Desjardins

**PRESS RELEASE**
**Under embargo – November 10, 2022**

## Results for the third quarter of 2022


**AN ACTIVE AND INVOLVED GROUP**. Tour of six regions in Québec with the *Regroupement des jeunes chambres de commerce du Québec* to meet with 750 entrepreneurs to discuss youth business issues.

# Desjardins posts $478 million in surplus earnings for the third quarter of 2022

**Lévis, November 10, 2022** – For the third quarter ended September 30, 2022, Desjardins Group, North America's leading financial cooperative group, recorded surplus earnings before member dividends of $478 million, down $338 million from the same quarter of 2021. This decrease in surplus earnings was mostly due to a rise in the cost of claims in the Property and Casualty Insurance segment, reflecting among other things the impact of inflation and the increased frequency in claims. The third quarter of 2022 was also marked by two major events: heavy rainfalls in Québec and Hurricane Fiona in the Atlantic provinces and Québec. In addition, surplus earnings fell due to the increase in the provision for credit losses, mainly as a result of the deteriorating macroeconomic outlook, accelerated investments, particularly in projects provided in the strategic orientations, and a rise in spending on personnel. This reduction in surplus earnings was partially offset by an increase in net interest income and other operating income[1].

For the third quarter of 2022, the provision for member dividends was $106 million, up $16 million or 17.8% from the same period in 2021. Sponsorships, donations and scholarships come to $22 million, including $9 million from caisse Community Development Funds. This amounted to a total of $128 million returned to members and the community[1], up $18 million or 16.4% from the same period in 2021.

---

[1] For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 9 to 12.

“Member dividends and operating income[1] remained on the rise in the third quarter, while Desjardins Group continued to demonstrate strong financial strength," said Desjardins Group President and CEO Guy Cormier. "Furthermore, we are actively supporting our members and clients to help them cope with the increased pressures of the current inflationary environment through efforts such as personalized assistance tailored to their individual needs. We also continue to support young people by creating the right conditions for them to be able to reach their full potential. A good example of our commitment is our regional tour to discuss today’s issues with young people in partnership with the *Regroupement des jeunes chambres de commerce du Québec*."

At the end of the first nine months of 2022, Desjardins Group recorded surplus earnings before member dividends of $1 474 million, down $1 075 million from the same period of 2021. This decrease in surplus earnings was mostly due to a rise in the cost of claims in the Property and Casualty Insurance segment, reflecting in particular the impact of inflation, and an increase in road traffic, which had fallen considerably in the comparative period as a result of the pandemic. In addition, the first nine months of 2022 were marked by one catastrophe, a rare weather phenomenon known as a *derecho*, in Québec and Ontario, and by four major events (windstorm, flooding, heavy rainfall and Hurricane Fiona), while the corresponding period in 2021 was affected by one catastrophe, namely a hailstorm in Alberta. Surplus earnings also fell as a result of accelerated investments, particularly in projects provided in the strategic orientations, and a rise in spending on personnel. This reduction in surplus earnings was partially offset by an increase in net interest income and other operating income[1].

**Supporting a green economic and social recovery**

Desjardins is contributing to regional development and the economy through the GoodSpark Fund, which has set aside $250 million to stimulate social and economic activity in communities, and the Momentum Fund to support businesses.

Since the creation of the GoodSpark Fund, Desjardins has committed a total of $153 million to 700 projects. Meanwhile, the Momentum Fund has also supported 1,405 businesses for a total outlay of more than $9 million.

Desjardins is also working to help members and clients transition to a low-carbon economy. Desjardins was the first financial institution in Canada to exclusively offer individual savings responsible annuities. All new annuities will automatically go into investments that meet strict environmental, social and governance (ESG) criteria.

**Connecting with young people**

Desjardins Group and the *Regroupement des jeunes chambres de commerce du Québec* joined forces and leveraged their networks to create a unique youth forum (in French only). At a time when the current economic situation is profoundly influencing crucial issues such as employment, entrepreneurship, housing and education, this initiative seeks to create a space for productive discussions with young professionals and entrepreneurs from several regions of Québec.

Guy Cormier, President and CEO of Desjardins Group, is hosting six regional meetings with an average of 125 participants. The first meeting took place in September 2022, and the last meeting will be held in January 2023.

---

[1] For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 9 to 12.

