Risk-Based Bank Rating (RBBR) Method Using Risk Profile, Good Corporate Governance, Earning, and Capital (RGEC) Factors as an Assessment of Bank Health: Case Study of PT Bank Pembangunan Daerah Jawa Timur Tbk Period 2018-2022

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ABSTRACT: Banks play a very important role in driving the wheels of the country's economy because they provide credit access facilities and provide interest rates to people who want to save. Through Bank Indonesia Regulation Number 13/1/PBI/2011, Bank Health Level Assessment using the Risk-Based Bank Rating (RBBR) method using Risk Profile, Good Corporate Governance, Earning, and Capital (RGEC) factors is a method for assessing how healthy a bank is. This research wants to assess the health level of Bank Jatim through the financial ratios in the Financial Report. The data used are ROA, ROE, NPL-Gross, LDR, BOPO, NIM, CAR, and the results of GCG self-assessment reporting which follow factors. As a result, the Risk Profile factor decreased in 2020 and 2021 and improved in 2022. The Earnings factor decreased in 2021 and 2022 compared to 2019. The GCG factor increased in 2019 but the trend is stagnant until 2022. The Capital factor decreased in 2019 and experienced a positive increase from 2020 to 2022.

KEYWORDS: RBBR, RGEC, Bank Jatim, Financial Report, Bank Health

I. INTRODUCTION

Banks have a very important role in the economy because they provide various financial services to individuals and companies. Banking activities such as depositing money or withdrawing money can be done using various types of accounts, such as checking or savings accounts. But apart from that, banks provide access to credit to personal and business borrowers. Savings made by individuals are used to lend on long-term debt. This money from Third Party Funds (TPF) will be used to provide capital to borrowers in the form of debt.

The main goal of a bank, like any other company, is to maximize its profits. Banks achieve this by charging interest rates on loans and debts compared to the interest rates on savings, checking accounts, and deposits. The bank's investment in loans originating from TPF is very vulnerable if the amount between the two is not equal. The interest rate ratio of public savings, like people keeping their money in their accounts, is higher than the bank's income from providing credit to the public, making the bank suffer losses from the bank's main activities.

The banking world also experienced problems from 1997 to 1998 which we usually call the Monetary Crisis. Bank liquidity difficulties caused the Indonesian Rupiah exchange rate to decline against the United States Dollar, which caused the Finance Ministry of Indonesia to take over bank management and revoke the licenses of 16 private banks because the BLBI amount exceeded 200% (Tarmidi, 1999). The Monetary Crisis also resulted in the emergence of Law Number 10 of 1998 concerning banking, which states that banks are done to maintain their health level following the provisions of capital adequacy, asset quality, management quality, liquidity, profitability and solvency, as well as bank business activity related following the precautionary principle (Indonesia, 1998). According to Bank Indonesia (2004) Circular Letter Number 6/23/DPNP dated 31 May 2004 which is based on Bank Indonesia Regulation number 6/10/PBI/2004 concerning the Bank Health Level Assessment System, the assessment of the bank's health level is a qualitative assessment of various aspects that influences the condition or performance of a bank through assessing aspects of capital, asset quality, management, profitability, liquidity and sensitivity to market risk. The assessment of bank

health regulated in the circular previously used the CAMEL method. Assessing the level of bank health using the CAMEL method includes the factors of Capital, Asset, Management, Earning, and Liquidity.

Apart from the Monetary Crisis in 1998, financial problems also occurred in 2008. This crisis resulted in interest rates decreasing to increase the value of investment and consumption (Sugema, 2012). Therefore, Bank Indonesia through the 2011 Bank Indonesia Regulation Number 13/1/PBI/2011 explains that in banking reports, banks are required to include a report containing the applicable RGEC factors while revoking the Regulation of Bank Indonesia number 6/10/PBI/2004 concerning the Bank Health Level Assessment System which still uses the CAMEL method as factors for assessing bank health level.

Bank Jatim is included in the category of Regional Development Banks whose majority shares are held by the East Java Provincial Government. Bank Jatim is also the spearhead of the East Java Provincial Government to move the economic sector in the banking sector which directly provides funding in the form of credit to the community. Every business unit has business risks, including the banking sector. Therefore, this research examines the health level of Bank Jatim using the RBBR method which uses the RGEC factor.

