ABSTRACT

This study aimed to examine the effect of CAR, ROA, ROA, LDR, Credit Growth and Credit Quality to the Non-Performing Loan (NPL). Credit is the main activity and used to be the largest source of income for the Conventional Commercial Bank, so it requires more attention for the crediting activity when considering that any banking activity is always exposed to various risks. Even though the bank's management has made various efforts to control the lending process, the banks still potentially exposed by credit risk.

This study used a population of 120 commercial banks in Indonesia on period 2013-2015. Based on purposive sampling, obtained a sample of 12 bank which has NPL ratio above 5% for at least three quarters in the study period. The analytical method used in this research is Multiple Linear Regression Analysis by Normality test, Autocorrelation test, Multicoloniarity Test, Heteroskidastity Test, Test Coefficient of Determination R2, F Statistic Test, Test Statistic t.

Based on test results of the partial testing, LDR and Credit Growth showed a negative relationship with Non-Performing Loan (NPL), but these variables have no significant effect on Non-Performing Loan (NPL), while CAR, ROA and BOPO have negative significant effect on the Non-Performing Loan (NPL). Credit quality with proxied by Loan Loss Provision (LLP) ratio has significant positive effect on the Non-Performing Loan (NPL) . Based on the test results of the coefficient of determination R2, the independent variables in this study had the effect as much as 71.4% to Non- Performing Loan. While the remaining 28.6% is influenced by other factors than the research variables.

Keywords:, Non-Performing Loans, Credit, CAR, ROA, ROA, LDR, Credit Growth, Loan Loss Provision