**Giving back to the community**

Desjardins has been more involved than ever in people's lives and continues to support initiatives on diversity, inclusion, cooperation, financial literacy and healthy lifestyle habits. Here are some ways that Desjardins has been making a positive difference in people's lives in the third quarter of 2022:

- Launch of a new group insurance product for people engaged in gender affirmation processes, in partnership with *Fondation Émergence*, an organization that advocates for the rights of LGBTQ+ people.
- First cross-Canada economic web conference for the general public with Desjardins Chief Economist on economic and financial forecasts to help Canadian investors make more informed decisions.
- Tailored support for our members and clients affected by Hurricane Fiona. Desjardins has also teamed up with the Canadian Red Cross, making a $75,000 donation to its Relief Fund.
- Launch of the Project Factory: an innovative fundraising platform for school and extracurricular projects in Québec and Ontario elementary and secondary schools. It's an educational initiative by Desjardins, in partnership with *La Ruche* and *La grande journée des petits entrepreneurs*.

**Innovating**

Desjardins is constantly innovating to meet the needs of its members and clients. Here are just a few examples of innovations for which Desjardins was recognized in the third quarter of 2022.

- For the third year in a row, Desjardins was named Best House, Canada, the highest distinction awarded by UK-based firm Structured Retail Products (SRP), for its range of structured products. In choosing the winner, SRP recognizes sales volumes, yields paid and client satisfaction.
- The range of Desjardins Alternative Exchange Traded Funds (ETFs) is growing to meet the needs of our members and clients with the addition of a new Desjardins Alt Long/Short Global Equity Markets ETF and a new US$ Desjardins Alt Long/Short Equity Market Neutral ETF.
- Partnership with the investors of the *Société de financement et d'accompagnement en performance énergétique (SOFIAC)* to support energy transition and building decarbonization projects across Canada.

**Financial highlights**

Comparison of third quarter 2022 with third quarter 2021:

- Surplus earnings before member dividends of $478 million, down $338 million or 41.4%.
- Operating income[1] of $5,295 million, up $45 million or 0.9%:
  - Net interest income of $1,649 million, up $173 million or 11.7%, partly due to growth in average return on loans driven by the higher interest rate environment and growth in average residential mortgages and business loans outstanding.
  - Net premiums of $2,747 million, down $158 million or 5.4%, mainly due to the decrease in group annuity premiums related to the addition of two large groups in the same quarter of 2021. This decrease is reflected in a similar change in the technical provisions included in the cost of claims.
  - Other operating income[1] of $899 million, up $30 million or 3.5%, in part due to an increase in business volumes from payment activities at Desjardins Card Services.

- Increase in the provision for credit losses, mainly due to the deteriorating macroeconomic outlook in the third quarter of 2022.

[1] For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 9 to 12.

- Increase in the cost of claims, mostly in automobile and property insurance, which primarily reflects the impact of inflation and an increased frequency of automobile insurance claims. In addition, the third quarter of 2022 was marked by two major events, heavy rains in Québec and Hurricane Fiona in the Atlantic provinces and Québec, while the same quarter of 2021 was marked by one catastrophe, namely a hailstorm in Alberta.
- Non-interest expenses of $2,565 million, up $277 million:
  - Greater investment to continue strategic projects, especially in relation to security and the digital shift.
  - An increase in personnel, technology and marketing expenses to support business growth and enhance the services offered to members and clients.
- $128 million returned to members and the community(1), up $18 million or 16.4%.

Other highlights:
- Tier 1A capital ratio(2) of 18.7%, compared to 21.1% as at December 31, 2021.
- Total capital ratio(2) of 20.2%, compared to 22.1% as at December 31, 2021.
- Total assets grew 2.8% since December 31, 2021, to $408.1 billion as at September 30, 2022.
- Issuance of US$1.25 billion under Desjardins program of multi-currency medium-term notes subject to the bail-in regime on August 23, 2022.
- Issuance of $1.0 billion in Canadian NVCC (non-viability contingent capital) subordinated notes on August 23, 2022.
- Issuance of 750 million euros in covered bonds on August 31, 2022.
- Issuance of US$1.0 billion in covered bonds on October 14, 2022.

