



ACTIVITY REPORT 2016

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Communication/Marketing department
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CGA, PARTNER FOR YOUR GROWTH

CGA - COMPAGNIE GÉNÉRALE D'AFFACTURAGE - is a major Factoring company on the French market. It is a fully owned subsidiary of the SOCIÉTÉ GÉNÉRALE Group.

Founded in 1974, it has more than 300 employees, mainly spread throughout its metropolitan areas (Paris and Lyon), but also throughout its Reunion Island and German branches. In terms of governance, CGA is leading the SOCIÉTÉ GÉNÉRALE Factoring worldwide business line, made up of the Group's 16 factors.

As a specialist in the segment of inter-company credit (financing of trade receivables and accounts payables, management and guarantees), as well as a major universal factor, CGA has developed a wide range of products to meet all customer needs, whether small, medium, or large companies, in France or abroad.

Its business expertise and proximity to customers make it a preferred partner for companies seeking innovative financing solutions specifically tailored to fit their needs.

FOREWORD BY THE CHIEF EXECUTIVE OFFICER ERIC FRACHON



“IMPROVING CUSTOMER
EXPERIENCE,
A SUCCESSFULL STRATEGY”

2016 : A RECORD YEAR

In 2016, CGA achieved a historic performance. The key factors of our success were the commitment of all our employees, the proximity to our clients, along with a positive alignment of the planets and a context of lower interest rates on the macroeconomic level.

Net banking income amounted to €90 million, an increase of almost 15% of pre-tax income, €34 million, compared to €27 million in 2015. The number of contracts in the portfolio increased by 6% to 6200 with positive trends on all product lines.

AN AMBITIOUS STRATEGIC PLAN FOR 2020

An ambitious development strategy will enable us to achieve our double digit growth of the net banking income by 2020.

From a commercial point of view, we will focus on balancing and adjusting our factoring offers, consolidating our customer relationships and strengthening our international foot print.

From a financial point of view, we will continue to optimise the processes and the continuous control of operational risks.

From human resources perspective, we will reinforce our expertise by integrating new talents and by highlighting the expertise of all our employees.

ENHANCING CUSTOMER EXPERIENCE

The world is changing and so are the tools. CGA is particularly mindfull of the expectations of its customers in order to improve their experience day after day. The development of the Salesforce CRM (Customer Relationship Management) tool reinforces the proximity with our customers and allows for a permanent feedback on their satisfaction. In 2017 we will continue to improve the dynamic dematerialization of relations and to update the numerous online platforms to make them continuously more intuitive and thus improve customer experience.

2017 will therefore be under the sign of agility, in terms of organisation as well as in terms of continuous adaptation to our customers' expectations.

GOVERNANCE

EXECUTIVE BOARD

M. Philippe POUGEARD

Managing Director,
Head of Operations

Ms. Nathalie CRABIE-GLON

Chief Financial Officer

M. Éric FLOUR

Managing Director,
Head of Support Functions

M. Cyril DONT

Customer Relationship
Director

M. Guillaume DESCRIVAN

Structured & International
Operations Director



M. Stéphane-Alexandre BADOY
Deputy Chief Executive Officer

M. Éric FRACHON
Chief Executive Officer

Ms. Katy LECLAIRE

Worldwide Strategy & Development Director

M. Jonathan CROFT

Chief Information Officer

Ms. Audrey PUJALTE

Sales & Marketing Director

BOARD OF DIRECTORS

M. Pascal AUGÉ

Director and Chairman of
the board of director

M. Philippe DEWEVRE

Standing representative
of SOCIÉTÉ GÉNÉRALE

Ms. Agnès JOLY

Director

M. Laurent GOUTARD

Standing representative of
Société Générale Financial
Services Holding

M. Jean-Philippe GUILLAUME

Director

M. Didier BOORÉE

Director

M. Éric FRACHON

Director

Ms. Laurence LASFONT

Director

Ms. Cécile WAYMEL

Director

AUDITORS

Deloitte & Associés

represented by Jean-Marc MICKELER

Ernst & Young Audit

represented by Luc VALVERDE

12/31/2016

KEY FIGURES



39 BILLION OF
PURCHASED
RECEIVABLES

of which **35%** outside France.

