



THE EFFECT OF FINANCIAL ASSET IMPAIRMENT ON THE NET PROFIT OF PT BANK MANDIRI (PERSERO) TBK FOR THE PERIOD 2022 - 2025

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ABSTRACT

Article History

Received: 13-01-2026

Revised: 12-02-2026

Accepted: 11-05-2026

Published: 24-05-2026

Keywords

This study aims to examine the effect of financial asset impairment on net profit. It uses the monthly financial statements of PT Bank Mandiri (Persero) Tbk as the data source. This study applies a quantitative method by analyzing the results of a regression test. The regression results indicate a significant relationship between financial asset impairment and net profit. The research conducted on this bank focuses on non-performing loans; therefore, if non-performing loans decrease, net profit will increase.

Keywords: Financial Asset Impairment, Net profit, Banking Instruments.

DOI: 10.56858/jmpkn.v2i3.920

1. INTRODUCTION

Bank Mandiri is one of the largest banks in Indonesia, established in 1998 through the merger of four state-owned banks as part of the national banking restructuring program after the economic crisis. The bank plays a strategic role in supporting financial stability and national economic growth through various banking services. As a publicly listed company on the Indonesia Stock Exchange (IDX), Bank Mandiri is committed to transparency and accountability while continuously improving its performance through risk management, service innovation, and digital transformation.

Financial statements, particularly net income, are important indicators of a company's performance. According to Winelfia (2018), net income is relevant in assessing the financial performance and company value. Kenton (2024) also states that net income reflects the company's performance after deducting all operational expenses, taxes, and other costs. In the



banking industry, profitability is strongly influenced by the quality of earning assets and credit risk management (Harahap, 2020).

One of the major factors affecting bank profitability is financial asset impairment arising from non-performing loans (NPLs). According to Kasmir (2020), increasing credit risk negatively affects bank profitability because banks are required to establish larger allowance reserves. Similarly, Hidayat (2021) found that non-performing loans significantly reduce net income. Research conducted by Putri and Rahmawati (2023) also concluded that NPL has a negative effect on bank profitability.

The implementation of PSAK 71 concerning financial instruments has strengthened the importance of impairment recognition in the banking sector. PSAK 71 applies the expected credit loss (ECL) approach, which requires banks to recognize impairment earlier based on expected future losses. Dewi and Nugroho (2021) explained that PSAK 71 increases impairment reserves because banks must proactively estimate potential losses. This finding is supported by Wulandari et al. (2022) and Kurniawati (2023), who stated that the implementation of PSAK 71 significantly increases allowance for expected credit losses (CKPN).

Several previous studies have shown that financial asset impairment has a significant effect on profitability. Prasetyo (2020) concluded that allowance for impairment losses negatively affects return on assets (ROA). Rahman et al. (2021) also found that financial asset impairment reduces bank performance. Furthermore, Oktaviani and Suryanto (2023) stated that impairment assets significantly influence net income.

Research on banking profitability also indicates that credit quality is closely related to earnings performance. Santoso (2019) explained that better credit quality improves bank profitability. Gunawan and Putra (2021) found that non-performing loans negatively affect net profit. Similar results were found by Firmansyah and Laila (2022), who concluded that problematic loans significantly reduce banking net income.

In addition, studies conducted by Yusuf and Amelia (2022), Andriani and Putri (2021), and Amelia and Kurniawan (2023) emphasized that credit risk management is an essential determinant of banking profitability. High credit risk leads to higher impairment expenses and lower profits. Likewise, Sari et al. (2022) and Sihombing (2020) explained that CKPN directly affects the income statement because higher reserves increase operational expenses.

Research conducted by Abdullah (2020) revealed that profitability tends to decline after the implementation of PSAK 71 due to the increase in impairment reserves. Marbun et al. (2024) also concluded that impairment and credit risk significantly affect bank profitability. Therefore, effective management of financial asset impairment is essential for maintaining stable earnings growth in the banking sector.

Based on these issues and previous findings, this study examines “The Effect of Financial Asset Impairment on the Net Income of Bank Mandiri During the Period 2022–2025.”



2. LITERATURE REVIEW

2.1. Financial Asset Impairment

Financial asset impairment in the banking sector is closely related to increasing credit risk, namely the inability of debtors to fulfill their obligations, which requires banks to establish loss reserves (Komalasari & Siagian, 2024). PSAK 71 defines impairment based on estimated future losses, requiring banks not to wait for objective evidence of default before recognizing losses, but to apply a proactive approach based on deteriorating credit risk.

