

Kingdom of Denmark

Rating report

Rating rationale

Wealthy and competitive economy: Denmark ranks among the highest in Europe in terms of GDP per capita, reflecting its strong and diversified economy. Output has remained resilient despite recent global shocks, with solid growth driven primarily by the buoyant pharmaceutical sector. The labour market remains robust, underpinning domestic demand. Following real GDP growth of 2.5% in 2023 and 3.7% in 2024, we expect growth to moderate to 3% in 2025 and 1.7% in 2026.

Public finances: Denmark benefits from strong public finances, marked by sustained budget surpluses in the near term, broadly balanced budgets over the medium term, and a low projected debt burden of around 26% of GDP by 2030. Demographic pressures and investment needs are being proactively managed through prudent fiscal planning

Strong external position: Denmark maintains a structurally strong position, having recorded current account surpluses consistently since 1998. These surpluses are expected to remain elevated, supporting a robust net international investment position of 72% of GDP as of Q4 2024. The country's long-standing commitment to its fixed exchange rate regime is underpinned by substantial foreign reserves

Strong institutional framework: Denmark ranks among the global leaders in governance indicators, reflecting effective institutions. Its track record includes timely structural reforms, sound fiscal management, and a monetary policy framework closely aligned with the ECB.

Rating challenges include: i) vulnerabilities in the Danish financial system, including from high household debt; and ii) financial system vulnerabilities related to property prices fluctuations.

Foreign currency

Long-term issuer rating/Outlook

AAA/Stable

Senior unsecured debt

AAA/Stable

Short-term issuer rating/Outlook

S-1+/Stable

Local currency

Long-term issuer rating/Outlook

AAA/Stable

Senior unsecured debt

AAA/Stable

Short-term issuer rating/Outlook

S-1+/Stable

Lead Analyst

Alessandra Poli

+49 69 8700 27498

a.poli@scoperatings.com

Team Leader

Alvise Lennkh-Yunus

+49 69 6677389-85

a.lennkh@scoperatings.com

Figure 1: Denmark's sovereign-rating drivers

Risk pillars		Quantitative		Reserve currency*	Political risk**	Qualitative***	Final rating
		Weight	Indicative rating	Notches	Notches	Notches	
Domestic economic risk		35%	aaa	DKK	Denmark	1/3	AAA
Public finance risk		20%	aaa			1/3	
External economic risk		10%	aaa			1/3	
Financial stability risk		10%	aaa			0	
ESG risk	Environmental factors	5%	aa+	[+0]	[-0]	1/3	
	Social factors	7.5%	b+			0	
	Governance factors	12.5%	aaa			1/3	
Sovereign Quantitative Model		aaa				+2	
Additional considerations						0	

*The reserve-currency quantitative adjustment applies to currencies in the IMF's Special Drawing Rights (SDR) basket.

**The political-risk quantitative adjustment is based on the World Bank's Political Stability & Absence of Violence/Terrorism index.

***The qualitative scorecard analyst adjustments, capped at one notch per rating pillar, are weighted equally with an aggregate adjustment rounded to the nearest integer. For details, please see Scope's [Sovereign Rating Methodology](#). Source: Scope Ratings.

