# BANK HEALTH ANALYSIS WITH RGEC METHOD CASE STUDY OF BANK TABUNGAN NEGARA (BTN)

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**Abstract**

The banking sector is one of the important components in the economy because one of the functions is collecting public funds. In collecting public funds, banks must have a good and trustworthy reputation. Therefore, banks are required to be able to achieve and maintain good levels of performance, because good levels of bank performance can increase the trust and loyalty of customers and people to use financial products, services and activities from the bank. The performance of a bank is reflected in the financial statements, can also be reflected through published earnings. Bank health is also reflected in the performance of a bank, because health assessments are recorded in published financial statements. Bank health is very important because a healthy bank will be able to carry out its normal operational activities. In addition, bank health is needed so that public confidence in the banking industry in terms of saving funds is maintained with banking regulations. This study aims to determine the Bank Health of Bank Tabungan Negara using the RGEC (Risk Profile, Good Corporate Governance, Earning, and Capital) methods. The data used in this study are 2017-2019 Annual Report. The results of this study show that the health of banks in 2017 and 2018 was declared healthy, while in 2019 it was declared quite healthy.

**Keywords:** Banking, Bank Health, RGEC Method.

## 1. INTRODUCTION

The banking sector is one of the important components in the economy in a country because one of the functions in banking is to raise public funds. In raising public funds to be managed, banks must have a good reputation and trustworthy. After the issuance of the banking deregulation package in October 1998 (Pakto 1998) led to the growth of new banks due to the ease of permission to establish banks. With the growth of the new bank has led to the occurrence of free competition that is not balanced with the right managerial strategy and both lead to high bad credit figures. As a result, the rupiah depreciated and bank foreign exchange debt became high. In the end 16 banks were liquidated, causing a crisis of public confidence in the banking sector

The monetary crisis in Indonesia was caused by many banks being liquidated. To overcome and reduce the impact of the crisis, the government issued Law No. 10 of 1998 which is an amendment to Law No. 7 of 1992 on Banking which among others contains the need for adjustment of legislation in the economic sector, especially the banking sector. Banking in Indonesia continues to develop in a better direction. Efforts to improve and improve performance were motivated by the monetary crisis which led to withdrawals caused by the level of public confidence in banks began to decline due to the monetary crisis.

Kuncoro (2011: 495) stated that customer trust and loyalty to the bank is one of the factors that can help the bank management to develop various policies that can help the bank itself. On the contrary, customers who have a low level of trust in a bank then loyalty is also low, this is certainly not profitable for the bank because the customer can at any time withdraw funds and transfer them to another bank. Therefore, banks are required to be able to achieve and maintain a good level of performance, because a good level of bank performance can increase

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the trust and loyalty of customers and the public at large to use the products, services and financial activities of the bank. Supervision of bank performance needs to be done to monitor bank operations in order to remain in accordance with applicable regulations and regulations. Bank Indonesia has a duty as a supervisor and provides improvement advice to commercial banks.

The performance of a bank reflected in financial statements, can also be reflected through published earnings. The bank's health is also reflected in the performance of a bank, as health assessments are recorded in published financial statements. If a bank performs well, then the health of the bank is also good, and vice versa. The health of the bank is very important because a healthy bank will be able to carry out its operational activities normally. In addition, bank health is required so that public confidence in the banking industry in terms of storing funds is maintained in accordance with banking regulations. The existence of bank health analysis on the sustainability of the bank's performance is very important, making the government to use bank assessment policy to maintain bank performance stability.

Government Regulation with Indonesian Bank Regulation about the performance banking of assessment, which has changed several times because it is adapted to the needs of the banking sector. Bank Indonesia sets the rules on bank health so that banks are expected to always be in good health, so as not to harm the people concerned with banking. The bank's health assessment is stipulated in Bank Indonesia Circular Letter No. 13/24/DPNP dated October 25, 2011, the Bank is obliged to conduct its own assessment (self-assessment) periodically on its health level and assess factors including risk profile, good corporate governance, earnings (rentability), and capitals abbreviated to the term RGEC. This RGEC method is used by banks today to assess the bank's health level because it is an improvement from previous methods.

Risk profile assessment is used to determine the application of risk management in bank operations using net performing loan (NPL) ratio for credit risk and loan deposit ratio (LDR) for liquidity risk. Good corporate governance (GCG) aims to facilitate the prevention of problems early so that banks can get through the global financial crisis, in addition to the failure of strategies and fraudulent practices to realize that the importance of good corporate governance. Earning is used to determine the bank's ability to obtain profit is assessed based on return on assets (ROA), Net Interst Margin (NIM), and Operating Expenses to Operating Income (BOPO). Capital is used to determine the level of capital adequacy is assessed based on the capital adequacy ratio (CAR).

