

Republic of Poland

Rating report

Rating rationale

Robust macroeconomic fundamentals: Poland’s credit ratings are anchored by a large, diversified economy and strong macroeconomic fundamentals. The Polish economy has proven resilient in the face of Covid-19 and cost-of-living economic crises. We forecast GDP growth to rise from an estimated 3.0% in 2024 to 3.5% in 2025, driven by robust private consumption, a strong labour market, and steady absorption of EU funds. In 2025, we expect investment, bolstered by EU funds, to play a larger role, while external demand recovery may remain subdued due to ongoing challenges in the German economy.

Moderate level of public debt: We forecast Poland’s general government deficit to decline only gradually from an estimated 6.1% of GDP in 2024 to around 3.0% by 2029, although the consolidation may be lower due to election-driven policies and rising military spending. Consequently, we expect government debt to increase from an estimated 54.8% of GDP in 2024 to around 63.4% by 2029.

Profitable, liquid and well-capitalised domestic banking system: Non-performing loan (NPL) ratios have declined and are under their pre-Covid crisis levels. Tier 1 capital and liquidity coverage ratios remain strong, with capitalisation having moderated slightly but remaining above pre-pandemic crisis averages while system-wide liquidity coverage is at its highest on modern record.

Rating challenges: i) elevated fiscal deficits including spending pressures and an expected upside trajectory of the government-debt ratio; ii) weak governance metrics amid high political polarisation; and iii) geopolitical risks associated with Russia’s war on Ukraine.

Figure 1: Poland’s sovereign-rating drivers

Risk pillars	Quantitative		Reserve currency*	Political risk**	Qualitative***	Final rating	
	Weight	Indicative rating	Notches	Notches	Notches		
Domestic economic risk	35%	aa	PLN [+0]	Poland [-0]	1/3	A	
Public finance risk	20%	a			0		
External economic risk	10%	bb			- 1/3		
Financial stability risk	10%	aaa			0		
ESG risk	Environmental factors	5%			bb+		0
	Social factors	7.5%			bb-		0
	Governance factors	12.5%	a-	- 1/3			
Sovereign Quantitative Model	a			0			
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.

Foreign currency

Long-term issuer rating/Outlook

A/Stable

Senior unsecured debt

A/Stable

Short-term issuer rating/Outlook

S-1/Stable

Local currency

Long-term issuer rating/Outlook

A/Stable

Senior unsecured debt

A/Stable

Short-term issuer rating/Outlook

S-1/Stable

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Credit strengths and challenges

