

## FINANCIAL PERFORMANCE EVALUATION OF PT BANK MANDIRI (PERSERO) Tbk. 2021 – 2023 USING DUPONT METHOD ANALYSIS

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### ABSTRACT

This study aims to evaluate the financial performance of PT Bank Mandiri (Persero) Tbk. during the period of 2021 to 2023 using the DuPont Analysis method. This method is applied to assess how effectively the company generates profit through operational efficiency, asset utilization, and capital structure. The analysis focuses on four key components: Net Profit Margin (NPM), Total Assets Turnover (TATO), Return on Investment (ROI), and Return on Equity (ROE). The results show a consistent increase in NPM, ROI, and ROE over the three-year period, indicating improved efficiency and profitability. However, the TATO value remained stable and relatively low, suggesting the need for better asset utilization. Overall, the evaluation indicates that PT Bank Mandiri is in a healthy financial position and has a promising outlook in maintaining its competitiveness within the banking industry.

**Keywords:** Financial Performance, DuPont Analysis, Net Profit Margin, Total Assets Turnover, Return on Investment, Return on Equity, Bank Mandiri.

### 1. INTRODUCTION

In a continuously developing economy, business competition is becoming increasingly fierce. Therefore, companies need to take strategic steps to maintain their sustainability, one of which is by analyzing financial performance (Faisal, Samben, & Pattisahusiwa, 2017). Financial statement analysis becomes an important tool to understand the financial condition and developments of the company, while also assessing to what extent financial management has been conducted effectively.

According to the signaling theory put forward by Ross (1977), good company performance can be reflected in its financial statements. Information in financial statements becomes a crucial element for investors and business actors in decision-making, as it includes historical data, current conditions, and future projections. This information will be responded to by the market as either a positive or negative signal, which impacts perceptions of the company.

Financial statements play a key role in providing financial information for various stakeholders. The Financial Accounting Standards (SAK, 2009) state that financial

statements aim to provide an overview of the company's performance, financial position, and cash flow. More than just numbers, these statements assist in economic decision-making and assessing the effectiveness of the company's resource management.

The success of a company is often measured by its ability to generate profits. In the banking industry, public trust is a key factor that must be maintained by improving financial performance (Kariyoto, 2017). The good or poor financial performance of a bank reflects its ability to manage and allocate resources efficiently. Therefore, evaluating financial performance is an important aspect of maintaining the stability and competitiveness of banks.

The banking industry plays a vital role in Indonesia's economy, especially in supporting financing for the industrial sector. Along with economic growth, competition in the banking sector is increasing, so banks must take strategic steps to improve performance and maintain their stability. The health level of a bank is a key indicator in assessing its operational effectiveness, which can be analyzed through financial reports. This report provides insights into financial stability, business achievements, and the future prospects of the bank.

PT Bank Mandiri (Persero) Tbk. is one of the government-owned banks listed on the Indonesia Stock Exchange (IDX). As a main pillar of the national economy, Bank Mandiri relies on public trust as valuable assets for its business sustainability. Therefore, the bank needs to demonstrate good financial performance to maintain stability and support national economic growth. One method that can be used to evaluate financial performance is DuPont Analysis, which provides a comprehensive overview of the factors affecting the company's profitability (Krisnaryatko & Ika, 2019).

The DuPont Analysis method allows for a deeper evaluation of a company's effectiveness in managing its finances and assets. This method connects various key financial ratios, such as Net Profit Margin (NPM), Total Assets Turnover (TATO), Return on Investment (ROI), and Return on Equity (ROE) (Permatasari, 2014). With a more integrative approach, this method helps companies understand the factors that influence the efficiency of resource management and the financial strategies implemented.

The DuPont analysis provides a framework that connects profitability ratios and the operational efficiency of a company. These ratios can be used to compare financial performance among similar companies and to evaluate the financial development of a company over a specific period. By understanding the effectiveness of asset and capital management, this analysis helps companies design more optimal strategies to enhance their competitiveness (Muslich, 2003:55).

This research aims to analyze and evaluate the financial performance of PT Bank Mandiri (Persero) Tbk. for the year 2021–2023 using the DuPont Analysis method. Through this approach, the study will assess how the company's profitability is influenced by the operational efficiency and financial structure applied. By

understanding the interrelationship between these factors, this research is expected to provide in-depth insights into the effectiveness of the company's financial strategies.

