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The Influence of NPL and LDR on Profitability with Car as a Mediation Variable at PT BPR Dana Mandiri Bogor

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Abstract

This study aims to determine the effect of Non Performing Loans (NPL) and Loan to Deposit Ratio (LDR) on Profitability (ROA) at PT. BPR Dana Mandiri Bogor from 2017 to 2021, with the capital adequacy ratio (CAR) as a mediating variable. This research effort contained a total of thirty samples. Non-participant observation is the method used in this study to obtain data. The data analysis technique used in this particular study project is tabular analysis. The results and interpretation of the analysis of this study indicate that both NPL and LDR have a significant effect on ROA, while CAR does not have a significant positive or negative effect on ROA. The relationship between NPL and ROA is only moderated by CAR.

Keywords
Non performing loans; loan to deposit ratio; capital adequacy ratio; profitability

I. Introduction

One of the most basic reasons why profitability is a very important benchmark in determining how much profit a company will generate is the ability to determine whether a company has managed its operations properly or not. It is feasible to judge the efficiency of a new enterprise by evaluating its profitability in relation to the assets or capital it generates. The profitability ratio is a measuring tool used to assess the effectiveness of a company's profits, as stated by Pandia (2012:64).

Profit accumulation is very important because banks must be able to compete effectively to ensure the continuity of the company. The money from these sales can be used to cover various costs associated with maintaining the company. In addition to paying the obligations that must be met by the corporation, business profits can be used for company expansion. It is very important to consider the possibility of financial gain when making decisions (Sianturi, 2012). This profit and the total profitability of the bank are inextricably linked.

Regarding the Rating of BPR and BPRS Soundness Article 3 of the Financial Services Authority Regulation Number 3 of 2022 stipulates that BPR and BPRS are required to assess their soundness level independently by using the principles of risk management and prudence in conducting business and applying the precautionary principle. sharia principles to BPRS. In addition, BPRs demand that BPRs and BPRS apply sharia principles to BPRS. A risk-based approach is used to assess the soundness level of the BPR and BPRS. This method assesses the risk profile while still considering good corporate governance (GCG), profitability, and capital. One of the main metrics used to determine a company's potential earnings is the return on assets ratio (ROA). One of the main criteria considered when deciding whether a bank is safe and sound or not is profitability. Kasmir (2014) claims that ROA describes whether bank management is able or not to make money from managing existing bank assets.

One way to estimate the success of a company is to look at the return on assets (ROA), return on equity (ROE), and operating costs operating income (BOPO). ROA

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measure can be used to assess how well a company is able to generate profits from the use of its assets. The company's financial performance will be better when the rate of return on assets is higher because the rate of return is higher when the rate of return on assets is higher (Ponco, 2008).

Research conducted at PT. BPR Dana Mandiri Bogor is a bank that has not yet gone public, so ROA was chosen as a measure of profitability because asset growth is more significant. In contrast, profits in commercial banks are prioritized not only for dividend payments but also for asset growth. According to Volume 5, Number 1, 2016: 293–324 295 from the E-Journal of Management Unud, ROA is a statistic that assesses the success of a company. generate profits through the use of company assets to fund day-to-day operations. Based on several previous studies, profitability (ROA) can be affected by non-performing loans (Gizaw et al., 2015 Messai and Fathi, 2013 and Osuagwu, 2014), loan to deposit ratio (Sudiyatno and Jati, 2010 and Ayuningrum, 2011), adequacy ratio capital (Bouheni et al., 2014 Jaber and Abdullah,

The non-performing loan ratio is used to estimate how many non-performing loans are in the bank. The high percentage of non-performing loans (NPL) certainly worries the management team because an increase in non-performing loans can endanger the viability of a bank. There is always the possibility that consumers may not be able to repay loans when banks lend them credit. The Financial Services Authority currently allows a maximum non-performing loan ratio of 5%. A high level of non-performing loans indicates that the bank may not handle credit in a professional manner, which can result in losses for the institution.