Bank Tabungan Negara (BTN) is a limited liability company engaged in banking owned by the State (SOE). As a government-owned bank, Bank Tabungan Negara certainly has many customers from various circles, with many customers of course the performance of The State Savings Bank (BTN) is very calculated. As explained earlier, profit is a reflection of a bank's performance. As a government-owned bank, the net profit of Bank Tabungan Negara (BTN) for the last 3 years (2019-2017) decreased, namely:
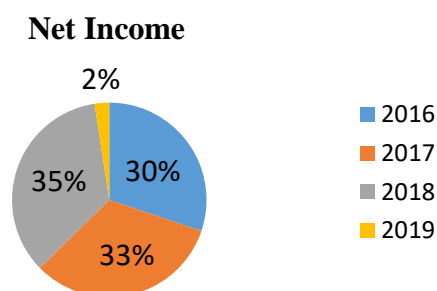
**Net Income**



**Figure 1. State Savings Bank Net Profit**

# BANK HEALTH ANALYSIS WITH RGEC METHOD CASE STUDY OF BANK TABUNGAN NEGARA (BTN)

Bank Tabungan Negara's Net Profit in 2017 reached Rp. 3.02 trillion, an increase of 15.59% compared to 2016, where the net profit that year was Rp. 2.61 trillion. Meanwhile, in 2018, net profit decreased by 7.28% which amounted to Rp.2.81 trillion. Then in 2019, Bank Tabungan Negara recorded a net profit of Rp. 209.26 billion in 2019 or down from Rp2.807 trillion in the previous year. As explained earlier, the profit of the State Savings Bank decreased. In addition to profit, the bank's performance can also be researched through the health of the bank. The way to assess a bank's health is to analyze the financial ratios available in published financial statements. The following financial ratios of State Savings Banks in the last 4 years (2019-2016) are as follows:
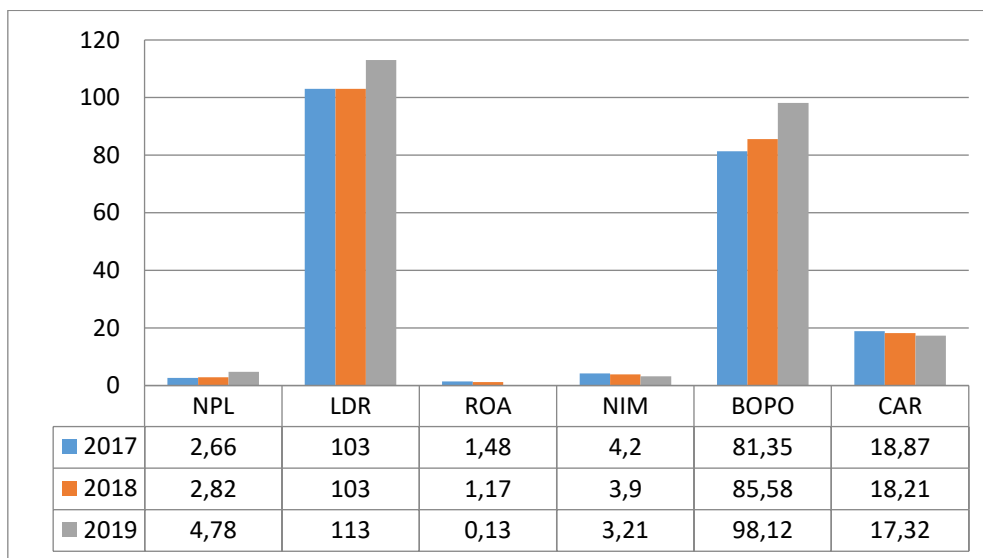


| | NPL | LDR | ROA | NIM | BOPO | CAR |
|---|---|---|---|---|---|---|
| 2017 | 2,66 | 103 | 1,48 | 4,2 | 81,35 | 18,87 |
| 2018 | 2,82 | 103 | 1,17 | 3,9 | 85,58 | 18,21 |
| 2019 | 4,78 | 113 | 0,13 | 3,21 | 98,12 | 17,32 |

**Figure1 Components of Health Analysis of State Savings Bank**

The graph on financial ratios above is a component in assessing the health of a bank that is experiencing declines and increases in various aspects. In analyzing risk profile, the things that need to be analyzed are Non-Performing Loan and Loan to Deposit Ratio. Good Corporate Governance in analyzing health using self-assessment method. In analyzing earnings, the ratio that needs to be analyzed is Return on Assets, Net Interest Margin, and Operating Expenses to Operating Income. While in Capital the thing that needs to be analyzed is the Capital Adequacy Ratio.

