HELLENIC REPUBLIC (GREECE)

*EJR Sen Rating(Curr/Prj) B+/ NR

Rating Analysis - 8/16/24

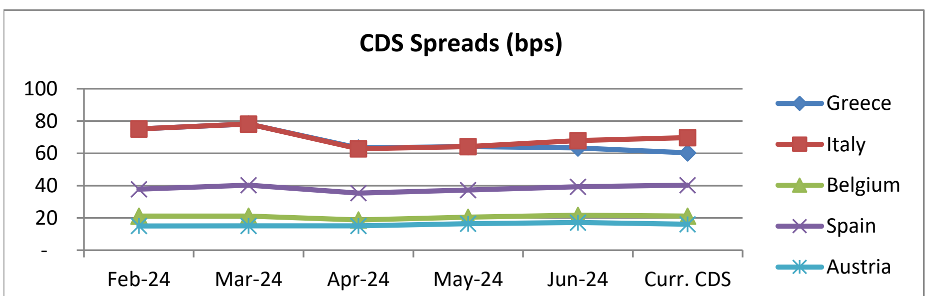
Following a robust post-pandemic recovery, Greece's real GDP growth remained strong at 2% in 2023, well above the country's long-term growth potential and the euro area average. This economic activity was driven by private consumption, benefiting from rising real disposable incomes, investment in construction, and net exports, although inventories acted as a drag on growth. With pent-up demand largely exhausted, private consumption is now primarily supported by rising real incomes and is expected to increase at a slightly lower rate in 2024. Net exports are likely to be growth-neutral, and the current account deficit is projected to narrow only moderately over the forecast horizon. Overall, GDP is expected to grow by 2.2% in 2024.

In 2025, economic growth is projected to be 2.3%. Investment is expected to gain further momentum and become a key contributor to output growth, while household spending is likely to be further supported by a rise in real incomes. Upgrading.

	Annual Ratios (source for past results: IMF)					
CREDIT POSITION	2021	2022	2023	P2024	P2025	P2026
Debt/ GDP (%)	224.6	193.1	184.3	185.9	188.3	191.2
Govt. Sur/Def to GDP (%)	-7.0	-2.1	-0.9	-1.5	-2.1	-2.7
Adjusted Debt/GDP (%)	224.6	193.1	184.3	185.9	188.3	191.2
Interest Expense/ Taxes (%)	9.3	8.7	12.3	12.0	11.7	11.5
GDP Growth (%)	10.0	13.8	6.6	2.5	3.6	3.6
Foreign Reserves/Debt (%)	0.8	0.8	0.9	0.9	0.9	0.8
Implied Sen. Rating	B-	B+	B+	B	B	B

INDICATIVE CREDIT RATIOS	AA	A	BBB	BB	B	CCC
Debt/ GDP (%)	100.0	115.0	130.0	145.0	170.0	200.0
Govt. Sur/Def to GDP (%)	2.5	0.5	-2.0	-5.0	-8.0	-10.0
Adjusted Debt/GDP (%)	95.0	110.0	125.0	140.0	160.0	190.0
Interest Expense/ Taxes (%)	9.0	12.0	15.0	22.0	26.0	35.0
GDP Growth (%)	3.5	3.0	2.0	1.0	-1.0	-5.0
Foreign Reserves/Debt (%)	3.0	2.5	2.0	1.5	1.0	0.5

