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FINANCIAL PERFORMANCE ANALYSIS AT BANK OF SOUTHEAST SULAWESI PROVINCE

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ABSTRACT

This study aims to determine and analyze financial performance in terms of the ratio of Capital Adequacy Ratio (CAR), Non-Performing Loans (NPL), Operating Costs and Operating Income (BOPO), Loan To Deposit Ratio (LDR), and Return On Assets (ROA) at PT. Regional Development Bank 2018-2022. The types of data used in this research are quantitative data and qualitative data. The data source used in this study is secondary data, namely data on bank financial ratios: Capital Adequacy Ratio (CAR), Non-Performing Loans (NPL), Operating Costs and Operating Income (BOPO), Loan To Deposit Ratio (LDR), and Return On Assets (ROA). The data collection method used in this study is a documentary technique. The data analysis technique used in this study uses financial ratio analysis with a quantitative descriptive approach. The results of the research show the financial performance of PT. Regional Development Banks for the 2018-2022 period are measured using CAR, NPL, BOPO, LDR, and ROA ratios in the healthy category.

Keywords: ***Financial Performance Analysis, CAR Ratio, NPL, BOPO, LDR, ROA***

INTRODUCTION

Economic development that is balanced with competition that is so fierce and competent, demands that PT. The Regional Development Bank develops a company strategy to develop PT. Regional Development Banks as a form of association mostly have goals that must be achieved to fulfill their interests. PT. Regional Development Banks are required to be able to create and increase corporate value and manage existing production factors effectively and efficiently. The continuity of the company's operations is a performance measure for PT. Regional Development Bank as opposed to the bankruptcy of PT. Regional Development Bank in improving performance.

PT performance Regional Development Banks can also reflect the success of work that has been achieved by a Bank. To assess the performance of a bank, it is necessary to evaluate the financial performance of the bank and assess it using financial statement analysis. Analysis of company financial statements is an important tool for understanding a bank's financial performance. The information obtained from the Bank's financial reports can be used as a basis for making decisions taken by the Bank's internal parties, namely as the basis for the Bank's financial management to improve the effectiveness and efficiency of operations. Meanwhile, for external parties, an analysis of the company's financial statements can be used as a basis for making investment decisions and providing loans to a bank.

PT. The Regional Development Bank also reflects the success of the work that has been achieved. To assess the performance of the Bank, it is necessary to analyze financial performance using financial statement analysis. Analysis of company financial statements is an important tool for understanding a bank's financial performance. PT. Regional Development Banks can be known from the company's financial statements. Financial reports, as defined by Fahmi (2012), are information that describes the state of a company's financial statements.

Meanwhile, according to Harahap (2015: 105) financial reports are a process of financial reporting. Complete financial statements usually consist of a balance sheet, income statement, statement of changes in financial position, notes, or other reports with explanatory material which are an integral part of the financial statements. Financial ratios are the process of comparing numbers in financial statements by dividing one number by another, according to Kasmir (2012).

This study uses financial ratios, namely the liquidity ratio where this ratio has a fairly close relationship with the company's ability to earn profits, and the Loan to Deposit Ratio (LDR), one of the components of the liquidity ratio, is used in this study. The solvency ratio is used because in developing a company a source of funding is needed and the Capital Adequacy Ratio (CAR) is a comparison between the amount of current debt and capital. Operating income operating costs (BOPO) is the efficiency ratio used to measure management's ability to control operating expenses against operating income. The profitability ratio (ROA) is what shows how much the assets contribute to creating net profit. In other words, this ratio is used to measure banking's ability to generate profit or profits.

From a comparative description of the ratios of CAR, gross NPL, BOPO, LDR, and ROA from 2017-2019, the performance of the company PT. Bank Pembangunan Daerah Province of Southeast Sulawesi has decreased from year to year. This is due to unfavorable financial performance every year.

Several previous studies related to financial performance analysis were conducted by Lizi Manimpurung (2014) entitled financial performance analysis using CAMEL at PT. Regional Development Bank in 2009-2012 using the CAMEL method. The results of the analysis show that the financial performance of PT. Regional Development Banks for CAR, KAP, PPAP, ROA, BOPO, and LDR ratios are categorized in the healthy group. It is different from the research conducted by Rhamadan Recly Bima (2016) which shows that the liquidity ratio uses LDR where the condition of the Bank's financial performance is not good.

LITERATURE REVIEW

Definition of Financial Statements

The Indonesian Accounting Association defines financial reports as part of the financial reporting process which usually includes a balance sheet, income statement, and statement of financial position (which can be presented in various ways, for example, a cash flow statement, or a flow of funds report), notes and other reports and explanatory material which is an integral part of Tinandri's financial reports (2020:69).

According to Financial Accounting Standards (SAK), financial reports are a process of financial reporting. Complete financial statements usually consist of an income statement, balance sheet, or statement of financial position which can be presented in various ways, for example as reports, cash flows, or reports on flows of funds, notes, and other reports and explanatory material which are an integral part of the financial statements. In general, the financial statements of a company in an accounting period can be used to describe the company's financial performance (Wiratna Sujarweni 2017:90).

