

# Benelux outlook report

## Fourth quarter of 2024



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

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# 1. 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.***

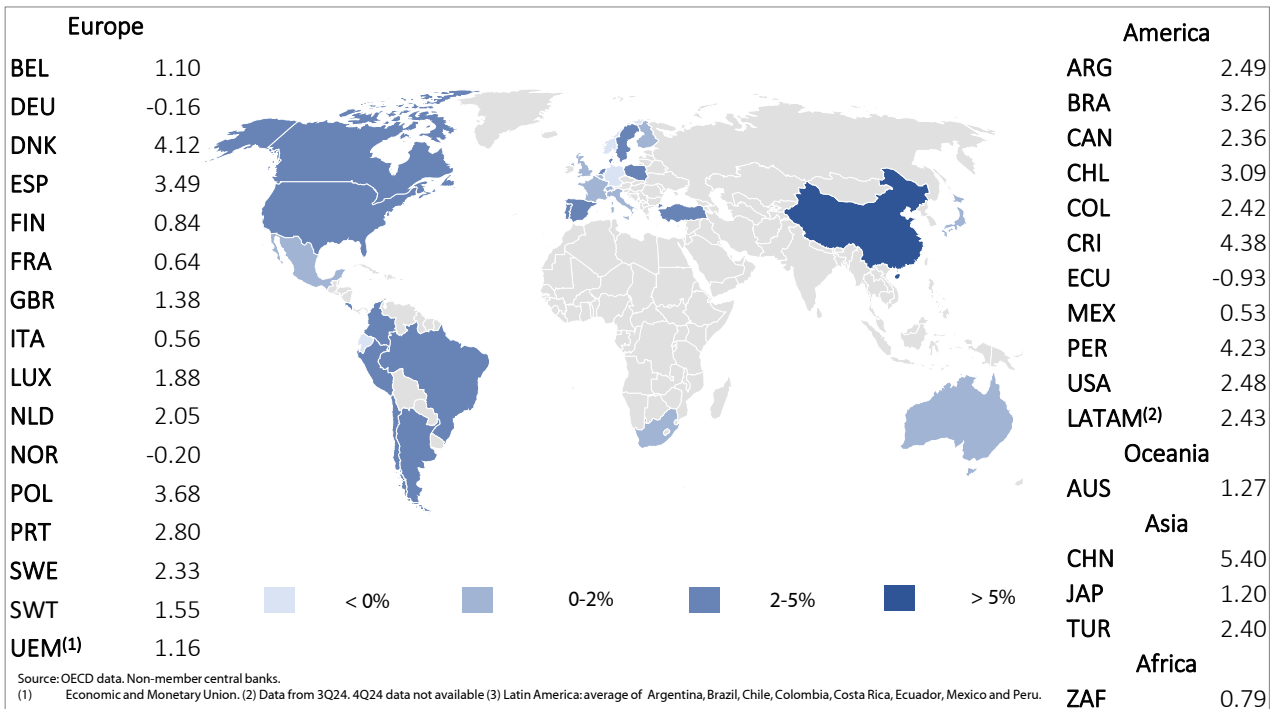
## **Macroeconomic outlook**

- ▶ 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%.

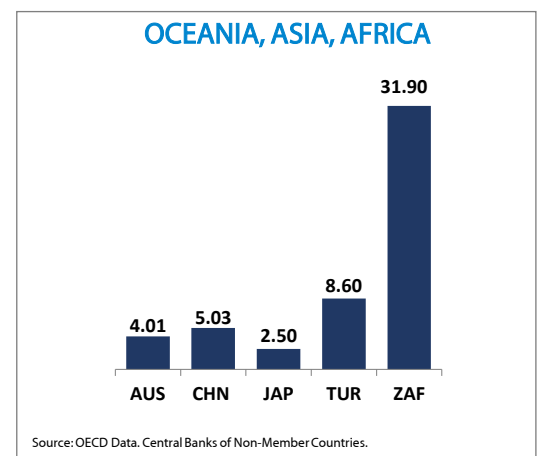
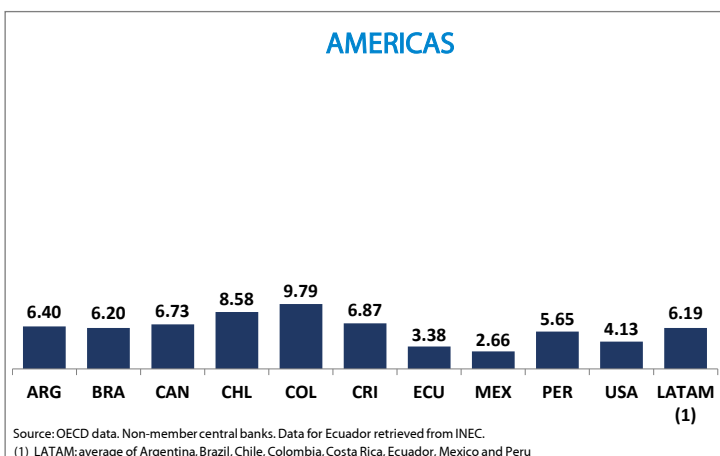
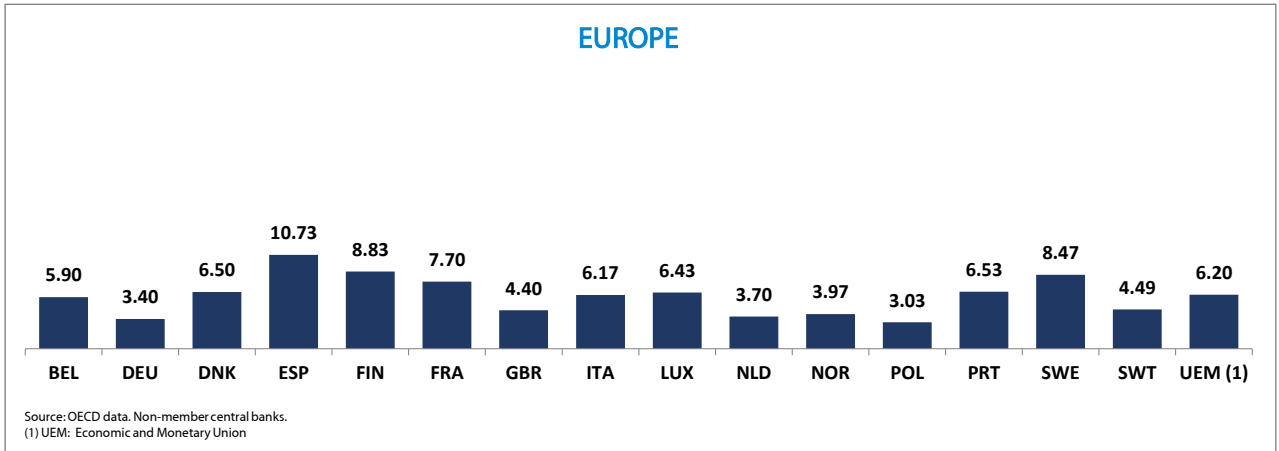
## **Macroeconomic forecasts and key risks**

