



SOCIETE GENERALE FACTORING

2023

Activity report



SOCIETE GENERALE
Factoring

EDITORIAL



AURELIEN VIRY, CHIEF EXECUTIVE OFFICER

"2023 was a remarkable year in many ways. An intense year marked by a complex economic and political context.

The performance we have achieved is the result of the work and commitment of all our employees. 2024 will be a year of challenges, we aim to pursue sustainable growth through our development both in France and internationally."

Strong and recognized values

For more than 50 years, Societe Generale Factoring has relied on the expertise and commitment of its employees to develop solutions that generate added value for its clients. Innovation is a strong value that has enabled it to be recognized within the Societe Generale Group, but also by its peers, in particular within the Factor Chain International Association (FCI).

Our corporate purpose

"As a major European provider, Societe Generale Factoring designs and delivers expert and innovative solutions to optimize cash flow, finance and secure the balance sheet from very small companies to large international groups for sustainable relationships and growth. We cultivate a demanding, caring and positive entrepreneurial spirit."

Client satisfaction, a priority

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. Many initiatives are implemented regularly, such as the deployment of a satisfaction barometer for all client segments, or the implementation of measurement tools that help us build our service offerings and meet the growing expectations of our clients.

Rise in the global factoring market

The French Association of Financial Companies (ASF) regularly publishes market indicators on the activity of specialized institutions. For the factoring market in 2023:

Overall, factors took on €426.6 billion in new receivables, a slight increase of +1.2% compared to 2022. While activity continued to grow in the first half of the year (+5.8% at the beginning of the year and +6.9% in the second quarter), the situation proved to be more delicate in the second half of the year (-2% in the third quarter, then -5.1% at the end of the year).

