

# 2018

# ANNUAL REPORT



**La Caisse Populaire de  
Waterloo**

**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.

Manon Bessette, Chair  
Pierre-Luc Hébert, Secretary

### About La Caisse Populaire de Waterloo:

- 8,233 members
- \$33,279 given back through our Community Development Fund
- A dynamic management team led by André Thibault

#### • Dedicated officers

Manon Bessette	Chair
Micheline Brochu	Vice-Chair
Pierre-Luc Hébert	Secretary
Anne Stairs	Director
Denis Pelletier	Director
Francis Deslauriers	Director
Kathia Waite	Director
Mario Paris	Director
Mario Rodrigue	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 \$245,738K, up 7,8%
- Liabilities of \$219,964K, an increase of 7,9%
- Equity of \$25,774K, up 6,4%
  - Capital stock: \$250K
  - Distributable surplus earnings: \$4,216K
  - Accumulated other comprehensive income: \$35K
  - Reserves: \$21,273K
    - Stabilization reserve: \$445K
    - Reserve for future member dividends: \$184K
    - Community Development Fund: \$110K
- Operating surplus earnings of \$1,937K, up 43,5%
- Total Interest income of \$7,355K, an increase of 19,6%
- Interest expenses of \$2,598K, up 24,4%
- Other income totalling \$2,351K, up 4,3%
- Non-interest expenses of \$4,980K, an increase of 2,4%

All loans to restricted parties\* were granted in accordance with the caisse's applicable rules of professional conduct. Loans granted to restricted parties totalled \$954,202.

\*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)	(119)	0,0
Desjardins Capital Management (INV)	15,601	8,0
Desjardins Financial Holding (FIN5A)	7,463,982	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](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 \$172,196K, up \$12,865K, or 8,1%, year over year. Deposits made by individual members provide the main source of funding for the caisse's expansion. These deposits represent 71.6% 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	20,915	11,112	19,583	22,603	49,019	123,232	118,171
Businesses	12,828	2,275	14,219	9,009	-	38,331	34,751
Public sector and other	3,101	2,412	3,109	2,011	-	10,633	6,409
<b>Total</b>	<b>36,844</b>	<b>15,799</b>	<b>36,911</b>	<b>33,623</b>	<b>49,019</b>	<b>172,196</b>	<b>159,331</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 0,7% 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		
	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	Net carrying amount
<b>Personal</b>									
Residential							108,642		
Consumer and other							35,070		
	135,061	51	7,784	72	867	31	143,712	154	143,558
<b>Business</b>									
Commercial and industrial							61,354		
Agriculture, forestry and fishing							9,278		
Public administration and institutions							510		
	64,507	44	6,092	76	543	53	71,142	173	70,969
<b>Total</b>	199,568	95	13,876	148	1,410	84	214,854	327	214,527

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	102,359					
Consumer and other	32,697					
	135,056	2,581	785	-	86	134,970
<b>Business</b>						
Commercial and industrial	53,477					
Agriculture, forestry and fishing	8,200					
Public administration and institutions	628					
	62,305	538	128	45	137	62,123
<b>Total</b>	197,361	3,119	913	45	223	197,093

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.