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The objective of Nordics' quarterly report is to provide a comprehensive and summarized overview of the main indicators of the countries banking sector, as well as the macroeconomic situation at the end of each quarter.

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International overview

Global growth held steady in late 2024, inflation gradually declined and labor markets improved, though vulnerabilities remain due to persistent inflationary pressures and heightened uncertainty in trade and financial conditions.

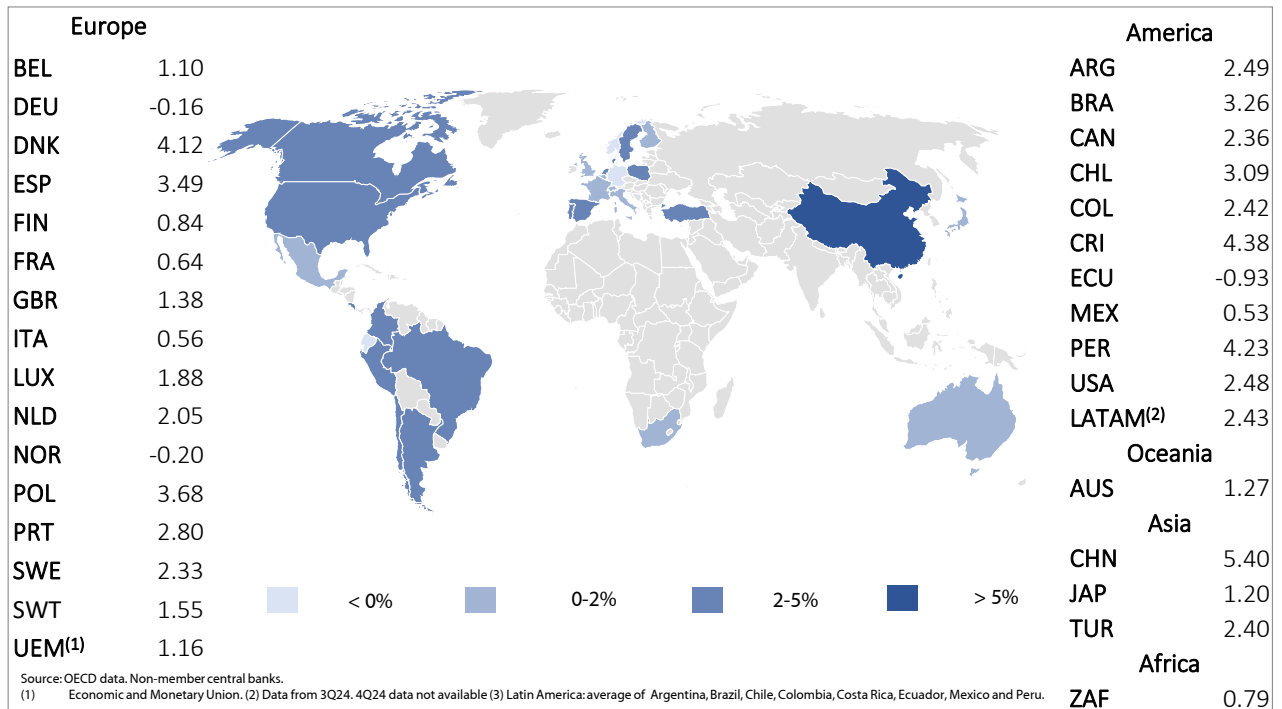
Macroeconomic outlook

- ▶ The Eurozone experienced year-on-year growth of 1.16% in the fourth quarter of the year, continuing the upward trend observed in previous periods. However, during 4Q24, Germany recorded negative growth. The region's average CPI increased slightly to 2.23% compared to the previous quarter. The average unemployment rate in the eurozone was 6.20%, showing a decrease from the previous quarter, which was 6.33%.
- ▶ The UK continued its upward trend in GDP, reaching 1.38% during the last quarter of the year. However, the CPI increased to 3.40% and the unemployment rate also rose to 4.40%, 0.50 p.p. above the 3Q23 level.
- ▶ In the fourth quarter of 2024, U.S. GDP grew by 2.48%, reflecting a decrease of 0.23 p.p. compared to the previous quarter. Meanwhile, Canada recorded a growth rate of 2.36%, an increase of 0.48 p.p. from the third quarter. The growth rate in Latin America reached 2.43% in 4Q24. As for inflation, the U.S. experienced an increase from the previous quarter, reaching 2.74%. The average inflation rate in Latin America was 3.18%, excluding Argentina's high rate, which reached 154.36%. In terms of unemployment, the U.S. saw its unemployment rate fall to 4.13%, whereas Canada's rate increased to 6.73%. In Latin America, the average unemployment rate was 6.19%, reflecting a slight decrease compared to 3Q24. Most countries followed this downward trend, except for Costa Rica and Chile, where unemployment rose.
- ▶ In the Asia region, China recorded a growth rate of 5.40% in the fourth quarter of 2024, marking a year-on-year increase from 5.30% in 4Q23. Japan maintained its positive trend from the previous quarter, reaching 1.20%. Meanwhile, Turkey reversed its previous downward trend, with growth rising to 2.40% compared to the previous quarter. The inflation rate declined in China, Japan and Turkey, continuing the downward trend observed in earlier periods. Additionally, the unemployment rate in all three countries experienced a slight decrease compared to the previous quarter.
- ▶ During the fourth quarter of 2024, South Africa's GDP grew compared to the previous quarter, reaching 0.79%. Inflation continued its downward trend, registering 2.81% in the fourth quarter of the year, compared to 4.24% in the previous quarter. The unemployment rate remained high at 31.90%. In Australia, GDP increased by 0.50 p.p. from 3Q24, reaching 1.27% in 4Q24. The CPI continued its downward trend, standing at 2.42%. The unemployment rate improved by 0.13 p.p. compared to 3Q24, reaching 4.01%.

