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Factors Determining Financial Performance In Financial Companies In 2020-2024

Adhi Widyakto[1*], Tri Rinawati[2], Ayu Nurafni Octavia[3], Susanto[4], Sugeng Rianto[5]
[1,2,3,4,5]Department of Management, Faculty of Economics, University of Semarang

ABSTRACT
This study aims to determine the company's financial performance by testing the influence of independent variables, namely Loan to Deposit Ratio (X1), Non-Performing Loan (X2), and LN Size (X3), on the dependent variable, namely firm value (Y), in financing companies listed on the Indonesia Stock Exchange during the period 2021–2024. The sample used in this study consisted of 36 companies selected using purposive sampling techniques, then multiplied by four years of research, resulting in a total of 144 company observations analyzed. The data analysis method employed is SmartPLS 4.0. The results of the study show that the Loan to Deposit Ratio has a positive and significant effect on Price Book Value. The Non-Performing Loan has a positive and significant effect on Price Book Value. LN Size also has a positive and significant effect on Price Book Value. The Loan to Deposit Ratio on Price Book Value with Return on Assets as a moderating variable shows a positive and significant effect. The Non-Performing Loan on Price Book Value with Return on Assets as a moderating variable shows a negative and insignificant effect. Meanwhile, LN Size on Price Book Value with Return on Assets as a moderating variable shows a positive and significant effect.
***Keywords**: Loan to Deposit Ratio, Non-Performing Ratio, LN Size, Return On Asset, Price Book Value.*

INTRODUCTION

The growing integration of economic activities has led to closer interconnections among national economies worldwide, allowing economic crises in one country to rapidly transmit and affect other countries. Like the crisis in financial institutions in 2008 experienced by the United States, the impact of the crisis has an impact on other countries, especially countries that have economic relations with the United States. The financial institution crisis in the United States also has an impact on the liquidity of financial institutions, such as banks in other countries, especially countries that invest their funds in instruments of large financial institutions in the United States. (Susilawati & Nurulrahmatiah, 2021).

Banking institutions hold a vital position in a nation's economy, especially through the provision of financial services that support economic development. Firm value serves as an important indicator of a bank's future performance and business prospects. This value can be influenced by several factors, including the Loan to Deposit Ratio (LDR), Non-Performing Loans (NPL), and firm size, with profitability acting as a moderating variable.

[1]Email: adhiwidyakto92@gmail.com
[1]*Corresponden Author, Email: adhiwidyakto92@gmail.com

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Another interesting phenomenon in the banking sector is the significant difference in corporate value between banks with high and low NPL rates. According to Pranolo & Mahroji (2024)Companies with high NPLs tend to experience a decline in the value of the company due to the high risk of uncollectible credit. However, in some cases, NPLs have no effect on the company's value if managed with a good risk mitigation strategy (Kansil et al., 2021).

A high Price to Book Value (PBV) indicates that a company is expected to experience growth in the future, forming the basis of market confidence and becoming a key consideration for shareholders and investors (Harahap, Septiani, & Endri 2020). PBV reflects the company's value and success, which are directly perceived by shareholders and other investors. Therefore, company owners, in making strategic decisions, must carefully consider the expected outcomes and returns, as well as anticipate various factors that may contribute to profit generation. *Price to Book Value* It also causes the company's growth rate, as can be seen in the following figure:

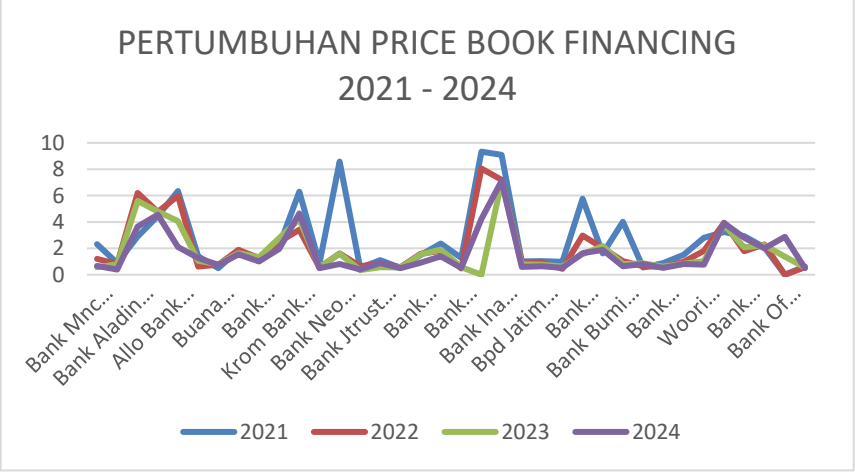

Figure 1: Price to Book Value Growth Listed on the IDX

The banking sector has strong potential due to its substantial contribution to the Indonesian economy. As illustrated in the figure above, the banking subsector listed on the Indonesia Stock Exchange recorded a growth of 2.09% (Sulistiyan Rahayu & Zulaikha, 2022)

Table 1: Average Loan Deposit Ratio, Non-Performing Loan, LN Size, ROA, and PBV

Year	*LDR*	*NPL*	*LN Size*	*ROA*	*PBV*

[1]Email: adhiwidyakto92@gmail.com
[1]*Corresponden Author, Email: adhiwidyakto92@gmail.com

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2021	0,9026	-0,2676	96055519440310.90	0,005	4.918108108
2022	1,0599	-0,0202	75642837987568.90	0,0151	2.072972973
2023	1,1811	0,056	80651211999111.50	0,0129	1.735405405
2024	1,0638	0,0634	88762867060495.10	0,0128	1.626315789

Source: Processed Research, 2025

Table 1 shows that over the past four years, the Company Value in *Financing* Companies has fluctuated, in line with the *existing research gap*. The increase and decrease occurred in fundamental indicators such as *Loan To Deposit Ratio (*LDR*), Non Performing Loan (*NPL), *LN Size,* ROA, and PBV.

