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REGIONAL BANK PERFORMANCE AS A REFLECTION OF REGIONAL ECONOMY: A COMPARATIVE ANALYSIS BETWEEN EAST NUSA TENGGARA AND JAVA

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Abstract

This study aims to analyze the performance of six Regional Development Banks (BPD)—Bank BJB, Bank DIY, Bank DKI, Bank Jateng, Bank Jatim, and Bank NTT—during the 2020–2024 period, and to evaluate the extent to which this performance represents the economic conditions of their respective regions. As regional government-owned financial institutions, BPDs play a strategic role in supporting regional economic development through financing micro, small, and medium enterprises (MSMEs), providing regional financial services, and contributing to Regional Original Income (PAD). However, there is a significant economic gap between Java and eastern Indonesia, such as East Nusa Tenggara, making it important to examine whether BPD performance reflects the strength of the local economies where the banks operate.

This study uses the Risk-Based Bank Rating (RGEC) method based on the provisions of POJK No. 14/POJK.03/2017, which assesses four main aspects: Risk Profile (measured by the Non-Performing Loan/NPL ratio), Good Corporate Governance (GCG), Earnings (measured by Return on Assets/ROA), and Capital (measured by the Capital Adequacy Ratio/CAR). The research approach is quantitative descriptive, with secondary data obtained from bank annual reports for the 2020–2024 period. Each indicator is compared with banking health standards set by the Financial Services Authority (OJK) to determine the bank's health category and illustrate the relationship between financial performance and regional economic stability.

The results showed that all regional banks were in good health, with NPLs below 5%, ROA above 1%, and CARs well above the minimum threshold of 8%. Bank DIY performed best with the lowest NPL and highest ROA, reflecting efficient asset management and effective risk management. Bank DKI excelled in terms of capitalization, with the highest CAR, demonstrating a robust capital structure. Meanwhile, Bank NTT maintained solid profitability with an average ROA of 1.88%, even surpassing the average for regional development banks (BPDs) in Java of 1.82%. These findings demonstrate that despite operating in a more challenging economic environment, Bank NTT has managed to maintain operational efficiency and generate consistent profits.

Regional comparisons show that regional banks (BPD) in Java have more stable performance, particularly in terms of credit quality (NPL) and capital adequacy ratio

(CAR), reflecting more mature economic support and financial infrastructure. Conversely, Bank NTT represents the economic characteristics of eastern Indonesia, with competitive profitability, despite facing structural challenges in portfolio diversification and funding access. Therefore, this study confirms that BPD performance can be used as a representative indicator of regional economic conditions, as RGEC results not only reflect the internal performance of bank management but are also influenced by local economic support, governance quality, and regional development policies.

This study contributes to the strengthening of the literature on the relationship between regional banking performance and regional economic dynamics, and provides policy recommendations for local governments and regulators to strengthen governance, increase risk management capacity, and expand the capital base of BPDs so that they can act as catalysts for inclusive and sustainable economic development. Limitations of the study include the limited timeframe of 2020–2024 and the sample size of six BPDs. Therefore, future research is recommended to expand the sample and add macroeconomic variables such as GRDP, inflation, and unemployment rates to deepen the analysis of the relationship between BPD performance and regional economic conditions in Indonesia.

Keywords: Regional Development Bank, RGEC, NPL, ROA, CAR, GCG, Financial Performance, Regional Economy.

Introduction

Regional Development Banks (BPD) play a strategic role in strengthening the national economic structure by developing local economic potential. As a regional government-owned financial institution, BPDs function not only as commercial banks but also as regional development agents tasked with encouraging real sector growth, increasing financial access for the public, and contributing to increasing Regional Original Income (PAD). BPDs are expected to be a driving force for sustainable regional economic development by financing productive sectors, particularly micro, small, and medium enterprises (MSMEs). Thus, BPD performance, directly and indirectly, reflects the economic conditions of the regions in which they operate.

