



Financial Performance Analysis of Islamic Bank Using FDR, ROA, ROE, and NPF Ratios

Fitra Syafaat ¹, Tiara Timuriana²

^{1,2} Faculty of Economics and Business, Universitas Pakuan, Indonesia

Corresponding email: fitrasyafaat@unpak.ac.id



Leave it blank

Received: April 2025

Revised: May 2025

Published: June 2025

ABSTRACT

This study examines the long-term financial performance of Bank Victoria Syariah, a sharia banking institution in Indonesia, by analyzing four key financial ratios: Financing to Deposit Ratio (FDR), Return on Assets (ROA), Return on Equity (ROE), and Non-Performing Financing (NPF) from 2014 to 2023. Addressing the gap in the existing literature that often lacks in-depth institution-specific analysis, this study applies a quantitative descriptive method using audited financial statements to track trends in financial intermediation, profitability, and credit risk management within a Sharia-compliant framework. The findings show that although the bank initially faced challenges such as negative profitability and high credit risk, significant improvements were achieved in recent years—especially post-2021—as evidenced by a decrease in the NPF rate and an increase in ROA and ROE. These results suggest that strategic financial management and effective risk mitigation efforts play a significant role in improving bank performance and resilience. This study contributes meaningful insights for practitioners, regulators, and academics who seek to strengthen institutional performance, improve risk governance, and ensure long-term sustainability in the Islamic banking sector through more targeted financial strategies based on Sharia principles.

ARTICLE INFO

Keywords:

Financial Performance; FDR; ROA; ROE; NPF

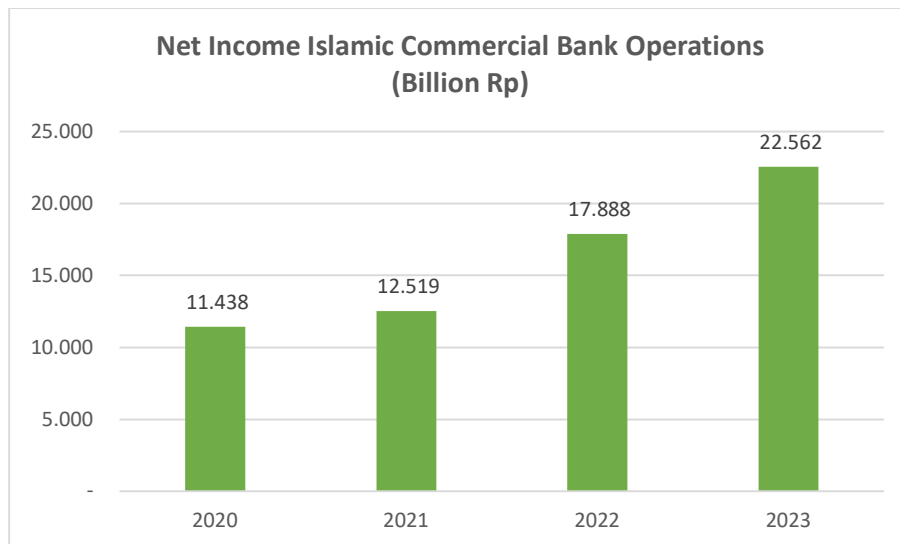
This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

Introduction

The development of Islamic banking worldwide began with the establishment of Mit Ghamr Bank in Egypt in 1963, which, although short-lived, became the foundational model for subsequent institutions such as Dubai Islamic Bank and the Islamic Development Bank in the 1970s. These early initiatives influenced the emergence of sharia-compliant banking in Indonesia, where the idea was formally introduced during the 1990 National Workshop

and the 4th National Congress of the Indonesian Ulema Council (MUI). This momentum led to the establishment of Bank Muamalat Indonesia in 1991 as the country's first Islamic bank (Ikatan Bankir Indonesia, 2018). The formal adoption of a dual banking system was enacted through Law No. 10 of 1998, allowing both conventional and Islamic banks to operate under a shared regulatory framework. The legal infrastructure was further solidified by the passage of Law No. 21 of 2008 on Sharia Banking, along with supporting legislation such as the State Sharia Securities Law and the VAT Law amendment, which collectively enhanced regulatory certainty and market confidence. As a result, the Islamic banking industry in Indonesia has experienced rapid growth, both in terms of assets and the number of institutions, positioning it as an increasingly vital component of the national financial system (Otoritas Jasa Keuangan, 2025).

Picture 1. Net Income Islamic Commercial Bank Operations (2020-2023)



(Source: Statistik Perbankan Syariah 2023, 2025)

Based on the provided chart in Picture 1, the net income of Islamic commercial bank operations in Indonesia showed a consistent upward trend from 2020 to 2023. In 2020, the net income stood at Rp 11.438 trillion and increased steadily each year, reaching Rp 12.519 trillion in 2021, Rp 17.888 trillion in 2022, and Rp 22.562 trillion in 2023. This represents an overall growth of nearly 97.2% over the four-year period. The substantial increase, particularly between 2021 and 2023, reflects the strengthening performance and growing contribution of Islamic banking to the national economy. This positive trajectory indicates enhanced profitability, improved operational efficiency, and possibly greater public confidence and demand for sharia-compliant financial services in Indonesia.

The core differences between Islamic and conventional banks stem from their operational frameworks and basic principles. Islamic banks strictly adhere to Sharia law, which prohibits the charging or payment of interest (riba) and instead emphasizes ethical financial transactions based on risk-sharing arrangements. These include profit and loss-sharing contracts such as mudharabah (a partnership in which one party provides capital and the other manages the investment) and musyarakah (a joint venture in which all parties contribute capital and share profits and losses proportionately). In contrast, conventional banks operate primarily on an interest-based model, where revenues are primarily generated through fixed interest charges on loans and other financial instruments, regardless of the outcome of the venture being financed. This fundamental divergence reflects not only different economic mechanisms but also different ethical and philosophical orientations toward finance (Laia et al., 2025).

