

Danske Hypotek AB (publ)

Full Rating Report

COVERED BOND RATING

AAA

ISSUER RATINGS

LONG-TERM RATING

A+

OUTLOOK

Stable

SHORT-TERM RATING

N2

PRIMARY ANALYST

Sean Cotten
+46735600337
sean.cotten@nordiccreditrating.com

SECONDARY CONTACTS

Ylva Forsberg
+46768806742
ylva.forsberg@nordiccreditrating.com

Geir Kristiansen
+4790784593
geir.kristiansen@nordiccreditrating.com

RATING RATIONALE

Our 'AAA' issue rating on covered bonds issued by Sweden-based mortgage company Danske Hypotek AB (publ) is ultimately based on our 'A+' issuer rating on the company, which in turn reflects its ownership by the Danske Bank A/S bank group (Danske Bank) and its vital funding role for the group's retail and corporate mortgage portfolio in Sweden. Our covered bond ratings are supported by our 'aaa' qualitative assessment and our analysis of the support available from the cover pool, which indicates 'AAA' level support for bondholders in the unlikely event that the pool were to become a standalone entity.

Figure 1. Covered bond rating components



Given the stable outlook on the issuer rating on Danske Hypotek, we expect the covered bond ratings to remain stable. This reflects our view that Danske Hypotek and Danske Bank would maintain their status as systemically important financial institutions with a very high likelihood of resolution in the event of failure, which would exclude the bail-in of covered bonds.

RATING STRENGTHS:

- Issuer and group creditworthiness, reducing downgrade risk for covered bonds.
- Strong national and European protections for covered bonds.
- Danske Hypotek's maintenance of material overcollateralisation and a clean pool via transfers of problem loans to its parent.

COVERED BOND RATING DRIVERS:

- Change in single point of entry resolution for Danske Bank.
- Multiple-notch reduction in the issuer rating on Danske Hypotek, due to a deterioration in our assessment of Danske Bank.
- Reduced security in covered bond assets.

Figure 2. Cover pool characteristics, Q4 2022–Q4 2025

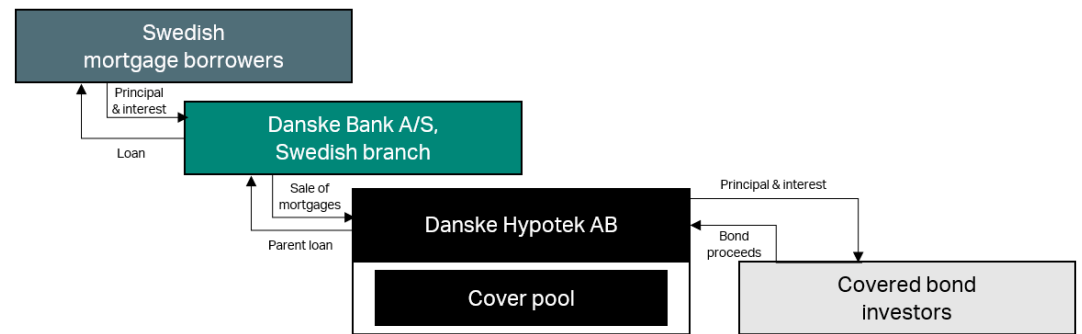
	Q4 2022	Q4 2023	Q4 2024	Q4 2025
Eligible cover pool assets (SEKbn)	129.5	139.5	143.4	144.0
Outstanding covered bonds (SEKbn)	104.6	107.7	107.3	113.9
Legal overcollateralisation (%)	21.8	27.5	31.7	24.4
Average loan seasoning (years)	4.9	5.1	5.2	5.3
Average bond maturity (years)	2.7	2.9	2.9	2.9
Average loan size (SEKm)	1.08	1.16	1.25	1.27
Non-performing loans (bps)	0.0	0.0	0.0	0.0
Weighted-average LTV (%), residential	59.0	58.7	55.6	55.3
Owner-occupied share, residential (%)	96.0	96.4	96.6	96.7
Priority liens, residential (%)	99.0	98.7	98.6	98.6
Share of commercial mortgages (%)	0.2	0.3	0.4	1.4
Weighted-average LTV (%), commercial	38.0	40.4	44.2	49.7

Source: Danske Hypotek's European Covered Bond Council Harmonised Transparency Templates (ECBC HTT). LTV-loan to value.

COMPANY PROFILE

Danske Hypotek is a wholly owned Swedish subsidiary of Danske Bank and has been authorised to issue covered bonds in Sweden since 2017. The company was created to provide access to Sweden's covered bond market and to finance Danske Bank's Swedish retail and corporate mortgage loans in the same benchmark market as its competitors. All of the loans financed by Danske Hypotek are acquired from Danske Bank's Swedish branch, as Danske Hypotek itself does not conduct any new lending business.

Figure 3. Covered bond structure



Source: company.

QUALITATIVE ASSESSMENT

Qualitative assessment

Our qualitative assessment of Danske Hypotek's covered bonds is 'aaa', reflecting the issuer rating on the company and the notches of support described below. Our qualitative assessment indicates a very low likelihood that the cover pool will become a standalone entity, and a high likelihood that bondholders will receive timely coupon and principal payments.

'A+' issuer rating

The repayment capacity for covered bonds is linked to the credit quality of the issuer and the issuer's banking group. Our 'A+' issuer rating on Danske Hypotek reflects our current 'a+' credit assessment of Danske Bank and the company's role as a 'vital' entity within the group structure. The outlook on our issuer rating on Danske Hypotek is stable, reflecting our view of Danske Bank's creditworthiness.

