



The Effect of Leverage and Profitability on Company Value at PT Bank Sinarmas Tbk for the 2015-2024 Period

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Abstract : *The development of the banking sector and fluctuations in company value encourage the importance of analyzing financial factors that influence market valuation of companies. This study aims to analyze the effect of leverage and profitability on company value at PT Bank Sinarmas Tbk for the period 2015–2024. The study uses a quantitative approach with a descriptive method. The study population is the annual financial statements of PT Bank Sinarmas Tbk for the period 2015–2024, with a sample of 10 reports selected using saturated sampling. The research instrument is documentary data obtained from annual financial statements and stock price data. Data analysis uses descriptive statistics, classical assumption tests, multiple linear regression, t-tests, F-tests, and coefficients of determination with EViews 12. The results show that DER has no significant effect on PBV with a significance value of 0.2847, while ROA has a positive and significant effect on PBV with a significance value of 0.0273. Simultaneously, DER and ROA have no significant effect on PBV with a significance value of 0.074004. In conclusion, profitability is a more relevant factor in explaining company value than leverage in the research object.*

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Introduction

The banking sector plays an important role in supporting economic activity through financial intermediation, fund management, and the provision of financing. For publicly listed banks, maintaining financial performance is relevant not only to operational sustainability but also to how investors assess company value in the capital market. Company value, proxied by Price to Book Value (PBV), reflects the relationship between a company's market price and its book value. Two financial indicators that may be associated with company value are leverage and profitability. Leverage, measured by the Debt to Equity Ratio (DER), describes the relationship between liabilities and equity, while profitability, measured by Return on Assets (ROA), indicates a company's ability to generate earnings from its assets. These indicators provide different perspectives on financial performance: DER represents the company's

funding structure, whereas ROA reflects the effectiveness of asset utilization. Examining both variables can therefore help assess their respective relationships with market valuation.

The financial performance of PT Bank Sinarmas Tbk during 2015–2024 illustrates the need to examine these relationships in a specific banking context. The company's share price fluctuated throughout the observation period, rising from Rp394 in 2015 to Rp880 in 2017, declining to Rp505 in 2020, increasing to Rp875 in 2021, and reaching Rp820 in 2024. Meanwhile, total equity increased from approximately Rp3.67 trillion in 2015 to Rp8.60 trillion in 2024, while total liabilities rose from approximately Rp24.20 trillion to Rp40.10 trillion. Profitability also fluctuated: net profit declined from approximately Rp370.65 billion in 2016 to Rp6.75 billion in 2019 before recovering to approximately Rp370.14 billion in 2024. These figures indicate that changes in equity, liabilities, and earnings did not correspond to a consistent upward movement in the company's share price. This pattern provides an empirical reason to investigate whether leverage and profitability are statistically associated with company value at PT Bank Sinarmas Tbk during the period studied. The figures are based on the company's annual financial reports and the stock-price data compiled for this research.

Previous studies have reported inconsistent findings regarding the relationship between leverage and company value. Agusentoso (2017) reported a positive and significant relationship between DER and PBV, while Aisyah and Sartika (2022) found that financial leverage influenced company value. In contrast, Mulyani et al. (2025), Rahman (2025), and Silaen and Al-Choir (2025) reported that DER did not have a significant effect on company value. Findings concerning profitability are also mixed. Cahyati and Khuzaeni (2025), Ganar (2018), Irnawati (2019), Rahman (2025), and Wahidah et al. (2026) reported that profitability was associated with company value, whereas Aisyah and Sartika (2022) and Kadim and Sunardi (2019) found different results. Taken together, these studies suggest that the relationships between financial ratios and company value may vary across research settings, company characteristics, and observation periods. However, the cited studies cover different sectors and research settings, so their findings do not establish whether DER and ROA are associated with PBV at PT Bank Sinarmas Tbk over the 2015–2024 period.

The empirical gap addressed in this study is therefore the lack of a consistent conclusion from the previous findings when considered in relation to the financial fluctuations observed at PT Bank Sinarmas Tbk. Examining DER and ROA together is relevant because the company's liabilities and equity changed during the observation period, while its profitability also experienced substantial fluctuations. Considering leverage and profitability in the same model allows the study to assess their individual relationships with PBV and whether they are jointly associated with company value. The study is limited to one publicly listed banking company and ten annual observations from 2015 to 2024; consequently, its findings are intended to explain the selected research context rather than establish conclusions applicable to all banks.

