

ABSTRACT

This study aims to determine the impact of credit risk and corporate governance on the financial performance of Commercial Banks of Business Activities (BUKU) 3. The background of this research is based on the importance of risk management and good governance in creating healthy and sustainable financial performance in the banking industry. The population of this study consists of Commercial Banks of Business Activities (BUKU) 3 listed on the Indonesia Stock Exchange (BEI), with 70 samples obtained through purposive sampling. The data analysis method uses multiple linear regression analysis. The independent variables include credit risk indicators (NPL, CAR, and LTDR), corporate governance aspects (BGD, board structure, board education, audit), and financial performance measured by (ROA). The research results show that, partially, credit risk has a significant impact on financial performance, while the indicators of corporate governance do not have a significant effect. Simultaneously, credit risk and corporate governance significantly affect all performance indicators. These findings indicate that credit risk management is the most important aspect, and corporate governance functions as a supervisory mechanism that ensures the management of credit risk is carried out effectively.

Keywords : Credit Risk, Corporate Governance, Financial Performance, Bank BUKU 3