

# **SOCIÉTÉ GÉNÉRALE**

**U.S. \$500,000,000**

## **Undated Subordinated Floating Rate Notes**

**Issue Price: 100.05%**

**Issue Date: 24th November, 1986**

**Société Générale**

**Merrill Lynch Capital Markets**

**Shearson Lehman Brothers International**

**A/B/C Union Bank of Norway**

**Bankers Trust International Limited**

**Bank of Tokyo International Limited**

**Banque Nationale de Paris**

**Barclays de Zoete Wedd Limited**

**CIBC Ltd**

**Commerzbank AG**

**Credit Commercial de France**

**Credit Suisse First Boston Limited**

**Deutsche Bank Capital Markets Limited**

**Fuji International Finance Limited**

**Girozentrale und Bank der Österreichischen Sparkassen AG**

**Hambros Bank Limited**

**LTCB International Limited**

**Mitsui Finance International Limited**

**The Nikko Securities Co., (Europe) Ltd**

**Orion Royal Bank Limited**

**Salomon Brothers International Limited**

**Standard Chartered Merchant Bank Limited**

**Swiss Bank Corporation International Limited**

**Westdeutsche Landesbank Girozentrale**

**Yamaichi International (Europe) Limited**

**Algemene Bank Nederland N.V.**

**BankAmerica Capital Markets Group**

**Banque Bruxelles Lambert S.A.**

**Banque Paribas Capital Markets Limited**

**Chase Investment Bank Limited**

**Citicorp Investment Bank Limited**

**County NatWest Capital Markets Limited**

**Crédit Lyonnais**

**Daiwa Europe Limited**

**EBC Amro Bank Limited**

**Generale Bank**

**Goldman Sachs International Corp.**

**IBJ International Limited**

**Mitsubishi Finance International Limited**

**Samuel Montagu & Co. Limited**

**Nomura International Limited**

**Prudential-Bache Securities International**

**Sanwa International Limited**

**Sumitomo Finance International**

**Union Bank of Switzerland (Securities) Limited**

**Westpac Banking Corporation**

The Bank represents that in the context of the issue of the Notes this Prospectus contains all material information with regard to the constitution, activities and affairs of the Bank and that the information contained in this Prospectus with regard to the Bank is true and accurate in all material respects and is not misleading and that there are no other facts the omission of which would make any statement herein misleading in any material respect.

No person has been authorized to give any information or to make any representation save as contained in this Prospectus in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Bank or any of the Managers named in the Subscription Agreement referred to on page 33 in relation to the Notes. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Bank since the date hereof.

This document does not constitute an offer or an invitation by or on behalf of the Bank or by or on behalf of the other Managers, or any of them, to subscribe for or to purchase any of the Notes.

The distribution of this Prospectus and the offering of the Notes may be restricted in certain jurisdictions by law. Persons into whose possession this Prospectus comes are required by the Bank and the other Managers to inform themselves about and to observe any such restrictions. See also "Subscription and Sale" herein.

The Notes have not been and will not be registered under the Securities Act of 1933 of the United States of America and may not be offered or sold directly or indirectly in the United States of America (including its territories and possessions), or to nationals or residents thereof, as part of their distribution.

The Notes are being issued outside France and may not be offered therein. This Prospectus may not be used in connection with any offer to subscribe or sell Notes in France.

In connection with the offering of the Notes, the Managers may over-allot or effect transactions in the open market or otherwise with a view to stabilising or maintaining the market price of the Notes at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

References herein to "francs" or "FRF" are to French francs and reference to "dollars" or "U.S.\$" to United States dollars. Unless otherwise stated, all foreign currency amounts have been translated into francs at the average of the highest demand selling and lowest demand buying rates of the relevant currency for francs in Paris at the end of the indicated periods or on the indicated dates. On 7th November, 1986 the rate of exchange for dollar against francs on the Paris Stock Exchange was U.S.\$1 = FRF 6.7380.

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## DESCRIPTION OF THE NOTES

The issue outside France of the U.S. \$500,000,000 Undated Subordinated Floating Rate Notes (the "Notes") was made pursuant to a resolution passed on 15th October, 1986 by the Board of Directors of Société Générale (the "Bank") acting pursuant to a resolution of the Shareholders of the Bank adopted on 29th May, 1986.

The Bank has entered into a paying agency agreement dated as of 14th November, 1986 (the "Paying Agency Agreement") with Société Générale Alsacienne de Banque (the "Principal Paying Agent" together with the Paying Agents referred to "Payments" below, the "Paying Agents"). The Paying Agency Agreement will be available for inspection at the offices of the Paying Agents.

### Form and denomination

A temporary Global Certificate in respect of the Notes, without Coupons, will initially be delivered and will be deposited on behalf of the subscribers of the Notes with a common depositary on behalf of Euro-clear and Cedel on or about 24th November, 1986. Upon deposit of the temporary Global Certificate with the common depositary, Euro-clear and Cedel will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid. The temporary Global Certificate will be exchangeable for definitive Notes not earlier than 90 days after completion of the distribution of the Notes, as determined by Société Générale.

The definitive Notes will be in bearer form in the denominations of U.S. \$10,000 and U.S. \$100,000, each with Coupons (the "Coupons") and one talon for further Coupons (the "Talon") attached. After all the Coupons attached or issued in respect of the Notes have matured further Coupons and one further Talon will, in accordance with "Issue of Further Coupons and Talons" below, be issued by the Principal Paying Agent.

No exchange of Notes from one denomination to the other will be permitted.

### Status of the Notes and Negative Pledge

The Notes will be unsecured subordinated obligations of the Bank and will rank *pari passu* without any preference among themselves and *pari passu* with any other unsecured subordinated obligations of the Bank, with the exception of the *prêts participatifs* granted to the Bank and the *titres participatifs* issued by the Bank.

Subject to applicable law, in the event of collective proceedings affecting the Bank (such as *redressement judiciaire*, *liquidation judiciaire* and *règlement amiable* or any new form of such proceedings) or in the event of a voluntary liquidation, the rights of payment of the Noteholders shall be subordinated to the payment in full of unsubordinated creditors and, subject to such payment in full, the Noteholders shall be paid in priority to the *prêts participatifs* granted to the Bank and the *titres participatifs* issued by the Bank. In the event of incomplete payment of unsubordinated creditors, the obligations of the Bank in connection with the Notes shall be terminated. The Noteholders shall take all steps necessary for the orderly accomplishment of any collective proceedings or voluntary liquidation.

So long as any of the Notes remains outstanding, the Bank will not create any lien, pledge or other charge upon any of its present or future property, rights or assets as security for any subordinated notes or bonds unless the Notes are secured rateably by such lien, pledge or charge.

### Interest

#### (a) Period of Accrual of Interest:

The Notes will bear interest from the "Closing Date" (which shall be 24th November, 1986 or, as permitted by the Subscription Agreement described in "Subscription and Sale" herein, such other date as shall be such date of closing) and interest on the Notes will cease to accrue from the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused.

*(b) Interest Payment Dates and Interest Periods:*

Interest will be payable on each date ("Interest Payment Date") which (save as mentioned below) falls six months after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Closing Date. If any Interest Payment Date would otherwise fall on a day which is not a business day, it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) the Interest Payment Date shall be brought forward to the immediately preceding business day and (ii), after the foregoing (i) shall have been applied, each subsequent Interest Payment Date shall be the last business day of the sixth month after the month in which the preceding Interest Payment Date shall have fallen. The period beginning on the Closing Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "Interest Period" and as used in this paragraph "business day" shall mean a day on which banks and the foreign exchange markets are open for business in both New York City and London.

*(c) Payment of Interest and Arrears of Interest*

Interest due on the Notes will be paid against presentation and surrender of the coupons as they severally mature, in accordance with "Payments" below.

Interest shall be paid on each Interest Payment Date provided that the Annual General Meeting of Shareholders held within the twelve calendar months preceding such Interest Payment Date has, having approved the financial statements of the Bank, declared a dividend on any share capital of the Bank.

If such Annual General Meeting of Shareholders has declared no dividend on any share capital of the Bank, the Bank, acting by decision of its Board of Directors, may decide not to pay all or part of the interest expressed to be due. Payment of interest not paid on the date on which it was originally expressed to fall due ("Arrears of Interest") shall be postponed and shall, subject to "Status of the Notes and Negative Pledge" above, become due in full on whichever is the earliest of (i) the Interest Payment Date immediately following the date upon which a dividend is next declared or paid on any share capital of the Bank, (ii) the date set for any repayment permitted or required under "Redemption and Purchase" below, or (iii) the commencement of the winding-up of the Bank. If notice is given by the Bank of its intention to pay the whole or part of the Arrears of Interest, the Bank shall be obliged to do so upon the expiration of any period of notice. Arrears of Interest and interest otherwise overdue shall not bear interest.

*(d) Rate of Interest:*

For the purpose of calculating the rate of interest payable on the Notes, the Bank will enter into an agreement (the "Reference Agency Agreement") with Swiss Bank Corporation International Limited as Reference Agent (the "Reference Agent"). The rate of interest payable from time to time in respect of the Notes (the "Rate of Interest") will be determined on the basis of the following provisions:

- (i) on the second business day (being a day on which banks and the foreign exchange markets are open for business in London and New York) prior to the commencement of each Interest Period ("Interest Determination Date"), the Reference Agent will request the principal offices of each of Bank of Tokyo International Limited, Barclays Bank plc, Citibank NA (London Branch), Commerzbank AG (London Branch), or any duly appointed substitute reference bank (the "Reference Banks") to provide the Reference Agent with their offered quotations to leading banks for Eurodollar deposits in London for the Interest Period concerned as at 11.00 a.m. (London Time) on the Interest Determination Date in question. The Rate of Interest for such Interest Period shall be 0.075% per annum above the arithmetic mean (rounded upwards if necessary to the nearest  $\frac{1}{32}\%$ ) of such offered quotations as determined by the Reference Agent.
- (ii) If on any Interest Determination Date two only of the Reference Banks provide such offered quotations, the Rate of Interest for the next Interest Period shall be determined as in (i) above on the basis of the offered quotations of those Reference Banks providing such quotations.
- (iii) If on any Interest Determination Date one only or none of the Reference Banks provides the Reference Agent with such offered quotations, the Rate of Interest for the next Interest Period shall, subject as provided below, be whichever is the higher of:

- (A) the Rate of Interest in effect for the last preceding Interest Period to which (i) or (ii) above shall have applied; and
- (B) the rate per annum which the Reference Agent determines to be either (x) 0.075% per annum above the arithmetic mean (rounded upwards if necessary to the nearest  $\frac{1}{32}\%$ ) of the lowest dollar lending rates which New York City banks selected by the Reference Agent are quoting on the relevant Interest Determination Date for the next Interest Period to the Reference Banks or those of them (being at least two in number) to which such quotations are, in the opinion of the Reference Agent, being so made, or (y), in the event that the Reference Agent can determine no such arithmetic mean, 0.075% per annum above the lowest dollar lending rate which New York City banks selected by the Reference Agent are quoting on such Interest Determination Date to leading European banks for the next Interest Period, or (z), if the banks selected by the Reference Agent are not quoting as mentioned in (y) above, the Rate of Interest specified in (A) above.