However, regional economic dynamics in Indonesia are not homogeneous. Java generally has a stronger economic base than eastern Indonesia, including East Nusa Tenggara (NTT). This difference is evident in Java's relatively better investment levels, financial infrastructure, and human resource quality. This disparity raises a fundamental question: are these differences in regional economic conditions also reflected in the financial performance of each regional bank? In other words, can the performance of regional banks (BPD) be used as a representative indicator of regional economic conditions? This question is relevant given the increasingly crucial role of BPDs in supporting post-pandemic regional development and national economic recovery efforts.

To answer this question, an objective and measurable analytical approach is required. The Financial Services Authority (OJK), through POJK No. 14/POJK.03/2017, has established the Risk-Based Bank Rating (RGEC) method as the standard for assessing the health of banks in Indonesia. This method assesses bank performance through four main components: Risk Profile (measured by Non-Performing Loans/NPLs), Good Corporate Governance (GCG), Earnings (Return on Assets/ROA), and Capital (Capital Adequacy Ratio/CAR). These four aspects are considered capable of reflecting the bank's internal condition as a whole while also describing the bank's response to external conditions, including the regional economic situation.

In the context of this research, a comparison is made between Bank NTT, representing eastern Indonesia, and five regional development banks (BPD) in Java—Bank DKI, Bank DIY, Bank Jateng, Bank Jatim, and Bank BJB—during the 2020–2024 period. This timeframe is relevant because it encompasses the post-COVID-19 economic recovery period, which has significantly impacted the performance of the regional banking sector. Using four RGEC indicators, this study aims to determine whether differences in BPD performance reflect economic disparities across regions in Indonesia.

Furthermore, this research is expected to provide empirical contributions to academic studies and public policy regarding the relationship between regional banking performance and regional economic conditions. The research findings can serve as a basis for local governments and regulators in formulating strategies to strengthen the role of Regional Development Banks (BPD), through improved governance, risk management, and sustainable capital. By strengthening the capacity of BPDs, it is hoped that these institutions will function not only as regional financial institutions but also as agents of development capable of reducing economic disparities between regions.

Overall, this study emphasizes the importance of viewing regional bank financial performance not only as a result of managerial efficiency but also as a reflection of the region's economic conditions. A comparative analysis between regional banks (BPD) in Java and Bank NTT will provide a more comprehensive picture of how regional economic forces influence the stability and performance of regional financial institutions in Indonesia.

PROBLEM FORMULATION

The problem formulation addressed in this study is as follows:

1. Does the performance of regional banks, as measured using the Risk-Based Bank Rating (RGEC) method, represent the economic conditions of their regions?

2. How do the RGEC scores, consisting of Non-Performing Loans (NPL), Good Corporate Governance (GCG), Return on Assets (ROA), and

Capital Adequacy Ratio (CAR), compare between Bank NTT and regional banks in Java during the 2020–2024 period?

3. What factors contribute to differences in RGEC scores between regional banks in different economic regions?

Research Objectives

1. To analyze the performance of regional banks using the Risk-Based Bank Rating (RGEC) method for the 2020–2024 period. This analysis includes four main indicators: Risk Profile (NPL) to assess credit risk, Good Corporate Governance (GCG) to assess governance quality, Earnings (ROA) to assess profitability, and Capital Adequacy Ratio (CAR) to assess bank capital adequacy.

2. To compare the RGEC assessment results between Bank NTT and five regional banks in Java (Bank DKI, Bank DIY, Bank Jateng, Bank Jatim, and Bank BJB) to examine differences in financial health and stability across regions with distinct economic characteristics.

3. To identify factors influencing differences in regional bank performance, both those stemming from internal bank conditions such as management effectiveness and capitalization, and external factors such as regional economic strength, infrastructure quality, and local government policies.

LITERATURE REVIEW

Regional Development Banks (BPD) are financial institutions owned by local governments that play a strategic role in supporting regional economic development. BPDs serve a dual function: as financial intermediaries and as agents of regional development. As intermediaries, BPDs collect public funds in the form of savings and redistribute them in the form of productive loans. As development agents, BPDs assist local governments in accelerating economic growth by financing priority sectors such as MSMEs, infrastructure, and public services.

