Hellenic Republic

Rating report

Rating rationale

Strong European institutional support and improved economic and financial resilience: The Eurosystem provides a credible monetary and liquidity backstop, while EU funding under the NextGenerationEU (NGEU) programme continues to drive investment, energy transition, and reform implementation. The economy demonstrates resilient growth dynamics, supported by robust domestic demand, tourism, and investment. Improved resilience to external shocks reflects diversified energy sourcing, strong service exports, and a strengthened banking sector.

Strengthening fiscal fundamentals. Public finances continue to outperform expectations, supported by large primary surpluses and improved revenue performance. These outcomes enable a steady decline in the public-debt ratio, projected to fall from about 145% of GDP in 2025 to roughly 122% by 2030, driven by sustained growth and conservative fiscal management. Greece's prudent expenditure control and nominal growth underpin its debt sustainability.

Favourable debt structure and strong liquidity buffer. Greece's debt profile is highly resilient, with most obligations long-dated, low-interest, and held by official-sector creditors. A substantial cash buffer of around 17% of GDP provides liquidity coverage for several years of debt service. The low effective interest rate and proactive debt management strategy support stable interest costs and funding flexibility.

Rating challenges: i) a high public debt stock, which remains a long-term vulnerability despite its declining trajectory; ii) structural constraints on medium-term growth, such as low economic diversification, weak productivity and adverse demographics; and iii) external imbalances, given persistent current-account deficits and a negative net international investment position, and residual financial-sector challenges, even as the banking sector continues to improve.

Figure 1: Greece's sovereign-rating drivers

Risk pillars		Quantitative		Reserve currency*	Political risk**	Qualitative****	Final rating
		Weight	Indicative rating	Notches	Notches	Notches	
Domestic economic risk		35%	a	EUR [+1]	Greece [-0]	- 2/3	BBB
Public finance risk		20%	bbb			2/3	
External economic risk		10%	c			0	
Financial stability risk		10%	aaa			1/3	
ESG risk	Environmental factors	5%	bbb			- 1/3	
	Social factors	7.5%	ccc			- 1/3	
	Governance factors	12.5%	bbb+			1/3	
Sovereign Quantitative Model* **		**bbb**				**0**	
Additional considerations						**0**	

*The reserve-currency quantitative adjustment applies to currencies in the IMF's Special Drawing Rights (SDR) basket.
**The political-risk quantitative adjustment is based on the World Bank's Political Stability & Absence of Violence/Terrorism index.
***Scope's SQM signals an indicative credit rating of 'bbb' for Greece, which was approved by the rating committee.
****The qualitative scorecard analyst adjustments, capped at one notch per rating pillar, are weighted equally with an aggregate adjustment rounded to the nearest integer.
For details, please see Scope's Sovereign Rating Methodology.

Foreign currency

Long-term issuer rating/Outlook

BBB/Positive

Long-term issuer rating/Outlook

BBB/Positive

Short-term issuer rating/Outlook

S-2/Stable

Local currency

Long-term issuer rating/Outlook

BBB/Positive

Long-term issuer rating/Outlook

BBB/Positive

Short-term issuer rating/Outlook

S-2/Stable

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Credit strengths and challenges

