

## Sustainable Finance Special Interest Commentary

17 December 2025

### Asia-Pacific Finding its Footing

Fading support for ESG issues due to greenwashing concerns, a questionable greenium and negative political sentiments in the US had an impact on the sustainable finance industry with the year to date growth in total global issuance volumes per Bloomberg data lagging other issuance markets. The same could not be said for Asia Pacific however with growth in sustainable finance credit issuances (comprising mostly green, social, sustainability, and sustainability-linked ("GSSSL") credit instruments that comprise both bonds and perpetuals) through 30 November 2025<sup>1</sup> somewhat on par with the general Asiadollar market. Issuance trends continue to evolve within these totals and highlight ongoing development for the sustainable finance industry, which bodes well in our view for 2026.

**Andrew Wong**

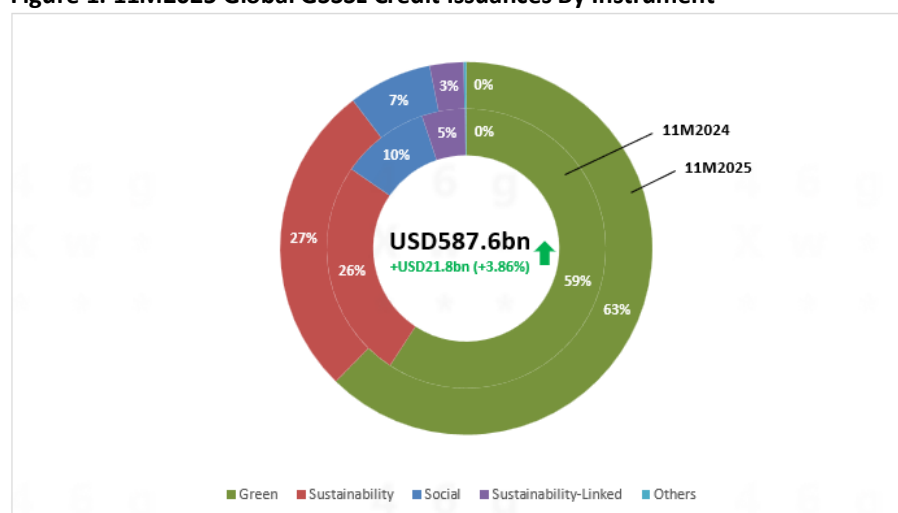
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**Figure 1: 11M2025 Global GSSSL Credit Issuances By Instrument**



Source: Bloomberg, OCBC Credit Research

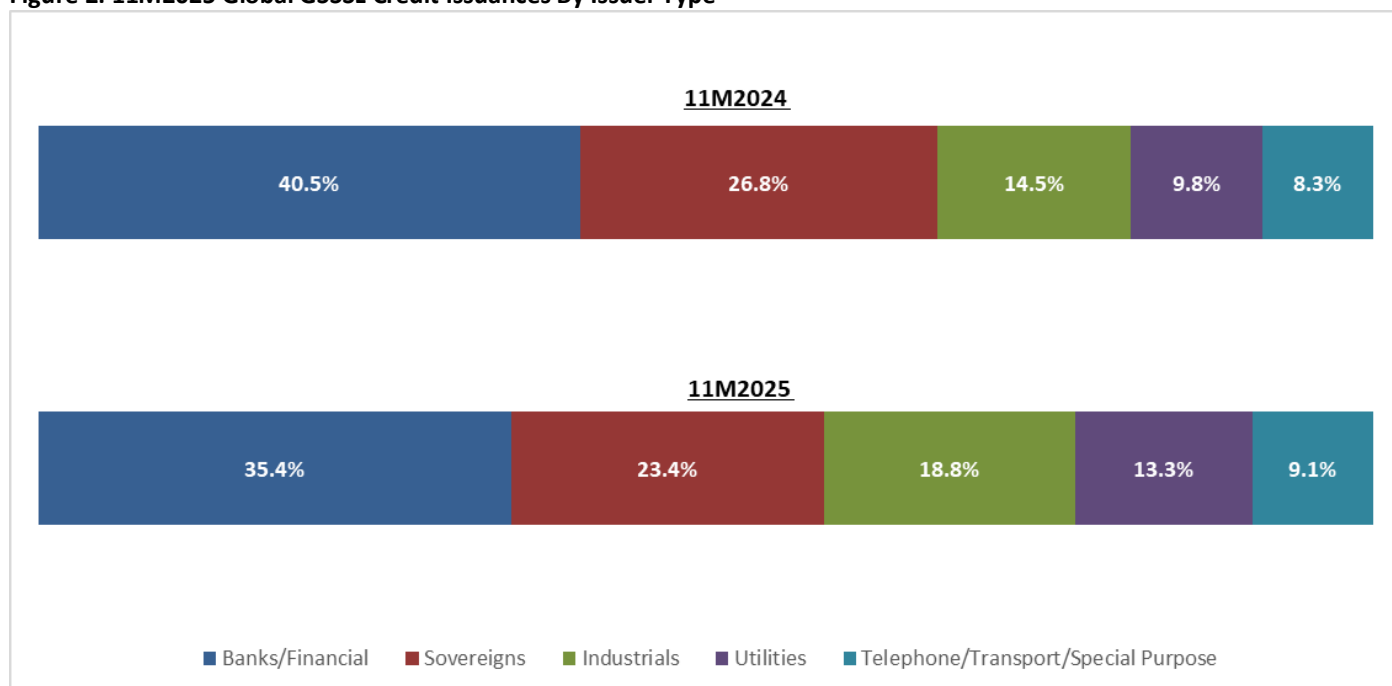
Global GSSSL credit issuance was up 3.9% y/y as of 30 November 2025 and while the y/y growth looks somewhat resilient, it is noticeably below the y/y growth in other major bond markets per Bloomberg League tables. US Corporate, Investment Grade and High Yield issuance rose ~11% y/y as of mid-December 2025 on average while European Investment Grade Corporate Bonds rose 17.3% y/y. General issuance trends by instrument type were broadly consistent with green bonds remaining the largest instrument issued followed by sustainability bonds. Social bonds and sustainability-linked bonds were the next largest respectively but witnessed a relative decline as green bonds increased their market share through 2025.

