PRESS RELEASE
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Results for the second quarter of 2023

AN ACTIVE AND INVOLVED GROUP. *The Dream the Impossible initiative spearheaded by Guy Cormier, President and CEO of Desjardins Group, brought together 400 young people in person at TOHU and hundreds more online to discuss the issues that affect them.*

Desjardins records solid results for the second quarter of 2023 and continues to support its members and clients

Lévis, August 10, 2023 – For the second quarter ended June 30, 2023, Desjardins Group, North America's largest financial cooperative group, recorded surplus earnings before member dividends of $553 million, up $515 million from the same quarter of 2022 and restated following the adoption of IFRS 17, “Insurance Contracts,” on January 1, 2023. This increase is mainly explained by the growth of the net insurance finance result of $424 million. The latter had been adversely affected by a significant rise in interest rates in the second quarter of 2022[(1)] . The increase in surplus earnings is also explained by the growth in net interest income as well as the increase in income from insurance activities in the Property and Casualty Insurance segment.

(1) As permitted by IFRS 17, Desjardins Group has chosen to recognize the impact of the reclassification of its investments related to insurance activities as of January 1, 2023 and, therefore, not to restate the comparative period for this item. This could therefore limit the comparability of the results with the previous period.

For the second quarter of 2023, the provision for member dividends stood at $109 million, unchanged from the same period of 2022. Sponsorships, donations and scholarships came to $37 million, including $15 million from caisse Community Development Funds. This amounted to a total of $146 million returned to members and the community[(1)], comparable to the amount for the same period of 2022.

“Desjardins Group is reporting solid financial results for the second quarter of 2023. We remain fully committed to our members and clients by listening to their needs and proposing solutions that suit their financial situations. We're also continuing to invest in technology and security for improved efficiency and greater simplicity,” said Guy Cormier, President and Chief Executive Officer of Desjardins Group.

For the first half of fiscal 2023, Desjardins Group recorded surplus earnings before member dividends of $895 million, up $406 million from the same period of 2022, as restated following the adoption of IFRS 17, “Insurance Contracts”, on January 1, 2023. This increase in surplus earnings was mainly due to a $447 million increase in net insurance finance result as explained above, and growth in both net interest income and other income. The increase in surplus earnings was offset by a rise in spending on personnel and technology to support business growth and enhance the services offered to members and clients. In addition, loss experience in the Property and Casualty Insurance segment went up, mainly due to a surge in the average cost of automobile insurance claims that was mostly related to the impact of inflation and an uptick in car thefts. In addition, the provision for credit losses increased from the same period of 2022, mainly in the personal loan and credit card portfolios.

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.

Since the creation of the GoodSpark Fund, Desjardins has committed a total of $170 million to 762 projects.

Desjardins is also working to help members and clients transition to a low-carbon economy. To this end, it has announced $350 million in financing to support the Alliance de l’Énergie de l’Est, a coalition of 209 municipal and Indigenous governments, in its efforts to build wind farms. This is a singular initiative that's helping Québec municipalities invest in wind power projects via requests for proposals from Hydro-Québec.

Connecting with young people

After many meetings with young entrepreneurs across Québec to talk about the issues they care about most, Guy Cormier announced the launch of the *Dream the Impossible* initiative. This major event was held in Montreal on June 19 and 20 to discuss and find solutions to issues identified by young people, including the environment, education, employment, finance and economy. More than 400 young people participated in person at TOHU, while hundreds more took part online.

The discussions were also inspired by a series of analyses published by Desjardins economists on the economic opportunities and challenges facing Canadian youth. The first study focused on the paths taken by young people when they leave home to pursue an education and start their careers. This was followed by second study that looked at the challenges faced by young adults seeking to put down roots in their community (affordability). The third and final study focused on the circumstances that will define this generation in the decades to come.

(1) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 10 to 12.

