

# Auditors' Report

To the members of Caisse d'économie solidaire Desjardins,

Pursuant to Section 139 of the Act respecting Financial Services Cooperatives, we audited the statements of income and of distributable surplus earnings, of distribution, of comprehensive income and accumulated other comprehensive income, of reserves, and of cash flows of Caisse d'économie solidaire Desjardins for the year ended December 31, 2008, as well as the balance sheet at that date. These financial statements are the responsibility of the Caisse's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Caisse as at December 31, 2008, and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Lévis (Québec), March 11, 2009

Audit Department

Desjardins Bureau for  
Financial Monitoring and Enforcement

# Caisse d'économie solidaire Desjardins

## Balance Sheet

as at December 31

|  | Note | 2008                 | 2007                 |
|--|------|----------------------|----------------------|
| <b>Assets</b>                          |      |                      |                      |
| Liquid assets and investments          | 5    | \$91,488,423         | \$51,800,979         |
| Loans                                  | 6    |                      |                      |
| Personal                               |      | 98,765,552           | 93,037,187           |
| Business                               |      | 284,385,978          | 272,081,457          |
|  |      | 383,151,530          | 365,118,644          |
| Allowance for credit losses            |      | 4,264,218            | 3,606,213            |
|  |      | 378,887,312          | 361,512,431          |
| Other assets                           |      |                      |                      |
| Premises and equipment                 | 7    | 2,102,352            | 2,340,616            |
| Accrued interest and other             |      | 7,797,613            | 6,513,898            |
|  |      | 9,899,965            | 8,854,514            |
| <b>Total assets</b>                    |      | <b>\$480,275,700</b> | <b>\$422,167,924</b> |
| <b>Liabilities</b>                     |      |                      |                      |
| Deposits                               |      |                      |                      |
| Term savings                           |      | \$260,660,548        | \$226,899,705        |
| Other                                  |      | 176,409,652          | 153,803,419          |
|  |      | 437,070,200          | 380,703,124          |
| Other liabilities                      |      |                      |                      |
| Borrowings                             | 8    | 3,316,276            | 3,316,276            |
| Accrued interest and other             |      | 11,494,968           | 6,252,257            |
|  |      | 14,811,244           | 9,568,533            |
|  |      | 451,881,444          | 390,271,657          |
| <b>Equity</b>                          |      |                      |                      |
| Capital stock                          | 9    | 6,753,660            | 6,694,305            |
| Distributable surplus earnings         | 10   | 2,491,259            | 2,999,849            |
| Accumulated other comprehensive income | 11   | (141,163)            | 91,735               |
| Reserves                               |      | 19,290,500           | 22,110,378           |
|  |      | 28,394,256           | 31,896,267           |
| <b>Total liabilities and equity</b>    |      | <b>\$480,275,700</b> | <b>\$422,167,924</b> |

Signed for the Board of Directors

\_\_\_\_\_, Director

\_\_\_\_\_, Director

# Caisse d'économie solidaire Desjardins

## Statements of Income and of Distributable Surplus Earnings

for the year ended December 31

|  | Note | 2008         | 2007         |
|--|------|--------------|--------------|
| <b>Results</b>   |      |              |              |
| Interest income  |      | \$21,766,158 | \$23,705,263 |
| Interest expense   |      | 10,653,109   | 10,548,065   |
| Net interest income  |      | 11,113,049   | 13,157,198   |
| Provision and loan losses                                  |      | 971,977      | 374,636      |
| Net interest income after provision and loan losses        |      | 10,141,072   | 12,782,562   |
| Other income   | 12   | 2,421,023    | 2,605,734    |
| Other expenses   |      |              |              |
| Personnel  | 13   | 5,957,825    | 5,320,012    |
| Donations  |      |              |              |
| • From the community development fund                      |      | 1,107,150    | 1,393,150    |
| • Other  |      | 192,363      | 171,947      |
| Assessments paid to Desjardins components                  |      | 1,250,096    | 1,220,141    |
| Premises   |      | 674,803      | 735,462      |
| General expenses   | 14   | 3,530,456    | 3,399,905    |
|  |      | 12,712,693   | 12,240,617   |
| Surplus earnings (deficit) before fair value and taxes     |      | (150,598)    | 3,147,679    |
| Losses related to fair value of derivative instruments     |      | (3,452,462)  | (506,581)    |
| Surplus earnings (deficit) before taxes                    |      | (3,603,060)  | 2,641,098    |
| Income taxes   | 15   | (464,957)    | 586,418      |
| Surplus earnings (deficit) for the year                    |      | (3,138,103)  | 2,054,680    |
| <b>Distributable surplus earnings</b>                      |      |              |              |
| Transfer from appreciation reserve:                        |      |              |              |
| • Investments in Desjardins subsidiary companies           |      | 1,814,613    | (361,312)    |
| • Derivative instruments                                   |      | 3,088,286    | 379,623      |
| Transfer from community development fund                   |      | 839,663      | 1,072,447    |
| Interest on investment shares, net of related income taxes |      | (113,200)    | (145,589)    |
| Distributable surplus earnings                             | 10   | \$2,491,259  | \$2,999,849  |

# Caisse d'économie solidaire Desjardins

## Statement of Distribution

for the year ended December 31

|  | 2008        | 2007        |
|--|-------------|-------------|
| Distributable surplus earnings from previous year                | \$2,999,849 | \$3,194,521 |
| Distribution by members:   |             |             |
| • Interest on permanent shares                                   | (106,023)   | (97,740)    |
| • General reserve  | (2,048,273) | (2,306,530) |
| • Stabilization reserve  | (14,253)    | (9,123)     |
| • Community development fund                                     | (856,950)   | (812,425)   |
| Income tax savings relative to interest paid on permanent shares | 25,650      | 31,297      |
| Balance after distribution                                       | \$-         | \$-         |

