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LOAN TO DEPOSIT AND RETURN ON ASSETS RATIO ANALYSIS AT PT. BANK NAGARI PADANG MAIN BRANCH

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ABSTRACT

The aim of this research is to measure the financial health of Bank Nagari West Sumatra using the LDR and ROA ratios. This research uses a quantitative data analysis method, namely analyzing calculations obtained from the financial reports of PT Bank Nagari West Sumatra for 2019-2021. Based on the results of the analysis that has been carried out, it can be seen that the Loan To Deposit Ratio (LDR) of Bank Nagari West Sumatra in 2019 was 97,19%, in 2020 it was 95,70% and in 2021 it was 91.19%. This means that LDR PT. Bank Nagari West Sumatra for the last three years has unwell. Where the Loan To Deposit Ratio (LDR) based on Bank Indonesia's standard criteria of >120% is declared unhealthy. Return On Assets (ROA) at Bank Nagari West Sumatra in 2019 was 2.06%, in 2020 it was 1,76% and in 2021 it was 1,82%. This means that ROA PT. Bank Nagari West Sumatra for the last three years has been healthy. Where Return On Assets (ROA) based on Bank Indonesia standard criteria <5% are declared healthy.

Keywords: *Loan To Deposit Ratio, Return On Assets Ratio*

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INTRODUCTION

The world of banking has an important role in improving a country's economy, especially in today's modern society, which involves banking sector services on a daily basis to carry out all transactions. The level of public trust in banking continues to increase, marked by an increase in public funds into the banking sector.

The whole world is currently experiencing shock due to the emergence of the Covid-19 virus (corona virus disease 2019). Due to the high level of transmission, the World Health Organization recommends that every country implement a policy of limiting activities in an effort to reduce the spread of the Covid-19 virus. This pandemic means that the survival and sustainability of financial institutions, financial stability and security, may be threatened in both developed and developing countries (Baret et al., n.d.; Cecchetti & Schoenholtz, 2020; FSB, 2020). Aldasoro et al. (2020); FSB, (2020). revealed that the COVID-19 pandemic poses a significant threat to the continuity of banking globally and disrupts the stability of the banking system. The number of cumulative cases of Covid-19 patients is increasing day by day, this is certainly affecting investors and making them worried. Economic conditions that are always changing have an impact on companies and affect their performance. The information contained in financial reports is an internal factor that can influence share prices and external factors such as the Covid-19 pandemic can also influence share price movements. Therefore, banks must be able to use all the resources they have maximally efficiently and effectively in order to maintain and even improve company performance which ultimately can increase company value.

Banking in the life of a country is an agent of development. This is because the main function of banking is as a financial intermediary institution, which is an institution that collects funds from the public in the form of savings and channels them back to the public in the form of credit.

According to Law Number 10 of 1998, the role of banks is as a financial institution whose activities are to collect funds from the public and distribute them in the form of savings, namely savings, deposits and current accounts and distribute them to the community in the form of credit in order to improve people's living standards. So, banking is a banking system whose activities are to collect funds from the community and distribute these funds back to the community as well as providing other banking services.

A bank is an institution that acts as a financial intermediary between parties who have unit surplus funds and parties who need unit deficit funds and as an institution whose function is to facilitate payment traffic. Bank Nagari (which is the name for PT. Bank Nagari) is the only bank owned by the regional government of West Sumatra which aims to improve the economy of the community, especially in West Sumatra.

Meanwhile, credit according to Law number 10 of 1998 concerning banking, credit is the provision of money or bills given to a third party where the party is required to pay off the debt at maturity based on an agreed agreement. Financial reports are a collection of company financial information in a certain period which is presented in the form of a systematic report so that it is easy to read and understand by all parties who need it.

According to Harahap (2011: 190), financial report analysis means breaking down financial report items into smaller units of information and looking at their relationships which are significant or which have meaning between one another, both quantitative and non-quantitative data with the aim of Knowing deeper financial conditions is very important in the process of making the right decisions.