Based on this background, this study aims to analyze the relationship of leverage, proxied by DER, and profitability, proxied by ROA, with company value, proxied by PBV, at PT Bank Sinarmas Tbk during 2015–2024. Specifically, the study examines the partial relationship of DER with PBV, the partial relationship of ROA with PBV, and the joint relationship of DER and ROA with PBV. The hypotheses are formulated as follows: **H1:** DER has a significant effect on PBV; **H2:** ROA has a significant effect on PBV; and **H3:** DER and ROA simultaneously have a significant effect on PBV. These hypotheses are tested using annual financial and stock-price data for the ten-year observation period.

Research Methods

This research uses a quantitative approach with a descriptive method. The quantitative approach was used because the research data is in numerical form, derived from the financial statements of PT Bank Sinarmas Tbk for the period 2015–2024 and then processed using statistical techniques to analyze the relationships between variables. According to Sugiyono (2019:13), quantitative research is a research method based on the philosophy of positivism and is used to test hypotheses through measurable data. The descriptive method is used to provide an overview of the development of leverage,



proxied by the Debt to Equity Ratio (DER), profitability, proxied by Return on Assets (ROA), and company value, proxied by Price to Book Value (PBV).

The research instruments consist of documentary data obtained from annual financial reports, company annual reports, and stock price data of PT Bank Sinarmas Tbk. Leverage variables are measured using DER by comparing total liabilities to total equity, profitability is measured using ROA by comparing net income to total assets, while company value is measured using PBV by comparing share price per share to book value per share. The data used include total liabilities, total equity, net income, total assets, share price, and the number of shares outstanding during the period 2015-2024.

The research population was all annual financial reports of PT Bank Sinarmas Tbk published during the 2015-2024 period. According to Sugiyono (2019:126), a population is a generalized area consisting of objects or subjects with certain characteristics to be studied and conclusions drawn. The sampling technique used saturated or census sampling, namely all members of the population were used as research samples. Based on this technique, the research sample consisted of 10 annual financial reports of PT Bank Sinarmas Tbk during the 2015-2024 period.

Data collection was conducted using the documentation method. According to Arikunto (2019:274), documentation is a data collection technique through recording and reviewing various documents related to the research object. The research procedure begins by identifying data sources that meet the research needs, then collecting financial reports, annual reports, and stock price data for PT Bank Sinarmas Tbk for the 2015-2024 period. Next, the researcher recorded total liabilities, total equity, net profit, total assets, stock price, and the number of outstanding shares, selected relevant data, grouped the data based on the variables DER, ROA, and PBV, verified the completeness and accuracy of the data, and then compiled the data in a format ready for analysis.

Data analysis techniques were conducted using descriptive statistical analysis, classical assumption tests, multiple linear regression, t-tests, F-tests, and coefficients of determination. Multiple linear regression was used because the study analyzed two independent variables, namely DER and ROA, against one dependent variable, namely PBV. According to Widarjono (2018: 263), multiple linear regression is used to analyze the relationship between two or more independent variables with one dependent variable through a measurable statistical approach. Before the regression model was interpreted, a classical assumption test was conducted to ensure the feasibility of the model. The entire data processing process was carried out using EViews software, then the analysis results were used to answer the problem formulation and test the research hypothesis.

stages use data from the company's annual financial reports and statistical processing with SPSS.

Results and Discussion

Research Variables

Table 1. Calculation of Company Value (PBV) of PT Bank Sinarmas Tbk

Year	Stock price	Total Equity (in millions of rupiah)	Number of Shares Outstanding	BVPS	PBV
2015	394	3,669,611	14,007,435,804	261,9759	1,5040
2016	870	4,475,322	15,053,073,256	297,3029	2,9263
2017	880	4,844,184	15,183,894,786	319,0343	2,7583
2018	550	4,856,420	15,381,803,206	315,7250	1,7420
2019	535	6,074,463	16,981,803,206	357,7042	1,4956
2020	505	6,056,844	17,263,895,026	350,8388	1.4394
2021	875	7,359,416	19,517,921,842	377,0594	2,3206
2022	845	7,285,008	19,517,921,842	373,2471	2,2639
2023	890	7,826,768	19,517,921,842	401,0042	2,2194
2024	820	8,599,622	19,517,921,842	440,6013	1,8611

Source: Data processed by the author from the annual financial report, 2026.



