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Analysis of the Company's Profit Level Using Risk Profile, Good Corporate Governance, Earnings, and Capital Methods

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Abstract: The purpose of this study is to determine the effect of bank health using the Risk Profile, Good Corporate Governance, Profit and Capital methods on the bank's profit level. The sample of this study is a group of banks based on core capital 3 for the period 2018-2022. The analysis method used is panel data regression. The results showed that the Risk Profile proxied with the Loan to Deposit Ratio and Capital proxied with the Capital Adequacy Ratio had a significant negative effect on the level of profit, while Good Corporate Governance proxied with institutional ownership and Profit proxied with Return on Assets had a significant positive effect on the level of Profit. The Risk Profile factor proxied with Non-Performing Loans and the Profit factor proxied with Operating Expenses and Operating Income did not affect the level of profit in the group of banks based on core capital 3 for the period 2018-2022.

Keyword: Profit Rate, Non Performing Loan, Loan to Deposit Ratio, institutional ownership, Return On Assets, Operating Expenses, Operating Income, Capital Adequacy Ratio Profit Rate, Non Performing Loan, Loan to Deposit Ratio, institutional ownership, Return On Assets, Operating Expenses, Operating Income, Capital Adequacy Ratio.

INTRODUCTION

According to Bank Indonesia Regulation Number 9/1/PBI/2007, the level of bank health is the result of an assessment of aspects that affect bank performance. The assessment is carried out using the CAMELS method which consists of qualitative and quantitative assessment of Capital, Asset Quality, Management, Earning, Liquidity, and Sensitivity to Market Risk as well as qualitative assessment of management factors. However, because the CAMELS method cannot accommodate the environmental uncertainty and risks faced by banks, Bank Indonesia replaced the CAMELS method with the RGEC method which is considered more comprehensive in assessing bank health.

Bank Indonesia Regulation No. 13/1/PBI/2011, banks are required to assess the soundness of banks using the Risk-Based Bank Rating (RBBR) approach using the RGEC method. RGEC method is a method of assessing the level of bank health which includes Risk Profile, Good Corporate Governance (GCG), Earnings, and Capital. The RGEC method can not

only be used to assess the soundness of a bank, but it can also be used to measure a bank's performance. The RGEC method uses inherent risk evaluation and quality evaluation of risk management applications. This method focuses on management quality by applying self-assessment in the implementation of risk management, GCG implementation, and the use of financial ratios to assess bank performance and project future profit levels.

The level of bank health is related to the level of trust and can affect various parties ranging from the community of bank service users, bank management to the government. One measure of a bank's success in meeting the bank's soundness level is the profit rate because profit is an important factor related to the stability of the banking business. With a high level of profit, the profits given to creditors and shareholders can be guaranteed by the bank, so as to make investors interested in investing. The profit rate is also important for management because it can be used as a tool to evaluate the performance of the bank

The assessment of bank health in this study uses Bank Group Based on Core Capital 3 for the 2018-2023 period which has gone public on the Indonesia Stock Exchange. The company goes public, trading its shares to investors, so it is important for investors to understand thelevel of health and financial performance of the bank before investing. To determine the level of bank health, researchers conducted an assessment using the RGEC method in the following ways: 1) Risk Profile, assessed using credit risk with a Non-Performing Loan (NPL) ratio to measure the amount of non-performing loans to banks and liquidity risk with a Loan to Deposit Ratio (LDR) to measure bank-level liquidity with the ratio of loans provided by banks to deposits of third party funds collected by banks; 2) Good Corporate Governance (GCG), assessed using institutional ownership ratio to measure the level of institutional ownership of all outstanding company shares; 3) Earnings, assessed using the Return on Asset (ROA) ratio to measure the ability of bank assets to generate profits and the ratio of Operating Expenses and Operating Income (BOPO) to measure the level of efficiency of bank performance through the level of ratio between operating expenses and operating income; and 4) Capital, researchers use the Capital Adequacy Ratio (CAR) to measure the reserve funds held by banks to deal with the risk of loss on company assets.

