

2018

ANNUAL REPORT



**Caisse Desjardins
Thérèse-De Blainville**

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.

Gilles Pilon, Chair
Pierre Simonet, Secretary

About Caisse Desjardins Thérèse-De Blainville:

- 47,295 members
- \$155,711 given back through our Community Development Fund
- A dynamic management team led by Joé Bélanger

• Dedicated officers

Gilles Pilon	Chair
Alain Grégoire	Vice-Chair
Pierre Simonet	Secretary
Benoît Fortier	Director
Bernard Duchesne	Director
Brigitte Galarneau	Director
Donald Bergeron	Director
Ginette Auger	Director
Guillaume Duchesne	Director
Jacques Roberge	Director
Louise Fillion	Director
Michel Théberge	Director
Michelle Lapointe	Director
Mireille Langlois	Director
Rodrigue Dubois	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 \$1,400,243K, up 6.9%
- Liabilities of \$1,264,811K, an increase of 7.1%
- Equity of \$135,432K, up 5.8%
 - Capital stock: \$3,466K
 - Distributable surplus earnings: \$21,382K
 - Accumulated other comprehensive income: \$19K
 - Reserves: \$110,565K
 - Stabilization reserve: \$4,005K
 - Reserve for future member dividends: \$5,964K
 - Community Development Fund: \$679K
- Operating surplus earnings of \$9,754K, up 38.0%
- Total Interest income of \$36,857K, an increase of 14.0%
- Interest expenses of \$12,536K, up 20.1%
- Other income totalling \$11,489K, up 0.7%
- Non-interest expenses of \$25,812K, stable

All loans to restricted parties* were granted in accordance with the caisse's applicable rules of professional conduct. Loans granted to restricted parties totalled \$1,051,455.

*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)	(520)	0.0
Desjardins Capital Management (INV)	100,625	8.0
Desjardins Financial Holding (FINSA)	37,237,405	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 \$1,111,660K, up \$11,155K, or 1.0%, year over year. Deposits made by individual members provide the main source of funding for the caisse's expansion. These deposits represent 81.0% 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	131,361	117,810	140,567	162,619	347,588	899,945	844,865
Businesses	82,064	18,490	44,995	26,046	-	171,595	214,282
Public sector and other	33,802	21	5,572	725	-	40,120	41,358
Total	247,227	136,321	191,134	189,390	347,588	1,111,660	1,100,505

*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 0.2% 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		Net carrying amount
	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	
Personal									
Residential							788,710		
Consumer and other							240,820		
	995,509	217	32,755	279	1,266	101	1,029,530	597	1,028,933
Business									
Commercial and industrial							151,575		
Agriculture, forestry and fishing							45,024		
Public administration and institutions							3,089		
	184,904	103	13,870	98	914	101	199,688	302	199,386
Total	1,180,413	320	46,625	377	2,180	202	1,229,218	899	1,228,319

The following table shows the credit quality of loans:

	Gross loans	Gross loans past due but not impaired	Gross impaired loans	Individual allowances	Collective allowance	Net loans
As at December 31, 2017 (in thousands of Canadian dollars)						
Personal						
Residential	699,814					
Consumer and other	223,220					
	923,034	19,562	65	60	411	922,563
Business						
Commercial and industrial	137,025					
Agriculture, forestry and fishing	61,912					
Public administration and institutions	3,162					
	202,099	2,163	1,683	179	353	201,567
Total	1,125,133	21,725	1,748	239	764	1,124,130

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.