

# 2021 Financial Report

## Caisse Desjardins de Brome-Missisquoi

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March 24, 2022

**Report on the results of applying specified auditing procedures to the financial report of the Caisse Desjardins de Brome-Missisquoi (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:	549,009,000	\$
Total equity:	61,176,000	\$
Net surplus earnings for the year after member dividends :	4,694,000	\$

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

**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>	\$ 5,202	\$ 16,548
<b>Securities</b>		
Investment in liquidity fund under management	30,001	25,582
Term deposits and other	8,002	-
	<b>38,003</b>	<b>25,582</b>
<b>Loans</b>		
Residential mortgages	344,987	308,086
Consumer and other personal loans	19,564	20,914
Business and government	101,613	88,836
	<b>466,164</b>	<b>417,836</b>
Allowance for credit losses	1,038	1,105
	<b>465,126</b>	<b>416,731</b>
<b>Investments in the Federation</b>	<b>26,602</b>	<b>22,312</b>
<b>Other assets</b>		
Derivative financial instruments	10,137	8,829
Right-of-use assets	412	480
Property, plant and equipment	1,360	1,447
Other	2,167	1,719
	<b>14,076</b>	<b>12,475</b>
<b>TOTAL ASSETS</b>	<b>\$ 549,009</b>	<b>\$ 493,648</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Deposits</b>		
Individuals	\$ 316,171	\$ 297,000
Business and government	124,622	106,618
	<b>440,793</b>	<b>403,618</b>
<b>Borrowings</b>	<b>40,733</b>	<b>28,180</b>
<b>Other liabilities</b>		
Derivative financial instruments	1,507	1,569
Lease liabilities	437	502
Net defined benefit plan liabilities	1,334	2,797
Other	3,029	3,290
	<b>6,307</b>	<b>8,158</b>
<b>TOTAL LIABILITIES</b>	<b>487,833</b>	<b>439,956</b>
<b>EQUITY</b>		
Capital stock	217	269
Distributable surplus earnings	-	3,820
Accumulated other comprehensive income	1,136	795
Reserves	59,823	48,808
<b>TOTAL EQUITY</b>	<b>61,176</b>	<b>53,692</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 549,009</b>	<b>\$ 493,648</b>

**STATEMENT OF INCOME**  
 (unaudited)

For the years ended December 31

(in thousands of Canadian dollars)	2021	2020
<b>INTEREST INCOME</b>	\$ 12,970	\$ 13,593
<b>INTEREST EXPENSE</b>	2,800	3,655
<b>NET INTEREST INCOME</b>	10,170	9,938
<b>OTHER INCOME</b>	3,410	3,009
<b>PROVISION FOR CREDIT LOSSES</b>	367	859
<b>NON-INTEREST EXPENSE</b>		
Salaries and fringe benefits	2,741	3,024
Assessments paid to Desjardins Group components	1,025	1,002
Computer services and other agreements	2,012	1,311
Community development expenses	122	101
Other	2,253	2,026
	8,153	7,464
<b>OPERATING SURPLUS EARNINGS</b>	5,060	4,624
Income on investments in the Federation	2,649	1,601
Income (loss) on fair value of derivative financial instruments	(1,677)	2,102
<b>SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS</b>	6,032	8,327
Income taxes on surplus earnings	638	1,538
<b>SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS</b>	5,394	6,789
Member dividends	952	815
Tax recovery on member dividends	(252)	(216)
<b>NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS</b>	\$ 4,694	\$ 6,190

