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# BANK HEALTH ANALYSIS AND SUSTAINABILITY REPORT ON CORPORATE VALUE WITH INSTITUTIONAL OWNERSHIP AS MODERATION FOR THE 2017-2020 PERIOD

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**Abstract.** This research is motivated by the important role of the Bank in managing finances, namely as a collector of funds from the public that includes the dignity of life of many people, then the bank is an institution that is highly highlighted and its health needs to be monitored as well. The number of samples used were 8 banks listed on the IDX for the 2017-2020 period. This study aims to determine the relationship between risk profile, good corporate governance, profitability, capital, and sustainability reports on the value of the corporate, with institutional ownership as a moderating variable. The results show that the variable credit risk (NPL), liquidity risk (LDR), and sustainability reports have a negative effect on corporate value, while the profitability (ROA) and capital (CAR) variables have a positive effect on corporate value, the good corporate governance (GCG) variable does not. affect the value of the corporate. Institutional ownership variable strengthens the influence of liquidity risk (LDR) on corporate value while the capital variable (CAR) is weakened by institutional ownership variable on corporate value.

**Keywords:** bank soundness; corporate value; institutional ownership

## I. INTRODUCTION

Banks play a very important role in managing finances, namely as collectors of funds from the public that cover the lives of many people, so banks are institutions that are highly highlighted and their health also needs to be monitored. According to Law no. 10 of 1998 concerning Banking, a bank is defined as a business entity that collects funds from the public in the form of savings and distributes it to the public in the form of credit and or other forms in order to improve the standard of living of the community. Commercial banks according to Bank Indonesia Regulation No. 9/7/PBI/2007 carries out conventional business activities including branch offices of a bank domiciled abroad or banking business activities based on sharia principles to provide services in payment traffic. Bank activities under this regulation include carrying out financial traffic services, distributing credit, collecting public funds in the form of savings or equivalent, conducting foreign exchange activities, capital participation activities such as insurance, state debt securities, and several other activities. The bank also acts as the founder of the pension fund in accordance with the provisions of the applicable law.

In accordance with its function, namely maintaining and managing public funds, the health of the bank must be considered, because it involves the dignity of many people's lives. Bank soundness includes the bank's ability to carry out operations and the ability to fulfill obligations under related regulations. According to Bank Indonesia Regulation No. 13/1/PBI/2011 concerning Assessment of the Soundness of Commercial Banks, that banks are required to assess the soundness of banks both individually and in a consolidated manner using a risk approach. This regulation is reinforced by the Financial Services Authority regulation, namely No. 4/POJK.03/2016 concerning Assessment of the Soundness of Commercial Banks. This assessment period is carried out at least every semester and updated if needed at any time.

In measuring the soundness of a bank, many benchmarks are used, the regulations of the Financial Services Authority assess aspects of risk profile, good corporate governance, profitability, and capital. In this measure, bank health is assigned a composite rating, on a rating scale from one to five. Rank one is considered very healthy while rank five is considered unhealthy so that it is unable to deal with significant negative effects from business growth and other external factors. In this activity, the Financial Services Authority has the authority to carry out inspections on its implementation. Sanctions given if a bank does not take this action range from a written warning to freezing of business activities.

The wheels of the economy are supported by the presence of investors. With the existence of companies that go public, it allows the public to participate in investing in companies, including banking companies. There are various types of investment objectives, such as getting dividends, increasing the value and stability of the corporate. Therefore, the health, stability and value of the corporate is very important. A healthy bank that complies with regulations can increase corporate value. To support this, corporate ownership is important because it makes companies more careful in making business decisions and strategies. Institutional ownership is the supervisor of the corporate, because an institution is believed to have more ability to monitor management decisions better than individual

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investors. Institutions are more sensitive and have sufficient power to detect a deviation **[1]**.

Banks as the financial sector carry out their functions in supporting the Indonesian economy, but development is not only supported from the economic sector, but all aspects of life, such as social and environmental. Against this background, the government issued the Financial Services Authority Regulation No. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies. The purpose of implementing sustainable finance which includes making sustainable reports is to maintain synergies from economic, social and environmental aspects. A sustainability report is a report published to the public that contains the economic, financial, social and environmental performance of a Financial Services Institution, issuer, and public corporate in running a sustainable business.

