

2018

ANNUAL REPORT



Caisse Desjardins de Chomedey

Head office

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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.

Diane Roy, Chair of the Board of Directors
Fawziya Maatof, président du comité d'audit et de déontologie

About Caisse Desjardins de Chomedey:

- 12,297 members
- \$50,644 given back through our Community Development Fund
- A dynamic management team led by Nathalie Charron

• Dedicated officers

Diane Roy	Chair
Ronald Martineau	Vice-Chair
Michel Gariépy	Secretary
Christos Kritsidimas	Director
Évelyne Henry	Director
Fawziya Maatof	Director
Robert Prud'Homme	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 \$487,644K, down 2.1%
- Liabilities of \$443,715K, a decrease of 2.8%
- Equity of \$43,929K, up 6.0%
 - Capital stock: \$1,702K
 - Distributable surplus earnings: \$6,916K
 - Accumulated other comprehensive income: \$6K
 - Reserves: \$35,305K
 - Stabilization reserve: \$1,597K
 - Reserve for future member dividends: \$1,626K
 - Community Development Fund: \$177K
- Operating surplus earnings of \$2,499K, down 16.8%
- Total Interest income of \$14,232K, an increase of 6.4%
- Interest expenses of \$7,052K, up 10.3%
- Other income totalling \$2,670K, down 4.6%
- Non-interest expenses of \$7,041K, a decrease of 2.2%

All loans to restricted parties* were granted in accordance with the caisse's applicable rules of professional conduct. Loans granted to restricted parties totalled \$215,000.

*Restricted parties include:

- a) Caisse directors and the caisse general manager, including their relatives
- b) 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)	(188)	0.0
Desjardins Capital Management (INV)	32,611	8.0
Desjardins Financial Holding (FINSA)	13,156,510	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 \$282,607K, up \$9,157K, or 3.3%, year over year. Deposits made by individual members provide the main source of funding for the caisse's expansion. These deposits represent 78.6% 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	42,501	18,260	27,481	68,867	64,929	222,038	212,806
Businesses	19,069	10,422	6,189	15,677	-	51,357	50,774
Public sector and other	5,178	-	1,195	2,839	-	9,212	9,870
Total	66,748	28,682	34,865	87,383	64,929	282,607	273,450

*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 0.5% 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				
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	Gross carrying amount	Allowance for credit losses	Net carrying amount
Personal									
Residential							271,338		
Consumer and other							86,396		
	334,047	101	21,906	145	1,781	190	357,734	436	357,298
Business									
Commercial and industrial							77,750		
Agriculture, forestry and fishing							555		
Public administration and institutions							174		
	68,653	32	9,587	83	239	70	78,479	185	78,294
Total	402,700	133	31,493	228	2,020	260	436,213	621	435,592

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	274,747					
Consumer and other	89,114					
	363,861	16,870	1,221	366	727	362,768
Business						
Commercial and industrial	80,218					
Agriculture, forestry and fishing	696					
Public administration and institutions	-					
	80,914	478	69	7	187	80,720
Total	444,775	17,348	1,290	373	914	443,488

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.