

# Slovak Republic

## Rating report

### Rating rationale

**European Union (EU) and euro-area memberships:** Slovakia benefits from EU and euro area memberships, access to significant EU cohesion and recovery funding, a strong reserve currency, ECB asset purchase programmes and refinancing operations, and supervision under the European fiscal framework, which anchors policymaking and enhances resilience to external shocks.

**Competitive export-oriented industries, but higher external and domestic economic challenges:** Slovakia has a competitive export-oriented industrial base, anchored by a relatively robust manufacturing sector benefitting from sustained foreign direct investments, especially into the automotive sector. However, the recent US protectionist policy shift and the heightened global trade uncertainty weigh significantly on Slovakia's manufacturing industry, curbing external demand. In addition, the current fiscal consolidation efforts lower domestic demand. We expect subdued economic growth at 0.8% in 2025 and 1.2% in 2026, before gradually recovering and reach 2% by 2030, although remaining below the 2.25% medium-term potential.

**Excessive fiscal deficit and rising, albeit moderate, government debt levels:** The European Commission opened an Excessive Deficit Procedure (EDP) in 2024 given elevated fiscal deficits. The headline fiscal deficit stood at 5.3% of GDP in 2024, increasingly only by 0.1pp from the previous year due to fiscal consolidation efforts. Further consolidation measures are planned for 2026, although their effectiveness is likely to be challenged by the economic slowdown and spending pressures. Consequently, we expect the general government debt to rise from 59.3% of GDP in 2024 to around 69.6% by 2030.

**Rating challenges:** i) wide budget deficits and a steady rise of the government debt ratio; ii) the high dependence on external demand and on global value chains; iii) institutional risks and governance challenges, as well as associated effects for EU fund absorption; and iv) the effects of adverse demographics.

Figure 1: Slovakia'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	Slovakia	- 1/3	A
Public finance risk		20%	a-			0	
External economic risk		10%	ccc			0	
Financial stability risk		10%	aaa			0	
ESG risk	Environmental factors	5%	bbb	[+1]	[-0]	0	
	Social factors	7.5%	bb			0	
	Governance factors	12.5%	a-			0	
Sovereign Quantitative Model***		a				-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 'a' for Slovakia, 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](#). Source: Scope Ratings.

### Foreign currency

Long-term issuer rating/Outlook

A/Negative

Senior unsecured debt/Outlook

A/Negative

Short-term issuer rating/Outlook

S-1/Stable

### Local currency

Long-term issuer rating/Outlook

A/Negative

Senior unsecured debt/Outlook

A/Negative

Short-term issuer rating/Outlook

S-1/Stable

### Lead Analyst

Alessandra Poli

+49 69 8700274-98

[a.poli@scoperatings.com](mailto:a.poli@scoperatings.com)

### Team Leader

Alvise Lennkh-Yunus

+49 69 6677389-85

[a.lennkh@scoperatings.com](mailto:a.lennkh@scoperatings.com)

## Credit strengths and challenges

### Credit strengths

- EU and euro-area memberships
- Competitive manufacturing industries
- Favourable government debt profile

### Credit challenges

- Wide budget deficits and a rising government debt stock
- Vulnerabilities to tariffs & disruptions in global value chains
- Institutional and governance risk
- Adverse demographics

## Outlook and rating triggers

The Negative Outlook underscores the view that risks for the ratings are skewed to the downside over the coming 12-18 months.

