



Financial Performance Analysis in Measurement of Bank Soundness Level (Study At PT. Bank Sulutgo 2016-2020 Period).

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ABSTRACT

This study aims to analyze financial performance in measuring bank soundness as measured using the RGEC (Risk Profile, Good Corporate Governance, Earnings, Capital) method at PT. Bank SulutGo period 2016 - 2020. The data analysis method in this study is descriptive analysis with a quantitative approach. The results showed that the Bank's Health Level based on the risk profile factor showed that the bank's NPL was below 2% which was predicated as very healthy, and the LDR was predicated as unhealthy. The Good Corporate Governance factor shows that the bank gets a healthy predicate. The earnings factor shows that the bank's ROA is more than 1.5% which is predicated as very healthy and the bank's NIM is more than 3% which is predicated as very healthy.

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The capital factor shows that the bank's CAR is more than 12% which is predicated as very healthy. So that the assessment of the soundness of the bank at PT. Bank SulutGo seen from the risk profile, good corporate governance, earnings, and capital factors during the 2016 - 2020 period with an average value

of 87.33% included in the "Very Healthy" category or composite rating 1 (PK-1). Research advice that can be given is that the ratios on the bank's financial performance should be improved and maintained so that the health level is maintained to overcome the significant negative influence of changes in bank business conditions and other external factors. For researchers, in order to further expand the scope of assessment of bank soundness by using other financial ratio indicators in measuring bank soundness. and capital during the 2016 - 2020 period with an average value of 87.33% included in the "Very Healthy" category or composite rating 1 (PK-1). Research advice that can be given is that the ratios on the bank's financial performance should be improved and maintained so that the health level is maintained to overcome the significant negative influence of changes in bank business conditions and other external factors. For researchers, in order to further expand the scope of assessment of bank soundness by using other financial ratio indicators in measuring bank soundness. and capital during the 2016 - 2020 period with an average value of 87.33% included in the "Very Healthy" category or composite rating 1 (PK-1). Research advice that can be given is that the ratios on the bank's financial performance should be improved and maintained so that the health level is maintained to overcome the significant negative influence of changes in bank business conditions and other external factors. For researchers, in order to further expand the scope of assessment of bank soundness by using other financial ratio indicators in measuring bank soundness. Research advice that can be given is that the ratios on the bank's financial performance should be improved and maintained so that the health level is maintained to overcome the significant negative influence of changes in bank business conditions and other external factors. For researchers, in order to further expand the scope of assessment of bank soundness by using other financial ratio indicators in measuring bank soundness. Research advice that can be given is that the ratios on the bank's financial performance should be improved and maintained so that the health level is maintained to overcome the significant negative influence of changes in bank business conditions and other external factors. For researchers, in order to further expand the scope of assessment of bank soundness by using other financial ratio indicators in measuring bank soundness. Research advice that can be given is that the ratios on the bank's financial performance should be improved and maintained so that the health level is maintained to overcome the significant negative influence of changes in bank business conditions and other external factors. For researchers, in order to further expand the scope of assessment of bank soundness by using other financial ratio indicators in measuring bank soundness.

PRELIMINARY

Banks are pillars in building the Indonesian economic and financial system because banks have a very important role as an intermediary institution, namely a financial institution that connects funds owned by surplus economic units to economic units that need funding assistance (deficit). Bank performance that goes well will be able to support business growth because the role of the bank here is as a provider of investment funds and working capital for business units in carrying out production functions. The bank's financial performance can be assessed using several assessment indicators. Bank Indonesia Regulation Number 13/1/PBI/2011 dated January 5, 2011 Article 1 Paragraph 4 explains that the soundness of a bank is the result of a bank's assessment of the risk and performance of a bank. Assessment of bank soundness can be done by doing ratio analysis from financial statements. Based on the Circular Letter of Bank Indonesia No. 30/3/UPPB dated April 30, 1997 the implementation of bank soundness assessment can be done by qualifying several components of each factor, namely Capital, Assets, Management, Earnings (Profitability), Liquidity (Liquidity) which is abbreviated as CAMEL which is then added by using measurements on the aspect of Sensitivity to Market Risk (market sensitivity) so that it becomes CAMELS. The rapid development of banking in Indonesia has forced the Indonesian government to change the method of assessing the soundness of banks, which was amended based on Bank Indonesia Circular No. 13/24/DPNP dated October 25, 2011 which in principle is the level of soundness, bank management, and bank business continuity are the full responsibility of bank management. Banks are required to conduct periodic self-assessments on their level of soundness and take corrective measures effectively by using an assessment analysis of Risk factors, Good Corporate Governance (GCG), Earnings (Rentability), and Capital (Capital) or abbreviated with the RGEC

method. The stability and resilience of the national banking system as a whole is considered relatively good, especially with the thick level of capital to anticipate various risks. Banking conditions are relatively good with a positive direction as seen from the increase in the Banking Condition Indicator, relatively high CAR. Profitability is still stable with improving efficiency levels as the BOPO decreases and ROA increases. The development of Commercial Bank ROA in 2016 reached 2.23%, lower than the previous year which reached 2.32%. Meanwhile, the development of Commercial Bank NIM showed an increase in 2016 reaching 5.63% compared to 2015 which only reached 5.39%. In terms of intermediation and banking liquidity, this is reflected in the Loan to Deposit ratio (LDR) of Commercial Banks. The development of Commercial Bank LDR in 2016 reached 90.70%, lower than 2015 which only reached 92.11%. Banking efficiency is reflected in Operating Costs to Operating Income (BOPO) which increased by 82.22% compared to 2015 which only reached 81.49%. Increasing BOPO indicates that banking operations are increasingly inefficient. So that the profit obtained is not so large, it affects the ROA value which shows a decrease. In particular, the performance of the Regional Development Banks throughout Indonesia (BPD-SI) in 2016 continued to show growth. BPD performance is seen from the financial and operational performance is getting better. This can be seen from the various indicators that have been successfully recorded by BPDs throughout Indonesia. For banking profitability, which is indicated by the Return of Assets (ROA) value of BPD, it shows an increase. BPD ROA development in 2016 reached 2.58%, higher than the previous year which reached 2.40%. Meanwhile, the development of BPD NIM showed an increase in 2016 reaching 7.07% compared to 2015 which only reached 6.66%. In terms of Loan to Deposit ratio (LDR) BPD in 2016 reached 93.65%, higher than 2015 which only reached 92.19%. Banking efficiency is reflected in Operational Costs to Operating Income (BOPO) which increased by 78.08% compared to 2015 which only reached 79.57%. The lower the BOPO indicates that banking operations are more efficient. The year 2020 will be the year when world civilization faces something that was never imagined before. The Corona Virus Disease 2019 (COVID-19) outbreak, which was later declared a pandemic, colored the entire course of 2020, especially for the economy and the banking industry which has a financial intermediation function and is one of the pillars supporting economic development. As of August 2020, BPD assets have reached IDR 772.58 trillion, or an increase of 10.46 percent compared to the position in August 2019 which only perched at IDR 699.43 trillion. BPD's credit position reached IDR 476.93 trillion, an increase of 7.14 percent compared to the position in August 2019 which was around IDR 445 trillion. Other than that, Third Party Fund (DPK) collection in August 2020 also increased by 12.07% year on year. It is noted that currently there are 3 BPDs included in Book I, while Book II and Book III have 20 and 4 BPDs, respectively. To determine the level of soundness of banks, especially on the financial performance of Regional Development Banks throughout Indonesia (BPD-SI), the authors appointed 1 Regional Development Bank which is included in the Book II category which has been established for more than 40 (forty) years as the object of research, namely PT . Regional Development Bank of North Sulawesi and Gorontalo or known as Bank SulutGo. Bank SulutGo is a regional bank that continues to grow in order to get the best results in accordance with its vision and mission. Bank SulutGo which has undergone various transformation processes including the replacement of management in 2016. Through the new management, it is hoped that a new era and spirit will be created, which will bring Bank SulutGo to be better and stronger. This change has had an impact on bringing results in the form of increasing profits and being included in BUKU II commercial banks. For Bank SulutGo, 2020 is actually a momentum in responding to the challenges of the conditions due to the COVID-19 pandemic. In the midst of this uncertain situation, Bank SulutGo is trying to make various breakthroughs to be able to strengthen its operations and business, especially in providing banking services for the people in North Sulawesi and Gorontalo. Changing and modifying old ways, to adapting to the impact of the COVID-19 pandemic, became a story that colored Bank SulutGo's journey. Results in 2020 Bank

