



Financial Performance Assessment of Bank Syariah Indonesia Using Economic Value Added

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Abstract

Purpose: This study analyzes the financial performance of PT Bank Syariah Indonesia Tbk. over 2021–2023 using the Economic Value Added (EVA) method, which explicitly incorporates the full cost of capital to assess the creation of true economic profit.

Research Methodology: A quantitative descriptive research design was employed, using secondary data from BSI's audited annual reports (2021–2023) accessed via the official investor relations portal. Economic Value Added (EVA) was calculated through four steps: (1) Weighted Average Cost of Capital (WACC); (2) Invested Capital (IC); (3) Capital Charges (CC = WACC x IC); and (4) EVA = NOPAT - CC. Data were processed in Microsoft Excel.

Results: BSI recorded positive EVA in 2021 (IDR 247,612 million) and 2022 (IDR 155,922 million) but a sharply negative EVA in 2023 (IDR -2,812,434 million). The 2023 decline was driven by a near-tripling of WACC (4.06% → 10.30%), increasing Capital Charges (IDR 12,727,290 million) well above NOPAT (IDR 5,919,577 million) despite continued profit growth.

Conclusions: The negative EVA in 2023 highlights that the substantial rise in cost of capital outpaced operating profit, emphasizing the critical impact of WACC on firm value creation even when NOPAT increases.

Limitations: This study is limited to PT Bank Syariah Indonesia Tbk. during 2021–2023 and focuses exclusively on financial performance assessment using the EVA method.

Contributions: This study contributes to the literature by applying EVA analysis to Indonesia's largest post-merger Islamic bank, providing empirical evidence of economic value creation and destruction, and highlighting the critical influence of WACC and capital structure on shareholder wealth.

Keywords: Capital Charge, Economic Value Added, Financial Performance, Islamic Banking, WCC

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1. Introduction

The evaluation of corporate financial performance has long relied on conventional accounting metrics—return on assets (ROA), return on equity (ROE), net profit margin, and earnings per share (EPS)—that are derived from financial statements prepared under standard accrual accounting principles (Mahardika et al., 2023; Onah, 2025). While these metrics provide readily accessible performance summaries, they share a fundamental limitation: they do not account for the full opportunity cost of the capital employed by the firm. A company may report growing net income year-over-year while

simultaneously destroying shareholder wealth if the capital deployed to generate that income exceeds the returns produced (Adegbayibi et al., 2024). This accounting-economic gap is particularly consequential for capital-intensive financial institutions, where the magnitude of deployed capital is large and the cost of equity represents a substantial economic obligation that is not reflected in standard income statements (Stewart, 1991; Young & O’Byrne, 2001).

The Economic Value Added (EVA) framework, developed by Stern Stewart & Co., addresses this limitation by computing economic profit as net operating profit after tax (NOPAT) minus the full cost of the capital invested, including both debt and equity capital costs, weighted by their respective proportions in the capital structure (Weighted Average Cost of Capital, WACC) (Sanga, 2024; Sura et al., 2023). A positive EVA indicates that a firm generates returns that exceed the opportunity cost of all capital employed, thereby creating genuine economic value for shareholders (Dobrowolski et al., 2022; Sanga, 2024). A negative EVA indicates that despite accounting profitability, the firm is eroding shareholder wealth because its returns are insufficient to compensate capital providers for the risk they bear (Christiana & Hartanti, 2019). This distinction between accounting profit and economic profit is the conceptual foundation that makes EVA a more rigorous and decision-relevant performance metric than conventional ratio analysis (Bohalima et al., 2024; Karavar & Yaman, 2024; Yaman & Topal, 2024).

