



# Scope Sovereign and Public Sector Ratings Group: How We Are Different



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# Overview

## Table of contents

---

➤ Overview

➤ Sovereign ratings and research

➤ Supranationals

➤ Sub-sovereigns

➤ Government Related Entities

➤ Social housing

➤ Annexes



## Overview: Scope at a glance

### Registered credit rating agency

ESMA accreditation in 2012

One of the “Big Five” (2023<sup>1</sup>)

(European Securities and Markets Authority)

serving

**~350** institutional investors

with total assets under management of circa € 49trn

**300+**  
employees

entrepreneurial culture

**ECB**

Only European rating agency holding ECAF<sup>2</sup> status, since:

**2023**

### Pan-European

Berlin - London - Madrid -

Frankfurt - Milan - Paris - Oslo -

Hamburg - Poznań

**Only European rating agency mandated<sup>3</sup> by the European Union**

<sup>1</sup>See [“EU Credit Ratings market 2023”](#) (2023).

<sup>2</sup>[“ECB accepts Scope Ratings within Eurosystem Credit Assessment Framework”](#) (2023). <sup>3</sup>Please see [“European Commission mandates Scope to rate its creditworthiness”](#) (2022).



# Overview: Sovereign and Public Sector ratings

## ➤ Sovereign ratings and research

- 40 sovereigns rated publicly, covering 100% of EU debt issuers, and ~75% of world's sovereign debt (at issuer level)
- First major agency to include [ESG as stand-alone sovereign ratings methodological pillar](#), [first agency to withdraw Russia credit rating](#)
- Presents alternative ratings conclusions: US (AA/Negative), Greece (BBB-), Ukraine (CC); releases market-leading research

## ➤ Supranational ratings

- Public ratings on six major European supranationals; only European credit rating agency [mandated](#) by the European Union

## ➤ Sub-sovereigns, government-related entities (GREs), and U.K. university ratings

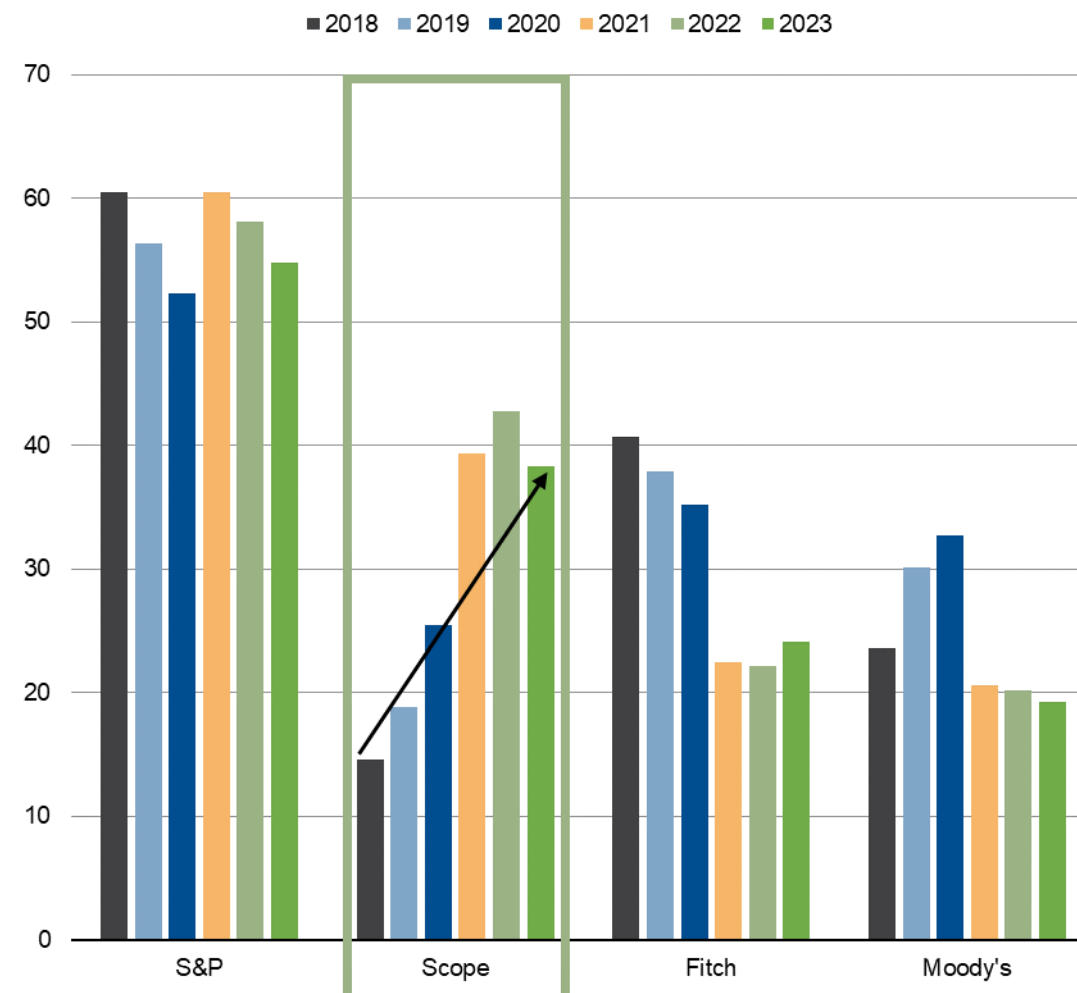
- Five sub-sovereigns rated publicly; additional German, Italian, Spanish and Swiss sub-sovereign ratings available on subscription

Scope's coverage	Geography		Type		# of issuers
	EU	Global/ Other	Public	Subscription/ Private	
Sovereigns	27	16	40	3	43
Supranationals	6	0	6	0	6
Sub-sovereigns	31	1	7	25	32
Government-related entities*	16	0	7	9	16
U.K. universities	0	30	0	30	30
Total	80	47	60	67	127

## Strengthening of coverage ratio of EU sovereigns/public entities against that of the US-3 agencies - reaching 2<sup>nd</sup> of the European Union

- Coverage of EU sovereigns and public-finance issuances, top 4 CRAs, % of total number of outstanding issuances

Source: European Securities and Markets Authority (ESMA), "[Report on CRA Market Share Calculation](#)", 20 December 2023 (% of the total number of EU sovereign and public entity instruments (ISINs) that have at least one rating assigned by a CRA registered in the EU rated by each CRA), ESMA supervisory data as of 30 September 2023.





# Overview: Growing issuer recognition

➤ Since group's founding in 2017, rising recognition of our ratings on issuer public domains/term sheets

<b>Sovereigns</b>	<a href="#">Austria</a>	<a href="#">Bulgaria</a>	<a href="#">Cyprus</a>	<a href="#">Czech Republic</a>	<a href="#">Denmark</a>	<a href="#">Estonia</a>
	<a href="#">Finland</a>	<a href="#">Georgia</a>	<a href="#">Germany</a>	<a href="#">Greece</a>	<a href="#">Ireland</a>	Italy
	<a href="#">Lithuania</a>	<a href="#">Luxembourg</a>	<a href="#">Malta</a>	<a href="#">Norway</a>	<a href="#">Portugal</a>	<a href="#">Slovakia</a>
	<a href="#">Spain</a>					
<b>Supranationals</b>	<a href="#">CEB</a>	<a href="#">European Commission</a>	<a href="#">European Stability Mechanism</a>			
<b>Sub-sovereigns</b>	<a href="#">Berlin</a>					
<b>GREs</b>	<a href="#">L-Bank</a>	<a href="#">MFB</a>				



# Overview

## Table of contents

---

- Overview
- Sovereign ratings and research
- Supranationals
- Sub-sovereigns
- Government Related Entities
- Social housing
- Annexes



# Sovereign ratings

➤ Scope's public sovereign ratings\*, as of 26 January 2024

Europe				Other Countries					
Euro area		Non-euro area EU		Other Western Europe		Africa		Rest of the World	
Austria	AAA/ <i>Neg.</i>	Bulgaria	BBB+/ <i>Pos.</i>	Norway	AAA/Stable	Egypt	B-/ <i>Negative</i>	China	A/Stable
Belgium	AA-/ <i>Neg.</i>	Czech Rep.	AA-/Stable	Switzerland	AAA/Stable	Morocco	BB+/Stable	Japan	A/ <i>Negative</i>
Croatia	BBB+/Stable	Denmark	AAA/Stable	UK	AA/Stable	South Africa	BB/Stable	United States	AA/ <i>Negative</i>
Cyprus	BBB+/Stable	Hungary	BBB/Stable						
Estonia	AA-/ <i>Neg.</i>	Poland	A/Stable						
Finland	AA+/Stable	Romania	BBB-/Stable	<i>Other Europe</i>					
France	AA/ <i>Negative</i>	Sweden	AAA/Stable	Georgia	BB/Stable				
Germany	AAA/Stable			Serbia	BB+/Stable				
Greece	BBB-/Stable			Türkiye	B-/Stable				
Ireland	AA-/ <i>Positive</i>			Ukraine	CC/ <i>Negative</i>				
Italy	BBB+/Stable								
Latvia	A-/Stable								
Lithuania	A/Stable								
Luxembourg	AAA/Stable								
Malta	A+/Stable								
Netherlands	AAA/Stable								
Portugal	A-/Stable								
Slovakia	A+/ <i>Negative</i>								
Slovenia	A/Stable								
Spain	A-/Stable								





