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ANALYSIS OF RISK PROFILE, EARNINGS, AND CAPITAL ON THE HEALTH LEVEL OF CENTRAL ASIA BANK

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Abstract

Banking plays a crucial role in supporting national economic growth through its intermediary function, liquidity provision, and credit distribution to the real sector. During the monetary policy normalization period of 2022–2024, the banking industry faces the challenge of maintaining optimal credit distribution without neglecting risk control and capital strengthening. This situation emphasizes the importance of evaluating bank health, both empirically and based on relevant theoretical frameworks. This study aims to analyze the health level of PT Bank Central Asia Tbk based on *Risk Profile*, *Earnings*, and *Capital* aspects , and examine the results from the perspectives of *Risk Management Theory*, *Efficiency Theory*, and *Trade-Off Theory* . The study uses a descriptive quantitative approach with secondary data in the form of financial reports for the 2022–2024 period. The indicators analyzed include *Non-Performing Loans* (NPL), *Loan to Deposit Ratio* (LDR), *Return on Assets* (ROA), *Net Interest Margin* (NIM), and *Capital Adequacy Ratio* (CAR) in accordance with the provisions of the Financial Services Authority (OJK). The research results show that BCA is in the Very Healthy (PK-1) category, with an achievement level of 96.00%–100.00%. Credit growth was not accompanied by an increase in credit risk, profitability increased consistently, and capital remained well above the minimum threshold. These findings demonstrate that the balance between credit growth, risk management, and capital adequacy is key to maintaining banking stability during the economic recovery period.

Keywords: Bank health level, *Risk Profile, Earnings, Capital*

INTRODUCTION

Banking plays a very strategic role in supporting national economic growth, particularly through its intermediary function, liquidity provision, and credit distribution to the real sector (Khayatun Nufus et al., 2019). Banks essentially function to collect funds from the public in the form of deposits, then redistribute them in the form of credit or other financing, and provide various financial services that support the smooth operation of the payment system. Thus, banks carry out three main activities: collecting funds, distributing funds, and providing other financial services that support economic activity (Damanik, 2023) . To ensure optimal and sustainable intermediation, banks are required to maintain a healthy condition. Assessing bank health is crucial, not only for bank management but also for supervisory authorities, investors, and other stakeholders. This assessment is necessary to determine a bank's ability to face various risks and its contribution to overall financial system stability (Rini Dwiastutiningsih et al., 2022) . Bank Indonesia has established a bank health assessment mechanism using a risk-based approach (*Risk-Based Bank Rating* / RBBR) through Bank Indonesia Circular Letter Number 13/24/DPNP/2011, which was later reinforced by Financial Services Authority Regulation Number 4/POJK.03/2016 (H Manungki, 2022) .

One of the main components in the RBBR method is the assessment of risk profile factors. Based on Bank Indonesia Regulation Number 13/1/PBI/2011 Article 7 paragraph (1), the risk profile assessment includes an evaluation of the level of inherent risk and the quality of risk management implementation in bank operational activities. This assessment covers eight types of risks, namely credit risk, market risk, liquidity risk, operational risk, legal risk, strategic risk, compliance risk, and reputation risk. However, in this study, the risk profile analysis focused on two main types of risk, namely credit risk and liquidity risk. Credit risk is measured using the *Non-Performing Loan* (NPL) ratio, while liquidity risk is measured by *the Loan to Deposit Ratio* (LDR). The selection of these two risks is based on the consideration that the NPL and LDR indicators can be measured quantitatively

and are consistently available in the bank's financial statements, making them relevant for use in this study. In addition to the risk profile, profitability is an important indicator in assessing a bank's health because it demonstrates the bank's ability to generate sustainable profits. The profitability assessment focuses not only on the amount of profit earned but also considers the source of income, profit sustainability, and management effectiveness in managing the bank's financial performance (Fitriano & Sofyan, 2019) . This assessment is conducted by considering the level, trend, structure, and stability of the bank's profitability through quantitative and qualitative approaches (SE BI No. 13/24/DPNP/2011). In this study, *earnings* were analyzed using *the Return on Assets* (ROA) and *Net Interest Margin* (NIM) indicators. ROA reflects the bank's ability to generate profits from all its assets, while NIM shows the bank's ability to manage productive assets to generate net interest income. These two indicators are used to assess Bank Central Asia's profitability performance during the 2022-2024 period, particularly in facing the dynamics of post-pandemic economic recovery and changes in monetary policy (Heidy Arrvida et al., 2018) .

