
THE ANALYSIS OF BANK SOUNDNESS USING RISK-BASED BANK RATING METHOD (RBBR) AT PT. BANKSULUTGO**ANALISA KESEHATAN BANK MENGGUNAKAN METODE RISK-BASED BANK RATING (RBBR) PADA PT. BANKSULUTGO**

by

Kevin Engelbert Tuwo¹
Ferdinand J. Tumewu²¹²Faculty of Economic and Business, International Business Administration, Management Program
Sam Ratulangi University

E-mail:

[1kevintuwo@gmail.com](mailto:kevintuwo@gmail.com)[2tumewufj@gmail.com](mailto:tumewufj@gmail.com)

Abstract: Bank Indonesia has issued a regulation concerning bank soundness assessment, which is Bank Indonesia Regulation (PBI) No. 13/1/PBI/2011. The regulation has stated that the bank is bound to conduct a soundness assessment by using risk approach (Risk-based Bank Rating). This research aims to assess the soundness of PT. Bank SulutGo (persero) Tbk from 2013 until 2017 using RBBR method. It is a descriptive quantitative research. The result shows that NPL ratio analysis is in very healthy condition while LRD ratio is in the less healthy condition in 2013, 2015 and 2016, and healthy enough condition in 2014 and 2017. GCG factor assessment shows that the bank is in a healthy condition. NIM and ROA ratios analysis show that the bank is in very healthy condition. CAR ratio analysis shows that the bank is in very healthy condition. This research has concluded that overall the bank is in a very healthy condition except in 2015, where the bank has been only in a healthy condition. It is recommended that PT. Bank SulutGo should keep balance of their credit towards deposit their received and put more effort on the management quality.

Keywords: *bank soundness, risk-based bank rating (rbbbr) method.*

Abstrak: Bank Indonesia telah mengeluarkan peraturan tentang penilaian kesehatan bank, yaitu Peraturan Bank Indonesia (PBI) No. 13/1 / PBI / 2011. Peraturan tersebut menyatakan bahwa bank terikat untuk melakukan penilaian kesehatan dengan menggunakan pendekatan risiko (Risk-based Bank Rating). Penelitian ini bertujuan untuk menilai tingkat kesehatan PT. Bank SulutGo (persero) Tbk dari 2013 hingga 2017 menggunakan metode RBBR. Ini adalah penelitian kuantitatif deskriptif. Hasilnya menunjukkan bahwa analisis rasio NPL berada dalam kondisi sangat sehat sedangkan rasio LRD berada dalam kondisi kurang sehat pada 2013, 2015 dan 2016, dan kondisi cukup sehat pada tahun 2014 dan 2017. Penilaian faktor GCG menunjukkan bahwa bank berada dalam kondisi sehat. Analisis rasio NIM dan ROA menunjukkan bahwa bank berada dalam kondisi yang sangat sehat. Analisis rasio CAR menunjukkan bahwa bank berada dalam kondisi sangat sehat. Penelitian ini menyimpulkan bahwa secara keseluruhan bank berada dalam kondisi yang sangat sehat kecuali pada tahun 2015, dimana bank hanya dalam kondisi sehat. PT. Bank SulutGo sebaiknya menjaga keseimbangan kredit mereka terhadap deposito yang mereka terima dan lebih berupaya dalam meningkatkan kualitas manajemen perusahaan

Kata Kunci: *bank soundness, risk-based bank rating (rbbbr) method.*

INTRODUCTION

Research Background

The existence of the bank plays an important role in society. According to Law Decree No. 10 of 1998 about banking, Indonesian banking has a purpose to support the practice of national development in order to improve equity, economic growth, and national stability towards the improvement of the society welfare.

Related with the awareness of how important bank's role, it is necessary for all bank institutions to maintain their soundness and performance. According to Kasmir (2008), bank's soundness can be defined as the ability of a bank to perform banking operations normally and be able to fulfill all its obligations well in accordance with prevailing banking regulations. The assessment result can be used as a means to establish the business strategy in the future of the bank, while for Bank Indonesia, it can be used as a means of policy determination and implementation of banking supervision (Darmawi, 2011).