In addition, the results of this study are expected to serve as a reference for investors, company management, and other stakeholders in evaluating the company's financial condition and formulating more appropriate investment strategies. Through a comprehensive analysis, this research aims to provide insights that can support the improvement of competitiveness and business sustainability in the increasingly competitive banking industry.

## **2. LITERATURE REVIEW**

### **A. FINANCIAL PERFORMANCE**

Financial performance is a systematic effort undertaken by a company to assess the efficiency and effectiveness of its activities over a specific period. According to Sucipto (2003:34), financial performance is defined as a measure of an organization's or company's success in generating profit. Jumingan (2006:239) adds that performance reflects a company's achievements in its operations, including aspects of finance, marketing, fundraising and fund distribution, technology, and human resources. Meanwhile, IAI (2007:8) states that financial performance reflects a company's ability to manage and control its resources. Based on these expert opinions, it can be concluded that financial performance is a form of formal evaluation carried out by a company to measure its success in generating profits, assess prospects, growth, and the company's development potential by optimizing its available resources. A company is considered successful if it has achieved the established standards and objectives.

### **B. FINANCIAL PERFORMANCE OBJECTIVES**

According to Jumingan (2009:239), the main goal of financial performance assessment is to determine the extent of a company's success in managing its financial aspects, especially in terms of maintaining liquidity, capital adequacy, and profitability achieved during the current and previous periods, thus providing a clearer picture of the company's financial stability and growth potential in the future. In addition, the financial performance assessment also aims to measure the company's ability to utilize all its assets efficiently to generate optimal profits, ensuring that available resources are used effectively, and reflecting the level of productivity and operational efficiency of the company in conducting its business activities.

Financial performance assessment also serves as an evaluation tool for management to determine whether the financial strategies implemented are meeting the established targets, thereby assisting the company in making more precise decisions regarding financial management, investment planning, and resource allocation in the future. With an accurate assessment of financial performance, the company can identify

strengths and weaknesses in its management system, anticipate potential financial risks, and devise more effective strategies to enhance competitiveness in the industry in which it operates. Therefore, good financial performance not only reflects the company's success in generating profits but also serves as a key indicator in determining growth prospects, business sustainability, and the welfare of the stakeholders involved.

### **C. STAGE – STAGES OF FINANCIAL PERFORMANCE ANALYSIS**

The performance assessment of a company is greatly influenced by the scope of business it operates in. Each sector has different characteristics in operations and financial management. For example, a company in the mining sector has a different business structure compared to a company in the agriculture or fisheries sector. Similarly, companies in the financial sector, particularly banking, play a key role as intermediaries between those who have excess funds and those who need funds. Banks are tasked with bridging these two parties to ensure a more effective allocation of funds in the economy (Marsel Pongoh, Financial Statement Analysis).

On the other hand, companies in the mining sector face different challenges, especially since their business activities heavily depend on the availability of natural resources that can be exploited. The capacity of mine reserves and the sustainability of resources are also key factors influencing the performance of mining companies. With these various differences in business scope, the approach to analyzing financial performance must also be tailored to each respective industry sector. According to Fahmi (2012:3), there are five main stages in analyzing a company's financial performance in general:

- a) Conduct a review of the financial statements – This stage aims to ensure that the financial statements prepared comply with generally accepted accounting standards. With this review, the financial statements can be accounted for and provide valid information for stakeholders.
- b) Performing calculations - In this stage, the application of the calculation method that corresponds to the conditions and issues being examined is carried out. The selection of the appropriate method will aid in producing accurate analysis and providing a clear picture of the company's financial condition.
- c) Making comparisons against the results obtained – After the calculations are made, the results are compared with data from other companies that have similar characteristics. This comparison is important to understand the company's position within the industry and assess its strengths and weaknesses.
- d) Interpreting the analysis results obtained – At this stage, the analysis is conducted by examining the findings from the previous calculations and comparisons. Thus, various problems and constraints faced by the company in financial aspects can be identified.
- e) Finding solutions to the identified issues - After various problems have been identified, the next step is to formulate strategies and solutions that can be used to address these constraints. These solutions are expected to assist the company

in improving the effectiveness of financial management and supporting its business growth.

