



SOCIETE GENERALE FACTORING

2022

Activity report



SOCIETE GENERALE
Factoring

EDITORIAL



AURELIEN VIRY, CHIEF EXECUTIVE OFFICER

Our corporate purpose:

« As a leading European player, Societe Generale Factoring designs and delivers expert and innovative solutions to optimize cash flow, finance and secure the working capital from very small companies to large international groups for a sustainable relationship and growth. We cultivate a demanding, caring and positive entrepreneurial spirit. »

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).

2022, committing to the future

In 2022, Societe Generale Factoring set up ESG offers for its Corporate and Retail clients. These offers aim to support companies engaged in societal and environmental projects with short-term financing solutions for example by rewarding the achievement of ESG objectives in line with clients' CSR strategy.

A strategy of sustainable growth and customer proximity

The year 2022 confirmed the attractiveness of companies for factoring solutions, driven by large companies and international. In this context, volumes processed by French factors recorded an increase of 15.5% compared to 2021 (source ASF). We aim to continue our growth through our development both France and internationally. Our digitalization strategy has accelerated in order to always support our customers as well as possible.

Strengthened group synergies

One of the strategic axes of the Societe Generale group is to develop synergies between the different business lines. We are actively contributing to this by strengthening synergies within Global Transaction & Payment Services (GTPS).

Customer satisfaction is a priority for Societe Generale Factoring

For Societe Generale Factoring, customer satisfaction is a priority and several actions have been put in place to maintain a lasting relationship with our customers and support them in their development. We measure our customers' satisfaction through regular surveys.

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Keep up to date with our latest news and all the useful information on our products and services at www.factoring.societegenerale.com
Communication/Marketing department factoring: communication@socgen.com



PARTNER FOR YOUR GROWTH



KEY FIGURES

€ **€8,2 bn**
AVERAGE
OUTSTANDING

€ **€71,3 bn**
PURCHASED
RECEIVABLES
OF WHICH 47%
INTERNATIONAL

€ **4 100**
CLIENTS

€ **325**
EMPLOYEESS

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.



