

Principales diferencias entre “Normas de Información Financieras aplicables en México” y “Normas Internacionales de Información Financiera”

Alcance

De acuerdo con el criterio contable A-1 de la Comisión Nacional Bancaria y de Valores (“CNBV”), la contabilidad de las Compañías se ajustará a las Normas de Información Financiera (“NIF”) definidas por el Consejo Mexicano de Normas de Información Financiera, A.C. (“CINIF”), excepto cuando a juicio de la CNBV sea necesario aplicar una normatividad o un criterio contable específico, tomando en consideración que las instituciones realizan operaciones especializadas; por lo que el presente documento presenta:

1. Las principales diferencias entre las NIF aplicables en México (utilizadas comúnmente en la preparación de estados financieros para sociedades reguladas) y las Normas Internacionales de Información Financiera (“IFRS”, por sus siglas en inglés).
2. Posteriormente se señalan las principales diferencias entre los criterios contables establecidos por la CNBV y las NIF.

Antecedentes

A partir del 1 de junio del 2004 el CINIF es responsable de emitir las NIF.

Actualmente, las NIF están integradas de la siguiente forma: i) ocho normas de la serie “A”, que constituyen el marco conceptual de las NIF; ii) dieciséis normas y un boletín de la serie “B”, que corresponden a las normas aplicables a los estados financieros en su conjunto; iii) diecinueve normas y un boletín que integra la serie “C” los cuales incluyen conceptos específicos relacionados con los estados financieros; iv) siete normas y un boletín de la serie “D” aplicables a problemas relacionados con la determinación de los resultados; y v) la serie “E” que incluye dos normas y un boletín aplicables a industrias específicas.

Las principales diferencias al comparar la información financiera preparada de conformidad con las NIF en general, y específicamente en el caso de instituciones reguladas por la CNBV, contra la información financiera preparada de conformidad con las IFRS, son las siguientes:

	IFRS IAS 1	NIF NIF B2
Periodos Financieros Requeridos	Los estados financieros y sus notas deben presentarse en forma comparativa con el periodo anterior.	Los estados financieros y sus notas deben presentarse en forma comparativa con el periodo anterior.
Formato del balance general y del estado de resultados	La IAS 1, <i>Presentación de estados financieros</i> , no establece un formato estándar, pero si incluye una lista de partidas mínimas, que son menos prescriptivas que los requisitos de la Regulación S-X.	No se establece un formato estándar ni para el balance general ni para el estado de variaciones en el capital contable. En la NIF A-5, Elementos <i>básicos</i> de los estados financieros, y en algunas normas particulares incluidas en las Series de la B a la E, se establecen algunas reglas de presentación, rubros que deben ser presentados en el balance general y en el estado de resultados, así como ejemplos de dichos estados.
Presentación de deuda como circulante vs. no circulante en el balance general	En los casos en que se presente una violación a las restricciones contractuales de una deuda (<i>covenant</i>), la deuda debe presentarse como circulante, salvo que se haya llegado a un acuerdo con el acreedor antes de la fecha del balance general.	En los casos en que se presente una violación a las restricciones contractuales de una deuda (<i>covenant</i>), la deuda debe presentarse como circulante, salvo que se haya llegado a un acuerdo con el acreedor antes de la fecha del balance general y que el periodo de gracia sea para un periodo superior a 12 meses después de la fecha de cierre.
Estado de resultados: Clasificación de gastos	Las empresas pueden presentar sus costos y gastos con base en su función o en su naturaleza (por ejemplo, salarios y depreciación). Sin embargo, si se elige el formato por función, las notas deben revelar cierta información con respecto a la naturaleza de los gastos.	Se establecen dos tipos de formatos: por función y por naturaleza. En caso de utilizar el formato por función, las notas deben revelar la naturaleza de ciertas partidas relevantes.
Estado de resultados: presentación de operaciones discontinuadas	Se utiliza esta clasificación para componentes de una entidad que tengan la característica de estar disponibles para su venta, o para componentes cuya disposición se ha decidido y que, además, constituyan, ya sea:	Se considera que una operación es discontinua si sus operaciones son interrumpidas de manera definitiva y además, estas representan una actividad significativa para la entidad, como: la disposición de una unidad

- a) Una línea definida de negocios importante; generadora de efectivo, de un segmento, una sucursal, una subsidiaria, etcétera.
- b) Un área geográfica; o
- c) Una subsidiaria que fue adquirida con la única intención de ser vendida.

Revelación de medidas de desempeño

Ciertos conceptos tradicionales como el caso de "utilidad de operación" no se definen. Debido a lo anterior, existe diversidad en la práctica con respecto a la presentación de los niveles de utilidad, encabezados y subtotales presentados en el estado de resultados, ya que su presentación se basa en lo que se considera relevante para un entendimiento del desempeño financiero de la entidad.

De acuerdo con la práctica de cada sector o industria, las entidades pueden incluir en el estado de resultados o en sus notas: rubros, agrupaciones o niveles de utilidad adicionales a los requeridos, por ejemplo, "utilidad de operación", siempre y cuando dicha presentación contribuya a un mejor entendimiento del desempeño económico y financiero. En caso de que se revele o se presente la utilidad de operación, se considera adecuado hacerlo con base en las prácticas contables aceptadas en años anteriores (por ejemplo, reglas establecidas por el anterior Boletín B-3, Estado de resultados).

COMBINACIONES DE NEGOCIOS

**IFRS
NIIF 3**

**NIF
NIF B7**

Medición de la participación no controladora

Se tienen las siguientes alternativas: a) Medir la participación no controladora y el crédito mercantil asociado a ella a su valor razonable, b) Medir la participación no controladora con base en la proporción que la misma tenga sobre el valor razonable de los activos netos adquiridos identificados, excluyendo el crédito mercantil.

La participación no controladora y el crédito mercantil asociado a ella, se miden a su valor razonable. Como alternativa, se permite valuar a la participación no controladora mediante la extrapolación del valor que le corresponde a esta, en función de la contraprestación pagada por la porción adquirida, eliminando cualquier prima de control que hubiese sido pagada por la entidad adquirente.

Reconocimiento inicial

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Los pasivos contingentes se reconocen en la fecha de adquisición, siempre y cuando exista una obligación presente proveniente de un evento pasado y se pueda medir confiablemente su valor razonable. Los activos contingentes no se reconocen.

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Activos y pasivos contingentes

Medición posterior

Los pasivos contingentes se miden posteriormente como el monto que resulte mayor entre:

- a) Con base en el monto que se reconocería de conformidad con la IAS 37, o
- b) El monto que se reconoció inicialmente disminuyendo, si fuera aplicable, la amortización acumulada reconocida de conformidad con la IAS 18.

Medición posterior

Los pasivos contingentes se miden con base en el valor que resulte mayor entre las distintas estimaciones del desembolso necesario para su liquidación.

DETERIORO DE ACTIVOS DE LARGA DURACION DEL CRÉDITO MERCANTIL Y DE ACTIVOS INTANGIBLES

IFRS IAS 36

NIF NIF C15

Método para determinar el deterioro de activos de larga duración

El método consiste en un solo paso y requiere que se efectúen pruebas de deterioro siempre y cuando existan indicios de deterioro. Es la cantidad en la que el valor en libros del activo excede a su valor de recuperación. El Valor de recuperación es el que resulte mayor entre: a) El valor razonable menos costos de ventas, y b) El valor de uso (valor presente de flujos de efectivo futuros, incluyendo valor de realización al término de su vida útil).

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Asignación del crédito mercantil	Se asigna a la Unidad Generadora de Efectivo (UGE) o grupo de UGE que represente el nivel más bajo en la entidad, en donde el crédito mercantil sea monitoreado internamente. Este nivel no puede ser mayor a un segmento operativo, el cual se define en la IFRS 8, Segmentos de operación.	De acuerdo con el Boletín C-15, el crédito mercantil debe asignarse a la (s) unidad (es) generadora (s) de efectivo. De acuerdo con la NIF C-8, el crédito mercantil debe asignarse a la unidad a informar.
Método para determinar el deterioro: crédito mercantil	El método comprende un solo paso, el cual consiste en aplicar una prueba de deterioro a nivel de la UGE. Esta prueba consiste en comparar el valor en libros de la UGE (incluyendo el crédito mercantil que se le haya asignado), con su valor de recuperación.	El método comprende un solo paso, el cual consiste en aplicar una prueba de deterioro. Esta consiste en comparar el valor neto en libros con su valor de recuperación. El valor de recuperación, es el valor que resulte mayor al comparar el precio neto de venta (si se puede obtener) y el valor de uso (estimado por medio de técnicas de valuación reconocidas, o bien, a través de la determinación del valor de perpetuidad, de acuerdo con el Boletín (C-15). El cálculo del valor de recuperación del crédito mercantil se desarrolla a nivel de la UGE o a nivel de la unidad a informar.
Reversión de la pérdida por deterioro	No permitida para crédito mercantil. En el caso de otros activos de larga duración, pueden ser revisados anualmente, determinando si existen indicadores de reversión. Si se dieran las circunstancias, la pérdida puede revertirse hasta por el valor de recuperación recientemente estimado, sin exceder el monto del valor en libros inicial ajustado por su depreciación o amortización correspondiente.	No permitida para crédito mercantil. Permitida para activos intangibles de vida indefinida, sujeta a que la pérdida hubiera sido causada por un evento externo específico de naturaleza tan excepcional que no se espera vuelva a ocurrir y, además, de manera particular estos eventos externos hayan logrado revertir su efecto con posterioridad a la fecha de reconocimiento del deterioro. En el caso de otros activos, en general, se puede reversar la pérdida cuando mejore la tendencia del valor de recuperación. Si se dieran las circunstancias, la pérdida puede revertirse hasta por el valor de recuperación recientemente estimado, sin exceder el monto del valor en libros inicial ajustado por su depreciación o amortización correspondiente. También debe considerarse que la reversión debe estar plenamente justificada, y ser permanente y verificable.

