

GREECE: TIMELINE OF A DEBT CRISIS

Eurozone governments and the IMF bailed out Greece in 2010, extending loans of €129.8 billion in return for aggressive fiscal consolidation and structural reform. Against a backdrop of falling wages and rapidly rising unemployment, Greeks protested and the political landscape changed dramatically. The “Troika” (European Commission, IMF, ECB) came back with a larger rescue in 2012. Meanwhile, GDP continued to sink. In January 2015, elections put into power the leftist coalition Syriza, which pledged an end to austerity and engaged in talks with the Troika about the debts it could no longer pay.

KEY STATISTICS ON GREECE BASED ON 2015 (f) FIGURES

DEBT-TO-GDP
184.9%

REAL GDP GROWTH
-1.5%

PRIMARY BUDGET DEFICIT
-0.1%/GDP

S&P'S RATINGS ON GREECE, AND THE EVOLUTION OF GREEK DEBT AND GDP (IN € BILLIONS)

2001
Greece joins the eurozone (**Jan 1**). Rating raised to 'A' from 'A-'; outlook positive (**Mar 13**). The country begins to borrow heavily on European bond markets at record low interest rates, making government debt seemingly affordable.

NOV 17, 2004
Rating lowered to 'A' on “lack of a resolute strategy to achieve rapid and lasting improvements to the general government primary balance, and to initiate a significant and sustained decrease of the public debt ratio.”

2008-2009
The financial crisis hits. The new socialist government reveals that deficits are much larger than previously stated (**Oct 20, 2009**). Greece is **€323 bn** in debt (more than twice the amount at the time of Greece's eurozone accession”).

2009
Rating lowered to 'A-/A-2' (**Jan 14**) on “weak public finances that leave the government without appropriate fiscal capacity to cushion the economic impact of the ongoing downturn.” It falls to 'BBB+' (**Dec. 16**) on obstacles to fiscal consolidation.

APR 27, 2010
Rating cut to 'BB+' (speculative-grade). S&P believes the government's policy options to put the public debt burden onto a sustained downward trajectory are narrowing because of Greece's weakening economic growth prospects, and rising pressures for stronger fiscal adjustment measures.

MAY 2010
Greece agrees to the **first bailout package**, which calls for aggressive fiscal consolidation and structural reform measures.

JUL 27, 2011
Rating cut to 'CC', outlook negative. S&P considers that a restructuring of Greek government debt amounts to selective default 'SD' under its rating criteria.

FEB 27, 2012
Rating lowered to 'SD' (**Feb 27**) for a **second time** following the Greek government's retroactive insertion of collective action clauses for certain series of its sovereign debt. Rating rises to 'B-' (**Sep 12**) as debt buyback is completed.

SEP 12, 2014
Rating goes up to 'B' as risks of fiscal consolidation abate; outlook stable.

DEC 29, 2014
Government collapses after failing to elect a new president of Greece, amid unrest linked to austerity measures.

2015
Coalition of the Radical Left wins legislative elections (**Jan 25**), and a **new government is formed** that promises an end to austerity.

Ratings are lowered to 'B-' (**Feb 6**) due to Greece's liquidity constraints amid an uncertain timeframe for talks with official creditors. They fall to 'CCC+' (**Apr 15**) as solvency hinges increasingly on favorable business, financial, and economic conditions that have worsened due to uncertainty about talks that drag on.