Changes to the Desjardins Group governance model

At the Federation's last annual general meeting, held on March 24 and 25, 2023, the delegates of the Desjardins caisse networks in Québec and Ontario approved a proposal to separation of the roles of Chair of the Board of Directors (the Board) and President and Chief Executive Officer of Desjardins Group.

On June 22, 2023, Desjardins Group's Board announced that Guy Cormier would assume the role of President and CEO starting in March 2024, when this separation of leadership roles at the head of Desjardins Group will come into effect. In addition to assisting the Board with its work to split the leadership roles between March 2024 and March 2026 at the latest, Mr. Cormier will continue to lead and develop Desjardins Group during this period, with the full powers granted to him as President and CEO.

At the end of the period for implementing the separation of roles, meaning no later than March 2026, the Board will select the person who will succeed Mr. Cormier as President and CEO of Desjardins Group. It should be noted that Mr. Cormier will not be eligible for this position. Meanwhile, the new Chair of the Board will be elected by their peers on the Desjardins Group Board of Directors and step into the new role in May 2024.

Doing what's best for members and clients

Desjardins is involved in people's lives, whether by supporting community initiatives related to diversity, inclusion, cooperation, financial literacy and healthy living or by offering innovative financial solutions to meet their needs. Here are some ways that Desjardins made a positive difference in people's lives in the second quarter of 2023.

Giving back to the community

- For the 10th year, *Corporate Knights has named Desjardins Group one of the country's 50 best corporate citizens. Being included on this prestigious list is testim*ony to Desjardins's efforts to be a socially and environmentally responsible organization.
- Desjardins, Interloge, the city of Montreal and the Québec government have joined forces to save the 93-unit Manoir Lafontaine (in French only) so that it can be renovated into housing with sustainably affordable rents.
- Partnership with the Government of Québec, the *Coopérative d'habitation des Cantons de l'Est* and the city of Sherbrooke for the first social and affordable housing construction project in the Estrie region in order to make 56 units (in French only) available to families, low- and middle-income couples and single people in Sherbrooke.

Innovating

- Collaboration between Desjardins and The Peak for a series of discussions on economic news with Jimmy Jean, Chief Economist of Desjardins Group, as part of The Peak's - Emerging Leaders Briefing podcast. The first podcast focuses on the state of education, affordability and the labour market in order to help clients aged 18 to 40 make sense of the economy.
- Desjardins Online Brokerage is honoured to have been ranked by J.D. Power as highest in investor satisfaction among self-directed brokerage firms. This is the eighth time in the last 15 years that Desjardins Online Brokerage has taken first place in this ranking. This recognition reflects well on the quality of Desjardins's customer service.
- Publication of a white paper on digital identity in collaboration with Beneva, IDLab and KPMG, aimed at developing a common understanding of digital identity and promoting its adoption in everyday life.

Financial highlights

As mentioned above, Desjardins Group adopted IFRS 17, "Insurance Contracts", on January 1, 2023, restating comparative data for fiscal 2022. This new standard was introduced to increase transparency and improve the comparability of insurance companies, and may lead to volatility in Desjardins Group's results from one period to the next. This does not, however, change the economic value created by insurance contracts(1). The standard only introduces changes to the presentation and timing of results, so it has no impact on the results and returns generated over the life of insurance contracts. It should be noted that certain financial statement headings have been modified to reflect the new naming convention required by IFRS 17. For more information on the changes to accounting policies, please refer to Note 2, "Significant accounting policies", to the Interim Combined Financial Statements. For more information on certain concepts introduced by IFRS 17, please refer to the glossary of terms in Desjardins Group's MD&A for the second quarter of 2023.

