ABSTRACT

The development of banking is growing rapidly, a tough economy, regulatory changes are faster and increasingly fierce competition could lead to the lower performance of the bank because it's not able to compete in the marketplace. Banking performance can be seen through profitability. The entire banking companies, especially bank of governments are expected to have performed well because of government banks have considerable influence on the national economy.

This study aimed to analyze the influence of capital, credit risk, liquidity, operating efficiency and size towards profitability on bank of governments period 2011 - 2015. This study classified as descriptive research verification of causality. By using pusposive sampling method, the sample used is a regional development bank and a state bank which listed on the Indonesian banking directory the period 2011 - 2015 in this study amounted to 16 banks. The data used in this research is secondary data. The method of data analysis used panel data regression analysis. The test of hypotheses used t-test, F-test and determinant test.

The findings show that the capital and operating efficiency and size are negatively influenced toward profitability while . Credit risk and liquidity do not have a significant effect toward profitability. This study provides high R^2 implication at 91.13%.

Keywords: CAR, NPL, LDR, BOPO and Size