

Together, we'll go far



ANNUAL REPORT 2024



Caisse Desjardins du Lac-Memphrémagog

Head office

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Desjardins Group

2024 key figures

7.8 million

members and
clients

\$3,356 million

in surplus earnings

\$557 million

redistributed to
members and the
community

55,290

employees

\$470.9 billion

in assets

\$23.9 billion

in indivisible
shared wealth
held in the caisses'
general reserves¹

2,313

members of the
board of directors

22.2%

Tier 1A
capital ratio²

\$14.5 billion

in insurance
premiums³

This data comes from Desjardins Group's Combined financial statements and Management's Discussion and Analysis as at December 31, 2024.

¹ Included in the \$29.5 billion total reserves presented in the Desjardins Group's combined financial statements as at December 31, 2024.

² In accordance with the *Capital Adequacy Guideline - Financial services cooperatives* issued by the Autorité des marchés financiers (AMF) and applicable notably to financial services cooperatives.

³ Direct Written Insurance Premiums.

Desjardins Group

Information on our business segments

Desjardins Group's financial reporting is grouped by activities, which are defined based on the needs of its members and clients and the markets in which Desjardins Group operates and reflect Desjardins Group's internal management method.

Desjardins Group's financial results are grouped in three business segments, namely **Personal and Business Services**, **Wealth Management and Life and Health Insurance**, and **Property and Casualty Insurance**.

The **Personal and Business Services** segment offers Desjardins Group members and clients a comprehensive, integrated offering designed to meet the needs of individuals, businesses, institutions, not-for-profit organizations and cooperatives. Desjardins Group operates in the financial services market in Québec and is a player in financial services markets outside Québec. This offering meets a range of needs including financial management, savings, payments, financing, specialty services, access to capital markets, development and venture capital, business ownership transfers and advice.

The **Wealth Management and Life and Health Insurance** segment plays a role in developing the financial autonomy of Desjardins Group members and clients, helping them to develop healthy financial habits. This segment supports members and clients, individuals and businesses, through various networks and designs life and health insurance product lines, and investment solutions. It also includes asset management and trust services.

The **Property and Casualty Insurance** segment offers insurance products to protect Desjardins Group members and clients to protect their assets and protect themselves against damage and loss.

Personal and Business Service	Wealth Management and Life and Health Insurance	Property and Casualty Insurance
Surplus earnings before member dividends of \$1,719 million ⁽¹⁾	Nets surplus earnings of \$601 million ⁽¹⁾	Nets surplus earnings of \$1,101 million ⁽¹⁾
Québec's leader in residential mortgages	No. 1 in Canada and in Québec for market-linked guaranteed investments	No. 2 property and casualty insurer in Québec
Leader in personal savings in Québec		Direct premiums written grew by \$709 million compared to 2023

For more details on each segment, we refer you to Note 30 "Segmented information" of the Desjardins Group 2024 Annual Report. Additionally, the data presented in the table above is extracted from the "Financial Highlights" section of the 2024 Desjardins Group Management's Discussion and Analysis.

⁽¹⁾ For the year ended December 31, 2024, Desjardins Group recorded net surplus earnings before member dividends of \$3,356 million, including \$(65) million from Other category.

Note to readers

This annual report provides an overview of Caisse Desjardins du Lac-Memphrémagog’s key financial data as at December 31, 2024.

This document complies with the reporting requirements of the *Act respecting financial services cooperatives* and the Autorité des marchés financiers and was approved by the caisse board of directors.

Chair	Secretary
Maxime Ferland	Jocelyne Pellerin

About Caisse Desjardins du Lac-Memphrémagog:

- A dynamic team**
under the general management of Sylvie Marcotte

- Dedicated directors**

Chair	Maxime Ferland
Vice-Chair	Iris Alméida-Côté Jacques Pelletier
Secretary	Jocelyne Pellerin

Other members of the board of directors

Vincent Blouin
Isadora Boisier
Danielle Bolduc
Josiane Brault
Sébastien Cliche
Gaétan Giguère
Pascale Gingras
Cédrick Hamel
Michel Lafleur
Pierre Larochelle

Board Succession program

Maxime Bertrand
Guylaine Monty

2024 key figures for the caisse

35,428 members	\$1.4B in assets
\$2.9M redistributed to members and the community including \$2.4M in member dividends	Operating surplus earnings of \$24.0M
	Surplus earnings before member dividends of \$14.6M

The symbols K are used to represent thousands,
M for millions and B for billions.