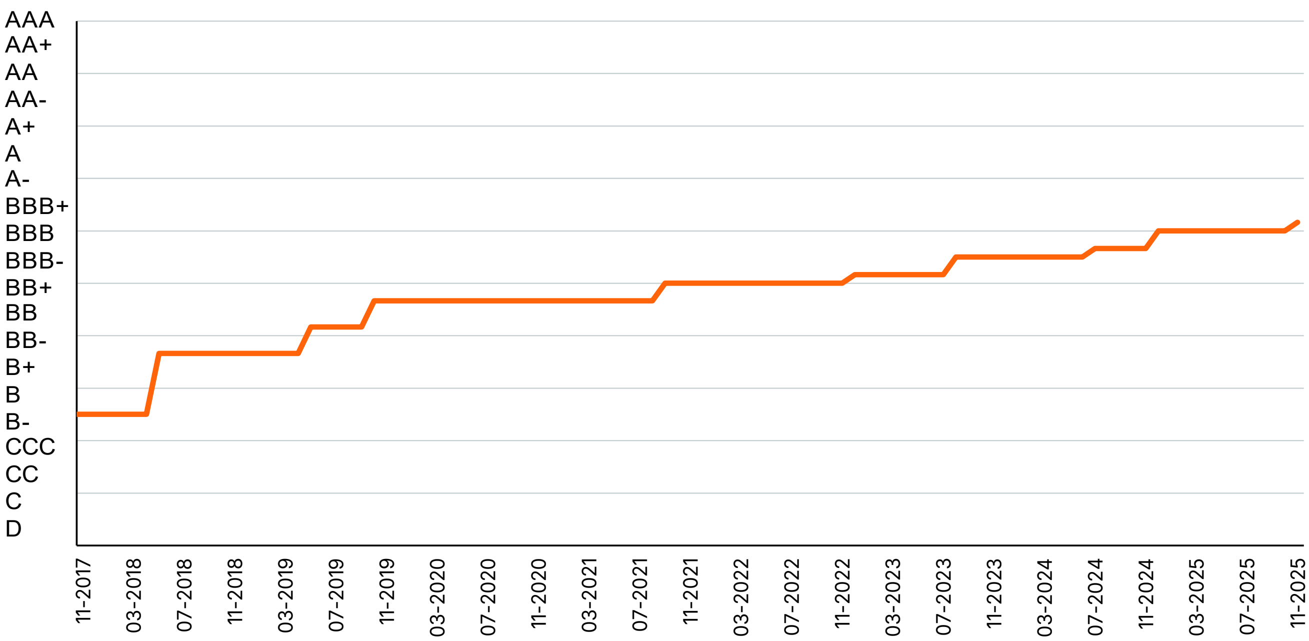
Credit strengths	Credit challenges
• Strong institutional support from the Eurosystem and the EU • Strengthening fiscal position with sustained debt reduction • Favourable public debt profile	• Very high public debt stock • Structural constraints on medium-term growth • Residual vulnerabilities in the financial sector

Outlook and rating triggers

The Positive Outlook reflects Scope's view that the risks to the ratings over the next 12 to 18 months are tilted to the upside.

Positive rating-change drivers	Negative rating-change drivers
• A sustained and material reduction in the public-debt ratio, supported by continued primary surpluses and prudent fiscal management • Improved medium-term growth prospects and stronger external resilience	• A stalling or reversal in the decline of the public-debt ratio, due to weaker fiscal discipline or adverse growth dynamics • A weakening of macroeconomic resilience

Figure 2: Rating history



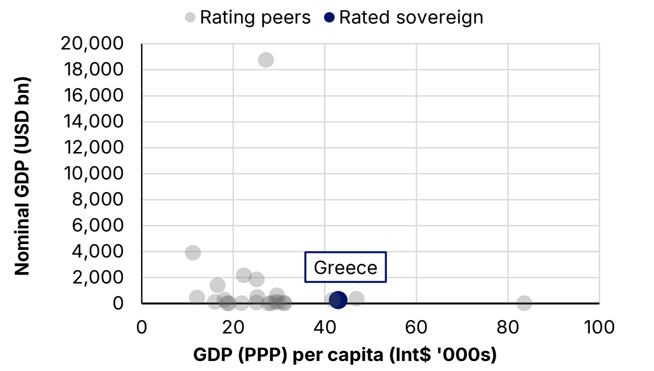
Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment. Source: Scope Ratings.

