

# 2021 Financial Report

## Caisse d'économie Desjardins des employés en Télécommunication

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March 18, 2022

**Report on the results of applying specified auditing procedures to the financial report of the Caisse d'économie Desjardins des employés en Télécommunication (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:	319,492,000	\$
Total equity:	22,252,000	\$
Net surplus earnings for the year after member dividends :	3,113,000	\$

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>	\$ 1,011	\$ 1,515
<b>Investment in liquidity fund under management</b>	9,133	7,886
<b>Loans</b>		
Residential mortgages	279,104	247,249
Consumer and other personal loans	2,372	2,393
Business and government	2,070	2,287
	283,546	251,929
Allowance for credit losses	278	319
	283,268	251,610
<b>Investments in the Federation</b>	12,903	10,899
<b>Other assets</b>		
Derivative financial instruments	11,409	8,201
Right-of-use assets	7	11
Property, plant and equipment	2	10
Other	1,759	1,863
	13,177	10,085
<b>TOTAL ASSETS</b>	\$ 319,492	\$ 281,995
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Deposits</b>		
Individuals	\$ 160,681	\$ 156,421
Business and government	8,244	7,939
	168,925	164,360
<b>Borrowings</b>	124,606	93,995
<b>Other liabilities</b>		
Derivative financial instruments	1,092	2,750
Lease liabilities	7	11
Net defined benefit plan liabilities	481	1,081
Other	2,129	1,946
	3,709	5,788
<b>TOTAL LIABILITIES</b>	297,240	264,143
<b>EQUITY</b>		
Capital stock	72	87
Distributable surplus earnings	1,273	1,229
Accumulated other comprehensive income	507	348
Reserves	20,400	16,188
<b>TOTAL EQUITY</b>	22,252	17,852
<b>TOTAL LIABILITIES AND EQUITY</b>	\$ 319,492	\$ 281,995

**STATEMENT OF INCOME**  
 (unaudited)

For the years ended December 31

(in thousands of Canadian dollars)	2021	2020
<b>INTEREST INCOME</b>	\$ 5,595	\$ 6,296
<b>INTEREST EXPENSE</b>	2,476	3,103
<b>NET INTEREST INCOME</b>	3,119	3,193
<b>OTHER INCOME</b>	1,444	1,385
<b>PROVISION FOR CREDIT LOSSES (RECOVERY)</b>	(4)	240
<b>NON-INTEREST EXPENSE</b>		
Salaries and fringe benefits	1,266	1,336
Assessments paid to Desjardins Group components	458	468
Computer services and other agreements	636	512
Community development expenses	15	1
Other	836	645
	3,211	2,962
<b>OPERATING SURPLUS EARNINGS</b>	1,356	1,376
Income on investments in the Federation	1,244	756
Income (loss) on fair value of derivative financial instruments	1,252	(851)
<b>SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS</b>	3,852	1,281
Income taxes on surplus earnings	376	57
<b>SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS</b>	3,476	1,224
Member dividends	494	387
Tax recovery on member dividends	(131)	(103)
<b>NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS</b>	\$ 3,113	\$ 940

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>	\$ 106	\$ 881	\$ 259	\$ 4,886	\$ 81	\$ (1,049)	\$ 9,978	\$ 469	\$ 1,117	\$ -	\$ 15,482	\$ 16,728
Allocation to reserves adopted by the members at the general meeting	-	(881)	-	-	-	-	288	-	538	55	881	-
Balance after distribution	106	-	259	4,886	81	(1,049)	10,266	469	1,655	55	16,363	16,728
Net surplus earnings for the year after member dividends	-	940	-	-	-	-	-	-	-	-	-	940
Other comprehensive income for the year	-	125	89	-	-	-	-	-	-	-	-	214
Statutory transfer	-	(121)	-	727	(692)	86	-	-	-	-	121	-
Net amounts used during the year	-	285	-	-	-	-	-	-	(284)	(1)	(285)	-
Equity transactions related to the investments in the Federation	-	-	-	(15)	-	-	-	-	-	-	(15)	(15)
Redemption of permanent shares	(10)	-	-	-	-	-	-	-	-	-	-	(10)
Other net change in capital stock	(9)	-	-	-	-	-	-	-	-	-	-	(9)
Equity transactions relating to related party transactions	-	-	-	(7)	-	11	-	-	-	-	4	4
<b>BALANCE AS AT DECEMBER 31, 2020</b>	\$ 87	\$ 1,229	\$ 348	\$ 5,591	\$ (611)	\$ (952)	\$ 10,266	\$ 469	\$ 1,371	\$ 54	\$ 16,188	\$ 17,852
Allocation to reserves adopted by the members at the general meeting	-	(1,229)	-	-	-	-	748	-	420	61	1,229	-
Net adjustment for member dividends	-	-	-	-	-	-	2	-	-	-	2	2
Balance after distribution	87	-	348	5,591	(611)	(952)	11,016	469	1,791	115	17,419	17,854
Net surplus earnings for the year after member dividends	-	3,113	-	-	-	-	-	-	-	-	-	3,113
Other comprehensive income for the year	-	1,143	159	-	-	-	-	-	-	-	-	1,302
Statutory transfer	-	(3,356)	-	1,846	1,017	493	-	-	-	-	3,356	-
Net amounts used during the year	-	375	-	-	-	-	-	-	(363)	(12)	(375)	-
Redemption of permanent shares	(9)	-	-	-	-	-	-	-	-	-	-	(9)
Other net change in capital stock	(6)	-	-	-	-	-	-	-	-	-	-	(6)
Net adjustment for member dividends	-	(2)	-	-	-	-	-	-	-	-	-	(2)
<b>BALANCE AS AT DECEMBER 31, 2021</b>	\$ 72	\$ 1,273	\$ 507	\$ 7,437	\$ 406	\$ (459)	\$ 11,016	\$ 469	\$ 1,428	\$ 103	\$ 20,400	\$ 22,252

## NOTE TO THE FINANCIAL REPORT (unaudited)

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

Caisse d'économie Desjardins des employés en Télécommunication (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.