

## ABSTRACT

This study aims to investigate the effect of overall and partial sustainability disclosure to corporate cost of capital, and also examine the moderating effect of financial performance on the relationship. This research adopted the GRI G3.1 indices to measure sustainability disclosures. The cost of capital was calculated by weighting all source of cost of capital in WACC method, while financial performance is measured by three proxies; CAR, ROE, and NIM.

Population of this research was all listed banks in ASEAN countries' stock exchange market for the year of 2011-2014. Partial Least Squares (PLS) Analysis on SmartPLS 3.0 was used to examine the data. This research indicated that banks with more sustainability disclosure attracts lower cost of capital. However, if it examined partially, the economic aspects tend to increase the cost of capital. Furthermore, better financial performance is shown to have no effect on the relationship between overall sustainability aspects disclosure and cost of capital. Nevertheless, partially investigation found that a better financial performance strengthen the effect of social aspect disclosure in lowering cost of capital.

*Keywords : cost of capital, WACC, sustainability banking, sustainability disclosure, financial performance*