



Rating Action: Moody's Ratings downgrades Poland's ratings to A3, changes outlook to stable

18 Sep 2026

Frankfurt am Main, September 18, 2026 -- Moody's Ratings (Moody's) has today downgraded the Government of Poland's long-term senior unsecured and issuer ratings to A3 from A2. Concurrently, we have downgraded the government's foreign-currency senior unsecured shelf and medium-term note (MTN) programme ratings to (P)A3 from (P)A2. We have downgraded Poland's short-term issuer ratings to Prime-2 (P-2) from P-1.

At the same time, we have changed the outlook to stable from negative.

The downgrade of Poland's ratings to A3 reflects our expectations of a sustained deterioration in Poland's fiscal strength. Large fiscal deficits persist, leading to a material increase in public debt and, together with rising interest costs, weaken debt affordability metrics. In addition, we assess that fiscal policy effectiveness has weakened, reflecting a procyclical fiscal stance in recent years and limited willingness or ability on the part of the Polish authorities to rebuild fiscal buffers during favorable economic conditions. The effectiveness of Poland's national fiscal framework has also diminished because a growing share of debt accumulation has occurred outside the scope of the national debt rule.

The stable outlook reflects balanced risks at the A3 rating level. It reflects our view of robust, strong economic growth and a stabilization of the general government debt burden in the range of 70-75% of GDP in the late 2020s, constrained by fiscal rules which we assume will be adhered to.

Moreover, in the context of today's rating actions, Poland's local- and foreign-currency country ceilings have been lowered to Aa2 from Aa1. The four-notch gap between the long-term issuer rating and local-currency ceiling reflects Poland's predictable institutions, moderate domestic political risks and limited external imbalances. Moreover, the government has a moderate footprint in the economy and the financial system. There is no gap between the foreign-currency and local-currency ceilings. Transfer and convertibility risks are low because of still solid policy effectiveness, moderate capital account openness and moderate external indebtedness.

RATINGS RATIONALE

RATIONALE FOR THE DOWNGRADE OF THE RATINGS TO A3

The downgrade of Poland's ratings to A3 reflects our expectations of a sustained deterioration in Poland's fiscal strength compared with the last rating action in September 2025. Large fiscal deficits have led to a material increase in the government debt burden and, together with rising funding costs, have weakened debt affordability metrics. We expect the general government deficit to remain elevated at around 7% of GDP in both 2026 and 2027 despite continued strong economic growth. This reflects rising healthcare costs, sustained public investment, ongoing social and defense spending commitments. Consequently, we forecast general government debt to increase to 68.9% of GDP in 2027 from 59.7% in 2025.

In addition, we assess that fiscal policy effectiveness has weakened, reflecting a procyclical fiscal stance in recent years and limited willingness or ability on the part of the Polish authorities to rebuild fiscal buffers during favorable economic conditions. Fiscal deficits have remained large despite above-trend economic growth, low unemployment and substantial inflows of EU funds, indicating a reduced capacity to use

favorable economic conditions to strengthen public finances. Political constraints, including the continued standoff between the government and the president and the proximity of the November 2027 parliamentary election, also limit the scope for meaningful fiscal consolidation.

The effectiveness of Poland's national fiscal framework has also diminished because a growing share of debt accumulation has occurred outside the scope of the national debt rule. Debt accumulated through Bank Gospodarstwa Krajowego (BGK)-managed funds and certain state-controlled public corporations is excluded from the national debt definition, although it is included in general government debt under the Maastricht framework. Consequently, a larger portion of government borrowing has become less directly constrained by Poland's constitutional and statutory debt limits.

That said, Poland continues to benefit from a comparatively strong rules-based fiscal framework, including a prudential debt threshold of 55% of GDP and a constitutional debt limit of 60% of GDP under the national definition.

RATIONALE FOR THE STABLE OUTLOOK

The stable outlook reflects balanced risks to Poland's credit profile at the A3 rating level. It reflects our view that economic growth will remain robust. We forecast real GDP growth of 3.7% in 2026 and 3.2% in 2027, after 3.6% in 2025. Investment financed by the Recovery and Resilience Facility, cohesion-policy funds, defense expenditure and infrastructure projects will support growth, together with private consumption and net exports.