Domestic economic risk

Overview of Scope's assessments of Greece's *Domestic Economic Risk*

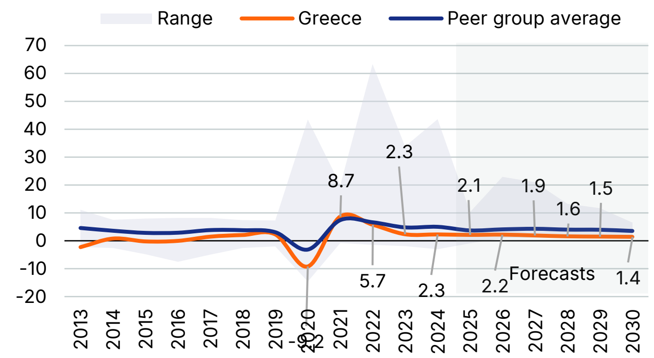
SQM[1] indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a	Growth potential and outlook	Weak	- 1/3	Long-term growth potential remains structurally constrained by adverse demographics, modest productivity growth, and still-limited private-sector investment.
	Monetary policy framework	Neutral	0	The ECB is a highly credible and effective central bank which anchors monetary and financial stability
	Macroeconomic stability and sustainability	Weak	- 1/3	Structural unemployment remains elevated; limited economic diversification; rigidities of the labour market

Figure 3: Nominal GDP and GDP per capita (2024E)



Source: IMF World Economic Outlook (WEO), Scope Ratings

Figure 4: Real GDP growth, %



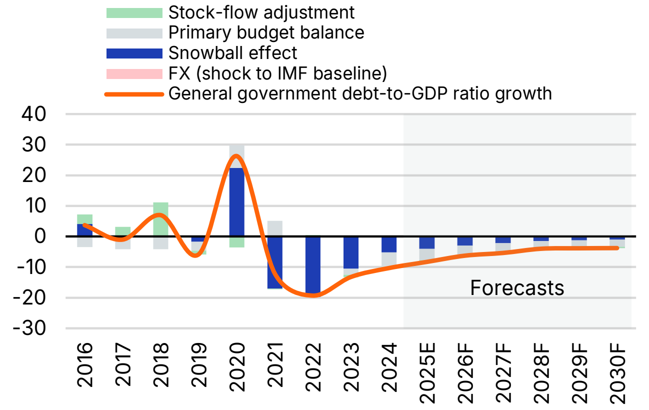
Source: IMF WEO, Scope Ratings forecasts

Public finance risk

Overview of Scope's assessments Greece's *Public Finance Risk*

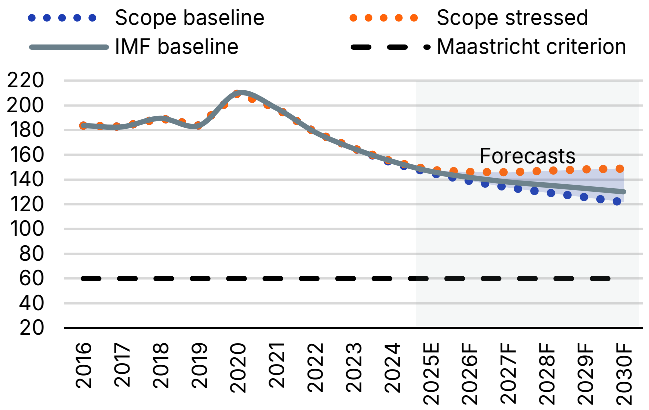
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
bbb	Fiscal policy framework	Strong	1/3	Prudent fiscal policy and consistent outperformance of primary surplus targets since the Mitsotakis government.
	Long-term debt trajectory	Neutral	0	Very high public debt ratio; gradual downward trajectory, stress tests show only moderate debt increase under adverse scenarios.
	Debt profile and market access	Strong	1/3	Favourable financing terms, long maturities and a substantial cash buffer mitigate refinancing risks.

