

# The Effect of Capital Adequacy Ratio, Return on Asset, Loan to Deposit Ratio and Non Performing Loan on Stock Prices of Banking Companies Listed on the Indonesia Stock Exchange in the 2022 Period

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## ABSTRACT

This study aims to determine the effect of Capital Adequacy Ratio, Return on Assets, Loan to Deposit Ratio and Non-Performing Loan on Stock Prices in Companies listed on the IDX for the 2022 Period. The research method used is a descriptive method with a quantitative approach. The population in this study is the financial statements of Conventional Banking. The data method used in this study is multiple linear regression analysis, classical assumption tests including normality tests, multicollinearity tests, heteroscedasticity tests. Significance tests include t-tests, as well as correlation coefficients and determination coefficients at a significance level of 5%. Data are processed and analyzed using the SPSS version 27 application program. The results of this study indicate that partially the Capital Adequacy Ratio has a significant negative effect on stock prices, with a Tcount value of  $-2.875 < T_{table} 2.034$  with a significance value of  $0.007 < 0.05$ . Partially, Return on Assets has a significant positive effect on Stock Price, with a calculated T value  $(7.515) < T_{table} 2.034$  with a significance value of  $0.000 < 0.05$ . Partially, Loan to Deposit Ratio has a significant negative effect on stock price, with a calculated T value  $(-3.684) < T_{table} 2.034$  with a significance value of  $0.001 < 0.05$ . Partially, Non-Performing Loan has a significant negative effect on Stock Price, with a calculated T value  $(-2.991) < T_{table} 2.034$  with a significance value of  $0.005 < 0.05$ .

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## 1. INTRODUCTION

Demand for share prices tends to be low when interest rates increase. Companies do not remain silent during the COVID-19 pandemic, so companies are responsible for their interests

and work together to find solutions [1]. Return on Assets (ROA) is a measure of management's overall efficiency in generating profits with available assets. Apart from that, companies try to get Return on Assets (ROA) and try to achieve a high value because the higher the Return on

Assets (ROA), the company uses its assets as best as possible to get income [2]. In addition, Return on Assets (ROA) can be calculated by Comparing the time before total assets. A higher rate of return on assets indicates better financial performance, as a longer rate of return indicates a greater rate of return [1].

Next is the Loan to Deposit Ratio (LDR), this indicator is very important in the performance of a bank. Loan to Deposit Ratio is a comparison between the amount of funds provided in the form of credit and the amount of funds collected by the community in the form of savings and capital. This ratio shows the level of liquidity of a banking company, which shows that the bank has the ability to meet its short-term obligations, their funds from the bank. The level of profit of a banking company can be influenced by the composition of loans and deposits.

One of the ratios for product assets is Nonperforming Loans (NPL) [3]. Non-Performing Loans (NPL) or credit risk is the risk of possible bank losses due to non-repayment of loans given by banks to debtors [4]. The Non-Performing Loan (NPL) ratio is used to measure the ability of bank management to manage problematic loans provided by the bank. Credit risk accepted by banks is one of the bank's business risks, which is caused by non-payment of credit granted by debtors [5]. With ratio analysis, detailed and complicated financial information can be easier to read and describe, making it easier to compare company financial reports and to find out the company's development and performance periodically [6].

This research aims to provide an overview of how important the Capital Adequacy Ratio (CAR), Return on Assets, Loan to Deposit Ratio and Non-Performing Loans are in determining stock prices. This research is expected to provide useful information for regulators and investors to understand how the Capital Adequacy Ratio (CAR), Return on Assets, Loan to Deposit Ratio and Non-Performing Loans simultaneously or partially influence the price of banking shares listed on the Indonesia Stock Exchange. 2022 period Based on several studies that have been conducted, it was found that there is a gap, namely research conducted by [7] states that the Capital

Adequacy Ratio (CAR) does not have a significant effect on stock prices, while research by [8] states that the Capital Adequacy Ratio does not have a significant effect on share prices, but research conducted [9] shows that the Capital Adequacy Ratio (CAR) has a significant effect on share prices. Research conducted by [10] states that partial regression shows that Return on Assets (ROA) has no effect on stock prices, while research conducted by [11] states that Return on Assets does not have a significant effect on stock prices, however research conducted by [12] states that ROA has a significant effect on stock prices. Research conducted by [7] shows that the Loan to Deposit Ratio (LDR) partially has no significant effect on stock prices, while research conducted by [9] shows that there is no significant effect of the Loan to Deposit Ratio on stock price research conducted by [9] shows that Non-Performing Loans (NPL) do not have a significant effect on share prices. Meanwhile, research by [13] states that Non-Performing Loans (NPL) have a significant positive effect on share prices, but from research.

