



SOCIETE GENERALE FACTORING

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PARTNER FOR YOUR GROWTH



SOCIETE GENERALE FACTORING provides solutions for businesses to finance, manage and guarantee their receivables. Major factoring company on the French market and growing internationally, it is a fully owned subsidiary of the Societe Generale Group.

Founded in 1974, Societe Generale Factoring France has more than 325 employees, mainly based in its metropolitan areas (Paris and Lyon), and Reunion Island. In terms of governance, Societe Generale Factoring France is leading the worldwide factoring business line of the Group.

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

« A REFERENT EUROPEAN PLAYER, SOCIETE GENERALE FACTORING DESIGNS AND DELIVERS EXPERT AND INNOVATIVE SOLUTIONS TO OPTIMIZE CASH FLOW, FINANCE AND SECURE THE WORKING CAPITAL OF SME'S TO LARGE INTERNATIONAL GROUPS FOR A LASTING RELATIONSHIP AND A SUSTAINABLE GROWTH. WE CULTIVATE A DEMANDING, CARING AND POSITIVE ENTREPRENEURIAL SPIRIT. »



ERIC FRACHON, CHIEF EXECUTIVE OFFICER

Strong and recognised values

For over 40 years, Societe Generale Factoring has relied on the expertise and commitment of its employees, in order to develop solutions that generate added value for our customers. Innovation is a strong lever that has allowed the company to be recognized within the Group, but also by its peers, particularly within the Factor Chain International Association (FCI).

2020, an atypical year

Until 2019, the factoring market in France continued to grow in double digits. The first half of 2020, marked by the health crisis, recorded a historic decline in activity (-10.2%). Despite this context, factoring remains the primary source of short-term financing for companies, ahead of overdraft. The year 2020 was therefore strongly affected by the health crisis with, on the one hand, a drop in activity, or even down to zero, for many companies and, on the other hand, government support measures limiting their needs in working capital. In this context, the volumes handled by French factors recorded a -7.5% decline over the year. From the first lockdown, Societe Generale Factoring teams were able to work remotely and support customers on a daily basis for the financing, management and guarantee of their trade receivables. Starting September 2020, our customers were also able to benefit from financing upon receipt of their orders, as part of the purchase order financing system guaranteed by the government.

A strategy of sustainable growth and customer proximity

Despite the impacts of the health crisis affecting the world economy, we aim to continue our growth through our development both in France and internationally. Our digitalization strategy has been accelerated in order to always better support our customers.

Strengthened group synergies

One of the strategic axes of the Societe Generale group is to develop synergies between the different business lines. We are making a very active contribution to this by strengthening synergies, in particular, within Global Transaction & Payment Services (GTPS).

Social and Environmental Responsibility at the center of our priorities

By reducing payment delays which are a major cause of business failure, factoring inherently contributes to the protection of the economy. In this context, Societe Generale Factoring, for example, develops solutions for the financing of associations and very small businesses. We are also committed to developing corporate social responsible programs with our major clients.