Figure 5: Contributions to change in debt levels, pps of GDP



Source: IMF WEO, Scope Ratings forecasts

Figure 6: Debt-to-GDP forecasts, % of GDP



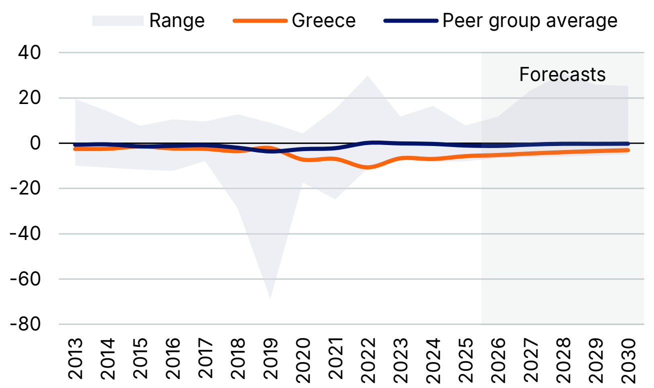
Source: IMF WEO, Scope Ratings forecasts

External economic risk

Overview of Scope's assessments of Greece's *External Economic Risk*

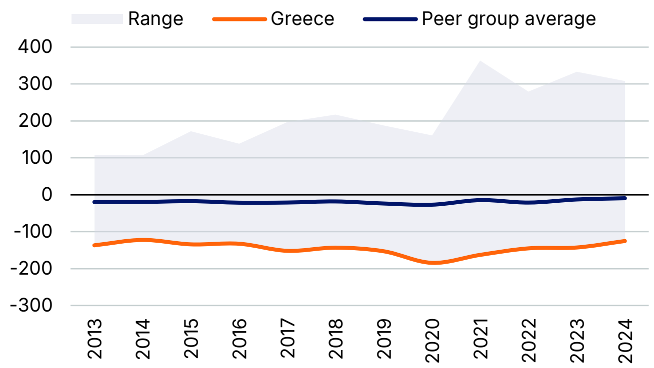
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
C	Current account resilience	Weak	- 1/3	Structural current-account deficits, high reliance on energy imports.
	External debt structure	Strong	0	High albeit declining share of government debt, mostly owed to official-sector creditors.
	Resilience to short-term external shocks	Neutral	0	Benefits from euro-area membership