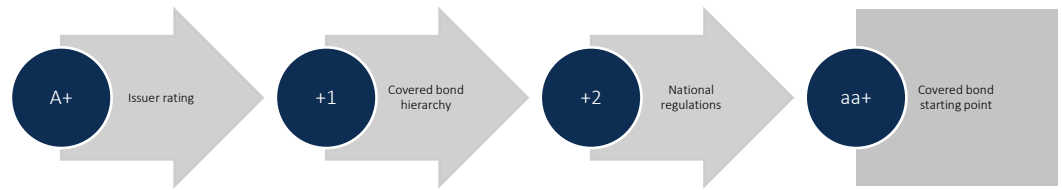
Covered bond hierarchy

Danske Hypotek's liability structure consists primarily of covered bonds, which are excluded from bail-in according to the EU's Bank Recovery and Resolution Directive, and loans directly from Danske Bank. We note that Danske Bank's senior loans to Danske Hypotek are subordinate to covered bondholders, giving investors priority claims on all mortgage loans transferred to Danske Hypotek, whether or not such loans are eligible for the cover pool. As a result, we add an additional notch of uplift to the covered bond ratings in comparison with our issuer rating.

National regulations provide two-notch uplift to covered bond ratings

We consider the legal framework for Swedish covered bonds as supportive of the creditworthiness of covered bonds secured by residential and commercial mortgage loans, adding an additional two notches to the rating on Danske Hypotek's covered bonds and resulting in a covered bond starting point of 'aa+'. In addition to strong national regulations, covered bonds are a significant part of the Swedish financial fabric and constitute a material portion of domestic bank financing. We expect the long-term proportion of covered bond financing to be around 15%.

Figure 4. Covered bond starting point



High likelihood of resolution supports 'aaa' qualitative assessment

We consider a single point of entry resolution for Danske Bank a near certainty under current European law, as well as the explicit identification of the group as a systemically important financial institution in Denmark. We would expect a resolution for Danske Bank to result in Danske Hypotek maintaining its current relationship with the parent as the originator, internal swap party and parent loan provider.

In our view, Danske Hypotek would also have a very high likelihood of resolution as a standalone Swedish mortgage institution. While not explicitly identified as a systemically important financial institution in Sweden, the Swedish resolution authority, the Swedish National Debt Office, has identified a specified minimum requirement for own funds and eligible liabilities for Danske Hypotek of 6% of total liabilities and own funds since 1 Jan. 2024. We note that the loan from Danske Bank is included in Danske Hypotek's MREL, ensuring that Danske Hypotek is well over its regulatory MREL requirement. We also believe that a default by Danske Hypotek would have a significant negative impact on the Swedish covered bond market, given over SEK 100bn outstanding covered bonds.

Given the covered bond starting point ('aa+') and the 95% probability of resolution for Danske Hypotek, the qualitative assessment is 'aaa'. We expect the qualitative assessment of Danske Hypotek's covered bonds to remain 'aaa', even if Danske Hypotek were to be downgraded by up to four notches, all else being equal. If the issuer rating were to fall by five notches or more, it could still be possible for the security of the cover pool to provide additional uplift to the covered bond ratings.

Figure 5. Qualitative assessment based on covered bond starting point and probability of resolution or restructuring

Covered bond starting point	95%	67%	33%	0%
aaa	aaa	aaa	aaa	aaa
aa+	aaa	aaa	aaa	aa+
aa	aaa	aaa	aa+	aa
aa-	aaa	aa+	aa	aa-
a+	aaa	aa	aa-	a+
a	aaa	aa	a+	a
a-	aa+	aa-	a	a-

Source: NCR Covered Bond Rating Methodology.

COVER POOL ANALYSIS AND STRESS TESTING

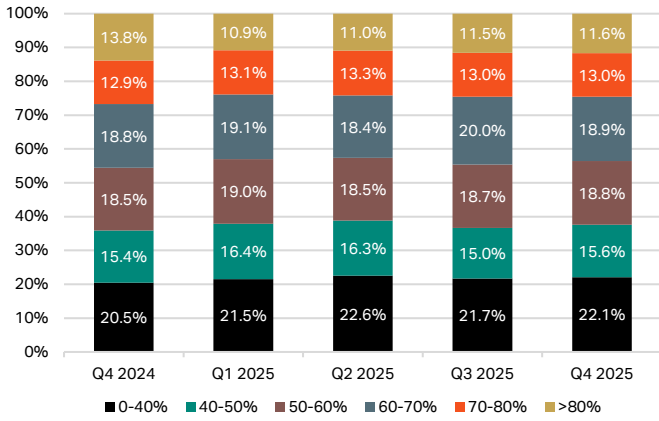
Our cover pool analysis and stress testing support the 'AAA' rating on Danske Hypotek's covered bonds. Given the 'aaa' qualitative assessment, the analysis of the cover pool is primarily to provide further information on the details and sensitivities of the cover pool.

We have no overcollateralisation requirement in our methodology, but stress pool assets to determine the ability to fulfil commitments as a standalone entity. Accordingly, overcollateralisation is a key component of an issuer's ability to repay bondholders in full in the event of a rundown.