THEORETICAL BACKGROUND

Signaling Theory

According to Nur Wahyuni & Achriansyah Achmad Gani (2022), the disclosure of financial information as a signal can reduce information asymmetry between management and external stakeholders. For instance, a high Return on Assets (ROA) reflects a company's efficiency in utilizing its assets to generate profits, which may indirectly enhance firm value as represented by the Price to Book Value (PBV). Therefore, Signaling Theory is relevant in explaining the role of ROA in moderating the relationship between LDR, NPL, and firm size on company value.

Loan to Deposit Ratio (LDR)

The Loan to Deposit Ratio (LDR) is a key indicator used to assess a bank's ability to channel collected funds into productive sectors through lending activities. A higher LDR indicates a greater proportion of funds allocated to loans relative to available deposits. However, an excessively high LDR may signal liquidity risk, as the bank may face difficulties in meeting its short-term obligations. According to Susilawati & Nurulrahmatiah (2021), LDR represents the efficiency of banks in utilizing third-party funds and has important implications for the profitability and financial stability of banking institutions.

Non-Performing Loan (NPL)

Non-Performing Loan (NPL) is a ratio that describes the level of non-performing loans held by a bank. High NPLs can indicate that banks face the risk of default from debtors, which can ultimately lower the company's profitability and value. According to Yogi

[1]Email: adhiwidyakto92@gmail.com
[1]*Corresponden Author, Email: adhiwidyakto92@gmail.com

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Rakha Pranolo & Mahroji (2024), high NPLs are negatively correlated with the value of the company because it increases credit risk and reduces investor confidence in the company.

Company Size

Company size, which is often measured by the natural logarithm of total assets (Ln Size), indicates the company's capacity to generate revenue and handle business risks. Companies with large sizes generally have wider access to financial resources, are more stable in the face of market turmoil, and are more efficient in diversifying their businesses. According to Saputri & Supramono (2021), the size of the company has a positive correlation with *Return on Asset* (ROA), because the economic scale it has is able to increase operational efficiency.

***Loan to Deposit Ratio* on *Price Book Value* (H1)**

The Loan to Deposit Ratio (LDR) indicates a bank's capacity to allocate third-party funds into productive lending activities. A higher LDR signifies a larger proportion of funds directed toward financing, which is expected to positively influence interest income and overall profitability. Thus, an optimal LDR will increase *Return on Asset (*ROA), because the company earns income from increased loan interest without having to increase working capital expenses. However, an LDR that is too high can also increase liquidity risk, which ultimately suppresses profitability (Dwi D Deccasari, Saputri, & Marli 2023; Susilawati & Nurulrahmatiah 2021; Yogi Rakha Pranolo *&* Mahroji 2024).

H1: It is suspected *that the Loan To Deposit Ratio* has a negative effect on *the Price Book Value*.

***Non-Performing Loans* on *Price Book Value* (H2)**

Non-Performing Loan has a significant influence on the value of the company, especially in the banking and financial industries. NPLs are an indicator of bad loans that show the amount of loans that the debtor cannot repay. When NPLs are high, banks face greater liquidity and solvency risks, which can lower investor confidence and depress stock prices. High NPLs can indicate that banks are facing difficulties in managing credit, which could reflect poor risk management and operational efficiency. This condition ultimately has the potential to lower the value of the company because investors tend to view companies with high NPLs as high-risk entities. On the other hand, low NPLs indicate good credit management, increase investor confidence, and strengthen the

[1]Email: adhiwidyakto92@gmail.com
[1]*Corresponden Author, Email: adhiwidyakto92@gmail.com

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company's value in the capital market (Junianti et al., 2023; Yogi Rakha Pranolo & Mahroji, 2024).

H2: It is suspected *that Non-Performing Loans* have a Significant Negative Effect on *Price Book Value.*

Size on *Price Book Value (H3)*

The size of a company has a significant relationship to the value of the company, which can be explained through several aspects. First, large companies tend to have better access to economies of scale, i.e., the ability to produce more goods or services at a lower cost per unit. This increases their profitability and competitiveness, which has a positive impact on the company's value. Additionally, larger companies typically have easier and cheaper access to capital because they are considered more stable by investors and creditors, allowing them to fund projects that can increase profits Yogi Rakha Pranolo & Mahroji (2024).

H3: It is suspected *that Size* has a significant positive effect on *the Price Book Value*.

Loan to Deposit Ratio on Price Book Value with Return on Asset as a Moderation Variable (H4)

According to Deccasari et al., (2023), *Loan to Deposit Ratio* will support *Return on Asset,* which is high in increasing the company's value. On the other hand, when *Loan to Deposit Ratio* is high to exceed the safe limit of liquidity, then even if *Return on Assets is high*, the market could still respond negatively as short-term risks increase. The nature of this research assumes that *Loan to Deposit Ratio* moderates the relationship significantly.

