



PORTUGAL

ECONOMIC RESILIENCY AND DELEVERAGING

DECEMBER 2025

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CONTENTS

1. Executive Summary

- Portuguese economy in numbers

2. Macro Outlook

- Latest developments and projections

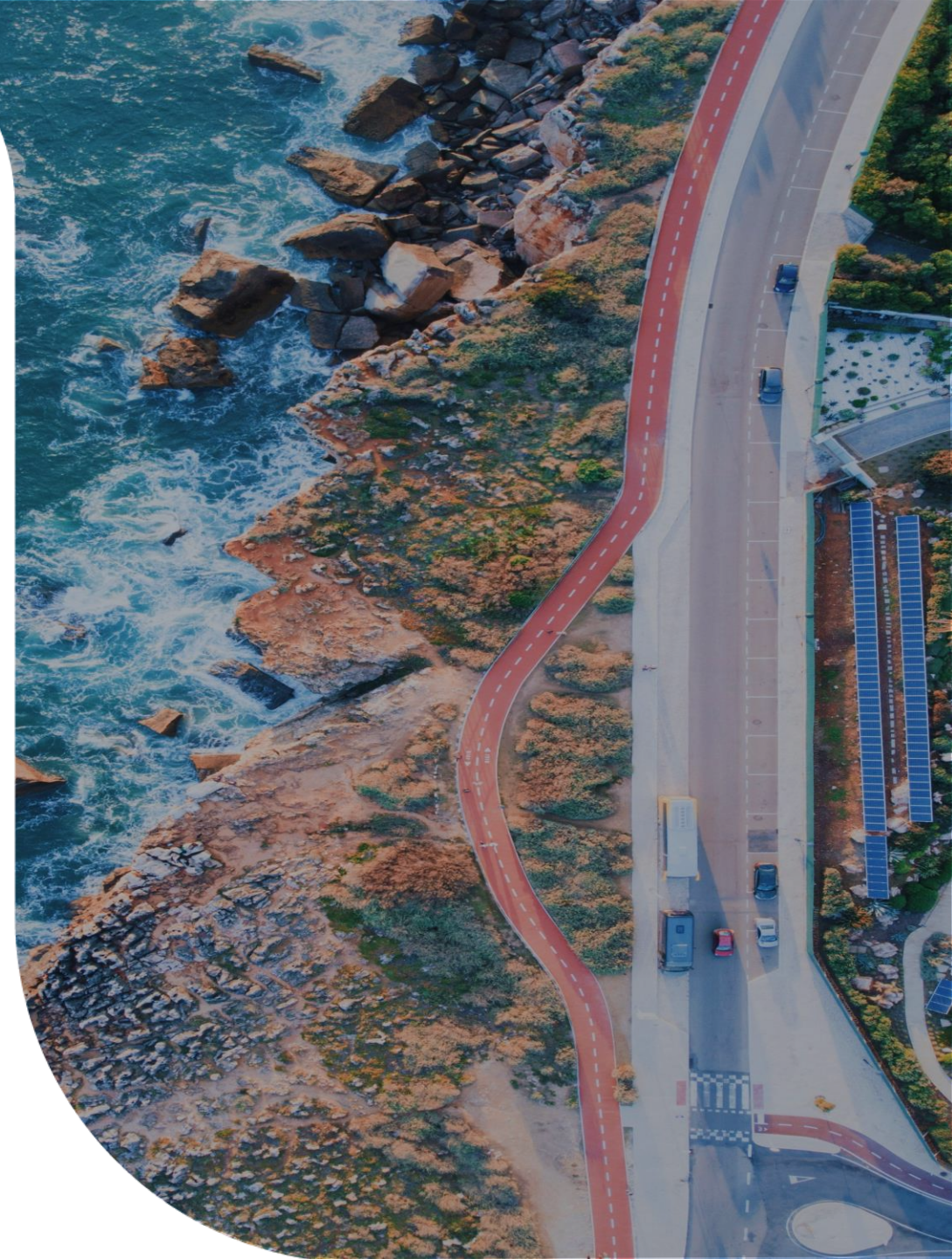
3. Fiscal Outlook

- Fiscal balance and public debt – performance and forecasts

4. Debt Management and Funding Plan

- Risk indicators and market developments

5. Annex



Executive Summary

- **Real GDP grew by 2.1% in 2024 and is projected to grow by an average of 2.0%** between 2025-28⁽¹⁾, outperforming Euro Area growth
- **Domestic demand** is set to **continue supporting economic growth**, while external demand faces headwinds due to global trade tensions
- Portugal has a **diversified and open economy**, with manufacturing (mechanical & electronics, chemicals & plastics, automotive & mobility, textiles & clothing and renewables) as well as travel and tourism, driving the export sector (ca. 50% of GDP)
- The **capital and current accounts** are expected to remain in **surplus**, suggesting that **net external debt** will continue on a **downward trajectory**
- **Public accounts are in surplus** (1.3% of GDP in 2023 and 0.5% in 2024) and are expected to remain so in the coming years ⁽²⁾, with tax revenues growth accommodating the adoption of policy measures aimed to increase households' disposable income and to improve the country's competitiveness
- **High primary balances** combined with economic growth have resulted in a sharp decline of public debt (93.6% of GDP in 2024, -40.5 pp vis-à-vis the 2020 peak) and will continue to bring debt down by 2 to 4 pp yearly, as part of a process of deleveraging of the entire economy
- **Profitability in the banking sector holds up well amid falling interest rates**
- **Prudent public debt management** has kept risks at bay, with a lower refinancing risk (around 40% for 5 years) and a safe weighted average maturity (above 7 years)
- In 2026, net PGB issuance is expected to increase, reflecting official loan repayments
- **Upgrading trend in credit ratings**, currently at A3 | Stable by Moody's; A+ | Stable by S&P; A | Stable by Fitch; A (high) | Stable by DBRS, and A | Positive by Scope, acknowledging a solid and improving economic outlook

(1) Annual average growth rate between 2025-2028 [[Banco de Portugal](#), Economic Bulletin, December 2025]

(2) Ministry of Finance ([State Budget 2026](#), October 2025)

Portuguese economy snapshot

2024



Area (sq. km '000) 92.2



Resident population (number) 10 749 635



GDP real growth rate (%) 2.1%



GDP per capita (current prices, €) 27 063



Savings rate (Disposable income %) 12.5%



Unemployment rate (%) 6.4%



General Government balance (GDP %) 0.5%



Public Debt (GDP %) 93.6%



Current and Capital account (GDP %) 3.1%

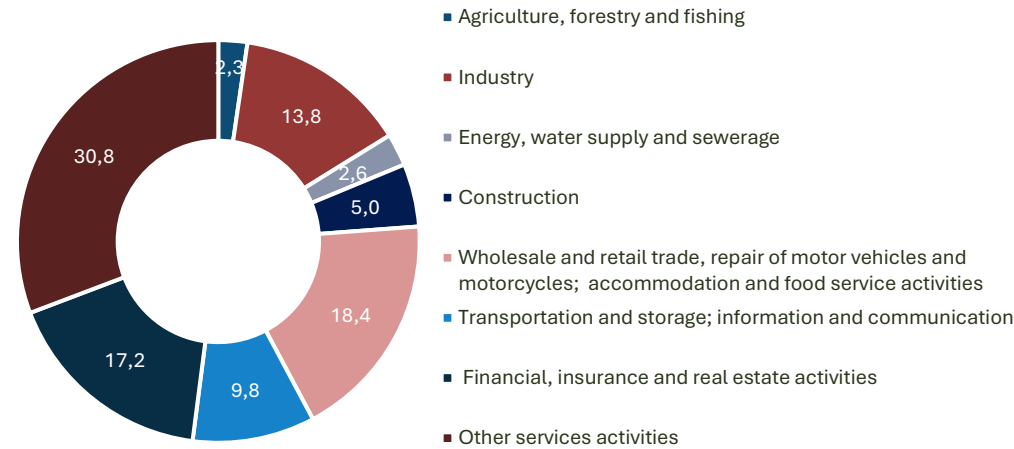


Inflation (annual average) 2.7%

[Statistics Portugal, Banco de Portugal, Eurostat]

Open and diversified economy within Euro Area

- ✓ Strong growth fundamentals and diversified economic activity
- GVA decomposition by sector of activity, 2024, current prices, % of total¹



- ✓ Robust and diversified exports (both in terms of sectors and markets; ~ 50% of GDP)
- ✓ Solid labor market: low unemployment and high level of employment
- ✓ Strong institutions and governance
- ✓ One of the safest countries in the world
- ✓ One of first countries to announce the commitment to be carbon neutral by 2050

¹ [Statistics Portugal]

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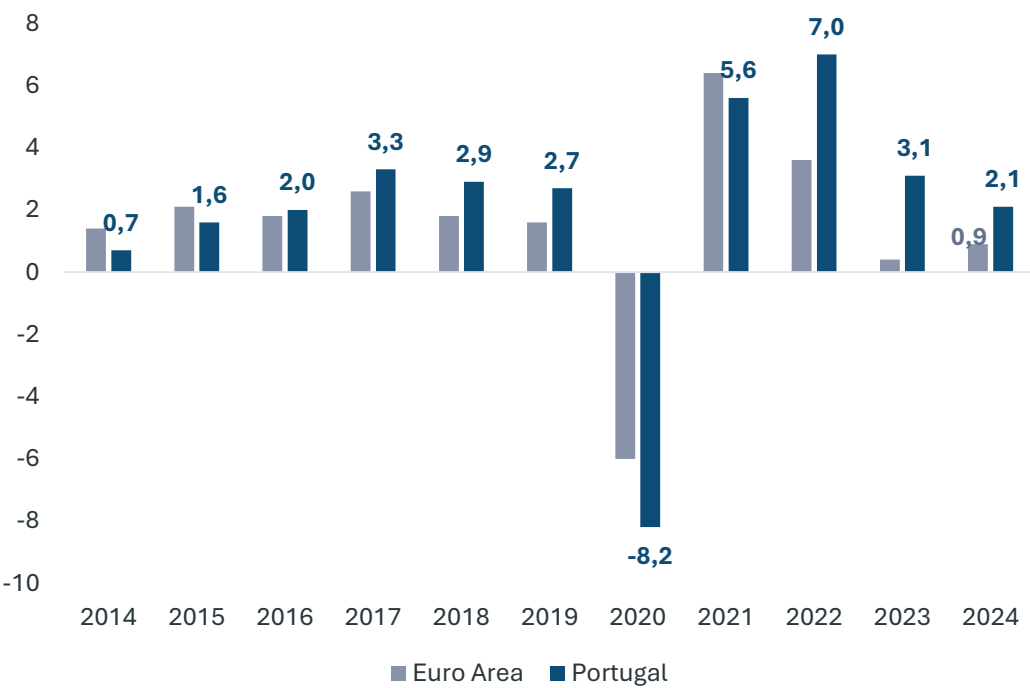
5. Annex



The Portuguese economy grew solidly in the 2025Q3 and above the Euro Area

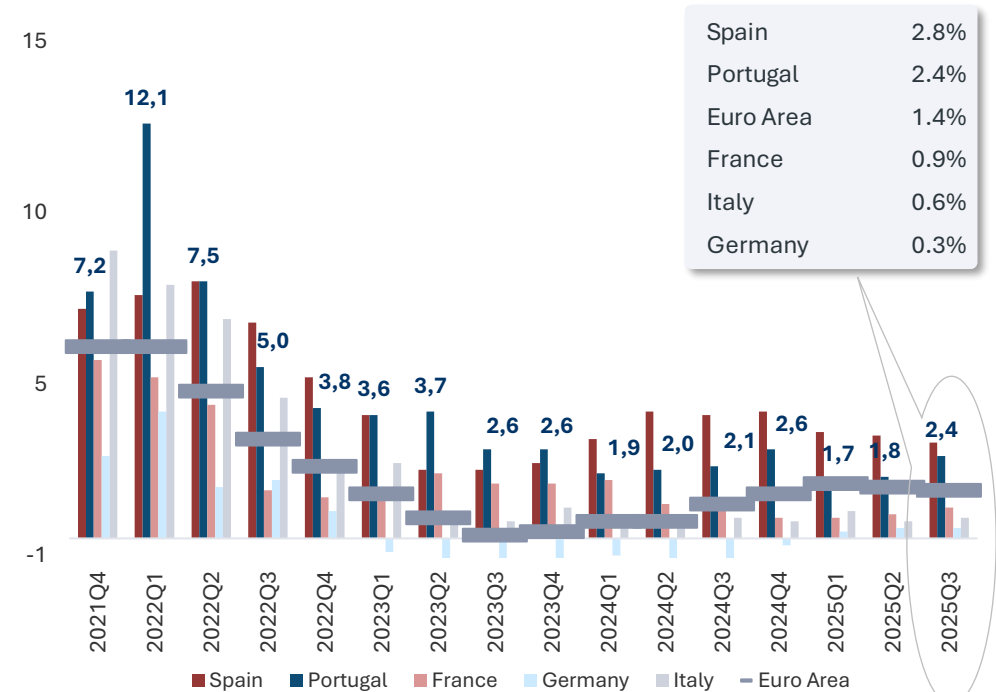
Portugal’s real GDP grew by 2.1% in 2024, above EA average growth for the third consecutive year

[Real GDP, YoY, %] [Eurostat, INE]



In 2025Q3, Portugal’s real GDP grew by 0.8% QoQ and by 2.4% YoY

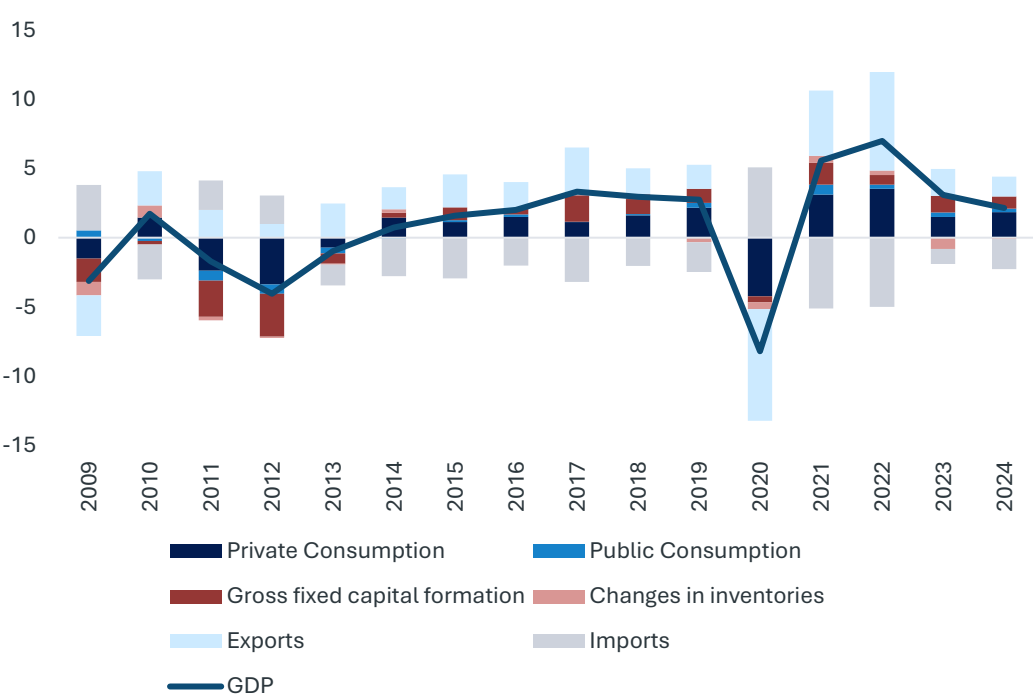
[Real GDP, YoY, %] [Eurostat, Statistics Portugal]



Portuguese economic activity is growing robustly, supported by domestic demand

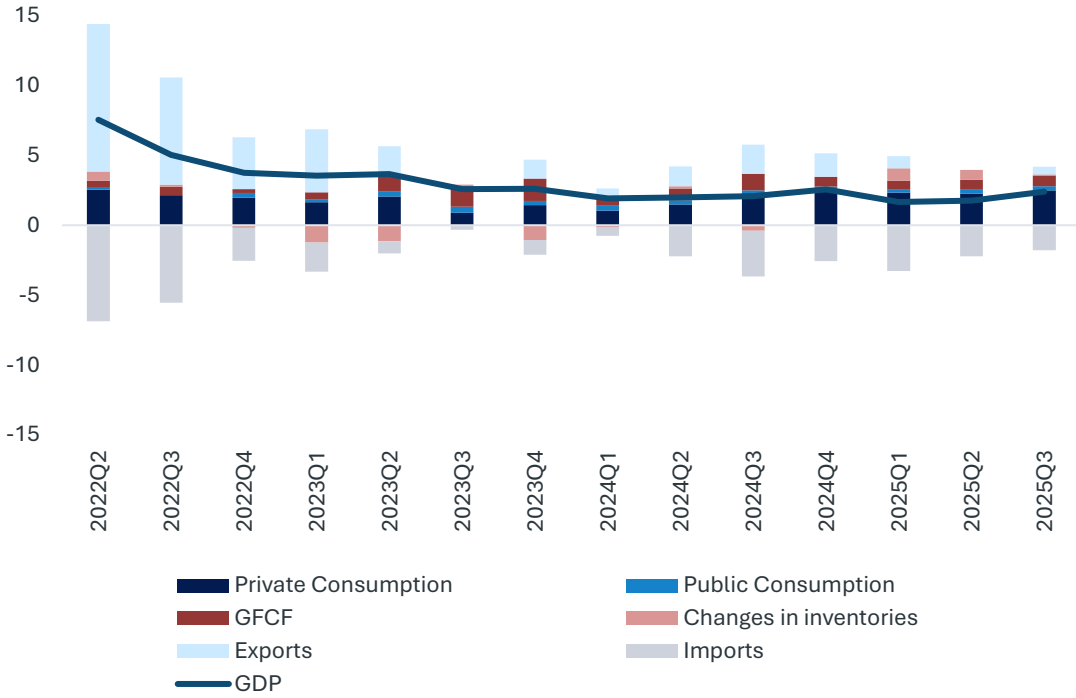
Robust domestic demand mitigated the negative contribution of net exports in 2024

[Real GDP, YoY, %, Contributions, pp] [[Statistics Portugal](#)]



In 2025Q3, economic activity continued to grow due to strong domestic demand and a less negative contribution from external demand

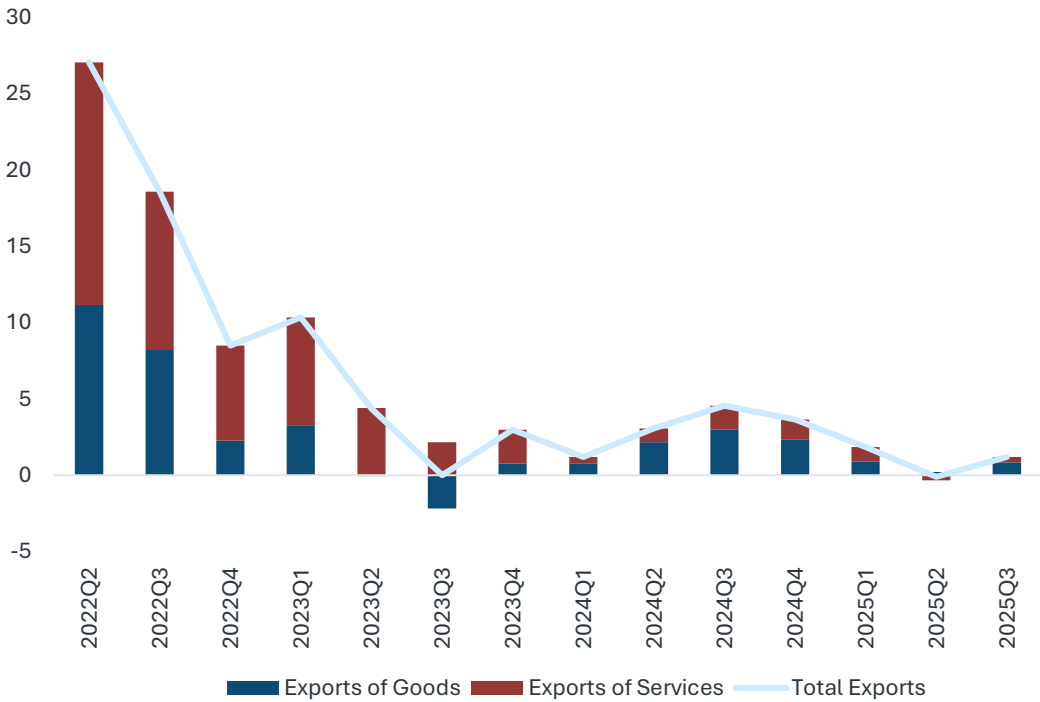
[Real GDP, YoY, %, Contributions, pp] [[Statistics Portugal](#)]



In 2025Q3, exports picked up and investment continued to grow firmly

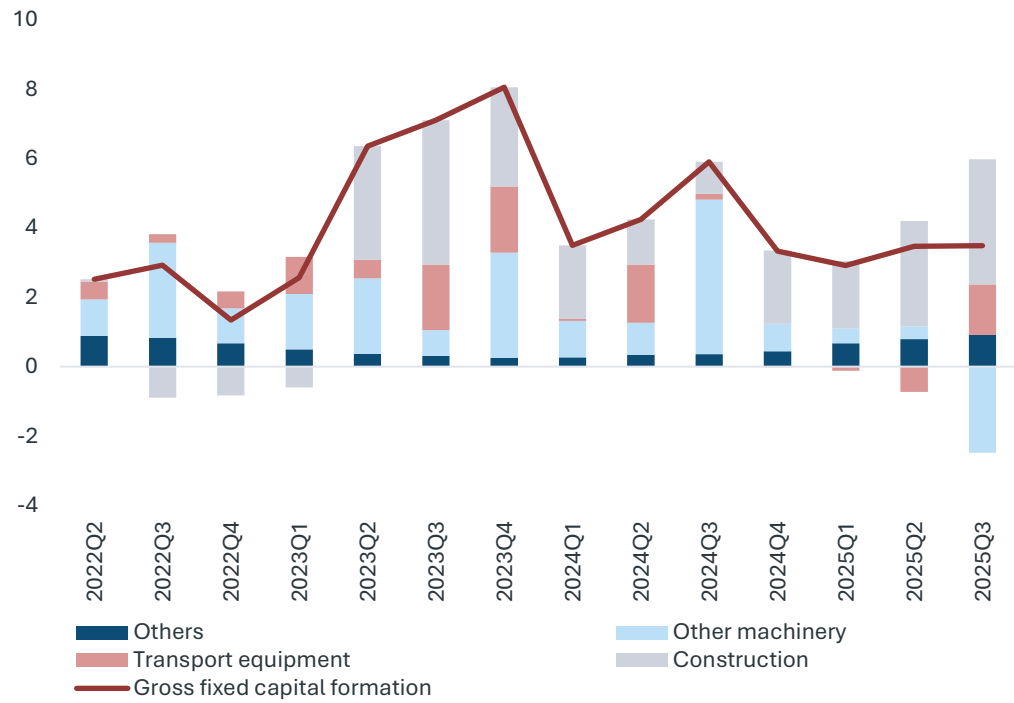
In 2025Q3, exports accelerated, benefiting from positive momentum in both the goods and services components

[Exports, YoY, %, Contributions, pp] [\[Statistics Portugal\]](#)



Construction has been supporting investment growth over the past four quarters

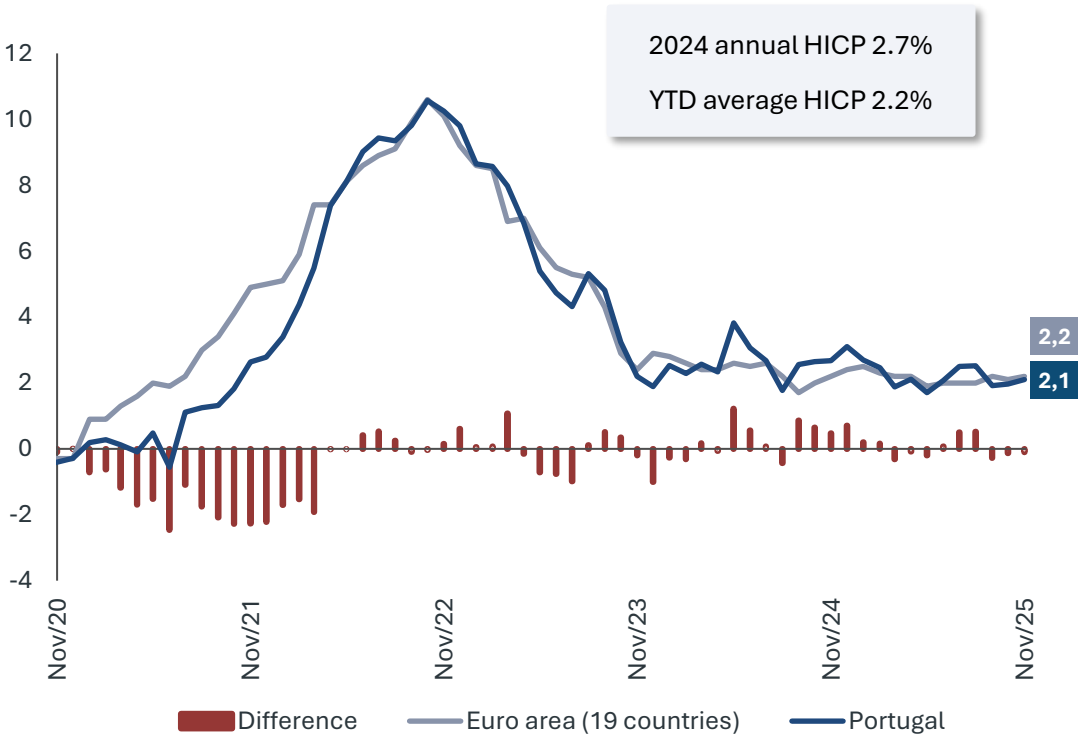
[Gross fixed capital formation, YoY, %, Contributions, pp] [\[Statistics Portugal\]](#)



