KINGDOM OF DENMARK

*EJR Sen Rating(Curr/Prj) AA/ AA

Rating Analysis - 8/18/23

According to the OECD, economic growth in 2023 slowed to 0.7%, but it is projected to recover and reach 1.4% in 2024. The revival in growth will be supported by a robust labor market and significant excess savings, driving private consumption. However, housing and business investment will face challenges due to rising borrowing costs and heightened uncertainty. Inflation, which reached 4.9% in 2023, is expected to decline to 3.2% in 2024, primarily due to falling commodity prices. The potential for higher than projected price and wage growth poses a risk, while a more decline in house prices could negatively impact economic activity.

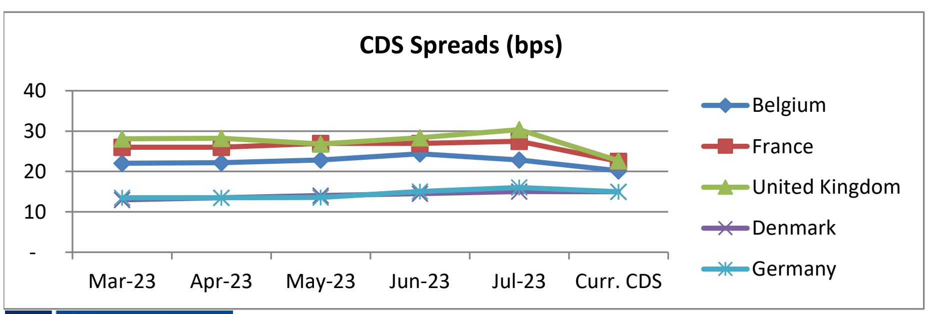
To stabilize inflation and manage domestic demand, interest rates will be raised in line with the euro area to support the currency peg. Fiscal policy will remain prudent, with government budget surpluses forecasted for 2023 and 2024. However, if inflationary pressures prove stronger than anticipated, some fiscal tightening may be necessary in the coming year. Overall, a balanced and cautious approach will be crucial to ensuring stable economic conditions and addressing the challenges ahead. Affirming.

Annual Ratios (source for past results: IMF)

CREDIT POSITION	2020	2021	2022	P2023	P2024	P2025
Debt/ GDP (%)	58.3	50.3	29.7	26.2	23.9	21.7
Govt. Sur/Def to GDP (%)	1.0	4.3	4.1	3.0	1.9	1.7
Adjusted Debt/GDP (%)	58.3	50.3	29.7	26.4	24.0	21.8
Interest Expense/ Taxes (%)	1.2	1.2	1.7	1.8	1.9	1.9
GDP Growth (%)	0.6	7.8	11.7	2.5	3.6	3.6
Foreign Reserves/Debt (%)	29.0	36.8	71.1	81.0	87.2	93.7
Implied Sen. Rating	AA	AA+	AA+	AA+	AA+	AA+

INDICATIVE CREDIT RATIOS	AA	A	BBB	BB	B	CCC
Debt/ GDP (%)	100.0	115.0	130.0	145.0	170.0	200.0
Govt. Sur/Def to GDP (%)	2.5	0.5	-2.0	-5.0	-8.0	-10.0
Adjusted Debt/GDP (%)	95.0	110.0	125.0	140.0	160.0	190.0
Interest Expense/ Taxes (%)	9.0	12.0	15.0	22.0	26.0	35.0
GDP Growth (%)	3.5	3.0	2.0	1.0	-1.0	-5.0
Foreign Reserves/Debt (%)	3.0	2.5	2.0	1.5	1.0	0.5

