

When you choose Desjardins,
you're making change happen.



Message from the Chair of the Board of Directors

Dear Members:

On behalf of our directors, I'm pleased to present a review of the year 2017 for Caisse populaire Sud-Ouest Ontario.

This is the first annual general meeting of the new Caisse populaire Sud-Ouest Ontario, which was created from the Pointe-aux-Roches-Tecumseh and Welland caisses. Combining our strengths has enabled us to benefit from much greater economic and social vibrancy for our communities, and to offer our members access to a higher level of expertise. Once again, we would like to thank you for your contribution to the success of this merger.

A leader in sustainable development

In 2017, our caisse recorded net surplus earnings after member dividends of \$5.3 million. These results are an indicator of the sound management of the caisse and of your loyalty. By choosing the caisse's products and services, you have a direct positive impact on its profitability.

Because of your support, Desjardins can enrich people's lives and the communities in which they live. Last year, we provided \$38,890 in donations and sponsorships to support projects that promote the social and economic vitality of our community. Thanks to the commitment of our members, Caisse populaire Sud-Ouest Ontario, our employees and directors form a powerful driver of sustainability. Our involvement is part of our cooperative difference and remains one of our main sources of pride.

Preparing for the future together

More than 7 million members and clients chose Desjardins. At our caisse, there are 9,650 of you who have placed their trust in us. This motivates us to constantly improve our services and develop our products to offer you a Desjardins that is closer to your needs.

We tirelessly innovate to achieve that purpose. For example, you can now securely log on to Desjardins mobile services with your fingerprint. Once logged on, you can personalize your InstaBalance, use the mobile cheque deposit feature or transfer money to your Hop 'n S@ve account.

Potential merger of Ontario caisses and the Fédération des caisses populaires de l'Ontario (FCPO)

As you know, the banking environment and industry is changing rapidly, leading to new challenges for all financial institutions. The caisses in Ontario are no exception. This situation has prompted us to consider changes to our business model that would help caisses better meet the changing needs of our members while also ensuring the long-term success of the organization for future generations. The caisses unanimously agreed to a feasibility study on a potential merger of all Ontario caisses and the FCPO into a single entity. The results of this study have been submitted to caisse directors and the FCPO. At the end of April 2018, caisse representatives will meet to decide whether to keep moving forward, and ultimately submit the merger to the members of each caisse for approval. The interests of our members and the communities we serve are at the focus of this discussion.

Listening to improve

In the past fiscal year, we also reviewed some of our practices to better meet your expectations, such as by eliminating Interac e-Transfers fees. We also changed the timing of NSF cheque charges, giving our members additional time to remedy the situation. This is yet another example of how we put your interests first.

As members, you can play a role in your caisse's evolution to help boost its performance. In October 2017, during an important Desjardins Group Congress, it was stated that the caisses must ensure that members can easily be heard. Rest assured that we are always looking for the best possible ways to empower you to influence caisse decisions.

Desjardins Signature Service

Working with caisses across Ontario, your caisse participated in the establishment of a Desjardins Signature Service, which opened in December 2017. It's a multidisciplinary centre of expertise created to meet more complex financial needs. Like at the caisse, the Signature Service team offers services that are adapted to suit members' specific projects. This initiative will help enhance our service offer by showcasing Desjardins Group's wealth management expertise.

Expressing our heartfelt thanks

I would like to thank everyone who is devoted to supporting the caisse: directors, managers and employees. Under the dynamic leadership of Christian Paradis, they draw on their skills and great adaptability so that our caisse can meet your needs effectively. Thanks also to our Desjardins partners for supporting our mission to serve our members.

Lastly, thanks to our 9,650 members for placing their trust in us. Choosing Desjardins is more than choosing a financial institution. It means taking part in a great cooperative movement and helping contribute actively to the lives of people and communities.

Lucie Huot
Chair



Desjardins
Caisse populaire
Sud-Ouest Ontario

Message from the General Manager

Dear Members:

Like all of the Desjardins Group, our caisse worked hard in 2017 to provide its members and clients with distinctive and relevant experiences. We will continue doing so in 2018, thanks to the know-how of our resources, the collaboration of Desjardins Group's subsidiaries, and new technologies.

In person or through these new technologies, we remain your ideal partner to help you achieve your financial goals and fulfill your projects. Since your caisse can follow you wherever you go, thanks to the Desjardins mobile services app, for example, we can play an active role in your everyday life now more than ever. Modern technology, along with new tools for the benefit of our members and clients, will continue to strengthen business development and our relationship with you.

