

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 'AAA' covered bond issue rating and 'A+' issuer rating affirmed; Outlook stable

Nordic Credit Rating (NCR) said today that it had affirmed its 'A+' long-term issuer rating on Sweden-based [Danske Hypotek AB \(publ\)](#). The outlook is stable. At the same time, NCR affirmed the 'N2' short-term rating and the 'AAA' issue rating on Danske Hypotek's covered bonds and the 'A+' issue rating on its senior unsecured obligations.

Rating rationale

Our 'A+' issuer rating on Danske Hypotek reflects our current 'a+' credit assessment of Danske Bank and the company's 'vital' role within the group. We also maintain our 'a' standalone credit assessment of Danske Hypotek. Ongoing pressure on lending margins from low mortgage growth in Sweden continues to weigh on our earnings outlook. We forecast a modest improvement, partly due to higher commercial mortgage volumes, but expect lending margins and cost efficiency to remain below historical levels amid high competition and subdued demand. Weaker risk-adjusted earnings contribute to our projection that Danske Hypotek's CET1 ratio will decline to 19.4% in 2028 from 20.7% at end-2025, based on projected loan growth of 2–6% per year.

Given the stable outlook on our issuer rating for Danske Hypotek, we expect the covered bond ratings to remain stable. This reflects our view that Danske Hypotek and Danske Bank will continue to be regarded as systemically important financial institutions with a very high likelihood of resolution in the event of failure.

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-	a-
Sector exposure assessment	-	-	-
Regional assessment	-	-	-
Cross border assessment	-	-	-
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	a
Risk appetite	50.0%	a	a
Competitive position	15.0%	bbb+	bbb+
Earnings	7.5%	bbb+	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	+1 notch
Capital structure protection		Neutral	Neutral
Rating caps		Neutral	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:	<p>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</p> <p>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).</p>
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 have been provided in the last 12 months.
Regulations:	This rating was issued and disclosed under Regulation (EC) No 1060/2009.
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