

VCUK

Thank you
for the Money!

An overview of the Nordic Corporate Bond market
by Timothy Stevens, Head of Trading at VCUK

What is the Nordic Corporate Bond Market?

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Any issue

With an NO, SE, FI or DK
ISIN, although some
issues have XS, US, NL
and assorted other ISINs

Size

Outstanding volume in
the whole market reached
EUR 120bn by the end of
2024

Intra-Nordic

Split – dominated by
Norway at 54% of
issuance volume and
Sweden at 37% of total
outstanding volume

Why is it growing?

03

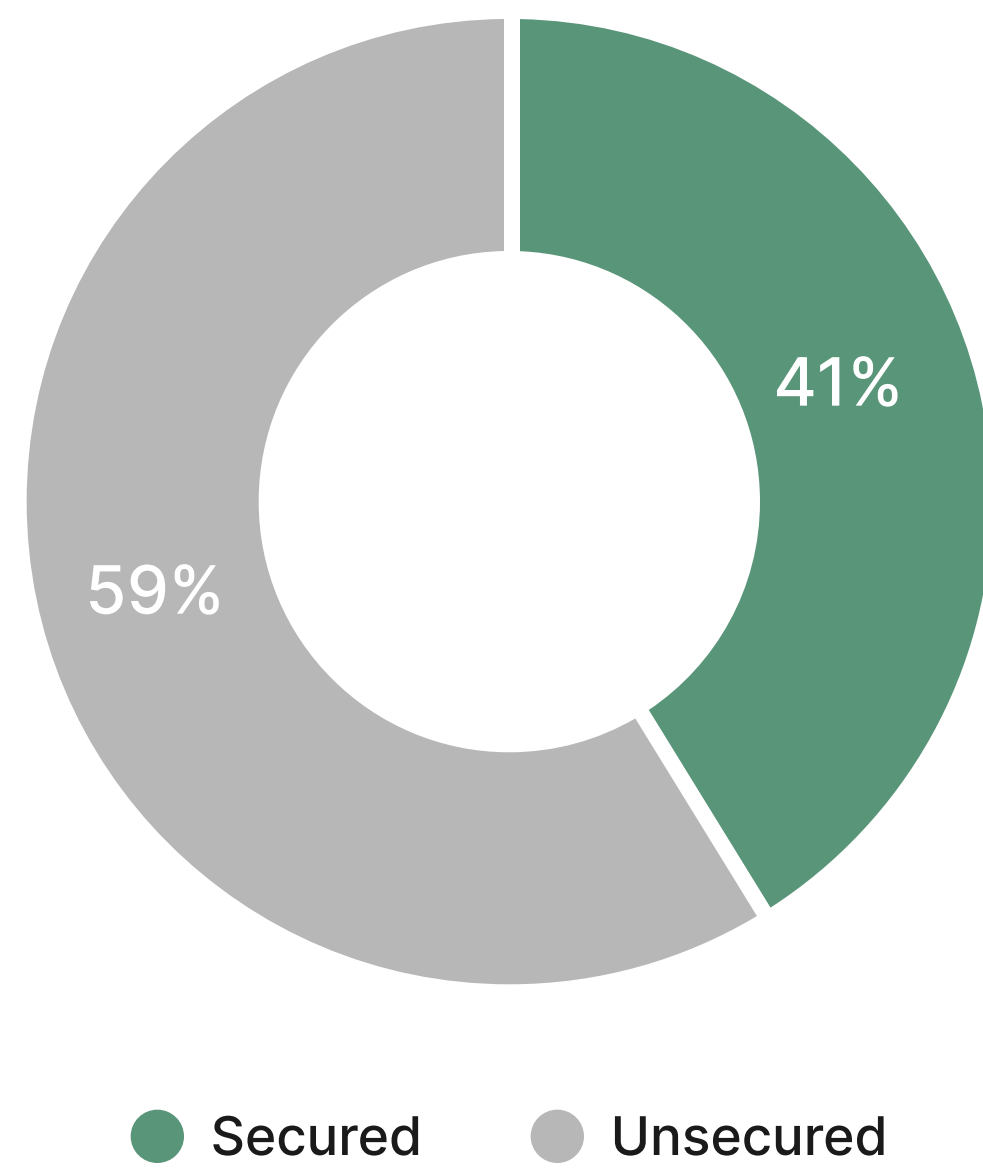
From crisis comes opportunity: following the 2008 financial crisis banks reined in their lending to SMEs. Nordic funds which did their own due diligence and relied less on ratings agencies had much more appetite and filled the gap. The energy sector is a good example.

