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France outlook report

Fourth quarter of 2025

R & D

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Index

The objective of France's quarterly report is to provide a comprehensive and summarized overview of the main sectoral indicators of the country, classified by regulated industry, as well as the macroeconomic situation at the end of each quarter.

1. International overview

Global growth moderated in 4Q25 amid weaker demand and tight financial conditions, while inflation continued to ease and labour markets showed increasing divergence, with downside risks remaining elevated.

Macroeconomic outlook

- The Eurozone recorded y-o-y growth of 1.24%. Although this marked a slowdown compared to the previous quarter, economic activity remained supported mainly by the services sector, while manufacturing remained relatively resilient despite external headwinds. Within Europe, Poland recorded the highest GDP growth rate, at 3.62%, driven by strong domestic demand, particularly private consumption and investment. The region's average consumer price index (CPI) declined to 2.06%, down from 3Q25, largely due to lower energy prices. Meanwhile, unemployment across the Eurozone edged down slightly to 6.27% compared to the previous quarter, with Spain standing out for a notable decline in its unemployment rate, reaching its lowest level in years.
- The UK's GDP grew by 0.97%, extending the slowdown observed in recent quarters amid subdued domestic demand. The unemployment rate rose to 5.20%, consistent with a cooling labour market as weaker activity fed into softer labour demand, while employment growth eased to 1.21%. Meanwhile, inflation declined, with CPI falling to 3.60%, reflecting moderating wage and price pressures.
- In North America, GDP in the United States grew by 2.03% in 4Q25, marking a decrease of 0.29 p.p. compared to the previous quarter, although activity remained relatively solid, supported by consumption and investment. Canada recorded GDP growth of 0.72%, which was lower than in the previous quarter, amid volatile growth patterns driven by trade and inventories and ongoing trade-related uncertainty. Inflation in the U.S. decreased to 2.71% in 4Q25, although price pressures remained somewhat elevated, during persistent uncertainty. In Canada, inflation remained close to target, despite a recent increase driven by temporary factors and higher food prices, while underlying measures continued to ease. Unemployment trends showed mixed results: in the U.S., the unemployment rate increased to 4.40%, reflecting low job gains and a gradual easing in labour market conditions, while in Canada it decreased to 6.77%, in spite of a still soft labour market and weak hiring intentions.
- Across Latin America[1], overall GDP growth reached 2.78% in 4Q25, up from 2.74% in 3Q25. Among the largest economies, Colombia posted the sharpest deceleration, pointing to weaker investment and tight financial conditions, while Argentina continued to be constrained by fiscal adjustment and subdued domestic demand. Latin America's average inflation, excluding Argentina (inflation at 31.41%), also moderated to 2.76%, though Colombia stood out with the highest rate, suggesting persistent pressures from food prices and indexation. In contrast, unemployment remained stable at 5.85%, with Argentina posting the largest quarterly increase, as a result of a decline in employment in the context of economic adjustment and weaker domestic activity.
- In Asia, growth slowed across the major economies. China's GDP grew by 4.50% in 4Q25, continuing its downward trend amid weak domestic demand, reflecting reduced policy support and continued weakness in the property sector. Japan grew by 0.54%, due to subdued activity, while Türkiye grew by 3.45%, with growth moderating under tight monetary conditions aimed at restoring price stability. Inflation rose to 0.59% in China following a period of deflation, while it eased to 2.10% in Japan and 31.60% in Türkiye, despite ongoing disinflation efforts. Labour market developments were mixed: unemployment declined in China and Türkiye to 5.10% and 8.20%, respectively, whereas it edged up to 2.60% in Japan.
- In 4Q25, South Africa's economy expanded modestly, with GDP growing by 1.53%, slightly below the previous quarter, as slower growth in primary and tertiary sectors and a contraction in the secondary sector weighed on activity. Growth was mainly supported by household consumption. The unemployment rate remained high at 31.40% but declined from the previous quarter, partly reflecting a shrinking labour force. Inflation increased to 3.57%, driven by higher food prices and a slower decline in fuel costs.
- Australia posted stronger growth, with GDP rising by 2.56% in 4Q25, sustained by solid private demand. The CPI increased to 3.67%, reflecting ongoing capacity pressures. Meanwhile, the unemployment rate declined to 4.24%, pointing to a still-tight labour market. Policy easing supported expectations of stronger growth.

[1] Latin America: average for Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico and Peru.

The IMF and the OECD anticipate a period of moderate global growth with increasing fragilities, shaped by trade policy uncertainty, geopolitical risks and macro-financial vulnerabilities, with uneven dynamics across regions.