With these regulations, the health and sustainability of the corporate can be seen by investors, this can be a signal that influences investors in making investment decisions, and ultimately affects the value of the corporate. There are many researchers who discuss banking health using the RGEC method, [2] in their research comparing the CAMELS and RGEC methods, saying that the RGEC method is more comprehensive in measuring the soundness of banks. Some examples of research on RGEC **[3]** regarding the effects of banking health using the RGEC method on corporate value. In this study, it is revealed that the risk profile and good corporate governance have a negative impact on corporate value, while profitability has a positive impact. The capital variable has no significant negative impact on corporate value. This is different from research **[4]**. In this study, it was revealed that the risk profile had a negative impact, while good corporate governance, profitability, and capital had a positive effect on corporate value. In several studies there are differences in test results, the authors will examine the impact of bank soundness using the RGEC method on corporate value. The update of the research on RGEC lies in the addition of the sustainability report variable which also affects the value of the corporate, this is supported by research **[5]**. In this study, institutional ownership variables were added to this study so that investors could further explore the role of institutional ownership on corporate value, referring to research **[6] [7]**.

Based on the background, it can be formulated that disclosures regarding RGEC and sustainability reports are components that must be reported based on government regulations, with this assessment, investors can find out the level of bank soundness and banking operational activities on sustainability, this can be a signal for investors to take decisions. an investment decision, and ultimately has an impact on the value of the corporate in the eyes of investors. Enforced regulations are also supported by institutional ownership, because the corporate's operations are strongly influenced by its supervision. Institutions have a stronger ability to detect corporate policies or operations. Therefore, institutional ownership is also important in strengthening or weakening the influence of the soundness and sustainability of the bank on the value of the corporate. Thus the author formulates the problem is whether the soundness of the bank (using the RGEC method) and sustainability reports affect the value of the corporate with institutional ownership as a moderating variable

This study has several objectives, including: (1) To find out whether the risk profile has an effect on corporate value. (2) To find out whether good corporate governance has an effect on corporate value. (3) To find out whether profitability has an effect on corporate value. (4) To find out whether capital has an effect on corporate value. (5) To find out whether the sustainability report has an effect on the value of the corporate. (6) To find out whether institutional ownership moderates the effect of bank soundness and sustainability reports on corporate value.

*The Effect of Credit Risk on Corporate Value*

Credit risk can be measured using the Non-Performing Loan (NPL) indicator. NPL is a comparison of non-performing or non-performing loans with total loans from a bank. These non-performing or non-performing loans are very detrimental to banks because they can reduce interest income and reduce third party funds that cannot be returned. This risk can reduce bank liquidity because banks must reserve a minimum fund regulated by Bank Indonesia, when there are non-performing loans, banks use these reserves, thereby reducing bank liquidity. Soaring NPL can make bank performance decline and even risk default if bank reserves are not strong enough to handle NPLs. Therefore, controlled credit risk is an indicator that management is able to overcome and minimize risks in banking. The manager's ability indicates that the bank's future prospects are in good condition. This can be a signal to stakeholders that the condition of the bank is in good health and is responded to through stock prices in the market **[4]**. A healthy bank's non-performing loan is below 5%, so banks in Indonesia must keep the NPL below 5%, thus it will be a signal for investors to increase corporate value **[8].** Based on this description, it is assumed that the research hypothesis:

**H1**: Credit risk affects corporate value

*Effect of Liquidity Risk on Corporate Value*

Banks are institutions that require high liquidity, because banks are institutions where activities and money flows move quickly, therefore bank liquidity must be maintained in order to carry out operations with banks. Measurement of loan to deposit ratio to measure banking liquidity [9]. Banks in meeting the needs of funds withdrawn by the public in the form of savings, demand deposits or time deposits must be balanced with their lending, so this ratio compares the debt distributed by banks with funds deposited from the public. The general safe limit for LDR is 78 to 92 [10]. The higher the liquidity of a bank, the smaller the risk, because the bank is considered capable of optimizing the funds provided from the public to be channeled in the form of credit. Based on this description, it is assumed that the research hypothesis:

**H2**: Liquidity risk affects the value of the corporaten

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*The Effect of Good Corporate Governance on Corporate Value*

Corporate governance is a principle in which every stakeholder in the corporate performs functions in accordance with applicable regulations, thus creating good synergy within the corporate. It also acts as a supervisor for the corporate in carrying out its operations. The correlation between corporate governance and corporate value is when the implementation of corporate governance in the corporate is high, it will improve performance in terms of financial, financial performance will have an impact on corporate value **[5]**. Therefore, the more good corporate governance a bank implements, the higher the corporate value of the bank. Based on this description, it is assumed that the research hypothesis:
**H3**: Good Corporate Governance has an effect on corporate value

*Effect of Profitability on Corporate Value*

Assessment of profitability factors including evaluation of revenue performance, sources of income, continuity of income and profit management. Management can increase the value of the corporate, it must be by increasing income, especially income from interest **[3]**. The higher the income obtained from a bank, the higher the value, because this will be a good signal for investors to invest in companies that manage to create good profits as well. Based on this description, it is assumed that the research hypothesis:
**H4**: Profitability has an effect on corporate value

*Effect of Capital on Corporate Value*

Bank Indonesia sets a minimum reserve balance for a bank, which is at least 8%, a very healthy bank has a minimum reserve ratio above 11%. Banks must be able to optimize the ratio of this minimum capital reserve in order to minimize risk and also optimize corporate value. Based on the results of previous studies **[3]** capital can affect corporate value. Because of the ability of the bank to fund its operational activities, it reduces the possibility of bankruptcy. This can make the value of the corporate increase, with capital optimization, the corporate can also optimize its performance and lead to an increase in the value of the corporate. However, in research **[4]** this variable has no effect on corporate value. Based on this description, it is assumed that the research hypothesis:
**H5**: Capital has an effect on corporate value

*The Effect of Sustainability Reports on Corporate Value*

Theoretically, the sustainability report is a signal for the corporate in terms of economic, social and environmental aspects in carrying out its operations, so that the more complete the disclosure is, the better the value of the corporate. This is reinforced by research **[11] [12] [13]** where the results of each of these studies reveal that the sustainability report has a positive impact on corporate value. However, research **[14]** says that the sustainability report has no impact on the value of the corporate. Based on this description, it is assumed that the research hypothesis:
**H6:** Sustainability reports affect the value of the corporate

*The Effect of Banking Corporate Health and Sustainability Reports on Corporate Value with Public Ownership as Moderating Variable*

Institutional holdings are corporate shares owned by institutional investors such as banks, insurance, mutual funds or pension institutions. Institutions that have a large number of shares are more daring to be vocal about the corporate's management so that they can oversee the corporate's activities **[15]**. Thus, banking operations such as soundness and sustainability reports can be monitored by these owners and a healthy and sustainable corporate has the opportunity to experience an increase in corporate value. Based on previous research such as in and Osta & Naderi (2012) said that institutional ownership has an effect on corporate value **[6] [15] [16]**. Based on this description, it is assumed that the research hypothesis:
**H7:** RGEC of banking companies and sustainability reports have an effect on corporate value with Ownership as a moderating variable.

## II. RESEARCH METHODS

This research is descriptive associative research with quantitative approach. The data used are secondary data originating from the websites of the Indonesia Stock Exchange, the Financial Services Authority, and Yahoo Finance. The data from this study is a panel which is a combination of time series and cross sectional data. Cross sectional data is data from banks listed on the Indonesia Stock Exchange, while time series data uses a time span from 2017 to 2020.