Credit strengths and challenges

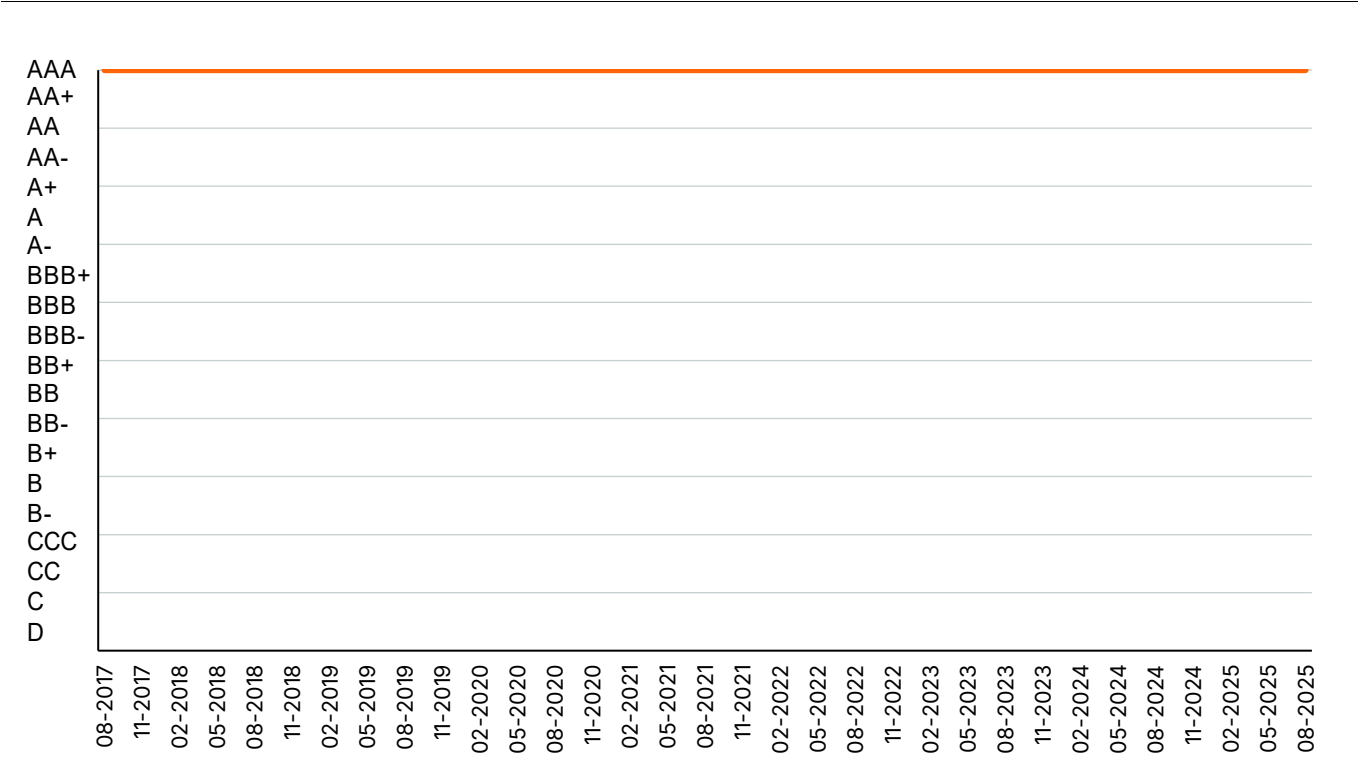
Credit strengths	Credit challenges
<ul style="list-style-type: none">Wealthy and competitive economySound public finances and low public debtSolid external positionStrong institutional framework and stable governance	<ul style="list-style-type: none">High levels of household debtVulnerabilities related to property prices fluctuations

Outlook and rating triggers

The Stable Outlook reflects Scope’s view that risks to the ratings are balanced.

Positive rating-change drivers	Negative rating-change drivers
<ul style="list-style-type: none">Not applicable	<ul style="list-style-type: none">Increasing financial system risks, resulting in broader systemic risksA significant and sustained deterioration of the medium-term economic and/or fiscal outlook

Figure 2: Rating history



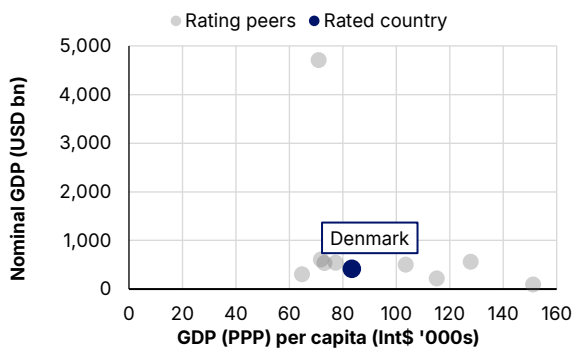
Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment. Source: Scope Ratings.