SUMMARY OF THE LOAN PORTFOLIO

As at December 31, 2024, the quality of the caisse's loan portfolio remained high. The table below shows the gross carrying amount of loans and their allowance balance by stage:

As at December 31 (in thousands of Canadian dollars)	Non-credit impaired				Credit-impaired		Total 2024			Total 2023
	Stage 1		Stage 2		Stage 3		Gross carrying amount	Allowance for credit losses	Net carrying amount	Net carrying amount
	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses				
Residential mortgages	\$ 849,847	\$ 172	\$ 29,979	\$ 111	\$ 2,345	\$ 148	\$ 882,171	\$ 431	\$ 881,740	\$ 821,946
Consumer and other personal loans	26,925	34	2,859	73	92	48	29,876	155	29,721	33,326
Business and government	216,980	221	41,265	444	4,936	492	263,181	1,157	262,024	255,714
Total	\$ 1,093,752	\$ 427	\$ 74,103	\$ 628	\$ 7,373	\$ 688	\$ 1,175,228	\$ 1,743	\$ 1,173,485	\$ 1,110,986

For more information, see Note 2 "Accounting policies" to the Combined Financial Statements of the Desjardins Group for the year ended December 31, 2024.

Loans to restricted parties during the year 2024 totalled \$616K. Restricted parties include Caisse directors, the caisse general manager, Federation directors including their relative.

SUMMARY OF THE DEPOSIT PORTFOLIO

Deposits consist of demand deposits (payable on demand), notice deposits (payable upon notice) and term deposits (payable on a fixed date). Demand deposits are interest-bearing or non-interest-bearing deposits, primarily accounts with chequing privileges, for which the Caisse does not have the right to require notice prior to withdrawal. Notice deposits are interest-bearing deposits, primarily savings accounts, for which the Caisse has the legal right to require notice prior to withdrawal. Term deposits are interest-bearing deposits, primarily fixed-term deposit accounts, guaranteed investment certificates or other similar instruments, with a term that generally varies from one day to 10 years and mature on a predetermined date.

As at December 31 (in thousands of Canadian dollars)	Payable on demand	Payable upon notice	Payable on a fixed date	Total 2024	Total 2023
Individuals	\$ 379,921	\$ 19,908	\$ 561,502	\$ 961,331	\$ 897,923
Business and government	246,979	1,043	21,780	269,802	259,741
Total	\$ 626,900	\$ 20,951	\$ 583,282	\$ 1,231,133	\$ 1,157,664

For more information, see Note 2 "Accounting policies" to the Combined Financial Statements of the Desjardins Group for the year ended December 31, 2024.

2024 Financial Report

Caisse Desjardins du Lac-Memphrémagog

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Agreed-Upon Procedures Report of the financial report of the Caisse Desjardins du Lac-Memphrémagog

To the members of the Fédération des Caisses Desjardins du Québec

Purpose of this Agreed-Upon Procedures Report

Our report is solely for the purpose of assisting the members of the Fédération des Caisses Desjardins du Québec to determine whether the information included in the financial report of the Caisse, considering the Caisse's specific accounting adjustments, is in line with the information used for the preparation of the combined financial statements of the Desjardins Group and may not be suitable for another purpose. This report only covers the accounts, and the items specified below in the financial report and does not cover the annual report.

Responsibilities of the Engaging Party

The Fédération des Caisses Desjardins du Québec has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement. The Fédération des Caisses Desjardins du Québec is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the Canadian Standard on Related Services (CSRS) 4400, *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Fédération des Caisses Desjardins du Québec, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Management

We have complied with the relevant ethical and independence requirements in the rules of professional conduct/code of ethics issued by the various professional accounting bodies.