The data used in this study has several criteria such as (1) banking companies that go public on the Indonesia Stock Exchange for the period 2017 to 2020. (2) BUKU IV and BUKU III banks listed on the Indonesia Stock Exchange. (3) Have a complete financial report that is disclosed in the annual report and available on the bank's official website. (4) Have a sustainability report that is disclosed on the corporate's official website. With these criteria, the following details can be made: (1) Banks operating in Indonesia are 115 banks. (2) Banks listed on the Indonesia Stock Exchange are 45 banks. (3) Banks that meet the following four requirements are 8 banks consisting of 5 BUKU IV banks and 3 BUKU III banks. The following is the research sample used in this study:

Table 1. Research Sample

| Kode | Nama emiten | Tanggal pencatatan |
|---|---|---|
| BBCA | Bank Central Asia Tbk | 31/05/2000 |
| BBNI | Bank Negara Indonesia (Persero) Tbk | 25/11/1996 |
| BBRI | Bank Rakyat Indonesia (Persero) Tbk | 10/11/2003 |
| BMRI | Bank Mandiri (Persero) Tbk | 14/07/2003 |
| BNGA | Bank CIMB Niaga Tbk | 29/11/1989 |
| BNII | Bank Maybank Indonesia Tbk | 21/11/1989 |
| BNLI | Bank Permata Tbk | 15/01/1990 |
| BJBR | Bank Pembangunan Daerah Jawa Barat Tbk | 8/7/2010 |

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Data analysis used multiple linear regression equation model to test the influence of the independent variable on the dependent variable. The model used to examine the effect of the RGEC variable and the sustainability report on the value of the corporate with public ownership as moderation in this study is described as follows.:

$$CV = \propto\ - \beta npl + \beta ldr + \beta lgcg + \beta roa + \beta cap + \beta sr + (\beta RGECSRx\ \beta ownership)$$

Information:

| | |
|---|---|
| CV | = Corporate Value |
| ∝ | = constant |
| B | = coefficient |
| npl | = *non performing loan* |
| ldr | = *loan to deposit* |
| Gcg | = *good corporate governance* |
| Roa | = *Return on Asset* |
| Car | = *Capital adequacy ratio* |
| Sr | = sustainability report |
| Own | = institutional ownership |

## III. RESULTS AND DISCUSSION

A. Resukts

*Descriptive Analysis*

The description of the data used can be seen through descriptive statistics. The descriptive statistics displayed are the mean, median, standard deviation, maximum, and minimum. The variables that will be displayed are credit risk (npl), liquidity risk (ldr), good corporate governance (gcg), earnings (roa), capital (car), sustainability report (sr), institutional ownership (own) and corporate value (pbv). Here are the results of descriptive statistics.

Table 2. Descriptive Statistical Analysis

| | N | Min | Max | Mean | STD |
|---|---|---|---|---|---|
| npl | 32 | 1.30 | 4.60 | 2.6509 | .92210 |
| ldr | 32 | 65.80 | 109.75 | 88.4753 | 8.13818 |
| gcg | 32 | 1.00 | 2.00 | 1.7187 | .45680 |
| roa | 32 | .50 | 4.00 | 2.1831 | 1.06248 |
| car | 32 | 17.31 | 35.70 | 21.1634 | 3.45129 |
| sr | 32 | 7.00 | 18.00 | 12.6875 | 3.25713 |
| own | 32 | 7.43 | 98.75 | 57.6113 | 32.44773 |
| pbv | 32 | .48 | 4.16 | 1.6281 | 1.02533 |

In this table it can be seen that with a total of 32 data coming from 8 banks and examined from each year, 2017, 2018, 2019 and 2020, it can be described as follows: The smallest credit risk was at BCA bank in 2017 at 1.30% while the highest was at Permata bank in 2017 at 4.60% with an average NPL of 2.6509%, standard deviation of 0.92210%. This shows that the average soundness of banks in Indonesia is in the good and very good categories according to the SEBI No. indicator. 6/23/DPNP Year 2004.

Liquidity risk has an average of 88.4735%, the lowest value is 65.80% and the highest value is 109.75%. The standard deviation is 8.13818%. The lowest value is at BCA in 2020, while the highest value is at Maybank in 2018. According to Bank Indonesia regulations, a healthy LDR is in the range of 78% to 92%, so the average is still relatively healthy. Meanwhile, the highest and lowest positions are outside the healthy provisions according to Bank Indonesia.

