Desjardins Group

U.S. Resolution Plan

Public Section

December 31, 2018

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1. Introduction

1.1 Regulatory Requirements

On September 13, 2011, the Board of Governors of the Federal Reserve System ("Federal Reserve") and the Federal Deposit Insurance Corporation ("FDIC") jointly adopted a final rule to implement resolution plan requirements for certain non-bank financial companies and bank holding companies pursuant to Section 165(d) of Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act").

As a Foreign Banking Organization ("FBO") with assets over $50 billion, Desjardins Group is the foreign-based Covered Company for purposes of section 165(d) of the Dodd-Frank Act and implementing regulations jointly issued by the Federal Reserve [12 CFR Part 243] and the FDIC [12 CFR Part 381] ("Resolution Plan Rule").

As of December 31, 2015, Desjardins Group has less than $100 billion in total non-bank assets in the U.S. and is eligible to file a Tailored Resolution Plan as per _.4(a)(3)(i) of the Resolution Plan Rule. On March 30, 2016, Desjardins Group provided written notice to the Federal Reserve and the FDIC of its intent and eligibility to submit a tailored resolution plan and received a notice from the Federal Reserve and the FDIC dated June 10, 2016, indicating that Desjardins Group is to provide Reduced Resolution Plans for submissions due by December 31 of 2016, 2017 and 2018.

The Reduced Plan is required to contain only information concerning: (1) material changes, if any, the Covered Company has made to its resolution plan; (2) any actions taken by the Covered Company since its prior resolution plan to improve the effectiveness of its resolution plan; and (3) if applicable, the Covered Company's strategy for ensuring that any insured depository institution subsidiary will be adequately protected from risks arising from the activities of any nonbank subsidiaries of the Covered Company (other than those that are subsidiaries of an insured depository institution). The exemption is subject to the Conditions for Reduced Plans, i.e. (1) Total U.S. Assets remain below $50 Billion, and (2) Absence of a Material Event.

The Reduced Plan submission must be approved by the Covered Company's board of directors or the relevant delegee. The Reduced Plan must also include a public section which should contain an executive summary of the resolution plan that describes the business of the Covered Company and includes the eleven informational elements required by section_.8(c) of the Resolution Plan Rule.

In the unlikely event of material financial distress or failure, this Resolution Plan (the "Plan") provides for the resolution of the material entities, core business lines and critical operations of Desjardins Group that are domiciled or conducted in whole or material part in the United States under applicable insolvency regimes. These include receivership under the Federal Deposit Insurance Act, as amended (the "FDIA"), reorganization or liquidation. This Plan outlines remedies and resolution procedures that can be executed in a reasonable period of time, without any extraordinary support from the U.S. or any other government, and in an organized manner in the event of material financial distress or failure in a way that substantially minimizes the risk that the failure of these entities, businesses or operations would have a serious adverse effect on financial stability in the U.S.

1.2 Overview of Desjardins Group and its Canadian Operations

Desjardins Group is the largest integrated cooperative financial group in Canada with assets of $275.1 billion CAD as at December 31, 2017 and surplus earnings before member dividends of $2,151 million in the 2017 fiscal year. It comprises a network of caisses, credit unions and business centers mainly in Quebec and Ontario, and some 20+ subsidiary companies in life and general insurance, securities brokerage, venture capital and asset management, many of which are active across Canada. Desjardins Group is not a legal entity itself but is the term used to describe the numerous legal entities that form the group.