Comparison of second quarter 2023 with second quarter 2022:

- Surplus earnings before member dividends of $553 million, up $515 million.
- Total net income of $3,239 million, up $929 million:
  - Net interest income of $1,769 million, up $173 million, or 10.8%, mainly due to an increase in the return on loans driven by the higher interest rate environment, as well as to growth in average residential mortgages and business loans outstanding, partly offset by the rise in interest expense on deposits.
  - Insurance service result of $288 million, up $78 million, or 37.1%, due to business growth in net insurance activities, essentially due to property and automobile insurance as well as more favourable changes in prior-year claims in automobile insurance compared to the same period of 2022, for the Property and Casualty Insurance segment.
  - Net insurance finance result of $177 million, up $424 million, due to the jump in interest rates that had adversely affected the second quarter of 2022.
  - Other income of $1,005 million, up $254 million, or 33.8%, mainly due to revenues from Worldsource(2), higher business volumes from credit card payment activities and net investment income excluding insurance operations.

- The provision for credit losses was relatively unchanged from the same period of 2022, as an increase in the provision for credit card portfolios was offset by a decrease in the provision for residential mortgage loan portfolios.
- Net non-interest expense of $2,434 million, up $260 million, primarily due to $160 million in expenses related to the Worldsource(2) operations acquired, along with increased spending on personnel, related mainly to wage indexation, and on technology.
- $146 million returned to members and the community(3), comparable to the amount posted for the same period of 2022.

(1) As permitted by IFRS 17, Desjardins Group has chosen to recognize the impact of the reclassification of its investments related to insurance activities as of January 1, 2023 and, therefore, not to restate the comparative period for this item. This could therefore limit the comparability of the results with the previous period.

(2) On March 1, 2023, Desjardins Group acquired all outstanding shares of IDC Worldsource Insurance Network Inc., Worldsource Financial Management Inc. and Worldsource Securities Inc. through 9479-5176 Québec Inc., an indirectly wholly owned subsidiary of the Federation.

(3) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 10 to 12.

Other highlights:

- Tier 1A capital ratio[1] of 20.9%, compared to 20.2% as at December 31, 2022.
- Total capital ratio[1] of 22.4%, compared to 21.9% as at December 31, 2022.
- Total assets stood at $409.6 billion as at June 30, 2023, compared to $403.9 billion as at December 31, 2022.
- Issuance of 750 million euros in covered bond on April 18, 2023.
- Issuance of 34.3 billion in Japanese yen program of multi-currency medium-term note subject to the bail-in regime on April 24, 2023.
- In June 2023 and July 2023, the Fitch and DBRS rating agencies, respectively, affirmed the ratings of instruments issued by the Fédération des caisses Desjardins du Québec while maintaining a stable outlook.

Comparison of first half 2023 with first half 2022:

- Surplus earnings before member dividends of $895 million, up $406 million.
- Total net income of $5,906 million, up $980 million, or 19.9%:
  - Net interest income of $3,426 million, up $324 million, or 10.4%, mainly due to an increase in the average return on loans driven by the higher interest rate environment, as well as to growth in average residential mortgages and business loans outstanding, partly offset by the rise in the interest expense on deposits.
  - Insurance service result of $397 million, down $121 million, or 23.4%, mainly due to higher current year claims experience in the Property and Casualty Insurance segment, reflecting the higher average cost of claims in automobile insurance, which is primarily attributable to the impact of inflation and an increase in auto thefts.
  - Net insurance finance result of $300 million, up $447 million, due to the jump in interest rates that had adversely affected the first half of 2022.
  - Other income of $1,783 million, up $330 million, or 22.7%, primarily due to revenues from Worldsource[2], an increase in business volumes in credit card payment activities and net investment income excluding insurance activities.

- Provision for credit losses of $171 million, up $99 million compared to the same period of 2022. This increase in the provision was mainly due to the personal loan and credit card portfolios.
- Net non-interest expense of $4,530 million, up $352 million, primarily due to costs related to the Worldsource[2] operations acquired and increased spending on personnel and technology.
- $278 million returned to members and community[1] up $15 million, or 5.7%.

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[1] In accordance with the *Capital Adequacy Guideline* issued by the AMF for financial services cooperatives in particular.

