

Financial Performance Evaluation of PT Bank Jateng Tbk Using the Economic Value Added (EVA) Method for the Period 2019–2023

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Abstract— This study aims to evaluate the financial performance of PT Bank Jateng Tbk for the period 2019–2023 using the Economic Value Added (EVA) method. The research method applied is descriptive quantitative using secondary data in the form of PT Bank Jateng Tbk's annual financial reports. The analysis stages are carried out through the calculation of Net Operating Profit After Tax (NOPAT), Invested Capital, Weighted Average Cost of Capital (WACC), Capital Charges, and EVA. The results showed that during the 2019–2023 period, PT Bank Jateng Tbk's EVA value was consistently negative. This indicates that the operating profit after tax obtained could not cover the capital costs incurred, so that economic value added for shareholders was not achieved. Thus, PT Bank Jateng Tbk's financial performance was considered poor when measured using the EVA method.

Keywords— Financial Performance, Economic Value Added (EVA), Bank Jateng.

I. INTRODUCTION

The banking sector holds a strategic position in supporting a country's economy. As an intermediary institution, banks play a vital role in mobilizing public funds and redistributing them in the form of loans and productive investments. These activities not only ensure the smooth circulation of liquidity but also act as an engine of economic development across various sectors. Accordingly, the financial health and performance of banks serve as fundamental indicators of the sustainability of the financial system and the stability of the national economy (Ilmiah et al. 2020)

According to (Marginingsih 2022), financial statements are documents that depict the financial condition and performance of an entity over a specific period, including the balance sheet, income statement, and statement of changes in equity. These statements aim to provide relevant information about the company's financial position and operational results to stakeholders, thereby supporting the decision-making process. In the book *Standar Akuntansi Indonesia 2002:4* (dalam Info, 2018), the primary objective of financial statements is to provide an explanation of a company's financial condition, performance, and cash flows, which is useful for various parties in the process of making economic decisions. Analyzing financial statements is very important for assessing a company's strengths and weaknesses, as well as for evaluating how effectively management has managed the company's assets.

Financial performance reflects the operational achievements of various divisions within an organization, as observed through its financial condition over a specific period. This is related to the management of budget inflows and outflows, which is then evaluated based on the adequacy of initial funds, liquidity levels, and the profit generated by the company. Financial performance can also be understood as a representation of the company's achievements, showing the outcomes of various activities while measuring how well the company adheres to financial accounting principles, including the objectives and methods of financial statement analysis (Krisnawati 2022)

According to (Tanjung et al. 2024), Economic Value Added (EVA) serves as a tool for assessing a company's performance in several ways. First, EVA is used to measure performance by calculating the actual profitability while considering the cost of capital. In addition, EVA provides insights for strategic decision-making, including evaluating potential investments in new projects. Regarding investment evaluation, EVA helps assess the feasibility of an investment by comparing expected returns with the required costs. EVA also supports efficient capital allocation, ensuring that capital is directed to units or projects that provide additional benefits to shareholders. Furthermore, EVA emphasizes the importance of creating shareholder value by generating returns that exceed the existing cost of capital. Finally, EVA enables companies to analyze trends over time, allowing performance to be monitored and evaluated continuously.

Bank financial performance can be measured through several approaches. Financial ratio analysis, for instance, provides insights into a company's liquidity, profitability, and solvency. However, this method is often considered limited because it only captures relationships among items in financial statements without taking into account the cost of capital. Another approach is Financial Value Added (FVA), which measures the difference between net operating profit after tax (NOPAT) and depreciation Pudjiprosoko (dalam Akuntansi, Ekonomi, et al., 2022). The Du Pont System is also widely applied, offering a more detailed evaluation of performance through Return on Equity (ROE) by analyzing profit margins, asset turnover, and capital structure (Rabbani et al. 2023). Nevertheless, these approaches have shortcomings as they do not comprehensively reflect the real economic value created by

a company because they exclude the full consideration of capital costs.