There have been several previous studies on the assessment of bank soundness. In research conducted by Wulandari & Rofiuddin (2022), NPLs have a significant negative influence on bank profit growth, which means that if the NPL ratio is high, bank profits will decrease. However, in the results of Febriyanti & Aini's (2022) research, NPL has no influence on profit growth. Research on the assessment of bank health levels was also conducted by Puspa (2019) which stated that LDR has a significant negative influence on profit growth, while according to Arifin & Canggih (2022) research, LDR has no influence on bank profit growth.

Susfayetti & Safelia (2020) in their research stated that GCG has a significant positive influence on profit growth, which means that the better the implementation of GCG, the more profit growth will increase. However, in Putri & Yuliandhari's research (2020), results were obtained stating that GCG has no influence on bank profit growth. Further research was conducted by Arifin & Canggih (2022) which stated that ROA has a significant positive influence on profit growth which means that the higher the ROA, the higher the profit growth, while in Pinontoan & Saerang (2019) research, it was found that ROA has no influence on bank profit growth.

Research on the level of bank health using BOPO conducted by Febriyanti & Aini (2022) states that BOPO has a significant negative influence on profit growth. Unlike the results of Nugroho's research (2018), BOPO has no influence on profit growth. Further research was conducted by Wulandari & Rofiuddin (2022) which stated that CAR has a significant negative influence on profit growth, which means that the greater the value of CAR, the profit growth will decrease. While research conducted by Putri & Yuliandhari (2020), CAR has no influence on bank profit growth. Based on the background and research gap of several

studies that have been conducted, researchers are interested in examining the effect of bank health using NPL, LDR, Institutional Ownership, ROA, BOPO, and CAR ratios on bank profits.

Bank health is an important component to build public trust in the bank. Based on Bank Indonesia Regulation No. 9/1/PBI/2007, banks are required to conduct their business activities with prudential principles to maintain the bank's soundness. The level of bank health is the result of a qualitative assessment of management factors and a quantitative assessment of capital factors, asset quality, profitability, liquidity, and sensitivity to market risks that affect bank performance.

The soundness level of banks is used by supervisory agencies as a bank supervision tool and strategic determination tool. With a good and stable level of bank health, it will have a positive influence on all parties related to the bank. The assessment of the bank's health level is carried out with a risk approach or often known as Risk-Based Bank Rating (RBBR) using the RGEC method which includes Risk Profile, Good Corporate Governance (GCG), Profitability (Earnings), and Capital (Capitalings).

Credit risk is a risk caused by the customer's inability to return credit in accordance with a predetermined time (Putera, 2019). The customer's inability to return credit can be categorized as non-performing credit. If there is an increase in non-performing loans, the bank's ability to distribute credit to other lenders will decrease, making it unprofitable for the bank. The NPL ratio can be used as a tool to assess credit risk because it can measure the number of non-performing loans to banks.

The NPL ratio can affect the health level of the bank if it has a relatively large amount and is not managed properly. Melani et al. (2022), states that NPL is a ratio that shows the number of non-performing loans which include loans with substandard, doubtful, and bad quality. A credit is declared problematic when the debtor is unable to fulfill obligations in accordance with the agreement. The higher the NPL, the more non-performing loans. Research results of Wulandari & Rofiuddin (2022); Arifin & Canggih (2022) show that NPLs have a significant negative influence on bank profit growth. If the NPL is higher, the bank's profit will decrease because the high number of non-performing loans can cause losses because the bank does not receive back the funds that have been lent and does not receive interest income.