[2] On March 1, 2023, Desjardins Group acquired all outstanding shares of IDC Worldsource Insurance Network Inc., Worldsource Financial Management Inc. and Worldsource Securities Inc. through 9479-5176 Québec Inc., an indirectly wholly owned subsidiary of the Federation.

FINANCIAL HIGHLIGHTS

(in millions of dollars and as a percentage)	As at and for the three-month periods ended			As at and for the six-month periods ended	
	June 30, 2023	March 31, 2023	June 30, 2022[1] Restated	**June 30, 2023**	June 30, 2022[1] Restated
Results					
Net interest income	**$ 1,769**	$ 1,657	$ 1,596	**$ 3,426**	$ 3,102
Net Insurance service income (loss)	**465**	232	(37)	**697**	371
Other income	**1,005**	778	751	**1,783**	1,453
Total net income	**3,239**	2,667	2,310	**5,906**	4,926
Provision for credit losses	**66**	105	66	**171**	72
Net non-interest expense	**2,434**	2,096	2,174	**4,530**	4,178
Surplus earnings before member dividends[2]	**$ 553**	$ 342	$ 38	**$ 895**	$ 489
Contribution to combined surplus earnings by business segment[3]					
Personal and Business Services	**$ 341**	$ 223	$ 234	**$ 564**	$ 452
Wealth Management and Life and Health Insurance	**170**	109	(1)	**279**	161
Property and Casualty Insurance	**56**	(25)	(167)	**31**	(114)
Other	**(14)**	35	(28)	**21**	(10)
	$ 553	$ 342	$ 38	**$ 895**	$ 489
Returned to members and the community[4]					
Member dividends	**$ 109**	$ 106	$ 109	**$ 215**	$ 211
Sponsorships, donations and scholarships[5]	**37**	26	36	**63**	52
	$ 146	$ 132	$ 145	**$ 278**	$ 263
Indicators					
Net interest margin[4]	**2.32%**	2.22%	2.17%	**2.27%**	2.13%
Return on equity[4]	**6.8**	4.3	0.6	**5.6**	3.0
Credit loss provisioning rate[4]	**0.10**	0.18	0.11	**0.14**	0.06
Gross credit-impaired loans/gross loans and acceptances[4]	**0.57**	0.50	0.44	**0.57**	0.44
Liquidity coverage ratio[6]	**143**	140	135	**143**	135
Net stable funding ratio[6]	**125**	127	126	**125**	126
Productivity index – Personal and Business Services[4][7]	**77.9**	81.7	82.0	**79.7**	83.2
Insurance and annuity premiums - Wealth Management and Life and Health Insurance[4]	**$ 1,434**	$ 1,307	$ 1,146	**$ 2,741**	$ 2,331
Total contractual service margin (CSM) - Wealth Management and Life and Health Insurance[8]	**2,643**	2,668	2,824	**2,643**	2,824
Direct Written Premiums - Property and Casualty Insurance[4]	**1,910**	1,440	1,715	**3,350**	3,035
Loss ratio – Property and Casualty Insurance[4]	**68.9%**	75.1%	70.2%	**71.9%**	68.1%
On-balance sheet and off-balance sheet					
Assets	**$ 409,558**	$ 398,604	$ 400,440	**$ 409,558**	$ 400,440
Net loans and acceptances	**257,743**	252,401	241,944	**257,743**	241,944
Deposits	**265,539**	262,358	252,671	**265,539**	252,671
Equity	**32,943**	33,213	32,889	**32,943**	32,889
Assets under administration[4]	**467,716**	471,575	426,393	**467,716**	426,393
Assets under management[4]	**80,229**	79,390	75,604	**80,229**	75,604
Capital measures					
Tier 1A capital ratio[9]	**20.9%**	19.9%	19.5%	**20.9%**	19.5%
Tier 1 capital ratio[9]	**20.9**	19.9	19.5	**20.9**	19.5
Total capital ratio[9]	**22.4**	21.4	20.4	**22.4**	20.4
TLAC ratio[10]	**29.7**	29.3	25.3	**29.7**	25.3
Leverage ratio[9]	**7.6**	7.7	7.7	**7.6**	7.7
TLAC leverage ratio[10]	**10.6**	11.4	9.7	**10.6**	9.7
Risk-weighted assets[9]	**$ 135,499**	$ 140,232	$ 142,774	**$ 135,499**	$ 142,774
Other information					
Number of employees	**59,389**	59,384	57,744	**59,389**	57,744

(1) The data have been adjusted to conform to the current period's presentation notwithstanding IFRS 17, which was adopted on January 1, 2023.