Comparison of the first nine months of 2022 with the first nine months of 2021:
- Surplus earnings before member dividends of $1,474 million, down $1,075 million or 42.2%.
- Operating income(1) of $15,477 million, up $575 million or 3.9%.
  - Net interest income of $4,751 million, up $420 million or 9.7% partly due to growth in average residential mortgages and business loans outstanding and a higher average return on loans as a result of the rising interest rate environment.
  - Net premiums of $8,030 million, down $47 million, mainly due to the decrease in group annuity premiums related to the addition of two large groups in the first nine months of 2021.
  - Other operating income(1) of $2,696 million, up $202 million or 8.1%, due to an increase in business volumes from payment activities at Desjardins Card Services.
- Increase in the cost of claims, mainly in automobile and property insurance, which reflects the impact of inflation and an increase in road traffic, which was considerably lower in the comparative period as a result of the pandemic. In addition, the first nine months of 2022 were marked by a rare weather phenomenon known as a *derecho*, which affected Québec and Ontario in May 2022, and by four major events (windstorm, flooding, heavy rains and Hurricane Fiona). Meanwhile the first nine months of 2021 were marked by a one catastrophe, namely a hailstorm in Alberta.
- Non-interest expenses of $7,805 million, up $975 million:
  - Accelaration of investments to continue strategic projects, especially in relation to security and the digital shift.
  - An increase in personnel, technology and marketing expenses to support business growth and enhance the services offered to members and clients.
- $391 million returned to members and the community(1), up $69 million or 21.4% from the same period in 2021.

---

(1) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 9 to 12.

(2) In accordance with the guideline on *Capital Adequacy Guideline - Financial services cooperatives* issued by the AMF and taking into account the applicable relief measures introduced by the AMF in response to the COVID-19 pandemic.

## FINANCIAL HIGHLIGHTS

| *(in millions of dollars and as a percentage)* | As at and for the three-month periods ended | | | As at and for the nine-month periods ended | |
|---|---|---|---|---|---|
| | **September 30, 2022** | June 30, 2022 | September 30, 2021 | **September 30, 2022** | September 30, 2021 |
| **Results** | | | | | |
| Operating income(1) | **$ 5,295** | $ 5,132 | $ 5,250 | **$ 15,477** | $ 14,902 |
| Provision for credit losses | **125** | 66 | 52 | **197** | 53 |
| Non-interest expense | **2,565** | 2,712 | 2,288 | **7,805** | 6,830 |
| Surplus earnings before member dividends(2) | **478** | 477 | 816 | **1,474** | 2,549 |
| **Contribution to combined surplus earnings by business segment(3)** | | | | | |
| Personal and Business Services | **$ 307** | $ 290 | $ 401 | **$ 912** | $ 1,212 |
| Wealth Management and Life and Health Insurance | **155** | 173 | 109 | **465** | 469 |
| Property and Casualty Insurance | **83** | 104 | 289 | **334** | 867 |
| Other | **(67)** | (90) | 17 | **(237)** | 1 |
| | **$ 478** | $ 477 | $ 816 | **$ 1,474** | $ 2,549 |
| **Return to members and the community(1)** | | | | | |
| Member dividends | **106** | 109 | 90 | **317** | 270 |
| Sponsorships, donations and scholarships(4) | **22** | 36 | 20 | **74** | 52 |
| | **$ 128** | $ 145 | $ 110 | **$ 391** | $ 322 |
| **Indicators** | | | | | |
| Net interest margin(1) | **2.19 %** | 2.17 % | 2.07 % | **2.15 %** | 2.09 % |
| Return on equity(1) | **5.8** | 5.8 | 9.6 | **5.9** | 10.5 |
| Productivity index(1) | **78.3** | 79.1 | 66.8 | **78.6** | 66.6 |
| Credit loss provisioning rate(1) | **0.20** | 0.11 | 0.09 | **0.11** | 0.03 |
| Gross credit-impaired loans/gross loans and acceptances(1) | **0.44** | 0.44 | 0.52 | **0.44** | 0.52 |
| Liquidity Coverage Ratio(5) | **136** | 135 | 150 | **136** | 150 |
| Net Stable Funding Ratio(5) | **126** | 126 | 132 | **126** | 132 |
| **On-balance sheet and off-balance sheet** | | | | | |
| Assets | **$ 408,071** | $ 404,070 | $ 390,641 | **$ 408,071** | $ 390,641 |
| Net loans and acceptances | **247,410** | 242,113 | 227,027 | **247,410** | 227,027 |
| Deposits | **255,452** | 252,671 | 239,677 | **255,452** | 239,677 |
| Equity | **32,314** | 32,794 | 33,603 | **32,314** | 33,603 |
| Assets under administration(1) | **426,332** | 426,393 | 480,578 | **426,332** | 480,578 |
| Assets under management(1) | **74,994** | 75,604 | 90,527 | **74,994** | 90,527 |
| **Capital measures** | | | | | |
| Tier 1A capital ratio(6) | **18.7 %** | 19.5 % | 21.2 % | **18.7 %** | 21.2 % |
| Tier 1 capital ratio(6) | **18.7** | 19.5 | 21.2 | **18.7** | 21.2 |
| Total capital ratio(6) | **20.2** | 20.4 | 22.4 | **20.2** | 22.4 |
| Leverage ratio(6) | **7.5** | 7.7 | 8.7 | **7.5** | 8.7 |
| Risk-weighted assets(6) | **$ 150,038** | $ 142,774 | $ 135,334 | **$ 150,038** | $ 135,334 |
| TLAC ratio (7) | **26.2 %** | 25.3 % | 26.9 % | **26.2 %** | 26.9 % |
| TLAC leverage ratio(7) | **10.4** | 9.7 | 10.8 | **10.4** | 10.8 |
| **Other information** | | | | | |
| Number of employees | **58,379** | 57,744 | 52,827 | **58,379** | 52,827 |

