

Committed. Connected.



ANNUAL REPORT 2022



**Caisse Desjardins du
Centre-nord de Montréal**

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TABLE OF CONTENTS

Key figures of the Desjardins Group	III
Message on the evolution of the cooperative group	IV
Annual Report	V
Financial Report	1

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 billion¹

in indivisible
shared wealth
held in the
caisses'
general reserves

2,456

directors



20.2%²

Tier 1A
capital ratio

\$12.6 billion

in insurance
premiums³

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

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

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

³ 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 du Centre-nord de Montréal'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.

Jean-Marc Brodeur, Chair
Guillaume Lemire, Secretary

About Caisse Desjardins du Centre-nord de Montréal:

- A dynamic team of managers and employees under the general management of Richard Georges

- **Dedicated directors**

Jean-Marc Brodeur	Chair
Maria Riccio	Vice-Chair
Guillaume Lemire	Secretary
Annie Aubertin	Director
Marie-Joëlle Carbonneau	Director
Pierre-Luc Désilets	Director
Pierre Dubreuil	Director
André Ethier	Director
Patrick Fortin	Director
Marie-Eve Gadbois	Director
Emmanuelle Legendre	Director
Julien Michaud-Beaudry	Director
Houda Rihani	Director
Giovanna Scotti	Director
Alizée Vautrin	Director

2022 key figures for the caisse

66,130
business and
individual
members

\$2.6 billion
in assets

\$5.2 million
redistributed to
the collectivity
including
\$4.4 million
in member dividends

Operating surplus
earnings of
\$38.5 million

Surplus earnings
before member
dividends of
\$19.8 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 0.3% 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	\$ 1,989,610	\$ 669	\$ 87,192	\$ 476	\$ 2,409	\$ 151	\$ 2,079,211	\$ 1,296	\$ 2,077,915	\$ 2,001,794
Consumer and other personal loans	47,523	88	8,795	270	53	33	56,371	391	55,980	58,440
Business and government	106,934	245	24,609	339	4,449	824	135,992	1,408	134,584	118,207
Total	\$ 2,144,067	\$ 1,002	\$ 120,596	\$ 1,085	\$ 6,911	\$ 1,008	\$ 2,271,574	\$ 3,095	\$ 2,268,479	\$ 2,178,441

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. Certain comparative figures have been reclassified to conform with the presentation to the current year's annual report.

Loans to related parties

All loans to restricted parties* were granted in accordance with the caisse's applicable rules of professional conduct. Loans granted to restricted parties totalled \$1,917K.

*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 \$2,098,461K, up \$54,117K, or 2.6%, year over year. Deposits by individuals provide the main source of funding for the caisse's expansion. These deposits represent 80.9% 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	\$ 866,422	\$ 74,860	\$ 757,286	\$ 1,698,568	\$ 1,640,441
Business and government	298,175	2,190	99,528	399,893	403,903
Total	\$ 1,164,597	\$ 77,050	\$ 856,814	\$ 2,098,461	\$ 2,044,344

*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.

2022 Financial Report

Caisse Desjardins du Centre-nord de Montréal

TABLE OF CONTENTS

Agreed-upon procedures report

Financial report

Balance Sheet5

Statement of Income6

Statement of Changes in Equity7

Note to the financial report

Note 1 – Type of operations and basis of accounting8



March 10, 2023

Agreed-upon procedures report of the financial report of the Caisse Desjardins du Centre-nord de Montréal (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*¹

Montréal, Quebec

¹ 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
ASSETS		
Cash and deposits with financial institutions	\$ 28,520	\$ 32,834
Investment in liquidity fund under management	136,532	133,493
Loans		
Residential mortgages	2,079,211	2,003,744
Consumer and other personal loans	56,371	58,894
Business and government	135,992	120,062
	2,271,574	2,182,700
Allowance for credit losses	3,095	4,259
	2,268,479	2,178,441
Investments in the Federation	107,894	153,789
Other assets		
Derivative financial instruments	65,607	52,857
Right-of-use assets	2,443	2,979
Property, plant and equipment	5,772	6,693
Net defined benefit plan assets	1,589	-
Other	9,609	7,974
	85,020	70,503
TOTAL ASSETS	\$ 2,626,445	\$ 2,569,060
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits		
Individuals	\$ 1,698,568	\$ 1,640,441
Business and government	399,893	403,903
	2,098,461	2,044,344
Borrowings	173,783	198,771
Other liabilities		
Derivative financial instruments	22,457	5,239
Lease liabilities	2,652	3,209
Net defined benefit plan liabilities	2,892	4,331
Other	17,852	15,094
	45,853	27,873
TOTAL LIABILITIES	2,318,097	2,270,988
EQUITY		
Capital stock	299	2,069
Distributable surplus earnings	116,151	15,837
Accumulated other comprehensive income	-	6,672
Reserves	191,898	273,494
TOTAL EQUITY	308,348	298,072
TOTAL LIABILITIES AND EQUITY	\$ 2,626,445	\$ 2,569,060

