

Analysis of Financial Performance Assessment Using the Economic Value Added (EVA) Method (Study at Bank Muamalat Indonesia 2019-2021)

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Abstract: Evaluation and measurement of financial performance can be assessed using financial ratios. However, management performance and achievements as measured by financial ratios are considered to be less representative of the actual state of the company. So another approach is needed, one of which is the Economic Value Added (EVA) approach. The EVA method can complement the lack of financial ratios and is more accurate in measuring performance and calculating the added value created by the company. This study aims to determine the financial performance of PT Bank Muamalat Indonesia Tbk during 2019-2021 and to analyze financial performance using the Economic Value Added (EVAs). The type of data used is secondary data that is qualitative in nature taken from the annual report of PT Bank Muamalat Indonesia Tbk for the 2019-2021 period using the documentation data collection method. Based on analysis and calculation sEconomic Value Added (EVA) PT Bank Muamalat Indonesia Tbk in 2019-2021 shows a positive EVA value or ($EVA > 0$), which means that the financial performance of Bank Muamalat is in good health so that the bank is able to generate added value or profit generated sufficient to cover its operational costs so that the financial performance the company is in an advantageous position.

Keywords: performance assessment; financial performance; economic value added.

1. Introduction

In running its business, the company always strives to achieve its goals. Therefore, companies need the right strategy to achieve success as evidenced by their performance. The financial performance of a company is used to determine whether the company is good or not. Analysis of financial data compiled in the company's financial statements can be used to obtain an analysis of the development of the company's financial performance. Shareholders, internal companies, and other interested parties must evaluate the company's financial performance. Accurate and comprehensive information about the company's financial performance is obtained by analyzing financial reports.

In analyzing the financial performance used to assess the company's financial performance can be measured by several methods such as Return on Assets (ROA), Return on Equity (ROE), Earning per Share (EPS), and Return on Investment (ROI). . However, performance measurement that uses ROI, ROA, EPS and ROE in its operations uses historical

data and pays little attention to the level of investment risk related to the cost of capital that must be borne by the owners of their own capital. Measurements that have not taken into account the existence of the cost of own capital for the profits generated will result in reporting of profits not showing actual profits. (Lusiana 2016). Assessment of financial performance using financial ratio analysis is considered inadequate by company management and investors (Ende 2017). The company's management does not believe that the company has been able to create added value for the company, while for investors this assessment cannot be used to predict the return on capital that will be obtained in the future as expected or not.

A new method for measuring a company's financial performance, known as EVA (Economic Value Added), was developed to overcome this deficiency. Joel Stern and G. Bennett Stewart, founders of the financial management consulting firm Stern Stewart & Company in the United States, first used the term EVA in 1993. EVA is the difference between Net Operating Profit Tax (NOPAT) and the cost of capital (cost of capital). EVA (Economic Value Added), is a method for assessing performance by taking into account the cost of capital used to generate profits. By using this method it can be seen whether the processes that occur within the company during a certain period of time provide added value to the company, which means increasing the value of the company. By using a weighted measure of the initial capital structure, the EVA concept places more emphasis on the company's efforts to create corporate value and evaluate financial performance fairly. In addition, EVA can self-evaluate the company's performance without requiring other comparative data as used in financial ratio analysis. Having a positive EVA value indicates that the company's management has created value. However, if the EVA value is negative, it means that there is no added economic value.

Table 1. Bank Muamalat Net Profit for 2019 – 2021

Year	Net profit
2019	16.326.331
2020	10.019.739
2021	8.927.051

Source: Financial Report of PT Bank Muamalat Tbk

Based on the table above, Bank Muamalat's net profit has decreased over the last three years. Net profit reached IDR 16,326,331 in 2019. In 2020 net profit decreased to IDR 10,019,739. In 2021 there was another decrease reaching IDR 8,927,051.