Regional Development Bank (BPD) performance is heavily influenced by regional economic conditions, human resources, and prevailing fiscal and monetary policies. In regions with strong economies like Java, BPDs tend to have more diverse credit portfolios and more manageable risk levels. Conversely, in regions with a still-developing economy, like East Nusa Tenggara (NTT), BPDs face challenges in financing and credit risk management. Therefore, BPD financial performance is often used as an additional indicator to assess regional economic strength.

Bank Health Assessment Using the RGEC Method

The Financial Services Authority (OJK) applies the Risk-Based Bank Rating (RGEC) method as the standard for assessing the health of commercial banks in

Indonesia. This method was introduced through OJK Regulation Number 14/POJK.03/2017, which assesses bank health based on four main components: Risk Profile, Good Corporate Governance (GCG), Earnings, and Capital.

The Risk Profile describes the level of risk faced by a bank, particularly credit risk, as measured by the Non-Performing Loan (NPL) ratio. The lower the NPL, the better the bank's asset quality and credit risk management.

a. Good Corporate Governance (GCG) reflects the extent to which a bank implements good governance principles such as transparency, accountability, responsibility, independence, and fairness. Assessment is conducted through self-assessment and external assessments.

b. Earnings or profitability is measured through the Return on Assets (ROA) ratio, which indicates a bank's ability to generate profit from its assets. A high ROA indicates good efficiency and profitability.

c. Capital reflects the level of capital adequacy, as measured by the Capital Adequacy Ratio (CAR), which is the ratio between capital and risk-weighted assets. The higher the CAR, the stronger the bank's ability to absorb potential losses.

d. These four indicators are used to assess a bank's overall financial condition and stability. Banks with an NPL below 5%, an ROA above 1%, and a CAR above 8% are generally categorized as healthy by the Financial Services Authority (OJK).

The Relationship Between Regional Development Bank Performance and Regional Economic Conditions

1 The performance of regional banks is inextricably linked to the economic conditions of the regions in which they operate. Regions with strong economic structures, such as provinces on the island of Java, tend to have BPDs with better financial performance due to high economic activity, substantial fiscal capacity, and broad access to funding. Meanwhile, BPDs in eastern Indonesia, such as East Nusa Tenggara (NTT), face challenges such as limited infrastructure, economic volatility, and a limited customer base.

These differences in regional economic conditions directly impact each bank's RGEC ratio. High NPLs typically reflect credit risk due to unstable regional economic activity. Meanwhile, high ROA and CAR indicate effective management and strong capital strength. Therefore, RGEC analysis can be used as a measuring tool to assess the extent to which regional economic stability is reflected in regional bank performance, making BPDs not only financial actors but also a reflection of regional economic strength.

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RESEARCH METHODS

This research uses a descriptive quantitative approach, aiming to describe and analyze the health level of Regional Development Banks (BPD) using the Risk-Based Bank Rating (RGEC) method. This approach was chosen because it can objectively assess banking conditions through financial ratio analysis and governance aspects. Using this method, the research focuses on a comparison between Bank NTT, as a representative of eastern Indonesia, and five BPDs in Java (Bank DKI, Bank DIY, Bank Jateng, Bank Jatim, and Bank BJB) during the 2020–2024 period.

Object and Data Sources

The object of this research is the financial performance of regional banks, as measured by the four main indicators in the RGEC method: Risk Profile, Good Corporate Governance (GCG), Earnings, and Capital. The data sources used are secondary data obtained from the annual reports of each bank for the 2020–2024 period, as well as official documents from the Financial Services Authority (OJK), academic literature, and relevant previous research.

Research Object and Subject

The object of this study is the performance of regional banks, as measured using the RGEC indicator. The research subjects included six regional development banks (BPDs):

- Bank NTT
- Bank DKI
- Bank DIY
- Bank BJB
- Bank Jateng
- Bank Jatim

Data Analysis Techniques

The analysis was conducted by calculating the four main components of the RGEC as follows:

1. Risk Profile (NPL)
   Credit risk is measured by the Non-Performing Loan (NPL) ratio using the formula:
   a. NPL== $\frac{Problem\ credit}{total\ credit}\ x\ 100\%$
   b.
   An NPL value below 5% indicates a bank is in the healthy category, according to OJK standards.