Through the stages above, the company can conduct a more systematic evaluation of its financial performance. The right analysis will provide insight for management in making strategic decisions, both in operational aspects, investment, and financial risk management.

#### **D. ANALISIS DU PONT SYSTEM**

Du Pont analysis was first developed by Donaldson Brown, the chief financial officer of Du Pont Corporation. This method was introduced as an integrated approach in financial ratio analysis and was later recognized by many companies in the United States (Dharma, 2018). The Du Pont system is designed to show the relationship between profit margin on sales, asset turnover ratio, and leverage components (Equity Multiplier) in determining the return on equity (ROE). This analysis provides a comprehensive picture of the company's efficiency in utilizing assets and measuring the level of profitability of product sales (Stiawan & Magfiroh, 2021).

The Du Pont System model combines activity ratios and profitability ratios to evaluate company performance. Through this method, the effectiveness of asset use can be determined by analyzing the combination of total asset turnover and profit margin in determining return on investment and how the company's capital contributes to profit (Stiawan & Magfiroh, 2021).

### **3. RESEARCH METHODS**

#### **A. TYPES OF RESEARCH**

This study uses a quantitative descriptive approach. The descriptive approach aims to describe and explain existing conditions and how to implement them. Meanwhile, quantitative methods are used to test certain theories by analyzing the relationship between variables. These variables are measured, usually using research instruments, so that the data obtained in the form of numbers can be analyzed using statistical procedures.

#### **B. DATA TYPES AND DATA SOURCES**

This study uses secondary data as the main source of information. The secondary data used are in the form of financial reports of PT. Bank Mandiri (Persero) Tbk for the period 2022 to 2023. The financial reports were obtained by downloading them directly from the official website of PT. Bank Mandiri (Persero) Tbk. This data is used to support the analysis in the study, considering that financial reports are a relevant source of information in assessing the company's financial performance.

#### **C. DUPONT ANALYSIS METHOD**

##### **a) Net Profit Margin (Npm)**

Net Profit Margin (NPM) is a financial indicator used to assess how effective a company is in generating net profit after tax. This ratio represents the proportion of net profit to the total income earned by the company. The higher the NPM value, the better

the company's ability to create significant profits from the income generated. The value of this ratio can be calculated using the following formula:

$$\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Income}} \times 100\%$$

**b) Total Assets Turnover (Tato)**

Total Assets Turnover (TATO) is a ratio that measures the level of effectiveness of a company in utilizing all assets owned to generate income. This ratio shows how much income is generated from each unit of asset. Generally, the greater the TATO value, the more efficient the use of the company's assets in supporting operational activities. Therefore, TATO is a comparison between income and total assets owned by the company (Alpi & Gunawan, 2018). The calculation of this ratio is done using the formula:

$$\text{Total Assets Turnover} = \frac{\text{Income}}{\text{Total Assets}}$$

**c) Return On Investment (Roi)**

Return on Investment (ROI) refers to a company's ability to generate profits from the use of its assets. This ratio provides an overview of the efficiency of asset utilization in the company's operational activities. By knowing the ROI value, it can be evaluated whether the company has used its resources optimally in creating profits (Maulita & Arifin, 2018). The ROI formula is as follows:

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

**d) Return On Equity (Roe)**

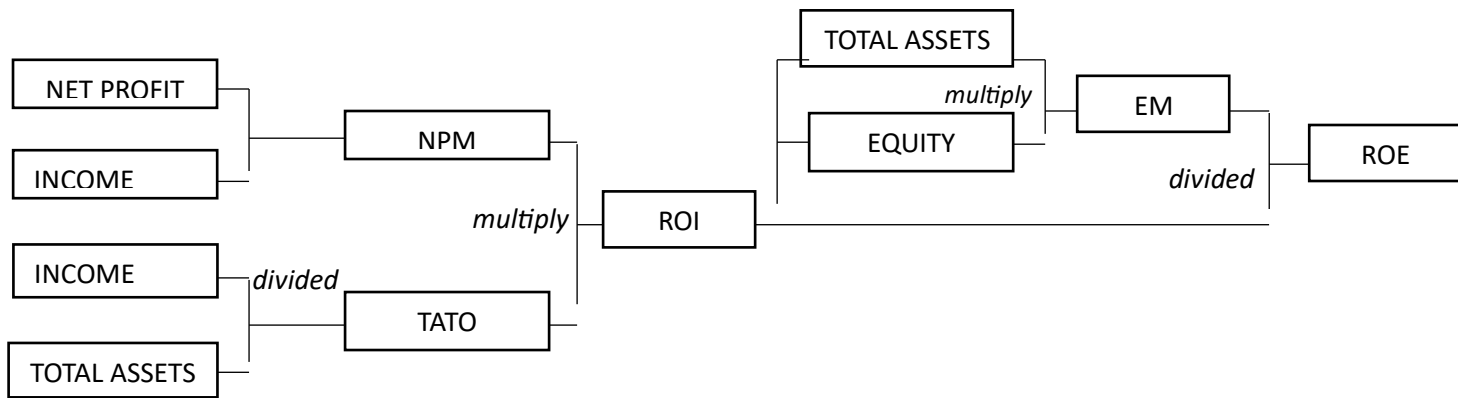
Return on Equity (ROE) is a financial ratio used to measure how effective a company is in generating profits based on the capital owned by shareholders, both common and preferred shares. The higher the ROE value, the greater the company's potential to attract investors because it reflects good financial performance, which can ultimately drive up stock prices (Rahmadewi & Abundanti, 2018). The ROE formula can be written as follows:

$$\text{EM (Equity Multiplier)} = \frac{\text{Total Assets}}{\text{Equity}}$$

$$\text{ROE} = \text{ROI} \times \text{EM}$$

**D. THEORETICAL FRAMEWORK**

Sugiyono (2017) stated that a theoretical framework is a concept that explains the relationship between variables that are arranged systematically based on relevant theories to answer research problems.



#### 4. RESEARCH RESULT

##### A. Financial Data of PT Bank Mandiri (Persero) Tbk. 2021–2023

Table 4.1

Financial Data of PT Bank Mandiri (Persero) Tbk. 2021–2023  
(in millions of rupiah)

YEAR	REVENUE	NET PROFIT	TOTAL ASSETS	EQUITY
2021	Rp 74,850,927	Rp 28,028,020	Rp 1,725,611,128	Rp 222,111,282
2022	Rp 90,371,052	Rp 41,171,530	Rp 1,992,544,687	Rp 252,245,455
2023	Rp 98,009,620	Rp 55,063,671	Rp 2,174,219,449	Rp 287,494,962

((Source: Financial Data from the financial report of PT Bank Mandiri (Persero) Tbk.

##### B. DuPont Component Calculation

###### a) Net Profit Margin (Npm)

1) Year 2021

$$\text{Net Profit Margin} = \frac{28,028,020}{74,850,927} \times 100\% \\ = 37,45\%$$

2) Year 2022

$$\text{Net Profit Margin} = \frac{41,171,530}{90,371,052} \times 100\% \\ = 45,56\%$$

3) Year 2023

$$\text{Net Profit Margin} = \frac{55,063,671}{98,009,620} \times 100\% \\ = 56,18\%$$

Table 4.2.1

Net Profit Margin (NPM) PT Bank Mandiri (Persero) Tbk. 2021–2023  
(in millions of rupiah)

YEAR	REVENUE	NET PROFIT	NET PROFIT MARGIN %
2021	Rp 74,850,927	Rp 28,028,020	37,45
2022	Rp 90,371,052	Rp 41,171,530	45,56
2023	Rp 98,009,620	Rp 55,063,671	56,18

(Source: Processed from the financial report of PT Bank Mandiri (Persero) Tbk.)

Based on Table 4.2.1, the calculation of the Net Profit Margin (NPM) of PT Bank Mandiri (Persero) Tbk from 2021 to 2023 can be seen. In 2021, the company's Net Profit Margin was 37.45%, which shows that from a total revenue of IDR 74,850,927 million, the company was able to generate a net profit of IDR 28,028,020 million.

In 2022, the company's NPM increased to 45.56%, an increase of 8.11% compared to the previous year. This reflects an increase in operational efficiency and better cost management, where the company's revenue increased to IDR 90,371,052 million and net profit also increased to IDR 41,171,530 million.

