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Analysis Of Banking Financial Ratios As A Measurement Of Financial Performance In P T . Mandiri Bank, Tbk

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Reserve Requirement (RR), Loan To Asset Ratio (LAR), Debt To Equity Ratio (DER), Long Term Debt To Asset Ratio (LDAR) Return On Assets (ROA) , Return On Equity (ROE)

Abstract

This research aimed to assess the financial performance of PT. Bank Mandiri, Tbk using bankir financial ratios as indicators. It relied on secondary quantitative data, including BI Curre Accounts, Total Credit, Total Assets, Total Debt, Total Equity, Long Term Debt, and Net Prof at PT. Bank Mandiri, Tbk. The study encompassed a 23-year period, from 1998 to 2021, sinc the company's listing on the IDX. However, the analysis focused on a 10-year sampl specifically from 2012 to 2021, chosen through purposive sampling with criteria set by Sugiyor (2016), including the latest financial report data and data available for 10 consecutive yea (2012-2021). Data collection methods involved documentation and literature study, concentratir on balance sheets and income statements of PT. Bank Mandiri, Tbk from 2012 to 2021. Th analysis examined various financial ratios, such as Reserve Requirement (RR), Loan To Ass Ratio (LAR), Debt To Equity Ratio (DER), Long Term Debt To Asset Ratio (LDAR), Return C Assets (ROA), and Return On Equity (ROE). The statistical analysis employed a one-sample test using SPSS version 21. The findings indicated that PT. Bank Mandiri, Tbk exhibited goc financial performance in terms of RR, LAR, LDAR, and ROA. However, it showed les favorable results for DER and ROE, suggesting areas for improvement in the company's financi management and strategies.

1. INTRODUCTION

The economic prosperity of a country is significantly influenced by the operations of its companies, playing a crucial role in dynamic development. Each business activity contributes to the overall economic wheel. Among the various sectors, the banking industry stands out as a key player in fostering economic growth (Safari, 2020). Banks serve as intermediaries with authorization to collect deposits, grant loans, and issue promissory notes. Given the rapid development and high complexity of the banking industry, analyzing financial ratios becomes a vital tool for assessing a bank's financial performance (Adawiyah and Lisiantara, 2022).

Financial ratio analysis is a widely used and rapid method for evaluating a bank's financial performance. It offers a more accessible way to interpret financial data compared to lengthy financial reports. Furthermore, it provides insights into the past, present, and future management performance, reflecting changes in both the internal and external banking environment (Sari et al., 2020). Liquidity, solvency, and profitability ratios are commonly employed for assessing financial performance (Ruswaji, 2017). Liquidity ratios gauge a bank's capacity to meet short-term obligations when they come due. These ratios can be measured using metrics like the Reserve Requirement (RR) ratio and the Loan to Asset Ratio (LAR). The Reserve Requirement (RR) represents the minimum liquidity that banks must maintain as mandated by Central Bank regulations, while the Loan to Asset Ratio (LAR) assesses a bank's ability to fulfill credit requests using its total assets (Febriatmoko et al., 2016).

