

*This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*

# La Caisse centrale Desjardins du Québec



## **Bearer Discount Notes and Short and Medium Term Certificates of Deposit**

The Bearer Discount Notes with maturities ranging up to and including two years are issued at a discount as non interest bearing notes.

The Short Term Certificates of Deposit with maturities ranging up to and including one year and the Medium Term Certificates of Deposit with maturities ranging from one year and one day up to and including ten years are issued in fully registered form as interest bearing certificates of deposit.

The discount or interest rate as well as the conditions for interest payment, when applicable, are determined by La Caisse centrale Desjardins du Québec ("Caisse centrale") at the time of issue.

The Bearer Discount Notes (the "Notes") and the Short and Medium Term Certificates of Deposit (the "Certificates of Deposit") are issued in denominations of not less than \$25,000, in multiples of \$1,000.

Principal and accrued interest, if any, are payable at maturity at the main branch of Quebec Trust in Montreal or Quebec City or at the main branch of the Canadian bank mentioned on the Notes and Certificates of Deposit in the cities of Vancouver, Calgary, Edmonton, Winnipeg, Toronto or Halifax. Interest payable periodically before maturity, if any, is payable by cheque to the registered holder.

**The Notes and the Certificates of Deposit are unsecured, are not issued under a trust indenture and rank pari passu with all unsecured deposits, borrowings and obligations of Caisse centrale. The Notes and the Certificates of Deposit will not be subject to prepayment by Caisse centrale without the consent of the holder. The Notes and the Certificates of Deposit offered hereby are not guaranteed under the Quebec Deposit Insurance Act.**

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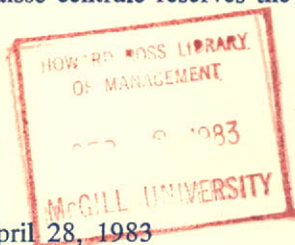
### **RATES ON APPLICATION**

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The Notes and Certificates of Deposit, the aggregate principal amount of which is presently not susceptible of determination, are issued on the basis of Caisse centrale's funding requirements. The net proceeds from the issue of Notes and Certificates of Deposit are used by Caisse centrale in the ordinary course of business. Subject to confirmation by Caisse centrale, the Notes and the Certificates of Deposit are being offered by a selling group comprised of members of the Investment Dealers Association of Canada acting as agents for Caisse centrale. The manager of the selling group is Merrill Lynch, Royal Securities Limited and the co-manager is Wood Gundy Limited. The investment dealer through whom any Note or Certificate of Deposit is sold receives a commission from Caisse centrale at rates fixed from time to time by mutual agreement. Such commission does not exceed  $\frac{1}{2}$  of 1%. The Notes and the Certificates of Deposit are offered subject to the approval of all legal matters by Messrs. Desjardins, Ducharme, Desjardins & Bourque, Montreal, on behalf of Caisse centrale and by Messrs. Doheny Mackenzie, Montreal, on behalf of the agents.

Upon payment, the Notes and the Certificates of Deposit are delivered to the purchaser or to the financial institution designated by the purchaser, free of delivery or registration charges.

Caisse centrale reserves the right to suspend this offering at any time without prior notice.



April 28, 1983



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# La Caisse centrale Desjardins du Québec

## PROSPECTUS SUMMARY

Caisse centrale forms part of the Desjardins Group and acts as its financial agent. Caisse centrale commenced its operations on October 14, 1981.

The Desjardins Group is a financial group made up of some 1,465 savings and credit unions (caisses populaires, caisses d'économie and caisses de financement), each being affiliated to one of eleven federations which, in turn, are affiliated to a confederation. The Desjardins Group also includes a number of other financial institutions and companies.

### The Offering

The Bearer Discount Notes hereby offered are issued with maturities ranging up to and including two years as non interest bearing notes. The Short and Medium Term Certificates of Deposit also offered by this prospectus are issued with maturities ranging from one day to and including ten years as fully registered interest bearing certificates.

<b>Rate:</b>	The discount or interest rate as well as the terms and conditions for interest payment, when applicable, are determined by Caisse centrale at the time of issue.
<b>Redemption:</b>	The Bearer Discount Notes and the Short and Medium Term Certificates of Deposit are not subject to prepayment by Caisse centrale without the consent of the holder.
<b>Denominations:</b>	Minimum \$25,000 in multiples of \$1,000. Available in currencies other than Canadian, in equivalent minimum denominations.
<b>Rank:</b>	The Bearer Discount Notes and the Short and Medium Term Certificates of Deposit are unsecured and rank pari passu with all unsecured deposits, borrowings and obligations of Caisse centrale.
<b>Use of proceeds:</b>	The net proceeds will be used by Caisse centrale to carry out its functions as financial agent of the Desjardins Group.
<b>Interest Coverage:</b>	For the twelve months ended December 31, 1982: 1.79 times.
<b>Asset Coverage:</b>	As at December 31, 1982: \$1,618 per \$1,000.

### Financial Data

	As at or for the period ended December 31		
	1980	1981	1982
	(thousands of dollars)		
Total assets .....	\$414,226	\$829,403	\$1,074,832
Loan portfolio .....	—	133,171	218,955
Securities .....	28,901	514,248	830,259
Deposit liabilities .....	3,600	401,011	634,622
Issued and fully paid capital stock .....	25,000	316,200	409,400
Total members' equity .....	409,200	409,570	410,373
Total income .....	—	24,073	141,265
Income before remuneration of capital stock .....	—	12,270	60,597
Income before provision for deferred income taxes .....	—	285	928
Net income .....	—	220	753

*The above information is a summary only and reference is made to more detailed information appearing elsewhere in the prospectus.*



## LA CAISSE CENTRALE DESJARDINS DU QUÉBEC

La Caisse centrale Desjardins du Québec ("Caisse centrale") was established on June 22, 1979 by an act of the Quebec Legislature [An Act to amend the Act respecting La Confédération des caisses populaires et d'économie Desjardins du Québec (S.Q. 1971 c. 80 – S.Q. 1979 c. 46 and amendments), the "Incorporating Act"]. Caisse centrale commenced its operations on October 14, 1981. Caisse centrale is also governed by the Savings and Credit Unions Act of Quebec (the "Credit Unions Act"). The head office of Caisse centrale is situated in the City of Lévis, Quebec at 100 avenue des Commandeurs G6V 7N5, and its executive offices are located at 1 Complexe Desjardins, South Tower, Suite 2822, Montreal, Quebec H5B 1B3.

Most of the capital stock is held by the eleven federations of caisses of the Mouvement des caisses populaires et d'économie Desjardins (the "Desjardins Group"). Under the Incorporating Act, the eleven federations are members of Caisse centrale and Caisse centrale may also admit as members other institutions of the Desjardins Group, cooperative corporations and also Canadian corporations the majority of the common shares of which are held by cooperative entities. The principal function of Caisse centrale is to act as financial agent for the Desjardins Group.

### CAPITALIZATION

	Outstanding as at December 31	
	1981	1982
<b>Indebtedness</b>		
Deposits refundable within one year .....	\$ 399,011,474	\$ 627,421,601
Term deposits of a term extending beyond one year .....	2,000,000	7,200,000
	<u>401,011,474</u>	<u>634,621,601</u>
<b>Members' equity</b>		
Capital stock		
Issued and fully paid .....	316,200,000	409,400,000
Subscribed .....	93,150,000	—
General reserve .....	—	972,770
Retained earnings .....	220,029	—
	<u>409,570,029</u>	<u>410,372,770</u>
	<u>\$ 810,581,503</u>	<u>\$1,044,994,371</u>

- (1) The capital stock of Caisse centrale is composed of the shares subscribed for by its members. The value of each share is \$1,000 and no share may be issued unless it has been fully paid for.
- (2) Caisse centrale may, at the request of a member, redeem the shares owned by such member. Such redemption must be at par value. Caisse centrale may not redeem more than 10% of its capital stock during a single financial year. Furthermore, no redemption may be effected which would result in a reduction of the capital stock to less than \$25,000,000 or which would leave Caisse centrale with insufficient capital stock to meet its requirements.
- (3) For obligations under long term leases, see Note 14 in Notes to the Financial Statements.
- (4) The full amount of retained earnings has been transferred to a general reserve as a provision for contingencies.

### OPERATIONS OF CAISSE CENTRALE

Caisse centrale is the financial agent of the Desjardins Group. In this capacity, it manages a liquidity fund for its members; grants loans to its members, to large and medium size business corporations and to governmental and paragonovernmental entities; and provides its members with better access to financial markets.

Caisse centrale has established a policy of dealing with its members only on conditions comparable to those prevailing in the market.



As at December 31, 1982, the composition of Caisse centrale's assets (at book value) on the basis of its activities and the percentage of gross income derived therefrom was as set forth below:

	Percentage of assets		Percentage of gross income	
	December 31		December 31	
	1981	1982	1981	1982
Securities .....	62.0%	77.2%	86.0%	78.2%
Loan portfolio .....	16.1	20.4	11.9	20.6
Subscriptions receivable .....	11.2	—	—	—
Other business .....	10.7	2.4	2.1	1.2
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Since the operations of Caisse centrale commenced only on October 14, 1981, the content of the foregoing table may not be indicative of the composition of its assets and income therefrom at future dates.

### Liquidity Management

Caisse centrale manages a liquidity fund for its member federations. Its general policy is to keep in its portfolio at all times at least the equivalent of its total capital stock in liquid assets, mainly money market investments. Caisse centrale is not obliged to maintain statutory reserves with the Bank of Canada.

However, under the Incorporating Act, it must keep average monthly liquid assets equal to at least 20% of its Canadian-currency deposits and indebtedness repayable on demand or within 100 days or less. Cash on hand or on deposit with banks or other deposit-taking institutions must represent at least 5% of Canadian-currency deposits and indebtedness repayable on demand or within 100 days or less. These institutions cannot be members of La Confédération des caisses populaires et d'économie Desjardins du Québec nor affiliated to the latter. Any surplus over 5% may be invested in bonds or other securities issued or guaranteed by the Government of Canada or of a Canadian province, or in demand loans fully secured by such securities.

The following table shows the composition of the securities portfolio of Caisse centrale as at December 31, 1981 and December 31, 1982:

	Amortized cost as at				Market value as at
	December 31, 1981		December 31, 1982		December 31, 1982
	(in millions of dollars)	%	(in millions of dollars)	%	(in millions of dollars)
Government of Canada treasury bills maturing within one year .....	\$ 11	2.2	\$ 78	9.4	\$ 79
Other Government of Canada securities maturing within three years .....	—	—	58	7.0	59
Securities issued or guaranteed by Canadian provinces .....	69	13.4	72	8.7	73
Securities of Canadian non-government issuers .	433	84.2	621	74.8	624
Securities of a foreign issuer .....	1	0.2	1	0.1	1
Total .....	<u>\$514</u>	<u>100.0</u>	<u>\$830</u>	<u>100.0</u>	<u>\$836</u>

The securities in the above table are valued at amortized cost except for the investment in securities of a foreign issuer. No equity securities of Canadian non-government issuers are held by Caisse centrale. All debt securities bear interest on a fixed rate basis. The aggregate market value of such securities as at December 31, 1981 was \$517 million.

The following table shows the current position of Caisse centrale as at December 31, 1982:

<u>Assets due within one year</u> (in millions of dollars)		<u>Liabilities due within one year</u> (in millions of dollars)	
Securities .....	\$759		
Loan portfolio .....	219	Deposit Liabilities .....	\$627
Total .....	<u>\$978</u>	Total .....	<u>\$627</u>

The excess of assets available over liabilities due within one year amounted to \$351 million as at December 31, 1982.

### Lending Operations

Caisse centrale deals with two principal categories of borrowers:

- (i) the federations and the corporations of the Desjardins Group; and
- (ii) business corporations and governmental and paragonovernmental entities whose credit needs exceed the capabilities of individual Caisses or federations.

Credit is granted primarily by way of lines of credit, purchase of receivables and term loans. Amounts range between \$3,000,000 and \$50,000,000 per loan. Caisse centrale has a general policy of granting its loans to federations on a fully-secured basis and all such loans as at December 31, 1982 had been granted on that basis. As at December 31, 1982, 46.1% of all loans had been made on a floating interest rate basis. As at December 31, 1981 and December 31, 1982 the breakdown of Caisse centrale's loan portfolio was as follows:

#### a) As to the type of borrowers:

	<u>December 31, 1981</u>		<u>December 31, 1982</u>	
	(in millions of dollars)	%	(in millions of dollars)	%
Members .....	\$ 49	36.8	\$ 14	6.4
Other related corporations .....	11	8.3	27	12.4
Public sector .....	9	6.8	16	7.3
Parapublic sector .....	18	13.5	43	19.6
Private sector* .....	46	34.6	119	54.3
Total .....	<u>\$133</u>	<u>100.0</u>	<u>\$219</u>	<u>100.0</u>

\* As at December 31, 1982, includes a loan in foreign currency in the amount of U.S. \$190,000.

#### b) As to the type of loans:

	<u>December 31, 1981</u>		<u>December 31, 1982</u>	
	(in millions of dollars)	%	(in millions of dollars)	%
Demand loans .....	\$ 73	54.9	\$101	46.1
Term loans .....	43	32.3	102	46.6
Purchase of receivables .....	17	12.8	16	7.3
Total .....	<u>\$133</u>	<u>100.0</u>	<u>\$219</u>	<u>100.0</u>

As at December 31, 1982 and the date of this prospectus there have been no loan losses and no provision for loan losses has been made.

#### c) As to their maturities:

As at December 31, 1982, all loans outstanding were due before December 31, 1983 except for a loan in the amount of \$320,000.

The President and the Executive Vice-President each have credit authorization limits of \$10,000,000 for loans to public entities. The Credit Committee has credit authorization limits of \$5,000,000 for loans to public entities, and of the lesser of \$5,000,000 or an amount equal to 2% of deposit liabilities and members' equity for loans to the federations. Other loans applications must be submitted to the Executive Committee.



## **Funding**

Caisse centrale currently obtains funds from deposits by the federations of the Desjardins Group, from governmental and paragonovernmental entities and other depositors and from the short and medium term Canadian capital markets, the latter of which are expected to be the major source of funding in the future. Additionally, Caisse centrale intends to seek funds in the long term Canadian capital markets and in the medium and long term international capital markets. Caisse centrale may not receive deposits from individuals or from savings and credit unions governed by the Credit Unions Act.

As at December 31, 1982, deposits of the federations and other corporations related to the Desjardins Group with Caisse centrale amounted to \$271,812,188, representing approximately 42.8% of all outstanding deposits.

## **Canadian Payments Association and Bank of Canada**

Caisse centrale is a member of the Canadian Payments Association. As a direct clearer, it will obtain lines of credit with the Bank of Canada according to established rules. This participation will allow Caisse centrale to guarantee and settle payment items drawn upon the Caisses, the federations and Caisse centrale.

## **Leverage**

Under the Incorporating Act, the total of Caisse centrale's deposit liabilities, borrowings and financial commitments which it guarantees may at no time exceed twenty times the amount of its unimpaired capital and accumulated reserves.

## **Capital**

The capital stock of Caisse centrale is composed of shares subscribed for by its members. The par value of each share is \$1,000 and no share may be issued unless it has been fully paid.

Caisse centrale may, at the request of a member, redeem the shares owned by such member. Such redemption must be at par value. Caisse centrale may not redeem more than 10% of its capital stock during a single financial year. Furthermore, no redemption may be effected which would result in a reduction of the capital stock to less than \$25,000,000 or which would leave Caisse centrale with insufficient capital stock to meet its requirements.

Income from operations and income from paid in capital stock are accounted for separately in the books of Caisse centrale. The excess of income from operations, especially lending operations, over operating costs is accumulated in reserves and/or is distributed as rebates to members in proportion to the dollar amount of their operations with Caisse centrale, the whole in accordance with the Incorporating Act. Income from paid in capital stock is paid to the subscribing federations as interest on their shares as indicated under the heading "Interest on Shares and Rebates".