*(e) Determination of Rate of Interest and Calculation of Coupon Amounts:*

The Reference Agent will, as soon as practicable after 11.00 a.m. (London time) on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable in respect of each denomination of Notes (in each case the "Coupon Amount") for the relevant Interest Period. The Coupon Amounts shall be calculated by applying the Rate of Interest to the principal amount of U.S. \$10,000 or U.S. \$100,000 as the case may be, multiplying such sum by the actual number of days in the Interest Period concerned divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upwards). The determination of the Rate of Interest and the Coupon Amounts by the Reference Agent shall (in the absence of manifest error) be final and binding upon all parties.

*(f) Publication of Rate of Interest and Coupon Amounts:*

The Reference Agent will ensure that the Rate of Interest and Coupon Amounts for each denomination of Notes in respect of each Interest Period and the relevant Interest Payment Date are notified to the Principal Paying Agent and the Bank and the Principal Paying Agent will ensure that such Rate of Interest, Coupon Amounts and Interest Payment Dates are notified to the Paying Agents and the Luxembourg Stock Exchange and are published in accordance with "Notices" below as soon as possible after their determination but in no event later than the fourth business day thereafter. The Coupon Amounts and Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

*(g) Reference Banks and Reference Agent:*

The Bank will ensure that so long as any of the Notes remains outstanding there shall at all times be four Reference Banks and a Reference Agent for the purposes of the Notes. If the appointed office of any such institution is unable or unwilling to continue to act as Reference Bank or the Reference Agent (as the case may be) or if the Reference Agent fails duly to establish the Rate of Interest for any Interest Period, the Bank shall appoint another leading bank engaged in the Eurodollar market to act as such in its place and shall cause notice of such appointment to be given in accordance with "Notices" below. The Reference Agent may not resign its duties without a successor having been appointed as aforesaid.

**Redemption and Purchase**

*(a) Final Redemption*

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 31st December, 2047 being the date currently set in the Bank's constitutive documents as the date for expiry of the term of the Bank's existence as a French *société anonyme*, as such term may be extended from time to time in accordance with the then applicable provisions of law.

Notice of any extension of the term of the Bank's existence shall be given to Noteholders no less than 45 days prior to such extension taking effect, in accordance with "Notices" below.

*(b) Redemption at the Option of the Bank:*

Upon notice as described below, the Bank may, subject to having obtained any requisite consent of any French authority, on any Interest Payment Date falling in or after November 1991, redeem all or some (in the amount of U.S.\$1,000,000 or an integral multiple thereof) of the Notes at their principal amount. Notice will be published once not more than 45 days nor less than 30 days prior to the relevant Interest Payment Date.

Notice of redemption will specify the date fixed for redemption and, in the case of partial redemption, the aggregate principal amount of the Notes which will be outstanding after such partial redemption, the serial numbers of the Notes called for redemption (which numbers shall have been selected by lot by the Principal Paying Agent), the serial numbers of any Notes previously called for redemption and unpaid and the redemption price, being par in each case.

*(c) Redemption for Taxation Reasons:*

- (i) If the Bank would on the occasion of the next payment of interest in respect of the Notes not be able to make such payment without having to pay additional amounts as specified in paragraph (b) of "Taxation" below, the Bank may at its option, subject to having obtained any requisite consent of any French authority and having given not less than 30 days' notice to the Noteholders, redeem all, but not some only, of the Notes at their principal amount plus accrued interest on any Interest Payment Date.
- (ii) If the Bank would on the next payment of interest in respect of the Notes be prevented by French law from making payment to the Noteholders or Couponholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in paragraph (b) of "Taxation" below, then the Bank shall forthwith give notice of such fact to the Principal Paying Agent and the Bank shall forthwith redeem all, but not some only, of the Notes then outstanding at their principal amount plus accrued interest, upon giving not less than seven days' prior notice to the Noteholders, provided that the due date for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date at which the Bank could make payment of the full amount of interest payable in respect of the Notes and, if that date is past, as soon as practicable thereafter.

*(d) Purchases:*

The Bank may at any time purchase Notes (provided that all unmatured Coupons and the Talon are attached thereto or surrendered therewith) at any price in the open market or otherwise, except that no purchase may be made if as a consequence thereof the tax authorisation referred to in paragraph (a) of "Taxation" below might be prejudiced.

*(e) Cancellation:*

All Notes (together with any unmatured Coupons attached thereto or surrendered therewith) redeemed or purchased by the Bank will forthwith be cancelled and accordingly may not be reissued or resold.

**Payments**

Payments of principal and interest will be made against surrender of Notes or Coupons, as the case may be, at any specified office of any Paying Agent, by dollar cheque drawn on, or by transfer to a dollar account maintained by the payee with, a bank in New York City, subject to any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions described under "Taxation" below.

The initial Principal Paying Agent will be Société Générale Alsacienne de Banque in Luxembourg, whose specified office together with the names and specified offices of the other initial Paying Agents appear on page 35.

Upon the due date for redemption of any Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect thereof. Where any Note is presented for redemption without all unmatured Coupons relating thereto, payment shall be made only against the provision of such indemnity as the Bank shall require. If the date for redemption is not an Interest Payment Date, the interest accrued from the preceding Interest Payment Date (or the Closing Date, as the case may be) shall be payable only against presentation of the relevant Note.

The Bank reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent, provided that there will at all times be a Principal Paying Agent. The Bank, with the approval of the Principal Paying Agent, may vary or terminate the appointment of any Paying Agent or appoint additional or other Paying Agents outside the Republic of France or approve any change in the offices through which any Paying Agent acts, provided that there will at all times be a Paying Agent in a European city which, so long as the Notes are listed on the Luxembourg Stock Exchange, will be Luxembourg. Any variation, termination, appointment or removal shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than 45 nor less than 30 days' prior notice thereof shall have been given to the Noteholders in accordance with "Notices" below.

## **Taxation**

(a) By decision of the French Tax Administration dated 28th October, 1986 interest and other revenues with respect to the Notes benefit from the exemption provided for in *Article 131 quater* of the *Code Général des Impôts* (general tax code) from deduction at source and withholding tax. Accordingly, such payments do not give the right to any tax credit from any French source.

(b) If French law should require that payments of principal of, or interest on, any Note be subject to withholding with respect to any taxes or duties whatsoever, the Bank will, to the extent then permitted by law, pay such additional amounts as may be necessary in order that each Noteholder and Couponholder, after deduction of such taxes or duties, will receive the full amount then due and payable; provided, however, that the Bank may, in that event, redeem all of the Notes then outstanding in accordance with the provisions of paragraph (c) of "Redemption and Purchase" above, and provided further that no such additional amounts shall be payable with respect to any Note or Coupon presented for payment:

- (i) by a holder (or a third party on behalf of a holder) who is subject to such taxes or duties in respect of such Note or Coupon by reason of his being connected with the Republic of France otherwise than by reason only of the holding of such Note or Coupon; or
- (ii) more than 30 days after the relevant date, except to the extent that the holder would have been entitled to such additional amount on presenting the same for payment on the last day of such period of 30 days. For this purpose, the "relevant date" in relation to any Note or Coupon means whichever is the later of:
  - (A) the date on which the payment in respect of such Note or Coupon first became due and payable; or
  - (B) if the full amount of the monies payable on such date in respect of such Note or Coupon has not been received by the Principal Paying Agent on or prior to the due date, the date on which notice is duly given to the Noteholders that such monies have been so received.

References herein to principal and interest shall be deemed also to refer to any additional amounts which may be payable under this paragraph "Taxation".

## **Title**

Title to the Notes, the Coupons and the Talon will pass by delivery.

The Bank, the Principal Paying Agent and any Paying Agent may, to the full extent then permitted by applicable law, treat the holder of any Note and the holder of any Coupon or Talon as the absolute owner thereof (whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft or other interest therein) for the purpose of making payment and for all other purposes.

## **Replacement of Notes, Coupons and Talons**

If any Note, Coupon or Talon is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Principal Paying Agent (or, so long as the Notes are listed on the Luxembourg Stock Exchange, if the Principal Paying Agent does not have a specified office in Luxembourg, at the specified office in Luxembourg of a Paying Agent), on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Bank and the Principal Paying Agent or such Paying Agent may require. Mutilated or defaced Notes, Coupons and Talons must

be surrendered before replacements will be issued. Cancellation and replacement of mutilated, defaced, lost, stolen or destroyed Notes, Coupons and Talons shall be subject to the provisions of, and compliance with, such procedures as may be required by French or any applicable law and subject to any applicable stock exchange requirements.

#### **Issue of Further Coupons and Talons**

After all the Coupons attached or issued in respect of any Note have matured, the Principal Paying Agent shall, upon presentation of the relevant Note and Talon at the specified office of the Principal Paying Agent (or so long as the Notes are listed on the Luxembourg Stock Exchange, if the Principal Paying Agent does not have a specified office in Luxembourg, at the specified office in Luxembourg of a Paying Agent) and without charge for the holder of the Note and Talon, issue further Coupons and a further Talon. Such issue shall be subject to the provisions of, and compliance with, such procedures as may be required by French or any applicable law and subject to any applicable stock exchange requirements.

#### **Notices**

Any notice to the holders of Notes will be valid if published once in a leading London daily newspaper (which is expected to be the *Financial Times*) and, so long as the Notes are listed on the Luxembourg Stock Exchange, in a leading Luxembourg daily newspaper (which is expected to be the *Luxemburger Wort*). Such notice shall be deemed to have been given on the date of publication or, if published on more than one date or on different dates, on the first date such publication shall have been made.

#### **Prescription**

Claims against the Bank for the payment of principal and interest shall be prescribed upon the expiry of ten years and five years respectively from the due date thereof.

#### **Governing Law**

All matters relating to the Notes, the Coupons and the Talons, the Principal Paying Agency Agreement and the Reference Agency Agreement shall be governed by and construed in accordance with the laws of the Republic of France. Claims against the Bank may be brought before any competent court in Paris.

#### **Representation of Noteholders**

Each of the holders of the Notes (the "Noteholders") will belong to a *masse* (the "*Masse*") created for the defence of the common interest of the Noteholders, which will be governed solely by those provisions of Articles 293 to 338 (inclusive) of French Law No. 66-537 of 24th July, 1966 which relate to the *Masse*, with the exception of Articles 316 and 321, and by those provisions of Articles 215 to 241 (inclusive) of French Decree No. 67-236 of 23rd March, 1967 which relate to the *Masse*, with the exception of Articles 218, 222, 226 and 230, provided however that:

(a) notwithstanding paragraph 4 of Article 313 of Law No. 66-537, the issue of unsecured and unsubordinated notes or bonds by the Bank shall not be subject to approval of the general assembly of the *Masse* (the "General Assembly");

(b) notwithstanding the provisions contained in paragraph 5 of Article 313 of Law No. 66-537, the General Assembly may not agree to any deferral of any payment of interest, any modification of the terms of redemption or any modification of the rate of interest, each of which may be effected only with the consent of all the Noteholders;

(c) notwithstanding the provisions contained in Article 303 of Law No. 66-537, the aggregate remuneration of the Representatives is irrevocably fixed at FF 3,000 per annum;

(d) notwithstanding the provisions contained in Article 320 of Law No. 66-537, all normal operating expenses, including those decided upon by the General Assembly, will be borne by the Bank with no imputation thereof against interest payable on the Notes;

(e) in the event that the General Assembly shall not approve any proposal of the kind described in paragraph 1 of Article 313 of Law No. 66-537 or shall be unable validly to act for lack of the required quorum, the Bank may nevertheless proceed with respect thereto after offering to reimburse each Note at par (together with accrued interest thereon) before the carrying out of the transaction which was the subject of such proposal, upon request made within 60 days from the date on which the notice relating to such offer of reimbursement is published; and



(f) the notices calling meetings of the General Assembly, the resolutions adopted at meetings of the General Assembly and any other information to be published pursuant to the above legal or regulatory provisions will be published only as provided under "Notices" above.