Capital also plays a crucial role in maintaining the stability and sustainability of a bank's business. Based on Bank Indonesia Circular Letter No. 13/24/DPNP/2011, capital assessment aims to assess the adequacy of a bank's capital and management's ability to manage capital to support operational activities and anticipate various risks. In its calculations, banks are required to refer to Bank Indonesia regulations regarding the Minimum Capital Adequacy Requirement (KPMM) for commercial banks. Capital adequacy is not only assessed by the amount of capital held but also must be adjusted to the level of risk faced by the bank. The higher the risk faced, the greater the capital required to anticipate potential losses (Raihani, 2022) . In this study, capital was analyzed using *the Capital Adequacy Ratio* (CAR), as CAR is the main indicator for assessing a bank's ability to provide adequate capital to cover the risks of its risk-weighted assets. Therefore, CAR analysis is crucial to determine the extent to which Bank Central Asia is able to maintain its stability and soundness during the 2022-2024 period.

The 2022-2024 period represents the post-COVID-19 pandemic economic recovery phase, marked by increased economic activity, credit growth, and monetary policy normalization through increases in benchmark interest rates. Under these conditions, bank health is a crucial indicator for assessing a bank's ability to manage risk, maintain profitability, and maintain stable capital adequacy. This period is interesting to study because it reflects the bank's ability to maintain a balance between business growth and risk management (Ais Robiatul Adawiyah, 2022) . Bank Central Asia (BCA) was chosen as the research object because it is one of the largest private banks in Indonesia with a significant market share and relatively stable financial performance. BCA is known for its strong risk management, consistent profitability, and high capitalization (BCA Annual Report, 2020-2024). However, amidst sustained credit growth and global economic dynamics, BCA continues to face potential credit and liquidity risks that require optimal management . This makes BCA a relevant case study to assess how large banks maintain their soundness during the economic recovery period.

Previous research has shown mixed findings regarding the health of banks during the economic recovery period. Research conducted by (Suciati et al., 2025) , which analyzed the health of Bank Rakyat Indonesia (BRI) in 2020-2023 using the RGEC method, indicates that BRI is in the "Healthy" category based on the RGEC indicator, reflected by an NPL of <2%, a LDR in the range of 80–90%, adequate GCG implementation, ROA >2%, and CAR >13%. These indicators indicate the bank's asset quality, liquidity, profitability, and capitalization are in good condition. Research results (Ariani & Julianto, 2025) on the case study of PT BPR Bank Kertiawan indicate differences in health conditions between the pandemic and post-pandemic periods in terms of *the Risk Profile* , as measured by the NPL ratio, and *Earnings* , as measured by the ROA ratio. However, there were no significant differences in the *Risk Profile*, as measured by the LDR, GCG, and *Capital*, as measured by the CAR ratio. Thus, the pandemic significantly impacted credit risk and bank profitability, but not significantly on liquidity, governance, and capital.

Previous research has assessed bank health using financial ratios such as *Non-Performing Loans* (NPL), *Loan-to-Deposit Ratio* (LDR), *Return on* Assets (ROA), *Net Interest Margin* (NIM), and *Capital Adequacy Ratio* (CAR). However, most of these studies are descriptive in nature, only explaining ratio values without analyzing trends over time. Furthermore, previous research generally focuses on a single period or a single bank, without comparing the results across different economic cycles. Based on this, there are still research gaps, particularly in the analysis of sustainable bank health during the post-pandemic monetary recovery and normalization period, as well as in integrating bank health indicators with risk management and capital structure theories. Therefore , this study aims to analyze Bank Central Asia's health level for the 2022–2024 period based on *Risk Profile*, *Earnings,* and *Capital aspects* , and examine the results through the perspectives *of Risk Management Theory*, *Efficiency Theory,* and *Trade-Off Theory.*

LITERATURE REVIEW

Risk Management Theory

According to (Abshor Marantika & Citrawati, 2021) Risk management is a systematic process carried out by a company to identify, analyze, and control various risks that could potentially arise in every operational activity. These risks can originate from both internal and external factors and have the potential to hinder the achievement of organizational goals if not managed properly. Therefore, risk management is a crucial part of managerial decision-making. Besides being a control measure, risk management also serves as a tool to improve the effectiveness and efficiency of company performance. By identifying risks early, companies can develop appropriate strategies to minimize potential negative impacts and optimize existing opportunities. This enables companies to conduct operational activities in a more targeted, measurable, and sustainable manner (Tjahjadi, 2011) .