## 2. LITERATURE STUDY

**Bank Health**

Research conducted by Thalassinos (2011) stated that there was a crisis in banking in Greece due to a lack of transparency in methodology (no one knows the valuation method) and inconsistent ratings. Hendrayana et al. (2015) argues that the health component of bank risk profile has a negative and significant effect on share price changes, Good Corporate Governance has a positive and significant effect on stock price changes, Rentability (ROA) has a positive and significant effect on stock price changes, while capital (CAR) has a negative and significant effect on stock price changes.

The performance of a bank can also be reflected in the health of a bank, Susilo (2000:22-23) suggests that the health of a bank is the ability of a bank to conduct banking operations normally and be able to fulfill all its obligations properly through means in accordance with applicable regulations. Bank health is a means for supervisory authorities in setting strategies and supervisory focus on banks and is a reflection of the condition and performance of the Bank is a means for supervisory authorities in setting strategies and focusing supervision on the Bank. The Bank's health must be maintained and/or improved in order for public trust in the Bank to be maintained.

The Bank's Health Level is the result of an assessment of the Bank's condition conducted on the Bank's risks and performance. In order to carry out the responsibility for the bank's business continuity, the Board of Directors and Board of Commissioners are responsible for maintaining and monitoring the Bank's Health Level. The Bank's Health Level is also used as one of the means in evaluating the conditions and problems faced by the Bank and determining follow-up to overcome the Bank's weaknesses or problems, either in the form of corrective action by the Bank or supervisory action by Bank Indonesia (Bank Indonesia Regulation No. 13/1/PBI/2011 concerning Assessment of The Health Level of Commercial Banks).

The bank's health assessment is the final estuary or result of aspects of banking regulation and supervision that show the performance of national banking. Risk oriented, proportionality, materiality and significance as well as comprehensive and structured are general principles that must be considered by bank management in assessing the level of bank health (Bank Indonesia Circular Letter No. 13/24/DPNP). The final result in the bank's Health assessment is called a composite rating, where the composite rating is the result that has been analyzed in accordance with the applicable method. The formula to find out the final result of the bank's health analysis:

$$\text{Composit Rank} = \frac{\text{the sum of composit value}}{\text{total of all composit value}} \times 100\%$$

**Table 1. Bank Health Rating**

| weight | Composite Rating |
|---|---|
| 86% - 100% | Composite Rank 1 |
| 71% - 85% | Composite Rank 2 |
| 61% - 70% | Composite Rank 3 |
| 41% - 60% | Composite Rank 4 |
| ≤ 40% | Composite Rank 5 |

Source: Refmasari and Setiawan, 2014)

a. Composite Rating 1 (PK-1).
Conditions that are generally very healthy so that it is considered very capable of facing a significant negative influence from changes in business conditions and other external factors are reflected in the ranking of assessment factors, including risk profile, GCG implementation, rentability, and capital in general are very good. If there are weaknesses then in general the weaknesses are insignificant.

b. Composite Rating 2 (PK-2).
Generally healthy conditions that are considered capable of facing significant negative influences from changes in business conditions and other external factors, reflected in the rating of assessment factors, including risk profile, GCG implementation, rentability, and capital are generally good. If there are weaknesses then in general those weaknesses are less significant.

c. Composite Rating 3 (PK-3).
Conditions that are generally quite healthy so that it is considered quite capable of facing significant negative influences from changes in business conditions and other external factors, reflected in the ranking of assessment factors, including risk profile, GCG implementation, rentability, and capital, which in general is quite good. If there are weaknesses then in general the weakness is quite significant and if not managed to be resolved properly by management can interfere with the continuity of the Bank's business.

d. Composite Rating 4 (PK-4).
Generally unhealthy conditions that are considered less able to face the significant negative influence of changes in business conditions and other external factors, reflected in the

ranking of assessment factors, including risk profile, GCG implementation, rentability, and capital, which are generally not good. There are weaknesses that are generally significant and cannot be properly addressed by management and interfere with the Bank's business continuity.

e. Composite Rating 5 (PK-5).

Generally unhealthy conditions that are considered incapable of facing significant negative influences from changes in business conditions and other external factors, reflected in the ranking of assessment factors, including risk profile, GCG implementation, rentability, and capital, which are generally not good. There are weaknesses that are generally very significant so as to overcome them it takes the support of funds from shareholders or sources of funds from other parties to strengthen the Bank's financial condition.

