

Caisses centrales Desjardins



*Le Mouvement
des caisses Desjardins*

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des caisses Desjardins*

Review of Operations



1994 ANNUAL REPORT



Desjardins

The unbelievable power of cooperation.

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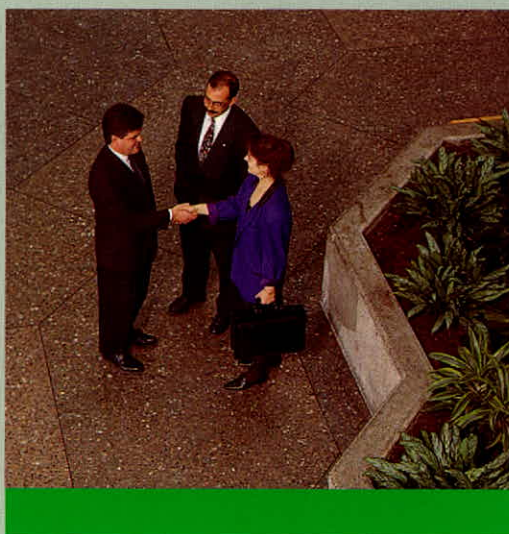
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Note to reader:

The masculine gender as used in the text is non-exclusive and used solely for ease of reading.

Serving

the COMMUNITY



**Le Mouvement
des caisses Desjardins**

Mobilization

P R E S I D E N T ' S

Synergy



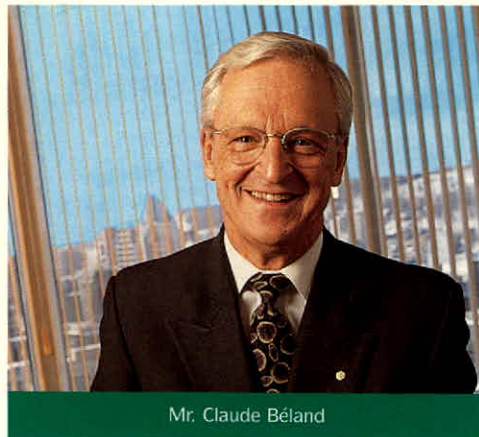
*Always in tune with the community,
the Desjardins caisses offer their members services of the highest
quality, completely adapted to their needs.*

Cooperation



M E S S A G E

The Mouvement Desjardins is heading towards the 21st century in a rapidly changing marketplace. As an interested and committed member of the community, it strives to ensure that its actions reflect the events that are transforming today's economic and financial environment.



Mr. Claude Béland

The Mouvement des caisses Desjardins is the largest financial institution in Québec; the cooperative nature of its activities and the size of its network, which covers all of Québec as well as the French-speaking areas of Ontario, New Brunswick and Manitoba, make it unique among financial institutions. The Desjardins caisses – created, administered and controlled by the people in the community – play a critical role in the economic and social development of the community.

Founded at the turn of the century, Desjardins has continued to increase its presence in the marketplace thanks to ever-vigilant caisse officers able to anticipate the changing needs of members and their communities. The critical importance of keeping pace with a rapidly evolving technological environment and the globalization of exchanges have made them aware of the need for change. To this end, they have diligently worked to provide the Mouvement with the tools it needs to adapt to new realities and meet future challenges.

GREATER STRENGTH

A major event marked the beginning of 1994: on January 1st, the merger with The Laurentian Group became a reality. In line with similar restructuring initiatives undertaken recently in the financial industry, this major transaction gave Desjardins the opportunity to consolidate its presence in Québec and reaffirm its position among Canada's leading financial institutions, and the confidence it needs to face the new sources of competition in today's marketplace.

At the time of the transaction, there was some concern about the impact of this new asset on the mission of the Mouvement Desjardins. However, this new Desjardins dimension has clearly proven that the cooperative formula is dynamic and highly successful. With this new added strength, the Desjardins network of caisses will be better equipped to accomplish its mission, which is to contribute to the economic and social well-being of individuals and their communities by integrating them into cooperative and democratic organizations.

A NEW STRUCTURE

In March 1994, after several months of hard work and consultation, the Mouvement's officials adopted a new structure to reinforce the bases for our common initiatives. This necessitated substantial changes to the Confédération's by-law in order to reflect the new distribution of responsibilities between the various echelons of the Mouvement. The three-tiered structure (caisses, federations, Confédération and Caisse centrale) remains, but has been modified. A redefinition of the goals, powers and responsibilities of the various levels of authority will ensure the synergies necessary to benefit the entire network and better coordinate the Mouvement's activities.

The most noticeable changes affect the Confédération's decision-making process which now has two levels of authority with more clearly defined responsibilities: the Board of Directors, which has elected members and is chaired by the President of the Mouvement and, reporting to the Board, the Committee of General Managers, which is made up of the general managers of the federations and chaired by the General Manager of the Confédération. The Mouvement's mission, strategic guidelines, priorities, budget guidelines and overall control of the Desjardins components will remain within the jurisdiction of the Board of Directors, while responsibility for the files pertaining to the organization's operations and for the general coordination of the network will be assumed by the Committee of General Managers.

MAJOR ORIENTATIONS

Economic and financial changes midway through the 1993-1996 planning cycle compelled Confédération officials to update the orientations of the Mouvement's various components. The overall message relayed to the entire organization emphasized the need for a completely integrated financial institution, stronger than ever before, offering a high degree of security, and equipped to provide a full range of superior financial services, including international services. To this end, officials recalled the importance of maintaining a balance between growth, profitability and capitalization, of prioritizing customer service, of mobilizing the Mouvement's human resources (18,000 officers and 45,000 employees) through skills development and training, and of improving the efficiency of the Mouvement's individual components to maximize the strength of the whole network. Lastly, they stressed that focusing on Desjardins' unique cooperative formula and its benefits for members, clients, employees, managers and the company was vital to its success.

A considerable amount of time and effort was devoted to these major orientations in 1994.

FINANCIAL BALANCE

In 1994, the Desjardins network not only maintained its financial balance, but increased its profitability and capitalization levels as well. The caisses enjoyed a more favourable economic climate. In fact, economic conditions over the past year saw a return to a growth cycle and, with it, cautious optimism. There were some signs of economic recovery, but no indications as to how long it would last. Probably the best news in 1994 came from the job front, with the creation of over 300,000 jobs in Canada and 65,000 in Québec alone. This puts us in a much better position to pursue our economic expansion into 1995. Added to this good news was a reported 4% growth in our Gross Domestic Product, almost double what it was in 1993. Lastly, this more favourable economic climate boosted consumer confidence to its highest level in five years.

The profit levels achieved by the caisses this year are a tribute to the exceptional efforts deployed by the cooperative network. They amount to surplus earnings after income taxes of \$339.8 million and an increase of 42.7% compared to the previous year. Accompanied by moderate growth, these excellent profit levels translate into a higher capitalization ratio for the caisse network once again this year. Achieving a balance between growth, profitability and capitalization means that the caisses can look forward to 1995 with renewed confidence.

In terms of savings product security, the net value of the Confédération's Corporation de fonds de sécurité increased from \$277 million in 1993 to \$307 million in 1994, which represents over 0.05% of the caisses' total assets.

Despite substantial improvement in network capitalization, the Mouvement's officials wanted to ensure that the organization had a solid foundation for future development. Accordingly, to enable the caisses and their companies to support future business growth, and for the Mouvement to join the ranks of major institutional investors, a brand-new capitalization tool was developed – Capital Desjardins – a company devoted exclusively to issuing a new capital security in financial markets. This necessitated the passing of the *Act amending the Savings and Credit Unions Act* by the National Assembly to ensure that the security complied with all the

cooperative requirements of the Mouvement. This additional tool will ensure the network's safe expansion, and give Desjardins the necessary elbow room to increase its capital as needed.