Risk management essentially adopts a structured and consistent approach to managing all types of risks a company faces. This approach emphasizes the importance of implementing clear systems, policies, and procedures to ensure comprehensive and sustainable risk management. With a sound risk management system, a company can not only reduce potential losses but also increase stakeholder confidence in the company's stability and performance (Ervie Nur et al., 2024) . In the banking context, credit risk, as measured by the Non-Performing Loan (NPL), and liquidity risk, as measured by the LDR, reflect a bank's ability to manage inherent risk. The lower the NPL and the more optimal the LDR, the better the bank's ability to maintain operational stability. Therefore, risk profile management contributes to a bank's soundness.

Efficiency Theory

Efficiency Theory explains that an organization's efficiency can be assessed by its ability to optimally manage resources to achieve maximum performance. An organization is said to be efficient if it is able to maximize output with minimal input usage, or if it is able to produce a certain level of output at the lowest cost. This concept emphasizes the importance of cost control and effective resource utilization in every organizational operational activity (MJ Farrell, 1957) . The relationship between input and output is a key indicator in assessing organizational performance. Input includes various resources used, such as capital, labor, technology, and operational costs, while output reflects the results obtained from these operational processes, whether in the form of revenue, profit, or service quality. The more efficient an organization is in managing input to produce output, the better its performance level.

In the banking context, efficiency reflects a bank's ability to manage operational costs and optimally utilize its assets. An efficient bank is able to reduce unnecessary costs, allocate assets productively, and optimize operational activities, thereby increasing profitability. This efficiency also plays a crucial role in maintaining the stability of the bank's business, particularly in the face of dynamic and uncertain economic conditions (Nurrohmah, 2017) . The application of efficiency principles in banking not only impacts profit growth but also long-term performance sustainability. Banks that operate efficiently tend to be more competitive, have greater financial resilience, and command greater stakeholder trust. Therefore, efficiency is a crucial aspect in assessing a bank's overall performance and health, particularly through financial indicators that reflect the bank's ability to generate revenue from its assets and expenses. In banking, efficiency is reflected through ROA and NIM. ROA indicates the effectiveness of asset utilization in generating profit, while NIM reflects a bank's ability to manage productive assets and its cost of funds structure. The higher the level of efficiency, the stronger the bank's financial health.

Trade Of Theory

Trade-Off Theory explains that companies have an optimal capital structure or leverage ratio as a target for their funding. This optimal capital structure is determined through the company's efforts to balance the benefits and costs arising from using debt to finance operational activities. In other words, companies do not use debt excessively or too little, but strive to achieve the most profitable leverage level (Cahyaningdyah, 2017) . In *Trade-Off Theory* , the use of debt provides benefits in the form of tax savings, because interest costs from debt can reduce the amount of taxes the company must pay. The more debt used, the greater the tax savings that can be obtained. However, the higher the use of debt, the greater the risk of company bankruptcy and the costs arising from financial difficulties such as legal fees, financial restructuring costs, and decreased investor and lender confidence (Fischer et al., 1989) . *The Trade-Off Theory* states that companies will attempt to balance the tax benefits gained from using debt with the losses due to the risk of bankruptcy. This balance between benefits and losses will determine the optimal debt level, which is the company's goal in determining its capital structure. If a

company uses less than the optimal level of debt, then adding debt can increase the company's value. However, if the company already uses more than the optimal level of debt, adding more debt can actually reduce the company's value due to increased risks and financial costs. This theory also emphasizes that a company's capital structure decisions are relevant because they directly affect the company's value and performance. *The Trade-Off Theory* combines two major market weaknesses: the tax deductions resulting from using debt and the losses resulting from bankruptcy, which must be taken into account when determining financing methods. By considering both factors, companies are expected to be able to choose the most efficient combination of debt and equity financing that is appropriate to the company's financial condition (Modigliani & Miller, 1958) . The Trade-Off Theory explains that companies will balance the benefits of expansion with financial risks through an optimal capital structure. In banking, this balance is reflected in *the Capital Adequacy Ratio* (CAR). An adequate CAR level indicates a bank's ability to absorb risk without hindering business growth, thus strengthening long-term stability.