## **Financial Syndicates**

Caisse centrale intends to join financial syndicates formed to sell securities issued by Canadian governmental and paragonovernmental entities and by other cooperative organizations. At present, Caisse centrale is a member of financial syndicates selling, in Canada, bonds of Province of Quebec, Hydro-Québec, Communauté urbaine de Montréal and Conseil scolaire de l'île de Montréal.

## **Regulation and Control**

The Incorporating Act governs the investments which Caisse centrale may make.

The General Inspector of Financial Institutions of Quebec is responsible for the annual inspection of Caisse centrale. Moreover, Caisse centrale is required to provide him with financial statements as prescribed by government regulations.

Caisse centrale is registered with the Régie de l'assurance-dépôts du Québec.

## DIRECTORS AND OFFICERS

### Directors

<u>Name and municipality of residence</u>	<u>Principal occupation</u>
*Raymond Blais ..... St-David, Quebec	President, La Confédération des caisses populaires et d'économie Desjardins du Québec (savings and credit cooperative)
*Guy Bernier ..... Montreal, Quebec	President, Fédération des caisses populaires Desjardins de Montréal et de l'Ouest-du-Québec (savings and credit cooperative)
Jean-Marie Ouellet ..... Ste-Foy, Quebec	President, Fédération des caisses populaires Desjardins de Québec (savings and credit cooperative)
*Claude Béland ..... Town of Mount Royal, Quebec	Senior Vice President and General Manager, Fédération des caisses d'économie Desjardins du Québec (savings and credit cooperative)
Jean-Eudes Bergeron ..... Métabetchouan, Quebec	General Manager, Fédération des caisses populaires Desjardins du Saguenay-Lac St-Jean (savings and credit cooperative)
*Jacques Bertrand ..... Ste-Foy, Quebec	Senior Vice President and General Manager, Fédération des caisses populaires Desjardins de Québec (savings and credit cooperative)
Laurent Bisson ..... New Richmond, Quebec	Senior Vice President and General Manager, Fédération des caisses populaires Desjardins de la Péninsule et des Îles (savings and credit cooperative)
Paul Roch Charbonneau ..... Joliette, Quebec	General Manager, Fédération des caisses populaires Desjardins de Lanaudière (savings and credit cooperative)
Raymond Comtois ..... Sherbrooke, Quebec	Senior Vice President and General Manager, Fédération des caisses populaires Desjardins de l'Estrie (savings and credit cooperative)
*Denis Frenière ..... St-Hyacinthe, Quebec	President and General Manager, Fédération des caisses populaires Desjardins de Richelieu-Yamaska (savings and credit cooperative)
Hervé Hébert ..... Outremont, Quebec	President, Quebec Trust (trust company)
Wesley Hogg ..... Rimouski, Quebec	Senior Vice President and General Manager, Fédération des caisses populaires Desjardins du Bas St-Laurent (savings and credit cooperative)
Serge Limoges ..... Amos, Quebec	General Manager, Fédération des caisses populaires Desjardins de l'Abitibi (savings and credit cooperative)
François Richard ..... Laval, Quebec	Senior Vice President and General Manager, Fédération des caisses populaires Desjardins de Montréal et de l'Ouest-du-Québec (savings and credit cooperative)
Henri-Paul Trudel ..... Trois-Rivières, Quebec	President, Fédération des caisses populaires Desjardins du centre du Québec (savings and credit cooperative)

\*Member of the Executive Committee. There is no Audit Committee.



## Officers

<u>Name and municipality of residence</u>	<u>Office</u>
Raymond Blais ..... St-David, Quebec	Chairman of the Board and President
Guy Bernier ..... Montreal, Quebec	Vice Chairman of the Board
Jean-Marie Ouellet ..... Ste-Foy, Quebec	Secretary of the Board
René Croteau ..... Lévis, Quebec	Delegated Director
Bruno Riverin ..... Roxboro, Quebec	Executive Vice President
Jean Laflamme ..... Laval, Quebec	Vice President, Finance
Michel Côté ..... St-Bruno-de-Montarville, Quebec	Vice President, Administration
André Couture ..... Longueuil, Quebec	Vice President, Legal Affairs and Assistant Secretary
Fernand Lafleur ..... Otterburn Park, Quebec	Manager, Credit
Michel Lanouette ..... LaSalle, Quebec	Manager, Investment
Raymond Laurin ..... Brossard, Quebec	Comptroller
Mario Lavoie ..... Dollard-des-Ormeaux, Quebec	Manager, Financial Service
Daniel Leclair ..... Longueuil, Quebec	Manager, Treasury Department
Robert Proulx ..... Brossard, Quebec	Manager, Clearing and Systems
Michel Thérien ..... Otterburn Park, Quebec	Manager, Planning and Development

All directors have held their respective offices or others within the Desjardins Group for more than five years, except: Mr. Claude Béland who for more than five years has held his current position or other positions in a federation which joined La Confédération des caisses populaires et d'économie Desjardins du Québec in September 1979; and Mr. Serge Limoges who, before December 1979, was District Manager with Texaco Canada Ltd.

During the last five years, the members of senior management of Caisse centrale have held the following principal occupations before holding their present office: before March 1981, Mr. Raymond Blais was General Manager of the Fédération des caisses populaires Desjardins de Québec; before June 1980, Mr. Bruno Riverin was Assistant General Manager of the Fédération des caisses populaires Desjardins de Montréal et de l'Ouest-du-Québec; before September 1980, Mr. Jean Laflamme was Manager, Investments and Bonds with Caisse de dépôt et placement du Québec; before September 1980, Mr. Michel Côté, was Chief, Data Processing and Administrative Procedures for the Fédération des caisses populaires Desjardins de Québec; before December 1982, Mr. André Couture was Vice-President, Regulation and Secretary, and before August 1981, Secretary of the Montreal Exchange; before April 1981, Mr. Fernand Lafleur was Assistant

Manager, Commercial Accounts, for a Canadian bank; before November 1980, Mr. Michel Lanouette was a money market trader and interim Manager, Investment Service for the Fédération des caisses populaires Desjardins de Montréal et de l'Ouest-du-Québec and before February 1978, was responsible for money market operations for a Canadian bank; before October 1980, Mr. Raymond Laurin was Comptroller for National Cablevision Ltd. and before November 1978, was Manager, Administrative Services, for National Cablevision Ltd.; before September 1980, Mr. Mario Lavoie was Financial Advisor to La Confédération des caisses populaires et d'économie Desjardins du Québec; before January 1981, Mr. Daniel Leclair was Manager, Funding and Currency, International Division, for a Canadian bank and before August 1978, was responsible for money market operations with the Caisse de dépôt et placement du Québec; before February 1981, Mr. Robert Proulx was Chief, Data Processing Planning Division with La Confédération des caisses populaires et d'économie Desjardins du Québec and before June 1979 was Administrative Coordinator with La Confédération des caisses populaires et d'économie Desjardins du Québec and before May 1978, was Data Processing Consultant with IBM Canada Ltd.; before January 1981, Mr. Michel Thérien was Management Consultant for Cegir.

### Remuneration of Directors and Senior Officers

The following table sets forth the aggregate remuneration paid or payable by Caisse centrale for the year ended December 31, 1982, to the directors and senior officers.

	Year ended December 31, 1982 Nature of remuneration	
	Aggregate remuneration	Cost of pension benefits
Directors (total number: 15) .....	—	—
Five most senior officers .....	\$307,300	\$24,000

As set forth above, the directors of the Caisse centrale do not receive any director's fee for their participation in the Board of Directors of Caisse centrale.

### OWNERSHIP OF SHARES

The following table sets forth the ownership, beneficially or of record, of the shares of Caisse centrale on April 28, 1983. In accordance with the cooperative principles which apply to Caisse centrale, the vote of holders of shares is expressed through representatives or delegates and not by proxies representing the number of shares held by such holders.

<u>Name and address</u>	<u>Type of ownership</u>	<u>Number of shares held</u>	<u>Percentage of class</u>
Fédération des caisses populaires Desjardins du centre du Québec 2000 des Récollets Blvd. Trois-Rivières, Quebec G9A 5K3	Beneficial and of record	44,410	10.85%
Fédération des caisses populaires Desjardins de Québec 95 avenue des Commandeurs Lévis, Quebec G6V 6P6	Beneficial and of record	106,002	25.90
Fédération des caisses populaires Desjardins de Montréal et de l'Ouest-du-Québec 1 Complexe Desjardins, P.O. Box 35 Desjardins Postal Station Montreal, Quebec H5B 1E7	Beneficial and of record	143,580	35.07
Fédération des caisses populaires Desjardins de la Péninsule et des Îles 473 Perron Blvd., P.O. Box 250 Maria, Quebec G0C 1Y0	Beneficial and of record	6,678	1.63



<u>Name and address</u>	<u>Type of ownership</u>	<u>Number of shares held</u>	<u>Percentage of class</u>
Fédération des caisses populaires Desjardins de l'Estrie 1845 King Street West Sherbrooke, Quebec J1J 2E4	Beneficial and of record	17,230	4.21
Fédération des caisses populaires Desjardins du Bas St-Laurent 681 St-Germain Blvd. West, P.O. Box 2000 Rimouski, Quebec G5L 7E5	Beneficial and of record	12,970	3.17
Fédération des caisses populaires Desjardins du Saguenay-Lac St-Jean 17 de l'Hôpital Street Métabetchouan, Quebec G0W 2A0	Beneficial and of record	13,508	3.30
Fédération des caisses populaires Desjardins de l'Abitibi 12 North 7th Street Amos, Quebec J9T 3W7	Beneficial and of record	4,884	1.19
Fédération des caisses populaires Desjardins de Richelieu-Yamaska 800 Ste-Anne Street, P.O. Box 2000 St-Hyacinthe, Quebec J2S 7C3	Beneficial and of record	32,370	7.91
Fédération des caisses populaires Desjardins de Lanaudière 275 Beaudry Street North, P.O. Box 500 Joliette, Quebec J6E 3Z9	Beneficial and of record	15,044	3.67
Fédération des caisses d'économie Desjardins du Québec 7755 Louis-Hippolyte Lafontaine Blvd. Anjou, Quebec H1K 4M6	Beneficial and of record	12,524	3.06
The Safeguard Life Assurance Company 1 Complexe Desjardins, 21st Floor Montreal, Quebec H5B 1E2	Beneficial and of record	50	0.01
Le Groupe Desjardins, Assurances générales 100 Trans-Canada Highway East Lévis, Quebec G6V 6P9	Beneficial and of record	50	0.01
Quebec Trust 1 Complexe Desjardins, 14th Floor Montreal, Quebec H5B 1E4	Beneficial and of record	50	0.01
Desjardins Mutual Life Assurance Company 200 avenue des Commandeurs Lévis, Quebec G6V 6R2	Beneficial and of record	50	0.01
		<u>409,400</u>	<u>100.00%</u>

## **INTEREST ON SHARES AND REBATES**

Under the Incorporating Act, the Board of Directors of Caisse centrale may declare interest on its shares; it also determines the payment date. The Board may not pay or declare interest on shares when Caisse centrale is or would thereby become insolvent or when the paid in share capital would thereby be impaired. For the twelve month period ending December 31, 1982, interest in the amount of \$59,669,217 has been earned by Caisse centrale on its subscribed and fully paid shares and the amount of interest paid during that period was \$50,975,806. For the two and one half month period ended December 31, 1981, the amount of interest earned was \$11,984,479 and the amount of interest paid during that period was \$5,800,616. The average rate of interest earned on a per share basis during such periods was 16.0% and 19.2%, respectively.

The Board of Directors may, out of the annual operating surpluses, pay a rebate to members of Caisse centrale which have borrowed or deposited funds, in proportion to their dealings with Caisse centrale. To date, no rebate has been paid.

## **PRIOR SALES OF SECURITIES**

Since November 16, 1981 Caisse centrale has issued Bearer Discount Notes of a term which does not exceed one year. In addition, since July 28, 1982, Caisse centrale has issued Bearer Discount Notes with maturities ranging up to and including two years and Short and Medium Term Certificates of Deposit. Caisse centrale also accepts deposits guaranteed under the Quebec Deposit Insurance Act. As at December 31, 1982, the outstanding Bearer Deposit Notes, Short and Medium Term Certificates of Deposit and deposits amounted to \$466,020,851.

## **DETAILS OF THE OFFERING**

### **General**

The Notes and the Certificates of Deposit are unsecured and are not issued under a trust indenture. They are direct obligations of Caisse centrale and rank *pari passu* and *pro rata* with all unsecured deposits, borrowings and obligations.

Notes with maturities ranging up to and including two years are issued as bearer discount non interest bearing notes.

Short Term Certificates of Deposit with maturities ranging up to and including one year and Medium Term Certificates of Deposit with maturities ranging from one year and one day up to and including ten years are issued as fully registered interest bearing Certificates of Deposit.

Principal and accrued interest, if any, are payable at maturity at the main branch of Quebec Trust in Montreal or Quebec City or at the main branch of the Canadian bank mentioned on the Notes and the Certificates of Deposit in the cities of Vancouver, Calgary, Edmonton, Winnipeg, Toronto or Halifax. Interest payable periodically before maturity, if any, is payable by cheque to the registered holder.

**The Notes and the Certificates of Deposit offered hereby are not guaranteed under the Quebec Deposit Insurance Act.**

### **Interest or Discount**

Interest on the Certificates of Deposit shall be simple or compounded, at a fixed or variable rate, and shall be paid at intervals fixed at the time of issue. The discount rate on the Notes and the interest rate on the Certificates of Deposit shall also be fixed at the time of issue of each of these securities.

### **Redemption**

The Notes and Certificates of Deposit will not be subject to prepayment by Caisse centrale without the consent of the holder. The Certificate of Deposit may provide that it will be payable prior to maturity at the option of the holder, with prepayment penalties determined at the time of issue and specified on the certificate.



## **Denominations**

The Notes and the Certificates of Deposit are issued in minimum denominations of \$25,000, in multiples of \$1,000. Caisse centrale may from time to time issue Notes and Certificates of Deposit in currencies other than Canadian currency, in equivalent minimum denominations.

## **Transfer**

The Certificates of Deposit may be issued as transferable or non-transferable certificates. Any registered holder of a transferable Certificate of Deposit may transfer such certificate by completing the transfer form thereon, and returning the certificate to Quebec Trust at its main branch in Montreal or Quebec City or at the main branch of a Canadian bank mentioned on the certificate in the cities of Vancouver, Calgary, Edmonton, Winnipeg, Toronto or Halifax.

## **INCOME TAX CONSIDERATIONS**

In the opinion of Messrs. Desjardins, Ducharme, Desjardins & Bourque, the general tax status of Caisse centrale under the Income Tax Act (Canada) (the "Act") and the general tax consequences under such Act to a holder of the Notes or Certificates of Deposit who is a resident of Canada (other than a trader or dealer in securities or a person who may be treated as such) will be as set forth below. Prospective purchasers of the Notes or Certificates of Deposit are advised to consult with their own tax advisers as to their own particular income tax position.

### **Caisse centrale**

Caisse centrale is a credit union within the meaning of the Act. Accordingly, its taxable income is determined in accordance with the rules applicable to all corporations subject to certain special rules applicable to credit unions.

### **Holders of Notes and Certificates of Deposit**

With respect to the holders of Notes, the discount, i.e. the amount by which the principal amount of a Note exceeds the amount for which the Note was issued, will generally be considered as interest.

Holders of Notes on which the discount is considered as interest and of Certificates of Deposit will be subject to tax on interest received or receivable on the Notes or Certificates of Deposit depending on the method regularly followed by the taxpayer in computing taxable income. Corporations, partnerships, unit trusts or any trust of which a corporation or a partnership is a beneficiary are required by sub-section 12(3) of the Act to report interest income on an accrual basis.