(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) For more information on non-GAAP financial measures and ratios and supplementary financial measures, see "Non-GAAP financial measures and other financial measures" on pages 10 to 12.

(5) Including $15 million from the caisses' Community Development Fund ($8 million for the first quarter of 2023, $12 million for the second quarter of 2022, $23 million for the first six months of 2023 and $18 million for the first six months of 2022).

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

(7) Following the transition to IFRS 17, Desjardins Group now presents the productivity index of the Personal and Business Services segment, which is a supplementary financial measure, replacing Desjardins Group's productivity index, which was a non-GAAP financial measure.

(8) Total CSM of $2,895 million ($3,139 million as of June 30, 2022) presented net of reinsurance in the amount of $252 million ($315 million as of June 30, 2022). Included in "Insurance contract liabilities" and "Reinsurance contract assets (liabilities)" in the Combined Balance Sheets. For more information, see Note 7 "Insurance and Reinsurance Contracts" to the Interim Combined Financial Statements.

(9) In accordance with the *Capital Adequacy Guideline* for financial services cooperatives issued by the AMF.

(10) In accordance with 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.

Very strong capital base

Desjardins Group maintains very strong capitalization levels, in accordance with Basel III rules. As at June 30, 2023, its Tier 1A and total capital ratios stood at 20.9% and 22.4%, respectively, compared to 20.2% and 21.9%, respectively, as at December 31, 2022. This increase was mainly due to the revision of certain methodological aspects related to risk-weighted assets.

Analysis of business segment results

PERSONAL AND BUSINESS SERVICES SEGMENT

Results for the second quarter

For the second quarter of 2023, surplus earnings before member dividends were $341 million, up $107 million from the same period in 2022, mainly due to an increase in net interest income. This growth in surplus earnings was offset by the increase in spending on personnel and technology to support business growth and enhance the services offered to members and clients.

WEALTH MANAGEMENT AND LIFE AND HEALTH INSURANCE SEGMENT

Results for the second quarter

For the second quarter of 2023, the segment posted $170 million in net surplus earnings, compared to a net deficit of $1 million for the same period of 2022. This increase is mainly due to a higher net insurance finance result, including a favorable adjustment of the parameters of the liability discount curve. It should be noted that since investments were reclassified according to the new IFRS 17 standard on January 1, 2023, but the investment portfolio was not managed according to this standard in 2022, the financial results for 2022 may not present a fair comparison. In addition, non-interest expenses, and in particular technology-related expenses, rose in order to support business growth and enhance the services offered to members and clients. The insurance service result decreased slightly, due to the less favourable experience in group insurance as well as in credit and direct insurance.

PROPERTY AND CASUALTY INSURANCE SEGMENT

Results for the second quarter

Surplus earnings for the second quarter of 2023 are $56 million, compared to a net deficit of $167 million for the same period of 2022. This increase is due to a higher net insurance finance result as well as to changes in prior-year claims, which were more favourable than in the comparative period of 2022 in automobile insurance. Net insurance revenue also grew, essentially due to property and automobile insurance. This increase was partly offset by a higher claims experience in 2023 than in the comparative period of 2022, due mainly to the rising average cost of claims in automobile insurance, related to the impact of inflation and an increase in auto thefts, as well as in property insurance.

