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BEYOND RATIOS: ASSESSING THE 2023–2024 FINANCIAL PERFORMANCE OF PT BANK RAKYAT INDONESIA (PERSERO) TBK USING COMMON-SIZE, DUPONT, AND WACC

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ABSTRACT
This research examines the financial performance of PT Bank Rakyat Indonesia (Persero) Tbk for the 2023–2024 period using Common Size analysis, the Du Pont system, and the Weighted Average Cost of Capital (WACC). The study is conducted to understand how the bank manages its financial structure, profitability, and capital costs in maintaining stable performance within the banking industry. A descriptive quantitative method is applied, utilizing secondary data sourced from BRI's audited financial statements. Common Size analysis is employed to identify changes in the composition of assets and liabilities, while the Du Pont approach is used to assess profitability through Return on Investment (ROI), Return on Assets (ROA), and Return on Equity (ROE). In addition, WACC analysis evaluates the efficiency of the bank's capital structure. The findings reveal that BRI shows a relatively stable financial condition, with an increasing emphasis on credit distribution supported by low-cost funding sources. Profitability indicators remain consistent, indicating sustainable operational performance. Furthermore, the stable level of WACC reflects effective capital cost management. Overall, the results suggest that BRI maintains solid financial performance and prudent financial management.
Keywords: financial performance; common-size analysis; DuPont analysis; weighted average cost of capital (WACC); banking industry.

INTRODUCTION

The banking sector plays a central role in modern economic systems by facilitating financial intermediation, mobilizing savings, allocating credit, and supporting economic development. As core institutions within the financial system, banks influence not only the stability of financial markets but also the broader trajectory of economic growth. The financial performance of banks therefore holds strategic importance for a wide range of stakeholders, including shareholders, management, regulators, policymakers, and the public. Sound financial performance enhances public confidence and financial system resilience, while weak performance may signal vulnerabilities that can propagate systemic risk.

In recent years, the banking industry has experienced significant structural and environmental changes. Regulatory reforms introduced after global financial crises have imposed stricter capital adequacy, liquidity, and risk management requirements. At the same time, rapid technological advancement has transformed banking operations through digitalization, fintech

competition, and data-driven decision-making. These developments have intensified competition and increased pressure on banks to operate efficiently while maintaining prudent risk profiles. Furthermore, macroeconomic uncertainty, interest rate fluctuations, and changes in customer behavior have added complexity to financial management in the banking sector. Under these conditions, comprehensive and reliable financial performance evaluation becomes increasingly important.

Traditionally, the assessment of banking performance has relied heavily on financial ratios such as return on assets (ROA), return on equity (ROE), liquidity ratios, and capital adequacy indicators. Although these measures remain useful, they often provide a partial view of performance by focusing on end results rather than the underlying structural and operational drivers. For example, a high ROE may indicate strong profitability, but it may also reflect excessive financial leverage, which can increase risk exposure. Similarly, favorable liquidity ratios do not necessarily explain how efficiently assets are utilized to generate income. As a result, contemporary financial analysis emphasizes the need for integrated analytical frameworks that capture the interaction between asset structure, operational efficiency, financing decisions, and capital costs.

An integrated approach to financial performance analysis enables a more nuanced understanding of how banks create value and manage risk. Common Size analysis, DuPont analysis, and the Weighted Average Cost of Capital (WACC) are three complementary tools that address different dimensions of financial performance. Common Size analysis facilitates structural evaluation by expressing financial statement items as proportions of total assets or total liabilities and equity. This approach allows for meaningful comparison across periods and highlights shifts in asset allocation, funding composition, and capital structure that may affect profitability and risk.

DuPont analysis extends traditional ratio analysis by decomposing return on equity into its key components, namely profit margin, asset turnover, and financial leverage. By linking operational performance with asset utilization and financing decisions, the DuPont framework provides deeper insight into the drivers of profitability. In the banking context, where balance sheet management is a core activity, DuPont analysis is particularly valuable for identifying whether profitability is driven by operational efficiency or by leverage. Understanding this distinction is essential for assessing the sustainability of financial performance.