Domestic economic risk

Overview of Scope's assessments of Denmark's *Domestic Economic Risk*

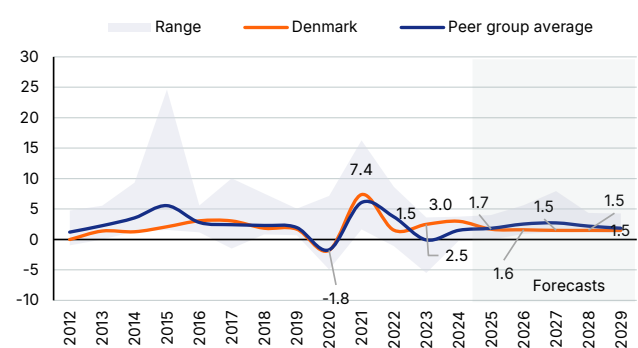
SQM ¹ indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Growth potential and outlook	Neutral	0	Robust growth potential and sustained growth outlook
	Monetary policy framework	Neutral	0	The fixed-exchange-rate policy helps to anchor inflation and has supported external competitiveness, but restricts the central bank's ability to control money supply
	Macroeconomic stability and sustainability	Strong	+1/3	Competitive economy, favourable business environment and highly skilled labour force support productivity growth; highly flexible labour market

Figure 3: Nominal GDP and GDP per capita



Source: IMF World Economic Outlook (WEO), Scope Ratings

Figure 4: Real GDP growth, %



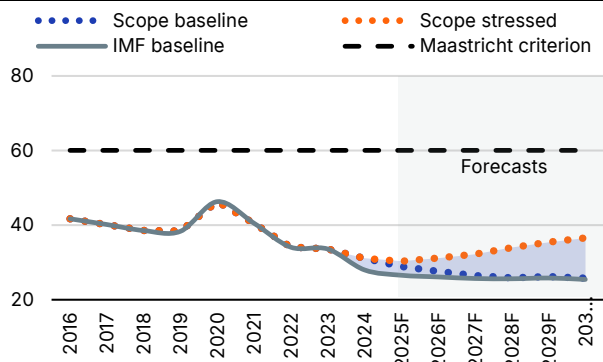
Source: IMF WEO, Scope Ratings forecasts

Public finance risk

Overview of Scope's assessments of Denmark's *Public Finance Risk*

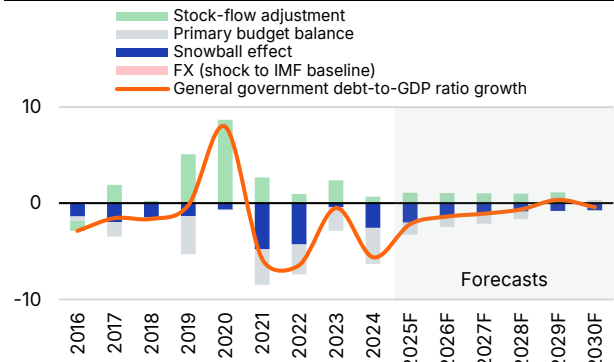
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Fiscal policy framework	Strong	+1/3	Large fiscal buffers to implement measures in times of crisis; expected continued budget surpluses
	Long-term debt trajectory	Neutral	0	Stable debt trajectory
	Debt profile and market access	Neutral	0	Excellent market access; low government financing costs in line with those of peers

