ABSTRACT

Banks are financial institutions that play an essential role in achieving national goals by improving and balancing people's living standards and supporting the functioning of the economy. The increasing global economic uncertainty has impacted the stability of the Indonesia's financial system. Consequently, banks need to improve their financial performance to survive, remain competitive, and increase stock returns – especially for those listed on the Indonesian Stock Exchange (IDX). One method of assessing financial performance is by measuring profitability performance, specifically Return on Assets (ROA).

This study aims to analyze the impact of bank risks on stock returns, with profitability (ROA) serving as a mediating variable. The types of risks examined include credit risk (Non-Performing Loan/NPL), market risk (Net Interest Margin/NIM), operational risk (Operating Expense Ratio/BOPO), and capital adequacy risk (CAR). This study utilizes secondary data from the financial reports of 15 Core Capital Commercial Banks -1 (KBMI 1) listed on the IDX, covering the period from 2014 to 2022. The sampling technique employed is purposive sampling, and the analysis method used is panel data regression with a common effect model and Generalized Least Squares (GLS) estimation.

The result indicate that partially, NPL, NIM, and BOPO have a significant effect on probability (ROA), while CAR does not. Furthermore, NPL, NIM, BOPO, CAR, and ROA do not have a significant effect on stock return. Additionally, the mediating variable (ROA) does not significantly mediate the relationship between NPL, NIM, BOPO, and CAR with stock return. These empirical findings are partially consistent with the research hypotheses. Therefore, bank management should focus more on managing credit risk (NPL), enhancing market performance (NIM), and improving operational efficiency (BOPO) to increase profitability (ROA).

Keywords : NPL, NIM, BOPO, CAR, Return Saham, ROA