

# 2020 Financial Report

## Caisse Desjardins de Rivière-des-Prairies

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March 13, 2021

**Report on the results of applying specified auditing procedures to the financial report of the Caisse Desjardins de Rivière-des-Prairies (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:	346,588,000	\$
Total equity:	27,571,000	\$
Net surplus earnings for the year after member dividends :	2,196,000	\$

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>	\$ 6,108	\$ 4,270
<b>Investment in liquidity fund under management</b>	16,659	12,901
<b>Loans</b>		
Residential mortgages	255,888	235,786
Consumer and other personal loans	7,851	8,006
Business and government	35,724	34,856
	299,463	278,648
Allowance for credit losses	817	373
	298,646	278,275
<b>Investments in the Federation</b>	15,524	14,309
<b>Other assets</b>		
Derivative financial instruments	6,433	5,307
Right-of-use assets	1,327	1,482
Property, plant and equipment	681	752
Other	1,210	1,270
	9,651	8,811
<b>TOTAL ASSETS</b>	<b>\$ 346,588</b>	<b>\$ 318,566</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Deposits</b>		
Individuals	\$ 220,030	\$ 191,153
Business and government	46,801	32,334
	266,831	223,487
<b>Borrowings</b>	44,753	63,202
<b>Other liabilities</b>		
Derivative financial instruments	2,159	665
Lease liabilities	1,371	1,505
Net defined benefit plan liabilities	1,510	1,288
Other	2,393	2,587
	7,433	6,045
<b>TOTAL LIABILITIES</b>	<b>319,017</b>	<b>292,734</b>
<b>EQUITY</b>		
Capital stock	661	1,096
Distributable surplus earnings	1,606	1,759
Accumulated other comprehensive income	575	439
Reserves	24,729	22,538
<b>TOTAL EQUITY</b>	<b>27,571</b>	<b>25,832</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 346,588</b>	<b>\$ 318,566</b>

**STATEMENT OF INCOME**  
 (unaudited)

For the years ended December 31

(in thousands of Canadian dollars)	2020	2019
<b>INTEREST INCOME</b>	\$ 8,570	\$ 9,033
<b>INTEREST EXPENSE</b>	2,748	3,635
<b>NET INTEREST INCOME</b>	5,822	5,398
<b>OTHER INCOME</b>	2,009	2,146
<b>PROVISION FOR CREDIT LOSSES</b>	555	84
<b>NON-INTEREST EXPENSE</b>		
Salaries and fringe benefits	2,105	1,886
Assessments paid to Desjardins Group components	666	634
Computer services and other agreements	882	840
Community development expenses	36	12
Other	1,791	1,957
	5,480	5,329
<b>OPERATING SURPLUS EARNINGS</b>	1,796	2,131
Income on investments in the Federation	1,141	1,200
Income (loss) on fair value of derivative financial instruments	(61)	155
<b>SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS</b>	2,876	3,486
Income taxes on surplus earnings	289	536
<b>SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS</b>	2,587	2,950
Member dividends	532	501
Tax recovery on member dividends	(141)	(133)
<b>NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS</b>	\$ 2,196	\$ 2,582

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>	\$ 1,508	\$ 4,303	\$ 36	\$ 7,315	\$ 67	\$ (880)	\$ 9,438	\$ 1,733	\$ -	\$ 69	\$ 17,742	\$ 23,589
Net adjustment for interest on permanent shares	-	-	-	-	-	-	(11)	-	-	-	(11)	(11)
Allocation to reserves adopted by the members at the general meeting	-	(4,303)	-	-	-	-	2,413	-	1,826	64	4,303	-
Balance after distribution	1,508	-	36	7,315	67	(880)	11,840	1,733	1,826	133	22,034	23,578
Net surplus earnings for the year after member dividends	-	2,582	-	-	-	-	-	-	-	-	-	2,582
Other comprehensive income for the year	-	(305)	403	-	-	-	-	-	-	-	-	98
Statutory transfer	-	(895)	-	865	118	(88)	-	-	-	-	895	-
Net amounts used during the year	-	377	-	-	-	-	-	-	(368)	(9)	(377)	-
Redemption of permanent shares	(413)	-	-	-	-	-	-	-	-	-	-	(413)
Other net change in capital stock	1	-	-	-	-	-	-	-	-	-	-	1
Interest on permanent shares	-	-	-	-	-	-	-	(14)	-	-	(14)	(14)
<b>BALANCE AS AT DECEMBER 31, 2019</b>	\$ 1,096	\$ 1,759	\$ 439	\$ 8,180	\$ 185	\$ (968)	\$ 11,840	\$ 1,719	\$ 1,458	\$ 124	\$ 22,538	\$ 25,832
Net adjustment for interest on permanent shares	-	-	-	-	-	-	(7)	-	-	-	(7)	(7)
Allocation to reserves adopted by the members at the general meeting	-	(1,759)	-	-	-	-	865	-	824	70	1,759	-
Balance after distribution	1,096	-	439	8,180	185	(968)	12,698	1,719	2,282	194	24,290	25,825
Net surplus earnings for the year after member dividends	-	2,196	-	-	-	-	-	-	-	-	-	2,196
Other comprehensive income for the year	-	(129)	136	-	-	-	-	-	-	-	-	7
Statutory transfer	-	(879)	-	1,113	(43)	(191)	-	-	-	-	879	-
Net amounts used during the year	-	418	-	-	-	-	-	-	(391)	(27)	(418)	-
Equity transactions related to the investments in the Federation	-	-	-	(23)	-	-	-	-	-	-	(23)	(23)
Redemption of permanent shares	(435)	-	-	-	-	-	-	-	-	-	-	(435)
Interest on permanent shares	-	-	-	-	-	-	-	(3)	-	-	(3)	(3)
Equity transactions relating to related party transactions	-	-	-	(11)	-	15	-	-	-	-	4	4
<b>BALANCE AS AT DECEMBER 31, 2020</b>	\$ 661	\$ 1,606	\$ 575	\$ 9,259	\$ 142	\$ (1,144)	\$ 12,698	\$ 1,716	\$ 1,891	\$ 167	\$ 24,729	\$ 27,571

## NOTE TO THE FINANCIAL REPORT (unaudited)

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

Caisse Desjardins de Rivière-des-Prairies (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.