# Caisse d'économie solidaire Desjardins

## Statements of Comprehensive Income and Accumulated Other Comprehensive Income

for the year ended December 31

|   | Note | 2008          | 2007        |
|---|------|---------------|-------------|
| <b>Comprehensive income</b>   |      |               |             |
| Surplus earnings (deficit) for the year   |      | \$(3,138,103) | \$2,054,680 |
| Other comprehensive income  |      |               |             |
| Reclassification to the statement of income following amortization of gains on derivative financial instruments related to cash flow hedges discontinued in previous years, net of income taxes of \$10,618   |      | 530           | (16,968)    |
| Share in other comprehensive income of Desjardins subsidiary companies for which the Caisse's investment is accounted for under the equity method   |      | (458,468)     | (42,577)    |
| Reclassification to the statement of income relative to the share in other comprehensive income of Desjardins subsidiary companies for which the Caisse's investment is accounted for under the equity method |      | 225,040       | (68,855)    |
|   |      | (233,428)     | (111,432)   |
| Total other comprehensive income  |      | (232,898)     | (128,400)   |
| Comprehensive income  |      | \$(3,371,001) | \$1,926,280 |
| <b>Accumulated other comprehensive income</b>   |      |               |             |
| Balance at beginning of year  |      | \$91,735      | \$-         |
| Impact of the adoption of new accounting standards  | 3    | -             | 220,135     |
| Other comprehensive income for the year   |      | (232,898)     | (128,400)   |
| Balance at end of year  | 11   | \$(141,163)   | \$91,735    |

# Caisse d'économie solidaire Desjardins

## Statement of Reserves

for the year ended December 31

|  | Note | 2008          | 2007         |
|--|------|---------------|--------------|
| <b>Appreciation reserve total</b>  |      |               |              |
| Appreciation reserve – investments<br>in Desjardins subsidiary companies   |      |               |              |
| Balance at beginning of year   |      | \$1,973,078   | \$1,751,881  |
| Impact of the adoption of new accounting standards   | 3    | -             | 50,532       |
| Transactions in owners' equity by Desjardins subsidiary<br>companies in which the Caisse's share is accounted for<br>under the equity method |      | 3,208         | (190,647)    |
| Increase from statement of distributable surplus earnings<br>as a result of statutory provisions   |      | -             | 361,312      |
| Allocation to statement of distributable surplus earnings<br>as a result of statutory provisions   |      | (1,814,613)   | -            |
| Balance at end of year   |      | \$161,673     | \$1,973,078  |
| Appreciation reserve – derivative<br>instruments   |      |               |              |
| Balance at beginning of year   |      | \$(295,950)   | \$83,673     |
| Allocation to statement of distributable surplus earnings<br>as a result of statutory provisions   |      | (3,088,286)   | (379,623)    |
| Balance at end of year   |      | \$(3,384,236) | \$(295,950)  |
| Appreciation reserve total   |      | \$(3,222,563) | \$1,677,128  |
| <b>General reserve</b>   |      |               |              |
| Balance at beginning of year   |      | \$19,555,136  | \$17,248,606 |
| Increase resulting from distribution by members  |      | 2,048,273     | 2,306,530    |
| Balance at end of year   |      | \$21,603,409  | \$19,555,136 |

# Caisse d'économie solidaire Desjardins

## Statement of Reserves (continued)

for the year ended December 31

|  | Note | 2008         | 2007         |
|--|------|--------------|--------------|
| <b>Stabilization reserve</b>   |      |              |              |
| Balance at beginning of year   |      | \$703,579    | \$694,456    |
| Increase resulting from distribution by members  |      | 14,253       | 9,123        |
| Balance at end of year   |      | \$717,832    | \$703,579    |
| <b>Community development fund</b>  |      |              |              |
| Balance at beginning of year   |      | \$174,535    | \$434,557    |
| Increase resulting from distribution by members  |      | 856,950      | 812,425      |
| Amounts used:  |      |              |              |
| <ul style="list-style-type: none"> <li>• For mission development among our members, notably in cultural sectors</li> </ul> |      | (273,350)    | (536,880)    |
| <ul style="list-style-type: none"> <li>• For business issues</li> </ul>  |      | (39,000)     | (83,000)     |
| <ul style="list-style-type: none"> <li>• To encourage housing and environment structuring projects</li> </ul>              |      | (794,800)    | (773,270)    |
|  |      | (1,107,150)  | (1,393,150)  |
| Related income taxes   |      | 267,487      | 320,703      |
| Transfer of amounts used to encourage sports and recreation to statement of distributable surplus earnings                 |      | (839,663)    | (1,072,447)  |
| Balance at end of year   |      | \$191,822    | \$174,535    |
| Total reserves   |      | \$19,290,500 | \$22,110,378 |

# Caisse d'économie solidaire Desjardins

## Statement of Cash Flows

for the year ended December 31

|   | 2008          | 2007         |
|---|---------------|--------------|
| <b>Operating activities</b>   |               |              |
| Surplus earnings (deficit) for the year                                       | \$(3,138,103) | \$2,054,680  |
| Adjustments to determine cash flows   |               |              |
| Provision and loan losses   | 971,977       | 374,636      |
| Amortization of premises and equipment  | 357,847       | 360,240      |
| Net change in accrued interest receivable and payable                         | (148,304)     | 230,024      |
| Losses (income) accounted for under equity method                             | 1,814,613     | (361,312)    |
| Losses related to the recording of swaps at their fair value                  | 3,452,462     | 506,581      |
| Other   | (1,149,254)   | 191,631      |
| Cash flows from operating activities  | 2,161,238     | 3,356,480    |
| <b>Financing activities</b>   |               |              |
| Net change in member deposits   | 58,171,168    | 66,860,929   |
| Transactions related to borrowings  |               |              |
| Net change in term loans  | -             | (28,391,890) |
| Net change in capital stock   | 59,355        | 32,915       |
| Interest on permanent, preferred and investment shares,<br>net of tax savings | (193,573)     | (212,032)    |
| Cash flows from financing activities  | 58,036,950    | 38,289,922   |
| <b>Investing activities</b>   |               |              |
| Net change in loans   | (18,346,858)  | (16,436,879) |
| Net change in investments   | (42,425,690)  | (3,662,599)  |
| Net change in premises and equipment  | (119,583)     | (123,344)    |
| Cash flows from investing activities  | (60,892,131)  | (20,222,822) |
| Net increase (decrease) in cash   | (693,943)     | 21,423,580   |
| Cash at beginning of year   | 21,321,500    | (102,080)    |
| Cash at end of year   | \$20,627,557  | \$21,321,500 |
| <b>Other cash flow information</b>  |               |              |
| Amount of interest paid   | \$11,055,447  | \$10,115,209 |
| Amount of income taxes paid during the year                                   | 506,534       | 567,461      |

# Caisse d'économie solidaire Desjardins

## Notes to the Financial Statements

for the year ended December 31, 2008

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### Note 1. [Applicable Legislation and Operations Carried on by the Caisse](#)

The Caisse is a cooperative whose object is to receive the savings of its members and to invest them profitably, to extend credit and supply other financial products and services to its members, to foster cooperation and to promote economic, social and cooperative education. It is governed by the Act respecting Financial Services Cooperatives (the "Act").