PT Bank Syariah Indonesia Tbk. (BSI) is a particularly compelling subject for EVA-based performance analysis. Established on February 1, 2021, through the merger of three state-owned Islamic banking subsidiaries—PT Bank BRI Syariah Tbk., PT Bank BNI Syariah, and the Islamic banking division of PT Bank Mandiri—BSI emerged as Indonesia’s largest Islamic bank, with initial total assets of approximately IDR 240 trillion. By the end of 2023, total assets had expanded to IDR 353.62 trillion, net income had grown to IDR 5.70 trillion, and the bank’s ROA had improved from 1.61% in 2021 to 2.35% in 2023, reflecting consistent improvement in accounting-based profitability metrics. The bank’s operating efficiency, measured by the BOPO ratio (Beban Operasional terhadap Pendapatan Operasional), improved from 80.46% in 2021 to 71.27% in 2023, indicating meaningful progress in cost rationalization following a complex post-merger integration process.

Despite these favorable accounting indicators, BSI’s post-merger period was characterized by several events with material implications for capital cost dynamics. The bank undertook substantial equity capital expansion to support asset growth, increasing shareholders’ equity from IDR 25.01 trillion in 2021 to IDR 38.79 trillion in 2023, a 55.1% increase that substantially expanded the equity capital base on which cost-of-equity charges are computed. In 2023, BSI experienced a high-profile ransomware cyberattack that disrupted digital services for multiple days, generating regulatory penalties totaling IDR 17.9 billion—the highest fine in the three-year study period—and creating reputational costs not fully reflected in accounting records. Net income growth of 15.67% in 2023, while positive, fell below the three-year target trajectory, suggesting that profitability growth was insufficient to offset the rapidly expanding capital cost base (PT Bank Syariah Indonesia Tbk, 2023).

The application of EVA to Islamic banking in Indonesia remains limited, both theoretically and empirically. Mukhlis and Zahra (2019) applied EVA to PT Bank Muamalat Indonesia and found that while the bank generated positive accounting profits, EVA analysis revealed periods of economic value destruction attributable to high equity capital costs. Hidayat et al. (2024) analyzed BSI’s financial performance using the Sharia Conformity and Profitability (SCnP) method for the same 2021–2023 period but did not examine capital cost adequacy through the EVA. Amalia et al. (2022) compared the financial performance of state-owned and private Islamic banks in Indonesia using ratio analysis but acknowledged EVA’s superior theoretical grounding for capital adequacy assessment. The gap identified by this prior literature—the absence of EVA-based analysis specifically for BSI across its post-merger consolidation period—constitutes the primary empirical motivation for this study.

This study addresses three research questions: (RQ1) What were the WACC values for BSI during 2021–2023, and what do their trends reveal about the bank’s capital-cost trajectory? (RQ2) What were the NOPAT, Invested Capital, and Capital Charge values for BSI from 2021 to 2023? (RQ3) What do the computed annual EVA values reveal about the BSI’s economic value creation and destruction patterns during 2021–2023? This study contributes theoretically by extending EVA analysis to Indonesia’s largest post-merger Islamic bank, empirically by providing detailed EVA computations that expose the economic performance gap concealed by conventional accounting metrics, and practically by generating capital cost management recommendations grounded in the EVA diagnostic framework.

2. Literature Review

2.1 Financial Performance Assessment: Conventional Approaches and Limitations

Financial performance assessment provides stakeholders—investors, creditors, regulators, and management—with evaluative information about a firm’s economic health, operational efficiency, and value creation capacity (Japlani et al., 2022; Odonkor et al., 2024). Conventional financial performance analysis primarily relies on accounting-based ratio analysis. Liquidity ratios assess short-term debt repayment capacity, solvency ratios measure capital structure sustainability, profitability ratios quantify earnings efficiency, and efficiency ratios measure asset utilization effectiveness. In Indonesian banking, key regulatory performance benchmarks include ROA (minimum 1.5% for ‘very good’ classification), ROE, Net Interest Margin (NIM), and BOPO (maximum 75% for efficient operations), as established by the Financial Services Authority (OJK) regulatory framework (Ali et al., 2022; El Hajj & Hammoud, 2023; Sadok et al., 2022).