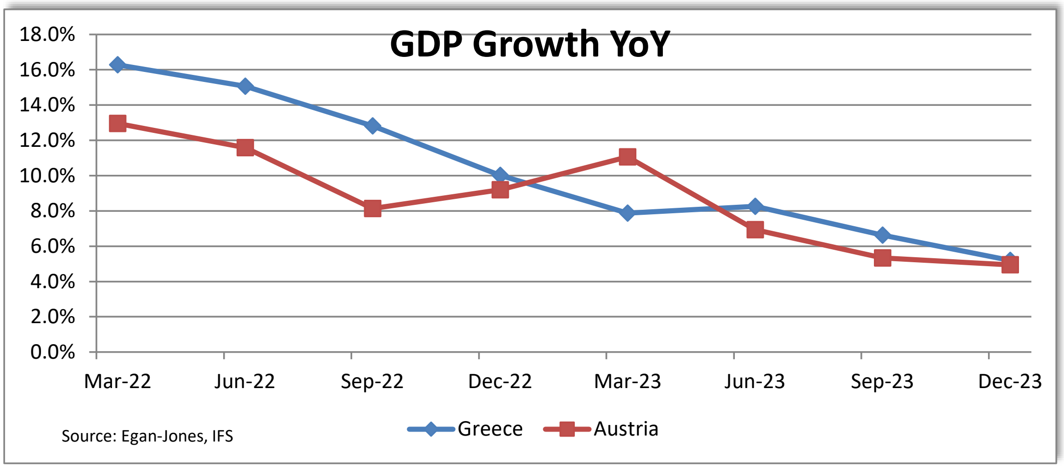
PEER RATIOS	Other NRSRO Sen.	Debt as a % GDP	Govt. Surp. Def to GDP (%)	Adjusted Debt/ GDP	Interest Expense/ Taxes %	GDP Growth (%)	Ratio-Implied Rating*
Austria	AA+	81.2	-1.8	81.2	4.2	6.9	AA+
French Republic	AA	117.2	-4.8	117.2	5.9	6.2	A-
Kingdom Of Belgium	AA	108.6	-3.9	108.6	6.8	5.5	BBB
Kingdom Of Spain	BBB	114.1	-2.9	114.1	10.2	8.6	BB+
Republic Of Italy	BBB-	151.4	-6.8	151.4	12.7	6.2	BBB-



Country	EJR Rtg.	CDS
Greece	B+	60
Italy	BBB-	70
Belgium	BBB	21
Spain	BBB+	40
Austria	A+	16

Economic Growth

Following a reduced but solid economic performance in 2023, GDP growth is expected to pick up slightly in 2024 and 2025, driven by exports, investments, and private consumption. Headline inflation is set to moderate, falling to 2.1% by 2025. The general government deficit is projected to shrink further due to restrained expenditure growth, and the public debt ratio is expected to continue its downward trajectory. In political developments, Prime Minister Mitsotakis reshuffled his cabinet in mid-June following a disappointing result in the EU elections, though he retained his foreign and finance ministers to ensure policy continuity.



Fiscal Policy

The general government deficit declined from 2.5% of GDP in 2022 to 1.6% in 2023, primarily due to the phaseout of measures implemented to mitigate high energy prices. In 2024, the general government budget deficit is forecast to decrease further to 1.2% of GDP, mainly due to muted growth in current expenditure. The general government deficit is expected to decline further to 0.8% of GDP in 2025, assuming unchanged policies. This reduction will be supported by restrained growth in the public wage bill.

	Surplus-to-GDP (%)	Debt-to-GDP (%)	5 Yr. CDS Spreads
Greece	-0.88	184.32	60.30
Austria	-1.81	81.16	16.07
France	-4.84	117.19	24.00
Belgium	-3.85	108.57	21.16
Spain	-2.93	114.12	40.25
Italy	-6.85	151.35	69.77

Sources: Thomson Reuters and IFS

Unemployment

In 2023, the labor market continued to strengthen due to solid economic activity, with the unemployment rate falling by 1.4 percentage points to 11.1%. Despite the still high unemployment, rising vacancy rates indicate increasing labor market shortages in some sectors. Employment is projected to rise further, though the increase may be constrained by labor market segmentation, particularly due to skill mismatches and a low activity rate.

Unemployment (%)	2022	2023
Greece	12.46	11.08
Austria	4.76	5.11
France	7.32	7.34
Belgium	5.58	5.53
Spain	12.93	12.12
Italy	8.08	7.67