Portuguese inflation has been hovering around the 2%

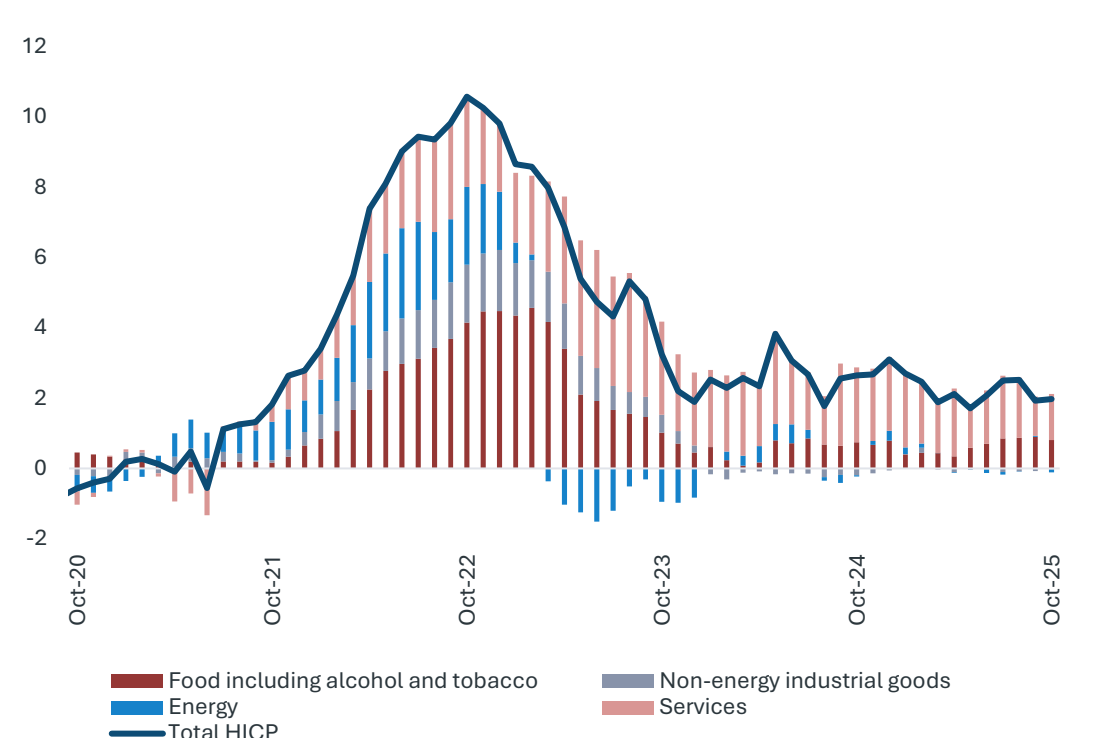
Inflation in Portugal has been very close to the ECB’s target in the last few months

[HICP, YoY, %] [[Statistics Portugal](#), [Eurostat](#)]



Food and service prices have been the largest contributors to inflation

[HICP, YoY, %, Contributions, pp] [[Eurostat \(1\)](#), [Eurostat \(2\)](#)]



Projections point to steady growth, low unemployment, and inflation around 2%

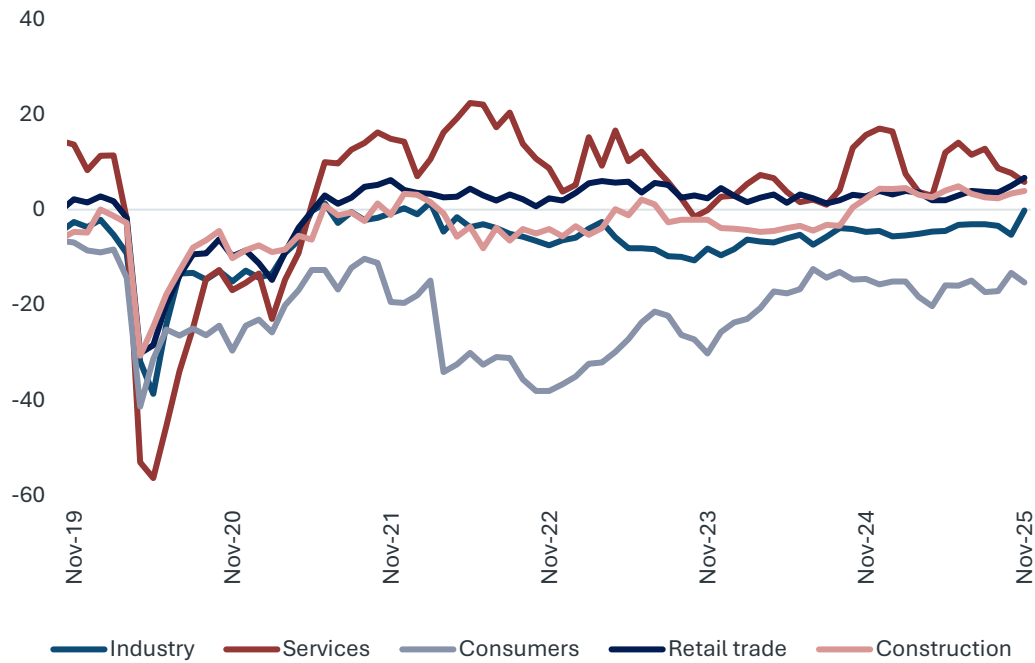
Macroeconomic projections for Portugal	Statistics Portugal			Ministry of Finance 2026 State Budget October 2025		IMF World Economic Outlook October 2025			Banco de Portugal Economic Bulletin December 2025				European Commission Economic Forecast Nov 2025		
	2022	2023	2024	2025 F	2026 F	2025 F	2026 F	2027 F	2025 F	2026 F	2027 F	2028 F	2025 F	2026 F	2027 F
Real GDP (yoy %)	7.0	3.1	2.1	2.0	2.3	1.9	2.1	1.5	2.0	2.3	1.7	1.8	1.9	2.2	2.1
Private Consumption (yoy %)	5.6	2.3	3.0	3.4	2.7	.	.	.	3.6	2.3	2.0	1.7	3.5	2.6	2.9
Public Consumption (yoy %)	1.7	1.8	1.5	1.5	1.2	.	.	.	1.6	1.2	1.0	0.7	1.6	1.7	1.3
Gross Fixed Capital Formation (yoy %)	3.3	6.0	3.8	3.6	5.5	.	.	.	4.0	6.0	0.9	2.7	3.3	4.4	2.1
Exports of goods and services (yoy %)	17.2	4.2	3.1	1.5	1.8	1.9	2.0	1.8	1.1	2.6	2.8	2.8	1.2	1.5	2.3
Imports of goods and services (yoy %)	11.3	2.3	4.8	4.0	3.6	3.2	2.7	2.1	5.3	3.5	2.4	2.5	4.0	2.8	3.1
Domestic demand contribution (pp GDP growth)	4.9	2.2	2.9	3.2	3.1	.	.	.	4.0	2.8	1.6	1.7	3.1	2.8	2.4
Net exports contribution (pp GDP growth)	2.1	0.9	-0.8	-1.2	-0.9	.	.	.	.	.	.	.	-1.2	-0.5	-0.3
Employment growth (yoy %)	3.7	2.0	0.7	1.7	0.9	.	.	.	2.2	1.1	0.5	0.3	1.7	1.1	0.9
Unemployment rate (% labor force)	6.1	6.5	6.4	6.1	6.0	6.4	6.3	6.2	6.2	6.3	6.3	6.3	6.3	6.2	6.1
GDP per employed person (yoy %)	3.1	1.1	1.4	0.3	1.4	.	.	.	-0.2	1.3	1.2	1.5	0.2	1.1	1.2
Net lending/borrowing of the economy (% GDP)	-1.3	1.9	2.8	3.1	3.0	.	.	.	.	.	.	.	2.1	2.0	1.5
Current account balance (% GDP)	-2.0	0.6	2.1	1.1	0.7	1.8	1.9	1.6	.	.	.	.	1.1	1.0	0.6
GDP deflator (yoy %)	5.3	7.5	4.8	3.6	2.5	3.0	2.2	2.3	4.0	3.1	2.2	2.2	3.2	2.8	2.0
Inflation (HICP, yoy %)	8.1	5.3	2.7	2.4	2.1	2.2	2.1	2.2	2.2	2.1	2.0	2.0	2.2	2.0	2.0

[[Statistics Portugal](#), Ministry of Finance ([State Budget 2026](#), October 2025), IMF ([World Economic Outlook](#), October 2025), Banco de Portugal ([Economic Bulletin](#), December 2025), European Commission ([Economic Forecast](#), Autumn 2025)]

Confidence indicators continue to point to economic expansion

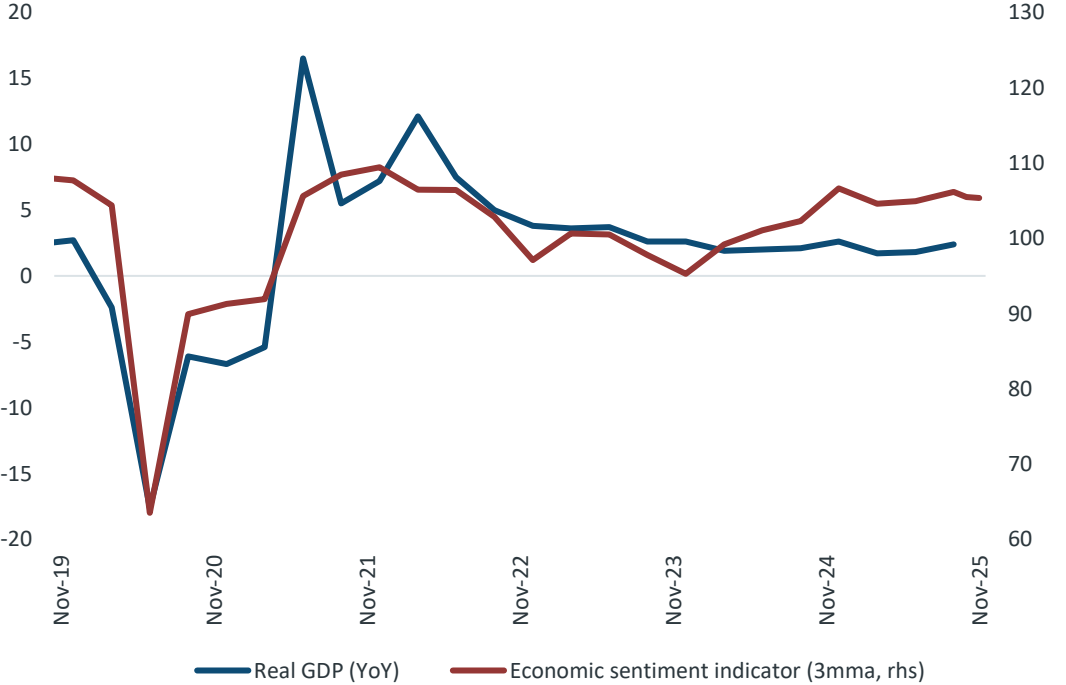
Confidence indicators remain resilient in Portugal

[Confidence indicators, balance] [European Commission]



The levels of the economic sentiment indicator suggest a continuation of robust economic growth

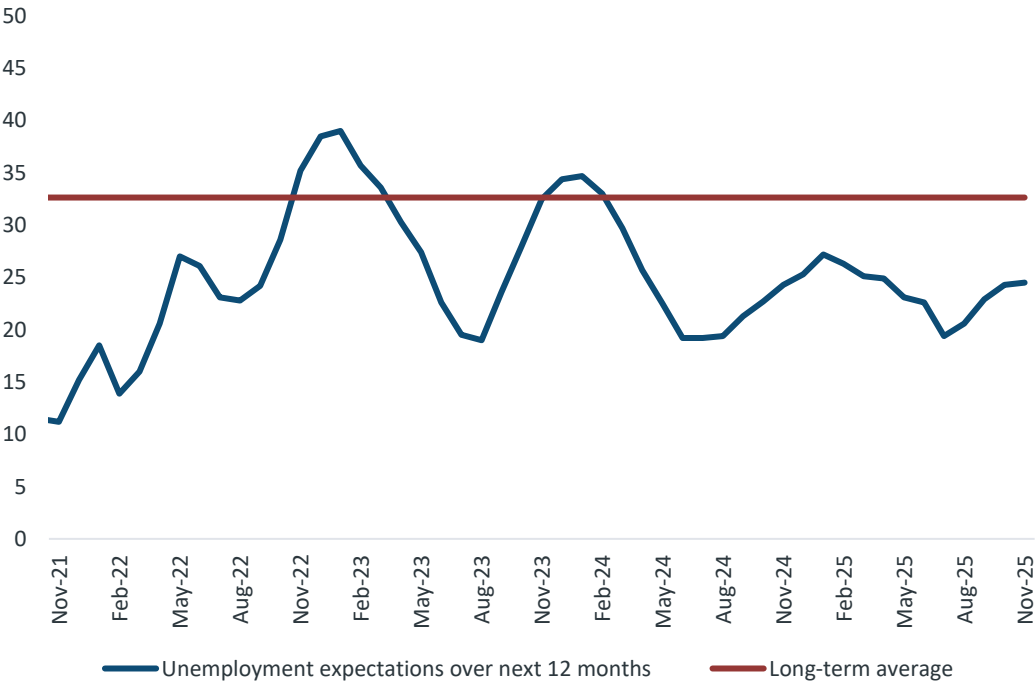
[Real GDP, YoY, %, Economic sentiment indicator, index, 3-month moving average (3mma)] [European Commission]



Robust labor market, with employment rate near historical high levels

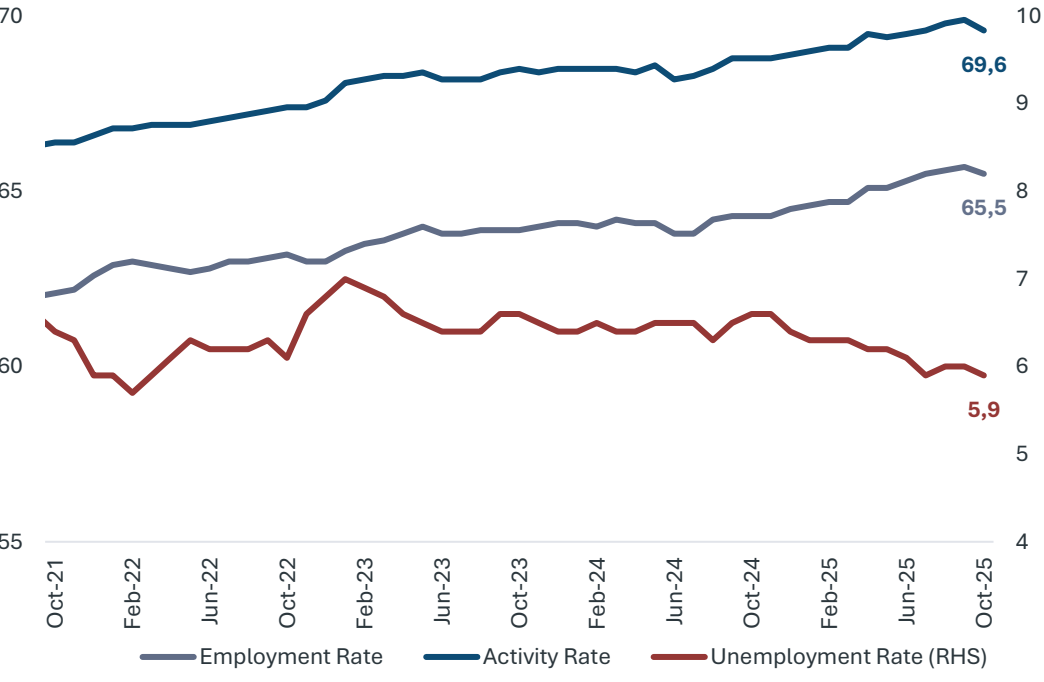
Fear of unemployment remain well below the long-term average

[Unemployment expectations over next 12 months, balance, e.v. 3mma (e.v. = effective value)] [\[Statistics Portugal\]](#)

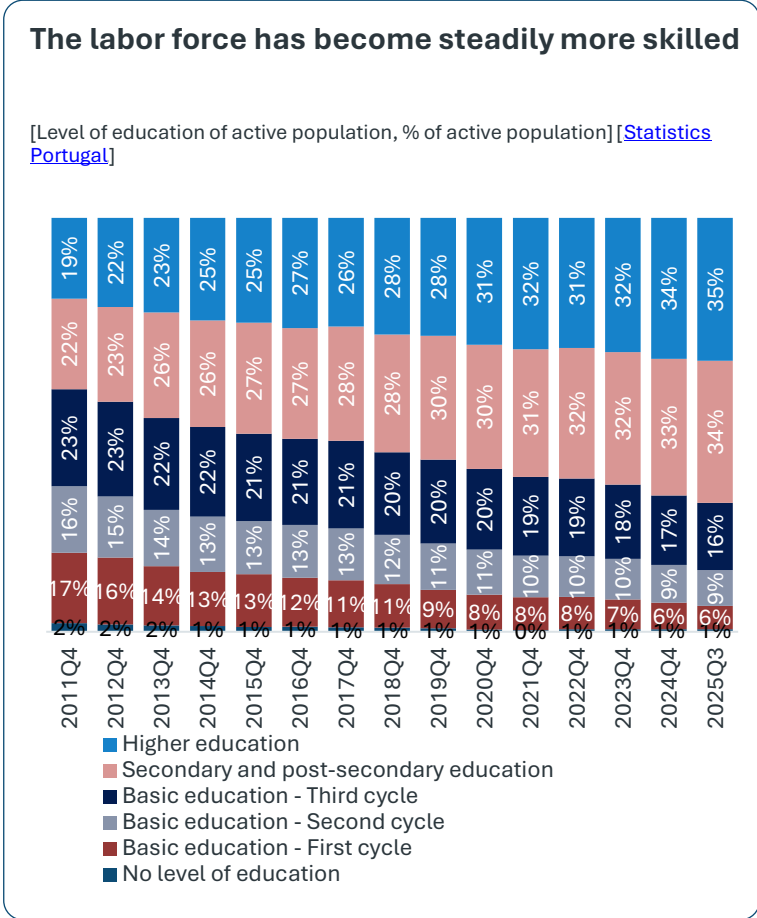
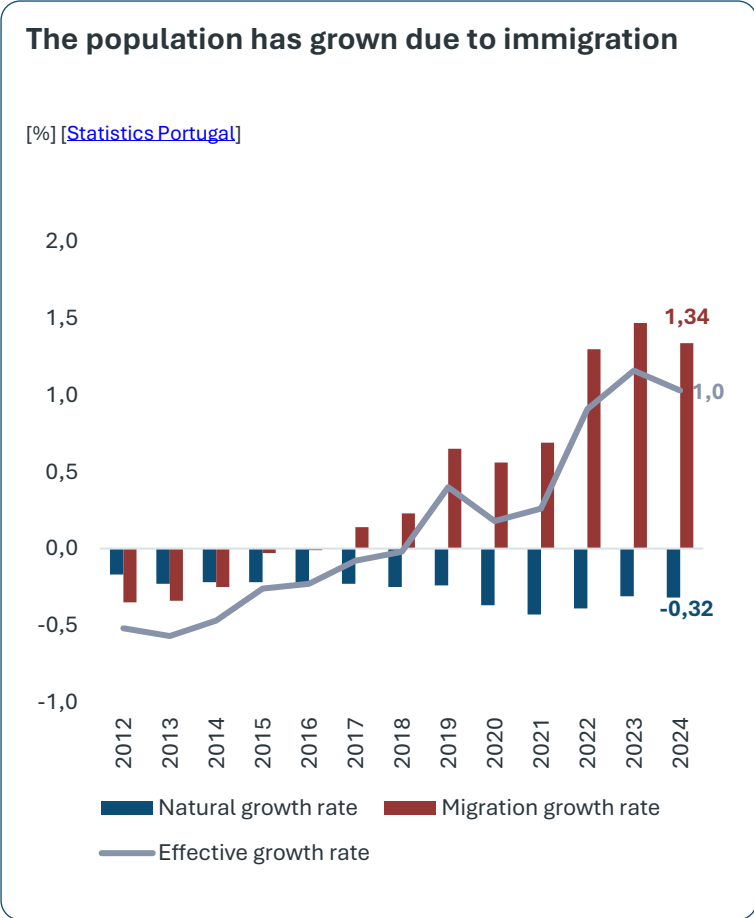
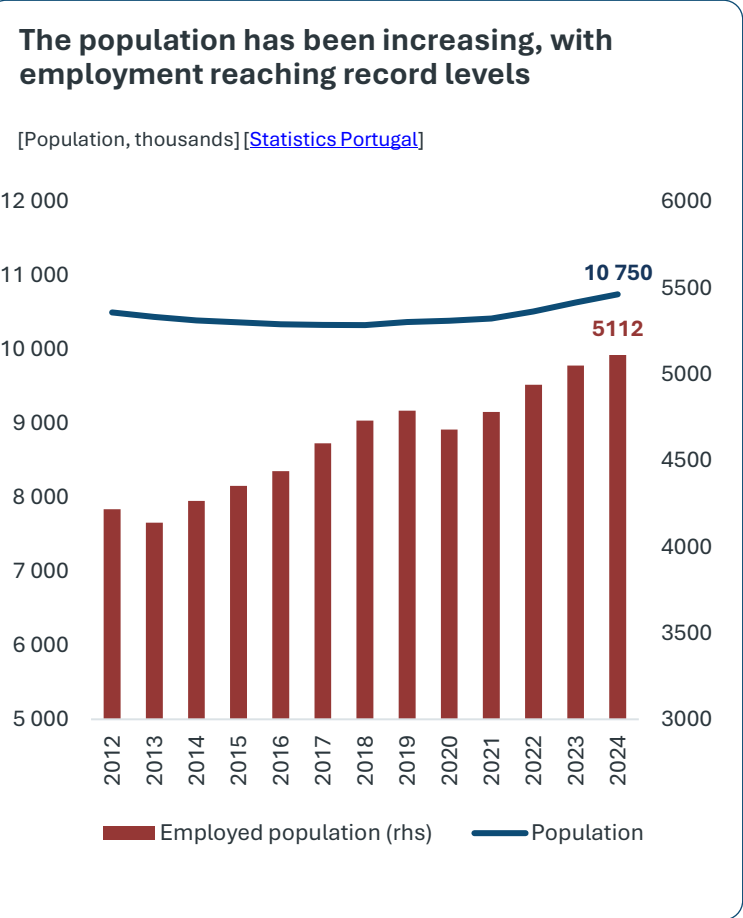


The unemployment rate remains at historical low levels

[Labour market indicators, %] [\[Statistics Portugal\]](#)



The labor force has been growing and becoming increasingly skilled



Portugal among the top 10 countries with higher real productivity growth in 2022-24