II. LITERATURE REVIEW

A. Bank

Banks are characterised as financial organisations that do business by receiving donations from the public, redistributing those donations back to the public, and offering other banking services. In the meantime, any business engaged in financial sector operations that primarily involves the collection, distribution, or both of funds is referred to be a financial institution. According to Kasmir, banks also serve as financial middlemen, bridging the gap between those with money to spare and those without it (2015). Based on Republic of Indonesia Law No. 10 of 1998 concerning banking, Banks are companies that take in savings from the general public and disburse them to the public in the form of credit or other products in an effort to raise many people's standards of life. It is clear that a bank is an organisation that works in the financial industry.

B. Financial Report

Based on PSAK No. 1 concerning the Presentation of Financial Reports Financial reports are an organised portrayal of a company's financial situation and performance (Ikatan Akuntansi Indonesia, 2015). Financial reports are a vital source of information for evaluating a company's progress. Financial reports can be used to evaluate the company's goals for the future as well as its previous and current accomplishments.

According to Kasmir (2015), in a simple sense, Financial reports display the state of the company's finances either now or throughout a specific period. Susilo (2009) states that the financial report, which includes lists displaying the financial position and results of the business's operations for a single period, profit and loss statements, balance sheets, and financial change reports, is the end product of the accounting process and provides information about the economic data of the company.

C. Bank Health

Throughout Indonesian banking history, many techniques have been employed to evaluate a bank's health. Capital, Asset Quality, Management, Earnings, and Liquidity (CAMEL) was the initial approach used. Capital, Asset Quality, Management, Earnings, Liquidity, and Sensitivity to Market Risk (CAMELS) is the result of the evolution of the CAMEL approach. Banks in Indonesia currently employ the Risk Profile, Good Corporate Governance, Earnings, and Capital (RGEC) approach. Calculated ratios are used in the Banking Financial Report to illustrate the health of the banks. This computed ratio will offer an evaluation of the bank's overall health.

The CAMEL model was initially presented in February 1991 in relation to the traits of prudent bank management. On October 27, 1998, the CAMEL technique was released as a result of policy. To assess a bank's overall health, the CAMEL approach considers capital, asset quality, profits, liquidity, and management. On January 1, 1997, CAMEL was developed to CAMELS for the first time in America. In Indonesia, CAMELS emerged at the close of 1997 as a reaction to the monetary and economic crises. Indonesian commercial banks' financial performance is examined and assessed using CAMELS analysis. Regulation Number 6/10/PBI/2004 of Bank Indonesia pertaining to the Bank Health Level assessment system regulates CAMELS analysis.

D. RGEC Factors

Following that, Bank Indonesia (2011) published Bank Indonesia Circular Letter No. 13/24/DPNP and Bank Indonesia Regulation Number 13/1/PBI/2011, which both went into effect in January 2012 and superseded the previous approach to evaluating the health of banks, which first adopted the CAMELS method in favour of the RGEC method. The components of the RGEC method are utilised to determine the health of the bank.

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1) Risk Profile (R) Factor:

Following OJK laws, bank operations are subject to eight inherent risks: risks associated with credit, markets, liquidity, operations, law, strategy, compliance, and reputation. However since credit and liquidity risk are the only ones that may define the Risk Profile Factors, only these two risks are covered in this study.

$$NPL = \frac{Non-Performing\ Loans}{Total\ Credits} \times 100\%$$

(1)

The Non-Performing Loan ratio is used to calculate credit risk. The risk that results from the debtor and/or counter-party's carelessness in meeting their financial commitments to the bank is known as credit risk (Harahap and Sofyan, 2007). This ratio contrasts the total amount of existing loans with non-performing loans. Loans to non-banking third parties that are judged subpar, dubious, and non-performing are known as non-performing loans. Banks aren't given all the credit; other parties are.

$$LDR = \frac{Total\ Credit}{third-party\ funds} \times 100\%$$

(2)

Liquidity risk is the possibility that the Bank won't be able to meet maturing commitments arising from cash flow funding sources, or at least from extremely liquid assets that are guaranteed and won't negatively impact the Bank's operations or financial position. Liquidity risk can be quantified using the loan deposit ratio, or LDR. By dividing Total Credit by Third Party Funds, LDR can be computed. Money acquired because of the Bank from time deposits, savings accounts, and current accounts is referred to as third-party funds.