How bond markets are eating the banks' lunch

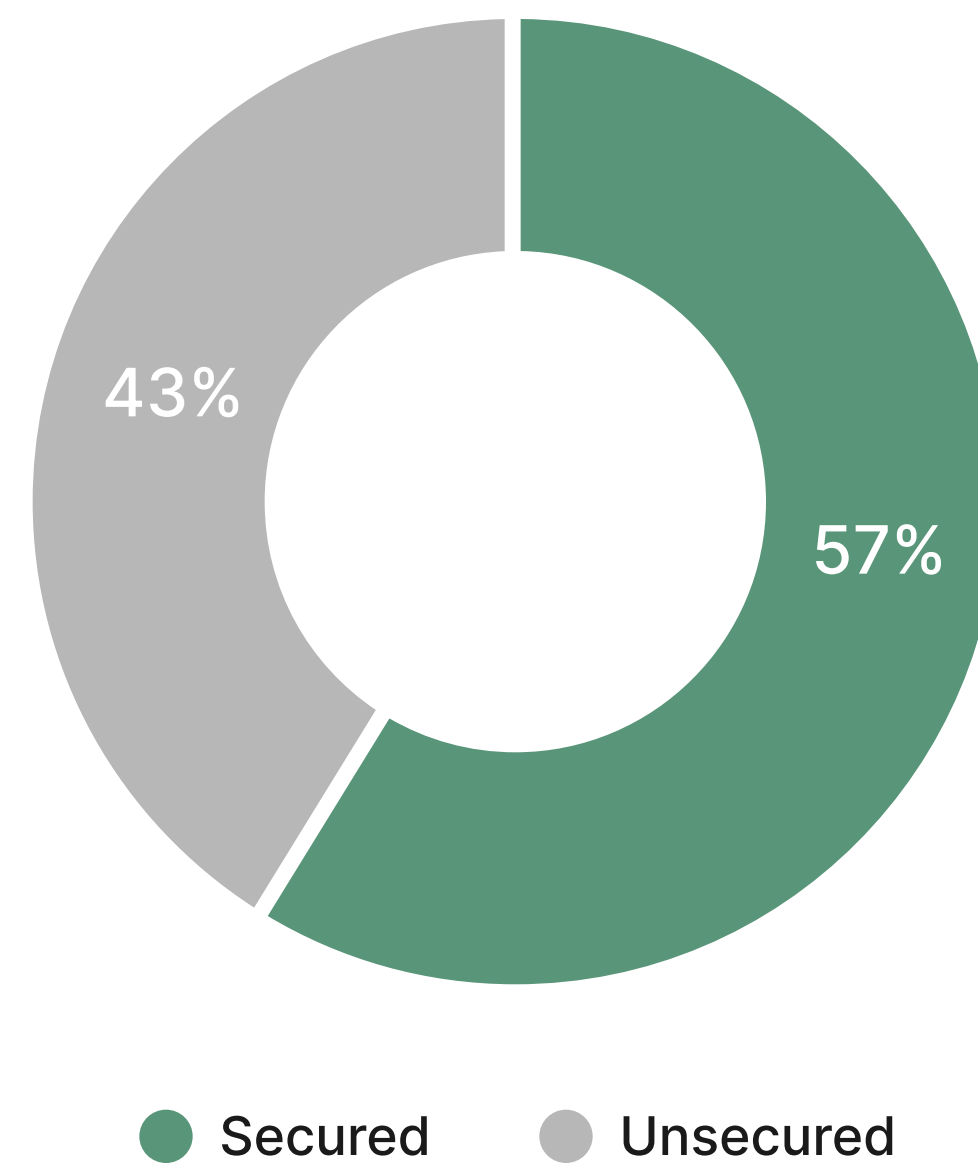
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Bond markets enable oil service companies to access capital at competitive terms

