



FINANCIAL PERFORMANCE MEASUREMENT, ANALYSIS & EVALUATION OF FINANCIAL HEALTHINESS AND STOCK RETURN OF REGIONAL DEVELOPMENT BANKS INDUSTRY WHO LISTED AT IDX BEFORE AND DURING COVID-19 PANDEMIC (2016-2023): EVIDENCE OF BANK BJB AND BANK JATIM



MASTERS OF BUSINESS ADMINISTRATION
MASTERS THESIS DEFENSE



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Introduction

1

Regional Banking Structure

Indonesia's banking sector comprises commercial banks, rural banks, state-owned enterprises, and local government-owned banks, such as Regional Development Banks (BPDs). Their primary focus revolves around deposit collection and credit provision to uplift living standards.

2

BPD Challenges

Despite being commercial banks, BPDs encounter impediments stemming from their regional affiliations. Challenges like diminished competitiveness, governance deficiencies, and inadequate support impede their advancement.

3

External Impact: COVID-19

External factors such as COVID-19 have exerted a significant impact on the Indonesian economy, manifesting in disrupted supply chains, diminished investments, and decelerated growth. These effects have precipitated stock market fluctuations and a decline in investor confidence.



27 BPD's member of Asbanda



4

BPD Resilience During COVID-19

Despite the challenges presented by the COVID-19 pandemic, businesses with public debts (BPDs) have demonstrated resilience by exhibiting positive asset growth. It is essential to closely monitor financial indicators, particularly liquidity and solvency, to safeguard their stability.



Research Question and Objective

Research Problem

The COVID-19 pandemic has underscored the need for robust financial performance assessment in the banking sector for sustainability and informed decision-making.

▶▶ Research Question

1. How does the financial performance of Banking companies before and during the COVID-19 pandemic in terms of Risk Based Rating Ratio?
2. How do differences in the financial performance of banking companies vary between before and during the COVID-19 pandemic?
3. How was the financial health of banking companies before and during the COVID-19 pandemic?

▶▶ Research Objective

1. To evaluate the financial performance of banking companies before and during the COVID-19 pandemic in terms of Risk-Based Rating Ratios.
2. To assess the differences in the financial performance of banking companies between before and during the COVID-19 pandemic.
3. To analyze the financial health of banking companies before and during the COVID-19 pandemic.



Literature Review



Risk Based Bank Rating (RBBR)



RISK PROFILE

Assessment of inherent risk and the quality of risk management implementation in bank operations, which includes eight main risks: credit, market, liquidity, operational, legal, strategic, compliance, and reputation risks.

$$\text{Non-Performing Loan} = \frac{\text{Total Non-Performing Loan}}{\text{Total Loans}}$$

$$\text{Loan to Deposit Ratio} = \frac{\text{Total Loans}}{\text{Total Party Funds}}$$



GRC

Bank Indonesia's Circular Letter No. 13/24/DPNP 2011 outlines profitability assessment, focusing on earnings performance, sources, sustainability, and management.



Self Assessment



EARNINGS

Bank Indonesia's Circular Letter No. 13/24/DPNP 2011 outlines profitability assessment, focusing on earnings performance, sources, sustainability, and management.

$$\text{Return on Asset} = \frac{\text{Earning Before Taxes}}{\text{Total Asset}}$$

$$\text{Net Interest Margin} = \frac{\text{Net Interest Income}}{\text{Productive Asset}}$$



CAPITAL

The greater the CAR, the better the bank's ability to manage the risk of loss.

$$\text{Capital Adequacy ratio} = \frac{\text{Tier 1 capital} + \text{Tier 2 capital}}{\text{Risk weight exposure}}$$

Parameter Ratio RBBR

Criteria	Rating
NPL <2%	Very Healthy
2% <= NPL < 5%	Healthy
5% <= NPL < 8%	Quite Healthy
8% <= NPL < 12%	Less Healthy
NPL >= 12%	Unhealthy

BI Circular Letter No. 13/24/DPNP/2011

Criteria	Rating
LDR <=75%	Very Healthy
75% < LDR <= 85%	Healthy
85% < LDR <= 100%	Quite Healthy
100% < LDR <= 120%	Less Healthy
LDR > 120%	Unhealthy