Source: Intl. Finance Statistics

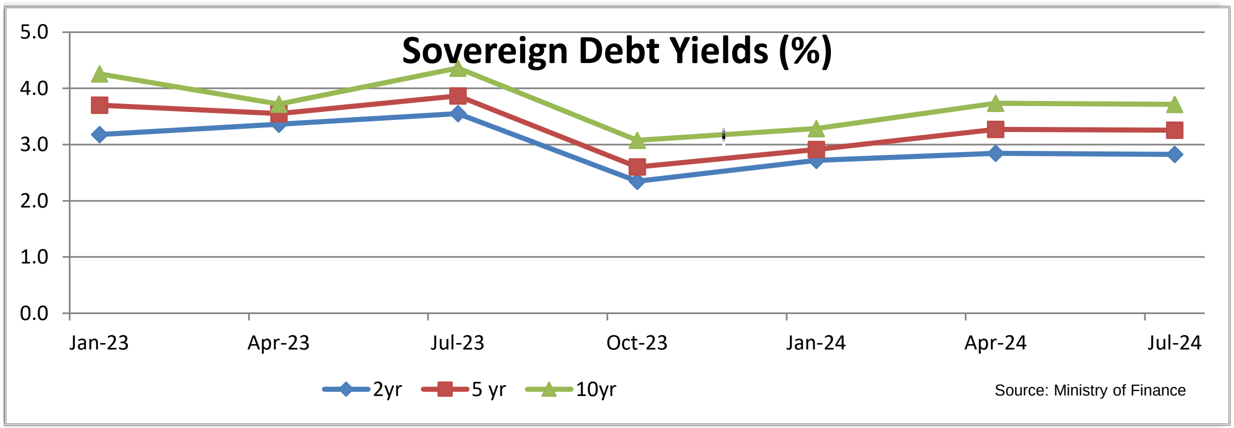
Banking Sector

The Greek banking sector has made significant strides in recent years, reducing its non-performing loan (NPL) ratio from a peak of 45% in 2017 to less than 10% by the end of 2023. This improvement has been driven by economic recovery, accommodative policies, and banks' efforts to clean up their loan portfolios, including securitization programs like "Hercules". Greek banks have also strengthened their capital and liquidity positions.

Bank Assets (billions of local currency)	Assets	Mkt Cap/ Assets %
NATL BANK GREECE	74.6	9.42
EUROBANK ERGASIA	79.8	9.50
ALPHA BANK A.E.	73.7	4.97
PIRAEUS BANK	76.5	5.73
ATTICA BANK SA	3.8	14.58
Total	308.3	
EJR's est. of cap shortfall at 10% of assets less market cap		7.6
Greece's GDP		220.3

Funding Costs

Currently, the yield on Greece's 10-year government bonds stands at 3.495%, with a spread of 78.1 basis points between the 10-year and 2-year bond yields. The country's 5-year credit default swap (CDS) spread is 72.74 basis points, implying a manageable probability of default of 1.21%. While Greece's interest rates have fluctuated significantly over the past two decades, they have generally trended downward and are currently at relatively low levels compared to historical highs, reflecting the country's improved economic conditions and reduced sovereign credit risk.



Ease of Doing Business

Major factors for growing an economy are the ease of doing business and economic freedoms. Although not the sole factor for determining economic growth, a country which makes it easy for businesses to operate and provides a reasonably free environment to conduct business has a good chance for growth. The chart on the right indicates that an overall rank of 79 (1 is best, 189 worst) is mediocre.

The World Bank's Doing Business Survey*	2021 Rank	2020 Rank	Change in Rank
Overall Country Rank:	**79**	**79**	**0**
Scores:			
Starting a Business	11	11	0
Construction Permits	86	86	0
Getting Electricity	40	40	0
Registering Property	156	156	0
Getting Credit	119	119	0
Protecting Investors	37	37	0
Paying Taxes	72	72	0
Trading Across Borders	34	34	0
Enforcing Contracts	146	146	0
Resolving Insolvency	72	72	0

* Based on a scale of 1 to 189 with 1 being the highest ranking.

Economic Freedom

As can be seen below, Greece is mediocre in its overall rank of 55.1 for Economic Freedom with 100 being best.

Heritage Foundation 2024 Index of Economic Freedom
World Rank 55.1*

	2024 Rank**	2023 Rank	Change in Rank	World Avg.
Property Rights	76.9	76.7	0.2	53.4
Government Integrity	55.2	52.9	2.3	43.7
Judical Effectiveness	69.9	69.9	0.0	48.8
Tax Burden	60.6	60.8	-0.2	78.1
Gov't Spending	3.4	9.7	-6.3	64.2
Fiscal Health	5.6	18.1	-12.5	52.1
Business Freedom	73.9	70.3	3.6	62.1
Labor Freedom	62.8	60.7	2.1	55.9
Monetary Freedom	68.9	79.6	-10.7	67.2
Trade Freedom	79.2	78.6	0.6	69.8

*Based on a scale of 1-100 with 100 being the highest ranking.
**The ten economic freedoms are based on a scale of 0 (least free) to 100 (most free).
Source: The Heritage Foundation

Credit Quality Driver: Taxes Growth:
HELLENIC REPUBLIC (GREECE) has grown its taxes of 4.2% per annum in the last fiscal year which is disappointing. We expect tax revenues will grow approximately 4.2% per annum over the next couple of years and 4.2% per annum for the next couple of years thereafter.

Credit Quality Driver: Total Revenue Growth:
HELLENIC REPUBLIC (GREECE)'s total revenue growth has been less than its peers and we assumed no growth in total revenue over the next two years.