The loan to deposit ratio (LDR), according to Sianturi and 2012 studies, reveals the extent to which banks can cover depositor withdrawals by using the credit provided as a source of liquidity to cover these withdrawals. In order to remain within the range acceptable to Bank Indonesia, management must continue to be aware of the percentage of the LDR ratio. Bank Indonesia Regulation No. 15/7/PBI/2013 states that LDR levels range from 78% to 92%. It is realistic to anticipate that the bank will not be able to channel all the cash obtained efficiently if the LDR ratio is less than 78%. When a bank's LDR ratio exceeds 92%, it means that the total amount of loans it has issued has exceeded the amount of money it has collected. It is anticipated that banking will be able to maintain stability in liquidity levels so that public trust is maintained and trustworthy in managing public funds. The profitability of a bank will be affected by its LDR level.

The capital owned by the bank plays a very important impact. One technique for determining acceptable capital levels is the CAR ratio. So that the bank does not experience a cash deficit or excess cash, management must pay close attention to the amount of CAR it has. Capital, which is also a safety net against possible losses, is the main source of financing for bank activities. Anjani and Purnawati (2014) emphasized that a bank's ability to successfully overcome unexpected hazards and regain customer trust is directly related to the amount of capital it has. However, a bank with a high CAR may experience idle cash, indicating that there may be large amounts of idle cash that the bank's management cannot utilize. The two parts that make up bank capital are core capital and supplementary capital (Idroes, 2008:69). Financial Services Authority Regulation Number 5/POJK.03/2015 states that 8% of capital is the minimum capital that must be owned by a bank.

Regarding the effect of NPL and LDR on profitability, CAR functions as a mediating factor. This is because the capital ratio, also known as CAR, is a determining factor in how successful banks are able to raise money and use it to return it to their operations.

Banks that have more non-performing loans than required by Bank Indonesia will experience a decrease in profits. This is as a result of the relationship between credit quality and non-performing loans which indicates that lower credit quality results in higher non-performing loans thereby increasing the number of non-performing loans which increases the risk of operational losses for the bank. have an impact on reducing bank profits, so that it can be said that NPL has a significant impact and is detrimental to profitability (Manuaba, 2012); this is because NPL has an impact on bank profits. This assumption directly contradicts the findings of Nusantara (2009), which shows that non-performing loans do not have a significant impact on the income of the non-go public bank group.

The ratio of all loan amounts to the total amount of cash accumulated is known as the "loans to deposits ratio," or LDR. A larger LDR ratio indicates that the bank is lending more money. Because banks make money from the loan interest they charge their customers, it can be concluded that LDR has a positive and significant impact on profitability. As a result, a bank's ability to generate profits is directly correlated with the number of loans it makes. The research results of Agustiningrum (2013), Brock, and L. Rojaz (2000) show that LDR has a positive and quite large effect on company profitability. Our findings show that LDR has no impact on profitability, in contrast to that made by Ahmad et al. (2012) and Ayadi and Boujelbene (2012),

Banks can also make bigger profits when they have enough money. The results of research conducted by Agustiningrum (2013) show that CAR has a positive effect on profitability. This shows that the bank's profit will be higher in relation to the level of risk it takes. The results of research by Al-Qudah and Mahmoud (2013) show a positive relationship between profitability and capital adequacy ratio. Al-Qudah and Mahmoud (2013) claim that financial institutions with higher levels of capital are able to generate more money because they prefer the sources of funding they seek. This contradicts the research conclusions of Alper and Adem (2011) which state that the capital adequacy ratio has little effect on a company's ability to generate profits. Poposka et al. (2013) and Jha and Hui (2012) both emphasized that CAR has a negative effect on ROA. The type of bank that will focus more on expanding its asset base in line with the increase in bank capital is a bank that has high capital and faces quite tight competition. To achieve the required growth despite tough competition, banks will reduce the spread, also referred to as the difference between the interest on funds raised and the interest on loans (Maheswari and Surya, 2014). Profitability will suffer as a result. (2013) and Jha and Hui (2012) both emphasized that CAR has a negative effect on ROA. The type of bank that will focus more on expanding its asset base in line with the increase in bank capital is a bank that has high capital and faces quite tight competition. To achieve the required growth despite tough competition, banks will reduce the spread, also referred to as the difference between the interest on funds raised and the interest on loans (Maheswari and Surya, 2014). Profitability will suffer as a result. (2013) and Jha and Hui (2012) both emphasized that CAR has a negative effect on ROA. The type of bank that will focus more on expanding its asset base in line with the increase in bank capital is a bank that has high capital and faces quite tight competition. To achieve the required growth despite tough competition, banks will reduce the spread, also referred to as the difference between the interest on funds raised and the interest on loans (Maheswari and Surya, 2014). Profitability will suffer as a result. the bank will reduce the spread, also referred to as the difference between the interest on funds raised and the interest on the loan (Maheswari and Surya, 2014). Profitability will suffer as a result. the bank will reduce the spread, also referred to as the difference between the interest on funds raised and the interest on the loan (Maheswari and Surya, 2014). Profitability will suffer as a result.

