

Republic of Slovenia

Rating report

Rating rationale

Prudent fiscal policy and structural reform progress: Slovenia maintains a commitment to fiscal prudence and reform, reflected in moderate deficits. The general government deficit narrowed to 0.9% of GDP in 2024 and is projected to widen moderately to 2.4% of GDP in 2025 and 2.8% in 2026, before stabilising at around 2.7% of GDP over 2025–2030. The debt-to-GDP ratio is expected to stabilise at about 67%, broadly unchanged from 2024. Ongoing pension and public-sector wage reforms aim to contain medium-term expenditure pressures linked to ageing, supporting long-term fiscal sustainability.

Sizeable external and fiscal buffers: The current account surplus stood at 3.9% of GDP in H1 2025 but is expected to moderate over the medium term, while Slovenia is projected to maintain a modest net external creditor position. Resilient services exports and contained external financing needs provide additional protection against global market volatility. These buffers, combined with euro area membership, underpin Slovenia's external resilience and fiscal flexibility, further supported by a substantial cash buffer of EUR 9.5bn (about 13.5% of GDP).

Softened macro-economic outlook: We expect growth to slow to 0.9% in 2025 from 1.7% in 2024, as weaker external demand and lower exports of intermediate goods weigh on activity. Domestic demand will remain the main growth driver, though labour shortages and demographic trends continue to constrain potential output. Medium-term growth should average around 2%, contingent on a gradual euro-area recovery, efficient EU fund absorption, and productivity gains.

Rating challenges include: i) persistent labour supply shortages, which may constrain potential growth; and ii) adverse demographic trends, including population ageing, posing long-term fiscal and economic pressures.

Figure 1: Slovenia'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	Slovenia	- 1/3	A+
Public finance risk		20%	aa-			0	
External economic risk		10%	a			0	
Financial stability risk		10%	aaa			0	
ESG risk	Environmental factors	5%	bbb+	[+1]	[-0]	- 1/3	
	Social factors	7.5%	b+			0	
	Governance factors	12.5%	aa+			0	
Sovereign Quantitative Model***		aa-				-1	
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 'aa-' for Slovenia, 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

A+/Stable

Senior unsecured debt/Outlook

A+/Stable

Short-term issuer rating/Outlook

S-1+/Stable

Local currency

Long-term issuer rating/Outlook

A+/Stable

Senior unsecured debt/Outlook

A+/Stable

Short-term issuer rating/Outlook

S-1+/Stable

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Credit strengths and challenges

Credit strengths

- Euro area membership
- Prudent fiscal policy, progress on structural reforms
- Favourable debt profile
- Sizeable external and fiscal buffers

Credit challenges

- Structural labour supply shortages, which may constrain potential growth
- Adverse demographic trends, including population ageing, posing long-term fiscal and economic pressures

Outlook and rating triggers

The Stable Outlook reflects the view that risks for the ratings are balanced.