SulutGo was able to increase its profitability, which of course will be a strong capital for sustainable growth in the future. The Bank periodically measures its ability to generate profits or profits through financial ratios that describe profitability and business efficiency, namely Return on Assets (ROA), Return on Equity (ROE), Return On Investment (ROI), Net Interest Margin (NIM) , Gross Profit Margin (GPM), Net Profit Margin (NPM), and the ratio of Operating Expenses to Operating Income (BOPO). In the midst of global economic uncertainty and slowing economic growth in Indonesia, Bank SulutGo was able to continue to contribute by posting profit before tax year on year (YoY) 2016 - 2020 with an increase of 12.06% for profit before tax and an increase of 21.02% for net profit for the period walk. Financial ratios can provide an illustration that a bank's operational performance has increased or decreased from the previous year and can determine the soundness level of the bank itself as will be discussed in this study, thus indicating that an assessment of the soundness of a bank needs to be used to determine the soundness of a bank. . The factors used to measure the soundness of a bank are the Risk Profile factor (using measurement indicators on credit risk factors using the Non Performing Loan (NPL) formula, market risk (Sensitivity to Market Risk) using the Nett Interest Margin (NIM) formula, and liquidity risk by using the formula Loan to Deposit Ratio (LDR), Loan to Asset Ratio (LAR),

LITERATURE REVIEW

2.1 Theoretical Foundation

2.1.1 Financial Management

According to Musthafa (2017:3) Financial management explains several decisions that must be made, namely investment decisions, funding decisions or decisions to fulfill funding needs, and dividend policy decisions. According to Sartono (2011: 50), the term financial management can be defined as fund management, both related to the effective allocation of funds in various forms of investment as well as efforts to raise funds for investment financing or spending efficiently. The implementer of financial management is the financial manager. Although the function of a financial manager in every organization is not necessarily the same, in principle the main function of a financial manager is to plan, seek, and utilize in various ways to maximize the efficiency (usefulness) of the company's operations. According to Darsono (2011: 101), financial management is the activity of the owner and borrower of the company to obtain the cheapest and cheapest source of capital and use it as effectively, efficiently, and economically as possible to generate profits. Financial management is related to 3 activities, namely:

1. Fund use activities, namely activities to invest funds in various assets.
2. Funding activities, namely activities to obtain sources of funds, both from internal and external sources of funds.
3. Asset management activities, ie after funds are obtained and allocated in the form of assets, funds must be managed as efficiently as possible.

According to Suad Husnan (2012:3) there are 4 main functions of Financial Management, namely:

1. Financial management involves planning, analyzing, and controlling financial activities. Thus, within the company, these activities are not limited to the "Finance Department".
2. Financial managers need to obtain funds from financial markets or financial markets. The funds obtained are then invested in various company activities, to fund company activities. If the activity of obtaining funds means the company issues financial assets, then the activity of investing funds makes the company have real assets.

3. From the activity of investing funds (called investment), the company expects to get a greater return from its sacrifice. In other words, it is expected to obtain "profit". The profit earned needs to be decided to be returned to the owner of the funds (financial market), or to be reinvested in the company.
4. Thus the "financial manager" needs to make decisions about the use of funds (referred to as investment decisions), obtaining funds (referred to as funding decisions), profit sharing (referred to as dividend policy).

2.1.2 Financial Performance

Performance according to Indra Bastian (2006:274) is a description of the achievement of the implementation/program/policy in realizing the goals, objectives, mission and vision of an organization. The concept of financial performance according to Indriyo Gitosudarmo and Basri (2002:275) is a series of financial activities in a certain period that are reported in the financial statements including the income statement and balance sheet. According to Irhan Fahmi (2011:2) financial performance is an analysis carried out to see the extent to which a company has implemented it using financial implementation rules properly and correctly. Company performance is a description of the financial condition of a company which is analyzed with financial analysis tools, so that it can be known about the good and bad financial condition of a company that reflects work performance in a certain period. This is very important so that resources are used optimally in the face of environmental changes. Financial performance appraisal is one way that can be done by the management in order to fulfill its obligations to the funders and also to achieve the goals set by the company.

The benefits of performance appraisal are as follows:

1. To measure the achievements achieved by an organization in a certain period that reflects the level of success of the implementation of its activities.
2. In addition to being used to see the overall performance of the organization, performance measurement can also be used to assess the contribution of a part in achieving the company's overall goals.
3. Can be used as a basis for determining the company's strategy for the future.
4. Provide guidance in decision-making and organizational activities in general and divisions or parts of the organization in particular.
5. As a basis for determining investment policies in order to increase company efficiency and productivity.

The purpose of the company's performance appraisal according to Munawir (2000:31) is as follows:

1. To determine the level of liquidity, namely the company's ability to obtain its financial obligations that must be fulfilled immediately or the company's ability to meet its finances when billed.
2. To determine the level of solvency, namely the company's ability to meet its financial obligations if the company is liquidated, both short-term and long-term financial obligations.
3. To determine the level of profitability or profitibility, which shows the company's ability to generate profits during a certain period.
4. To determine the level of business stability, namely the company's ability to carry out its business in a stable manner, which is measured by considering the company's ability to pay interest on its debts

including repaying the principal on time and the ability to pay dividends regularly to shareholders without experiencing obstacles. or financial crisis.

2.1.3 Definition and Characteristics of Banking

In Law No. 10 of 1998 it is stated that a bank is a business entity that collects funds from the public in the form of savings and distributes it to the public in credit and or other forms in order to improve the standard of living of the people at large. Banks are known as financial institutions whose main activities are accepting demand deposits, savings and time deposits. Meanwhile, according to Kasmir (2007), banks are also known as places to exchange money, transfer money or accept all forms of payments and deposits such as payments for electricity, telephone, water taxes, tuition and other payments. Based on Law No. 10 of 1998 concerning the definition of banking, several characteristics of banks can be seen, including:

a. Bank Function

In general, the main function of banks is to collect funds from the public and channel them back to the public for various purposes. Specifically, banks can function as:

1. *Agent of Trust*

It is an institution based on trust. With trust, people will want to save their funds in banks. In this function, trust will be built both from the depositor and from the bank and this trust will continue to the debtor.

2. *Agent of Development*

Namely institutions that mobilize funds for economic development. Bank activities in the form of collecting and distributing funds are indispensable for the smooth running of economic activities in the real sector.

3. *Agent of Service*

In addition to collecting and distributing funds, banks also offer other banking services to the public. The services offered by the banking sector are related to the general economic activities of the community.

b. Source of funds

To carry out its function as a fundraiser, the bank has several sources, namely:

1. Funds sourced from the bank itself in the form of paid-in capital at the time of establishment.
2. Funds from the general public are collected through banking businesses such as demand deposits, time deposits and tabanas.
3. Funds sourced from financial institutions obtained from loan funds in the form of Liquidity Credit and Call Money (funds that can be withdrawn at any time by the borrowing bank) and meet the requirements.

In PSAK No. 31 concerning Banking Accounting, it is stated that a Bank is an institution that acts as a financial intermediary between parties who have excess funds (surplus units) and parties who need funds (deficit units), as well as an institution that functions to expedite payment traffic. Banks can then be divided and grouped into several sections viewed from various aspects (Kasmir 2011), including:

A. By Type

Banking is divided into two types according to the Republic of Indonesia Law No. 10 of 1998, namely:

1. Commercial Banks, namely banks that carry out their business activities conventionally and or based on sharia principles which in their activities provide services in payment traffic. In addition, commercial banks also act as distributors of short-term credit.
2. Conventional Bank, is a bank that carries out activities of a conventional nature and or based on sharia principles which then in carrying out its activities does not provide services in the form of payment traffic services.

B. Based on Ownership

1. Government-Owned Bank, is a bank whose deed of establishment and capital is owned by the government, so that all profits of this bank are owned by the government as well.
2. National Private Owned Bank, is a bank which is wholly or largely owned by the national private sector and the deed of establishment is also established by the private sector.
3. Foreign-Owned Bank is a branch of a bank abroad, both privately owned and owned by the government in a country.
4. Joint-Owned Bank, is a bank whose share ownership is owned by foreign parties and national private parties. The ownership of this bank is mostly owned by the Indonesian people.