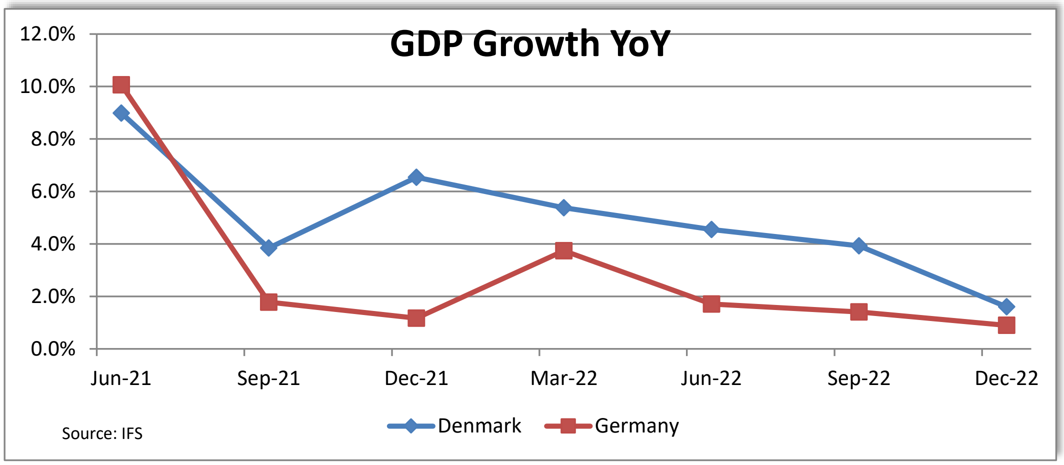
PEER RATIOS	Other NRSRO Sen.	Debt as a % GDP	Govt. Surp. Def to GDP (%)	Adjusted Debt/ GDP	Interest Expense/ Taxes %	GDP Growth (%)	Ratio-Implied Rating*
Federal Republic Of Germany	AAA	65.3	-2.6	65.3	2.7	7.4	AA+
French Republic	AA	117.1	-4.2	117.1	6.1	5.5	A-
Kingdom Of Belgium	AA	103.8	-3.4	103.8	5.1	9.3	BBB
Republic Of Finland	AA+	74.2	-0.4	74.2	1.8	6.4	BB+



Country	EJR Rtg.	CDS
Belgium	BBB	20
France	A+	23
United Kingdom	A+	23
Denmark	AA	15
Germany	AA	15

Economic Growth

Since H2'22, the economy has experienced a slowdown, with the exception of the thriving pharmaceutical sector. In the first quarter of 2023, GDP growth slowed to a mere 0.2%. Industrial production has also weakened since the beginning of the year. Various factors such as the energy price shock, rising borrowing costs, and low confidence levels have negatively impacted private consumption and housing investment. The housing market has been affected by rising interest rates, leading to a decline in transactions and an approximate 8% drop in house prices from their peak in mid-2022. While tensions in the labor market have begun to ease, there is still growing unemployment, which has contained wage growth.



Fiscal Policy

To combat inflationary pressures, both monetary and fiscal policies had been employed. The policy interest rate is set to rise in line with the euro area policy rates, maintaining the peg to the euro. It is projected to reach 3.35% in Q2'23, and is expected to remain at that level until 2024. As a result of rising interest rates and stricter credit standards, financial conditions will tighten. The budget balance is anticipated to remain in surplus over the next two years. The significant tightening of monetary policy over the past year is expected to contribute to reducing inflation and alleviating pressure in the labor market.

	Surplus-to-GDP (%)	Debt-to-GDP (%)	5 Yr. CDS Spreads
Denmark	4.05	29.70	15.01
Germany	-2.62	65.28	15.01
France	-4.25	117.11	22.50
Belgium	-3.36	103.79	20.17
Finland	-0.45	74.17	20.00
United Kingd	-5.52	147.88	22.67

Sources: Thomson Reuters and IFS

Unemployment

According to the Trading Economics global macro model, the Unemployment Rate in Denmark is expected to be around 2.50 percent by the end of the current quarter. In the long term, the projected trend for the Denmark Net Unemployment Rate is estimated to be approximately 3.60 percent in 2024 and 3.40 percent in 2025. These figures indicate that despite the current stability in the unemployment rate, there may be slight fluctuations in the coming months.

Unemployment (%)	2021	2022
Denmark	5.10	4.46
Germany	3.58	3.07
France	7.88	7.32
Belgium	6.28	5.58
Finland	7.68	6.77
United Kingd	4.00	3.70

