

ANALYSIS OF BANK HEALTH LEVEL USING RBBR (RISK-BASED BANK RATING) METHOD (Study on PT Bank Mandiri (Persero) Tbk for the 2018-2022 Period)

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Abstract: Bank is a financial institution that makes it easier for people to save funds, need funds, their business activities are in the financial sector. Determination of bank conditions must be based on the assessment of the soundness of the bank as stated in Bank Indonesia Regulation No.13/1/PBI/2011. This study aims to determine the development of risk profile earnings, capital and health levels at Bank Mandiri for the 2018-2022 period using the RBBR (Risk-Based Bank Rating) method. This type of research is descriptive research with a quantitative approach. This study uses three of the four assessment factors, namely the risk profile using two risks, namely credit risk with the NPL ratio and liquidity risk with the LDR ratio, profitability using two ratios, namely the ROA ratio and the NIM ratio, and capital using the CAR ratio, and using the GCG factor. The results showed that Bank Mandiri's NPLs in 2018-2022 had poor developments in terms of bad loans, this was the impact of the Covid-19 pandemic. Overall, Bank Mandiri's level of soundness in 2018-2022 based on the ratio of NPL, LDR, ROA, NIM and CAR can be categorized as healthy *although there are some that can also be categorized as quite healthy*.

Keywords: *The Bank Soundness level, Risk Based Bank Rating (RBBR) method*

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1. Introduction

The financial system is basically an order in a country's economy that has a role mainly in the provision of financial services by financial institutions and other supporting institutions, such as the money market and capital market. The financial system in Indonesia in principle can be divided into two types, namely the banking system and the non-bank financial system. Financial institutions included in the banking system are financial institutions that based on laws and regulations can collect funds from the public in the form of credit or other forms and in their activities provide services and payment traffic.

Financial institutions, especially banking institutions, have a strategic role in moving the wheels of a country's economy. Bank is a financial institution that makes it easier for people to save funds, need funds, their business activities are engaged in finance. Commercial banks are banks that carry out business activities conventionally and / or based on sharia principles, which in their activities provide services in payment traffic. Commercial banks have three main activities, namely to collect funds from the public in the form of deposits, distribute funds to

the public in the form of credit, and other forms in order to improve the standard of living of many people. Banks play an important role for the community as intermediaries between those who have excess funds and those who lack and need funds.

In a growing economic condition, the banking sector has great potential and opportunities in its role as a source and financing for the community and business entities. For a country, banks can be said to be the blood of the country's economic system. Therefore, the role of banking greatly affects the economic activities of a country, in other words, the progress of a bank in a country can also be used as a measure of the progress of the country concerned (Supartoyo et al., 2018).

Based on the financial statements, a number of financial ratios will be calculated which are usually used as the basis for assessing the health of the bank. Financial ratio analysis allows management to identify key changes in financial statement analysis will help interpret various relationships and trends that can provide a basis for consideration of the company's potential success in the future, even termination of its operations (Saputra et al., 2016) . The basis for assessing the soundness of banks is the existence of a form of supervision carried out by Bank Indonesia on every bank under its auspices. Based on Bank Indonesia Regulation No. 13/1/PBI/2011, the basis for assessing the soundness of banks using a risk-based approach or RBBR (Risk-Based Bank Rating) which is a comprehensive and structured assessment of performance results and risk profile which includes four assessment factors, namely Risk Profile, Good Corporate Governance (GCG), Earnings (Profitability), and Capital These aspects use calculations with ratios finance. The above statement shows that financial ratios can be used to assess the soundness of banks (Assessment of the Health Level of Commercial Banks, 2016, p. 8).

One of the banks that is quite large and quite influential in Indonesia is PT Bank Mandiri (Persero) Tbk or often called Bank Mandiri. Bank Mandiri itself is a bank headquartered in Jakarta, and is the largest bank in Indonesia in terms of assets, loans, and deposits. The bank was established on October 2, 1998 as part of a banking restructuring program implemented by the Indonesian government. In July 1999, four state-owned banks, Bank Bumi Daya, Bank Dagang Negara, Bank Ekspor Impor Indonesia and Bank Pembangunan Indonesia, were merged into Bank Mandiri.