C. Based on Status

1. Foreign Exchange Bank, is a bank that can carry out transactions abroad or related to foreign currencies as a whole.
2. Non-Foreign Exchange Banks are banks that do not yet have a license to carry out transactions as foreign exchange banks, so they cannot carry out transactions like foreign exchange banks.

D. Based on How to Determine the Price

1. Bank based on conventional principles.
2. Bank based on Sharia principles.

Like other companies, banks also have corporate goals that must be achieved through the mission and culture of the company that is implanted. In general, banks also have the same goal as other companies, namely the prosperity of shareholders. In order to achieve this goal, the bank must maximize the level of profit achieved. Because profit is a reflection of the value of a company, including banking (Defrio and Meiranto 2013). In addition to profit, banking is also always faced with risk. The risks that occur can cause the failure of a bank to achieve its goals, this situation is commonly referred to as a risk and return trade off. According to Puspitasari (2003), the risks faced by a bank are credit risk, liquidity risk, interest risk, operating risk and financial risk of capital (insolvency).

2.1.4 Banking Financial Report

In the banking world, the success of a bank can be seen from the success of the bank in maximizing its profits. In addition, the ability of banks to minimize credit risk also needs to be a special benchmark in assessing the health of banks. The lower the risk of automatic credit, the performance and health of the bank can be said to be quite good. Apart from being seen from the profit and risk profile, financial ratios can also be seen and assessed to be a benchmark for assessing bank health. These financial ratios can be seen in the financial statements of banks which are periodically published by banking companies. According to Sunarti (2011), the soundness of a bank is the financial condition and

management of the bank measured by calculating ratios. The soundness of a bank is in the interest of all related parties, namely bank owners and managers, community users of bank services, and Bank Indonesia as the supervisor and supervisor of banks in Indonesia. Meanwhile, Santoso (2006) argues that bank health is a bank's ability to carry out normal banking operations and be able to fulfill obligations properly and in ways that are in accordance with applicable banking regulations.

In Statement of Financial Accounting Concept (SFAC) Number 2, accounting information in financial statements must have several qualitative characteristics, namely:

1. Relevant. In this case, the meaning of relevant is that the information contained in the financial statements must be logical and reasonable. The information contained in it can influence investors to make investment decisions that will later be taken. The 3 main characteristics of relevant information include:
 - a) Timeliness is information that can be available when needed for decision making before it loses its value.
 - b) Predictive value, which is available information that can be used by users to make predictions about what will happen in the future by using events in the past, or currently.
 - c) Feedback (feedback value), is the information that can be used to confirm expectations that occurred in the past.
2. Reliable, which means in this case the information provided by the financial statements must be reliable, free from bias and deviation. The three main characteristics of reliability are as follows:
 - a) Can be verified (verifiability). The purpose of this characteristic is that the information presented in the financial statements, if tested with different methods or methods by an independent party, can produce the same results.
 - b) *Representational Faithfulness*, is the information presented in the financial statements must be presented as is in accordance with the actual situation.
 - c) Neutrality means that the accounting information contained in the financial statements must be neutral and impartial to the interests of any party.
3. Can be compared (comparability). To compare the performance of a company, the information presented by the financial statements of a company must be able to be compared with the information presented in the financial statements of other companies.
4. Consistency (consistency). The information presented must use the same accounting policies and do not change from period to period. If the policy changes from time to time, it will automatically make it difficult for the company to provide accurate information to report users.

2.1.5 Performance Measurement With Banking Financial Ratios

Banking performance can be measured from various influencing factors. One of the influencing factors that is easy to see and analyze is financial ratios. Financial ratios are numbers that have been processed from company financial statement data that show certain criteria for a company's performance or activity. Performance measurement reflects the measurement of the results of strategic decisions, operations and financing within a company. (Muniroh, 2014). To measure performance, it is necessary to use measures such as profitability ratios that measure management effectiveness based on returns generated from sales and investment, growth ratios that measure the company's ability to maintain its economic position in economic and industrial growth. According to Puspitasari (2003),

1. Measurement of rate of growth.
2. Measurement of market share development.
3. Budget variation assessment.
4. Liquidity assessment.
5. Profitability assessment.
6. Business efficiency assessment.
7. Business risk assessment.
8. Assessment of the cost of funds.
9. Credit performance assessment.
10. Business cost efficiency assessment.
11. Case assessment.
12. Bank health assessment.
13. Recapitulation.

Bank Indonesia as the central bank that regulates the entire Indonesian banking sector wants banks to be able to identify problems early and increase vigilance by implementing good risk management. Bank Indonesia then changed the CAMELS assessment system (Capital, Assets Quality, Management, Earning, Liquidity, Sensitivity to Market Risk) to RGEC (Risk Profile, Good Corporate Governance, Earning, and Capital). The new bank soundness assessment, namely RGEC, assesses the risk profile, good corporate governance, earnings (earnings), and capital as stated in PBI Number 13/1/PBI/2011 dated January 5, 2011 concerning Assessment of Commercial Bank Soundness Level. The assessment of the soundness of banks using the RGEC method is described in detail in Bank Indonesia Circular No. 15/15/DPNP dated April 29, 2013. Changes in the business complexity and risk profile of banks as well as considering the rapid development of the banking sector as well as changes in methodology in assessing the condition of banks applied internationally has prompted the need for the implementation of risk management and good corporate governance. The goal is for banks to be able to identify problems early, carry out appropriate and faster follow-up improvements, and implement good corporate governance and risk management (Theresia, 2013). Changes in the business complexity and risk profile of banks as well as considering the rapid development of the banking sector as well as changes in the methodology in assessing bank conditions that are applied internationally have prompted the need for the application of risk management and good corporate governance. The goal is for banks to be able to identify problems early, carry out appropriate and faster follow-up improvements, and implement good corporate governance and risk management (Theresia, 2013). Changes in the business complexity and risk profile of banks as well as considering the rapid development of the banking sector as well as changes in the methodology in assessing bank conditions that are applied internationally have prompted the need for the application of risk management and good corporate governance. The goal is for banks to be able to identify problems early, carry out appropriate and faster follow-up improvements, and implement good corporate governance and risk management (Theresia, 2013).

2.1.6 Bank Health

According to Kasmir (2008:41) bank soundness is the ability of a bank to carry out normal banking operations and be able to fulfill its obligations properly in ways that are in accordance with applicable

banking regulations. The soundness of a bank when viewed from this opinion is the position where the bank can be said to be healthy or not. The financial statements of a bank can reflect the condition and performance of the bank. Banks are required to maintain their soundness level in accordance with the standards set by Bank Indonesia as bank supervisor and supervisor.

2.1.7 Bank Soundness Level

The soundness of a bank is the financial condition and management of a bank measured by calculating ratios. The soundness of the bank is in the interest of all related parties, namely the owner and manager of the bank, the public who use bank services, and Bank Indonesia as the supervisor and supervisor of banks in Indonesia (Sunarti, 2011:144). Bank health is the ability of banks to carry out normal banking operations and be able to fulfill obligations properly and in ways that are in accordance with applicable banking regulations (Santoso, 2006:51).

2.1.8 Method (RGEC Approach)

Based on Bank Indonesia regulation No.13/1/PBI/2011 concerning Commercial Bank Soundness Ratings, Bank Indonesia has established a risk-based Bank Soundness Rating system to replace CAMELS which was previously regulated in PBI No. 6/10/PBI/2004. The complete calculation guideline is regulated in Bank Indonesia Circular Letter (SE) No/13/24/DPNP dated 25 October 2011 concerning Assessment of Commercial Bank Soundness Level. The assessment stages in the RGEC method can be called a bank soundness assessment model with full risk management. If CAMELS is an assessment of Capital, Asset Quality, Management, Earning, Liquidity & Sensitivity to Market Risk, in the assessment of the RGEC approach according to Bank Indonesia Regulation No. 13/1/PBI/2011 Article 7 the assessment factors are:

1. *Risk Profile* (Risk Profile)

Bank Indonesia Regulation No.13/1/PBI/2011 Article 7 paragraph 1 the assessment of the risk profile factors as referred to in Article 6 letter a is an assessment of the inherent risk and quality of risk management implementation in Bank operations carried out on 8 (eight) risks, namely credit risk, market risk, liquidity risk, operational risk, legal risk, strategic risk, compliance risk, reputation risk. This study measures the Risk Profile factor using 3 indicators, namely credit risk factor using the Non Performing Loan (NPL) formula, market risk using the Interest Rate Risk (IRR) formula, and liquidity risk using the Loan to Deposit Ratio (LDR) formula. Loan to Asset Ratio (LAR) and Cash ratio.

