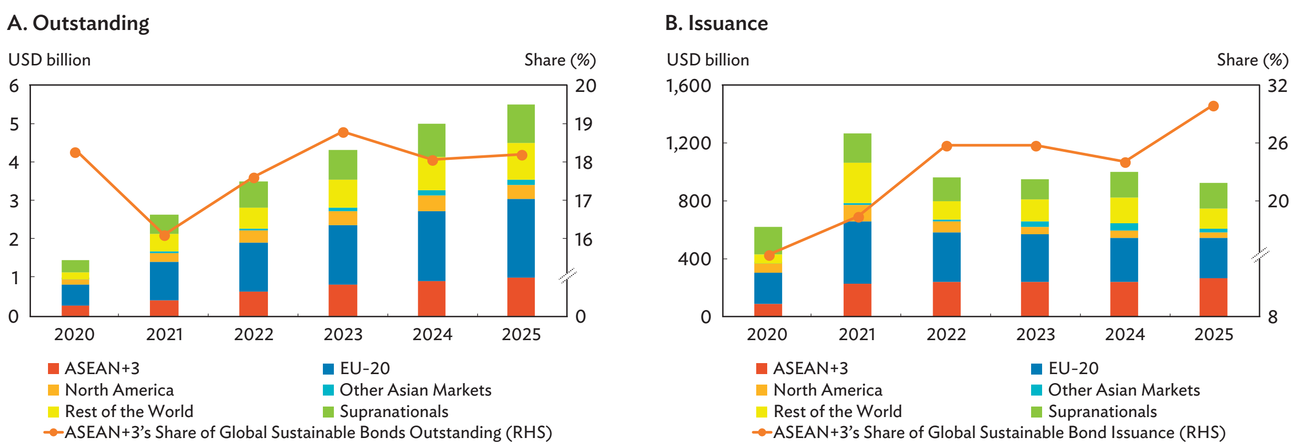
Recent Developments in the ASEAN+3 Sustainable Bond Market

The ASEAN+3 sustainable bond market posted a robust expansion in 2025, driven by increased issuance amid generally accommodative monetary stances.[13] At the end of December, ASEAN+3's sustainable bonds outstanding recorded USD1.0 trillion, expanding 10.4% year-on-year (y-o-y) from USD0.9 billion in 2024 (**Figure 11A**). This gain was supported by record issuance of USD275.9 billion amid an accommodative monetary stance in most regional economies, although the pace of expansion moderated from 12.5% y-o-y in 2024 due to a larger volume of bond maturities in 2025 (USD179.6 billion) than in the previous year (USD137.9 billion). ASEAN+3 accounted for 18.5% of global sustainable bonds outstanding (USD5.5 trillion) at the end of 2025, making it the world's second-largest regional sustainable bond market after the European Union 20 (EU-20).[14] Issuance in the ASEAN+3 sustainable bond market (USD275.9 billion) led all regions in 2025, raising its share of global sustainable bond issuance to 29.8% from 24.0% in 2024 and exceeding the EU-20's 2025 issuance share of 29.3% (**Figure 11B**).

Market Profile

ASEAN economies and the Republic of Korea have higher shares of bonds outstanding in the ASEAN+3 sustainable bond market than in the ASEAN+3 general bond market. Supported by easing monetary stances, ASEAN sustainable bonds outstanding expanded at the fastest rate (29.5% y-o-y) across ASEAN+3 to reach

Figure 11: Global Sustainable Bonds Outstanding and Issuances in 2025



ASEAN = Association of Southeast Asian Nations, EU-20 = European Union 20; RHS = right-hand side, USD = United States dollar.

Notes:

1. 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.
2. 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.
3. Data include both local currency and foreign currency sustainable bonds.

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

[13] 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.

[14] 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.

