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Danmarks Skibskredit A/S

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Danmarks Skibskredit A/S

Rating Score Snapshot

Issuer Credit Rating
BBB+/Stable/A-2

SACP: bbb+ → **Support: 0** → **Additional factors: 0**

Anchor	bbb+	
Business position	Constrained	-2
Capital and earnings	Very strong	+2
Risk position	Adequate	0
Funding	Moderate	0
Liquidity	Strong	
CRA adjustment		0

ALAC support	0
GRE support	0
Group support	0
Sovereign support	0

Issuer credit rating
BBB+/Stable/A-2

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
Very strong capitalization.	Concentration of revenue and credit risk due to the narrow business model.
Sound risk management with conservative underwriting and prudent provisioning.	Structural reliance on a narrow wholesale funding model.
Ample liquidity buffers.	

We expect Danmarks Skibskredit A/S (DSF) will maintain strategic continuity under the new majority owner. On July 10, DSF's acquisition by ADGM-based Magellan Holding Ltd. (taking an 87.7% stake in DSF) concluded. In our view, the change in ownership will have limited impact on DSF's operating model and we acknowledge the buyer's intention to preserve the lender's long-standing strategy based on conservative underwriting and prudent risk management. Coupled with DSF's ample capitalization and strong operational track record, we view this as partly mitigating its significant concentration in the very cyclical and capital-intensive shipping finance segment.

We think capitalization will remain robust despite high extraordinary capital distribution. We project the RAC ratio will gradually decline to 19.5%-20.5% over the next two years from an exceptional 24.3% as of year-end 2023. This reflects the new buyer's intent to part-finance the transaction with special dividends of €200 million (Danish krone [DKK] 1.49 billion) over 2024-2025. In our base-case scenario, we expect DSF will continue generating steady core earnings over the next two years, despite abating tailwinds from loan loss recoveries seen over the past three years and declining investment income. We project net income of DKK440 million-DKK470 million in 2024 (€59 billion-€63 million) and DKK330 million-DKK370 million in 2025-2026, compared with DKK818 million in 2023.

Benign shipping market conditions should continue supporting asset quality over the next two years. While near-term prospects look favorable, we anticipate a gradual normalization of shipping market conditions from the period of high earnings and deleveraging of balance sheets among shipowners. As such, we expect credit growth will gradually resume and reach 3%-5% over 2025-2026, compared with a projected 1% in 2024. Similarly, following successful workouts of legacy nonperforming assets (NPAs) and material credit recoveries from 2021 to first-half 2024, we expect the cost of risk could gradually revert toward its historical average, with net loan loss provisioning of 10-20 basis points (bps) over 2025-2026. Still, we expect NPAs to remain low in a historical perspective at 1.8%-2.4%.

DSF's narrow wholesale funding profile and lack of central bank access is offset by strict balance-sheet matching and ample liquidity buffers. We expect the lender will continue prefunding its liabilities and maintain a match-funded loan book based on the Danish balance principle which, in our opinion, greatly limits its refinancing risk. We also view its robust buffers of high-quality liquid assets, accounting for 42% of total assets as of June 30, 2024, as a mitigant against its complete wholesale funding reliance.

Outlook

The stable outlook reflects our view that DSF's high-quality underwriting policy will allow it to continue navigating cycles in the shipping segments, with robust capitalization underpinned by predictable earnings, and contained credit realized losses in the next 24 months.

We expect DSF will maintain its prudent client selection, underwriting, and investment strategy. Moreover, we anticipate continued prefunding of lending and strong liquidity buffers against adverse scenarios under its new majority owner.

Downside scenario

We could downgrade DSF if its risk profile were to deteriorate. This could follow increased risk appetite with lowered standards for new underwriting, a looser provisioning policy, or materially increased risk-taking in investments and liquidity management, for example. A negative rating action could also follow the group's consolidated capitalization weakening below the threshold for our very strong assessment or a significant deterioration of global shipping market conditions, to which DSF would not be immune.

Upside scenario

We consider a positive rating action on DSF remote. We see limited upside to our assessment of its business model, given its business concentration.

