

# 2018 Annual Report

# Here



## Message from the Chair of the board of directors

Dear Members:

We're proud to present our credit union's annual report for the fiscal year of 2018.

### A turning point

In November 2018, members of the 11 Ontario caisses populaires/credit unions and delegates of the Fédération des caisses populaires de l'Ontario overwhelmingly voted in favour of merging. I'd like to thank all the members who shared their views and took part in this important democratic process.

The new Desjardins Ontario Credit Union will officially be created on January 1, 2020. It will serve 130,000 members through 50 branches and have 650 employees, a 17-member board of directors, liaison committees across Ontario and over \$13.8 billion in assets under management.

We'll continue to play an active role in community development across the province, primarily through our donation and sponsorship program and our Community Development Fund. In fact, with an increased capacity to support local initiatives, our new credit union will be an important partner in the communities we serve in Ontario.

But since we'll have just one board of directors, we'll have to say goodbye to some of our outstanding and exceptional credit union directors. On behalf of all our employees and directors, thank you for your time and your service to our members, credit unions, communities and the cooperative movement.

### Here for the community

Our commitment to the community will continue well beyond the merger. Thanks to your business, we're able to enrich the lives of people and communities. Last year, we provided \$220,000 in donations and sponsorships to support projects that promote the social and economic vitality of our community.

In order to do what's best for you,  
our members, we have to get to  
know you and your needs.

### A new Desjardins branch in downtown Sudbury

Located in the business district of the City of Greater Sudbury (the Rainbow Centre), this new branch allows the credit union and the Desjardins business centre to continue to grow and reaffirm their strong economic and cooperative presence within the community. This relocation to a new, modern and highly functional space will meet our members' changing needs while reflecting our vision for the future of Desjardins in Sudbury.

The new Desjardins branch is easily accessible by car or public transportation and offers a welcoming, comfortable space that's perfect for private meetings. We offer the full range of personal and commercial banking services as well as those of the new Desjardins Signature Service, a multidisciplinary centre of expertise created to meet our members' wealth management needs—all under one roof.



## Message from the Chair of the board of directors (continued)

### Here for the fight against climate change

Climate change is one of the biggest challenges facing our society. It's also a leading concern for our credit union members. That's why Desjardins has made climate change its environmental priority and announced concrete steps to proactively tackle this issue.

There are many other ways you can support the transition to clean energy. For instance, you can opt for investment products that help reduce greenhouse gas emissions, such as the Desjardins SocieTerra Cleantech Fund and the Desjardins SocieTerra Environment Fund.

In 2018, Desjardins doubled its responsible investment lineup with the addition of 11 new products: three new SocieTerra funds and a new line of eight exchange-traded funds that provide reduced exposure to climate change risk factors. Desjardins has been a Canadian pioneer in responsible investment since 1990, and these funds are the first of their kind in Canada. We'd like to thank our members and clients for supporting the fight against climate change.

### Acknowledgements

Special thanks to all our employees, managers and directors who work tirelessly to serve our members and the community. You're the heart and soul of our credit union. I'd also like to thank our executive director, Jean-Marc Spencer, who keeps us focused on what's best for our members and clients, and our Desjardins Group partners, who help us meet our members' financial needs.

Finally, I'd like to thank our members for placing their trust in us. Thanks to you, we're able to help our members and the community achieve their goals!

**Robert Boucher**

Chair of the board of directors



## Message from the Executive Director

Dear Members:

2018 was a year of innovation. Along with our partners at Desjardins Group, we rolled out a number of new and improved products and services. It's just one way we're constantly working to serve you better and set ourselves apart from the competition.

Our 2018 results are a testament to the faith and trust you place in our cooperative financial institution by choosing our products and services. We couldn't grow or be active in the community without your support.

### 2018 fiscal year at a glance

Business under management	Equity	Net interest income	Operating income
\$3.79B	\$110.6M	\$22.3M	\$10.7M

With business under management totalling \$3.79 billion, up 9.8% compared to 2017, we are well positioned in our market. As a part of Desjardins Group and an active participant in Desjardins Group subsidiaries, we offer our members access to a wide range of financial products and services both in person and online to meet their ever-growing needs.

### Comments on the financial report\*

#### Balance sheet

Our financial cooperative's assets total \$1.53 billion, up 15.1% over last year. Loans to individuals and businesses stand at \$1.39 billion, an increase of 17.3%.

The credit union's liabilities total \$1.42 billion, representing an increase of 16.2%. Deposits currently amount to \$1.21 billion, up 28.3%, whereas the credit union's borrowing decreased by 28.9% and now totals \$181.7 million.

As of December 31, 2018, the credit union's equity posted a growth, rising to \$110.6 million, an increase of 2.6%. Besides capital stock, equity comprised \$92.6 million in distributable surplus earnings. Funds accumulated in our reserves totalled \$7.2 million. Your credit union has also accumulated \$358,000 in the Community Development Fund. The credit union's equity as of December 31, 2018, meets the minimum regulatory requirements.

