

2018

ANNUAL REPORT



**Caisse Desjardins de
Granby-Haute-Yamaska**

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.

André Moïse, Chair
Josée Ouellet, Secretary

About Caisse Desjardins de Granby-Haute-Yamaska:

- 65,083 members
- \$347,726 given back through our Community Development Fund
- A dynamic management team led by Jacques Laurin

• Dedicated officers

André Moïse	Chair
Philippe Simonato	Vice-Chair
Josée Ouellet	Secretary
Benoit Lapointe	Director
Gérard Gévry	Director
Hélène Tremblay	Director
Lorraine Bédard	Director
Louis-Éric Bolduc	Director
Marc-Antoine Lasnier	Director
Mathieu Couture	Director
Nancy Tremblay	Director
Nicole Frenière	Director
Normand Desloges	Director
Roxana Cledon	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 \$2,849,831K, up 5.5%
- Liabilities of \$2,566,471K, an increase of 5.3%
- Equity of \$283,360K, up 7.1%
 - Capital stock: \$6,997K
 - Distributable surplus earnings: \$47,501K
 - Accumulated other comprehensive income: \$166K
 - Reserves: \$228,696K
 - Stabilization reserve: \$7,888K
 - Reserve for future member dividends: \$4,311K
 - Community Development Fund: \$712K
- Operating surplus earnings of \$26,027K, up 25.1%
- Total Interest income of \$86,989K, an increase of 17.7%
- Interest expenses of \$34,985K, up 27.6%
- Other income totalling \$19,963K, up 4.3%
- Non-interest expenses of \$43,138K, an increase of 0.2%

All loans to restricted parties* were granted in accordance with the caisse's applicable rules of professional conduct. Loans granted to restricted parties totalled \$3,197,041.

*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)	(1,104)	0.0
Desjardins Capital Management (INV)	170,091	8.0
Desjardins Financial Holding (FINSA)	74,473,181	11.4

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 \$1,804,116K, up \$114,372K, or 6.8%, year over year. Deposits made by individual members provide the main source of funding for the caisse's expansion. These deposits represent 75.7% 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	66,898	244,092	166,737	252,787	634,874	1,365,388	1,299,368
Businesses	176,750	37,554	108,242	68,392	-	390,938	337,110
Public sector and other	14,598	22,201	6,125	4,866	-	47,790	53,266
Total	258,246	303,847	281,104	326,045	634,874	1,804,116	1,689,744

*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 0.6% 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							1,033,046		
Consumer and other							285,519		
	1,268,316	337	47,106	386	3,143	286	1,318,565	1,009	1,317,556
Business									
Commercial and industrial							1,047,837		
Agriculture, forestry and fishing							157,562		
Public administration and institutions							8,697		
	1,102,924	770	100,329	1,235	10,843	1,138	1,214,096	3,143	1,210,953
Total	2,371,240	1,107	147,435	1,621	13,986	1,424	2,532,661	4,152	2,528,509

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	970,998					
Consumer and other	284,412					
	1,255,410	20,400	1,370	334	656	1,254,420
Business						
Commercial and industrial	945,795					
Agriculture, forestry and fishing	145,883					
Public administration and institutions	11,225					
	1,102,903	6,115	2,287	810	2,415	1,099,678
Total	2,358,313	26,515	3,657	1,144	3,071	2,354,098

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.