Key Metrics

Danmarks Skibskredit A/S--Key ratios and forecasts					
	--Fiscal year ended Dec. 31--				
(%)	2022a	2023a	2024f	2025f	2026f
Growth in operating revenue	(4.2)	81.9	2.9-3.6	(9.0)-(11.0)	(2.3)-(2.8)
Growth in customer loans	(6.8)	(8.5)	0.9-1.1	2.7-3.3	4.5-5.5
Growth in total assets	2.8	14.7	(5.2)-(6.4)	(0.3)-(0.4)	0.7-0.9
Net interest income/average earning assets (NIM)	1.2	1.0	1.0-1.2	1.0-1.1	1.0-1.1
Cost to income ratio	43.3	25.5	24.1-25.3	26.7-28.1	28.0-29.4
Return on average common equity	6.9	8.1	4.4-4.9	3.8-4.2	3.5-3.9
Return on assets	1.2	1.4	0.7-0.8	0.5-0.7	0.5-0.6
New loan loss provisions/average customer loans	(1.6)	(1.5)	(0.3)-(0.3)	0.1-0.1	0.2-0.2
Gross nonperforming assets/customer loans	3.6	2.8	1.9-2.1	1.8-2.0	2.2-2.4
Net charge-offs/average customer loans	(0.9)	(1.3)	0.6-0.6	0.3-0.3	0.1-0.1
Risk-adjusted capital ratio	24.7	24.3	21.5-22.5	20.5-21.5	19.5-20.5

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: 'bbb+', Based On DSF's Blended Loan Portfolio And Domicile In Denmark

Our bank criteria uses our Banking Industry Country Risk Assessment's economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. For DSF, we use the weighted-average economic risk score of '3', based on the geographic breakdown of its loan portfolio, with an industry risk score of '4' for Denmark. DSF's anchor is in line with that on pure Danish commercial banks, despite its international exposures.

Our assessment of low economic risk reflects our view that Danish banks benefit from operating in a high-income, open economy with mature political and institutional settings that promote fiscal discipline and growth-stimulating policies. We forecast real GDP growth in Denmark of 2.2% in 2024 and 2.0% in 2025, spurred by the pharmaceutical sector, which offsets weaker performance and consumer sentiment in other sectors. We anticipate that the difficult operating environment will continue to put some pressure on weaker players, but at manageable levels. Small and midsize enterprises with nonmortgage credit exposures will be most affected.

We believe Danish banks' improved profitability supports their robust capitalization, while the covered bond market provides a stable funding source. Higher interest rates, cost-efficient and stable funding through covered bonds, and relatively low credit cost boosted Danish banks' profitability and facilitated further capital build-up from earnings retention and the funding of typically moderate shareholder dividends. We forecast that Danish banks' sound return on equity (ROE) will improve to 9.0% in 2025 from 7.9% in 2022. Danish banks' ROE still lags that of Nordic peers since muted growth prospects, intense competition in retail mortgages and corporate lending, and higher investments in compliance and digitalization continue to weigh on Danish banks' earnings. Although banks rely substantially on wholesale funding, market depth and a stable domestic covered bond market, which operates under Denmark's balance principle, bolster stability, as demonstrated by the Danish covered bond market's solid track record in times of stress.

We view the regulatory environment in Denmark as being in line with that of EU countries overall. This balances a generally robust track record of macroprudential policies and conservative bank supervision with the national anti-money-laundering (AML) governance shortcomings highlighted in Danske Bank's Estonia case. Local banks and regulators have, however, progressed in strengthening the country's overall AML framework and we expect this will continue, considering significant public attention and overall political consensus.

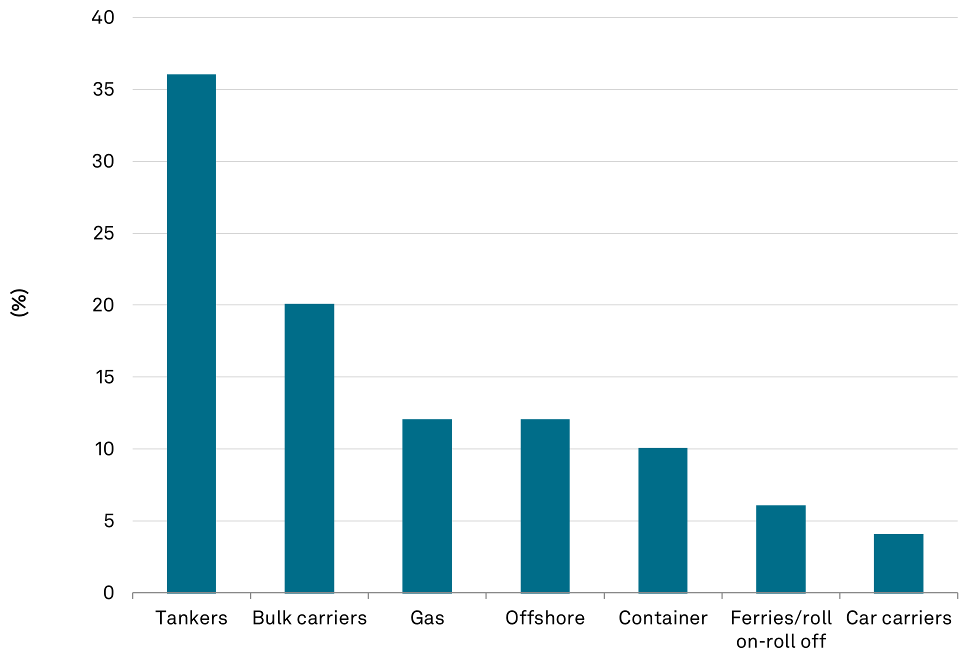
Business Position: A Proven Track Record In Ship Finance, With Significant Concentration In An Inherently Volatile Niche