(1) For more information on non-GAAP financial measures, and ratios and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 9 to 12.

(2) The breakdown by line item is presented in the Statement of Income in the Interim Combined Financial Statements.

(3) The breakdown by line item is presented in Note 11, "Segmented information", to the Interim Combined Financial Statements.

(4) Including $9 million from the caisses' Community Development Fund ($12 million for the second quarter of 2022, $8 million for the third quarter of 2021, $27 million for the first nine months of 2022, and $23 million for the first nine months of 2021).

(5) In accordance with the *Liquidity Adequacy Guideline* issued by the Autorité des marchés financiers (AMF).

(6) In accordance with the guideline *Capital Adequacy Guideline* - Financial services cooperatives (in French only) issued by the AMF and taking into account the applicable relief measures introduced by the AMF in response to the COVID-19 pandemic.

(7) Under the Total Loss Absorbing Capacity Guideline ("TLAC Guideline") issued by the AMF and based on risk-weighted assets and exposures for purposes of the leverage ratio at the level of the resolution group, which is deemed to be Desjardins Group, excluding Caisse Desjardins Ontario Credit Union Inc.

**Assets of $408.1 billion as at September 30, 2022**

As at September 30, 2022, Desjardins Group's total assets stood at $408.1 billion, up $11.0 billion, or 2.8%, since December 31, 2021.

Desjardins Group's outstanding loan portfolio, including acceptances and net of the allowance for credit losses, increased by $16.6 billion, or 7.2%. This growth was due to residential mortgages as well as business and government loans.

Desjardins Group's cash and deposits with financial institutions were down $7.1 billion, or 43.7%, and securities, including securities borrowed or purchased under reverse repurchase agreements, decreased by $0.9 billion, or 0.9%.

**Very strong capital base**

Desjardins Group maintains very strong capitalization levels in accordance with Basel III rules. As at September 30, 2022, its Tier 1A and total capital ratios stood at 18.7% and 20.2%, respectively, compared to 21.1% and 22.1%, respectively, as at December 31, 2021. This decline is mainly due to the increase in risk-weighted assets as a result of growth in operations relating to business loans and the mortgage portfolio and to the decrease in the value of the bond portfolio driven by higher interest rates.

**Analysis of business segment results**

**PERSONAL AND BUSINESS SERVICES SEGMENT**

Results for the third quarter

For the third quarter of 2022, surplus earnings before member dividends were $307 million, down $94 million from the same period in 2021.This decrease was due to growth in non-interest expense, mainly as a result of accelerated investments in strategic projects, especially in relation to security and the digital shift, and a rise in spending on personnel to support business growth and enhance the services offered to members and clients. In addition, the decrease in surplus earnings resulted from a higher provision for credit losses, arising mainly from the deteriorating macroeconomic outlook in the third quarter of 2022. This reduction was partially offset by an increase in net interest income and other operating income(1).

**WEALTH MANAGEMENT AND LIFE AND HEALTH INSURANCE SEGMENT**

Results for the third quarter

For the third quarter of 2022, the segment posted $155 million in net surplus earnings, up $46 million from the same period of 2021. This increase was mainly due to a more favourable overall experience than in the comparative quarter, essentially in group insurance, as well as higher gains on the sale of securities than in the third quarter of 2021. The increase was partially offset by a higher non-interest expense, mainly due to a rise in spending on personnel to support business growth and enhance the services offered to members and clients, as well as accelerated investments in strategic projects, especially in relation to security and the digital shift.

(1) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 9 to 12.