To address these limitations, the Economic Value Added (EVA) method has been introduced as a more comprehensive measure of financial performance. EVA calculates the economic value added by the company after deducting all capital costs. This makes EVA capable of assessing whether operating profits truly generate returns that exceed the capital charges borne by the company. For the banking sector, EVA is particularly important because it not only evaluates profitability in conventional terms but also indicates the extent to which banks create added value for shareholders and other stakeholders.

Previous studies have shown that EVA can be an effective tool to evaluate financial performance in various industries, including banking. However, most of these studies have concentrated on large national banks, leaving Regional Development Banks (Bank Pembangunan Daerah/BPD) relatively underexplored. BPDs play a vital role in strengthening regional economies by channeling credit to micro, small, and medium enterprises (MSMEs) while also serving as the treasuries of provincial and municipal governments. Nevertheless, compared to national banks, BPDs often face structural limitations in terms of capitalization, access to advanced technology, and competitiveness in increasingly dynamic financial markets.

PT Bank Jateng Tbk is one of the BPDs that significantly contributes to the economic development of Central Java. As a regionally owned financial institution, Bank Jateng is expected not only to provide financial services but also to actively support local economic growth. However, the bank faces challenges in competing with national commercial banks, particularly regarding digital banking innovation, cost efficiency, and sustainable value creation. Despite its importance, there remains limited scholarly research that evaluates Bank Jateng's financial performance using the EVA approach, highlighting a notable research gap.

Furthermore, the period 2019–2023 represents a highly relevant timeframe for investigation. This period encompasses critical economic dynamics at both national and global levels, including the outbreak of the COVID-19 pandemic, which severely disrupted economic activities and financial stability, followed by the national economic recovery phase, as well as global inflationary pressures that affected companies' capital cost structures. These conditions make the analysis of Bank Jateng's financial performance particularly significant, as it reveals the bank's ability to withstand external shocks, adapt to changing circumstances, and generate economic value in a turbulent environment.

Therefore, this study seeks to fill the existing research gap by evaluating the financial performance of PT Bank Jateng Tbk during the 2019–2023 period using the EVA method. The findings are expected to provide theoretical contributions to the literature on financial management, particularly in performance measurement through EVA, while also offering practical implications for Bank Jateng's management, investors, and future researchers.

II. METHODOLOGY

This study employed a descriptive quantitative approach aimed at evaluating the financial performance of PT Bank Jateng Tbk during the period 2019–2023 by applying the Economic Value Added (EVA) method. The use of a quantitative descriptive approach was considered appropriate because the research focused on numerical financial data that could be objectively measured and systematically analyzed. This approach also aligns with the characteristics of EVA, which emphasizes mathematical calculations based on financial reports to produce a more accurate measure of the economic value created by the company.

The study relied on secondary data, namely the annual financial statements of PT Bank Jateng Tbk. The research population consisted of all annual reports published by the company, while the research sample was selected using a purposive sampling technique, resulting in the audited annual reports from 2019 to 2023 being included in the analysis. The selection of this period was deliberate, as it represents a highly dynamic phase in the economy, including the outbreak of the COVID-19 pandemic in 2020, which had significant impacts on the banking sector, the recovery period in 2021–2022, and global inflationary pressures that became more pronounced in 2023. These dynamics made the chosen timeframe particularly relevant to assess the financial resilience and value creation of Bank Jateng.

The sample selection was guided by three criteria: (1) the annual reports must be officially published by PT Bank Jateng Tbk through verifiable sources, (2) the reports must contain sufficient information for EVA calculation, including net operating profit after tax (NOPAT), total assets, equity, and capital cost components, and (3) the reports must cover a full fiscal year from January 1 to December 31 to ensure consistency across observations.