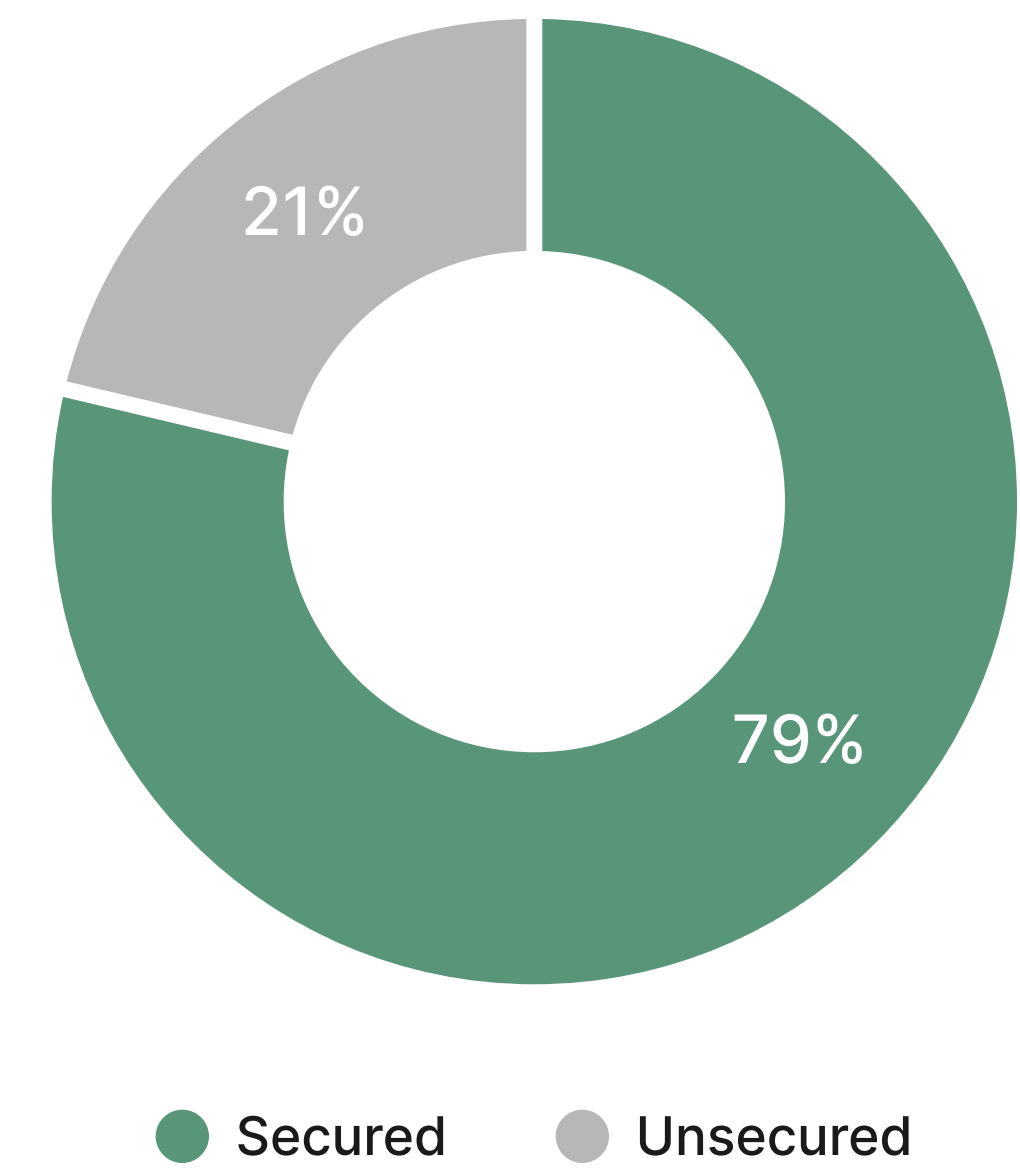
2010-2013 Oil service bonds



2016-2019 Oil service bonds



2022- YTD 2025 Oil service bonds



Issuer Incentives

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Lighter documentation

Engagement letters
rather than underwriting
agreements

Timescale

A Nordic bond takes a
few weeks to place
versus 2-3 months for
private debt

Appetite

For smaller issuers is
good, relative to megacap
dominated issuance in
Europe/US

- 01 Higher likelihood of financial maintenance covenants
- 02 Smaller operators get more attention
- 03 Outside the competitive landscape of Europe where there is huge competition for debt – some estimates suggest up to 200bps better pricing
- 04 Who is taking advantage? Nearly half of the issuances in the Norwegian HY market came from new issuers. Non-Nordic issuers surpassed Nordic issuers in 2024 for the first time since 2017

Typical Characteristics

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- Smaller size – typically 30mm-200mm
- Shorter maturities, typically 3-5 years
- Often no prospectus, usually pilot-fishing presentations
- Often have a floating rate option
- Invariably under Swedish or Norwegian law
- Shorter timescale to market
- Better covenants