*The following brief summary of certain of the provisions governing the Masse is for information only and is qualified in its entirety by reference to those provisions.*

The *Masse* will be a separate legal entity, acting through representatives (the "Representatives"). The Representatives will be elected by the General Assembly.

All interested parties will at all times have the right to obtain the names and addresses of the Representatives from the Bank or from any of the Paying Agents.

The Representatives will have the power, in the name of the *Masse*, to take all steps to defend the common interests of the Noteholders, unless otherwise restricted by the General Assembly. However, the Representatives may not institute proceedings in a court of law without due authorization from the General Assembly. All proceedings against the *Masse*, or by the *Masse*, in order to be justiciable, must be brought against or by the Representatives.

Meetings of the General Assembly shall be held whenever necessary and may be called by the Bank or the Representatives. One or more holders of at least 1/30th of the Notes then outstanding may require the Bank or the Representatives to call such a meeting. If a meeting has not been called within two months from the date of the request, such Noteholders may commission one of themselves to petition a court to appoint an agent who will call the meeting. Notice of the date, hour, place, agenda and quorum requirements of any meeting of the General Assembly will be published as provided under "Notices" above. All Noteholders have the right to attend all meetings of the General Assembly or to be represented by a proxy. Each Note carries the right to one vote for every U.S. \$10,000 in principal of its denomination.

At ordinary meetings, the General Assembly is empowered to elect the Representatives and to set their term of office as well as to take whatever steps are necessary to defend the interests and to enforce the rights of the Noteholders. No action may validly be taken by the General Assembly at an ordinary meeting on first convocation unless the holders of at least one-quarter of the Notes then outstanding are present or represented. On second convocation, no quorum will be required. Decisions of the General Assembly at an ordinary meeting will be taken by a majority of the votes to which the Noteholders present or represented are entitled.

At extraordinary meetings, the General Assembly is empowered to approve changes in the rights of the Noteholders, in particular the issuance of other securities with preferential rights over the Notes. However, the General Assembly may not increase the obligations of the Noteholders or grant certain Noteholders preferential rights. No action may validly be taken by the General Assembly at an extraordinary meeting unless the holders of at least one-half (on first convocation) or one-quarter (on second convocation) of the Notes then outstanding are present or represented. Decisions of the General Assembly at an extraordinary meeting will be taken by a majority of two-thirds of the votes to which the Noteholders present or represented are entitled.

Each Noteholder will have the right, during the fifteen-day period preceding the holding of each meeting of the General Assembly, personally or through his representative, to consult and make a copy of the resolutions and reports to be presented at the meeting, which will be available for inspection at the principal office of the Bank, at the offices of the Paying Agents and at any other place specified in the notice of meeting.

The first meeting of the General Assembly, at which the initial Representatives will be appointed, will be called by the Bank as soon as possible after the Notes have been delivered, but in no event later than 24th November, 1987. The following persons will be proposed for election by the General Assembly to act as the first Representatives:

Monsieur Michel GREE, 13 allée des Avocettes-78400 Chatou  
Monsieur Arnault LAFORGE, 30 rue des Bruyères-60800 Crépy-en-Valois

## INFORMATION RELATING TO SOCIÉTÉ GÉNÉRALE

Société Générale was incorporated in France in 1864. The Bank was nationalised under Law no. 45-015 of 2nd December, 1945 and is governed by the "Loi de Nationalisation" of 11th February, 1982 and the "Loi de Démocratisation du Secteur Public" of 26th July, 1983. Société Générale is on the list of French banks and other companies expected to be privatised not later than 1st March, 1991 contained in the "Loi autorisant le gouvernement à prendre diverses mesures d'ordre économique et social" of 2nd July, 1986. The Head Office is located at 29 Boulevard Haussmann 75009 Paris, France.

At the end of 1985, Société Générale had more than 3.3 million clients who were handled through 1,760 French branches and had about 34,500 employees in France. In addition, the Société Générale Group had some 420 outlets in more than 60 foreign countries. As at December 31, 1985, Société Générale was the 4th largest bank in France and the 14th largest in the world relative to total assets.

At the end of December 1985, Société Générale had total consolidated assets of FF738,157 million and Shareholders' Funds of FF15,403 million. Consolidated operating profit after tax was FF1,621 million compared with FF1,233 million for the previous year. The share capital was FF1,375 million divided into 11,428,106 shares represented mandatorily by registered certificates of a par value of FF100 each, and 2,321,894 "Certificats d'investissements privilégiés".

### BOARD OF DIRECTORS AND MANAGEMENT

The Directors of Société Générale are as follows:—

		<i>other important positions held</i>
<b>Chairman</b>		
Mr.	Marc VIÉNOT	Director of Compagnie Générale d'Electricité Crédit National European American Bank
<b>Directors</b>		
Messrs.	Jean Noël BOUSSERIE Bernard CAUCHY	
Mrs.	Olga CLAUDE	
Messrs.	Jean-Claude DECAUX Guy DEJOUANY	Chairman of J. C. Decaux Chairman of Compagnie Générale des Eaux, Compagnie Des Eaux et de l'Ozone
	Jean-Paul DELACOUR Jean-Louis DESCOURS Henri GUILLAUME Dominique LEWANDOWSKI	Chairman of Sogebail Chairman of Chaussures André Commissaire au Plan Chef du Service de l'Inspection Générale des Finances—Ministry of Economy, Finance and Privatization
	Pierre MALARTRE Jacques MARTIN Jean-Charles NAOURI	Sous-directeur des établissements de crédit à la Direction du Trésor—Ministry of Economy, Finance and Privatization
	Philippe PRUVOST Ernest-Antoine SEILLIERE de LABORDE	Administrateur Directeur Général de la Compagnie Générale d'Industrie et de Participations
	Jean SYROTA	Directeur Général de l'Energie et des Matières Premières—Ministry of Industry
Mrs.	Francine VANDENABEELE	
Mr.	Humbert ZELLER	Inspecteur Général des Finances, chef de la mission de contrôle économique et financier des transports

The general management of Société Générale is as follows:—

**General Manager**

Mr. Jean-Paul DELACOUR

**Deputy General Managers**

Messrs. Pierre MURON  
Daniel HUA  
Léopold JEORGER  
Jean-Louis TRUCHEMENT

**Central Managers**

Messrs. Jean-Marie WEYDERT  
Henri MORIN  
Louis-Noël JOLY  
Marcel COTILLON

**Managers**

Messrs. François BEXON  
Michel-François AUQUEBON  
Jean-Paul FOURNEL  
Michel ROLLAND  
Bernard LORAIN  
Bruno FLICHY  
Patrick DUVERGER

**Adviser to the Chairman**

Mr. Gérard THERY

**HISTORY**

In the years following its incorporation Société Générale grew rapidly. By 1870, a complete network of branches serviced all of France, and as early as 1871 Société Générale had established a branch in London. Between 1894 and 1914 its basic operating principles and procedures were defined and developed as follows:

- use of sight deposits restricted to funding short-term loans;
- establishment of an important securities and stock exchange department;
- development of international activities;
- organization of advanced administrative and internal accounting procedures;
- broadening of the distribution of its shares among the public.

Société Générale increased its strength domestically as well as branching out internationally, opening offices in Belgium in 1898, North Africa in 1911, Spain in 1920, United States and Argentina in 1940 and West and Equatorial Africa in 1941. Following the annexation of Alsace by Germany after the Franco-Prussian War of 1870, Société Générale's branches in Alsace were transferred in 1881 to Société Générale Alsacienne de Banque, a subsidiary organized under German law. Société Générale Alsacienne de Banque (in which Société Générale has a 52.57 per cent. interest) has developed into a major regional French bank, and its network now extends into the neighbouring countries of Belgium, West Germany, Switzerland, Luxembourg and Austria.

The Second World War and the nationalisation of certain French banks in 1945 did not affect the essential characteristics of those banks' activities which have continued to develop within the Government's objectives of directing and controlling the credit system as well as defending the currency. The financing requirements of the French economy's rapid growth gradually led the banks to relax the strict application of their traditional banking practices. Thus from 1960 onwards, they started directly funding part of their medium-term loans from their own resources. Amendments to banking regulations in 1966, together with further measures taken in 1967, broadened Société Générale's field of activity, and led to radical changes which resulted in:

- funding capital expenditure programmes for commercial and private customers;
- competing for fixed term deposits, mainly from private customers;
- developing a large number of varied banking services, thus giving them greater versatility.

## DOMESTIC ACTIVITIES

### Individual customers

The changes brought about in the banking environment by the deregulatory measures introduced in 1985 gave Société Générale still further incentive for actively pursuing the efforts it has been making in the past few years to increase its individual customer business through new marketing approaches and more varied consumer products.

Among the numerous initiatives taken in this respect are new products and services in the areas of:

- life insurance products developed by the subsidiary Sogecap
- investment instruments developed by the subsidiary Sogeservice
- investment management advisory units set up in domestic branches
- automatic branches and electronic banking facilities
- nationwide diffusion of Logitel, with which Société Générale ranks first in the world in the field of billed home banking services (22,000 users at the end of 1985)
- reciprocal domestic-international cash dispenser withdrawals for Cartes Bleues Visa, which have been distributed to approximately one million customers.

#### *(a) Deposits*

From 2nd January, 1985 to 2nd January, 1986 consumer deposits increased from 102.1 to 109.8 billion francs.

Demand deposits rose by 8.2% while savings accounts offering tax advantages, especially savings for house purchases, increased by 5.4 billion francs during the year.

On the contrary, the decrease in time deposits and savings bonds, attributable to customers' preference for collectively managed investments, levelled out at 22.8 billion francs at the end of 1985.

#### *(b) Investments*

The French stock market and bond market both performed extremely well in 1985. Individual customers were particularly attracted to the various innovations in investment instruments.

In this favourable environment, Société Générale continued to play an important role in asset management. At the end of 1985, overall total assets collectively managed by Société Générale for individual customers totalled 56.7 billion francs, compared with 41.6 billion in 1984. Additionally, the amount collected over the year by its life insurance subsidiary, Sogecap, more than doubled, reaching 1.3 billion francs.

#### *(c) Loans*

Consumer loans which had increased by 16.2% in 1984, grew even more quickly (32.2%) in 1985 and reached a total of 40.2 billion francs on 2nd January, 1986, to which must be added 10.5 billion francs in loans granted by Société Générale's specialized subsidiaries (up 19%). Among these facilities, it should be noted that short-term cash loans increased by 50% during 1985, while loans to meet the needs of young households also grew substantially.

Société Générale's extensive network of subsidiaries specializing in consumer loans of all types was also very active in meeting consumer demands.

## Corporate customers

Corporations have traditionally represented an important part of Société Générale's customer base and the bank has continued to do its utmost to provide each segment of its corporate clientele with products and services specifically designed to help them meet new needs as they arise with changes in the economic situation. As there was reduced growth in requests for classic loan facilities in France in 1985, this ability was put to good use.