SE OJK No. 14/SEOJK.03/2017

Criteria	Rating
ROA >1.5%	Very Healthy
1.25% < ROA <= 1.5%	Healthy
0.5% < ROA <= 1.25%	Quite Healthy
0% < ROA <= 0.05%	Less Healthy
ROA <= 0%	Unhealthy

Source: BI Circular Letter No. 13/24/DPNP/2011

Criteria	Rating
NIM >3%	Very Healthy
2% < NIM <= 3%	Healthy
1.5% < NIM <= 3%	Quite Healthy
1% < NIM <= 1.5%	Less Healthy
NIM <= 1%	Unhealthy

Source: BI Circular Letter No. 13/24/DPNP/2011

Criteria	Rating
CAR <14%	Very Healthy
12% ≤ CAR < 14%	Healthy
10% ≤ CAR < 12%	Quite Healthy
8% ≤ CAR < 10%	Less Healthy
≤ 8%	Unhealthy

Source: BI Circular Letter No. 13/24/DPNP/2011

Composite Rate RBBR



1. VERY HEALTHY



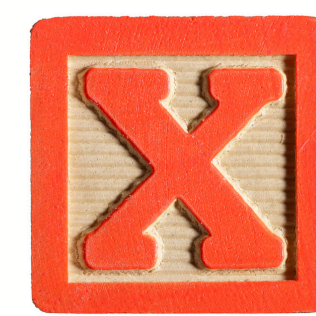
2. HEALTHY



3. QUITE HEALTHY

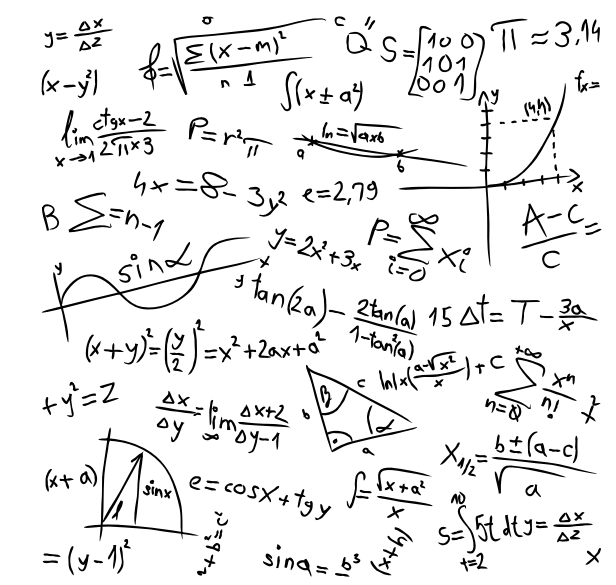


4. LESS HEALTHY



5. UNHEALTHY

SAL SEOJK Nomor 14/SEOJK.03/2017



$$SR_{i,t} = \frac{\text{Stock Price}_{i,t} - \text{Stock Price}_{t-i}}{\text{Stock Price}_{i,t-1}}$$

The rate of return is the difference between the nominal sold and invested, divided by the nominal invested (Brigham and Houston, 2014).

Where:

$SR_{i,t}$ = PER of company i at period of t

$\text{Stock Price}_{i,t}$ = Stock Price of company i at period of t

$\text{Stock Price}_{i,t-1}$ = Earnings per Share of company i at period of t-1

▶ Altman Z-Scores

Altman's Z-Score model, introduced by Professor Edward Altman in 1968, is a financial analysis tool that aims to predict the potential bankruptcy of a company

$$Z = 6.56X1 + 3.26X2 + 6.72X3 + 1.05X4$$

X1: Working Capital/ Total Asset

X2: Retained Earning/ Total Asset

X3: Earning Before Tax/ Total Asset

X4: Book Value of Equity/ Book Value of Debt

According to Rudianto (2013:255) The ratios used in the Modified Altman model are as follows:

a. Working Capital / Total Assets

$$WCTA = \frac{\text{Current Asset} - \text{Current Liabilities}}{\text{Total Asset}}$$