Since its official conversion into a full-fledged Islamic bank in 2010, Bank Victoria Syariah (BVIS) has been committed to operating under the principles of Sharia, offering financial products and services based on an ethical and interest-free framework such as profit sharing (mudharabah) and joint venture (musyarakah). Supported by its majority shareholder, PT Victoria Investama Tbk, it has been actively expanding its role in the Indonesian Islamic banking sector through strategic growth initiatives, including the development of its Sharia Banking Service Office and the implementation of a digital transformation program. The bank's performance continues to reflect its dedication to Sharia compliance and financial inclusion, as evidenced by its total asset value of IDR 3.08 trillion as of the end of 2023. Through continuous capital strengthening, asset quality improvement, and customer-oriented innovation, BVIS has demonstrated a strong and growing contribution to the advancement of Islamic finance in Indonesia (Bank Victoria Syariah, 2024).

In Islamic finance, the concept of credit or loans is not recognized in the allocation of funds collected. Therefore, the main focus of Islamic banks in distributing funds lies in financing activities. This reflects the bank's ability to effectively channel the funds it has collected to support various economic efforts, such as providing financing to individuals or businesses. A high Financing to Deposit Ratio (FDR) indicates that the bank has efficiently utilized most of the available funds, which can increase its income through profit sharing mechanisms or profit margins (Andriani & Ardiani, 2025).

The company's profitability is expected to experience consistent growth in each financial period as a means to maintain and improve its overall performance. Return on Assets (ROA) is widely recognized as a key indicator of financial performance, especially in

evaluating how effectively a company utilizes its total assets to generate net income after tax. This ratio provides insight into the operational efficiency of a company by directly linking asset utilization to profitability results. A higher ROA indicates that a company is managing its resources efficiently and is able to deliver returns that meet or exceed investor expectations from the assets used in its business operations. Therefore, ROA serves not only as a measure of financial success but also as a reflection of strategic asset management within the company (Setiawan & Susilowati, 2024).

Return on Equity (ROE) is often used as a key metric in financial statement analysis, as it provides insight into a company's effectiveness in generating profits from its equity capital (Nugraha & Afifah, 2024). ROE is calculated by comparing net income to shareholders' equity (or core capital), thus indicating how efficiently a company is able to convert invested capital into net income. A higher ROE not only indicates stronger profitability but also a more attractive investment proposition. In addition, increasing ROE often correlates with increasing stock prices, which can increase investor confidence and influence market perceptions of a company's performance (Gusvarizon et al., 2024).

The Islamic banking industry faces significant challenges in managing non-performing loans (NPFs), which can have a negative impact on liquidity and overall financial stability. Unlike conventional banks that deal with interest-based lending, Islamic banks operate on the principle of risk-sharing and asset-backed financing, making managing the quality of financing a critical concern. Economic fluctuations, changes in consumer behavior, and other external risk factors can lead to an increase in non-performing loans, where clients are unable to meet their contractual obligations (Ubay et al., 2024).

A lower NPF ratio indicates a healthier financing portfolio with lower credit risk, in line with the bank's objective to maintain financial sustainability and fulfill fiduciary obligations to depositors. Conversely, a high NPF ratio indicates increased financing risk, which can negatively impact the bank's profitability—especially Return on Assets (ROA). This decline in profitability is mainly due to increased provisioning costs for impaired assets, as banks are required to allocate higher reserves to cover potential losses (Yanti et al., 2024).

While previous studies on Islamic banking performance often focus on general profitability or operational efficiency, many have not simultaneously and comprehensively analyzed the interactions between financing efficiency (FDR), profitability of assets (ROA), shareholder return (ROE), and credit risk (NPF) over a long period for a single institution. Most existing studies limit the analysis to macro-level data across a few banks or cover shorter time frames that may not reflect long-term performance trends. This creates a

research gap regarding in-depth, longitudinal, and institution-specific performance evaluation—especially in the context of Islamic banks such as Bank Victoria Syariah, which operate under unique Shariah-compliant financial principles. Addressing this gap is essential to understanding how internal and external factors influence financial sustainability in Islamic banking institutions over time.

The purpose of this study is to assess the financial performance of Bank Victoria Syariah by analyzing the trends and interrelationships of four key financial ratios—FDR, ROA, ROE, and NPF—over a 10-year period. Through this focused approach, this study aims to identify underlying patterns, strengths, and weaknesses in the bank's financial management and risk mitigation strategies.

Literatures Review

Financial Performance

Financial performance represents the results of a company's operations, not only serving as a reflection of how effectively the organization has achieved its strategic objectives, but also as an indication of the extent to which it complies with appropriate financial regulations and standards. It is a comprehensive measure that captures multiple dimensions of financial accountability and operational efficiency. Financial performance is also an important source of information, which is systematically recognized, measured, and reported through financial statements. These statements serve as a formal presentation of the company's financial condition, performance, and cash flows, thereby facilitating transparency and informed decision-making for stakeholders (Koapaha & Supit, 2022). In addition, financial performance plays a vital role in enabling organizations to assess and analyze their level of success based on the financial activities performed during a given period. It is essential for companies to understand their financial position in order to implement appropriate strategic and operational improvements. However, financial performance evaluation varies significantly across different types of businesses due to their unique operational scope and industry characteristics (Purba et al., 2025).