GOVERNANCE

Executive committee – 2020



ÉRIC FRACHON
CHIEF EXECUTIVE OFFICER



PHILIPPE POUGEARD
DEPUTY CEO
HEAD OF BUSINESS



ÉRIC FLOUR
DEPUTY CEO
HEAD OF RESSOURCES



MARIE-PIERRE DEVIDTS
HEAD OF STRATEGIC DEVELOPMENT,
MARKETING & COMMUNICATION



ALAIN DUPEYRON
HEAD OF OPERATIONS



ARNAUD DE LA MORANDIÈRE
HEAD OF RISKS



PIERRE DEMPÈRE
HEAD OF CORPORATE



NATHALIE CRABIÉ
HEAD OF FINANCE



LUCIE PETYST DE MORCOURT
HEAD OF HUMAN RESOURCES



XAVIER LEBLANC
HEAD OF RETAIL
COMMERCIAL DEVELOPMENT



LUC HENRY
HEAD OF RETAIL CLIENT
MANAGEMENT



JÉRÉMIE WILENSKI
HEAD OF STEERING &
TRANSFORMATION



JONATHAN CROFT
CHIEF INFORMATION OFFICER



ANETA PÉLÉGRY
GENERAL SECRETARY,
HEAD OF COMPLIANCE

BOARD OF DIRECTORS

Alexandre MAYMAT - Chairman of the board of directors
Eric FRACHON – Chief Executive Officer and Director
Didier BOOREE - Director
Martine LASSEGUES – Director
Agnes JOLY - Director
Alain QUENTIN – Director
Cecile WAYMEL - Director
Jean-Philippe GUILLAUME – Director
Houria CHAIBLAINE- Permanent representative of Societe Generale, Director

AUDITORS

Deloitte & Associés
represented by Marjorie BLANC-LOURME

Ernst & Young Audit
represented by Vanessa JOLIVALT

KEY FIGURES



€ 99M

NET BANKING INCOME



€ 56,6 Bn

PURCHASED RECEIVABLES
OF WHICH 51% INTERNATIONAL



€ 6,2Bn

AVERAGE OUTSTANDING



325

EMPLOYEES



4500

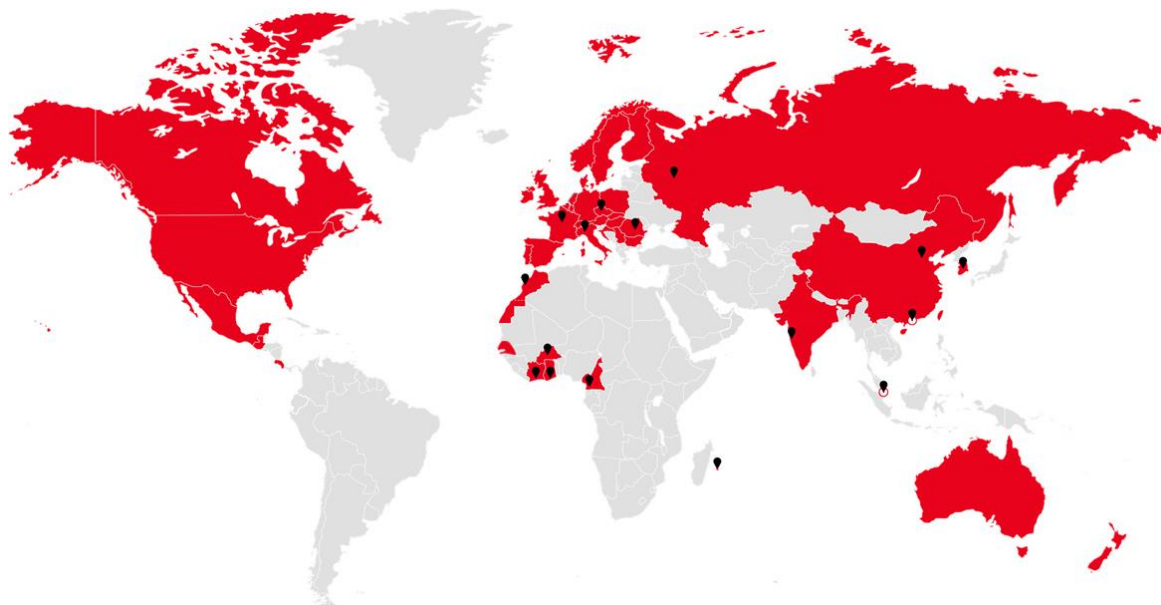
CLIENTS



BEST FACTORING SERVICES

AWARDED « BEST FACTORING
SERVICES » IN EUROPE, EMEA & AFRICA

WORLDWIDE SCOPE



EUROPE

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

AFRICA

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

AMERICA


- > Canada
- > Costa Rica
- > Guatemala
- > Mexico
- > United States

ASIA

- > China
- > Hong Kong
- > India
- > Singapore
- > South Korea

OCEANIA

- > Australia
- > New-Zeland

 Scope of intervention in due respect of International embargoes and sanctions policies

 Local presence of Societe Generale teams for factoring

REPORT OF THE STATUTORY AUDITORS - Extract

ON THE FINANCIAL STATEMENTS

For the year ended december 31st, 2020

At the General Meeting of Societe Generale Factoring .