- ▶ 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 (%)

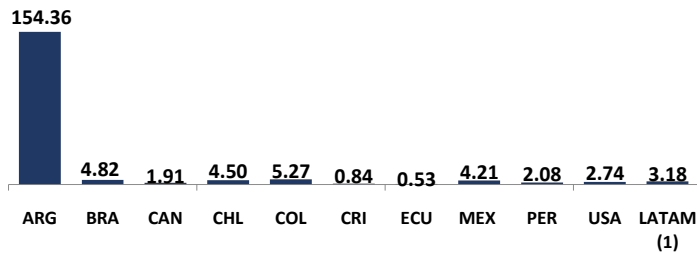


## Inflation rate (%)

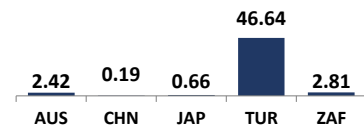
### EUROPE



### AMERICAS



### OCEANIA, ASIA, AFRICA



## Global Ratings and Exchange Rates

### LONG-TERM RATES 4Q24

|                 | MOODY'S | S&P  | Fitch |
|-----------------|---------|------|-------|
| <b>EUROPE</b>   |         |      |       |
| 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   |
| <b>AFRICA</b>   |         |      |       |
| ZAF             | Ba2     | BB-  | BB-   |
| <b>OCEANIA</b>  |         |      |       |
| AUS             | Aaa     | AAA  | AAA   |
| <b>ASIA</b>     |         |      |       |
| CHN             | A1      | A+   | A+    |
| JAP             | A1      | A+   | A     |
| TUR             | B1      | BB-  | B     |
| <b>AMERICAS</b> |         |      |       |
| 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. Macroeconomic view: Belgium

**In 4Q24, Belgium's economy remained stable, supported by strong household consumption and recovering investment, despite weak exports and fiscal adjustments. Unemployment rose, while inflation remained steady, influenced by wage indexation and service costs. Future growth will depend on sustaining domestic demand and adapting to external trade challenges.**

### MAIN MACROECONOMIC INDICATORS (%)

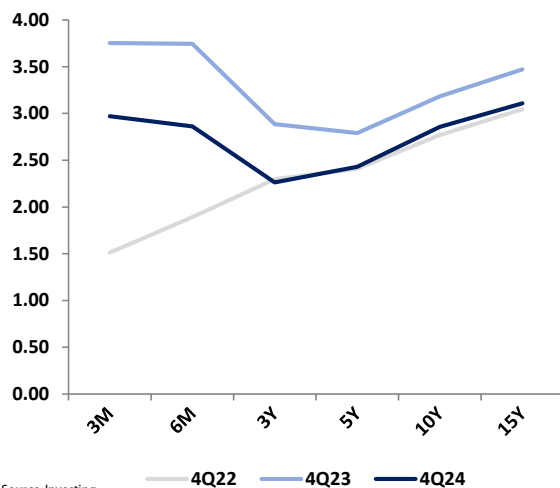
| ACTIVITY                  | 4Q23        | 1Q24        | 2Q24        | 3Q24        | 4Q24        | Var.<br>p.p.3Q24 | Var.<br>p.p.4Q23 | 2025        | 2026        |
|---------------------------|-------------|-------------|-------------|-------------|-------------|------------------|------------------|-------------|-------------|
| <b>GDP</b>                | <b>0.62</b> | <b>0.77</b> | <b>0.91</b> | <b>1.18</b> | <b>1.10</b> | <b>-0.08</b>     | <b>0.48</b>      | <b>1.23</b> | <b>1.45</b> |
| DOMESTIC DEMAND           | -0.55       | -0.47       | 0.65        | 1.10        | 2.23        | 1.13             | 2.78             | 1.89        | 1.40        |
| HOUSEHOLD CONSUMPTION     | 0.74        | 1.06        | 1.31        | 2.35        | 3.08        | 0.73             | 2.34             | 1.28        | 1.78        |
| PUBLIC CONSUMPTION        | 1.38        | 2.66        | 5.10        | 4.03        | 2.98        | -1.05            | 1.60             | 2.25        | 0.65        |
| CAPITAL FORMATION         | -2.70       | -0.12       | 1.40        | -2.28       | 5.15        | 7.43             | 7.85             | 2.74        | 1.30        |
| EXTERNAL DEMAND           |             |             |             |             |             |                  |                  |             |             |
| EXPORTS                   | -10.21      | -5.69       | -3.78       | -2.96       | -3.83       | -0.87            | 6.38             | 0.28        | 2.67        |
| IMPORTS                   | -11.25      | -6.94       | -4.02       | -3.06       | -2.53       | 0.53             | 8.72             | 1.10        | 2.60        |
| <b>INFLATION</b>          |             |             |             |             |             |                  |                  |             |             |
| CPI                       | 0.82        | 2.71        | 3.49        | 3.19        | 3.19        | 0.00             | 2.37             | 2.94        | 2.15        |
| <b>LABOUR MARKET</b>      |             |             |             |             |             |                  |                  |             |             |
| UNEMPLOYMENT RATE         | 5.53        | 5.70        | 5.57        | 5.63        | 5.90        | 0.27             | 0.37             | 5.91        | 5.83        |
| EMPLOYMENT <sup>(1)</sup> | 0.50        | 0.39        | 0.24        | 0.19        | 0.22        | 0.03             | -0.28            | 1.47        | 2.00        |

