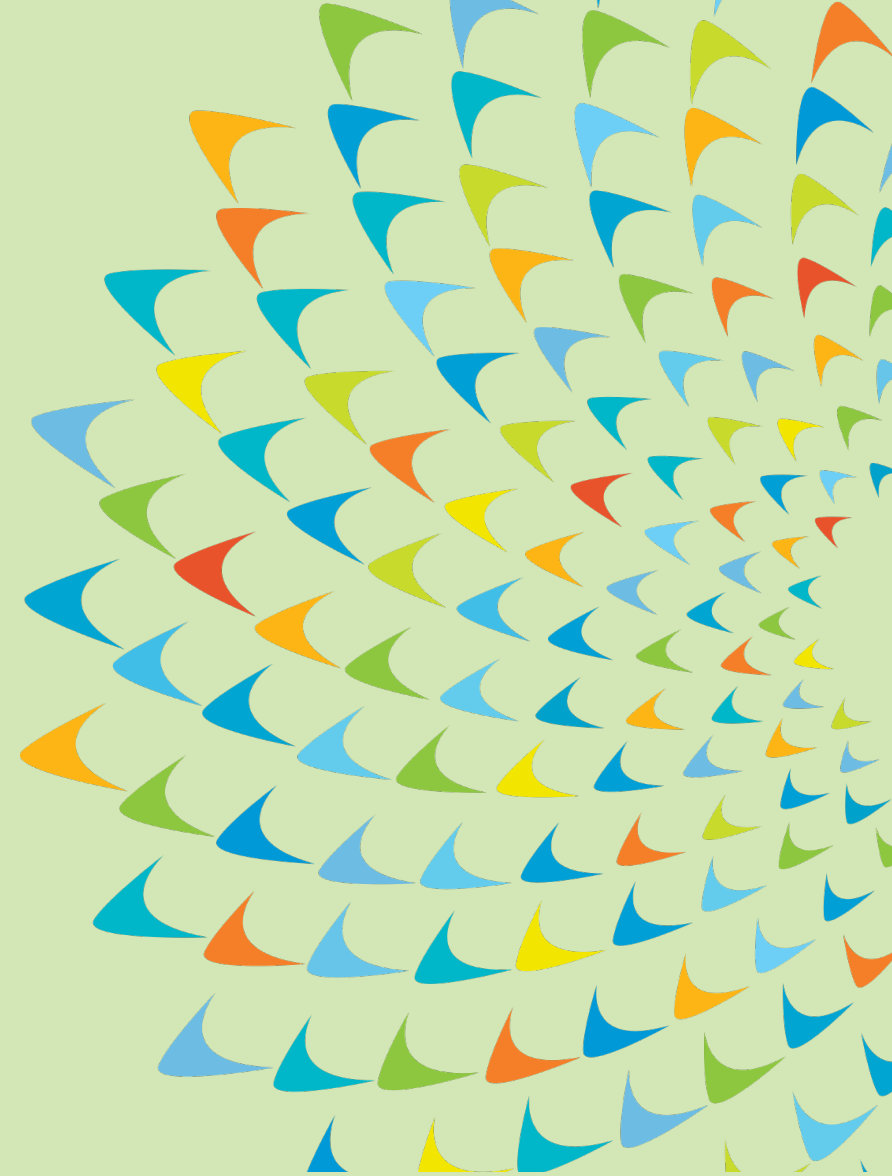