Issuance by issuer type also evolved slightly while major trends remains consistent y/y. Banks and Financials remained largest followed by sovereigns although both saw a relative decline while industrials and utilities saw higher relative issuance y/y. Possible drivers for higher issuance by corporates, and utilities in particular, is the rising interest in transition financing with utilities having

<sup>1</sup> Minimum issuance size of USD200mn

a higher exposure to transition risk and larger capital intensive projects. Another driver could be the full year implementation of the European Green Bond Standard (“EGBS”) that was introduced in December 2023 and took effect from 21 December 2024. Per ISS-Corporate, 25 institutions published European Green Bond factsheets as of 18 October 2025 and 18 of them already issued EU Green Bonds. Corporates were the main issuers within these institutions with producers and distributors of energy the most frequent issuers, comprising around a third.

**Figure 2: 11M2025 Global GSSSL Credit Issuances By Issuer Type**



Source: Bloomberg, OCBC Credit Research

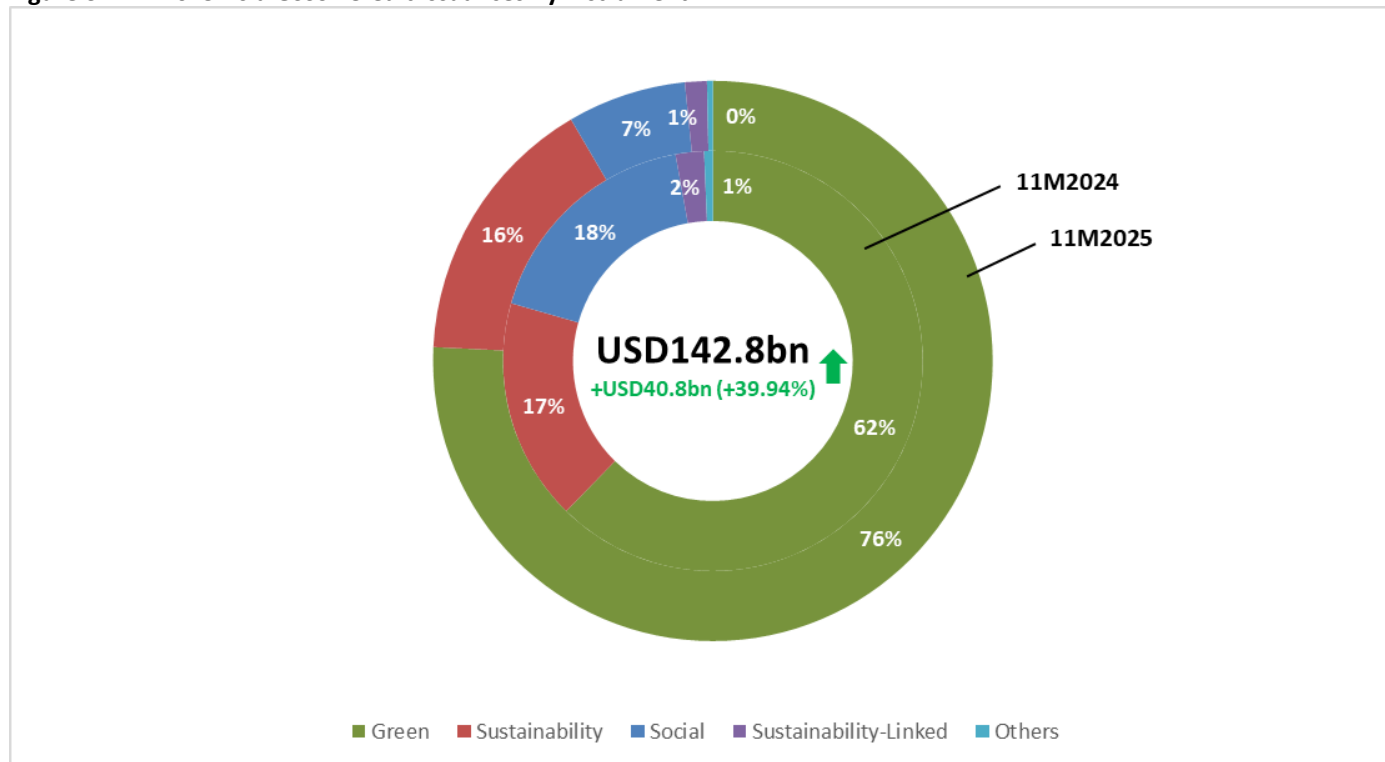
The largest issuances in green bonds through 2025 were from larger financial institutions as well as supranationals including the European Investment Bank and Kreditanstalt fuer Wiederaufbau (“KfW”), a German promotional and development bank that supports the country’s economic, social, and ecological development goals. Supranationals such as the International Bank for Reconstruction & Development and International Finance Corp were also issuers of the largest sustainability and social bonds respectively as were European Financials including entities within the Credit Agricole Group. Per its website, the International Bank for Reconstruction & Development has issued USD64.2bn in ‘World Bank Sustainable Development Bonds’ across 18 different countries and 358 transactions to finance sustainable development projects and programs.

