

2018

ANNUAL REPORT



**Caisse Desjardins de
LaSalle**

Head office

7700, boulevard Newman
LaSalle (Québec) H8N 1X8
514 366-6231

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.

Patrice Boileau, Chair
Jean-Pierre Yeung, Secretary

About Caisse Desjardins de LaSalle:

- 20,602 members
- \$45,260 given back through our Community Development Fund
- A dynamic management team led by Simon Ruelland

• Dedicated officers

Patrice Boileau	Chair
Zara-Emmanuelle Villani	Vice-Chair
Jean-Pierre Yeung	Secretary
Ben Lumière Moussienza	Director
Jean-Guy Marceau	Director
Jonathan Royer	Director
Josée Troïlo	Director
Liliane Gilbert	Director
Lucia Spallone	Director
Michel Comtois	Director
Pierre F. Mc Duff	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 \$678,697K, up 3.2%
- Liabilities of \$608,588K, an increase of 2.9%
- Equity of \$70,109K, up 5.7%
 - Capital stock: \$2,628K
 - Distributable surplus earnings: \$12,226K
 - Accumulated other comprehensive income: \$143K
 - Reserves: \$55,112K
 - Stabilization reserve: \$2,416K
 - Reserve for future member dividends: \$1,154K
 - Community Development Fund: \$405K
- Operating surplus earnings of \$4,432K, up 88.0%
- Total Interest income of \$18,570K, an increase of 16.7%
- Interest expenses of \$7,191K, up 22.4%
- Other income totalling \$4,800K, up 1.7%
- Non-interest expenses of \$11,469K, a decrease of 5.6%

Loans to restricted parties * are granted in accordance with the caisse's applicable rules of professional conduct. No such loans were granted in 2018.

* 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)	(393)	0.0
Desjardins Capital Management (INV)	64,129	8.0
Desjardins Financial Holding (FINSA)	24,403,867	11.3

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 \$506,995K, up \$29,215K, or 6.1%, year over year. Deposits made by individual members provide the main source of funding for the caisse's expansion. These deposits represent 80.5% 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	75,475	46,560	57,712	95,344	132,905	407,996	390,321
Businesses	26,752	13,735	18,640	13,765	-	72,892	68,029
Public sector and other	22,954	4	2,701	448	-	26,107	19,430
Total	125,181	60,299	79,053	109,557	132,905	506,995	477,780

*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 0.3% 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							319,127		
Consumer and other							139,712		
	433,787	126	24,038	184	1,014	64	458,839	374	458,465
Business									
Commercial and industrial							129,852		
Agriculture, forestry and fishing							31		
Public administration and institutions							5,660		
	126,264	74	8,286	91	993	141	135,543	306	135,237
Total	560,051	200	32,324	275	2,007	205	594,382	680	593,702

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	299,147					
Consumer and other	124,158					
	423,305	13,366	19	19	237	423,049
Business						
Commercial and industrial	124,270					
Agriculture, forestry and fishing	193					
Public administration and institutions	18,618					
	143,081	1,322	746	314	275	142,492
Total	566,386	14,688	765	333	512	565,541

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.