

Hellenic Republic

Rating report

Rating rationale

Strong European institutional support: Eurosystem and the EU provide a monetary and policy backstop. This support has been reinforced through Greece's reintegration into the ECB's investment-grade-eligible framework, enhancing liquidity access. In addition, Greece is set to receive a total of around EUR 36bn (or about 16% of GDP) in grants and loans until 2026 under the next generation EU programme. As of early 2025, Greece has received about 59% of its total allocation.

Strengthening fiscal fundamentals: Greece achieved a strong fiscal performance in 2024, with a primary surplus of 4% of GDP and an overall budget surplus of 1.3%. The government targets primary surpluses of 2.5% in 2025 and 2.4% in 2026, supporting a steady decline in the debt ratio, projected to reach 125% of GDP by 2030.

Favourable debt profile: Greece's debt structure remains favourable, characterised by long maturities, low interest costs, full fixed-rate coverage, and a sizeable cash buffer of EUR 42bn as of May 2025. This buffer, equivalent to over eight times the country's annual interest payments of around EUR 5bn, provides strong liquidity coverage.

Rating challenges: i) very high public debt stock, which remains a long-term vulnerability despite a declining trajectory; ii) persistent vulnerabilities in the banking sector, including legacy asset-quality concerns and a strong sovereign-bank nexus that increases financial sector exposure to government risk; and iii) structural constraints on medium-term growth, such as weak productivity, adverse demographics, and limited economic diversification.

Foreign currency

Long-term issuer rating/Outlook

BBB/Stable

Long-term issuer rating/Outlook

BBB/Stable

Short-term issuer rating/Outlook

S-2/Stable

Local currency

Long-term issuer rating/Outlook

BBB/Stable

Long-term issuer rating/Outlook

BBB/Stable

Short-term issuer rating/Outlook

S-2/Stable

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	Greece	- 2/3	BBB
Public finance risk	20%	bbb			2/3	
External economic risk	10%	c			0	
Financial stability risk	10%	aa-			1/3	
ESG risk	Environmental factors	5%	[+1]	[-0]	- 1/3	
	Social factors	7.5%			- 1/3	
	Governance factors	12.5%	bbb+			
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](#).

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Credit strengths and challenges

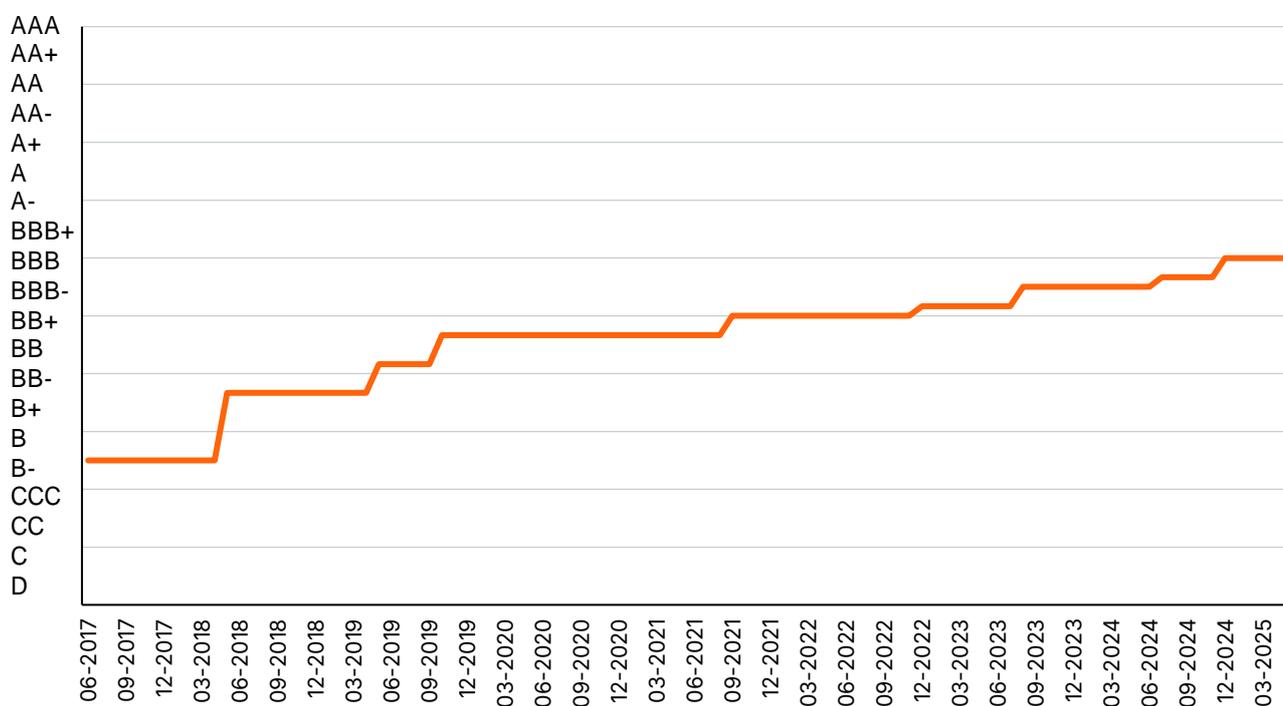
Credit strengths	Credit challenges
<ul style="list-style-type: none"> Strong institutional support from the Eurosystem and the EU Strengthening fiscal position with sustained debt reduction Favourable public debt profile 	<ul style="list-style-type: none"> Very high public debt stock Persistent vulnerabilities in the banking sector Structural constraints on medium-term growth