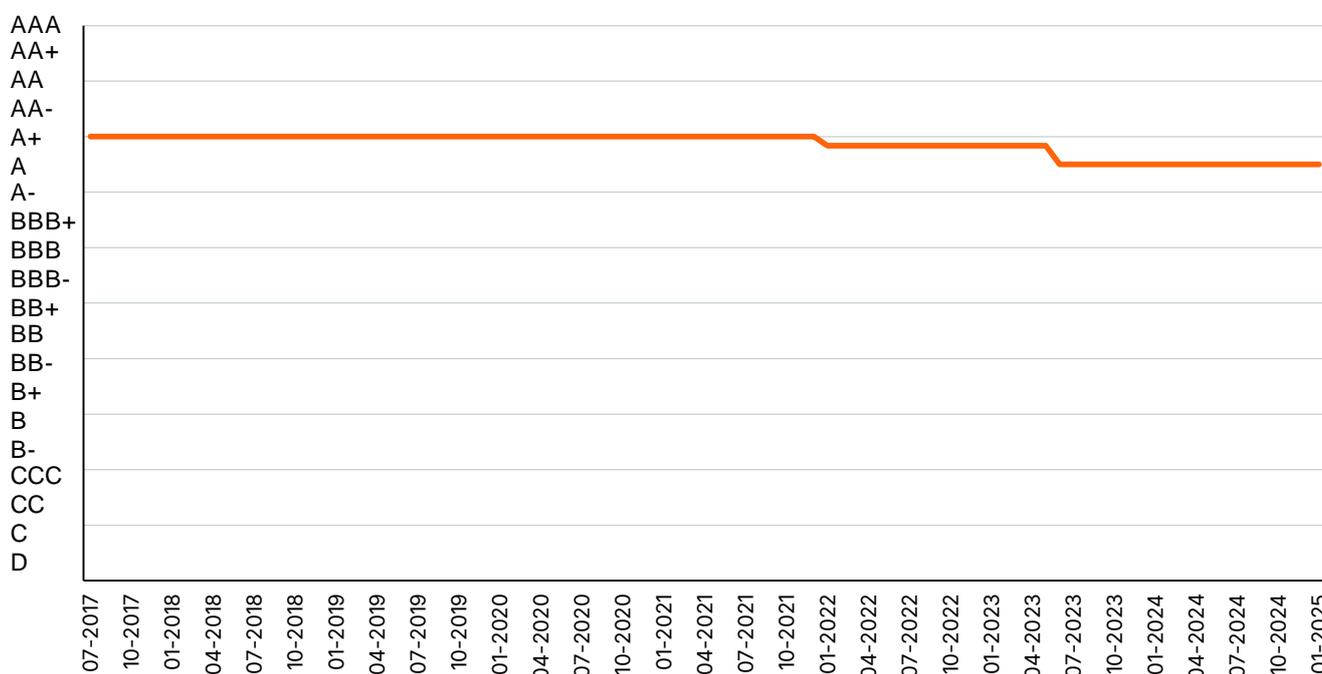
Credit strengths	Credit challenges
<ul style="list-style-type: none"> • Strong macroeconomic fundamentals • Robust economic-growth potential • Moderate public debt, deep domestic capital markets • Liquid, well-capitalised banking system 	<ul style="list-style-type: none"> • Elevated budget deficits, rising government debt • Weak governance metrics amid high political polarisation • Geopolitical risks associated with Russia-Ukraine war

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"> • Fiscal performance improves, supporting a structurally declining trajectory of the government debt ratio • The economy’s external balance sheet further strengthens materially • Social and environmental risks are significantly redressed, enhancing long-run sustainable growth 	<ul style="list-style-type: none"> • Weaker budgetary outcomes result in a substantial rise in the public debt trajectory • Structurally weaker economic growth, such as that caused by an external shock, significantly undermining Poland’s external-sector risk profile • Political polarisation or governance challenges curb reform momentum and/or absorption of EU funds

Figure 2: Rating history



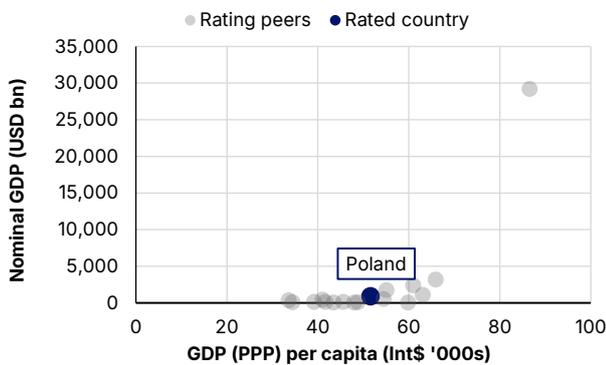
Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment. Source: Scope Ratings.

Domestic economic risk

Overview of Scope's assessments of Poland's Domestic Economic Risk

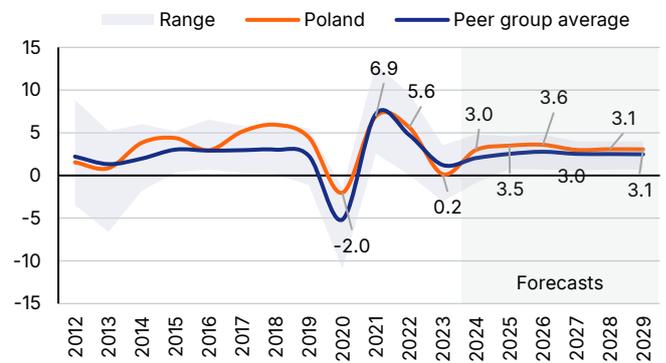
SQM* indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aa	Growth potential and outlook	Neutral	0	Robust growth potential; declining trend in long-term growth drivers
	Monetary policy framework	Neutral	0	Appropriate monetary policy stance; effective inflation control
	Macroeconomic stability and sustainability	Strong	+1/3	Large, diversified economy and competitive export base; long-run sustainability of growth reliant on foreign financing