2. *Good Corporate Governance* (GCG)

Rating of factors GCG The RGEC approach is based on three main aspects, namely, governance structure, governance process, and governance output. Based on the provisions of Bank Indonesia presented in the Bank Supervision Report (2012:36): "governance structure includes the implementation of the duties and responsibilities of the Board of Commissioners and the Board of Directors as well as the completeness and implementation of committee duties. The governance process includes the bank's compliance function, handling conflicts of interest, implementing internal and external audit functions, implementing risk management including the internal control system, providing funds to related parties and large funds, as well as the bank's strategic plan. The last aspect of governance output includes transparency of financial and non-financial conditions, reports on GCG implementation that meet the principles of Transparency, Accountability, Responsibility, Independence,

Table 2.1. Aspects of Good Corporate Governance (GCG) Assessment.

No.	Aspek yang Dinilai	Bobot
1.	Pelaksanaan Tugas dan Tanggung Jawab Dewan Komisaris	10%
2.	Pelaksanaan Tugas dan Tanggung Jawab Direksi	20%
3.	Kelengkapan dan Pelaksanaan Tugas Komite	10%
4.	Penanganan Benturan Kepentingan	10%
5.	Penerapan Fungsi Kepatuhan Bank	5%
6.	Penerapan Fungsi Audit Intern	5%
7.	Penerapan Fungsi Audit Ekstern	5%
8.	Penerapan Fungsi Manajemen Risiko dan Pengendalian Intern	7,5%
9.	Penyediaan Dana Kepada Pihak Terkait (<i>Related Party</i>) dan Debitur Besar (<i>Large Exposure</i>)	7,5%
10.	Transparansi Kondisi Keuangan dan Non Keuangan Bank, Laporan Pelaksanaan GCG dan Laporan Internal	15%
11.	Rencana Strategis Bank	5%

Sumber : Surat Edaran Bank Indonesia No. 9/12/ DPNP

Table 2.2 Composite Rating**Penilaian Faktor Good Corporate Governance (GCG)**

Nilai Komposit	Predikat Komposit
Nilai Komposit < 1,50	Sangat Baik
$1,50 \geq$ Nilai Komposit < 2,50	Baik
$2,50 \geq$ Nilai Komposit < 3,50	Cukup Baik
$3,50 \geq$ Nilai Komposit < 4,50	Kurang Baik
$4,50 \geq$ Nilai Komposit < 5,00	Tidak Baik

Sumber : Surat Edaran Bank Indonesia No. 9/12/DPNP

3. *Earnings* (profitability)

Bank profitability ratio analysis is a measuring tool to measure the level of business efficiency and profitability achieved by the bank concerned (Lukman Dendawijaya, 2003:119-120). One of the main goals of a bank in general is to make a profit. One way to measure the performance of a bank is to measure the ability of a bank to make a profit.

Profitability ratio analysis is a tool to analyze or measure the level of business efficiency and profitability achieved by the bank concerned (Margaretha, 2009:61).

The purpose of ratio analysis *earnings* according to Kasmir (2008: 197), namely:

- To measure or calculate the profit earned by the company in a certain period
- To assess the company's profit position in the previous year with the current year
- To assess profit development over time
- To assess the amount of net profit after tax with own capital

e) To measure the productivity of all company funds used by the company, both loan capital and own capital.

4. *Capital* (Capital)

Bank Indonesia Regulation No. 13/1/PBI/2011 Article 7 paragraph 2 as referred to in article 6 letter d includes an assessment of the level of capital adequacy and capital management.

Bank capital is the funds invested by the owner in the framework of establishing a business entity which is intended to finance the bank's business activities in addition to complying with the regulations set by the monetary authority (Taswan, 2010:137). Capital adequacy is an important factor for banks to cover current risk exposures and overcome future risk exposures. Capital is also an important factor for banks in developing their business and accommodating the risk of loss. The level of capital adequacy is highly dependent on the asset portfolio. According to Taswan (2010:213) the greater the placement of funds in high-risk assets, the lower the capital adequacy ratio. Conversely, if the placement of funds in low-risk assets can increase the level of capital adequacy.

Capital Adequacy Ratio (CAR) is a bank performance ratio to measure the adequacy of capital owned by a bank to support assets that contain or generate risk. Kasmir (2008:198) explains that CAR is a ratio that shows how far all bank assets that contain risks (credit, investments, securities, claims on other banks) are financed from the bank's own capital funds, both from sources outside the bank, such as public funds, loans (debt), and others.

Table 2.3. Bank Soundness Level Assessment Indicator

Variable	Rating Indicator
Risk Profile	Credit Risk
	$\frac{\text{Kredit kepada Debitur Inti}}{\text{Total Kredit}} \times 100\%$
	$\frac{\text{Kredit Kualitas Rendah}}{\text{Total Kredit}} \times 100\%$
	$\frac{\text{Kredit Bermasalah}}{\text{Total Kredit}} \times 100\%$
	$\frac{\text{Kredit Bermasalah} - \text{CKPN Kredit Bermasalah}}{\text{Total Kredit} - \text{CKPN Kredit Bermasalah}} \times 100\%$
	$\frac{\text{CKPN atas Kredit}}{\text{Total Kredit}} \times 100\%$
	Market Risk
	$\frac{\text{Aset Trading} + \text{Aset Derivatif} + \text{Aset FVO}}{\text{Total Aset}} \times 100\%$
	$\frac{\text{Kewajiban Trading} + \text{Kewajiban Derivatif} + \text{Kewajiban FVO}}{\text{Total Kewajiban}} \times 100\%$
	Liquidity Risk

	$\frac{\text{Pendanaan Non Inti}}{\text{Total Pendanaan}} \times 100\%$
GCG	The results of the implementation of the Bank's GCG principles as stipulated in the provisions of Bank Indonesia and the Financial Services Authority regarding GCG for Commercial Banks which are carried out by self-assessment by the Bank concerned.
Earnings	$\frac{\text{Laba sebelum Pajak}}{\text{Rata-rata Total Aset}} \times 100\%$
	$\frac{\text{Pendapatan Bunga Bersih}}{\text{Rata-rata Total Aset Produktif}} \times 100\%$
	$\frac{\text{Pendapatan Bunga Bersih}}{\text{Rata-rata Total Aset}} \times 100\%$
	$\frac{\text{Pendapatan Operasional selain Pendapatan Bunga (net)}}{\text{Rata-rata Total Aset}} \times 100\%$
	$\frac{\text{Beban Overhead}}{\text{Rata-rata Total Aset}} \times 100\%$
Capital	$\frac{\text{Modal}}{\text{ATMR}} \times 100\%$
	$\frac{\text{Modal Inti (Tier 1)}}{\text{ATMR}} \times 100\%$

Source: Attachment to Financial Services Authority Circular Letter No.14/SEOJK.03/2017.

RESEARCH METHODS

4.1 Types of Research

The type of research in this study is descriptive research with a quantitative approach, explaining the object under study by providing a description or description of the problems that have been identified and carried out intensively and in detail on a company. These variables and measurements serve to limit information that is not related to the research. The variables and measurements in this study are the Bank's Financial Performance and RGEC (Risk Profile, Good Corporate Governance / GCG, Earnings / Profitability, Capital / Capital) or commonly referred to as the RGEC method according to the Circular Letter of Bank Indonesia Number 13/24/DPNP dated October 25, 2011 Regarding the Soundness of Commercial Banks and Circular Letter of the Financial Services Authority No. 14/SEOJK.03/2017 concerning Assessment of Commercial Bank Soundness Level.

4.2 Research Object

The object of research in this research is PT. Bank SulutGo Manado Head Office.

