

# Committed. Connected.



## ANNUAL REPORT 2022



**Caisse Desjardins de la Vallée  
des Pays-d'en-Haut**

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# Desjardins Group

## 2022 key figures

**7.5 million**

members and  
clients



**\$2.05 billion**

in surplus earnings  
before member  
dividends

**\$518 million**

redistributed to  
members and the  
community

**58,774**

employees



**\$407.1 billion**

in assets

**\$17.4 billion<sup>1</sup>**

in indivisible  
shared wealth  
held in the  
caisses'  
general reserves

**2,456**

directors



**20.2%<sup>2</sup>**

Tier 1A  
capital ratio

**\$12.6 billion**

in insurance  
premiums<sup>3</sup>

This data comes from Desjardins Group's financial statements and management report as at December 31, 2022.

<sup>1</sup> Included in the \$20.6 billion total reserves presented in the Desjardins Group's combined financial statements as at December 31, 2022.

<sup>2</sup> In accordance with the Adequacy of Capital Base Guideline for financial services coopératives issued by the AMF and taking into account the applicable relief measures introduced by the AMF in response to the COVID-19 pandemic.

<sup>3</sup> Gross written premiums.



## Message on the evolution of the cooperative group

### MAJOR PROJECTS TO BETTER SERVE OUR MEMBERS

#### Security and technology investments

In recent years, our desire to always do what's best for our members and clients has led to us investing in our digital shift, modernizing our tech ecosystem, and enhancing information security. As a result, there's a lot that's new and digital at Desjardins. You can now perform many more transactions independently, including mortgage preauthorization and renewal! The new, all-in-one Omni app allows you to log into your group insurance and pension savings accounts as well as submit claims. And we can't forget about the Desjardins virtual assistant who can assist you in both English and French which allows you to share your inquiries in your own words. It's simple, it's fast and it's easy!

These investments are responsible for an increase in the Desjardins Group's spending. They are also reflected in each entity's financial report that shows contributions to Desjardins Group components is higher this year as opposed to last year. This contribution is shown separately in the caisse's financial report: to highlight the investments that have been made and to allow for an assessment of the caisse's financial performance based on factors within its control. Thanks to these investments, we're not just maintaining the service we provide to our members and clients, we're improving it. It's important to note that our ability to pay member dividends is not affected by these investments. In short, these changes are helping us accomplish our strategic ambitions on top of continuing to serve you well.

#### Simplifying our financial structure

As a way of simplifying the caisse's financial structure, some shares that we held in the Federation have been redeemed (A, G, INV, SER) and converted (FIN-5A). Although there isn't any income from these shares in the caisse's financial report, these buybacks have bolstered the caisse's reserves, which further strengthens Desjardins Group's financial position. This financial transaction has no impact on the caisse's day-to-day activities nor on our ability to pay member dividends.

### BUYING BACK PERMANENT SHARES AND SURPLUS SHARES

As members who held shares are aware, the caisse bought back all permanent shares and surplus shares in circulation in October 2022.

## Note to readers

This annual report provides an overview of Caisse Desjardins de la Vallée des Pays-d'en-Haut's key financial data as at December 31, 2022.

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.

Monique Ethier, Chair  
Françoise Major, Secretary

### About Caisse Desjardins de la Vallée des Pays-d'en-Haut:

- A dynamic team of managers and employees under the general management of Benoit Lemieux

- **Dedicated directors**

Monique Ethier	Chair
Marie-Chantal Lavigne	Vice-Chair
Françoise Major	Secretary
Céline Blanchette	Director
Marion Charpentier	Director
Lisane Choinière	Director
Olivier Gravel	Director
Luc Landriault	Director
Pierre Langelier	Director
Linda Racicot	Director
Robert Raymond	Director
Sophie Ruel	Director
Antoine Dussault	Young Intern Director

### 2022 key figures for the caisse

**23,452**  
business and  
individual  
members

**\$1.0 billion**  
in assets

**\$1.9 million**  
redistributed to  
the collectivity

including  
**\$1.7 million**  
in member dividends

Operating surplus  
earnings of  
**\$15.6 million**

Surplus earnings  
before member  
dividends of  
**\$7.3 million**

## SUMMARY OF THE LOAN PORTFOLIO

As at December 31, 2022, the quality of the caisse's loan portfolio remained high. Gross impaired loans represent just 0.1% of total gross loans. 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 2022			Total 2021
	Stage 1		Stage 2		Stage 3					Net carrying amount
	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Net carrying amount	
Residential mortgages	\$ 714,582	\$ 283	\$ 31,338	\$ 178	\$ 739	\$ 39	\$ 746,659	\$ 500	\$ 746,159	\$ 690,291
Consumer and other personal loans	24,730	60	2,359	114	52	30	27,141	204	26,937	28,677
Business and government	108,584	185	14,919	138	516	223	124,019	546	123,473	151,305
<b>Total</b>	<b>\$ 847,896</b>	<b>\$ 528</b>	<b>\$ 48,616</b>	<b>\$ 430</b>	<b>\$ 1,307</b>	<b>\$ 292</b>	<b>\$ 897,819</b>	<b>\$ 1,250</b>	<b>\$ 896,569</b>	<b>\$ 870,273</b>

For more information, see Note 2, "Basis of presentation and significant accounting policies" to the Combined Financial Statements of the Desjardins Group for the year ended December 31, 2022, available at [www.desjardins.com](http://www.desjardins.com). Certain comparative figures have been reclassified to conform with the presentation to the current year's annual report.