Source: Intl. Finance Statistics

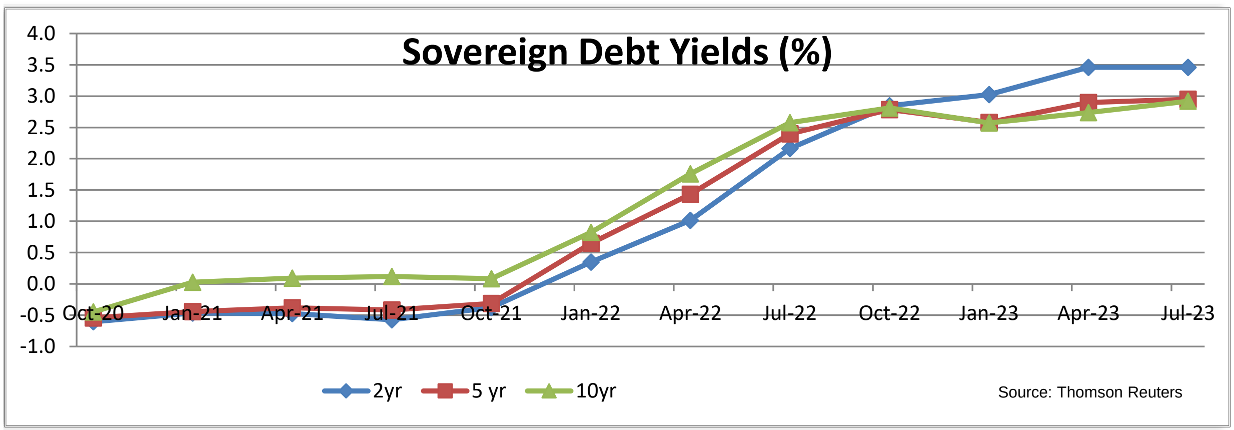
Banking Sector

The largest banks in Denmark continue to maintain a strong liquidity position. However, challenges faced by specific foreign banks have underscored the significance of sound risk management practices for all banks. In the current year, the banks are expected to see higher earnings, primarily due to the fact that they have raised interest rates more on loans than on deposits. This favorable development in earnings could help offset any potential negative impact from impairment charges.

Bank Assets (billions of local currency)	Assets	Mkt Cap/ Assets %
DANSKE BANK A/S	3,790.6	3.74
JYSKE BANK-REG	750.0	4.39
SYDBANK	179.3	9.94
SPAR NORD BANK	123.9	10.24
RINGKJOEBING LND	69.0	37.33
Total	4,912.8	
EJR's est. of cap shortfall at 10% of assets less market cap		260.2
Denmark's GDP		2,797.9

Funding Costs

Currently, the Denmark 10Y Government Bond has a yield of 2.741%, while the 10 Years vs 2 Years bond spread stands at -63.6 basis points. The yield curve shows an inversion in Long- Term vs Short-Term Maturities. The Central Bank Rate has been set at 3.10%, with the last modification taking place in June 2023. The Current 5-Years Credit Default Swap quotation is 12.26, indicating an implied probability of default at 0.20%.



Ease of Doing Business

Major factors for growing the economy are the ease of doing business and the economic freedom; although not the sole factor for determining economic growth, a country which makes it easy for businesses to operate and provides a reasonably free environment to conduct business has a good chance for growth. The chart on the right indicates that with an overall rank of 4 (1 is best, 189 worst) is extremely strong.

The World Bank's Doing Business Survey*	2021 Rank	2020 Rank	Change in Rank
Overall Country Rank:	**4**	**4**	**0**
Scores:			
Starting a Business	45	45	0
Construction Permits	4	4	0
Getting Electricity	21	21	0
Registering Property	11	11	0
Getting Credit	48	48	0
Protecting Investors	28	28	0
Paying Taxes	8	8	0
Trading Across Borders	1	1	0
Enforcing Contracts	14	14	0
Resolving Insolvency	6	6	0

* Based on a scale of 1 to 189 with 1 being the highest ranking.

Economic Freedom

As can be seen below, Denmark is strong in its overall rank of 77.6 for Economic Freedom with 100 being best.

Heritage Foundation 2023 Index of Economic Freedom
World Rank 77.6*

	2023 Rank**	2022 Rank	Change in Rank	World Avg.
Property Rights	97.5	98.6	-1.1	53.3
Government Integrity	100.0	99.5	0.5	44.4
Judical Effectiveness	88.5	89.6	-1.1	48.3
Tax Burden	42.1	42.3	-0.2	78.1
Gov't Spending	20.9	21.1	-0.2	64.3
Fiscal Health	97.3	96.2	1.1	54.5
Business Freedom	89.0	89.0	0.0	59.8
Labor Freedom	64.8	64.4	0.4	55.5
Monetary Freedom	82.4	85.7	-3.3	72.1
Trade Freedom	78.6	79.2	-0.6	69.6

*Based on a scale of 1-100 with 100 being the highest ranking.
**The ten economic freedoms are based on a scale of 0 (least free) to 100 (most free).
Source: The Heritage Foundation

Credit Quality Driver: Taxes Growth:
KINGDOM OF DENMARK has seen a decline in taxes of 1.7% per annum in the last fiscal year which is disappointing. We expect tax revenues will decline by approximately 1.7% per annum over the next couple of years and 0.5% per annum for the next couple of years thereafter.