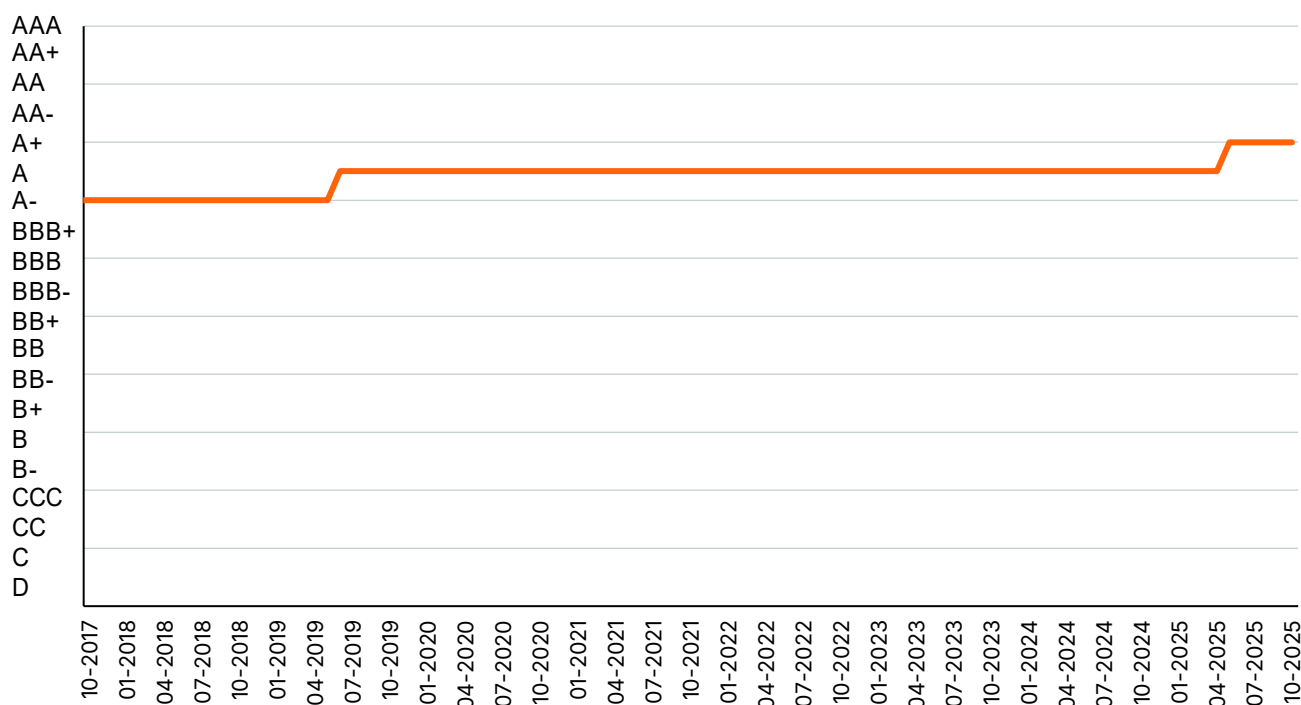
Positive rating-change drivers

- Greater economic diversification, higher wealth levels, and sustained current account surpluses, further improving the external position and enhancing economic resilience
- Significant reduction in the debt-to-GDP ratio driven by strong fiscal discipline

Negative rating-change drivers

- Weakening fiscal performance, reversing the progress in debt reduction and undermining the fiscal outlook
- GDP growth prospects weaken materially, for example, driven by declining reform momentum or external shocks

Figure 2: Rating history



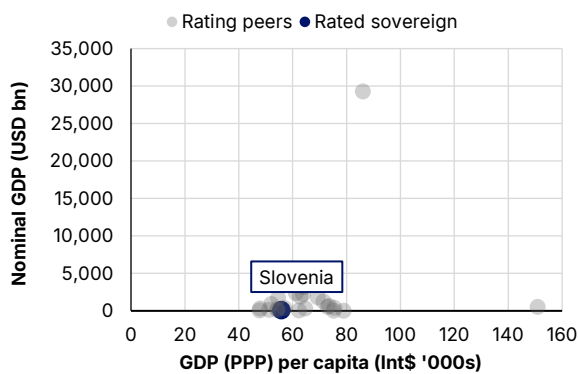
Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment. Source: Scope Ratings.