Financing to Deposit Ratio

One of the key financial ratios used to assess a bank's liquidity condition, particularly within Islamic banking institutions, is the Financing to Deposit Ratio (FDR). This ratio measures the proportion of total financing provided to third parties—in domestic (rupiah) and foreign currencies—relative to the amount of third-party funds collected, which includes demand deposits, savings accounts, and time deposits, also in both currencies.

Importantly, the FDR calculation excludes financing provided to other banks and interbank deposits, focusing only on the bank's core operational relationships with its customers. The FDR serves as an important indicator to evaluate how efficiently a bank converts available funds into productive financing activities, while also offering insight into its liquidity risk and credit distribution policies (Ikatan Bankir Indonesia, 2018).

The methodology for calculating the Financing to Deposit Ratio (FDR) is officially stated in the Financial Services Authority (OJK) Circular Letter Number 14/SEOJK.03/2021 concerning the Business Plan of Sharia Commercial Banks and Sharia Business Units. Although the regulation does not explicitly stipulate a specific benchmark range for the ideal FDR, financial practitioners and regulatory guidelines generally consider a healthy FDR range to be between 80% and 110%. This range reflects the bank's ability to effectively channel third-party funds into financing activities while maintaining sufficient liquidity to meet its obligations. An FDR below 80% may indicate underutilization of available funds, indicating inefficiency in financing distribution. Conversely, an FDR exceeding 110% may imply excessive aggressiveness in financing activities, which may expose the bank to increased liquidity risk due to potential mismatches between funding and lending (Otoritas Jasa Keuangan, 2021). The calculation formula is as follows:

$$\text{Financing to Deposit Ratio} = \frac{\text{Financing}}{\text{Third party funds}}$$

Return on Assets

Return on Assets (ROA) is a financial ratio that serves as a key indicator of a company's overall profitability relative to its total assets. It reflects how efficiently a company is utilizing its assets to generate revenue. The ratio is typically calculated by dividing revenue by total assets. However, the term "revenue" can be interpreted in several ways depending on the context of the analysis. Three common definitions include: Earnings Before Interest and Taxes (EBIT), Earnings Before Interest but After Taxes (EBIAT)—also known as Net Operating Profit After Taxes (NOPAT)—and Net Income, which takes into account interest and tax expenses. Although ROA is widely used in financial analysis, it has certain conceptual limitations (Correia et al., 2015). The inconsistency lies in the fact that the numerator usually represents the return attributable to shareholders (both equity and preference shareholders), while the denominator includes contributions from all capital providers, including shareholders and creditors. This mismatch can lead to interpretive challenges when assessing a company's financial performance solely through the lens of

ROA (Chandra, 2019). Here's how to calculate the return on assets ratio (Correia et al., 2015):

$$\text{Return on Assets} = \frac{\text{EBIT}}{\text{Total assets}}$$

Return on Equity

Return on Equity (ROE) is a fundamental financial metric used to evaluate a company's performance from the perspective of its shareholders. It reflects the extent to which a company has managed to generate profits relative to the equity capital invested by its common shareholders. ROE serves as a leading indicator of shareholder value creation over a given financial period, effectively representing the "bottom line" in accounting terms when assessing the success of a company's operations. In the corporate context, ROE specifically captures the returns attributable to common shareholders, excluding preferred shareholders or debt holders (Ross et al., 2022). Return on Equity (ROE) reflects the amount of net income generated for each unit of shareholder equity invested. A higher ROE signifies a more efficient utilization of shareholders' capital in generating profits, thereby serving as a critical indicator for investors and corporate executives in assessing financial performance and strategic effectiveness (Gallagher, 2016). How to calculate ROE as follows:

$$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Common Stockholders' Equity}}$$

Non-Performing Financing

The Non-Performing Financing (NPF) ratio serves as a key indicator of the performance and risk management capabilities of Islamic banking institutions in handling financing activities. It reflects the bank's ability to mitigate potential credit risks associated with disbursement of funds. A higher NPF ratio in a Sharia-compliant bank indicates an increasing level of non-performing financing, which may indicate a decline in asset quality or inefficiencies in credit risk management practices (Khasanah, 2023). Conversely, a lower NPF ratio indicates that the bank is managing its financing portfolio effectively, demonstrating strong performance in maintaining asset quality and minimizing default risk.

Furthermore, the NPF ratio calculation methodology is outlined in the Circular Letter of the Financial Services Authority of the Republic of Indonesia (OJK) Number 14/SE/OJK.03/2021, concerning the Business Plan of Sharia Commercial Banks and Sharia Business Units. This regulation provides a standard approach to measuring NPF, ensuring consistency and transparency in reporting and evaluating credit risk across all sharia

banking institutions (Otoritas Jasa Keuangan, 2021).

$$NPF = \frac{(\text{Problematic Financing} - \text{Reserve for Impairment Losses on Troubled Financing})}{\text{Total Financing}}$$

