

ABSTRACT

State-owned enterprises (SEOs) Banks are the most influential banks in the Indonesian banking industry. This SEOs bank are said to be the market leader due to the large market share and the performance of SEOs Bank affect the performance of the national banking. Most of the capital of SEOs banks is owned by the state where capital is an important factor in banking growth, the high amount of capital not only can provide profitability but a chance in bringing the risk of banking.

This study aims to see the effect of capital on profitability and risk of banks in SEOs companies in the banking sector period 2012-2016. Independent variable in this study is bank capital which is proxied with Capital Adequacy Ratio (CAR) whereas dependent variable of this study is profitability proxied with Return On Assets (ROA), Return On Equity (ROE), Net Interest Margin (NIM), Interest Income (IITA) as well as Risks proxied by Variance of Return On Assets (VROA) and Variance of Return On Equity (VROE).

This study examines 4 (four) companies that have been selected based on the criteria of purposive sampling, namely Bank Negara Indonesia (BNI), Bank Rakyat Indonesia (BRI), Bank Tabungan Negara (BTN), Bank Mandiri. The data used in this study is secondary data obtained from Quarterly Published Financial Statements found on the official website of each SEOs commercial bank. Analysis technique in this study uses regression analysis of panel data.

Based on the results of the analysis that has been done in this study shows that bank capital proxied with CAR has a significant effect on profitability proxied with NIM and IITA and bank capital proxied with CAR has no significant effect on profitability proxied with ROA and ROE and no significant effect against risks proxied with VROA and VROE.

Keywords: Capital, Profitability and Risk