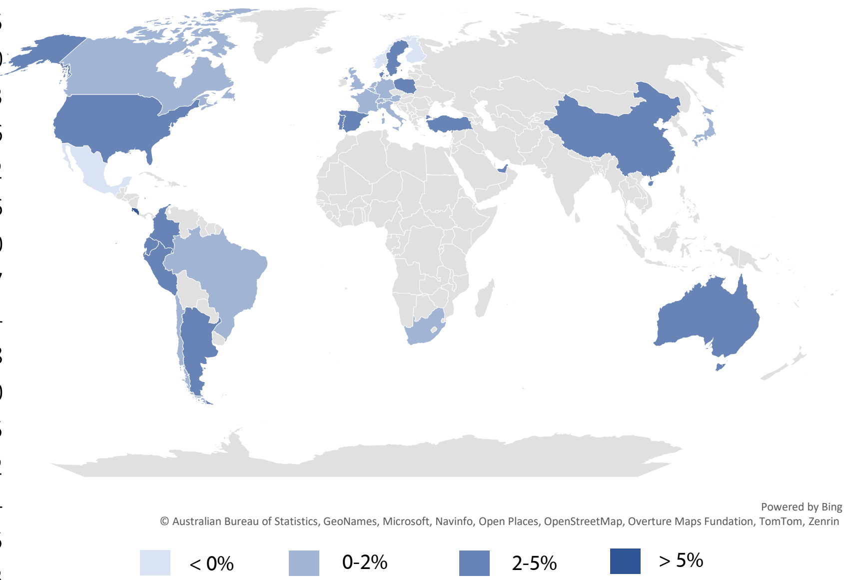
Macroeconomic forecasts and key risks

- The IMF projects global growth at around 3.3% in 2026 and 3.2% in 2027, broadly stable compared with 2025, reflecting a balance between supportive factors such as AI-related investment, accommodative financial conditions and policy support, and headwinds from trade policy changes and uncertainty. By contrast, the OECD projects global growth slowing from 3.2% in 2025 to around 2.9% in 2026 and 3.1% in 2027, reflecting the impact of higher tariffs, policy uncertainty and weaker demand. Both institutions underline that recent resilience has been supported in part by temporary factors, including strong technology-related investment and trade dynamics, rather than a general strengthening of fundamentals.
- Across advanced economies, growth remains modest and mixed, with a clear divergence between regions. The United States is expected to outperform, with growth of around 2.4% in 2026 according to the IMF, supported by investment, while the euro area is projected to grow at around 1.3%, weighed down by structural constraints and weak investment. The OECD similarly highlights this divergence, projecting US growth at around 1.7% versus 1.2% in the euro area, reflecting higher trade barriers, easing labour demand and subdued investment.
- Growth in emerging markets and developing economies is expected to remain stronger than in advanced economies, continuing to account for a large share of global activity. Asia remains the key engine of growth, particularly China and India, supported by domestic demand and investment. However, growth in China is expected to gradually slow amid structural challenges and weakness in the property sector, while other regions such as Latin America are projected to expand more modestly, reflecting tighter financial conditions and weaker external demand. Both the IMF and the OECD highlight that, despite relatively resilient capital flows and supportive domestic factors in some economies, higher trade barriers, policy uncertainty and global financial conditions continue to pose downside risks to the outlook.
- On inflation, both institutions expect continued but uneven disinflation, with important differences across countries and components. The IMF projects global inflation declining to around 3.8% in 2026 and 3.4% in 2027, while the OECD expects inflation to gradually converge to central bank targets in most major economies. However, disinflation has slowed in some cases, with goods inflation picking up and services inflation remaining persistent, reflecting still elevated wage growth and sector-specific pressures. At the same time, easing labour markets and moderating demand are expected to support a gradual decline in inflation over the medium term.
- Short-term risks to the prospects remain elevated, largely driven by trade policy uncertainty, which is expected to continue weighing on growth. Higher tariffs, trade fragmentation and potential disruptions to global supply chains pose key downside risks, while elevated asset valuations and rising public debt add to financial and fiscal vulnerabilities. Both the IMF and the OECD also highlight the risk of tighter financial conditions, particularly if market corrections or fiscal concerns push up long-term interest rates. Over the medium term, geopolitical tensions and slow progress in structural reforms could further constrain growth. Taken together, these factors point to a fragile outlook, with limited and gradual improvement over the medium term.
- Overall, both institutions describe the global outlook marked by moderate growth and continued disinflation, but with increasing fragilities. While recent resilience has been supported by strong investment and favourable conditions, it appears increasingly dependent on a narrow set of drivers. As these supports gradually fade and structural constraints persist, risks remain tilted to the downside, highlighting the need for credible and predictable policies to sustain growth over the medium term.

GDP (%, y-o-y growth)

Europe

AUT	0.75
BEL	1.00
DEU	0.43
DNK	2.96
ESP	2.62
FIN	0.26
FRA	1.10
GBR	0.97
ITA	0.84
LUX	2.38
NLD	1.70
NOR	2.15
POL	3.62
PRT	1.94
SWE	1.95
SWT	0.53
EMU(1)	1.24



Americas

ARG	2.06
BRA	1.95
CAN	0.72
CHL	1.58
COL	2.22
CRI	4.49
ECU	5.00
MEX	1.79
PER	3.17
USA	2.03
LATAM (2)	2.78

Oceania

AUS	2.56

Asia

CHN	4.50
JAP	0.54
TUR	3.45
UAE (3)	3.40

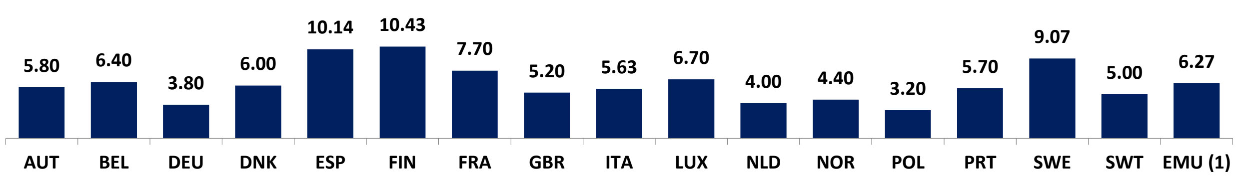
Africa

ZAF	1.53

Source: OECD data. Non-member central banks.
(1) Economic and Monetary Union. (2) Latin America: average of Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico and Peru. (3) Data from 3Q25. Data for 4Q25 are not available.