According to Fauziah Yuniarti, Indef's Sharia Economic Researcher, PT Bank Muamalat Tbk's financial condition has continued to decline in recent years. Bank Muamalat's problems were primarily caused by capital, not liquidity. The capital problem was caused because the shareholders could not increase the portion of capital to Bank Muamalat. Judging from the financial reports of PT Bank Muamalat Tbk for 2019–2021 published on PT Bank Muamalat Tbk's website, namely www.bankmuamalat.co.id, it shows that PT Bank Muamalat Tbk has experienced a decline in profits every year. The net profit of the first sharia-compliant bank in Indonesia continued to decline during this period. According to capital market observers, the problems faced by PT Bank Muamalat Tbk are the result of mistakes made in carrying out its business strategy. Bank Muamalat is considered to be too focused on corporate funding which has resulted in a sharp increase in the Non-Performing Financing (NPF) of the bank with sharia principles in Indonesia. (Iman and Widodo 2016). Bank Muamalat is actually more focused on financing palm oil and mining companies rather than customers, especially considering that the majority of Indonesia's population is Muslim which should be its business strategy. Bank Muamalat's financial performance experienced a decline after many

corporations went out of business, so that the non-performing financing ratio increased significantly.

As the pioneer of the first Islamic bank in Indonesia, of course this situation will have a significant impact not only for the bank itself but also for external parties. Because it shows that the bank is not able to carry out operational activities properly. Declining financial conditions will certainly reduce the level of investor and customer confidence. As a result, PT Bank Muamalat Tbk was hit by a lack of capital, and shareholders were reluctant to provide additional funds. Therefore, it is important to evaluate the company's financial performance in order to know financial developments. The measurement results are then used as feedback to determine how well a plan is being implemented and when the company needs to modify its planning and control procedures. If there are indications that Bank Muamalat is experiencing a decline in financial performance, management can immediately make improvements so that it does not go bankrupt. In addition, predictions of financial conditions can be used as a basis for making financial decisions by external parties.

2. Literature Review

2.1. Performance assessment

Performance appraisal or known as work performance appraisal. Is one way that is done by the organization to achieve overall goals. The purpose of performance appraisal is to evaluate employee performance, including quantity and quality, as well as employee boundaries and attitudes towards their work in the company. According to Widodo (2015) performance appraisal is a process to compare employee performance with predetermined performance standards. This evaluation is used to decide whether a person should be promoted, compensated, given training or development, or fired.

According to Kasmir (2017) defines performance appraisal as a system for reviewing and evaluating individual performance on a regular basis. According to Bintoro and Daryanto (2017) define performance appraisal as a method that allows an organization to know, measure, evaluate, and evaluate the performance of its members quickly and accurately through the performance appraisal process. This activity has an impact on efficiency where companies carry out human resource activities such as career management development, compensation, promotions, and training (training). This is because the performance appraisal function can help businesses make better decisions and provide employees with constructive criticism about their performance.

From the expert opinion above, it can be simply concluded that performance appraisal is defined as a procedure or activity carried out by individuals or groups within a company to assess and communicate how employees do their jobs by comparing the results of their work with a set of standards that have been set for a certain period of time. This comparison serves as a basis for considering an activity.

2.2. Financial Performance

The term "financial performance" has a fairly broad meaning in the business world. Financial performance refers to the company's ability to manage and control its resources. According to Hery (2016) defines financial performance as a formal effort to assess the efficiency and effectiveness of a company in generating profits in managing certain cash positions. The growth potential and financial development of a company can be assessed by measuring its financial performance using its resources. When a company meets predetermined performance standards, the company is considered successful.

According to Wiratna (2017) defines financial performance as the result of an evaluation of the work that has been done, and the results are compared with predetermined criteria. Every work that has been completed must be evaluated and measured periodically. From the opinions of the experts above, it can be simply concluded that financial performance refers to the company's achievements within a certain period of time, reflecting the company's financial health in terms of profitability, liquidity and capital adequacy.

