



Notre Dame de Lourdes Branch


Caisse
Financial Group

Annual Report
October 1st, 2018 - September 30th, 2019



Vision

Meet our members' evolving financial needs and be involved within our communities.



Mission

Create value by exceeding our members' expectations.



Value Proposition

Caisse Financial Group is a financial co-operative that prioritizes its members' experience and invests in the well-being of its communities.

Values



Respect for individuals



Innovation



Community Involvement



Integrity & Transparency



Proud of our Heritage





Board of Directors

The Board of Directors is ultimately responsible for the corporate governance of Caisse and is elected by the members. Together, the directors of the Board represent all the regions served by Caisse.

Réal Déquier	President, District 3
Stéphane Dorge	1 st Vice-President, District 1
Carole Hébert	2 nd Vice-President, District 3
Patrick Fortier	District 1
Michèle Lécuyer-Hutton	District 1
Marcel Lesage	District 2
Vacant	District 2
Éric Garand	District 3
Kathleen Messner	District 3
Claudette Taillefer	District 3



Executive Team

The executive team is responsible for the management of day-to-day affairs, functions and operations of Caisse.

Joël Rondeau	Chief Executive Officer
Sophie Ethier	Vice-President, Risk & Compliance
Marcel Gauvin	Vice-President, Business Solutions
Sylvie Laurencelle-Vermette	Vice-President, Marketing & Communications
Bernard Marcoux	Vice-President, Operations, Technology and Innovation
Francis Normandeau	Vice-President, Finance
Éric Rhéaume	Vice-President, Human Resources
Marc Rioux	Vice-President, Retail Member Services

Districts

1

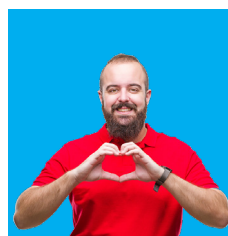
Winnipeg
 • St. Boniface
 • St. Vital
 • Southdale

2

Elie
 Notre Dame de Lourdes
 St. Claude
 St. Francois Xavier
 St. Laurent

3

Ile des Chenes
 La Broquerie
 La Salle
 Lorette
 St. Adolphe
 St. Georges
 St. Jean Baptiste
 St. Malo
 St. Pierre Jolys
 Ste. Agathe
 Ste. Anne





Corporate Office

📍 400-205 Provencher Blvd
Winnipeg, MB R2H 0G4

🖱️ Caisse.biz



Branches

Elie
Ile des Chenes
La Broquerie
La Salle
Lorette
Notre Dame de Lourdes
St. Adolphe
St. Claude
St. Francois Xavier
St. Georges
St. Jean Baptiste
St. Laurent
St. Malo
St. Pierre Jolys
Ste. Agathe
Ste. Anne
Winnipeg • 875 Dakota St.
Winnipeg • 36 Lakewood Blvd
Winnipeg • 205 Provencher Blvd



Products & Services

Personal Banking Services

Checking Accounts ■ Savings Accounts ■ No Fee Accounts

Business & Agricultural Banking Services

Organization Account ■ Agri-Invest Account

Mortgages ■ Loans ■ Lines of Credit ■ Credit Cards

GIC ■ TFSA ■ RRSP ■ RRIF ■ RESP

Wealth Management ■ Online Brokerage

Insurance



Commercial & Agricultural Services

Our Account Managers take the time to get to know your business or farm to provide you with the financial services that fit your needs.

Contact your nearest branch for an appointment.



Wealth Management & Estate Planning Services

The purpose of financial planning is to set your long-term financial goals and develop the right strategy to make them a reality.

Aviso Asset Management

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Ile des Chenes
Notre Dame de Lourdes
St. Claude
100-205 Provencher Blvd, Winnipeg

C-Finance

📍 385 Main Street, St. Adolphe
1063 Route 26, St. Francois Xavier
200-205 Provencher Blvd, Winnipeg
Cfinance.biz





President and CEO's Report

The common thread underpinning our 2018-2019 annual report is ensuring the member is at the center of all we do. Mobile devices, cloud computing and social media are permanently changing the way our members manage their finances and, in so doing, are challenging us to evolve our model along with them. Even the way members interact with us is evolving. There is no doubt that our current path is one of constant change, speed and convenience.

