

Financial Report

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Management report

GROUP RESULTS AND ACTIVITY

CONSOLIDATED BALANCE SHEET SUMMARY

(in billions of euros)

	Dec. 31, 1999	Dec. 31, 1998 ⁽⁴⁾	Change amount	%*
Assets				
Interbank and money market assets	23.8	32.3	- 8.5	(26.3)
Customer loans	132.3	126.1	6.2	4.9
Securities ⁽¹⁾	193.8	173.4	20.4	11.8
of which securities purchased under resale agreements	59.9	56.3	3.6	6.4
Other assets	51.0	46.3	4.7	10.2
of which option premiums	20.9	19.5	1.3	6.9
Long-term assets	5.6	5.4	0.2	3.7
Total assets	406.5	383.5	23.0	6.0
Liabilities				
Interbank and money market liabilities ⁽²⁾	89.5	110.0	- 20.5	(18.6)
Customer deposits	117.4	103.4	14.0	13.5
Bonds and subordinated debt ⁽³⁾	23.0	19.3	3.7	19.0
Securities	109.9	90.9	19.0	20.9
of which securities sold under repurchase agreements	69.5	61.8	7.7	12.5
Other liabilities and provisions	52.5	48.5	4.0	8.4
of which option premiums	22.9	19.1	3.8	19.7
Total equity	14.2	11.4	2.8	24.1
Fund for general banking risks	0.4	0.4	0.0	NS
Minority interests	1.1	0.6	0.5	85.0
Preferred shares	0.8	0.7	0.1	16.0
Shareholders' equity	11.9	9.8	2.1	21.9
Total liabilities	406.5	383.5	23.0	6.0

* Change calculated on the basis of figures in millions.

(1) Including securities purchased under resale agreements previously booked under interbank assets.

(2) Including negotiable debt instruments issued, previously included in the item "debt in the form of securities".

(3) Including undated subordinated capital notes.

(4) After impact of SG Paribas operation.

In 1999, the Group acquired 51% of the Romanian Development Bank, 70% of BFV in Madagascar and 98% of Expressbank in Bulgaria. These banks were consolidated at December 31, 1999. The Group reduced its holding in Asia Credit Limited – previously fully consolidated – to 36% and the company was accounted for by the equity method at year-end 1999.

Total assets at end-December 1999 amounted to EUR 406.5 million, up 6% in relation to end-December 1998 (+5.7% when adjusted for changes in Group structure). This limited growth in assets in a context of rising equity markets and the sharp appreciation of the dollar against the euro emphasizes the efforts made to control the Group's balance sheet.

The key developments were as follows:

Customer loans amounted to EUR 132.3 billion at December 31, 1999, up nearly 5% on December 31, 1998. This reflects:

– The sharp growth in loans to individual customers, notably driven by mortgage loans, which increased by 8.4% against a backdrop of low interest rates and economic recovery.

– Slower growth in loans to businesses, reflecting the Group's policy of limiting commitments on large corporates where the customer relationship generates an insufficient return.

Customer deposits totaled EUR 117.4 billion at December 31, 1999, up by 13.5% in relation to end-December 1998.

The securities portfolio totaled EUR 193.8 billion at December 31, 1999, up by nearly 12% in relation to December 31, 1998. Excluding securities purchased under resale agreements, the portfolio increased by 14.3%. This growth essentially reflects the increase in sales and arbitrage, and the rise of the financial markets.

Shareholders' equity amounted to EUR 11.9 billion at December 31, 1999, against EUR 9.8 billion at December 31, 1998, a rise of 21.9%.

This EUR 2.1 billion increase stemmed essentially from:

- Capital increases: EUR +0.2 billion reserved for employees under the Company Savings Plan;
- Income for the period net of dividend payment: EUR +1.9 billion;
- Changes in treasury stock related to share buybacks: EUR –0.3 billion;

– The impact of translation differences, essentially related to the appreciation of the dollar and the pound sterling against the euro: EUR +0.3 billion.

Taking into account the Fund for General Banking Risks (EUR 0.4 billion), minority interests (EUR 1.1 billion) and preferred shares (EUR 0.8 billion), total equity amounted to EUR 14.2 billion.

The B.I.S. ratio stood at 11.9% on December 31, 1999 for a Tier-1 ratio of 7.6% and risk-weighted assets of EUR 160.3 billion, down slightly on December 31, 1998 (–0.7%).

CONSOLIDATED INCOME STATEMENT SUMMARY

(in millions of euros)

	1999	1998	Change amount	%
Net banking income	11,091	9,238	1,853	20.1
Operating expenses	(8,011)	(6,789)	(1,222)	18.0
Gross operating income	3,080	2,449	631	25.8
Net allocation to provisions ⁽¹⁾	(787)	(1,473)	686	(46.6)
Net income from long-term investments	805	666	139	20.9
Net income from companies accounted for by the equity method	185	79	106	NS
Extraordinary items	(101)	(130)	29	NS
of which: – capital gains on the disposal of subsidiaries	123	176	(53)	(30.1)
– allocation to the prudential general reserve	14	(198)	212	NS
Income tax	(1,073)	(502)	(571)	NS
Amortization of goodwill	(37)	(61)	24	(39.3)
Net income before minority interests	2,072	1,028	1,044	101.6
Minority interests	92	(45)	137	NS
Net income (before impact of SG Paribas operation)	1,980	1,073	907	84.5
Impact of SG Paribas operation	342	(398)	740	NS
Net income (after impact of SG Paribas operation)	2,322	675	1,647	NS
ROE (of businesses)	17.4%	8.4%		
Annualized ROE (before impact of SG Paribas operation)	19.1%	11.2%		

(1) Of which in 1998, Asia: EUR 549 million and Russia: EUR 292 million.

Group net income amounted to EUR 1,980 million (EUR 2,322 million after reversal of the provision for SG Paribas), up by 84.5%. As a result, earnings per share rose sharply in 1999 (+83%), and ROE also increased, from 11.2% in 1998 to 19.1% in 1999.

This performance reflects three key points:

- An improved performance by all businesses;
- Moderate provisioning;
- Capital gains on the continued reduction of the industrial equity portfolio.

Return on capital employed – excluding capital gains on the disposal of assets and excluding extraordinary items recorded

under the income of the Corporate Center – which is an indicator of the Group's recurrent profitability, stood at 17.4% at December 31, 1999, compared with 8.4% at December 31, 1998.

GROSS OPERATING INCOME UP BY 26%, REFLECTING VERY HIGH LEVELS OF ACTIVITY OVER THE YEAR

Net banking income amounted to EUR 11,091 million, up by 20.1% (+13.5% when adjusted for changes in Group structure). This growth was essentially driven by fee and commission income (+22.1%) which accounted for 37.4% of net banking income, an increase of 0.6 point in relation to December 31, 1998.

Operating expenses increased by 18%. However, when adjusted for changes in Group structure, at a constant exchange rate and excluding the impact of performance-linked remuneration, this increase came out at 5.8%, slightly lower than in 1998 (+6.4% between 1997 and 1998).

Consequently, gross operating income amounted to EUR 3,080 million, a rise of 25.8% (18.0% when adjusted for changes in Group structure and at a constant exchange rate) in relation to 1998.

LOW LEVEL OF COMMERCIAL RISK PROVISIONING

Provisioning amounted to EUR 787 million, down by 46.6% against the previous year which was marked by the Russian and Asian crises.

This reflects:

- A record low domestic cost of risk.
- A return to normal international provisioning levels, after exceptionally high provisioning on emerging markets in 1998.

In view of the favorable development in the principal countries in Asia (G5), the prudential provision booked in 1997-1998 to cover risk on this region was reduced from EUR 290 million at December 31, 1998 to EUR 100 million at December 31, 1999.

For the first time since the crisis, no losses were booked in the last quarter of 1999.

Prudential general provisioning was maintained at a similar level to the previous year (EUR 570 million at year-end 1999, compared with EUR 550 million on December 31, 1998), despite the significant drop in exposure to emerging markets.

INCOME OF EUR 805 MILLION FROM LONG-TERM INVESTMENTS

Income from long-term investments amounted to EUR 805 million in 1999 (EUR 666 million in 1998), essentially related to capital gains on the industrial equity portfolio (EUR 798 million in 1999 compared with EUR 642 million in 1998). Unrealized capital gains at December 31, 1999 (EUR 1.6 billion) were close to the level seen at year-end 1998 (EUR 1.7 billion).

INCOME FROM COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

Income from companies accounted for by the equity method amounted to EUR 185 million, compared with EUR 79 million in 1998. This reflects the strong performance of all companies, including Sogécap, which increased its contribution from EUR 70 million to EUR 95 million, and Sogeko, which registered a profit of EUR 10 million after making a negative contribution in 1998 (EUR -69 million, due to additional provisioning booked in the consolidated financial statements).

EXTRAORDINARY ITEMS: CAPITAL GAINS BOOKED AS PROVISIONS ON FUTURE EXPENSES

Extraordinary items were comparable to those booked in 1998. Capital gains on the disposal of subsidiaries (notably SGAM Corp) and the sale of a 10% stake in Crédit du Nord were allocated to the provision on future expenses (restructuring costs related to the reorganization of back offices in Europe and the integration of the Sogénet network, costs relating to the second stage in EMU, etc.).

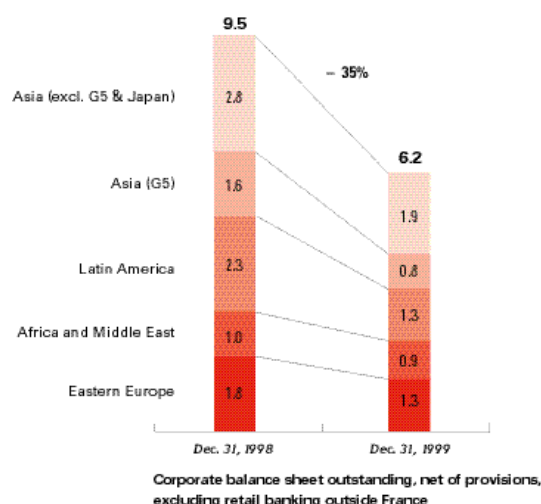
OTHER ITEMS

Income taxes totaled EUR 1,073 million. The effective tax rate for the period was 36%.

Group net income before the reversal of the provision for SG Paribas amounted to EUR 1,980 million, up by 85% in relation to the previous year. After the reversal of this provision, net of costs related to the operation, Group net income amounted to EUR 2,322 million.

EXPOSURE TO EMERGING MARKETS

In billions of dollars



ACTIVITY AND RESULTS BY DIVISION

PRINCIPLES AND METHODS OF DETERMINING RESULTS

GENERAL PRINCIPLES

The accounts of each division are drawn up in accordance with Group accounts, with a view to:

- Determining the results of each division as if it were an independent entity,
- Giving a fair presentation of their results and profitability over the financial year.

Except where otherwise indicated, the accounting principles and methods used to obtain this information are the same as those used at Group level.

The divisions correspond to the Group's three strategic axes:

- Retail Banking, which covers the Société Générale and Crédit du Nord domestic networks, specialized subsidiaries (notably consumer lending and insurance services), banking services (correspondent banking and custody services), and retail banking outside France.
- Asset Management and Private Banking.
- Corporate and Investment Banking, which groups:
 - Investment banking: debt, currencies and commodities activities (trading, brokerage – FIMAT – and derivatives), Equity (primary market activities, brokerage, derivatives, mergers and acquisitions) and Advisory.
 - Corporate banking, which includes both value-added finance (export finance, project finance and asset finance), and commercial banking activities through the Group's international network.

In addition, the Corporate Center acts as the central funding department of the Group's three operating divisions. Income from the Group's industrial equity and real estate portfolios is allocated to the Corporate Center.

Income and expenses which do not directly relate to the activity of a specific division are also attributed to the Corporate Center, as are some extraordinary items.

The principles used to determine the income and profitability of each division are described below.

EQUITY ALLOCATION

The general principle used in the allocation of equity is compliance with the average of current regulatory requirements, to which a prudential margin is added. This margin is set by the Group on the basis of an assessment of the risk relating to its portfolio of activities.

Consequently:

- In Retail Banking, equity is allocated on the basis of risk-weighted assets. In the case of life insurance, the specific regulations relating to this business are also taken into account.
- In Corporate and Investment Banking, equity is allocated on the basis of risk-weighted assets and the value at risk in capital market activities. For the majority of operations, market risk is calculated using an internal model validated by the French Banking Commission, while the standard model is applied to all other operations.
- In Asset Management and Private Banking, the amount of capital allocated corresponds to the larger of either the equity requirement calculated using weighted risk or the amount representing operating expenses for a three month period, the latter being the regulatory standard in this business.
- Equity allocated to the Corporate Center corresponds to the sum of the regulatory requirement with respect to its assets (essentially the equity and real estate portfolios), and the surplus (or lack) of equity available at the Group level (the difference between the combined equity requirements of the operating divisions, as defined above, and the average of Group shareholders' equity, after payment of dividend).

NET BANKING INCOME

Net banking income for each division includes:

- Revenues generated by its activity,
- The yield on the normalized equity allocated to the division, which is defined on an annual basis by reference to an estimated rate of return on Group equity during the financial year. However, the yield on equity generated by the legal entities attached to each business is eliminated and assigned to the Corporate Center.

OPERATING EXPENSES

Each division's operating expenses include its direct expenses, its management overheads and a share of the head-office expenses, which are in principle redistributed between the divisions.

However, costs relating to projects involving different divisions are attributed to the Corporate Center. In 1998 and 1999, these were essentially costs related to the first and second stages of the introduction of the euro.

PROVISIONS

The provisions are charged to each division so as to reflect the cost of risk inherent in its activity during each financial year.

As regards Corporate and Investment Banking, the provisions booked for risks in Asia in both 1997 and 1998 include a general provision intended to cover future risks on counterparties in this region, over and above provisions booked for specific identified risks.

Besides specific identified risks in certain crisis-hit regions such as Asia, the Group also books prudential provisions intended to cover any sharp increase in the level of risk arising from a deterioration in the economic or financial environment of a country or region. In 1999, despite a sharp reduction in these commitments, provisions were maintained at a similar level to year-end 1998 for prudential reasons

(EUR 570 million at December 31, 1999 compared with EUR 550 million at year-end 1998).

INCOME TAX

The Group's income tax is managed centrally, with a view to optimizing the total tax expense.

Income tax is charged to each division on the basis of a standard effective tax rate, which takes into account the local tax rate of the countries in which it conducts its business, and the nature of its income.

OTHER INCOME

The following items are allocated to the Corporate Center:

- Income arising from strategic decisions concerning the Group's business mix, such as capital gains on the disposal of subsidiaries or business lines, the amortization of goodwill, and restructuring costs, when they are exceptionally high.
- Provisions booked for transactions relating to the whole Group. In 1999, these included costs related to the second stage of EMU and provisioning for four years' subscription to the deposit guarantee fund.
- Allocation to the prudential general reserve (see paragraph on Provisions).

SUMMARY OF RESULTS AND PROFITABILITY BY DIVISION

INCOME STATEMENT BY DIVISION

(in millions of euros)

	Retail Banking		Asset Management and Private Banking		Corporate and Investment Banking		Corporate Center and Other		Group	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
Gross operating income	1,484	1,330	276	246	1,441	949	(121)	(76)	3,080	2,449
Net allocation to provisions	(353)	(310)	0	(3)	(369)	(1,155)	(65)	(5)	(787)	(1,473)
Net income from long-term investments	0	0	0	0	7	54	798	612	805	666
Net income from companies accounted for by the equity method	157	121	0	0	15	(62)	13	20	185	79
Extraordinary items	0	0	0	0	0	0	(101)	(130)	(101)	(130)
Income tax	(412)	(384)	(101)	(92)	(389)	55	(171)	(81)	(1,073)	(502)
Amortization of goodwill	0	0	0	0	0	0	(37)	(61)	(37)	(61)
Net income before minority interests	876	757	175	151	705	(159)	316	279	2,072	1,028
Minority interests	44	32	0	0	24	(92)	24	15	92	(45)
Net income (before impact of SG Paribas operation)	832	725	175	151	681	(67)	292	264	1,980	1,073
Impact of SG Paribas operation									342	(398)
Allocated capital ⁽¹⁾	5,110	4,771	198	149	4,387	4,763	677	(106)	10,372	9,577
ROE (%)	16.3	15.2	NC	NC	15.5	NS	43.2	NS	19.1*	11.2*

1998 figures restated for changes in internal accounting methods.

* Before impact of SG Paribas operation.

(1) For the Corporate Center: allocated capital + (average total capital – capital allocated to business lines).

The sharp growth in the Group's earnings and profitability reflects the strong performance registered by all businesses:

– Against a positive economic and financial backdrop, the net income of the Retail Banking and Asset Management and Private Banking businesses increased by 14.8% and 15.9% respectively.

– Corporate and Investment Banking activities registered very high levels of income (EUR 681 million).

– The income of the Corporate Center reflected on the one hand, the increase in capital gains on the industrial equity portfolio (EUR 614 million after tax in 1999, compared with EUR 486 million in 1998) and on the other hand, provisioning for a number of future expenses (restructuring back offices in Europe, integration of the Sogénal network, costs relating to the second stage of EMU, etc.), which were partially offset – as in 1998 – by the appropriation of profits on the disposal of subsidiaries (notably SGAM Corp) and the sale of a 10% stake in Crédit du Nord.

In 1999, the Group continued to implement its policy of real-locating capital to activities with the most recurrent revenue flows:

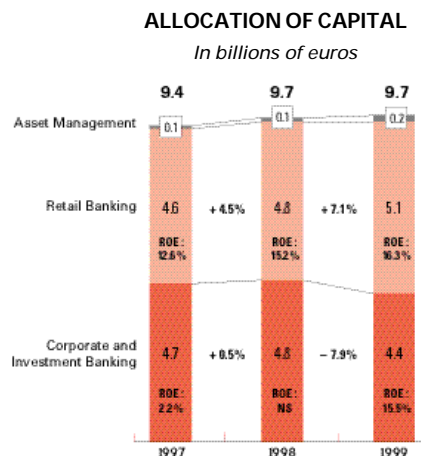
– Capital allocated to Retail Banking and Asset Management and Private Banking accounted for 54.8% of capital allocated to the business lines in 1999, compared with 50.8% in 1998.

– Capital allocated to Corporate and Investment Banking was reduced by 7.9% between 1998 and 1999, from 49.2% to 45.2% of capital allocated to the business lines.

• In view of the sharp growth in earnings and allocated capital, the ROE of the Group's businesses rose sharply, to 17.4% in 1999 compared with 8.4% in 1998.

– The ROE of the Retail Banking business line was in excess of 16%, while that for Corporate and Investment Banking stood at 15.5%.

– Asset Management and Private Banking accounted for nearly 2 points of ROE.



RETAIL BANKING

(in millions of euros)

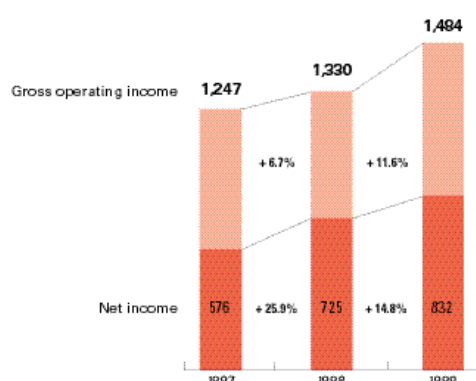
	1999	1998	%
Net banking income	5,594	5,243	6.7
Operating expenses	(4,110)	(3,913)	5.0
Gross operating income	1,484	1,330	11.6
Net allocation to provisions	(353)	(310)	13.9
Net income from companies accounted for by the equity method	157	121	29.8
Income tax	(412)	(384)	7.3
Net income before minority interests	876	757	15.7
Minority interests	(44)	(32)	37.5
Net income	832	725	14.8
<i>Of which:</i>			
SG network	497	450	10.4
Crédit du Nord	99	85	16.5
Specialized subsidiaries and banking services	165	140	17.9
Retail banking outside France	71	50	42.0
Allocated capital	5,110	4,771	7.1
ROE (in %)	16.3	15.2	

1998 figures restated for changes in internal accounting methods.

In a bullish economic environment, Retail Banking turned in an excellent performance, with earnings growth of 14.8% and ROE up by more than 1%. This reflects the continued development of the franchise, tight control of operating expenses and low provisioning requirements.

NET INCOME UP 14.8%

In millions of euros



NET BANKING INCOME UP 6.7%

Net banking income for Retail Banking amounted to EUR 5,594 million in 1999, up 6.7% in relation to 1998.

Due to a dynamic sales policy, growth in outstanding loans offset the continued reduction in the intermediation spread (from 383 basis points in 1998 to 364 basis points in 1999 for the Société Générale network).

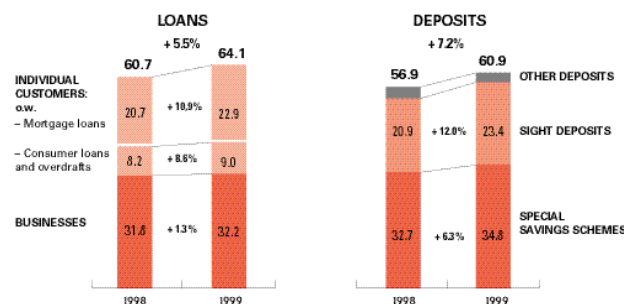
Outstanding loans increased by 5.5%, driven by loans to individual customers, particularly mortgage loans (+10.9%) and consumer loans and overdrafts (+8.6%).

Loans to businesses increased slightly. Loans granted by specialized subsidiaries (notably lease finance) increased by 10.2%, while loans to large corporates fell sharply (-1.2%) due to the more selective capital allocation policy.

As in 1998, growth in deposits (+7.2%) was underpinned by the strong growth in sight deposits (+12%) and Special Savings Accounts (+6.3%) while time deposits fell by 14.7%.

SHARP GROWTH IN LOANS TO INDIVIDUAL CUSTOMERS

Average loans and deposits granted in billions of euros



The franchise continued to grow, with a 2.9% increase in the number of sight accounts.

This can be explained by three factors:

- A dynamic sales policy: for example, more than 2 million Visa cards and 200,000 gold cards have now been issued (the Group is the market leader for gold cards in France). The number of products held by each customer rose from 5.1 in 1995 to 6.3 in 1999.

- An extended range of products aimed at increasing customer loyalty:

- The Group was the first high street bank in France to offer its customers “one account number for life”;
- The Jazz package (products and services designed to increase customer loyalty) has been confirmed as a success, with 1,000,000 contracts signed in 14 months;
- Progécarte, a package aimed at self-employed customers combining a transaction processing contract with a choice of electronic payment terminals, was successfully launched, with more than 20,000 contracts signed in the first year. The launch of the Norplus range of products by Crédit du Nord, focusing on current account transactions by Crédit du Nord. The target of 160,000 contracts fixed for January 31, 2000 had been exceeded by the end of December 1999.

- An improvement in service quality, notably through the development of Internet services:

- Account and securities portfolio management: Logitel Net attracted more than 66,000 subscribers in the first year.

- E-commerce: Sogenactif, aimed at the business-to-consumer segment, offers a secure online card payment service, as well as turnkey solutions for creating and operating e-commerce websites.

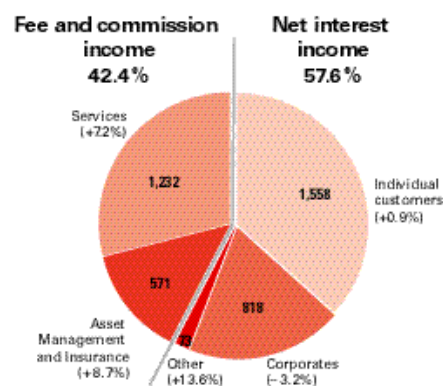
- At Crédit du Nord: the launch of a new website for banking transactions, with 16,000 subscribers only three months after its introduction.

The success of these sales policies is also reflected in the growth in customer-related fee and commission income between 1998 and 1999 (+7.7%), which more than offsets the slight drop in customer-related net interest income (–0.2%).

Customer-related fee and commission income represents an increasing portion of net banking income (42.4% in 1999 compared with 41% in 1998).

BREAKDOWN OF CLIENT-RELATED NET BANKING INCOME

In millions of euros



TIGHT CONTROL OF OPERATING EXPENSES

Operating expenses increased by 2.4% when adjusted for changes in Group structure and at a constant exchange rate, due to the development of the retail banking networks outside France and the growth in banking services.

The reduction in the number of administrative staff limited growth in the operating expenses of the networks to 0.7%.

LIMITED RISK PROVISIONING

The improving economic environment in France and action taken in recent years to improve risk management was reflected in provisioning requirements, which totaled EUR 353 million in 1999.

GROWTH IN INCOME ACROSS ALL NETWORKS

Net income rose by 14.8%, from EUR 725 million in 1998 to EUR 832 million in 1999, due to the strong performance of all networks:

- The Société Générale network recorded a 10.4% increase in income in relation to 1998, with a ROE in excess of 16%.

- Crédit du Nord continued to register strong growth, with income rising by 16.5% and ROE of 13.3%, two points above that registered in 1998.

- Specialized subsidiaries and banking services saw income rise by nearly 18%.

- Retail banking outside France registered a remarkable performance in 1999, with ROE in excess of 24% and net income up by more than 40%, notably due to new acquisitions.

ASSET MANAGEMENT AND PRIVATE BANKING

(in millions of euros)

	1999	1998	%
Net banking income	658	532	23.7
Operating expenses	(382)	(286)	33.6
Gross operating income	276	246	12.2
Net allocation to provisions	0	(3)	- 100.0
Net income from companies accounted for by the equity method	0	0	NS
Income tax	(101)	(92)	9.8
Net income before minority interests	175	151	15.9
Minority interests	0	0	NS
Net income	175	151	15.9
Of which:			
Asset Management	130	114	14.0
Private Banking	45	37	21.6

1998 figures restated for changes in internal accounting methods.

At EUR 175 million, net income from Asset Management and Private Banking rose by nearly 16%, reflecting the good performance of the two business lines. This growth reflects the sharp increase in activity in 1999.

GROWTH IN EARNINGS

Net banking income rose by 16.3% when adjusted for changes in Group structure and at a constant exchange rate.

Operating expenses increased by 20.9% when adjusted for changes in Group structure and at a constant exchange rate as a result of efforts to reinforce sales teams, IT investments aimed at improving the services offered to customers, and one-off restructuring costs.

ASSET MANAGEMENT:

STRONG GROWTH IN ASSETS UNDER MANAGEMENT

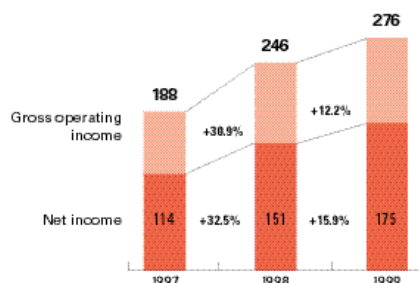
In 1999, assets under management increased by EUR 29.4 billion (+24.3%) to EUR 150.4 billion, with average annual growth of 39% over 4 years.

The domestic retail market grew by 19%, constituting a solid base: the Group confirmed its market share in the mutual fund segment (13.5%), notably due to investments in asset allocation funds, which amounted to EUR 2.4 billion in 1999.

Assets under management on behalf of institutional investors now represent nearly two-thirds of the capital managed by the Group, with particularly strong growth recorded outside France: a ten-fold increase in the United Kingdom and a 43% increase in Asia.

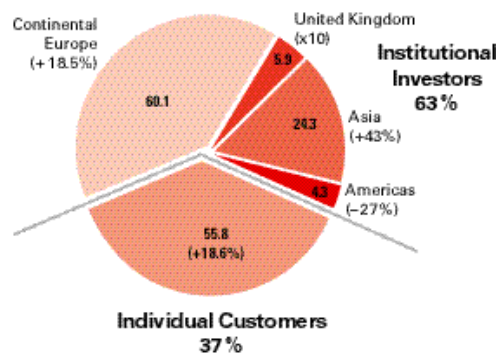
INCREASE IN NET INCOME

In millions of euros



ASSETS UNDER MANAGEMENT: EUR 150.4 billion (+24%)*

In billions of euros
(Change over 12 months)



*Excluding SGAM Corp.

These trends should be confirmed by the development of cross-selling, the growth of the London subsidiary and prospects for acquisitions, in particular in the United States, in line with the Group's strategy.

The portion of equity and diversified products – including alternative asset management products – is now equal to that of fixed income products.

Due to this rebalancing of the product mix, the ratio of net banking income to assets under management is above 30 basis points, in spite of the increased portion of institutional mandates in the total outstanding.

PRIVATE BANKING:

SHARP INCREASE IN ASSETS UNDER MANAGEMENT

Assets under management rose by EUR 7.1 billion to EUR 33.6 billion, up 26.6%. Assets under management totaled EUR 9 billion in the United Kingdom, a rise of 17%, EUR 8 billion in France (up 42%), and doubled in Asia, to EUR 2 billion.

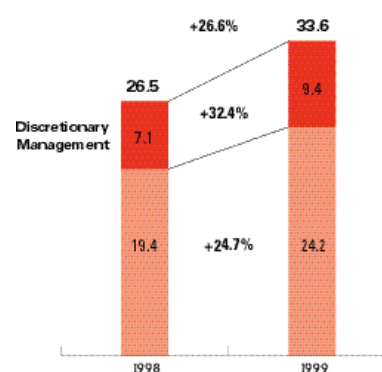
The sale of structured products was developed in order to satisfy demand from increasingly sophisticated customers, notably in Asia and the United Kingdom. These products

include high value-added products, offering the possibility of a capital guarantee, providing investors with access to markets with a strong leverage effect. These products should gradually take off in Continental Europe.

The portion of funds under discretionary management increased by 32.4% to EUR 9.4 billion, now accounting for more than 28% of assets under management. Moreover, Management-Advisory units were set up in Paris, Luxembourg, Zurich and Monaco.

ASSETS UNDER MANAGEMENT

In billions of euros



CORPORATE AND INVESTMENT BANKING

(in millions of euros)

	1999	1998	%
Net banking income	4,827	3,435	40.5
Operating expenses	(3,386)	(2,486)	36.2
Gross operating income	1,441	949	51.8
Net allocation to provisions	(369)	(1,155)	- 68.1
Net income from long-term investments	7	54	- 87.0
Net income from companies accounted for by the equity method	15	(62)	NS
Income tax	(389)	55	NS
Net income before minority interests	705	(159)	NS
Minority interests	(24)	92	NS
Net income	681	(67)	NS
Allocated capital	4,387	4,763	- 7.9
ROE (%)	15.5%	NS	

1998 figures restated for changes in internal accounting methods.

Corporate and investment banking activities registered a ROE above 15%, with net income amounting to EUR 681 million.

Net banking income rose by 28% when adjusted for changes in Group structure and at a constant exchange rate while operating expenses increased by 24% (+9% excluding the impact of performance-linked remuneration). Over and above the increase in volumes, this growth was essentially driven by the targeted reinforcement of certain businesses (derivatives, structured finance, analysis), partially funded by the reduction in commercial banking teams (notably in Asia).

Gross operating income rose by 38.4% when adjusted for changes in Group structure and at a constant exchange rate.