Financial reports are a consequence of bookkeeping interactions that are used as a tool to communicate financial information or action information (Munawir 2020:70). According to Harahap (2020) defines that financial reports describe the financial condition and results of operations of a company at a certain time or a certain period. The types of financial statements that are commonly known are the balance sheet, income statement, or results of operations, statement of cash flows, and statement of changes in financial position. According to Werner R. Murhadi (2019: 1) financial reports are the language of business. Financial reports contain information about the company's financial condition to users. By understanding a company's financial statements, various interested parties can see the condition of a company's financial health. Another definition of a financial report is a document that describes a company's financial condition or the performance of a company at a certain time (Raymond Budiman 2020).

Purpose of Financial Statements

The purpose of financial reports is to provide information about the financial position, performance, and changes in the financial position of an enterprise that is useful to a wide range of users in making economic decisions. (Prastowo 2015:3)

The purpose of financial reports is to determine the liquidity of an organization in gathering fast monetary commitments, to determine the solvency of an organization in collecting long and temporary monetary commitments, and to measure productivity. Company in generating profits with all it's working capital Munawir (2012: 31).

Financial reports are intended as an information tool that is useful for investors or creditors in terms of making an investment or credit decisions (Hery (2017: 4). The types of decisions made by decision-makers vary widely, as do the decision-making methods they use, and must be able to gain an understanding of the financial condition and operational results of their company through financial reports.

Benefits of Financial Statements

According to Fahmi (2012: 5), various benefits will be obtained from the existence of financial reports in a company, which states that financial reports are provided by company management so that they can assist shareholders and interested parties in the decision-making process, and are useful as an illustration of company conditions which can be a tool for predicting future conditions. With the existence of a decision-making process for interested parties for the future progress of the company in the future, it will provide benefits to the financial statements themselves.

The purpose and benefits of financial reports are to provide information about the financial position, performance, and cash flows of entities that are useful for most users of financial statements to make economic decisions (Anastasia, Diana and Lilis Sekawati 2017:17). As a form of accountability for the use of the resources entrusted to him, financial reports are prepared.

Financial Performance

According to Irham Fahmi (2012: 2), the company has implemented financial implementation rules properly and correctly by analyzing financial reports to see the financial performance. Meanwhile, according to Rudianto (2013: 189), the results and achievements that have been obtained by company management in carrying out their intermediation in managing company assets effectively for a certain time are the results of a company's financial performance.

According to Isna and Ayu (2015: 78), financial performance is one of the most important issues studied in public sector organizations including the government, since the implementation of performance-based budgeting, all governments are required to be able to produce good government financial performance to see, efficiency, effectiveness, and economy.

Meanwhile, Wiratna (2017: 71), financial performance is the result of evaluating work that has been completed and comparing the results with predetermined criteria for each job that has been completed needs to be assessed or measured periodically. And according to Munawir (2017: 30), the company's financial performance is one of the bases for assessing the company's financial condition which is carried out based on an analysis of the company's financial ratios.

Financial performance is a description of the company's financial condition at a certain time regarding aspects of raising funds or channeling funds, which are usually measured by Hutabarat (2020) indicators, liquidity, capital adequacy, and profitability. The company's success can be seen in the company's financial performance, which can be interpreted as the result of various activities. Financial performance can be defined as an examination of the application of company implementation rules to determine the extent of finance properly and correctly (Fahmi, 2020:2).

Financial Ratios

According to Kasmir (2014: 104), financial reports require financial ratios to compare numbers. The components of one financial statement can be compared with the components of other financial statements. The numbers that are compared can then be numbers from one period or several periods.

Meanwhile, the meaning of financial ratios according to Irham Fahmi (2012: 107) is stated as follows. These financial ratios are very important for investigating the monetary condition of an organization. Investors prefer short-term financial conditions and the company's ability to pay adequate dividends. Calculating the financial ratios that meet your needs is a simpler way to learn this information.

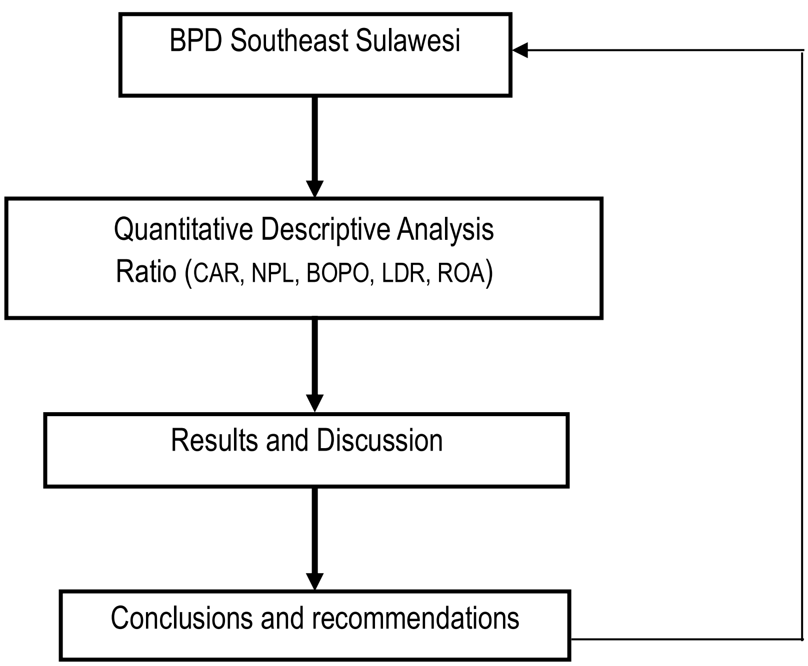
According to Halim (2016: 63), financial reports are reports that are expected to provide information about the company, and combined with other information, such as industry, and economic conditions, can provide a better picture of prospects and risks.