# Sovereign ratings

## ➤ Sovereign Ratings: How We Are Different



### Methodological approach

- Quantitative model embeds longer-term five-year forecasts - making the ratings approach emphasise long term, weighing less rating implications of *short-run* periods of market instability & cyclical weakness
- Emphasis on structural factors rather than cyclical/market dynamics, and on flow rather than stock variables
- Explicit incorporation of ESG-credit relevant factors



### Rating levels

(see [slide 14](#))

- [United States \(AA/Negative\)](#): Challenge conventional wisdom that the US Treasury is the AAA-rated, risk-free asset
- [Ukraine \(CC/Negative\\*\)](#): anticipated further external debt restructuring by 2024
- [China \(A/Stable\)](#): 1 notch below peers' ratings
- [Greece \(BBB-/Stable\)](#): led industry ratings upgrades of Greece



### Timing of rating actions

- Since its ratings became public in June 2017, Scope's rating actions have frequently led those of US rating agencies
- Examples: Greece, Ukraine, United States, United Kingdom, Portugal, Turkey, Bulgaria, China ([see Annex](#))



### Transparency and communication

- Transparent communication to markets on quantitative-model ratings as well as precise analyst adjustments in rating actions - no "black box"
- Emphasise a relationship with sovereign borrower - including regular dialogue surrounding EU-regulated calendar review dates as well as in frequent country visits



# Sovereign ratings: Approach

## ➤ Multi-stage rating process

### Data and forecasts

Collection and review of data and five-year forecasts from selected international and national sources

### Core variable scorecard (CVS)

Quantitative score using 29 core variables for 125+ countries provides initial indicative credit rating

### Reserve currency (RC)

Positive adjustment of +1 to +3 notches to indicative rating if the currency is in the IMF's SDR basket

### Qualitative scorecard (QS)

15 qualitative factors with potential of  $\pm 3$  notch adjustments relative to the final indicative rating (as determined earlier by the CVS + RC)

### Rating Committee

The Committee reaches final decision on the level of adjustment to be applied to determine final rating



# Sovereign ratings: Approach

## ➤ Scope's five sovereign risk categories

Core Variable Scorecard (quantitative)			Reserve currency*	Qualitative Scorecard	
Sovereign risk category	Sub-category	Variable			
<b>Domestic economic risk (35%)</b>	Wealth and size	GDP per capita	+	+	1. Growth potential and outlook 2. Monetary policy framework 3. Macro-economic stability and sustainability
		Nominal GDP			
	Growth, inflation and unemployment	Real GDP growth			
		Real GDP volatility			
	Inflation rate				
	Unemployment rate				
<b>Public finance risk (20%)</b>	Debt affordability	Interest payments/revenues	+	+	1. Fiscal policy framework 2. Debt sustainability 3. Debt profile and market access
		GG gross debt/revenues			
	Debt dynamics	GG primary balance/GDP			
		GG gross debt/GDP			
<b>External economic risk (10%)</b>	International position	Net IIP/GDP	+	+	1. Current account resilience 2. External debt structure 3. Resilience to short-term shocks
	Current account	Current account balance/GDP			
	External debt sustainability	Reserves/imports			
<b>Financial stability risk (10%)</b>	Banking sector	Non-performing loans	+	+	1. Banking sector performance 2. Banking sector oversight and governance 3. Financial imbalances
		Tier 1 ratio			
	Private sector	Private sector credit growth			
<b>ESG risk (25%)</b>	Environment	Transition risks	+	+	1. Environmental factors
		Natural disaster risks			
		Resource risks**			
	Social	Old-age-dependency ratio			2. Social factors
		Income inequality			
	Governance	Labour force participation			
	WB governance indicators***	3. Governance factors			

\* Positive adjustment to sovereigns that have a currency included in the IMF's SDR basket.

\*\* Relation between a country's Ecological Footprint of Consumption and the biocapacity available within its own borders.

\*\*\* Average of six World Bank Worldwide Governance Indicators.



# Sovereign ratings: ESG as an independent ratings pillar

➤ In 2020, Scope became the first and only main credit rating agency to integrate ESG as an independent rating pillar

Core Variable Scorecard (quantitative)			+	Qualitative Scorecard
Sovereign risk category	Sub-category	Variable		
ESG risk (25%)	Environment	Transition risks Natural disaster risks Resource risks*	+	1. Environmental factors
	Social	Old-age-dependency ratio Income inequality Labour force participation		2. Social factors
	Governance	WB governance indicators**		3. Governance factors

\* Relation between a country's Ecological Footprint of Consumption and the biocapacity available within its own borders.

\*\* Average of six World Bank Worldwide Governance Indicators.

## ➤ Environmental risks

- Transition risks: economic (structural changes) and fiscal costs of transition towards low(er) carbon economies
- Natural disasters: economic and fiscal costs from increased incidence and severity of natural disasters
- Resources: constraints depending on consumption/production patterns, availability/substitutability of resources

## ➤ Social risks

- Demographics: challenges to growth, fiscal and inflation developments
- Income inequality: social mobility, human capital formation, social conflicts and corruption
- Labour-force participation: crucial for economic growth potential and favourable labour-market dynamics

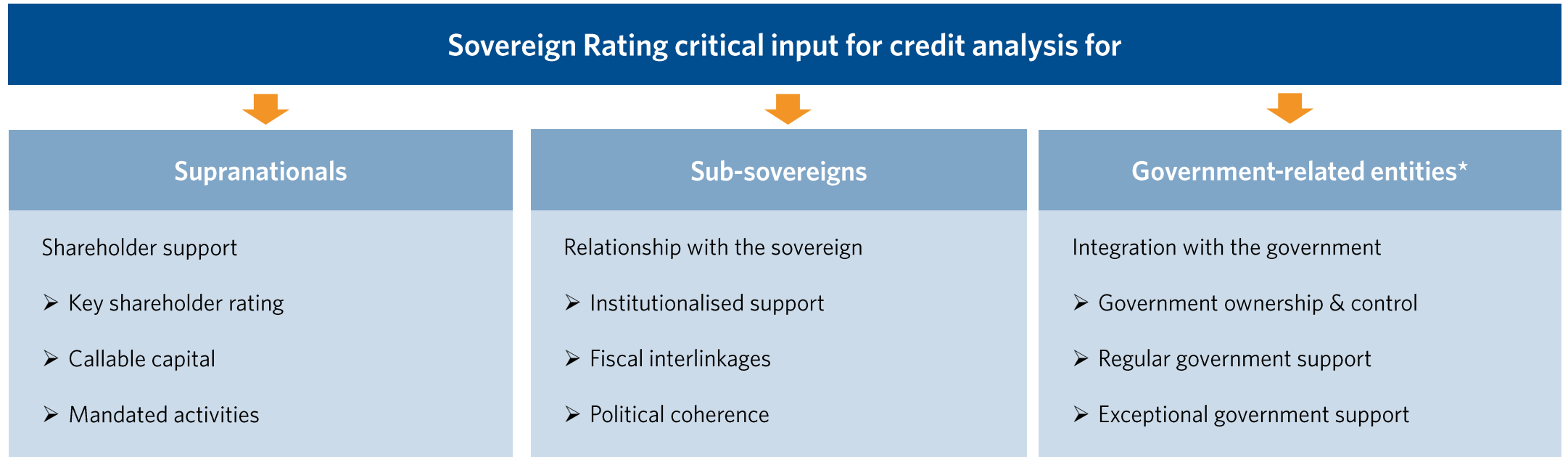
## ➤ Governance risks

- Rule of law, corruption, accountability, governance effectiveness, political stability, regulatory quality



# Sovereign ratings & link to other public-sector ratings

- Scope's sovereign ratings are key for the rating of other public-sector borrowers



