

ABSTRACTS

This study examines whether information of the bank's published financial report is useful to predict bank's performance or the bank's health in the future. The main problem is information content of financial statement. Is the information of the bank's published financial report useful to predict the bank's health in the future?

This research used secondary data, financial statement. Before ended year 2005, there are 131 banks, so it is as the population. Based on the interim report, periodic years 2003 – 2005, there are 1.1609 units. Purposive sample is 70% from total numbers population or equal with 1.133 units. Source of data is web site Bank Indonesia. Data is analyzed by Multiple Discriminant Analyses (MDA).

The research shows that bank's published financial report periodically was useful as foundation to predict the bank's health in the future.

All hypotheses are confirmed and supported. The bank's financial statement has information content to develop model predicting of level of soundness banking. Value of CR^2 is 77.80%. Probabilities this model to predict performance of bank about 77.80% and the others by outside variable. More the shorter of time lag financial statement reporting more accurate to predict the bank's health in the future. There are 14 financial ratios as discriminator in the determinant function, significant at level 5%. There are CAR, FA/Capital, PPAP Fulfillment, Disturbed Productive Assets, PPAP to Productive Asset, ROA, ROE, LDR, IPOR, BO/PO, ICR, LM, Credit Risk, and Liquidity Risk. In general the results supported and confirming the theory and previous research.

Key words.

Information Contents, Banks Performance, CAMEL Technique, Financial Ratios, Multiple Discriminate Analyses