**PROPERTY AND CASUALTY INSURANCE SEGMENT**

Results for the third quarter

For the third quarter of 2022, the segment posted $83 million in net surplus earnings, down $206 million from the third quarter of 2021. This decrease was essentially due to a higher loss experience in automobile and property insurance, which primarily reflected the impact of inflation and an increased frequency in automobile insurance claims. The quarter was also marked by two major events, i.e., heavy rainfalls in Québec and Hurricane Fiona in the Atlantic provinces and Québec, while the corresponding quarter of 2021 was marked by a one catastrophe, namely a hailstorm in Alberta. This decrease in surplus earnings was partially offset by an increase in investment income(1), excluding the change in the fair value of matched bonds.

**OTHER CATEGORY**

Results for the third quarter

The net deficit for the third quarter of 2022 was $67 million, compared to net surplus earnings of $17 million for the same period in 2021. The deficit was due to market rate fluctuations and changes in hedging positions, which had an unfavourable overall impact on net interest income and investment income(1). The Other category also includes investments in the continued implementation of Desjardins-wide strategic projects, especially those aimed at creating innovative technological platforms, protecting privacy, ensuring security and improving business processes.

More detailed financial information can be found in Desjardins Group's interim Management's Discussion and Analysis (MD&A) for the third quarter of 2022, available on the Desjardins.com website or on the SEDAR website at www.sedar.com (under the Fédération des caisses Desjardins du Québec profile).

**About Desjardins Group**

Desjardins Group is the largest cooperative financial group in North America and the fifth largest cooperative financial group in the world, with assets of $408 billion. It was named one of Canada's Top 100 Employers in 2022 by MediaCorp. To meet the diverse needs of its members and clients, Desjardins offers a full range of products and services to individuals and businesses through its extensive distribution network, online platforms and subsidiaries across Canada. Ranked among the world's strongest banks according to *The Banker* magazine, Desjardins has some of the highest capital ratios and credit ratings in the industry.

**Caution concerning forward-looking statements**

Desjardins Group's public communications often include oral or written forward-looking statements, as defined by applicable securities legislation, particularly in Québec, Canada and the United States. Certain statements made in this press release may be forward-looking statements that may be incorporated into other filings with Canadian regulators or any other communications.

Forward-looking statements include, but are not limited to, comments about Desjardins Group's objectives regarding financial performance, priorities, operations, the review of economic conditions and financial markets, the outlook for the Québec, Canadian, U.S. and global economies, and the impact of the COVID-19 pandemic on its operations, its results and its financial position, as well as on economic conditions and financial markets. Such forward-looking statements are typically identified by words or phrases such as "target", "objective", "believe", "expect", "count on", "anticipate", "intend", "estimate", "plan", "forecast", "aim", "propose", "should" and "may", words and expressions of similar import, and future and conditional verbs.

(1) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 9 to 12.

By their very nature, such statements involve assumptions, uncertainties and inherent risks, both general and specific. Desjardins Group cautions readers against placing undue reliance on forward-looking statements because a number of factors, many of which are beyond Desjardins Group's control and the effects of which can be difficult to predict, could influence, individually or collectively, the accuracy of the assumptions, predictions, forecasts or other forward-looking statements in this press release. It is also possible that these assumptions, predictions, forecasts or other forward-looking statements as well as Desjardins Group's objectives and priorities may not materialize or may prove to be inaccurate and that actual results differ. Furthermore, the uncertainty created by the COVID-19 pandemic has greatly increased this risk by adding to the difficulty of making assumptions, predictions, forecasts or other forward-looking statements compared to previous periods.

The factors that may affect the accuracy of the forward-looking statements in this press release include those discussed in the "Risk management" section of Desjardins Group's 2021 Annual Report and MD&A for the third quarter of 2022, as well as under "COVID-19 pandemic" in Section 1.3, "Significant events" of Desjardins Group's 2021 annual MD&A and, in particular, credit, market, liquidity, operational, insurance, strategic and reputational risk, the risk related to pension plans, environmental or social risk, and legal and regulatory risk.

Such factors also include those related to the COVID-19 pandemic, the war in Ukraine, security breaches, government, corporate and household indebtedness, technological advancements and regulatory developments, interest rate fluctuations, climate change, and geopolitical uncertainty. Furthermore, there are factors related to general economic and business conditions in regions in which Desjardins Group operates; monetary policies; the critical accounting estimates and accounting standards applied by Desjardins Group; new products and services to maintain or increase Desjardins Group's market share; geographic concentration; acquisitions and joint arrangements; credit ratings and reliance on third parties. Other factors include interest rate benchmark reform, changes in tax laws, unexpected changes in consumer spending and saving habits, talent recruitment and retention for key positions, the ability to implement Desjardins Group's disaster recovery plan within a reasonable time, the potential impact of international conflicts on operations, public health crises, such as pandemics and epidemics, or any other similar disease affecting the local, national or global economy, as well as Desjardins Group's ability to anticipate and properly manage the risks associated with these factors despite a disciplined risk management environment. Additional information about these factors is found in the "Risk management" section of Desjardins Group's 2021 annual MD&A and its MD&A for the third quarter of 2022, and under "COVID-19 pandemic" in Section 1.3, "Significant events", of Desjardins Group's 2021 annual MD&A.

