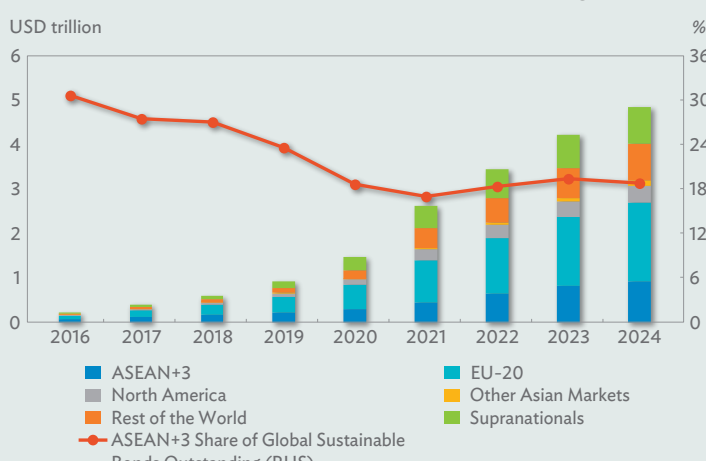
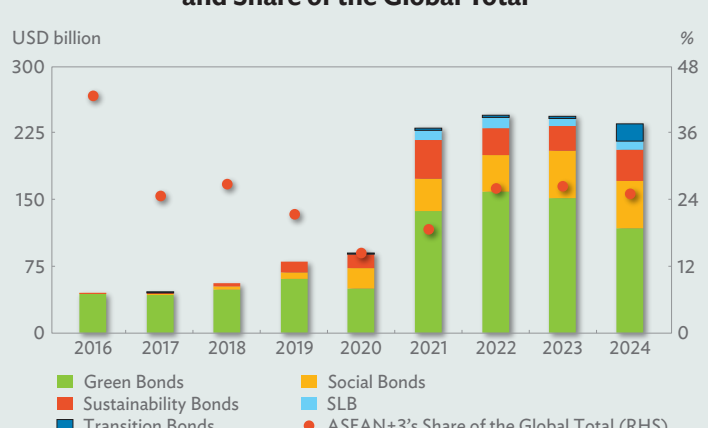


Global sustainable bond markets continued to expand in 2024, albeit at a moderated pace. The outstanding amount of sustainable bonds in the world reached USD4.9 trillion at the end of 2024, despite growth easing 15.2% y-o-y in 2024 from 22.2% y-o-y in 2023. Nearly all sustainable bond markets globally recorded slower growth in 2024 on reduced issuance in the EU-20 and ASEAN+3 markets and a higher volume of maturities in most other markets. Sustainable bond market growth eased in the EU-20 (15.2% from 22.4%) and ASEAN+3 (12.1% from 29.4%), amid slight declines in their respective issuances in 2024. As ASEAN+3's growth eased at a much faster pace compared with most other regions in the world, its share of the global total slipped to 18.9% in 2024 from 19.4% in 2023. In contrast, the EU-20's share of the global total held steady at 36.6%. Relative to its general bond market, ASEAN+3's sustainable bond market accounted for only a 2.3% share, which lagged the corresponding 8.1% share in the EU-20.

Global Sustainable Bonds Outstanding



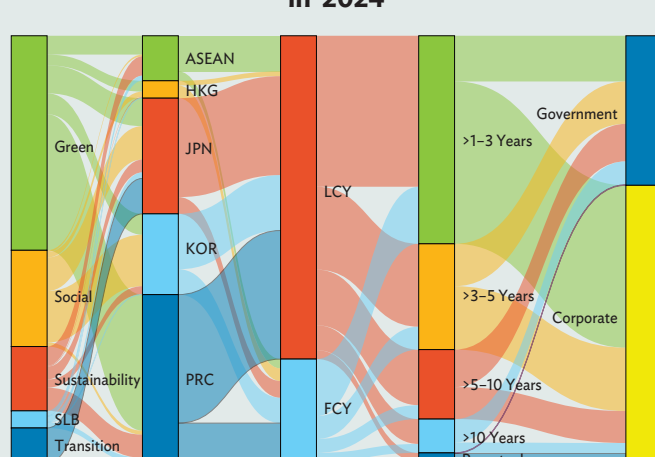
ASEAN+3 Sustainable Bond Issuance and Share of the Global Total