With that in mind, in 2018-2019, we updated our vision and mission statements to better reflect our mandate in these changing times.



Meet our members' evolving financial needs and be involved within our communities.

It is a simple philosophy, but one that clearly encapsulates our reason for being. We also simplified our mission statement to make it clear that our members are our North Star:



Create value by exceeding our members' expectations.

New three-year strategic plan

When we created our new three-year plan, we focused on 4 key themes:

1. Our value proposition

Clearly understanding and articulating one's value proposition is essential to the success of an organization. Ours is our in-depth knowledge of our members, our superior member experience, in both French and English, and the support we provide to the well-being of our communities.

On August 22, we introduced our very first member appreciation day. Our objective was to give our employees and members the

opportunity to connect. The staff at our 19 branches throughout the province served a variety of treats like hot dogs, ice cream and cake to over 1,500 participants. Due to its resounding success, we will be repeating the experience next year.

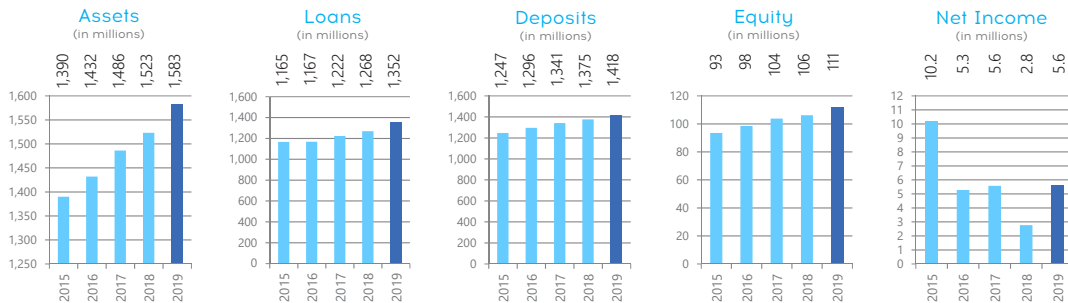
Many members told us they wanted to hear more from us, so we increased our presence on our social channels by sharing more content and providing valuable financial information and tips. As well, to highlight the benefits of being a Caisse member, we began offering benefits, such as special pricing to plays and festivals.

2. Member experience

Our members' needs are changing at a rapid pace. They expect competitive products and services, knowledgeable staff, and efficient online services that align with their busy lifestyles. To this end, we launched the mobile app in June 2019. In the first month alone, the app was downloaded over 1,500 times by our members. Another enhanced service in 2019 was the launch of a series of online calculators which give our members the tools to help them make better decisions regarding their finances. In the months and years to come, our focus will be to continue introducing new and improved digital products as well as offering highly trained in-branch expertise for our members' more complex needs.

3. Our people

We believe investing in our own people is one of the best ways we can improve the member experience. Our new plan has an increased focus on employee training and development. We have significantly increased our resources and focus in this area. Engagement and retention of our employees are also key to a better member experience. Employee development, improved performance-based compensation and other retention strategies are all core components of our strategy over the next three years.



4. Process & technology

Everything is changing - from the way we work, to the way we connect with each other - and our members are at the heart of it all. To that end, we initiated a major review of our branch network to find ways, internally, to improve processes. Due in large part to this project, we have made great strides in understanding the needs of our members, improving points of friction in our branches, promoting our digital services and improving the online experience. For example, we are in the process of launching a new product which will allow our commercial members to deposit cheques at their own business locations. What has driven our success in the past will not guarantee the same success in the future. That is why we continue to invest and evolve our resources in technology.

Financial results

A low interest rate environment, intense competitive pressures and rapidly changing consumer behaviors continue to be key challenges for the financial services industry. Despite these challenging and volatile market conditions, financial results were positive in 2018-2019. Member loans grew by 6.6% and member deposits grew by 3.1%. This represents an increase of 84.1 million dollars in loans and 42.5 million dollars in deposits.

Net income for the year was 5.6 million dollars, significantly higher than the net income of 2.8 million last year. The main reason for the

increase was a significant decrease in the loan provision required for impaired loans.