***Risk* Profile**

The risks inherent in banking activities include credit risk, liquidity risk, market risk, operational risk, legal risk, strategic risk, compliance risk, and reputation risk. Credit risk relates to the possibility of debtors failing to meet their obligations, while liquidity risk relates to the bank's ability to meet its short-term obligations. Meanwhile, market risk relates to changes in market conditions, operational risk arises from internal process failures, legal and compliance risk relates to regulatory aspects, strategic risk relates to errors in business decision-making, and reputation risk relates to public perception of the bank (Rizkiyah, 2017) . Credit risk and liquidity risk are often considered the two primary risks in the banking industry because they directly impact a bank's financial stability. Credit risk relates to the possibility of debtors defaulting on their obligations, which can impact the bank's asset quality and profitability. Meanwhile, liquidity risk relates to a bank's ability to meet its short-term financial obligations as they fall due, which is crucial for maintaining customer trust and the continuity of bank operations.

a) Credit Risk

Credit risk is a type of risk that occurs due to the inability of borrowers or related parties to fulfill their financial obligations to banks or financial institutions. This risk arises primarily from banks' lending activities, making it one of the largest and most frequently considered risks in banking studies. If a borrower is unable to repay the principal or interest on installments, this can lead to a decline in the quality of the bank's assets and increase the likelihood of losses. Credit risk has significant implications for a bank's financial performance. High levels of credit risk can negatively impact profitability, as increasing non-performing loans will reduce interest income and increase the burden of loss provisions. Therefore, effective credit risk management is a crucial factor in maintaining financial stability and the sustainability of banking businesses (Prasetyo & Darmayanti, 2017) .

In empirical research and studies, credit risk is generally measured using the *Non-Performing Loan* (NPL) ratio. According to Berger & DeYoung (1997) , NPL is a measure of non-performing loans used in banking research and practice. Its advantages include being more objective and less influenced by management policies, making NPL a more accurate reflection of the actual non-performing loan situation. This ratio is used to describe the proportion of non-performing loans to the total loans disbursed by a bank. The higher the NPL value, the greater the level of credit risk faced by the bank, indicating a decline in the quality of its credit portfolio. Conversely, a low NPL level reflects a bank's ability to effectively manage and control credit risk. Thus, NPL is an important indicator in banking literature for assessing a bank's credit risk level and credit management quality. Using this ratio allows for an objective assessment of a bank's financial condition and provides insight into the bank's ability to manage non-performing loans to maintain financial performance and stability (Silitonga & Manda, 2022) .

b) Liquidity Risk

In banking literature, liquidity risk is defined as the risk arising from a bank's inability to meet its maturing financial obligations using available cash flow funding sources, without disrupting the continuity of operational activities or the bank's overall financial condition (Vitayanti, Husnah, et al., 2016) . This risk is a major concern in the banking industry because it is directly related to the bank's ability to maintain customer trust and the stability of the financial system. Liquidity risk generally arises when there is an imbalance between the sources of funds raised and the disbursements made by a bank. A bank's inability to manage this balance can lead to difficulties in meeting customer withdrawals or other financial obligations. Therefore, effective liquidity management is crucial for maintaining smooth operations and the continuity of banking business. The ratio used to assess liquidity risk is *the Loan to Deposit Ratio* (LDR). The LDR ratio indicates how much of the funds collected by a bank, whether from public funds or the bank's own capital, are reused in the form of loans. The LDR shows the ratio between total

loans disbursed and total funds held by the bank, thus demonstrating the bank's ability to manage its liquidity. A high LDR indicates that a large portion of the bank's funds have been used for lending, which can increase liquidity risk if there is poor fund management. Conversely, a low LDR indicates a bank with better liquidity because it still has sufficient reserves to meet short-term obligations (Susilawati & Nurulrahmatiah, 2021) .

Earnings (Profitability)

Profitability is defined as a measure used to assess a company's efficiency in generating profits by utilizing its capital within a specific period. It reflects a company's ability to effectively manage financial resources to achieve optimal profitability (Kasmir, 2014) . Therefore, profitability is often used as a primary indicator in assessing a company's financial performance, including banks. The profitability assessment in banking aims to determine the bank's ability to generate profits from its operational activities. Profit generated from banking business activities is an important indicator of a bank's ability to carry out its functions effectively and efficiently. A good level of profitability indicates that the bank's operational performance is running well and is able to support long-term business sustainability.

According to Heidy Arrvida et al., 2018, the assessment of *earnings* factors in banking is generally based on several financial ratios that reflect the bank's level of profitability and efficiency in managing its resources. One ratio used to assess *earnings factors* is *Return on Assets* (ROA). ROA is a ratio that indicates a bank's ability to utilize all its assets to generate profits. This ratio reflects the level of management effectiveness in managing productive assets. Therefore, the higher the ROA value, the better the bank's ability to generate profits from the assets used (Vitayanti et al., 2016) . In addition to ROA, *earnings* are also measured using *the Net Interest Margin* (NIM). NIM reflects a bank's ability to generate net interest income from its financial intermediation activities. Based on Bank Indonesia Circular Letter No. 6/23/DPNP, NIM is calculated by comparing net interest income to average earning assets. This ratio indicates the extent to which a bank is able to efficiently manage its earning assets to generate interest income.