Table 2. DER Calculation Data of PT Bank Sinarmas Tbk

Year	Total Liabilities (in millions of rupiah)	Total Equity (in millions of rupiah)	DER
2015	24,199,077	3,669,611	6,5945
2016	26,717,304	4,475,322	5,9699
2017	22,822,617	4,844,184	4,7113
2018	23,532,846	4,856,420	4,8457
2019	26,385,919	6,074,463	4,3437
2020	32,557,921	6,056,844	5,3754
2021	38,799,669	7,369,416	5,2650
2022	33,547,181	7,285,008	4,6050
2023	37,788,908	7,826,768	4,8282
2024	40,099,290	8,599,622	4.6629

Source: Data processed by the author from the annual financial report, 2026

Table 3. ROA Calculation Data of PT Bank Sinarmas Tbk

Year	Net Profit (in millions of rupiah)	Total Assets (in millions of rupiah)	ROA
2015	185,153	27,868,688	0.66%
2016	370,651	31,192,626	1.19%
2017	318,923	30,404,078	1.05%
2018	50,472	30,748,742	0.16%
2019	6,752	36,559,556	0.02%
2020	118,522	44,612,045	0.27%
2021	127,748	52,671,981	0.24%
2022	221,160	47,350,601	0.47%
2023	75,796	52,634,996	0.14%
2024	370,137	55,624,433	0.67%

Source: Data processed by the author from the annual financial report, 2026.

Data Analysis Results

Table 4. Descriptive Statistical Data

	Y	X1	X2
Mean	2.053000	5.119000	0.487000
Median	2.040000	4.840000	0.370000
Maximum	2.930000	6,590,000	1.190000
Minimum	1.440000	4.340000	0.020000
Std. Dev.	0.530577	0.698100	0.398387
Skewness	0.356041	1.032304	0.617387
Kurtosis	1.851219	2.982206	2.088674
Jarque-Bera	0.761150	1.776218	0.981325
Probability	0.683468	0.411433	0.612221
Sum	20.53000	51.19000	4.870000
Sum Sq. Dev.	2.533610	4.386090	1.428410
Observations	10	10	10

Source: Data processed by the author using Eviews 12, 2026.

Analysis results:

Based on the descriptive statistics results in Table 4.4, it is known that the number of observations used in this study is 10 data, which come from the annual financial reports of PT Bank Sinarmas Tbk for the period 2015 to 2024. Descriptive statistical analysis is used to provide an overview



of the characteristics of each research variable, namely company value proxied by Price to Book Value (PBV), leverage proxied by Debt to Equity Ratio (DER), and profitability proxied by Return on Assets (ROA). The information obtained includes the average, median, minimum, maximum, standard deviation, skewness, and kurtosis values.

The company value variable is proxied by *Price to Book Value* (PBV) has a mean value of 2.053000. The minimum PBV value is 1.440000, while the maximum value is 2.930000. This range indicates that the value of PT Bank Sinarmas Tbk has changed during the period 2015 to 2024. The standard deviation value of 0.530577 indicates a variation in PBV from its average value. Meanwhile, the median value of 2.040000 is relatively close to the average value of 2.053000. This condition indicates that the middle value of the PBV data does not differ too much from the average value. The skewness value of 0.356041 indicates that the distribution of PBV data tends to be skewed to the right (positively skewed) with a relatively low level of skewness. The kurtosis value of 1.851219 indicates that the distribution of PBV data tends to be flatter than the normal distribution.

On the variable *leverage* which is proxied by the Debt to Equity Ratio (DER), the average value obtained is 5.119000. The minimum DER value is 4.340000, while the maximum value reaches 6.590000. The difference between the minimum and maximum values indicates that the leverage level of PT Bank Sinarmas Tbk has changed during the observation period. The standard deviation of 0.698100 indicates the spread of DER data from its average value. The median value of 4.840000 is below the average value of 5.119000, which indicates that there are several relatively higher DER values thus increasing the average value. Furthermore, the skewness value of 1.032304 indicates that the distribution of DER data is skewed to the right with a relatively strong level of skewness. The kurtosis value of 2.982206 which is close to three indicates that the shape of the DER data distribution is relatively close to a normal distribution.

Profitability variables are proxied by *Return on Assets* (ROA) has an average value of 0.487000%. The minimum ROA value is recorded at 0.020000%, while the maximum value is 1.190000%. Thus, if rounded to two decimal places, the average ROA is 0.49%, the minimum value is 0.02%, and the maximum value is 1.19%. This range indicates that PT Bank Sinarmas Tbk's ability to generate profits through asset utilization has changed during the study period. The ROA standard deviation of 0.398387% indicates that there is variation in the data from its average value. The median ROA of 0.370000% is below the average value of 0.487000%, which indicates that there are several relatively higher ROA values, thus pushing the average value to be greater than the median. The skewness value of 0.617387 indicates that the distribution of ROA data tends to be skewed to the right. Meanwhile, the kurtosis value of 2.088674 shows that the distribution of ROA data is more sloping than the normal distribution.

In addition to the characteristics of the average value and data distribution, the results of descriptive statistics also show the Jarque-Bera value and probability of each variable. The PBV variable has a Jarque-Bera value of 0.761150 with a probability of 0.683468, DER has a Jarque-Bera value of 1.776218 with a probability of 0.411433, while ROA has a Jarque-Bera value of 0.981325 with a probability of 0.612221. All probability values are above 0.05, so descriptively there is no indication that the data for each variable deviates from the normal distribution based on the Jarque-Bera test.