Members' equity increased by 5.3 million dollars or 5%, totaling 111.5 million dollars at September 30, 2019. This represents 7.13% of assets, which exceeds the regulatory requirement of 5%. We are also in compliance with the requirement to have 8% of risk-weighted capital at September 30, 2019. However, we are actively taking every measure possible to ensure compliance with the new requirements for risk-weighted capital effective December 31, 2021. For this reason, the Board of Directors prudently decided not to declare a patronage refund or dividend for the fiscal year ending September 30, 2019, as this would lower our capital.

Community

We strongly believe in our mandate to help create lasting positive social impact in our communities province wide. In 2018-2019, we contributed to 180 projects, totaling over \$170,000. The complete list of our sponsorship and bursary recipients is available on our website at Caisse.biz. It includes a variety of community projects, bursaries and green initiatives. Our employees also volunteered at different community events to help our communities grow and thrive.

We continued to participate in the delivery of financial literacy

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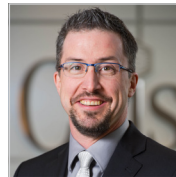


President and CEO's Report (continued)

programs for students enrolled in French and immersion schools. These programs are important because they help equip students with the skill and knowledge they need to manage money effectively. Last year, 3,143 students participated in the various programs. New this year, we signed a partnership agreement with Junior Achievement Manitoba. We will begin delivering programming in English schools in our communities as well.

In Conclusion

We are proud to be a critical part of the economic and social fabric of the communities in which we live and work. We believe that our values-based approach offers a meaningful alternative to managing finances in our communities. Our members can feel good knowing that their finances are thriving, as are their communities through corporate social responsibility initiatives. We would like to thank all our members for placing their trust in us and we will continue our mission to create value by exceeding our members' expectations.



Réal Déquier
Board Chair



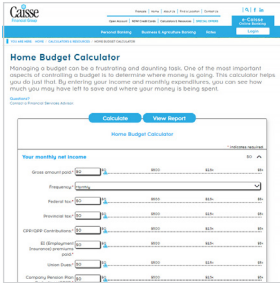
Joël Rondeau
CEO





Projects Completed and in Progress

During the year, we started or completed a number of projects to improve our service to our members.



■ Calculators Launch

Our members now have access to 25 new calculators which can help them make better decisions about their finances, for today and for their future.

■ Cyber Security

Important improvements were made to our security infrastructure to better protect our members' information and privacy.

■ Instagram Launch

We strive to be present wherever our members and communities are active. That's why in February 2019, we hopped on the Instagram bandwagon. We're able to share tips, special offers and keep you up to date on Caisse's latest activities and community events. Check it out at [Instagram.com/CaisseFinancialGroup](https://www.instagram.com/CaisseFinancialGroup)



■ Mobile App Launch

With the Caisse Financial Group Mobile App, our members now have instant and secure access to their accounts in the palm of their hands. In the first month alone, the app was downloaded over 1,500 times by our members.

■ Email Newsletter

We're always looking for opportunities to connect with our members. That's why we're excited to share that we'll be adding another tool to our toolbox with the addition of a newsletter in 2020. Sign up to get financial advice, exclusive offers and the latest corporate news. Visit [Caisse.biz](https://www.caisse.biz)



■ Member Appreciation Day

On August 22nd, Caisse Financial Group celebrated its first annual member appreciation day. Over 1,500 people visited us for a hot dog or a treat, with employees giving away gifts and prizes.



■ Apple Pay

Purchases using your Caisse VISA Credit Card just got easier. You can now make secure purchases in stores, in apps and on the web. Apple Pay is even simpler than using your physical card.



Community Sponsorship

Caisse supports many community projects and activities that:

- Build strong and vibrant communities
- Encourage local economy
- Celebrate community pride and culture

This year, 180 community projects received over \$170,000 in financial support.



'In the Know about Money'

The Financial Literacy Program 'In the Know about Money' features four themes, how to: budget, save, borrow and invest. Financial literacy programs are presented to students from grades 3 to 12 in partnership with CDEM and Junior Achievement Manitoba.



3,143 students attended 145 financial literacy sessions.