At PT. Bank Mandiri (Persero) Tbk, can be analyzed the level of financial health of the bank so that it can be known whether its financial management is effective, efficient, and how much financial growth. This can determine the extent to which Bank Mandiri overcomes credit problems, profits earned every year and the efforts made by the bank in overcoming these obstacles and attracting investors in making decisions to keep saving funds in the banking sector business in Indonesia.

2. Research Method

The research methods used in completing the writing of this final project are as follows:

Types of research

The type of research used in this study is descriptive research with a quantitative approach. The location of this research was conducted at PT Bank Mandiri (Persero) Tbk. This research was conducted by processing and calculating financial data derived from secondary data in the form of company financial statements and company financial performance reports through Bank Mandiri's official website, namely www.bankmandiri.co.id.

Population and Sample

Population is all data that concerns us in a scope and time that we specify. The population in this study is Risk Profile which consists of inherent risk, risk management, and net risk, then GCG, Profitability and Capital. Meanwhile, the sample is as part of the population as an example taken using certain methods (Hayumurti & Setianegara, 2019). The criteria for determining the sample to be taken in this study is that quantitative data can be obtained from the financial statements of bank publications. Based on these criteria, the sample used only 2 main aspects, namely focusing on inherent risk, and risk management.

Data Analysis Techniques

The data analysis technique in this study is an assessment of the health level of commercial banks which has a focus on the development of the health level of PT Bank Mandiri (Persero) Tbk referring to the financial statements contained in the annual report for the 2018-2022 period based on:

- Risk Profile, consists of 2 aspects, namely inherent Risk and Risk Management. Inherent risk consists of eight ratios, namely credit risk, market risk, liquidity risk, strategic risk, operational risk, compliance risk, legal risk, and reputation risk, as well as risk management aspects consisting of, risk governance, risk management framework, risk management process, HR, driver's license, and risk control system.
- Good Corporate Governance (GCG)
- Earnings, through two ratios, namely the ROA ratio (Return On Assets) and the NIM (Net Interest Margin) ratio.
- Capital, using the CAR ratio (Capital Adequency Ratio).

3. Results and Discussion

The following are the results of research and analysis of the health level of PT Bank Mandiri (Persero) Tbk using the Risk-Based Bank Rating (RBBR) method in the time period from 2018 to 2022.

3.1. Result

A. Risk Profile

- Inherent Risk
 - Credit Risk

Table 1
 Calculation of Risk Profile (NPL) of PT Bank Mandiri (Persero) Tbk
 (in billion rupiah, except percentage)

Year	Non-performing Loans	Total Credit	NPL (%)	Increase/ (decrease) NPL (%)
2018	23.441	592.669	3,96	
2019	22.234	644.257	3,45	(0,51)
2020	20.044	718.967	2,79	(0,66)
2021	18.839	792.351	2,39	(0,40)
2022	24.856	763.603	3,26	0,87

Source: Financial Report of PT Bank Mandiri (Persero) Tbk Year 2018-2022
 (processed data)

Based on the calculation in Table 1 above, it shows the percentage of credit risk profile of PT Bank Mandiri (Persero) Tbk measured using the Non-Performing Loan (NPL) ratio (Ulfha, 2018). In 2018 it showed a percentage of 3.96%, in 2019 it

showed a decrease in percentage to 3.45% due to a decrease in total non-performing loans. In 2020 and 2021, Bank Mandiri continued to experience good development with a decrease in the percentage value of NPLs to 2.79% in 2020 and 2.39% for 2019. However, at the end of 2022, Bank Mandiri showed that the NPL percentage increased by 0.87% to 3.26% due to the increase in non-performing loans. Furthermore, Table 2 below shows the Composite Rating (PK) Risk Profile (NPL) of Bank Mandiri, as follows:

Table 2
Composite Rating of Risk Profile (NPL) of PT Bank Mandiri (Persero) Tbk

Year	NPL (%)	Level	Information
2018	3,96	2	Healthy
2019	3,45	2	Healthy
2020	3,98	2	Healthy
2021	2,39	2	Healthy
2022	3,26	2	Healthy

Source: processed data

The table shows that the health level of Bank Mandiri is included in the "Healthy" criteria or ranked second. However, in 2018 and in 2020 the NPL percentage value of Bank Mandiri showed the highest value and in 2020 experienced a significant increase compared to the previous year. This is the impact of the Covid-19 pandemic which has triggered an increase in bad loans where funds or loans that have been distributed to borrowers cannot be fulfilled their obligations to make full repayments by the specified deadline or maturity.

