

Kingdom of Belgium

This annex refers to the release of the monitoring note of 22 January 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 issuer ratings	
20%	Growth potential of the economy	Neutral
	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	Strong
	External debt structure	Neutral
	Resilience to short-term shocks	Neutral
20%	Banking sector performance	Strong
	Banking sector oversight	Neutral
	Financial imbalances	Strong
20%	Environmental risks	Neutral
	Social risks	Neutral
	Institutional and political risks	Neutral
QS adjustment (notches)		2
Additional considerations (notches)		0
Final rating		AA NEG

Annex II: Selected indicators

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

	2017	2018	2019	2020E	2021F	2022F
GDP per capita (USD, '000s)	44.4	47.6	46.2	43.8	50.1	52.3
Real GDP, % change	1.9	1.5	1.4	-8.3	5.4	2.7
CPI, % change	2.2	2.3	1.2	0.6	1.2	1.4
General government balance, % of GDP	-0.7	-0.8	-1.9	-11.4	-6.3	-5.4
General government debt, % of GDP	101.8	99.9	98.7	117.7	117.1	118.3
Current account balance, % of GDP	1.2	-1.4	-1.2	0.0	-0.8	-1.5
Gross external debt, % of GDP	244.3	227.4	228.6	-	-	-

Annex III: Economic development and default indicators

IMF Development Classification ²	AE
5y USD CDS spread (bps) as of 21 January 2021	15

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

Belgium	January 2021	Assessment	Analytical rationale
Peers*	France, United Kingdom, Japan, Malta, Slovakia, Slovenia, Poland, Russia, Bulgaria		
Domestic economic risk	Growth potential	Neutral	Moderate growth potential supported by capital accumulation; constrained by negative 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	Strong	Post-crisis moderate current-account deficits but 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	Strong	Strong capitalisation, asset quality and liquidity buffers
	Banking sector oversight	Neutral	Robust oversight under the National Bank of Belgium and the ECB as part of Banking Union
	Financial imbalances	Strong	Households have very large net financial wealth that exceed outstanding government and corporate debt; moderate private-sector debt levels
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	Neutral	Federal government has been formed with ambitious reform agenda; risks remain given fragile coalition

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