b. Retained Earnings to Total Asset

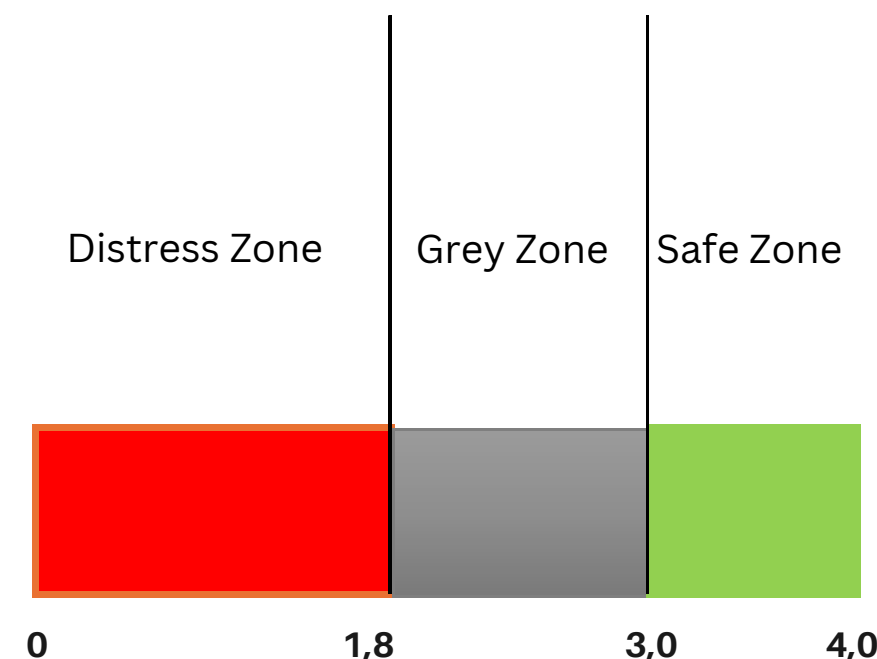
$$RETA = \frac{\text{Retained Earning}}{\text{Total Asset}}$$

c. Earning Before Tax/ Total Asset

$$EBITTA = \frac{\text{Earnings Before Tax}}{\text{Total Asset}}$$

d. Book Value of Equity/ Book Value of Debt

$$BVEBVL = \frac{\text{Total Equity}}{\text{Total Liabilities}}$$



▶ t-Test Statistic

Daryanto, William (2022) said the partial test (partial testing) was conducted to partially determine each independent variable's effect on the dependent variable.

Distribution Normality Test

- A normality test is a statistical test used to determine whether sample data comes from a normally distributed population (or close to normal distribution).
- Shapiro-Wilk test was test using SPSS;
Referred to the hypothesis below ($\alpha = 0.05$):
H₀ = data are normally distributed.
H_A = data are not normally distributed

▶ Hypotesis Test

Hypothesis testing is a statistical hypothesis test is used to decide if data support specific hypothesis.

Criteria that will be used to measure the hypothesis of this study:

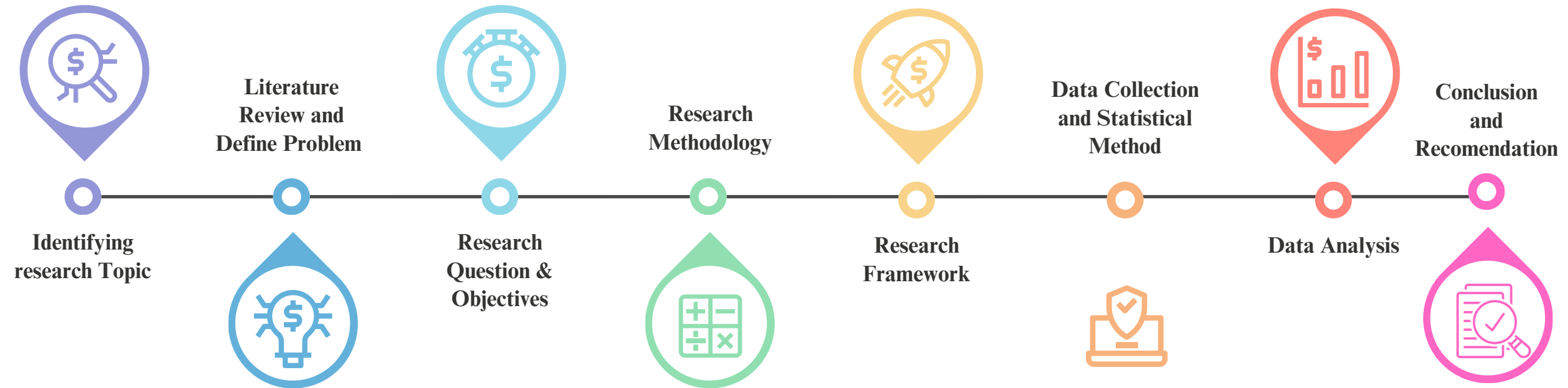
If $p < 0.05$, H₀ is rejected,

If $p > 0.05$, H₀ is no rejected

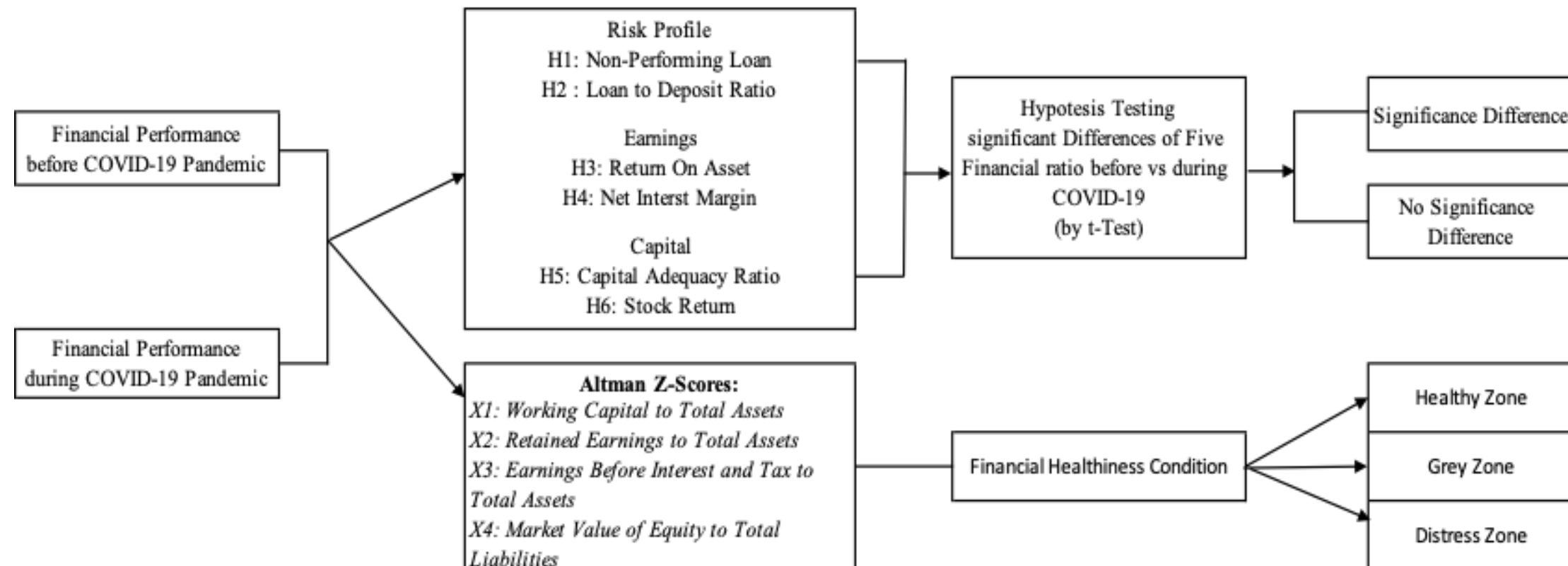
- Paired t-Test used to analyze five hypotheses regarding the impact of COVID-19 on financial ratios: Non-Performing Loan, Loan Deposit Ratio, Return on Assets, Net Interest Margin, and Capital Adequacy Ratio.
- The Wilcoxon Signed Rank Test is a non-parametric test used as an alternative to the dependent t-test when data normality assumptions are violated. It compares two sets of scores from the same individuals.

METHODOLOGY

• Research Procedure



• Research Framework



METHODOLOGY

Hypothesis

- H1: The Non-Performing Loan ratio of the bank was lower before the pandemic than during the COVID-19 pandemic.
- H2: The Loan-to-Deposit ratio of the bank was higher before and during the COVID-19 pandemic.
- H3: The Return on Assets ratio of the bank was higher before and during the COVID-19 pandemic.
- H4: The Net Interest Margin ratio of the bank was higher before and during the COVID-19 pandemic.
- H5: The Capital Adequacy Ratio of the bank was higher before and during the COVID-19 pandemic.
- H6: The stock returns of banking companies were higher before and during the COVID-19 pandemic.