Credit Quality Driver: Total Revenue Growth:
KINGDOM OF DENMARK's total revenue growth has been less than its peers and we assumed a 0.7% decline in total revenue over the next two years.

Income Statement	Peer Median	Issuer Avg.	Assumptions Yr 1&2	Yr 3,4,5
Taxes Growth%	7.9	(1.7)	**(1.7)**	**0.5**
Social Contributions Growth %	6.2	(4.5)	**0.5**	**0.5**
Grant Revenue Growth %	0.0	NMF		
Other Revenue Growth %	0.0	NMF		
Other Operating Income Growth%	0.0	13.3	**(3.4)**	**(3.4)**
Total Revenue Growth%	7.3	(0.2)	**(0.7)**	**(0.6)**
Compensation of Employees Growth%	4.2	3.0	**3.0**	**3.0**
Use of Goods & Services Growth%	5.9	(1.5)	**(1.5)**	**(1.5)**
Social Benefits Growth%	3.5	0.1	**0.1**	**0.1**
Subsidies Growth%	(24.8)	(37.5)		
Other Expenses Growth%	0.0			
Interest Expense	1.8	2.5	**2.5**	
Currency and Deposits (asset) Growth%	(11.4)	0.0		
Securities other than Shares LT (asset) Growth%	(8.8)	0.0		
Loans (asset) Growth%	17.9	0.0		
Shares and Other Equity (asset) Growth%	(16.7)	0.0	**2.0**	**2.0**
Insurance Technical Reserves (asset) Growth%	(1.4)	0.0		
Financial Derivatives (asset) Growth%	(28.7)	0.0	**(10.0)**	**(10.0)**
Other Accounts Receivable LT Growth%	4.2	0.0	**(1.6)**	**(1.6)**
Monetary Gold and SDR's Growth %	0.0	0.0	**5.0**	**5.0**
Other Assets Growth%	0.0	0.0		
Other Accounts Payable Growth%	6.8	0.0	**(10.0)**	**(10.0)**
Currency & Deposits (liability) Growth%	(1.2)	0.0	**0.5**	**0.5**
Securities Other than Shares (liability) Growth%	(15.1)	0.0		
Loans (liability) Growth%	0.5	0.0	**0.5**	**0.5**
Insurance Technical Reserves (liability) Growth%	5.4	0.0	**3.0**	**3.0**
Financial Derivatives (liability) Growth%	0.0	0.0	**(10.0)**	**(10.0)**
Additional ST debt (1st year)(billions DKK)	0.0	0.0		

ANNUAL INCOME STATEMENTS

Below are KINGDOM OF DENMARK's annual income statements with the projected years based on the assumptions listed on page 5.

ANNUAL REVENUE AND EXPENSE STATEMENT
(BILLIONS DKK)

	2019	2020	2021	2022	P2023	P2024
Taxes	1,094	1,105	1,207	1,187	1,167	1,147
Social Contributions	19	19	20	19	19	19
Grant Revenue						
Other Revenue						
Other Operating Income	131	125	136	154	154	154
Total Revenue	1,243	1,249	1,363	1,360	1,340	1,320
Compensation of Employees	348	357	373	384	395	407
Use of Goods & Services	198	207	226	223	219	216
Social Benefits	397	418	421	421	422	422
Subsidies	38	76	63	40	40	40
Other Expenses				97	97	97
Grant Expense						
Depreciation	61	62	63	62	62	62
Total Expenses excluding interest	1,120	1,213	1,240	1,226	1,234	1,243
Operating Surplus/Shortfall	123	36	123	134	106	77
Interest Expense	17	13	14	21	21	22
Net Operating Balance	106	23	109	113	85	56

ANNUAL BALANCE SHEETS

Below are KINGDOM OF DENMARK's balance sheets with the projected years based on the assumptions listed on page 5.