Then in 2023, NPM again experienced a significant increase to 56.18%, up 10.62% from the previous year. This increase was also due to revenue growth to IDR 98,009,620 million and net profit increasing to IDR 55,063,671 million. This shows that the company is increasingly effective in managing costs and increasing profitability from the income earned.

Overall, the NPM trend of PT Bank Mandiri (Persero) Tbk from 2021 to 2023 shows a consistent and positive increase. This indicates that the company is able to generate greater profits from every rupiah of sales made.

According to Harahap (2013:305), Net Profit Margin shows the company's ability to generate net profit from each sale made. The higher the margin value, the greater the profit the company obtains from its sales. This is in line with Kasmir's opinion (2010:201) which states that a high Net Profit Margin reflects good financial conditions and the company's efficiency in managing operations and cost burdens.

Thus, the increase in NPM that occurred for three consecutive years shows that PT Bank Mandiri (Persero) Tbk has very good financial performance and is efficient in its operations. The company has succeeded in increasing profitability and maintaining consistency in achieving its net profit.

#### **b) Total Assets Turnover (Tato)**

##### **1) Year 2021**

$$\begin{aligned}\text{Total Assets Turnover} &= \frac{74,850,927}{1,725,611,128} \\ &= 0,043\end{aligned}$$

##### **2) Year 2022**

$$\text{Total Assets Turnover} = \frac{90,371,052}{1,992,544,687}$$



$$= 0,045$$

3) Year 2023

$$\begin{aligned} \text{Total Assets Turnover} &= \frac{98,009,620}{2,174,219,449} \\ &= 0,045 \end{aligned}$$

**Table 4.2.2**  
**Total Assets Turnover (TATO) PT Bank Mandiri (Persero) Tbk. 2021–2023**  
**(in millions of rupiah)**

YEAR	REVENUE	TOTAL ASSETS	TOTAL ASSETS TURNOVER (MULTIPLY)
2021	Rp74,850,927	Rp1,725,611,128	0,043
2022	Rp90,371,052	Rp1,992,544,687	0,045
2023	Rp98,009,620	Rp2,174,219,449	0,045

(Source: Processed from the financial report of PT Bank Mandiri (Persero) Tbk.)

Based on Table 4.2.2, the results of the calculation of Total Assets Turnover (TATO) of PT Bank Mandiri (Persero) Tbk. during the period 2021 to 2023 can be seen. TATO is a ratio used to measure the level of efficiency of a company in using its total assets to generate income. The higher the value of this ratio, the more efficient the company is in managing its assets to generate income.

In 2021, the TATO value of PT Bank Mandiri (Persero) Tbk. was 0.043 times, which means that every Rp1 of assets owned by the company was only able to generate Rp0.043 in the form of income. This value is quite low, indicating that the efficiency of asset use in generating income is still limited.

Furthermore, in 2022, TATO increased to 0.045 times. There was an increase of 0.002 times compared to the previous year. This increase shows an improvement in asset efficiency performance, where the company was able to be slightly better at maximizing assets to generate income. This can be associated with the increase in income that occurred in that year from Rp74,850,927 million to Rp90,371,052 million.

In 2023, the TATO value remained at 0.045 times, indicating that there was no increase or decrease compared to the previous year. In other words, the efficiency of asset use in generating income tends to stagnate. Although income increased to IDR98,009,620 million, total assets also increased significantly to IDR2,174,219,449 million, so the ratio remained unchanged.

Based on the development of the TATO value over the past three years, it can be concluded that the efficiency of asset utilization by PT Bank Mandiri (Persero) Tbk is still relatively low and has not experienced a significant increase. Although there was a slight increase in 2022, this ratio tends to be stable and remains low. This shows that the

company has the potential to increase the efficiency of asset management in order to be more optimal in generating income.

According to Kasmir (2016:185), Total Asset Turnover is a ratio used to measure the effectiveness of a company in using all its assets to generate sales. In line with that, Harahap (2013:305) stated that the greater the asset turnover value, the better, because it shows that the assets owned by the company can be used optimally to increase sales. In addition, according to research conducted by Dewi et al. (2019), the higher the TATO value, the more optimal the company is in using assets to generate income. Conversely, the lower the TATO value, it indicates that the assets owned have not been used optimally so that the income obtained is not optimal.

The TATO value of PT Bank Mandiri (Persero) Tbk for the past three years has not shown maximum efficiency. The company needs to evaluate its asset utilization strategy in order to increase asset turnover and ultimately improve its overall financial performance.