The various initiatives taken include new products and services in the areas of:

- specialized equipment and real estate finance
- innovation finance, by Soginnove
- equity holding in developing companies, by Projis
- loans to set up new companies
- capital risk mutual funds, which Société Générale is currently setting up
- mergers and acquisitions
- videotex products, where Société Générale enjoys a front rank market position with Sogestel and Progestel
- international cash management, with Sogecash

### *(a) Deposits and new investments*

Corporate demand and time deposits slipped from 67.7 billion francs on 2nd January, 1985 to 61.7 billion on 2nd January, 1986. This drop was offset by the success of the corporate treasury management funds which totalled assets of 22.7 billion francs at the end of 1985 against 16 billion in 1984. Moreover, the assets of Société Générale's two long-term investment funds totalled 20 billion francs at the end of 1985. Further, Société Générale ranked first among the managers of the savings of wage earners in their companies, managing assets of 4.1 billion francs.

Among the reforms in the French capital markets in 1985 was the introduction of commercial paper near the end of the year. Société Générale was quick to establish a strong position in this new market.

### *(b) Loans and specialized equipment and real estate finance*

The total amount of loans to corporations scarcely varied from 2nd January, 1985 to 2nd January, 1986 and represented 166.2 billion and 167 billion francs respectively. Three-quarters of these loans were made in francs, and their total amount increased only slightly, whereas facilities in foreign currencies followed, on the whole, the opposite tendency, chiefly because of the decrease in the value of the dollar when expressed in francs.

The rally of investments, although still only partial, was nonetheless favourable for Société Générale's activity in the field of special equipment and real estate finance, areas in which Société Générale plays a leading role. At the end of 1985, commitments of Société Générale's subsidiaries reached 27.2 billion francs, a 12.6% increase over 1984.

### *(c) Financial and stock market activity*

In 1985, bond issues in France reached a new historic high of 290.9 billion francs, 26.4% greater than the 1984 figure. Société Générale lead-managed 27 and co-lead-managed 67 of the 284 issues of bonds and "titres participatifs" (a form of note which in principle is not redeemable and has partial income indexation clauses). In February 1985, Société Générale was sole lead-manager for a 20 billion francs French Treasury issue.

Société Générale lead-managed seven operations of listing shares on the "second marché" and additionally lead-managed an important issue of "certificats d'investissement privilégiés" (non-voting preferred shares) by Rhône-Poulenc.

Capital increases by listed companies more than doubled in volume in 1985 and of the total amount of 13.9 billion francs, Société Générale lead-managed 17%.

In the field of convertible bonds, Société Générale managed an issue for Carrefour, which was then the largest such issue by a private sector company in France.

With a view to increasing its own stockholders' equity, Société Générale made a second issue of "certificats d'investissement privilégiés" for an amount of 700 million francs. At the same time Société Générale made the first French issue of subordinated securities with no fixed maturity for an amount of 2.3 billion francs. These securities include purchase rights for a portion of the "certificats d'investissement privilégiés" and their exercise would result in 16.9% of Société Générale's capital being held by the public.

## **INTERNATIONAL ACTIVITIES**

The size of the foreign network and the variety of the products and services Société Générale provides to widely diversified customers throughout the world attest to the strong position of the bank among international banks. As in recent years, Société Générale continued in 1985 to further perfect its technical proficiency in the increasingly complex transactions of today's markets.

### **Société Générale's network abroad**

The principal additions to Société Générale's foreign network in 1985 were a branch in Bombay, which replaced the representative office in New Delhi, and a subsidiary in Guinea, in which were associated both local interests and other European banks. As now permitted by Australian legislation, Société Générale acquired all the shares of its subsidiary in Australia.

During the year, Société Générale and its subsidiary Société Générale Alsacienne de Banque agreed upon the merger of their activities in West Germany into a single company, Société Générale-Elsaessische Bank. Further, Société Générale sold its shareholdings in two subsidiaries of European Banks International (Ebic), European Banking Company in London and Europacific Finance Corp. in Australia. Société Générale retained its shareholdings in two Ebic subsidiaries, Banque Européenne de Crédit in Brussels and European American Bank in New York, which, after the reforms carried out by the new management, has again become profitable.

On the whole, the overall earnings of Société Générale's foreign network, consolidated *pro rata* with Société Générale's shareholdings, improved noticeably in 1985, nearing that of the years prior to 1984.

### **International finance**

In 1985 Société Générale signed U.S.\$ 854 million in new Euroloans, 400 million of which were back-up lines for Euronote or Euro-commercial paper issues. Nearly 80% of the total amount was granted to borrowers from France and other industrialized countries and to international organizations.

Société Générale ranked 21st in the world in Euro-bond syndicate lead management with 22 issues amounting to a total of U.S.\$ 2.08 billion.

Together with its British subsidiary, Société Générale Strauss Turnbull Ltd, Société Générale again increased its activities on the international bond secondary market.

### **Foreign exchange and treasury**

In this area of ever more sophisticated techniques and diversified instruments, Société Générale put to best use the new opportunities for reducing its own risks and for developing additional sources of income.

Société Générale took full advantage of the new possibilities for using currency options and swaps in meeting the needs of its corporate customers.

As concerns French franc treasury transactions, Société Générale increased its activities in interest rate transactions (spot, future or option) with resident banks and large corporations and performed well in the issues of certificates of deposit and commercial paper. On the Financial Futures Market, Société Générale's newly formed subsidiary FIMAT will play a triple role of trading, managing, and informing customers and branches.

### **International financial engineering**

The recognized technical proficiency of Société Générale's project financing team caused it to be selected for drawing up several important investment projects in 1985, notably the financing of Elf Aquitaine's portion in the starting up of the Gaviota gas field in Spain and that of several Méridien hotels in China. A merchant banking unit was recently set up within the International Division for the

purpose of instigating and coordinating initiatives whenever a foreign company is involved. Small specialized teams have additionally been formed in London, New York and Frankfurt. These teams work with the whole of the foreign and domestic networks in the area of corporate development. A substantial number of potential merger and acquisition clients have already requested their services and several transactions are now underway.

### **International commodity trade finance**

Société Générale's activity in international commodity trade finance continued to increase in 1985.

Domestic and foreign branches again put to good use technical and commercial support made available by the specialized head office unit. The International Branch was particularly active in financing transactions with international commodity traders and was often able to free exporters from country risks through various means, including forfeiting.

### **Leasing abroad and cross-border leasing**

With the opening of a leasing department at Société Générale Alsacienne de Banque in Brussels and the creation, together with Chinese and Japanese partners, of China United International Leasing in Guangzhou, Sogelease's foreign leasing network now covers 28 countries and territories.

The total of Société Générale's leasing commitments outside France was equal to 7.3 billion francs at the end of 1985.

Cross-border leasing operations, which are set up from Paris, were relatively important in 1985, owing especially to the financing of two Airbuses for the Chinese airline, C.A.A.C.

### **Relations with French and foreign banks**

Société Générale's bank Liaison Branch, which specialises in dealing with banks having locations in France, successfully continued to provide services (clearing house, security transactions, computer links, Ecu accounts) and credit facilities (guarantees, specialized refinancing) to its clients. Further, it offered assistance to several foreign banks starting up operations in Paris.

Pursuing the correspondent banking development policy implemented in 1984, Société Générale's specialized unit improved and widened the scope of services offered to foreign banks, notably providing accelerated collection of French franc securities, Ecu clearing, international treasury management and foreign exchange risk management information and advice.

## Capitalisation of Société Générale

**As at 31st December,**  
(in thousands of French Francs)

	Société Générale		Société Générale Group	
	1984	1985	1984	1985
Capital.....	1,250,000	1,375,000	1,250,000	1,375,000
Profit brought forward.....	1,179	3,545	1,179	3,545
Profit for the year.....	530,439	660,368	927,265	1,308,144
General reserve.....	3,743,071	4,575,719	3,743,071	4,575,719
Consolidation reserve.....			2,537,596	2,984,531
Miscellaneous reserves and others.....	1,217,360	1,148,870	1,662,154	1,321,434
Subordinated loan stock with no fixed maturity.....	—	2,280,000	—	2,280,000
<b>Total Capital and Reserves.....</b>	<b>6,742,049</b>	<b>10,043,502</b>	<b>10,121,266</b>	<b>13,848,373</b>
Minority Interest (inclusive of their share of profit for the year).....			1,824,922	1,867,070
Bonds and Subordinated Borrowings.....	21,356,776	24,220,997	27,202,768	33,872,514
<b>TOTAL.....</b>	<b>28,098,825</b>	<b>34,264,499</b>	<b>39,148,956</b>	<b>49,587,957</b>

### Capital structure as at 31st December, 1985

Société Générale's capital consists of:

- 11,428,106 A shares of FRF100
- 2,321,894 B shares split up into:
  - 2,321,894 certificats d'investissement privilégiés (C.I.P) of FRF100
  - 2,321,894 certificats de droit de vote (C.D.V.)

Shares	Shareholding				
	French State	Caisse des dépôts et consignations	Assurance Générale de France	Public	Total
A shares.....	11,427,906	100	100	—	11,428,106
B shares: C.I.P. ....	—	21,000	46,000	2,254,894	2,321,894
C.D.V. ....	2,321,856	19	19	—	
<b>TOTAL VOTING RIGHTS...</b>	<b>13,749,762</b>	<b>119</b>	<b>119</b>	<b>none</b>	<b>13,750,000</b>



**Bonds and Subordinated Borrowings as of 31st December, 1985**

(Société Générale Group)

Maturities (in millions of French Francs)						
	1986	1987/88	1989/90	1991/95	Thereafter	No fixed maturity
Bonds.....	246	1,662	3,924	22,446	3,245	—
Subordinated borrowings.....	—	—	756	1,512	—	81
<b>TOTAL.....</b>	<b>246</b>	<b>1,662</b>	<b>4,680</b>	<b>23,958</b>	<b>3,245</b>	<b>81</b>

**Long-Term debt**

For the nine months ended 30th September, 1986, Société Générale's long-term indebtedness outstanding amounted to FRF27,706,825,000 on a non-consolidated basis.

During the same period, the Bank issued the following debt securities:

- 5th March: U.S.\$ 270,000,000 due 1993
- 15th September: U.S.\$ 300,000,000 due 1996
- 5th September: ¥7,500,000,000 due 1991
- 30th September: ¥16,000,000,000 due 1991
- the Notes being issued: U.S.\$ 500,000,000

In addition, two of its affiliates borrowed, on a long term basis, an amount aggregating FF 1,250,000,000 (various interest rates and final maturities ranging from 1993 to 1995).

