

# 2020 Financial Report

## Caisse Desjardins du Val-Saint-François

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March 30, 2021

**Report on the results of applying specified auditing procedures to the financial report of the Caisse Desjardins du Val-Saint-François (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:	869,794,000	\$
Total equity:	105,888,000	\$
Net surplus earnings for the year after member dividends :	12,320,000	\$

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>	\$ 3,964	\$ 3,005
<b>Securities</b>		
Investment in liquidity fund under management	39,065	29,651
Term deposits and other	11	11
	<b>39,076</b>	<b>29,662</b>
<b>Loans</b>		
Residential mortgages	511,587	491,644
Consumer and other personal loans	30,251	30,743
Business and government	219,518	228,635
	<b>761,356</b>	<b>751,022</b>
Allowance for credit losses	2,445	1,188
	<b>758,911</b>	<b>749,834</b>
<b>Investments in the Federation</b>	<b>41,781</b>	<b>38,669</b>
<b>Other assets</b>		
Derivative financial instruments	20,967	14,363
Right-of-use assets	40	123
Property, plant and equipment	1,920	1,986
Other	3,135	4,832
	<b>26,062</b>	<b>21,304</b>
<b>TOTAL ASSETS</b>	<b>\$ 869,794</b>	<b>\$ 842,474</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Deposits</b>		
Individuals	\$ 524,791	\$ 447,677
Business and government	149,847	119,400
	<b>674,638</b>	<b>567,077</b>
<b>Borrowings</b>	<b>73,256</b>	<b>167,736</b>
<b>Other liabilities</b>		
Derivative financial instruments	4,741	2,394
Lease liabilities	41	111
Net defined benefit plan liabilities	4,668	4,906
Other	6,562	6,567
	<b>16,012</b>	<b>13,978</b>
<b>TOTAL LIABILITIES</b>	<b>763,906</b>	<b>748,791</b>
<b>EQUITY</b>		
Capital stock	843	1,547
Distributable surplus earnings	7,597	7,190
Accumulated other comprehensive income	1,431	1,082
Reserves	96,017	83,864
<b>TOTAL EQUITY</b>	<b>105,888</b>	<b>93,683</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 869,794</b>	<b>\$ 842,474</b>

**STATEMENT OF INCOME**  
 (unaudited)

For the years ended December 31

(in thousands of Canadian dollars)	2020	2019
<b>INTEREST INCOME</b>	\$ 25,429	\$ 26,869
<b>INTEREST EXPENSE</b>	7,193	10,004
<b>NET INTEREST INCOME</b>	18,236	16,865
<b>OTHER INCOME</b>	5,603	5,925
<b>PROVISION FOR CREDIT LOSSES</b>	1,647	230
<b>NON-INTEREST EXPENSE</b>		
Salaries and fringe benefits	5,622	5,827
Assessments paid to Desjardins Group components	1,896	1,900
Computer services and other agreements	2,219	2,154
Community development expenses	102	193
Other	2,992	3,398
	12,831	13,472
<b>OPERATING SURPLUS EARNINGS</b>	9,361	9,088
Income on investments in the Federation	2,953	3,118
Income on fair value of derivative financial instruments	4,276	666
<b>SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS</b>	16,590	12,872
Income taxes on surplus earnings	3,187	2,505
<b>SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS</b>	13,403	10,367
Member dividends	1,473	1,432
Tax recovery on member dividends	(390)	(381)
<b>NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS</b>	\$ 12,320	\$ 9,316

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>	\$ 3,247	\$ 13,180	\$ 49	\$ 18,205	\$ (294)	\$ (3,025)	\$ 50,400	\$ 2,555	\$ 1,333	\$ 599	\$ 69,773	\$ 86,249
Allocation to reserves adopted by the members at the general meeting	-	(13,180)	-	-	-	-	9,011	-	4,169	-	13,180	-
Net adjustment for member dividends	-	-	-	-	-	-	-	-	(24)	-	(24)	(24)
Balance after distribution	3,247	-	49	18,205	(294)	(3,025)	59,411	2,555	5,478	599	82,929	86,225
Net surplus earnings for the year after member dividends	-	9,316	-	-	-	-	-	-	-	-	-	9,316
Other comprehensive income for the year	-	(1,189)	1,033	-	-	-	-	-	-	-	-	(156)
Statutory transfer	-	(2,124)	-	2,215	490	(581)	-	-	-	-	2,124	-
Net amounts used during the year	-	1,168	-	-	-	-	-	-	(1,027)	(141)	(1,168)	-
Redemption of permanent shares	(1,367)	-	-	-	-	-	-	-	-	-	-	(1,367)
Other net change in capital stock	(333)	-	-	-	-	-	-	-	-	-	-	(333)
Interest on permanent and surplus shares	-	(5)	-	-	-	-	-	(21)	-	-	(21)	(26)
Net adjustment for member dividends	-	24	-	-	-	-	-	-	-	-	-	24
<b>BALANCE AS AT DECEMBER 31, 2019</b>	\$ 1,547	\$ 7,190	\$ 1,082	\$ 20,420	\$ 196	\$ (3,606)	\$ 59,411	\$ 2,534	\$ 4,451	\$ 458	\$ 83,864	\$ 93,683
Net adjustment for interest on permanent shares	-	-	-	-	-	-	4	-	-	-	4	4
Allocation to reserves adopted by the members at the general meeting	-	(7,190)	-	-	-	-	5,108	-	1,895	187	7,190	-
Net adjustment for member dividends	-	-	-	-	-	-	(1)	-	-	-	(1)	(1)
Balance after distribution	1,547	-	1,082	20,420	196	(3,606)	64,522	2,534	6,346	645	91,057	93,686
Net surplus earnings for the year after member dividends	-	12,320	-	-	-	-	-	-	-	-	-	12,320
Other comprehensive income for the year	-	252	349	-	-	-	-	-	-	-	-	601
Statutory transfer	-	(6,131)	-	2,851	3,161	119	-	-	-	-	6,131	-
Net amounts used during the year	-	1,156	-	-	-	-	-	-	(1,081)	(75)	(1,156)	-
Equity transactions related to the investments in the Federation	-	-	-	(59)	-	-	-	-	-	-	(59)	(59)
Redemption of permanent shares	(594)	-	-	-	-	-	-	-	-	-	-	(594)
Other net change in capital stock	(110)	-	-	-	-	-	-	-	-	-	-	(110)
Interest on permanent and surplus shares	-	(1)	-	-	-	-	-	(4)	-	-	(4)	(5)
Net adjustment for member dividends	-	1	-	-	-	-	-	-	-	-	-	1
Equity transactions relating to related party transactions	-	-	-	(28)	-	76	-	-	-	-	48	48
<b>BALANCE AS AT DECEMBER 31, 2020</b>	\$ 843	\$ 7,597	\$ 1,431	\$ 23,184	\$ 3,357	\$ (3,411)	\$ 64,522	\$ 2,530	\$ 5,265	\$ 570	\$ 96,017	\$ 105,888

## **NOTE TO THE FINANCIAL REPORT (unaudited)**

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

Caisse Desjardins du Val-Saint-François (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.