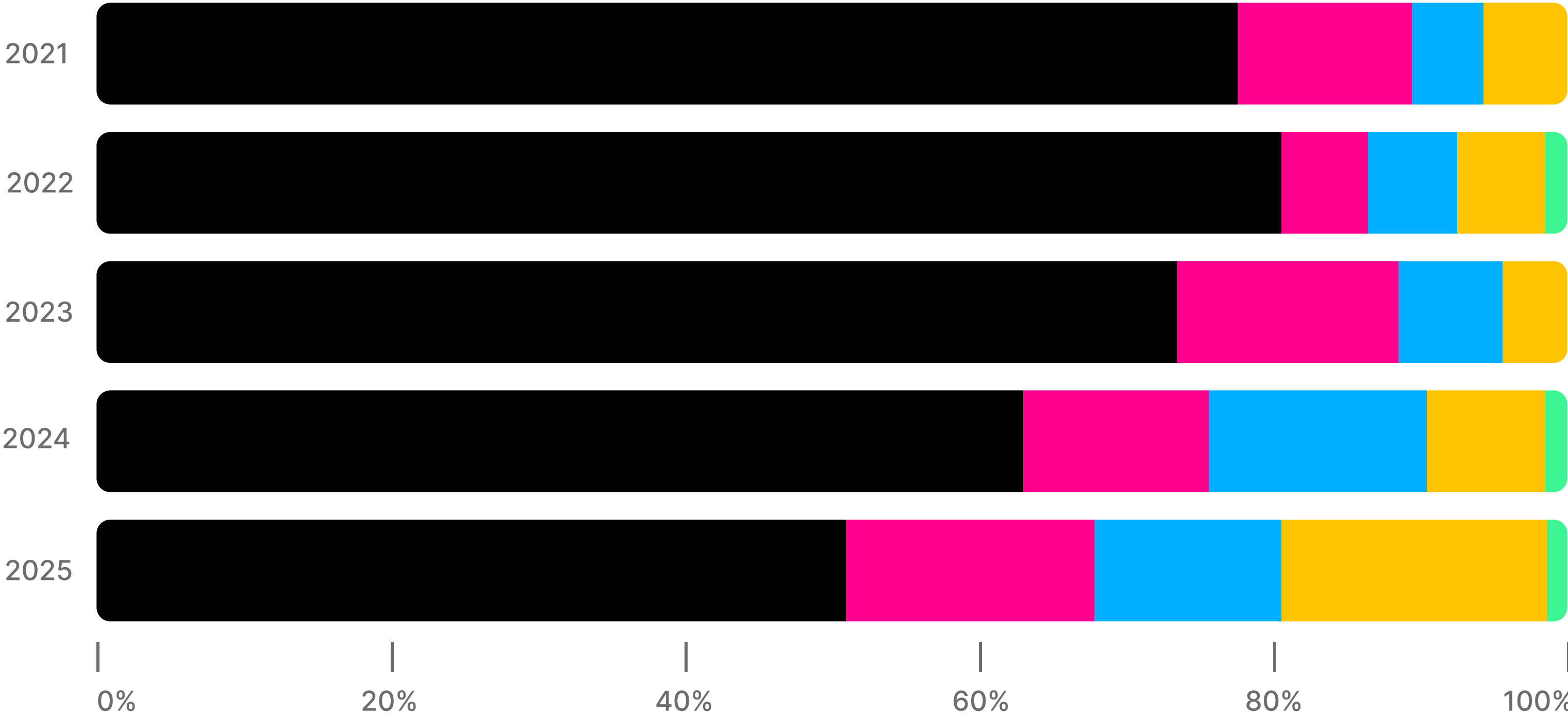
Growth!

Formerly dominated by locals, the Nordics now attract increasing numbers of US/EU investors.

Sources: Arctic Securities, Bloomberg

Foreign investors make up nearly half of bond buyers in 2025

- Nordics
- EU
- UK
- US
- Rest of world



Performance

The Nordic HY index delivered strong performance, rising 13.9% for the year and maintaining positive momentum throughout. This performance was largely driven by narrowing credit spreads and exceptional returns from the Real Estate sector, which surged nearly 29% in 2024.