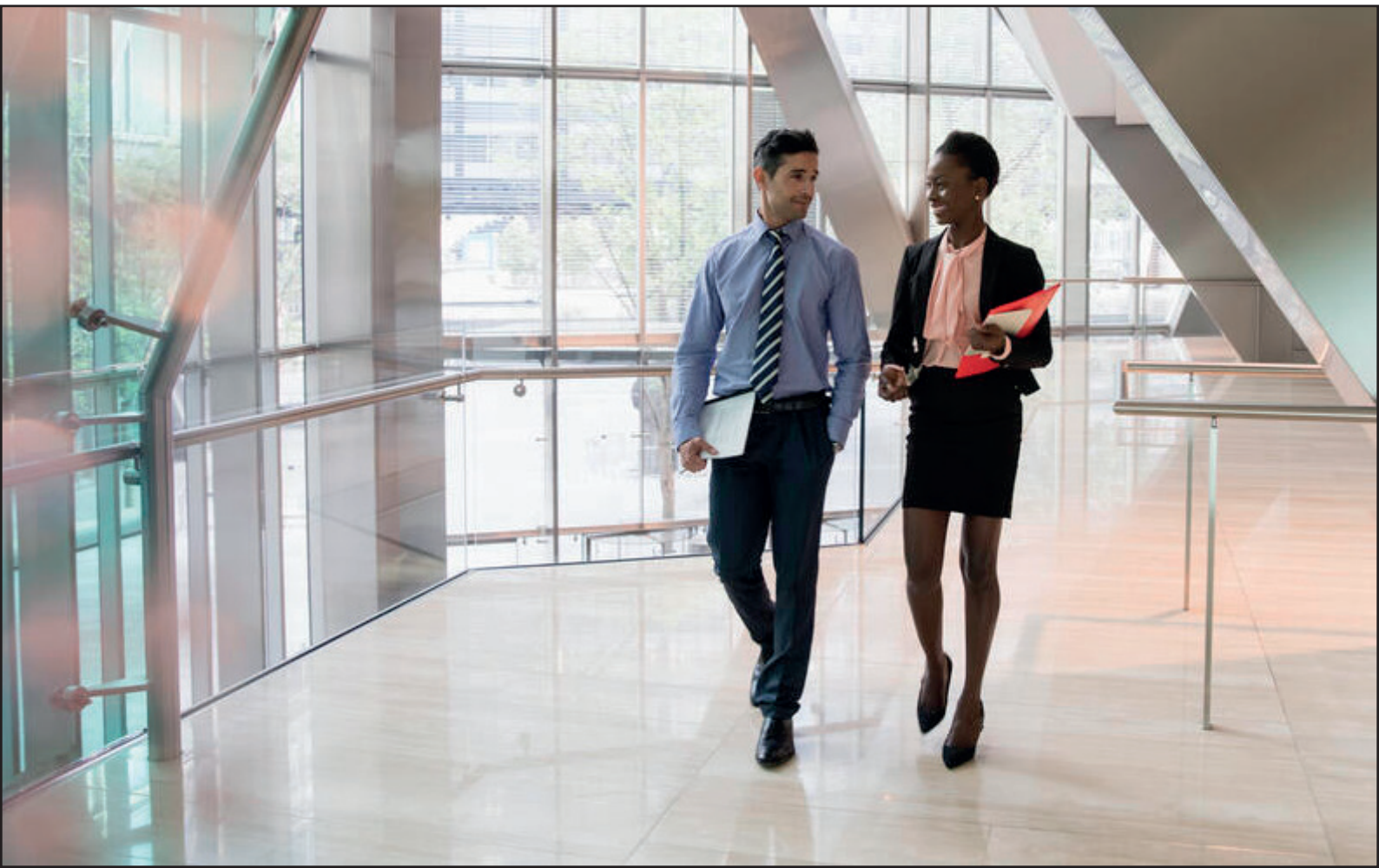
KEY FIGURES

€7,8bn	€62bn	3 500	320
Average outstandings	Purchase receivables of which 49 % international	Clients	Employees

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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



YOUR BUSINESS PARTNER



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 320 employees, mainly based in its metropolitan areas and french overseas (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

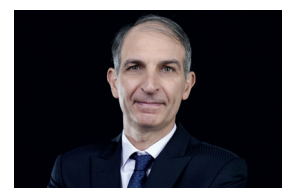
AWARDED « BEST FACTORING SERVICES »
IN EUROPE, EMEA & AFRICA

GOVERNANCE

EXECUTIVE COMMITTEE – 2023



AURELIEN VIRY
Chief Executive Officer



PHILIPPE VIAL
General Secretary,
Head of Compliance



PHILIPPE POUGEARD
Deputy Ceo
Head of Business



JEAN-PHILIPPE TALEC
Deputy Ceo
Head of Ressources



LUC HENRY
Head of
Risks



ERWAN LECLERC
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



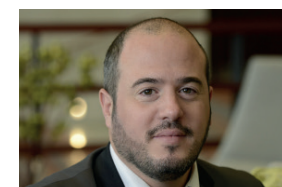
MARIE-PIERRE DEVIDTS
Head of Strategic
Development, Marketing
& Communication