b. Market Risk

Table 3
Profitability Calculation (IRR) of PT Bank Mandiri (Persero) Tbk (in billion rupiah, except percentage)

Year	RSA	RSL	IRR (%)	Increase/ (decrease) IRR (%)
2018	997.401	784.250	127,17	
2019	1.079.977	838.307	128,82	1,65
2020	1.151.411	896.549	128,42	(0,4)
2021	1.259.810	975.718	129,11	0,69
2022	1.398.800	1.086.095	128,79	(0,32)

Source: Financial Report of PT Bank Mandiri (Persero) Tbk Year 2018-2022
(processed data)

Table 3 above shows the percentage of PT Bank Mandiri (Persero) Tbk's credit risk profile measured using the Interest Rate Risk (IRR) ratio. It can be seen that from 2019 to 2021 experienced significant fluctuations where the IRR ratio of Bank Mandiri had increased by 1.65% in 2019 to 128.82 and then increased again in 2021 after previously decreasing. However, in 2022, Bank Mandiri's IRR ratio decreased significantly by 0.32% to 128.79%.

c. Liquidity Risk

Table 4
Risk Profile Calculation (LDR) of PT Bank Mandiri (Persero) Tbk
(in billion rupiah, except percentage)

Year	Total Credit	Dana Third Parties	LDR (%)	Increased/ (Decrease) LDR (%)
2018	592.669	702.060	85,86	
2019	644.257	749.583	90,04	4,18
2020	718.967	766.008	94,78	4,74
2021	792.351	850.108	93,60	(1,18)
2022	763.603	963.593	82,20	(11,4)

Source: Financial Report of PT Bank Mandiri (Persero) Tbk Year 201 8-202 2
(processed data)

Table 4 above shows the percentage of credit risk profile of PT Bank Mandiri (Persero) Tbk as measured using the Loan to Deposit Ratio (LDR). In 2018 it showed a percentage of 85.86%, then in 2019 there was an increase in percentage to 90.04%. In 2020, Bank Mandiri's LDR ratio continued to increase significantly to 94.78%, due to the imbalance in the amount of loans issued with inadequate growth in the amount of third party funds. In 2021, Bank Mandiri's LDR decreased by 1.18% to 93.60%. And in 2022, Bank Mandiri experienced very good development with a decrease in the LDR percentage value to 82.20%, which means that the amount of third party funds has increased significantly. Furthermore, Table 4 below shows the Composite Rating (PK) Risk Profile (LDR) of Bank Mandiri, as follows:

Table 5
Risk Profile Composite Rating (LDR) PT Bank Mandiri (Persero) Tbk

Year	LDR (%)	Level	Information
2018	85,86	3	Quite Healthy
2019	90,04	3	Quite Healthy
2020	94,78	3	Quite Healthy
2021	93,60	3	Quite Healthy
2022	82,20	2	Healthy

Source: processed data

Table 5 above shows that in 2018-2022 the health level of Bank Mandiri experienced significant fluctuations. However, in 2022 Bank Mandiri managed to lower the LDR ratio percentage to 82.20% and helped in changing the bank's health rating to "Healthy". This needs to be maintained optimally for the following years, namely by increasing the growth of third party funds which can show that Bank Mandiri in paying back withdrawals that have been made by third parties by relying on credit can be done well.

d. Strategic Risk

In managing strategic risks, Bank Mandiri conducts performance reviews and policy evaluations for preparing business targets and taking corrective steps as an effort to formulate strategic plans and business targets by considering internal and external conditions. In terms of anticipating the risk factors faced, Bank Mandiri implements

independent and prudent risk management but does not limit the bank's business expansion process. Here are the strategic risk management strategies in 2022.