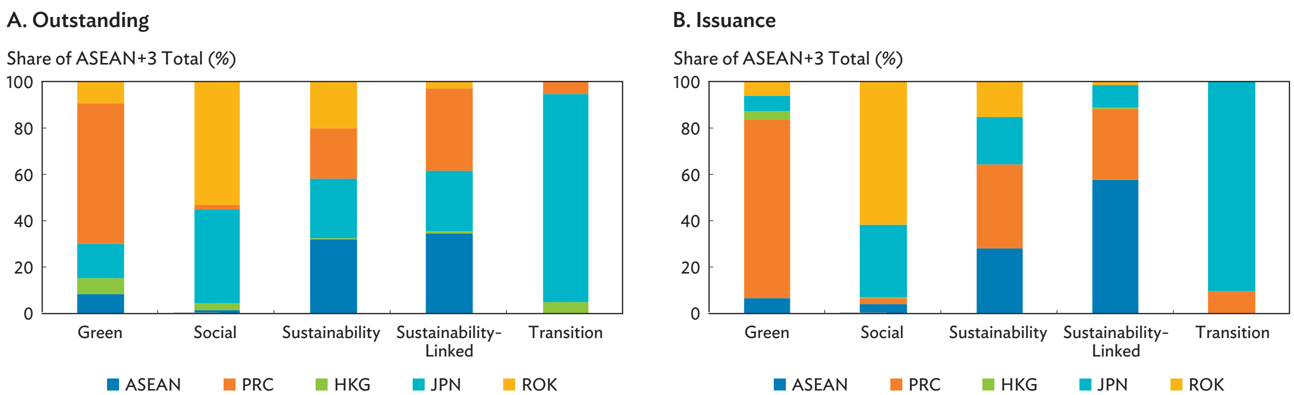
USD121.4 billion at the end of 2025. This lifted ASEAN's share of ASEAN+3 sustainable bonds outstanding to 11.9%, more than double its share of 5.9% in the ASEAN+3 general bond market, from 10.2% in 2024. The People's Republic of China (PRC) continued to lead ASEAN+3's sustainable bond market, accounting for 40.2% of sustainable bonds outstanding at the end of 2025. However, this was less than its corresponding share in the ASEAN+3 general bond market (58.3%). Japan's sustainable bonds outstanding comprised 24.8% of the regional total at the end of 2025, which was broadly similar with its share in the ASEAN+3 general bond market (29.6%). Bonds from the Republic of Korea had a more significant presence in the ASEAN+3 sustainable bond market (18.5%) than in the region's general bond market (5.5%). By market, the PRC accounted for 60.5% of the regional green bond total while Japan comprised 89.7% of the transition bond total (**Figure 12A**).

ASEAN+3 sustainable bond issuance in 2025 was buoyed by increased issuance from the PRC and ASEAN economies. Sustainable bond issuance in the PRC rose 54.8% y-o-y in 2025 following a contraction of 3.7% y-o-y in 2024, spurred by financial sector issuances amid the PRC's push for sustainable development under its 14th 5-Year Plan for a Modern Energy System, 2021–2025.[15] The PRC remained the largest issuer of sustainable bonds in ASEAN+3 in 2025 with aggregate issuance of USD147.8 billion, comprising 53.6% of the regional total. ASEAN markets contributed 11.9% of ASEAN+3's total issuance and accounted for most of the region's issuance of sustainability-linked bonds (57.9%). In ASEAN, a sizable share of issuance came from the public sector, partly driven by regular issuances through Treasury auction plans in some markets. Among ASEAN economies, the share of public sector issuances in 2025 was the highest for Thailand (79.5%), Indonesia (67.1%), and Singapore (56.7%). Meanwhile, Japan and the Republic of Korea, which accounted for 16.2% and 16.0% of regional sustainable bond issuance, respectively, were the most active issuers of transition bonds (Japan, 90.2%) and social bonds (Republic of Korea, 61.6%) (**Figure 12B**).

Instrument Profile

ASEAN+3's sustainable bond market has a more diverse instrument profile than the EU-20's market. Green bonds accounted for 57.1% of ASEAN+3's sustainable bonds outstanding at the end of 2025, down from 59.0% a year earlier (**Figure 13A**). Social bonds' share decreased to 18.8% from 19.2% during the same period. The collective share of sustainability, sustainability-linked, and transition bonds rose to 24.1%

Figure 12: Market Profile of ASEAN+3 Sustainable Bonds Outstanding and Issuance Across Different Bond Types in 2025