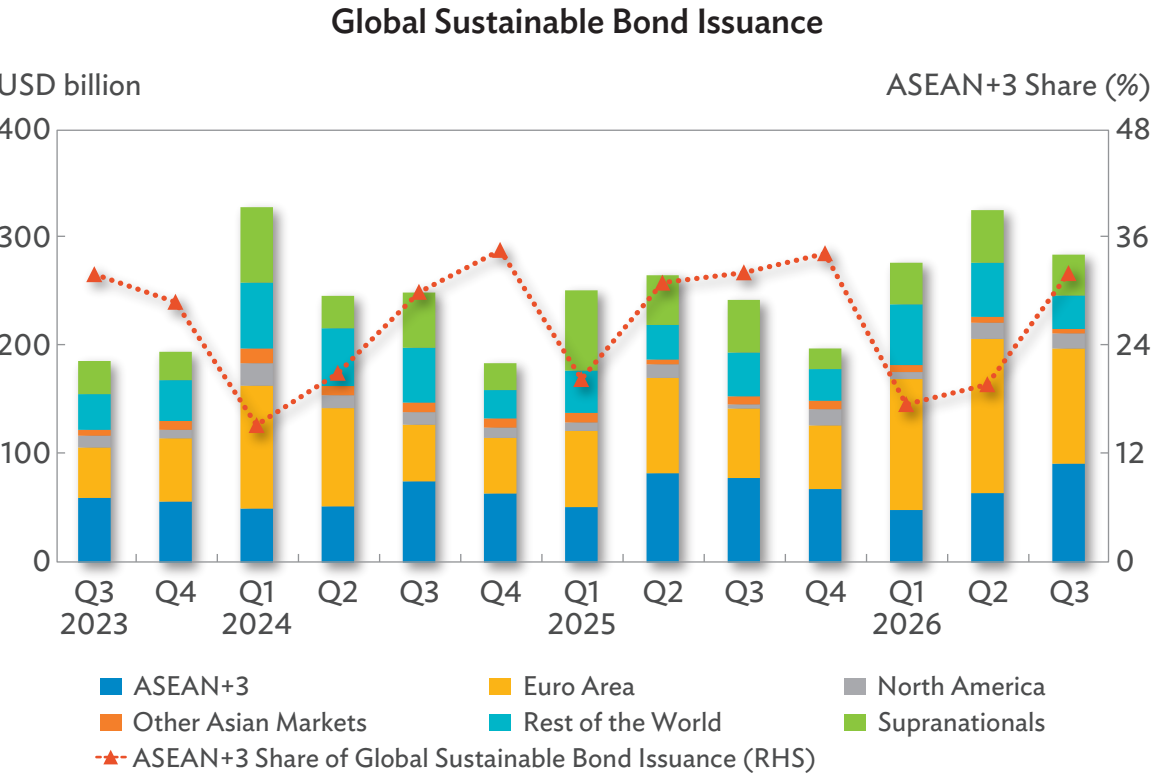