With total assets of DKK62.4 billion (€8.4 billion) as of June 30, 2024, we expect DSF will remain a small, specialized lender to the shipping industry, providing services to a few large shipping players by financing vessels against first-lien mortgages. Due to its small size, narrow franchise, and inherent concentration in a highly cyclical industry, we expect the lender's business profile will remain a rating constraint. Nevertheless, we view its extensive expertise in international shipping, cautious client selection, and robust operational track record--as demonstrated after the 2009 downturn in global shipping and amid the COVID-19-induced downturn--as mitigating factors.

At year-end 2023, DSF had 71 clients, for which it financed 596 vessels over 12 shipping segments, with tankers and bulk carriers as its largest segments. Of DSF's loan book, 90% is to shipping companies domiciled in Europe with about one quarter of total loans to Denmark. This exposes the lender to significant revenue and customer concentration risk.

Chart 1

DSF's loan book is diversified across vessel types
Loan book split as of June 30, 2024

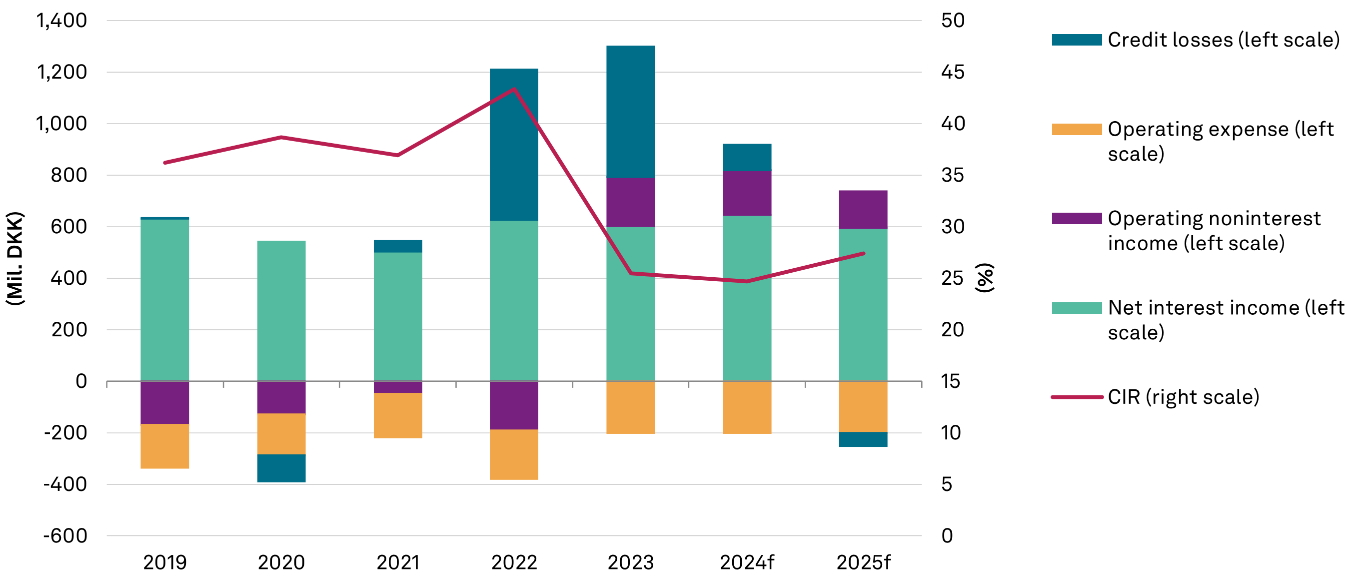


Source: Danmarks Skibskredit.

We expect that slowly recovering credit demand and still favorable shipping market conditions will continue support DSF's revenue generation over the next two years. Tailwinds from exceptional loan loss recovery and high interest rates will, however, gradually abate. We expect DSF will maintain its lean operation and continue operating with a solid cost-to-income ratio of 25%-30% over 2024-2026.