From 2012 to 2016, CGA's factoring volumes have increased
+ 122% vs + 55% growth for the factoring market

+6 200

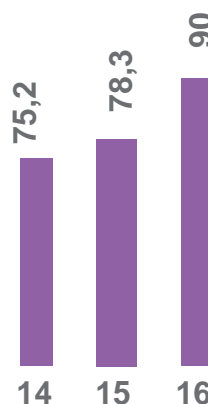
CUSTOMERS



90

MILLION IN
NET BANKING INCOME

+14,9% from 2015 to 2016.



87%

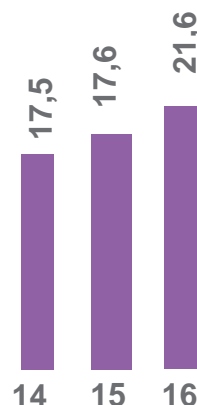
of our customers
recommend us.



21,6

MILLION IN NET PROFIT

+22,7% from 2015 to 2016.

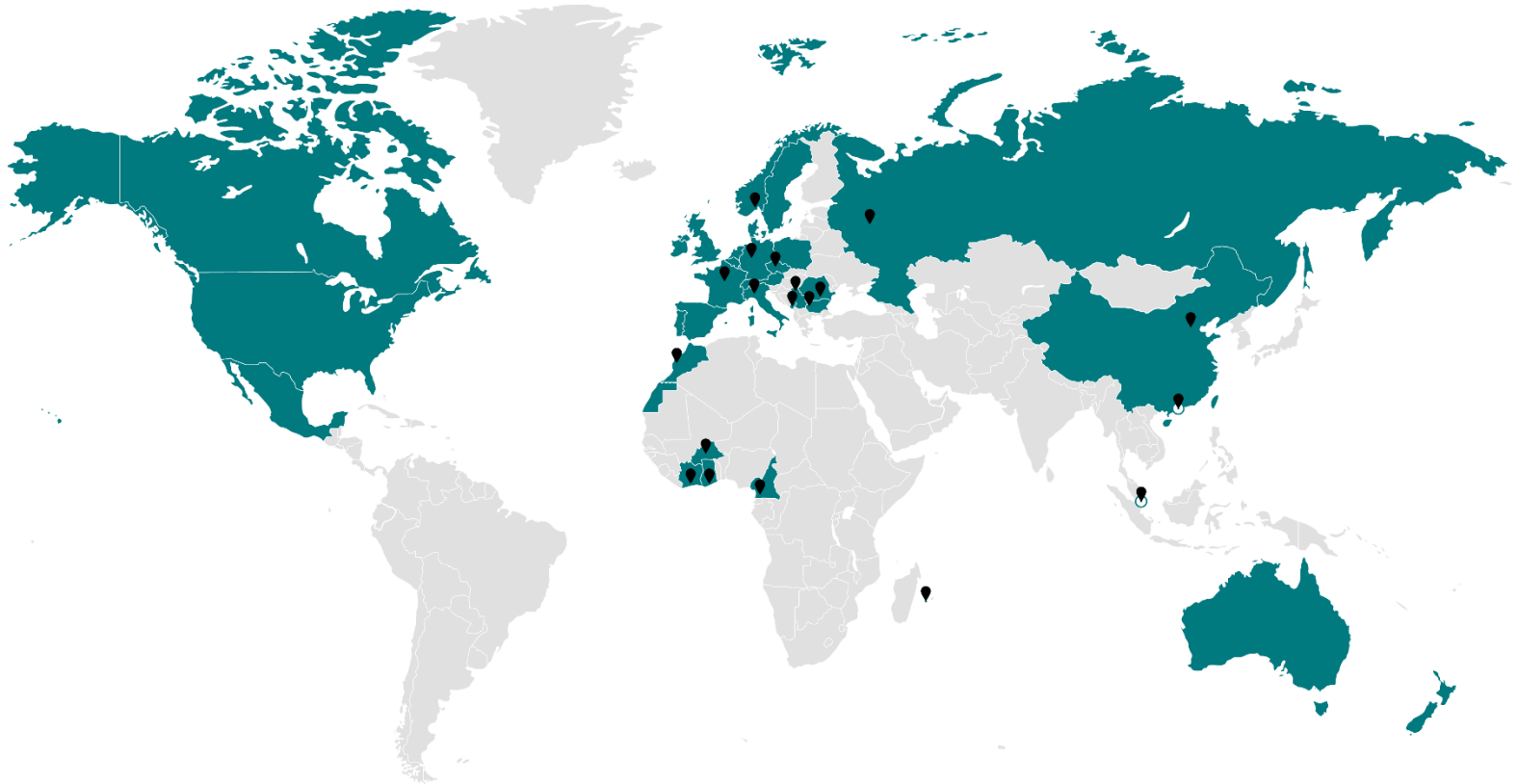



90%

of our customers intend
to do business with us
again over the next 12
months.



OUR PRESENCE WORLDWIDE



-  SOCI T  G N RALE Factoring coverage
-  SOCI T  G N RALE Factoring representation

AMERICA

- > Canada
- > Mexico
- > United States

EUROPE

- > Austria
- > Belgium
- > Bulgaria
- > Czech Republic
- > Denmark
- > France
- > Germany
- > Ireland
- > Italy
- > Luxembourg
- > Montenegro
- > Netherlands
- > Norway
- > Poland
- > Portugal
- > Romania
- > Russia
- > Serbia
- > Spain
- > Sweden
- > Switzerland
- > United Kingdom

AFRICA

- > Burkina Faso
- > Cameroon
- > Ghana
- > Ivory Coast
- > Morocco
- > Reunion Island

ASIA

- > China
- > Hong Kong
- > Singapore

OCEANIA

- > Australia
- > New Zealand

OUR 2016 REWARDS



EMEA'S FINANCE'S TREASURY SERVICES AWARDS 2016

- Best cash management services in EMEA
- Best trade finance services in EMEA and in North Africa
