type I errors (false negative) is not well predicted bank was healthy.*

*Key words: health of banks, financial ratios, logistic regression*