The Caisse is listed with the Autorité des marchés financiers. It is also a member of Fonds de sécurité Desjardins, whose main object is to establish and administer a security, liquidity or mutual benefit fund for the benefit of the Desjardins caisses in Québec.

### Note 2. [New Accounting Standards](#)

On January 1, 2008, the Caisse adopted the new accounting standards of the Canadian Institute of Chartered Accountants (CICA) entitled "Capital Disclosures" (Section 1535), "Financial Instruments – Disclosures" (Section 3862), and "Financial Instruments – Presentation" (Section 3863).

The purpose of Section 1535 is to require the disclosure of information that enables financial statement users to evaluate the Caisse's objectives, policies and processes for managing capital. The disclosures required by this new standard are presented in Note 22.

It should be noted that Sections 3862 and 3863 supersede Section 3861 "Financial Instruments – Disclosure and Presentation". Section 3863 carries forward unchanged the presentation standards contained in Section 3861. The purpose of Section 3862 is to inform users in order to enhance their understanding and evaluation of the significance of financial instruments for the Caisse's financial position and performance, as well as to help them better evaluate the nature and extent of risks arising from financial instruments and how they are managed. Since these new standards specifically cover the disclosures to be provided, they had no impact on the Caisse's results or financial position.

### Note 3. [Accounting Policies](#)

In preparing the financial statements according to Canadian generally accepted accounting principles, management is required to make certain estimates and assumptions that have an impact on the amounts reported in the financial statements and the Notes. Actual results may therefore differ from these estimates.

#### Financial Instruments

Since January 1, 2007, the Caisse has accounted for its financial instruments according to the CICA accounting standards entitled "Financial Instruments – Recognition and Measurement" (Section 3855), "Hedges" (Section 3865) and "Comprehensive Income" (Section 1530). The main requirements of these standards are set out hereinafter.

The impact of transitional adjustments on accumulated other comprehensive income as at January 1, 2007, net of income taxes, resulted from the balance related to cash flow hedges discontinued in previous years, for an amount of \$50,580, and the Caisse's share in accumulated other comprehensive income of Desjardins subsidiary companies accounted for under the equity method, totalling \$169,555.

The impact of transitional adjustments on the appreciation reserve as at January 1, 2007, net of income taxes, reflected the Caisse's share in the capital stock of Desjardins subsidiary companies accounted for under the equity method.

# Caisse d'économie solidaire Desjardins

## Notes to the Financial Statements

for the year ended December 31, 2008

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### Note 3. Accounting Policies (continued)

#### Financial instruments – Recognition and measurement

Financial assets should be classified as one of the following: held for trading, available for sale, held to maturity, or loans and receivables. Financial liabilities should be classified as held for trading, or other. Financial assets and liabilities are initially recognized at fair value.

Financial instruments held for trading by the Caisse are comprised exclusively of derivative instruments for the reasons mentioned below. Available-for-sale financial assets are equity securities that are not traded on an active market and are therefore recorded at cost. The held to maturity category is not used. Finally, loans and receivables and financial liabilities not held for trading are recorded at cost after amortization, using the effective interest rate method. Interest income and expense on these assets and liabilities are recorded with net interest income. Transaction costs related to financial instruments are basically attributable to loans and receivables and are capitalized and amortized over the life of the instrument, according to the effective interest rate method.

#### Derivative instruments and hedges

The Caisse uses swaps and options to manage the risks inherent in its financial assets and liabilities. As provided for in Canadian generally accepted accounting principles, the Caisse elected not to adopt hedge accounting for these derivatives in light of the complexity of the new requirements for documenting hedging relationships.

These instruments, including embedded derivatives that are required to be accounted for separately, are recognized at their fair value in the balance sheet as other assets or liabilities, and any change in fair value is recognized in income under "Losses related to fair value of derivative instruments". Income and expenses with respect to these instruments are recognized in income as an adjustment to interest income or expense.

The fair value recorded when this method was adopted in 2003 was entered as an offsetting deferred gain until December 31, 2006. As at January 1, 2007, the balance of this deferred gain was transferred to accumulated other comprehensive income as a balance related to cash flow hedges discontinued in previous years. The amortization of this amount continues to be recognized in the current year's income.

#### Comprehensive income

Other comprehensive income includes amortization of the balance related to cash flow hedges discontinued in previous years and the share in other comprehensive income of Desjardins subsidiary companies for which the Caisse's investment is accounted for under the equity method. The financial statements include a statement of comprehensive income. Accumulated other comprehensive income is presented as an equity item on the balance sheet.

#### Other accounting policies

To facilitate understanding of these financial statements, the significant accounting policies other than the foregoing have been integrated into the Notes.

# Caisse d'économie solidaire Desjardins

## Notes to the Financial Statements

for the year ended December 31, 2008

### Note 4. Future Accounting Changes

Credit risk and fair value of financial assets and financial liabilities

On January 20, 2009, the CICA's Emerging Issues Committee published EIC-173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". This abstract indicates that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. This change, which applies to the 2009 fiscal year, should have no material impact on the Caisse's results or financial position.

Transition to International Financial Reporting Standards

At present, the Caisse's financial statements are prepared in accordance with Canadian generally accepted accounting principles, as set out by the CICA.

In February 2008, the Canadian Accounting Standards Board issued a news release confirming that publicly accountable enterprises, which includes the Caisse, would be required to apply International Financial Reporting Standards (IFRS) effective January 1, 2011. The need for international harmonizing of accounting standards is chiefly because of market globalization.

The Caisse will therefore adopt IFRS on January 1, 2011. Through the Fédération des caisses Desjardins du Québec (The FCDQ), the Caisse is taking part in Desjardins Group's IFRS conversion project, which began in summer 2007 with the setting up of a project structure. The role of this structure is to coordinate the conversion throughout all Desjardins components.