Domestic economic risk

Overview of Scope's assessments of Slovenia's Domestic Economic Risk

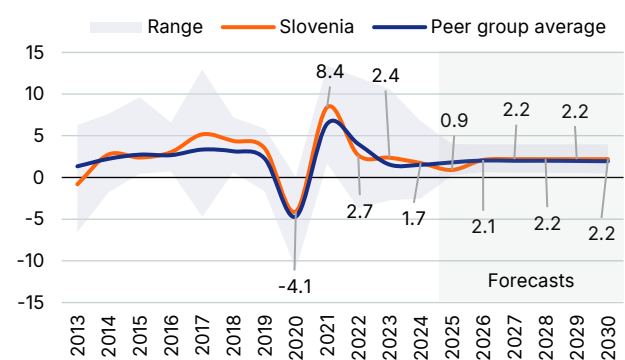
SQM ¹ indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a+	Growth potential and outlook	Neutral	0	Medium-run growth potential faces challenges from adverse demographic trends; sustained public investment
	Monetary policy framework	Neutral	0	ECB is a highly credible and effective central bank; effective policy framework and transmission over the cycle
	Macroeconomic stability and sustainability	Weak	- 1/3	Structural labour-market rigidities coupled with a rapidly ageing workforce; limited economic diversification

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



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

Figure 4: Real GDP growth, %



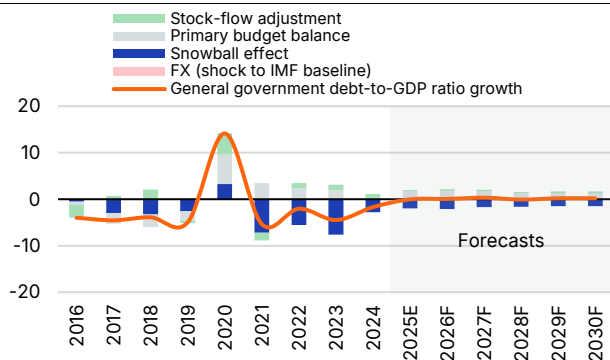
Source: IMF WEO, Scope Ratings forecasts

Public finance risk

Overview of Scope's assessments of Slovenia's Public Finance Risk

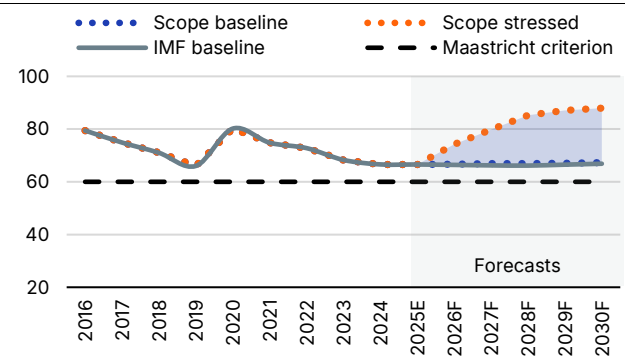
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aa-	Fiscal policy framework	Neutral	0	Robust and credible fiscal policy framework in line with peers
	Long-term debt trajectory	Neutral	0	Stable debt trajectory in a baseline scenario; elevated pension and healthcare liabilities over the medium- to long-run, but progress on reforms
	Debt profile and market access	Neutral	0	Low interest-payment burden; substantial public sector liquid assets

