

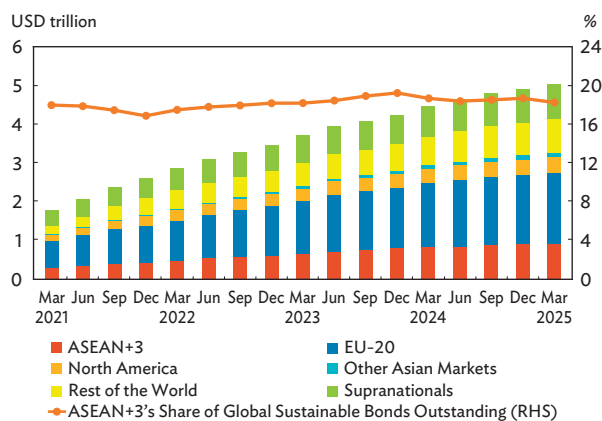
Recent Developments in the ASEAN+3 Sustainable Bond Market

Sustainable Bonds Outstanding

ASEAN+3's sustainable bond market reached a size of USD922.7 billion at the end of March on slowing growth in the first quarter (Q1) of 2025 as investment appetite soured amid heightened global uncertainties.⁸ Quarter-on-quarter (q-o-q) growth moderated to 0.3% in Q1 2025 from 2.9% in the fourth quarter of 2024 due to a slowdown in issuance alongside a high volume of maturities. The sustainable bond market in ASEAN+3 grew faster than that of the United States (-0.3% q-o-q) but lagged the 2.9% q-o-q expansion of the European Union 20 (EU-20). The faster expansion of the EU-20's sustainable bond stock was buoyed by increased issuance that was supported by the continued monetary easing of the European Central Bank. ASEAN+3's sustainable bond market remained the world's second-largest regional market, accounting for 18.3%

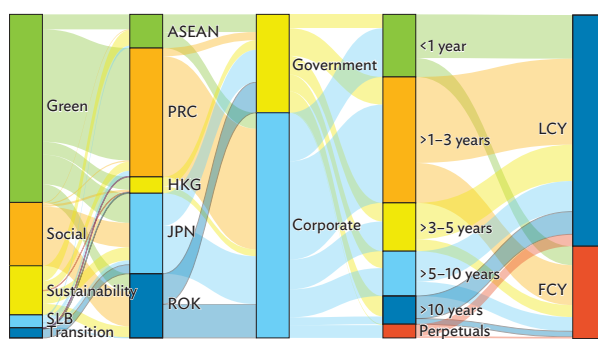
of the global sustainable bond stock at the end of Q1 2025, trailing the EU-20's global share (36.6%) but exceeding that of the United States (5.8%) (Figure 9). ASEAN+3's sustainable bond market comprises only 2.3% of its total bond market, compared with the EU-20's corresponding share of 8.3%. Within ASEAN+3, the People's Republic of China (PRC) has the largest sustainable bond market, accounting for 39.8% of the regional sustainable bond stock. This share, however, is smaller than the PRC's corresponding share of 56.8% in the ASEAN+3 general bond market. Meanwhile, member states of the Association of Southeast Asian Nations (ASEAN) accounted for 10.4% of the ASEAN+3 sustainable bond market, exceeding their corresponding share of 6.0% in the ASEAN+3 general bond market. Similarly, the regional sustainable bond market shares of the Republic of Korea (19.8%) and Hong Kong, China (5.1%) were also higher than their respective general bond market shares of 5.5% and 0.6%.

Figure 9: Global Sustainable Bonds Outstanding



ASEAN+3 = Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.
 EU-20 = European Union 20; RHS = right-hand side; USD = United States dollar.
 Notes:
 1. The EU-20 includes EU member markets Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
 2. Data include both local currency and foreign currency issues.
 Source: AsianBondsOnline calculations based on Bloomberg LP data.

Figure 10: Market Profile of Outstanding ASEAN+3 Sustainable Bonds at the End of March 2025



ASEAN = Association of Southeast Asian Nations; PRC = People's Republic of China; FCY = foreign currency; HKG = Hong Kong, China; JPN = Japan; ROK = Republic of Korea; LCY = local currency; SLB = sustainability-linked bond.
 Notes:
 1. ASEAN+3 is defined to include member states of ASEAN plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.
 2. ASEAN comprises the markets of Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
 3. SLBs include transition-linked bonds.
 Source: AsianBondsOnline calculations based on Bloomberg LP data.