Figure 5: Contributions to change in debt levels, pps of GDP



Source: IMF WEO, Scope Ratings forecasts

Figure 6: Debt-to-GDP forecasts, % of GDP



Source: IMF WEO, Scope Ratings forecasts

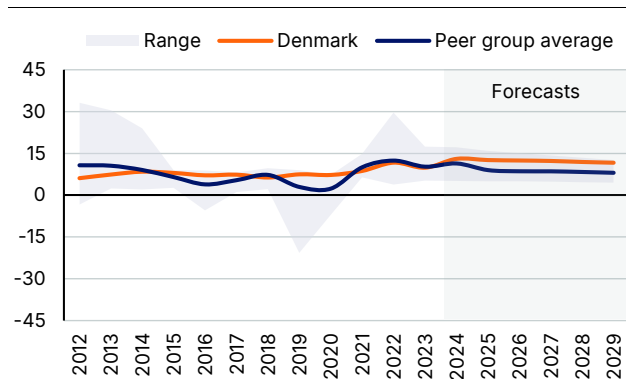
¹ Sovereign Quantitative Model

External economic risk

Overview of Scope's assessments of Denmark's *External Economic Risk*

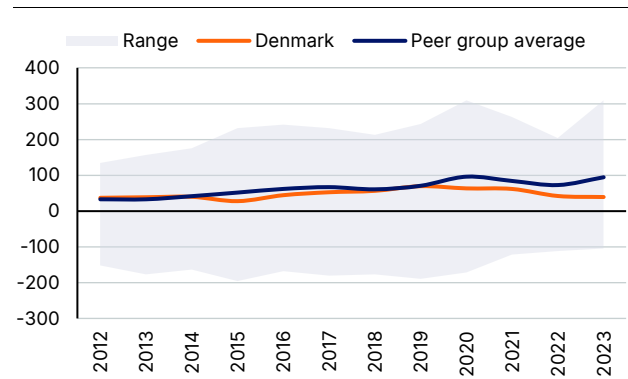
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Current account resilience	Neutral	0	Low cyclical of export composition and external sector competitiveness support current account resilience. Strong dependence of exports on the pharmaceutical sector
	External debt structure	Neutral	0	Relatively high external debt, especially in the financial institutions sector
	Resilience to short-term external shocks	Strong	+1/3	Very large net external creditor position, regional safe-haven currency

Figure 7: Current-account balance, % of GDP



Source: IMF WEO forecasts, Scope Ratings

Figure 8: Net international investment position (NIIP), % GDP



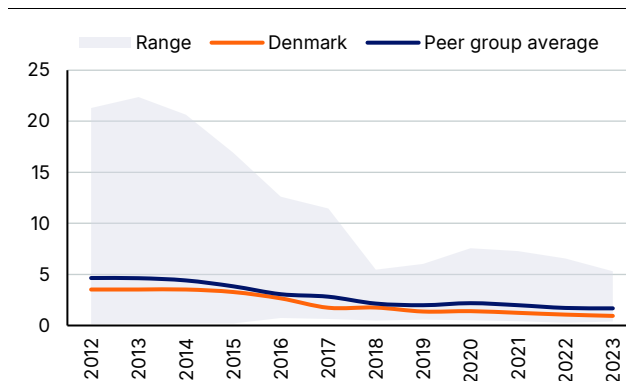
Source: IMF, Scope Ratings

Financial stability risk

Overview of Scope's assessments of Denmark's *Financial Stability Risk*

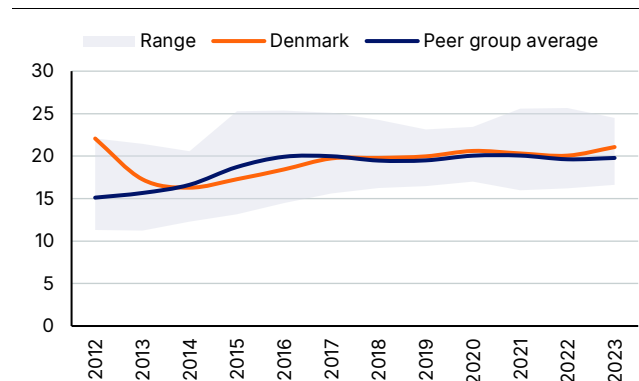
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Banking sector performance	Neutral	0	High capitalisation levels, stable non-performing loans
	Financial sector oversight and governance	Neutral	0	Prudent oversight under Denmark's central bank and financial supervisory authority; improvements in anti-money laundering/combating the financing of terrorism framework
	Financial imbalances	Neutral	0	High private-sector debt and a large, highly interconnected banking sector relative to the size of the real economy, increasing systemic financial risk

