

Scope has completed a monitoring review for the Federal Republic of Germany

The periodic review has resulted in no rating action.

Scope Ratings GmbH (Scope) monitors and reviews its credit ratings on an ongoing basis and at least annually, or every six months in the cases of sovereigns, sub-sovereigns and supranational organisations that may act as a lender of last resort.

Scope performs monitoring reviews to determine whether material changes and/or changes in macro-economic or financial-market conditions could have an impact on the credit ratings. Scope considers all available and relevant information when undertaking the monitoring review.

Monitoring reviews are conducted by performing a peer comparison, benchmarking against the rating-change drivers, and/or reviewing the credit rating's performance over time, as deemed appropriate by the Lead Analyst or Analytical Team Head, in addition to an assessment of all aspects of the relevant methodology/ies, including key rating assumptions and model(s). Scope announces the result of each monitoring review on its website and/or on its subscription platform [ScopeOne](#).

Scope completed the monitoring review for the Federal Republic of Germany (long-term local- and foreign-currency issuer and senior unsecured debt ratings: AAA/Stable; short-term local- and foreign-currency issuer ratings: S-1+/Stable) on 2 March 2026.

This monitoring note does not constitute a credit-rating action, nor does it indicate the likelihood that Scope will conduct a credit-rating action in the short term. Information about the latest credit-rating action connected with this monitoring note along with the associated ratings history can be found on scoperatings.com.

Key rating factors

For the updated rating report accompanying this review, please see [here](#).

The Federal Republic of Germany (Germany)'s AAA/Stable ratings are underpinned by its wealthy, large, and diversified economy, its robust fiscal policy framework and strong track record of fiscal discipline, and a highly competitive external sector. These factors support the economy's resilience and provide the government with fiscal space to effectively respond with countercyclical measures to recent shocks. Global geopolitical and trade risks, transition risks related to carbon neutrality targets and an ageing population are challenges.

The German economy has faced significant headwinds since 2023, remaining near its pre-Covid level of real GDP at end-2025. Real GDP grew by a moderate 0.3% in 2025, after two recessionary years. This reflects increasing structural challenges, including vulnerabilities related to global geopolitical developments and trade-related tensions, due to high trade interconnectedness and openness, and transition risks for energy-

intensive industries.

This year, we expect real GDP growth of 1%, which will mostly be driven by domestic public and private demand, while the growth contribution from net exports will remain negative, in line with 2024/25. The latter reflects broader economic and external trends, with German exporters facing increased competitiveness challenges in global markets. Internal growth factors, including via some recovery in private demand and construction, are thus projected to compensate for a weaker external environment this year and likely in the coming years. In addition, medium-run growth potential is set to likely be hampered by Germany's ageing population, which also results in rising pension and healthcare liabilities.

Germany's track record of strong fiscal discipline, underpinned by its debt brake law, is a core credit strength and has ensured the safeguarding of significant fiscal space entering 2026. Germany's federal government, in office since May 2025, is making significant use of the country's fiscal space and increase borrowing, following amendments to the federal debt brake, to fund infrastructure investment and defence spending in the coming years. While this is expected to support stronger GDP growth rates from this year, Scope estimates that higher associated fiscal deficits, averaging 3.8% of GDP for 2026-2030 after 2.7% of GDP in 2024/25, will lead to an increase in the debt-to-GDP ratio to around 71% by 2030, from an expected 62.8% at YE 2025. This is still well-below the 81% reached in 2010 after the global financial crisis, highlighting the fiscal space built-up in previous years.

The **Stable Outlook** reflects Scope's view that the risks Germany faces over the next 12 to 18 months are well balanced.

Downside scenarios for the ratings and outlooks are (individually or collectively):

- i. Significant fiscal deterioration, resulting in a material and sustained increase in public debt as a share of GDP over the long term; and/or
- ii. Significantly weaker growth outlook, for example due to severe macroeconomic or financial system shock

The methodology applicable for the reviewed ratings and/or rating Outlooks (Sovereign Rating Methodology, 27 January 2025) is available on [scoperatings.com/governance-and-policies/rating-governance/methodologies](https://www.scope-ratings.com/governance-and-policies/rating-governance/methodologies).

This monitoring note is issued by Scope Ratings GmbH, Lennéstraße 5, D-10785 Berlin, Tel +49 30 27891-0.

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With more than 300 employees operating from offices in Berlin, Frankfurt, London, Madrid, Milan, Oslo and Paris, Scope Group is the leading European provider of independent credit ratings, ESG analysis and fund research. Based on forward-looking and innovative methodologies, Scope offers a European perspective that contributes to greater diversity of opinion for institutional investors worldwide. Scope Ratings is registered in accordance with the EU rating regulation and operating in the European Union with ECAI status. Scope Ratings is the only European rating agency accepted by the ECB for the Eurosystem Credit Assessment Framework (ECAAF). The shareholders of Scope Group include CEO and founder Florian Schoeller and anchor shareholder Stefan Quandt, numerous senior personalities in European finance and industry as well as institutional investors from several European countries. More on www.scopegroup.com

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