STATEMENT OF INCOME
(unaudited)
For the years ended December 31

(in thousands of Canadian dollars)	2022	2021
Interest income	\$ 67,139	\$ 54,429
Interest expense	23,193	14,302
NET INTEREST INCOME	43,946	40,127
Other income	13,882	13,696
OPERATING INCOME	57,828	53,823
Provision for credit losses (recovery)	(581)	380
NON-INTEREST EXPENSE		
Salaries and fringe benefits	13,471	12,380
Occupancy costs	3,192	2,977
Other	3,282	3,514
	19,945	18,871
OPERATING SURPLUS EARNINGS	38,464	34,572
Income on investments in the Federation	7,974	15,438
Income (loss) on fair value of derivative financial instruments	(403)	81
Assessments paid to Desjardins Group components and related costs	(23,275)	(15,101)
Community development expenses	(601)	(373)
SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS	22,159	34,617
Income taxes on surplus earnings	2,340	3,742
SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS	19,819	30,875
Member dividends	4,374	4,254
Tax recovery on member dividends	(1,159)	(1,127)
NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS	\$ 16,604	\$ 27,748

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, 2020	\$ 2,626	\$ 13,950	\$ 4,687	\$ 75,871	\$ 3,293	\$ (8,062)	\$ 141,369	\$ 7,045	\$ 13,207	\$ 2,344	\$ 235,067	\$ 256,330
Allocation to reserves adopted by the members at the general meeting	-	(13,950)	-	-	-	-	9,873	-	3,777	300	13,950	-
Net adjustment for member dividends	-	-	-	-	-	-	1	-	-	-	1	1
Balance after distribution	2,626	-	4,687	75,871	3,293	(8,062)	151,243	7,045	16,984	2,644	249,018	256,331
Net surplus earnings for the year after member dividends	-	27,748	-	-	-	-	-	-	-	-	-	27,748
Other comprehensive income for the year	-	12,577	1,985	-	-	-	-	-	-	-	-	14,562
Statutory transfer	-	(27,887)	-	23,029	60	4,798	-	-	-	-	27,887	-
Net amounts used during the year	-	3,403	-	-	-	-	-	-	(3,129)	(274)	(3,403)	-
Redemption of permanent shares	(410)	-	-	-	-	-	-	-	-	-	-	(410)
Other net change in capital stock	(147)	-	-	-	-	-	-	-	-	-	-	(147)
Interest on permanent and surplus shares	-	(3)	-	-	-	-	-	(8)	-	-	(8)	(11)
Net adjustment for member dividends	-	(1)	-	-	-	-	-	-	-	-	-	(1)
BALANCE AS AT DECEMBER 31, 2021	\$ 2,069	\$ 15,837	\$ 6,672	\$ 98,900	\$ 3,353	\$ (3,264)	\$ 151,243	\$ 7,037	\$ 13,855	\$ 2,370	\$ 273,494	\$ 298,072
Allocation to reserves adopted by the members at the general meeting	-	(15,837)	-	-	-	-	9,641	-	5,591	605	15,837	-
Net adjustment for member dividends	-	-	-	-	-	-	(28)	-	-	-	(28)	(28)
Balance after distribution	2,069	-	6,672	98,900	3,353	(3,264)	160,856	7,037	19,446	2,975	289,303	298,044
Net surplus earnings for the year after member dividends	-	16,604	-	-	-	-	-	-	-	-	-	16,604
Other comprehensive income for the year	-	2,115	(6,672)	-	-	-	-	-	-	-	-	(4,557)
Statutory transfer	-	96,963	-	(98,900)	(286)	2,223	7,036	(7,036)	-	-	(96,963)	-
Net amounts used during the year	-	441	-	-	-	-	-	-	-	(441)	(441)	-
Redemption of permanent shares	(1,322)	-	-	-	-	-	-	-	-	-	-	(1,322)
Other net change in capital stock	(448)	-	-	-	-	-	-	-	-	-	-	(448)
Interest on permanent shares	-	-	-	-	-	-	-	(1)	-	-	(1)	(1)
Net adjustment for member dividends	-	28	-	-	-	-	-	-	-	-	-	28
BALANCE AS AT DECEMBER 31, 2022	\$ 299	\$ 116,151	\$ -	\$ -	\$ 3,067	\$ (1,041)	\$ 167,892	\$ -	\$ 19,446	\$ 2,534	\$ 191,898	\$ 308,348

NOTE TO THE FINANCIAL REPORT (unaudited)

NOTE 1 – TYPE OF OPERATIONS AND BASIS OF ACCOUNTING

Caisse Desjardins du Centre-nord de Montréal (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.