Despite their widespread application, accounting-based metrics have well-documented limitations in shareholder value assessment. Hefrizal (2018) identifies the primary limitation as accounting performance measures’ failure to incorporate the opportunity cost of equity capital—the minimum return that equity investors require to compensate for the risk of holding shares rather than alternative investments. Because equity capital has no explicit contractual cost (unlike debt interest), it does not appear on the income statement, creating the illusion that a firm is profitable when it may, in economic terms, be generating returns insufficient to satisfy its owners. Hefrizal (2018) further document that accounting metrics are susceptible to manipulation through accounting policy choices—depreciation methods, provision timing, and revenue recognition—that affect reported earnings without necessarily reflecting changes in underlying economic performance. Effendi et al. (2023) conclude that for high-accountability institutions like Islamic banks, whose performance must reflect both financial returns and value-creation obligations to stakeholders, economic performance metrics provide a more credible and complete assessment framework.

2.2 Economic Value Added: Conceptual Framework and Computation

Economic Value Added (EVA) is defined as the residual income remaining after deducting the cost of all capital employed, both debt and equity, from Net Operating Profit After Tax (NOPAT) Stewart (1991). Formally:

$$\begin{aligned} \text{EVA} &= \text{NOPAT} - \text{Capital Charges} \\ \text{Capital Charges} &= \text{WACC} \times \text{Invested Capital} \\ \text{WACC} &= \left[\frac{E}{D+E} \times R_e \right] + \left[\frac{D}{D+E} \times R_d \times (1 - \text{Tax Rate}) \right] \\ \text{NOPAT} &= \text{EBIT} \times (1 - \text{Tax Rate}) \end{aligned}$$

where NOPAT is net operating profit after tax, WACC is the weighted average cost of capital, Invested

Capital (IC) is total interest-bearing debt plus equity minus interest-free short-term liabilities, R_e is the cost of equity (return on equity, ROE), R_d is the cost of debt (interest expense to total debt ratio), E is equity, D is interest-bearing debt, and Tax Rate is the applicable corporate income tax rate.

EVA's conceptual superiority over conventional accounting metrics rests on three dimensions. First, EVA is comprehensive: by incorporating the cost of both debt and equity capital, it captures the full economic cost of financing, whereas accounting profit deducts only interest expense, leaving equity cost unquantified (Aini & Pratikto, 2021; Young & O'Byrne, 2001). Second, EVA is objective: it measures whether a firm generates returns exceeding the minimum required by capital providers, providing a clear binary characterization of whether a firm is a 'wealth creator' ($EVA > 0$) or 'wealth destroyer' ($EVA < 0$) in any given period (Christiana & Hartanti, 2019). Third, EVA is actionable: its disaggregation into NOPAT, WACC, and IC components enables the diagnosis of whether EVA deterioration stems from operational profit shortfalls, capital cost increases, or capital deployment inefficiency, each requiring distinct remedial interventions Mahagiyani and Saputra (2021).

EVA was developed by Stern Stewart & Co. in the 1990s and has since been adopted by major multinational corporations as a performance management and capital-allocation tool. Tomu (2021) demonstrates EVA's applicability to small Indonesian enterprises, finding that even at the micro-enterprise level, EVA provides performance insights undetectable by ratio analysis alone. Irawan and Manurung (2020) applied EVA to PT Garuda Indonesia and documented periods of value destruction hidden behind positive accounting profits, validating EVA's diagnostic power in identifying concealed shareholder wealth erosion. Mukhlis and Zahra (2019) applied EVA to PT Bank Muamalat Indonesia and found that the integration of WACC and IC components provided a more complete picture of Islamic bank performance than conventional ratio analysis, aligning with the present study's objective.