Our firm applies Canadian Standard on Quality Management (CSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Procedures and Findings

We have performed the procedures described below, which were agreed upon with the Fédération des Caisses Desjardins du Québec in the terms of engagement dated January 27, 2025, on the subject matter.

Procedures	Findings
1 Obtain the trial balance of the Caisse prior to the Caisse's specific adjustments as at December 31, 2024 and compare it to the Caisse's trial balance used in the audit of combined financial statements of the Desjardins Group as at December 31, 2024.	We have obtained the trial balance prior to the Caisse's specific adjustments as at December 31, 2024, and compared it to the trial balance of the Caisse used as part of the audit of the combined financial statements of the Desjardins Group as at December 31, 2024. We have noted no discrepancies.
2 Obtain the Caisse's specific accounting adjustments and add them to the trial balance prior to the Caisse's specific adjustments as at December 31, 2024. Round the result to the nearest thousand dollars.	We have obtained the accounting adjustments specific to the Caisse and added them to the trial balance prior to the Caisse's specific adjustments as at December 31, 2024. We have rounded the result to the nearest thousand dollars.
3 From the Caisse's financial report accounting chart, recalculate the balance of each financial statement line item of the Caisse's financial report using the result of procedure 2.	We have recalculated the balance of each financial statement line item of the Caisse's financial report from the Caisse's financial report accounting chart using the result of procedure 2.
4 Obtain the financial report of the Caisse as at December 31, 2024 and compare it to the result obtained in procedure 3.	We have obtained the Caisse's financial report as at December 31, 2024 and compared it to the result obtained in procedure 3. We have noted no discrepancies.

**Restriction on Distribution and Use**

Our report is intended solely for Members of the Fédération des Caisses Desjardins du Québec, to the members of the Caisse and to the Autorité des Marchés Financiers. We make no representations or warranties of any kind to any other third party in respect of this report. Our report should not be distributed to parties other than the Fédération des Caisses Desjardins du Québec, the members of the Caisse and the Autorité des Marchés Financiers.

PricewaterhouseCoopers LLP¹

Montréal, Quebec
March 4, 2025

¹ FCPA auditor, public accountancy permit No. A115888

Balance Sheet

(unaudited)

(in thousands of Canadian dollars)

	As at December 31, 2024	As at December 31, 2023
ASSETS		
Cash and deposits with financial institutions	\$ 98,757	\$ 49,276
Investment in liquidity fund under management	29,872	72,574
Deposits with the Federation	29,379	25,000
Loans		
Residential mortgages	882,171	822,390
Consumer and other personal loans	29,876	33,538
Business and government	263,181	256,822
	1,175,228	1,112,750
Allowance for credit losses	1,743	1,764
	1,173,485	1,110,986
Investments in the Federation	42,653	42,653
Other assets		
Derivative financial instruments	34,501	35,533
Right-of-use assets	463	960
Property, plant and equipment	2,329	2,451
Net defined benefit plan assets	816	—
Other	14,286	7,397
	52,395	46,341
TOTAL ASSETS	\$ 1,426,541	\$ 1,346,830
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits		
Individuals	\$ 961,331	\$ 897,923
Business and government	269,802	259,741
	1,231,133	1,157,664
Other liabilities		
Derivative financial instruments	1,586	15,904
Lease liabilities	504	991
Net defined benefit plan liabilities	2,014	2,168
Other	18,591	10,789
	22,695	29,852
TOTAL LIABILITIES	1,253,828	1,187,516
EQUITY		
Capital stock	167	166
Distributable surplus earnings	8,015	6,933
Reserves	164,531	152,215
TOTAL EQUITY	172,713	159,314
TOTAL LIABILITIES AND EQUITY	\$ 1,426,541	\$ 1,346,830

Statement of Income

(unaudited)

For the years ended December 31

(in thousands of Canadian dollars)