Figure 3: Nominal GDP and GDP per capita (2024E)



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

Figure 4: Real GDP growth, %



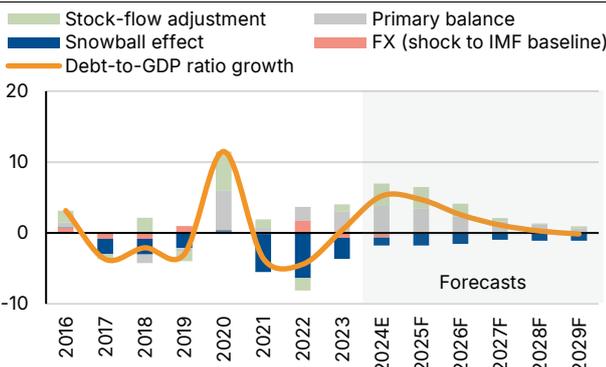
Source: IMF WEO, Scope Ratings forecasts

Public finance risk

Overview of Scope's assessments of Poland's Public Finance Risk

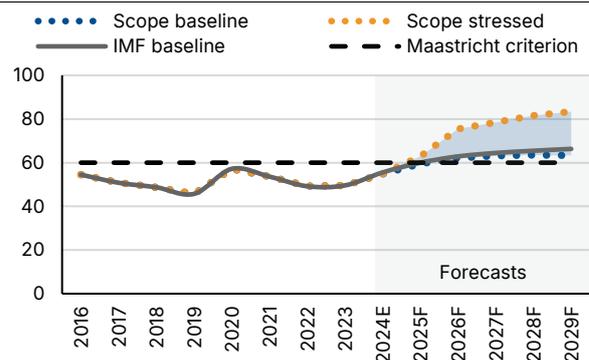
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a	Fiscal policy framework	Neutral	0	Fiscal dynamics are hindered by structural social spending, rising interest payments and wages, investments in green and digital transitions, and growing defence requirements; announcement by the EU of an Excessive Deficit Procedure in July 2024
	Long-term debt trajectory	Neutral	0	Comparatively moderate debt levels and more benign longer-run ageing-related spending pressures; rise expected in public indebtedness over the forecast horizon
	Debt profile and market access	Neutral	0	Moderate average maturity of treasuries; foreign-exchange risks; borrowing rates above peer-group averages; deep domestic capital markets

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



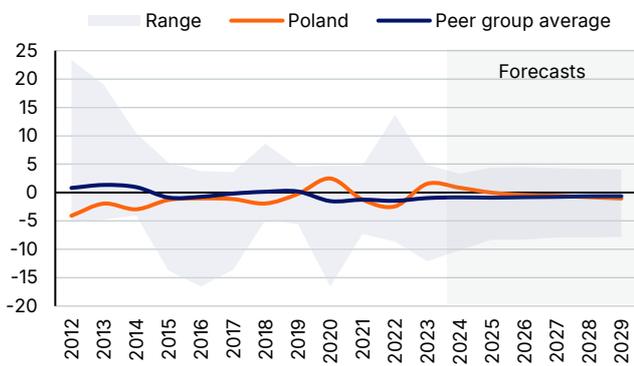
Source: IMF WEO, Scope Ratings forecasts

