ABSTRACT

With the growth of banking income which declined in the past two years because of the rising cost of funds (cost of funds) became the main cause of the decline in net profit of the company. This study aimed to determine the differences in financial performance by using two different approaches, namely income statement approach and value added in the 2011-2014 sub-sector bank.

Financial performance is generally measured in terms of net income or as a base for other sizes, such as dividends or earnings per share. The statements of income (income statement) presents information about operating results obtained by the company that provides the amount of income earned and the amount of the costs incurred. Value added is the wealth created by a business during a certain time period and the value added and distributed to the stakeholders who created that value.

The method used in this research is quantitative and descriptive. The data used in the company's financial statements in a row and have diauidit from 2011 to 2014. The data analysis in this research using descriptive statistical test and paired samples t-test.

The conclusion from this study is there are significant differences in financial performance using the income statement approach and the value added to the company's bank sub-sector 2011-2014. Investors are advised to look at the financial performance of the two approaches, the income statement and the value added to obtain the maximum on the financial performance of the company. For future studies should use more ratios to measure financial performance as the ratio of Operating Expenses to Operating Income (ROA) is used to measure the efficiency and ability of banks to carry out operations and also adds a period of analysis in order to better know the increase or decrease of the respective the ratios and to compare the company's overall financial performance by using two different approaches.

Keywords: *Financial performance, income statement, value added*