4.3 Data Collection Method

The data used in this study is secondary data, in the form of the SulutGo Bank annual report published in Indonesia <https://www.banksulutgo.co.id/bankreport/list/laporan-tahunan.html> in 2016 -2020. The

data was obtained by downloading the Bank's Annual Report which was sampled during the 2016 - 2020 period and bank financial statements taken from the internal system of Bank SulutGo.

4.3.2 Data Collection Techniques

The steps taken in data analysis are as follows:

1. Analyze the bank's financial performance through the Balance Sheet, Profit/Loss Statement, Cash Flow Statement.
2. Collecting data related to the indicators of the RGEC component and data related to the results of the self-assessment of GCG implementation.
3. Calculating the indicator value of each RGEC component in accordance with Bank Indonesia Circular Letter Number 13/24/DPNP dated October 25, 2011 Regarding Commercial Bank Soundness Level and Financial Services Authority Circular Letter No. 14/SEOJK.03/2017 concerning Assessment of Commercial Bank Soundness Level.
4. Determine the magnitude of the composite value for each RGEC component.
5. Analyze the composite ranking of the RGEC components as a whole based on the results of the composite values that have been obtained.

4.3.3 Data Analysis Method

The data analysis method in financial statement analysis uses an approach based on the Circular Letter of Bank Indonesia Number 13/24/DPNP dated October 25, 2011 regarding the Soundness of Commercial Banks and the Circular Letter of the Financial Services Authority No. 14/SEOJK.03/2017 concerning Assessment of Commercial Bank Soundness Level. The data obtained in this study were analyzed descriptively, the steps used to assess the soundness of the bank for each of its component factors are as follows:

1. Collecting data from the company's financial statements related to research variables.
2. Analysis of the risk profile using 2 indicators, namely credit risk and liquidity risk.
3. Calculate the composite value of each variable.

Calculating Credit Risk

SEOJK No. 14/SEOJK.03/2017, the measurement of Non Performing Loans (NPL) uses the formula:

$$NPL = \frac{\text{Kredit Bermasalah}}{\text{Total Kredit}} \times 100\%$$

Table 4.1 Matrix of NPL Rating Criteria

Rating	Information	Criteria
1	Very healthy	$NPL < 2\%$
2	Healthy	$2\% NPL < 5\%$
3	Healthy enough	$5\% NPL < 8\%$
4	Unwell	$8\% NPL < 12\%$
5	Not healthy	$NPL 12\%$

Source: SEOJK No. 14/SEOJK.03/2017

Calculating Liquidity Risk

SEOJK No. 14/SEOJK.03/2017, the Loan to Deposit Ratio (LDR) measurement uses the formula:

$$LDR = \frac{\text{Pendanaan Non Inti}}{\text{Total Pendanaan}} \times 100\%$$

Table 4.2 Matrix of LDR . Rating Criteria

Rating	Information	Criteria
1	Very healthy	LDR 75%
2	Healthy	75% < LDR 85%
3	Healthy enough	85% < LDR 100%
4	Unwell	100% < LDR 120%
5	Not healthy	LDR > 120%

Source: SEOJK No. 14/SEOJK.03/2017.

Good Corporate Governance

Based on the Circular Letter of Bank Indonesia Number 13/24/DPNP dated October 25, 2011 concerning the Soundness of Commercial Banks and the Circular Letter of the Financial Services Authority No. 14/SEOJK.03/2017 regarding the Assessment of Commercial Bank Soundness Level, the GCG assessment refers to the table below.

Table 4.3 Aspects of Good Corporate Governance Assessment

No.	Rated aspect	Weight
1	Implementation of the duties and responsibilities of the Board of Commissioners	10%
2	Implementation of the duties and responsibilities of the Board of Directors	20%
3	Completeness and implementation of Committee Duties	10%
4	Handling Conflicts of Interest	10%
5	Implementation of the Bank's Compliance Function	5%
6	Implementation of the Internal Audit Function	5%
7	Implementation of the External Audit Function	5%
8	Implementation of Risk Management and Internal Control Functions	7.5%
9	Provision of related third party funds and large debtors (large exposure)	7.5%
10	Transparency of bank's financial and non-financial conditions, GCG implementation reports and Internal Reports	15%
11	Bank Strategic Plan	5%

Source : Bank Indonesia Circular Letter Number 13/24/DPNP.

Table 4.4 GCG Composite Ratings

Composite Value	Composite Predicate
Composite Value < 1.50	Very good
1.50 Composite Value < 2.50	Well
2.50 Composite Value < 3.50	Pretty good
3.50 Composite Value < 4.50	Not good
4.50 Composite Value < 5.00	Not good

Source : Bank Indonesia Circular Letter Number 13/24/DPNP.

Earnings

Calculating Return On Assets (ROA)

SEOJK No. 14/SEOJK.03/2017, the measurement of Return On Assets (ROA) uses the formula:

$$ROA = \frac{\text{Laba Sebelum Pajak}}{\text{Rata - rata Total Aset}} \times 100\%$$

Table 4.5 Matrix of Profitability Rating Criteria (ROA)

Rating	Information	Criteria
1	Very healthy	$ROA > 1.5\%$
2	Healthy	$1.25\% < ROA < 1.5\%$
3	Healthy enough	$0.5\% < ROA < 1.25\%$
4	Unwell	$0\% < ROA < 0.5\%$
5	Not healthy	$ROA < 0\%$

Source : SEOJK No. 14/SEOJK.03/2017.

Calculating Net Interest Margin (NIM)

SEOJK No. 14/SEOJK.03/2017, the measurement of Net Interest Margin (NIM) uses the formula:

$$NIM = \frac{\text{Pendapatan Bunga Bersih}}{\text{rata - rata total aset}} \times 100\%$$

Table 4.6 Profitability Rating Criteria Matrix (NIM)

Rating	Information	Criteria
1	Very healthy	$NIM > 3\%$
2	Healthy	$2\% < NIM < 3\%$
3	Healthy enough	$1.5\% < NIM < 2\%$
4	Unwell	$1\% < NIM < 1.5\%$
5	Not healthy	$NIM < 1\%$

Source : SEOJK No. 14/SEOJK.03/2017.

Capital

Calculating the Capital Adequacy Ratio (CAR)

SEOJK No. 14/SEOJK.03/2017, the measurement of Capital Adequacy Ratio (CAR) uses the formula:

$$CAR = \frac{\text{Total Modal}}{\text{Total ATMR}} \times 100\%$$

Table 4.7 Matrix of Capital Rating Criteria (CAR)

Rating	Information	Criteria
1	Very healthy	$CAR > 12\%$
2	Healthy	$9\% < CAR < 12\%$
3	Healthy enough	$8\% < CAR < 9\%$
4	Unwell	$6\% < CAR < 8\%$
5	Not healthy	$CAR < 6\%$

Source : SEOJK No. 14/SEOJK.03/2017.

Each of the above-mentioned calculations consisting of NPL, LDR, GCG, ROA, NIM, CAR, is ranked, then sets a composite rating for the 2016-2020 bank soundness assessment with the following composite values:

Table 4.8 Composite Value of Bank Soundness Rating

rank 1	Every time the checklist is multiplied by 5
2nd	Every time the checklist is multiplied by 4
Rank 3	Every time the checklist is multiplied by 3
Rank 4	Every time the checklist is multiplied by 2
Rank 5	Each time the checklist is multiplied by 1

Source : SEOJK No. 14/SEOJK.03/2017.

The composite value that has been obtained by multiplying each checklist is then determined by weight by percentage. The weights/percentages to determine the overall composite rating of the components are as follows:

Table 4.9 Composite Rating Weights

Weight (%)	Composite Rating	Information
86-100	PK 1	Very healthy
71-85	PK 2	Healthy
61-70	PK 3	Healthy enough
41-60	PK 4	Unwell
<40	PK 5	Not healthy

Source : SEOJK No. 14/SEOJK.03/2017.

5.1.1 Financial Ratio

Bank SulutGo's Financial Performance Achievements, especially in the Financial Ratios of 2016 - 2020 as the variables in this study.

