

Republic of Slovenia

This annex refers to the release of monitoring note of 10 September 2021

Annex I: Summary of core variable scorecard, reserve currency adjustment and qualitative scorecard¹

Implied rating of core variable scorecard (CVS)		a+
Reserve currency adjustment		1
Weight	Qualitative scorecard (QS) for long-term local currency ratings	
20%	Growth potential of the economy	Neutral
	Monetary policy framework	Neutral
	Macro-economic stability and sustainability	Weak
20%	Fiscal policy framework	Neutral
	Debt sustainability	Neutral
	Debt profile and market access	Neutral
20%	Current account resilience	Neutral
	External debt structure	Neutral
	Resilience to short-term shocks	Weak
20%	Banking sector performance	Neutral
	Banking sector oversight	Neutral
	Financial imbalances	Weak
20%	Environmental risks	Weak
	Social risks	Weak
	Institutional and political risks	Neutral
QS adjustment (notches)		-2
Additional considerations (notches)		0
Final rating		A STA

Annex II: Selected indicators

	2017	2018	2019	2020E	2021F	2022F
GDP per capita (USD '000s)	23.5	26.2	26.0	25.2	28.1	30.1
Real GDP, % change	4.8	4.4	3.2	-5.5	5.1	4.6
Unemployment rate, %	6.6	5.1	4.4	5.1	5.4	5.0
HICP, % change	1.4	1.7	1.6	-0.1	0.8	1.5
Policy rate, %, EOP*	-0.4	-0.4	-0.5	-0.5	-	-
Fiscal balance, % of GDP	-0.1	0.7	0.5	-8.5	-6.2	-4.2
Government debt, % of GDP, EOP	74.1	70.3	65.6	81.5	80.5	78.2
Current account balance, % of GDP	6.2	5.8	5.6	7.3	6.9	6.6

Yearly averages except where stated otherwise; *Shown for the ECB deposit facility rate

Source: Macrobond, IMF, Bank of Slovenia, Scope Ratings GmbH

Annex III: Economic development and default indicators

IMF Development Classification ²	AE
5y USD CDS spread (bps) as of 7 September 2021	67

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

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

Annex IV: Analytical rationale for QS assessments

Slovenia	September 2021	Assessment	Analytical rationale
Peers*	Belgium, Estonia, Latvia, Lithuania, Malta		
Domestic economic risk	Growth potential	Neutral	Medium-run growth potential faces challenges from adverse demographics
	Monetary policy framework	Neutral	ECB is a highly credible and effective central bank
	Macro-economic stability & sustainability	Weak	Limited economic diversification; reliance on external markets
Public finance risk	Fiscal policy framework	Neutral	Credible fiscal policy framework; some fiscal space for policy stimulus
	Debt sustainability	Neutral	High debt burden; stable debt dynamics
	Debt profile & market access	Neutral	Low interest-payment burden; substantial public sector liquid assets
External economic risk	Current account resilience	Neutral	Competitive industrial base
	External debt structure	Neutral	Large external debt stock; significant external assets
	Resilience to short-term shocks	Weak	Small, open economy; reliance on external demand and foreign direct investment
Financial stability risk	Banking sector performance	Neutral	High capitalisation levels; structural pressures on profitability
	Banking sector oversight	Neutral	Oversight under the Bank of Slovenia and the ECB as part of Banking Union
	Financial imbalances	Weak	Limited net financial wealth
ESG risks	Environmental risks	Weak	High vulnerability to natural disaster risks; energy mix represents some transition risks
	Social risks	Weak	Declining working-age population places structural pressure on pension expenditures
	Institutional and political risks	Neutral	Good governance indicators, high political polarisation hampers government effectiveness

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