If bank non-performing loans continue to increase, it will have an impact on bank capital because banks have to pay money to meet the resulting Allowance for Earning Assets (PPAP) (Pauzi, 2010). It is argued that non-performing loans have a negative and significant impact on the capital adequacy ratio (CAR) because the implementation of PPAP has an impact on reducing bank capital that should be used for other investments. The results of experiments conducted by Margaretha and Diana (2011) show that NPL has a significant negative effect on CAR. In contrast to the conclusions drawn by Anjani and Purnawati (2014) and Fitrianto and Mawardi (2006), this analysis finds that NPL has a negative and insignificant relationship with CAR.

Anjani and Purnawati (2014) state that the growth in the amount of credit disbursed is greater than the growth in the amount of funds raised. As a result, the loan to deposit ratio increases in value while the capital adequacy ratio decreases in value. The CAR value decreases as more credit is given out than is collected, which exceeds the amount of money collected. To meet the increasing demand for credit, banks are forced to use their own capital. According to research by Fitrianto and Wisnu (2006), Krisna (2008), and Wisnu and Fitrianto (2006), there is a significant and inverse relationship between the loan to deposit ratio and the capital adequacy ratio. Shitawati (2006) and Williams (2011), which show that the loan to deposit ratio has a positive but minor effect on the capital adequacy ratio, disagree with these findings. Shitawati (2006) found that LDR had a beneficial and sizable impact, while Williams (2011) found that LDR had a beneficial but small impact.

This research is interesting to do at PT. BPR Dana Mandiri Bogor for the 2017-2021 period because it illustrates the background, there is a research gap from previous research regarding the relationship between non-performing loans and loan to deposit ratios to profitability, and the capital adequacy ratio plays a role as a mediating variable. The question that will be the focus of this investigation is whether NPL and LDR have a clear influence on CAR and ROA. The main objective of this research project is to study the significance of the impact of NPL and LDR on CAR and ROA.

II. Review of Literature

2.1 Bank Health Level

The soundness level of a bank is primarily assessed using a qualitative approach to various factors affecting the condition and development of a bank, according to the Decree of the Directors of Bank Indonesia Number 30/12/KEP/DIR/ dated 30 April 1997 concerning Procedures for Assessing the Soundness of Rural Banks. The qualitative technical component includes evaluating capital factors, earning asset quality factors, management factors, profitability factors, and liquidity elements. At the beginning of the implementation of the soundness level assessment, the process of quantifying each part of the factor component must be completed. According to how big the impact is on the financial stability of the bank, these factors and components are ordered by their relative importance:

Table 1

Rating Factor	Weight
Capital	30%
Earning Asset Quality	30%
KAP Ratio 25%	
PPAP ratio 5%	
Management	20%
General Management 10%	
Risk Management 10%	
Profitability	10%
ROA Ratio 5%	
BOPO ratio 5%	
Liquidity	10%
LDR Ratio 5%	
5% CR Ratio	

2.2 Profitability

The main goal that must be achieved by the bank to pay all costs related to bank operations is to maximize profit. This income can be used for the welfare of owners and employees, as well as business expansion and product quality improvement. Effective financial management in practice requires the capacity to achieve predetermined goals, claims Kasmir (2012: 196). Profit levels can be measured more precisely by using profit ratios or profitability ratios. The profitability ratio is a measure that can be used to assess a bank's capacity to generate profits. This ratio also provides a measure of how efficiently a bank is managed from an operational perspective. Utilization of this percentage shows how effective the bank is. (Kasmir, 2012:196).