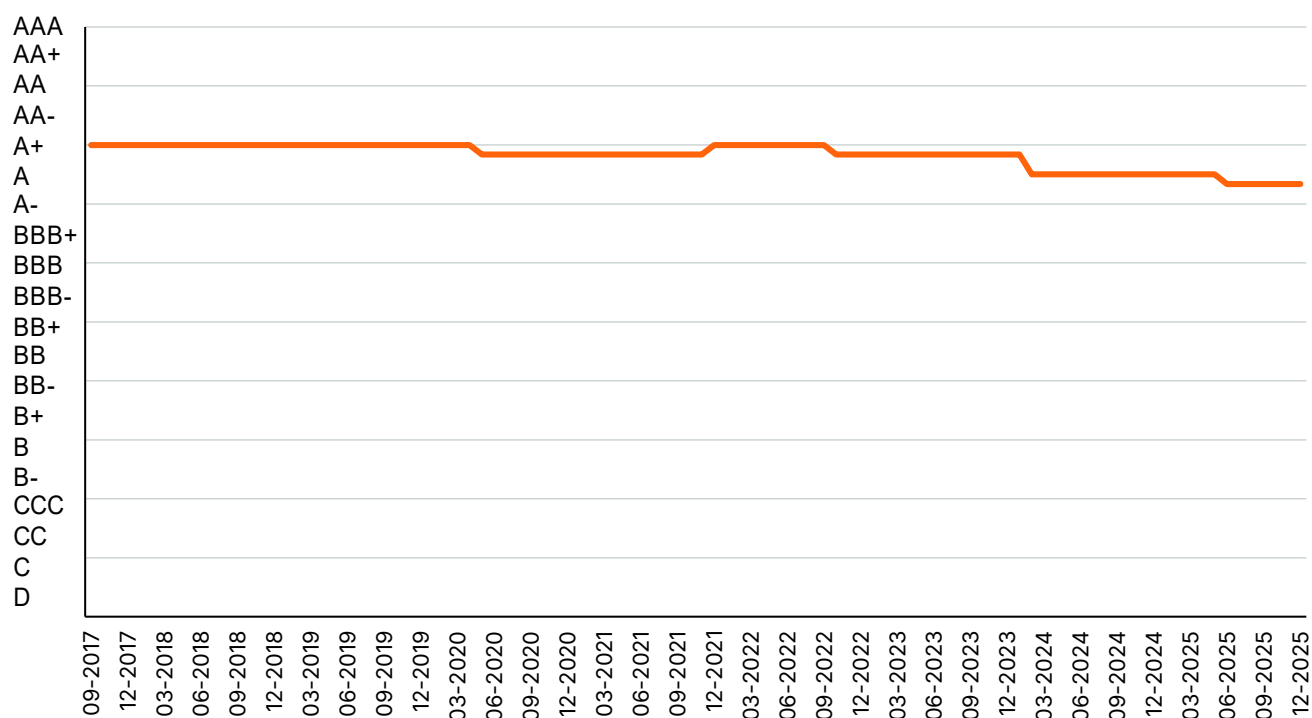
### Positive rating-change drivers

- The fiscal outlook improves, for example, due to a sustained reduction in budgetary deficits, leading to a stabilisation or even decline of the government debt ratio.
- The near- and medium-term growth outlook improves.

### Negative rating-change drivers

- Weaker fiscal outlook, larger-than-expected fiscal deficits and continued rise in government debt above projections.
- Weaker economic outlook, for example, due to a domestic or external shock lowering economic growth and/or the country's medium-run growth potential.
- Institutional risks or political instability increases, raising the materiality of governance concerns and/or challenging EU funding.

Figure 2: Rating history



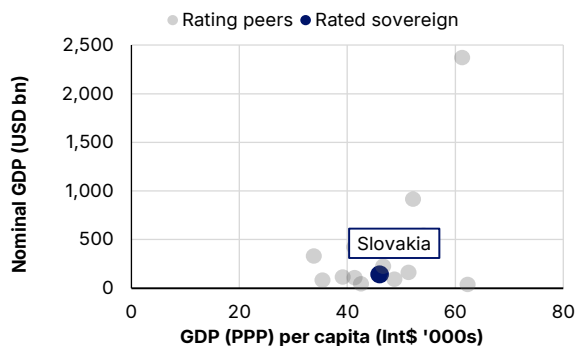
Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment. Source: Scope Ratings.