• Scope and Limitation of the study



The study is limited to the **Regional Development Banks** listed on the Indonesia Stock Exchange, with **BJBR** and **BJTM** as the featured companies.



This study will utilize **quantitative** research methods, specifically concentrating on the ratio aspect while excluding considerations associated with **good corporate governance**.

• Sample Selection and Data Collection

Data Sample: Financial Statements for the Q1-Q4 Period from 2016 to 2023.

The sample collected using an objective method follows specific criteria:

1. The company is focusing on the banking industry.
2. Listed on IDX to obtain reliable data, easy to access, the company is committed to fulfilling good company governance standards.
3. The company was registered on IDX before COVID-19 appeared.
4. The audited financial report for 2016-2023 was accessible.



BJBR

Kap. Market	12.55 T
Employee	8.601
P/E Ratio	7.13
Yield div	8,68%



BJTM

Kap. Market	8,92 T
Employee	4.225
P/E Ratio	6.13
Yield div	9.07%



FINDING, ANALYSIS AND DISCUSSION



Result Risk Based Bank Rating

	No	Factor	Ratio	Before Covid-19	Rating Rate	Composite Rating	Ratio	After Covid-19	Rating Rate	Composite Rating	
				Q1-Q4, 2016-2019				Q1-Q4, 2020-2023			
				Average							
BJBR	1	Risk Profile of Financial Performance	NPL	0,90%	1	Very Healthy	NPL	0,90%	1	Very Healthy	
			LDR	85,72%	3	Quite Healthy	LDR	85,13%	3	Quite Healthy	
	2	Earnings of Financial Performance	ROA	2,09%	1	Very Healthy	ROA	1,61%	1	Very Healthy	
			NIM	6,46%	1	Very Healthy	NIM	5,45%	1	Very Healthy	
	3	Capital of Financial Performance	CAR	17,24%	1	Very Healthy	CAR	18,16%	1	Very Healthy	
	BJTM	1	Risk Profile of Financial Performance	NPL	0,71%	1	Very Healthy	NPL	1,12%	1	Very Healthy
LDR				69,34%	1	Very Healthy	LDR	56,91%	1	Very Healthy	
2		Earnings of Financial Performance	ROA	3,42%	1	Very Healthy	ROA	2,21%	1	Very Healthy	
			NIM	6,61%	1	Very Healthy	NIM	5,33%	1	Very Healthy	
3		Capital of Financial Performance	CAR	22,72%	1	Very Healthy	CAR	23,60%	1	Very Healthy	

Result

Stock Return analysis

BJBR			BJTM				
Period	Stock Price i,t	Stock Price $i,t-1$	$Sr_{i,t}$	Period	Stock Price i,t	Stock Price $i,t-1$	$Sr_{i,t}$
Q1-2019	2.010	1.690	0,1893	Q1-2019	685	635	0,0787
Q2-2019	1.690	1.570	0,0764	Q2-2019	635	635	0,0000
Q3-2019	1.570	1.185	0,3249	Q3-2019	635	655	-0,0305
Q4-2019	1.185	2.060	-0,4248	Q4-2019	655	630	0,0397
Q1-2018	2.060	2.090	-0,0144	Q1-2018	630	680	-0,0735
Q2-2018	2.090	2.030	0,0296	Q2-2018	680	650	0,0462
Q3-2018	2.030	2.050	-0,0098	Q3-2018	650	690	-0,0580
Q4-2018	2.050	2.020	0,0149	Q4-2018	690	690	0,0000
Q1-2017	2.020	1.960	0,0306	Q1-2017	690	665	0,0376
Q2-2017	1.960	1.980	-0,0101	Q2-2017	665	700	-0,0500
Q3-2017	1.980	2.200	-0,1000	Q3-2017	700	710	-0,0141
Q4-2017	2.200	965	1,2798	Q4-2017	710	475	0,4947
Q1-2016	965	1.125	-0,1422	Q1-2016	475	510	-0,0686
Q2-2016	1.125	1.610	-0,3012	Q2-2016	510	565	-0,0973
Q3-2016	1.610	3.390	-0,5251	Q3-2016	565	570	-0,0088
Q4-2016	3.390	1.000	2,3900	Q4-2016	570	550	0,0364
Q1-2015	1.000			Q1-2015	550		