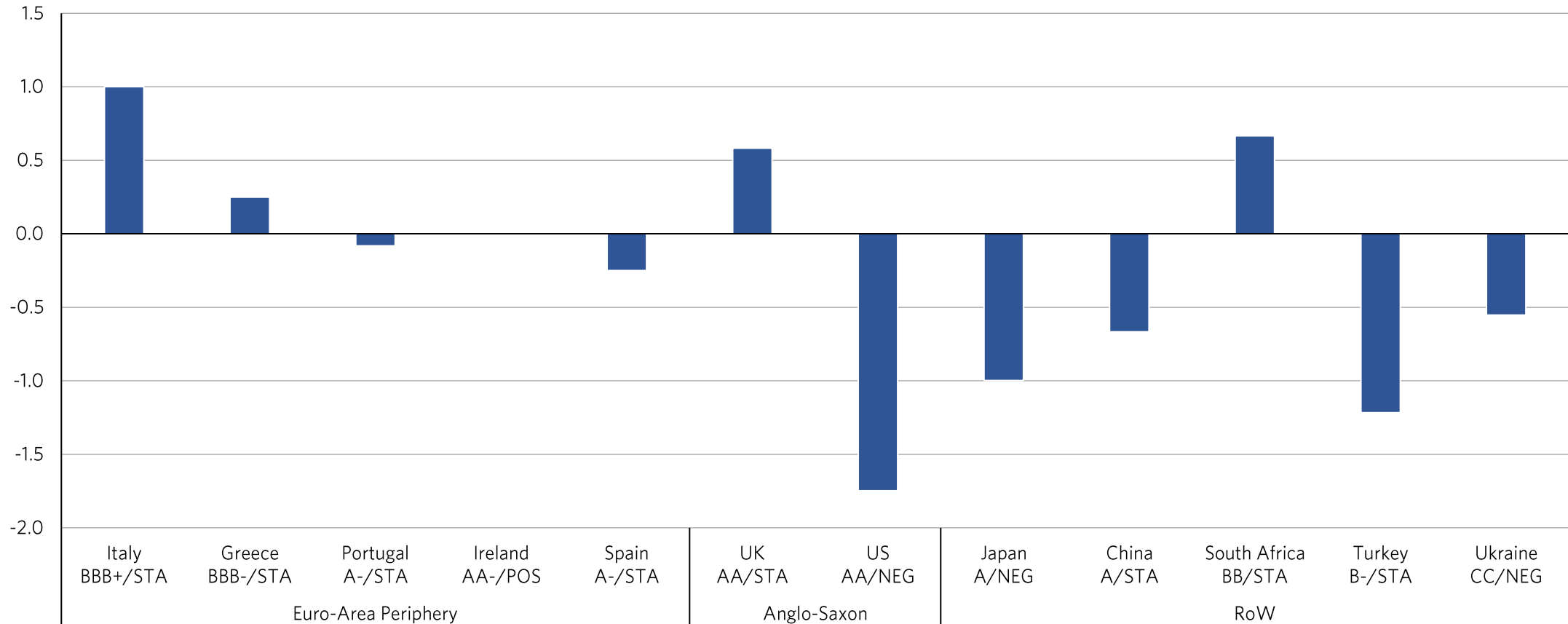
- ✓ [Sovereign methodology](#) (call for comments)
- ✓ [Supranational methodology](#)
- ✓ [Sub-sovereign methodology](#)
- ✓ [Government-related entities methodology](#)
- ✓ [Social housing methodology](#)

\*For those issuers rated under the top-down approach. For GREs rated bottom-up as well as for social housing associations, the sovereign rating also plays a crucial role as a basis for upside rating adjustments.



# Sovereign ratings: Rating levels

➤ Scope's sovereign rating levels\* versus the US agency average (notches)

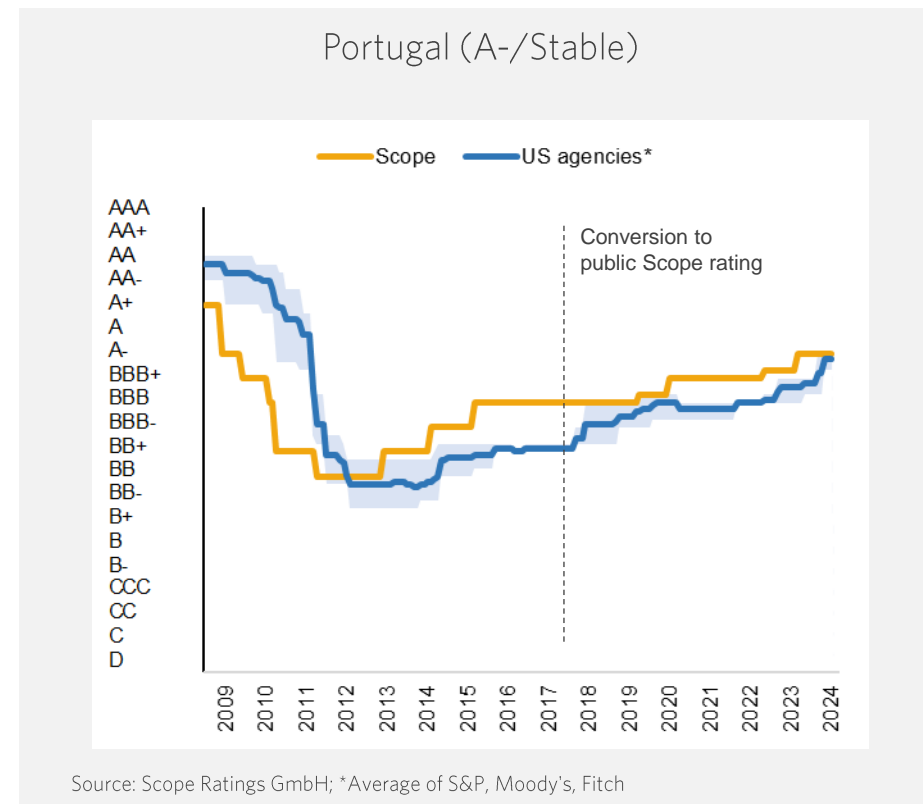
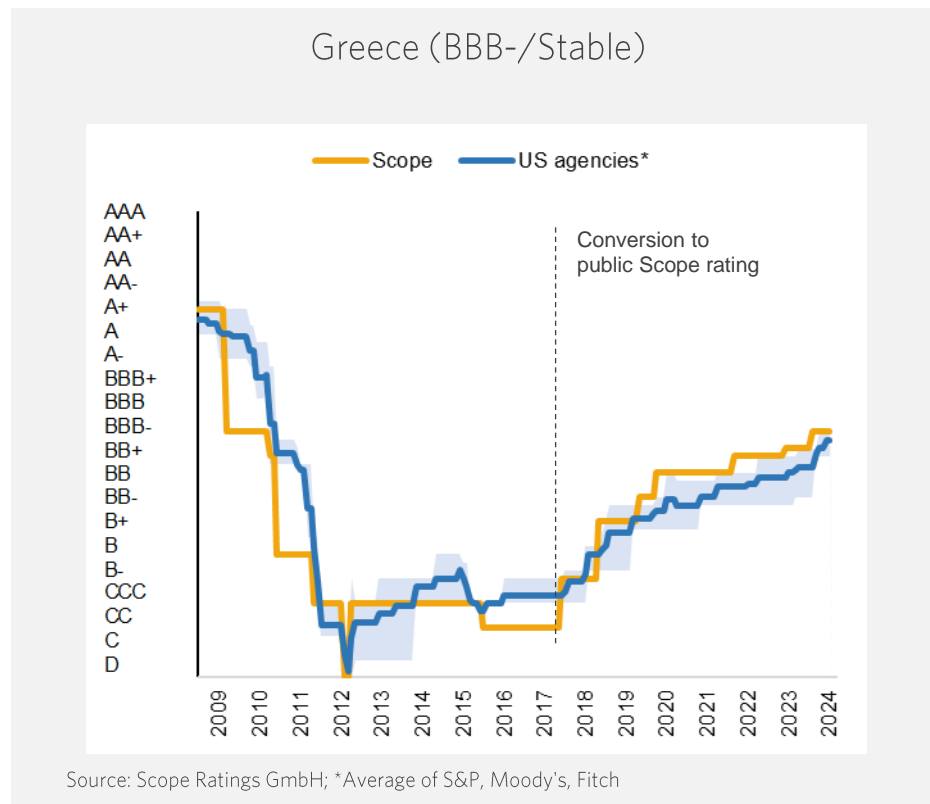


NB. Calculated based on alpha-numeric conversion on a 20-point scale from AAA (20) to D (1) with US agency ratings adjusted to the Scope rating scale. Positive/Negative Outlooks are treated with a +/-0.33 adjustment. Credit Watch positive/negative with a +/-0.67 adjustment. RoW = Rest of the world. \*Foreign-currency long-term issuer ratings. As of 26 January 2024.



# Sovereign ratings: Timing

- Scope's southern Europe ratings have been ahead of the curve



NB. Calculated based on alpha-numeric conversion on a 20-point scale from AAA (20) to D (1). Positive/Negative Outlooks are treated with a +/-0.33 adjustment. Credit Watch positive/negative with a +/-0.67 adjustment. As of 26 January 2024.



# Scope: US sovereign credit rating

- Scope was the first major credit rating agency to take action on the US during recent debt-ceiling crisis



U.S. Markets



## Scope Ratings places US credit ratings under review for possible downgrade



Reuters

May 6, 2023 3:34 AM GMT+2 · Updated 25 days ago



The dome of the U.S. Capitol is seen in Washington, U.S., April 17, 2023. REUTERS/Amanda Andrade-Rhoades

May 5 (Reuters) - Scope Ratings on Friday placed the United States of America's AA

The rating action reflects increasing risk associated with misuse of the **debt-ceiling instrument**, amid a rise in political polarisation, divided government and prospects of more elevated federal deficits over the coming years.

Recurrent debt-ceiling crises result in **phases of debt repayment distress** for the federal government and **dependence on last-minute congressional action** to ensure repayment of the United States' debt in full and on time.

Scope Ratings' baseline for the recent debt-limit crisis was for technical default to be avoided at the 11<sup>th</sup> hour.

