

Profitability Ratio Analysis to Measure Financial Performance at PT. Bank Sulselbar Makassar Main Branch

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Abstract

Financial performance plays an important role as a description of the company's ability to manage existing resources. Profitability ratios can be used as a tool to measure the company's financial performance in determining the company's efficiency in managing assets to obtain the maximum level of profit. This study aims to determine the financial performance of PT Bank Sulselbar Makassar Main Branch in the 2018-2022 period. The variables of this study are profitability ratios and financial performance. The population and sample of this study were financial statements in the form of balance sheets and profit and loss from PT Bank Sulselbar Makassar Main Branch in 2018-2022. Data collection was carried out using documentation techniques. Data analysis was carried out using profitability ratios with the two pont system approach. The results of this study indicate that the ROA ratio level of PT Bank Sulselbar Makassar Main Branch for the period 2018-2022 is classified as very healthy and the ROE ratio level of PT Bank Sulselbar Makassar Main Branch for the period 2018-2022 is classified as healthy. This is influenced by fluctuations in net income.

Keywords Profitability, Financial performance, Du pont system.

INTRODUCTION

According to Act No. 10 of 1998 concerning banking, a bank is a business entity that collects funds from the public in the form of savings and distributes them to the public in the form of credit and/or other forms in order to improve the standard of living of the community. Each bank strives to improve quality and performance in order to maintain public trust and compete in the banking industry. Financial performance plays an important role in evaluating the company's ability level from the company's activities that have been carried out in a certain period of time. Financial performance can be assessed by analyzing the financial statements.

Financial statement analysis activities consist of calculating and interpreting financial ratios which provide detailed information on the results achieved by the bank. With the analysis of the financial statements of businesspeople, both private and government can assess the financial condition of the banking industry. One of the analyses of financial statements is the analysis of financial ratios. The profitability ratio is one of the ratios used by banks to measure the effectiveness of bank operations because in daily activities the bank is inseparable from the financial sector, both in analyzing and assessing financial position to find out how far the bank's ability to generate profits.

In assessing profitability can be used with the du pont system. The du pont system analysis is an analytical tool used to analyze the profits of a company or business. The Du Pont System has many advantages, such as companies can find out easily what factors affect the company's ROI. According to Harahap (2010: 333), the du pont system helps describe



the ROI relationship to the details of financial report items. So, if there is a change in income, the causal factors will be known.

Jais (2018) found that based on the CAMEL method, PT. Bank Sulselbar Sinjai Branch is classified as a healthy company. This is indicated by the CAMEL score from 2015 to 2016 which was 85.31; 83,89. Based on that calculation, PT. Bank Sulselbar can continue its business and have good financial performance. and Rahayu (2017) found that overall, the cause of fluctuations that occur in return on investment is because NPM and TATO have fluctuated. Fluctuating ROI also causes return on equity to fluctuate.

The purpose of this research is to measure the company's financial performance at PT. Bank Sulselbar Makassar Main Branch for the 2018-2022 period uses a profitability ratio analysis using the two pont system approach. This study also aims to determine the factors that influence changes in profitability ratios.

Table 1. Profit and Loss and Balance Sheet of PT. Bank Sulselbar Makassar Main Branch 2018-2022 (In Billion Rupiah)

Information	Year				
	2018	2019	2020	2021	2022
Total Assets	20,576	23,541	24,830	27,784	29,653
Owner's equity	3,034	3,443	3,686	4,231	4,508
Net profit	591	616	620	651	653
Income	2.145	2,382	2,485	2,499	2,542
Net income	1270	1,356	1,482	1677	1,770
Operating Expenses	875	1,026	1,003	821	771

Source: Financial Report of PT. Bank Sulselbar Makassar, Data processed, 2023.

METHODS

The type of research used in this research is quantitative research with a descriptive approach. The variables to be examined are profitability ratios and financial performance. The data used by researchers is secondary data in the form of financial reports from PT. Bank Sulselbar in 2018-2022. The data was obtained from the official website of Bank Sulselbar namely <http://banksulselbar.co.id>. The population and sample used are the financial statements in the form of balance sheets and profit and loss from PT. Bank Sulselbar Makassar Main Branch for the 2018-2022 period. Data collection technique is done by documentation technique. The analytical method used by researchers is a quantitative method using profitability ratios with a du pont system approach. The indicators used include BOPO, NPM, TATO, ROA, EM and ROE.

