

Committed. Connected.

2023 Annual Report
Desjardins Ontario Credit Union



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Note to reader: The letters M and B stand for millions and billions respectively. Therefore, "\$22M" means "twenty-two million dollars" and "\$100B" means "one hundred billion dollars."





Francine Côté
Chair of the Board of Directors

**We will continue
to collaborate with our partners
for a cleaner, healthier
and more sustainable world.**

Message from the Chair of the Board

Modern life has its share of financial challenges; we've seen this recently with the direct impact of the cost of living and interest rates on our daily lives. Consumers and businesses need to juggle these economic realities while staying financially empowered. As a co-op that prioritizes what's best for members, Desjardins Ontario Credit Union continues to proactively seek out ways to understand your financial needs and meet your expectations. We invest in building quality relationships so we can offer you personalized support at each key moment in your life, helping you reach your goals. Our online services are also gaining in popularity, since they enable you to take care of a wide range of needs whenever it's convenient for you.

Our social mission still rests on solid foundations, and fulfilling this mission is just as important to us as it is to you. We are socioeconomic leaders in many respects, including in our commitment to communities and sustainable development. We've also supported many initiatives promoting the vitality and prosperity of communities, encouraging young people to believe in their dreams and spurring environmental and social leadership. As your credit union, we're also doing our part to ensure a promising future for generations by offering responsible financial products and implementing environmental, social, and governance initiatives.

Giving back to members through member dividends

Member dividends reflect our cooperative nature and are one of the many benefits you enjoy as a Desjardins member. I'm very pleased to announce that the board of directors agreed to give back a total of \$12,236,829 in individual member dividends. But our commitment doesn't stop there.

To help enrich our community by supporting meaningful projects, we recommended a contribution of \$2,227,074 to the Community Development Fund. The money will be redistributed to members and communities in Ontario, further strengthening the fabric of our social and economic communities.

A total of over \$14.4 million will be reinvested in Ontario.

A strong socioeconomic leader

As a socioeconomic leader, we've created many tools to enrich our communities, and we continue to use them to fully carry out our role. For 2023, our financial contribution to support initiatives in Ontario totalled \$3.1 million.

As earlier mentioned, the Community Development Fund is one of the key ways we reinvest in communities. It's funded using a portion of our surplus earnings, and it lets us support meaningful projects for local communities. Through this fund, approximately \$1.9 million was granted to support hundreds of projects, such as the Ottawa wheelchair basketball program, the River Institute in Cornwall, the *Camp jeunesse en marche* youth camp in Temiskaming, and the Building Black Youth Foundation in the Greater Toronto Area.

Another of our flagship programs is the GoodSpark Fund. Thanks to a \$500,000 donation from this fund, L'Arche Sudbury is now able to provide essential housing to people with intellectual disabilities.



Focusing on youth

At Desjardins, young people are a priority. We firmly believe that helping young people take their place in the world and achieve their full potential will generate major, positive, long-term benefits for our society.

We show our commitment to local youth through many initiatives. Last year, 70 Ontario schools participated in the School Caisse program, and our teams led more than 200 financial literacy workshops for elementary school students.

For young people ages 16 to 25, we offer the Personal Finance: I'm in Charge workshops in partnership with local organizations. These workshops help young people make responsible consumer choices and manage their finances with confidence. In 2023, more than 5,000 young people benefited from valuable financial advice!

To encourage students to stay in school, the Desjardins Foundation and the Desjardins Ontario Credit Union award scholarships to vocational, college and university students every year. A total of \$95,000 was awarded to 58 young people in Ontario. As part of the Desjardins Foundation Prizes awarded to schools and youth organizations workers, more than \$250,000 was given to 91 initiatives in Ontario.

Desjardins has modernized its mission to reiterate our commitment to members and clients, putting them first and upholding our cooperative nature:

Desjardins' mission



As a **cooperative financial group**

contributing to the **development of communities,**



we give our members and clients the **support they need to be financially empowered.**



Encouraging environmental and social leadership

In pursuit of a greener and more sustainable future, we've taken concrete actions to protect the planet and support communities.

The Desjardins Ontario Credit Union has launched a new bursary program to encourage youth leadership in environmental, social and governance (ESG) issues. The program is meant to recognize and support young leaders ages 18 to 30 from Ontario communities. In 2023, two young people received a \$5,000 scholarship each.