## Domestic economic risk

### Overview of Scope's assessments of Slovakia's Domestic Economic Risk

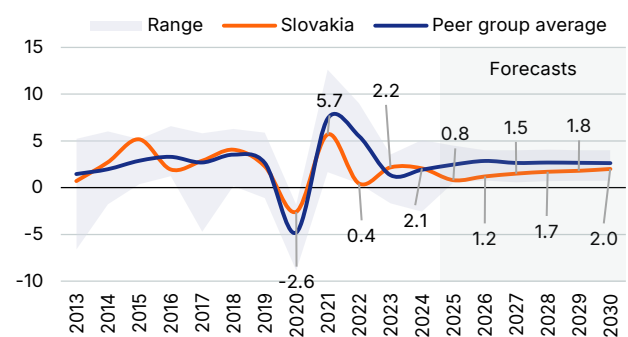
SQM <sup>1</sup> indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a+	Growth potential and outlook	Neutral	0	Moderate growth potential, supported by a competitive manufacturing industry and high FDIs; risk of declining in case of lower investments
	Monetary policy framework	Neutral	0	The ECB is a reserve-currency central bank; an effective monetary framework and enhanced lender of-last-resort supports euro-area Member States
	Macroeconomic stability and sustainability	Weak	- 1/3	Low export and industrial production diversification, significantly concentrated in the machinery and transport equipment sector, particularly the automotive sector, increasing vulnerability to tariffs/ external shocks.

Figure 3: Nominal GDP and GDP per capita



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

Figure 4: Real GDP growth, %



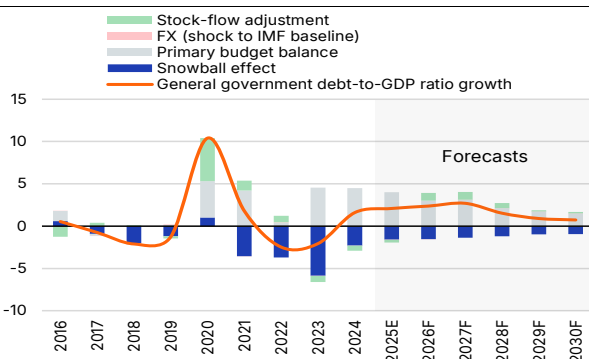
Source: IMF WEO, Scope Ratings forecasts

## Public finance risk

### Overview of Scope's assessments of Slovakia's Public Finance Risk

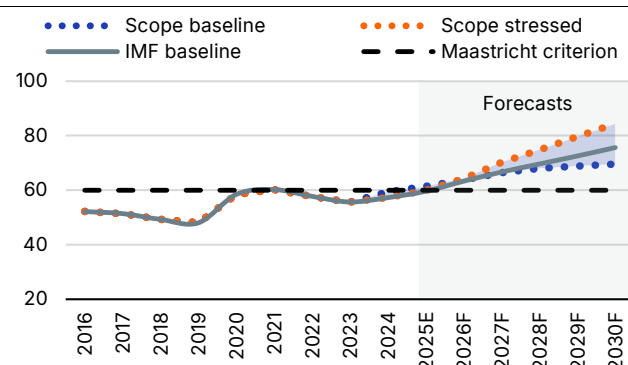
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a-	Fiscal policy framework	Neutral	0	Credible constitutional budgetary framework but continued excessive budget deficits despite ongoing fiscal consolidation efforts.
	Long-term debt trajectory	Neutral	0	Rising, albeit moderate, government debt levels due to slowdown in economic growth, primary fiscal deficits and adverse long-run demographics.
	Debt profile and market access	Neutral	0	A favourable government debt structure, and significant holdings of the sovereign's debt by the ECB.