In 2022-24, productivity growth in Portugal was above the EU

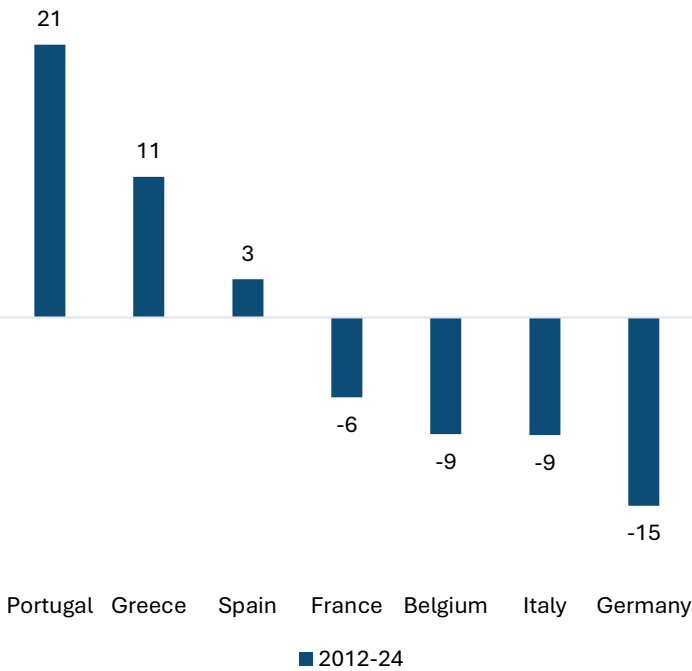
[Real labour productivity per person and Nominal labour cost (compensation of employees plus taxes minus subsidies) 2022-2024, YoY, %] [Eurostat [1](#), [2](#)]



Export market share has risen, with goods exports diversified by destination and product

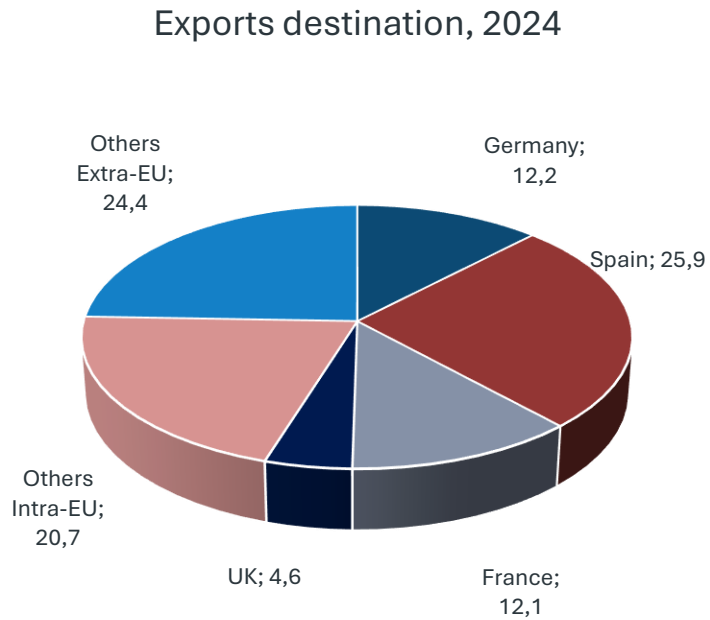
Portugal has recorded gains in its market share

[Export market shares in volume, cumulative growth, 2012=100, %] [\[Eurostat\]](#)



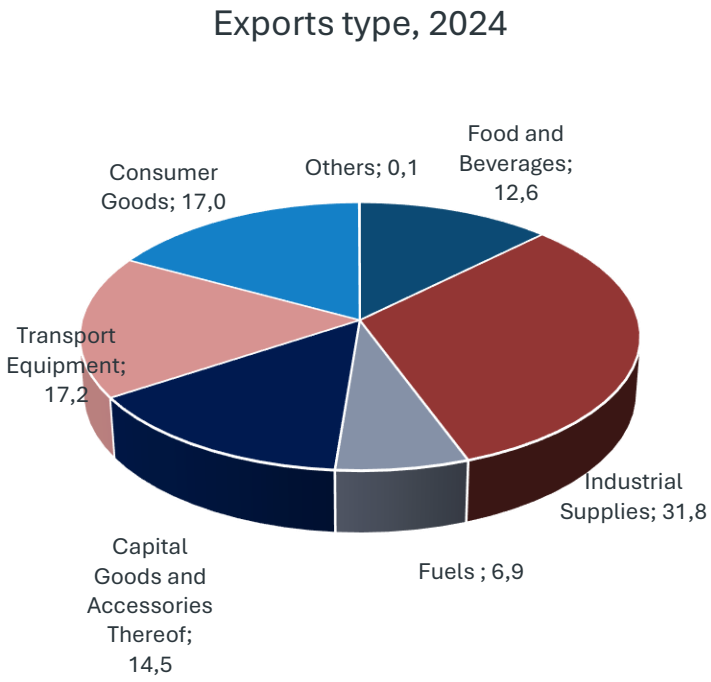
Spain, Germany, France and UK represented 55% of total goods exports

[Exports destination, 2024, % of total goods exports] [\[Statistics Portugal\]](#)



Industrial supplies represented 32% of total goods exports

[Exports type, 2024, % of total goods exports] [\[Statistics Portugal\]](#)



Portuguese exports have proven to be diversified

[Main exports by product groups and services as % of total exports, 2024] [[Statistics Portugal](#); [Banco de Portugal](#)]

GOODS

✓ Export of goods (~60% of exports total) key sectors include automotive components, textiles, footwear, cork, and agrifood products

Of which:

Vehicles other than railway, and parts and accessories thereof
7.2%

Aircraft, spacecraft and parts thereof
0.3%

Of which:

Pharma **2.5%**

MAIN EXPORTS 2024

TRAVEL	20.8%
ELEC. AND MECHANICAL MACHINERY	8.8%
TRANSPORT	7.9%
VEHICLES AND PARTS, AIRCRAFT	7.6%
OTHER SERVICES PROVIDED BY COMPANIES (1)	7.7%
BASE METALS	4.8%
TEXTILE PRODUCTS	4.2%
PLASTICS, RUBBERS	4.1%
CHEMICAL PRODUCTS (INCL. PHARMA)	4.4%
MINERAL PRODUCTS	4.9%
TELECOMMUNICATION, COMPUTER & INFORMATION SERVICES	3.7%

(1) Research & Development services; Consulting services in management and other technical areas; Technical services, trade-related and other services provided by companies

SERVICES

✓ Tourism accounts for around 20% of exports total

Of which:

Air transport services **4.8%**
Other means of transport **1.9%**

Of which:

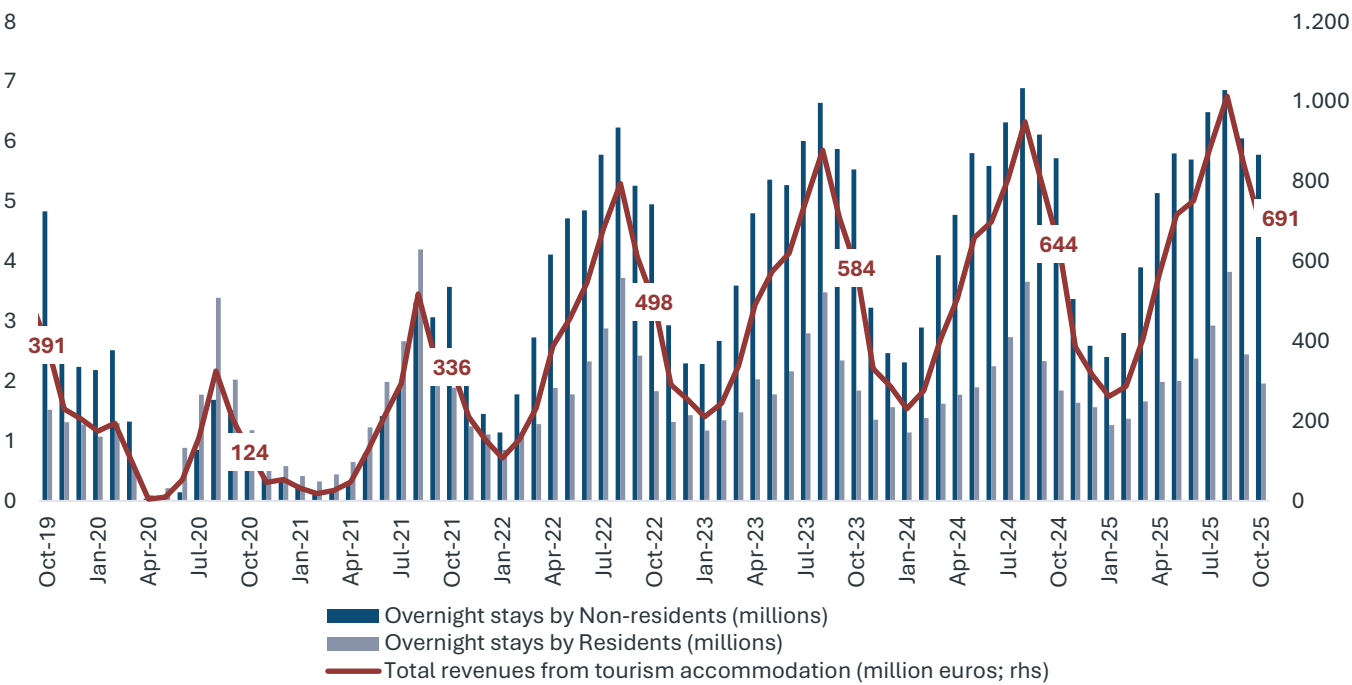
Trade related services **5.1%**
Consulting services **2.0%**
R&D **0.5%**

Note: More information on dynamic exporting sectors in annex

Portugal’s tourism sector shows greater market diversity and rising revenues

Tourism accommodation revenues continue to rise

[Overnight Stays, million, Total Revenues, EUR million] [Statistics Portugal]

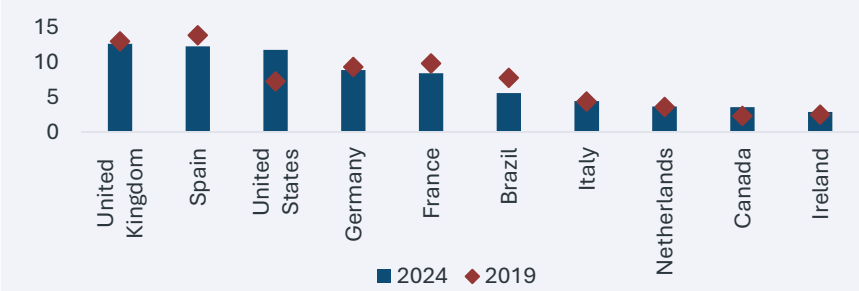


Share of Tourism Revenue on...	2019	2024
GDP	8.6%	9.6%
Services Exports	50.6%	47.9%
Total Exports	19.5%	20.8%

[Turismo de Portugal]

Top 10 source countries of non-resident tourists

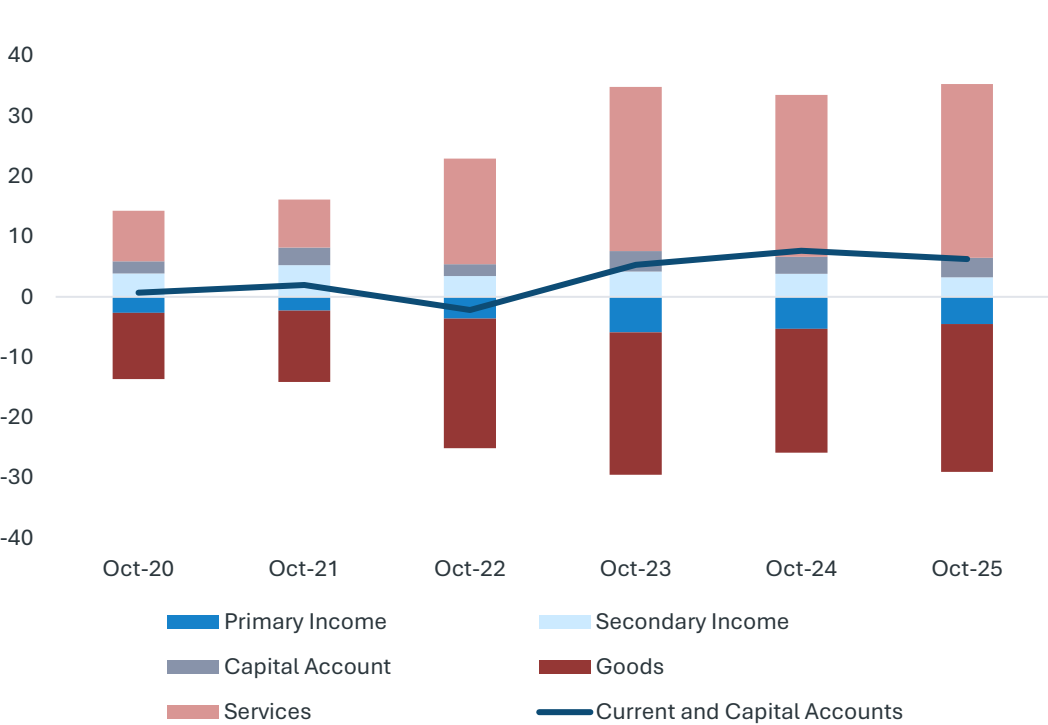
[Non-resident tourists, % of total] [Statistics Portugal]



Dynamism of export sector contributes to consolidation of current account surplus

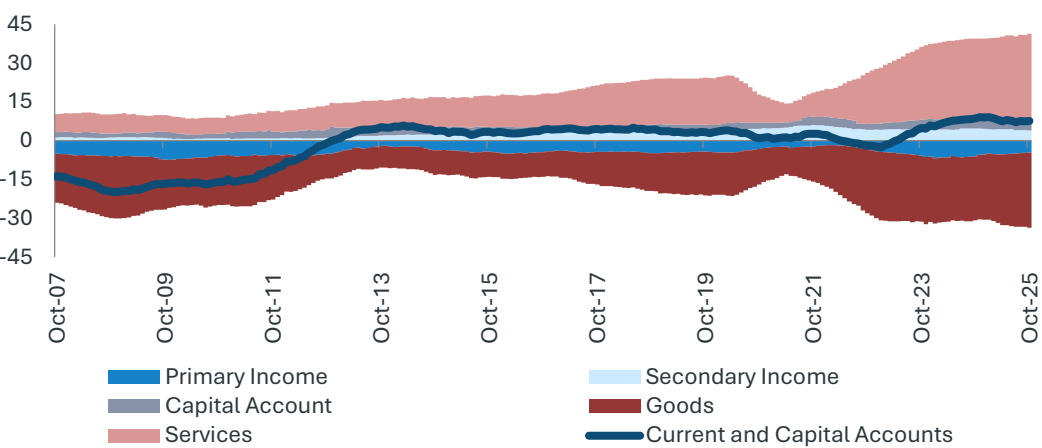
Services surplus offsets goods deficit

[Current account balance, EUR billion] [[Banco de Portugal](#)]



The current and capital accounts continue posting a surplus

[12-month cumulative Current and Capital Account, EUR billion] [[Banco de Portugal](#)]



Current account surplus is forecast to continue

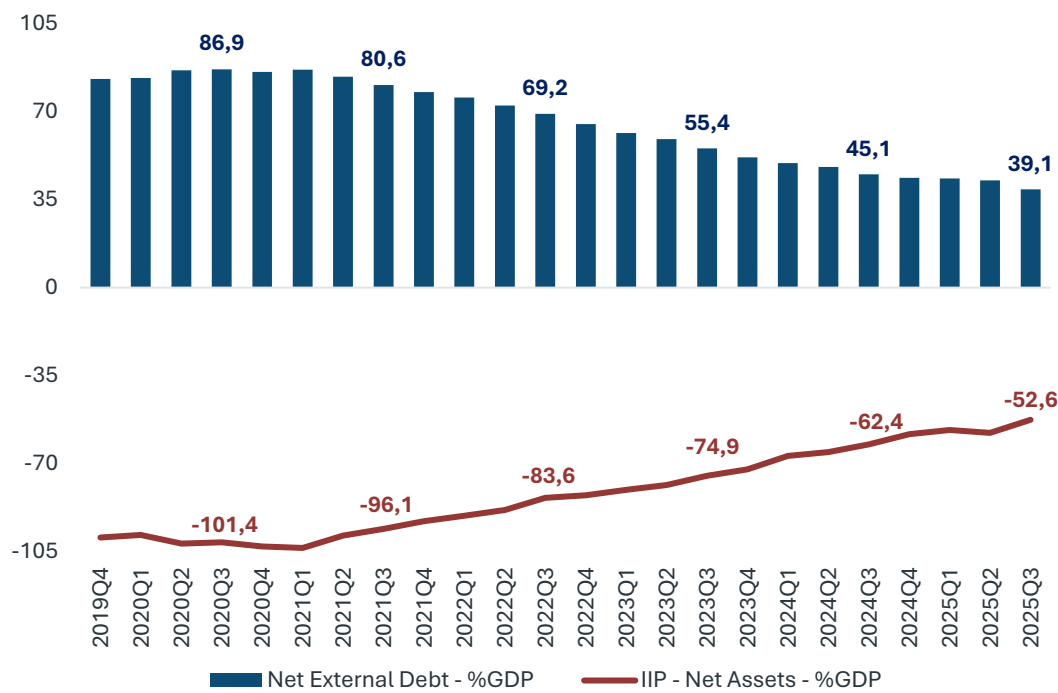
[IMF ([World Economic Outlook](#), October 2025)]

	2024	2025	2026	2027	2028	2029
Current Account (% GDP)	2.1%	1.8%	1.9%	1.6%	1.3%	1.4%

Portugal is improving its external position, confirming the positive structural change

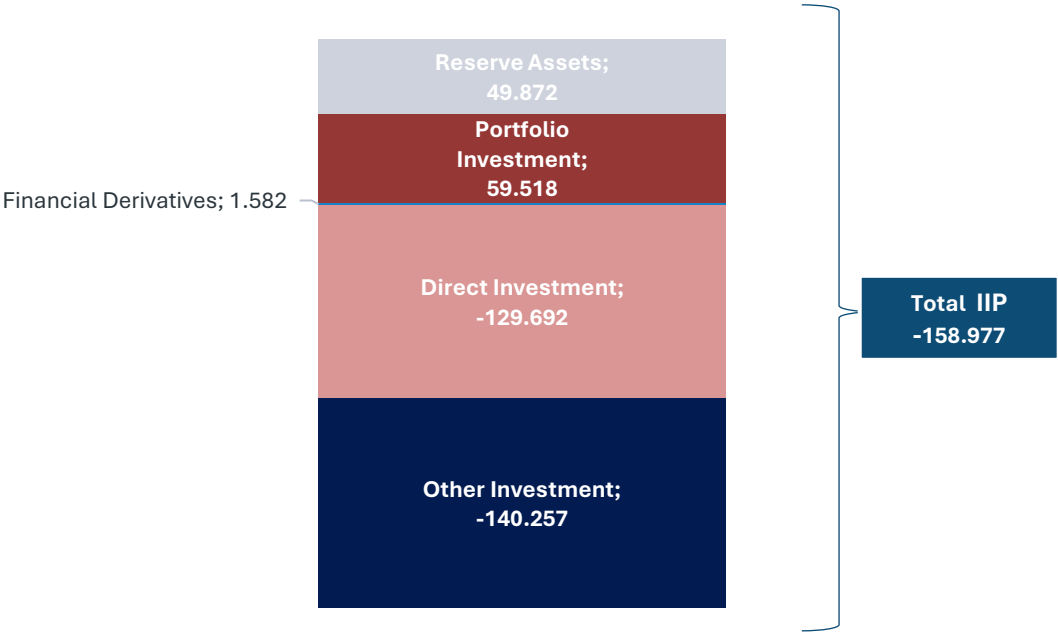
Net external debt has maintained a downward trend, reaching its lowest level since 2001 while the IPP stands at its least negative ratio since 2002

[Net External Debt and International Investment Position, % GDP] [\[Banco de Portugal\]](#)



Net International Investment Position has seen a strong improvement

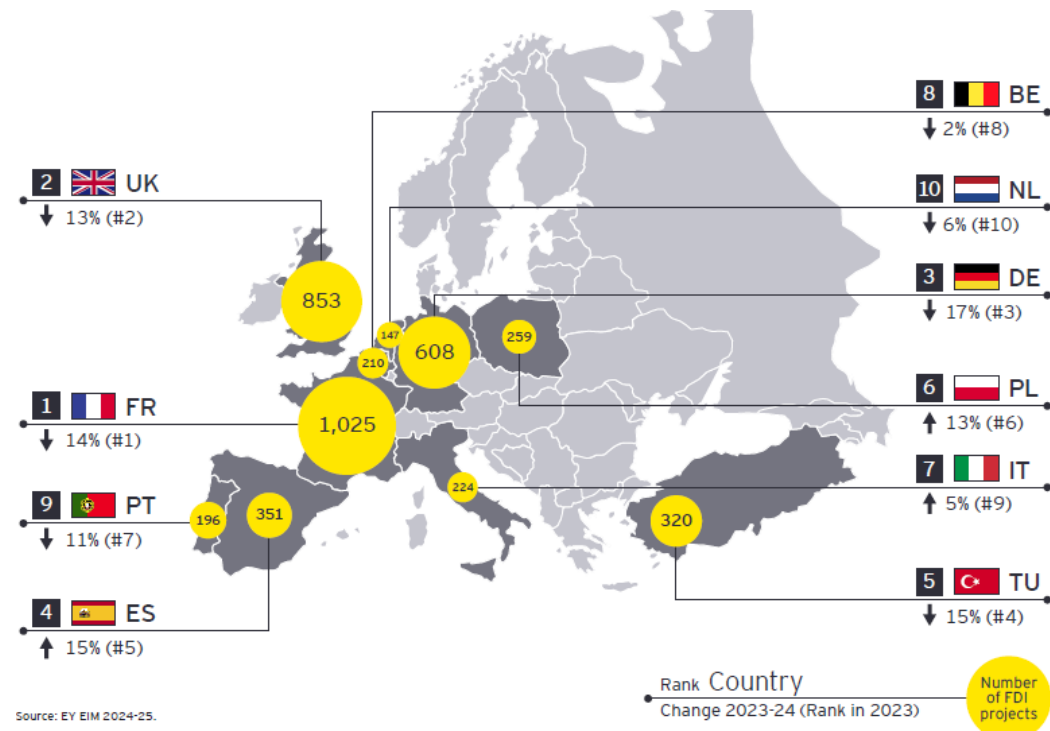
[International Investment Position decomposition, 2025Q3, EUR million] [\[Banco de Portugal\]](#)



Portugal ranks among the top 10 European host countries for FDI projects

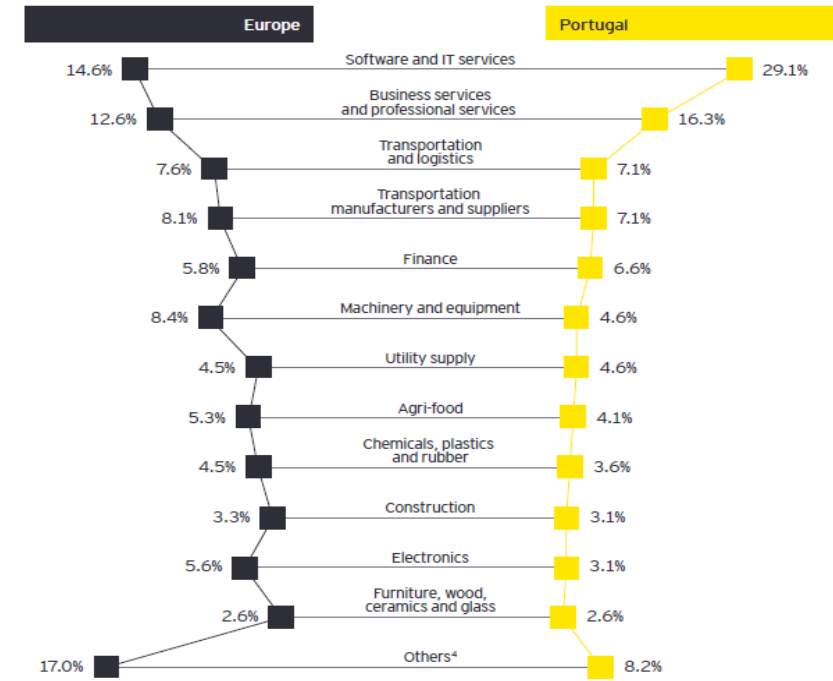
In 2024, Portugal attracted 196 foreign direct investment projects, ranking among the top 10 European countries

[EY, [Portugal Attractiveness Survey](#) September 2025]



More than 45% of the FDI projects in 2024 were in Software and IT Services and Business and Professional Services