	2024	2023
Interest income	\$ 79,159	\$ 48,890
Interest expense	52,336	21,821
NET INTEREST INCOME	26,823	27,069
Other income	8,451	8,031
OPERATING INCOME	35,274	35,100
Provision for credit losses	383	438
NON-INTEREST EXPENSE		
Salaries and fringe benefits	7,824	8,049
Occupancy costs	1,138	1,067
Other	1,951	1,902
	10,913	11,018
OPERATING SURPLUS EARNINGS	23,978	23,644
Income on fair value of derivative financial instruments	6,619	4,707
Assessments paid to Desjardins Group components and related costs	(12,433)	(12,578)
Community development expenses	(291)	(458)
SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS	17,873	15,315
Income taxes on surplus earnings	3,300	3,334
SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS	14,573	11,981
Member dividends	2,400	2,253
Tax recovery on member dividends	(630)	(597)
NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS	\$ 12,803	\$ 10,325

Statement of Changes in Equity

(unaudited)

For the years ended December 31

	Reserves									
	Capital stock	Distributable surplus earnings	Appreciation reserve (derivative financial instruments)	Appreciation reserve (employee benefit plans)	General reserve	Reserve for future member dividends	Community Development Fund	Total reserves	Total equity	
(in thousands of Canadian dollars)										
BALANCE AS AT DECEMBER 31 2022	\$ 163	\$ 48,799	\$ (6,245)	\$ (671)	\$ 97,888	\$ 9,637	\$ 539	\$ 101,148	\$ 150,110	
Allocation to reserves adopted by the members at the general meeting	—	(48,799)	—	—	38,121	10,351	327	48,799	—	
Net adjustment for member dividends	—	—	—	—	1	—	—	1	1	
Balance after distribution	163	—	(6,245)	(671)	136,010	19,988	866	149,948	150,111	
Net surplus earnings for the year after member dividends	—	10,325	—	—	—	—	—	—	10,325	
Other comprehensive income for the year	—	(1,124)	—	—	—	—	—	—	(1,124)	
Statutory transfer	—	(2,606)	3,477	(871)	—	—	—	2,606	—	
Net amounts used during the year	—	339	—	—	—	—	(339)	(339)	—	
Other net change in capital stock	3	—	—	—	—	—	—	—	3	
Net adjustment for member dividends	—	(1)	—	—	—	—	—	—	(1)	
BALANCE AS AT DECEMBER 31, 2023	\$ 166	\$ 6,933	\$ (2,768)	\$ (1,542)	\$ 136,010	\$ 19,988	\$ 527	\$ 152,215	\$ 159,314	
Allocation to reserves adopted by the members at the general meeting	—	(6,933)	—	—	6,593	—	340	6,933	—	
Net adjustment for member dividends	—	—	—	—	(2)	—	—	(2)	(2)	
Balance after distribution	166	—	(2,768)	(1,542)	142,601	19,988	867	159,146	159,312	
Net surplus earnings for the year after member dividends	—	12,803	—	—	—	—	—	—	12,803	
Other comprehensive income for the year	—	595	—	—	—	—	—	—	595	
Statutory transfer	—	(5,600)	4,883	717	—	—	—	5,600	—	
Net amounts used during the year	—	215	—	—	—	—	(215)	(215)	—	
Other net change in capital stock	1	—	—	—	—	—	—	—	1	
Net adjustment for member dividends	—	2	—	—	—	—	—	—	2	
BALANCE AS AT DECEMBER 31, 2024	\$ 167	\$ 8,015	\$ 2,115	\$ (825)	\$ 142,601	\$ 19,988	\$ 652	\$ 164,531	\$ 172,713	

NOTE TO THE FINANCIAL REPORT (unaudited)

NOTE 1 - TYPE OF OPERATIONS AND BASIS OF ACCOUNTING

Caisse Desjardins du Lac-Memphrémagog (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. It is also a member of the Fonds de sécurité Desjardins, whose main purpose is to establish and manage a security, liquidity or mutual assistance fund for caisses members of the Fund.

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. Deposits and borrowings with the Federation are presented on a net basis, although there is no contractual right to settle on a net amount. Except for the presentation of deposits and borrowings with the Federation, the Caisse applies accounting methods consistent with those used for the preparation of the combined financial statements of the Desjardins Group, in accordance with the International Financial Reporting Standards 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.