- Best factoring services in EMEA, in Europe and in Africa



TREASURY & CASH MANAGEMENT AWARDS 2016

- Best Overall Bank for Cash Management in Central & Eastern Europe

FINANCIAL REPORT

BALANCE SHEET IN EUROS

ASSETS	2016	2015
LOANS AND ADVANCES TO CREDIT INSTITUTIONS	380 823 559	618 369 393
Deposit	128 660 567	373 858 466
Fixed Term	249 546 000	241 499 333
Related receivables	2 616 992	3 011 594
TRANSACTIONS WITH CLIENTS	6 112 271 446	5 614 723 386
Factoring receivables	5 750 228 315	5 268 297 998
Clients accounts	17 060 391	32 909 138
Doubtful debts (Gross)	88 446 121	140 185 794
Depreciation	-25 920 894	-26 291 978
Related receivables	621 800	522 000
Forfaiting	49 079 549	76 201 163
“Dailly” receivables	232 707 043	122 899 271
BONDS AND OTHER FIXED INCOME SECURITIES	0	165 618 075
EQUITY AND OTHER LONG-TERM SECURITIES	178 948	160 137
FIXED ASSETS	15 495 221	15 775 958
Intangible fixed assets	46 910 730	38 040 341
Depreciation	-34 447 616	-30 943 458
Intangible fixed assets + Depreciation	12 463 114	7 096 883
Tangible fixed assets	6 074 834	5 739 009
Depreciation	-5 055 375	-5 011 732
Tangible fixed assets + Depreciation	1 019 459	727 278
Fixed assets in progress	2 012 648	7 951 797
OTHER ASSETS	2 075 362	1 531 508
ADJUSTMENT ACCOUNTS	6 406 830	5 855 160
TOTAL	6 517 251 366	6 422 033 616

