

At your side. On your side.



ANNUAL REPORT 2023



**Caisse populaire Desjardins
du Centre-sud gaspésien**

Head office

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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 populaire Desjardins du Centre-sud gaspésien'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.

Pierrot Joncas, Chair
Louise David, Secretary

About Caisse populaire Desjardins du Centre-sud gaspésien:

- A dynamic team of managers and employees under the general management of Jovin Caron
- **Dedicated directors**

Pierrot Joncas	Chair
Éliane Joseph	Vice-Chair
Louise David	Secretary
Claude Grenier	Director
Gilles Grenier	Director
Gilles Leblanc	Director
Pierre-Luc Loisel	Director
Sébastien Pagé	Director
Yan Ritchie	Director

2023 key figures for the caisse

13,399 business and individual members	\$509 million in assets
\$1.0 million redistributed to members and the community including \$808K in member dividends	Operating surplus earnings of \$8.4 million
	Surplus earnings before member dividends of \$3.6 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	\$ 167,012	\$ 42	\$ 9,418	\$ 67	\$ 225	\$ 10	\$ 176,655	\$ 119	\$ 176,536	\$ 180,667
Consumer and other personal loans	15,533	25	2,498	55	61	38	18,092	118	17,974	19,310
Business and government	79,009	52	5,568	83	5,052	1,062	89,629	1,197	88,432	88,902
Total	\$ 261,554	\$ 119	\$ 17,484	\$ 205	\$ 5,338	\$ 1,110	\$ 284,376	\$ 1,434	\$ 282,942	\$ 288,879

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 \$10,319K. 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	\$ 134,559	\$ 15,477	\$ 164,767	\$ 314,803	\$ 302,662
Business and government	100,220	360	32,783	133,363	130,095
Total	\$ 234,779	\$ 15,837	\$ 197,550	\$ 448,166	\$ 432,757

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 populaire Desjardins du Centre-sud gaspésien

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Agreed-upon procedures report of the financial report of the Caisse dc di `UjY Desjardins di `7 YbY!gi X[Ugdég]Yb (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 F1, 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	\$ 10,115	\$ 15,499
Securities		
Investment in liquidity fund under management	28,980	28,354
Term deposits and other	152,258	123,853
	181,238	152,207
Loans		
Residential mortgages	176,655	180,848
Consumer and other personal loans	18,092	19,491
Business and government	89,629	89,296
	284,376	289,635
Allowance for credit losses	1,434	756
	282,942	288,879
Investments in the Federation	15,824	15,824
Other assets		
Derivative financial instruments	12,659	13,108
Right-of-use assets	88	131
Property, plant and equipment	1,126	1,257
Net defined benefit plan assets	-	335
Other	4,810	4,450
	18,683	19,281
TOTAL ASSETS	\$ 508,802	\$ 491,690
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits		
Individuals	\$ 314,803	\$ 302,662
Business and government	133,363	130,095
	448,166	432,757
Other liabilities		
Derivative financial instruments	6,291	7,999
Lease liabilities	92	133
Net defined benefit plan liabilities	1,070	945
Other	4,592	3,878
	12,045	12,955
TOTAL LIABILITIES	460,211	445,712
EQUITY		
Capital stock	65	65
Distributable surplus earnings	2,050	17,833
Reserves	46,476	28,080
TOTAL EQUITY	48,591	45,978
TOTAL LIABILITIES AND EQUITY	\$ 508,802	\$ 491,690

STATEMENT OF INCOME

(unaudited)

For the years ended December 31

(in thousands of Canadian dollars)	2023	2022
Interest income	\$ 17,845	\$ 12,644
Interest expense	7,696	3,733
NET INTEREST INCOME	10,149	8,911
Other income	3,118	3,104
OPERATING INCOME	13,267	12,015
Provision for credit losses	734	117
NON-INTEREST EXPENSE		
Salaries and fringe benefits	2,960	2,973
Occupancy costs	507	490
Other	688	710
	4,155	4,173
OPERATING SURPLUS EARNINGS	8,378	7,725
Income on investments in the Federation	-	1,213
Income (loss) on fair value of derivative financial instruments	1,370	(1,718)
Assessments paid to Desjardins Group components and related costs	(5,063)	(4,379)
Community development expenses	(144)	(162)
SURPLUS EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS	4,541	2,679
Income taxes on surplus earnings	909	98
SURPLUS EARNINGS BEFORE MEMBER DIVIDENDS	3,632	2,581
Member dividends	808	780
Tax recovery on member dividends	(214)	(207)
NET SURPLUS EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS	\$ 3,038	\$ 2,008

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	\$ 136	\$ 2,478	\$ 975	\$ 14,441	\$ 167	\$ (981)	\$ 23,309	\$ 959	\$ 2,549	\$ 448	\$ 40,892	\$ 44,481	
Allocation to reserves adopted by the members at the general meeting	-	(2,478)	-	-	-	-	1,356	-	997	125	2,478	-	
Net adjustment for member dividends	-	-	-	-	-	-	(8)	-	-	-	(8)	(8)	
Balance after distribution	136	-	975	14,441	167	(981)	24,657	959	3,546	573	43,362	44,473	
Net surplus earnings for the year after member dividends	-	2,008	-	-	-	-	-	-	-	-	-	2,008	
Other comprehensive income for the year	-	535	(975)	-	-	-	-	-	-	-	-	(440)	
Statutory transfer	-	15,160	-	(14,441)	(1,289)	570	959	(959)	-	-	(15,160)	-	
Net amounts used during the year	-	122	-	-	-	-	-	-	-	(122)	(122)	-	
Redemption of permanent shares	(41)	-	-	-	-	-	-	-	-	-	-	(41)	
Other net change in capital stock	(30)	-	-	-	-	-	-	-	-	-	-	(30)	
Net adjustment for member dividends	-	8	-	-	-	-	-	-	-	-	-	8	
BALANCE AS AT DECEMBER 31, 2022	\$ 65	\$ 17,833	\$ -	\$ -	\$ (1,122)	\$ (411)	\$ 25,616	\$ -	\$ 3,546	\$ 451	\$ 28,080	\$ 45,978	
Allocation to reserves adopted by the members at the general meeting	-	(17,833)	-	-	-	-	14,027	-	3,681	125	17,833	-	
Net adjustment for member dividends	-	-	-	-	-	-	(11)	-	-	-	(11)	(11)	
Balance after distribution	65	-	-	-	(1,122)	(411)	39,632	-	7,227	576	45,902	45,967	
Net surplus earnings for the year after member dividends	-	3,038	-	-	-	-	-	-	-	-	-	3,038	
Other comprehensive income for the year	-	(425)	-	-	-	-	-	-	-	-	-	(425)	
Statutory transfer	-	(683)	-	-	1,027	(344)	-	-	-	-	683	-	
Net amounts used during the year	-	109	-	-	-	-	-	-	-	(109)	(109)	-	
Net adjustment for member dividends	-	11	-	-	-	-	-	-	-	-	-	11	
BALANCE AS AT DECEMBER 31, 2023	\$ 65	\$ 2,050	\$ -	\$ -	\$ (95)	\$ (755)	\$ 39,632	\$ -	\$ 7,227	\$ 467	\$ 46,476	\$ 48,591	

NOTE TO THE FINANCIAL REPORT (unaudited)

NOTE 1 – TYPE OF OPERATIONS AND BASIS OF ACCOUNTING

Caisse populaire Desjardins du Centre-sud gaspésien (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.