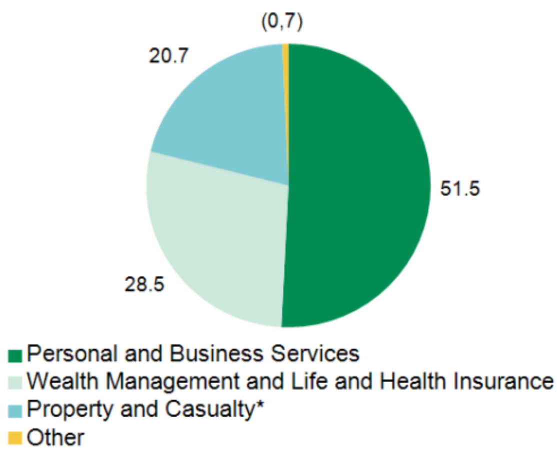
The Personal and Business Services, Wealth Management and Life and Health Insurance, and Property and Casualty Insurance business segments offer a full range of financial services to members and clients designed to meet their needs. As one of the largest employers in Canada, Desjardins Group capitalizes on the skills of nearly 46,000 employees and the commitment of over 4,300 elected officers as at December 31, 2017.

Federation des caisses Desjardins du Québec ("FCDQ") is a cooperative entity which is responsible for assuming orientation, framework, coordination, treasury and development activities for Desjardins Group and acts as a financial agent on Canadian and international capital markets. FCDQ is the treasurer and official representative of Desjardins Group with the Bank of Canada and the Canadian banking system. It provides the member caisses with a variety of services, including certain technical, financial and administrative services. The member caisses collectively control FCDQ and each of them has a significant influence over the latter.

On June 13, 2018, the Quebec National Assembly passed Bill 141, *An Act mainly to improve the regulation of the financial sector, the protection of deposits of money and the operation of financial institutions* ("the Act"), which applies to all institutions and intermediaries operating in Quebec's financial sector. The main goal of the Act is to update and modernize the legislative framework for Quebec's financial sector so that the financial institutions that it governs will have all the levers they need to operate in a very competitive environment and governance that is consistent with best practices. The Act affects a series of laws and includes a chapter regarding Desjardins Group. This chapter of the bill aims to strengthen financial solidarity mechanisms within Desjardins Group, among other things. In this way, the Act affirms FCDQ's mission to look after Desjardins Group's risk management and see to the financial health of the cooperative group and its sustainability. FCDQ and the Fonds de sécurité Desjardins, which serves as a collective financial reserve for the Group, have additional special powers of supervision and intervention regarding the protection of creditors, including depositors, and the public interest.

The Autorité des marchés financiers ("AMF") is the main government agency that oversees and monitors deposit-taking institutions (other than banks) and insurance companies that do business in Quebec, including the caisses, the FCDQ and its insurance subsidiaries. Certain operations of some Desjardins Group entities are governed by regulations issued by the provincial or federal government, or by regulatory bodies, such as the Office of the Superintendent of Financial Institutions ("OSFI") in the areas of property and casualty insurance, asset custody, trust services and the banking services offered by Zag Bank. It should also be mentioned that Desjardins Bank, National Association, a wholly-owned subsidiary of Desjardins FSB Holdings, Inc., is authorized to conduct the business of banking as a national banking association by virtue of its Charter issued by the Office of the Comptroller of the Currency of the United States (OCC), its supervisory regulator. The operations of Desjardins FSB Holdings, Inc. in the United States, as a small bank holding company and wholly-owned subsidiary of Fédération des caisses Desjardins du Québec ("FCDQ"), are subject to the supervisory and regulatory authority of the Federal Reserve Bank of Atlanta. FCDQ also operates a branch in the State of Florida, which is licensed by the OCC as a Limited Federal Branch of a Foreign Banking Organization ("Desjardins Florida Branch" or "DFLB"). DFLB is regulated by the OCC – International Banking Supervision - Large Banks. Desjardins Group is subject to the Bank Holding Company Act and has elected to be treated as a financial holding company (FHC) as of October 22, 2015.[1]

Segment contributions to surplus earnings before member dividends in 2017 (as a percentage)[2]



* Includes a $241 million gain in this segment related to the sale of subsidiaries.