The relationship between FDR, ROA, ROE, and NPF

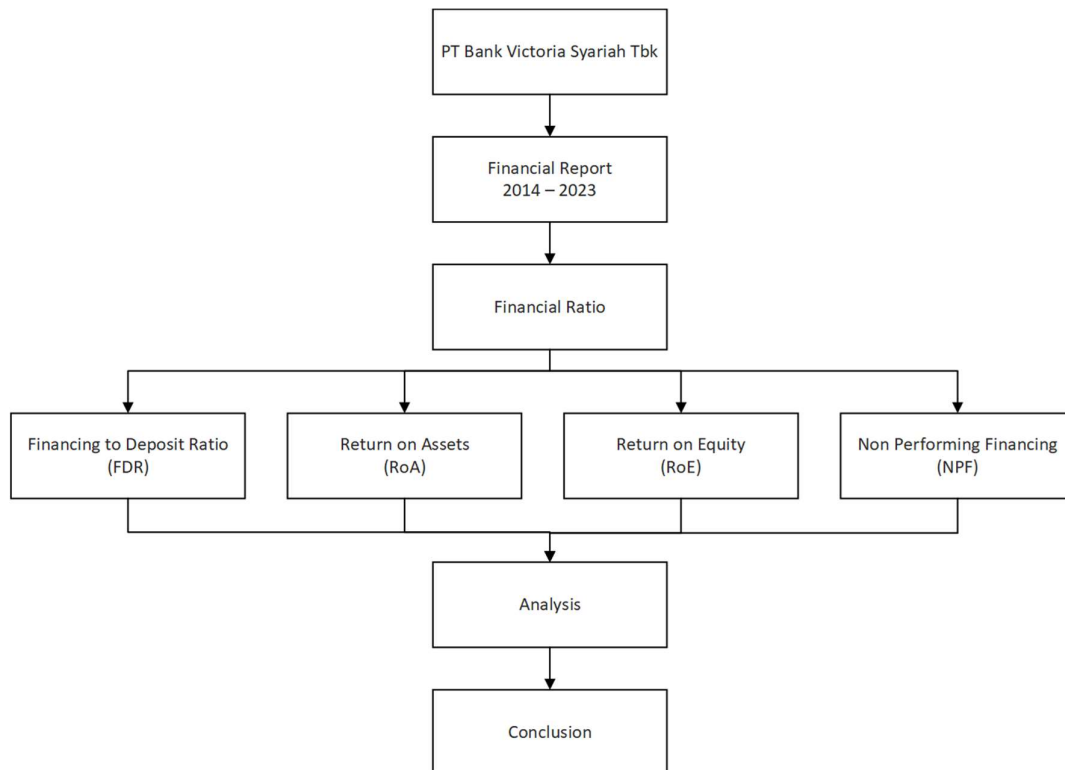
In Islamic banking, financial ratios such as FDR, ROA, ROE, and NPF are interrelated components that collectively shape the institution's overall financial performance and stability. The Financing to Deposit Ratio (FDR) reflects the bank's efficiency in channeling funds into productive financing activities, which, in turn, can influence both profitability and asset quality (Andriani & Ardiani, 2025; Khasanah, 2023). Return on Assets (ROA) and Return on Equity (ROE) serve as measures of how effectively a bank utilizes its resources and capital to generate earnings (Nugraha & Afifah, 2024; Setiawan & Susilowati, 2024). These profitability indicators are often affected by the quality of financing, as reflected in the Non-Performing Financing (NPF) ratio, where higher levels of non-performing financing can erode earnings and reduce efficiency (Ubay et al., 2024; Yanti et al., 2024). A high NPF may lead to lower ROA and ROE, while efficient fund allocation (as shown by optimal FDR) can help mitigate credit risk and enhance profitability. Thus, maintaining a balance among these ratios is essential for ensuring long-term sustainability, where strong profitability ratios must be supported by sound asset quality and prudent financing strategies.

Methods

This study uses a quantitative research method, utilizing financial ratio analysis as the main analysis tool. The aim is to evaluate the financial performance of Bank Victoria Syariah through a descriptive assessment of key financial ratios. The analysis was conducted based on secondary data derived from the audited financial statements of Bank Victoria Syariah over a ten-year period, spanning from 2014 to 2023. The use of a descriptive approach allows for a structured interpretation of the numerical findings, providing insight into the bank's financial trends, strengths, and challenges during the observation period.

The research framework illustrates a structured approach to evaluating the financial performance of PT Bank Victoria Syariah Tbk using data from its financial reports spanning the period 2014 to 2023. This framework begins with the collection of financial report data, which is then used to calculate key financial ratios: Financing to Deposit Ratio (FDR), Return on Assets (ROA), Return on Equity (ROE), and Non-Performing Financing (NPF). These four indicators represent critical dimensions of financial efficiency, profitability, and asset quality in Islamic banking. The relationships among these variables are subsequently

analyzed to gain insights into the bank's financial dynamics. The outcome of this analytical process forms the basis for drawing research conclusions regarding the bank's financial health and performance trends over the studied period. The determination framework was built by the author in this approach:



Picture 2. Research Framework

Results

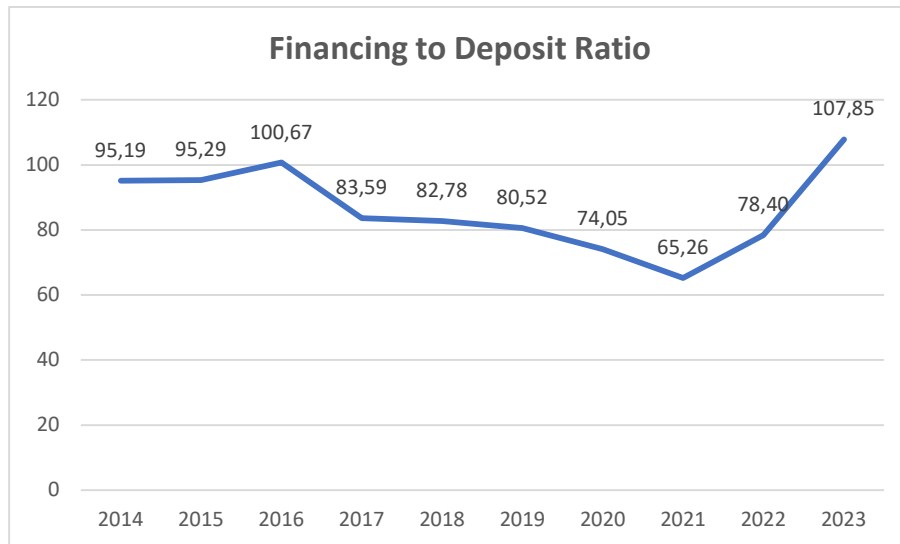
Financing to Deposit Ratio

During the period of 2014-2016, Financing to Deposit Ratio (FDR) of Bank Victoria Syariah showed a relatively strong performance in terms of liquidity utilization. The ratio remained stable at around 95% in 2014 and 2015, indicating efficient deployment of deposit funds into financing. In 2016, FDR increased to 100.67%, indicating that the bank has allocated almost all of its third party funds into financing activities. Although the level is still in line with the upper threshold of regulatory standards, it reflects an aggressive stance in financial intermediation, which, if not supported by asset quality, can pose liquidity risks.

From 2017 to 2021, a downward trend in FDR was seen, dropping from 83.59% in 2017 to a low of 65.26% in 2021. This prolonged decline could signal a conservative

approach in expanding financing, perhaps in response to increased credit risk, unfavorable market conditions, or an effort to strengthen liquidity buffers. Such a pattern could also indicate underutilization of depositor funds, leading to opportunity costs and potentially reduced income from financing activities. This period of decline could reflect external pressures such as macroeconomic challenges, regulatory tightening, or internal strategic realignment.

Picture 3. FDR Bank Victoria Syariah (2014-2023)



(Source: Financial Report, Processed Data, 2025)

The recovery period between 2022 and 2023 marked a substantial rebound in bank financing activities. The FDR increased to 78.40% in 2022 and jumped sharply to 107.85% in 2023, exceeding the optimal benchmark set by the financial regulator. This significant upward shift indicates a re-engagement in financing operations, perhaps driven by improving economic conditions, better asset quality, or strategic realignment towards profitability. While the 2023 level indicates strong financial intermediation, exceeding the 100% mark could raise concerns about excessive expansion of funds relative to available deposits, potentially affecting short-term liquidity if not managed carefully.

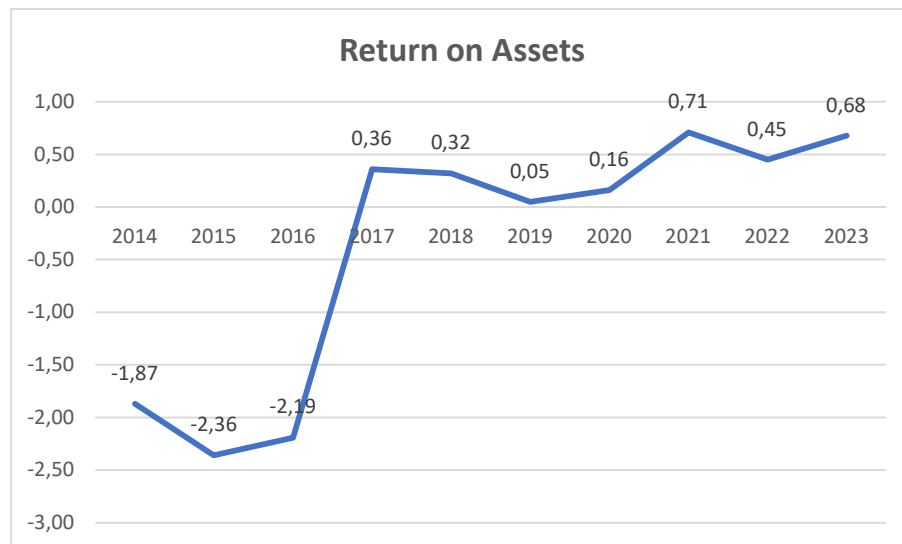
Return on Assets

Between 2014 and 2016, Bank Victoria Syariah experienced a period of negative ROA, with values of -1.87% in 2014, -2.36% in 2015, and -2.19% in 2016. These figures indicate that the bank is operating at a net loss relative to its total assets. From a financial management perspective, negative ROA over a multi-year period raises concerns about operational inefficiencies, asset quality issues, or substantial provisioning costs. Continued losses over these years may reflect challenges in generating sufficient income from

financing activities or controlling operating costs.

A significant turnaround occurred in 2017, with ROA rising sharply to 0.36%, marking a critical turning point in the bank's performance. This positive trajectory continued into 2018 and 2019, with ROA remaining stable at 0.32% and 0.05%, respectively. The return to positive territory indicates that the bank has successfully implemented recovery measures, such as improved asset management, increased revenue generation, and better cost efficiency. Although ROA declined slightly in 2019 and early 2020 (0.16%), the overall trend indicates improving profitability and increasing utilization of the bank's asset base.

Picture 4. ROA Bank Victoria Syariah (2014-2023)



(Source: Financial Report, Processed Data, 2025)

In the final years of the period, 2021 to 2023, Bank Victoria Syariah achieved further progress in profitability. ROA peaked at 0.71% in 2021, reflecting a strong return relative to total assets, before declining slightly to 0.45% in 2022 and recovering to 0.68% in 2023. These consistent figures above 0.4% indicate that the bank has not only maintained operational efficiency but may also benefit from improved financing quality and a stable cost structure. The stable performance in recent years is in line with regulatory expectations for sound banking practices and strengthens the bank's ability to generate income from its asset portfolio.