### Note 5. Liquid Assets and Investments

|  | 2008         | 2007         |
|--|--------------|--------------|
| Cash   | \$20,627,557 | \$21,321,500 |
| Capital shares                                 | 6,004,404    | 7,097,479    |
| Term deposits                                  | 37,075,000   | 75,000       |
| Investments in liquidity fund under management | 27,781,462   | 23,307,000   |
|  | \$91,488,423 | \$51,800,979 |

Cash includes cash and other sums used in current operations. Capital shares are accounted for under the equity method. The losses related to these shares amount to \$1,790,009 (2007: income of \$660,194). Term deposit investments are classified as loans and receivables.

So that the Caisse can manage liquidity risk, it keeps the amounts necessary to maintain a minimum level of liquidity in a fund under management designed specifically for this purpose. The amounts paid into this fund by all the caisses are invested in a portfolio of securities that must satisfy high safety and negotiability standards so that, if the need arises, these could be cashed without incurring a material loss on their value. The amounts paid into this fund are excluded from cash because regulations do not permit them to be used for current operations. The investment in this fund is recorded at cost and classified as "Available for sale".

At year-end 2008 and 2007, no write-down was required to reflect a permanent impairment in value under investments.

### Note 6. Loans

Loans are recorded at amortized cost, using the effective interest rate method, net of the allowance for credit losses, which reflects management's best estimate of potential losses on the loan portfolio. This allowance is made up of specific allowances and a general allowance.

# Caisse d'économie solidaire Desjardins

## Notes to the Financial Statements

for the year ended December 31, 2008

### Note 6. Loans (continued)

Specific allowances are determined for all loans considered to be impaired. A loan is considered impaired when one of the following situations arises: in the opinion of management, there is reasonable doubt as to the ultimate collectibility of principal and interest; the loan is more than 180 days in arrears; or the interest or principal repayment is 90 days or more past due, unless the loan is fully secured. The value of impaired loans is adjusted by discounting the expected future cash flows from these loans, and the allowance is equal to the difference between this valuation and the balance of the loan. Any variation in the allowance for credit losses due either to the passage of time or to a revision of expected payments is recorded under "Provision and loan losses" in the statement of income. The Caisse ceases to record interest as soon as a loan is considered impaired. When there is no longer any reasonable doubt concerning the collectibility of principal and interest on an impaired loan, it is restored to current status. Interest on this loan is once again accounted for under the accrual method, and the related allowances are reversed to income.

The general allowance is intended to evaluate loan losses that cannot be determined on an individual basis, and is notably based on the profile of the loan portfolio as at the date of the balance sheet.

#### Loans by category of borrower

|                                    | 2008                 |
|------------------------------------|----------------------|
| Personal                           |                      |
| Mortgages                          | \$79,969,533         |
| Consumer and other                 | 18,796,019           |
| Business                           |                      |
| Commercial and industrial          | 268,168,704          |
| Agriculture, forestry and fishing  | -                    |
| Government and public institutions | 16,217,274           |
|                                    | <u>\$383,151,530</u> |

#### Loans and provision

|  | 2008                |                      |                      |                      |
|--|---------------------|----------------------|----------------------|----------------------|
|  | Personal            | Business             | General allowance    | Total                |
| Loans, neither past due nor impaired, gross amount | \$94,975,183        | \$279,308,900        | \$-                  | \$374,284,083        |
| Loans, past due but not impaired, gross amount     | 3,696,385           | 2,222,211            | -                    | 5,918,596            |
| Gross impaired loans                               | 93,984              | 2,854,867            | -                    | 2,948,851            |
| Total gross loans                                  | <u>98,765,552</u>   | <u>284,385,978</u>   | <u>-</u>             | <u>383,151,530</u>   |
| Specific allowances                                | (84,226)            | (925,464)            | -                    | (1,009,690)          |
| General allowance                                  | -                   | -                    | (3,254,528)          | (3,254,528)          |
| Total net loans                                    | <u>\$98,681,326</u> | <u>\$283,460,514</u> | <u>\$(3,254,528)</u> | <u>\$378,887,312</u> |

Past due loans are loans on which the counterparty has failed to make a payment when contractually due.

# Caisse d'économie solidaire Desjardins

## Notes to the Financial Statements

for the year ended December 31, 2008

### Note 6. Loans (continued)

Loans past due but not impaired

|          | 2008            |                  |                  |                     | Total       |
|----------|-----------------|------------------|------------------|---------------------|-------------|
|          | 1 to<br>29 days | 30 to<br>59 days | 60 to<br>89 days | 90 days<br>and more |             |
| Personal | \$3,031,263     | \$176,983        | \$245,094        | \$243,045           | \$3,696,385 |
| Business | 1,875,300       | 236,578          | 110,333          | -                   | 2,222,211   |
|          | \$4,906,563     | \$413,561        | \$355,427        | \$243,045           | \$5,918,596 |

Impaired loans and provision

|                   | 2007              |                        |                      |
|-------------------|-------------------|------------------------|----------------------|
|                   | Impaired<br>loans | Specific<br>allowances | General<br>allowance |
| Personal          | \$188,082         | \$117,883              | \$-                  |
| Business          | 2,409,470         | 602,783                | -                    |
| General allowance | -                 | -                      | 2,885,547            |
|                   | \$2,597,552       | \$720,666              | \$2,885,547          |

Changes in the provision

|   | 2008                   |                        |                      |             |
|---|------------------------|------------------------|----------------------|-------------|
|   | Specific<br>allowances | Specific<br>allowances | General<br>allowance | Total       |
|   | Personal               | Business               |                      |             |
| Balance at beginning of year                                  | \$117,883              | \$602,783              | \$2,885,547          | \$3,606,213 |
| Provision and loan losses shown in the<br>statement of income | 33,192                 | 569,804                | 368,981              | 971,977     |
| Write-offs and other  | (66,849)               | (247,123)              | -                    | (313,972)   |
| Balance at end of year  | \$84,226               | \$925,464              | \$3,254,528          | \$4,264,218 |

  

|   | 2007                   |                      |             |
|---|------------------------|----------------------|-------------|
|   | Specific<br>allowances | General<br>allowance | Total       |
|   |                        |                      |             |
| Balance at beginning of year                                  | \$1,155,690            | \$2,722,666          | \$3,878,356 |
| Provision and loan losses shown in the<br>statement of income | 211,755                | 162,881              | 374,636     |
| Write-offs and other  | (646,779)              | -                    | (646,779)   |
| Balance at end of year  | \$720,666              | \$2,885,547          | \$3,606,213 |