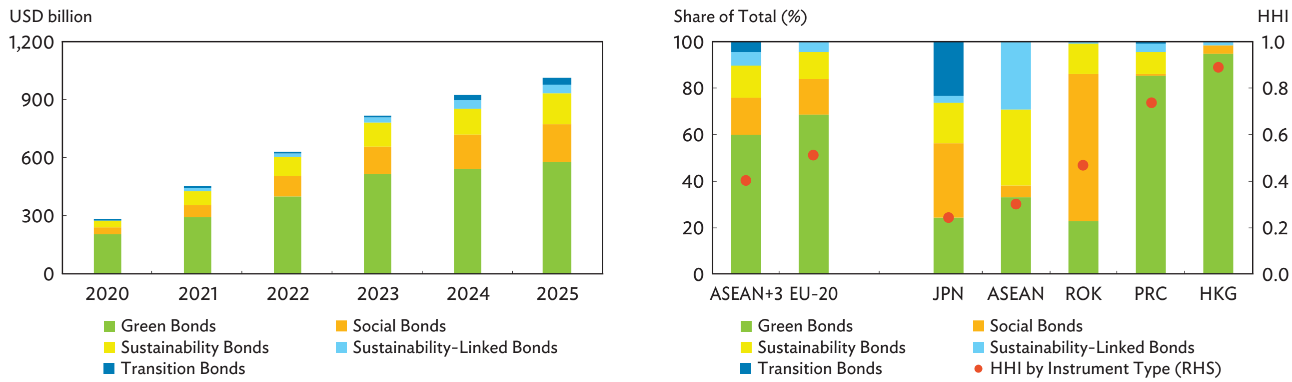
ASEAN = Association of Southeast Asian Nations; PRC = People's Republic of China; HKG = Hong Kong, China; JPN = Japan; ROK = Republic of Korea.

Notes:
1. 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.
2. ASEAN comprises the markets of Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
3. Sustainability-linked bonds include transition-linked bonds.
4. Data include both local currency and foreign currency sustainable bonds.

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

[15] Released in 2022, the plan included targets such as reducing greenhouse gases by 18% and raising the proportion of non-fossil fuels to 20% of energy consumption by the end of 2025.

Figure 13: Instrument Profile of ASEAN+3's Sustainable Bonds Outstanding and Issuance



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; HHI = Herfindahl–Hirschman Index, RHS = right-hand side; USD = United States dollar.

Notes:
1. Figures are based on the outstanding amount for each instrument type relative to the regional total of sustainable bonds outstanding.
2. 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.
3. The Herfindahl–Hirschman Index is a commonly accepted measure of market concentration. The index is used to measure the instrument profile diversification of bond markets and is calculated by summing the squared share of each instrument type in the market. A lower HHI indicates greater diversification across different instrument types, while a higher HHI suggests a more concentrated market structure dominated by fewer instruments.
4. Data include both local currency and foreign currency sustainable bonds.

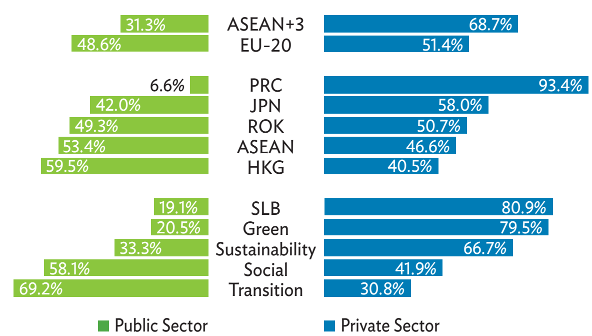
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

in 2025 from 21.7% in 2024, as growth in sustainability-linked bond issuance accelerated to 50.5% y-o-y in 2025 from 14.1% y-o-y in 2024, led mainly by ASEAN members, particularly Thailand as part of its commitment to climate change mitigation following the release of a Sustainability-Linked Financing Framework in October 2024. Green bonds comprised 59.6% of ASEAN+3 sustainable bond issuance in 2025. This was less than the corresponding share of 69.1% in the EU-20, leading to a more diversified instrument profile in ASEAN+3 as captured by the Herfindahl–Hirschman Index (**Figure 13B**).[16]

Sector Profile

The ASEAN+3 sustainable bond market was buttressed in 2025 by strong private capital mobilization. Private sector bonds continued to dominate ASEAN+3's sustainable bond market in 2025, accounting for 68.7% of total sustainable bonds outstanding at the end of December, compared with 51.4% in the EU-20 (**Figure 14**). The private sector's share in ASEAN+3 sustainable bond issuance in 2025 was 70.2%, which was also higher than in the EU-20 (63.9%). Over 90%

Figure 14: Public and Private Sector Shares of ASEAN+3 Sustainable Bonds Outstanding by Market and Instrument Type in 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; SLB = sustainability-linked bond.