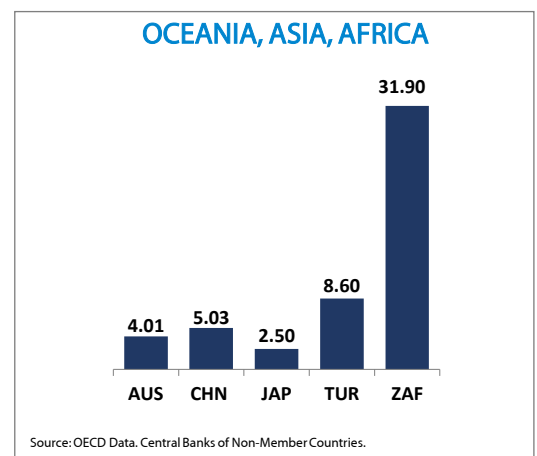
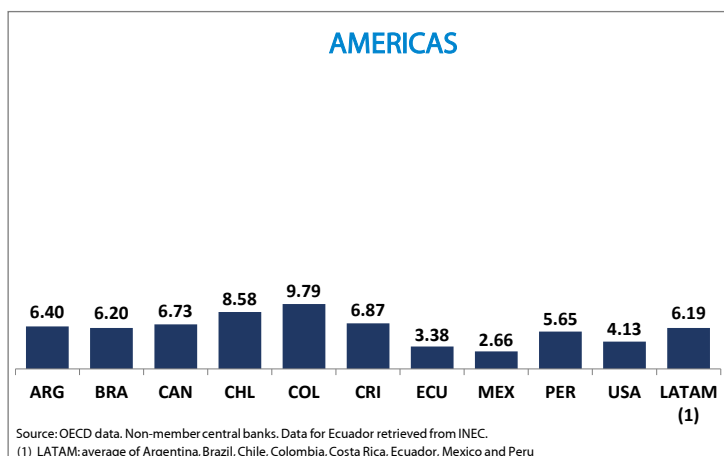
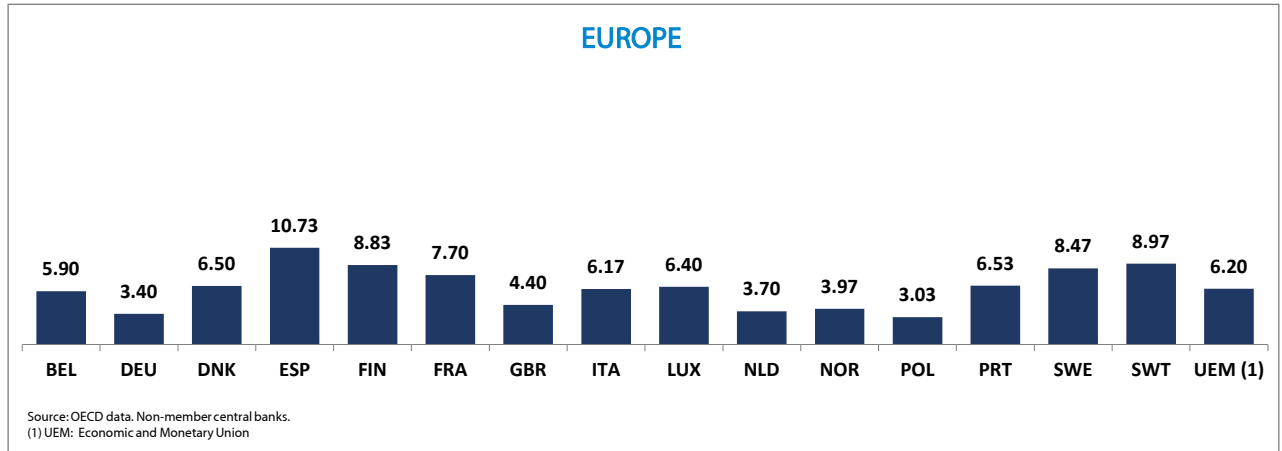
Macroeconomic forecasts and key risks

- ▶ The International Monetary Fund projects stable global economic growth of 3.3% in both 2025 and 2026. The U.S. leads among advanced economies with a 2025 growth forecast of 2.7%, driven by strong domestic demand and favorable financial conditions. In contrast, the euro area is expected to grow only 1.0%, hindered by weak manufacturing and geopolitical tensions. In Asia, China is projected to grow by 4.6%, slightly higher than previous estimates, and in Latin America, growth is forecast at 2.5%, despite slowdowns in the region's largest economies. Moreover, global inflation continues to decline, largely due to falling oil prices, though prices for other goods such as food are projected to rise in 2025.
- ▶ Short-term risks are divergent—tilted upward in the U.S. but downward in other regions—while medium-term risks are broadly to the downside globally. Trade tensions, political uncertainty, and potential monetary disruptions pose significant threats to future economic stability.
- ▶ The OECD is less optimistic and projects that global GDP growth will slow to 3.1% in 2025 and 3.0% in 2026. This deceleration is attributed to rising trade barriers, political and geopolitical uncertainty, and weaker momentum in investment and consumption. In the U.S. growth is expected to fall to 2.2% in 2025, and China is projected to grow by 4.8% in 2025. In the euro area it is projected to reach only 1.0%, in line with the IMF's projections. In terms of prices, the OECD affirms that inflation is expected to fall but remain elevated, though core inflation would stay above target in several countries.
- ▶ Regarding risks, major threats include trade fragmentation and tighter monetary policy if inflation persists. On the other hand, agreements to reduce tariffs, improvements in the political environment, or higher public spending could boost growth. The OECD stresses the importance of structural reforms and international cooperation to mitigate these risks and enhance long-term productivity.

GDP (% , year-on-year growth)



Unemployment rate (%)

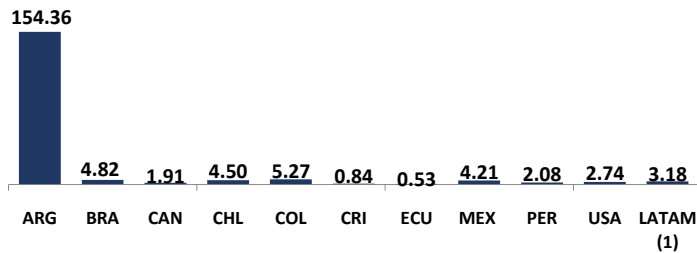


Inflation rate (%)

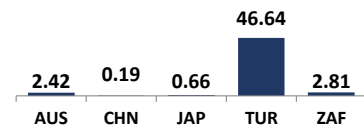
EUROPE



AMERICAS



OCEANIA, ASIA, AFRICA



Global Ratings and Exchange Rates

LONG-TERM RATES 4Q24

	MOODY'S	S&P	Fitch
EUROPE			
BEL	Aa3	AA	AA-
DEU	Aaa	AAA	AAA
DNK	Aaa	AAA	AAA
ESP	Baa1	A	A-
FIN	Aa1	AA+	AA+
FRA	Aa3	AA-	AA-
ITA	Baa3	BBB	BBB
LUX	Aaa	AAA	AAA
NLD	Aaa	AAA	AAA
NOR	Aaa	AAA	AAA
POL	A2	A-	A-
PRT	A3	A-	BBB+
GBR	Aa3	AA	AA-
SWE	Aaa	AAA	AAA
SWT	Aaa	AAA	AAA
AFRICA			
ZAF	Ba2	BB-	BB-
OCEANIA			
AUS	Aaa	AAA	AAA
ASIA			
CHN	A1	A+	A+
JAP	A1	A+	A
TUR	B1	BB-	B
AMERICAS			
ARG	Ca	CCC	C
BRA	Ba1	BB	BB
CAN	Aaa	AAA	AA+
CHL	A2	A	A-
COL	Baa2	BB+	BB+
CRI	Ba3	BB-	BB-
ECU	Caa3	B-	B-
MEX	Baa2	BBB	BBB-
PER	Baa1	BBB-	BBB
USA	Aaa	AA+	AAA

▲ Increased from 3Q24

▼ Decreased from 3Q24

Source: Investing

EXCHANGE RATES 4Q24 (\$¹)

