

At your side. On your side.



ANNUAL REPORT 2023



**Caisse Desjardins de
Montcalm et de la Ouareau**

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Desjardins Group

2023 key figures

7.7 million

members and
clients



\$2.3 billion

in surplus earnings
before member
dividends

\$538 million

redistributed to
members and the
community

56,165

employees



\$422.9 billion

in assets

\$23.1 billion

in indivisible
shared wealth
held in the
caisses'
general reserves¹

2,379

directors



20.4%

Tier 1A
capital ratio²

\$13.9 billion

in insurance
premiums³

This data comes from Desjardins Group's Combined financial statements and Management's Discussion and Analysis as at December 31, 2023.

¹ Included in the \$26.8 billion total reserves presented in the Desjardins Group's combined financial statements as at December 31, 2023

² In accordance with the *Capital Adequacy Guideline* for financial services cooperatives issued by the AMF

³ Direct Written Premiums



Desjardins Group

Information on our business sectors of activity

Desjardins Group's financial reporting is organized by business segments, which are defined based on the needs of members and clients, the markets in which Desjardins operates, and on its internal management structure.

Desjardins Group's financial information is therefore divided into the following three business segments: **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's members and clients a comprehensive, integrated offering designed to meet the needs of individuals, businesses, institutions, not-for-profit organizations and cooperatives through the Desjardins caisse network, the Desjardins Business centres as well as specialized teams. This offering meets a range of needs including day-to-day transactions, financing, specialty services, access to capital markets, development capital and business ownership transfers and advice.

The **Wealth Management and Life and Health Insurance** segment provides various categories of service offerings aimed at increasing the wealth of members and clients of Desjardins Group and helping them protect their financial security. These offerings are intended for individuals or businesses, while group insurance or savings plans meet the needs of employees through their businesses or those of individuals who are part of any other group.

The **Property and Casualty Insurance** segment offers insurance products allowing members and clients of Desjardins Group to protect themselves against the impact of a disaster.

Personal and Business Services	Wealth Management and Life and Health Insurance	Property and Casualty Insurance
Surplus earnings before member dividends of \$ 1,162 million ⁽¹⁾	Surplus earnings before member dividends of \$ 581 million ⁽¹⁾	Surplus earnings before member dividends of \$ 494 million ⁽¹⁾
Québec's leader in residential mortgages in Québec	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		Gross written premiums grew by \$651 million compared to 2022

For more details on each segment, we refer you to Note 31 – Segmented information of the Desjardins Group 2023 Annual Report. Additionally, the data presented in the table above is extracted from the "Highlights" section of the 2023 Desjardins Group Management's Discussion and Analysis.

⁽¹⁾ For the year ended December 31, 2023, Desjardins Group recorded surplus earnings before member dividends of \$2,259 million, including \$22 million from Other Category.

Note to readers

This annual report provides an overview of Caisse Desjardins de Montcalm et de la Ouareau’s key financial data as at December 31, 2023.

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.

Alexandre Lemire, Chair
Marcel Lapalme, Secretary

About Caisse Desjardins de Montcalm et de la Ouareau:

- A dynamic team of managers and employees under the general management of Louise Lauzon
- **Dedicated directors**

Alexandre Lemire	Chair
Karine Laporte	First Vice-Chair
Antonin Majeau	Second Vice-Chair
Marcel Lapalme	Secretary
Vicky-Ann Arguin	Director
Roxane Bégin	Director
Alexandre Bernier	Director
Martin Gervais	Director
Josée Groleau	Director
Marie-Claude Jolicoeur	Director
Sonia Massicotte	Director
Martine Mercier	Director
Laurier Riopel	Director
Elisabeth Sigouin	Director
Valérie Sylvain	Director

2023 key figures for the caisse

45,611 business and individual members	\$2.3 billion in assets
\$3.8 million redistributed to members and the community including \$3.3 million in member dividends	Operating surplus earnings of \$30.4 million
	Surplus earnings before member dividends of \$5.8 million