**RGEC Method (Risk Profile, Good Corporate Governance, Earnings, and Capital)**

Bank Indonesia Regulation Number: 13/ 1 /PBI/2011 concerning Health Level Assessment of Commercial Banks states that banks are obliged to assess the Bank's Health Level with the scope of assessment of the following factors:

a. Risk Profile

Assessment of risk profile factors is an assessment of the Bank's operations conducted against 8 (eight) risks, namely:

1) Credit Risk

Credit Risk (Non-Performing Loan) which is a risk that occurs due to the failure of the debtor and / or other parties in fulfilling obligations to the Bank.

$$\text{NPL} = \frac{\text{the trouble of credit}}{\text{total of credit}} \times 100\%$$

**Table 2. Non-Performing Loan Criteria**

| criterion | information |
|-----------|-------------|
| NPL ≤ 2% | Very healthy |
| 2% - 5% | healthy |
| 5% - 8% | Fairly healthy |
| 8% - 12% | Unhealthy |
| NPL ≥ 12% | Unhealthy |

(Source: SE BI No.13/24/DPNP Year 2011)

2) Market Risk

Market risk is where the risk of changing the balance sheet position due to market conditions.

3) Liquidity Risk (Loan to Deposit Ratio)

Liquidity Risk (Loan to Deposit Ratio), where this risk occurs due to the Bank's inability to meet the obligations due from the source of cash flow funding, and/or from high-quality liquid assets that can be used, without disrupting the Bank's financial activities and conditions.

$$\text{LDR} = \frac{\text{total of credit}}{\text{Finance from other parties}} \times 100\%$$

**Table 3.  Loan to Deposit Ratio Criteria**

| Criterion | Information |
|-----------|-------------|
| LDR < 75% | Very healthy |
| 75% ≤ LDR < 85% | healthy |
| 85% ≤ LDR < 100% | Fairly healthy |
| 100% ≤ LDR < 120% | Unhealthy |
| LDR ≥ 120% | Unhealthy |

(Source: SE BI No.13/24/DPNP Year 2011)

4) Operational Risk
   Operational Risk, where the risk due to inefficiency affects the Bank's operations.
5) Legal Risks
   Legal risk is that the risk arises from lawsuits for the weakness of juridical aspects.
6) Strategic Risk
   The seventh is strategic risk, where the risk is due to the Bank's inaccuracy in decision making as well as failure in anticipating changes in the business environment.
7) Compliance Risk
   The eighth is the risk of compliance, where the risks arising from the Bank do not comply with and/or do not implement the prevailing laws and regulations.
8) Reputation Al Risk
   The eighth is reputational risk, where the risk is due to the decrease in stakeholder confidence level which stems from negative perception of the Bank.
9) Good Corporate Governance
   The second component in health assessment is Good Corporate Governance. In the Good Corporate Governance assessment, the Company conducts Self-Assessment periodically in every year at the end of June and December. Standards for the implementation of governance other than referring to OJK Regulation No. 55/ POJK.03/2016 concerning the Implementation of Governance for Commercial Banks have also followed the provisions of OJK Circular Letter No. 13/POJK.03/2017 concerning the Implementation of Governance for Commercial Banks. Good Corporate Governance applies principles according to PBI No. 8/4/PBI/2006, namely: Transparency, Accountability, Accountability, Independence (independency), and Fairness.
10) Earning
    The third component in health assessment using the RGEC method is Earning. In the health assessment earning can be measured using the ratio of rentability, because this ratio measures the effectiveness of banks earning profit. Besides being used as a measure of financial health, this rentability ratio is very important to observe considering the adequate profit required to maintain the flow of bank capital sources (Dahlan Siamat: 273). To calculate or assess the rentability of a banking institution, the formula of return on assets (ROA), Net Interest Margin (NIM), and Operating Expenses to Operating Income (BOPO) can be used.
    - Return of Asset (ROA)
      ROA (Return of Asset) is a ratio that can see the extent to which investments that have beeninvested are able to provide a return on profit as expected.

$$ROA = \frac{\text{Income before tax}}{\text{total aktiva}}$$

**Table 4.  Return Of Asset Criteria**

| Criterion | Information |
|---|---|
| ROA > 1, 5% | Very healthy |
| 1, 25% < ROA ≤ 1, 5% | healthy |
| 0, 5% < ROA ≤ 1, 25% | Fairly healthy |
| 0% < ROA ≤ 0, 5% | Unhealthy |
| ROA ≤ 0% | Unhealthy |

(Source: SE BI No. 13/24/DPNP Year 2011)