External economic risk

Overview of Scope's assessments of Poland's External Economic Risk

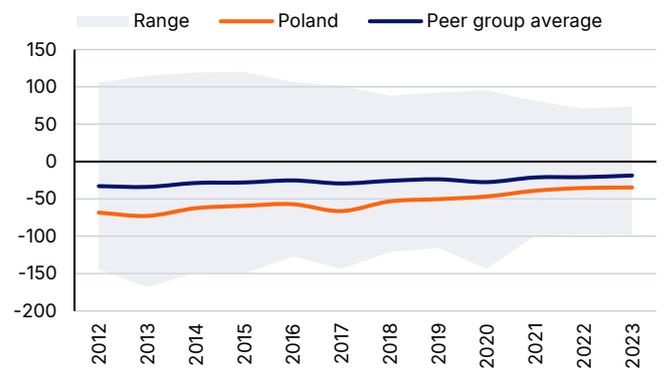
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
bb	Current account resilience	Neutral	0	High services surplus sustains the current account; slight deficits expected ahead due to rising imports from domestic demand and EU-funded investments
	External debt structure	Neutral	0	Moderate levels of external debt; significant share of external debt that is inter-company lending
	Resilience to short-term external shocks	Weak	-1/3	Moderate reserve adequacy for stressed economic scenarios relative to rating peers: still, improving levels of reserves

Figure 7: Current-account balance, % of GDP



Source: IMF WEO forecasts, Scope Ratings

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



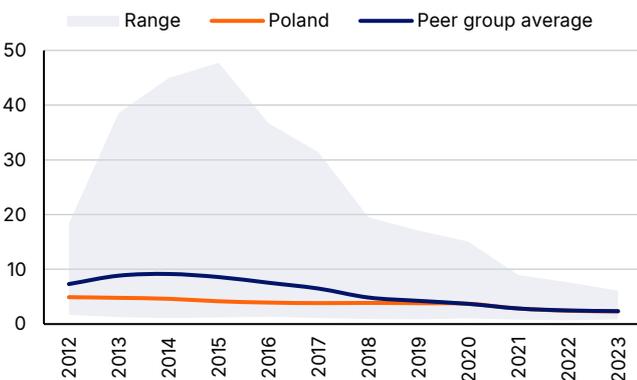
Source: IMF, Scope Ratings

Financial stability risk

Overview of Scope's assessments of Poland's Financial Stability Risk

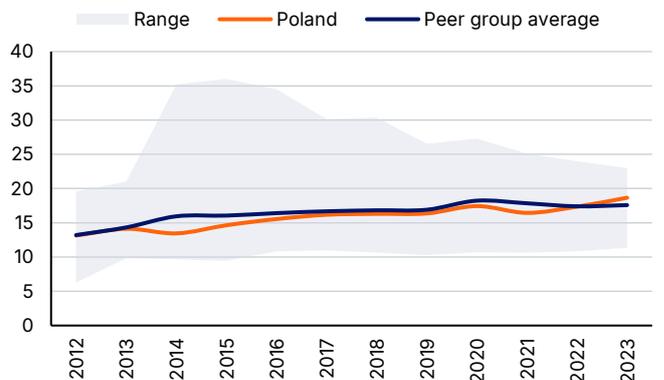
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Banking sector performance	Neutral	0	Well-capitalised and liquid banking sector; NPLs have declined; profitability has improved
	Financial sector oversight and governance	Neutral	0	Effective supervision; timely and comprehensive regulatory measures taken
	Financial imbalances	Neutral	0	Still-significant but declining foreign-currency exposures in the banking system