BALANCE

at 31st Dec

(in French francs)

	1984	1985
<b>ASSETS</b>		
Cash, balances with central banks and government depositories.....	20,506,582,734.47	17,723,024,238.14
<b>Banks and financial institutions.....</b>	<b>292,865,400,827.36</b>	<b>243,814,653,662.69</b>
Demand deposits.....	14,762,385,010.21	20,443,946,092.63
Time deposits.....	278,103,015,817.15	223,370,707,570.06
<b>Treasury bills and other securities purchased firm or under agreement to resell.....</b>	<b>37,546,762,362.96</b>	<b>50,114,057,648.50</b>
<b>Loans to customers.....</b>	<b>254,124,522,467.09</b>	<b>237,593,021,791.84</b>
Commercial loans and discounts.....	36,339,961,897.86	30,956,321,378.08
Other short-term loans.....	83,056,784,196.35	72,111,709,590.42
Medium-term loans.....	75,841,949,605.79	74,586,155,947.96
Long-term loans.....	58,885,826,767.09	59,938,834,875.38
<b>Overdrafts.....</b>	<b>18,596,358,443.93</b>	<b>19,458,526,574.05</b>
<b>Checks and bills in course of collection.....</b>	<b>67,001,798,998.50</b>	<b>40,888,158,715.51</b>
<b>Accrued income, prepaid expenses and other assets.....</b>	<b>25,106,534,090.38</b>	<b>24,745,282,880.99</b>
<b>Security transactions.....</b>	<b>5,143,737,358.48</b>	<b>6,257,977,598.79</b>
<b>Marketable securities.....</b>	<b>7,873,135,887.89</b>	<b>11,841,109,032.80</b>
<b>Investment in subsidiaries and associated companies.....</b>	<b>3,405,270,277.90</b>	<b>3,715,949,651.80</b>
<b>Subordinated loans.....</b>	<b>1,928,112,396.54</b>	<b>1,923,225,375.86</b>
<b>Property and equipment, owned.....</b>	<b>3,569,335,976.68</b>	<b>3,425,137,646.56</b>
<b>Lease transactions.....</b>	<b>77,800,392.20</b>	<b>123,385,249.78</b>
<b>Total assets.....</b>	<b>737,745,352,214.38</b>	<b>661,623,510,067.31</b>

**Commitments and contingent liabilities**

	1984	1985
Endorsements and other guarantees in favour of financial intermediaries.....	12,922,030,720.74	19,721,768,924.46
Endorsements and other guarantees received from financial intermediaries.....	43,252,400,747.06	15,515,776,459.10
Loan commitments.....	49,207,758,225.86	55,402,562,145.61
Endorsements and other guarantees on behalf of customers.....	52,869,751,819.12	48,056,712,858.38
Other commitments.....	4,794,425,662.48	7,762,382,491.31

	1984	1985
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Balances with central banks and government depositories</b>	<b>32,578,291,694.63</b>	<b>33,252,349,696.53</b>
<b>Banks and financial institutions</b>	<b>290,973,825,592.84</b>	<b>238,550,935,674.52</b>
Demand deposits	23,971,370,235.28	24,548,257,944.88
Time deposits	267,002,455,357.56	214,002,677,729.64
<b>Securities and bills sold firm or under repurchase agreements</b>	<b>56,711,018,559.91</b>	<b>63,072,540,370.64</b>
<b>Deposits by customers</b>	<b>198,501,386,302.64</b>	<b>190,735,899,864.37</b>
Corporations and proprietary businesses	101,692,871,927.01	85,008,541,226.72
Demand deposits	33,868,936,876.92	35,687,505,469.35
Time deposits	67,823,935,050.09	49,321,035,757.37
Individuals	43,337,209,591.97	46,816,573,730.29
Demand deposits	36,653,355,353.95	40,137,860,140.37
Time deposits	6,683,854,238.02	6,678,713,589.92
Other	14,499,948,258.68	14,209,349,173.44
Demand deposits	9,483,364,180.71	8,891,722,184.11
Time deposits	5,016,584,077.97	5,317,626,989.33
Special savings deposits	38,971,356,524.98	44,701,435,733.92
<b>Fixed term savings bonds and certificates of deposits</b>	<b>31,391,492,299.08</b>	<b>30,607,395,592.28</b>
<b>Items in course of collection</b>	<b>59,660,762,286.69</b>	<b>31,588,430,944.62</b>
<b>Accrued expenses, provisions and other liabilities</b>	<b>36,911,646,226.20</b>	<b>37,185,937,969.81</b>
<b>Security transactions</b>	<b>2,918,102,872.00</b>	<b>2,365,521,335.90</b>
<b>Bonds</b>	<b>19,246,535,873.20</b>	<b>21,952,696,910.45</b>
<b>Subordinated borrowings</b>	<b>2,110,240,000.00</b>	<b>2,268,300,000.00</b>
<b>Subordinated loan stock with no fixed maturity</b>		<b>2,280,000,000.00</b>
<b>Stockholders' equity</b>	<b>6,211,611,606.14</b>	<b>7,103,133,776.04</b>
Surplus on revaluation of fixed assets	102,737,875.58	76,872,007.20
surplus on revaluation of depreciable assets (special provision)	66,340,101.24	54,740,453.45
Surplus on revaluation of non-depreciable fixed assets (special reserve)	834,795,332.35	824,924,839.19
Surplus on revaluation of assets of foreign subsidiaries and branches	3,754,817.58	3,754,817.58
Regulatory depreciation	7,139,387.66	7,191,887.66
Investment reserve	202,593,767.00	181,385,496.00
Other reserves	3,743,071,240.00	4,575,718,940.00
Capital stock	1,250,000,000.00	1,375,000,000.00
Unappropriated profit brought forward	1,179,084.73	3,545,334.96
<b>Net income for the financial year</b>	<b>530,438,901.05</b>	<b>660,367,932.15</b>
<b>Total liabilities and stockholders' equity</b>	<b>737,745,352,214.38</b>	<b>661,623,510,067.31</b>

Since 31st December, 1985, there has been no material adverse change in the financial condition or activities of Société Générale and there is no litigation capable of affecting such financial condition.

# INCOME STATEMENTS

at 31st December

(in French francs)

DEBIT	1984	1985
<b>Banking operating expenses</b>	<b>48,887,693,803.58</b>	<b>44,793,271,763.74</b>
Interest and other expenses on short-term borrowings and interbank transactions	30,740,627,610.27	26,161,689,930.61
<i>Central banks, banks and financial institutions</i>	25,764,539,373.25	21,986,018,148.52
<i>Borrowings against public or private bills</i>	4,893,512,318.10	4,097,272,120.88
<i>Commissions</i>	82,575,918.92	78,399,661.21
Interest and other transactions with customers	12,987,468,193.30	11,722,543,220.81
Interest on bonds and preferred shares	2,363,561,158.01	2,895,992,956.20
Expenses relating to finance lease transactions	4,848,358.55	34,362,977.53
Other banking expenses	2,791,188,483.45	3,978,682,678.59
<b>Salaries, wages and employee benefits</b>	<b>7,713,077,025.61</b>	<b>8,273,851,993.08</b>
<b>Taxes other than on income</b>	<b>528,725,500.11</b>	<b>575,055,068.00</b>
<b>Other operating expenses</b>	<b>3,536,316,495.94</b>	<b>4,019,700,159.19</b>
Outside supplies and services	2,100,964,391.22	2,513,242,359.87
Other	1,435,352,104.72	1,506,457,799.32
<b>Allowance for depreciation</b>	<b>798,249,526.52</b>	<b>698,213,807.84</b>
<b>Operating provisions, net</b>	<b>4,463,545,660.66</b>	<b>5,494,811,564.18</b>
<b>Non-recurring expenses</b>	<b>264,729,355.32</b>	<b>412,830,742.13</b>
<b>Allowance for non-operating provisions</b>	<b>109,999,584.00</b>	<b>137,002,787.00</b>
<b>Employee profit-sharing</b>	<b>59,998,337.00</b>	<b>95,177,485.00</b>
<b>Income taxes</b>	<b>148,029,842.85</b>	<b>585,713,140.14</b>
<b>Net income for the year before deducting minority interest</b>	<b>530,438,901.05</b>	<b>660,367,932.15</b>
<b>Total</b>	<b>67,040,804,032.64</b>	<b>65,745,996,442.45</b>

CREDIT	1984	1985
<b>Banking operating income</b>	<b>66,109,484,507.99</b>	<b>64,267,965,994.48</b>
Interest and other revenues on treasury and interbank transactions	28,112,035,156.06	24,483,390,276.51
<i>Central banks, banks and financial institutions</i>	22,419,634,101.76	20,010,166,254.57
<i>Loans against public or private bills</i>	5,666,098,978.45	4,445,811,985.10
<i>Commissions</i>	26,302,075.85	27,412,036.84
Interest and other revenue from transactions with customers	30,671,431,798.23	29,783,664,846.30
<i>Loans and discounts</i>	25,756,230,622.32	25,258,384,969.81
<i>Overdrafts</i>	4,448,032,640.67	4,020,003,869.34
<i>Commissions</i>	467,168,535.24	505,276,007.15
Revenues relating to finance lease transactions	10,739,873.14	39,340,083.49
Miscellaneous income	5,998,756,490.11	7,400,420,433.17
Interest and dividends from securities	1,316,521,190.45	2,561,150,355.01
<b>Other income</b>	<b>336,900,420.71</b>	<b>598,060,050.59</b>
<b>Non-recurring income</b>	<b>473,503,238.94</b>	<b>739,967,755.38</b>
<b>Release from non-operating reserves</b>	<b>120,915,865.00</b>	<b>140,002,642.00</b>
<b>Total</b>	<b>67,040,804,032.64</b>	<b>65,745,996,442.45</b>

# **FIVE-YEAR FINANCIAL SUMMARY**

	1981	1982	1983	1984	1985
<b>Financial position at year-end</b>					
Share capital.....	1,142,810,600.00	1,142,810,600.00	1,142,810,600.00	1,250,000,000.00	1,375,000,000.00
Number of shares issued Common Stock.....	11,428,106	11,428,106	11,428,106	11,428,106	11,428,106
Number of "Certificats d'investissement privilégiés" .....				1,071,894	2,321,894
			(in French francs)		
<b>Results of operations</b>					
Pre-tax income.....	44,649,409,177.91	50,653,687,195.36	53,885,941,023.40	66,446,384,928.70	64,866,026,045.07
Net income before tax, depreciation and provisions.....	4,231,983,469.49	4,620,500,661.52	5,526,904,798.38	5,780,572,103.46	7,204,147,061.06
Income taxes.....	276,808,077.02	121,620,087.16	211,355,057.79	148,029,842.85	585,713,140.14
Net income after tax, depreciation and provisions.....	471,662,607.88	390,540,980.91	430,203,271.54	530,438,901.05	660,367,932.15
Distributed profits.....	170,997,575.28	260,073,643.40	220,237,237.00	270,424,950.82	318,252,749.81(1)
<b>Adjusted results per share or per "certificat d'investissement privilégié"</b>					
Net income after tax but before depreciation and provisions.....	346.09	393.67	465.13	450.60	481.34
Net income after tax, depreciation and provisions.....	41.27	34.17	37.64	42.44	48.03
Dividend per share.....	14.88	8.40	2.00	11.56	11.52
Dividend per "certificat d'investissement privilégié" .....				15.00	32.40
<b>Staff</b>					
Number of employees.....	35,085	35,283	35,666	35,964	35,879
Salary expenses.....	3,517,406,288.94	4,045,434,118.74	4,526,758,064.26	4,999,994,858.89	5,318,319,678.46
Social security contributions, social benefits and other expenditures.....	1,790,950,418.90	2,125,392,061.50	2,425,418,623.59	2,713,082,166.72	2,955,532,314.62

(1) of which 442,853.09 francs distributed to "parts bénéficiaires" and 110,928,750 francs paid to the Caisse Nationale des Banques (article 71 of the 1986 Finance Law).

## CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the financial statements of Société Générale and of the principal French and overseas companies making up the Société Générale Group. Financial statements of foreign subsidiaries which were prepared in accordance with local accounting policies have been restated to comply with accounting policies applied by the Société Générale Group. These principles are those normally accepted within the banking industry in France.

