

Credit Rating Announcement

23 February 2026

## Scope upgrades Danske Bank A/S's issuer rating to AA-/Stable from A+/ Positive

**Improvements in governance and risk management coupled with a strengthened and resilient earnings profile drive the rating upgrade.**

### Rating action

Scope Ratings GmbH (Scope) has upgraded Danske Bank A/S (Danske)'s issuer rating and senior unsecured debt rating to 'AA-' from 'A+' and changed the Outlook to Stable from Positive for both ratings. The full list of rating actions and rated entities is at the end of this rating action release.

The successful closure of the U.S. Department of Justice imposed probation period following the strengthened risk management framework will allow for a reinforcement of the bank's market position in its core markets, realising the benefits from its strong digital capabilities, thereby further improving its earnings capacity. The balanced revenue mix adds predictability and stability to the bottom-line, while asset quality remains a key strength.

### Key rating drivers

**Business model assessment: Resilient (High).** The issuer rating is anchored by the Resilient (High) business model assessment. Danske has developed a resilient and consolidated universal banking business model in its home country of Denmark, which includes a leading market position in retail and corporate banking with a market share above 25% in loans and deposits, capital market activities and asset management, and with a relevant insurance business via its subsidiary Danica. The group's strategy is focused on strengthening its business diversification as the contribution to revenues of non-banking activities, mainly insurance and asset management, is less material when compared with larger financial conglomerates operating internationally.

In terms of geographic diversification, the group has a well-established banking franchise in Denmark and maintains complementary operations in Sweden, Finland Norway and Northern Ireland.

The group has a strong franchise in the Nordic region and has recently strengthened its strategy in the commercial and large corporates' segment. The bank continues to service large corporates in Norway but has de-emphasised its focus on retail banking resulting in the sale of the Norwegian retail banking unit. The strategy supports growth on segments in which there is a stronger earnings potential, while maintaining a conservative approach for growth and resilience of the business model.

**Operating environment assessment: Very Supportive (Low).** The assessment reflects Scope's blended

view of the different markets where Danske Bank operates.

**Denmark (Very Supportive - Low).** Denmark (Very Supportive - Low) represents around 50% of credit exposures of the group as of YE 2025. It is a relatively small but well-integrated, wealthy and competitive economy with one of the world's highest GDP per capita. The country benefits from a solid external position with current-account surpluses driven by a large financial sector, very high domestic savings and strong exports of high-value goods. Economic activity proved to be resilient despite the scenario of high interest rates and inflation. Economic growth was mostly driven by a buoyant performance of the pharmaceutical sector, which fostered industrial production and export activities.

The Danish banking system is solid and has proven to be resilient to shocks. The sector is highly consolidated, with a few large commercial banks controlling most of the market, and smaller regional savings banks. The concentration of the banking industry is increasing, due to M&A activity. The sector is highly interconnected with other European countries and, in particular, with the Nordics. As a characteristic feature, the sector has a relatively large portfolio concentration on CRE risks, including cross-border exposures.

Danish banks operate in a highly regulated environment, supervised by the Danish Financial Supervisory Authority and Danmarks Nationalbank and subject to the CRR/CRD/BRRD. Danmarks Nationalbank serves as lender of last resort to banks, limiting liquidity risks.

Our CLOE assessment of 'Very Supportive - Low' includes a positive one-notch adjustment, to incorporate the positive trajectory of asset quality that is not fully captured by our CLOE framework.

Scope arrives at an initial mapping of 'a' based on a combined assessment of the issuer's operating environment and business model.

**Long-term sustainability assessment (ESG factor): Positive (+1 notch), from 'Developing'.** The issuer is effectively and proactively managing sustainability-related considerations and stands out as a frontrunner in at least one sustainability theme that enhances its credit standing.

Danske Bank's has demonstrated relevant progress on digital capabilities and significant IT investments that have transformed the operational set-up, aligning it to the efficiency and optimization standards observed across the deeply interconnected banking sectors in the Nordic region. The group targets a cost-income ratio at around 45% in 2026, strengthening further the use of digital platforms and expert advisory services to streamline processes, product development and support functions. After years focusing predominantly on risk management practices and processes, the strengthening of the franchise and business model via digital capabilities is providing further competitive advantages in its core markets.

