

## ANALYSIS OF FINANCIAL PERFORMANCE USING THE CAMEL METHOD AT PT. BANK SULSELBAR

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### *Abstract*

*This study aims to determine the financial performance of PT Bank Sulselbar as measured using the CAMEL Method (Capital, Assets, Management, Earning, and Liquidity). The object of research is PT Bank Sulselbar. The type of research used is quantitative descriptive research, the type of data used is primary and secondary data, the sample used is the financial statements of PT Bank Sulselbar from 2017 to 2021. The results in this study are the financial health condition of PT. Bank Sulselbar in the 2017 and 2018 periods is in the "HEALTHY" predicate with a credit value above 81% in accordance with the provisions stipulated by Bank Indonesia, while in the period 2019 to 2021 it is in the "STRONGLY HEALTHY" predicate because the credit value is below the provisions set by Bank Indonesia. This means that PT. Bank Sulselbar shows that the financial performance using the CAMEL method is in a healthy predicate, which means that PT. Bank Sulselbar is able to manage and handle problems that arise during that period.*

**Keywords:** *Financial Performance, CAMEL.*

### INTRODUCTION

Banking is a financial institution whose role is to collect funds, distribute credit, and dynamics of currency stability and economic growth. In the development of banking, history records the known origins of banking during the time of the kingdoms in mainland Europe. This business then expanded to West Asia which was introduced by traders. In addition, the development of banking was brought by Europeans who quickly penetrated the continents of Asia, Africa and America, colonizing their colonies. Banking activities at first were as money exchange services, but then banking activities developed more fully and became a place to store money or what is now known as saving activities. Furthermore, banking activities with lending and borrowing activities increased again (Ichsan, N. 2014: 15).

According to Kasmir (2008: 41), the level of bank health can be interpreted as the ability of a bank to carry out normal banking operations and be able to fulfill all its obligations properly in ways that are in accordance with applicable banking regulations.

Meanwhile, according to Taswan (2010: 537), bank health is: "... the interests of all related parties, both owners, managers (Management) of banks, the public users of bank services, as well as Bank Indonesia as the bank supervisory authority. Bank health level is the result of a qualitative assessment of various aspects that affect the condition or performance of a bank through an assessment of capital factors, asset quality, management, profitability, liquidity, and sensitivity to market risk. The bank's soundness level can be used by interested parties to evaluate the bank's performance in applying the prudential principles of compliance with applicable regulations and risk management."

Bank Indonesia issues 3 instruments to monitor the health level of a bank in accordance with the regulations that have been issued, namely:

1. CAMEL analysis (Capital, Assets, Management, Earning, and Liquidity).
2. Maximum Lending Limit, with the aim of avoiding business failure as a result of the concentration of lending both to protect the interests, public trust and to maintain the health of banks

3. Fit and Proper Test, this provision is in line with the issuance of Bank Indonesia Regulation Number: 5/25/PBI dated November 24, 2003.

Analyzing financial statements can help governments, business people in seeing the health level of a bank. In this study, researchers used the CAMEL method analysis in which there are elements of Capital, Assets, Management, Earning, and Liquidity to analyze financial performance.

CAMEL is a factor that determines the health predicate of a bank. These aspects are interrelated with each other and cannot be separated. Bank health assessment includes 4 criteria, namely a credit score of 81 to 100 (healthy), a credit score of 66 to 81 (quite healthy), a credit score of 51 to 66 (less healthy), and a credit score of 0 to 51 (unhealthy). The measurement results based on the CAMEL analysis tool are applied to determine the level of bank health which is categorized into four predicates, namely: "Healthy", "Fairly Healthy", "Less Healthy", and "Unhealthy" (Nugroho, 2011).

In this study, the researchers chose PT Bank Sulselbar as the object to be studied about the health level of the bank using the CAMEL method. To find out the health level of PT Bank Sulselbar which shows financial performance is contained in table 1 below:

**Table 1.** Data CAR,KAP,PPAP,ROA,BOPO dan LDR

Year	2017	2018	2019	2020	2021
CAR (%)	25,17	24,28	22,98	24,03	21,30
KAP (%)	0,50	0,44	1,08	0,61	0,81
ROA (%)	3,56	3,67	3,36	3,12	3,09
BOPO (%)	70,28	67,61	68,70	73,43	70,97
LDR (%)	119,38	119,76	117,85	121,42	114,19

Source: Bank Sulselbar Financial Statements from 2017 to 2021

Seeing in the table above that the ratio of CAR, KAP, ROA, BOPO, and LDR fluctuates from year to year. So the importance of assessing the health level of banks to determine policies in maintaining the continuity of company operations in the face of competition among banks.