- NIM (Net Interest Margin)

    NIM (Net Interest Margin) is a ratio that describes the level of profit earned by the bank compared to the revenue received from its operations.

$$\text{NIM} = \frac{\text{net interest revenue}}{\text{average of productive aktiva}} \times 100\%$$

**Table 5. Net Interest Margin Criteria**

| criterion | information |
|---|---|
| NIM > 3% | Very healthy |
| 2% < NIM ≤ 3% | healthy |
| 1.5% < NIM ≤ 2% | Fairly healthy |
| 1% < IT ≤ 1.5% | Unhealthy |
| NIM ≤ 1% | Unhealthy |

(Source: SE BI No. 13/24/DPNP Year 2011)

- BOPO (Operating Expenses in Operating Income)

    BOPO (Operating Expenses on Operating Income) indicates the level of operational efficiency of the company. The smaller the BOPO value, the better the company's operations.

$$\text{BOPO} = \frac{\text{operational expense}}{\text{operational revenue}} \times 100\%$$

Table  4 Operational Expenses Criteria on Operating Income

| criterion | information |
|---|---|
| BOPO < 83% | Very healthy |
| 83% < BOPO ≤ 85% | healthy |
| 85% < BOPO ≤ 87% | Fairly healthy |
| 87% < BOPO ≤ 89% | Unhealthy |
| BOPO > 89% | Unhealthy |

(Source: SE BI No. 13/24/DPNP Year 2011)

11) Capital

The last component in health assessment using the RGEC method is Capital. Assessment of capital factors (capital)includes an assessment of the level of capital adequacy and capital management. The rating of rentability factors(earnings)is carried out based on a comprehensive analysis of the parameters / indicators of rentability by taking into account the significance of each parameter / indicator and considering other issues that affect the bank's rentability. The ratio that can be used to measure the adequacy of capital owned by banks is the Capital Adequacy Ratio (CAR).

$$\text{CAR} = \frac{\text{capital}}{\text{weight active according risk}} \times 100\%$$

**Table5 Capital Adequacy Ratio Criteria**

| criterion | information |
|---|---|
| CAR 12% $\geq$ | Very healthy |
| 9% $\leq$ CAR < 12% | healthy |
| 8% $\leq$ CAR < 9% | Fairly healthy |
| 6% < CAR < 8% | Unhealthy |
| CAR $\leq$ 6% | Unhealthy |

(Source: SE BI No. 13/24/DPNP Year 2011)

Kaligis (2013) conducted research on the health of state-owned banks in 2010-2012 stated that the weakest financial performance is owned by the State Savings Bank, with the acquisition of LDR under regulation for healthy predicate and the lowest Return on Asset. While Azeharie et al. (2017) conducted research on the health of state-owned banks in 2011-2015 resulting in the statement that BRI is the healthiest bank.

The background of the final task writing entitled "Bank Health Analysis using RGEC Method (Risk Profile, Good Corporate Governance, Earnings, and Capital) at PT Bank Tabungan Negara" is based on The State Savings Bank experiencing a decrease in profit. Profit is one of the benchmarks in financial performance, financial performance can also be reflected in the health of a bank. Bank health is an assessment of various aspects that affect the condition / performance of a bank. The health level of Bank Tabungan Negara bank will be analyzed using RGEC (Risk Profile, Good Corporate Governance, Earnings, and Capital) method in2017-2019.

The bank's health level is analyzed using various aspects and methods that in this study researchers will analyze the health of banks using the RGEC method (Risk Profile, Good Corporate Governance, Earnings, and Capital). Researchers will analyze the health level of the bank with the data used is the Annual Financial Report of the State Savings Bank.

## 3. RESEARCH METHODOLOGY

The population in this study was the Conventional Bank. The sample is a part of the number and characteristics possessed by the population (Sugiyono, 2011: 129). The sample used in this study was a conventional bank that experienced a decline in profit over the last three years. Sampling techniques are done with purpose sampling, namely sampling techniques with certain considerations (Sugiyono, 2011: 129). This technique aims to obtain samples according to research needs. The case study criteria set out in this study include:

a. Conventional commercial banks that issue annual and publicly accessible financial statements during 2017-2019.
b. Conventional commercial banks that have suffered a decline in profit in the last 3 years.
c. From the 2 criteria above, can be obtained case study of this research is PT Bank Tabungan Negara Tbk.