Figure 7: Current-account balance, % of GDP



Source: IMF WEO forecasts, Scope Ratings

Figure 8: Net international investment position (NIIP), % GDP



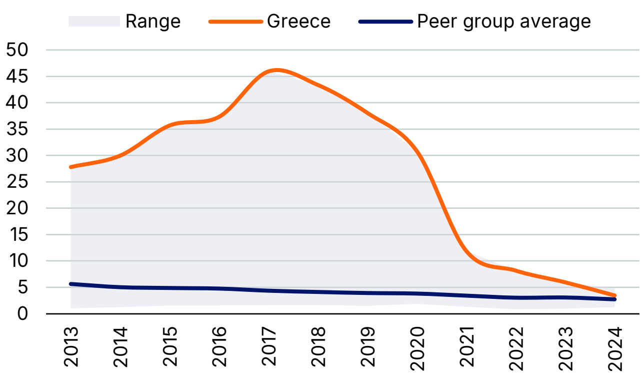
Source: IMF, Scope Ratings

Financial stability risk

Overview of Scope's assessments of Greece's *Financial Stability Risk*

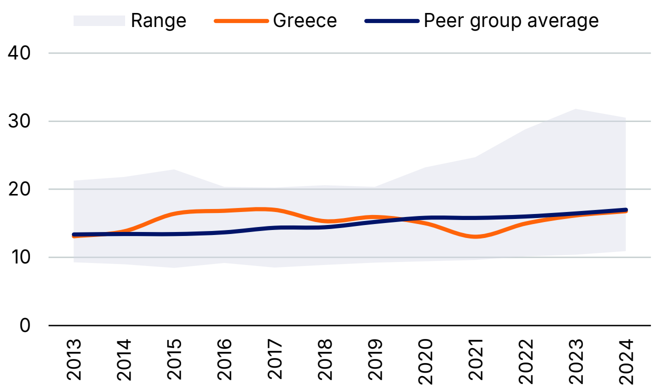
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Banking sector performance	Neutral	0	Profitability has improved, reflecting better operating conditions, NPLs significantly reduced.
	Financial sector oversight and governance	Strong	1/3	Effective supervision by the Bank of Greece and the ECB under the Banking Union framework
	Financial imbalances	Neutral	0	Moderate levels of private-sector debt; high sovereign-bank linkages persist, but are gradually declining

Figure 9: Non-performing loans (NPLs), % of total loans



Source: World Bank (WB), Scope Ratings

Figure 10: Tier 1 capital, % of risk-weighted assets



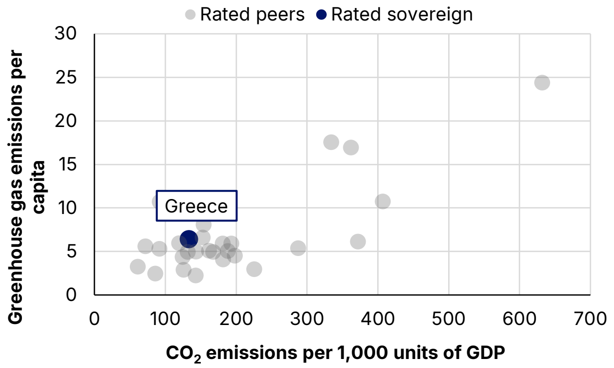
Source: IMF, Scope Ratings

Environmental, Social and Governance (ESG) risk

Overview of Scope's assessments of Greece's *ESG Risk*

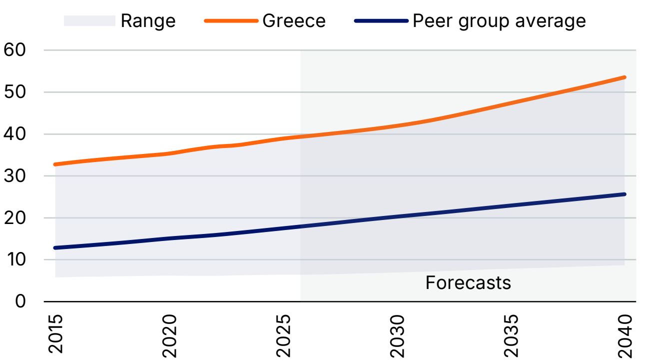
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
bb+	Environmental factors	Weak	- 1/3	High vulnerability to natural disasters, a low share of renewables in total energy consumption, though improving
	Social factors	Weak	- 1/3	Adverse demographic trends including population ageing, moderate education outcomes, regional inequalities remain structural social challenges
	Governance factors	Strong	1/3	Stable political environment, strong institutional framework.