Opinion

In compliance with the engagement entrusted to us by your board of directors and your general meeting, we have audited the annual accounts of Societe Generale Factoring for the year ended December 31, 2020, as they are attached to this report.

We certify that, in the light of French accounting rules and principles, the annual accounts are fairly presented and give a true and fair view of the results of the operations of the past financial year and the financial position and assets of the company at the end of the year.

Basis of our opinion

We have performed our audit in accordance with professional standards applicable in France. We believe that the evidence we have collected is sufficient and appropriate to provide a basis for our opinion.

The responsibilities incumbent on us under these standards are set out in the section "Auditors' responsibilities for auditing the annual accounts" of this report.

Independence

We carried out our audit mission in accordance with the independence rules applicable to us, covering the period from January 1, 2020 to the date of our report, and in particular we did not provide any services prohibited by Article 5 (1) of Regulation (EU) No 537/2014 or the Code of Ethics of the profession of External Auditor.

Specific checks

We have also carried out, in accordance with professional standards applicable in France, the specific verifications required by legal and regulatory texts. Information given in the management report and in the other documents on the financial position and the annual accounts sent to shareholders.

REPORT OF THE STATUTORY AUDITORS

We have nothing to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the board of directors and in the other documents on the financial position and the annual accounts addressed to the shareholders in question, except for the point below.

The sincerity and consistency with the financial statements of the information relating to the payment periods referred to in Article D. 441-4 of the French Commercial Code call on us for the following observation: as indicated in the management report, this information does not include banking and related operations, your company considering that they do not fall within the scope of the information to be produced.

Corporate governance information

We attest to the existence, in the section of the management report of the Board of Directors devoted to corporate governance, of the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Code trade.

With regards to the information provided pursuant to the provisions of Article L. 225-37-3 of the French Commercial Code on compensation and benefits paid to corporate officers and the commitments made in their favor, we verified their consistency with the financial statements or with the data used to establish these accounts, and, when necessary, with the elements collected by your company from the companies controlling your company or controlled by it.

On the basis of this work, we certify the accuracy and sincerity of this information.

Other informations

In accordance with the law, we have ensured that the various information relating to equity and controlling interests and to reciprocal participation has been communicated to you in the management report.

Responsibility of the management and persons forming the corporate governance relating to the annual accounts

It is the responsibility of the management to prepare annual accounts presenting a true and fair view in accordance with French accounting rules and principles and to set up the internal control it deems necessary for the preparation of the annual accounts that do not contain any significant anomalies, from fraud or from errors.

When preparing the annual accounts, it is the responsibility of the management to assess the ability of the company to continue to operate, to present in these accounts, when appropriate, the necessary information relating to the continuity of operations and apply the operating accounting policy unless it is intended to wind up the company or to cease trading.

REPORT OF THE STATUTORY AUDITORS

The Audit Committee is responsible for following the process of preparing financial information and for monitoring the effectiveness of the internal control and risk management systems, as well as, where applicable, the internal audit, with respect to procedures relating to the preparation and processing of accounting and financial information.

The annual accounts have been approved by the Board of Directors.

Responsibilities of the auditors relating to the audit of the annual accounts

It is our responsibility to prepare a report on the annual accounts. Our objective is to obtain reasonable assurance that the financial statements taken as a whole do not contain any material misstatements. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with professional standards will systematically detect any material misstatement.

Anomalies may arise from fraud or error and are considered significant when it can reasonably be expected that they, taken individually or in combination, may influence the economic decisions that account users take in their business based on these anomalies.

As stated in Article L. 823-10-1 of the French Commercial Code, our mission of certification of accounts is not to guarantee the viability or the quality of the management of your company.

As part of an audit conducted in accordance with the professional standards applicable in France, the statutory auditor exercises his professional judgment throughout this audit.

In addition:

► he identifies and assesses the risks that the annual accounts contain material misstatements, whether from fraud or error, defines and implements audit procedures to address these risks, and collects evidence that he considers sufficient and appropriate to base his opinion.

