Proposed merger of Ontario caisses

INFORMATION SESSION

Meeting objectives and agenda

- Present the proposal for merging the 11 Ontario caisses and the FCPO
- Answer your questions
- Provide the information you'll need before voting at the special general meeting
- Survey members at the end of the meeting

CP Alfred

CP Cornwall

CP Nouvel-Horizon

CP Hawkesbury

CP de la Vallée

CP Trillium

CP Rideau-Vision d'Ottawa

CP Sud-Ouest Ontario

CP Vallée Est

Voyageurs Credit Union

CP Vermillon

FCPO

Desjardins Ontario Credit Union

BEFORE → **AFTER**

The Ontario caisses merger in 5 key points

1. For our members: provide exemplary service, **everywhere they go**!
2. Build closer ties and **stronger communities together**.
3. Stand out as a **top employer**.
4. **Develop our market** and seize opportunities.
5. **Simplify operations** and become more efficient.

Background: the major issues

An industry in turbulence

Intense competition between financial institutions

Economic uncertainty

Tighter regulations

Constantly evolving expectations and ways of working

Clients' **constantly evolving** expectations

Cutting-edge technologies that are reinventing **business relationships**

Across Canada, caisses and credit unions are merging to become stronger and better capitalized

- The challenges facing all caisses and credit unions mean they need to be constantly improving their efficiency and capitalization so they can keep competing with the big banks.
- While the number of caisses and credit unions in Canada drop by half every 13 years, assets held have more than tripled during this same period.
- The caisses populaires in New Brunswick and the Alliance des caisses populaires de l’Ontario (ACPOL) have moved forward with a merger similar to what we’re undertaking.
- The FCPO caisses populaires went from 52 in 1987 to 11 in 2018. The current merger reflects this trend and is in keeping with past mergers.

… highlighting the relevance and need to act quickly

- Being proactive and adaptable to technological advances and changes to distribution channels
- Ability to increase the number of members
- Improving our market share amidst a highly competitive environment with tighter regulations
- Ability to access Desjardins products and services from anywhere and improving level of service delivered
- Being proactive and adaptable to members' changing needs so we can offer them an experience that exceeds their expectations
- The Desjardins brand across all financial institutions