This research used the specific data, which is calculation of Non-Performing Loan, Loan to Deposit Ratio, Self-Assessment Return of Asset, Net Interest Margin, Operating Expenses on Operating Income, and Capital Adequacy Ratio in the annual financial statements of PT Bank Tabungan Negara in 2017-2019. The data that has been taken in the annual report is used to examine the health level of PT Bank Tabungan Negara bank in 2017-2019. The type of data used in this study is quantitative data. Quantitative data is statistical data in the form of numbers (Teguh, 2005: 181).

The source of this research data is secondary data. Secondary data is a type of data obtained and excavated through the results of second-party processing of the results of field research. This type of data is often also called external data (Teguh, 2005: 121). Secondary data used in

this study is an annual financial report derived from www.idx.com that has been examined by the Financial Services Authority (OJK) for analysis and study of literature, journals, articles, and websites that the author input in the literature study to be used as reference material. The type of research applied in this study is quantitative research, which is analyzing the data in the Financial Report to find out the health assessment between the Bank Tabungan Negara using the RGEC method.

The data collection techniques used in this study are library studies and documentation. The data analysis technique used is a financial report analysis technique using Bank Indonesia regulation no. 13/1/PBI/2011 concerning Health Level Assessment of Commercial Banks, Bank Indonesia has established a risk-based Bank Health Level assessment system that is often adopted by RGEC method.

## 4. RESULT AND DISCUSSION

The results of the health component of the State Savings Bank can be briefly seen in the table on the next page:

**Table 8 RGEC Method Bank Health Components in 2017**

| Component Factors | Ratio | Percentage Ratio (%) | Level 1 | 2 | 3 | 4 | 5 | criterion |
|---|---|---|---|---|---|---|---|---|
| Risk Profile | NPL | 2,66 | | ✓ | | | | healthy |
| | LDR | 103 | | | | ✓ | | Unhealthy |
| Good Corporate Governance | Self-assessment | 86,85 | | ✓ | | | | healthy |
| Earnings | ROA | 1,48 | | ✓ | | | | healthy |
| | NIM | 4,20 | ✓ | | | | | Very Healthy |
| | BOPO | 81,35 | ✓ | | | | | Very Healthy |
| Capital | CAR | 18,87 | ✓ | | | | | Very Healthy |

Source: Secondary Data processed by Researchers, 2020

$$\text{Camposit value} = \frac{\text{sum of composit value}}{\text{Total composit value}} \times 100\%$$

$$\text{The Health Bank 2017} = \frac{4+2+4+4+5+5+5}{35} \times 100\%$$

$$= 82,85\%$$

The conclusion of the health components of the bank that has been calculated above is that the State Savings Bank in 2017 obtained a final composite value calculation of 82.85% which means it gets a composite rating of 2 or healthy which weighs 71% to 85%. Then the results of the calculation of the health component of the State Savings Bank 2018 above is a description, briefly the health component of the bank can be seen in the table:

**Table 9 Components of Bank Health RGEC Method 2018**

| Component Factors | Ratio | Percentage Ratio (%) | Level 1 | 2 | 3 | 4 | 5 | criterion |
|---|---|---|---|---|---|---|---|---|
| Risk Profile | NPL | 2,83 | | ✓ | | | | healthy |
| | LDR | 103 | | | | ✓ | | Unhealthy |
| Good Corporate Governance | Self-assessment | 87,97 | | ✓ | | | | healthy |
| Earnings | ROA | 1,17 | | | ✓ | | | Healthy Enough |
| | NIM | 3,91 | ✓ | | | | | Very Healthy |
| | BOPO | 85,58 | | | ✓ | | | Healthy Enough |
| Capital | CAR | 18,21 | ✓ | | | | | Very Healthy |

Source: Secondary Data processed by Researchers, 2020

$$\text{Composit value} = \frac{\text{Sum of composit value}}{\text{Total komposit value}} \times 100\%$$

$$\text{The Health Bank 2018} = \frac{4 + 2 + 4 + 3 + 5 + 3 + 5}{35} \times 100\%$$

$$= 74,28\%$$

The conclusion of the health components of the bank that has been calculated above is that the State Savings Bank in 2018 obtained a final composite value calculation of 74.28% which means it gets a composite rating of 2 or healthy which weighs 71% to 85%. Then the results of the calculation of the health component of the State Savings Bank 2019 above is a description, briefly the health component of the bank can be seen in the table below:

**Table 10 Components of Bank Health RGEC Method in 2019**

| Component Factors | Ratio | Percentage Ratio (%) | Level 1 | 2 | 3 | 4 | 5 | criterion |
|---|---|---|---|---|---|---|---|---|
| Risk Profile | NPL | 4,78 | | ✓ | | | | healthy |
| | LDR | 113 | | | | ✓ | | Unhealthy |
| Good Corporate Governance | Self-assessment | 88,62 | | ✓ | | | | healthy |
| Earnings | ROA | 0,13 | | | | ✓ | | Unhealthy |
| | NIM | 3,20 | ✓ | | | | | Very Healthy |
| | BOPO | 98,12 | | | | | ✓ | Unhealthy |
| Capital | CAR | 17,32 | ✓ | | | | | Very Healthy |