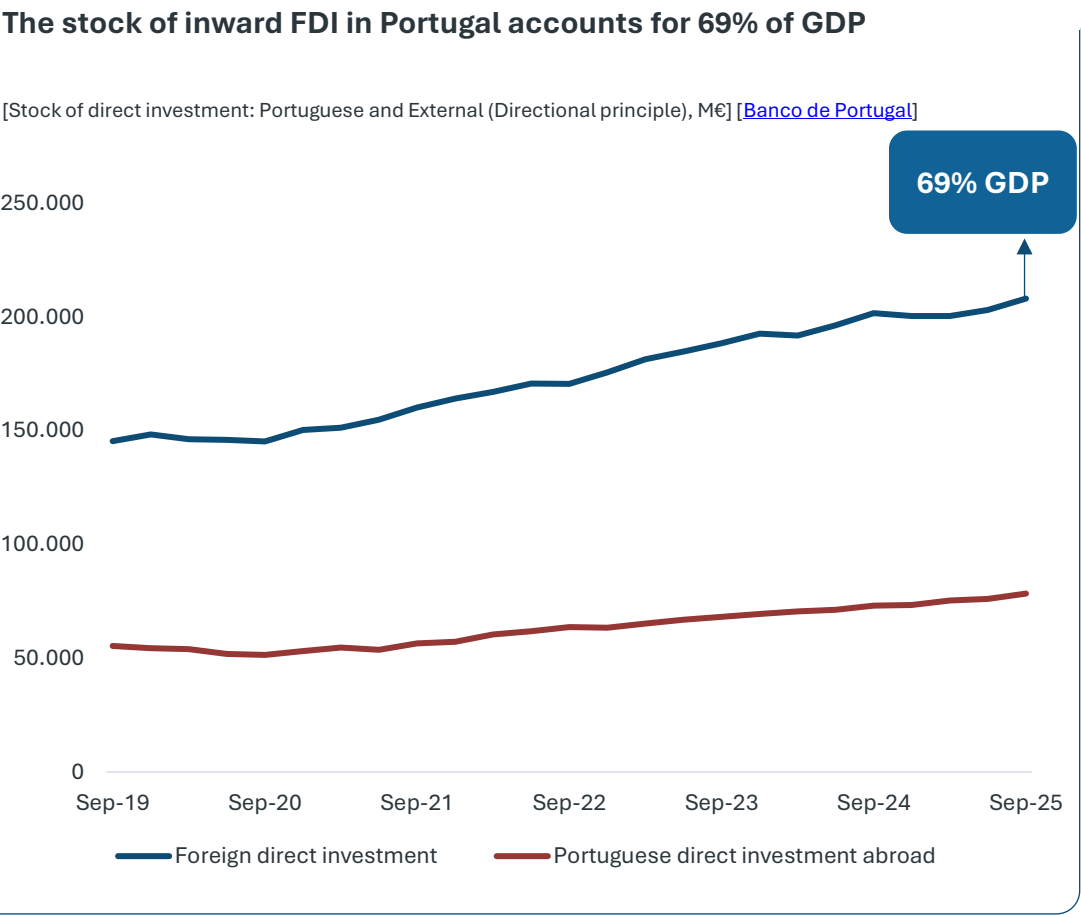
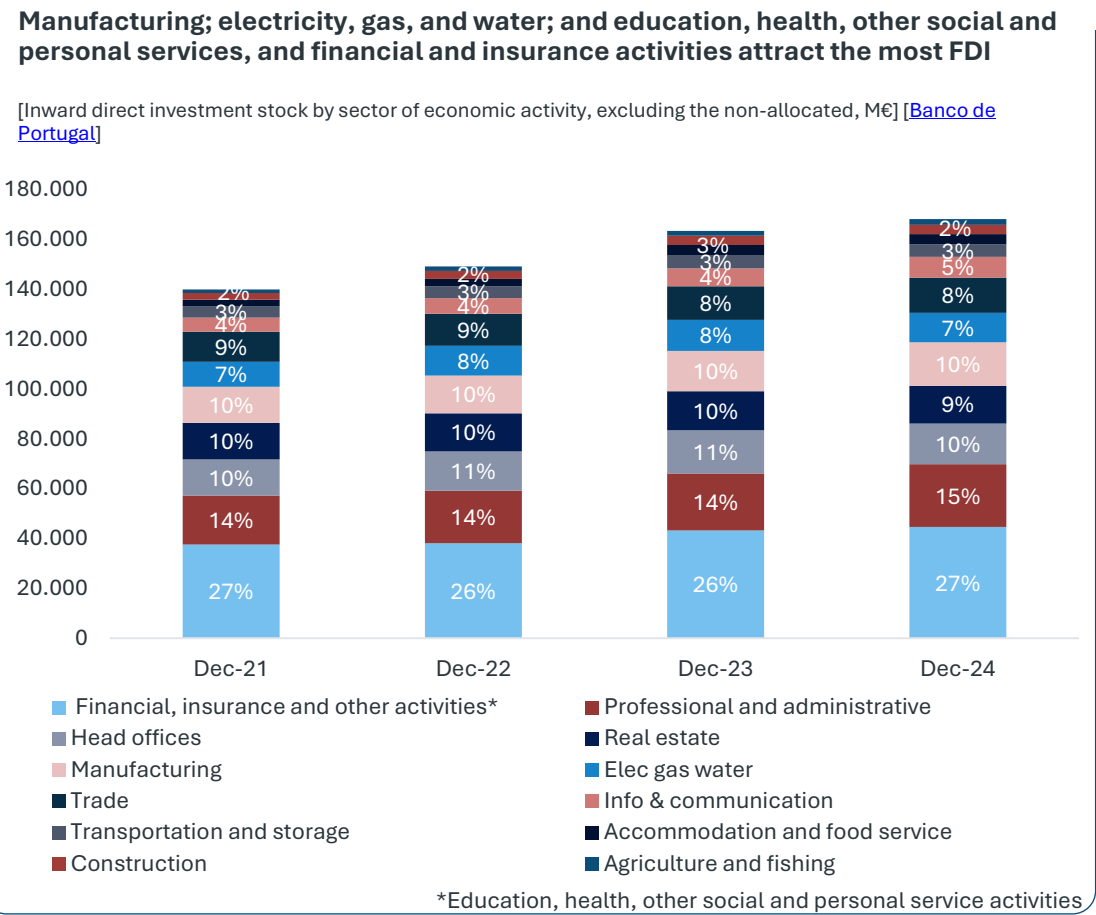
[EY, [Portugal Attractiveness Survey](#) September 2025]



Note: Percentages may not total 100% due to rounding.

⁴ Includes the following sectors: consumer products; health and social work; leisure, culture and tourism; medical devices; metals and minerals; oil and gas; pharmaceuticals; telecommunications; textile, clothing and leather; wholesale, retail and distribution

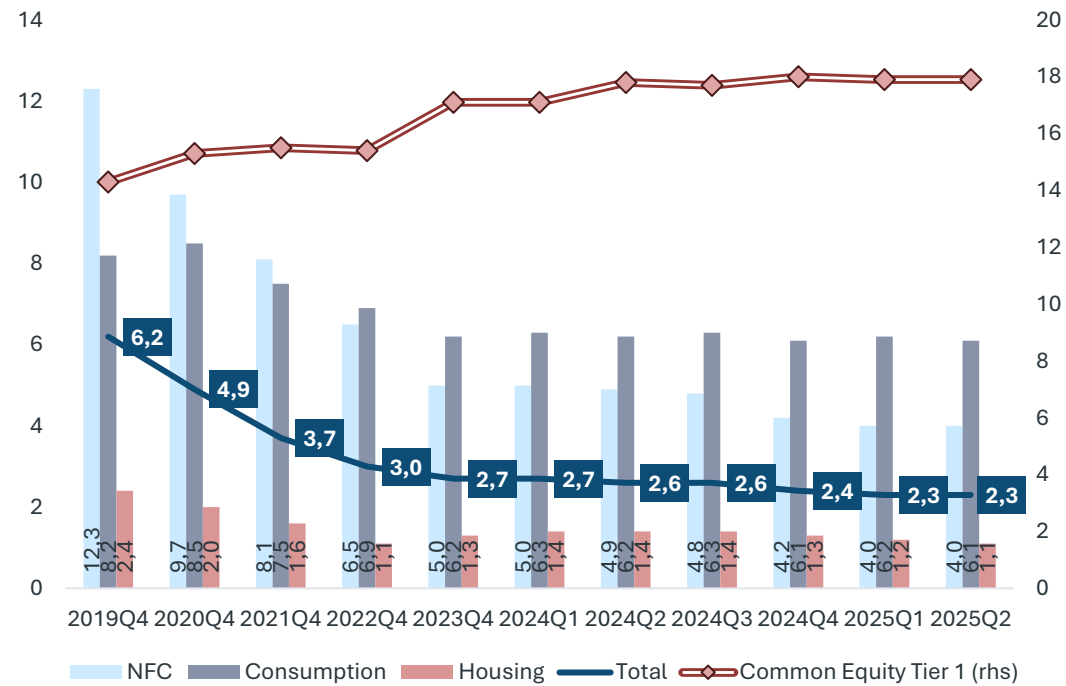
Inward FDI flows growing across sectors



Stronger banking sector and deleveraging in the private sector

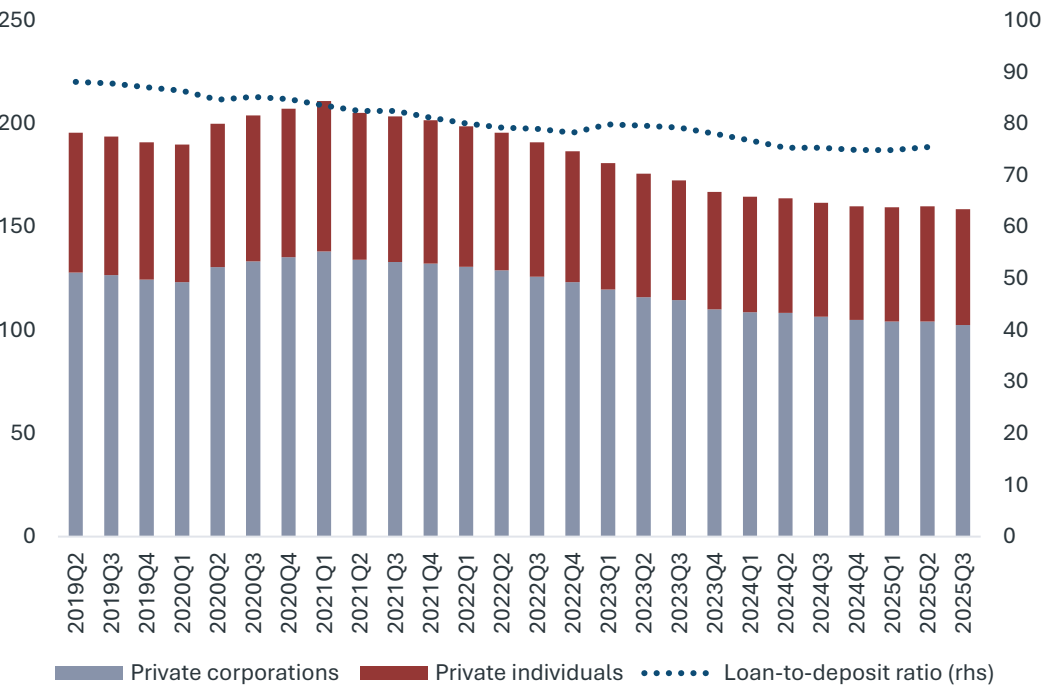
Banks recent profitability improvement builds on strengthened capital, liquidity and asset quality

[NPL ratio, end of period, % of gross credit] [[Banco de Portugal](#)]



Private sector indebtedness has decreased past pre-pandemic level

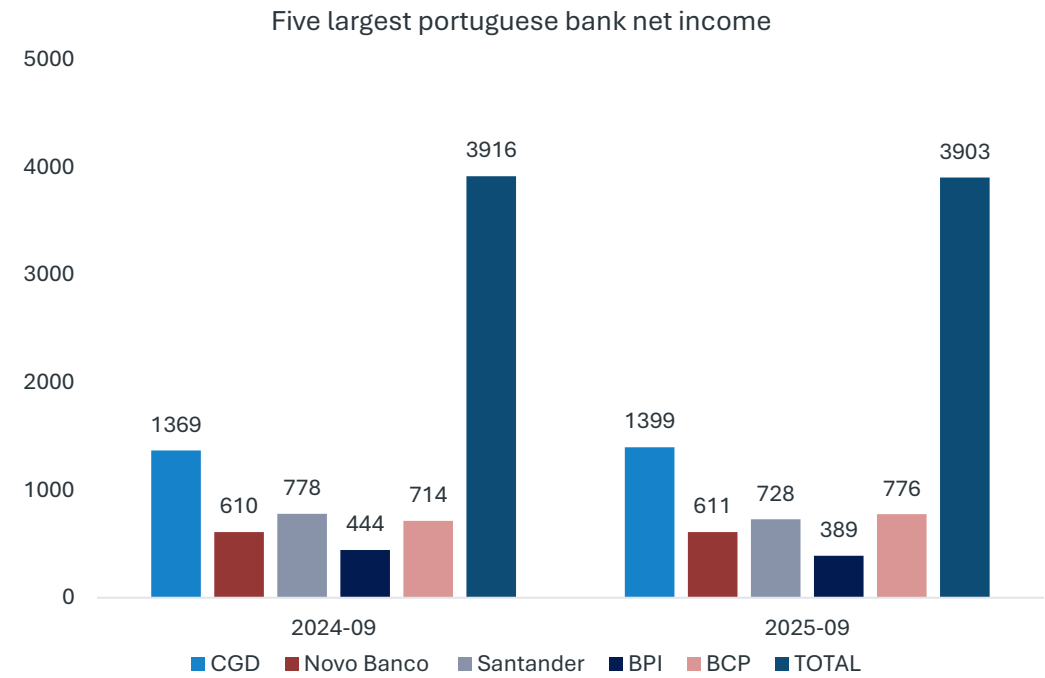
[Non-financial private sector debt, % GDP] [[Banco de Portugal](#)]



The banks' profits showed robustness in a context of falling interest rates

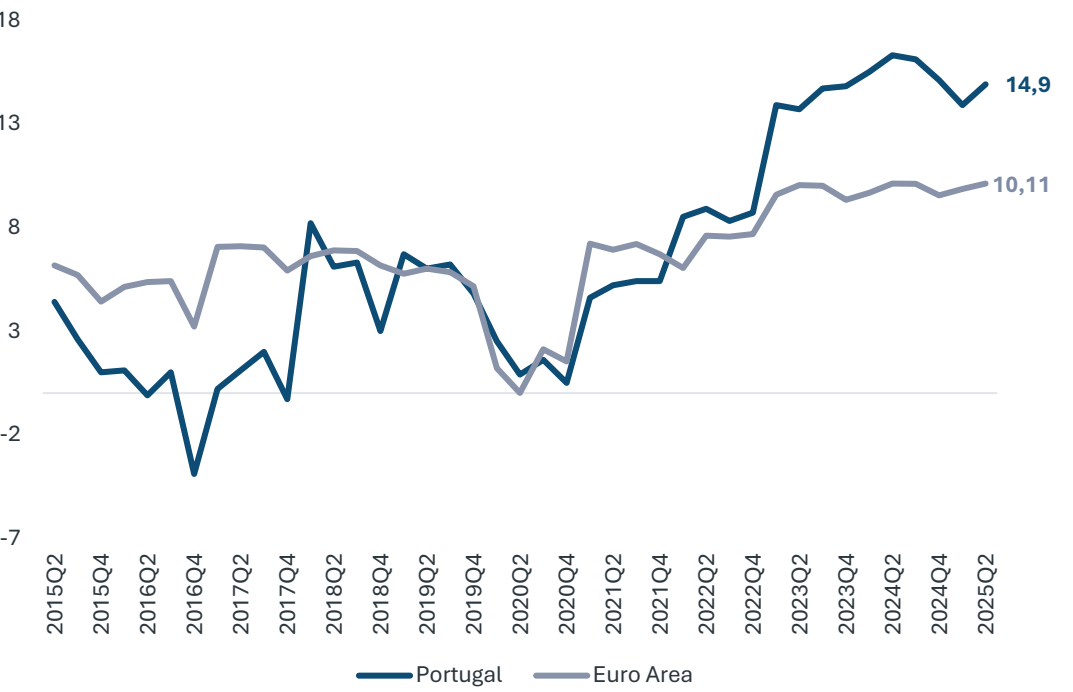
During the first nine months of the year, net income of the major Portuguese banks demonstrated resilience in a context of falling interest rates

[Five biggest Portuguese bank's net income, EUR million] [Institutional websites of banks (financial statements audited and non-audited)]



ROE of Portuguese banks higher than Euro Area

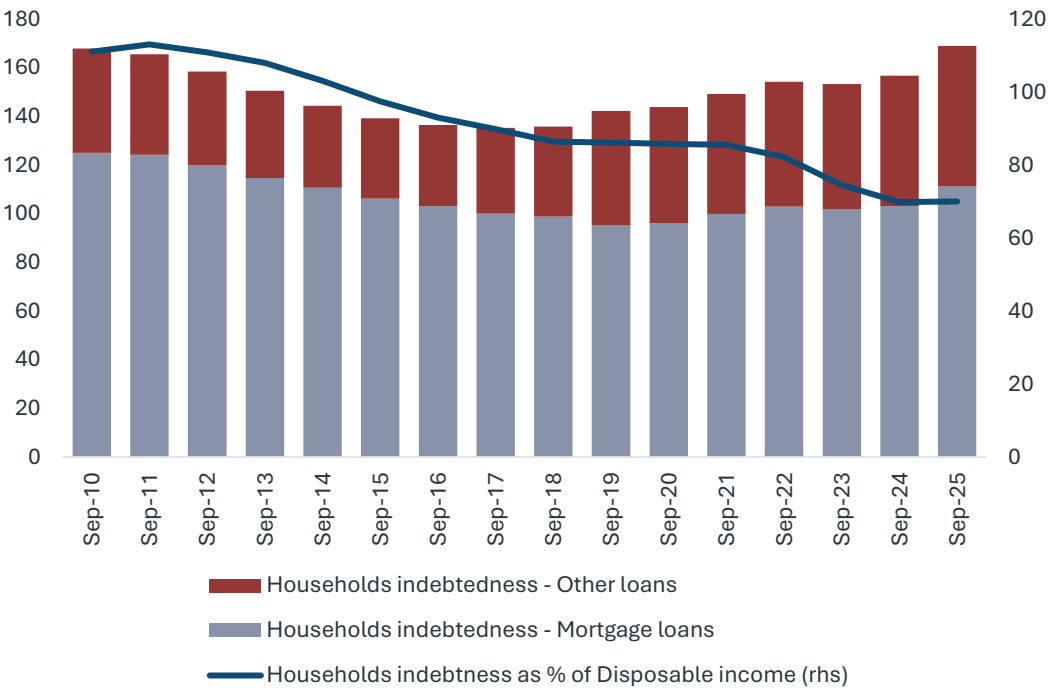
[Return on Equity (ROE), %] [[Banco de Portugal](#), [ECB](#)]



Households' financial condition remains solid

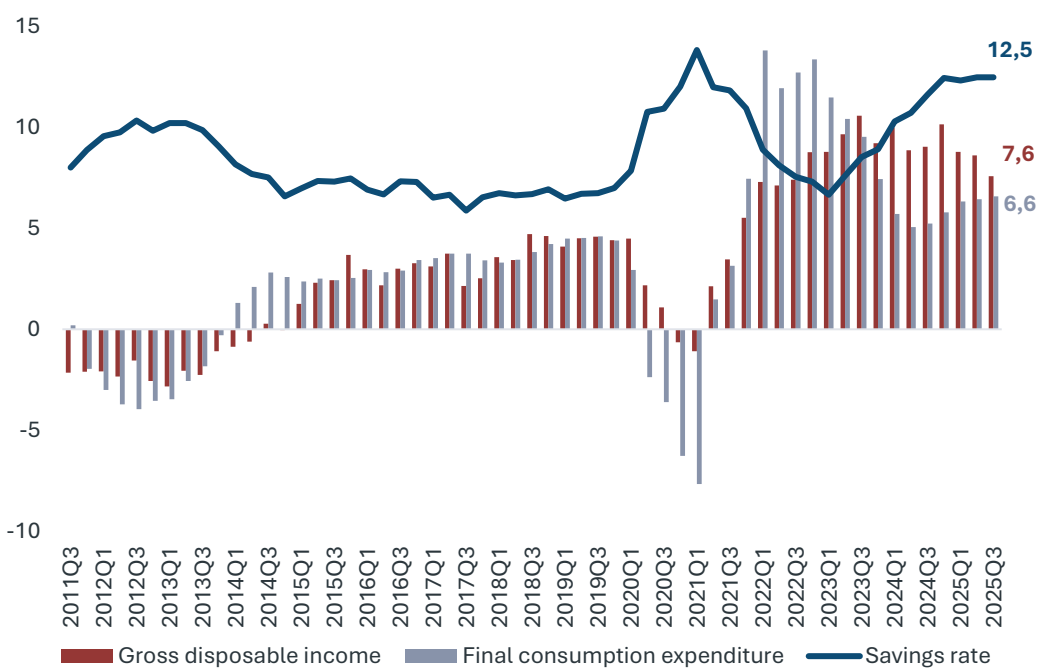
Household debt stays below its long-run average

[Household indebtedness - Loans, EUR billion, Household indebtedness, % of Disposable Income] [[Banco de Portugal](#)]



Household savings show continued strength

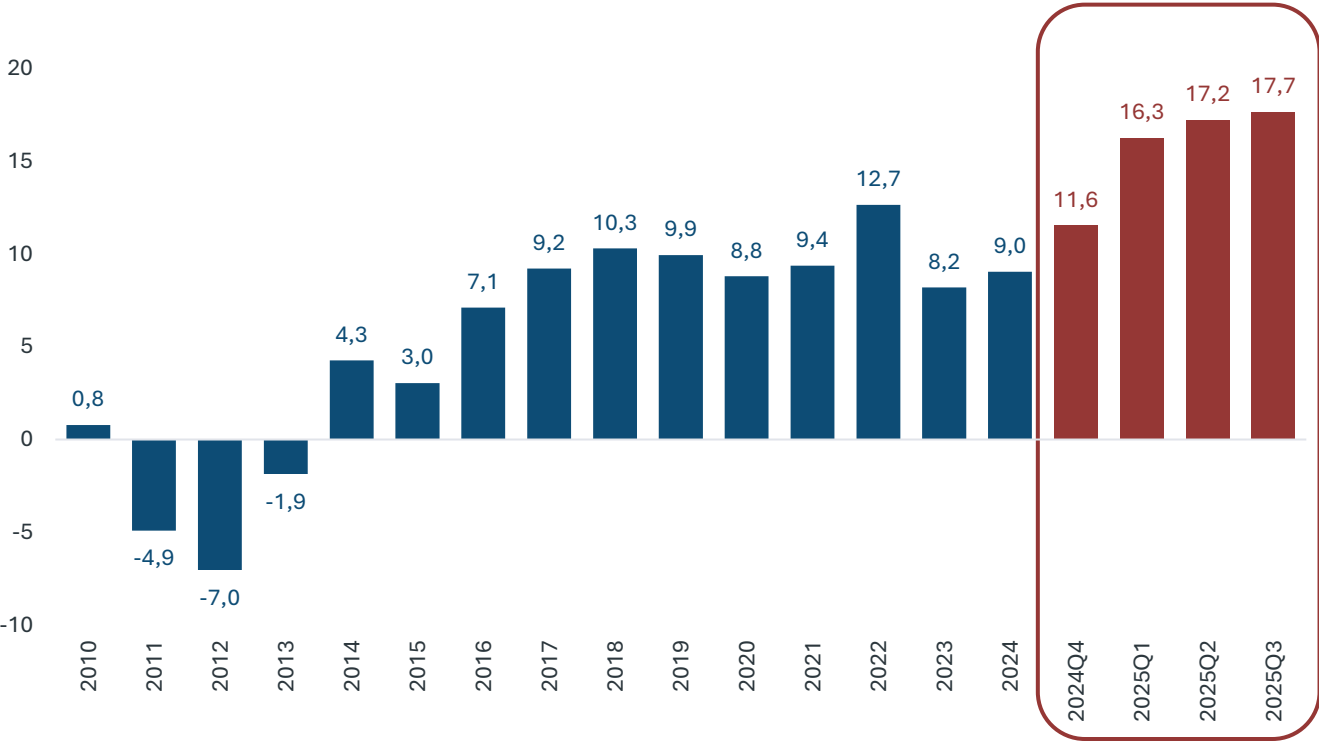
[Gross Disposable Income and Final consumption expenditure, YoY % ma4q, Savings rate, ma4q, % Disposable Income] [[Statistics Portugal](#)]