LDR according to Sarmigi et al. (2022), is a ratio that compares the amount of credit provided to the amount of third party funds. This ratio is used to measure the composition between the amount of credit given to a third party and the amount of third party funds. Third-party funds consist of current accounts, savings, and time deposits. Based on the Financial Services Authority Regulation Number 18/POJK.03/2016 concerning the Application of Risk Management for Commercial Banks, liquidity risk is a risk caused by a bank's inability to fulfill maturing obligations by not disrupting the bank's activities and financial condition. Liquidity risk is measured using the LDR ratio which aims to measure the level of bank liquidity with the ratio of credit provided by the bank to deposits of third party funds collected by the bank.

When the position of the ratio of loans provided to deposits is at a high level, it can result in banks bearing greater liquidity risk. Problems in bank liquidity can have a negative impact on financial performance and bank health because they are related to the loss of customer trust (Putera, 2019). To improve financial performance, banks must manage lending and deposit receipt well. Results of research conducted by Puspa (2019); Febriyanti & Aini (2022) show that LDR has a significant negative influence on profit growth. If the LDR value is too high, the bank's liquidity level is lower to meet obligations to customer deposits. Conversely, if the LDR value is too low, the bank has sufficient liquidity, but the bank's income is lower because the main income is derived from the credit provided.

In order to improve bank performance and protect stakeholders, banks are required to carry out business activities with GCG principles. According to Suaidah (2020), GCG is a series, process, policy, and rule that directs and controls the company. The implementation of GCG is carried out to prevent opportunities for manipulation practices and significant errors in

company management. Based on OJK Circular Letter Number 13/SEOJK.03/2017, there are 5 (five) basic principles of GCG, namely transparency, accountability, accountability, independence, and fairness. To assess the implementation of GCG based on these five basic principles, you can use the measurement of Institutional Ownership which is the ratio of company share ownership by institutions to the total number of outstanding shares (Suaidah, 2020). Institutional ownership is useful for monitoring the development of its investments, thereby increasing the level of control to minimize fraud committed by management. Higher levels of institutional ownership can increase profit generation.

Good Corporate Governance (GCG) is a process, policy, and regulation related to good corporate governance to provide direction, management, and supervision to a company (Suaidah, 2020). Banks are required to apply the principles of good governance in every business activity of the bank. Good governance can have an influence on employee performance, so as to increase profits. GCG measurement uses the Institutional Ownership ratio which can be useful to improve supervision so that management does not cheat. The results of research conducted by Susfayetti & Safelia (2020) show that GCG has a significant positive influence on profit growth, which means that the better the implementation of GCG in banks can increase bank profit growth.

The main goal of the company is to maximize the profit obtained from the company's operations. Profit is a measure of management's performance in managing company assets. According to Ardhianto (2019), profit is an excess of the amount of revenue compared to expenses called net income. Profit can be used for the internal and external benefit of the company. For internal interests, profit is used as one of the components of capital increase that can increase investment opportunities, while for external interests, profit is used as one of the considerations for decision making and as an attraction to make investors invest in the company.

The profit rate to be used in this study is the net profit rate. Net profit is the result obtained by the company from sales revenue after deducting all costs and expenses, including taxes (Arimurti et al., 2023). The higher the profit generated, it can be indicated that the company's performance is getting better. The bank's ability to generate profits and manage the level of operational effectiveness of the company can be shown by the profitability ratio. Profitability can be assessed using ROA which is a ratio to measure the level of profit to assets used to generate company profits (Prihadi, 2019). The results of measuring the ROA ratio can show the company's ability to manage assets effectively. Research conducted by Arifin & Canggih (2022) shows that ROA has a significant positive influence on profit growth, which means that the higher the ROA signifies the better the bank's ability to manage assets to generate profits, so that profit growth can increase.

Operating Costs and Operating Income (BOPO) according to Afriyeni & Fernos (2018), BOPO is a ratio of comparison between operating expenses and operating income to assess the operational efficiency of banks. The lower the BOPO, the more efficiently the bank operates. The BOPO ratio can affect the financial performance of banks because it is related to the amount of operational expenses and operating income of the bank. The results of research conducted by Wulandari & Rofiuddin (2022); Febriyanti & Aini (2022) show that BOPO has a significant negative influence on profit growth, which means that the higher the BOPO can make profit growth decrease. Conversely, the lower BOPO indicates operational cost efficiency that can make the profit growth obtained by the bank increase.