According to James and Kasmir (2020), this means that the financial ratio is a file that connects two book keeping numbers and is obtained by isolating one number from another. Things that need to be done to evaluate the condition and financial performance company is financial ratio analysis. The health condition of the company concerned will be seen after the ratio analysis is carried out.

Conceptual Framework

In this study, financial performance is measured using the financial ratios Capital Adequacy Ratio (CAR), Non-Performing Loans (NPL), Operating Expenses and Operating Income (BOPO), Loan To Deposit Ratio (LDR), and Return On Assets (ROA) based on regulations Indonesia Number 6/10/PBI/2004 dated 12 April 2004.

Figure 1. Research Conceptual Framework



RESEARCH METHODS

Research Object

The objects of this study are the variables Capital Adequacy Ratio (CAR), Non-Performing Loans (NPL), Operating Costs and Operating Income (BOPO), Loan To Deposit Ratio (LDR), and Return On Assets (ROA) at PT. Regional Development Bank for the 2018-2022 period.

Data Type

The types of data used in this study are:

1. Quantitative data is data obtained in the form of numbers, namely the financial statements of PT. Regional Development Banks that have been audited for the 2018-2022 period.
2. Qualitative data is data obtained from PT. Regional Development Bank in the form of information that is not in the form of numbers. This qualitative data includes performance analysis and an overview of PT. Regional development banks.

Data Source

The source of data used in this study is secondary data, namely data on bank financial ratios: Capital Adequacy Ratio (CAR), Non-Performing Loans (NPL), Operating Costs and Operating Income (BOPO), Loan To Deposit Ratio (LDR), and Return On Assets (ROA). The data is taken from the Annual Report of PT. Regional Development Banks that have been audited for the 2018-2022 period.

Method of Collecting Data

The data collection method used in this study is a documentary technique. The documentary technique is a data collection technique by collecting, studying, and analyzing secondary data, namely data regarding the ratio analysis of Capital Adequacy Ratio (CAR), Non-Performing Loans (NPL), Operational Costs, and Operating Income (BOPO), Loan To Deposit Ratio (LDR), Return On Assets (ROA) Financial Statements of PT. Regional Development Bank downloaded from the Annual Report site of PT. Regional Development Banks that have been audited for the 2018-2022 period.

Data Analysis Technique

Data analysis is an important part of the research process. The data analysis technique used in this study uses financial ratio analysis with a quantitative descriptive approach, namely explaining the financial performance of PT. Regional Development Bank for the 2018-2022 period. By performing calculations using ratio analysis.

RESEARCH RESULT AND DISCUSSION

Calculation of Financial Ratios

Calculation of financial ratios used in this study is Capital Adequacy Ratio (CAR), Non-Performing Loans (NPL), Operating Costs and Operating Income (BOPO), Loan To Deposit Ratio (LDR), and Return On Assets (ROA) using a time series approach which aims to determine and analyze the financial performance of PT. Regional development banks. Where the financial ratios are obtained from the 2018-2022 financial reports. The calculation of the Capital Adequacy Ratio (CAR) at PT. Regional Development Banks for 2018-2022 are presented in the following table

Table1. CAR At Pt. Regional Development Banks
As of December 31, 2018-2022 Period (In Million Rupiah)

Year	Total capital	ATMR	Results %	Information
2018	IDR 1,008,856	IDR 3,832,219	26.32%	Healthy
2019	IDR 1,177,022	IDR 4,683,872	25.12%	Healthy
2020	IDR 1,295,212	IDR 5,060,568	25.59%	Healthy
2021	IDR 1,441,598	IDR 5,722,100	25.19%	Healthy
2022	IDR 1,596,671	IDR 5,850,116	27.29%	Healthy

Source: Secondary data processed in 2023

According to Sudiyatno and Suroso 2010, the Capital Adequacy Ratio is the proportion of bank execution to measure the adequacy of capital owned by a bank to assist resources that contain or create opportunities, for example, lending. The greater the CAR, the greater the Bank's capital capacity, but too high a CAR can also indicate idle funds, which means many disruptive funds cannot be utilized by bank management to increase income. The following is the CAR ratio under BI provisions No 10/15/PBI/2008 of 8%.

CAR capital adequacy ratio Based on Table 1 it can be seen that the CAR of PT. Regional Development Banks in the 2018-2022 period always experience fluctuations. Where in 2019 it decreased by 1.2% to 25.12% from 2018 of 26.32%. This decrease was mainly due to the achievement of net profit which fell compared to the previous year which was accompanied by an increase in RWA. Furthermore, in 2020 CAR increased by 0.47% to 25.59% from 2019. This was due to the increased amount of capital. Furthermore, in 2021 CAR has improved (decreased) by 0.4 to 25.19% from 2020 which was caused by an increased number of risks that reduced profits at the bank. The highest increase occurred in 2022, an increase of 2.1% to 27.29% compared to the previous year. This increase was due to the addition of core capital so that the financial performance of PT. Regional Development Banks as measured using the Capital Adequacy Ratio (CAR) are included in the healthy criteria in covering possible risks that may occur to the Bank, even though they experience fluctuations that are still profitable. This is in line with Bank Indonesia regulation No 10/15/PBI/2008 of 8%. That way the bank management must continue to optimize the net profit received each year to maintain sufficient capital which will later be distributed to the community and anticipate the emergence of risks that occur in banks.