Outlook and rating triggers

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

Positive rating-change drivers	Negative rating-change drivers
<ul style="list-style-type: none"> Sustained and material reduction in the public-debt ratio Improved medium-term growth prospects and enhanced economic and external resilience Further mitigation of banking-sector vulnerabilities, reinforcing financial stability 	<ul style="list-style-type: none"> Stalling or reversal in public debt reduction Banking sector risks re-intensify, undermining financial system stability Erosion of macroeconomic resilience, including material weakening of external metrics

Figure 2: Rating history



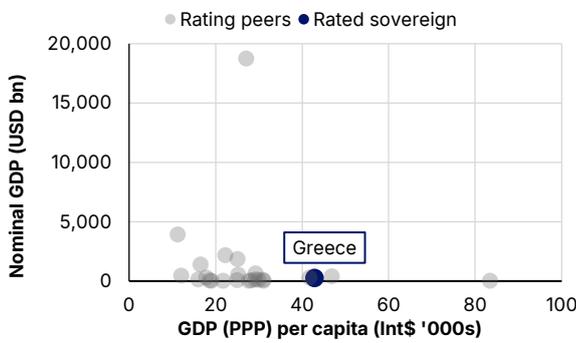
Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment. Source: Scope Ratings.

Domestic economic risk

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

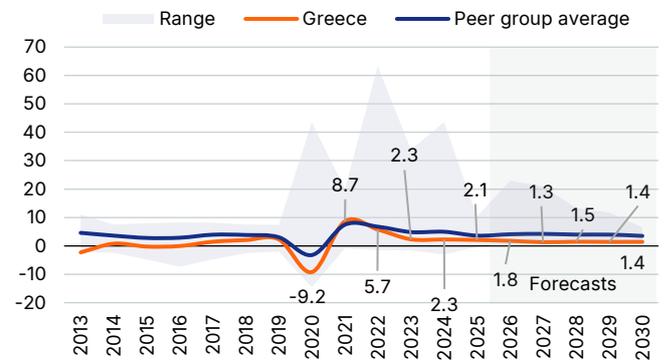
SQM ¹ indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a	Growth potential and outlook	Weak	- 1/3	Long-term growth potential remains structurally constrained by adverse demographics, modest productivity growth, and still-limited private-sector investment.
	Monetary policy framework	Neutral	0	The ECB is a highly credible and effective central bank which anchors monetary and financial stability; Greece's access to Eurosystem liquidity help mitigate risks from domestic monetary policy limitations.
	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, %



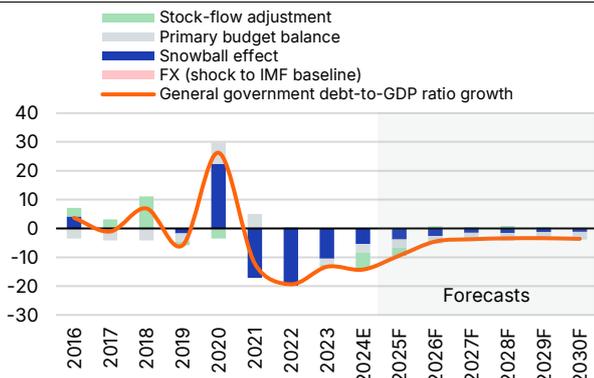
Source: IMF WEO, Scope Ratings forecasts