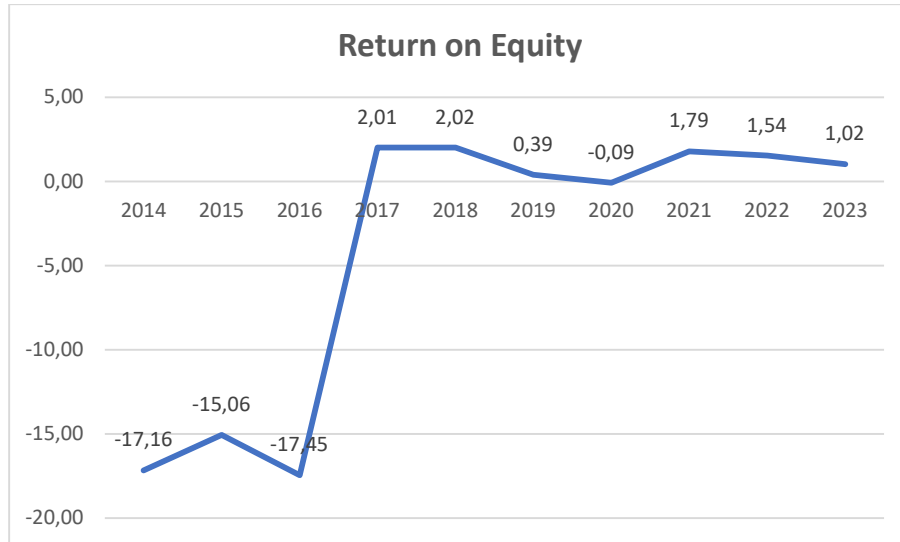
Return on Equity

During the period 2014-2016, Bank Victoria Syariah showed a continuous negative ROE, with a value of -17.16% in 2014, -15.06% in 2015, and -17.45% in 2016. This negative return indicates that the bank is experiencing losses relative to shareholder equity, thereby reducing shareholder value. In financial management, a negative ROE usually indicates that

an institution's expenses, including operating and financing costs, are greater than its income, leading to equity erosion. This trend highlights structural inefficiencies and the possibility of an underperforming financing portfolio that fails to generate adequate returns.

A dramatic shift occurred in 2017, when ROE jumped to 2.01%, followed by a further increase to 2.02% in 2018. This transition from negative to positive ROE marked a significant financial turnaround, likely driven by improved net income performance, cost efficiencies, or equity component restructuring. However, subsequent years showed fluctuations, with ROE dropping to 0.39% in 2019 and dropping back into negative territory at -0.09% in 2020. This inconsistency could reflect external shocks, temporary declines in profitability, or increases in operating expenses relative to equity during certain years.

Picture 5. ROE Bank Victoria Syariah (2014-2023)



(Source: Financial Report, Processed Data, 2025)

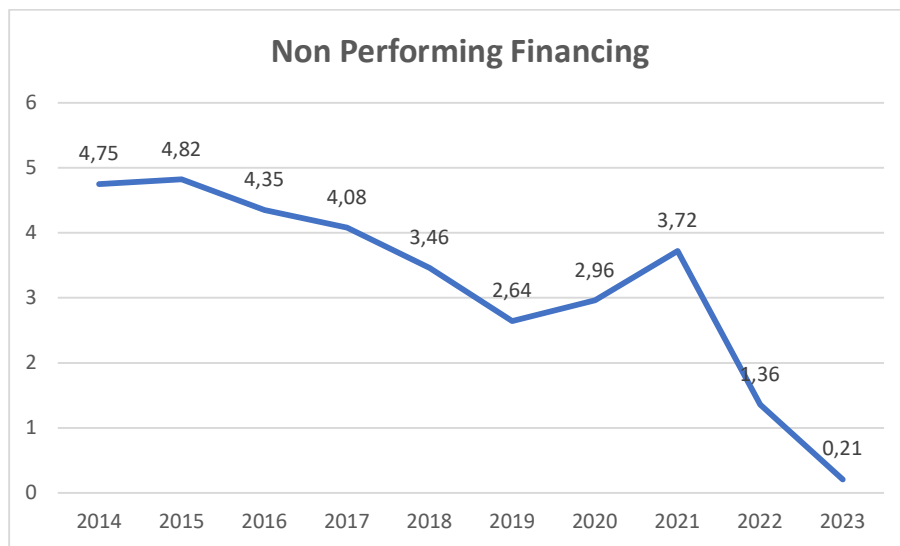
The bank regained stability in the last three years of the observed period. ROE improved to 1.79% in 2021, then slightly decreased to 1.54% in 2022, and finally moderated to 1.02% in 2023. Although the value is modest, it shows a consistent ability to generate positive returns on shareholder investment. From a financial performance perspective, this reflects sustainable operations and a stable income stream relative to equity. These figures indicate that Bank Victoria Syariah has entered a more mature phase of financial performance, characterized by a manageable capital structure and increasing return efficiency.

Non-Performing Financing

The Non-Performing Financing (NPF) ratio of PT Bank Victoria Syariah showed a general downward trend from 2014 to 2023, with intermittent fluctuations in certain years. Starting from 4.75% in 2014, the ratio increased slightly to 4.82% in 2015, indicating a mild decline in financing quality. However, from 2016 onwards, a consistent decline was observed, dropping to 2.64% in 2019. This period indicated an increase in the bank's financing portfolio, possibly due to improved credit screening processes or effective recovery mechanisms. However, in 2020 and 2021, the NPF ratio increased again to 2.96% and 3.72%, respectively, which could be attributed to macroeconomic challenges such as the impact of the COVID-19 pandemic on borrowers' repayment capacity.