SUMMARY OF THE LOAN PORTFOLIO

As at December 31, 2023, 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 2023			Total 2022
	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	\$ 1,416,216	\$ 382	\$ 72,007	\$ 523	\$ 3,766	\$ 239	\$ 1,491,989	\$ 1,144	\$ 1,490,845	\$ 1,427,954
Consumer and other personal loans	35,387	41	2,559	63	44	25	37,990	129	37,861	35,978
Business and government	476,679	636	56,849	701	11,621	2,686	545,149	4,023	541,126	594,053
Total	\$ 1,928,282	\$ 1,059	\$ 131,415	\$ 1,287	\$ 15,431	\$ 2,950	\$ 2,075,128	\$ 5,296	\$ 2,069,832	\$ 2,057,985

For more information, see Note 2 "Accounting policies" to the Combined Financial Statements of the Desjardins Group for the year ended December 31, 2023, available at www.desjardins.com.

In 2023 no loans were granted to restricted parties. 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 2023	Total 2022
Individuals	\$ 420,525	\$ 25,775	\$ 517,191	\$ 963,491	\$ 912,936
Business and government	286,404	611	56,650	343,665	358,087
Total	\$ 706,929	\$ 26,386	\$ 573,841	\$ 1,307,156	\$ 1,271,023

For more information, see Note 2 "Accounting policies" to the Combined Financial Statements of the Desjardins Group for the year ended December 31, 2023, available at www.desjardins.com.

2023 Financial Report

Caisse Desjardins de Montcalm et de la Ouareau

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Agreed-upon procedures report of the financial report of the Caisse Desjardins de Montcalm et de la Ouareau (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 is also 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.

PricewaterhouseCoopers LLP
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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 November 30, 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, 2023 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, 2023.	We have obtained the trial balance prior to the Caisse's specific adjustments as at December 31, 2023, 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, 2023. 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, 2023. 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, 2023. 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, 2023 and compare it to the result obtained in procedure 3.	We have obtained the Caisse's financial report as at December 31, 2023 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 LLP¹

Montréal, Quebec
March FF, 2024

¹ FCPA auditor, public accountancy permit No. A115888

BALANCE SHEET

(unaudited)

(in thousands of Canadian dollars)

	As at December 31, 2023	As at December 31, 2022
ASSETS		
Cash and deposits with financial institutions	\$ 12,261	\$ 13,492
Investment in liquidity fund under management	85,733	83,287
Loans		
Residential mortgages	1,491,989	1,429,028
Consumer and other personal loans	37,990	36,201
Business and government	545,149	596,861
	2,075,128	2,062,090
Allowance for credit losses	5,296	4,105
	2,069,832	2,057,985
Investments in the Federation	55,796	55,796
Other assets		
Derivative financial instruments	47,914	50,092
Right-of-use assets	1,567	1,838
Property, plant and equipment	3,705	1,697
Net defined benefit plan assets	-	1,373
Other	9,939	10,123
	63,125	65,123
TOTAL ASSETS	\$ 2,286,747	\$ 2,275,683
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits		
Individuals	\$ 963,491	\$ 912,936
Business and government	343,665	358,087
	1,307,156	1,271,023
Borrowings	731,598	760,939
Other liabilities		
Derivative financial instruments	13,443	14,415
Lease liabilities	1,664	1,912
Net defined benefit plan liabilities	2,512	2,213
Other	21,984	18,560
	39,603	37,100
TOTAL LIABILITIES	2,078,357	2,069,062
EQUITY		
Capital stock	212	208
Distributable surplus earnings	5,949	61,307
Reserves	202,229	145,106
TOTAL EQUITY	208,390	206,621
TOTAL LIABILITIES AND EQUITY	\$ 2,286,747	\$ 2,275,683

STATEMENT OF INCOME

(unaudited)