GREEN Fund

Caisse Financial Group prioritizes sustainable development and supports projects that preserve the environment through its GREEN Fund. Caisse donates \$5 to its GREEN fund when a member chooses to receive their statement online.



5 GREEN Fund projects have been granted \$12,500 in financial support.



Bursary Program

Caisse helps high school and university students achieve their dreams by offering financial assistance in the form of bursaries.



22 high school & university students received \$11,000 in student bursaries.



2018-2019 Major Sponsorship Projects



Festival du Voyageur

Caisse Financial Group maintained its long-standing partnership by contributing to the celebration of French heritage at Festival du Voyageur's 50th anniversary as the official sponsor of the Sugar Shack. Caisse gave away 2,800 biodegradable balloons and 11 Caisse ambassadors provided entertainment in between musical acts.



Théâtre Cercle Molière

People of all ages experience francophone art and culture through quality activities and theatre. Caisse supports Canada's oldest running theatre by sponsoring in part:

- The 'Festival théâtre jeunesse'
- The Lobster Gala Fundraiser
- Its annual programming



Francofonds

As the first partner to match donations, Caisse Financial Group joined Francofonds and Radio-Canada in the Médiathon, a school fundraising campaign supporting DSFM school committees.

Caisse continued its tradition to be the main sponsor for Francofonds' Chefs en plein air.



Winnipeg River Heritage Museum

As a sponsor, Caisse supported the reconstruction of the Winnipeg River Heritage Museum which opened in August 2019. The museum pays tribute to the history of St. Georges, Powerview-Pine Falls and the surrounding communities.

Ste. Anne Hospital Funds

Caisse Financial Group sponsored the repair of the Ste. Anne Hospital's heliport.

Daycare Projects

Caisse Financial Group granted \$20,000 to various daycares throughout Manitoba, mainly through its GREEN Fund.



🖱️ Visit Caisse.biz for the complete list of our sponsorship and bursary recipients.



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BDO Canada LLP
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Report of the Independent Auditor on the Summary Consolidated Financial Statements

To the members of Caisse Populaire Groupe Financier Ltée

Opinion

The summary consolidated financial statements, which comprise the summary consolidated balance sheet as at September 30, 2019, and the summary consolidated statement of comprehensive income, and the summary consolidated statement of changes in members' equity for the year then ended, and related notes, are derived from the audited consolidated financial statements of Caisse Populaire Groupe Financier Ltée ("the Caisse") for the year ended September 30, 2019.

In our opinion, the accompanying summary consolidated financial statements are a fair summary of the consolidated financial statements, in accordance with the criteria disclosed in Note 1.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the Caisse's audited consolidated financial statements and the auditor's report thereon.

The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unqualified audit opinion on the audited consolidated financial statements in our report dated December 12, 2019.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the criteria disclosed in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are a fair summary of the audited consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, *Engagements to Report on Summary Financial Statements*.

BDO Canada LLP


Chartered Professional Accountants


Winnipeg, Manitoba
December 12, 2019

Caisse Populaire Groupe Financier Ltée Summary Consolidated Balance Sheet

As at September 30	2019	2018
	\$	\$
Assets		
Funds on hand and on deposit	29,849,143	48,791,421
Other assets	3,644,769	3,360,318
Investments	176,820,623	180,872,779
Loans to members	1,351,938,595	1,267,828,515
Property and equipment	15,582,887	16,096,090
Intangible assets	5,295,514	5,945,536
	<u>1,583,131,531</u>	<u>1,522,894,659</u>
Liabilities and Members' Equity		
Other liabilities	8,579,321	8,297,326
Securitized borrowings	44,170,616	32,000,478
Members' deposits	1,417,571,561	1,375,106,426
Members' shares	1,327,571	1,326,360
	<u>1,471,649,069</u>	<u>1,416,730,590</u>
Members' Equity		
Members' shares	9,174,649	9,463,044
Accumulated other comprehensive income	-	(31,265)
Retained earnings	102,307,813	96,732,290
	<u>111,482,462</u>	<u>106,164,069</u>
	<u>1,583,131,531</u>	<u>1,522,894,659</u>

Approved on behalf of the Board of Directors:


Director


Director

The accompanying notes are an integral part of these summary consolidated financial statements.