[1] Desjardins Group Annual Report 2015, p.21
[2] Desjardins Group Annual Report 2017, p. 31

The **Personal and Business Services** segment is responsible for developing a comprehensive and integrated line of products and services to meet the needs of individuals, businesses, institutions, not-for-profit organizations and cooperatives through the Desjardins caisse network, Desjardins Business Centres and specialized teams. This line of products and services meets a range of needs including day-to-day, convenience and savings transactions, cards and payment services, financing, specialty services, access to capital markets, development capital and business ownership transfers and advice. This segment supports caisses and their service centres in distributing products and services by optimizing the performance and profitability of physical and virtual networks through the introduction and management of complementary access networks, namely by phone, online, via applications for mobile devices and at ATMs.

The **Wealth Management and Life and Health Insurance** segment provides various categories of service offers aimed at increasing the wealth of members and clients of Desjardins Group and helping them protect their financial security. These offers are intended for individuals and businesses, while its group insurance and savings plans meet the needs of employees through their company, or individuals who are part of any other group. The segment designs several lines of individual insurance (life and health) coverage as well as savings and investment products and includes asset management for institutional clients. In addition to its own products and services, it distributes external savings and investment products as well as private wealth management services. The Wealth Management and Life and Health Insurance segment distributes its products and services across Canada through employees of the caisse network and Desjardins Business centres, financial security advisors, investment advisors, private managers, exclusive agents, independent partners, actuarial consulting firms and group plan representatives. Certain product lines are also distributed online, via applications for mobile devices and through client contact centres. Desjardins Financial Security Life Assurance Company generated net insurance and annuity premiums of over $4.4 billion for the year ended December 31, 2017.

The **Property and Casualty Insurance** segment offers insurance products to protect Desjardins Group members and clients against the impacts of damage and loss. The segment includes the activities of Desjardins General Insurance Inc. (DGIG) and its subsidiaries. It provides a line of property and automobile insurance products to individuals, as well as insurance products to businesses. Products are distributed through property and casualty insurance agents in the Desjardins caisse network in Quebec and in several client contact centres and Desjardins Business Centres, through an exclusive agent network, online and via applications for mobile devices. On July 1, 2017, Desjardins Group completed the sale of two of its subsidiaries, namely Western Financial Group Inc. and Western Life Assurance Company. A gain of $249 million, net of expenses and after income taxes, on the sale of these subsidiaries was recognized in the Combined Statements of Income for the year ended December 31, 2017. The sale of Western Financial Insurance Company was also completed on January 1, 2017. The results of these three subsidiaries were presented in the Property and Casualty Insurance segment.

2. Identification and Description of U.S. Material Entities

A material entity is defined by the Resolution Plan Rule as a subsidiary or foreign office of the Covered Company that is significant to the activities of a critical operation or core business line. Desjardins Group is a bank holding company and is treated as a financial holding company in the United States.

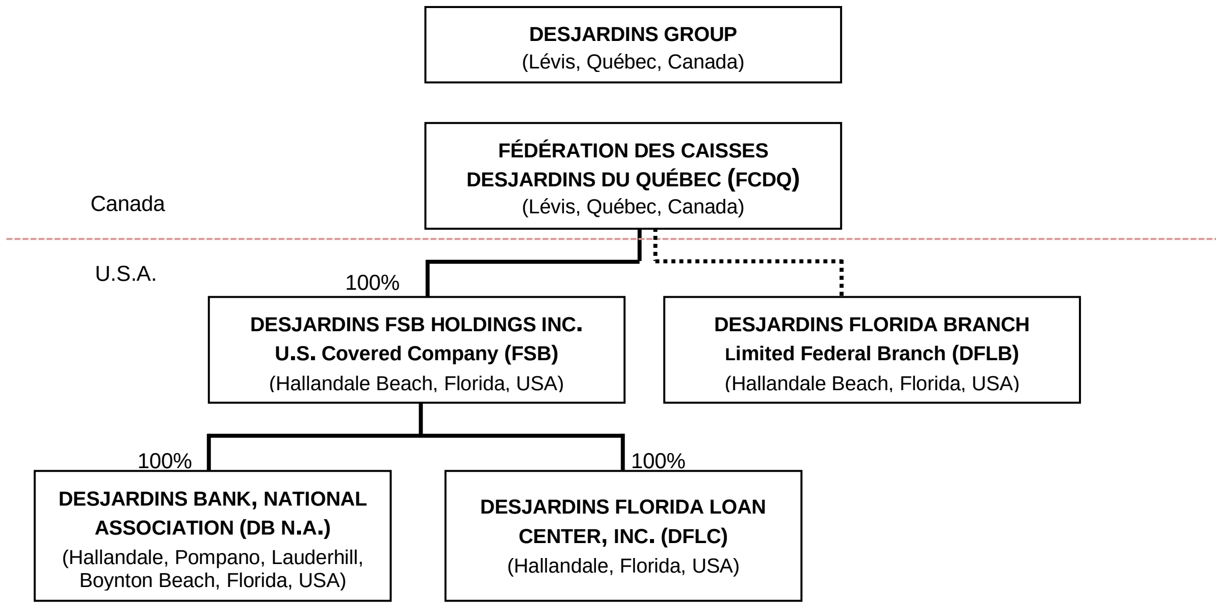
For the purposes of the U.S. Resolution Plan, Desjardins Group has four material entities in the U.S.:

- Desjardins Florida Branch ("DFLB") is a limited federal branch of a Foreign Banking Organization (FBO), namely FCDQ. DFLB is not a separate legal entity from FCDQ. DFLB allows Desjardins Group to support medium-sized and large businesses active in the U.S. by offering them the opportunity to carry out substantial financial transactions. It does not accept any deposits.
- Desjardins FSB Holdings, Inc. ("FSB") is a Small Bank Holding Company and Financial Holding Company, and wholly-owned subsidiary of FCDQ. Its only assets are Desjardins Bank, National Association, and Desjardins Florida Loan Center, Inc. For purposes of this Plan, FSB is the U.S. Covered Company as a U.S. bank holding company and subsidiary of the FBO Covered Company Desjardins Group.
- Desjardins Bank, National Association, ("DB N.A") is a wholly-owned subsidiary of FSB. DB N.A. is an FDIC insured deposit-taking institution engaged in the traditional banking practices of taking deposits, making loans, and processing foreign exchange transactions.

- Desjardins Florida Loan Center, Inc. ("DFLC") is a Non-Banking Entity (as it does not hold a banking license) and wholly-owned subsidiary of FSB. Its function is to purchase impaired loans and Other Real Estate Owned ("OREO") from DB N.A. on an as needed basis at the sole discretion of DB N.A. for purposes of concluding the foreclosure process and liquidating properties.

Desjardins Group does not have any other material entities in the U.S.

The diagram below represents Desjardins Group's U.S. operations:



3. Identification of U.S. Core Business Lines and Critical Operations

Core business lines are defined by the Resolution Plan Rule as those business lines of the Covered Company, including associated operations, services, functions and support that, in the view of the Covered Company, upon failure would result in a material loss of revenue, profit, or franchise value.

Desjardins Group has identified the following U.S. Core Business Lines:

Core Business Lines	Description	FSB		DFLB
		DB N.A.	DFLC	
Retail Checking and Savings	The offering and management of transaction banking facilities, including check, debit card, ATM, as well as savings and time deposits on behalf of personal, private and small business clients.	X		
Small Business Lending	Secured and unsecured commercial lending facilities for small business customers.	X		
Secured Retail Lending	Lending to retail customers where an advance is secured with specified non-real estate collateral.	X		
Residential Mortgage and Commercial Lending	The management and administration of residential mortgage loans on behalf of internal and external customers, including the collection and remittance of principal and interest payments, administration of escrows and payment of property taxes and insurance premiums when due, production and delivery of mortgage loan statements and tax reports, the handling of client inquiries, and foreclosure activities.	X	X	
Corporate Lending	Debt facilities to domestic and international commercial and corporate companies and financial institutions to finance non-real estate-related business activity.			X

Critical operations are defined by the Resolution Plan Rule as those operations of the Covered Company, including associated services, functions and support, the failure or discontinuance of which, in the view of the Covered Company or as jointly directed by the Federal Reserve and the FDIC would pose threat to the financial stability of the United States.