The successful closure of the probation period under ad-hoc regulatory oversight in December 2025 allows the bank to operate under a business-as-usual and to fully focus on the execution of the strategy. We consider that the remediation actions have positively transformed the group's risk culture and governance framework.

The long-term sustainability assessment leads to an adjusted rating anchor of 'a+'.

**Earnings capacity and risk exposures assessment: 'Supportive' (+1 notch), changed from 'Neutral'.** Earnings capacity is stable through economic cycles and provides a strong buffer against losses. Asset quality metrics are relatively better or at least in line with peers. There is no relevant concentration of relatively high-risk exposures. Risks are well managed and are highly unlikely to lead to losses capable of undermining the issuer's viability.

Danske has achieved improvements in profitability, boosted by rising interest margins and stable and diversified revenue stream from fees and commission, together with very contained cost of risk and sound asset quality. Earnings capacity should maintain the positive trajectory, as the management is focused on executing the Forward'28 strategy, with a >13% RoE and no evident change on risk appetite.

The group's target return on equity has been already achieved with the positive results of 2024 and 2025. In addition, risk adjusted profitability measured by return on average risk weighted assets reached a peak of 2.9% in 2024 and 2025, compared to an average of 1.5% for the period 2016-2022. For 2026-2027, return in RWAs should remain high, as the group is actively improving the revenue mix with fees and commissions, as well as with relevant component of fixed rate loans of the housing portfolio (72% at 5-30yr fixed rate).

Asset quality metrics are solid compared to EU peers, but marginally weaker vs Nordic peers, which is the result of a higher component of SMEs and due to the particularity of the Danish FSA that requires early recognition of stage 2 under IFRS. While stage 2 loans had increased slightly in 2025 (5.9% from 5.1% in 2024), Stage 3 loans improved to 1.2% (1.3% in 2024).

Risk concentrations in the loan portfolio are well balanced. Mortgage loans represent around 40% of total loans, including those under its mortgage subsidiary Realkredit Danmark. The large proportion of mortgages loans provides buffer on asset quality compared to the inherent higher credit risk from the corporate portfolio. The largest sector concentration in the corporate portfolio is CRE that represents 13% of total credit exposures. The exposure is among the lowest compared to peers but remains the largest within the corporate portfolio (around 50%). The CRE exposure has not shown signs of credit risk deterioration, and the bank maintains DKK 900m on PMAs related to this exposure.

**Financial viability management assessment: 'Adequate', changed from 'Comfortable' (+1 notch).** Financial viability management provides an adequate buffer and, under a base case scenario, should not imminently push any metric close to minimum requirements or jeopardise the issuer's financial viability.

While the capitalization strategy of the bank has not changed, considering the relatively high requirements applicable for the group, the buffer to requirement on CET 1 is decreasing to achieve the target of 16%, following the more active shareholders distribution. The trajectory of CET 1 to the target is in our view expected to be executed by 2028, moving down to the lower range of the buffer (250-200bps) what we consider to be adequate rather than comfortable.

Funding and liquidity remain a key strength for the group's risk profile and benefit from a well-diversified funding structure. Customer deposits represent about 60% of total funding, of which 40% are retail. The granularity of the deposits base is also confirmed by the portion of covered deposits under the Danish Guaranteed scheme. The second largest source of funding is wholesale debt that consists mainly of covered bonds, as it is a common feature for the Nordics, followed by senior-preferred and non-preferred and commercial paper. Liquidity metrics are adequate, evidenced by a liquidity coverage ratio of 156% and a net stable funding ratio at 121% by YE 2025.

One or more key drivers of the credit rating action are considered an ESG factor.

## Outlook and rating sensitivities

The **Stable Outlook** reflects Scope's view that the risks to the current rating are balanced.

The **upside scenario** for the ratings and Outlooks is:

1. Significant strengthened buffer to capital requirements strengthening the bank loss absorption capacity, that in combination with a well-diversified and balanced funding profile could lead to a positive adjustment of the Financial Viability Management assessment.

The **downside scenarios** for the ratings and Outlooks are (individually or collectively):

1. Deterioration in the bank's earnings capacity and asset quality because of e.g. a worsened economic environment in the Nordics, could trigger a downward review on Earnings Capacity and Risk Exposures.
2. Deterioration of the group's capital and funding profile, with a higher-than-expected erosion of capital and liquidity metrics, could trigger a downward review of the Financial Viability Management's assessment.
3. Reemergence of larger scale governance challenges could lead to a downward adjustment of our long-term sustainability assessment.

