

# At your side. On your side.



## ANNUAL REPORT 2023



**Caisse Desjardins de  
la Baie-des-Chaleurs**

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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 reserves<sup>1</sup>

**2,379**

directors



**20.4%**

Tier 1A  
capital ratio<sup>2</sup>

**\$13.9 billion**

in insurance  
premiums<sup>3</sup>

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

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

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

<sup>3</sup> 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 <sup>(1)</sup>	Surplus earnings before member dividends of \$581 million <sup>(1)</sup>	Surplus earnings before member dividends of \$494 million <sup>(1)</sup>
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.

<sup>(1)</sup> 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 Baie-des-Chaleurs'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.

Gilles Cavanagh, Chair  
Dyane Beaudin, Secretary

### About Caisse Desjardins de la Baie-des-Chaleurs:

- A dynamic team of managers and employees under the general management of Ken Henry

- **Dedicated directors**

Gilles Cavanagh	Chair
Jocelyne Ferguson	Vice-Chair
Dyane Beaudin	Secretary
Gabriel Bélanger	Director
Louis Bigaouette	Director
Marik Cormier	Director
Mireille Gauthier	Director
Denis Henry	Director
Elize Landry	Director
Alexie Lévesque Litalien	Director
Diane Loubert	Director
Richard St-Laurent	Director
Serge Therrien	Director
Gilles Tremblay	Director

### 2023 key figures for the caisse

**25,137**

business and  
individual  
members

**\$999 million**

in assets

**\$2.5 million**

redistributed to  
members and  
the community

Operating surplus  
earnings of

**\$15.8 million**

**\$1.7 million**

in member dividends

Surplus earnings  
before member  
dividends of

**\$6.4 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	\$ 433,393	\$ 98	\$ 19,938	\$ 117	\$ 1,249	\$ 57	\$ 454,580	\$ 272	\$ 454,308	\$ 445,178
Consumer and other personal loans	32,796	54	3,473	138	224	129	36,493	321	36,172	39,256
Business and government	123,042	90	10,130	149	12,015	2,209	145,187	2,448	142,739	133,190
<b>Total</b>	<b>\$ 589,231</b>	<b>\$ 242</b>	<b>\$ 33,541</b>	<b>\$ 404</b>	<b>\$ 13,488</b>	<b>\$ 2,395</b>	<b>\$ 636,260</b>	<b>\$ 3,041</b>	<b>\$ 633,219</b>	<b>\$ 617,624</b>

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](http://www.desjardins.com).

Loans to restricted parties during the year 2023 totalled \$260K. 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	\$ 265,830	\$ 30,407	\$ 333,752	\$ 629,989	\$ 595,453
Business and government	195,729	2,138	27,300	225,167	201,641
<b>Total</b>	<b>\$ 461,559</b>	<b>\$ 32,545</b>	<b>\$ 361,052</b>	<b>\$ 855,156</b>	<b>\$ 797,094</b>

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](http://www.desjardins.com).

# 2023 Financial Report

## Caisse Desjardins de la Baie-des-Chaleurs

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## **Agreed-upon procedures report of the financial report of the Caisse Desjardins d'Y<sup>U</sup>6 UJY!XYg!C\ UYi fg (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 LLP<sup>1</sup>*

Montréal, Quebec  
March F1, 2024

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<sup>1</sup> 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
<b>ASSETS</b>		
<b>Cash and deposits with financial institutions</b>	\$ 19,953	\$ 25,855
<b>Securities</b>		
Investment in liquidity fund under management	53,374	52,613
Term deposits and other	217,507	167,002
	<b>270,881</b>	<b>219,615</b>
<b>Loans</b>		
Residential mortgages	454,580	445,526
Consumer and other personal loans	36,493	39,505
Business and government	145,187	133,937
	<b>636,260</b>	<b>618,968</b>
Allowance for credit losses	3,041	1,344
	<b>633,219</b>	<b>617,624</b>
<b>Investments in the Federation</b>	<b>37,703</b>	<b>37,703</b>
<b>Other assets</b>		
Derivative financial instruments	24,581	24,346
Right-of-use assets	10	1,231
Property, plant and equipment	3,799	3,373
Net defined benefit plan assets	-	744
Other	8,605	7,403
	<b>36,995</b>	<b>37,097</b>
<b>TOTAL ASSETS</b>	<b>\$ 998,751</b>	<b>\$ 937,894</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Deposits</b>		
Individuals	\$ 629,989	\$ 595,453
Business and government	225,167	201,641
	<b>855,156</b>	<b>797,094</b>
<b>Other liabilities</b>		
Derivative financial instruments	10,597	12,907
Lease liabilities	9	1,292
Net defined benefit plan liabilities	2,246	2,017
Other	9,102	7,148
	<b>21,954</b>	<b>23,364</b>
<b>TOTAL LIABILITIES</b>	<b>877,110</b>	<b>820,458</b>
<b>EQUITY</b>		
Capital stock	121	121
Distributable surplus earnings	3,342	41,393
Reserves	118,178	75,922
<b>TOTAL EQUITY</b>	<b>121,641</b>	<b>117,436</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 998,751</b>	<b>\$ 937,894</b>

