

Financial Ratio Analysis of PT Bank Rakyat Indonesia (Persero) for the Years 2023–2024

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Abstract: - This study aims to evaluate the financial performance of PT Bank Rakyat Indonesia (Persero) Tbk by applying financial ratio analysis for the 2023–2024 period. A quantitative descriptive method is employed using secondary data obtained from the annual financial statements published by the Indonesia Stock Exchange. The financial ratios examined include Return on Assets (ROA), Return on Equity (ROE), Net Interest Margin (NIM), Loan to Deposit Ratio (LDR), Non-Performing Loan (NPL), and Cost to Income Ratio (CIR). The findings indicate that BRI's financial performance remains sound and relatively stable throughout the observation period. Although profitability and interest margins experienced pressure due to macroeconomic conditions and monetary policy tightening, the bank successfully maintained operational efficiency, asset quality, and intermediation performance.

Key-Words: - Financial ratios; Finance performance; Banking; Finance.

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1 Introduction

The banking sector plays a vital role in Indonesia's national financial system, particularly through its intermediation function that connects surplus economic units with deficit units. The effectiveness of this function largely depends on the ability of banks to maintain sound and sustainable financial performance, which is essential for supporting economic growth and ensuring financial system stability (Otoritas Jasa Keuangan, 2023).

Financial performance reflects a bank's capability to manage resources efficiently, control risks, and generate profits consistently. Information on financial performance is crucial for various stakeholders, including management in making strategic decisions, investors in assessing investment prospects, and regulators in monitoring the resilience and stability of the banking industry (Bank Indonesia, 2022). Therefore, an accurate assessment of financial performance is a fundamental aspect of banking supervision and corporate governance.

Financial statements serve as the primary medium for presenting a company's financial information. However, the figures reported in financial statements require further analysis to provide a comprehensive understanding of a bank's financial condition and performance. One of the most widely used approaches for this purpose is financial ratio analysis, which enables stakeholders to interpret financial data more systematically and objectively (Kasmir, 2021).

Financial ratio analysis allows the evaluation of bank performance from multiple perspectives, including profitability, liquidity, asset quality, and operational efficiency. Profitability ratios such as Return on Assets (ROA) and Return on Equity (ROE) are commonly used to measure a bank's ability to generate profits from its assets and shareholders' equity. Higher ROA and ROE values indicate better profitability performance and more effective management of financial resources (Sutrisno & Widarno, 2022).

Net Interest Margin (NIM) is an important indicator that measures a bank’s ability to generate net interest income from its earning assets. A higher NIM reflects efficient management of funding sources and loan distribution, although this ratio is also influenced by interest rate policies and market conditions (OJK, 2024). Liquidity performance is commonly assessed using the Loan to Deposit Ratio (LDR), which compares the amount of loans extended to the funds collected from third parties. This ratio indicates the extent to which a bank performs its intermediation function while maintaining adequate liquidity levels (Putri & Nugroho, 2021).

Asset quality is measured using the Non-Performing Loan (NPL) ratio, which reflects the proportion of problematic loans in a bank’s credit portfolio. A lower NPL ratio indicates effective credit risk management and compliance with regulatory standards set by banking authorities to safeguard financial stability (Bank Indonesia, 2023). Meanwhile, operational efficiency is commonly evaluated using the Cost to Income Ratio (CIR), which compares operating expenses to operating income. A lower CIR indicates higher operational efficiency and better cost management (Heryanto & Prasetyo, 2022).

PT Bank Rakyat Indonesia (Persero) Tbk (BRI) is one of the largest state-owned banks in Indonesia, with a primary focus on financing the micro, small, and medium enterprises (MSMEs) sector. This business orientation results in a distinctive income structure and risk profile compared to other commercial banks, making BRI an interesting object of financial performance analysis (OJK, 2023).

The period of 2023–2024 posed significant challenges for Indonesia’s banking industry due to global economic uncertainty, relatively tight monetary policy, and inflationary pressures. These conditions potentially affected banks’ profitability, liquidity, and credit quality, including BRI. Therefore, this study is relevant to analyze BRI’s financial performance during the 2023–2024 period using financial ratio analysis to provide insights into the bank’s resilience and performance amid economic challenges.

2 Research Method

This study adopts a quantitative descriptive approach aimed at describing and analyzing the company’s financial performance based on numerical data. This approach is employed to provide an objective and systematic assessment of financial conditions through measurable indicators. The object of this research is PT Bank Rakyat Indonesia (Persero) Tbk. The data used in this study consist of secondary data in the form of annual financial statements for the 2023 and 2024 periods, obtained from the Indonesia Stock Exchange (IDX). Data analysis is conducted by calculating key financial ratios, including Return on Assets (ROA), Return on Equity (ROE), Net Interest Margin (NIM), Loan to Deposit Ratio (LDR), Non-Performing Loan (NPL), and Cost to Income Ratio (CIR). The calculated ratios are then analyzed comparatively across periods and interpreted based on financial theory as well as prevailing conditions in the banking industry.