Loans to restricted parties\* are granted in accordance with the caisse's applicable rules of professional conduct. No such loans were granted in 2022.

\*Restricted parties include:

- a) Caisse directors and the caisse general manager, including their relatives
- b) Federation directors, including their relatives

## SUMMARY OF THE DEPOSIT PORTFOLIO

As at December 31, 2022, the caisse's member deposits totalled \$854,260K, up \$39,915K, or 4.9%, year over year. Deposits by individuals provide the main source of funding for the caisse's expansion. These deposits represent 75.2% of total deposits as at December 31, 2022. The following table shows the breakdown of deposits by type of depositor with amounts by type of savings\*.

As at December 31 (in thousands of Canadian dollars)	Payable on demand	Payable upon notice	Payable on a fixed date	Total 2022	Total 2021
Individuals	\$ 270,474	\$ 20,225	\$ 351,379	\$ 642,078	\$ 607,633
Business and government	179,378	1,487	31,317	212,182	206,712
<b>Total</b>	<b>\$ 449,852</b>	<b>\$ 21,712</b>	<b>\$ 382,696</b>	<b>\$ 854,260</b>	<b>\$ 814,345</b>

\*For more information on presentation and significant accounting policies, see Note 2 to the Combined Financial Statements of the Desjardins Group, available at [www.desjardins.com](http://www.desjardins.com).



# 2022 Financial Report

## Caisse Desjardins de la Vallée des Pays-d'en-Haut

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March 8, 2023

## **Agreed-upon procedures report of the financial report of the Caisse Desjardins de la Vallée des Pays-d'en-Haut (the Caisse)**

To the members of the *Fédération des caisses Desjardins du Québec*

As independent auditor of the combined financial statements of the Desjardins Group, we have been mandated by the members of the *Fédération des caisses Desjardins du Québec* to perform agreed-upon procedures on the financial report attached to the Caisse.

### **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 it is possible that it cannot be used 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 and also 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.

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





### *Professional Ethics*

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.

### **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 March 1, 2023 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, 2022 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, 2022.	We have obtained the trial balance prior to the Caisse's specific adjustments as at December 31, 2022 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, 2022. 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, 2022. 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, 2022. 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, 2022 and compare it to the result obtained in procedure 3.	We have obtained the Caisse's financial report as at December 31, 2022 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 third party in respect of this report.

*PricewaterhouseCoopers LLP*<sup>1</sup>

Montréal, Quebec

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

**BALANCE SHEET (unaudited)**

(in thousands of Canadian dollars)	As at December 31, 2022	As at December 31, 2021
<b>ASSETS</b>		
Cash and deposits with financial institutions	\$ 14,404	\$ 12,658
Investment in liquidity fund under management	56,813	53,503
<b>Loans</b>		
Residential mortgages	746,659	691,020
Consumer and other personal loans	27,141	28,806
Business and government	124,019	151,840
	897,819	871,666
Allowance for credit losses	1,250	1,393
	896,569	870,273
Investments in the Federation	27,755	42,137
<b>Other assets</b>		
Derivative financial instruments	39,496	36,336
Right-of-use assets	538	658
Property, plant and equipment	2,082	2,253
Net defined benefit plan assets	671	-
Other	4,343	2,923
	47,130	42,170
<b>TOTAL ASSETS</b>	<b>\$ 1,042,671</b>	<b>\$ 1,020,741</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Deposits</b>		
Individuals	\$ 642,078	\$ 607,633
Business and government	212,182	206,712
	854,260	814,345
<b>Borrowings</b>	79,328	112,313
<b>Other liabilities</b>		
Derivative financial instruments	12,019	2,711
Lease liabilities	554	666
Net defined benefit plan liabilities	1,215	1,758
Other	6,116	4,697
	19,904	9,832
<b>TOTAL LIABILITIES</b>	<b>953,492</b>	<b>936,490</b>
<b>EQUITY</b>		
Capital stock	109	399
Distributable surplus earnings	31,673	7,321
Accumulated other comprehensive income	-	1,648
Reserves	57,397	74,883
<b>TOTAL EQUITY</b>	<b>89,179</b>	<b>84,251</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,042,671</b>	<b>\$ 1,020,741</b>