Caisse centrale also recorded excellent results in more than one area of activity. It significantly improved its loan portfolio and worked more closely with the network on offering services to medium-sized companies; in addition, it ensured the Mouvement's membership in the Canadian Depository for Securities (CDS) thus allowing Desjardins to participate in the electronic clearing and settlement of Canadian securities transactions.

Our subsidiary companies also had a very good year. Thanks to the financial strength of the components of the Desjardins-Laurentian Financial Corporation (DLFC), Trustco's significant losses this year were absorbed without negatively impacting the caisse network. These losses were due mainly to the persisting weakness of the real estate market. In response to these losses, DLFC proposed a compliance program that will enable Desjardins Trust to concentrate on areas in which it excels and rapidly become profitable again.

All of the subsidiaries of Société de services Desjardins had surpluses in 1994. Owing to Culinar losses this year, however, Investissement Desjardins recorded negative results overall, despite the satisfactory performance of most of the companies in which it holds shares. With the restructuring begun a few months ago, a turnaround is now expected in 1995.

At fiscal year-end, Desjardins' intense financial activity resulted in assets close to \$74 billion in Québec. This increase of 33.1% is in part due to the acquisition of Laurentian assets, but also to the expertise of our resources and the synergy of our actions.

SUPERIOR SERVICE AND ORGANIZATIONAL EFFICIENCY

In addition to achieving and maintaining the Mouvement's financial balance, a great deal of energy was also devoted to its other orientations. To maintain its role as the ultimate financial advisor of its members and to take full advantage of the vast potential of the network of caisses and subsidiary companies, Desjardins began planning the caisse of the future. This culminated in the launch, last August, of a major strategy project involving the reengineering of caisse procedures to accommodate modern realities and technologies. This project will help us keep our competitive edge in various sectors of the financial product market.

In 1994, Desjardins also addressed the special needs of members doing business in international markets. To better support members and companies in their activities abroad – in addition to agreements previously concluded with French, Belgian and Dutch cooperative banks – the Mouvement signed a cooperative agreement with the DG Bank and three central banks of the German cooperative group.

This agreement was made public at the last triennial conference of the International Confederation of Popular Credit (CICP) at the same time that the implementation of a new international payment service in certain federations was being announced. More efficient and less expensive than existing services, this new service was perfected with the cooperation of nine financial institutions, all members of the CICP, including Caisse centrale Desjardins. Subsequently, Desjardins also signed a collaboration agreement with Banco Popular Español.

THE DIFFERENCE COOPERATIVE ACTION MAKES

Our cooperative identity is what sets us apart from all our competitors and this identity will be more and more in evidence in the caisse of the future. With this in mind, the managers of the Mouvement held a symposium last fall on the theme of our cooperative identity. Concrete strategies for action were developed to highlight this fundamental difference and the advantages that it brings to caisse users.

The raison d'être of the cooperative movement – and Desjardins – is to encourage people to take charge of their own destinies. Desjardins' commitment to this goal extends beyond the individual needs of its members.

The caisses and their subsidiaries have supported and often initiated numerous projects in the area of housing, employment, the family, young people and the environment.

Future resources

As a cooperative organization with a focus on people rather than capital, Desjardins naturally devotes a great deal of time to developing its pool of human resources. It is from this pool that it will draw its future officers, employees and members. In addition to existing support programs, such as the program of scholarships awarded annually under the auspices of Fondation Desjardins, the Mouvement is now offering the Visa Desjardins card for Students and a new service available to cable TV subscribers through Vidéoway, which offers students valuable advice and initiates them in the art of personal financial planning and management. The use of this advanced technology to provide relevant information and advice is a good example of the type of changes that have been made to support Desjardins' mission.

Sensitive to the concerns of its members, Desjardins participated in the Forum sur la fiscalité de la famille, a forum on family taxation, in February 1994.



The family

In the Year of the Family, member solidarity was emphasized in several ways including at the Forum sur la fiscalité de la famille, a forum on family taxation, held in February 1994. This interest in solidarity extended to cultural groups which were included in activities organized to bring the community closer together.

Housing

The Desjardins caisses were eager to reaffirm their commitment to the community by participating in new programs offering significant benefits to members in the area of housing. Multiproject, a new financing tool designed to help members better plan for the future through more efficient use of their borrowing power, has been available in the caisses since March 1994.

The Mouvement also signed an agreement with Société d'habitation du Québec (SHQ) which sets out the terms for the participation of the Desjardins caisses in the Accent on Renovation Program. This program was launched by the Government of Québec to stimulate residential renovation by offering special terms to members.

Companies

With a view to stimulating economic recovery, the federations launched company start-up support programs. An agreement was also signed with Société québécoise de développement de la main-d'oeuvre (SQDM) to facilitate the financing of projects under the "Self-Employment Support" initiative. It is already estimated that some 6,000 jobs could be created over the next three years.

Once again this year, Desjardins devoted a great deal of energy to the Société de promotion Qualité-Québec and to making people aware of the real impact of their consumer support on economic recovery.

Through its caisses, Desjardins also became involved in the company start-up support program announced in November 1994 by the Québec Minister of Industry, Trade, Science and Technology. Small and medium-sized

companies can now offer their employees the new simplified pension plan through a Desjardins caisse, thus giving these Québec employees the opportunity of building a retirement fund.

THE CHALLENGES

Our activities and achievements in 1994 have given us reason to be proud, but let's not forget the challenges that lie ahead. Difficult economic times like the ones we have just experienced highlight the value of solidarity. It is thanks to the efforts, vigilance and commitment of all its contributors that Desjardins can continue to valiantly and efficiently meet the needs of its members.

Therefore, I would like to conclude by thanking all of the people who contributed to the success of this great cooperative endeavour known as the Mouvement des caisses Desjardins. I would also like to take this opportunity to extend my special thanks to the directors who left us this year, Messrs. Jean-Eudes Bergeron, Gérard Chabot, Raymond Hainse, Pierre Larivière, Marc Lemieux, Réal Rioux and Yvon Roberge, and to welcome aboard a new director, Mrs. Madeleine Lapierre.

Lastly, I would like to express my appreciation to all the members of our Mouvement's current Board of Directors, the Committee of General Managers, the members of the assembly of the Confédération, the officers of the network of caisses and subsidiary companies, and to all of our dedicated employees who support the mission of the Mouvement des caisses Desjardins every day of the year.

The cooperative action of Desjardins reflects the creativity, generosity and openness to the world of the people who inspired it. Thanks to its precious resources, the unfailing support of its members and its values of cooperation, democracy and solidarity, the Mouvement will continue to fulfil its mission for many years to come.

