

Committed. Connected.



ANNUAL REPORT 2022



**Caisse Desjardins du
Nord de Laval**

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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 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 coopératives 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 Nord de Laval'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.

Guy Bergeron, Chair
Alexandre Jarry, Secretary

About Caisse Desjardins du Nord de Laval:

- A dynamic team of managers and employees under the general management of Guy Tremblay

- **Dedicated directors**

Guy Bergeron	Chair
Stéphane Corbeil	Vice-Chair
Alexandre Jarry	Secretary
Chaïma Ben Miloud	Director
Chantal Déry	Director
Jonathan Filiatreault	Director
Mario Gebrayel	Director
Edith Lauzon	Director
Élise Martel	Director
Chaïmae Merbouch	Director
Sarah-Jade Ratelle	Director
Michel Trottier	Director
Katty Huynh	Young Intern Director
Cédric Tristan Lalonde	Young Intern Director

2022 key figures for the caisse

27,346 business and individual members	\$1.1 billion in assets
\$2.1 million redistributed to the collectivity including \$1.9 million in member dividends	Operating surplus earnings of \$16.7 million
	Surplus earnings before member dividends of \$7.1 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	\$ 701,401	\$ 237	\$ 32,719	\$ 207	\$ 1,441	\$ 100	\$ 735,561	\$ 544	\$ 735,017	\$ 685,523
Consumer and other personal loans	17,954	31	2,169	88	29	20	20,152	139	20,013	21,105
Business and government	143,739	277	21,978	207	890	345	166,607	829	165,778	136,213
Total	\$ 863,094	\$ 545	\$ 56,866	\$ 502	\$ 2,360	\$ 465	\$ 922,320	\$ 1,512	\$ 920,808	\$ 842,841

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 \$19,529K.

*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 \$925,686K, up \$67,572K, or 7.9%, year over year. Deposits by individuals provide the main source of funding for the caisse's expansion. These deposits represent 78.4% 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	\$ 348,321	\$ 34,402	\$ 343,224	\$ 725,947	\$ 678,943
Business and government	174,832	677	24,230	199,739	179,171
Total	\$ 523,153	\$ 35,079	\$ 367,454	\$ 925,686	\$ 858,114

*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 Nord de Laval

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March 14, 2023

Agreed-upon procedures report of the financial report of the Caisse Desjardins du Nord de Laval (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.



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	\$ 11,832	\$ 13,105
Securities		
Investment in liquidity fund under management	61,018	55,986
Term deposits and other	-	30,000
	61,018	85,986
Loans		
Residential mortgages	735,561	686,175
Consumer and other personal loans	20,152	21,192
Business and government	166,607	137,026
	922,320	844,393
Allowance for credit losses	1,512	1,552
	920,808	842,841
Investments in the Federation	28,546	43,118
Other assets		
Derivative financial instruments	25,944	22,020
Right-of-use assets	583	785
Property, plant and equipment	1,073	1,091
Net defined benefit plan assets	665	-
Other	4,159	2,841
	32,424	26,737
TOTAL ASSETS	\$ 1,054,628	\$ 1,011,787
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits		
Individuals	\$ 725,947	\$ 678,943
Business and government	199,739	179,171
	925,686	858,114
Borrowings	8,158	45,067
Other liabilities		
Derivative financial instruments	10,291	2,337
Lease liabilities	597	799
Net defined benefit plan liabilities	1,249	1,923
Other	6,532	6,196
	18,669	11,255
TOTAL LIABILITIES	952,513	914,436
EQUITY		
Capital stock	127	405
Distributable surplus earnings	32,287	7,356
Accumulated other comprehensive income	-	1,662
Reserves	69,701	87,928
TOTAL EQUITY	102,115	97,351
TOTAL LIABILITIES AND EQUITY	\$ 1,054,628	\$ 1,011,787

STATEMENT OF INCOME
 (unaudited)

