

# 2019 Financial Report

## Caisse Desjardins de Vaudreuil-Soulanges

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March 11, 2020

**Report on the results of applying specified auditing procedures to the financial report of the Caisse Desjardins de Vaudreuil-Soulanges (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 26, 2020.

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, 2019 (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, 2019 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:	2,035,818,000	\$
Total equity:	188,503,000	\$
Net surplus earnings for the year after member dividends :	16,932,000	\$

These procedures do not constitute an audit of the financial report of the Caisse as at December 31, 2019, and therefore we express no opinion on the financial report of the Caisse as at December 31, 2019.

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

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

**BALANCE SHEET (unaudited)**

(in thousands of Canadian dollars)	As at December 31, 2019 <sup>(1)</sup>	As at December 31, 2018
<b>ASSETS</b>		
Cash and deposits with financial institutions	\$ 16,705	\$ 15,464
Investment in liquidity fund under management	95,301	87,942
<b>Loans</b>		
Residential mortgages	1,308,839	1,230,544
Consumer and other personal loans	43,452	42,880
Business and government	433,984	404,923
	1,786,275	1,678,347
Allowance for credit losses	1,684	1,611
	1,784,591	1,676,736
Investments in the Federation	88,620	81,137
<b>Other assets</b>		
Derivative financial instruments	30,540	16,657
Right-of-use assets	2,419	-
Property, plant and equipment	7,256	5,986
Other	10,386	9,403
	50,601	32,046
<b>TOTAL ASSETS</b>	<b>\$ 2,035,818</b>	<b>\$ 1,893,325</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Deposits</b>		
Individuals	\$ 1,077,924	\$ 1,004,681
Business and government	371,572	304,056
	1,449,496	1,308,737
<b>Borrowings</b>	365,816	383,945
<b>Other liabilities</b>		
Derivative financial instruments	4,701	4,729
Lease liabilities	2,552	-
Net defined benefit plan liabilities	11,076	9,494
Other	13,674	12,881
	32,003	27,104
<b>TOTAL LIABILITIES</b>	<b>1,847,315</b>	<b>1,719,786</b>
<b>EQUITY</b>		
Capital stock	2,403	4,154
Distributable surplus earnings	13,237	27,747
Accumulated other comprehensive income	2,399	19
Reserves	170,464	141,619
<b>TOTAL EQUITY</b>	<b>188,503</b>	<b>173,539</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 2,035,818</b>	<b>\$ 1,893,325</b>

<sup>(1)</sup> The information presented as at December 31, 2019, reflects IFRS 16, "Leases" which was adopted on January 1, 2019. Comparative figures have not been restated. For more information, see Note 2, "Basis of presentation and significant accounting policies" to the Combined Financial Statements of the Desjardins caisses in Quebec, for the year ended December 31, 2019, available at [www.desjardins.com](http://www.desjardins.com).

**STATEMENT OF INCOME**  
**(unaudited)**
**For the years ended December 31**

(in thousands of Canadian dollars)	2019 <sup>(1)</sup>	2018
<b>INTEREST INCOME</b>	<b>\$ 60,451</b>	<b>\$ 51,421</b>
<b>INTEREST EXPENSE</b>	<b>24,625</b>	<b>21,036</b>
<b>NET INTEREST INCOME</b>	<b>35,826</b>	<b>30,385</b>
<b>OTHER INCOME</b>	<b>13,911</b>	<b>13,484</b>
<b>PROVISION FOR CREDIT LOSSES</b>	<b>641</b>	<b>864</b>
<b>NON-INTEREST EXPENSE</b>		
Salaries and fringe benefits	13,658	12,224
Assessments paid to Desjardins Group components	4,256	4,337
Computer services and other agreements	4,933	4,689
Community development expenses	276	252
Other	9,399	9,753
	<b>32,522</b>	<b>31,255</b>
<b>OPERATING SURPLUS EARNINGS</b>	<b>16,574</b>	<b>11,750</b>
Income on investments in the Federation	7,178	8,811
Loss on fair value of derivative financial instruments	(257)	(871)
<b>SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS</b>	<b>23,495</b>	<b>19,690</b>
Income taxes on surplus earnings	4,139	2,967
<b>SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS</b>	<b>19,356</b>	<b>16,723</b>
Member dividends	3,302	2,720
Tax recovery on member dividends	(878)	(726)
<b>NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS</b>	<b>\$ 16,932</b>	<b>\$ 14,729</b>

<sup>(1)</sup> The information presented for the year ended December 31, 2019, reflects IFRS 16, "Leases" which was adopted on January 1, 2019. Comparative figures have not been restated. For more information, see Note 2, "Basis of presentation and significant accounting policies" to the Combined Financial Statements of the Desjardins caisses in Quebec, for the year ended December 31, 2019, available at [www.desjardins.com](http://www.desjardins.com).