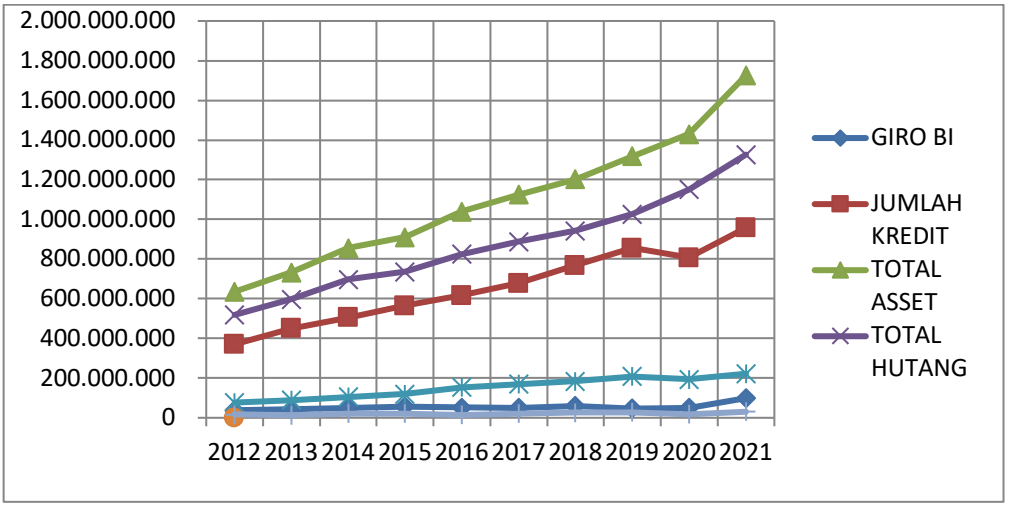
The solvency ratio assesses a bank's capability to meet long-term obligations (Matiin, 2017). This measurement relies on the Debt to Equity Ratio (DER) and the Long Term Debt to Asset Ratio (LDAR). The Debt to Equity Ratio evaluates the relationship between debt and equity, while the Long Term Debt to Asset Ratio (LDAR) measures the proportion of long-term debt to the bank's equity capital (Palar et al., 2013).

Meanwhile, profitability ratios gauge the efficiency and profitability of a bank's operations. Key metrics used to measure profitability include Return on Assets (ROA) and Return on Equity (ROE). Return on Assets

(ROA) assesses a bank's ability to generate profits from its total assets, while Return on Equity (ROE) evaluates the company's capacity to generate net profits relative to its equity capital (Hery, 2015).

PT. Bank Mandiri, Tbk is one of the state-owned banks which was established on October 2, 1998. The shares of PT. Bank Mandiri, Tbk conducted an IPO (Initial Public Offering) on July 14, 2003 with the stock code BMRI. PT. Bank Mandiri, Tbk is the best state-owned bank group of the three Indonesian state-owned banks, this can be seen from the market capitalization of PT. Bank Mandiri, Tbk which reached Rp. 335 Trillion. The following is a graph of the value of BI Current Accounts, Total Credit, Total Assets, Total Debt, Total Equity, Long Term Debt, and Net Profit at PT. Bank Mandiri, Tbk.

Graph 1 . Graph of BI Current Account Movement, Total Credit, Total Assets, Total Debt, Total Equity, Long Term Debt, and Net Profit at PT. Bank Mandiri, Tbk Year 2012-2021 (Data Presented in Millions of Rupiah)



Source: Processed Secondary Data, 2023

Based on graph 1 above, it is known that the total movement of BI Giro fluctuates, BI Giro decreased in 2016 by IDR. 3.8 billion, bringing the total BI Giro in 2016 to IDR IDR. 52.4 billion compared to the total BI Giro in 2015 which was IDR. 56.3 Billion. In 2017 it fell to Rp. 50.1 Billion . In 2018 it was IDR. 59.8 billion decreased in 2019 to Rp. 49.6 Billion. The decline in the BI Giro was caused by a decrease in profits earned by banks, thereby reducing the disbursement of BI Giro funds. The amount of credit given decreased in 2020, only amounting to IDR. 807.8 billion, decreasing by Rp. 47.9 billion compared to the previous year, namely 2019, which was IDR. 855.8 Billion. The decrease in the amount of credit disbursed by PT. Bank Mandiri, Tbk due to the capital of PT. Bank Mandiri, Tbk which was reduced so that PT. Bank Mandiri, Tbk cannot distribute credit optimally.