Capital

Capital is a crucial factor in assessing the health and stability of a bank. Adequate capital is necessary to address potential losses arising from various risks, particularly credit risk. According to Rafifah et al. (2025), bank capital is typically assessed using *the Capital Adequacy Ratio* (CAR). CAR is a ratio used to measure a bank's capital adequacy in anticipating potential risks, particularly the risk of credit default. This ratio demonstrates a bank's ability to provide sufficient equity capital to support its productive assets. An adequate CAR reflects a bank's strong capital cushion to withstand potential losses from lending and other business activities. The higher the CAR, the greater the proportion of equity capital used to support the bank's productive assets. This condition implies a reduced dependence on external funding sources, resulting in lower funding costs. This reduction in funding costs can ultimately have a positive impact on increasing the bank's profits and financial performance.

METHOD

This study uses a quantitative descriptive approach, aiming to systematically and factually describe and analyze Bank Central Asia's soundness. The analysis was conducted using *the Risk Profile, Earnings,* and *Capital methods* over the 2022–2024 study period. The type of data used in this study is secondary quantitative data. This data was obtained from Bank Central Asia's annual reports for the period 2022–2024. The annual reports are published on Bank Central Asia's official website, which can be accessed at www.bca.co.id. The data analysis technique was performed by calculating financial ratios representing each aspect of *the Risk Profile, Earnings,* and *Capital methods* . The results of these ratio calculations were then analyzed using the bank health assessment criteria stipulated in Financial Services Authority Regulation (POJK) Number 4/POJK.03/2016 concerning the Assessment of the Health Level of Commercial Banks.

In line with the analysis stages carried out, the calculation formula for each indicator in *the Risk Profile, Earnings,* and *Capital aspects* is explained as follows.

a. Risk Profile

$$NPL = \frac{Kredit\ Bermasalah}{Total\ Kredit}\ x\ 100\%$$

Table 1. Weighting of NPL Composite Determination

Ranking	NPL	Note
1	< 2%	Very Healthy
2	2% – 3.5%	Healthy
3	3.5% – 5%	Quite Healthy
4	5% – 8%	Unwell
5	> 8%	Not healthy

Source: POJK NO.4/POJK.03/2016

$$LDR = \frac{Total\ Kredit}{Total\ Dana\ Pihak\ Ketiga}\ x\ 100\%$$

Table 2. LDR Composite Determination Weight

Ranking	Long Distance Relationship	Note
1	78% – 92%	Very Healthy
2	< 78%	Healthy
3	92% – 100%	Quite Healthy
4	100% – 120%	Unwell
5	> 120%	Not healthy

Source: PBI NO. 17/11/2015

b. Earnings

$$ROA = \frac{Laba\ Bersih}{Total\ Aset}\ x\ 100\%$$

Table 3. ROA Composite Determination Weight

Ranking	ROA	Note
1	> 1.5%	Very Healthy
2	1.25% – 1.5%	Healthy
3	0.5% – 1.25%	Quite Healthy
4	0% – 0.5%	Unwell
5	≤ 0%	Not healthy

Source: POJK NO.4/POJK.03/2016

$$NIM = \frac{Pendapatan\ Bunga\ Bersih}{Total\ Aktiva\ Produktif}\ x\ 100\%$$

Table 4. Weighting of NIM Composite Determination

Ranking	Student ID Number	Note
1	> 3%	Very Healthy
2	2% – 3%	Healthy
3	1.5% – 2%	Quite Healthy
4	1% – 1.5%	Unwell
5	≤ 1%	Not healthy

c. Capital

$$CAR = \frac{Modal}{Aset\ Tertimbang\ Menurut\ Risiko}\ x\ 100\%$$

Table 5. CAR Composite Determination Weight

Ranking	CAR	Note
1	> 12%	Very Healthy
2	9.5% – 12%	Healthy
3	8% – 9.5%	Quite Healthy
4	6.5% – 8%	Unwell
5	≤ 6.5%	Not healthy

Source: POJK NO.4/POJK.03/2016

d. OJK Assessment Indicators and Criteria

The next stage is carried out by adding up all the weight values of the five ratios used, then the result of the addition is divided by the number of ratios analyzed in this study, as formulated in the following equation:

$$\frac{Total\ bobot\ nilai\ aktual\ keseluruhan\ rasio}{Total\ bobot\ nilai\ maksimum\ keseluruhan\ rasio}\ x\ 100\%$$

Based on the results of the calculation, a percentage value is obtained which is then adjusted to the matrix table of criteria for determining the composite ranking as regulated in Financial Services Authority Regulation NO.4/POJK.03/2016.