**STATEMENT OF CHANGES IN EQUITY**  
**(unaudited)**

For the years ended December 31

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, 2017	\$ 5,932	\$ 7,450	\$ 4,487	\$ 50,226	\$ 1010	\$ (6,600)	\$ 94,392	\$ 2,587	\$ 4,200	\$ 787	\$ 146,602	\$ 164,471
Impact of changes in accounting policies	-	-	(326)	313	-	-	385	-	-	-	698	372
OPENING BALANCE AS AT JANUARY 1, 2018	\$ 5,932	\$ 7,450	\$ 4,161	\$ 50,539	\$ 1010	\$ (6,600)	\$ 94,777	\$ 2,587	\$ 4,200	\$ 787	\$ 147,300	\$ 164,843
Distribution by members at the 2018 general meeting												
Interest on permanent and surplus shares	-	(172)	-	-	-	-	-	-	-	-	-	(172)
Transfer from (allocation to) reserves	-	(7,326)	-	-	-	-	7,126	-	-	200	7,326	-
Net adjustment for member dividends	-	48	-	-	-	-	-	-	-	-	-	48
Balance after distribution	5,932	-	4,161	50,539	1010	(6,600)	101,903	2,587	4,200	987	154,626	164,719
Net surplus earnings for 2018 after member dividends	-	14,729	-	-	-	-	-	-	-	-	-	14,729
Other comprehensive income for the year	-	(56)	(4,142)	-	-	-	-	-	-	-	-	(4,198)
Statutory transfer	-	10,463	-	(9,448)	(639)	(376)	-	-	-	-	(10,463)	-
Net amounts used during the year	-	2,675	-	-	-	-	-	-	(2,491)	(184)	(2,675)	-
Equity transactions related to the investments in the Federation	-	-	-	206	-	-	-	-	-	-	206	206
Redemption of permanent shares	(1,558)	-	-	-	-	-	-	-	-	-	-	(1,558)
Other net change in capital stock	(220)	-	-	-	-	-	-	-	-	-	-	(220)
Interest on permanent and surplus shares	-	(16)	-	-	-	-	-	(75)	-	-	(75)	(91)
Net adjustment for member dividends	-	(48)	-	-	-	-	-	-	-	-	-	(48)
BALANCE AS AT DECEMBER 31, 2018	\$ 4,154	\$ 27,747	\$ 19	\$ 41,297	\$ 371	\$ (6,976)	\$ 101,903	\$ 2,512	\$ 1,709	\$ 803	\$ 141,619	\$ 173,539
Net adjustment for interest on permanent shares	-	-	-	-	-	-	1	-	-	-	1	1
Allocation to reserves adopted by the members at the general meeting	-	(27,747)	-	-	-	-	16,069	-	11,229	449	27,747	-
Net adjustment for member dividends	-	-	-	-	-	-	-	-	42	-	42	42
Balance after distribution	4,154	-	19	41,297	371	(6,976)	117,973	2,512	12,980	1,252	169,409	173,582
Net surplus earnings for 2019 after member dividends	-	16,932	-	-	-	-	-	-	-	-	-	16,932
Other comprehensive income for the year	-	(2,565)	2,380	-	-	-	-	-	-	-	-	(185)
Statutory transfer	-	(3,749)	-	5,103	(189)	(1,165)	-	-	-	-	3,749	-
Net amounts used during the year	-	2,668	-	-	-	-	-	-	(2,465)	(203)	(2,668)	-
Redemption of permanent shares	(1,534)	-	-	-	-	-	-	-	-	-	-	(1,534)
Other net change in capital stock	(217)	-	-	-	-	-	-	-	-	-	-	(217)
Interest on permanent and surplus shares	-	(7)	-	-	-	-	-	(26)	-	-	(26)	(33)
Net adjustment for member dividends	-	(42)	-	-	-	-	-	-	-	-	-	(42)
BALANCE AS AT DECEMBER 31, 2019	\$ 2,403	\$ 13,237	\$ 2,399	\$ 46,400	\$ 182	\$ (8,141)	\$ 117,973	\$ 2,486	\$ 10,515	\$ 1,049	\$ 170,464	\$ 188,503

## NOTE TO THE FINANCIAL REPORT (unaudited)

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

Caisse Desjardins de Vaudreuil-Soulanges (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.