INSTRUMENTOS FINANCIEROS

IFRS 9

NIF

NIF C2

NIF C-10 INSTRUMENTOS FINANCIEROS DERIVADOS Y RELACIONES DE COBERTURA

NIF-C16 DETERIORO DE INSTRUMENTOS FINANCIEROS POR COBRAR

NIF C19 INSTRUMENTOS FINANCIEROS POR PAGAR

NIF C20 INSTRUMENTOS FINANCIEROS POR COBRAR CAPITAL E INTERESES

Clasificación: deuda vs. capital	La clasificación de ciertos instrumentos con características, tanto de deuda como de capital, se enfoca en la obligación contractual de entregar efectivo, activos o las propias acciones de una entidad. Una necesidad económica no constituye una obligación contractual. Los contratos cuyo precio se base en el precio de las acciones de la propia compañía y que potencialmente se liquiden a través de las mismas, se clasifican como capital cuando se liquiden mediante un número fijo de acciones por un monto fijo de efectivo.	Para su clasificación, debe considerarse la sustancia económica del instrumento en torno a las diferencias básicas entre el pasivo y el capital, atendiendo a los conceptos de: a) Obligación virtualmente ineludible: son instrumentos de capital los que no representan obligaciones virtualmente ineludibles de transferir efectivo, bienes, servicios o más acciones en el futuro. b) Relación de propietario: es un instrumento de capital cuando el tenedor del mismo corre los riesgos y beneficios patrimoniales de la entidad. c) Valor monetario: son instrumentos de deuda aquellos cuyos tenedores esperan flujos de efectivo conocidos, es decir, valores monetarios fijos.
Instrumentos financieros de deuda compuestos (híbridos)	Los instrumentos financieros compuestos (híbridos) deben dividirse en sus componentes de deuda y de capital, y cuando sea el caso, en su componente de instrumento derivado. Este último componente podrá ser sujeto a la contabilidad de valor razonable.	Los instrumentos financieros compuestos (híbridos) deben dividirse en sus componentes de deuda y capital, y cuando sea aplicable, en su componente de instrumento derivado.
Reconocimiento de deterioro: <i>Instrumentos de deuda</i> , Disponibles para Venta (DPV)	Generalmente el deterioro en un instrumento de deuda DVP, se genera ante la evidencia de incumplimiento de crédito. La pérdida es reconocida en el estado de resultados. La pérdida por deterioro se mide como la diferencia entre la base del costo amortizado del instrumento de deuda y su valor razonable.	Existe deterioro ante una disminución en su valor razonable, atribuible a evidencias objetivas de deterioro.

<p>Reconocimiento de deterioro: <i>Instrumentos de capital, Disponibles para Venta (DPV)</i></p>	<p>Para un instrumento de capital DPV, se reconoce una pérdida por deterioro en el estado de resultados, cuando existe evidencia objetiva de que se ha deteriorado el valor del instrumento de capital DPV y de que no podrá recuperarse el costo de la inversión en el instrumento de capital. Una baja importante o prolongada en el valor razonable de un instrumento de capital por debajo de su costo se considera evidencia de deterioro.</p>	<p>Una vez que el deterioro es reconocido en el estado de resultados, se establece una nueva base para el costo de la inversión. La pérdida reconocida por deterioro de inversiones en instrumentos de deuda disponibles para la venta, se podrá revertir cuando en fecha posterior haya evidencia objetiva de que el valor razonable de esos instrumentos se incrementa debido a la reversión de los indicadores que generaron el deterioro temporalmente. El efecto de esta reversión se llevará al estado de resultados en el periodo que haya ocurrido.</p>
<p>Reconocimiento del deterioro-instrumentos de deuda, Conservados Al Vencimiento (CAV)</p>	<p>La pérdida por deterioro de un instrumento CAV se mide como la diferencia entre el valor en libros del instrumento y el valor presente de los flujos de efectivo estimados, descontados a la tasa de interés efectiva original del instrumento. El valor en libros del instrumento se disminuye, ya sea directamente o mediante una reserva. El monto de la pérdida se reconoce en el estado de resultados.</p>	<p>Para un instrumento de capital DPV, se reconoce un deterioro en el estado de resultados, cuando existe evidencia objetiva de que se deteriora dicho instrumento, y de que no podrá recuperarse el costo de la inversión en el instrumento de capital. El deterioro se mide como la diferencia entre la base de costo del instrumento de capital y su valor razonable.</p> <p>La pérdida por deterioro de un instrumento CAV se mide como la diferencia entre el valor neto en libros del instrumento y el valor presente de los flujos de efectivo estimados, descontados a la tasa de interés efectiva original de instrumento. El monto de la pérdida se reconoce en los resultados del periodo dentro del costo integral de financiamiento. Si posteriormente existe evidencia objetiva sobre la recuperación del valor de los CAV asociada con la reversión de los indicadores que generaron el deterioro, la pérdida reconocida deberá revertirse en la proporción que corresponda, hasta un monto que lo exceda el valor en libros antes del ajuste de la pérdida por deterioro. El efecto de la reversión se llevará al estado de resultados del periodo en reversión.</p>

Definición de instrumento financiero derivado y excepciones en cuanto al alcance	La definición de Derivado, bajo IFRS, no incluye el requisito de que se indique el monto nocional ni tampoco requiere que se incluya la posibilidad de ser liquidado en forma neta.	Para cumplir con la definición de Derivado, un instrumento debe contar con uno o más subyacentes, uno o más montos nocionales o condiciones de pago, o ambos, requiere una inversión neta inicial nula o pequeña, respecto a otro tipo de contrato similar en las condiciones de mercado y debe ofrecer la posibilidad de ser liquidado en forma neta, según se define. Existen algunas excepciones en cuanto al alcance para los instrumentos que de otra forma cumplirían con estos criterios.
Efectividad de cobertura	No se permite la adopción del método <i>shortcut</i> para los swaps de tasas de interés que cubren instrumentos de deuda reconocidos. De acuerdo con las IFRS, la evaluación y medición de la efectividad en las coberturas considera técnicamente el cambio en el valor razonable de la parte cubierta designada de los flujos de efectivo del instrumento, siempre y cuando la parte pueda identificarse y medirse por separado.	Se permite el use del método <i>shortcut</i> , siempre y cuando las características críticas del instrumento de cobertura y de la posición primaria sean iguales, según se indica. En la práctica aplica a swaps de tasa de interés que cubren instrumentos de deuda reconocidos en el balance general.
Cobertura de un componente de riesgo en un instrumento financiero	Permite a las entidades establecer coberturas sobre componentes (porciones) de riesgo que generen cambios en el valor razonable (como por ejemplo, uno o más flujos de efectivo contractuales seleccionados, o partes de los mismos o un porcentaje del valor razonable) siempre y cuando pueda medirse la efectividad, es decir, la porción puede identificarse y medirse por separado.	Permite a las entidades establecer coberturas sobre componentes (porciones) de riesgo que generen cambios en el valor razonable, siempre que se cumplan ciertas condiciones.

Baja de activos financieros	<p>La baja de activos financieros está basada en un modelo que considera, tanto la transferencia de los riesgos y beneficios, como la del control. Solo se considera que hay una transferencia del control cuando la evaluación de los riesgos y beneficios transferidos no es concluyente. Si la entidad que transfiere los activos financieros no retiene ni transfiere sustancialmente todos los riesgos y beneficios, entonces se hace una evaluación de la transferencia del control.</p> <p>Se considera que el control se ha transferido, si la entidad que recibe los activos financieros tiene la capacidad práctica para vender unilateralmente el activo transferido sin restricciones a un tercero. No se requiere efectuar la prueba de "aislamiento legal" del activo financiero. Los criterios para dar de baja un activo, pueden aplicar a una porción del activo financiero, solo si esta porción es un reflejo de las características del activo financiero, íntegro, original.</p>	<p>La baja de activos financieros ocurre cuando se dejan de tener los derechos sobre el activo financiero. Se considera que los derechos se han dejado de tener cuando se han transferido a un tercero, sin que exista responsabilidad posterior de ninguna especie</p>
Medición: préstamos otorgados y cuentas por cobrar	<p>Los préstamos otorgados y cuentas por cobrar son reconocidos a costo amortizado, a menos que se hayan clasificado en las categorías de: a) Valor razonable a través de utilidad o pérdida (fair value through profit or loss), o b) Disponibles para su venta. Categorías que son reconocidas en el balance general a su valor razonable.</p>	<p>Las cuentas por cobrar y préstamos que se encuentren dentro del alcance de la NIF C-3, Cuentas por cobrar, son reconocidas inicialmente a su valor razonable. En caso de que por las características de la cuenta por cobrar o préstamo, estos caigan dentro del alcance de la NIF C-20, serán reconocidos inicialmente a su valor razonable considerando los flujos de efectivo estimados que se recibirán por principal e intereses.</p>
Rango entre precio de compra y venta	<p>El valor razonable de los activos poseídos (o pasivos a ser emitidos) por lo general se determina utilizando el precio de compra actual, mientras que los pasivos existentes (o activos a ser adquiridos) se miden utilizando el precio de venta actual. Cuando una entidad tiene activos y pasivos que se ven compensados con los riesgos de mercado, se podrán utilizar los precios medios de mercado para determinar el valor razonable de las posiciones compensatorias, y aplicar el precio de compra o venta (según sea apropiado) a la posición abierta neta.</p>	<p>Tema no contemplado por las NIF, en la práctica se usan ambos enfoques.</p>

MONEDA EXTRANJERA E INFLACIÓN

	IFRS IAS 21	NIF NIF B10
<p>Conversión de estados financieros de entidades en el extranjero cuando la moneda funcional proviene de economías hiperinflacionarias</p>	<p>Requiere que se mantenga la moneda funcional. Sin embargo, los montos de los estados financieros en moneda funcional local que todavía no se han convertido utilizando el tipo de cambio al cierre del periodo que se reporta (del ejercicio actual, como del anterior), se ajustan utilizando el índice general de precios (es decir, actualizado en función de la unidad de medición a la fecha del balance general reconociendo en resultados los efectos) y posteriormente se convierten a la moneda de reporte, utilizando el tipo de cambio de cierre.</p>	<p>Dichos estados financieros, tanto del ejercicio actual como del anterior, se ajustan utilizando el índice general de precios de su país, siempre que la entidad se encuentre en un entorno económico inflacionario (al menos, 26% acumulado en los últimos tres años) y posteriormente se convierten a la moneda de reporte, utilizando el tipo de cambio de cierre.</p>

Consolidación de operaciones en el extranjero

El método de consolidación no se especifica, por lo mismo, puede aplicarse el método "directo" o el de "paso a paso". De acuerdo con el método "directo", cada entidad dentro del grupo se consolida directamente con la controladora final, independientemente de la existencia de cualquier entidad intermedia. La elección del método puede afectar los ajustes acumulados por conversión que se han diferido dentro del capital a niveles intermedios y, en consecuencia, también la reclasificación a resultados de estas diferencias cambiarías al momento de la disposición de una operación extranjera intermedia.