Nevertheless, while any given debt-ceiling episode is more likely than not to be ultimately resolved, **repetition of such severe episodes raises cumulative risk long run.**





# Scope: Greece's sovereign rating

➤ In August, Scope became the first western credit rating agency to restore Greece to investment grade

## Greece Returns to Investment-Grade Elite With Scope Rating Upgrade

- Scope raises Greek sovereign rating to BBB- from BB+
- Country was rated junk since its debt crisis began in 2010

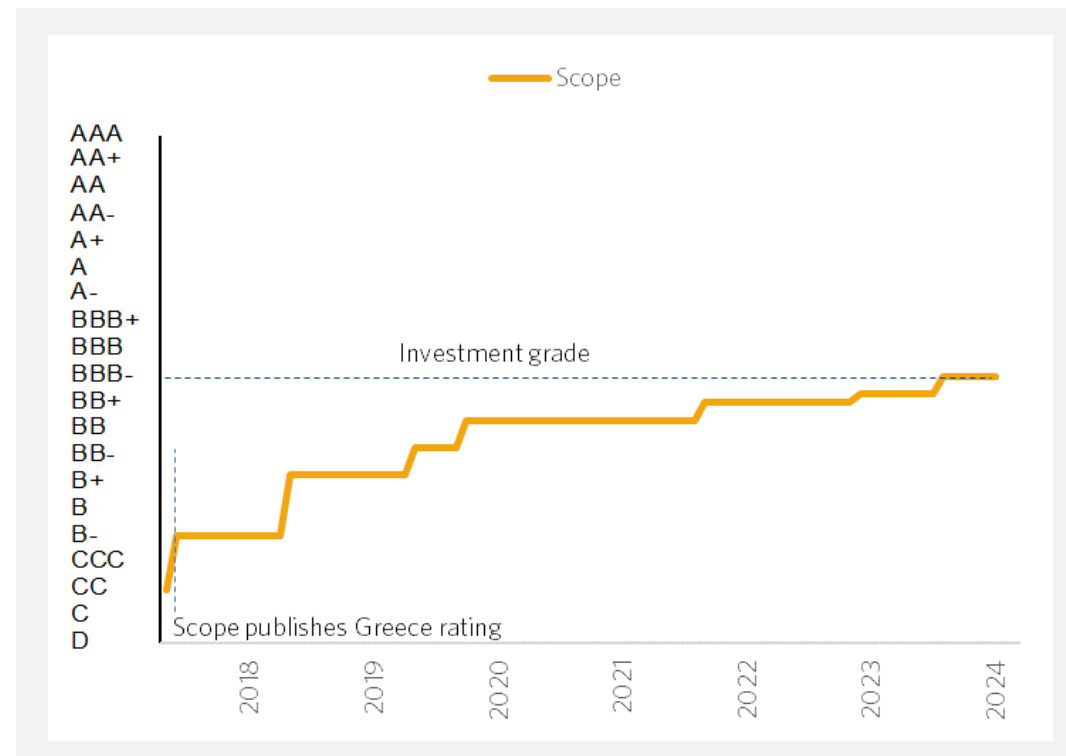


Greek Prime Minister Kyriakos Mitsotakis Photographer: Konstantinos Tsakalidis/Bloomberg

By [Sotiris Nikas](#) and [Paul Tugwell](#)  
August 4, 2023 at 10:15 PM GMT+2  
Updated on August 5, 2023 at 8:28 AM GMT+2

[Greece's investment-grade status was restored by Scope Ratings.](#)

## Sovereign Rating level



NB. Positive/Negative Outlooks are treated with a +/-0.33 adjustment. Credit Watch positive/negative with a +/-0.67 adjustment. Foreign-currency long-term issuer ratings are displayed. As of 26 January 2024. Source: Scope Ratings.



# Sovereign ratings and research: Africa Initiative

- First public sovereign rating in Africa (that of South Africa) published October 2022
- Scope initiated economic research of Africa since late 2020
- **2021 External Vulnerability and Resilience rankings: Risks for emerging economies amid rising inflation, rates** (research: 8 November 2021)
  - Three examples of news coverage: [Gabon Review](#), [Algerie Monde](#), [Yahoo! Finance](#)
- **Sovereign ESG risk: opportunities beckon for Africa; dangers for Middle East, CEE** (research: 31 August 2021)
  - Coverage examples: Frankfurter Allgemeine Zeitung, [Sustainability News](#)
- **South Africa & Southern Africa: Will demographic dynamics become a growth dividend or a social and fiscal burden?** (research: 14 April 2021)
  - Coverage examples: [The Broker](#), [African Eye Report](#), [MENAFN](#)
- **Coordinated debt restructuring for African sovereigns needed despite relief from the DSSI extension** (press release: 13 April 2021)
  - Coverage examples: [Financial Afrik](#), [Kapital Afrik](#), [Magazine de l'Afrique](#)
- **Proposal of a DSSI+ debt restructuring framework for African sovereign states including outright debt forgiveness** (research: 16 November 2020)
  - Selected for presentation at [G7 finance ministers panel](#) (Bonn, 2022)
  - Referred to by Jubilee Germany as best paper of industry on theme
  - Selected for presentation at [2022 European University Institute DebtCon-5](#)
  - Interviewed by GSA/CrossBoundary in report for USAID
  - Coverage examples: [Interview on CGTN Africa](#), [Reuters](#), [Magazine de l'Afrique](#)
- **African fiscal vulnerabilities & the effects of 2020 global support measures** (research: 3 September 2020)
  - One of the five most read Scope research reports of 2020 (2,000 downloads within four months in 2020)
  - Cited by Christian Kopf, Head of Fixed Income and FX, Union Investment, as best-in-class compared with the sovereign research of S&P, Moody's and Fitch in an interview for [Institutional Money](#)
  - Cited by the Open Society Foundations as best research on the theme of industry
  - Coverage examples: [Interview on CGTN Africa](#), [Reuters](#), [Financial Afrik](#)



# Sovereign and macroeconomic research

## ➤ Sovereign and Macroeconomic Research: How We Are Different

### Commentaries

- 62 short commentaries in 2023
- Timely and focused on the latest developments
- Leading market opinion

### Structural Pieces

- 14 longer research reports in 2023
- Longer-term horizon, such as around ESG
- Thought leadership

### Sovereign Outlooks

- [Sovereign 2024 Outlook](#)
- [Central and Eastern Europe 2024 Sovereign Outlook](#)

To sign up to receive Scope sovereign research, [click here](#).

## ➤ Themes

- European and global market-relevant themes incl. the Covid-19 crisis, country-specific commentaries, cross-country/structural studies, ESG, policy insights

## ➤ Impact

- Cited on major global mediums such as The Wall Street Journal, Financial Times, CNBC, BBC, Reuters, Bloomberg, Dow Jones, Nasdaq, Yahoo! Finance, Fortune, The Telegraph, Politico, Die Welt, FAZ, Börsen-Zeitung, Handelsblatt, Les Échos, Le Monde, Milano Finanza, Il Sole 24 Ore, la Repubblica, Cinco Días, El Confidencial, Expansión, Kathimerini, RBC, SeeNews, Emerging Europe, Bloomberg TV Bulgaria, China Global Television Network Africa, Financial Afrik, Jeune Afrique, etc.



# Sovereign and macroeconomic research: Thought leadership

## ➤ Scope's sovereign and macroeconomic research has frequently been market-leading

### Covid-19 crisis

Scope entered 2020 crisis having anticipated [major risks to the global economy](#) years in advance, and expected [since 2018](#) that the global economy was in a late stage of the business cycle with significant financial vulnerabilities prevailing. This expectation in Scope's Sovereign Outlook of a coming turn in the cycle informed ratings decisions pre-Covid-19 crisis – differentiating the Agency from peer rating agencies. After onset of crisis, the Agency [anticipated](#) the uneven/double-dip nature of Europe's recovery (with additional virus waves) early, when many expected quick rebound.

### Leadership on ESG

Scope recognised [early](#) the relevance of ESG factors for long-run sovereign risk – and led peers in introducing ESG disclosure in sovereign rating announcements since 2018 as well as an independent ESG ratings pillar since 2020. The Agency researches regularly on ESG matters in sovereign risk; examples: ([climate events and sovereign rating divergence](#)), ([environmental sovereign risk assessment](#)), ([greening central banks](#)).

### Global external risk rankings

Scope's annual rankings of the external vulnerabilities & resilience of international economies observed Lebanon, Belarus, Argentina and Turkey ranked among [2021's](#) riskiest 10 countries. The research was Scope's most-read research of 2020 with well above 5,000 views. The external risk indicator included in the report was [cited](#) by the National Bank of Ukraine Council's Viktor Koziuk as an accurate predictor of balance-of-payment risk.

### US dollar's global dominance

Scope has taken the view since 2017 that the US dollar's dominance remains but could, over time, be challenged, potentially by the euro and/or the renminbi (see [latest research](#) on this subject, as well as associated research on increasing availability of euro-denominated [safe assets](#)). This research opinion is considered in Scope's below-consensus AA credit rating of the United States.