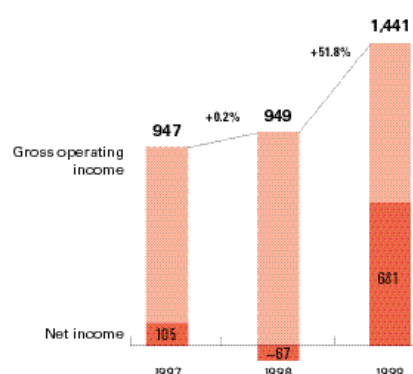
The income of this business line also benefited from the reduction in provisioning (-68.1%), reflecting a return to normal provisioning levels.

The capital allocated to Corporate and Investment Banking was reduced by 8%, essentially due to the 20% reduction in capital allocated to Commercial Banking activities.

The combination of the sharp increase in income and the reduction in capital allocated to Corporate and Investment Banking was reflected in a ROE of 15.5%.

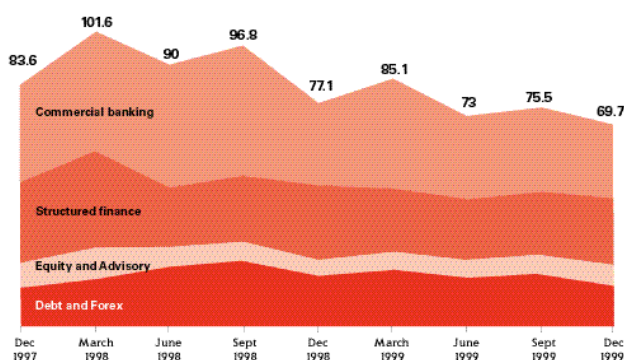
SHARP INCREASE IN NET INCOME IN 1999

In millions of euros



CORPORATE AND INVESTMENT BANKING: REDUCTION IN RISK-WEIGHTED ASSETS

Credit risk equivalent in billions of euros



INVESTMENT BANKING

(in millions of euros)

	1999	1998	%
Net banking income	3,483	2,118	64.4
Operating expenses	(2,665)	(1,820)	46.4
Gross operating income	818	298	NS
Net allocation to provisions	(8)	(295)	NS
Net income from long-term investments	7	45	NS
Net income from companies accounted for by the equity method	9	3	NS
Income tax	(295)	(17)	NS
Net income before minority interests	531	34	NS
Minority interests	(6)	(2)	NS
Net income	525	32	NS
<i>of which:</i>			
Equity and Advisory	408	230	77.4
Debt, Currencies and Commodities	117	(198)	NS
Allocated capital	1,291	1,328	- 2.8
ROE (%)	40.7%	NS	

1998 figures restated for changes in internal accounting methods.

In 1999, the Investment Banking business registered ROE of 40.7%.

The period was marked by a string of remarkable performances:

- Net banking income of the Equity Derivatives business line increased by 69% against 1998. This business line was elected “Equity Derivatives House of the Year” by Risk Magazine. Its range of products covers 90% of global stockmarket capitalization.

- The income of the fixed income derivatives business line quadrupled in relation to 1998, with the launch of weather swaps confirming the business line’s strong innovative capability.

- Primary market and equity brokerage activities saw high levels of activity against the backdrop of growth in trading volumes and stockmarket indices: income from these activities increased by 75% in relation to 1998.

In 1999, the Group lead-managed 3 of the 4 privatizations in France: Air France, Aérospatiale Matra and Thomson Multimédia. It also lead-managed the largest issue ever made in France on behalf of Vivendi Environnement, in the amount of EUR 2.85 billion.

The integration of SG Cowen extended the Group’s geographical scope of intervention. For example, the Group managed the IPO of Agilent Technologies (a former division of Hewlett Packard) in the amount of USD 2.2 billion.

- The Advisory business line was particularly active, advising on 115 transactions, for a total amount of USD 44.9 billion. The following transactions are particularly noteworthy:

- the sale of Flow Point Corporation – a wholly-owned subsidiary of Cabletron – to Efficient,
- the acquisition by Baxi Partnership Ltd. of the heating division of Blue Circle Ind. Plc.

In France:

- the merger between Carrefour and Promodès.

CORPORATE BANKING

(in millions of euros)

	1999	1998	%
Net banking income	1,344	1,317	2.1
Operating expenses	(721)	(666)	8.3
Gross operating income	623	651	- 4.3
Net allocation to provisions	(361)	(860)	- 58.0
Net income from long-term investments	0	9	NS
Net income from companies accounted for by the equity method	6	(65)	NS
Income tax	(94)	72	NS
Net income before minority interests	174	(193)	NS
Minority interests	(18)	94	NS
Net income	156	(99)	NS
<i>of which:</i>			
Corporate Banking	185	141	31.2
Commercial Banking	(29)	(240)	NS
Allocated capital	3,096	3,435	- 9.9
ROE of structured finance	14.8%	12.4%	
ROE of commercial banking	NS	NS	

1998 figures restated for changes in internal accounting methods.

Major mandates were won in 1999, illustrating the Group's capacity to satisfy its customers' demands by providing bespoke products, due to the close cooperation between the Group's businesses.

The project finance and financial engineering businesses registered record levels of activity in 1999: net banking income from project finance increased by 58% while that for financial engineering rose by 16% in relation to 1998.

The contribution of fee and commission income to net banking income rose steadily, to 43% in 1999, against 38% in 1998 and 37% in 1997.

The major transactions arranged during 1999 include:

- Transactions for Edison Mission Energy in the amount of USD 6.5 billion, one of which was selected as "Americas Project Finance Loan Deal of the Year" by IFR magazine.

- Transactions for Voicestream, a customer of the Group since 1994. SG supported this company's development and is now the only long-standing financial partner to have transformed its role from that of a simple supplier of capital to that of co-arranger.

CORPORATE CENTER

(in millions of euros)

	1999	1998	%
Net banking income	12	28	- 57.1
Operating expenses	(133)	(104)	27.9
Gross operating income	(121)	(76)	- 59.2
Net allocation to provisions	(65)	(5)	NS
Net income from long-term investments	798	612	30.4
Net income from companies accounted for by the equity method	13	20	- 35.0
Extraordinary items	(101)	(130)	NS
Amortization of goodwill	(37)	(61)	- 39.3
Income tax	(171)	(81)	111.1
Net income before minority interests	316	279	13.3
Minority interests	(24)	(15)	60.0
Net income	292	264	10.6

1998 figures restated for changes in internal accounting methods.

– The net income of the Corporate Center (EUR 292 million) records capital gains on the industrial equity portfolio, in line with the Group's policy of gradually reducing this portfolio.

– In 1999, extraordinary items essentially comprised capital gains in the amount of EUR 123 million generated on the sale of 10% of Crédit du Nord's capital to Crédit Local de France (a subsidiary of Dexia) and the disposal of SGAM

Corp, a provision for restructuring costs (EUR 115 million), the second stage of EMU (EUR 55 million) and a provision for four years' contributions to the deposit guarantee fund (EUR 57 million).

– Total unrealized capital gains at December 31, 1999 were close to those at year-end 1998.

UNREALIZED CAPITAL GAINS ON PROPRIETARY INVESTMENTS

(in billions of euros)

	1999	1998	Variation
Equity portfolio			
Book value	2.2	2.6	(0.4)
Market value	3.8	4.3	(0.5)
Unrealized capital gains	1.6	1.7	(0.1)
Real estate portfolio			
Book value	1.0	1.0	0
Market value	1.2	1.1	0.1
Unrealized capital gains	0.2	0.1	0.1

OUTLOOK

The Group's return on equity is already significantly above the 15% target originally set for 2000. This underscores the validity of the strategy put in place and notably reflects the reallocation of capital to the Retail Banking, Asset Management and Private Banking business lines.

For some years now, Société Générale has been nurturing a corporate culture that encourages innovation and initiative across all its business lines. In total, 58 Internet sites have been created at Société Générale, including 13 that already

allow customers to carry out financial transactions. Société Générale is now ready to move up a gear in its Internet strategy. Besides stepping up the development of Logitel Net on the retail banking side, Société Générale will offer all its customers free Internet access. Furthermore, the initial public offering of Fimatex, the leading e-broker in France and a challenger on the German market will enable it to serve one million customers by 2004. Lastly, EUR 250 million of investments are earmarked for activities focused on e-commerce.

Risk management

In recent years, Société Générale has invested significant means in adapting its risk management procedures to the rapid development and diversification of its activities. These changes were implemented in compliance with two fundamental principles of banking risk management, as stipulated in regulation 97-02 of the French Banking and Financial Regulation Committee (Comité de la Réglementation Bancaire et Financière):

- risk assessment departments are independent of operating divisions at each decision-making level,

- a consistent approach to risk assessment and monitoring is applied at Group level.

The Risk Division, which reports directly to the bank's General Management, groups together the Group's credit risk and market risk departments. The Risk Division also supervises the Group's economic and industry research teams, and is responsible for increasing co-ordination in the analysis and monitoring of different categories of risk relating to banking activities (counterparty risk, market risk, country risk, operational and systemic risk), as well as permanently looking to improve forecasts and management of all such risks.

CREDIT RISKS

RISK APPROVAL

The risk approval process is based on four core principles:

- All transactions giving rise to a counterparty risk (credit risk, non-settlement or non-delivery risk, issuer risk) must be authorized in advance.

- All requests for authorizations relating to a specific customer or customer group must be centralized at the level of a single operating division (and therefore a single Risk Management department). The centralizing division is designated on a case-by-case basis in order to ensure a consistent approach to risk management and permanent control of the group's potential exposure to major clients.

- Authority is delegated to business lines and credit risk units, ensuring that the analysis and approval of risk is made at the most appropriate level.

- Risk assessment departments are fully independent at each decision-making level.

In compliance with regulation 97-02 of the French Banking and Financial Regulation Committee, the approval of individual commitments is subject to specific limits set according to industrial sector and geographical region. The definition of country risk limits is intended to assign an appropriate exposure limit to each emerging market, on the basis of the risk incurred and the expected return on transactions in each country. The allocation is subject to final approval by Group General Management and is based on a process which takes due account of those business lines exposed to risk, the regional divisions responsible for geographical exposure, the economic research group and the Risk Management teams.

RISK MANAGEMENT AND AUDIT

All Group operating units, including trading rooms, are equipped with information systems enabling them to check, on a daily basis, that the exposure limits set for each counterparty have not been exceeded.

In addition to this day-to-day management of risks, a second level of control is performed by the head office operating divisions, using the Group-wide risk information system developed by Société Générale in recent years. This system is used to centralize in a single database the commitments of all operating divisions on corporate customers, to consolidate exposure by counterparty and to reconcile this exposure with the corresponding authorizations. This system is also used to provide source data for the portfolio analyses (by country, industry, type of counterparty, etc.), which are fundamental to an active risk management strategy.

Changes in the quality of outstanding commitments are reviewed at regular intervals, at least once a quarter, so as to assess the classification of commitments at risk, as well as to determine the level of provisioning required. These reviews are based on concurrent analyses performed by the operating divisions and the Risk Division. Furthermore, the Risk Division also carries out file reviews or risk audits at the level of all the Group's operating divisions. In addition, the Group's Internal Auditors also perform regular risk audits and report their findings to Group General Management.

Société Générale's internal audit committee is periodically informed of major changes in risk management methods and procedures, and in provisioning requirements. It examines the risk audit, which is drawn up under article 43 of regulation 97-02 of the French Banking and Financial Regulation Committee, before the said audit is submitted to the Board of Directors.

RISK MEASUREMENT

In response to the rapid growth in the Group's trading activities since the end of the 1980s, Société Générale decided early on to invest heavily in the development and implementation of high-performance systems for assessing and monitoring counterparty risks which arise from capital market activities. To this end, a specific measurement of risk was developed for derivative products, known as the "current average risk". This indicator enables the assessment of exposure in terms of commitments, and provides the optimum means of integrating counterparty risk in pricing. This indicator is itself complemented by a "stress-test" measurement in the case of illiquid markets or transactions involving a link between the underlying and the counterparty.

More recently, the bank launched a major project to quantify all its risks using a "RAROC®" approach.

One of the principal aims is to estimate probable losses on credit transactions during the business cycle, on the basis of both qualitative and quantitative methods. An internal rating scale comprising 22 different ratings takes into account the probability of default, the value of the collateral, the expected recovery rate, the level of guarantees and the country risk to provide an estimate of the average loss per customer and per transaction.

These techniques also enable the Group to evaluate extraordinary losses in the event of a significant deterioration in economic conditions. A methodology for managing capital based on risk measurement, which takes into account the correlation between geographical regions, industrial sectors and counterparty credit ratings, has been developed with a view to estimating the potential losses on the basis of a pre-defined confidence interval.

This model is currently used by customer relationship managers and risk managers when granting loans, both in Paris and in 33 countries covered by the Group's international network. It enables them to determine the various risk factors, set exposure limits and calculate the risk-adjusted return for the majority of transactions with individual customers. This model will be fully extended to specialized financing deals and the domestic SME customer segment during the course of 2000.

At the Group level, the tools that have been developed are already used for analyzing and actively managing the commercial loan portfolio and in future will be used directly by the Finance and Corporate Planning Department to forecast provisioning and capital allocation requirements.

RISK REDUCTION

In 1999 the Group pursued its plan to sign master agreements with its main counterparties, allowing it to cancel all transactions in the event of default by the contracting party and offset the market value of these transactions with a one-off payment.

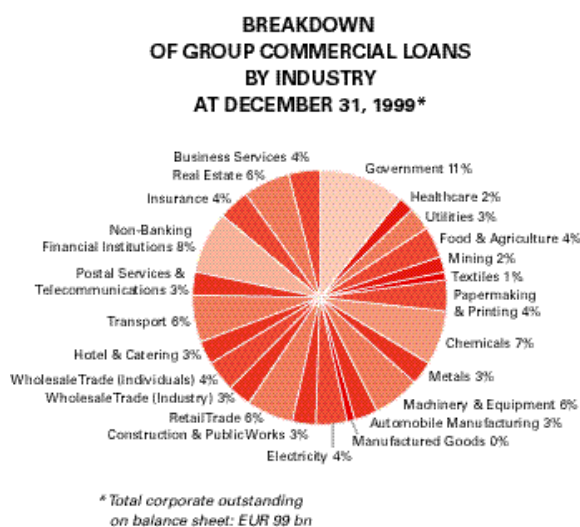
Société Générale is also committed to developing and implementing margin calls, which have the advantage of canceling or significantly reducing the marked-to-market value of ongoing transactions. The aforementioned "current average risk" indicator already integrates these different types of legal situation in the internal measurement of risk.

PORTFOLIO ANALYSIS

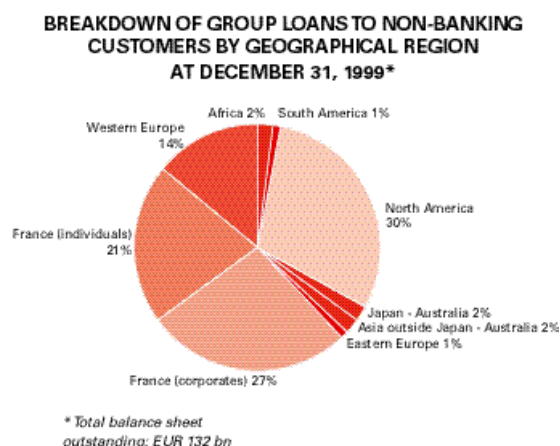
Group commitments (balance sheet and off-balance sheet items) totaled EUR 302 billion at December 31, 1999, corresponding to risk-weighted assets of EUR 117 billion, of which EUR 110 billion relates to commitments on customers and EUR 7 billion to commitments on banking counterparties.

COMMITMENTS ON INDIVIDUAL CUSTOMERS AND CORPORATES

The nominal value of customer loans on the balance sheet, net of provisions, totaled EUR 132 billion (EUR 99 billion excluding individual customers). These loans are highly diversified, in terms of both geographical region and industry.



At December 31, 1999, 94% of Group outstanding was concentrated on the major industrialized countries (of which nearly half in France), compared with 91% at the end of 1998. The proportion of outstanding loans in emerging markets across the whole of the Group's portfolio was brought down from 9% on December 31, 1998 to 6% on December 31, 1999.



The exposure of the Investment Banking business line to emerging markets was cut by 35% between end-December 1998 and end-December 1999.

CHANGE IN SG OUTSTANDING ON EMERGING MARKETS* (INTERNATIONAL AND FINANCE)

(in USD billion)

	Dec. 31, 98	Dec. 31, 99	Change
Eastern Europe	1.8	1.3	- 31%
Asia G5	1.6	0.8	- 47%
Other Asia (exc. Japan)	2.8	1.9	- 32%
Latin America	2.3	1.3	- 43%
Africa - Middle East	1.0	0.9	- 15%
Total	9.5	6.2	- 35%

* Corporate outstanding on the balance sheet, net of provisions; pro forma figures (restated without ACL at Dec. 31, 98).

CHANGE IN SG OUTSTANDING ON EMERGING MARKETS* (RETAIL BANKING OUTSIDE FRANCE)

(in USD billion)

	Dec. 31, 98	Dec. 31, 99
Total	1.2	2.2

* Corporate outstanding on the balance sheet, net of provisions.

This change reflects both the development of retail banking outside France (Eastern Europe, the Mediterranean basin, etc.) and the consolidation of the Romanian Development Bank.

COMMITMENTS ON BANKING COUNTERPARTIES

Authorizations relating to banking and similar counterparties are defined using an internal method for evaluating financial institutions and a table of maximum limits (broken down by credit rating and maturity) approved by General Management.

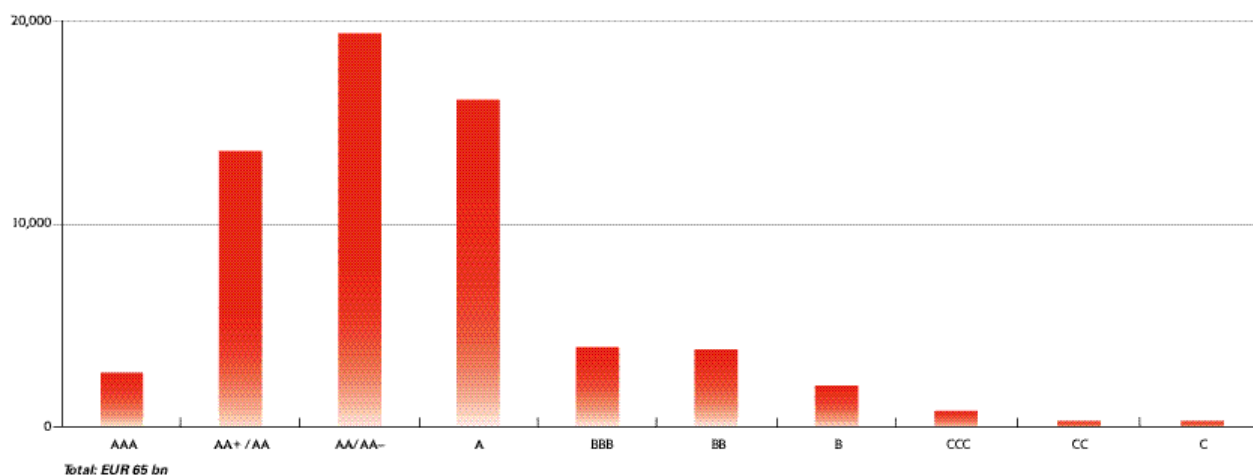
At December 31, 1999, total banking commitments amounted to EUR 65 billion (excluding delivery risk). The large majority of these risks relates to banks rated "Investment Grade" by the rating agencies, and the Group's exposure is highly diversified and exclusively short-term, in the case of banks with lower ratings. Consequently, apart from the recent crisis in Russia, Société Générale's losses with banking counterparties have been negligible in recent years.

The potential counterparty risk incurred by Société Générale on highly leveraged financial institutions stood at USD 92 million at December 31, 1999, calculated using the methods and market parameters of the Group's in-house models.

This exposure was fully covered by guarantees put in place under collateralization contracts.

BREAKDOWN OF COMMITMENTS ON BANKS BY CREDIT RATING AT DECEMBER 31, 1999

In millions of euros

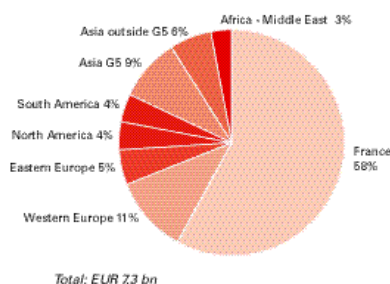


RISK COVERAGE AND PROVISIONING POLICY

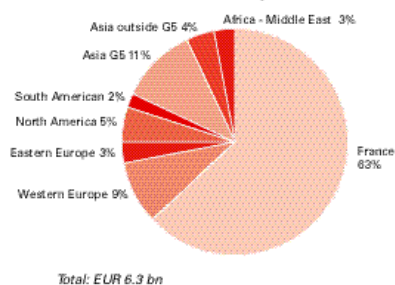
PROVISIONING FOR CREDIT RISKS

Provisioning for credit risks principally covers doubtful and non-performing loans where there is a high probability of borrower default. Non-performing loans on the balance sheet totaled EUR 7.3 billion at December 31, 1999.

**BREAKDOWN OF GROUP
NON-PERFORMING LOANS
BY GEOGRAPHICAL REGION AT DECEMBER 31, 1999**



**BREAKDOWN OF GROUP
PROVISIONS BY GEOGRAPHICAL REGION
AT DECEMBER 31, 1999**



In addition, Société Générale may be led to book prudential provisions for identified risks in the event of major crises. This type of provisioning, which is independent of the prudential general country risk reserve (see below), was booked on December 31, 1997 to cover risks on the most crisis-sensitive Asian countries through to December 31, 2000.

This general reserve, which stood at EUR 290 million on December 31, 1998, was cut back to EUR 100 million on December 31, 1999. This reduction in the general provisioning level was justified both by the economic recovery currently under way in Asia and by the high level of provisioning booked since 1997. The improvement in the operating environment was reflected for the first time since the start of the crisis by the absence of new instances of borrower default during the fourth quarter of 1999.

PRUDENTIAL GENERAL COUNTRY RISK RESERVE

Over and above the usual provisions covering credit risks, the bank books a general provision for prudential reasons, intended notably to cover its risk on emerging markets. This reserve is not assigned to any identified risk and is calculated

by rating each country according to its economic and financial environment and estimating average losses that would arise in the event of a major crisis. Despite the sharp reduction in the Group's outstanding on emerging markets, this provision was kept at a comparable level to that seen on December 31, 1998 for prudential reasons (EUR 570 million at end-1999 compared with EUR 550 million at end-1998).

Moreover, the Group has a Fund for general banking risks, which is not allocated. This fund is liable for tax, and stood at EUR 366 million at December 31, 1999.

MARKET RISKS

ORGANIZATION

The organization of market risk management has been continually adjusted with a view to harmonizing existing procedures within the Group and guaranteeing that risk management teams remain independent from the operating divisions.

Although front offices are responsible in the first instance for risk management, the ultimate responsibility lies with the Market Risk unit of the Risk Division. This unit:

- defines the methods for assessing and measuring risk,
- approves the valuation methods used to calculate risks and results,
- prepares the limit applications based on the requests of the operating divisions, within the global limits set by General Management,
- centralizes and consolidates the Group's market risks.

This department prepares a quarterly report for an ad hoc committee chaired by General Management, which establishes the guidelines for the level of authorized risk by type of activity and takes the main decisions on Group risk management.

Within each entity that incurs market risk, risk managers are designated to implement the first level of risk control. The main tasks of these managers, who are independent of the front offices, include:

- constant monitoring of exposure and results, in collaboration with front offices,
- daily verification of the market parameters used to calculate risks,
- daily calculation of market risks, based on a formal and secure procedure,
- daily limit monitoring for each activity, and constant checking that appropriate limits have been set for each activity,

– centralization of internal and external risk management reports.

In the case of the major trading rooms in Paris and abroad, these specialized market risk managers are under the direct responsibility of the Risk Division.

METHODS FOR MEASURING MARKET RISK AND DEFINING EXPOSURE LIMITS

Société Générale's market risk assessment is based on two indicators, which are used to define exposure limits:

- the 99% "Value at Risk" method, approved for regulatory requirement calculations,
- a "stress-test" measurement, based on the "decennial shock" indicator developed by the bank at the beginning of the 1990s.

Beside this dual system of defining exposure limits (VaR and "stress-test" limits), the Group introduced "complementary" limits (sensitivity, nominal, Vega, etc.) in 1999. These limits ensure coherency between the total risk limits and the operational limits used by the front office.

THE "99% VALUE AT RISK" (VaR) METHOD

This method was implemented from the end of 1996 in order to comply with regulatory requirements for capital calculation and has been used since 1998 for regulatory declarations.

The VaR method represents the basic indicator for the internal monitoring of activities and to this end covers a

significantly broader scope of activities than that required by the regulators.

This scope was substantially extended in 1999 (integration of "specific risk" or signature spread risk, private security portfolios, exotic interest rate and equity transactions, etc.) and now covers the majority of the bank's market risks.

The method used is the "historical simulation" method, which implicitly takes into account the correlation between all markets. It is based on the following principles:

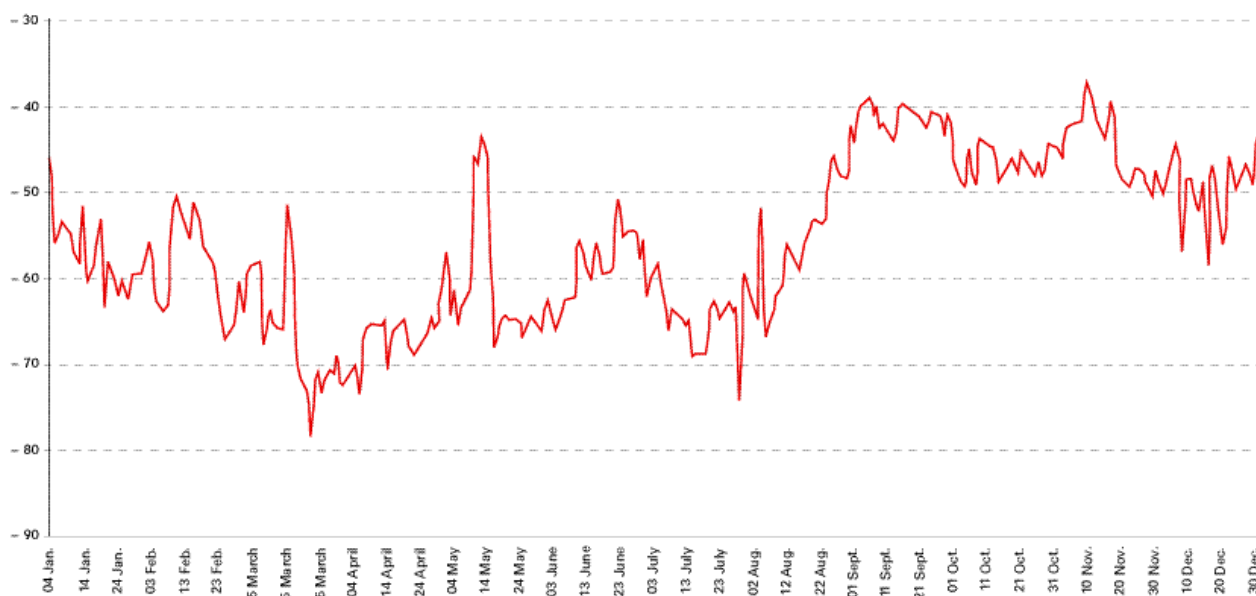
- the creation of a database containing historical information on the principal market parameters which are representative of Société Générale's positions;
- the definition of 250 scenarios, corresponding to one-day variations in these market parameters over a sliding one year period;
- the application of these 250 scenarios to the daily market parameters;
- the revaluation of daily positions, on the basis of the adjusted daily market conditions.

The 99% Value at Risk is the largest loss that would be incurred after eliminating the top 1% of most unfavorable occurrences. Over one year, or 250 scenarios, it corresponds to the average of the second and third largest loss observed.

The value at risk in the Group's market activities, across the full scope of activities and not only those required by the regulators, evolved as follows in 1999.

EVOLUTION OF THE VALUE AT RISK DURING 1999 (1 DAY, 99%)

In millions of euros



By type of risk, the evolution of the Value at Risk was as follows:

BREAKDOWN OF THE VALUE AT RISK BY TYPE OF RISK DURING 1999 (CALCULATED AS AT DECEMBER 30, 1999)

(in millions of euros)

(1 day, 99%)	VaR as at 12/30/99	Average VaR	Minimum VaR ⁽¹⁾	Maximum VaR ⁽¹⁾	Standard Deviation
Interest rate risk	- 40	- 59	- 39	- 78	12
Equity price risk	- 18	- 14	- 8	- 24	4
Foreign exchange risk	- 1	- 2	- 1	- 7	1
Commodity price risk	- 3	- 2	- 1	- 7	1
Compensation effect	19	22	12	38	- 8
TOTAL	- 44	- 55	- 37	- 78	9

(1) Total not significant, since the potential minimum and maximum losses do not occur on the same date.

THE "STRESS-TEST" MODEL

Despite implementing its internal regulatory model, Société Générale has retained its "stress-test" method based on decennial risk, which is more rigorous than the regulatory model.

The initial statistical approach to calculating decennial risk (i.e. a risk measurement calculated using a confidence level of 99.96% and representing the worst possible impact of sudden and extreme changes in market conditions liable to occur only once every ten years) has been complemented by both specific scenarios that comply with the regulatory periodic stress-tests and historical crisis scenarios (notably scenarios of August and September 1998, Asian crisis of 1997 and crash of 1987).

The "stress-test" risk assessment methodology adopts the following principles:

- Risks are calculated separately for each business and for each market across all products.
- The risk represents the worst possible impact of sudden and extraordinary changes in market conditions, or of any less extreme changes that enable the non-linear nature of certain positions to be taken into account.

- Assumptions regarding extreme changes in market conditions are determined separately for each underlying asset (see table on the following page). These assumptions are made on the basis of a historical analysis of movements over long periods of time and are constantly updated according to changes in the markets.

- For each activity, the risk is the aggregate of the worst cases, without taking into account correlation between markets or between currencies. For example, for the equity and index businesses, total risk is equal to the sum of the largest potential losses on each market, with certain risks corresponding to a rise in the market, and others to a fall. This hypothesis of non-correlation is highly improbable and reflects a conservative approach to the total risk of each activity.

- In addition, the aggregate risk is also calculated for each scenario or for all scenarios taken together, corresponding to a systemic crisis (rise in interest rates, stockmarket crash, collapse of commodity prices, increase in volatility, doubling of credit spreads, etc.).

At December 30, 1999, the Société Générale Group's exposure to "stress-test" risk broke down as follows by type of risk and geographical region.