1. *Capital Adequacy Ratio (CAR)* decreased, from 15.82% in 2019 to 15.99% in 2020, year on year (YoY) decreased 3.98% or based on CAGR (Compound Annual Growth Rate) 2016 - 2020 decreased 2.93 %.
2. *Return on Assets (ROA)* increased from 1.44% in 2019 to 1.60% in 2020, YoY increased by 11.11% but based on CAGR 2016 - 2020 it decreased by 5.43%.
3. *Loan to Deposit Ratio (LDR)* decreased, from 101.59% in 2019 to 91.28% in 2020, YoY decreased by 10.15% or based on CAGR 2016 - 2020 decreased 4.95%.
4. *Net Interest Margin (NIM)* increased from 6.99% in 2019 to 7.42% in 2020, YoY increased by 6.15% but based on CAGR it decreased by 5.36%.
5. *Non-Performing Loans (NPL)* increased from 0.93% in 2019 to 1.88% in 2020, YoY increased by 102.15% and based on CAGR an increase of 39.25%.

5.1.2 Determination of the Bank's Health Composite Rating

Based on the research method conducted by the author, where the assessment of the Bank's soundness level using the RGEC (Risk Profile, Good Corporate Governance, Earnings, Capital) approach, the

following describes the results of the determination of the bank's Health composite rating at PT. Bank SolutGo period 2016-2020. In 2016 the Non Performing Loan (NPL) was 0.50%, meaning that there were 0.50% of the funds included in substandard, doubtful, and non-performing loans from the total credit expansion provided by the bank. The greater the NPL indicates that the bank is not good at selecting prospective debtors. This proves that in 2016 PT. Bank SolutGo is able to carry out the selection process for prospective debtors very well. This is reflected in the bank's ability to increase customer confidence. The NPL value is 0.50% is included in the very healthy predicate or composite level 1 because it does not exceed the maximum limit of 2%. The Loan to Deposit Ratio in 2016 was 111.85%, meaning that every fund raised by the bank can support loans of 111.85% of the total loans. This proves that in 2016 PT. Bank SolutGo can manage deposits in the form of credit up to 111.85% and shows that PT. Bank SolutGo has carried out the intermediation function. LDR growth also shows that banks are able to generate profits in line with increasing credit expansion. The LDR value is included in the unhealthy predicate or composite predicate 4 because it has exceeded the maximum limit of 100%. Good Corporate Governance (GCG) is 2, 49% and obtained a good predicate based on the results of self-assessment in the annual corporate governance report of PT. North Sulawesi Bank. This shows that in 2016 PT. Bank SolutGo performs good management by following the principles of GCG in accordance with the provisions stipulated by Bank Indonesia Regulations and the Financial Services Authority. Return on Assets (ROA) in 2016 is 2%, indicating that the increase in asset productivity levels from the total average asset. This proves PT. Bank SolutGo is able to manage its assets very well so that it can generate net profit. ROA of 2% is in the very healthy predicate or composite level 1 because it exceeds the maximum limit of 1.5%. The Net Interest Margin (NIM) in 2016 was 9.25%, meaning there were 9, 25% net interest income to total earning assets in 2016. The higher the NIM percentage, the higher the net interest income. This proves that in 2016 PT. Bank SolutGo is able to manage productive assets very well so that it can generate net interest. The NIM of 9.25% is in the very healthy predicate or the composite level of 1 because it exceeds the maximum limit of 3%. The Capital Adequacy Ratio (CAR) is 17.11%, indicating the capital owned by PT. Bank SolutGo can anticipate credit risk of 17.11%. The NIM of 9.25% is in the very healthy predicate or the composite level of 1 because it exceeds the maximum limit of 3%. The Capital Adequacy Ratio (CAR) is 17.11%, indicating the capital owned by PT. Bank SolutGo can anticipate credit risk of 17.11%. The NIM of 9.25% is in the very healthy predicate or the composite level of 1 because it exceeds the maximum limit of 3%. The Capital Adequacy Ratio (CAR) is 17.11%, indicating the capital owned by PT. Bank SolutGo can anticipate credit risk of 17.11%.

The bigger the percentage, the better, because the CAR percentage shows the ability of capital to cover possible credit failures. So that the greater the CAR percentage, the better the ability of capital to cover credit. This proves that in 2016 PT. Bank SolutGo is able to finance various operational activities very well and contribute to the company optimally. The CAR of 17.11% is in the very healthy predicate or the composite level of 1 because it exceeds the maximum limit of 12%. So the Health level of PT. Bank SolutGo in 2016 as a whole is included in the "Very Healthy" category or composite rating 1 (PK-1) by obtaining a composite value of 86.67%. So that PT. Bank SolutGo is considered very capable of dealing with significant negative effects from changes in business conditions and other external factors. In 2017 the Non Performing Loan (NPL) was 0.52%, meaning that there were 0.52% of funds included in substandard, doubtful, and non-performing loans from the total credit expansion provided by the bank. The greater the NPL indicates that the bank is not good at selecting prospective debtors. This proves that in 2017 PT. Bank SolutGo is able to carry out the selection process for prospective debtors very well. This is reflected in the bank's ability to increase customer confidence. The NPL value of 0.52% is included in the very healthy predicate or composite level 1 because it does not exceed the maximum

limit of 2%. The Loan to Deposit Ratio in 2017 was 96.35%, This means that every fund raised by the bank can support the loans provided by 96.35% of the total loans granted. This proves that in 2017 PT. Bank SulutGo can manage deposits in the form of credit up to 96.35% and shows that PT. Bank SulutGo has carried out the intermediation function. LDR growth also shows that banks are able to generate profits in line with increasing credit expansion. The LDR value is included in the fairly healthy predicate or composite 3 predicate because it does not exceed the maximum limit of 100%. Good Corporate Governance (GCG) in 2017 was 2.49% and obtained a good predicate based on the results of self-assessment in the corporate governance annual report of PT. North Sulawesi Bank. This proves that in 2017 PT. Bank SulutGo can manage deposits in the form of credit up to 96.35% and shows that PT. Bank SulutGo has carried out the intermediation function. LDR growth also shows that banks are able to generate profits in line with increasing credit expansion. The LDR value is included in the fairly healthy predicate or composite 3 predicate because it does not exceed the maximum limit of 100%. Good Corporate Governance (GCG) in 2017 was 2.49% and obtained a good predicate based on the results of self-assessment in the corporate governance annual report of PT. North Sulawesi Bank. LDR growth also shows that banks are able to generate profits in line with increasing credit expansion. The LDR value is included in the fairly healthy predicate or composite 3 predicate because it does not exceed the maximum limit of 100%. Good Corporate Governance (GCG) in 2017 was 2.49% and obtained a good predicate based on the results of self-assessment in the corporate governance annual report of PT. North Sulawesi Bank. LDR growth also shows that banks are able to generate profits in line with increasing credit expansion. The LDR value is included in the fairly healthy predicate or composite 3 predicate because it does not exceed the maximum limit of 100%. Good Corporate Governance (GCG) in 2017 was 2.49% and obtained a good predicate based on the results of self-assessment in the corporate governance annual report of PT. North Sulawesi Bank. LDR growth also shows that banks are able to generate profits in line with increasing credit expansion. The LDR value is included in the fairly healthy predicate or composite 3 predicate because it does not exceed the maximum limit of 100%. Good Corporate Governance (GCG) in 2017 was 2.49% and obtained a good predicate based on the results of self-assessment in the corporate governance annual report of PT. North Sulawesi Bank.

This shows that in 2017 PT. Bank SulutGo performs good management by following the principles of GCG in accordance with the provisions set by Bank Indonesia Regulations and the Financial Services Authority. Return on Assets (ROA) in 2017 was 2.80%, indicating that the increase in asset productivity levels from the average total assets average. This proves PT. Bank SulutGo is able to manage its assets very well so that it can generate net profit. ROA of 2.80% is in the very healthy predicate or composite level 1 because it exceeds the maximum limit of 1.5%. Net Interest Margin (NIM) in 2017 is 9.60%, meaning that there is 9.60% net interest income to total assets productive in 2017. The higher the NIM percentage, the higher the net interest income. This proves that in 2017 PT. Bank SulutGo is able to manage productive assets very well so that it can generate net interest. The NIM of 9.60% is in the very healthy predicate or the composite level of 1 because it exceeds the maximum limit of 3%. The Capital Adequacy Ratio (CAR) is 16.61%, indicating the capital owned by PT. Bank SulutGo can anticipate credit risk of 16.61%.