2. Good Corporate Governance (GCG)
   GCG assessment is conducted qualitatively through a bank self-assessment based on five governance principles: transparency, accountability,

responsibility, independence, and fairness. GCG scores are expressed on a scale of 1–5, with a score of 1 indicating excellent governance implementation.

3. Earnings (ROA)
   Profitability performance is measured by the Return on Assets (ROA) ratio using the formula:
   $\text{ROA}= \frac{Net\ Profit}{\text{Total Assets}}\ x\ 100\%$
   A bank is considered healthy if its ROA is above 1%, indicating efficient asset management in generating profits.

4. Capital Adequacy Ratio (CAR)
   Capital adequacy is measured using the Capital Adequacy Ratio (CAR) using the following formula:
   a. $\text{CAR}= \frac{\text{Capital}}{Risk\text{−}Weighted\ Assets}\ x\ 100$

A bank is considered healthy if it has a CAR of at least 8%, while a value above 12% reflects a very strong capital structure.

Bank Health Assessment Criteria (OJK)

- The OJK has established four categories for assessing bank health based on the RGEC indicator:
- Healthy: NPL < 5%, ROA ≥ 1%, and CAR ≥ 8%
- Fairly Healthy: NPL between 5–8%, ROA 0.5–1%, CAR 8–10%
- Less Healthy: NPL 8–10%, ROA < 0.5%, CAR < 8%
- Unhealthy: The ratio is far below the established minimum limit.

Comparative Method

The calculation results for each bank were then compared between the bank group in Java and Bank NTT to assess whether differences in financial performance reflected regional economic conditions. This analysis was conducted descriptively by reviewing the trends of each indicator from 2020 to 2024, thus demonstrating the consistency of performance, capital stability, and the effectiveness of risk management at each bank.

This method provides a comprehensive overview of the relationship between BPD performance and regional economic conditions. The analysis is expected to demonstrate whether regional banks can represent the economic strength of their regions and provide a basis for local governments and regulators to strengthen the role of BPDs in supporting sustainable economic growth in Indonesia.

INDUSTRY STANDARD FOR BANK HEALTH ASSESSMENT (RGEC)

Bank health assessments in Indonesia use the Risk-Based Bank Rating (RGEC) method, based on OJK Regulation No. 14/POJK.03/2017. This method assesses a bank's condition based on four main aspects: Risk Profile (NPL), Good Corporate Governance (GCG), Earnings (ROA), and Capital (CAR). This assessment is used to determine a bank's health and its ability to deal with financial risks.

Indicator	Category	Value Range	Information
NPL (Non-Performing Loan)	-Healthy -Pretty Healthy -Unwell - Not healthy	-< 2% - 2% – 5% - 5% – 8% - > 8%	-Very low credit risk - Controlled risk - High risk - Very high risk
GCG (Good Corporate Governance)	-Very good - Good - Pretty good - Not good	- 1,00 – 1,50 -1.51 – 2.50 -2.51 – 3.50 - 2,51 – 3,50 -> 3.50	- Effective governance - Minor downside -Significant weaknesses - Weak governance
ROA (Return on Assets)	- Healthy - Pretty Healthy - Unwell - Not healthy	- ≥ 1,5% - 1,25 – 1,49% - 0,5 – 1,24% - < 0,5%	- High profit - Moderate profitability - Low efficiency -Profits are very low
CAR(Capital Adequacy Ratio)	- Healthy - Pretty Healthy - Unwell - Not healthy	- ≥ 12% - 10 – 11,99% - 8 – 9,99% -< 8%	-Very strong capital -Sufficient capital -Limited capital -Insufficient capital

This standard serves as a reference for determining the health level of Regional Development Banks (BPD) in the study, namely Bank DKI, Bank DIY, Bank Jateng, Bank Jatim, Bank BJB, and Bank NTT for the 2020–2024 period.

A bank is considered healthy if all four RGEC indicators show results within ideal limits. This industry standard also serves as a basis for comparing performance across regional banks to determine the extent to which differences in economic regions affect the financial condition of BPDs.