The President,



Claude Béland



B O A R D

O F D I R E C T O R S



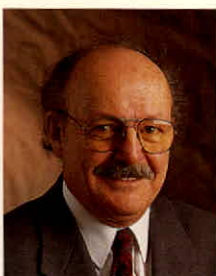
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FEDERATIONS**



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Fédération des caisses
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Gilles Lepage
Fédération des caisses
populaires acadiennes



Benoît Martin
Fédération des caisses
populaires de l'Ontario

**CONFÉDÉRATION'S
GENERAL MANAGER**



John Harbour
Confédération des
caisses populaires et
d'économie Desjardins du
Québec

* Member of Executive Committee

** Member of the Commission
Inspection et Vérification

Innovation

O P E R A T I O N S



*For Desjardins, organizational efficiency depends
on the concerted efforts of all its components.*

*That is why the Mouvement, as a cooperative endeavour,
participates fully in community development.*

Efficiency



R E P O R T

For the Mouvement des caisses Desjardins, 1994 was a real year of transition. After consolidating its competitive position at the start of the year through the merger of Société financière des caisses Desjardins with The Laurentian Group, Desjardins devoted part of its energy to integrating assets and the activities associated with the transaction. The redistribution of responsibilities within the Mouvement necessitated a major reorganization of the Confédération's administrative structure. These two major events marked an important stage in the development and history of the Desjardins caisses.

The nature and significance of these events, along with the results of a survey conducted during the year clearly indicating the members' expectations, compelled the Mouvement to review its strategic orientations midway through the 1993-1996 planning cycle. The Confédération thus resumed its analysis of the measures needed to achieve the strategic objectives set by the Board of Directors.

Every major product and service offered through the caisses was thoroughly analyzed. Desjardins' competitive position was determined for each market sector, and the industry's prevailing trends were carefully scrutinized. By fiscal year-end, the Mouvement des caisses Desjardins thus had a very clear picture of the situation. Once its strengths and weaknesses had been identified and the strategies defined, the first initiatives were ready to be implemented early in 1995.

For the Mouvement des caisses Desjardins, 1994 was clearly a year of transition, reassessment and repositioning.

Market shares

In terms of credit, the Desjardins caisses hold 29.9% of the personal credit market. Non banks are highly active in this market segment, especially in the automobile sector where manufacturers offer attractive floor plan financing. With a market share of 41.2%, five times greater than that of its closest competitor, Desjardins completely dominates the housing credit market. It is therefore imperative for the Mouvement to maintain its position in this market.

In the savings sector, Desjardins holds a significant share of the term deposit market with 38.3%, but must increase its efforts in the area of more complex products like mutual funds.

The Mouvement des caisses Desjardins is also well positioned in the commercial sector with a 21.4% share of the Québec market. The caisses' commercial clients are present in nearly every sector of economic activity throughout the Mouvement's territory. An important fact to remember is that Desjardins' portfolio risk in this area is lower than that of the banks.

Nevertheless, the caisses must prepare to face fierce competition in the agricultural sector where they hold a 47.6% share of the market. After experiencing considerable losses in the real estate market, megaprojects and loans to developing countries, the banks are adjusting their sights and aiming at markets which, until recently, were dominated by the caisses. The agricultural market is one of these new target markets, particularly the dairy sector where Québec producers rank first in Canada.

Thus, after analyzing the network's strengths and weaknesses, it was agreed that the caisses would concentrate their efforts on four major fronts: reengineering the work processes, developing an

integrated offer of services, creating a capital security and strengthening the role of the caisses.

Reengineering of the work processes

The reengineering of the work processes will undoubtedly be the major undertaking of the coming years. It entails completely redefining or, more appropriately, overhauling the basic operational processes of the caisses in order to significantly improve the quality of our service and our competitive edge.

A number of factors support the reorganization of the caisse work processes. First, the competitive edge that Desjardins enjoyed with its integrated offer of services should start to decline in 1997 as a result of the statutory review of the *Bank Act*. Secondly, the caisses will have to monitor their operating expenses more closely: with growing criticism from our members, we must continue to improve our services to meet their expectations.

A leader in the area of crop production, Semences Prograin benefits from the combined expertise of a Desjardins caisse and two network subsidiary companies.



Nevertheless, Desjardins has some definite advantages which it hopes to capitalize on over the next few years through the reengineering of the caisse work processes. Desjardins' primary strength is, of course, the caisse network itself, which represents the largest financial services distribution network in all of Québec. The scope of this network, coupled with the caisses' commitment to their communities, constitutes a major competitive advantage.

However, too much time is still being spent on administrative tasks. Within the next few years, the reengineering of the work processes, along with the development of appropriate technologies, will enable caisse employees to devote more time to offering Desjardins services. Initial changes in this regard are being tested in two pilot caisses. At 1995 fiscal year-end, there should be one pilot caisse in each of the federations.

Integrated offer of services

The leadership role played by Desjardins in the area of deregulation resulted in the organization of a number of activities aimed at better coordinating the marketing efforts of the entire network. In 1995, the subsidiary companies, the Caisse centrale and the caisses will intensify their efforts to strengthen their competitive position in the area of more complex savings products. The Desjardins network will thus be able to give its members access to a complete range of financial products.

A new capital security

The passing of legislation in this regard by the National Assembly marked another milestone for the Mouvement des caisses Desjardins in its endeavour to create a capital security that complies with its cooperative character. This security will be available in 1995 and should enable Desjardins to increase its capital.

This security is unique in many respects. Drawing on the collective financial strength of the Desjardins caisses in Québec, it will give the investor the opportunity to participate in the capitalization and economic life of each caisse. This new source of equity will enable the caisses to better meet the needs of their members in addition to increasing their capitalization ratio. As we all know, the caisses are already the industry's top performers in this area.

Strengthening the role of the caisses

The new administrative structure adopted by the Confédération at the start of the year, subsequent to the redistribution of responsibilities, helped to confirm the key role played by the caisses in the Desjardins network. They remain the doorway to the network: they are in direct contact with the members, and it is through them that Desjardins products are distributed. Integrated offers of services that carry a single image, that of the caisse, are therefore vital to our success and the driving force behind the extensive reorganization undertaken this year.

The creation of the "Operations" table which brings together the General Managers of the federations, greatly improved the Mouvement's ability to respond quickly. New reference groups, guided by the principle of participant accountability, also helped to promote consensus and accelerate the decision-making process this year.

THE COOPERATIVE NETWORK

In 1994, interest rate fluctuations, rigorous operating expense management and a significant reduction in losses on loans all had a positive impact on caisse results, as evidenced by the surplus earnings and the higher profitability levels registered in some regions.

The new Civil Code, international capitalization standards and interest rate fluctuations helped to shape the economic context of caisse operations in 1994. The results of the last fiscal period revealed once

again that regional disparities have a direct impact on the individual challenges of the caisses.

For example, while the Fédération de la Gaspésie et des Îles-de-la-Madeleine caisses were struggling with the moratorium on groundfish fishing and the serious consequences it entailed for the community, in Saguenay-Lac-Saint-Jean they were rejoicing over the recovering forestry and aluminum sectors and, in Montréal, doubling their efforts to secure the loyalty of clients being lured away by competitors entering sectors traditionally held by Desjardins.

The ability of the caisses to adapt to their respective regional realities and gear their efforts to the needs of local populations has always been one of Desjardins' major assets. However, to capitalize on this strength requires an additional effort compared to the banks, and that is a concerted effort. This year, the caisses found a highly effective way of dealing with this question. The creation last fall of two major authority levels, subsequent to the redistribution of responsibility within the Mouvement, looks very promising in this regard.

Strategic priorities and individual challenges

Just as challenges vary from one caisse to another, strategic priorities vary from region to region. Nevertheless, training and skills development remain one of the federations' highest priorities as evidenced, for example, by the amount of funds set aside for training in Saguenay-Lac-Saint-Jean which, in 1994, represented 3% of the payroll.

The federations' strategies also included administrative reorganization. The objective remains the same: to develop a closer relationship with the caisses and to meet their needs more adequately by setting up, for example, the kind of regional "multi-purpose" administrative units set up in the Eastern Townships. In this region, the caisses' strategic priorities included floor plan financing (for automobile dealerships, farm machinery and real estate transactions).