The 2017 fiscal year in brief

Business under management	Equity	Interest income	Net surplus earnings after member dividends
\$1.02 billion	\$31.5 million	\$9.9 million	\$5.3 million

Below are the detailed financial results of the Caisse populaire Sud-Ouest Ontario, as well as the share of net income from Desjardins Group subsidiaries as at December 31, 2017.

We owe these results to your trust in us and your commitment to the caisse. Thanks to the loyalty of our members, we can support our business development and contribute to strengthening our communities.

Business under management

With a business under management of \$1.02 billion, up 15% over 2016, the caisse is well positioned in its market. Through its membership in Desjardins Group and its participation with Desjardins Group subsidiaries, the caisse has access to a wide range of financial products and services to meet the ever-growing needs of its members.

Comments on the financial report*

Balance sheet

Your caisse's assets total \$380.5 million, up 19.7% over last year. Personal and business lending stand at \$329.3 million, an increase of 19.8%.

The caisse's liabilities total \$349 million, representing an increase of 19.8%. Deposits currently totalling \$323.4 million, up 21.3%, whereas your caisse's borrowing decreased by 0.2% and now totals \$19.6 million.

As at December 31, 2017, your caisse's equity increased by 18.5% to \$31.5 million. However, capital shares and shareholder equity of \$19.3 million are considered non distributable surplus earnings. Reserves total \$5.9 million.

The caisse's equity as at December 31, 2017, met the minimum regulatory requirements.

Investment funds

The investments that caisses hold in investment funds allow the Fédération des caisses populaires de l'Ontario to coordinate investments in Desjardins Group subsidiaries.

Through their activities, these subsidiaries enable the caisses to have greater outreach by offering a full range of financial products and services to individuals, groups of individuals and businesses.

The caisse contributed \$15.2 million to the investment fund and the return on this investment at year-end is 15.2%.

Statement of income

During the last fiscal year, the caisse generated \$5.3 million in net surplus earnings after member dividends.

Interest income totalled \$9.9 million, up 8.3% over last year. Due to our members' discipline in meeting their financial commitments, the caisse did not experience any credit losses. In fact, it recovered \$441,000.

Other income, generated largely from the distribution of Desjardins products and services, totalled \$2.9 million, up 12.2% compared to last year.

Other expenses showed a major decrease overall, i.e., a 5.6% variance, and totalled \$6.8 million.

Dividends

Along with the other caisses populaires in Ontario, we have decided not to distribute dividends this year. We reached this decision after serious consideration with a view to maintaining the sound and prudent management of our caisse.

One of the topics addressed at the last Desjardins Group Congress was changes to member dividends. Delegates decided that the dividend will be re-evaluated in 2019 to recognize your use of a broader array of Desjardins products and services—not just savings and loan products.

Doing more with technology

Technology, specifically mobile technology, gives you unparalleled access to tools, products and services offered by Desjardins 24 hours a day, 7 days a week. We're continuing to add new features so you can be more financially independent. By using our services, we can continue to improve our service delivery. By getting to know our members and clients better, we can tailor our offers. We can even anticipate certain needs and better help you plan the next steps of your financial journey.

We are also continuing to improve the member/client experience through all our channels, whether over the internet, on the phone, at the caisse or at the ATM. In that respect, all of the Desjardins Group is currently preparing for the rollout of new ATMs. They're designed to offer the same services for all your banking needs while ensuring a simpler and more efficient experience. Even after their installation, the caisse will continue to analyze the needs in terms of automated services so it can position itself based on its members' financial habits.

* Variances are calculated using whole numbers from the financial statements.



Put our passion to work for you

Our 40 employees are available to help you reach your goals. I'd like to thank them for their commitment and engagement, and for choosing to work for Desjardins.

Thanks also to the caisse directors, who sincerely care about Desjardins, their community and their region. The time and energy you invest is essential to vitalizing our local society.

Christian Paradis
Executive Director

Choosing Desjardins means working together to build a more vibrant community!

Highlights

Caisse populaire
Sud-Ouest Ontario:

- 9,650 members
- 13 directors
- 40 employees
- \$1.02 billion in business volume
- \$38,890 distributed in our community

Report from the Chair of the audit committee

In fiscal 2017, the audit committee fulfilled its responsibilities pursuant to the *Credit Unions and Caisses Populaires Act, 1994* and any regulations thereunder. The committee met five (5) times to review the caisse's operations and the various elements involved in managing the caisse. In compliance with its administrative rules, the committee fulfilled its responsibilities in terms of the supervision of ethical and cooperative aspects.