The Norwegian HY index achieved an aggregated return of 11.4% in 2024

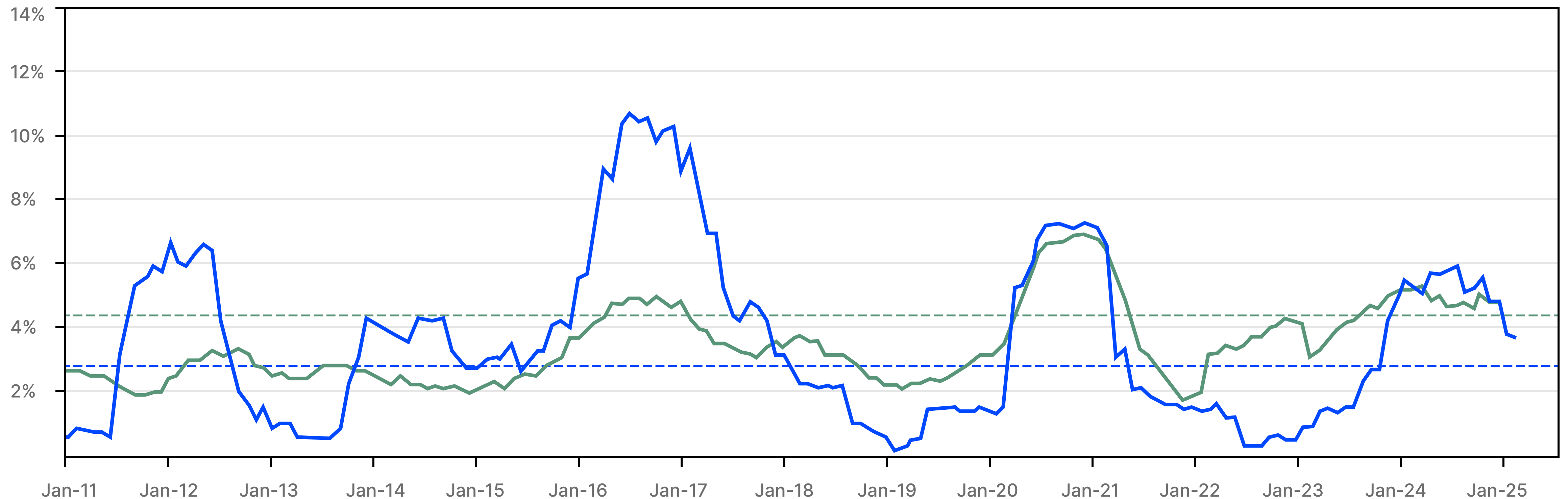


Defaults in the high yield sector are lower than global default rates

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Default rate development (%)

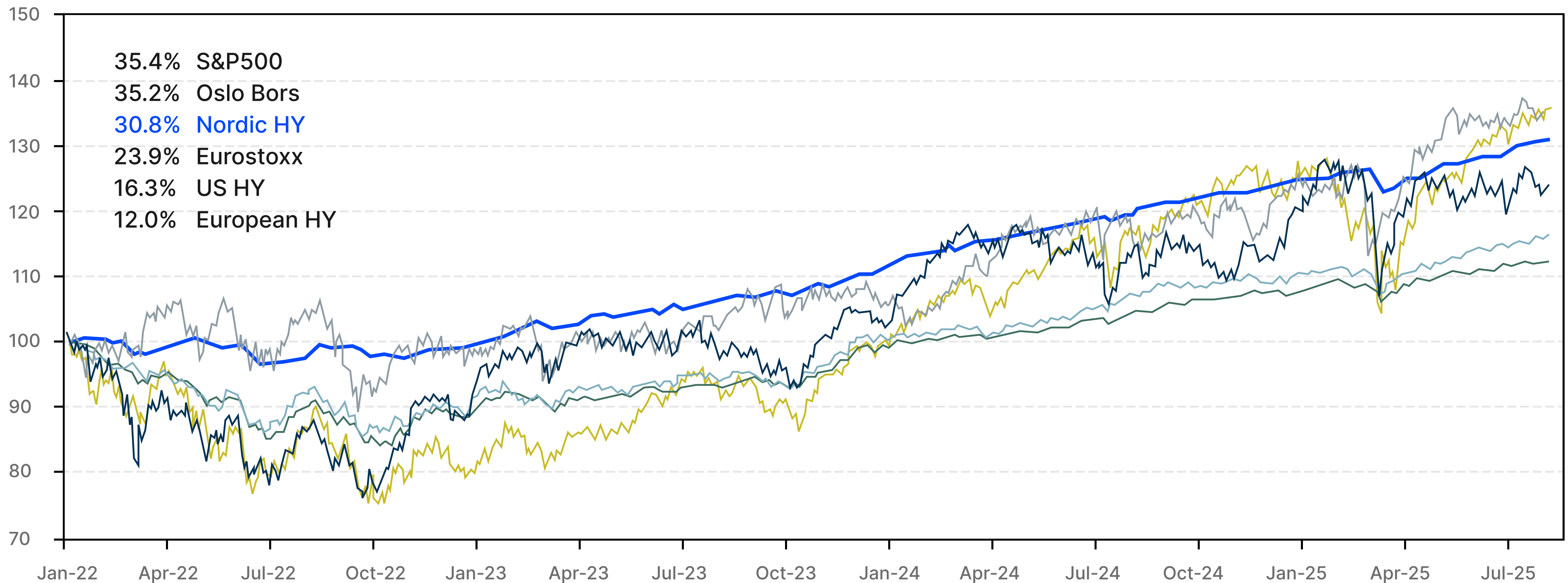
— Nordic HY — Avg. Nordic HY — Moody's Global HY - - - Moody's long-term avg. default rate



Equity-like returns with lower volatility

Return in Nordic HY has outperformed alternatives since 2022

- Nordic HY (DNB)
- US HY (BofA)
- European HY (BofA)
- Oslo Bors
- S&P500
- Eurostoxx 50