H4: It is suspected *that Return On Asset* moderates the influence of *Loan Deposite Ratio* on *Price Book Value.*

***Non-Performing Loans* on *Price Book Value* with *Return on Asset* as a Moderation Variable**

Non-Performing Loan (NPL) has an indirect influence on the company's value, with profitability as a moderation variable that amplifies its impact. High NPLs signal high levels of non-performing loans, which reduces revenues and forces companies (especially in the banking sector) to set aside more loss reserves. This increase in reserve load reduces profitability, which in turn weakens the company's attractiveness in the eyes of investors

[1]Email: adhiwidyakto92@gmail.com
[1]*Corresponden Author, Email: adhiwidyakto92@gmail.com

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and lowers the company's value. When profitability declines due to high NPLs, investors tend to view the company as a high-risk entity with low return potential, which causes the stock price to fall and the company's value to decrease (Deccasari *et al*., 2023).

H5: It is suspected *that Non-Performing Loans* (NPL) have an effect on *Price Book Value* with *non-asset returns* as a moderation variable.

***Size* on *Price Book Value* with *Return on Asset* as a Moderation Variable**

Company size represents a measure of a firm's scale, which can be reflected through total assets, market capitalization, number of employees, and other indicators (Stuart & Scott, 2020). Firms with larger asset bases tend to exhibit greater stability compared to smaller firms, as they possess stronger market control and are perceived as better able to withstand economic competition. Consequently, firm size can influence company value through its impact on the level of profitability achieved.

H6: It is suspected *that Size* has an effect on *the Price Book Value* with *non-Asset Return* as a Moderation variable.

Theoretical Framework of Thought

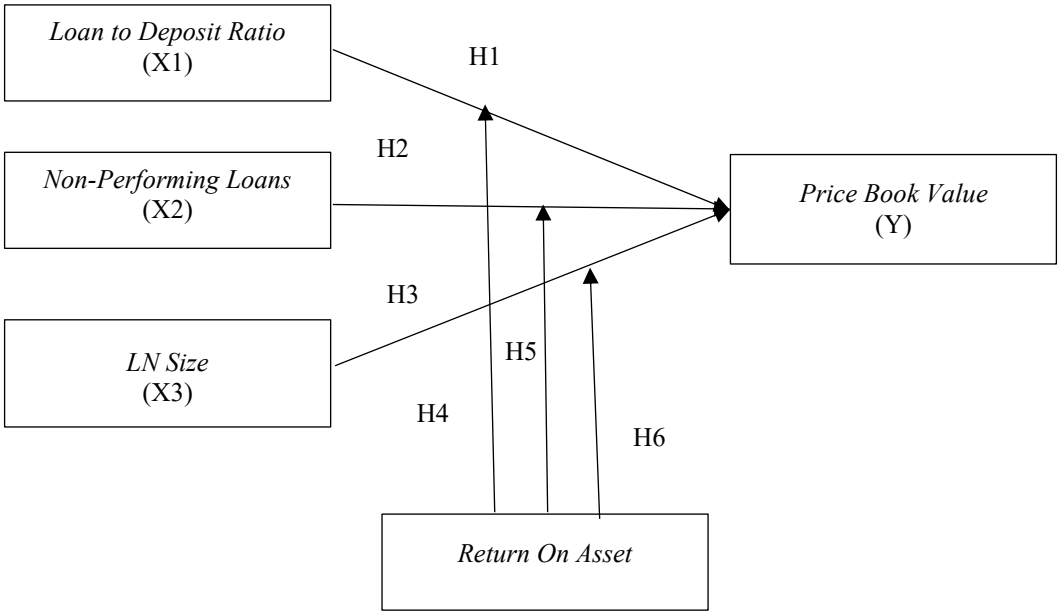

Figure 2: Concept Framework

METHOD, DATA AND ANALYSIS

This research adopts a quantitative approach, which relies on numerical data to explain the influence of certain variables on others (Risdiana Chandra Dhewy, 2022). The study seeks to analyze the causal relationships between the Loan to Deposit Ratio (LDR),

[1]Email: adhiwidyakto92@gmail.com
[1]*Corresponden Author, Email: adhiwidyakto92@gmail.com

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Non-Performing Loans (NPL), and firm size on company value, with profitability acting as a moderating variable. Firm value, as the dependent variable, is measured using the Price to Book Value (PBV) ratio, while the independent variables include LDR, NPL, and firm size. Profitability, proxied by Return on Assets (ROA), functions as a moderating variable that influences the strength and direction of the relationship between the independent variables and firm value.

The population of this study comprises all financing subsector companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period. Using purposive sampling based on data availability over the four-year observation period, 36 companies were selected as the research sample. The study utilizes secondary data obtained from annual reports published on the IDX, with relevant financial statement data collected for further analysis.