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

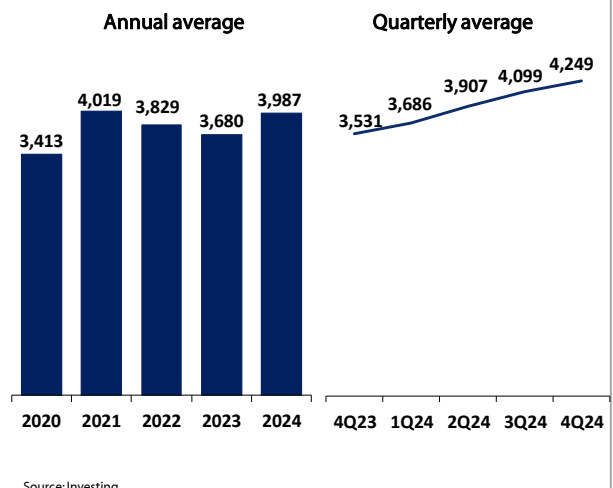
Source: quarterly data extracted from the Organization for Economic Cooperation and Development (OECD) as of March 27th, 2025. The series for the other quarters have also been updated in the database as of March 27th, 2025, to ensure consistency. OECD projections, Dec 2024.

- ▶ Belgium's GDP grew by 1.10% in 4Q24, supported by a robust 2.23% increase in domestic demand. Household consumption rose by 3.08%, driven by improved purchasing power, while capital formation rebounded strongly (5.15%) after a period of weak investment. However, public consumption growth rate decreased on a quarterly basis, standing at 2.98%.
- ▶ On the external front, exports contracted by 3.83%, while imports fell by 2.53%, resulting in a neutral net trade contribution. The decline in exports was influenced by a loss of market share in pharmaceuticals and manufacturing, as well as weaker global demand.
- ▶ Inflation remained at 3.19%, with core inflation still elevated due to persistent wage indexation and rising service costs. The labor market stayed resilient, with unemployment at 5.90% and employment increasing slightly by 0.22%, though regional disparities persist.
- ▶ In 4Q23, GDP was projected to reach 1.11%, which aligned with actual results. However, the CPI and unemployment projections for 2024 were set at 3.01% and 5.66% respectively, but the actual figures were worse than expected. In 2025, economic growth is expected to continue, driven by domestic consumption and investment, though inflation and external trade may affect the outlook.

### TREASURY YIELD CURVES RATES (%)



### BEL 20



# Macroeconomic view: Netherlands

**In 4Q24, the Dutch economy continued its moderate growth, supported by strong capital formation, despite weaker domestic demand and a slowdown in export growth. The labor market experienced a year-over-year increase in the unemployment rate. Future growth will depend on inflation stabilization and a rebound in investment activity.**