Total assets of PT. Bank Mandiri, Tbk has experienced an increase over the last 10 years, increasing total assets at PT. Bank Mandiri, Tbk due to a decrease in the amount of cash and cash equivalents used for partial repayment of long-term loans. Total debt of PT. Bank Mandiri, Tbk continued to increase from 2012 to 2020 until it reached Rp. 1.3 trillion, the total debt of PT. Bank Mandiri, Tbk experienced an increase due to an increase in loan funds as third party funds originating from customers and investors. Total equity or capital of PT. Bank Mandiri, Tbk in 2020 amounted to IDR 193.7 billion, down IDR. 15.2 billion from 2019 which was Rp. 209 billion. The decrease in total equity was caused by working capital owned by banks being directed towards purchasing fixed assets every year.

Net profit decreased in 2013 by Rp. 2.7 billion from the initial net profit in 2012 which was IDR. 16 billion to Rp. 13.2 Billion. In 2016 net profit decreased by Rp. 6.5 billion, in 2020 the most significant decline occurred, where the net profit of PT. Bank Mandiri, Tbk only Rp. 17.6 billion decreased by Rp. 10.8 billion from the 2019 net profit of Rp. 28.4 Billion. Net profit of PT. Bank Mandiri, Tbk experienced a decline due to an increase in non-performing loans caused by the lack of ability of the community to pay its obligations. Based on the background above, researchers are interested in conducting research with the title: Analysis of Banking Financial Ratios as a Tool for Measuring Financial Performance at PT. Bank Mandiri, Tbk.

2. REVIEW REFERENCES

2. 1 Liquidity

According to Ciawi and Yusrizal (2019), the liquidity ratio is a metric used to assess a company's capability to meet its short-term obligations promptly. Liquidity, as defined by Safari (2020), pertains to a firm's efficiency in fulfilling its financial commitments. The liquidity ratio, frequently referred to as the working capital ratio, serves as a common tool for evaluating a company's liquidity (Matiin, 2017). To calculate the liquidity ratio in this study, the Reserve Requirement Ratio (RR) and Loan To Asset Ratio (LAR) are employed.

2.2 Reserve Requirements (RR)

The Reserve Requirement (RR), as defined by Febriatmoko, et al. (2016), represents the mandatory portion of third-party funds collected by each commercial bank, which is kept as a minimum reserve in the bank's current account at Bank Indonesia. In accordance with the guidelines established by the Central Bank, the Reserve Requirement (RR) denotes the minimum liquidity level that banks are required to maintain (Palar, et al., 2013). The RR is the minimum amount of liquid assets that a commercial bank must possess (Fahmi, 2012). Bank Indonesia has set the banking standard for the Reserve Requirement (RR) at 5%. If the RR exceeds 5%, it is considered good; if it falls below 5%, it is considered poor. The formula for calculating RR is as follows:

$$RR = 5\% \text{ x GIRO BI}$$

Source: Cashmere (2016)

2.3 Loan to Asset Ratio (LAR)

According to Febriatmoko et al. (2016), the Loan to Asset Ratio (LAR) is a measure of a bank's ability to fulfill credit requests using its total assets. Nugraha et al. (2019) also describe the Loan to Asset Ratio (LAR) as a ratio used to evaluate a bank's solvency level, indicating the bank's capability to accommodate credit requests using its total assets. The Loan to Asset Ratio (LAR) signifies a bank's capacity to approve credit applications based on its total assets, as stated by Hery (2015). The Loan to Asset Ratio, often referred to as the L/A ratio, serves as an indicator of bank liquidity and illustrates the bank's capacity to grant credit requests relative to its total assets. Regarding LAR banking standards, as per Febriatmoko et al. (2016), the benchmark is set at 80%. If the LAR is less than 80%, it is considered good; if it exceeds 80%, it is deemed unfavorable. The formula for calculating the Loan to Asset Ratio (LAR) is as follows:

$$\text{Loan to Asset Ratio} = \frac{\text{Total Kredit}}{\text{Total Asset}} \text{ x } 100\%$$

Source: Cashmere (2016)