This research consists of independent variables and dependent variables, including the following:

Table 2: Definition of Variable Operational

No	Variable	Measurement	Scale
1	The Loan to Deposit Ratio reflects the extent of a bank's capacity to allocate third-party funds into productive lending activities.	$\left(\frac{\text{Total credits}}{\text{Total third party funds}}\right) \times 100\%$ *Melinda & Marlina (2021)*	Ratio
2	Non-Performing Loans (NPL) represent the level of credit risk faced by banks and serve as an indicator of the quality of their loan assets.	$\text{NPL} = \frac{\text{Problematic credit}}{\text{Total credits}} \times 100\%$ *Hidayah & Meylianingrum (2023)*	Ratio
3	Firm size is used to indicate the scale of a company based on the total assets it holds. .	$\text{Size} = \text{Total aset(LN)}$ *Rusydi (2013)*	Ratio
4	Profitability, Measure the effectiveness of the company in using total assets to generate net profit.	$\text{ROA} = \frac{\text{Net profit}}{\text{Total assets}} \times 100\%$ *Pio & Mangindaan (2021)*	Ratio

[1]Email: adhiwidyakto92@gmail.com
[1]*Corresponden Author, Email: adhiwidyakto92@gmail.com

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5	Company value represents the overall value of the assets owned by a firm.	$\text{PBV} = \frac{\text{Stock price}}{\text{Book value per share}}$ *Oktiwiati & Nurhayati, (2020)*	Ratio

The data analysis in this study includes descriptive statistics and SmartPLS analysis. Descriptive statistics are used to calculate the mean, standard deviation, maximum, and minimum values of each variable to describe the company's condition during the observation period (Rahmawati & Retnani, 2019). SmartPLS is employed to examine the relationship between LDR, NPL, and Size on firm value (PBV) with ROA as the moderating variable through three stages: assessment of the measurement model (outer model), evaluation of the structural model (inner model), and hypothesis testing using path coefficients and t-statistics from bootstrapping (Sarstedt et al., 2021). The outer model evaluates the validity and reliability of constructs using convergent validity, discriminant validity, and construct reliability (Ghozali & Latan, 2015; Sarstedt et al., 2021), where indicators must meet criteria such as outer loading ≥ 0.70, AVE ≥ 0.50 (Latan & Ghozali, 2016), composite reliability > 0.70, and Cronbach's Alpha > 0.60. After meeting these requirements, the inner model is assessed to evaluate relationships between constructs using R^2, which indicates the proportion of variance in the dependent variable explained by the independent variables; values are categorized as strong ($R^2 \geq 0.67$), moderate ($0.33 \leq R^2 < 0.67$), weak ($0.19 \leq R^2 < 0.33$), and very weak ($R^2 < 0.19$) (Chin, 1998). Model evaluation also considers SRMR ≤ 0.08, NFI values close to 1, $Q^2 > 0$ for predictive relevance, and discriminant validity through the Fornell–Larcker criterion.

[1]Email: adhiwidyakto92@gmail.com
[1]*Corresponden Author, Email: adhiwidyakto92@gmail.com

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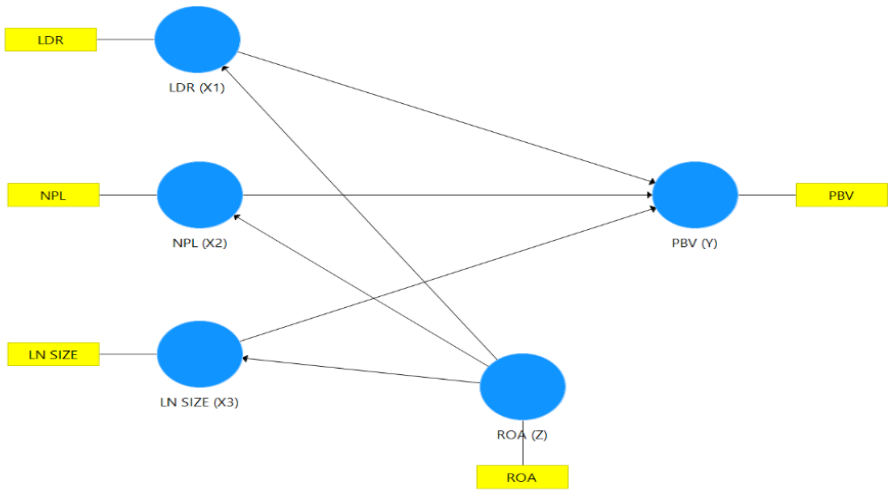

Figure 3: Display of PLS Aloga

RESULTS

The population of this study consists of 36 financing companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period. The sample selection was conducted by applying predetermined criteria, as outlined below:

Table 3: Sample List of Companies

No	Sample Description	Sum
1	Financing companies that have gone *public* listed on the Indonesia Stock Exchange for the period 2021 - 2024	36
2	Period 2021 – 2024 (4 years)	144
	Total number of samples used	36

Based on the sample calculation presented in Table 4.1, it can be concluded that 36 financing companies were listed on the Indonesia Stock Exchange during the 2021–2024 period. Accordingly, the total number of observations analyzed in this study amounts to 144 firm-year data over the four-year period.

Descriptive Statistical Analysis of Variables

Descriptive statistical analysis is employed in this study to describe the characteristics of the research variables. The presented table provides a general overview of the data collected by the researcher. The following table shows the results of descriptive statistics processed using the SmartPLS 4.0 software.