OTHER CATEGORY

Results for the second quarter

For the second quarter of 2023, the net deficit was $14 million, compared to a net deficit of $28 million for the same quarter of 2022. The Other category mainly includes treasury activities and those related to financial intermediation between the liquidity surpluses and needs of the caisses. It also includes investments in the continued implementation of Desjardins-wide strategic projects, which are aimed at creating innovative technological platforms, protecting privacy and improving business processes. The Other category also includes commitments made with the GoodSpark Fund to support regional development and economic recovery.

More detailed financial information can be found in Desjardins Group's interim Management's Discussion and Analysis (MD&A) for the second quarter of 2023, available on the Desjardins website or on the SEDAR+ website, at www.sedarplus.ca (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 $409.6 billion. It was named one of the World's Top Female-Friendly Companies by *Forbes* magazine. 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. Such forward-looking statements are contained in this press release and may be incorporated in other filings with Canadian regulators or in any other communications.

The 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.

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 since 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 significantly.

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 2022 annual MD&A and of its MD&A for the second quarter of 2023, and, include credit, market, liquidity, operational, insurance, strategic and reputational risk, environmental or social risk, and regulatory risk.

Such factors also include those related to security breaches, the housing market and household and corporate indebtedness, technological advancement and regulatory developments, including changes to liquidity and capital adequacy guidelines, and requirements relating to their presentation and interpretation, as well as interest rate fluctuations, inflation, climate change, biodiversity loss 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; reliance on third parties; the ability to recruit and retain talent; tax risk and the COVID-19 pandemic. Other factors include interest rate benchmark reform, unexpected changes in consumer spending and saving habits, 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 on these factors is available under the "Risk management" section of Desjardins Group's 2022 Annual Report and of its MD&A for the second quarter of 2023.

It is important to note that the above list of factors that could influence future results is not exhaustive. Other factors could have an effect on Desjardins Group's results. Additional information on these and other factors is available under the "Risk management" section of Desjardins Group's 2022 Annual MD&A and of its MD&A for the second quarter of 2023.

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 accurate. Desjardins Group cautions readers against placing undue reliance on these 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 Desjardins Group's 2022 MD&A and of its MD&A for the second quarter of 2023. 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 determine our economic growth forecasts in general, and for the financial services sector in particular, Desjardins Group mainly uses 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.

Any forward-looking statements contained in this press release 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 oral or written forward-looking statements that could 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 AMF, which do not differ from IFRS. IFRS represent Canada's 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 were applied as described in Note 2, "Significant accounting policies", to the Annual Combined Financial Statements except for the changes that resulted from the adoption of IFRS 17, "Insurance contracts", as of January 1, 2023 and that are described in Note 2, "Significant accounting policies" to the Interim Combined Financial Statements. The adoption of this standard resulted in significant changes to Desjardins Group's Combined Financial Statements. Certain comparative figures for the year ending December 31, 2022 have been restated, and a restated opening balance sheet as at January 1, 2022 is presented in the Interim Combined Financial Statements to reflect this new standard.

This press release has been prepared in accordance with the current regulations of the Canadian Securities Administrators on continuous disclosure obligations. 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. They are defined as follows:

Return to members and the community

By its very nature as a cooperative financial group, Desjardins Group's goal is to improve the economic and social well-being of people and communities. The amounts returned to members and the community are in the form of member dividends, and sponsorships, donations and scholarships.

More detailed information about the amounts returned to members and the community may be found in the "Financial Highlights" table of this press release.

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 which 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. They are defined as follows:

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 following table provides more detailed information on net interest margin, average interest-bearing assets and average liabilities bearing interest.

