

# 2020 Financial Report

## Caisse Desjardins de Salaberry-de-Valleyfield

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March 24, 2021

**Report on the results of applying specified auditing procedures to the financial report of the Caisse Desjardins de Salaberry-de-Valleyfield (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 24, 2021.

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, 2020 (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, 2020 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:	1,759,624,000	\$
Total equity:	215,804,000	\$
Net surplus earnings for the year after member dividends :	21,161,000	\$

These procedures do not constitute an audit of the financial report of the Caisse as at December 31, 2020, and therefore we express no opinion on the financial report of the Caisse as at December 31, 2020.

*PricewaterhouseCoopers LLP*<sup>1</sup>

<sup>1</sup> CPA auditor, CA, public accountancy permit No. A111799

**BALANCE SHEET (unaudited)**

(in thousands of Canadian dollars)	As at December 31, 2020	As at December 31, 2019
<b>ASSETS</b>		
<b>Cash and deposits with financial institutions</b>	<b>\$ 10,719</b>	<b>\$ 10,678</b>
<b>Investment in liquidity fund under management</b>	<b>75,359</b>	<b>60,518</b>
<b>Loans</b>		
Residential mortgages	1,219,639	1,129,425
Consumer and other personal loans	41,139	43,044
Business and government	264,532	245,841
	<b>1,525,310</b>	<b>1,418,310</b>
Allowance for credit losses	3,790	1,799
	<b>1,521,520</b>	<b>1,416,511</b>
<b>Investments in the Federation</b>	<b>102,256</b>	<b>94,049</b>
<b>Other assets</b>		
Derivative financial instruments	36,579	30,349
Right-of-use assets	1,895	2,062
Property, plant and equipment	4,194	4,384
Other	7,102	8,669
	<b>49,770</b>	<b>45,464</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,759,624</b>	<b>\$ 1,627,220</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Deposits</b>		
Individuals	\$ 1,039,428	\$ 912,154
Business and government	311,068	250,047
	<b>1,350,496</b>	<b>1,162,201</b>
<b>Borrowings</b>	<b>163,338</b>	<b>243,951</b>
<b>Other liabilities</b>		
Derivative financial instruments	7,352	3,742
Lease liabilities	1,949	2,088
Net defined benefit plan liabilities	9,102	8,746
Other	11,583	12,089
	<b>29,986</b>	<b>26,665</b>
<b>TOTAL LIABILITIES</b>	<b>1,543,820</b>	<b>1,432,817</b>
<b>EQUITY</b>		
Capital stock	832	1,362
Distributable surplus earnings	12,622	11,843
Accumulated other comprehensive income	4,001	3,081
Reserves	198,349	178,117
<b>TOTAL EQUITY</b>	<b>215,804</b>	<b>194,403</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,759,624</b>	<b>\$ 1,627,220</b>

**STATEMENT OF INCOME**  
 (unaudited)

For the years ended December 31

(in thousands of Canadian dollars)	2020	2019
<b>INTEREST INCOME</b>	\$ 46,480	\$ 48,423
<b>INTEREST EXPENSE</b>	16,012	20,651
<b>NET INTEREST INCOME</b>	30,468	27,772
<b>OTHER INCOME</b>	10,461	10,986
<b>PROVISION FOR CREDIT LOSSES</b>	2,605	617
<b>NON-INTEREST EXPENSE</b>		
Salaries and fringe benefits	10,326	10,077
Assessments paid to Desjardins Group components	3,482	3,587
Computer services and other agreements	3,484	3,469
Community development expenses	273	332
Other	5,686	6,001
	23,251	23,466
<b>OPERATING SURPLUS EARNINGS</b>	15,073	14,675
Income on investments in the Federation	7,664	8,041
Income on fair value of derivative financial instruments	4,831	284
<b>SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS</b>	27,568	23,000
Income taxes on surplus earnings	4,348	3,739
<b>SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS</b>	23,220	19,261
Member dividends	2,802	2,661
Tax recovery on member dividends	(743)	(708)
<b>NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS</b>	\$ 21,161	\$ 17,308