No U.S. operations of Desjardins Group have been designated by the Federal Reserve or the FDIC as critical operations for the purposes of Resolution Plan Regulations.

4. Summary of Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources

4.1 Desjardins Group – Summary Financial Information

Combined Balance Sheets

(in millions of Canadian dollars)	As at December 31, 2017	As at December 31, 2016
ASSETS		
Cash and deposits with financial institutions	**$ 2,435**	$ 1,876
Securities		
Securities at fair value through profit or loss	**31,654**	31,005
Available-for-sale securities	**24,934**	22,280
	56,588	53,285
Securities borrowed or purchased under reverse repurchase agreements	**8,674**	7,690
Loans		
Residential mortgages	**113,146**	106,695
Consumer, credit card and other personal loans	**24,044**	22,150
Business and government	**40,738**	37,626
	177,928	166,471
Allowance for credit losses	**(438)**	(456)
	177,490	166,015
Segregated fund net assets	**13,379**	11,965
Other assets		
Clients' liability under acceptances	**31**	11
Premiums receivable	**2,095**	1,957
Derivative financial instruments	**3,206**	3,572
Amounts receivable from clients, brokers and financial institutions	**1,554**	2,532
Reinsurance assets	**2,202**	2,582
Investment property	**832**	823
Property, plant and equipment	**1,411**	1,435
Goodwill	**121**	471
Intangible assets	**466**	690
Deferred tax assets	**992**	874
Other	**2,738**	2,589
Assets of the disposal group held to be transferred	**881**	-
	16,529	17,536
TOTAL ASSETS	**$ 275,095**	$ 258,367
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits		
Individuals	**$ 100,578**	$ 96,278
Business and government	**69,102**	62,799
Deposit-taking institutions	**1,906**	1,469
	171,586	160,546
Other liabilities		
Acceptances	**31**	11
Commitments related to securities sold short	**9,112**	8,196
Commitments related to securities lent or sold under repurchase agreements	**10,229**	10,323
Derivative financial instruments	**3,094**	2,057
Amounts payable to clients, brokers and financial institutions	**4,247**	4,659
Insurance contract liabilities	**28,272**	27,493
Segregated fund net liabilities	**13,354**	11,957
Net defined benefit plan liabilities	**2,624**	2,256
Deferred tax liabilities	**155**	179
Other	**5,568**	6,019
Liabilities of the disposal group held to be transferred	**662**	-
	77,348	73,150
Subordinated notes	**1,388**	1,378
TOTAL LIABILITIES	**250,322**	235,074
EQUITY		
Capital stock	**5,361**	5,292
Share capital	**90**	88
Undistributed surplus earnings	**1,360**	1,529
Accumulated other comprehensive income	**445**	514
Reserves	**16,707**	15,052
Equity - Group's share	**23,963**	22,475
Non-controlling interests	**810**	818
TOTAL EQUITY	**24,773**	23,293
TOTAL LIABILITIES AND EQUITY	**$ 275,095**	$ 258,367

Capital Management

As at December 31, 2017, the Tier 1A, Tier 1 and total capital ratios of Desjardins Group, calculated in accordance with Basel III requirements are:

Desjardins Group	Tier 1A	Tier 1	Total
Ratios as at December 31, 2017	18.0%	18.0%	18.4%
External target	15.0%	15.0%	16.5%
Minimal regulatory requirements*	8.0%	9.5%	11.5%

* including a 2.5% capital conservation buffer and, since January 1, 2016, a 1.0% supplement applying to domestic systemically important financial institution (D-SIFI)

Major Funding Sources

Deposits

As at December 31, 2017, Desjardins Group's outstanding deposits totalled $171.6 billion, up $11.0 billion, or 6.9%, compared to an increase of $4.0 billion, or 2.5%, as at December 31, 2016. Savings from individuals have always been Desjardins Group's preferred source of financing for its expansion, as can be seen in their weight in its total deposit portfolio, namely 58.6% as at December 31, 2017.