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



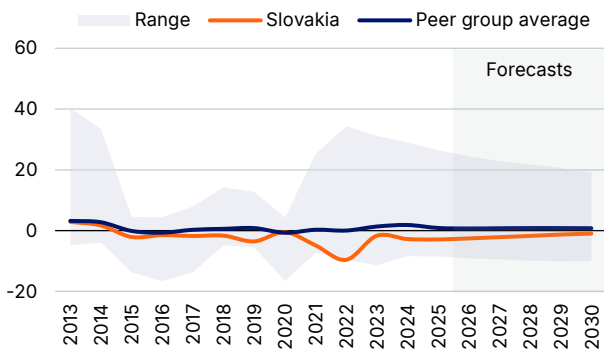
Source: IMF WEO, Scope Ratings forecasts

## External economic risk

### Overview of Scope's assessments of Slovakia's External Economic Risk

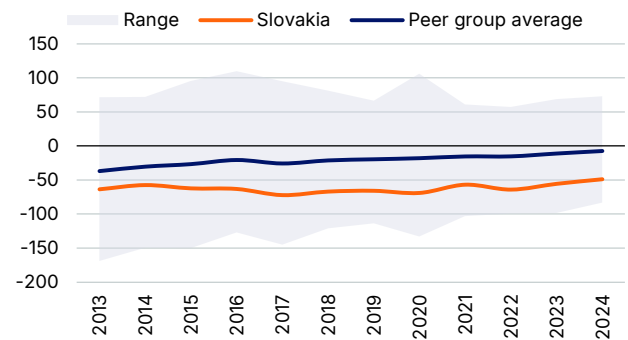
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
CCC	Current account resilience	Neutral	0	An export-oriented economy having modest current-account deficits
	External debt structure	Neutral	0	Moderate levels of gross external debt, but significant share of external debt having a short-term maturity
	Resilience to short-term external shocks	Neutral	0	A small, open economy benefitting from the economy's memberships of the EU and the euro area

Figure 7: Current-account balance, % of GDP



Source: IMF WEO forecasts, Scope Ratings

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



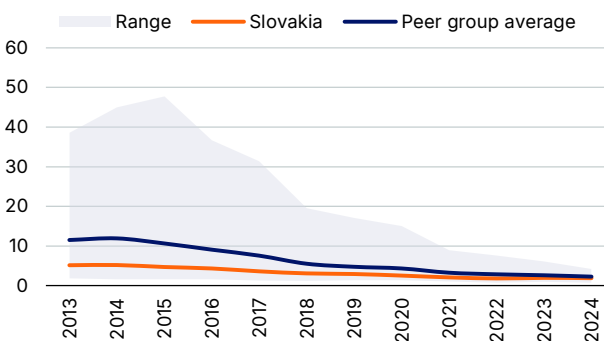
Source: IMF, Scope Ratings

## Financial stability risk

### Overview of Scope's assessments of Slovakia's Financial Stability Risk

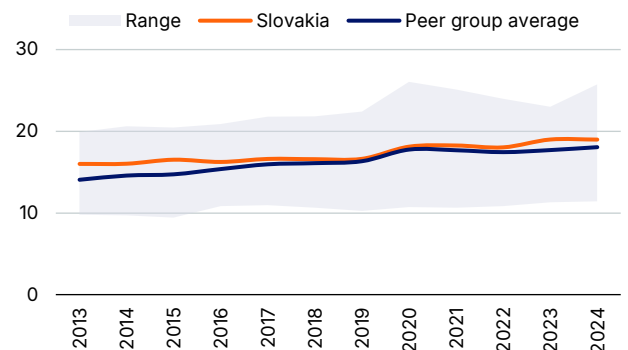
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Banking sector performance	Neutral	0	A well-capitalised banking system and low levels of nonperforming loans (NPLs)
	Financial sector oversight and governance	Neutral	0	Oversight under the National Bank of Slovakia and the ECB as a part of European Banking Union
	Financial imbalances	Neutral	0	Elevated private debt counterbalanced by the modest correction in real-estate prices and the macroprudential measures adopted