In addition to structural and profitability analysis, capital cost considerations play a crucial role in evaluating financial performance. The Weighted Average Cost of Capital represents the average rate of return required by providers of debt and equity capital. For banks operating in a highly regulated environment, maintaining a stable and efficient cost of capital is essential for supporting growth, meeting regulatory requirements, and managing risk. A manageable WACC enhances a bank’s ability to undertake investment opportunities, absorb economic shocks, and create long-term value for stakeholders. Integrating WACC analysis into performance evaluation therefore provides a more comprehensive assessment of financial efficiency and sustainability.

Despite the growing recognition of integrated financial analysis, empirical studies on banking performance often apply these analytical tools in isolation. Many studies focus solely on ratio

analysis or profitability indicators without explicitly linking them to structural composition or capital costs. This fragmented approach may limit the depth of interpretation and obscure the interrelationships among key financial variables. There is therefore a need for studies that synthesize multiple analytical perspectives to provide a holistic view of banking performance, particularly in emerging market contexts where financial systems face unique structural and regulatory challenges.

Indonesia represents a relevant setting for such analysis due to the strategic role of its banking sector in supporting economic development and financial inclusion. As one of the largest emerging economies in Southeast Asia, Indonesia relies heavily on banks to channel credit to productive sectors, especially micro, small, and medium enterprises (MSMEs). State-owned banks play a particularly important role in this process by balancing commercial objectives with public policy mandates. Evaluating the financial performance of these institutions is therefore essential for understanding both their commercial viability and their contribution to national economic goals.

PT Bank Rakyat Indonesia (Persero) Tbk is one of Indonesia's largest state-owned banks and is widely recognized for its strong focus on MSME financing. The bank's extensive branch network and customer base position it as a key driver of financial inclusion and grassroots economic activity. Given its size, strategic importance, and publicly available financial disclosures, BRI provides an appropriate and informative case for examining banking financial performance through an integrated analytical framework.

This study aims to evaluate the financial performance of PT Bank Rakyat Indonesia (Persero) Tbk during the 2023–2024 period by combining Common Size analysis, DuPont analysis, and the Weighted Average Cost of Capital. The specific objectives of the study are threefold. First, to analyze the structural composition of the bank's assets, liabilities, and equity using Common Size analysis in order to identify trends and shifts that may influence financial performance. Second, to assess the drivers of profitability through DuPont analysis by examining the interaction between operational efficiency, asset utilization, and financial leverage. Third, to evaluate the efficiency of the bank's capital structure by analyzing its weighted average cost of capital.

By integrating these analytical perspectives, this study seeks to contribute to the literature on banking performance analysis in several ways. Conceptually, it demonstrates how multidimensional financial analysis can provide richer insights than single-method approaches. Empirically, it offers evidence from a major Indonesian bank, thereby enriching the understanding of banking performance in emerging markets. Practically, the findings are expected to provide useful insights for bank management in formulating strategies related to asset allocation, funding, and capital management, as well as for regulators and policymakers concerned with financial stability.

Overall, this study addresses the need for comprehensive financial performance evaluation in the banking sector by applying an integrated analytical framework to a strategically important institution. The results are expected to enhance understanding of how financial structure, profitability drivers, and capital costs interact to shape banking performance in a dynamic and regulated environment.

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LITERATURE REVIEW

Financial statement analysis helps stakeholders evaluate a firm's liquidity, solvency, profitability, and efficiency to support decision making. Analysts commonly combine comparative (trend) analysis with structural and ratio-based approaches to obtain a balanced interpretation of performance (Kasmir, 2019; Munawir, 2014; Fraser & Ormiston, 2016). In banking, this evaluation is critical because the intermediation function and funding structure directly influence risk, return, and public trust.

Common-size analysis (vertical analysis) expresses each line item in the financial statements as a percentage of a base figure (e.g., total assets or total revenue). This approach enables comparisons across periods by highlighting structural shifts such as changes in loan concentration, liquidity buffers, and reliance on low-cost deposits (Kasmir, 2019; Fraser & Ormiston, 2016).

The DuPont framework decomposes profitability into interacting drivers—profit margin, asset turnover, and financial leverage—thereby linking operating performance with financing decisions. It is widely used to interpret movements in ROA and ROE and to identify whether performance changes are driven mainly by operations or leverage (Higgins, 2018; Brigham & Houston, 2021).

