

At your side. On your side.



ANNUAL REPORT 2023



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

Head office

218, rue Principale

Saint-Sauveur (Québec) J0R 1R0

450 227-3712

TABLE OF CONTENTS

Key figures of the Desjardins Group	III
Information on business sectors of activity of the Desjardins Group	IV
Annual Report	V
Financial Report	1

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 la Vallée des Pays-d'en-Haut'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.

Monique Ethier, Chair
Linda Racicot, 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
Linda Racicot	Secretary
Céline Blanchette	Director
Marion Charpentier	Director
Lisane Choinière	Director
Chantale Gagnon	Director
Marival Gallant	Director
Olivier Gravel	Director
Françoise Major	Director
Robert Raymond	Director
Sophie Ruel	Director
Antoine Dussault	Board Succession program

2023 key figures for the caisse

23,942 business and individual members	\$1.1 billion in assets
\$2.0 million redistributed to members and the community including	Operating surplus earnings of \$15.8 million
\$1.8 million in member dividends	Surplus earnings before member dividends of \$5.9 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		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	\$ 737,816	\$ 207	\$ 39,153	\$ 178	\$ 2,158	\$ 103	\$ 779,127	\$ 488	\$ 778,639	\$ 746,159
Consumer and other personal loans	22,202	43	2,805	100	20	18	25,027	161	24,866	26,937
Business and government	144,796	172	12,015	183	3,234	638	160,045	993	159,052	123,473
Total	\$ 904,814	\$ 422	\$ 53,973	\$ 461	\$ 5,412	\$ 759	\$ 964,199	\$ 1,642	\$ 962,557	\$ 896,569

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.

Loans to restricted parties during the year 2023 totalled \$834K. 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	\$ 256,362	\$ 16,578	\$ 432,521	\$ 705,461	\$ 642,078
Business and government	169,739	1,133	40,685	211,557	212,182
Total	\$ 426,101	\$ 17,711	\$ 473,206	\$ 917,018	\$ 854,260

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 la Vallée des Pays-d'en-Haut

TABLE OF CONTENTS

Agreed-upon procedures report

Financial report

Balance Sheet	5
Statement of Income	6
Statement of Changes in Equity	7

Note to the financial report

Note 1 – Type of operations and basis of accounting	8
---	---



Agreed-upon procedures report of the financial report of H Y Caisse 8 Yg'UfX]bg'XY'UJU'éY'XYg'DUng!Xffb!<U h(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
1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Québec, Canada H3B 4Y1
T: +1 514 205 5000, F: +1 514 876 1502

"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 FJ, 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	\$ 17,982	\$ 14,404
Investment in liquidity fund under management	55,781	56,813
Loans		
Residential mortgages	779,127	746,659
Consumer and other personal loans	25,027	27,141
Business and government	160,045	124,019
	964,199	897,819
Allowance for credit losses	1,642	1,250
	962,557	896,569
Investments in the Federation	27,755	27,755
Other assets		
Derivative financial instruments	37,526	39,496
Right-of-use assets	372	538
Property, plant and equipment	1,888	2,082
Net defined benefit plan assets	-	671
Other	4,686	4,343
	44,472	47,130
TOTAL ASSETS	\$ 1,108,547	\$ 1,042,671
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits		
Individuals	\$ 705,461	\$ 642,078
Business and government	211,557	212,182
	917,018	854,260
Borrowings	77,808	79,328
Other liabilities		
Derivative financial instruments	9,867	12,019
Lease liabilities	388	554
Net defined benefit plan liabilities	1,423	1,215
Other	9,123	6,116
	20,801	19,904
TOTAL LIABILITIES	1,015,627	953,492
EQUITY		
Capital stock	111	109
Distributable surplus earnings	3,766	31,673
Reserves	89,043	57,397
TOTAL EQUITY	92,920	89,179
TOTAL LIABILITIES AND EQUITY	\$ 1,108,547	\$ 1,042,671

STATEMENT OF INCOME

(unaudited)

For the years ended December 31

(in thousands of Canadian dollars)	2023	2022
Interest income	\$ 40,961	\$ 27,269
Interest expense	22,399	9,573
NET INTEREST INCOME	18,562	17,696
Other income	5,705	5,683
OPERATING INCOME	24,267	23,379
Provision for credit losses (recovery)	463	(65)
NON-INTEREST EXPENSE		
Salaries and fringe benefits	5,483	5,676
Occupancy costs	845	763
Other	1,655	1,439
	7,983	7,878
OPERATING SURPLUS EARNINGS	15,821	15,566
Income on investments in the Federation	-	2,206
Income (loss) on fair value of derivative financial instruments	936	(1,122)
Assessments paid to Desjardins Group components and related costs	(9,427)	(8,182)
Community development expenses	(93)	(144)
SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS	7,237	8,324
Income taxes on surplus earnings	1,374	1,058
SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS	5,863	7,266
Member dividends	1,760	1,691
Tax recovery on member dividends	(466)	(448)
NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS	\$ 4,569	\$ 6,023

STATEMENT OF CHANGES IN EQUITY

(unaudited)

For the years ended December 31

	Capital stock	Distributable surplus earnings	Accumulated other comprehensive income	Reserves							Total 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			
(in thousands of Canadian dollars)													
BALANCE AS AT DECEMBER 31, 2021	\$ 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	
BALANCE AS AT DECEMBER 31, 2022	\$ 109	\$ 31,673	\$ -	\$ -	\$ 77	\$ (367)	\$ 49,731	\$ -	\$ 7,384	\$ 572	\$ 57,397	\$ 89,179	
Allocation to reserves adopted by the members at the general meeting	-	(31,673)	-	-	-	-	23,357	-	8,067	249	31,673	-	
Balance after distribution	109	-	-	-	77	(367)	73,088	-	15,451	821	89,070	89,179	
Net surplus earnings for the year after member dividends	-	4,569	-	-	-	-	-	-	-	-	-	4,569	
Other comprehensive income for the year	-	(830)	-	-	-	-	-	-	-	-	-	(830)	
Statutory transfer	-	(42)	-	-	693	(651)	-	-	-	-	42	-	
Net amounts used during the year	-	69	-	-	-	-	-	-	-	(69)	(69)	-	
Other net change in capital stock	2	-	-	-	-	-	-	-	-	-	-	2	
BALANCE AS AT DECEMBER 31, 2023	\$ 111	\$ 3,766	\$ -	\$ -	\$ 770	\$ (1,018)	\$ 73,088	\$ -	\$ 15,451	\$ 752	\$ 89,043	\$ 92,920	

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, 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.