Profitability ratios can be measured using:

1) *Return On Assets*(ROA) is a profitability ratio, which compares a bank's total assets and profit before tax, this ratio reveals how effectively the bank is managing its assets and is an indicator of profitability. (Riyadi, 2006:156).
2) *Return On Equity*(ROE) is a profitability ratio that shows how the total core capital and the bank's net profit after tax are related to each other (Riyadi, 2006:155).
3) Operating Costs Operating Income (BOPO) is a comparison of operating costs and operating income in the form of a ratio (Riyadi, 2006:159).

2.3 Credit Risk

The risk associated with credit is the potential for uncollectible loans made by banks in whole or in part due to a reason, such as arrears by a debtor who intentionally does not pay off the principal or does not pay off the loan even though the debtor is actually able to return it (Sudirman, 2013: 48). The potential for financial losses for financial institutions if they do not receive interest payments on loans extended to members of the public is another effect of credit risk. The profit that financial companies generate when they lend money to clients is known as credit interest. A higher percentage of non-performing loans will be present in banks that are vulnerable to credit risk, which will have an adverse impact on bank cash flows (Sudirman, 2013: 192).

When we talk about credit risk, what we really mean is the risk of loss associated with the inability and / or unwillingness of the borrower (partner) to fulfill his obligation to repay the loan in full at maturity or in the future. (Idroes, 2011:23).

2.4 Non Performing Loan (NPL)

According to Riyadi (2006: 160), the non-performing loan ratio is a comparison between the amount of credit issued by a bank and the amount of credit provided with a collectibility level of 3 to 5.

Bank capital will be affected if non-performing loans continue to increase because banks must pay cash to fulfill PPAP made (Pauzi, 2010). The NPL level shows that banks are increasingly unprofessional in managing their credit. In addition, there is a message that given the high NPLs faced by banks, the risk of lending to banks is relatively significant. (Riyadi, 2006:161).

25. Liquidity Ratio

Liquidity is the bank's ability to meet financial obligations immediately. Conversely, the liquidity ratio measures a company's ability to pay its short-term obligations (debt). The purpose of the liquidity ratio according to Kasmir (2012) and Kasmir (2012): 129 is to describe or assess a company's ability to fulfill its obligations when they are due, including obligations to parties both inside and outside the organization.

One technique for measuring the liquidity ratio is through the loan to deposit ratio or LDR. LDR is a ratio that describes the relationship between the amount of credit issued by a bank and the amount of third party money that can be collected by a bank, according to Riyadi (2006: 165). LDR, which is based on a bank's dependence on credit as a source of liquidity, is an expression of a bank's ability to repay money that has been placed by customers at the institution. (Pauzi, 2010).

25. Bank Capital

Capital kept by a bank that can be used as a reserve or emergency fund in case of financial difficulties. According to Sudirman (2013): 91, supplementary capital consists of things such as share premiums, asset revaluations, and goodwill while core capital is defined as capital paid up by bank owners, current year's profit, retained earnings, general reserves, or purpose reserves. Idroes (2011): 68 states that maintaining public confidence in the ability of banks to carry out their functions as intermediary institutions is another goal of capital.

Capital Adequacy Ratio (CAR), commonly referred to as CAR, is the ratio used to measure how much proper capital a bank has. CAR reflects the portion of a bank's total assets consisting of risks financed by the institution's own capital, according to Sianturi (2012). For this ratio, Martono (2002:88) uses the ratio of capital to risk-weighted assets (RWA) as a benchmark. Financial Services Authority Regulation Number 5/POJK.03/2015 states that 8% of capital is the minimum capital that must be owned by a bank.