Residential market indicators continue to demonstrate dynamism

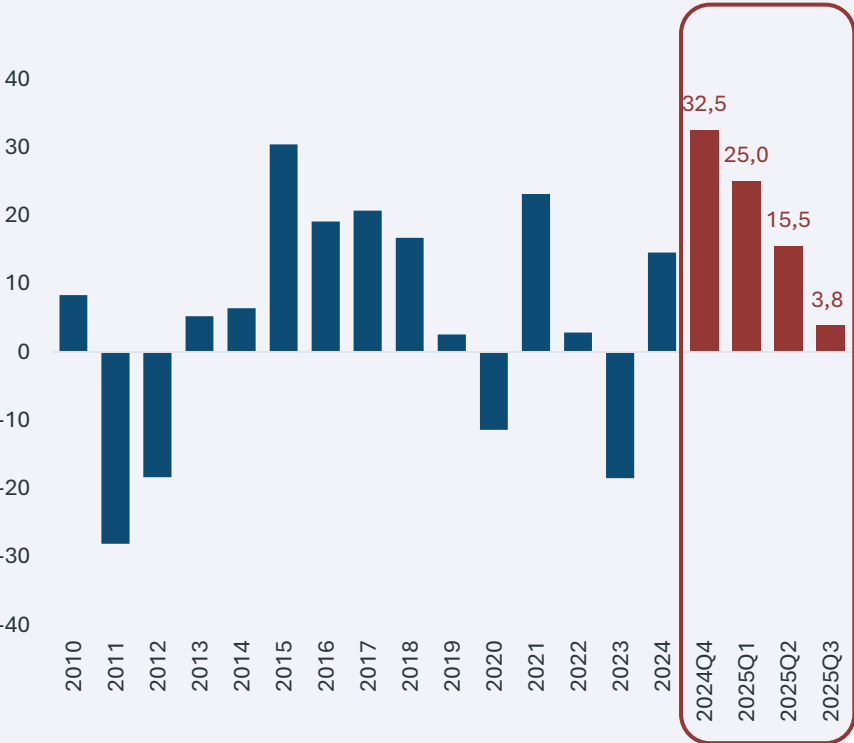
House prices have been rising continuously since 2014

[House Price Index, YoY (annual average), %] [\[Statistics Portugal\]](#)



Transactions continue to grow, albeit at lower pace

[Transactions in Housing Market, YoY (annual average), %] [\[Statistics Portugal\]](#)



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4. Debt Management and Funding Plan

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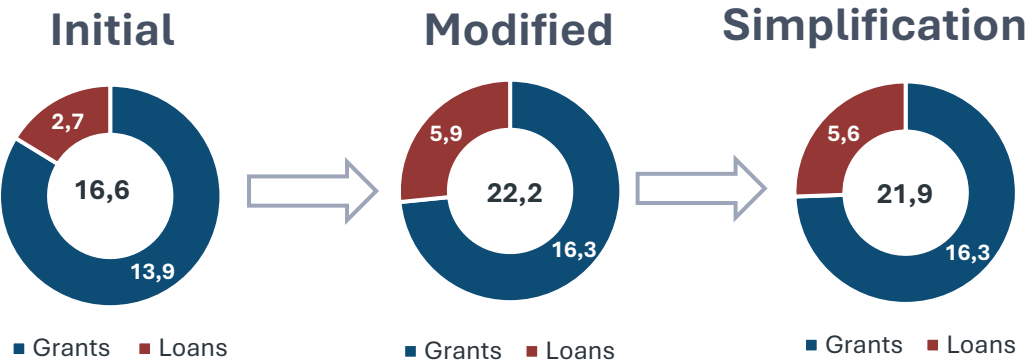
5. Annex



Adjustments to the Recovery and Resilience Plan and a new proposal approved by the European Council

The revision approved by the European Council in 2025 resulted in a decrease in the total amount

[Portugal’s Recovery and Resilience Plan revision requests ([May 2023](#); [October 2025](#))]



Revision of RRF grants allocation
+ € 1.6 bn

RePower EU additional funds
+ € 0.8 bn

Additional loans request
+ € 3.2 bn

Revision of loans request
- € 311 M

Revision and simplification of the RRP, with a decrease of EUR 311 million in the total amount

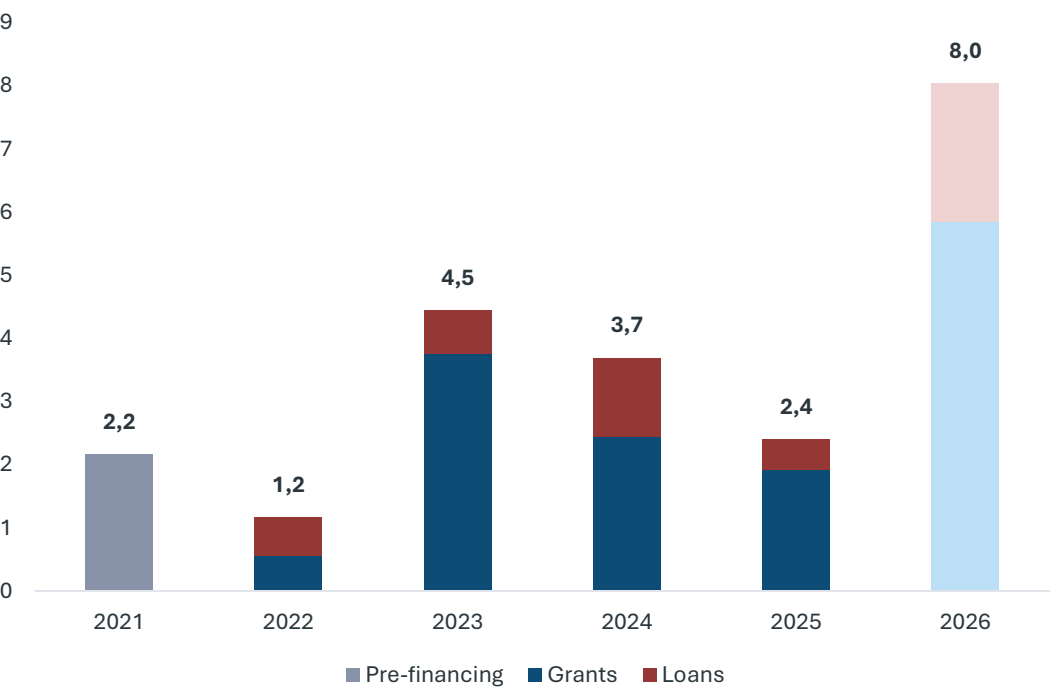
PRR		Simplification	
CURRENT		REVIEW	ADJUST.
RESILIENCE			
2.058 M €	C01. National Health Service	2.014 M €	- 43 M €
2.824 M €	C02. Housing	2.857 M €	+32 M €
1.127 M €	C03. Social Responses	862 M €	-264 M €
346 M €	C04. Culture	330 M €	-15 M €
5.384 M €	C05. Investment and Innovation	6.032 M €	+ 649 M €
1.938 M €	C06. Qualification and Skills	1.994 M €	+56 M €
790 M €	C07. Infrastructure	768 M €	-22 M €
615 M €	C08. Forests	615 M €	0 M €
236 M €	C09. Water Management	228 M €	- 8 M €
15.317 M €		15.700 M €	+ 384 M €
CLIMATE			
384 M €	C10. Sea	366 M €	- 18 M €
737 M €	C11. Decarbonisation of Industry	737 M €	0 M €
175 M €	C12. Bioeconomy	175 M €	0 M €
622 M €	C13. Energy Efficiency in Buildings	550 M €	-72 M €
436 M €	C14. Hydrogen and Renewables	456 M €	+ 20 M €
847 M €	C15. Sustainable Mobility	549 M €	-298 M €
951 M €	C21. REPowerEU	950 M €	-1 M €
4.151 M €		3.783 M €	- 369 M €
DIGITAL			
699 M €	C16. Enterprises 4.0	658 M €	- 41 M €
406 M €	C17. Quality and Sustainability of Public Finances	372 M €	-34 M €
267 M €	C18. Economic Justice and Business Environment	267 M €	0 M €
702 M €	C19. Digital Public Administration	686 M €	-17 M €
674 M €	C20. Digital School	439 M €	-235 M €
2.748 M €		2.423 M €	- 326 M €
22.216 M €		21.905 M €	-311 M €

[Recuperar Portugal, [Revisão para a simplificação do PRR](#)]

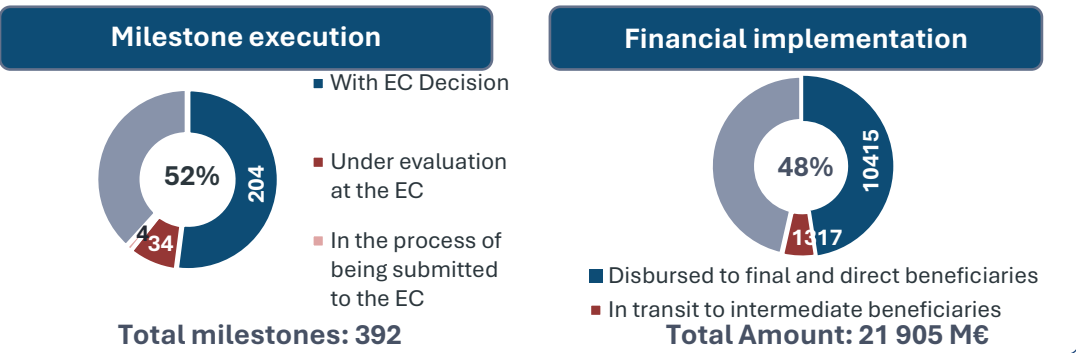
NGEU is progressing, with seven disbursements received and the eighth submitted

Portugal has received 63% of total amount

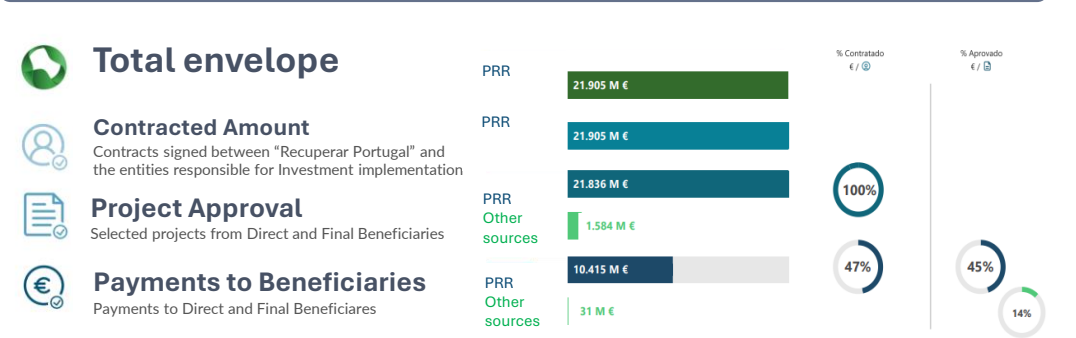
[RRP Allocation, EUR billion] [European Commission]



52% of the milestones have been achieved and disbursements to final and direct beneficiaries stand at EUR 10,415 M



Financial implementation (details)



[Recuperar Portugal, Monitoring Report 17/12/2025]

3. FISCAL OUTLOOK

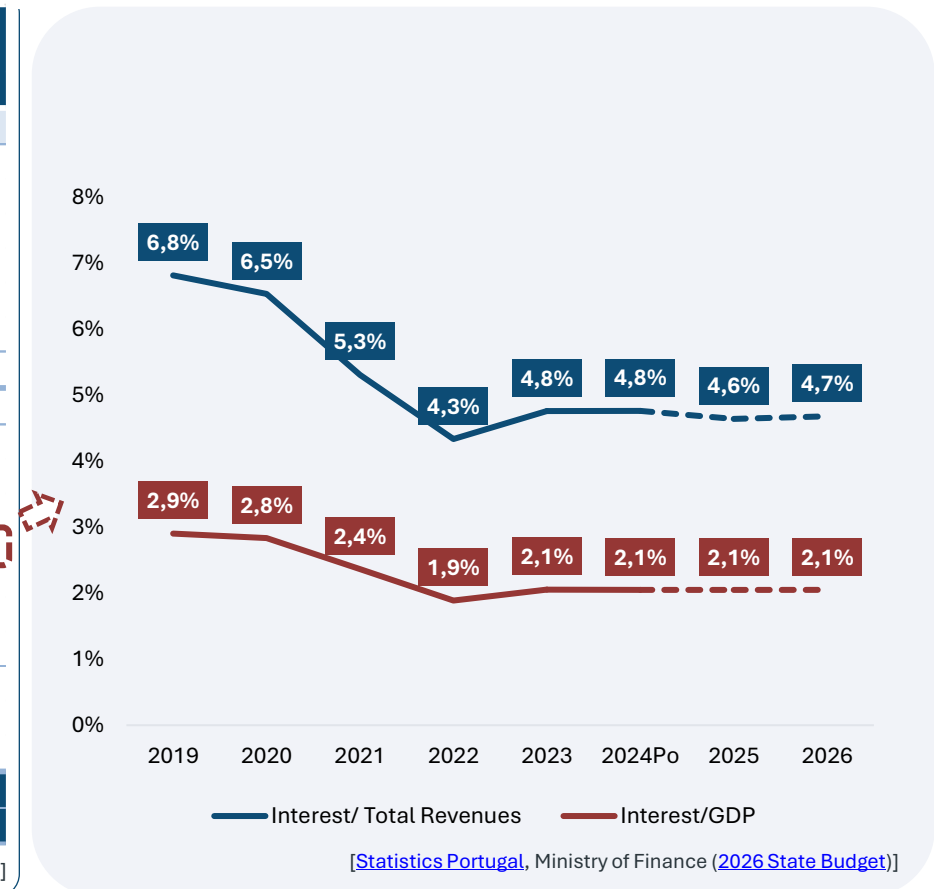
Fiscal balance and public debt – performance and forecasts

Previous

Robust primary surpluses and stable interest-to-GDP ratio

General Government Accounts	2024	2025F	2026F	2024	2025 F	2026 F	2025/2024	2026/2025
(Accrual basis)	EUR bn	EUR bn	EUR bn	% GDP	% GDP	% GDP	y-o-y	y-o-y
Total revenue	124,6	135,1	140,5	43,1	44,2	43,8	8,4%	4,0%
Current revenue	122,0	129,7	134,4	42,2	42,4	41,9	6%	4%
Current taxes on income and wealth	29,5	30,3	31,0	10,2	9,9	9,7	3%	2%
Taxes on production and imports	41,6	44,1	46,3	14,4	14,4	14,4	6%	5%
Social contributions	35,9	37,8	40,2	12,4	12,4	12,5	5%	6%
Sales	9,1	9,3	9,5	3,2	3,0	3,0	1%	2%
Other current revenue	5,9	8,2	7,5	2,1	2,7	2,3	37%	-8%
Capital revenue	2,6	5,4	6,1	0,9	1,8	1,9	110%	12%
Total expenditure	123,2	134,2	140,2	42,6	43,9	43,7	8,9%	4,5%
Current expenditure	112,8	120,4	125,4	39,0	39,4	39,1	7%	4%
Social benefits	52,1	55,1	58,0	18,0	18,0	18,1	6%	5%
Compensation of employees	30,3	32,5	34,1	10,5	10,6	10,6	7%	5%
Interest	5,9	6,3	6,6	2,1	2,1	2,1	6%	5%
Intermediate consumption	15,1	15,9	16,1	5,2	5,2	5,0	6%	1%
Subsidies	1,9	1,5	1,4	0,7	0,5	0,4	-19%	-10%
Other current expenditure	7,4	9,2	9,2	2,6	3,0	2,9	24%	0%
Capital expenditure	10,4	13,8	14,9	3,6	4,5	4,6	32%	8%
Gross Fixed Capital Formation	8,0	10,2	10,9	2,8	3,3	3,4	28%	7%
Other capital expenditure	2,4	3,5	3,9	0,8	1,1	1,2	48%	11%
Overall Balance	1,5	0,9	0,3	0,5	0,3	0,1		
Primary Balance	7,4	7,2	6,8	2,6	2,4	2,1		

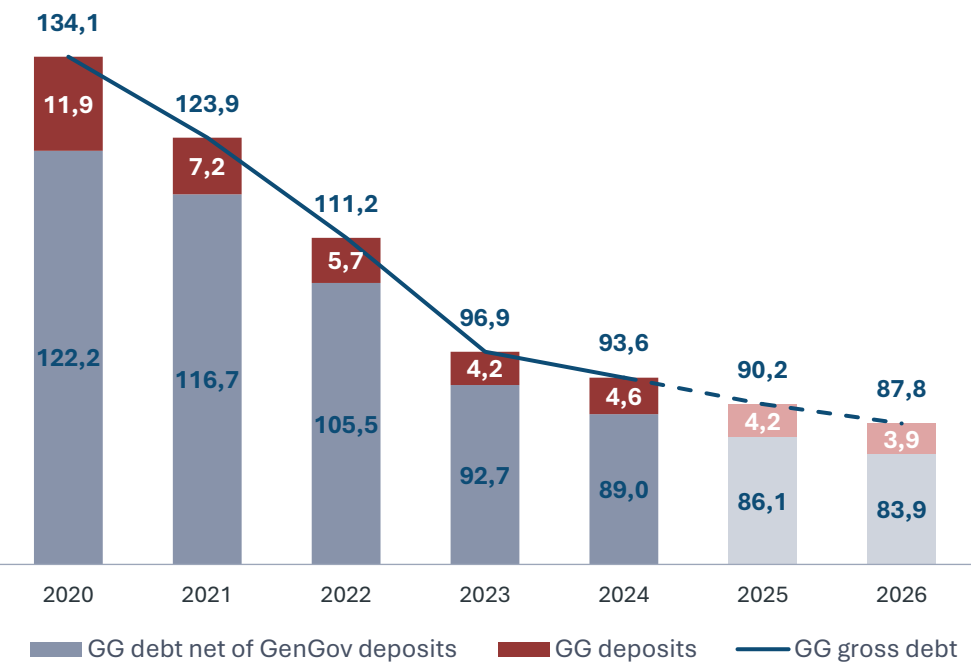
[Statistics Portugal, Ministry of Finance (2026 State Budget)]



Commitment to fiscal prudence continues to take public debt ratio lower

Debt-to-GDP ratio spiked to a maximum in 2020, but the pre-Covid downward trend resumed in 2021 anchored in favorable metrics

[Maastricht debt, % GDP] [Statistics Portugal, Banco de Portugal, Ministry of Finance ([2026 State Budget](#), October 2025)]



Downward trend of debt is expected to continue

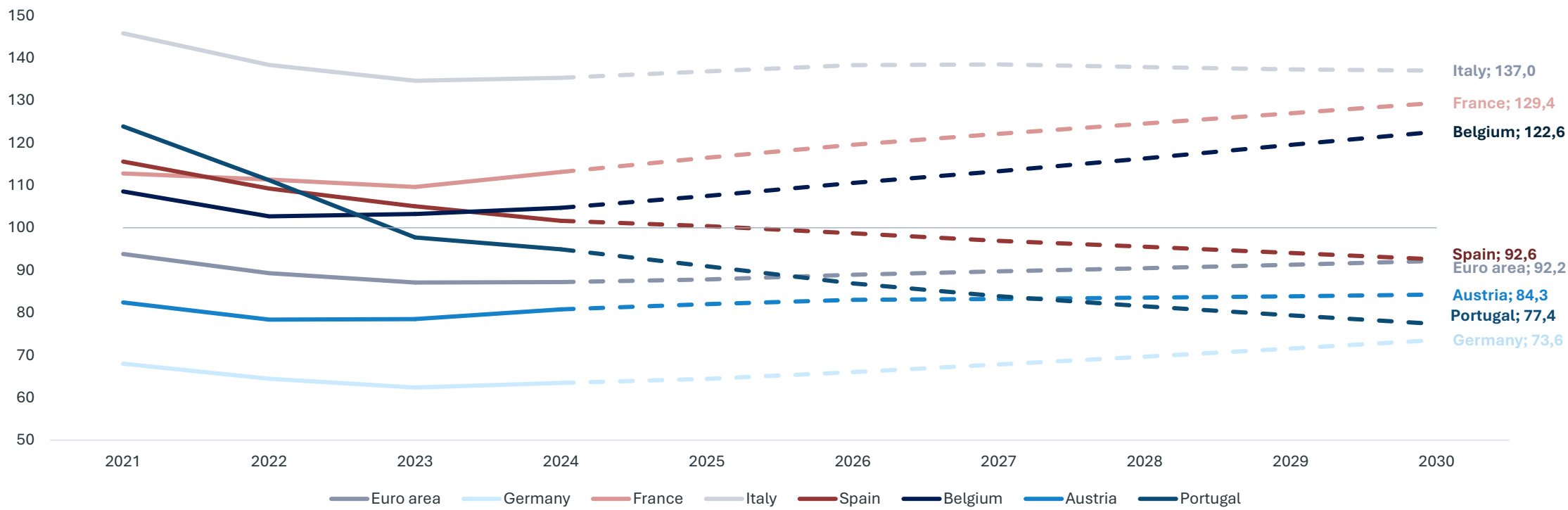
[Public Debt Dynamics] [[2026 State Budget](#), October 2025]

	2020	2021	2022	2023	2024	2025 F	2026 F
Maastricht debt % GDP)	134,1	123,9	111,2	96,9	93,6	90,2	87,8
Annual change (pp GDP)	18,0	-10,2	-12,6	-14,4	-3,3	-3,3	-2,4
Primary balance effect	2,9	0,5	-1,6	-3,3	-2,6	-2,4	-2,1
Snowball effect	10,6	-7,2	-12,1	-8,8	-4,3	-3,0	-2,1
Interest costs	2,8	2,4	1,9	2,1	2,1	2,1	2,1
Nominal GDP	7,8	-9,6	-13,9	-10,9	-6,4	-5,0	-4,2
Stock-flow adjustments	4,5	-3,5	1,0	-2,3	3,6	2,0	1,8
Nominal GDP growth rate (yoy)	-6,3	7,7	12,7	10,8	7,1	5,7	4,8
Overall fiscal balance (%GDP)	-5,8	-2,8	-0,3	1,3	0,5	0,3	0,1
Primary balance (%GDP)	-2,9	-0,5	1,6	3,3	2,6	2,4	2,1
Interest costs (%GDP)	2,8	2,4	1,9	2,1	2,1	2,1	2,1

Portugal’s macro/fiscal outlook reflected in downward trend of public debt

IMF forecasts indicate sustained downward trend in Portugal’s public debt

[General government gross debt, % of GDP] [IMF, [World Economic Outlook](#), October 2025]



1. Executive Summary

- Portuguese economy in numbers

2. Macro Outlook

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3. Fiscal Outlook

- Fiscal balance and public debt – performance and forecasts

4. Debt Management and Funding Plan

- Risk indicators and market developments

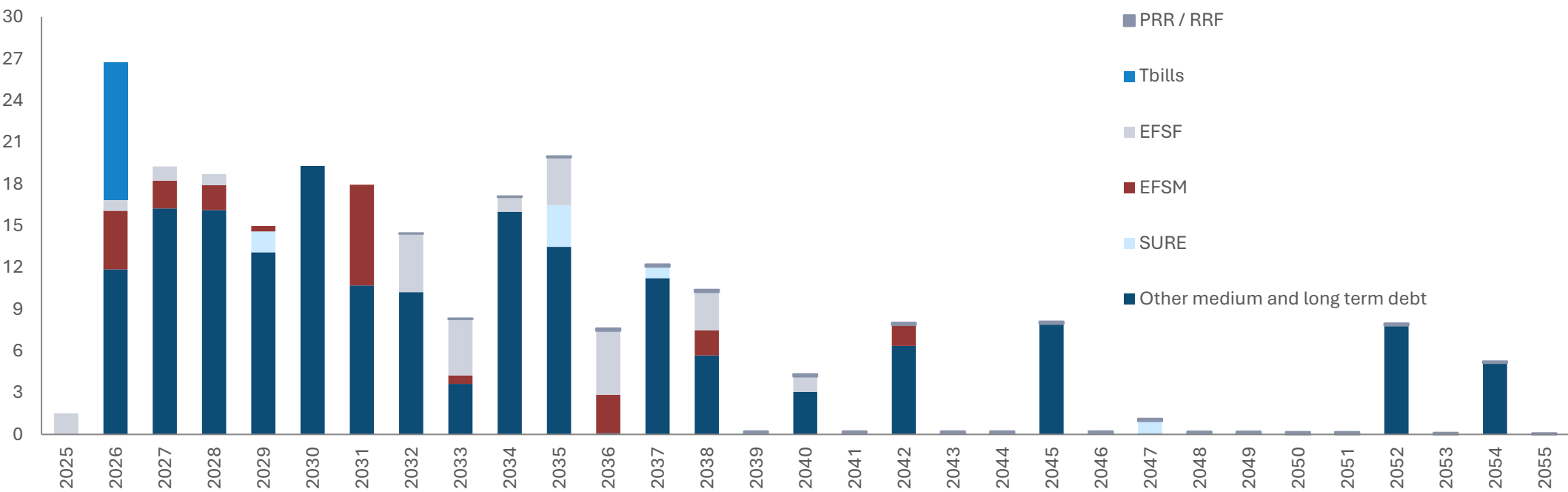
5. Annex



Smooth debt redemption profile

Objectives: avoid peaks of amortization, reduction of refinancing risk and flexibility in issuance plans

[Redemption calendar debt*, Nov-2025, EUR billion] [\[IGCP\]](#)

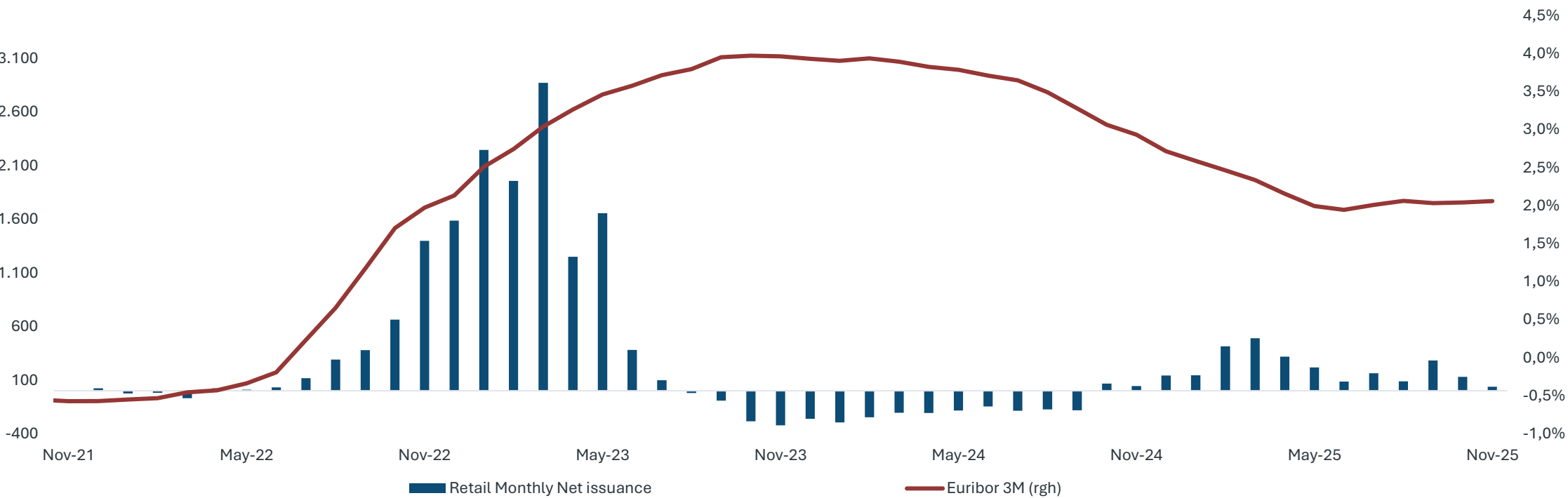


*The redemption profile excludes the redemptions of Saving and Treasury certificates, as well as of CEDIC and CEDIM – short- and medium- to long term special certificates held by other public entities.