Searching for long-term financial balance

Essential to its mission, Desjardins' financial balance rests on a balance between growth, capitalization and profitability, the lifeblood of any financial institution. In 1994, we improved our performance and achieved our objectives. In compliance with proposed measures, the caisses promoted savings products, reduced their operating expenses and offered competitive products and, at the same time, monitored non-performing loans and loan losses through sound and profitable operations.

Many of the caisses created unique products to safeguard market shares. A number of them turned to floor plan financing, one of the measures most frequently used to significantly increase their loan volume. Caisses in the Eastern Townships, on the other hand, joined forces with some of the network's subsidiaries to attract investment of member savings. During the RRSP campaign, a quiz was organized for caisse employees to improve their knowledge of retirement products, and the Fédération de la Gaspésie et des Îles-de-la-Madeleine caisses used the Desjardins group RRSP to enhance their product range.

A great number of initiatives were undertaken throughout the province to increase the profitability of the caisses. In Montréal, a large number of caisses took part in a symposium on this theme. Nearly 1,200 caisse representatives met at the Montréal Convention Centre to discuss the issue, as well as ways to improve their performance. The symposium also gave us the opportunity to explain the concept of operating surplus earnings, and make a distinction between profits derived from operations and those generated by the general reserves.

In the Lower St. Lawrence region, a systems management tool was perfected to help the caisses increase their profit margin on business loans and explained the impact of the new technologies on employees. In Saguenay-Lac-Saint-Jean, the federation focused on helping caisses operating in rural areas to improve their profitability. For example, minimum operating conditions were set for each of the caisses and all made an effort to rationalize the

management of their human resources. As a result, they now operate with fewer employees overall than the previously established standard. Furthermore, an increasing number of jobs in the Counter services sector are being converted into consulting positions.

The caisses' sustained efforts to balance growth, capitalization and profitability in 1994 have enabled the entire network to maintain this difficult balance while increasing its capitalization ratio.

Consolidating our quality advantage

The quality of our products and services will ensure the loyalty of our members. The caisses relentlessly pursued this goal in 1994; in fact, it is an absolute priority in Desjardins' new strategic orientations. The key to our success lies in our truly member-oriented strategies – our ability to anticipate needs and offer sound advice – and our ongoing innovation. To develop a closer relationship with their members, the caisses are now relying more and more on *Ma Caisse*, a magazine published by the Confédération which specializes in personal financial management.

With the revision of the work processes, significant changes can be expected over the next few months in terms of reengineering, a strategy whose primary objective is to focus the attention of our resources on member needs rather than administrative tasks.

Organizational efficiency: a decisive year

The Laurentian Group merger, the reengineering of the work processes, the strengthening of ties throughout the Mouvement and a clearer definition of the components' respective roles will play an important part in our greater organizational efficiency.

In some federations, namely those of the Québec City and Saguenay-Lac-Saint-Jean regions, there was a strengthening of ties between the caisses and the subsidiary companies. In fact, ten federations entrusted the management of their cash resources to Caisse centrale. In Québec City, business meetings were held regularly and a marketing program based on member segmentation was jointly

prepared. Concerted action by the Fédération de Montréal et de l'Ouest-du-Québec resulted in the participation of permanent subsidiary company representatives in the interdisciplinary teams of the regional management units.

This close working relationship between the caisses and the subsidiaries paved the way last fall for the launch of three new financial products in the caisses. In the Eastern Townships, a process was set up to assess the level of interest in a specialized service center. Furthermore, in the Lower St. Lawrence region, after redefining its program of services based on the needs of its various clients, the federation launched a successful marketing program.

While some federations have already begun to overhaul their work processes, others are preparing by participating in the Confédération's first two pilot projects. A series of measures based on the reengineering of the work processes are expected to be implemented in most regions. It is clear that 1995 is going to be a decisive year for the entire Mouvement in terms of organizational efficiency.

Mobilization, training and skills

For Desjardins, like any major organization, having a mobilized and competent staff is a definite competitive advantage and training, in various forms, plays a key role in this regard. For example, the Fédération de Québec and Fédération du Bas-Saint-Laurent opted for a quiz format once again. Based on the program *Reach For The Top*, the Fédération de Québec's Pro-Quiz enabled some 3,000 caisse employees to improve their knowledge of Desjardins products and services in an atmosphere of friendly competition.

The participation of the Fédération de Québec's caisse personnel in a Savings and Investment Marketplace simulation provided an excellent opportunity to mobilize employees in terms of member needs and Desjardins products and services. Furthermore, the Fédération de Montréal et de l'Ouest-du-Québec added three new dimensions to its Moti-Vente program aimed at training personnel in the over-the-counter sale of financial products.

The Fédération de Québec surveyed some 1,100 caisse employees this fall in order to improve human resource management. In the Saguenay-Lac-Saint-Jean region, union and employer representatives organized a discussion day to exchange views on the issues and challenges facing the caisse of the future.

In this period of change and specialization, the majority of the federations were very active in the area of employee and manager training. Programs leading to a B.A. in management, offered in conjunction with the universities, are attracting a growing number of employees. The Fédération de Montréal et de l'Ouest-du-Québec developed a training program designed specifically for persons

A number of employees from the Fédération de Québec caisses improved their knowledge of Desjardins products and services by participating in Pro-Quiz.



assuming a management or a general manager's position for the first time; it also led a huge offensive to improve commercial credit training for Credit commissioners and the employees of this department.

Our cooperative identity

In 1994, efforts were made to highlight our cooperative identity in order to reinforce support of common values. There is a tendency in difficult times to abandon the values of cooperation and solidarity which are fundamental to cooperative organizations in favour of a more conventional company vision. A number of initiatives were undertaken during the year to highlight this strategic orientation of Desjardins.

The Fédération de Québec, for one, was very active in this respect, adopting a cooperative master plan aimed at identifying the causes deserving of caisse support. For example, it perfected a management system that enables it to assess the cooperative vitality of the caisses. This system is used in strategic planning, helping us to target areas where priority action is required in terms of cooperative development. The Fédération de Richelieu-Yamaska increased its presence in secondary schools in an attempt to promote the integration of cooperative values in school activities and instil a sense of cooperation in young people. The Fédération de Lanaudière is actively supporting an association of caisse presidents. This group, which encourages the taking of responsibility and exchanges by members, has become a first-class interface for the Fédération.

Lastly, one of the major priorities established by the Fédération de Montréal et de l'Ouest-du-Québec consists in encouraging member-officers to take charge by actively supporting them in their duties. In fact, it collaborated with several other federations on the development of a province-wide program covering employee orientation, basic training, skills development, change implementation support, strategic information, self-development and recognition.

The reengineering of the work processes is a priority objective for most federations in 1995. This comprehensive reorganization should increase member satisfaction, our savings and credit portfolios, and the profitability of the caisses.

THE CONFÉDÉRATION

A new reality, a new structure

While 1994 was a year of transition for the Mouvement des caisses Desjardins as a whole, it was particularly pivotal for the Confédération which began the year by thoroughly overhauling its structure in order to accommodate the new distribution of responsibilities within the network.

The Confédération's new structure rests on three axes. The first is the Office of the General Secretary, which is primarily responsible for providing strategic orientations and positioning support to the President and the Board of Directors, and which also encompasses the units responsible for government and media relations, cooperative development and international affairs, public affairs and institutional communications, and the Mouvement's various publications.