Aunque la norma indica seguir los procedimientos establecidos en las normas particulares para la consolidación de operaciones en el extranjero, estos procedimientos no se precisan.

IMPUESTO SOBRE LA UTILIDAD

	IFRS IAS 12	NIF NIF D4
Base fiscal	La base fiscal es generalmente el monto deducible o gravable para fines fiscales. La manera en que la administración espera liquidar o recuperar el monto en libros, afecta la determinación de la base fiscal.	Los valores fiscales se determinan con base en las disposiciones fiscales aplicables a la entidad. El valor fiscal de un activo es el monto deducible o acumulable fiscalmente en ejercicios futuros. El valor fiscal de un pasivo está representado por su valor en libros menos la porción del mismo que sea deducible para efectos fiscales en ejercicios futuros o, en su caso, los pasivos no contables por acumularse fiscalmente.
Impuestos por la transferencia de activos entre compañías que permanecen dentro del grupo consolidado	Requiere que los impuestos pagados con base en las ganancias de transacciones entre intercompañías sean reconocidos conforme se incurren. El reconocimiento de los impuestos diferidos relativos a diferencias entre las bases fiscales de los activos transferidos entre las entidades/ jurisdicciones fiscales que permanecen dentro del grupo consolidado, es requerido.	Tema no tratado específicamente.

Posiciones fiscales inciertas	Las IFRS no incluyen lineamientos específicos. La IAS 12, establece que los activos y pasivos por impuestos deben medirse de acuerdo con la cantidad que se espera pagar. Algunas entidades han adoptado el enfoque de "un paso", que reconoce todas las posiciones fiscales inciertas con base en el valor esperado. Otras entidades han adoptado el enfoque de "dos pasos", el cual consiste en reconocer económicamente aquellas posiciones fiscales inciertas por las que es más probable que no probable (<i>more likely than not</i>) que den lugar a un desembolso de efectivo. Hay divergencia en la práctica en cuanto a tomar o no en consideración el riesgo de detección dentro del análisis.	No existen lineamientos sobre la valuación del pasivo o activo por impuesto causado ni del derivado de posiciones fiscales inciertas. Solo se hace mención sobre el "impuesto causado" (y pagos anticipados) para la base de dicho pasivo, y al requerimiento de revelación de pasivos y activos contingentes relacionados con los impuestos.
Excepciones al reconocimiento inicial	<p>Los efectos de impuestos diferidos derivados del reconocimiento inicial de un activo o un pasivo no se reconocerán cuando:</p> <p>a) Los montos no provengan de una combinación de negocios.</p> <p>b) Al momento en que se efectuó, la transacción no afecte a la utilidad contable ni a la utilidad fiscal (p. ej., la adquisición de activos no deducibles).</p>	<p>Solo existe una excepción a la regla general de reconocimiento del impuesto diferido, que consiste en no determinar impuesto diferido alguno, por las partidas que no afectara al resultado contable ni al fiscal.</p> <p>La NIF requiere el reconocimiento del impuesto diferido para todas las diferencias, aun cuando no sean deducibles fiscalmente (antes conocidas como "permanentes").</p>
Reconocimiento de activos por impuestos diferidos	Los montos se reconocen únicamente en la medida en que sea probable (similar al concepto <i>more likely than not</i> , existente bajo U.S. GAAP) que se logren recuperar.	Los montos se reconocen en la medida en que se tenga alta certeza sobre su recuperación. El concepto de alta certeza está asociado al término "probable", establecido en la NIF A-1, <i>Estructura de las Normas de Información Financiera. La reducción debe hacerse por medio de una reserva de valuación.</i>
Calculo de los activos o pasivos por impuestos diferidos'	Deben aplicarse las tasas de impuestos aprobadas (<i>enacted</i>) o "sustancialmente aprobadas" (<i>substantively enacted</i>) a la fecha del balance general.	Se deben aplicar las tasas de impuestos, aprobadas o "sustancialmente aprobadas" a la fecha del balance general. Sin embargo, existe una diferencia con IFRS al requerirse bajo NIF que, cuando se aplique la tasa sustancialmente aprobada, esta tasa sea promulgada antes de la fecha de emisión de estados financieros.

Reconocimiento de pasivos por impuestos diferidos sobre inversiones en subsidiarias o negocios conjuntos (JVs) (a menudo denominadas: diferencias *outside basis*)

Se requiere su reconocimiento, a menos que la entidad que reporta tenga el control sobre el momento de reversión de la partida temporal y sea probable (more likely than not) que la diferencia no se revierta en un futuro próximo.

En los casos de subsidiarias se requiere el reconocimiento de estos impuestos diferidos en lo atribuible a: a) El efecto por conversión y, b) Los ajustes de los activos netos adquiridos. A diferencia de lo establecido por U.S. GAAP e IFRS, bajo NIF se propone el reconocimiento de impuestos diferidos por diferencias temporales diferentes a las mencionadas en los incisos a) y b) anteriores, como por ejemplo las que pudieran surgir del *outside basis*. Para el caso de asociadas y JVs, no se precisa su tratamiento.

PROVISIONES Y CONTINGENCIAS

IFRS IAS 37

NIF NIF C9

Provisiones descontadas a valor presente

Debe registrarse como provisión la cantidad que se estima será liquidada o pagada para transferir la obligación, tomando en cuenta el valor del dinero en el tiempo.

Las provisiones deben registrarse por una cantidad equivalente a la mejor estimación a la fecha del balance general del desembolso necesario para liquidar la obligación o para transferir la obligación a un tercero. El importe de las provisiones será objeto de descuento cuando el efecto de hacerlo sea significativo.

Costos de reestructuración	Las disposiciones generales de la IAS 37, deben aplicarse una vez que la administración "demuestre estar comprometida" (es decir, se ha incurrido en una obligación legal o asumida) mediante un plan detallado para abandonar una operación. Generalmente el momento de reconocimiento de los costos se presenta antes bajo IFRS, debido a que las disposiciones de la IAS 37 consideran al plan de salida como un todo, en lugar de componentes individuales de costa.	Aplican las disposiciones generales del Boletín C-9; sin embargo, para que se considere que existe una obligación asumida, la entidad debe tener un plan formal y detallado para proceder a la reestructuración y deberá haberse producido una expectativa valida por parte de terceros de que la reestructuración se llevará a cabo, ya sea por haberse puesto en marcha el plan o por haberse anunciado sus principales características.
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Otras diferencias principales entre los principios contables aplicables a instituciones reguladas por la CNBV y las NIF son los siguientes:

- Los criterios contables de la CNBV establecen reglas particulares para la presentación y agrupación de los estados financieros básicos, las cuales en algunos casos difieren de las NIF.
- Los deudores diversos no cobrados en 60 días naturales siguientes a su registro inicial, cuando correspondan a deudores no identificados y a los 90 días naturales siguientes a su registro inicial, cuando correspondan a deudores identificados, se reservan en el estado de resultados, independientemente de su posible recuperación.
- Se suspende la acumulación de los intereses devengados de las operaciones crediticias, en el momento en que el saldo insoluto del crédito sea considerado como vencido. En tanto el crédito se mantenga en cartera vencida, el control de los intereses devengados se lleva en cuentas de orden. Cuando dichos intereses vencidos son cobrados, se reconocen directamente en los resultados del ejercicio en el rubro de "Ingresos por intereses". Las NIF requieren el reconocimiento de los intereses devengados y, en su caso, la creación de una estimación para cuentas de cobro dudoso con base en un estudio de su recuperabilidad.
- Las cuentas de aportaciones o de margen manejadas (entregadas y recibidas) cuando se negocian instrumentos financieros derivados en mercados no reconocidos, se registran en el rubro de "Disponibilidades" y "Acreedores diversos y otras cuentas por pagar", respectivamente, en lugar de presentarlo en el rubro de "Derivados", tal como lo establecen las NIF.
- La Participación de los Trabajadores en las Utilidades (PTU) se presenta en el estado de resultado dentro del rubro de "Gastos de administración y promoción". De conformidad con las NIF, la PTU corriente y diferida se presenta dentro del rubro de costos o gastos que corresponda.
- En los criterios contables de la CNBV, se establece que en coberturas de valor razonable el ajuste al valor en libros por la valuación de la partida cubierta se presente en un rubro por separado en el balance general, en lugar de presentarlo conjuntamente con la posición primaria cubierta, de acuerdo con las NIF.

