

2019 Financial Report

Caisse Desjardins de LaSalle

TABLE OF CONTENTS

Report on the results of applying specified auditing procedures

Financial report

Balance Sheet	2
Statement of Income	3
Statement of Changes in Equity	4

Note to the financial report

Note 1 – Type of operations and basis of accounting	5
-----------------------------------------------------------	---



March 10, 2020

Report on the results of applying specified auditing procedures to the financial report of the Caisse Desjardins de LaSalle (the “Caisse”) prepared by the management of the Caisse

To the members of the *Fédération des caisses Desjardins du Québec*

We are the independent auditor of the separate combined financial statements of the Desjardins caisses in Quebec (the “combined financial statements of the Desjardins caisses”), on which we expressed an unmodified opinion on February 26, 2020.

With respect to the accompanying financial report of the Caisse prepared by the management of the Caisse, we were engaged by the members of the *Fédération des caisses Desjardins du Québec* to agree the financial information contained in the financial report of the Caisse with the accounting records that include the Caisse’s specific accounting adjustments and were used to prepare the combined financial statements of the Desjardins caisses in Quebec for the year ended December 31, 2019 (the “procedures”).

We confirm that we agreed all financial information contained in the accompanying financial report of the Caisse for the year ended December 31, 2019 with the accounting records that include the Caisse’s specific accounting adjustments and were used to prepare the combined financial statements of the Desjardins caisses in Quebec for the year then ended, and we confirm that we found no exceptions.

In particular, as part of our procedures, we agreed the following financial information of the Caisse:

Total assets:	762,392,000	\$
Total equity:	75,982,000	\$
Net surplus earnings for the year after member dividends :	6,937,000	\$

These procedures do not constitute an audit of the financial report of the Caisse as at December 31, 2019, and therefore we express no opinion on the financial report of the Caisse as at December 31, 2019.

*PricewaterhouseCoopers LLP*¹

¹ CPA auditor, CA, public accountancy permit No. A111799

BALANCE SHEET (unaudited)

(in thousands of Canadian dollars)	As at December 31, 2019 ⁽¹⁾	As at December 31, 2018
ASSETS		
Cash and deposits with financial institutions	\$ 7,778	\$ 7,339
Investment in liquidity fund under management	32,047	31,060
Loans		
Residential mortgages	579,577	518,561
Consumer and other personal loans	19,730	20,571
Business and government	65,858	55,250
	665,165	594,382
Allowance for credit losses	710	680
	664,455	593,702
Investments in the Federation	39,846	36,277
Other assets		
Derivative financial instruments	9,020	5,627
Right-of-use assets	4,493	-
Property, plant and equipment	1,571	1,520
Other	3,182	3,176
	18,266	10,323
TOTAL ASSETS	\$ 762,392	\$ 678,701
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits		
Individuals	\$ 442,196	\$ 416,344
Business and government	85,413	90,542
Deposit-taking institutions	292	109
	527,901	506,995
Borrowings	143,379	91,809
Other liabilities		
Derivative financial instruments	1,417	1,394
Lease liabilities	4,818	-
Net defined benefit plan liabilities	3,473	2,942
Other	5,422	5,448
	15,130	9,784
TOTAL LIABILITIES	686,410	608,588
EQUITY		
Capital stock	1,516	2,629
Distributable surplus earnings	4,944	12,226
Accumulated other comprehensive income	1,279	144
Reserves	68,243	55,114
TOTAL EQUITY	75,982	70,113
TOTAL LIABILITIES AND EQUITY	\$ 762,392	\$ 678,701

⁽¹⁾ The information presented as at December 31, 2019, reflects IFRS 16, "Leases" which was adopted on January 1, 2019. Comparative figures have not been restated. For more information, see Note 2, "Basis of presentation and significant accounting policies" to the Combined Financial Statements of the Desjardins caisses in Quebec, for the year ended December 31, 2019, available at www.desjardins.com.

STATEMENT OF INCOME
(unaudited)
For the years ended December 31

(in thousands of Canadian dollars)	2019 ⁽¹⁾	2018
INTEREST INCOME	\$ 21,373	\$ 18,570
INTEREST EXPENSE	8,496	7,191
NET INTEREST INCOME	12,877	11,379
OTHER INCOME	4,847	4,800
PROVISION FOR CREDIT LOSSES	71	278
NON-INTEREST EXPENSE		
Salaries and fringe benefits	4,310	4,118
Assessments paid to Desjardins Group components	1,604	1,610
Computer services and other agreements	1,643	1,625
Community development expenses	30	45
Other	3,769	4,071
	11,356	11,469
OPERATING SURPLUS EARNINGS	6,297	4,432
Income on investments in the Federation	3,365	4,085
Loss on fair value of derivative financial instruments	(301)	(335)
SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS	9,361	8,182
Income taxes on surplus earnings	1,555	1,091
SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS	7,806	7,091
Member dividends	1,184	916
Tax recovery on member dividends	(315)	(245)
NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS	\$ 6,937	\$ 6,420

⁽¹⁾ The information presented for the year ended December 31, 2019, reflects IFRS 16, "Leases" which was adopted on January 1, 2019. Comparative figures have not been restated. For more information, see Note 2, "Basis of presentation and significant accounting policies" to the Combined Financial Statements of the Desjardins caisses in Quebec, for the year ended December 31, 2019, available at www.desjardins.com.