LIABILITIES	2016	2015
DEBTS TO CREDIT INSTITUTIONS	4 913 724 954	5 075 027 636
Overdraft	93 581 435	2 587 055
Fixed Term	4 820 016 671	5 071 605 047
Allocated debt	126 848	835 534
TRANSACTIONS WITH CLIENTS	1 433 894 226	1 211 076 500
Client creditor accounts	1 047 083 441	910 448 181
Withholdings	383 565 484	298 021 784
Other amounts due	3 240 301	2 602 535
Related payables	5 000	4 000
DEBTS REPRESENTED BY A SECURITY	28 437 720	16 484 863
Promissory notes (funding of clients)	28 437 720	16 484 863
OTHER LIABILITIES	31 415 758	25 357 574
PREPAYMENTS AND ACCRUED INCOME	19 423 055	18 110 112
PROVISIONS FOR RISKS AND CHARGES	3 519 032	1 749 881
SHAREHOLDERS' EQUITY	86 836 622	74 227 050
Capital	14 400 000	14 400 000
Reserves	50 882 189	42 269 189
Retained earnings	1 861	947
Result	21 552 572	17 556 914
TOTAL	6 517 251 366	6 422 033 616

INCOME STATEMENT

IN EUROS

	2016	2015
+ Financing commissions	47 975 181	45 715 986
+ Income from interbank transactions	8 687 026	8 833 769
- Expenses on interbank transactions	-4 518 029	-15 814 104
+ Service commissions	53 428 560	54 752 895
+ Commissions (products)	506 940	415 080
- Commissions (expenses)	-10 759 656	-9 913 798
+ Other banking income	1 206 805	705 052
- Other banking expenses	-310 131	-309 436
NET BANKING INCOME	96 216 695	84 385 444
- General operating expenses	-56 195 889	-51 563 367
- Allocations to depreciation and provisions for depreciation on tangible and intangible assets	-3 871 816	-3 080 525
GROSS OPERATING PROFIT/LOSS	36 148 991	29 741 552
+/- Cost of risk	-2 213 878	-2 199 527
OPERATING PROFIT	33 935 113	27 542 025
+/- Gains or losses on fixed assets	0	0
PRE-TAX PROFIT/LOSS	33 935 113	27 542 025
+/- None-recurring profit/loss	0	0
- Corporation tax	-12 382 541	-9 985 111
NET EARNINGS	21 552 572	17 556 914

OFF BALANCE SHEET

IN EUROS

	2016	2015
COMMITMENTS GIVEN		
Financing commitments		798 557 137
Guarantee commitments	1 449 984 642	1 504 404 725
COMMITMENTS RECEIVED		
Financing commitments	541 698 752	1 303 777 208
Guarantee commitments	1 563 350 991	1 794 473 442

EXPLANATORY NOTES ON THE BALANCE SHEET AND THE INCOME STATEMENT

ANNUAL ACCOUNTS ENDED DECEMBER 31, 2016

I-ACCOUNTING RULES, METHODS AND PRINCIPLES

The consolidated financial statements for CGA were established in accordance with the provisions of the Chart of Accounts for lending Institutions, of ANC Regulation no. 2014-07 on accounts of banking companies.

A. CAPITAL ASSETS AND DEPRECIATIONS

1. INTANGIBLE ASSETS MANAGED INTERNALLY

Since 2014, IT projects which are internally generated and related to a clearly individualised project are recognised as fixed assets if the total cost of the project concerned is higher than 50 000€.

2. OTHER CAPITAL ASSETS - DEPRECIATIONS

A part from capital assets generated internally, the intangible assets are essentially composed of computer software. They are depreciated using the straight-line method over 4 years.

Tangible assets are depreciated using the straight-line method over 3, 5 or 10 years.