Sustainability linked bonds continue to shrink as a proportion of total GSSSL bonds. As covered in previous publications, investor reluctance persists around the incentive structure of the instrument, the quality or rigour of the instrument’s sustainability performance indicators (“SPI”) or targets (“SPT”) and the actual impact of the issuance, some of which can come from brown companies that do not disclose any specific use of proceeds, whether green, social or otherwise. Greenwashing concerns are on both sides of the transaction with issuers also concerned about being accused of overstating the benefit of the SLB to the environment or society, whilst also having difficulty deciding what is the right SPI/SPT and what is actually achievable.

Asia GSSSL issuance trends have diverged from the global stage and highlight the stronger sustainable needs in the region as well as strong demand for credit in general environment within Asia. 11M2025 issuance is up ~40% y/y which is slightly stronger than the general YTD rise in APAC G3 currency bonds of ~35%. Within this, green bonds have taken a larger share of GSSSL issuance by instrument and social bonds have reduced. This reflects strong environmental sustainability needs within Asia as represented by the large issue size of the top 5-6 green bonds from issuers in Asia compared to the smaller issue sizes for social bonds. Both instruments saw some concentration in issuer characteristics within the top 5-6 issuers – the largest green bonds in APAC were all from Chinese financials (banks and insurance) while for social bonds, 5 of the 6 largest issuers were from Japan’s East Nippon Expressway Co Ltd and West Nippon Expressway Co Ltd. Reasons for these issuers to issue social bonds include “regional revitalization”, “disaster countermeasures”, “promotion of traffic safety”, and “environmental conservation” per East Nippon