2) Good Corporate Governance (G) Factor:

Hadiwijaya, Lahindah and Pratiwi (2016) argue that A company's activities are guided and controlled by a set of procedures known as good corporate governance (GCG), which enables the business to operate in accordance with stakeholder expectations. Five fundamental principles—Transparency, Accountability, Responsibility, Independence, and Justice—form the foundation for the use of GCG in the banking field (Christian, Tommy, and Tulung, 2017). GCG can be implemented to promote performance excellence in the Bank's business operations.

3) Earning (E) Factor:

$$ROA = \frac{Gross\ Profit}{Average\ total\ assets} \times 100\%$$

(3)

The earning factor is used to gauge how well management is generating profits. The lower this ratio is, the less competent bank management is at managing assets to boost profits and/or cut expenses. ROA is a tool for measuring bank performance in terms of the efficiency with which the bank uses its assets to generate profits. According to Harahap and Sofyan (2017), Asset turnover as determined by sales volume is referred to as ROA. The higher the ROA percentage, the better it is because it indicates that asset turnover is fast enough and the profits generated will also be greater (Bak Jatim).

$$ROE = \frac{Net\ Profit}{Total\ Credits} \times 100\%$$

(4)

The ratio known as return on equity (ROE) gauges how profitable a bank's invested capital can be. A greater ratio signifies the bank's ability to produce higher earnings for its shareholders based on the capital that has been invested.

$$NIM = \frac{Net\ interest\ income}{average\ of\ total\ productive\ assets} \times 100\%$$

(5)

Interest income decreased by interest expense equals net interest income (annualized) being aware of the profit-generating potential of producing assets. The bank's ability to make money from interest earned through lending is demonstrated by the NIM ratio, considering that banks are very dependent on interest income (spread). Bank income is obtained from the operation of distributing funds on credit to deficit economic units or the public which will later generate interest. This interest is what the bank recognizes as its income after deducting interest costs. Reducing fund costs is a way to increase NIM earnings. The interest that the bank pays to the appropriate bank's source of funding is known as the cost of funds.

$$BOPO = \frac{Operational\ Expense}{Operational\ Income} \times 100\%$$

(6)

The operational activity of the bank is measured by the BOPO Ratio. Operational Expenditure to Operational Income, or BOPO for short, is a ratio that is frequently used to evaluate how efficiently a bank operates. Operational income is the interest received from clients, and operational expenditure is the interest paid to customers. A lower BOPO figure indicates a healthier and more efficient operating model for the bank.

4) Capital (C) Factor:

$$CAR = \frac{Capital}{Risk\ Weighted\ Assets} \times 100\%$$

(7)

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Capital Measures the adequacy of bank capital in absorbing losses and fulfilling provisions. According to Christian, Tommy, and Tulung (2017), A capital adequacy ratio indication is included in capital to predict possible losses based on the risk profile. The features, commercial scope, and operational complexity of the bank also contribute to extremely good capital management. The CAR indicates how much of the bank's capital funds are utilized to fund all unsafe assets. (credit, securities, investments, and claims against other banks) is used to measure this capital factor, in addition to support from external sources such as loans and public funding.

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III. METHOD

The population in this research is the Indonesian banking industry and the sample from this research is PT Bank Pembangunan Daerah Jawa Timur Tbk (Bank Jatim) from 2018 to 2022 with its financial reports that have been reported and published. The secondary data chosen for this research is the financial report of Bank Jatim for the 2018-2022 period which the Financial Services Authority (OJK) has verified. The steps in this research include utilising the RGEC factors to analyse the bank's health level with NPL and LDR ratios for Risk profile, GCG assessment with a composite rating according to Bank Indonesia regulations, Earnings using ROA, ROE, NIM and BOPO ratios and CAR to measure Capital. The measurement of this aspect is based on the financial report of Bank Jatim for the period 2018–2022. The research flow is to look at the financial report of Bank Jatim and the regulation of Bank Indonesia regarding the level of bank health according to the RGEC factor.

