

# 2021 Financial Report

## Caisse Desjardins Des Rivières de Québec

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March 16, 2022

**Report on the results of applying specified auditing procedures to the financial report of the Caisse Desjardins Des Rivières de Québec (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 23, 2022.

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, 2021 (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, 2021 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:	2,701,768,000	\$
Total equity:	281,555,000	\$
Net surplus earnings for the year after member dividends :	21,749,000	\$

These procedures do not constitute an audit of the financial report of the Caisse as at December 31, 2021, and therefore we express no opinion on the financial report of the Caisse as at December 31, 2021.

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

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**BALANCE SHEET (unaudited)**

(in thousands of Canadian dollars)	As at December 31, 2021	As at December 31, 2020
<b>ASSETS</b>		
<b>Cash and deposits with financial institutions</b>	\$ 20,957	\$ 26,570
<b>Securities</b>		
Investment in liquidity fund under management	147,270	123,794
Term deposits and other	2	25,000
	<b>147,272</b>	<b>148,794</b>
<b>Loans</b>		
Residential mortgages	1,736,951	1,599,752
Consumer and other personal loans	61,033	68,486
Business and government	514,344	484,682
	<b>2,312,328</b>	<b>2,152,920</b>
Allowance for credit losses	5,033	5,900
	<b>2,307,295</b>	<b>2,147,020</b>
<b>Investments in the Federation</b>	<b>130,725</b>	<b>110,235</b>
<b>Other assets</b>		
Derivative financial instruments	66,492	62,604
Right-of-use assets	13,727	11,780
Property, plant and equipment	5,584	3,966
Other	9,716	9,238
	<b>95,519</b>	<b>87,588</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,701,768</b>	<b>\$ 2,520,207</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Deposits</b>		
Individuals	\$ 1,723,039	\$ 1,658,366
Business and government	554,618	532,662
	<b>2,277,657</b>	<b>2,191,028</b>
<b>Borrowings</b>	<b>97,220</b>	<b>26,172</b>
<b>Other liabilities</b>		
Derivative financial instruments	5,863	11,616
Lease liabilities	14,507	12,051
Net defined benefit plan liabilities	6,270	13,833
Other	18,696	18,743
	<b>45,336</b>	<b>56,243</b>
<b>TOTAL LIABILITIES</b>	<b>2,420,213</b>	<b>2,273,443</b>
<b>EQUITY</b>		
Capital stock	550	696
Distributable surplus earnings	19,120	15,664
Accumulated other comprehensive income	5,281	3,654
Reserves	256,604	226,750
<b>TOTAL EQUITY</b>	<b>281,555</b>	<b>246,764</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 2,701,768</b>	<b>\$ 2,520,207</b>

**STATEMENT OF INCOME**  
 (unaudited)

For the years ended December 31

(in thousands of Canadian dollars)	2021	2020
<b>INTEREST INCOME</b>	\$ 63,971	\$ 67,972
<b>INTEREST EXPENSE</b>	17,870	22,715
<b>NET INTEREST INCOME</b>	46,101	45,257
<b>OTHER INCOME</b>	15,951	14,491
<b>PROVISION FOR CREDIT LOSSES (RECOVERY)</b>	(265)	3,907
<b>NON-INTEREST EXPENSE</b>		
Salaries and fringe benefits	13,915	15,062
Assessments paid to Desjardins Group components	4,872	5,160
Computer services and other agreements	9,254	6,083
Community development expenses	594	560
Other	9,614	10,474
	38,249	37,339
<b>OPERATING SURPLUS EARNINGS</b>	24,068	18,502
Income on investments in the Federation	12,711	7,719
Income (loss) on fair value of derivative financial instruments	(8,538)	12,718
<b>SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS</b>	28,241	38,939
Income taxes on surplus earnings	3,075	7,218
<b>SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS</b>	25,166	31,721
Member dividends	4,649	4,104
Tax recovery on member dividends	(1,232)	(1,087)
<b>NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS</b>	\$ 21,749	\$ 28,704

STATEMENT OF CHANGES IN EQUITY  
(unaudited)