EUROPE	4Q23	1Q24	2Q24	3Q24	4Q24	2025
EUR	0.93	0.92	0.93	0.91	0.94	0.95
CHF	1.13	1.14	0.90	0.87	0.88	0.89
DKK	6.93	6.87	6.93	6.79	7.00	7.08
NOK	10.81	10.51	10.75	10.70	11.02	11.16
SEK	10.65	10.39	10.68	10.42	10.78	10.98
GBP	0.81	0.79	0.79	0.77	0.78	0.79
PLN	4.10	3.99	3.99	3.90	4.03	4.12
AMERICAS	4Q23	1Q24	2Q24	3Q24	4Q24	2025
ARG	443.71	833.91	885.25	940.59	999.45	998.25
BRL	4.96	4.95	5.21	5.55	5.84	5.79
CLP	895.36	945.96	933.72	903.11	963.71	973.93
COP	4,064.32	3,913.15	3,923.29	4,904.54	4,348.68	4,484.94
PER	3.77	3.74	3.73	3.47	3.75	3.81
MXN	17.54	16.97	17.23	18.93	20.07	20.41
AFRICA	4Q23	1Q24	2Q24	3Q24	4Q24	2025
ZAR	18.73	18.87	18.56	17.97	17.90	18.21
OCEANIA	4Q23	1Q24	2Q24	3Q24	4Q24	2025
AUS	1.54	1.52	1.52	1.49	1.53	1.55
ASIA	4Q23	1Q24	2Q24	3Q24	4Q24	2025
RMB	7.22	7.19	7.24	7.16	7.19	7.23
TRY	28.55	30.90	32.35	33.50	34.52	34.33

Source: Investing, OECD projections, December 2024.

(1) The base currency used is the U.S. dollar against each local currency quoted

2. Nordics: Denmark

Danish GDP grew by 4.12% in 4Q24, despite challenges in household consumption, and a decrease in external demand. Projections for 2025 suggest moderate growth, dependent on domestic demand recovery and inflation control. CPI rose to 1.71%, indicating rising price pressures, with inflation expected to increase in the coming year.

Main Macroeconomic Indicators (%)

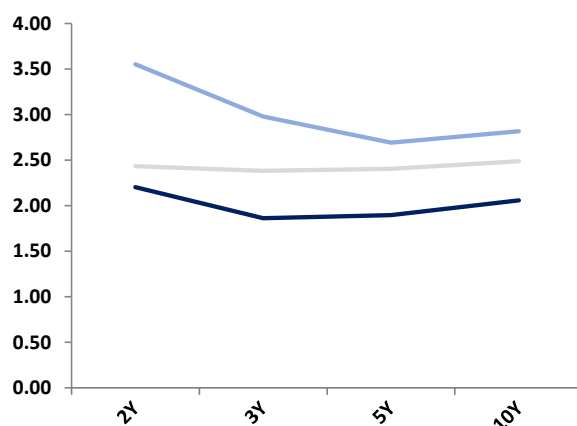
ACTIVITY	4Q23	1Q24	2Q24	3Q24	4Q24	Var. p.p.3Q24	Var. p.p.4Q23	2025	2026
GDP	4.67	2.41	3.95	3.76	4.12	0.36	-0.55	2.49	1.70
DOMESTIC DEMAND	-5.26	-2.00	-0.49	-1.31	1.31	2.62	6.57	1.99	1.60
HOUSEHOLD CONSUMPTION	3.10	1.35	0.34	1.47	0.31	-1.16	-2.79	1.50	1.73
PUBLIC CONSUMPTION	-0.43	1.51	-0.25	1.54	4.44	2.90	4.87	2.52	1.04
CAPITAL FORMATION	-19.25	-2.70	-2.04	-2.24	7.02	9.26	26.27	2.16	1.90
EXTERNAL DEMAND									
EXPORTS	16.85	8.14	9.30	7.07	6.13	-0.94	-10.72	3.76	3.34
IMPORTS	3.37	3.30	2.86	-0.59	1.46	2.05	-1.91	2.84	3.51
INFLATION									
CPI	0.46	0.97	1.57	1.24	1.71	0.47	1.25	2.05	1.98
LABOUR MARKET									
UNEMPLOYMENT RATE	5.97	5.90	6.10	6.20	6.50	0.30	0.53	6.14	5.99
EMPLOYMENT ⁽¹⁾	0.90	0.67	0.71	0.58	1.01	0.43	0.11	1.47	2.00

⁽¹⁾The employment variable represents the year-on-year change in employment growth.

Source: Organization for Economic Co-operation and Development (OECD). OECD projections, December 2024.

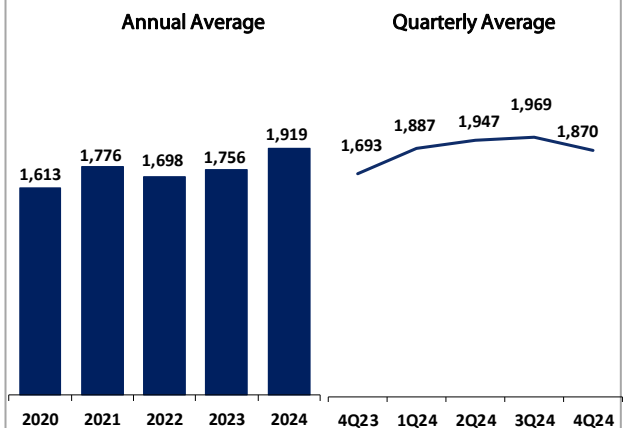
- ▶ In 4Q24, Denmark's economy grew by 4.12%, a 0.36 p.p. increase from the previous quarter but 0.55 p.p. below the year-ago level. Growth was driven by domestic demand, particularly capital formation (+7.02%) and public spending (+4.44%), while household consumption slowed to 0.31%, hinting at weaker consumer confidence. Exports declined both annually and quarterly, reaching 6.13% amid weaker foreign demand, and imports rose by 1.46%, slightly affecting the trade balance. Inflation reached 1.71%, up 0.47 p.p. from 3Q24, indicating rising price pressures.
- ▶ The labor market presented mixed signals, with the unemployment rate rising to 6.50%, while employment increased by 1.01%. In financial markets, the Treasury yield curve remained low compared to the same quarter in previous years, and the OMXC25 index dropped slightly to 1,870 after peaking at 1,969 in 3Q24.
- ▶ In its 4Q23 forecast, the OECD projected GDP growth of 1.15% for 2024; however, actual growth outperformed expectations, reaching 4.12% in 4Q24. Inflation was lower than anticipated, with the CPI at 1.71% versus the projected 2.78%. On the other hand, the unemployment rate rose above expectations, coming in at 6.50% compared to the forecasted 5.52%. Looking ahead, GDP growth is projected at 2.49% in 2025 and 1.70% in 2026.