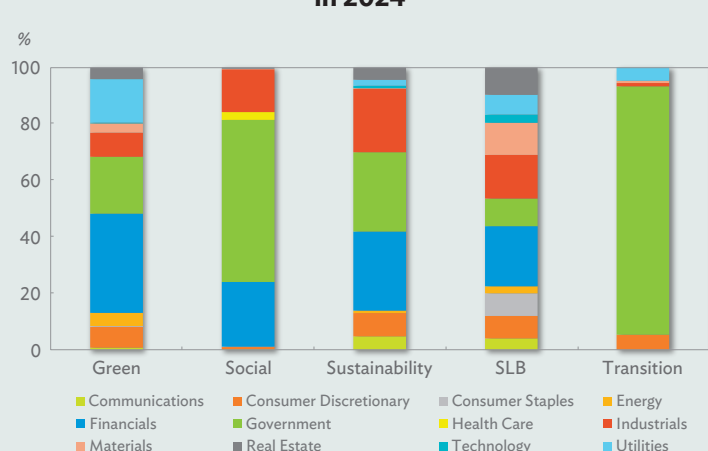
ASEAN+3 sustainable bond issuance accounted for about a quarter of the global issuance total in 2024. Sustainable bond issuance in ASEAN+3 reached USD237.2 billion in 2024, contracting 3.1% y-o-y following a decline of 0.6% y-o-y in 2023. The decline in ASEAN+3's sustainable bond issuance was largely driven by a fall in green bond issuance, which shrank 21.8% y-o-y, and to a lesser extent, by the contraction in social bond issuance of 1.4% y-o-y. Meanwhile, issuance of transition bonds jumped nearly 13-fold, buoyed by issuance from Japan (USD19.6 billion). Sustainability bond issuance also climbed 29.4% y-o-y, led by issuances from the PRC (USD12.8 billion) and ASEAN (USD10.7 billion), accounting for 36.0% and 30.0%, respectively, of the sustainability bond issuance total in 2024. Within ASEAN+3, ASEAN economies posted the fastest expansion in sustainable bond issuance in 2024 on growth of 28.1% y-o-y after contracting 13.1% y-o-y a year earlier. ASEAN's 10.5% share of the regional sustainable bond issuance total in 2024 was largely comparable with its corresponding 11.0% share in the general bond market.

Green bonds accounted for about half of ASEAN+3's sustainable bond issuance in 2024. However, green bonds' regional share (50.1%) slipped from 62.1% a year earlier, while all other sustainable bond instruments saw expansions in their respective shares. During the year, substantial upticks were noted in the regional shares of transition bonds (8.4% from 0.6%) and sustainability bonds (15.0% from 11.3%), while social bonds (22.5% from 22.1%) and SLBs (4.0% from 3.9%) recorded marginal gains from the previous year. Among ASEAN+3 economies, the PRC remained the largest sustainable bond issuer (39.5% share). The PRC was also the leading issuer of green bonds during the year with 63.4% of the region's total. The Republic of Korea had a majority share (53.5%) of regional social bond issuance, while Japan (99.0%) dominated transition bond issuance. While ASEAN markets accounted for a relatively smaller share (10.5%) of the sustainable bond issuance total in 2024, they were significant issuers of both sustainability bonds (30.0% of regional sustainability bond issuance) and SLBs (29.9% of regional SLB issuance).

Instrument Profile of ASEAN+3 Sustainable Bond Issuance in 2024



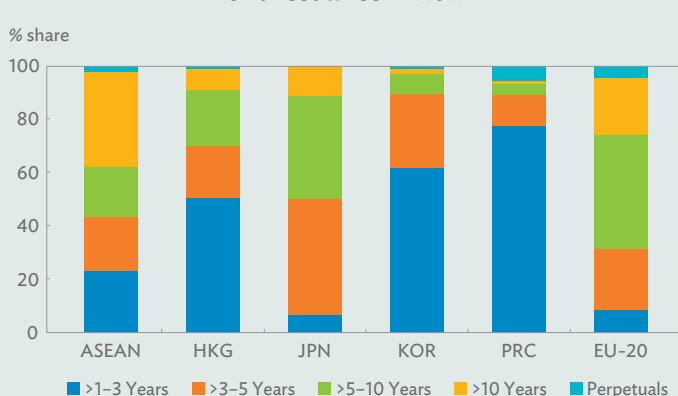
Sector Profile of ASEAN+3 Sustainable Bond Issuance in 2024