Figure 11: CO_2 emissions per capita/GDP (2023), $mtCO_2e$



Source: European Commission (EC), Scope Ratings

Figure 12: Old-age dependency ratio, %



Source: United Nations (UN), Scope Ratings

Reserve-currency adjustment

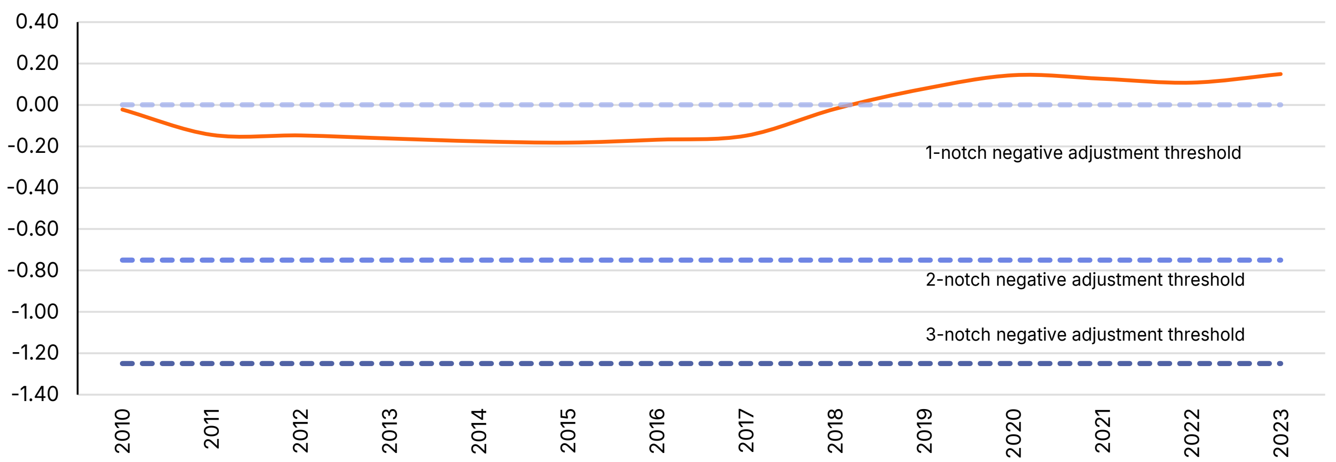
IMF SDR basket and Scope reserve-currency adjustment

Currency	U.S. dollar	**Euro**	Chinese yuan	Japanese yen	Pound sterling	Other
IMF SDR basket weights, %	43.4	**29.3**	12.3	7.6	7.4	0.0
Positive adjustment, notches	3	**1**	1	1	1	0

Source: IMF, Scope Ratings

Political-risk adjustment

Figure 13: WB Political Stability & Absence of Violence/Terrorism index, Greece, three-year moving average



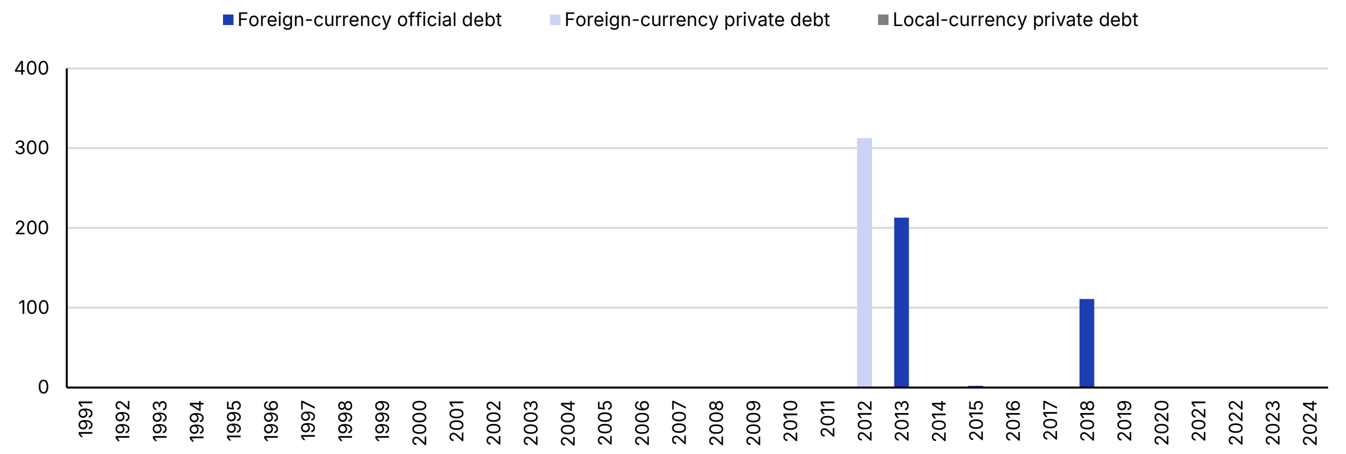
Source: WB, Scope Ratings

Additional considerations

No adjustment was applied to the rating from additional considerations.