Other liabilities

Other liabilities amounted to $77.4 billion as at December 31, 2017, for an increase of $4.2 billion, or 5.7%.

Equity

As at December 31, 2017, equity totalled $24.8 billion, up $1.5 billion, or 6.4%, compared to an increase of $1.6 billion, or 7.2%, a year earlier. Net surplus earnings after member dividends, totalling $2,003 million, were a source of this growth. In addition, the Federation issued F capital shares for proceeds of $244 million, net of certain items, as well as F capital shares having a value of $125 million for the payment of interest when the holder has elected to receive remuneration in F capital shares. The redemption of permanent shares of $275 million and the remuneration on capital stock of $212 million reduced equity.

4.2 Desjardins Bank, N.A. – Summary Financial Information

Desjardins Bank, N.A.
Balance Sheet

	December 31 2017	December 31 2016
ASSETS		
Cash and cash equivalents	$ 35,908,767	$ 22,161,711
Investments securities - held to maturity	20,612,674	21,562,664
Loans receivable, net	159,215,072	162,954,220
Federal Reserve Bank stock	643,110	643,110
Federal Home Loan Bank stock	192,140	192,240
Other assets	2,617,761	2,747,261
Total assets	$ 219,189,523	$ 210,261,206
LIABILITIES AND SHAREHOLDER'S EQUITY		
Liabilities		
Deposits	$ 182,831,803	$ 164,065,200
Borrowings	5,000,000	15,000,000
Other liabilities	1,535,745	1,896,731
Total liabilities	$ 189,367,548	$ 180,961,931
Shareholder's equity		
Common stock	$ 22,100,000	$ 22,100,000
Accumulated surplus	7,721,975	7,199,275
Total shareholder's equity	$ 29,821,975	$ 29,299,275
Total liabilities and shareholder's equity	$ 219,189,523	$ 210,261,206

Capital Management

DB N.A. maintains capital levels above “well-capitalized” standards. As of December 31, 2017, DB N.A. was at 28.9% of Total Capital Ratio versus the 8% minimum requirement for capital adequacy purposes. The Tier 1 Capital Ratio was at 27.6% versus the 4% minimum requirement for capital adequacy purposes. In addition, DB N.A.’s capital augmentation plan stipulates that if the Tier 1 capital ratio shall become less than 8% at any time DB N.A will request a capital augmentation from FCDQ.

Major Funding Sources

As of December 31, 2017, the balance sheet assets of $219.2 million were funded mainly by $182.8 million of deposits and $29.8 million of shareholder’s equity. DB N.A. has no brokered deposits outside of the DB N.A.’s core deposit base. There are no other short or long term liabilities outside of general accruals and trade accounts payable and $5 million outstanding on the investment line of credit.

As of December 31, 2017, DB N.A. has access to a non-revocable line of credit from FCDQ. In addition, DB N.A. has access to a collateralized line of credit from the Federal Home Loan Bank (“FHLB”).

5. Description of Derivative and Hedging Activities

Desjardins Group's U.S. subsidiaries do not conduct derivatives and hedging activities.

6. List of Memberships in Material Payment, Clearing and Settlement Systems

DB N.A. only uses systems that facilitate check payment and wire transactions:

System	Description
Fedline	A wire transfer service provider that is owned and operated by the Federal Reserve. Fedwire Funds is a real-time gross settlement system. Payments are continuously settled on an individual, order-by-order basis without netting
SWIFT Alliance	Secure, automated and standardized platform to exchange international wire payments
FHLB Access	Correspondent Bank Accounts Reconciliation
FISERV WireXchange	Wire Transfers
Federal Reserve Bank	Vault Cash Replenishment
Fed On Line	Cash Shipment

7. Description of Foreign Operations

Except Desjardins FSB Holdings, Inc. and Desjardins Florida Branch in the U.S., Desjardins Group does not have other significant foreign operations outside of Canada.