The net issuance of retail debt certificates has turned positive since September 2024

Net issuance of retail debt in 2025 YTD has reached EUR 3.2 bn

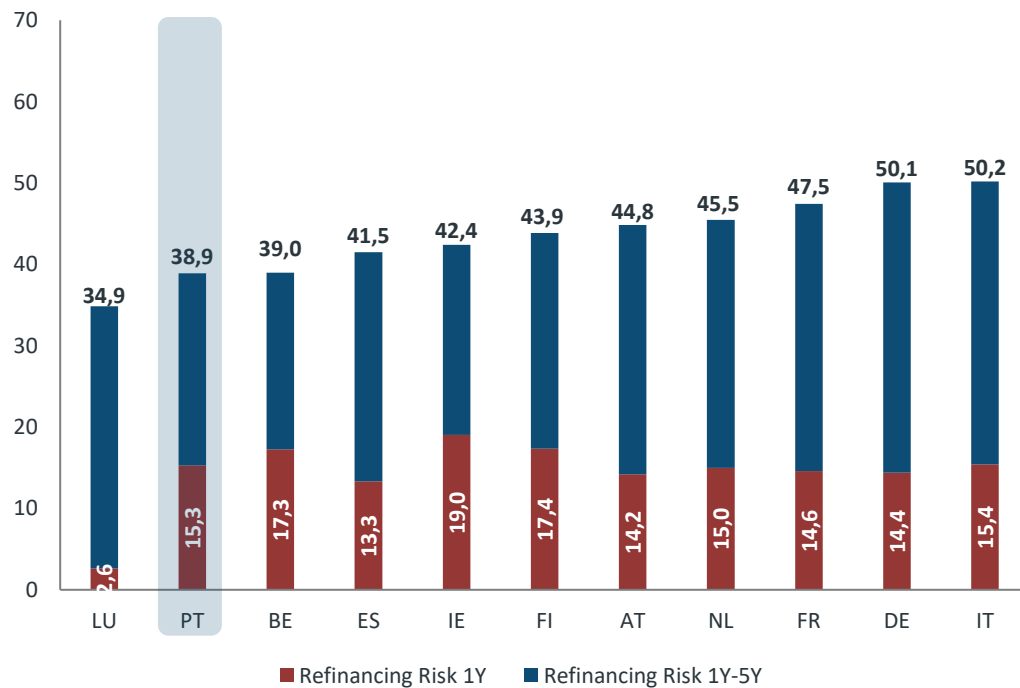
[Monthly net subscriptions, EUR million, Euribor, %] [IGCP, Bloomberg]



Limited refinancing and refixing risks

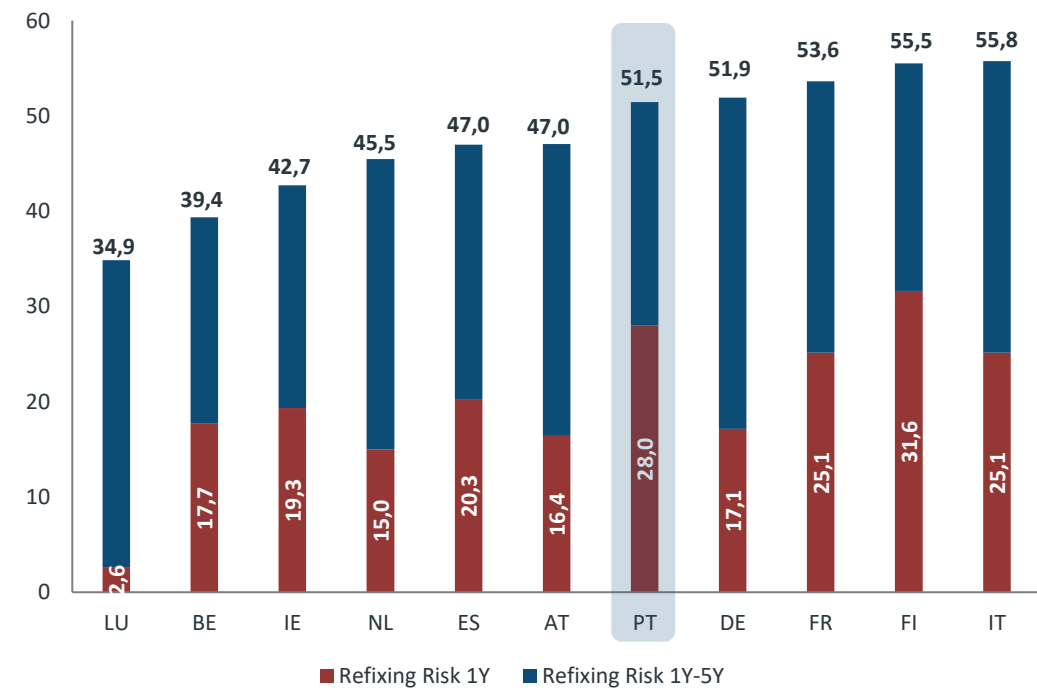
Refinancing risk low compared with peers

[Refinancing risk, end of Sep-2025, % of outstanding debt] [ESDM]



Refixing risk increase due to high subscriptions of floating rate certificates (old series cap at 3.5% and new series cap at 2.5%)

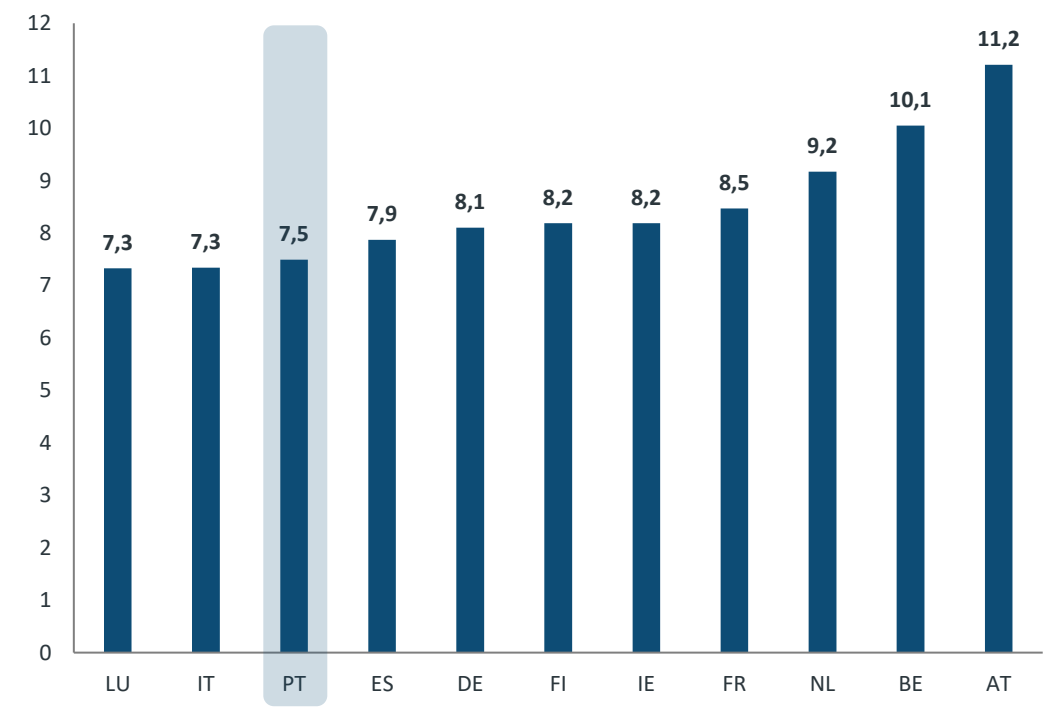
[Refixing risk, end of Sep-2025, % of outstanding debt] [ESDM]



WAM expected to stay above 7 years

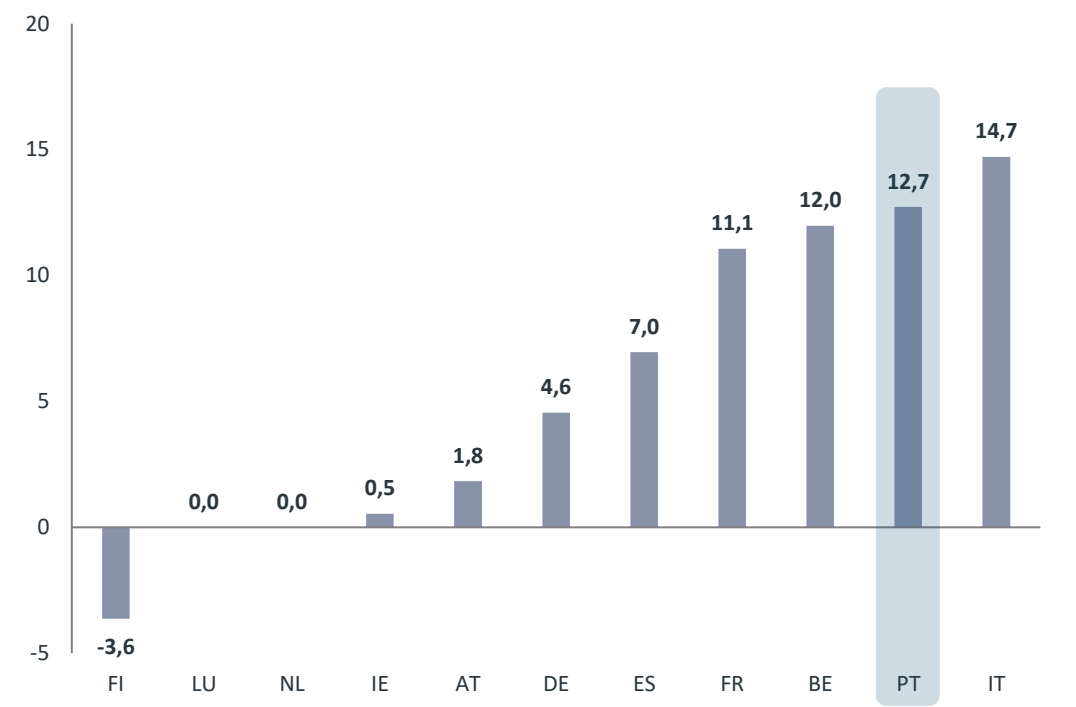
Average maturity

[Average residual maturity of outstanding debt, end Sep-25, years] [ESDM]



Floating rate ratio* (old series of savings certificates cap at 3.5% and new series cap at 2.5%)

[Ratio Floating Debt (before derivatives), Sep-2025, % of outstanding debt] [ESDM]

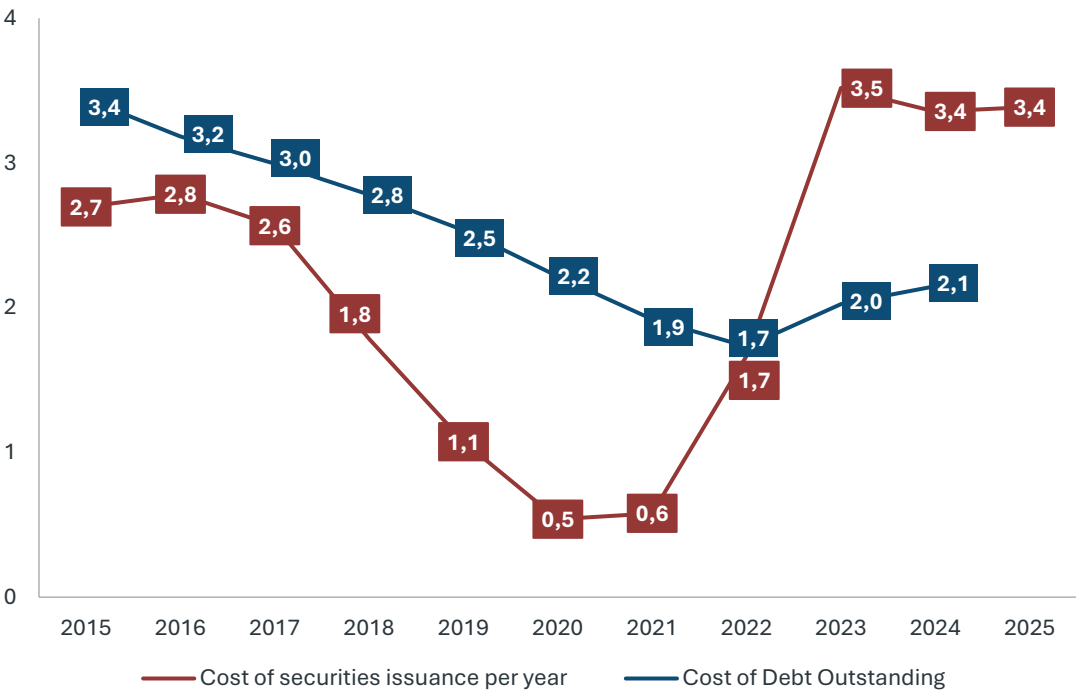


* According to ESDM methodology, floating rate debt also includes inflation linked bonds.

Affordability improved significantly with a stable average maturity

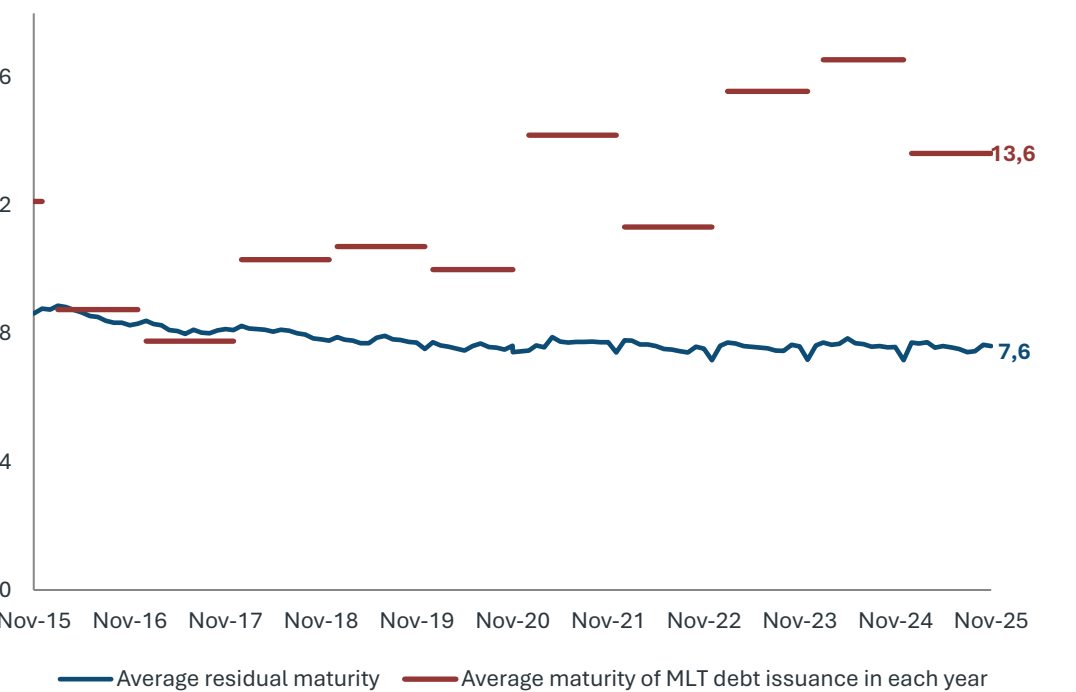
Sustainable cost of debt

[Cost of Debt indicators, %] [IGCP]



Stable weighted average maturity of debt

[Average Maturity, Years] [IGCP]



Consistent and predictable funding plan with retained flexibility

The State's net cash requirements are projected to increase in 2026, alongside higher net PGB issuance

[Executed financing up to end-Oct; EUR billion] [IGCP, Ministry of Finance ([State Budget 2026](#))]

	2023	2024	2025 P	2026 P
State borrowing requirements	19,8	19,6	25,8	29,4
Net financing needs	3,5	9,8	10,8	13,0
Overall deficit (a)	0,2	5,7	6,5	7,1
Net acquisitions of financial assets (b)	3,3	4,1	4,2	6,7
One-off operations				-0,8
MLT Redemptions	16,3	9,9	15,1	16,4
PGB (c)	13,6	7,4	12,5	10,4
MTN	1,1	2,4		1,0
FRN/OTRV/Other MLT instruments			1,0	
Official loans	1,5		1,5	5,0
State financing sources	19,8	19,6	25,8	29,4
Use of deposits	0,6	-0,6	1,9	-0,3
Financing in the year	19,1	20,3	24,0	29,7
Executed	19,1	20,3	27,7	
EU	0,7	1,3	0,5	
PGB	9,4	15,3	20,6	
MTN				
FRN/OTRV			0,6	
Retail debt (net)	10,2	-0,6	3,1	
Tbills (net)	-4,6	5,7	2,9	
Other flows (net) (d)	3,4	-1,4		
To be executed			-3,7	29,7
EU				2,2
PGB				24,0
MTN				2,5
FRN/OTRV				
Retail debt (net)			0,1	0,9
Tbills (net)			-1,3	5,1
Other flows (net) (d)			-2,4	-5,0
State Treasury cash position at year-end (e)	5,7	6,3	4,4	4,8

a) State sub-sector cash deficit (2023 and 2024 final figure, 2025 and 2026 estimates from Ministry of Finance at 2026 State Budget)

b) Expected net expenditure with acquisition of financial assets, including refinancing of other public entities (namely SOEs)

c) Includes net impact of exchange offers

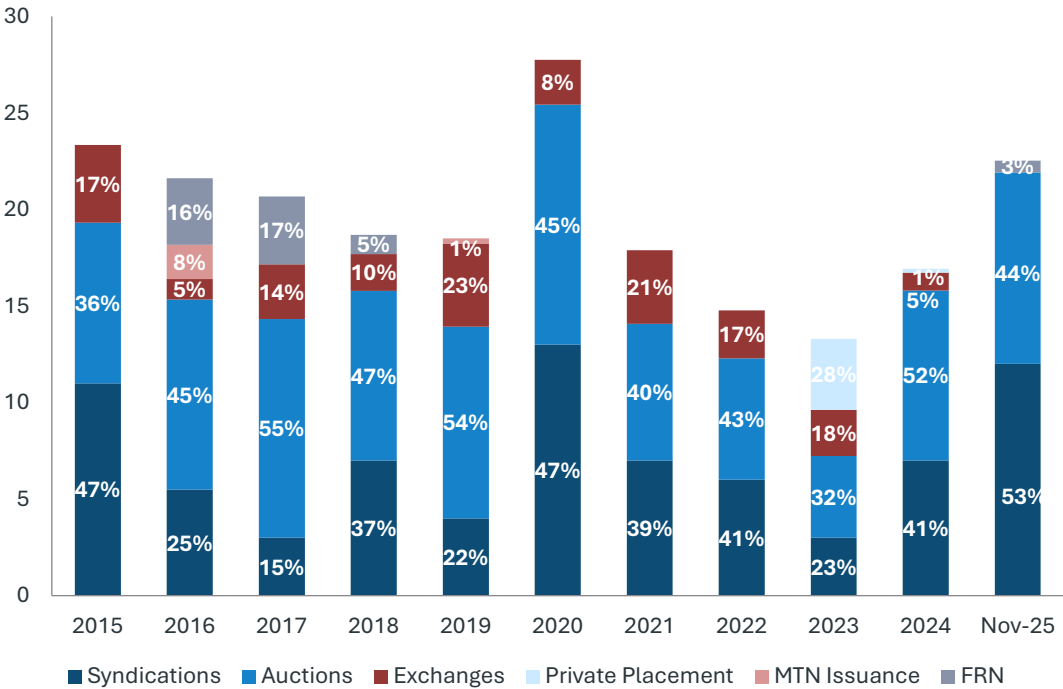
d) Includes centralization of funds of other public entities in the Single Treasury Account

e) Excludes cash-collateral.