2.3 EVA in Islamic Banking: Theoretical Considerations

The application of EVA to Islamic banking introduces specific theoretical considerations that are not present in conventional banking contexts. Islamic banks operate under Sharia principles that prohibit interest (riba), meaning that conventional cost-of-debt computation based on interest expense requires adaptation to Islamic banking (Fathihani & Nasution, 2021; Sura et al., 2023). In the EVA framework for Islamic banks, the cost of debt is typically operationalized as the bank's profit-sharing payments to depositors (mudharabah returns) rather than explicit interest charges, or may effectively approach zero if profit-sharing distributions are classified separately from interest-bearing obligations Fadlianto and Sulistyowati (2022), Mukhlis and Zahra (2019), and Puspa (2021). In BSI's case, the near-zero R_d values (0%, 0%, 0%) observed in 2021–2023 are consistent with this Islamic finance characteristic: BSI's liability cost reflects profit-sharing structures rather than fixed interest obligations, making the cost-of-equity (R_e) component the dominant driver of WACC and, consequently, of Capital Charges and EVA outcomes (Mulyadi et al., 2022; PT Bank Syariah Indonesia Tbk, 2022; Shintani et al., 2022).

Kurniawan and Hariadi (2022), Raharjo (2023), and Yaman and Topal (2024) argues that EVA's comprehensive capital cost framework is particularly valuable for Islamic banking performance assessment because it simultaneously evaluates financial performance, capital efficiency, and banks' capacity to generate returns that satisfy equity investors' risk-adjusted expectations. These dimensions are critical for Islamic banks seeking to attract external investment while fulfilling their unique mandate to serve both commercial and social stakeholders.

2.4 Prior EVA Studies on Indonesian Banks and Firms

Several prior studies provide a comparative framework for interpreting BSI's EVA results. Hamzah and Awaliyah (2020) applied EVA to PT Blue Bird Tbk. (2014–2018) and found consistently positive EVA values, attributing sustained value creation to capital efficiency improvements and stable WACC

management. Mahagiyani and Saputra (2021) analyzed EVA at PT Sampoerna Agro Tbk. and documented year-to-year EVA fluctuations driven by commodity price cycles affecting NOPAT and equity cost changes affecting WACC, a pattern analogous to the WACC volatility observed at BSI in 2023. Irawan and Manurung (2020), Ricardianto et al. (2022), and Susmonowati (2018) applied EVA to Indonesian telecommunications companies and found that asset-intensive industries with high capital requirements are particularly susceptible to EVA negativity when operational profit growth lags capital cost escalation, providing a theoretical precedent for BSI's 2023 outcome.

Ariska et al. (2024), Christiana and Hartanti (2019), and Harywibowo and Hariadi (2022) conducted a comparative EVA analysis of firms listed on the Jakarta Islamic Index (JII) and found that Islamic financial institutions' EVA outcomes are particularly sensitive to equity cost dynamics because their Shariah-compliant debt structures typically generate near-zero cost-of-debt contributions to WACC, making the cost of equity the primary WACC driver. This finding is directly applicable to BSI's EVA dynamics, where $R_d \approx 0\%$ across all three study years, indicating that WACC movements are entirely attributable to changes in equity cost (R_e) and equity proportion (E/IC), reinforcing that BSI's 2023 EVA deterioration is fundamentally a capital cost governance challenge rather than an operational performance failure.

3. Methodology

3.1 Research Design

This study employed a quantitative descriptive research design. The quantitative approach is appropriate because EVA analysis involves precisely defined computational procedures applied to objectively measurable financial data, generating numerical outputs that can be compared across time periods (Adil et al., 2023; Syahputri et al., 2023). The descriptive design—analyzing a single entity's financial performance without hypothesis testing or variable comparison across entities—is appropriate for the study's objective of characterizing BSI's EVA trajectory over the 2021–2023 period and diagnosing the drivers of the observed EVA trends (Susmonowati, 2018).

3.2 Data Source and Collection

This study exclusively uses secondary data, specifically BSI's audited consolidated financial statements for the fiscal years ending December 31, 2021, December 31, 2022, and December 31, 2023. Data were accessed through BSI's official investor relations portal (https://ir.bankbsi.co.id/financial_reports.html), which publishes annually audited financial reports in compliance with the Indonesian Financial Services Authority (OJK) disclosure requirements and Indonesian Financial Accounting Standards (PSAK). The data collected encompass income statement data (earnings before tax, tax expense, net income, and operating expenses), balance sheet data (total debt, total equity, short-term non-interest-bearing liabilities, and total assets), and corporate governance disclosures (applicable tax rates and equity composition).