Scope of the new credit union

130,000 members

50 branches

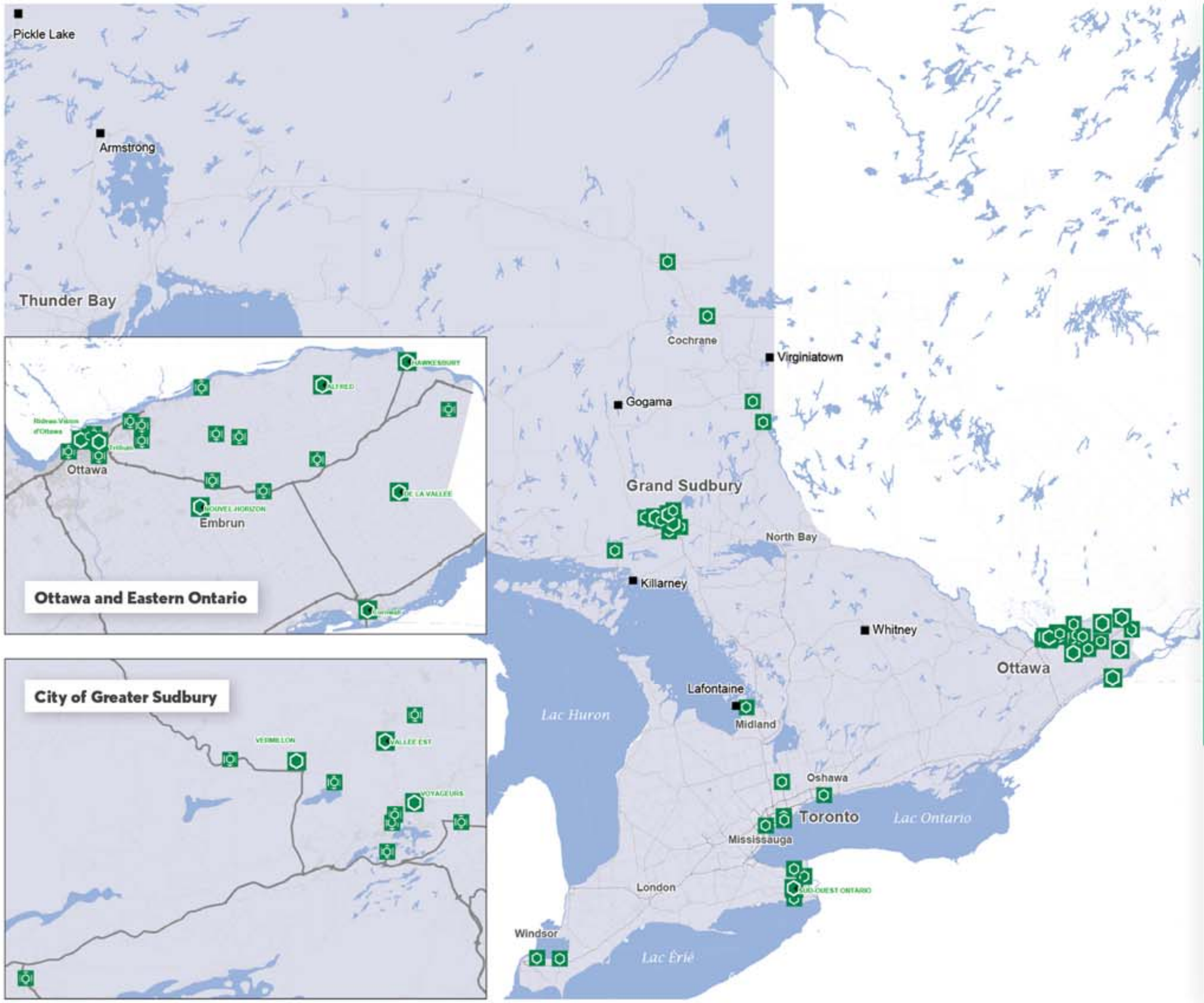
More than **$6 billion** in **assets**

More than **650** employees and managers

More than **$400 million** in **reserves**

Desjardins is the leading cooperative financial group in Canada

- Total assets of **$290 billion**
- Business entities and units offering a **complete range of financial services** and **insurance** products across Canada
- **$2,151 billion** in surplus earnings after taxes and before member dividends
- **Ranked 4th** in the **Safest Banks in North America** category by *Global Finance*
- **Ranked 2nd** on *Corporate Knights*' list of the **Best Corporate Citizens in Canada**
- **$320 million** given back to members and the community
- **7 million** members and clients, **45,547** employees and **4,351** elected officers
- Active in roughly **30 developing and emerging countries** through Développement international Desjardins



A province-wide credit union

- 1 CREDIT UNION
- 50 BRANCHES

Branch

Office

Caisse Desjardins Ontario Credit Union

Why use the English word “credit union” in the official name?

- Because we want to remove the word “populaire” from the name and use “Desjardins.”
- To have the right to use English signage in sectors that are more English-speaking.
- Despite this change, management and governance will continue to be in French, and even more so.

Examples of logos to be used for marketing

Desjardins
Services bancaires

Desjardins
Banking services

Desjardins
Entreprises

Desjardins
Business

A new credit union to serve members better

A bigger advisory team to respond to your needs better

- Recognition across Ontario
- Continued access to specialized advisors and the full range of Desjardins products and services
- Even greater expertise through the support of a bigger team
- Better availability of employees and greater agility within the organization