### Several (other) examples

[Market-leading precision in forecasts on Brexit since 2017; research on implications of rising central bank holdings of sovereign debt; thought leadership on a state pension fund for Germany; creation of sovereign bond-backed securities; non-consensus expectation since 2018 of an increasing Italy debt trajectory; long-standing research of Turkey's weaknesses vs Russia's resilience; questioning official creditors' seniority \(Greece\)](#)



## Table of contents

---

- Overview
- Sovereign ratings and research
- Supranationals
- Sub-sovereigns
- Government Related Entities
- Social housing
- Annexes



# Supranational ratings

## ➤ Coverage of European supranationals since 2019

- 1<sup>st</sup> European credit rating agency to rate & be recognised by the [European Union](#) and the [Council of Europe Development Bank](#)
- Only European rating agency [mandated](#) by the European Union
- [2024 European supranational outlook](#)

Supranational	Scope	Moody's	S&P	Fitch
EIB	AAA/Stable	Aaa/Stable	AAA/Stable	AAA/Stable
EBRD	AAA/Stable	Aaa/Stable	AAA/Stable	AAA/Stable
CEB	AAA/Stable	Aaa/Stable	AAA/Stable	AAA/Stable
EU	AAA/Stable	Aaa/Stable	AA+/Stable	AAA/Stable
ESM	AAA/Stable	Aaa/Stable	AAA/Stable	AAA/Stable
EFSF	AA+/Stable	Aaa/Stable	AA/Stable	AA-



# Supranational ratings

## ➤ For capitalised institutions

Intrinsic Strength (85%)				Shareholder Support (15%)	
Institutional Profile (15%)	Financial Profile (85%)			Shareholder Strength (60%)	Extraordinary Support (40%)
Mandate & ESG	Capitalisation (30%)	Asset Quality (30%)	Liquidity & Funding (40%)		
Excellent - Very Weak				Excellent - Moderate	
<b>Indicative Rating</b>					
Additional considerations					
<b>Final Rating</b>					
✔					

## ➤ For non-capitalised institutions

Shareholder Support*		Intrinsic Strength*		
Shareholder Strength (90%)	Extraordinary Support (10%)	Institutional Profile (20%)	Financial Profile (80%)	
Mandate & ESG	Asset Quality (40%)	Liquidity & Funding (60%)		
AAA - CCC		Excellent - Very Weak		
<b>Indicative Rating</b>				
Additional considerations				
<b>Final Rating</b>				
✔				

## Key takeaways

- ✔ Mandate-driven approach acknowledging counter-cyclical nature of activities
- ✔ Intrinsic strength & shareholder support key rating drivers
- ✔ Importance of liquidity buffers
- ✔ Institutional profile includes ESG assessment

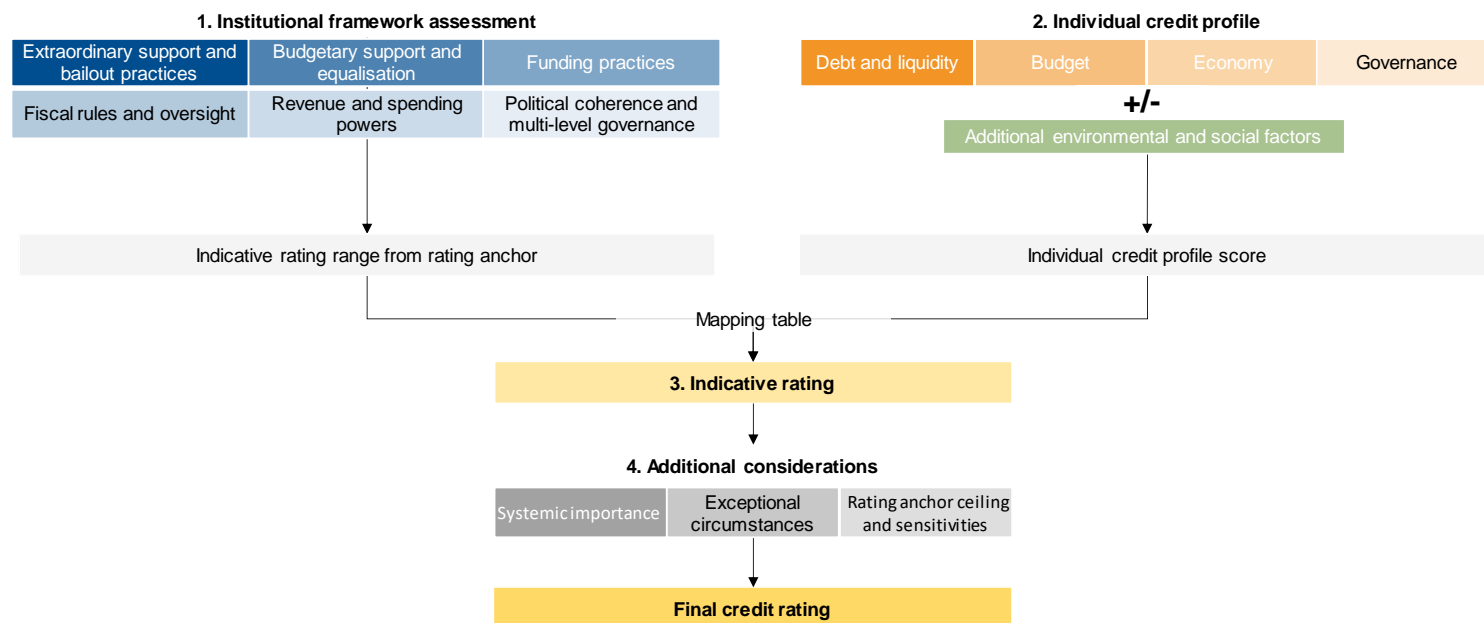


## Table of contents

---

- Overview
- Sovereign ratings and research
- Supranationals
- Sub-sovereigns
- Government Related Entities
- Social housing
- Annexes





## Key takeaways

- ✓ Framework-driven approach
- ✓ Transparent quantitative and qualitative scorecards
- ✓ Extended balance sheet and liquidity risk assessment
- ✓ Inclusion of ESG factors



# Sub-sovereign ratings

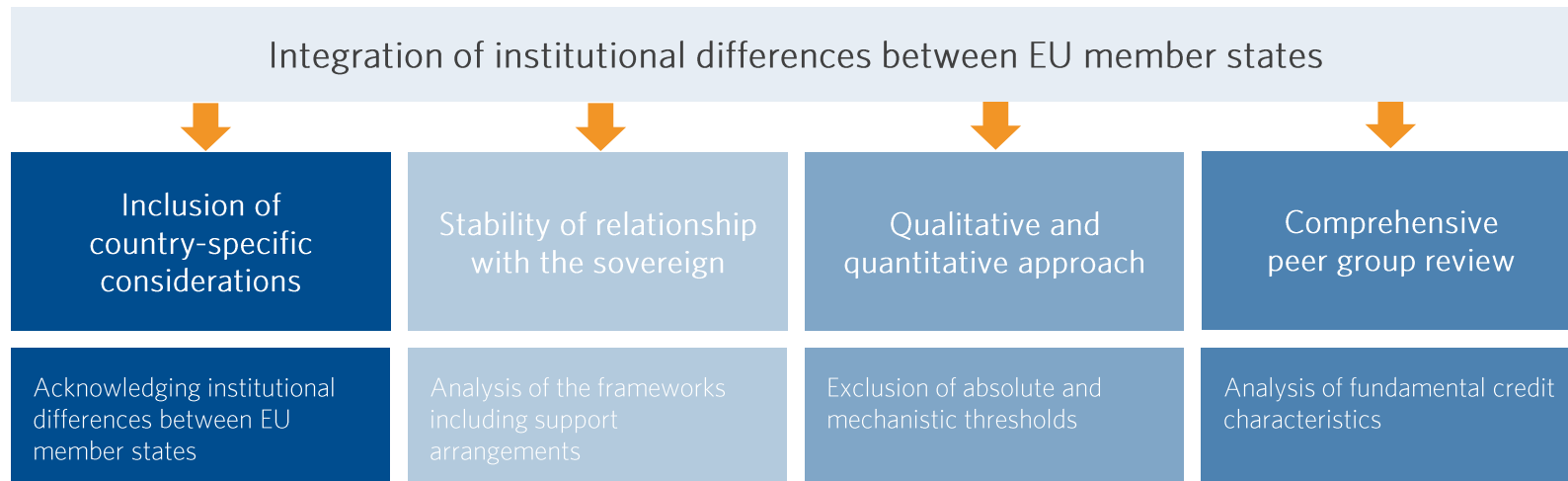
## ➤ Scope's publicly-available sub-sovereign ratings as of 26 January 2024

- Berlin: AAA/Stable; Bavaria: AAA/Stable; Baden-Württemberg: AAA/Stable; City of Trondheim: AAA/Stable; City of Milan: BBB+/Stable
- Sub-sovereign research, such as a sectoral outlook on [Norwegian local governments](#)
- [2023 European sub-sovereign outlook](#)

## ➤ Subscription-based coverage

- Additional German, Italian, Spanish & Swiss sub-sovereign ratings available on subscription