Good corporate governance has a maximum value of 2 and a minimum of 1, while the average is 1.7187 and the standard deviation is 0.4568. In this variable, the bank in the research object is classified as a healthy bank which tends to be very healthy. This means that the condition of the Bank in general is very healthy so that it is considered capable or very capable in dealing with significant negative influences from changes in business conditions and other external factors.

Return on assets is a ratio which assesses the corporate's ability to earn profits from its assets. In this variable, obtained a minimum value of 0.5% and a maximum value of 4%, an average of 2.1831% and a standard deviation of 1.06248%. The lowest value is owned by Bank BNI in 2020 and the highest value is owned by BCA bank in 2019. The higher the ROA value, the more capable the corporate is in obtaining profits from its assets.

The sustainability report has a minimum disclosure item of 7 and the highest of 18. The average is 12.6875 and the standard deviation is 3.25713. The total disclosure items are 36 items, the indicator is the Global Reporting Initiative (GRI), this GRI disclosure is voluntary, carried out by the corporate. The lowest value was from BNI bank in 2019 while the highest was revealed by West Java bank in 2019.

Bank Jabar has the lowest institutional ownership of 7.43%, while the highest is Maybank in 2020 of 98.75%, an average of 57.6113% and a standard deviation of 32.44773%. Institutional ownership is ownership by domestic and foreign bank financial institutions.Corporate value by measuring price to book value is to compare the stock price to the book value of the corporate. The higher the PBV value, the more expensive the corporate is. The corporate with the highest PBV value was BCA bank in 2019 which was 4.16%, while the lowest was CIMB Niaga in 2020. The average PBV value was 1.6281% while the standard deviation was 1.02533.

Table 3. Output Analysis Results

| Model | | Unstandardized Coefficients B | Unstandardized Coefficients SE | Standardized Coefficients B | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | C | 1.298 | 2.273 | | .571 | .575 |
| | npl | -.655 | .266 | -.589 | -2.463 | .023 |
| | ldr | -.052 | .017 | -.415 | -3.048 | .007 |
| | gcg | -.047 | .456 | -.021 | -.103 | .919 |
| | roa | .707 | .385 | .732 | 1.835 | .082 |
| | car | .339 | .096 | 1.140 | 3.547 | .002 |
| | sr | -.082 | .044 | -.260 | -1.856 | .079 |
| | nplown | .004 | .004 | 1.745 | .972 | .343 |
| | ldrown | .001 | .000 | 9.915 | 2.231 | .038 |
| | gcgown | -5.498E-5 | .008 | -.018 | -.007 | .995 |
| | roaown | -.011 | .009 | -3.091 | -1.281 | .216 |
| | carown | -.003 | .001 | -9.490 | -3.163 | .005 |
| | srown | .001 | .001 | 1.031 | 1.181 | .252 |

Based on the results of the above test, the regression model obtained is as follows:

**pbv= 1,298 – 0,655npl – 0,052ldr – 0,047gcg + 0,707roa +0,339car – 0,082sr + 0,004nplown + 0,001ldrown – 5.498e-5gcgown – 0,011roaown – 0,003carown + 0,001srown**

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*The Effect of Credit Risk (NPL) on Corporate Value*

The results of the study indicate that the NPL variable has a negative coefficient and has a t count of -2.436. t table in this study is -0.687, it means -2.436 < -0.687. A significant value of 0.023 <0.05, it can be concluded through the results of this study that the credit risk variable (NPL) has a significant negative effect on corporate value.

*Effect of Liquidity Risk (LDR) on Corporate Value*

The results of the study indicate that the LDR variable has a negative coefficient and has a t count of -3.048. t table in this study is -0.687, it means -3.048 < -0.687, a significant value of 0.023 <0.05. It can be concluded from the results of this study that the credit risk variable (NPL) has a significant negative effect on corporate value.