Increasing share in multi-family housing affects pool metrics

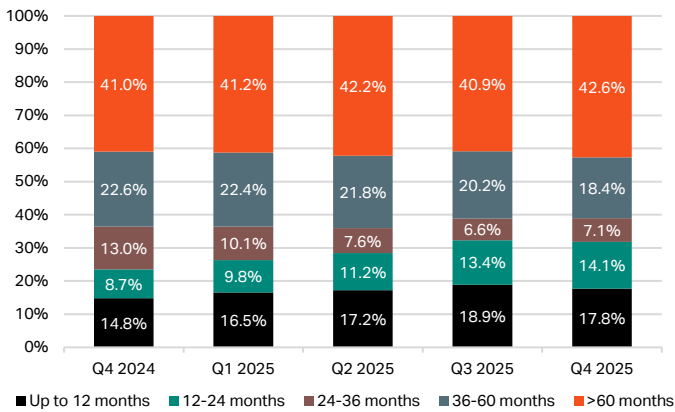
The following charts provide an overview of the characteristics of the cover pool assets. As of end-2025, the pool comprised over 80% residential mortgage loans, over 19% multi-family housing loans and less than 1% in other commercial mortgages.

Figure 6. Share of pool by borrower level LTV, last five quarters



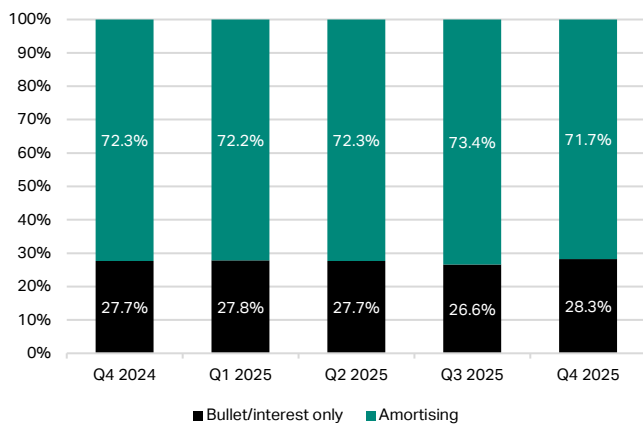
Source: company. Entire eligible loan amount in respective bucket based on borrowers' LTV.

Figure 8. Share of pool by loan seasoning, last five quarters



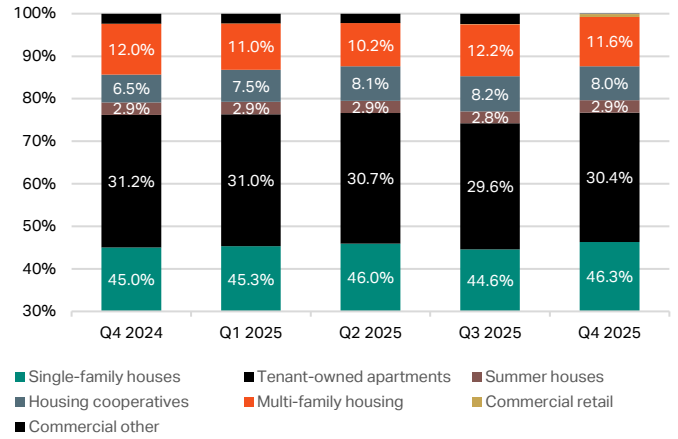
Source: company.

Figure 10. Share of pool by payment profile, last five quarters



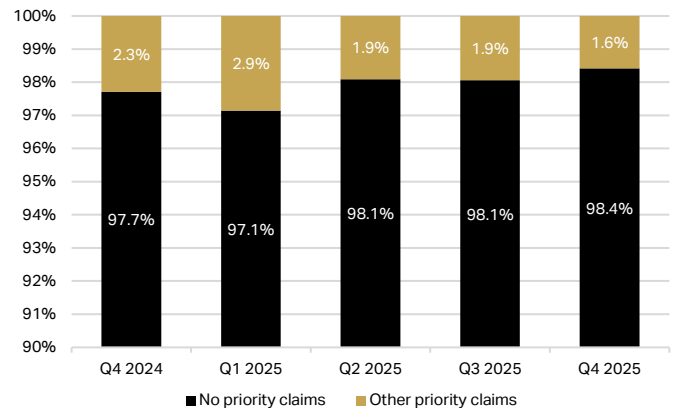
Source: ECBC HTT.

Figure 7. Property type, last five quarters



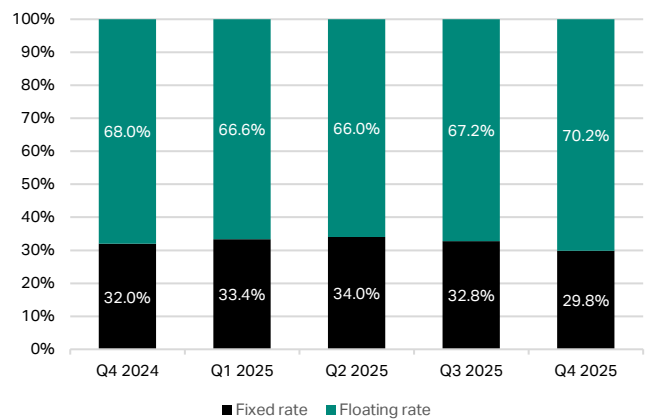
Source: company.

Figure 9. Share of pool by priority claims, last five quarters



Source: company.