ASEAN+3 Sustainable Bonds Highlights

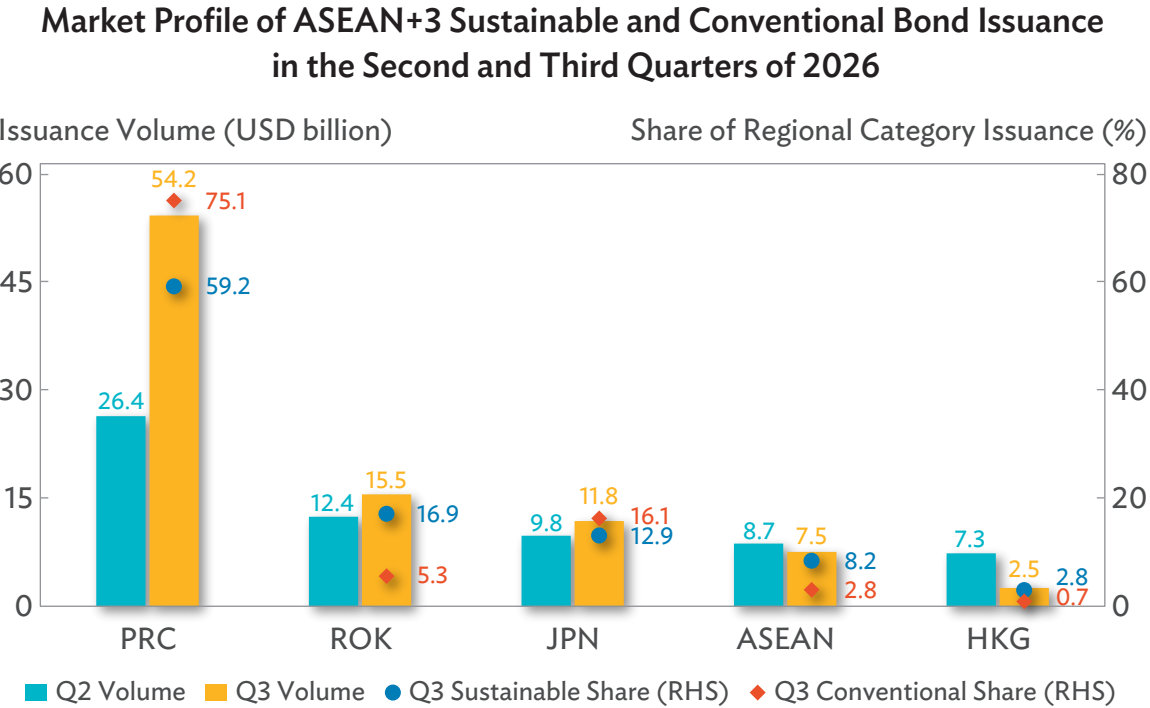
OCTOBER 2026



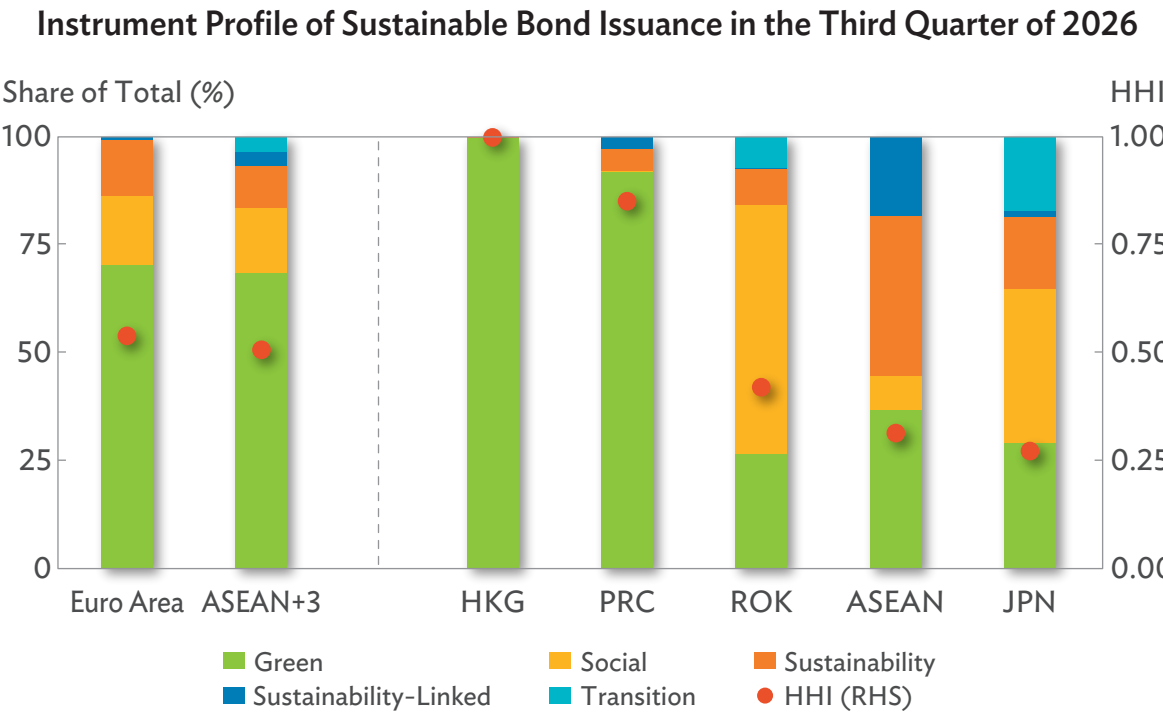
Global sustainable bond issuance fell 12.6% q-o-q to USD285.1 billion in Q3 2026, as tighter financial conditions dampened issuance activity in major sustainable bond markets. In the euro area, issuance declined 25.1% q-o-q to USD106.8 billion. By contrast, issuance in the ASEAN+3 sustainable bond market rose 41.8% q-o-q to USD91.7 billion, led by increases in the PRC, the Republic of Korea, and Japan. ASEAN+3 accounted for 32.2% of global issuance in Q3, second only to the euro area's 37.5%.