1. Conduct regular strategy reviews by considering external and internal factors. One form of implementation is in order to maintain prudent credit expansion, Bank Mandiri conducts *a monitoring watch list* and *high risk* debtors are carried out *end to end* for better credit management
2. Controlling the formation of reserves (CKPN) by reviewing and following up on the implementation of credit restructuring programs affected by Covid-19 as an effort to improve debtors who have the potential to experience difficulties in fulfilling their obligations.
3. Utilizing sufficient liquidity in the market through low-cost fund growth to encourage a decrease in cost of funds which has an impact on cost growth savings.
4. Conduct cost control with efficiency programs or overhead cost savings and more in-depth assessments as a form of initiative that has an impact on increasing productivity and eliminating long-term non-value added costs.

e. Operational Risk

In order to implement effective operational risk management, Bank Mandiri develops methodologies for identifying, measuring, controlling or mitigating and monitoring operational risk exposures used in each work unit. In addition, Bank Mandiri also develops a risk management information system tailored to the characteristics, activities, and complexity of the bank's business activities.

The process to control and mitigate operational risks before a risk event occurs through the implementation of adequate and consistent control procedures, as well as implementing follow-up (action plans) on control weaknesses found and potentially causing risks. The purpose of this process is to ensure that residual risk to banks is maintained at a minimal level. Risk control must be consistently implemented in accordance with existing control designs in applicable regulations and must also be reviewed on an ongoing basis to ensure whether existing control designs are still effective to mitigate emerging risks.

f. Compliance Risk

Bank Mandiri conducts regular compliance risk assessments every quarter and semester which are then reported to the Financial Services Authority (OJK) as part of the Bank's Risk Profile Report. Based on the *self-assessment* of compliance risk conducted in the fourth quarter of 2022, Bank Mandiri's compliance risk level is 2 (*low to moderate*). Some things that are *a concern for improvement* are *compliance risk awareness* of employees, data quality and *monitoring* the submission of reports to regulators. In an effort to mitigate the occurrence of compliance risks, the Bank has implemented several compliance programs as follows:

1. *Monitoring* related to the fulfillment of bank obligations under new regulations, where the compliance work unit *conducts prudential meetings*, monitors *action plans* that need to be carried out, and reminds regulatory obligations to related work units.
2. Conduct "*Control Testing*" of high-risk activities. *Control testing* is carried out by the compliance work unit for high-risk activities. If a non-compliance with

applicable regulations is found, it is necessary to immediately make improvements to prevent bank losses.

3. Implement the "Compliance Test" program. This program is a program to increase *risk owner awareness* of compliance and applicable regulatory risks).
4. Implementing the "Compliance Work Unit Competency Improvement" program. This program is an effort to increase understanding related to compliance risk management, Bank Mandiri collaborates with independent parties to organize *compliance training* and certification for all compliance work unit personnel.

g. Legal Risk

The legal risk management organization is carried out by the legal unit located at the head office by carrying out functions, duties and responsibilities related to regulatory, advisory, litigation, advocacy and legal assistance, education and transformation in the field of law and management of bank legal risks. In carrying out these functions, duties and responsibilities, the legal unit at the head office coordinates with the legal unit in the regional sector (Febrianti & Praktiko, 2023).

The mechanism of legal risk management includes the process of identification, measurement, control and monitoring referring to applicable provisions regarding risk management. The management of legal risks carried out by Bank Mandiri, both preventive and repressive, has been adequate in protecting Bank Mandiri's legal interests and minimizing significant financial impacts for Bank Mandiri, as reflected in the 2020 Legal Risk Profile Report which is in **the low predicate**.

h. Reputational Risk

Reputation risk is managed through monitoring, supervision, handling and settlement mechanisms coordinated by the corporate secretary with the support of related work units referring to internal provisions and applicable legislation. In its implementation, reputation risk is managed by creating positive perceptions through the loading of articles in conventional media and positive content on social media. There are four stages of reputation risk management, namely identification, measurement, monitoring, and risk control. The manifestation of these four stages can be seen in each corporate secretary activity that has reputational risk, such as bank activities as a public company. In these activities, reputational risks can be identified in the form of delays, errors, and discrepancies in the submission of reports caused by, among others, individuals who do not know or understand the obligation to deliver information disclosure or lack of supervision.

To control this, Bank Mandiri has made risk mitigation efforts, such as providing a list of obligations for submitting information disclosure and/or supervisors who carry out the check & re-check process. Bank Mandiri also monitors and evaluates various news reports in print, online, electronic and social media periodically to measure the effectiveness of Bank Mandiri's publication and communication activities. Furthermore, the results of monitoring and evaluation are used as the basis for publication and communication activities for the next period in order to strengthen the company's reputation on an ongoing basis.