2.4 Solvency

The Solvency Ratio is a metric that indicates a company's capability to meet both short-term and long-term obligations, as noted by Sari et al. (2020). According to Matiin (2017), the solvency ratio is employed to evaluate a bank's ability to meet its commitments in the event of dissolution. Additionally, the Solvency Ratio serves as a measurement of a bank's capacity to cover

long-term debt and secure funding for various business activities, as highlighted by Wijaya and Triyonowati (2022). This research employs two ratios to assess solvency: the Debt to Equity Ratio (DER) and the Long-Term Debt to Asset Ratio (LDAR)

2.5 Debt To Equity Ratio (DER)

The Debt to Equity Ratio (DER), as described by Damayanti and Andriyani (2022), is a metric used to evaluate a bank's capability to cover all or a portion of its obligations, encompassing both short-term and long-term liabilities, using funds derived from its own capital or core capital. This ratio, known as the Debt to Equity Ratio, is determined by comparing the total current debt to the total equity (Fahmi, 2012). The Debt to Equity Ratio (DER) assesses a company's capacity to minimize its debt to entities other than its own capital, with lower DER values indicating a more favorable ratio (Wardayani and Wahyuni, 2016). In accordance with Sulistias and Idayati (2018), a good standard for the Debt to Equity Ratio (DER) in banking is considered to be less than 90%. If it exceeds 90%, it is deemed unfavorable. The formula for calculating the Debt to Equity Ratio is as follows: [insert formula]:

$$\text{Debt to Equity Ratio} = \frac{\text{Total Hutang}}{\text{Total Equity}} \text{ x } 100\%$$

Source: Cashmere (2016)

2.6 Long Term Debt To Asset Ratio (LDAR)

The Long Term Debt To Asset Ratio (LDAR), as explained by Ramadaniar et al. (2013), is a metric utilized to assess the extent to which the value of a bank's total assets is financed exclusively by long-term loan sources. This ratio, referred to as the Long Term Debt To Asset Ratio (LDAR), represents the relationship between long-term debt and the company's equity. It serves to determine how much of the company's equity is utilized as collateral for long-term debt by comparing long-term debt to equity (Febriatmoko et al., 2016). The Long Term Debt To Asset Ratio is employed to determine the nominal business capital financed through long-term debt (Riskiana and Nurhayati, 2019). In accordance with the banking standard established by Cashmere in 2016, a ratio below 100% is considered favorable, while a ratio exceeding 100% is regarded as unfavorable. The formula for calculating the Long Term Debt To Asset Ratio (LDAR) is as follows: [insert formula] :

$$\text{Long Term Debt to Asset Ratio} = \frac{\text{Hutang Jangka Panjang}}{\text{Total Asset}} \text{ x } 100\%$$

Source: Cashmere (2016)

2.7 Profitability

Profitability ratios, as defined by Ruswaji (2017), are financial metrics that evaluate a company's capacity to generate profits while utilizing all accessible capital. These ratios, represented as percentages, assess a company's efficiency and profitability by comparing operating income to various sources of capital, both domestic and international, as well as equity, as indicated by Fahmi (2012). This measurement provides insight into a company's ability to generate profits with its available resources. In this study, the profitability ratios utilized are Return On Assets (ROA) and Return On Equity (ROE), which gauge a company's financial performance by evaluating its earnings relative to its assets and equity. These ratios offer valuable insights into a company's profitability and financial efficiency.

2.8 Return on Assets (ROA)

Return on Assets (ROA), as indicated by Safari (2020), is a key profitability ratio employed to evaluate a bank's effectiveness in generating profits by efficiently utilizing its assets. It serves as a crucial metric for assessing whether a bank's management is successful in achieving overall profitability, as mentioned by Fadah et al. (2022). ROA, according to Damayanti and Andriyani (2022), is calculated by comparing a bank's net profit to its total

assets, providing insights into the extent of net profit generated in relation to the bank's asset value. According to Safari (2020), a banking standard for a good ROA is >1.5%, while a value less than 1.5% is considered unfavorable:

$$\text{Return On Asset} = \frac{\text{Laba Bersih}}{\text{Total Asset}} \text{ x } 100\%$$

Source: Cashmere (2016)