Caisse Populaire Groupe Financier Ltée

Summary Consolidated Statement of Comprehensive Income

For the year ended September 30	2019	2018
	\$	\$
Revenue		
Interest from loans to members	49,953,912	45,899,920
Investment income	6,084,000	4,744,434
	<u>56,037,912</u>	<u>50,644,354</u>
Cost of Funds		
Interest paid to members	28,795,879	24,095,411
Interest on borrowings	732,385	579,167
	<u>29,528,264</u>	<u>24,674,578</u>
Financial margin	<u>26,509,648</u>	<u>25,969,776</u>
Operating Expenses		
Personnel	15,253,023	14,518,890
Administrative	5,007,628	4,917,991
Occupancy	3,012,670	3,052,449
Members' security	1,329,682	1,276,510
Organizational	662,448	885,158
Gross operating expenses	<u>25,265,451</u>	<u>24,650,998</u>
Less other income	<u>(6,359,830)</u>	<u>(6,559,924)</u>
Net operating expenses	<u>18,905,621</u>	<u>18,091,074</u>
Net income before provision for impaired loans	<u>7,604,027</u>	<u>7,878,702</u>
Provision for impaired loans	<u>825,000</u>	<u>4,020,000</u>
Net income before income taxes	<u>6,779,027</u>	<u>3,858,702</u>
Provision for income taxes	<u>1,189,945</u>	<u>1,186,162</u>
Net income for the year	<u>5,589,082</u>	<u>2,672,540</u>
Other Comprehensive Income (Net of Tax)		
Change in unrealized gains on fair value hedges	-	96,492
Total comprehensive income for the year	<u>5,589,082</u>	<u>2,769,032</u>

The accompanying notes are an integral part of these summary consolidated financial statements.

Caisse Populaire Groupe Financier Ltée

Summary Consolidated Statement of Changes in Members' Equity

For the year ended September 30, 2019

	Accumulated Other Comprehensive Income	Members' Shares	Retained Earnings	Total
	\$	\$	\$	\$
Balance at September 30, 2017	(127,757)	9,797,926	94,059,750	103,729,919
Total comprehensive income for the year	96,492	-	2,672,540	2,769,032
Net redemption of members' shares	-	(306,206)	-	(306,206)
Transfer to liabilities	-	(28,676)	-	(28,676)
Balance at September 30, 2018	(31,265)	9,463,044	96,732,290	106,164,069
IFRS 9 transition adjustment on October 1, 2018	-	-	(13,559)	(13,559)
Discontinuation of hedge accounting	31,265	-	-	31,265
Total comprehensive income for the year	-	-	5,589,082	5,589,082
Net redemption of members' shares	-	(287,184)	-	(287,184)
Transfer to liabilities	-	(1,211)	-	(1,211)
Balance at September 30, 2019	-	9,174,649	102,307,813	111,482,462

Notes to Summary Consolidated Financial Statements

1. Basis of Presentation of the Summary Consolidated Financial Statements

The summary presented includes only the summary consolidated balance sheet, summary consolidated statement of comprehensive income, and summary consolidated statement of changes in members' equity, and does not include the consolidated statement of cash flows or notes to the consolidated financial statements. The summary consolidated financial statements do not present the references to the notes to the consolidated financial statements. The summary consolidated balance sheet, summary consolidated statement of comprehensive income, and summary consolidated statement of changes in members' equity, are presented in the same detail as the audited consolidated financial statements, except that income tax recovery and derivative financial instruments have been grouped with other assets, and income tax payable, deferred income tax liability and derivative financial instruments have been grouped with other liabilities.

Copies of the audited consolidated financial statements are available at www.caisse.biz or at your local branch.

2. Compliance with Minimum Capital and Liquidity Requirements

The Caisse is in compliance with the capital and liquidity reserve requirements at September 30, 2019 established by the Regulations to The Credit Unions and Caisses Populaires Act of Manitoba.

Readers of the summary consolidated financial statements are advised that in order to appropriately interpret the Caisse's compliance with minimum capital and liquidity requirements, the reader must refer to the audited consolidated financial statements including notes for the year ended September 30, 2019, which contain the information detailing the calculations.

