



Desjardins
Caisse de Vaudreuil-Soulanges

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



2017 Annual Report



Message from the Board of Directors

On behalf of our officers, I'm pleased to present a review of the year 2017 for Caisse Desjardins de Vaudreuil-Soulanges.

A driver of sustainability

In 2017, our Caisse recorded operating surplus earnings of \$10,376,000. These results are an indicator of the sound management of your Caisse and of your loyalty. By choosing the Caisse's products and services, you have a direct positive impact on its profitability.

Thanks to your support, Desjardins can enrich people's lives and the communities in which they live. One of the tools the Caisse uses to achieve this is the Community Development Fund. We distributed \$296,000 last year through this fund. We also honoured our commitments in the form of donations and sponsorships, for a total of \$117,000.

Another tool at our disposal is the \$100-million development fund, launched in 2016. The investments will spread over 3 years to support and promote projects in Quebec and Ontario and initiatives that are in line with Desjardins Group's socio-economic mission to bolster education, social responsibility, sustainable development and community involvement. In 2017, the executive team held exploratory meetings with Vaudreuil-Soulanges socio-economic stakeholders to publicize the existence of the Fund.

Prepare for the future together

More than 7 million members and customers chose Desjardins. At our Caisse, 51,394 of you have placed your 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.

What's more, this year Android Pay joined Apple Pay in our range of services, and our new Desjardins Insurance app gives you direct access to your online insurance file.

Since the fall of 2017, the electronic signature feature makes it possible to sign mortgage documents and financing applications online. You can now sign with just a click—no more having to wait for your documents to arrive by mail to then sign and return them to the Caisse by mail or in person. This secure and modern solution is simple and saves time.

This digital shift is just one of the ways in which we are in the right place, at the right time, for the right person.

Listening to you... to improve ourselves

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.

A priority regarding the electoral process was adopted at the Congress. Starting in 2019, it will be easier for you to evaluate the candidates for officer positions based on member representation and the requisite skills for Caisse board members.

The Congress also saw the adoption of a priority to further develop the supervision of all Caisses in terms of ethics, professional conduct and cooperation. This priority adds an oversight component to Caisse governance. In addition, as is usually the case in cooperatives and other businesses, responsibility for supervision would be assigned to a committee of the board of directors rather than a separate board. Before this priority can be implemented, however, we need to comply with certain legal and regulatory conditions in the coming months. I would like to thank the members of our Caisse's Board of Supervision, who continue to fulfill their responsibilities with the same diligence as always, regardless of this particular situation.

Working for your financial well-being

The Caisse rolled out a new service offer that's designed to address the individual needs of our members, at every major stage in their financial lives. This new personalized approach is better adapted to your situation and will evolve with your financial goals and needs.

We have advisors specifically dedicated to helping you, whether you're just entering the financial world, in the middle of your working life, preparing for retirement, or already retired—they know exactly how to help you reach your financial objectives. They understand the financial aspirations and challenges that come with each of these stages. Their advice will help you make the right decisions over time, so you can achieve your financial goals and enjoy peace of mind.

Expressing our heartfelt thanks

I would like to thank everyone who is devoted to supporting the Caisse—officers, managers and employees. Under the dynamic leadership of Gilles Brassard, they draw on their skills and ready adaptability so that our cooperative can meet your needs effectively. Thanks also to our Desjardins partners for supporting our mission to serve our members.

Lastly, thanks to our 51,394 members for placing your 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.

Pauline Thauvette-Leroux
Chair of the Board of Directors



Message from the General Manager

Below are the detailed financial results of Caisse Desjardins de Vaudreuil-Soulanges and the share of net income from business at 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 community.

Business under management

Backed by \$3,771,752,000 in business under management, up 7.1% over 2016, the Caisse is very well positioned in its market. Through its membership in Desjardins Group and participation in 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

These comments are an overview of the financial report, available upon request and on the Caisse's website. The Combined Financial Statements of the Desjardins Caisses in Quebec are made available to the public at Desjardins.com.

Balance sheet

Your financial cooperative's assets total \$1,790,976,000, up 6.0% over last year. Loans to individuals and businesses stand at \$1,552,184,000, an increase of 5.5%.

