

2018

ANNUAL REPORT



**Caisse Desjardins du
Vieux-Longueuil**

Head office

1, rue Saint-Charles Ouest
Longueuil (Québec) J4H 1C4
450 646-9811

NOTE TO READERS

We've updated our annual report format as at December 31, 2018. This year's report provides a brief overview of our key financial data.

This document complies with the reporting requirements of the *Act respecting financial services cooperatives* and the Autorité des marchés financiers and was approved by the caisse board of directors.

Pierre Tardif, Chair
Jocelyne Pepin, Secretary

About Caisse Desjardins du Vieux-Longueuil:

- 22,991 members
- \$170,881 given back through our Community Development Fund
- A dynamic management team led by Sébastien Laliberté

• Dedicated officers

Pierre Tardif	Chair
Gilles Sicotte	First Vice-Chair
François Cardin	Second Vice-Chair
Jocelyne Pepin	Secretary
André Bruneau	Director
Hélène Parent	Director
Jean Desmarais	Director
Jocelyn Côté	Director
Justine Benoit	Director
Mélissa David	Director
Myriam Laganière	Director
Olivier Audet	Director
Robert Laflamme	Director
Simon Dion-Carter	Director

Desjardins Group Highlights

- Surplus earnings before member dividends up \$175 million compared to 2017, for a total of \$2,326 million, including:
 - \$1,272 million from Personal and Business Services
 - \$894 million from Wealth Management and Life and Health Insurance
 - \$173 million from Property and Casualty Insurance
- Outstanding loans and acceptances up \$13.1 billion
- \$57.4 billion in assets under management
- 17.3% Tier 1A capital ratio
- 9.3% return on equity compared to 9.1% in 2017
- 8.9% adjusted return on equity compared to 8% in 2017
- Total assets up \$20.4 billion
- \$16,576 million in operating income
- \$389 million given back to members and the community

CAISSE FINANCIALS

- Assets of \$768,527K, up 4,8%
- Liabilities of \$680,979K, an increase of 4,8%
- Equity of \$87,548K, up 4,8%
 - Capital stock: \$2,983K
 - Distributable surplus earnings: \$14,272K
 - Accumulated other comprehensive income: \$125K
 - Reserves: \$70,168K
 - Stabilization reserve: \$2,646K
 - Reserve for future member dividends: \$1,163K
 - Community Development Fund: \$271K
- Operating surplus earnings of \$5,456K, up 44,8%
- Total Interest income of \$20,630K, an increase of 13,9%
- Interest expenses of \$7,332K, up 18,1%
- Other income totalling \$5,558K, down 1,3%
- Non-interest expenses of \$13,198K, a decrease of 1,6%

All loans to restricted parties* were granted in accordance with the caisse's applicable rules of professional conduct. Loans granted to restricted parties totalled \$1,172,735.

*Restricted parties include:

- Caisse directors and the caisse general manager, including their relatives
- The Federation's directors, including their relatives

Investment Funds

The money that caisses invest in these funds allows the Fédération des caisses Desjardins du Québec (the Federation) to invest in Desjardins Group subsidiaries and regional projects. The table below indicates the caisse's interest in each investment fund and the fund's return at the end of the fiscal year.

	Value of shares held as at December 31, 2018 (\$)	Average return (%)
Provincial Funds		
Société de Services des caisses Desjardins (SER)	(419)	0,0
Desjardins Capital Management (INV)	74,024	8,0
Desjardins Financial Holding (FIN5A)	27,209,633	11,4

The Federation's obligation to holders of permanent shares

Further to a recommendation issued by the Autorité des marchés financiers, the Federation guarantees that it will indemnify Quebec caisse members holding permanent shares in the event of losses resulting from misinformation in the audited Combined Financial Statements and annual Desjardins Group Management's Discussion and Analysis available at www.sedar.com. The Federation's obligation in this matter is subject to certain conditions. Holders of permanent shares can request more information at their caisse.

The Combined Financial Statements of the Desjardins caisses in Quebec are also available to the public at www.desjardins.com.

SUMMARY OF THE DEPOSIT PORTFOLIO

As at December 31, 2018, the caisse's member deposits totalled \$618,520K, up \$37,431K, or 6,4%, year over year. Deposits made by individual members provide the main source of funding for the caisse's expansion. These deposits represent 82.2% of total deposits as at December 31, 2018. The following table shows the breakdown of deposits by type of depositor with amounts by type of savings*.

(in thousands of Canadian dollars)	Checking accounts	Tiered savings accounts	Regular savings accounts	Term savings	Registered savings plans	Total as at December 31 2018	Total as at December 31 2017
Individuals	60,594	53,641	82,063	93,464	218,392	508,154	487,557
Businesses	33,762	10,316	33,818	19,930	-	97,826	81,686
Public sector and other	10,364	385	1,080	711	-	12,540	11,846
Total	104,720	64,342	116,961	114,105	218,392	618,520	581,089

*See Note 2 to the Combined Financial Statements of the Desjardins caisses in Quebec available at www.desjardins.com for additional information on presentation and significant accounting policies.

SUMMARY OF THE LOAN PORTFOLIO

The information in the table below was determined in accordance with IFRS 9 as at December 31, 2018, and in accordance with IAS 39 as at December 31, 2017. For more information, see Note 2 (Basis of presentation and significant accounting policies) to the Combined Financial Statements of the Desjardins caisses in Quebec for the year ended December 31, 2018, available at www.desjardins.com.

As at December 31, 2018, the quality of the caisse's loan portfolio remained high. Gross impaired loans represented only 0,1% of total gross loans. The table below shows the carrying amount of loans and their allowance balance by stage:

	Non-credit impaired				Credit-impaired		Total		
	Stage 1		Stage 2		Stage 3		Gross carrying amount	Allowance for credit losses	Net carrying amount
As at December 31, 2018 (in thousands of Canadian dollars)	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses			
Personal									
Residential							399,696		
Consumer and other							145,089		
	526,434	139	17,950	140	401	48	544,785	327	544,458
Business									
Commercial and industrial							123,933		
Agriculture, forestry and fishing							1,628		
Public administration and institutions							42		
	117,474	58	7,543	33	586	162	125,603	253	125,350
Total	643,908	197	25,493	173	987	210	670,388	580	669,808

The following table shows the credit quality of loans:

As at December 31, 2017 (in thousands of Canadian dollars)	Gross loans	Gross loans past due but not impaired	Gross impaired loans	Individual allowances	Collective allowance	Net loans
Personal						
Residential	376,038					
Consumer and other	124,594					
	500,632	9,257	417	74	222	500,336
Business						
Commercial and industrial	117,798					
Agriculture, forestry and fishing	1,866					
Public administration and institutions	10					
	119,674	1,753	585	304	219	119,151
Total	620,306	11,010	1,002	378	441	619,487

Further to adoption of IFRS 9 of January 1, 2018, all loans included in Stage 3 of the impairment model are considered impaired. The criteria for considering a loan to be impaired were different under IAS 39.