*The Effect of Good Corporate Governance (GCG) Risk on Corporate Value*

The results of the study indicate that the GCG variable has a negative coefficient and has a t count of -0.103. The t table in this study is -0.687, it means -0.103 > -0.687, a significant value of 0.919 > 0.05 indicates there is no significant effect between GCG and corporate value.

*Effect of Profitability (ROA) on Corporate Value*

The results of the study indicate that the ROA variable has a positive coefficient and has a t count of 1.835. t table in this study is -0.687, it means 1.835 > 0.687. The significant value is 0.082 < 0.10. ROA variable has an effect on corporate value. It can be concluded that with = 0.10, the variable profitability (earnings) has a significant positive effect on corporate value.

*Effect of Capital (CAR) on Corporate Value*

The results of the study indicate that the CAR variable has a negative coefficient and has a t count of 3.547. t table in this study is -0.687, it means 3.547 > 0.687. A significant value of 0.002 < 0.05, it can be concluded through the results of this study that capital has a significant positive effect on corporate value.

*The Effect of Sustainability Reports on Corporate Value*

The results of the study indicate that the SR variable has a negative coefficient and has a t count of -1.856. The t table in this study is -0.687, it means -1.856 < -0.687, a significant value of 0.079 < 0.10. It can be concluded with = 0.10, the sustainability report has a significant negative effect on corporate value.

*Effect of Moderating Variables*

The results of the study of moderating variables on corporate value show that of the 6 variables, namely NPL, LDR, GCG, ROA, CAR, and SR, 5 of them are NPL, LDR, GCG, ROA, CAR, and SR. the effect for the NPL, LDR, and SR variables is positive while the ROA and CAR variables have a negative effect, but the GCG variable has no effect on corporate value. For the significance of the 6 variables, it shows that only LDR and CAR are significant to corporate value. Based on the results of the test, it is concluded that institutional ownership (own) only moderates the variable liquidity risk (LDR) and capital variable (CAR), with the moderating effect on LDR being positive while the effect on CAR is negative.

*B. Discussion*

*Credit Risk Affects Corporate Value*

Credit risk in this study is measured in indicators of non-performing loans (NPL), NPL itself is a comparison between non-performing loans and total loans disbursed by banks. This non-performing loan is detrimental to the corporate because it can reduce profits and have an impact on decreasing the value of the corporate. The results of the research data show that the credit risk variable has a significant negative effect on corporate value. This means that the higher the NPL, the lower the value of the corporate, and vice versa. The high NPL indicates that management is less able to overcome and minimize credit risk, and this causes the value of the corporate to decline because investors see the bank in a bad condition. Bank Indonesia regulation itself stipulates that a good NPL value is below 5%, a bank's condition is very healthy when it is able to maintain an NPL below 2%. The average bank in this study shows a healthy condition, this shows the future prospectus for banking companies in Indonesia, namely the bank is able to increase the value of the corporate with a low credit risk condition and the bank is in a healthy condition in terms of credit risk..

*Liquidity Risk Affects Corporate Value*

In this study, liquidity risk has a significant negative effect on corporate value, meaning that the higher the liquidity risk, the lower the corporate value. liquidity risk is measured by using the loan to deposit ratio, this ratio compares the credit extended by banking companies with third party funds received by the bank. Banks are financial institutions that require high liquidity, so if the bank's liquidity is not good, in this case a high LDR ratio, it can be a signal that the health of the bank is declining and will be a negative sentiment for investors, which in turn will have a negative impact on the value of the corporate. If the bank uses all third party funds and even uses all reserve funds to channel credit, it will be very risky, because if the loans are bad, it will reduce the bank's profit and eliminate the funds used for capital, and automatically the bank will not able to fulfill its obligations. This high risk creates negative sentiment towards banks. An LDR ratio that is too low is also not good because it means that bank lending is small so that the capital received from third party funds is not optimal, Bank Indonesia Regulation itself provides a healthy LDR ratio limit of 78% - 92%, the average LDR in this study is 88,475 % which means it is considered healthy. This is a good signal for investors that the bank has the potential to increase the value of its corporate.