The Caisse's liabilities total \$1,626,508,000, representing an increase of 5.9%. Deposits currently amount to \$1,276,431,000, up 3.6%, whereas your Caisse's borrowing increased by 16.1% and now totals \$324,628,000.

As at December 31, 2017, your cooperative's equity increased by 6.5% to \$164,468,000. Equity comprised \$5,932,000 in social capital, \$7,451,000 in surplus earnings to be distributed, \$4,485,000 in accumulated other comprehensive income and \$146,600,000 in reserves. Your Caisse has \$2,587,000 in its stabilization reserve and \$4,200,000 in its reserve for future dividends. It has also accumulated \$786,000 in the Community Development Fund.

The Caisse's capital base is at a level in accordance with the standard respecting capital base adequacy established by the Fédération des caisses du Québec. The Caisse's ratios on December 31, 2017 are as follows:

| RATIOS OF CAPITAL BASE | December 31, 2017 | December 31, 2016 | Minimum standard |
|--|-------------------|-------------------|------------------|
| Tier 1A capital over its risk assets | 17.5% | 12.28% | 11.0% |
| Tier 1 capital over its expansion assets | 5.26% | 4.38% | 3.5% |

Statement of income

During the last fiscal year, your Caisse generated \$10,376,000 in operating surpluses, up 10.2% over the previous year.

Interest income totalled \$45,238,000, up 0.3% over last year. Interest expense increased by 1.9%, to \$16,446,000. Other income, generated largely from the distribution of Desjardins products and services, totalled \$13,235,000, up 4.5% compared to last year.

The provision for credit losses was \$239,000, i.e. 0.02% of the entire portfolio of loans granted to individual members and businesses.

Non-interest expenses showed a decrease overall, i.e. a 1% variance, and totalled \$31,412,000.

We propose distributing a dividend of \$1,800,000 and contributing \$200,000 to the Community Development Fund in the form of a collective dividend, which enables us to tangibly enrich our community by supporting key projects.

The selected amounts were determined based on the importance of striking a balance between the distribution of surplus earnings, growth and capitalization. Like Desjardins Group in its entirety, your Caisse must maintain strong capitalization. By maintaining a balance between our members' needs and financial market requirements, we can ensure the sustainable development of the Caisse.

One of the topics addressed at the last Desjardins Group Congress was the evolution of member dividends. It was decided that dividends would be enhanced in 2019, in particular by calculating them based on your use over the year of a wider range of Desjardins products and services, including your credit card and insurance, for example.

Doing more with technology

We are working on improving 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 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. Now and after their installation, the Caisse will continue to conduct a needs analysis of automated services so it can position itself based on its members' financial habits.

Putting our passion to work for you

Our 172 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.

Thank you also to the Caisse officers, who sincerely care about Desjardins, their community and their region. The time and energy you invest is essential to vitalizing our local community.

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

Gilles Brassard
General Manager



ADDITIONAL INFORMATION TO THE FINANCIAL REPORT



Summary of the loan portfolio

As at December 31, 2017, the loan portfolio of the Caisse continued to be of high quality. Gross loans past due but not impaired, as well as gross impaired loans, accounted for only 1.6% and 0.1% of gross loans, respectively.

The following table shows the breakdown of loans by type of borrower with the amount of gross loans past due but not impaired, gross impaired loans, and individual and collective allowances.*

| SUMMARY OF LOAN PORTFOLIO (IN THOUSANDS OF CANADIAN DOLLARS) | Gross loans | Gross loans past due but not impaired | Gross impaired loans | Individual allowances | Collective allowance | Net loans as at December 31, | |
|---|--------------------|---------------------------------------|----------------------|-----------------------|----------------------|------------------------------|--------------------|
| | | | | | | 2017 | 2016 |
| PERSONAL | | | | | | | |
| Housing | \$857,152 | | | | | | |
| Consumer and other | 208,303 | | | | | | |
| Subtotal | \$1,065,455 | \$18,715 | \$624 | \$12 | \$431 | \$1,065,012 | \$995,529 |
| BUSINESS | | | | | | | |
| Commercial and industrial | \$220,383 | | | | | | |
| Agriculture, forestry and fishing | 234,882 | | | | | | |
| Public administration and institutions | 31,464 | | | | | | |
| Subtotal | \$486,729 | \$5,369 | \$597 | \$422 | \$592 | \$485,715 | \$471,999 |
| TOTAL | \$1,522,184 | \$24,084 | \$1,221 | \$434 | \$1,023 | \$1,550,727 | \$1,467,528 |