LAURENT GONZALEZ
Head of
Finance



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



JÉRÉMIE WILENSKI
Head of Steering &
Transformation

BOARD OF DIRECTORS*

David ABITBOL - 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

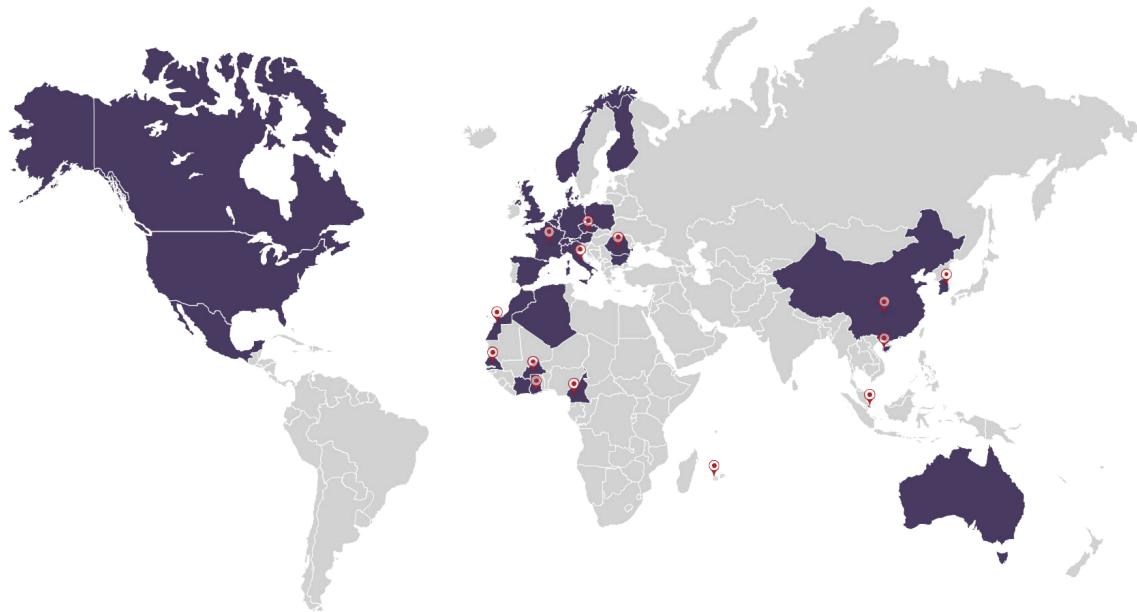
AUDITORS

Deloitte & Associés represented by
Maud MONIN


Ernst & Young Audit represented by
Vanessa JOLIVALT

*Composition as at December 31st, 2023

WORLDWIDE SCOPE IN 2023



AMERICA

-  CANADA
-  MEXICO
-  UNITED STATES

AFRICA

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

EUROPE

-  AUSTRIA
-  BELGIUM
-  BULGARIA
-  CZECH REPUBLIC
-  DENMARK
-  FINLAND
-  FRANCE
-  GERMANY
-  ITALY
-  LUXEMBOURG
-  NETHERLANDS
-  NORWAY
-  POLAND
-  ROMANIA
-  SPAIN
-  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

ESG POLICY

A ESG policy aligned with that of the Group

The Group's CSR ambition puts into action its purpose: *"To build together, with its customers, a better and sustainable future by providing responsible and innovative financial solutions"*.

This ambition is based on four interconnected axes. Two of them form the framework of responsible banking: the culture of responsibility and being a responsible employer. The other two areas are the drivers of the positive transformations of the Group's action as a responsible bank: support for the ecological transition and regional development.

Each of our employees is fully aware of their responsibilities and is aware of the importance of transparency, compliance, ethics, regulatory requirements or data protection issues.

SOCIETE GENERALE FACTORING'S CONTRIBUTION TO SUPPORT THE ECOLOGICAL TRANSITION AND REGIONAL DEVELOPMENT

Societe Generale Factoring supports its clients in their transition by offering products adapted to ESG issues with specific offers for environmental and social financing as well as specific offers to incentivize the achievement of key ESG indicators adapted to the clients' CSR strategy.

SOCIETE GENERALE FACTORING IS PURSUING ITS AMBITIONS AS A RESPONSIBLE EMPLOYER WITH A PROGRAMME BASED ON 4 PILLARS.

DIVERSITY & INCLUSION: Disability Diagnosis & CHSWC, Equal Pay and Gender Equality budget, disability week, parenthood, disability agreement assessment.

COLLECTIVE LIFE & SOLIDARITY: E2C immersion, Solidarity Hackathon, Sports Challenge associated with Move For Youth, Animation of the solidarity space, Quarterly breakfasts, Renegotiation of the skills sponsorship agreement.

CULTURE: Managerial culture through managerial support (manager coach, non-violent communication and support for hybrid mode), Instilling a culture of responsibility through C&C actions and prevention/awareness of inappropriate behavior.

WORKING CONDITIONS: Redesign of the QWC Charter, Workshops on hybrid management, Implementation of a PSR diagnosis, Support for transformations on the change management component.

Societe Generale Factoring publishes the level of its Gender Equality Index, which reaches 92 points out of a maximum of 100 points in 2023. This good level reflects the efforts actively made by Societe Generale Factoring over several years in terms of professional equality, in particular by the signing of successive company agreements.



REPORT OF THE STATUTORY AUDITORS

Extract

ON THE FINANCIAL STATEMENTS

For the year ended December 31st, 2023

At the General Meeting of Societe Generale Factoring

[Online
report of
statutory
auditors](#)



OPINION

In fulfilment of the mission entrusted to us by your General Meetings, we have audited the annual financial statements of Societe Generale Factoring for the year ended December 31st, 2023, as attached to this report.

We certify that the annual accounts are, in accordance with French accounting rules and principles, regular and fair and give a true and fair view of the result of operations for the past financial year as well as the financial situation and assets of the company at the end of that financial year.