RESULTS AT SEPTEMBER 30TH 2019

Press release

Paris, November 6th 2019

SUBSTANTIAL INCREASE IN THE CAPITAL RATIO (CET1 AT 12.5%)

- Increase in CET1 of 46 basis points to 12.5% vs. June 30th, 2019, nearly 250 basis points above regulatory requirements (Maximum Distributable Amount). The Tier 1 ratio stands at 15.2%
- Organic capital generation amounting to 28 basis points in 9M 19, including a dividend provision of EUR 1.65 per share (corresponding to 75% of EUR 2.20 per share)
- Target of reducing Global Banking & Investor Solutions' risk-weighted assets by EUR 10 billion achieved
- Finalisation of the disposals of Societe Generale Serbia, Societe Generale Montenegro and Mobiasbanca Societe Generale for an impact of +10bp in Q3 19, taking the cumulative impact of the finalised disposals to +38bp
- Increase in the leverage ratio to 4.4%
- Tangible net asset value up 7.9% vs. September 30th, 2018 (tangible net asset value per share: +1.9%)

SATISFACTORY PROGRESS IN THE ADAPTATION OF THE BUSINESSES AND THE BUSINESS MODEL, RESILIENT PROFITABILITY (ROTE⁽¹⁾ OF 8.1% IN 9M 19)

- Good level of profitability in French Retail Banking and International Retail Banking & Financial Services, within the target of 2020 objectives
- Execution of Global Banking & Investor Solutions' restructuring plan in line with objectives: increase in Structured Financing revenues, decline in Global Markets' revenues incorporating the effects of business closures
- Further decline in the Group's underlying operating expenses: -1.3%⁽¹⁾ in Q3 19 vs. Q3 18, -1.2%⁽¹⁾ in 9M 19 vs. 9M 18, with in particular an excellent performance in Global Banking & Investor Solutions (-3.1%⁽²⁾ in 9M 19 vs. 9M 18)
- Cost of risk contained at 24 basis points in 9M 19 (26 basis points in Q3 19)
- Underlying Group net income of EUR 855m in Q3 19 and EUR 3,183m in 9M 19

SOCIETE GENERALE CONFIRMED AS A LEADING BANK IN COMBATING CLIMATE CHANGE

- No. 1 bank globally on Environmental issues and No. 6 across all CSR criteria (2019 RobecoSAM ranking)
- New objective for Societe Generale's contribution to the financing of the energy transition of EUR 120 billion between 2019 and 2023

Frédéric Oudéa, the Group's Chief Executive Officer, commented:

"Once again this quarter, we have achieved results very much in line with our objectives and priorities. In terms of capital, there was a further substantial increase in the CET1 ratio to 12.5%. Retail banking and financial services posted robust commercial and financial performances. Global Banking & Investor Solutions delivered resilient net income in an unfavourable environment, without yet benefiting from the positive effects of the ongoing restructuring which is ahead of its 2020 objectives. The cost of risk remained low for all the businesses, reflecting the quality of the loan portfolio. Finally, Societe Generale has confirmed its role as a committed and responsible player and leading international bank in terms of financing the energy transition. The Group, with the strong commitment of its teams, is confident of its ability to deliver, in an ever more restrictive environment in Europe."

The footnote * in this document corresponds to data adjusted for changes in Group structure and at constant exchange rates.

(1) Underlying data. See methodology note 5 for the transition from accounting data to underlying data.

(2) Operating expenses restated for restructuring costs and integration costs in respect of EMC activities

1. GROUP CONSOLIDATED RESULTS

<i>In EUR m</i>	Q3 19	Q3 18	Change		9M 19	9M 18	Change	
Net banking income	5,983	6,530	-8.4%	-7.7%*	18,458	19,278	-4.3%	-4.0%*
Operating expenses	(4,165)	(4,341)	-4.1%	-3.3%*	(13,224)	(13,473)	-1.8%	-1.4%*
<i>Underlying operating expenses(1)</i>	<i>(4,317)</i>	<i>(4,374)</i>	<i>-1.3%</i>	<i>-0.5%*</i>	<i>(12,816)</i>	<i>(12,968)</i>	<i>-1.2%</i>	<i>-0.7%*</i>
Gross operating income	1,818	2,189	-16.9%	-16.5%*	5,234	5,805	-9.8%	-10.0%*
<i>Underlying gross operating income(1)</i>	<i>1,666</i>	<i>2,156</i>	<i>-22.7%</i>	<i>-22.4%*</i>	<i>5,642</i>	<i>6,310</i>	<i>-10.6%</i>	<i>-10.8%*</i>
Net cost of risk	(329)	(264)	+24.6%	+26.1%*	(907)	(642)	+41.3%	+44.6%*
<i>Underlying net cost of risk (1)</i>	<i>(329)</i>	<i>(264)</i>	<i>+24.6%</i>	<i>+26.1%*</i>	<i>(889)</i>	<i>(642)</i>	<i>+38.5%</i>	<i>+41.6%*</i>
Operating income	1,489	1,925	-22.6%	-22.3%*	4,327	5,163	-16.2%	-16.6%*
<i>Underlying operating income(1)</i>	<i>1,337</i>	<i>1,892</i>	<i>-29.3%</i>	<i>-29.1%*</i>	<i>4,753</i>	<i>5,668</i>	<i>-16.1%</i>	<i>-16.5%</i>
Net profits or losses from other assets	(71)	2	<i>n/s</i>	<i>n/s</i>	(202)	(39)	<i>n/s</i>	<i>n/s</i>
Income tax	(389)	(464)	-16.2%	-15.1%*	(1,034)	(1,229)	-15.9%	-16.6%*
Reported Group net income	854	1,309	-34.8%	-34.8%*	2,594	3,436	-24.5%	-24.8%*
<i>Underlying Group net income(1)</i>	<i>855</i>	<i>1,327</i>	<i>-35.6%</i>	<i>-35.6%*</i>	<i>3,183</i>	<i>3,917</i>	<i>-18.7%</i>	<i>-18.9%*</i>
ROE	5.3%	9.3%			5.5%	8.1%		
ROTE	6.1%	10.9%			6.7%	9.6%		
Underlying ROTE (1)	6.1%	11.0%			8.1%	11.0%		

(1) Adjusted for exceptional items and linearisation of IFRIC 21

As from January 1st 2019, in accordance with the amendment to IAS 12 "Income Tax", the tax saving related to the payment of coupons on undated subordinated and deeply subordinated notes, previously recorded in consolidated reserves, is now recognised in income on the "income tax" line; 2018 comparative data have been restated.

Societe Generale's Board of Directors, which met on November 5th, 2019 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q3 and 9M 2019.

The various restatements enabling the transition from underlying data to published data are presented in the methodology notes (section 9.5).

Net banking income: EUR 5,983m (-8.4% vs. Q3 18), EUR 18,458m (-4.3% vs. 9M 18)

When restating the revaluation of Euroclear securities in Q3 18 for EUR 271 million, the Group's net banking income was down -4.4% (-3.7%*) vs. Q3 18 and -2.9% (-2.6%*) vs. 9M 18. In terms of the businesses, revenues were 2.9%* lower than in Q3 18 (-1.3%* vs. 9M 18). The growth in International Retail Banking & Financial Services and the stable revenues in French Retail Banking were more than offset by the decline in revenues in Global Banking & Investor Solutions, against the backdrop of the restructuring of activities and an adverse market environment for Global Markets and Investment Banking.

Operating expenses: EUR -4,165m (-4.1% vs. Q3 18), EUR -13,224m (-1.8% vs. 9M 18)

Underlying operating expenses were down -1.3% in Q3 19 and -1.2% in 9M 19, reflecting rigorous cost control across all the businesses. More than 55% of the programme to reduce costs by EUR 1.1 billion by 2020 has been achieved. Global Banking & Investor Solutions' operating expenses were lower in Q3 19, against a backdrop of restructuring. Operating expenses were slightly higher in French Retail Banking. In International Retail Banking & Financial Services, operating expenses supported the growth in activity, with a positive jaws effect.

Cost of risk: EUR -329m (26bp), EUR -907m (24bp)

The Group's commercial cost of risk (expressed as a fraction of outstanding loans) remained low and amounted to 26 basis points in Q3 19 (22 basis points in Q3 18 and 25 basis points in Q2 19). The cost of risk amounted to 24 basis points in 9M 19; it was 18 basis points in 9M 18. The Group anticipates a cost of risk of between 25 and 30 basis points in 2019.

The gross doubtful outstandings ratio amounted to 3.4% at September 30th, 2019 (stable vs. June 30th, 2019). The Group's gross coverage ratio for doubtful outstandings stood at 55%⁽¹⁾ at September 30th, 2019 (stable vs. June 30th, 2019).

Net profits or losses from other assets: EUR -71m in Q3 19, EUR -202m in 9M 19

Net profits or losses from other assets totalled EUR -71 million in Q3 19, including EUR -113 million corresponding to the effect of the application of IFRS 5 as part of the implementation of the Group's refocusing plan.

Group net income: EUR 854m (-34.8% vs. Q3 18), EUR 2,594m (-24.5% vs. 9M 18)

In EURm	Q3 19	Q3 18	9M 19	9M 18
Reported Group net income	854	1,309	2,594	3,436
Underlying Group net income ⁽²⁾	855	1,327	3,183	3,917

In %	Q3 19	Q3 18	9M 19	9M 18
ROTE (reported)	6.1%	10.9%	6.7%	9.6%
Underlying ROTÉ ⁽²⁾	6.1%	11.0%	8.1%	11.0%

Earnings per share amounts to EUR 2.49 in 9M 19 (EUR 3.62 in 9M 18). The dividend provision amounts to EUR 1.65 per share in 9M 19.

(1) Ratio between the amount of provisions on doubtful outstandings and the amount of these same outstandings.

(2) Adjusted for exceptional items and effect of the linearisation of IFRIC 21.

2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 63.7 billion at September 30th, 2019 (EUR 61.0 billion at December 31st, 2018). Net asset value per share was EUR 63.6 and tangible net asset value per share was EUR 55.5 (an increase of 1.9% vs. September 30th, 2018).

The **consolidated balance sheet** totalled EUR 1,411 billion at September 30th, 2019 (EUR 1,309 billion at December 31st, 2018). The net amount of customer loan outstandings at September 30th, 2019, including lease financing, was EUR 425 billion (EUR 421 billion at December 31st, 2018) – excluding assets and securities received under repurchase agreements. At the same time, customer deposits amounted to EUR 407 billion, vs. EUR 399 billion at December 31st, 2018 (excluding assets and securities sold under repurchase agreements).

At end-September 2019, the parent company had issued EUR 32.7 billion of medium/long-term debt, having an average maturity of 4.5 years and an average spread of 49 basis points (vs. the 6-month mid-swap, excluding subordinated debt). The subsidiaries had issued EUR 1.7 billion. At September 30th, 2019, the Group had issued a total of EUR 34.4 billion of medium/long-term debt. The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 136% at end-September 2019 vs. 129% at end-December 2018. At the same time, the NSFR (Net Stable Funding Ratio) was over 100% at end-September 2019. At end-September 2019, the Group had achieved 100% of its long-term financing programme scheduled for 2019.