## MAIN MACROECONOMIC INDICATORS (%)

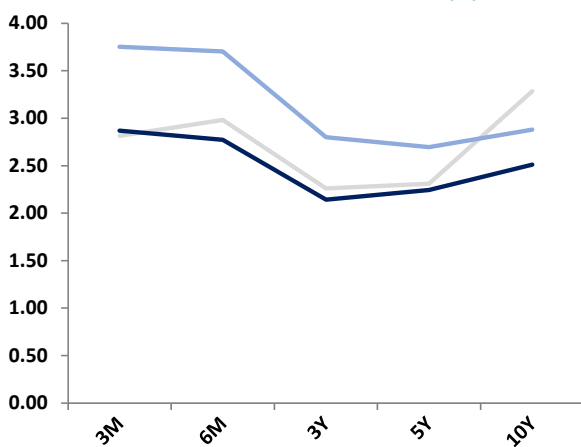
| ACTIVITY                         | 4Q23         | 1Q24         | 2Q24        | 3Q24        | 4Q24        | Var.<br>p.p.3Q24 | Var.<br>p.p.4Q23 | 2025        | 2026        |
|----------------------------------|--------------|--------------|-------------|-------------|-------------|------------------|------------------|-------------|-------------|
| <b>GDP</b>                       | <b>-0.58</b> | <b>-0.61</b> | <b>0.60</b> | <b>1.86</b> | <b>2.05</b> | <b>0.19</b>      | <b>2.63</b>      | <b>1.64</b> | <b>1.56</b> |
| DOMESTIC DEMAND                  | -1.93        | 0.02         | -0.06       | 2.18        | 1.72        | -0.46            | 3.65             | 1.74        | 1.28        |
| HOUSEHOLD CONSUMPTION            | 0.36         | 0.19         | 0.33        | 1.81        | 1.88        | 0.07             | 1.52             | 2.00        | 1.73        |
| PUBLIC CONSUMPTION               | 4.25         | 4.10         | 4.28        | 3.02        | 3.01        | -0.01            | -1.24            | 1.11        | 0.84        |
| CAPITAL FORMATION                | -3.44        | -4.55        | -2.23       | -0.26       | 5.43        | 5.69             | 8.87             | 1.02        | 0.87        |
| EXTERNAL DEMAND                  |              |              |             |             |             |                  |                  |             |             |
| EXPORTS                          | -1.93        | -3.48        | -0.25       | 2.87        | 1.47        | -1.40            | 3.40             | 2.11        | 2.34        |
| IMPORTS                          | -3.58        | -3.13        | -1.18       | 3.41        | 0.93        | -2.48            | 4.51             | 2.33        | 2.13        |
| <b>INFLATION</b>                 |              |              |             |             |             |                  |                  |             |             |
| <b>CPI</b>                       | <b>0.81</b>  | <b>3.02</b>  | <b>2.89</b> | <b>3.58</b> | <b>3.89</b> | <b>0.31</b>      | <b>3.08</b>      | <b>2.66</b> | <b>2.51</b> |
| <b>LABOUR MARKET</b>             |              |              |             |             |             |                  |                  |             |             |
| <b>UNEMPLOYMENT RATE</b>         | <b>3.57</b>  | <b>3.63</b>  | <b>3.63</b> | <b>3.67</b> | <b>3.70</b> | <b>0.03</b>      | <b>0.13</b>      | <b>3.78</b> | <b>3.93</b> |
| <b>EMPLOYMENT <sup>(1)</sup></b> | <b>1.09</b>  | <b>1.11</b>  | <b>1.20</b> | <b>1.06</b> | <b>1.07</b> | <b>0.01</b>      | <b>-0.02</b>     | <b>1.47</b> | <b>2.00</b> |

(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 27th, 2025. The series for the other quarters have also been updated in the database as of March 27th, 2025, to ensure consistency. OECD projections, Dec 2024.

- ▶ The Dutch economy expanded by 2.05% year-on-year in 4Q24, reflecting higher growth compared to previous quarters. This expansion was primarily driven by capital formation (5.43%), which experienced significant growth, as well as household consumption (1.88%), which contributed positively. However, public consumption growth rate declined slightly by 0.01 p.p. compared to 3Q24, reaching 3.01% in 4Q24. Additionally, domestic demand weakened by 0.46 p.p. compared to the prior quarter.
- ▶ In the external sector, export growth slowed down reaching 1.47% in 4Q24, indicating weaker foreign demand, while imports declined from 3.41% in 3Q24 to 0.93% in 4Q24. Inflation increased to 3.89%, rising 0.31 p.p. from 3Q24, driven by rising costs and persistent price pressures. The labor market showed slight changes, with the unemployment rate increasing to 3.70%. Meanwhile, employment saw a modest rise (1.07%), reflecting resilience despite economic uncertainties.
- ▶ As of 4Q23, OECD projections for 2024 estimated GDP growth at 0.52%, CPI at 3.69%, and unemployment at 4.02%. Economic performance has since exceeded expectations for both GDP and employment, while inflation surpassed forecasts. Looking ahead to 2025, GDP growth is expected to ease to 1.64%, with inflation moderating and the labor market stabilizing amid a challenging global environment.

## TREASURY YIELD CURVES RATES (%)

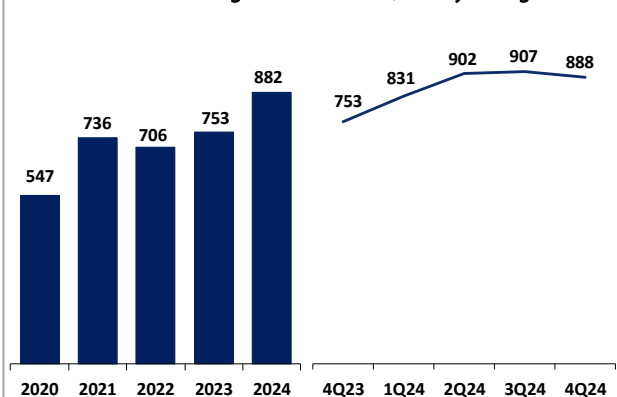


Source: Investing

## AEX

Annual average

Quarterly average



Source: Investing



# Macroeconomic view: Luxembourg

**In 4Q24, Luxembourg's economy grew moderately, driven by household consumption and a recovery in exports, although investment remained a challenge. Inflation moderated, but unemployment rose slightly. The economy is expected to sustain growth in 2025, driven by stable trade dynamics and resilient domestic demand.**