One element that banks must pay attention to is their health level. According to (Saifi, 2014) bank health is the ability of a bank to carry out normal banking operational activities and be able to fulfill its obligations properly in accordance with applicable banking regulations and laws. The health of a bank is of interest to all parties involved, be it owners, management or managers of companies, as well as the public or customers who are users of bank services (Umiyati and Faly, 2015). In addition, healthy bank conditions will increase public confidence that banks are a safe and profitable place to store their assets (Saifi, 2014). If a banking system is unhealthy, it will cause payment traffic carried out by the banking system to become unstable and inefficient. Therefore, a bank certainly really needs an analysis to find out whether its condition is healthy or unhealthy after carrying out its operational activities for a certain period of time. The development of Bank Nagari's performance during Covid-19, which started from March 2020 to December 2020, moved towards a downward trend and was fluctuating. This means that a decline in Bank Nagari's financial performance during Covid-19 could cause losses to the Company if it is not repaired properly.

Financial performance is a company's ability to gain profits based on the level of asset and capital sales. Financial performance measurement can use financial ratios, where the use of these ratios can see the real composition of financial conditions. Financial ratios are ratios that describe the index of the relationship between two or more accounting accounts which are obtained by dividing one number by another number (kasmir, 2018). In this research, to look at the financial performance of Bank Nagari before and after Covid-19 using the Loan To Deposit Ratio (LDR) and Non Performing Loan (NPL) ratios.

There are various types of financial ratios used as assessment materials, including, Loan to Deposit Ratio (LDR) is a ratio used to measure and describe the comparison between the amount of credit (financing) distributed to customers and the amount of funds received. According to Dendawijaya, (2019) Loan to Deposit Ratio is the ratio between the entire amount of credit (financing) provided by the bank and the funds received by the bank. According to Kasmir, (2019) Loan to Deposit Ratio is a ratio used to measure the composition of the amount of credit given compared to the amount of public funds and own capital used. According to government regulations, the maximum loan to deposit ratio is 110%.

Return On Assets (ROA) is the ratio between net profit after tax to the total assets, which also means it is a measure to assess how high the rate of return is from the assets owned (Fauzan, 2009). Meanwhile, according to (Mardiyanto, 2009), ROA is a ratio used to measure a company's ability to generate profits from investment activities. The greater the ROA, the greater the level of profit achieved by the company in terms of asset use.

Table 1
Development of LDR and ROA PT. Bank Nagari Padang Main Branch.
2019-2021

Year	Information				
	DPK	Credits Given	Net profit	Tax expense	Total Assets
2019	19.478.808	18.932.547	377.107	127.711	24.433.596
2020	20.408.340	19.530.240	330.248	120.470	25.559.008
2021	22.999.596	20.972.783	408.715	102.256	27.982.085

Source: Bank Nagari Padang Main Branch

From the explanation above, the author is interested in taking the title of this final assignment about "LDR and NPL Analysis at PT. Bank Nagari Padang Main Branch”.

RESEARCH METHODS

Field study Direct research on the object concerned by examining the results of the data obtained. This research can help the author complete the necessary data, with activities carried out by interviewing the parties concerned or the company, related agencies. Library studies are research carried out by looking at and reading previous research references in the library. In data analysis, the author uses quantitative data analysis as a research method that explains in description the LDR and ROA ratios at PT. Bank nagari Padang Main Branch.

The data analysis method is viewed from two different aspects, namely between theory and practice which needs to be applied so that it can be seen to what extent it is implemented, whether differences arise regarding the basic principles of the concept itself. This question will be answered later and the results of the analysis will be used as a basis for drawing conclusions and suggestions.

RESULTS AND DISCUSSION

1. Understanding Banks

The authentic definition of a bank has been formulated in Article 1 paragraph (2) of Law Number 10 of 1998 which defines a bank as a business entity that collects funds from the public in the form of savings and channels them in the form of credit and/or other forms in order to improve living standards. many people. According to (Saputri, 2019) a bank is a form of financial institution that acts as a financial institution (financial intermediary) between parties who have excess funds (surplus units) and parties who need funds, as well as an institution whose function is to facilitate traffic. payment. Based on the definition above, it can be concluded that banks are financial institutions operating in the field of trust that collect public funds and channel these funds back to communities that lack funds.

