

# 2021 Financial Report

## Caisse Desjardins des Sources

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March 1, 2022

**Report on the results of applying specified auditing procedures to the financial report of the Caisse Desjardins des Sources (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:	526,073,000	\$
Total equity:	73,780,000	\$
Net surplus earnings for the year after member dividends :	5,403,000	\$

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>

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

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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>	\$ 6,991	\$ 18,628
<b>Securities</b>		
Investment in liquidity fund under management	27,697	23,576
Term deposits and other	12,506	26,006
	<b>40,203</b>	<b>49,582</b>
<b>Loans</b>		
Residential mortgages	267,161	237,265
Consumer and other personal loans	14,213	14,914
Business and government	147,755	131,014
	<b>429,129</b>	<b>383,193</b>
Allowance for credit losses	872	1,150
	<b>428,257</b>	<b>382,043</b>
<b>Investments in the Federation</b>	<b>34,788</b>	<b>28,867</b>
<b>Other assets</b>		
Derivative financial instruments	11,357	11,384
Right-of-use assets	3	6
Property, plant and equipment	1,756	1,875
Other	2,718	2,241
	<b>15,834</b>	<b>15,506</b>
<b>TOTAL ASSETS</b>	<b>\$ 526,073</b>	<b>\$ 494,626</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Deposits</b>		
Individuals	\$ 350,554	\$ 338,381
Business and government	85,451	81,302
	<b>436,005</b>	<b>419,683</b>
<b>Borrowings</b>	<b>9,241</b>	<b>1,281</b>
<b>Other liabilities</b>		
Derivative financial instruments	1,801	1,427
Lease liabilities	3	4
Net defined benefit plan liabilities	1,580	2,958
Other	3,663	4,249
	<b>7,047</b>	<b>8,638</b>
<b>TOTAL LIABILITIES</b>	<b>452,293</b>	<b>429,602</b>
<b>EQUITY</b>		
Capital stock	194	265
Distributable surplus earnings	5,049	3,867
Accumulated other comprehensive income	1,606	1,136
Reserves	66,931	59,756
<b>TOTAL EQUITY</b>	<b>73,780</b>	<b>65,024</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 526,073</b>	<b>\$ 494,626</b>

**STATEMENT OF INCOME**  
 (unaudited)

For the years ended December 31

(in thousands of Canadian dollars)	2021	2020
<b>INTEREST INCOME</b>	\$ 13,310	\$ 13,746
<b>INTEREST EXPENSE</b>	3,116	3,913
<b>NET INTEREST INCOME</b>	10,194	9,833
<b>OTHER INCOME</b>	3,769	3,241
<b>PROVISION FOR CREDIT LOSSES (RECOVERY)</b>	(77)	832
<b>NON-INTEREST EXPENSE</b>		
Salaries and fringe benefits	3,176	3,208
Assessments paid to Desjardins Group components	1,007	1,050
Computer services and other agreements	1,831	1,328
Community development expenses	84	109
Other	1,791	1,978
	7,889	7,673
<b>OPERATING SURPLUS EARNINGS</b>	6,151	4,569
Income on investments in the Federation	3,636	2,186
Income (loss) on fair value of derivative financial instruments	(3,306)	3,387
<b>SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS</b>	6,481	10,142
Income taxes on surplus earnings	421	1,774
<b>SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS</b>	6,060	8,368
Member dividends	894	806
Tax recovery on member dividends	(237)	(214)
<b>NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS</b>	\$ 5,403	\$ 7,776

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, 2019</b>	\$ 344	\$ 3,740	\$ 873	\$ 16,095	\$ 114	\$ (2,259)	\$ 33,703	\$ 1,371	\$ 2,481	\$ 502	\$ 52,007	\$ 56,964
Allocation to reserves adopted by the members at the general meeting	-	(3,740)	-	-	-	-	2,637	-	993	110	3,740	-
Balance after distribution	344	-	873	16,095	114	(2,259)	36,340	1,371	3,474	612	55,747	56,964
Net surplus earnings for the year after member dividends	-	7,776	-	-	-	-	-	-	-	-	-	7,776
Other comprehensive income for the year	-	131	263	-	-	-	-	-	-	-	-	394
Statutory transfer	-	(4,713)	-	2,148	2,525	40	-	-	-	-	4,713	-
Net amounts used during the year	-	673	-	-	-	-	-	-	(592)	(81)	(673)	-
Equity transactions related to the investments in the Federation	-	-	-	(45)	-	-	-	-	-	-	(45)	(45)
Redemption of permanent shares	(72)	-	-	-	-	-	-	-	-	-	-	(72)
Other net change in capital stock	(7)	-	-	-	-	-	-	-	-	-	-	(7)
Interest on permanent shares	-	-	-	-	-	-	-	(1)	-	-	(1)	(1)
Equity transactions relating to related party transactions	-	-	-	(21)	-	36	-	-	-	-	15	15
<b>BALANCE AS AT DECEMBER 31, 2020</b>	\$ 265	\$ 3,867	\$ 1,136	\$ 18,177	\$ 2,639	\$ (2,183)	\$ 36,340	\$ 1,370	\$ 2,882	\$ 531	\$ 59,756	\$ 65,024
Allocation to reserves adopted by the members at the general meeting	-	(3,867)	-	-	-	-	2,932	-	816	119	3,867	-
Net adjustment for member dividends	-	-	-	-	-	-	(1)	-	-	-	(1)	(1)
Balance after distribution	265	-	1,136	18,177	2,639	(2,183)	39,271	1,370	3,698	650	63,622	65,023
Net surplus earnings for the year after member dividends	-	5,403	-	-	-	-	-	-	-	-	-	5,403
Other comprehensive income for the year	-	2,955	470	-	-	-	-	-	-	-	-	3,425
Statutory transfer	-	(4,031)	-	5,452	(2,464)	1,043	-	-	-	-	4,031	-
Net amounts used during the year	-	721	-	-	-	-	-	-	(658)	(63)	(721)	-
Redemption of permanent shares	(56)	-	-	-	-	-	-	-	-	-	-	(56)
Other net change in capital stock	(15)	-	-	-	-	-	-	-	-	-	-	(15)
Interest on permanent shares	-	-	-	-	-	-	-	(1)	-	-	(1)	(1)
Net adjustment for member dividends	-	1	-	-	-	-	-	-	-	-	-	1
<b>BALANCE AS AT DECEMBER 31, 2021</b>	\$ 194	\$ 5,049	\$ 1,606	\$ 23,629	\$ 175	\$ (1,140)	\$ 39,271	\$ 1,369	\$ 3,040	\$ 587	\$ 66,931	\$ 73,780

## NOTE TO THE FINANCIAL REPORT (unaudited)

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

Caisse Desjardins des Sources (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.