Chart 2

Sound financial performance, but fading tailwind from loan loss recoveries and investment income
2019-2025f



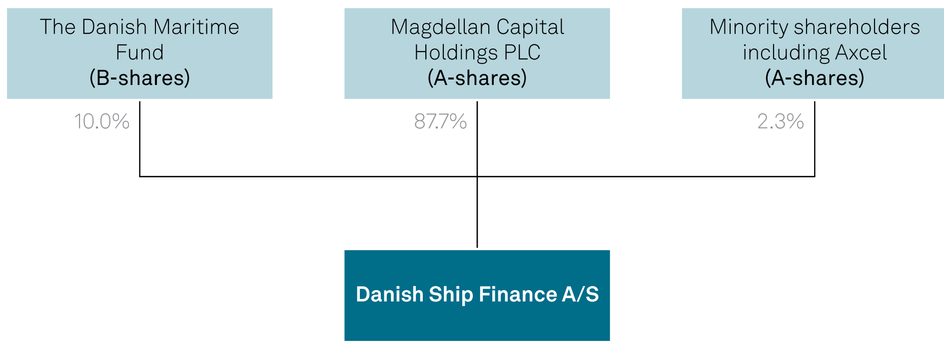
CIR--Cost-to-income ratio. DKK--Danish krone. f--Forecast. Source: S&P Global Ratings.

On July 10, 2024, the acquisition of DSF by new majority shareholder ADGM-based Magellan Holding Ltd.--via its U.K.-based subsidiary Magellan Capital Holding PLC--was completed. This followed the announcement in first-half 2022 that the prior majority-owners, private equity fund Axcel and pension funds PFA and PKA, had initiated a review to divest its 86.6% share of DSF. To ensure a smooth transition to the new majority owner, Axcel will maintain a minority ownership stake for up to two years. The Danish Maritime Fund will maintain its 10% ownership and has a claim on 15% of net profits.

In our view, the change of ownership will have limited implications for DSF's operating model. We think the lender will continue to operate as an independent, regulated entity and we acknowledge the buyer's intention to continue developing DSF in accordance with its long-standing strategy and with a largely intact executive management team.

Chart 3

Danish Ship Finance A/S ownership structure



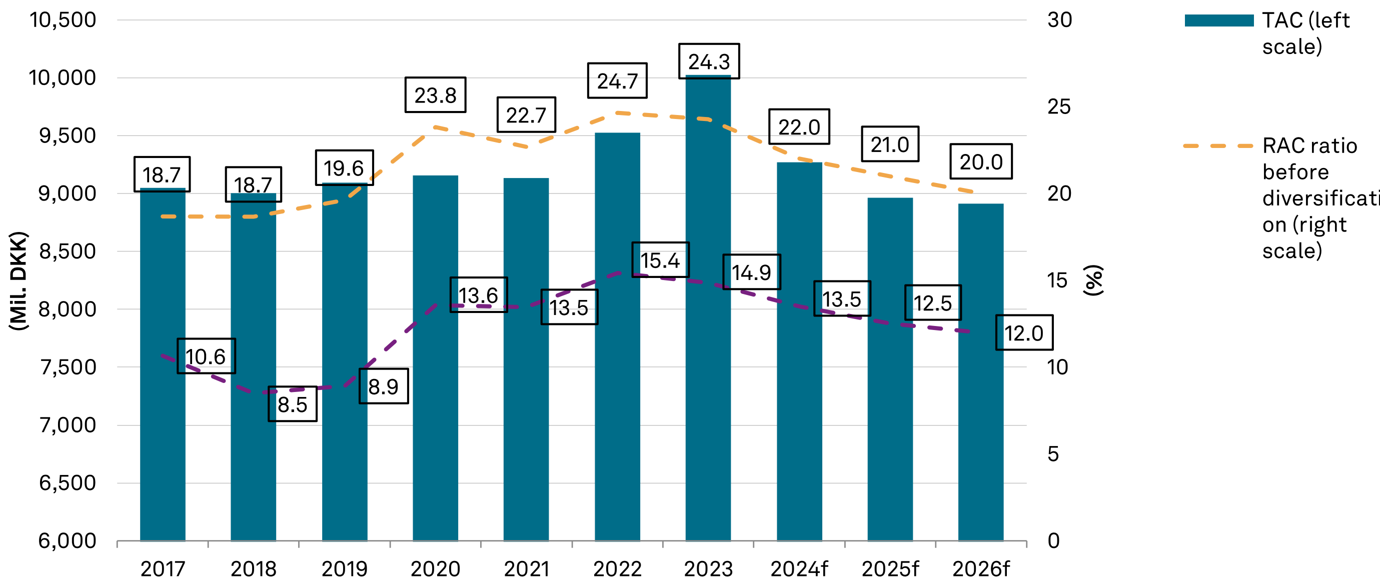
Source: S&P Global Ratings.

