

ABSTRACT

The capital structure is an important component for financial companies such as bank. Because composition of the capital structure can be affecting the performance of companies. The aim of this study to examine the effect of capital structure on Islamic bank's performance in Indonesia. The capital structure is measured with capital ratio, consumer and short-term funds, not earning assets, overhead, size, and risk. While performances of bank are measured using return on equity.

This research using secondary data form annual report and financial statements. The population of this research is all of Islamic bank that has a complete annual report and financial report in 2011 until 2015. Sample consists of 11 Islamic banks. Purposive sampling method are used in this research. Then analytical method used in this study is multiple linear regression analysis using SPSS statistical test.

Research results show that consumer and short-term fund and operational efficiency significantly affect performances. While the capital ratio, not earning assets, size and risk is not significant effect performances.

Keywords: *Capital Structure, Performance, Islamic Banks*