Treasury Yield Curves Rates (%)



Source: Investing

OMXC25



Source: Investing

Nordics: Finland

In 4Q24, Finland's GDP grew by 0.84%, driven by improving domestic demand. However, household consumption and capital formation fell, while inflation remained below the target. The unemployment rate increased, and employment growth weakened, reflecting ongoing labor market challenges.

Main Macroeconomic Indicators (%)

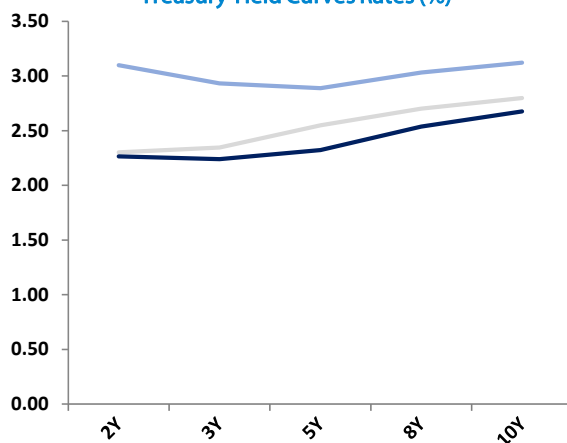
ACTIVITY	4Q23	1Q24	2Q24	3Q24	4Q24	Var. p.p.3Q24	Var. p.p.4Q23	2025	2026
GDP	-1.10	-1.16	-1.12	0.85	0.84	-0.01	1.94	1.63	1.74
DOMESTIC DEMAND	-3.61	1.91	-4.32	-1.36	1.07	2.43	4.68	1.70	1.91
HOUSEHOLD CONSUMPTION	0.65	1.08	-0.89	0.15	-0.69	-0.84	-1.34	1.76	1.72
PUBLIC CONSUMPTION	3.27	0.82	-0.54	4.92	1.64	-3.28	-1.63	0.69	0.35
CAPITAL FORMATION	-11.11	-1.26	-11.50	-10.52	-5.03	5.49	6.08	3.38	4.25
EXTERNAL DEMAND									
EXPORTS	-1.87	-6.89	1.95	3.56	1.93	-1.63	3.80	4.03	2.79
IMPORTS	-6.87	-3.07	-3.96	-0.43	-2.29	-1.86	4.58	3.55	3.20
INFLATION									
CPI	3.90	2.80	1.55	1.00	0.93	-0.07	-2.97	1.84	1.77
LABOUR MARKET									
UNEMPLOYMENT RATE	7.57	8.00	8.30	8.50	8.83	0.33	1.26	8.02	7.65
EMPLOYMENT ⁽¹⁾	-0.13	-0.09	-0.87	-0.33	-1.25	-0.92	-1.12	1.47	2.00

⁽¹⁾ The employment variable represents the year-on-year change in employment growth.

Source: quarterly data extracted from the Organization for Economic Cooperation and Development (OECD) as of March 6th, 2025. The series for the other quarters have also been updated in the database as of March 6th, 2025, to ensure consistency. OECD projections, Dec 2024.

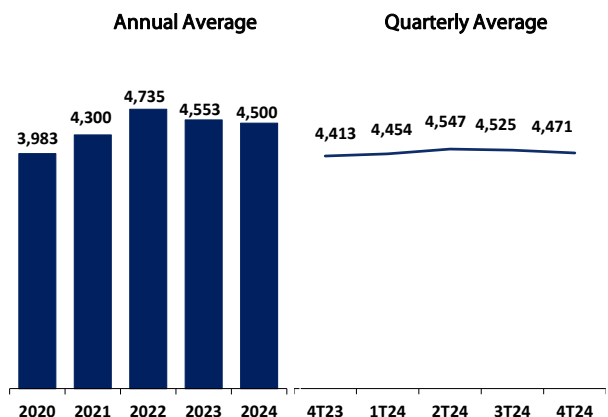
- ▶ In 4Q24, Finland's GDP grew modestly by 0.84%, driven largely by a 1.07% increase in domestic demand, particularly from a 1.64% rise in public consumption. Conversely, household consumption dropped by 0.69%, reflecting weakened consumer confidence amidst a rising unemployment rate. Private sector investment declined to 5.03%, yet signs of improving financing conditions suggest potential for recovery.
- ▶ Inflation was relatively subdued at 0.93%, benefiting from lower energy prices and reduced tax pressures. Meanwhile, the employment scenario was less favorable, with unemployment reaching 8.83% and employment decreasing by 1.25%, highlighting persistent economic uncertainties.
- ▶ OECD projections made in 4Q23 anticipated GDP growth of 0.91% for 2024. The 4Q24 figure has been slightly lower at 0.84%. Inflation was below expected, at 0.93% compared to the projected 2.20%. However, the labor market underperformed, with the unemployment rate rising to 8.83%, above the forecasted 7.40%.
- ▶ Looking ahead to 2025, the Finnish economy is expected to grow by 1.63%. Anticipated lower interest rates and a strengthening global demand are likely to boost export activities and invigorate investment, potentially accelerating Finland's economic recovery.

Treasury Yield Curves Rates (%)



Source: Investing

OMXH25



Source: Investing

Nordics: Norway

In 4Q24, Norway's GDP contracted by 0.20%, driven by declining external demand and weak capital formation. Household consumption showed resilience despite a contraction in the labor market, supporting modest domestic demand growth amid easing inflation pressures.

Main Macroeconomic Indicators (%)

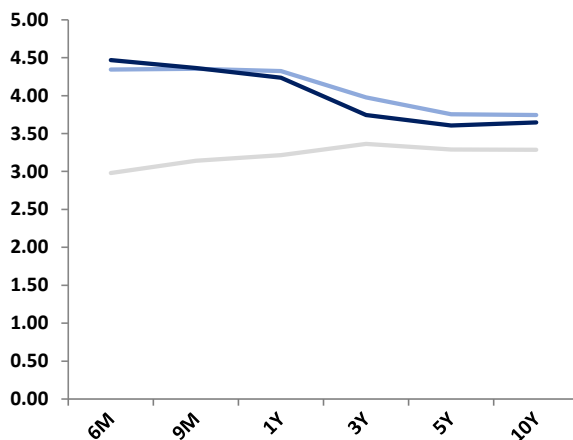
ACTIVITY	4Q23	1Q24	2Q24	3Q24	4Q24	Var. p.p.3Q24	Var. p.p.4Q23	2025	2026
GDP	1.23	1.34	4.09	3.24	-0.20	-3.44	-1.43	1.67	0.98
DOMESTIC DEMAND	-3.80	-1.38	-2.32	3.01	0.15	-2.86	3.95	1.39	1.98
HOUSEHOLD CONSUMPTION	-5.59	0.12	1.45	1.56	1.27	-0.29	6.86	1.85	2.21
PUBLIC CONSUMPTION	3.37	3.14	2.56	2.34	1.79	-0.55	-1.58	2.11	1.23
CAPITAL FORMATION	1.32	-5.82	-1.33	1.73	-2.09	-3.82	-3.41	3.12	2.48
EXTERNAL DEMAND									
EXPORTS	3.41	3.73	10.93	5.96	2.18	-3.78	-1.23	3.16	0.33
IMPORTS	-5.69	-1.03	0.82	8.41	5.85	-2.56	11.54	2.54	2.79
INFLATION									
CPI	4.53	4.36	3.08	2.79	2.38	-0.41	-2.15	2.64	2.29
LABOUR MARKET									
UNEMPLOYMENT RATE	3.67	3.97	4.17	3.93	3.97	0.04	0.30	4.08	4.11
EMPLOYMENT ⁽¹⁾	0.97	0.10	0.55	0.69	0.82	0.13	-0.15	1.47	2.00

(1) The employment variable represents the year-on-year change in employment growth. Employment data extracted from SSB Norway

Source: quarterly data extracted from the Organization for Economic Cooperation and Development (OECD) as of March 10th, 2024. The series for the other quarters have also been updated in the database as of March 10th, 2024, to ensure consistency. OECD projections, December 2024.