The audit committee:

- Analyzed the independent auditors' mandate and audit plan and recommended them and any resulting fees to the Board for approval
- Reviewed the independent auditor's recommendations and reports regarding the caisse's commercial activities, financial statements, and caisse management's response to this issue, and presented recommendations to the Board for approval
- Reviewed and recommended the audited annual financial statements to the Board
- Reviewed the planning and efficiency of the caisse's internal audit practices and made recommendations to the Board to address any deficiencies
- Recommended to the Board measures to take to protect caisse assets, ensure the accuracy and reliability of accounting data, ensure compliance with applicable policies and loan and investment processes and to address any questions regarding the caisse's financial policies
- Reviewed the caisse's policies and processes governing how it complies with the requirements set forth in the Act and any other applicable law.

Supervision of ethical aspects

Every year, caisse directors and employees renew their commitment to comply with the Desjardins Code of Professional Conduct. The Code sets out the behaviours that are expected as well as those that are not acceptable.

The audit committee ensured that the caisse, directors and employees took the values of Desjardins into account to guide their conduct.

Here is a supervision report for the past year concerning three rules of professional conduct:

- No conflict of interest situations were noted.
- Deposits from and loans to restricted parties of the caisse were granted in accordance with the caisse's code of ethics and applicable rules of professional conduct.
- The caisse did not grant any contracts for the supply of goods and services to restricted parties subject to the Code or any associated persons.

Supervision of cooperative aspects

With regard to the supervision of cooperative aspects, the audit committee must ensure that Desjardins values are an integral part of the caisse's business and management practices. It must also make sure that the caisse contributes to the development of its community and the economic and financial education of its members. Lastly, it ensures that members are informed about topics of importance to them.

The audit committee is satisfied with the work carried out in the past year.

I would like to thank the members of the committee for their contribution, and the general manager for helping us deliver on our mandate.

Raymond Bourassa
Chair

* Restricted parties: Caisse directors, officers and general manager, directors of the Fédération des caisses populaires de l'Ontario and their associated persons.

** Restricted parties subject to the Code: Restricted parties, caisse employees and their associated persons.

Cooperative Difference Report

When you choose Desjardins, you're making change happen

Every time you do business with your Desjardins caisse, you are choosing a cooperative financial group that invests in your community and helps enhance people's lives and the communities in which they live. 2017 was marked by initiatives that showcased the caisse's distinctive nature. We held a number of democratic activities that were aligned with the needs of our members. We also supported community development and contributed to our members' cooperative and financial education by giving back \$38,890 to the community in the form of sponsorships, donations and scholarships.

Gergeotte Mailloux
Member Services Manager

Photos of events, partnerships and sponsorships

Recycling old electronics for the United Way

Your caisse was pleased to team up with Recycle Your Electronics to recycle electronic equipment. For every tonne of electronics we collected, Recycle Your Electronics gave us \$185. The caisse donated the \$583 in proceeds to the United Way.



Desjardins Foundation scholarships

Founded in 1970, the Desjardins Foundation is a charitable organization that contributes to young people's academic success by awarding prizes and scholarships and making donations. In 2017, Avery Goetz received a \$1,500 Desjardins Foundation scholarship. It's our way of helping her to continue to study and stay involved!



EXCLUSIVE ADVANTAGES FOR MEMBERS

As a member of the leading cooperative financial group in Canada, you can enjoy exclusive discounts, rebates, saving tools, privileges and assistance services.

In 2017, the caisse gave out 40,382 Desjardins Member Advantages for a total of \$73,819.

Learn more:
desjardins.com/advantages

Board of Directors

(December 31, 2017)

Name	Function
Lucie Huot*	Chair
Michel Yelle*	Vice-Chair
Christian Paradis	Secretary
Raymond Bourassa	Director
Maurice Chauvin	Director
Réjean Couture	Director
France Dubois	Director
Paul Lachance	Director
Donald Lassaline*	Director
Michel Séguin	Director
Lynne Sisak	Director
Clément Trudeau*	Director
Marc Tremblay	Director
Vacant	Director

*Outgoing directors eligible for re-election

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-  m.desjardins.com
-  1-800-CAISSES (1-800-224-7737)
-  ATMs
-  Mobile cheque deposit

Need to speak with an advisor? Our extended telephone hours make it easier than ever!

- Weekdays, from 6:00 a.m. to 10:00 p.m.
- Weekends, from 8:30 a.m. to 4:00 p.m.

 1-866-582-0164

Open Saturdays from 9:30 a.m. to 1:00 p.m. at our Welland Branch

HEAD OFFICE

637 Niagara Street, unit 1
Welland ON L3C 1L9

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