2.3. Economic Value Added

The Economic Value-Added method is an analytical method used to measure financial performance. EVA (economic value added) is a performance measure that combines the acquisition of value with the cost of obtaining that added value. EVA tries to measure the added value generated by a company by reducing the burden of capital costs (cost of capital) arising from the investments made.

The EVA concept was introduced by Stewart & Stern, a financial analyst from Stern Stewart & Co. in the United States who first developed the EVA (Economic Value Added) concept as a solution to financial ratio weaknesses. in 1993. The term EVA was later registered as copyright. by Stern Stewart. Since its introduction, more than 300 businesses worldwide have adopted EVA as a tool to measure value-added financial performance to increase shareholder value. Even today, EVA is still used as an analytical tool prior to mergers and acquisitions.

According to Suripto (2015) defines Economic Value Added (EVA) as an indicator of financial performance that effectively explains the economic profit of a company well. Because EVA is closely related to the welfare of shareholders in addition to measuring financial performance. According to Sofyan (2015) defines Economic Value Added (EVA) as a method for calculating the company's actual economic profit. EVA is based on the idea that a business must be able to cover its operating costs and capital costs.

According to Gendro and Hadri (2017) the definition of Economic Value Added is as follows: Economic Value Added (EVA) is used to create corporate value as measured by a weighted measure of the company's capital structure in addition to assessing the company's financial performance, also to obtain accurate calculation results. realistic (Lihawa, Montolalu, and Tampi 2018). The EVA concept is calculated based on the interests of creditors so that added value will be obtained in the form of profits that can be enjoyed by shareholders.

From the opinions of the experts that have been put forward, it can be concluded that Economic Value Added (EVA) is a method that can be used to measure a company's financial performance in creating added value in the form of increased net profit. company. value and provide prosperity for the owners of the company's capital. (Karamoy, Tampi, and Mukuan 2016).

2.4. Advantages and Disadvantages of Economic Value Added (EVA)

Advantages of the EVA Method:

- 1) EVA is very useful to be used as an appraiser of company performance where the focus of performance appraisal is on value creation.
- 2) EVA can make companies pay more attention to their capital structure policies because EVA takes into account the cost of capital.
- 3) EVA can be used to identify activities or projects that provide a higher return than the cost of capital.
- 4) By implementing EVA, managers will think and act like shareholders, namely choosing

investments that maximize returns and minimize the level of capital costs so that company value can be maximized.

- 5) Performance appraisal with the EVA approach makes management's attention in accordance with shareholder decisions.
- 6) EVA makes managers focus on value-creating activities and evaluate performance based on the criteria of maximizing firm value.

Disadvantages of the EVA Method:

- 1) EVA only describes value creation in a certain period, while company value is accumulated over the life of the company.
- 2) Practically EVA cannot be easily applied because the EVA calculation process requires an estimate of the cost of capital. This is relatively difficult to do well, especially for companies that have not gone public.
- 3) EVA relies heavily on internal transparency in its calculations.

3. Research Methods

3.1. Methods

The research method is a procedure or steps to find, collect, obtain, and record data in the form of primary data and secondary data, then analyze the subject matter to ensure that the data obtained is correct and suitable for use in compiling a scientific work. According to Sugiyono (2018), defines the research method as a scientific way to obtain data for a particular purpose. According to the philosophy of science, the term "scientific" refers to research activities that are based on scientific characteristics such as empirical, logical, and systematic.

3.2. Research Approach

The research approach used is a descriptive qualitative approach. According to Nur Ahmadi (2016) defines qualitative research as research that focuses on a deep understanding of a phenomenon being studied compared to studying a phenomenon in research in general. In this study the authors used descriptive research, which aims to compile, classify, interpret and interpret objects based on what they are. Based on the above understanding, the descriptive understanding in this study is intended to describe how the EVA method applies to the financial performance of Bank Muamalat Indonesia.