	ANNUAL BALANCE SHEETS (BILLIONS DKK)					
Base Case						
ASSETS	2019	2020	2021	2022	P2023	P2024
Currency and Deposits (asset)	108	172	186	186	252	252
Securities other than Shares LT (asset)	170	186	199	199	199	199
Loans (asset)	15	66	19	19	19	19
Shares and Other Equity (asset)	7	20	8	8	8	8
Insurance Technical Reserves (asset)	1	1	1	1	1	1
Financial Derivatives (asset)	8	6	6	6	5	5
Other Accounts Receivable LT	187	271	230	230	226	223
Monetary Gold and SDR's						
Other Assets					933	933
Additional Assets	782	924	933	933		
Total Financial Assets	1,279	1,646	1,583	1,583	1,644	1,640
LIABILITIES						
Other Accounts Payable	185	220	225	225	203	182
Currency & Deposits (liability)	20	21	20	20	20	20
Securities Other than Shares (liability)	732	928	826	826	826	826
Loans (liability)	181	186	187	187	103	47
Insurance Technical Reserves (liability)		1	1	1	1	1
Financial Derivatives (liability)	7	12	7	7	7	6
Other Liabilities		0				
Liabilities	1,125	1,368	1,267	1,267	1,244	1,184
Net Financial Worth	154	278	315	315	400	455
Total Liabilities & Equity	1,279	1,646	1,583	1,583	1,644	1,640

Comments on the Difference between the Model and Assigned Rating

In this case, there has been little change in the recent results and therefore we have used our best judgement in making adjustments which are reflected in the results for the projected ratings. We have assigned a rating of "AA" whereas the ratio-implied rating for the most recent period is "AA+"; we expect results to decline slightly.

Changes in Indicative Ratios

We have not made any adjustment in the indicative ratios at this time.

SEC Rule 17g-7(a) Disclosure

Below are the disclosures as required by Paragraph (a) of Rule 17g-7.

1. The symbol in the rating scale used to denote the credit rating categories and notches within categories and the identity of the obligor, security, or money market instrument as required by Paragraph (a)(1)(ii)(A) of Rule 17g-7:
For the issuer KINGDOM OF DENMARK with the ticker of 1271Z DC we have assigned the senior unsecured rating of AA. There are three notches in our rating categories (e.g., A-, A, and A+) other than those deep into speculative grade; for CC, C, and D there are no notches.

2. The version of the procedure or methodology used to determine the credit rating as required by Paragraph (a)(1)(ii)(B) of Rule 17g-7:
We are using the methodology version #16 available via egan-jones.com under the tab at the bottom of the page "Methodologies".

3. The main assumptions and principles used in constructing the procedures and methodologies used to determine the credit rating as required by Paragraph (a)(1)(ii)(C) of Rule 17g-7:
The credit rating assigned reflects our judgement regarding the future credit quality of the issuer. Regarding the specific assumptions used, please refer to page 3 of this Rating Analysis Report.

4. The potential limitations of the credit rating as required by Paragraph (a)(1)(ii)(D) of Rule 17g-7:
Our rating pertains solely to our view of current and prospective credit quality. Our rating does not address pricing, liquidity, or other risks associated with holding investments in the issuer.

5. Information on the uncertainty of the credit rating as required by Paragraph (a)(1)(ii)(E) of Rule 17g-7:
Our rating is dependant on numerous factors including the reliability, accuracy, and quality of the data relied used in determining the credit rating. The data is sourced from publicly-available 10Q and 10K statements, quarterly reports, 8K filings, earnings reports, and other similar sources. In some cases, the information is limited because of issues such as short operating histories, the lack of reported data, a delay in reporting data, restatements, inaccurate accounting, and other issues. Such shortcomings are not always readily apparent. EJR aims to identify such shortcomings and make adjustments using its best judgement.

6. Whether and to what extent third-party due diligence services have been used in taking the rating action as required by Paragraph (a)(1)(ii)(F) of Rule 17g-7:
EJR does not utilize third-party due diligence services.

7. How servicer or remittance reports were used, and with what frequency, to conduct surveillance of the credit rating as required by Paragraph (a)(1)(ii)(G) of Rule 17g-7:
Servicer or remittance reports normally pertain to structured finance issuers; this report does not pertain to a structured finance issuer (EJR is not an NRSRO for structured finance or sovereigns/ municipal issuers). Regarding surveillance, the minimum time period for corporation issuers is normally one year.

8. A description of the data that were relied upon for the purpose of determining the credit rating as required by Paragraph (a)(1)(ii)(H) of Rule 17g-7:
EJR uses 10Q and 10K statements, quarterly reports, 8K filings, earnings reports, governmental filings and other similar sources for ratings on publicly-traded issuers. In the case of private issuers, EJR relies on information provided mainly by issuers.