The following is one potential formulation of a hypothesis that will guide this investigation, taking into account the previously discussed theoretical studies:

H1: Non-Performing Loan (NPL) has a negative and significant effect on profitability.

H2: Loan to Deposit Ratio (LDR) has a positive and significant effect on profitability.

H3: Capital Adequacy Ratio (CAR) has a positive and significant effect on profitability.

H4: Non-Performing Loans (NPL) have a negative and significant effect on the Capital Adequacy Ratio (CAR).

H5: Loan to Deposit Ratio (LDR) has a positive and significant effect on Capital Adequacy Ratio (CAR).

III. Research Method

The research design for this study uses an associative methodology. The associative research in this study focuses on the impact of non-performing loans and the ratio of loans to deposits on profitability. An additional variable in this analysis is the capital adequacy ratio. PT. BPR Dana Mandiri Bogor, which is located on Jl. Raya Cikukulu Rt. 19 RW. 05 Cisande Village in Cicantayan District, Sukabumi Regency, became the location of this research. During the course of this investigation, both quantitative and qualitative forms of data were used. Quantitative data, especially financial records from PT. BPR Dana Mandiri Bogor, used in this study. The qualitative data in this study provides a summary of PT. BPR Dana Mandiri Bogor which is very useful.

To conduct this research, secondary data sources were used. Financial records that have been made by PT. BPR Dana Mandiri Bogor is a secondary data source for this research. This news article serves as a resource. Non-participant observation is the data collection method used in this study, meaning that researchers do not go directly to the field to observe their research subjects (Sugiyono, 2010: 204). Based on the information obtained from the financial reports made at PT. BPR Dana Mandiri Bogor in 2017–2021, researchers in this study made several observations. The making of tables and figures in this study is based on the findings of PT. BPR Dana Mandiri Bogor financial reports.

The endogenous variable in this study is profitability as measured by Return On Assets (ROA) and Capital Adequacy Ratio. The ratio of profit after tax to total assets is known as ROA. CAR measures the proportion of total assets to total equity. A bank's capacity to generate money using its assets is measured by the return on assets (ROA). The ROA ratio considered in this investigation is the ROA reported at PT. BPR Dana Mandiri Bogor financial reports for 2017–2021. The percentage (%) is used to represent the return on investment. The ROA formula is as follows in accordance with Bank Indonesia Circular Letter Number 3/30/DPNP dated 14 December 2001:

$$ROA = \frac{\text{Profit Before Tax}}{\text{Total Assets}} x100\%$$

CAR is a comparison between total capital and risk-weighted assets. Financial Services Authority Regulation Number 5/POJK.03/2015 states that 8% of capital is the minimum capital that must be owned by a bank. The CAR ratio used in this study is that which can be found at PT. Financial records of BPR Dana Mandiri Bogor for 2010–2021. Using a ratio scale, the air resistance coefficient (CAR) is calculated and the value is expressed as a percentage (%). The CAR formulation is as follows as stated in Bank Indonesia Circular Letter Number 3/30/DPNP dated 14 December 2001:

$$CAR = \frac{\text{Core Capital + Supplementary Capital}}{\text{ATMR}} x100\%$$

NPL is calculated by comparing the number of substandard, doubtful and bad loans with the total amount of loans that have been disbursed. The non-performing loan ratio considered in this study is the NPL identified at PT. BPR Dana Mandiri Bogor financial reports from 2017 to 2021. The amount of NPL is calculated using a ratio and expressed as a percentage (%). The NPL formulation is as follows in accordance with Bank Indonesia Circular Letter Number 3/30/DPNP dated 14 December 2001:

NPL = non-current credit x100%
total credit

LDR is a ratio that describes the relationship between the amount of credit given by a bank and the amount of money that can be recovered from third parties. The LDR ratio reported at PT. The financial records of BPR Dana Mandiri Bogor for 2017–2021 are the LDR used in this inquiry. The ratio scale is used to calculate the LDR level, and the percent sign (%) is used to indicate the magnitude. The LDR formula is as follows, according to Bank Indonesia Circular Letter Number 3/30/DPNP dated 14 December 2001:

LDR = Total credit extended x100%
Total DPK

IV. Result and Discussion

Table 2. Financial Ratio Growth PT. BPR Dana Mandiri Bogor for the 2017-2012 period

Year	**2017**	**2018**	**2019**	**2020**	**2021**
Headquarters	1	1	1	1	1
Office opening	1	2	2	3	3
Marketing Unit	33	75	110	116	120
Customer	47010	77,869	99,829	91,807	100,620
KYD	85.2 M	151.5 M	199.8 M	195.7 M	207.4 M
Employee	331	491	716	669	658
Asset	**117,269,552**	**199,084,639**	**268,799,008**	**247,737,602**	**274,246,892**
Cash	341,417	321,142	517,928	1,562,760	1,133,592
Income flower which will accepted	1,024,415	938,932	1,179,093	603,219	761,906
Placement On Other Banks (PBL)	22,094,655	33,823,788	49,278,764	35,015,496	51,279,308
Yang Credit Given (KYD)	84,475,910	150,087,680	197,624,610	189,960,242	201,729,967
Fixed assets	7,612,474	10038167	13,259,871	16,076,796	14,108,440
Asset No Tangible	157,125	338,917	218,434	275,832	206,120
Collateral Yang	-	-	-	-	-

Taken over (AYDA)					
Other Assets	1,563,556	3,536,013	6,720,308	4,243,257	5,027,559
Obligation	**100,319,130**	**169,152,887**	**225,272,527**	**210,499,741**	**225,900,069**
Obligation Quick	411,437	838,547	1,237,429	736,760	**312,438**
Interest Debt	267,242	661,318	743,861	667,734	666,848
Tax debt	119,599	1,315,115	953,536	-	110,995
Savings Customer	58,289,377	63,798,758	74,881,509	54,671,684	81,805,819
Savings from Other Banks	21,810,000	45,000,000	90,100,000	52,150,000	94,100,000
Loan Accepted	16,927,578	54,273,119	51,891,412	96,970,271	42,817,764
Obligation Employee Benefits (KIK)	1,242,216	1,826,512	3,211,405	3,687,283	4,958,034
Other Liabilities	1,251,681	1,439,518	2,253,375	1,616,009	1,128,171
Equity	16,950,422	29,931,753	43,526,479	37,237,860	48,346,821
Paid-up capital	11,000,000	3,000,000	11,000,000	11,000,000	11,000,000
Reserve General	2,200,000	600,000	2,200,000	2,200,000	2,200,000
year profit walk	13,350,422	16,731,753	30,326,479	24,037,860	11,108,962
NBAT (Net Profit Before Tax)	11,950,148	20,709,388	26,164,159	521,265	14,317,514
taxes	2,855,020	5,434,071	7,223,073	180,503	3,208,552
NPAT (Net Profit After Tax)	9,095,128	15,275,317	18,941,086	340,761	11,108,962

Table 3. Health Level PT. BPR Dana Mandiri Bogor for the 2017-2021 period

RATIO	2017	2018	2019	2020	2021
CAR	17.38%	18.21%	20.64%	22.63%	25.02%
NPLs	0.84%	0.79%	1.23%	1.71%	1.87%
LDR	89.53%	84.77%	90.69%	91.83%	87.75%
ROA	9.97%	12.01%	10.44%	0.21%	5.39%
BOPO	73.85%	70.08%	74.73%	98.68%	84.88%
CASH RATIO	10.44%	10.08%	12.41%	22.76%	13.72%
ROE	92.65%	89.39%	74.17%	1.40%	32.49%

Table 3 clearly shows that during 2017 to 2021, the CAR ratio of PT. BPR Dana Mandiri Bogor has increased. The NPL growth did not have an adverse impact on CAR because there was an increase in capital originating from paid-up capital which was larger than the previous year.