## METHOD

In this research using quantitative descriptive method, namely by providing an overview of the level of banking health in the form of numbers which are then described in the form of a discussion to describe the level of health at PT Bank Sulselbar for the period 2017-2021 using the CAMEL analysis method, where the data collected is sourced from the financial statements of PT Bank Sulselbar. CAMEL analysis specifically for banking companies focuses more on Capital, Asset quality, Management, Earning, and Liquidity.

In research methods the word population is very popularly used to mention a group or group of objects that are the target of research. According to Bungin (2017: 109) The research population is the whole (Universum) of research objects which can be humans, animals, plants, air, symptoms, values, events, life attitudes, and so on so that these objects can be a source of research data. The population in this study is the financial statements of PT. Bank Sulselbar.

According to Sutopo and Slamet (2017: 24) the sample is all individuals who will become units of analysis in the population that are feasible and suitable to be used or drawn as research samples in accordance with the sample frame. Samples can also be interpreted as part of the population taken as a data source and can represent the entire population. The sample in this study is the financial statement data of PT Bank Sulselbar in the last 5 years starting from 2017, 2018, 2019, 2020 and 2021.

The data collection method used by researchers in this study is the documentation method. The documentation method is a method carried out by clarifying and categorizing written materials related to research problems that study documents in the form of financial reports or the necessary data, followed by recording and calculating.

The analysis technique used is quantitative descriptive analysis, which explains the assessment of the health level of banks using the CAMEL method, including aspects of capital, asset quality, management aspects, earning aspects, and liquidity aspects.

## RESULTS AND DISCUSSION

PT Bank Sulselbar is a Regional Development Bank of South Sulawesi established in Makassar on January 13, 1961 under the name PT Bank Pembangunan Daerah Sulawesi Selatan Tenggara in accordance with the Notarial Deed of Raden Kadiman in Jakarta No. 95 dated January 23, 1961. Then based on the Notarial Deed of Raden Kadiman No. 67 dated July 13, 1961 issued, the name PT Bank Pembangunan Daerah Sulawesi Selatan Tenggara was changed to Bank Pembangunan Daerah Sulawesi Selatan Tenggara.

The following is an analysis of the health of bank Sulselbar using the CAMEL method from 2017 to 2021.

### 1. Capital

According to Bank Indonesia, a bank is declared to be in the healthy category if the bank has a CAR of at least 8%. Before calculating CAR, especially at PT Bank Sulselbar, it is necessary to first present capital data and weighted assets obtained from the financial statements of PT Bank Sulselbar for 5 years, namely 2017, 2018, 2019, 2020 and 2021. From the results of these calculations, the results of the calculation of the CAR ratio for 2017, 2018, 2019, 2020, and 2021 will be presented which can be seen in Table 4.1 as follows:

**Table 2.** Results of Data Processing CAR Ratio

CAR CALCULATION RESULTS PT. BANK SULSELBAR			
Year	Capital (In Million IDR)	ATMR (In Million IDR)	CAR (%)
2017	2.640.764	10.492.174	25,16
2018	2.962.685	12.200.739	24,28
2019	3.226.269	14.037.890	22,98
2020	3.628.885	15.098.018	24,03
2021	4.020.762	18.881.081	21,29

Source: Processed data from 2017 to 2021

Based on Bank Indonesia regulations, banks declared healthy must have a CAR of at least 8%. This is based on the provisions set by the Bank international settlement (BIS). With the following provisions :

- a. For CAR = 0% or negative, credit score = 0
- b. For every 0.1% increase, the credit score is increased with a maximum value of 100.
- c. The CAMEL weight for capital adequacy ratio is 25%.

### 2. Assets quality

In determining asset quality, the type of ratio used is the KAP ratio. This ratio is a comparison between the amount of classified earning assets and total earning assets. Classified earning assets can be calculated (according to Bank Indonesia regulations) as follows:

- a. 0% of current earning assets
- b. 25% of earning assets under special mention
- c. 50% of earning assets that are substandard

- d. 75% of doubtful earning assets
- e. 100% of non-performing earning assets.