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



Source: World Bank (WB), Scope Ratings

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



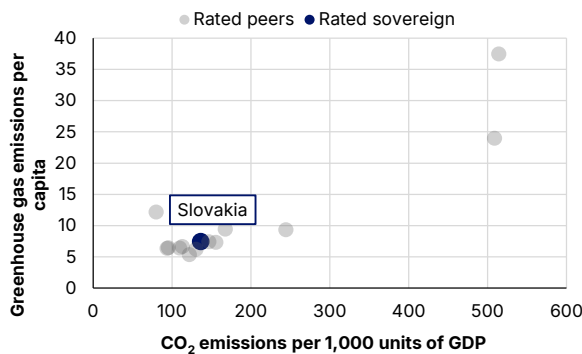
Source: IMF, Scope Ratings

## Environmental, Social and Governance (ESG) risk

### Overview of Scope's assessments of Slovakia's ESG Risk

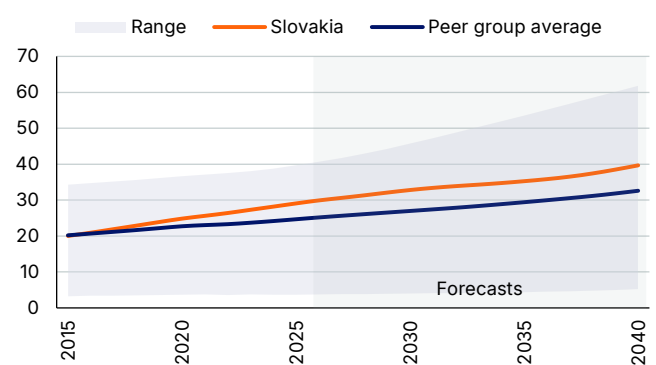
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
bbb	Environmental factors	Neutral	0	Increasing share of renewable energy in total consumption, but still below EU-average; high share of electricity production reliant on nuclear power generation. Transition risks in line with those of other CEE economies.
	Social factors	Neutral	0	Moderate unemployment, below EU-average poverty rates, adverse demographics and high regional economic disparities.
	Governance factors	Neutral	0	Elevated political fragmentation, deterioration in the rule of law. The government has so far cooperated with the EU to reduce tensions, recognizing the importance of EU funding.

Figure 11: CO<sub>2</sub> emissions per GDP, mtCO<sub>2</sub>e



Source: European Commission (EC), Scope Ratings

Figure 12: Old-age dependency ratio, %



Source: United Nations (UN), Scope Ratings

## Reserve-currency adjustment

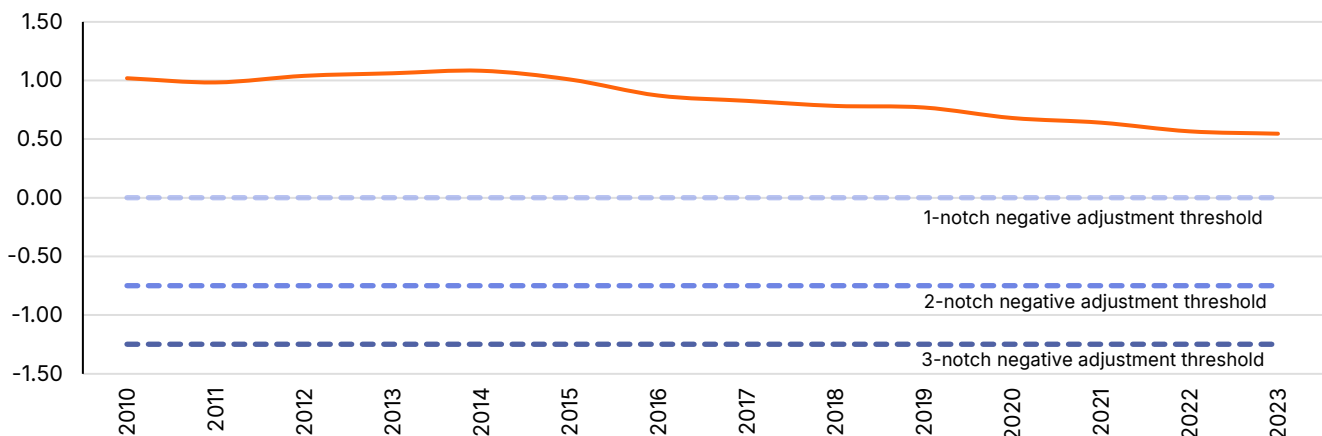
### IMF SDR basket and Scope reserve-currency adjustment