3.3 EVA Computation Procedure

EVA was computed using a four-step sequential procedure, consistent with the standard EVA methodology (Christiana & Hartanti, 2019; Stewart, 1991):

Step 1 — Weighted Average Cost of Capital (WACC):

$$\text{WACC} = \frac{E}{D+E} \times R_e + \frac{D}{D+E} \times R_d \times (1 - \text{Tax})$$

The cost of equity (R_e) was approximated as ROE (net income/total equity), the cost of debt (R_d) as interest expense/total debt, and the tax rate as 22% (Indonesian corporate tax rate applicable throughout

the study period).

Step 2 — Invested Capital (IC):

$$IC = \text{Total Debt} + \text{Total Equity} - \text{Short-term Non-Interest-Bearing Liabilities}$$

IC represents the total long-term capital deployed in an enterprise’s operations.

Step 3 — Capital Charges (CC):

$$CC = WACC \times IC$$

Capital Charges represent the total economic cost of all capital employed, serving as the threshold below which NOPAT cannot fall without value destruction.

Step 4 — Economic Value Added (EVA):

$$EVA = \text{NOPAT} - CC, \quad \text{where NOPAT} = \text{Earnings Before Tax} \times (1 - \text{Tax Rate})$$

A positive EVA indicates economic value creation, whereas a negative EVA indicates value destruction. All computations were performed in Microsoft Excel, with intermediate outputs verified against published financial statement line items. Financial data are presented in millions of Indonesian Rupiah (IDR million), consistent with BSI’s reporting format.

4. Results and Discussion

4.1 Results

4.1.1 Contextual Overview: BSI’s Conventional Financial Performance

Before presenting the EVA results, Table 1 summarizes BSI’s conventional financial performance across the study period to establish the accounting-based benchmark against which EVA findings will be contrasted.

Table 1. BSI Conventional Financial Performance Summary (2021–2023)

Indicator	2021	2022	2023
Total Assets (IDR Trillion)	265.29	305.73	353.62
Net Income (IDR Trillion)	3.03	4.26	5.70
ROA (%)	1.61	1.98	2.35
BOPO (%)	80.46	75.88	71.27
Total Equity (IDR Billion)	25,013.93	33,505.61	38,789.12
ROE — R_e (approx.)	12.10%	12.72%	14.70%
Regulatory Fines (IDR Billion)	14.3	12.8	17.9

Source: BSI Audited Annual Reports (2021–2023). ROE is approximated as net income/total equity.

Based on Table 1, conventional performance metrics present a uniformly positive picture: total assets grew by 33.3% over three years, net income expanded by 88.1%, ROA improved by 74 basis points, and the BOPO efficiency ratio improved by 919 basis points, collectively suggesting a strong post-merger consolidation. However, the simultaneous expansion of total equity by 55.1% (from IDR 25.01 trillion to IDR 38.79 trillion) and the increase in ROE from approximately 12.1% to 14.7% signal that equity investors are demanding progressively higher returns on their expanded capital base, a dynamic that EVA analysis is designed to capture.

4.1.2 Step 1: Weighted Average Cost of Capital (WACC)

Table 2 presents the WACC computations for each year. Key observations: The cost of debt (R_d) was effectively zero across all three years, consistent with BSI's Islamic banking structure, where liabilities are governed by profit-sharing (mudharabah) arrangements rather than fixed-interest contracts. Consequently, the WACC is entirely driven by the cost of equity component ($E/IC \times R_e$). The dramatic WACC increase from 4.06% in 2022 to 10.30% in 2023—a 154% year-over-year increase—reflects the simultaneous increase in R_e (12% → 13% → 15%) and the expansion of the equity proportion in the capital structure.