⁸ ASEAN+3 comprises the member states of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.

ASEAN+3’s sustainable bond market was more diversified in Q1 2025 than the EU-20’s in terms of different types of bond instruments. Green bonds accounted for 58.1% of ASEAN+3’s sustainable bond stock at the end of March, followed by social bonds (19.6%) and sustainability bonds (15.2%) (Figure 10). The market shares of social bonds, sustainability bonds, and transition bonds are all higher in ASEAN+3 than in the EU-20. As measured by the Herfindahl–Hirschman Index, a gauge used to reflect the concentration of certain bond types within a market, ASEAN+3 has a lower score than the EU-20, suggesting greater diversity in terms of bond instruments in the ASEAN+3 market (Table). Private sector issuance accounted for 69.6% of sustainable bonds outstanding in the ASEAN+3 market at the end of Q1 2025, which exceeded the corresponding shares of 24.0% in the ASEAN+3 general bond market and 51.1% in the EU-20 sustainable bond

Table: Instrument, Issuer, and Currency Profiles in the ASEAN+3 and European Union 20 Sustainable Bond Markets at the End of March 2025

By End-March 2025	ASEAN+3	EU-20
Instrument profile (as a share of regional sustainable bonds outstanding)		
Green bonds	58.1%	65.3%
Social bonds	19.6%	17.4%
Sustainability bonds	15.2%	9.3%
SLBs (including transition-linked bonds)	4.0%	7.8%
Transition bonds	3.2%	0.3%
Herfindahl–Hirschman Index (based on shares of each bond type)	0.40	0.47
Issuer and currency profile		
Private sector (as a share of regional general bonds outstanding)	24.0%	39.5%
Private sector (as a share of regional sustainable bonds outstanding)	69.6%	51.1%
LCY financing (as a share of regional general bonds outstanding)	95.4%	89.5%
LCY financing (as a share of regional sustainable bonds outstanding)	71.5%	89.9%

ASEAN+3 = Association of Southeast Asian Nations plus the People’s Republic of China; Hong Kong, China; Japan; and the Republic of Korea; EU-20 = European Union 20; LCY = local currency; SLB = sustainability-linked bond.

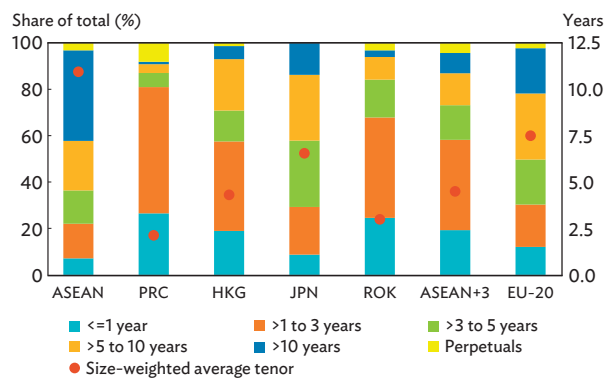
Note: The EU-20 includes European Union member markets Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.

Source: AsianBondsOnline calculations based on Bloomberg LP data.

market. Among ASEAN+3 markets, the private sector’s share of sustainable bonds outstanding at the end of March was the largest in the PRC (93.6%), Japan (59.6%), and the Republic of Korea (52.6%). In contrast, the public sector is more active in the sustainable bond markets of Hong Kong, China (58.2%) and ASEAN member states (52.5%). Meanwhile, the local currency (LCY) financing share rose to 71.5% in ASEAN+3’s sustainable bond market in Q1 2025 from 69.8% a year earlier. However, this was still less than the EU-20’s LCY financing share of 89.9%.