2.9 Return On Equity (ROE)

Return on Equity (ROE) is a critical financial metric that assesses a bank's performance by comparing its net profit after tax to its equity capital. It serves as a vital indicator of how effectively a bank's primary capital can generate profits, typically expressed as a percentage (Febriatmoko et al., 2016). ROE is a measure of a bank's ability to generate net profit relative to its equity capital. This ratio is closely associated with profit sharing, with an increase in ROE indicating an uptick in a bank's net profit (Ningsih and Aris, 2022). According to Jefriyanto (2021), ROE reflects a company's capacity to earn net profit based on a specific capital amount, with a higher ratio indicating an increase in net profit. In accordance with banking standards, a good Return on Equity (ROE), as outlined by Safari (2020), is 15%. If the ROE falls below 15%, it is considered unfavorable:

$$\text{Return On Equity} = \frac{\text{Laba Bersih}}{\text{Total Equity}} \text{ x } 100\%$$

Source: Cashmere (2016)

3 METHOD STUDY

3. 1 Types of research

The researchers in this study employed a descriptive research method as their chosen approach. Descriptive research serves as a tool to measure the value of one or more independent variables, with the objective of not comparing them to other variables or establishing relationships with these variables (Sugiyono, 2016). The independent variables utilized in this study encompass the liquidity ratio, assessed through the Reserve Requirement (RR) and the Loan To Asset Ratio (LAR); the solvency ratio, gauged through the Debt To Equity Ratio (DER) and the Long Term Debt To Asset Ratio (LDAR); and profitability ratios, quantified through Return On Assets (ROA) and Return On Equity (ROE).

3. 2 Research Instruments

The research instrument employed by the researchers is a set of tables containing data on BI Current Accounts, Total Credit, Total Assets, Total Debt, Total Equity, Long Term Debt, and Net Profit at PT. Bank Mandiri, Tbk.

3. 3 Population, Sample and Sampling Techniques

The population for this research comprises all financial reports of PT. Bank Mandiri, Tbk that have been listed on the IDX from 2003 to 2021, spanning 18 years. The sample selected for this research consists of the financial reports of PT. Bank Mandiri, Tbk for a period of 10 years, specifically from 2012 to 2021. The researchers employed a purposive sampling technique with the following criteria: (1) utilization of the most recent financial report data, and (2) availability of financial report data for 10 consecutive years, spanning from 2012 to 2021.

3. 4 Research sites

The data in this research were accessed on the official website www.idx.co.id and www.bankmandiri.co.id , while the company address is Jl. Gatot Subroto Kav. 36-38, Central Jakarta City, DKI Jakarta.

3. 5 Data collection techniques

The data collection method refers to the approach used to acquire data and information (Sugiyono, 2016). In this research, the primary source of documentation is the financial reports of PT. Bank Mandiri, Tbk, including balance sheets and income statements from the years 2012 to 2021. Additionally, the study

incorporates a literature review as a method to gather data by exploring information from books, magazines, journals, and other literature sources, aiming to establish a theoretical foundation (Arikunto, 2016).

3. 6 Data analysis techniques

The data analysis technique employed in this study involves the examination of financial performance through the analysis of individual components of financial ratios. These ratios encompass liquidity indicators, such as Reserve Requirements (RR) and Loan To Asset Ratio (LAR); solvency metrics, including Debt To Equity Ratio (DER) and Long Term Debt To Asset Ratio (LDAR); and profitability measures, represented by Return On Assets (ROA) and Return On Equity (ROE). These ratios serve as assessment standards, as described earlier. Additionally, this research utilizes a one-sample t-test data analysis method, facilitated by SPSS version 21, to further analyze the data.