In 2011, Bank Indonesia has issued a new regulation concerning of bank soundness assessment which is Bank Indonesia Regulation / *Peraturan Bank Indonesia (PBI)* No. 13/1/PBI/2011 supersede PBI No. 6/10/PBI/2004, which is the previous regulation that has been valid for 7 years. The emergence of PBI No. 13/1/PBI/2011 is to increase the effectiveness of a bank's soundness assessment with a risk-based approach replacing the former method, whereas CAMELS was considered ineffective in assessing the health of the bank as a whole. The Risk-Based Bank Rating method (RBBR) uses 4 assessment factors, which are: Risk profile, Good Corporate Governance, Earnings, and Capitals (RGEC).

PT. Bank SulutGo is a regional development bank in which most parts or all of its shares, owned by the provincial government. It is revered as a regional development bank because of its purpose as a partner of the provincial government to support their programs in need of financial and banking services. PT. Bank SulutGo is growing each year marked by the growth of their asset. In 2017, the bank was recorded to have a total asset of Rp. 14,08 trillion. PT. Bank SulutGo also has a good growth in third-party funds (TPF). Although it was declined in 2016, the bank's TPF was increased in 2017 by 42.66% from Rp. 7,94 trillion to Rp. 11,33 trillion.

Third-party funds is one of the sources of funds for a bank, and it is the largest source compare to others making its existence important for the bank operation and survival. It was obtained from the society where the collected funds will be distributed back to the society in need, in form of credit corresponding with the bank's function as funds intermediary. Bank cannot offer its credit product as well as continue their operation without TFP. The positive growth of TPF shows a good sign for the bank itself, because it's directly proportional to the growth of the customer bank account. Being able to get new customers is good, but it lies a great responsibility. The society may withdraw their funds at any time, and the bank must be able to provide it. Therefore, it is important to assess the bank's soundness. This research is a study to assess the soundness of PT. Bank SulutGo using Risk-Based Bank Method.

Research Objective

The aim of this research are to find out:

1. PT. Bank SulutGo (persero) Tbk soundness, assessed by Risk profile factor during 2013-2017.
2. PT. Bank SulutGo (persero) Tbk soundness, assessed by Good Corporate Governance factor during 2013-2017.
3. PT. Bank SulutGo (persero) Tbk soundness, assessed by Earnings factor during 2013-2017.
4. PT. Bank SulutGo (persero) Tbk soundness, assessed by Capital factor during 2013-2017.
5. PT. Bank SulutGo (persero) Tbk overall soundness (Risk Profile, GCG, Earnings, and Capital) during 2013-2017.

THEORETICAL FRAMEWORK

Bank

According to Kasmir (2008:2), bank is a financial institution whose activities collect funds from the society in the form of savings and then distributed it back to the society, as well as providing other banking services. Law Decree No. 10 of 1998 about banking stated that bank is a business entity that collects funds from the public in the form of savings and distributes it to the public in the form of credit and or other forms in order to improve the standard of living of the people. Based on the theory above, it can be concluded that a bank is an institution that providing financial services.

Financial Management

Financial management can be broadly defined as the activity concerned with the planning, raising, controlling and administering the funds used in business. Financial management is a set of company's activities

that related to the efforts of obtaining company funds with the least cost and the effort to use and allocate the funds efficiently (Sutrisno, 2005:3). According to Horne and Wachowicz (2012:2), financial management is concerned with the acquisition, financing, and management of assets with some overall goals in mind.

Financial Statement

A financial statement is a written report that summarizes the financial status of an organization for a certain period of time. It includes an income statement and balance sheet or statement of the financial position describing the flow of resources, profit and loss and the distribution of profit. According to Harvey and Morgenson (2012), financial statement is a report of basic accounting data that helps investors understand a firm's financial history and activities. The objective of financial statements is to provide information about the financial position, performance, and changes in financial position of an entity that is useful to a wide range of users in making economics decisions (Mirza and Holt, 2011).