*Good Corporate Governance Affects Corporate Value*

Testing of good corporate governance on corporate value has no effect and is not significant. This reflects that GCG is not the main factor in increasing the value of the corporate. GCG itself is a principle whereby every stakeholder in the corporate performs its functions in accordance with applicable regulations. GCG measurement is based on the composite value where a value of 1 indicates

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very healthy and 5 indicates very unhealthy. The banks in this study show that they are in good health and very healthy, judging from the composite values they have, namely 1 and 2, none of which has a value above 2 in this study. in 2017, from 8 samples showed 4 banks in very healthy condition and 4 banks in healthy condition, in 2018 as many as 2 banks in very healthy condition and 6 banks in healthy condition, 2019 as many as 1 bank in very healthy condition and 7 banks in healthy condition, and in 2020 there are 2 banks in very healthy condition and 6 banks in healthy condition. A healthy bank condition means that the bank is able to face significant negative effects from changes in business conditions and other external factors, while a healthy condition means that the bank is able to face significant negative effects from changes in business conditions and other external factors. Based on the sampling, it can be seen that the sample does not vary so it does not describe the effect on corporate value. The measurement used is the composite value assessed from the bank itself, to obtain sample variations, other benchmarks can be used in defining good corporate governance.

*Profitability Affects Corporate Value*

The effect of profitability on corporate value has a significant positive effect on corporate value. Profitability variable itself is measured using return on assets, this ratio shows the corporate's ability to earn profits with total assets owned. The higher the ROA value indicates that the bank is able to maximize existing assets to generate profits for the bank. The higher the profit obtained from the bank, the higher the value, because it is a signal for investors to invest in the bank.

*Capital Affects Corporate Value*

Capital variable has a positive effect on corporate value, capital is measured using the capital adequacy ratio (CAR). The measurement of CAR itself is a comparison of bank capital with weighted assets by risk from banks. Banks are required to maintain the CAR ratio according to Bank Indonesia regulations greater than or equal to 8%. This capital is used by the bank to maintain its risk, namely when a situation occurs that can harm the corporate in terms of operations, the bank is able to fund these things, thereby reducing the risk of bank bankruptcy. The low risk of bankruptcy is a good indicator for investors to be able to invest in the bank so that the value of the corporate will increase. The higher the CAR also makes the bank more daring in lending so that with more credit being disbursed, the bank's profitability increases and will increase the value of the corporate.

*Sustainability Report Affects Corporate Value*

Sustainability reports are a signal for companies from an economic, social and environmental perspective in carrying out their operations, so that the more that is disclosed about these aspects, the better the value of the corporate. In this study, this is contrary to the theory, where the test results show that sustainability reports have a significant negative effect on corporate value. This sustainability report is measured by the disclosure of global reporting initiative items. The Financial Services Authority itself only regulates the sustainability report in 2017 with the Financial Services Authority Regulation No. 51/POJK.03/2017, OJK provides direction to banking companies to implement sustainability principles and discloses them in sustainability reports. Results that are inconsistent with this theory may be the result of the new regulations being implemented and the result of the GRI benchmarks chosen. Because the GRI disclosure is voluntary, it causes companies to disclose differently on each item disclosed. It is also possible that because of the new regulations, this has a negative impact because it is feared that the sustainability principle will add unnecessary costs to the corporate, so that it becomes a bad signal for investors.

*Institutional Ownership Moderating Variables*

Institutional ownership is the moderating variable in this study, from the test results it was found that only liquidity risk (LDR) and capital (CAR) were moderated by institutional ownership. Other variables such as credit risk, good corporate governance, profitability, and sustainability reports are not moderated by institutional ownership. Institutional ownership is defined as shares owned by financial institutions, banks with high institutional ownership are Bank Permata, Bank Maybank and Bank CIMB Niaga with institutional ownership above 95%, the rest below 50%. The institutional ownership of the three banks are foreign banking companies, the rest are owned by mutual fund companies, pension funds, and other financial institutions. Institutional ownership variable moderates the effect of liquidity risk on corporate value. Liquidity risk has a negative effect on corporate value but the ownership variable moderates these variables so that the effect is positive. Liquidity risk is measured using the loan to deposit ratio, meaning that it compares the credit extended to the public with third party funds collected by the bank. Institutional investors, which are financial companies, are thought to prefer large credit disbursements but remain in the healthy category, thus moderating this variable to be positive. Financial companies are able to mitigate the risk of large loans disbursed so that a large but controlled LDR ratio is not a problem for institutional investors.