The Group's **risk-weighted assets** (RWA) amounted to EUR 353.5 billion at September 30th, 2019 (vs. EUR 376.0 billion at end-December 2018) according to CRR/CRD4 rules. Risk-weighted assets in respect of credit risk represent 81.6% of the total, at EUR 288.5 billion, down -4.7% vs. December 31st, 2018.

At September 30th, 2019, the Group's fully-loaded **Common Equity Tier 1** ratio stood at 12.5%⁽¹⁾, up 46 basis points vs. June 30th, 2019. This increase includes, in particular, the reduction in Global Markets' risk-weighted assets for +10 basis points, the effect of securitisation transactions for a cumulative impact of +15 basis points, the finalisation of the disposals of Societe Generale Serbia, Societe Generale Montenegro and Mobiasbanca Societe Generale for an impact of 10 basis points. The Tier 1 ratio stood at 15.2% at end-September 2019 (13.7% at end-December 2018) and the total capital ratio amounted to 18.5% (16.7% at end-December 2018).

With a level of 27.0% of RWA and 7.7% of leveraged exposure at end-September 2019, the Group's TLAC ratio is above the FSB's requirements for 2019. At September 30th, 2019, the Group was also above its MREL requirements of 8% of the TLOF⁽²⁾ (which, at end-December 2016, represented a level of 24.4% of RWA), which were used as a reference for the SRB calibration.

The **leverage ratio** stood at 4.4% at September 30th, 2019, an increase of 11 basis points vs. end-December 2018 and 7 basis points vs. June 30th, 2019.

The Group is rated by five rating agencies: (i) DBRS - long-term rating (senior preferred debt) "A (high)", positive trends, short-term rating "R-1 (middle)"; (ii) FitchRatings - long-term rating "A", stable outlook, senior preferred debt rating "A+", short-term rating "F1"; (iii) Moody's - long-term rating (senior preferred debt) "A1", stable outlook, short-term rating "P-1"; (iv) R&I - long-term rating (senior preferred debt) "A", stable outlook; and (v) S&P Global Ratings - long-term rating (senior preferred debt) "A", positive outlook, short-term rating "A-1".

(1) Pro forma for the announced disposals (+9 basis points) and the integration of EMC (-5 basis points), the CET1 ratio amounts to 12.5%

(2) TLOF: Total Liabilities and Own Funds

3. FRENCH RETAIL BANKING

<i>In EUR m</i>	Q3 19	Q3 18	Change	9M 19	9M 18	Change
Net banking income	1,879	1,949	-3.6%	5,789	5,948	-2.7%
<i>Net banking income excl. PEL/CEL</i>	1,945	1,942	+0.2%	5,894	5,913	-0.3%
Operating expenses	(1,375)	(1,358)	+1.3%	(4,209)	(4,199)	+0.2%
Gross operating income	504	591	-14.7%	1,580	1,749	-9.7%
<i>Gross operating income excl. PEL/CEL</i>	570	584	-2.3%	1,685	1,714	-1.7%
Net cost of risk	(95)	(119)	-20.2%	(318)	(346)	-8.1%
Operating income	409	472	-13.3%	1,262	1,403	-10.0%
Reported Group net income	311	320	-2.8%	901	955	-5.7%
RONE	11.0%	11.4%		10.6%	11.3%	
Underlying RONE (1)	12.0%	10.6%		11.7%	11.3%	

(1) Adjusted for the linearisation of IFRIC 21, PEL/CEL provision

French Retail Banking delivered a solid performance in Q3 19 against the backdrop of a low interest rate environment and the transformation of the French networks. Underlying RONE stood at 12.0% in Q3.

French Retail Banking's three brands (Societe Generale, Crédit du Nord and Boursorama) enjoyed a healthy commercial momentum during the quarter and strengthened their customer franchise.

Boursorama consolidated its position as the leading online bank in France, with more than 2 million clients at end-September 2019.

French Retail Banking expanded its business among mass affluent and wealthy clients, with the number of customers increasing by 3% vs. Q3 18. Net inflow for wealthy clients remained robust at EUR 1.1 billion in Q3 19, taking assets under management to EUR 68 billion (including Crédit du Nord) at end-September 2019.

The commercial momentum remained robust for Corporate clients, with the number of clients rising by 1% vs. Q3 18.

Bancassurance continued to enjoy buoyant activity: life insurance experienced net inflow of EUR 395 million (+9% vs. Q3 18). Outstandings were up +1.7% vs. Q3 18 at EUR 95 billion, with the unit-linked share accounting for 25% of outstandings.

Average loan outstandings climbed +5.7% vs. Q3 18 (to EUR 198 billion): in particular, outstanding loans to individuals were 5.3% higher at EUR 117 billion while medium-term corporate loan outstandings rose 6.9% vs. Q3 18 to EUR 70 billion.

Average outstanding balance sheet deposits were 4.4% higher than in Q3 18 (at EUR 210 billion), still driven by sight deposits (+8.7% vs. Q3 18, including currency-denominated deposits).

As a result, the average loan/deposit ratio stood at 94.3% in Q3 19 (up 1.2 points vs. Q3 18).

The Group continued to adapt its operational set-up, in parallel with the digital transformation process. It closed 23 Societe Generale branches in Q3 19, and now has 1,821 branches nationwide. Societe Generale continued to roll out its specific facilities for the corporate sector and professionals. At end-September 2019, Societe Generale had 16 regional business centres, 110 "Pro Corners" (espaces pro) in branches and 10 dedicated "Pro Corners".

Net banking income excluding PEL/CEL: EUR 1,945m (+0.2% vs. Q3 18), EUR 5,894m (-0.3% vs. 9M 18)

Q3 19: Although still adversely affected by the low interest rate environment, there was an improvement in net interest income (excluding PEL/CEL) with an increase of 2.9% vs. Q3 18, underpinned by robust

loan production and improved margins. Commissions (including insurance revenues) were 4.2% lower than in Q3 18, impacted in particular by the banking industry's commitments in relation to vulnerable populations.

9M 19: Net interest income (excluding PEL/CEL) was 0.4% higher, while commissions (including insurance revenues) were 2.3% lower than in 9M 18.

The Group has confirmed that it expects revenues to evolve between 0% and -1% in 2019 vs. 2018, after neutralising the impact of PEL/CEL provisions.

Operating expenses: EUR -1,375m (+1.3% vs. Q3 18), EUR -4,209m (+0.2% vs. 9M 18)

Q3 19: Operating expenses were 1.3% higher than in Q3 18, reflecting primarily investments in the transformation process. **9M 19:** Operating expenses were stable (+0.2% vs. 9M 18).

The cost to income ratio stood at 71.0% in 9M 19 (excluding PEL/CEL provision and after linearisation of the IFRIC 21 charge).

The Group expects an increase in operating expenses of between 1% and 2% in 2019 vs. 2018.

Cost of risk: EUR -95m (-20.2% vs. Q3 18), EUR -318m (-8.1% vs. 9M 18)

Q3 19: The commercial cost of risk remained low and amounted to 19 basis points (27 basis points in Q2 19 and 25 basis points in Q3 18), reflecting the quality of the portfolio.

9M 19: The cost of risk stood at 22 basis points; it was 25 basis points in the first nine months of 2018.

Contribution to Group net income: EUR 311m (-2.8% vs. Q3 18), EUR 901m (-5.7% vs. 9M 18)

RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at the robust level of 12.0% in Q3 19 (vs. 10.6% in Q3 18) and 11.7% in 9M 19 (vs. 11.3% in 9M 18).

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

<i>In EUR m</i>	Q3 19	Q3 18	Change		9M 19	9M 18	Change	
Net banking income	2,096	2,092	+0.2%	+3.7%*	6,296	6,156	+2.3%	+5.4%*
Operating expenses	(1,091)	(1,100)	-0.8%	+3.0%*	(3,440)	(3,381)	+1.7%	+5.4%*
Gross operating income	1,005	992	+1.3%	+4.5%*	2,856	2,775	+2.9%	+5.3%*
Net cost of risk	(169)	(124)	+36.3%	+38.8%*	(430)	(290)	+48.3%	+56.3%*
Operating income	836	868	-3.7%	-0.5%*	2,426	2,485	-2.4%	-0.4%*
Net profits or losses from other assets	1	2	-50.0%	-35.7%	2	6	-66.7%	-60.9%*
Reported Group net income	513	532	-3.6%	+0.2%*	1,492	1,502	-0.7%	+1.7%*
RONE	18.7%	18.9%			17.8%	17.6%		
Underlying RONE (1)	18.1%	18.2%			18.2%	17.9%		

(1) Adjusted for the linearisation of IFRIC 21 and the restructuring provision of EUR 29 million

In International Retail Banking, outstanding loans totalled EUR 89.5 billion at end-June 2019. They rose +6.4%* vs. Q3 18 when adjusted for changes in Group structure and at constant exchange rates (-2.2% at current structure and exchange rates), given the disposals finalised during the first nine months of 2019 (SG Albania, Express Bank in Bulgaria, Societe Generale Montenegro, Eurobank in Poland, Societe Generale Serbia and Mobiasbanca in Moldova). Outstanding deposits were up +6.8%* (-1.6% at current structure and exchange rates) vs. Q3 18, at EUR 80.8 billion, with a healthy momentum in all regions.

For the Europe scope, outstanding loans were up +6.0%* vs. Q3 18, at EUR 56.6 billion (-8.7% at current structure and exchange rates), driven by the excellent momentum in Western Europe (+11.0%, +11.0%*) and robust growth in Romania (+3.7%*, -2.4%) and the Czech Republic (+3.0%*, +2.6%). Outstanding deposits were up +4.8%* (-10.1% at current structure and exchange rates), notably in the Czech Republic (+6.1%*, +5.8%).

In Russia, commercial activity was robust in a buoyant banking market. At end-September 2019, outstanding loans were up +7.6%* at constant exchange rates (+15.4% at current exchange rates) while outstanding deposits climbed +18.3%* (+26.5% at current exchange rates).

In Africa, Mediterranean Basin and Overseas Territories, commercial activity was generally healthy especially in Sub-Saharan Africa. Outstanding loans rose +6.9%* (+9.4%) vs. Q3 18, with a good commercial momentum both in the individual and business customer segments. Outstanding deposits were up +5.7%* (+8.4%).