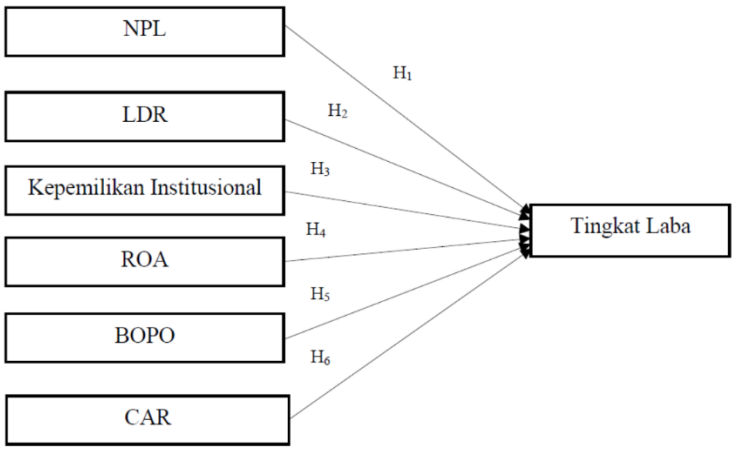
Capital according to Sarmigi et al. (2022), capital is a measurement carried out to assess the adequacy of bank capital in securing and anticipating asset risk exposures that will arise. If the level of capital adequacy of the bank is categorized as good, it can indicate that the bank is healthy. The main ratio used to assess the capital factor is the Capital Adequacy Ratio (CAR). Based on Bank Indonesia Regulation Number 10/15/PBI/2008, the minimum bank CAR ratio is 8 percent of Risk-Weighted Assets (ATMR). Capital is a measurement to assess the adequacy of a bank's capital.

The ratio that can be used to measure capital is CAR. The CAR ratio is useful to show how much of the bank's assets at risk are financed from the bank's own capital funds (Puspa, 2019). A low CAR ratio indicates that the bank has used its assets effectively and efficiently, thereby increasing profits. The results of research conducted by Wulandari & Rofiuddin (2022) show that CAR has a significant negative influence on profit growth, which means that the higher the value of CAR has the potential to reduce bank profit growth. Based on the theory and results of previous research, the following research hypotheses can be formulated: H1: NPLs have a significant negative effect on the level of profit in the group of banks based on core capital 3. H2: LDR has a significant negative effect on the level of profit in the group of banks based on core capital 3.

H3: Institutional ownership has a significant positive effect on the level of profit in the group of banks based on core capital 3. H4: ROA has a significant positive effect on the level of profit in the group of banks based on core capital 3. H5: BOPO has a significant negative effect on the level of profit in the group of banks based on core capital 3.H6: CAR has a significant negative effect on the level of profit in the group of banks based on core capital 3.

METHOD

The variables used in this study are the level of profit, as well as the results of measuring ratios consisting of NPL, LDR, Institutional Ownership, ROA, BOPO, and CAR. This study will test the relationship between variables based on the results of data processing that will be analyzed using the eviews 12 application. Population is the area to be studied (Kasmir, 2022). The population in this study is banking companies that have gone public on the Indonesia Stock Exchange during the 2018-2022 period as many as 43 (forty-three) companies. According to Kasmir (2022), the sample is part of the population used as data in the study. The sample used in the study should be representative of the population as a whole. The data used in this study is secondary data in the form of financial statements for the period 2018 to 2023 from banking companies that have gone public on the Indonesia Stock Exchange and are classified in the Bank Group Based on Core Capital 3. Financial statement data is obtained from the website of each bank.