RESULTS AND DISCUSSION

Table 1. Risk Profile (NPL) of Bank NTT

Year	NPL %	Maximum Limit	Evaluation
2020	2,72%	< 5%	Healthy
2021	1,63%	< 5%	Healthy
2022	1,70%	< 5%	Healthy
2023	1,72%	< 5%	Healthy
2024	1,79%	< 5%	Healthy

Based on the table, Bank NTT's NPL ratio from 2020 to 2024 remained below the 5% maximum limit set by the Financial Services Authority (OJK). This demonstrates Bank NTT's ability to maintain asset quality and effectively manage non-performing loans. Therefore, from a risk profile perspective, Bank NTT is categorized as healthy.

Table 2. Earnings (ROA) of Bank NTT

Year	ROA	OJK Evaluation minimum limit	Evaluation
2020	1,21%	>1	Healthy
2021	1,97%	>1	Healthy
2022	1,78%	>1	Healthy
2023	1,77%	>1	Healthy
2024	1,86%	>1	Healthy

Based on data, Bank NTT's ROA has consistently been above the 1% minimum threshold from 2020 to 2024. This indicates the bank's ability to efficiently manage its assets to generate consistent profits. Therefore, in terms of earnings, Bank NTT is in good health.

Table 3. Capital (CAR) of Bank NTT

Year	CAR	OJK Evaluation minimum limit	Evaluation
2020	23,83%	>8	Healthy
2020	28,36%	>8	Healthy
2021	25,69%	>8	Healthy
2022	25,22%	>8	Healthy
2024	24,79%	>8	Healthy

The table shows that Bank NTT's CAR has consistently exceeded the OJK's minimum limit of 8% over the past five years. This high ratio reflects the strength of Bank NTT's capital and its ability to maintain financial stability. Therefore, from a capital perspective, Bank NTT is in very healthy condition.

Table 4. Risk Profile (NPL) of Bank DKI

Year	NPL %	OJK Evaluation minimum limit	Evaluation
2020	2,95%	<5%	Healthy
2021	2,98%	<5%	Healthy
2022	1,75%	<5%	Healthy
2023	1,76%	<5%	Healthy
2024	2,54%	<5%	Healthy

Bank DKI's Non-Performing Loan (NPL) data from 2020 to 2024 shows a relatively stable trend. Throughout the five years, Bank DKI's NPL ratio remained below the 5% maximum limit set by the Financial Services Authority (OJK), indicating the bank's ability to maintain its asset quality. The stable NPL ratio reflects the effectiveness of credit risk management and demonstrates Bank DKI's consistent control of non-performing loans. This achievement demonstrates Bank DKI's risk profile during the period can be assessed as healthy.

Table 5. Earnings (ROA) of Bank DKI

Year	ROA	OJK Evaluation minimum limit	Evaluation
2020	1,56%	>1	Healthy
2021	1,58%	>1	Healthy
2022	1,65%	>1	Healthy
2023	1,67%	>1	Healthy
2024	1,27%	>1	Healthy

The development of the bank's Return on Assets (ROA) ratio from 2020 to 2024. During these five years, the ROA value consistently exceeded the minimum limit set by the Financial Services Authority (OJK), which is >1%. This reflects the bank's ability to efficiently manage assets to generate profits. This stable profitability performance demonstrates management's effectiveness in carrying out operational activities. With this achievement, the bank is declared healthy from an Earnings perspective according to the RGEC method.

Table 6. Capital (CAR) of Bank DKI

Year	CAR	OJK Evaluation minimum limit	Evaluation
2020	28,05%	> 8 %	Healthy
2021	27,85%	> 8 %	Healthy
2022	24,84%	> 8 %	Healthy
2023	25,63%	> 8 %	Healthy
2024	26,42%	> 8 %	Healthy

From 2020 to 2024, the bank's CAR showed an excellent trend, consistently exceeding the 8% minimum threshold set by the Financial Services Authority (OJK). This high ratio indicates the bank's strong capitalization and ability to support business expansion and address risks without disrupting operational stability. Based on this, the bank's Capital Aspect is considered Very Healthy, in accordance with the RGEC assessment criteria.