In collaboration with local organizations, we also took part in tree-planting days. These events bring together our employees, members and partners to create green spaces and improve air quality. As well, we contributed to clean-up campaigns in parks, streets and rivers.

Our commitment to the environment and sustainable development is deeply rooted in our values. We will continue to collaborate with our partners for a cleaner, healthier and more sustainable world.

Staying in tune with communities

For us, our members and communities are true partners. That's why we've created structures to stay keenly attuned to each region we serve and get a clear understanding of their individual realities. Our liaison committees, made up of non-elected members, represent each of our credit union's four major administrative regions. Their mission is to bring a local perspective to the decisions of the board of directors. They play an essential role in helping us understand the expectations and exact needs of our members and communities across the province, highlighting each region's distinctive features and identifying development opportunities for the credit union.

I'm pleased to announce that, in 2024, liaison committees will be adapted to be more dynamic so we can better meet our goals. I'm certain that this new approach will strengthen the bonds we have with our members and communities and ensure that our actions and decisions reflect their realities as much as possible.

Acknowledgements

I'd like to take this opportunity to acknowledge the departure of three board members, Louise Gervais-Guy, Lucie Huot and Sophie Miller. On behalf of the Board of Directors, I'd like to express our gratitude for their incredible contribution and support. We extend our heartfelt thanks for their dedication, commitment and solidarity and for everything they've done to move the credit union forward. They always did what was best for our members.

Desjardins Ontario Credit Union could not thrive without the hard work, commitment and diversity of each member of the Board of Directors, each of whom make a unique and constructive contribution. Thank you very much for always looking to do what's best for our members.

In closing, I'd like to offer my sincere thanks to our 138,000 members for their trust and loyalty, as well as to our Chief Executive Officer Billy Boucher and his team for their steadfast dedication and professionalism. With these winning conditions in hand, Desjardins Ontario Credit Union will continue to prosper and maintain its place as a leader and trusted financial partner of the community.



William Boucher
General Manager and Chief Operating Officer

**At Desjardins Ontario Credit Union,
we called 2,661 members
to offer them solutions.**

Message from the Chief Executive Officer

2023 was marked by complex economic dynamics and rapid rate hikes, which affected many Canadian households and businesses alike.

In response to this economic climate, Desjardins Ontario Credit Union took proactive measures to better serve our members and communities. We focused on innovation, digital transformation and community involvement so that our members and clients have the financial tools they need to navigate through times of uncertainty.

In terms of growth, we're proud to announce a significant increase in business under management, reaching a total of \$21.4 billion, up 8.7% from 2022. Our assets have gone up, reaching \$11.92 billion, a testament to the ongoing trust and commitment members feel toward the credit union.

I'd also like to highlight the outstanding results of our member satisfaction surveys, further underscoring the professionalism and efficiency of our advisory services. In terms of satisfaction, Desjardins Ontario Credit Union was ranked top three in the industry for both personal and corporate banking.

Partners to businesses of all sizes

In a fluctuating economic climate, the Desjardins Business service continued to be a leader supporting businesses of all sizes. The team lived up to their reputation for innovation and unwavering support for economic development, standing out once again for their strategic initiatives and targeted actions.

As part of an ongoing development approach, the Desjardins Business service focused on exploring and developing strategic specializations. This approach translated to significant progress in several industries, including automobiles and healthcare.