For any Certificate of Deposit acquired after November 12, 1981, a taxpayer other than a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required, every third anniversary from December 31 of the year of issue of any such Certificate of Deposit, where the interest reasonably attributable to that Certificate of Deposit is paid at intervals exceeding three years, to include in computing his income for the taxation year in which such anniversary occurs, the income accrued to such anniversary date in respect of the Certificate of Deposit that has not previously been included in his income. The initial third anniversary of a Certificate of Deposit acquired before 1982 will be considered to be December 31, 1987.

Amounts received by a holder of a Note or Certificate of Deposit on the sale or redemption of the Note or Certificate of Deposit, other than those attributable to a discount or to accrued interest, will constitute proceeds of disposition for the purpose of determining a capital gain or capital loss for tax purposes. To the extent such proceeds are greater than, or less than, the holder's adjusted cost base, the holder will realize a capital gain or capital loss, as the case may be, half of which will constitute a taxable capital gain or allowable capital loss.

The interest earned on the Notes (including the amount of the discount assimilated to interest) or on Certificates of Deposit qualifies for the annual deduction in computing the taxable income of individuals of up to \$1,000 of Canadian interest, dividends and certain taxable capital gains.

The tax consequences under the Taxation Act (Quebec) are generally similar. In his Ministerial Declaration of December 17, 1982, the Minister of Finance of Quebec has announced that the Quebec income tax legislation will generally be harmonized with the Canadian income tax legislation with respect to the taxation of accrued interest income on a security, every third anniversary from December 31 of the year of issue of such security.

The gross amount of interest on the Certificates of Deposit or of the discount granted on the Notes and considered as interest paid to non-residents of Canada, who do not carry on a business in Canada to which the interest is attributable, is subject to withholding tax at the general rate of 25% except where by treaty between Canada and the country in which the holder is resident a lower rate is provided.

However, under the Act, interest payable by a corporation (including Caisse centrale) resident in Canada to a person with whom that corporation is dealing at arm's length, on any obligation where the evidence of indebtedness was issued by that corporation after June 23, 1975 and before 1986 is exempt from non-resident withholding tax if, under the terms of the obligation or any agreement relating thereto, the corporation may not under any circumstances be obliged to pay more than 25% of the principal amount thereof within five years of the date of its issue except in the event of a failure or default under the said terms of agreement, or if the terms of the obligations or any agreement relating thereto become unlawful or are changed by virtue of legislation or by a court, statutory board or commission.

## INTEREST COVERAGE

The earnings of Caisse centrale available to meet interest and discount requirements on outstanding debt, all of which ranks *pari passu*, for the twelve months ended December 31, 1982, are as follows:

	Twelve months ended December 31, 1982
Net income .....	\$ 752,741
Add: Provision for deferred income taxes .....	175,000
Remuneration of capital stock .....	59,669,217
Interest expense .....	77,038,069
Earnings available to meet interest and discount requirements .....	<u>\$137,635,027</u>

The earnings of Caisse centrale available to meet interest and discount requirements on outstanding debt are equivalent to 1.79 times the interest and discount for the twelve months ended December 31, 1982.

## ASSET COVERAGE

	As at December 31, 1982
Total assets .....	\$1,074,831,605
Less: Intangible assets .....	18,433,109
Other liabilities .....	29,837,234
Available net tangible assets .....	<u>1,026,561,262</u>
Outstanding debt .....	<u>\$ 634,621,601</u>

As at December 31, 1982, available net tangible assets were equivalent to \$1,618 per \$1,000 of outstanding debt.



## THE DESJARDINS GROUP

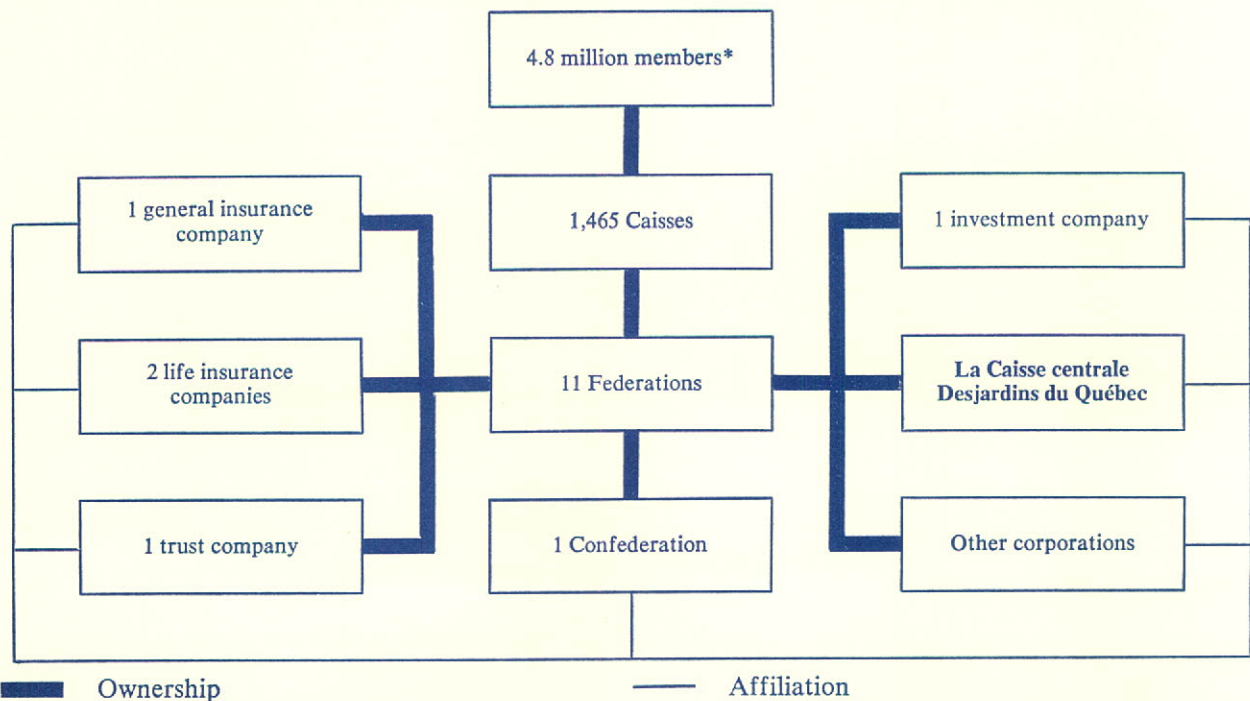
The information below on the Desjardins Group is provided solely for a better understanding of the operations of Caisse centrale whose principal function is to act as financial agent for the Desjardins Group. The Notes and Certificates of Deposit offered hereby are not guaranteed by the Desjardins Group or any member thereof.

The Desjardins Group comprises a number of autonomous financial institutions generally of a cooperative nature. Some 1,465 caisses populaires, caisses d'économie and caisses de financement (the "Caisses") located throughout the Province of Quebec are affiliated to the Desjardins Group. Each Caisse is an autonomous legal entity affiliated with one of eleven federations. These federations have joined together provincially to form a confederation. Since the Caisses, the federations and the confederation are cooperatives, they may not control one another.

Individually or collectively, the confederation or its members or the Caisses hold all or nearly all the capital stock of the following financial institutions: Société d'investissement Desjardins, The Safeguard Life Assurance Company, Le Groupe Desjardins, assurances générales, Quebec Trust and Caisse centrale, and have also subscribed to the entire reserve fund of the Desjardins Mutual Life Assurance Company. They are also directly or indirectly majority shareholders of Place Desjardins Inc., Crédit Industriel Desjardins Inc., Culinar Inc. and Sico Inc.

The origin of the Desjardins Group goes back to December 6, 1900, when Alphonse Desjardins established North America's first savings and credit union at Lévis, Quebec.

The following diagram illustrates the composition of the Desjardins Group as of December 31, 1982.



\* A person may be a member of more than one Caisse; it is estimated that the actual number of persons with at least one Caisse membership is about 4 million.

For more information on the corporations referred to in the above diagram see "Affiliated Corporations".

### The Caisses

The Caisses form the base of the Desjardins Group. They are savings and credit cooperatives governed by the Credit Unions Act, which grants them the status of a corporation within the meaning of the Civil Code of Quebec. Members' liability is limited to the subscribed amount of their share capital. Every Caisse must be affiliated to a federation to be constituted or continue to exist.

The principal distinction between a *caisse populaire* and a *caisse d'économie* lies in their respective memberships. In most cases, *caisses populaires* draw their members from a given geographical area, while *caisses d'économie* serve members in the same workplace or having the same occupation. A *caisse de financement* is a corporation which was governed by an Act respecting the *caisses d'entraide économique* (Quebec) and joined the Desjardins Group on June 1, 1982.

### *Cooperative Operating Principles*

Caisses are associations of persons owning and controlling an organization intended to meet their financial needs through savings and credit services. As beneficiaries and users of a Caisse, its members participate in the development of their organization according to the following basic rules:

- (i) a person becomes a member of a Caisse by acquiring at least one \$5.00 share; if the member wishes to withdraw from the Caisse, his shares are redeemed provided he has fulfilled his obligations to the Caisse; the maximum number of shares which one member may hold is determined at the general meeting of each Caisse;
- (ii) a member is entitled to one vote only, regardless of the number of shares he holds; voting by proxy is prohibited;
- (iii) under the Credit Unions Act, each Caisse must establish and maintain a general reserve fund (undistributed surplus) from its annual operating surpluses (excess of revenues over expenses or profits); no portion of this reserve fund may be distributed among members;
- (iv) the balance of annual operating surpluses, if any, is used to pay interest on shares and to pay rebates to borrowers and depositors in proportion to their transactions with their Caisse; a portion of the annual operating surpluses may also be assigned to a community-oriented fund; and
- (v) shares are remunerated in the form of interest, at rates varying with the size of annual operating surpluses and prevailing interest rates.

### *Organization*

Caisse members take part in policy-making at the annual general meeting, at which directors are elected to conduct the Caisse's business. These directors receive no remuneration as such and may hold office for three years on the Board of Directors, the Credit Committee or the Supervisory Board of the Caisse. The Board of Directors oversees the operations of the Caisse. The Credit Committee studies loan applications and accepts or rejects them; it may delegate some of its powers to the Caisse manager, who is responsible for the day-to-day operations, or to any other person appointed by the Board of Directors. The Supervisory Board periodically reviews the performance of the Caisse's management and the work of the Board of Directors and the Credit Committee; it ensures full compliance with laws and regulations in force and decisions made at the general meeting.

### *Depositor Protection*

Caisse members' deposits are protected through a variety of internal and external mechanisms, including:

- (i) *General reserve*: under the Credit Unions Act, each Caisse must maintain a general reserve fund amounting to at least 3.5% of its deposit liabilities; this reserve may not be distributed among its members;
- (ii) *Deposit insurance*: all Caisses are registered with the Régie de l'assurance-dépôts du Québec; this registration guarantees that every Caisse depositor will be paid his deposit to a maximum of \$20,000 per depositor for each Caisse;
- (iii) *Security fund*: members' deposits are protected through an internal security fund; La Corporation de fonds de sécurité de la Confédération Desjardins protects both depositors and the Caisses; the corporation's funds come from an annual contribution made by the Caisses;



- (iv) *Inspection of Caisses*: under the Credit Unions Act, La Confédération des caisses populaires et d'économie Desjardins du Québec is responsible for the annual inspection of each Caisse; inspectors, with all the necessary powers granted to them under the Credit Unions Act, conduct a detailed inspection of each Caisse to ensure that it is administered soundly and in the best interest of its members; and
- (v) *Liquidity*: all Caisses must adhere to the liquidity standard recommended by La Confédération des caisses populaires et d'économie Desjardins du Québec and adopted by the eleven federations; for 1982, each Caisse is required to maintain the following percentages of its members' deposits in liquid assets on deposit with its federation: 25% of savings with chequing privileges, 10% of savings without chequing privileges and 7% of term deposits; the average percentage may never be less than 10% of the total of savings deposits and capital stock; the federation invests these funds in liquid assets for its member Caisses; a Caisse may temporarily borrow from its federation to meet its liquidity requirements; in aggregate, these loans represent 0.5% of members' deposits as at December 31, 1982.

### **The Federations**

To secure services they could not afford individually, the Caisses began to combine forces on a regional basis in 1920 to promote and protect their common interests. Federations were gradually formed in ten Quebec regions. An eleventh federation, the Fédération des caisses d'économie Desjardins du Québec, joined the Desjardins Group in 1979. In addition, the 69 caisses d'économie of the Québec Credit Union League joined the latter federation in February 1981. On March 1, 1982, the Fédération des caisses populaires Desjardins de Montréal et de l'Ouest-du-Québec amalgamated the Fédération de Montréal des caisses Desjardins, the latter of which was not part of the Desjardins Group. The resulting federation is part of the Desjardins Group. On June 1, 1982, 9 caisses d'entraide économique, corporations which were governed by an Act respecting the caisses d'entraide économique (Quebec) were transformed into caisses Desjardins de financement and became affiliated to the federation of their respective region.

The federations are governed by the Credit Unions Act and operate according to the same principles as the Caisses. At a federation's general meeting, delegates from affiliated Caisses elect from among themselves a Board of Directors, a Supervisory Board and a Credit Committee. The Board of Directors may form an Executive Committee.

The federations promote the development and efficient operation of their affiliated Caisses by supplying technical and financial services. Technical services are designed to assist the Caisses in organizational development, marketing, communications and personnel development.

Financial services include clearing of payment items, management of liquid assets, supply of currency, and provision of short or medium term loans. The federations also issue regulatory authorizations for major loans and recommend savings and loan interest rates to their Caisses.

The federations also offer their Caisses a term deposit service. The proceeds of this service are made available to affiliated Caisses in need of additional funds to meet their members' credit requirements.

In return for the services of the federations to which they are affiliated, the Caisses make an annual contribution based on their respective members' deposits.

Part of this contribution pays for the services provided by La Confédération des caisses populaires et d'économie Desjardins du Québec. Another part goes to the security fund, La Corporation de fonds de sécurité de la Confédération Desjardins. Under the Credit Unions Act, each federation must establish and maintain a general reserve fund amounting to at least 1% of their members' deposits with the federation.

### **La Confédération des caisses populaires et d'économie Desjardins du Québec**

In 1932, the then existing federations felt the need to combine forces to better coordinate their operations and increase effectiveness. They founded the Fédération de Québec des caisses populaires Desjardins, which in 1979 became La Confédération des caisses populaires et d'économie Desjardins du Québec (the "Confederation").



The Confederation is governed by the Credit Unions Act and the Incorporating Act. The Confederation is administered by a Board of Directors elected at its general meeting composed of officers of the federations and certain other institutions, members of the Confederation. The Board of Directors is empowered to form an Executive Committee which acts under its supervision.

The Confederation defines, interprets, and disseminates the cooperative philosophy; sets the common objectives of the Desjardins Group; orients, supports, coordinates and monitors its members' activities; contributes its ideas to any legislation bearing on the interests of the Desjardins Group; acts as its spokesman; and offers various services in its areas of responsibility, including research, standardization and data processing.

### *Data Processing*

The Confederation plays a key role in data systems development within the Desjardins Group. In 1970, it introduced centralized data processing and equipped the Caisses with an integrated accounting system. The Caisses' integrated system brings together in a single data base all data required for the production of management reports. Through centralized data processing this file is immediately updated when a Caisse member makes a transaction.

The services provided to Caisse members include integrated statements, automatic fund transfers and direct deposits and withdrawals. This integrated system also permits the Caisses to offer the "Inter-caisses" service to their members which enables them to conduct transactions with their Caisse from any other Caisse in the network.

Many savings and credit cooperatives in Ontario and New Brunswick are also online with the Desjardins Group's centralized data processing system on a contractual basis. A wholly-owned subsidiary of the Confederation, the Corporation Desjardins de traitement informatique, was established on July 30, 1981 to consolidate the data processing operations of the Desjardins Group.

### *Relations with other Cooperative Organizations*

In facilitating the growth of cooperative entities of all kinds, the Desjardins Group participates both directly and indirectly in developing agricultural, consumer, housing, fishing and forestry cooperatives, among others. On December 31, 1982, the Caisses, federations and Caisse centrale had granted \$202.3 million in loans to cooperatives other than savings and credit unions.