Table 7. Risk Profile (NPL) of Bank DIY

Year	NPL %	OJK Maximum Limit	Evaluation
2020	1,87%	< 5%	Healthy
2021	2,13%	< 5%	Healthy
2022	2,06%	< 5%	Healthy
2023	1,98%	< 5%	Healthy
2024	1,97%	< 5%	Healthy

Based on data, Bank DIY's NPL has remained stable between 1.87% and 2.13% over the past five years. All NPL values remain below the 5% maximum limit, indicating that Bank DIY has successfully managed credit risk. Therefore, from a risk profile perspective, the bank is categorized as healthy.

Table 8. Earnings (ROA) of Bank DIY

Year	ROA	OJK maximum limit	Evaluation
2020	1,94%	>1	Healthy
2021	1,97%	>1	Healthy
2022	1,92%	>1	Healthy
2023	2,15%	>1	Healthy
2024	1,89%	>1	Healthy

Bank DIY's ROA ranged from 1.89% to 2.15% during the period. All figures exceeded the minimum threshold, reflecting the bank's efficiency in asset management and its ability to generate consistent profits. Therefore, Bank DIY is considered healthy in terms of earnings.

Table 9. Capital (CAR) of Bank DIY

Year	CAR	OJK minimum limit	Evaluation
2020	24,70%	>8	Healthy
2021	23,95%	>8	Healthy
2022	25,00%	>8	Healthy
2023	25,66%	>8	Healthy
2024	26,83%	>8	Healthy

Bank DIY's CAR was recorded as very high during the 2020–2024 period, ranging from 24.70% to 26.83%. All of these figures are well above the minimum requirements, indicating that Bank DIY has a very strong capital structure and is capable of facing potential risks. In terms of capital, the bank can be categorized as very healthy.

Table 10. Risk Profile (NPL) of Bank BJB

Year	NPL %	OJK Maximum Limit	Evaluation
2020	3,06%	< 5%	Healthy
2021	2,73%	< 5%	Healthy
2022	2,42%	< 5%	Healthy
2023	2,02%	< 5%	Healthy
2024	1,80%	< 5%	Healthy

The table shows that Bank BJB's NPL decreased from 3.06% in 2020 to 1.80% in 2024. All NPL values are below the 5% threshold, indicating that Bank BJB is able to maintain asset quality and manage credit risk effectively. Therefore, from a risk profile perspective, the bank is considered healthy.

Table 11 BJB Bank Earnings (ROA)

Year	ROA	OJK minimum limit	Evaluation
2020	1,84%	>1	Healthy
2021	1,86%	>1	Healthy
2022	1,85%	>1	Healthy
2023	1,97%	>1	Healthy
2024	1,88%	>1	Healthy

The bank's ROA during the 2020–2024 period consistently exceeded the minimum standard of 1%, thus categorizing it as healthy. In 2020, ROA was recorded at 1.84%, rising to 1.86% in 2021, and remaining stable at 1.85% in 2022. 2023 saw the highest increase, at 1.97%, although it declined slightly in 2024 to 1.88%. Overall, the bank's performance remained healthy and stable in generating profits.

Table 12. Capital (CAR) of Bank BJB

Tahun	CAR	OJK minimum limit	Evaluation
2020	22,59%	>8	Healthy
20201	22,77%	>8	Healthy
2022	23,22%	>8	Healthy
2023	23,48%	>8	Healthy
2024	24,46%	>8	Healthy

Data shows that Bank BJB's CAR continues to increase, from 22.59% in 2020 to 24.46% in 2024. All of these values are well above the established minimum threshold, reflecting Bank BJB's very strong capital structure and ability to optimally absorb potential risks. From a capital perspective, the bank is categorized as very healthy.

Table 13. Risk Profile (NPL) of Bank Jateng

Year	NPL %	OJK Maximum Limit	Evaluation
2020	2,44%	< 5%	Healthy
2021	2,59%	< 5%	Healthy
2022	2,45%	< 5%	Healthy
2023	2,09%	< 5%	Healthy
2024	1,85%	< 5%	Healthy

Based on data for the 2020–2024 period, the NPL ratio ranged from 1.85% to 2.59%, well below the <5% maximum limit set by the Financial Services Authority (OJK). This indicates well-maintained credit quality and low credit risk. This reflects the effective implementation of Good Corporate Governance (GCG), particularly the principles of risk management, transparency, and accountability, enabling selective credit distribution and optimal credit oversight.