Bank Soundness

Bank soundness is a very important aspect in banking institutions. It becomes the interest of all the bank's stakeholders, either the owner (stockholder), the management of the bank, the customer or even the public. According to Kasmir (2008:41), a bank soundness rate can be defined as the ability of a bank to perform banking operations normally and be able to fulfill all its obligations well in ways in accordance with prevailing banking regulation.

Risk-Based Bank Rating Method

PBI no. 13/1/PBI/2011 has stated that bank is bound to conduct an individual soundness assessment by using the risk approach (Risk-Based Bank Rating) with the scope assessment of the following factors: Risk profile, Good Corporate Governance, Earnings, and Capitals. Bank Indonesia regulates the implementation provisions concerning of commercial bank soundness assessment in Bank Indonesia Circular Letter / *Surat Edaran (SE)* No.13/24/DPNP year 2011.

Previous Research

Ruliana, Hariyadi and Winarsih (2016) research title Health Level of Bank Using Risk Based Bank Rating, aims to examine and analyze the soundness level of commercial banks, based on Bank Indonesia Regulation No. 13/1/PBI/2011. This study uses 32 banking companies listed in Indonesia Stock Exchange within period of 2012-2014. The findings were concluded that of the soundness of commercial banks are in the category of healthy and good.

Hadiwidjaja and Widiastuti (2016) research title Assessing the Effect of Bank Performance on Profit Growth Using RGEC Approach, examine the effect of bank performance on profit growth using RGEC method, using secondary data, such as annual reports and financial statements of banking companies listed in Indonesia Stock Exchange (BEI). This research used a form of Structural Equation Modeling (SEM). As for the measurement model, a Confirmatory Factor Analysis (CFA) pointed to a latent variable measured by one or more variables observed. The latent variables used in this research are the risk profile, good corporate governance, earnings, capital, and profit growth. The results show that risk profile, good corporate governance (GCG), earnings as well as capital, significantly affect growth with risk profile and capital exhibiting negative estimate values and a lower risk profile status of the bank enhancing growth in profit.

Refmasari and Setiawan (2016) research title Penilaian tingkat kesehatan bank umum menggunakan metode RGEC dengan cakupan *Risk Profile*, *Earnings*, dan *Capital* pada bank pembangunan daerah provinsi daerah istimewa Yogyakarta tahun 2012, examine the health level of bank in term of risk profile aspect, the health level of bank in term of earnings aspect, the health level of bank in term of capital, and the health level of bank in term of risk profile, earnings, and capital aspects on Bank Pembangunan Daerah of Yogyakarta in 2012. The results of the research show that the health level of bank in term of risk profile aspect is very healthy with NPL 0.83%, NPA 0.70%, KPCKPN 37.06%, and LDR 72.12%. The health level of bank in term of earnings aspect is very healthy with ROA 2.47%, ROE 22.63%, NIM 8.67%, and BOPO 74.68%. The health level of bank in term of capital aspect is very healthy with KPMM 14.40%. Furthermore, the health level of bank in term of risk profile, earnings, and capital aspects is very healthy. There were weaknesses in KPCKPN and LDR yet it is not significant, the composite value was 86.67% classified in the Composite Category 1.