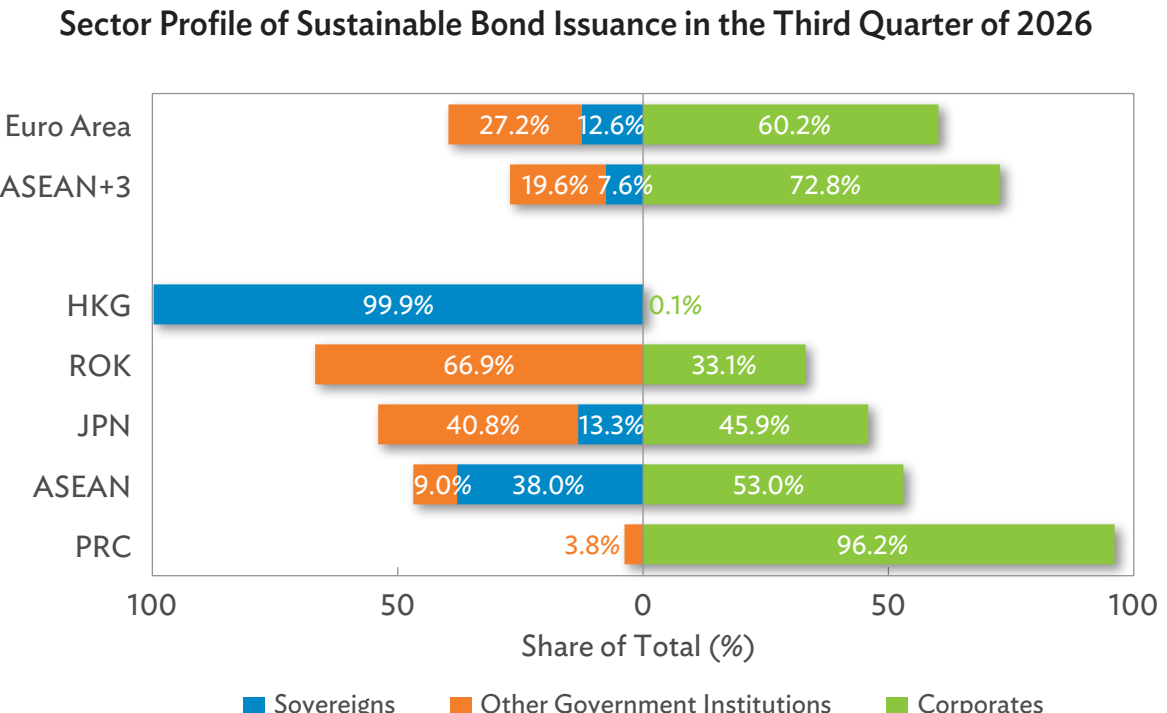
Issuance in the PRC more than doubled q-o-q to USD54.2 billion in Q3 2026, driven by ongoing efforts to promote a green and low-carbon transition. Issuance rose 25.1% in the Republic of Korea, led by social bonds from the Korea Housing Finance Corporation, and 20.8% in Japan, amid continued government transition-bond issuance. By contrast, issuance declined in Hong Kong, China and ASEAN, reflecting reduced private sector issuance due to tight global financial conditions and heightened uncertainty. The decline in Hong Kong, China also reflected a high Q2 base that included MTR Corporation's HKD18.8 billion green-bond offering. ASEAN's share of ASEAN+3 sustainable bond issuance (8.2%) exceeded its share of conventional issuance (2.8%).



ASEAN+3 sustainable bond issuance in Q3 2026 was dominated by green bonds, which accounted for 68.5% of the total, similar to 70.3% in the euro area market. ASEAN+3 issuance included larger shares of sustainability-linked (3.2%) and transition bonds (3.4%) than in the euro area (0.5% and 0.0%, respectively), contributing to a slightly more diversified instrument mix as reflected in a lower Herfindahl–Hirschman Index (HHI) score (0.50 versus 0.54). Within ASEAN+3, Japan and ASEAN recorded the most diversified issuance profiles, while green bonds dominated in the PRC and Hong Kong, China, accounting for more than 90% of sustainable bond issuance in both markets.

