

Kingdom of Denmark

Rating report

Rating rationale

Wealthy and competitive economy: The Danish economy has remained resilient to successive global shocks, including the current period of high global trade uncertainty. Real GDP grew by 3.5% in 2024 amid declining inflation, a recovery in domestic consumption, rising employment and a buoyant pharmaceutical sector. Although this industry showed some volatility in 2025, Denmark's growth continued to be underpinned by moderate private consumption and a recovery in other sectors. Scope projects real GDP growth of 2.1% in 2026 and 1.7% in 2027, supported by gains in real wages and employment, increased public consumption and investment, a positive albeit declining contribution from the pharmaceutical industry and the reopening of the Tyra gas field.

Public finances: Denmark benefits from strong public finances and sizeable fiscal buffers, which provide resilience against elevated geopolitical risks. Fiscal policy is set to turn expansionary in 2026 to support higher defence spending, alongside increased expenditure on welfare, the green transition and tax reductions. Scope expects general government surpluses of 0.9% in 2026 and 0.5% in 2027. The public debt ratio is projected to remain low, declining from 30.5% of GDP in 2024 to 26.1% in 2028, before edging up to 26.7% by 2030.

Strong external position: Denmark records consistent current account surpluses. These surpluses are expected to remain elevated, supporting a robust net international investment position of 104% of GDP as of Q3 2025. The country's long-standing commitment to its fixed exchange rate regime is underpinned by substantial foreign reserves.

Rating challenges include: i) vulnerabilities in the Danish financial system, including high household debt; and ii) banking sector exposure to the commercial real estate sector, which is sensitive to property prices fluctuations.

Figure 1: Denmark's sovereign-rating drivers

Risk pillars		Quantitative		Reserve currency*	Political risk**	Qualitative****	Final rating	
		Weight	Indicative rating					
Domestic economic risk		35%	aaa	DKK [+0]	Denmark [-0]	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+			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 Rating Committee approved an indicative rating of 'aaa'.

****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.

Foreign currency

Long-term issuer rating/Outlook

AAA/Stable

Senior unsecured debt/Outlook

AAA/Stable

Short-term issuer rating/Outlook

S-1+/Stable

Local currency

Long-term issuer rating/Outlook

AAA/Stable

Senior unsecured debt/Outlook

AAA/Stable

Short-term issuer rating/Outlook

S-1+/Stable

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Credit strengths and challenges

Credit strengths

- Wealthy and competitive economy
- Sound public finances and low public debt
- Solid external position
- Strong institutional framework and stable governance

Credit challenges

- High levels of household debt
- Vulnerabilities related to property prices fluctuations