**c) Return On Investment (Roi)**

1) Year 2021

$$\begin{aligned} \text{ROI} &= 37,45 \times 0,043 \\ &= 1,61 \end{aligned}$$

2) Year 2022

$$\begin{aligned} \text{ROI} &= 45,56 \times 0,045 \\ &= 2,05 \end{aligned}$$

3) Year 2023

$$\begin{aligned} \text{ROI} &= 56,28 \times 0,043 \\ &= 2,53 \end{aligned}$$

**Table 4.2.3**  
**Return On Investment (ROI) PT Bank Mandiri (Persero) Tbk. 2021–2023**  
**(in millions of rupiah)**

<b>YEAR</b>	<b>NET PROFIT MARGIN</b>	<b>TOTAL ASSETS TURNOVER</b>	<b>ROI (%)</b>
2021	37,45	0,043	1,61
2022	45,56	0,045	2,05
2023	56,28	0,045	2,53

(Sumber: Diolah dari laporan keuangan PT Bank Mandiri (Persero) Tbk.)

Return on Investment (ROI) is one of the important indicators in financial analysis used to assess the extent to which a company is effective in generating profits from all of its assets. ROI reflects a combination of the company's level of profitability and efficiency in managing existing resources. Companies that have a high ROI indicate that investments

made in assets can provide optimal results in the form of net profit. ROI is calculated by multiplying Net Profit Margin (NPM) and Total Assets Turnover (TATO).

Over the past three years, from 2021 to 2023, PT Bank Mandiri (Persero) Tbk. has shown a consistent trend of increasing ROI performance.

In 2021, the company's ROI value was at 1.61%. This value shows that each asset owned by the company is able to generate a net profit of IDR 1.61 for every IDR 100 of assets. ROI this year is formed from a Net Profit Margin of 37.45% and a TATO of 0.043. This relatively low ROI value indicates that although the net profit margin is quite high, the efficiency of assets in generating income is not optimal.

Then in 2022, ROI increased to 2.05%, indicating an improvement in financial performance. This increase of 0.44% occurred due to growth in revenue and net profit, which then had an impact on increasing the Net Profit Margin to 45.56% and TATO to 0.045. This increase reflects that the company is able to manage assets more efficiently and increase profitability.

Furthermore, 2023 recorded the highest ROI in the last three years, which was 2.53%. This increase was 0.48% compared to the previous year. Although the TATO value remained stable at 0.045, the increase in ROI was driven more by a significant increase in Net Profit Margin which reached 56.28%. This shows that the company has succeeded in increasing net profit significantly even though asset turnover has not changed significantly.

This upward trend in ROI shows that PT Bank Mandiri (Persero) Tbk. is getting better at utilizing its assets to generate profits. Hery (2017:298) stated that a high ROI shows the company's ability to manage all its resources to generate profits effectively. Meanwhile, according to Kasmir (2016:257), the greater the ROI obtained, the more efficient the company is in utilizing its assets.

In addition, according to Brigham and Houston (2010) in their book "Fundamentals of Financial Management", ROI is an analytical tool that not only shows the rate of return on investment but is also an important indicator for investors in assessing the company's long-term profit potential.

The ROI of PT Bank Mandiri (Persero) Tbk in the period 2021 to 2023 showed positive developments marked by a stable increase every year. This indicates that the company has good prospects in terms of profitability and asset efficiency, although it needs to be improved again so that ROI approaches or exceeds the banking industry average. Consistency in increasing net profit is the main key to ROI growth, which can be used as a reference for investors and management in making financial decisions in the future.