Conceptual Framework

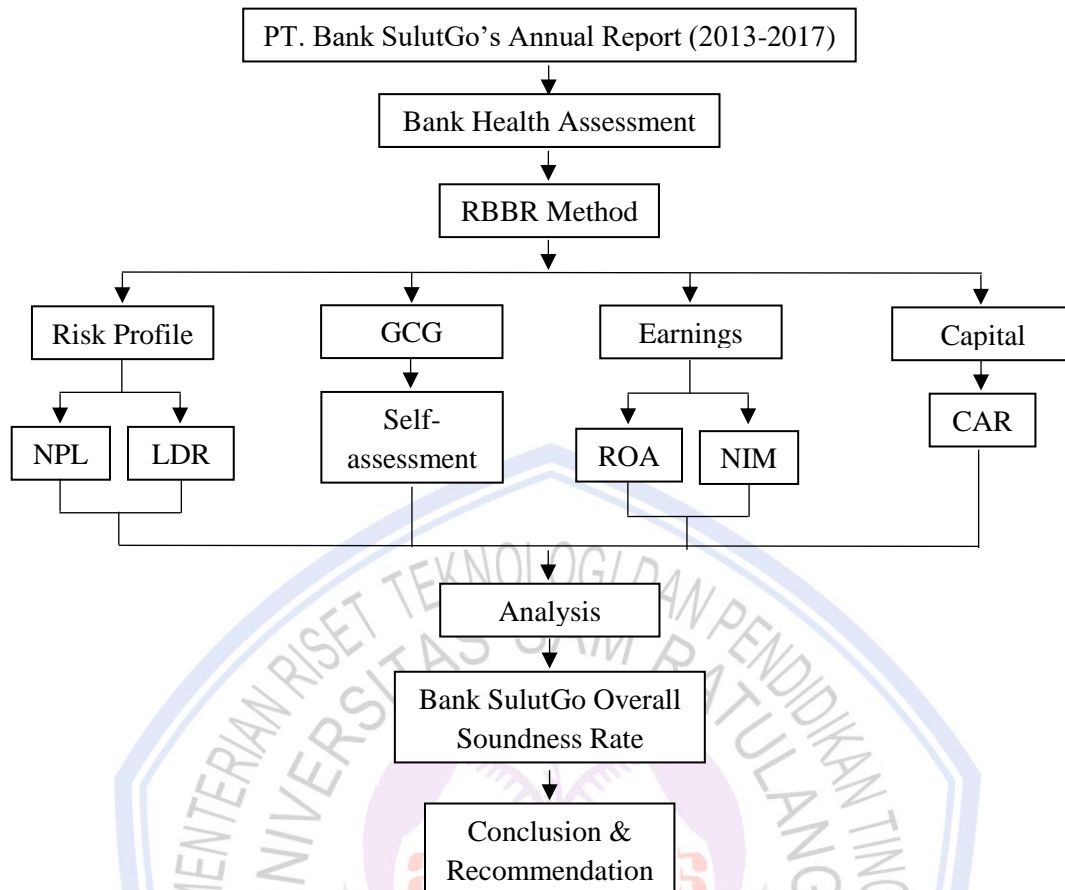


Figure 1. Conceptual Framework

Source: *Theoretical Review, 2018*

RESEARCH METHOD

Research Approach

This research is a descriptive research using quantitative approach. Descriptive research is a research that is conducted to determine the value of an independent variable, either one variable or more (independent) without making comparisons or connecting between one variable and another (Sugiyono, 2013).

Population and Sample

Population is the full set of cases from which a sample is taken (Saunders, Lewis and Thornhill, 2009). While sample is a part of the amounts and characteristic possessed by the research population (Sugiyono, 2013). In this research, the population is PT. Bank SulutGo (persero) Tbk annual report. From the population, the sample of this research are the annual report of PT. Bank SulutGo (persero) Tbk, taken from 2013 until 2017.

Type and Source of Data

The data that are used in this research is a secondary data. Secondary data is data that already exist and do not have to be collected by the researcher (Sekaran and Bougie, 2013). Secondary data includes both raw data and published summaries (Saunders, Lewis and Thornhill, 2009). The raw data is financial ratios that will be used for assessing risk profile, earnings, and capital variable. As for good corporate governance, the data has already been processed. The data has been retrieved from PT. Bank SulutGo (persero) Tbk annual report from 2013 until 2017, which available on the company's website.

Data Analysis Method

Assessing Risk Profile Factor

In this research, only Credit risk and Liquidity risk that are assessed in Risk profile factor. Non Performing Loan (NPL) ratio is used for calculating Credit risk, and Loan to Deposit Ratio (LDR) ratio for Liquidity risk.