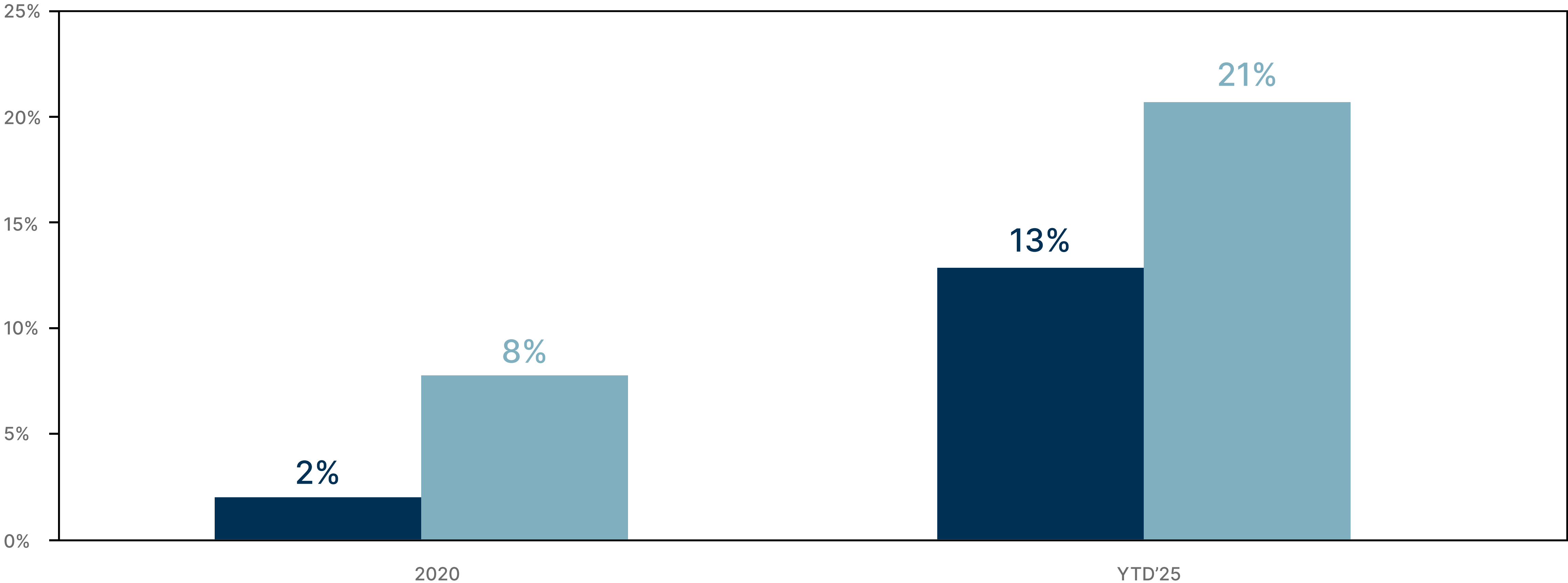


Growing market share

Nordic High Yield - A relative winner in public credit Markets

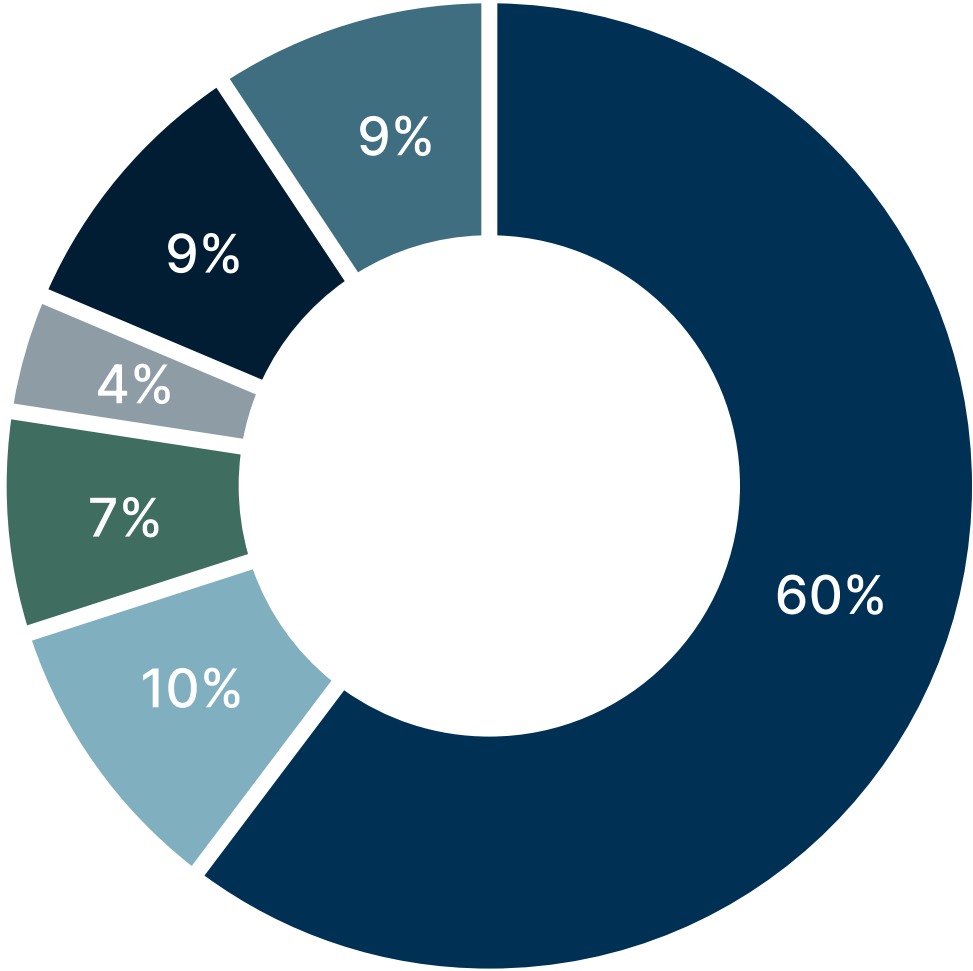
Nordic HY issuance in % of US and EU HY 2020 vs YTD 2025