An increase in LDR indicates that more loans have been repaid to borrowers. According to Pastory and Marobhe (2013), financial institutions will be better able to repay consumers' money if the volume of loans issued increases. Institutions do not have to rely on their own money as a source of funding as a result of this. This can be concluded from the fact that the effect of LDR on CAR is not significant so that a high LDR does not have a significant effect on increasing CAR significantly, and from the fact that the NPL ratio does not have a significant negative effect on ROA. In terms of NPL at PT. BPR Dana Mandiri Bogor goes up, ROA goes down; otherwise it will rise. This happens because credit related problems do not lead to solutions. The effect of negative NPL is not significant, this shows that even though a high NPL has no significant effect on a decrease in ROA. This means that even though the NPL is large, it does not have a significant effect on ROA. The fundamental cause of this situation was the value of PPAP, which at that time was still able to pay non-performing loans. The results of this study are in line with the previous research by Ponco (2008) and Sianturi (2012).

Based on the findings of table 3, LDR and ROA at PT. BPR Dana Mandiri Bogor is not significantly correlated with each other. The conclusions from previous theoretical studies that reveal LDR has a beneficial effect on firm profitability are in line with the findings of this investigation. A higher LDR indicates that more funds contributed by third parties are disbursed in the form of credit. When credit is allocated efficiently, more interest income is generated, increasing profitability. Despite the fact that the LDR is already relatively high, as evidenced by the fact that its effect on ROA is negligible, this element has little or no effect on the return on investment (ROA). This situation can occur, according to Prastyaningtyas (2010), if the amount of credit disbursement is not supported by strong credit quality. The amount of realized profitability can be affected by poor credit quality. The results of this study are in line with the research projects of Pauzi (2011) and Prastiyaningtyas (2010), both of whom found that LDR has a beneficial but small impact on company profitability.

Between 2017 and 2019, CAR has a positive effect on ROA. ROA will increase as well as CAR at PT. BPR Dana Mandiri Bogor rises.

Banks that have a relatively high CAR will be protected from the risks faced by these banks. Consequently, the bank will be in a position to perform better, which will increase its profitability. In addition, because they are more discriminatory in choosing financing sources, banks with larger capital will also have better profitability (Al-Qudah and

Mahmoud, 2013). The results of this study are in line with previous studies by Astohar (2009), Al-Qudah and Mahmoud (2013), and Puspitasari (2009).

Table 3 shows that at PT. BPR Pasarraya Kuta, CAR has succeeded in reducing the effect of NPL on ROA between 2010 and 2014. It can be concluded that CAR has the ability to withstand the effect of NPL on ROA. It can also be concluded that CAR has the capacity to withstand the impact of LDR on ROA.

V. Conclusion

Based on the discussion in the previous chapter, Non Performing Loans (NPL) will only have a small negative impact on the profitability of PT. BPR Dana Mandiri Bogor from 2017 to 2021. This conclusion implies that because non-performing loans (NPLs) do not perform as expected, a higher NPL can reduce profitability. During the period from 2017 to 2021, the Loan to Deposit Ratio (LDR) of PT. BPR Dana Mandiri Bogor has a pretty good influence on profitability. This is because the loan interest will be more profitable the more loans are disbursed. During 2017–2021, the capital adequacy ratio (CAR) had a significant positive impact on PT. Profitability of BPR Dana Mandiri Bogor; the higher the CAR, the more profitable the bank is. This result is partly due to this influence. NPLs at PT. BPR Dana Mandiri for the 2017–2021 period had a partially large negative effect on CAR due to the growth in the formation of PPAP banks. However, due to the addition of more paid-in capital, the CAR did not decrease. LDR has no significant positive effect on CAR at PT. BPR Dana Mandiri Bogor between 2017 to 2021. The fact that CAR can mitigate the impact of NPL on ROA at PT. BPR Dana Mandiri Bogor suggests that banks with sufficient capital can protect themselves from credit risk, preventing a decrease in actual ROA as a result of problem loans. The fact that CAR can mitigate the impact of LDR on ROA at PT. BPR Dana Mandiri Bogor from 2017 to 2021 shows that banks with sufficient capital can invest more freely in the form of credit.

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