Assessing Good Corporate Governance Factor

Good corporate governance assessment in this study is based on the internal assessment of the company itself. This research uses the company's self-assessment which is available on the company's annual report.

Assessing Earnings Factor

Earnings factor assessment in this research is the evaluation of Earnings performance using Return on Assets (ROA) ratio and Net Interest Margin (NIM). Return on Assets (ROA) is a ratio to measure the ability of the bank to generate profits by using its assets. Net Interest Margin (NIM) is a ratio used to measure the bank's capability to generate net interest income on the processing of large productive assets.

Assessing Capital Factor

Assessment of the capital factor is the evaluation of capital adequacy. Capital Adequacy Ratio (CAR) is used in assessing Capital factors. The Capital Adequacy Ratio is a measure of a bank's available capital expressed as a percentage of a bank's risk-weighted credit exposures.

Overall Bank Soundness

The composite rating of bank soundness is determined based on a comprehensive and structured analysis to the ranking of each component analysis and by taking into account the general principles of the rating of commercial bank soundness. The overall soundness of the bank is obtained with using the results of each component analysis.

RESULT AND DISCUSSION

Result

Risk Profile

Table 1. Non Performing Loan (NPL) Assessment Result

Year	Value	Rank	Description
2013	0.54%	1	Very Healthy
2014	1.29%	1	Very Healthy
2015	0.97%	1	Healthy
2016	0.94%	1	Very Healthy
2017	1.36%	1	Very Healthy

Source: Data Processed, 2018

Based on the table 1, in 2013 the NPL ratio value has reached 0.54%. By the following year, the NPL value has increased by 0.75% to 1.29%, which is the most major increased in NPL value of this research period, from 2013 until 2017. Whereas the next year, the value has dropped to 0.97%. In 2016 the NPL value also has dropped to 0.94%. By the year 2017, it has increased to 1.36%.

Table 2. Loan to Deposit Ratio (LDR) Assessment Result

Year	Value	Rank	Description
2013	112.94%	4	Very Healthy
2014	90.10%	3	Very Healthy
2015	103.62%	4	Very Healthy
2016	111.85%	4	Very Healthy
2017	96.35%	3	Very Healthy

Source: Data Processed, 2018

Based on table 2, in 2013, the LDR ratio value has reached 112.94% which is the highest LDR ratio value of this research period. In 2014, the value has dropped to 90.10% or has decreased by 22.84%. Whereas by the following year, in 2015 the LDR value has increased to 103.62%. The LDR value also has increased in 2016 became 111.85%. In 2017, the LDR value also has decreased to 96.35%.

Good Corporate Governance**Table 3. Good Corporate Governance (GCG) Company's Self-assessment**

Year	GCG Rank	Description
2013	2	Healthy
2014	2	Healthy
2015	3	Healthy Enough
2016	2	Healthy
2017	2	Healthy

Source: Data Processed, 2018

In table 3, the company self-assessment on Good Corporate Governance factor shown that in 2013 GCG factor is in healthy or rank 2, also in the year 2014. But the GCG rank has dropped to rank 3 in 2015. In 2016, the GCG factor has been able to regain rank 2 again and maintained it until 2017.

Earnings**Table 4. Return on Assets (ROA) Assessment Result**

Year	Value	Rank	Description
2013	3.48%	1	Very Healthy
2014	2.16%	1	Very Healthy
2015	1.56%	2	Healthy
2016	2.00%	1	Very Healthy
2017	2.80%	1	Very Healthy

Source: Data Processed, 2018

Based on table 4, the Return on Assets (ROA) ratio value in 2013 has reached 3.48%. In 2014, the value has dropped to 2.16%. It has continued to drop until the following year. In 2015 the ROA ratio value has reached 1.56% which is the lowest in this study period. The ratio value has increased in 2016 by 0.44% became 2.00%. In 2017, the ratio value has also increased became 2.80%.