[1]Email: adhiwidyakto92@gmail.com
[1]*Corresponden Author, Email: adhiwidyakto92@gmail.com

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Table 4: Descriptive Statistical Test Results

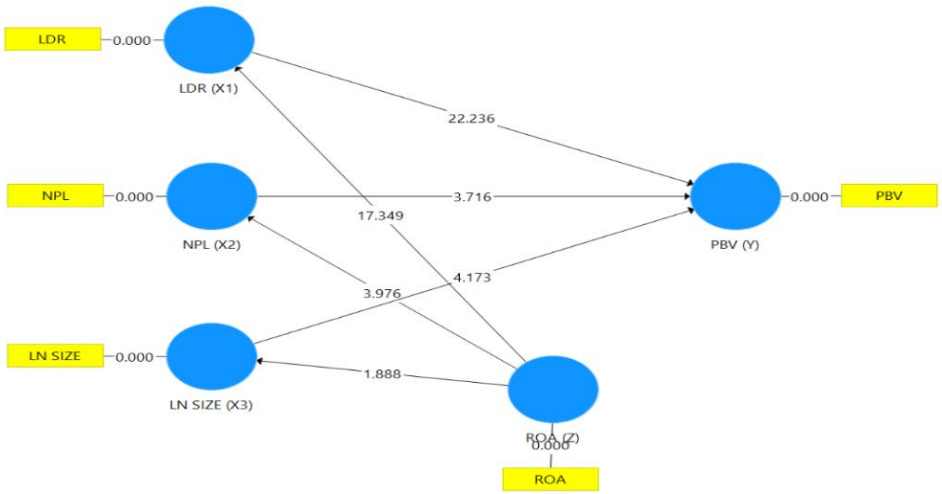
VARIABLE	Mean	Median	Min	Max	Standard Deviation
LDR	0.895	0.882	0.720	1.150	0.105
NPL	0.035	0.032	0.010	0.085	0.018
LN SIZE	28.450	28.390	27.800	29.600	0.520
ROA	0.018	0.017	0.005	0.045	0.009
PBV	1.420	1.380	0.850	2.350	0.390

Source: Data processed using SmartPLS 4.0

Based on Table 4, the descriptive analysis results indicate a total of 36 data points derived from financing companies listed on the Indonesia Stock Exchange during the 2021–2024 period.

Measurement Model Analysis (*Outer Loading*)

For the Loan to Deposit Ratio, Non-Performing Loan, firm size, Return on Assets, and Price to Book Value variables, the results of the outer loading indicators for the exogenous variables are presented as follows:



Source: Data processed using SmartPLS 4.0

Figure 4: Outer Loading Image

[1]Email: adhiwidyakto92@gmail.com
[1]*Corresponden Author, Email: adhiwidyakto92@gmail.com

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Table 5: Outer Loading

	LDR(X1)	LN SIZE(X3)	NPL(X2)	PBV(Y)	LENGTH(Z)
LDR	1.000				
LN SIZE		1.000			
NPL			1.000		
PBV				1.000	
ROA					1.000

Source: Data processed using SmartPLS 4.0

Based on the table presented above, the indicators for Loan to Deposit Ratio (X1), Non-Performing Loan (X2), firm size (X3), Return on Assets (Y), and Price to Book Value (Z) each show an outer loading value of 1.00. In the indicators included in the bootstrapping calculation model, all variables satisfy the required criteria, with outer loading values exceeding 0.50 and P-values < 0.05.

Convergent Validity and Reliability

Table 6: Convergent Validity and Reliability Results

	Cronbach's alpha	**Composite reliability (rho_a)**	**Composite reliability (rho_c)**	**Average variance extracted (AVE)**
LDR	1.000	1.000	1.000	1.000
LN SIZE	1.000	1.000	1.000	1.000
NPL	1.000	1.000	1.000	1.000
PBV	1.000	1.000	1.000	1.000
ROA	1.000	1.000	1.000	1.000

Source: Data processed using SmartPLS 4.0

Based on the convergent validity table, the outer loading and Average Variance Extracted (AVE) values are considered adequate when the outer loading exceeds 0.70, indicating that the indicators are valid in measuring their respective constructs. An AVE value greater than 0.50 suggests that the construct is able to explain at least 50% of the variance of its indicators.

The internal consistency reliability of constructs with reflective indicators can be assessed using two measures, namely Cronbach's alpha and composite reliability. A construct is considered reliable if it achieves a Cronbach's alpha value above 0.70 and a composite reliability value exceeding 0.70.

[1]Email: adhiwidyakto92@gmail.com
[1]*Corresponden Author, Email: adhiwidyakto92@gmail.com

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Discriminant Validity

Discriminant validity is assessed to examine the extent to which the constructs in this study are empirically distinct from one another. In this research, discriminant validity is evaluated using the Fornell–Larcker criterion and the Heterotrait–Monotrait ratio of correlations (HTMT). According to the Fornell–Larcker criterion, a latent construct is considered to have adequate discriminant validity when the square root of its Average Variance Extracted (AVE) value (diagonal element) is greater than its correlations with other latent constructs. In addition, discriminant validity is also supported when the HTMT value is below 1.00.

Table 7: Discriminant Validity Results

	LDR (X1)	**LN (X3)**	**NPL (X2)**	**PBV (Y)**	**LENGTH (W)**
LDR	1.000				
NPL	-0.145	1.000			
LN SIZE	-0.082	-0.077	1.000		
PBV	0.513	0.391	0.444	1.000	
ROA	0.416	0.407	0.412	0.825	1.000

Source: Data processed using SmartPLS 4.0

Table 8: HTMT Results

Variable	HTMT < 1
LDR	Yes
NPL	Yes
LN SIZE	Yes
ROA	Yes
PBV	Yes

Source: Data processed using SmartPLS 4.0

The results of the tests indicate that all variable indicators have outer loading values exceeding 0.70 and HTMT values below 1.00. These findings suggest that all indicators used in the study are valid, and therefore, no indicators need to be eliminated from the model.

