

2018

ANNUAL REPORT



**Caisse Desjardins de
Vaudreuil-Soulanges**

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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.

Pauline Thauvette Leroux, Chair
Charles Huneault, Secretary

About Caisse Desjardins de Vaudreuil-Soulanges:

- 52,146 members
- \$251,766 given back through our Community Development Fund
- A dynamic management team led by Gilles Brassard

• Dedicated officers

Pauline Thauvette Leroux	Chair
Benoit Levesque	First Vice-Chair
Hélène Therrien	Second Vice-Chair
Charles Huneault	Secretary
André Gendron	Director
Chantal Quesnel	Director
François Paquin	Director
Isabelle Poirier	Director
Josée Charette	Director
Marie-Jacinthe Roberge	Director
Mihaela Minciunescu	Director
Nathalie Brière	Director
Patrick Madore	Director
Steven Grenier	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 \$1,893,322K, up 5.7%
- Liabilities of \$1,719,786K, an increase of 5.7%
- Equity of \$173,536K, up 5.5%
 - Capital stock: \$4,154K
 - Distributable surplus earnings: \$27,746K
 - Accumulated other comprehensive income: \$19K
 - Reserves: \$141,617K
 - Stabilization reserve: \$2,512K
 - Reserve for future member dividends: \$1,709K
 - Community Development Fund: \$802K
- Operating surplus earnings of \$11,749K, up 13.2%
- Total Interest income of \$51,421K, an increase of 13.7%
- Interest expenses of \$21,036K, up 27.9%
- Other income totalling \$13,484K, up 1.9%
- Non-interest expenses of \$31,256K, a decrease of 0.5%

All loans to restricted parties* were granted in accordance with the caisse's applicable rules of professional conduct. Loans granted to restricted parties totalled \$1,633,215.

*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)	(693)	0.0
Desjardins Capital Management (INV)	136,060	8.0
Desjardins Financial Holding (FIN5A)	50,077,561	11.5

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 \$1,308,737K, up \$32,306K, or 2.5%, year over year. Deposits made by individual members provide the main source of funding for the caisse's expansion. These deposits represent 75.8% 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	138,818	112,259	141,675	155,159	444,436	992,347	971,694
Businesses	127,359	18,960	51,234	21,134	-	218,687	213,988
Public sector and other	74,583	385	22,017	718	-	97,703	90,749
Total	340,760	131,604	214,926	177,011	444,436	1,308,737	1,276,431

*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 0.2% 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							939,016		
Consumer and other							212,326		
	1,113,392	262	36,389	286	1,561	244	1,151,342	792	1,150,550
Business									
Commercial and industrial							279,750		
Agriculture, forestry and fishing							226,671		
Public administration and institutions							20,583		
	480,141	199	44,655	319	2,208	301	527,004	819	526,185
Total	1,593,533	461	81,044	605	3,769	545	1,678,346	1,611	1,676,735

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	857,152					
Consumer and other	208,302					
	1,065,454	18,715	624	12	431	1,065,011
Business						
Commercial and industrial	220,382					
Agriculture, forestry and fishing	234,882					
Public administration and institutions	31,464					
	486,728	5,369	597	422	592	485,714
Total	1,552,182	24,084	1,221	434	1,023	1,550,725

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.