Institutional ownership moderates the effect of capital (CAR) on corporate value, positive CAR effect on corporate value but institutional ownership moderates CAR so that the effect is negative. Companies that have a large CAR ratio means that they have large capital funds as well. This large capital makes banks more daring in distributing credit to the public, because if there is a risk in lending, the bank is able to overcome this risk with the capital it has. However, institutional ownership moderates the capital variable (CAR) negatively, this is presumably because institutional investors see that CAR capital can be optimized with a lower ratio while remaining in accordance with the provisions of a healthy bank according to the Financial Services Authority, it does not need to be too high in its CAR allocation. Institutional ownership which is a financial corporate wants to optimize CAR which is not too large but still produces good corporate value.

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## IV. CONCLUSION

The results of this study indicate that NPL, LDR, ROA, CAR and sustainability reports have a negative effect on corporate value, NPL, LDR and sustainability reports have a negative effect, while ROA and CAR have a positive effect. For the GCG variable, it has no effect on corporate value. the moderating variable of institutional ownership managed to moderate LDR and CAR with corporate value, institutional ownership strengthened the influence of LDR on corporate value, while CAR was weakened by the moderating variable. This study aims to examine how the influence of bank soundness with the RGEC method and disclosure of sustainability reports on corporate value with institutional ownership as a moderating variable. The variables used in this study are non-performing loans, loan to deposit, good corporate governance, return on assets, capital adequacy ratio, and sustainability report. These six variables were tested against corporate value using the price to book value method with a moderating variable, namely institutional ownership. This study has limitations on several aspects, the limitations of this study include: (1) The sample testing is only 8 companies with a 4 year period so that only 32 research samples are limited to describe all banking companies in Indonesia. (2) The Financial Services Authority Regulation only implemented sustainability report reporting in 2017 so that there are still many banks listed on the Indonesia Stock Exchange that have not reported this report on their website in 2017. Several companies have only started reporting in 2019 and above. (3) The GCG variable is limited to composite values so that the results are not significant and do not describe the corporate's condition, and the sustainability report is only limited to the disclosure of GRI standards. (4) Limited research on institutional ownership variables as a moderating variable on the soundness of banks on corporate value, so that future researchers can look for more references to recent studies. Thus, the suggestions that can be expressed by further research are as follows: (1) The sample size can be expanded so as to better describe the condition of bank companies in Indonesia. (2) Independent variables can be reproduced for risk profile categories, for example adding market risk, operational risk (BOPO) and other risks to better describe banking risk. (3) The GCG variable can use other indicators such as GCG disclosure items so that the test results can better describe banking conditions. (4) Sustainability report variables can use indicators other than the general GRI standard, it can be more specific to the financial-specific GRI standard and added with disclosure items from the Financial Services Authority. (5) Liquidity variables can use the latest POJK benchmarks. (6) Looking for more extensive and up-to-date references on moderating variables of institutional ownership. (8) This study can be used as a reference to find out the alleged influence of the moderating variable of institutional ownership on the CAR and LDR variables on corporate value. (9) Suggestions for banking companies are to consistently report sustainability reports on the corporate's website, maintain optimal bank health in accordance with applicable Bank Indonesia and Financial Services Authority regulations and optimize return on assets in banking companies. (10) It is legal for investors to pay attention to non-performing loans, return on assets, and capital adequacy ratios in choosing investments in banking stocks because these three factors have large constants on corporate value. Investors can also consider looking at sustainability reports, and liquidity ratios can also be considered to be able to make investment decisions in banking.

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