

# 2018

# ANNUAL REPORT



**Caisse Desjardins du  
Complexe Desjardins**

**Head office**

5, Complexe Desjardins, B. 226  
Montréal (Québec) H5B 1B4  
514 281-7101

## 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.

Marc Navert, Chair  
Dominique Riverin, Secretary

### About Caisse Desjardins du Complexe Desjardins:

- 23,295 members
- \$404,654 given back through our Community Development Fund
- A dynamic management team led by Nathalie Tremblay

#### • Dedicated officers

Marc Navert	Chair
Julie Bouchard	Vice-Chair
Dominique Riverin	Secretary
Claudia Gagné	Director
Danielle Melanson	Director
Laura Courtemanche	Director
Louis Roy	Director
Mélody Meilleur-Durand	Director
Michel Ohayon	Director
Michel Wong Kee Song	Director
Rénald Vigneault	Director
Thérèse Fredette	Director
Yvon Plante	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 \$928,518K, up 16,1%
- Liabilities of \$847,159K, an increase of 16,5%
- Equity of \$81,359K, up 12,0%
  - Capital stock: \$336K
  - Distributable surplus earnings: \$14,955K
  - Accumulated other comprehensive income: \$17K
  - Reserves: \$66,051K
    - Stabilization reserve: \$1,327K
    - Reserve for future member dividends: \$-K
    - Community Development Fund: \$618K
- Operating surplus earnings of \$10,452K, up 47,3%
- Total Interest income of \$24,149K, an increase of 29,8%
- Interest expenses of \$7,608K, up 45,5%
- Other income totalling \$7,860K, up 5,0%
- Non-interest expenses of \$13,150K, a decrease of 2,1%

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:

- Caisse directors and the caisse general manager, including their relatives
- 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 (%)
<b>Provincial Funds</b>		
Société de Services des caisses Desjardins (SER)	(268)	0,0
Desjardins Capital Management (INV)	45,522	8,0
Desjardins Financial Holding (FIN5A)	18,204,265	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](http://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](http://www.desjardins.com).

## SUMMARY OF THE DEPOSIT PORTFOLIO

As at December 31, 2018, the caisse's member deposits totalled \$801,828K, up \$95,251K, or 13,5%, year over year. Business deposits provide the main source of funding for the caisse's expansion. These deposits represent 48.1% 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	61,350	54,758	92,844	60,786	102,578	372,316	341,273
Businesses	203,004	23,552	103,932	55,129	-	385,617	328,404
Public sector and other	32,783	31	8,548	2,533	-	43,895	36,900
<b>Total</b>	<b>297,137</b>	<b>78,341</b>	<b>205,324</b>	<b>118,448</b>	<b>102,578</b>	<b>801,828</b>	<b>706,577</b>

\*See Note 2 to the Combined Financial Statements of the Desjardins caisses in Quebec available at [www.desjardins.com](http://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](http://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		Net carrying amount
	Stage 1		Stage 2		Stage 3				
<b>As at December 31, 2018</b> (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	
<b>Personal</b>									
Residential							424,144		
Consumer and other							144,790		
	539,983	196	26,469	255	2,482	305	568,934	756	568,178
<b>Business</b>									
Commercial and industrial							200,663		
Agriculture, forestry and fishing							47		
Public administration and institutions							7,759		
	192,983	115	14,327	141	1,159	185	208,469	441	208,028
<b>Total</b>	<b>732,966</b>	<b>311</b>	<b>40,796</b>	<b>396</b>	<b>3,641</b>	<b>490</b>	<b>777,403</b>	<b>1,197</b>	<b>776,206</b>

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
<b>As at December 31, 2017</b> (in thousands of Canadian dollars)						
<b>Personal</b>						
Residential	336,004					
Consumer and other	122,852					
	458,856	10,481	1,405	55	333	458,468
<b>Business</b>						
Commercial and industrial	169,392					
Agriculture, forestry and fishing	259					
Public administration and institutions	7,958					
	177,609	1,578	1,050	404	315	176,890
<b>Total</b>	<b>636,465</b>	<b>12,059</b>	<b>2,455</b>	<b>459</b>	<b>648</b>	<b>635,358</b>

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.