Based on the description above, the amount of earning assets by collectability category for 2017, 2018, 2019, 2020, and 2021 will be presented in table 3.

**Table 3.** Total Credit Collectibility

Total Kolektibilitas Kredit (Dalam jutaan Rp)					
Description	2017	2018	2019	2020	2021
Credit	13.307.177	15.186.093	18.424.051	19.653.527	21.267.420
Current (L)	13.253.284	15.070.977	18.132.901	19.397.941	20.990.817
Under Special Repair (DPK)	27.044	77.578	60.282	51.580	80.396
Substandard (KL)	3.639	4.444	44.574	4.051	6.139
Doubtful (D)	3.982	5.024	90.701	23.064	13.118
Bad Debt (M)	19.228	28.070	71.148	37.121	176.949

Source: Bank Sulselbar Report 2017-2021

**Table 4.** Risk Level KAP Ratio

Description	Risk level (%)	2017	2.018	2.019	2.020	2.021
(In millions of Rp)	0	0	0	0	0	0
Current (L)	25%	6.761	19.395	15.070	12.895	20.099
Special mention (DPK)	50%	1.819	2.222	22.287	2.025	3.069
substandard (KL)	75%	2.986	3.768	68.025	17.298	9.838
doubtful (D)	100%	19.228	28.070	71.148	37.121	176.949
TOTAL APYD		30.794	53.455	176.527	69.339	209.955

Source: processed data, 2023

Based on tables 3 and 4, the KAP ratio owned by Bank Sulselbar can be determined by dividing the classified earning assets by the earning assets owned by the company. The following table presents the calculation of the KAP ratio at Bank Sulselbar during the 2021-2021 period:

**Table 5.** KAP Ratio Data Result

Year	Classified Earning Assets (In Millions Rp)	Total Earning Assets (In millions of Rp)	KAP (%)	Predicate
2017	53.893	13.307.177	0,4	HEALTHY
2018	115.116	15.186.093	0,7	HEALTHY
2019	266.705	18.424.051	1,44	HEALTHY
2020	115.816	19.653.527	0,5	HEALTHY
2021	276.602	21.267.420	1,3	HEALTHY

Source: Processed Data, 2023

Based on Bank Indonesia regulations, banks are declared in the healthy category if they have a KAP ratio below 10.35%. From the table above, the results of the calculation of the KAP ratio for 5 years show that the KAP ratio in 2018 decreased from the previous year by 0.4%. In 2019 it increased by 0.74% from the previous year and decreased by 0.9% in 2020 and increased again in the following year by 0.8%.

### 3. Management

In the management aspect, the assessment is capital management, general management, profitability management, and liquidity management. This aspect is usually assessed by questionnaire, but there are limited constraints on filling out the questionnaire, which is difficult to do because of the element of bank confidentiality. Therefore, this aspect

of management can be projected using the Net profit margin (NPM) ratio. The NPM ratio compares net income with operating income so that the NPM ratio at Bank Sulsebar is as follows:

**Table 6.** NPM Ratio Data Result

Year	Net Profit (In Millions IDR)	Operating Income (In Millions IDR)	NPM Ratio (%)	Predicate
2017	621.565	2.202.134	28,22	Healthy
2018	617.331	2.387.765	25,85	Healthy
2019	616.690	2.669.533	23,10	Healthy
2020	620.931	3.136.054	19,79	Healthy
2021	651.826	3.001.554	21,71	Healthy

Source: Bank Sulsebar financial report

The NPM ratio in 2017 was 28.22%, in 2018 it was 25.85%, in 2019 it was 23.10%, in 2020 it was 19.79% and in 2021 it was 21.71%.

Based on the table, the results of the calculation of the NPM ratio show that the NPM results in the period 2017 to 2019 fluctuated due to an increase or decrease in operating income. In 2020 to 2021 the financial condition of Bank Sulsebar is seen from the management aspect which has a healthy predicate, in this case, the NPM is at the  $NPM \geq 100\%$  level.

#### 4. Earning (Vulnerability)

The profitability aspect is carried out to determine the bank's ability to earn profits. In this aspect, it is projected using return on assets (ROA) and BOPO..