Appendix 1. Sovereign default history

Sovereign default history, USD bn



Depicted private-debt defaults may not always constitute a credit event under Scope's credit-rating definitions.
Source: Bank of Canada–Bank of England Sovereign Default Database, Scope Ratings.

Appendix 2. Rating peers

Rating peers are related to sovereigns with an indicative rating in the same rating category or adjacent categories, as assigned by Scope's sovereign quantitative model after accounting for methodological reserve-currency and political-risk adjustments.

Peer group*
China
Georgia
Romania
Serbia
Turkey

*Select publicly-rated sovereigns only; the full sample of sovereign-rating peers may be larger.

Appendix 3. Economic development and default indicators

IMF Development Classification	Advanced economy
5-year USD CDS spread (bps) as of 6 November 2025	37

Appendix 4. Statistical table for selected SQM indicators

This table presents a selection of the indicators (24 out of 30 – with the governance indicator reflecting a composite of five indicators) used in Scope's quantitative model, in line with Scope's Sovereign Rating Methodology. The metrics and sources for the data presented here ensure comparability across global country peers and may therefore differ from data from national and other select international statistical series.

Pillar	Core variable	Source	2019	2020	2021	2022	2023	2024
Domestic Economic	**GDP per capita (PPP)**, Int$ '000s	IMF	31.9	29.5	33.2	38.4	41	43
	Nominal GDP, USD bn	IMF	207	191	218	219	244	257
	Real growth, %	IMF	2.3	-9.2	8.7	5.7	2.3	2.3
	CPI inflation, %	IMF	0.5	-1.3	0.6	9.3	4.2	3.0
	Unemployment rate, %	WB	17.0	15.9	14.7	12.4	11.0	10.0
Public Finance	**Public debt**, % of GDP	IMF	183.7	209.9	197.8	178.4	165.2	154.8
	Net interest payment, % of government revenue	IMF	6.3	6.0	5.0	4.9	7.0	7.0
	Primary balance, % of GDP	IMF	2.9	-7.4	-5.0	0.0	2.1	4.8
External Economic	**Current-account balance**, % of GDP	IMF	-2.2	-7.2	-7.0	-10.7	-6.7	-7.0
	Total reserves, months of imports	WB	1.1	1.8	1.6	1.1	1.2	1.3
	NIIP, % of GDP	IMF	-153.1	-184.5	-162.8	-145.1	-142.8	-125.2
Financial Stability	**NPL ratio**, % of total loans	IMF	38.1	30.8	11.9	8.2	6.0	3.5
	Tier 1 ratio, % of risk-weighted assets	IMF	14.9	14.6	13.7	12.6	14.1	16.0
	Credit to the private sector, % of GDP	WB	80.2	81.3	56.2	52.2	49.1	48.4
ESG	**CO_2 per EUR 1,000 of GDP**, $mtCO_2e$	EC	171.2	160.5	151.6	147.1	133.6	133.9
	Income share of bottom 50%, %	WID	21.1	21.3	21.3	20.5	20.5	-
	Labour-force participation rate, %	WB	67.2	66.2	66.8	69.1	69.3	69.3
	Old-age dependency ratio, %	UN	34.8	35.3	36.2	36.9	37.3	38.1
	Composite governance indicators*	WB	0.4	0.4	0.5	0.4	0.4	-
	Political stability, index	WB	0.1	0.1	0.1	0.1	0.1	-

*Average of the following five World Bank Worldwide Governance Indicators: Control of Corruption, Voice and Accountability, Rule of Law, Government Effectiveness, Regulatory Quality.

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Applied methodology

Sovereign Rating Methodology, January 2025

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