Source: Researcher

Figure 1. Frame of Mind

RESULTS AND DISCUSSION

Descriptive statistics is the presentation of data to provide information about the mean, median, maximum value, minimum value, standard deviation, skewness, kurtosis, jarque-bera, probability, sum, number of standard deviations, and number of observations. In this study, there are 43 (forty-three) banking companies that meet the first criterion, namely having gone

public on the Indonesia Stock Exchange during 2018-2022. However, the second criterion is that there are only 9 (nine) banking companies that are included in the Bank Group classification based on Core Capital 3 because they have core capital in the range of Rp14 trillion to Rp70 trillion during the 2018-2022 period. The number of observational data in this study was 45 data with research variables consisting of profit rate, NPL, LDR, institutional ownership, ROA, BOPO, and CAR.

The highest net profit value was Rp5,096,771.00 at PT Bank Pan Indonesia Tbk in 2018. The lowest net profit was found in PT Bank Tabungan Negara Tbk in 2019 amounting to Rp209,263.00. Net profit level (in millions of rupiah) with an average value of Rp2,554,129.00, a median value of Rp2,519,619.00, and a standard deviation of Rp1,082,374.00. The average NPL score is 0.027220 which is classified as rank 2 with a healthy predicate. The highest NPL value of 0.047800 was owned by PT Bank Tabungan Negara Tbk in 2019. Meanwhile, the lowest NPL value of 0.008000 at PT Bank Tabungan Pensiun Negara Tbk in 2019 was as high as. The mean LDR value was 0.903433 with a standard deviation of 0.197130. LDR has an average of rank 3 with a fairly healthy predicate. PT Bank Tabungan Pensiun Negara Tbk has the highest LDR value in 2019 of 1.630000. The lowest LDR value of 0.600400 is owned by PT Bank Mega Tbk in 2020.

Institutional Ownership (IP) has an average value of 0.835217 with a standard deviation of 0.143395. The highest value of 0.987117 is the IP of PT Bank Permata Tbk in 2021-2022, while the lowest value of 0.580157 is found in the IP of PT Bank Mega Tbk in 2022. Core capital bank 3 has an average ROA of 0.018287. The average ROA is classified as rank 1 with a very healthy predicate. The highest ROA value was 0.042200 at PT Bank Mega Tbk in 2021, while the lowest value was owned by PT Bank Tabungan Negara Tbk in 2019 at 0.001300, with a standard deviation of 0.008900.

The average BOPO of 0.805860 is classified as rank 1 with a very healthy predicate. The highest BOPO value of 0.981200 is owned by PT Bank Tabungan Negara Tbk in 2019, while the lowest value is found in PT Bank Mega Tbk in 2021 of 0.811300. CAR with an average value of 0.241549, a median value of 0.234100, a high of 0.357000, a low of 0.173200, and a standard deviation of 0.045114. CAR has an average that is classified as rank 1 with a very healthy predicate. The highest value is found in the CAR of PT Bank Permata Tbk in 2020, while the lowest value is found in the CAR of PT Bank Tabungan Negara Tbk in 2019.

Table 1. Descriptive Statistics

	Net Profit	Npl	Ldr	Ki	Roa	Bopo	Car
Mean	2554129.	0.027220	0.903433	0.835217	0.018287	0.805860	0.241549
Median	2519619.	0.028000	0.901000	0.891191	0.018500	0.811300	0.234100
Maximum	5096771.	0.047800	1.630000	0.987117	0.042200	0.981200	0.357000
Minimum	209263.0	0.008000	0.600400	0.580157	0.001300	0.560600	0.173200
Std. Dev.	1082374.	0.009550	0.197130	0.143395	0.008900	0.085197	0.045114
Observation	45	45	45	45	45	45	45