BEFORE

AFTER

BJBR			BJTM				
Period	Stock Price i,t	Stock Price $i,t-1$	$Sr_{i,t}$	Period	Stock Price i,t	Stock Price $i,t-1$	$Sr_{i,t}$
Q1-2023	1.370	1.180	0,1610	Q1-2023	735	645	0,1395
Q2-2023	1.180	1.170	0,0085	Q2-2023	645	635	0,0157
Q3-2023	1.170	1.150	0,0174	Q3-2023	635	625	0,0160
Q4-2023	1.150	1.525	-0,2459	Q4-2023	625	790	-0,2089
Q1-2022	1.525	1.375	0,1091	Q1-2022	790	740	0,0676
Q2-2022	1.375	1.355	0,0148	Q2-2022	740	705	0,0496
Q3-2022	1.355	1.345	0,0074	Q3-2022	705	710	-0,0070
Q4-2022	1.345	1.455	-0,0756	Q4-2022	710	785	-0,0955
Q1-2021	1.455	1.210	0,2025	Q1-2021	785	705	0,1135
Q2-2021	1.210	1.210	0,0000	Q2-2021	705	720	-0,0208
Q3-2021	1.210	1.335	-0,0936	Q3-2021	720	750	-0,0400
Q4-2021	1.335	735	0,8163	Q4-2021	750	400	0,8750
Q1-2020	735	760	-0,0329	Q1-2020	400	500	-0,2000
Q2-2020	760	870	-0,1264	Q2-2020	500	510	-0,0196
Q3-2020	870	1.550	-0,4387	Q3-2020	510	685	-0,2555
Q4-2020	1.550	2.010	-0,2289	Q4-2020	685	685	0,0000



Result Althman Z Scores

Z-score analysis Before Covid-19 Pandemic

Bank	Period	6,5 X1	3,2 X2	6,72 X3	1,05 X4	Z-Scores	Description
BJBR	Q1-2019	6,198	0,173	0,031	0,122	6,523	GREEN
	Q2-2019	6,205	0,138	0,057	0,106	6,506	GREEN
	Q3-2019	6,217	0,144	0,079	0,107	6,546	GREEN
	Q4-2019	6,138	0,172	0,108	0,119	6,537	GREEN
	Q1-2018	6,188	0,133	0,034	0,100	6,456	GREEN
	Q2-2018	6,170	0,133	0,069	0,120	6,492	GREEN
	Q3-2018	6,171	0,161	0,102	0,125	6,558	GREEN
	Q4-2018	6,170	0,159	0,108	0,114	6,551	GREEN
	Q1-2017	6,218	0,123	0,037	0,109	6,487	GREEN
	Q2-2017	6,184	0,144	0,066	0,110	6,504	GREEN
	Q3-2017	6,218	0,144	0,080	0,106	6,549	GREEN
	Q4-2017	6,144	0,147	0,095	0,107	6,494	GREEN
	Q1-2016	6,319	0,141	0,040	0,093	6,594	GREEN
	Q2-2016	6,202	0,153	0,075	0,119	6,550	GREEN
	Q3-2016	6,224	0,156	0,098	0,117	6,594	GREEN
	Q4-2016	6,156	0,154	0,096	0,117	6,523	GREEN
BJTM	Q1-2019	6,450	0,118	0,059	0,172	6,799	GREEN
	Q2-2019	6,334	0,134	0,109	0,150	6,727	GREEN
	Q3-2019	6,322	0,128	0,147	0,149	6,746	GREEN
	Q4-2019	6,379	0,121	0,163	0,143	6,805	GREEN
	Q1-2018	6,283	0,156	0,063	0,166	6,668	GREEN
	Q2-2018	6,346	0,165	0,116	0,161	6,789	GREEN
	Q3-2018	6,348	0,170	0,155	0,156	6,830	GREEN
	Q4-2018	6,341	0,183	0,188	0,164	6,876	GREEN
	Q1-2017	6,352	0,137	0,062	0,168	6,719	GREEN
	Q2-2017	6,360	0,158	0,128	0,172	6,818	GREEN
	Q3-2017	6,372	0,154	0,159	0,172	6,856	GREEN
	Q4-2017	6,324	0,185	0,214	0,188	6,910	GREEN
	Q1-2016	6,417	0,112	0,061	0,145	6,735	GREEN
	Q2-2016	6,401	0,131	0,109	0,156	6,797	GREEN
	Q3-2016	6,348	0,144	0,153	0,171	6,815	GREEN
	Q4-2016	6,309	0,182	0,227	0,211	6,928	GREEN

Table 4.13 reveals that BJBR and BJTM had excellent financial health before the COVID-19 pandemic, with Z-scores ranging from 6.4 to 6.6, indicating healthy financial conditions and good stability, and 6.7 to 6.9, indicating excellent financial health.