Outlook and rating triggers

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

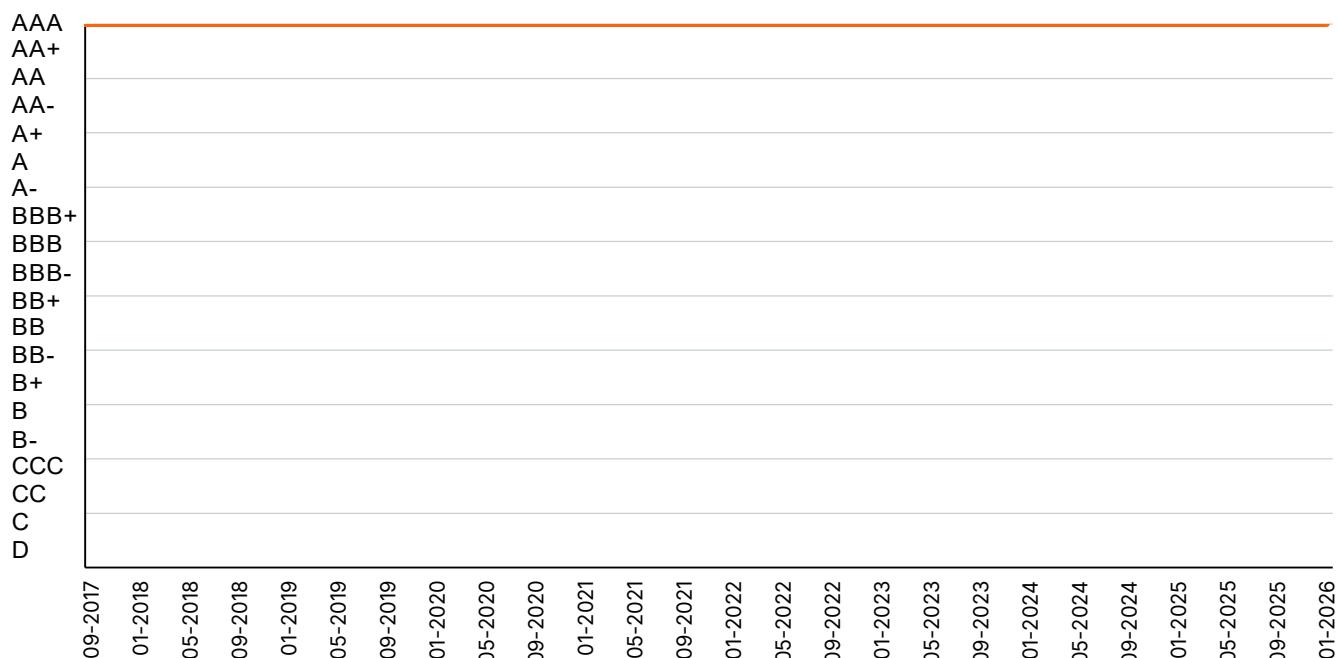
Positive rating-change drivers

- Not applicable

Negative rating-change drivers

- Increasing financial system risks, resulting in broader systemic risks
- Significant and sustained deterioration of the medium-term economic and/or fiscal outlook

Figure 2: Rating history



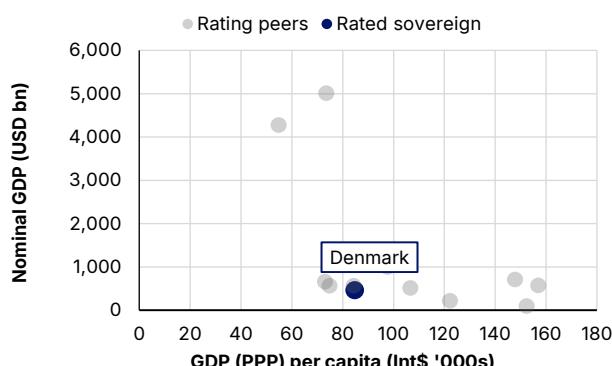
Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment. Source: Scope Ratings.

Domestic economic risk

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

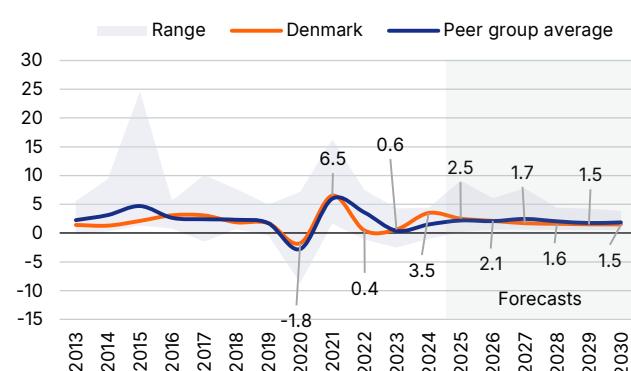
SQM ¹ indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Growth potential and outlook	Neutral	0	Robust growth potential and sustained growth outlook
	Monetary policy framework	Neutral	0	The fixed-exchange-rate policy helps to anchor inflation and has supported external competitiveness, 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, %



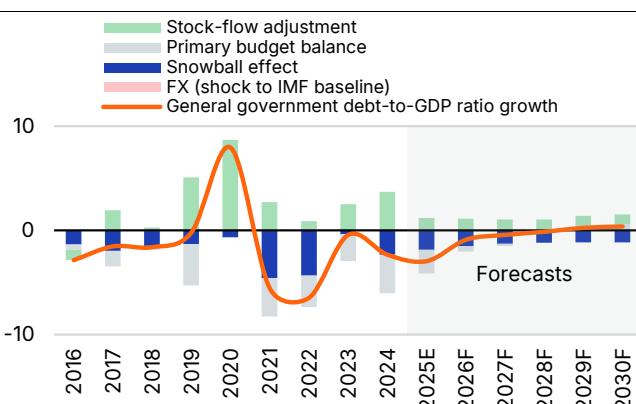
Source: IMF WEO, Scope Ratings forecasts