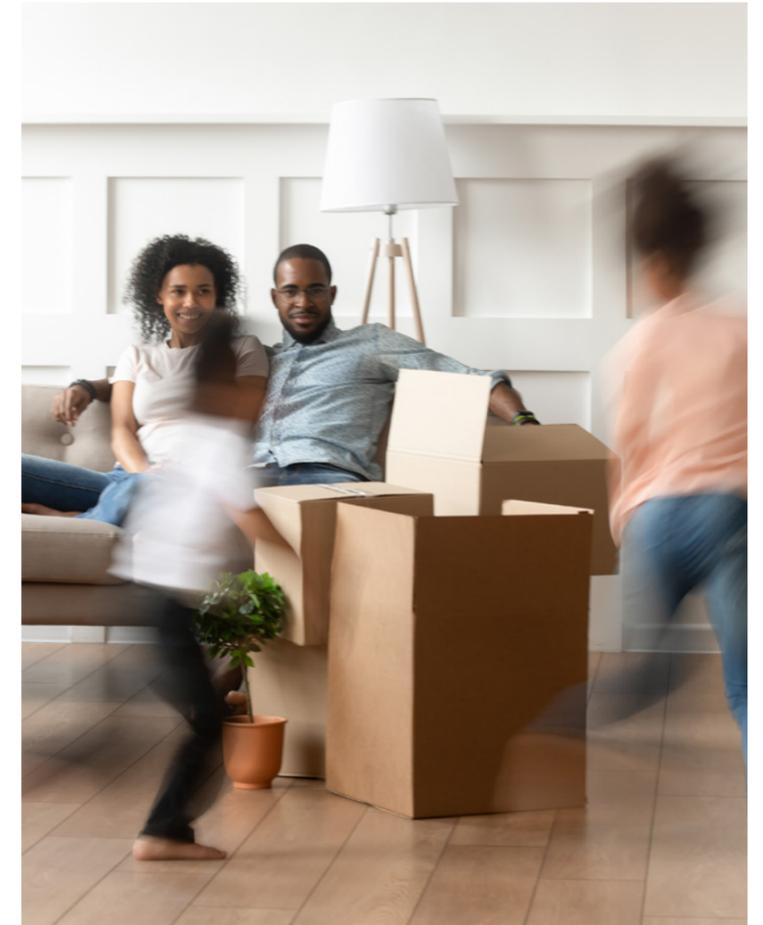
The service also showed its commitment to businesses' growth and sustainable development through the financial support of the Momentum Fund. Numerous businesses were able to use this financial leverage to implement meaningful business projects that helped them expand and reinforce their position in the market.

On the financial front, corporate banking saw outstanding performance with a net \$1 billion increase in loans. This record-breaking performance underscores the solidity of our business model and our ability to efficiently meet the needs of our business members, even during periods of economic turbulence.

There for our members

Building on our commitment toward communities, our mission guides us to our top priority: meeting the needs and expectations of members and clients, to in turn contribute to their financial empowerment.

The uncertain environment in which we have been operating for the past two years has prompted us to be more active and creative than ever in supporting you in your quest for financial independence. Through our financial products, advisory services, online tools and educational resources, we've offered our support to help you sustainably manage your day-to-day finances and achieve your goals.



Our caring support gave rise to initiatives we started two years ago for our most at risk members—those with variable-rate loans and those whose mortgage payments increased substantially at renewal. We're aware that each rate hike could lead to more members finding themselves in a vulnerable situation, so we developed a proactive support strategy. We created a series of preventative measures involving personalized communications and direct member outreach by advisors. Across Desjardins Group, we called more than 65,000 personal members whose mortgage payments no longer covered the interest in the last 24 months. At Desjardins Ontario Credit Union, we called 2,661 members to offer them solutions. We believe there's no one-size-fits-all solution, so we looked at several options with each of them (higher payments, lump-sum payments, changes to the amortization period, etc.). Ultimately, 63% of the members we contacted took action, mostly by raising their payments to cover the interest.

New in 2023

Throughout 2023, we continued our system modernization, security enhancements and digital transformation. Our AccèsD platform has benefited from continuous improvements and was strengthened by four major innovations that impacted the user experience. One new feature is the online mortgage pre-approvals: It's now possible to get a mortgage pre-approval certificate and a guaranteed interest rate in just a few clicks, therefore simplifying the home-buying process. In addition, the Becoming a Member option lets new members open an account entirely on their own. The self-serve appointment booking tool in AccèsD also provides new flexibility, enabling members to book online, phone or in-person meetings with our employees based on their availability and needs.

And because we're always looking to improve the accessibility of our digital platforms and user experience, we equipped each of our branches with standardized tablets so that members can learn to use our online services accompanied by an advisor. All this progress speaks to our commitment to offer a modern, efficient and personalized banking experience.

As we continue to innovate to meet your evolving needs, we look forward to introducing more new features in 2024, such as online financing approval and credit management via self-service.

Housing crisis

Ontario is facing a complex, multidimensional housing crisis, and at Desjardins, we know urgent action is needed to counteract this trend. The housing crisis affects communities of all sizes across the province and has serious repercussions on the well-being of individuals and the economic vitality of our regions.



Aware of our role as a socioeconomic leader, Desjardins is committed to tackling this crisis. Convinced that access to decent housing is a fundamental right for every individual and every family, we have stepped up our efforts and mobilized our resources to provide concrete and sustainable solutions to this situation.