A. Risk-Based Bank Rating (RBBR)

Bank Indonesia Circular Letter (SE) No. 13/24/DPNP contains comprehensive instructions for computing the RGEC technique dated October 25, 2011, about the Commercial Banks' Soundness Level Assessment (Ubaidillah, 2022). This regulation serves as an implementation guide for Bank Indonesia Regulation No. 13/1/PBI/2011, which mandates that Commercial Banks use a Risk-based Bank Rating (RBRR) approach to conduct both individual and aggregated self-assessments of the Bank's Health Level. This technique evaluates the following factors: capital, earnings, risk profile, and good corporate governance.

B. Risk Profile (R) Factor

Table 1. Assessment Matrix of Risk Profile Factor. Non-Performing Loan (LDR) and Loan to Deposit Ratio (LDR)

Rank	Explanation	NPL Criteria	LDR Criteria
1	Very healthy	NPL $<$ 2%	LDR $<$ 75%
2	Healthy	2% $\leq$ NPL $<$ 5%	75% $<$ LDR $\leq$ 85%
3	Pretty healthy	5% $\leq$ NPL $<$ 8%	85% $<$ LDR $\leq$ 100%
4	Unwell	8% $\leq$ NPL $<$ 11%	100% $<$ LDR $\leq$ 120%
5	Not Healthy	NPL $\geq$ 11%	LDR $>$ 120%

Source: Circular Letter of Bank Indonesia No. 13/24/DPNP

C. Good Corporate Governance (G) Factor

Table 2. Assessment Matrix of Good Corporate Governance Factor

Rank	Explanation	GCG Criteria
1	Very healthy	GCG $\leq$ 1,5
2	Healthy	1.5 $<$ GCG $\leq$ 2.5
3	Pretty healthy	2.5 $<$ GCG $\leq$ 3.5
4	Unwell	3.5 $<$ GCG $\leq$ 4.5
5	Not Healthy	4.5 $<$ GCG $\leq$ 5

Source: Regulation of OJK Number 4/POJK.03/2016 & Attachment from BI DIR SK No. 12/30/KEP/DIR

D. Earning (E) Factor

Table 3. Assessment Matrix of Earning Factor. Rasio Return on Asset (ROA), Return on Equity (ROE), Net Interest Margin (NIM), and Operational Expense-Operational Income (BOPO)

Rank	ROA Criteria	ROE Criteria	NIM Criteria	BOPO Criteria
1	ROA $>1.5\%$	ROE $> 20\%$	NIM $> 3\%$	BOPO $\leq 83\%$
2	$1.25\% < $ ROA $\leq 1.5\%$	$12.5\% < $ ROE $\leq 20\%$	$2\% < $ NIM $\leq 3\%$	$83\% < $ BOPO $\leq 85\%$
3	$0.5\% < $ ROA $\leq 1.25\%$	$5\% < $ ROE $\leq 12.5\%$	$1.5\% < $ NIM $\leq 2\%$	$85\% < $ BOPO $\leq 87\%$
4	$0\% < $ ROA $\leq 0.5\%$	$0\% < $ ROE $\leq 5\%$	$1\% < $ NIM $\leq 1.5\%$	$87\% < $ BOPO $\leq 89\%$
5	ROA $\leq 0\%$	ROE $> 0\%$	NIM $\leq 1\%$	BOPO $> 89\%$

Source: Circular Letter of Bank Indonesia No. 13/24/DPNP

E. Capital (C) Factor

Table 4. Assessment Matrix of Capital Factor. Capital Adequacy Ratio (CAR)

Rank	Explanation	CAR Criteria
1	Very healthy	CAR $\geq 12\%$
2	Healthy	$9\% \leq $ CAR $< 12\%$
3	Pretty healthy	$8\% \leq $ CAR $< 9\%$
4	Unwell	$6\% < $ CAR $< 8\%$
5	**Not Healthy**	**CAR $\leq 6\%$**