Overall, descriptive statistics show that PBV, DER, and ROA have different characteristics and levels of variation during the period 2015 to 2024. PBV has an average of 2.053000, DER is 5.119000, while ROA has an average of 0.487000%. All three variables also show positive skewness, meaning their distribution tends to be skewed to the right. The Jarque-Bera results indicate that the probability of each variable is greater than 0.05. This picture forms the basis for continuing the analysis to the next stage, namely testing classical assumptions and multiple linear regression.

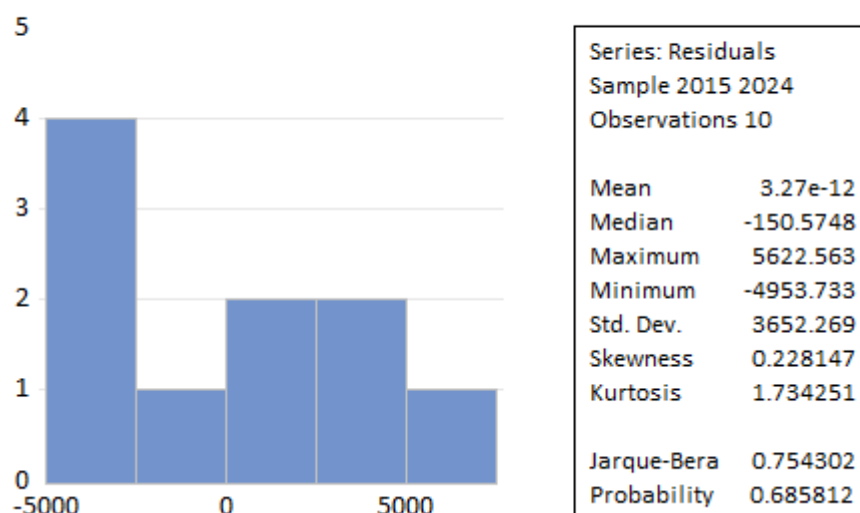


Figure 2. Normality Test

Source: Data processed by the author using Eviews 12, 2026.

The test results show that the Jarque-Bera probability value is 0.685812. This figure is well above the 0.05 significance level, so the statistical decision is to accept H0 and reject H1. This means there is insufficient evidence to state that the residuals deviate from the normal distribution. In other words, the residuals in the regression model can be considered normally distributed.

This condition indicates that one of the main requirements in linear regression analysis, namely the fulfillment of the residual normality assumption, has been properly met. This is crucial because the presence of normally distributed residuals provides the basis for further testing, such as the t-test and F-test, to produce valid results. Without this assumption, interpretation of the significance of the influence of the independent variables can be less convincing. Therefore, by fulfilling the normality assumption, the regression model used can proceed to the next stage of analysis, and the test results can be scientifically justified.

Table 5. Multicollinearity Test

Variance Inflation Factors
Date: 06/22/26 Time: 21:35
Sample: 2015 2024
Included observations: 10

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	1.11E+08	64.89342	NA
X1	0.046868	72.84218	1.198872
X2	0.144652	3.198348	1.198872

Source: Data processed by the author using Eviews 12, 2026

The Centered VIF column table shows the results of the multicollinearity test. The VIF values for all three variables must be less than 10, indicating no multicollinearity. Therefore, based on the classical assumptions of linear regression with OLS, a good linear regression model will not experience multicollinearity. Therefore, the model above does not experience multicollinearity.

Table 6. Heteroscedasticity Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey

Null hypothesis: Homoskedasticity

F-statistic	0.382498	Prob. F(2,7)	0.6956
Obs*R-squared	0.985186	Chi-Square Prob.(2)	0.6110
Scaled explained SS	0.177227	Chi-Square Prob.(2)	0.9152

Source: Data processed by the author using Eviews 12, 2026

The test results showed a Chi-Square Prob. (Obs. R-squared) value of 0.6110. This figure is very close to the 0.05 threshold, but still slightly above it. Therefore, the decision was made to accept H0. This means that statistically, there was no indication of heteroscedasticity in the regression model used.

Under these conditions, the residual variance can be considered constant, meeting the homoscedasticity assumption. This indicates that the regression model is sufficiently stable and suitable for further analysis, as one of the important classical assumptions has been met.