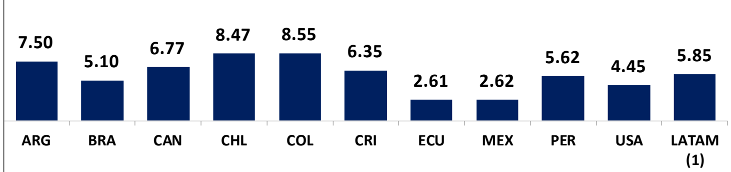
Unemployment rate (%, y-o-y growth)

EUROPE



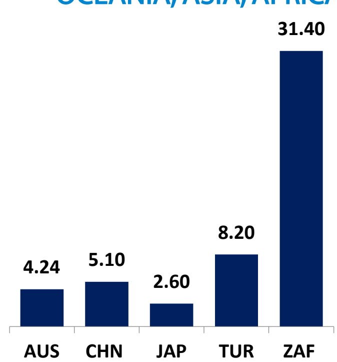
Source: OECD data. Non-member central banks.
(1) EMU: Economic and Monetary Union.

AMERICAS



Source: OECD data. Non-member central banks. Data for Ecuador retrieved from INEC.
(1) LATAM: average for Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico and Peru.

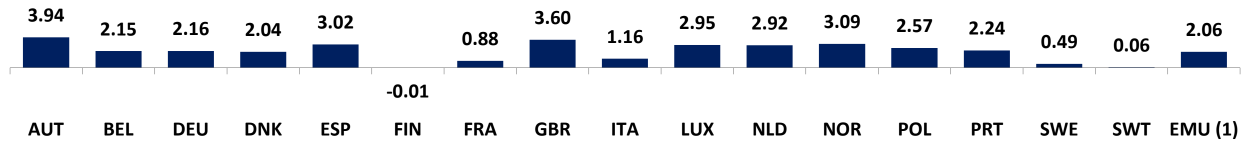
OCEANIA, ASIA, AFRICA



Source: OECD Data. Central Banks of Non-Member Countries.
Note: No official unemployment data are published for the UAE.

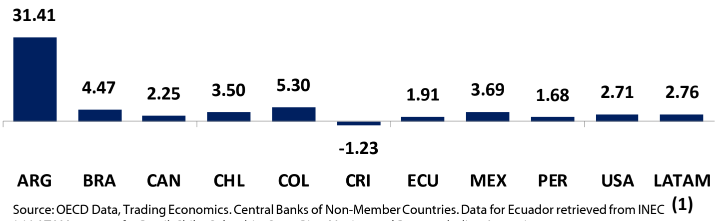
Inflation rate (%, y-o-y growth)

EUROPE



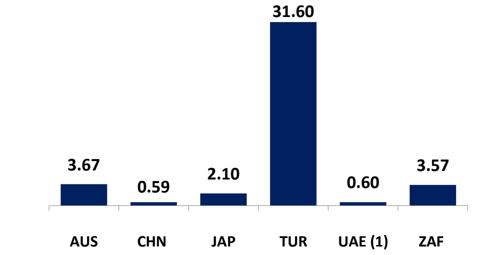
Source: OECD Data. Central Banks of Non-Member Countries.
(1) Economic and Monetary Union.

AMERICAS



Source: OECD Data, Trading Economics. Central Banks of Non-Member Countries. Data for Ecuador retrieved from INEC
(1) LATAM: average for Brazil, Chile, Colombia, Costa Rica, Mexico, and Peru, excluding Argentina

OCEANIA, ASIA, AFRICA



Source: OECD Data, Trading Economics. Central Banks of Non-Member Countries
(1) Data from 3Q25. Data for 4Q25 are not available.

Global Ratings and Exchange Rates

LONG-TERM RATINGS 4Q25

	MOODY'S	S&P	Fitch
		EUROPE	
BEL	Aa3	AA	AA-
DEU	Aaa	AAA	AAA
DNK	Aaa	AAA	AAA
ESP	A3	A+	A-
FIN	Aa1	AA+	AA+
FRA	Aa3	A+	AA-
ITA	Baa2 ▲	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
AUT	Aa1	AA+	AA+
		AFRICA	
ZAF	Ba2	BB	BB-
		OCEANIA	
AUS	Aaa	AAA	AAA
		ASIA	
CHN	A1	A+	A+ ▲
JAP	A1	A+	A
TUR	Ba3	BB-	B
		AMERICAS	
ARG	Caa1	CCC+ ▲	C
BRA	Ba1	BB	BB-
CAN	Aaa	AAA	AA+
CHL	A2	A	A-
COL	Baa3	BB	BB+
CRI	Ba2	BB	BB-
ECU	Caa1 ▲	B-	B-
MEX	Baa2	BBB	BBB-
PER	Baa1	BBB-	BBB
USA	Aa1	AA+	AAA