Following the peak in 2021, the bank experienced a significant improvement in asset quality, as indicated by a sharp decline in the NPF ratio to 1.36% in 2022 and a further decline to 0.21% in 2023. This sharp decline reflects a remarkable recovery in financing performance, potentially due to a combination of improved credit management practices, strategic restructuring of problematic transactions, and strengthening of internal risk controls. The NPF level approaching zero in 2023 also indicates that the bank was able to maintain a very high standard of financing quality and had minimal exposure to non-performing assets at the end of the observed period.

Picture 6. NPF Bank Victoria Syariah (2014-2023)



(Source: Financial Report, Processed Data, 2025)

A remarkable improvement occurred in the last years of the period. The NPF ratio dropped drastically from 3.72% in 2021 to 1.36% in 2022, and then to a very low level of 0.21% in 2023. This consistent decline indicates a significant improvement in the bank's

asset quality and credit risk management practices. Such a low NPF figure indicates strong internal controls, effective financing strategies, and the potential for successful restructuring of underperforming accounts. In terms of risk, this shows that Bank Victoria Syariah has minimized potential losses from defaulting customers and has optimized its financing portfolio.

Discussion

Financing to Deposit Ratio

Bank Victoria Syariah's FDR trend over the ten-year period reflects a dynamic liquidity management strategy in response to internal and external factors. According to financial management principles, maintaining FDR within the ideal range—usually between 80% and 110%—is critical to balancing profitability and liquidity. While the previous and recent years showed strong financing performance, the mid-period decline highlights a phase of strategic conservatism. Overall, the sharp rebound in 2023 indicates renewed confidence in the bank's financing operations, although continued monitoring of liquidity risks remains critical for long-term financial stability.

Return on Assets

Bank Victoria Syariah's ROA trend over the decade illustrates a remarkable transformation from persistent losses to sustained profitability. According to financial management principles, ROA is an important indicator of how efficiently a bank is utilizing its assets to generate net income. Negative ROA in the early years signals inefficiency, while positive and increasing ROA in the later years reflects effective turnaround strategies and improved operational health. The overall trend highlights the bank's progress in improving its financial health and delivering value through effective asset utilization.

Return on Equity

Bank Victoria Syariah's ROE trend over a 10-year period reveals a trajectory of financial recovery and stabilization. ROE, as a measure of a bank's efficiency in generating returns from shareholders' equity, provides important insights into value creation. The progression from deep negative returns to sustained positive performance underscores the bank's improved strategic execution and financial governance. Overall, the upward trend in ROE reflects a gradual improvement in financial health and profitability, albeit with some fluctuations that merit continued monitoring and adaptive management strategies.

Non-Performing Financing

The trend of NPF ratio during this decade reveals a commendable long-term improvement in the quality of Bank Victoria Syariah's financing assets. In accordance with the principles of financial management, the NPF ratio reflects the proportion of total financing that is classified as non-performing, and a lower ratio implies better asset quality and lower credit risk. The significant decline from the high-risk zone above 4% to a very low 0.21% not only enhances the bank's reputation and investor confidence but also strengthens its financial stability. This improvement reflects the institution's effective risk mitigation strategy and demonstrates its readiness for future growth.

Conclusion

Throughout the period from 2014 to 2023, Bank Victoria Syariah's Financing to Deposit Ratio (FDR) and Return on Assets (ROA) demonstrate significant financial evolution. The FDR initially hovered around or above 100%, reflecting robust financing activities, before declining between 2017 and 2021—indicating a more conservative approach—then sharply rising again in 2023 to 107.85%. This resurgence suggests renewed lending confidence but may raise liquidity management concerns due to exceeding the optimal benchmark. Meanwhile, the bank's ROA showed a marked turnaround from negative values in 2014–2016 to stable and positive performance from 2017 onward, consistently surpassing 0.4% in the last three years. This improvement reflects enhanced operational efficiency and better asset utilization.

Similarly, the Return on Equity (ROE) and Non-Performing Financing (NPF) ratios reveal important developments in profitability and risk control. ROE was persistently negative until 2016, but a gradual recovery began in 2017, with consistent—though modest—positive figures below 2% in recent years, indicating more effective use of shareholders' equity. On the other hand, the NPF ratio, which had remained above the ideal level in the early years, declined significantly from 3.72% in 2021 to just 0.21% in 2023. This sharp reduction demonstrates the bank's improved credit quality and stronger risk management, reflecting a commitment to financial resilience and prudent lending practices.

The findings from Bank Victoria Syariah's financial ratios between 2014 and 2023 highlight several critical considerations. In terms of risk, the elevated Financing to Deposit Ratio (FDR) beyond the regulatory threshold in 2023 may pose liquidity challenges, while the earlier periods of negative ROA and ROE reflect prior profitability vulnerabilities. This

study is limited to secondary financial data from one Islamic bank, without integrating qualitative insights or comparisons with peer institutions. External factors such as macroeconomic shifts, regulatory changes, and the COVID-19 pandemic may have influenced performance trends, particularly in risk-taking behavior and asset quality. Practically, the research emphasizes the importance of maintaining balanced liquidity, enhancing operational efficiency, strengthening equity returns, and ensuring rigorous credit assessment to achieve financial stability. Future research should consider a broader dataset across multiple banks, include qualitative assessments, and explore the role of regulatory and market dynamics to gain a deeper understanding of the interplay between financial ratios and institutional performance. The novelty of this study arises from the comprehensive time series analysis using Shariah-based financial metrics, which may pave the way for more targeted performance benchmarking and tailored policy formulation for Islamic banking institutions.