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

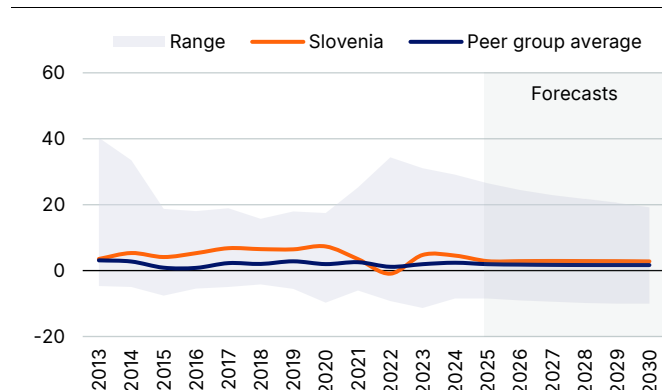
¹ Sovereign Quantitative Model

External economic risk

Overview of Scope's assessments of Slovenia's External Economic Risk

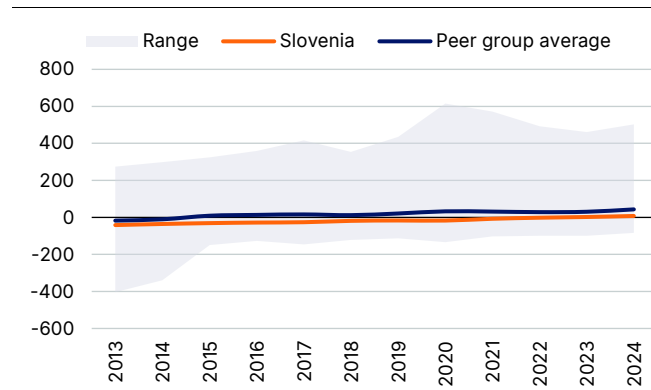
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a	Current account resilience	Neutral	0	Competitive industrial base; strong manufacturing industry
	External debt structure	Neutral	0	Significant external assets
	Resilience to short-term external shocks	Neutral	0	Small, open economy; strong reliance on external demand and foreign direct investment; 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



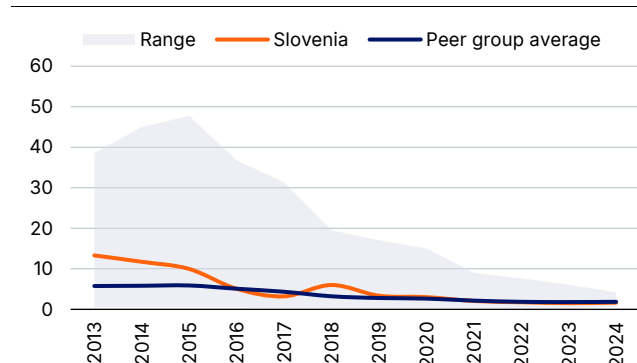
Source: IMF, Scope Ratings

Financial stability risk

Overview of Scope's assessments of Slovenia's Financial Stability Risk

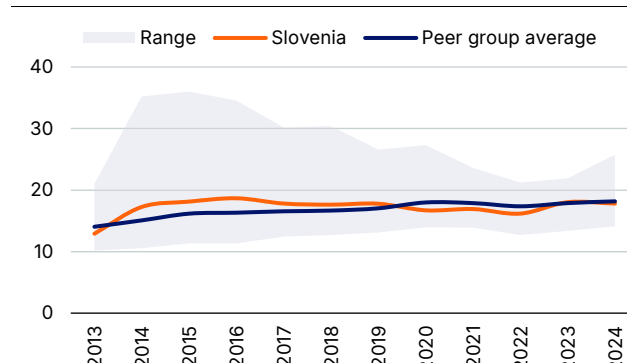
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Banking sector performance	Neutral	0	High capitalisation, robust profitability and liquidity, balanced by record of banking sector crisis
	Financial sector oversight and governance	Neutral	0	Rigorous oversight under the ECB as part of the Single Supervision Mechanism
	Financial imbalances	Neutral	0	High house prices; low private debt