Table 6. Composite Rating of Bank Health Level

Ranking	Percentage	Note	Weight of Value
PK 1	86 – 100%	Very Healthy	5
PK 2	71 - 85%	Healthy	4
PK 3	61 - 70%	Quite Healthy	3
PK 4	41- 60%	Unwell	2
PK 5	≤ 40%	Not healthy	1

Source: POJK NO.4/POJK.03/2016

RESULTS AND DISCUSSION

The data used to assess the health condition of Bank Central Asia comes from the Consolidated Financial Statements as of December 31 for the period 2022 to 2024. The following table displays a summary of the financial data used as the basis for calculating the bank's health level using *the Risk Profile, Earnings,* and *Capital methods* .

Table 7 . Bank Central Asia Data 2022-2024

	2022	**2023**	**2024**
Non-Performing Loans	9,458	10,703	10,029
Total Credit	711,262	810,392	921,878
Total Third Party Funds	1,039,718	1,101,673	1,133,612
Net profit	40,756	48,658	54,851
Total Assets	1,314,732	1,408,107	1,449,301
Net Interest Income	63,989	75,129	82,624
Total Productive Assets	1,173,144	1,266,223	1,354,435
Capital	221,182	242,538	262,835
ATMR	821,723	826,611	910,184

Source: BCA Consolidated Financial Report 2022-2024

Risk Profile

Table 8 . Bank Central Asia NPL 2022-2024

Period	Non-Performing Loans	Total Credit	NPL Ratio %
2022	9,458	711,262	1.33%
2023	10,703	810,392	1.32%
2024	10,029	921,878	1.09%

Source: Data Processing

This study shows that over the past three years, from 2022 to 2024, the total amount of credit provided by banks has continued to increase. In 2022, the total credit reached 711,262 and in 2024, it increased to 921,878. This increase demonstrates continued credit growth as part of the bank's efforts to carry out its role as a financial intermediary. Along with this growth, the value of non-performing loans has fluctuated, increasing from 9,458 in 2022 to 10,703 in 2023, then decreasing to 10,029 in 2024. However, the NPL (*Non-Performing Loan*) ratio has decreased, from 1.33% in 2022 to 1.09% in 2024.

The decline in the NPL ratio amidst the increase in total credit indicates improvements in credit quality and the effectiveness of credit risk management by the bank. This indicates that credit growth is not accompanied by a proportional increase in the risk of default, indicating that the principle of prudence has been applied in the process of analyzing, granting, and monitoring credit. With the NPL ratio remaining well below the maximum limit set by the Financial Services Authority (OJK) of 5%, the bank can be categorized as very healthy in terms of asset quality. The findings of this study support *Risk Management Theory* , as it shows that good credit risk management allows banks to increase credit distribution without causing an increase in non-performing loans. This means that credit growth does not always lead to increased risk if managed carefully.

Table 9 . Bank Central Asia LDR 2022-2024

Period	Total Credit	Total Third Party Funds	LDR Ratio %
2022	711,262	1,039,718	68.41%
2023	810,392	1,101,673	73.56%
2024	921,878	1,133,612	81.32%

Source: Data Processing

The findings of this study indicate that in 2022-2024, the number of loans disbursed by Bank Central Asia experienced a consistent increase, starting from 711,262 in 2022 and increasing to 921,878 in 2024. In line with credit growth, total Third Party Funds (TPF) also increased from 1,039,718 in 2022 and to 1,133,612 in 2024. The increase in these two aspects reflects the ability of financial institutions to collect funds from the public and redistribute them as loans. *The Loan to Deposit Ratio* (LDR) showed an increasing trend during the study period, from 68.41% in 2022 to 73.56% in 2023, and continued to rise to 81.32% in 2024. This upward trend indicates the bank's ability to utilize third-party funds for loans. Despite the increase, the LDR remains within a safe threshold in accordance with established regulations, thus maintaining the bank's liquidity. The increase in the LDR ratio reflects the bank's strategy to strengthen its role as an intermediary without neglecting liquidity. By maintaining a balance between loan growth and the ability to meet short-term obligations, the bank demonstrates effective liquidity risk management. The findings of this study support *Risk Management Theory* , demonstrating that effective management of credit and liquidity risk allows banks to increase lending without increasing non-performing loans. These results confirm that credit growth does not necessarily equate to increased risk if managed based on prudent principles, including through asset quality controls and balancing funds with loans. This ensures the stability and soundness of the banking system.