Table 2. NPL PT. Regional Development Bank
As of 31 December 2018-2022 Period (In Million Rupiah)

Year	Problem Credit			Number of Non-Performing Loans	Credit Amount	NPLs	Information
	Not that smooth	Doubtful	Congested				
2018	4,792	4,025	67.62	76,437	5,407,346	1.41%	Healthy
2019	4,443	3.147	73,383	80,973	6,467,351	1.25%	Healthy
2020	7,669	7.171	80036	94,876	7,003,371	1.35%	Healthy
2021	4,379	7,913	74,804	87,093	7,665,552	1.14%	Healthy
2022	2,185	6,984	73,193	82,362	8,338,655	0.99%	Healthy

Source: Secondary data processed in 2023

According to Kasmir (2016), Non-performing loans are one of the ratios used to measure bank performance, where the lower the level of the NPL ratio, the lower the level of non-performing loans so that the bank's performance is said to be good.

The ratio of non-performing loans based on Table 2 shows the percentage level of non-performing loans at PT. The Regional Development Bank from 2018-2022 has experienced fluctuating movements, this is marked by the demand for credit by the public increasing every year and is still in a very safe condition because the NPL position is still below the regulatory limit set by Bank Indonesia No. 06/10/PBI of 2004 NPL is a maximum of 5%. In 2019 the NPL was 1.25% or decreased by 0.16% from 2018. This was because the increase in the number of new loans was higher than the increase in non-performing loans, so this would encourage PT. Regional Development Banks to continue to increase the collection of non-performing loans and increase the number of new loans and increase efforts to improve substandard and doubtful loans and maintain current credit so that the quality does not decrease.

However, in 2020 there was an increase in the number of non-performing loans compared to 2019, this was due to increased substandard loans and bad loans caused by debtors' failure to pay their obligations due to the influence of the Covid-19 pandemic that debtors generally experienced a decrease in income. Furthermore, in 2022 PT. The Regional Development Bank succeeded in achieving an NPL ratio of 0.99% which showed a decrease from the previous year which reached 1.14%. The 2022 Non-Performing Loan (NPL) improved at a presentation of 0.99% compared to 2021. This condition is supported by collection and restructuring efforts that are going well. This shows that PT. Regional Development Banks have succeeded in maintaining and improving their credit quality and have succeeded in reducing the risk of non-performing loans. Thus, PT. Regional Development Banks can increase customer confidence and strengthen their position in financial markets. In addition, the decline in the NPL ratio can also affect the performance of PT. Regional Development Bank as a whole. So it is expected that PT. Regional Development Banks are to continue to carry out strict monitoring so that the growth of the NPL ratio remains below 5%, as well as maintaining and maintaining the trust of customers. Regional Development Banks have succeeded in maintaining and improving their credit quality and have succeeded in reducing the risk of non-performing loans.

Table 3. BOPO PT. Regional Development Banks
As of 31 December Period 2018-2022 (In Millions of Rupiah)

Year	Operating Expenses	Income operational	Results	Information
2018	666,909	963,855	69.19%	Healthy
2019	779,031	111.5262	69.85%	Healthy
2020	662,911	1,004,644	65.98%	Healthy
2021	699,477	1,062,883	65.80%	Healthy
2022	757,910	1,147,891	66.03%	Healthy

Source: Secondary data processed in 2023

Based on Bank Indonesia's regulatory standards NO 13/1/PBI/2011 the maximum percentage of the BOPO ratio at a bank is 93.52%. According to Hasibuan (2012), BOPO is a bank's efficiency ratio that measures operating expenses to operating income. The higher the BOPO, the less efficient the bank's operations will be.

The BOPO ratio based on Table 3 shows the BOPO level at PT. The Regional Development Bank from 2018-2022 has experienced changing movements, wherein 2018 it was 69.19% then it increased in 2019 by 69.85% this happened because the bank's operational expenses also increased but this was still reasonable because it was followed by increased operating income and the BOPO ratio still showed a healthy category according to bank regulations Indonesia No 13/1/PBI/2011. Furthermore, in 2020 BOPO decreased by 3.87% to 65.98% from 2019, this was due to an increase in bank operating income and was followed by a decrease in bank operating expenses further in 2021 the BOPO ratio decreased by 0.18% to 65, 80% from 2020 this was due to an increase in the level of operating income, but in 2022 the BOPO ratio again increased by 0.23% to 66,03% followed by bank operating expenses which increased but were still in the healthy category because operating income was greater than operating expenses which increased and decreased every year. So that the bank management must further increase the bank's operating income as much as possible so that it is not greater than the bank's operational expenses.