# Caisse d'économie solidaire Desjardins

## Notes to the Financial Statements

for the year ended December 31, 2008

### Note 7. Premises and Equipment

|                           |                        | 2008        |                             | 2007          |               |
|---------------------------|------------------------|-------------|-----------------------------|---------------|---------------|
|                           | Useful Life<br>(years) | Cost        | Accumulated<br>Depreciation | Net<br>Amount | Net<br>Amount |
| Building                  | 10 to 40               | \$1,384,185 | \$505,553                   | \$878,632     | \$975,900     |
| Equipment                 | 2 to 20                | 1,756,985   | 1,276,687                   | 480,298       | 577,956       |
| Leasehold<br>improvements | 10                     | 1,444,234   | 700,812                     | 743,422       | 786,760       |
|                           |                        | \$4,585,404 | \$2,483,052                 | \$2,102,352   | \$2,340,616   |

Premises and equipment are amortized according to the straight line method, based on their useful life. The amount of depreciation charged to income for the year totalled \$357,847 (2007: \$360,240).

### Note 8. Borrowings

|  |       |            | 2008       | 2007        |
|--|-------|------------|------------|-------------|
| Term loans bearing interest at fixed rates, some of which loans have a prepayment before maturity clause |       |            |            |             |
|  | Rate  | Maturing   | Repayable  |             |
|  | 6.50% | June 2017  | June 2012  | \$1,211,639 |
|  | 3.89  | March 2014 | March 2009 | 2,104,637   |
|  |       |            |            | \$3,316,276 |
|  |       |            |            | \$3,316,276 |

### Note 9. Capital Stock

The capital stock is composed of qualifying shares, permanent shares and investment shares.

The Caisse is authorized to issue an unlimited number of qualifying shares with a par value of \$5, which are redeemable at the Caisse's option under certain circumstances provided for in the Act. Members have only one vote each, no matter how many qualifying shares they own.

The Act authorizes the issue of an unlimited number of permanent shares and surplus shares with par values of \$10 and \$1 respectively. These shares do not carry any voting rights and cannot be redeemed except under certain circumstances provided for in the Act. Their interest rate is determined at the general meeting of the Caisse.

The Caisse's by-law authorizes the issue of 125,000 investment shares with a par value of \$50. These shares do not confer any voting rights and are redeemable at the Caisse's option when certain conditions stipulated in the Act are met. Their interest rate is determined by the Board of Directors of the Caisse.

Issued and fully paid capital stock is as follows:

|                   | 2008        | 2007        |
|-------------------|-------------|-------------|
| Qualifying shares | \$59,820    | \$51,535    |
| Permanent shares  | 2,443,840   | 2,392,770   |
| Investment shares | 4,250,000   | 4,250,000   |
|                   | \$6,753,660 | \$6,694,305 |

# Caisse d'économie solidaire Desjardins

## Notes to the Financial Statements

for the year ended December 31, 2008

### Note 10. Distributable Surplus Earnings

Distribution comes under the jurisdiction of the general meeting. However, according to the standards of the Fédération, distributable surplus earnings must be applied first for the purpose of ensuring the payment of interest on the permanent shares, as well as for the purpose of establishing or maintaining the required level of capitalization through transfers to the stabilization reserve and the general reserve.

### Note 11. Accumulated Other Comprehensive Income

The following table describes the key items included in accumulated other comprehensive income, net of income taxes:

|   | 2008        | 2007     |
|---|-------------|----------|
| Gain on derivative instruments related to cash flow hedges discontinued in previous years   | \$34,142    | \$33,612 |
| Share in other comprehensive income of Desjardins subsidiary companies for which the Caisse's investment is accounted for under the equity method | (175,305)   | 58,123   |
|   | \$(141,163) | \$91,735 |

Over the next four years, the balance of the accumulated other comprehensive income from cash flow hedges will be reclassified to the statement of income, including \$10,641 in income within the next twelve months.

### Note 12. Other Income

|   | 2008        | 2007        |
|---|-------------|-------------|
| Accrued mainly from deposit administration                    | \$1,198,986 | \$1,101,353 |
| Accrued from administration of other services                 | 667,585     | 469,900     |
| Accrued from distribution of Desjardins products and services | 554,452     | 1,034,481   |
|   | \$2,421,023 | \$2,605,734 |

Income accrued from deposit administration consisted mainly of service charges and charges related to payment orders issued without sufficient funds and to service charges, while income accrued from the administration of other services was made up of charges relating to collections made on behalf of various organizations, and of income accrued from intercaisse transactions.

Income accrued from the distribution of Desjardins products and services comprises fees for the financial activities carried on by Desjardins subsidiary companies through the Caisse.

### Note 13. Employee Future Benefits

The Caisse participates in the Desjardins Group defined benefit multi-employer pension plan which guarantees the payment of pension benefits. Benefits are calculated based on the number of years of participation in the plan, and the employee's salary.

In addition, the Caisse provides life and health insurance coverage to its active and retired employees and their dependents, also through Desjardins Group.

# Caisse d'économie solidaire Desjardins

## Notes to the Financial Statements

for the year ended December 31, 2008

### Note 13. Employee Future Benefits (continued)

These plans are accounted for under the provisions for defined benefit plans. The cost of these plans recognized during the year is presented under "Personnel" in the income statement and is broken down as follows:

|                      | 2008      | 2007      |
|----------------------|-----------|-----------|
| Pension plan         | \$426,226 | \$385,050 |
| Group insurance plan | 252,765   | 257,151   |

### Note 14. General Expenses

|   | 2008        | 2007        |
|---|-------------|-------------|
| Computer services                           | \$954,240   | \$881,410   |
| Office supplies and communications expenses | 349,839     | 358,009     |
| Intercaisse transactions                    | 646,506     | 618,965     |
| Other                                       | 1,579,871   | 1,541,521   |
|   | \$3,530,456 | \$3,399,905 |

### Note 15. Income Taxes

The difference between the income tax savings of \$1,116,949 (2007: income tax expense of \$845,151), calculated according to the basic federal and provincial tax rate, and the income tax savings of \$464,957 (2007: income tax expense of \$586,418) presented in the statement of income was chiefly attributable to the small business deduction, the non-deductible portion of operations related to the capital shares, and the reassessment of future income taxes.