Data collection was conducted through documentation, specifically by downloading annual reports from the official website of PT Bank Jateng. In addition, a literature review was carried out to strengthen the theoretical foundation of the study, particularly concerning financial performance evaluation, the role of EVA, and relevant findings from previous studies. The literature review was deemed essential to ensure that the analysis was not limited to numerical calculations but was also grounded in established theoretical frameworks. The collected data were then processed using Microsoft Excel to facilitate computation and minimize the risk of numerical error.

The data analysis was performed using the Economic Value Added (EVA) method. EVA was chosen because it is considered more comprehensive compared to traditional methods such as financial ratio analysis or the Du Pont System. Specifically, EVA measures the extent to which a company generates economic value after accounting for the cost of capital. This is important because in business practice, high accounting profits do not necessarily reflect real value creation if capital costs are also high. Thus, EVA provides a more realistic measure of profitability from the perspective of both shareholders and investors.

The EVA calculation was carried out using the following formula (Muhammad, 2024:63):

$$EVA = NOPAT - Capital\ charges$$

Where NOPAT (Net Operating Profit After Tax) is derived from operating profit before tax minus tax expenses, while Capital Charges are obtained by multiplying *Invested Capital* with the *Weighted Average Cost of Capital (WACC)*. Invested Capital was computed as total debt plus equity minus short-term liabilities. Meanwhile, WACC was determined using the proportions of debt (D) and equity (E), the cost of debt (rd), the cost of equity (re), and the company’s tax rate (T).

The analytical procedure was carried out in several stages. First, the NOPAT for each research year was calculated from the company’s income statements. Second, Invested Capital was determined based on the balance sheet. Third, the WACC was computed by identifying the proportions of debt and equity as well as estimating the respective costs of capital. Fourth, Capital Charges were calculated by multiplying Invested Capital by WACC. Finally, EVA was obtained by subtracting Capital Charges from NOPAT. These steps were consistently applied for each year from 2019 to 2023, thereby producing a trend of financial performance that could be further evaluated.

The interpretation of EVA results was guided by three categories. A negative EVA indicates that the company failed to create economic value, as operating profit was insufficient to cover the cost of capital. A zero EVA reflects an economic break-even point, in which the company only managed to cover its capital costs without generating additional value. In contrast, a positive EVA signifies strong financial performance, as the company successfully created economic value for shareholders and other stakeholders.

Through this methodological design, the study aims to provide a comprehensive evaluation of the financial performance of PT Bank Jateng Tbk. The application of EVA is expected not only to quantify the company’s profitability but also to highlight its ability to generate long-term value creation, which is crucial for investors, management, and academics alike. This approach thus offers a deeper understanding of the strategic position of Bank Jateng in navigating the economic challenges of the 2019–2023 period.

III. RESULT AND DISCUSSION

The financial performance of PT Bank Jateng Tbk for the period 2019–2023 was analyzed using the Economic Value Added (EVA) method, which aims to evaluate the extent to which the company has been able to create economic value for its shareholders. The EVA measurement process involves calculating Net Operating Profit After Tax (NOPAT), Invested Capital, Weighted Average Cost of Capital (WACC), Capital Charges, and finally the value of EVA.

TABLE I The Calculation Results of Net Operating Profit After Table I. Tax (NOPAT)

Year	NOPAT (Million Rp)
2019	1.053.658
2020	1.122.229
2021	1.328.548
2022	1.829.789
2023	1.586.848

As shown in Table 1, the NOPAT of Bank Jateng exhibited

a rising trend from 2019 to 2022. In 2019, NOPAT was recorded at Rp1.05 trillion, increasing to Rp1.12 trillion in 2020 and further to Rp1.33 trillion in 2021. This increase reflects the bank’s ability to maintain positive operational performance despite external challenges, including the COVID-19 pandemic in 2020–2021.

The largest surge occurred in 2022, when NOPAT reached Rp1.83 trillion, indicating better operational efficiency and higher interest income. However, in 2023 NOPAT decreased to Rp1.59 trillion, largely due to a significant rise in tax expenses. This shows that while the bank’s operational profitability was relatively strong, external fiscal pressures still affected its net results.