Source: Secondary Data processed by Researchers, 2020

$$\text{Camposit Value} = \frac{\text{Sum of composit value}}{\text{Total composit value}} \times 100\%$$

$$\text{The Health Bank 2019} = \frac{4 + 2 + 4 + 2 + 5 + 1 + 5}{35} \times 100\%$$
$$= 65{,}71\%$$

The conclusion of the health components of the bank that has been calculated above is that the State Savings Bank in 2019 obtained a final composite value calculation of 65.71% which means it gets a composite rating of 3 or healthy enough that weighs 61% to 70%.

Discussion of The Bank's Health Components in 2017-2019 are:

a. Risk Profile component, namely Non-Performing Loan, has increased percentage over the last three years due to the increase in the number of non-performing loans even though it is accompanied by an increase in total credit overall.
b. The Risk Profile component of the Loan to Deposit Ratio has increased in percentage over the last three years due to an increase in total credit that is not balanced by third party funds.
c. The Good Corporate Governance component has increased in percentage over the last three years due to good governance of Bank Tabungan Negara and in accordance with Bank Indonesia Regulations.
d. The Earning component of Return on Asset has decreased over the last three years due to the decrease in profit earned even though it is accompanied by an increase in total assets.
e. The Earning Component, namely Operating Expenses in Operating Income, has increased in percentage over the last three years due to the increase in operating expenses, although coupled with the increase in operating income.

The calculation of the health component of the State Savings Bank in 2017-2019 will be more clearly displayed on the chart on the next page:
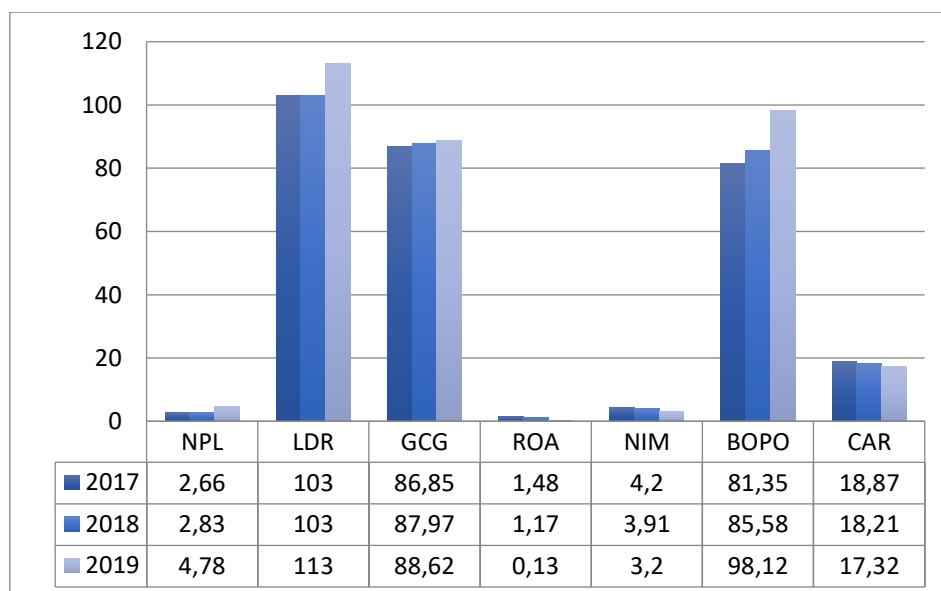


| | NPL | LDR | GCG | ROA | NIM | BOPO | CAR |
|---|---|---|---|---|---|---|---|
| 2017 | 2,66 | 103 | 86,85 | 1,48 | 4,2 | 81,35 | 18,87 |
| 2018 | 2,83 | 103 | 87,97 | 1,17 | 3,91 | 85,58 | 18,21 |
| 2019 | 4,78 | 113 | 88,62 | 0,13 | 3,2 | 98,12 | 17,32 |