The risk of not detecting a significant anomaly from fraud is higher than that of a significant misstatement resulting from an error, as the fraud may involve collusion, forgery, voluntary omissions, misrepresentation or circumventing internal control;

► he checks upon the internal control relevant to the audit in order to define appropriate audit procedures in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the internal control;

► he assesses that the accounting methods used are appropriate and that the accounting estimates made by management are reasonable, as well as the information concerning them provided in the annual accounts;

REPORT OF THE STATUTORY AUDITORS

► he assesses that the management's application of the operating accounting policy is appropriate and, depending on the evidence gathered, the existence of significant uncertainty related to events or circumstances likely impact the company's ability to continue operating.

This assessment is based on the information collected up to the date of his report, although it is mentioned that subsequent circumstances or events could later jeopardize the continuity of operations.

If he concludes that there is significant uncertainty, he draws the attention of the readers of his report to the information provided in the annual accounts about this uncertainty or, if this information is not provided or is not relevant, he formulates a qualified certification or a refusal to certify;

► he assesses the overall presentation of the annual accounts and assesses whether the annual accounts reflect the underlying transactions and events so as to give a true and fair view.

Report to the audit committee

We provide the audit committee with a report that outlines, among other things, the scope of the audit work and the work program implemented, as well as the conclusions arising from our work. We also inform, where appropriate, the significant weaknesses of internal control that we have identified with respect to the procedures relating to the preparation and processing of accounting and financial information.

Among the elements disclosed in the report to the Audit Committee are the risks of material misstatement, which we consider to have been the most important for the audit of the financial statements for the year and which therefore constitute the key points of the audit, which it is our responsibility to describe in this report.

We also provide the audit committee with the declaration provided for in Article 6 of Regulation (EU) No 537-2014 confirming our independence within the meaning of the rules applicable in France as laid down in particular by Articles L. 822 -10 to L. 822-14 of the French Commercial Code and in the Code of Ethics of the profession of statutory auditor. Where appropriate, we discuss with the audit committee the risks to our independence and the safeguards applied.

Paris-La Défense, June 2nd, 2020
The statutory auditors

DELOITTE & ASSOCIÉS
MARJORIE BLANC-LOURME

ERNST & YOUNG AUDIT
VANESSA JOLIVALT

FINANCIAL REPORT- BALANCE SHEET

ASSETS (KEUR)	31-12-2020	31-12-2019
	691 143	
LOANS DUE FROM CREDIT INSTITUTIONS	8 968 815	508 265
TRANSACTIONS WITH CLIENTS	14 315	9 353 177
EQUITY AND OTHER LONG-TERM SECURITIES	54	285
INTANGIBLE FIXED ASSETS	18 284	18 249
TANGIBLE FIXED ASSETS	2 261	2 619
OTHER ASSETS	3 582	3 673
ADJUSTMENT ACCOUNTS	6 553	7 266
TOTAL	9 705 007	9 909 239
LIABILITIES (KEUR)	31-12-2020	31-12-2019
DUE TO CREDIT INSTITUTIONS	7 822 177	7 957 654
TRANSACTIONS WITH CLIENTS	1 661 052	1 717 681
DEBTS REPRESENTED BY A SECURITY	15 159	24 668
OTHER LIABILITIES	21 016	28 334
REGULARISATION ACCOUNT	34 536	40 263
PROVISIONS FOR RISKS AND CHARGES	1 118	1 557
EQUITY	149 948	139 081
CAPITAL	14 400	14 400
RESERVES	124 680	104 798
RETAINED EARNINGS	1	1
RESULT	10 867	19 882
TOTAL	9 705 007	9 909 239
OFF BALANCE SHEET (KEUR)	31-12-2020	31-12-2019
COMMITMENTS GIVEN		
GUARANTEE COMMITMENTS	1 148 599	1 453 979
COMMITMENTS RECEIVED		
FINANCING COMMITMENTS	277 299	360 384
GUARANTEE COMMITMENTS	2 675 999	2 340 149