Figure 11. Share of pool by interest rate, last five quarters



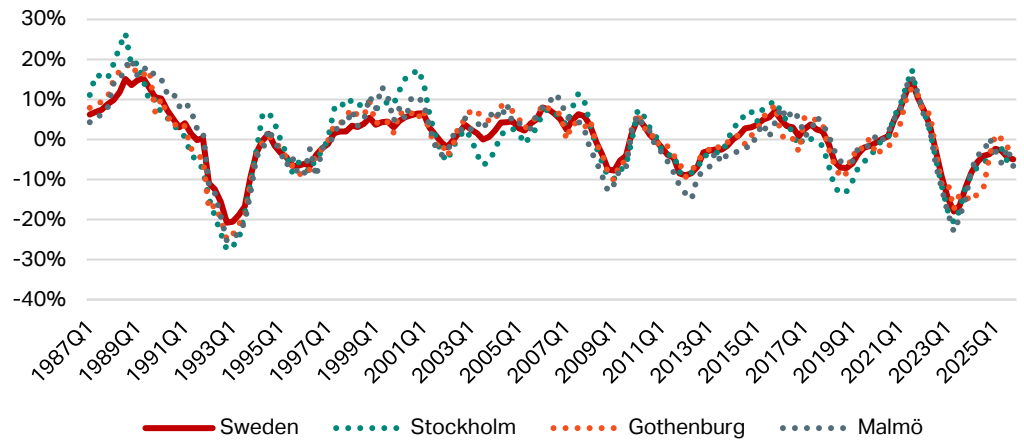
Source: ECBC HTT.

Credit risk stress tests show impact of higher proportion of residential real estate

We expect growth rates to return to their long-term compound annual growth rate (CAGR), though we remain cautious. Since 1987, average domestic housing prices have increased by 5.5% annually, according to Statistics Sweden's one- and two-dwelling index. While housing prices have stabilised in recent years, the lack of appreciation has resulted in growth rates about 5pp below the long-term

CAGR. We expect prices to rise modestly over the next two years, supported by changes in amortisation and reduced equity requirements. However, a potential increase in interest rates and ongoing uncertainty could limit these gains.

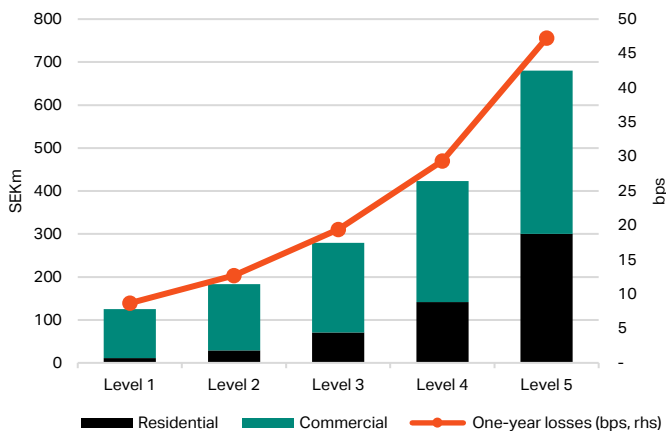
Figure 12. Sweden annual housing price growth adjusted for CAGR, 1987–2025



Source: Statistics Sweden, NCR.

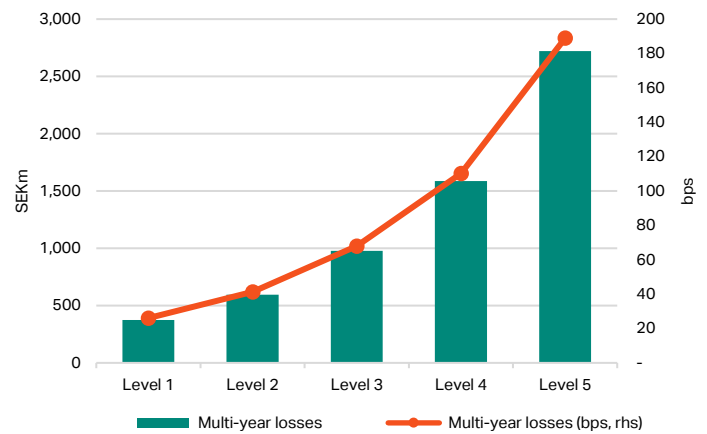
Our credit risk stress testing begins with standard assumptions (see Appendix 1). We base our cover pool stress scenarios on the assumption that Swedish housing prices are +/- 5% from their long-term trend levels. Our stress scenarios currently consider a 20–40% fall in residential property prices, and a 25% larger price decline at every level for commercial loans. For more details of our stress assumptions, see *Appendix 1: Analysing the Cover Pool* in our *Covered Bond Rating Methodology*.

Figure 13. One-year credit loss as a share of cover pool loans, based on actual portfolio composition and NCR stress test, as of end-2025



Source: company, NCR.

Figure 14. Multi-year credit loss as a share of cover pool loans, based on actual portfolio composition and NCR stress test, as of end-2025



Source: company, NCR.

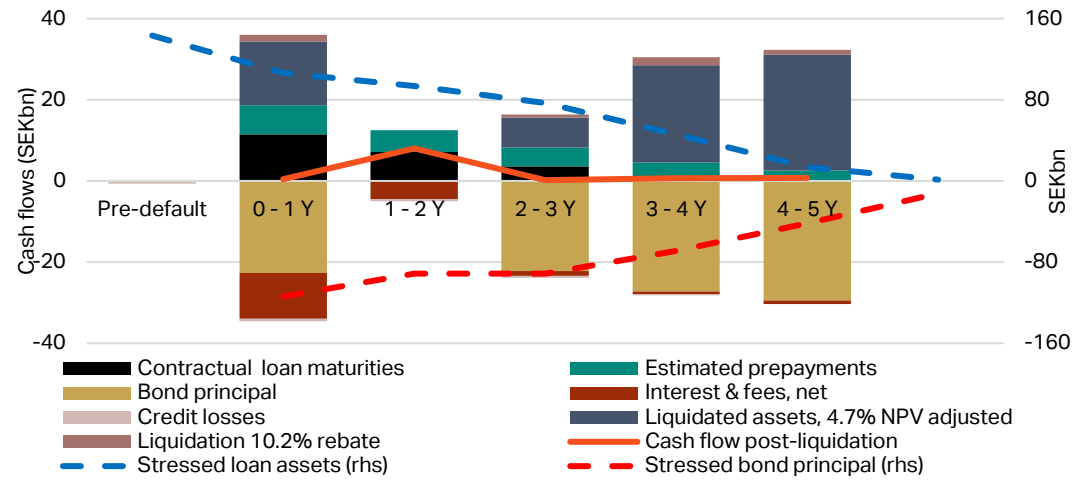
Cash flow stress test shows no shortages over five-year rundown