3.3. Data

The type of data used in this study uses secondary data. Secondary data is data obtained indirectly by researchers. Secondary data obtained through journals, books, magazines, and also the internet. In this study, secondary data was obtained from sources that have been published and are ready to be used. Secondary data in this study comes from the website of PT. Bank Muamalat itself, namely www.bankmuamalat.co.id. The data used in this study are the financial reports of Bank Muamalat Indonesia for the 2019-2021 period.

3.4. Research Subjects and Objects

Tatang M. Amirin defines a research subject as a place to obtain research data or more precisely defined as a person or something related to the data. The subjects in this study namely PT. Bank Muamalat Indonesia Tbk. While the object of research is something that is the target of research. The object of this research is the financial performance of PT. Bank Muamalat Indonesia Tbk which is centered on the financial statements of Bank Muamalat Indonesia from

2019 to 2021

3.5. Data Collection Technique

The data collection technique used in this research is documentation, which is an effort to obtain secondary data by recording documented evidence relevant to the research problem. This data collection technique is used by researchers as one of the data collection techniques to obtain clearer information and strengthen research results in the form of data related to the research under study, both listed in books, articles, scientific journals and source documents. other in order to obtain data sourced from documentation in accordance with research needs or interests.

3.6. Data Analysis Technique

The data analysis method used in this research is qualitative analysis. Qualitative analysis is a research technique that produces descriptive data in verbal, written, or verbal form from people with understandable behaviors. Qualitative analysis is used to describe and decipher existing sentences so that deductive reasoning can be used to draw conclusions as a solution to existing problems. From the research that has been carried out, the authors describe the results of the EVA method which have been obtained from the financial reports of PT Bank Muamalat for 2019-2021 which are then concluded.

There are various stages in calculating EVA :

1) Net Operating After Tax (NOPAT)

NOPAT is a company's net operating profit after tax. NOPAT is obtained from net profit before tax minus tax. NOPAT can be calculated using the following formula: **NOPAT = Operating Profit Before Tax - Tax**

2) Invested Capital (IC)

Investment capital is the real cost that must be incurred by the company to obtain funds or own capital which is used as collateral for debt. Invested Capital can be calculated using the following formula: IC can be calculated using the formula:

$$\text{Invested Capital} = \text{Total Debt \& Equity} - \text{Short Term Debt.}$$

3) Weighted Average Cost Of Capital (WACC)

WACC or weighted average cost of capital is the weighted average of cost of debt, preferred stock, and common equity. WACC can be calculated using the formula:

$$\text{WACC} = \{(D \times rd) (1 - \text{Tax}) + (E \times Re)\}$$

Description :

- Level of Capital (D) = $\frac{\text{Total Debt}}{\text{Total Debt \& Equity}} \times 100\%$
- Cost of Debt (rd) = $\frac{\text{Interest expense}}{\text{Total Long-term debt}} \times 100\%$
- Equity Level (E) = $\frac{\text{Total Equity}}{\text{Total Debt \& Equity}} \times 100\%$
- Cost of Equity (re) = $\frac{\text{Profit After Tax}}{\text{Total Equity}} \times 100\%$
- Tax Rate (Tax) = $\frac{\text{Tax Expense}}{\text{Net Profit Before Tax}} \times 100\%$

4) Capital Charge (CC)

Capital Charge or the cost of capital is the rate of return expected by investors if the capital

is invested in a project or company with commensurate risk. Capital Charges are also defined as the cash value required to replace the capital invested by investors for investment risk, CC can be calculated using the formula:

$$\text{Capital Charge} = \text{WACC} \times \text{Invested Capital}$$

5) Economic Value Added (EVA)

If a company has a positive EVA value, it can be said that the management of a company can create added value for the company. Conversely, if EVA is negative, then the company will experience destructive value. EVA can be calculated using the formula:

$$\text{EVA} = \text{NOPAT} - \text{Capital Charge}$$

From these calculations conclusions will be obtained with the following interpretations :

