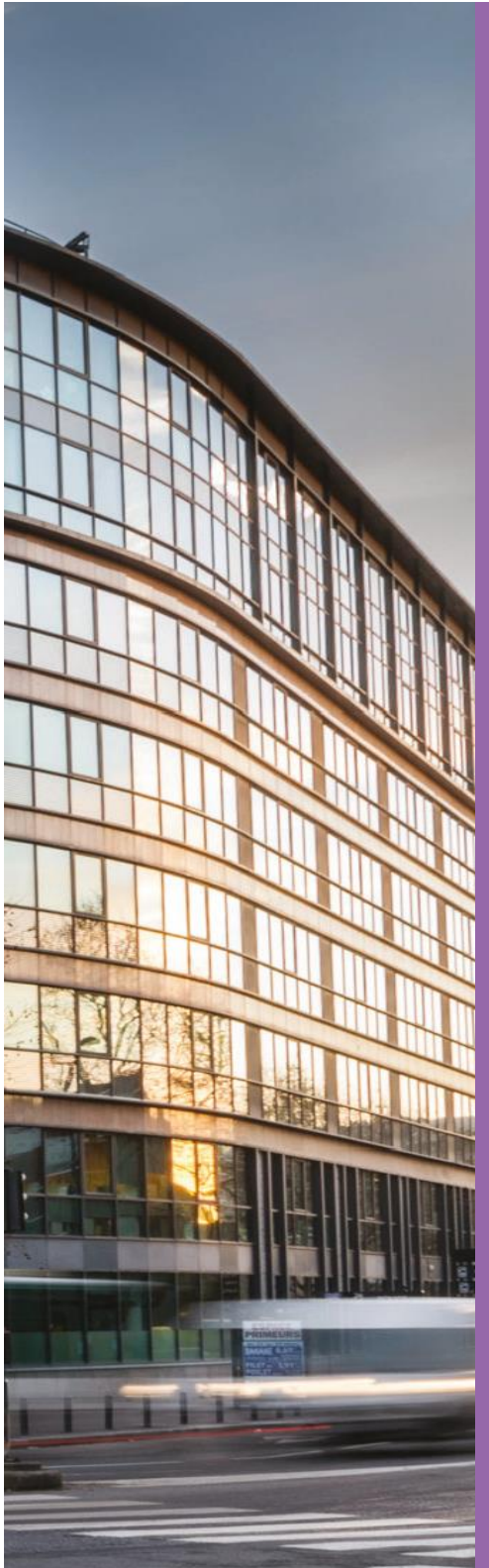




# ACTIVITY REPORT - 2017



# CONTENTS

- 03 PARTNER FOR YOUR GROWTH**
- 04 FOREWORD BY THE CHIEF EXECUTIVE OFFICER**
- 05 GOVERNANCE**
- 06 KEY FIGURES**
- 07 WORLDWIDE SCOPE**
- 08 REWARDS**
- 09 FINANCIAL REPORT**
- 13 EXPLANATORY NOTES**
- 17 REPORT OF THE STATUTORY AUDITORS**



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Communication/Marketing department  
[factoring.communication@socgen.com](mailto:factoring.communication@socgen.com)

# PARTNER FOR YOUR GROWTH

Since June 28, 2018, SOCIETE GENERALE FACTORING is the new name of CGA - COMPAGNIE GENERALE D'AFFACTURAGE - a major factoring company on the French market. It is a fully owned subsidiary of the Societe Generale Group. This new identity strengthens the belonging to the Group, and enhances the synergies between the different business lines, to always better serve our clients.

Founded in 1974, Societe Generale Factoring France has more than 300 employees, mainly spread throughout its metropolitan areas (Paris and Lyon), and Reunion Island. In terms of governance, Societe Generale Factoring France is leading the worldwide factoring business line, made up of the Group's 18 factors (Germany, Italy, Czech Republic, Romania, Russia, etc).

