

ABSTRACT

This research is motivated by the problems of the magnitude of the risk of bank losses caused by bad loans to overcome the losses banks are required to establish reserves for impairment losses. And based on the average data CKPN in conventional banks during the 2010-2014 period CKPN value is always decreasing, but not in accordance with the provisions stipulated by Bank Indonesia. This study aimed to examine the effect of the Non-performing Loan, Capital Adequacy Ratio, Loan to Deposit Ratio, Size and Return On Asset against the Allowance for Impairment Losses on Conventional Bank Listed in Indonesia Stock Exchange period 2010-2014.

The sampling technique used in this research is purposive sampling method. The total sample in this research is 21 conventional bank. The analysis used multiple regression, which is preceded by a test consisting of the classical assumption test for normality, multicollinearity, heteroscedasticity and autocorrelation test whereas hypothesis testing conducted by F test and t test.

The results of this study found that NPL, CAR and ROA significant and positive impact on CKPN, while the Size variable have not significant positive effect on CKPN and LDR have not significant negative effect on CKPN. Additionally obtained adjusted R-square value of 54.5%. This means that for 45.5% explained by other variables outside the model.

Keywords : Loan Loss Provision, Non performing Loan, Capital Adequacy Ratio, Loan to Deposit Ratio, Size and Return On Asset.