## ➤ Key analytical features





## Table of contents

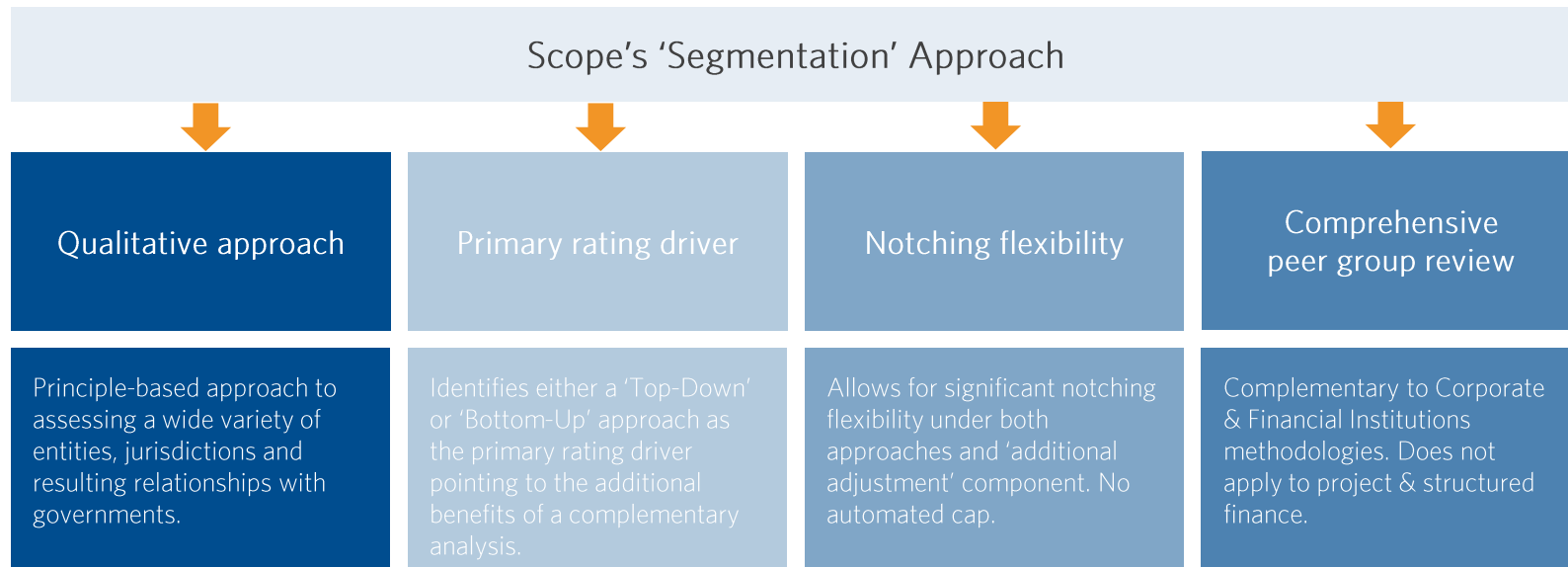
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- Overview
- Sovereign ratings and research
- Supranationals
- Sub-sovereigns
- Government Related Entities
- Social housing
- Annexes



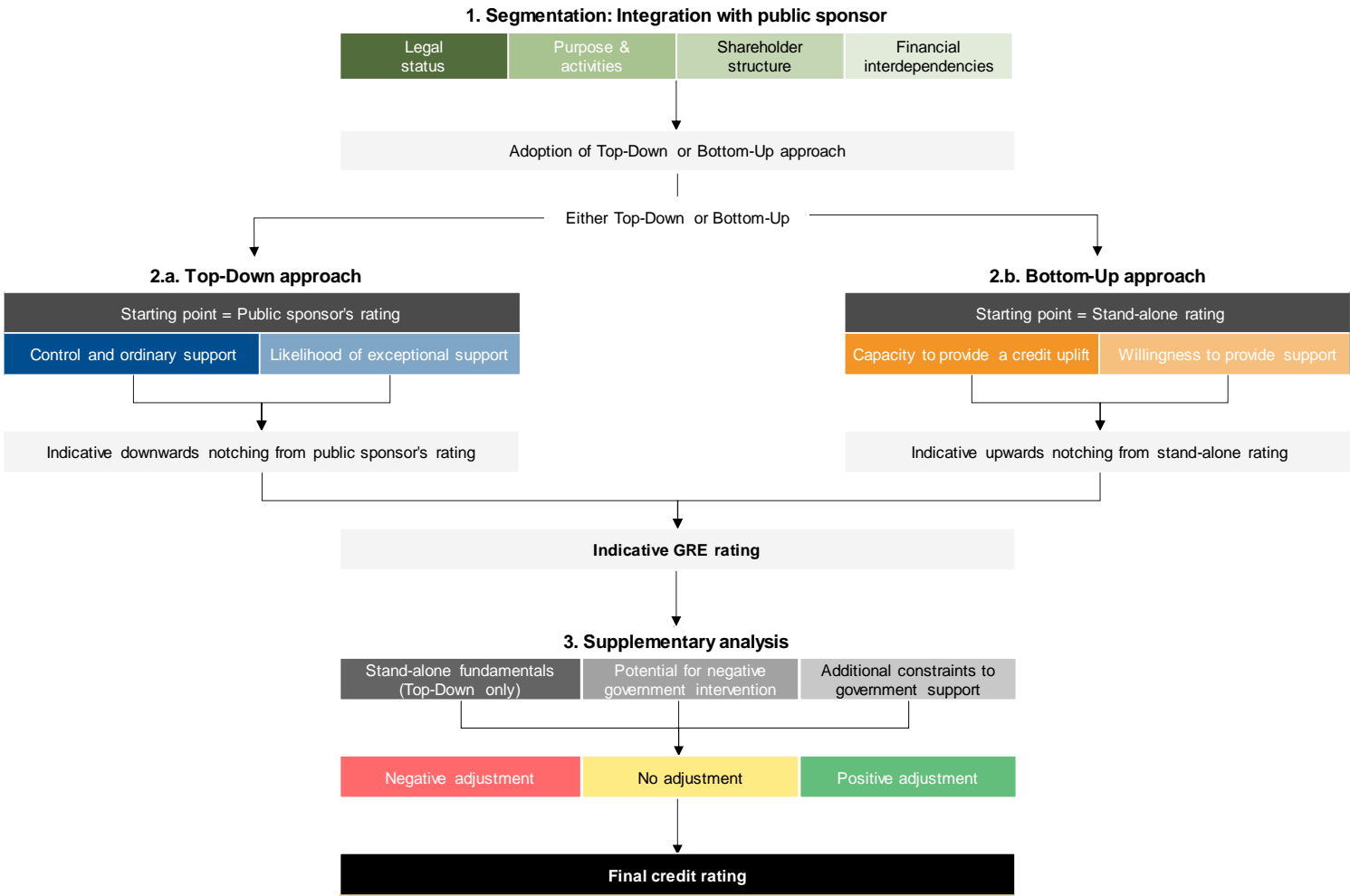
# Government related entities (GREs) ratings

- GREs include:
  - Administrative public bodies, agencies, entities with private legal forms, companies with public mandate
- Scope rates GREs mostly on a subscription basis
  - Coverage incl. entities in Austria, Germany, Italy, Nordics, Hungary, Estonia, Belgium, Netherlands, Spain, the UK
- Key analytical features





# Government related entities (GREs) ratings



## Key takeaways

- ✓ Level of integration with government determines whether a 'Top-down' or a 'Bottom-up' approach is taken
- ✓ Top-down approach starts with the sovereign rating
- ✓ Bottom-up approach starts with entity's stand-alone rating as first determined by Scope's Financial Institutions or Corporates team



## Table of contents

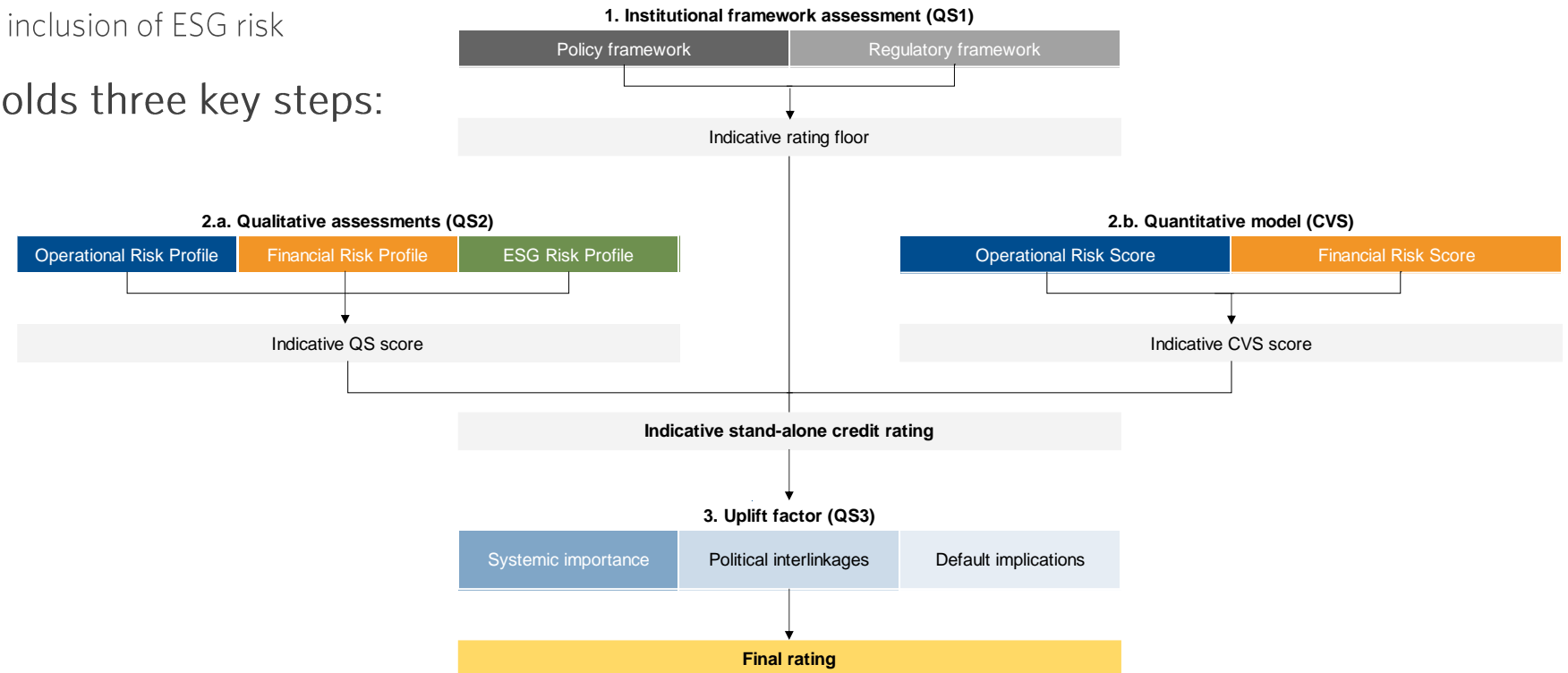
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- Overview
- Sovereign ratings and research
- Supranationals
- Sub-sovereigns
- Government Related Entities
- Social housing
- Annexes