The second axis is the Corporate Operations Group which, working closely with the federations' Committee of General Managers, will be responsible for the coordination of caisse network operations. To facilitate these coordination efforts, taking into account the redistribution of responsibilities and the competitive environment of the caisses, two entities were created within the Operations Group. The *vice-présidence Réingénierie*, the department responsible for reengineering, was given the mandate to analyze caisse procedures with a view to maximizing service at the lowest possible cost and, at the same time, strengthening the caisses' relationship with their members. This rather broad mandate will be supported closely by the *vice-présidence Réseaux et Systèmes*, the department responsible for network and systems, and by various sector specialists.

The department in charge of strategic and financial development, the *vice-présidence Développement stratégique et financier*, will implement competitive intelligence systems to support its strategic planning activities. By having an accurate picture of the

Mouvement and its competition at all times, we will be in a better position to plan initiatives in various markets and develop appropriate products and services that are both competitive and incorporate the cooperative spirit of Desjardins.

The Confédération's third area of activity involves the overall monitoring of the Mouvement Desjardins. This function, which is partly new, falls within the jurisdiction of the Bureau for Financial Monitoring and Policy Enforcement and reports to the Inspector and Auditor General. Several factors support the creation of this Bureau, including the redistribution of responsibilities and the competition generated by deregulation.

The Bureau's jurisdiction covers four areas: inspection, audit and taxation, internal audit and remote monitoring. It works not only with the caisses, the federations and Caisse centrale but also – subject to the structures in place – with the holding companies and the subsidiary companies. Its mission is to support the officers and ensure the protection of member assets by promoting sound and prudent management practices, and by auditing the financial statements of the caisses and the federations.

On the agenda: strict quality and management standards

Although setting up these new structures consumed a great deal of employee time and energy, Confédération employees nevertheless found the time to address a number of other issues such as the implementation of the reengineering of risk management processes, a project which could translate into \$3 million in savings.

In terms of the on-going quality improvement process, the Confédération supported the federations' efforts to evaluate their quality management practices and systems; for instance, various tools were developed specifically for managers, and new document research tools were also analyzed and designed.

Elsewhere, a quality improvement team completed its review of product and service development procedures in April. Some twenty areas were identified for improvement with five receiving priority status. One of these, involving the simplification of the decision-making and validation process, resulted in the elimination of one level of intervention, and the redefinition of the mandates and areas of responsibility of the various reference groups.

With respect to quality, the groupe Assurance qualité informatique was responsible this year for the launch of *Méthodologie de construction de systèmes d'information*, whose purpose is to standardize the systems development process in order to improve the quality of the services offered to the caisses in this area.

As in the past, training received a great deal of attention this year. The Human Resources unit proposed an extensive program of training activities to all personnel based on the three aspects of the quality improvement initiative: client-oriented approach, unit efficiency and employee mobilization.

In addition to participating in the implementation of the new internal structures, members of the Confédération's legal staff were kept very busy with the introduction, early in 1994, of the new Civil Code of Québec and the *Act respecting the protection of personal information in the private sector*.

On the financial front, the Confédération continued to propose various initiatives aimed at reducing its own operating expenses and those of the network overall. Significant savings were achieved by renegotiating contracts, reviewing procedures, etc. Already under way, the clearing process improvement project alone, when fully deployed, will result in earnings before taxes of \$13 million. In addition, a service agreement with the caisses involving cheque and form supplies should result in \$800,000 to \$1.7 million in savings for all of the caisses.

Promoting cooperative values

All Confédération activities espouse cooperative values, whether they are related to product and service development or are of technological or legal nature. However, some of these activities focus specifically on the development and promotion of these values. Thus, in 1994, the Confédération held two seminars on the caisses' involvement in community development, in addition to establishing guiding principles for the management of charitable donations, spon-

Desjardins offers through cable TV's Vidéoway a new service to initiate young adults in the art of personal financial planning and management.



sorship and fund-raising campaigns. A master plan for cooperative education and development was finalized, the implementation of Mobilisation jeunesse, a youth mobilization project, was prepared and an environmental audit report was drafted for the entire Mouvement Desjardins. Moreover, *La Revue Desjardins* continued to fulfil its mission of providing officers with strategy information and assisting their decision-making process by keeping them well informed.

Four specialized corporations linked to the Confédération support its efforts to promote cooperative values. One of these is Fondation Desjardins whose threefold mission consists of promoting training and research among the community's youth, supporting individuals planning careers in finance, and enhancing the cooperative awareness of managers, employees and members of the Québec cooperative movement. In 1994, some 400 young people received awards and scholarships totalling \$409,000. This represents an increase of approximately \$20,000 compared to last year.

In 1994, the Fondation Desjardins also launched a new contest entitled "Étudiants coopérateurs". The purpose of this contest was to encourage young people to develop a cooperative project involving their milieu, to implement a project proposed at the summit on cooperative education in November 1993, or in some way mark the Fondation's 25th anniversary.

The Société historique Alphonse-Desjardins, which welcomed 12,000 visitors to the founder's home in 1994, continued to familiarize people with the life and works of Alphonse Desjardins, and the origins of the Mouvement. Book II of *Histoire du Mouvement Desjardins* was published in 1994 and research is now under way on Book III, which will cover the period from 1944 to 1970. The Centre de formation Desjardins abandoned its accommodation and food services in favour of devoting its time exclusively to providing training facilities to the Mouvement's organizations.

Lastly, Développement international Desjardins (DID) continued its world-wide promotion of the Mouvement Desjardins' cooperative values by supporting various cooperatives, primarily in the finance and rural development sectors. It is also committed to a very ambitious project which involves setting up, over a period of 5 to 10 years, thousands of savings and credit cooperatives in Viet-Nam. DID is already present in Africa, and with an 11.8% increase in its level of business this year, it turned its

attention to Mexico and also increased its presence in Eastern Europe through two major mandates in Russia and Lithuania.

Focusing primarily on the finance sector, DID created technical assistance services reflecting the needs of its clients and partners. Expertise was acquired most notably in the area of bank computerization and legislation.

One aspect of DID's mandate involves making young people aware of the international nature of relationships in today's world. Its numerous activities include its support of *La Course Destination Monde*, a Radio-Canada video production program for young people. Lastly, DID projects continued to favour a cooperative approach with the various components of the Mouvement. It is in this vein that the Fédération de Québec and Fédération du Saguenay-Lac-Saint-Jean are respectively participating in projects in Hungary and Burkina Faso.

THE CORPORATIVE NETWORK

Custom-made services

After one year of restructuring and another of consolidation, the Société de services des caisses Desjardins and its subsidiaries were able to devote all of their efforts to pursuing their primary goal in 1994: offering all of the components of the Mouvement Desjardins, and some external clients, a package of specialized services. By properly balancing its various strategic priorities – profitability and growth, service that is both high-quality and competitive, strict operational management, synergy implementation – this company was able to give the caisses \$4 million in various forms of remuneration. It also recorded \$22.1 million in profits, and of this amount, \$20.6 million was reinvested in the Mouvement. With increased competition on several market fronts, this is a noteworthy performance especially in light of the superior quality of the services offered to the caisses.

Most of these profits are directly attributable to the Centre Desjardins de traitement de cartes (CDTC), which is responsible for the administration of the VISA Desjardins franchise. To cope with the particularly fierce competition in this sector and the deepening segmentation of the market, the CDTC launched the Flexi-Points program, which includes the Desjardins Bonus program and the Visit Québec plan, aimed at securing client loyalty. In 1994, the CDTC was also involved in a systems upgrading project which will enable us to efficiently support our business development strategy and achieve considerable savings. The installation of the new hardware is scheduled for early 1995.