2. Risk Management

a. Risk Governance

In simple terms, Bank Mandiri's risk management governance is described as follows:



Figure 1 Bank Mandiri's Risk Governance

Source: PT Bank Mandiri (Persero) Tbk Annual Report 2022

b. Risk Management Framework

Bank Mandiri's Risk Management Framework is contained in the "Bank Mandiri Risk Governance Structure" which includes three main parts, namely, risk oversight, risk policy and management, and risk identification, measurement, mitigation, control. The three main parts are supported by the audit work unit and independent assurer in ensuring the effectiveness of its implementation.

The risk management framework and governance at Bank Mandiri consists of the Board of Commissioners which carries out risk oversight functions through the Audit Committee, Risk Monitoring Committee and Integrated Governance Committee, and the Board of Directors which carries out risk policy functions through the Executive Committee related to risk management, namely Risk Management & Credit Policy Committee, Asset and Liabilities Committee, Capital and Subsidiaries Committee, dan Integrated Risk Committee. At the operational level, the risk management work unit together with the business unit and compliance work unit perform the functions of risk identification, risk measurement, risk mitigation and risk control.

c. HR Risk Management Process, SIM

Bank Mandiri's risk management process is regulated in the applicable risk management policy, including:

1. Risk management is carried out at all levels of the organization in a transactional and portfolio manner.
2. Risk management is carried out in an integrated manner in each subsidiary while taking into account regulations and business characteristics.
3. The risk management process is a dynamic process, so periodic *reviews* are needed to stay in accordance with the latest conditions and applicable regulations.
4. The implementation of risk management is carried out in a series consisting of:

- a) Risk identification aims to determine the types of risks contained in each functional activity that has the potential to harm Bank Mandiri.
- b) Risk measurement aims to determine the amount of risk inherent in Bank Mandiri's activities to be compared with the bank's risk appetite so that it can assist Bank Mandiri in taking risk mitigation actions and determining capital to cover residual risk.
- c) Risk monitoring, aims to compare the risk limit that has been set with the amount of risk that is being managed.
- d) Risk control is carried out on the potential for lighting up the risk limit that has been determined and can be tolerated by Bank Mandiri.

Bank Mandiri's risk management work unit is responsible for managing all risks, including the development of supporting tools needed in business processes and risk management. In addition, there is a work unit that acts as a risk counterpart of each business unit in the process of providing credit. The success of risk management is determined by risk awareness in all Bank Mandiri work units accompanied by adequate technical capabilities. Therefore, Bank Mandiri strives to improve the capability and knowledge of all employees, especially in terms of risk management, by conducting regular internal training through the "Risk Management Academy". In addition, Bank Mandiri also routinely holds socialization, discussion forums, internships, and programs on risk management in line with cultural internalization.

Risk management systems are developed to support more efficient business processes so that decision making can be faster but still refer to the precautionary principle. In order to maintain data integrity and quality, Bank Mandiri has implemented an *Integrated Processing System* and *Loan Origination System* that have been implemented to improve the efficiency of the credit process and maintain data quality in the corporate, commercial and retail segments. To increase the productivity of *collection* activities, especially in the consumer and retail segments, Bank Mandiri implements an *Integrated Collection System*. The Bank uses the *Summit System* and *Sendero System* to manage the risk of *trading book* and *banking book* in *treasury* activities and *asset & liability management*.

To get an overview of the risk profile, Bank Mandiri has implemented a *web-based Risk Profile Mandiri System (RPX)* to speed up access and facilitate control. In order to integrate *bank-wide* risk management, the Bank implements the ERM system as a means to monitor risk management holistically, especially in calculating capital to cover all types of risks. The ERM system has the capability to calculate *capital charge*, implement *operational risk management tools*, *active portfolio management*, *stress testing* and *value-based management*.

d. Risk Control System

In maintaining and improving reputation, Bank Mandiri is in line with one of the pillars in the Anti-Fraud Strategy (SAF), namely the detection pillar, carrying out a risk control system through the Whistleblowing System (WBS) mechanism. Bank Mandiri has provided a media for reporting violations under the name Letter to CEO (LTC). This LTC system aims to detect fraud or indications of fraud, encourage

awareness and concern of all employees and increase the company's reputation in the eyes of stakeholders.