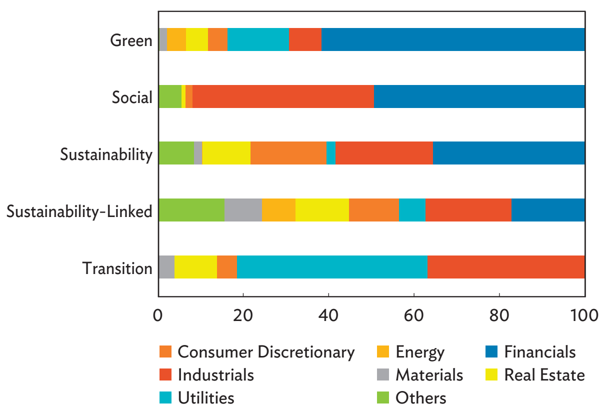
Notes:
1. ASEAN+3 is defined to include member states of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.
2. The EU-20 includes European Union member markets Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
3. Data include both local currency and foreign currency sustainable bonds.
4. The private sector includes financial institutions and private institutions, while excluding government-owned enterprises.
5. SLBs include transition-linked bonds.

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

[15] The Herfindahl–Hirschman Index is a commonly accepted measure of market concentration. The index is used to measure the instrument profile diversification of a bond market and is calculated by summing the squared share of each instrument type in the market. A lower HHI indicates greater diversification across different instrument types, while a higher HHI suggests a more concentrated market structure dominated by fewer instruments.

of sustainable bond issuance in the PRC came from the private sector in 2025, while the share of public sector issuance was highest in the region in Hong Kong, China (64.5%) and the Republic of Korea (62.5%). Financial institutions were the major financers in ASEAN+3's private sustainable bond markets in 2025, accounting for 53.9% of ASEAN+3 private sector sustainable bond issuance in 2025, leading the issuance of green (61.7%), social (49.4%), and sustainability (35.6%) bonds. Utilities were the most active issuers of transition bonds (44.7%) in ASEAN+3 (**Figure 15**). In the EU-20, about half of its private sector issuance in 2025 came from financial institutions (51.5%), followed by utilities (27.4%).

Figure 15: ASEAN+3 Sustainable Bond Issuance by Sector and Type of Bond in 2025



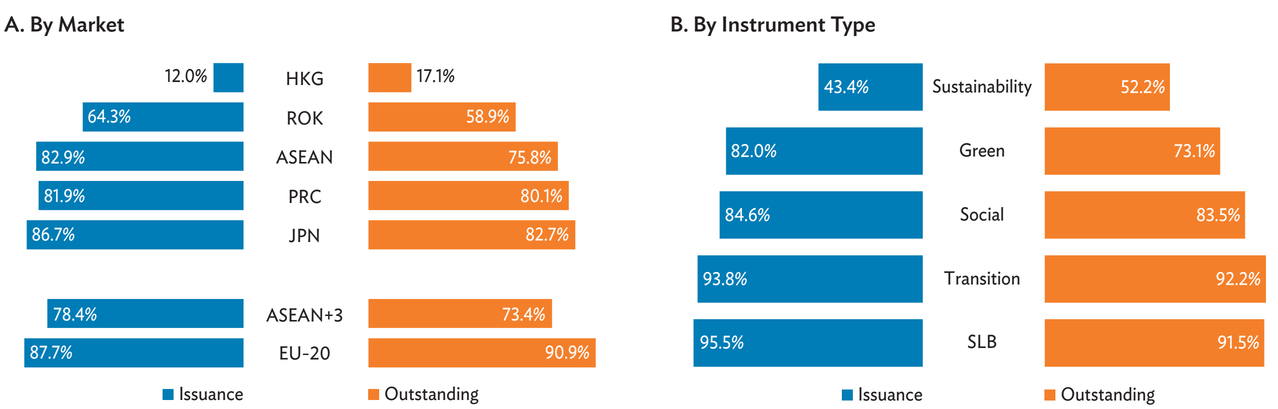
Notes:
1. ASEAN+3 is defined to include member states of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.
2. Data include both local currency and foreign currency sustainable bonds.

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

Currency Profile

While local currency (LCY) financing was prevalent in ASEAN+3's sustainable bond market in 2025, it still had a relatively smaller presence than LCY financing in the region's general bond market. LCY financing comprised 73.4% of total sustainable bonds outstanding and 78.4% of sustainable bond issuance in ASEAN+3 in 2025, compared with LCY financing shares of 95.4% and 94.2% for ASEAN+3 general bonds outstanding and issuance, respectively (**Figure 16A**). This contrasts with the EU-20 bond market, where LCY financing shares are similar in both the sustainable and general bond markets. In the EU-20, LCY financing accounted for 90.9% of sustainable bonds outstanding at the end of 2025, very similar to the LCY financing share of 91.0% in its general bond market. In terms of issuance, LCY issuance shares were relatively similar for the sustainable bond (87.7%)

Figure 16: Local Currency Share in ASEAN+3 Sustainable Bonds Outstanding and Issuance by Market and Instrument Type in 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; SLB = sustainability-linked bond.