Figure 9: Non-performing loans (NPLs), % of total loans



Source: World Bank (WB), Scope Ratings

Figure 10: Tier 1 capital, % of risk-weighted assets



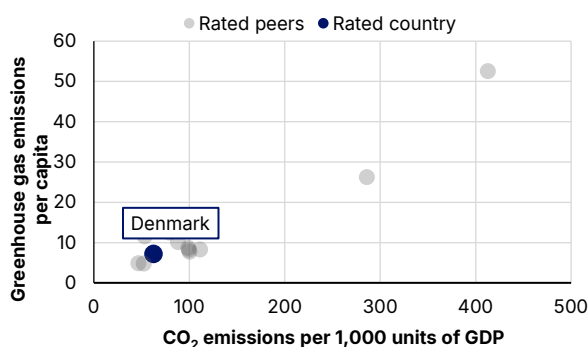
Source: IMF, Scope Ratings

Environmental, Social and Governance (ESG) risk

Overview of Scope's assessments of Denmark's ESG Risk

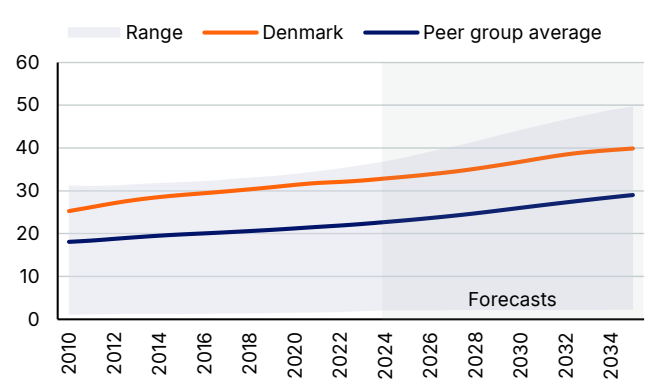
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aa+	Environmental factors	Strong	+1/3	Strong environmental standards, ongoing allocation of resources to achieve ambitious long-term targets for carbon neutrality and to reduce the CO2 emission reduction gap
	Social factors	Neutral	0	Well-established social safety nets, inclusive labour market, improving migrant employment levels, but increasing old-age dependency ratio
	Governance factors	Strong	+1/3	High-quality institutions, stable political environment

Figure 11: CO₂ emissions per GDP, mtCO₂e



Source: European Commission (EC), Scope Ratings

Figure 12: Old-age dependency ratio, %



Source: United Nations (UN), Scope Ratings

Reserve-currency adjustment

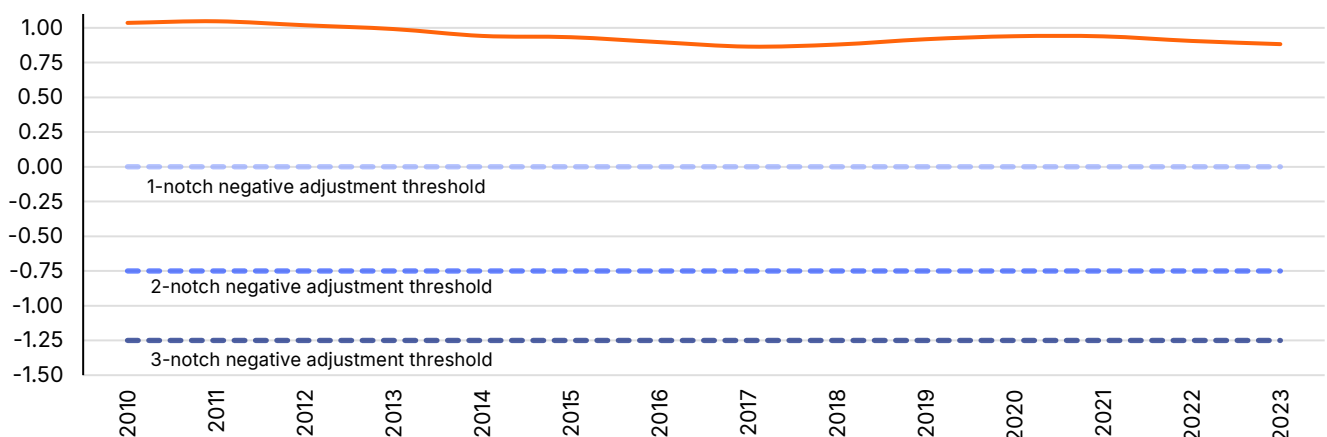
IMF SDR basket and Scope reserve-currency adjustment

Currency	U.S. dollar	Euro	Chinese yuan	Japanese yen	Pound sterling	Other
IMF SDR basket weights, %	43.4	29.3	12.3	7.6	7.4	0.0
Positive adjustment, notches	3	1	1	1	1	0