Table 4 LDR PT. Regional Development Bank
As of 31 December 2018-2022 Period (In Million Rupiah)

Year	Total Third Party Credit	Total Third Party Funds	Results	Information
2018	5,407	5,334	101.37%	Not healthy
2019	6,467	6,796	95.16%	Healthy
2020	7.003	8,047	87.03%	Healthy
2021	7,670	9,867	77.73%	not healthy
2022	8,339	9,885	84.36%	Healthy

Source: Secondary data processed in 2023

Based on Bank Indonesia regulation standard No 15/7/PBI/2013, the minimum percentage of LDR ratio in banks is 78% and the maximum limit is 100%. Kasmir (2014) says that LDR is the ratio used to measure the proportion of credit given to public funds and used own capital. Kasmir (2014) states that a bank's safe LDR limit is around 80% while the maximum limit is 110%.

Based on Table 4 it can be seen that the LDR in 2018-2022 has always fluctuated where in 2018 it was 101.37%, then it experienced an improvement of 6% to 95.16% in 2019, then in 2020 also the LDR ratio at PT. Regional Development Banks experienced an improvement of 14% to 87.03%, this was because the amount of credit disbursed was less than the total funds received by the bank from third-party funds, as well as in 2021 which experienced improvements from 2020 of 10% to 77.73%, this occurred because the demand for credit or financing had not recovered due to the impact of the Covid-19 Pandemic which resulted in credit growth being dominated by consumer loans. However, in 2022 the LDR ratio will increase from the previous year of 7% to 84.36%, this happens because the Company prioritizes the intermediation function by maintaining the LDR ratio at an optimal point.

This value indicates the level of PT. Regional Development Banks are sufficient for future business growth under Bank Indonesia decision N0 17/11/PBI/2015 of 110% so that PT. The Regional Development Bank can strengthen its position in the financial market and make a greater contribution to regional economic growth. It is hoped that PT. Regional Development Banks pay more attention to the amount of credit disbursed is higher than the amount of funds received, so it is necessary to pay attention to providing credit to customers.

Table 5. ROA PT. Regional development banks
As of December 31, 2018-2022 Period (In Million Rupiah)

Year	Profit After Tax	Total Assets/Assets	Results	Information
2018	216,886	7,050,027	3.07%	Healthy
2019	251,477	10,003,054	2.51%	Healthy
2020	260,031	10,597,047	2.45%	Healthy
2021	271,542	12,056,268	2.25%	Healthy
2022	302,918	13,241,277	2.28%	Healthy

Source: Secondary data processed in 2023

Kasmir (2016) Return On Assets (ROA) is a ratio to assess a bank's ability to make a profit. The profitability ratio also provides a measure of the level of effectiveness of bank management. this is shown by profit, where profitability is the most important indicator to measure the performance of a bank.ROA is important for PT. Regional Development Banks because it is used to evaluate how well they are using their assets to generate profits. This ROA is a profitability ratio that shows a comparison between profit (after tax) and total bank assets, the higher the ROA, the better the bank can utilize its assets to make a profit.

Based on Table 5, it can be seen that ROA in 2019 decreased by 0.56% to 2.51% from 2018, then in 2021 the ROA ratio improved by 0.2% to 2.25% from 2020, which was caused by a decrease in net income received from total assets due to the excessive amount of loans given which were not matched by repayments of loans which caused interest income to be received to decrease. So the percentage of net profit compared to total assets is small, even though it decreases every year it is still within the healthy standards set by Bank Indonesia No.13/30/DPNP dated 16 December 2011, then in 2022 ROA will increase by 0.03 to 2.28% from the previous year. This was due to an increase in third-party funds and credit expansion. Which was followed by an increase in net profit income from 2021 even though the ROA at PT. Regional Development Bank during 2018-2022 shows that PT. The Regional Development Bank has succeeded in utilizing its productive assets effectively and efficiently to generate optimal income. Good ROA level at PT. The Regional Development Bank shows that this bank has healthy financial performance and can provide optimal benefits for shareholders and customers. In addition, the ROA value of PT. Regional Development Banks are also above the industry average at 1.5% according to OJK banking statistics.

DISCUSSION

Capital Adequacy Ratio (CAR)

Capital Adequacy Ratio (CAR) is the minimum capital provision for Banks based on asset risk, both assets listed on the balance sheet and administrative assets as reflected in contingent obligations or commitments provided by the Bank for third parties or market risk. Based on Bank Indonesia regulation No 10/15/PBI/2008 of 8%.

CAR capital adequacy ratio at PT. Regional Development Bank Based on Table 1 it can be seen that the CAR of PT. Regional Development Banks in the 2018-2022 period always experience fluctuations. Where in 2019 it decreased by 1.2% to 25.12% from 2018 of 26.32%. The decrease was mainly due to the achievement of net profit which fell compared to the previous year. Furthermore, in 2020 CAR increased by 0.47% to 25.59% from 2019. Then in 2021, CAR experienced an improvement (decrease) by 0.4 to 25.19% from 2020. The highest increase occurred in 2022, an increase of 2.1% to 27.29% compared to the previous year. This increase was due to the addition of core capital so that the financial performance of Pt.