Source: Eviews 12

The selected panel data regression model is Fixed Effect Model. The constant value obtained at 15.81280 indicates an increase in the rate of profit by 15.81280 percent when the value of the free variable is fixed. A negative NPL coefficient of -21.71082 was obtained. The value of a negative regression coefficient indicates the opposite nature of influence. If the NPL variable increases by 1 percent, the profit rate will decrease by 21.71082 percent. Conversely, if the NPL variable decreases by 1 percent, the profit rate will increase by 21.71082 percent. In the results of the T test, the NPL variable obtained t-Statistic of -1.805673 with a probability of 0.0810 whose value is greater than the significance level of 0.05. With a variable probability value greater than 0.05, it can be stated that H1 is rejected which means that the risk profile

measured by NPL has no influence on the level of profit in the group of banks based on core capital 3 for the period 2018-2022.

Table 2. Partial Test Results (Test t)

Variable	Coefficient	Error Std.	t-Statistics	Prob.
C	15.81280	1.964906	8.047614	0.0000
NPL	-21.71082	12.02367	-1.805673	0.0810
LDR	-1.707862	0.672376	-2.540038	0.0165
KI	3.680941	1.245588	2.955184	0.0060
ROA	51.12080	17.86385	2.861690	0.0076
BOPO	-2.433951	1.533711	-1.586968	0.1230
CAR	-4.533999	2.159482	-2.099577	0.0443

Source: Output Eviews 12

The LDR coefficient is -1.707862 which means that if the LDR increases by 1 percent, the profit rate will decrease by 1.707862 percent and vice versa. In the results of the T test, the LDR variable obtained t-Statistic of -2.540038 with a probability of 0.0165 < 0.05. With a variable probability value smaller than 0.05, it can be stated that H2 is accepted which means that the Risk Profile measured by LDR has a significant negative influence on the level of profit in the group of banks with core capital 3 for the period 2018-2022. Institutional Ownership (IP) has a positive coefficient of 3.680941. If the KI variable increases by 1 percent, the profit rate will increase by 3.680941 percent and vice versa. KI obtained a t-Statistic value of 2.955184 with a probability of 0.0060 which is smaller than the significance level of 0.05. With a variable probability value smaller than 0.05, it can be stated that H3 is accepted which means Good Corporate Governance as measured by institutional ownership has a significant positive influence on the level of profit in the group of banks with core capital 3 for the period 2018-2022

The positive ROA coefficient is 51.12080. The value of the positive coefficient indicates the unidirectional nature of influence. If the ROA increases by 1 percent, the profit rate will increase by 51.12080 percent and vice versa. The results of the ROA variable t test obtained a t-Statistic value of 2.861690 with a probability of 0.0076 < 0.05, then it can be stated that H4 is accepted. This result shows that Earnings measured by ROA has a significant positive influence on the level of profit in the group of banks with core capital for the 3rd period 2018-2022. BOPO has a negative coefficient of -2.433951. The value of a negative regression coefficient indicates the opposite nature of influence. BOPO's t-Statistic value of -2.540038 with probability 0.1230 < 0.05 then H5 is rejected.

Earnings measured by BOPO have no effect on the level of profit in the bank group based on core capital for the 3rd period 2018-2022. A negative CAR coefficient value indicates the opposite nature of influence. If the variable CAR increases by 1 percent, the profit rate will decrease by 4.533999 percent and vice versa. The results of the CAR variable t test obtained a t-Statistic value of -2.099577 with a probability of 0.0443 < 0.05 so that it can be stated that H6 is rejected. The results show that Capital as measured by CAR has a significant negative influence on the level of profit in the core capital bank group 3 for the 2018-2022 period.

The NPL ratio is used to show the number of non-performing loans which include substandard, doubtful, and bad quality loans to the total loans provided. The NPL ratio is a proxy for credit risk. The higher the NPL ratio indicates more non-performing loans and vice versa. the lower the NPL ratio indicates fewer non-performing loans. A low level of non-performing loans can increase profits. However, the results of this study show that NPLs have no influence on the level of profit in the group of banks with core capital 3 for the period 2018-2022. The results of this study are in line with Febriyanti & Aini's (2022) research which states that companies with low NPL values cannot determine an increase in profit growth compared

to companies with high NPL values. The NPL ratio has no effect on profit because the capital owned by the bank is high to cover the bank's credit risk. The results of this study are different from the research of Wulandari & Rofiuddin (2022) which states that NPL has a significant negative effect on profit growth. This difference is due to the average NPL value of the bank group with 3 core capital during the 2018-2022 period.

