

## **ABSTRACT**

*The capital market is one of the main drivers of the world economy, including Indonesia, through the capital market companies can obtain funds to carry out their economic activities. Banking stock prices tend to have an increasing trend because banking stocks have a special attraction for investors, this is inseparable from the health and financial performance of banks. The soundness of the bank is an important aspect that banks and stakeholders need to know because there are times when the stock price of the banking industry has fallen and its performance and level of health has decreased.*

*Therefore, this study aims to determine the effect of bank soundness on stock prices, either simultaneously or partially. The scope of the research was carried out on indicators of Risk Profile with Non Performing Loan (NPL) ratio, Good Corporate Governance (GCG), Earnings with Net Interest Margin (NIM) ratio, and Capital with Capital Adequacy Ratio (CAR).*

*Based on the method, this research is a quantitative research. Meanwhile, based on the objective, it is a descriptive verification research that is causal. The data used is secondary data from each conventional commercial bank listed on the IDX with analysis techniques using panel data regression. The population in this study are all conventional general banking sub-sector companies listed on the IDX in 2017-2020, which are 45 companies. Purposive sampling was used to determine the research sample with a total sample of 40 companies.*

*The results of this study indicate that partially the CAR has a positive and significant effect on stock prices. Meanwhile, NPL, GCG and NIM have no effect on stock prices. Simultaneously NPL, GCG, NIM and CAR affect stock prices. The contribution of the variables of NPL, GCG, NIM and CAR simultaneously to stock prices is 94,2070% and the remaining 5.7930% is the influence of other variables not examined.*

*This research is expected to add insight and knowledge about the level of bank soundness using the Risk Based Bank Rating method on stock prices, in addition, this research can be used as an insight to determine the health of the bank through indicators of NPL, GCG, NIM and CAR. This research is expected to provide information to related banks as a material consideration in making decisions in maximizing bank performance, especially conventional banking in Indonesia.*

*Keywords: Capital Adequacy Ratio (CAR), Good Corporate Governance (GCG), Net Interest Margin (NIM), Non Performing Loan (NPL), Stock Price.*