From the description above it can be seen that the CAR at PT. Regional Development Banks can be categorized as healthy because the average CAR value is 25.90% or greater than (> 15%) based on OJK Circular Letter No/03/2019, the greater the capital value, the greater the bank's ability to deal with potential losses

This research is in line with research conducted by Badarulia and Nurfadilla Ayu (2017). Utilizing the ratio of liquidity, solvency, and efficiency, analysis of financial performance at PT. Mandiri Syariah Bank. The purpose of this research is to examine the financial performance of PT. Based on the ratio of liquidity, solvency, and efficiency from 2012 to 2016, Bank Syariah Mandiri The type of examination used in this study is a different exploration using a quantitative methodology. The information collection strategy used is documentation procedure, library, and documentation method, and the information checking method used is to break down the proportion of liquidity, dissolvability, and proficiency. The results of this study indicate that: first, the bank's financial performance in the liquidity ratio for the 2012-2016 period shows that the financial performance of PT. Bank Syariah Mandiri is good because the bank can pay debts that are due. Second, seen from the solvency ratio at Mandiri Islamic banks for the 2012-2016 period it was solvable because it was able to cover possible failures in providing financing and also in refusing some loans to customers. Third, bank monetary execution is seen from the proportion of effectiveness, Bank Syariah Mandiri is in good condition because its value is more than 1.5%. The similarity between this research and the research that will be carried out is that they both use documentation data collection techniques. The difference between this research and the research that will be conducted is in the object and the research year period.

Non-Performing Loans (NPL)

According to Kasmir (2016), Non-performing loans are one of the ratios used to measure bank performance, where the lower the NPL ratio, the lower the level of non-performing loans, so the bank's performance is said to be good.

Non-Performing Loans Ratio PT. Regional Development Banks based on table 2 shows the percentage level of Non-Performing Loans at PT. The Regional Development Bank from 2018-2022 has experienced fluctuating movements, this is marked by the demand for credit by the public increasing every year and is still in a very safe condition because the NPL position is still below the regulatory limit set by Bank Indonesia regarding NPL, namely a maximum of 5%. In 2019 the NPL was 1.41% or decreased by 0.16% from 2018. This was because the increase in the number of new loans was higher than the increase in non-performing loans, so this would encourage PT.

However, in 2020 there was an increase in the number of non-performing loans compared to 2018, this was due to increased substandard loans and bad loans caused by debtors' failure to pay their obligations due to the influence of the Covid-19 pandemic that debtors generally experienced a decrease in income. Furthermore, in 2022, Bank Sultra managed to achieve an NPL ratio of 0.99%, which showed a decrease from the previous year which reached 1.14%. This shows that Bank Sultra has succeeded in maintaining and improving its credit quality and has succeeded in reducing the risk of non-performing loans. Thus PT. Regional Development Banks can increase customer confidence and strengthen their position in financial markets. In addition, the decline in the NPL ratio can also affect the performance of PT. Regional Development Bank as a whole.

From the description above it can be seen that for the value of Non-Performing Loans (NPL) at PT. Regional Development Banks can be categorized as healthy because the average NPL ratio is around 1.22% (<5%). Based on OJK Circular Letter No/03/2019, the higher the NPL ratio, the unhealthy the bank's performance, and vice versa, the lower the NPL ratio, the bank's performance can be said to be healthy.

This research is in line with research conducted by Jayanti Mandasari, (2015). Financial performance analysis uses the RGEC method approach to state-owned banks for the 2012-2013 period. The purpose of this study was to analyze the financial performance of state-owned banks (BNI, BRI, BTN, and Bank Mandiri) for the 2012-2013 period using the RGEC method approach (Risk Profile, Good Corporate Governance, Earnings, Capital). The analytical tool used is the RGEC method (Risk Profile, GCG, Earning, and Capital). While this research method uses descriptive with a quantitative approach.

The population of this study was all state-owned banks registered in the Bank Indonesia directory, which had annual reports for the period 2012 to 2013. The data collection techniques used were documentation techniques and library techniques. The results showed that the overall financial performance of state-owned banks during the 2012-2013 period in terms of risk profile, namely by analyzing credit risk as represented by a good NPL ratio and from the analysis of liquidity risk as represented by the LDR ratio it can be said to be quite liquid. Meanwhile, in terms of Good Corporate Governance (GCG), the bank's performance is very good. As well as the overall financial performance in terms of Profitability (Earning), namely by analyzing the ratio of ROA or profit based on assets and NIM Ratio or management's ability to control the Bank's costs is said to be good. And the overall financial performance in terms of capital by analyzing the ratio of capital to (RWA) which is represented by calculating the ratio of the Bank's Capital Adequacy Ratio is said to be good. The similarities between this research and the research that will be carried out are both using descriptive methods with a quantitative approach. The difference between this research and the research that will be conducted is in the object and the research year period.

Operational Costs and Operating Income (BOPO)

Operating Expenses Operating Income (BOPO) is income (expenses) obtained from (spending for) bank business activities originating from (Financial Services Authority, 2021). The low value of BOPO illustrates that banks are more efficient when incurring related operational costs, so the problems that arise are smaller. On the other hand, the higher the BOPO value, the less profit the bank gets, which means that the bank cannot manage its operational activities effectively.

Operational Costs and Operating Income are used as a measure of a bank's ability regarding its operations, and BOPO is used as a comparison of all operational costs to the income that has been earned by the Bank. The efficiency of this ratio can be said to be good if the figure is below 93.52%.