The Group has made the following changes to its accounting policies in 1985:

Certain rental and finance lease transactions were reclassified:

- loans granted by foreign companies offering finance leases were reclassified from Medium-term loans to customers and Property and equipment owned to Property and equipment leased; income from these operations was similarly reclassified;
- depreciation on assets rented out on ordinary commercial and long-term operating leases is included in Other banking expenses; it was previously included in Allowance for depreciation. In accordance with the French accounting chart for banks, the net gain or loss from contract sales is included in revenues and expenses; in 1984 the net book value of assets sold was included in Other banking expenses and sale proceeds recorded under Miscellaneous income.

Tax credits on loan income, to the extent they are effectively used in settlement of income taxes for the period, are now included with the corresponding revenues. The corresponding tax expense is included in Income taxes in the income statement. The 1984 balance sheet and income statement have been restated on a comparable basis. Banking operating income and income tax expense for 1984 were thereby both increased by FRF 363 million. The 1984 balance sheet and income statement have been restated to facilitate year-to-year comparison. This restatement does not, however, affect stockholders' equity or net income.

### Significant accounting policies

The consolidated financial statements include the financial statements of Société Générale and all subsidiaries and affiliates in which Société Générale holds, directly or indirectly, long-term investments representing 20% or more of the capital stock.

The consolidated financial statements result from:

#### ● Fully consolidating into the financial statements of Société Générale:

The financial statements of banking or banking-related subsidiaries which are more than 50% owned and whose total assets exceed FF 50 million.

Under full consolidation, the carrying value of the investment in the books of the parent company is replaced by the assets and liabilities of the subsidiary. Intercompany transactions and balances are eliminated.

#### ● Proportionally consolidating:

The financial statements of "closed" companies which are 20% to 50% owned and in which Société Générale's share in total assets exceeds FF 50 million.

"Closed" companies are joint venture or partnership companies whose capital stock, activities and results are shared between the shareholders in proportion to their respective ownership interest.

Under the method of proportional consolidation, all items in the balance sheet and the income statement of the subsidiary are taken up into the consolidated financial statements in proportion to Société Générale's interest in the company.

#### ● Accounting by the equity method for:

- investments in companies which are 20% to 50% owned and in which Société Générale's share in net assets exceeds FF 5 million, whatever the amount of total assets, and
- non-banking subsidiaries which provide services to other Group companies (insurance, real estate development).

Under the equity method, Société Générale's share in stockholders' equity and income is substituted for the book value of the investment.

Although the Group holds only 33.38% of Sogebail's capital, this company was fully consolidated. The principal stockholder is Société Générale, which has defacto control resulting from the wide dispersion of the rest of the capital, its involvement in management and the size of loans and guarantees it provides to Sogebail.

The consolidated financial statements at 31st December, 1985 include the financial statements of 199 companies including those resulting from sub-consolidations.

Interim financial statements at 31st December have been used for the purpose of consolidating subsidiaries whose fiscal year does not end on 31st December. Their results have been included on the basis of the year ended 31st December.

The results of companies consolidated for the first time in 1985, or in which Société Générale's holding increased during 1985, were included in the consolidation from their date of acquisition or date of increase.

# COMPANIES INCLUDED IN THE CONSOLIDATION

At 31st December, 1985

	% interest			% interest	
FULLY CONSOLIDATED	1984	1985		1984	1985
French Companies					
Banks					
● VALORIND	100.00	100.00			
● BANQUE GRAVEREAU	100.00	100.00			
● SG DE BANQUE AUX ANTILLES	100.00	100.00			
● SG CALEDONIENNE DE BANQUE	100.00	100.00	● SOFRACOF	82.22	83.26
● SCDB	100.00	100.00	● E.C.S.	66.00	100.00
● CALIF	89.24	89.33	● OXYFOS	64.87	(3)
● BANQUE DE POLYNESIE	80.00	80.00			
● SOGENAL	42.34	52.57	Financing of industrial development		
			● PROJIS	(2)	100.00
Property leasing					
● SOGECOMI	100.00	100.00	Export promotion		
● SOGEFIM	100.00	100.00	● SOGEXPORT	89.81	89.97
● SOGEFINERG	100.00	100.00			
● GENECAL	90.31	96.20	Financial management		
● SOGEBAIL	31.31	33.38	● SOCOGEFI	100.00	100.00
			● SOGEPLAN	99.95	99.96
Equipment leasing					
● DIEBOLD COMPUTER LEASING	100.00	100.00	Real estate		
● AUXIBAIL	100.00	100.00	● C.F.M.	100.00	100.00
● CILOMI	100.00	100.00	● STE RUE EDOUARD VII	99.82	99.73
● G.M.L.	99.75	99.79	● QUINTELEC	96.86	97.14
● SOFINABAIL	98.85	99.05			
● SOLOMATEG	89.81	89.83	Foreign companies		
Other financial institutions					
● UNIFOREST	100.00	100.00	Banks		
● I.E.C.	100.00	100.00	● SOGEBANQUE	100.00	100.00
● C.I.G.	100.00	100.00	● SG CANADA	100.00	100.00
● STE AUXILIAIRE DE CREDIT	99.98	99.98	● SG AUSTRALIA HOLDINGS	65.02	100.00
● SOGEFACTORING	98.56	98.81	● BANCO SUPERVIELLE SG	51.70	51.70
● C.R.E.G.	91.33	92.12			
● SOGEXTER	96.70	97.29	Financial institutions		
Portfolio management					
● SOGEVALMOB	100.00	100.00	● SG NORTH AMERICA	100.00	100.00
● EDEP	100.00	100.00	● SOGEN SECURITIES	100.00	100.00
● OFIREPA	100.00	100.00	● SG FINANCE (HONG KONG)	100.00	100.00
● OMEPRO	100.00	100.00	● SG MERCHANT BANK Ltd	99.94	100.00
● VALMINCO	100.00	100.00	● INTERSOGE	95.42	100.00
● FINANCINVEST	100.00	100.00	● SG STRAUSS TURNBULL	55.00	55.00
● FIVAMOB JOUBERT	100.00	100.00	Equipment leasing		
● STE IMMOBILIERE ET FINANCIERE DE MONTGERON	100.00	100.00	● SOCGENLEASE Ltd	100.00	100.00
● SOGAPEC	(1)	100.00	● SOGELEASE CORP	100.00	100.00
● SOGEVIMMO	(1)	97.89	● SOGELEASE ITALIA	100.00	100.00
			● SOGELEASE JAPAN	98.85	99.05
			● SOGELEASE INDONESIA	65.00	65.00
Long-term leasing companies					
● SOFINAUTO	100.00	100.00	Portfolio management		
● SOGEMER	100.00	100.00	● SG ASIA INVESTMENTS	100.00	(3)
● COFRANTEG	100.00	100.00	● SG THAILAND HOLDING Ltd	100.00	(3)
● AIR-BAIL	100.00	100.00	Long-term leasing companies		
● SOGENAUTO	100.00	100.00	● SOGELEASE PACIFIQUE	94.23	95.26
● AUXILOC	100.00	99.99	● SURZUR OVERSEAS	94.23	95.26
● AUXILEASE	99.98	99.98	● CIA MEXICANA DE LEASING INTL	55.80	55.80
● S.I. VERGEZE	60.00	60.00			
● SOLOVAM	52.00	52.00	Financial management		
Capital equipment rental					
● S.I.F.P.	100.00	100.00	● SOGENER	(1)	100.00
● GENEFIM	100.00	100.00			
● DC 2L	100.00	100.00	PROPORTIONALLY CONSOLIDATED		
● DIEBOLD LOCATION	100.00	100.00	French companies		
● SOLOBAIL (EX S.E.I.A.E.F.T.)	100.00	100.00	Financial management		
● OXYGAX	90.00	(3)	● FRANCHEQUE	45.40	45.00



% interest (Group)			% interest	
	1984	1985	1984	1985
<b>Long-term leasing company</b>				
● SOGEN AVIS	50.00	50.00		
<b>Capital equipment rental</b>				
● SOFISUCRE	45.00	45.00		
<b>Foreign companies</b>				
<b>Equipment leasing</b>				
● SOGELEASE MAROC	(1)	61.76		
● SOGEFIBAIL COTE D'IVOIRE	50.84	56.04		
● SOGELEASE CAMEROUN	50.10	50.10		
● SOGELEASING INDUSTRIAL	50.00	50.00		
● TRILEASE	(1)	40.00		
<b>Long-term leasing companies</b>				
● MARINE EQUIPEMENT OVERSEAS	50.00	50.00		
● FRENCH POLISH SHIPPING	25.00	25.00		
<b>CONSOLIDATED UNDER THE EQUITY METHOD</b>				
<b>French companies</b>				
<b>Banks</b>				
● B.I.P.	46.00	46.00		
● B.A.R.E.P.	31.50	31.50		
● BANQUE BYBLOS FRANCE	30.00	30.00		
● BANQUE FRANCO-YOUGOSLAVE	(1)	25.00		
<b>Financial institution</b>				
● CREDIT GENERAL INDUSTRIEL	40.23	40.42		
<b>Property leasing</b>				
● SICOTEL	21.44	21.25		
<b>Export promotion</b>				
● SOFRANTEM	32.00	32.00		
<b>Data processing</b>				
● SG.2	44.23	44.23		
● C.C.M.C.	39.49	34.28		
<b>Insurance</b>				
● SOGECAP (ex UMAC-VIE)	96.12	97.89		
<b>Property development</b>				
● SOGEPROM	98.88	98.90		
● SOGECOB	98.86	98.99		
<b>Innovation financing</b>				
● SOGINNOVE	29.00	20.08		
<b>Foreign companies</b>				
<b>Banks and financial institutions</b>				
● SOGEKO			50.00	50.00
● NATIONAL SG BANK SAE			49.00	49.00
● BANCO SOGERAL			45.00	45.00
● SG DE BANQUES AU SENEGAL			37.93	37.93
● SG DE BANQUES AU CAMEROUN			37.80	37.80
● SG DE BANQUES EN COTE-D'IVOIRE			37.19	37.19
● SG MAROCAINE DE BANQUES			36.25	36.27
● SG BANK NIGERIA			36.10	32.49
● TRADE CREDITS Ltd			30.05	(4)
● ASIA CREDIT Ltd			29.00	29.00
● SOGELIBAN			25.00	25.00
● EUROPEAN AMERICAN BANCORP			20.12	23.15
● UNITED ARAB BANK			20.00	20.00
● AL BANK AL AHLI AL OMANI			20.00	20.00
● SG MAURITANIEENNE DE BANQUE (5)			27.49	27.49
● THE SUDANESE INTERNATIONAL BANK (5)			20.00	20.00
<b>Equipment leasing</b>				
● ARRENDADORA INTERNATIONAL			40.00	40.00

(1) Company was a Group member in 1984 but did not satisfy consolidation requirements in 1985.  
(2) Company joined Group in 1985.  
(3) Company no longer in consolidation in 1985.  
(4) Company no longer in Group in 1985.  
(5) Not shown in consolidation — documents not received in time.