Net interest income on average assets and liabilities

	For the three-month periods ended									For the six-month periods ended					
	June 30, 2023			March 31, 2023			June 30, 2022			**June 30, 2023**			June 30, 2022		
(in millions of dollars and as a percentage)	**Average volume**	**Interest**	**Average rate**	Average volume	Interest	Average rate	Average volume	Interest	Average rate	**Average volume**	**Interest**	**Average rate**	Average volume	Interest	Average rate
Assets															
Interest-bearing assets	**$ 305,390**	**$ 3,377**	**4.44%**	$ 303,035	$ 3,138	4.20%	$ 294,675	$ 2,084	2.84%	**$ 304,789**	**$ 6,515**	**4.31%**	$ 293,433	$ 3,956	2.72%
Other assets	**10,735**			10,735			9,819			**10,709**			9,669		
Total assets	**$ 316,125**	**$ 3,377**	**4.28%**	$ 313,770	$ 3,138	4.06%	$ 304,494	$ 2,084	2.75%	**$ 315,498**	**$ 6,515**	**4.16%**	$ 303,102	$ 3,956	2.63%
Liabilities and equity															
Interest-bearing liabilities	**$ 268,760**	**$ 1,608**	**2.40%**	$ 265,910	$ 1,481	2.26%	$ 253,731	$ 488	0.77%	**$ 267,125**	**$ 3,089**	**2.33%**	$ 250,089	$ 854	0.69%
Other liabilities	**12,103**			20,907			27,226			**17,824**			31,859		
Equity	**35,262**			26,953			23,537			**30,549**			21,154		
Total liabilities and equity	**$ 316,125**	**$ 1,608**	**2.04%**	$ 313,770	$ 1,481	1.91%	$ 304,494	$ 488	0.64%	**$ 315,498**	**$ 3,089**	**1.97%**	$ 303,102	$ 854	0.57%
Net interest income		**$ 1,769**			$ 1,657			$ 1,596			**$ 3,426**			$ 3,102	
Net interest margin			**2.32%**			2.22%			2.17%			**2.27%**			2.13%

Loss ratio

This ratio, which is net of reinsurance, is used to measure the performance of the Property and Casualty Insurance segment and, more specifically, to measure business quality.

The loss ratio is equal to the net claims expenses expressed as a percentage of net insurance revenue. Net claims expenses constitute a non-GAAP financial measure, which is used to exclude the effect of policy costs, acquisition costs, the effect of the loss component on onerous contracts, and to include in the indicators the effect of reinsurance held.

The loss ratio is comprised of the following ratios:

- Current year loss ratio, which is the loss ratio excluding catastrophe and major event claims expenses for the current year as well as changes in prior year claims, net of related reinsurance held.
- Loss ratio related to catastrophes and major events, which is the loss ratio including catastrophe and major event claims expenses for the current year, net of related reinsurance held.
- Ratio of changes in prior year claims, which is the loss ratio including changes in prior year claims, net of related reinsurance held.

The following table presents the calculation of the loss ratio for the Property and Casualty Insurance segment.

Loss ratio

	For the three-month periods ended			For the six-month periods ended	
(in millions of dollars and as a percentage)	**June 30, 2023**	March 31, 2023	June 30, 2022 Restated	**June 30, 2023**	June 30, 2022 Restated
Insurance revenue	**$ 1,634**	$ 1,569	$ 1,543	**$ 3,203**	$ 3,061
Less: Premiums paid related to reinsurance activities(1)	**72**	67	44	**139**	87
Net insurance revenue	**$ 1,562**	$ 1,502	$ 1,499	**$ 3,064**	$ 2,974
Insurance service expenses	**$ 1,459**	$ 1,593	$ 1,522	**$ 3,052**	$ 2,877
Less: Policy costs and acquisition costs	**315**	312	326	**627**	643
Less: Effect of loss component on onerous contracts	**19**	106	72	**125**	108
Less: Claims incurred and costs of ceded claims(1)	**49**	47	72	**96**	101
Net claims expenses	**$ 1,076**	$ 1,128	$ 1,052	**$ 2,204**	$ 2,025
Loss ratio	**68.9%**	75.1%	70.2%	**71.9%**	68.1%

(1) These items are included in "Net reinsurance service income (expense)" under the heading "Net insurance service income (expense)".

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 flows. In addition, these measures are not presented 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 the second quarter of 2023.

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