#### **d) Return On Equity (Roe)**

##### **1) Year 2021**

$$\begin{aligned}\text{EM (Equity Multiplier)} &= \frac{1,725,611,128}{222,111,282} \\ &= 7,77\end{aligned}$$

$$\begin{aligned}\text{ROE} &= 1,61 \times 7,77 \\ &= 12,50\%\end{aligned}$$

2) Year 2022

$$\begin{aligned}\text{EM (Equity Multiplier)} &= \frac{1,992,544,687}{252,245,455} \\ &= 7,90\end{aligned}$$

$$\begin{aligned}\text{ROE} &= 2,05 \times 7,90 \\ &= 16,19\%\end{aligned}$$

3) Year 2023

$$\begin{aligned}\text{EM (Equity Multiplier)} &= \frac{2,174,219,449}{287,494,962} \\ &= 7.56\end{aligned}$$

$$\begin{aligned}\text{ROE} &= 2.53 \times 7.56 \\ &= 19,12\%\end{aligned}$$

**Tabel 4.2.4**  
**Return On Equity (ROE) PT Bank Mandiri (Persero) Tbk. 2021–2023**  
**(in millions of rupiah)**

YEAR	TOTAL ASSETS	EQUITY	EM	ROI	ROE
				(%)	(%)
2021	Rp1,725,611,128	Rp 222,111,282	7,77	1,61	12,50
2022	Rp1,992,544,687	Rp 252,245,455	7,90	2,05	16,19
2023	Rp2,174,219,449	Rp 287,494,962	7,56	2,53	19,12

(Source: Processed from the financial report of PT Bank Mandiri (Persero) Tbk.)

The company's ability to manage capital invested by shareholders greatly determines its level of financial success. One way to assess the effectiveness of the use of this capital is to observe how much net profit is generated compared to the company's total equity. The financial ratio used to measure this is known as Return on Equity (ROE), which reflects how efficient a business entity is in generating profits from owner capital.

During the period 2021 to 2023, PT Bank Mandiri (Persero) Tbk. showed an increasing trend in the ROE ratio, indicating increasing efficiency in managing equity. In 2021, the ROE value was recorded at 12.50%, resulting from the transfer of profit on equity with a Return on Investment (ROI) of 1.61 and an Equity Multiplier of 7.77. This shows that for every Rp1 of equity owned, the company is able to generate a profit of Rp0.125. This

performance reflects that although the return on investment (ROI) is not yet high, the use of the right capital structure has a significant impact on returns on equity. Then in 2022, ROE increased to 16.19%, along with the improvement in ROI to 2.05 and the use of slightly higher financial leverage, namely with an EM of 7.90. This increase shows that the company is able to increase efficiency in operations and maintain an optimal financing strategy. The higher ROE reflects the added value that investors obtain for the funds they invest in the company.

The year 2023 recorded better results with ROE reaching 19.12%, although EM experienced a slight decline to 7.56. This increase was entirely driven by an improvement in ROI to 2.53, which means that the company's efficiency in managing all of its assets to generate net profit has increased significantly. This shows that Bank Mandiri does not only rely on external financing to increase ROE, but has also succeeded in improving the operational structure that supports increased profitability.

According to Sawir (2009:17), Return on Equity is an important indicator that shows the success of management in managing shareholder investments and reflects the efficiency of using its own capital. Meanwhile, Harahap (2018) stated that the higher the ROE value, the greater the attractiveness of the company's shares in the eyes of investors because it shows the potential for high profits on the invested capital.

On the other hand, Horne and Wachowicz (2005) stated that ROE can be used to evaluate a company's financing and operational decisions because it combines elements of profitability, asset efficiency, and financial leverage in one integrated ratio.

The increase in ROE of PT Bank Mandiri (Persero) Tbk. for three consecutive years reflects an overall improvement in the company's financial performance. Not only does it show good profitability, but it also reflects efficient capital structure management and optimal use of leverage. Consistency in this increase provides a positive signal to shareholders and potential investors that the company is in a healthy and prospective financial position for the long term.

#### e) Discussion of Dupont System Analysis

**Table 4.2.5**

**Summary of Du Pont System Analysis Results of PT Bank Mandiri (Persero)Tbk.**

**2021–2023**

YEAR	NPM	TATO	EM	ROI	ROE
2021	37,45	0,043	7,77	1,61	12,50
2022	45,56	0,045	7,90	2,05	16,19
2023	56,28	0,045	7,56	2,53	19,12

(Source: Processed from the financial report of PT Bank Mandiri (Persero) Tbk.  
2021 - 2023)

The company's financial performance is not only seen from the net profit generated, but also from how the company is able to manage all its resources to generate returns to capital owners. One of the comprehensive analysis methods used to measure efficiency, profitability, and capital structure is the DuPont System approach.