A distinctive service offer

Entering the financial world

Young families and working members

Planning for retirement

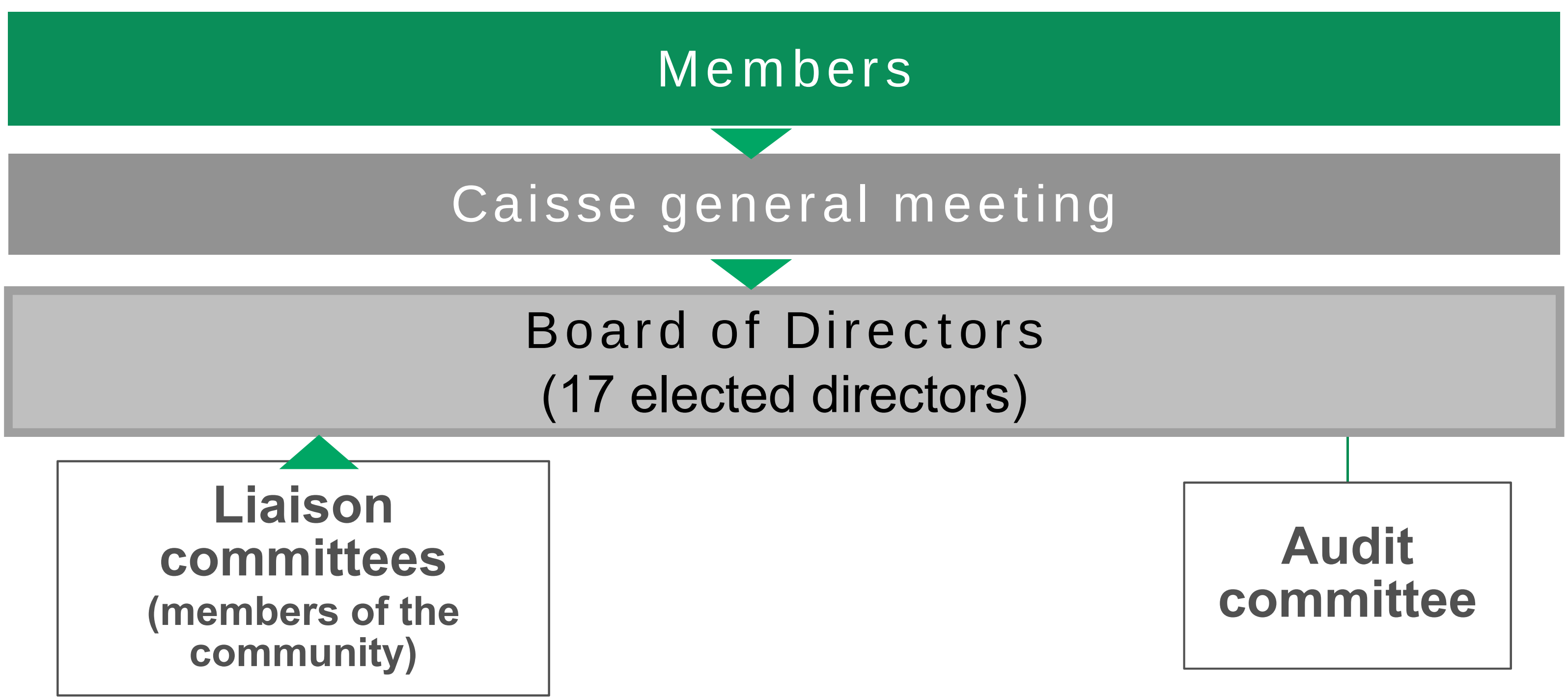
Retirees

Business owners and professionals

Governance that's local and provincial

A governance structure that brings us closer to members and communities

Directors are elected by members at the AGM and liaison committees are set up in each community. Proposed structure for when the merger becomes legal:



General meetings

- Rotating annual general meeting (AGM) sites
- Information sessions prior to the AGMs in several locations
- Online and multi-site AGM options