Table 5. Net Interest Margin (NIM) Assessment Result

Year	Value	Rank	Description
2013	11.17%	1	Very Healthy
2014	9.72%	1	Very Healthy
2015	9.18%	1	Very Healthy
2016	9.25%	1	Very Healthy
2017	9.60%	1	Very Healthy

Source: Data Processed, 2018

Based on the table 5, PT. Bank SulutGo (persero) Tbk NIM ratio value in 2013 has reached 11.17% which is the highest value of this research period, from 2013 until 2017. In 2014, the ratio value has reached 9.72%. It has decreased by 1.45%. From 2014 onwards, the NIM ratio value has never exceed value of 10%. In 2015, the value has dropped again to 9.18%. But in 2016, the NIM ratio value has increased to 9.25%. In 2017 also the ratio value has increased to 9.60%.

Capital**Table 6. Capital Adequacy Ratio (CAR) Assessment Result**

Year	Value	Rank	Description
2013	17.27%	1	Very Healthy
2014	14.26%	1	Very Healthy
2015	13.79%	1	Very Healthy
2016	17.11%	1	Very Healthy
2017	16.61%	1	Very Healthy

Source: Data Processed, 2018

Based on table 6, the Capital Adequacy Ratio (CAR) in 2013 has reached 17.27%. By the following year, the CAR value has dropped to 14.26%. It has continued to drop in 2015, making the CAR value has decreased to 13.79%. But in 2016, the ratio value has increased to 17.11%, almost the same with the year of 2013. But again in the year 2017, the CAR value has decreased to 16.61%.

Overall Bank Soundness (Risk Profile, GCG, Earnings and Capital)

Table 7. Composite Rating Result

Year	Composite Score	Composite Value	Rank	Description
2013	26	86.67%	1	Very Healthy
2014	27	90%	1	Very Healthy
2015	24	80%	2	Healthy
2016	26	86.67%	1	Very Healthy
2017	27	90%	1	Very Healthy

Source: Data Processed, 2018

Based on table 7, in 2013, the composite value of PT. Bank SulutGo (persero) Tbk has reached 86.67%. LDR ratio analysis is the lowest rank in this year. In 2014, the composite value has increased to 90%. The increasing of the composite ratio is because the ascended of the LDR composite rank. But in 2015, both LDR ratio analysis and GCG factor assessment have dropped in rank, making the composite value has decreased to 80%. This is was the lowest composite value in this research. But in 2016, the composite value has increased to 86.67%, because of the ascended of GCG and ROA composite rank during that year. The year 2017 has a composite value of 90% which is the highest value together with the year 2014.

Discussion

Risk Profile

The result of credit risk assessment using NPL ratio analysis from 2013 to 2017 has been in a very healthy condition. The criteria for a very healthy NPL ratio is below 2% (Refmasari and Setiawan, 2014). The result shows that PT. Bank SulutGo (persero) Tbk NPL ratio from 2013 to 2017 has been below 2%. It means that the bank is very capable of managing loans and dealing with the credit risk by overcoming risk due to the failure of the debtor and/or another party in fulfilling their obligation to the bank. It is reflected by the NIM ratio result. The percentage of Non Performing Loan against the total credit which the bank issued are very low during in this study period. It means that the bank's debtors are capable to fulfill their obligation to the bank.

On the other hands, the comparison between credit and liquidity risk has shown the result of the assessment in liquidity risk was not good. The LDR ratio analysis result from 2013 to 2017 shows that the bank liquidity risk is high enough. The bank has issued more credits/loans compares to the received deposit or funds from the third party (Third-party funds). According to Refmasari and Setiawan (2014), the LDR ratio value from 85% until 100% is categorized as in a healthy enough condition. Whereas the ratio value from 100% to 120% is categorized as in a less healthy condition. PT Bank Sulutgo Tbk (persero) Tbk was in a healthy enough condition in 2014 and 2017 whereas the bank was in a less healthy condition in 2013, 2015 and 2016. Although the bank is facing a high risk by issued more credit/loans than the received funds, it also will receive a high return from the credit/loans it issued.

