

ABSTRACT

The expansion of sustainable finance aligns with the global focus on sustainable development. However, research on its impact on business financial performance remains scarce. This study examines how sustainable financial activities influence financial outcomes by analyzing sustainability reports and green bond issuance. Financial performance is represented by Return on Equity (ROE). The study includes nineteen financial service firms listed on the Indonesia Stock Exchange, utilizing path analysis for evaluation. Findings indicate that higher-quality sustainability reports significantly enhance green bond issuance. However, the quality of sustainability reports and green bond issuance do not have a significant direct impact on the financial performance of Indonesian financial service firms. Nonetheless, green bond issuance serves as a positive mediator between sustainability report quality and financial performance. These findings underscore the strategic role of green bonds in enhancing financial outcomes through robust sustainability reporting, offering valuable insights for Indonesian financial institutions. at higher-quality sustainability reports significantly enhance green bond issuance.

Keywords: *Sustainable Finance, Green Bonds, Sustainability Reporting, Return On Equity*