Capital efficiency can be evaluated through the Weighted Average Cost of Capital (WACC), representing the blended required return from equity and debt holders. A stable and competitive WACC indicates effective funding strategy and risk management, but estimation depends on assumptions for the cost of equity and debt (Damodaran, 2014; Brigham & Houston, 2021).

Because each method emphasizes different perspectives—structure (common-size), profitability drivers (DuPont), and capital cost (WACC)—integrating them provides a more comprehensive view of banking performance. Therefore, this study synthesizes these tools using audited disclosures of PT Bank Rakyat Indonesia (Persero) Tbk and Indonesian banking statistics as contextual references (Otoritas Jasa Keuangan, 2025; PT Bank Rakyat Indonesia (Persero) Tbk, 2024, 2025).

METHODOLOGY

This study employs a descriptive quantitative research design to analyze the financial performance of PT Bank Rakyat Indonesia (Persero) Tbk during the 2023–2024 period. The selected approach allows for a systematic examination of financial data to describe patterns, trends, and relationships among key financial indicators. The methodology is designed to ensure the reliability and validity of the findings and to enable replication by other researchers.

A. Sampling

The target population of this study consists of commercial banking institutions operating in Indonesia. The research context focuses on the Indonesian banking sector, which plays a vital role in national economic development. The unit of analysis is PT Bank Rakyat Indonesia (Persero) Tbk, selected through purposive sampling. This sampling technique is used because BRI is one of the largest state-owned banks in Indonesia with comprehensive and publicly accessible financial reports. As this study relies on

secondary financial data rather than survey respondents, no respondent profile is required.

B. Data Collection

The data used in this research are secondary data obtained from BRI's published annual reports and audited financial statements for the 2023 and 2024 fiscal years. These reports were accessed through official investor-relations disclosures and the company's report portal (PT Bank Rakyat Indonesia (Persero) Tbk, 2024, 2025). Industry context is supported by monthly Indonesian Banking Statistics released by the Financial Services Authority (Otoritas Jasa Keuangan, 2025).

C. Measurement

Financial performance is measured using three analytical tools: Common Size analysis, Du Pont analysis, and the Weighted Average Cost of Capital (WACC). Common Size analysis is applied to assess the structure of assets and liabilities by converting financial statement components into percentages. Du Pont analysis is used to evaluate profitability through indicators such as Return on Assets (ROA) and Return on Equity (ROE). WACC is calculated to assess the efficiency of the bank's capital structure by considering the cost of equity and debt. These measurement techniques provide a comprehensive and integrated assessment of the bank's financial performance.

RESULTS

This section presents a comprehensive interpretation of the empirical findings obtained from the financial performance analysis of PT Bank Rakyat Indonesia (Persero) Tbk for the 2023–2024 period. The results are derived from Common Size analysis, DuPont analysis, and the Weighted Average Cost of Capital (WACC), which together provide an integrated view of the bank's structural position, profitability drivers, and capital cost efficiency.

A. Common Size Analysis Results

The Common Size analysis indicates that PT Bank Rakyat Indonesia (Persero) Tbk maintains an asset structure that is strongly dominated by productive assets, particularly credit distribution. Loans constitute the largest proportion of total assets throughout the observation period, reflecting the bank's core function as a financial intermediary and its strategic emphasis on lending activities, especially to the micro, small, and medium enterprise (MSME) segment. The relatively stable proportion of loans suggests consistency in credit policy and risk appetite, indicating that asset growth is managed prudently rather than aggressively expanded.

In addition to loans, other asset components such as cash, placements with other banks, and investment securities represent a smaller but strategically important share of total assets. These components serve as liquidity buffers and instruments for short-term fund placement. Variations in these accounts reflect the bank's liquidity management strategy in response to market conditions, regulatory requirements, and operational needs. The presence of sufficient liquid assets indicates that the bank is capable of meeting short-term obligations while maintaining operational flexibility.

On the liabilities side, the Common Size analysis reveals that third-party funds are the primary source of financing. Deposits—particularly demand deposits and savings—account for a

significant proportion of total liabilities. This funding structure demonstrates the bank's strong ability to mobilize low-cost funds from the public, which is critical for maintaining interest margins and cost efficiency. The dominance of stable deposit funding reduces dependence on more volatile and expensive wholesale funding sources, thereby lowering funding risk.