8. Identification of Material Supervisory Authorities

Desjardins Group's entities are subject to a variety of regulatory regimes. Please see the table below for a description of the material entities and their corresponding regulatory authorities.

Desjardins Entity	Material Supervisory Authority
Federation des caisses Desjardins du Québec (FCDQ)	Autorité des marchés financiers (AMF)
	Quebec Ministry of Finance and Economy
	Canadian Ministry of Finance
	Office of the Superintendent of Financial Institutions Canada (OSFI)
	Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)
	Federal Reserve Board
	Ontario Securities Commission (OSC)
	Canadian Securities Administrator
Desjardins Florida Branch (DFLB)	Federal Reserve Board (including the Federal Reserve Bank of Atlanta)
	The Office of the Comptroller of the Currency (OCC)
Desjardins FSB Holdings, Inc. (FSB Holdings)	Federal Reserve Board (including the Federal Reserve Bank of Atlanta)
Desjardins Bank, N.A. (DB N.A.)	The Office of the Comptroller of the Currency (OCC)
	The Federal Deposit Insurance Corporation (FDIC)
Desjardins Florida Loan Center (DFLC)	DFLC is not a supervised entity

9. Identification of the Principal Officers

Desjardins Group Executive	
Name	**Position**
Guy Cormier	President and Chief Executive Officer, Chair of the Board
Denis Berthiaume	Senior Executive Vice-President and Chief Operating Officer
Éric Lachaîne	Executive Vice-President, Caisse Network and Member and Client Services
Nathalie Larue	Executive Vice-President, Strategy, Marketing and Personal Services
Marie-Claude Boisvert	Executive Vice-President, Business Services
Gregory Chrispin	Executive Vice-President, Wealth Management and Life and Health Insurance
Denis Dubois	Executive Vice-President, Property and Casualty Insurance
Réal Bellemare	Executive Vice-President, Finance, Treasury and Administration and Chief Financial Officer
Francine Champoux	Executive Vice-President, Risk Management
Chadi Habib	Executive Vice-President, Information Technology
Marie-Huguette Cormier	Executive Vice-President, Human Resources and Communications

FSB Holdings, Inc. Executive	
Name	**Position**
Guy Cormier	President and Chief Executive Officer
Serge Rousseau	Vice-Chair of the Board
Jean-Robert Laporte	Board Secretary
Éric Lachaîne Renaud Coulombe	Assistant Secretaries
Sylvie Béchard	Treasurer
Wilfredo Tirado	Assistant Treasurer

Desjardins Bank, N.A. Executive	
Name	**Position**
Bruno Morin	Chairperson
Robert L. Menconi	Chairperson of Loan Committee
Robert E. Dubow	Chairperson of Compliance Committee
Johanne Champoux	Chairperson of Audit Committee
Louis Rhéaume	President and Chief Executive Officer
Wilfredo Tirado	Controller
Régis Sellier	Risk Management & DFLC Manager, CRA Officer & Chief Lending Officer
Marc-Antoine Paré	Senior Operations Officer & Information Security Officer
Louise Poitras	Chief Compliance Officer & SAFE Act Officer & Privacy Compliance Officer
Chantal Dutrisac	Retail Operations Manager & Security Officer
Leslie R. Carratalà	BSA/AML/ATF/OFAC Compliance Officer
Sonia Bolduc	Residential, Consumer & Commercial Loan Manager

Desjardins Florida Loan Center, Inc. Executive	
Name	**Position**
Eric Lachaîne	Chairman of the Board
Sylvie Béchard	Treasurer
Louis Rhéaume	President and Chief Financial Officer
Régis Sellier	Vice-President, Chief Operating Officer

