

2020 Financial Report

Caisse Desjardins du Vieux-Longueuil

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March 17, 2021

Report on the results of applying specified auditing procedures to the financial report of the Caisse Desjardins du Vieux-Longueuil (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:	936,860,000	\$
Total equity:	104,613,000	\$
Net surplus earnings for the year after member dividends :	10,436,000	\$

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*¹

¹ 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
ASSETS		
Cash and deposits with financial institutions	\$ 33,552	\$ 8,558
Securities		
Investment in liquidity fund under management	45,375	36,304
Term deposits and other	30,000	-
	75,375	36,304
Loans		
Residential mortgages	633,582	604,547
Consumer and other personal loans	22,266	23,354
Business and government	96,655	104,419
	752,503	732,320
Allowance for credit losses	1,556	514
	750,947	731,806
Investments in the Federation	48,501	44,659
Other assets		
Derivative financial instruments	20,819	16,395
Right-of-use assets	174	258
Property, plant and equipment	4,200	4,612
Other	3,292	4,323
	28,485	25,588
TOTAL ASSETS	\$ 936,860	\$ 846,915
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits		
Individuals	\$ 640,041	\$ 565,402
Business and government	154,272	111,088
	794,313	676,490
Borrowings	22,336	61,879
Other liabilities		
Derivative financial instruments	3,945	2,174
Lease liabilities	179	260
Net defined benefit plan liabilities	5,428	5,423
Other	6,046	6,308
	15,598	14,165
TOTAL LIABILITIES	832,247	752,534
EQUITY		
Capital stock	892	1,588
Distributable surplus earnings	5,685	5,775
Accumulated other comprehensive income	1,831	1,400
Reserves	96,205	85,618
TOTAL EQUITY	104,613	94,381
TOTAL LIABILITIES AND EQUITY	\$ 936,860	\$ 846,915

STATEMENT OF INCOME
 (unaudited)

For the years ended December 31

(in thousands of Canadian dollars)	2020	2019
INTEREST INCOME	\$ 22,923	\$ 24,065
INTEREST EXPENSE	6,984	8,625
NET INTEREST INCOME	15,939	15,440
OTHER INCOME	5,452	5,789
PROVISION FOR CREDIT LOSSES	1,230	172
NON-INTEREST EXPENSE		
Salaries and fringe benefits	5,616	5,669
Assessments paid to Desjardins Group components	1,805	1,731
Computer services and other agreements	2,083	1,989
Community development expenses	123	151
Other	3,804	4,386
	13,431	13,926
OPERATING SURPLUS EARNINGS	6,730	7,131
Income on investments in the Federation	3,600	3,782
Income on fair value of derivative financial instruments	3,464	459
SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS	13,794	11,372
Income taxes on surplus earnings	2,273	1,898
SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS	11,521	9,474
Member dividends	1,476	1,370
Tax recovery on member dividends	(391)	(364)
NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS	\$ 10,436	\$ 8,468

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, 2018	\$ 2,983	\$ 14,271	\$ 125	\$ 23,361	\$ (198)	\$ (3,234)	\$ 46,157	\$ 2,646	\$ 1,163	\$ 270	\$ 70,165	\$ 87,544
Net adjustment for interest on permanent shares	-	-	-	-	-	-	1	-	-	-	1	1
Allocation to reserves adopted by the members at the general meeting	-	(14,271)	-	-	-	-	10,000	-	4,085	186	14,271	-
Net adjustment for member dividends	-	-	-	-	-	-	-	-	14	-	14	14
Balance after distribution	2,983	-	125	23,361	(198)	(3,234)	56,158	2,646	5,262	456	84,451	87,559
Net surplus earnings for the year after member dividends	-	8,468	-	-	-	-	-	-	-	-	-	8,468
Other comprehensive income for the year	-	(1,488)	1,275	-	-	-	-	-	-	-	-	(213)
Statutory transfer	-	(2,319)	-	2,734	337	(752)	-	-	-	-	2,319	-
Net amounts used during the year	-	1,130	-	-	-	-	-	-	(1,019)	(111)	(1,130)	-
Redemption of permanent shares	(1,341)	-	-	-	-	-	-	-	-	-	-	(1,341)
Other net change in capital stock	(54)	-	-	-	-	-	-	-	-	-	-	(54)
Interest on permanent and surplus shares	-	(2)	-	-	-	-	-	(22)	-	-	(22)	(24)
Net adjustment for member dividends	-	(14)	-	-	-	-	-	-	-	-	-	(14)
BALANCE AS AT DECEMBER 31, 2019	\$ 1,588	\$ 5,775	\$ 1,400	\$ 26,095	\$ 139	\$ (3,986)	\$ 56,158	\$ 2,624	\$ 4,243	\$ 345	\$ 85,618	\$ 94,381
Allocation to reserves adopted by the members at the general meeting	-	(5,775)	-	-	-	-	3,491	-	2,090	194	5,775	-
Net adjustment for member dividends	-	-	-	-	-	-	(1)	-	-	-	(1)	(1)
Balance after distribution	1,588	-	1,400	26,095	139	(3,986)	59,648	2,624	6,333	539	91,392	94,380
Net surplus earnings for the year after member dividends	-	10,436	-	-	-	-	-	-	-	-	-	10,436
Other comprehensive income for the year	-	138	431	-	-	-	-	-	-	-	-	569
Statutory transfer	-	(6,063)	-	3,520	2,552	(9)	-	-	-	-	6,063	-
Net amounts used during the year	-	1,174	-	-	-	-	-	-	(1,084)	(90)	(1,174)	-
Equity transactions related to the investments in the Federation	-	-	-	(73)	-	-	-	-	-	-	(73)	(73)
Redemption of permanent shares	(657)	-	-	-	-	-	-	-	-	-	-	(657)
Other net change in capital stock	(39)	-	-	-	-	-	-	-	-	-	-	(39)
Interest on permanent and surplus shares	-	(1)	-	-	-	-	-	(4)	-	-	(4)	(5)
Net adjustment for member dividends	-	1	-	-	-	-	-	-	-	-	-	1
Equity transactions relating to related party transactions	-	-	-	(35)	-	36	-	-	-	-	1	1
BALANCE AS AT DECEMBER 31, 2020	\$ 892	\$ 5,685	\$ 1,831	\$ 29,507	\$ 2,691	\$ (3,959)	\$ 59,648	\$ 2,620	\$ 5,249	\$ 449	\$ 96,205	\$ 104,613

NOTE TO THE FINANCIAL REPORT (unaudited)

NOTE 1 – TYPE OF OPERATIONS AND BASIS OF ACCOUNTING

Caisse Desjardins du Vieux-Longueuil (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.