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)												
<b>BALANCE AS AT DECEMBER 31, 2018</b>	\$ 4,057	\$ 29,305	\$ 357	\$ 50,927	\$ 52	\$ (5,567)	\$ 92,713	\$ 5,606	\$ 1,564	\$ 546	\$ 145,841	\$ 179,560
Allocation to reserves adopted by the members at the general meeting	-	(29,305)	-	-	-	-	19,539	-	9,376	390	29,305	-
Net adjustment for member dividends	-	-	-	-	-	-	-	-	1	-	1	1
Balance after distribution	4,057	-	357	50,927	52	(5,567)	112,252	5,606	10,941	936	175,147	179,561
Net surplus earnings for the year after member dividends	-	17,308	-	-	-	-	-	-	-	-	-	17,308
Other comprehensive income for the year	-	(2,470)	2,724	-	-	-	-	-	-	-	-	254
Statutory transfer	-	(5,189)	-	5,841	209	(861)	-	-	-	-	5,189	-
Net amounts used during the year	-	2,198	-	-	-	-	-	-	(1,954)	(244)	(2,198)	-
Redemption of permanent shares	(2,563)	-	-	-	-	-	-	-	-	-	-	(2,563)
Other net change in capital stock	(132)	-	-	-	-	-	-	-	-	-	-	(132)
Interest on permanent and surplus shares	-	(3)	-	-	-	-	-	(21)	-	-	(21)	(24)
Net adjustment for member dividends	-	(1)	-	-	-	-	-	-	-	-	-	(1)
<b>BALANCE AS AT DECEMBER 31, 2019</b>	\$ 1,362	\$ 11,843	\$ 3,081	\$ 56,768	\$ 261	\$ (6,428)	\$ 112,252	\$ 5,585	\$ 8,987	\$ 692	\$ 178,117	\$ 194,403
Net adjustment for interest on permanent shares	-	-	-	-	-	-	1	-	-	-	1	1
Allocation to reserves adopted by the members at the general meeting	-	(11,843)	-	-	-	-	8,354	-	3,123	366	11,843	-
Net adjustment for member dividends	-	-	-	-	-	-	4	-	-	-	4	4
Balance after distribution	1,362	-	3,081	56,768	261	(6,428)	120,611	5,585	12,110	1,058	189,965	194,408
Net surplus earnings for the year after member dividends	-	21,161	-	-	-	-	-	-	-	-	-	21,161
Other comprehensive income for the year	-	(34)	920	-	-	-	-	-	-	-	-	886
Statutory transfer	-	(10,764)	-	7,518	3,551	(305)	-	-	-	-	10,764	-
Net amounts used during the year	-	2,264	-	-	-	-	-	-	(2,064)	(200)	(2,264)	-
Equity transactions related to the investments in the Federation	-	-	-	(156)	-	-	-	-	-	-	(156)	(156)
Redemption of permanent shares	(492)	-	-	-	-	-	-	-	-	-	-	(492)
Other net change in capital stock	(38)	-	-	-	-	-	-	-	-	-	-	(38)
Interest on permanent and surplus shares	-	(1)	-	-	-	-	-	(3)	-	-	(3)	(4)
Net adjustment for member dividends	-	(4)	-	-	-	-	-	-	-	-	-	(4)
Equity transactions relating to related party transactions	-	-	-	(74)	-	117	-	-	-	-	43	43
<b>BALANCE AS AT DECEMBER 31, 2020</b>	\$ 832	\$ 12,622	\$ 4,001	\$ 64,056	\$ 3,812	\$ (6,616)	\$ 120,611	\$ 5,582	\$ 10,046	\$ 858	\$ 198,349	\$ 215,804

## NOTE TO THE FINANCIAL REPORT (unaudited)

### NOTE 1 – TYPE OF OPERATIONS AND BASIS OF ACCOUNTING

Caisse Desjardins de Salaberry-de-Valleyfield (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.