Desjardins Florida Branch Executive	
Name	**Position**
Michel Brouillet	General Branch Manager and Vice-President, Financing and Banking Services
Patricia Grimm	BSA/AML Compliance Officer
Michele Ouellet	Assistant Manager

10. Description of the Corporate Governance Structure and Process Related to Resolution Planning

DB N.A. has an established governance framework in place where clear roles and responsibilities are defined to ensure effective working processes and compliance with decision-making authorities. These processes would be used to prepare, verify, and sign off on resolution plans. This assures that the Executive Committee and the Board of Directors take responsibility for the content of the deliverables, are comfortable that provided information is appropriate, and implementation issues are adequately addressed at all levels.

The Board of Directors ("BOD") of DB N.A. is actively involved in the capital and liquidity management of DB N.A. The BOD is provided with financial information on a monthly basis and call reports and corresponding capital ratios on a quarterly basis.

DB N.A. has independent Risk and Compliance functions who are responsible for maintaining the Resolution Plan and for reporting financial condition to the BOD. The Compliance Committee is responsible for ensuring the resolution of identified findings, violations or recommendations.

DB N.A. has an independent Audit Committee responsible for ensuring accurate and independent internal and external auditing programs including remediation of identified issues.

As required by the Resolution Plan Rule, the resolution plan submission must be approved by the Covered Company's Board of Directors. Prior to submission for board approval, the Plan is also presented and recommended by the following committees within the Desjardins Group: the U.S. Finance and Risk Management Committee, the Board of Directors of FSB Holdings, Inc. and the U.S. Risk Management Commission of the FCDQ Board of Directors.

11. Description of Material Management Information Systems

The principal information system utilized by DB N.A. is the Fiserv platform which offers online, real-time Teller services, account processing, wire payment, loan booking and servicing and bill payment. This provides DB N.A. with the strategic tools and critical information needed for decision making. The Fiserv platform provides an integration point for retail and commercial services, business intelligence, risk management tools, e-commerce solutions, images and front and back office processes.

Fiserv serves as the primary platform for both DB N.A. and DFLC. This platform provides a strong basis for key management, accounting, compliance and financial reporting and has the analytical capabilities essential for executive management and the board.

12. Description of the Covered Company's Resolution Strategy

FSB would only be liquidated if DB N.A. and DFLC were resolved and sold or liquidated. If both of these subsidiaries were to be liquidated, FSB would close under the Delaware Bankruptcy Law and Procedures.

DB N.A. could be subject to an OCC intervention. The OCC can assign a conservator to DB N.A. in order to take on responsibility for day-to-day operations and return DB N.A. to its normal state. Beyond these steps, DB N.A. would be subject to FDIC actions. The FDIC would choose the least costly to the deposit insurance fund of all possible methods for resolving DB N.A.

DFLC is not a deposit-taking institution; therefore, there would be a limited impact on DB N.A. and none to the FDIC, if DFLC were to be dissolved. The assets would be sold and the proceeds would be rolled up in to FSB. Assets would be categorized based on status of foreclosure. For all foreclosed properties, the property itself would be offered for sale. For non-performing foreclosed loans, the loans would be sold to a third party investor. Performing loans would be sold to another financial institution. DFLC would then close under the Delaware Bankruptcy Law and Procedures or be dissolved by FSB.

DFLB does not accept any deposits; therefore, there would be no impact to the FDIC. The only event where DFLB would require resolution is if the Covered Company would not be viable. DFLB would then execute an orderly winding down of its operations that minimize any market disruptions. The existing loan portfolio mainly consists of performing syndicated commercial loans to large corporations, and, to a lesser extent, direct commercial loans to small and medium size commercial entities. In most cases, DFLB's parent in Canada, FCDQ, could assume DFLB's syndicated loan participations. Once the portfolio is liquidated, DFLB would close under the Florida Bankruptcy Law and Procedures. DFLB would then have to relinquish its Limited Federal Charter back to the OCC.