Our stress analysis shows no cash flow shortfall, even in our most extreme scenario (Level 5), with a surplus of loan assets after the fifth year of rundown (see Figure 15).

Due to the high likelihood of a resolution, we do not view this scenario as likely for Danske Hypotek. The outcome of this analysis is theoretical, given the assumption that the stress is immediate and based on current assets and outstanding bonds. The stress scenario is primarily dependent on our assumptions about the severity of discount rates and the liquidation rebates on assets sold. Interest and fees have only a modest impact on our analysis of Danske Hypotek's stressed cash flows. Interest

rate risk is mitigated by the relatively short-term nature of interest rate fixing in the mortgage book and the company's policy of swapping all covered bond interest at floating rates.

Figure 15. Stressed cash flows in NCR's level 5 scenario as of 31 Dec. 2025



Source: company, NCR.

ADDITIONAL FACTORS

Counterparty risk from intra-group interest rate swaps

The maturities of interest rate swaps are aligned with those of the bonds. Danske Hypotek's primary interest rate swap counterparty is Danske Bank, which meets our 'BBB+' creditworthiness criteria for swap counterparties. If Danske Bank's applicable public counterparty rating (as defined in the bond terms) falls below 'A-', it is required to find a replacement counterparty at its own expense. We also note that Danske Bank and Danske Hypotek are likely to be subject to the same resolution process, which would likely prioritise the continuity of derivatives within the cover pool. Accordingly, we do not adjust the rating on the covered bonds, despite the concentration of swap counterparties.

ISSUER RATING

Our 'A+' long-term issuer rating on Danske Hypotek reflects the operating environment for Swedish mortgage lenders, the company's extremely low historical and projected loss performance, and its low credit risk profile, with most commercial real estate loans linked to residential properties. The rating also considers Danske Hypotek's role as a 'vital' subsidiary within the Danske Bank group and its permanent position in Danske Bank's long-term strategy for the core Swedish market.

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.

POSITIVE RATING DRIVERS:

- Improvement in our view of Danske Bank group's creditworthiness.

NEGATIVE RATING DRIVERS:

- Deterioration in our view of Danske Bank group's creditworthiness or Danske Hypotek's role within the group.

Figure 16. Key credit metrics, 2022–2028e

%	2022	2023	2024	2025	2026e	2027e	2028e
Net interest margin	0.9	0.6	0.5	0.4	0.4	0.5	0.5
CET1 ratio	19.5	19.0	18.8	20.7	20.7	19.9	19.4
Pre-provision income/REA	2.4	1.8	1.2	0.9	0.8	1.0	1.1
Cost-to-income	22.6	24.1	32.1	40.9	45.8	40.7	36.1
Return on ordinary equity	9.9	7.4	6.1	5.0	2.2	3.2	4.0
Loan growth	5.8	8.0	5.6	-1.8	2.0	6.0	5.0
Loan losses/net loans	0.00	0.00	-0.07	-0.11	0.05	0.03	0.03
Net Stage 3/net loans	0.44	0.17	0.73	0.46	0.34	0.34	0.35

Source: company and NCR. e–estimate. REA–risk exposure amount. CET1–common equity Tier 1. All metrics adjusted in line with NCR methodology.

RATING RATIONALE

Operating environment

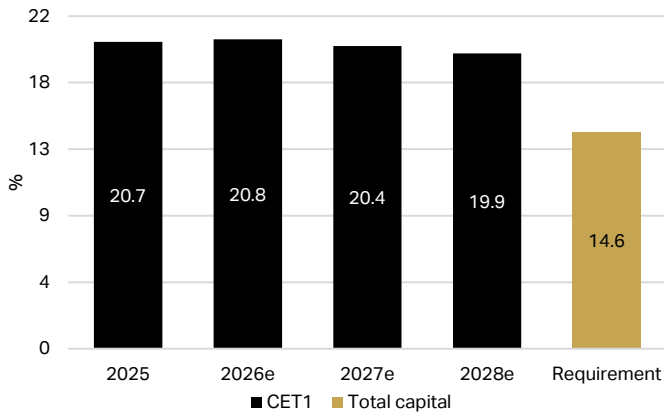
Our assessment of the Swedish banking market reflects our expectations of resilient industry conditions, low credit risk for domestic residential mortgage lending, and modest credit losses. Our view takes account of banks' strong capital and earnings and stable labour markets. Residential property prices have improved modestly since mid-2023, though future price levels of housing and residential real estate remain unclear given likely increases in interest rates. We project modest credit losses from residential mortgage lending and multi-family housing loans over the next few years.

Risk appetite

Danske Hypotek has benefited from group investments in compliance and risk governance, supported by Danske Bank's leadership in these areas. Danske Hypotek pays for administrative services provided by the group under various service level agreements, which underpin its governance model, including risk oversight and internal audit. Danske Hypotek also maintains dedicated full-time staff in key functions such as credit risk, financial accounting, operations, and treasury.