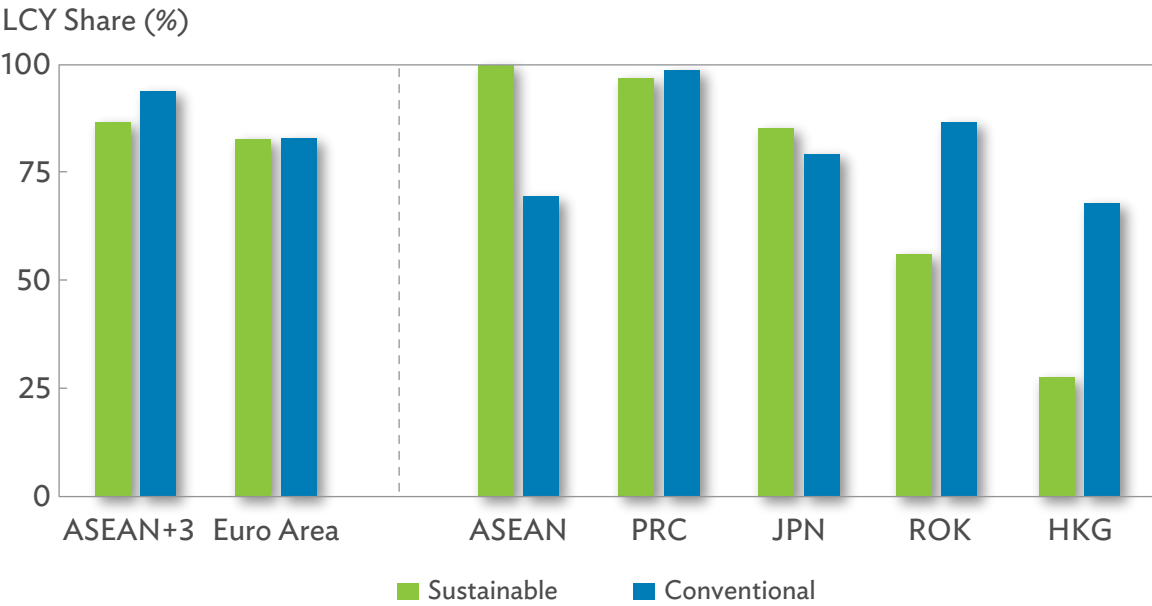


The private sector accounted for 72.8% of sustainable bond issuance in ASEAN+3 in Q3 2026, exceeding its share in the euro area’s sustainable bond market (60.2%). Within ASEAN+3, the private sector accounted for 96.2% of sustainable bond issuance in the PRC. Excluding the PRC, the private sector accounted for 38.9% of sustainable bond issuance, similar to its share in the ASEAN+3 conventional bond market (37.8%). Sovereign issuance accounted for nearly all sustainable bond issuance in Hong Kong, China (99.9%) and more than a third in ASEAN (38.0%). In the Republic of Korea, other government institutions were the dominant issuers of sustainable bonds, accounting for 66.9% of the total.