Table 7. Autocorrelation Test

Breusch-Godfrey Serial Correlation LM Test:

Null hypothesis: No serial correlation at up to 2 lags

F-statistic	0.494365	Prob. F(2,5)	0.6369
Obs*R-squared	1.650984	Chi-Square Prob.(2)	0.4380

Source: Data processed by the author using Eviews 12, 2026

Chi-Square Prob. Value (The R-squared (Observed R-squared) was obtained at 0.4380, greater than 0.05, as shown in Figure 4.7. Therefore, it can be concluded that the regression model used in this study does not show autocorrelation. Thus, this model meets one of the conventional assumptions and is suitable for further analysis.

Table 8. Multiple Linear Regression Analysis Test

Dependent Variable: Y

Method: Least Squares

Date: 06/22/26 Time: 21:32

Sample: 2015 2024

Included observations: 10

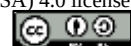
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	28223.55	10549.58	2.675323	0.0318
X1	-0.250789	0.216491	-1.158429	0.2847
X2	1.057294	0.380331	2.779927	0.0273

Source: Data processed by the author using Eviews 12, 2026

Based on Table 8, a multiple linear regression equation can be formulated to determine the influence of leverage and profitability on assessing company value. The data processing results in the following equation:

Based on the results of multiple linear regression analysis, a constant value of 28,223.55 was obtained. This value indicates that if the variable *leverage* Assuming that the Debt to Equity Ratio (DER) and profitability (ROA) remain unchanged or are zero, the company's value, proxied by Price to Book Value (PBV), is estimated at 28,223.55. In other words, this value reflects the magnitude of the PBV when the influence of the two independent variables is not taken into account in the model.

Variables *leverage* (DER) has a regression coefficient of 0.250789, indicating a negative relationship with firm value. This means that every one-unit increase in DER is estimated to decrease PBV by 0.250789 units, assuming other variables remain constant. This negative relationship indicates



that the greater the proportion of debt compared to equity, the higher the financial risk the company must bear. This condition has the potential to influence investor perceptions, as a high debt burden is often perceived as reducing a company's ability to create future value.

Different from *leverage* The profitability variable (ROA) shows a regression coefficient of 1.057294 with a positive correlation. This result implies that every one-unit increase in ROA is estimated to increase the company's value by 1.057294 units, assuming the other variables remain unchanged. This finding illustrates that a company's ability to generate profits through the utilization of its assets is one of the factors attracting investor attention. The higher the level of profitability, the greater the company's chance of receiving a positive assessment from the market, which is then reflected in the increasing company value.

Overall, the regression model shows that there are differences in the direction of influence between the two independent variables. *Leverage* (DER) has a negative relationship with firm value, while profitability (ROA) shows a positive relationship. However, the direction of this relationship cannot yet be used to conclude a statistically significant effect. Therefore, further testing is needed using partial (t-test) and simultaneous (F-test) tests to determine whether each variable, or both variables together, truly have a significant effect on firm value.

Data Analysis Techniques

Table 9. T-test

Dependent Variable: Y
Method: Least Squares
Date: 06/22/26 Time: 21:32
Sample: 2015 2024
Included observations: 10

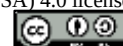
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	28223.55	10549.58	2.675323	0.0318
X1	-0.250789	0.216491	-1.158429	0.2847
X2	1.057294	0.380331	2.779927	0.0273

Source: Data processed by the author using Eviews 12, 2026

Based on the test results, the Leverage variable approximated by the Debt to Equity Ratio (DER) obtained a t-count value of -1.158429. This value was then compared with the t-table calculated using the formula $(dk) = n - k - 1 = 10 - 2 - 1 = 7$, resulting in a t-table value of 2.365. When compared, the absolute value of the t-count is still smaller than the t-table $(-1.158429 < 2.365)$. This result is also reinforced by a significance value of 0.2847, which is above the 0.05 significance level. Based on the test criteria, these conditions indicate that H_0 is accepted and H_{a1} is rejected. Thus, it can be concluded that the Debt to Equity Ratio (DER) partially does not have a significant effect on the company value (PBV) of PT Bank Sinarmas Tbk during the 2015-2024 period.

These findings suggest that the extent of debt used is not necessarily the primary factor influencing investor assessments of a company. In practice, investors consider not only capital structure but also various other aspects, such as a company's ability to generate profits, business growth prospects, asset quality, and overall industry and economic conditions. Therefore, changes in DER values during the study period were unable to significantly explain changes in company value.

Different results are shown by the estimated profitability variables. *Return on Assets* (ROA). Based on the test, the calculated t-value was 2.779927, while the t-table value remained at 2.365. The comparison shows that the calculated t-value is greater than the t-table $(2.779927 > 2.365)$. In addition, the resulting significance value of 0.0273 is smaller than the significance level of 0.05. These results indicate that H_0 is rejected and H_{a2} is accepted, so that Return on Assets (ROA) has a partial positive and significant effect on company value (PBV) at PT Bank Sinarmas Tbk for the period 2015-2024.