In the Insurance business, the life insurance savings business saw outstandings increase +4.6%* vs. Q3 18. The share of unit-linked products in outstandings was 28% at end-September 2019, up +0.8 points vs. Q3 18. Personal Protection and Property/Casualty insurance enjoyed robust growth, with premiums increasing by respectively +8.8%* and +8.4%* vs. Q3 18.

Financial Services to Corporates enjoyed a good commercial momentum in Q3 19. Operational Vehicle Leasing and Fleet Management saw an increase in its vehicle fleet (+6.7% vs. end of Q3 18) to 1.7 million vehicles at end-September 2019, primarily through organic growth. Equipment Finance's outstanding loans were up +3.8%* in Q3 19 vs. Q3 18 at EUR 18.3 billion (excluding factoring), driven by a good level of new business whose margin has improved.

Net banking income: EUR 2,096m, +3.7%* (+0.2%) vs. Q3 18, EUR 6,296m, +5.4%* (+2.3%) vs. 9M 18

Net banking income totalled EUR 2,096 million in Q3 19, up +3.7%* (+0.2%) vs. Q3 18. Revenues amounted to EUR 6,296 million in 9M 19, up +5.4%* (+2.3%) vs. 9M 18.

In International Retail Banking, net banking income totalled EUR 1,401 million in Q3 19, up +4.8%* (-1.2%) vs. Q3 18, driven by the excellent momentum in Africa, Mediterranean Basin and Overseas Territories (+10.0%*, +12.4%) and robust growth in Europe (+2.1%*, -10.4%) and for SG Russia⁽¹⁾ (+3.2%*, +9.7%).

There was further confirmation of this trend in 9M 19. Net banking income amounted to EUR 4,200 million, up +6.6%* excluding the structure and exchange rate effect (+1.7%) vs. 9M 18.

The Insurance business posted a good financial performance in Q3 19, with net banking income increasing +4.6% to EUR 227 million in Q3 19 (+4.4%*). Net banking income rose +3.6% (+3.6%*) in 9M 19 to EUR 687 million.

Financial Services to Corporates' net banking income rose +2.4% (+0.4%*) in Q3 19 vs. Q3 18 to EUR 468 million. Net banking income came to EUR 1,409 million in 9M 19, up +3.5% (+2.8%*) vs. 9M 18.

Operating expenses: EUR -1,091m, +3.0%* (-0.8%) vs. Q3 18, EUR -3,440m, +5.4%* (+1.7%) vs. 9M 18

Operating expenses were up +3.0%* (-0.8%) in Q3 19. They increased +5.4%* (+1.7%) in 9M 19, including the restructuring provision (EUR 29 million) related to the simplification of the head office structure. The cost to income ratio stood at 52.1% in Q3 19 and 54.6% in 9M 19. When restated for the provision, operating expenses experienced a contained increase of +4.5%*, generating a positive jaws effect.

In International Retail Banking, the contained increase in operating expenses, up +2.5%* (-3.3%) vs. Q3 18 and +4.4%* (-0.8%) vs. 9M 18, resulted in a positive jaws effect.

In the **Insurance** business, operating expenses rose +9.1% (+8.8%*) vs. Q3 18 to EUR 84 million and +5.9% (+5.8%*) vs. 9M 18, in conjunction with the Insurance business' commercial expansion ambitions.

In **Financial Services to Corporates**, operating expenses rose +4.3% (+2.6%*) vs. Q3 18 and +5.0% (+4.4%*) vs. 9M 18.

Cost of risk: EUR -169m, +38.8%* (+36.3%) vs. Q3 18, EUR -430m, +56.3%* (+48.3%) vs. 9M 18

Q3 19: The commercial cost of risk remained low at 49 basis points (37 basis points in Q3 18 and 38 basis points in Q2 19), primarily in conjunction with the normalisation of the cost of risk in the Czech Republic and a slight deterioration in Africa. In Romania, there was a net write-back of EUR 14 million in the cost of risk which included an insurance payout in Q3 19.

9M 19: The cost of risk stood at 42 basis points; it was 29 basis points in 9M 18.

Contribution to Group net income: EUR 513m, +0.2%* (-3.6%) vs. Q3 18, EUR 1,492m, +1.7%* (-0.7%) vs. 9M 18

Underlying RONE stood at the high level of 18.1% in Q3 19, vs. 18.2% in Q3 18, and 18.2% in 9M 19, vs. 17.9% in 9M 18.

(1) SG Russia encompasses the entities Rosbank, Delta Credit Bank, Rusfinance Bank, Societe Generale Insurance, ALD Automotive and their consolidated subsidiaries

5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EUR m	Q3 19	Q3 18	Change		9M 19	9M 18	Change	
Net banking income	2,013	2,178	-7.6%	-8.5%*	6,518	6,805	-4.2%	-5.9%*
Operating expenses	(1,638)	(1,710)	-4.2%	-4.7%*	(5,579)	(5,462)	+2.1%	+1.1%*
Gross operating income	375	468	-19.9%	-21.9%*	939	1,343	-30.1%	-33.2%*
Net cost of risk	(65)	(15)	x 4.3	x 4.6	(140)	5	n/s	n/s
Operating income	310	453	-31.6%	-33.5%*	799	1,348	-40.7%	-43.4%*
Reported Group net income	253	345	-26.7%	-28.7%*	667	1,018	-34.5%	-37.4%*
RONE	6.9%	8.7%			5.7%	8.9%		
Underlying RONE (1)	5.1%	6.9%			7.7%	9.5%		

(2) Adjusted for the linearisation of IFRIC 21 and the restructuring cost of EUR 227 million

Global Banking & Investor Solutions continued with the successful implementation of its plan for the adaptation of its operational set-up.

The target of reducing risk-weighted assets (RWA) by EUR 10 billion by 2020 (including EUR 8 billion in Global Markets) was already achieved in Q3 19. Overall, Global Banking & Investor Solutions' RWA declined by EUR 20 billion in the first nine months of the year.

The voluntary departure plan was launched in France on July 1st and reductions in the workforce outside France had already been initiated during the second quarter. At end-September, 55% of the announced reductions in the workforce had been achieved globally. The other cost-cutting initiatives have also been introduced and are well under way.

Q3 19 also saw the continued integration of Equity Markets & Commodities (EMC).

The division's net income fell in Q3 19 in a challenging market environment for Global Markets and investment banking and following the discontinuation of the OTC commodities business and the proprietary trading subsidiary.

It remained robust in structured financing and transaction banking.

Net banking income: EUR 2,013m (-7.6% vs. Q3 18), EUR 6,518m (-4.2% vs. 9M 18)

When adjusted for the effects of restructuring (activities in the process of being closed or scaled back) and the disposal of Private Banking in Belgium, net banking income was down **-3.2% vs. Q3 18** and **-2.0% vs. 9M 18**.

Global Markets & Investor Services' revenues were down -9.2% vs. Q3 18, at EUR 1,191 million. Revenues totalled EUR 3,910 million in 9M 19, down -8.3% vs. 9M 18.

Q3 19 was impacted by the full effect of revenue attrition following the scaling back and discontinuation of certain market activities. When restated for these items, Q3 19 revenues were down -3.8% vs. Q3 18 and -6.6% vs. 9M 18.

At EUR 520 million, the revenues of Fixed Income, Currencies & Commodities were 1.0% higher in Q3 19 than in Q3 18. Rate and Credit activities, as well as Financing activities posted good results in Q3 19, offsetting the impact on revenues of the restructuring in Global Markets.

Equities and Prime Services' revenues were down -20.1% vs. Q3 18 at EUR 505 million, against a backdrop of lower volumes and adverse market conditions, particularly in August.

Securities Services' assets under custody amounted to EUR 4,247 billion at end-September 2019, an increase of EUR 89 billion (+2.1%) vs. end-June 2019. Over the same period, assets under administration were slightly higher at EUR 632 billion. Revenues were slightly higher (+0.6%) in Q3 19 vs. Q3 18 at EUR 166 million.

Financing & Advisory's revenues totalled EUR 604 million in Q3 2019, down -4.4% vs. Q3 2018. When adjusted for the measures to reduce RWA, revenues were 1.9% lower. Revenues were 5.3% higher in 9M 2019 than in 9M 2018 (+8.5% when restated).

Structured Financing and Transaction Banking posted revenues up +6.8% vs. Q3 18. Asset Financing and Structured Financing continued to enjoy robust commercial activity, with a number of significant transactions. The increase in Transaction Banking earnings reflects the successful implementation of this growth initiative.

Investment Banking revenues were lower than in Q3 18, during which Investment Banking benefited from several major transactions. Corporate Banking revenues were also lower, impacted by the measures implemented to reduce RWA.

Asset and Wealth Management's net banking income totalled EUR 218 million in Q3 19, down -6.8% vs. Q3 18 and -3.0% when adjusted for the sale of the Private Banking activities in Belgium.

Net banking income amounted to EUR 704 million in 9M 2019, down -4.1% vs. 9M 2018, and slightly lower (-1.0%) when adjusted for the sale of the Private Banking activities in Belgium.

At end-September 2019, Private Banking's assets under management were 3.3% higher than in June 2019, at EUR 117 billion. Net banking income was down -10.3% in Q3 19 vs. Q3 18, at EUR 165 million. Inflow remained buoyant in France while the business' revenues were impacted by the sale in Belgium.

Lyxor's assets under management came to EUR 138 billion at end-September 2019, 2.5% higher than in June 2019. Revenues totalled EUR 48 million in Q3 19, up +6.7% vs. Q3 18.

Operating expenses: EUR -1,638m (-4.2% vs. Q3 18), EUR -5,579m (+2.1% vs. 9M 18)

Q3 19: Global Banking & Investor Solutions' operating expenses were down -4.2% vs. Q3 18, reflecting the initial visible cost savings and resulting from the adaptation of the operational set-up and the departures recorded during the quarter.

9M 19: Operating expenses were 2.1% higher than in 9M 18 and include restructuring costs and integration costs in respect of EMC activities.

When restated for these items, operating expenses were down -3.1% vs. 9M 18.