Earnings

Table 10 . ROA Bank Central Asia 2022-2024

Period	Net profit	Total Assets	ROA Ratio %
2022	40,756	1,314,732	3.10%
2023	48,658	1,408,107	3.46%
2024	54,851	1,449,301	3.78%

Source: Data Processing

The results of this study indicate that Bank Central Asia's profitability performance experienced steady growth between 2022 and 2024. The bank's net profit increased from 40,756 in 2022 to 54,851 in 2024, along with an increase in total assets from 1,314,732 to 1,449,301. This reflects the bank's ability to effectively manage assets to generate sustainable profits. *Return on Assets (ROA)* ratio shows an increasing trend, from 3.10% in 2022 to 3.46% in 2023, and then to 3.78% in 2024. This increase in ROA indicates the bank's increasing ability and efficiency in utilizing all its assets to generate profits. With an ROA consistently exceeding the OJK minimum standard, Bank Central Asia's profitability performance can be considered very healthy. A high and consistently increasing ROA ratio demonstrates the effectiveness of the bank's operational and cost management strategies, coupled with its success in managing business risks, which contributes to increased profits. Therefore, the findings of this study indicate that, from an *earnings perspective* , Bank Central Asia demonstrates a strong ability to generate profits and strengthen the bank's overall soundness.

Table 11 . Bank Central Asia NIM 2022-2024

Period	Net Interest Income	Total Assets Productive	NIM Ratio %
2022	63,989	1,173,144	5.45%
2023	75,129	1,266,223	5.93%
2024	82,624	1,354,435	6.10%

Source: Data Processing

The analysis shows that Bank Central Asia's *Net Interest Margin* (NIM) performance has consistently increased from 2022 to 2024. In 2022, the NIM was recorded at 5.45%, then rose to 5.93% in 2023, and again to 6.10% in 2024. This increase is in line with the growth in net interest income, which increased from 63,989 in 2022 to 82,624 in 2024, and was followed by an increase in earning assets from 1,173,144 to 1,354,435. This situation indicates that the bank has successfully managed its earning assets to generate higher interest income.

An increase in the NIM ratio indicates that the bank is increasingly efficient in managing its financing structure and setting loan interest rates. The bank has not only succeeded in increasing interest income through credit provision but has also managed to maintain its cost of funds at an efficient level. This reflects management's ability to balance funding sources and allocations, resulting in a growing net interest differential for the bank each year. This finding is in line with *the Efficiency Theory* , where consistent increases in ROA and NIM indicate that banks are able to optimally utilize their productive assets to generate profits, without having to rely too much on additional debt or high leverage.

Capital

Table 12 . CAR Bank Central Asia 2022-2024

Period	Capital	ATMR	CAR Ratio %
2022	221,182	821,723	26.92%
2023	242,538	826,611	29.34%
2024	262,835	910,184	28.88%

Source: Data Processing

The results of this study indicate that Bank Central Asia's capital was in a very solid state between 2022 and 2024. In 2022, the Capital Adequacy Ratio (CAR) was recorded at 26.92%, which then increased to 29.34% in 2023, and then slightly decreased to 28.88% in 2024. Despite a decrease in the last year, the CAR value remains stable at a high figure overall. The change in this ratio was influenced by the increase in bank capital from 221,182 in 2022 to 262,835 in 2024, as well as the growth in Risk-Weighted Assets (RWA), which increased in line with credit expansion and the bank's business activities. A high CAR ratio indicates that the bank has sufficient capital capacity to accommodate potential losses arising from its operations. The increase in risky assets in 2024 reflects an increase in risky assets, but this is still manageable thanks to the bank's increased capital. Overall, Bank Central Asia's CAR ratio, which consistently remains well above the minimum threshold set by the Financial Services Authority (OJK), indicates that the bank is in a very healthy capital position.This research aligns with *the Trade-Off Theory* ; a consistently high CAR indicates that banks intentionally maintain strong capital as a measure to maintain long-term stability. This strategy reflects the bank's efforts to balance business growth and bankruptcy risk management.