Table 14. Earnings (ROA) of Bank Jateng

Year	ROA	OJK minimum limit	Evaluation
2020	1,84%	>1	Healthy
2021	1,78%	>1	Healthy
2022	1,78%	>1	Healthy
2023	1,97%	>1	Healthy
2024	1,88%	>1	Healthy

During the 2020–2024 period, the ROA ratio consistently remained above the 1% minimum threshold (range 1.70%–1.88%), indicating the bank's ability to generate profits from its assets within a healthy range. This consistency demonstrates operational efficiency and a well-targeted business strategy. GCG implementation plays a crucial role, particularly in terms of responsibility and fairness, which encourages productive asset management and sustainable profitability.

Table 15. Capital (CAR) of Bank Jateng

Year	CAR	OJK minimum limit	Evaluation
2020	22,59%	>8	Healthy
2020	22,77%	>8	Healthy
2021	23,22%	>8	Healthy
2022	23,48%	>8	Healthy
2023	24,46%	>8	Healthy

The CAR ratio for the 2020–2023 period was recorded as very high, ranging from 22.59% to 24.46%, well above the 8% minimum limit set by the Financial Services Authority (OJK). This value indicates that the bank's capital is very healthy and has a strong capacity to absorb risks and support business expansion. This reflects the implementation of sound GCG in capital planning, risk management, and maintaining stakeholder trust.

Table 16. Risk Profile (NPL) of Bank Jatim

Year	NPL %	OJK Maximum Limit	Evaluation
2020	4.62%	< 5%	quite healthy
2021	4.19%	< 5%	Healthy
2022	3.64%	< 5%	Healthy
2023	3.40%	< 5%	Healthy
2024	3.28%	< 5%	Healthy

The bank's NPL ratio for the 2020–2024 period showed a downward trend from 4.62% in 2020 to 3.28% in 2024. Although initially in the fairly healthy category, continuous improvements have kept the NPL consistently in a healthy condition, indicating improved credit quality and effective risk management.

Table 17. Earnings (ROA) of Bank Jatim.

Table 17. Earnings (ROA) of Bank Jatim

Year	ROA	OJK minimum limit	Evaluation
2020	2.29%	>1	Healthy
2021	1.95%	>1	Healthy
2022	1.93%	>1	Healthy
2023	2.04%	>1	Healthy
2024	2.00%	>1	Healthy

The ROA ratio for the 2020–2024 period consistently exceeded the OJK minimum standard (>1%), ranging from 1.93% to 2.29%. This demonstrates the bank's ability to efficiently manage assets to generate profits, thus assessing its profitability as healthy each year.

Table 18. Capital (CAR) of Bank Jatim

Year	CAR	OJK minimum limit	Evaluation
2020	22,59%	>8	Healthy
2020	22,77%	>8	Healthy
2021	23,22%	>8	Healthy
2022	23,48%	>8	Healthy
2023	24,46%	>8	Healthy

The bank's Capital Adequacy Ratio (CAR) for the 2020–2023 period demonstrated excellent performance, consistently exceeding the OJK minimum limit of 8%. In 2020, CAR was recorded at 22.59% and 22.77%, then increased to 23.22% in 2021, 23.48% in 2022, and reached 24.46% in 2023. This high ratio confirms the bank's strong capitalization to absorb potential risks and support business expansion. With this achievement, the bank's capital performance can be categorized as healthy throughout the study period.