Through the Confederation and Caisse centrale, the Desjardins Group also maintains relationships with several cooperative organizations in Canada and abroad.

### **Affiliated Corporations**

Over the years, for the purposes of extending and improving the services which the Caisses offer to their members and to the general public, the Desjardins Group has established or acquired a number of financial institutions and corporations in the general insurance sector (Le Groupe Desjardins, Assurances générales), in life insurance (Desjardins Mutual Life Assurance Company and The Safeguard Life Assurance Company), in trust services (Quebec Trust), in investment (Société d'investissement Desjardins) and in the financing of business enterprises (Crédit Industriel Desjardins Inc.). In the consumer credit sector, the Confederation acquired on June 15, 1981 from a Canadian bank its VISA credit card operations. Management of these VISA operations has been entrusted to the Confederation's wholly-owned subsidiary, Centre Desjardins de traitement de cartes Inc.

### **Financial Information**

The financial information tables below have been taken from the annual reports of the Confederation and combine the accounts of the Caisses and the federations and also those of Caisse centrale. As such



information is derived from unaudited financial statements, it is to be considered as statistical data only. As Caisses, federations and Caisse centrale all carry on business in the savings and credit sector, it is not appropriate to segment the following data. See "Unaudited Nature of Financial Statements Relating to the Desjardins Group".

### *Nature and Distribution of Savings Deposits*

The table below provides an overview of the nature and distribution of savings deposits in the Caisses, the federations and, since 1980, Caisse centrale, on a combined basis (unaudited), at the end of each of the last five years. (Totals may not add due to rounding).

	Year ended December 31									
	1978		1979		1980		1981		1982	
	(in millions of dollars)									
Savings with chequing .	\$2,759	36.4%	\$2,777	30.9%	\$ 2,830	27.5%	\$ 2,634	22.0%	\$ 3,025	21.2%
Savings without chequing .....	1,614	21.3	2,429	27.0	3,111	30.3	3,518	29.5	4,524	31.6
Term deposits .....	3,205	42.3	3,780	42.1	4,332	42.2	5,788	48.5	6,756	47.2
<b>Total .....</b>	<b>\$7,578</b>	<b>100.0%</b>	<b>\$8,986</b>	<b>100.0%</b>	<b>\$10,273</b>	<b>100.0%</b>	<b>\$11,940</b>	<b>100.0%</b>	<b>\$14,306</b>	<b>100.0%</b>

### *Loans and Loan Loss Experience*

The table below shows, on a combined basis (unaudited), loan and loan loss experience over the last five years in the Caisses, the federations and, since 1980, Caisse centrale.

	Year ended December 31									
	1978		1979		1980		1981		1982	
	(in millions of dollars)									
Individuals										
Personal loans .....	\$1,439	24.0%	\$1,826	24.3%	\$2,016	23.5%	\$2,170	23.1%	\$ 2,225	20.6%
Housing loans .....	3,870	64.7	4,671	62.0	5,184	60.5	5,446	57.9	5,979	55.5
	5,309	88.7	6,497	86.3	7,200	84.0	7,616	81.0	8,204	76.1
Businesses										
Agriculture and fishing	161	2.7	304	4.0	448	5.2	620	6.6	720	6.7
Commercial and industrial companies and cooperatives .....	455	7.6	658	8.7	845	9.9	1,078	11.5	1,565	14.5
	616	10.3	962	12.7	1,293	15.1	1,698	18.1	2,285	21.2
Governmental and paragonmental entities .....										
	85	1.4	104	1.4	118	1.4	163	1.7	441	4.1
Provision for loan losses	(25)	(0.4)	(33)	(0.4)	(42)	(0.5)	(72)	(0.8)	(150)	(1.4)
Total .....	\$5,985	100.0%	\$7,530	100.0%	\$8,569	100.0%	\$9,405	100.0%	\$10,780	100.0%
Loan losses .....	\$ 12	0.21%	\$ 16	0.24%	\$ 21	0.26%	\$ 31	0.34%	\$ 77	0.71%

Most personal loans are extended for terms of less than three years and at a fixed interest rate. Housing loans are granted primarily for the purchase of dwellings. Generally, the interest rate on the housing loans is renegotiable on an annual basis.

## Investment Portfolio

The following table shows, on a combined basis (unaudited), the distribution of the investment portfolio of the Caisses, the federations and, since 1980, of Caisse centrale. This portfolio is held largely by the federations.

	Year ended December 31									
	1978		1979		1980		1981		1982	
	(in millions of dollars)									
Treasury bills, notes and term deposits .....	\$ 552	27.0%	\$ 379	19.2%	\$ 660	31.9%	\$1,492	52.9%	\$2,715	69.5%
Government of Canada bonds .....	272	13.3	399	20.2	427	20.6	476	16.9	407	10.4
Government of Quebec and Hydro-Québec bonds .....	455	22.2	481	24.4	411	19.8	379	13.4	314	8.0
Municipal bonds .....	366	17.9	347	17.6	255	12.3	186	6.6	161	4.1
Bonds of school commissions, colleges, hospitals, parishes .....	242	11.8	220	11.2	180	8.7	125	4.4	112	2.9
Desjardins Group .....	82	4.0	89	4.5	99	4.8	124	4.4	133	3.4
Other securities .....	79	3.8	57	2.9	40	1.9	40	1.4	66	1.7
Total .....	\$2,048	100.0%	\$1,972	100.0%	\$2,072	100.0%	\$2,822	100.0%	\$3,909	100.0%

Treasury bills, notes and term deposits are valued at cost by the federations and at amortized cost by Caisse centrale. Bonds are valued at cost or amortized cost by Caisses depending on the method followed by each particular Caisse; they are valued at amortized cost or at the lower of cost and market value by the federations, depending on whether they are used for investment or trading purposes; they are valued at amortized cost by Caisse centrale. Other securities are valued at cost in all cases.

## Members' Equity

The following table sets out the composition of members' equity in the Caisses, the federations and, since 1980, Caisse centrale, on a combined basis (unaudited), at the end of each of the last five years.

	Year ended December 31									
	1978		1979		1980		1981		1982	
	(in millions of dollars)									
Capital stock .....	\$ 660	65.7%	\$ 544	59.6%	\$ 485	54.0%	\$ 343	44.4%	\$ 331	38.4%
Undistributed surplus ..	86	8.5	69	7.6	88	9.8	68	8.8	126	14.6
Reserves .....	259	25.8	299	32.8	325	36.2	362	46.8	404	47.0
Total .....	\$1,005	100.0%	\$ 912	100.0%	\$ 898	100.0%	\$ 773	100.0%	\$ 861	100.0%
Members' equity in % of deposits .....	13.3%		10.1%		8.7%		6.5%		6.0%	

Amendments to the Credit Unions Act in 1978 have led some Caisse members to reduce their holdings in share capital. The amendments had the effect of subordinating remuneration of share capital to the payment of interest on deposits and to the constitution of the general reserve fund to which reference is made under the heading "Depositor Protection".



## **PLAN OF DISTRIBUTION**

The Notes and Certificates of Deposit are offered, subject to confirmation by Caisse centrale, by a selling group composed of members of the Investment Dealers Association of Canada acting as agents for Caisse centrale. The manager of the selling group is Merrill Lynch, Royal Securities Limited and the co-manager is Wood Gundy Limited. The investment dealer through whom any Note or Certificate of Deposit is sold receives a commission from Caisse centrale at rates fixed from time to time by mutual agreement. Such commission does not exceed  $\frac{1}{2}$  of 1%. Caisse centrale may also sell Notes and Certificates of Deposit to members of the Investment Dealers Association of Canada as principals for resale to the public on such terms and conditions as may from time to time be agreed upon.

## **INTEREST OF MEMBER FEDERATIONS**

Loans granted to federations by Caisse centrale amounted to \$14,120,000 as at December 31, 1982. These loans are fully secured by the pledge of securities and have been granted at market rates.

## **USE OF PROCEEDS**

The net proceeds to Caisse centrale from the sale of the Notes and the Certificates of Deposit offered by this prospectus will be equal to the issue price fixed from time to time less commission paid. Such net proceeds cannot be precisely estimated since the aggregate principal amount of Notes and Certificates of Deposit to be issued is not known. These net proceeds will be used by Caisse centrale to carry out its functions as financial agent of the Desjardins Group, namely in its lending operations to its members, large and medium size business corporations and governmental and paragonovernmental entities.

## **MATERIAL CONTRACTS**

No material contract has been entered into by Caisse centrale during the two years preceding the date hereof, with the exception of contracts entered into the normal course of its business.

## **AUDITORS**

The accounts of Caisse centrale up to December 31, 1982 have been audited by Messrs. Raymond, Chabot, Martin, Paré & Associés, Montreal. At the General Annual meeting on March 21, 1983, Messrs. Raymond, Chabot, Martin, Paré & Associés and Messrs. Charette, Fortier, Hawey/Touche Ross, Montreal, were appointed as auditors of Caisse centrale for 1983.

## **ISSUING AND PAYING AGENTS, REGISTRAR AND TRANSFER AGENTS**

The issuing and paying agents and the transfer agents for the Notes and the Certificates of Deposit are Quebec Trust at its main branch in Montreal and Quebec City, and a Canadian bank at its main branch in the cities of Vancouver, Calgary, Edmonton, Winnipeg, Toronto and Halifax. The registrar for the Certificates of Deposit is Quebec Trust. Quebec Trust is also the custodian of Caisse centrale's securities portfolio.

## **AUDITORS' REPORT**

To the members of  
La Caisse centrale Desjardins du Québec

We have examined the statement of assets and liabilities of La Caisse centrale Desjardins du Québec as at December 31, 1982 and December 31, 1981 and the statements of income, retained earnings and general reserve and changes in financial position for the year ended December 31, 1982 and the two and a half month period ended December 31, 1981. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of La Caisse centrale Desjardins du Québec as at December 31, 1982 and December 31, 1981 and the results of its operations and the changes in its financial position for the year ended December 31, 1982 and the two and a half month period ended December 31, 1981 in accordance with generally accepted accounting principles applied on a consistent basis.

(Signed) RAYMOND, CHABOT, MARTIN, PARÉ & ASSOCIÉS  
Chartered Accountants

Montreal, January 24, 1983



# LA CAISSE CENTRALE DESJARDINS DU QUÉBEC

## Statement of Assets and Liabilities as at December 31

<b>Assets</b>		
	1981	1982
Cash Resources		
Demand deposit (Note 3) .....	\$ 80,051,534	\$ 6,783,138
Subscriptions Receivable .....	93,150,000	—
Securities (Note 4)		
Issued or guaranteed by Canada .....	11,397,861	136,023,470
Issued or guaranteed by provinces .....	68,913,833	72,537,654
Other securities .....	433,935,943	621,697,474
	<u>514,247,637</u>	<u>830,258,598</u>
Loans (Note 5)		
Day, call and short loans to investment dealers, brokers and members, secured .....	20,958,000	—
Other loans .....	112,212,606	218,955,049
	<u>133,170,606</u>	<u>218,955,049</u>
Fixed Assets, at amortized cost .....	369,522	401,711
Other Assets (Note 6) .....	8,413,214	18,433,109
	<u>\$ 829,402,513</u>	<u>\$1,074,831,605</u>
<b>Liabilities</b>		
Deposits (Note 7)		
Payable on demand .....	\$ 80,051,534	\$ 6,783,138
Payable on a fixed date .....	320,959,940	627,838,463
	<u>401,011,474</u>	<u>634,621,601</u>
Other Liabilities (Note 8) .....	18,821,010	29,837,234
	<u>419,832,484</u>	<u>664,458,835</u>
<b>Members' Equity</b>		
Capital Stock (Note 9)		
Issued and fully paid:		
409,400 shares (316,200 as at December 31, 1981) of which 93,200 were issued during the year .....	316,200,00	409,400,000
Subscribed:		
93,150 shares .....	93,150,000	—
	<u>409,350,000</u>	<u>409,400,000</u>
General Reserve .....	—	972,770
Retained Earnings (Note 10) .....	220,029	—
	<u>409,570,029</u>	<u>410,372,770</u>
	<u>\$ 829,402,513</u>	<u>\$1,074,831,605</u>

*The accompanying notes form an integral part of these financial statements.*

On behalf of the Board,

(Signed) RAYMOND BLAIS, Director

(Signed) GUY BERNIER, Director

# LA CAISSE CENTRALE DESJARDINS DU QUÉBEC

## Statement of Income period ended December 31

	1981 (2½ months)	1982 (12 months)
Interest Income		
Loans . . . . .	\$ 2,873,300	\$ 29,117,085
Securities . . . . .	20,699,540	110,392,760
Other income . . . . .	500,002	1,754,760
Total interest income . . . . .	24,072,842	141,264,605
Interest Expense . . . . .	11,207,844	77,038,069
Net Interest Income . . . . .	12,864,998	64,226,536
Non-Interest Expenses		
Salaries . . . . .	208,986	1,573,695
Pension contributions and other staff benefits . . . . .	36,940	207,504
Premises, including depreciation and amortization of preliminary expenses . . . . .	129,653	628,299
Other expenses . . . . .	219,911	1,220,080
Total non-interest expenses . . . . .	595,490	3,629,578
Income Before Remuneration of Capital Stock . . . . .	12,269,508	60,596,958
Remuneration of capital stock (Note 11) . . . . .	11,984,479	59,669,217
Income Before Provision for Deferred Income Taxes . . . . .	285,029	927,741
Provision for deferred income taxes . . . . .	65,000	175,000
Net Income . . . . .	\$ 220,029	\$ 752,741

## Statement of Retained Earnings and General Reserve period ended December 31

	1981 (2½ months)	1982 (12 months)
Retained Earnings		
Balance, beginning of year . . . . .	\$ —	\$ 220,029
Net income . . . . .	220,029	752,741
Transfer to general reserve . . . . .	—	972,770
Balance, end of year . . . . .	\$ 220,029	\$ —
General Reserve		
Balance, beginning of year . . . . .	\$ —	\$ —
Transfer from retained earnings . . . . .	—	972,770
Balance, end of year . . . . .	\$ —	\$ 972,770

*The accompanying notes form an integral part of these financial statements.*



# LA CAISSE CENTRALE DESJARDINS DU QUÉBEC

## Statement of Changes in Financial Position period ended December 31

	1981 (2½ months)	1982 (12 months)
Source of Cash Resources		
Net income .....	\$ 220,029	\$ 752,741
Items not affecting funds:		
Depreciation of fixed assets .....	41,067	50,977
Amortization of preliminary expenses .....	71,366	345,993
Deferred income taxes .....	65,000	175,000
Funds provided from operations .....	397,462	1,324,711
Increase in deposits .....	397,411,474	233,610,127
Increase in other liabilities .....	17,329,643	10,841,224
Proceeds from subscriptions receivable .....	291,050,000	93,150,000
Issue of capital stock .....	150,000	50,000
	<u>706,338,579</u>	<u>338,976,062</u>
Application of Cash Resources		
Increase in securities .....	485,346,260	316,010,961
Increase in loans .....	133,170,606	85,784,443
Purchase of fixed assets .....	102,999	83,166
Increase in other assets .....	7,828,004	10,365,888
	<u>626,447,869</u>	<u>412,244,458</u>
Increase (decrease) in cash resources .....	79,890,710	(73,268,396)
Cash resources, beginning of year .....	<u>160,824</u>	<u>80,051,534</u>
Cash resources, end of year (Note 3) .....	<u>\$ 80,051,534</u>	<u>\$ 6,783,138</u>

*The accompanying notes form an integral part of these financial statements.*

# LA CAISSE CENTRALE DESJARDINS DU QUÉBEC

## Notes to the Financial Statements

Year ended December 31, 1982

### 1 – Incorporating Act

La Caisse centrale Desjardins du Québec was established on June 22, 1979, by an Act of the Quebec Legislature [an Act to amend the Act respecting La Confédération des caisses populaires et d'économie Desjardins du Québec (S.Q. 1971 c. 80 – S.Q. 1979 c. 46 and amendments)]. La Caisse centrale Desjardins du Québec is a cooperative institution that is also governed by the Savings and Credit Unions Act of Quebec. Operations began on October 14, 1981.