Table 13. BCA Composite Health Rating Assessment 2022-2024

Period	NPL	Long Distance Relationship	ROA	Student ID Number	CAR	Amount	PK
2022	1.33%	68.41%	3.10%	5.45%	26.92%	96.00%	1
2023	1.32%	73.56%	3.46%	5.39%	29.34%	100.00%	1
2024	1.09%	81.32%	3.78%	6.10%	28.88%	96.00%	1

Source: Data Processing

In 2022, BCA achieved a 96.00% ratio with a Composite Rating (CP) of 1. This result indicates that BCA is in very healthy condition, supported by maintained credit quality with an NPL value of 1.33%, strong profitability reflected by an ROA of 3.10% and a NIM of 5.45%, and a very adequate capital level with a CAR of 26.92%. However, the LDR value of 68.41% indicates quite loose liquidity, so the intermediation function has not been optimally utilized, but does not disrupt the bank's overall financial stability. Furthermore, in 2023, the achievement percentage increased to 100.00% and remained at Composite Rating (PK) 1. This achievement reflects the bank's best performance during the study period. The increase in lending, reflected in the LDR of 73.56%, is within the ideal range, while credit quality remains maintained with an NPL of 1.32%. Meanwhile, BCA's profitability continues to improve, as evidenced by an increase in ROA to 3.46% and a NIM that remains above 5%. Capital capacity is also increasingly strong, with a CAR of 29.34%, ensuring the bank's excellent ability to absorb potential risks.

In 2024, the achievement percentage returned to 96.00% with a Composite Rating (PK) of 1. This performance demonstrates that BCA remains able to maintain a very healthy condition amidst economic dynamics and monetary policy normalization. The LDR value of 81.32% indicates increasingly optimal credit distribution, while asset quality remains maintained with a decrease in NPL to 1.09%. The bank's profitability continues to increase, as evidenced by ROA of 3.78% and NIM of 6.10%, supported by strong capital with a CAR of 28.88%. The analysis shows that during the 2022–2024 period, BCA consistently ranked in the Very Healthy (PK-1) category. Non-Performing Loans (NPLs) showed a downward trend, reflecting improving credit quality. The LDR (Low Debt to Deposit Ratio) increased toward an optimal level without creating excessive liquidity pressure. ROA and NIM gradually improved, indicating strengthening profitability. CAR remained well above regulatory minimums, reflecting a strong capital structure. This demonstrates BCA's ability to maintain a balance between business growth, risk management, profitability, and capital adequacy during the post-COVID-19 economic recovery period.

A comparison with research on Bank Rakyat Indonesia (BRI) shows that BRI is in the healthy category based on the RGEC approach, as indicated by an NPL ratio below 2%, an LDR within the optimal range of around 80–90%, an ROA above 2%, and a CAR exceeding 13%. Nevertheless, BRI's composite health level is still slightly below the very healthy category achieved by BCA. Comparatively, BCA consistently ranked in the Very Healthy (PK-1) category during the 2022–2024 period with higher indicator achievements, while BRI ranked in the Healthy category during the 2020–2023 period with a relatively more moderate indicator range. This comparison demonstrates that during the monetary normalization phase, BCA was able to maintain superior overall performance compared to BRI, particularly in terms of profitability and capital adequacy, thus reflecting stronger resilience and risk management capacity.

A study by PT BPR Bank Kertiawan for the 2020–2023 period revealed changes in the bank's health between the pandemic and post-pandemic periods. At BPR Bank Kertiawan, the NPL ratio tended to increase after the pandemic, while ROA experienced a significant increase. LDR and GCG remained relatively stable with slight increases, while CAR decreased slightly, although it remained in the very healthy category. When compared with the results of this study, the main differences are seen in the credit risk and capital stability trends. At BCA, NPL actually decreased despite increased lending, while at BPR Bank Kertiawan, NPL increased after the pandemic. Furthermore, BCA's CAR remained stable at a very high level, while at BPR Bank Kertiawan, it decreased, although it remained considered healthy. This indicates BCA's stronger and more sustainable resilience, while at BPR Bank Kertiawan, credit quality remains under pressure. This difference confirms that business scale, risk management, and capital structure influence a bank's ability to cope with changing economic conditions.

CONCLUSION

Based on the results of Bank Central Asia's health assessment using *Non-Performing Loans* (NPL), *Loan-to-Deposit Ratio* (LDR), *Return on Assets* (ROA), *Net Interest Margin* (NIM), and *Capital Adequacy Ratio* (CAR) indicators during the 2022–2024 period, it can be concluded that BCA has consistently been in the very healthy category (PK 1). The achievement percentage, which is in the range of 96.00%–100.00%, indicates very optimal financial performance amidst the dynamics of economic recovery. Bank Central Asia is able to maintain a balance between business growth, risk management, profitability, and capital adequacy, thus maintaining an excellent level of bank health during the post-COVID-19 economic recovery period.

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