EXPOSURE TO STRESS-TEST RISK WITHOUT COMPENSATION AT DECEMBER 30, 1999 BY TYPE OF RISK AND GEOGRAPHICAL REGION

Risks in millions of euros

Markets \ Type of risk	Foreign Exchange	Interest Rate	Equity	Commodity
Africa and the Middle East	0	- 8	- 8	
North America	- 1	- 127	- 36	
Latin America	- 1	- 1	- 2	
Asia	- 4	- 22	- 12	
Eastern Europe	- 1	- 6	- 16	
Western Europe	- 2	- 101	- 93	
Other (cannot be broken down)	0	0	- 11	- 29

STRESS-TEST RISK HYPOTHESES

Stress-test scenarios	Hypotheses
Exchange rate risks:	
Foreign exchange position	Risk measured by currency, on the basis of a 6% variation in the exchange rate for non-emerging market currencies, a 15% variation for free-floating emerging market currencies and a 20% variation for emerging market currencies floating within a predefined band.
Currency options position	Risk measured by pair of currencies, on the basis of a simultaneous variation in the spot price (see above) and in volatility (a relative variation between –30% and +60% for one-week maturities, down to between –7% and +10% for 10-year maturities).
Interest rate risks:	
Directional interest rate risk	Scenarios defined by currency category. With category-A currencies (EUR and USD), a relative variation in interest rates ranging from 135% up and 65% down for 1-week positions to 12% for 1-year rate and 5% for maturities over 10 years.
Pivot risk	Scenarios defined by currency category. A relative variation in interest rates (see above), on the basis of fluctuations on the curve at 2 years, 5 years and 10 years.
Swap spread risk	Scenarios defined by currency category. A 20-100bp widening of the swap spread according to the currency.
Specific risk on investment-grade securities	Doubling of credit spreads.
Interest rate volatility	A variation in interest rate volatility by currency according to 6 scenarios (upward movement, downward movement, 2 scenarios of fluctuations on the curve according to maturity of the option, 2 scenarios of fluctuations on the curve according to maturity of the underlying).
Interest rate options	Risk measured on the basis of a simultaneous variation in interest rates (upward or downward movement, fluctuations on the curve at 2 years and “no impact”) and volatility (as for Interest rate volatility).
Equity price risks:	
Cash equity positions	A fall in market prices (variation of 15% for non-emerging markets or 30% for emerging markets).
Equity and stockmarket index derivatives	A simultaneous variation in market prices (a variation of 15% down or 10% up for non-emerging markets, or +/-30% for emerging markets) and in volatilities (an absolute variation of 30% or 45% for 1-month volatility on emerging markets, down to 2% or 3% for volatility of more than 5 years on emerging markets).
Commodity price risks:	
Energy and other commodities	A simultaneous variation in commodity prices (+20%/–30% for oil, +/-15% for gold, +30%/–20% for silver, etc.) and volatility (relative variation according to the product and maturity).
Other market risks:	
Emerging markets	The worst of two scenarios (variation in country spreads of between +100% and –50%, variation in price of –45%) is used.
High-yield debt	A variation in price of between +10% and –18%.

As regards commodity price risk, it should be noted that the “stress-test” scenarios were not exceeded during the gold crisis of September 1999, although market illiquidity prevented positions from being unwound or hedged as quickly as would have been liked.

STRUCTURAL RISKS

The application of regulation 97-02 of the French Banking and Financial Regulation Committee on internal audits provided the Group with the opportunity to define the principles for monitoring the Group's exposure to interest rate, exchange rate and liquidity risks, principles which had been in force for several years.

The general principle is to concentrate these risks within capital market activities, where they are monitored and controlled using the methods described above. These methods ensure that risks related to commercial transactions and proprietary transactions (transactions involving shareholders' equity, investments, bond issues) are covered as fully as possible, either individually or globally.

Consequently, "structural" risks only arise from the residual positions attached to these operations, after hedging.

ORGANIZATION

Monitoring structural risks is the responsibility of the head of each of the Group's operating divisions. Since 1998, each of these divisions heads has been assisted by a "structural risks officer", responsible for analyzing exposure and reporting to the Risk Division (first-level control).

The Asset and Liability Management unit of the Finance and Corporate Planning department is responsible for directly monitoring domestic activities, as well as consolidating the risks taken by each Group entity. This unit also assists in preparing and validating the models used by the different divisions (second-level control).

Consolidation reports are produced for the Risk Division, which is also regularly informed of all major projects relating to changes in structural risk management.

Lastly, the Finance Committee meets at General Management level to validate the methods for analyzing and assessing risks, set exposure limits and study the main issues relating to structural risk management.

STRUCTURAL INTEREST RATE RISKS

Structural interest rate risks are analyzed according to a global assessment of the evolution of the outstanding, for both fixed- and floating-rate products.

Assets and liabilities are analyzed independently, without any allocation of funds. The maturity of the outstanding takes account of models of historical behavior patterns

(special savings accounts, early redemption, etc.), as well as hypotheses relating to some aggregates (such as shareholders' equity and sight deposits). Options are analyzed through their delta equivalent, in order to ensure that they can be added to the underlying assets.

The determination of gaps enables the position's sensitivity to changes in interest rates to be calculated.

The current stress-test corresponds to an immediate parallel shift of 1% in the yield curve. The impact of this scenario on the current net value of the portfolio of assets and liabilities is compared with the defined limits.

Deposits relating to retail banking activities in France are mostly considered to be fixed-rate funds, and their total exceeds commitments of a similar nature. Due to macro-hedging operations, essentially carried out through fixed-rate swaps, and on the basis of the hypotheses used, the amounts at risk in the Société Générale, Crédit du Nord and Sogénal networks is low, representing a total retail banking exposure of under EUR 200 million.

Transactions with large corporates are match-funded, and therefore present no interest rate risk.

Consequently, the majority of the Group's residual positions denominated in euros relates to shareholders' equity invested in fixed-income products.

The same applies to some international subsidiaries and branches, and the investment horizon was extended in 1999.

Société Générale's total exposure continued to represent a very small portion of the Group's equity, below the overall limit of 2.5% set by General Management.

STRUCTURAL FOREIGN EXCHANGE RISKS

Structural foreign exchange risks essentially arise from:

- Foreign currency denominated investments financed through a purchase of the foreign currency,
- Retained earnings in foreign entities,
- Investments made by some entities for regulatory reasons in third currency-denominated assets.

Information is provided and consolidated on a quarterly basis.

Société Générale chooses to take up these positions, since Group policy is to purchase allocations denominated in strong currencies (USD, JPY and GBP).

For accounting purposes, the result of these positions is booked under translation differences, which are included in shareholders' equity and therefore contribute to hedge Group's solvency ratio against exchange rate fluctuations.

LIQUIDITY RISK

Through its retail banking activities, Société Générale has a large and diversified deposits base, which provide permanent resources to finance domestic activities, and which produce surplus liquidity. Credit transactions with international customers are financed on the large, extremely liquid deposit certificates market in the United States and on the interbank market. Securities activities mainly involve liquid securities, financed through repurchase agreements.

Due to the stability of Group resources, Société Générale has not needed to issue bonds in recent years, apart from subordinated loans or structured issues intended to meet specific commercial requirements. Similarly, use of the overnight market is deliberately restricted, in order to protect the Group from very short-term risks.

OPERATIONAL RISKS

PRINCIPLES

Operational risks are defined as risks of direct or indirect losses resulting from the unsuitability or failure of procedures, persons or systems, or caused by external events. This category includes general operational risks, linked for example to security and IT issues, as well as banking risks which do not fall into any of the three categories described above (credit risks, market risks, structural risks).

Operational risks notably include the following:

- Risks relating to the security of goods and persons (fires, floods, earthquakes, physical attacks, sabotage, theft and fraud).
- IT risks, linked to the development and maintenance of programs, to data processing and to the use of telecommunication services. This category notably includes risks linked to faults in the design or implementation of an application, operating incidents affecting production systems, unauthorized system access and processing errors, as well as the accidental loss or modification of transmitted data and problems with the storage of this data.
- Internal management risks, i.e. risks linked to the internal functioning of the bank. This category includes errors in the administrative processing and accounting treatment of transactions, faults in the design or implementation of new products or projects, and legal, regulatory or compliance

risks, as well as risks linked to human resources, subcontractors and communication outside the Group.

MANAGEMENT OF OPERATIONAL RISKS

The day-to-day management of operational risks at Société Générale is based on a high-performance internal control system. This system is applied to all the Group's businesses and is based on the principle of assigning the operating divisions full responsibility for their risks. This policy is in line with the directives and instructions drawn up by the Risk Division, which are complemented by specific procedures put in place by the operating units.

The regular assessment of the control mechanisms (internal audit and self-assessment) ensures the reliability and effectiveness of the internal control system, as stipulated in regulation 97-02 of the French Banking and Financial Regulation Committee (CRBF). Furthermore, Société Générale has put in place a formalized structure for reviewing and approving new products, which enables the bank to identify and apply limits to the associated operational risks.

In 1999, the bank reinforced the central Operational Risk unit, which is an independent department reporting to the Risk Division. The role of this unit is principally to define the Group's general policy as regards operational risks, as well as to advise on and disseminate best practices within the bank.

THE YEAR 2000

Y2K represented a particular challenge for the bank, notably in terms of operational risks, and has been the focus of one of the main "Quality" programs implemented by the Group over the past few years. In 1995, a structure for coordinating preparations was put in place at the Group level, and this structure was strengthened in 1997 through the creation of a single project management unit reporting to General Management.

In 1997 and 1998, the Group focused on preparing an inventory of IT components and techniques based on electronic date management, which were liable to be affected by the millennium bug (a hundred-odd Group-wide and departmental platforms, over 2,000 business-line applications, 60,000 workstations and network components, thousands of buildings, etc.), as well as on producing impact studies to help in identifying and making the necessary changes.

In 1999, the Group finished implementing the necessary corrective measures and carried out procedures to certify its IT systems as Y2K-compliant. These procedures involved code audits and specific "aging" tests performed on "Clean 2000" test platforms, in compliance with the rules defined by

the British Standards Institute. Société Générale also participated in transaction tests at a global level, in all financial market tests in France and abroad, and in transaction tests with several hundred major telematic customers.

To further limit the risks, an action plan was put in place to ensure that activities would continue uninterrupted on January 1, 2000. In the corporate departments, 270 backup solutions were defined and formalized relating to 75 key operations. These solutions would have enabled the Group to continue to provide its clients with an acceptable level of service in the event of failure of the usual IT tools. The Group's subsidiaries and units also put in place similar action plans.

Lastly, a wholly-independent sub-project was set up for "D-day" on December 31, 1999. Preventive measures were taken (shutdown of trading systems and branch systems in numerous countries, shutdown of the majority of IT systems, etc.). Thousands of tests, organized by 160 local teams and supervised by 14 regional teams and one Group project management unit, were performed to verify that activity continued uninterrupted or was resumed during the New Year weekend and early January 2000, based on some 900 units responsible for centralizing and summarizing information.

The Group successfully achieved its goal, since the Y2K phenomenon only resulted in a limited number of minor incidents and had no impact on customer service quality. The total estimated cost for the period 1997-1999 is FRF 1.1 billion, of which FRF 110 million represents investments. In addition, the Group budgeted FRF 70 million for preventive measures in 2000, which, in view of the current situation, will most probably not be needed.

Regulatory ratios

INTERNATIONAL SOLVENCY RATIO (B.I.S. RATIO)

The international solvency ratio requires financial institutions handling a significant volume of international business to maintain a minimum level of equity in reserve on a permanent basis, in order to cover their credit exposure and capital market risks.

Until December 31, 1997, the B.I.S. ratio was limited to counterparty risk. Since January 1998, it has been extended to cover also market risks (interest rate, exchange rate, equity price and commodity price risks).

The regulatory framework for monitoring market risk exposure allows banks to calculate their regulatory capital requirements

using internal models, provided that these models meet certain criteria and reflect an adequate risk management strategy, and that the model itself has been approved by the banks' supervisory authorities. Société Générale's internal VaR model has been approved by the French Banking Commission (see section on "Market Risk Valuation Method", p.64).

Since December 31, 1998, the market risks for the majority of transactions are calculated using this method, while the standard method was used for all other operations.

The Group's B.I.S. ratio stood at 11.94% at December 31, 1999, not including Tier-3 capital, compared with 10.77% at end-December, 1998 (after recognizing the impact of the SG Paribas operation) and 11.11% in December 1997.

RISK-BASED CAPITAL, RISK-WEIGHTED ASSETS AND SOLVENCY RATIOS

(after provision for restructuring costs relating to SG Paribas operation in 1998)

(in millions of euros)

	1999	1998
Risk-based capital		
Group shareholders' equity	11,904	9,768
Dividends	- 617	- 375
Fund for general banking risks	366	366
Minority interests after appropriation of net income	909	549
Preferred securities	796	686
Prudential deductions ⁽¹⁾	- 1,159	- 834
Total Tier-1 capital	12,199	10,160
Total Tier-2 capital	8,655	7,899
Other deductions ⁽²⁾	- 1,705	- 659
Total risk-based capital	19,149	17,400
Risk-weighted assets	160,326	161,532
International solvency ratio (B.I.S. ratio)	11.94 %	10.77 %
Tier-1 ratio	7.61 %	6.29 %

(1) Essentially goodwill and intangible assets.

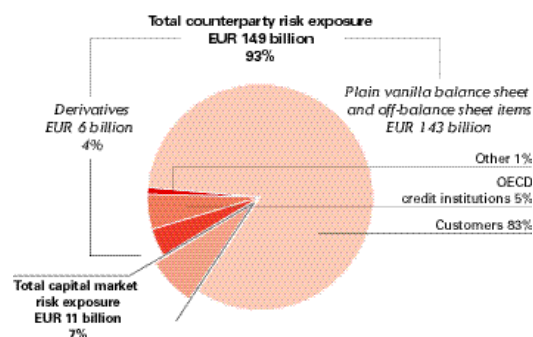
(2) Holdings in non-consolidated financial companies or those accounted for by the equity method.

Group shareholders' equity at end-December 1999 totaled EUR 11.9 billion (compared with EUR 9.8 billion in 1998). After taking into account minority interests, preferred securities, the fund for general banking risks, and prudential deductions, total Tier-1 capital stood at EUR 12.2 billion, giving a Tier-1 ratio of 7.61% at December 31, 1999 (compared with 6.29% at December 31, 1998 after recognizing the impact of the SG Paribas operation).

Risk-weighted assets by type of activity breaks down as follows:

- Counterparty risk accounts for 93% of risk-weighted assets, at EUR 149 billion, stable in relation to 1998. This essentially relates to "plain vanilla" banking activities (EUR 143 billion, of which 93% accounted for by customers), since derivatives only account for EUR 6 billion (unchanged in relation to 1998).
- Risk-weighted assets relating to market risk account for 7% of the total.

BREAKDOWN OF RISK WEIGHTED ASSETS BY TYPE OF RISK AT DECEMBER 31, 1999

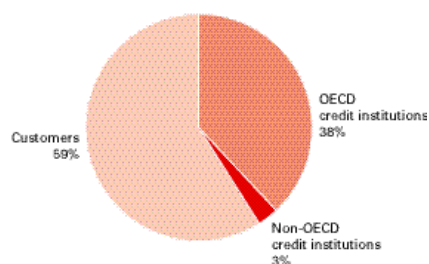


The credit risk on derivatives essentially relates to instruments with maturities under five years (a detailed analysis of these

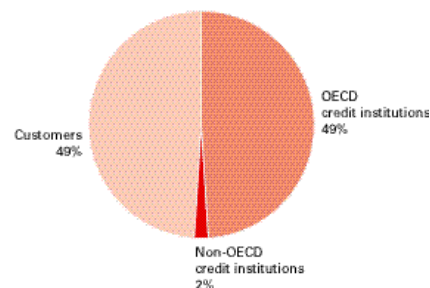
instruments is included in the notes to the consolidated financial statements on page 94).

GROUP WEIGHTED CREDIT RISKS ON DERIVATIVES AT DECEMBER 31, 1999

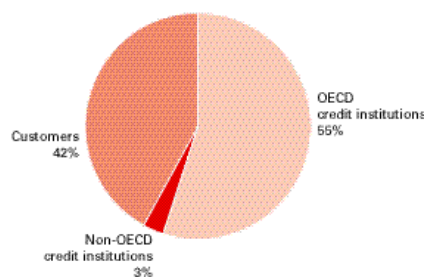
Maturity < 1 year*
EUR 2.2 billion



1 year < Maturity < 5 years
EUR 2.7 billion



Maturity > 5 years
EUR 1.1 billion



* Before weighting, operations with a maturity under 1 year accounted for 54% of the total amount of derivatives.

CAPITAL ADEQUACY RATIO (CAD RATIO)

This ratio replaced the European solvency ratio in 1996, and sets out the minimum capital required to cover counterparty and market risks.

At December 31, 1999, these risks were 142.4% covered by Group equity, excluding any Tier-3 capital (compared with 129.8% at December 31, 1998 after recognizing the impact of the SG Paribas operation).

As regards the international solvency ratio, the Group's equity requirements principally arise from "plain vanilla" banking activities.

RATIO OF LARGE EXPOSURES

The ratio of large exposures is calculated on a quarterly basis, but Société Générale respects this ratio on an on-going basis:

- The total risk incurred by Société Générale in respect of any debtor taken individually does not exceed 25% of consolidated net equity;
- The total risk incurred by Société Générale in respect of all debtors which, taken individually, represent risks of over 10% of consolidated net equity, does not exceed eight times consolidated net equity.

LIQUIDITY RATIO

Société Générale's one-month liquidity ratio, which is used to monitor short-term liquidity, averaged 110.8% over 1999. At the end of each month in 1999, it was above the minimum regulatory requirement of 100%.

PRUDENTIAL LONG-TERM FUNDING RATIO

The prudential long-term ratio, which is used to determine long-term liquidity, measures receivables due in more than five years against funds with a remaining maturity of more than five years. At December 31, 1999, this ratio stood at 75.7%, above the minimum regulatory standard of 60%.

Consolidated financial statements

CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 1999

ASSETS

(in millions of euros at December 31)

	1999	1998	1997
Cash, due from central banks and postal accounts	6,684	3,788	1,753
Treasury notes and similar securities (Note 3)	31,662	30,728	34,694
Due from banks (Note 4)	55,198	66,423	81,688
Customer loans (Note 5)	143,642	134,721	139,424 *
Lease financing and similar agreements (Note 6)	10,397	9,787	9,480
Bonds and other debt securities (Note 3)	57,937	54,360	58,369
Shares and other equity securities (Note 3)	40,570	28,617	9,598
Equity term investments (Note 7)	3,773	3,337	3,533
Investments in subsidiaries and affiliates accounted for by the equity method (Note 29)	1,265	1,118	1,061
Premises, equipment and other fixed assets (Note 8)	3,856	3,892	3,647
Goodwill (Note 9)	451	368	67
Accruals, other accounts receivable and other assets (Note 10)	51,106	46,394	31,565
Total	406,541	383,533	374,879

OFF-BALANCE SHEET ITEMS

Loan commitments (Note 17)	85,862	79,409	79,093
Guarantee commitments (Note 17)	35,825	31,842	40,136
Commitments made on securities	6,869	4,544	8,121
Foreign exchange transactions (Note 19)	271,713	299,541	385,178 *
Forward financial instrument commitments (Note 18)	4,899,729	3,543,743	2,597,187 *

(The accompanying notes are an integral part of the consolidated financial statements.)

* Restated.

LIABILITIES AND SHAREHOLDERS' EQUITY

(in millions of euros at December 31)

	1999	1998	1997
Due to central banks and postal accounts	451	1,862	420
Due to banks (Note 11)	87,279	98,808	120,240
Customer deposits (Note 12)	157,841	138,186	118,871
Liabilities in the form of securities issued (Note 13)	45,353	47,724	57,044
Accruals, other accounts payable and other liabilities (Note 14)	90,725	74,942	57,165
Negative goodwill (Note 9)	49	-	-
Allowances for general risks and commitments (Note 15)	2,124	2,590	1,749 *
Long-term subordinated debt (Note 16)	8,552	8,006	7,911
Fund for general banking risks	366	366	366
Preferred securities	796	685	730
Minority interests	1,101	596	721
Shareholders' equity			
Common stock	522	467	451
Additional paid-in capital	3,263	3,044	3,080
Treasury stock	(476)	(162)	(167)
Retained earnings	6,273	5,744	5,365
Net income including the impact of SG Paribas operation	2,322	675	933
Sub-total	11,904	9,768	9,662
Total	406,541	383,533	374,879

OFF-BALANCE SHEET ITEMS

Loan commitments received from banks	7,515	980	740
Guarantee commitments received from banks	15,900	12,727	13,341
Commitments received on securities	10,700	5,310	4,975
Foreign exchange transactions (Note 19)	269,467	300,107	385,117 *

(The accompanying notes are an integral part of the consolidated financial statements.)

* Restated.

CONSOLIDATED STATEMENTS OF INCOME

(in millions of euros at December 31)

	1999	1998	1997
Net interest income from :			
Transactions with banks (Note 20)	(2,631)	(2,134)	(1,628)
Customer loans (Note 21)	3,586	3,544	3,809
Bonds and other debt securities	2,537	2,263 *	1,414 *
Other interest and similar revenues	(12)	(110)	(33)
Net income from lease financing and similar agreements (Note 22)	684	712	726
Sub-total	4,164	4,275	4,288
Dividend income (Note 23)	245	220 *	244 *
Dividends paid on preferred securities (Note 1)	(57)	(55)	(18)
Net interest and similar income	4,352	4,440	4,514
Net fee income (Note 24)	3,808	3,091	2,615
Net income from financial transactions (Note 25)	2,594	1,402 *	844 *
Other operating income, net	337	305	270
Net banking income	11,091	9,238	8,243
Personnel expenses (Note 26)	(4,760)	(3,972)	(3,615)
Other operating expenses	(2,836)	(2,448)	(2,122)
Depreciation and amortization	(415)	(369)	(328)
Total operating expenses	(8,011)	(6,789)	(6,065)
Gross operating income	3,080	2,449	2,178
Prudential general provisions (Note 27)	(787)	(1,473)	(1,158)
Gains, losses and provisions on long-term investments (Note 28)	805	666	517
Share in net income of subsidiaries and affiliates accounted for by the equity method (Note 29)	185	79	44
Operating income before tax	3,283	1,721	1,581
Provisions for identified risks (Note 27)	14	(198)	-
Allocation to the fund for general banking risks	-	-	-
Extraordinary items (Note 30)	(115)	68	4
Income tax (loss) (Note 31)	(1,073)	(502)	(532)
Amortization of goodwill	(37)	(61)	(88)
Net income before minority interests	2,072	1,028	965
Minority interests	(92)	45	(32)
Net income before the impact of the SG Paribas operation	1,980	1,073	933
Recoveries of allowances on SG Paribas after deduction of related costs (Note 32)	342	(398)	-
Net income after impact of the SG Paribas operation	2,322	675	933

(The accompanying notes are an integral part of the consolidated financial statements.)

* Restated.

CHANGES IN SHAREHOLDERS' EQUITY AND MINORITY INTERESTS

(in millions of euros)

	Capital stock and additional paid-in capital ⁽¹⁾	Treasury stock ⁽²⁾	Retained earnings	Revaluation and reassessment reserves	Share- holders' equity
Balance at December 31, 1997	3,531	(167)	5,742	556	9,662
Increase in capital stock	365				365
Net income for the period			675		675
Dividends paid			(316)		(316)
Revaluation and reassessment reserves				(58)	(58)
Treasury stock		5	7		12
Translation differences and other			(187)		(187)
Goodwill charged ⁽¹⁾	(385)				(385)
Balance at December 31, 1998	3,511	(162)	5,921	498	9,768
Increase in capital stock ⁽¹⁾	274		(44)		230
Net income for the period			2,322		2,322
Dividends paid			(375)		(375)
Revaluation and reassessment reserves				(68)	(68)
Treasury stock ⁽²⁾		(314)			(314)
Translation differences and other ⁽⁴⁾			341		341
Balance at December 31, 1999	3,785	(476)	8,165	430	11,904

(in millions of euros)

	Shareholders' equity	Fund for general banking risks	Minority interests	Preferred securities ⁽³⁾	Own funds
Balance at December 31, 1997	9,662	366	721	730	11,479
Increase in capital stock	365				365
Net income for the period	675		(45)		630
Dividends paid	(316)		(40)		(356)
Revaluation and reassessment reserves	(58)				(58)
Treasury stock	12				12
Translation differences and other	(187)		(40)	(45)	(272)
Goodwill charged ⁽¹⁾	(385)				(385)
Balance at December 31, 1998	9,768	366	596	685	11,415
Increase in capital stock ⁽¹⁾	230				230
Net income for the period	2,322		93		2,415
Dividends paid	(375)		(48)		(423)
Revaluation and reassessment reserves	(68)				(68)
Treasury stock ⁽²⁾	(314)				(314)
Translation differences and other ⁽⁴⁾	341		460	111	912
Balance at December 31, 1999	11,904	366	1,101	796	14,167

(1) At December 31, 1999, Société Générale's fully paid-up capital stock amounts to 521,653,105 euros and is made up of 104,330,621 shares with a nominal value of 5 euros.

During 1999, Société Générale increased its capital stock by 54.3 millions of euros with 220 millions of euros additional paid-in capital, as follows:
 – 8.5 millions of euros with 188 millions of euros additional paid-in capital was the result of employees subscribing share under the Parent Company's Saving Plan;

– 2.3 millions of euros with 32 millions of euros additional paid-in capital resulted from the exercise by employees of options granted by the Board of Directors.

– 43.5 millions of euros as part of the translation in euro of the capital stock, reclassified from retained earnings.

Goodwill on acquisition which are financed with capital increase from conversion into shares of the convertible bonds issued in May 1993 have been charged in 1998 against additional capital arising on capital increase, in proportion to the part of the total acquisition cost covered by the capital increase. 32.3 millions of euros were charged against the acquisition of Yamaichi, and 352.9 millions of euros for the acquisition of Cowen. If the goodwill relating to these transactions had not been charged against the shareholders' equity, it would have been booked on the assets side of the consolidated balance sheet, and would have given rise to a depreciation allowance of 37.5 millions of euros for 1999 financial year.

(2) Treasury stock held by Group companies at December 31, 1999 (3,749,421 shares ; 475.5 millions of euros) represents 3.59% of Société Générale's capital stock. Dividend income on these shares (8 millions of euros) recorded during 1999 by subsidiaries which held them has been eliminated from consolidated income.

(3) In 1997, Société Générale issued 800 millions of US dollars of preferred securities in the US through its subsidiary SocGen Real Estate Company. These shares are included in tier-one capital for the purpose of determining Société Générale's prudential ratios.

(4) At December 31, 1999, translation differences relating to foreign branches of Group banks and consolidated companies within Euroland amounted to a negative figure of 4 millions of euros.

Notes

to the consolidated financial statements

NOTE 1

SIGNIFICANT ACCOUNTING PRINCIPLES

The consolidated financial statements of Société Générale include the financial statements of the Parent Company and of the French and foreign companies making up the Group. Since the financial statements of foreign subsidiaries are prepared using accounting principles generally accepted in their respective countries, any necessary restatements and adjustments are made prior to consolidation so that they comply with the accounting principles used by Société Générale. These principles are in conformity with French accounting principles as described in regulation 91-02 of the French Banking Regulation Committee (*Comité de la réglementation bancaire*) which incorporates into French law the requirements of European directives applicable to the financial statements of banks; they are also in conformity with accounting principles generally applied by the banking industry in France and internationally.

In compliance with accounting regulations, the new accounting methods applicable to consolidated financial statements will be applied from January 1, 2000.

Income and expenses booked on the income statement are ranked by type of instrument rather than by purpose.

CONSOLIDATION PRINCIPLES

CONSOLIDATION METHODS

The consolidated financial statements include the financial statements of Société Générale and of all significant subsidiaries over which Société Générale exercises control. Companies with a fiscal year ending more than three months before that of Société Générale prepare proforma statements for a twelve-month period ended December 31.

The following consolidation methods are used:

Full consolidation

Banking and banking related companies, including equipment and real estate leasing companies and brokerage companies, which are controlled by Société Générale and with total assets in excess of 0.02% of Parent Company total assets are fully consolidated. Where Société Générale owns more than 50% of the voting rights, it is presumed that it controls the company.

Equity Method

This method is used for companies over which Société Générale exercises significant influence, which are between 20% and 50% owned and for which Société Générale's equity in net assets exceeds 0.1% of Parent Company equity.

Companies exclusively controlled by Société Générale, but whose activity is not banking related (mainly insurance, real estate development, data processing services), are also accounted for by the equity method.

TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

The balance sheet and off-balance sheet items of consolidated companies reporting in foreign currencies are translated at the official exchange rates prevailing on the Paris market at year-end. Income statement items of these companies are translated at average exchange rates for the year. Gains and losses arising from the translation of equity and income are included in shareholders' equity under "Translation differences". Gains and losses arising from the translation of the capital accounts of foreign branches of Group banks are included in shareholders' equity under the same heading.

In compliance with opinion number 98-01 of the French Accounting Council, translation differences relating to subsidiaries and branches in Euroland are retained in shareholders' equity, and will only be booked in the income statement in the event that the said entities are sold.

The financial statements of companies operating in countries with high inflation are restated to reflect the value of their currency at year-end. The corresponding gain or loss on their net monetary assets is included in the determination of net income, while gains or losses on net non-monetary assets are included in shareholders' equity. Balance sheet, off-balance sheet and income statement items, restated as described above, are translated into French francs at year-end rates.

SIGNIFICANT ADJUSTMENTS MADE FOR CONSOLIDATION

The main restatements made in drawing up the consolidated accounts are as follows:

Goodwill and negative goodwill

Goodwill, which is carried as an asset in the consolidated balance sheet, represents the net difference between the cost of the shares in Group companies and Société Générale's

share in their net assets at the date of acquisition, to the extent that it is not allocated to specific assets or liabilities. Goodwill is amortized following a predetermined plan over a set period according to the assumptions used and objectives set at the time of the acquisition, and which cannot in any event exceed 20 years. An allowance is made in the event of a subsequent long-term loss in value.

Goodwill relating to acquisitions financed by a capital increase will be charged against additional paid-in capital, in proportion to the part of the total acquisition cost covered by the capital increase.

Revaluation reserves

This caption includes differences which arise from:

- the legal asset revaluations carried out in France in 1977 and 1978,
- restructuring operations and intra-Group transfers of assets carried out before December 31, 1991.

On January 1, 1987, Société Générale, following a series of mergers and partial contributions of assets exonerated from taxation (article 210 A of the French Tax Code), reorganized its major shareholdings into four holding companies (Généval, Généfitec, Généfimm and Généfinance).

At December 31, 1999 securities held by these companies were valued using the methods described under the item “*Securities*”. Any necessary allowances were first deducted from the related revaluation reserve; only allowances with reference to the original cost of the shareholdings are charged to income for the year.

Revaluation reserves resulting from intercompany profits on transfers of fixed assets subject to depreciation are credited to the income statement in proportion to the additional depreciation booked by the company acquiring the asset.

Similarly, when such assets are sold to third parties, the related part of the revaluation reserve is credited to income. As a consequence, the profit or loss on sale is determined by reference to the historical cost of the assets (less depreciation and allowances, which are themselves determined by reference to historical cost).

Reassessment reserves

Intra-Group transfers involving most of Société Générale's operating real estate took place during 1992. These assets, which were previously held by the Parent Company and certain real estate subsidiaries, were transferred to wholly-owned subsidiaries which are included in the tax consolidation.

Capital gains recorded by the contributing companies in their unconsolidated financial statements were eliminated for the determination of consolidated net income. These gains, net of the related deferred taxation, are included in “*Reassessment reserves*” in accordance with instruction 91-06 of the French Banking Commission (*Commission bancaire*).

The reassessment reserve is recorded following the same principles as those described above for revaluation reserves. Société Générale's own real estate assets were written down in line with current market values, and the allowance was first charged against reassessment reserves, reversing the accounting treatment used in 1992. Deferred taxes relating to these reserves were adjusted accordingly.

Country risk reserves

Country risk reserves of consolidated companies are harmonized according to the rates defined by the Parent Company at year-end.

Deferred taxes

Deferred taxes resulting from consolidation accounting entries are determined separately for each taxable entity, by reference to its own tax situation.