## **Subsidiaries and affiliates: ratings and Outlooks**

### **Realkredit Danmark A/S (RD): AA-/Stable.**

Scope rates RD using a top-down approach because the subsidiary is an essential and integral part of the group, it acts as the specialised covered bond issuer in Denmark and originates most of the mortgage loans within the group. The assessment reflects RD's inclusion under the resolution perimeter of the group, its full ownership by, and its high level of strategic alignment with Danske. RD's financial interdependence with the group is high, since the subsidiary is a core funding vehicle for the group.

Scope deems the parent's willingness to support RD to be 'high'. The assessment incorporates a high operational integration, including IT and support areas, as well as the oversight of the parent on governance bodies. It also considers the fact that RD operates a separated brand and that it is unlikely that there will be significant regulatory restrictions preventing support from flowing, given that both RD and its parent are domiciled in Denmark. The comparatively medium cost of support given RD's size versus its parent has no impact on the assessment.

Scope would upgrade RD's issuer rating in case of an upgrade of the parent. Conversely, the issuer rating could be downgraded if the parent is downgraded, or if Scope believes that the likelihood of parent support has decreased.

### **Danske Kiinnitysluottopankki Oyj (DKO): AA-/Stable.**

Scope rates DKO using a top-down approach because the subsidiary is an essential and integral part of the group. DKO is a wholly owned subsidiary of Danske and acts as the group's specialised covered bond issuer in Finland. Risk management is aligned with that of the parent. DKO's lending activities are focused on Finnish households' mortgages, collateralised by residential real estate or shares of housing companies. DKO does not originate loans but purchases them from Danske's Finnish branch. Loan servicing and many other processes are outsourced to Danske, which means that DKO is operationally fully integrated into the group.

The assessment reflects DKO's inclusion under the resolution perimeter of the group, its full ownership by, and its high level of strategic alignment with the parent. RD's financial interdependence with the group is

high, since the subsidiary is a core funding vehicle for the group.

Scope deems the parent's willingness to support DKO to be 'high'. The assessment incorporates a high operational integration, including IT and support areas, as well as the oversight of the parent on governance bodies. It also considers the fact that DKO operates a separated brand and that it is unlikely that there will be significant regulatory restrictions preventing support from flowing, given that both DKO and its parent are in the EU. The comparatively low cost of support given DKO's size versus its parent supports further the assessment.

Scope would upgrade DKO's issuer rating in case of an upgrade of the parent. Conversely, the issuer rating could be downgraded if the parent is downgraded, or if Scope believes that the likelihood of parent support has decreased.

## Debt ratings

**Preferred senior unsecured debt: AA-/Stable.** The rating is aligned with the issuer rating and applies to senior unsecured debt ranking above other classes of senior unsecured debt.

**Non-preferred senior unsecured debt: A+/Stable.** The rating is one notch lower than the issuer rating, reflecting statutory subordination.

**Tier 2 debt: A-/Stable.** The rating is three notches below the issuer rating, in line with our standard approach for Tier 2 debt instruments, without additional notching.

**Additional Tier 1 security: BBB/Stable.** The rating is five notches below the issuer rating, in line with the standard notching applicable for these securities.

**Short-term debt: S-1+.** Danske's short-term credit rating is derived from the long-term issuer credit rating. The rating is consistent with Scope's long-term/short-term rating correspondence table. The choice of the highest possible short-term rating (S-1+ given the A+ issuer rating) reflects the strength of the liquidity profile of the group and access to central bank funding.

## Environmental, social and governance (ESG) factors

Please refer to the 'long-term sustainability assessment' under the 'key rating drivers' section above for the ESG analysis.

## All rating actions and rated entities

### Danske Bank A/S

Issuer rating: AA-/Stable, upgrade and Outlook change.

Preferred senior unsecured debt rating: AA-/Stable, upgrade and Outlook change.

Non-preferred senior unsecured debt rating: A+/Stable, upgrade and Outlook change.

Tier 2 debt rating: A-/Stable, upgrade and Outlook change.

Additional Tier 1 rating: BBB/Stable, upgrade and Outlook change.