Public finance risk

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

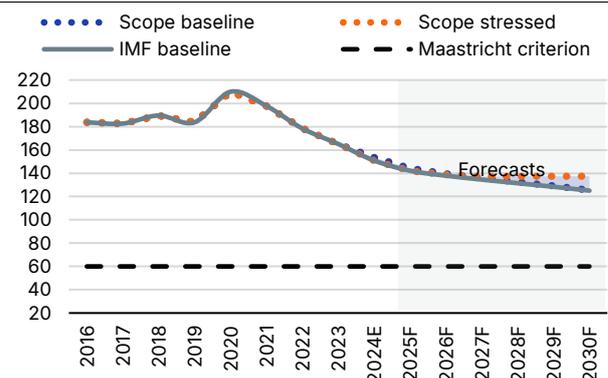
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
bbb	Fiscal policy framework	Strong	1/3	Prudent fiscal policy and consistent outperformance of primary surplus targets since the Mitsotakis government.
	Long-term debt trajectory	Neutral	0	Very high public debt ratio; gradual 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



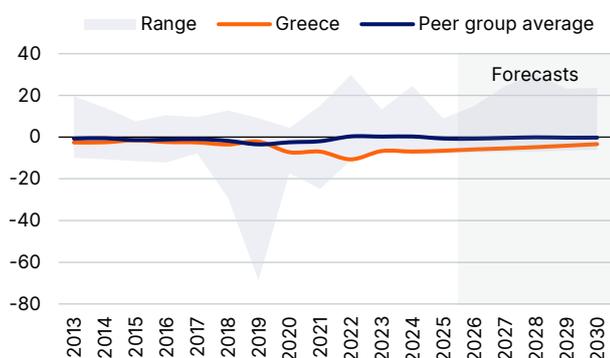
Source: IMF WEO, Scope Ratings forecasts

External economic risk

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

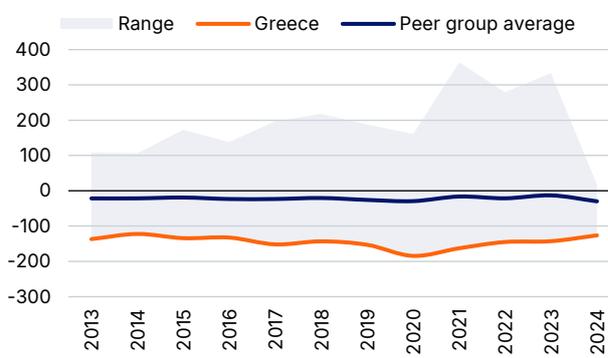
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
C	Current account resilience	Weak	- 1/3	Structural current-account deficits, high reliance on tourism, the current-account deficit widened due to strong domestic demand.
	External debt structure	Strong	1/3	High external debt stock, but largely long-dated and euro-denominated, mostly government debt which is majority 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



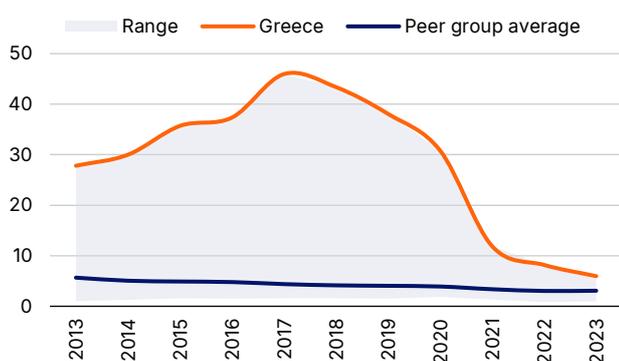
Source: IMF, Scope Ratings

Financial stability risk

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

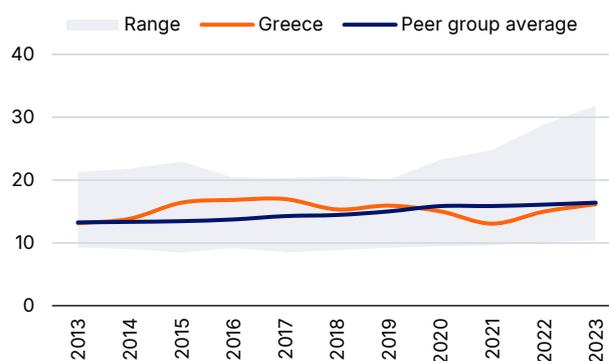
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aa-	Banking sector performance	Neutral	0	Profitability has improved, reflecting better operating conditions, NPLs significantly reduced; still elevated deferred tax credits
	Financial sector oversight and governance	Strong	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