As a specialist in short term financing and inter-company credit (financing of trade receivables and accounts payables, management and guarantees), Societe Generale Factoring 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



“EXPERT TEAMS COMMITTED TO  
GENERATING VALUE-ADDED  
SOLUTIONS FOR OUR CUSTOMERS”

## STRONG AND RECOGNISED VALUES

For more than 40 years, Societe Generale Factoring has relied on the expertise and know-how of its employees, as well as on their commitment, in order to continuously develop new solutions that generate added value for our customers. Innovation is a strong value that has allowed the company to be recognized within the Group, but also by its peers, particularly within the FCI \* Association.

\*Factor Chain International

## RECORD GROWTH

In a factoring market that is still growing, +8.4% in 2017, we have managed to convince a historic number of customers to join us, which shows the increased level of confidence of our network, as well as the quality of service we deliver.

Once again, our teams have been strongly mobilized to serve prospects and customers, and to help them with the fundamentals of our business: financing, management and guarantee of their receivables.

## AMBITIOUS STRATEGY

Of course, we will reinforce and develop our client portfolio, both in France and internationally. To achieve this, we will strengthen our presence in Western Europe, starting with Spain and Benelux, to be closer to our customers and our network.

At the same time, we continue to digitalize our business to better serve our customers, with full online subscription and dematerialized receivables.

## FOCUS ON GROUP SYNERGIES

We are aligned with the Societe Generale Group's strategy, and we reinforce synergies with other business lines on a daily basis, more specifically with *Global Transaction Banking*, in the area of payment and business services.



# GOVERNANCE

## EXECUTIVE COMMITTEE



### From left to right

**1<sup>st</sup> row :** **Audrey PUJALTE** Sales & Marketing Director, **Guillaume D'ESCRIVAN** International & Structured Operations Director , **Isabelle COCAIGN** Human Resources Director, **Eric FRACHON** Chief Executive Officer, **Katy LECLAIRE** Worldwide Strategy & Development Director, **Philippe POUGEARD** Managing Director, Head of Operations.

**2<sup>nd</sup> row :** **Arnaud DE LA MORANDIERE** Risks Director, **Eric FLOUR** Managing Director, Head of Support Functions, **Jeremie WILENSKI** Projects, Process & Organisation Director, **Aneta PELEGRY** General Secretary and Head of Compliance, **Cyril DONT** Customer Relationship Director, **Helene Boudoux** Deputy payment & Shared Services Director, **Jonathan CROFT** Chief Information Officer, **Stephane-Alexandre BADOY** Deputy Chief Executive Officer, **Nathalie CRABIE-GLON** Chief Financial Officer.

## BOARD OF DIRECTORS

**Pascal AUGE** Director and chairman of the board of directors  
**Didier BOOREE** Director  
**Philippe DEWEVRE** Standing representative of Societe Generale  
**Eric FRACHON** Director  
**Agnes JOLY** Director  
**Laurence LASFONT** Director  
**Laurent GOUTARD** Standing representative of Societe Generale Financial Services Holding  
**Cecile WAYMEL** Director  
**Jean-Philippe GUILLAUME** Director

## AUDITORS

**Deloitte & Associes** represented by Marjorie BLANC-LOURME  
**Ernst & Young Audit** représenté by Isabelle SANTENAC

# KEY FIGURES



**€ 40** BILLION  
PURCHASED  
RECEIVABLES

of which **27%** outside France.

