

## Hungary

This annex refers to the rating action release of 18 October 2019

### Annex I: Summary of core variable scorecard (CVS) and qualitative scorecard (QS)<sup>1</sup>

| Implied rating of core variable scorecard (CVS) |  | bbb             |
|---|--|-----------------|
| Weight  | Qualitative scorecard (QS)                   |                 |
| 35%   | Growth potential of the economy              | Neutral         |
|   | Economic policy framework                    | Neutral         |
|   | Macro-economic stability and sustainability  | Strong          |
| 30%   | Fiscal policy framework                      | Neutral         |
|   | Debt sustainability                          | Neutral         |
|   | Market access and funding sources            | Neutral         |
| 15%   | Current account vulnerability                | Neutral         |
|   | External debt sustainability                 | Strong          |
|   | Vulnerability to short-term external shocks  | Neutral         |
| 10%   | Perceived willingness to pay                 | Neutral         |
|   | Recent events and policy decisions           | Neutral         |
|   | Geopolitical risk                            | Neutral         |
| 10%   | Banking sector performance                   | Neutral         |
|   | Banking sector oversight and governance      | Neutral         |
|   | Financial imbalances and financial fragility | Neutral         |
| <b>QS adjustment (notches)</b>                  |  | <b>1</b>        |
| <b>Additional considerations (notches)</b>      |  | <b>0</b>        |
| <b>Final rating</b>                             |  | <b>BBB+ STA</b> |

### Annex II: Selected indicators

|                                      | 2015  | 2016 | 2017 | 2018 | 2019E | 2020F |
|--------------------------------------|-------|------|------|------|-------|-------|
| GDP per capita (EUR, '000s)          | 11.3  | 11.6 | 12.7 | 13.5 | 14.5  | 15.4  |
| Real GDP, % change                   | 3.5   | 2.3  | 4.1  | 4.9  | 4.4   | 3.3   |
| HICP, % change                       | 0.1   | 0.4  | 2.4  | 2.9  | 3.2   | 3.2   |
| General government balance, % of GDP | -1.9  | -1.6 | -2.2 | -2.2 | -1.8  | -1.6  |
| General government debt, % of GDP    | 76.7  | 76.0 | 73.4 | 70.8 | 67.9  | 65    |
| Current account balance, % of GDP    | 2.7   | 6.1  | 3.2  | 0.4  | -1.3  | -1.4  |
| Gross external debt, % of GDP        | 106.3 | 96.3 | 84.1 | 80.1 | -     | -     |

Source: EC, Central Bank of Hungary (MNB), Haver, Scope Ratings GmbH

### Annex III: Economic development and default indicators

|   |      |
|---|------|
| IMF Development Classification <sup>2</sup> | EMDE |
| 5y CDS spread (bps) as of 1 October 2019    | 79   |

<sup>1</sup> The weighting and explanation of all rating factors are described in Scope's 'Public Finance Sovereign Ratings' methodology, available on [www.scopeeratings.com](http://www.scopeeratings.com)

<sup>2</sup> AE = advanced economy; EMDE = emerging market and developing economy