Financial performance of Regional Development Banks

Year	2020	2021	2022	2023	2024	Total	Average	Evaluation
NTT Bank								
NPL	3,06%	2,73%	2,42%	2,02%	1,80%	12,03%	2,41%	Healthy
ROA	1,84%	1,85%	1,85%	1,97%	1,88%	9,39%	1,88%	Healthy
CAR	22,59%	22,77%	23,22%	23,48%	24,46%	116,52%	23,30%	Healthy
DKI Bank								
NPL	2,95%	2,98%	1,75%	1,76%	2,54%	11,98%	2,40%	Healthy

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ROA	1,56%	1,58%	1,65%	1,67%	1,27%	7,73%	1,55%	Healthy
CAR	28,05%	27,85%	24,84%	25,63%	26,42%	132,79%	26,56%	Healthy
DIY Bank								
NPL	1,87%	2,13%	2,06%	1,98%	1,97%	10,01%	2,00%	Healthy
ROA	1,94%	1,97%	1,92%	2,15%	1,89%	9,87%	1,97%	Healthy
CAR	24,70%	23,95%	25%	25,66%	26,83%	126,14%	25,23%	Healthy
BJB Bank								
NPL	3,06%	2,73%	2,42%	2,02%	1,80%	12,03%	2,41%	Healthy
ROA	1,84%	1,86%	1,85%	1,97%	1,88%	9,40%	1,88%	Healthy
CAR	22,59%	22,77%	23,22%	23,48%	24,46%	116,52%	23,30%	Healthy
Jateng Bank								
NPL	2,44%	2,59%	2,45%	2,09%	1,85%	11,42%	2,28%	Healthy
ROA	1,84%	1,78%	1,78%	1,97%	1,88%	9,25%	1,85%	Healthy
CAR	22,59%	22,77%	23,22%	23,48%	24,46%	116,52%	23,30%	Healthy
Jatim Bank								
NPL	4.62%	4.19%	3.64%	3.40%	3.28%	9.50%	2.38%	Healthy
ROA	2.29%	1.95%	1.93%	2.04%	2.00%	7.44%	1.86%	Healthy
CAR	22,59%	22,77%	23,22%	23,48%	24,46%	94.24%	23,30%	Healthy

COMPARISON OF REGIONAL BANKS AND BANKS IN JAVA

Based on the analysis for the 2020–2024 period, there is a difference in performance between Bank NTT, representing eastern Indonesia, and regional development banks (BPD) in Java. In terms of Non-Performing Loans (NPL), Bank NTT recorded an average of 2.41%, while the average for BPDs in Java was lower at 2.30%. This indicates that regional banks in Java are better able to maintain credit quality, thus managing the risk of non-performing financing more effectively than Bank NTT.

In terms of Return on Assets (ROA), Bank NTT averaged 1.88%, higher than the average for regional development banks (BPD) in Java of 1.82%. This finding confirms Bank NTT's superior profitability, with a better ability to manage assets to generate profits.

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In terms of Capital Adequacy Ratio (CAR), Bank NTT averaged 23.30%, while the average for regional development banks (BPD) in Java was higher at 24.94%. Therefore, regional banks in Java have stronger capital resilience than Bank NTT.

Overall, Bank NTT excelled in profitability (ROA), while regional banks (BPDs) in Java performed better in managing credit risk (NPL) and strengthening capital (CAR). This suggests that regional economic conditions influence the performance of regional banks. Java's economic stability is reflected in better asset quality and capitalization, while Bank NTT remains competitive through maintained profitability.

CONCLUSION

The performance analysis of six Regional Development Banks (BPD) for the 2020–2024 period shows that all banks are generally healthy according to OJK regulations, with NPLs below 5%, ROA above 1%, and CAR well above the 8% minimum limit. A comparison between Bank NTT, representing the eastern region, and BPDs in Java reveals differences in performance characteristics. Bank NTT recorded a higher average ROA (1.88%) compared to the average BPD in Java (1.82%), resulting in a superior profitability. However, in terms of NPLs (2.41% vs. 2.30%) and CAR (23.30% vs. 24.94%), the average BPD in Java performed better, reflecting more manageable credit quality and stronger capitalization.

Thus, it can be concluded that BPDs in Java are generally more stable, while Bank NTT remains competitive with a superior profitability. These results confirm that regional bank performance is not only influenced by internal management factors but is also closely related to regional economic conditions. Therefore, BPD performance can be used as a reflection of the regional economy, where banks in Java better reflect the stability of the national economy, while Bank NTT represents the dynamics of economic development in eastern Indonesia.

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