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Key rating assessment factors

ACRA affirms AAA(RU) to Danske Bank, outlook Stable

The credit rating assigned to [Danske Bank](#) (the Bank) reflects the very high likelihood of extraordinary support from the parent company with high creditworthiness. ACRA has not determined the Bank's standalone creditworthiness assessment (SCA) in view of the decision taken by the Bank's shareholder to wrap up its business in Russia.

The Bank is a credit institution ranking 152nd in assets and 117th in equity among Russian banks. The 100% share in the Bank is owned by Danske Bank A/S (the Supporting Organization), the parent company of Danske Bank Group (the Group) operating in Denmark and other Nordic countries. The Bank announced about its upcoming exit from Russia on February 19, 2019 in connection with the decision of the parent bank to focus on the Nordic markets that are most important for it.

The very high likelihood of extraordinary support from the key shareholder. ACRA is of the opinion that, in case of need, the Supporting Organization will provide the Bank with short-term and long-term funding and capital injections. ACRA assesses the country risk of the Supporting Organization's jurisdiction (Denmark) against the country risk of Russia as strong. The Supporting Organization's creditworthiness is assessed by ACRA as strong.

The degree of integration between the Bank and its shareholder is assessed as strong in view of the following:

- Pronounced operational integration (the parent company establishes corporate risk management procedures and standards);
- The Supporting Organization issues guarantees for most loans granted by the Bank;
- The Group is one of the key funding sources for the Bank;
- The Bank's board of directors includes representatives of the Supporting Organization.

As the Bank's activities are currently aimed at closing up its business in the Russian market within the next 12 months, the Agency has decided **not to determine its business profile assessment and standalone creditworthiness assessment**. The Bank's capital adequacy and liquidity ratios are much higher than the regulatory standards.

- The current shareholding and operational control of Danske Bank A/S will not change;
- The Bank will close up its business within the next 12 months.

The **Stable outlook** assumes that the rating will most likely stay unchanged within the 12 to 18-month horizon.

A negative rating action may be prompted by:

- A lower propensity of the Group to support the Bank within the period of its exit from Russia.

SCA: no.

Adjustments: none.

Support: on par with RF.

No outstanding issues have been rated.

Key assumptions

Potential outlook or rating change factors

Rating components

Issue ratings

Regulatory disclosure

The credit rating has been assigned under the national scale for the Russian Federation based on the [Methodology for Credit Ratings Assignment to Banks and Bank Groups under the National Scale for the Russian Federation](#), the [Methodology for Analyzing Relationships between Rated Entities and Supporting Organizations outside the Russian Federation](#), and the [Key Concepts Used by Analytical Credit Rating Agency within the Scope of Its Rating Activities](#).

The credit rating of Danske Bank was first published on June 9, 2018. The credit rating and its outlook are expected to be revised within one year following the publication date of this press release.

The credit rating was assigned based on the data provided by Danske Bank, information from publicly available sources, as well as ACRA's own databases. The rating analysis was performed using the IFRS financial statements of Danske Bank and the financial statements of Danske Bank drawn up in compliance with Bank of Russia Ordinance No. 4927-U dated October 8, 2018. The credit rating is solicited, and Danske Bank participated in its assignment.

No material discrepancies between the provided information and the data officially disclosed by Danske Bank in its financial statements have been discovered.

ACRA provided no additional services to Danske Bank. No conflicts of interest were discovered in the course of credit rating assignment.

Disclosure of deviations from the methodologies. Notwithstanding the requirements set forth by the [Methodology for Analyzing Relationships between Rated Entities and Supporting Organizations outside the Russian Federation](#), ACRA has not determined the Danske Bank's SCA because the Bank is closing up its operations in Russia, which makes the [Methodology for Credit Ratings Assignment to Banks and Bank Groups under the National Scale for the Russian Federation](#) partially inapplicable to Danske Bank. At the same time, the assessment of creditworthiness of the Supporting Organization and the degree of its relationship with Danske Bank allows the Agency to determine the Bank's final credit rating irrespective of the SCA.

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