R-Square

An R-square value of 0.70 indicates a strong explanatory power, a value of 0.50 reflects a moderate level, and a value of 0.25 signifies a weak level. The results of the R-square analysis in this study are presented in the table below:

[1]Email: adhiwidyakto92@gmail.com
[1]*Corresponden Author, Email: adhiwidyakto92@gmail.com

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Table 9: R-Square Results

	R-square	R-square adjusted
LDR	0.173	0.166
LN SIZE(X3)	0.166	0.159
NPL (X2)	0.170	0.163
PBV (Y)	0.768	0.762

Source: Data is processed using SmartPLS 4.0

Based on the R-square results presented in the table above, the structural (inner) model in this study can be categorized as strong. The R-square value for the dependent variable, Price to Book Value, is 0.768, indicating that the independent variables X1 (Loan to Deposit Ratio), X2 (Non-Performing Loan), and X3 (Return on Assets) collectively explain 76.8% of the variance in Price to Book Value. The remaining 23.2% of the variance is influenced by other factors not included in this study.

F-Square

The effect size (f^2) describes the magnitude of the influence of exogenous (independent) variables on endogenous variables. An f^2 value of 0.02 indicates a weak effect, a value of 0.15 reflects a moderate effect, and a value of 0.35 represents a strong effect.

Table 10: F-Square

	LDR (X1)	LN Size (X3)	NPL (X2)	PBV (Y)	LENGTH (W)
LDR (X1)				1.676	
LN SIZE (X3)				1.148	
NPL (X2)				1.222	
PBV (Y)					
ROA (M)	0.209	0.1999	0.205		

Source: Data processed using SmartPLS 4.0

Based on the F-square results presented in the table above, the Loan to Deposit Ratio (X1) variable exhibits a strong effect on Price to Book Value, with an f^2 value of 1.676. Similarly, the Non-Performing Loan (X2) variable shows a strong influence on Price to Book Value, with an f^2 value of 1.222, while firm size measured by LN(Size) (X3) also demonstrates a strong effect on Price to Book Value, with an f^2 value of 1.148.

[1]Email: adhiwidyakto92@gmail.com
[1]*Corresponden Author, Email: adhiwidyakto92@gmail.com

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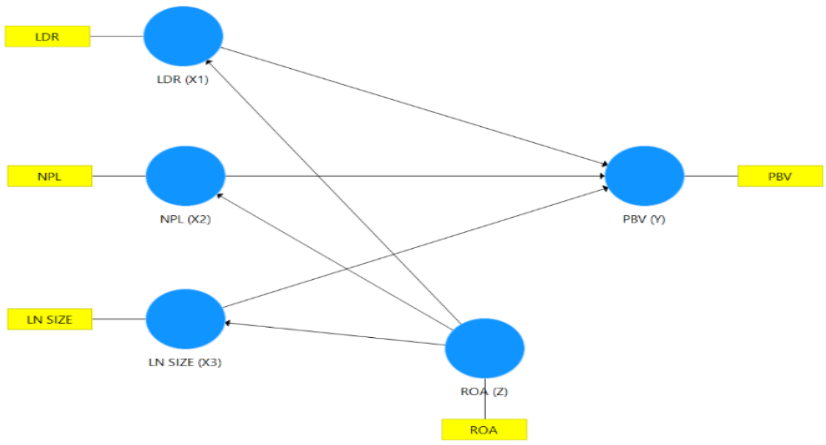
Meanwhile, Return on Assets (Z) has a relatively small effect on the Loan to Deposit Ratio, with an f^2 value of 0.209, a small effect on firm size (LN(Size)) with a value of 0.199, and a small effect on Non-Performing Loans with an f^2 value of 0.205.

Hypothesis Test



Source: Data processed using SmartPLS 4

Figure 5: Hypothesis Test Results

Table 12: Significance Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics	P Values
LDR (X1) -> PBV (Y)	0.816	0.816	0.037	22.236	0.000
LN SIZE (X3) -> PBV (Y)	0.232	0.233	0.055	4.173	0.000
NPL (X2) -> PBV (Y)	0.166	0.166	0.045	3.716	0.000
ROA (Z) -> LDR (X1)	0.75	0.746	0.043	17.349	0.000
ROA (Z) -> LN(SIZE)(X3)	0.139	0.136	0.074	1.888	0.030
ROA (Z) -> NPL (X2)	0.235	0.235	0.059	3.976	0.000

Source: Data processed using SmartPLS 4

a. The relationship between variable X1 (Loan to Deposit Ratio) and variable Y (Price to Book Value) shows an original sample value of 0.816, indicating a positive or unidirectional relationship between the two variables. The T-statistic

[1]Email: adhiwidyakto92@gmail.com
[1]*Corresponden Author, Email: adhiwidyakto92@gmail.com

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value of 22.236 exceeds the critical value of 2.001, and the P-value of 0.000 is less than 0.05, demonstrating that the relationship is statistically significant. Therefore, it can be concluded that the Loan to Deposit Ratio has a significant effect on Price to Book Value, and Hypothesis H1 is accepted..