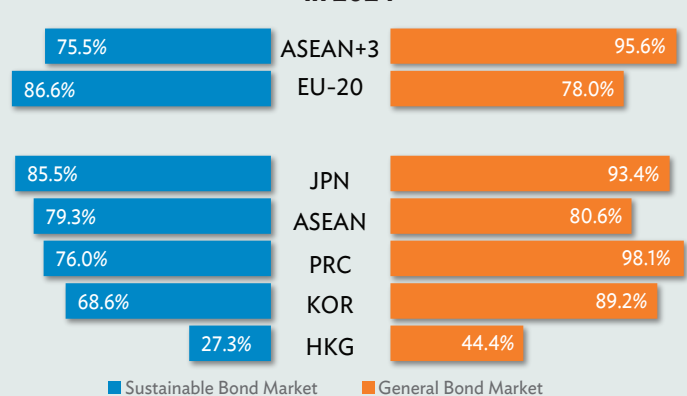
The private sector dominated ASEAN+3's sustainable bond issuance in 2024. The private sector raised USD154.3 billion from the issuance of sustainable bonds, representing 65.1% of ASEAN+3's sustainable bond issuance total for the year. On the other hand, the public sector accounted for the remaining 34.9% share, compared with its 64.6% share in the ASEAN+3 general bond market. The public sector, however, was home to active issuers of transition bonds, accounting for 88.0% of ASEAN+3's transition bond issuance in 2024, as well as a 57.4% share of social bonds. Meanwhile, the private sector led the issuance of SLBs with a 90.2% share, as well as green bonds (79.9%) and sustainability bonds (71.9%). Firms from the financial (42.8%), industrials (18.1%), and utilities (13.4%) sectors were the leading issuers of private sector sustainable bonds.

ASEAN+3's sustainable bond issuances in 2024 predominantly carried short-term maturities. About 73.3% of sustainable bonds issued in the region during the year carried maturities of 5 years or less. It was only in ASEAN markets where tenors of over 5 years accounted for the majority of issuance (56.5%) in 2024. Only 23.2% of issuance carried tenors of over 5 years in the PRC; Hong Kong, China; Japan; and the Republic of Korea. This is broadly comparable with the EU-20's maturity structure, which had 68.3% of its 2024 sustainable bond issuances in tenors longer than 5 years. ASEAN's higher share of longer-term sustainable bonds is partly a function of public sector participation. In 2024, the share of ASEAN public sector sustainable bond issuances with tenors beyond 5 years accounted for 75.8% of its public sector issuance total. This was nearly double compared with ASEAN corporates' corresponding share of only 37.6%. In addition, ASEAN+3's public sector also issued more longer-term bonds, with over half of its issuance comprising maturities of over 10 years. Owing to its high share of longer-tenor issuances, ASEAN had an average size-weighted tenor of 12.3 years, exceeding ASEAN+3's average of 6.0 years and the EU-20's 9.0 years.

Maturity Profiles of ASEAN+3 and EU-20 Sustainable Bond Issuance in 2024



Share of Local Currency Bond Issuance in the ASEAN+3 and EU-20 Sustainable Bond and General Bond Markets in 2024



ASEAN's LCY issuance in the sustainable bond and general bond markets accounted for broadly similar shares in 2024. ASEAN+3's sustainable bond issuance during the year largely comprised local currency (75.5%). While accounting for the majority, this still lagged ASEAN+3's LCY issuance share of 95.6% in its general bond market. All major ASEAN+3 markets had lower LCY issuance shares in their respective sustainable bond markets versus their general bond markets. In contrast, the LCY issuance share in the EU-20's sustainable bond market (86.6%) exceeded the corresponding share in its general bond market (78.0%). However, in ASEAN, the LCY shares of bond issuance were broadly comparable in the sustainable bond market (79.3%) and general bond market (80.6%). The larger markets of the PRC and the Republic of Korea saw far wider differences in their respective LCY issuance shares in the sustainable and general bond markets in 2024.

ASEAN+3 = Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China (PRC); Hong Kong, China (HKG); Japan (JPN); and the Republic of Korea (KOR); EU-20 = European Union 20; LCY = local currency; RHS = right-hand side; SLB = sustainability-linked bond; USD = United States dollar; y-o-y = year-on-year.

Notes:

1. ASEAN includes the markets of Cambodia, Indonesia, Malaysia, the Lao People's Democratic Republic, the Philippines, Singapore, Thailand, and Viet Nam.
2. 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.
3. SLB includes sustainability-linked bonds and transition-linked bonds.

Source: AsianBondsOnline computations based on Bloomberg LP data.