Source: Circular Letter of Bank Indonesia No. 13/24/DPNP

IV. RESULT AND DISCUSSION

A. Risk Profile (R) Factor
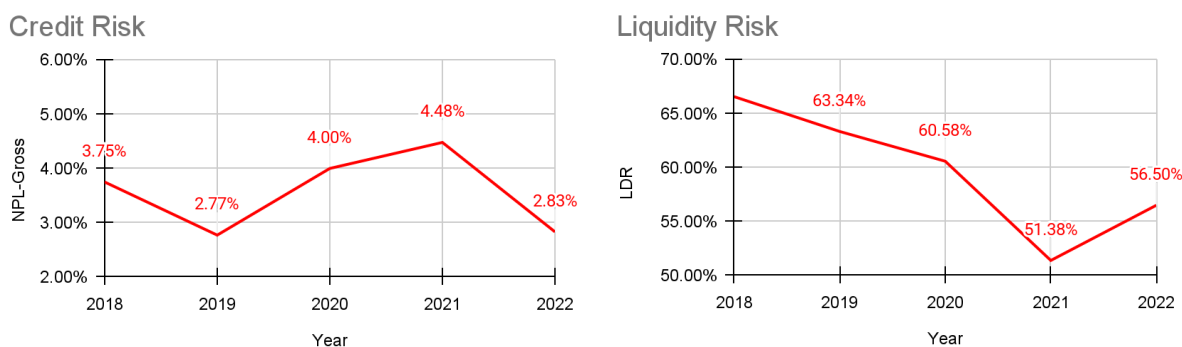
Figure 1. Rasio NPL dan LDR Bank Jatim tahun 2018-2022

Non-Performing Loans (NPL) in Figure [1] shows that the NPL ratio in 2020 and 2021 has increased to 4.48% due to problematic loans that are bad and not paid by creditors. Working capital, investment, and consumption are the three credit sectors. There are four categories of non-performing loans: loss, substandard, dubious, and special attention.

In 2020, there were problematic activities such as substandard, doubtful and stuck. The increase in NPL-Gross was also due to the credit that had been given experiencing delays in payments, especially the consumption sector which experienced an increase of 208.46%. The credit categorization receiving special attention showed a 28.35% increase in non-performing loans, while the overall increase in non-performing loans was 76.35%. The percentage of people with substandard credit and those with dubious credit declined by just 33.17% and 26.16%, respectively.

In 2021, NPL will increase due to the substandard investment sector by 111.43%. Like in 2020 which experienced an increase from 2019, the increase in NPL in 2021 occurred due to substandard credit increasing by 27.66%, doubtful credit increasing by 18.55%, and bad credit increasing by 7.45%. The consumption sector in 2021 is the worst in the classification of doubtful and non-performing loans due to an increase of 41.20% and 21.95% respectively.

In 2022, the NPL ratio will decrease from 4.48% to 2.83%. All sectors experienced improvements in quality with a decrease in the classification of substandard and bad loans. Only the doubtful credit classification experienced an increase in the working capital and investment sectors. Bank Jatim is considered capable of managing asset quality in 2022 by selecting loans in high and low-risk sectors. Bank Jatim continues to provide monitoring of debtors who have problems but have the potential for improvement.

Loan to Deposit Ratio (LDR) in figure [1] Bank Jatim for 2019-2022 is 63.34%, 60.58%, 51.38% and 56.50% respectively. Liquidity risk at the bank is in excellent shape, as shown by the LDR number. This indicates that the bank will be able to satisfy maturing liabilities from sources of cash flow financing as well as high-quality liquid assets with excellent ability during the 2019–2022 timeframe. This is in line with the risk profile factor evaluation matrix from the 2011 BI circular, which indicates that the extremely healthy criteria include an LDR ratio rating of less than 75%.

LDR from 2019 to 2021 decreased to 51.38%. This happens because people do not seek bank credit and tend to choose to just save money. This is a result of the COVID-19 pandemic's influence, which has stopped the economy's wheels and made borrowing money from banks extremely risky for society overall—especially when it comes to pay cuts and job losses. So the credit disbursed in 2021 will only be 51.38% of the public's money deposited in banks. LDR in 2022 has increased to 56.60% because the public believes that bank credit risk has decreased because there is an increase in salaries and higher employment opportunities than in 2021 which occurred due to better control of COVID-19.