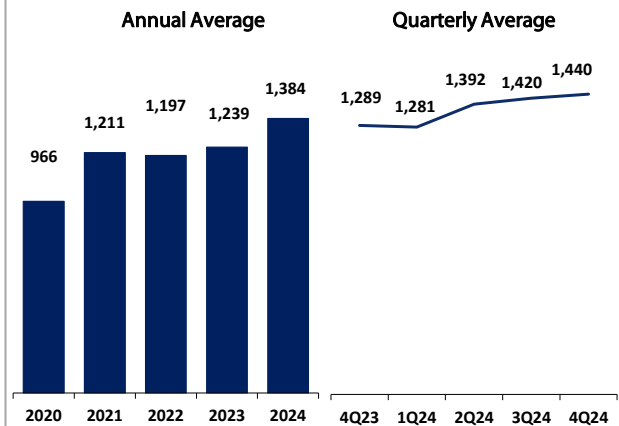
- ▶ In 4Q24, Norway's GDP declined by 0.20%, marking a contraction of 3.44 p.p. compared to 3Q24. This downturn reflects weaker external demand, as exports fell by 1.23 p.p. compared to 4Q23, impacted by slower global growth and persistent uncertainty in international trade. Imports, however, increased by 11.54 p.p., suggesting stable domestic consumption despite external headwinds. Household consumption grew by 1.27%, showing resilience supported by a gradual easing in inflation, which declined to 2.38%. Public consumption also contributed positively, with a 1.79% increase, though lower than in previous periods. Investment remains a drag on growth, with capital formation falling by 2.09%.
- ▶ The labor market remained robust, with the unemployment rate stable at 3.97% and employment increasing by 0.82%, primarily driven by the services and public sectors. With inflation moving towards the 2% target, Norges Bank signals a cautious monetary approach, potentially cutting interest rates in 2025.
- ▶ In 4Q23, the OECD projected GDP growth of 0.75% for 2024, but contrary to expectations, the economy contracted by 0.20% in 4Q24. Inflation was lower than expected, with the CPI at 2.38% versus a forecast of 3.95%. The unemployment rate slightly exceeded projections, reaching 3.97% compared to the expected 3.85%. Looking ahead, GDP growth is forecast at 1.67% for 2025 and 0.98% for 2026.

Treasury Yield Curves Rates (%)



Source: Investing

OSEBX GR



Source: Investing

Nordics: Sweden

In 4Q24, Sweden's economy showed signs of expansion, with GDP growing by 2.33%, primarily driven by strong external demand and a rebound in capital formation. Inflation continued to decline, while the labor market remained relatively stable compared with other Nordics countries.

Main Macroeconomic Indicators (%)

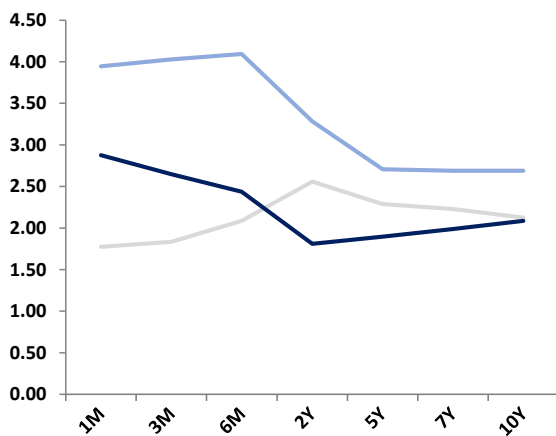
ACTIVITY	4Q23	1Q24	2Q24	3Q24	4Q24	Var. p.p.3Q24	Var. p.p.4Q23	2025	2026
GDP	-0.11	-0.05	0.54	0.97	2.33	1.36	2.44	1.83	2.80
DOMESTIC DEMAND	-2.20	0.21	-1.40	1.37	1.94	0.57	4.14	1.77	2.90
HOUSEHOLD CONSUMPTION	-0.81	0.52	-0.13	0.50	0.51	0.01	1.32	2.00	3.34
PUBLIC CONSUMPTION	1.65	1.36	1.06	1.48	0.84	-0.64	-0.81	1.70	1.46
CAPITAL FORMATION	-1.22	-1.64	-2.39	-1.92	1.31	3.23	2.53	2.00	3.60
EXTERNAL DEMAND									
EXPORTS	3.30	0.67	3.28	2.71	2.79	0.08	-0.51	1.95	3.30
IMPORTS	-0.32	1.21	-0.20	3.62	2.09	-1.53	2.41	1.84	3.52
INFLATION									
CPI	5.55	4.67	3.39	2.04	1.31	-0.73	-4.24	0.84	1.91
LABOUR MARKET									
UNEMPLOYMENT RATE	8.13	8.20	8.27	8.53	8.47	-0.06	0.34	8.34	8.11
EMPLOYMENT ⁽¹⁾	0.64	-0.49	-0.42	-0.75	-0.56	0.19	-1.20	1.47	2.00

⁽¹⁾ The employment variable represents the year-on-year change in employment growth.

Source: quarterly data extracted from the Organization for Economic Cooperation and Development (OECD) as of March 6th 2025. The series for the other quarters have also been updated in the database as of March 6th, 2025, to ensure consistency. OECD projections, Dec 2024.