4 RESULTS AND DISCUSSION

4. 1 Liquidity Ratio

4.1.1 Descriptive Analysis of Reserve Requirement (RR) and Loan to Asset Ratio (LAR)

Table 1. PT's Reserve Requirement (RR) and Loan to Asset Ratio (LAR) Assessment Results . Bank Mandiri, Tbk

Year	Reserve Requirement (5%)	Predicate	Loan to Rasio Rasio (%)	Predicate
2012	191.3	Good	58.3	Good
2013	219.5	Good	61.5	Good
2014	252.9	Good	59.1	Good
2015	281.7	Good	62	Good
2016	262.4	Good	59.4	Good
2017	250.9	Good	60.3	Good
2018	299.2	Good	63.9	Good
2019	232.4	Good	64.9	Good
2020	248.1	Good	56.5	Good
2021	495.1	Good	55.5	Good

Source: Results of Secondary Data Processing, 2023

From the calculations presented in Table 1 above, it can be inferred that PT. Bank Mandiri, Tbk has consistently maintained a favorable Reserve Requirement (RR) value for a decade, spanning from 2012 to 2021. The Reserve Requirement (RR) consistently exceeds the established banking standard of 5%, indicating compliance with this liquidity ratio. Similarly, the Loan to Asset Ratio (LAR) of PT. Bank Mandiri, Tbk has consistently met the criteria for good performance over the same ten-year period, from 2012 to 2021. The Loan to Asset Ratio (LAR) consistently remains below the stipulated banking standard, which requires it to be less than 80%.

4.1.2 Statistical Analysis of Reserve Requirements (RR)

Table 2. PT Reserve Requirement (RR) t Test Results . Bank Mandiri, Tbk

One-Sample Test				
	Test Value = 5			
	t	df	Sig. (2-tailed)	Mean Difference
Reserve Requirements	10,151	9	,000	268.3500

Source: data processed with SPSS v2 1

Based on the SPSS analysis results shown above, the calculated t-value for the Reserve Requirement (RR) is 10.151. This calculated t-value is then compared with the t-table value with degrees of freedom (df) equal to n - k = 10 - 1 = 9, considering a 5% significance level for a one-tailed test. The t-table value (found in the t distribution table) is 2.262. Upon comparing the calculated t-value with the t-table value (10.151 > 2.262), it becomes evident that the calculated t-value is significantly greater than the t-table value. Consequently, the first hypothesis falls within the acceptance region of Ha (alternative hypothesis), and Ho (null hypothesis) is rejected. Thus, this validates and confirms the first hypothesis, which posits that "Financial performance based on the Reserve Requirement ratio (RR) is in the good category, i.e., > 5%." These findings indicate that PT. Bank Mandiri, Tbk effectively maintains reserve funds with Bank Indonesia (BI) relative to the total funds held by the bank.

4.1.3 Descriptive Analysis of Loan to Asset Ratio (LAR)

Table 3. Loan to Asset Ratio t Test Results PT. Bank Mandiri, Tbk

One-Sample Test				
	TestValue = 80			
	t	df	Sig. (2-tailed)	Mean Difference
Loan To Asset Ratio	-20,816	9	,000	-19.8600

Source: data processed with SPSS v2

Based on the data presented in table 3 above, the calculated t-value for the Loan to Asset Ratio (LAR) is -20.816. Upon comparing this calculated t-value with the t-table value, it becomes evident that the calculated t-value (20.816) is significantly greater than the t-table value (2.262), indicating that it falls within the acceptance region of Ha (alternative hypothesis). Consequently, Ho (null hypothesis) is rejected. This confirms and supports the second hypothesis, which states that "Financial performance based on the Loan to Asset Ratio (LAR) is in the good category, i.e., < 80%." These findings suggest that PT. Bank Mandiri, Tbk maintains a high level of liquidity, as indicated by a low amount of assets used to finance credit. The negative sign of the t-value signifies that the critical region is on the left side of the distribution and is attributed to the Loan to Asset Ratio (LAR) being a negative variable.