## MAIN MACROECONOMIC INDICATORS (%)

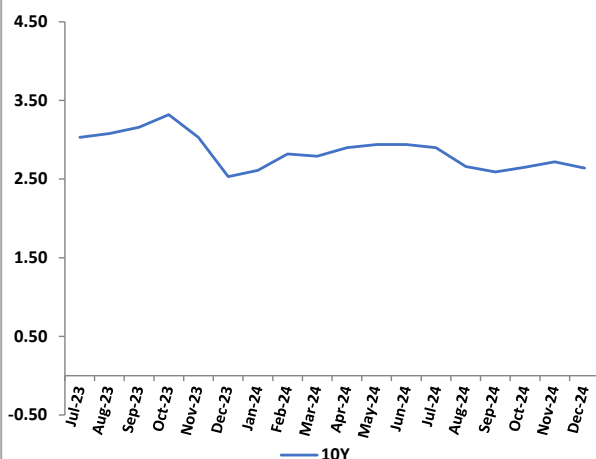
| ACTIVITY                         | 4Q23        | 1Q24        | 2Q24        | 3Q24        | 4Q24        | Var.<br>p.p.3Q24 | Var.<br>p.p.4Q23 | 2025        | 2026        |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|------------------|------------------|-------------|-------------|
| <b>GDP</b>                       | <b>0.39</b> | <b>0.54</b> | <b>1.61</b> | <b>0.03</b> | <b>1.88</b> | <b>1.85</b>      | <b>1.49</b>      | <b>2.27</b> | <b>2.43</b> |
| DOMESTIC DEMAND                  | 0.77        | -0.74       | -0.71       | -1.24       | 0.17        | 1.41             | -0.60            | 2.38        | 1.72        |
| HOUSEHOLD CONSUMPTION            | 2.28        | -0.03       | 0.79        | 2.06        | 2.39        | 0.33             | 0.11             | 2.75        | 2.03        |
| PUBLIC CONSUMPTION               | 1.23        | 4.24        | 4.40        | 4.05        | 3.78        | -0.27            | 2.55             | 2.41        | 1.49        |
| CAPITAL FORMATION                | -10.51      | -0.78       | -7.36       | -10.36      | -10.03      | 0.33             | 0.48             | 1.80        | 1.21        |
| EXTERNAL DEMAND                  |             |             |             |             |             |                  |                  |             |             |
| EXPORTS                          | 0.77        | -1.26       | 0.68        | -0.59       | 2.24        | 2.83             | 1.47             | 2.75        | 2.94        |
| IMPORTS                          | 0.87        | -1.90       | -0.06       | -0.97       | 1.84        | 2.81             | 0.97             | 2.68        | 2.77        |
| <b>INFLATION</b>                 |             |             |             |             |             |                  |                  |             |             |
| <b>CPI</b>                       | <b>3.23</b> | <b>3.25</b> | <b>2.40</b> | <b>1.67</b> | <b>0.93</b> | <b>-0.74</b>     | <b>-2.30</b>     | <b>2.37</b> | <b>1.93</b> |
| <b>LABOUR MARKET</b>             |             |             |             |             |             |                  |                  |             |             |
| <b>UNEMPLOYMENT RATE</b>         | <b>5.70</b> | <b>5.97</b> | <b>6.23</b> | <b>6.30</b> | <b>6.43</b> | <b>0.13</b>      | <b>0.73</b>      | <b>6.03</b> | <b>5.93</b> |
| <b>EMPLOYMENT <sup>(1)</sup></b> | <b>1.27</b> | <b>1.06</b> | <b>0.99</b> | <b>1.13</b> | <b>1.02</b> | <b>-0.11</b>     | <b>-0.25</b>     | <b>1.47</b> | <b>2.00</b> |

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

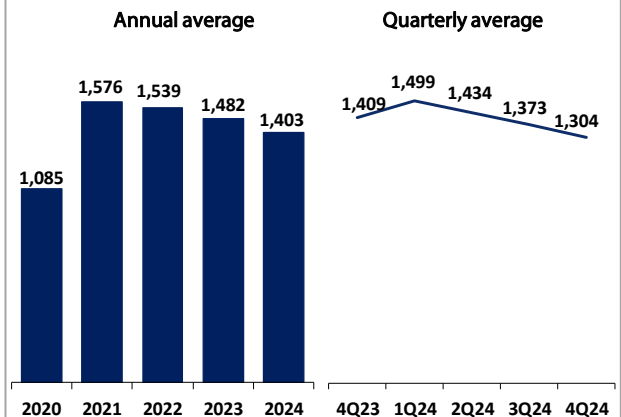
Source: quarterly data extracted from the Organization for Economic Cooperation and Development (OECD) as of March 27th, 2025. The series for the other quarters have also been updated in the database as of March 27th, 2025, to ensure consistency. OECD projections, December 2024.

- ▶ Luxembourg's economy grew by 1.88% in 4Q24, with projections of 2.27% for 2025 and 2.43% for 2026. Growth was supported by household consumption (2.39%), while public consumption growth rate declined slightly from 4.05% in 3Q24 to 3.78% in 4Q24, suggesting some fiscal restraint. However, investment challenges persist, as reflected in the -10.03% drop in capital formation.
- ▶ On the external front, exports grew by 2.24%, recovering from the previous quarter, while imports increased by 1.84%, indicating a recovery in trade activity. Inflation stood at 0.93%, decreasing by 0.74 p.p. from the previous quarter and 2.30 p.p. compared to 4Q23, alleviating pressures on consumer purchasing power. Despite this, fiscal challenges remain, particularly as public spending remains elevated.
- ▶ In the labor market, the unemployment rate edged up to 6.43%, while employment declined slightly by 0.11 p.p. reaching 1.02% in 4Q24, signaling a slight cooling in job market dynamics.
- ▶ GDP and CPI figures in 4Q24 have outperformed the projections made in 4Q23 for 2024, while the unemployment rate has come in above expectations. For 2025, GDP growth is projected at 2.27%, inflation is expected to edge up to 2.37%, and unemployment is forecast to decline to 6.03%, signaling a path toward stable economic recovery.