Net cost of risk: EUR -65m (EUR -15m in Q3 18), EUR -140m (write-back in 9M 18)

The net cost of risk remains low: 16 basis points in Q3 19 and 11 basis points in 9M 19.

Contribution to Group net income: EUR 253m (-26.7% vs. Q3 18), EUR 667m (-34.5% vs. 9M 18)

When restated for IFRIC 21 and the restructuring provision, the pillar's RONE stood at 7.7% in 9M 19 (vs. 9.5% in 9M 18).

6. CORPORATE CENTRE

<i>In EUR m</i>	Q3 19	Q3 18	9M 19	9M 18
Net banking income	(5)	311	(145)	369
Operating expenses	(61)	(173)	4	(431)
Gross operating income	(66)	138	(141)	(62)
Net cost of risk	0	(6)	(19)	(11)
Net profits or losses from other assets	(115)	1	(249)	(31)
Reported Group net income	(223)	112	(466)	(39)

Figures for Q3 18 and 9M 18 restated for the implementation of the amendment to IAS 12. See Appendix 1.

The Corporate Centre includes:

- the property management of the Group's head office,
- the Group's equity portfolio,
- the Treasury function for the Group,
- certain costs related to cross-functional projects and certain costs incurred by the Group and not re-invoiced to the businesses.

The Corporate Centre's net banking income totalled EUR -5 million in Q3 19 vs. EUR +311 million in Q3 18 (which included the revaluation of Euroclear securities for EUR +271 million) and EUR -145 million in 9M 19 vs. EUR +369 million in 9M 18.

Operating expenses totalled EUR -61 million in Q3 19 vs. EUR -173 million in Q3 18 (which included an allocation to the provision for disputes of EUR -136 million) and EUR +4 million in 9M 19 vs. EUR -431 million in 9M 18.

Net profits or losses from other assets totalled EUR -115 million and included, with regard to the application of IFRS 5 as part of the implementation of the Group's refocusing plan, an expense amounting to EUR -113 million in respect primarily of the finalisation of the disposals in Q3 19 of Societe Generale Serbia, Mobiasbanca Societe Generale in Moldova and Societe Generale Montenegro.

The Corporate Centre's contribution to Group net income was EUR -223 million in Q3 19 vs. EUR +112 million in Q3 18 and EUR -466 million in 9M 19 vs. EUR -39 million in 9M 18.

7. 2019/2020 FINANCIAL CALENDAR

2019/2020 Financial communication calendar

February 6 th , 2020	Fourth quarter and FY 2019 results
May 6 th , 2020	First quarter 2020 results
August 3 rd , 2020	Second quarter and first half 2020 results
November 5 th , 2020	Third quarter and nine-month 2020 results

The Alternative Performance Measures, notably the notions of net banking income for the pillars, operating expenses, IFRIC 21 adjustment, (commercial) cost of risk in basis points, ROE, ROTE, RONE, net assets, tangible net assets, and the amounts serving as a basis for the different restatements carried out (in particular the transition from published data to underlying data) are presented in the methodology notes, as are the principles for the presentation of prudential ratios.

This document contains forward-looking statements relating to the targets and strategies of the Societe Generale Group.

These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union, as well as the application of existing prudential regulations.

These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to:

- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences;
- evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation.

Therefore, although Societe Generale believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in Societe Generale's markets in particular, regulatory and prudential changes, and the success of Societe Generale's strategic, operating and financial initiatives.

More detailed information on the potential risks that could affect Societe Generale's financial results can be found in the Registration Document filed with the French Autorité des Marchés Financiers.

Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, Societe Generale does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal.

8. APPENDIX 1: FINANCIAL DATA

GROUP NET INCOME AFTER TAX BY CORE BUSINESS

In EUR m	Q3 19	Q3 18	Change	9M 19	9M 18	Change
French Retail Banking	311	320	-2.8%	901	955	-5.7%
International Retail Banking and Financial Services	513	532	-3.6%	1,492	1,502	-0.7%
Global Banking and Investor Solutions	253	345	-26.7%	667	1,018	-34.5%
Core Businesses	1,077	1,197	-10.0%	3,060	3,475	-11.9%
Corporate Centre	(223)	112	n/s	(466)	(39)	n/s
Group	854	1,309	-34.8%	2,594	3,436	-24.5%

TABLE FOR THE TRANSITION FROM PUBLISHED DATA TO DATA RESTATED FOR THE APPLICATION OF THE AMENDMENT TO IAS 12

	Income Tax			Group Net Income		
	Reported	IAS 12 impact	Adjusted	Reported	IAS 12 impact	Adjusted
2017	(1,708)	198	(1,510)	2,806	198	3,004
Q1 18	(370)	53	(317)	850	53	903
Q2 18	(516)	68	(448)	1,156	68	1,224
Q3 18	(539)	75	(464)	1,234	75	1,309
9M 18	(1,425)	196	(1,229)	3,240	196	3,436
Q4 18	(136)	61	(75)	624	61	685
2018	(1,561)	257	(1,304)	3,864	257	4,121
Q1 19	(310)	55	(255)	631	55	686

CONSOLIDATED BALANCE SHEET

(ASSETS - In millions of euros)	30.09.2019	31.12.2018
Central banks	94,942	96,585
Financial assets at fair value through profit or loss	434,042	365,550
Hedging derivatives	22,141	11,899
Financial assets measured at fair value through other comprehensive income	53,484	50,026
Securities at amortised cost	12,193	12,026
Due from banks at amortised cost	63,512	60,588
Customer loans at amortised cost	445,011	447,229
Revaluation differences on portfolios hedged against interest rate risk	617	338
Investment of insurance activities	161,408	146,768
Tax assets	5,396	5,819
Other assets	78,282	67,446
Non-current assets held for sale	5,175	13,502
Investments accounted for using the equity method	259	249
Tangible and intangible assets (1)	29,979	26,751
Goodwill	4,692	4,652
Total	1,411,133	1,309,428

(1) As a result of the application of IFRS 16 "Leases" as from January 1st, 2019, the Group has recorded a right-of-use asset under "Tangible and intangible assets" that represents its rights to use the underlying leased assets.

(LIABILITIES - In millions of euros)	30.09.2019	31.12.2018
Central banks	5,831	5,721
Financial liabilities at fair value through profit or loss	415,385	363,083
Hedging derivatives	11,921	5,993
Debt securities issued	129,944	116,339
Due to banks	99,372	94,706
Customer deposits	415,051	416,818
Revaluation differences on portfolios hedged against interest rate risk	10,040	5,257
Tax liabilities(1)	1,402	1,157
Other liabilities(2)	89,962	76,629
Non-current liabilities held for sale	4,089	10,454
Liabilities related to insurance activities contracts	140,026	129,543
Provisions	4,569	4,605
Subordinated debts	14,924	13,314
Total liabilities	1,342,516	1,243,619
SHAREHOLDERS' EQUITY		
Shareholders' equity, Group share		
Issued common stocks, equity instruments and capital reserves	31,109	29,856
Retained earnings*	29,820	28,085
Net income*	2,594	4,121
Sub-total	63,523	62,062
Unrealised or deferred capital gains and losses	192	(1,036)
Sub-total equity, Group share	63,715	61,026
Non-controlling interests	4,902	4,783
Total equity	68,617	65,809
Total	1,411,133	1,309,428

* The amounts have been restated following the first-time application of an amendment to IAS 12 "Income taxes".

(1) Since January 1st, 2019, provisions for income tax adjustments are presented under "Tax liabilities" as a consequence of the application of IFRIC 23 "Uncertainty over income tax treatments".

(2) As a result of the application of IFRS 16 "Leases" as from January 1st, 2019, the Group has recorded a lease liability under "Other Liabilities" that represents the obligation to make lease payments.

9. APPENDIX 2: METHODOLOGY

1 - The financial information presented in respect of Q3 and 9M 2019 was examined by the Board of Directors on November 5th, 2019 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. This information has not been audited.

2 - Net banking income

The pillars' net banking income is defined on page 40 of Societe Generale's 2019 Universal Registration Document. The terms "Revenues" or "Net Banking Income" are used interchangeably. They provide a normalised measure of each pillar's net banking income taking into account the normative capital mobilised for its activity.

3 - Operating expenses

Operating expenses correspond to the "Operating Expenses" as presented in note 8.1 to the Group's consolidated financial statements as at December 31st, 2018 (pages 416 et seq. of Societe Generale's 2019 Universal Registration Document). The term "costs" is also used to refer to Operating Expenses. The Cost/Income Ratio is defined on page 40 of Societe Generale's 2019 Universal Registration Document.

4 - IFRIC 21 adjustment

The IFRIC 21 adjustment corrects the result of the charges recognised in the accounts in their entirety when they are due (generating event) so as to recognise only the portion relating to the current quarter, i.e. a quarter of the total. It consists in smoothing the charge recognised accordingly over the financial year in order to provide a more economic idea of the costs actually attributable to the activity over the period analysed.

5 – Exceptional items – Transition from accounting data to underlying data

It may be necessary for the Group to present underlying indicators in order to facilitate the understanding of its actual performance. The transition from published data to underlying data is obtained by restating published data for exceptional items and the IFRIC 21 adjustment.

Moreover, the Group restates the revenues and earnings of the French Retail Banking pillar **for PEL/CEL provision allocations or write-backs**. This adjustment makes it easier to identify the revenues and earnings relating to the pillar's activity, by excluding the volatile component related to commitments specific to regulated savings.