Good Corporate Governance

According to the self-assessment result of GCG factor on PT Bank SulutGo (persero) Tbk from 2013 to 2017 generally has been in a healthy condition. 2015 has been the lowest year of GCG rating, which is in rank 3 or in a healthy enough condition. The smaller GCG ranking order reflects better GCG implementation. It means that the bank quality management of the implementation of the GCG principles has gone well, so that most of the period of research from 2013 until 2017, the GCG factor has been categorized in a healthy condition.

Earnings

The result of earnings assessment using ROA ratio analysis from 2013 to 2017 is in a very healthy condition. The criteria for a very healthy ROA ratio is above 2% (Refmasari and Setiawan, 2014). The result shows that PT. Bank SulutGo (persero) Tbk ROA ratio from 2013 to 2017 is above 2%. It means that the bank is very capable of generating profits by using its assets. The greater the value of ROA ratio is, the better the bank's performance in generating profits using its assets. The high ROA ratio is related to the high LDR ratio and a

small NPL ratio. The bank has issued more credit/loans to gain greater profits. Furthermore, the debtors are able to pay their credit to the bank.

Similar with ROA ratio analysis, Earnings factor assessment using Net Interest Margin analysis shows that PT. Bank SulutGo (persero) Tbk is in a very healthy condition, occupied rank 1. The result shows that all of the NIM analysis from 2013 to 2017 is greater than 5%. According to Refmasari and Setiawan (2014), if the NIM ratio is greater than 5%, then it is categorized as in a very healthy condition. The greater the value of NIM the greater the profits derived from interest income, and will affect the soundness of the bank.

Capital

The assessment of capital factor using CAR ratio analysis from 2013 to 2017 shows that PT. Bank SulutGo (persero) Tbk is in a very healthy condition. The criteria for a very healthy CAR ratio is above 12% (Refmasari and Setiawan, 2014). The result shows that the bank CAR ratio from 2013 to 2014 is above 12%. The greater CAR ratio value indicates that the bank's has good capital adequacy which can sustain its operational losses if it occurs and can support the provision for large credit. The higher the bank's risk is, the greater the capital that must be provided to anticipate the risk (SE No.13/24/DPNP year 2011).

Overall Bank Soundnes (Risk Profile, GCG, Earnings and Capital)

Based on the result in table 4.7, in 2013 PT Bank SulutGo (persero) Tbk composite rating is in rank 1 (CR-1) or in a very healthy condition with a composite value of 86,67%. According to Refmasari and Setiawan (2014), the composite rating that has a value between 86% and 100% is categorized as in a very healthy condition. Even though the LDR rating is less healthy in this year, the result of the other assessment factors shows a very good result to support the overall bank soundness. CR-1 reflects the condition of banks which generally is very healthy hence it is deemed very capable of dealing with the significant negative effects of changes in business conditions and other external factors, reflected in the ratings of assessment factors, including Risk profiles, the application of GCG, Earnings and Capital which are generally very good. If there are weaknesses, then, in general, the weaknesses are not significant (SE No.13/24/DPNP year 2011).

In 2014, the composite rating also in a very healthy condition with a composite value of 90%. It increased compare to last year. The increased of the composite value is mainly caused by the improving of LDR rating, which is rank 3 or in a healthy enough condition. A composite value of 90% is categorized as CR-1 (Refmasari and Setiawan, 2014). CR-1 reflects the condition of banks which generally is very healthy hence it is deemed very capable of dealing with the significant negative effects of changes in business conditions and other external factors, reflected in the ratings of assessment factors, including Risk profiles, the application of GCG, Earnings and Capital which are generally very good. If there are weaknesses, then, in general, the weaknesses are not significant (SE No.13/24/DPNP year 2011).