STATEMENT OF CHANGES IN EQUITY
(unaudited)

For the years ended December 31

	Capital stock	Distributable surplus earnings	Accumulated other comprehensive income	Reserves							Total equity	
				Appreciation reserve (investments in the Federation's investment funds)	Appreciation reserve (derivative financial instruments)	Appreciation reserve (employee benefit plans)	General reserve	Stabilization reserve	Reserve for future member dividends	Community Development Fund		Total reserves
(in thousands of Canadian dollars)												
BALANCE AS AT DECEMBER 31, 2017	\$ 3,803	\$ 1,900	\$ 2,274	\$ 25,479	\$ 791	\$ (2,368)	\$ 29,762	\$ 2,469	\$ 1,986	\$ 238	\$ 58,357	\$ 66,334
Impact of changes in accounting policies	-	-	(155)	149	-	-	189	-	-	-	338	183
OPENING BALANCE AS AT JANUARY 1, 2018	\$ 3,803	\$ 1,900	\$ 2,119	\$ 25,628	\$ 791	\$ (2,368)	\$ 29,951	\$ 2,469	\$ 1,986	\$ 238	\$ 58,695	\$ 66,517
Distribution by members at the 2018 general meeting												
Interest on permanent and surplus shares	-	(121)	-	-	-	-	-	-	-	-	-	(121)
Transfer from (allocation to) reserves	-	(1,785)	-	-	-	-	1,585	-	-	200	1,785	-
Net adjustment for member dividends	-	6	-	-	-	-	-	-	-	-	-	6
Balance after distribution	3,803	-	2,119	25,628	791	(2,368)	31,536	2,469	1,986	438	60,480	66,402
Net surplus earnings for 2018 after member dividends	-	6,420	-	-	-	-	-	-	-	-	-	6,420
Other comprehensive income for the year	-	406	(1,975)	-	-	-	-	-	-	-	-	(1,569)
Statutory transfer	-	4,546	-	(4,506)	(246)	206	-	-	-	-	(4,546)	-
Net amounts used during the year	-	865	-	-	-	-	-	-	(832)	(33)	(865)	-
Equity transactions related to the investments in the Federation	-	-	-	98	-	-	-	-	-	-	98	98
Redemption of permanent shares	(1,123)	-	-	-	-	-	-	-	-	-	-	(1,123)
Other net change in capital stock	(51)	-	-	-	-	-	-	-	-	-	-	(51)
Interest on permanent and surplus shares	-	(5)	-	-	-	-	-	(53)	-	-	(53)	(58)
Net adjustment for member dividends	-	(6)	-	-	-	-	-	-	-	-	-	(6)
BALANCE AS AT DECEMBER 31, 2018	\$ 2,629	\$ 12,226	\$ 144	\$ 21,220	\$ 545	\$ (2,162)	\$ 31,536	\$ 2,416	\$ 1,154	\$ 405	\$ 55,114	\$ 70,113
Net adjustment for interest on permanent shares	-	-	-	-	-	-	(1)	-	-	-	(1)	(1)
Allocation to reserves adopted by the members at the general meeting	-	(12,226)	-	-	-	-	8,911	-	3,160	155	12,226	-
Net adjustment for member dividends	-	-	-	-	-	-	-	-	2	-	2	2
Balance after distribution	2,629	-	144	21,220	545	(2,162)	40,446	2,416	4,316	560	67,341	70,114
Net surplus earnings for 2019 after member dividends	-	6,937	-	-	-	-	-	-	-	-	-	6,937
Other comprehensive income for the year	-	(1,066)	1,135	-	-	-	-	-	-	-	-	69
Statutory transfer	-	(1,815)	-	2,434	(220)	(399)	-	-	-	-	1,815	-
Net amounts used during the year	-	892	-	-	-	-	-	-	(870)	(22)	(892)	-
Redemption of permanent shares	(1,050)	-	-	-	-	-	-	-	-	-	-	(1,050)
Other net change in capital stock	(63)	-	-	-	-	-	-	-	-	-	-	(63)
Interest on permanent and surplus shares	-	(2)	-	-	-	-	-	(21)	-	-	(21)	(23)
Net adjustment for member dividends	-	(2)	-	-	-	-	-	-	-	-	-	(2)
BALANCE AS AT DECEMBER 31, 2019	\$ 1,516	\$ 4,944	\$ 1,279	\$ 23,654	\$ 325	\$ (2,561)	\$ 40,446	\$ 2,395	\$ 3,446	\$ 538	\$ 68,243	\$ 75,982

NOTE TO THE FINANCIAL REPORT (unaudited)

NOTE 1 – TYPE OF OPERATIONS AND BASIS OF ACCOUNTING

Caisse Desjardins de LaSalle (the caisse) is a cooperative whose purpose is to accept and help grow the savings of its members, as well as to extend credit and provide other financial products and services to its members. Its mission also includes fostering cooperation and promoting economic, social and cooperative education. It is governed by the *Act Respecting Financial Services Cooperatives* (the Act).

The caisse is registered with the Autorité des marchés financiers in Quebec. It is also a member of the Fonds de sécurité Desjardins, whose main purpose is to establish and administer a security, liquidity and mutual aid fund for the benefit of Desjardins caisses in Quebec.

The caisse is a member of the Fédération des caisses Desjardins du Québec (the Federation), which controls other components that together make up Desjardins Group.

This financial report has been prepared in accordance with the requirements set out in the Act. The caisse applies accounting policies similar to those used to prepare the Combined Financial Statements of the Desjardins caisses in Quebec, which are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. Some figures from the prior year were reclassified for consistency with the presentation of the current year's financial statements. This reclassification did not affect the caisse's surplus earnings or total assets and liabilities.