FINANCIAL REPORT- INCOME STATEMENT

INCOME STATEMENT IN (KEUR)	31-12-2020	31-12-2019
+ FINANCING COMMISSIONS	68 380	87 925
+ INCOME FROM INTERBANK TRANSACTIONS	11 107	11 572
- EXPENSES ON INTERBANK TRANSACTIONS	-23 252	-44 061
+ SERVICE COMMISSIONS	49 545	59 489
+ COMMISSIONS (PRODUCTS)	7 827	5 556
- COMMISSIONS (EXPENSES)	-12 758	-11 835
+ OTHER BANKING INCOME	519	947
- OTHER BANKING EXPENSES	-1 886	-17
NET BANKING INCOME	99 482	109 576
- GENERAL OPERATING EXPENSES	-62 147	-68 553
- ALLOCATIONS TO DEPRECIATION AND PROVISIONS FOR DEPRECIATION ON TANGIBLE AND INTANGIBLE ASSETS	-7663	-7602
GROSS OPERATING PROFIT/LOSS	29 671	33 422
+/- COST OF RISK	-12 708	-1566
OPERATING PROFIT/LOSS	16 963	31 856
+/- GAINS OR LOSSES ON FIXED ASSETS	0	28
PRE-TAX PROFIT/LOSS	16 963	31 884
+/- NON-RECURRING PROFIT/LOSS	0	0
- CORPORATION TAX	-6 096	-12 002
NET EARNINGS	10 867	19 882

EXPLANATORY NOTES

On the balance sheet and the income statement

Annual accounts ended december 31, 2020

Societe Generale Factoring, factoring subsidiary of Societe Generale, offers companies solutions for managing, financing and guaranteeing their trade receivables.

Accounting rules, methods and principles

The financial statements of Societe Generale Factoring have been prepared in accordance with the provisions of the Accounting Chart for Credit Institutions, ANC Regulation No. 2014-07 on the accounts of companies in the banking sector. All amounts are indicated in KEUR. The information presented in the notes to the annual financial statements focuses on those that are relevant and material in relation to the financial statements of Societe Generale Factoring, its activities and the circumstances in which they occurred during the period.

Capital assets and depreciations

Intangible assets managed internally

Computer studies generated internally relating to a project using the classical method or agile method are immobilized, each time the overall cost of the project or the release concerned exceeds 50 KEUR.

Other capital assets - depreciations

Apart from internally generated fixed assets, intangible fixed assets are mainly consisting of external computer software. They are amortized on a straight-line basis over 4 years except in cases particular structuring project.

Receivables and depreciation credit risk

Doubtful receivables - debtors

In accordance with Article 2221-1 of the ANC Regulation 2014-07 of the Accounting Standards Authority, accounts receivable outstanding for more than 3 months after their notional maturity have been classified as "bad debts", or the existence of any unpaid one can conclude to the existence of a proven risk, or if there is a contentious procedure.

Only receivables from sound clients are likely to be classified as doubtful bad debts. Debt receivables, whether doubtful or not, on litigatin clients, do not appear in bad debt accounts receivable. Their amount is taken into account in the calculation of the bad loans clients. It should be noted that these receivables can be extended by up to 120 days, subject to agreement.

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.

EXPLANATORY NOTES

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.

An exception to the contagion rule is for receivables in the following cases:

- for disputed receivables, where the participant is notoriously creditworthy. In this case, if the dispute can not be resolved, the participant will reimburse Societe Generale Factoring in accordance with the contract;
- for non-contentious receivables:
 - ✓ when the contract is recourse, because in this case the credit risk depends on the creditworthiness of the client,
 - ✓ when the debtor is notoriously creditworthy (administration or large account),
 - ✓ when it is found for a given debtor, that payments have resumed on a regular basis for the amounts corresponding to the original contractual deadlines, as provided for in Article 6 of Regulation 2002-03 of the Comité de la Réglementation Comptable .

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 doubtful 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.

Depreciation on doubtful debts from clients

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

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 Societe Generale Factoring to its clients.

Post-closing events

None.

**THE FUTURE
IS YOU**  **SOCIETE GENERALE**
Factoring

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SA with share capital of 14 400 000 €

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