Public finance risk

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

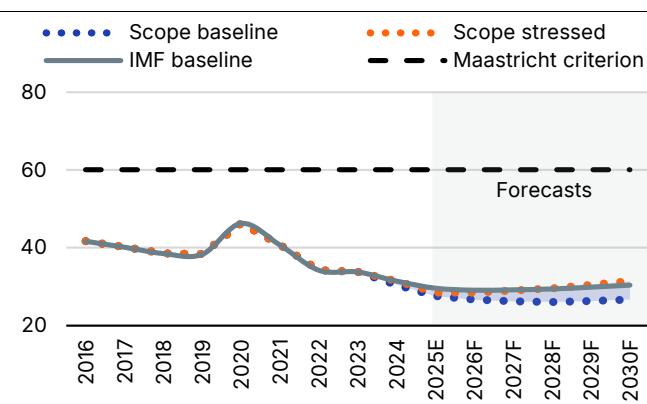
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Fiscal policy framework	Strong	+1/3	Large fiscal buffers to implement measures in times of crisis; expected continued albeit declining budget surpluses
	Long-term debt trajectory	Neutral	0	Stable debt trajectory
	Debt 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 cyclicity 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

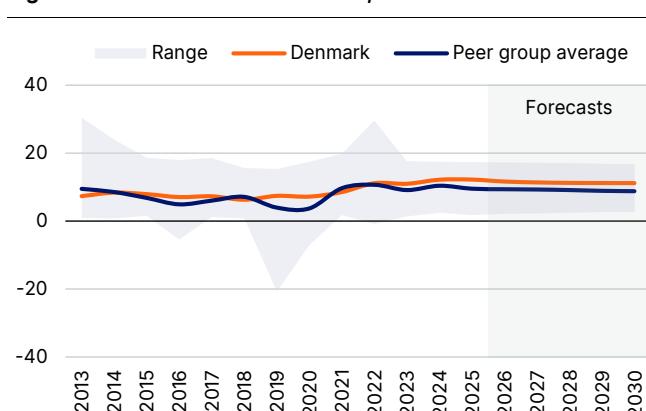
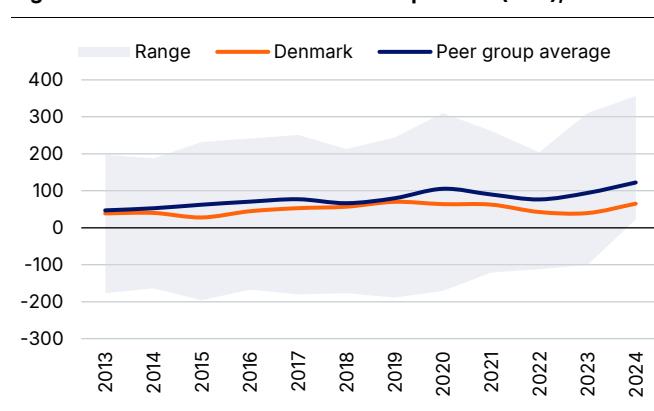


Figure 8: Net international investment position (NIIP), % GDP



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

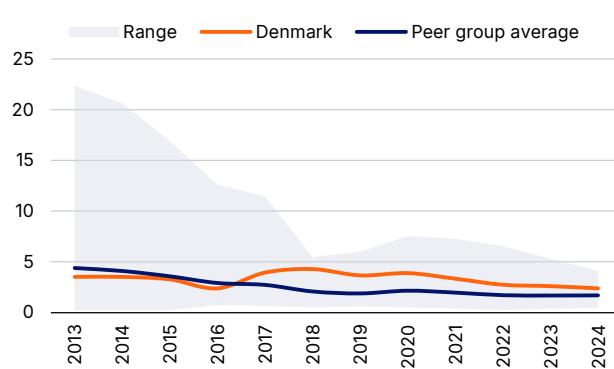
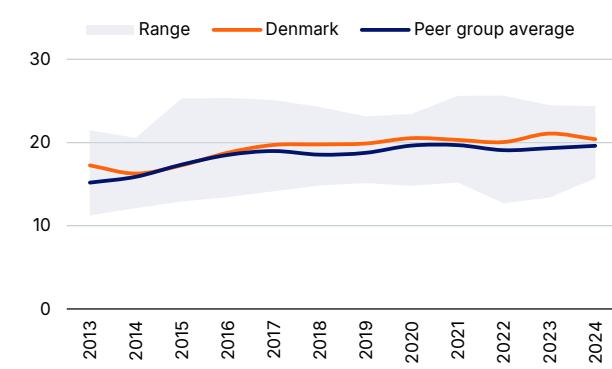