Also on the agenda was the upgrading of Desjardins Payroll Services' information systems. The new system scheduled to be installed in 1995 will enable this company to service a larger clientele, and improve its profitability. Its earnings before taxes this year were in the order of \$1 million, and it was also able to grant a 15% rebate on the fees collected during the year from the various Desjardins components.

Through a strict control of expenses, among other things, the Centre d'autorisation et de paiement des services de santé (CAPSS) also had a profitable year with close to \$180,000 in net profits. The largest private issuer of cards in the field of health care in Québec was involved, this year, in a major strategic planning and positioning exercise. CAPSS intends to get an edge on the competition with an information system that will enable it to better meet the evolving needs of its clients.

For SECUR, 1994 was a year devoted to consolidating assets, which resulted in earnings before taxes of close to \$871,000. Furthermore, SECUR was able to offer a 3.5% rebate on its standard securities transfer rates. Once again, strategic planning paid off: one of the projects currently under way involves grouping its activities in the Montréal region together on one site. This initiative should prove beneficial both in terms of savings and efficiency.

Lastly, Desjardins Leasing actively participated in leasing positioning initiatives involving services to the caisses. This work will continue jointly with the Fédération de Richelieu-Yamaska within the framework of a pilot project.

A greater presence in the technological sector

Investissement Desjardins was one of the first venture capital companies to take advantage of the emerging advanced technology sector in Québec. Nearly 10% of its portfolio is currently invested in the electronics, communications and biotechnology industries. In other respects, Investissement Desjardins was very active in terms of the Technocap technology fund. Through the regional funds, it was also more involved this year in company start-up activities, thus supporting a major aspect of the cooperative network's mission.

New management at Culinar resulted in major administrative reorganization and rationalization in anticipation of a return to profitability in 1995. In terms of quality, Investissement Desjardins endeavoured to improve its analysis procedures in order to reduce its client response time, and undertook to improve the quality of its portfolio. Lastly, the company set up a network of outside experts to validate the analysis of technological investment projects. In 1994, its personnel was also given the opportunity to improve its skills in the analysis of advanced technology investment projects.

Restructuring and consolidation in the financial sector

In the annals of the Société financière des caisses Desjardins (SFCD) and its operating companies, 1994 will remain a historical year – the year of the merger with The Laurentian Group Corporation. It will also be remembered as the inaugural year for the operations of the only Canadian holding company that is active in all five pillars of the financial industry – life insurance, liability insurance, securities brokerage, trust services and banking services.

The acquisition of The Laurentian Group necessitated a major restructuring of the Mouvement's corpo-

rative sector: in fact, SFCD transferred its assets to a new entity, the Desjardins-Laurentian Financial Corporation (DLFC), which is now the umbrella organization for all the operating companies except The Laurentian Life and Health Insurance Corporation. First quarter results were very encouraging. Excluding losses incurred by Desjardins Trustco, the operating companies of the DLFC contributed in excess of \$60 million.

Our life insurance activities were grouped together under the banner of the Desjardins-Laurentian Life Group (DLLG), a new holding company acting as the umbrella organization for the group's two main operating companies: Desjardins-Laurentian Life Assurance, which will focus its activities in Québec, and Imperial Life, which will continue to develop business in the rest of Canada. This new structure will enable DLLG to consolidate its position and compete against the largest life insurers in Canada.

For the Société de portefeuille du Groupe Desjardins, assurances générales, 1994 was also an excellent year. In spite of a saturated market, its premium volume increased by more than 10% and its claims experience decreased, due mostly to a reduction in the number of accidents and car thefts. Although the Société invested heavily in the technology and commercial development sectors, its operating expenses continued to decrease in proportion to the percentage of premium volume.

To restart the trust sector on a solid financial foundation, Desjardins Trustco and DLFC set up an extensive restructuring program. After assessing the entire loan portfolio, a considerable loss provision was created. In the future, Desjardins Trust, a subsidiary of Trustco, will focus its attention on providing trust services to individuals, companies and the caisses, and on specialized savings products and residential mortgage loans, working closely with the caisses. It has now completely divested itself of its business loan portfolio, which will be administered by Desjardins Commercial and Industrial Credit. Through a management agreement with the Caisse centrale Desjardins, its offer of services is being further integrated with that of the caisses.

Working closely with the network of caisses and Caisse centrale, which is responsible for the money and bond market sectors, Desjardins Securities pursued a cautious development strategy in terms of the full-service brokerage network. In spite of the negative impact this development has had on short-term results, the company is in fact ensuring its future profitability. In 1994, eight new service access points were opened and commission income increased by over 26% compared to the previous year.

One highlight for the Laurentian Bank this year was an increase of over 20% in its other income. This income is derived from the sale of related products and services. It also greatly improved the quality and the mix of its loan portfolios, and solidified its loan loss provisions. Moreover, by acquiring Prenor Trust and the Manulife Bank, the Laurentian Bank significantly increased its presence outside Québec, where over 45% of its loan portfolio is now invested.

On the whole, the future looks very bright for SFCD, DLFC and its operating companies. Thanks to the repositioning efforts deployed throughout the year, we can expect 1995 to be a year of business development and increased profitability for SFCD.

Participation

S O C I O - E C O N O M I C

Solidarity



Desjardins' cooperative vitality is reflected in its unique way of doing business, and in its concern for all categories of members. Job creation and new business support are among its primary concerns.

Commitment



AND COOPERATIVE AUDIT REPORT

The financial results of the Mouvement des caisses Desjardins, which determine to what extent its growth, profitability and investment return objectives have been achieved, reflect only part of its mission.

Its mission also encompasses a number of other aspects which are somewhat more difficult to define: the quality of our service to members, better relations between members, officers and employees, stronger intercooperation, and our contribution to community development. The primary responsibility of the Desjardins caisses and their supporting institutions is therefore to provide their owner members and their clients with financial services that are adapted to their needs and interests.

By choosing the cooperative formula, Desjardins caisse members provide a clear indication of the kind of society they want and of the values they hold in high esteem, such as solidarity, education, equity, participation and democracy.

It is precisely because the Mouvement des caisses Desjardins is a cooperative organization that, in addition to its financial statements, it publishes a Socio-economic and Cooperative Audit Report which reflects its distinctive way of doing business. In addition to reporting on the Mouvement's philanthropic activities, this valuable tool was updated in 1994 to provide a more in-depth measure of Desjardins' cooperative vitality and contribution to the social and economic well-being of its members and their community.

This year's audit report was drawn up with the help of a new questionnaire distributed to all the Desjardins caisses. Because of the questionnaire's new format, which was radically different from before, the response rate dropped slightly compared to previous years. Nevertheless, responses were received from 788 caisses populaires or caisses d'économie and 12 caisses in Ontario for the

compilation of this report; the overall results also include data from the federations, the Confédération and the subsidiaries. Although the results are inevitably lower than reality would suggest, they nevertheless illustrate the wealth and diversity of Desjardins' socio-economic commitments.

The quality of member services: a growing priority

With respect to understanding the interests and needs of its members, 78% of the caisses that responded to the questionnaire gave themselves a positive rating based largely on the results of surveys, various meetings and workshops, and on the current approach of anticipating client needs and offering personalized advice. Thirty-four percent of the caisses profess to have made an increased effort in this area in 1994, whether by way of conducting surveys or by creating a review and action committee to monitor the quality of their services.