This positive influence indicates that the greater a company's ability to generate profits through the utilization of its assets, the greater investor confidence in the company's prospects. This condition drives increased demand for the company's shares, which in turn leads to an increase in share prices, ultimately reflected in an increase in earnings. *Price to Book Value* (PBV). Thus, profitability is an indicator capable of providing a positive signal to the market regarding a company's future performance and prospects.

Table 10. F Test

R-squared	0.524741	Mean dependent variable	20530.60
Adjusted R-squared	0.388953	SD dependent var	5297.825
SE of regression	4141.284	Akaike info criterion	19.73872
Sum squared residual	1.20E+08	Schwarz criterion	19.82950
Log likelihood	-95.69362	Hannan-Quinn criter.	19.63914
F-statistic	3.864407	Durbin-Watson stat	2.236037
Prob(F-statistic)	0.074004		

Source: Data processed by the author using Eviews 12, 2026

Based on the results of simultaneous testing (F test), the F-count value (F-statistic) was obtained at 3.864407. This value was then compared with the F-table at a significance level of 5% with degrees of freedom $df1 = k = 2$ and $df2 = n - k - 1 = 10 - 2 - 1 = 7$, so that the F-table was obtained at 4.74. The comparison results show that the F-count is smaller than the F-table ($3.864407 < 4.74$). This finding is supported by the Prob(F-statistic) value of 0.074004, which is greater than the significance level of 0.05. Based on the decision-making criteria, this condition indicates that H_0 is accepted and H_a3 is rejected.

Thus, it can be concluded that *leverage* (DER) and profitability (ROA) together or simultaneously do not have a significant effect on company value (PBV) at PT Bank Sinarmas Tbk during the 2015-2024 period.

The results show that although *Return on Assets* While ROA has been shown to have a partial effect on firm value, the presence of the Debt to Equity Ratio (DER) in the model means that the simultaneous influence of both variables is unable to significantly explain changes in firm value. This condition indicates that Price to Book Value (PBV) movements are not solely influenced by capital structure and the company's level of profitability. In practice, investor assessments are also influenced by various other factors not included in the research model, such as the company's growth prospects, dividend policy, macroeconomic conditions, interest rates, banking sector stability, and market sentiment developing during a given period.

This finding provides an overview that *leverage* (DER) and profitability (ROA) are not fully able to explain the changes in the company value of PT Bank Sinarmas Tbk during the research period. With a relatively limited number of observations, namely ten years of observation, there is still a possibility that other variables have a greater contribution in influencing Price to Book Value (PBV). Therefore, further research can consider the addition of variables such as company size, company growth, liquidity, dividend policy, and other external factors so that the research model can provide a more comprehensive explanation of the factors that influence company value.

Table 11. R2 Determination Test

R-squared	0.524741	Mean dependent variable	20530.60
Adjusted R-squared	0.388953	SD dependent var	5297.825
SE of regression	4141.284	Akaike info criterion	19.73872
Sum squared residual	1.20E+08	Schwarz criterion	19.82950
Log likelihood	-95.69362	Hannan-Quinn criter.	19.63914
F-statistic	3.864407	Durbin-Watson stat	2.236037
Prob(F-statistic)	0.074004		

Source: Data processed by the author using Eviews 12, 2026



Based on the regression analysis results in Table 11, the R-squared value was 0.524741 or 52.47%, while the Adjusted R-squared value was 0.388953 or 38.90%. The R-squared value indicates that 52.47% of the variation or change in firm value (PBV) can be explained by the leverage (DER) and profitability (ROA) variables used in the research model. The remaining 47.53% is influenced by other factors outside the model that were not analyzed in this study, such as dividend policy, company size, company growth, macroeconomic conditions, interest rates, and market sentiment that can influence investor assessments of the company.

On the other hand, the Adjusted R-squared value of 38.90% provides a more realistic picture of the model's ability after adjusting for the number of independent variables and the study sample size. Considering that this study only used 10 observations over the period For the 2015-2024 period, the Adjusted R-squared value is a more appropriate reference because it corrects for potential bias resulting from the relatively limited sample size. These results indicate that approximately 38.90% of the variation in firm value can be explained by leverage (DER) and profitability (ROA), while the remaining 61.10% is influenced by other variables not included in the research model.

When compared to previous test results, the model's ability to explain variations in company value is actually quite adequate. However, the Prob(F-statistic) value, which remains above the significance level, indicates that the model is generally unable to significantly explain the influence of these two variables. This condition suggests that changes in PT Bank Sinarmas Tbk's company value are not solely determined by capital structure and profitability, but are also influenced by various other factors that investors consider when assessing the company's prospects.