Political constraints and the November 2027 parliamentary election will likely delay meaningful fiscal adjustment in the near term. However, we expect the authorities to comply ultimately with Poland's fiscal rules, leading to faster consolidation after the election and stabilizing the debt burden at 70%-75% of GDP in the late 2020s.

The stable outlook also captures our assumption that Poland's geopolitical risks will remain elevated, reflecting its exposure to security risks stemming from Russia's ongoing war against Ukraine (Ca stable), without significant escalation or de-escalation.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) CONSIDERATIONS

Poland's CIS-2 ESG Credit Impact Score signals that ESG considerations do not have a material impact on the current rating. Poland shows some exposure to environmental and social risks, such as carbon transition and rapid population ageing. But its strong governance profile together with robust, albeit deteriorating government debt metrics supports the country's capacity to respond to shocks.

SUMMARY OF MINUTES FROM RATING COMMITTEE

GDP per capita (PPP basis, US\$): 55,793 (2025) (also known as Per Capita Income)

Real GDP growth (% change): 3.6% (2025) (also known as GDP Growth)

Inflation Rate (HICP, % change Dec/Dec): 2.6% (2025)

Gen. Gov. Financial Balance/GDP: -7.3% (2025) (also known as Fiscal Balance)

Current Account Balance/GDP: -0.9% (2025) (also known as External Balance)

External debt/GDP: 50.2% (2025)

Economic resiliency: a2

Default history: No default events (on bonds or loans) have been recorded since 1983.

On 16 September 2026, a rating committee was called to discuss the rating of Poland, Government of. The main points raised during the discussion were: The issuer's economic fundamentals, including its economic

strength, have not materially changed. The issuer's institutions and governance strength have not materially changed. The issuer's fiscal or financial strength, including its debt profile, has materially decreased. The issuer's susceptibility to event risks has not materially changed.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

WHAT COULD CHANGE THE RATINGS UP

Upward pressure on the rating would emerge if the public debt burden is likely to reverse course and enter a sustained, material downward trend. This could result from a decisive shift toward credible fiscal consolidation over multiple years, which would also improve debt affordability.

Credit-positive developments also include fully restoring judicial independence, implementing structural reforms that sustainably accelerate economic growth and containing the increase in age-related spending.

WHAT COULD CHANGE THE RATINGS DOWN

Material circumvention of Poland's fiscal rules, or material changes to those rules, combined with a fiscal policy stance that causes the public debt burden to continue rising to levels materially above 75% of GDP over the medium term, would be credit negative. This would likely be accompanied by a significant increase in government bond yields and a material deterioration in debt affordability metrics.

A material economic shock that persistently weakened Poland's economic strength, the country's key credit strength, would also be credit negative.

A significant deterioration in regional security would put downward pressure on Poland's ratings. In a very low-probability but high-impact event of a significant extension of the conflict beyond Ukraine, Poland's rating could come under material pressure.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Sovereigns published in May 2026 and available at <https://ratings.moodys.com/rmc-documents/466021>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

The weighting of all rating factors is described in the methodology used in this credit rating action, if applicable.

We assess Poland's economic strength as "a1", below the initial score of "aa3". This reflects the expected adverse effects of population aging on long-term trend growth, as well as the economy's weaker performance on productivity-related indicators and lower economic complexity than its peers. This leads to a final scorecard-indicated outcome of A3-Baa2, compared with an initial scorecard-indicated outcome of A1-A3. The A3 rating is within the final scorecard-indicated outcome.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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At least one ESG consideration was material to the credit rating action(s) announced and described above. Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1462204.

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Heiko Peters
VP - Ratings

Dietmar Hornung
Exec Dir - Ratings

Releasing Office:
Moody's Deutschland GmbH
An der Welle 5
Frankfurt am Main, 60322
Germany
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454

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