**STATEMENT OF INCOME**  
 (unaudited)

**For the years ended December 31**

(in thousands of Canadian dollars)	2022	2021
Interest income	\$ 27,269	\$ 21,955
Interest expense	9,573	5,784
<b>NET INTEREST INCOME</b>	<b>17,696</b>	<b>16,171</b>
Other income	5,683	5,693
<b>OPERATING INCOME</b>	<b>23,379</b>	<b>21,864</b>
Recovery of provision for credit losses	(65)	(121)
<b>NON-INTEREST EXPENSE</b>		
Salaries and fringe benefits	5,676	5,279
Occupancy costs	763	832
Other	1,439	1,399
	<b>7,878</b>	<b>7,510</b>
<b>OPERATING SURPLUS EARNINGS</b>	<b>15,566</b>	<b>14,475</b>
Income on investments in the Federation	2,206	4,003
Loss on fair value of derivative financial instruments	(1,122)	(469)
Assessments paid to Desjardins Group components and related costs	(8,182)	(5,288)
Community development expenses	(144)	(439)
<b>SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS</b>	<b>8,324</b>	<b>12,282</b>
Income taxes on surplus earnings	1,058	1,822
<b>SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS</b>	<b>7,266</b>	<b>10,460</b>
Member dividends	1,691	1,601
Tax recovery on member dividends	(448)	(424)
<b>NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS</b>	<b>\$ 6,023</b>	<b>\$ 9,283</b>

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, 2020</b>	\$ 624	\$ 5,394	\$ 1,137	\$ 18,849	\$ 1,259	\$ (3,092)	\$ 38,628	\$ 2,635	\$ 4,761	\$ 566	\$ 63,606	\$ 70,761
Allocation to reserves adopted by the members at the general meeting	-	(5,394)	-	-	-	-	3,662	-	1,534	198	5,394	-
Net adjustment for member dividends	-	-	-	-	-	-	4	-	-	-	4	4
Balance after distribution	624	-	1,137	18,849	1,259	(3,092)	42,294	2,635	6,295	764	69,004	70,765
Net surplus earnings for the year after member dividends	-	9,283	-	-	-	-	-	-	-	-	-	9,283
Other comprehensive income for the year	-	3,923	511	-	-	-	-	-	-	-	-	4,434
Statutory transfer	-	(7,387)	-	5,922	(350)	1,815	-	-	-	-	7,387	-
Net amounts used during the year	-	1,506	-	-	-	-	-	-	(1,180)	(326)	(1,506)	-
Redemption of permanent shares	(203)	-	-	-	-	-	-	-	-	-	-	(203)
Other net change in capital stock	(22)	-	-	-	-	-	-	-	-	-	-	(22)
Interest on permanent shares	-	-	-	-	-	-	-	(2)	-	-	(2)	(2)
Net adjustment for member dividends	-	(4)	-	-	-	-	-	-	-	-	-	(4)
<b>BALANCE AS AT DECEMBER 31, 2021</b>	\$ 399	\$ 7,321	\$ 1,648	\$ 24,771	\$ 909	\$ (1,277)	\$ 42,294	\$ 2,633	\$ 5,115	\$ 438	\$ 74,883	\$ 84,251
Allocation to reserves adopted by the members at the general meeting	-	(7,321)	-	-	-	-	4,812	-	2,269	240	7,321	-
Net adjustment for member dividends	-	-	-	-	-	-	(8)	-	-	-	(8)	(8)
Balance after distribution	399	-	1,648	24,771	909	(1,277)	47,098	2,633	7,384	678	82,196	84,243
Net surplus earnings for the year after member dividends	-	6,023	-	-	-	-	-	-	-	-	-	6,023
Other comprehensive income for the year	-	843	(1,648)	-	-	-	-	-	-	-	-	(805)
Statutory transfer	-	24,693	-	(24,771)	(832)	910	2,633	(2,633)	-	-	(24,693)	-
Net amounts used during the year	-	106	-	-	-	-	-	-	-	(106)	(106)	-
Redemption of permanent shares	(261)	-	-	-	-	-	-	-	-	-	-	(261)
Other net change in capital stock	(29)	-	-	-	-	-	-	-	-	-	-	(29)
Net adjustment for member dividends	-	8	-	-	-	-	-	-	-	-	-	8
<b>BALANCE AS AT DECEMBER 31, 2022</b>	\$ 109	\$ 31,673	\$ -	\$ -	\$ 77	\$ (367)	\$ 49,731	\$ -	\$ 7,384	\$ 572	\$ 57,397	\$ 89,179

## NOTE TO THE FINANCIAL REPORT (unaudited)

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

Caisse Desjardins de la Vallée des Pays-d'en-Haut (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 Group, 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.