**STATEMENT OF INCOME**

(unaudited)

For the years ended December 31

(in thousands of Canadian dollars)	2023	2022
Interest income	\$ 33,962	\$ 24,041
Interest expense	13,838	6,900
<b>NET INTEREST INCOME</b>	<b>20,124</b>	<b>17,141</b>
Other income	6,826	6,575
<b>OPERATING INCOME</b>	<b>26,950</b>	<b>23,716</b>
Provision for credit losses (recovery)	1,829	(78)
<b>NON-INTEREST EXPENSE</b>		
Salaries and fringe benefits	6,967	6,458
Occupancy costs	904	864
Other	1,471	1,435
	<b>9,342</b>	<b>8,757</b>
<b>OPERATING SURPLUS EARNINGS</b>	<b>15,779</b>	<b>15,037</b>
Income on investments in the Federation	-	2,691
Income (loss) on fair value of derivative financial instruments	2,801	(3,909)
Assessments paid to Desjardins Group components and related costs	(9,952)	(8,668)
Community development expenses	(650)	(257)
<b>SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS</b>	<b>7,978</b>	<b>4,894</b>
Income taxes on surplus earnings	1,616	80
<b>SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS</b>	<b>6,362</b>	<b>4,814</b>
Member dividends	1,696	1,627
Tax recovery on member dividends	(449)	(431)
<b>NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS</b>	<b>\$ 5,115</b>	<b>\$ 3,618</b>

## 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)													
<b>BALANCE AS AT DECEMBER 31, 2021</b>	\$ 865	\$ 6,641	\$ 2,365	\$ 34,726	\$ 1,205	\$ (2,129)	\$ 64,184	\$ 1,716	\$ 5,466	\$ 721	\$ 105,889	\$ 115,760	
Allocation to reserves adopted by the members at the general meeting	-	(6,641)	-	-	-	-	4,259	-	2,082	300	6,641	-	
Net adjustment for member dividends	-	-	-	-	-	-	(12)	-	-	-	(12)	(12)	
Balance after distribution	865	-	2,365	34,726	1,205	(2,129)	68,431	1,716	7,548	1,021	112,518	115,748	
Net surplus earnings for the year after member dividends	-	3,618	-	-	-	-	-	-	-	-	-	3,618	
Other comprehensive income for the year	-	1,167	(2,365)	-	-	-	-	-	-	-	-	(1,198)	
Statutory transfer	-	36,405	-	(34,726)	(2,898)	1,219	1,716	(1,716)	-	-	(36,405)	-	
Net amounts used during the year	-	191	-	-	-	-	-	-	-	(191)	(191)	-	
Redemption of permanent shares	(515)	-	-	-	-	-	-	-	-	-	-	(515)	
Other net change in capital stock	(229)	-	-	-	-	-	-	-	-	-	-	(229)	
Net adjustment for member dividends	-	12	-	-	-	-	-	-	-	-	-	12	
<b>BALANCE AS AT DECEMBER 31, 2022</b>	\$ 121	\$ 41,393	\$ -	\$ -	\$ (1,693)	\$ (910)	\$ 70,147	\$ -	\$ 7,548	\$ 830	\$ 75,922	\$ 117,436	
Allocation to reserves adopted by the members at the general meeting	-	(41,393)	-	-	-	-	33,329	-	7,764	300	41,393	-	
Net adjustment for member dividends	-	-	-	-	-	-	(6)	-	-	-	(6)	(6)	
Balance after distribution	121	-	-	-	(1,693)	(910)	103,470	-	15,312	1,130	117,309	117,430	
Net surplus earnings for the year after member dividends	-	5,115	-	-	-	-	-	-	-	-	-	5,115	
Other comprehensive income for the year	-	(910)	-	-	-	-	-	-	-	-	-	(910)	
Statutory transfer	-	(1,352)	-	-	2,076	(724)	-	-	-	-	1,352	-	
Net amounts used during the year	-	483	-	-	-	-	-	-	-	(483)	(483)	-	
Net adjustment for member dividends	-	6	-	-	-	-	-	-	-	-	-	6	
<b>BALANCE AS AT DECEMBER 31, 2023</b>	\$ 121	\$ 3,342	\$ -	\$ -	\$ 383	\$ (1,634)	\$ 103,470	\$ -	\$ 15,312	\$ 647	\$ 118,178	\$ 121,641	

## NOTE TO THE FINANCIAL REPORT (unaudited)

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

Caisse Desjardins de la Baie-des-Chaleurs (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.