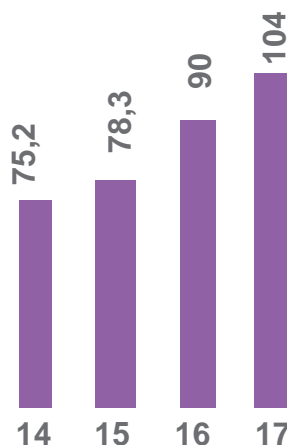
**6 200 +**

CUSTOMERS



**€ 104**

MILLION  
NET BANKING INCOME



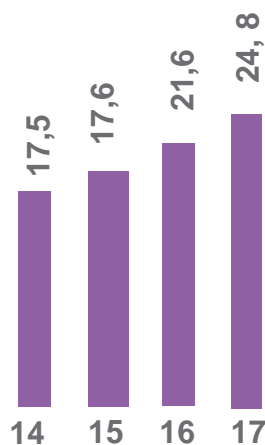
**320+**

EMPLOYEES



**€ 24.8**

MILLION  
NET PROFIT

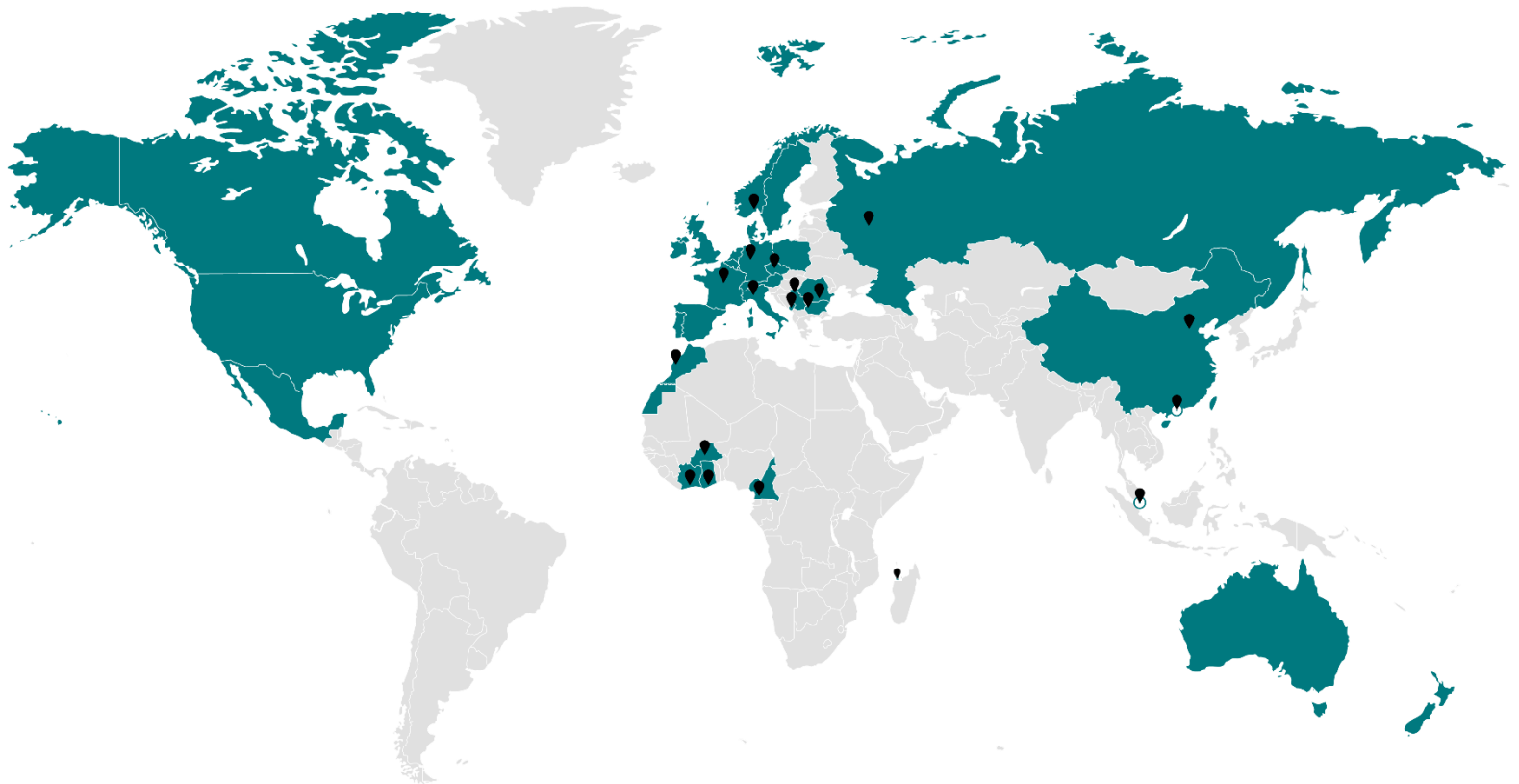




**€ 4.7**

BILLION  
AVERAGE  
OUTSTANDING



# WORLDWIDE SCOPE



 Societe Generale Factoring coverage  
 Societe Generale 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