### Note 16. Related Party Transactions

The Caisse is a member of the FCDQ, which provides the Caisse with various services of a technical, financial and administrative nature. The FCDQ is a cooperative which is the majority owner of the other Desjardins components.

In the ordinary course of business, the Caisse carries out transactions with other Desjardins components. It also carries out financial transactions with its officer members. Transactions with related parties are accounted for at the exchange value, which represents the amount agreed upon by the parties. Conditions are similar to those offered on financial markets.

The table below shows the main transactions other than those specifically identified elsewhere in the financial statements.

|                               | Balance sheet |              | Income    |             |
|-------------------------------|---------------|--------------|-----------|-------------|
|                               | 2008          | 2007         | 2008      | 2007        |
| Liquid assets and investments | \$91,488,423  | \$51,800,979 | \$946,556 | \$2,548,093 |
| Other assets                  | 1,257,113     | 3,334,633    | -         | -           |
| Income from other sources     | n.a.          | n.a.         | 663,442   | 1,338,452   |
| Borrowings                    | 3,316,276     | 3,316,276    | 180,200   | 601,346     |
| Other liabilities             | 4,406,204     | 617,074      | -         | -           |
| Other charges                 | n.a.          | n.a.         | 2,891,146 | 1,845,239   |

Income from other sources is derived chiefly from intercaisse transactions, swaps and fees related to the distribution of Desjardins products and services, while other charges relate mainly to data processing services, intercaisse transactions and insurance services.

# Caisse d'économie solidaire Desjardins

## Notes to the Financial Statements

for the year ended December 31, 2008

### Note 17. Interest Rate Sensitivity

The table below summarizes the Caisse's interest rate position.

|   | 2008                              |                                  |                                  |
|---|-----------------------------------|----------------------------------|----------------------------------|
|   | Net on-balance sheet gap position | Impact of derivative instruments | Total interest rate gap position |
| Interest-sensitive assets and liabilities     |                                   |                                  |                                  |
| 0-3 months                                    | \$46,679,260                      | \$77,886,483                     | \$124,565,743                    |
| 4-12 months                                   | (59,229,769)                      | (32,575,676)                     | (91,805,445)                     |
| 1-5 years                                     | 138,026,361                       | (45,310,807)                     | 92,715,554                       |
| More than 5 years                             | 1,973,643                         | -                                | 1,973,643                        |
| Non-interest sensitive assets and liabilities | (127,449,495)                     | n.a.                             | n.a.                             |
|   | \$-                               | \$-                              |                                  |

The net on-balance sheet gap position is based on the earlier of the repricing or maturity dates of fixed-rate assets and liabilities. This gap position represents the difference between total assets and liabilities and equity for a given period.

The impact attributable to derivative instruments represents the cumulative net notional amount related to interest rate swaps used to control interest rate risks. At year-end, the conditions for these swaps were such that they had offsetting impacts for some periods reported in the table. Swaps are transactions under which two parties exchange fixed- and variable-rate payments, based on a notional amount. At year-end, this notional amount was \$91,537,184.

A positive total interest rate gap position for a given period means that rising interest rates would have increased the Caisse's net interest income, while falling interest rates would have reduced net interest income. The opposite occurs when the total interest rate gap is negative.

The average weighted rates for the major categories of interest-sensitive assets and liabilities reported in the balance sheet are as follows:

| Assets                        |      | Liabilities |      |
|-------------------------------|------|-------------|------|
| Liquid assets and investments | 2.7% | Deposits    | 2.5% |
| Loans                         | 5.2  | Borrowings  | 5.0  |

Data showing interest rate sensitivity for major assets and liabilities are available for consultation at the Caisse by members.

### Note 18. Fair Value of Financial Instruments

The following table shows the fair value of financial instruments carried or not carried on the Caisse's balance sheet. Interest rate sensitivity is the main cause of fluctuation in the fair value of the Caisse's financial instruments. The carrying value of financial instruments other than derivatives is not adjusted to take into account increases or reductions in fair value as a result of interest rate fluctuations.

# Caisse d'économie solidaire Desjardins

## Notes to the Financial Statements

for the year ended December 31, 2008

### Note 18. Fair Value of Financial Instruments (continued)

The fair value of financial instruments is as follows:

|                               | 2008           |                      | 2007           |                      |
|-------------------------------|----------------|----------------------|----------------|----------------------|
|                               | Carrying value | Estimated fair value | Carrying value | Estimated fair value |
| <b>Assets</b>                 |                |                      |                |                      |
| Liquid assets and investments | \$91,488,423   | \$92,023,427         | \$51,800,979   | \$51,860,374         |
| Loans                         | 378,887,312    | 378,771,973          | 361,512,431    | 353,068,746          |
| Other financial assets        | 2,663,035      | 2,663,035            | 4,370,077      | 4,370,077            |
| <b>Liabilities</b>            |                |                      |                |                      |
| Deposits                      | 437,070,200    | 440,875,257          | 380,703,124    | 382,026,710          |
| Borrowings                    | 3,316,276      | 3,494,302            | 3,316,276      | 3,421,154            |
| Other financial liabilities   | 4,048,099      | 4,048,099            | 4,200,695      | 4,200,695            |
| <b>Derivative instruments</b> |                |                      |                |                      |
| Debit position                | 308,472        | 308,472              | 266,547        | 266,547              |
| Credit position               | 4,111,076      | 4,111,076            | 606,601        | 606,601              |

The fair value of financial instruments is based on the following estimation methods and assumptions:

- The fair value of financial assets and liabilities is determined based on a discounted cash flow method that uses market interest rates for similar financial assets and liabilities.
- The fair value of derivative instruments is calculated based on the net present value of expected cash flows at the market interest rates currently charged for instruments with similar features and maturities. The Caisse deals exclusively with Caisse centrale Desjardins as the counterparty for all its derivative instruments.

Finally, the fair value of items not considered financial instruments, such as premises and equipment, is not included in the preceding table.

# Caisse d'économie solidaire Desjardins

## Notes to the Financial Statements

for the year ended December 31, 2008

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### Note 19. Guarantees

Significant guarantees that the Caisse has given to third parties are described below.