- a. The following are the results of the calculation of the ROA ratio at Bank Sulsebar in the period 2017 to 2021:

**Table 7.** ROA Ratio Data Result

Year	Profit Before Tax (In IDR)	Total Assets (In IDR)	ROA Ratio (%)	Predicate
2017	723.976.857.240	17.545.955.352.173	4,12	Healthy
2018	802.244.552.964	20.576.423.170.440	3,89	Healthy
2019	829.543.462.307	24.830.410.397.906	3,34	Healthy
2020	820.899.977.345	23.541.662.250.195	3,48	Healthy
2021	854.201.330.984	27.784.972.251.064	3,07	Healthy

Source: Bank Sulsebar financial report

The ROA ratio is 2017 was 4.12%, in 2018 it was 3.89%, in 2019 it was 3.34%, in 2020 it was 3.48% and in 2021 it was 3.07%.

The results of the ROA calculation in the 2018 period decreased by 0.23% from the previous year, and 2020 increased from 2019 by 0.14%. This is due to the increasing number of assets each year, even though profit before tax has increased.

Then it should be added that the minimum ROA limit set by Bank Indonesia is 1%. If a bank has an ROA greater than 1.5% then the bank can be said to be a productive bank in managing its activities, so as to generate profits.

- b. The following are the results of processed data on the BOPO ratio of PT Bank Sulsebar: The BOPO ratio is used to measure the level of efficiency and the bank's ability to carry out its operations. The BOPO ratio is obtained by dividing between operating expenses and operating income:

**Table 8.** Operating Expenses and Operating Income Data

Year	Operating Income (In millions of Rp)	Operating Expenses (In millions of Rp)	BOPO Ratio (%)	Predicate
2017	2.202.134	1.500.766	68	Healthy
2018	2.387.765	1.597.601	67	Healthy
2019	2.669.533	1.833.963	69	Healthy
2020	3.136.054	2.302.817	73	Healthy
2021	3.001.554	2.130.353	71	Healthy

Source: Financial report of PT Bank Sulsebar

The results in the BOPO ratio for the 2017 period amounted to 68%, 2018 amounted to 67%, 2019 amounted to 69%, 2020 amounted to 73% and in 2021 amounted to 71%. Based on the results of the calculation of Bank Sulsebar's BOPO ratio in table 4.12, it shows that Bank Sulsebar in the period 2017 to 2021 seen from the Earning aspect has a healthy predicate, in this case the BOPO ratio is below < 93.25%. Referring to BI DIR Decree Number 30/21/KEP/DER dated April 30, 1997 concerning procedures for assessing the health level of Banks, Banks that have a BOPO ratio value below 93.25% have a healthy predicate.

#### 5. Liquidity

Analysis of the liquidity component is an analysis of the bank's ability to meet its short-term obligations or maturing obligations. Based on the provisions issued by Bank Indonesia, the liquidity component of the bank is measured based on the Loan to Deposit Ratio (LDR) which compares the loans granted with third party funds. The following is the LDR ratio at Bank Sulsebar:

**Table 9.** LDR Ratio Value

Year	Total Loans (In Millions IDR)	Third Party Funds (DPK) (In Millions of Rp)	LDR Ratio (%) Predicate	Predicate
2017	13.963.540	13.950.954	100,02	Healthy
2018	15.923.150	15.902.560	100,13	Healthy
2019	18.356.880	18.340.206	100,09	Healthy
2020	19.513.570	19.501.795	100,06	Healthy
2021	20.997.979	20.979.623	100,09	Healthy

Source: Bank Sulsebar financial report

The LDR ratio in 2017 was 100.02%, in 2018 it was 100.13%, in 2019 it was 100.09%, in 2020 it was 100.06% and in 2021 it was 100.09%. Based on the above results of the calculation of the LDR ratio at Bank Sulsebar, it can be seen that the financial condition from the liquidity aspect from 2017 to 2021 has a healthy predicate.