## TREASURY YIELD CURVES RATES (%)



## LUXX INDEX



### 3. Banking sector: Belgium

*The Belgian banking sector experienced an annual increase in total loans and deposits growth rates. The cost-to-income ratio continued to improve both annually and quarterly. Regarding risk ratios, NPL ratio improved and coverage ratio worsened annually. In general terms, solvency indicators improved. Lastly, the ECB reduced the interest rates to 3.15% in 4Q24.*

| BUSINESS                            | BANKING SECTOR CONTEXT 4Q24 (%) |        |        |        |        | Var. p.p. 3Q24 | Var. p.p. 4Q23 |
|-------------------------------------|---------------------------------|--------|--------|--------|--------|----------------|----------------|
|                                     | 4Q23                            | 1Q24   | 2Q24   | 3Q24   | 4Q24   |                |                |
| <b>TOTAL LOANS<sup>(1)</sup></b>    | -9.26                           | -2.21  | -4.36  | -0.04  | 3.09   | 3.13           | 12.35          |
| <b>TOTAL DEPOSITS<sup>(1)</sup></b> | -10.81                          | -4.84  | -6.30  | -1.04  | 4.32   | 5.36           | 15.13          |
| <b>LTD RATIO</b>                    | 86.12                           | 86.75  | 86.50  | 86.11  | 85.10  | -1.01          | -1.02          |
| <b>EFFICIENCY</b>                   |                                 |        |        |        |        |                |                |
| <b>COST-TO-INCOME RATIO</b>         | 60.32                           | 57.50  | 54.80  | 50.90  | 50.50  | -0.40          | -9.82          |
| EU AVERAGE                          | 55.64                           | 54.61  | 53.23  | 52.60  | 53.80  | 1.20           | -1.84          |
| <b>RISK</b>                         |                                 |        |        |        |        |                |                |
| <b>NPL RATIO</b>                    | 1.41                            | 1.20   | 1.20   | 1.20   | 1.20   | 0.00           | -0.21          |
| EU AVERAGE                          | 1.84                            | 1.86   | 1.86   | 1.90   | 1.90   | 0.00           | 0.06           |
| <b>COVERAGE RATIO</b>               | 47.07                           | 46.30  | 46.60  | 45.70  | 45.60  | -0.10          | -1.47          |
| EU AVERAGE                          | 42.26                           | 41.76  | 41.99  | 41.60  | 41.20  | -0.40          | -1.06          |
| <b>SOLVENCY</b>                     |                                 |        |        |        |        |                |                |
| <b>CET 1</b>                        | 17.74                           | 17.80  | 18.50  | 17.00  | 17.40  | 0.40           | -0.34          |
| <b>LCR</b>                          | 185.46                          | 177.07 | 187.00 | 184.40 | 197.70 | 13.30          | 12.24          |
| <b>LEVERAGE RATIO</b>               | 6.12                            | 6.40   | 6.50   | 6.30   | 6.80   | 0.50           | 0.68           |
| <b>ECB INTEREST RATE</b>            |                                 |        |        |        |        |                |                |
| <b>INTEREST RATES</b>               | 4.50                            | 4.50   | 4.25   | 3.65   | 3.15   | -0.50          | -1.35          |

Source: National Bank of Belgium (NBB).

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

- During the fourth quarter of 2024, the Belgian banking sector recorded positive rates in total loans (3.09%) and total deposits (4.32%). The total loans growth rate increased by 12.35 p.p. and 3.13 p.p., annually and quarterly, respectively. Total deposits' growth rate also increased by 15.13 p.p. and 5.36 p.p., compared to 4Q23 and 3Q24, respectively. The LTD ratio recorded a decrease of 1.02 p.p. compared to the fourth quarter of 2023, standing at 85.10%.
- Regarding the cost-to-income ratio, it improved by 9.82 p.p. compared to 4Q23 and 0.40 p.p. if compared to 3Q24, reaching a 50.50%, which was lower than the EU average (53.80%).
- The Belgian NPL ratio was 1.20% during 4Q24, improving by 0.21 p.p. with respect to 4Q23. It stood at a better rate than the EU average (1.90%), which worsened by 0.06 p.p. compared to the same quarter last year. In 4Q24, the coverage ratio worsened both annually and quarterly, by 1.47 p.p. and 0.10 p.p., respectively. Again, the Belgian banking sector (45.60%) performed better than the EU average (41.20%).
- In terms of solvency, CET 1 ratio stood at 17.40%, which meant a 0.34 p.p. decline compared to 4Q23. Liquidity coverage ratio (LCR) recorded a 12.24 p.p. increase compared to the same quarter from the previous year and a 13.30 p.p. increase in comparison to the prior quarter, reaching 197.70%. Finally, leverage ratio reached 6.80% in 4Q24, increasing by 0.68 p.p. and 0.50 p.p., with respect to 4Q23 and 3Q24, respectively.
- In 4Q24, the ECB decided to reduce interest rates to 3.15%, meaning an annual decrease of 1.35 p.p. This decision was primarily intended to support economic activity and address persistent inflation risks while aiming for a stable economic recovery across the euro area.

# Banking sector: Netherlands

*During 4Q24, efficiency improved annually but worsened compared to the previous quarter. In terms of solvency, CET 1 decreased with respect to 4Q23, while LCR and leverage ratio increased in the same comparison. Lastly, the ECB reduced the interest rates to 3.15% during the fourth quarter.*