b. The relationship between variable X2 (Non-Performing Loan) and variable Y (Price to Book Value) has an original sample value of 0.166, which indicates a positive or unidirectional relationship. The T-statistic result of 3.716 is greater than 2.001, with a P-value of 0.000 < 0.05, signifying a significant relationship between the two variables. Thus, Non-Performing Loan has a significant effect on Price to Book Value, and Hypothesis H2 is accepted.

c. The relationship between variable X3 (LN Size) and variable Y (Price to Book Value) produces an original sample value of 0.232, indicating a negative or non-directional relationship. The T-statistic value of 4.173 is less than 2.001, while the P-value of 0.000 < 0.05, suggesting that the relationship between the variables is not significant. Nevertheless, it can be concluded that LN(Size) has a significant effect on Price to Book Value, and therefore Hypothesis H3 is accepted.

Indirrect Effect

Indirect analysis aims to test the hypothesis of the indirect influence of a variable that affects exogenous variables against endogenous variables that are moderated by moderation variables. The criteria for determining indirect influence are:

a. *Specific Indirect Effect*. When the original sample value is positive, the relationship between the exogenous and endogenous variables through the moderating variable is unidirectional. This indicates that an increase in the exogenous variable leads to an increase in the endogenous variable when moderated by the moderating variable, and vice versa.

b. *Specific Indirect Effect*. When the original sample value is negative, the relationship between the exogenous and endogenous variables through the moderating variable is in the opposite direction. This implies that an increase in the exogenous variable results in a decrease in the endogenous variable when the effect is moderated by the moderating variable.

[1]Email: adhiwidyakto92@gmail.com

[1]*Corresponden Author, Email: adhiwidyakto92@gmail.com
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c. A relationship between variables is considered statistically significant if the P-value is less than 0.05 or the T-statistic exceeds 2.001. Conversely, if the P-value is greater than 0.05 or the T-statistic is below 2.001, the relationship between the variables is deemed not statistically significant.

Table 13: Indirect Effect Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics	P Values
ROA (Z) -> LDR (X1) -> PBV (Y)	0.612	0.609	0.048	12.679	**0.000**
ROA (Z) -> LN(SIZE)(X3) -> PBV (Y)	0.032	0.033	0.021	1.544	**0.062**
ROA (Z) -> NPL (X2) -> PBV (Y)	0.039	0.039	0.014	2.687	**0.000**

Source: Data processed using SmartPLS 4

a. The exogenous variable X1, namely Loan to Deposit Ratio (LDR), on Price to Book Value (PBV) through the moderating variable Return on Assets (ROA), yields an original sample value of 0.612, indicating a positive or unidirectional relationship. The T-statistic value of 12.679 exceeds the critical value of 2.001, and the P-value of 0.000 < 0.05, demonstrating that the relationship between the exogenous and endogenous variables through the moderating variable is statistically significant. Therefore, Hypothesis H4 is accepted.

b. The exogenous variable X2, namely Non-Performing Loan (NPL), on Price to Book Value (PBV) through the moderating variable Return on Assets (ROA), has an original sample value of 0.039, which indicates a positive or unidirectional relationship. The T-statistic result of 2.687 is greater than 2.001, with a P-value of 0.000 that is less than 0.05, indicating a significant moderating effect. Accordingly, Hypothesis H5 is accepted.

c. The exogenous variable X3, namely firm size measured by LN(Size), on Price to Book Value (PBV) through the moderating variable Return on Assets (ROA), produces an original sample value of 0.032, suggesting a positive or unidirectional relationship. However, the T-statistic value of 1.544 is below 2.001 and the P-value of 0.062 exceeds 0.05, indicating that the moderating effect is not statistically significant. Therefore, Hypothesis H6 is rejected.

[1]Email: adhiwidyakto92@gmail.com
[1]*Corresponden Author, Email: adhiwidyakto92@gmail.com

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Table 14: Conclusion of Hypothesis Test Results

Hypothesis	Line	Hypothesis	Result	Conclusion
H 1	LDR (X1) -> PBV (Y)	Positive	Significant Positives	Accepted
H 2	LN(SIZE)(X3) -> PBV (Y)	Significant Positives	Significant Positives	Accepted
H 3	NPL (X2) -> PBV (Y)	Positive	Significant Positives	Accepted
H 4	ROA (Z) -> LDR (X1) -> PBV (Y)	Significant Positives	Significant Positives	Accepted
H 5	ROA (Z) -> LN(SIZE)(X3) -> PBV (Y)	Significant Positives	Significant Positives	Accepted
H 6	ROA (Z) -> NPL (X2) -> PBV (Y)	Negative	Not Influential	Rejected

Source: Data processed using SMartPLS 4.0

DISCUSSION

Loan to Deposit Ratio *on* Price Book Value

The relationship between Loan to Deposit Ratio and Price to Book Value shows an original sample value of 0.816, indicating a positive and unidirectional relationship. The T-statistic result of 22.236 exceeds the critical value of 2.001, while the P-value of 0.000 < 0.05, confirming that the relationship is statistically significant and positive. Therefore, it can be concluded that the effect of the Loan to Deposit Ratio on Price to Book Value is accepted.

