## *ABSTRACT*

*This study aims to analyze the effect of capital adequacy (CAR), non-performing loans (NPL), and operational efficiency (BOPO) as independent variables on financial performance (ROA) as the dependent variable, with liquidity (LDR) as an intervening variable in National Private Commercial Banks listed on the Indonesia Stock Exchange for the period 2017-2022.*

*This research method uses a quantitative approach with purposive sampling technique. The sampling used consisted of a total of 20 banks as research objects. Data analysis was performed using multiple linear regression and the Sobel test to test the role of intervening variables. Data processing was done using the EViews 9.0 tool.*

*The results showed that CAR and BOPO have a significant effect on LDR, while NPL has no significant effect on LDR. In addition, CAR and LDR have no significant effect on ROA, while NPL and BOPO have a significant effect on ROA. Sobel test shows that liquidity (LDR) is not able to mediate the effect of capital adequacy (CAR), credit risk (NPL), and operational efficiency (BOPO) on financial performance (ROA). This finding indicates that liquidity does not act as a variable that bridges the relationship between capital adequacy, non-performing loans, and operational efficiency to bank profitability. Therefore, in an effort to improve financial performance, bank management needs to focus more on credit risk management and operational efficiency.*

***Keywords:* *Capital Adequacy, Credit Risk, Operational Efficiency, Liquidity, Financial Performance***