

Danske Hypotek AB (publ)

Rating Action Report

COVERED BOND RATING

AAA

ISSUER RATINGS

LONG-TERM RATING

A+

OUTLOOK

Stable

SHORT-TERM RATING

N2

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Danske Hypotek AB long-term issuer rating raised to 'A+'; Outlook stable

Nordic Credit Rating (NCR) has raised its long-term issuer rating on Sweden-based covered bond issuer [Danske Hypotek AB \(publ\)](#) to 'A+' from 'A'. The outlook is stable. NCR also affirmed its 'N2' short-term rating, its 'AAA' issue rating on Danske Hypotek's covered bonds, and its 'A+' issue rating on Danske Hypotek's senior unsecured obligations, in accordance with its revised financial institutions rating methodology. The ratings are no longer under criteria review.

Rating rationale

The upgrade reflects the recent change in our financial institutions methodology, under which we now include capital structure protection through senior non-preferred debt instruments at the issuer level. Previously, we considered this support only at the senior unsecured instrument level. The inclusion of capital structure protection at the issuer level improves our credit assessment of Danske Bank A/S to 'a+' from 'a'. This results in a one-notch upgrade of our issuer rating on Danske Hypotek to 'A+' from 'A' given our view of the company's role as a 'vital' entity within the Danske Bank group structure and the alignment of our rating on Danske Hypotek with our credit assessment of its parent. In our view, Danske Hypotek and Danske Bank will maintain their status as systemically important financial institutions, with a very high likelihood of resolution in the event of failure.

As of 31 Mar. 2025, Danske Bank had DKK 45bn in senior non-preferred debt instruments outstanding with maturities exceeding one year. These instruments account for 5.6% of Danske Bank group's total risk exposure amount (6.9% when adjusted for Realkredit Danmark's separate resolution requirements) and 23% of its DKK 199bn minimum subordination requirement for own funds and eligible liabilities buffers. Danske Bank has an additional DKK 39bn in senior non-preferred bonds maturing by 31 Mar. 2026, totalling DKK 84bn on its balance sheet. In addition, the bank has DKK 22bn in Tier 2 capital instruments, but we note that these are partially reflected in our assessment of its capital position.

We expect Danske Bank to maintain a total volume of senior non-preferred instruments around DKK 80bn and believe that these instruments offer a meaningful buffer for the bank's senior unsecured creditors in the event of resolution, benefitting all group subsidiaries. In our view, the bail-in of these instruments during a resolution is likely to provide substantial additional support for Danske Hypotek's creditors.

Stable outlook

The stable outlook on Danske Hypotek reflects our credit assessment of Danske Bank. We expect our ratings on Danske Hypotek's covered bonds to remain stable given our stable outlook on our issuer rating on the company.

Ratings upside on Danske Hypotek remains constrained by our credit assessment of the parent.

We could raise or lower our rating Danske Hypotek due to changes in our credit assessment of the parent, given our view of Danske Hypotek as 'vital' to Danske Bank

Rating list

	To	From
Long-term issuer credit rating:	A+	A
Outlook:	Stable	Stable
Short-term issuer credit rating:	N2	N2
Covered bond issue rating:	AAA	AAA
Senior unsecured issue rating:	A+	A+

Figure 1. Danske Hypotek rating scorecard

Subfactors	Impact	To	From
National banking environment	20.0%	a-	-
Sector exposure assessment	-	-	-
Regional assessment	-	-	-
Cross border assessment	-	-	-
Regional, cross border, sector	-	-	-
National factors	-	-	a-
Operating environment	20.0%	a-	a-
Risk governance	7.5%	a	a
Capital	17.5%	a	a
Funding and liquidity	15.0%	a+	a+
Credit and market risk	10.0%	a	-
Other risks	-	-	a
Market risk	-	-	-
Credit risk	-	-	a
Risk appetite	50.0%	a	a
Competitive position	15.0%	bbb+	bbb+
Earnings	7.5%	a	a
Loss performance	7.5%	a+	a+
Performance indicators	15.0%	a	a
Indicative credit assessment		a	a
Peer comparison		Neutral	Neutral
Transitions		Neutral	Neutral
Borderline assessments		Neutral	Neutral
Stand-alone credit assessment		a	a
Ownership		+1 notch	Neutral
Capital structure protection		Neutral	-
Rating caps		Neutral	Neutral
Material credit enhancement		-	Neutral
Issuer rating		A+	A
Outlook		Stable	Stable
Short-term rating		N2	N2

Figure 2. Capital structure ratings

Seniority	To	From
Covered bond	AAA	AAA
Senior unsecured	A+	A+

Type of credit rating:	Long-term issuer credit rating Short-term issuer credit rating Issue credit rating
Publication date:	The rating was first published on 30 Apr. 2020.
Office responsible for the credit rating:	Nordic Credit Rating AS (NCR), Oslo, Norway. NCR is a registered credit rating agency under Regulation (EC) No 1060/2009.
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Were ESG factors a key driver behind the change to the credit rating or rating outlook?	No.
Methodology used when determining the credit rating:	NCR's Financial Institutions Rating Methodology published on 12 May 2025 NCR's Rating Principles published on 14 Feb. 2024 NCR's Group and Government Support Rating Methodology published on 14 Feb. 2024 NCR's Covered Bond Rating Methodology published on 12 May 2025 The methodology and principles documents provide analytical guidance to NCR's rating activities including but not limited to, assumptions, parameters, cash flow analysis, and stress-testing. NCR's methodologies and principles can be found on our website nordiccreditrating.com/governance/policies. The historical default rates of entities and securities rated by NCR will be viewed on the central platform (CEREP) of the European Securities and Markets Authority (ESMA).
Materials used when determining the credit rating:	Annual- and quarterly reports of the rated entity, Bond prospectuses, Company presentations, Data provided by external data providers, External market reports, Meetings with management of the rated entity, Non-public information, Press reports/public information, Website of rated entity.
Potential conflicts of interest:	The rating is NCR's independent opinion of the rated entity's relative creditworthiness. The rating is solicited, i.e. it is prepared for a fee paid by the rated entity. At the time of analysis and publication neither NCR nor any of the analysts or persons involved in the rating process held any interest, ownership interest or securities in the rated entity. NCR does not have any direct or indirect shareholder with a holding of more than 5% of NCR's shares and votes. For further information, please refer to NCR's conflict of interest policy which is available on: https://nordiccreditrating.com/governance/policies
Additional information:	Prior to publication, the rating was disclosed to the rated entity. The issuer was given 24 hours (of which 8 business hours) to remark on factual errors and/or the inadvertent inclusion of confidential information, if applicable. The rating was not amended after the review by the issuer. No stress test or cash flow forecasting was performed. NCR's rating is an opinion regarding the relative creditworthiness of an entity or an instrument. It is not a prediction, guarantee or recommendation to buy, hold or sell securities. NCR assigns outlooks to issuer ratings to indicate where they could move in the near term, normally 12–18 months. Further information on the rating process, rating definitions and limitations is available on our website: nordiccreditrating.com/governance/policies .
Ancillary services provided:	No ancillary services were provided.
Regulations:	This rating was issued and disclosed under Regulation (EC) No 1060/2009.
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