Non-Performing Loans on Price Book Value

Test results *Non-Performing Loan* towards *Price Book Value* It has an original value of 0.166 which means that these two variables have a positive and unidirectional influence. Results T-*Statistics* 3,716 > 2,001 while P-*Value* 0.000 < 0.05 which means that both of these variables are significant. According to Sakdiyah et al., (2023) the higher the NPL, the greater the pressure on the company's net profit performance due to increased reserve expenses (Junianti et al., 2023; Yogi Rakha Pranolo & Mahroji, 2024). This states that H2 is accepted.

LN (*SIZE)* on *Price Book Value*.

[1]Email: adhiwidyakto92@gmail.com
[1]*Corresponden Author, Email: adhiwidyakto92@gmail.com

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LN (SIZE) test results for *Price Book Value* has original value 0.232 which means that these two variables have a positive and unidirectional influence. Results T-*Statistics* 4,173 > 2,001 while the P- value*Value* 0.000 < 0.05 which means that both of these variables are significant. This is in line with the theory of economies of scale which states that large companies are more efficient in managing their resources. This states that H3 is accepted.

Return On Asset *as a moderation variable of* Loan to Deposit Ratio *to* Price Book Value

The results of the moderating effect test of Return on Assets on the relationship between Loan to Deposit Ratio and Price to Book Value show an original sample value of 0.612, indicating a positive or unidirectional relationship between the exogenous and endogenous variables through the moderating variable. The T-statistic value of 12.679 exceeds the critical value of 2.001, and the P-value of 0.000 < 0.05, demonstrating that the moderating effect is statistically significant. Therefore, Hypothesis H4 is accepted.

Return On Asset *as a variable of Moderation* of Non-Performing Loans *to* Price Book Value

The results of the moderating effect test of Return on Assets on the relationship between Non-Performing Loan and Price to Book Value show an original sample value of 0.039, indicating a positive or unidirectional relationship between the exogenous and endogenous variables through the moderating variable. The T-statistic value of 2.687 exceeds the critical value of 2.001, and the P-value of 0.000 < 0.05, demonstrating that the moderating effect is statistically significant. Therefore, Hypothesis H5 is accepted.

Return On Asset *as a moderation variable* of LN(SIZE) *to* Price Book Value

The results of the moderating effect test of Return on Assets on the relationship between LN(Size) and Price to Book Value show an original sample value of 0.032, indicating a positive or unidirectional relationship between the exogenous and endogenous variables through the moderating variable. However, the T-statistic value of 1.544 does not exceed the critical value of 2.001 and the P-value of 0.062 is greater than 0.05, indicating that the moderating effect is not statistically significant. Therefore, Hypothesis H6 is rejected.

[1]Email: adhiwidyakto92@gmail.com
[1]*Corresponden Author, Email: adhiwidyakto92@gmail.com

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CONCLUSIONS

Based on the results of data analysis and discussion presented in the previous chapter, several key conclusions can be drawn regarding the influence of the Loan to Deposit Ratio (LDR), Non-Performing Loans (NPL), and firm size on Price to Book Value (PBV), with Return on Assets (ROA) serving as a moderating variable in conventional banking companies listed on the Indonesia Stock Exchange during the 2021–2024 period.

1. Loan to Deposit Ratio (LDR) has a positive and significant effect on Return on Assets (ROA), indicating that a higher proportion of third-party funds allocated to productive lending activities enhances the profitability of banking institutions.
2. Non-Performing Loans (NPL) have a negative effect on Return on Assets (ROA), suggesting that an increase in problematic loans reduces the firm's ability to generate profits due to higher provisioning costs and declining asset quality.
3. Firm size has a positive and significant effect on Return on Assets (ROA), implying that larger firms tend to be more efficient in managing their resources to achieve higher profitability.
4. Return on Assets (ROA) exerts a positive influence on Price to Book Value (PBV), demonstrating that profitability is an important factor considered by investors in evaluating firm value.
5. Return on Assets (ROA) is able to moderate the relationship between LDR, NPL, and firm size on PBV, indicating that profitability plays a role in strengthening the impact of fundamental factors on company value.

Although this research has been conducted with a systematic approach and based on empirical data, there are several limitations that need to be noted:

1. The research only focuses on conventional banking companies listed on the IDX, so the results cannot necessarily be generalized to other sectors.
2. The limited research period of 2021 – 2024 has not fully described the long-term dynamics of the banking industry.
3. The variables used only include LDR, NPL, Size, and ROA, while other factors such as inflation, interest rates, and government policies have not been included in the model.

[1]Email: adhiwidyakto92@gmail.com

[1]*Corresponden Author, Email: adhiwidyakto92@gmail.com
P-ISSN: 2580-6084, E-ISSN: 2580-8079

Based on the results of the research and the limitations that have been described, it is recommended:

1. For banking companies, to pay attention to the efficiency of credit distribution and maintain asset quality to increase profitability and company value.
2. For investors, it is advisable to consider financial indicators such as ROA, LDR, and NPL before making investment decisions, as these ratios have been shown to have an effect on the market value of the company.
3. For future researchers, it is recommended to expand the research object by including macroeconomic variables such as interest rates, economic growth, and extend the observation period so that the research results become more comprehensive.

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[1]Email: adhiwidyakto92@gmail.com
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[1]Email: adhiwidyakto92@gmail.com
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[1]Email: adhiwidyakto92@gmail.com

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[1]Email: adhiwidyakto92@gmail.com

[1]*Corresponden Author, Email: adhiwidyakto92@gmail.com
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