Regular and predictable issuance of MLT instruments

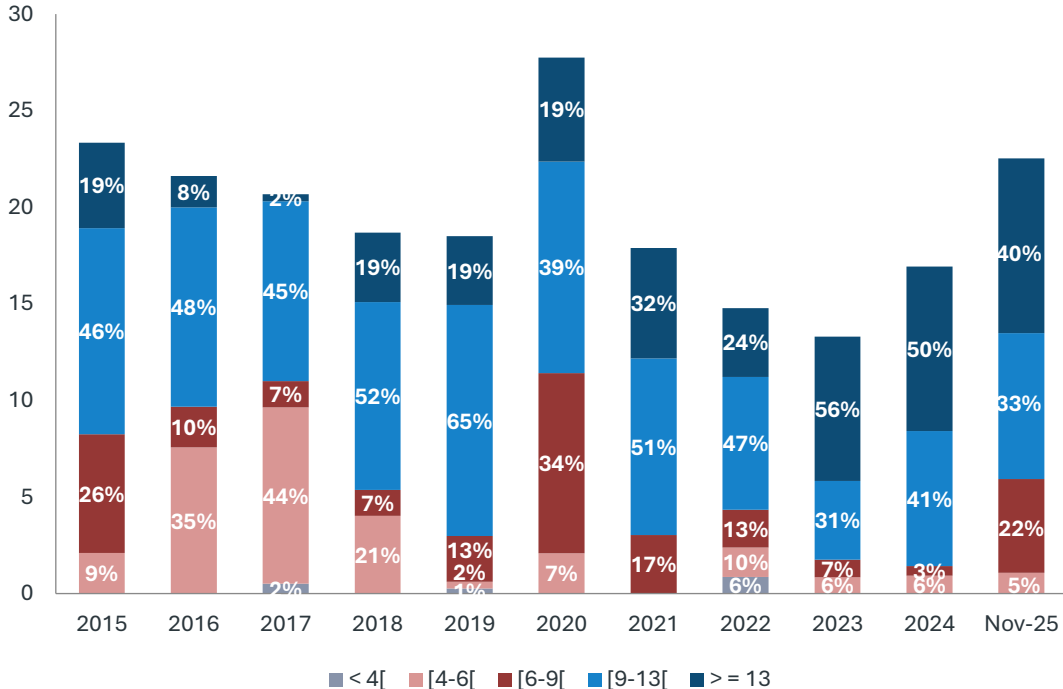
Balanced funding of auctions and syndications

[Medium- and long-term debt issuance per method of issuance, EUR billion, % of total] [IGCP]



Primary market issuance supports liquidity across the curve

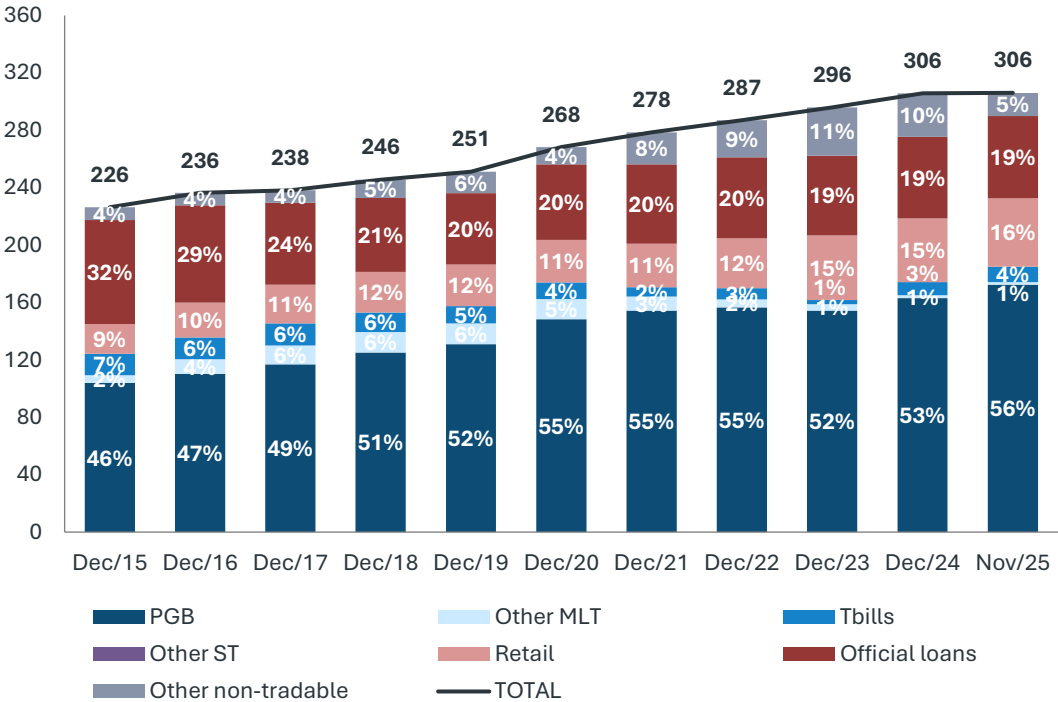
[Medium- and long-term debt issuance per bucket, EUR billion, % of total] [IGCP]



Debt breakdown points to diversification and stability

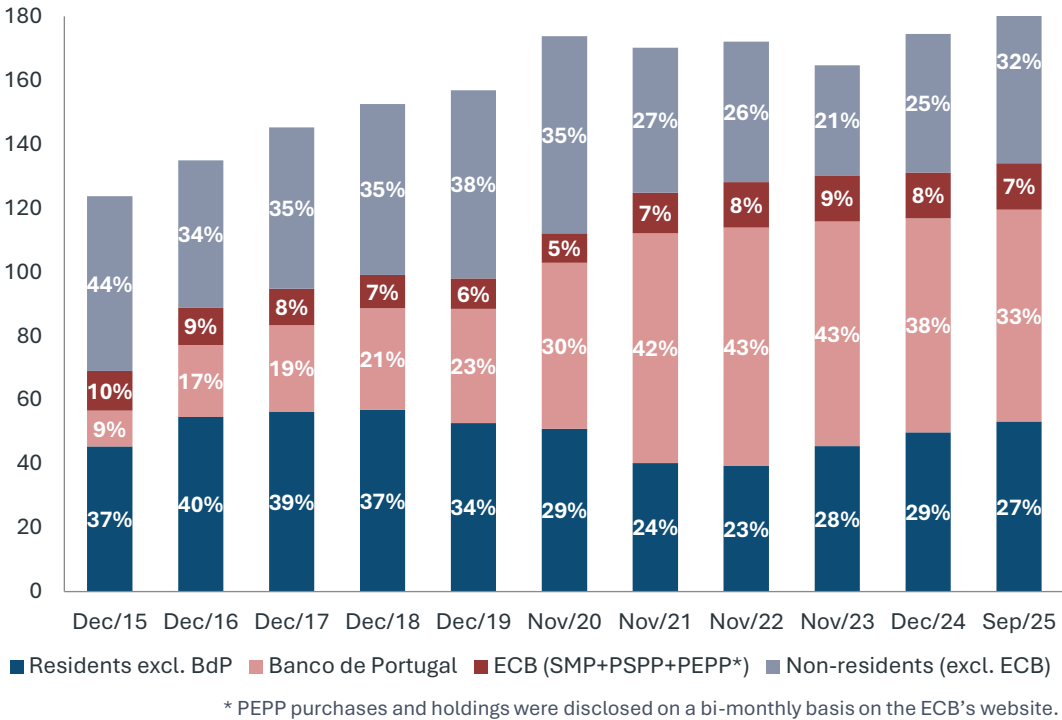
PGBs are the “backbone” of the State’s funding

[State Direct Debt Composition, EUR billion, % of total] [IGCP]



Holdings of non-resident investors continue replacing the Eurosystem

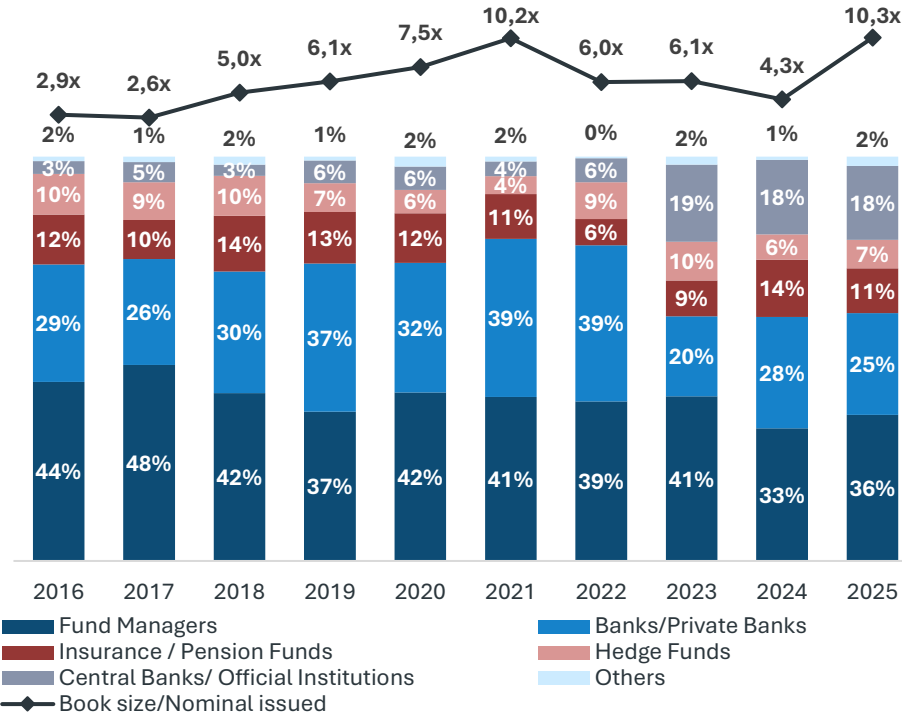
[State Direct Debt Securities Holders, EUR billion, % of total of State Direct Debt Securities] [IGCP, Banco de Portugal, ECB]



OT syndications with a diversified and stable investor base

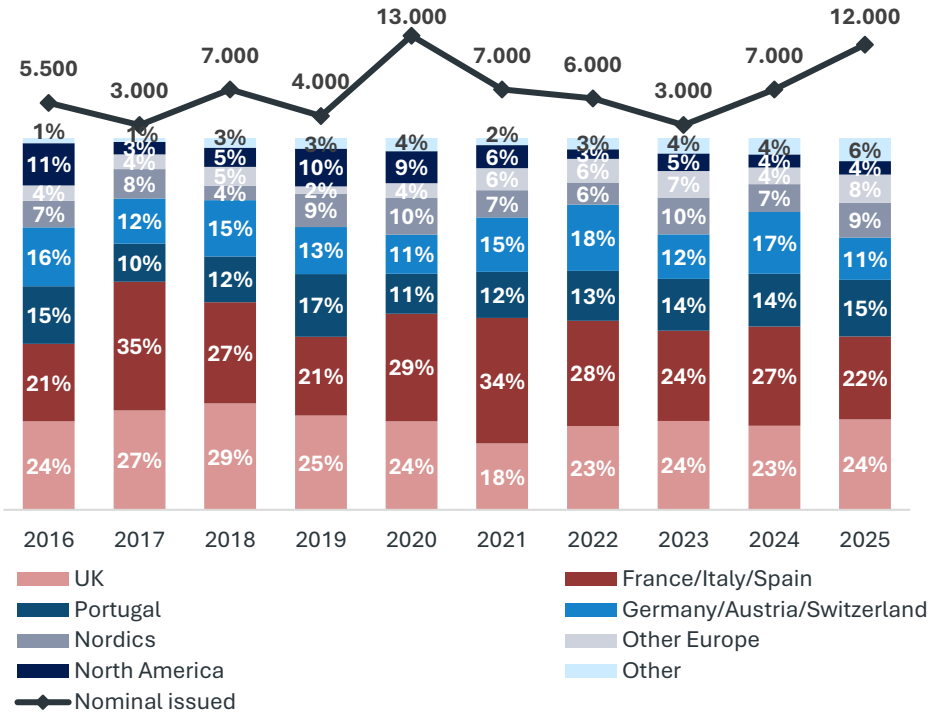
By Type

[% of total allocation; Book size/Nominal issued] [IGCP]



By Region

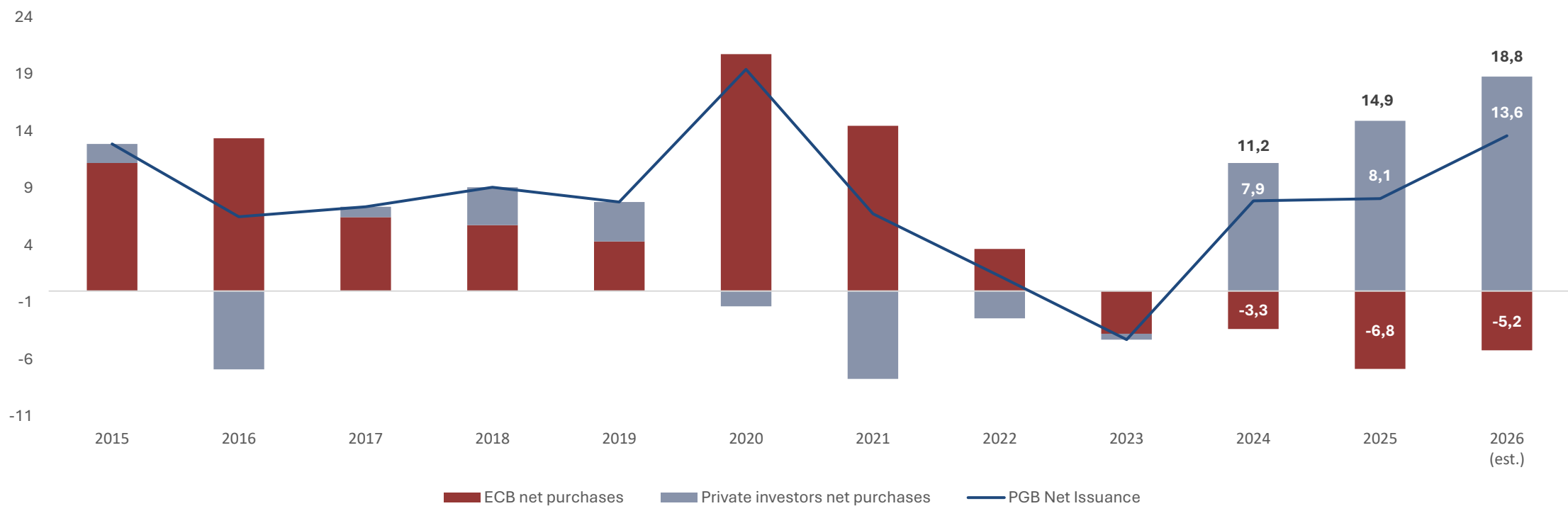
[% of total allocation; Nominal issued EUR million] [IGCP]



Increase in net PGB 2026 issuance reflecting official loan repayments

In full passive QT in 2026, ECB's net purchases of PGB is expected to decline by EUR 5.2 billion while private investors' net purchases are expected to increase by around EUR 3.9 billion, from EUR 14.9 billion in 2025 to EUR 18.8 billion in 2026

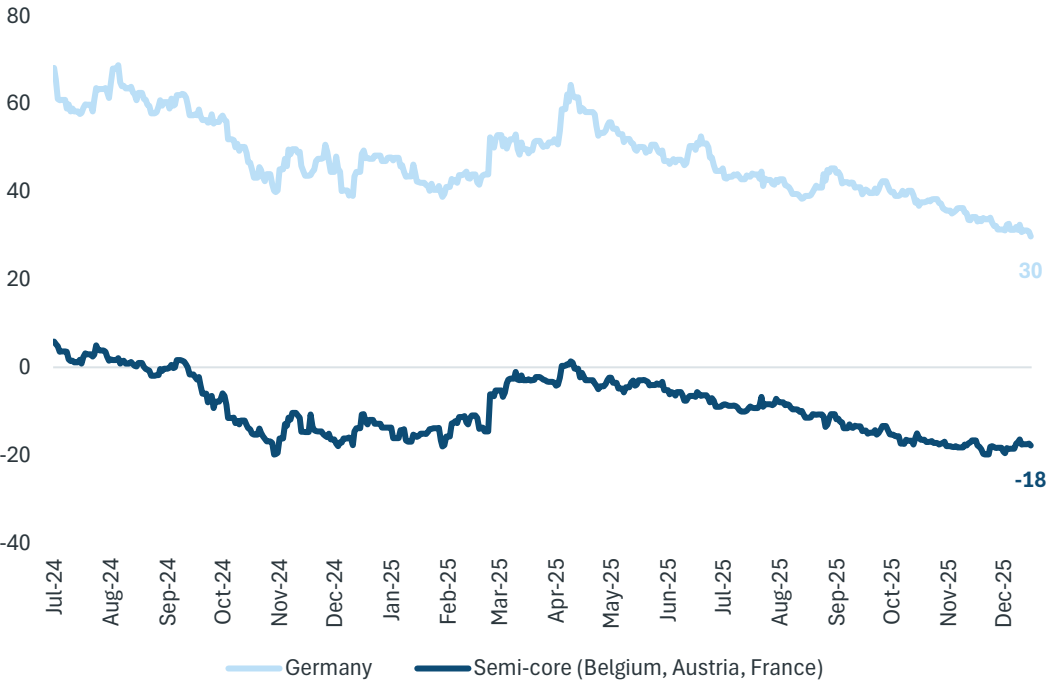
[PGB net issuance and ECB net purchases (EUR billion)] [IGCP, [ECB](#)]



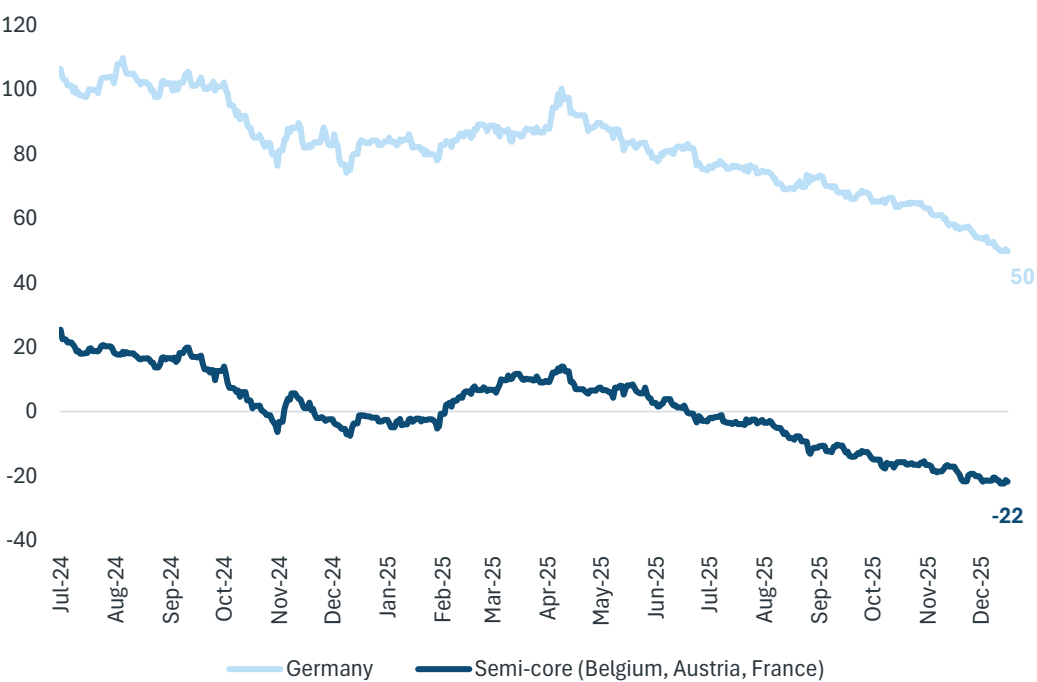
Portugal's convergence with the 'Semi-Core' group of countries

PGB spreads have compressed relative to peers

[PGB, benchmark 10Y bond spread, basis points] [Bloomberg]



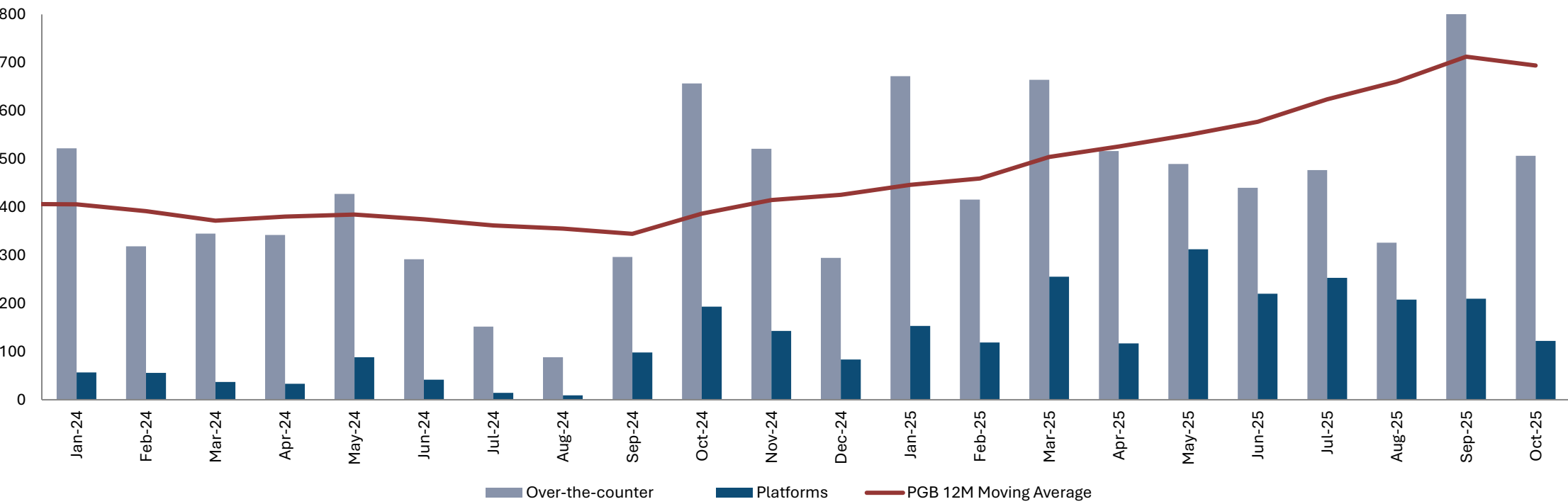
[PGB, benchmark 30Y bond spread, basis points] [Bloomberg]



PGB liquidity momentum extends into 2025

Average daily turnover rises leading up to and following FTSE Russel World Bond Index return in November 2024

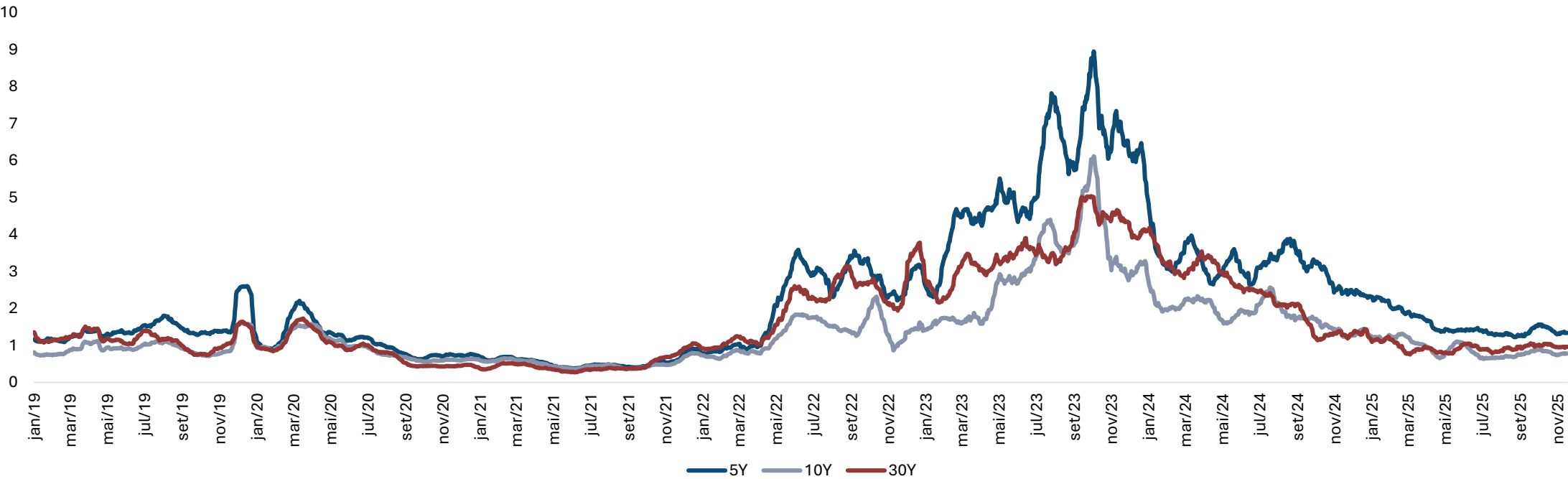
[PGB trading in secondary market, average daily turnover in EUR million] [Bloomberg, IGCP calculations]



Secondary market liquidity on MTS

Bid/ask spreads on MTS remain stable for bonds

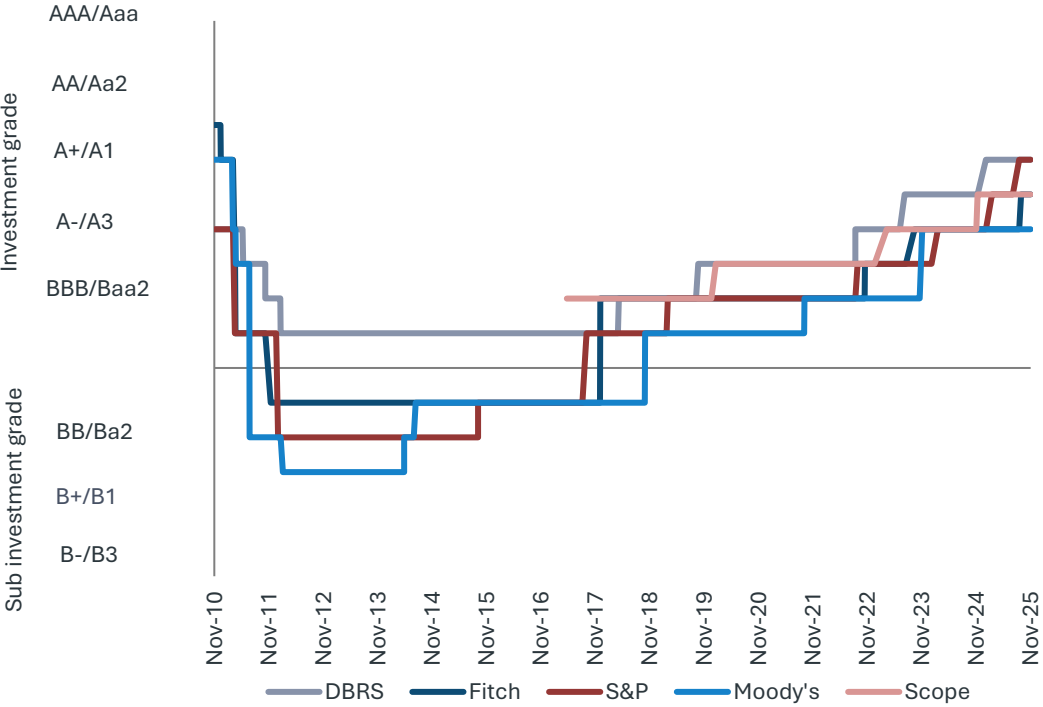
[20-day Moving Average, benchmark bonds, basis points] [MTS, Bloomberg]