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



Source: World Bank (WB), Scope Ratings

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



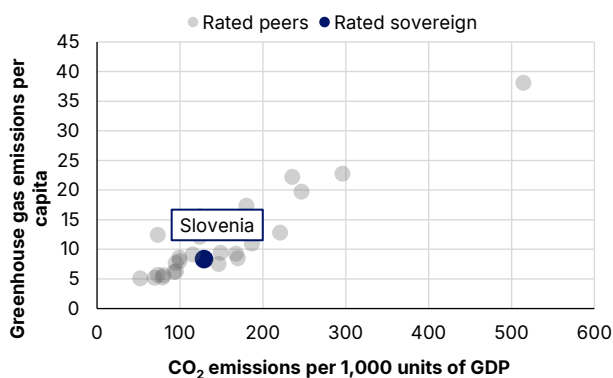
Source: IMF, Scope Ratings

Environmental, Social and Governance (ESG) risk

Overview of Scope's assessments of Slovenia's ESG Risk

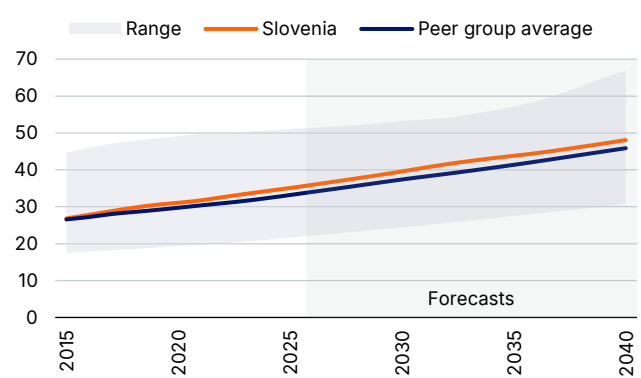
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a-	Environmental factors	Weak	- 1/3	Limited progress in decarbonisation and the diversification of its renewable energy mix coupled with elevated EU energy costs; recent weather-related shocks with fiscal impact
	Social factors	Neutral	0	Structural demographic pressures and labour market constraints
	Governance factors	Neutral	0	Strong mandate, but structural reform agenda to test effective policy making and ruling coalition agreement

Figure 11: CO₂ emissions per capita/GDP (2024), mtCO₂e



Source: European Commission (EC), Scope Ratings

Figure 12: Old-age dependency ratio, %



Source: United Nations (UN), Scope Ratings

Reserve-currency adjustment

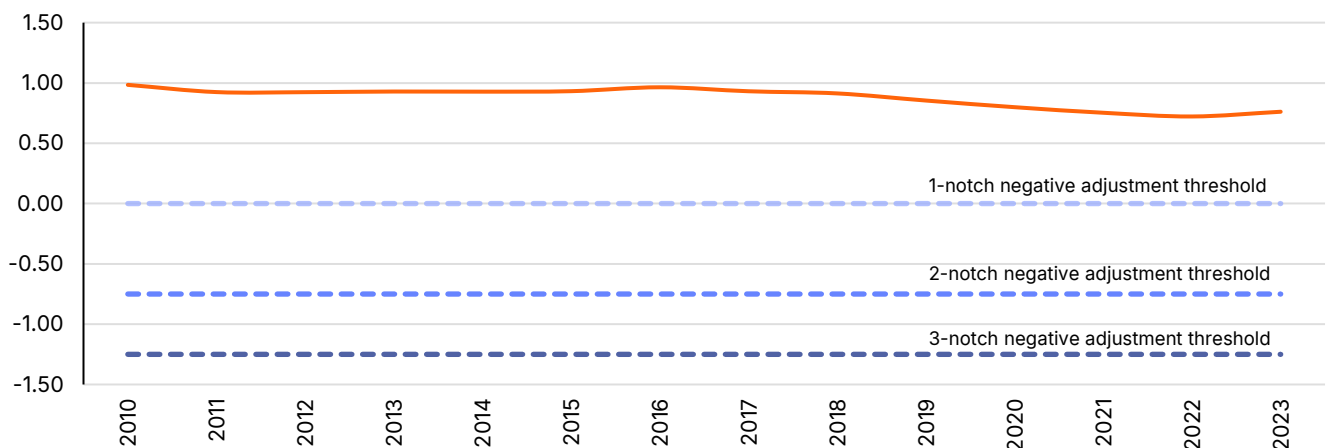
IMF SDR basket and Scope reserve-currency adjustment

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, Slovenia, three-year moving average



