

Danish banking sector assessment lowered to 'bbb+' from 'a-' to reflect economic impact of COVID-19

Nordic Credit Rating (NCR) said today that it had lowered its assessment of the Danish banking sector to 'bbb+' from 'a-' due to the economic effects of the COVID-19 pandemic.

The national banking market score is a key component of NCR's issuer ratings on financial institutions and can affect up to 20% of an overall credit rating on an individual bank, the agency said in a new report assessing the current health of the Danish banking sector.

"We have revised our scores and expectations for factors such as output growth, housing prices, unemployment and the international cycle," said NCR credit analyst Geir Kristiansen, who wrote the report.

At the same time, NCR has increased the impact of sovereign strength in its overall assessment given the Danish government's substantial support to help individuals, banks and corporations withstand the impact of the pandemic.

NCR views the outlook for the domestic operating environment as negative given the abrupt reduction in economic activity and the uncertain prospects for and timing of any recovery, the report says.

Initially, the government's efforts to counter the severe macroeconomic disruption could prove effective. However, NCR believes that maintaining stability, especially in terms of bank earnings and credit losses, will become increasingly difficult the longer economic activity remains subdued and especially if there is a second wave of the pandemic.

To download the full report, click [here](#).

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Nordic Credit Rating AS is a credit rating agency headquartered in Oslo with a branch in Stockholm. The company provides credit ratings to companies and financial institutions in the Nordic region, and bases its analysis on local insights. Nordic Credit Rating is registered with the European Securities and Markets Authority (ESMA).

Attachments

[Danish banking sector assessment lowered to 'bbb+' from 'a-' to reflect economic impact of COVID-19](#)