**Figure2 Health Components of State Savings Bank 2017-2019**

The final health calculation of The State Savings Bank 2017-2019 that has been calculated in the previous subsection will be displayed in the chart as follows:
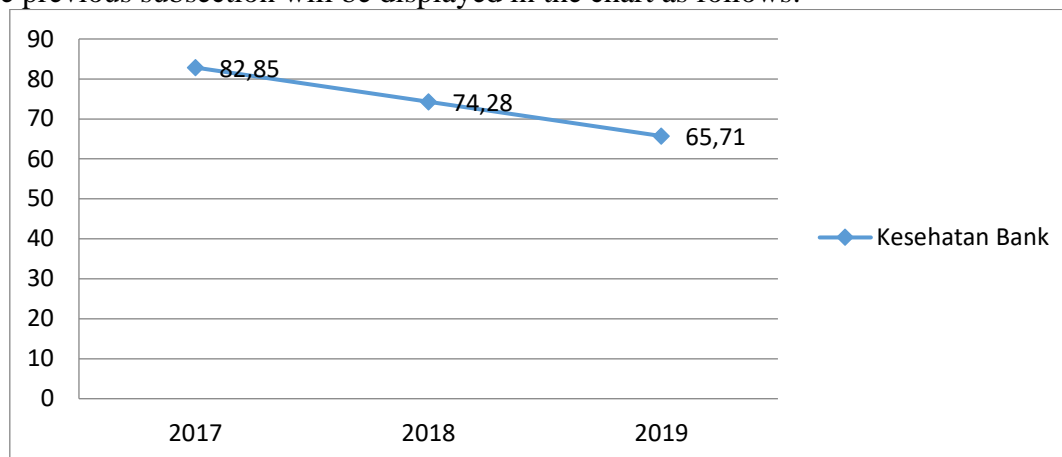


**Figure3 Health State Savings Bank**

The contribution of the RGEC Component to the health of the bank is

a. Risk Profile contributes to:
   1) Know the risks that occur if the customer fails to pay his obligations.
   2) Know the risks that occur when the bank fails to meet its obligations, whether it can interfere with the bank's activities or vice versa.
b. Good Corporate Governance serves to find out if the company under research has implemented the aspects set by Bank Indonesia and can have good corporate governance.
c. Earning contributes to:
   1) Knowing if the investment has been made can give the expected result.
   2) Know the level of profit to be received.
   3) Know the level of operational efficiency of the company.
d. Capital function to know the level of adequacy and management of capital.

## 5. CONCLUSION

Based on the research and data analysis that has been done, it can be concluded that:

a. The Bank's Health Component is Risk Profile which is calculated using non-performing loan (NPL) and Loan to Deposit Ratio (LDR) components. Non-Performing Loans (NPL) received a healthy rating with a percentage of 2.66% in 2017, then 2.83% in 2018, to 4.78% in 2019. The NPL of Bank Tabungan Negara compared with the banking industry according OJK is 2,37 in 2018 and 2,53 in 2019. From this data, we know that NPL of Bank Tabungan Negara better than banking industry. The Loan to Deposit Ratio (LDR) remains unhealthy with a percentage of 103% in 2017 and 2018 to 113% in 2019. LDR compared with banking industry with a percentage 94,04 in 2018 are 93,64 in 2019. So, the Loan to Deposit Ratio of Bank Tabungan Negara better then banking industry. The information banking industry obtained from the Financial Services Authority from quarterly semester in 2019.
b. The second component of The Bank's Health, Good Corporate Governance (GCG), has remained healthy for the last 3 years.
c. The third Component of Health Bank is Earning. Return on Asset (ROA) was ranked healthy in 2017, fairly healthy in 2018, and unhealthy in 2019. ROA banking industry is 2,50 in 2018, and 2,44 in 2019. ROA from banking industry is tend to decrease either with Bank Tabungan Negara. Net Interest Margin (NIM) has been ranked very healthy for the last 3 years. NIM according banking industry is tend decrease, which is 5,00 in 2018, and 4.80 in 2019, but the Bank Tabungan Negara is better than the banking industry. Operating

Expenses in Operating Income (BOPO) in 2017 were ranked very healthy, then fairly healthy, then unhealthy. According to the banking industry, BOPO is 78,33 in 2018, and 79,58 in 2019. About this data, we know that Bank Tabungan Negara tend to unhealthy in 2019. So Bank Tabungan Negara is far from better than banking industry. Because BOPO from banking industry tend to high, this is different than Bank Tabungan Negara tend to decrease.

d.  The last component of The Bank's Health is Capital which uses the Calculation of Capital Adequacy Ratio (CAR) ranked very healthy with a percentage of 18.87% in 2017, then 18.21% in 2018, and 17.32% in 2019. According to the information from OJK, the CAR of banking industry 23,42% in 2018, 23,31% in 2019. From this data, we know that banking industry better than Bank Tabungan Negara.

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