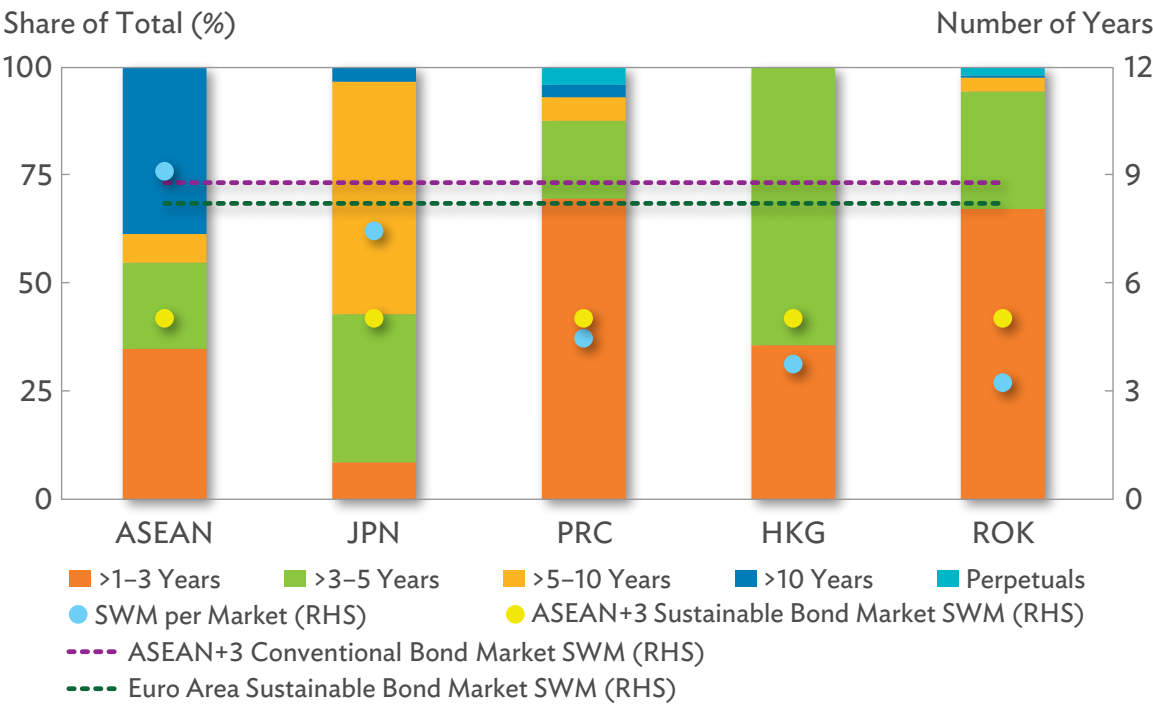
LCY-denominated bonds comprised 86.9% of ASEAN+3 sustainable bond issuance in Q3 2026, below the corresponding share in the region's conventional bond market (94.0%). By contrast, the euro area recorded nearly identical LCY shares for sustainable and conventional bond issuance at 82.9% and 83.1%, respectively. Among ASEAN+3 economies, Hong Kong, China was the only market where sustainable issuance was predominantly FCY-denominated. ASEAN and Japan recorded higher LCY financing shares in sustainable issuance than in conventional issuance during the quarter.

Currency Profile of Sustainable Bond Issuance
in the Third Quarter of 2026



About 81% of ASEAN+3's sustainable bond issuance in Q3 2026 carried a maturity of 5 years or less, resulting in a size-weighted average maturity (SWM) of 5.0 years. This was shorter than the SWM of 8.2 years for euro area sustainable bond issuance and 8.8 years for ASEAN+3 conventional bond issuance. The PRC and the Republic of Korea accounted for 84.1% of the region's shorter-dated issuance in Q3, with average maturities of 4.5 years and 3.2 years, respectively. By contrast, bonds with maturities exceeding 5 years accounted for 57.1% of sustainable bond issuance in Japan and 45.2% in ASEAN, contributing to SWMs of 7.5 years and 9.1 years, respectively. Japan's SWM increased to 7.5 years in Q3 from 6.5 years in Q2, partly reflecting the government's USD1.6 billion 10-year issuance in August.

Maturity Profile of ASEAN+3 Sustainable Bond Issuance in the Third Quarter of 2026



ASEAN = Association of Southeast Asian Nations; FCY = foreign currency; HHI = Herfindahl–Hirschman Index; HKD = Hong Kong dollar; HKG = Hong Kong, China; JPN = Japan; LCY = local currency; PRC = People’s Republic of China; Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; Q4 = fourth quarter; q-o-q = quarter-on-quarter; RHS = right-hand side; ROK = Republic of Korea; SWM = size-weighted average maturity; USD = United States dollar.

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. ASEAN includes the markets of Cambodia, Indonesia, Malaysia, the Lao People’s Democratic Republic, the Philippines, Singapore, Thailand, and Viet Nam.
2. The euro area includes the member markets of Austria, Belgium, Bulgaria, 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 (HHI) 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.
4. Sustainability-linked bonds include transition-linked bonds.
5. The sector profile is based on Bloomberg Industry Classification System (BICS) categories. Sovereigns are based on BICS sovereign category. Other government institutions include BICS Classification for development banks, government local, government regional, and government agencies and some state-owned companies. All other BICS categories are classified as corporates.
6. Non-USD-denominated bonds are converted to USD values based on Bloomberg’s currency conversion at the time of issuance.
7. Data include both local currency and foreign currency sustainable bonds.

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

More information available at:

<https://asianbondsonline.adb.org>

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