

Hellenic Republic

This annex refers to the release of the monitoring note of 26 March 2021.

Annex I: Summary of core variable scorecard, reserve currency adjustment and qualitative scorecard¹

| Implied rating of core variable scorecard (CVS) | | bb |
|---|---|---------------|
| Reserve currency adjustment | | 1 |
| Weight | Qualitative scorecard (QS) for long-term issuer ratings | |
| 20% | Growth potential of the economy | Weak |
| | Monetary policy framework | Neutral |
| | Macro-economic stability and sustainability | Weak |
| 20% | Fiscal policy framework | Neutral |
| | Debt sustainability | Neutral |
| | Debt profile and market access | Strong |
| 20% | Current account resilience | Neutral |
| | External debt structure | Strong |
| | Resilience to short-term shocks | Neutral |
| 20% | Banking sector performance | Weak |
| | Banking sector oversight | Strong |
| | Financial imbalances | Weak |
| 20% | Environmental risks | Neutral |
| | Social risks | Neutral |
| | Institutional and political risks | Strong |
| QS adjustment (notches) | | 0 |
| Additional considerations (notches) | | -1 |
| Final rating | | BB POS |

Annex II: Selected indicators

| Selected macroeconomic indicators | 2016 | 2017 | 2018 | 2019 | 2020E | 2021F | 2022F |
|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|
| GDP per capita (USD '000s) | 18.1 | 18.9 | 20.3 | 19.6 | 18.2 | 20.5 | 22.1 |
| Real GDP, % change | -0.2 | 1.5 | 1.9 | 1.9 | -8.2 | 3.5 | 4.5 |
| CPI, % change | 0.0 | 1.1 | 0.8 | 0.5 | -1.2 | 0.7 | 0.9 |
| General government balance, % of GDP | 0.6 | 1.0 | 0.9 | 0.6 | -9.8 | -7.0 | -3.6 |
| General government debt, % of GDP | 181.1 | 179.3 | 184.8 | 180.9 | 209.4 | 209.8 | 200.0 |
| Current account balance, % of GDP | -2.3 | -2.5 | -3.5 | -2.1 | -6.7 | -4.5 | -3.4 |
| Gross external debt, % of GDP | 240.7 | 226.1 | 229.5 | 245.1 | - | - | - |

Source: Macrobond, IMF, Greek Ministry of Finance, Bank of Greece, ELSTAT, Scope Ratings GmbH

Annex III: Economic development and default indicators

| | |
|---|----|
| IMF Development Classification ² | AE |
| 5y USD CDS spread (bps) as of 23 March 2021 | 78 |

¹ The weighting and explanation of all rating factors are described in Scope's 'Sovereign Ratings' methodology, available on www.scooperatings.com

² AE = advanced economy; EMDE = emerging market and developing economy

Annex IV: Analytical rationale for QS assessments

| Greece | March 2021 | Assessment | Analytical rationale |
|--------------------------|---|------------|--|
| Peers* | Turkey, Georgia | | |
| Domestic economic risk | Growth potential | Weak | Substantial investment gaps in several sectors; limited trade openness; low level of innovation |
| | Monetary policy framework | Neutral | ECB is a highly credible and effective central bank |
| | Macro-economic stability & sustainability | Weak | Elevated structural unemployment; limited economic diversification |
| Public finance risk | Fiscal policy framework | Neutral | Improved fiscal framework; pre-crisis surpluses; appropriate budgetary response in 2020 and 2021 |
| | Debt sustainability | Neutral | High public-sector debt but gradual debt reduction over the medium run; limited contingent liabilities |
| | Debt profile & market access | Strong | Advantageous debt profile with very long maturity; sizeable cash buffer |
| External economic risk | Current account resilience | Neutral | High reliance on tourism revenues weakens exporting-sector resilience, but diversified goods export sector |
| | External debt structure | Strong | Very long maturity and mostly in form of sovereign debt held by the institutional sector |
| | Resilience to short-term shocks | Neutral | Benefits from euro-area membership |
| Financial stability risk | Banking sector performance | Weak | Close interconnectedness with sovereign via deferred tax credits; weak pre-crisis profitability |
| | Banking sector oversight | Strong | Effective oversight under the national authority and the ECB as part of Banking Union |
| | Financial imbalances | Weak | Tight credit conditions; deleveraging process of borrowers and banks |
| ESG risk | Environmental risks | Neutral | High exposure to natural disaster risks; ambitious mitigation measures and decarbonisation targets |
| | Social risks | Neutral | Adverse demographics; recent reforms are gradually improving the social situation |
| | Institutional and political risks | Strong | Strong reform process; stable political environment |

*Peers relate to selected sovereigns with a similar indicative rating per Scope's Core Variable Scorecard.

Additional consideration: 1-notch negative adjustment to account for the persistence of banking sector challenges as evidenced by the elevated ratio of non-performing loans, weighing on domestic investment and the country's growth potential.