The LDR ratio is used to measure the composition between the amount of credit provided against the amount of third-party funds consisting of savings, current accounts, and time deposits. The LDR ratio is a proxy for liquidity risk faced by banks. The higher LDR indicates that the liquidity risk borne by the bank is increasing due to the high credit provided by the bank. The amount of liquidity risk can make the bank's profit level decrease. Conversely, the lower LDR indicates that the liquidity risk borne by the bank is decreasing and can increase the bank's profit. The results of this study show that LDR has a significant negative influence on the level of profit in the bank group based on core capital 3 for the period 2018-2022. These results are in line with Puspa's (2018) research; Febriyanti & Aini (2022) who stated that LDR has a significant negative influence on profit growth.

Banks must provide loans whose repayment is in the form of principal collateral installments plus interest in order to meet the bank's liquidity needs. The results of this study are contrary to Arifin & Canggih's (2022) research which states that LDR has no influence on profit growth. In accordance with signal theory, this difference is due to a high LDR value that will signal to investors that the bank has a high level of liquidity risk, so investors are not interested in investing because the amount of credit that is higher than the amount of third-party funds will be difficult to meet the request for withdrawal of investor money that has been used by the bank to channel credit. With the condition that investors are not interested in investing in the company, it will result in a decrease in funds that can be used by banks in carrying out their operations, such as channeling credit and raising third party funds, so that the bank's profit level will decrease.

Good Corporate Governance (GCG) is a corporate governance policy that directs and controls the company to prevent opportunities for fraud in company management. In this study, GCG factors are measured using Institutional Ownership (IP) which is the ratio of share ownership by institutions from the total number of outstanding company shares. Institutional ownership is useful for increasing supervision of management to minimize the possibility of fraud. This results in a greater KI ratio can increase the level of profit. Conversely, the lower the KI ratio can decrease the rate of profit.

The results of the study show that IP has a significant positive influence on the level of profit in the Bank Group Based on Core Capital 3 for the 2018-2022 period. The results of this study are in line with the research of Susfayetti & Safelia (2020) that GCG has a significant positive influence on profit growthThe results of this study are different from the results of Putri & Yuliandhari's (2020) research which states that GCG has no influence on profit growth. In accordance with agency theory, this difference is caused by the condition that a high level of institutional ownership can increase supervision of the company, so as to ensure that management as an agent continues to run the company to improve the welfare of stakeholders, not one's own welfare. With the running of operations, companies that aim to improve the welfare of stakeholders can increase profit generation.

The ROA ratio is a proxy of bank profitability that is used to measure a company's profitability based on asset usage. The ROA ratio can show how much efficiency the company's asset management has to generate profits, so the higher the ROA value, the amount of profit generated by assets will increase. Conversely, the lower the ROA value, the amount of profit generated by the asset will decrease. The results showed that ROA had a significant positive influence on the level of profit in the Bank Group Based on Core Capital 3 for the 2018-2022 Period. The results are in line with Arifin & Canggih's (2022) research which states that ROA has a significant positive influence on profit growth, which means that the higher the ROA

value of a bank, the greater the benefits obtained from asset management. Conversely, the lower the ROA value of a bank, it will give an indication of a decrease in profits obtained from asset management. The results of this study are different from Pinontoan & Saerang (2019) research which states that ROA has no influence on profit growth. In accordance with signal theory, this difference is caused when a high ROA value will signal to investors that the bank has managed the company's assets effectively and efficiently in its operational activities, so that it can generate profits. This can increase investor confidence in investing because the level of operational efficiency of the company can increase the company's profit that will be given to investors as a form of return from the investment that has been given.