#### Statement of income

During the last fiscal year, our credit union generated \$10.7 million in operating income, up 42.7% over the previous year.

Interest income totalled \$43.4 million, up 26.9% from last year. Interest expenses increased by 51.1% to \$21 million.

Credit losses totalled \$1.1 million, i.e., 0.08% of the entire portfolio of loans granted to individual and business members.

Other income, generated largely from the distribution of Desjardins products and services, totalled \$11.1 million, up 10.3% compared to last year. Other expenses were down 0.4% to \$21.6 million.

\* Changes are calculated using whole numbers from the financial statements.

## Capital base

In recent years, the Ontario caisse/credit union network's capital base was bolstered by member purchases of preferred shares. In 2018, we optimized our capital structure in compliance with regulatory requirements, allowing the Fédération des caisses populaires de l'Ontario to buy back Class C preferred shares and the credit union to buy back its Class B preferred shares. This buyback will benefit members by enhancing the financial performance of our Ontario caisses/credit unions.

## Investment funds

The investments that caisses/credit unions hold in investment funds allow the Fédération des caisses populaires de l'Ontario to coordinate investments in Desjardins Group subsidiaries.

Through the activities of these subsidiaries, the caisses/credit unions have a greater outreach by offering a full range of financial products and services to individuals, groups and businesses.

The credit union contributed \$27,560,799 to the investment fund, and the return on this investment at year-end stands at 11.3%.

## Patronage returns for Ontario caisses/credit unions

Patronage returns are back and better than ever with the new product patronage return, a fixed amount given back to individual members who have at least one Desjardins product in each of the following three categories: accounts, loans/credit cards/lines of credit, and investments.

The way you manage your finances and interact with Desjardins is changing all the time, so we're improving the way we pay patronage returns.

The board of directors decided to give back a total of \$1,914,671 in individual product and volume patronage returns this year. And to enrich our community through support for major initiatives, we recommend that members allocate \$344,278 to the Community Development Fund in 2019.

Our credit union directors, employees and managers are all committed to doing what's best for you, our members.

## People first

Our credit union directors, employees and managers are all committed to doing what's best for you, our members. That means listening to you so we can understand what you need and how we can improve. So let us know what you think! It'll help us serve you better.

Our people and our partners draw on their unparalleled expertise to develop personalized strategies to help you meet your goals.

## Here for you 24/7

Many of our products and services are available 24/7 online and in the AccèsD app. And in 2018, Desjardins continued to modernize by making even more of them available online, including more savings products in the AccèsD app.

For over a year now, you are able to open an account entirely online. It's been so successful that we came out with even more innovations last year. Now members can open a line of credit over the phone in just minutes.

We made other improvements, too. We're gradually rolling out new Desjardins Access cards featuring Flash. With this new secure feature, members can just tap their card to make purchases of up to \$100, without inserting their card or entering their PIN. Members will get their new card when their current card expires.

We also recently got new ATMs. They feature touch screens and accept envelope-free deposits for a simpler, more user-friendly experience.

## Putting our passion to work for you

Our employees are here to help you reach your goals. I want to thank them for all their hard work and their dedication to you, our members.

I'd also like to thank our credit union directors. They're deeply committed to the community and the people they represent. Thanks to their investment of time and energy, we're growing a vibrant community and enriching the lives of our members.

Now more than ever, it's truly a privilege to be here for you!

**Jean-Marc Spencer**  
Executive Director



# Audit committee report

In fiscal 2018, the audit committee fulfilled its responsibilities under the *Credit Unions and Caisses Populaires Act*, 1994 and any related regulations. The committee met six times to monitor the credit union's financial reporting, internal control system and integrated risk management. In accordance with its administrative rules, the committee also supervised ethical, professional conduct and cooperative aspects.

**The audit committee is an integral part of the credit union's overall administrative framework. Together with general management and the auditors, the committee ensures that:**

- Risks are properly assessed and mitigated
- Reports are accurate, timely and relevant
- Members' assets and interests are protected
- Compliance is upheld
- Principles and rules of professional conduct are followed

## The audit committee:

- Made recommendations to the board of directors about measures to protect credit union assets, ensure compliance with applicable lending and investment policies and procedures, and address any questions regarding the credit union's financial policies
- Examined the effectiveness of internal control and risk management practices as well as the actions taken by management to address any deficiencies
- Reviewed the credit union's policies and procedures governing the way in which it meets the requirements under legislative requirements
- Reviewed the inspection reports and the response prepared by management for recommendation to the board of directors
- Made sure the agreed-on measures were implemented by the established deadline
- Reviewed the engagement letter, the audit plan, the independent auditor's remuneration and the draft of the audited financial statements, and recommended their adoption by the board of directors

## Supervision of ethical aspects

Every year, credit union directors 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 audit committee ensured that credit union, director and employee conduct was guided by Desjardins's values. Here is the supervision report for the past year concerning three rules of professional conduct:

- No conflicts of interest were found.
- Deposits from and loans to the credit union's restricted parties\* were in accordance with applicable rules of professional conduct.
- The credit union did not award any contracts for the supply of goods or services to restricted parties subject to the Code\*\* or any associated persons.