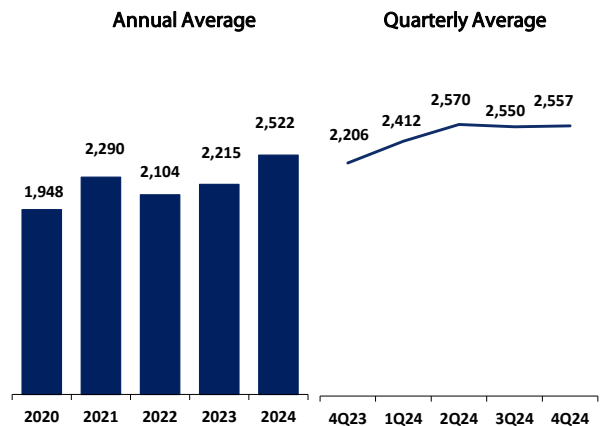
- Sweden's GDP growth in 4Q24 reflected a notable expansion, standing at 2.33%, with a 2.44 p.p. increase from 4Q23 (-0.11%), driven by an increase in exports (2.79%) and a solid rebound in capital formation (1.31%), indicating a rise in business investments and infrastructure spending. Despite overall economic growth, household consumption remained moderate at 0.51%, while public consumption slowed to 0.84%, reflecting a more cautious fiscal stance. Inflation fell sharply from 5.55% in 4Q23 to 1.31% in 4Q24, reflecting greater price stability driven by easing supply pressures and tighter monetary policy.
- The labor market remained steady, with unemployment at 8.47%—up 0.34 p.p. year-on-year—while employment declined by 0.56%, though slightly improved from the previous quarter. A gradual labor market recovery is expected in 2025 as economic conditions improve.
- According to OECD projections from 4Q23, GDP growth for 2024 was expected at 0.86%, while actual growth reached 2.33%, outperforming expectations. Inflation came in well below the projected 3.81%, with the CPI at 1.31%. However, the unemployment rate slightly exceeded forecasts, rising to 8.47% compared to the expected 8.30%. For 2025, GDP growth is expected to be 1.83%, with 2.80% projected for 2026.

Treasury Yield Curves Rates (%)



Source: Investing

OMXS30



Source: Investing

3. Banking sector: Denmark

During the fourth quarter, the total loans growth rate of the Danish banking sector increased year-on-year, while the total deposits growth rate declined over the same period. Both the cost-to-income ratio and the NPL ratio improved compared to 4Q23. The coverage ratio declined in the same comparison. Additionally, LCR improved, while CET 1 and the leverage ratio declined compared to 4Q23. The interest rate increased quarterly by 0.05 p.p., reaching 3.15%.

BANKING SECTOR CONTEXT 4Q24 (%)							
BUSINESS	4Q23	1Q24	2Q24	3Q24	4Q24	Var. p.p. 3Q24	Var. p.p. 4Q23
TOTAL LOANS ⁽¹⁾	-0.30	-3.23	-3.31	-5.20	1.34	6.54	1.64
TOTAL DEPOSITS ⁽¹⁾	2.60	-3.82	-2.10	1.74	1.35	-0.39	-1.24
LTD RATIO	76.97	76.40	75.86	73.19	76.96	3.77	-0.01
EFFICIENCY							
COST-TO-INCOME RATIO	46.55	42.00	42.80	43.20	43.54	0.34	-3.01
EU AVERAGE	55.64	54.61	53.23	52.60	53.80	1.20	-1.84
RISK							
NPL RATIO	1.27	1.27	1.20	1.20	1.25	0.05	-0.03
EU AVERAGE	1.84	1.86	1.86	1.90	1.90	0.00	0.06
COVERAGE RATIO	28.89	29.00	29.60	29.60	23.55	-6.05	-5.33
EU AVERAGE	42.26	41.76	41.99	41.60	41.20	-0.40	-1.06
SOLVENCY							
CET1 ⁽²⁾	18.86	18.78	18.60	19.00	18.60	-0.40	-0.26
LCR	187.07	186.66	201.40	198.00	192.42	-5.58	5.34
LEVERAGE RATIO	5.08	5.00	5.00	5.12	5.01	-0.11	-0.07
DNB INTEREST RATE							
INTEREST RATES	3.60	3.60	3.35	3.10	3.15	0.05	-0.45

(1) The values for loans and deposits reflect their year-on-year growth rates.

(2) CET1 ratio measured as fully-loaded and leverage ratio as fully phased-in definition of Tier 1

Source: Danmarks Nationalbank

- ▶ The Danish banking sector experienced an increase in the total loans growth rate by 1.64 p.p. and 6.54 p.p., compared to 4Q23 and 3Q24, respectively. On the other hand, the total deposits growth rate declined both year-on-year and quarterly by 1.24 p.p. and 0.39 p.p., respectively. The LTD ratio slightly decreased by 0.01 p.p. y-o-y to a 76.96%.
- ▶ Regarding efficiency, the cost-to-income ratio of the Danish banking sector improved by 3.01 p.p. compared to 4Q23, resulting in a total ratio of 43.54%, which remains better than the EU average of 52.80%.
- ▶ Non-performing loans ratio decreased to 1.25%, improving by 0.03 p.p. compared to 4Q23. The NPL EU average worsened compared to 4Q23 by 0.06 p.p., but stayed at 1.90% as the previous quarter. In addition, Danish banking sector's coverage ratio remained below the EU average of 41.60%, worsening annually and quarterly by 5.33 p.p. and 6.05 p.p., respectively.
- ▶ Regarding solvency, CET1 ratio stood at 18.60%, which meant a decrease of 0.40 p.p. and 0.26 p.p., compared to 3Q24 and 4Q23, respectively. During the fourth quarter of 2024, LCR reached 192.42%, improving by 5.34 p.p. compared to 4Q23. Leverage ratio weakened, falling to 5.01%, due to a decrease compared to the same quarter last year (0.07 p.p.), and the previous quarter (0.11 p.p.).
- ▶ During 4Q24, Denmark's National Bank decided to rise the interest rate compared to 3Q24 by 0.05 p.p., standing at 3.15%. DNB increased the interest rate to curb economic activity amid rising inflation and strong growth prospects.

Banking sector: Finland

In 4Q24, total loans and deposits growth rate of the Finnish banking sector decreased compared to 4Q23. The cost-to-income ratio worsened year-on-year but remained better than the EU average. Additionally, NPL and coverage ratio worsened compared to 4Q23. The ECB lowered the interest rate by 0.50 p.p. for the fourth quarter of the year, bringing it to 3.15%.

BANKING SECTOR CONTEXT 4Q24 (%)							
BUSINESS	4Q23	1Q24	2Q24	3Q24	4Q24	Var. p.p. 3Q24	Var. p.p. 4Q23
TOTAL LOANS ⁽¹⁾	2.79	3.85	-1.94	-1.41	0.66	2.07	-2.13
TOTAL DEPOSITS ⁽¹⁾	-7.76	-7.48	-12.73	-4.30	-22.97	-18.67	-15.21
LTD RATIO	89.53	86.79	92.79	93.95	116.99	23.04	27.47
EFFICIENCY							
COST-TO-INCOME RATIO	43.46	42.83	42.29	43.10	44.20	1.10	0.74
EU AVERAGE	55.64	54.61	53.23	52.60	53.80	1.20	-1.84
RISK							
NPL RATIO	1.14	1.17	1.21	1.20	1.20	0.00	0.06
EU AVERAGE	1.84	1.86	1.86	1.90	1.90	0.00	0.06
COVERAGE RATIO	26.60	26.86	26.37	26.40	24.00	-2.40	-2.60
EU AVERAGE	42.26	41.76	41.99	41.60	41.20	-0.40	-1.06
SOLVENCY							
CET1 ⁽²⁾	18.39	18.61	19.20	18.00	18.20	0.20	-0.19
LCR	179.86	170.31	173.99	171.10	170.00	-1.10	-9.86
LEVERAGE RATIO	6.11	6.01	6.16	6.10	6.30	0.20	0.19
BCE INTEREST RATE							
INTEREST RATES	4.50	4.50	4.25	3.65	3.15	-0.50	-1.35

(1) The values for loans and deposits reflect their year-on-year growth rates.