2. Banking functions

The general function of banks is to collect funds from the wider community (funding) and distribute them in the form of loans or credits (lending) for various purposes. According to (Santoso, 2006) it is as follows:

a. Agent Of Trust
Good trust to facilitate bank activities, namely collecting and distributing.

b. Agent Of Development
Community economic development is also a bank's function in supporting the government.

c. Agent Of Service
Providing services related to finance in the bank's products, such as clearing and so on.

3.Types of banks

Based on Law no. 10 of 1998, the types of banks based on their functions are divided into Commercial Banks and Rural Credit Banks.

a. Commercial Bank, a bank that carries out its business activities using conventional or sharia principles, which in its activities provides services in payment traffic.
b. Rural Credit Bank, a bank that carries out its business activities using conventional or sharia principles, which in its activities does not provide services in payment traffic.

4. Source of Bank Funds

The source of bank funds is the bank's efforts to collect funds from the community. In collecting these funds, of course the bank must be familiar with the sources of funds that exist in various levels of society in different forms. (Amelia, 2018)

Funds to finance the operations of a bank can be obtained from various sources. Obtaining these funds depends on the bank itself, whether through loans (deposits) from the public or from other institutions. Apart from that, to finance its operations, funds can also be obtained with its own capital, namely capital contributions from the new owner. Acquisition is also adjusted to the purpose of using the funds.

The types of bank funding sources are:
a. Funds sourced from the bank itself (often called third party funds)
b. Funds sourced from external parties (often called second party funds)
c. Funds sourced from the wider community (often called third party funds)

Of these three funds, the main source of bank funds comes from public funds which consist of three types, namely: Savings, Deposits and Current Accounts.

5. Understanding Credit

Credit is the provision of a loan or financing by a lender to a borrower with a repayment process that takes place in stages over a period of time mutually agreed upon by both parties.

According to (Kasmir, 2014) to find out or determine that someone can be trusted to obtain credit, you can use the analysis instrument known as The Five Of Credit or known as 5C, namely:

a. Character (Personality)
   A belief that creditors must know the character and nature of their prospective customers in order to be responsible for the agreed promises.
b. Capacity (Capability)
   This is a customer's ability to pay his obligations as seen from the business or activities he carries out. Because this concerns profits or activities related to the continuity of the Company.
c. Capital (Capital)
   The amount of funds or own capital owned by prospective customers. Because the more capital a customer has for business, the better the business will be, therefore the bank will feel more confident in providing credit.
d. Collateral (Guarantee)
   This principle needs to be paid attention to by the customer or bank because if the debtor cannot return the funds, the bank will confiscate the collateral provided for liability. Previously, the bank needed to check whether the goods being used as collateral were still registered as collateral or not.
e. Condition Of Economy (economic conditions)
   This principle is influenced by factors outside the bank and the customer. Because this involves natural factors or other factors that are beyond the control of the bank and the customer. This means that it was not intentional by both parties concerned.

6. Types of Credit

Credit provided by commercial banks and credit banks to the community consists of various types. In general, the types of credit can be seen from various aspects, including the following (Kasmir, 2014:90):

a. Viewed from a usability perspective

1. Investment credit, which is usually used for business expansion or building new projects/factories or for rehabilitation purposes.
2. Working capital credit, which is used to increase production in operations.

b. Viewed from the perspective of credit goals

1. Productive credit is credit used to increase business or production or investment. This credit is given to produce goods or services.
2. Consumptive credit, namely credit used for personal consumption.
3. Trade credit, namely credit used for trade, usually to purchase merchandise where payment is expected from the proceeds from the sale of the merchandise.

c. Viewed from a time period perspective

1. Short-term credit, namely credit that has a term of less than 1 year or a maximum of 1 year and is usually used for working capital purposes.
2. Medium term credit, namely the credit period ranges from 1 year to 3 years, usually for investment.
3. Long-term credit is credit with the longest repayment period. Long-term credit has a repayment period of more than 3 years or 5 years.