## Supervision of cooperative aspects

With regard to the supervision of cooperative aspects, the audit committee must ensure that Desjardins values are an integral part of the credit union's business and management practices. It must also make sure that the credit union contributes to community development and the economic and financial education of members. Lastly, it must ensure that members are informed about topics of importance to them.

The audit committee is satisfied with the work carried out over the past year.

I'd like to thank the members of the committee for their contribution and the executive director for his support.

### Carmen Bouchard

Chair of the audit committee

## Exclusive advantages for members

As a member of the leading cooperative financial group in Canada, you can enjoy exclusive discounts, rebates, saving tools, privileges and assistance services.

**In 2018, the credit union gave out 2,511 Desjardins Member Advantages for a total of \$140,412.**

Learn more:  
[desjardins.com/advantages](https://desjardins.com/advantages)

## Highlights

### Voyageurs Credit Union:

- 29,822 members
- 15 directors
- 150 employees
- \$3.79B in business under management
- \$220,000 distributed to the community

## Board of directors

(as of December 31, 2018)

Name	Role
Robert Boucher	Chair
Denis Vallée	Vice-Chair
Jean-Marie Comeau	Secretary
Normand Côté*	Director
Tahani Joubaily	Director
Michel Lavoie*	Director
Donald Narbonne	Director
Roger Robitaille	Director
Daniel Venne	Director
Carmen Bouchard	Director
Louise Gervais-Guy*	Director
Bululu Kabatakaka*	Director
Michel Léveillé	Director
Patrick Plourde	Director
Deric Schryer	Director

\*Outgoing directors

\* Restricted parties: Credit union directors, officers and executive director, directors of the Fédération des caisses populaires de l'Ontario and their associated persons.

\*\* Restricted parties subject to the Code: Restricted parties, credit union employees and their associated persons.



# Here for you in so many ways

## Here for people and communities

Every time you do business with your credit union, you're choosing a cooperative financial group that invests in your community and helps enhance people's lives and the communities they live in. 2018 was marked by initiatives that showcased your credit union's distinctive nature. We held a number of democratic activities that were aligned with the needs of our members.

We also supported community development and contributed to our members' cooperative and financial education by giving back **\$220,000** to the community in the form of sponsorships and donations.

## Here to help kids stay in school and succeed academically

Desjardins held a number of events to help kids stay in school and achieve academic success. During Co-op Week 2018, over 4,000 Desjardins Group employees and directors volunteered some 8,600 hours to over 200 organizations and initiatives to help young people succeed in school.

### A quarter of a million to Place des Arts in Greater Sudbury

Desjardins donated to the project's major fundraising campaign, *Share Our Sense of Place*, which will turn Greater Sudbury into a key destination for engaging cultural outings and memorable experiences. There would be no cultural development without the arts and Desjardins is proud to contribute to regional growth.



## Here to help young people become financially literate

### A mini credit union at École Nouveau Regard in Cochrane

In an effort to help students learn at their own pace and tap into their full potential, the school has created a learning centre for kindergarten students that focuses on learning through play. The students had the opportunity to learn how a credit union works, specifically what the roles of teller, member reception agent and advisor entail.



### Preparing for the future with Personal Finance: I'm in Charge®

Through the Personal Finance: I'm in Charge® program, Desjardins provides guidance to young adults at a time in their life when they have to make a lot of 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 make informed financial decisions and choices that are right for them.

## Cooperative difference report (continued)

### Desjardins runners participate in the Toronto Corporate Run

Desjardins employees in the Greater Toronto Area came out in force for the 36th annual Toronto 5K Corporate Run, held at Ontario Place in Toronto. This is the second year that Desjardins has sponsored the run, which raises funds for the Centre for Addiction and Mental Health (CAMH), Canada's largest mental health and addiction teaching hospital.



### A \$200,000 donation to the NEO Kids Health Centre at Health Sciences North

The donation went towards the NEO Kids Health Centre at Health Sciences North (HSN); a centre that accommodates new clinics, services and more pediatricians to care for children in northeastern Ontario. Children are not small adults. Just like them, their health care needs are unique. This donation will ensure as many children as possible stay in northeastern Ontario to get the care they need, in a child- and youth-centred environment that promotes health and well-being.



Our employees are here  
to help you reach your goals.








**Need to speak  
with an advisor?  
Our extended  
telephone hours  
make it easier  
than ever!**

**6:00 a.m. to midnight,  
every day including holidays**

 **1-866-232-0013**

### Easy-to-access services

**Access your credit union's  
services 24/7**


-  [desjardins.com](https://desjardins.com)
-  [m.desjardins.com](https://m.desjardins.com)
-  **1-800-CAISSES (1-800-224-7737)**
-  **ATMs**
-  **Mobile cheque deposit**

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[desjardins.com/voyageurs](https://desjardins.com/voyageurs)

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