Income Statement	Peer Median	Issuer Avg.	Assumptions Yr 1&2	Yr 3,4,5
Taxes Growth%	5.4	4.2	**4.2**	**4.2**
Social Contributions Growth %	7.2	0.6	**0.6**	**0.6**
Grant Revenue Growth %	0.0	NMF		
Other Revenue Growth %	0.0	NMF		
Other Operating Income Growth%	0.0	3.3	**3.3**	**3.3**
Total Revenue Growth%	6.4	3.1	**3.1**	**2.8**
Compensation of Employees Growth%	5.5	3.2	**3.2**	**3.2**
Use of Goods & Services Growth%	4.3	4.0	**4.0**	**4.0**
Social Benefits Growth%	6.9	6.0	**6.0**	**6.0**
Subsidies Growth%	(2.5)	(65.2)		
Other Expenses Growth%	0.0			
Interest Expense	1.8	1.9	**1.9**	
Currency and Deposits (asset) Growth%	5.4	0.0		
Securities other than Shares LT (asset) Growth%	12.0	0.0		
Loans (asset) Growth%	(56.6)	(292.8)	**4.2**	**4.2**
Shares and Other Equity (asset) Growth%	(171.1)	198.7	**198.7**	**178.8**
Insurance Technical Reserves (asset) Growth%	0.0	18.6	**18.6**	**16.7**
Financial Derivatives (asset) Growth%	(18.0)	(24.8)	**(10.0)**	**(10.0)**
Other Accounts Receivable LT Growth%	(0.1)	(0.4)	**(0.4)**	**(0.4)**
Monetary Gold and SDR's Growth %	0.0	0.0	**5.0**	**5.0**
Other Assets Growth%	0.0	0.0		
Other Accounts Payable Growth%	0.8	2.1	**3.0**	**3.0**
Currency & Deposits (liability) Growth%	1.0	(0.1)	**0.5**	**0.5**
Securities Other than Shares (liability) Growth%	9.3	14.5	**10.1**	**10.1**
Loans (liability) Growth%	0.3	(2.0)	**0.5**	**0.5**
Insurance Technical Reserves (liability) Growth%	2.8	43.1	**2.0**	**2.0**
Financial Derivatives (liability) Growth%	0.0	8.5	**5.5**	**5.5**
Additional ST debt (1st year)(millions EUR)	0.0	0.0		

ANNUAL INCOME STATEMENTS

Below are HELLENIC REPUBLIC (GREECE)'s annual income statements
with the projected years based on the assumptions listed on page 5.

ANNUAL REVENUE AND EXPENSE STATEMENT
(MILLIONS EUR)

	2020	2021	2022	2023	P2024	P2025
Taxes	43,502	48,882	59,415	61,921	64,522	67,232
Social Contributions	25,438	27,273	29,041	29,223	29,406	29,590
Grant Revenue						
Other Revenue						
Other Operating Income	14,268	15,857	16,152	16,691	16,691	16,691
Total Revenue	83,208	92,012	104,608	107,835	110,619	113,513
Compensation of Employees	22,318	22,554	22,740	23,467	24,217	24,991
Use of Goods & Services	9,127	10,509	11,580	12,048	12,535	13,042
Social Benefits	39,608	41,103	43,301	45,918	48,693	51,636
Subsidies	6,343	8,729	11,555	4,022	4,022	4,023
Other Expenses				9,592	9,592	9,592
Grant Expense						
Depreciation	6,507	6,662	7,128	7,128	7,128	7,128
Total Expenses excluding interest	95,626	100,156	103,815	102,175	106,188	110,412
Operating Surplus/Shortfall	-12,418	-8,144	793	5,660	4,431	3,101
Interest Expense	4,950	4,528	5,170	7,604	7,746	7,891
Net Operating Balance	-17,368	-12,672	-4,377	-1,944	-3,315	-4,790

ANNUAL BALANCE SHEETS

Below are HELLENIC REPUBLIC (GREECE)'s balance sheets with the projected years based on the assumptions listed on page 5.