## 2. LITERATURE REVIEW

### 2.1 Signaling theory

Signaling theory is an action taken by company management that gives investors clues about how management views the company's prospects. This theory explains that companies with good performance will be more transparent in conveying information because the company wants to distinguish itself from companies that are not doing well. This theory is based on the fact that there is information asymmetry between company management and external parties.

#### 2.1.1 Capital Adequacy Ratio

Capital Adequacy Ratio (CAR) is the capital adequacy ratio of a bank or bank's existing capital capacity to cover possible losses in credit or securities trading [14]. Capital Adequacy Ratio (CAR) is the ratio of the bank's performance ratio to measure the adequacy of capital owned by the bank to support assets that contain or generate risk. In measurement Capital Adequacy Ratio Based on Bank Indonesia Regulation No. 15/12/2013, the Capital Adequacy Ratio CAR is set at a minimum of 8%.

### 2.1.2 Return on Aset

To find out how efficient and productive an organization is, the asset value Return on Assets (ROA) used to calculate profit results using assets that are already owned. Return on Assets (ROA) is a ratio used to calculate how effective a company is when utilizing its assets to gain profits [15]. Return On Assets is a profitability ratio that shows the return on assets used. In other words, ROA is also a ratio that shows the amount of profit obtained from the many assets owned by the bank [16]. Meanwhile, according to [17] in terms of formulation. Bank Indonesia has set a Return on Assets (ROA) standard of 1.5%.

### 2.1.3 Loan to Deposit Ratio

Loan To Deposit Ratio (LDR) is a ratio used to measure the composition of the amount of credit given compared to the amount of public funds and own capital used [4]. According to Bank Indonesia Regulation Number 15/7/PBI 2013, the limit for the Loan to Deposit Ratio is 78% and the upper limit for the Loan to Deposit Ratio is 92%. A higher ratio indicates that the bank's liquidity level decreases because the amount of funds needed to finance credit increases. The Loan to Deposit Ratio value can be used as a tool to measure the level of vulnerability of a bank

### 2.1.4 Non-Performing Loan

Non-Performing Loans (NPL) is a ratio that shows the ratio of non-performing loans to total credit. Problematic credit or bad credit (Non-Performing Loan) is credit in which there are obstacles caused by 2 elements, namely from the banking side in analyzing it and from the customer who intentionally or unintentionally in their obligations does not make payments [4]. Non-Performing Loans (NPL) are loans in which there are obstacles caused by 2 elements, namely by the banking sector during the review or by the customer who, intentionally or unintentionally, in their obligations does not carry out payments [4].

## 2.2 Hypothesis Development

### 2.2.1 Effect of Capital Adequacy Ratio on Share Prices

The higher the Capital Adequacy Ratio, the higher the share price, this is also in accordance with signaling theory where the

influence of the Capital Adequacy Ratio on share prices can provide a good signal to banking companies if the CAR level is high. This is because if the CAR level is high then the banking company can be said to have the ability to overcome possible losses that will occur. Therefore, it can show that the banking company is healthy and can carry out its operational activities. This is supported by research conducted by [18] showing that in particular CAR has a positive and significant influence on stock prices. Based on this theory, the following hypothesis can be formulated:

*H1 : Capital Adequacy Ratio has a positive effect on banking company share prices*

### 2.2.2 Effect of Return on Assets Ratio on Share Prices

According to signaling theory, the influence of Return on Assets on share prices can provide a good signal to banking companies if the ROA level is high. This is because if the ROA level is high then the bank can be said to have the ability to overcome possible losses that will occur. Therefore, it can improve the quality of banking companies, so that the bank reflects an increased share price. This is in line with research [7] showing that Return on Assets has a positive effect on stock prices. Based on this theory, the following hypothesis can be formulated:

*H2: Return on Assets has a positive effect on banking company share prices*

### 2.2.3 Effect of Loan to Deposit Ratio on Share Prices

In accordance with signaling theory, the influence of the Loan to Deposit Ratio on share prices can provide signal to banking companies regarding the bank's liquidity capabilities. The Loan to Deposit Ratio can be said to be safe if the value of a bank is around 78%, but the maximum tolerance limit ranges from 78%-100%. It can be said that if the liquidity capacity is good so that it can carry out its operational activities well, the share price will rise. This is supported by research [30] showing that Loan to Deposit Ratio has a positive effect on banking company share prices. Based on this theory, the following hypothesis can be formulated:

*H3: Loan to Deposit Ratio has a positive effect on banking company share prices*

### 2.2.4. Effect Of Non-Performing Loan on Share Prices

In accordance with signal theory, the influence of Non-Performing Loans on stock prices can provide a signal to banking companies if the bank's stock price on the Stock Exchange will fall as a result of high credit risk. This is because if the NPL level is low, the bank can be said to have the ability to overcome possible problems that will occur. This can also increase investor confidence, so that the quality of the bank is reflected in the stock price increases. This is in line with research [30] which shows that Non-Performing Loans have a positive effect on stock prices. This can also increase investor confidence, so that the quality of the bank is reflected in the stock price increases. Based on this theory, the following hypothesis can be formulated:

*H4: Non-Performing Loans have a positive effect on banking company share prices.*

### 2.3. Conceptual Framework

The following is the research concept that will be carried out in this research and the variables that will be used. The research concept model also provides an overview of the research topic to be conducted.

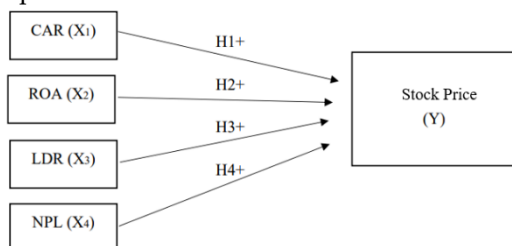


Figure 1. Hypothesis Method

Source: processed data, 2024

Information: ----- = Persial

The formulation of this research hypothesis based on previous hypothesis theories and models is:

*H1: Capital Adequacy Ratio (CAR) has a significant effect on banking company share prices.*

*H2: Return on Assets (ROA) has a significant effect on banking company share prices.*

*H3: Loan to Deposit Ratio (LDR) has a significant effect on banking company share prices.*

*H4: Non-Performing Loans (NPL) have a significant effect on banking company share prices*

## 3. METHODS

### 3.1 Variable Identification

The independent variables used in this research consist of:

- Capital Adequacy Ratio (X1) is a ratio used to compare total assets owned by the bank with its capita.
- Return On Assets (X2) is a ratio used to determine an organization's ability to generate net profits based on the number of assets it owns.
- Loan To Deposit Ratio (X3) is a ratio used to compare the amount of credit provided with third party funds.
- Non-Performing Loans (X4) is a ratio used to measure a bank's ability to bear the risk of debtor failure to pay their credit.

The dependent (bound) variable is the variable that is the result, because of the existence of the independent variable [19]. The dependent variable is a variable that cannot influence other variables. The dependent variable in this research is Share Price (Y)

### 3.2 Types of Research

The type of research used in this research is explanatory research. The research approach used in this research is a quantitative approach. Quantitative research methods are research that looks at certain theories by looking at how variables interact with each other [20]. Quantitative research is a research methodology that produces numerical data and is usually analyzed with descriptive or inferential statistics [21]. Next, collect data on financial reports published on the Indonesian Stock Exchange. The data obtained were analyzed using the classical assumption test, coefficient of determination test and research hypothesis test using the SPSS 2.7 program. Furthermore, by processing the data, conclusions and suggestions can be drawn to clarify the research carried out.

### 3.3 Population and Sample

The population in this research is 53 data from banking companies listed on the Indonesia Stock Exchange for the 2022 period so that the research can analyze and observe company developments at that time. The sample is part of the number and characteristics of the population

[19]. The sample used in this research is part of all banking companies listed on the Stock Exchange Indonesia for the period 2022. The technique for taking research samples is by using

the Purposive Sampling technique. Purposive sampling is a technique for determining samples with certain considerations [19].

Table 1. Number of Companies that Meet the Sampling Criteria

No	Criteria	Sum
1	Banking companies listed on the Indonesia Stock Exchange during the 2022 research period	53
2	Conventional banking companies that publish incomplete, audited and registered financial reports Indonesian Stock Exchange during the 2022 research period	(10)
3	Conventional banking companies experienced losses during the 2022 research period	(5)
4	Conventional banking companies experienced losses during the 2022 research period	38

Source: www.idx.co.id Year 2024

Table 2. List of Company Names in the Sample No Company Code Conventional Banking Name