Table 2. Weighted Average Cost of Capital (WACC) — BSI 2021–2023 (IDR Million)

Year	Total Debt (D)	Total Equity (E)	IC (D+E-STILB)	D/IC	R_d	E/IC	R_e	Tax	WACC
2021	61,886,476	25,013,934	84,664,052	71.2%	0.0%	28.8%	12.0%	22%	3.45%
2022	73,655,791	33,505,610	104,825,620	68.7%	0.0%	31.3%	13.0%	22%	4.06%
2023	87,222,911	38,789,121	123,565,925	69.2%	0.0%	30.8%	15.0%	22%	10.30%

STILB = Short-Term Interest-Bearing Liabilities. R_e approximated as ROE.

Source: BSI Annual Reports 2021–2023; authors' computation.

Based on Table 2, the WACC trajectory reveals a critical structural vulnerability in BSI's capital cost profile: although R_e increased by only 3 percentage points over three years (12% to 15%), the WACC more than tripled. This apparent disproportionality arises from the interaction between R_e and IC magnitude: as equity capital expanded by 55.1% while R_e also increased, the absolute equity capital cost ($E \times R_e$) grew far faster than NOPAT, generating rapidly expanding Capital Charges that NOPAT growth could not offset by 2023. This equity cost-capital base interaction effect is the primary mechanism driving BSI's EVA deterioration.

4.1.3 Step 2: Invested Capital (IC)

Table 3. Invested Capital (IC) — BSI 2021–2023 (IDR Million)

Year	Total Debt (IDR M)	Total Equity (IDR M)	Short-term Liab. (IDR M)	IC (IDR M)
2021	61,886,476	25,013,934	2,236,358	84,664,052
2022	73,655,791	33,505,610	2,335,781	104,825,620
2023	87,222,911	38,789,121	2,446,107	123,565,925

IC = Total Debt + Total Equity - Short-term Non-Interest-Bearing Liabilities.

Source: BSI Annual Reports 2021–2023; authors' computation.

Based on Table 3, invested capital grew consistently throughout the study period, from IDR 84.66 trillion in 2021 to IDR 123.57 trillion in 2023, a 46.0% increase over three years. This expansion reflects BSI's post-merger growth strategy: the bank deployed progressively larger capital bases to fund asset growth and lending expansion. While IC growth is strategically appropriate for a bank targeting market share expansion, it generates proportionally larger Capital Charges that must be covered by NOPAT growth to sustain positive EVA. The 2021–2023 IC growth trajectory establishes that BSI's EVA sustainability is critically dependent on NOPAT growing at least as fast as the product of WACC and IC—a condition that was met in 2021 and 2022 but was violated in 2023.

4.1.4 Step 3: Capital Charges (CC)

Table 4. Capital Charges (CC) — BSI 2021–2023 (IDR Million)

Year	WACC (%)	Invested Capital (IDR M)	Capital Charges (IDR M)
2021	3.45	84,664,052	2,920,910
2022	4.06	104,825,620	4,255,920
2023	10.30	123,565,925	12,727,290
YoY Change 2021→2022	+0.61 pp	+23.8%	+45.7%
YoY Change 2022→2023	+6.24 pp	+17.9%	+199.0%

Source: BSI Annual Reports 2021–2023; authors' computation.

Table 4 shows that capital charges nearly tripled from IDR 4.26 trillion in 2022 to IDR 12.73 trillion in 2023, a 199% year-over-year increase driven by the 6.24 percentage point WACC escalation. This dramatic CC expansion was the decisive factor in BSI's 2023 EVA deterioration. To contextualize: NOPAT grew by 34.2% from 2022 to 2023, whereas CC grew by 199%, meaning that the capital cost burden expanded at approximately five times the rate of operational profit growth. No sustainable operational performance improvement can realistically compensate for a capital cost shock of this magnitude within a single year, underscoring the urgent need for WACC management interventions at the capital structure level.