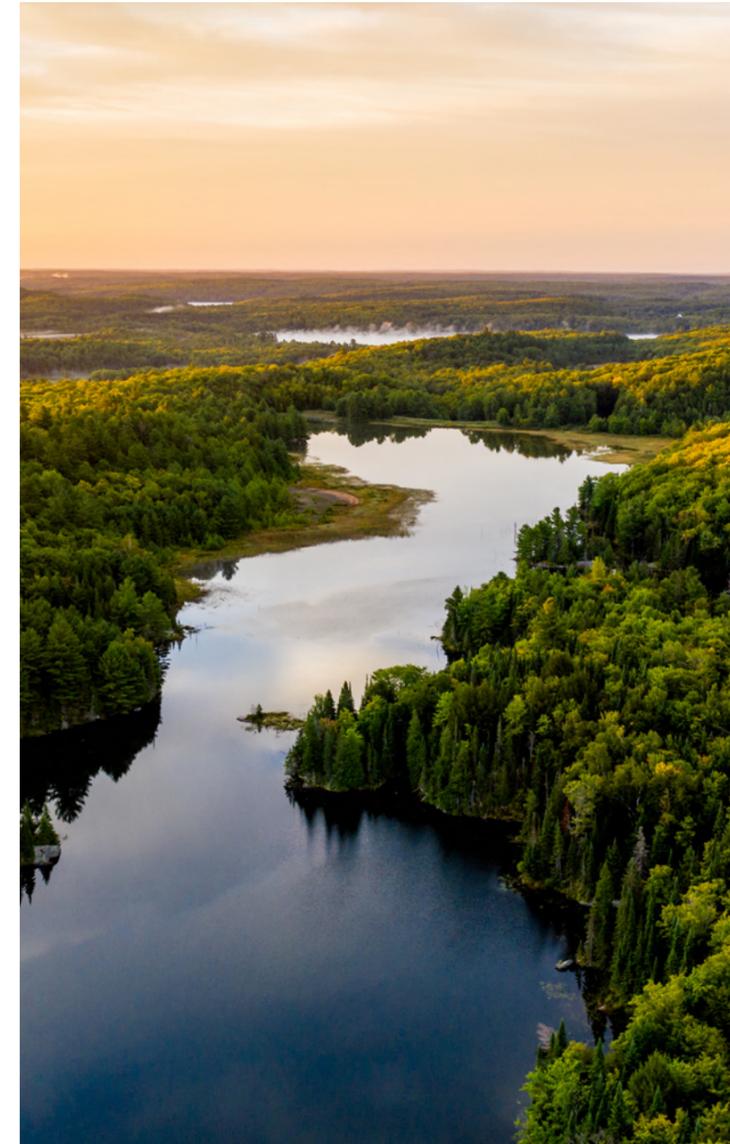
Our collaboration with the Ontario Chamber of Commerce illustrates this commitment and aims to develop and implement innovative solutions that specifically address the needs of those affected. Besides this strategic collaboration, the Desjardins Business service provided financial support for major residential housing construction projects.

Our commitment to tackling the housing crisis is not strictly about money, either. We're also part of the conversation with key actors in the housing sector, including policymakers, real estate developers and non-governmental organizations, looking to move forward with a consistent and coordinated approach.

Knowing we can make a real difference in the lives of people affected, we remain steadfast in our efforts to ease the housing crisis in Ontario.

Building a sustainable future

We've upheld our commitment to integrate environmental, social and governance (ESG) factors into our business model and across our operations. At Desjardins, this mobilization has led to the implementation of concrete actions aimed at accelerating the transition to a more sustainable economy.



Knowing we can make a real difference in the lives of people affected, we remain steadfast in our efforts to ease the housing crisis in Ontario.

Through our strategic partnerships, we encouraged businesses to fully embrace the shift to sustainable development and gave them the tools needed to thrive in this new economy. Many initiatives in which Desjardins Group participated were created to help our businesses adapt to a circular economy and reduce their carbon footprint.

We also remain dedicated to tackling major social challenges. In terms of diversity and inclusion, Desjardins was honoured for our exemplary programs and approach. We were recognized by Women in Governance with Platinum Parity Certification for our commitment to achieving equal representation of women at every level of the organization. In addition, our organization received the Maurice Pollack Award in recognition of our organization's noteworthy actions toward ethnocultural diversity.

