ABSTRACT

The research was motivated due to the impact of global crisis affecting lending to the banking sector companies listed on the Indonesia Stock Exchange. The purpose of this study are to (1)know how to fund a third party and non performing loans, (2)know how to lending, (3)to determine how much influence a third party funds and non performing loan to loans partially and simultaneously.

The method used in this research is verificative descriptive method by using a quantitative approach. The sampling technique in this study is non probability sampling using purposive sampling method. The unit of analysis in this study is the annual financial report, which was in 2004-2011. While to analyze the data was used multiple linear regression analysis. The test of the hypothesis in this study was used program called SPSS 18.0 for Windows.

The result of the studies indicates that the party funds have a significant and positive effect on lending. On the contrary, non performing loans alone do not have significant effect on lending. But the results showed that the party funds together with non performing loans have a positive and significant impact on lending.

Keywords: DPK, NPL, Credit Distribution