Base Case	ANNUAL BALANCE SHEETS (MILLIONS EUR)					
ASSETS	**2020**	**2021**	**2022**	**2023**	**P2024**	**P2025**
Currency and Deposits (asset)	35,789	38,444	33,828	34,072	45,842	45,842
Securities other than Shares LT (asset)	3,269	3,521	4,062	4,138	4,138	4,138
Loans (asset)	2,998	-223	-683	1,317	1,372	1,430
Shares and Other Equity (asset)	-18	-572	-670	-2,001	-5,976	-17,848
Insurance Technical Reserves (asset)	117	120	113	134	159	188
Financial Derivatives (asset)			8,217	6,182	5,564	5,007
Other Accounts Receivable LT	21,581	24,753	30,259	30,131	30,004	29,877
Monetary Gold and SDR's						
Other Assets					38,729	38,729
Additional Assets	37,422	40,171	38,973	38,729		
Total Financial Assets	101,158	106,214	114,099	112,702	119,832	107,364
LIABILITIES						
Other Accounts Payable	23,937	26,722	29,513	30,143	31,047	31,979
Currency & Deposits (liability)	6,655	6,757	7,248	7,239	7,239	7,239
Securities Other than Shares (liability)	82,309	92,935	81,798	93,621	103,093	113,524
Loans (liability)	277,904	277,226	276,319	270,862	274,177	278,968
Insurance Technical Reserves (liability)	64	159	288	412	420	429
Financial Derivatives (liability)	8,975	5,119	1,014	1,100	1,160	1,223
Other Liabilities	926	3,848	3,896	3,786	3,786	3,786
Liabilities	400,770	412,766	400,076	407,163	417,609	409,931
Net Financial Worth	-299,611	-306,552	-285,977	-294,462	-297,777	-302,568
Total Liabilities & Equity	101,159	106,214	114,099	112,701	119,832	107,364

Comments on the Difference between the Model and Assigned Rating

In this case, there has been little change in the recent results and therefore we have used our best judgement in making adjustments which are reflected in the results for the projected ratings. We have assigned a rating of "B+" whereas the ratio-implied rating for the most recent period is "B+"; the median rating for the peers is significantly higher than the issuer's rating.

Changes in Indicative Ratios

We have not made any adjustment in the indicative ratios at this time.

SEC Rule 17g-7(a) Disclosure

Below are the disclosures as required by Paragraph (a) of Rule 17g-7.

1. The symbol in the rating scale used to denote the credit rating categories and notches within categories and the identity of the obligor, security, or money market instrument as required by Paragraph (a)(1)(ii)(A) of Rule 17g-7:
For the issuer HELLENIC REPUBLIC (GREECE) with the ticker of 1004Z GA we have assigned the senior unsecured rating of B+. There are three notches in our rating categories (e.g., A-, A, and A+) other than those deep into speculative grade; for CC, C, and D there are no notches.

2. The version of the procedure or methodology used to determine the credit rating as required by Paragraph (a)(1)(ii)(B) of Rule 17g-7:
We are using the methodology version #16 available via egan-jones.com under the tab at the bottom of the page "Methodologies".

3. The main assumptions and principles used in constructing the procedures and methodologies used to determine the credit rating as required by Paragraph (a)(1)(ii)(C) of Rule 17g-7:
The credit rating assigned reflects our judgement regarding the future credit quality of the issuer. Regarding the specific assumptions used, please refer to page 3 of this Rating Analysis Report.

4. The potential limitations of the credit rating as required by Paragraph (a)(1)(ii)(D) of Rule 17g-7:
Our rating pertains solely to our view of current and prospective credit quality. Our rating does not address pricing, liquidity, or other risks associated with holding investments in the issuer.

5. Information on the uncertainty of the credit rating as required by Paragraph (a)(1)(ii)(E) of Rule 17g-7:
Our rating is dependant on numerous factors including the reliability, accuracy, and quality of the data relied used in determining the credit rating. The data is sourced from publicly-available 10Q and 10K statements, quarterly reports, 8K filings, earnings reports, and other similar sources. In some cases, the information is limited because of issues such as short operating histories, the lack of reported data, a delay in reporting data, restatements, inaccurate accounting, and other issues. Such shortcomings are not always readily apparent. EJR aims to identify such shortcomings and make adjustments using its best judgement.

6. Whether and to what extent third-party due diligence services have been used in taking the rating action as required by Paragraph (a)(1)(ii)(F) of Rule 17g-7:
EJR does not utilize third-party due diligence services.

7. How servicer or remittance reports were used, and with what frequency, to conduct surveillance of the credit rating as required by Paragraph (a)(1)(ii)(G) of Rule 17g-7:
Servicer or remittance reports normally pertain to structured finance issuers; this report does not pertain to a structured finance issuer (EJR is not an NRSRO for structured finance or sovereigns/ municipal issuers). Regarding surveillance, the minimum time period for corporation issuers is normally one year.