ACCOUNTING PRINCIPLES AND VALUATION METHODS

In accordance with accounting principles applicable to French banks, the majority of transactions are recorded using valuation methods which take into account the purpose for which they were made.

In traditional banking operations, assets and liabilities are carried at historical cost and allowances are made where counterparty risks arise. Revenues and expenses arising on these transactions are recorded over the life of the contracts on an accrual basis. Transactions on financial futures carried out for hedging purposes or to manage the bank's global interest rate risk are accounted for using the same principles.

Trading transactions are generally marked to market at year-end, except for loans, borrowings and short-term investment securities which are recorded at their face value. When instruments are traded in insufficiently liquid markets, the market value used is reduced for reasons of prudence.

AMOUNTS DUE FROM BANKS, CUSTOMER LOANS AND COMMITMENTS

Amounts due from banks and customer loans are classified according to their initial duration and type into: demand (current accounts and overnight transactions) and time deposits in the case of banks; and discount of trade notes, overdrafts and other loans in the case of customers. They also include securities purchased from banks and customers under resale agreements and loans secured by notes and securities.

Only amounts due and customer loans which meet the following criteria are booked on the balance sheet: those with the same counterparty, the same maturity and currency, the same accounting entity, and those for which an agreement

exists with the counterparty allowing the bank to combine accounts and exercise its right of set-off.

Interest accrued on these receivables is recorded with these assets, as “*related receivables*”.

Commitments represent transactions which have not yet given rise to cash movements, such as irrevocable commitments for the undrawn portion of facilities made available to banks and customers or guarantees given on their behalf.

Where there is a risk that borrowers may not be able to honor a part or all of their liabilities or commitments, a provision for loan losses is charged against income. In accordance with the recommendations of the French Banking Commission, loans and commitments for which a payment is more than three months overdue (six months in the case of real estate loans) are considered doubtful. Interest on doubtful loans is provided for in full.

These principles are applied to loans made to the real estate industry (and to the whole real estate assets) as follows:

Real estate development and major renovation projects
Provisions are made based on regularly revised estimates of losses on completion, which take into account market prices and the time necessary for construction and/or selling the property, as observed in the market for new property.

Completed buildings

Completed buildings are valued based on the rental yield.

LEASE FINANCING AND SIMILAR AGREEMENTS

This item includes finance leases, lease-purchase contracts and similar agreements, under which lessor does not intend to keep the asset at the end of the lease.

Assets subject to finance leases, lease-purchase and similar agreements are carried on the balance sheet at their financial value, that is, total future lease rentals receivable, less the interest included in these rentals. These amounts are substituted for those determined for tax purposes, and the difference, net of deferred taxes, is included in shareholders' equity.

Accrued interest in lease rentals not yet due is recorded with the underlying assets as “*related receivables*”. Provisions are made for doubtful lease financing and similar agreements in the same manner as amounts due from banks and customer loans.

SECURITIES PORTFOLIO

Securities are classified according to:

- their type: public notes (Treasury notes and similar securities), bonds and other debt securities (negotiable debt

instruments, interbank certificates), shares and other equity securities;

- the purpose for which they were acquired: trading, short-term or long-term investment. All securities in each category are accounted for using similar methods, as follows:

Trading securities

Trading securities are securities for which there exists a liquid market and which are acquired with a view to rapid resale (within a maximum six month period). They are valued at market price at year-end. Net unrealized gains or losses together with net gains or losses on sales are included in the income statement, under the caption “*Net income from financial transactions*”.

Short-term investment securities

Short-term investment securities are all those intended to be held for more than six months, except for those classified as long-term investment securities (see below).

Shares and other equity securities

Equity securities are carried at cost excluding acquisition expenses, or at contribution value. At year-end, cost is compared to realizable value. For listed securities, realizable value is defined as the most recent market price. No credit is taken for unrealized gains, but unrealized losses are provided for. Income from these securities is included in “*Dividend income*”.

Bonds and other debt securities

These securities are carried at cost excluding acquisition expenses and, in the case of bonds, excluding interest accrued and not yet due at the date of purchase. The positive or negative difference between cost and redemption value is amortized to income over the life of the securities concerned. Interest accrued receivable on these securities is recorded with the underlying assets as “*Related receivables*”. Income from these securities is included in “*Net interest income from bonds and other debt securities*”.

At year-end, cost is compared to realizable value or, in the case of listed securities, to their most recent market price. No credit is taken for unrealized gains but unrealized losses are provided for after consideration of gains made on related hedging transactions, if any.

Transfers to or from the allowance for losses on short-term investment securities together with gains and losses on sales of these securities are recorded under “*Net income from financial transactions*” in the consolidated statement of income.

Long-term investment securities

Long-term investment securities are debt securities held by the Group, which intends to hold them on a long-term basis, in principle until maturity, and on which the Group has the necessary means to:

- either permanently hedge its position against a possible depreciation in the securities due to interest rate fluctuations, using interest rate futures.

- or hold the securities on a long-term basis by obtaining funds, including permanently available funds, which are matched and used to finance these securities.

When the matching in terms of interest rates or liquidity no longer meets the requirements set by French regulations, the securities are reclassified as short-term investment securities.

Long-term investment securities are booked using the same principles as those applied to short-term investment securities, except that no provision is made for unrealized losses, unless there is a strong probability that the securities be sold in the short term, or unless there is a risk that the issuer be unable to redeem them.

Transfers to or from the allowance for losses on long-term investment securities together with gains and losses on sales of these securities are recorded under “*Gains, losses and provisions on long-term investments*” in the consolidated statement of income.

Equity investments

These are:

- investments representing at least 10% of the capital stock of a company and which are considered as useful for the activity of Société Générale in particular by permitting the exercise of influence or control over the issuing company;

- investments which are held for the long term with a view only to obtaining satisfactory return over a certain period of time, with no intention of intervening in the issuing company’s management.

Equity investments are stated at cost less acquisition expenses, or, in the case of investments which have been revalued as described above under *Revaluation reserves*, at revalued amounts. Income from these securities is included in “*Dividend income*”.

For these securities, cost is compared with their current value to Société Générale, using criteria such as net asset value, market price or a multiple of earnings. Unrealized gains are not accounted for. An allowance is made in the case of unrealized losses. Transfers to or from the allowance for losses and gains and losses on sales of these securities or on tenders to public share exchange offers, are recorded under “*Gains, losses and provisions on long-term investments*”.

PREMISES, EQUIPMENT AND OTHER FIXED ASSETS

Premises, equipment and other fixed assets are carried at acquisition cost or, in the case of investments which have been revalued as described above under *Revaluation reserves*, at revalued amounts.

In general, depreciation is calculated using the straight-line or diminishing balance method over the estimated useful life of the asset, as follows:

Buildings	20 to 35 years
Improvements	10 years
Office equipment and furniture	10 years
Other equipment and vehicles	4 or 5 years
Software purchased	3 to 5 years

AMOUNTS DUE TO BANKS, CUSTOMER DEPOSITS

Amounts due to banks and customer deposits are classified according to their initial duration and type into: demand (demand deposits and current accounts) and time deposits and borrowings in the case of banks; and into regulated savings accounts and other deposits in the case of customers. They also include securities sold to banks and customers under repurchase agreements.

Interest accrued on these deposits is recorded with these liabilities as “*Related payables*”.

LIABILITIES IN THE FORM OF SECURITIES ISSUED

These liabilities are classified by type of security: term savings certificates, interbank market certificates, negotiable debt instruments, bonds and other debt securities; but exclude subordinated notes which are shown under “Long-term subordinated debt”.

Interest accrued is recorded with the underlying liabilities as “*Related payables*”. Bond issue and redemption premiums are amortized by straight-line or actuarial methods over the life of the related borrowing. The resulting expense is included in “*Net interest income on bond borrowings and other debt securities*”.

Bond issue costs are deferred and amortized on a straight-line basis over the life of the bonds. Amortization is included in the income statement in “*Net interest income on bond borrowings and other debt securities*”.

LONG-TERM SUBORDINATED DEBT

This caption includes all borrowings, whether or not represented by securities, whether dated or undated, which in the case of liquidation of the borrowing company may only be redeemed after all other creditors have been paid.

Interest accrued and payable in respect of long-term subordinated debt, if any, is shown with the underlying liabilities as “*related payables*”.

ALLOWANCES FOR GENERAL RISKS AND COMMITMENTS

These allowances include:

- Provisions for country risks which are made on an overall basis based on estimates by Société Générale of its risk for each country or for each debtor in these countries at the balance sheet date, using criteria such as estimates of the country's economic, financial, social and political situation, discount rate on the secondary market.
- Provisions for commitments, contingencies and disputes.

Notification was given in 1998 and 1999 of additional tax adjustments to the results for the periods 1992 to 1994, then 1995 and 1996 of Société Générale and certain subsidiaries which are included in the tax consolidation. Adequate provision was set up at December 31, 1998 and December 31, 1999 for the consequences of these additional assessments.

Provision was made at December 31, 1999 for the costs relating to the second stage of the introduction of the euro in 2002. In accordance with the opinion issued by the French Accounting Council, this charge relates to additional expenses to be incurred as a result of this change in the period 2000 through 2002.

Regulation 99-06 of the French Banking Regulation Committee defines the funds necessary for deposit guarantee fund. These resources are comprised of certificates of association acquired by each entity, and of annual subscription fees. Regulation 99-08 of the same Committee set the total amount of these subscription fees, which will be payable during the 1999 to 2002 period. Half of the said fees may be paid in the form of deposit guarantees. Certificates of association and deposit guarantees will be booked on the balance sheet under "other debts". The annual fees will be booked under exceptional items, and a provision has been booked for all fees to be paid by Group companies during the 2000-2002 period.

On January 19, 2000, High Risk Opportunities Hub Fund Ltd, a hedge fund in receivership, represented by its receivers, brought legal action against Société Générale (and another bank), before the Supreme Court of the State of New York. The claimant is demanding compensation in the minimum amount of USD 1 billion for direct and indirect damages, alleging that this amount relates to the non-execution of undelivered forward USD/RUR contracts. Société Générale considers this allegation to be unjustified. A prudential provision appears in the Group's financial statements at December 31, 1999.

The class action lawsuit issued against Société Générale and six other French banks in the United States regarding assets confiscated in France as a result of anti-Semitic legislation

during the German Occupation, will not be concluded until June 2000. The banks have asked the US judge to reject the complaint, notably as the confiscation of Jewish assets in France is currently being considered within the framework of a task entrusted by the French government to a working party chaired by Mr Mattéoli.

This working party will submit its final report in the weeks to come. Research carried out by Société Générale in this respect has shown that the bank held no confiscated assets.

FUND FOR GENERAL BANKING RISKS

In accordance with regulations 90-02 and 92-05 of the French Banking Regulation Committee, a fund for general banking risks was created in 1993 by a transfer of provisions for country risks of a general nature, net of related deferred taxes. In 1996, an additional allocation to this fund was made. Related deferred taxes are adjusted each year, depending on the taxation of amounts included in this fund.

PREFERRED SHARES

In the second half of 1997, Société Générale issued USD 800 million in preferred securities through a wholly-owned US subsidiary. These non-voting securities are entitled to a fixed non-cumulative dividend equal to 7.64% of nominal value. This dividend is payable semi-annually by decision of the subsidiary's Board of Directors and is charged to the item *Dividends paid on preferred securities*. Preferred securities are included in tier-one capital for the purpose of determining Société Générale's prudential ratios.

In the first half of 2000, Société Générale issued EUR 500 million in preferred securities through a wholly-owned US subsidiary (non-cumulative dividend equal to 7.875% of nominal value and payable annually) using a "step-up" clause after ten years.

TREASURY STOCK

Treasury stock represents Société Générale shares held by certain Group companies for purposes of control or under an active equity management policy. It is deducted from other equity accounts for the determination of shareholders' equity.

Société Générale shares held with a view to be allocated to employees are booked under assets on the balance sheet.

Société Générale shares held with a view to regulating the share price or under arbitrage transactions on the CAC 40 index are booked under trading securities.

TRANSACTIONS DENOMINATED IN FOREIGN CURRENCIES

Gains and losses arising from ordinary activities in foreign currencies are included in income. In accordance with

regulation 89-01 of the French Banking Regulation Committee, trading forward foreign exchange transactions and those used to cover other forward foreign exchange transactions are valued on the basis of the forward foreign exchange rate of the currency involved for the remaining maturity. Spot and other forward foreign exchange positions are revalued on a monthly basis using official month-end spot rates. Unrealized gains and losses are recognized in the income statement. Premiums and discounts resulting from hedged forward foreign exchange transactions, as defined by article 9 of the above-mentioned regulation, are amortized to income on a straight-line basis over the remaining term to maturity of these transactions.

FORWARD FINANCIAL INSTRUMENTS

Forward financial instruments relating to interest rates, foreign exchange or equities are used for trading and hedging purposes and are accounted for in compliance with regulations 88-02 and 92-04 of the French Banking Regulation Committee and instruction 88-01 of the French Banking Commission. Nominal commitments to forward financial instruments are posted as one off-balance sheet item. Nominal contract value represents the volume of outstanding transactions and does not represent the potential for gain or loss associated with the market or credit risk on such transactions.

Accounting income or expense on these instruments depends on the purpose for which the transaction was concluded, as follows:

Hedging transactions

Revenues and expenses on forward financial instruments used as a hedge, and assigned from the beginning to an identifiable item or group of similar items, are recognized in the income statement in the same manner as revenues and expenses on the hedged item. Revenues and expenses on interest rate instruments are included in the determination of net interest and similar income, as interest income or expense on the items hedged. Revenues and expenses on other instruments such as equity securities, stock exchange indexes or foreign exchange are included in the determination of net income from financial transactions under "*Net income from financial transactions and forward financial instruments*".

Revenues and expenses on forward financial instruments used to hedge or manage an overall interest rate risk are recognized in the income statement over the life of the instrument, under the caption "*Net income from forward financial instruments*" in the determination of *Net income from financial transactions*.

Trading transactions

Trading transactions include instruments traded on organized or similar markets and other instruments, such as credit derivatives and composite option products, which are included in the trading portfolio although they are traded

over-the-counter on less liquid markets. Trading transactions are marked to market at year-end, adjusted when necessary for reasons of prudence:

- For over-the-counter transactions, the market value recognizes counterparty risks and the discounted value of future management costs.
- For transactions on less liquid markets (less liquid since they have developed recently or are specialist markets), the market value is adjusted in view of the reduced liquidity of the instruments in question.
- The valuation of complex products which integrate several instruments is carried out using either the valuation of the synthetic product or that of each of its component instruments, whichever is judged to be the most prudent.

Resulting gains and losses are recorded in the income statement whether realized or not, under the captions "*Net income from financial transactions*".

Gains or losses corresponding to contracts concluded under treasury activities managed by the trading room, where applicable, in order to benefit from interest rate fluctuations are recorded when settled or over the life of the contract, depending on the type of instrument. Unrealized losses are provided for at year-end and the corresponding amount is booked under "*Net income from financial transactions*".

PERSONNEL EXPENSES

This item includes salaries, wages and other personnel costs including employee profit sharing and incentives.

A provision is booked on stock options or shares allocated to employees at year-end, for an amount determined on the basis of the value of the underlying securities.

INCOME TAX

Current taxes

In France, the normal corporate income tax rate is 33.3%. However, long-term capital gains on equity investments are taxed at 19%. Moreover, French companies are subject to a surcharge equal to 10% of the tax due before allocation of tax credits introduced in 1995, and to a temporary 15% additional tax surcharge introduced in 1997 and reduced to 10% in 1999. Dividends from companies in which Société Générale's interest is over 10% are generally tax exempt.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account to the extent that they have effectively been applied in settlement of income taxes for the year. The related tax charge is included under "*Income tax*" in the consolidated income statement.

Deferred taxes

Deferred taxes result from timing differences between the reported income and the taxable income of consolidated companies. They are calculated using the liability method. Deferred taxes recorded in earlier years are adjusted for subsequent tax rate changes. The effect of such changes is included when determining deferred the tax expense for the period. Deferred taxes have been adjusted to reflect the tax surcharges introduced since 1995 and applicable to French companies.

Deferred taxes are determined separately for each taxable entity.

PENSION AND RETIREMENT COSTS

- In 1993, Société Générale and its French banking subsidiaries, with the rest of the French banking industry, joined the nationwide unfunded multi-employer retirement plans Agirc and Arrco. As a result, these companies' pension schemes have been suspended, and they are only liable for benefits in relation to employees who have already retired and payments relating to the past services of current employees. The actuarial present value remaining liabilities under these plans has been estimated, based on information currently available. The assets of the retirement plans and the provisions made are sufficient to cover the present value of liabilities.

- In addition, several Group companies pay retirement benefits based on their salary and on the number of years of service to retiring employees, as well as long service benefits and supplementary pensions. The actuarial present value of Société Générale's liabilities under these plans amounted to EUR 1,001 million at December 31, 1999, all of which has been provisioned for.

NOTE 2

MAJOR CHANGES IN CONSOLIDATED COMPANIES

The consolidated financial statements at December 31, 1999 included 428 companies:

- 368 fully consolidated companies,
- 60 companies consolidated under the equity method.

Coprim, in which the Group has a 40.02% holding was not included in the consolidation scope, as the Société Générale Group has no notable control over this company, with which it has a purely financial partnership. The Group's holding in Coprim was assessed at December 31, 1999.

Principal changes in consolidated companies were:

- At December 31, 1999, Asia Credit Plc. previously fully consolidated, was consolidated under the equity method, as the Group has reduced its holding to 36%.
- In 1999, the Group took control of Banca Romana Pentru Dezvoltare, BFV SG (Madagascar) and ExpressBank (Bulgaria), with holdings of 51%, 70% and 98% respectively.

These companies were fully consolidated at December 31, 1999.

- At the end of 1999, the Group sold its stake in SGAM Corporation, which was fully consolidated at December 31, 1998.

- At the end of 1999, Société Générale sold 10% of its stake in Crédit du Nord to Crédit Local de France, a subsidiary of Dexia.

NOTE 3

TREASURY NOTES, BONDS AND OTHER DEBT SECURITIES, SHARES AND OTHER EQUITY SECURITIES

(in millions of euros at December 31)

	1999				1998			
	Treasury notes and similar securities	Shares and other equity securities	Bonds and other debt securities	Total	Treasury notes and similar securities	Shares and other equity securities	Bonds and other debt securities	Total
Trading securities	14,868	38,161	24,629	77,658	14,130	27,882	21,936	63,948
Short-term investment securities:								
Gross book value	6,692	2,464	12,260	21,416	6,494	760	8,456	15,710
Allowances	(23)	(87)	(114)	(224)	(34)	(53)	(49)	(136)
Net book value	6,669	2,377 ⁽¹⁾	12,146	21,192	6,460	707	8,407	15,574
Long-term investment securities:								
Gross book value	9,819	–	20,629	30,448	9,869	–	23,492	33,361
Allowances	–	–	(20)	(20)	–	–	(39)	(39)
Net book value	9,819	–	20,609	30,428	9,869	–	23,453	33,322
Related receivables	306	32	553	891	269	28	564	861
Total	31,662	40,570	57,937	130,169	30,728	28,617	54,360	113,705

(1) including own shares held for allocation to employees : 193.6 millions of euros.

ADDITIONAL INFORMATION ON SECURITIES

(in millions of euros at December 31)

	1999	1998
Estimated market value of short-term investment securities:		
Unrealized capital gains *	168	328
Estimated value of long-term investment securities	(243)	262
Premiums and discounts relating to short-term and long-term investment securities	(204)	(122)
Securities which changed category within the year:		
Trading securities reclassified as short-term investment securities	842	356
Securities reclassified as long-term investment securities	13	3,803
Long term investment securities reclassified in short-term investment portfolio	3,369	–
Long-term investment securities sold before maturity	4,088	206
Investments in mutual funds:		
French mutual funds	1,523	147
Foreign mutual funds	1,799	979
of which mutual funds which reinvest all their income	371	73
Listed securities	104,621	75,979
Subordinated securities	173	136
Securities lent	13,092	9,626

* Not including unrealized gains or losses on forward financial instruments, if any, used to hedge short-term investment securities.

NOTE 4

DUE FROM BANKS

(in millions of euros at December 31)

	1999	1998
Deposits and loans		
Current accounts	4,684	8,562
Overnight deposits and loans	661	509
Time deposits and loans	11,023	17,624
Subordinated and participating loans	276	9
Loans secured by notes-overnight	5	8
Loans secured by notes and securities	50	1,166
Receivables	444	640
Gross amount	17,143	28,518
Allowances for possible losses	(298)	(291)
Net amount	16,845	28,227
Securities purchased under resale agreements	38,353	38,196
Total	55,198	66,423

NOTE 5

CUSTOMER LOANS

(in millions of euros at December 31)

	1999	1998
Discount of trade notes	3,707	4,469
Other loans ⁽¹⁾ :		
Short-term loans	40,596	41,872
Export loans	4,796	4,867
Equipment loans	18,006	16,620
Mortgage loans	27,753	25,592
Other loans	20,729	17,499
Sub-total	111,880	106,450
Overdrafts	10,841	9,711
Related receivables	829	992
Gross amount	127,257	121,622
Allowances for possible losses	(5,395)	(5,326)
Net amount	121,862	116,296
Loans secured by notes and securities	276	300
Securities purchased under resale agreements	21,504	18,125
Total	143,642	134,721
(1) Other loans by customer type:	1999	1998
Non-financial customers		
• corporate	60,568	59,565
• individual	33,097	28,291
• local authorities	4,369	5,202
• professions	4,354	4,071
• government and central Administrations	1,543	1,300
• others	4,485	5,674
Financial customers	3,464	2,347
Total	111,880	106,450

NOTE 6

LEASE FINANCING AND SIMILAR AGREEMENTS

(in millions of euros at December 31)

	1999	1998
Finance leases of real estate	4,057	4,006
Finance leases of equipment	3,795	3,613
Lease-purchase and similar agreements	2,516	2,199
Related receivables	159	123
Gross amount	10,527	9,941
Allowances for possible losses	(130)	(154)
Net amount	10,397	9,787

NOTE 7

EQUITY INVESTMENTS

(in millions of euros at December 31)

	1999
Principal companies ⁽¹⁾	
0 to 5%	2,635
AGF, Air Liquide, Alcatel, Altadis, Banca Intesa, CGU Plc, Edison, Lafarge, Michelin B, Peugeot SA, Carrefour, SAP AG, Sodexho, Total, Vivendi, Dexia, Crédit Lyonnais	
5 to 10%	136
SFL Sommer-Allibert	
10 to 20%	227
Géodis, Crédit Logement	
Sub-total	2,998
Other companies	1,036
Gross book value	4,034
Allowances for possible losses	(261)
Net book value ⁽²⁾	3,773

(1) Investments with book value over 30 millions of euros.

(2) Of which concerning listed companies : net book value = 3,060.7 millions of euros ; market value = 5,162.2 millions of euros.

NOTE 8

PREMISES, EQUIPMENT AND OTHER FIXED ASSETS

(in millions of euros)

	Gross book value Dec.31, 1998	Acquisitions	Disposals	Other movements	Gross book value Dec.31, 1999	Accumulated depreciation and amortization Dec.31, 1999	Net book value Dec.31, 1999
Operating assets							
<i>Intangible assets</i>							
Start-up costs	13	4	–	(1)	16	(9)	7
Software, EDP development costs	464	84	(6)	28	570	(366)	204
Other	174	61	(1)	(42)	192	(15)	177
Sub-total	651	149	(7)	(15)	778	(390)	388
<i>Tangible assets</i>							
Land and buildings	2,130	33	(83)	194	2,274	(431)	1,843
Other	2,178	286	(69)	(42)	2,353	(1,346)	1,007
Sub-total	4,308	319	(152)	152	4,627	(1,777)	2,850
Non-operating assets ⁽¹⁾							
<i>Tangible assets</i>							
Land and buildings	1,442	15	(671)	(1)	785	(167)	618
Total	6,401	483	(830) ⁽³⁾	136 ⁽²⁾	6,190	(2,334)	3,856

(1) Not including the real estate assets portfolio held by operating lease and other specialized financing companies.

(2) The impact of Banca Romana Pentru Devzvoltare's consolidation at December 31, 1999 on group fixed assets gross book value amounts to 227 millions of euros.

(3) In 1999, Société Générale disposed of a certain number of proprietary investments, including the 'Edouard VII' real estate complex, for which an agreement to sell upon completion of the project was signed in 1997.

NOTE 9

GOODWILL

(in millions of euros at December 31)

	1999			1998		
	Gross book value	Accumulated amortization	Net book value	Gross book value	Accumulated amortization	Net book value
Goodwill						
SG Hambros and Rüegg	96	(17)	79	89	(7)	82
Crédit du Nord Group	60	(19)	41	59	(15)	44
Sogébaïl	28	(25)	3	28	(25)	3
SG Sec Asia Intl	79	(79)	–	76	(76)	–
SG Asia Credit	26	(26)	–	36	(36)	–
SG Cowen	88	(14)	74	85	(4)	81
Coutts ⁽¹⁾	67	(6)	61	67	(1)	66
Banca Romana Pentru Dezvoltare	53	(3)	50	–	–	–
Other	188	(45)	143	120	(28)	92
Sub-total	685	(234)	451	560	(192)	368
Negative goodwill	(63)	14	(49)	(9)	9	–
Net goodwill	622	(220)	402	551	(183)	368

(1) Compensation received in the amount of GBP 7 million, relating to the legal dispute over the acquisition of Coutts Bahamas, resulted in a reduction of goodwill on this company.

NOTE 10

ACCRUALS, OTHER ACCOUNTS RECEIVABLE AND OTHER ASSETS

(in millions of euros at December 31)

	1999	1998
Other assets		
Miscellaneous receivables	10,880	7,675
Premiums on options purchased	20,864	19,522
Settlement accounts on securities transactions	4,640	2,263
Other	1,166	450
Sub-total	37,550	29,910
Accruals and similar		
Prepaid expenses	253	329
Accrued income	2,589	4,153
Other	10,806	12,077
Sub-total	13,648	16,559
Gross amount	51,198	46,469
Allowances for possible losses	(92)	(75)
Net amount	51,106	46,394

NOTE 11

DUE TO BANKS

(in millions of euros at December 31)

	1999	1998
Demand deposits		
Demand deposits and current accounts	13,352	21,792
Borrowings secured by notes - overnight	290	–
Sub-total	13,642	21,792
Time deposits		
Time deposits and borrowings	42,001	45,435
Borrowings secured by notes and securities	841	2,470
Sub-total	42,842	47,905
Related payables	604	825
Total deposits	57,088	70,522
Securities sold under repurchase agreements	30,191	28,286
Total	87,279	98,808

NOTE 12

CUSTOMER DEPOSITS

(in millions of euros at December 31)

	1999	1998
Regulated savings accounts		
Demand	15,354	14,912
Time	23,010	21,527
Sub-total	38,364	36,439
Other demand deposits		
Corporate customers and sole proprietors	17,244	15,732
Individual customers	16,093	13,489
Financial institutions	4,665	4,134
Other	2,411	3,006
Sub-total	40,413	36,361
Other time deposits		
Corporate customers and sole proprietors	16,883	16,557
Individual customers	7,082	5,239
Financial institutions	3,554	2,855
Other	10,291	5,100
Sub-total	37,810	29,751
Related payables	841	874
Total customer deposits	117,428	103,425
Borrowings secured by notes and securities	1,076	1,226
Securities sold to customers under repurchase agreements	39,337	33,535
Total	157,841	138,186

NOTE 13

LIABILITIES IN THE FORM OF SECURITIES ISSUED

(in millions of euros at December 31)

	1999	1998
Term savings certificates	1,032	3,328
Bond borrowings	12,616	6,589
Related payables	299	484
Sub-total	13,947	10,401
Interbank certificates and negotiable debt instruments	31,406	37,323
Total	45,353	47,724

NOTE 14

ACCRUALS, OTHER ACCOUNTS PAYABLE AND OTHER LIABILITIES

(in millions of euros at December 31)

	1999	1998
Transactions on securities		
Amounts payable for securities borrowed	11,480	5,153
Other amounts due for securities	28,845	23,890
Sub-total	40,325	29,043
Other liabilities		
Miscellaneous payables	8,189	7,814
Premiums on options sold	22,907	19,139
Settlement accounts on securities transactions	5,278	1,871
Other securities transactions	47	49
Related payables	175	111
Sub-total	36,596	28,984
Accruals and similar		
Accrued expenses	4,687	4,943
Deferred taxes	546	499
Deferred income	907	1,095
Other	7,664	10,378
Sub-total	13,804	16,915
Total	90,725	74,942
Deferred taxes relate to:		
Special reserve arising from lease financing transactions	291	252
Losses of lease finance partnerships	240	224
Reassessment reserves (Note 1)	53	64
Other (principally relating to other reserves)	(38)	79
Sub-total	546	619
Tax income relating to Société Générale's share in the provision for SG Paribas restructuring costs	-	(120)
Total	546	499

NOTE 15

ALLOWANCES AND PROVISIONS

(in millions of euros at December 31)

	1999	1998
Allowances for possible losses recorded as a deduction from assets		
Due from banks	298	291
Customer loans ⁽¹⁾	5,395	5,326
Lease financing	130	154
Other	110	470
Sub-total	5,933	6,241
Allowances for general risks and commitments recorded as a liability		
Prudential general reserve - country risks (Note 1)	570	550
Prudential provision for risks in Asia	100	290
Commitments granted to banks	-	3
Commitments granted to customers	278	198
Other	1,176	1,549
Sub-total	2,124	2,590
Total provisions (excluding securities) ⁽²⁾	8,057	8,831
Allowances on securities	505	437
Total	8,562	9,268

(1) Analysis of risk provisioning and of the principles for allocating provisions is provided in the "Risk management" section of the management report.

(2) The change in risk reserves breaks down as follows:

(in millions of euros)

	Dec. 31, 1998	Net allocations	Other income statement balances *	Provisions used	Change and scope variation	Dec.31, 1999
Prudential country risks reserve	550	(14)		(20)	54	570
Provisions for identified risks						
Prudential provision on Asia	290	(124)		(83)	17	100
Provisions for commercial risks and other assets	6,442	805		(960) **	(76)	6,211
Provisions for risks and charges ⁽³⁾	1,549	62	(406)	(74)	45	1,176
Sub-total	8,281	743	(406)	(1,117)	(14)	7,487
Total	8,831	729	(406)	(1,137)	40	8,057

* The impact on earnings of provisions for risks (restructuring, single European currency, pensions, etc.) is recognized in the income statement balances.

** Includes reversals of provisions in the amount of EUR 341 million relating to the disposal of proprietary investments.

(3) At December 31, 1998, total provisions for risks and charges included a provision in the amount of EUR 518.3 million, corresponding to Société Générale's share in the restructuring costs relating to the SG Paribas operation. This provision was reversed in full in 1999.