▲ Increased from 3Q25 ▼ Decreased from 3Q25

Source: Expansión

EXCHANGE RATES 4Q25 ($[1])

EUROPE	4Q24	1Q25	2Q25	3Q25	4Q25	2026
EUR	0.94	0.95	0.88	0.86	0.86	0.87
CHF	0.88	0.90	0.83	0.80	0.80	0.81
DKK	7.00	7.09	6.58	6.39	6.42	6.47
NOK	11.02	11.06	10.30	10.10	10.09	10.17
SEK	10.78	10.67	9.66	9.52	9.40	9.47
GBP	0.78	0.79	0.75	0.74	0.75	0.76
PLN	4.03	3.99	3.76	3.64	3.64	3.70
AMERICAS	**4Q24**	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**2026**
ARS	999.45	1055.17	1150.77	1331.85	2874.44	1450.75
BRL	5.84	5.85	5.66	5.45	5.40	5.34
CLP	963.71	962.48	947.00	959.82	933.86	942.88
COP	4,348.68	4,188.90	4,196.16	4,005.24	3,819.23	3,808.30
PER	3.75	3.70	3.65	3.53	3.38	3.38
MXN	20.07	20.41	19.49	18.63	18.30	18.57
AFRICA	**4Q24**	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**2026**
ZAF	17.90	18.48	18.29	17.64	17.11	17.39
OCEANIA	**4Q24**	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**2026**
AUS	1.53	1.59	1.56	1.53	1.52	1.54
ASIA	**4Q24**	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**2026**
RMB	7.19	7.27	7.23	7.16	7.16	7.12
TRY	34.52	36.22	38.77	40.79	42.27	42.08

Source: Investing. OECD projections, December 2025.
(1) The base currency used is the U.S. dollar against each local currency quoted

2. Macroeconomic view

In 4Q25, the French economy gained traction on the back of stronger external demand, while domestic momentum softened. Investment declined quarterly but remained higher y-o-y, while inflation eased and the labour market stabilised at slightly weaker levels.

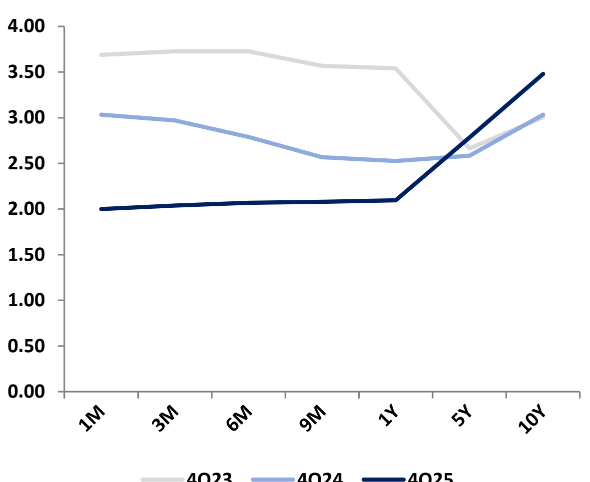
Main Macroeconomic Indicators (%)

ACTIVITY	4Q24	1Q25	2Q25	3Q25	4Q25	Var. p.p.3Q25	Var. p.p.4Q24	2026	2027
GDP	**0.67**	**0.66**	**0.77**	**0.92**	**1.10**	0.18	0.43	**0.95**	**1.04**
DOMESTIC DEMAND (1)	0.64	1.22	2.37	1.30	0.61	-0.69	-0.03	0.66	0.94
HOUSEHOLD CONSUMPTION	1.18	0.71	0.77	0.03	0.28	0.25	-0.90	0.67	1.12
PUBLIC CONSUMPTION	1.34	1.33	1.70	2.04	1.85	-0.19	0.51	0.71	0.44
CAPITAL FORMATION	-1.04	-0.44	-0.68	0.95	0.86	-0.09	1.90	0.57	1.03
EXTERNAL DEMAND									
EXPORTS	1.89	0.21	-1.17	3.39	3.18	-0.21	1.29	3.47	2.32
IMPORTS	1.26	2.11	3.43	4.55	1.63	-2.92	0.37	0.98	2.23
INFLATION									
CPI	**1.27**	**1.07**	**0.82**	**1.01**	**0.88**	-0.13	-0.39	**1.44**	**1.62**
LABOUR MARKET									
UNEMPLOYMENT RATE	**7.30**	**7.47**	**7.57**	**7.70**	**7.70**	0.00	0.40	**7.66**	**7.38**
EMPLOYMENT(1)	**0.60**	**0.25**	**0.15**	**0.13**	**0.11**	-0.02	-0.49	**0.19**	**0.71**

(1) The domestic demand and employment variables represent the y-o-y change in both indicators.
Source: quarterly data extracted from the Organization for Economic Cooperation and Development (OECD) as of March 4th, 2026. The series for the other quarters have also been updated in the database as of March 4th, 2026, to ensure consistency. OECD projections, December 2025.