The management of receipt and administration of LTC reports is carried out by an independent third party to provide a safe-environment that encourages employees and stakeholders to dare to report fraud or indications of fraud. The types of fraud reported include fraud, fraud, asset embezzlement, information leaking, criminal acts and other actions that can be equated with fraud in accordance with the provisions of laws and regulations. In addition to reporting fraud or indications of fraud, LTC can also be used to report non-fraud violations such as violations of norms and ethics (code of conduct).

e. Risk Assessment

The self-assessment of Bank Mandiri's risk profile (individual) position on December 31, 2022 obtained results, namely Bank Mandiri was ranked 2 (low to moderate) with an inherent risk rating of low to moderate and a Quality of Risk Management Implementation (KPMR) rating of satisfactory, the following is the risk assessment matrix at Bank Mandiri:

Table 6

Risk Assessment of PT Bank Mandiri (Persero) Tbk as of December 31, 2022

Types of Risks	Inherent Risk Level	Quality Level of Management Implementation Risk	Risk Level Rating
Credit Risk	<i>Moderate</i>	<i>Satisfactory</i>	<i>Low to Moderate</i>
Market Risk	<i>Low</i>	<i>Strong</i>	<i>Low</i>
Risk Liquidity	<i>Low</i>	<i>Strong</i>	<i>Low</i>
Risk Operational	<i>Moderate</i>	<i>Fair</i>	<i>Moderate</i>
Risk Law	<i>Low</i>	<i>Strong</i>	<i>Low</i>
Risk Strategic	<i>Low</i>	<i>Satisfactory</i>	<i>Low</i>
Risk Compliance	<i>Low to Moderate</i>	<i>Satisfactory</i>	<i>Low to Moderate</i>
Risk Reputation	<i>Low</i>	<i>Satisfactory</i>	<i>Low</i>
Level Composite	<i>Low to Moderate</i>	<i>Satisfactory</i>	<i>Low to Moderate</i>

Source: Annual Report of PT Bank Mandiri (Persero) Tbk (processed data)

Bank Mandiri always evaluates the effectiveness of risk management system. The evaluation carried out includes, adjustment of risk strategies and frameworks as part of risk management policies, adequacy of risk management information systems and adequacy of risk identification, measurement, monitoring and control processes. One form of evaluation in risk management policy is an annual evaluation of risk management policies and standard procedures. The results of the annual evaluation show that risk management at Bank Mandiri during 2018-2022 has been **adequate**.

B. Good Corporate Governance (GCG)

Table 7

GCG Self Assessment Rating PT Bank Mandiri (Persero) Tbk

Year	Value	Level	Information
2018	93,29	1	Excellent
2019	93,32	1	Excellent
2020	93,86	1	Excellent
2021	94,86	1	Excellent
2022	94,94	1	Excellent

Source: processed data

PT Bank Mandiri (Persero) Tbk conducts *self-assessment* to assess the implementation of *Good Corporate Governance* (GCG). In assessing the quality of governance implementation, Bank Mandiri participated in the Corporate Governance *Perception Index* (CGPI) research and ranking program held by *The Indonesian Institute of Corporate Governance* (IICG). Based on the CGPI assessment conducted through three stages, namely "Governance Structure", "Governance Process", and "Governance Outcome" Bank Mandiri obtained the title as "Very Trusted Company" with a value of 94.94 and based on individual assessments, Bank Mandiri's health level is ranked 1 or has excellent quality (Bank Mandiri, 2016) . This is reflected in adequate fulfillment of GCG principles. In terms of weaknesses in the application of GCG principles, in general, these weaknesses are not too significant and can be resolved by normal actions by the management of PT Bank Mandiri (Persero) Tbk. The following are some of the achievements received by Bank Mandiri in 2020 for Corporate Governance Programs:

- 1) Bank Mandiri received the "*The Best GRC Overall For Corporate Governance & Performance*" award given by Business News Indonesia Magazine and CEO Ferum
- 2) Bank Mandiri has won the title of "Very Trusted" for fourteen consecutive times in the *ranking of Corporate Governance Perception Index* (CGPI) by IICG
- 3) Bank Mandiri is included in the "*ASEAN Asset Class*" in the *ASEAN Corporate Governance Scorecard* (ACGS) ranking by the *ASEAN Capital Market Forum*
- 4) Bank Mandiri has succeeded in adjusting the composition of the Board of Commissioners to the ACGS criteria, namely with the presence of a Female Independent Commissioner

