

Republic of Slovenia

This annex refers to the release of monitoring note of 26 March 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	25.0	28.7	30.6
Real GDP, % change	4.8	4.1	2.4	-5.7	4.2	3.4
CPI, % change	1.4	1.7	1.6	0.5	1.8	1.7
General government balance, % of GDP	0.0	0.7	0.5	-8.8	-5.0	-3.0
General government debt, % of GDP	74.1	70.4	66.1	81.0	78.0	77.3
Current account balance, % of GDP	6.2	5.9	5.7	4.5	3.9	3.2
Gross external debt, % of GDP	96.2	88.3	87.9	-	-	-

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 25 March 2021	74

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	March 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 and low investment
	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; robust debt dynamics
	Debt profile & market access	Neutral	Low and declining interest-payment burden; substantial public sector liquid assets
External economic risk	Current account resilience	Neutral	Competitive industrial base support medium-term current account balance
	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; declining profitability from a worsening operating environment
	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; elevated private-sector debt levels
ESG risks	Environmental risks	Weak	High vulnerability to natural disaster risks; energy mix represents some transition risks towards decarbonisation
	Social risks	Weak	Declining working-age population places structural pressure on pension expenditures
	Institutional and political risks	Neutral	Comparatively stable governance framework, supported by EU and euro area memberships

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