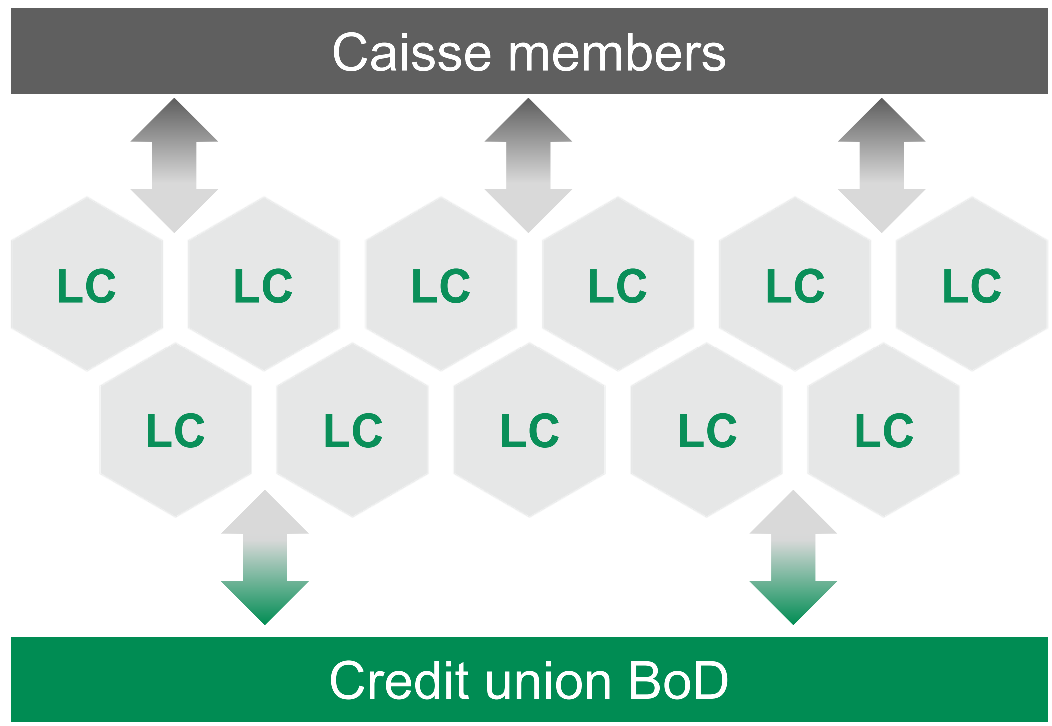
A board of directors representative of the current caisses and members

Current caisse name	New BoD seats	Director's name
CP Trillium	Seat 1: Ottawa	Pierre Benoit
	Seat 2: Ottawa	Stéphane Trottier
CP Rideau-Vision d'Ottawa	Seat 3: Ottawa	Francine Côté
	Seat 4: Ottawa	Jean Cloutier
CP Nouvel-Horizon	Seat 5: Eastern Ontario	Chantal Sabourin
CP Alfred	Seat 6: Eastern Ontario	Sophie Miller
CP de la Vallée	Seat 7: Eastern Ontario	Marie-Paule Bonin
CP Cornwall	Seat 8: Eastern Ontario	Valérie Doré
CP Hawkesbury	Seat 9: Eastern Ontario	Sylvain Charlebois
CP Vallée Est	Seat 10: Sudbury	Roger Leduc
CP Vermillon	Seat 11: Sudbury	Pierre Messier
Voyageurs Credit Union	Seat 12: Sudbury	Josée Forest-Niesing
	Seat 13: Sudbury	Louise Gervais-Guy
	Seat 14: Northern Ontario	Donald Narbonne
	Seat 15: GTA	Bululu Kabatakaka
CP Sud-Ouest Ontario	Seat 16: Southwestern Ontario	Lucie Huot
	Seat 17: Southwestern Ontario	Michel Yelle

Staying close to members
through liaison committees

Role of the liaison committees

Help the BoD understand the needs and expectations of members and communities, represent the credit union within the community, provide input on regional realities to the BoD to help with the caisse's strategic-thinking process and identify business development opportunities.



Community involvement

Community involvement

- Community involvement will continue in each region.
- The board of directors will be responsible for ensuring the credit union contributes to the socioeconomic development of each region. This is the credit union's mission and an important part of our cooperative difference.
- The BoD will be supported by liaison committees in areas such as community involvement and members' participation in the cooperative life of their caisse.
- These committees will be present in the communities where the head offices of the 11 caisses are currently located.