Capital And Earnings: Ample Capitalization Despite High Extraordinary Capital Distribution

We expect capitalization will remain robust and continue providing superior loss-absorbing capacity, which we think is a necessary offset given DSF's significant exposure concentrations. We project the RAC ratio will gradually fall to 19.5%-20.5% by 2026. While we still consider this level very strong, it is down from the exceptional capital levels of 2022-2023 (with an RAC ratio of 24.7% in 2022 and 24.3% in 2023), and reflects the buyers' intent to part-finance the transaction with special dividends of €200 million (DKK1.49 billion) over 2024-2025. Following the transaction's closing, an extraordinary dividend of DKK1.16 billion (€156 million) was paid to shareholders on July 11, 2024, reducing DS' own funds by the same amount.

Chart 4

Declining, but still-robust, capitalization continues providing solid loss-absorption capacity
DSF's RAC development, 2017-2026f



TAC--Total adjusted capital. RAC--Risk-adjusted capital. DKK--Danish krone. f--Forecast. Source: S&P Global Ratings.

Supporting our projections is the buyer's explicit commitment to refrain from discretionary shareholder capital distributions that would reduce the institution's common equity Tier 1 ratio below 19%. As of June 30, 2024, the ratio stood at 21.2%, against a total capital requirement of 13.4%.

We forecast net operating income of DKK440 million-DKK470 million in 2024 and DKK330 million-DKK370 million in 2025-2026. This incorporates projected loan growth of about 1% in 2024 and 3%-5% over 2025-2026, reflecting near-term loan repayments and our expectation of slowly rebounding credit growth. We expect lending margins will widen moderately as credit demand picks up while declining market interest rates will translate into lower investment income from DSF's large liquidity holdings. We project credit losses will remain minimal in 2024 before slowly reverting toward its historical average in the latter part of our forecast horizon.

Since its conversion to a limited liability company in 2005, DSF has held a mandatory tied-up capital reserve of DKK8.3 billion. The Danish Maritime Fund (10% of share capital) receives a preferred dividend of 15% up to a maximum 1% of tied-up capital (DKK83 million). The current level of tied-up capital must be restored before any ordinary dividend payment, and it cannot be liquidated.

Risk Position: Prudent Risk Management Offsets Concentration Risks In A Highly Cyclical Industry

We consider that DSF's effective risk-management performance, specifically its conservative underwriting and provisioning policy, and its prudent asset-liability management mitigate its material concentration in a cyclical and capital-intense industry.

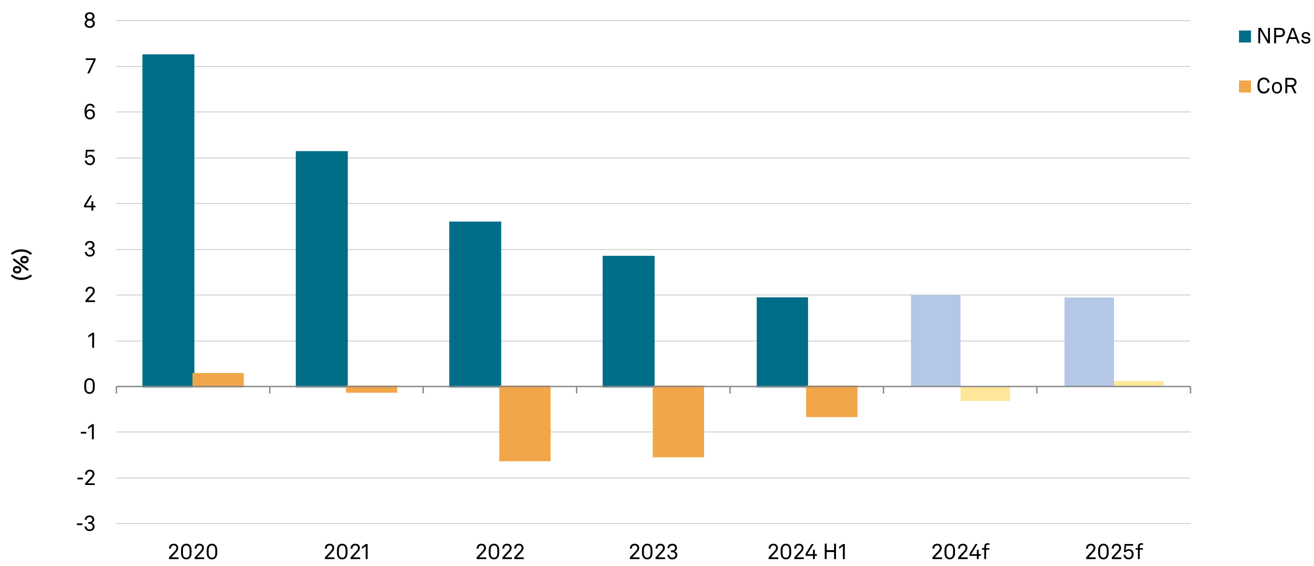
DSF's loan portfolio is tilted toward financially stronger ship owners, reflecting the lender's dedicated strategy of working primarily with the best-performing shipping companies with diversified fleets and the ability to navigate difficult markets and adjust operating capacity. Close to 50% of the loan book relates to client relationships established more than 10 years ago. Still, the lender's focus on a select niche of clients also results in significant concentration risk. As of fourth-quarter 2023, its top 20 clients represented 68% of the loan book and 2.2x its total adjusted capital.