| BANKING SECTOR CONTEXT 4Q24 (%) |        |        |        |        |        |                |                |
|---------------------------------|--------|--------|--------|--------|--------|----------------|----------------|
| BUSINESS                        | 4Q23   | 1Q24   | 2Q24   | 3Q24   | 4Q24   | Var. p.p. 3Q24 | Var. p.p. 4Q23 |
| TOTAL LOANS <sup>(1)</sup>      | 1.65   | 3.99   | 4.36   | 4.93   | n.a.   | n.a.           | n.a.           |
| TOTAL DEPOSITS <sup>(1)</sup>   | 0.21   | 1.89   | 3.08   | 3.55   | n.a.   | n.a.           | n.a.           |
| LTD RATIO                       | 102.18 | 103.09 | 102.50 | 102.85 | n.a.   | n.a.           | n.a.           |
| EFFICIENCY                      |        |        |        |        |        |                |                |
| COST-TO-INCOME RATIO            | 53.95  | 52.64  | 51.20  | 51.30  | 53.90  | 2.60           | -0.05          |
| EU AVERAGE                      | 55.64  | 54.61  | 53.23  | 52.60  | 53.80  | 1.20           | -1.84          |
| RISK                            |        |        |        |        |        |                |                |
| NPL RATIO                       | 1.40   | 1.40   | 1.40   | 1.30   | 1.40   | 0.10           | 0.00           |
| EU AVERAGE                      | 1.84   | 1.86   | 1.86   | 1.90   | 1.90   | 0.00           | 0.06           |
| COVERAGE RATIO                  | 26.19  | 26.30  | 26.50  | 25.80  | 24.20  | -1.60          | -1.99          |
| EU AVERAGE                      | 42.26  | 41.76  | 41.99  | 41.60  | 41.20  | -0.40          | -1.06          |
| SOLVENCY                        |        |        |        |        |        |                |                |
| CET 1                           | 15.88  | 15.50  | 15.30  | 15.80  | 15.80  | 0.00           | -0.08          |
| LCR                             | 157.79 | 146.70 | 150.90 | 148.80 | 159.20 | 10.40          | 1.41           |
| LEVERAGE RATIO                  | 5.95   | 5.70   | 5.80   | 5.70   | 6.00   | 0.30           | 0.05           |
| ECB INTEREST RATE               |        |        |        |        |        |                |                |
| INTEREST RATES                  | 4.50   | 4.50   | 4.25   | 3.65   | 3.15   | -0.50          | -1.35          |

Source: De Nederlandsche Bank (DNB).

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

- ▶ Cost-to-income of the Dutch banking sector worsened with respect to 3Q24 by 2.60 p.p., but it improved annually by 0.05 p.p. The cost-to-income ratio reached 53.90% during 4Q24, 0.10 p.p. worse than the EU average efficiency (53.80%).
- ▶ The NPL ratio remained below the EU average (1.40% vs 1.90%), recording a slight worsening of 0.10 p.p. in comparison to the previous quarter. Regarding the coverage ratio, it decreased compared to both the prior quarter and the same quarter last year by 1.60 p.p. and 1.99 p.p., respectively, coming to 24.20%. The EU average (41.20%) worsened by 1.06 p.p. compared to 4Q23, 17.00 p.p. higher than the one from the Dutch banking sector.
- ▶ Regarding solvency, the CET 1 reached 15.80%, which meant an annual 0.08 p.p. decline. The LCR stood at 159.20% in the fourth quarter of 2024, increasing both quarterly and annually, by 10.40 p.p. and 1.41 p.p., respectively. Finally, the leverage ratio improved by 0.30 p.p. compared to the previous quarter, and by 0.05 p.p. compared to the same quarter last year, reaching 6.00%.
- ▶ In December 2024, the ECB decided to reduce interest rates, from 3.65% to 3.15%, which meant a quarter and annual decrease of 1.35 p.p. This decision primarily intended to support economic activity and address persistent inflation risks while aiming for a stable economic recovery across the euro area.

# Banking sector: Luxembourg

**The Luxembourg banking sector experienced an annual decrease in both total loans and total deposits YoY growth rate. Cost-to-income ratio improved annually, while NPL and coverage ratio worsened. All solvency indicators improved compared to 4Q23, except for the CET 1 ratio. Lastly, the ECB reduced the interest rates to 3.15% in 4Q24.**

| BUSINESS                            | BANKING SECTOR CONTEXT 4Q24 (%) |        |        |        |        | Var. p.p. 3Q24 | Var. p.p. 4Q23 |
|-------------------------------------|---------------------------------|--------|--------|--------|--------|----------------|----------------|
|                                     | 4Q23                            | 1Q24   | 2Q24   | 3Q24   | 4Q24   |                |                |
| <b>TOTAL LOANS<sup>(1)</sup></b>    | -6.42                           | -1.40  | -5.21  | -6.25  | -10.94 | -4.69          | -4.52          |
| <b>TOTAL DEPOSITS<sup>(1)</sup></b> | 0.90                            | -4.81  | 0.60   | -0.73  | 0.72   | 1.45           | -0.18          |
| <b>LTD RATIO</b>                    | 93.43                           | 92.44  | 86.72  | 85.28  | 82.61  | -2.67          | -10.82         |
| <b>EFFICIENCY</b>                   |                                 |        |        |        |        |                |                |
| <b>COST-TO-INCOME RATIO</b>         | 58.62                           | 58.50  | 50.40  | 50.80  | 50.80  | 0.00           | -7.82          |
| EU AVERAGE                          | 55.64                           | 54.61  | 53.23  | 52.60  | 53.80  | 1.20           | -1.84          |
| <b>RISK</b>                         |                                 |        |        |        |        |                |                |
| <b>NPL RATIO</b>                    | 1.41                            | 1.50   | 1.70   | 1.60   | 1.60   | 0.00           | 0.19           |
| EU AVERAGE                          | 1.84                            | 1.86   | 1.86   | 1.90   | 1.90   | 0.00           | 0.06           |
| <b>COVERAGE RATIO</b>               | 37.58                           | 34.20  | 35.20  | 33.80  | 35.40  | 1.60           | -2.18          |
| EU AVERAGE                          | 42.26                           | 41.76  | 41.99  | 41.60  | 41.20  | -0.40          | -1.06          |
| <b>SOLVENCY</b>                     |                                 |        |        |        |        |                |                |
| <b>CET 1</b>                        | 21.70                           | 22.60  | 22.50  | 22.00  | 21.60  | -0.40          | -0.10          |
| <b>LCR</b>                          | 153.49                          | 153.80 | 153.60 | 160.60 | 172.70 | 12.10          | 19.21          |
| <b>LEVERAGE RATIO</b>               | 7.07                            | 7.50   | 7.40   | 7.30   | 7.30   | 0.00           | 0.23           |
| <b>ECB INTEREST RATE</b>            |                                 |        |        |        |        |                |                |
| <b>INTEREST RATES</b>               | 4.50                            | 4.50   | 4.25   | 3.65   | 3.15   | -0.50          | -1.35          |

Source: Statistics Portal G.D. Luxembourg.