The bigger the percentage, the better, because the CAR percentage shows the ability of capital to cover possible credit failures. So that the greater the CAR percentage, the better the ability of capital to cover credit. This proves that in 2017 PT. Bank SulutGo is able to finance various operational activities very well and contribute to the company optimally. The CAR of 16.61% is in the very healthy predicate or the composite level of 1 because it exceeds the maximum limit of 12%. So the Health level of PT. Bank

SulutGo in 2017 seen as a whole is included in the "Very Healthy" category or composite rating 1 (PK-1) by obtaining a composite value of 90.00%. So that PT. In 2018 the Non Performing Loan (NPL) was 1.62%, meaning that there were 1.62% of funds included in substandard, doubtful, and non-performing loans from the total credit expansion provided by the bank. The greater the NPL indicates that the bank is not good at selecting prospective debtors. This proves that in 2018 PT. Bank SulutGo is able to carry out the selection process for prospective debtors well. This is reflected in the bank's ability to increase customer confidence. The NPL value of 1.62% is included in the very healthy predicate or composite level 1 because it does not exceed the maximum limit of 2%. The Loan to Deposit Ratio in 2018 is 102.87%, meaning that every fund raised by the bank can support loans of 102,87% of the total loans granted. This proves that in 2018 PT. Bank SulutGo can manage deposits in the form of credit up to 102.87% and shows that PT. Bank SulutGo has carried out the intermediation function. LDR growth also shows that banks are able to generate profits in line with increasing credit expansion. The LDR value is included in the unhealthy predicate or composite 4 predicate because it has exceeded the maximum limit of 100%. Good Corporate Governance (GCG) in 2018 was 2.49% and obtained a good predicate based on the results of self-assessment in the annual report on corporate governance of PT. North Sulawesi Bank. This shows that in 2018. LDR growth also shows that banks are able to generate profits in line with increasing credit expansion. The LDR value is included in the unhealthy predicate or composite 4 predicate because it has exceeded the maximum limit of 100%. Good Corporate Governance (GCG) in 2018 was 2.49% and obtained a good predicate based on the results of self-assessment in the annual report on corporate governance of PT. North Sulawesi Bank. This shows that in 2018. LDR growth also shows that banks are able to generate profits in line with increasing credit expansion. The LDR value is included in the unhealthy predicate or composite 4 predicate because it has exceeded the maximum limit of 100%. Good Corporate Governance (GCG) in 2018 was 2.49% and obtained a good predicate based on the results of self-assessment in the annual report on corporate governance of PT. North Sulawesi Bank. This shows that in 2018.

PT. Bank SulutGo carries out good management by following the principles of GCG in accordance with the provisions set by Bank Indonesia Regulations and the Financial Services Authority. Return on Assets (ROA) in 2018 was 2.30%, indicating that the increase in asset productivity levels from the average total assets average. This proves PT. Bank SulutGo is able to manage its assets very well so that it can generate net profit. ROA of 2.30% is in the very healthy predicate or composite level 1 because it exceeds the maximum limit of 1.5%. Net Interest Margin (NIM) in 2018 is 8.24%, meaning that there is 8.24% net interest income to total assets productive in 2018. The higher the NIM percentage, the higher the net interest income. This proves that in 2018 PT. Bank SulutGo is able to manage productive assets very well so that it can generate net interest. NIM of 8.24% is in the very healthy predicate or composite level 1 because it exceeds the maximum limit of 3%. The Capital Adequacy Ratio (CAR) in 2018 is 16.49%, indicating the capital owned by PT. Bank SulutGo can anticipate credit risk of 16.49%. The bigger the percentage, the better, because the CAR percentage shows the ability of capital to cover possible credit failures. So that the greater the CAR percentage, the better the ability of capital to cover credit. The Capital Adequacy Ratio (CAR) in 2018 was 16.49%, indicating the capital owned by PT. Bank SulutGo can anticipate credit risk of 16.49%. The bigger the percentage, the better, because the CAR percentage shows the ability of capital to cover possible credit failures. So that the greater the CAR percentage, the better the ability of capital to cover credit. The Capital Adequacy Ratio (CAR) in 2018 was 16.49%, indicating the capital owned by PT. Bank SulutGo can anticipate credit risk of 16.49%. The bigger the percentage, the better, because the CAR percentage shows the ability of capital to cover possible credit failures. So that the greater the CAR percentage, the better the ability of capital to cover credit.

This proves that in 2018 PT. Bank SulutGo is able to finance various operational activities very well and contribute to the company optimally. The CAR of 16.49% is in the very healthy predicate or the composite level of 1 because it exceeds the maximum limit of 12%. So the Health level of PT. Bank SulutGo in 2018 seen as a whole is included in the "Very Healthy" category or composite rating 1 (PK-1) by obtaining a composite value of 86.67%. So that PT. Bank SulutGo is considered very capable of dealing with significant negative effects from changes in business conditions and other external factors. in 2019 Non Performing Loan (NPL) PT. Bank SulutGo of 0.93%, meaning that there are 0.93% of funds included in substandard, doubtful, and loss of total credit expansion provided by banks. The greater the NPL indicates that the bank is not good at selecting prospective debtors. This proves that in 2019 PT. Bank SulutGo is able to carry out the selection process for prospective debtors well. This is reflected in the bank's ability to increase customer confidence. The NPL value of 0.93% is included in the very healthy predicate or composite level 1 because it does not exceed the maximum limit of 2%. The Loan to Deposit Ratio in 2019 is 101.59%, meaning that every fund raised by the bank can support loans of 101.59% of the total loans granted. This proves that in 2019 PT. Bank SulutGo can manage deposits in the form of credit up to 101.59% and shows that PT. Bank SulutGo has carried out the intermediation function. LDR growth also shows that banks are able to generate profits in line with increasing credit expansion. The LDR value is included in the unhealthy predicate or composite 4 predicate because it has exceeded the maximum limit of 100%. Good Corporate Governance (GCG) in 2019 was 2.49% and obtained a good predicate based on the results of self-assessment in the corporate governance annual report of PT. North Sulawesi Bank. This shows that in 2019 PT. Bank SulutGo performs good management by following the principles of GCG in accordance with the provisions set by Bank Indonesia Regulations and the Financial Services Authority. Return on Assets (ROA) in 2019 was 1.44%, indicating that the increase in asset productivity levels from the average total assets average. LDR growth also shows that banks are able to generate profits in line with increasing credit expansion. The LDR value is included in the unhealthy predicate or composite 4 predicate because it has exceeded the maximum limit of 100%. Good Corporate Governance (GCG) in 2019 was 2.49% and obtained a good predicate based on the results of self-assessment in the corporate governance annual report of PT. North Sulawesi Bank. This shows that in 2019 PT. Bank SulutGo performs good management by following the principles of GCG in accordance with the provisions set by Bank Indonesia Regulations and the Financial Services Authority. Return on Assets (ROA) in 2019 was 1.44%, indicating that the increase in asset productivity levels from the average total assets average. LDR growth also shows that banks are able to generate profits in line with increasing credit expansion. The LDR value is included in the unhealthy predicate or composite 4 predicate because it has exceeded the maximum limit of 100%. Good Corporate Governance (GCG) in 2019 was 2.49% and obtained a good predicate based on the results of self-assessment in the corporate governance annual report of PT. North Sulawesi Bank. This shows that in 2019 PT. Bank SulutGo performs good management by following the principles of GCG in accordance with the provisions set by Bank Indonesia Regulations and the Financial Services Authority. Return on Assets (ROA) in 2019 was 1.44%, indicating that the increase in asset productivity levels from the average total assets average. The LDR value is included in the unhealthy predicate or composite 4 predicate because it has exceeded the maximum limit of 100%. Good Corporate Governance (GCG) in 2019 was 2.49% and obtained a good predicate based on the results of self-assessment in the corporate governance annual report of PT. North Sulawesi Bank. This shows that in 2019 PT. Bank SulutGo performs good management by following the principles of GCG in accordance with the provisions set by Bank Indonesia Regulations and the Financial Services Authority. Return on Assets (ROA) in 2019 was 1.44%, indicating that the increase in asset productivity levels from the average total assets average. The LDR value is included in the unhealthy predicate or composite 4 predicate because it has exceeded the maximum limit of 100%. Good