A majority of the sustainable bonds outstanding in ASEAN+3 at the end of Q1 2025 comprised short- to medium-term financing. Among sustainable bonds outstanding in the ASEAN+3 market at the end of March, 73.2% carried remaining tenors of 5 years or less, compared with 49.8% in the EU-20 sustainable bond market (Figure 11). The size-weighted average tenor of the ASEAN+3 sustainable bond stock stood at 4.5 years at the end of March versus 7.5 years for the EU-20. Within ASEAN+3, ASEAN markets have a relatively higher share of sustainable bonds in longer tenors,

Figure 11: Tenor Profiles of ASEAN+3 and European Union 20 Sustainable Bonds Outstanding at the End of March 2025



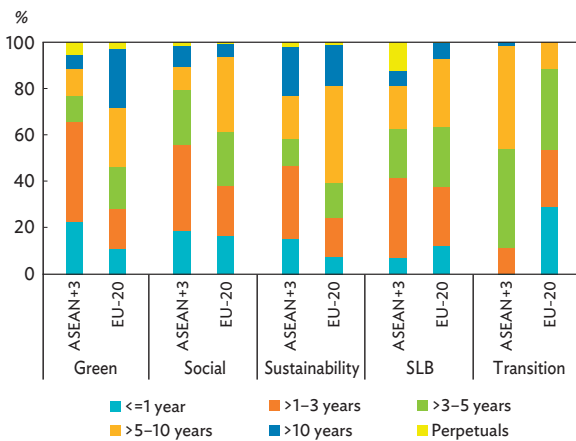
ASEAN = Association of Southeast Asian Nations; PRC = People’s Republic of China; EU-20 = European Union 20; HKG = Hong Kong, China; JPN = Japan; ROK = Republic of Korea.

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 4. Data include both local currency and foreign currency issues.

Source: AsianBondsOnline calculations based on Bloomberg LP data.

with 63.6% of outstanding sustainable bonds carrying remaining tenors of over 5 years, resulting in a size-weighted average tenor of 11.0 years. Among individual ASEAN markets, the size-weighted average tenor was the longest in Singapore (16.2 years) and the Philippines (12.6 years). In the ASEAN+3 sustainable bond market, bonds issued by the public sector tend to have longer maturities. The governments of Indonesia, Singapore, and Thailand have regularly issued sovereign sustainable bonds, with relatively long maturities as part of their Treasury auctions. Their cumulative issuance from Q1 2019 through Q1 2025 carried a size-weighted average maturity of 21.8 years. By bond type, over 70% of outstanding social bonds and green bonds in ASEAN+3 had remaining tenors of 5 years or less at the end of March (Figure 12).

Figure 12: Tenor Profiles of ASEAN+3 and European Union 20 Sustainable Bonds Outstanding by Type of Bond at the End of March 2025



ASEAN+3 = Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea; EU-20 = European Union 20; SLB = sustainability-linked bond.

Notes:

- The EU-20 includes EU member markets Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
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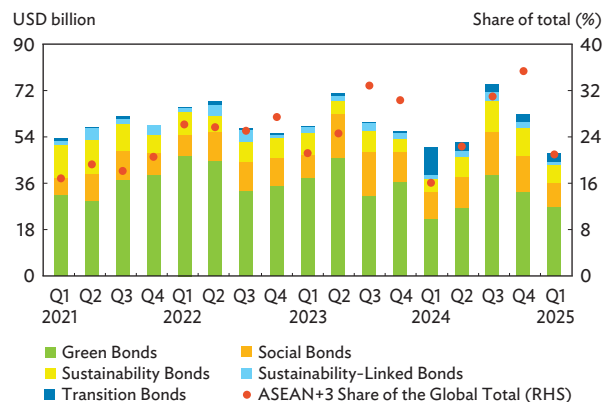
Source: *AsianBondsOnline* computations based on Bloomberg LP data.

Sustainable Bond Issuance

Sustainable bond issuance in ASEAN+3 contracted 24.0% q-o-q to USD47.7 billion in Q1 2025, the lowest quarterly issuance total of the past 4 years, amid heightened global uncertainties. ASEAN+3's sustainable bond issuance as a share of the global total

fell to 21.0% in Q1 2025, making it the third-largest issuer of sustainable bonds globally during the quarter after the EU-20 (28.6%) and supranationals (29.2%). The issuance of all sustainable bond types in ASEAN+3 declined during the quarter except for transition bonds (Figure 13). By economy, the PRC accounted for 55.2% of ASEAN+3's total quarterly issuance of sustainable bonds, with its green bond issuance representing 82.3% of the regional total in Q1 2025. ASEAN members collectively accounted for 9.0% of ASEAN+3's quarterly issuance total, up from 8.3% in the previous quarter, and were the region's leading issuers of sustainability bonds with 36.5% of the quarterly total. The Republic of Korea led the region in the issuance of social bonds in Q1 2025 (69.5% of regional social bond issuance), while Japan led in the issuance of sustainability-linked bonds (53.0%) and transition bonds (77.4%).

