

ABSTRACT

One of the ways to valuate and assess the performance of a bank is by analyzing its banking operational performance as represented in its financial ratios. The financial ratios will identify various financial indicators capable of showing the financial position and condition as well as performance of a bank in a certain financial period. Referring to the various indicators, the management of a bank is supposed to be able to take strategic policies to tailor the financial position and condition as well as performance of the bank they manage.

The valuation of banking financial performance can be assured by calculating the spread management and economic value added (EVA) of a bank.

The study attempt to evaluate three most prominent problems, i.e.:

1. Applying Discriminant Analysis, the researcher analyzed 5 finance indicators that are able to distinguish, separate and classify the high banking operational performance and the low one among foreign exchange banks and non-foreign exchange banks during a period ranging from 30 June 1995 until 30 June 1998. Referring to the spread management, the result of the analysis showed that Cost of Funds and Primary Ratios has the most significant contribution to the performance.
2. Employing Multiple Linear Regression Analysis, it is to identify whether variables on loan, placement with other banks, marketable securities, investment in shares of stock, total interest, total debt, total equity and provision for possible losses on total productive assets effect the banking operational performance by referring to Economic Value Added (EVA), The result of the analysis shown that the aforementioned 8 variables have collectively affected the banking operational performance and total debt is the variable dominantly affecting the banking operational performance in Indonesia?

Key Words : Financial Report
Ratios Analysis
Spread Management
Economic Value Added
Banking Performance