NOTE 16

LONG-TERM SUBORDINATED DEBT

(in millions of euros at December 31)

Currency of issue	Outstanding	2000	2001	2002	2003	2004	Beyond 2004	Undated
Subordinated Capital notes								
Euros	4,764	229	587		335	471	2,822	320
US Dollar	2,810			209	299		1,349	953
GB pounds	322							322
Other currencies	382						97	285
Sub-total	8,278	229	587	209	634	471	4,268	1,880
Dated subordinated debt								
Euros	37		34			2	1	
US Dollar	29							29
GB pounds								
Other currencies	32						29	3
Sub-total	98	-	34	-	-	2	30	32
Related payables	176							176
Total	8,552	229	621	209	634	473	4,298	2,088

NOTE 17

COMMITMENTS GRANTED

(in millions of euros at December 31)

	1999	1998
Loan commitments		
to banks	4,360	6,257
to customers	81,502	73,152
Total	85,862	79,409
Guarantee commitments		
on behalf of banks	5,480	2,536
on behalf of customers	30,345	29,306
Total	35,825	31,842

NOTE 18

FORWARD FINANCIAL INSTRUMENTS COMMITMENTS

(in millions of euros at December 31)

	Trading transactions	Hedging transactions	1999	Total 1998
Firm transactions				
Transactions on organized markets				
– Interest rate futures	593,662	12,885	606,547	480,857
– Foreign exchange futures	–	34	34	1,127
– Other forward contracts	46,340	593	46,933	22,740
OTC agreements				
– Interest rate swaps	2,273,627	85,366	2,358,993	1,841,006
– Currency financing swaps	47,100	6,647	53,747	46,109
– Forward Rate Agreements (FRA)	513,966	11,576	525,542	379,861
– Other	16,706	456	17,162	7,894
Optional transactions				
– Interest rate options	815,668	4,424	820,092	521,963
– Foreign exchange options	44,087	115	44,202	69,740
– Options on stock exchange indexes and equities	206,629	199,344	405,973	153,868
– Other options	20,504	–	20,504	18,578
Total	4,578,289	321,440	4,899,729	3,543,743

Credit risk equivalent (in millions of euros)

At December 31, 1999, the credit risk equivalent on these transactions determined in accordance with the methods recommended by the Basle Committee for the calculation of the international solvency ratio, stands at:

– OECD member governments and central banks	211
– OECD member banks and local authorities	13,830
– Customers	6,193
– Non-OECD member banks and central banks	346
Total (including netting agreements)	20,580

Compensation agreements reduced the equivalent risk by 42,421 millions of euros at December 31, 1999.

Term to maturity

	1999		
(in millions of euros)	0 - 1 year	1 - 5 years	over 5 years
– Interest rate swaps	1,139,886	1,002,137	216,970
– Currency financing swaps	17,841	24,315	11,591
– Interest rate futures	1,006,630	94,097	31,362
– Foreign exchange futures	30	–	4
– Other firm transactions	54,520	5,644	3,931
– Interest rate options	281,677	477,786	60,629
– Foreign exchange options	40,670	3,509	23
– Other options	353,846	70,267	2,364
Total	2,895,100	1,677,755	326,874

NOTE 19

TRANSACTIONS IN FOREIGN CURRENCIES

(in millions of euros at December 31)

	1999				1998			
	Assets	Liabilities	Foreign exchange bought, not yet received	Foreign exchange sold, not yet delivered	Assets	Liabilities	Foreign exchange bought, not yet received	Foreign exchange sold, not yet delivered
EUR	199,915	201,414	61,068	62,546	156,401	155,215	70,698	68,458
USD	132,352	135,551	127,608	125,587	129,157	137,270	112,468	111,239
GBP	23,043	22,789	17,074	16,566	21,736	22,980	14,407	12,465
JPY	14,338	12,831	22,109	19,417	14,980	11,380	19,111	19,653
Other currencies	36,893	33,956	43,854	45,351	61,259	56,688	82,857	88,292
Total	406,541	406,541	271,713	269,467	383,533	383,533	299,541	300,107

NOTE 20

INTEREST INCOME AND EXPENSE ON TRANSACTIONS WITH BANKS

(in millions of euros at December 31)

	1999	1998
Transactions with central banks, postal accounts and banks	2,260	4,643
Premiums and discounts, net	(50)	35
Total interest income	2,210	4,678
Transactions with central banks, postal accounts and banks	(3,831)	(5,531)
Total interest expense	(3,831)	(5,531)
Securities purchased under resale agreements and loans secured by notes and securities	3,220	3,671
Securities sold under repurchase agreements and borrowings secured by notes and securities	(4,230)	(4,952)
Net income on transactions with banks	(2,631)	(2,134)

NOTE 21

INTEREST INCOME AND EXPENSE ON TRANSACTIONS WITH CUSTOMERS

(in millions of euros at December 31)

	1999	1998
Discount of trade notes	298	427
Other customer loans		
– short term loans	2,723	3,169
– export loans	553	360
– equipment loans	975	1,020
– mortgage loans	1,738	1,832
– other loans	885	914
Sub-total	6,874	7,295
Overdrafts	757	779
Premiums and discounts, net	61	21
Total interest income	7,990	8,522
Regulated savings accounts	(1,387)	(1,442)
Other deposits	(2,333)	(2,715)
Total interest expense	(3,720)	(4,157)
Securities purchased under resale agreements and loans secured by notes and securities	937	1,161
Securities sold under repurchase agreements and borrowings secured by notes and securities	(1,621)	(1,982)
Net interest income on transactions with customers	3,586	3,544

NOTE 22

NET INCOME FROM LEASE FINANCING AND SIMILAR AGREEMENTS

(in millions of euros at December 31)

	1999	1998
Finance leases of real estate	247	309
Finance leases of equipment	279	262
Lease-purchase and similar agreements	158	141
Total net	684	712

NOTE 23

DIVIDEND INCOME

(in millions of euros at December 31)

	1999	1998
Dividends from shares and other equity securities	114	48
Dividends from non-consolidated subsidiaries and affiliates	131	172
Total	245	220 *

* In conformity with 1999 fiscal year presentation, dividends received from trading portfolio have been reclassified under «gains from financial operations».

NOTE 24

NET FEE INCOME

(in millions of euros at December 31)

	1999	1998
Fee income from:		
Transactions with banks	41	45
Transactions with customers	790	624
Securities transactions	1,480	1,254
Primary market operations	556	426
Foreign exchange transactions and forward financial instruments	295	288
Loan and guarantee commitments	341	331
Services and other	1,236	972
Sub-total	4,739	3,940
Fee expense on:		
Transactions with banks	(69)	(69)
Securities transactions	(381)	(273)
Foreign exchange transactions and forward financial instruments	(270)	(310)
Loan and guarantee commitments	(55)	(51)
Other	(156)	(146)
Sub-total	(931)	(849)
Total net ⁽¹⁾	3,808	3,091

(1) Net fee income is broken down per type of service, as follows:

	1999	1998
– banking services and consulting	1,587	1,220
– guarantee commitments	282	281
– issuance	182	209
– asset management and life insurance	905	780
– brokerage	809	566
– miscellaneous	43	35

NOTE 25

NET INCOME FROM FINANCIAL TRANSACTIONS

(in millions of euros at December 31)

	1999	1998
Net income from operations on trading securities	45	551
Net income from forward financial instruments	3,586	240
Net income from foreign exchange transactions	(1,057)	572
Sub-total ⁽¹⁾	2,574	1,363
Net income on short-term investment securities:		
Gains on sale	189	163
Losses on sale	(55)	(113)
Net (increase) decrease in allowances	(114)	(11)
Sub-total	20	39
Total net	2,594	1,402

(1) As transactions are recognized on the basis of the type of instrument and not on the basis of the purpose for which they are used, income generated by the same must be assessed as a whole.

Furthermore, it should be noted that this income includes neither the refinancing cost of financial transactions nor the coupon payments received on trading securities, which are booked in net interest income.

However, these items does include income from macro-hedging operations carried out within the framework of Asset & Liability Management, as well as the sales margin generated on structured products integrating forward financial instruments or on the distribution of complex products.

NOTE 26

PERSONNEL EXPENSES

(in millions of euros at December 31)

	1999	1998
Employee compensation ⁽¹⁾	3,392	2,775
Social security benefits and payroll taxes ⁽¹⁾	1,216	1,068
Employee profit sharing and incentives ⁽²⁾	152	129
Total	4,760	3,972
Employees	64,660	58,600
– In France	44,640	43,950
– Outside France ⁽³⁾	20,020	14,650

(1) of which 1,112 millions of euros for bonuses at December 31, 1999 (634 millions of euros at December 31, 1998).

(2) Analysis of the expense for the years 1995 to 1999.

in millions of euros	1999	1998	1997	1996	1995
Société Générale					
Profit sharing	5	2	13	0	0
Incentives	41	40	39	35	34
Employer contribution	54	56	46	43	31
Sub-total	100	98	98	78	65
Subsidiaries	52	31	36	15	8
Total	152	129	134	93	73

(3) included staff from purchased subsidiaries in 1999: 6,318.

NOTE 27

PROVISIONS FOR POSSIBLE LOSSES ON LOANS AND COMMITMENTS, NET

(in millions of euros at December 31)

	1999	1998
Provisions for identified risks, net		
– Provisions for identified risks	(743)	(1,470)
– Losses not covered by provisions and amounts recovered on receivables written off	(44)	(3)
Sub-total ⁽¹⁾	(787)	(1,473)
General provisions - country risks, net	14	(198)
Provisions for possible losses on loans and commitments, net ⁽²⁾	(773)	(1,671)

(1) of which risks on debtors from the five Asian countries at risk of which risks on Russian debtors.

(2) including 100% provision on unpaid interest.

NOTE 28

GAINS, LOSSES AND PROVISIONS ON LONG-TERM INVESTMENTS

(in millions of euros at December 31)

	1999	1998
Long-term investment securities		
Net capital gains (or losses) on sale	(33)	10
Net increase in allowances	18	5
Sub-total	(15)	15
Investments in non-consolidated subsidiaries and affiliates		
Gains on sale	859	687
Losses on sale	(42)	(20)
Net increase in allowances	3	(16)
Sub-total	820	651
Total net	805	666

NOTE 29

COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

(in millions of euros at December 31)

	% voting interest	Activity	Total assets	Société Générale's share in net assets	Société Générale's share in net income (loss)		
					1999	1998	Change
Non-financial companies							
Insurance							
Sogécap	100.00	Insurance	27,530	539	95	70	25
Généras	100.00	Insurance	214	132	20	17	3
Sogessur (ex-Finanska)	65.00	Insurance	24	5	(11)	(8)	(3)
Génécar	100.00	Insurance	15	9	9	7	2
Information technology							
ECS	100.00	Rental of data processing equipment	525	42	8	5	3
Real estate							
Sogéprom	100.00	Estate	139	58	14	7	7
Other							
Sifa	47.07	Portfolio management	128	101	4	4	-
Soginnove	100.00	Venture capital	26	25	4	2	2
SG Énergie	100.00	Oil trading	191	8	5	-	5
Temsys	100.00	Equipment leasing and similar	365	11	3	2	1
Other			-	22	-	2	(2)
Sub-total				952	151	108	43
Financial companies							
Fiditalia Spa (ex-Creditfiditalia)	50.00	Specialist financing	1,776	46	9	7	2
SGMB	48.90	Bank	1,699	101	15	12	3
SGB Cameroun	43.42	Bank	363	12	4	9	(5)
ACL ⁽¹⁾	36.05	Bank	829	-	(15)	-	(15)
Sogeko	39.64	Bank	1,956	12	10	(69)	79
Intersogé	100.00	Specialist financing	22	20	1	-	1
SGB Côte-d'Ivoire	47.36	Bank	692	30	4	2	2
Other			-	92	6	10	(4)
Sub-total				313	34	(29)	63
Total				1,265	185	79	106

(1) Asia Credit is accounted for since December 31, 1999, by the equity method following the Groupe dilution in the subsidiary.

NOTE 30

EXTRAORDINARY ITEMS

(in millions of euros at December 31)

	1999	1998
Extraordinary income	151	209
Extraordinary losses	(266)	(141)
Total (net)	(115)	68

Principal extraordinary items

– Capital gains from the sale of subsidiaries 1999: Crédit du Nord: 88 millions of euros; SGAM Corp 17 millions of euros; Banque de Tunisie: 14 millions of euros. 1998: SG2: 84 millions of euros; CIB: 50 millions of euros; Allium: 32 millions of euros	123	176
– Net allocation to provisions for restructuring costs	(115)	(61)
– Provisions for costs linked to introduction of the single European currency and year 2000 (Note 1)	(94)	(41)
– Provisions for contributions to the deposits and securities guarantee fund (Note 1)	(57)	
– Capital gains on real estate transactions	18	7
– Other	10	(13)

NOTE 31

INCOME TAX

(in millions of euros at December 31)

	1999	1998
Current taxes	(1,082)	(350)
Deferred taxes	9	(152)
Total ⁽¹⁾	(1,073)	(502)

(1) The reconciliation of the difference between the Group's normalized tax rate and effective tax rate breaks down as follows:

Income before tax, amortization of goodwill and income from companies accounted for by the equity method	2,997
Normal tax rate applicable to French companies (including 20% tax surcharges)	40%
Permanent differences	– 1.1%
Differential on items taxed at reduced rate	– 3.7%
Tax rate differential on profits taxed outside France	– 1.3%
Impact of non-deductible losses for the period and use of losses carried forward	1.9%
Effective tax rate	35.8%

NOTE 32

SG PARIBAS OPERATION RESTRUCTURING COSTS

(in millions of euros at December 31)

	1999	1998
Recovery of provision for restructuring costs ⁽¹⁾	518	(518)
Deferred tax	(120)	120
Sub-total	398	(398)
Related costs	(93)	–
Tax on related costs	37	–
Sub-total	(56)	–
Total (net)	342	(398)

(1) This provision corresponded to an estimation of Société Générale's share in restructuring costs of the SG-Paribas operation.

NOTE 33

GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME *

(in millions of euros at December 31)

	1999						
	France	Rest of Europe	America	Asia	Africa	Oceania	Total
Net interest and similar income ⁽¹⁾	2,831	500	766	113	117	25	4,352
Net fee income	2,380	447	704	201	41	35	3,808
Net income from financial transactions	2,014	390	120	47	6	17	2,594
Other operating income, net	312	15	8	1	2	(1)	337
Net banking income	7,537	1,352	1,598	362	166	76	11,091

(1) Including dividend income and net income from lease financing and similar agreements.

* Geographical areas in which companies recording income are located.

NOTE 34

INCOME STATEMENT BY BUSINESS LINE

(in millions of euros at December 31)

	Retail Banking		Asset Management & Private Banking		Corporate & Investment Banking		Corporate Center		Group	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
Net banking income	5,594	5,243	658	532	4,827	3,435	12	28	11,091	9,238
Operating expenses	(4,110)	(3,913)	(382)	(286)	(3,386)	(2,486)	(133)	(104)	(8,011)	(6,789)
Gross operating income	1,484	1,330	276	246	1,441	949	(121)	(76)	3,080	2,449
Net allocation to provisions	(353)	(310)	0	(3)	(369)	(1,155)	(65)	(5)	(787)	(1,473)
Net income from long-term investments	0	0	0	0	7	54	798	612	805	666
Net income from companies accounted for by the equity method	157	121	0	0	15	(62)	13	20	185	79
Operating income before tax	1,288	1,141	276	243	1,094	(214)	625	551	3,283	1,721
Prudential general provisions	0	0	0	0	0	0	14	(198)	14	(198)
Extraordinary items	0	0	0	0	0	0	(115)	68	(115)	68
Amortization of goodwill	0	0	0	0	0	0	(37)	(61)	(37)	(61)
Income tax (loss)	(412)	(384)	(101)	(92)	(389)	55	(171)	(81)	(1,073)	(502)
Net income before minority interests (before impact of SG Paribas operation)	876	757	175	151	705	(159)	316	279	2,072	1,028
Minority Interests	44	32	0	0	24	(92)	24	15	92	(45)
Net income (after impact of SG Paribas operation)	832	725	175	151	681	(67)	292	264	1,980	1 073
Impact of SG Paribas combination									342	(398)
Net income (after impact of SG Paribas operation)	832	725	175	151	681	(67)	292	264	2,322	675

The principles and methodology for determining results by business line are detailed in the Management Report.

NOTE 35

COMPANIES INCLUDED IN THE CONSOLIDATION

(at December 31, 1999)

	Country	Method	Group ownership interest		Group voting interest	
			1999	1998	1999	1998
FRANCE						
Banks						
Calif	France	FULL	100.00	100.00	100.00	100.00
Génébanque	France	FULL	100.00	100.00	100.00	100.00
SG de Banque aux Antilles	France	FULL	100.00	100.00	100.00	100.00
SG Calédonienne de Banque	France	FULL	100.00	100.00	100.00	100.00
Banque de Polynésie	France	FULL	80.00	80.00	80.00	80.00
Barep	France	FULL	100.00	100.00	100.00	100.00
Sogénal ⁽¹⁾	France	FULL	100.00	100.00	100.00	100.00
Crédit du Nord ⁽¹⁾	France	FULL	90.00	100.00	90.00	100.00
Financial companies						
Barep Gestion	France	FULL	100.00	100.00	100.00	100.00
SGOP	France	FULL	100.00	100.00	100.00	100.00
SGAM Finance	France	FULL	100.00	100.00	100.00	100.00
IEC	France	FULL	100.00	100.00	100.00	100.00
SG Asset Management	France	FULL	100.00	100.00	100.00	100.00
SGFAM France ⁽³⁾	France	FULL	–	100.00	–	100.00
SG Structured Asset Management ⁽²⁾	France	FULL	99.99	–	99.99	–
Specialist financing						
Airbail	France	FULL	100.00	100.00	100.00	100.00
Sogexter	France	FULL	100.00	100.00	100.00	100.00
Bull Finance	France	FULL	51.35	51.35	51.35	51.35
Franfinance	France	FULL	99.99	99.99	99.99	99.99
Sofinabail	France	FULL	100.00	100.00	100.00	100.00
Franfinance Location (ex-Franfinance Bail)	France	FULL	99.99	99.99	100.00	100.00
Diebold Computer Leasing	France	FULL	100.00	100.00	100.00	100.00
DC2L	France	FULL	100.00	100.00	100.00	100.00
Sogéfinerg	France	FULL	100.00	100.00	100.00	100.00
Génécal	France	FULL	64.14	66.15	64.14	64.23
Solocvi	France	FULL	60.00	60.00	60.00	60.00
Sofinauto	France	FULL	100.00	100.00	100.00	100.00
Sofrafi	France	FULL	60.00	60.00	60.00	60.00
Cofranteg	France	FULL	100.00	100.00	100.00	100.00
Génécomi	France	FULL	72.43	72.43	72.43	72.43
Sogéfimur	France	FULL	100.00	100.00	100.00	100.00
Compagnie Générale de Location d'Equipements ⁽¹⁾	France	FULL	84.57	84.57	84.57	84.57
Sogéfinancement	France	FULL	100.00	100.00	100.00	100.00
SCP Clémence ⁽²⁾	France	FULL	90.00	–	90.00	–
SCP Philibert ⁽²⁾	France	FULL	90.00	–	90.00	–
SCP Cygne ⁽²⁾	France	FULL	90.00	–	90.00	–
SCP de la Prose ⁽²⁾	France	FULL	90.00	–	90.00	–
SCP Muscade ⁽²⁾	France	FULL	90.00	–	90.00	–
SCP Salomé ⁽²⁾	France	FULL	100.00	–	100.00	–
FCC ELEC ⁽²⁾	France	FULL	100.00	–	100.00	–
Sogelease France ⁽²⁾	France	FULL	100.00	–	100.00	–
Fenwick Financement	France	EQUITY	49.41	49.41	49.41	49.41
Temsys ⁽¹⁾	France	EQUITY	100.00	100.00	100.00	100.00
Portfolio management						
Sogéplus	France	FULL	100.00	100.00	100.00	100.00
Aurelec	France	FULL	100.00	100.00	100.00	100.00
Cargest	France	FULL	100.00	100.00	100.00	100.00
Cofragir	France	FULL	50.01	50.01	50.01	50.01
Généfitec	France	FULL	100.00	100.00	100.00	100.00
SCI Foncière Défense	France	FULL	99.99	99.99	100.00	100.00
Sté Rue Edouard-VII	France	FULL	99.91	99.91	99.91	99.91
SGOP Holding	France	FULL	100.00	100.00	100.00	100.00

COMPANIES INCLUDED IN THE CONSOLIDATION

(at December 31, 1999)

	Country	Method	Group ownership interest 1999	Group ownership interest 1998	Group voting interest 1999	Group voting interest 1998
Ezépart ⁽³⁾	France	FULL	–	100.00	–	100.00
Finareg	France	FULL	100.00	100.00	100.00	100.00
Fonvalor	France	FULL	50.01	50.01	50.01	50.01
Finecorp	France	FULL	100.00	100.00	100.00	100.00
Généplus	France	FULL	100.00	100.00	100.00	100.00
Geforpat	France	FULL	100.00	100.00	100.00	100.00
Libécap	France	FULL	100.00	50.01	100.00	50.01
Géné Act 1	France	FULL	100.00	100.00	100.00	100.00
Sivalparts	France	FULL	100.00	100.00	100.00	100.00
Patriges Villiers	France	FULL	100.00	100.00	100.00	100.00
Sogéparts	France	FULL	100.00	100.00	100.00	100.00
Généval	France	FULL	100.00	100.00	100.00	100.00
Promopart ⁽³⁾	France	FULL	–	100.00	–	100.00
Geninfo	France	FULL	100.00	100.00	100.00	100.00
SG Capital Développement	France	FULL	100.00	100.00	100.00	100.00
Généfinance	France	FULL	100.00	100.00	100.00	100.00
Salvépar	France	FULL	51.42	51.42	51.42	51.42
Valminco	France	FULL	100.00	100.00	100.00	100.00
Vouric	France	FULL	100.00	100.00	100.00	100.00
Généinvestissement	France	FULL	100.00	100.00	100.00	100.00
Sogéfim	France	FULL	100.00	100.00	100.00	100.00
SHTV Holding	France	FULL	100.00	100.00	100.00	100.00
Sifa	France	EQUITY	47.07	47.07	47.07	47.07
Soginnove	France	EQUITY	100.00	100.00	100.00	100.00
Brokers						
SG Euro CT	France	FULL	100.00	100.00	100.00	100.00
SG Securities Paris (ex-SGE Delahaye)	France	FULL	100.00	100.00	100.00	100.00
Delahaye Générale Options	France	FULL	100.00	100.00	100.00	100.00
Fimat SNC	France	FULL	100.00	100.00	100.00	100.00
Fimat Banque	France	FULL	100.00	100.00	100.00	100.00
Fimatex ⁽²⁾	France	FULL	100.00	–	100.00	–
SG Énergie ⁽¹⁾	France	EQUITY	100.00	100.00	100.00	100.00
Real estate and real estate financing						
Alorfim	France	FULL	100.00	100.00	100.00	100.00
SA Antin IV	France	FULL	100.00	100.00	100.00	100.00
Sogébail	France	FULL	57.57	56.45	65.09	55.93
Génécommerce	France	FULL	100.00	100.00	100.00	100.00
Société Foncière Les Miroirs (ex-Géninfo)	France	FULL	100.00	100.00	100.00	100.00
Généfim	France	FULL	100.00	100.00	100.00	100.00
SIFP	France	FULL	100.00	100.00	100.00	100.00
Financière Michelet	France	FULL	100.00	100.00	100.00	100.00
SFCC	France	FULL	100.00	100.00	100.00	100.00
Mandilac SARL	France	FULL	100.00	100.00	100.00	100.00
Siclop ⁽³⁾	France	FULL	–	100.00	–	100.00
Odiprom ⁽³⁾	France	FULL	–	100.00	–	100.00
SCA Paris-Trocadéro	France	FULL	100.00	100.00	100.00	100.00
Patriges Le Levant	France	FULL	100.00	100.00	100.00	100.00
Patriges Le Cardinet	France	FULL	100.00	100.00	100.00	100.00
Paris Espace Activités	France	FULL	100.00	100.00	100.00	100.00
Patriges Grace Church	France	FULL	100.00	100.00	100.00	100.00
Partifa	France	FULL	100.00	100.00	100.00	100.00
Paris Espace Hôtel	France	FULL	100.00	100.00	100.00	100.00
Patriges Cap d'Ail	France	FULL	100.00	100.00	100.00	100.00
Crédit Immobilier Général	France	FULL	100.00	100.00	100.00	100.00
Généfimmo	France	FULL	100.00	100.00	100.00	100.00
Sté 5, bd de la Madeleine ⁽³⁾	France	FULL	–	100.00	–	100.00
SCI Le Fleurus ⁽³⁾	France	FULL	–	100.00	–	100.00
Sogéprom	France	EQUITY	100.00	100.00	100.00	100.00
SI Noailles Immobilière	France	EQUITY	99.97	99.97	99.97	99.97

COMPANIES INCLUDED IN THE CONSOLIDATION

(at December 31, 1999)

	Country	Method	Group ownership interest		Group voting interest	
			1999	1998	1999	1998
Services						
CGA	France	FULL	100.00	100.00	100.00	100.00
Parel	France	FULL	100.00	100.00	100.00	100.00
Socogéfi	France	FULL	100.00	100.00	100.00	100.00
Sogefilia	France	FULL	100.00	100.00	100.00	100.00
ECS ⁽¹⁾	France	EQUITY	100.00	100.00	100.00	100.00
Group real estate management companies						
Sogéfontenay	France	FULL	100.00	100.00	100.00	100.00
Sogé Périval 1	France	FULL	100.00	100.00	100.00	100.00
Soginfo	France	FULL	100.00	100.00	100.00	100.00
SC Alicante 2000	France	FULL	71.52	71.52	100.00	100.00
SC Chassagne 2000	France	FULL	71.52	71.52	100.00	100.00
Eléaparts	France	FULL	100.00	100.00	100.00	100.00
Sogé Périval 3	France	FULL	100.00	100.00	100.00	100.00
Génébail ⁽⁴⁾	France	FULL	–	100.00	–	100.00
Génévalmy	France	FULL	100.00	100.00	100.00	100.00
Sogé Colline Sud (ex-Fravila)	France	FULL	100.00	100.00	100.00	100.00
Sogé Périval 2	France	FULL	100.00	100.00	100.00	100.00
CFM	France	FULL	100.00	100.00	100.00	100.00
SCI Opéra 72	France	FULL	99.99	99.99	100.00	100.00
SI 29 Haussmann	France	FULL	100.00	100.00	100.00	100.00
Génégis 1	France	FULL	100.00	100.00	100.00	100.00
Génégis 2	France	FULL	100.00	100.00	100.00	100.00
STIP	France	FULL	99.99	99.99	100.00	100.00
Valminvest	France	FULL	100.00	100.00	100.00	100.00
Sogé Périval 4	France	FULL	100.00	100.00	100.00	100.00
Insurance						
Sogécap	France	EQUITY	100.00	100.00	100.00	100.00
Génécar	France	EQUITY	100.00	100.00	100.00	100.00
Sogessur (ex-Finanska)	France	EQUITY	65.00	65.00	65.00	65.00
EUROPE						
Banks						
SG Vostok	Russia	FULL	100.00	100.00	100.00	100.00
Société Générale Cyprus Ltd	Cyprus	FULL	51.00	51.00	51.00	51.00
SG Banka	Czech Republic	FULL	100.00	100.00	100.00	100.00
SG Ukraine	Ukraine	FULL	100.00	100.00	100.00	100.00
Banca Ljubljana	Slovenia	FULL	100.00	100.00	100.00	100.00
SG Hambros Bank Limited ⁽¹⁾	Great Britain	FULL	100.00	100.00	100.00	100.00
SG Bank Nederland NV	Netherlands	FULL	100.00	100.00	100.00	100.00
SG Hungaria Bank RT ⁽²⁾	Hungaria	FULL	100.00	–	100.00	–
Banca Romana Pentru Devzvoltare ⁽²⁾	Rumania	FULL	51.00	–	51.00	–
SGBT Luxembourg ^{(1) (5)}	Luxembourg	FULL	100.00	–	100.00	–
SG Yougoslav Bank	Yugoslavia	EQUITY	70.00	70.00	70.00	70.00
SG Expressbank ⁽²⁾	Bulgaria	FULL	97.95	–	97.95	–
Financial companies						
SG Acceptance	Netherlands	FULL	100.00	100.00	100.00	100.00
SG Investment UK Ltd ⁽¹⁾	Great Britain	FULL	100.00	100.00	100.00	100.00
Sogen Finance Luxembourg	Luxembourg	FULL	100.00	100.00	100.00	100.00
SG Asset Management Group Ltd ⁽¹⁾	Great Britain	FULL	70.00	77.55	70.00	77.55
SG Finance Ireland	Ireland	FULL	100.00	100.00	100.00	100.00
SG Effekten	Germany	FULL	100.00	100.00	100.00	100.00
SG Securities Madrid (ex-SG Valores SVB)	Spain	FULL	100.00	100.00	100.00	100.00
Bettina	Germany	FULL	100.00	100.00	100.00	100.00
SG Financial Product Cyprus ⁽²⁾	Cyprus	FULL	100.00	–	100.00	–
Intergef SA	Switzerland	EQUITY	100.00	100.00	100.00	100.00
Intersoge	Switzerland	EQUITY	100.00	100.00	100.00	100.00

COMPANIES INCLUDED IN THE CONSOLIDATION

(at December 31, 1999)

	Country	Method	Group ownership interest 1999	Group ownership interest 1998	Group voting interest 1999	Group voting interest 1998
Specialist financing						
Sogelease Deutschland	Germany	FULL	100.00	100.00	100.00	100.00
Sogelease Leasing	Austria	FULL	100.00	100.00	100.00	100.00
Sogelease Italia	Italy	FULL	99.88	100.00	100.00	100.00
Sogelease BV Nederland ⁽²⁾	Netherlands	FULL	100.00	–	100.00	–
Sogen Finanziaria SpA	Italy	FULL	97.83	100.00	100.00	100.00
Fiditalia Spa ⁽¹⁾ (ex-Credit Fiditalia Spa)	Italy	EQUITY	50.00	50.00	50.00	50.00
Portfolio management						
Sivalparts Nederland ⁽³⁾	Netherlands	FULL	–	100.00	–	100.00
Imfor ⁽³⁾	Italy	EQUITY	–	100.00	–	100.00
Brokers						
Fimat Futures Zurich AC	Switzerland	FULL	100.00	100.00	100.00	100.00
Real estate						
Dennington Champs-Élysées BV ⁽¹⁾	Netherlands	FULL	100.00	100.00	100.00	100.00
Realia	Belgium	FULL	100.00	100.00	100.00	100.00
Services						
ECS Finanziaria SpA ⁽³⁾	Italy	FULL	–	100.00	–	100.00
Insurance						
Généras	Luxembourg	EQUITY	100.00	100.00	100.00	100.00
Sogelux vie	Luxembourg	EQUITY	100.00	100.00	100.00	100.00
AFRICA AND THE MIDDLE-EAST						
Banks						
Sogéliban	Lebanon	FULL	50.00	50.00	50.00	50.00
National SG Bank SAE	Egypt	FULL	51.00	51.00	51.00	51.00
BFV-SG (Madagascar) ⁽²⁾	Madagascar	FULL	70.00	–	70.00	–
United Arab Bank	United Arab Emirates	EQUITY	20.00	20.00	20.00	20.00
SG Marocaine de Banques	Morocco	EQUITY	48.90	45.44	48.90	45.44
SGB Cameroun	Cameroon	EQUITY	43.42	38.62	43.42	38.62
SG Banques en Côte-d'Ivoire ⁽¹⁾	Ivory Coast	EQUITY	47.36	38.74	47.36	38.74
SG Banques au Sénégal	Senegal	EQUITY	43.50	37.93	43.50	37.93
Specialist financing						
Sogelease Maroc	Morocco	EQUITY	69.34	67.27	40.00	40.00
Brokers						
Frankel Pollak Investment Holding ⁽¹⁾	South Africa	FULL	51.00	51.00	51.00	51.00
THE AMERICAS						
Banks						
Banco Sogéral ⁽¹⁾	Brazil	FULL	100.00	66.67	100.00	66.67
SG Canada ⁽¹⁾	Canada	FULL	100.00	100.00	100.00	100.00
SG Mexico	Mexico	FULL	100.00	100.00	100.00	100.00
SG Cowen Securities (ex- Sogen Securities) ⁽¹⁾	United States	FULL	100.00	100.00	100.00	100.00
Sogener	Brazil	FULL	100.00	100.00	100.00	100.00
Banco Supervielle SG	Argentina	FULL	98.80	98.79	98.80	98.79
Financial companies						
SG Asset Management Corporation ⁽⁴⁾	United States	FULL	–	100.00	–	100.00
SG North America	United States	FULL	100.00	100.00	100.00	100.00
Socgen Real Estate New York City	United States	FULL	50.31	50.31	100.00	100.00
SG Americas Inc. ⁽²⁾	United States	FULL	100.00	–	100.00	–
Triumph Capital Management Holding ^{(1) (2)}	United States	FULL	100.00	–	100.00	–

COMPANIES INCLUDED IN THE CONSOLIDATION

(at December 31, 1999)

	Country	Method	Group ownership interest		Group voting interest	
			1999	1998	1999	1998
Brokers						
Fimat Futures Inc. Chicago	United States	FULL	100.00	100.00	100.00	100.00
Fimat Derivatives Canada Inc. ⁽²⁾	Canada	FULL	100.00	–	100.00	–
Specialist financing						
SG Financial Corporation ⁽¹⁾	United States	FULL	100.00	100.00	100.00	100.00
Surzur Overseas Ltd	Cayman Islands	FULL	100.00	100.00	100.00	100.00
Portfolio management						
Sofital	Argentina	FULL	100.00	100.00	100.00	100.00
Participaciones	Argentina	FULL	100.00	100.00	100.00	100.00
Valorban	Argentina	FULL	100.00	100.00	100.00	100.00
ASIA AND OCEANIA						
Banks						
SG Australia Holdings ⁽¹⁾	Australia	FULL	100.00	100.00	100.00	100.00
Bank SG Indonesia	Indonesia	FULL	100.00	85.00	100.00	85.00
SG Securities North Pacific	Japan	FULL	100.00	100.00	100.00	100.00
Financial companies						
SG Asia Credit Pub. Ltd ⁽⁶⁾	Thailand	EQUITY	36.05	50.53	36.05	51.03
SG Singapore Merchant Bank	Singapore	FULL	100.00	100.00	100.00	100.00
Société Générale Asia Ltd	Hong-Kong	FULL	100.00	100.00	100.00	100.00
SG Yamaichi Asset Management ⁽¹⁾	Japan	FULL	85.00	85.00	85.00	85.00
Shanghai Associated Finance Ltd	China	EQUITY	50.00	50.00	50.00	50.00
Sogeko	South Korea	EQUITY	39.64	39.64	39.64	39.64
Specialist financing						
Sogelease Pacifique ⁽³⁾	Vanuatu	FULL	–	100.00	–	100.00
PT Sogelease Indonesia	Indonesia	FULL	100.00	65.00	100.00	65.00
Sogelease Japan	Japan	FULL	100.00	100.00	100.00	100.00
Sogelease Malaysia ⁽¹⁾	Malaysia	FULL	50.00	50.00	50.00	50.00
Trilease International Ltd ⁽¹⁾	Hong-Kong	EQUITY	40.00	40.00	40.00	40.00
Portfolio management						
SG Asset Management North Pacific	Japan	FULL	100.00	100.00	100.00	100.00
SG Asia Investment Ltd	Hong-Kong	EQUITY	100.00	100.00	100.00	100.00
Thai Franco Enterprise Cy Ltd	Thailand	EQUITY	49.00	49.00	82.50	82.50
SG Thailand Holding Ltd	Hong-Kong	EQUITY	100.00	100.00	100.00	100.00
Brokers						
Fimat Asia	Singapore	FULL	100.00	100.00	100.00	100.00
SG Securities Asia Int. Holdings (ex-Socgen Crosby) ⁽¹⁾	Singapore	FULL	100.00	100.00	100.00	100.00
Fimat Futures Hong-Kong	Hong-Kong	FULL	100.00	100.00	100.00	100.00

(1) And its subsidiaries.