Figure 13: ASEAN+3 Sustainable Bond Issuance and Share of the Global Total



ASEAN+3 = Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea; RHS = right-hand side; USD = United States dollar.

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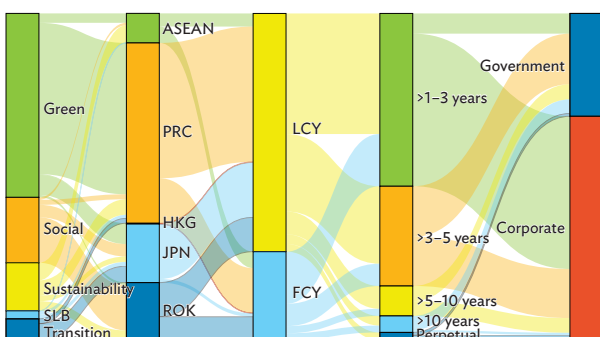
- Data include both local currency and foreign currency issues.
- Sustainability-linked bonds include transition-linked bonds.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

ASEAN+3 sustainable bond issuance in Q1 2025 included less LCY financing and long-term financing compared to issuances in 2024 (Figure 14).

- LCY-denominated bonds comprised 72.9% of total ASEAN+3 sustainable bond issuance in Q1 2025, which was down from 75.8% in full-year 2024. This was much lower than the 94.3% share of LCY financing in ASEAN+3's general bond market issuance in

Figure 14: Market Profile of ASEAN+3 Sustainable Bond Issuance in the First Quarter of 2025



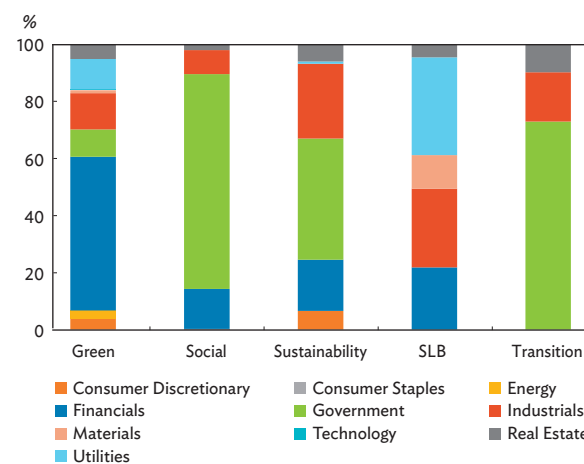
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Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Figure 15: ASEAN+3 Sustainable Bond Issuance by Sector in the First Quarter of 2025



SLB = sustainability-linked bond.

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Q1 2025. In ASEAN, the average LCY financing share in members’ sustainable bond markets was 44.6%, which was well below the average share of 70.9% in their general bond markets. Among ASEAN+3 markets, only Japan saw comparable LCY financing shares in its sustainable (94.0%) and general (90.8%) bond markets in Q1 2025. In the EU-20, LCY financing shares were also comparable in the sustainable (82.2%) and general (87.7%) bond markets.

- Around 83.4% of ASEAN+3 sustainable bond issuance in Q1 2025 carried maturities of 5 years or less, up from 73.5% in full-year 2024. Sustainable bond issuances with maturities of 5 years or less dominated in Hong Kong, China (100%); the PRC (94.3%); and the Republic of Korea (93.7%) in Q1 2025. In ASEAN, the corresponding share was much lower at 40.1% due to active public sector issuance, which accounted for 78.9% of total ASEAN long-term sustainable bond issuance during the quarter.

- Private sector issuers accounted for 68.5% of sustainable bond issuance in ASEAN+3 in Q1 2025. This contrasts with 34.2% for ASEAN+3’s general bond issuance. The private sector was more active in issuing sustainability-linked bonds (100.0%) and green bonds (90.4%) in Q1 2025, while the public sector was the larger issuer of social bonds (75.4%) and transition bonds (73.1%) (**Figure 15**). Private sector issuance in Q1 2025 was led by issuers from the financial (53.1%) and industrial (21.2%) sectors.