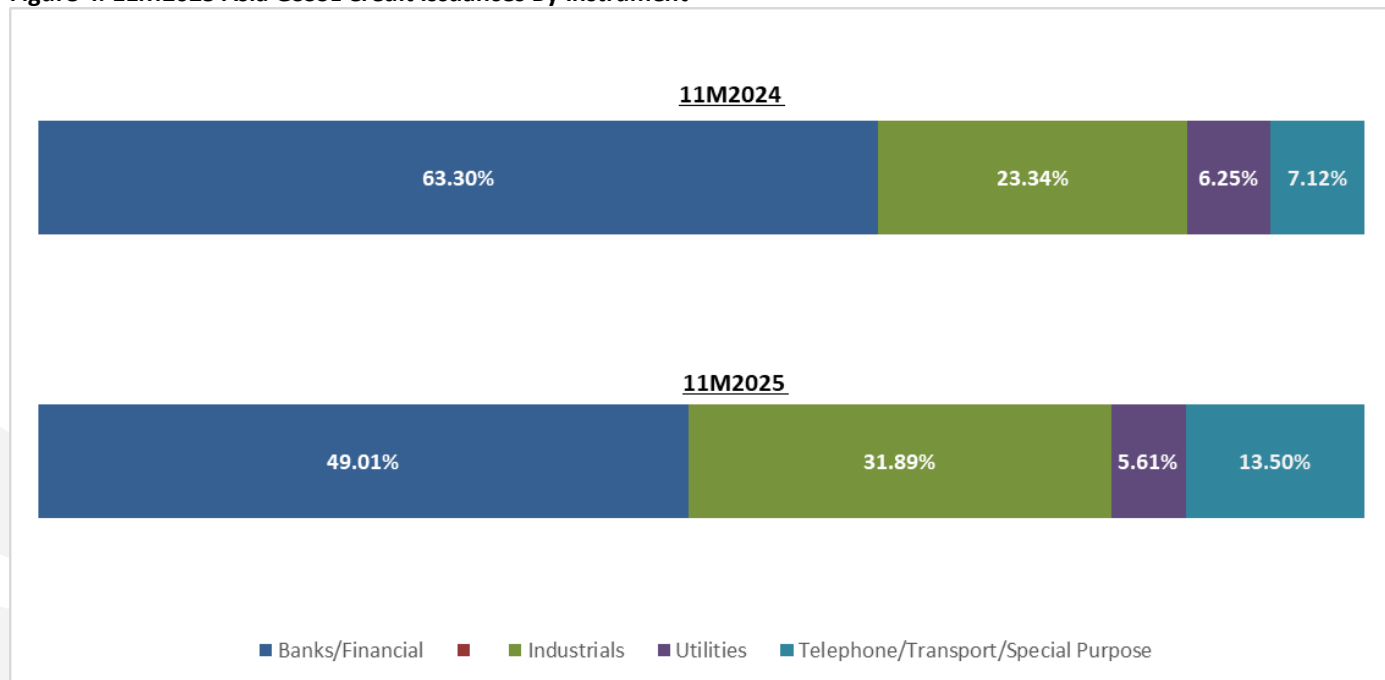
Expressway Co., Ltd's website. Although the largest issuances of green bonds in Asia were from Financials, their leading contribution to GSSSL issuance by issuer type fell in 2025 while Industrials rose concurrently within Asia.