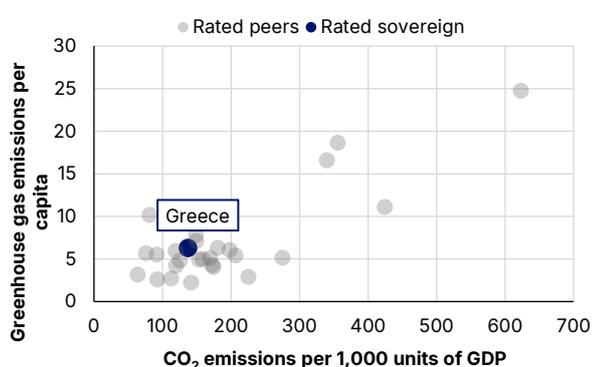
Source: IMF, Scope Ratings

Environmental, Social and Governance (ESG) risk

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

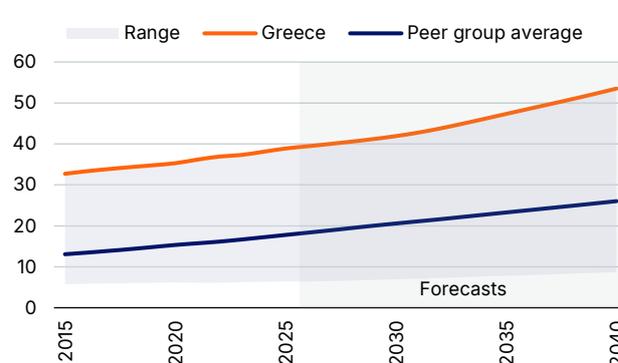
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
bb+	Environmental factors	Weak	- 1/3	High vulnerability to natural disasters, a low share of renewables in total energy consumption, though improving
	Social factors	Weak	- 1/3	Adverse demographic trends including population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

Figure 11: CO₂ emissions per capita/GDP (2023), 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, Greece, three-year moving average



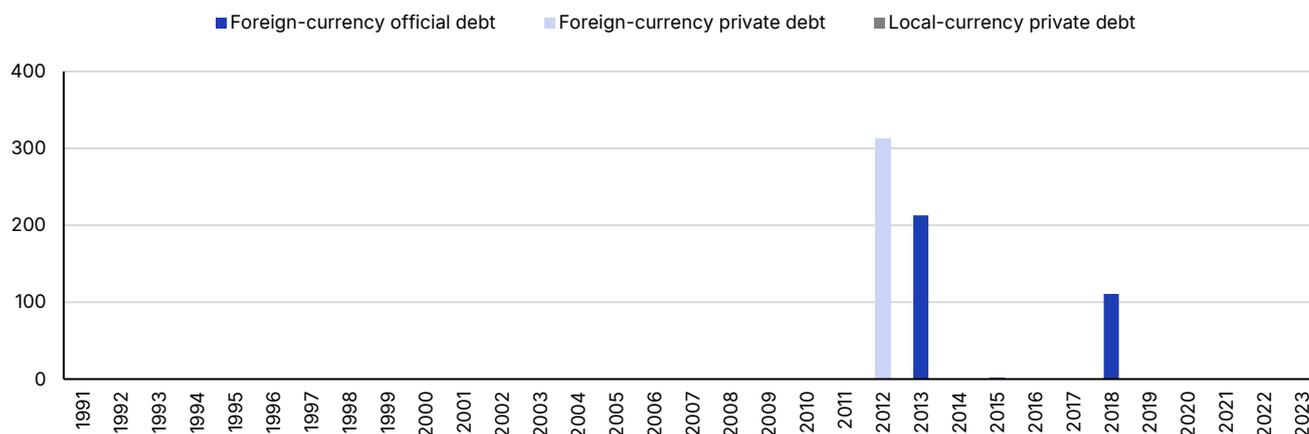
Source: WB, Scope Ratings

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*
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 28 May 2025 56

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	2024E
Domestic Economic	GDP per capita (PPP), Int\$ '000s	IMF	31.9	29.5	33.2	38.4	40.9	42.9
	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	-
Public Finance	Public debt, % of GDP	IMF	183.7	209.9	197.8	178.4	165.2	150.9
	Net interest payment, % of government revenue	IMF	6.3	6.0	5.0	4.9	7.0	6.6
	Primary balance, % of GDP	IMF	2.9	-7.4	-5.0	0.0	2.1	2.9
External Economic	Current-account balance, % of GDP	IMF	-2.2	-7.2	-7.0	-10.7	-6.7	-6.9
	Total reserves, months of imports	WB	1.1	1.8	1.6	1.1	1.2	-
	NIIP, % of GDP	IMF	-153.1	-184.5	-162.8	-145.1	-142.8	-126.3
Financial Stability	NPL ratio, % of total loans	IMF	38.1	30.8	11.9	8.2	6.0	-
	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	-
ESG	CO ₂ per EUR 1,000 of GDP, mtCO ₂ e	EC	173.5	162.7	155.3	149.1	137.5	-
	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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