The BOPO ratio is used to assess the efficiency of banks in carrying out their operations by comparing operating expenses with operating income. The lower the BOPO ratio, the more efficient the bank's operating activities. Conversely, the higher the BOPO ratio, the less efficient the bank's operating activities. If the bank can run its operations efficiently, the bank can get higher profits. However, the results showed that BOPO had no influence on the level of profit in the core capital bank group 3 for the 2018-2022 period. The results of this study are in line with the research of Susfayetti & Safelia (2020); Nugroho (2018) who stated that BOPO has no influence on profit growth. Susfayetti & Safelia (2020) argue that BOPO has no effect on profit growth due to Bank Indonesia's authority policy in lowering interest rates which affects operating income. With these conditions, the amount of high or low operating costs does not affect profit growth because there are external factors that affect profits. In contrast to Febriyanti & Aini's (2022) research, which states that BOPO has a significant negative influence on profit growth.

The CAR ratio is a ratio used to assess the adequacy of a bank's capital in anticipating the risk of loss of a bank. The CAR ratio is also used to show how much of a bank's assets at risk are financed with its own capital funds. A low CAR ratio indicates that the bank's assets have been used effectively and efficiently, thereby increasing profits. Conversely, a high CAR ratio indicates that bank assets are not being used effectively and efficiently, resulting in a decrease in profit levels. The results showed that CAR had a significant negative influence on the level of profit in the Core Capital Bank Group 3 for the 2018-2022 period. The results of this study are in line with the research of Wulandari & Rofiuddin (2022); Puspa (2019) which states that CAR has a significant negative influence on profit growth. A high CAR value can reduce profit growth, while in conditions of low CAR value, it can increase profit growth. Wulandari & Rofiuddin (2022) stated that the low CAR value illustrates that the company has used its current assets effectively and efficiently in bank operations, so as to increase high profits. The results of this study are contrary to the research of Putri & Yuliandhari (2020) which states that CAR has no influence on profit growth. This difference is due to a decrease in CAR when profits increase due to an increase in the need for reserve formation to anticipate risks along with optimizing productivity.

CONCLUSION

The risk profile factor on credit risk proxied by the NPL and LDR ratios results in that NPLs have no influence on the level of profit in the core capital bank group 3 for the 2018-2022 period. While LDR has a significant negative influence on the rate of profit. The results of this study are in line with signal theory because a high LDR value will signal to investors that the level of bank liquidity risk is high. A high level of risk will make investors not interested in investing, which can result in the bank's profit rate decreasing. Good Corporate Governance proxied by institutional ownership ratio has a significant positive influence on the level of profit in the bank group based on core capital 3 for the period 2018-2022. The results of this study are in line with agency theory which shows that a high level of institutional ownership can increase supervision of management as an agent to keep running the company to improve stakeholder welfare. With these conditions, the company's profit level will increase. The earnings factor is

proxied with the ratio of ROA and BOPO, it is found that ROA has a significant positive influence on the level of profit in the group of banks with core capital 3 for the 2018-2022 period. BOPO which is classified as very good, BOPO has no effect on the level of profit. Capital proxied with CAR has a significant negative influence on the level of profit in the group of banks with core capital 3 for the period 2018-2022. The results of this study because the low CAR value shows that the company uses its assets effectively and efficiently in its operational activities, so as to increase the profits obtained.

Researchers are then expected to add other variables to find out whether there are other variables that affect the level of profit. Can increase the number of banks in Indonesia to be studied in order to obtain a broader picture related to conditions that can increase bank profits. The level of bank health is an important component of the bank because it can generate confidence in investors and customers, so the bank must have a good level of health. In order for banks to obtain a good level of health, banks must pay more attention to matters related to risk profile, good corporate governance, earnings, and capital factors.

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