1	AGRO	PT Bank Raya Indonesia Tbk
2	AGRS	PT Bank IBK Indonesia Tbk
3	ARTO	PT Bank Jago Indonesia Tbk
4	BA BP	PT Bank MNC Internasional Tbk
5.	BACA	PT Bank Capital Indonesia Tbk
6.	BBCA	PT Bank Central Asia Tbk
7.	BBHI	PT Allo Bank Indonesia Tbk
8.	BBMD	PT Bank Mestika Dharma Tbk
9.	BBNI	PT Bank Negara Indonesia (Persero) Tbk
10.	BBRI	PT Bank Rakyat Indonesia (Persero) Tbk
11.	BBSI	PT Krom Bank Indonesia Tbk
12.	BBTN	PT Bank Tabungan Negara (Persero) Tbk
13.	BCIC	PT Bank JTrust Indonesia Tbk
14.	BDMN	PT Bank Danamon Indonesia Tbk
15.	BGTG	PT Bank Ganesha Tbk
16	BINA	PT Bank Ina Perdana Tbk.
17	BJBR	Bank Pembangunan Daerah Jawa Barat dan Banten Tbk
18	BJTM	Bank Pembangunan Daerah Jawa Timur Tbk
19	BMAS	PT Bank Maspion Indonesia Tbk.
20	BMRI	PT Bank Mandiri (Persero) Tbk
21	BNBA	Bank Bumi Arta Tbk
22	BNGA	PT Bank CIMB Niaga Tbk
23	BNII	PT Bank Maybank Indonesia Tbk
24	BNLI	Bank Permata Tbk
25	BSIM	Bank Sinarmas Tbk
27	BTPN	PT Bank PTPN Tbk
28	BVIC	Bank Victoria Internasional Tbk
29	DNAR	PT Bank Oke Indonesia Tbk.
30	INPC	Bank Artha Graha Internasional Tbk
31	MASB	PT Bank Multiarta Sentosa Tbk
32	MAYA	PT Bank Mayapada Internasional Tbk
33	MCOR	PT Bank China Construction Bank Indonesia Tbk
34	MEGA	Bank Mega Tbk
35	NISP	PT Bank OCBC NISP Tbk

36	NOBU	PT Bank Nationalnobu Tbk
37	PNBN	Bank Pan Indonesia Tbk
38	SDRA	PT Bank Woori Saudara Indonesia 1906 Tbk

### 3.4 Data Analysis Techniques

#### 3.4.1 Variable Descriptive Statistics

Variable descriptive statistics explain research data so that readers can more easily understand the data or numbers that will be displayed. Descriptive statistics are used to analyze data by describing or describing the data as it is without intending to make general conclusions or generalizations [19]. Calculating the increase and growth value of each variable in this research is a way to carry out descriptive statistical analysis.

#### 3.4.2 Classic Assumption Test

The classical assumption test is a process to check whether the classical assumptions in regression analysis can be met or not. This can be done to determine whether the regression results obtained can be justified or not. If the regression equation analysis technique is fulfilled then you will get valid results. The classic assumption test used in this research:

##### a. Normality Test

The normality test is a test carried out to determine whether the residual value has a normal distribution [22]. The normality test is used to determine whether confounding or residual variables have a normal distribution in the regression model. The Alpha statistical test ( $\bar{y}$ ) is considered the maximum error limit used by researchers, and the t test and F test suspect whether the residual value follows a normal distribution or not based on graphic analysis. 33 For example, in a study, the researcher sets alpha at 5% or 0.05, and uses the decision rule, that if the significance of the data is greater than  $\bar{y}=0.05$ , then the data is considered to be normally distributed [23].

*H0: Residual data is normally distributed*

*Ha: Residual data is not normally distributed*

##### b. Multicollinearity Test

The multicollinearity test aims to test whether in the regression model there is a high or perfect correlation between the independent variables [23]. This test aims to test whether the

regression model found a correlation between the independent variables. Multicollinearity testing decisions are made using the Variance Inflation Factor (VIF), provided that if the T value is  $> 0.10$  and  $VIF < 10$ , then the variable does not experience multicollinearity.

##### c. Heteroscedasticity Test

This test shows that if the tests have the same variance, then heteroscedasticity does not occur, but if there are different variants then heteroscedasticity occurs. Heteroscedasticity detection is carried out by looking for whether or not the points on the graph are scattered around and do not form a particular pattern. The purpose of the heteroscedasticity test is to find out whether there is inequality in the regression model in terms of residual differences between observations [23].