B. Good Corporate Governance (G) Factor
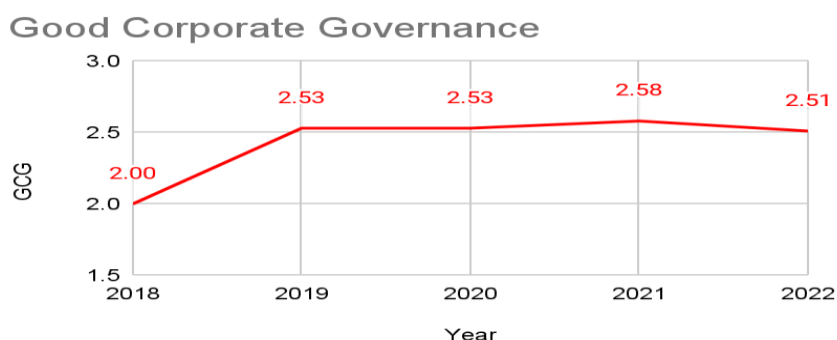
Figure 2. GCG Factor Bank Jatim in 2018-2022

The execution of managing risk obligations, the Bank's integrity function, the internal auditor function, and the roles and responsibilities of the board of directors and board of commissioners, including internal control, and strategic plans all resulted in increases in scores in 2018–2019, which contributed to a significant increase in good corporate governance (GCG). An increase in GCG can be interpreted as a decline in The standard of banking management being applied. This is also reinforced by the ranking of 2 in 2018, which indicates that generally sound governance has been adopted by bank management. If it shows that there are still governance flaws in 2018, they are not as serious and can be fixed by bank management taking standard measures. This contrasts with 2019, when the ranking dropped to number three, indicating that the governance was implemented rather well. If there are any vulnerabilities in 2019, bank management needs to give them enough attention because they have a big impact.

The GCG value in 2019-2022 shown in Figure [2] did not show significant or extreme changes, namely in 2019-2020 it was 2.53, in 2021 there was a slight increase of 2.58, and it fell again in 2022 by 2.51. Following the assessment matrix, the GCG value at Bank Jatim in 2019-2020 is in a fairly healthy condition with criteria between 2.5 < GCG < 3.5. This illustrates the bank's good governance and compliance with GCG standards in line with the directives issued by Bank Indonesia.
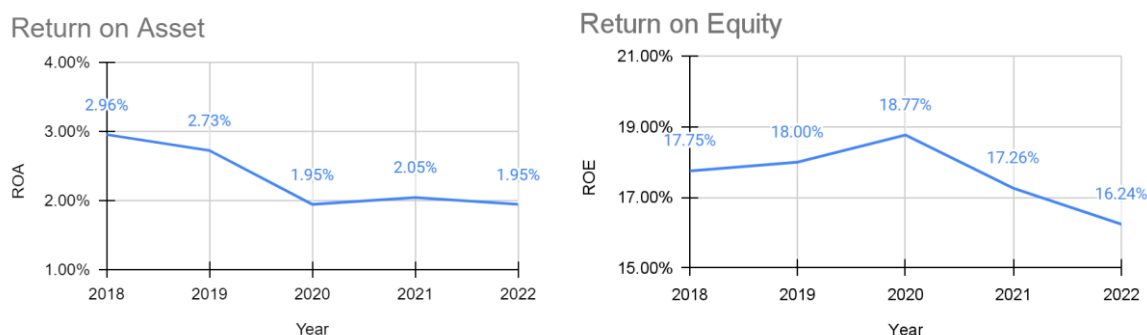
C. Earning (E) Factor
1) ROA and ROE:

Figure 3. ROA and ROE Bank Jatim Period 2018-2022

Return On Assets (ROA) in Figure [3] The ratio values at Bank Jatim in 2019-2022 are 2.96%, 2.73%, 1.95%, 2.05% and 1.95%, respectively. In this condition, according to the assessment matrix, the ROA ratio value is > 1.5%, It indicates that the bank is doing extremely well. This demonstrates how the bank successfully relies on its assets to generate profits during the 2019–2022 timeframe.