Figure 9: NPLs, % of total loans



Source: World Bank (WB), Scope Ratings

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



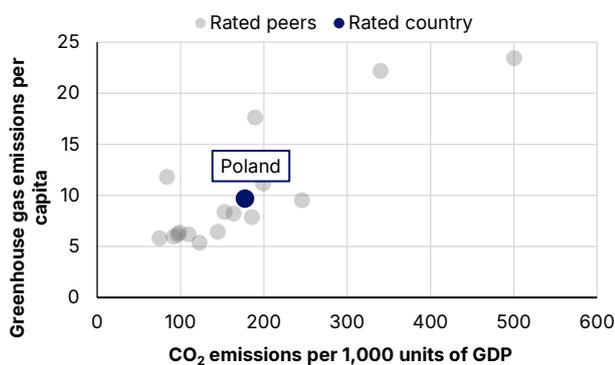
Source: IMF, Scope Ratings

Environmental, Social and Governance (ESG) risk

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

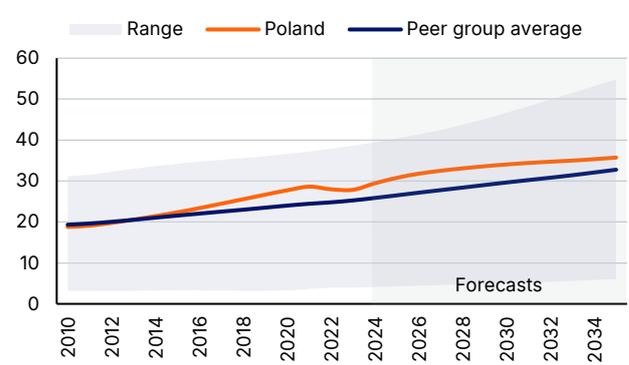
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
bbb	Environmental factors	Neutral	0	High carbon and energy intensity of the economy
	Social factors	Neutral	0	Elevated poverty, elevated income inequality, adverse demographics
	Governance factors	Weak	-1/3	Weak governance indicators amid political polarisation; geopolitical risks associated with the Russia-Ukraine war.

Figure 11: CO₂ emissions per GDP, mtCO₂e (2023)



Source: European Commission (EC), Scope Ratings

Figure 12: Old-age dependency ratio, %



Source: United Nations (UN), Scope Ratings

Reserve-currency adjustment

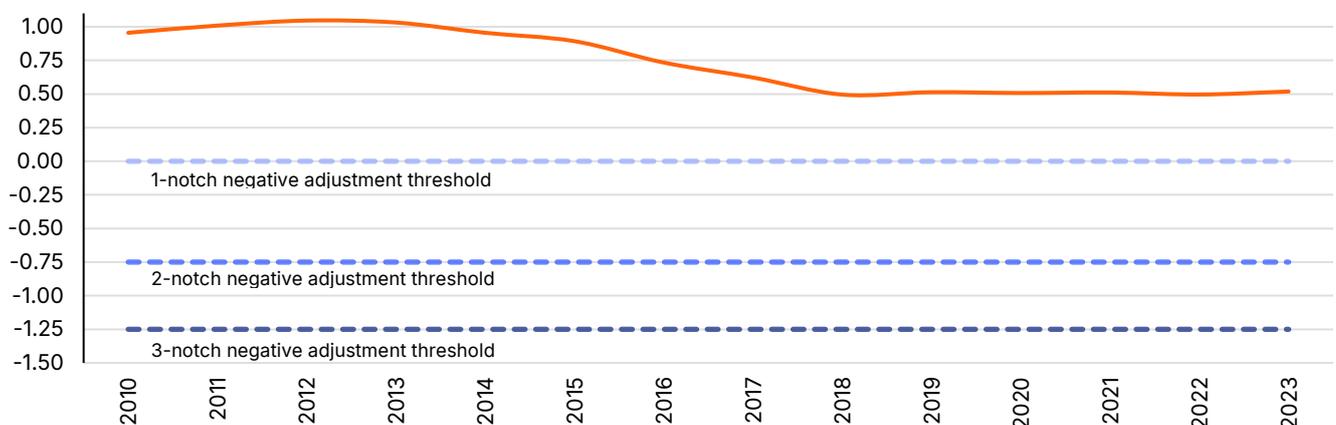
IMF SDR basket and Scope reserve-currency adjustment

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, Poland, three-year moving average