7. Understanding Financial Reports

Financial Reports are records of an entity's financial information for a certain period and can provide information regarding the entity's financial performance (Sujarweni, 2019). Financial reports are quantitative financial data. Financial reports are reports that show the financial position of an entity in that period or for a certain time (Kasmir, 2019). The types of financial reports that are commonly known are balance sheets, profit and loss reports or business results, reports of changes in equity, cash flow reports and financial position reports.

8. Loan To Deposit Ratio (LDR) Analysis

Loan To Deposit Ratio is the ratio between the amount of credit given to the amount of third party funds collected from the community consisting of current accounts, savings and term savings (deposits). This ratio can measure a bank's ability to meet its short term requirements (liquidity).

If the LDR ratio value is too high, the more illiquid a bank will be, meaning that the bank will have difficulty meeting its short-term obligations, such as sudden withdrawals by customers of their savings. Conversely, the lower the LDR level, the more liquid a bank is.

Based on Bank Indonesia Circular Letter No. 6/23/DPNP, Loan To Deposit Ratio (LDR) can be calculated by formulating:

$$\text{LDR} = \frac{\text{Total Kredit yang Diberikan}}{\text{Total Dana Pihak Ketiga}} \text{ X } 100\%$$

a. Bank Nagari

Based on data obtained by PT. Loan To Deposit Ratio. Bank Nagari for the period December 2019 to December 2021 is shown in the table below:

Table 2
Calculation of Loan To Deposit Ratio (LDR) PT. Bank Nagari Period 2019-2021
(in millions)

Year	**Information**		**TPF (1:2) x 100%**
	Total credits awarded	**Total Third Party Funds (TPF)**	
2019	18.932.547	19.478.808	97,19%
2020	19.530.240	20.408.340	95,70%
2021	20.972.783	22.999.596	91,19%

Source: PT. Bank Nagari, Data Processed

2019

$$\text{LDR} = \frac{\text{Total credits awarded}}{\text{Total Third Party Funds (TPF)}} \text{ X } 100\%$$

$$= \frac{18.932.574}{19.530.240} \text{ X } 100\%$$

$$= 97{,}19\%$$

This means that PT. Bank Nagari's short-term compliance in 2019 was 97.19%, which is less than 120%. This means that this condition is in accordance with the provisions and can be said to be in an unhealthy condition.

2020

$$LDR = \frac{\text{Total credits awarded}}{\text{Total Third Party Funds (TPF)}} X\ 100\%$$

$$= \frac{19.530.240}{20.408.340} X\ 100\%$$

$$= 95{,}70\%$$

This means that PT. Bank Nagari's short-term compliance in 2020 was 95.70%, which is less than 120%. This means that this condition is in accordance with the provisions and can be said to be in an unhealthy condition.

2021

$$LDR = \frac{\text{Total credits awarded}}{\text{Total Third Party Funds (TPF)}} X\ 100\%$$

$$= \frac{20.972.783}{22.999.596} X\ 100\%$$

$$= 91{,}19\%$$

This means that PT. Bank Nagari's short-term compliance in 2021 is 91.19%, which is less than 120%. This means that this condition is in accordance with the provisions and can be said to be in an unhealthy condition.

9. Analisis *Return On Assets* (ROA)

Return on Assets (ROA) is a type of profitability ratio, which is usually used to assess the ability of a company to earn profits through assets.

This ratio is very important for anyone who will evaluate the company using its capital or funds. In short, ROA is usually used by top level management to evaluate business units in multinational companies.