Z Scores During Covid-19 Pandemic

Bank	Period	6,5 X1	3,2 X2	6,72 X3	1,05 X4	Z-Scores	Description
BJBR	Q1-2023	6,120	0,000	0,017	0,099	6,236	GREEN
	Q2-2023	6,090	0,000	0,042	0,096	6,228	GREEN
	Q3-2023	6,101	0,000	0,065	0,096	6,262	GREEN
	Q4-2023	6,090	0,000	0,076	0,094	6,261	GREEN
	Q1-2022	6,139	0,000	0,024	0,091	6,253	GREEN
	Q2-2022	6,144	0,000	0,058	0,090	6,292	GREEN
	Q3-2022	6,119	0,000	0,088	0,094	6,301	GREEN
	Q4-2022	6,117	0,000	0,105	0,093	6,315	GREEN
	Q1-2021	6,152	0,000	0,027	0,097	6,276	GREEN
	Q2-2021	6,167	0,000	0,052	0,089	6,309	GREEN
	Q3-2021	6,162	0,000	0,076	0,008	6,246	GREEN
	Q4-2021	6,129	0,000	0,110	0,095	6,334	GREEN
	Q1-2020	6,128	0,000	0,029	0,103	6,261	GREEN
	Q2-2020	6,128	0,000	0,054	0,098	6,279	GREEN
	Q3-2020	6,177	0,000	0,069	0,085	6,331	GREEN
	Q4-2020	6,108	0,000	0,103	0,098	6,309	GREEN
BJTM	Q1-2023	6,350	0,000	0,028	0,148	6,526	GREEN
	Q2-2023	6,326	0,000	0,061	0,134	6,522	GREEN
	Q3-2023	6,349	0,000	0,089	0,133	6,570	GREEN
	Q4-2023	6,415	0,000	0,122	0,143	6,680	GREEN
	Q1-2022	6,380	0,000	0,038	0,118	6,536	GREEN
	Q2-2022	6,380	0,000	0,038	0,118	6,536	GREEN
	Q3-2022	6,385	0,000	0,107	0,133	6,626	GREEN
	Q4-2022	6,355	0,000	0,132	0,134	6,621	GREEN
	Q1-2021	6,390	0,000	0,043	0,142	6,575	GREEN
	Q2-2021	6,380	0,000	0,073	0,127	6,580	GREEN
	Q3-2021	6,371	0,000	0,102	0,125	6,597	GREEN
	Q4-2021	6,380	0,000	0,129	0,130	6,640	GREEN
	Q1-2020	6,367	0,000	0,054	0,171	6,592	GREEN
	Q2-2020	6,371	0,000	0,088	0,149	6,608	GREEN
	Q3-2020	6,381	0,000	0,117	0,142	6,640	GREEN
	Q4-2020	6,341	0,000	0,121	0,146	6,608	GREEN

The Z-scores for BJBR and BJTM post-COVID-19 are high, indicating healthy financial conditions. BJBR and BJTM are expected to maintain good financial health, with BJBR scoring 6.2 and BJTM scoring 6.5 and 6.7 respectively.



Result Normality t-Test result

Financial Ratio	Before Covid			During Covid-19		
	Statistic	P-value	Normality distribution result	Statistic	P-value	Normality distribution result
Non-Performing Loan	.978	.750	data normaly distributed	.894	.004	data normaly distributed
Loan to Deposit Ratio	.943	.093	data normaly distributed	.905	.008	data normaly distributed
Return on Asset	.927	.033	data normaly distributed	.939	.072	data normaly distributed
Net Interest Margin	.974	.621	data normaly distributed	.952	.159	data normaly distributed
Capital Adequacy ratio	.974	.621	data normaly distributed	.965	.381	data normaly distributed
Stock Return	.571	<.001	data normaly distributed	.776	<.001	data normaly distributed

Normality Test Results for Financial Ratios During COVID-19

- P-value above 0.05 indicates normal data distribution.
- Shapiro-Wilk test statistics used for parametric statistical analysis.
- Shapiro-Wilk Normality test for Financial Ratio computed using SPSS version 29.0.2.