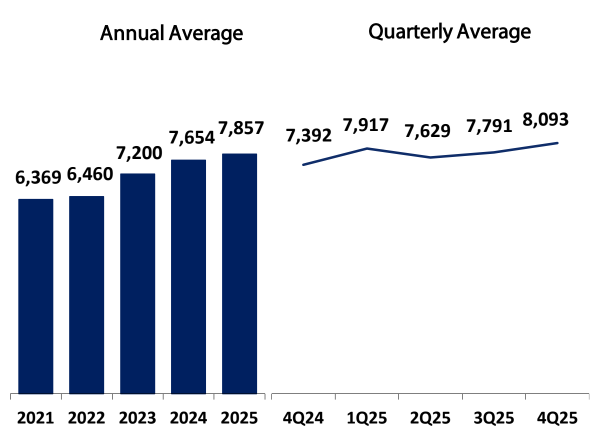
- GDP growth accelerated to 1.10% in 4Q25 from 0.92% in 3Q25. This strengthening occurred despite a marked slowdown in y-o-y domestic demand growth, which eased to 0.61%, down 0.69 p.p. from the previous quarter, as public consumption moderated to 1.85% and household consumption stood at 0.28%. Capital formation fell to 0.86% while consolidating its recovery from negative rates a year earlier. External dynamics were more supportive: exports remained strong at 3.18%, 0.21 p.p. lower than in 3Q25, while imports decelerated sharply to 1.63%, down 2.92 p.p., implying a more favourable net trade contribution.
- Inflation fell to 0.88% in 4Q25 from 1.01% in 3Q25, a decline of 0.13 p.p. q-o-q, confirming continued disinflationary pressures. The broader disinflation process remained consistent with projections pointing to inflation below 2% over the horizon. The unemployment rate stood at 7.70% in 4Q25, unchanged from 3Q25. Employment growth decreased to 0.11%, 0.02 p.p. lower than in 3Q25, consistent with a gradual stabilisation of the labour market.
- For 2025, OECD projections pointed to GDP growth of 0.84%, slightly below the recorded 0.87%. Inflation was forecast at 1.68%, while the actual rate reached 0.94%, indicating faster-than-expected easing in price pressures as energy costs moderated and underlying inflation dynamics softened. Finally, the unemployment rate was projected at 7.65%, compared with the observed 7.67%, remaining broadly in line with projections.

Treasury Yield Curves Rates (%)



Source: Investing

CAC 40



Source: Investing

Note: Qualitative information extracted from the report on macroeconomic projections of the Central Bank of France and OECD Economic Surveys: France 2025.

3. Banking sector

The French banking sector showed a mixed performance in 4Q25, with moderating business activity, and deterioration in efficiency and risk. Solvency strengthened, while liquidity deteriorated, with the interest rates remaining stable during the quarter.

BANKING SECTOR CONTEXT 4Q25 (%)

BUSINESS VOLUME[1]	4Q24	1Q25	2Q25	3Q25	4Q25	Var p.p. 3Q25	Var p.p. 4Q24
TOTAL LOANS	0.74	1.13	1.26	1.64	1.60	-0.04	0.86
TOTAL DEPOSITS	-0.34	-0.03	-1.13	0.41	0.17	-0.24	0.51
LTD RATIO	116.56	117.61	118.82	118.09	118.23	0.14	1.67
EFFICIENCY							
COST-TO-INCOME RATIO	67.61	67.32	66.04	65.67	66.20	0.53	-1.41
EU AVERAGE	52.80	52.71	52.46	52.31	53.25	0.94	0.45
RISK							
NPL RATIO	2.03	1.83	2.09	2.12	2.14	0.02	0.11
EU AVERAGE	1.88	1.84	1.84	1.84	1.82	-0.02	-0.06
COVERAGE RATIO	44.89	44.89	44.32	44.25	44.15	-0.10	-0.74
EU AVERAGE	41.19	41.48	41.67	41.93	41.40	-0.53	0.21
SOLVENCY[2]							
CET 1	15.94	16.10	16.01	15.98	16.09	0.11	0.15
LEVERAGE RATIO	5.47	5.51	5.46	5.39	5.53	0.14	0.06
LCR	144.90	144.93	145.78	146.23	143.36	-2.87	-1.54
INTEREST RATE							
INTEREST RATE	3.15	2.65	2.15	2.15	2.15	0.00	-1.00

Source: European Banking Authority (EBA).
(1) Note: The values for loans and deposits reflect their y-o-y growth rates. (2) CET1 ratio measured as fully-loaded and Leverage ratio as fully phased-in definition of Tier 1.