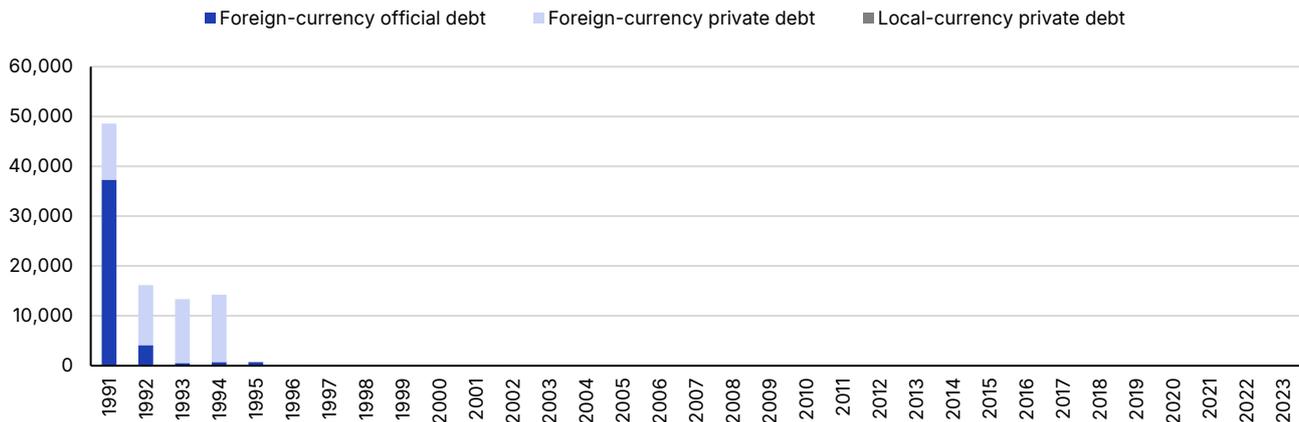
Source: WB, Scope Ratings

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*		
Bulgaria	Italy	
Croatia	Latvia	
Cyprus	Slovakia	
Estonia	Spain	

*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 (bps) as of 15 January 2025	75

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	2024E
Domestic Economic	GDP per capita (PPP), Int\$ '000s	IMF	35.5	36.3	41.2	46.9	48.8	51.6
	Nominal GDP, USD bn	IMF	596	599	681	690	812	863
	Real growth, %	IMF	4.5	-2.0	6.9	5.6	0.2	3.0
	CPI inflation, %	IMF	2.2	3.4	5.1	14.4	11.4	3.9
	Unemployment rate, %	WB	3.3	3.2	3.4	2.9	2.9	-
Public Finance	Public debt, % of GDP	IMF	45.7	57.2	53.6	49.2	49.6	55.5
	Net interest payment, % of government revenue	IMF	3.3	3.2	2.6	3.8	5.0	5.3
	Primary balance, % of GDP	IMF	0.6	-5.6	-0.7	-1.9	-3.0	-3.4
External Economic	Current-account balance, % of GDP	IMF	-0.2	2.5	-1.2	-2.4	1.5	0.8
	Total reserves, months of imports	WB	4.6	5.8	4.8	4.3	4.9	-
	NIIP, % of GDP	IMF	-50.3	-46.7	-39.0	-35.4	-	-
Financial Stability	NPL ratio, % of total loans	IMF	3.8	3.7	2.9	2.4	2.3	-
	Tier 1 ratio, % of risk-weighted assets	IMF	16.2	15.8	17.5	15.8	17.7	18.2
	Credit to the private sector, % of GDP	WB	50.8	49.8	46.3	39.6	34.8	-
ESG	CO ₂ per EUR 1,000 of GDP, mtCO ₂ e	EC	214.1	207.9	212.0	196.7	177.5	-
	Income share of bottom 50%, %	WID	20.3	17.7	19.6	19.6	-	-
	Labour-force participation rate, %	WB	70.7	71.1	72.9	73.2	-	-
	Old-age dependency ratio, %	UN	26.7	27.7	28.6	28.0	27.9	29.4
	Composite governance indicators*	WB	0.6	0.6	0.5	0.5	0.6	-
	Political stability, index	WB	0.5	0.5	0.5	0.5	0.5	-

*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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Applied methodologies

[Sovereign Rating Methodology](#), January 2024

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