1. Earnings

a) Return on Assets (ROA)

Table 8

Profitability (ROA) Calculation PT Bank Mandiri (Persero) Tbk (in billion rupiah, except percentage)

Year	Profit Before Tax	Total Assets	ROA (%)	Increase/ (decrease) ROA (%)
2018	18.572	1.038.706	1,95	
2019	27.156	1.124.700	2,72	0,77
2020	33.943	1.202.252	3,17	0,45
2021	36.441	1.318.246	3,03	(0,14)
2022	23.298	1.429.334	1,64	(1,39)

Source: Financial Report of PT Bank Mandiri (Persero) Tbk Year 2018-2022 (processed data)

Based on the calculation in Table 8, it shows the percentage of profitability of PT Bank Mandiri (Persero) Tbk as measured using the *Return on Assets* (ROA) ratio. In 2018 it showed an ROA percentage of 1.95%, then increased in 2019 to 2.72%. In 2020 and 2021, Bank Mandiri continued to experience good development with an increase in the percentage ratio of ROA to 3.17% in 2020 and a slight decrease in 2021 to 3.03%. However, in 2022, Bank Mandiri showed that the percentage of ROA decreased by 1.39% to 1.64%, this was due to a reduction in profit before tax which was not offset by an increase in assets. Furthermore, Table 9 below shows Bank Mandiri's Composite Rating (PK) Profitability (ROA), as follows:

Table 9
Composite Profitability (ROA) Rating of PT Bank Mandiri (Persero) Tbk

Year	ROA (%)	Level	Information
2018	1,95	1	Very Healthy
2019	3,03	1	Very Healthy
2020	1,64	1	Very Healthy
2021	3,17	1	Very Healthy
2022	3,23	1	Very Healthy

Source: processed data

Table 9 above shows that in 2018-2022, the health level based on profitability aspects for Bank Mandiri experienced significant fluctuations but remained stable, ranked 1, which means that the bank has a "Very Healthy" condition. However, in 2020 Bank Mandiri experienced a decrease in the percentage of ROA ratio to 1.64% from the previous 3.03%. One of the reasons is due to the *Covid-19* pandemic which made Bank Mandiri unable to obtain profit before tax stably offsetting the turnover of total assets owned.

b) Net Interest Margin (NIM)

Table 10
Calculation of Profitability (NIM) of PT Bank Mandiri (Persero) Tbk (in billion rupiah, except percentage)

Year	Interest Income Clean	Productive Assets	NIM (%)	Increase/ (Decrease) NIM (%)
2018	51.825	823.926	6,29	
2019	51.988	923.410	5,63	(0,66)
2020	54.622	989.528	5,52	(0,11)
2021	59.440	1.088.644	5,46	(0,06)
2022	56.508	1.261.339	4,48	(0,98)

Source: Financial Report of PT Bank Mandiri (Persero) Tbk Year 2018-2022
(processed data)

Table 10 above shows the percentage of profitability of PT Bank Mandiri (Persero) Tbk as measured using the Net Interest Margin (NIM) ratio. In 2018 it showed a percentage of 6.29%, then in 2019 it decreased to 5.63%. In 2020 and 2021, Bank Mandiri's NIM ratio continued to decline significantly to 5.46% at the

end of 2021. In 2022, Bank Mandiri again experienced a decline of 0.98% in its NIM ratio to 4.48%. This is the impact of the emergence of the Covid-19 pandemic which has affected banks' ability to make profits to shrink. Furthermore, Table 11 below shows Bank Mandiri's Composite Rating (PK) Profitability (NIM), as follows:

Table 11
Composite Profitability (NIM) Rating of PT Bank Mandiri (Persero) Tbk

Year	NIM (%)	Level	Information
2018	6,29	1	Very Healthy
2019	5,63	1	Very Healthy
2020	5,52	1	Very Healthy
2021	5,46	1	Very Healthy
2022	4,48	1	Very Healthy

Source: processed data

Table 11 above shows that the health level of Bank Mandiri based on its profitability is included in the criteria of "Very Healthy" or ranked first. But in 2022, the percentage of NIM ratio from Bank Mandiri showed the lowest value where it experienced a significant decrease compared to the previous year. This is the impact of the *Covid-19* pandemic in Indonesia which has resulted in weakening bank lending where the number of new loan requests is minimal and credit risk is high (Inda, 2021).