Figure 10: Tier 1 capital, % of risk-weighted assets

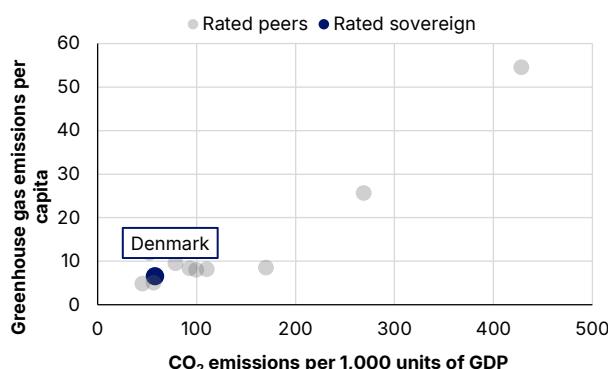


Environmental, Social and Governance (ESG) risk

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

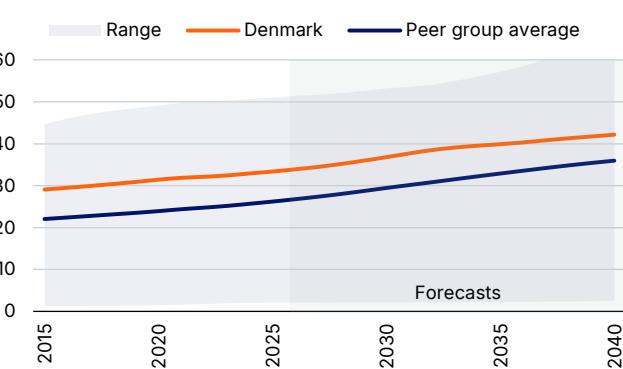
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aa+	Environmental factors	Strong	+1/3	Strong environmental standards, ongoing allocation of resources to achieve ambitious long-term targets for carbon neutrality and to reduce the CO2 emission reduction gap
	Social factors	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

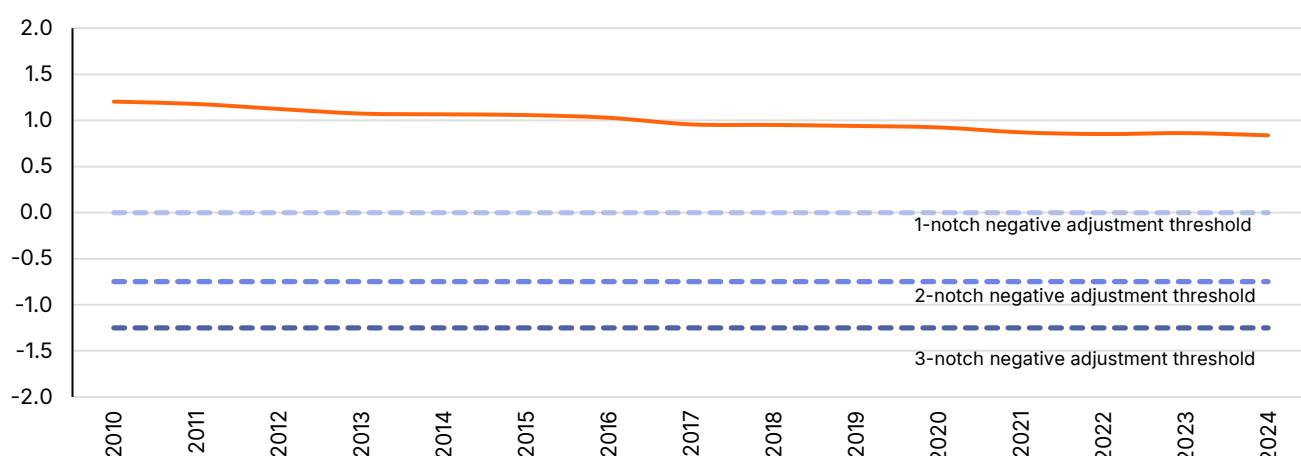
IMF SDR basket and Scope reserve-currency adjustment