Portugal consolidates its position in the "A" rating category with recent upgrades by S&P and Fitch, and an outlook revision to positive by Scope

Portugal: Recognition from Rating Agencies

[Nov-2025] [DBRS, Fitch, Moody's, S&P, Scope]



Portugal: Credit Ratings

[Dec-2025] [DBRS, Fitch, Moody's, S&P, Scope]

Rating Agency	Rating	Outlook	Last Rating Change Date	Last Review Date	Next Review Date
DBRS	A high	Stable	Jan. 2025	Jul. 2025	16 Jan. 2026
S&P	A +	Stable	Aug. 2025	Aug. 2025	27 Feb. 2026
Fitch	A	Stable	Sep. 2025	Sep. 2025	06 Mar. 2026
Moody's	A3	Stable	Nov. 2023	Nov. 2025	22 May 2026
Scope	A	Positive	Nov. 2024	Oct. 2025	03 Apr. 2026



Thank You

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- Latest developments and projections

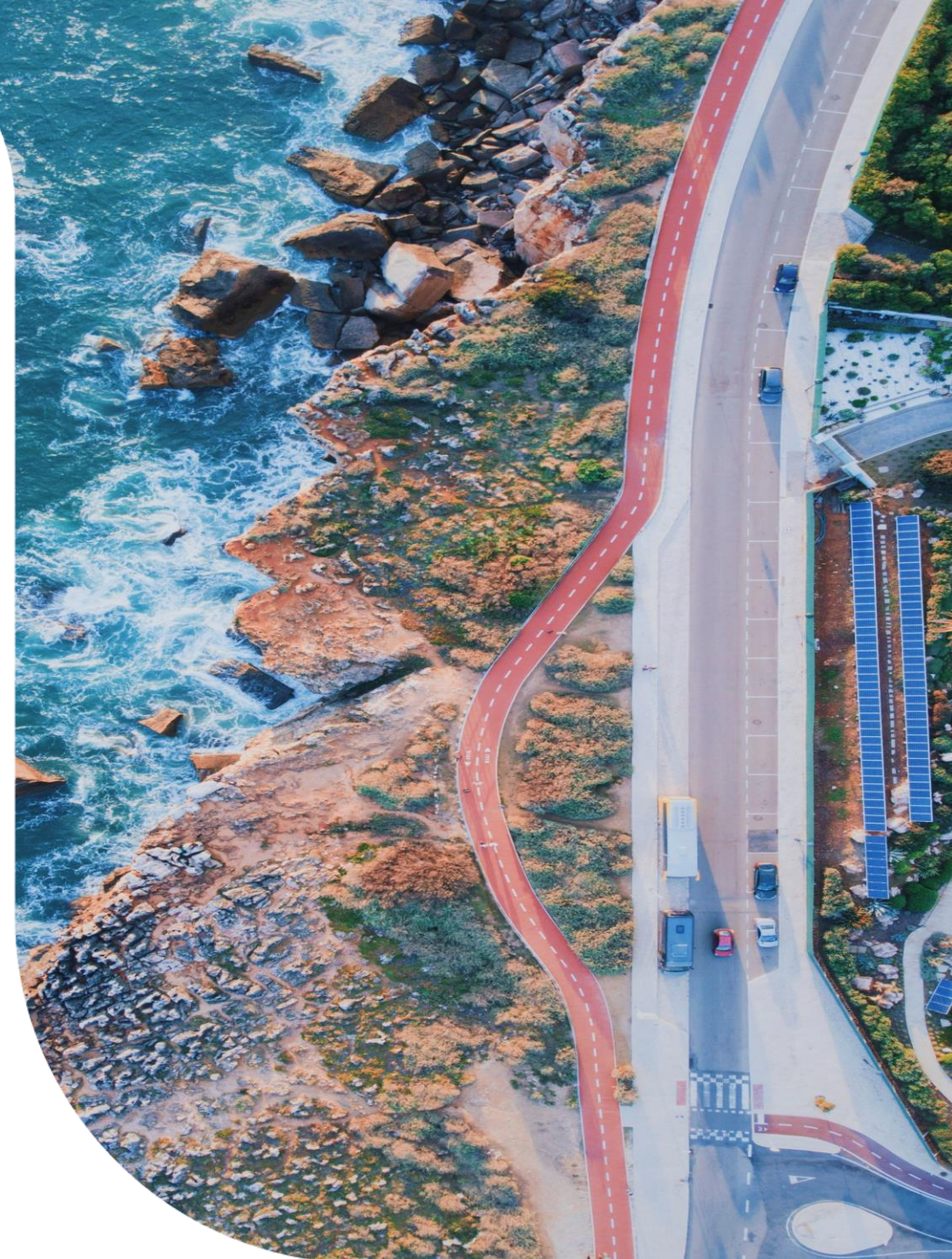
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5. Annex

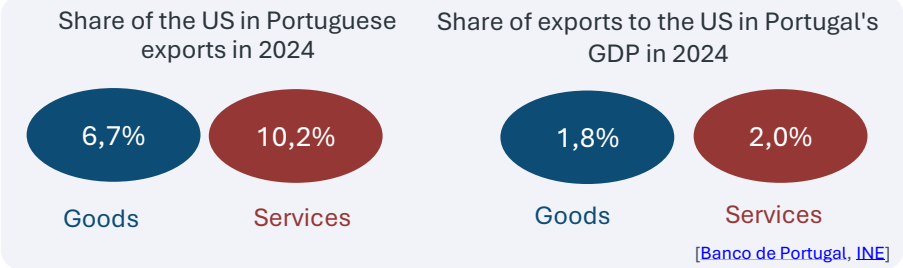


Trade tensions

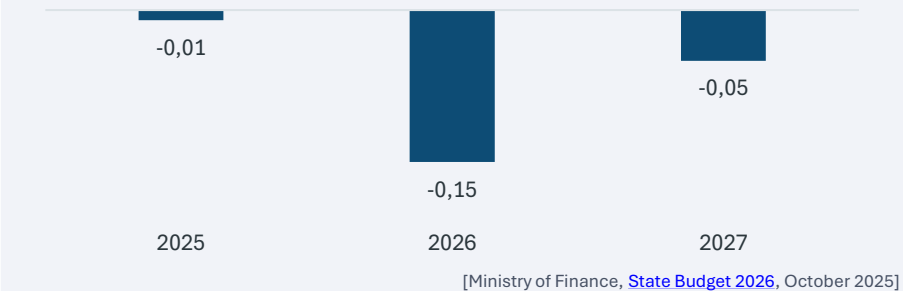
Measures to support competitiveness, export, and internationalization

Reforçar Program: A strategic initiative that mobilizes more than EUR 10BN to support the competitiveness, export, and internationalization of national companies. Through new financing lines, export credit insurance, and incentives for innovation and training, the program aims to boost sustainable growth and the international presence of the Portuguese business sector.

- ✓ **Reforçar Program: EUR 10,1BN**
 - ❖ **EUR 5,2BN Banco de Fomento Credit Line:** A new line with a budget of over EUR 5bn, offering guarantees, simple applications, pre-approvals, and automatic contracting, so that companies can strengthen working capital and investment capacity;
 - ❖ **EUR 3,5BN Support line** (includes EUR 400M in grants, aimed at investment by exporting companies): A new line with maturities of four and twelve years, part of which may be converted into non-repayable grants and subsidies, to strengthen the capital of companies most exposed to the volatility of international markets;
 - ❖ **EUR 1,2BN Export Credit Insurance:** An increase of credit limits to cover export risks, not only in emerging markets but also in traditional ones. Policies and premiums will also be subsidized, broadening access especially for exporting small and medium-sized enterprises (SMEs);
 - ❖ **EUR 200M Promotion of Internationalization:** Expansion of support for internationalization, allowing companies to participate in more international trade fairs, strengthen their marketing strategies, and increase their presence in foreign markets. Of this amount, EUR 150M is specifically allocated to SMEs.
- ✓ **Governance & Execution:** Banco de Fomento, AICEP, IAPMEI, COMPETE, with oversight from Ministries of Economy, Finance, and Foreign Affairs.
- ✓ **Launch Timeline:** May to September 2025 – Progressive rollout of the various measures.
- ✓ **Scope:** all companies based in Portugal, regardless of their size.
- ✓ It is also added that the Reforçar Program will be complemented by calls for applications to be launched in 2025, totaling EUR 2,6BN, under Portugal 2030 and the Recovery and Resilience Plan (PRR), with a focus on areas such as innovation, decarbonization, skills development, and productive investment. [\[Ministry of the Economy, IAPMEI, DGAE\]](#)



Impact of a 15% tariff on EU exports to the US on Portuguese GDP growth [differences in percentage points compared to the baseline scenario]



Note: Simulation using the NiGEM model of the macroeconomic effects of a 15% tariff on EU exports to the US. The simulation is based on a country-specific reference scenario (baseline), constructed from the most recent historical data and the model's econometric estimates. From this baseline, the 15% tariff scenario is applied starting in the fourth quarter of 2025. The model also accounts for the indirect impacts of this shock, resulting from lower growth rates in other European economies, which are Portugal's main trading partners. It is worth noting that, in this simulation, no additional uncertainty shock is applied, as the simulated scenario already corresponds to the agreement reached between the EU and the US. Given that the shock was applied in the last quarter of 2025, the impacts in 2025 are small (-0.01 pp), increasing in 2026 (-0.15 pp) and decreasing in 2027 (-0.05 pp).


Foreign Direct Investment attractiveness

BUSINESS ENVIRONMENT

Strategic location, solid infrastructure, political stability and a growing economy



#21 /141
IN THE WORLD WITH BETTER
INFRASTRUCTURES



**OECD most open country
for FDI 2020 #2/68**



**Political Stability and Absence
of Violence/Terrorism 2022 #19/214**


[AICEP, Portugal FactSheet October 2024 and Why invest in Portugal]

DIGITAL TRANSFORMATION

Strong tech infrastructure and innovation makes Portugal a hub for international companies and startups

R&D INTENSITY 2022 (1.7% OF GDP)
R&D expenditure as a % of GDP **#12/EU27**
Source: Eurostat

**Digital Economy and Society
Index 2022 #15/EU27**



In 2023, **Lisbon** was considered the **1st European Capital of
Innovation** and the **#8 Startup Hub in Europe.**

Sources: European Innovation Council, 2023 and Startup Heatmap Europe, 2024

[AICEP, Portugal FactSheet October 2024 and Why invest in Portugal]

TALENT

Highly qualified human resources: high share of tertiary education in new generations; known for strong language skills and adaptability



**IMD WORLD
TALENT RANKING
#25/64**



**INSEAD GLOBAL
TALENT
COMPETITIVENESS
#27/134**



**DIGITAL SKILLS
#23/134**

[AICEP, Portugal FactSheet October 2024 and Why invest in Portugal]

ENVIRONMENTAL SUSTAINABILITY

Sustainability is a cornerstone of future growth. Portugal leads in renewable energy and is becoming a hub for green innovation

**2024
CLIMATE CHANGE
PERFORMANCE
INDEX
(WORLDWIDE)
#13/67**

**2023
GREEN FUTURE
INDEX (MIT)
#18/76**

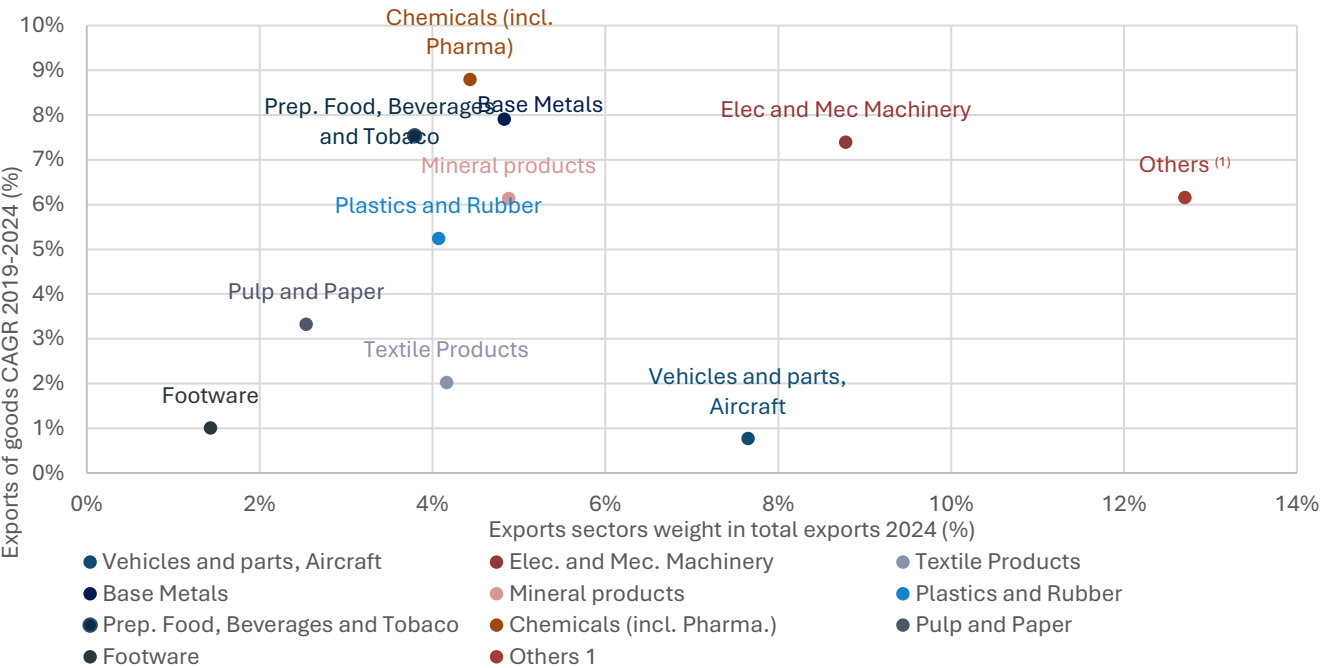
**2022
Rank on the global
role to Planet &
Climate domain (Good
Country Index)
#22/169**

[AICEP, Portugal FactSheet October 2024 and Why invest in Portugal]

Exports by industry

Advanced engineering (electrical & machinery) and Automotive & Mobility are two of the main exporting sectors

[Main exports by product groups as % of total exports 2024; Compound annual growth rate 2019-2024, %] [Statistics Portugal, Banco de Portugal]



[⁽¹⁾ Others include for example: Agricultural products; Cork; Miscellaneous manufactured articles; Optical and precision instruments]

- ✓ Chemicals (inc. Pharma) showing stronger growth (8.8% cagr) and already an exports' weight of 4.4%
- ✓ Electrical and mechanical machinery has heavier weight in total exports (8.8%) and still is demonstrating steady growth (7.4% cagr)
- ✓ Vehicles and parts & aircraft has significant weight of total exports (7.6%) but has presented slow growth (0.8% between 2019 and 2024) due to the combined effects of the Pandemic, supply chain disruptions, rising production costs and green transition

Automotive and mobility sector

80% of production in the automotive industry in Portugal is exported

[AICEP, [Automotive and Mobility Industry Report](#) 2024]

Automotive and mobility industry in figures | 2021



58.189
Employees

▲ 4,5%¹ (2015-2021)



€12,4B
Turnover

▲ 6,5%¹ (2015-2021)



€2,2B
Gross Value Added

▲ 5,7%¹ (2015-2021)

Main export indicators¹

€14,8B

Exports of automotive¹
and mobility products,
2022

▲ 3,8%

CAGR² 2018-22 of
automotive and mobility
industry exports

19%

Weight of automotive and
mobility exports in total
Portuguese exports of
goods, 2022

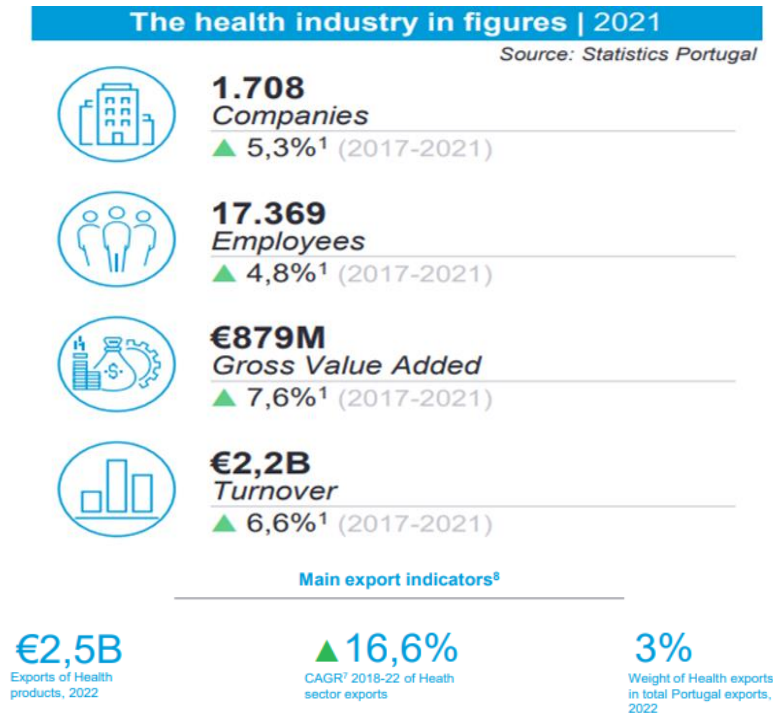
[¹ Compound annual growth rate]

- ✓ Automotive & Mobility turnover accounts for 12.1% of the manufacturing industry in Portugal
- ✓ 95% of the vehicles assembled in Europe have components produced in Portugal
- ✓ In 2023, Portugal was the main producer of bicycles in UE
[Eurostat]
- ✓ The growing importance of the two-wheeler industry is observed in the increase of its turnover (27%) and GVA (16%) between 2015 and 2021
- ✓ Sector exported €14.8bn of products in 2022, with growth rate of 3.8% since 2019 and a weight of 19% in total exports

Health sector

Health industry exports more than 50% of its production

[AICEP, [Health industry Report](#) 2024]



[¹ Compound annual growth rate 2017-2021]

- ✓ Portugal was 5th/82 countries in the number of health researchers per million inhabitants (2022)
- ✓ The pharma & biotech industry is growing at a fast pace (7% turnover CAGR1)
- ✓ While medical devices subsector has the largest number of companies, pharma & biotech subsector surpasses in turnover and GVA
- ✓ Sector exported €2.5bn of health products in 2022, with a growth rate of 16.6% since 2018 (CAGR)

Renewable energy sector

Green location, openness to innovation, safe country, highly skilled workforce, strong R&D in Renewables and energy market connectivity are some FDI attractiveness factors in sector

[AICEP, [Renewable Energy Report](#) 2024]



[⁽²⁾ Compound annual growth rate]

- ✓ Portugal is at the EU forefront in development of green energy sources. Fourth largest share of Renewables in electricity production within the EU (61% in 2023)
- ✓ Renewable Energy sector accounted for 76.897 ⁽¹⁾ direct and indirect jobs in 2022, demonstrating its importance in developing complementary industries (steel, metal etc.)
- ✓ Portugal expects €60bn of investment in new Renewables projects until 2030 ⁽²⁾
- ✓ Important role in the production of components for renewables, having attracted relevant international players in the sector
- ✓ Europe's largest solar farm being built, covering over 100 acres and ranking #5 in the World

[(1) Estimate by the Portuguese Renewable Energy Association (APREN)]

(2) According to the Portuguese Government]

Renewables in electricity production

Recognition from investment in emerging Energy sources and innovative engineering solutions

[AICEP, [Renewable Energy Report](#) 2024]

Portugal's Renewables main achievements

32%

Share of Renewables on gross final energy consumption (DGEG), 2022

12,3%

Reduction of the Portuguese energy dependency (DGEG), 2011-21.

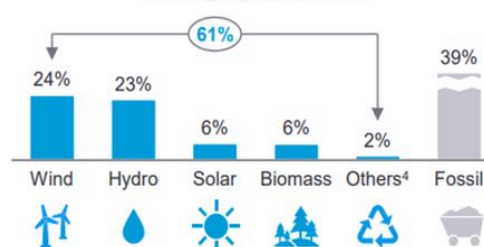
61%

Share of electricity from renewable sources in total annual production (DGEG), 2022

22nd

Ranking on role to Planet & Climate (out of 169 countries) (Good Country Index) | 2022

Production of electricity by energy source, in Portugal (DGEG) | 2022



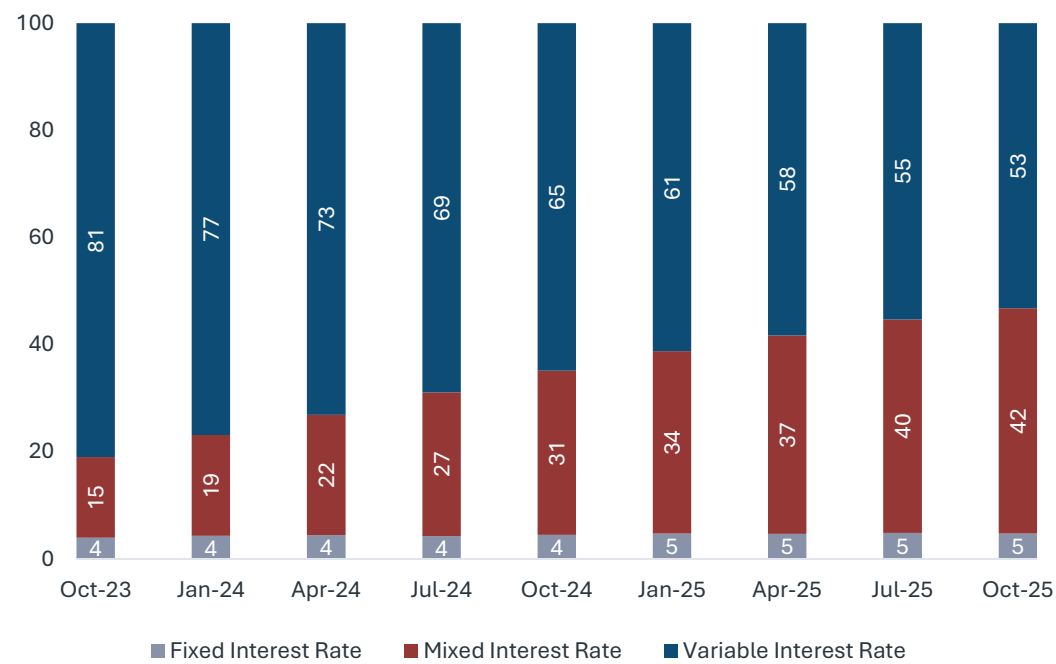
- ✓ #4/EU27 share of energy from renewable sources in gross electricity consumption (2022)
- ✓ #6/EU27 share of energy from renewable sources in gross final energy consumption (2022)
- ✓ #13/67 Climate change performing Index 2024
- ✓ #16/167 Overall sustainability performance (SDG achievement – 2024 SDR)

- ✓ First floating offshore wind farm in Europe (project WindFloat Atlantic)
- ✓ First Iberian hybrid parks (solar + wind) – EDP Renewables in Sabugal
- ✓ Largest European floating solar project in a reservoir (12.000 floating solar panels in Alqueva)
- ✓ Innovative projects in wave/tidal (WaveRoller in Peniche; Wave Centre in Pico Island of Azores)
- ✓ Re-using coal plants for the green hydrogen (€150M to adapt the former Sines' coal-fired plant as a 100 MW hydrogen production hub)

Residential mortgage market

Variable and mixed-rate mortgages are predominant

[Stock of loans for residential property by the type of interest rate, %] [\[Banco de Portugal\]](#)



38.5% of mortgage loans are indexed to 6-month Euribor

[Stock of loans for residential property by reference rate, October 2025, %] [\[Banco de Portugal\]](#)

