Poland

This annex refers to the release of monitoring note of 29 January 2021

Annex I: Summary of core variable scorecard, reserve currency adjustment and qualitative scorecard[1]

Weight		
	Implied rating of core variable scorecard (CVS)	**a+**
	Reserve currency adjustment	**0**
Weight	**Qualitative scorecard (QS) for long-term local currency ratings**	
20%	Growth potential of the economy	Strong
	Monetary policy framework	Neutral
	Macro-economic stability and sustainability	Neutral
20%	Fiscal policy framework	Strong
	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
	QS adjustment (notches)	**0**
	Additional considerations (notches)	**0**
	Final rating	**A+ STA**

Annex II: Selected indicators

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

	2017	2018	2019	2020E	2021F	2022F
GDP per capita (USD, '000s)	13.9	15.5	15.6	15.3	16.7	18.3
Real GDP, % change	4.9	5.3	4.1	-3.6	4.6	4.5
CPI, % change	2.0	1.6	2.3	3.3	2.3	1.9
General government balance, % of GDP	-1.5	-0.2	-0.7	-10.5	-4.3	-3.2
General government debt, % of GDP	50.6	48.8	46.0	60.0	60.2	59.2
Current account balance, % of GDP	0.0	-1.0	0.4	3.0	1.8	0.6
Gross external debt, % of GDP	59.5	57.0	52.5	-	-	-

Annex III: Economic development and default indicators

IMF Development Classification[2]	AE
5y USD CDS spread (bps) as of 28 January 2021	51

[1] The weighting and explanation of all rating factors are described in Scope's 'Sovereign Ratings' methodology, available on www.scoperatings.com

[2] AE = advanced economy; EMDE = emerging market and developing economy

Annex IV: Analytical rationale for QS assessments

Poland	January 2021	Assessment	Analytical rationale
Peers*	Belgium, Bulgaria, Latvia, Malta, Russia, Slovakia, Slovenia		
Domestic economic risk	Growth potential	Strong	High growth potential supported by robust macroeconomic performance; long-term growth prospects underpinned by recent EU fiscal support programmes
	Monetary policy framework	Neutral	Credible and effective central bank
	Macro-economic stability & sustainability	Neutral	Diversified economy and competitive export base; reliance on foreign investment, rising labour shortages
Public finance risk	Fiscal policy framework	Strong	Credible fiscal policy framework, affordable fiscal space for a sizeable policy stimulus to limit impact of Covid-19 crisis
	Debt sustainability	Neutral	Robust debt dynamics; contingent liabilities and rising age-related costs coupled with substantial social spending programmes pose medium-term fiscal challenges
	Debt profile & market access	Neutral	Improving debt profile, declining cost of servicing debt supported by the NBP's sovereign bond-purchasing programme and relatively deep domestic capital markets
External economic risk	Current account resilience	Neutral	Floating exchange rate and resilient exports support medium-term current account balance
	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	Robust stock of official reserves and regional safe haven status mitigate short-term vulnerabilities
Financial stability risk	Banking sector performance	Neutral	Profitable and well-capitalized banking sector
	Banking sector oversight	Neutral	Effective financial sector oversight under national supervision
	Financial imbalances	Neutral	Low private-sector debt levels; rising public ownership in the banking sector increases concentration risk
ESG risks	Environmental risks	Weak	Structural challenges related to transition risks in view of the phasing out of Poland’s coal-fired production
	Social risks	Weak	Adverse demographics resulting 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 related to selected sovereigns with a similar indicative rating per Scope’s Core Variable Scorecard.