#### 3.4.3 Multiple Linear Regression Test

The researchers used multiple linear regression analysis methods. This regression analysis can be used to get a complete picture of the relationship between the dependent and independent variables as a whole, either simultaneously or partially. Before testing multiple linear regression, this method requires classical hypothesis testing to obtain the best results [23]. This research contains four independent variables, namely CAR, ROA, LDR, and NPL, while the dependent variable of the research is share price. The form of the multiple linear regression equation is:

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4 + e$$

Note:

a = Constant

b<sub>1</sub>-b<sub>4</sub> = Regression coefficient of each independent

Y = Share Price

X<sub>1</sub> = Capital Adequacy Ratio (CAR)

X<sub>2</sub> = Return on Assets (ROA)

X<sub>3</sub> = Loan to Deposit Ratio (LDR)

X<sub>4</sub> = Non-Performing Loan (NPL)

#### 3.4.4 Coefficient of Determination Test

The Coefficient of Determination Test is a statistical measure that can be used to determine

the impact of the relationship between two variables. The coefficient of determination measures how well a model explains variations in independent variables. The closer the coefficient of determination value is to 1, the better. This figure means that the independent variable provides almost all the information to predict the dependent variable [23].

#### 3.4.5 Test the Research Hypothesis

The t test is used to partially measure the influence of each independent variable. The critical value for hypothesis testing regarding regression coefficients is determined based on the normal distribution by considering the level of significance and number of samples. Decisions are taken by comparing t count with t table. If the calculated t value is smaller than the t table then the independent variable has no effect on the dependent variable. If the calculated t value is greater than the t table then there is an independent variable that influences the dependent variable. Decisions regarding the t-test can also be taken by testing the significance value at the 5% confidence level ( $\bar{y} = 0.05$ ) [23].

## 4. RESULTS AND DISCUSSION

### 4.1 Data collection

#### 4.1.1 Capital Adequacy Ratio

Capital Adequacy Ratio is a ratio used to measure the level of capital adequacy owned by a bank. Capital Adequacy Ratio can be calculated by comparing bank capital to Risk Weighted Assets (RWA) using the following formula:

Example of 2022 CAR Calculation for AGRO (in millions of rupiah)

$$\text{CAR} = 3,177,012,961 / 7,263,735,330 \times 100\% = 43,74\%$$

CAR ratio of conventional banking companies used as research samples in the period in 2022 are as follows:

#### 4.1.2 Return on Assets

Return On Assets is a ratio used to measure the level of a bank's ability to earn profits using its total assets. Return On Assets can be calculated by comparing profit after tax to total assets using the following formula:

$$\text{ROA} = (\text{Earning After Tax}) / (\text{Total Assets}) \times 100\%$$

Example of ROA calculation in 2022 for AGRS (in millions of rupiah)  $\times 100\% = 0,57\%$

#### 4.1.3 Loan to Deposit Ratio

Loan to Deposit Ratio is a ratio that can be used to measure the level of bank liquidity. Loan and Deposit Ratio can be calculated by comparing the amount of credit given to total third-party funds using the following formula:

$$\text{LDR} = (\text{Amount of Credit Provided}) / (\text{Total Third Party Funds}) \times 100\%$$

Example of LDR calculation for 2022 for ARTO (in millions of rupiah)  $9.427.987/8.274.386 \times 100\% = 113,94\%$

#### 4.1.4 Non-Performing Loan

Non-Performing Loans is a ratio used to measure the bank's ability to cover the risk of failure to repay debts by debtors. Non-Performing Loans can be calculated by calculating non-performing loans against total credit.

NPL = (Non-Performing Credit)/(Total Credit)  $\times 100$  Example of NPL calculation for 2022 for BABP (in millions of rupiah)  $357.698/10.199.866 \times 100\% = 3,51\%$

### 4.2 Data Analysis Methods

#### 4.2.1 Descriptive Statistics

Based on the results of secondary research data recapitulation for the Capital Adequacy Ratio (X1) variable Return on Assets (X2), Loan to Deposit Ratio (X3), and Non-Performing Loans (X4) on Share Price Y can be explained in the following table:

Table 3. Descriptive Statistics of Secondary Research Data

Variable	Minimum	Maximum	Mean	Std. Deviation
CAR	0,1113	2,8338	0,428019	0,4720798
ROA	0,0002	0,0310	0,011076	0,0087723
LDR	0,2053	1,7301	0,852318	0,3221548
NPL	0,0001	0,0907	0,025755	0,0184464
Stock Price	71,000	9925,000	2022.68421	2560,111992

Source: Processed data, 2024

**4.2.2 Classic Assumption Test**

The classical assumption test is carried out to find out whether there are problems or deviations from the classical assumptions in the regression model. The purpose of testing classical assumptions is to ensure that the resulting estimates of the regression equation are precise, unbiased, and consistent. Normality, multicollinearity, and heteroscedasticity tests are some examples of classic assumption tests.