(2) Consolidated for the first time in 1999.

(3) No longer consolidated in 1999.

(4) Sold in 1999.

(5) The SGBT Luxembourg Group was formerly sub-consolidated within the Sogenal Group.

(6) New consolidation method.

Report of the statutory auditors on the consolidated financial statements

for the year ended December 31, 1999

To the Shareholders Société Générale,

In compliance with the assignment entrusted to us by your shareholders' annual general meeting, we hereby report to you, for the year ended December 31, 1999, on the audit of the accompanying consolidated financial statements of Société Générale reported in Euro currency.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position and of its assets and liabilities as of December 31, 1999, and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

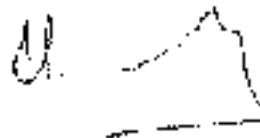
We also performed the verification of the information given in the management report of the Board of Directors. We have no comment as to its fair presentation and its conformity with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La-Défense, February 24, 2000

The Statutory Auditors

BARBIER FRINAULT & AUTRES
ARTHUR ANDERSEN

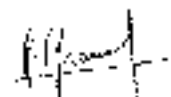
KPMG-AUDIT
FIDUCIAIRE DE FRANCE



Philippe Peuch-Lestrade



Jean-Paul Griziaux



Pascal Brouard

Management report

of Société Générale

SOCIÉTÉ GÉNÉRALE BALANCE SHEET SUMMARY

(in billions of euros at December 31)

Assets	1999	1998	Change
Interbank and money market assets	45.2	45.1	0.1
Customer loans	93.9	91.6	2.3
Securities transactions ⁽¹⁾	146.6	126.2	20.4
of which securities purchased under resale agreements	30.2	32.5	- 2.3
Other assets	84.0	51.6	32.4
of which option premiums	64.4	31.5	32.9
Long-term assets	0.9	0.9	0.0
Total assets	370.6	315.4	55.2
Liabilities			
Interbank and money market liabilities ⁽²⁾	107.1	105.3	1.8
Customer deposits	89.2	77.5	11.7
Bonds and subordinated debt ⁽³⁾	13.5	19.9	- 6.4
Securities transactions	67.1	55.1	12.0
of which securities sold under resale agreements	39.6	36.6	3.0
Other liabilities and provisions	83.3	48.7	34.6
of which option premiums	65.0	29.4	35.6
Total equity	10.4	8.9	1.5
Fund for general banking risks	0.4	0.4	0.0
Shareholders' equity	10.0	8.5	1.5
Total liabilities	370.6	315.4	55.2

(1) Including securities purchased under resale agreements.

(2) Including negotiable debt instruments.

(3) Including undated subordinated capital notes.

Total Société Générale parent company assets at December 31, 1999 (EUR 370.6 billion), had increased by 17.5% in relation to year-end 1998. Developments in Parent Company activities are reflected in the key figures on the balance sheet.

- The increase in customer loans (+2.5%), which amounted to EUR 93.9 billion at December 31, 1999, reflected mixed performances: growth in loans to individual customers (+11.8%) due to a dynamic sales policy, and a fall in loans to businesses (-1.4%).

- The securities portfolio stood at EUR 146.6 billion at December 31, 1999, up 16.2% on year-end 1998. This is due to both the increase in the equity portfolio (EUR +16.1 billion)

on the back of the development of the derivatives business and the growth in the bond portfolio (EUR +5.1 billion). Securities purchased under a resale agreement fell by EUR 2.3 billion.

- Options premiums rose sharply in relation to December 31, 1998 (EUR +32.9 billion), due to the combined effect of two factors: substantial issues towards the end of the year and the growth of the financial markets, which resulted in a significant revaluation of financial instruments.

- Outstanding customer deposits totaled EUR 89.2 billion at December 31, 1999, up by EUR 11.7 billion (+15.1%) in relation to December 31, 1998, essentially due to special savings accounts (+5.8%) and time deposits (+37.7%).

SUMMARY OF SOCIÉTÉ GÉNÉRALE INCOME

(in millions of euros at December 31)

	1999						1998		
	France	99/98 (%)	Abroad	99/98 (%)	Société Générale	99/98 (%)	France	Abroad	Société Générale
Net banking income	5,709	17.9	1,462	1.4	7,171	14.1	4,843	1,441	6,284
Operating expense	(3,996)	14.5	(876)	5.6	(4,872)	12.8	(3,491)	(827)	(4,318)
Gross operating income	1,713	26.7	586	- 4.8	2,299	16.9	1,352	614	1,966
Net allocation to provisions	(267)	- 61.4	(312)	- 82.4	(579)	- 54.1	(692)	(569)	(1,261)
Gains, losses and provisions on long-term investments	(250)	NS	3	NS	(247)	154.6	(94)	(3)	(97)
Operating income tax	1,196	111.3	277	84.8	1,473	142.3	566	42	608
Extraordinary items	(74)	NS	(34)	NS	(108)	NS	(165)	(22)	(187)
<i>of which allocation to general prudential provision</i>	7	NS	8	NS	15	NS	(195)	(3)	(198)
Income tax	71	NS	(139)	NS	(68)	NS	465	(33)	432
Net income before impact of SG Paribas operation	1,193	37.8	104	112.5	1,297	52.1	866	(13)	853
Provision for SG Paribas, net of cost of public exchange offer	348	NS	-	-	348	NS	(398)	-	(398)
Net income after impact of SG Paribas operation	1,541	NS	104	NS	1,645	NS	468	(13)	455

Parent company net income amounted to EUR 1,297 million before the impact of the SG Paribas operation, up by 52.1% in relation to 1998. Results in France and abroad are shown in the table above.

The different items can be broken down as follows:

- Gross operating income rose by 16.9%, with net banking income up by 14.1%. Operating expenses increased by 12.8%, notably as a result of increase in performance-linked remuneration related to the growth in activity.
- Net allocation to provision totaled EUR 579 million in 1999, compared with EUR 1,261 million in 1998. This reduction in provisioning was principally a result of the improvement in risk on Asia and Russia.
- Net income on long-term investments amount to EUR - 247 million in 1999, including disposals in the amount of EUR - 300 million (of which SG Cowen Corp EUR - 309 million), and net reversals of provisions on subsidiaries, in the amount of EUR +52 million.
- Extraordinary items amounted to EUR - 108 million in 1999, and essentially comprised:
 - provisions for restructuring costs (EUR - 102 million),
 - costs relating to the introduction of the Single Currency and Y2K (EUR - 56 million),
 - the full contribution to the deposit guarantee fund (EUR - 45 million),

- payment of a subsidy to SG Vostok (EUR - 39 million).
- income on the sale of 10% of Crédit du Nord and the Banque de Tunisie, totaling EUR 128 million.

The general prudential provision (which amounted to EUR 198 million in 1998) was maintained at a similar level to that in 1998 for prudential reasons, despite the fall in commitments on emerging markets.

- Income tax amounted to EUR - 68 million in 1999 (compared with tax saving of EUR 432 million in 1998).

IMPACT OF THE SG PARIBAS PROJECT ON SOCIÉTÉ GÉNÉRALE'S 1999 FINANCIAL STATEMENTS

The provision for restructuring costs amounting to EUR 518 million (EUR 398 million after tax) was fully reversed in 1999. The cost of this operation in 1999 stood at EUR 84 million (EUR 50 million after tax).

The fiscal impact amounted to EUR - 86 million, recognizing the reversal of deferred taxes in the amount of EUR - 120 million.

The total impact of the SG Paribas project on the 1999 financial statements was EUR +348 million (compared with EUR - 398 million in 1998).

Financial statements

of Société Générale

PARENT COMPANY BALANCE SHEETS

(in millions of euros at December 31)

ASSETS	1999	1998	1997
Due from banks	66,074	67,649	82,013
Customer loans	103,260	101,646	108,876
Treasury notes, bonds and other debt and equity securities	103,630	82,529	83,165
Equity investments and investments in subsidiaries	12,703	11,179	9,713
Premises, equipment and other fixed assets	936	939	678
Accruals, other accounts receivable and other assets	84,012	51,508	31,971
Total	370,615	315,450	316,416

LIABILITIES AND SHAREHOLDERS' EQUITY	1999	1998	1997
Due to banks	85,077	90,628	101,224
Customer deposits	108,876	97,155	97,338
Liabilities in the form of securities issued	47,253	43,976	52,707
Accruals, other accounts payable and other liabilities, provisions	110,809	67,225	49,282
Long-term subordinated debt	8,259	7,599	7,515
Fund for general banking risks	366	366	366
Capital, premiums and reserves	8,330	8,046	7,563
Net income	1,645	455	421
Total	370,615	315,450	316,416

OFF-BALANCE SHEET ITEMS	1999	1998	1997
Commitments received			
Loan commitments	4,564	1,487	1,476
Guarantee commitments	13,977	10,854	9,649
Commitments on securities	4,899	3,914	2,921
Foreign exchange transactions	244,984	265,823	376,197
Commitments granted			
Loan commitments	71,966	66,907	68,083
Guarantee commitments	50,781	48,279	54,104
Commitments on securities	3,460	3,545	3,015
Foreign exchange transactions	246,966	265,247	376,197
Forward financial instrument commitments	5,060,056	4,004,177	2,531,042 *

* Figures have been restated compared with those given in the 1997 annual report.

PARENT COMPANY STATEMENTS OF INCOME

(in millions of euros at December 31)

	1999	1998	1997
Net interest and similar income	3,550	3,722 *	3,277 *
Net fee income	1,721	1,581	1,461
Net income from financial transactions	1,664	700 *	602 *
Other operating income, net	236	281	253
Net banking income and other income	7,171	6,284	5,593
Operating expenses, depreciation and amortization	(4,872)	(4,318)	(4,049)
Gross operating income	2,299	1,966	1,544
Provisions for possible losses	(564)	(1,459)	(1,063)
Gains, losses and provisions on long term investments	(247)	(97)	(31)
Income tax	(68)	432	(32)
Extraordinary items	(123)	11	3
Net income before impact of the SG Paribas operation	1,297	853	421
Recoveries of allowances on SG Paribas after deduction of related costs	348	(398)	–
Net income after impact of the SG Paribas operation	1,645	455	421

* Figures have been restated compared with those given in the 1997 and 1998 reports.

CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros)

	At Dec.31, 1998	Appropriation of 1998 income	Dividends paid	Increase in capital stock	Other	At Dec. 31, 1999
Capital stock	467	–	–	55	–	522
Additional paid-in-capital	4,628	–	–	220	–	4,848
Reserves and unappropriated retained earnings	2,951	72	–	(44)	(19)	2,960
Net income	455	(72)	(383)	–	1,645	1,645
Net worth	8,501	–	(383)	231	1,626	9,975
Fund for general banking risks ⁽¹⁾	366	–	–	–	–	366
Shareholders' equity	8,867	–	(383)	231	1,626	10,341

(1) In 1993, Société Générale created a fund for general banking risks amounting to 290 millions of euros by transfer of provisions for country risks of general nature, net of related deferred taxes. At December 31, 1996, it was increased by 76 millions of euros.

Five-year financial summary

of Société Générale

	1999 *	1998 *	1997	1996	1995
Financial position at year-end					
Capital stock (in millions of euros) ⁽¹⁾	522	467	451	419	400
Number of shares outstanding ⁽²⁾	104,330,621	102,183,148	98,681,749	91,650,327	87,428,520
Results of operations (in millions of euros)					
Gross banking and other income ⁽³⁾	20,875	22,373	18,564	16,034	15,630
Income before income tax, depreciation, amortization	2,106	2,118	2,078	1,622	1,177
Employee profit sharing	5	2	13	0	0
Income tax	68	(432)	32	192	183
Net income	1,645	455	421	692	410
Total dividends paid	647	383	316	245	213
Earnings per share (in euros)					
Income after income tax but before depreciation, amortization, provisions	19.54	24.96	20.74	15.61	11.36
Net income	15.77	4.45	4.26	7.56	4.69
Dividend paid per share	6.20	3.75	3.20	2.67	2.44
Personnel					
Number of employees	36,220	36,769	35,771	35,461	35,428
Total salaries (in millions of euros)	1,925	1,673	1,590	1,429	1,305
Employees benefits	833	742	719	687	647
(Social security and other) (in millions of euros)					

* After the impact of SG Paribas operation.

(1) In 1999, Société Générale increased its capital stock by 54.3 millions of euros with 219.7 millions of euros additional paid-in capital, as follows:
 – 8.5 millions of euros with 188.0 millions of euros additional paid-in capital was the result of employees subscribing shares under the Company's Saving Plan.

– 2.3 millions of euros with 31.7 millions of euros additional paid-up capital resulted from the exercise by employees of options granted by the Board of Directors.

– 43.5 millions of euros as part of the translation in euro of the capital stock, reclassified from retained earning.

(2) At December 31, 1999, Société Générale's capital stock consists of 104,330,621 shares of euros 5 par value.

(3) Gross banking and other income is made up of interest income, dividend income, fee income, income from financial transactions and other operating income.

List of subsidiaries and affiliates

(in thousands of euros or local currencies)

Company/Head Office		Registered capital (local currency)	Shareholders' equity other than capital (local currency)	Share of capital held (%)	Book value of shares held	
					Gross (in EUR)	Net (in EUR)
I - Information on investments whose book value is in excess of 1% of Société Générale capital						
A) Subsidiaries (more than 50% owned by Société Générale)						
Général						
29, boulevard Haussmann, 75009 Paris - France	FRF	3,366,439	9,923,565	100.00	1,910,368	1,910,368
Généfinance						
29, boulevard Haussmann, 75009 Paris - France	FRF	10,000,000	1,779,904	100.00	1,736,024	1,736,024
SG Americas Inc						
1221 avenue of the Americas - New York 10020 - USA	USD	–	1,369,900	100.00	1,330,748	1,251,336
Généfitec						
29, boulevard Haussmann, 75009 Paris - France	FRF	4,878,833	175,618	100.00	1,203,563	1,162,234
Généfimm						
29, boulevard Haussmann, 75009 Paris - France	EUR	392,340	(154,891)	100.00	651,732	549,124
SG Hambros Ltd						
Exchange House Primrose st. - London EC2A 2HT - Great-Britain	GBP	282,185	(20,831)	100.00	449,865	449,865
Soginfo						
29, boulevard Haussmann, 75009 Paris - France	FRF	1,451,891	291,827	100.00	265,797	265,797
Partifa						
29, boulevard Haussmann, 75009 Paris - France	FRF	1,425,250	(747,957)	100.00	207,709	107,531
Centre d'Affaires Paris - Trocadéro						
29, boulevard Haussmann, 75009 Paris - France	FRF	1,098,899	42,107	100.00	196,109	196,109
Société Générale (Canada)						
Montréal Québec H3B 3A7 - Canada	CAD	250,772	(16,875)	100.00	172,403	172,403
Société Immobilière 29 Haussmann						
29, boulevard Haussmann, 75009 Paris - France	FRF	750,250	3,383	100.00	114,375	114,375
Fimat Banque SA						
50, boulevard Haussmann, 75009 Paris - France	FRF	635,500	6,125	100.00	96,881	96,881
SG Securities Asia Intl Hold Ltd						
80, Robinson road, 21-00 - 688898 Singapore	USD	96,990	(31,060)	100.00	95,350	90,434
Société Générale Finance (Ireland) Ltd						
31/32 Morisson Chambers, Nassau street, Dublin 2, Ireland	EUR	77,454	10,313	100.00	84,150	84,150
Werbrow Holdings						
1 Earlsfort Centre, Hatch Street - Dublin 2 - Ireland	EUR	49,373	-	100.00	49,373	49,373
Eléaparts						
29, boulevard Haussmann, 75009 Paris - France	FRF	262,750	(56,713)	100.00	48,070	33,018
SG Asia Ltd						
42/F Edinburg Tower 15 Queen's road central - Hong Kong	HKD	400,000	(80,917)	100.00	45,042	42,941
Patriges Gracechurch						
29, boulevard Haussmann, 75009 Paris - France	FRF	180,250	(46,051)	100.00	27,479	27,479
Pt Bank SG Indonesia						
Nugra Santana building, 6th floor, J1 Jenderal Sudirman Kav. 7-8, Jakarta 10220, Indonesia	IDR	114,500,000	(54,228,048)	100.00	26,857	26,857
Société Générale Banka Prague						
Pobrezni 3 - 18600 Prague 8 - Czech Republic	CZK	774,000	83,549	100.00	23,213	23,213
Société Générale Australia Holding Ltd						
350, George Street - Sydney NSW 3000 - Australia	AUD	21,500	169,653	100.00	22,789	22,789
Géninfo						
Les Miroirs - Bt. C - 18, avenue d'Alsace 92400 Courbevoie - France	FRF	115,775	124,790	100.00	20,477	20,477
Dennington Champs-Elysées BV						
Herengracht 17, La Haye - The Netherlands	NLG	54,386	(36,360)	100.00	18,949	16,214
SG Hungaria Bank RT						
Hattvu Utca 14 - Budapest - Hungary	HUF	4,320,000	15,714	100.00	18,217	18,217

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue of the last fiscal year (local currency)	Net income (loss) for the last fiscal year (local currency)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation difference
159,241	–	1,622,840	3,497,986	398,764	
–	–	1,394,220	1,207,813	180,805	
–	–	40,000	39,774	–	capital = USD 1 EUR 1 = USD 1.0046
–	–	595,989	1,029,083	85,491	
145,894	751	34,124	50,034	–	
–	–	140,042	11,533	–	EUR 1 = GBP 0.6217
–	–	144,412	24,712	1,469	
–	–	684	31,235	–	
–	–	101,721	135,276	–	
43,554	75,711	292,621	16,377	6,351	year-end Oct. 31, 1999 EUR 1 = CAD 1.4608
–	–	43,103	10,264	1,281	
–	50,696	1,192,657	123,443	6,539	
18,167	–	122,639	12,314	–	EUR 1 = USD 1.0046
–	–	62,847	10,828	–	
–	–	3,959	3,944	4,515	
–	–	10,467	10,179	–	
–	3,235	403,195	65,802	–	EUR 1 = HKD 7.8092
–	–	59,650	(41,319)	–	
–	–	29,740,641	(833,604)	–	EUR 1 = IDR 7,097.5
–	–	3,151	2,048	–	EUR 1 = CZK 36.103
16,493	1,212,750	407,188	36,568	–	EUR 1 = AUD 1.5422
–	98	8,902	25 885	–	
–	–	6,842	2,286	–	EUR 1 = NLG 2.20371
–	2,033	567,746	(805,818)	–	EUR 1 = HUF 254.7

Parent company financial statements

(in thousands of euros or local currencies)

Company/Head Office		Registered capital (local currency)	Shareholders' equity other than capital (local currency)	Share of capital held (%)	Book value of shares held	
					Gross (in EUR)	Net (in EUR)
Réalia						
Tour Bastion, place du Champs-de-Mars 5, 1050 Bruxelles - Belgium	EUR	16,578	(7,255)	100.00	17,721	12,723
Alorfin						
29, boulevard Haussmann, 75009 Paris - France	FRF	164,850	(35,151)	100.00	15,847	15,847
SG Securities Madrid						
C/ Genova, 26 , 28004 Madrid - Spain	EUR	4,538	23,073	100.00	14,581	14,581
Sogen Singapore Merchant Bank						
30, Robinson Road 0104 - Singapore	SGD	23,300	20,023	100.00	10,922	10,922
Intersogé						
Waffenplatzstrasse 66 Zurich - Switzerland	CHF	11,320	10,485	100.00	10,111	10,111
Super Twin Dragons Ltd						
Gloucester Tower, The Landmark, 11 Pedder Street Central - Hong Kong	HKD	75,612	5,375	100.00	9,737	9,737
Société Générale Bank Nederland N.V.						
Museumplein 17 1071 DJ Amsterdam - Netherlands	EUR	7,714	537	100.00	8,042	8,042
PDI Properties Ltd						
SG House, 41, Tower Hill, London EC3N 4SG, Great-Britain	GBP	4,750	(944)	100.00	7,640	7,640
SG Transactions Services Investment Ltd						
SG House, 41, Tower Hill, London EC3N 4SG, Great-Britain	GBP	4,000	–	100.00	6,069	6,069
Génégis I						
29, boulevard Haussmann, 75009 Paris - France	EUR	192,900	3,351	99.99	196,055	196,055
Valminvest						
29, boulevard Haussmann, 75009 Paris - France	FRF	1,228,015	(167,180)	99.99	187,207	187,207
Banco Sogeral						
Rua Verbo Divino 1207, Chácara Santo Antonio, São Paulo, CEP 04719-002, Brazil	BRL	83,000	(19,359)	99.99	48,228	28,193
Patriges Villiers						
29, boulevard Haussmann, 75009 Paris - France	FRF	250,250	(56,842)	99.99	38,150	38,150
Sogé Colline Sud						
29, boulevard Haussmann, 75009 Paris - France	FRF	95,000	(5,903)	99.99	14,483	14,483
Patriges Le Levant						
29, boulevard Haussmann, 75009 Paris - France	FRF	80,250	(20,467)	99.99	12,234	12,234
Paris Espace Activités						
29, boulevard Haussmann, 75009 Paris - France	FRF	76,050	(31,404)	99.99	11,594	11,594
Patriges Le Cardinet						
29, boulevard Haussmann, 75009 Paris - France	FRF	55,000	(25,299)	99.99	8,385	8,385
Paris Espace Hôtel						
29, boulevard Haussmann, 75009 Paris - France	FRF	51,500	(11,354)	99.99	7,851	7,851
SG Asset Management						
17, cours Valmy, 92800 Puteaux - France	EUR	244,000	92,965	99.94	335,976	335,976
Société de la rue Edouard-VII						
29, boulevard Haussmann, 75009 Paris - France	FRF	74,000	8,035	99.86	59,605	12,665
Sogéfontenay						
17, cours Valmy, 92800 Puteaux - France	FRF	60,000	(24,543)	98.99	9,055	9,055
Compagnie Foncière de la Méditerranée						
29, boulevard Haussmann, 75009 Paris - France	FRF	747,583	(272,586)	98.85	154,930	74,064
Société Générale Investments (UK) Ltd						
60, Gracechurch Street EC3V 0ET Londres, Great-Britain	GBP	82,305	2,298	98.00	125,232	125,232
Sogen Finanziaria S.P.A.						
Via Olona n° 2, 20123 Milan - Italy	ITL	11,500,000	8,085,000	97.83	6,693	6,693
SG Expressbank						
36, rue Dragan Tsankov, 1040 Sofia, Bulgaria	BGN	28,530	45,173	97.95	37,241	37,241
Soge Périval IV						
29, boulevard Haussmann, 75009 Paris - France	FRF	42,000	329	95.47	6,113	6,113
Soge Périval I						
29, boulevard Haussmann, 75009 Paris - France	FRF	50,500	150	94.98	7,312	7,312
Soge Périval III						
29, boulevard Haussmann, 75009 Paris - France	FRF	49,000	468	94.83	7,095	7,095

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue of the last fiscal year (local currency)	Net income (loss) for the last fiscal year (local currency)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation difference
–	–	3,540	3,400	–	
–	–	1,680	(19,877)	–	
–	–	56,670	16,789	–	ex-SG VALORES
62,319	3,876	16,109	1,197	–	EUR 1 = SGD 1.6732 difference = 2,311
–	–	10,847	10,223	13104	EUR 1 = CHF 1.6051
–	–	8,340	5,281	969	EUR 1 = HKD 7.8092
–	–	57,003	640	–	
–	–	79	54	–	EUR 1 = GBP 0.6217
3,217	–	4,700	n/s	–	EUR 1 = GBP 0.6217
–	–	120,576	1,725	1,804	
–	–	23,313	(23,008)	–	
43,327	–	595,579	(3,279)	–	EUR 1 = BRL 1.79433
–	–	12,036	1,850	–	
–	–	14,328	1,019	–	
17,459	–	13,773	3,250	–	
7,927	–	9,743	835	–	
–	–	15,038	8,734	–	
–	–	3,296	(3,854)	–	
–	–	440,128	124,848	76,789	
–	–	1,981	1,250	575	difference = 16,509
11,860	–	11,809	(2,097)	–	
22,867	–	15,101	13,029	–	
–	–	183,636	34,862	–	EUR 1 = GBP 0.6217
405,414	170,500	1,025,229,000	875,000	–	EUR 1 = ITL 1 936.27
–	–	–	n/s	–	EUR 1 = BGN 1.95508
–	–	9,730	675	–	
–	–	10,627	756	–	
–	–	10,518	791	–	

Parent company financial statements

(in thousands of euros or local currencies)

Company/Head Office		Registered capital (local currency)	Shareholders' equity other than capital (local currency)	Share of capital held (%)	Book value of shares held	
					Gross (in EUR)	Net (in EUR)
Soge Périval II						
29, boulevard Haussmann, 75009 Paris - France	FRF	51,250	194	94.75	7,402	7,402
Crédit du Nord						
28, place Rihour, 59800 Lille - France	EUR	740,491	91,169	89.97	654,809	654,809
SA Théâtre de l'Olympia - SATO						
29, boulevard Haussmann, 75009 Paris - France	FRF	30,360	6,023	84.50	5,612	5,612
Banque de Polynésie						
Bd Pomare, BP 530, Papeete, Tahiti, French Polynesia	XPF	1,380,000	2,856,535	80.00	12,560	12,560
Banco Supervielle Société Générale						
Calle Reconquista 320/330 100 3, Buenos Aires - Argentina	ARS	50,460	37,985	75.85	44,155	44,155
BFV - SG						
14, Lalana Jeneraly Rabehevitra, Antaninarenina, BP 196, Antananarivo 101, Madagascar	MGF	70,000,000	–	70.00	7,566	7,566
SG Yugoslav Bk Dd Beograd						
STR Vladimira Popovica 3 Belgrade - Yugoslavia	YUM	107,238	–	70.00	6,403	6,403
Sogessur						
2, rue Jacques-Daguerre 92565 Rueil-Malmaison - France	FRF	170,000	(9)	65.00	34,260	7,094
Sogéparts						
29, boulevard Haussmann, 75009 Paris - France	FRF	110,000	32,652	60.00	11,253	11,253
SIFP						
29, boulevard Haussmann, 75009 Paris - France	FRF	400,950	30,349	59.45	54,658	54,658
Généfim						
29, boulevard Haussmann, 75009 Paris - France	FRF	454,871	564,981	57.62	89,846	89,846
Banque Roumaine de Développement						
A, Doamnei street, 70016 Bucarest 3, Romania	ROL	1,743,253,000	3,541,720,000	51.00	170,226	170,226
National Société Générale Bank						
10, rue Talaat Harb Street, Cairo - Egypt	EGP	180,000	128,501	51.00	8,264	8,264
Socgen Real Estate Company						
1221, avenue of the Americas, New York, NY 10020 -USA	USD	1,610,022	–	50.30	806,313	806,313

B) Affiliates (10 to 50% owned by Société Générale)