Accessibility of services is also of major importance to the caisses. For example, two thirds provide home service upon request to persons with handicaps or with reduced autonomy. The same proportion offer increased accessibility by extending business hours as necessary, or by agreeing to meet with members outside regular business hours.

Furthermore, no fewer than 70% of the caisses maintain that they endeavour to provide assistance to members who are having financial difficulties. Depending on the individual situation, these efforts generally involve relaxing the rules, refinancing loans, staggering payments, or granting emergency loans. Moreover, approximately 15 caisses utilize mutual help funds. Far from decreasing, caisse sensitivity to individual situations and needs is, in fact, constantly increasing.

Nearly half of the caisses take the time to periodically measure member satisfaction with respect to

their services, and over 62% have instituted a complaint management program.

Generally speaking, the caisses gave themselves a positive rating in terms of the quality of their services to members, but many still felt that more effort was needed in this area. For example, 35% feel that their efforts in terms of information and education are insufficient.

The annual meeting gives members an opportunity to actively participate in the cooperative operations of their caisse.



Intercooperation and the cooperative way of life

Good year or bad, the caisses record an average attendance of approximately one hundred members at their annual meetings. In 1994, 32% of them indicated having taken new measures to increase member participation. As a result, average attendance at the annual meetings of these caisses rose to 137 members, compared to 90 at the others. Eighteen percent also tried to promote participation by organizing symposiums or workshops during the meeting. They also set up education committees, task forces and special committees to deal with specific projects.

Twenty-eight percent of the 788 caisses in Québec that completed the questionnaire paid out patronage refunds to their members in the amount of \$109,683 per caisse on average, for a total of \$23,040,000. In 14% of these caisses, the members also chose to donate a portion of the surplus earnings to a social or community fund. These contributions totalled \$1.1 million.

In other respects, the caisse network in Québec welcomed 2,180 new volunteer officers, which represents a turnover rate of 12.5%. Of this number, 13% are under age 35, 31% are women and a number of them come from cultural communities, in particular in the greater Montréal area. Just over 60 members of these communities also became Mouvement employees.

Of the caisses that completed the questionnaire, 20% successfully carried out cooperative training activities during the year for their employees. Half of them claim that through these activities they were able to elicit employee support for their strategies, mainly by involving them in the planning process or by inviting them to sit on committees side by side with elected officers.

With regard to intercooperation between the caisses, slightly over half interact regularly with other caisses, whether it be through joint advertising and promotional campaigns, sharing of human and material resources, training activities or joint committees.

Thirty-six percent of the caisses have also established more or less formal ties with other cooperatives. For a quarter of these caisses, this was made possible through financial or technical assistance programs. For many, Desjardins Week was a time of increased cooperation which gave rise to various meetings and activities with respect to education, awareness and public relations. The caisses contributed nearly \$110,000 in cooperative promotional support; combined with the commitments of the federations, the Confédération and the subsidiaries, this represents a total of \$350,000 in donations and sponsorships paid to the cooperative sector. Desjardins' support of cooperative development often takes the form of an exchange of human resources. This was the case, for example, at the

Fédération des caisses populaires de l'Abitibi, which contributed to the creation of a regional development cooperative.

A strong partnership with the community

The caisses' historical roots in the cooperative movement and in the community are especially evident in their rigorous support of community development. Sixty-three percent of them have delegates in community organizations, and more than one third conduct periodic assessments of the development needs of their community, often in cooperation with organizations that share their concerns. Nearly half of them make their premises or equipment available on a regular basis, and one third occasionally provide technical or professional services. Lastly, 80% of the caisses that completed the questionnaire participated in various fund-raising campaigns for local, regional or national organizations.

Noteworthy financial contributions

The 788 caisses surveyed for this report contributed \$9,100 each on average in donations and sponsorships to their community. The beneficiaries of these contributions were mostly the educational, sports and recreation sectors, as well as various clubs and associations, and charitable and parish organizations. One in five caisses also offered financial support to initiatives in the farming community.

Some 28% of these caisses are committed to one or more special projects affecting their community. In nearly half of the cases they either played an initiating role or provided support to initiatives instituted by other organizations. In three quarters of the cases, they act in partnership with other caisses in the sector, or with other organizations in the community. This Socio-economic and Cooperative Audit Report itemized 333 projects involving 230 caisses in Québec. One quarter of these projects are aimed at improving community services, another quarter strives to achieve economic development objectives, and one in six directly involves education. According to the data collected, each project requires an average annual commitment of 15 person-days and costs approximately \$16,000.

Altogether, the 788 caisses in Québec that completed the questionnaire have contributed a total of \$8,154,000 in sponsorships and various donations. The 12 responding caisses from Ontario contributed \$116,000, while the federations, the Confédération and Desjardins subsidiaries contributed a total of \$5,181,000, for an overall contribution of \$13,451,000.

A special concern for economic development

One fifth of this nearly \$13.5 million was allocated to economic initiatives, and half of that amount was used to support local projects such as setting up business incubators or industrial parks, supporting interaction within the business community, creating new businesses and new jobs, particularly for young people, stimulating residential development, participating in economic development corporations or funds, promoting local spending, conducting studies on the problems of local development, salvaging troubled businesses, loan circles, supporting tourism development, promoting entrepreneurship, fostering excellence and innovation, etc.

The federations, the Confédération and the subsidiaries extended this support by making commitments over a wider geographic area. For example, the Fédération de Richelieu-Yamaska participated in Forum 1994, which brought together over 120 businesses from 5 regional county municipalities, and attracted more than 22,000 visitors. For a little over 20 years, the Fédération du Bas-Saint-Laurent has been managing a regional investment fund on behalf of its affiliated caisses. This fund made ten investments in 1994 totalling over \$530,000 and involving 168 jobs, 5 of which were company start-ups; eight additional offers involving 60 other jobs are being considered, for a total amount of over \$400,000.

In Saguenay-Lac-Saint-Jean, the federation sponsored a symposium of some one hundred leaders of community development assistance committees and local development committees. This symposium gave participants an opportunity to share their experiences and to mobilize each other to take initiatives. The federation also participated in a regional strategic planning exercise that brought

together leaders from 21 activity sectors who will pursue their efforts to establish regional priorities. Five caisses invested in development funds, and four in business rescue operations. Eight caisses supported research and development projects in small and medium-sized businesses through the Groupe d'application des matériaux de l'aluminium et du papier, a group which researches prospects for the use of natural resources. The Desjardins components in this region also contributed \$15,000 to a campaign promoting "the Desjardins entrepreneur", which was aired both on radio and television. The caisses in and around Jonquière invested \$36,000 in a campaign entitled *J'achète Desjardins* to encourage consumer support of their member companies.

The list of noteworthy initiatives goes on and on. However, we would like to draw your attention to Desjardins' contribution to the Forum for Employment, the Société de promotion Qualité-Québec and the coalition of Charlevoix caisses to promote regional development, in addition to the considerable growth, particularly within the Fédération de Québec, of the program entitled "Sois ton propre patron" (Be your own boss), which was originally launched by the Charlesbourg caisses and supported by the federation. Lastly, the Eastern Township caisses and their federation lent their support to a campaign promoting entrepreneurship and local spending, in cooperation with the chambers of commerce, the municipalities, the Union des producteurs agricoles, the Québec Department of Agriculture, Fisheries and Food, and various other associates. Their support was also combined with support from the Regional Development Council and from various initiatives such as Pro-Gestion Estrie, and Forum Emploi Estrie.