4. 2 Solvency Ratio

4.2.1 Descriptive Analysis of Debt to Equity Ratio (DER) and Long term Debt to Asset Ratio (LDAR)

Table 4. Results of Debt to Equity Ratio (DER) and Long term Debt to Asset Ratio (LDAR) assessments at PT. Bank Mandiri, Tbk

Year	DER (%)	Predicate	LDAR (%)	Predicate
2012	675.1	Bad	81.3	Good
2013	672.1	Bad	81.2	Good
2014	664.8	Bad	81.3	Good
2015	616.1	Bad	80.7	Good
2016	537.6	Bad	79.2	Good
2017	522.3	Bad	78.7	Good

2018	509.3	Bad	78	Good
2019	490.7	Bad	77.5	Good
2020	594.1	Bad	80.2	Good
2021	597.3	Bad	76.5	Good

Source: Secondary Data Processing Results , 2023

The Debt to Equity Ratio (DER) is considered good when it adheres to the banking standard of 90%. An increase in this ratio reflects a deteriorating company condition. Calculations presented in table 4 indicate that PT. Bank Mandiri, Tbk exhibited an unfavorable Debt to Equity Ratio (DER) from 2012 to 2021. On the other hand, the Long Term Debt to Asset Ratio (LDAR) is deemed good when it aligns with the banking standard of 100%. Conversely, an increase in this ratio signifies a worsened bank condition. The table above reveals that PT. Bank Mandiri, Tbk maintained a favorable Long Term Debt to Asset Ratio (LDAR) over ten consecutive years, spanning from 2012 to 2021.

4.2.2 Statistical Analysis of Debt to Equity Ratio (DER)

Table 5. **PT** Debt to Equity Ratio (DER) t Test Results. Bank Mandiri, Tbk

One-Sample Test				
	TestValue = 90			
	t	df	Sig. (2-tailed)	Mean Difference
DEBT TO EQUITY RATIO	-380,500	9	,000	-84.1206000

Source: data processed with SPSS v2 1

Based on the SPSS results presented above, the calculated t value for the Debt to Equity Ratio (DER) is -380.500. When comparing the calculated t value with the t table value, it's evident that the t calculated value is smaller than the t table value (380.500 < 2.262). As a result, the third hypothesis falls within the acceptance area of H0, and Ha is rejected. This confirms and demonstrates the third hypothesis, which asserts that "Financial performance based on the Debt to Equity Ratio (DER) is in the unfavorable category, exceeding 90%." These findings imply that PT. Bank Mandiri, Tbk has a substantial debt proportion relative to its capital. The negative sign on the t value indicates that the acceptance area is on the left side, as the Debt to Equity Ratio (DER) variable is negative.

4.2.3 Statistical Analysis of Long Term Debt to Asset Ratio (LDAR)

Table 6. Long Term Debt to Asset Ratio
(LDAR) t Test Results for PT. Bank Mandiri, Tbk

One-Sample Test				
	TestValue = 100			
	t	df	Sig. (2-tailed)	Mean Difference
Long Term Debt To Asset Ratio	-37,319	9	,000	-20.5400

Source: data processed with SPSS v2 1

Based on the SPSS results presented above, the calculated t value for the Long Term Debt to Asset Ratio (LDAR) is -37.319. When comparing the calculated t value with the t table value, it's clear that the t calculated value is greater than the t table value (37.319 > 2.262). Consequently, the fourth hypothesis falls within the acceptance area of Ha, and Ho is rejected. This confirms and demonstrates the fourth hypothesis, which asserts that "Financial performance based on the Long Term Debt to Asset Ratio (LDAR) is in the favorable category, below 100%." These findings indicate that PT. Bank Mandiri, Tbk has effectively increased the value of company assets obtained from long-term debt. The negative sign on the t value indicates that the acceptance area is on the left side, as the Long Term Debt to Asset Ratio (LDAR) variable is negative.

