

## Kingdom of Sweden

This annex refers to the rating action release of 5 November 2021

Annex I: Summary of core variable scorecard, reserve currency adjustment and qualitative scorecard<sup>1</sup>

Implied rating of core variable scorecard (CVS)		aaa
Reserve currency adjustment		0
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	Strong
	Debt sustainability	Strong
	Debt profile and market access	Neutral
20%	Current account resilience	Neutral
	External debt structure	Neutral
	Resilience to short-term shocks	Strong
20%	Banking sector performance	Neutral
	Banking sector oversight	Neutral
	Financial imbalances	Weak
20%	Environmental risks	Strong
	Social risks	Neutral
	Institutional and political risks	Strong
QS adjustment (notches)		2
Additional considerations (notches)		0
Final rating		AAA STA

## Annex II: Selected indicators

Selected macroeconomic indicators	2016	2017	2018	2019	2020	2021F	2022F
GDP per capita (USD '000s), EOP	51.6	53.5	54.3	51.7	52.1	58.6	61.7
Real GDP, % change	2.1	2.6	2.0	2.0	-2.8	4.0	3.3
Unemployment rate, %	7.0	6.7	6.3	6.8	8.3	8.4	7.7
CPI, % change	1.1	1.9	2.0	1.7	0.7	2.0	1.6
Policy rate, %, EOP	-0.5	-0.5	-0.5	-0.3	0.0	0.0	0.00
General government balance, % of GDP	1.0	1.4	0.8	0.5	-3.1	-2.4	-0.4
General government debt, % of GDP, EOP	42.3	40.7	38.9	34.9	39.9	39.4	39.4
Current account balance, % of GDP	2.4	3.0	2.6	5.5	5.7	4.8	4.3

Source: IMF, Statistics Sweden, Riksbank, Scope Ratings GmbH

## Annex III: Economic development and default indicators

IMF Development Classification <sup>2</sup>	AE
5y USD CDS spread (bps) as of 5 November 2021	8.24

<sup>1</sup> The weighting and explanations of all rating factors are provided 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

Sweden	November 2021	Assessment	Rationale
Peers*	Austria, Germany, Ireland, Luxembourg, Netherlands, Denmark, Norway, Finland, Switzerland		
Domestic economic risk	Growth potential	Neutral	Moderate growth potential
	Monetary policy framework	Neutral	Riksbank is a credible and effective monetary authority
	Macro-economic stability & sustainability	Strong	Competitive economy, favourable business environment and highly-skilled labour force, healthy labour market with high employment and labour-force participation rates
Public finance risk	Fiscal policy framework	Strong	Appropriate countercyclical response to the Covid-19 crisis, track record of prudent fiscal policies
	Debt sustainability	Strong	Falling public debt trajectory longer term
	Debt profile & market access	Neutral	Excellent market access, low government financing costs, relatively short debt maturity
External economic risk	Current account resilience	Neutral	External-sector competitiveness underpins track record of current account surpluses
	External debt structure	Neutral	High external debt, especially as concerns the financial institutions sector, in line with peers
	Resilience to short-term shocks	Strong	Net external creditor position
Financial stability risk	Banking sector performance	Neutral	High bank capitalisation levels, weakened banking system profitability
	Banking sector oversight	Neutral	Prudent oversight under Riksbank and the FSA
	Financial imbalances	Weak	High private-sector indebtedness, large size of the banking sector vis-à-vis the real economy, high interconnectedness in the financial system
ESG risk	Environmental risks	Strong	High environmental standards, ambitious targets for achieving carbon neutrality by 2045, very high carbon taxes
	Social risks	Neutral	Relatively favourable demographics, advanced social safety net, healthy labour market
	Institutional and political risks	Strong	High quality institutions and stable political environment

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