Crédit Fidelity						
Via G. Ciardi, 9 - 20148 - Milan - Italy	ITL	83,880,000	58,014,000	50.00	29,178	29,178
ITG SG Ltd						
Dublin Exchange Facility, Custom House Dock, Dublin, Ireland	GBP	9,350	–	50.00	6,858	6,858
Fimatex SA						
50, boulevard Haussmann, 75009 Paris - France	FRF	82,800	(16,549)	49.00	6,185	6,185
Société Générale Marocaine de Banques						
55, boulevard Abdelmoumen, Casablanca - Morocco	MAD	975,000	555,162	48.90	54,444	54,444
Société Générale de Banques en Côte-d'Ivoire						
5 & 7, avenue J. Anoma, 01 BP 1355, Abidjan 01 - Ivory Coast	XAF	15,333,335	22,093,000	47.36	15,796	15,796
Société Foncière Capucines-Caumartin						
29, boulevard Haussmann, 75009 Paris - France	FRF	2,423,250	(1,579,840)	46.06	170,171	65,210
Société Générale de Banques au Cameroun						
Rue Joss - Douala Cameroun	XAF	6,250,000	4,817,053	43.42	10,041	10,041
Société Générale Calédonnienne de Banque						
56, rue de la Victoire, Nouméa, New Caledonia	XPF	1,068,375	4,651,364	30.50	18,220	18,220
United Arab Bank						
Po Box 3562 Abu Dhabi - United Arab Emirates	AED	206,680	81,551	20.00	6,352	6,352
Calif						
17, cours Valmy, 92800 Puteaux - France	EUR	10,368	68,629	14.03	11,091	11,091
Crédit Logement						
50, boulevard Sébastopol, 75003 Paris France	FRF	2,892,466	254,207	13.50	61,285	61,285
Bank Muscat International						
P.O. Box 134, Ruwi 112, The Sultanate of Oman	OMR	30,000	n/c	10.37	7,928	7,928

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue of the last fiscal year (local currency)	Net income (loss) for the last fiscal year (local currency)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation difference
-	-	10,647	802	-	
-	-	1,140,866	84,916	25,909	
29	-	4,470	304	293	
-	-	5,984,803	834,791	4,030	difference = 45 EUR 1 = XPF 199.33174
197,193	40,494	119,741	(2,249)	-	difference = 178 EUR 1 = ARS 1.0046
-	-	86,621,040	10,947,837	-	EUR 1 = MGF 6,609
-	-	28,500	(5,000)	862	EUR 1 = YUM 11.375
-	-	84,683	(115,172)	-	
-	-	57,332	46,043	553	
-	-	78,664	99,999	-	
-	-	11,294	238,904	-	
-	52,132	4,789,106,000	(60,823,000)	-	EUR 1 = ROL 18,101
-	31,598	505,810	111,231	4,138	EUR 1 = EGP 3.436537
-	-	99,363	88,271	35,532	advance / divid = 26,552 EUR 1 = USD 1.0046
-	-	631,420,000	35,643,000	-	EUR 1 = ITL 1,936.27
-	-	3,463	(3,490)	-	EUR 1 = GBP 0.6217
-	-	150,263	(45,580)	-	
-	-	1,732,254	284,676	4,934	difference = 1,142 EUR 1 = MAD 10.1078
-	-	29,122,986	5,887,000	-	difference = 5,166 EUR 1 = XAF 655.957
-	-	144,439	102,549	-	
-	-	29,123,354	5,369,817	1,251	year-end June 30, 1999 difference = 1,675 EUR 1 = XAF 655.957
-	15,726	6,217,290	1,095,226	398	EUR 1 = XPF 119.33174
-	-	143,850	55,173	1,935	difference = 81 EUR 1 = AED 3.6898
-	36,451	19,740	5,977	485	
272,259	-	489,096	157,637	526	dividends of the Crédit Logement Développement Company
-	-	n/c	n/c	1,854	EUR 1 = OMR 0.3882

LIST OF SUBSIDIARIES AND AFFILIATES

(in thousands of euros)

in thousands of euros

	Book value of shares held		Unreimbursed loans and advance made by the Company	Guarantees given by the Company	Dividends received by the Company during the year	Remarks Revaluation difference
	Gross	Net				
II - Information concerning other subsidiaries and affiliates						
A) Subsidiaries not included in I						
1°) French subsidiaries	26,801	21,656	4,055	76,170	65,739	2,158
2°) Foreign subsidiaries	99,447	32,459	727	–	1,077	168
B) Affiliates not included in I						
1°) French companies	286,954	16,173	3,506	132,762	815	–
2°) Foreign companies	64,363	23,382	5,082	19,883	10,486	1,447

Report of the Statutory Auditors on the parent company financial statements

for the year ended December 31, 1999

To the Shareholders of Société Générale,

In compliance with the assignment entrusted to us by your shareholders' annual general meeting, we hereby report to you, for the year ended December 31, 1999, on:

- the audit of the accompanying financial statements of Société Générale reported in Euro currency,
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the company's financial position and its assets and liabilities as of December 31, 1999, and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

2. SPECIFIC VERIFICATIONS AND INFORMATION

We also performed the specific verifications required by law, in accordance with the professional standards applied in France.

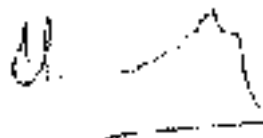
We have no comment as to the fair presentation and the conformity with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

In accordance with the law, we verified that the management report contains the appropriate disclosures as to the acquisition of shares and controlling interests and to the percentage interests and votes held by shareholders.

Neuilly-sur-Seine and Paris-La-Défense, February 24, 2000

The Statutory Auditors

BARBIER FRINAULT & AUTRES
ARTHUR ANDERSEN

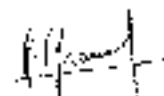


Philippe Peuch-Lestrade

KPMG-AUDIT
FIDUCIAIRE DE FRANCE



Jean-Paul Griziaux



Pascal Brouard

Common stock

MAJOR SHAREHOLDERS AT DECEMBER 31, 1999

Shareholders	% of capital ⁽¹⁾	% of voting rights ⁽¹⁾
The E Fund of Société Générale's Employees	7.34	11.15
CGU Group	6.82	6.88
BSCH	5.11	4.44
Treasury stock ⁽²⁾	4.55	–
Meiji Life	3.30	5.73
AGF	2.88	4.43
Caisse des Dépôts et Consignations ⁽³⁾	2.51	3.37
Alcatel	2.02	3.51
Peugeot	2.17	3.54
Pernod Ricard	1.20	2.09

(1) Basis for calculation of percentage of capital and voting rights at December 31, 1999:

– number of shares: 104,330,621

– number of voting rights: 119,960,327

A declaration must be made when more than 125,548,193 voting rights are held (the number published by the Financial Markets Committee on September 9, 1999).

(2) 4,749,421 shares.

(3) On behalf of the Section Générale of Caisse des Dépôts et Consignations and Caisse d'Epargne et de Prévoyance.

AMOUNT OF COMMON STOCK

At December 31, 1999, Société Générale's common stock amounted to EUR 521,653,105 and was divided into 104,330,621 shares of EUR 5 nominal value each, all eligible for dividends paid out of income earned from January 1, 1999.

AUTHORIZATIONS TO INCREASE COMMON STOCK

	Overall maximum limits	With surrender of preferential subscription rights ⁽¹⁾
Issue of securities with an immediate or deferred equity component, and/or by incorporation of reserves, unappropriated retained earnings or additional paid-in capital		
• Date of approval by the Extraordinary General Meeting	May 6, 1998	
• Duration of authorizations	26 months	
• Maximum nominal amount of increase through issue of securities	FRF 2,600,000,000 (EUR 0.4 billion)	FRF 2,600,000,000 (EUR 0.4 billion)
• Maximum nominal amount of increase through incorporation of reserves, unappropriated retained earnings or additional paid-in capital	FRF 8,000,000,000 (EUR 1.2 billion)	
• Maximum nominal amount of increase through issue of debt securities with an equity component	FRF 15,000,000,000 (EUR 2.3 billion)	FRF 15,000,000,000 (EUR 2.3 billion)

(1) limited to unused portion of overall maximum limits.

At the next General Meeting, shareholders will be asked to replace those authorizations detailed above with new authorizations, in the amounts and under the terms set by

the eleventh and twelfth resolutions (see pages 147 and 148), which shall also be valid for a period of 26 months.

CHANGES IN COMMON STOCK

Description of the operation	Date of record or completion	Change in number of shares	Total number of shares after operation	Common stock in French francs (nominal value FRF 30)	Change in common stock resulting from operation (%)
Increase through Company Savings Scheme – 1997	25.06.97	1,733,646	93,383,973	2,801,519,190	1.89
Payment of 1997 dividends in shares	08.07.97	2,129,213	95,513,186	2,865,395,580	2.28
Exercise of stock options (1 st half 1997)	08.07.97	12,357	95,525,543	2,865,766,290	0.01
Conversion of convertible bonds (1 st half 1997)	08.07.97	37	95,525,580	2,865,767,400	NS
Exercise of stock options (2 nd half 1997)	19.01.98	197,528	95,723,108	2,871,693,240	0.21
Conversion of convertible bonds (2 nd half 1997)	19.01.98	2,958,641	98,681,749	2,960,452,470	3.10
Exercise of stock options (1 st half 1998)	10.04.98	44,570	98,736,639	2,962,099,170	0.05
Conversion of convertible bonds (1 st half 1998)	10.04.98	1,489,932	100,226,571	3,006,797,130	1.51
Increase through Company Savings Scheme – 1998	10.07.98	1,855,360	102,081,931	3,062,457,930	1.85
Exercise of stock options (1 st half 1998)	10.07.98	24,372	102,106,303	3,063,189,090	0.02
Exercise of stock options (2 nd half 1998)	27.01.99	76,845	102,183,148	3,065,494,440	0.08
Conversion of capital into euros:					
			(in euros) (nominal value : EUR 5)		
Incorporation of reserves: EUR 43,584,125.27 FRF 285,893,120.63	27.01.99		102,183,148	510,915,740	
Increase through Company Savings Scheme – 1999	24.06.99	1,697,190	103,880,338	519,401,650	1.66
Exercise of stock options (1 st half 1999)	29.07.99	79,368	103,959,706	519,798,530	0.08
Exercise of stock options (2 nd half 1999)	06.08.99	16,425	103,976,131	519,880,655	0.02
	24.01.2000	354,490	104,330,621	521,653,105	0.34

Under the authorization granted to it by the Extraordinary General Meetings of May 27, 1992 and May 13, 1997, the Board of Directors during its meetings of July 22, 1992, February 16, 1994, March 15, 1995, June 19, 1996, June 25, 1997 and June 24, 1998, granted stock options to certain employees and officers. Moreover, following a recommendation by the Compensation Committee, the Board of Directors granted additional stock options on September 8, 1999.

At December 31, 1999, there were 2,243,455 options outstanding, which could result in the issue of 2,243,455 new shares representing additional nominal common stock of EUR 11.2 million (see "Stock Options" on page 8).

The Combined General Meeting of May 13, 1997 authorized the Board of Directors to carry out capital increases reserved for:

- Those Société Générale employees, and former employees who are retired or on early retirement, who are members of the Company Savings Scheme.
- Those employees, and former employees, who are retired or on early retirement, of Société Générale and of other Group companies, and who are members of the Company or Group Savings Schemes, for a maximum nominal amount of FRF 400 million. The purpose of this authorization is to enable qualifying employees to subscribe, through a mutual fund, to Société Générale shares at a price that may not be

higher than the average opening price of the share on the twenty trading days preceding the date of the Board's decision setting the opening date for the subscription, nor lower than such average reduced by the maximum discount permitted by law on the day of the Board's decision.

An initial operation had been carried out in 1998 under this authorization for a nominal amount of EUR 55.7 million, according to the decision taken by the Board of Directors on March 11, 1998, followed by a second operation in 1999, in the amount of FRF 50.9 million (EUR 7.7 million).

On February 23, 2000, the Board of Directors made use of this authorization, and decided to increase the capital stock by a total nominal amount of EUR 15 million. In accordance with the provisions of the Savings Schemes, this increase is divided into three tranches:

- One reserved for Société Générale employees, and former employees who are retired or on early retirement (EUR 13.5 million).
- The second reserved for Sogénal employees, and former employees who are retired or on early retirement (EUR 600,000).
- The third reserved for Crédit du Nord Group employees, and former employees who are retired or on early retirement (EUR 900,000).

AUTHORIZATION OF STOCK EXCHANGE DEALINGS IN OWN SHARES

The Combined General Meeting of June 4, 1999, authorized the Company to carry out sales and purchases of its own shares on the stock exchange with a view to canceling the shares, offer the shares to employees under an employee incentive scheme, in order to make acquisitions, increase treasury stock, sell or transfer the shares or regulate the market in these shares, under the conditions and limits set by articles 217-2 and following of the French law of July 24, 1966, and within the following limits:

- maximum purchase price: EUR 300,
- minimum selling price: EUR 100,
- maximum number of shares that may be purchased: 100% of total common stock.

The volume and average price of shares purchased and sold under this authorization during 1999 is indicated on page 139.

DURATION OF AUTHORIZATION

Eighteen months. The next Shareholders' Meeting, will be asked to renew this authorization under the terms defined in the fifth resolution (see page 146).

IDENTIFICATION OF HOLDERS OF BEARER SHARES (ARTICLE 6 OF THE BY-LAWS)

The Company may, at any time, in accordance with current laws and regulations, request the organization in charge of clearing transactions on its shares to provide it with any information relating to those shares and other securities which confer on their owners an immediate or deferred voting right at shareholders' meetings and to the holders of such shares and securities.

INFORMATION ON THE PORTION OF CAPITAL HELD BY EMPLOYEES UNDER THE COMPANY AND GROUP SAVINGS SCHEMES

In accordance with article 157-2 of French law number 66-537 of July 24, 1966, it is hereby declared that at December 31, 1999, employees of Société Générale and of Société Générale Alsacienne de Banque (Sogénal) and Crédit du Nord held a total of 8,024,846 of Société Générale's shares, representing 7.69% of common stock, through the mutual fund created under the Société Générale Company and Group Employee Savings Schemes.

AGREEMENTS BETWEEN SOCIÉTÉ GÉNÉRALE AND ITS SHAREHOLDERS

In the information notice submitted by Société Générale in April 1999 in response to that published by BNP under the public share exchange offer made for Société Générale shares, details were given on two agreements concerning the Group.

The agreements can be summarized as follows:

An agreement was signed on June 27, 1997, between the Pernod Ricard Group and Société Générale concerning the management of some of the two Groups' holdings. According to this agreement, Santa Lina, a non-listed subsidiary of Pernod Ricard, granted Société Générale a preferential right to the 1,393,901 Société Générale shares it holds (equal to 1.36% of capital), if Santa Lina should decide to dispose of these shares. This preferential right takes the form of an option to buy the aforementioned shares, granted to any person designated by Société Générale.

Moreover, this agreement stipulates that, in the event of a public offer for Société Générale shares, the aforementioned preferential right would become null and void. In this case, Santa Lina must inform Société Générale of its decision whether or not to tender its Société Générale shares to the offer within 48 hours of the declaration of the admissibility of the public offer. Should Santa Lina decide to tender its shares in Société Générale, the latter will have a fixed period in which to present a person who undertakes to acquire Société Générale stock held by Santa Lina at the best offer price. This period begins on the first stockmarket trading day on which any counter-offers or higher bids would no longer be admissible, and expires two trading days before the closure of the best offer.

On March 1, 1996, Société Générale concluded an agreement with Peugeot SA, renewable by tacit agreement for two years from December 31, 1997, relating to the management of the reciprocal holdings of Société Générale in Peugeot SA and of Peugeot SA in Société Générale. This agreement is still in force, since it was tacitly renewed until December 31, 1999.

According to the terms of this agreement, Peugeot SA is committed to retain its holding in Société Générale of 1,697,551 shares (1.66% of capital), until the agreement expires. Furthermore, Peugeot SA has granted a preemptive right on any preferential subscription rights that Peugeot SA may wish to sell in the event of an increase in Société Générale's capital to a third party designated by Société Générale. Peugeot SA

also granted a pre-emptive right to any third party designated by Société Générale for shares which remain in its possession for five years following the expiry of the agreement.

In the event of a public offer, should Peugeot SA wish to tender the shares it holds to the offer (including any counter offer or higher bid), it must inform Société Générale within two days of the announcement by the CMF (the French Financial Market Authority) of the admissibility of the aforementioned offer. In this case, Société Générale will have a preemptive right to these shares, through any designated third party, at the price of the most recent offer or counter-offer. Société Générale must inform Peugeot SA at the latest two days before the closure of the offer.

These partnership agreements contain similar provisions relating to part of Société Générale's direct or indirect holdings in Pernod Ricard and Peugeot SA. Société Générale holds 11.4% of Pernod Ricard's capital and 3.7% of Peugeot SA's capital.

Société Générale's Directors were informed of the general terms of these agreements on April 16, 1999, as were those people identified in article 4 of regulation number 89-03 of the French Securities and Exchange Commission.

These agreements were still in force at December 31, 1999.

Major changes

in the investment portfolio in 1999

In 1999, the following transactions affected Société Générale's investment portfolio:

OUTSIDE FRANCE

PARTICIPATION IN THE CREATION OF

Société Générale Algérie – MTS Amsterdam – SG Americas Inc (following the integration of Société Générale Financial Corp., Société Générale Capital Holding Corp. and SG Cowen Securities Corp.) – SG Transactions Services Investment Ltd.

ACQUISITION OF EQUITY IN

BFV SG – Société Générale Tchadienne de Banque – Banca Commerciale Italiana (BCI) – Banca Intesa (following the public exchange offer for BCI) – SG Expressbank – Romanian Development Bank – Dexia.

INCREASE OF INTEREST IN

United Arab Bank (PDA) – Swift – PT Bank SG Indonésie – BSSG – Société Générale Marocaine de Banques – Société Générale de Banques au Cameroun – Société Générale de Banques en Côte-d'Ivoire – Société Générale de Banques au Sénégal – Société Générale de Banques en Guinée – Banco Sogeral – Banque Société Générale Vostok.

SUBSCRIPTION TO CAPITAL INCREASES

ITG SGL – CLS Services Ltd – Investima – Banque de Tunisie – PT Bank SG Indonésie – SG Asia Credit Plc Ltd – SG Hungaria Bank – SG Securities Asia International Holdings Ltd – SG Americas Inc.

DISPOSAL OF TOTAL INTEREST IN

Crosby US Holdings Ltd – Banque de Tunisie – SG Immobilien GmbH – Old Grange Ltd – Société Générale Financial Corp., Société Générale Capital Holding Corp. and SG Cowen Corp. (following an investment in SG Americas Inc.).

PARTIAL DIVESTMENT IN

Sogener – Long Term Capital VI Ltd (LTCP) – Banca Commerciale Italiana (BCI) (following public offer by Banca Intesa).

IN FRANCE

PARTICIPATION IN THE CREATION OF

La Billettique Monétique Services «BMS» – GIEIRPCE.

ACQUISITION OF EQUITY IN

Cerip France – Société Foncière Lyonnaise (by the conversion of bonds) – Crédit Logement (following the integration of Crédit Logement Développement).

INCREASE OF INTEREST IN

Société Générale Calédonienne de Banque – Banque de Polynésie – Géninfo – Société Financière du Porte-Monnaie Electronique Interbancaire (SFPMEI) – Gécina (following the integration of Séfimeg).

SUBSCRIPTION TO CAPITAL INCREASES

Cyber-Comm – Crédit Logement Développement – Siparex (PDA) – Sogessur – Mandilac – Fimatex – Société Financière du Porte-Monnaie Electronique Interbancaire (SFPMEI).

DISPOSAL OF TOTAL INTEREST IN

Sobaimon – Garages Souterrains du VIII^e arr. – Génébail – Bertrand Faure – Sérec Créteil – Sofregaz – Séfimeg (following the exchange for Gécina) – GOBTP – Crédit Logement Développement (following the takeover by Crédit Logement) – Cavisa – Transmédia.

PARTIAL DIVESTMENT IN

SCI Le Fleurus – C.R.H. – TF1 –Soginfo (following a reduction in capital) – Crédit du Nord – Sté des Garages Souterrains Haussman Mogador.

In accordance with Article 356 of the law of July 24, 1966, the following table summarizes the significant movements in Société Générale's investment portfolio in 1999.

Increasing				Decreasing			
Declaration threshold	Company	% of capital		Declaration threshold	Company	% of capital	
		Dec.31, 99	previously			Dec.31, 99	previously
5%	Société Financière du Porte-Monnaie			5%	Transmédia	0.00	10.00
	Electronique Interbancaire (SFPMEI)	9.09	0.09		Sérec Créteil	0.00	10.00
	Société Foncière Lyonnaise	7.30	0.00		Banque de Tunisie	0.00	10.00
10%					Sobaimon	0.00	5.83
	La Billettique Monétique Services "BMS"	20.00	0.00	10%	Crédit Logement Développement	0.00	11.71
	Crédit Logement	13.48	0.00				
20%				20%			
	Société Générale Calédonienne de Banque	30.50	10.00	33%	Crosby US Holdings Ltd	0.00	49.02
	Société Générale Tchadienne de Banque	30.00	0.00				
33%	Cerip France	34.00	0.00	50%	Génébail	0.00	100.00
					SG Cowen Securities Corp.	0.00	100.00
50%	Banco Sogeral	100.00	36.82		Société Générale Capital Holding Corp.	0.00	100.00
	SG Americas Inc	100.00	0.00		Société Générale Financial Corp.	0.00	100.00
	SG Transactions Services Investment Ltd	100.00	0.00		Old Grange Ltd	0.00	100.00
	S G Expressbank	97.95	0.00		SG Immobilien GMBH	0.00	100.00
	BFV SG	70.00	0.00				
	Société Générale Algérie	60.99	0.00				
	Romanian Development Bank	51.00	0.00				
	Banque Société Générale Vostok	50.01	0.00				

Activities

of principal subsidiaries and affiliates*

*The figures shown below (in millions of euros) are taken directly from each company's own individual or consolidated financial statements.

I – RETAIL BANKING

A – NETWORK BANKING

1. MAINLAND FRANCE

CRÉDIT DU NORD GROUP (90%)

Integrated into the Société Générale Group in 1997, the Crédit du Nord Group is the Société Générale Group's second domestic retail banking network.

In 1999, the Crédit du Nord Group saw continued strong growth in income, confirming the recovery begun in 1997. This growth is essentially based on a successful sales strategy reflected in a 5.7% increase in net banking income between 1998 and 1999. This dynamic sales drive is mainly reflected in growth in the customer base. The number of individual customer sight accounts increased by 3.7%, while the portion of customers holding more than three Crédit du Nord products rose to 58%. Outstanding sight deposits rose by +11.8% on average in 1999, and outstanding loans rose by 7.2%, on the back of the growth in loans to individual customers. Alongside this 5.7% increase in net banking income, operating expenses increased slightly, by 2.3%, essentially due to the impact of adjustments to the Group's accounting principles. Excluding this impact, operating expenses would have risen by +1.4%. Gross operating income was up sharply, rising by 16.9%, continuing the positive trend begun in 1998. The cost-to-income ratio came out at 73.9%, a 2.5 point improvement on 1998. Banking risks were tightly controlled, with provisioning down by 6.5%, now at 0.50% of outstanding loans. Pre-tax income rose by 26.7% against 1998, which had already registered growth of 47.1% over 1997. After extraordinary items, which notably include expenses related to the second stage in EMU in 2002 and deferred taxes, the Crédit du Nord Group's net income, after minority interests, amounted to EUR 119 million, compared with EUR 109.5 million in 1998. The Crédit du Nord Group and the Dexia Group signed a partnership agreement which was reflected in the acquisition of a 10% holding by Crédit Local de France in late December 1999, to be followed by the acquisition of a 10% holding by Crédit Communal de Belgique in early 2000.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income*	Employees
Dec. 31, 97	20,612	756.0	11,907	11,290	99.2	8,009
Dec. 31, 98	18,665	863.7	11,839	11,712	109.5	7,824
Dec. 31, 99	20,229	956.2	12,199	12,694	119.0	7,822

*Group equity and net income after minority interests.

SOCIÉTÉ GÉNÉRALE ALSACIENNE DE BANQUE – LEGAL ENTITY (100%)

Customer deposits amounted to EUR 2.19 billion at December 31, 1999, compared with EUR 1.93 billion at December 31, 1998, a rise of 13.6%. This increase results from both the growth in sight deposits (+16.2%), which amounted to EUR 0.73 billion at December 31, 1999, compared with EUR 0.63 billion at December 31, 1998, and that in special savings schemes (+7.5%), which amounted to EUR 1.13 billion at year-end 1999, compared with EUR 1.05 billion the previous year. Outstanding customer loans amounted to EUR 2.2 billion at December 31, 1999, compared with EUR 2.09 billion at year-end 1998 (+5.1%), reflecting sustained growth in new loans to individual customers, notably mortgage loans. Corporate loans remained flat, with slower demand for short-term loans offset by growth in equipment loans. Net banking income amounted to EUR 187.9 million at December 31, 1999, up by 18.3% (+EUR 29.1 million). Dividend income accounted for EUR 22.9 million of this increase, including EUR 14.2 million from SGBT and EUR 7.7 million from Sogéfinal, Sogéfinancement and Sogénal Participations. Excluding dividends, net interest income and income on financial transactions rose by EUR 2 million (+2.3%). Against the backdrop of a decline in the intermediation spread due to strong competitive pressure on producer loan rates, this reflects the strong growth in deposits and loans. Net fee and commission income and other operating income amounted to EUR 54.2 million at December 31, 1999, up by 8.4% (EUR +4.2 million) in relation to the previous year. Operating expenses were limited to EUR 102.7 million at December 31, 1999, compared with EUR 101.3 million at December 31, 1998. Gross operating income rose sharply by

48.3% to EUR 85.2 million, compared with EUR 57.4 million at year-end 1998. Given the favorable growth in gross operating income and tight control of the cost of risk (EUR 4.7 million), which fell by 7.8%, net income after tax amounted to EUR 57.2 million at December 31, 1999, compared with EUR 37.5 million at December 31, 1998.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	3,598	402.5	1,857	2,033	32.1	1,271
Dec. 31, 98	3,744	410.9	1,925	2,092	37.5	1,247
Dec. 31, 99	3,990	455.0	2,186	2,199	57.2	1,228

2. OUTSIDE MAINLAND FRANCE

FRENCH OVERSEAS DEPARTMENTS AND TERRITORIES

SOCIÉTÉ GÉNÉRALE DE BANQUES AUX ANTILLES (100%)

In 1999, SGBA followed an active sales policy in deposits and loans, and launched new commission-generating products. However, the deterioration in conditions, essentially related to changes in lending rates and high costs due to the specific nature of overseas territories, led to a sharp drop in the intermediation spread. As a result, net income came out only slightly positive.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	195	5.5	111	159	0.60	118
Dec. 31, 98	216	7.2	129	171	0.90	122
Dec. 31, 99	232	7.2	137	185	0.03	127

SOCIÉTÉ GÉNÉRALE CALÉDONIENNE DE BANQUE (100%)

The main event of 1999 was the acquisition of Westpac's local branch, which reinforced SGCB's position in the deposits and loans market. IT systems were rapidly integrated, enabling sales efforts to be intensified and generating productivity gains. A partnership was signed with Casden, a civil servants' bank.

The cost of the merger weighed heavily on results for the period, though the bank's ROE came out at 18%.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	343	32.3	270	314	6.9	148
Dec. 31, 98	390	34.6	310	352	6.0	148
Dec. 31, 99	716	55.5	569	583	7.1	327

BANQUE DE POLYNÉSIE (80%)

As in New Caledonia, 1999 was marked by the acquisition of Westpac's activities, which doubled the size of the bank, and by the signing of a partnership with Casden (civil servants' bank, with 15,000 prospective customers in the territory). This acquisition did not weigh on sales activities, which continued to be developed. Despite restructuring costs, net income rose by 30% to EUR 7 million.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	345	24.7	290	237	3.0	157
Dec. 31, 98	351	27.6	292	278	5.6	161
Dec. 31, 99	657	43.8	574	484	7.0	325

OUTSIDE FRANCE

BANCO SUPERVIELLE SOCIÉTÉ GÉNÉRALE (ARGENTINA) (98.8%)

In 1999, BSSG launched a program to develop its retail banking activities, notably through the opening of twelve new branches and the introduction of a call center. Customer deposits and loans are already up sharply.

Against a backdrop of strong competition, net banking income rose by 8% in relation to 1998. However, the deep recession in Argentina combined with uncertainties in the run-up to elections have been reflected in a sharp rise in provisioning for commercial risks. Coupled with the cost of investments, this resulted in a net loss for the bank of EUR 2.1 million.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	622	75.2	471	383	0.2	721
Dec. 31, 98	805	70.7	530	413	4.7	808
Dec. 31, 99	1,057	85.8	701	599	(2.1)	955

SOCIÉTÉ GÉNÉRALE DE BANQUES EN CÔTE-D'IVOIRE (47.4%)

Due to the sharp growth in commissions on banking services, which cover 72% of total operating expenses, the gradual control of the cost of risk and a successful sales drive targeted at large traditional customers, SGBCI was able to overcome the following challenges in 1999:

- the slowdown in growth from 6.50% to 4%,
- the slide in cocoa and coffee bean prices and the reduction in related loans,
- difficulties encountered in updating its IT system to a Y2K-compliant banking software package.

Net income amounted to EUR 9.5 million, more than twice that of 1998. Recent political events had no impact on the bank's growth.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	729	51.8	554	550	5.4	1,033
Dec. 31, 98	689	56.0	533	512	4.2	925
Dec. 31, 99	753	65.5	506	487	9.5	941

NATIONAL SOCIÉTÉ GÉNÉRALE BANK SAE CAIRO (51%) (EGYPT)

In a difficult economic environment (rareness of the dollar and high interbank rates), NSGB continued its growth while further increasing its profitability. The sales network was reinforced (two new branches opened) and means and products for individual customers – the bank's major development axis – are now in place.

In local currency, loans rose by 15% and deposits by 25%. Improving margins saw net banking income rise to 21%, while overheads were controlled (+9%). Despite local tax increases, net income rose by 20%.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	1,097	79.6	661	600	21.3	324
Dec. 31, 98	1,049	84.9	699	637	24.3	363
Dec. 31, 99	1,371	122.0	1,034	860	30.3	421

SOCIÉTÉ GÉNÉRALE LIBANO-EUROPÉENNE DE BANQUE (50%)

In a relatively sluggish economic environment, SGLEB continued its sales development by focusing its efforts on individual customers, while reinforcing its presence among large corporates.

In this environment, SGLEB was able to maintain its profitability, with ROE of 15%. Moreover, the bank acquired

a 51% holding in Fidus, the leading Lebanese brokerage firm, which generated income in excess of USD 3 million in 1999 and will be consolidated in 2000.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	1,450	63.3	1,301	530	19.5	657
Dec. 31, 98	1,624	72.1	1,383	560	17.6	681
Dec. 31, 99	1,896	95.6	1,654	717	14.1	671

SOCIÉTÉ GÉNÉRALE MAROCAINE DE BANQUES (48.9%)

Against an unfavorable background, marked by sluggish industrial investment and intense competition in the banking sector which reduced margins, Société Générale Marocaine de Banques registered a satisfactory performance in 1999, under its development policy targeting private customers. Due to a 10% increase in deposits, notably resulting from the 20% increase in private accounts and sight deposits, and an increase in loans of nearly 12% (+34% in loans to individual customers), and particularly through a sharp increase in service commissions, net banking income rose by 16.9% in 1999, to more than 1.2 billion dirhams. Despite the 13.7% increase in operating expenses, due to the sizeable investments made since 1998 (19 new branches opened and nearly 250 people recruited), SGMB's cost-to-income ratio improved by 1.5 point to 48% and gross operating income after provisioning amounted to 456 million dirhams, up by 28.6% in relation to 1998. In the absence of extraordinary items, the subsidiary's net income in local currency rose by 6.1% to nearly 290 million dirhams (EUR 27.8 million).