**CONSOLIDATED**

**at 31**

(in thousands)

	1984	1985
<b>ASSETS</b>		
Cash, balances with central banks and government depositories.....	23,097,164	20,511,530
<b>Banks and financial institutions</b> .....	<b>301,087,100</b>	<b>224,191,064</b>
Demand deposits.....	10,257,111	13,215,643
Time deposits.....	290,829,989	210,975,421
<b>Treasury bills and other securities purchased firm or under agreement to resell</b> .....	<b>39,290,059</b>	<b>52,622,882</b>
<b>Loans to customers</b> .....	<b>298,078,098</b>	<b>282,663,409</b>
Commercial loans and discounts.....	43,484,959	36,673,411
Other short-term loans.....	101,096,759	86,772,380
Medium-term loans.....	86,385,261	89,385,701
Long-term loans.....	67,111,119	69,831,917
<b>Overdrafts</b> .....	<b>22,525,260</b>	<b>22,400,157</b>
<b>Lease transactions</b> .....	<b>16,517,845</b>	<b>18,868,853</b>
<b>Checks and bills in course of collection</b> .....	<b>71,635,572</b>	<b>45,196,526</b>
<b>Accrued income, prepaid expenses and other assets</b> .....	<b>28,664,408</b>	<b>29,448,616</b>
<b>Security transactions</b> .....	<b>6,859,366</b>	<b>8,638,918</b>
<b>Marketable securities</b> .....	<b>13,593,185</b>	<b>18,427,540</b>
<b>Equity in net assets of companies accounted for by the equity method</b> .....	<b>2,130,684</b>	<b>2,212,463</b>
<b>Investment securities</b> .....	<b>1,413,319</b>	<b>1,609,714</b>
<b>Investment in non-consolidated companies</b> .....	<b>277,165</b>	<b>465,532</b>
<b>Goodwill</b> .....	<b>430,230</b>	<b>591,782</b>
<b>Subordinated loans</b> .....	<b>1,820,371</b>	<b>2,026,499</b>
<b>Property and equipment, leased</b> .....	<b>2,902,634</b>	<b>3,007,268</b>
<b>Property and equipment, owned</b> .....	<b>5,491,639</b>	<b>5,274,627</b>
<b>Total assets</b> .....	<b>835,814,099</b>	<b>738,157,380</b>

**Commitments and contingent liabilities**

	1984	1985
Endorsements and other guarantees in favour of financial intermediaries.....	11,562,526	16,070,012
Endorsements and other guarantees received from financial intermediaries.....	44,653,243	9,243,409
Loan commitments.....	52,928,044	54,969,990
Endorsements and other guarantees on behalf of customers.....	60,676,359	60,677,939
Commitments under financial leases		
real estate.....	378,725	1,018,655
equipment.....	1,722,806	2,271,789
Other commitments.....	10,397,447	9,628,582

# ANCE SHEETS

ember

nch francs)

	1984	1985
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Balances with central banks and government depositories.....</b>	<b>32,738,861</b>	<b>33,512,361</b>
<b>Banks and financial institutions.....</b>	<b>306,379,850</b>	<b>249,728,379</b>
Demand deposits.....	21,627,841	23,776,367
Time deposits.....	284,752,009	225,952,012
<b>Securities sold firm or under repurchase agreements.....</b>	<b>60,530,638</b>	<b>66,494,397</b>
<b>Deposits by customers.....</b>	<b>252,261,411</b>	<b>225,884,653</b>
Corporations and proprietary businesses.....	139,626,817	104,568,705
<i>Demand deposits</i> .....	39,997,744	39,640,325
<i>Time deposits</i> .....	99,629,073	64,928,380
Individuals.....	51,927,611	55,403,168
<i>Demand deposits</i> .....	38,911,583	42,678,998
<i>Time deposits</i> .....	13,016,028	12,724,170
Other.....	18,632,167	17,680,329
<i>Demand deposits</i> .....	10,515,725	10,025,659
<i>Time deposits</i> .....	8,116,442	7,654,670
Special savings accounts.....	42,074,816	48,232,451
<b>Fixed term savings bonds and certificates of deposit.....</b>	<b>31,981,020</b>	<b>28,869,124</b>
<b>Items in course of collection.....</b>	<b>63,487,875</b>	<b>35,111,651</b>
<b>Accrued expenses, provisions and other liabilities.....</b>	<b>45,094,517</b>	<b>44,935,911</b>
<b>Security transactions.....</b>	<b>4,190,971</b>	<b>4,032,947</b>
<b>Bonds and subordinated borrowings.....</b>	<b>27,202,768</b>	<b>33,872,514</b>
<b>Stockholders' equity and subordinated loan stock with no fixed maturity.....</b>	<b>10,713,525</b>	<b>14,094,930</b>
Subordinated loan stock with no fixed maturity.....	—	2,280,000
Surplus arising on consolidation.....	2,537,596	2,984,531
Surplus on revaluation of fixed assets.....	102,738	76,872
Surplus on revaluation of depreciable assets (special provision).....	66,340	54,740
Surplus on revaluation of non-depreciable fixed assets (special reserve).....	834,795	824,925
Surplus on revaluation of assets of foreign subsidiaries and branches.....	3,755	3,755
Regulatory depreciation.....	7,139	7,193
Investment reserve.....	202,594	181,386
Difference on translation of foreign branches' capital accounts.....	444,793	172,563
Reserves.....	3,743,072	4,575,719
Capital stock.....	1,250,000	1,375,000
Unappropriated profits brought forward.....	1,179	3,545
Minority interest.....	1,519,524	1,554,701
<i>Minority interest in subsidiaries other than Sogebail</i> .....	633,062	693,827
<i>Minority interest in Sogebail</i> .....	886,462	860,874
<b>Net income for the financial year.....</b>	<b>1,232,663</b>	<b>1,620,513</b>
Attributable to Société Générale.....	927,265	1,308,144
Attributable to minority interest.....	305,398	312,369
<b>Total liabilities and stockholders' equity.....</b>	<b>835,814,099</b>	<b>738,157,380</b>

# **CONSOLIDATED INCOME STATEMENTS**

**at 31st December**

(in thousands of French francs)

<b>DEBIT</b>	1984	1985
<b>Banking operating expenses</b>	<b>60,349,223</b>	<b>55,599,636</b>
Interest and other expenses on short-term borrowings and interbank transactions	33,435,575	27,112,958
<i>Central banks, banks and financial institutions</i>	28,008,039	22,680,590
<i>Borrowings against public or private bills</i>	5,304,339	4,312,840
<i>Commissions</i>	123,197	119,528
Interest and other transactions with customers	16,645,008	15,253,538
Expenses relating to finance lease transactions	2,853,983	3,543,208
Interest on bonds	3,067,366	3,759,009
Others banking expenses	4,347,291	5,930,923
<b>Salaries, wages and employee benefits</b>	<b>9,174,879</b>	<b>9,868,021</b>
<b>Taxes other than on income</b>	<b>759,770</b>	<b>826,741</b>
<b>Other operating expenses</b>	<b>4,536,461</b>	<b>5,318,571</b>
Outside supplies and services	2,703,106	3,383,677
Other	1,833,355	1,934,894
<b>Allowance for depreciation</b>	<b>995,941</b>	<b>1,047,570</b>
<b>Allowance for operating provisions</b>	<b>5,032,566</b>	<b>5,914,265</b>
<b>Non-recurring expenses</b>	<b>500,349</b>	<b>532,138</b>
<b>Allowance for non-operating provisions</b>	<b>204,480</b>	<b>351,418</b>
<b>Employee profit-sharing</b>	<b>63,994</b>	<b>133,594</b>
<b>Income taxes</b>	<b>1,064,969</b>	<b>1,208,712</b>
<b>Share in losses of companies consolidated by the equity method</b>	<b>91,342</b>	<b>—</b>
<b>Net income for the year before deducting minority interest</b>	<b>1,232,663</b>	<b>1,620,513</b>
Group share	927,265	1,308,144
Minority interest	305,398	312,369
<b>Total</b>	<b>84,006,637</b>	<b>82,421,179</b>

<b>CREDIT</b>	1984	1985
<b>Banking operating income</b>	<b>82,404,740</b>	<b>80,443,823</b>
Interest and other revenues on treasury and interbank transactions	29,591,419	24,192,515
<i>Central banks, banks and financial institutions</i>	23,359,440	19,211,712
<i>Loans against public or private bills</i>	5,836,785	4,686,861
<i>Commissions</i>	395,194	293,942
Interest and other revenues from transactions with customers	37,254,900	35,862,995
<i>Loans and discounts</i>	31,338,615	30,303,125
<i>Overdrafts</i>	5,358,187	4,920,044
<i>Commissions</i>	558,098	639,826
Miscellaneous income	8,122,726	10,530,001
Interest and dividends from securities	2,100,288	3,571,159
Revenues relating to finance lease transactions	5,335,407	6,287,153
<b>Other income</b>	<b>560,985</b>	<b>498,225</b>
<b>Non-recurring income</b>	<b>907,601</b>	<b>1,034,049</b>
<b>Release from non-operating reserves</b>	<b>133,311</b>	<b>202,911</b>
<b>Share in earnings of companies consolidated by the equity method</b>	<b>—</b>	<b>242,171</b>
<b>Total</b>	<b>84,006,637</b>	<b>82,421,179</b>

## **AUDITOR'S REPORT**

### **General report**

As Auditors to SOCIETE GENERALE by an order dated 25th May, 1982 of the Ministry of Economy and Finance we have the honour of submitting our report on the financial statements and consolidated financial statements for the year ended 31st December, 1985.

### **Report on the financial statements**

We have examined the parent company financial statements of Société Générale for the year ended 31st December, 1985. Our examinations were made in accordance with French regulations and generally accepted auditing standards and included such auditing procedures as we considered necessary.

Two changes in accounting methods in 1985 affected the figures and format of the statements:

- FF 100 million was charged against income for the year to partially fund a provision for future retirement commitments.
- to provide additional insight into the income statement, tax credits arising from payment of foreign taxes have been added to "interest received" and to "corporate income taxes".

On the basis of our examination, we certify that the parent company financial statements of Société Générale presented in pages 18 to 21 of the present document fairly present the equity, financial position and income of the bank on an unconsolidated basis.

### **Report on the consolidated financial statements**

We have examined the consolidated financial statements of Société Générale for the year ended 31st December, 1985. Our examinations were made in accordance with French regulations and generally accepted auditing standards and included such auditing procedures as we considered necessary.

On the basis of our examinations, we certify that the consolidated financial statements of Société Générale presented in pages 22 to 28 of the present document fairly present the equity, financial position and income of the Group comprising the companies included in the consolidation.

Several changes in the presentation of the consolidated financial statements of Société Générale were adopted during the year and are detailed in page 22; they have no significant effect on the consolidated income and net worth of Société Générale. However, to facilitate comparison, the 1984 consolidated statements have been restated to conform with the new methods.

### **Specific Information**

In addition to the financial report, we have also reviewed the text of the report presented by management to the Board of Directors and find it consistent with the information presented in the financial section of the Annual report at 31st December 1985.