➤ Published methodology for UK social housing (June 2022); the methodology differentiates itself:

- A transparent analysis of the impact of the institutional framework on credit risk
- An innovative, data-driven quantitative framework
- Clear identification of strong/weak entities
- Systematic and structured inclusion of ESG risk

➤ The rating approach holds three key steps:





## Table of contents

---

- Overview
- Sovereign ratings and research
- Supranationals
- Sub-sovereigns
- Government Related Entities
- Social housing providers
- Annexes





## Annex: Team



Dr Giacomo Barisone  
Group Managing Director

Scope Ratings GmbH  
Location: Milan

English, Italian

Head of Fundamental Credit Ratings &  
Research

With Scope since 2017

20+ years experience including at:

- DBRS
- UBS Investment Bank
- Moody's

**E-mail:** g.barisone@scoperatings.com

**Phone:** +49 69 667738922



Alvise Lennkh-Yunus, CFA  
Managing Director

Scope Ratings GmbH  
Location: Vienna

English, German, Spanish

Head of Sovereign and Public Sector Ratings

With Scope since 2017

10+ years experience including at:

- European Stability Mechanism
- European Central Bank
- Moody's

**E-mail:** a.lennkh@scoperatings.com

**Phone:** +49 69 667738985



Dennis Shen, CFA  
Senior Director

Scope Ratings GmbH  
Location: Berlin

English, Mandarin, German

Coverage:

- Ukraine, Greece, United States, United Kingdom, Poland, Georgia, Japan, South Africa, GRE (China)

With Scope since 2017

10+ years experience including at:

- Alliance Bernstein

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## Annex: Team



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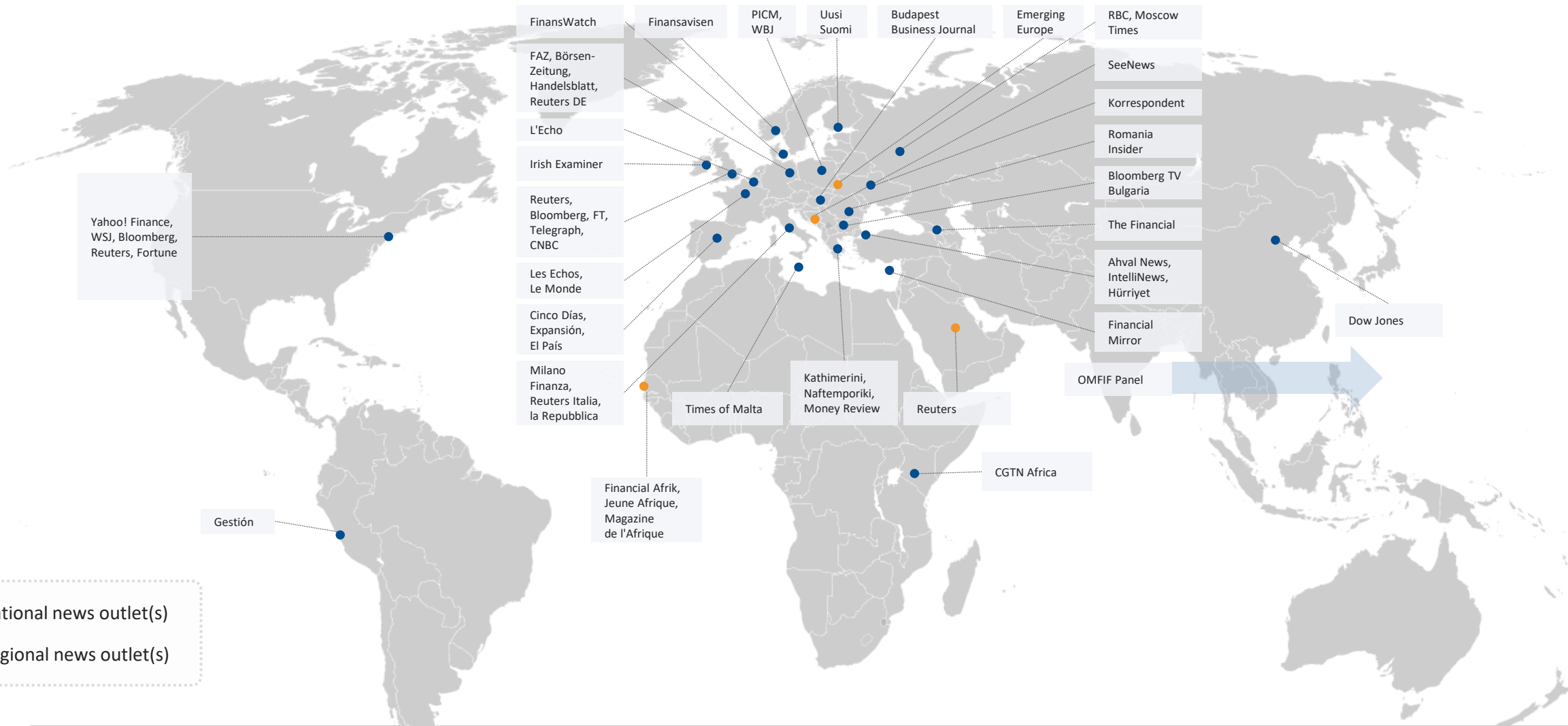


# Annex: Documentation

## Additional documentation

- ✓ [Sovereign 2024 Outlook](#)
- ✓ [Central and Eastern Europe 2024 Sovereign Outlook](#)
- ✓ [2024 Supranationals Outlook](#)
- ✓ [2023 Sub-Sovereign Outlook](#)
- ✓ [Sovereign methodology \(call for comments\)](#)
- ✓ [Supranational methodology](#)
- ✓ [Sub-sovereign methodology](#)
- ✓ [Government related entities methodology](#)
- ✓ [UK social housing methodology](#)

# Annex: Sovereign and macroeconomic research: global media attention



➤ Scope webinars anchor engagement with investors

- [2023 economic outlook](#) *January 2023*
- [UK sovereign outlook](#) *October 2022*
- Italian elections *September 2022*
- [Post-Ukraine war global economic outlook](#) *July 2022*



**War, sanctions, energy crisis – assessing the impacts on Europe**

Thursday, March 10th 2022 - 11:00 AM (CET)

**Dierk Brandenburg**  
Head of ESG and Credit Research

**Dennis Shen**  
Director, Sovereign Ratings

**Olaf Tölke**  
Head of Corporate Ratings

**Marco Trofano**  
Head of Financial Institutions

➤ Participation on external panels around global themes

- [FES and Jubilee Germany Policy Dialogue](#) *November 2022*
- [UN and African Union: Experts Group Meeting](#) *October 2022*
- [European University Institute: DebtCon-5](#) *May 2022*
- [Erlassjahr.de G7 finance ministers conference](#) *May 2022*
- [OMFIF Asia macroeconomic panel](#) *December 2021*

The macroeconomic outlook and market implications for Asia in 2022





# Annex: Growing list of platforms to access Scope sovereign ratings

Visibility/accessibility of ratings

Accessibility of macro forecasts

**Bloomberg**

**MACROBOND**

**WIKIPEDIA**  
The Free Encyclopedia

 **TheBanks.eu**  
make banking transparent

**FOCUS ECONOMICS**  
Economic Forecasts from the World's Leading Economists

  
Wikirating

**the GlobalEconomy.com**  
Business and economic data for 200 countries

**FXEMPIRE**

  
**RATINGPLATFORM**  
ONE GATE TO RATINGS

(Coming soon)

 **Tellimer Insights**

(Coming soon)

 **CountryRisk.io**



**Bloomberg NEWS**

**ConsensusEconomics®**

 **REUTERS**

**MACROBOND**





# Annex: European governments' citations

## Sovereign states' public recognition of the group

### Statement from the Greek Finance Minister after credit rating upgrade, Sept. 2021



ΕΛΛΗΝΙΚΗ ΔΗΜΟΚΡΑΤΙΑ  
Υπουργείο Οικονομικών

Γραφείο Τύπου

#### Δ.Τ.: Δήλωση του

- Δελτία Τύπου
- Ανακοινώσεις
- Ομιλίες
- Συνεντεύξεις Τύπου
- Συνεντεύξεις - Άρθρα -

«Ο οίκος αξιολόγησης "Scope" αναβάθμιση της πιστοληπτικής από "BB" προηγούμενως, θέ μακριά από την επενδυτική βί Είναι η τρίτη φορά που διεθ

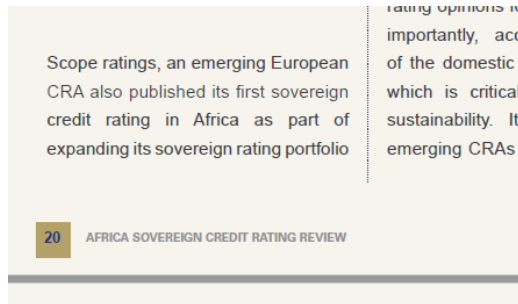
### Statement from Chief Advisor to Türkiye's opposition leader about external vulnerabilities report, Nov. 2021

#### Erdoğan Toprak: "Türkiye, en riskli ülkeler sıralamasında"

CHP Genel Başkan Koordinatör Başdanışmanı Erdoğan Toprak, "Alma dünyanın köklü saygın kuruluşlarından Scope Ratings, 2021 Risk Değerlendirme Raporu'nda ekonomilerini değerlendirdiği 95 ülke içinde dünyada en riskli ülkeler arasında Türkiye olarak sıraladı." dedi.