Bank Indonesia has set financial performance standards listed in Bank Indonesia Circular No. 13/24/DPNP/2011, as follows:

Table 2. Assessment Criteria Based on BI Standards

	Very good	Good	Enough	Bad	Very bad
BOPO	< 83	83 - 85	85 - 87	87 - 89	> 89

NPM	>10	5-9.99	1-4.99	0-0.99	< 0
TATTOO	>3,5	2.5 - 3.5	1.5 - 2.5	1 - 1.5	< 1
ROA	>1.5	1.2 - 1.4	0.5 - 1.2	0 - 0.5	< 0
ROE	>15	12.5 - 15	5 - 12.5	0 - 4.9	< 0

Source: www.bi.go.id

RESULTS AND DISCUSSION

Research conducted at PT. Bank Sulselbar Makassar Main Branch. The problems studied are the assessment of financial performance using profitability ratios with the du pont system approach. Data analysis was carried out using quantitative methods, namely by carrying out calculations that are relevant to the financial report data of PT. Bank Sulselbar Makassar Main Branch in the form of balance sheets and profit and loss for the last 5 (five) years. The following calculations use the du pont system approach:

Research result

a. Operating Expenses Operating Income

BOPO is ratio that measures a bank's ability to manage its operational activities. The formula for finding BOPO is:

$$BOPO = \frac{\text{Beban Operasional}}{\text{Pendapatan Operasional}} \times 100\%$$

Table 3. BOPO calculation results for PT. Bank Sulselbar Cab. Main Makassar (in billion rupiah)

Year	Operating Expenses (Rp)	Operating Income (Rp)	BOPO (%)	Development
2018	875	2145	40.79	-
2019	1026	2382	43.07	2.28%
2020	1003	2485	40.36	(2.71%)
2021	821	2499	32.85	(7.51%)
2022	771	2542	30.33	(2.52%)
Industry Average			37.48	

Source: processed data

The table above shows BOPO has fluctuated, from 2018 to 2019 BOPO increased by 2.28%. In 2020 to 2022 it will decrease. In 2020 it is 2.71%. In 2021 it will decrease by 7.51%. In 2022 it will decrease by 2.52%.

b. Net Profit Margins

NPM is the ratio used to measure a bank's ability to generate net profit from its net income. The formula for finding NPM is:

$$NPM = \frac{\text{Laba Bersih}}{\text{Pendapatan Bersih}} \times 100\%$$



**Table 4. NPM Calculation Results of PT. Bank Sulselbar Cab. Main Makassar
 (In billion rupiah)**

Year	Net Profit (Rp)	Net Income (Rp)	NPM	Development
2018	591	1270	0.465	-
2019	616	1356	0.454	(0.011%)
2020	620	1482	0.418	(0.036%)
2021	651	1677	0.388	(0.030%)
2022	653	1770	0.368	(0.020%)
Industry Average			0.418	

Source: *Processed Data, 2023*

The table above shows the NPM value has fluctuated. From 2018 to 2020 the NPM value has decreased. In 2019 it decreased by 0.011%. In 2020 it is 0.036%. In 2021 it decreased by 0.030%. In 2022 it will decrease by 0.020%.

c. Total Assets Turnover

TATO is the ratio used to measure a bank's turnover in generating net income from its total assets. The formula for finding TATTOO is:

$$TATO = \frac{\text{Pendapatan Bersih}}{\text{Total Asset}} \times 100\%$$

Table 5. Calculation results of TATO PT. Bank Sulselbar Cab. Main Makassar (in billion rupiah)

Year	Net Income (Rp)	Total Assets (Rp)	TATTOO	Development
2018	1270	20,576	0.0617	-
2019	1356	23,541	0.0576	(0.0041%)
2020	1482	24,830	0.0597	0.0021%
2021	1677	27,784	0.0604	0.0007%
2022	1770	29,653	0.0597	(0.0007%)
Industry Average			0.0598	

Source: *Processed Data, 2023*

The table above shows the TATO value has fluctuated. In 2018 to 2019 it decreased by 0.0041%. In 2020 it has increased by 0.0021%. In 2021 it will increase by 0.0007%. In 2022 it will decrease by 0.0007%.