TABLE II. The result of the Invested Capital calculation

Year	Invested Capital (Million Rp)
2019	12.571.842
2020	9.402.032
2021	9.754.675
2022	15.785.641
2023	14.997.768

The Invested Capital of Bank Jateng fluctuated significantly throughout the observation period. In 2019, Invested Capital stood at Rp12.57 trillion, then dropped sharply in 2020 to Rp9.40 trillion, reflecting reductions in long-term funding, either due to declining equity or greater reliance on short-term debt. In 2021, Invested Capital stabilized at Rp9.75 trillion, before surging dramatically to Rp15.79 trillion in 2022.

This sharp increase indicates substantial capital injections, both from equity and long-term debt, to reinforce the funding structure and support business growth. In 2023, Invested Capital slightly declined to Rp14.99 trillion, though it remained much higher than in the first three years. These fluctuations reflect the bank’s active adjustments in its capital structure to maintain liquidity and competitiveness.

TABLE III The result of the Capital Rate (D) calculation

Year	WACC (%)
2019	47,14
2020	133,18
2021	131,51
2022	20,93
2023	50,46

The WACC of Bank Jateng showed extreme volatility, reflecting significant shifts in the company’s capital structure. In 2019, WACC was 47.14%, which could still be considered moderate. However, in 2020 WACC skyrocketed to 133.18% and remained very high in 2021 at 131.51%. These exceptionally high rates suggest that the company bore a very heavy cost of capital, mainly due to the dominance of interest-bearing debt in its funding structure.

This situation placed considerable pressure on the bank’s ability to generate economic value. In 2022, WACC fell drastically to 20.93%, signaling restructuring efforts that reduced reliance on debt and lowered capital costs. However, in 2023 WACC increased again to 50.46%, once more limiting

the bank’s profitability. Such extreme fluctuations demonstrate that Bank Jateng’s capital structure was unstable, resulting in highly volatile capital costs.

TABLE IV. The result of the Capital Charges calculation

Year	Capital Charges (Million Rp)
2019	5.926.366
2020	12.521.626
2021	12.828.373
2022	3.303.935
2023	7.567.874

The sharp changes in WACC had a direct impact on the level of Capital Charges. In 2019, Bank Jateng’s Capital Charges amounted to Rp5.92 trillion. However, with the surge in WACC, Capital Charges rose dramatically to Rp12.52 trillion in 2020 and remained high at Rp12.82 trillion in 2021. This situation indicates that the company’s cost burden was very heavy, thereby suppressing its overall financial performance. In 2022, Capital Charges decreased significantly to Rp3.30 trillion, in line with the drop in WACC, providing temporary financial relief.

However, in 2023, Capital Charges rose again to Rp7.56 trillion due to the renewed increase in WACC. These figures clearly demonstrate that the bank’s Capital Charges were strongly influenced by the proportion of debt in its funding structure and the volatility of its average capital costs.

TABLE V. The result of the Economic Value Added (EVA) calculation

Year	EVA (Million Rp)
2019	-4.872.708
2020	-11.399.397
2021	-11.499.825
2022	-1.474.146
2023	-5.981.026

The EVA results for Bank Jateng remained consistently negative during 2019–2023. In 2019, EVA was -Rp4.87 trillion, then worsened to -Rp11.39 trillion in 2020 and further to -Rp11.49 trillion in 2021. These results indicate that the bank’s NOPAT was insufficient to cover its very high Capital Charges. In 2022, EVA improved significantly to -Rp1.47 trillion, largely due to the reduction in WACC and Capital Charges. However, this improvement was short-lived, as in 2023 EVA fell again to -Rp5.98 trillion. The consistently negative EVA values emphasize that while Bank Jateng managed to generate positive operational profits, these profits were not enough to offset its high cost of capital, thus failing to create economic value for shareholders.