### 2 – Accounting Policies

#### (a) Securities:

Securities other than those of a foreign issuer are shown at amortized cost. Premiums and discounts are amortized over the terms of the related securities on a straight-line basis. Any permanent impairment in the value of securities is charged to income. Profits and losses on the disposal of securities are included in income when incurred.

Amortization of premiums and discounts, profits or losses incurred on the disposal of securities and adjustments in the value of securities are included in interest income from securities in the statement of income.

Investments in securities of foreign issuers are shown at cost.

#### (b) Loans:

Loans are recorded at principal amount less unamortized discount and, when applicable, specific provisions for losses. Accrued interest on loans is included in other assets in the statement of assets and liabilities.

Based on an evaluation of all outstanding loans, and considering that no interest is overdue, no provision for losses has been charged to the statement of income. Interest income is recorded on the accrual basis.

#### (c) Fixed Assets:

Fixed assets are recorded at historical cost and depreciated over the estimated useful life at the following annual rates and under the following methods:

	Depreciation Methods	Rates
Office furniture and equipment .....	Diminishing balance	20%
Computer equipment .....	Diminishing balance	30%
Leasehold improvements .....	Straight-line	4%

#### (d) Preliminary Expenses:

Preliminary expenses represent operation expenses in the amount of \$1,729,963 incurred during the establishment period of La Caisse centrale Desjardins du Québec. They are amortized on a straight-line basis over a five (5) year period as of October 14, 1981.

#### (e) Integrated Computer System Development Expenses:

The integrated computer system development expenses, amounting to \$2,288,215 (1981 – \$785,744), will be amortized on a straight-line basis over a ten (10) year period from the beginning of the various systems' operations.

#### (f) Foreign Currency Translation:

Long-term assets acquired in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at the time of the transaction. Other amounts included in the statement of assets and liabilities are translated into Canadian dollars at the rate prevailing at year-end. Revenue and expenses in foreign currencies are translated using average exchange rates for the year.

Foreign exchange positions are hedged as much as practicable by forward exchange contracts. Realized or unrealized profits and losses on these exchange positions are included in other income in the statement of income.

#### (g) Income Taxes:

La Caisse centrale Desjardins du Québec provides for income taxes using the tax allocation method. Deferred income taxes arise from claiming preliminary expenses and integrated computer system development expenses for tax purposes whereas they are or will be amortized for book purposes over periods of five (5) and ten (10) years, respectively.

### 3 – Demand Deposit

This deposit represents the clearing account of the members for which La Caisse centrale Desjardins du Québec acts only as an intermediary and did not receive any compensation in 1981 and 1982.



**4 – Securities**

	1981		1982	
	Book Value	Market Value	Book Value	Market Value
Canada treasury bills maturing within one year .....	\$ 11,397,861	\$ 11,417,800	\$ 77,837,041	\$ 78,563,260
Other Canada securities maturing within three years .....	—	—	58,186,429	59,486,182
Securities issued or guaranteed by Canadian provinces .....	68,913,833	68,964,756	72,537,654	72,724,219
Securities of Canadian non-government issuers .....	432,898,653	435,373,464	620,660,184	624,238,216
Securities of a foreign issuer (Note 15) .....	1,037,290	1,037,290	1,037,290	1,037,290
Total .....	<u>\$514,247,637</u>	<u>\$516,793,310</u>	<u>\$830,258,598</u>	<u>\$836,049,167</u>

**5 – Loans**

	1981	1982
Members .....	\$ 49,208,000	\$ 14,120,000
Other related corporations .....	11,400,000	27,223,878
Banks .....	—	234,460
Public institutions .....	9,395,483	15,900,890
Parapublic institutions .....	17,585,174	42,592,170
Private institutions .....	45,581,949	118,883,651
	<u>\$133,170,606</u>	<u>\$218,955,049</u>

**6 – Other Assets**

	1981	1982
Preliminary expenses, at amortized cost .....	\$ 1,641,310	\$ 1,312,604
Integrated computer system development expenses, at cost .....	785,744	2,288,215
Accrued interest .....	5,587,260	14,574,541
Other .....	398,900	257,749
	<u>\$ 8,413,214</u>	<u>\$ 18,433,109</u>

**7 – Deposits**

	1981	1982
Deposits by Canada .....	\$ —	\$131,035,000
Deposits by provinces .....	—	2,401,371
Deposits by other parapublic institutions .....	—	22,718,616
Deposits by banks .....	94,170,011	41,197,085
Deposits by members for clearing .....	80,051,534	6,783,138
Deposits by members, other .....	180,224,000	250,681,013
Deposits by other related corporations .....	4,015,929	14,348,037
Other .....	42,550,000	165,457,341
	<u>\$401,011,474</u>	<u>\$634,621,601</u>

**8 – Other Liabilities**

	1981	1982
Accrued interest .....	\$ 17,695,652	\$ 26,559,560
Accounts payable .....	1,060,358	3,037,674
Deferred income taxes .....	65,000	240,000
	<u>\$ 18,821,010</u>	<u>\$ 29,837,234</u>

**9 – Capital Stock**

The capital stock of La Caisse centrale Desjardins du Québec is composed of the shares subscribed for by its members. The value of each share is \$1,000 and no share can be issued without having been fully paid for.

La Caisse centrale Desjardins du Québec can redeem the shares held by a member applying therefor. This redemption has to be at the par value but must not leave La Caisse centrale Desjardins du Québec with insufficient capital stock to meet its requirements. La Caisse centrale Desjardins du Québec cannot redeem more than 10% of its capital stock during the same financial year. No redemption can be made if it would result in reducing the capital stock to less than \$25,000,000.

## 10 – Retained Earnings

The directors of La Caisse centrale Desjardins du Québec have approved the transfer of the full amount of retained earnings to a general reserve as a provision for contingencies.

## 11 – Remuneration of Capital Stock

The act incorporating La Caisse centrale Desjardins du Québec stipulates that the Board of Directors can declare interest on the capital stock; it then fixes the date of payment. It cannot declare or pay interest on capital stock if this would render La Caisse centrale Desjardins du Québec insolvent or decrease the paid-up capital stock.

## 12 – Letter of Guarantee

La Caisse centrale Desjardins du Québec guarantees the payment of the debts of a client. The amount of the letter of guarantee issued is not shown in the statement of assets and liabilities. At December 31, 1982, this guarantee amounts to \$3,225,000 (1981 – \$3,225,000).

## 13 – Other Transactions with Members and Other Corporations Related to the Desjardins Group

	1981	1982
Other assets .....	\$ 1,697,448	\$ 956,846
Other liabilities .....	16,251,291	25,650,170
Interest income .....	1,865,000	8,357,206
Interest expense .....	6,728,000	40,890,470
Remuneration of capital stock .....	11,984,479	59,669,217
Management fees .....	500,002	1,200,000
Letter of guarantee .....	3,225,000	3,225,000

These transactions represent the transactions not shown separately in the financial statements.

Transactions with members and other corporations related to the Desjardins Group are concluded on terms similar to those with unrelated parties.

Loans to members are fully guaranteed by securities.

## 14 – Long-Term Leases

La Caisse centrale Desjardins du Québec is committed under long-term leases expiring on April 30, 2005 to pay total basic rent of \$2,255,011 for office space. These leases will become renegotiable on October 15, 1986. The annual rental payments for the next five years are as follows:

1983 – \$96,783; 1984 – \$110,321; 1985 – \$122,168; 1986 – \$107,952; 1987 – \$99,152.

## 15 – Contingency

In 1981, La Caisse centrale Desjardins du Québec acquired 1.5% of the capital stock of a foreign bank. At the time of this acquisition, La Caisse centrale Desjardins du Québec agreed by way of a support letter to assume, in proportion to its equity, certain obligations in conformance with the Bank of England's requirements for foreign-owned banks in Great Britain.

## 16 – Segmented Information

La Caisse centrale Desjardins du Québec has a dominant industry segment consisting of deriving income from interest on loans and securities and other related activities in Canada.

## 17 – Comparative Figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.



# CAISSES, FEDERATIONS AND CAISSE CENTRALE OF THE DESJARDINS GROUP

## Unaudited combined position of assets and liabilities

Refer to "Unaudited Nature of Financial Statements Relating to the Desjardins Group" on page 30.

	as at December 31, 1981				as at December 31, 1982**			
	Caisses	federations	Caisse centrale*	combined	Caisses	federations	Caisse centrale	combined
	(in thousands of dollars)							
<b>Assets</b>								
<b>Cash:</b>								
Currency and notes on hand .....	\$ 303,456	\$ 17,768	\$ —	\$ 321,224	\$ 347,923	\$ 12,115	\$ —	\$ 360,038
Deposits in chartered banks .....	5,552	(27,124)	80,052	58,479	4,526	5,886	6,783	17,195
Deposits in Caisses and federations ...	2,139,151	123,066	—	—	2,234,437	5,876	—	—
Items in transit ....	—	—	—	133,382	—	—	—	82,034
	<u>2,448,159</u>	<u>113,710</u>	<u>80,052</u>	<u>513,085</u>	<u>2,586,886</u>	<u>23,877</u>	<u>6,783</u>	<u>459,267</u>
<b>Securities portfolio:</b>								
Liquid securities ...	1,024,862	2,001,056	512,314	2,347,150	1,854,084	2,773,416	825,250	3,436,516
Investments .....	31,387	279,111	897	311,395	42,987	228,224	1,698	272,909
Other securities ....	70,876	561,293	1,037	163,996	64,633	596,087	3,311	199,208
	<u>1,127,125</u>	<u>2,841,460</u>	<u>514,248</u>	<u>2,822,541</u>	<u>1,961,704</u>	<u>3,597,727</u>	<u>830,259</u>	<u>3,908,633</u>
<b>Loans portfolio:</b>								
Unsecured personal loans .....	3,061,841	334,398	133,171	3,258,482	3,595,481	383,358	218,955	3,898,325
Mortgage loans ....	6,079,392	74,047	—	6,146,991	6,807,096	84,690	—	6,881,661
	<u>9,141,233</u>	<u>408,445</u>	<u>133,171</u>	<u>9,405,473</u>	<u>10,402,577</u>	<u>468,048</u>	<u>218,955</u>	<u>10,779,986</u>
Fixed assets .....	233,168	24,448	369	257,985	270,629	29,062	402	300,093
Other assets .....	188,815	107,854	101,563	265,216	244,693	121,458	18,433	323,891
	<u>\$13,138,500</u>	<u>\$3,495,917</u>	<u>\$829,403</u>	<u>\$13,264,300</u>	<u>\$15,466,489</u>	<u>\$4,240,172</u>	<u>\$1,074,832</u>	<u>\$15,771,870</u>
<b>Liabilities</b>								
<b>Deposits:</b>								
Deposits from Caisses and federations ....	\$ —	\$2,019,531	\$249,696	\$ —	\$ —	\$1,975,576	\$ 6,783	\$ —
Savings accounts with chequing .....	2,513,810	130,947	—	2,633,802	2,894,934	130,364	—	3,025,298
Non-chequing savings accounts .....	3,517,929	—	—	3,517,929	4,524,396	—	—	4,524,396
Term deposits .....	5,648,983	1,029,079	151,316	5,788,769	6,400,108	1,938,578	627,839	6,756,035
	<u>11,680,722</u>	<u>3,179,557</u>	<u>401,012</u>	<u>11,940,500</u>	<u>13,819,438</u>	<u>4,044,518</u>	<u>634,622</u>	<u>14,305,729</u>
Borrowings .....	268,975	61,670	—	59,532	322,859	26,464	—	55,882
Other liabilities ....	479,875	131,003	18,821	491,141	527,448	52,233	29,837	549,384
	<u>12,429,572</u>	<u>3,372,230</u>	<u>419,833</u>	<u>12,491,173</u>	<u>14,669,745</u>	<u>4,123,215</u>	<u>664,459</u>	<u>14,910,995</u>
<b>Equity</b>								
Capital stock .....	343,213	59,903	409,350	343,408	331,036	54,043	409,400	331,280
Undistributed surplus	42,782	25,215	220	68,217	107,818	17,300	973	126,091
Reserves .....	322,933	38,569	—	361,502	357,890	45,614	—	403,504
	<u>708,928</u>	<u>123,687</u>	<u>409,570</u>	<u>773,127</u>	<u>796,734</u>	<u>116,957</u>	<u>410,373</u>	<u>860,875</u>
	<u>\$13,138,500</u>	<u>\$3,495,917</u>	<u>\$829,403</u>	<u>\$13,264,300</u>	<u>\$15,466,489</u>	<u>\$4,240,172</u>	<u>\$1,074,832</u>	<u>\$15,771,870</u>

\*Certain figures for 1981 have been reclassified to conform with the presentation adopted for 1982.

\*\*In 1982, the combined position of assets and liabilities includes the figures of the 32 caisses of the Fédération de Montréal des caisses Desjardins, affiliated to the Desjardins Group since March 1, 1982 and the 9 caisses Desjardins de financement affiliated since June 1, 1982.

## CAISSES, FEDERATIONS AND CAISSE CENTRALE OF THE DESJARDINS GROUP

### Unaudited combined statement of revenue and expenditure

*Refer to "Unaudited Nature of Financial Statements Relating to the Desjardins Group" below.*

	Year ended December 31				
	1978	1979	1980	1981	1982
Revenue	(in thousands of dollars)				
Interest on loans	\$655,780	\$ 840,013	\$1,099,521	\$1,441,246	\$1,800,177
Interest on cash and investments	194,432	227,269	223,379	325,758	466,034
Other revenue	31,885	37,293	47,786	60,849	74,606
	<u>882,097</u>	<u>1,104,575</u>	<u>1,370,686</u>	<u>1,827,853</u>	<u>2,340,817</u>
Expenditure					
Interest on deposits and other indebtedness*	470,532	644,579	836,412	1,224,910	1,522,246
Salaries and employee benefits	166,093	206,691	238,820	282,641	337,938
Other expenditures	168,063	198,956	218,460	269,855	373,085
	<u>804,688</u>	<u>1,050,226</u>	<u>1,293,692</u>	<u>1,777,406</u>	<u>2,233,269</u>
Undistributed surplus before rebates and taxes	<u>\$ 77,409</u>	<u>\$ 54,349</u>	<u>\$ 76,994</u>	<u>\$ 50,447</u>	<u>\$ 107,548</u>

### Unaudited distribution of Caisses' surpluses

*Refer to "Unaudited Nature of Financial Statements Relating to the Desjardins Group" below.*

	1978	1979	1980	1981	1982
					(estimated)
General reserve fund	45%	51%	52%	56%	53%
Rebates	39	31	32	26	36
Taxes	16	18	16	18	11
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Undistributed surpluses shown on the balance sheet differ from those in the statement of revenue and expenditure because the various Caisses and federations end their financial years on different dates, and thus distribute their surpluses at different times of the year. The results of 1982 include those of the 32 caisses of the Federation de Montréal des caisses Desjardins, affiliated to the Desjardins Group since March 1, 1982 and of the 9 caisses Desjardins de financement affiliated since June 1, 1982. Excluding those figures for 1982, undistributed surplus amounts to \$105,938,000.

\* The following amounts were paid as interest on share capital (in thousands of dollars): 1978 – \$48,274; 1979 – \$47,929; 1980 – \$41,807; 1981 – \$39,189; 1982 – \$29,601.

### Unaudited Nature of Financial Statements Relating to the Desjardins Group

The combined position of assets and liabilities of Caisses, federations and Caisse centrale of the Desjardins Group, the combined statement of revenue and expenditure of Caisses, federations and Caisse centrale of the Desjardins Group and the distribution of the Caisses' surpluses are unaudited. Although all Caisses, all federations and Caisse centrale cause audited financial statements to be prepared at the end of each financial year, it is not possible to consolidate such audited financial statements because their year-ends are not simultaneous. Year-ends are staggered in order to spread the audit work required for the Caisses, the federations and Caisse centrale over twelve months. These statements should therefore be considered only as statistical data. As Caisses, federations and Caisse centrale all carry on business in the savings and credit sector, it is not indicated to segment their combined statements.