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

Summary of the deposit portfolio

As at December 31, 2017, the Caisse's member deposits totalled \$1,276,431,000, up \$44,340,000 or 3.6% since the beginning of the year. It should be noted that the Caisse's main source of funding for its expansion comes from deposits made by individuals. These deposits represent 76.1% of total deposits as at December 31, 2017.

The following table shows the breakdown of deposits by type of depositor with amounts by type of savings.*

| SUMMARY OF THE DEPOSIT PORTFOLIO (IN THOUSANDS OF CANADIAN DOLLARS) | Chequing accounts | Tiered savings accounts | Regular savings | Term savings | Registered plan savings | Total as at December 31, | |
|--|-------------------|-------------------------|------------------|------------------|-------------------------|--------------------------|--------------------|
| | | | | | | 2017 | 2016 |
| Personal | \$154,443 | \$110,411 | \$130,963 | \$158,563 | \$417,253 | \$971,633 | \$938,662 |
| Business | 121,941 | 21,080 | 51,751 | 19,216 | — | 213,988 | 205,467 |
| Public sector and other | 66,916 | 487 | 21,007 | 2,340 | 60 | 90,810 | 87,962 |
| TOTAL | \$343,300 | \$131,978 | \$203,721 | \$180,119 | \$417,313 | \$1,276,431 | \$1,232,091 |

* Refer to Note 2 to the Combined Financial Statements of the Desjardins Caisses in Quebec, available at Desjardins.com, for additional information on presentation and significant accounting policies.

INVESTMENT FUNDS

The investments that caisses hold in investment funds allow the Fédération des caisses Desjardins du Québec to invest in Desjardins Group subsidiaries and regional projects. The table below indicates the caisse's interest in each investment fund and the return on it at the end of the fiscal year.

| | Shares held as at December 31, 2017 | Average return |
|--|-------------------------------------|----------------|
| Provincial fund | | |
| Société de Services des caisses Desjardins (SER) | \$(693) | —% |
| Gestion Desjardins Capital (INV) | \$369,389 | 12.31% |
| Desjardins Financial Holding (FIN5A) | \$63,430,023 | 14.34% |



Report from the Board of Supervision

The board of supervision makes sure the Caisse fulfills its responsibilities in terms of ethics, professional conduct and cooperation.

Supervision of ethical aspects

Every year, Caisse officers 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 board of supervision ensured that the Caisse, officers and employees took the values of Desjardins into account to guide their conduct.

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

- No conflicts of interest were noted.
- Deposits from and loans to restricted parties of the Caisse, such as Caisse officers and general manager, officers of the Fédération des caisses Desjardins du Québec and their associated persons, were granted in accordance with the Caisse's applicable rules of professional conduct. Loans granted to restricted parties totalled \$2,896,827.
- The Caisse did not grant any contract for the supply of goods and services to parties subject to the code, such as restricted parties, Caisse employees and centre managers and their associated persons.

Supervision of cooperative aspects

With regard to the supervision of cooperative aspects, the board of supervision 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 community development and the economic and financial education of members. Lastly, it ensures that members are informed about topics of importance to them.

Over the past year, the board's activities focused on the following:

- Member participation in cooperative life, especially mechanisms established by the Caisse to inform, listen to and consult members.
- Activities and resources made available to members to assist them with financial management.
- Strategies established by the Caisse to improve member satisfaction and meet member needs.
- Caisse support of community development, in particular through the Community Development Fund and the granting of donations and sponsorships.
- Intercooperation between the Caisse and other types of cooperatives.

The board of supervision is satisfied with the work carried out in the past year.

As you were informed by the chair of the board of directors, in a few months changes will be made to the supervision of the Caisse in terms of ethics, professional conduct and cooperation. Rest assured that until these changes are in place, your board of supervision will continue to play its role with the same diligence and dedication as always. I would like to thank the members of the board for their commitment in this respect, and the general manager for helping us deliver on our mandate.