# REWARDS



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## EMEA'S FINANCE'S TREASURY SERVICES AWARDS 2017\*

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- Best factoring services in Europe
- Best factoring services in Africa
- Best factoring services in EMEA

\*Awarded also in 2015 and 2016



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## TREASURY MANAGEMENT INTERNATIONAL AWARDS 2017

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- Best Supply Chain Finance Bank in Central & Eastern Europe



# FINANCIAL REPORT

## BALANCE SHEET IN EUROS

ASSETS	2016	2017
<b>LOANS AND ADVANCES TO CREDIT INSTITUTIONS</b>	<b>380 823 559</b>	<b>605 685 505</b>
Deposit	128 660 567	376 834 705
Fixed Term	249 546 000	226 066 000
Related receivables	2 616 992	2 784 799
<b>TRANSACTIONS WITH CLIENTS</b>	<b>6 112 271 446</b>	<b>7 806 732 670</b>
Factoring receivables	6 032 014 907	7 567 452 609
Clients accounts	17 060 391	120 883 026
Doubtful debts (Gross)	88 446 121	142 694 621
Depreciation	-25 920 894	-25 103 616
Related receivables	621 800	806 029
<b>BONDS AND OTHER FIXED INCOME SECURITIES</b>	<b>0</b>	<b>0</b>
<b>EQUITY AND OTHER LONG-TERM SECURITIES</b>	<b>178 948</b>	<b>215 461</b>
<b>FIXED ASSETS</b>	<b>15 495 221</b>	<b>15 696 700</b>
Intangible fixed assets	46 910 730	49 439 984
Depreciation	-34 447 616	-39 188 866
Intangible fixed assets + Depreciation	<b>12 463 114</b>	<b>10 251 118</b>
Tangible fixed assets	6 074 834	3 729 594
Depreciation	-5 055 375	-1 909 845
Tangible fixed assets + Depreciation	<b>1 019 459</b>	<b>1 819 750</b>
Fixed assets in progress	2 012 648	3 625 832
<b>OTHER ASSETS</b>	<b>2 075 362</b>	<b>2 554 100</b>
<b>ADJUSTMENT ACCOUNTS</b>	<b>6 406 830</b>	<b>8 412 140</b>
<b>TOTAL</b>	<b>6 517 251 366</b>	<b>8 439 296 576</b>

<b>LIABILITIES</b>	<b>2016</b>	<b>2017</b>
<b>DEBTS TO CREDIT INSTITUTIONS</b>	<b>4 913 724 954</b>	<b>6 566 762 009</b>
Overdraft	93 581 435	36 479 876
Fixed Term	4 820 016 671	6 529 105 285
Allocated debt	126 848	1 176 847
<b>TRANSACTIONS WITH CLIENTS</b>	<b>1 433 894 226</b>	<b>1 671 818 546</b>
Client creditor accounts	1 047 083 441	1 140 573 910
Withholdings	383 565 484	527 855 502
Other amounts due	3 240 301	1 088 500
Related payables	5 000	2 300 634
<b>DEBTS REPRESENTED BY A SECURITY</b>	<b>28 437 720</b>	<b>22 536 925</b>
Promissory notes (funding of clients)	28 437 720	22 536 925
<b>OTHER LIABILITIES</b>	<b>31 415 758</b>	<b>19 897 345</b>
<b>PREPAYMENTS AND ACCRUED INCOME</b>	<b>19 423 055</b>	<b>54 864 589</b>
<b>PROVISIONS FOR RISKS AND CHARGES</b>	<b>3 519 032</b>	<b>2 481 204</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>86 836 622</b>	<b>100 935 959</b>
Capital	14 400 000	14 400 000
Reserves	50 882 189	61 658 189
Retained earnings	1 861	2 433
Result	21 552 572	24 875 337
<b>TOTAL</b>	<b>6 517 251 366</b>	<b>8 439 296 576</b>