#### Summary of significant accounting policies

##### *Combined financial statements*

The combined financial statements include the data for the Caisses, federations and Caisse centrale.

##### *Securities portfolio*

Treasury bills, notes and term deposits are valued at cost by the Federations and at amortized cost by Caisse centrale. Bonds are valued at cost or amortized cost by Caisses depending on the method followed by each particular Caisse; they are valued at amortized cost or at the lower of cost and market value by the Federations, depending on whether they are used for investment or trading purposes; they are valued at amortized cost by Caisse centrale. Other securities are valued at cost in all cases.

##### *Provision for loan losses*

Provision for loan losses is established by analysis of individual cases.

##### *Fixed assets*

Fixed assets are recorded at historical cost and are depreciated over their estimated useful life under the straight-line depreciation method.



## PURCHASER'S STATUTORY RIGHTS

Sections 71 and 72 of The Securities Act (Saskatchewan) and sections 63 and 64 of The Securities Act (Manitoba) provide, in effect, that where a security is offered in the course of distribution to the public as referred to in such Acts:

- (a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by the purchaser or his agent; and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Sections 60 and 61 of the Securities Act (British Columbia) provide, in effect, that where a security is offered in the course of primary distribution to the public, a purchaser has the same right of rescission described in the immediately preceeding subparagraph b) above and also that a purchaser has the right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus together with financial statements and reports and summaries of reports relating to the security, as filed with the Superintendent of Brokers for British Columbia, was not delivered to him or his agent prior to delivery of the written confirmation of the sale of the security to either of them. Written notice of intention to commence an action for rescission in the latter case must be served on the person who contracted to sell the security within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.

Sections 70, 126 and 135 of the Securities Act (Ontario) and sections 105, 106, 168 and 175 of the Securities Act (Alberta) provide, in effect, that where a security is offered in the course of a distribution:

- (a) a purchaser will not be bound by a contract for the purchase of such security if written and under the Securities Act (Ontario) written or telegraphic notice of his intention not to be bound is received by the dealer from whom the purchaser purchased the security not later than midnight on the second business day after the latest prospectus and any amendment to the prospectus offering such security is received or deemed to be received by the purchaser or his agent under the Securities Act (Ontario) or is received by the purchaser under the Securities Act (Alberta); and
- (b) if a prospectus together with any amendment to the prospectus contains a misrepresentation, a purchaser who purchases a security offered thereby during the period of distribution shall be deemed to have relied on such misrepresentation and, subject to the limitations set forth in the Acts,
  - (1) has a right of action for damages against,
    - (i) the issuer or a selling security holder on whose behalf the distribution is made,
    - (ii) each underwriter required to sign the certificate required by section 58 of the Ontario Act or section 91 of the Alberta Act,
    - (iii) every director of the issuer at the time the prospectus or amendment was filed,
    - (iv) every person or company whose consent has been filed pursuant to a requirement of the regulations under the Act, but only with respect to reports, opinions or statements made by them, and
    - (v) every other person or company who signed the prospectus or the amendment,

but no action to enforce the right can be commenced by a purchaser more than the earlier of 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or, in the case of the Ontario Act three years or, in the case of the Alberta Act one year, after the date of the transaction that gave rise to the cause of action, or

- (2) where the purchaser purchased the security from a person or company referred to in (i) or (ii) above or from another underwriter of the securities, he may elect to exercise a right of rescission against such person, company or underwriter, in which case he shall have no right of action for damages against such person, company or underwriter, but no action to enforce this right can be commenced by a purchaser more than 180 days after the date of the transaction that gave rise to the cause of action.

Reference is made to the aforesaid Acts for the complete texts of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

With respect to purchaser's statutory rights the Securities Act (Quebec) requires the insertion of the following text: "Securities legislation in several of the provinces provide purchasers with the right to withdraw from an agreement to purchase the securities within two business days after receipt of this prospectus and any amendment, as well as remedies for rescission or, in certain provinces, damages where the prospectus contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of his province. The purchaser should refer to any applicable provisions of the securities legislation of his province for the particulars of these rights or consult with a legal advisor."



## **CERTIFICATE OF THE ISSUER**

Dated: April 28, 1983

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 7 of the Securities Act (British Columbia), Part 8 of the Securities Act (Alberta), Part VIII of The Securities Act (Saskatchewan), Part VII of The Securities Act (Manitoba), Part XIV of the Securities Act (Ontario), and section 13 of the Securities Act (New Brunswick) and the respective regulations thereunder. For purposes of the Securities Act (Quebec), this prospectus does not contain any misrepresentation, within the meaning of such act, likely to affect the value or the market price of the securities to be distributed.

(Signed) BRUNO RIVERIN  
Executive Vice President  
and Chief Executive Officer

(Signed) JEAN LAFLAMME  
Vice President, Finance  
and Chief Financial Officer

On behalf of the Board of Directors

(Signed) RAYMOND BLAIS  
Director

(Signed) GUY BERNIER  
Director

## **CERTIFICATE OF THE AGENTS**

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 7 of the Securities Act (British Columbia), Part 8 of the Securities Act (Alberta), Part VIII of The Securities Act (Saskatchewan), Part VII of The Securities Act (Manitoba), Part XIV of the Securities Act (Ontario), section 13 of the Securities Act (New Brunswick) and the respective regulations thereunder. For purposes of the Securities Act (Quebec), to our knowledge, this prospectus does not contain any misrepresentation, within the meaning of such act, likely to affect the value or the market price of the securities to be distributed.

MERRILL LYNCH, ROYAL SECURITIES LIMITED

WOOD GUNDY LIMITED

By: (Signed) YVES JULIEN

By: (Signed) FRANÇOIS GERVAIS

The following includes the name of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of:

MERRILL LYNCH, ROYAL SECURITIES LIMITED: Merrill Lynch & Co. Inc., of which it is a wholly-owned subsidiary.

WOOD GUNDY LIMITED: C.E. Medland, W.D. Bean, J.R. LeMesurier, J.M.G. Scott, I.S. Steers, P.A.T. Campbell and G.E. King.





## AMENDMENT TO THE PROSPECTUS

*The prospectus of La Caisse centrale Desjardins du Québec dated April 28, 1983, as amended hereby, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*

# La Caisse centrale Desjardins du Québec



### Bearer Discount Notes

and

### Short and Medium Term Certificates of Deposit

This amendment to the prospectus dated April 28, 1983 of La Caisse centrale Desjardins du Québec pertains to the guarantee by the Fédération des caisses populaires Desjardins de Québec of the Bearer Discount Notes and the Short and Medium Term Certificates of Deposit to be issued by La Caisse centrale Desjardins du Québec following this amendment until December 31, 1985. It provides a description of related changes to certain sections of the prospectus as well as information regarding the Fédération des caisses populaires Desjardins de Québec.

**This amendment forms an integral part of, and must be read together with the prospectus dated April 28, 1983 of La Caisse centrale Desjardins du Québec.**



Amendment dated August 26, 1983

The prospectus of La Caisse centrale Desjardins du Québec ("Caisse centrale") dated April 28, 1983 and relating to the issue of Bearer Discount Notes and Short and Medium Term Certificates of Deposit (the "Prospectus") is hereby amended as follows:

**1. First page**

- (a) By adding, immediately under the description of the securities offered on the top of the first page, the following words:

**"Unconditionally guaranteed as to principal and interest  
by the Fédération des caisses populaires Desjardins de Québec"**

- (b) By adding the following paragraph, under the words "Rates on application", on the first page of the Prospectus:

**"In the opinion of legal counsel, the Bearer Discount Notes and the Short and Medium Term Certificates of Deposit are eligible for investment under the Canadian and British Insurance Companies Act and certain other statutes as set forth under "Eligibility for Investment"."**

**2. DETAILS OF THE OFFERING (page 12)**

By adding the following paragraphs as the last paragraphs, under the heading "Details of the Offering", on page 13:

**"Guarantee**

The Bearer Discount Notes and the Short and Medium Term Certificates of Deposit are unconditionally guaranteed by the Fédération des caisses populaires Desjardins de Québec (the "Fédération de Québec" or the "Guarantor") as to payment of principal and interest thereon, when and as the same shall become due and payable. Any acceleration of the maturity invoked against Caisse centrale with respect to the Bearer Discount Notes and the Short and Medium Term Certificates of Deposit shall not, however, be asserted under this guarantee against the Guarantor, shall not result in the acceleration of the maturity as to the Guarantor and shall not change in any manner the obligation of the Guarantor under the guarantee.

**Certain Covenants**

By a reimbursement agreement dated June 8, 1983 between Caisse centrale and the Fédération de Québec, Caisse centrale has covenanted not to create any charge or other encumbrance on its assets to secure any debt securities without the prior consent of the Fédération de Québec having been given through an amendment to the reimbursement agreement duly signed by the parties thereto.

Further, under a guarantee agreement dated June 8, 1983 between the Fédération de Québec and Caisse centrale, the guarantee by the Fédération de Québec of the Notes and the Certificates of Deposit issued following this amendment and before January 1, 1986 and of the other debt securities of Caisse centrale guaranteed and issued before January 1, 1986 will be limited to a maximum aggregate principal amount outstanding at any given time of one billion two hundred million Canadian dollars (\$1,200,000,000) or such equivalent amount in other currencies at the time of issue. However, the guarantee agreement provides that any holder of Notes or Certificates of Deposit guaranteed by the Fédération de Québec and offered by the Prospectus will be entitled to rely on the validity and enforceability of the guarantee without being required to inquire as to the aggregate principal amount of Notes, Certificates of Deposit and other debt securities of Caisse centrale then outstanding."



### 3. THE DESJARDINS GROUP (page 15)

By replacing the sentence at the end of the first paragraph with the following:

**“The Notes and the Certificates of Deposit offered hereby are not guaranteed by the Desjardins Group. They are guaranteed by the Fédération des caisses populaires Desjardins de Québec, which is one of the eleven federations of the Desjardins Group.”**

### 4. MATERIAL CONTRACTS (page 21)

By replacing the sentence, under this heading, with the following:

“No material contract has been entered into by Caisse centrale in the preceding two years, with the exception of contracts entered into in the normal course of its business and the following contracts:

- (a) An agreement dated June 8, 1983, to which reference is made under the heading “Details of the Offering”, between Caisse centrale and the Fédération de Québec, whereby the Fédération de Québec has agreed to unconditionally guarantee the repayment as to principal and interest of Notes and Certificates of Deposit to be issued hereunder until December 31, 1985 and of other debt securities that may be issued by Caisse centrale up to that date;
- (b) An agreement dated June 8, 1983, to which reference is made under the heading “Details of the Offering”, between Caisse centrale and the Fédération de Québec, whereby Caisse centrale has undertaken to reimburse the Fédération de Québec all amounts paid by the Fédération de Québec under its guarantee of Notes and Certificates of Deposit to be issued hereunder and of other debt securities issued by Caisse centrale and guaranteed by the Fédération de Québec.

Copies of the agreements referred to above may be inspected at the executive offices of Caisse centrale during regular business hours.”

### 5. ELIGIBILITY FOR INVESTMENT

By adding, after the heading “Issuing and Paying Agents, Registrar and Transfer Agents”, on page 21, the following text and heading:

#### **“ELIGIBILITY FOR INVESTMENT**

In the opinion of legal counsel to Caisse centrale, Messrs. Desjardins, Ducharme, Desjardins & Bourque, and in the opinion of legal counsel to the agents, Messrs. Doheny Mackenzie, the Bearer Discount Notes and the Short and Medium Term Certificates of Deposit offered by this Prospectus will, as at the date hereof, be eligible investments for:

- (i) insurance companies regulated under the Canadian and British Insurance Companies Act (Canada), the Foreign Insurance Companies Act (Canada) and legislation of Ontario and Quebec governing insurance companies,
- (ii) pension funds regulated under the Pension Benefits Standards Act (Canada) and legislation of Alberta, Ontario and Quebec governing pension funds,
- (iii) the Caisse de dépôt et placement du Québec under an Act respecting the Caisse de dépôt et placement du Québec, and
- (iv) loan corporations and trust companies registered under the Loan and Trust Corporations Act (Ontario),

where applicable, without recourse to the exceptional provisions thereunder permitting certain other investments (the so-called “basket” provisions), and subject to certain investment conditions and restrictions pertaining generally to purchasers.”

## 6. THE GUARANTOR

By adding, before the heading “Plan of Distribution”, on page 21, the following information regarding the Fédération des caisses populaires Desjardins de Québec:

### “THE GUARANTOR

The Fédération des caisses populaires Desjardins de Québec (the “Fédération de Québec” or the “Guarantor”) is a savings and credit cooperative incorporated on December 27, 1921 and is one of the eleven federations which are members of La Confédération des caisses populaires et d'économie Desjardins du Québec. The head office of the Fédération de Québec is located at 95 avenue des Commandeurs, Lévis, Québec G6V 6P6.

99.6 percent of the Guarantor's capital stock is held by its three hundred and twenty-eight (328) affiliated savings and credit cooperatives (the “affiliated Caisses”). The Fédération de Québec is governed by the Credit Unions Act and operates according to the same principles as savings and credit cooperatives (see “Cooperative Operating Principles” on page 16 of the Prospectus). The description of the functions, operations and financing of the federations, on page 17 of the Prospectus under the heading “The Federations”, also applies to the Fédération de Québec.

### Financial Operations of the Fédération de Québec

The principal function of the Fédération de Québec is to act as a financial intermediary for its affiliated Caisses. Certain affiliated Caisses, as a result of savings deposits exceeding loans granted to members, may have a surplus of funds while other affiliated Caisses may, on the contrary, require additional funds. By accepting deposits from and making loans to affiliated Caisses, the Fédération de Québec provides funds to affiliated Caisses to meet their members' credit requirements. Funds which are not used for that purpose are invested in short, medium or long term securities. The table below shows the amounts of deposits, loans and balance invested as at December 31 of the last five years as well as at April 30, 1982 and April 30, 1983:

	As at December 31					As at April 30	
	1978	1979	1980	1981	1982	1982	1983
						(unaudited)	
						(in thousands of dollars)	
Deposits from affiliated Caisses . . . . .	\$571,832	\$572,846	\$650,795	\$889,872	\$1,205,624	\$1,047,270	\$1,257,258
Less: Loans to affiliated Caisses . . . . .	65,164	62,163	66,266	75,844	55,787	73,479	45,146
Balance invested . . . . .	<u>\$506,668</u>	<u>\$510,683</u>	<u>\$584,529</u>	<u>\$814,028</u>	<u>\$1,149,837</u>	<u>\$ 973,791</u>	<u>\$1,212,112</u>

To perform its function, the Fédération de Québec manages three separate funds on behalf of its affiliated Caisses: a liquidity fund, a term deposit fund and an investment fund. The minimum percentage of members' deposits required to be maintained by affiliated Caisses in liquid assets is deposited in the liquidity fund and invested in liquid assets. Deposits in excess of the minimum liquidity requirements may be made by affiliated Caisses, at their discretion, in the liquidity fund or in the term deposit fund. Amounts deposited in the term deposit fund are invested by the Fédération de Québec in debt securities and a portion is loaned to affiliated Caisses. Deposits in the investment fund are mainly used to purchase shares of corporations related to the Desjardins Group.