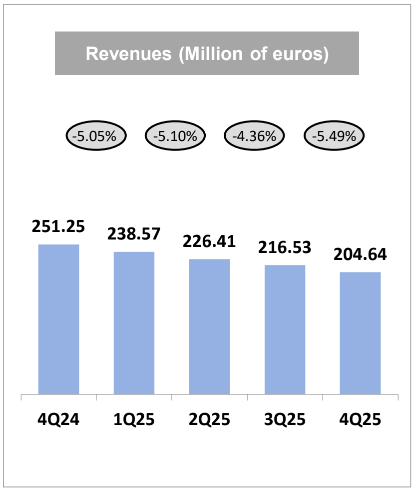
- During 4Q25, the French banking system recorded positive but more moderate business activity compared with the previous quarter. Total loan growth stood at 1.60%, decreasing by 0.04 p.p. compared with 3Q25. Total deposit growth remained positive, at 0.17%, though it declined by 0.24 p.p. q-o-q. The LTD ratio increased to 118.23%, up by 0.14 p.p. compared with the previous quarter and by 1.67 p.p. y-o-y. This reflected a marginal increase in the ratio, in a context of solid private sector balance sheets and the banking sector's ongoing role in supporting households and firms during a period of slower growth.
- Operational efficiency showed a slight deterioration during the quarter. The cost-to-income ratio reached 66.20%, increasing by 0.53 p.p. compared with 3Q25, while remaining 1.41 p.p. below the level observed in 4Q24. The gap with the EU average of 53.25% persisted, with the EU ratio rising by 0.94 p.p. q-o-q and by 0.45 p.p. y-o-y. This reflected structural shifts, including increased focus on digitalisation and the adoption of Artificial Intelligence.
- Credit risk indicators showed limited changes. The NPL ratio increased to 2.14%, up by 0.02 p.p. compared with the previous quarter, remaining above the EU average of 1.82%, which declined by 0.02 p.p. q-o-q. The coverage ratio stood at 44.15%, decreasing by 0.10 p.p. compared with 3Q25. The EU average coverage ratio declined by 0.53 p.p. q-o-q to 41.40%, while increasing by 0.21 p.p. y-o-y.
- French banks maintained solid solvency and liquidity positions. The CET1 ratio increased to 16.09%, rising by 0.11 p.p. compared with 3Q25. The leverage ratio improved, reaching 5.53%, up by 0.14 p.p. q-o-q. Liquidity conditions weakened slightly, with the LCR declining to 143.36%, down by 2.87 p.p. q-o-q.
- The applied interest rate remained at 2.15% during 4Q25, unchanged compared with the previous quarter and 1.00 p.p. lower than in the same period of the previous year. This stability reflected a more cautious monetary policy environment, amid expectations that inflation would stabilise at the 2% target over the medium term, according to ECB projections.

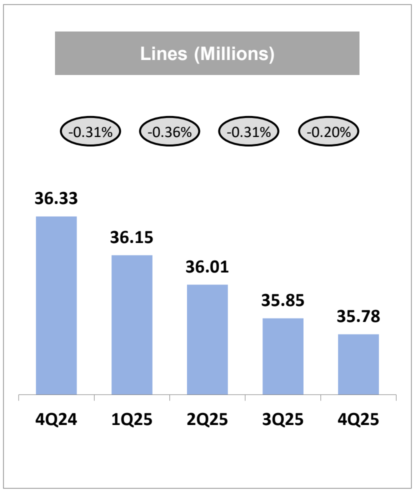
4. Telecommunications sector

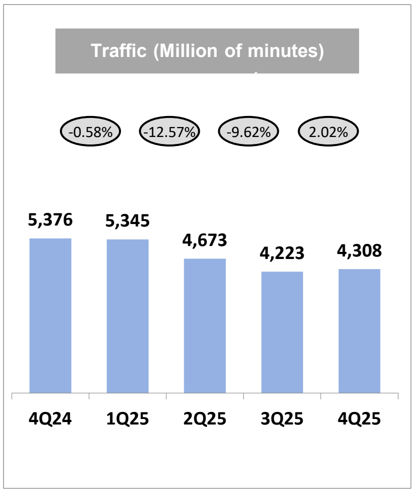
During 4Q25, fixed-line metrics in France continued to weaken, with revenues and lines recording declines, while traffic showed resilience. In mobile services, lines and traffic increased compared to 3Q25, while the downward trend in revenue continued.

- In the fourth quarter of 2025, fixed-line revenues in France continued to contract, declining by 5.49% q-o-q, broadly consistent with the downward trend observed throughout the past year. The fixed-line customer base also decreased further, with the number of lines down by 0.20% compared with 3Q25, reflecting the ongoing structural erosion of fixed services. Fixed-line traffic recorded a slight improvement, increasing by 2.02% q-o-q, but remained below the levels recorded in the previous year, underlining the sustained shift away from traditional voice communication.
- On the mobile side, dynamics remained more supportive in terms of connections. Mobile lines increased by 0.30% q-o-q, confirming the continued migration from fixed to mobile services. In contrast, mobile revenues edged down by 0.73% compared with the previous quarter, indicating persistent pricing and usage pressures. Mobile traffic improved, increasing by 6.19% to 49,843 million minutes, with volumes remaining substantially higher than those recorded on fixed networks.