■ Nordic HY issuance in % of US HY issuance ■ Nordic HY issuance in % of EU HY issuance



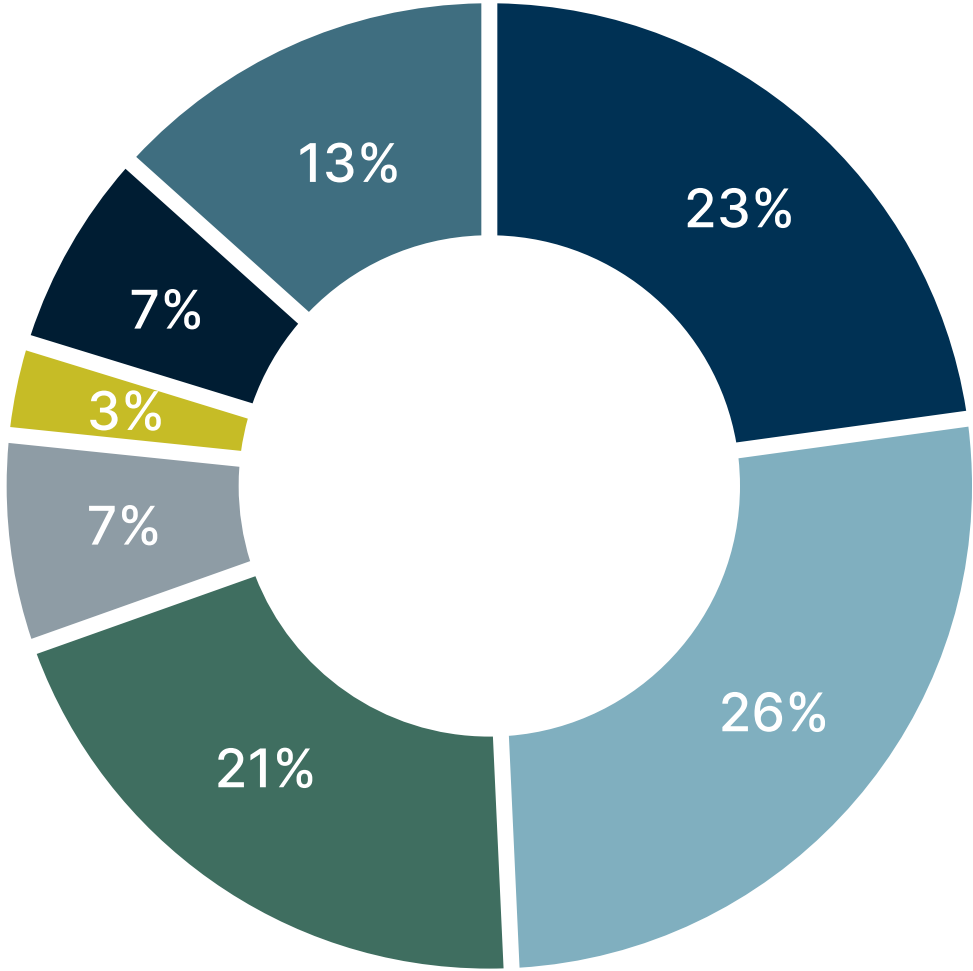
Growing sectoral diversification

~30% non-oil/shipping



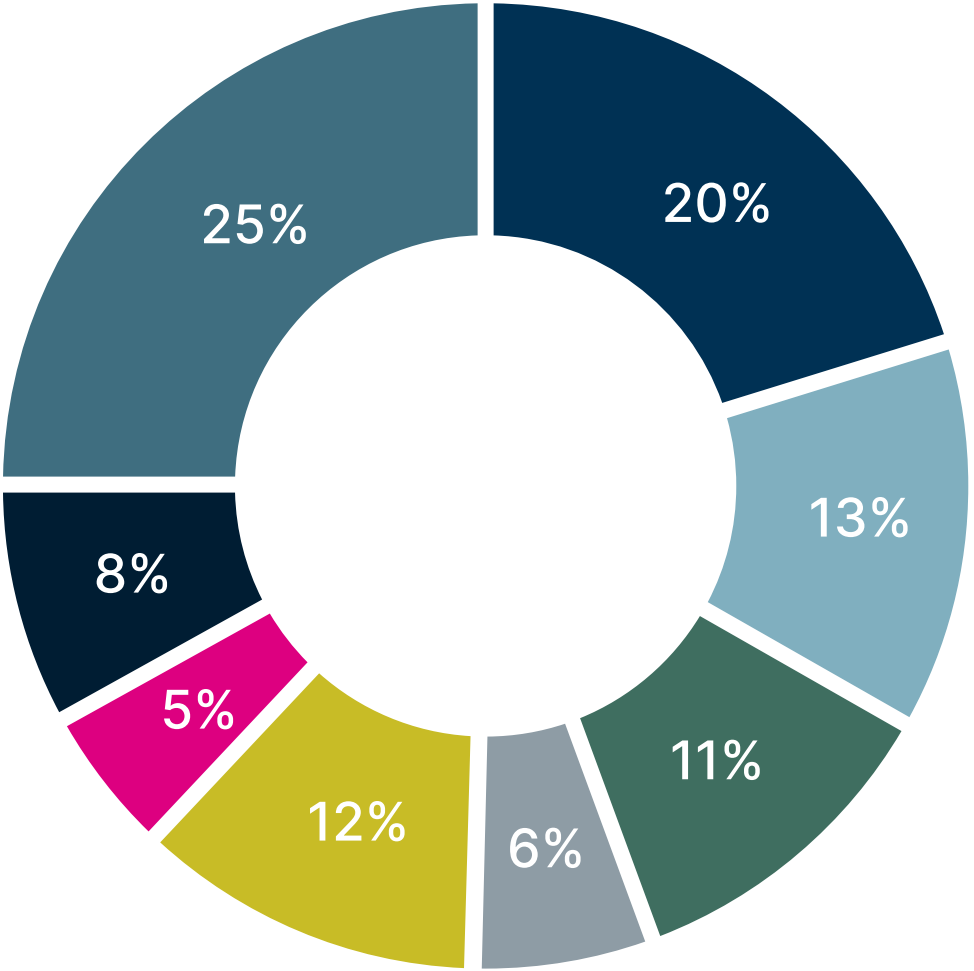
New issue volume per sector - 2010

~50% non-oil/shipping



New issue volume per sector - 2015

~66% non-oil/shipping



New issue volume per sector - 2024-YTD'25

- Oil & Offshore
- Real Estate
- Technology
- Industrials
- Shipping & Transportation
- Financials
- Renewables
- Other

Green bonds

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20%

The Nordic green bond market now holds 27% share of the Nordic corporate bond market, up 3 percentage points (p.p.) from 2023.

+123%

Green bonds +123% in 2024

Summary of differences

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Parameters	SME debt	Nordic bond	Benchmark high yield bonds
Security	No or very limited security package	Typically senior secured with pledge over shares, intragroup loans, fixed/floating charges, upstream guarantees	Typically senior secured with share pledges
Covenants	Mostly incurrence-based	Always incurrence-based and often also maintenance covenants	Mostly incurrence-based
Debt carve-outs	Generally little restrictions on other debt	Strict restrictions on other debt, providing visibility on total leverage	Often substantial flexibility to incur other debt
Scope for leakage	Often ability to pay dividends	Typically zero or little distributions	Often substantial ability to make restricted payments
Call protection	Weak	Non-call for half the tenor with premium nearly until redemption	Typically NC1
Coupon	Often mid single digits	Depending on credit but generally mid to high single digits	Often priced in line with ratings curve
Credit rating	Unrated or rated by local provider	Depending on issuer but often unrated	Typically dual ratings
Documentation	Light	Comprehensive	Comprehensive
Liquidity	Low	Medium	High
Aftermarket support	Little	Robust in the form of quarterly calls, research coverage, conferences	Robust