

## Republic of Poland

This annex refers to the release of the monitoring note of 16 July 2021

Annex I: Summary of core variable scorecard, reserve currency adjustment and qualitative scorecard<sup>1</sup>

<b>Implied rating of core variable scorecard (CVS)</b>		<b>a+</b>
<b>Reserve currency adjustment</b>		<b>0</b>
<b>Weight</b>	<b>Qualitative scorecard (QS) for long-term issuer ratings</b>	
20%	Growth potential of the economy	Strong
	Monetary policy framework	Neutral
	Macro-economic stability and sustainability	Neutral
20%	Fiscal policy framework	Neutral
	Debt sustainability	Neutral
	Debt profile and market access	Neutral
20%	Current account resilience	Neutral
	External debt structure	Strong
	Resilience to short-term shocks	Neutral
20%	Banking sector performance	Neutral
	Banking sector oversight	Neutral
	Financial imbalances	Neutral
20%	Environmental risks	Weak
	Social risks	Weak
	Institutional and political risks	Weak
<b>QS adjustment (notches)</b>		<b>0</b>
<b>Additional considerations (notches)</b>		<b>0</b>
<b>Final rating</b>		<b>A+ STA</b>

## Annex II: Selected indicators

	2016	2017	2018	2019	2020E	2021F	2022F
<b>GDP per capita (USD '000s)</b>	12.4	13.9	15.5	15.7	15.7	16.9	18.4
<b>Real GDP, % change</b>	3.1	4.8	5.4	4.7	-2.7	4.9	4.5
<b>Unemployment rate, %</b>	6.2	4.9	3.9	3.3	3.2	3.4	3.6
<b>HICP, % change</b>	-0.2	1.6	1.2	2.1	3.7	4.2	3.1
<b>Policy rate, %, EOP*</b>	1.5	1.5	1.5	1.5	0.1	0.1	0.5
<b>Fiscal balance, % of GDP</b>	-2.4	-1.5	-0.2	-0.7	-7.0	-4.5	-3.4
<b>Government debt, % of GDP, EOP</b>	54.2	50.6	48.8	45.6	57.5	55.8	55.6
<b>Current account balance, % of GDP</b>	-0.8	-0.4	-1.3	0.5	3.5	2.0	1.5

Yearly averages except where stated otherwise.

Source: Macrobond, European Commission, IMF, National Bank of Poland, Scope Ratings GmbH

## Annex III: Economic development and default indicators

IMF Development Classification<sup>2</sup>

EMDE

5y USD CDS spread (bps) as of 15 July 2021

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

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

Annex IV: Analytical rationale for QS assessments

Poland	July 2021	Assessment	Analytical rationale
Peers*	United Kingdom, Belgium, France, Latvia, Malta, Portugal, Slovakia, Slovenia, Bulgaria, Russia, Japan		
	Growth potential	Strong	High growth potential; long-term growth prospects underpinned by EU programmes
	Monetary policy framework	Neutral	Credible and effective central bank
Domestic economic risk	Macro-economic stability & sustainability	Neutral	Diversified economy and competitive export base; reliance on foreign investment; rising labour shortages
	Fiscal policy framework	Neutral	Credible fiscal framework, fiscal space for the sizeable budget policy response during Covid-19 crisis
Public finance risk	Debt sustainability	Neutral	Robust debt dynamics; contingent liabilities and rising ageing-related costs coupled with substantive social spending programmes pose medium-run fiscal challenges
	Debt profile & market access	Neutral	Improving debt profile, declining cost of servicing government debt supported by the NBP's sovereign bond-purchasing programme and deep domestic capital markets, below-EU-average debt maturity
	Current account resilience	Neutral	Floating exchange rate and resilient exports support current account balance medium term
External economic risk	External debt structure	Strong	Poland's external liabilities mostly consist of direct investment and equity rather than debt-creating flows
	Resilience to short-term shocks	Neutral	Adequate stock of official reserves mitigates short-run external vulnerabilities
Financial stability risk	Banking sector performance	Neutral	Profitable and well-capitalised banking system
	Banking sector oversight	Neutral	Effective financial-sector oversight
	Financial imbalances	Neutral	Low private-sector debt level; rising public ownership in the banking system increases financial-system concentration risk
ESG risks	Environmental risks	Weak	Structural challenges relating to transition risks to a greener economy due to phasing out of Poland's coal-fired production
	Social risks	Weak	Adverse demographics result in declining working-age population; rising income and regional inequalities
	Institutional and political risks	Weak	Ongoing institutional challenges and tensions with the EU; polarised political environment

\* Peers relate to selected sovereigns with a similar indicative rating per Scope's Core Variable Scorecard after the reserve-currency adjustment.