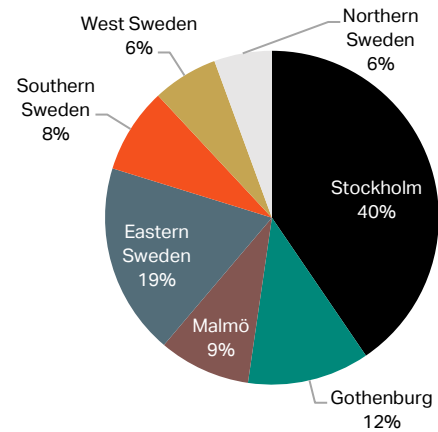
Danske Hypotek's capital position is robust, with a CET1 ratio of 20.7% at end-2025, well above the total capital requirement of 14.6%. We project the ratio will decline, reflecting a recovery in demand for mortgage loans and additional multi-family housing loans. Margins are expected to improve slightly from currently low levels as volumes recover, and capital is likely to remain strong given the absence of dividend payments. The company also has access to additional capital from the group if needed and can sell loans back to Danske Bank to reduce capital requirements, providing further flexibility.

Figure 17. Forecast capital ratios vs. requirements, 2024–2028e



Source: company, NCR.

Figure 18. Loans by region, 31 Dec. 2025



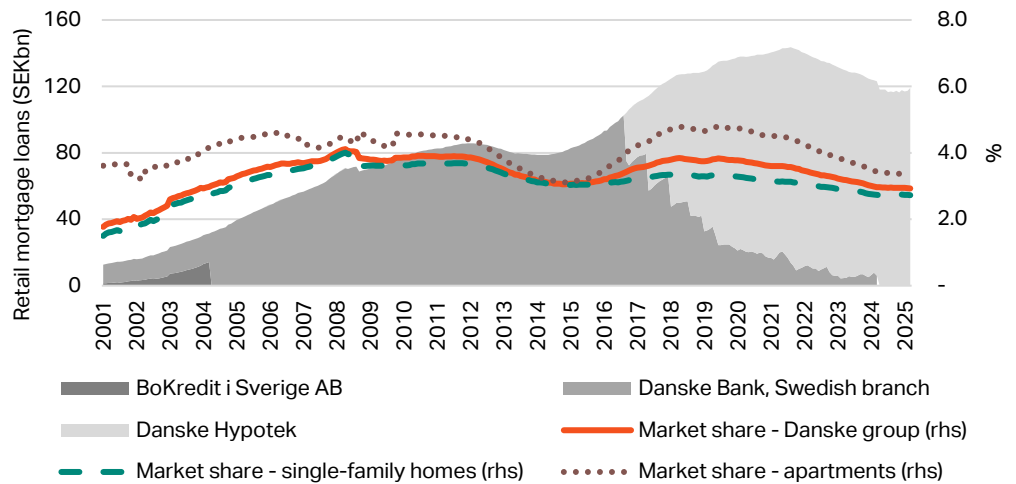
Source: company, NCR. PD-probability of default. LGD-loss given default.

We view covered bonds as a stable funding source. In our view, Sweden’s tap issuance and early buyback practices, along with its track record of supporting covered bond market liquidity, help mitigate asset-liability maturity mismatches. We also consider Danske Hypotek’s group loans to be a flexible and accessible secondary funding source, supporting compliance with regulatory liquidity coverage and net stable funding ratios.

Competitive position

Danske Bank originally entered the Swedish market as a branch operation in 1995. We consider Danske Hypotek to be a challenger in the Swedish residential mortgage market. Combined with newly financed residential mortgage loans at Danske Bank's Swedish branch, the group's market share has stabilised around 3.0%. The addition of multi-family housing has improved business diversity somewhat.

Figure 19. Danske Bank's Swedish retail mortgage market share, Dec. 2001–Feb. 2026



Source: Statistics Sweden, NCR.

Performance indicators

Danske Hypotek’s earnings metrics have weakened as mortgage demand has declined. We expect pricing pressure to persist across the market, but margins should improve from low levels, supported in part by increased demand following regulatory adjustments to loan-to-value (LTV) and amortisation requirements. The company’s expenses are largely driven by internal cost allocations from Danske Bank, but the cost base has not adjusted to weaker earnings, weakening capital generation. Loan and margin improvements, along with net interest income from transferred commercial loans with higher margins, should result in return risk-adjusted earnings over 1% over the forecast period.

We expect Danske Hypotek to maintain a clean cover pool by selling non-performing loans back to Danske Bank before they become ineligible (60 days past due). At end-2025, the bank had 46bps of net Stage 3 non-performing loans. Due to impairment reserves from previously transferred commercial loans from Danske Bank in 2024, the bank reported over SEK 250m in credit provision reversals over the past two years. Further reversals are possible, but we have included 3-5bps of credit losses in our forecast to reflect the portfolio's low credit risk.

Environmental, social and governance (ESG) factors are considered in our analysis when material to the credit assessment. Danske Hypotek's role in the group's ESG strategy is defined in Sweden by its position within the Swedish branch and the group's broader sustainability commitments.