## Deposits

The table below provides a breakdown, by funds, of amounts deposited by affiliated Caisses with the Fédération de Québec, as at December 31 of the last five years as well as at April 30, 1982 and April 30, 1983:

	As at December 31					As at April 30	
	1978	1979	1980	1981	1982	1982	1983
						(unaudited)	
	(in thousands of dollars)						
Demand Deposits (Liquidity Fund) . . .	\$465,038	\$462,072	\$538,477	\$653,169	\$ 555,132	\$ 554,546	\$ 538,475
Term Deposits (Term Deposit Fund) . . .	66,118	67,500	68,434	186,903	614,196	441,474	681,989
Investment Fund . . . . .	40,676	43,274	43,884	49,800	36,296	51,250	36,794
<b>Total . . . . .</b>	<b>\$571,832</b>	<b>\$572,846</b>	<b>\$650,795</b>	<b>\$889,872</b>	<b>\$1,205,624</b>	<b>\$1,047,270</b>	<b>\$1,257,258</b>

Affiliated Caisses' deposits with the Fédération de Québec bear interest on a fixed or variable rate basis. As at April 30, 1983, 54.2% of deposits carried a fixed rate of interest and 45.8% carried a variable rate of interest.

## Loans and Loan Loss Experience

The table below provides a breakdown, by type of borrowers, of the Fédération de Québec's loan portfolio, and shows loan loss experience, as at December 31 of the last five years as well as at April 30, 1982 and April 30, 1983:

	As at December 31					As at April 30	
	1978(1)	1979(1)	1980(1)	1981(2)	1982(2)	1982	1983
						(unaudited)	
	(in thousands of dollars)						
Loan guaranteed by the Government of Quebec .....	\$ —	\$ —	\$ 1,000	\$ 2,200	\$ 4,800	\$ 2,400	\$ 10,900
Municipal corporations .....	6,999	8,939	6,649	5,414	6,410	1,846	6,232
School corporations .....	25,484	26,815	30,878	24,144	11,034	10,810	18,609
Desjardins Group .....	7,317	6,271	12,298	40,965	42,983	40,765	38,765
Affiliated Caisses .....	65,164	62,163	66,266	75,844	55,787	73,479	45,146
Cooperatives .....	4,711	4,947	16,844	13,000	10,594	14,247	8,370
Other .....	2,580	3,600	7,232	8,087	6,062	4,310	7,109
	112,255	112,735	141,167	169,654	137,670	147,857	135,131
Provision for loan losses (3) .....	—	—	—	(200)	(1,067)	(1,067)	(1,194)
<b>Total .....</b>	<b>\$112,255</b>	<b>\$112,736</b>	<b>141,167</b>	<b>\$169,454</b>	<b>\$136,603</b>	<b>\$146,790</b>	<b>\$133,937</b>
Loan losses .....	—	—	—	\$ 200	\$ 867	\$ 867	\$ 127

(1) Comparative figures for 1978, 1979 and 1980 have been reclassified to conform with the presentation adopted for 1981, 1982 and for the four-month periods ended April 30, 1982 and April 30, 1983.

(2) Figures for 1981 and 1982 include accrued interest on loans of \$211,366 and \$74,701 respectively.

(3) Provision for loan losses is determined on the basis of the specific loan analysis method.

As at April 30, 1983, 69% of loans carried a fixed rate of interest and 31% carried a variable rate of interest.

## Investment Portfolio

Most of the excess of funds deposited by affiliated Caisses and other depositors over loans granted is invested in securities. The following table shows the composition of the investment portfolio of the Fédération de Québec as at December 31 of the last five years as well as at April 30, 1982 and April 30, 1983:

	As at December 31					As at April 30	
	1978(1)	1979(1)	1980(1)	1981	1982	1982	1983
						(unaudited)	
<b>Money Market Securities</b>	(in thousands of dollars)						
Treasury bills – Canada .....	\$ 4,873	\$ —	\$ —	\$ —	\$ 29,580	\$ —	\$ 77,549
Treasury bills – Quebec .....	—	—	17,882	55,620	107,704	72,155	122,568
Bankers' acceptances .....	—	16,311	15,233	4,860	258,590	183,223	328,122
Bearer discount notes .....	84,992	71,758	159,674	221,975	175,138	175,528	49,792
Notes of school and municipal corporations .....	5,000	9,811	12,289	1,000	60,754	17,136	38,458
Desjardins Group .....	5,600	21,633	13,602	36,800	114,866	91,762	93,241
Other .....	105,788	58,024	54,972	2,536	6,600	600	15,600
	<u>206,253</u>	<u>177,537</u>	<u>273,652</u>	<u>322,791</u>	<u>753,232</u>	<u>540,404</u>	<u>725,330</u>
<b>Bonds (2)</b>							
Issued or guaranteed by Government of Canada .....	7,485	22,867	31,601	72,244	61,716	71,480	115,948
Issued or guaranteed by Government of Quebec .....	87,225	105,096	77,171	112,799	76,554	88,767	81,889
Issued or guaranteed by school and municipal corporations ...	91,735	108,889	89,649	79,700	58,666	73,254	65,016
Desjardins Group .....	1,535	1,535	1,535	1,535	1,535	1,535	1,535
Other .....	16,426	13,026	10,512	8,294	7,060	7,130	5,860
	<u>204,406</u>	<u>251,413</u>	<u>210,468</u>	<u>274,572</u>	<u>205,531</u>	<u>242,166</u>	<u>270,248</u>
<b>Shares (3)</b>							
Desjardins Group .....	18,999	21,596	128,240	132,347	134,589	132,884	135,109
Other .....	4,956	5,307	5,534	5,490	5,537	5,518	5,562
	<u>23,955</u>	<u>26,903</u>	<u>133,774</u>	<u>137,837</u>	<u>140,126</u>	<u>138,402</u>	<u>140,671</u>
<b>Total .....</b>	<u>\$434,614</u>	<u>\$455,853</u>	<u>\$617,894</u>	<u>\$735,200</u>	<u>\$1,098,889</u>	<u>\$920,972</u>	<u>\$1,136,249</u>

(1) Comparative figures for 1978, 1979 and 1980 have been reclassified to conform with the presentation adopted for 1981, 1982 and for the four-month periods ended April 30, 1982 and April 30, 1983.

(2) Bonds are stated at amortized cost in accordance with the historical yield method. Under this method, the yield of a bond remains constant until maturity. As at April 30, 1983, the market value of bonds was \$ 275,266,044 (amortized cost: \$270,248,672). Other investments are shown at cost.

(3) The portfolio of shares includes listed common shares having a market value of \$5,145,442 as at April 30, 1983 (cost: \$4,554,120).

## Summary of Financial Operations

The following table shows the average net yield of the Fédération de Québec's financial operations for the last five years and for the four-month periods ended April 30, 1982 and April 30, 1983:

	Year ended December 31					4 months ended April 30	
	1978	1979	1980	1981	1982	1982	1983
	(unaudited)						
Average yield of loans to affiliated Caisses .....	8.99%	9.29%	10.06%	11.05%	12.97%	12.22%	13.25%
Average yield on investment .....	8.83%	9.97%	11.26%	14.68%	13.44%	13.48%	10.11%
Average cost of deposits by affiliated Caisses .....	6.70%	7.69%	8.22%	11.24%	10.94%	10.86%	8.15%
Average net yield .....	1.70%	1.86%	2.41%	2.51%	2.03%	2.09%	1.87%

## Regulation and Control

The Fédération de Québec is governed by the Credit Unions Act which is administered by the Inspector General of Financial Institutions of Quebec. The Credit Unions Act governs investments made by the Fédération de Québec.

The Fédération de Québec is registered with the Régie de l'assurance-dépôts du Québec and is subject to an annual inspection by an auditor approved by the Régie. In addition, the Fédération de Québec is required to provide the Régie with an annual report on its operations."



## 7. AUDITOR'S REPORT AND FINANCIAL STATEMENTS

By adding the financial statements of the Fédération des caisses populaires Desjardins de Québec, as follows:

### **"AUDITOR'S REPORT**

To the board of directors of  
the Fédération des caisses populaires Desjardins de Québec

We have examined the statement of assets and liabilities as at December 31, 1982 and December 31, 1981 and the statements of income, undistributed surplus and general reserve and changes in financial position of the Fédération des caisses populaires Desjardins de Québec, governed by the Savings and Credit Unions Act of Quebec, for each of the years in the five-year period ended December 31, 1982. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fédération as at December 31, 1982 and December 31, 1981 and the results of its operations and the changes in its financial position for each of the years in the five-year period ended December 31, 1982, in accordance with generally accepted accounting principles applied on a consistent basis during the period, after retroactively modifying the posting of income taxes for 1982 and 1981, as described in Note 2 (a) to the financial statements.

(Signed) MARCELLE GAUTHIER  
Chartered Accountant

Le secteur Inspection et Vérification  
(Inspection and Audit Department)  
La Confédération des caisses populaires  
et d'économie Desjardins du Québec

Lévis, January 28, 1983

# FÉDÉRATION DES CAISSES POPULAIRES DESJARDINS DE QUÉBEC

## Statement of Assets and Liabilities (in thousands of dollars)

	As at December 31		As at April 30	
	1981	1982	1982	1983
			(unaudited)	
Assets				
Cash .....	\$ 42,870	\$ 6,630	\$ 31,994	\$ 33,081
Money market securities .....	322,791	753,232	540,404	725,330
Bonds (Notes 3 and 6) .....	274,572	205,531	242,166	270,248
Loans and other investments .....	93,610	80,816	73,311	88,791
Loans to and deposits with affiliated Caisses .....	75,844	55,787	73,479	45,146
Listed shares (market value April 30, 1983: \$5,145; December 31, 1982: \$3,596) .....	4,509	4,555	4,509	4,555
Unlisted shares .....	26,415	28,626	26,980	29,171
Shares of related corporations .....	82,514	106,945	93,358	106,945
Shares subscribed in related corporations .....	24,399	—	13,555	—
Other assets (Note 4) .....	27,129	36,111	26,993	30,456
Fixed assets (Note 5) .....	9,870	10,161	9,811	10,573
	<u>\$984,523</u>	<u>\$1,288,394</u>	<u>\$1,136,560</u>	<u>\$1,344,296</u>
Liabilities				
Deposits from affiliated Caisses .....	\$889,872	\$1,205,624	\$1,047,270	\$1,257,258
Other deposits .....	45,237	50,563	40,577	54,537
	935,109	1,256,187	1,087,847	1,311,795
Loans payable (Note 6) .....	—	—	7,000	—
Subscriptions payable .....	24,399	256	14,072	773
Deferred income taxes .....	874	480	447	319
Other liabilities .....	4,465	7,274	8,149	9,783
	<u>964,847</u>	<u>1,264,197</u>	<u>1,117,515</u>	<u>1,322,670</u>
Members' Equity				
Undistributed surplus .....	5,257	5,978	822	1,710
Capital stock (Note 7) .....	4,237	4,229	4,233	4,214
General reserve .....	10,182	13,990	13,990	15,702
	<u>19,676</u>	<u>24,197</u>	<u>19,045</u>	<u>21,626</u>
	<u>\$984,523</u>	<u>\$1,288,394</u>	<u>\$1,136,560</u>	<u>\$1,344,296</u>

On behalf of the Board

(Signed) JEAN-MARIE OUELLET, Director

(Signed) MARCEL MARCOTTE, Director



# FÉDÉRATION DES CAISSES POPULAIRES DESJARDINS DE QUÉBEC

## Statement of Income (in thousands of dollars)

	Year ended December 31					4 months ended April 30	
	1978	1979	1980	1981	1982	1982	1983
						(unaudited)	
<b>Investment Income</b>							
Cash .....	\$ 1,004	\$ 919	\$ 374	\$ 465	\$ 392	\$ 192	\$ 152
Money market securities .....	13,564	27,987	32,460	45,773	84,715	21,919	25,294
Bonds .....	20,601	19,545	22,115	30,976	27,430	9,869	8,619
Loans and other investments .....	4,338	5,780	7,783	14,078	9,119	2,981	2,250
Loans and deposits to affiliated Caisses .....	5,068	5,686	6,498	7,372	9,319	2,984	2,140
Shares .....	559	767	926	10,021	15,921	5,091	4,670
Gain on sale of shares .....	1,494	—	—	893	—	—	—
	<u>46,628</u>	<u>60,684</u>	<u>70,156</u>	<u>109,578</u>	<u>146,896</u>	<u>43,036</u>	<u>43,125</u>
<b>Interest Expense</b>							
Deposits from affiliated Caisses .....	37,276	47,986	51,647	85,338	117,570	34,491	33,526
Other deposits and loans .....	418	1,304	3,327	5,082	7,042	1,829	1,701
	<u>37,694</u>	<u>49,290</u>	<u>54,974</u>	<u>90,420</u>	<u>124,612</u>	<u>36,320</u>	<u>35,227</u>
	<u>8,934</u>	<u>11,394</u>	<u>15,182</u>	<u>19,158</u>	<u>22,284</u>	<u>6,716</u>	<u>7,898</u>
<b>Other Income</b>							
Annual dues (Note 8) .....	1,879	2,181	2,447	2,806	3,949	1,257	1,140
Commissions and other .....	1,108	880	873	944	1,111	305	314
	<u>2,987</u>	<u>3,061</u>	<u>3,320</u>	<u>3,750</u>	<u>5,060</u>	<u>1,562</u>	<u>1,454</u>
	<u>11,921</u>	<u>14,455</u>	<u>18,502</u>	<u>22,908</u>	<u>27,344</u>	<u>8,278</u>	<u>9,352</u>
<b>Other Expenses</b>							
Salaries and staff benefits .....	5,268	6,442	7,928	9,465	10,870	3,422	3,729
Other administrative expenses .....	3,033	4,510	5,371	6,561	8,803	3,654	3,358
Premises .....	318	357	553	751	710	245	250
Previous pension plan .....	(1,074)	(172)	—	—	—	—	—
	<u>7,545</u>	<u>11,137</u>	<u>13,852</u>	<u>16,777</u>	<u>20,383</u>	<u>7,321</u>	<u>7,337</u>
<b>Surplus Before Income Taxes and Extraordinary Item</b> .....	4,376	3,318	4,650	6,131	6,961	957	2,015
Income taxes payable .....	—	—	—	—	(945)	(130)	(466)
Deferred income taxes and tax credit .....	—	—	(959)	(1,078)	(38)	(5)	161
<b>Surplus Before Extraordinary Item</b> .....	4,376	3,318	3,691	5,053	5,978	822	1,710
Deferred income taxes recovered .....	—	—	—	204	—	—	—
<b>Undistributed Surplus for the Period</b> .....	<u>\$ 4,376</u>	<u>\$ 3,318</u>	<u>\$ 3,691</u>	<u>\$ 5,257</u>	<u>\$ 5,978</u>	<u>\$ 822</u>	<u>\$ 1,710</u>

# FÉDÉRATION DES CAISSES POPULAIRES DESJARDINS DE QUÉBEC

## Statement of Undistributed Surplus and General Reserve (in thousands of dollars)

	Year ended December 31					4 months ended April 30	
	1978	1979	1980	1981	1982	1982	1983
						(unaudited)	
<b>Undistributed Surplus</b>							
Balance, at beginning of period							
As previously reported .....	\$3,737	\$4,376	\$3,318	\$ 4,650	\$ 6,131	\$ 6,131	\$ 5,978
Adjustment relating to the posting of income taxes (Note 2(a)) .....	—	—	—	(959)	(874)	(874)	—
As restated .....	3,737	4,376	3,318	3,691	5,257	5,257	\$ 5,978
<b>Distribution</b>							
General reserve .....	(1,694)	(1,140)	(791)	(1,098)	(3,808)	(3,808)	(1,712)
Interest on shares .....	(349)	(431)	(473)	(513)	(616)	(616)	(506)
Rebates .....	(1,694)	(2,805)	(2,054)	(3,039)	(1,265)	(1,265)	(4,696)
Deferred income taxes .....	—	—	—	959	432	432	—
Recovered income taxes .....	—	—	—	—	—	—	936
Balance after distribution .....	—	—	—	—	—	—	—
Undistributed surplus for the period .....	4,526	3,318	3,691	5,257	5,978	822	1,710
Adjustment .....	(150)	—	—	—	—	—	—
Balance at end of period .....	<u>\$4,376</u>	<u>\$3,318</u>	<u>\$3,691</u>	<u>\$ 5,257</u>	<u>\$ 5,978</u>	<u>\$ 822</u>	<u>\$ 1,710</u>
<b>General Reserve</b>							
Balance at beginning of period .....	\$5,459	\$7,153	\$8,293	\$ 9,084	\$10,182	\$10,182	\$13,990
Transfer from undistributed surplus .....	1,694	1,140	791	1,098	3,808	3,808	1,712
Balance at end of period .....	<u>\$7,153</u>	<u>\$8,293</u>	<u>\$9,084</u>	<u>\$10,182</u>	<u>\$13,990</u>	<u>\$13,990</u>	<u>\$15,702</u>