#### Letters of guarantee

Letters of guarantee are an irrevocable commitment by the Caisse to make payments in the event that a member cannot meet its obligations to third parties. These letters are generally collateralized in accordance with the same policy the Caisse has with respect to loans. The term of these letters does not extend past March 2011. At year-end, the maximum potential amount of future payments relative to these letters represented an amount of \$1,664,533.

The Caisse did not deem it necessary to record a provision in the balance sheet for these guarantees.

### Note 20. Commitments

At year-end, minimum future commitments under leases for premises are as follows:

|                     |           |
|---------------------|-----------|
| 2009                | \$228,417 |
| 2010                | 161,311   |
| 2011                | 144,345   |
| 2012                | 147,864   |
| 2013                | 151,652   |
| 2014 and thereafter | 63,837    |
|                     | <hr/>     |
|                     | \$897,426 |

#### Credit commitments

The Caisse's credit commitments represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of guarantee. At year-end, these credit commitments amounted to \$103,184,694.

### Note 21. Financial Instrument Risk Management

The Caisse is exposed to different types of risk in the normal course of operations, including credit risk, liquidity risk and market risk. The Caisse enjoys a risk management framework supplied by the FCDQ, whose objective is to optimize the risk/return trade-off.

It is within this context that the members of the Caisse's Board of Directors, working together with general management and the FCDQ, must define, adopt, implement, monitor and control a management framework that will identify and measure all significant risks to which the Caisse is exposed, and take corrective action in a timely manner.

To provide benchmarks for sound and prudent management, the Caisse's Board of Directors relies on laws and regulations, the Code of Ethics and Professional Conduct – Cooperative Network, standards, FCDQ policies and its own policies. This risk management approach is based on principles that encourage the Caisse to take responsibility for the quality of risk management.

#### Credit risk

Credit risk represents the risk of losses if a borrower or a counterparty fails to honour its contractual obligations, appearing or not on the balance sheet.

#### Credit risk management

The Caisse is responsible for the credit risk inherent in its lending activities. For this purpose, the Caisse has an approval limit assigned by the FCDQ as well as a management framework and tools.

# Caisse d'économie solidaire Desjardins

## Notes to the Financial Statements

for the year ended December 31, 2008

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### Note 21. Financial Instrument Risk Management (continued)

#### Framework

Standards for credit management define the framework within which lending operations and other transactions that feature a credit risk are to be carried out, as well as the controls required in their regard.

For this purpose, they define, among other things:

- The minimum framework for credit risk management and control. This framework is rounded out by the credit practices of the FCDQ and the Caisse's credit policy.
- The roles and responsibilities of the main parties involved in credit.

The credit practices of the FCDQ designate the credit practices applicable to the caisses and adopted by the FCDQ. They set out the guidelines for credit risk management and control at the Caisse and the financing terms and conditions applicable to borrowers.

The Caisse adopts a credit policy and reviews it annually to confirm that the Caisse is applying the credit practices of the FCDQ.

All these structures and policies define the responsibilities of the parties involved, specify the level of risk that the Caisse is willing to assume, establish concentration limits, and set out risk management and control guidelines.

#### Credit granting

To assess the risk of credit activities with individuals and smaller businesses, credit rating systems developed by the FCDQ, based on proven statistics, are used. These systems were developed using a history of borrower behaviour with a profile or characteristics similar to those of the applicant to determine the risk. Such systems are used during credit approval. The performance of these systems is analyzed on an ongoing basis and adjustments are made regularly with a view to assessing borrower risk as accurately as possible.

With respect to business loans, credit granting is based on an analysis of the different parameters for each file, in which each borrower is assigned a rating that represents his level of risk, among other things.

The depth of the analysis and the approval level required depend on the complexity and extent of the transaction risk; larger loans are approved by the FCDQ.

#### Mitigating credit risk

In its lending operations, the Caisse obtains collateral in line with credit practices. Collateral normally takes the form of an asset such as cash, receivables, inventory, movables or capital assets. For some portfolios, programs offered by organizations like the Canada Mortgage and Housing Corporation and La Financière agricole du Québec are used in addition to customary collateral.

The large number of borrowers, for the most part consumers, but also small and medium-sized enterprises from many sectors of the economy, helps promote sound diversification of the financing portfolio. Note 6 to the financial statements presents the breakdown of loans by category of borrower. When required, the Caisse uses mechanisms to share risk, notably selling loans to other components, mainly caisses or certain Desjardins subsidiary companies.

# Caisse d'économie solidaire Desjardins

## Notes to the Financial Statements

for the year ended December 31, 2008

### Note 21. Financial Instrument Risk Management (continued)

#### File monitoring and management of higher risks

The loan portfolio is monitored using credit practices that set out the degree of thoroughness and frequency of review based on the quality and extent of the risk to which the Caisse is exposed. Certain loans that present irregularities or increased risk, compared to what was accepted at the time of approval, are reported to the FCDQ. Changes in the portfolio of large, higher-risk loans are monitored, and a report is presented quarterly to the Board of Directors. Management of higher-risk loans involves more frequent monitoring and the Caisse may be supported by teams from the FCDQ's Special Accounts and Irregular Loans Follow-up Department to help manage more difficult situations.

#### Maximum credit risk exposure

|  | 2008          |
|--|---------------|
| <hr/>  |               |
| Recognized on the balance sheet              |               |
| Liquid assets and investments <sup>(1)</sup> | \$85,095,938  |
| Loans:                                       |               |
| • Personal                                   | 98,681,326    |
| • Business                                   | 283,460,514   |
| • General allowance                          | (3,254,528)   |
| Other financial assets                       | 5,719,930     |
|  | <hr/>         |
|  | \$469,703,180 |
| <hr/>  |               |
| Off-balance sheet                            |               |
| Letters of guarantee                         | \$1,664,533   |
| Other credit commitments                     | 101,520,161   |
|  | <hr/>         |
|  | \$103,184,694 |
| <hr/>  |               |

(1) Liquid assets and investments exposed to credit risk exclude capital stock, among other things.

#### Liquidity risk

Liquidity risk refers to the Caisse's capacity to raise the necessary funds (by increasing liabilities or converting assets) to meet a financial obligation, whether or not it appears on the balance sheet, on the date it is due or otherwise.