Overall, the results of the coefficient of determination indicate that the regression model has moderate explanatory power. While Debt to Equity Ratio (DER) and profitability (ROA) are able to partially explain variations in firm value, there is still considerable room for other variables to contribute to explaining changes in Price to Book Value (PBV). Therefore, further research is recommended to add other relevant variables, such as dividend policy, firm size, growth opportunity, liquidity, and Good Corporate Governance, so that the research model can provide better predictive capabilities for changes in firm value.

Discussion of Research Results

1. The Effect of Leverage (DER) on Company Value (PBV)

Based on the results of the partial test (t-test), the variable *leverage* The Debt to Equity Ratio (DER) proxy obtained a t-value of 1.158429 with a significance level of 0.2847. This significance value is greater than the 0.05 level, indicating that leverage does not significantly influence the company's value at PT Bank Sinarmas Tbk during the 2015-2024 period. Thus, the first hypothesis (H_1) stating that leverage influences the company's value is rejected.

A negative DER regression coefficient indicates a tendency for an increase in the debt-to-equity ratio to be followed by a decrease in company value. However, this relationship is not strong enough to be statistically significant. This means that changes in capital structure are reflected through *Debt to Equity Ratio* has not been a primary consideration for investors in assessing the company value of PT Bank Sinarmas Tbk.

This situation can be explained by the characteristics of the banking industry, which has a different funding structure than the non-financial sector. In banking companies, the majority of operational funds come from third-party funds, which are classified as liabilities in accounting. Therefore, a high debt ratio is not always perceived as a negative signal, as long as the bank is able to maintain asset quality, meet capital requirements, and generate sustainable profits. In situations like this, investors tend to focus more on indicators that reflect a bank's ability to generate profits rather than the size of its liabilities.

These findings are in line with *Trade-Off Theory* which states that using debt can provide benefits in the form of tax savings, but at a certain point, increasing debt also increases the risk of bankruptcy and agency costs. When the additional benefits of debt no longer offset the risks posed, debt use no



longer contributes to increasing company value. In other words, the DER is not always an indicator that improves investor perception.

The results of this study are consistent with those of Nani Mulyani, Erick Agustinus, and Budi Tri Santoso (2025), who found that financing decisions, as measured by DER, had no significant effect on firm value. Similar findings were also presented by Fakung Rahman (2025), who showed that DER had no partial effect on PBV. Research by A. Kadim and Nardi Sunardi (2019) also demonstrated that *leverage* does not have a significant influence on firm value. Furthermore, research by Juanda Afipasari Silaen and Fikron Al-Choir (2025) shows that capital structure, as proxied by DER, does not significantly influence firm value.

On the other hand, the results of this study differ from those of Randhy Agusemento (2017) and Nur Rachmah Wahidah, Asep Muhammad Luthfi, and Destian Andhani (2026), which found that capital structure had a positive and significant effect on firm value. This difference is thought to be influenced by the characteristics of the research object, industrial sector, observation period, and economic conditions underlying each study. Mining companies, for example, have different asset structures and funding patterns than banking companies, so investor responses to capital structure levels differ. *leverage* can also be different.

Overall, the results of this study indicate that *leverage* has not yet become a determining factor in changes in the company value of PT Bank Sinarmas Tbk. Investors appear to consider not only the size of the company's debt but also other aspects that better reflect the company's ability to create economic value in the future.

2. The Effect of Profitability (ROA) on Company Value (PBV)

The results of partial testing show that the profitability variable is proxied by *Return on Assets* (ROA) has a t-value of 2.779927 with a significance level of 0.0273. This value is smaller than the significance level of 0.05, indicating that ROA has a positive and significant effect on the company value of PT Bank Sinarmas Tbk during the 2015-2024 period. Thus, the second hypothesis (H_2) is accepted.

A positive regression coefficient indicates that an increase in a company's profit-generating ability through asset utilization will be followed by an increase in the company's value. This finding indicates that profitability is a key consideration for investors when assessing a company's prospects. The higher the profit margin, the greater investor confidence in its positive growth prospects, leading to increased demand for shares and a rise in the company's value.

The results of this study are in line with *Signaling Theory*. This explains that profit is one of the positive signals a company sends to the market. Information regarding high profitability indicates that the company is managing assets efficiently and has the potential to generate cash flow in the future. Investors then respond positively to this signal through increased investment interest, ultimately reflected in an increase in Price to Book Value (PBV).

For the banking industry, *Return on Assets* (ROA) is a crucial indicator, demonstrating management effectiveness in managing productive assets. A high ROA reflects a bank's ability to generate profits from all its resources. This not only demonstrates the company's operational efficiency but also increases investor confidence in the company's stability and future growth prospects.