Short-term debt rating: S-1+, affirmation. As per Rating Definitions updated in December 2025, Outlooks are not assigned to short-term ratings; hence the Outlook for the short-term rating has been withdrawn (irrelevant rating category).

### **Realkredit Danmark A/S**

Issuer rating: AA-/Stable, upgrade and Outlook change.

Short-term debt rating: S-1+, affirmation. As per Rating Definitions updated in December 2025, Outlooks are not assigned to short-term ratings; hence the Outlook for the short-term rating has been withdrawn (irrelevant rating category).

### **Danske Kiinnitysluottopankki Oyj (Danske Mortgage Bank plc)**

Issuer rating: AA-/Stable, upgrade and Outlook change.

### **Stress testing & cash flow analysis**

No stress testing was performed. No cash flow analysis was performed.

### **Methodology**

The methodology used for these Credit Ratings and/or Outlooks, (Financial Institutions Rating Methodology, 18 September 2025), is available on [scoperatings.com/governance-and-policies/rating-governance/methodologies](https://scoperatings.com/governance-and-policies/rating-governance/methodologies).

Information on the meaning of each Credit Rating category, including definitions of default, recoveries, Outlooks and Under Review, can be viewed in 'Rating Definitions – Credit Ratings, Ancillary and Other Services', published on [scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales](https://scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales). Historical default rates of the entities rated by Scope Ratings can be viewed in the Credit Rating performance report at [scoperatings.com/governance-and-policies/regulatory/eu-regulation](https://scoperatings.com/governance-and-policies/regulatory/eu-regulation). Also refer to the central platform (CEREP) of the European Securities and Markets Authority (ESMA): [registers.esma.europa.eu/cerep-publication/](https://registers.esma.europa.eu/cerep-publication/). A comprehensive clarification of Scope Ratings' definitions of default and Credit Rating notations can be found at [scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales](https://scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales). Guidance and information on how environmental, social or governance factors (ESG factors) are incorporated into the Credit Rating can be found in the respective sections of the methodologies or guidance documents provided on [scoperatings.com/governance-and-policies/rating-governance/methodologies](https://scoperatings.com/governance-and-policies/rating-governance/methodologies).

The Outlook indicates the most likely direction of the Credit Ratings if the Credit Ratings were to change within the next 12 to 18 months.

### **Solicitation, key sources and quality of information**

The Rated Entity and/or its Related Third Parties participated in the Credit Rating process.

The following substantially material sources of information were used to prepare the Credit Ratings: public domain, the Rated Entity, and Scope Ratings' internal sources.

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Prior to the issuance of the Credit Rating action, the Rated Entity was given the opportunity to review the Credit Ratings and Outlooks and the principal grounds on which the Credit Ratings and Outlooks are based. Following that review, the Credit Ratings and Outlooks were not amended before being issued.

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Danske's issuer Credit Rating/Outlook was first released by Scope Ratings on 19 November 2014. The Credit Rating/Outlook was last updated on 27 May 2025.

Danske's short-term Credit Rating/Outlook was first released by Scope Ratings on 19 November 2014. The Credit Rating/Outlook was last updated on 27 May 2025.

Danske's preferred senior unsecured Credit Rating/Outlook was first released by Scope Ratings on 19 November 2014. The Credit Rating/Outlook was last updated on 27 May 2025.

Danske's non-preferred senior unsecured Credit Rating/Outlook was first released by Scope Ratings on 27 September 2018. The Credit Rating/Outlook was last updated on 27 May 2025.

Danske's AT1 securities Credit Rating/Outlook was first released by Scope Ratings on 3 June 2015. The Credit Rating/Outlook was last updated on 27 May 2025.

Danske's Tier 2 securities Credit Rating/Outlook was first released by Scope Ratings on 18 June 2024. The Credit Rating/Outlook was last updated on 27 May 2025.

RKD's issuer Credit Rating/Outlook was first released by Scope Ratings on 29 August 2018. The Credit Rating/Outlook was last updated on 27 May 2025.

RKD's short-term Credit Rating/Outlook was first released by Scope Ratings on 29 August 2018. The Credit Rating/Outlook was last updated on 27 May 2025.

DKO's issuer Credit Rating/Outlook was first released by Scope Ratings on 1 July 2022. The Credit Rating/Outlook was last updated on 27 May 2025.

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