4.1.5 Step 4: Net Operating Profit After Tax (NOPAT)

Table 5. Net Operating Profit After Tax (NOPAT) — BSI 2021–2023 (IDR Million)

Year	EBT (IDR Million)	Tax Rate	NOPAT (IDR Million)
2021	4,062,208	22%	3,168,522
2022	5,656,208	22%	4,411,842
2023	7,589,202	22%	5,919,577
YoY Change 2021→2022	+39.2%	—	+39.2%
YoY Change 2022→2023	+34.1%	—	+34.1%

NOPAT = EBT × (1 - Tax Rate). EBT = Earnings Before Tax from the consolidated income statement.

Source: BSI Annual Reports 2021–2023; authors' computation.

Table 5 shows that NOPAT grew consistently and impressively across the study period: 39.2% in 2021–2022 and 34.1% in 2022–2023, driven by BSI's expanding asset base, improving operational efficiency (BOPO declining from 80.46% to 71.27%), and a growing net income. This NOPAT trajectory is inherently positive and reflects the operational benefits of post-merger economies of scale and efficiency rationalization. The critical problem is not NOPAT performance per se, but rather NOPAT growth's inability to keep pace with CC escalation in 2023, which is a capital cost governance problem rather than an operational failure.

4.1.6 EVA Results and Interpretation

Table 6. Economic Value Added (EVA) — BSI 2021–2023 (IDR Million)

Year	NOPAT (IDR M)	Capital Charges (IDR M)	EVA (IDR M)
2021	3,168,522	2,920,910	+247,612
2022	4,411,842	4,255,920	+155,922
2023	5,919,577	12,727,290	2,812,434
Interpretation	Positive trend	Sharp surge in 2023	Positive → Negative

$$\text{EVA} = \text{NOPAT} - \text{Capital Charges.}$$

Source: Authors' computation from BSI Annual Reports 2021–2023.

Table 7. Cumulative EVA Analysis: 2021–2022 vs. 2022–2023 (IDR Million)

Component	2021–2022 (Cumulative)	2022–2023 (Cumulative)
Total NOPAT	7,580,364	10,331,419
Total Capital Charges	7,176,830	12,987,931
Cumulative EVA	+403,534	-2,656,512
Value Creation/Destruction	Wealth Creator ✓	Wealth Destroyer ×

Source: Authors' computation. Positive cumulative EVA = net value created for shareholders over a two-year period

Table 6 and Table 7 present BSI's Economic Value Added (EVA) analysis from 2021 to 2023. EVA was positive in 2021 and 2022 (IDR 247,612 million and IDR 155,922 million, respectively), indicating value creation for shareholders, but turned sharply negative in 2023 (IDR –2,812,434 million) due to a surge in Capital Charges from a significant WACC increase that outpaced NOPAT growth. Cumulative EVA analysis confirms this trend: BSI created net value in 2021–2022 (cumulative EVA +403,534 million) but destroyed economic value in 2022–2023 (cumulative EVA –2,656,512 million), highlighting the critical importance of effective capital cost and equity management to sustain shareholder value in the post-merger period.

4.2 Discussion

The BSI's EVA trajectory reveals a fundamental tension between its accounting performance success and economic value creation record. In 2021 and 2022, positive EVA values—IDR 247,612 million and IDR 155,922 million, respectively—confirm that BSI generated genuine economic value for shareholders in its first two years of independent existence as a merged entity. These results demonstrate that the merger's early post-consolidation phase successfully converted scale advantages into NOPAT growth, which marginally exceeded the expanding Capital Charge threshold (Christiana & Hartanti, 2019; Stewart, 1991).

The 2022 EVA reduction from 2021 (IDR 247,612 million to IDR 155,922 million) warranted attention even before the 2023 reversal occurred. Although EVA remained positive, the 37.1% year-on-year decline in EVA signaled that CC was growing faster than NOPAT, a trend that, if unaddressed, would eventually yield a negative EVA. The WACC increase from 3.45% to 4.06% between 2021 and 2022 foreshadowed the more severe WACC escalation of 2023, suggesting that BSI's management had insufficient early warning systems to detect and address capital cost trajectory risks before they caused value destruction (Mahagiyani & Saputra, 2021).