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

BASIS FOR THE OPINION

• Audit standards

We conducted our audit in accordance with the standards of professional practice applicable in France. We believe that the evidence we have gathered is sufficient and appropriate to base our opinion.

Our responsibilities under these standards are set out in the section «Statutory auditors' responsibilities in relation to the audit of the annual financial statements» of this report.

• Independence

We carried out our audit mission in compliance with the rules of independence provided for by the Commercial Code and by the Code of Ethics of the Statutory Auditor profession over the period from January 1, 2023 to the date of issuance of our report, and in particular we did not provide services prohibited by Article 5, paragraph 1 of Regulation (EU) No 537/2014.

SPECIFIC CHECKS

We have also carried out, in accordance with the standards of professional practice applicable in France, the specific verifications provided for by the legal and regulatory texts.

▷ Information provided to shareholders in the annual report and other documents on the financial position and annual accounts

We have no comments to make on the fairness and consistency with the annual accounts 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 shareholders, except for the point below.

The sincerity and consistency with the annual accounts of the information relating to payment terms mentioned in Article D. 441-6 of the French Commercial Code calls for the following observation on our part: as indicated in the management report, this information does not include banking activities, as your company considers that it does not fall within the scope of the information to be produced.

▷ Corporate governance information

We certify the existence, in the section of the Board of Directors' management report devoted to corporate governance, of the information required by Article L. 225-37-4 of the French Commercial Code.

RESPONSIBILITIES OF MANAGEMENT AND CORPORATE GOVERNANCE IN RELATION TO THE ANNUAL ACCOUNTS

It is the responsibility of the management to draw up annual financial statements presenting a true and fair view in accordance with French accounting rules and principles and to put in place the internal control that it deems necessary for the preparation of annual financial statements that do not contain material misstatement, whether due to fraud or error.

When preparing the annual financial statements, it is the responsibility of management to assess the company's ability to continue as a going concern, to present in these accounts, where appropriate, the necessary information relating to going concern and to apply the going concern accounting policy, unless it is planned to liquidate the company or cease operations.

The Audit and Internal Control Committee is responsible for monitoring the process of preparing financial information and monitoring the effectiveness of the internal control and risk management systems, as well as where applicable internal audit, regarding the 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 STATUTORY AUDITORS IN RELATION TO THE AUDIT OF THE ANNUAL ACCOUNTS

• Audit objective and approach

It is up to us to draw up a report on the annual accounts. Our objective is to obtain reasonable assurance as to whether the annual financial statements are free from material misstatement. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with the standards of professional practice will consistently detect material misstatement. Misstatements may result from fraud or error and are considered material where they can reasonably be expected to influence, individually or in aggregate, the economic decisions that users of the accounts make based on the accounts.

As specified by Article L. 821-55 of the French Commercial Code, our mission of certifying the accounts does not consist in guaranteeing the viability or quality of the management of your company.

In the context of an audit carried out in accordance with the standards of professional practice applicable in France, the statutory auditor exercises his or her professional judgment throughout the audit.

In addition:

- ▷ it identifies and assesses the risks of material misstatement in the annual accounts, whether due to fraud or error, defines and implements audit procedures to address such risks, and collects such information as it considers sufficient and appropriate to form the basis of its opinion. The risk of non-detection of a material misstatement resulting from fraud is higher than that of a material misstatement resulting from an error, as fraud may involve collusion, falsification, wilful omissions, misrepresentation, or circumvention of internal control;
- ▷ it takes note of the internal control relevant to the audit in order to define audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the internal control;
- ▷ it assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as the related information provided in the annual accounts;
- ▷ it assesses the appropriateness of management's application of the going concern accounting policy and, depending

on the information collected, the existence of significant uncertainty related to events or circumstances that may affect the company's ability to continue as a going concern. This assessment is based on the information collected up to the date of its report, bearing in mind, however, that subsequent circumstances or events could jeopardize going concern. If it concludes that there is a material uncertainty, it draws the attention of the readers of its report to the information provided in the annual accounts about this uncertainty or, if this information is not provided or is not relevant, it makes a qualified certification or a refusal to certify;

- ▷ it assesses the overall presentation of the annual accounts and assesses whether the annual accounts reflect the underlying transactions and events in such a way as to give a true and fair view of them.