(2) CET1 ratio measured as fully-loaded and leverage ratio as fully phased-in definition of Tier 1

Source: European Bank Authority

- ▶ The Finnish banking sector experimented an increase in total loans growth rate, reaching 0.66%. This represented a decrease of 2.13 p.p. over the year, but an increase of 2.07 p.p. compared to the previous quarter. In addition, the growth rate for deposits declined compared to both the previous year and quarter, by 15.21 p.p. and 18.67 p.p., respectively, remaining in negative rate (-22.97%). LTD ratio rose by 27.47 p.p. compared to 4Q23, standing at 116.99%.
- ▶ Finland's cost-to-income ratio decreased year-on-year by 0.74 p.p., to a level of 44.20%. Moreover, the cost to income ratio in Finland continues being stronger than the EU average (53.80%).
- ▶ In terms of risk, Finland's NPL ratio worsened by 0.06 p.p. compared to 4Q23, reaching 1.20%. However, the NPL ratio of Finland was still better than the EU average of 1.90%, which also deteriorated year-on-year by 0.06 p.p. The coverage ratio declined by 2.60 p.p. compared to 4Q23, reaching 24.00%, which is 17.20 p.p. below the EU average of 41.20%.
- ▶ Regarding solvency, the banking sector recorded an 18.20% CET1 ratio, improving compared to 3Q24 by 0.20 p.p., but worsening compared to 4Q23 by 0.19 p.p. The LCR worsened year-on-year by 9.86 p.p., and by 1.10 p.p. compared to the previous quarter, reaching 170%. Moreover, the leverage ratio rose to 6.30%, increasing by 0.20 p.p. and 0.19 p.p. compared to 3Q24 and 4Q23, respectively.
- ▶ In the last quarter of 2024, the ECB decided to lower the interest rate to 3.15%, to mitigate the risks of economic stagnation and support growth as inflationary pressures eased.

Banking sector: Norway

Lo pondria así The Norwegian banking sector saw a slowdown in the growth rate of loans and deposits compared to 4Q23. Additionally, the cost-to-income ratio deteriorated on a year-over-year basis. On the other hand, NPL ratio outperformed the EU average in 4Q24, while coverage ratio remained below the EU average level. Additionally, the interest rate remained at 4.50% as per decision of the Norwegian Central Bank.

BUSINESS	BANKING SECTOR CONTEXT 4Q24 (%)					Var. p.p. 3Q24	Var. p.p. 4Q23
	4Q23	1Q24	2Q24	3Q24	4Q24		
TOTAL LOANS ⁽¹⁾	5.81	2.29	1.74	3.17	4.01	0.84	-1.80
TOTAL DEPOSITS ⁽¹⁾	2.03	1.46	2.21	2.98	-1.62	-4.60	-3.66
LTD RATIO	96.46	92.18	94.65	96.48	101.98	5.50	5.52
EFFICIENCY							
COST-TO-INCOME RATIO	36.99	38.73	38.30	37.97	38.43	0.46	1.44
EU AVERAGE	55.64	54.61	53.23	52.60	53.80	1.20	-1.84
RISK							
NPL RATIO	1.05	0.84	0.88	0.88	0.91	0.03	-0.14
EU AVERAGE	1.84	1.86	1.86	1.90	1.90	0.00	0.06
COVERAGE RATIO	23.22	25.20	24.08	24.19	22.68	-1.51	-0.54
EU AVERAGE	42.26	41.76	41.99	41.60	41.20	-0.40	-1.06
SOLVENCY							
CET1 ⁽²⁾	18.17	18.77	18.76	18.82	19.09	0.27	0.92
LCR	150.06	142.34	138.90	130.05	151.40	21.35	1.34
LEVERAGE RATIO	6.83	6.35	6.60	6.48	6.98	0.50	0.15
NB INTEREST RATE							
INTEREST RATES	4.50	4.50	4.50	4.50	4.50	0.00	0.00

(1) The values for loans and deposits reflect their year-on-year growth rates.

(2) CET1 ratio measured as fully-loaded and leverage ratio as fully phased-in definition of Tier 1

Source: Norges Bank.

- ▶ During 4Q24, the year-on-year growth rate for loans declined, recording a 4.01%, which meant a decrease of 1.80 p.p. compared to the same quarter of the previous year. However, the loans growth rate increased by 0.84 p.p. compared to the previous quarter. On the other hand, the deposits growth rate declined both annually and quarterly by 3.66 p.p. and 4.60 p.p., respectively. The LTD ratio increased by 5.52 p.p. compared to 4Q23, reaching 101.98%.
- ▶ The cost-to-income ratio of the Norwegian banking sector worsened by 1.44 p.p. compared to the same quarter of the previous year, reaching 38.43%. Despite this, the cost to income ratio in Norway continues being stronger than the EU average (53.80%).
- ▶ The NPL ratio improved by 0.14 p.p. in comparison to the same quarter of the previous year, reaching 0.91%, which remains below the EU average of 1.90%. The coverage ratio for Norwegian banks remained below the EU average of 41.20%, worsening by 0.54 p.p. and 1.51 p.p. compared to 4Q23 and 3Q24, respectively.
- ▶ Regarding solvency, CET1 increased both annually and quarterly, by 0.92 p.p. and 0.27 p.p., respectively, reaching 19.09%. Furthermore, both the LCR and leverage ratio improved compared to 4Q23, increasing by 1.34 p.p. and 0.15 p.p., respectively. Moreover, LCR recorded a quarterly improvement of 21.35 p.p., and the leverage ratio increase by 0.50 p.p. in the same comparison.
- ▶ Norges Bank (NB) decided to keep interest rates at 4.50% during 4Q24 in order to address inflation, despite the decision of the ECB to cut interest rates by 0.50 p.p. this quarter.

Banking sector: Sweden

The Swedish banking sector experienced an increase in year-on-year growth rates of loans and deposits. Meanwhile, the cost-to-income ratio worsened compared to 4Q23, as did all risk indicators. Regarding solvency, CET1 ratio decreased, while LCR and leverage ratio improved annually. Sveriges Riksbank decided to lower the interest rates to 3.00%, decreasing by 0.50 p.p. compared to the previous quarter.