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

- ▶ The banking sector in Luxembourg reflected a decrease in total loans YoY growth rate by 4.52 p.p., as well as total deposits' growth, which decreased by 0.18 p.p. compared to 4Q23. In the fourth quarter of 2024, the YoY growth rate from loans was negative (-10.94%), whereas deposits' growth was positive (0.72%). The LTD ratio recorded a decrease of 10.82 p.p. compared to 4Q23, standing at 82.61% during the quarter.
- ▶ The cost-to-income ratio from the Luxembourg banking sector was 50.80% in 4Q24, 3.00 p.p. better than the EU average, which reached 53.80%. The Luxembourg efficiency ratio improved annually by 7.82 p.p., and the EU average ratio also did by 1.84 p.p.
- ▶ The NPL ratio worsened compared to the same quarter last year by 0.19 p.p., reaching 1.60%, which was 0.30 p.p. better than the EU average (1.90%). The coverage ratio reached 35.40%, which meant a decline of 2.18 p.p. with respect to 4Q23, and an increase of 1.60 p.p. compared to 3Q24. The EU average stood at higher levels, recording a 41.20% during the quarter.
- ▶ In terms of solvency, CET 1 ratio registered annual and quarter decreases of 0.10 p.p. and 0.40 p.p., respectively, recording 21.60% in 4Q24. By contrast, LCR improved their results both annually and quarterly by 19.21 p.p. and 12.10 p.p., respectively, recording 172.70%. Finally, leverage ratio stood at 7.30%, improving by 0.23 p.p. compared to 4Q23.
- ▶ In 4Q24 the ECB decided to reduce interest rates to 3.15%, meaning an annual decrease of 1.35 p.p. This decision primarily intended to support economic activity and address persistent inflation risks while aiming for a stable economic recovery across the euro area.

## 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/ATAs:** Gross Margin / Average Total Assets. Gross margin is composed of the set of revenues generated by a financial entity in its activity.
- ▶ **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.
- ▶ **NON-PERFORMING LOANS (NPL) RATIO:** The non-performing loan (NPL) 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/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

- ▶ Banque Centrale du Luxembourg:  
<http://www.bcl.lu/en/index.html>
- ▶ De Nederlandsche Bank:  
<https://www.dnb.nl/>
- ▶ European Central Bank:  
<http://www.ecb.int/ecb/html/index.es.html>
- ▶ Investing  
<https://es.investing.com/>
- ▶ National Bank of Belgium:  
<https://www.nbb.be/en>
- ▶ National Bank of Belgium Online Statistics:  
<https://stat.nbb.be/Index.aspx>
- ▶ Organisation for Economic Co-operation and Development, OECD:  
<http://www.oecd.org/home/>
- ▶ Statistics Netherlands (CBS):  
<https://www.cbs.nl/>
- ▶ Statistics Portal Grand Duchy of Luxembourg:  
<https://statistiques.public.lu/en/index.html>
- ▶ Yahoo Finance:  
<https://www.yahoo.com/author/yahoo-finance/>

## FINANCIAL SECTOR

- ▶ ING Bank:  
<https://www.ing.com/Investor-relations.htm>
- ▶ Rabobank Group:  
<https://www.rabobank.com/en/investors/index.html>
- ▶ ABN AMRO:  
<https://www.abnamro.com/en/investor-relations/overview>
- ▶ KBC:  
<https://www.kbc.com/en/investor-relations.html>
- ▶ Belfius-Dexia:  
<https://www.belfius.be/about-us/en/investors>
- ▶ Banque Internationale à Luxembourg (B.I. Luxembourg): <https://www.bil.com/en/bil-group/investor-relations/Pages/index.aspx>

## ACRONYMS

- |                 |                       |                    |                      |                                |
|-----------------|-----------------------|--------------------|----------------------|--------------------------------|
| ▶ DEU - Germany | ▶ LUX - Luxembourg    | ▶ TUR - Turkey     | ▶ ECU - Ecuador      | ▶ ZAF - South Africa           |
| ▶ BEL - Belgium | ▶ NLD - Netherlands   | ▶ ARG - Argentina  | ▶ MEX - Mexico       | ▶ UEM- European Monetary Union |
| ▶ DIN - Denmark | ▶ NOR - Norway        | ▶ BRA - Brazil     | ▶ PER - Peru         |                                |
| ▶ ESP - Spain   | ▶ POL - Poland        | ▶ CAN - Canada     | ▶ USA- United States |                                |
| ▶ FIN - Finland | ▶ PRT - Portugal      | ▶ CHL - Chile      | ▶ AUS - Australia    |                                |
| ▶ FRA - France  | ▶ GBR- United Kingdom | ▶ COL - Colombia   | ▶ CHN - China        |                                |
| ▶ ITA - Italy   | ▶ SUE - Sweden        | ▶ CRI - Costa Rica | ▶ JAP - Japan        |                                |

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