REPORT TO THE AUDIT AND INTERNAL CONTROL COMMITTEE

We submit a report to the Audit and Internal Control Committee that includes the scope of the audit work and the work program implemented, as well as the conclusions of our work. We also bring to its attention, where applicable, any significant weaknesses in internal control that we have identified regarding the procedures relating to the preparation and processing of accounting and financial information.

The items disclosed in the report to the Audit and Internal Control Committee include the risks of material misstatement, which we consider to have been most material for the audit of the annual financial statements for the year and are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Internal Control 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 set out in particular by Articles L. 821-27 to L. 821-34 of the French Commercial Code and in the Code of Ethics of the Statutory Auditor Profession. Where appropriate, we discuss with the Audit and Internal Control Committee the risks to our independence and the safeguards applied.

Paris-La Défense, may 7th, 2024

The Statutory Auditors

DELOITTE & ASSOCIÉS
Maud Monin

ERNST & YOUNG AUDIT
Vanessa Jolivald

FINANCIAL REPORT

BALANCE SHEET

ASSETS (KEUR)	31-12-2023	31-12-2022
LOANS DUE FROM CREDIT INSTITUTIONS		
TRANSACTIONS WITH CLIENTS		
BONDS AND OTHER LONG-TERM SECURITIES	556,015	512,037
INTANGIBLE FIXED ASSETS	10,023,875	10,352,154
TANGIBLE FIXED ASSETS	-	-
OTHER ASSETS	56	73
ADJUSTMENT ACCOUNTS	23,016	20,144
ADJUSTMENT ACCOUNTS	5	6
AUTRES ACTIFS	5,384	5,439
COMPTES DE RÉGULARISATION	12,781	9,590
TOTAL	10,621,133	10,899,442

LIABILITIES (KEUR)	31-12-2023	31-12-2022
CENTRAL BANKS, JCC		
DUE TO CREDIT INSTITUTIONS	9,012,528	9,212,213
TRANSACTIONS WITH CLIENTS	1,237,079	1,350,003
DEBTS REPRESENTED BY A SECURITY	-	12,963
OTHER LIABILITIES	35,274	35,354
REGULARISATION ACCOUNT	68,569	59,492
PROVISIONS FOR RISKS AND CHARGES	7,370	7,414
EQUITY	260,312	222,003
CAPITAL	14,400	14,400
RESERVES	207,602	167,007
RETAINED EARNINGS	1	1
RESULT	38,310	40,595
TOTAL	10,621,133	10,899,042

OFF BALANCE SHEET

OFF BALANCE SHEET (KEUR)	31-12-2023	31-12-2022
COMMITMENTS GIVEN		
GUARANTEE COMMITMENTS	767,246	1,039,233
COMMITMENTS RECEIVED		
FINANCING COMMITMENTS	357,079	303,316
GUARANTEE COMMITMENTS	3,836,619	2,860,342

FINANCIAL REPORT

INCOME STATEMENT

INCOME STATEMENT IN (KEUR)	31-12-2023	31-12-2022
+ FINANCING COMMISSIONS	396,722	148,344
+ INCOME FROM INTERBANK TRANSACTIONS	10,001	15,551
- EXPENSES ON INTERBANK TRANSACTIONS	-309,465	- 80,780
+ SERVICE COMMISSIONS	45,953	48,369
+ COMMISSIONS (PRODUCTS)	10,196	22,066
- COMMISSIONS (EXPENSES)	-17,099	- 14,493
+ OTHER BANKING INCOME	3,016	876
- OTHER BANKING EXPENSES	-1,812	- 657
NET BANKING INCOME	137,512	139,275
- GENERAL OPERATING EXPENSES	-72,103	- 72,017
- ALLOCATIONS TO DEPRECIATION AND PROVISIONS FOR DEPRECIATION ON TANGIBLE AND INTANGIBLE ASSETS	-6,653	- 9,305
GROSS OPERATING PROFIT/LOSS	58,756	57,953
+ / COST OF RISK	-5,515	- 898
OPERATING PROFIT/LOSS	53,241	57,056
+ / GAINS OR LOSSES ON FIXED ASSETS	20	- 173
PRE-TAX PROFIT/LOSS	53,261	56,883
+ / NON-RECURRING PROFIT/LOSS	-	0
- CORPORATION TAX	-14,951	- 16,288
NET EARNINGS	38,310	40,595

EXPLANATORY NOTES

On the balance sheet and the income statement

Annual accounts ended december 31st, 2023

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

ACCOUNTING PRINCIPLES, RULES AND METHODS

The parent company financial statements of SGF have been prepared and are presented in accordance with the provisions of the Plan Comptable des Etablissements de Crédit, ANC Regulation n°2014-07 on the financial statements of companies in the banking sector.