9. A statement containing an overall assessment of the quality of information available and considered in the credit rating as required by Paragraph (a)(1)(ii)(I) of Rule 17g-7: The information is generally high quality and readily avail.

10. Information relating to conflicts of interest as required by Paragraph (a)(1)(ii)(J) of Rule 17g-7:
This rating is unsolicited.

11. An explanation or measure of the potential volatility of the credit rating as required by Paragraph (a)(1)(ii)(K) of Rule 17g-7:
Our rating aims to assess the probability of the payment of obligations in full and on-time. Factors which affect such probability, and in turn our rating, include changes in the operating performance of the issuer, changes in capital structure, and merger and acquisition events.

12. Information on the content of the credit rating as required by Paragraph (a)(1)(ii)(L) of Rule 17g-7:
Regarding the historical performance of the credit rating, our rating transition matrix is available in our Form NRSRO, exhibit 1. The expected probability of default and the expected loss in the event of default is listed on the first page of this report.

13. Information on the sensitivity of the credit rating to assumptions as required by Paragraph (a)(1)(ii)(M) of Rule 17g-7:
Below is a summary of the impact of the 5 assumptions which independently would have the greatest impact on our "ratio-implied rating":

	Assumptions			**Resulting Ratio-Implied Rating**		
	Base	Optimistic	Pessimistic	Base	Optimistic	Pessimistic
Taxes Growth%	(1.7)	2.3	(5.7)	AA+	AA+	AA
Social Contributions Growth %	0.5	3.5	(2.5)	AA+	AA+	AA+
Other Revenue Growth %		3.0	(3.0)	AA+	AA+	AA+
Total Revenue Growth%	(0.7)	1.3	(2.7)	AA+	AA+	AA+
Monetary Gold and SDR's Growth %	5.0	7.0	3.0	AA+	AA+	AA+

14. If the credit rating is assigned to an asset-backed security, a description of: (i) the representations, warranties, and enforcement mechanisms available to investors; and (ii) how they differ from the representations, warranties, and enforcement mechanisms in issuances of similar securities, as required by Paragraph (a)(1)(ii)(N) of Rule 17g-7:
This credit rating is not assigned to an asset-backed security.

ATTESTATION FORM

In compliance with the US Securities and Exchange Commission (SEC) Rule 17g-7(a), the Egan-Jones analyst who published the report is responsible for the rating action and to the best knowledge of the person:

1) No part of the credit rating was influenced by any other business activities,
2) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated, and
3) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

Analyst Signature: **Today's Date**

August 18, 2023

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Subramanian NG
Senior Rating Analyst

Reviewer Signature: **Today's Date**

Steve Zhang

August 18, 2023

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Steve Zhang
Senior Rating Analyst

Sovereign Rating Methodology (Non-NRSRO)

Scope and Limitations: Sovereign Issuer Credit Quality Ratings (CQR) are a forward-looking assessment of a sovereign's capacity and willingness to honor its existing and future obligations in full and on time. Sovereigns are assigned two CQRs: a Local-Currency CQR, which reflects the likelihood of default on debt issued and payable in the currency of the sovereign, and a Foreign-Currency CQR, which is an assessment of the credit risk associated with debt issued and payable in foreign currencies.

Key Rating Drivers: EJR's approach to sovereign risk analysis is a synthesis of quantitative and qualitative judgments. The quantitative factors EJR uses are:

- Debt in relation to GDP.
- Surplus or deficit in relation to GDP.
- Debt plus potential under-funding of major banks in relation to GDP.
- Interest expense in relation to taxes.
- GDP growth.
- Foreign reserves in relation to debt.

Debt levels for many sovereign issuers have increased at an accelerating rate over the past decade, affecting implied ratings. EJR also considers unemployment levels and funding costs. EJR recognizes that no model can fully capture all the relevant influences on sovereign creditworthiness, meaning that the its sovereign ratings can and do differ from those implied by the rating model. Some of the qualitative factors that impact its ultimate assessment of credit quality include the flexibility, stability and overall strength of the economy, efficiency of tax collection, acceptance of contract law, ease of doing business, trade balances, prospects for future growth and health and monetary policy, and economic freedom. These subjective and dynamic qualitative issues are not captured by the model but affect sovereign ratings

For additional information, please see Exhibit 2: Methodologies in EJR's Form NRSRO.