Figure 20. Priority ESG factors

Issue/area	Risk/opportunity	Impacted subsections (impact on credit assessment*)
Control of sustainability issues	Proactive and rigorous measures mitigate regulatory and reputational risks and give credibility to sustainability profile.	Risk governance (0) Credit risk (0)
Sustainable/green bond framework	Aims to become a green bond issuer now that it has established itself as a benchmark covered bond issuer.	Funding & liquidity (0)
Physical climate risk to collateral	Climate-related damage to real-estate collateral (closely linked to supervision of insurance). Longer-term term effects on market values in flood risk areas.	Credit risk (-) Loss performance (0)
Anti-money laundering capacity	Risk of sanctions and fraud due to insufficient control of customers.	Risk governance (0)

*Defined according to a 5-step scale ranging from double minus (--) to double plus (++), with (-) representing the most negative impact and (++) the most positive.

We view Danske Hypotek as a 'vital' entity within the Danske Bank group. We assess Danske Bank at 'a+', including material capital structure protection from MREL buffers, resulting in an additional notch of ownership in our issuer rating above our standalone credit assessment of 'a' for Danske Hypotek.

Danske Hypotek is partly financed by Danske Bank and is highly integrated within the group's Swedish operations. In addition, we expect any financial resolution (as defined by the EU's Bank Recovery and Resolution Directive) involving Danske Bank to result in the Swedish subsidiary maintaining its current relationship with the parent.

ISSUE AND SHORT-TERM RATINGS

Figure 21. Issue and short-term ratings

	Rating
Senior unsecured	A+
Short-term rating	N2

Short-term and issue ratings are mapped to the long-term issuer rating, in accordance with our Financial Institutions Rating Methodology

METHODOLOGIES USED

- (i) [Financial Institutions Rating Methodology](#), 12 May. 2025.
- (ii) [Covered Bond Rating Methodology](#), 12 May. 2025.
- (iii) [Rating Principles](#), 14 Feb 2024.
- (iv) [Group and Government Support Rating Methodology](#), 14 Feb. 2024.

Ownership support
neutral

APPENDIX 1: STRESS TEST DETAILS

Our standalone stress test of the cover pool assumes that all external support is unavailable and that only the underlying assets provide sufficient liquidity to meet coupon and principal payments. The stress test was based on cover pool data as of 30 Dec. 2025. The analysis assumes the issuer and/or banking group is in liquidation, with administrators committed to winding down the pool and selling assets at a discount to ensure timely investor payments. For details of the stress assumptions, see Appendix 1: Analysing the cover pool in our *Covered Bond Rating Methodology*.

For each scenario, if the modelled cash flows indicate that the existing cover pool assets can provide sufficient liquidity to repay outstanding covered bonds, a notch of cover pool support is added to the qualitative assessment, up to a maximum of 'aaa'. This is determined by comparing existing overcollateralisation with modelled cash flows and cover pool liquidation proceeds to meet coupon and principal payments, as well as modelled default rates for mortgages and other cover pool assets.

We conduct credit risk and cash flow stress testing on the cover pool assets using five progressively severe scenarios, from Level 1 to Level 5, with Level 5 being the most stringent. When the qualitative assessment is below 'aaa', these stress levels help determine whether additional credit support from the pool assets can be reflected in higher covered bond ratings. For Danske Hypotek, which has a qualitative assessment of 'aaa', the stress test analysis indicates potential for further credit support in the highly unlikely event that the cover pool becomes a stand-alone entity.

Segment differences

Multi-family rental housing is exposed to the default risk of the property owner and their ability to service bank loans. Although property owners may increase rental rates, rates in Sweden are often regulated and may depend on investments to improve building standards. Debt serviceability for multi-family rental housing also relies on maintaining low vacancy rates and stable rental income. The strength of the local rental market, availability of alternatives, and the attractiveness of the underlying asset are therefore key factors influencing default risk for these loans.

We view cooperative housing association loans as having default risk comparable to residential mortgages, but with higher concentration risk due to larger average loan sizes. In Sweden, housing associations can increase fees to tenant owners and own the physical collateral. The risk of vacancy or unpaid rent is minimal for housing associations once all tenant rights are sold. In the event of default, the building is sold to a new owner, and tenant owners become renters, losing their ownership rights.

Figure 22. Standard asset quality assumptions used in credit risk stress testing (%)

	Residential properties and housing association probability of default*	Housing association price fall	Commercial property probability of default* (3x)	Commercial property price fall (1.25x)
Level 1	4.0	20	12.0	25
Level 2	5.2	25	15.7	31
Level 3	6.9	30	20.6	38
Level 4	9.0	35	27.0	44
Level 5	11.8	40	35.4	50

*Half of instances of default are assumed to result in an executive auction at discounted prices.

According to our criteria, the current price level results in property value stresses shown above. We expect commercial properties to have a higher probability of default and price correction than those owned by tenants' associations. In addition, we adjust stressed values based on our definition of the region class for each property.

APPENDIX 2: SWEDISH COVERED BOND REGULATION

Creditor hierarchy as defined by the EU's Bank Recovery and Resolution Directive

The creditor hierarchy for Swedish banks is as follows:

Excluded or effectively excluded from bail-in:

1. Secured liabilities (including covered bonds).
2. Compensation payable to the resolution authority in accordance with the Resolution Act (2015:1016).
3. Audit fees.
4. Employee claims (salaries and other employment-related remuneration).
5. Future pension obligations.
6. Guaranteed deposits.
7. Unguaranteed household and SME deposits.

Bail-inable / MREL-relevant liabilities

8. Senior preferred liabilities (including wholesale and institutional deposits).
9. Senior non-preferred liabilities.
10. Subordinated debt (non-capital instruments).

Regulatory capital instruments

11. Tier 2 capital instruments.
12. Additional Tier 1 instruments.
13. Fines, administrative penalties, and claims arising from criminal offences.
14. Equity.