**Figure 3: 11M2025 Asia GSSSL Credit Issuances By Instrument**










Source: Bloomberg, OCBC Credit Research

**Figure 4: 11M2025 Asia GSSSL Credit Issuances By Instrument**



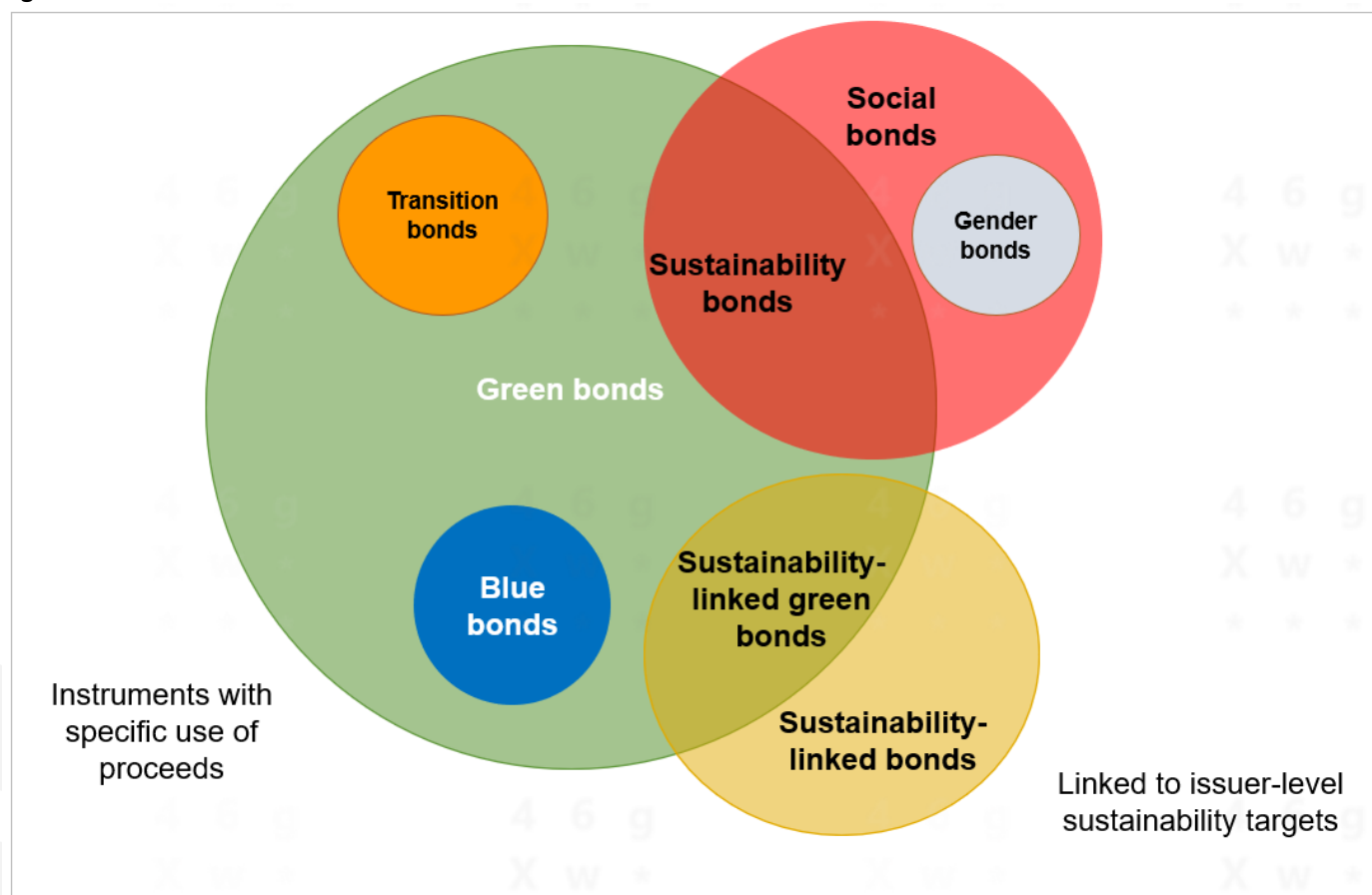
Source: Bloomberg, OCBC Credit Research

**Table 1: Definitions**

Icon	Type of bonds	Definition
1. 	Green bonds	Proceeds from these bonds are specifically allocated to financing new and existing projects or activities with positive environmental impacts.
2. 	Social bonds	To qualify as a social bond, the proceeds must be used to finance or refinance social projects or activities that achieve positive social outcomes and/or address a social issue.
3. 	Sustainability bonds	Sustainability bonds are issues where proceeds are used to finance or re-finance a combination of green and social projects or activities.
4. 	Sustainability-linked bonds	These bonds are structurally linked to the issuer's achievement of climate or broader United Nations Sustainable Development Goals ("UN SDG") targets. Sustainable performance target ("SPT")'s that are not met then results in an increase in the instrument's coupon rate. Conversely, a SPT that is met or exceeded could result in a decrease in the instrument's coupon rate.
5. 	Gender bonds	A type of social bond where proceeds are used to support the specific purpose of raising awareness on gender inequality and women empowerment.
6. 	Blue bonds	A type of green bond where proceeds are used on projects or strategies leading to a healthy and productive ocean and marine life environment.
7. 	Transition bond	A hybrid of green and sustainability-linked bonds where proceeds are used to reduce an issuer's environmental impact through decarbonising fossil fuel and hard-to-abate sectors that would not normally qualify for green bonds.

Source: OCBC Credit Research

**Figure 5: Classification of GSSSL bonds**



Source: OCBC Credit Research

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