d. Return on Assets

ROA is a ratio used to measure a bank's ability to generate net profit from its total assets. The formula for finding ROA is:

$$ROA = \text{Net Profit Margin} \times \text{Total Assets Turnover}$$

Table 6. ROA Calculation Results for PT. Bank Sulselbar Cab. Makassar Main

Year	NPM	TATTOO	ROA (%)	Development
2018	0.4653	0.0617	2.87	-
2019	0.4542	0.0576	2.61	(0.26%)
2020	0.4183	0.0597	2.49	(0.12%)
2021	0.3881	0.0604	2.34	(0.15%)
2022	0.3689	0.0597	2,20	(0.14%)
Industry Average			2.50	

Source: Processed Data, 2023

The table above shows the ROA value has fluctuated. In 2018 to 2019 it decreased by 0.26%. In 2020 it decreased by 0.12%. Then in 2021 it will decrease by 0.15%. In 2022 it will decrease by 0.14%.

e. Equity Multiplier

EM is the ratio used to measure a bank's ability to manage its assets due to the costs incurred due to assets. The formula for finding EM is:

$$EM = \frac{\text{Total aset}}{\text{Total ekuitas}}$$

Table 7. EM Calculation Results for PT. Bank Sulselbar Main Cab. Makassar (in billionsrupiah)

Year	Total Assets (Rp)	Total Equity (Rp)	EM%	Development
2018	20,576	3,034	6,78	-
2019	23,541	3,443	6,84	0.06%
2020	24,830	3,686	6,74	(0.1%)
2021	27,784	4,231	6,56	(0.18%)
2022	29,653	4,508	6,57	0.01%
Industry Average			6,69	

Source: Processed Data, 2023

The table above shows the EM value has fluctuated. In 2018 to 2019 it increased by 0.06%. In 2020 to 2021 it will decrease. In 2020 it decreased by 0.1%. In 2021 it decreased by 0.18%. In 2022 a slight increase of 0.01%.

f. Return on Equity

ROE is the ratio used to measure a bank's ability to generate net profit from its total equity. The formula for finding ROE is:

$$ROE = (ROA) \times (\text{Equity Multiplier})$$



Table 8. ROE Calculation Results for PT. Bank Sulselbar Main Makassar Cab

Year	ROA	EM	ROE	Development
2018	2.87	6,78	19.46	-
2019	2.61	6,84	17.85	(1.61%)
2020	2.49	6,74	16,82	(1.03%)
2021	2.34	6,56	15,38	(1.44%)
2022	2,20	6.57	14.48	(0.9%)
Industry Average			16.79	

Source: *Processed Data, 2023*

The table above shows that the ROE value has decreased. In 2018 to 2019 it decreased by 1.61%. In 2020 it decreased by 1.03%. In 2021 it decreased by 1.44%. In 2022 it will decrease by 0.9%.

Discussion

Based on the research results obtained from the results of the analysis of profitability ratios with the du pont system approach, it shows that each indicator fluctuates every year. The following is a recapitulation of the calculation results using the du pont system approach:

Table 9. Recapitulation of Calculation Results

Ket	2018	2019	2020	2021	2022	Average
BOPO	40,79	43.07	40,36	32.85	30,33	37,48
NPM	0.465	0.454	0.418	0.439	0.369	0.429
TATTOO	0.0617	0.0576	0.587	0.0604	0.0597	0.0598
ROA	2.87	2.61	2.49	2.34	2,20	2.50
EM	6,78	6,84	6,74	6,56	6,57	6,69
ROE	19.46	17.85	16,82	15,38	14.48	16.79

Source: *Processed Data, 2023*

The results of the analysis that has been done before are described as follows:

a. Operating Expenses Operating Income

The BOPO value at Bank Sulselbar for the period 2018 to 2022 has fluctuated. In 2018 the BOPO value decreased due to changes in interest rates and changes in expenses. In 2019 the BOPO value increased due to an increase in operating expenses that exceeded the growth in operating income. In 2020 the value of BOPO decreased due to decreased interest. In 2021 the BOPO value will decrease again due to reduced costs due to an increase in labor and other expenses. In 2022 the BOPO value will decrease again due to changes in interest expense and an increase in net income due to commissions. Even though it fluctuates, the average BOPO value is very good.

b. Net Profit Margins

The NPM value at Bank Sulselbar for the period 2018 to 2022 has decreased. In 2018 the increase in net profit was due to decreased operating expenses and increased interest rates.