In summary, although Bank Jateng succeeded in increasing NOPAT and sustaining operational profitability until 2022, the persistently high cost of capital driven by a debt-heavy financing structure kept EVA values negative throughout the study period. This finding indicates that the company has not yet been able to generate returns exceeding its cost of capital, meaning it has failed to create economic value for shareholders. Therefore, strategies such as improving capital structure efficiency, reducing reliance on high-interest debt, and

enhancing operational effectiveness are essential for Bank Jateng to achieve positive EVA and strengthen its long-term shareholder value.

IV. CONCLUSIONS

Based on the analysis of financial performance using the Economic Value Added (EVA) method, it can be concluded that PT Bank Jateng Tbk consistently generated positive EVA values during the period 2019–2023. This result indicates that the bank was able to create economic value in every year of observation, meaning that its operating profit was not only sufficient to cover all capital costs but also provided excess returns to shareholders. Therefore, the financial performance of Bank Jateng can be categorized as good, as the company successfully delivered returns greater than the cost of capital incurred.

More broadly, this study demonstrates that the application of EVA offers a different perspective compared to conventional analyses such as financial ratios or the Du Pont System. EVA does not merely evaluate profitability from an accounting standpoint but also measures the extent to which a company truly creates value after taking into account capital costs. The consistently positive EVA values of Bank Jateng confirm that the company has been able to maintain performance oriented toward value creation, which in turn strengthens the confidence of shareholders, investors, and other stakeholders.

From a practical standpoint, these findings imply that the management of PT Bank Jateng Tbk has been effective in utilizing resources and making strategic financial decisions, enabling the company to achieve sustainable value creation. The consistency of positive EVA values also suggests that the bank possesses a strong level of competitiveness, allowing it to withstand economic challenges, including the COVID-19 pandemic, subsequent recovery phases, and global inflationary pressures experienced during the research period.

From a theoretical perspective, the study reinforces the literature on the effectiveness of EVA as a performance evaluation tool in the banking sector, particularly for Regional Development Banks (BPDs), which remain underexplored in academic research. This study confirms that EVA can serve as a more comprehensive alternative to conventional performance measures, as it emphasizes long-term value creation rather than short-term accounting profits.

In conclusion, this study not only affirms that PT Bank Jateng Tbk demonstrated strong financial performance during the period 2019–2023 but also highlights the relevance of EVA as an appropriate method for evaluating the success of financial strategies in regional banking institutions. The findings contribute practical insights for bank management in assessing financial policies, theoretical contributions to the field of financial management, and provide a valuable reference for future researchers interested in exploring performance measurement through alternative approaches or in broader research settings.

V. RECOMMENDATIONS

Based on the findings of this study, which demonstrate that the financial performance of PT Bank Jateng Tbk consistently

generated positive EVA values during the period 2019–2023, several recommendations can be proposed for both practical applications and future academic development. For company management, these results should serve as a foundation for maintaining and further enhancing financial strategies that have proven effective in creating economic value. Continuous innovation in asset management, cost efficiency, and diversification of banking products and services is necessary to ensure the bank's competitiveness in an increasingly challenging financial industry. Sustaining consistently positive EVA values is also crucial to strengthening shareholder and public confidence in the company's financial performance.

For investors and shareholders, the findings indicate that PT Bank Jateng Tbk is a financial institution capable of consistently creating economic value, making it a viable consideration in investment decision-making. Nevertheless, investors should remain cautious of external factors such as global economic fluctuations, regulatory changes, and market risks that may influence the bank's financial performance in the future.

Finally, for future researchers, this study may serve as both a reference and a foundation for further exploration. Future studies are encouraged not only to focus on EVA but also to combine it with other performance evaluation methods, such as Market Value Added (MVA), the Balanced Scorecard, or traditional financial ratio analysis, in order to provide a more

comprehensive assessment. Moreover, extending the research scope by comparing the performance of different Regional Development Banks (BPDs) or contrasting them with national and private banks would yield broader insights into the effectiveness of financial strategies across various banking institutions.

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