

2020 Financial Report

Caisse d'économie Desjardins des employés en Télécommunication

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Report on the results of applying specified auditing procedures
(This report will be joined to the final version of the financial report.)

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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	\$ 1,515	\$ 562
Investment in liquidity fund under management	7,886	6,720
Loans		
Residential mortgages	247,249	229,827
Consumer and other personal loans	2,393	3,280
Business and government	2,287	2,449
	251,929	235,556
Allowance for credit losses	319	115
	251,610	235,441
Investments in the Federation	10,899	10,105
Other assets		
Derivative financial instruments	8,201	7,297
Right-of-use assets	11	-
Property, plant and equipment	10	7
Other	1,862	1,691
	10,084	8,995
TOTAL ASSETS	\$ 281,994	\$ 261,823
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits		
Individuals	\$ 156,421	\$ 140,834
Business and government	7,939	7,807
	164,360	148,641
Borrowings	93,995	92,610
Other liabilities		
Derivative financial instruments	2,750	811
Lease liabilities	11	-
Net defined benefit plan liabilities	1,081	1,201
Other	1,946	1,834
	5,788	3,846
TOTAL LIABILITIES	264,143	245,097
EQUITY		
Capital stock	87	106
Distributable surplus earnings	1,229	880
Accumulated other comprehensive income	348	259
Reserves	16,187	15,481
TOTAL EQUITY	17,851	16,726
TOTAL LIABILITIES AND EQUITY	\$ 281,994	\$ 261,823

STATEMENT OF INCOME
 (unaudited)

For the years ended December 31

(in thousands of Canadian dollars)	2020	2019
INTEREST INCOME	\$ 6,296	\$ 6,692
INTEREST EXPENSE	3,103	3,894
NET INTEREST INCOME	3,193	2,798
OTHER INCOME	1,385	1,384
PROVISION FOR CREDIT LOSSES	240	43
NON-INTEREST EXPENSE		
Salaries and fringe benefits	1,336	1,285
Assessments paid to Desjardins Group components	468	442
Computer services and other agreements	512	463
Community development expenses	1	-
Other	645	931
	2,962	3,121
OPERATING SURPLUS EARNINGS	1,376	1,018
Income on investments in the Federation	756	800
Loss on fair value of derivative financial instruments	(851)	(70)
SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS	1,281	1,748
Income taxes on surplus earnings	57	259
SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS	1,224	1,489
Member dividends	387	359
Tax recovery on member dividends	(103)	(95)
NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS	\$ 940	\$ 1,225

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	\$ 571	\$ 2,328	\$ (4)	\$ 4,322	\$ 130	\$ (771)	\$ 9,029	\$ 471	\$ -	\$ -	\$ 13,181	\$ 16,076
Allocation to reserves adopted by the members at the general meeting	-	(2,328)	-	-	-	-	948	-	1,380	-	2,328	-
Balance after distribution	571	-	(4)	4,322	130	(771)	9,977	471	1,380	-	15,509	16,076
Net surplus earnings for the year after member dividends	-	1,225	-	-	-	-	-	-	-	-	-	1,225
Other comprehensive income for the year	-	(371)	263	-	-	-	-	-	-	-	-	(108)
Statutory transfer	-	(237)	-	564	(49)	(278)	-	-	-	-	237	-
Net amounts used during the year	-	263	-	-	-	-	-	-	(263)	-	(263)	-
Redemption of permanent shares	(451)	-	-	-	-	-	-	-	-	-	-	(451)
Other net change in capital stock	(14)	-	-	-	-	-	-	-	-	-	-	(14)
Interest on permanent shares	-	-	-	-	-	-	-	(2)	-	-	(2)	(2)
BALANCE AS AT DECEMBER 31, 2019	\$ 106	\$ 880	\$ 259	\$ 4,886	\$ 81	\$ (1,049)	\$ 9,977	\$ 469	\$ 1,117	\$ -	\$ 15,481	\$ 16,726
Net adjustment for interest on permanent shares	-	-	-	-	-	-	1	-	-	-	1	1
Allocation to reserves adopted by the members at the general meeting	-	(880)	-	-	-	-	287	-	538	55	880	-
Balance after distribution	106	-	259	4,886	81	(1,049)	10,265	469	1,655	55	16,362	16,727
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
BALANCE AS AT DECEMBER 31, 2020	\$ 87	\$ 1,229	\$ 348	\$ 5,591	\$ (611)	\$ (952)	\$ 10,265	\$ 469	\$ 1,371	\$ 54	\$ 16,187	\$ 17,851

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.