**a. Normality Tests**

Table 4. Normality Tests One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		38
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	1.17854429
Most Extreme Differences	Absolute	.113
	Positive	.076
	Negative	-.113
Test Statistic		.113
Asymp. Sig. (tailed)		.200 <sup>d</sup>

Source: Data processed by SPSS 27, 2024

Table 4 One-Sample Kolmogorov-Smirnov Test produced a significant value of 0.200. The test results show that the research results are significantly above the specified significant value, namely  $0.200 > 0.05$ . This shows that the residual value is normally distributed, so that  $H_0$  which states that the residual value is normally distributed can be accepted. Based on the normality test results, the regression model has fulfilled the normality assumption.

**b. Multicollinearity Test**

The multicollinearity test is intended to test whether a regression model finds whether there is a correlation between independent variables or not. A good regression model is one that has no correlation between the independent variables. If there is correlation, it can cause interference between the relationship between the independent variable and the dependent variable. Detection of the presence or absence of multicollinearity is done by looking at the value of the Variance Inflation Factor (VIF) and the

Tolerance value. If the Variance Inflation Factor (VIF) value is not more than 10 ( $VIF \leq 10$ ) and the Tolerance value is not less than 0.1 ( $Tolerance \geq 0.1$ ), then the regression model can be said to be limited by multicollinearity.

Table 5. Multicollinearity Test Collinearity Statistics

Model		Tolerance	VIF
1	(Constant)		
	ROA	.949	1.053
	CAR	.728	1.373
	LDR	.577	1.734
	NPL	.593	1.687

Source: Processed data, 2024

Table 5 above shows that the independent variable has a VIF of less than 10. The results of calculating the Tolerance value also show that there is no independent variable that has a Tolerance value of less than 0.1. The test results show that in the regression model there is no multicollinearity.

**c. Heteroscedasticity Test**

The heteroscedasticity test aims to test whether in a regression model there is an inequality of variance from the residuals of one observation to another. A good regression model is one that is homoscedastic or does not have heteroscedasticity. To detect heteroscedasticity, this is done by looking at the pattern on the Scatterplot graph between SRESID and ZPRED. Decision making is done by looking at the points on the graph. If the points on the graph form a certain regular pattern, then heteroscedasticity occurs in the model. If the points form an unclear pattern and spread above and below the number 0 on the Y axis, then heteroscedasticity does not occur.

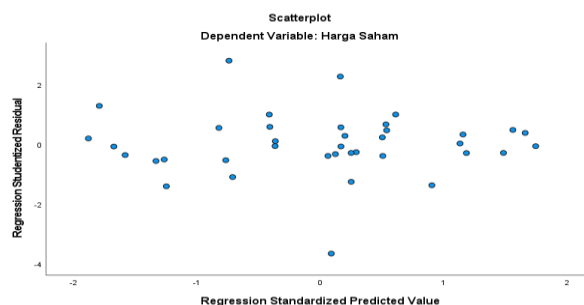


Figure 2. Heteroscedasticity Test Based on Figure 4.1 of the Scatterplot graph above, it can be seen that the points are



spread randomly and do not form a particular pattern. The points on the graph have spread both below zero and above zero on the Y axis.

These results show that in the regression model there is no heteroscedasticity.

**4.2.2 Multiple Linear Regression Test**

Table 6. Multiple Linear Regression Test Unstandardized

Coefficients Model	Standardized			
	(Constant)	B	Std. Error	Beta
1	13.136	.569		
	ROA	.651	.087	.548
	CAR	-.402	.140	-.239
	LDR	-.701	.190	-.345
	NPL	-.222	.074	-.276

Source: Processed data, 2024

Based on the results of multiple regression testing in table 6 the results of multiple regression analysis with panel data can be obtained from the coefficients for the independent variables Capital Adequacy Ratio (X1) .651, Return on Assets (X2) -.402, Loan to Deposit Ratio (X3) -.701, Non-Performing Loan (X4) -.222, constants of so that the regression equation model obtained

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4 + e$$

a = Constant Konstan

b1-b4 = Regression coefficient of each independent variable

Y = Share Price

X1 = Capital Adequacy Ratio (CAR)