According to Bank Indonesia (SE BI No. 10/46/Dint. 2008) Return on Assets is a ratio that describes the level of profit (earnings) obtained by management on the total assets owned. The ROA ratio can be formulated:

$$ROA = \frac{\text{Net Profit + Tax Expense}}{\text{Total Assets}} X\ 100\%$$

a. Bank Nagari

Based on data obtained by Return On Assets PT. Bank Nagari for the period December 2019 to December 2021 is shown in the table below:

Table 3
Calculation of Return on Assets (ROA)
PT. Bank Nagari 2019-2021 Period
(in millions)

Year	Information			ROA (1+2:3) x 100%
	Net profit	Tax expense	Total Assets	
2019	377.107	127.711	24.433.596	2,06%
2020	330.248	120.470	25.559.008	1,76%
2021	408.715	102.256	27.982.085	1,82%

Source: PT. Bank Nagari, Data Processed

2019

$$ROA = \frac{\text{Net Profit + Tax Expense}}{\text{Total Assets}} \text{ X } 100\%$$

$$= \frac{377.107 + 127.711}{24.433.596} \text{ X } 100\%$$

$$= 2,06\%$$

This means that in 2019 PT's ROA ratio. Bank Nagari is 2.06%, so it can be said that the ROA ratio is in a healthy condition and in accordance with Bank Indonesia's assessment criteria, greater than 1.5% is said to be healthy.

2020

$$ROA = \frac{\text{Net Profit + Tax Expense}}{\text{Total Asset}} \text{ X } 100\%$$

$$= \frac{330.248 + 120.470}{25.559.008} \text{ X } 100\%$$

$$= 1,76\%$$

This means that in 2020 PT's ROA ratio. Bank Nagari is 1.76%, so it can be said that the ROA ratio is in a healthy condition and in accordance with Bank Indonesia's assessment criteria, greater than 1.5% is said to be healthy.

2021

$$ROA = \frac{\text{Net Profit + Tax Expense}}{\text{Total Assets}} \text{ X } 100\%$$

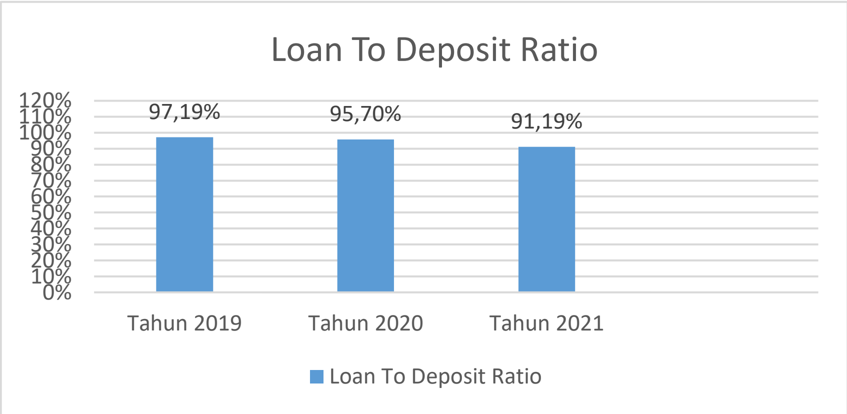
$$= \frac{408.715 + 102.256}{27.982.085} \text{ X } 100\%$$

= 1,82%

This means that in 2021 PT's ROA ratio. Bank Nagari is 1.82%, so it can be said that the ROA ratio is in a healthy condition and in accordance with the Bank Indonesia Besar assessment criteria of 1.5% which is said to be healthy.