For the years ended December 31	Capital stock	Distributable surplus earnings	Accumulated other comprehensive income	Reserves							Total 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			
(in thousands of Canadian dollars)													
<b>BALANCE AS AT DECEMBER 31, 2019</b>	\$ 1,179	\$ 15,625	\$ 2,744	\$ 52,978	\$ 468	\$ (9,796)	\$ 131,752	\$ 6,441	\$ 13,683	\$ 2,745	\$ 198,271	\$ 217,819	
Net adjustment for interest on permanent and surplus shares	-	-	-	-	-	-	(1)	-	-	-	(1)	(1)	
Allocation to reserves adopted by the members at the general meeting	-	(15,625)	-	-	-	-	10,775	-	4,250	600	15,625	-	
Net adjustment for member dividends	-	-	-	-	-	-	(3)	-	-	-	(3)	(3)	
Balance after distribution	1,179	-	2,744	52,978	468	(9,796)	142,523	6,441	17,933	3,345	213,892	217,815	
Net surplus earnings for the year after member dividends	-	28,704	-	-	-	-	-	-	-	-	-	28,704	
Other comprehensive income for the year	-	44	910	-	-	-	-	-	-	-	-	954	
Statutory transfer	-	(16,513)	-	7,433	9,348	(268)	-	-	-	-	16,513	-	
Net amounts used during the year	-	3,426	-	-	-	-	-	-	(3,014)	(412)	(3,426)	-	
Equity transactions related to the investments in the Federation	-	-	-	(155)	-	-	-	-	-	-	(155)	(155)	
Redemption of permanent shares	(457)	-	-	-	-	-	-	-	-	-	-	(457)	
Other net change in capital stock	(26)	-	-	-	-	-	-	-	-	-	-	(26)	
Interest on permanent shares	-	-	-	-	-	-	-	(2)	-	-	(2)	(2)	
Net adjustment for member dividends	-	3	-	-	-	-	-	-	-	-	-	3	
Equity transactions relating to related party transactions	-	-	-	(73)	-	1	-	-	-	-	(72)	(72)	
<b>BALANCE AS AT DECEMBER 31, 2020</b>	\$ 696	\$ 15,664	\$ 3,654	\$ 60,183	\$ 9,816	\$ (10,063)	\$ 142,523	\$ 6,439	\$ 14,919	\$ 2,933	\$ 226,750	\$ 246,764	
Allocation to reserves adopted by the members at the general meeting	-	(15,664)	-	-	-	-	11,238	-	3,837	589	15,664	-	
Net adjustment for member dividends	-	-	-	-	-	-	3	-	-	-	3	3	
Balance after distribution	696	-	3,654	60,183	9,816	(10,063)	153,764	6,439	18,756	3,522	242,417	246,767	
Net surplus earnings for the year after member dividends	-	21,749	-	-	-	-	-	-	-	-	-	21,749	
Other comprehensive income for the year	-	11,562	1,627	-	-	-	-	-	-	-	-	13,189	
Statutory transfer	-	(18,043)	-	18,863	(6,276)	5,456	-	-	-	-	18,043	-	
Net amounts used during the year	-	3,855	-	-	-	-	-	-	(3,419)	(436)	(3,855)	-	
Redemption of permanent shares	(122)	-	-	-	-	-	-	-	-	-	-	(122)	
Other net change in capital stock	(24)	-	-	-	-	-	-	-	-	-	-	(24)	
Interest on permanent shares	-	-	-	-	-	-	-	(1)	-	-	(1)	(1)	
Net adjustment for member dividends	-	(3)	-	-	-	-	-	-	-	-	-	(3)	
<b>BALANCE AS AT DECEMBER 31, 2021</b>	\$ 550	\$ 19,120	\$ 5,281	\$ 79,046	\$ 3,540	\$ (4,607)	\$ 153,764	\$ 6,438	\$ 15,337	\$ 3,086	\$ 256,604	\$ 281,555	

## NOTE TO THE FINANCIAL REPORT (unaudited)

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

Caisse Desjardins Des Rivières de Québec (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.