ABSTRACT

The desire to buy bank stocks means buying the business prospects of a bank by one measure is the share price. High and low stock price is influenced by many factors, including the financial performance of the bank. Credit extended by the bank to the customer experience obstacles in terms of repayment because the customer can not pay the loan along with interest rates in a timely manner, or so-called Non Performing Loans (NPL). Non performing loans give a bad score on the performance of the bank, because the higher the level of problem loans will further reduce the amount of capital held by banks. The interest rate is one of the sources of income which bank if the bank no longer accept installments in accordance with a predetermined duration, it is feared to worsen the condition of the bank's performance. Therefore, this study will analyze the ratio of Non Performing Loan (NPL) and Net Interest Margin (NIM) are calculated to measure the performance of banks associated with lending. This study uses secondary data from 5 largest loan distributor of conventional banks in Indonesia 2010-2015.

Data research using data sampled by purposive sampling in the election. Of the sample selection, acquired 5 banks for six years are 2010-2015. Data analysis model used is the panel data regression using the software E-views 8.

The results of this study shows that the independent variables are NIM and NPL simultaneously give a significant effect on stock prices. From the partial test results shows the variable NPL do not have significant effect negatively towards stock prices. While NIM have significant effect positively towards stock prices.

Keywords: *Non-Performing Loan (NPL), Net Interest Margin (NIM), and stock prices*