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 11: WB Political Stability & Absence of Violence/Terrorism index, Slovakia, 3-year moving average



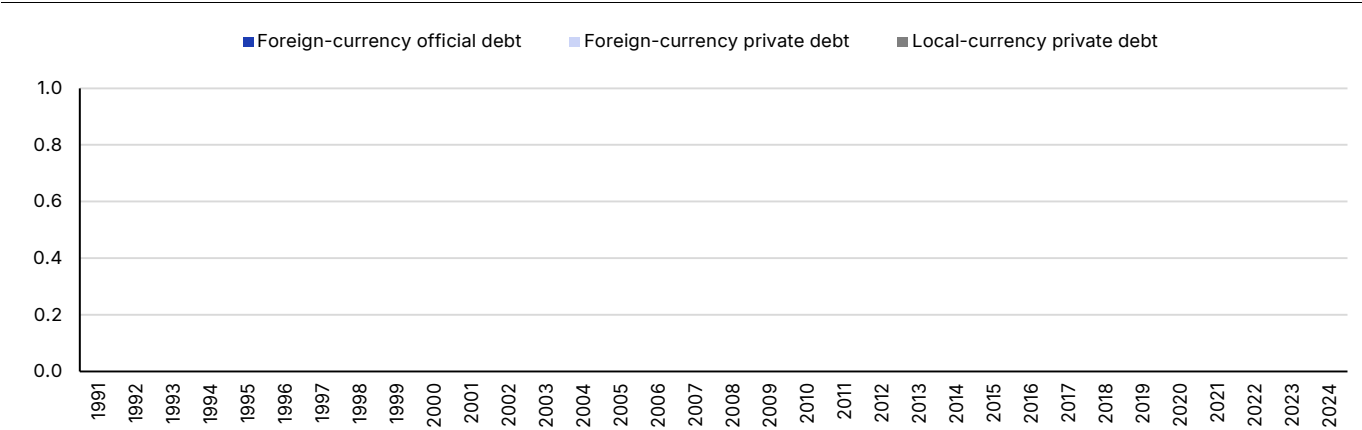
Source: WB, Scope Ratings

Additional considerations

No adjustment was applied to the rating from additional considerations.

Appendix 1. Sovereign default history

Sovereign default history, USD m



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*
Bulgaria
Croatia
Cyprus
Latvia
Poland

\*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
5y USD CDS spread (bp) as of 5 December 2025	42.3

#### 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	34.0	35.3	38.3	41.4	43.9	46.0
	Nominal GDP, USD bn	IMF	106	108	121	116	134	142
	Real growth, %	IMF	2.3	-2.6	5.7	0.4	2.2	2.1
	CPI inflation, %	IMF	2.8	2.0	2.8	12.1	11.0	3.2
	Unemployment rate, %	WB	5.8	6.7	6.9	6.1	5.8	5.3
Public Finance	Public debt, % of GDP	IMF	48.0	58.4	60.2	57.7	55.6	57.2
	Net interest payment, % of government revenue	IMF	2.7	2.5	2.2	1.9	1.4	1.8
	Primary balance, % of GDP	IMF	-0.1	-4.3	-4.2	-0.4	-4.5	-4.5
External Economic	Current-account balance, % of GDP	IMF	-3.5	-0.5	-4.8	-9.6	-1.7	-2.8
	Total reserves, months of imports	WB	0.8	1.2	1.0	1.0	1.1	1.4
	NIIP, % of GDP	IMF	-65.8	-68.9	-56.9	-64.0	-55.7	-49.0
Financial Stability	NPL ratio, % of total loans	IMF	3.0	2.6	2.1	1.9	2.0	1.9
	Tier 1 ratio, % of risk-weighted assets	IMF	16.7	17.3	18.8	18.1	18.1	19.4
	Credit to the private sector, % of GDP	WB	62.5	65.6	65.1	66.7	61.3	59.3
ESG	CO <sub>2</sub> per EUR 1,000 of GDP, mtCO <sub>2</sub> e	EC	171.6	165.2	175.5	158.2	145.3	136.7
	Income share of bottom 50%, %	WID	24.5	24.4	25.3	25.5	24.3	-
	Labour-force participation rate, %	WB	72.7	72.4	74.6	76.0	76.5	76.5
	Old-age dependency ratio, %	UN	23.9	24.9	25.7	26.4	27.3	28.2
	Composite governance indicators*	WB	0.6	0.6	0.6	0.6	0.5	-
	Political stability, index	WB	0.7	0.6	0.6	0.5	0.6	-