Result Hypotesis testing result using paired t-Test

Financial Ratio	P Value Result (1-tailed)	Paired t-Test	Interpretation
Non-Performing Loan	.403	P Value > 0.05 H01 Not Rejected	There is no significance difference before and during Covid-19 Pandemic
Loan to Deposit Ratio	<.001	P Value > 0.05 H02 Not Rejected	There is no significance difference before and during Covid-19 Pandemic
Return on Asset	<.001	P Value > 0.05 H03 Not Rejected	There is no significance difference before and during Covid-19 Pandemic
Net Interest Margin	<.001	P Value > 0.05 H04 Not Rejected	There is no significance difference before and during Covid-19 Pandemic
Capital Adequacy Ratio	.012	P Value > 0.05 H05 Not Rejected	There is no significance difference before and during Covid-19 Pandemic
Stock Return	.176	P Value > 0.05 H06 Not Rejected	There is no significance difference before and during Covid-19 Pandemic



Research Result

H1: The Non-Performing Loan ratio of the bank was lower before the pandemic than during the COVID-19 pandemic.

H01: DNPL = 0

Ha1: DNPL > 0

P-value: $0.443 > 0.05 = H01$ is no rejected

H2: The Loan-to-Deposit ratio of the bank was higher before and during the COVID-19 pandemic.

H02: DLDR = 0

Ha2: DLDR > 0

P-value: <0.001 greater than $> 0.05 = H02$ is no rejected

H3: The Return on Assets ratio of the bank was higher before and during the COVID-19 pandemic.

H03: DROA = 0

Ha3: DROA > 0

P-value: <0.001 greater than $> 0.05 = H03$ is no rejected

H4: The Net Interest Margin ratio of the bank was higher before and during the COVID-19 pandemic.

H04: DNIM = 0

Ha4: DNIM > 0

P-value: <0.001 greater than $> 0.05 = H04$ is no rejected

H5: The Capital Adequacy Ratio of the bank was higher before and during the COVID-19 pandemic.

H05: DCAR = 0

Ha5: DCAR > 0

P-value: $0.012 > 0.05 = H05$ is no rejected

H6: The stock returns of banking companies were higher before and during the COVID-19 pandemic.

H06: DSrt = 0

Ha65: DSrt > 0

P-value: $0.176 > 0.05 = H06$ is no rejected

Conclusion and Recommendation

Conclusion

- Banks like BJBR and BJTM demonstrated durability and adaptation, showing consistent performance in risk profiles, earnings, and capital health.
- Financial health analysis reveals banks' resilience and adaptation in dealing with the pandemic, demonstrating their ability to weather uncertainty and maintain stability.

Limitation

- The study focuses solely on analyzing financial ratios of two banking companies, neglecting GCG factors.
- Data sources include secondary data from annual reports and the IDX website.
- Limitations in exploring all factors impact the validity of the results.
- Financial ratio analysis alone cannot fully depict the performance of the IDX-listed Regional Development Bank industry.

Theoretical Implication

- This study examines the financial performance of regional development banks on the Indonesia Stock Exchange using risk-based bank rating and Altman Z-score models. It focuses on Bank bjb and Bank Jatim, contributing to knowledge on risk assessment models and data normality tests.

Theoretical Implication

- This research aids stakeholders in assessing bank stability and viability using RBBR and Altman Z-Score models. It informs investment, regulation, and policy formulation, aiding supervisors in maintaining Regional Development Banks' operations' stability and sustainability.

Recommendation



Recommendation

- The study suggests that BJBR and BJTM's risk profiles remained stable during the pandemic.
- They need to strengthen their risk management practices.
- They should develop proactive strategies to reduce vulnerabilities.
- Maintaining good financial performance is essential, including optimizing asset allocation and controlling costs.
- Prioritizing capital adequacy to absorb potential losses and meet regulatory requirements is crucial.
- Despite no significant difference in stock return ratios before and during the pandemic:
 - ✓ Banks should monitor stock market volatility.
 - ✓ Implement strategies to manage market risk, such as diversifying investment portfolios.
 - ✓ Improve investor communication.

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Thank
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