# INCOME STATEMENT

## IN EUROS

	2016	2017
+ Financing commissions	47 975 181	55 309 169
+ Income from interbank transactions	8 687 026	3 017 620
- Expenses on interbank transactions	-4 518 029	-6 227 707
+ Service commissions	53 428 560	57 691 898
+ Commissions (products)	506 940	4 790 221
- Commissions (expenses)	-10 759 656	-9 983 233
+ Other banking income	1 206 805	988 220
- Other banking expenses	-310 131	-795 202
<b>NET BANKING INCOME</b>	<b>96 216 695</b>	<b>104 790 986</b>
- General operating expenses	-56 195 889	-61 409 191
- Allocations to depreciation and provisions for depreciation on tangible and intangible assets	-3 871 816	-5 068 582
<b>GROSS OPERATING PROFIT/LOSS</b>	<b>36 148 991</b>	<b>38 313 214</b>
+/- Cost of risk	-2 213 878	-995 168
<b>OPERATING PROFIT</b>	<b>33 935 113</b>	<b>37 318 046</b>
+/- Gains or losses on fixed assets	0	-52 563
<b>PRE-TAX PROFIT/LOSS</b>	<b>33 935 113</b>	<b>37 265 483</b>
+/- None-recurring profit/loss	0	-1 901
- Corporation tax	-12 382 541	-12 388 246
<b>NET EARNINGS</b>	<b>21 552 572</b>	<b>24 875 337</b>

## OFF BALANCE SHEET

IN EUROS

	2016	2017
<b>COMMITMENTS GIVEN</b>		
Guarantee commitments	1 449 984 642	2 359 340 476
<b>COMMITMENTS RECEIVED</b>		
Financing commitments	541 698 752	223 784 713
Guarantee commitments	1 563 350 991	1 773 620 026

# EXPLANATORY NOTES ON THE BALANCE SHEET AND THE INCOME STATEMENT

## ANNUAL ACCOUNTS ENDED DECEMBER 31, 2017

### 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 50K€.

#### 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.

\*CGA, now Societe Generale Factoring since June 2018

## 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 debtor 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 provisioning model specific to the company (portfolio members in risk alert yet not under litigation).

### 3. OTHER ASSETS

This item is composed of :

IN K€	31/12/2017	31/12/2016
Guarantee deposits	1 084	1 278
CICE CGA	270	300
Debts owed by government (VAT, etc.)	260	170
Others	589	328
TOTAL	2 554	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:

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

### 4. PREPAYMENTS AND ACCRUED INCOME

The prepayments and accrued income include:

- Prepaid income
- Charges to be paid
- Staff costs & charges
- Deferred commissions
- Network commissions
- Miscellaneous taxes

### 5. EQUITY

#### Equities before results assignment

IN K€	31/12/2017	31/12/2016
Capital	14 400	14 400
Legal reserve	1 440	1 440
Optional reserves	60 218	49 442
Balance carried forward	2	2
Result of the accounting year	24 875	21 553
<b>TOTAL</b>	<b>100 936</b>	<b>86 837</b>

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 Societe Generale Group in the framework of the TRICP (place agreement). On 31/12/17 the amount of this mobilisation was 1 579 337 K€ vs 905 503 K€ in 2016.

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 Societe Generale Group.

## V - OTHER INFORMATIONS

### 1. CONSOLIDATION

CGA is consolidated by fiscal integration by Societe Generale.

### 2. FISCAL INTEGRATION

CGA is fiscally integrated to the Societe Generale 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 2017

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 2017, 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, May 18, 2018*

*The statutory auditors*

*DELOITTE & ASSOCIÉS  
Marjorie Blanc-Lourme*

*ERNST & YOUNG Audit  
Isabelle Santenac*



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SA with share capital of 14 400 000 €

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