3 Research Results and Discussion

Table 4.1 Financial Ratio Performance of BRI (2023–2024)

Ratio	2023 (%)	2024 (%)
Return on Assets (ROA)	3.93	3.76
Return on Equity (ROE)	22.94	22.91
Net Interest Margin (NIM)	6.84	6.47
Loan to Deposit Ratio (LDR)	84.73	89.39
Non-Performing Loan (NPL)	3.12	2.94
Cost to Income Ratio (CIR)	37.74	36.97

Source: Processed secondary data from BRI Annual Reports (2023–2024).

4.1 Profitability Performance

The analysis indicates that **BRI's Return on Assets (ROA)** declined from **3.93% in 2023 to 3.76% in 2024**. This decline suggests increasing pressure on the bank's ability to generate profits from its asset base, primarily driven by higher funding costs and adjustments in interest margins amid tighter monetary conditions. Nevertheless, BRI's ROA remains **above the national banking industry average**, indicating that the bank continues to maintain strong profitability performance from a macroprudential perspective.

Meanwhile, **Return on Equity (ROE)** remained relatively stable at **22.94% in 2023 and 22.91% in 2024**. This stability reflects management's ability to preserve shareholder returns despite profitability pressures. From a theoretical standpoint, stable ROE implies effective capital management and resilience in value creation for shareholders. Practically, this condition strengthens investor confidence and supports BRI's attractiveness as a long-term investment.

4.2 Net Interest Margin (NIM)

BRI's **Net Interest Margin (NIM)** declined from **6.84% to 6.47%**, reflecting increased funding costs resulting from restrictive monetary policy. Despite the decline, BRI's NIM remains relatively high compared to peer banks, highlighting its competitive advantage in managing earning assets, particularly within the MSME lending segment. Theoretically, this finding supports the intermediation efficiency theory, where banks with strong customer bases and diversified loan portfolios can sustain higher margins. Practically, BRI's ability to maintain a high NIM suggests that its business model remains robust, even under tightening interest rate environments.

4.3 Liquidity Performance

The **Loan to Deposit Ratio (LDR)** increased from **84.73% in 2023 to 89.39% in 2024**. This increase indicates a more aggressive credit distribution strategy while still remaining within the safe threshold set by banking regulators. The rising LDR demonstrates BRI's effectiveness in optimizing its intermediation function without exposing the bank to excessive liquidity risk. From a practical perspective, this condition implies that BRI successfully balances loan expansion and liquidity management, supporting economic activity—particularly MSMEs—while maintaining financial stability.

4.4 Asset Quality

BRI's **Non-Performing Loan (NPL)** ratio declined from **3.12% to 2.94%**, signaling an improvement in credit quality. This decline reflects effective credit risk management and prudent loan monitoring, especially amid challenging economic conditions. Theoretically, a lower NPL ratio supports the risk management framework in banking, where sound credit evaluation reduces default risk. Practically, improved asset quality enhances financial resilience and reduces potential losses, contributing positively to long-term sustainability.

4.5 Operational Efficiency

The **Cost to Income Ratio (CIR)** decreased from **37.74% in 2023 to 36.97% in 2024**, indicating improved operational efficiency. This improvement suggests better cost control and increased productivity in generating operating income. From a theoretical standpoint, declining CIR supports efficiency theory, which posits that efficient banks are better positioned to withstand external shocks. Practically, improved efficiency strengthens profitability sustainability and provides flexibility for future expansion and digital transformation initiatives.

Overall, despite facing external pressures such as tighter monetary policy and economic uncertainty, **BRI demonstrates strong financial resilience**, characterized by solid profitability, improving asset quality, adequate liquidity, and enhanced operational efficiency. These findings imply that BRI remains well-positioned to sustain its strategic role in supporting Indonesia's MSME sector while maintaining financial stability.

4 Conclusions

This study concludes that the financial performance of PT Bank Rakyat Indonesia (Persero) Tbk during the 2023–2024 period remains sound and relatively stable, despite facing challenges arising from global economic uncertainty and tighter monetary conditions. The results of the financial ratio analysis indicate that BRI maintains strong profitability, adequate liquidity, improving asset quality, and increasing operational efficiency, which collectively reflect the bank's resilience and effective financial management.

From a managerial perspective, the findings imply that management should continue to optimize asset utilization, strengthen credit risk management to sustain asset quality, and enhance operational efficiency to support long-term performance sustainability. Maintaining a balanced intermediation function while controlling funding costs will be crucial in preserving profitability in a dynamic economic environment.

However, this study is subject to several limitations. The analysis is based on a relatively short observation period and relies solely on financial ratio indicators, which may not fully capture broader macroeconomic influences or qualitative aspects of bank performance. Future research is therefore encouraged to extend the observation period, incorporate comparative analysis with peer banks, and include additional variables such as macroeconomic indicators or governance factors to provide a more comprehensive assessment.

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