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



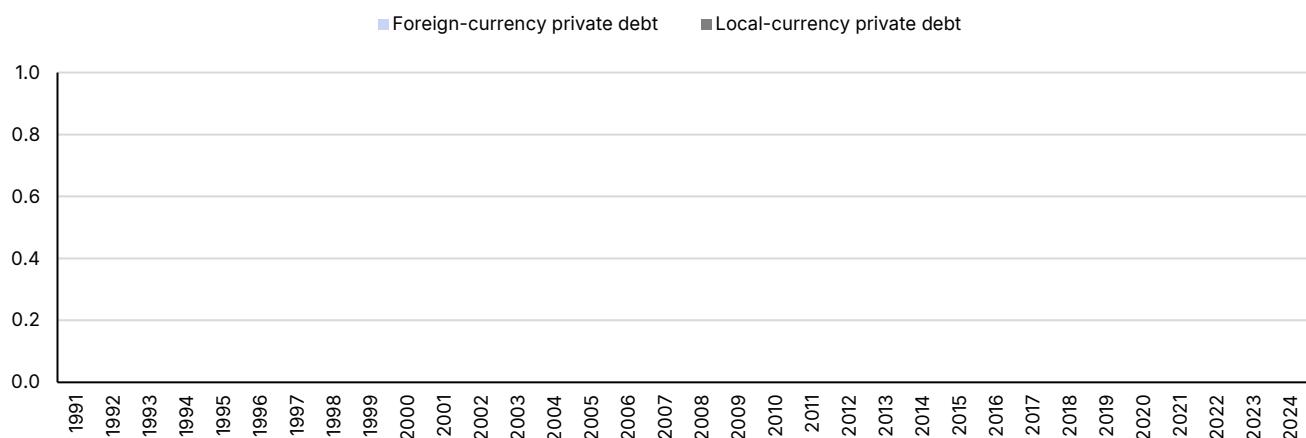
Source: WB, Scope Ratings

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	Advanced economy
5y USD CDS spread (bp) as of 28 January 2026	8.9

Source: S&P Capital IQ Pro

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 international statistical series and may not immediately reflect latest national updates.

Pillar	Core variable	Source	2020	2021	2022	2023	2024	2025E
Domestic Economic	GDP per capita (PPP) , Int\$ '000s	IMF	62.8	70.2	75.0	77.5	81.8	84.8
	Nominal GDP , USD bn	IMF	356	406	400	405	425	460
	Real growth , %	IMF	-1.8	6.5	0.4	0.6	3.5	1.8
	CPI inflation , %	IMF	0.3	1.9	8.5	3.4	1.3	1.9
	Unemployment rate , %	WB	5.6	5.1	4.4	5.1	6.2	-
Public Finance	Public debt , % of GDP	IMF	46.3	40.7	34.2	33.8	31.5	29.6
	Net interest payment , % of government revenue	IMF	-0.6	-0.8	-0.7	-1.7	-1.5	-1.6
	Primary balance , % of GDP	IMF	0.1	3.7	3.0	2.6	3.7	1.0
External Economic	Current-account balance , % of GDP	IMF	7.2	8.5	11.2	11.0	12.2	12.2
	Total reserves , months of imports	WB	4.5	4.2	4.2	4.7	4.4	-
	NIIP , % of GDP	IMF	63.5	62.2	42.2	39.3	64.8	-
Financial Stability	NPL ratio , % of total loans	IMF	3.9	3.3	2.8	2.6	2.4	-
	Tier 1 ratio , % of risk-weighted assets	IMF	19.8	20.2	19.5	20.2	20.6	20.2
	Credit to the private sector , % of GDP	WB	163.5	155.2	143.4	147.5	144.1	-
ESG	CO₂ per EUR 1,000 of GDP , mtCO ₂ e	EC	73.1	72.4	68.7	61.7	58.0	-
	Income share of bottom 50% , %	WID	22.8	22.8	22.8	22.9	22.9	-
	Labour-force participation rate , %	WB	78.9	79.6	80.4	80.8	80.9	-
	Old-age dependency ratio , %	UN	31.4	31.8	32.1	32.4	32.9	33.4
	Composite governance indicators*	WB	2.0	2.1	2.1	2.0	2.0	-
	Political stability , index	WB	0.9	0.9	0.9	0.9	0.8	-

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

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Related research

[Sovereign Outlook 2026: geopolitical tensions, fiscal headwinds outweigh growth, resilience](#), November 2025
[US actions heighten transatlantic tensions, test Europe's resilience and weigh on US outlook](#), January 2026

Applied methodologies

[Sovereign Rating Methodology](#), January 2025

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