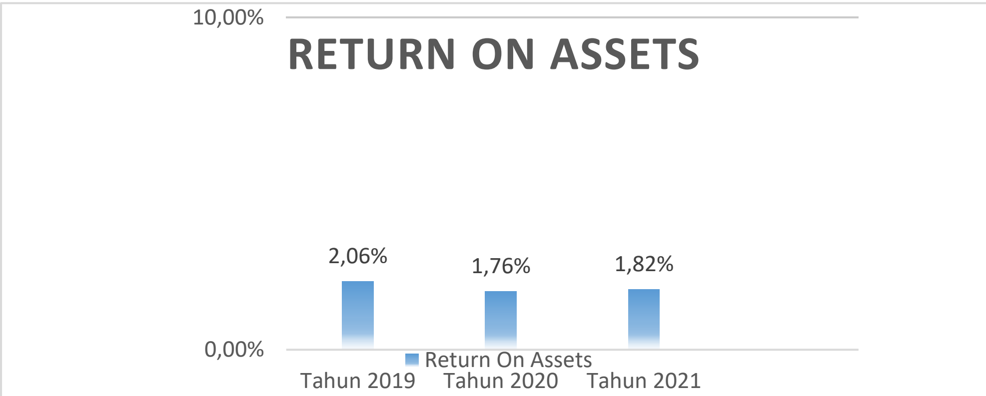
DISCUSSION

Based on the results of the analysis that has been carried out, it can be seen that the Loan To Deposit Ratio (LDR) of Bank Nagari Padang Main Branch in 2019 was 97.19%, in 2020 it was 95.70% and in 2021 it was 91.19%. This states that the LDR of Bank Nagari Padang Main Branch is in an unhealthy condition. It can be seen from the Bank Indonesia Standard percentage that LDR >85% - 100% is considered unhealthy. It can be concluded that Bank Nagari Padang Main Branch experiences fluctuations from year to year.



Picture 1
Loan To Deposit Ratio

Return On Assets (ROA) at Bank Nagari Padang Main Branch in 2019 was 2.06%, in 2020 it was 1.76%, and in 2021 it was 1.82%. This states that the ROA of Bank Nagari Padang Main Branch is in a healthy condition, which can be seen from the Bank Indonesia Standard NPL percentage > 1.5% which is declared healthy.



Picture 2
Return On Asset Ratio

Tabel 4
PT. Bank Nagari Padang Main Branch
2020-2022

Ratio	Bank Indonesia Standards	Year 2020	Evaluation	Year 2021	Evaluation	Year 2022	Evaluation
LDR	>120%	97,19%	Kurang Sehat	95,70%	Kurang Sehat	91,19%	Kurang Sehat
ROA	>1,5%	2,08%	Sehat	1,76%	Sehat	1,82%	Sehat

Source: Bank Nagari Padang Main Branch, Data Processed

Based on the comparative analysis, it can be concluded that the financial ratios of PT. Bank Nagari Padang Main Branch, the comparison results can be described as follows:

1. *Loan To Deposit Ratio* (LDR) Bank Nagari Main branch in Padang in 2019, 2020 and 2021 was not healthy overall, meaning that the bank was unable to manage its liquidity in collecting and channeling its funds in credit to the public.
2. *Return On Assets* (ROA) Bank Nagari Padang Main Branch in 2019, 2020 and 2021 is healthy, because ROA is >1.5%. This shows that the Company is able to manage its bank assets to generate profits for the Company.

CONCLUTION

Based on the analysis of financial ratio calculations, the assessment can be concluded as follows:

1. Loan To Deposit Ratio (LDR) at PT. Bank Nagari Padang Main Branch for the 2019-2021 period experienced a decline, namely from 97.19%, 95.70% and 91.19%. This means that LDR PT. Bank Nagari Padang Main Branch for the last three years has been unhealthy. Where the Loan To Deposit Ratio (LDR) based on Bank Indonesia standard criteria >85% - 100% is declared unhealthy. This proves that banks are unable to manage liquidity in collecting funds and distributing funds to the public. Meanwhile, Return On Assets (ROA) for the 2019-2021 period was 2.06%, 1.76% and 1.82%. This means that the ROA of Bank Nagari Padang Main Branch for the last three years has been healthy. Where Return On Assets (ROA) based on Bank Indonesia's standard criteria of >1.5% is declared healthy. This means that the bank is able to manage the assets it owns to generate profits.
2. From the LDR and ROA analysis, it can be seen that the comparison of PT. Bank Nagari from 2018 to 2019 was 0.09520974431 compared to PT's net profit. Bank Nagari from 2020 to 2021 is -0.1242591625, and from 2021 to 2022 it is 0.23760022771.

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