It is important to note that the above list of factors that could influence future results is not exhaustive. Other factors could have an adverse effect on Desjardins Group's results. Additional information about these and other factors is found in the "Risk management" section of Desjardins Group's 2021 annual MD&A and its MD&A for the third quarter of 2022.

Although Desjardins Group believes that the expectations expressed in these forward-looking statements are reasonable and founded on valid bases, it cannot guarantee that these expectations will materialize or prove to be correct. Desjardins Group cautions readers against placing undue reliance on forward-looking statements when making decisions, given that actual results, conditions, actions or future events could differ significantly from the targets, expectations, estimates or intentions advanced in them, explicitly or implicitly. Readers who rely on these forward-looking statements must carefully consider these risk factors and other uncertainties and potential events, including the uncertainty inherent in forward-looking statements.

The significant economic assumptions underlying the forward-looking statements in this document are described in the "Economic environment and outlook" section of the Group's 2021 annual MD&A and its MD&A for the third quarter of 2022. Readers are cautioned to consider the foregoing factors when reading this section. When relying on forward-looking statements to make decisions about Desjardins Group, they should carefully consider these factors, as well as other uncertainties and contingencies. To develop our economic growth forecasts in general, and for the financial services sector in particular, we mainly use historical economic data provided by recognized and reliable organizations, empirical and theoretical relationships between economic and financial variables, expert judgment and identified upside and downside risks for the domestic and global economies. Given how the COVID-19 pandemic and the war in Ukraine have developed and their impact on the global economy and financial market conditions, as well as on Desjardins Group's business operations, financial results and financial position, there is greater uncertainty associated with our economic assumptions compared with periods prior to the onset of these events, as these assumptions are based on uncertain future developments and it is difficult to predict the extent of the long-term effects of these events.

Any forward-looking statements contained in this report represent the views of management only as at the date hereof, and are presented for the purpose of assisting readers in understanding and interpreting Desjardins Group's financial position as at the dates indicated or its results for the periods then ended, as well as its strategic priorities and objectives as considered as at the date hereof. These forward-looking statements may not be appropriate for other purposes. Desjardins Group does not undertake to update any verbal or written forward-looking statements that may be made from time to time by or on behalf of Desjardins Group, except as required under applicable securities legislation.

**Basis of presentation of financial information**

The financial information in this document comes primarily from the Annual and Interim Combined Financial Statements. Those statements have been prepared by Desjardins Group's management in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the accounting requirements of the Autorité des marchés financiers in Québec, which do not differ from IFRS. IFRS represent Canadian generally accepted accounting principles (GAAP). The Interim Combined Financial Statements of Desjardins Group have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". All the accounting policies have been applied as described in Note 2, "Significant accounting policies", to the Annual Combined Financial Statements. Unless otherwise indicated, all amounts are presented in Canadian dollars ($) and are primarily from Desjardins Group's Annual and Interim Combined Financial Statements.

**Non-GAAP financial measures and other financial measures**

To measure its performance, Desjardins Group uses different GAAP (IFRS) financial measures and various other financial measures, some of which are Non-GAAP financial measures. Regulation 52-112 respecting Non-GAAP and Other Financial Measures Disclosure (Regulation 52-112) provides guidance to issuers disclosing specified financial measures, including those used by Desjardins Group below:
- Non-GAAP financial measures.
- Non-GAAP ratios.
- Supplementary financial measures.

Non-GAAP financial measures

Non-GAAP financial measures used by Desjardins Group, and which do not have a standardized definition, are not directly comparable to similar measures used by other companies, and may not be directly comparable to any GAAP measures. Investors, among others, may find these non-GAAP financial measures useful in analyzing Desjardins Group's overall performance or financial position.

Income

*Operating income*

The concept of operating income is used to analyze financial results. This concept allows for better structuring of financial data and makes it easier to compare operating activities from one period to the next by excluding the volatility of results specific to investments, particularly regarding the extent of life and health insurance and Property and Casualty (P&C) Insurance operations, for which a very large proportion of investments is recognized at fair value through profit or loss. The analysis therefore breaks down Desjardins Group's income into two parts, namely operating income and investment income, which make up total income. This measure is not directly comparable to similar measures used by other companies.