### Citation of Scope by the African Union's African Peer Review Mechanism, Jan. 2023



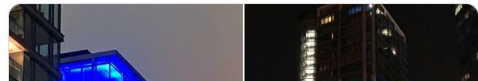
### Citation of Scope by Italian Ministry of Economy and Finance, Dec. 2021

#### Le agenzie di rating confermano la solidità dell'Italia

#### Comunicato Stampa N° 225 del 03/12/2021

La decisione dell'agenzia di rating Fitch di alzare il rating dell'Italia a 'AAA' conferma la solidità del Paese e la sua capacità di resistere alle sfide globali. Insieme alle altre cinque altre agenzie di rating, che in queste settimane hanno migliorato il rating dell'Italia a 'AAA', S&P, DBRS e Scope Ratings.

### Tweet from National Bank of Ukraine, March 2022



### Tweet from Irish Finance Minister, May 2021



## The EU Commission's mandate representing a milestone



EN English

Home > News > European Commission mandates Scope to rate its creditworthiness

NEWS | 23 June 2022 | Brussels

### European Commission mandates Scope to rate its creditworthiness

The European Commission has today mandated Scope, an EU-based credit rating agency, to rate its creditworthiness alongside its other mandated rating agencies. Through the mandate, the European Commission demonstrates its commitment to supporting new entrants and promoting competition in the market for credit ratings. This is one of the objectives of the EU's Capital Markets Union (CMU) strategy. With this mandate Scope's current AAA/Outlook stable unsolicited rating becomes a Commission – which borrows on the capital markets on behalf of the EU – solicited rating.

Commissioner Johannes Hahn in charge of budget and administration – and who is also in charge of borrowing on capital markets, said: "With this decision, we are once again showing the EU's commitment to our principles and contribute to the strengthening of the European capital markets union. The European Commission is using its prominence with regard to euro-denominated assets





# Annex: Sovereign ratings and research: Timing

## ➤ Scope's sovereign rating decisions have frequently led those of US rating agency peers

### Examples of Scope sovereign rating actions leading those of peer credit agencies:

Euro Area	Scope rating actions on Greece have consistently led those of S&P, Fitch, Moody's and DBRS. Scope upgraded Greece to BB+ in September 2021 and assigned a Positive Outlook in December 2022, indicating a path to investment grade (IG). Scope was the first western credit rating agency to upgrade Greece to IG (August 2023).
	Scope announced a rating of BBB for Portugal (Jun/17), in advance of upgrades to investment-grade by S&P, Moody's and Fitch; Scope upgraded Portugal to A- (Mar/23)
	Scope announced a rating of A- for Spain in Jun/17, in advance of upgrades by S&P (Mar/18), Moody's (Apr/18) and Fitch (Jan/18)
	Scope cut its Outlook to Negative on Italy in Jun/18 (and downgraded Italy Dec/18), ahead of Outlook revisions to Negative by Fitch (Aug/18) and S&P (Oct/18)
	Scope announced a rating of A+/Stable for Ireland (July 2017), ahead of upgrades converging on this rating level from Moody's (Sep/17) and Fitch (Dec/17)
Other EU	Scope downgraded Romania to BBB-/Negative in Oct/18, signalling risk to its investment-grade rating, ahead of Romania's Outlook being revised to Negative from S&P (Dec/19), Fitch (Apr/20) and Moody's (Apr/20); Scope revised this Outlook to Stable (May/21), only after a similar action from Standard & Poor's
	Scope upgraded Bulgaria to BBB+ in Feb/18, ahead of upside rating actions taken by US agencies; Scope was the first to assign a Positive Outlook on BBB+ ratings (Jul/23)
Non-EU	Scope was the first credit rating agency to <a href="#">place</a> the United States' rating under review for downgrade (May/23). Scope announced a AA rating for the United States – two levels below AAA – in Sep/17, ahead of Fitch and DBRS challenging their AAA ratings on the United States.
	Scope was the only rating agency with a Negative Outlook for Ukraine (B ratings) and expectation of further conflict <i>in advance</i> of Russian full-scale invasion in Feb-2022; first-mover <a href="#">downgrade</a> of Ukraine foreign-currency ratings to C after 2022 external debt restructuring announcement; assigned CC/Negative foreign-currency (and CCC local-currency) ratings upon completion of debt restructuring in Aug-22 on an assumption for further external restructuring by 2024 – entered such further external debt restructuring (announced Mar-23) as such with the lowest foreign-currency rating of Ukraine and correct separation of foreign- from domestic-currency ratings
	Scope managed gracefully UK ratings during Brexit at AA/Neg., without placing the UK mistakenly on Negative Watch for 10 months due to an expectation of no-deal Brexit (Fitch, Feb/19), prematurely revising the Outlook to Stable shortly before Covid-19 (S&P, Dec/19) and w/o being late in assigning the Neg. Outlook (Moody's, Nov/19). Scope managed well the "mini-budget" crisis of autumn 2022 w/o placing UK ratings on Neg. Outlook per a kneejerk response or downgrading the UK like all peer agencies.
	Scope downgraded China to A in May/23, ahead of the same decision by DBRS (Nov/23) and Moody's placement of China's A+ on Negative Outlook (Dec/23)
	Scope downgraded Turkey in Jul/20 and Nov/20 (to B/Negative for the foreign-currency ratings), with similar actions from S&P, Moody's and Fitch following



# Annex: Rating definition and scale

## ➤ Scope sovereign ratings

- Reflect the relative ability and willingness of the issuer to honour debt obligations to private creditors on time

## ➤ Long-term scale

- From AAA to D
- Original maturity over 12 months

## ➤ Short-term scale

- From S-1+ to S-4
- Original maturity under 12 months

## ➤ Local currency (LC) vs foreign currency (FC)

- For most economies: no rating gap
- LC > FC when capacity to repay local debt is stronger than that for FC debt
- FC > LC when capacity to repay FC debt is stronger than that for LC debt
- Scope currently differentiates between LC and FC ratings for two rated borrowers: Türkiye and Ukraine

Scope Ratings					
	S-1+	S-1	S-2	S-3	S-4
AAA	S-1+	S-1	S-2	S-3	S-4
AA+					
AA					
AA-					
A+	S-1	S-2	S-3	S-4	
A					
A-	S-2	S-3	S-4		
BBB+					
BBB	S-3	S-4			
BBB-					
BB+	S-4				
BB					
BB-	S-4				
B+					
B	S-4				
B-					
CCC	S-4				
CC					
C	S-4				
D					



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# About Scope Group

**Scope SE & Co. KGaA** is the holding company of Scope Group and the leading EU-based provider of independent ratings, research and risk analysis solutions across all asset classes. The Scope Group is based in Berlin and has offices in Frankfurt, London, Madrid, Milan, Oslo and Paris. The Scope Group has five fully-owned operating companies:

## Scope Ratings

The leading European credit rating agency, offers clients opinion-driven, forward-looking and non-mechanistic credit risk analysis and contributes to a greater diversity of opinions for institutional investors. Scope Ratings is a credit rating agency registered in accordance with the EU rating regulation and operating in the European Union with External Credit Assessment Institution (ECAI) status.

## Scope Risk Solutions

a provider of high-quality credit risk solutions, enabling market participants to measure and manage credit risk, providing capabilities to extend their credit workbench, and helping them to meet regulatory requirements. Scope Risk Solutions' approach is fully aligned with Scope Ratings', incorporating the same European perspective as well as quantitative and qualitative consistency.

## Scope Analysis

specialises in the analysis and rating of mutual funds, alternative investment funds, asset management companies and certificate issuers. Scope Analysis offers opinion-driven and forward-looking risk-return research and monitors risks on an ongoing basis.

## Scope Investor Services

supports institutional investors with the selection of asset managers, funds and provides portfolio strategies for indirect investments. According to quantitative and qualitative criteria, funds from all asset classes, investing in securities and real assets, are considered in the selection process.

## Scope Insights

specialises in the preparation and distribution of market studies and comparative analyses in the field of investments, with a focus on commenting on and assessing the markets for bank bonds, corporate bonds and debt securities issued by public-sector issuers.



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