# FÉDÉRATION DES CAISSES POPULAIRES DESJARDINS DE QUÉBEC

## Statement of Changes in Financial Position (in thousands of dollars)

	Year ended December 31					4 months ended April 30	
	1978	1979	1980	1981	1982	1982	1983
						(unaudited)	
<b>Source of Cash Resources</b>							
Undistributed surplus after income taxes .....	\$ 4,376	\$ 3,318	\$ 3,691	\$ 5,257	\$ 5,978	\$ 822	\$ 1,710
Items not affecting funds:							
Depreciation of fixed assets .....	141	225	437	525	624	174	196
Amortization of bonds .....	(718)	(759)	(734)	(1,774)	(1,023)	(516)	(273)
Deferred income taxes .....	—	—	959	874	38	5	775
Provision for losses on bonds and loans .....	—	1,345	—	200	867	867	127
Funds provided from operations .....	3,799	4,129	4,353	5,082	6,484	1,352	2,535
Decrease in money market securities .....	—	28,715	—	—	—	—	27,902
Decrease in bonds .....	48,617	—	41,679	—	70,064	32,922	—
Decrease in loans and other investments .....	—	—	—	—	31,984	21,797	2,539
Decrease in shares .....	—	—	—	1,523	—	—	—
Decrease in other assets .....	—	—	—	—	—	136	5,655
Increase in loans .....	—	—	—	—	—	7,000	—
Increase in deposits .....	106,930	14,047	73,199	256,287	321,078	152,738	55,608
Increase in subscriptions payable .....	—	—	99,557	—	—	—	517
Increase in other liabilities .....	—	1,827	—	429	2,809	3,684	2,509
	<u>159,346</u>	<u>48,718</u>	<u>218,788</u>	<u>263,321</u>	<u>432,419</u>	<u>219,629</u>	<u>97,265</u>
<b>Application of Cash Resources</b>							
Increase in money market securities .....	152,715	—	95,213	50,041	430,441	217,613	—
Increase in bonds .....	—	47,593	—	62,329	—	—	64,444
Increase in loans and other investments .....	7,383	828	29,528	26,594	—	—	—
Increase in shares .....	1,373	2,574	674	6,578	2,257	565	545
Increase in shares of related corporations .....	364	25	106,002	—	32	—	—
Increase in other assets .....	1,624	4,134	1,784	6,548	8,982	—	—
Increase in fixed assets .....	2,799	4,488	2,252	459	915	115	608
Decrease in subscriptions payable .....	—	—	—	75,158	24,143	10,327	—
Decrease in other liabilities .....	53	—	468	—	—	—	—
Redemption of capital stock .....	13	11	29	33	8	4	15
Interest paid on members' shares .....	349	431	473	513	616	616	506
Rebates to members .....	1,694	2,805	2,054	3,039	1,265	1,265	4,696
	<u>168,367</u>	<u>62,889</u>	<u>238,477</u>	<u>231,292</u>	<u>468,659</u>	<u>230,505</u>	<u>70,814</u>
<b>Increase (decrease) in cash resources .....</b>	<b>(9,021)</b>	<b>(14,171)</b>	<b>(19,689)</b>	<b>32,029</b>	<b>(36,240)</b>	<b>(10,876)</b>	<b>26,451</b>
<b>Cash resources, beginning of period .....</b>	<b>53,722</b>	<b>44,701</b>	<b>30,530</b>	<b>10,841</b>	<b>42,870</b>	<b>42,870</b>	<b>6,630</b>
<b>Cash resources, end of period .....</b>	<b>\$ 44,701</b>	<b>\$30,530</b>	<b>\$ 10,841</b>	<b>\$ 42,870</b>	<b>\$ 6,630</b>	<b>\$ 31,994</b>	<b>\$33,081</b>

# FÉDÉRATION DES CAISSES POPULAIRES DESJARDINS DE QUÉBEC

## Notes to the Financial Statements

(Information as at April 30, 1982 and April 30, 1983 is unaudited.)

### 1 – Accounting policies

#### (a) Investments in securities:

##### – Basis of valuation

##### Bonds

Bonds are stated at amortized cost in accordance with the historical yield method. Under this method, the yield of a bond remains constant until maturity.

##### Other investments

Other investments are stated at cost.

##### – Gain or loss on disposition

Realized gains or losses on disposition of investments are included in the statement of income.

#### (b) Provision for loan losses:

Provision for loan losses is made according to the analysis of specific loans.

#### (c) Fixed assets:

Fixed assets are stated at cost and depreciated on a straight-line basis, at the following rates:

- land improvement 4%
- main building 2.5
- other building 5
- furniture and fixtures over estimated useful life
- leasehold improvements 10 years

#### (d) Income taxes:

Income taxes are provided for in the statement of income for the year. Once payment of interest on shares and of rebates to members is authorized by the general meeting and a tax roll-over is decided by the board of directors, the undistributed surplus is adjusted by the net amount of the related income taxes; this adjustment is recorded in the subsequent statement of undistributed surplus.

### 2 – Adjustment relating to the posting of income taxes

(a) Starting in 1982, income taxes are accounted for as described in Note 1(d). For the previous years, income taxes were recorded after the distribution decided by the general meeting of members. Figures for 1981 have been retroactively adjusted to reflect this change.

(b) During the years 1978, 1979 and 1980, deferred income taxes were recorded in notes to the financial statements.

### 3 – Bonds

(in thousands of dollars)

	As at December 31					As at April 30	
	1978	1979	1980	1981	1982	1982	1983
						(unaudited)	
Book value .....	\$204,407	\$251,414	\$210,468	\$274,572	\$205,531	\$242,166	\$270,248
Market value .....	198,013	234,834	193,083	245,808	207,222	216,523	275,266
Par value .....	206,265	254,842	213,503	277,891	207,785	245,241	271,998

### 4 – Other assets

These include, among others, the following items:

#### *Deferred expenses*

Deferred expenses estimated at \$620,000, as at December 31, 1982, relating to compensation to affiliated Caisses which have joined the pension plan of the Desjardins Group, including a particular situation of repurchase of past services, are being amortized until 1993.

#### *Payment of interest on shares*

During the year ended December 31, 1982, the Fédération paid interest on shares (\$337,853). Under the Savings and Credit Unions Act, the payment of interest on shares shall be part of the distribution of surplus.



**5 – Fixed assets**  
(in thousands of dollars)

	As at December 31				As at April 30	
	1981		1982		1982	1983
			Depreciation		(unaudited)	
	Net	Cost	for the year	accu- mulated	Net	Net
Land .....	\$ 526	\$ 526	\$ —	\$ —	\$ 526	\$ 526
Land Improvement .....	487	526	21	60	466	459
Main building .....	6,987	7,328	199	484	6,844	6,782
Other building .....	485	1,502	75	1,092	410	385
Furniture and fixtures .....	1,385	2,902	329	1,034	1,868	2,212
Leasehold improvement .....	—	47	—	—	47	209
	<u>\$9,870</u>	<u>\$12,831</u>	<u>\$624</u>	<u>\$2,670</u>	<u>\$10,161</u>	<u>\$10,573</u>

**6 – Transactions with corporations related to the Desjardins Group**  
(in thousands of dollars)

Three hundred and twenty-eight (328) Caisses are affiliated with the Fédération des caisses populaires Desjardins de Québec, which is a member of La Confédération des caisses populaires et d'économie Desjardins du Québec. The other corporations related to the Desjardins Group are owned or controlled by the Confédération, the eleven (11) federations and their affiliated Caisses.

Transactions with affiliated Caisses are shown separately in the statement of assets and liabilities and statement of income. The main transactions with the other corporations related to the Desjardins Group are as follows:

	Assets				Interest income			
	As at December 31		As at April 30		As at December 31		4 months ended April 30	
	1981	1982	1982	1983	1981	1982	1982	1983
	(unaudited)				(unaudited)			
Confédération .....	\$ 38,120	\$ 39,836	\$ 38,129	\$ 35,727	\$ 2,489	\$ 2,531	\$ 890	\$ 741
La Caisse centrale Desjardins du Québec								
– shares .....	81,603	106,002	92,447	106,002	9,371	15,388	4,646	4,403
– share subscription .....	24,399	—	13,555	—	—	—	—	—
– other .....	72,546	104,688	103,185	109,356	3,429	11,958	2,860	3,174
Other corporations .....	35,116	45,517	43,824	45,178	2,816	3,009	975	718
	<u>\$251,784</u>	<u>\$296,043</u>	<u>\$291,140</u>	<u>\$296,263</u>	<u>\$18,105</u>	<u>\$32,886</u>	<u>\$9,371</u>	<u>\$9,036</u>
	Liabilities				Interest expense			
	As at December 31		As at April 30		As at December 31		4 months ended April 30	
	1981	1982	1982	1983	1981	1982	1982	1983
	(unaudited)				(unaudited)			
La Caisse centrale Desjardins du Québec								
– subscription payable .....	\$24,399	\$ —	\$13,555	\$ —	\$ —	\$ —	\$ —	\$ —
– loan secured by the pledge of securities* .....	—	—	7,000	—	157	149	82	41
– deposit .....	—	—	—	2,000	—	—	—	35
Other corporations								
– subscription payable .....	—	256	517	773	—	—	—	—
– deposits .....	—	2,125	—	3,328	—	243	122	140
	<u>\$24,399</u>	<u>\$2,381</u>	<u>\$21,072</u>	<u>\$6,101</u>	<u>\$157</u>	<u>\$392</u>	<u>\$204</u>	<u>\$216</u>

\* As at December 31, 1982, bonds of a par value of \$24,180,000 (\$24,055,000, as at April 30, 1983) were pledged in favour of La Caisse centrale Desjardins du Québec as security for a credit line of \$20,000,000.

## 7 – Capital stock

As at December 31, 1982, 845,781 shares (842,800 shares, as at April 30, 1983) were subscribed for and paid by the 328 affiliated Caisses and 33 auxiliary members. The par value of shares is \$5 and the maximum number of shares that may be owned by a member is 5,000.

## 8 – Annual dues (in thousands of dollars)

	As at December 31			4 months ended April 30	
	1980	1981	1982	1982	1983
				(unaudited)	
<b>Affiliated Caisses</b>					
Basic dues .....	\$6,641	\$7,617	\$8,768	\$2,760	\$3,094
Additional dues .....	444	400	652	395	156
	<u>7,085</u>	<u>8,017</u>	<u>9,420</u>	<u>3,155</u>	<u>3,250</u>
<b>Less:</b>					
Dues paid to the Confédération .....	4,194	4,811	4,819	1,503	1,954
Development expenses .....	444	400	652	395	156
	<u>4,638</u>	<u>5,211</u>	<u>5,471</u>	<u>1,898</u>	<u>2,110</u>
	<u>\$2,447</u>	<u>\$2,806</u>	<u>\$3,949</u>	<u>\$1,257</u>	<u>\$1,140</u>

## 9 – Commitments

### (a) Pension plan of the Desjardins Group, as at December 31, 1982:

The Fédération contributes to the Pension plan of the Desjardins Group, which included 1,262 employers as at January 1st, 1982. Independent actuarial valuations, as of January 1st, 1982, indicated an accumulated surplus, a part of which has not yet been distributed.

An amount of \$2,297,000 has been distributed to the Fédération and used as follows:

- current dues for 1982 have been reduced by an amount of \$217,000;
- annual dues related to unfunded past services obligations have been reduced by an amount of \$1,598,000, of which \$283,000 represents the portion of the Fédération as an employer and approximately \$1,315,000 the portion of affiliated Caisses that the Fédération has undertaken to fund;
- pension benefits in the amount of \$482,000 have been paid to retired employees.

As a result of this distribution of surplus, the annual payments of the Fédération, as an employer, will be reduced to \$20,000 until 1993. In addition, annual payments, in respect of the portion of obligations of affiliated Caisses that the Fédération has undertaken to fund, will be reduced to \$93,000 until 1993. These payments will be charged to operations.

### (b) Automated teller machines:

The Fédération has begun to set up automated teller machines in its affiliated Caisses. Estimated costs of \$850,000, as at December 31, 1982 (\$430,000, as at April 30, 1983), have not been accounted for and no depreciation charges have been made.

## 10 – Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

## 11 – Supplementary information to the unaudited financial statements

### *Subsequent event*

Under an agreement dated June 8, 1983, the Fédération agreed to guarantee the repayment of debt securities to be issued by La Caisse centrale Desjardins du Québec until December 31, 1985, up to a maximum aggregate principal amount outstanding of \$1,200,000,000.

Caisse centrale entered into an agreement to reimburse the Fédération for all amounts paid under the guarantee. Under agreements entered into between the Fédération and certain other member federations of Caisse centrale, the latter federations agreed to stand surety for Caisse centrale regarding its obligation to reimburse the Fédération. By virtue of these agreements, the portion for which the Fédération would ultimately be responsible in the eventual fulfilment of the guarantee could be reduced to 40%."



## **PURCHASER'S STATUTORY RIGHTS**

Securities legislation in certain of the provinces provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, but such remedies must be exercised by the purchaser within the time limit prescribed by the securities legislation of his province or territory. The purchaser should refer to any applicable provisions of the securities legislation of his province or territory for the particulars of these rights or consult with a legal adviser.

## **CERTIFICATE OF THE ISSUER**

Dated: August 26, 1983

The foregoing, together with the prospectus dated April 28, 1983, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus as required by Part 7 of the Securities Act (British Columbia), Part 8 of the Securities Act (Alberta), Part VIII of The Securities Act (Saskatchewan), Part VII of The Securities Act (Manitoba), Part XIV of the Securities Act (Ontario), and section 13 of the Securities Act (New Brunswick) and the respective regulations thereunder. For purposes of the Securities Act (Quebec), the prospectus, as amended, does not contain any misrepresentation, within the meaning of such act, likely to affect the value or the market price of the securities to be distributed.

(Signed) BRUNO RIVERIN  
Executive Vice President  
and Chief Executive Officer

(Signed) JEAN LAFLAMME  
Vice President, Finance  
and Chief Financial Officer

On behalf of the Board of Directors

(Signed) RAYMOND BLAIS  
Director

(Signed) JACQUES BERTRAND  
Director

## **CERTIFICATE OF THE AGENTS**

To the best of our knowledge, information and belief, the foregoing, together with the prospectus dated April 28, 1983, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus as required by Part 7 of the Securities Act (British Columbia), Part 8 of the Securities Act (Alberta), Part VIII of The Securities Act (Saskatchewan), Part VII of The Securities Act (Manitoba), Part XIV of the Securities Act (Ontario), section 13 of the Securities Act (New Brunswick) and the respective regulations thereunder. For purposes of the Securities Act (Quebec), to our knowledge, the prospectus, as amended, does not contain any misrepresentation, within the meaning of such act, likely to affect the value or the market price of the securities to be distributed.

MERRILL LYNCH, ROYAL SECURITIES LIMITED

WOOD GUNDY LIMITED

By: (Signed) YVES JULIEN

By: (Signed) FRANÇOIS GERVAIS

The following includes the name of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of:

MERRILL LYNCH, ROYAL SECURITIES LIMITED: Merrill Lynch & Co. Inc., of which it is a wholly-owned subsidiary.

WOOD GUNDY LIMITED: C.E. Medland, W.D. Bean, J.R. LeMesurier, J.M.G. Scott, I.S. Steers, P.A.T. Campbell and G.E. King.