Source: IMF, Scope Ratings

Political-risk adjustment

Figure 13: WB Political Stability & Absence of Violence/Terrorism index, Denmark, 3-year moving average



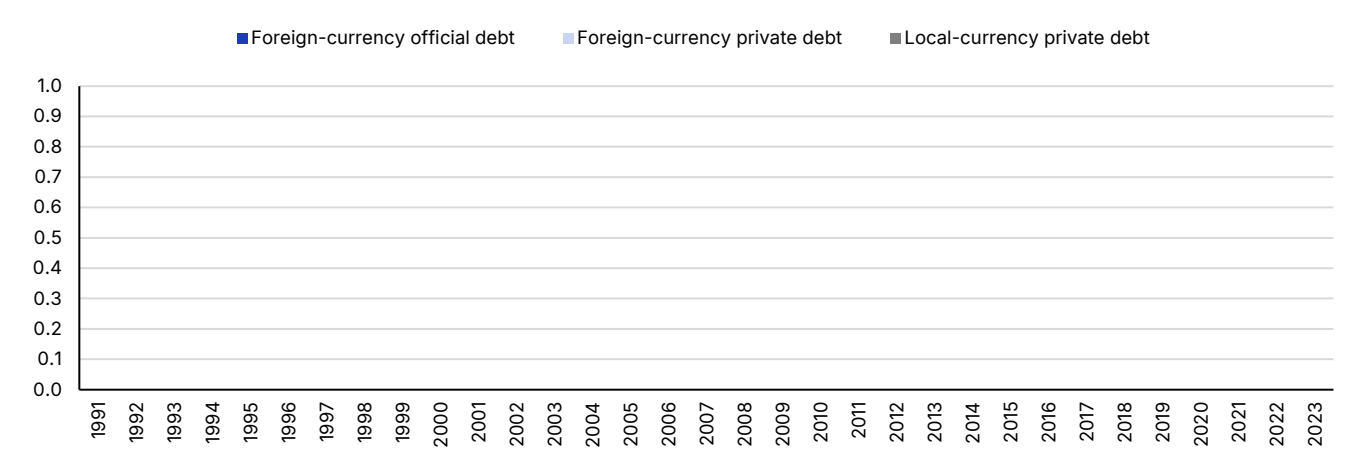
Source: WB, Scope Ratings

Additional considerations

No adjustment was applied to the rating from additional considerations.

Appendix 1. Sovereign default history

Sovereign default history, USD m



Depicted private-debt defaults may not always constitute a credit event under [Scope's credit-rating definitions](#).
Source: [Bank of Canada–Bank of England Sovereign Default Database](#), Scope Ratings.

Appendix 2. Rating peers

Rating peers are related to sovereigns with an indicative rating in the same rating category or adjacent categories, as assigned by Scope's sovereign quantitative model after accounting for methodological reserve-currency and political-risk adjustments.

Peer group*
Germany
Sweden
Netherlands
Switzerland
Norway

*Select publicly-rated sovereigns only; the full sample of sovereign-rating peers may be larger.

Appendix 3. Economic development and default indicators

IMF Development Classification	Emerging market and developing economy
5y USD CDS spread (bp) as of 1 August 2025	10.7

Appendix 4. Statistical table for selected SQM indicators

This table presents a selection of the indicators (24 out of 30 – with the governance indicator reflecting a composite of five indicators) used in Scope's quantitative model, in line with Scope's Sovereign Rating Methodology. The metrics and sources for the data presented here ensure comparability across global country peers and may therefore differ from data from national and other select international statistical series.