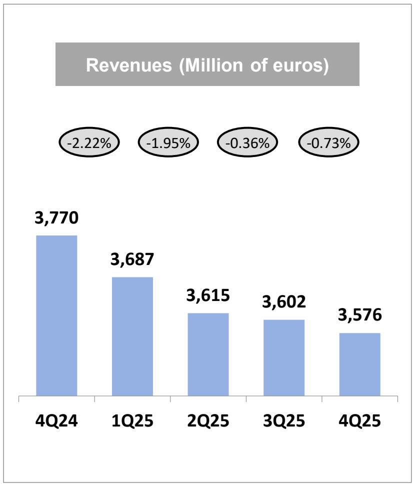
4Q25 MAIN MAGNITUDES – Fixed Lines

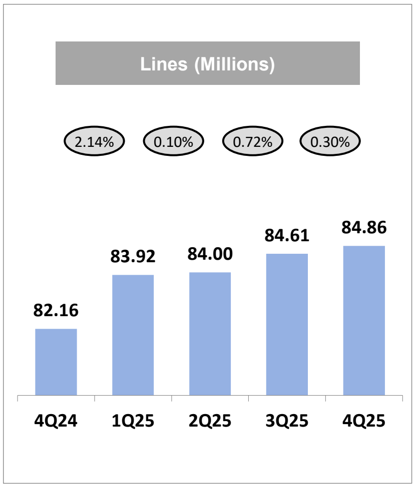


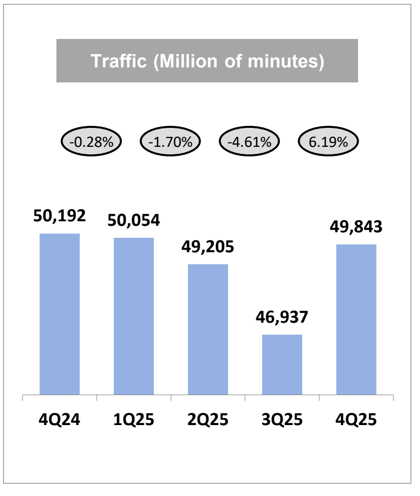




4Q25 MAIN MAGNITUDES – Mobile Lines





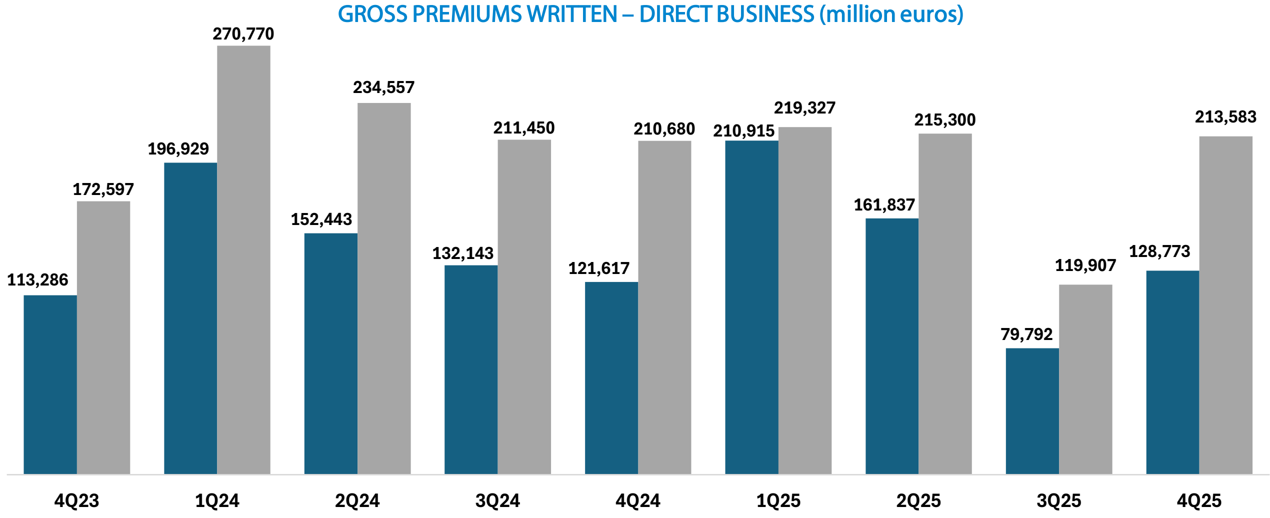


Source: Electronic Communications, Postal and Print media distributions Regulatory Authority (ARCEP).
*Note: The percentages shown in the roundels represent the quarter-to-quarter variations of the data sets displayed.

5. Insurance sector

In 4Q25, the French insurance sector showed a recovery in gross premiums written across both Life and Non-Life, while solvency ratios strengthened and technical profitability remained sound despite a slight quarterly increase in the combined ratio.

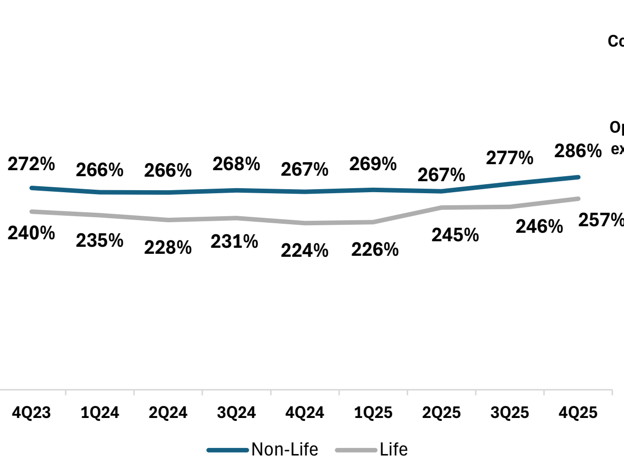
GROSS PREMIUMS WRITTEN – DIRECT BUSINESS (million euros)