B. CREDIT RISK

1. DEPRECIATIONS ON DOUBTFUL RECEIVABLES

1.1. DEFINITION OF DOUBTFUL RECEIVABLES

Doubtful Accounts Receivable

In accordance with Article 2221-1 of ANC Regulation 2014-07 of the French Accounting Standards Authority, "Doubtful Accounts Receivable" are those that have remained unpaid for more than 3 months after their theoretical due date and those that are subject of litigation.

Only Accounts Receivable from sound clients may be classified as Doubtful Accounts Receivable.

Doubtful debts from clients

The account "irrecoverable doubtful debt from clients" records the amounts due by clients in litigation.

The share of debt covered by guarantees is reclassified as "ordinary doubtful debt", as provided for in the opinion n°2003-G from the Emergency Committee of the French National Accountancy Board.

The ordinary doubtful debt account also includes the balances of clients' current accounts that have remained unpaid for 90 consecutive days.

Contagion rule

As specified in article 8 of regulation n°2002-03 from the French Accounting Regulatory Committee, the general principle is to apply the contagion rule, meaning to consider, for a debtor, all exposure related to their SIREN (government number) and, for a client in litigation, all outstanding debts for this client.

1.2. DEPRECIATIONS ON DOUBTFUL ACCOUNTS RECEIVABLE

Not all debtor doubtful receivables will necessarily be depreciated, and the depreciations can be applied either with regards to a client risk or to a debit risk, in accordance with the following table:

	Client risk	Debtor risk
Depreciated receivables	Contested and Compromised (1)	Doubtful compromised (1)
Non-depreciated receivables	Simple contested	Simple doubtful

(1) According to the rules n°2002-03 of december 12th, 2002 of the emergency comitee of CNC, compromised debtor doubtfull receivables include, besides receivable in legal action, all the receivables included in the doubtful outstanding since more than one year (i.e 455 days before theoretical term).

Simple contested receivables and simple doubtful receivables are not representative of a known risk and, therefore, are not depreciated.

1.3. DEPRECIATION ON DOUBTFUL DEBTS FROM

Client cases are sent to the litigation service and recorded as irrecoverable debt when the risk of non-payment is ascertained.

C. COMMISSIONS

The service commission that remunerates all factoring services is applied ad valorem to the amount of transferred invoices.

The advance or financing commission remunerates the funding granted by CGA to its clients.

II-NOTES ON THE BALANCE SHEET

A. ASSET SIDE

1. LOANS AND ADVANCES TO CREDIT INSTITUTIONS

Term loan

This account corresponds to the reinvestment of CGA shareholders' equity and the guarantee withholdings.

2. TRANSACTIONS WITH CLIENTS

Receivables accepted for factoring

This item represents the stock of invoices assigned to CGA and that are still to be recovered, excluding doubtful receivables. The invoices are recorded in the balance sheet at their nominal value, irrespective of the type of contract, with or without recourse, for which they have been assigned.

Debtor client accounts

Debtor client accounts represent the receivables that CGA holds on the client.

Forfaiting

Forfaiting section represents the existing stock of invoices assigned to CGA that are still to be recovered in the forfaiting activity.

Unpaid receivables

According to the directive 91-05 from the Banking Commission, are classified under unpaid receivables non doubtful receivables of which the overrun issue is lower than 3 months.

Depreciations

Depreciations include a collective reserve named « Provision Base Portefeuille» (Provision Base Portfolio) coming in depreciation of receivables and calculated according to a provisionning model specific to the company (portfolio members in risk alert yet not under litigation).

3. OTHER ASSETS

This item is composed of :

IN K€	31/12/2015	31/12/2016
Guarantee deposits	1 084	1 277
Debts owed by government (VAT, etc.)	22	170
Others	426	628
TOTAL	1 532	2 075

The “Guarantee deposits” account corresponds essentially to:

- Deposit guarantee fund
- Deposit guarantee for the “Le Stadium” building
- Single Resolution Fund

The « Others » account include in particular the CGA CICE tax credit (Tax Credit for Competitiveness and Employment) put in place since 2014.