- If $\text{EVA} > 0$ (positive), it means that the company's value added process is ongoing, and the company's profit situation is good. In this position, it means that the company's management has succeeded in creating economic added value for the company.
- If $\text{EVA} = 0$ (Break-even point), it shows the company's breakeven point because most of the gross profit is used to settle obligations (profits generated by the cost of capital) both to creditors and shareholders to finance. company. This position means that the company's management is at the breakeven point. Where the company did not experience setbacks but also did not experience progress on the economic side.
- If $\text{EVA} < 0$ (Negative), it means that the company's total cost of capital is higher when compared to the after-tax operating profit it generates. In this position, it means that there are no stages of adding economic value to the company, namely the profits it generates cannot meet the expectations of creditors or investors or shareholders.

4. Results and Discussion

Based on the research that has been done, financial performance appraisal is needed by a bank. Performance appraisal aims to determine operational effectiveness on a regular basis based on targets, standards and performance that have been set to evaluate the bank's goals. The EVA concept makes companies much more focused on creating corporate value and assessing financial performance fairly and then measuring it using a weighted measure of initial capital structure. So the author wants to use the EVA method in the financial statements of PT Bank Muamalat Indonesia Tbk for 2019 and 2020. Here's how to calculate the EVA method:

1) Net Operating After Tax (NOPAT)

Formula:

$$\text{NOPAT} = \text{Operating Profit/Loss Before Tax} - \text{Tax}$$

Table 2. Calculation of NOPAT PT. Bank Muamalat Indonesia Tbk Period 2019-2021

Year	Profit Before Tax	Tax	NOPAT
2019	26.166.398	9.840.067	16.326.331
2020	15.018.035	4.998.296	10.019.739
2021	12.513.740	3.586.689	8.927.051

The NOPAT calculation results in the table above show that the highest NOPAT value was IDR 16,326.33 in 2019, for 2020 NOPAT decreased to IDR 10,019,739. NOPAT continues to decline until 2021 reaching IDR 8,927,051. It can be seen from the NOPAT calculation results

that Bank Muamalat earns NOPAT which tends to decrease every year. This resulted in a decrease in net profit that should have been used to optimize all of the company's operational costs because the net profit/NOPAT achieved by the company decreased.

2) Invested Capital (IC)

Formula:

$$\text{Invested Capital} = \text{Total Debt and Equity} - \text{Short Term Debt}$$

Table 3. Calculation of Invested Capital PT. Bank Muamalat Indonesia Tbk Period 2019-2021

Year	Total Debt and Equity	Short Term Debt	Invested Capital
2019	13.560.062.048	7.285.064.359	6.274.997.689
2020	13.504.437.658	7.641.182.003	5.843.617.479
2021	15.540.994.645	10.878.093.468	4.662.901.177

The table above shows that the value of Total Debt and Equity has decreased and is inversely proportional to Short Term Debt whose value continues to increase from time to time resulting in a decrease in Investment Capital. In 2019 the value of Investment Capital was IDR 6,274,997,689, for 2019 Investment Capital decreased by IDR 5,843,617,479, until 2021 Investment Capital continued to decrease to IDR 4,662,901,177 in 2021.

3) Weighted Average Cost of Capital (WACC)

Formula:

$$\text{WACC} = \{(D \times rd)(1 - \text{Tax}) + (E \times re)\}$$

$$a. \text{ Capital Level (D)} = \frac{\text{Total Debt}}{\text{Total Debt dan Equity}} \times 100\%$$

Table 4. Calculation of the Capital Level (D)

Year	Total Debt	Total Debt and Equity	(D)
2019	9.622.883.761	13.560.062.048	0,71
2020	9.518.089.109	13.484.799.482	0,71
2021	11.554.646.096	15.540.994.645	0,74