According to Dewi and Nugroho (2021), the implementation of PSAK 71 significantly changed the impairment recognition model from incurred loss to expected credit loss. This approach increases the amount of allowance reserves because banks must estimate future losses earlier. Wulandari et al. (2022) and Kurniawati (2023) also stated that PSAK 71 has increased CKPN in the banking industry.

Research by Prasetyo (2020) found that allowance for impairment losses negatively affects return on assets because higher impairment expenses reduce profitability. Similarly, Rahman et al. (2021) explained that financial asset impairment weakens banking performance due to declining earnings quality. Sihombing (2020) further emphasized that CKPN directly affects the income statement because it increases operational expenses.

In addition, studies by Hidayat (2021), Gunawan and Putra (2021), and Firmansyah and Laila (2022) concluded that non-performing loans significantly reduce net profit. This occurs because higher credit risk requires banks to allocate larger reserves, thereby reducing earnings.

2.2. Net Income

Net income is the profit earned by a company after all revenues are reduced by operational expenses, interest, taxes, and other costs, reflecting the company's overall performance within a certain period (Kenton, 2024). According to Winelfia (2018), net income is an important indicator for assessing financial performance and company value.

In the banking industry, profitability is closely related to asset quality and credit management. Harahap (2020) explained that bank profitability is influenced by several factors, including credit risk and operational efficiency. Santoso (2019) also stated that better credit quality contributes positively to banking profitability.

Research conducted by Putri and Rahmawati (2023), Yusuf and Amelia (2022), and Andriani and Putri (2021) found that credit risk negatively affects profitability because increasing NPL reduces bank earnings. Similar findings were reported by Amelia and Kurniawan (2023), who concluded that credit risk management is essential for maintaining sustainable profitability in the banking industry.

Moreover, Abdullah (2020) found that the implementation of PSAK 71 tends to reduce profitability because banks are required to establish larger impairment reserves. Marbun et al. (2024) also concluded that impairment and credit risk significantly influence bank profitability. Therefore, effective impairment management and credit quality control are important to maintain stable net income growth in the banking sector.

3. RESEARCH METHODS

This study uses a quantitative method, an approach that utilizes numerical data to explain phenomena, test hypotheses, and analyze relationships between variables systematically and objectively. Data are generally collected through research instruments such as surveys and questionnaires, or obtained from secondary sources, and are analyzed using statistical techniques. Quantitative research is widely applied in management, economics, and social studies because it provides measurable results and allows findings to be generalized to a broader population.

In this study, a descriptive-analytical method with a quantitative approach is employed to examine the relationship between variables. According to (Sugiyono, 2023) The dependent variable is the variable influenced by another variable, while the independent variable is the variable that causes changes in the dependent variable. Therefore, the dependent variable in this study is Bank Mandiri's net income, while the independent variable is Bank Mandiri's financial asset impairment.

4. RESULTS AND DISCUSSION

Based on the monthly financial statements of Bank Mandiri from 2022 to 2025, data on monthly financial asset impairment and monthly net income were obtained as follows:

Sample No.	Date	Financial Impairment Month (in Rupiah)	Asset per million	Net Income per Month (in million Rupiah)
1	31 January 2022	941,253		3,003,426
2	28 February 2022	1,772,241		6,004,669
3	31 March 2022	2,753,170		9,056,651
4	30 April 2022	3,570,795		12,065,045
5	31 May 2022	4,521,091		15,529,457
6	30 June 2022	5,054,352		18,537,832
7	31 July 2022	6,181,940		21,697,831
8	31 August 2022	7,041,410		24,708,325
9	30 September 2022	7,932,434		28,507,633
10	31 October 2022	8,584,525		31,516,764



11	30 November 2022	9,158,548	34,817,931
12	30 December 2022	10,266,667	37,692,426
13	31 January 2023	752,965	3,752,691
14	28 February 2023	1,455,241	7,385,439
15	31 March 2023	2,426,476	11,094,716
16	30 April 2023	3,261,173	14,669,734
17	31 May 2023	4,231,468	18,448,587
18	30 June 2023	4,901,147	23,002,445
19	31 July 2023	5,350,017	27,439,492
20	31 August 2023	5,731,785	31,511,783
21	30 September 2023	5,307,480	35,936,643
22	31 October 2023	5,819,766	40,514,928
23	30 November 2023	5,844,023	45,069,295
24	30 December 2023	5,366,942	51,096,878
25	31 January 2024	594,381	3,834,100
26	29 February 2024	1,608,863	7,158,210
27	31 March 2024	2,552,773	11,125,756
28	30 April 2024	3,309,033	15,072,665
29	31 May 2024	4,053,495	19,629,903
30	30 June 2024	4,737,262	24,649,121
31	31 July 2024	5,437,862	29,227,824
32	31 August 2024	6,045,814	33,559,204
33	30 September 2024	5,884,790	39,006,512
34	31 October 2024	6,838,997	43,061,998
35	30 November 2024	7,166,540	47,173,378