Pillar	Core variable	Source	2019	2020	2021	2022	2023	2024
Domestic Economic	GDP per capita (PPP), Int\$ '000s	IMF	60.7	62.8	70.5	76.3	80.2	84.8
	Nominal GDP, USD bn	IMF	345	356	408	402	407	429
	Real growth, %	IMF	1.7	-1.8	7.4	1.5	2.5	3.7
	CPI inflation, %	IMF	0.7	0.3	1.9	8.5	3.4	1.3
	Unemployment rate, %	WB	5.0	5.6	5.0	4.4	5.1	-
Public Finance	Public debt, % of GDP	IMF	38.3	46.3	40.5	34.1	33.6	28.0
	Net interest payment, % of government revenue	IMF	-0.6	-0.6	-0.8	-0.7	-1.7	-1.5
	Primary balance, % of GDP	IMF	4.0	0.1	3.7	3.1	2.5	3.8
External Economic	Current-account balance, % of GDP	IMF	7.4	7.2	8.7	11.7	9.8	13.0
	Total reserves, months of imports	WB	3.9	4.5	4.2	4.3	4.8	-
	NIIP, % of GDP	IMF	69.8	63.5	61.9	42.0	39.1	64.0
Financial Stability	NPL ratio, % of total loans	IMF	3.7	3.9	3.3	2.8	2.6	2.4
	Tier 1 ratio, % of risk-weighted assets	IMF	19.4	19.8	20.2	19.5	20.2	20.6
	Credit to the private sector, % of GDP	WB	161.9	163.5	154.4	142.8	146.6	142.4
ESG	CO ₂ per EUR 1,000 of GDP, mtCO ₂ e	EC	76.9	72.6	71.8	66.9	62.5	-
	Income share of bottom 50%, %	WID	-	-	-	-	-	-
	Labour-force participation rate, %	WB	79.0	78.9	79.6	80.4	80.8	80.9
	Old-age dependency ratio, %	UN	-	-	-	-	-	-
	Composite governance indicators*	WB	1.8	1.8	1.9	1.9	2.0	-
	Political stability, index	WB	0.9	0.9	0.9	0.9	0.9	0.9

*Average of the following five World Bank Worldwide Governance Indicators: Control of Corruption, Voice and Accountability, Rule of Law, Government Effectiveness, Regulatory Quality.

Analyst

Alessandra Poli
+49 69 8700 27498
a.poli@scoperatings.com

Team Leader

Alvise Lennkh-Yunus
+49 69 6677389-85
a.lennkh@scoperatings.com

Applied methodologies

[Sovereign Rating Methodology](#), January 2025

Scope Ratings GmbH

Lennéstraße 5, D-10785 Berlin
Phone: +49 30 27891-0
Fax: +49 30 27891-100
info@scoperatings.com

Scope Ratings UK Limited

52 Grosvenor Gardens
London SW1W 0AU
Phone: +44 20 7824 5180
info@scoperatings.com



Bloomberg: RESP SCOP
[Scope contacts](#)
scoperatings.com

Disclaimer

© 2025 Scope SE & Co. KGaA and all its subsidiaries including Scope Ratings GmbH, Scope Ratings UK Limited, Scope Fund Analysis GmbH, Scope Innovation Lab GmbH and Scope ESG Analysis GmbH (collectively, Scope). All rights reserved. The information and data supporting Scope's ratings, rating reports, rating opinions and related research and credit opinions originate from sources Scope considers to be reliable and accurate. Scope does not, however, independently verify the reliability and accuracy of the information and data. Scope's ratings, rating reports, rating opinions, or related research and credit opinions are provided 'as is' without any representation or warranty of any kind. In no circumstance shall Scope or its directors, officers, employees and other representatives be liable to any party for any direct, indirect, incidental or other damages, expenses of any kind, or losses arising from any use of Scope's ratings, rating reports, rating opinions, related research or credit opinions. Ratings and other related credit opinions issued by Scope are, and have to be viewed by any party as, opinions on relative credit risk and not a statement of fact or recommendation to purchase, hold or sell securities. Past performance does not necessarily predict future results. Any report issued by Scope is not a prospectus or similar document related to a debt security or issuing entity. Scope issues credit ratings and related research and opinions with the understanding and expectation that parties using them will assess independently the suitability of each security for investment or transaction purposes. Scope's credit ratings address relative credit risk, they do not address other risks such as market, liquidity, legal, or volatility. The information and data included herein is protected by copyright and other laws. To reproduce, transmit, transfer, disseminate, translate, resell, or store for subsequent use for any such purpose the information and data contained herein, contact Scope Ratings GmbH at Lennéstraße 5, D-10785 Berlin. Public Ratings are generally accessible to the public. Subscription Ratings and Private Ratings are confidential and may not be shared with any unauthorised third party.