

## Kingdom of Belgium

This annex refers to the release of the monitoring note of 28 May 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>1</b>
<b>Weight</b>	<b>Qualitative scorecard (QS) for long-term issuer ratings</b>	
20%	Growth potential of the economy	Weak
	Monetary policy framework	Neutral
	Macro-economic stability and sustainability	Strong
20%	Fiscal policy framework	Neutral
	Debt sustainability	Neutral
	Debt profile and market access	Strong
20%	Current account resilience	Neutral
	External debt structure	Neutral
	Resilience to short-term shocks	Neutral
20%	Banking sector performance	Neutral
	Banking sector oversight	Neutral
	Financial imbalances	Neutral
20%	Environmental risks	Neutral
	Social risks	Neutral
	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>AA- STA</b>

### Annex II: Selected indicators

	2016	2017	2018	2019	2020E	2021F	2022F
GDP per capita (USD)	42,076	44,268	47,723	46,542	44,529	50,103	53,020
Real GDP (SA), % change	1.3	1.6	1.8	1.7	-6.3	4.1	3.5
Unemployment rate, %	7.8	7.1	6.0	5.4	5.6	6.8	6.6
CPI, % change	1.8	2.2	2.3	1.2	0.4	1.7	1.9
Policy rate, %, EOP*	-0.4	-0.4	-0.4	-0.5	-0.5	-0.5	
Fiscal balance, % of GDP	-2.4	-0.7	-0.8	-1.9	-9.4	-7.6	-4.8
Government debt, % of GDP, EOP	105.0	102.0	99.8	98.1	114.1	116.1	115.8
Current account balance, % of GDP	0.6	0.7	-0.8	0.3	-0.7	-0.9	-1.5

Yearly averages except where stated otherwise. \*Shown for the ECB deposit facility rate.  
Source: Macrobond, IMF, Scope Ratings GmbH

### Annex III: Economic development and default indicators

IMF Development Classification <sup>2</sup>	AE
5y USD CDS spread (bps) as of 26 May 2021	13

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

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

Annex IV: Analytical rationale for QS assessments

Belgium	May 2021	Assessment	Analytical rationale
Peers*	France, Czech Republic, United Kingdom, United States		
	Domestic economic risk	Growth potential	Weak Low growth potential with increasing pressures linked to declining productivity growth
		Monetary policy framework	Neutral ECB is a credible and effective central bank; appropriate policy response to the Covid crisis
		Macro-economic stability & sustainability	Strong Diversified, competitive economy and high wealth levels support economic sustainability
Public finance risk	Fiscal policy framework	Neutral	Countercyclical fiscal policies appropriate in the context of the Covid crisis; only gradual reduction in post-crisis budget deficits expected
	Debt sustainability	Neutral	High and increasing public-debt levels, set to remain on an upward trajectory
	Debt profile & market access	Strong	Low and declining interest-payment burden, high average debt maturity, excellent market access
External economic risk	Current account resilience	Neutral	Post-crisis moderate current-account deficits reflecting competitiveness challenges; diversified export base
	External debt structure	Neutral	Large external debt stock, but significant external assets
	Resilience to short-term shocks	Neutral	Euro-area membership shields against short-term external risks
Financial stability risk	Banking sector performance	Neutral	Strong capitalisation, asset quality and liquidity buffers; low interest rates pose profitability challenges.
	Banking sector oversight	Neutral	Robust oversight under the National Bank of Belgium and the ECB as part of Banking Union
	Financial imbalances	Neutral	Elevated private debt levels and rising housing market vulnerabilities; households have very large net financial wealth that exceed outstanding government and corporate debt
ESG risk	Environmental risks	Neutral	Emissions-reduction plans in line with Effort Sharing Regulation; meaningful transition risks
	Social risks	Neutral	Strong social safety nets; skills mismatches and persistent regional inequalities are challenges
	Institutional and political risks	Weak	Political fragmentation and polarisation constrain effective policy-making; fragile government coalition poses risks of another political stalemate

\* Peers relate to selected sovereigns with a similar indicative rating per Scope's Core Variable Scorecard.