The purpose of liquidity risk management is to ensure access, on a timely basis and in a profitable manner, to the funds needed to meet the Caisse's financial obligations as they become due, both under normal circumstances and in a crisis situation. Managing this risk involves maintaining a minimum level of liquid securities, stable and diversified sources of funding, and an action plan to implement in extraordinary circumstances. Liquidity risk management is a key component in an overall risk management strategy because it is essential to preserving market and depositor confidence.

Policies have been established describing the principles, limits and procedures that apply to liquidity risk management. Desjardins Group has also developed a liquidity contingency plan that includes setting up a liquidity crisis committee vested with special decision-making powers to deal with a crisis situation. This plan permits quick and effective intervention in order to minimize disruptions caused by sudden changes in member and client behaviour and potential disruptions in markets or economic conditions.

# Caisse d'économie solidaire Desjardins

## Notes to the Financial Statements

for the year ended December 31, 2008

### Note 21. Financial Instrument Risk Management (continued)

A specific framework sets out the minimum level of liquidity that the Caisse must maintain. This liquidity level is centrally managed by the Desjardins Group Treasury and is monitored on a daily basis. Eligible securities must meet high safety and negotiability standards. The liquid securities portfolio comprises mostly securities issued by governments, public bodies and private companies with high credit ratings, i.e., AA- or better.

The Desjardins Group Treasury ensures stable and diversified sources of funding by type, source and maturity. Desjardins Group can also issue securities and borrow on national and international markets to round out and diversify its funding.

A securitization program for mortgages insured by the Canada Mortgage and Housing Corporation is also in place.

The following table presents financial liabilities, deposits and borrowings, by remaining contractual maturity:

|            | 2008            |                 |                 | Total         |
|------------|-----------------|-----------------|-----------------|---------------|
|            | Under<br>1 year | 1 to<br>5 years | Over<br>5 years |               |
| Deposits   | \$370,951,683   | \$63,169,772    | \$2,948,745     | \$437,070,200 |
| Borrowings | 2,104,637       | 1,211,639       | -               | 3,316,276     |

#### Market risk

Market risk refers to the risk of changes in the fair value of financial instruments as a result of changes in parameters affecting this value such as interest rates, exchange rates, credit spreads and their volatility.

#### Interest rate risk management

The Caisse is mainly exposed to interest rate risk through positions related to its traditional financing and deposit-taking activities. Interest rate risk represents the potential impact of interest rate fluctuations on net interest income and on the economic value of equity.

Dynamic and prudent management is applied to optimize net interest income while minimizing the negative impact of interest rate movements. The policies developed describe the principles, limits and mechanisms used to manage this risk. Simulations are run to measure the impact of different variables on net interest income and the economic value of equity. The assumptions used in the simulations are based on an analysis of historical data and the impact of different interest rate conditions on the data, and concern changes in the structure of the balance sheet, member behaviour and pricing. Desjardins Group's Asset/Liability Committee is responsible for analyzing and adopting the global matching strategy while respecting the parameters defined in risk management policies.

# Caisse d'économie solidaire Desjardins

## Notes to the Financial Statements

for the year ended December 31, 2008

### Note 21. Financial Instrument Risk Management (continued)

The following table presents the potential impact of a sudden and sustained 100- and 200-basis-point increase or decrease in interest rates (before income taxes) on the economic value of equity.

|  | 2008      |
|--|-----------|
| Impact of a 100-basis-point increase in interest rates | \$366,776 |
| Impact of a 100-basis-point decrease in interest rates | (348,893) |
| Impact of a 200-basis-point increase in interest rates | 735,944   |
| Impact of a 200-basis-point decrease in interest rates | (232,858) |

The extent of the interest rate risk depends on the gap between assets, liabilities and off-balance sheet instruments. The position presented reflects the position as at that date, and may change depending on members' behaviour, the interest rate environment and the strategies adopted by the Asset/Liability Committee.

### Note 22. Capital Management

The goal of the Caisse's capital management is to ensure maintenance of adequate base capital for sound and prudent management.

The capital adequacy of the Québec caisses is defined by a standard established by the FCDQ concerning the adequacy of capital, its components and their relative proportions. This standard was based on a guideline for standards governing capital adequacy issued by the Autorité des marchés financiers. The guideline requires that a minimum amount of capital be maintained on a cumulative basis for a number of Desjardins Group components, including the caisses. Capital management is the responsibility of the Caisse's Board of Directors.

The Caisse's regulatory capital, which constitutes equity, differs from the equity disclosed on the balance sheet.

Capital is comprised of eligible permanent shares, surplus shares and qualifying shares, the general reserve, the eligible appreciation reserve, the stabilization reserve, the future member dividends reserve, eligible surplus earnings and the eligible portion of the general allowance for credit losses.

Capital also includes certain eligible borrowings as well as eligible shares in investments, and is reduced by certain investments. The total of these items may not exceed 4.5% of expansion assets. If necessary, the total is reduced by onerous surplus equity.

As prescribed by the current provisions of the FCDQ standard, the Caisse's total capital is reduced, among other things, by certain investments made in Desjardins Group subsidiary companies.

The Caisse's expansion assets comprise its on-balance sheet assets and its off-balance sheet commitments, reduced by its investments in Desjardins Group subsidiary companies at their equity value.

The Caisse's risk assets are determined by the weighting of on-balance sheet and off-balance sheet items according to the risk associated with each of these items, in accordance with the FCDQ standard.

The Caisse must maintain minimum capital corresponding to 6.75% of its expansion assets and 10.80% of its risk assets.

# Caisse d'économie solidaire Desjardins

## Notes to the Financial Statements

for the year ended December 31, 2008

### Note 22. Capital Management (continued)

The following table shows the composition of the Caisse's regulatory capital:

|   | 2008         |
|---|--------------|
| Capital   |              |
| Eligible permanent shares, surplus shares and qualifying shares | \$2,480,180  |
| Eligible reserves   | 24,297,524   |
| Eligible surplus earnings                                       | 2,649,407    |
| Eligible general allowance                                      | 2,607,125    |
| Investment shares   | 4,250,000    |
| Eligible borrowings   | 2,614,726    |
|   | 38,898,962   |
| Investments <sup>(1)</sup>                                      | 4,883,876    |
|   | \$34,015,086 |

(1) This amount corresponds to investments in Desjardins Group subsidiary companies at equity value.

At year-end, the Caisse's capitalization ratios were higher than required by the standard.

### Note 23. Comparative Figures

Certain figures from the previous year have been reclassified to conform with the current year's presentation.