For the years ended December 31

(in thousands of Canadian dollars)	2022	2021
Interest income	\$ 28,193	\$ 23,278
Interest expense	8,810	5,773
NET INTEREST INCOME	19,383	17,505
Other income	5,588	5,575
OPERATING INCOME	24,971	23,080
Provision for credit losses (recovery)	(6)	146
NON-INTEREST EXPENSE		
Salaries and fringe benefits	5,736	4,785
Occupancy costs	812	1,026
Other	1,687	1,801
	8,235	7,612
OPERATING SURPLUS EARNINGS	16,742	15,322
Income on investments in the Federation	2,342	4,115
Loss on fair value of derivative financial instruments	(1,926)	(1,105)
Assessments paid to Desjardins Group components and related costs	(8,964)	(5,958)
Community development expenses	(111)	(82)
SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS	8,083	12,292
Income taxes on surplus earnings	934	1,793
SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS	7,149	10,499
Member dividends	1,885	1,795
Tax recovery on member dividends	(499)	(476)
NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS	\$ 5,763	\$ 9,180

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	\$ 580	\$ 5,730	\$ 1,137	\$ 18,961	\$ 1,785	\$ (3,578)	\$ 50,891	\$ 1,995	\$ 5,663	\$ 418	\$ 76,135	\$ 83,582
Allocation to reserves adopted by the members at the general meeting	-	(5,730)	-	-	-	-	4,008	-	1,502	220	5,730	-
Net adjustment for member dividends	-	-	-	-	-	-	(4)	-	-	-	(4)	(4)
Balance after distribution	580	-	1,137	18,961	1,785	(3,578)	54,895	1,995	7,165	638	81,861	83,578
Net surplus earnings for the year after member dividends	-	9,180	-	-	-	-	-	-	-	-	-	9,180
Other comprehensive income for the year	-	4,241	525	-	-	-	-	-	-	-	-	4,766
Statutory transfer	-	(7,449)	-	6,091	(822)	2,180	-	-	-	-	7,449	-
Net amounts used during the year	-	1,381	-	-	-	-	-	-	(1,320)	(61)	(1,381)	-
Redemption of permanent shares	(100)	-	-	-	-	-	-	-	-	-	-	(100)
Other net change in capital stock	(75)	-	-	-	-	-	-	-	-	-	-	(75)
Interest on permanent and surplus shares	-	(1)	-	-	-	-	-	(1)	-	-	(1)	(2)
Net adjustment for member dividends	-	4	-	-	-	-	-	-	-	-	-	4
BALANCE AS AT DECEMBER 31, 2021	\$ 405	\$ 7,356	\$ 1,662	\$ 25,052	\$ 963	\$ (1,398)	\$ 54,895	\$ 1,994	\$ 5,845	\$ 577	\$ 87,928	\$ 97,351
Allocation to reserves adopted by the members at the general meeting	-	(7,356)	-	-	-	-	4,817	-	2,298	241	7,356	-
Net adjustment for member dividends	-	-	-	-	-	-	(16)	-	-	-	(16)	(16)
Balance after distribution	405	-	1,662	25,052	963	(1,398)	59,696	1,994	8,143	818	95,268	97,335
Net surplus earnings for the year after member dividends	-	5,763	-	-	-	-	-	-	-	-	-	5,763
Other comprehensive income for the year	-	941	(1,662)	-	-	-	-	-	-	-	-	(721)
Statutory transfer	-	25,485	-	(25,052)	(1,426)	993	1,994	(1,994)	-	-	(25,485)	-
Net amounts used during the year	-	82	-	-	-	-	-	-	-	(82)	(82)	-
Redemption of permanent shares	(177)	-	-	-	-	-	-	-	-	-	-	(177)
Other net change in capital stock	(101)	-	-	-	-	-	-	-	-	-	-	(101)
Net adjustment for member dividends	-	16	-	-	-	-	-	-	-	-	-	16
BALANCE AS AT DECEMBER 31, 2022	\$ 127	\$ 32,287	\$ -	\$ -	\$ (463)	\$ (405)	\$ 61,690	\$ -	\$ 8,143	\$ 736	\$ 69,701	\$ 102,115

NOTE TO THE FINANCIAL REPORT (unaudited)

NOTE 1 – TYPE OF OPERATIONS AND BASIS OF ACCOUNTING

Caisse Desjardins du Nord de Laval (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.