#### 6. Analysis of the Bank's health level assessment.

After analyzing or calculating the ratio of the bank's financial statements and the credit value of each ratio at Bank Sulsebar, then multiplying the credit value (credit point) with the weight for each CAMEL aspect, then summing up the entire value of the CAMEL aspect, and determining the health rating of the bank. This is intended to be able to assess whether the financial condition of Bank Sulsebar can be categorized as a healthy bank, quite healthy, less healthy and unhealthy. The following results of the assessment of the health level of Bank Sulsebar are presented in the table :

**Table 10.** CAMEL Aspect Results

Year	CAMEL ASPECT AND RATIO	CAMEL					
		C	A	M	E		L
		CAR	KAP	NPM	ROA	BOPO	LDR
2017	RATIO VALUE (%)	25,16	0,4	28,22	4,12	68	100,02
	CREDIT SCORE (%)	100	100	28,22	100	100	100
	WEIGHT(%)	25	30	25	5	5	10
	CAMEL VALUE(%)	25	30	7,05	5	5	10
	PREDICATE						
		TOTAL NET WORTH CAMEL RATIO = 82.05					
2018	RATIO VALUE (%)	24,28	0,7	25,85	3,89	67	100,13
	CREDIT SCORE (%)	100	100	25,85	100	100	100
	WEIGHT(%)	25	30	25	5	5	10
	CAMEL VALUE(%)	25	30	6,46	5	5	10
	PREDICATE						
		TOTAL NET WORTH CAMEL RATIO = 81.46					
2019	RATIO VALUE (%)	22,98	1,44	23,10	3,34	69	100,09
	CREDIT SCORE (%)	100	100	23,10	100	100	100
	WEIGHT(%)	25	30	25	5	5	10
	CAMEL VALUE(%)	25	30	5,77	5	5	10
	PREDICATE						
		TOTAL NET WORTH CAMEL RATIO = 80.77					
2020	RATIO VALUE (%)	24,03	0,5	19,79	3,48	73	100,06
	CREDIT SCORE (%)	100	100	19,79	100	100	100
	WEIGHT(%)	25	30	25	5	5	10
	CAMEL VALUE(%)	25	30	4,94	5	5	10
	PREDICATE						
		TOTAL NET WORTH CAMEL RATIO = 79.94					
2021	RATIO VALUE (%)	21,29	1,3	21,71	3,07	71	100,09
	CREDIT SCORE (%)	100	100	21,71	100	100	100
	WEIGHT(%)	25	30	25	5	5	10
	CAMEL VALUE(%)	25	30	5,42	5	5	10
	PREDICATE						
		TOTAL NET WORTH CAMEL RATIO = 80.42					

Source: Processed Data, 2023

The results of the overall calculation analysis by multiplying the credit value of each aspect with the CAMEL weight will be summed up from the overall CAMEL ratio and obtained the net value of the CAMEL ratio. The value of the CAMEL ratio determines the value of the bank's health predicate in accordance with the standards set by Bank Indonesia.

**Table 11.** CAMEL Value Result

Year	CAMEL Value (%)	Health Level
2017	82,05	HEALTHY
2018	81,46	HEALTHY
2019	80,77	ENOUGH HEALTHY
2020	79,49	ENOUGH HEALTHY
2021	80,42	ENOUGH HEALTHY

*Source: Processed Data Results, 2023*

## CONCLUSION

1. The financial health condition of PT. Bank Sulselbar in the period 2017 and 2018 received the title "HEALTHY" because the CAMEL credit value obtained was above 81% (the minimum healthy limit), while in 2019 to 2021 PT. Bank Sulselbar received the title "SEHUP SEHAT" because the CAMEL credit value obtained was below the minimum limit set by Bank Indonesia.
2. The Capital Adequacy Ratio (CAR) owned by PT Bank Sulselbar in the period 2017 to 2021 has sufficient capital to cover all risks that may arise from investing funds in productive assets.
3. the ratio of productive asset quality (KAP) during the period 2027 to 2021, where Bank sulselbar has good asset quality, in connection with the credit risk faced by banks due to lending and classified productive assets.
4. Based on the Net profit margin (NPM) ratio during the period 2017 to 2021, Bank Sulselbar shows that its financial performance is very good in carrying out management to achieve targets.
5. From the aspect of profitability with the ROA ratio, it shows that the ROA ratio at Bank Sulselbar is in a healthy condition, which means that Bank Sulselbar has quite good management quality in using its assets to make a profit and the BOPO ratio shows that PT. Bank Sulselbar is in a healthy condition, which means that Bank Sulselbar is able to minimize operating costs in supporting banking performance so as not to cause losses.
6. And the last one seen from the liquidity aspect projected by the LDR ratio shows that the ratio is in a healthy predicate which means that Bank Sulselbar has good quality in paying all its debts, especially deposits, demand deposits, and deposits when collected, and can fulfill all credit applications that are eligible for approval.

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