BANKING SECTOR CONTEXT 4Q24 (%)							
BUSINESS	4Q23	1Q24	2Q24	3Q24	4Q24	Var. p.p. 3Q24	Var. p.p. 4Q23
TOTAL LOANS ⁽¹⁾	-7.02	3.83	2.93	7.15	8.12	0.97	15.14
TOTAL DEPOSITS ⁽¹⁾	0.17	0.34	-0.37	0.57	6.76	6.19	6.59
LTD RATIO	182.15	178.70	177.90	178.50	177.90	-0.60	-4.25
EFFICIENCY							
COST-TO-INCOME RATIO	39.50	41.39	43.45	42.40	43.92	1.52	4.42
EU AVERAGE	55.64	54.61	53.23	52.60	53.80	1.20	-1.84
RISK							
NPL RATIO	0.30	0.32	0.32	0.40	0.40	0.00	0.10
EU AVERAGE	1.84	1.86	1.86	1.90	1.90	0.00	0.06
COVERAGE RATIO	29.29	28.18	26.24	25.80	25.07	-0.73	-4.22
EU AVERAGE	42.26	41.76	41.99	41.60	41.20	-0.40	-1.06
SOLVENCY							
CET1 ⁽²⁾	18.85	18.85	19.16	19.40	18.71	-0.69	-0.14
LCR	177.61	166.92	165.52	158.60	195.37	36.77	17.76
LEVERAGE RATIO	5.62	5.27	5.30	5.30	5.68	0.38	0.06
SVERIGES RIKSBANK							
INTEREST RATES	4.00	4.00	3.75	3.50	3.00	-0.50	-1.00

(1) The values for loans and deposits reflect their year-on-year growth rates.
 (2) CET1 ratio measured as fully-loaded and leverage ratio as fully phased-in definition of Tier 1
 Source: European Bank Authority and Statistikdatabasen.

- During the fourth quarter of 2024, both loans and deposits growth rates increased compared to the same quarter of the previous year, by 15.14 p.p. and 6.59 p.p., respectively. Compared to the prior quarter, both loans and deposits growth rates also rose by 0.97 p.p. and 6.19 p.p., respectively. LTD ratio decreased by 4.25 p.p. year-on-year, reaching 177.90%.
- Regarding efficiency, the cost-to-income ratio worsened by 4.42 p.p. compared to the fourth quarter of 2023, reaching 43.92%. Despite the deterioration, the Swedish banking sector remained more efficient than the EU average of 53.80%, which improved by 1.84 p.p. compared to 4Q23.
- All risk indicators worsened annually. The NPL ratio remained stable compared to the previous quarter but deteriorated by 0.10 p.p. compared to 4Q23. Still, Swedish banks reported a better NPL ratio (0.40%) than the EU average (1.90%). The coverage ratio (25.07%) worsened both annually and quarterly by 4.22 p.p. and 0.73 p.p., respectively, remaining below the EU average of 41.20%.
- Regarding the solvency ratios, the CET1 ratio reached 18.71%, worsening by 0.14 p.p. and 0.69 p.p., respectively. On the other hand, LCR and leverage ratio increased annually by 17.76 p.p. and 0.06 p.p., reaching 195.37% and 5.68%, respectively.
- Sveriges Riksbank continued to lower the interest rate, as it did the previous quarter, reducing it to 3.00% - a decrease of 0.50 p.p. from 3Q24. This decision was aimed to stimulate economic growth as inflation slowed and demand remained weak.

4. Glossary

- ▶ **BUSINESS VOLUME:** The business volume is the set of activities that generate income for a bank, formed by financing (loans) plus customer resources (deposits).
- ▶ **CET 1:** Common Equity Tier 1 capital is the highest quality of regulatory capital, as it absorbs losses immediately when they occur.
- ▶ **COVERAGE RATIO:** It is a ratio that informs us about the protection that financial entities have against the unpaid loans of their clients. It is represented as the total provisions that the entity has over the total doubtful loans.
- ▶ **CPI:** The consumer price index is an indicator that measures the variation of prices of a basket of goods and services in a specific location during a certain period of time.
- ▶ **EFFICIENCY RATIO:** It is a ratio that measures the productivity of an entity. It is the result of the quotient between operating expenses and gross margin. In other words, it relates the income obtained with the expenses necessary for its achievement. As a conclusion, an entity will be more efficient the lower its efficiency ratio.
- ▶ **GDP:** Gross Domestic Product (GDP) is an economic indicator that reflects the monetary value of all final goods and services produced by a territory in a certain period of time. It is used to measure the wealth generated by a country.
- ▶ **GM:** Gross Margin.
- ▶ **GM/ATAs:** Gross Margin / Average Total Assets. Gross margin is composed of the set of revenues generated by a financial entity in its activity.
- ▶ **IMF:** International Monetary Fund.
- ▶ **LEVERAGE RATIO:** The Tier 1 leverage ratio measures a bank's core capital relative to its total assets. The numerator consists of the most stable and liquid capital, as well as the most effective at absorbing losses during a financial crisis or recession. The denominator is a bank's total exposures, which include its consolidated assets, derivative exposures and certain off-balance sheet exposures.
- ▶ **LCR (Liquidity Coverage Ratio):** this ratio measures a bank's liquidity. It is calculated as the institution total liquid assets divided by its short-term obligations.
- ▶ **LTD RATIO:** The loan-to-deposit ratio (LDR) is used to evaluate a bank's liquidity by comparing the total loans of a bank with the total deposits during the same period.
- ▶ **NPL RATIO:** The non-performing loans ratio is an indicator used to measure the volume of operations that have been considered non-performing, in relation to the volume of loans and credits granted by said entity.
- ▶ **OE:** Operating Expenses.
- ▶ **OE/ATAs:** Operating Expenses / Average Total Assets. Operating expenses are those that an entity incurs during the exercise of its activity.
- ▶ **OECD:** Organization for Economic Cooperation and Development.
- ▶ **p.p.:** percentage points.
- ▶ **ROA:** An indicator that measures the profitability of a company in relation to its total assets. It indicates the return that is being obtained for its assets. It is calculated as the quotient between profit and total assets. The profit used is that obtained before taxes and interests.
- ▶ **ROE:** Financial profitability is also known as return on equity, which relates the net profits obtained in a given investment operation with the own resources.

5. Appendix

MACROECONOMIC OVERVIEW

- BBVA Research:
<http://www.bbvaresearch.com/KETD/ketd/eps/index.jsp>
- Danmarks Nationalbank:
<http://www.nationalbanken.dk/>
- European Central Bank:
<http://www.ecb.int/ecb/html/index.es.html>
- International Monetary Fund (IMF):
<http://www.imf.org>
- Organisation for Economic Co-operation and Development, OECD:
<http://www.oecd.org/home/>
- Statistics Denmark:
<http://www.statbank.dk/>
- Statistics Finland:
<http://www.stat.fi/>
- Statistisk Sentralbyrå:
<http://www.ssb.no/>
- Statistics Sweden:
<http://www.scb.se/>
- Sveriges Riksbank:
<http://www.riksbank.se/>
- World Bank, WB:
<https://www.worldbank.org/>

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