

## Table of Content

<b>List of Tables.....</b>	ix
<b>List of Figure.....</b>	x
<b>Chapter I Introduction .....</b>	1
1.1 Research Background.....	1
1.2 Problem Identification.....	4
1.3 Statement of Problem .....	5
1.4 Research Objectives .....	6
1.5 Significance of Research .....	6
1.6 Scope and Limitation of the Study .....	7
1.6.1 Scope .....	7
1.6.2 Limitation .....	7
1.7 Definition of Terms .....	8
a)    Return on Equity (ROE) .....	8
b)    Capital Adequacy Ratio (CAR) .....	8
c)    Loan to Deposit Ratio (LDR).....	8
d)    Net Interest Margin (NIM).....	9
e)    Non-Performing Loan (NPL).....	9
f)    Net Profit (NP).....	9
1.8 Research Structure.....	9
<b>Chapter II Literature Review.....</b>	11
2.1 Theoretical Review.....	11
2.1.1 Bank Performance and Profitability .....	11
2.2 Research Variables .....	12
2.2.1 Return on Equity (ROE).....	12
2.2.2 Capital Adequacy Ratio (CAR).....	13
2.2.3 Loan to Deposit Ratio (LDR) .....	14
2.2.4 Net Interest Margin (NIM) .....	14
2.2.5 Non-Performing Loan (NPL) .....	15
2.2.6 Net Profit (NP) .....	16
2.3 Previous Research .....	16
2.4 Theoretical Framework .....	19
2.5 Hypotheses .....	19
<b>Chapter III Research Methodology .....</b>	21
3.1 Research Methods .....	21
3.2 Research Design .....	22

3.2.1 Population.....	22
3.2.2 Sample method .....	22
3.2.3 Data Collection Method .....	24
3.2.4 Research Instrument .....	24
3.3 Operational Definition.....	25
3.4 Data Analysis Method .....	25
3.4.1 Panel Data Model Analysis .....	26
3.5 Multiple Regressions Analysis .....	29
3.6 Classical Assumption Test .....	30
3.6.1 Normality Test.....	30
3.6.2 Multicollinearity Test .....	30
3.6.3 Autocorrelation Test.....	31
3.6.4 Heteroscedasticity Test.....	32
3.7 Hypothesis Test .....	33
3.7.1 T-Test .....	33
3.7.2 F - Test.....	34
3.7.3 The Coefficient of Determination (Adjusted of R <sup>2</sup> ) .....	35
Chapter IV Results and Discussion .....	36
4.1 Regression Model.....	36
4.1.1 Descriptive Analysis.....	36
4.2 Panel Data Model .....	38
4.2.1 Chow Test.....	38
4.2.2 Hausman Test .....	39
4.3 Multiple Regression Model .....	39
4.4 Classical Assumption Test .....	41
4.4.1 Normality Test.....	41
4.4.2 Multi-collinearity Test.....	42
4.4.3 Heteroscedasticity Test Result.....	42
4.5 Hypothesis Testing .....	44
4.5.1 T Test.....	44
4.5.2 F Test.....	46
4.5.3 Coefficient of determination.....	47
Chapter V Conclusion And Recommendations .....	49
5.1 Conclusion.....	49
5.2 Recommendations .....	51
<b>REFERENCE .....</b>	53

## **List of Tables**

Table 2.1 Previous studies on financial performance to Return on Equity.....	18
Table 3.1 Research sample adjusted by researcher,2024 .....	23
Table 3.2 Variables Definitions adjusted by researcher,2024.....	25
Table 4.1 Descriptive Analysis by using E-views version 10.....	37
Table 4.2 Chow test by using E-views version 10.....	38
Table 4.3 Hausman Test by using E-views version 10.....	39
Table 4.4 Multiple Regression result by using E-views version 10.....	40
Table 4.5 Normality test result by using E-views version 10.....	41
Table 4.6 Multi-collinearity Test result by using E-views version 10.....	42
Table 4.7 Heteroscedasticity tests result by using E-views version 10.....	43
Table 4.8 T Test result by using E-views version 10.....	44
Table 4.9 F Test result by using E-views version 10.....	47
Table 4.10 Coefficient of determination result by using E-views version 10.....	47

## **List of Figure**

Figure 1.1 Research Framework Adjusted by Researcher, 2024.....	10
Figure 2.1 Theoretical Framework Adjusted by Li Jingjing (2022), Rina & Yovin (2016), Hortlund's (2005) .....	19