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	1,568	171	1,048	842	23.6	1,641
Dec. 31, 98	1,695	180	1,094	919	25.5	1,772
Dec. 31, 99	1,947	201	1,299	1,107	27.8	1,888

ROMANIAN DEVELOPMENT BANK (51%)

In March 1999, Société Générale acquired a 51% holding in the Romanian Development Bank following its privatization. The bank employs 4,500 people in 191 branches throughout the country.

In an uncertain environment (high inflation, falling GDP), the Romanian Development Bank registered a satisfactory performance, marked by:

- the growth in individual customers, confirmed by the 100,000 new customers and the launch of a full range of electronic payment solutions (40,000 cards issued within the space of three months),

- the continuation of a selective policy for developing activity, with growth in outstanding deposits and loans of 25.2% and 28.8% respectively (figures adjusted for inflation).

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income*	Employees
Dec. 31, 97	—	—	—	—	—	—
Dec. 31, 98	—	—	—	—	—	—
Dec. 31, 99	1,268	209	936	872	46	4,428

* Local statement.

SOCIÉTÉ GÉNÉRALE DE BANQUES AU SÉNÉGAL (43.5%)

Throughout 1999, SGBS actively continued its modernization program. The bank continued to enjoy a positive environment, though competition intensified with the growth of new market participants. Efforts were particularly focused on developing the private customer base and transactions generating fee and commission income. In this context, an agreement was reached with Western Union (rapid money transfers) and a network dedicated to this partnership was installed at the end of the year.

Due to the high levels of activity and new productivity gains enabling costs to be limited, net banking income and gross operating income registered satisfactory growth. Despite a still high cost of risk, net profits increased by 31% in relation to 1998.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	298	14.9	231	205	3.1	405
Dec. 31, 98	325	18.7	237	208	4.7	392
Dec. 31, 99	355	23.7	239	220	6.2	381

B – SPECIALIZED SUBSIDIARIES

1. SPECIALIZED LOANS

FRANFINANCE GROUP (100%)

New finance granted by the Franfinance Group amounted to EUR 2.5 billion, up by nearly 20% in relation to 1998.

New finance for individual customers amounted to EUR 1.02 billion, up by 9% against 1998. Almost half of this finance was sold by sales representatives, and half stemmed from personal loans. New corporate finance amounted to EUR 1.43 billion, up by nearly 30% in relation to 1998. Finance granted in France increased by 19% to EUR 1.1 billion, while finance granted by the Group's recently-created European offices increased by 80% to EUR 0.33 billion.

Outstanding loans increased by nearly 17% and high margins led to a sharp increase in net banking income. Against the backdrop of strong growth in sales and IT investments, net income came out at the same level as in 1998.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	2,858	221.6	—	2,773.0	27.7	890
Dec. 31, 98	3,205	242.6	—	3,105.7	36.4	944
Dec. 31, 99	3,795	261.5	—	3,431.1	35.5	1,008

COMPAGNIE GÉNÉRALE D'AFFACTURAGE (CGA) (100%)

Factoring partnerships concluded in 1999 will alter the French market. In a rapidly changing environment, sales production developed strongly (+35%) and the volume of business handled by CGA increased by 39%, after two years of stable activity. Despite a further fall in service and finance fee and commission income, net banking income rose by 10%. Net income amounted to EUR 1.5 million, unchanged against that for 1998, due to tight control of operating expenses and risk.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	464	13.2	—	461	1.7	125
Dec. 31, 98	748	14.6	—	745	1.5	137
Dec. 31, 99	779	16.1	—	776	1.5	138

CGI GROUP

COMPAGNIE GÉNÉRALE DE LOCATION D'EQUIPEMENTS - CGL (84.6%)

CGI Group registered a 22.8% increase in new loans in 1999, with all markets rising sharply. Motor vehicle finance soared by 19.3% (+21.2% for new vehicles and +16% for used vehicles) and the pleasure boat market picked up sharply (+49.7%).

In this context, outstanding loans increased significantly (+9.4%). Group net income amounted to EUR 12.5 million, down slightly in relation to the previous year (-6%), notably due to provisioning on a major borrower default.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income*	Employees
Dec. 31, 97	1,600	71.1	—	1,523	9.2	555
Dec. 31, 98	1,571	84.4	—	1,486	13.3	558
Dec. 31, 99	1,795	96.2	—	1,625	12.6	545

*Group net income.

**SOCIÉTÉ FINANCIÈRE POUR LE CRÉDIT-BAIL
(SOFINABAIL) (100%)**

Sofinabail stopped its commercial activity in 1999.

New equipment lease finance amounted to EUR 135.5 million in 1999.

Net income amounted to EUR 11.4 million.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	656	66.5	–	601	(6.8)	–
Dec. 31, 98	799	61.0	–	652	(5.5)	–
Dec. 31, 99	788	72.4	–	458	11.4	–

SOGLEASE FRANCE (100%)

Soglease began activity during the first half of 1999 as Sofinabail stopped trading. Its activity consists in providing equipment lease finance to Société Générale Group's corporate customers.

New finance amounted to EUR 347.6 million, essentially in the second half of the year.

Net income for 1999 was insignificant due to the start-up period.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 99	386.7	29.0	–	345.3	(2.3)	–

CRÉDIT FIDITALIA (50%)

On an active market, new loans granted by Fidelity rose by 39.3% in 1999 to EUR 1,520 million. The majority of the company's sectors of activity performed well (motor vehicle, motorcycle and furniture finance). The company took advantage of its substantial customer base to develop customer loyalty, which will remain a key area of development in 2000. During 1999, Fidelity was selected by the UniCredito Italiano Group to design and manage a credit card to be distributed to the Italian Group's customers.

The continued growth in outstanding loans in an increasingly competitive environment, was reflected in a further increase in net banking income, which enabled the company to continue its investment in technology and to adapt its structures to the growth in activity while ensuring a rise in gross operating income. Due to the growth in gross operating

income and a fall in the cost of risk, net income rose sharply to EUR 18.4 million.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	1,086	50.8	–	1,051	9.8	372
Dec. 31, 98	1,272	60.3	–	1,231	13.5	472
Dec. 31, 99	1,776	74.4	–	1,717	18.4	571

2. INSURANCE COMPANIES**SOGÉCAP (100%)**

After a 1998 financial year marked by a general contraction in the life-insurance market, Sogécap – the Société Générale Group's life insurance and funded pension scheme subsidiary – registered growth in sales of nearly 20% in 1999, compared with 15% for the market as a whole. With a 50% increase new money on unit-linked policies, Sogécap reinforced its leading position in this segment of activity, which now accounts for 65% of its production. The company's benchmark products won many awards in 1999: an award for innovation for Hévée, first prize in multi-vehicle life insurance contracts for Séquoia, an award for best risk-profiled management for Séquoia Dynamique, etc. On the company insurance segment (company retirement schemes and end-of-service awards), Sogécap recorded inflows of nearly EUR 121 million from major French companies, a rise of 26% on 1998.

Against this backdrop of sharp growth in new money, assets under management rose by 17.1% to EUR 26.0 billion. The portion of unit-linked policies accounted for 38% of provisioning, compared with 30% at year-end 1998. Growth in activity and volumes under management, combined with a bullish financial market, led to a sharp growth in net income after tax, which rose by 45% to EUR 91.4 million. Sogécap's net profitability, measured in ROE, stood at 21.3% in 1999, compared with 14.9% in 1998.

Sogécap's life-insurance subsidiary in Luxembourg also expanded in 1999, with sales up by 25% to EUR 153 million. After three years in activity, the Luxembourg subsidiary broke even in 1999, with assets under management totaling EUR 372 million.

Year end	Total assets	Equity before appropriation	Provisions	Sales*	Net income	Employees
Dec. 31, 97	20,858	551	19,381	3,628	67.7	220
Dec. 31, 98	23,675	648	22,231	2,776	62.8	241
Dec. 31, 99	27,634	719	26,036	3,324	91.4	273

*Fee and commission income.

SOGESSUR (65%)

In 1999, nearly 104,000 new policies were signed, three times the number sold in 1998. Motor vehicle insurance accounted for 33% of total policies. Two sales drives pushed up the average number of new subscriptions per month, notably the launch of a new home insurance policy under which goods are replaced on a “new for old” basis.

Sales (gross premiums paid) before reinsurance amounted to EUR 14.5 million. The portfolio is comprised of 125,000 policies, with annual subscription fees totaling EUR 28.5 million. The number of claims was affected by the hurricane that hit France in December. The ratio of claims to total receipts stood at 118% after reinsurance.

The operating margin was low in 1999, the first year of the company’s industrial development. Overheads relating to investment were controlled, but account for a substantial portion of the deficit. The company registered an operating loss of EUR 17.5 million.

Year end	Total assets	Equity before appropriation	Provisions	Sales*	Net income	Employees**
Dec. 31, 97	16	11.9	–	0.3	(9.4)	98
Dec. 31, 98	23	11.5	–	3.9	(12.6)	121
Dec. 31, 99	42	8.3	–	14.5	(17.5)	158

*Fee and commission income.

**Total employees including service providers.

3. OTHER

PAREL (100%)

Parel – the market leader in multi-clearing activities in Paris – benefited from an exceptional year on the stockmarket, and saw its customer base increase, notably with brokers based outside France.

Net income amounted to EUR 3.7 million at year-end 1999, up by 40% in relation to the previous year.

Year end	Total assets	Equity before appropriation	Deposits	Sales*	Net income	Employees
Dec. 31, 97	344	12.9	–	18.3	2.4	50
Dec. 31, 98	383	13.2	–	15.4	2.7	50
Dec. 31, 99	1,489	14.4	–	15.7	3.7	51

*Fee and commission income.

II – CORPORATE AND INVESTMENT BANKING

A – INVESTMENT BANKING

1. EQUITY AND ADVISORY

SG SECURITIES PARIS (FORMERLY SGE DELAHAYE) (99.90%)

SG Securities Paris is active in equity and convertible bonds brokerage.

The 1999 financial year was marked by the successful changeover to the Single Currency and by another bullish year on the stockmarket. The Paris Bourse took off on the back of the new currency, with volumes up by 25% in the first quarter. SGSP took advantage of the experience of its European sales team and its top-tier research to maintain its position among the leaders on the equity markets. This strength, coupled with increased investor confidence in the equity market and underpinned by the rise in European indices, placed the company in a strong position on European stocks.

Activity on convertible bonds also experienced an exceptional year on the primary market. The “Océane” convertible bond issue lead-managed on behalf of Vivendi was a benchmark issue in terms of both its size and the complexity of the transaction. This issue won several financial awards for SG Securities Paris, including IFR’s *European Equity-linked House of the Year* award, and was followed by a second tranche amounting to EUR 4 billion. Proprietary trading also registered a strong performance, as in 1998. The subsidiary’s results are now highly recurrent, based on thorough analysis and tight daily control and management of risk.

Year end	Total assets	Equity before appropriation	Deposits	Sales*	Net income	Employees
Dec. 31, 97	305	9.0	–	91.4	18.7	99
Dec. 31, 98	671	9.0	–	156.9	48.3	119
Dec. 31, 99	721	9.0	–	154.5	24.9**	112

*Fee and commission income.

** 1999 net income was calculated using a new method to value trading securities, as required by the French Banking Commission. Applying the same methods to the results for 1997, 98 and 99 produces the following figures: EUR 14 million, EUR 37 million and EUR 42 million.

SOCIÉTÉ GÉNÉRALE SECURITIES (LONDON) LIMITED (“SGSL”) (100%)

After integrating the Group’s London activities on emerging markets in late 1998, SGSL now manages most equity activities in London, notably brokerage, proprietary trading, and equity derivatives.

Progress begun in 1998 was consolidated in 1999, with all activities performing well, in particular derivatives activities. Consequently, SGSL registered a substantial increase in fee and commission income and net income in relation to 1998.

Year end	Total assets	Equity before appropriation	Deposits	Sales*	Net income	Employees
Dec. 31, 97	2,934	81.0	–	42.2	(3.2)	333
Dec. 31, 98	2,434	73.4	–	49.0	28.2	386
Dec. 31, 99	4,828	113.7	–	93.2	39.8	582

*Fee and commission income.

SG COWEN (100%)

The results for SG Cowen were affected by the following factors in 1999:

- lack of investor interest in one of its key areas of expertise, healthcare,
 - a high yield spread between High Yield Bonds and government securities, which dampened trading activity and slowed origination,
 - tensions over the remuneration of advisory bankers in the United States, which weighed on overheads.
- However, several initiatives taken in 1999 should remedy the situation in 2000:

- a recruitment drive in Investment Banking (coverage and research),
- a sharp reduction in costs relating to support functions.

Despite the satisfactory performance of fixed income, secondary equity market and M&A businesses, SG Cowen booked a loss for the second successive year. This loss is nevertheless lower than that recorded in 1998, bearing in mind that when adjusted for changes in accounting methods, SG Cowen has only existed since July 1998, and that almost all the losses booked in 1998 were generated in the second half of the year.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	NC	NC	NC	NC	NC	NC
Dec. 31, 98	35,573	922	379	471	(185.2)	2,176
Dec. 31, 99	39,830	1,087	230	611	(219.0)	1,922

NC: Not comparable.

SG SECURITIES ASIA (100%)

SGSA entered the black for the first time in 1999 after registering losses for seven successive years. The effects of the economic crisis which weighed on 1998 results began to fade in the second quarter of 1999. The brokerage business

benefited from improved market conditions through the rise in share prices and growth in volumes. Strong growth in the derivatives activity confirmed SGSA's position as leader in the region. Operating costs were tightly controlled, and came out lower than in 1998. In December, SG Paris injected additional capital into the subsidiary in the amount of EUR 91 million.

Year end	Total assets	Equity before appropriation	Deposits	Sales*	Net income	Employees
Dec. 31, 97	253	13.2	–	81.6	(47.6)	723
Dec. 31, 98	96	(23.1)	–	53.8	(50.8)	617
Dec. 31, 99	238	77.1	–	80.3	10.9	378

*Fee and commission income.

SGSNP (100%)

A wholly-owned subsidiary of SG Cowen Securities, SGSNP is present on the Tokyo and Osaka stock exchanges and on the Tiffe as an equity and derivatives broker. The last stage in the deregulation of the Japanese financial markets came into force on October 1, 1999. While the economic environment remained difficult in Japan, the stockmarkets picked up, with the Nikkei index closing 40% higher at year-end 1999 than at year-end 1998. The yen also rose by around 25% over the year. Fee and commission income increased, but income from trading activities and operating costs limited net income to levels seen in 1996 and 1997.

Year end	Total assets	Equity before appropriation	Deposits	Sales*	Net income	Employees
Dec. 31, 97	1,581	102.6	–	45.6	1.7	192
Dec. 31, 98	2,061	162.2	–	63.3	9.1	240
Dec. 31, 99	1,602	212.5	–	75.6	2.4	264

*Fee and commission income.

SG FRANKEL POLLAK SECURITIES (51%)

Since the end of 1996, Société Générale has held a 51% stake in SGFP Securities. This subsidiary, with a network of eight branches and a portfolio numbering some 40,000 customers, is among the three leading South African retail brokers. In 1999, SGFPS's income fell slightly compared with 1998, notably due to the sluggishness of the market during the first half of the year. With fee and commission income of around EUR 14 million, the subsidiary almost broke even. Gross operating income amounted to EUR – 0.2 million, and the net loss after amortization of goodwill related to Société Générale's acquisition in 1996 totaled EUR – 1.7 million. At the end of 1999, the Group decided to sell SGFP Securities

to a local broker. Société Générale will continue to manage brokerage activities for institutional investors.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	52	(1.5)	–	–	(1.5)	210
Dec. 31, 98	38	0.8	–	–	0.3	226
Dec. 31, 99	14	0.8	–	–	(1.7)	200

SG ASIA (100%)

SG Asia was reorganized in 1998 and used its expertise in products and its position on the market to take advantage of the recovery in Asia in 1999. The subsidiary developed its activities in fixed-income issues, interest rate derivatives, credit derivatives, securitization and project finance. In credit derivatives, SG Asia was ranked in first and second place in structured products and credit default swaps in the region by Asia Risk Magazine. The company registered a profit, despite provisioning on Indonesian projects (already covered by general provisions booked in 1997-98).

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	889	53.5	–	–	4.7	129
Dec. 31, 98	414	60.8	–	–	(29.4)	83
Dec. 31, 99	564	66.7	–	–	8.7	79

Including business carried out through SG Asia and Singapore since 1996.

2. DEBT, CURRENCIES AND COMMODITIES

FIMAT GROUP (100%)

Fimat – a broker on the world's leading financial and commodity derivatives markets – registered a very high level of activity in 1999.

Volumes traded on the world's derivatives markets were stable against the previous year, despite a 10.6% fall on US financial derivatives markets. Against this backdrop, volumes traded by Fimat increased by 15%. Sales efforts to diversify activities and increase customer loyalty increased Fimat's market share from 3.4% at end-December 1998 to 3.7% in 1999 and to 4.2% at year-end 1999, confirming the Group's position among the world's foremost brokerage houses.

In addition to its execution and clearing activities on derivatives markets, Fimat also continued to diversify its activities (forex, equities, etc.) in order to anticipate and satisfy its customers' demands on all markets.

Fimatex, the Group's e-brokerage subsidiary targeting private

investors, saw activity grow very sharply. After doubling in 1998, its customer base increased almost three-fold in 1999 with 30,000 accounts held at year-end 1999, including 18,000 in France (13% of the market) and 11,000 in Germany.

This sharp growth is the result of both a major marketing strategy and technological progress in providing access to markets. Fimatex is one of the rare e-brokers to offer customers true multi-market access and the possibility to trade securities, derivatives and mutual funds on 9 European markets as well as on the NYSE and the NASDAQ. Fimatex aims to develop this base, underpinned by its experience in France and Germany and the support of its shareholders, to rank among the pan-European market leaders within the next three years. Under the combined impact of these factors, initial estimates (Fimat Group's consolidated accounts have yet not been closed) point towards consolidated net income after tax of approximately EUR 13.7 million. This figure is lower than in the previous year due to investments made to develop Fimatex, moving costs in London (EUR 2.6 million) and a higher tax charge.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	3,693	91.7	–	–	6.0	929
Dec. 31, 98	4,645	109.3	–	–	16.9	988
Dec. 31, 99	6,937	111.7	–	–	13.7	1010

BANQUE DE RÉESCOMPTE ET DE PLACEMENT (BAREP) (100%)

Barep's two main businesses are taking arbitrage positions on interest rate products and asset management for customers managed by mutual funds and indexed-linked capital-guaranteed products, through its subsidiary Barep Asset Management.

In 1999, income from arbitrage activities was higher than expected, with an improved risk profile. Asset management activities recorded particularly satisfactory levels of client-related and management income.

Barep's 1999 results are up sharply on 1998, with ROE of 27%.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	15,100	63.8	1,288	1,819	24.6	79
Dec. 31, 98*	9,929	44.3	1,433	1,223	5.0	110
Dec. 31, 99	14,311	39.4	1,569	2,199	10.7	100

**In 1998, Barep Asset Management was partly attached to SG Asset Management, which now fully consolidates this company in its financial statements. Barep retains a holding in this subsidiary.*

B – CORPORATE BANKING

1. COMMERCIAL BANKING

SOCIÉTÉ GÉNÉRALE AUSTRALIA HOLDING LTD (100%)

In 1999, SGAL continued to focus on highly profitable low-risk fee-earning activities with a low capital requirement, notably through the integration of Hambros. SGAL notably won a mandate as advisor and arranger for a project finance transaction. The financial engineering business continued its development and arranged several securitization deals. Moreover, the subsidiary diversified its capabilities in energy and credit derivatives.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	5,023	95.9	234	2,075	19.1	199
Dec. 31, 98	3,918	101.0	205	1,527	17.8	273
Dec. 31, 99	4,778	144.1	435	1,745	18.3	289

BANCO SOGERAL (BRAZIL) (100%)

In 1999, Société Générale took full control of Sogeral. While limiting its assets, both in terms of customers and government securities with a view to reducing Société Générale's exposure to country risk on Brazil, Sogeral focused its efforts on investment banking businesses in 1999, with a clearly defined target customer base.

At the same time, overheads were reduced substantially, significantly improving the entity's productivity. Profitability improved sharply in relation to the previous year. Nevertheless net income was affected by extraordinary tax and staff-related payments concerning previous years.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	828	79.7	0.9	236	2.6	181
Dec. 31, 98	467	45.2	0.2	159	(21.6)	150
Dec. 31, 99	176	33.6	0.9	54	(1.7)	95

SOCIÉTÉ GÉNÉRALE CANADA (100%)

In 1999, SG Canada continued to refocus its activity on high value-added services (project finance, export credit, investment banking, advisory, trade finance), while reducing its commitments. Sales teams were reorganized in order to

concentrate each of the bank's businesses. Due to improved fee and commission income, control of operating expenses and a reduction in the net cost of risk, net income rose by 55%. The performances of its market subsidiaries Fimat Produits Dérivés Canada Inc. and SG Valeurs Mobilières were satisfactory. In contrast, SG Mexico recorded a drop in revenues and booked a loss following the sale of its assets. SG Canada's consolidated income was virtually flat.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	2,698	125.1	701	1,447	4.6	185
Dec. 31, 98	2,655	133.4	586	1,509	10.4	202
Dec. 31, 99	2,327	171.3	326	1,411	10.6	167

KOREAN FRENCH BANKING CORP. SOGEKO (SOUTH KOREA) (39.6%)

The economic crisis in South Korea continued to have a negative impact on Sogeko's results. The subsidiary significantly reduced its commitments in order to reinforce its capital adequacy ratio, which stood at 12.92% at year-end 1999, for a Tier-1 of 9.41%. The sharp fall in net income was due to provisioning on doubtful loans.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	2,672	192.9	178	2,262	24.2	149
Dec. 31, 98	2,615	149.7	223	1,813	12.4	135
Dec. 31, 99	2,248	222.2	211	1,432	10.1	135

2. STRUCTURED FINANCE

SOCIÉTÉ ANONYME DE CRÉDIT À L'INDUSTRIE FRANÇAISE (CALIF) (100%)

The decision taken at the end of 1998 to restart Calif's activity and for it to offer structured finance was reflected by a sharp rise in total assets in 1999, which stood at EUR 1,524 million at end-December 1999, compared with EUR 300 million at year-end 1998.

This is a direct consequence of securitization transactions which Calif arranged.

Customer loans rose by 17%, from EUR 78 million in 1998 to EUR 91 million in 1999. New transactions – several joint ventures, a transaction under the "Pons" law, and the recovery

of a loan sold by SG New York – now exceed repayments on previous transactions. Due to increased taxation, net income after tax fell to EUR 2.33 million, compared with EUR 3.46 million the previous year.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	180	61.3	5	138	1.3	–
Dec. 31, 98	300	63.4	5	78	3.5	–
Dec. 31, 99	1,524	62.1	6	91	2.3	–

CRÉDIT IMMOBILIER GÉNÉRAL (CIG) (100%)

Short-term activity was reflected by a reduction in new loans granted (–16%), and by a sharp rise in deferred loan agreements (+51.9%). This trend is explained by the strength of the real estate development sector – the number of housing starts was high, but financing requirements fell as existing houses were resold rapidly.

New medium- and long-term loans amounted to EUR 0.3 million, down slightly in relation to the previous year.

Net loans fell by 6.2%, reflecting mixed developments. Investor loans continued to increase, representing 54.7% of total commitments (compared with 49.4% the previous year). CIG registered net income after tax of EUR 17.2 million, compared with EUR 17.5 million in 1998.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	1,271	72.3	–	1,243	(10.3)	82
Dec. 31, 98	1,288	90.0	–	1,262	17.5	83
Dec. 31, 99	1,518	107.3	–	1,206	17.2	77

GÉNÉFIM (100%)

The real estate lease financing market picked up in 1999 after a sluggish 1998, and Généfim signed EUR 152 million worth of new contracts in 1999, compared with EUR 104 million the previous year, a rise of 46%. Hotel financing accounted for around 70% of total business and the average value of each transaction was EUR 11.7 million. Loans under management at December 31, 1999, totaled EUR 886 million, up 14.8% in relation to the previous year.

In real estate investment, the active policy of finding new tenants was pursued, in a highly buoyant rentals market, further increasing the average occupancy rate.

In view of the growth in activity in both sectors – lease finance and pure rentals – and the reorganization of the refinancing structure carried out in late 1998, Généfim registered net income of EUR 23.3 million in 1999, compared with a loss of EUR 2.6 million in 1998. Financial income, which

includes capital gains on the disposal of buildings, amounted to EUR 36.4 million.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	959	122.0	–	655.1	(16.1)	20
Dec. 31, 98	980	119.5	–	727.2	(2.6)	21
Dec. 31, 99	1,034	142.8	–	822.0	23.3	22

SOCIÉTÉ GÉNÉRALE POUR LE DÉVELOPPEMENT DES OPÉRATIONS DE CRÉDIT-BAIL (SOGÉBAIL) (50.5%)

New business totaled EUR 116.2 million in 1999, with 74 new transactions, compared with 97 new deals and EUR 177.6 million in 1998. This drop was due to the redistribution of activities between Sogébail and Sogéfimur, the network's other real estate lease finance subsidiary, with the latter now financing government-subsidized loans.

Financing for manufacturing facilities and warehouses, as well as multi-purpose buildings, accounted for the large majority of new business (nearly 85%). Net income for the period amounted to EUR 17.9 million, down in relation to 1998, in view of the fall in outstanding loans and the costs incurred by two capital increases (in March and December 1999).

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	2,350	239.5	9.0	2,146	20.7	–
Dec. 31, 98	2,311	230.4	5.7	2,074	18.8	–
Dec. 31, 99	2,188	252.7	3.9	1,979	17.9	–

SOGÉFIMUR (100%)

Sogéfimur registered new business in the amount of EUR 162.9 million, with 82 deals, compared with EUR 62.2 million and 54 operations in 1998. This sharp growth in activity (+162%) is related to the increase in productive investments by SMEs, refinanced by government-subsidized loans, and three major transactions amounting to EUR 72.9 million. Financing for manufacturing facilities and warehouses, as well as multi-purpose buildings, accounted for the large majority of new business (58%). Net income amounted to EUR 5.08 million, compared with EUR 3.98 million in 1998.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	600	67.0	36	511	4.2	–
Dec. 31, 98	590	64.2	41	506	4.0	–
Dec. 31, 99	622	63.3	54	535	5.1	–

III – ASSET MANAGEMENT AND PRIVATE BANKING

A – ASSET MANAGEMENT

SG ASSET MANAGEMENT (100%)

SG Asset Management Group's consolidated income rose by 42% in relation to the previous year, and by 22% after extraordinary income on capital transactions. This growth was registered in spite of major investments in human resources and equipment related to the rapid development of activity in the United Kingdom, reinforcing sales teams in France and around the world, and overhauling IT systems.

The year was marked by strong growth in assets under management: EUR +29 billion in one year (+22.5%), with net inflows of new money doubling in relation to 1998. New money broke down equally between customers in France and abroad, mostly from institutional customers, which now account for two-thirds of the total assets managed by the Group: EUR 2.5 billion in net investments in France, EUR 4 billion in the United Kingdom and EUR 1 billion in Japan. Multi-manager funds marketed under a partnership with Frank Russell Company proved successful, with EUR 1.4 billion collected in Europe in 1999.

The domestic market also continued to represent a solid base. SG Asset Management confirmed its position as leader in mutual funds in France, with a market share of 13.5%, notably through investments by individual customers in asset allocation funds (EUR 2.4 billion in 1999).

Year end	Total assets	Equity before appropriation	Sales**	Net income	Employees
Dec. 31, 97*	521	410	310	69.6	489
Dec. 31, 98*	659	461	442	84.6	849
Dec. 31, 99*	849	483	495	120.4	949

*Consolidated figures.

**Fee and commission income.

B – PRIVATE BANKING

SOCIÉTÉ GÉNÉRALE BANK & TRUST (100%)

In 1999, Société Générale Bank & Trust (SGBT) continued to reorganize its operations in Switzerland. The private banking activities of its Swiss branch were transferred to SG Rüegg Bank, while commercial banking and market activities were sold to its subsidiary Société Générale (value at July 1, 1999). The private banking activities in Luxembourg, Switzerland and Monaco all registered a satisfactory performance.

In Luxembourg, mutual fund administration and clearing services also performed well.

Net income for 1999 amounted to EUR 55.4 million, similar to that registered in 1998, despite the absence of the contribution made by the commercial banking and capital market activities of the Swiss branch from mid-1999.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	10,755	246.8	4,307	2,054	38.1	560
Dec. 31, 98	15,374	289.5	4,663	4,647	59.8	697
Dec. 31, 99	13,436	318.4	4,499	5,133	55.4	590

SG HAMBROS BANK & TRUST LTD (100%)

SG Hambros Bank & Trust Ltd (SGHBT) was created following Société Générale's acquisition of the UK bank Hambros Bank Ltd. in February 1998. SGHBT is present in London, Jersey, Guernsey and Gibraltar, and extended its geographical coverage with the acquisition of Coutts' Bahamas subsidiary in September 1998.

SGHBT is part of Société Générale's Private Banking business. Boosted by Hambros' history and image in Anglo-Saxon countries, as well as the Société Générale Group's expertise, SGHBT provides its international customers with bespoke advisory services in investment and financial engineering.

The expertise and professionalism of SGHBT has just been rewarded by the annual *Private Asset Managers* survey of more than 300 professionals in the Channel Islands, which granted SGHBT awards for best global service, the best product range and clearest fee policy.

In a favorable economic and stockmarket environment, 1999 was marked by continued strong growth in activity, with net banking income up by 17% in relation to 1999 when adjusted for changes in Group structure (excluding the Bahamas and non-recurrent activities). Despite sizeable investments, net income for 1999, when adjusted for changes in Group structure increased by around 10%.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	NC	NC	NC	NC	NC	NC
Dec. 31, 98	2,800	373.2	2,257	224	42.0*	430
Dec. 31, 99	3,314	433.7	2,784	404	16.8	380

NC: not comparable.

*Including extraordinary and non-recurrent income (including non private banking activities transferred to other Group entities in 1998): EUR 27 million.

IV – OTHER

EUROPE COMPUTER SYSTÈMES (ECS) (100%)

Group income rose sharply in 1999, while new lease business amounted to EUR 682 million. Half of this business was conducted in France and half in the six European countries in which the Group has subsidiaries: Italy, the United Kingdom, Germany, Belgium, Spain and the Netherlands.

Services provided in France by the subsidiary ECS Solutis (formerly ECS Maintenance), registered a satisfactory performance, developing synergies with the lease business.

Cooperation with the Société Générale network, which began in 1997 and is developing satisfactorily, was extended outside France in 1999.

Consolidated Group net income amounted to EUR 13.7 billion in 1999, compared with EUR 4.4 million in 1998.

Year end	Total assets	Equity before appropriation	Deposits	Loans	Net income	Employees
Dec. 31, 97	393	31.5	–	262	(2.0)	581
Dec. 31, 98	372	35.6	–	246	4.4	650
Dec. 31, 99	527	49.0	–	335	13.7	673