Equity maintains a consistent proportion within the overall capital structure, reflecting sound capitalization and compliance with regulatory capital requirements. The stability of equity relative to total assets suggests that the bank adopts a conservative approach to capital management, ensuring adequate buffers to absorb potential losses and support sustainable asset growth. Overall, the Common Size analysis indicates a balanced financial structure that supports both profitability and financial stability.

B. DuPont Analysis Results

The DuPont analysis provides deeper insight into the drivers of profitability by decomposing return on equity into its constituent components. The results indicate that return on assets remains relatively stable during the observation period, suggesting effective utilization of the bank's asset base. This stability implies that management is able to generate consistent earnings from lending and investment activities despite fluctuations in the macroeconomic environment.

Asset turnover reflects efficient deployment of assets in revenue-generating operations. As a banking institution, BRI's asset turnover is closely linked to its intermediation function, where interest income constitutes the primary revenue source. The observed stability in asset turnover indicates that asset growth is aligned with income generation, thereby preventing inefficiencies associated with idle or underperforming assets.

Return on equity is influenced by the interaction of profit margin, asset turnover, and financial leverage. The analysis shows that profitability is primarily driven by operational performance rather than excessive leverage. While leverage contributes positively to enhancing ROE, it is maintained at a controlled level, suggesting prudent risk management. Changes in ROE across periods are mainly attributable to variations in operating efficiency and cost management rather than structural shifts in leverage.

These findings indicate that BRI's profitability is supported by sustainable operational fundamentals. The balanced contribution of DuPont components suggests that management focuses on efficiency and risk-adjusted returns, which is particularly important in the banking sector where excessive leverage can amplify financial risk.

C. WACC Analysis Results

The WACC analysis introduces a capital cost perspective to the evaluation of financial performance. The results indicate that the bank's weighted average cost of capital remains relatively stable over the observation period. This stability reflects effective management of funding sources and capital structure, as well as the bank's ability to maintain investor and creditor confidence.

A stable WACC implies that the bank is able to balance the use of debt and equity efficiently while complying with regulatory capital requirements. Given the regulated nature of the banking industry, maintaining a manageable cost of capital is essential for supporting growth initiatives and absorbing potential risks. The findings suggest that BRI's financing decisions

contribute positively to overall financial performance by minimizing capital costs without compromising financial resilience.

In summary, the integrated results from Common Size, DuPont, and WACC analyses demonstrate that PT Bank Rakyat Indonesia (Persero) Tbk exhibits a sound financial structure, consistent profitability, and effective capital cost management during the 2023–2024 period.

DISCUSSION

This study aims to evaluate the financial performance of PT Bank Rakyat Indonesia (Persero) Tbk through an integrated analytical framework that combines Common Size analysis, DuPont analysis, and the Weighted Average Cost of Capital (WACC). The discussion interprets the empirical findings in light of existing financial theory and prior empirical studies, while also highlighting managerial and policy implications.

The Common Size analysis reveals a structurally balanced financial position characterized by a dominance of productive assets and a strong reliance on deposit-based funding. This finding aligns with banking theory, which emphasizes that asset quality and stable funding sources are fundamental to sustainable profitability and financial stability. Previous studies suggest that banks with a high proportion of earning assets and low-cost funding are better positioned to withstand economic volatility and regulatory pressure. The results of this study support this perspective by demonstrating that BRI maintains consistency in asset allocation and funding strategy over time.

The predominance of loans in the asset structure reflects BRI's strategic role in supporting financial inclusion, particularly through MSME financing. This focus not only aligns with national economic development objectives but also contributes to stable income generation. At the same time, the presence of adequate liquid assets indicates prudent liquidity management, which is essential for maintaining depositor confidence and meeting regulatory standards.

The DuPont analysis provides valuable insight into the sources of profitability. The relatively stable return on assets suggests that management effectively utilizes the bank's asset base to generate income. This finding is consistent with studies that highlight operational efficiency as a key determinant of banking performance. Moreover, the controlled use of leverage indicates a cautious approach to risk management. Rather than relying heavily on leverage to boost returns, BRI appears to prioritize sustainable operational performance, thereby reducing exposure to financial distress.