Source: [Riksgälden](#)

Swedish covered bond regulation

Swedish covered bonds are governed by the Covered Bonds Issuance Act (Lag (2003:1223) om utgivning av säkerställda obligationer), as amended, as well as the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2013:1).

The Covered Bonds Issuance Act ensures:

- bankruptcy remoteness of the cover pool, including statutory segregation of cover pool assets and the maintenance of an accurate register of pool assets, including derivative agreements;
- covered bond investors' preferential claim to the cover pool assets, shared pari passu with derivative counterparties entered into for hedging purposes;
- covered bond investors' pari passu claim with other senior unsecured creditors on the issuer's remaining assets for any residual claim not covered by the cover pool;
- independent and ongoing monitoring of the cover pool appointed by the Swedish FSA;
- strict asset-liability matching requirements for interest rate, currency and maturities;
- a liquidity buffer requirement covering 180 days of net liquidity outflows, calculated using extended maturity dates for extendable maturity (soft bullet) bonds;
- automatic maturity extension for soft bullet bonds, subject to statutory conditions designed to prevent issuer insolvency (no discretionary issuer option);
- permitted use of derivative counterparties below the highest credit quality, where necessary to avoid excessive counterparty concentration, subject to risk-mitigating requirements; and
- the bankruptcy administrator's authority to continue borrowing, enter into derivative agreements, and dispose of assets, to ensure balance between incoming/outgoing cash flows.

In addition, the act sets out the following conditions for cover pool assets:

- mortgage collateral must be located in Sweden or another EEA state;
- maximum LTV of 80% for residential mortgage loans and 60% for holiday homes;
- maximum LTV of 60% for commercial and agricultural mortgage loans, which may be increased to 70% provided that overcollateralisation exceeds 10% (with agricultural loans classified as either residential or commercial);
- substitution (liquid) assets may not exceed 20% of the cover pool; and
- the nominal value of cover pool assets must exceed outstanding covered bond liabilities by at least 2% (statutory minimum overcollateralisation).

Figure 23. Danske Hypotek key financial data, 2022–2025

Key credit metrics (%)	FY 2022	FY 2023	FY 2024	FY 2025
INCOME COMPOSITION				
Net interest income to op. revenue	108.1	99.3	99.8	97.7
Net fee income to op. revenue	-2.3	-2.8	-4.2	-5.2
Net gains and losses/operating revenue	-6.3	3.3	3.8	6.5
Net other income to op. revenue	0.4	0.2	0.7	1.0
EARNINGS				
Net interest income to financial assets	0.9	0.6	0.5	0.4
Net interest income to net loans	0.9	0.7	0.5	0.4
Pre-provision income to REA	2.4	1.8	1.2	0.9
Core pre-provision income to REA (NII & NF&C)	2.5	1.7	1.1	0.8
Return on ordinary equity	9.9	7.4	6.1	5.0
Return on assets	0.5	0.4	0.3	0.3
Cost-to-income ratio	22.6	24.1	32.1	40.9
Core cost-to-income ratio (NII & NF&C)	21.3	24.9	33.6	44.2
CAPITAL				
CET1 ratio	19.5	19.0	18.8	20.7
Tier 1 ratio	19.5	19.0	18.8	20.7
Capital ratio	19.5	19.0	18.9	20.7
REA to assets	26.2	27.1	27.8	25.7
Dividend payout ratio				
Leverage ratio	0.0	0.0	0.0	5.2
GROWTH				
Asset growth	7.4	6.9	4.5	-1.7
Loan growth	5.8	8.0	5.6	-1.8
Deposit growth				
LOSS PERFORMANCE				
Credit provisions to net loans	0.00	0.00	-0.07	-0.11
Stage 3 coverage ratio	7.83	17.30	10.09	10.36
Stage 3 loans to gross loans	0.48	0.21	0.81	0.52
Net stage 3 loans to net loans	0.44	0.17	0.73	0.46
Net stage 3 loans/ordinary equity	8.02	3.15	13.34	7.86
FUNDING & LIQUIDITY				
Loan to deposit ratio				
Liquid assets to deposit ratio				
Net stable funding ratio	120.0	122.0	127.0	116.0
Liquidity coverage ratio	3085.0	1486.0	228.0	1869718.0
Key financials (SEKm)				
	FY 2022	FY 2023	FY 2024	FY 2025
BALANCE SHEET				
Total assets	140,958	150,634	157,342	154,620
Total tangible assets	140,958	150,634	157,342	154,620
Total financial assets	137,102	147,893	155,658	153,203
Net loans and advances to customers	131,635	142,113	150,140	147,367
Liquid assets	5,466	5,780	5,518	5,836
Customer deposits	–	–	–	–
Issued securities	98,020	105,082	107,059	114,910
of which other senior debt	98,020	105,082	107,059	114,910
of which subordinated debt	–	–	–	–
Total equity	7,214	7,772	8,261	8,686
of which ordinary equity	7,214	7,772	8,261	8,686
CAPITAL				
Common equity tier 1	7,185	7,748	8,242	8,231
Tier 1	7,185	7,748	8,242	8,231
Total capital	7,185	7,748	8,267	8,249
REA	36,925	40,878	43,732	39,809
INCOME STATEMENT				
Operating revenues	1,106	919	758	636
Pre-provision operating profit	856	698	515	376
Impairments	2	-5	-100	-159
Net Income	678	558	488	425

Source: company. FY–full year. YTD–year to date.

Figure 24. Danske Hypotek rating scorecard

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

Figure 25. Capital structure ratings

Seniority	Rating
Covered bond	AAA
Senior unsecured	A+

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