X2 = Return on Assets (ROA)

X3 = Loan to Deposit Ratio (LDR)

X4 = Non-Performing Loan (NPL)

e = Error

From the multiple linear regression equation, it can be interpreted as follows:

$$\text{Stock Price} = 8,514 - 0,402 \text{ CAR} + 0,651 \text{ ROA} - 0,701 \text{ LDR} - 0,222 \text{ NPL}$$

The equation above can be explained as follows:

- 1) A constant value of 8.514 indicates that if the CAR, ROA, LDR and NPL variables are zero or constant, then the value of the Stock Price variable is 8.514.
- 2) The regression coefficient for the CAR variable is -0.402 and has a negative sign. This explains that if there is an increase in the CAR variable by 1%, there will be an increase in the Share Price variable by 0.402.

3) The regression coefficient for the ROA variable is 0.651 and has a positive sign. This explains that if there is an increase in the ROA variable by 1%, there will be an increase in the Share Price variable by 0.651.

4) The regression coefficient for the LDR variable is -0.701 and has a negative sign. This explains that if there is an increase in the LDR variable by 1%, there will be an increase in the Share Price variable by 0.701.

5) The regression coefficient for the NPL variable is -0.222 and has a negative sign. This explains that if there is an increase in the NPL variable by 1%, there will be an increase in the Share Price variable by 0.222

**4.2.3 Coefficient of Determination Test**

The coefficient of determination test (R square) aims to measure how far the model's ability to explain variations in the dependent variable. The coefficient of determination has a value between 0-1. The value of the coefficient of determination will be better if it approaches 1. This shows that the independent variables provide almost all the information to predict the dependent variable. The weakness of using R2 is the bias in the number of variables in the model. If there are additional independent variables, the R2 value will increase. Using the Adjusted R2 value is recommended to determine a good regression model. The Adjusted R2 value can decrease or increase if there are additional independent variables in the model.

Table 7. Coefficient of Determination Test (R<sup>2</sup>)

Coefficients Model	Standardized			
	(Constant)	B	Std. Error	Beta
1	13.136	.569		
	ROA	.651	.087	.548
	CAR	-.402	.140	-.239
	LDR	-.701	.190	-.345
	NPL	-.222	.074	-.276

Source: Processed data, 2024

Based on table 7 above, it can be seen that the resulting Adjusted R Square value is 0.813 or 81.3%. This explains that 81.3% of the share price variable is influenced by the CAR (X1), ROA (X2), LDR (X3), and NPL (X4) variables and the remaining 18.7% is influenced by other variables not examined in this research.

#### 4.2.4 Test the Research Hypothesis

The t test is used to determine the effect of each independent variable CAR (X1), ROA (X2), LDR (X3), and NPL (X4) on the partial dependent variable Stock Price (Y). Decision making in the t test is carried out by

comparing the calculated t value with the t table value. If the calculated t value is smaller than the t table value, then the independent variable has no influence on the dependent variable. If the calculated t value is greater than the t table then the independent variable has an influence on the dependent variable. Decision making regarding the t test can also be made by looking at the significance value of the calculation results with the specified significance value. The significance level set is 5% ( $\alpha = 0.05$ ). If the significance value of the calculation results is smaller than specified, then there is a significant influence.

Tabel 8. T Test

Coefficients Model	Standardized			
	(Constant)	B	Std. Err	Beta
1	13.136	.569		
	ROA	.651	.087	.548
	CAR	-.402	.140	-.239
	LDR	-.701	.190	-.345
	NPL	-.222	.074	-.276

Source: Processed data, 2024

Based on the partial test results in table 8 it can be explained as follows:

#### 1) Capital Adequacy Ratio (CAR)

The results of the t test for the CAR variable show a calculated t value of -2.875. The t table value with  $df = 33$  and  $\alpha = 0.05$  is 2.034. These results show that the calculated t value is smaller than the t table ( $-2,875 < 2,034$ ). The significance value of the test results is greater than the set  $0.007 < 0.05$ . Based on this test, it shows that there is a significant negative effect of the ROA variable on share prices.

#### 2) Return On Assets

The results of the t test for the ROA variable show a calculated t value of 7.515. The t table value with  $df = 33$  and  $\alpha = 0.05$  is 2.034. These results show that the calculated t value

is greater than the t table ( $7.515 > 2.034$ ). The significance value of the test results is smaller than the set  $0.000 < 0.05$ . Based on this test, it shows that there is a significant positive effect of the CAR variable on share prices.