ROA in 2019 decreased by 0.23% because the decline in the company's profit before tax in 2019 was higher than the growth in total assets, however. ROA in 2020 decreased by 0.78% because of a rise in overall total assets lacking a corresponding rise in profit. There will be an increase in ROA in 2021 due to increased profits. ROA in 2022 will decrease by 0.10% from 2021 to 1.95% because of a rise in total assets.

The ROE values at Bank Jatim for 2019-2022 are 17.75%, 18%, 18.77%, 17.26% and 16.24%, respectively. Per the assessment matrix, the ROE value at Bank Jatim for the 2019-2020 period is in quite healthy condition with a ratio between 12.5% < ROE < 20%. This demonstrates that this financial institution has enough capital to make money for its owners.

Net Profit consistently grows every year, but there are changes on the equity side every year so ROE changes up and down. ROE in 2019 was 18.00%, an increase of 0.25% from 2018 because it was influenced by an increase in profits. Owing to higher profits, ROE in 2020 increased to 18.77% from 2019—a gain of 0.77%. ROE in 2021 and 2022 has decreased to 16.24% because of a rise in equity. An annual improvement in net profit is observed at Bank Jatim, but in 2021 and 2022 the increase in profit is not too significant compared to the increase in equity that occurred.
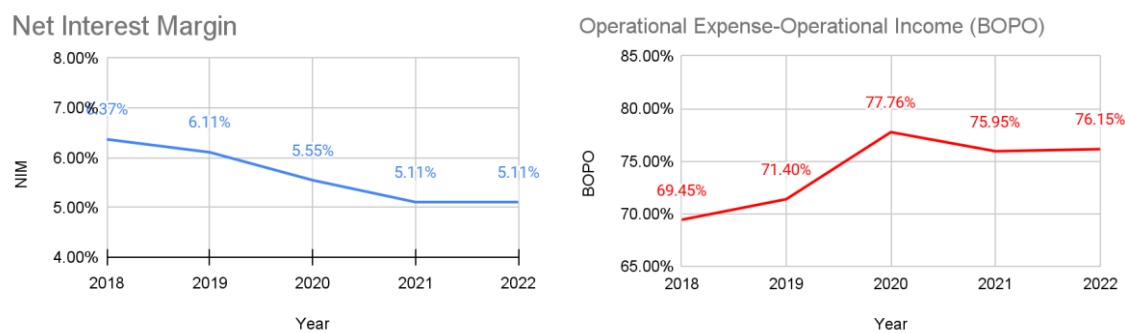
2) NIM and BOPO

Figure 4. NIM and BOPO Bank Jatim Period 2018-2022

The NIM values at Bank Jatim for 2019-2022 are 6.37%, 6.11%, 5.55%, 5.11% and 5.11%, respectively. Despite experiencing a continuous decline year after year, the NIM value still shows very good conditions. This is per the assessment matrix where a NIM ratio > 3% is one of the most healthy requirements, it can be concluded that the bank manages its producing assets very well in order to provide net interest revenue for the business.

Figure [4] shows NIM in 2019, 2020 and 2021 decreased by 5.11% in 2021, but changes to Bank Indonesia's credit interest rate regulations also had an impact on the expansion of the loan distribution. The primary cause is the COVID-19 pandemic for the restructuring and adjustment of credit and deposit interest rates. In 2019, 2020, and 2021 there will be a reduction in credit interest rates to attract people to take out credit at banks. Bank BI does this so that the banking economy continues to run even though income from bank credit interest decreases.

The BOPO values at Bank Jatim for 2019-2022 are 69.45%, 71.40%, 77.76%, 75.95% and 76.15%, respectively. Following the assessment matrix the BOPO ratio < 83% is one of the most healthy requirements. This means that Bank Jatim has very good bank management in controlling bank operational activities. The BOPO value in 2019 and 2020 increased by 77.76%, this happened because Operational Income (PO) decreased due to Covid-19. The rise in fund interest expenses in 2019 and 2020 was the primary factor behind this ratio's increase. BOPO decreased in 2021 because it was influenced by a decrease in fund interest expenses and operational expenditure efficiency. BOPO 2022 experienced a slight increase due to the increase in fund interest expenses in 2022.