The table above shows the value of the level of capital in the same position. Capital rate in 2019 increased from 0.71 to 0.74 in 2021.

$$b. \text{ Cost of Debt (rd)} = \frac{\text{Interest Expense}}{\text{Total Long Term Debt}} \times 100\%$$

Table 5. Calculation of Cost of Debt (rd)

Year	Total Debt	Total Long Term Debt	(rd)
2019-2021	0	0	0

The table above shows that PT Bank Muamalat is a sharia-based bank and Islamic banks are prohibited from taking interest, so the cost of debt is zero. Islamic banks are internationally known as Islamic banks or interest-free banks. This term is inseparable from the applicable Islamic law. Transactions carried out by PT Bank Muamalat Indonesia must comply with Islamic moral values and principles (Stiyani 2020). The priority is related to how to prohibit

the practice of usury, imaginary activities (speculation), and igharr (obscurity) as stated in Q.S Ali-Imron verse 130:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا الرِّبَا أَضْعَافًا مُضَاعَفَةً ۚ وَاتَّقُوا اللَّهَ لَعَلَّكُمْ تُفْلِحُونَ

“Believers! Do not swallow interest, doubled and redoubled, and be mindful of Allah so that you may attain true success”

$$c. \text{ Level of Equity (E)} = \frac{\text{Total Equity}}{\text{Total Debt and Equity}} \times 100\%$$

Table 6. Calculation of Equity Levels (E)

Year	Total Equity	Total Debt and Equity	(E)
2019	3.937.178.287	13.560.062.048	0,29
2020	3.966.710.373	13.484.799.482	0,29
2021	3.986.348.549	15.540.994.645	0,26

The table above shows the Equity level values in the same position, there is no drastic increase or decrease. The Equity level in 2019 with a value of 0.29 has decreased so that in 2021 it will be 0.26. It can be seen that the value has decreased because the Total Debt and Equity has increased rapidly.

$$d. \text{ Cost of Equity (re)} = \frac{\text{Laba Setelah Pajak}}{\text{Total Ekuitas}} \times 100\%$$

Table 7. Calculation of the Cost of Equity (re)

Year	Profit After Tax	Total Equity	(re)
2019	16.326.331	3.937.178.287	0,00
2020	10.019.739	3.966.710.373	0,00
2021	8.927.051	3.986.348.549	0,00

The table above shows the value of the Cost of Equity in the same position, there is no increase or decrease. The Cost of Equity rate in 2019 is 0.00. It can be seen that this value will continue to be stable until 2021. The Cost of Equity will remain at 0.00.

$$e. \text{ Tingkat Pajak (Tax)} = \frac{\text{Beban Pajak}}{\text{Laba Bersih Sebelum Pajak}} \times 100\%$$

Table 8. Calculation of Tax Rates (Tax)

Year	Tax Expense	Total Equity	(Tax)
2019	9.840.067	26.166.398	0,38
2020	4.998.296	15.018.035	0,33
2021	3.586.689	12.513.740	0,29

The table above shows the highest tax rate that occurred in 2019, with a tax rate of 0.38. In the following year the tax value continued to decrease due to the value of equity and the tax burden which began to fall drastically so that in 2021 the tax value would be 0.29.

Tabel 8. Perhitungan WACC PT. Bank Muamalat Indonesia Tbk Periode 2019-2021

Year	WACC
2019	0,001
2020	0,001
2021	0,001

After calculating the results of capital level, cost of debt, equity level, cost of equity, tax rate can produce WACC values. From the results above, the WACC value does not decrease or increase. In 2019 the WACC value is 0.001, this value will continue to be the same until 2021 the WACC value will remain at 0.001.