4. 3 Profitability Ratio

4.3.1 Descriptive Analysis of Return On Assets (ROA) and Return On Equity (ROE)

Table 7. **The results of** the Return On Asset (ROA) assessment at PT. Bank Mandiri, Tbk

Year	ROA (%)	Predicate	ROE (%)	Predicate
2012	2.5	Good	20.9	Good
2013	5.7	Good	14.9	Good
2014	2.6	Good	19.7	Bad
2015	2,3	Good	17.7	Bad
2016	1.4	Bad	9.6	Bad
2017	1.9	Good	12.6	Good
2018	2.1	Good	14	Bad
2019	2,2	Good	13.6	Bad
2020	1,2	Bad	9.1	Bad
2021	1.8	Good	13.8	Bad

Source: Results of Secondary Data Processing , 2023

Return On Assets (ROA) is said to be good if it is at the banking standard of 1.5% or 2 times, the higher this ratio the better the condition of a company. From the calculations in table 7 above, it can be seen that Return On Assets (ROA) of PT. Bank Mandiri, Tbk in 2012 to 2021 it is in a good predicate, because overall the Return On Assets (ROA) value is more than the established standard, which is more than 1.5%. Meanwhile, the higher this ratio, the better . From the above it can be seen that Return On Equity (ROE) of PT. Bank Mandiri, Tbk in 10 years experienced fluctuations, namely, 2012, 2013 and 2017 were in a good predicate, but in the other 7 years, namely, 2014 to 2016 and from 2018 to 2021 which was not able to reach 15% so that it had a bad predicate .

4.3.2 Statistical Analysis of Return On Assets (ROA)

Table 8. PT's Return On Equity (ROE) t Test Results . Bank Mandiri, Tbk

One-Sample Test				
	Test Value = 1.5			
	t	df	Sig. (2-tailed)	Mean Difference
Return On Assets	2,893	9	,056	,8700

Source: data processed with SPSS v2 1

Based on the SPSS results presented above, the calculated t value for Return On Assets (ROA) is 2.893. When comparing the calculated t value with the t table value, it is evident that the t calculated value is greater than the t table value (2.893 > 2.262). As a result, the fifth hypothesis falls within the acceptance area of Ha, and Ho is rejected. This confirms and demonstrates the fifth hypothesis, which posits that "Return On Assets (ROA) falls into the favorable category, exceeding 1.5%." These findings indicate that PT. Bank Mandiri, Tbk is capable of generating substantial profits by effectively managing its assets.

4.3.3 Statistical Analysis of Return On Equity (ROE)

Table 9. PT's Return On Equity (ROE) t Test Results. Bank Mandiri, Tbk

One-Sample Test				
	Test Value = 15			
	t	df	Sig. (2-tailed)	Mean Difference
Return On Equity	-,333	9	,747	-,4100

Source: data processed with SPSS v2 1

Based on the SPSS results presented above, the calculated t value for Return On Equity (ROE) is -0.333. When comparing this calculated t value with the t table value, it becomes evident that the calculated t value is smaller than the t table value (-0.333 < 2.262). Consequently, the sixth hypothesis falls within the acceptance area of Ho, leading to the rejection of Ha. Thus, this confirms and demonstrates the sixth hypothesis, which posits that "Return On Equity (ROE) for PT. Bank Mandiri, Tbk is classified as unfavorable, falling below 15%." These findings suggest that PT. Bank Mandiri, Tbk encounters challenges in managing its core banking capital effectively to maximize banking profits.

5 CLOSING

5.1 Conclusion

Based on the research results presented above, several conclusions can be drawn from this study. The financial performance of PT. Bank Mandiri, Tbk, as measured by Reserve Requirement (RR), Loan To Asset Ratio (LAR), Long Term Debt To Asset Ratio (LDAR), and Return On Assets (ROA), is in a favorable position. However, the Debt To Equity Ratio (DER) and Return On Equity (ROE) at PT. Bank Mandiri, Tbk, fall into an unfavorable category.

5.2 Suggestions

The author recommends further research to validate this study, considering additional variables and different subjects and samples. For instance, variables like Quick Ratio, Debt To Asset Ratio, Net Profit Margin, and others could be explored. Furthermore, the author expresses the hope that PT. Bank Mandiri, Tbk will continue to enhance and sustain its financial performance, thereby attracting more investors.

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