Operating income includes net interest income, generated mainly by the Personal and Business Services segment and the Other category, net premiums and other operating income such as deposit and payment service charges, lending fees and credit card service revenues, income from brokerage and investment fund services, management and custodial service fees, foreign exchange income as well as other income. These items, taken individually, correspond to those presented in the Combined Financial Statements.

*Investment income*

Investment income includes net investment income on securities classified and designated as being at fair value through profit or loss, net investment income on securities classified as being at fair value through other comprehensive income, and net investment income on securities measured at amortized cost and other investment income, which are included under "Net investment income (loss)" in the Combined Statements of Income. Investment income also includes the overlay approach adjustment for insurance operations financial assets. The life and health insurance and P&C insurance subsidiaries' matching activities, which include changes in fair value, gains and losses on disposals and interest and dividend income on securities, are presented with investment income, given that these assets back insurance liabilities, which are recognized under expenses related to claims, benefits, annuities and changes in insurance contract liabilities in the Combined Financial Statements. In addition, this investment income includes changes in the fair value of investments for the Personal and Business Services segment, recognized at fair value through profit or loss.

The following table shows the correspondence of total income between the Press release and the Combined Financial Statements.

| | For the three-month periods ended | | | For the nine-month periods ended | |
|---|---|---|---|---|---|
| *(in millions of dollars)* | September 30, 2022 | June 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021 |
| **Presentation of income in the Combined Financial Statements** | | | | | |
| Net interest income | **$ 1,649** | $ 1,596 | $ 1,476 | **$ 4,751** | $ 4,331 |
| Net premiums | **2,747** | 2,633 | 2,905 | **8,030** | 8,077 |
| Other income | | | | | |
| Deposit and payment service charges | **115** | 114 | 109 | **333** | 313 |
| Lending fees and credit card service revenues | **276** | 225 | 198 | **728** | 567 |
| Brokerage and investment fund services | **235** | 251 | 283 | **754** | 841 |
| Management and custodial service fees | **182** | 200 | 185 | **575** | 531 |
| Net investment loss[1] | **(38)** | (2,209) | (90) | **(4,583)** | (637) |
| Overlay approach adjustment for insurance operations financial assets | **224** | 371 | (24) | **748** | (316) |
| Foreign exchange income | **19** | 27 | 34 | **77** | 92 |
| Other | **72** | 86 | 60 | **229** | 150 |
| **Total income[2]** | **$ 5,481** | $ 3,294 | $ 5,136 | **$ 11,642** | $ 13,949 |
| **Presentation of income in the Press release** | | | | | |
| Net interest income | **$ 1,649** | $ 1,596 | $ 1,476 | **$ 4,751** | $ 4,331 |
| Net premiums | **2,747** | 2,633 | 2,905 | **8,030** | 8,077 |
| Other operating income | | | | | |
| Deposit and payment service charges | **115** | 114 | 109 | **333** | 313 |
| Lending fees and credit card service revenues | **276** | 225 | 198 | **728** | 567 |
| Brokerage and investment fund services | **235** | 251 | 283 | **754** | 841 |
| Management and custodial service fees | **182** | 200 | 185 | **575** | 531 |
| Foreign exchange income | **19** | 27 | 34 | **77** | 92 |
| Other | **72** | 86 | 60 | **229** | 150 |
| **Operating income** | **5,295** | 5,132 | 5,250 | **15,477** | 14,902 |
| **Investment income (loss)** | | | | | |
| Net investment loss[1] | **(38)** | (2,209) | (90) | **(4,583)** | (637) |
| Overlay approach adjustment for insurance operations financial assets | **224** | 371 | (24) | **748** | (316) |
| **Investment income (loss)** | **186** | (1,838) | (114) | **(3,835)** | (953) |
| **Total income[2]** | **$ 5,481** | $ 3,294 | $ 5,136 | **$ 11,642** | $ 13,949 |

(1) The breakdown of this line item is presented in Note 10, "Net interest income and net investment income (loss)", to the Interim Combined Financial Statements.

(2) To take into account the matching activities of the life and health insurance and property and casualty insurance subsidiaries, the change in this item must be analyzed together with the item "Claims, benefits, annuities and changes in insurance contract liabilities" in the Combined Statements of Income.

## Net interest margin

Net interest margin is used to measure the profitability of interest-bearing assets, net of financing cost. It is equal to net interest income expressed as a percentage of average interest-bearing assets.