BEST FACTORING SERVICES

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

GOVERNANCE

EXECUTIVE COMMITTEE – 2022



AURELIEN VIRY
Chief Executive Officer



ANETA PÉLÉGRY
General Secretary,
Head of Compliance



PHILIPPE POUGEARD
Deputy Ceo
Head of Business



JEAN-PHILIPPE TALEC
Deputy Ceo
Head of Ressources



**ARNAUD DE
LA MORANDIÈRE**
Head of Risks



LUC HENRY
Head of Retail
Client Management



MARIELLE SYLVESTRE
Head of Retail
Commercial Development



JONATHAN CROFT
Chief Information
Officer



ALAIN DUPEYRON
Head of Operations



PIERRE DEMPÈRE
Head of Corporate



MARIE-PIERRE DEVIDTS
Head of Strategic
Development, Marketing
& Communication



NATHALIE CRABIÉ
Head of Finance



**LUCIE PETYST
DE MORCOURT**
Head of Human
Resources



JÉRÉMIE WILENSKI
Head of Steering &
Transformation

BOARD OF DIRECTORS*

Alexandre MAYMAT - Director and Chairman
of the board of directors

Aurélien VIRY - Chief Executive Officer

Éric FRACHON - Director

Evelyne COLLIN - Director

Agnès JOLY - Director

Bruno MAGNIN - Director

Cécile WAYMEL - Director

Florence ESCAFFRE - Director

SOCIETE GENERALE, Director, represented
by Benoite ARMAND-PIEYRE

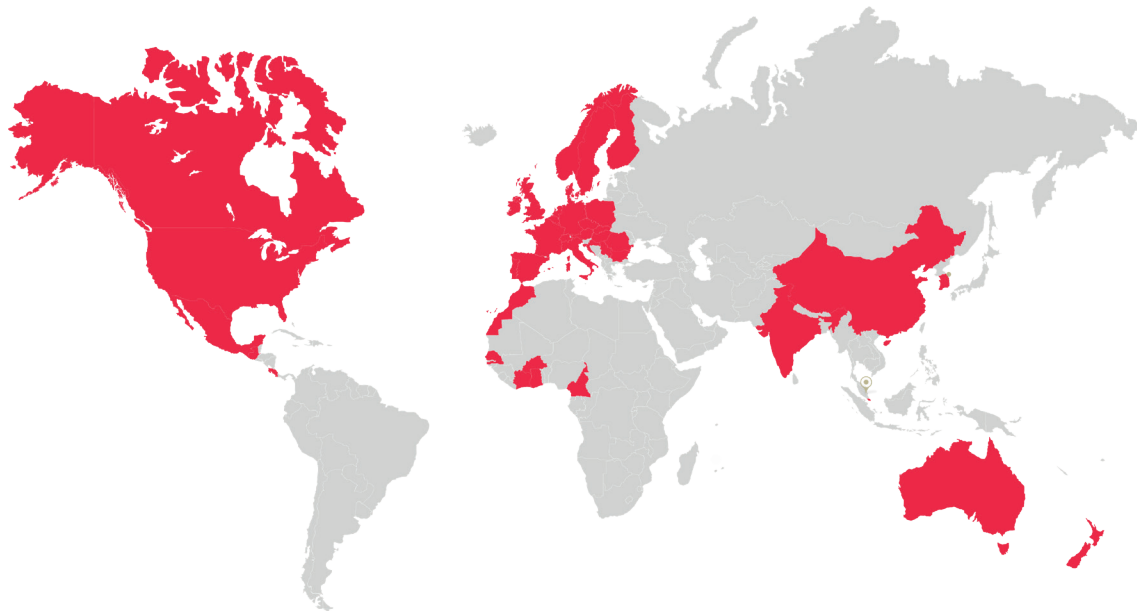
AUDITORS

Deloitte & Associés represented by
Marjorie BLANC-LOURME

Ernst & Young Audit represented by
Vanessa JOLIVALT

*Composition as at December 31st, 2022

WORLDWIDE SCOPE



AMERICA

-  CANADA
-  COSTA RICA
-  GUATEMALA
-  MEXICO
-  UNITED STATES

AFRICA

-  BURKINA FASO
-  CAMEROON
-  GHANA
-  IVORY COAST
-  MOROCCO
-  SENEGAL

EUROPE

-  AUSTRIA
-  BELGIUM
-  BULGARIA
-  CROATIA
-  CZECH REPUBLIC
-  DENMARK
-  FINLAND
-  FRANCE
-  GERMANY
-  HUNGARY
-  IRELAND
-  ITALY
-  LUXEMBOURG
-  NETHERLANDS
-  NORWAY
-  POLAND
-  PORTUGAL
-  ROMANIA
-  SERBIA
-  SLOVAKIA
-  SPAIN
-  SWEDEN
-  SWITZERLAND
-  UNITED KINGDOM

ASIA

-  CHINA
-  HONG KONG
-  INDIA
-  SINGAPORE
-  SOUTH KOREA

OCEANIA

-  AUSTRALIA
-  NEW-ZELAND



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

CSR POLICY

A CSR policy aligned with that of the Group.

The Group's CSR ambition puts its Corporate Purpose into action: "building together, with our clients, a better and sustainable future through responsible and innovative financial solutions". This ambition is built around the following pillars: Ecological transition, development of territories, culture of responsibility and responsible employer. Each of our employees is fully aware of his or her responsibilities and is made aware of the importance of transparency, compliance, ethics, regulatory requirements and data protection issues.

Some Societe Generale Factoring specific actions

Societe Generale Factoring notably undertook:

To make its IT more responsible by:

- ▷ Simplifying the application base
- ▷ Improving e-accessibility
- ▷ Entrusting the management of WEEE to Recyclea

Supports its clients in their transition by offering products adapted to ESG issues

- ▷ Specific offers for environmental and social financing
- ▷ Specific offers to encourage the achievement of key ESG indicators adapted to clients' CSR strategy

Societe Generale Factoring pursues its ambitions as a responsible employer by:

- ▷ Granting 3 pro bono days to employees who wish to dedicate time to the associations of the Société Générale Foundation
- ▷ Leading new diversity, inclusion, disability, & mental health campaigns
- ▷ Guaranteeing a high gender equality index (currently at 99).

« SOCIETE GENERALE FACTORING participates to societe generale group's commitment to supporting its corporate clients' transition to greener and more inclusive development models. »



REPORT OF THE STATUTORY AUDITORS

Extract

ON THE FINANCIAL STATEMENTS

For the year ended December 31st, 2022

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 31st, 2022, 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.

The opinion expressed above is consistent with the content of our report to the Audit and Internal Control Committee

BASIS OF OUR OPINION

• Audit repository

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.

• Independance

We carried out our audit mission in accordance with the independence rules applicable to us, covering the period from January 1st, 2022 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

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.

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.

The Audit and Internal Control 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

• Audit objective and approach

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;

- ▷ 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 and Internal Control 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, May 10th, 2023

The statutory auditors

DELOITTE & ASSOCIÉS
Marjorie Blanc-Lourme

ERNST & YOUNG AUDIT
Vanessa Jolivald

FINANCIAL REPORT

BALANCE SHEET

ASSETS (KEUR)	31-12-2022	31-12-2021
LOANS DUE FROM CREDIT INSTITUTIONS		
TRANSACTIONS WITH CLIENTS		
BONDS AND OTHER LONG-TERM SECURITIES	512,037	479,594
INTANGIBLE FIXED ASSETS	10,352,154	10,400,792
TANGIBLE FIXED ASSETS	-	-
OTHER ASSETS	73	94
ADJUSTMENT ACCOUNTS	20,144	19,925
ADJUSTMENT ACCOUNTS	6	1,899
AUTRES ACTIFS	5,439	4,668
COMPTES DE RÉGULARISATION	9,590	12,556
TOTAL	10,899,442	10,919,527

