ABSTRACT

Bank is institution that is able to channel back the funds held by surplus economic units to economic units that require or deficit funding. Therefore, in order to run smoothly the banking institutions had to work well. It is essential for banks to maintain public confidence in its operations for controlling the public trust. One way to acquire bank funding sources in carrying out its business is through bonds. The purpose of this study was to determine the effect of variable CAR, NPL, BOPO, LDR, IER and LOGTA to bank's bond rating during the years 2008-2012 using the CAMELS ratio.

Object of this study is the commercial banks operating in Indonesia in 2008-2012 and registered in PT PEFINDO. The dependent variable used is the ordinal scale variables, namely bond rating issued by PT PEFINDO. Data processing is done by Eviews 3.0 with multi-logistic regression ordered probit using QML (Huber/ White) Standard Error and Covariance. The results showed that CAR and LOGTA has positive and significant effect on bond rating on 1% level significant; BOPO and NPL have negative and significant effect on 10% level significant; whereas, LDR and IER don't have any significant effect on bond ratings.

Keyword: CAR, NPL, BOPO, LDR, IER, LOGTA, BOND'S RATE