36	30 December 2024	7,134,515	51,135,963
37	31 January 2025	568,055	4,005,322
38	28 February 2025	1,474,065	7,588,287
39	31 March 2025	2,246,993	11,634,239
40	30 April 2025	3,016,559	15,189,226
41	31 May 2025	3,815,659	19,654,682
42	30 June 2025	3,279,979	22,801,127
43	31 July 2025	3,998,184	26,584,511
44	31 August 2025	4,490,099	30,652,641
45	30 September 2025	4,929,733	34,795,956
46	31 October 2025	5,124,097	38,885,254
47	30 November 2025	4,583,717	44,148,399
48	30 December 2025	4,423,383	51,539,726

The data source was obtained from bankmandiri.co.id

Based on the monthly financial statements of PT Bank Mandiri (Persero) Tbk during the period 2022–2025, data regarding financial asset impairment and net income were analyzed using regression analysis. The results indicate that financial asset impairment has a significant effect on net income.

The regression analysis produced an adjusted R-square value of 0.569, which means that 56.9% of the variation in Bank Mandiri's net income can be explained by financial asset impairment. Meanwhile, the remaining 43.1% is influenced by other variables outside the research model, such as operational efficiency, interest income, inflation, macroeconomic conditions, and other banking risks. This finding indicates that impairment is an important factor affecting profitability in the banking sector.

The significance value (Sig. F) of 0.0000, which is lower than the alpha level of 0.05, demonstrates that financial asset impairment simultaneously has a statistically significant effect on net income. In addition, the partial test also shows a significance value below 0.05, indicating that impairment individually affects net income. The regression coefficient shows that every decrease in financial asset impairment contributes to an increase in net income.



From an accounting perspective, financial asset impairment represents the recognition of losses due to declining credit quality and increasing risk of default. Under PSAK 71, banks are required to recognize expected credit losses (ECL) earlier through the establishment of allowance for impairment losses (CKPN). Therefore, when the level of non-performing loans decreases, the amount of CKPN required also declines, resulting in lower impairment expenses and higher profits.

The findings of this study are consistent with the research conducted by Hidayat (2021), who found that non-performing loans negatively affect bank net income. Similar results were also reported by Gunawan and Putra (2021) and Firmansyah and Laila (2022), who concluded that higher credit risk significantly reduces banking profitability because banks must allocate larger reserves for impairment losses.

Furthermore, this study supports the findings of Prasetyo (2020) and Rahman et al. (2021), who stated that financial asset impairment negatively affects bank performance and profitability. Higher impairment expenses reduce return on assets and weaken earnings quality. Sihombing (2020) also emphasized that CKPN directly influences the income statement because larger reserves increase operational expenses.

The results are also in line with studies related to PSAK 71 implementation. Dewi and Nugroho (2021), Wulandari et al. (2022), and Kurniawati (2023) explained that the expected credit loss approach under PSAK 71 increases impairment reserves because banks are required to estimate future credit losses proactively. Consequently, impairment expenses become more sensitive to changes in credit quality.

In addition, the findings support the theory proposed by Santoso (2019) and Harahap (2020), which states that better credit quality improves banking profitability. Lower levels of non-performing loans indicate healthier asset quality, reduced credit risk, and more efficient reserve allocation, ultimately leading to higher net income.

During the observation period, Bank Mandiri demonstrated relatively stable growth in net income despite fluctuations in impairment values. This condition indicates that the bank has implemented effective credit risk management strategies and maintained good asset quality. The decline in impairment expenses during certain periods contributed positively to earnings growth.

Overall, the results of this study confirm that financial asset impairment is an important determinant of banking profitability. Effective management of credit quality, non-performing loans, and impairment reserves is necessary to maintain stable net income growth and support the financial performance of banks in the long term..

5. CONCLUSION

Based on the data analysis, it can be concluded that financial asset impairment has a significant effect on Bank Mandiri's net income. This is indicated by the significance value, which is lower than the alpha value of 0.05, both simultaneously and partially. The findings suggest that improvements in asset quality, particularly in loans provided, reduce the risk of default. As the need for loss reserve provisions decreases, the expenses recorded in the income statement also decline. Consequently, lower financial asset impairment, reflected in reduced non-performing loan risk, leads to higher net income.

Furthermore, the adjusted R-square value of 0.569 indicates that 56.9% of the variation in net income is explained by financial asset impairment. In comparison, the remaining 43.1% is attributable to other factors outside the research model. Therefore, financial asset impairment is an important factor affecting changes in Bank Mandiri's net income.

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