The BOPO ratio based on Table 3 shows the BOPO level at PT. The Regional Development Bank from 2018-2022 has experienced changing movements, wherein 2018 it was 69.19% then it increased in 2019 by 69.85% this happened because the bank's operational expenses also increased but this was still reasonable because it was followed by increased operating income and the BOPO ratio still showed a healthy category under the provisions Bank Indonesia No 06/10/PBI of 2004. Furthermore, in 2020 BOPO decreased by 3.87% to 65.98% from 2019, then in 2021 the BOPO ratio decreased by 0.18% to 65.80% from In 2020 this was due to an increase in the level of operating income, but in 2022 the BOPO ratio again increased by 0.23% to 66,03% followed by bank operating expenses which increased but were still in the healthy category because operating income was greater than operating expenses which increased and decreased every year.

From the description above it can be seen that for the value of the BOPO ratio at PT. Regional Development Banks can be categorized as healthy because the average BOPO value is 67.37% or less than (<90%) meaning that the lower the BOPO, the better the bank's performance. Based on the ratio of Operational Costs to Operating Income (BOPO), during 2018-2022, PT. Bank Pembangunan Daerah has good management quality in controlling operating costs against operating income Based on BI provisions No 13/PBI/2011.

This research is in line with research conducted by Lizi Manimpurung, (2014). Financial Performance Analysis Using Camel at PT. Bank Rakyat Indonesia (Persero) Tbk. This study aims to analyze the financial performance of PT Bank Rakyat Indonesia/BRI (Persero) Tbk in 2009-2012. The research method used is a quantitative descriptive method, with an analytical tool, namely the CAMEL ratio (CAR, KAP, PPAP, NPM, ROA, BOPO, and LDR). The type of data used is secondary data in the form of bank financial reports issued from 2009-2012 sourced from the Company's website. The analysis reveals that BRI's financial performance is in the healthy group for CAR, KAP, PPAP, NPM, ROA, BOPO, and LDR ratios. The similarities between this research and the research that will be carried out are both using secondary data in the form of published financial reports and using quantitative descriptive methods. The difference between this research and the research that will be conducted is in the object and the research year period.

Loan To Deposit Ratio (LDR)

According to Ginoga & Syahwani (2022) Loan to Deposit ratio (LDR), is a tool for assessing the health of a bank, so it is necessary to pay attention to LDR in channeling funds to the public. Kasmir (2014) says that LDR is the ratio used to measure the proportion of credit given to public funds and used own capital. Kasmir (2014) states that a bank's safe LDR limit is around 80% while the maximum limit is 110%.

Based on table 5.4 it can be seen that the LDR of PT. Regional Development Banks in 2018-2022 always experience fluctuation where in 2018 it was 101.37%, then experienced an improvement of 6% to 95.16% in 2019, then in 2020 also the LDR ratio at PT. The Regional Development Bank experienced an improvement of 14% to 87.03%, as well as in 2021 which experienced an improvement from 2020 of 10% to 77.73%, this occurred because demand for credit or financing had not recovered due to the impact of the Covid-19 Pandemic which resulted in credit growth being dominated by consumer loans. However, in 2022 the LDR ratio will increase from the previous year by 7% to 84.36%, this value shows the level of PT.

Based on the description above it can be seen for the value of the LDR ratio at PT. Regional Development Banks experienced fluctuations in early 2018 tending to increase then in the following year experienced improvement but at the end of 2022, it increased again so that the LDR ratio can be categorized as healthy because the average value of the LDR ratio is 89.13% or smaller (<110%). Refer to PBI No 17/11/PBI/2015.

This research is in line with research conducted by Suprotul Azwa and Sulisti Afriani (2016). Financial Performance Analysis at PT. Sharia People's Financing Bank (BPRS) Muamalat Harkat Sukaraja. This study aims to determine the financial performance of Muamalat Harkat Sukaraja Sharia People's Financing Bank (BPRS). While the analysis uses quantitative methods using financial ratios. The results showed that the financial performance of PT. Sharia People's Financing Bank (BPRS) Muamalat Harkat Sukaraja in terms of liquidity (LDR ratio) in 2013 was 143.82% unhealthy and in 2014 it increased to 99.73% to be healthy. In terms of solvency (CAR ratio), it is healthy, namely in 2013 it was 14.49% and in 2014 it was 12.72%.

Meanwhile, in terms of profitability, the bank's financial performance is healthy, both ROA and BOPO ratios. The ROA ratio in 2013 was 4.34% and in 2014 it was 2.58%. The value of the BOPO ratio in 2013 was 51.43% and in 2014 it was 58.29%, due to being able to utilize existing assets to obtain maximum profit and carry out cost efficiency well. The similarity between this research and the research that will be conducted is that both use quantitative methods using financial ratios. The difference between this research and the research that will be conducted is in the object and the research year period. The similarities between this research and the research to be conducted are that both use quantitative methods using financial ratios. The difference between this research and the research that will be conducted is in the object and the research year period. The similarities between this research and the research to be conducted are that both use quantitative methods using financial ratios. The difference between this research and the research that will be conducted is in the object and the research year period.

Return On Assets (ROA)

Kasmir (2016) Return On Assets (ROA) is a ratio to assess a bank's ability to make a profit. The profitability ratio also provides a measure of the level of effectiveness of bank management. This is shown by profit, where profitability is the most important indicator to measure the performance of a bank. ROA is important for PT. Regional Development Bank because ROA is used to measure the effectiveness of a bank in generating profits by utilizing its assets. This ROA is a profitability ratio that shows a comparison between profit after tax and total bank assets, the higher the ROA, the more the bank can utilize its assets properly to gain profit.