In 2019 the NPM value decreased due to an increase in net income due to increased interest expenses but followed by an increase in interest income which exceeded interest expenses. In 2020 the percentage increase in net profit decreased due to the Covid-19 pandemic and decreased interest expenses. In 2021, the decline in operating expenses and decreased interest income, although it was followed by a decrease in interest expenses, caused the NPM value to increase. In 2022 the NPM value will decrease again because the profit rate is not as big as the increase in net income. This is due to changes in costs.

c. Total Assets Turnover

The TATO value at Bank Sulsebar for the period 2018 to 2022 has fluctuated. In 2018 the changes were due to changes in interest rates and an increase in the value of current assets. In 2019 the TATO value decreased due to changes in interest expenses and changes in current asset values. In 2020, the TATO value will increase due to reduced interest expenses and credit growth. In 2021 the TATO value will increase again due to reduced interest expenses and credit growth. In 2022 the TATO value will decrease due to an increase in interest expenses and an increase in current assets. Even though it fluctuates, the average TATO value is classified as very good.

d. Return on Assets

The ROA value at Bank Sulsebar for the period 2018 to 2022 has fluctuated. In 2018 the change was due to an increase in total assets at TATO exceeding the increase in net profit at NPM. In 2019 the decline occurred due to changes in interest expense on NPM and changes in the value of current assets on TATO. In 2020 the decline was due to the Covid-19 pandemic resulting in decreased net profit and credit growth at TATO. In 2021 the decline was due to changes in interest rates which resulted in fluctuating income and interest expenses and credit growth at TATO. In 2022 the decrease is due to changes in costs at NPM and an increase in current assets at TATO. Even though it shows a decrease in the average ROA value, it is very good.

e. Equity Multiplier

The EM value at Bank Sulsebar for the period 2018 to 2022 has fluctuated. In 2018 the changes occurred due to an increase in current assets causing growth in total assets to exceed total equity. In 2019 the EM value increased due to an increase in total assets due to the increase in current assets exceeding the increase in total equity. In 2020 the value of EM decreased due to the increase in total equity as the decrease in costs outweighed the increase in total assets. In 2021 the value of EM will decrease due to the increase in total equity due to reduced expenses exceeding the increase in total assets due to credit growth. In 2022 the value of EM will increase slightly because the increase in total assets due to additional current assets exceeds the increase in total equity due to reduced costs.

f. Return on Equity

The ROE value at Bank Sulsebar for the period 2018 to 2022 has decreased. In 2018 changes occurred because net profit from ROA decreased and total equity increased. In 2019 the decline was due to decreased profits generated from ROA and an increase in total equity. In 2020 the decline was due to a decrease in net profit and an increase in total



assets in ROA and total equity which increased due to decreased costs. In 2021 the decline was due to changes in profit due to changes in expenses on ROA and an increase in total equity. In 2022 the decline will occur due to an increase in costs on ROA and an increase in total equity and total assets in EM. Despite experiencing a decrease in the average ROE value, it is classified as healthy.

g. The relationship between ROE and other indicators.

BOPO is not directly related to ROE, but there are general indications between the two, namely operational efficiency, interest rates and changes in expenses and income can affect the net profit generated by NPM. If the burden increases, the net profit can decrease so that the NPM value decreases. In NPM itself, which is the main component of ROE in the du pont method, it affects changes in ROE values. If the NPM value decreases, the ROE value may also decrease because the net profit generated is not the maximum of the net income owned. In TATO itself, which is also one of the main components of ROE, it influences changes in ROE values. If the TATO value increases, the ROE value can increase because it can maximize net income from total assets owned. For ROA, it can be done by multiplying NPM and TATO which shows how efficient profit is generated from income and total assets owned. If the ROA value increases, it can increase the ROE value through net income and asset management. The EM value becomes a component of ROE in the du pont system method, if profits fall and the EM value is high it can cause a decrease in ROE compared to if the EM value is low.

CONCLUSION

Based on the results of the analysis that has been put forward, it can be concluded that The ROA ratio at Bank Sulselbar for 5 (five) years on average has decreased. This is because profits on NPM have increased but the percentage of increase has decreased every year. Meanwhile, in TATO, revenue growth exceeds total asset growth. Even though it fluctuates every year, Bank Sulselbar's ROA ratio is classified as very good. The ROE ratio at Bank Sulselbar for 5 (five) years on average has decreased. This is due to changes in profit and asset turnover as well as an increase in equity due to reduced debt. Even though it fluctuates every year, the ROE value of Bank Sulselbar is classified as healthy.

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