Some of the initiatives were specifically geared toward the agricultural and forestry sectors. In the Richelieu-Yamaska region, the Agri-Vision initiative brought together 2,000 participants interested in the challenges agricultural producers will be facing in the future. In Saguenay-Lac-Saint-Jean, a contribution of \$325,000 was made to the Grands Jardins de Normandin project, a flower, vegetable and tree garden, primarily by the Caisse populaire de Normandin.

Community services

Another fifth of the total donations and sponsorships in 1994 went toward improving various community services, particularly in the area of municipal infrastructures, health care facilities and social services, social clubs and various associations. Other contributions were made to support initiatives involving the family, immigrant integration, the status of women and environmental protection and development.

Examples of these contributions include numerous commitments to regional hospital foundations, support of the Association du cancer de l'est du Québec's home-away-from-home project by the caisses and the Fédérations du Bas-Saint-Laurent, de la Gaspésie and des Îles-de-la-Madeleine, our participation in the Gaspé and the North Shore salmon rivers restoration project, and assistance with a multitude of teen centres, housing projects for the elderly and shelters for women, teens or families in distress.

Humanitarian projects

Humanitarian projects received over \$1.3 million in financial support, in addition to ongoing assistance with fund-raising and local activities such as blood clinics, food drives for underprivileged families and various emergency assistance activities for destitute or disaster-stricken individuals (following fires, tornados, floods, etc.). Groupe Desjardins, assurances générales, is also known for its long-time association with Opération Nez Rouge, and for its involvement in the Lotopompier program.

Arts and culture

Over \$1.1 million was pledged to arts and culture in 1994. This money was used to promote local artists, offer musical training, support local theatre or dance troupes, and for a realm of other initiatives. In particular, the caisses and the Fédération de Lanaudière, the Fédération de Montréal et de l'Ouest-du-Québec and several subsidiaries of the Mouvement committed themselves to supporting the Lanaudière International Music Festival and the Matinées populaires. In Gaspé, the commitment of the caisses and the federation to support arts and

culture is evidenced in their sponsorship of the Festival en chansons, devoted to regional talent.

Education

Once again this year, the education sector received considerable support from various components of the Mouvement. Over \$1.5 million was donated to support educational projects such as helping students in difficulty, updating schools and equipment, purchasing equipment for computer training, promoting reading, road safety education, work term programs, assisting in setting up new learning centres, supporting student-oriented cultural and sporting activities, etc. In cooperation with the Confédération and the Desjardins-Laurentian Life Group, as well as with the educational community, the Fédération de Montréal et de l'Ouest-du-Québec also participated in a triennial project to combat the school drop-out problem; several caisses are also involved in projects of this type.

The caisses also granted over 1,100 scholarships for a total value of \$160,000. The other Desjardins components, in particular the Fondation Desjardins, awarded 346 study and research grants, generally to university students, for a total of \$464,000.

Other areas of commitment

Among the other types of contributions, the Mouvement lends considerable support to the area of sports and recreation, which this year totalled \$1.9 million. It is well known, for example, that the Fédération de Québec and its caisses sponsor international skier Mélanie Turgeon and that, in cooperation with several other Desjardins components, they are major partners in the Québec 2002 bid to host the Olympics.

Desjardins components provided a total of \$600,000 in support to church councils and religious projects in 1994, and many other worthy causes received \$1.5 million in support.

Particular attention to families and young people

The Mouvement des caisses Desjardins has on numerous occasions expressed its concern for families and young people. This concern was no less

present in 1994. Of the 333 special projects already cited to which the caisses made contributions, 22% were specifically aimed at young people. This obviously includes the majority of scholarships and education support initiatives, as well as a significant proportion of the job creation efforts.

The support of the school and student caisse programs also represents a sizeable commitment to young people on the part of the network. The Desjardins Youth Competition, which is held over the entire Canadian territory covered by the federa-

In Saguenay-Lac-Saint-Jean, Desjardins is contributing to the Grands Jardins de Normandin project, where land-use development like the kind pictured below is anticipated.



tions of affiliated caisses, elicited the participation of no fewer than 621,494 elementary and secondary school students. Through the highly successful concerted efforts of, on the one hand, Développement international Desjardins, 17 caisses and the Fédération du Centre du Québec and, on the other hand, the educational community, the newspaper *Le Nouvelliste*, the Canadian International Development Agency and the Comité de solidarité Tiers-Monde de Trois-Rivières, a contest was also held to raise the awareness of students from 17 secondary schools regarding various aspects of international

development. In cooperation with the Desjardins-Laurentian Life Group and a number of other partners, Développement international Desjardins is also associated with *La Course Destination Monde*, a video production program for young people aired on Radio-Canada.

With respect to the family, the Mouvement lent its support to a number of initiatives in recognition of the International Year of the Family, both at the provincial and regional level. Various Desjardins components were involved in the Forum sur la fiscalité des familles (forum on family taxation) in February 1994. Several federations, in cooperation with their affiliated caisses, also participated in conferences, focus meetings and major celebrations devoted to the family. For example, the Fédération de Montréal et de l'Ouest-du-Québec renewed its support of the Fêtes des neiges de Montréal and, in concert with local caisses, sponsored the Verdun world kite festival, in addition to the "Créer des liens" and "Course dans les quartiers" (Shopping in the neighbourhood) initiatives, which attracted 50,000 participants. Furthermore, for the past 13

years, Desjardins-Laurentian Life Assurance has been involved in awarding the Prix de la Famille, family awards presented annually by the Fédération des unions de famille. These diverse contributions were combined with an abundance of local activities in support of the family which received significant cooperation from a large number of caisses.

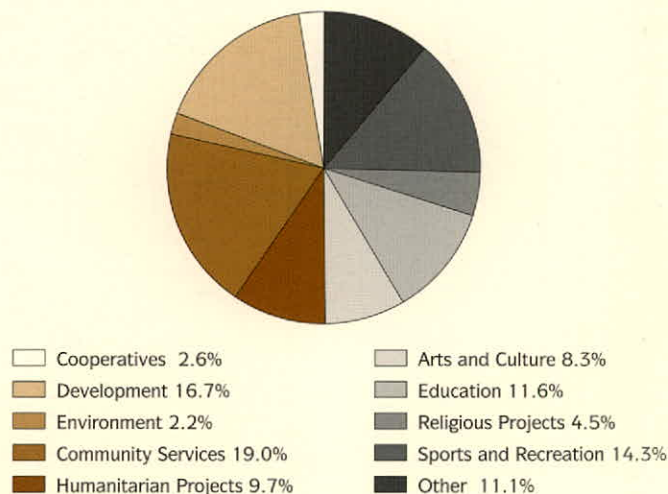
An overall reinvestment of nearly \$40 million in the community

If we add up the patronage refunds paid by the caisses to their members, the sums transferred to social or community funds, the scholarships and all of the donations and sponsorships, the Mouvement's reinvestment in the community in 1994 amounts to nearly \$40 million. The figures available for the caisses and federations in Ontario, New Brunswick and Manitoba show a comparable socio-economic and community commitment. In the final analysis, it would be difficult to find a better expression of the distinct nature of the Desjardins caisses and the advantages of its cooperative formula.

MOUVEMENT DES CAISSES DESJARDINS

1994 Donations and Sponsorships

Total: \$13,451,000



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Action



The Mouvement des caisses Desjardins,
guided by the values of cooperation,

puts money to work for the benefit

of individuals, families, groups and

enterprises, as well as for commu-

nities. ■ Originally formed and still

improving by fostering synergy among

the resources of a community and

through creative action, the Desjardins

network builds on the strength of

people to engineer success now and

to influence the future.

Cooperation



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