Based on table 5 it can be seen that the ROA of PT. Regional Development Banks in 2019 decreased by 0.56% to 2.51% from 2018, then in 2021 the ROA ratio experienced an improvement of 0.2% to 2.25% from 2020, although it decreased every year it is still within the healthy standards set by Bank Indonesia No.13/30/DPNP December 16 2011, then in 2022 ROA increased by 0.03 to 2.28% from 2021 even though the ROA on PT. The Regional Development Bank during 2018-2022 shows that PT. The Regional Development Bank has succeeded in utilizing its productive assets effectively and efficiently to generate optimal income. Good ROA level at PT. The Regional Development Bank shows that this bank has healthy financial performance and can provide optimal benefits for shareholders and customers. In addition, the ROA value of PT. Regional Development Banks are also above the industry average at 1.5% according to OJK banking statistics. This shows that PT. Regional Development Banks can compete with other banks in the banking industry and have the ability to generate higher income from their productive assets.

From the description above it can be seen for the ROA ratio value at PT. Regional Development Banks can be categorized as healthy because the average value is 2.51% or greater (> 1.5%), meaning that PT. Regional Development Banks can obtain profits so it can be concluded that the performance of PT. Regional Development Banks in terms of CAR, NPL, BOPO, LDR, and ROA ratios during 2018-2022 have been going well. So it is expected that the bank management will always maintain the bank's performance in the coming year.

Krisniawati's research (2016) is consistent with this study. Financial Performance Analysis at PT. Bank Mandiri (Persero) Tbk. This research was conducted to analyze the financial performance of PT. Bank Mandiri (Persero) Tbk. In the form of an annual report of PT Bank Mandiri (Persero) Tbk, this study utilizes secondary data obtained from The Indonesia Capital Adequacy Ratio website. From 2011 to 2015, Bank Mandiri (Persero) Tbk. Financial performance metrics such as Return on Assets (ROA) ratio and Capital Asset Management Earning Liquidity (CAMEL) ratio, which includes Capital Adequacy Ratio (CAR), are used to check the data, Useful Assets Ratio (KAP), Net income (NPM), ratio Operating expenses operating income (BOPO) and Loan To Deposit Ratio (LDR). The results showed that the financial performance based on the ratio of Return on Assets (ROA) at Bank Mandiri (Persero) Tbk was categorized as healthy with an average ROA value of 3.46% of the financial performance standard provisions of 1.215%. Based on CAMEL analysis for CAR, KAP, NPM, BOPO, and LDR ratios, the bank's financial performance is categorized as healthy. The similarities between this research and the research that will be carried out are both using secondary data in the form of published financial reports. While the differences between this research and the research that will be conducted are found in the object and year of the research period.

Research Limitations

Based on the research that has been done, there are several limitations in this study as follows:

1. This research is only a time series, so it cannot be generalized to different objects and periods.
2. This study only uses 5 years, namely 2018-2022 using an annual report, so these results cannot generalize the research results.
3. This research is limited to only a few variables, so the results will be different if several different variables are used.

CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on the results of research and discussion, several conclusions can be put forward, including:

1. PT. Regional Development Banks, which are measured using the Capital Adequacy Ratio (CAR) ratio, are included in the healthy criteria in covering possible risks that may occur in the Bank. This can be seen with an average CAR ratio of 27.29% or greater than (> 15%). This means that the bank can provide sufficient capital to provide funds used to overcome risks to the bank in the current period.
2. PT. Regional Development Banks as measured using the Non-Performing Loan (NPL) ratio included in the healthy criteria as indicated by the NPL ratio below 5%, thus Pt. The Regional Development Bank has succeeded in maintaining and improving its credit quality and has succeeded in reducing the risk of non-performing loans so that PT. Regional Development Banks can increase customer confidence and strengthen their position in financial markets. In addition, the decline in the NPL ratio can also affect the performance of Bank Sultra as a whole.
3. PT. Regional Development Banks, which are measured using the BOPO ratio, are included in the healthy criteria, which is indicated by an average BOPO of 66.03% or less than (<93.52%) because operating income is greater than the bank's operating expenses.
4. PT. Regional Development Banks as measured using the LDR ratio are included in the healthy criteria as indicated by an average LDR of 84.36% or less (<85%). This happened because Bank Sultra prioritized the intermediation function by maintaining the LDR ratio at an optimal point, this value shows that the level of Pt. Regional Development Banks are adequate for future business growth so that they can strengthen their position in the financial market and make a greater contribution to regional economic growth.
5. PT. Regional Development Banks, which are measured using the ROA ratio, are included in the healthy criteria, as indicated by an average ROA of 2.28% or greater (> 1.5%), which indicates that PT. Regional development banks are sufficient for future business growth so that they can strengthen their position in the financial market and make a greater contribution to regional economic growth.

Suggestion

Based on these conclusions, suggestions that can be given by the authors in this study are as follows:

1. For bank management to be able to maintain the ratio values of CAR, NPL, BOPO, LDR, and ROA under the provisions of Bank Indonesia and POJK. Thus, PT. Regional Development Banks can maintain and even improve their performance.
2. For further research, the results of this study are used as a comparison and reference material for research, it is better if the next researcher adds variables and uses more than five years.

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