Corporate Governance (GCG) in 2019 was 2.49% and obtained a good predicate based on the results of self-assessment in the corporate governance annual report of PT. North Sulawesi Bank. This shows that in 2019 PT. Bank SulutGo performs good management by following the principles of GCG in accordance with the provisions set by Bank Indonesia Regulations and the Financial Services Authority. Return on Assets (ROA) in 2019 was 1.44%, indicating that the increase in asset productivity levels from the average total assets average. 49% and obtained a good predicate based on the results of self-assessment in the annual corporate governance report of PT. North Sulawesi Bank. This shows that in 2019 PT. Bank SulutGo performs good management by following the principles of GCG in accordance with the provisions set by Bank Indonesia Regulations and the Financial Services Authority. Return on Assets (ROA) in 2019 was 1.44%, indicating that the increase in asset productivity levels from the average total assets average. 49% and obtained a good predicate based on the results of self-assessment in the annual corporate governance report of PT. North Sulawesi Bank. This shows that in 2019 PT. Bank SulutGo performs good management by following the principles of GCG in accordance with the provisions set by Bank Indonesia Regulations and the Financial Services Authority. Return on Assets (ROA) in 2019 was 1.44%, indicating that the increase in asset productivity levels from the average total assets average.

This proves PT. Bank SulutGo is able to manage its assets very well so that it can generate net profit. ROA of 1.44% is in the healthy predicate or composite level 2 because it does not exceed the maximum limit of 1.5%. Net Interest Margin (NIM) in 2019 is 6.99%, meaning that there is 6.99% net interest income to total assets productive in 2019. The higher the NIM percentage, the higher the net interest income. This proves that in 2019 PT. Bank SulutGo is able to manage productive assets very well so that it can generate net interest. The NIM of 6.99% is in the very healthy predicate or composite level 1 because it exceeds the maximum limit of 3%. The Capital Adequacy Ratio (CAR) in 2019 is 15.82%, indicating the capital owned by PT. Bank SulutGo can anticipate credit risk of 15.82%. The bigger the percentage, the better, because the CAR percentage shows the ability of capital to cover possible credit failures. So that the greater the CAR percentage, the better the ability of capital to cover credit. This proves that in 2019 PT. Bank SulutGo is able to finance various operational activities very well and contribute to the company optimally. The CAR of 15.82% is in the very healthy predicate or the composite level of 1 because it exceeds the maximum limit of 12%. So the Health level of PT. Bank SulutGo in 2019 as a whole is included in the "Healthy" category or composite rating 2 (PK-2) by obtaining a composite value of 83.33%. So that PT. Bank SulutGo is considered very capable of dealing with significant negative effects from changes in business conditions and other external factors. year 2020 Non Performing Loan (NPL) PT. Bank SulutGo of 1.88% increased from 2019, meaning that there were 1.88% of funds included in substandard, doubtful, and non-performing loans from the total credit expansion provided by the bank. The greater the NPL indicates that the bank is not good at selecting prospective debtors. This proves that in 2020 PT. Bank SulutGo is quite able to carry out the selection process for prospective debtors well. This is reflected in the bank's ability to increase customer confidence. The NPL value of 1.88% is included in the very healthy predicate or composite level 1 because it does not exceed the maximum limit of 2%. The Loan to Deposit Ratio in 2020 is 91.28%, meaning that every fund raised by the bank can support loans given by 91.28% of the total loans. This proves that in 2020 PT. Bank SulutGo can manage deposits in the form of credit up to 91.28% and shows that PT. Bank SulutGo has carried out the intermediation function. LDR growth also shows that banks are able to generate profits in line with increasing credit expansion. The LDR value is included in the fairly healthy predicate or composite 3 predicate because it does not exceed the maximum limit of 100%. Good Corporate Governance (GCG) in 2020 was 2.49% and obtained a good predicate based on the results of self-assessment in the corporate governance annual report of PT. North Sulawesi Bank.

This shows that in 2020 PT. Bank SulutGo performs good management by following the principles of GCG in accordance with the provisions set by Bank Indonesia Regulations and the Financial Services Authority. Return on Assets (ROA) in 2020 is 1.60%, indicating that the increase in asset productivity levels from the average total assets average. This proves PT. Bank SulutGo is able to manage its assets very well so that it can generate net profit. ROA of 1.60% is in the very healthy predicate or composite level 1 because it exceeds the maximum limit of 1.5%. Net Interest Margin (NIM) in 2020 is 7.42%, meaning that there is 7.42% net interest income to total assets productive in 2020. The higher the NIM percentage, the higher the net interest income. This proves that in 2020 PT. Bank SulutGo is able to manage productive assets very well so that it can generate net interest. NIM of 7.42% is in the very healthy predicate or composite level 1 because it exceeds the maximum limit of 3%. The Capital Adequacy Ratio (CAR) in 2020 is 15.19%, indicating the capital owned by PT. Bank SulutGo can anticipate credit risk of 15.19%.

The bigger the percentage, the better, because the CAR percentage shows the ability of capital to cover possible credit failures. So that the greater the CAR percentage, the better the ability of capital to cover credit. This proves that in 2020 PT. Bank SulutGo is able to finance various operational activities very well and contribute to the company optimally. The CAR of 15.19% is in the very healthy predicate or the composite level of 1 because it exceeds the maximum limit of 12%. So the Health level of PT. Bank SulutGo in 2020 as a whole is included in the "Very Healthy" category or composite rating 1 (PK-1) by obtaining a composite value of 86.67%. So that PT. Bank SulutGo is considered very capable of dealing with significant negative effects from changes in business conditions and other external factors. Health Level at PT. Bank SulutGo for the period 2016 - 2022 received a composite rating of 1 (PK-1) or "Very Healthy" which reflects the condition of the bank which is generally very healthy, so it is considered very capable of facing significant negative effects from changes in business conditions and other external factors, as well as shows that the company is very capable of achieving its vision and mission in a sustainable manner. The results of this study are consistent with previous research by Chindy Dwi Jayanti, et al. (2017) which states that to determine the soundness of a bank, it is done by analyzing financial statements and taking financial ratios to be included in the composite rating according to the Bank Indonesia Circular Letter Number 13/24/DPNP dated October 25, 2011 Regarding the Soundness of Commercial Banks and Financial Services Authority Circular Letter No. 14/SEOJK.03/2017 concerning Assessment of Commercial Bank Soundness Level.

CONCLUSION

From the results of data analysis and discussion in Chapter V, the conclusions in this study are as follows:

1. Bank Soundness Level Assessment at PT. Bank SulutGo seen from the risk profile indicator in the 2016 period received a composite rating of 3 (PK-3) or "Healthy Enough", the 2017 period received a composite rating of 2 (PK-2) or "Healthy", the 2018 period received a composite rating of 3 (PK-3) or "Healthy Enough", the 2019 period received a composite rating of 3 (PK-3) or "Healthy Enough", the 2020 period received a composite rating of 2 (PK-2) or "Healthy".
2. Bank Soundness Level Assessment at PT. Bank SulutGo seen from the indicators of Good Corporate Governance (GCG) in the 2016 - 2020 period received a composite rating of 2 (PK-2) or "Healthy".
3. Bank Soundness Level Assessment at PT. Bank SulutGo seen from the Earnings (Rentability) indicator in the 2016 - 2020 period received a composite rating of 1 (PK-1) or "Very Healthy".

4. Bank Soundness Level Assessment at PT. Bank SulutGo seen from the Capital indicator in the 2016 - 2020 period received a composite rating of 1 (PK-1) or "Very Healthy".
5. Bank Soundness Level Assessment at PT. Bank SulutGo seen from the indicators of risk profile, good corporate governance, earnings, and capital for the period 2016 - 2020 received a composite rating of 1 (PK-1) or "Very Healthy", reflecting the management of PT. Bank SulutGo has implemented generally good Governance. This can be seen from the adequate fulfillment of the principles of Good Corporate Governance, so that it is considered very capable of facing significant negative effects from changes in business conditions and other external factors. In the event that there are weaknesses in the application of the principles of Governance, in general, these weaknesses are less significant and can be resolved by normal actions by the Management of PT. North Sulawesi Bank.

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