Although freight rates and second-hand vessel prices have come down from exceptional highs in 2022, earnings among shipowners have remained within the highest 30% of results since 2000. The geopolitical backdrop, notably sanctions on Russia and the Red Sea situation, has resulted in longer travel distances and will likely continue to support freight rates and sector earnings. In contrast to previous cyclical highs, order books have remained relatively contained, at about 13% of the current fleet, not least due to uncertainty about regulations and standards connected to the industry's transition to sustainability. Still, supply of new capacity is outgrowing seaborne trade volumes, which could alter supply and demand dynamics in the sector.

Owing to the workout of legacy exposures, DSF has recorded material recovery on written-off loans over the past three years, resulting in net loan impairment reversals of DKK106 million in first-half 2024 and over DKK1.2 billion since 2021. As of June 30, 2024, the NPA ratio (defined as stage 3 loans) had fallen to 1.9% of gross loans (compared with 5.1% in 2021 and close to 14% in 2017). While near-term market conditions remain supportive, we expect stage 3 loans could rise moderately, toward 2.2%-2.4% over the latter part of the forecast horizon, with cost of risk reverting to its historical average of 10-20 bps.

Chart 5

Asset quality has improved significantly
NPAs and cost of risk, 2020-2025f



f--Forecast. H1--First half. NPA--Nonperforming assets. CoR--Cost of risk. Source: S&P Global Ratings.

Moreover, we consider that DSF's balance-sheet matching and use of derivative hedges greatly limits refinancing and other market risks, and view this as a prerequisite for the current rating. The investment portfolio is predominantly fair-valued with a short duration, and we consider interest-rate sensitivity low. Unhedged risks mainly relate to credit spread risk in the investment portfolio and, to a lesser extent, exchange rate risk on margins.

Funding And Liquidity: Prefunding And Strict Balance-Sheet Matching Balance A Narrow Wholesale Funding Model

We view DSF's funding and liquidity profile as a neutral factor for the lender's creditworthiness. Specifically, we consider that DSF's predictable wholesale funding model and prudent liquidity management offset its structural reliance on market funding. We expect this will continue supporting a stable funding ratio materially above that of domestic peers. It stood at 151% as of June 30, 2024.

The loan book is entirely wholesale, funded through the issuance of wholesale mortgage bonds. Loan offers are prefunded and matched in accordance with the Danish balance principle. DSF adheres to the specific balance principle under the Danish mortgage act that requires the permitted future liquidity deficit between issued bonds and loans disbursed to be covered by available own funds.

Although DS' euro-denominated bonds are eligible for repurchase operations at the European Central Bank, its DKK-denominated bonds were removed from the list of eligible collateral for the Danish central bank's credit facilities in kroner in April 2015 in the central bank's attempt to reduce its administrative burden.

We view DSF's ample buffers of good-quality liquid assets as mitigating its complete reliance on wholesale funding. As of June 30, 2024, the lender had DKK25.5 billion of liquid assets, almost exclusively in 'AAA' rated government and covered bonds that are eligible for repurchase agreements.

We expect the ratio of broad liquid assets to short-term wholesale funding will remain broadly stable from a solid level of 3.4x as of June 30, 2024, largely in line with its five-year historical average. As such, we think DSF could withstand a scenario in which it loses close to a third of its loan portfolio and still make timely payments on the remaining maturity of its debt outstanding without accessing wholesale markets. The view is further supported by DSF's regulatory liquidity coverage ratio, which stood at 498% as of Dec. 31, 2023.

Support: No Uplift To The Stand-Alone Credit Profile

We do not factor any external support into our assessment of DSF. Following the implementation of the bail-in regulation under the Bank Recovery and Resolution Directive in June 2015, we consider Denmark's resolution regime effective. However, we view DSF as having low systemic importance in Denmark and believe that the response to the institutions' nonviability would not be a bail-in resolution, so we do not apply our additional loss-absorbing criteria.