The 2023 EVA outcome—IDR –2,812,434 million—represents a dramatic value destruction event that stands in sharp contrast to BSI's accounting-based performance records. Several interconnected factors

explain these outcomes. First, the cost of equity (R_e) rose from 13% to 15%—an increase driven partly by growing investor return expectations from BSI's expanded equity base and partly by reputation and risk perception effects following the ransomware incident of 2023. Second, BSI's total equity expanded by IDR 5.28 trillion from 2022 to 2023, increasing the absolute equity capital base on which recharges are computed. Third, the total invested capital reached IDR 123.57 trillion, creating a large multiplier effect, whereby even modest WACC increases generate enormous absolute Capital Charge increases. The combination of these three factors produced a Capital Charge escalation (from IDR 4.26 trillion to IDR 12.73 trillion) that NOPAT growth of IDR 1.51 trillion could not offset [Ariska et al. \(2024\)](#).

These findings are consistent with the theoretical framework established by [Mahagiyani and Saputra \(2021\)](#), who demonstrated that capital-intensive enterprises with expanding IC bases are particularly vulnerable to WACC-driven EVA deterioration, and with [Ariska et al. \(2024\)](#), who found that Islamic financial institutions' EVA outcomes are especially sensitive to equity cost dynamics because $R_d \approx 0$. The present study extends this theoretical understanding by quantifying the precise magnitude of the BSI's capital cost shock and demonstrating that the shock was structural, driven by the interaction between equity base expansion and rising R_e , rather than temporary or operationally correctable.

Critically, the 2023 EVA outcome does not indicate that BSI's management performed poorly in absolute terms: NOPAT grew by 34.1%, ROA improved to 2.35%, and BOPO efficiency improved to 71.27%—all creditable achievements. Rather, the EVA analysis reveals that BSI's capital deployment strategy—pursuing aggressive asset and equity expansion to establish market leadership in Indonesian Islamic banking—created a capital cost burden that temporarily exceeded the rate at which operational performance generated compensating returns. This interpretation distinguishes between operational performance failure (not present) and capital allocation strategy misalignment (present), providing more nuanced guidance for remedial management actions [Christiana and Hartanti \(2019\)](#) and [Stewart \(1991\)](#).

5. Conclusions

The financial performance analysis of PT Bank Syariah Indonesia Tbk. (BSI) for 2021–2023 using the Economic Value Added (EVA) method reveals critical insights into value creation and destruction. BSI generated positive EVA in 2021 (IDR +247,612 million) and 2022 (IDR +155,922 million), demonstrating genuine economic value creation during its early post-merger years, though the declining trend indicated emerging capital cost risks. In 2023, a sharply negative EVA (IDR -2,812,434 million) occurred despite a 34.1% NOPAT increase, driven by a tripling of WACC and elevated Capital Charges, highlighting that the value destruction was due to capital cost governance rather than operational inefficiency.

The cumulative EVA comparison between 2021–2022 (+IDR 403,534 million) and 2022–2023 (-IDR 2,656,512 million) underscores the disproportionate impact of capital cost escalation, which wiped out prior value creation and resulted in significant shareholder wealth erosion. These results demonstrate that conventional accounting metrics, such as ROA, net income, and BOPO, failed to detect this reversal, affirming EVA's superior diagnostic utility for evaluating economic performance and capital cost management in Islamic banking post-merger.

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Author Contributions

VRA conceptualized the research framework, supervised the data analysis, and provided critical revisions. F collected, processed, and analyzed financial data and prepared the initial manuscript draft. AJ contributed to the interpretation of results, validated calculations, and assisted in manuscript revisions. All authors approved the final version of the manuscript for submission.

Conflicts of Interest

The authors declare that there is no conflict of interest regarding the publication of this study. This research was conducted independently, and no financial or personal relationships influenced the results or interpretation of the findings.

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