From a theoretical standpoint, these findings support the argument that profitability derived from operational efficiency is more sustainable than profitability driven primarily by leverage. Excessive leverage may improve short-term returns but often increases vulnerability to economic shocks. The balanced profitability structure observed in this study suggests that BRI adopts a long-term perspective in managing shareholder value.

The WACC analysis further reinforces the importance of capital cost management in banking performance. A stable and manageable WACC enhances strategic flexibility by enabling the bank to pursue growth opportunities without incurring excessive financing costs. This finding is consistent with financial theory, which positions WACC as a critical benchmark for evaluating investment decisions and value creation. In the context of banking regulation,

maintaining an optimal cost of capital is essential for balancing profitability, growth, and regulatory compliance.

From a managerial perspective, the integrated findings suggest several important implications. First, maintaining a balanced asset structure with a focus on productive assets supports stable income generation. Second, prioritizing low-cost deposit funding enhances cost efficiency and reduces funding risk. Third, prudent leverage management contributes to sustainable profitability without compromising financial stability. These insights can inform strategic decision-making related to asset allocation, funding strategies, and capital management.

Despite its contributions, this study has limitations that should be acknowledged. The analysis focuses on a single banking institution and a relatively short observation period, which may limit the generalizability of the findings. Additionally, the reliance on secondary financial data restricts the ability to capture qualitative factors such as managerial strategy and regulatory dynamics. Future research could address these limitations by incorporating comparative analyses across multiple banks, extending the time horizon, or integrating macroeconomic and qualitative variables.

Overall, the discussion demonstrates that an integrated financial analysis framework provides a more comprehensive understanding of banking performance than single-method approaches. By linking financial structure, profitability drivers, and capital costs, this study contributes to the literature on banking performance analysis and offers practical insights for managers, regulators, and researchers.

CONCLUSION

This study provides an integrated analysis of the financial performance of PT Bank Rakyat Indonesia (Persero) Tbk during the 2023–2024 period by applying Common Size analysis, Du Pont analysis, and the Weighted Average Cost of Capital (WACC). The findings indicate that the bank maintains a stable financial structure, consistent profitability, and efficient capital management, reflecting sound financial performance within the Indonesian banking sector. The use of multiple analytical methods allows for a more comprehensive assessment than relying on a single approach, thereby strengthening the interpretation of the results.

Despite these contributions, this study has several limitations that should be critically considered. The analysis focuses on one bank and a relatively short time horizon, which may limit the external validity and generalizability of the findings. In addition, the study relies solely on secondary financial data, which may not fully capture qualitative or strategic factors influencing financial performance. These limitations do not invalidate the results but suggest that the conclusions should be interpreted within the specific context of the study.

Future research is encouraged to expand the scope by incorporating longer observation periods, comparative analyses across multiple banks, or the inclusion of macroeconomic variables. Such extensions would enhance the robustness of future studies and provide deeper insights into banking financial performance.

LIMITATIONS

Although this study provides valuable insights into the financial performance of PT Bank Rakyat Indonesia (Persero) Tbk, several limitations should be acknowledged. Recognizing these limitations is essential to ensure a balanced interpretation of the findings and to clarify the scope of the conclusions drawn.

1. The study is limited to a single banking institution and a relatively short observation period covering the 2023–2024 fiscal years. This narrow scope may restrict the generalizability of the results to other banks or different economic conditions. Consequently, the findings should be interpreted as context-specific rather than representative of the entire Indonesian banking sector.
2. The research relies exclusively on secondary data obtained from published financial statements. While these data sources are considered reliable and audited, they primarily reflect quantitative financial information and do not capture qualitative factors such as managerial decisions, risk management practices, or regulatory influences. The absence of qualitative data may limit the depth of interpretation regarding the underlying causes of financial performance changes.
3. The analytical methods employed—Common Size analysis, Du Pont analysis, and WACC—are based on accounting figures and several assumptions, particularly in estimating the cost of capital. Variations in assumptions or accounting policies could influence the calculated results and, in turn, affect the interpretation of performance efficiency.

These limitations do not undermine the validity of the study but highlight the need for cautious interpretation and suggest opportunities for methodological refinement in future research.

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