Additional Rating Factors: None

No additional factors affect this rating.

Environmental, Social, And Governance (ESG)

ESG factors are neutral in our assessment of DSF's creditworthiness. Social and environmental credit factors are in line with those of peers in the banking industry, while the lender's governance standards are comparable with practices in Denmark.

Environmental factors are creating mounting issues for the shipping industry, and new regulations are affecting market dynamics and putting pressure on the economic life of ships in most segments. However, we expect this will not have a material effect on DSF's loan portfolio. Instead, we assess it to be a key factor for DSF's loan growth. We expect DSF will continue carefully selecting its exposures and diligently monitoring the potential impact of technology, environmental factors, and regulatory developments on the future value of the vessels it uses as collateral.

The main climate impact of DSF's operations relates to the emissions it finances, and the lender has taken an active stance in supporting the industry's transition to climate neutrality. As of first-half 2024, sustainability-linked loans constituted 34% of new lending and by 2025, DSF aims to only extend new lending to clients that are actively engaged in the sustainable transition, and to reach net zero financed emissions by 2050. The institution reports the climate alignment of its portfolio in accordance with The Poseidon Principles. These consist of 30 banks with a combined $200 billion in ship financing and are a framework for assessing and disclosing the climate alignment of ship finance portfolios. We understand that DSF is actively preparing to comply with the Corporate Sustainability Reporting Directive to be published in early 2026.

Key Statistics

Table 1

Danmarks Skibskredit A/S--Key figures

	--Fiscal year end Dec. 31.--				
(Mil. DKK)	**2024***	**2023**	**2022**	**2021**	**2020**
Adjusted assets	62,433	64,228	58,818	54,457	59,805
Customer loans (gross)	33,373	31,812	34,756	37,284	33,264
Adjusted common equity	9,211	10,017	9,518	9,127	9,146
Operating revenue	473	793	436	455	414
Noninterest expense	95	202	189	168	160
Core earnings	358	818	663	254	117

DKK--Danish krone. *Data as of June 30.

Table 2

Danmarks Skibskredit A/S--Business position

	--Fiscal year end Dec. 31.--				
(%)	**2024***	**2023**	**2022**	**2021**	**2020**
Total revenues from business line (mil. DKK)	473	793	436	455	414
Commercial banking/total revenue from business line	100.0	100.0	100.0	100.0	100.0
Return on average common equity	6.9	8.1	6.9	2.7	1.3

*Data as of June 30. DKK--Danish krone.

Table 3

Danmarks Skibskredit A/S--Capital and earnings

	--Fiscal year end Dec. 31.--				
(%)	**2024***	**2023**	**2022**	**2021**	**2020**
Tier 1 capital ratio	21.2	23.6	21.9	20.1	22.3
S&P Global Ratings' RAC ratio before diversification	N/A	24.3	24.7	22.7	23.8
S&P Global Ratings' RAC ratio after diversification	N/A	15.0	15.4	13.5	13.6
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenue	73.8	75.9	143.8	110.8	130.9
Fee income/operating revenue	2.1	1.9	3.2	7.0	5.1
Market-sensitive income/operating revenue	23.9	22.1	(47.2)	(18.0)	(36.2)
Cost to income ratio	20.1	25.5	43.3	36.9	38.6
Preprovision operating income/average assets	1.2	1.0	0.4	0.5	0.4
Core earnings/average managed assets	1.1	1.4	1.2	0.4	0.2

*Data as of June 30. RAC--Risk-adjusted capital. N/A--Not applicable.

Table 4

Danmarks Skibskredit A/S--Risk-Adjusted Capital Framework Data

(Mil. DKK)	Exposure*	Basel III RWA	Average Basel III RW(%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
Credit risk					
Government and central banks	326	0	0	10	3
Of which regional governments and local authorities	0	0	0	0	0
Institutions and CCPs	19,461	2,584	13	3,126	16
Corporate	32,686	32,647	100	29,756	91
Retail	0	0	0	0	0
Of which mortgage	0	0	0	0	0
Securitization§	0	0	0	0	0
Other assets†	807	926	115	799	99
Total credit risk	53,281	36,157	68	33,690	63
Credit valuation adjustment					
Total credit valuation adjustment	'--	411	'--	535	'--
Market risk					
Equity in the banking book	9	18	200	79	875
Trading book market risk	'--	3,642	'--	5,462	'--
Total market risk	'--	3,660	'--	5,541	'--
Operational risk					
Total operational risk	'--	1,050	'--	1,484	'--
(Mil. DKK)	**Exposure**	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	'--	41,277	'--	41,250	100
Total Diversification/ Concentration Adjustments	'--	'--	'--	25,764	62
RWA after diversification	'--	41,277	'--	67,014	162
(Mil. DKK)		**Tier 1 capital**	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		9,952	24.1	10,017	24.3
Capital ratio after adjustments‡		9,952	23.6	10,017	14.9

*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. DKK--Danish krone. Sources: Company data as of Dec. 31 2023, S&P Global Ratings.