Frédéric Farmer

Chair of the Board of Supervision

THE FEDERATION'S OBLIGATION TO HOLDERS OF PERMANENT SHARES

Further to a recommendation of the Autorité des marchés financiers, the Fédération des caisses Desjardins du Québec guarantees to cover losses suffered by Quebec Caisse members holding permanent shares due to 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.



Approval of the Annual Report

We certify that the 9th annual report of Caisse Desjardins de Vaudreuil-Soulanges complies with the requirements of the *Act respecting financial services cooperatives* and has been duly approved by the Caisse's Board of Directors.

Pauline Thauvette-Leroux
Chair

Charles Huneault
Secretary

Cooperative Difference Report

When you choose Desjardins,

you're making change happen

Choosing Desjardins is more than choosing a financial institution. It means taking part in a great cooperative movement and empowering each other to actively contribute to the lives of people and communities.

Thanks to the trust of our members, Caisse Desjardins de Vaudreuil-Soulanges is a powerful driver of sustainability. We set ourselves apart through our commitment and generosity, along with all the other characteristics of our cooperative difference. Thank you!

you're making a difference in the lives of people and communities

The Community Development Fund, donations and sponsorships are key drivers that support the socio-economic vitality of our community. Members like you contribute to this fund by voting to invest part of their dividends to the community during the Annual General Meeting. In 2017, \$296,000 was invested to support multiple projects.

you're eligible for Desjardins Member Advantages

Your Caisse has organized many Desjardins Member Advantages activities for community-minded members of Caisse Desjardins de Vaudreuil-Soulanges who support activities ranging across various sectors. At the regional level, the Caisse paid out \$48,330 to Desjardins members, including some 20 projects with partners such as Gymini Gymnastics Club, Fondation Sainte-Jeanne-de-Chantal, École secondaire du Chêne Bleu for a humanitarian trip, 2017 Holstein Congress Open Day and Chœur classique de Vaudreuil-Soulanges.

In 2017, Caisse members took advantage of numerous Desjardins Member Advantages National Offers, with rebates of \$525,000 and a total of 9,836 advantages. To learn more, visit www.desjardins.com/advantages.

you're helping kids achieve academic success

Desjardins organized many activities in support of academic success during the 2017 Co-op Week. About 7,100 Desjardins employees and officers participated in 50 volunteer activities in Auberges du cœur youth shelters, and numerous other projects to encourage the success of our young people. A total of \$1.5 million was raised for the cause on October 19, 2017, alone.

In Vaudreuil-Soulanges, Co-op Week saw the launch of the 2017/2018 Student Grants Contest and the organization of an Advantage Thursday, which brought members and customers together for a special day at each of our service centres, where employees and officers laid on a warm welcome.

you're trusting high school students to manage a Student Caisse

A Student Caisse is a Desjardins mini-caisse in high school run by student volunteers. It enables them to develop sound financial habits and introduces them to a management role in a cooperative enterprise.

We are currently assisting École secondaire du Chêne-Bleu to organize a Student Caisse that supports projects for students' educational development. Last year, the Student Caisse refurbished its facilities to meet the needs of students in the digital age.

you're setting up young people for financial success with Personal Finance: I'm in Charge™

Through its Personal Finance: I'm in Charge™ educational program, Desjardins provides guidance to young adults at a phase of their life when they have to make many financial decisions for the first time. One of the goals of this educational program is to help them become responsible consumers by preparing them to take informed financial decisions and make the right choices. In our region, our Caisse supported this program in collaboration with Carrefour jeunesse-emploi Vaudreuil-Soulanges, whose representatives successfully solicited the support of local high schools.

you're building links between youth and the job market through the Desjardins Youth Work Experience™ program

For a good many years, the Caisse and Carrefour jeunesse-emploi have worked together on this program to help young Vaudreuil-Soulanges residents get their first summer job experience with community-minded local employers.

you're buying local with BONUSDOLLARS™

Desjardins updated its BONUSDOLLARS™ platform to make it easier to browse and added local products to the catalogue so members and clients can encourage local non-profits.

you're doing business with a trusted, responsible institution

Desjardins moved from 6th place to 5th in the worldwide ranking of financial cooperatives according to the latest *World Co-operative Monitor*. On the overall list, we were ranked 36th for all sectors combined, up four places since 2016. This ranking of the world's 300 largest cooperatives (by turnover) is an initiative by the International Co-operative Alliance and its scientific partner, Euricse.