I'm proud to present the concrete actions our teams took in 2023 to achieve our environmental, social and governance goals. In addition, Desjardins Ontario Credit Union approved a 2024–2026 ESG plan, a reflection of our continued commitment to sustainable development, with the hope is that it will have increased positive effects in the communities we serve.

Banking industry transformation

As the banking sector evolves, Desjardins is intent on staying at the forefront of this transformation.

There's no question that people's banking habits are changing just quickly as technology develops. The digital sphere has profoundly changed the way we use financial services, with 96% of annual transactions now happening online. At Desjardins, we see this major shift as an opportunity to innovate and serve you better.

Given this context, we believe that adapting our services to the changing needs of our members is essential to ensuring the credit union's long-term success. Our organization's success hinges on meeting our members' expectations as best we can and at the lowest cost possible. This means making smart, responsible choices to keep the financial co-op model modern and relevant. Throughout this evolution, Desjardins will continue to be there for communities and act in the best interest of members and clients.

Acknowledgements

In closing, I'd like to express my deep gratitude to all our staff for their dedication and unwavering commitment. Their hard work and professionalism are what allows us to continue providing excellent service to our members.

I want to acknowledge the unfailing commitment of our management team and our Board of Directors. Their visionary leadership and constant support are essential pillars of our collective success.

A special thank you to our Chair, Francine Côté, and the members of the Board of Directors. Their dedication to our members and their passion for community development are a source of inspiration to us all.

We continue to work together for the greater benefit of our members and clients, guided by our focus on excellence and innovation.

Throughout this evolution, Desjardins will continue to be there for communities and act in the best interest of members and clients.



Financial Statements at a Glance

The credit union's complete financial statements for fiscal year 2022 are available on our website at www.desjardins.com/ontario.

Summary balance sheet

(in thousands of Canadian dollars)	Notes ⁽¹⁾	As at December 31, 2023	As at December 31, 2022
ASSETS			
Cash and deposits with financial institutions		\$ 122,518	\$ 94,228
Securities	7	533,956	545,639
Loans	8 and 9		
Residential mortgages		7,881,848	7,114,115
Consumer and other personal loans		91,933	99,810
Business and government		2,974,989	2,577,640
		10,948,770	9,791,565
Allowance for credit losses	8	(18,905)	(20,170)
		10,929,865	9,771,395
Other assets			
Derivative financial instruments	16	230,549	261,719
Right-of-use assets		8,283	9,540
Property, plant and equipment	10	26,066	22,431
Net defined benefit plan assets	14	—	7,305
Other	11	70,885	40,968
		335,783	341,963
TOTAL ASSETS		\$ 11,922,122	\$ 10,753,225
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits	12		
Individuals		\$ 4,258,015	\$ 4,205,751
Business and government		1,963,197	1,834,383
Deposit-taking institutions		1,680,020	536,057
		7,901,232	6,576,191
Other liabilities			
Derivative financial instruments	16	196,119	202,739
Lease liabilities		8,862	9,990
Interest payable		81,027	45,880
Net defined benefit plan liabilities	14	8,738	7,466
Deferred tax liabilities	20	4,270	6,282
Other	15	34,927	77,074
		333,943	349,431
Borrowings	13	2,869,958	3,006,329
Social shares		702	685
TOTAL LIABILITIES		11,105,835	9,932,636
EQUITY			
Share capital	17	1	1
Retained earnings		800,034	785,429
Accumulated other comprehensive income		(8,281)	(16,144)
Reserves		24,533	51,303
TOTAL EQUITY		816,287	820,589
TOTAL LIABILITIES AND EQUITY		\$ 11,922,122	\$ 10,753,225

⁽¹⁾ The references to notes are references to the French version of the financial statements.