4) Capital Charge (CC)

Formula:

$$\text{Capital Charges} = \text{WACC} \times \text{Invested Capital}$$

Table 9. Calculation of Capital Charges of PT. Bank Muamalat Indonesia Tbk Period 2019-2021

Year	WACC	Invested Capital	Capital Charges
2019	0,001	6.274.997.689	7.555.105
2020	0,001	5.863.255.655	4.350.295
2021	0,001	4.662.901.177	2.678.462

The table above shows that the Capital Charge value decreased significantly from IDR 7,555,105 in 2019, then the Capital Charge value continued to decrease in the following year, resulting in a capital charge value of IDR 2,678,462 in 2021.

5) Economic Value Added (EVA)

Formula:

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

or

$$\text{EVA} = \text{NOPAT} - (\text{WACC} \times \text{Invested Capital})$$

Table 10. Calculation of EVA PT. Bank Muamalat Indonesia Tbk Period 2019-2021

Year	NOPAT	Capital Charges	EVA
2019	16.326.331	7.555.105	8.771.226
2020	10.019.739	4.350.295	5.669.444
2021	8.927.051	2.678.462	6.248.589

After obtaining the Capital Charge value from the results above, the EVA value for 2019 is IDR 8,771,226, then in 2020 the EVA value drops to IDR 5,669,444. Furthermore, the EVA value will increase to IDR 6,248,589 per year in 2021.

From the results of calculating the financial performance assessment of Bank Muamalat Indonesia Tbk by applying the EVA method that has been carried out, the table is presented as follows:

Table 11. Bank Muamalat Performance Based on EVA Value

Year	EVA
2019	8.771.226
2020	5.669.444
2021	6.248.589

Based on the calculation table above, the results of the company's performance based on the EVA table above show:

- 1) EVA in 2019 > 0 / positive seen from the financial statements accompanied by the performance of Bank Muamalat Indonesia in 2019 was able to build economic added value with an EVA value of 8,771,226.
- 2) EVA in 2020 > 0/positive, seen from the financial reports along with the performance of Bank Muamalat Indonesia in 2020 was able to build economic added value with an EVA value of IDR. 5,669,444
- 3) EVA in 2021 > 0 / positive, seen from the financial reports accompanied by the performance of Bank Muamalat Indonesia in 2021 was able to build economic added value with an EVA value of IDR. 6,248,589

The EVA method is used to evaluate based on the financial performance of PT Bank Muamalat Indonesia by creating economic value. A positive EVA value is generated because the company's total cost of capital is much smaller than the after-tax operating profit (NOPAT). This has a positive impact on the company and allows it to benefit investors, creditors and shareholders.

In analyzing financial performance, company management must adhere to the principles of Islamic business ethics. This is because ethics in business can become a standard for all employees and management to be used as a reference or guide in carrying out daily work based on moral honesty, professionalism, and also openness. EVA is an approach in assessing company performance that takes into account the expectations of investors or investors fairly. This is in line with the principle of justice in Islamic business ethics. Fairness in doing business is something that must be followed by companies. The principle of justice instills a fair attitude towards all parties and does not discriminate from various aspects.

5. Conclusion

Based on the results of the analysis and calculation of PT Bank Muamalat Indonesia Tbk's Economic Value Added (EVA) for the 2019-2021i period, it shows a positive EVA value or i (EVA > i0), showing the best performance in 2019 with the highest positive value. This means that banks are able to create added value or higher profits produced increases and can meet its operational costs.

In this case it shows that even though the financial performance of Bank Muamalat is currently experiencing a decline in profits in recent years as seen from its financial statements, it turns out that this does not affect the company's performance in the level of shareholder investment. and the financial performance experienced by the company is still stable even though there is a decline but does not have a negative impact on the company. And of course, it is possible to benefit investors, creditors and shareholders in this position. Thus, the company's management has succeeded in creating economic added value for the company.

Therefore, it can be concluded that the EVA method is more effective for calculating bank financial performance because it takes into account the bank's capital value and

prioritizes value creation within the company. In addition, investors also like this EVA method because it takes into account shareholders and EVA is also often used for managers to make decisions.

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