The DuPont analysis model systematically breaks down Return on Equity (ROE) into three main components: Net Profit Margin (NPM) as an indicator of profitability, Total Assets Turnover (TATO) as a measure of asset use efficiency, and Equity Multiplier (EM) which shows the company's capital structure. These three components contribute to the calculation of Return on Investment (ROI) and ultimately produce a Return on Equity (ROE) value that reflects the rate of return on equity.

In 2021, PT Bank Mandiri showed an NPM value of 37.45, TATO of 0.043, and EM of 7.77, resulting in an ROI of 1.61 and ROE of 12.50%. This shows that the net profit generated from total sales is quite high, although the level of asset utilization efficiency is not optimal. However, high financial leverage through EM is able to increase ROE to a fairly competitive level.

Entering 2022, the company has succeeded in improving all important aspects of the DuPont system. NPM increased to 45.56, indicating better efficiency in generating profits from sales. The TATO value also increased slightly to 0.045, indicating an increase in the effectiveness of utilizing assets to generate sales. Although the increase in EM was not very significant (to 7.90), the combined contribution of NPM and TATO resulted in an ROI of 2.05 and drove an increase in ROE to 16.90%.

This condition improves in 2023, when NPM increases sharply to 56.28, while TATO remains stable at 0.045. Although EM experienced a slight decrease to 7.56, this indicates the company's efforts to start reducing its dependence on leverage, but still maintaining the effectiveness of capital use. ROI also increased to 2.53, which contributed to an increase in ROE to 19.20%, reflecting increasingly healthy financial conditions and high profitability.

Brigham and Houston (2011) stated that DuPont analysis helps management identify sources of strength and weakness in overall financial performance, not just from the profit side alone. With this approach, companies can evaluate whether the increase in ROE comes from operational efficiency, increased profit margins, or the result of using financial leverage.

Meanwhile, according to Sartono (2010:122), high ROE is greatly influenced by high ROI and effective asset utilization, as well as the company's financing structure. Thus, PT Bank Mandiri's success in increasing ROE for three consecutive years reflects significant improvements in managerial aspects, operational efficiency, and financing strategies.

Horne and Wachowicz (2005) also emphasized that DuPont analysis provides a holistic picture of how operational and financial policies mutually influence shareholder returns. In this context, PT Bank Mandiri has succeeded in maintaining a balance between profitability and financing risk through the use of EM that remains within reasonable limits.

Overall, the application of the DuPont System analysis to PT Bank Mandiri (Persero) Tbk. during the 2021–2023 period reflects stable financial performance and shows a positive growth direction. Consistency in increasing Net Profit Margin (NPM) and Return on Investment (ROI), even amidst the dynamics of the Equity Multiplier (EM) value, has resulted in a significant spike in Return on Equity (ROE). This reflects the company's ability to manage its operational activities and financial structure in a balanced manner. Thus, PT Bank Mandiri has succeeded in demonstrating adaptive and competitive performance, while providing optimal value for shareholders in the long term.

## **5. CONCLUSION**

Based on the results of the analysis using the DuPont method on the financial statements of PT Bank Mandiri (Persero) Tbk. during the period 2021 to 2023, it can be concluded that the company's financial performance shows a positive trend and consistently increases every year. This is reflected in several main indicators:

1. Net Profit Margin (NPM) increased from 37.45% in 2021 to 56.28% in 2023, which reflects the company's efficiency in managing operations and costs so that it is able to significantly increase net profit from the revenue obtained.
2. Total Assets Turnover (TATO) shows a relatively stable but low figure, ranging from 0.043 to 0.045. This shows that the company's effectiveness in utilizing assets to generate income is still not optimal and requires improvement.
3. Return on Investment (ROI) increased from 1.61% in 2021 to 2.53% in 2023, indicating that the company is getting better at using assets to generate net income.
4. Return on Equity (ROE) also increased consistently from 12.50% in 2021 to 19.20% in 2023, although the Equity Multiplier (EM) value decreased slightly. This increase in ROE shows that Bank Mandiri is increasingly efficient in utilizing shareholder capital to generate profits. This increase in financial performance shows that PT Bank Mandiri (Persero) Tbk. has succeeded in maintaining operational efficiency, increasing profitability, and managing its capital structure well. Thus, Bank Mandiri is able to provide optimal added value for shareholders and demonstrate a healthy and competitive financial condition in the banking industry.

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