Summary statement of income

For the year ended December 31

(in thousands of Canadian dollars)	Notes ⁽¹⁾	2023	2022
INTEREST INCOME		\$ 504,299	\$ 325,292
INTEREST EXPENSE		351,822	150,862
NET INTEREST INCOME	19	152,477	174,430
OTHER INCOME			
Deposit and payment service charges		10,379	9,861
Distribution of Desjardins products and services		19,610	26,000
Administration of other services		7,020	6,880
Net investment income (loss)	19	21,353	5,862
		58,362	48,603
OPERATING INCOME		210,839	223,033
PROVISION (RECOVERY) FOR CREDIT LOSSES	8	1,658	(2,898)
NON-INTEREST EXPENSE			
Salaries and employee benefits		69,118	62,459
Occupancy costs		8,477	7,647
Insurance		4,607	4,391
Professional fees		3,010	2,878
Deposit and services related fees		2,291	2,215
Communications		2,523	2,642
Other employment expenses		1,274	1,376
Other		1,304	2,522
		92,604	86,130
OPERATING SURPLUS EARNINGS		116,577	139,801
Income on investments in the Federation		—	17,575
Income (loss) on fair value of derivative financial instruments		(27,630)	45,384
Assessments paid to Desjardins Group components and related costs		(87,857)	(80,394)
Community development expenses		(1,883)	(717)
SURPLUS (LOSS) EARNINGS BEFORE TAXES AND MEMBER DIVIDENDS		(793)	121,649
Income (recovery) taxes on surplus earnings	20	(5,873)	86,441
SURPLUS (LOSS) EARNINGS BEFORE MEMBER DIVIDENDS		5,080	35,208
Member dividends		11,990	11,912
Tax recovery on member dividends	20	(3,181)	(3,147)
NET SURPLUS (LOSS) EARNINGS FOR THE YEAR AFTER MEMBER DIVIDENDS		\$ (3,729)	\$ 26,443

⁽¹⁾ The references to notes are references to the French version of the financial statements.



Audit and Ethics Committee report

In fiscal 2023, the Audit and Ethics Committee fulfilled its responsibilities under the *Credit Unions and Caisses Populaires Act, 2020* and any related regulations. The committee met 11 times to monitor the credit union's financial reporting, internal control system and integrated risk management.

The Audit and Ethics Committee is an integral part of the credit union's overall administrative framework. Together with general management and the auditors, the committee ensures that:

- Risks are properly assessed and mitigated
- Reports are accurate, timely and relevant
- Members' assets and interests are protected
- Compliance is upheld
- Principles and rules of professional conduct are followed



The Audit and Ethics Committee:

- Made recommendations to the board of directors about measures to protect credit union assets, ensure compliance with applicable lending and investment policies and procedures, and address any questions regarding the credit union's financial policies
- Examined the effectiveness of internal control and risk management practices as well as the actions taken by management to address any deficiencies
- Reviewed the credit union's policies and procedures governing the way in which it meets the requirements set forth in the Act and any other applicable law
- Reviewed the inspection reports and the response prepared by management for recommendation to the board of directors
- Made sure the agreed-on measures were implemented by the established deadline
- Reviewed the engagement letter, the audit plan, the independent auditor's remuneration and the draft of the audited financial statements, and recommended their adoption by the board of directors

Supervision report on the application of the rules of professional conduct

Every year, credit union directors and employees renew their commitment to comply with the *Desjardins Code of Professional Conduct*. The Code sets out the behaviours that are expected as well as those that are not acceptable.

Here is the supervision report for the past year concerning 3 rules of professional conduct:

- No conflicts of interest were found.
- Deposits from and loans to the credit union's restricted parties* were in accordance with applicable rules of professional conduct.
- The credit union did not award any contracts for the supply of goods or services to restricted parties subject to the Code** or any associated persons.

I'd like to thank the members of the committee for their contribution and the general manager for his support.

Members of the Audit and Ethics Committee

Sophie Miller, Chair

Sylvain Charlebois

Roger Gauthier

Maxine Vincent

Alexandre Bouffard



Sophie Miller
Chair of the Audit and Ethics Committee

*Restricted parties: Credit union directors, officers and the General Manager and Chief Operating Officer and their associated persons.
**Restricted parties subject to the Code: Restricted parties, credit union employees and their associated persons.