#### 3) Loan to Deposit Ratio

The results of the t test for the LDR variable show a calculated t value of -3.684. The t table value with  $df = 33$  and  $\alpha = 0.05$  is 2.034. These results show that the calculated t value is smaller than the t table ( $-3,684 < 2,034$ ). The significance value of the test results is greater than the set  $0.001 < 0.05$ . Based on this test, it shows that there is a significant negative effect of the LDR variable on share prices.

#### 4) Non-Performing Loan

The results of the t test for the NPL variable show a calculated t value of -2.991. The t table value with  $df = 33$  and  $\alpha = 0.05$  is 2.034. These results show that the calculated t value is smaller than the t table ( $-2,991 < 2,034$ ). The significance value of the test results is greater than the set  $0.005 < 0.05$ . Based on this test, it shows that there is a significant negative effect of the NPL variable on share prices.

#### DISCUSSION

##### *The influence of the Capital Adequacy Ratio (CAR) on Stock Price*

Based on tests on the CAR variable, the calculated t value is -2.875 and the t table value is 2.034. These results show that the calculated t value is smaller than the t table value ( $-2.875 < 2.034$ ). The significance value of the CAR variable calculation is greater,  $0.007 < 0.05$ . These results indicate that CAR has a significant negative effect on share prices. So, the hypothesis is rejected. The results of the tests carried out explain that CAR has a negative effect on stock prices. Based on signaling theory, this information can be a negative signal (bad news) received in the market, because a high CAR value indicates high internal capital. The results of this research are different from research [13] which states that the Capital Adequacy Ratio (CAR) has a significant positive effect on share prices.

##### *The Influence of Return on Assets (ROA) on Stock Prices*

Based on tests on the ROA variable, the calculated t value is 7.515 and the t table value is 2.034. These results show that the calculated t value is smaller than the t table value ( $7.515 > 2.034$ ). The significance value for calculating the ROA variable is  $0.000 < 0.05$ . These results indicate that ROA has a significant effect on share prices. Therefore, the hypothesis proposed can be accepted. Significant Return on Assets on share prices is caused by stable market conditions, investor sentiment or supportive economic conditions. The results of research conducted by [7] state that ROA has a significant positive effect on share prices. This is in line with research results [24] which state that ROA has a significant positive effect on share prices. However, different results were shown by [24] who stated that ROA had a significant negative effect on share prices.

##### *The Influence of Loan to Deposit Ratio (LDR) on Stock Prices*

Based on tests on the LDR variable, the calculated t value is -3.684 and the t table value is 2.034. This result shows that the calculated t value is smaller than the t table value ( $-3.684 < 2.034$ ). The significance value of the LDR variable calculation is more than  $0.001 < 0.05$ . These results indicate that LDR has a significant negative effect on share prices. So, the hypothesis is rejected. The results of research conducted by [26] state that the Loan to Deposit Ratio has a significant negative effect on share prices. research by [25] states that the Loan to Deposit Ratio has a significant negative effect on share prices. The results of this research are different from research [27] which states that the Loan to Deposit Ratio has a significant positive effect on stock prices.

##### *The Influence of Non-Performing Loan (NPL) on Stock Prices*

Based on testing on the NPL t variable, the calculated value is -2.991 and the t table value is 2.034. These results show that the calculated t value is smaller than the t table value ( $-2.991 < 2.034$ ). The significance value for calculating the NPL variable is greater than  $0.005 < 0.05$ . These results indicate that NPL has a significant negative effect on share prices. Therefore, the hypothesis is rejected.

Based on the test results, it shows that NPL has a significant negative effect on share prices, because the higher the Non-Performing Loan, the lower the share price in the market. This is because the NPL discussed is non-current credit. The results of this research are in line with research [6] which states that Non-Performing Loans (NPL) have a significant negative effect on stock prices. Research by [28] states that Non-Performing Loans (NPL) have a significant negative effect on share prices. The results of this study are different from research [29] stated that Non-Performing Loans (NPL) have a significant positive effect on share prices.

#### 5. CONCLUSION

Based on the discussion and analysis that has been researched described in the previous chapters, the following conclusions can be drawn: the Capital Adequacy Ratio variable has a significant negative effect on share prices in conventional banks for the 2022 period. The return

on assets variable has a significant positive effect on share prices in conventional banks. 2022 period. The Loan to Deposit Ratio variable has a significant negative effect on share prices in conventional

banks for the 2022 period and the non-performing loan variable has a significant negative effect on share prices in conventional banks for the 2022 period.

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