The reconciliation enabling the transition from published accounting data to underlying data is set out in the table below:

Q3 19 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Group net income	Business
Reported	(4,165)	(329)	(71)	854	
(+) IFRIC 21 linearisation	(152)			(110)	
(-) Group refocusing plan*			(113)	(111)	Corporate Centre
Underlying	(4,317)	(329)	42	855	

Q3 18 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Group net income	Business
Reported	(4,341)	(264)	2	1,309	
(+) IFRIC 21 linearisation	(169)			(118)	
(-) Provision for disputes*	(136)			(136)	Corporate Centre
Underlying	(4,374)	(264)	2	1,327	

9M 19 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Group net income	Business
Reported	(13,224)	(907)	(202)	2,594	
(+) IFRIC 21 linearisation	152			110	
(-) Restructuring provision*	(256)			(192)	GBIS (EUR -227m) / IBFS (EUR -29m)
(-) Group refocusing plan*		(18)	(249)	(287)	Corporate Centre
Underlying	(12,816)	(889)	47	3,183	

9M 18 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Group net income	Business
Reported	(13,473)	(642)	(39)	3,436	
(+) IFRIC 21 linearisation	169			118	
(-) Provision for disputes*	(336)			(336)	Corporate Centre
(-) Group refocusing plan*			(27)	(27)	Corporate Centre
Underlying	(12,968)	(642)	(12)	3,917	

* Exceptional items

6 – Cost of risk in basis points, coverage ratio for doubtful outstandings

The cost of risk or commercial cost of risk is defined on pages 42 and 562 of Societe Generale’s 2019 Universal Registration Document. This indicator makes it possible to assess the level of risk of each of the pillars as a percentage of balance sheet loan commitments, including operating leases.

	(In EUR m)	Q3 19	Q3 18	9M 19	9M 18
French Retail Banking	Net Cost Of Risk	95	118	318	346
	Gross loan Outstandings	195,305	186,639	193,208	186,031
	Cost of Risk in bp	19	25	22	25
International Retail Banking and Financial Services	Net Cost Of Risk	169	124	430	290
	Gross loan Outstandings	138,493	135,671	135,996	133,350
	Cost of Risk in bp	49	37	42	29
Global Banking and Investor Solutions	Net Cost Of Risk	65	16	140	(5)
	Gross loan Outstandings	160,906	156,723	163,310	151,240
	Cost of Risk in bp	16	4	11	(0)
Corporate Centre	Net Cost Of Risk	0	6	19	11
	Gross loan Outstandings	9,944	8,100	9,299	7,266
	Cost of Risk in bp	2	29	27	20
Societe Generale Group	Net Cost Of Risk	329	264	907	642
	Gross loan Outstandings	504,647	487,133	501,813	477,887
	Cost of Risk in bp	26	22	24	18

The gross coverage ratio for doubtful outstandings is calculated as the ratio of provisions recognised in respect of the credit risk to gross outstandings identified as in default within the meaning of the regulations, without taking account of any guarantees provided. This coverage ratio measures the maximum residual risk associated with outstandings in default (“doubtful”).

7 – ROE, ROTE, RONE

The notions of ROE (Return on Equity) and ROTE (Return on Tangible Equity), as well as their calculation methodology, are specified on page 42 and 43 of Societe Generale’s 2019 Universal Registration Document. This measure makes it possible to assess Societe Generale’s return on equity and return on tangible equity.

RONE (Return on Normative Equity) determines the return on average normative equity allocated to the Group’s businesses, according to the principles presented on page 43 of Societe Generale’s 2019 Universal Registration Document.

Group net income used for the ratio numerator is book Group net income adjusted for “interest net of tax payable on deeply subordinated notes and undated subordinated notes, interest paid to holders of deeply subordinated notes and undated subordinated notes, issue premium amortisations” and “unrealised gains/losses booked under shareholders’ equity, excluding conversion reserves” (see methodology note No. 9). For ROTE, income is also restated for goodwill impairment.

Details of the corrections made to book equity in order to calculate ROE and ROTE for the period are given in the table overleaf:

ROTE calculation: calculation methodology

End of period	Q3 19	Q3 18	9M 19	9M 18
Shareholders' equity Group share	63,715	60,149	63,715	60,149
Deeply subordinated notes	(9,739)	(9,249)	(9,739)	(9,249)
Undated subordinated notes	(290)	(276)	(290)	(276)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	(16)	(169)	(16)	(169)
OCI excluding conversion reserves	(741)	(300)	(741)	(300)
Dividend provision	(1,402)	(1,451)	(1,402)	(1,451)
ROE equity end-of-period	51,527	48,704	51,527	48,704
Average ROE equity	51,243	48,327	50,309	47,845
Average Goodwill	(4,562)	(5,033)	(4,600)	(5,044)
Average Intangible Assets	(2,259)	(2,091)	(2,215)	(2,028)
Average ROTE equity	44,422	41,203	43,494	40,773
Group net Income (a)	854	1,309	2,594	3,436
Underlying Group net income (b)	855	1,327	3,183	3,917
Interest on deeply subordinated notes and undated subordinated notes (c)	(180)	(190)	(537)	(534)
Cancellation of goodwill impairment (d)	7		115	22
Adjusted Group net Income (e) = (a)+ (c)+(d)	681	1,119	2,172	2,924
Adjusted Underlying Group net Income (f)=(b)+(c)	675	1,137	2,646	3,383
Average ROTE equity (g)	44,422	41,203	43,494	40,773
ROTE [quarter: (4*e/g), 9M: (4/3*e/g)]	6.1%	10.9%	6.7%	9.6%
Average ROTE equity (underlying) (h)	44,422	41,212	43,693	41,013
Underlying ROTE [quarter: (4*f/h), 9M: (4/3*f/h)]	6.1%	11.0%	8.1%	11.0%

RONE calculation: Average capital allocated to Core Businesses (in EURm)

In EUR m	Q3 19	Q3 18	Change	9M 19	9M 18	Change
French Retail Banking	11,321	11,192	+1.2%	11,294	11,229	+0.6%
International Retail Banking and Financial Services	10,946	11,287	-3.0%	11,196	11,411	-1.9%
Global Banking and Investor Solutions	14,739	15,933	-7.5%	15,622	15,238	+2.5%
Core Businesses	37,006	38,412	-3.7%	38,112	37,878	+0.6%
Corporate Centre	14,237	9,916	+43.6%	12,197	9,967	+22.4%
Group	51,243	48,327	+6.0%	50,309	47,845	+5.1%

8 – Net assets and tangible net assets

Net assets and tangible net assets are defined in the methodology, page 45 of the Group's 2019 Universal Registration Document. The items used to calculate them are presented below:

End of period	9M 19	H1 19	2018	9M 18
Shareholders' equity Group share	63,715	62,492	61,026	60,149
Deeply subordinated notes	(9,739)	(9,861)	(9,330)	(9,249)
Undated subordinated notes	(290)	(280)	(278)	(276)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	(16)	(39)	(14)	(169)
Bookvalue of own shares in trading portfolio	348	431	423	387
Net Asset Value	54,018	52,743	51,827	50,842
Goodwill	(4,577)	(4,548)	(4,860)	(5,033)
Intangible Assets	(2,292)	(2,226)	(2,224)	(2,130)
Net Tangible Asset Value	47,149	45,969	44,743	43,679
Number of shares used to calculate NAPS**	849,665	844,026	801,942	801,942
Net Asset Value per Share	63.6	62.5	64.6	63.4
Net Tangible Asset Value per Share	55.5	54.5	55.8	54.5

** The number of shares considered is the number of ordinary shares outstanding as at September 30th, 2019, excluding treasury shares and buybacks, but including the trading shares held by the Group.
In accordance with IAS 33, historical data per share prior to the date of detachment of a preferential subscription right are restated by the adjustment coefficient for the transaction.

9 – Calculation of Earnings Per Share (EPS)

The EPS published by Societe Generale is calculated according to the rules defined by the IAS 33 standard (see page 44 of Societe Generale’s 2019 Universal Registration Document). The corrections made to Group net income in order to calculate EPS correspond to the restatements carried out for the calculation of ROE. As specified on page 44 of Societe Generale’s 2019 Universal Registration Document, the Group also publishes EPS adjusted for the impact of non-economic and exceptional items presented in methodology note No. 5 (underlying EPS).

The calculation of Earnings Per Share is described in the following table:

Average number of shares (thousands)	9M 19	H1 19	2018	9M 18
Existing shares	829,235	821,189	807,918	807,918
Deductions				
Shares allocated to cover stock option plans and free shares awarded to staff	4,087	4,214	5,335	5,231
Other own shares and treasury shares	187	249	842	996
Number of shares used to calculate EPS**	824,961	816,726	801,741	801,691
Group net income	2,594	1,740	4,121	3,436
Interest on deeply subordinated notes and undated subordinated notes	(537)	(357)	(719)	(534)
Capital gain net of tax on partial buybacks				
Adjusted Group net income	2,057	1,383	3,402	2,902
EPS (in EUR)	2.49	1.69	4.24	3.62
Underlying EPS* (in EUR)	3.24	2.42	5.00	4.22

* Excluding exceptional items and including linearisation of the IFRIC 21 effect.

** The number of shares considered is the number of ordinary shares outstanding as at September 30th, 2019, excluding treasury shares and buybacks, but including the trading shares held by the Group.

10 – The Societe Generale Group’s Common Equity Tier 1 capital is calculated in accordance with applicable CRR/CRD4 rules. The fully-loaded solvency ratios are presented pro forma for current earnings, net of dividends, for the current financial year, unless specified otherwise. When there is reference to phased-in ratios, these do not include the earnings for the current financial year, unless specified otherwise. The leverage ratio is calculated according to applicable CRR/CRD4 rules including the provisions of the delegated act of October 2014.

NB (1) The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding rules.

(2) All the information on the results for the period (notably: press release, downloadable data, presentation slides and supplement) is available on Societe Generale's website www.societegenerale.com in the "Investor" section.

Societe Generale

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth, aiming to be the trusted partner for its clients, committed to the positive transformations of society and the economy.

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has over 149,000 members of staff in 67 countries and supports on a daily basis 31 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

- **French Retail Banking**, which encompasses the Societe Generale, Crédit du Nord and Boursorama brands. Each offers a full range of financial services with omnichannel products at the cutting edge of digital innovation;
- **International Retail Banking, Insurance and Financial Services to Corporates**, with networks in Africa, Russia, Central and Eastern Europe and specialised businesses that are leaders in their markets;
- **Global Banking and Investor Solutions**, which offers recognised expertise, key international locations and integrated solutions.

Societe Generale is included in the principal socially responsible investment indices: DJSI (World and Europe), FTSE4Good (Global and Europe), Euronext Vigeo (World, Europe and Eurozone), four of the STOXX ESG Leaders indices, and the MSCI Low Carbon Leaders Index.

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