

ABSTRACT

Financial performance is a benchmark in assessing the bank's financial condition. Financial performance is assessed from several aspects, especially the financial ratios produced during one period and several external factors.

This research aims to determine the influence of CAR, NPL, BOPO ratios and external factors on financial performance as reflected in ROE in Government Banks for the 2003-2022 period. Sample selection was based on the purposive sampling method. The samples obtained were 80 data samples consisting of data from 4 government-owned banks with 20-year annual reports. Data analysis techniques in the research include descriptive statistical analysis and panel data regression analysis.

The results of the research that has been carried out show that the variables CAR, NPL, BOPO and external factors simultaneously influence financial performance. Partially, the CAR variable and the 2008 Global Crisis have no effect on financial performance. Meanwhile, partially the NPL, BOPO and Exchange Rate variables have a negative and significant effect on financial performance. This proves that when the NPL and BOPO ratios decrease, banking financial performance will increase. In addition, when the exchange rate strengthens or the value of the dollar against the rupiah decreases, banking financial performance increases.

Keywords: *Financial Performance (ROE), Capital Adequacy (CAR), Non-Performing Credit (NPL), Operational Efficiency (BOPO), External Factors (Exchange Rate and Global Crisis 2008)*