2015 is the year with the lowest composite rating of this research period, with a composite value of 80%. The causes of the composite rating decreased is due to the descended of LDR and GCG rating. LDR rating was only in rank 4, while GCG rating was descended to rank 3 from the previous year. A composite value of 80% is categorized as in a healthy condition or CR-2. It is reflecting the condition of the bank which generally is healthy hence it is deemed capable to deal with significant negative effects of changes in business conditions and other external factors, reflected in the ratings of assessment factors, including Risk profiles, the application of GCG, Earnings and Capital which are generally good. If there are weaknesses, then, in general, the weaknesses are less significant (SE No.13/24/DPNP year 2011).

In 2016 the composite value increased to 86,67%, which is CR-1 or in a very healthy condition (Refmasari and Setiawan, 2014). GCG rating is ascended to rank 2 in this year, causing an increase in composite value. According to SE No.13/24/DPNP year 2011, CR-1 reflects the condition of banks which generally is very healthy hence it is deemed very capable of dealing with the significant negative effects of changes in business conditions and other external factors, reflected in the ratings of assessment factors, including Risk profiles, the application of GCG, Earnings and Capital which are generally very good. If there are weaknesses, then, in general, the weaknesses are not significant.

With a composite value of 90%, the year 2017 has occupied CR-1 in composite rating with a very healthy condition (Refmasari and Setiawan, 2014). It is the highest composite rating together with the year 2014. CR-1 reflects the condition of banks which generally is very healthy hence it is deemed very capable of dealing with the significant negative effects of changes in business conditions and other external factors, reflected in the ratings of assessment factors, including Risk profiles, the application of GCG, Earnings and

Capital which are generally very good. If there are weaknesses, then, in general, the weaknesses are not significant (SE No.13/24/DPNP year 2011)

CONCLUSION AND RECOMMENDATION

Conclusion

1. The result of bank soundness based on Risk profile factor in which the rating is using NPL ratio for credit risk shows that from 2013 to 2017, PT. Bank SulutGo (persero) Tbk is in very healthy condition. As for liquidity risk using LDR ratio, the soundness of the bank in 2013, 2015 and 2016 is in less healthy condition while in 2014 and 2017, the bank is in healthy enough condition.
2. The result of bank soundness based on Good Corporate Governance factor shows that in generally, PT. Bank SulutGo (persero) Tbk is in healthy condition. From the five years of the research period (2013-2017) only in the year of 2015 that the bank is in healthy enough condition, while the rest is in healthy condition.
3. The result of bank soundness based on Earnings factor in which the analysis is using ROA and NIM ratio shows that PT. Bank SulutGo (persero) Tbk is in a very healthy condition. Both of the financial ratio analysis indicates that the bank is categorized as rank 1 or in a very healthy condition from 2013 to 2017.
4. The result of bank soundness based on Capital factor, in which the analysis is using CAR ratio, shows that PT. Bank SulutGo (persero) Tbk is in a very healthy condition. From 2013 to 2017, the bank is able to occupy rank 1 or categorized as in very healthy condition.
5. The result of overall bank soundness shows that in generally, PT. Bank SulutGo (persero) Tbk is in very healthy condition. From the five years of this research period, only in year 2015 that the bank only able to get healthy condition predicate. While the rest of the years which are 2013, 2014, 2016 and 2017, the bank is able to get very healthy condition predicate.

Recommendation

The soundness of a bank is very important for the stakeholders of the bank (e.g costumers, investors, and as well as the bank itself). Overall, the soundness of PT. Bank SulutGo (persero) Tbk has a good result. Whereas from the liquidity risk, the bank LDR ratio is exceeded the maximum limit from Bank Indonesia provision. It is recommended for PT. Bank SulutGo (persero) Tbk to keep balance of its credit towards received deposit. They also must put more efforts, regarding to their management quality. The GCG factor assessment result shows that PT. Bank SulutGo (persero) Tbk only able to get healthy condition predicate at their best. It is recommended that the bank shall improve their management quality guided by the Bank Indonesia regulation concerning the Implementation of GCG. Future researches are encouraged since there are still limitations on this research regarding financial ratio used in this research.

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