Key Figures¹

Desjardins Group

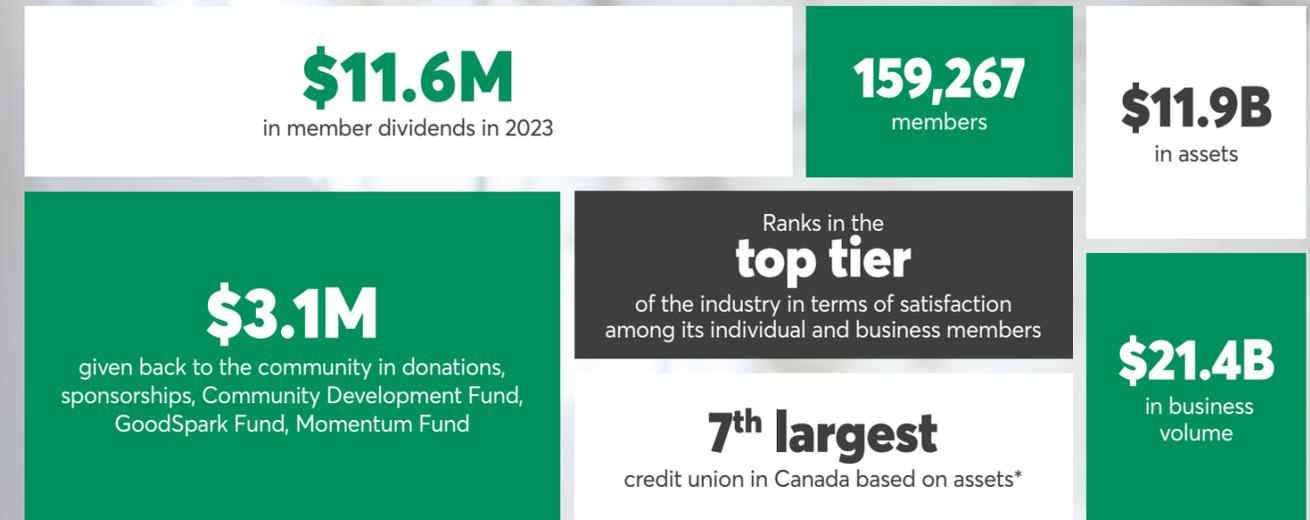


¹ As at December 31, 2023.

² For more information on non-GAAP financial measures, see the Non-GAAP and other financial measures section on pages 3 and 4 of the Management's Discussion and Analysis in the [Desjardins Group 2023 Annual Report](http://www.desjardins.com) at www.desjardins.com.

³ By Mediagroup Canada Inc.

Desjardins Ontario Credit Union



* According to the Canadian Credit Union Association's "Largest 100 Credit Unions" semi-annual report.



Board of Directors

Executive



Francine Côté
Chair



Valérie Doré
Vice-Chair



Sylvain Charlebois*
Secretary



Directors



France Bélanger-Houle



Alexandre Bouffard



Roger Gauthier



Lucie Huot*



Louise Gervais-Guy*



Bululu Kabatakaka



Alain Larocque



Sophie Miller*



Martine Nolin-Simard*



Geneviève Evelyn Patry



Brad Robertson



Alexandre Toupin



Maxine Vincent



Arielle Kaneza
Young Intern Director

* Outgoing directors



Liaison committees

Listening to our members in every single one of our communities

The Board of Directors counts on the support of 4 liaison committees to understand our members' and communities' needs and expectations, share regional differences, identify business development opportunities and act as Desjardins ambassadors in their communities.

Senior Leadership Team

Management Committee



William Boucher
General Manager and
Chief Operating Officer



Michael Béland
Operations and
Integration Manager



Richard Dupuis
Senior VP, Commercial and
Business Banking



Richard Fortin
Director, Governance and
Board Liaison



Nader Guirguis
Senior VP, Wealth
Management



Line Haché
Human Resources Manager



Stéphan Plante
Senior VP, Member
Experience and Retail
Banking

Executive Leadership Team



Caroline Denis
Chief Financial Officer



Olivier Lareau
Chief Risk Officer



Radek Loudin
Chief Compliance Officer



Steeve Talbot
Chief Internal Audit Officer

THANK YOU



Every time you do business with Desjardins, you're choosing a cooperative financial group that invests in your community and helps enrich the lives of people and communities.

Your credit union, a proud partner of your plans

In addition to the financial support we provide, what sets us apart from other financial institutions is that our credit union, our elected directors and our employees are all deeply committed to the communities we serve.

We firmly believe that what we offer is a cooperative model that goes above and beyond. A cooperative model that performs. A cooperative model that innovates.

Because cooperation is the future. Our future and our children's future.

Thank you to our 159,267 members!



DESJARDINS ONTARIO CREDIT UNION

Find our locations and more:

 desjardins.com/ontario

You can reach us at one number:

 **1 833 DESJ-ONT (1 833 337-5668)**

 facebook.com/CaisseOntarioCreditUnion