For the 7th year in a row, we were also included on *Corporate Knights* magazine's list of the Best 50 Corporate Citizens in Canada. We've been recognized as a responsible business able to reconcile economic, social and environmental challenges, while remaining true to our mission of meeting the financial needs of our members and customers and contributing to the well-being of individuals and communities.

Lastly, we hold second ranking among the most responsible organizations in Quebec, according to the 2017 barometer of sustainable consumption published by the University of Quebec in Montreal.



Benoit Levesque

First Vice-Chair of the Board of Directors
Chair of the Community Relations Committee

The Officers

AT DECEMBER 31, 2017

Board of Directors

| NAME | POSITION | SECTOR |
|-------------------------|-------------------|---|
| JONATHAN BASTIEN* | Director | Specific sector of Vaudreuil |
| NATHALIE BRIÈRE | Director | Specific sector of Hudson, Rigaud, Saint-Lazare |
| JOSÉE CHARETTE* | Director | Entire Vaudreuil-Soulanges area |
| ANDRÉ GENDRON | Director | Specific sector of Hudson, Rigaud, Saint-Lazare |
| STEVEN GRENIER | Director | Specific sector of Île Perrot |
| CHARLES HUNEULT | Secretary | Entire Vaudreuil-Soulanges area |
| BENOIT LEVESQUE | First Vice-Chair | Specific sector of Île Perrot |
| PATRICK MADORE | Director | Specific sector of Vaudreuil |
| FRANÇOIS PAQUIN | Director | Specific sector of Soulanges |
| ISABELLE POIRIER* | Director | Specific sector of Vaudreuil |
| MARIE-JACINTHE ROBERGE | Director | Entire Vaudreuil-Soulanges area |
| PAULINE THAUETTE-LEROUX | Chair | Specific sector of Soulanges |
| HÉLÈNE THERRIEN* | Second Vice-Chair | Specific sector of Hudson, Rigaud, Saint-Lazare |
| CHANTAL QUESNEL | Director | Specific sector of Soulanges |

Board of Supervision

| NAME | POSITION | SECTOR |
|-------------------|-----------|---|
| FRÉDÉRIC FARMER | Chair | Specific sector of Île Perrot |
| ELAINE LEFEBVRE | Secretary | Specific sector of Vaudreuil |
| HOWARD G. MARTIN* | Member | Specific sector of Hudson, Rigaud, Saint-Lazare |
| SYLVIE MAHANNAH | Member | Specific sector of Soulanges |

* Outgoing officers eligible for re-election

Our commitment in the community

Here are some examples of our support for community organizations.



GYMINI CLUB OF VAUDREUIL-SOULANGES, WHICH RECEIVED SUPPORT FROM DESJARDINS VAUDREUIL-SOULANGES AS PART OF THE GYMNASIUM EXPANSION PROJECT.



REPRESENTATIVES OF CARREFOUR JEUNESSE-EMPLOI VAUDREUIL-SOULANGES, FLANKED BY CAISSE OFFICERS AND MANAGERS DURING THE CLOSING EVENT OF THE DESJARDINS YOUTH WORK EXPERIENCE PROGRAM.



PRESS CONFERENCE ANNOUNCING THE 2017 SHREDDING DAY IN THE PRESENCE OF PARTNERS, INCLUDING THE SÛRETÉ DU QUÉBEC, IRON MOUNTAIN AND DESJARDINS VAUDREUIL-SOULANGES.



Head Office

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Service Centres

- Coteau-du-Lac
- Les Cèdres
- Pincourt
- Rigaud
- Saint-Clet
- Saint-Lazare
- Saint-Polycarpe
- Saint-Zotique
- Vaudreuil-Dorion
(De la Gare, Harwood, Saint-Charles)

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www.caissevaudreuil-soulanges.com