B. LIABILITIES

1. OPERATIONS WITH CLIENTS

This item include Clients Current Accounts and guarantee funds.

2. DEBTS REPRESENTED BY SECURITIES

Promissory notes emitted in the framework of the financing of our Clients are allocated to this item (duration under 3 months).

3. OTHER LIABILITIES

The “other liabilities” item breaks down as follows:

- Deferred commissions
- Prepaid income
- Miscellaneous taxes
- Personnel charges
- Suppliers
- Network contribution commissions

4. PREPAYMENTS AND ACCRUED INCOME

The prepayments and accrued income include:

- Corporate tax
- Liabilities to Suppliers
- Liabilities to Employees
- Miscellaneous creditors
- VAT collected
- Social organisations

5. EQUITY

Equities before results assignment

IN K€	31/12/2015	31/12/2016
Capital	14 400	14 400
Legal reserve	1 440	1 440
Optional reserves	40 829	49 442
Balance carried forward	1	2
Result of the accounting year	17 557	21 553
TOTAL	74 227	86 837

The capital is divided into 600 000 ordinary shares, each with one voting right. The share's value is €24.

III - NOTES ON THE INCOME STATEMENT

COMMISSIONS (CHARGES)

This item mainly includes counter-guarantee commissions from lending institutions, insurance premiums covering credit risk and dilution risk.

IV - NOTES ON THE OFF BALANCE SHEET

Since February 2013, CGA mobilised some receivables with the SOCIÉTÉ GÉNÉRALE Group in the framework of the TRICP (place agreement). On 31/12/16 the amount of this mobilisation was 908 503 K€.

Since 2014, CGA has also put in place guarantee commitments based on the risk sharing agreement set up in connection with its operations refinanced by securitisation with the SOCIÉTÉ GÉNÉRALE Group.

V - OTHER INFORMATION

1. CONSOLIDATION

CGA is consolidated by fiscal integration by SOCIÉTÉ GÉNÉRALE.

2. FISCAL INTEGRATION

CGA is fiscally integrated to the SOCIÉTÉ GÉNÉRALE Group, with which a convention was signed on January 1st, 1995.

REPORT OF THE STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

To the Shareholders,

In execution of the assignment entrusted to us by your shareholders' meeting, we hereby report to you, for the year ended 31 December 2015, on:

- the audit of the annual accounts of COMPAGNIE GÉNÉRALE D'AFFACTURAGE as attached to this report;
- the basis of our opinion;
- the specific verifications and information provided by law.

The financial statements have been approved by the Board of Directors. It is our responsibility, based on our audit, to express an opinion on these financial statements.

I. OPINION SUR LES COMPTES ANNUELS

We have performed our audit in accordance with auditing standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit consists in verifying, through sampling or other selection methods, the elements that justify the amounts and information shown in the financial statements. It also consists in assessing the accounting principles followed, the significant estimates made and the overall presentation of the financial statements. We believe that the information that we have collected is sufficient and appropriate to form the basis of our opinion. We certify that, with regard to French accounting rules and principles, the annual financial statements are in order and honest and give a true image of the result of the transactions in the past financial year and the financial situation and assets of the company at the end of that financial year.

II. BASIS OF YOUR OPINION

In accordance with Article L.823-9 of the French Commercial Code (Code de commerce) relating to the basis of our opinion, we inform you that the assessments formulated were based on the appropriate form of the applied accounting principles.

These assessments were made in the context of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed, which is expressed in the first part of the report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

In accordance with professional standards applicable in France, we have also carried out the specific verifications provided for by the law.

We have no comment to make on the honesty and consistency with the financial statements of the information given in the Board of Directors' Management Report and in the documents sent to shareholders concerning the financial situation and the financial statements.

Neuilly-sur-Seine and Paris-La Défense, 11 May 2017

The statutory auditors

*DELOITTE & ASSOCIÉS
Jean-Marc MICKELER*

*ERNST & YOUNG Audit
Luc VALVERDE*



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SA au capital de 14 400 000

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