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

**Lead Analyst**

Alessandra Poli  
+49 69 8700274-98  
[a.poli@scoperatings.com](mailto:a.poli@scoperatings.com)

**Team Leader**

Alvise Lennkh-Yunus  
+49 69 6677389-85  
[a.lennkh@scoperatings.com](mailto:a.lennkh@scoperatings.com)

**Related research**

[Slovakia: increasing consolidation fatigue challenges medium-term fiscal sustainability](#), October 2025

**Applied methodologies**

[Sovereign Rating Methodology](#), January 2025

**Scope Ratings GmbH**

Lennéstraße 5, D-10785 Berlin  
Phone: +49 30 27891-0  
Fax: +49 30 27891-100  
[info@scoperatings.com](mailto:info@scoperatings.com)

**Scope Ratings UK Limited**

52 Grosvenor Gardens  
London SW1W 0AU  
Phone: +44 20 7824 5180  
[info@scoperatings.com](mailto:info@scoperatings.com)



Bloomberg: RESP SCOP  
[Scope contacts](#)  
[scoperatings.com](https://scoperatings.com)

**Disclaimer**

© 2025 Scope SE & Co. KGaA and all its subsidiaries including Scope Ratings GmbH, Scope Ratings UK Limited, Scope Fund Analysis GmbH, Scope Innovation Lab GmbH and Scope ESG Analysis GmbH (collectively, Scope). All rights reserved. The information and data supporting Scope's ratings, rating reports, rating opinions and related research and credit opinions originate from sources Scope considers to be reliable and accurate. Scope does not, however, independently verify the reliability and accuracy of the information and data. Scope's ratings, rating reports, rating opinions, or related research and credit opinions are provided 'as is' without any representation or warranty of any kind. In no circumstance shall Scope or its directors, officers, employees and other representatives be liable to any party for any direct, indirect, incidental or other damages, expenses of any kind, or losses arising from any use of Scope's ratings, rating reports, rating opinions, related research or credit opinions. Ratings and other related credit opinions issued by Scope are, and have to be viewed by any party as, opinions on relative credit risk and not a statement of fact or recommendation to purchase, hold or sell securities. Past performance does not necessarily predict future results. Any report issued by Scope is not a prospectus or similar document related to a debt security or issuing entity. Scope issues credit ratings and related research and opinions with the understanding and expectation that parties using them will assess independently the suitability of each security for investment or transaction purposes. Scope's credit ratings address relative credit risk, they do not address other risks such as market, liquidity, legal, or volatility. The information and data included herein is protected by copyright and other laws. To reproduce, transmit, transfer, disseminate, translate, resell, or store for subsequent use for any such purpose the information and data contained herein, contact Scope Ratings GmbH at Lennéstraße 5, D-10785 Berlin. Public Ratings are generally accessible to the public. Subscription Ratings and Private Ratings are confidential and may not be shared with any unauthorised third party.