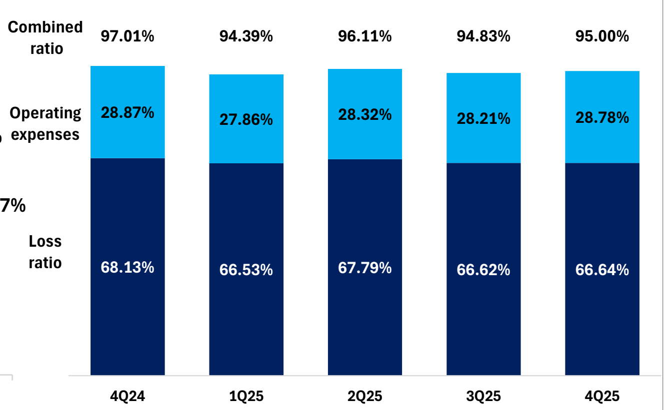
Source: EIOPA

- Gross premiums written recovered in 4Q25 after the decline observed in the previous quarter. Non-life premiums increased from €79,792 million in 3Q25 to €128,773 million in 4Q25, standing above the €121,617 million recorded in 4Q24. Life business followed a similar trend, rising from €119,907 million to €213,583 million over the quarter, also exceeding the €210,680 million registered a year earlier.
- Solvency ratios continued to reflect a comfortable capital position in both segments. For non-life, the solvency ratio increased to 286% in 4Q25, up from 277% in 3Q25 and above the 267% observed in 4Q24. The life segment also improved, with the ratio rising to 257%, compared with 246% in the previous quarter and 224% a year earlier, reaching the highest level over the period shown.
- Technical indicators for the non-life business remained broadly stable, although the combined ratio increased slightly in quarterly terms. The combined ratio stood at 95.00% in 4Q25, compared with 94.83% in 3Q25 and 97.01% in 4Q24. Within this figure, the loss ratio remained almost unchanged, at 66.64%, while operating expenses increased to 28.78% of net premiums earned. Despite this slight deterioration versus the previous quarter, the ratio remained below the level recorded a year earlier, indicating that underwriting profitability was preserved.

Solvency ratios (non-life & life, in %)



Technical account non life (% of net premiums earned)



Source: EIOPA

6. Glossary

- **BoF:** Bank of France.
- **Business volume:** The turnover volume is the set of activities that generate income for a bank, formed by financing (loans) plus customer resources (deposits).
- **CAC 40:** Cotation Assistée en Continu is the main stock market index in France, composed of the 40 largest and most traded companies listed on Euronext Paris. It serves as a key benchmark of the French economy and a reference for European equity markets.
- **CET 1:** Common Equity Tier 1 capital is the highest quality of regulatory capital, as it absorbs losses immediately when they occur.
- **Cost-to-income ratio:** 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. (Non-interest expense - amortization of intangible assets) / (net interest income + non-interest income).
- **Coverage ratio:** 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 (Consumer Price Index)**: Ratio that measures the evolution of the average cost of the basket of goods and services representative of household final consumption.
- **EBA:** European Banking Authority.
- **ARCEP:** Electronic Communications, Postal and Print media distributions Regulatory Authority.
- **GDP:** Gross Domestic Product is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.
- **GM/ATAs**: Gross Margin / Average Total Assets. Gross margin is composed of the set of revenues generated by a financial entity in its activity.
- **INSEE:** National institute of statistics and economic studies (stands for, in French, Institut national de la statistique et des études économiques).
- **LCR (Liquidity Coverage Ratio):** A Basel III requirement that obliges banks to hold enough high-quality liquid assets to cover their net cash outflows over a 30-day stress period, ensuring short-term resilience to liquidity shocks.
- **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.
- **LTD ratio:** The loan-to-deposit ratio 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 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. Non-performing loans / net loans and assets.
- **OECD:** Organization for Economic Co-operation and Development.
- **OE/ATAs:** Operating Expenses / Average Total Assets. Operating expenses are those that an entity incurs during the exercise of its activity.
- **P.p.**: Percentage points.
- **Return on assets (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. Net income / average total assets.
- **Return on equity (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. Net Income / equity.

7. Appendix

MACROECONOMIC VIEW

- European Central Bank: http://www.ecb.int/
- Expansion: https://datosmacro.expansion.com/ratings
- Fitch Ratings: http://www.fitchratings.com/
- Insee: https://www.insee.fr/fr/accueil
- International Monetary Fund, IMF: http://www.imf.org
- Investing: https://www.investing.com/currencies/streaming-forex-rates-majors
- Moody´s: http://www.moodys.com/
- Organisation for Economic Cooperation and Development, OECD: https://www.oecd.org/en.html
- World Bank, WB: https://www.worldbank.org/

BANKING SECTOR

- Banque de France: www.banque-france.fr
- European Banking Authority: http://eba.Europa.eu/

TELECOMMUNICATIONS SECTOR:

- ARCEP: https://www.data.gouv.fr/datasets/observatoire-des-communications-electroniques/

INSURANCE SECTOR:

- EIOPA: https://www.eiopa.europa.eu/index_en

ACRONYMS

- ARG – Argentina
- AUS – Australia
- AUT – Austria
- BEL – Belgium
- BRA – Brazil
- CAN – Canada
- CHL – Chile
- CHN – China
- COL – Colombia
- CRI – Costa Rica
- DEU – Germany
- DNK – Denmark
- ECU – Ecuador
- EMU – Economic and Monetary Union
- ESP – Spain
- FIN – Finland
- FRA – France
- GBR – United Kingdom
- ITA – Italy
- JAP – Japan
- LATAM – Latin America
- LUX – Luxembourg
- MEX – Mexico
- NLD – Netherlands
- NOR – Norway
- POL – Poland
- PER – Peru
- PRT – Portugal
- SWE – Sweden
- SWT – Switzerland
- TUR – Türkiye
- UAE – United Arab Emirates
- USA – United States of America
- ZAF – South Africa

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