2. Capital

Table 12
Capital Calculation (CAR) of PT Bank Mandiri (Persero) Tbk (in billion rupiah, except percentage)

Year	Capital	Asset Weighted according to Risk	CAR (%)	Increase/ (decrease) CAR (%)
2018	137.432	643.379	21,36	
2019	153.178	707.791	21,64	0,28
2020	167.557	799.235	20,96	(0,68)
2021	188.828	882.905	21,39	0,43
2022	164.657	827.461	19,90	(1,49)

Source: Financial Report of PT Bank Mandiri (Persero) Tbk Year 2018-2022 (processed data)

Based on the calculation in Table 12 shows the percentage of capital of PT Bank Mandiri (Persero) Tbk measured using Capital Adequacy Ratio (CAR). In these 5 years, Bank Mandiri's health level based on capital aspects has fluctuated significantly. In 2018 and 2019 it showed a percentage of CAR of 21.36% and increased by 0.28% in 2019 to 21.64%, then decreased in 2020 to 20.96%. In 2021, Bank Mandiri managed to experience good development with an increase in the CAR percentage ratio to 21.39%, but in 2022 it decreased quite significantly to 19.90%. Furthermore, Table 13 below shows Bank Mandiri's Composite Capital Rating (PK) as follows:

Table 13
Capital Composite Rating (CAR) of PT Bank Mandiri (Persero) Tbk

Year	CAR (%)	Level	Information
2018	21,36	1	Very Healthy
2019	21,64	1	Very Healthy
2020	20,96	1	Very Healthy
2021	21,39	1	Very Healthy
2022	19,90	1	Very Healthy

Source: processed data

Table 13 above shows that from 2018 to 2022, the health level based on capital aspects for Bank Mandiri experienced significant fluctuations and a fairly rapid decline in 2022 but remained stable at rank 1, which means that the bank has a "Very Healthy" condition. The decline did not have much impact on Bank Mandiri's financial performance, because Bank Mandiri's solvency is still good, which has exceeded the minimum CAR ratio requirements from the regulator so that it can meet credit risk, market risk and operational risk.

4. Conclusion

Based on the results of the Risk Assessment of PT Bank Mandiri (Persero) Tbk as of December 31, 2022, conclusions can be drawn. The results of the assessment on the risk profile in the aspect of Credit Risk show that Bank Mandiri obtained a rating of "Satisfactory" for the level of quality of risk management implementation, a rating of "Low to Moderate" for a rating of risk level, and the focus of this study is Bank Mandiri obtained a rating of "Moderate" for the level of inherent risk, where according to SE OJK Number 14 / SEOJK.03 / 2017 banks included in this rating have the possibility of losses faced Credit Risk is quite high over a certain period of time in the future.

The results of the assessment on the risk profile in the aspect of Operational Risk show that Bank Mandiri obtained a rating of "Moderate" for the level of inherent risk, a rating of "Fair" for the level of quality of risk management implementation, and a rating of "Moderate" for a rating of risk level. According to SE OJK Number 14 / SEOJK.03 / 2017 banks included in the level of two types of ratings are equally positioned at level 3 (three), for inherent risk if it is at a *Moderate* rating means the possibility of operational risk losses that are classified as quite high during a certain period of time and at times, then for the level of quality of risk management implementation if it is rated *Fair* shows that there are several weaknesses that require management attention (SEOJK NO 14/SEOJK.03/2017 concerning the Health Level of Commercial Banks, 2017). This is the impact of the emergence of the *Covid-19* pandemic in Indonesia where there is a determination of government policies as an effort to prevent the spread such as, limiting service offices and the number of customers, increasing bank operational costs for the provision of health protocols at each Bank Mandiri office, and decreasing profits caused by delays in loan deposits by debtors. Then, according to Darmawan Junaidi as President Director of PT Bank Mandiri (Persero) Tbk stated that there would be delays in several *corporate actions* during the *Covid-19* pandemic. This is done to support Bank Mandiri's business plan in the future by preparing more liquidity than usual but by temporarily holding corporate actions that have been previously planned.

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