With the exception of Note 1.2, the methods used to assess and present the annual accounts for this financial year have not been changed compared with the previous financial year.

All amounts are given in EUR. The information presented in the notes to the annual accounts focuses on information that is material and relevant to SGF's financial statements, its activities and the circumstances in which they were carried out during the period.

CHANGE IN THE METHODS FOR ESTIMATING PROVISIONS

In 2023, Societe Generale Factoring made a change of estimate for the recognition of provisions for credit risk. In line with the methods used to estimate expected credit losses, which have been included in the Societe Generale group's consolidated financial statements since the application of IFRS 9 as of January 1, 2018, Societe Generale Factoring has reviewed the methods used to estimate provisions for credit risk in its annual financial statements. Until December 31, 2022, the amount of provisions was determined in particular on the basis of historical data on default rates and losses recorded per homogeneous portfolio adjusted to take into account the evolution of the economic situation affecting these portfolios and, where applicable, by expert judgment. As of 2023, the amount of provisions for credit risk is now measured at the level of expected losses at completion calculated on the basis of impaired performing loans (homogeneous portfolios of loans and commitments that have suffered a significant deterioration in credit risk since their initial recognition).

FIXED ASSETS AND DEPRECIATION

• Intangible assets generated internally

Internally generated IT studies relating to a conventional or agile project shall be capitalized whenever the overall cost of the project or release concerned exceeds EUR 50 million.

• Other fixed assets - depreciation

Excluding 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 case of a major structural project for the company, the useful life of which is increased to 7 years.

RECEIVABLES, CREDIT RISK IMPAIRMENT

• Doubtful loans

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

- ▷ Simplification of classification in line with case management statuses:
 - disappearance of the categories doubtful compromise, simple dispute and dispute compromise
 - simple correspondence with the IFRS 9 standard
- ▷ The principle of contagion: a debtor classified as defaulted / doubtful by the entity in charge of monitoring credit risk (PCRU), is considered defaulted throughout the Group and all its exposures are systematically downgraded (principle of uniqueness of rating)
- ▷ The Days Past Due ("DPD") applied daily for the identification of the default is the basis for determining the past due payment of more than 90 days
- ▷ The return to healthy status of a third party with respect to a probationary period
- ▷ The removal of the tolerance on public bodies

As a result, the receivables under this item are now broken down into doubtful or disputed receivables, with the distinction between receivables relating to members or debtors

• Impairment of sound and doubtful receivables

In 2023, Societe Generale Factoring made a change of estimate for the recognition of provisions for credit risk. Consistent with the methods used to estimate expected credit losses, used in the Societe Generale group's consolidated financial statements since the application of IFRS 9 as of January 1, 2018, Until December 31,

2022, the amount of provisions was determined based on historical data on default rates and losses recognized per homogeneous portfolio adjusted to take into account the evolution of the economic situation affecting these portfolios and, where applicable, by expert judgment. As of 2023, the amount of provisions for credit risk is now measured at the level of expected losses at termination calculated on the basis of impaired performing loans (homogeneous portfolios of loans and commitments that have suffered a significant deterioration in credit risk since their initial recognition)

- **Impairment on sound receivables**

Without waiting for a proven credit risk to have individually affected one or more receivables or commitments and in order to provide better information with regard to its activity, SGF recognizes a provision for credit risk on performing non-impaired outstandings, up to the amount of credit losses it expects to incur within one year.

- **Impairment of non-performing loans**

The member files are sent to the litigation department and recorded in doubtful compromise, when the risk of non-payment is established.

COMMISSIONS

The factoring (service) commission which remunerates all the factor's services applies ad valorem to the amount of the invoices sold.

The (advance) financing commission remunerates the financing granted by SGF to its members.



SOCIETE GENERALE
Factoring

Societe Generale Factoring

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