LIABILITIES (KEUR)	31-12-2022	31-12-2021
DUE TO CREDIT INSTITUTIONS	9,212,213	9,163,888
TRANSACTIONS WITH CLIENTS	1,350,003	1,493,252
DEBTS REPRESENTED BY A SECURITY	12,963	15,902
OTHER LIABILITIES	35,354	30,573
REGULARISATION ACCOUNT	59,492	32,641
PROVISIONS FOR RISKS AND CHARGES	7,414	1,862
EQUITY	222,003	181,408
CAPITAL	14,400	14,400
RESERVES	167,007	135,547
RETAINED EARNINGS	1	469
RESULT	40,595	30,992
TOTAL	10,899,042	10,919,527

OFF BALANCE SHEET

OFF BALANCE SHEET (KEUR)	31-12-2022	31-12-2021
COMMITMENTS GIVEN		
GUARANTEE COMMITMENTS	1,039,233	1,556,318
COMMITMENTS RECEIVED		
FINANCING COMMITMENTS	303,316	157,933
GUARANTEE COMMITMENTS	2,860,342	3,005,715

FINANCIAL REPORT

INCOME STATEMENT

INCOME STATEMENT IN (KEUR)	31-12-2022	31-12-2021
+ FINANCING COMMISSIONS	148,344	65,601
+ INCOME FROM INTERBANK TRANSACTIONS	15,551	17,620
- EXPENSES ON INTERBANK TRANSACTIONS	- 80,780	- 16,674
+ SERVICE COMMISSIONS	48,369	48,266
+ COMMISSIONS (PRODUCTS)	22,066	18,240
- COMMISSIONS (EXPENSES)	- 14,493	- 15,775
+ OTHER BANKING INCOME	876	1,213
- OTHER BANKING EXPENSES	- 657	- 48
NET BANKING INCOME	139,275	118,444
- GENERAL OPERATING EXPENSES	- 72,017	- 64,947
- ALLOCATIONS TO DEPRECIATION AND PROVISIONS FOR DEPRECIATION ON TANGIBLE AND INTANGIBLE ASSETS	- 9,305	- 7,353
GROSS OPERATING PROFIT/LOSS	57,953	46,144
+ / COST OF RISK	- 898	- 724
OPERATING PROFIT/LOSS	57,056	45,420
+ / GAINS OR LOSSES ON FIXED ASSETS	- 173	0
PRE-TAX PROFIT/LOSS	56,883	45,420
+ / NON-RECURRING PROFIT/LOSS	0	0
- CORPORATION TAX	- 16,288	- 14,429
NET EARNINGS	40,595	30,992

EXPLANATORY NOTES

On the balance sheet and the income statement

Annual accounts ended december 31st, 2022

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 50KEUR.

• Other capital assets - depreciations

In addition to internally generated fixed assets, intangible assets consist mainly of external computer software.

Intangible assets are amortized on a straight-line basis over 4 years, except in the special case of a large-scale structuring project for the company whose useful life is extended to 7 years.

Following the change of registered office in March 2022, an acceleration in depreciation and amortization relating to fittings and office furniture was recorded over the year, extending the values of tangible fixed assets to December 31, 2022.

RECEIVABLES AND DEPRECIATION CREDIT RISK

• Doubtful receivables

In line with the new definition of the doubtful (NDOD) and with the IFRS principles, SGF has reviewed and improved the classification of its doubtful on the following elements:

- ▷ The simplification of the classification in line with the management status of the files:
 - ▶ disappearance of the following categories: non-performing doubtful, simple contentious and non-performing contentious;
 - ▶ simple correspondence with the stage IFRS 9.

▷ The principle of contagion: a debtor classified as defaulting / doubtful by the entity in charge of credit risk monitoring (PCRU), is considered in default throughout the Group and all its exposures are subject to a systematic downgrading (principle of uniqueness of the rating).

▷ The criterion of the arrears of payment («DPD») applied daily for the identification of the default is the basis for determining the unpaid of more than 90 days.

▷ The return to the healthy status of a third party with the respect of a probationary period.

▷ The abolition of tolerance on public bodies.

Consequently, the receivables included in this item are now broken down into doubtful or contentious receivables with the distinction of those relating to clients or debtors.

• Depreciations on healthy receivables – portfolio basis

Without waiting for a proven credit risk to have individually affected one or more receivables or liabilities and in order to provide better information with regard to its activity, SGF recognises a provision for credit risk on healthy undegraded assets, up to the amount of the credit losses it expects to suffer over the next one year.

• Depreciations on doubtful receivables – clients

Client cases are sent to the litigation service and recorded as non-performing doubtful 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.

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

Societe Generale Factoring

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702 016 312 R.C.S. Créteil

SA with share capital of 14 400 000 €

ADEME No.: FR231725_031VZM

www.factoring.societegenerale.com

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