References

- Andriani, F. J., & Ardiani, N. (2025). Pengaruh CAR, NPF, FDR Terhadap Profitabilitas di Bank BTPN Syariah Tahun 2014-2024. *Al-Muamalat: Jurnal Ilmu Hukum & Ekonomi Syariah*, 10(1), 66–79. <https://doi.org/10.32505/muamalat.v10i1.10716>
- Bank Victoria Syariah. (2024). *Laporan Tahunan 2023*. <https://bankvictoriasyariah.co.id/page/sub/tahunan>
- Chandra, P. (2019). *Financial Management—Theory and Practice* (10th ed.). McGraw Hill Education (India) Private Limited.
- Correia, C., Flynn, D., Uliana, E., Wormald, M., & Dillon, J. (2015). *Financial Management* (8th ed.). Juta and Company (Pty) Ltd.
- Gallagher, T. J. (2016). *Financial Management—Principles & Practice* (7th ed.). Textbook Media Press.
- Gusvarizon, M., Ningsih, P. T. S., & Imaniah, I. (2024). Pengaruh Return on Asset (ROA) Dan Return on Equity (ROE) Terhadap Capital Adequacy Ratio (CAR) pada Bank Umum Syariah di Indonesia. *Ilmu Ekonomi Manajemen dan Akuntansi*, 5(1), 42–57. <https://doi.org/10.37012/ileka.v5i1.2145>
- Ikatan Bankir Indonesia. (2018). *Memahami Bisnis Bank Syariah*. PT Gramedia Pustaka Utama.
- Khasanah, U. (2023). Pengaruh CAR, NPF, FDR Terhadap Profitabilitas Bank Umum Syariah di Indonesia Dengan Pembiayaan Sebagai Variabel Mediasi. *Jurnal Rimba: Riset Ilmu manajemen Bisnis dan Akuntansi*, 1(4), 400–414. <https://doi.org/10.61132/rimba.v1i4.574>
- Koapaha, H. P., & Supit, V. E. (2022). Financial Ratio Analysis to Assess the Financial

- Performance of PT. Angkasa Pura I (Persero). *Jurnal Ilmiah Manajemen Bisnis dan Inovasi*, 9(1), 191–209. <https://doi.org/tps://doi.org/10.35794/jmbi.v9i1.41158>
- Laia, A. Y., Hutahean, S. L., Syahril, A., & Yani, F. (2025). Financial Performance Analysis of Islamic Banks and Conventional Banks: A Comparative Study UNPAB. *INFOKUM*, 13(02), 277–287. <https://doi.org/10.58471/infokum.v13i02>
- Nugraha, R. M. A., & Afifah, V. (2024). Pengaruh NPM, ROE, dan ROA terhadap Laba Bersih pada Bank Digital di Bursa Efek Indonesia. *IKRAITH-EKONOMIKA*, 7(3), 176–187. <https://doi.org/10.37817/ikraith-ekonomika.v7i3.4263>
- Otoritas Jasa Keuangan. (2021). *Salinan Surat Edaran Otoritas Jasa Keuangan Republik Indonesia Nomor 14/SEOJK.03/2021 tentang Rencana Bisnis Bank Umum Syariah dan Unit Usaha Syariah*. Otoritas Jasa Keuangan RI. <https://www.ojk.go.id/id/regulasi/Documents/Pages/Rencana-Bisnis-Bank-Umum-Syariah-dan-Unit-Usaha-Syariah-/seojk%2014-2021.pdf>
- Otoritas Jasa Keuangan. (2025). *Sejarah Perbankan Syariah*. Sejarah Perbankan Syariah. <https://ojk.go.id/id/kanal/syariah/tentang-syariah/Pages/Sejarah-Perbankan-Syariah.aspx>
- Purba, R. A., Simanjuntak, S., Nainggolan, J. S., & Siallagan, H. (2025). Pengaruh Laporan Keuangan dalam Mengukur Kinerja Keuangan Perusahaan Makanan dan Minuman yang Terdaftar dalam BEI. *J-CEKI: Jurnal Cendekia Ilmiah*, 4(2), 2981–2987. <https://doi.org/10.56799/jceki.v4i2.8128>
- Ross, S. A., Westerfield, R. W., Jordan, B. D., Pandes, J. A., & Holloway, T. A. (2022). *Fundamentals of Corporate Finance* (Eleventh Canadian Edition). McGraw Hill.
- Setiawan, A. N. V., & Susilowati, I. H. (2024). Pengaruh ROA dan ROE terhadap Pertumbuhan Laba pada Perusahaan Food dan Beverage yang Tercatat pada Bursa Efek Indonesia Periode 2019-2023. *Digital Bisnis: Jurnal Publikasi Ilmu Manajemen dan E-Commerce*, 3(3), 399–417. <https://doi.org/10.30640/digital.v3i3.3236>
- Ubay, F. A., Nurbaiti, N., & Anggraini, T. (2024). Analisis Pengaruh Pembiayaan, Dana Pihak Ketiga (DPK), dan Penanganan Kredit Macet (NPF) Terhadap Likuiditas Bank Syariah Indonesia (BSI). *Jurnal Manajemen Pendidikan dan Ilmu Sosial*, 5(4), 848–860. <https://doi.org/10.38035/jmpis.v5i4>
- Yanti, S., Suryani, S., & Jajuli, S. (2024). Analisis Pengaruh NIM, CAR, NPF, Dan DER Terhadap Profitabilitas (ROA) Pada Bank Umum Syariah (BUS) Periode 2017-2022. *Ekonomi Syariah dan Bisnis Perbankan*, 8(1), 15–30. <https://doi.org/10.37726/ee.v8i1.1083>