The findings of this study support the research of Fitriana Dwi Cahyati and Khuzaeni (2025), which stated that ROA has a positive and significant effect on PBV. Similar results were also obtained by Fakung Rahman (2025), Yulian Bayu Ganar (2018), Jeni Irnawati (2019), and Nur Rachmah Wahidah et al. (2026), who proved that profitability influences firm value.

Conversely, this study disagrees with the findings of Noviani Rihhadatul Aisyah and Farahiyah Sartika (2022) and A. Kadim and Nardi Sunardi (2019), which concluded that profitability had no significant effect on firm value. This difference is likely influenced by variations in business sectors, firm characteristics, the use of moderating variables, and differing economic conditions during the study period.

Overall, the results of this study show that profitability is one indicator capable of increasing investor confidence in PT Bank Sinarmas Tbk. A company's ability to generate profits remains a crucial basis for establishing company value in the capital market.



3. The Effect of Leverage (Debt to Equity Ratio /DER) and Profitability (Return on Assets /ROA) on Company Value (Price to Book Value /PBV)

Based on the results of the simultaneous test (F test), the F-count value was obtained at 3.864407 with a significance level of 0.074004. This probability value is greater than the significance level of 0.05, indicating that leverage (DER) and profitability (ROA) together do not have a significant effect on the company value of PT Bank Sinarmas Tbk during the 2015-2024 period. Therefore, the third hypothesis (H3) is rejected.

Although *Return on Assets* proven to have a partial effect, when analyzed simultaneously with the Debt to Equity Ratio, the two variables were not able to explain changes in company value significantly. These results indicate that the formation of company value at PT Bank Sinarmas Tbk is not only influenced by capital structure and profitability levels, but also by various other factors outside the research model.

This is reinforced by the Adjusted R-squared value of 38.90%, which shows that the variation in company value can only be explained by 38.90% by *leverage* and profitability. The remaining 61.10% is influenced by other factors not analyzed in this study. These factors include dividend policy, company size, company growth, the quality of good corporate governance implementation, interest rates, macroeconomic conditions, banking sector stability, and investor sentiment in the capital market.

The findings of this study align with those of Nani Mulyani, Erick Agustinus, and Budi Tri Santoso (2025), who concluded that investment and financing decisions simultaneously do not significantly influence firm value. Similar results were also found by A. Kadim and Nardi Sunardi (2019), who showed that profitability, firm size, and *leverage* together do not have a significant effect on company value.

However, the results of this study differ from those of Fitriana Dwi Cahyati and Khuzaeni (2025), Nur Rachmah Wahidah et al. (2026), Fakung Rahman (2025), Randhy Agusentoso (2017), and Juanda Afipasari Silaen and Fikron Al-Choir (2025), which found that these financial variables simultaneously had a significant effect on firm value. These differences in results are likely influenced by differences in industrial sectors, sample size, observation period, and the economic conditions underlying each study.

In general, the results of this study provide an illustration that investors' assessment of PT Bank Sinarmas Tbk is not solely determined by *leverage* and profitability. Investors appear to consider broader information before making investment decisions, particularly in the banking industry, which has different characteristics and regulations than other business sectors. Thus, a company's value reflects a combination of internal and external factors rather than solely being influenced by its capital structure and profitability.

Conclusion

This study shows that leverage proxied by Debt to Equity Ratio (DER) does not significantly influence the company value proxied by Price to Book Value (PBV) at PT Bank Sinarmas Tbk for the period 2015–2024. Conversely, profitability proxied by Return on Assets (ROA) has a positive and significant effect on PBV. Simultaneously, DER and ROA do not significantly influence the company value, with an Adjusted R-squared value of 38.90%, indicating that the variables in the model are able to explain some of the variation in company value, while 61.10% is explained by other factors outside the model. The limitations of this study mainly lie in the number of observations that only cover 10 years and the use of two independent variables, so that the results of the study do not describe all factors that can influence company value.

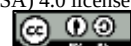
The practical implications of this research indicate that the management of PT Bank Sinarmas Tbk needs to pay greater attention to increasing profitability through effective and efficient asset management, as ROA has been shown to be a significant factor influencing firm value. Prudent funding structure management is also essential, even though DER does not significantly influence PBV. For



investors, profitability can be an important indicator in evaluating a company's prospects and value, while DER needs to be considered alongside other financial indicators and the company's condition. Further research is recommended to expand the observation period and number of observations, and to include other variables such as firm size, growth, liquidity, dividend policy, good corporate governance, and macroeconomic factors to gain a more comprehensive understanding of the determinants of firm value in the banking sector.

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