8. A description of the data that were relied upon for the purpose of determining the credit rating as required by Paragraph (a)(1)(ii)(H) of Rule 17g-7:
EJR uses 10Q and 10K statements, quarterly reports, 8K filings, earnings reports, governmental filings and other similar sources for ratings on publicly-traded issuers. In the case of private issuers, EJR relies on information provided mainly by issuers.

9. A statement containing an overall assessment of the quality of information available and considered in the credit rating as required by Paragraph (a)(1)(ii)(I) of Rule 17g-7: The information is generally high quality and readily avail.

10. Information relating to conflicts of interest as required by Paragraph (a)(1)(ii)(J) of Rule 17g-7:
This rating is unsolicited.

11. An explanation or measure of the potential volatility of the credit rating as required by Paragraph (a)(1)(ii)(K) of Rule 17g-7:
Our rating aims to assess the probability of the payment of obligations in full and on-time. Factors which affect such probability, and in turn our rating, include changes in the operating performance of the issuer, changes in capital structure, and merger and acquisition events.

12. Information on the content of the credit rating as required by Paragraph (a)(1)(ii)(L) of Rule 17g-7:
Regarding the historical performance of the credit rating, our rating transition matrix is available in our Form NRSRO, exhibit 1. The expected probability of default and the expected loss in the event of default is listed on the first page of this report.

13. Information on the sensitivity of the credit rating to assumptions as required by Paragraph (a)(1)(ii)(M) of Rule 17g-7:
Below is a summary of the impact of the 5 assumptions which independently would have the greatest impact on our "ratio-implied rating":

	Assumptions			**Resulting Ratio-Implied Rating**		
	Base	Optimistic	Pessimistic	Base	Optimistic	Pessimistic
Taxes Growth%	4.2	8.2	0.2	B	B+	B
Social Contributions Growth %	0.6	3.6	(2.4)	B	B	B
Other Revenue Growth %		3.0	(3.0)	B	B	B
Total Revenue Growth%	3.1	5.1	1.1	B	B	B
Monetary Gold and SDR's Growth %	5.0	7.0	3.0	B	B	B

14. If the credit rating is assigned to an asset-backed security, a description of: (i) the representations, warranties, and enforcement mechanisms available to investors; and (ii) how they differ from the representations, warranties, and enforcement mechanisms in issuances of similar securities, as required by Paragraph (a)(1)(ii)(N) of Rule 17g-7:
This credit rating is not assigned to an asset-backed security.

ATTESTATION FORM

In compliance with the US Securities and Exchange Commission (SEC) Rule 17g-7(a), the Egan-Jones analyst who published the report is responsible for the rating action and to the best knowledge of the person:

1) No part of the credit rating was influenced by any other business activities,
2) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated, and
3) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

Analyst Signature: **Today's Date**

Aug 16, 2024

Subramanian NG
Senior Rating Analyst

Reviewer Signature: **Today's Date**

Steve Zhang

Aug 16, 2024

Steve Zhang
Senior Rating Analyst

Sovereign Rating Methodology (Non-NRSRO)

Scope and Limitations: Sovereign Issuer Credit Quality Ratings (CQR) are a forward-looking assessment of a sovereign's capacity and willingness to honor its existing and future obligations in full and on time. Sovereigns are assigned two CQRs: a Local-Currency CQR, which reflects the likelihood of default on debt issued and payable in the currency of the sovereign, and a Foreign-Currency CQR, which is an assessment of the credit risk associated with debt issued and payable in foreign currencies.

Key Rating Drivers: EJR's approach to sovereign risk analysis is a synthesis of quantitative and qualitative judgments. The quantitative factors EJR uses are:

- Debt in relation to GDP.
- Surplus or deficit in relation to GDP.
- Debt plus potential under-funding of major banks in relation to GDP.
- Interest expense in relation to taxes.
- GDP growth.
- Foreign reserves in relation to debt.

Debt levels for many sovereign issuers have increased at an accelerating rate over the past decade, affecting implied ratings. EJR also considers unemployment levels and funding costs. EJR recognizes that no model can fully capture all the relevant influences on sovereign creditworthiness, meaning that the its sovereign ratings can and do differ from those implied by the rating model. Some of the qualitative factors that impact its ultimate assessment of credit quality include the flexibility, stability and overall strength of the economy, efficiency of tax collection, acceptance of contract law, ease of doing business, trade balances, prospects for future growth and health and monetary policy, and economic freedom. These subjective and dynamic qualitative issues are not captured by the model but affect sovereign ratings

For additional information, please see Exhibit 2: Methodologies in EJR's Form NRSRO.