For the years ended December 31

(in thousands of Canadian dollars)	2023	2022
Interest income	\$ 103,266	\$ 65,491
Interest expense	67,064	30,299
NET INTEREST INCOME	36,202	35,192
Other income	12,009	11,442
OPERATING INCOME	48,211	46,634
Provision for credit losses	1,657	41
NON-INTEREST EXPENSE		
Salaries and fringe benefits	11,402	11,331
Occupancy costs	1,673	1,736
Other	3,044	2,984
	16,119	16,051
OPERATING SURPLUS EARNINGS	30,435	30,542
Income on investments in the Federation	-	4,318
Income (loss) on fair value of derivative financial instruments	(3,742)	8,332
Assessments paid to Desjardins Group components and related costs	(20,064)	(17,961)
Community development expenses	(257)	(267)
SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS	6,372	24,964
Income taxes on surplus earnings	588	4,318
SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS	5,784	20,646
Member dividends	3,293	3,153
Tax recovery on member dividends	(873)	(835)
NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS	\$ 3,364	\$ 18,328

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, 2021	\$ 678	\$ 16,331	\$ 3,372	\$ 49,031	\$ 3,054	\$ (2,365)	\$ 104,999	\$ 3,914	\$ 9,794	\$ 1,645	\$ 170,072	\$ 190,453
Allocation to reserves adopted by the members at the general meeting	-	(16,331)	-	-	-	-	11,873	-	4,042	416	16,331	-
Net adjustment for member dividends	-	-	-	-	-	-	(12)	-	-	-	(12)	(12)
Balance after distribution	678	-	3,372	49,031	3,054	(2,365)	116,860	3,914	13,836	2,061	186,391	190,441
Net surplus earnings for the year after member dividends	-	18,328	-	-	-	-	-	-	-	-	-	18,328
Other comprehensive income for the year	-	1,682	(3,372)	-	-	-	-	-	-	-	-	(1,690)
Statutory transfer	-	41,088	-	(49,031)	6,147	1,796	3,914	(3,914)	-	-	(41,088)	-
Net amounts used during the year	-	197	-	-	-	-	-	-	-	(197)	(197)	-
Redemption of permanent shares	(321)	-	-	-	-	-	-	-	-	-	-	(321)
Other net change in capital stock	(149)	-	-	-	-	-	-	-	-	-	-	(149)
Net adjustment for member dividends	-	12	-	-	-	-	-	-	-	-	-	12
BALANCE AS AT DECEMBER 31, 2022	\$ 208	\$ 61,307	\$ -	\$ -	\$ 9,201	\$ (569)	\$ 120,774	\$ -	\$ 13,836	\$ 1,864	\$ 145,106	\$ 206,621
Allocation to reserves adopted by the members at the general meeting	-	(61,307)	-	-	-	-	46,191	-	14,691	425	61,307	-
Net adjustment for member dividends	-	-	-	-	-	-	(3)	-	-	-	(3)	(3)
Balance after distribution	208	-	-	-	9,201	(569)	166,962	-	28,527	2,289	206,410	206,618
Net surplus earnings for the year after member dividends	-	3,364	-	-	-	-	-	-	-	-	-	3,364
Other comprehensive income for the year	-	(1,599)	-	-	-	-	-	-	-	-	-	(1,599)
Statutory transfer	-	3,991	-	-	(2,756)	(1,235)	-	-	-	-	(3,991)	-
Net amounts used during the year	-	190	-	-	-	-	-	-	-	(190)	(190)	-
Other net change in capital stock	4	-	-	-	-	-	-	-	-	-	-	4
Net adjustment for member dividends	-	3	-	-	-	-	-	-	-	-	-	3
BALANCE AS AT DECEMBER 31, 2023	\$ 212	\$ 5,949	\$ -	\$ -	\$ 6,445	\$ (1,804)	\$ 166,962	\$ -	\$ 28,527	\$ 2,099	\$ 202,229	\$ 208,390

NOTE TO THE FINANCIAL REPORT (unaudited)

NOTE 1 – TYPE OF OPERATIONS AND BASIS OF ACCOUNTING

Caisse Desjardins de Montcalm et de la Ouareau (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, 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 issued by the International Accounting Standards Board.