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>	\$ 496	\$ 4,031	\$ 605	\$ 11,198	\$ (115)	\$ (2,169)	\$ 29,267	\$ 1,477	\$ 2,337	\$ 274	\$ 42,269	\$ 47,401
Net adjustment for interest on permanent shares	-	-	-	-	-	-	1	-	-	-	1	1
Allocation to reserves adopted by the members at the general meeting	-	(4,031)	-	-	-	-	2,830	-	1,100	101	4,031	-
Net adjustment for member dividends	-	-	-	-	-	-	1	-	-	-	1	1
Balance after distribution	496	-	605	11,198	(115)	(2,169)	32,099	1,477	3,437	375	46,302	47,403
Net surplus earnings for the year after member dividends	-	6,190	-	-	-	-	-	-	-	-	-	6,190
Other comprehensive income for the year	-	159	190	-	-	-	-	-	-	-	-	349
Statutory transfer	-	(3,202)	-	1,556	1,565	81	-	-	-	-	3,202	-
Net amounts used during the year	-	674	-	-	-	-	-	-	(599)	(75)	(674)	-
Equity transactions related to the investments in the Federation	-	-	-	(33)	-	-	-	-	-	-	(33)	(33)
Redemption of permanent shares	(221)	-	-	-	-	-	-	-	-	-	-	(221)
Other net change in capital stock	(6)	-	-	-	-	-	-	-	-	-	-	(6)
Interest on permanent shares	-	-	-	-	-	-	-	(1)	-	-	(1)	(1)
Net adjustment for member dividends	-	(1)	-	-	-	-	-	-	-	-	-	(1)
Equity transactions relating to related party transactions	-	-	-	(15)	-	27	-	-	-	-	12	12
<b>BALANCE AS AT DECEMBER 31, 2020</b>	\$ 269	\$ 3,820	\$ 795	\$ 12,706	\$ 1,450	\$ (2,061)	\$ 32,099	\$ 1,476	\$ 2,838	\$ 300	\$ 48,808	\$ 53,692
Allocation to reserves adopted by the members at the general meeting	-	(3,820)	-	-	-	-	2,840	-	869	111	3,820	-
Net adjustment for member dividends	-	-	-	-	-	-	2	-	-	-	2	2
Balance after distribution	269	-	795	12,706	1,450	(2,061)	34,941	1,476	3,707	411	52,630	53,694
Net surplus earnings for the year after member dividends	-	4,694	-	-	-	-	-	-	-	-	-	4,694
Other comprehensive income for the year	-	2,502	341	-	-	-	-	-	-	-	-	2,843
Statutory transfer	-	(3,797)	-	3,949	(1,250)	1,098	-	-	-	-	3,797	-
Net amounts used during the year	-	791	-	-	-	-	-	-	(700)	(91)	(791)	-
Transfer from (allocation to) reserves pursuant to a merger agreement	-	(4,188)	-	-	-	-	2,754	-	1,308	126	4,188	-
Redemption of permanent shares	(44)	-	-	-	-	-	-	-	-	-	-	(44)
Other net change in capital stock	(8)	-	-	-	-	-	-	-	-	-	-	(8)
Interest on permanent shares	-	-	-	-	-	-	-	(1)	-	-	(1)	(1)
Net adjustment for member dividends	-	(2)	-	-	-	-	-	-	-	-	-	(2)
<b>BALANCE AS AT DECEMBER 31, 2021</b>	\$ 217	\$ -	\$ 1,136	\$ 16,655	\$ 200	\$ (963)	\$ 37,695	\$ 1,475	\$ 4,315	\$ 446	\$ 59,823	\$ 61,176

## NOTES TO THE FINANCIAL REPORT (unaudited)

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

Caisse Desjardins de Brome-Missisquoi (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 (AMF) 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.

### NOTE 2 – FEDERATION'S OBLIGATION TO HOLDERS OF PERMANENT SHARES

Further to a recommendation issued by the AMF, the Federation guarantees that it will indemnify Quebec caisse members holding permanent shares in the event of losses resulting from misinformation in the audited Combined Financial Statements of the Desjardins caisses in Quebec and Desjardins Group's annual Management's Discussion and Analysis available at [www.sedar.com](http://www.sedar.com). The Federation's obligation in this matter is subject to certain conditions. Holders of permanent shares can request more information from their newly formed caisse.

The Combined Financial Statements of the Desjardins caisses in Quebec are also available to the public at [www.desjardins.com](http://www.desjardins.com).