Paris, 5th and 15th May, 1986  
Statutory Auditors

B. L. Bringuier

Frinault-Fiduciaire  
Ph. Peuch-Lestrade  
A. Bacot

## UNCONSOLIDATED INCOME STATEMENTS

for the first half year 1986

(in millions of French Francs)

	first half 1986	first half 1985 (unaudited)	financial year 1985
Banking operating Income.....	32,870	33,910	64,527
Banking operating expenses.....	(22,070)	(23,910)	(44,884)
<b>Net Interest Income.....</b>	<b>10,800</b>	<b>10,000</b>	<b>19,643</b>
Other income.....	358	151	598
Salaries, wages and employee benefits.....	(4,346)	(4,122)	(8,274)
Taxes other than Income Taxes.....	(307)	(300)	(575)
Other operating expenses.....	(1,991)	(1,866)	(4,020)
<b>Gross Operating Income.....</b>	<b>4,514</b>	<b>3,863</b>	<b>7,372</b>
Allowance for depreciation.....	(331)	(336)	(698)
Operating provisions, net.....	(3,529)	(3,000)	(5,495)
<b>Operating Income.....</b>	<b>654</b>	<b>527</b>	<b>1,179</b>
Non-recurring income, net.....	15	52	159
Net operating provisions, net.....	(41)	(34)	(92)
<b>Income Before Taxes.....</b>	<b>628</b>	<b>545</b>	<b>1,246</b>

The table showing the results of operations for the first half of 1986 has been drawn up following standard auditing procedures allowing the evaluation of assets and liabilities at 30th June, 1986. In particular, the income and expenses relating to this half year period have been assessed respecting the cut off principle of the financial years, given that certain items have been established from budget data representative of the amounts to be allocated to the first half year.

As SOCIETE GENERALE is publishing its first half yearly operating report, it was necessary to draw up a table at 30th June, 1985, in order to be able to compare items in the income statements from one financial year to another. The principles adopted to determine the operating results at 30th June, 1985 are consistent with those described above for drawing up the accounts at 30th June, 1986.

### MANAGEMENT'S REPORT ON OPERATIONS RELATING TO THE FIRST HALF YEAR 1986

The 8% growth in net interest income stems from two contrasting causes:

- A drop in key rates and the continuing effects of deregulation in the banking system, which have affected the gross margins of transactions carried out with clients, in particular with companies. The creation of treasury bills and the building back up of margins have led to a drop in demand from large companies.
- The boom in the financial markets which has contributed to a major rise in income deriving from transactions in securities and commissions linked to financial activities (+ 39%).

The bank's other operations are maintaining a definitely healthy volume of growth.

The increase in overheads has been kept down to 5.7%—an increase due largely to a sustained rate of investments—and, for the second year running, the gross operating income has shown a sharp increase (+ 16% compared to the first half 1985).

The constant concern to maintain proper risk coverage has once again led the bank to build up significant allowances for provisions, up by 17.6% compared to the first half 1985.

After deduction of these provisions, the income before taxes is 628 MF, an increase of 15.2%.

Subject to any unforeseen element, SOCIETE GENERALE'S results for 1986 should show a clear increase over that of the previous financial year.

## AUDITOR'S REPORT

We have carried out a limited examination of the income statement and of the half-yearly management's report covering the period between 1st January and 30th June, 1986.

According to generally accepted auditing principles, our examination consisted mainly of an analytical verification of the financial data presented, and of obtaining from the management such information as we deemed necessary to assess the validity of this data.

However, in accordance with French law, these verifications were not intended as a certification of the income statement and of the half-yearly report.

We have no remarks concerning the sincerity of the information given in the table showing operations and results or concerning the report that accompanies this auditors' report.

Paris, 15th October, 1986  
Statutory Auditors

B. L. Bringuier

Frinault-Fiduciaire  
Ph. Peuch-Lestrade  
A. Bacot

# UNCONSOLIDATED BALANCE SHEET

at 1st July, 1986

(Unaudited)

(in millions of French Francs)

## ASSETS

Cash, balances with central banks and government depositories.....	16,727
<b>Banks and financial institutions</b>	
Demand deposits.....	20,282
Time deposits.....	205,830
<b>Treasury bills and other securities purchased firm or under agreement to resell.....</b>	<b>41,074</b>
<b>Loans to customers</b>	
Commercial loans and discounts.....	30,124
Other short-term loans.....	68,044
Medium-term loans.....	71,547
Long-term loans.....	61,655
<b>Overdrafts.....</b>	<b>19,610</b>
<b>Checks and bills in course of collection.....</b>	<b>43,309</b>
<b>Accrued income, prepaid expenses and other assets.....</b>	<b>24,861</b>
<b>Security transactions.....</b>	<b>8,654</b>
<b>Marketable securities.....</b>	<b>13,166</b>
<b>Investment in subsidiaries and associated companies and subordinated loans.....</b>	<b>6,113</b>
<b>Property and equipment, owned.....</b>	<b>3,344</b>
<b>Total assets.....</b>	<b>634,340</b>

## Commitments and contingent liabilities

Endorsements and other guarantees in favour of financial intermediaries.....	15,267
Endorsements and other guarantees received from financial intermediaries.....	15,281
Loan commitments.....	60,742
Endorsements and other guarantees on behalf of customers.....	46,833
Other commitments.....	6,004

## LIABILITIES AND STOCKHOLDERS' EQUITY

Balances with central banks and government depositories.....	24,302
<b>Banks and financial institutions</b>	
Demand deposits.....	21,764
Time deposits.....	199,278
<b>Securities and bills sold firm or under repurchase agreements.....</b>	<b>55,448</b>
<b>Deposits by customers</b>	
Corporations and proprietary business	
Demand deposits.....	34,575
Time deposits.....	47,225
Individuals	
Demand deposits.....	44,948
Time deposits.....	6,411
Other	
Demand deposits.....	10,130
Time deposits.....	4,911
Special savings deposits.....	49,224
<b>Fixed term savings bonds and certificates of deposits.....</b>	<b>31,797</b>
<b>Items in course of collection.....</b>	<b>33,995</b>
<b>Accrued expenses, provisions and other liabilities.....</b>	<b>34,994</b>
<b>Security transactions.....</b>	<b>3,564</b>
<b>Bonds.....</b>	<b>20,201</b>
<b>Subordinated borrowings.....</b>	<b>2,091</b>
<b>Subordinated loan stock with no fixed maturity.....</b>	<b>2,280</b>
<b>Stockholders' equity</b>	
Reserves.....	5,806
Capital stock.....	1,375
Unappropriated profit brought forward.....	21
<b>Total liabilities and stockholders' equity.....</b>	<b>634,340</b>



## SUBSCRIPTION AND SALE

The Managers have, pursuant to a Subscription Agreement dated 14th November, 1986, jointly and severally agreed with the Bank to subscribe and pay for, or procure the subscription and payment for, U.S. \$500,000,000 in principal amount of Notes at 100.05% of their principal amount less a selling concession of 0.08% of such principal amount. The Bank will pay a combined management and underwriting commission of 0.12% of the principal amount of the Notes. The Bank has also agreed to bear and pay all the costs and expenses in connection with the issue of the Notes. The Subscription Agreement may in certain circumstances be terminated by the Managers prior to the issue of the Notes. The Bank has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act") and, except as mentioned below, may not be offered or sold, directly or indirectly, in the United States or to any U.S. person as part of their distribution. Furthermore, any offers or sales of the Notes in the United States or to U.S. persons would constitute a violation of United States law unless made in compliance with the registration requirements of the Securities Act or pursuant to an exception therefrom. Each of the Managers and any broker or dealer selling Notes as part of the distribution of the Notes has agreed or will agree that it will not offer or sell, directly or indirectly, Notes in the United States or to U.S. persons (except to a Manager) as part of the distribution of the Notes. Each Manager must also agree not to make, as principal or agent, any offers or sales of any Notes otherwise acquired in the United States or to U.S. persons prior to the date 90 days after the completion of the distribution of the Notes as determined by Société Générale and each Manager must agree to deliver to each purchaser of Notes from it a written confirmation setting forth the restrictions imposed on dealers and retail purchasers with respect to offers and sales of the Notes in the United States and to U.S. persons. Also, notwithstanding the foregoing, the Managers and the subscribers may (i) act on behalf of purchasers (other than U.S. persons) who have made payment for and taken delivery of (or whose agent has taken delivery of) Notes outside the United States, upon the request of such purchasers, in transmitting such Notes to a custodian or other fiduciary in the United States for safekeeping on behalf of such purchasers and (ii) offer, sell or deliver Notes to persons outside the United States who are not U.S. persons through U.S. persons located outside the United States who confirm in writing that they are acting as agents or fiduciaries for persons outside the United States who are not U.S. persons and that in effecting purchases of the Notes they are acting pursuant to specific instructions from such persons and without discretionary authority to effect such purchases. As used in this paragraph "United States" means the United States of America and its territories and possessions, and "U.S. person" means any national or resident of the United States, including any corporation, partnership or other entity organised or created under the laws of the United States or any political subdivision thereof and any estate or trust which is subject to United States federal income taxation regardless of the source of its income.

The Notes may not be offered or sold in Great Britain and this Prospectus may not be held in or distributed in or from Great Britain except in circumstances which would not violate the provisions of the Companies Act 1985 or the Prevention of Fraud (Investment) Act 1958.

The Notes are being issued outside the Republic of France and may not be offered therein; accordingly, this Prospectus has not been submitted to the clearance procedures of the *Commission des Opérations de Bourse* and may not be used in connection with any offer to subscribe or sell Notes in the Republic of France. For French exchange control purposes the Notes will be treated as foreign securities.

## GENERAL INFORMATION

1. The legal notice relating to the issue of the Notes and the *Statuts* of the Bank have been lodged with the Registrar of the District Court in Luxembourg ("*Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*") where such documents are available for inspection and where copies thereof can be obtained upon request.

2. There is no litigation to which the Bank is a party nor, to the best of its knowledge and belief, any threatened litigation which could jeopardise its ability to discharge its obligations resulting from the Notes.

3. All consents necessary under existing exchange control regulations (other than in respect of redemption of the Notes at the option of the Bank for which consent must be obtained at the time) have been obtained in the Republic of France in connection with the issue of the Notes and the making of all payments thereunder.

4. A legal opinion as to the validity of the Notes will be given to the Managers as to the laws of the Republic of France by Mr. Villerey, *Directeur des Affaires Juridiques* or Mr. S. Bourdin, *Chef de la Section Droit des Affaires—Droit International* of the Bank.

5. Copies of the following documents may be inspected during usual business hours at the offices of Société Générale Alsacienne de Banque in Luxembourg during a period of two weeks from the date hereof:

- (a) the *Statuts* of the Bank;
- (b) the Subscription Agreement.

6. So long as any of the Notes remain outstanding, the most recent Report and Accounts of the Bank (which will also be available for distribution to holders of Notes) will be available at the specified offices for the time being of the Principal Paying Agent and the Paying Agents together with copies of the Paying Agency Agreement.

7. The Notes have been accepted for clearance through Euro-clear (reference No. 18587) and Cedel (reference No. 166502).

8. The net proceeds to the Bank from this issue (approximately U.S. \$499,250,000) will be employed in its international banking business and enhance the capital base of the Bank.

**REGISTERED OFFICE OF SOCIETE GENERALE**

29, Boulevard Haussmann

75009 Paris  
France

**PRINCIPAL PAYING AGENT AND LISTING AGENT**

**Société Générale Alsacienne de Banque, Luxembourg Branch**

15, Avenue Émile Reuter  
Luxembourg

**OTHER PAYING AGENTS**

**Société Générale, London Branch**

60 Gracechurch Street

London EC3V 0HD  
Great Britain

**Société Générale, Paris**

29 Boulevard Haussmann

75009 Paris  
France

**Société Générale, Geneva Branch**

16 rue de Contamines

1206 Geneva  
Switzerland

**Société Générale Alsacienne de Banque, Brussels Branch**

72, rue Royale

1000 Bruxelles  
Belgium

**REFERENCE AGENT**

**Swiss Bank Corporation International Limited**

Three Keys House, 130 Wood Street

London EC2V 6AQ  
Great Britain