Notes:
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4. Data include both local currency and foreign currency sustainable bonds.

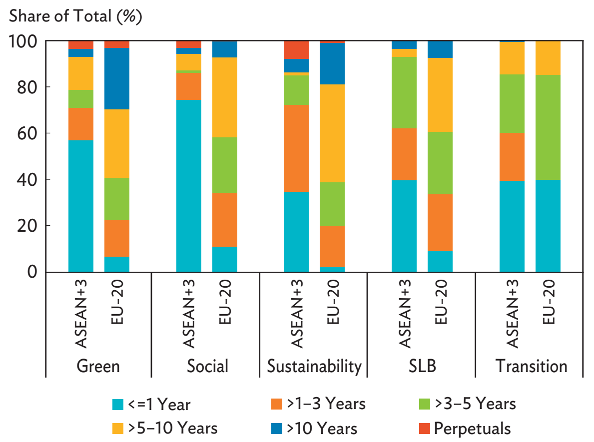
Source: *AsianBondsOnline* computations based on Bloomberg LP data.

and general bond (87.6%) markets in the EU-20. Within ASEAN+3, ASEAN members had a slightly higher average LCY financing share in 2025 for sustainable bond market issuance (82.9%) than for general bond market issuance (77.9%) due to significant private sector issuance of LCY-denominated sustainable bonds. Among different types of bond instruments, the LCY financing share was highest in ASEAN+3 for sustainability-linked bonds (95.5%), driven by ASEAN markets. The next highest LCY financing share was for transition bonds (93.8%), led by Japan (**Figure 16B**).

Maturity Profile

Sustainable bonds in ASEAN+3 carried shorter maturities, on average, than those in the EU-20. At the end of 2025, 73.2% of sustainable bonds outstanding and 80.2% of annual sustainable bond issuance in ASEAN+3 carried tenors of 5 years or less, much higher than the EU-20's corresponding shares of 45.1% and 31.4% (**Figure 17**). Thus, the size-weighted average maturity of sustainable bond issuance in ASEAN+3 in 2025 was 5.1 years, notably shorter than the corresponding averages for the EU-20 (8.4 years) and ASEAN (9.8 years). This was mostly due to a higher share of private sector financing in the ASEAN+3 sustainable bond market, which generally issues short-term bonds as investors avoid the risks involved in buying long-term corporate bonds. On the other hand, the public sector tends to issue more long-term sustainable bonds. ASEAN+3's public sector sustainable bonds outstanding at the end of 2025 had a size-weighted average tenor of 7.0 years, compared to 3.4 years in the private sector (**Figure 18**). ASEAN markets had a relatively high share of sustainable bonds outstanding with tenors of 10 years or above (34.0%), driven by the share of public sector sustainable bonds outstanding with these long-term tenors (55.0%). Thus, sustainable bonds outstanding in ASEAN markets had a size-weighted average tenor of 10.4 years, longer than the corresponding averages for both ASEAN+3 (4.5 years) and the EU-20 (8.0 years).

Figure 17: Tenor Profiles of ASEAN+3 and EU-20 Sustainable Bonds Outstanding by Type of Bond at the End of 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:
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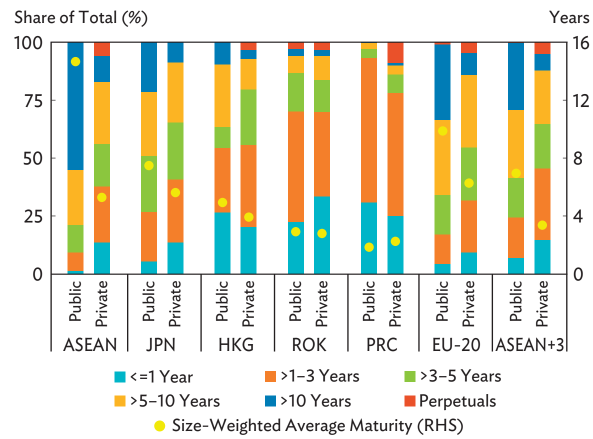
2. Data include both local currency and foreign currency sustainable bonds.
3. SLBs include transition-linked bonds.

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

Figure 18: Tenor Profiles of ASEAN+3 and EU-20 Sustainable Bonds Outstanding by Sector at the End of 2025



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4. Data include both local currency and foreign currency sustainable bonds.

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