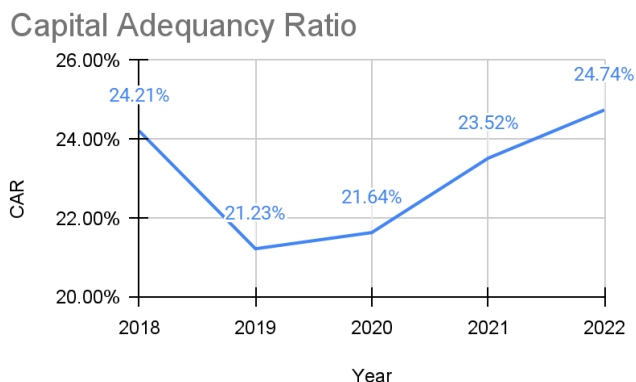### D. *Capital (C) Factor*

Figure 5. CAR Bank Jatim Period 2018-2022

The CAR values for Bank Jatim for 2019-2022 are 24.21%, 21.23%, 21.64%, 23.52% and 24.74%, respectively. Following the assessment matrix, a CAR ratio > 12% is one of the most healthy requirements. This shows that Bank Jatim has provided a total capital of more than 12% by the provisions set by Bank Indonesia.

CAR in 2019 decreased by 21.23% due to an increase in Risk Weighted Assets (RWA) of 5.67 trillion rupiah or 17.7% from 2018. Total Capital in 2019 increased by 0.54 trillion rupiah or 5.86% of total capital in 2018. CAR generally grew steadily between 2020 and 2022 reaching a secure level of 24.74%, this was a 1.21% increase from 2021 when a level of 23.52% was reported. Capital in 2022 will increase by 2.51 trillion rupiah or 31.47% from capital in 2019 and RWA in 2022 will increase by 15.71% from RWA in 2019. When the ratio exceeds the BI or OJK minimum adequacy ratio and its capital portfolio satisfies the 14% requirements, Bank Jatim's CAR level indicates that the corporation's capital plan can counteract the market, risk related to credit, and risk related to operations. This demonstrates that the financial institution has effectively managed its capital and has enough capital to guard against risks to its solvency.

CONCLUSION

Risk profile (R) Factor assessment at PT Bank Pembangunan Daerah Jawa Timur Tbk Using two measurements, namely the liquidity risk using the LDR ratio and the credit risk component using the NPL ratio, the four-year period from 2019 to 2022 is both very healthy and moderately healthy. The NPL value of Bank Jatim for 2019-2022 is between 2% < NPL < 5% which is in a fairly healthy condition. The LDR value of PT Bank Jatim In 2020-2021, <75% will be in very healthy condition.

GCG (G) Factor assessment at Bank Jatim during 2019-2022 for the four years was in a fairly healthy condition. The GCG value of Bank Jatim for 2019-2022 is between 2.5 < GCG < 3.5 and is in a fairly healthy condition. This illustrates the bank's good governance and compliance with GCG standards in line with the directives issued by Bank Indonesia.

Earning (E) Factor Assessment at Bank Jatim during 2019-2022 for the four years was in a healthy condition. This is proven by the ROA value at Bank Jatim during 2019-2022 which is > 1.5%, which is excellent health. The ROE value at Bank Jatim during 2019-2022 is between 12.5% < ROE < 20% which is in quite healthy condition. The NIM value at Bank Jatim during 2019-2022 is > 3% and is in a very healthy condition. The BOPO value at Bank Jatim during 2019-2022 is <83% and is in a very healthy condition.

Capital (C) Factor Assessment Results at PT. East Java Regional Development Bank Tbk during 2018-2022 is very healthy. Even though there was a decline in 2019, the following years experienced a positive increase every year. The Capital Factors during the 4 years studied assessed the bank's health rating as very healthy.

ACKNOWLEDGMENT

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