A new credit union that values people

A new credit union that values the organization's people

- A structure that **ensures a job for all current employees**
- New responsibilities for managers with one decentralized management source
- New job opportunities to be expected from business development
- A leadership pool will be created to encourage career development and advancement opportunities

An exciting organization that offers rewarding career opportunities

- Every current employee will have a place within the new entity.
- Better career opportunities within the organization
- Greater internal mobility for employees who are interested
- Creation of a leadership pool
- Opportunities to share practices and experiences
- Support from a larger team

Impact

The merger will help generate additional surplus earnings

- By reducing duplicate administrative tasks that don’t contribute any concrete benefits for members.
- Through more aggressive growth, which will be possible thanks to stronger capitalization that promotes business development.
- The $3 million in additional surplus earnings will be reinvested in our capitalization, business development and returned to members and communities.

What happens if the members of a caisse vote against the proposal?

- The boards of directors of all the caisses are recommending to their members that they approve this promising plan for the future of Desjardins in Ontario.
- If the members of a caisse vote no, the caisse will have the opportunity to present a new merger proposal to its members in 2020 to merge with the credit union in 2021.
- If the proposal is once again not approved by members, the caisse will be able to keep its affiliation with Desjardins for a period of approximately 18 months, giving it time to find a service provider.
- However, if 2 or more caisses, representing at least 25% of the total assets, vote no, the proposal will unfortunately be abandoned.

Conclusion and next steps

In short…

- We're creating the first **credit union of this scope** that will be both bigger and closely connected to its members. The new credit union will:

- Offer its **650 employees** new opportunities for career advancement and more time to **focus** on **serving members**

- Improve its ability to **grow business**, while increasing **benefits for its members and communities**

Next steps

- Plan to be approved by the Financial Services Commission of Ontario (FSCO)

- **Special general meeting**

  November (date), 2018

- **Legal merger date:** January 1, 2020

Question period

Wrap-up

Appendices

Will my investments be insured if I have $250,000 with more than one caisse?

- Deposits are 100% guaranteed by the caisse.
- DICO's deposit insurance is fixed at $250,000 for non-registered products and is unlimited for registered products.
- If, as a result of the merger, the total of your insurable deposits in the new credit union will exceed the maximum set at $250,000, special rules will apply. Afterward, investments held by a member of the new credit union will be insured up to $250,000.
- The credit union will follow up with members affected by this situation.

Financial forecasts

	2017	2018 Budget	2019	2020	2021
Business volume ($B)	12.8	13.9	14.8	15.9	17.2
Assets ($B)	5.9	6.3	6.9	7.5	8.3
Surplus earnings before taxes ($M)	68.3	63.5	69.1	88.2	105.5
Total member dividends ($k) (cash and CDF)	N/A	5,000	6,000	7,000	8,000

Reserves as at August 31, 2018

Caisse	Reserve	Assets	Ratio
Rideau-Vision d'Ottawa	44,124	884,340	**4.99%**
Trillium	71,536	1,150,497	**6.22%**
Alfred	10,129	220,528	**4.59%**
Hawkesbury	29,916	316,315	**9.46%**
De la Vallée	28,464	323,242	**8.81%**
Cornwall	24,105	381,683	**6.32%**
Nouvel-Horizon	44,644	677,148	**6.59%**
Voyageurs	77,112	1,517,635	**5.08%**
Vallée Est	14,155	229,543	**6.17%**
Vermillon	19,724	261,752	**7.54%**
Sud-Ouest Ontario	19,654	423,675	**4.64%**
FCPO	35,664	-	**-**
Caisse Desjardins Ontario	**419,229**	**6,386,357**	**6.56%**

Elements excluded from the reserve: Appreciation reserve, collective allowances, surplus earnings after taxes, derivatives

Assets, employees and members / caisse

Caisse	Asset (million $) 31-12-2017	Employees	Members
Rideau-Vision d'Ottawa	786.1	61	16,043
Trillium	1 094.4	110	25,331
Alfred	203.6	23	5,504
Hawkesbury	303.4	25	8,026
de la Vallée	307.2	28	7,027
Cornwall	347.0	26	6,634
Nouvel-Horizon	628.3	52	12,266
Voyageurs	1 398.1	141	29,664
Vallée Est	228.4	24	5,602
Vermillon	254.1	33	7,096
Sud-Ouest Ontario	380.1	41	9,669
Total	**5 860.8**	**564**	**132,862**