

2020 Financial Report

Caisse Desjardins des Technologies de l'information

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March 13, 2021

Report on the results of applying specified auditing procedures to the financial report of the Caisse Desjardins des Technologies de l'information (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:	252,038,000	\$
Total equity:	16,928,000	\$
Net surplus earnings for the year after member dividends :	580,000	\$

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	\$ 5,610	\$ 2,177
Securities		
Investment in liquidity fund under management	8,967	6,908
Term deposits and other	500	500
	9,467	7,408
Loans		
Residential mortgages	209,395	151,079
Consumer and other personal loans	8,291	8,711
Business and government	5,866	3,156
	223,552	162,946
Allowance for credit losses	436	148
	223,116	162,798
Investments in the Federation	8,408	7,813
Other assets		
Derivative financial instruments	3,998	3,606
Right-of-use assets	62	83
Property, plant and equipment	340	395
Other	1,037	1,138
	5,437	5,222
TOTAL ASSETS	\$ 252,038	\$ 185,418
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits		
Individuals	\$ 134,509	\$ 120,121
Business and government	17,381	10,676
	151,890	130,797
Borrowings	78,435	34,317
Other liabilities		
Derivative financial instruments	1,611	440
Lease liabilities	64	84
Net defined benefit plan liabilities	1,616	1,513
Other	1,494	1,718
	4,785	3,755
TOTAL LIABILITIES	235,110	168,869
EQUITY		
Capital stock	96	271
Distributable surplus earnings	776	568
Accumulated other comprehensive income	237	170
Reserves	15,819	15,540
TOTAL EQUITY	16,928	16,549
TOTAL LIABILITIES AND EQUITY	\$ 252,038	\$ 185,418

STATEMENT OF INCOME
 (unaudited)

For the years ended December 31

(in thousands of Canadian dollars)	2020	2019
INTEREST INCOME	\$ 5,763	\$ 5,061
INTEREST EXPENSE	2,012	1,778
NET INTEREST INCOME	3,751	3,283
OTHER INCOME	1,496	1,523
PROVISION FOR CREDIT LOSSES	569	232
NON-INTEREST EXPENSE		
Salaries and fringe benefits	1,974	1,929
Assessments paid to Desjardins Group components	426	363
Computer services and other agreements	627	612
Community development expenses	41	29
Other	943	1,047
	4,011	3,980
OPERATING SURPLUS EARNINGS	667	594
Income on investments in the Federation	571	606
Income (loss) on fair value of derivative financial instruments	(322)	272
SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS	916	1,472
Income taxes on surplus earnings	20	122
SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS	896	1,350
Member dividends	365	322
Tax recovery on member dividends	(49)	(57)
NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS	\$ 580	\$ 1,085

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	\$ 551	\$ 2,103	\$ (27)	\$ 3,119	\$ (150)	\$ (988)	\$ 10,667	\$ 293	\$ 200	\$ 165	\$ 13,306	\$ 15,933	
Net adjustment for interest on permanent shares	-	-	-	-	-	-	1	-	-	-	1	1	
Allocation to reserves adopted by the members at the general meeting	-	(2,103)	-	-	-	-	1,118	-	946	39	2,103	-	
Balance after distribution	551	-	(27)	3,119	(150)	(988)	11,786	293	1,146	204	15,410	15,934	
Net surplus earnings for the year after member dividends	-	1,085	-	-	-	-	-	-	-	-	-	1,085	
Other comprehensive income for the year	-	(383)	197	-	-	-	-	-	-	-	-	(186)	
Statutory transfer	-	(423)	-	423	222	(222)	-	-	-	-	423	-	
Net amounts used during the year	-	290	-	-	-	-	-	-	(265)	(25)	(290)	-	
Redemption of permanent shares	(234)	-	-	-	-	-	-	-	-	-	-	(234)	
Other net change in capital stock	(46)	-	-	-	-	-	-	-	-	-	-	(46)	
Interest on permanent and surplus shares	-	(1)	-	-	-	-	-	(3)	-	-	(3)	(4)	
BALANCE AS AT DECEMBER 31, 2019	\$ 271	\$ 568	\$ 170	\$ 3,542	\$ 72	\$ (1,210)	\$ 11,786	\$ 290	\$ 881	\$ 179	\$ 15,540	\$ 16,549	
Net adjustment for interest on permanent shares	-	-	-	-	-	-	(3)	-	-	-	(3)	(3)	
Allocation to reserves adopted by the members at the general meeting	-	(568)	-	-	-	-	3	-	525	40	568	-	
Balance after distribution	271	-	170	3,542	72	(1,210)	11,786	290	1,406	219	16,105	16,546	
Net surplus earnings for the year after member dividends	-	580	-	-	-	-	-	-	-	-	-	580	
Other comprehensive income for the year	-	(79)	67	-	-	-	-	-	-	-	-	(12)	
Statutory transfer	-	(75)	-	546	(273)	(198)	-	-	-	-	75	-	
Net amounts used during the year	-	350	-	-	-	-	-	-	(316)	(34)	(350)	-	
Equity transactions related to the investments in the Federation	-	-	-	(12)	-	-	-	-	-	-	(12)	(12)	
Redemption of permanent shares	(162)	-	-	-	-	-	-	-	-	-	-	(162)	
Other net change in capital stock	(13)	-	-	-	-	-	-	-	-	-	-	(13)	
Equity transactions relating to related party transactions	-	-	-	(5)	-	6	-	-	-	-	1	1	
BALANCE AS AT DECEMBER 31, 2020	\$ 96	\$ 776	\$ 237	\$ 4,071	\$ (201)	\$ (1,402)	\$ 11,786	\$ 290	\$ 1,090	\$ 185	\$ 15,819	\$ 16,928	

NOTE TO THE FINANCIAL REPORT (unaudited)

NOTE 1 – TYPE OF OPERATIONS AND BASIS OF ACCOUNTING

Caisse Desjardins des Technologies de l'information (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.