Average interest-bearing assets and average interest-bearing liabilities are non-GAAP financial measures that reflect Desjardins Group's financial position and are equal to the average of month-end balances for the period. Average interest-bearing assets include securities, cash and deposits with financial institutions, as well as loans. Average interest-bearing liabilities include deposits, subordinated notes and other interest-bearing liabilities. Average interest-bearing assets and liabilities exclude insurance assets and liabilities as well as all other assets and liabilities not generating net interest income.

The table below presents the calculation of the net interest margin.

### Net interest income on average assets and liabilities

| (in millions of dollars and as a pourcentage) | For the three-month periods ended | | | | | | | | | For the nine-month periods ended | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **September 30, 2022** | | | June 30, 2022 | | | September 30, 2021 | | | **September 30, 2022** | | | September 30, 2021 | | |
| | **Average balance** | **Interest** | **Average rate** | Average balance | Interest | Average rate | Average balance | Interest | Average rate | **Average balance** | **Interest** | **Average rate** | Average balance | Interest | Average rate |
| **Assets** | | | | | | | | | | | | | | | |
| Interest-bearing assets | **$ 298,154** | **$ 2,504** | **3.33 %** | $ 294,675 | $ 2,084 | 2.84 % | $ 282,647 | $ 1,883 | 2.64 % | **$ 294,830** | **$ 6,460** | **2.93 %** | $ 277,389 | $ 5,554 | 2.68 % |
| Other assets | **10,442** | | | 9,819 | | | 9,558 | | | **9,882** | | | 9,697 | | |
| **Total assets** | **$ 308,596** | **$ 2,504** | **3.22 %** | $ 304,494 | $ 2,084 | 2.75 % | $ 292,205 | $ 1,883 | 2.56 % | **$ 304,712** | **$ 6,460** | **2.83 %** | $ 287,086 | $ 5,554 | 2.59 % |
| **Liabilities and equity** | | | | | | | | | | | | | | | |
| Interest-bearing liabilities | **$ 254,445** | **$ 855** | **1.33 %** | $ 249,793 | $ 488 | 0.78 % | $ 240,380 | $ 407 | 0.67 % | **$ 248,554** | **$ 1,709** | **0.92 %** | $ 234,944 | $ 1,223 | 0.70 % |
| Other liabilities | **29,904** | | | 31,164 | | | 28,347 | | | **34,052** | | | 29,084 | | |
| Equity | **24,247** | | | 23,537 | | | 23,478 | | | **22,106** | | | 23,058 | | |
| **Total liabilities and equity** | **$ 308,596** | **$ 855** | **1.10 %** | $ 304,494 | $ 488 | 0.64 % | $ 292,205 | $ 407 | 0.55 % | **$ 304,712** | **$ 1,709** | **0.75 %** | $ 287,086 | $ 1,223 | 0.57 % |
| **Net interest income** | | **$ 1,649** | | | $ 1,596 | | | $ 1,476 | | | **$ 4,751** | | | $ 4,331 | |
| **Net interest margin** | | | **2.19 %** | | | 2.17 % | | | 2.07 % | | | **2.15 %** | | | 2.09 % |

## Non-GAAP ratios

Non-GAAP ratios that are used by Desjardins Group and do not have a standardized definition, are not directly comparable to similar measures used by other companies, and may not be directly comparable to any GAAP measures. Regulation 52-112 states, among other things, that any ratio that has at least one non-GAAP financial measure meets the definition of a non-GAAP ratio. Non-GAAP ratios can be useful to investors in analyzing Desjardins Group's financial position or performance.

Additional information on specified financial measures is incorporated by reference. It can be found in the "Non-GAAP financial measures and other financial measures" section of the MD&A for Desjardins Group's third quarter of 2022 on pages 7 to 10. The MD&A is available on the SEDAR website at www.sedar.com (under the *Fédération des caisses Desjardins du Québec* profile).

## Supplementary financial measures

In accordance with Regulation 52-112, supplementary financial measures are used to show historical or expected future financial performance, financial position or cash flow. In addition, these measures are not disclosed in the financial statements. Desjardins Group uses certain supplementary financial measures, and their composition is presented in the Glossary on pages 57 to 64 of the MD&A for Desjardins Group's third quarter of 2022.

**For further information (*media inquiries only*):**


Chantal Corbeil
Public Relations
514 281-7229 or 1 866 866-7000, ext. 5557229
media@desjardins.com

Alain Leprohon
Executive Vice-President and Chief Financial Officer of Desjardins Group