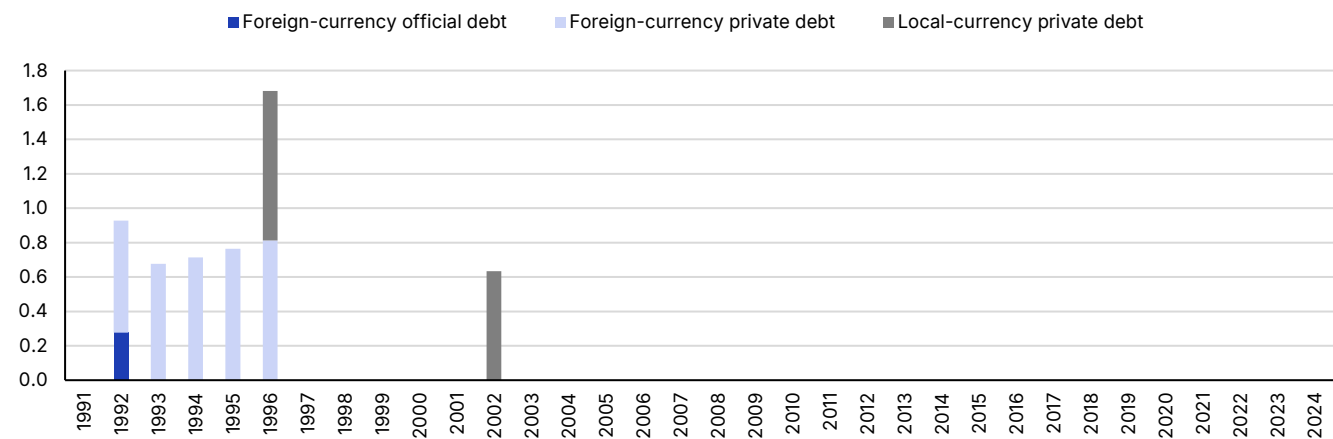
Source: WB, Scope Ratings

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*
Czech Republic
Estonia
Lithuania

*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 31 October 2025	41

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	42.5	41.9	46.3	50.9	53.8	55.9
	Nominal GDP, USD bn	IMF	54	53	62	60	69	73
	Real growth, %	IMF	3.5	-4.1	8.4	2.7	2.4	1.7
	CPI inflation, %	IMF	1.6	-0.1	1.9	8.8	7.4	2.0
	Unemployment rate, %	WB	4.4	5.0	4.7	4.0	3.7	3.7
Public Finance	Public debt, % of GDP	IMF	66.0	80.2	74.8	72.8	68.3	66.6
	Net interest payment, % of government revenue	IMF	3.2	3.1	2.5	2.1	1.5	1.3
	Primary balance, % of GDP	IMF	2.1	-6.3	-3.5	-2.1	-1.9	-0.3
External Economic	Current-account balance, % of GDP	IMF	6.4	7.3	3.5	-0.9	4.8	4.5
	Total reserves, months of imports	WB	0.3	0.4	0.5	0.5	0.5	0.6
	NIIP, % of GDP	IMF	-16.5	-17.0	-7.4	-1.6	2.4	7.8
Financial Stability	NPL ratio, % of total loans	IMF	3.4	3.0	2.1	1.8	1.5	1.6
	Tier 1 ratio, % of risk-weighted assets	IMF	17.6	16.3	16.5	15.7	16.7	18.0
	Credit to the private sector, % of GDP	WB	42.7	43.6	41.1	41.2	36.4	35.7
ESG	CO ₂ per EUR 1,000 of GDP, mtCO ₂ e	EC	159.2	151.6	143.2	134.7	124.3	129.3
	Income share of bottom 50%, %	WID	24.4	24.2	24.2	24.2	24.2	-
	Labour-force participation rate, %	WB	75.3	74.8	75.5	76.7	76.7	76.7
	Old-age dependency ratio, %	UN	30.5	31.1	31.7	32.6	33.5	34.3
	Composite governance indicators*	WB	1.0	1.0	0.9	0.9	0.9	-
	Political stability, index	WB	0.9	0.8	0.8	0.7	0.8	-

*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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Related research

[CEE Sovereign Outlook 2025: risk balance to ratings broadly neutral for 2025](#), December 2024

Applied methodology

[Sovereign Rating Methodology](#), January 2025

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