Table 5

Danmarks Skibskredit A/S--Risk position

	--Fiscal year end Dec. 31.--				
(%)	**2024***	**2023**	**2022**	**2021**	**2020**
Growth in customer loans	4.9	(8.5)	(6.8)	12.1	(19.1)

Table 5

Danmarks Skibskredit A/S--Risk position (cont.)

	--Fiscal year end Dec. 31.--				
(%)	2024*	2023	2022	2021	2020
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	62.5	59.8	68.4	75.7
Total managed assets/adjusted common equity (x)	6.8	6.4	5.9	6.0	6.5
New loan loss provisions/average customer loans	(0.7)	(1.5)	(1.6)	(0.1)	0.3
Net charge-offs/average customer loans	(0.4)	(1.3)	(0.9)	0.8	2.2
Gross nonperforming assets/customer loans + other real estate owned	1.9	2.8	3.6	5.1	7.2
Loan loss reserves/gross nonperforming assets	93.0	69.2	58.4	51.9	54.6

*Data as of June 30. RAC--Risk-adjusted capital. N/A--Not applicable.

Table 6

Danmarks Skibskredit A/S--Funding and liquidity

	--Fiscal year end Dec. 31--				
(%)	2024*	2023	2022	2021	2020
Core deposits/funding base	0.0	0.0	0.0	0.0	0.0
Long-term funding ratio	86.8	85.9	92.1	90.4	86.5
Stable funding ratio	151.2	158.2	141.5	130.0	154.5
Short-term wholesale funding/funding base	16.0	17.0	9.6	11.6	16.1
Broad liquid assets/short-term wholesale funding (x)	3.4	3.4	4.7	3.2	3.2
Broad liquid assets/total assets	42.1	45.1	36.2	30.1	42.8
Short-term wholesale funding/total wholesale funding	16.0	17.0	9.6	11.6	16.1
Narrow liquid assets/3-month wholesale funding (x)	4.1	4.1	4.8	11.9	3.3

*Data as of June 30.

Danmarks Skibskredit A/S--Rating component scores

Issuer Credit Rating	BBB+/Stable/A-2
SACP	bbb+
Anchor	bbb+
Economic risk	3
Industry risk	4
Business position	Constrained
Capital and earnings	Very strong
Risk position	Adequate
Funding	Moderate
Liquidity	Strong
Comparable ratings analysis	0
Support	0
ALAC support	0
GRE support	0
Group support	0
Sovereign support	0

Danmarks Skibskredit A/S--Rating component scores (cont.)	
Issuer Credit Rating	**BBB+/Stable/A-2**
Additional factors	0

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Banking Industry Country Risk Assessment Update: August 2024, Aug. 29, 2024
- Magellan Holding Assigned 'BBB-/A-3' Ratings On Completed Acquisition Of Denmarks Skibskredit; Outlook Stable, July 15, 2024
- Danmarks Skibskredit 'BBB+/A-2' Ratings Affirmed On Announced Sale To Magellan Holding; Outlook Stable, June 10, 2024
- Credit Conditions Europe Q2 2024: Credit Heals, Defense Shields, March 27, 2024
- EMEA Financial Institutions Monitor 1Q2024: Banks Adapt To The Increased Economic Turbulence, Feb. 19, 2024
- Nordic Banks In 2024: Ploughing On Through Tough Terrain, Feb. 7, 2024
- Banking Industry Country Risk Assessment: Denmark, Dec. 7, 2023

Ratings Detail (As Of September 12, 2024)*	
Danmarks Skibskredit A/S	
Issuer Credit Rating	BBB+/Stable/A-2
Senior Secured	A/Stable
Issuer Credit Ratings History	
14-Aug-2019	BBB+/Stable/A-2
28-Sep-2016	BBB+/Negative/A-2
04-Feb-2016	BBB+/Stable/A-2

Ratings Detail (As Of September 12, 2024)*(cont.)	
Sovereign Rating	
Denmark	AAA/Stable/A-1+
Related Entities	
Magellan Capital Holding Ltd.	
Issuer Credit Rating	BBB-/Stable/A-3

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.