

## **Recapitalization (bail-in) regime applicable to Desjardins**

**Lévis (QC), March 29, 2019** – Following the designation of Desjardins Group, in June 2013, as a domestic systemically important financial institution (“D-SIFI”) and the recent amendments to the *Deposit Insurance Act* (Québec), effective June 13, 2018, which provide for a resolution process applicable to Desjardins Group, the Autorité des marchés financiers (the “AMF”) has published its regulations implementing the recapitalization (bail-in) regime applicable to certain creditors and securityholders of Desjardins Group, which regulations will be effective on March 31, 2019.

The objective of resolution operations, including the bail-in regime, is to ensure the sustainability of a cooperative group’s deposit institution activities despite the group’s failure, and to have holders of contributed capital securities and creditors absorb losses, thereby minimizing taxpayer exposure to the losses.

Pursuant to the bail-in regime, in the event Desjardins Group ever becomes non-viable, the AMF may, among other resolution powers, convert any part of the capital shares issued by Desjardins (such as class F capital shares) and/or of certain prescribed senior unsubordinated debt instruments issued by Desjardins into contributed capital securities of the Fédération des caisses Desjardins du Québec, of a deposit-taking institution that is part of the Desjardins Group, or of another legal person otherwise constituted for or resulting from the resolution process of Desjardins Group. The AMF may also cancel or write off any of such capital shares or debt instruments. Holders of converted, cancelled or written off capital shares or debt instruments may be eligible to indemnification as set forth under the regulations.

The bail-in regime applicable to Desjardins is substantially similar to the Canadian federal regime to which Canadian banks are subject. In addition, the bail-in regime is not retroactive in respect of debt instruments and will not apply to any debt instruments issued prior to March 31, 2019.

For additional information, please refer to the full text of the *Regulation respecting the classes of negotiable and transferable unsecured debts and the issuance of such debts and shares* (Québec), the *Regulation respecting the indemnification plan applicable pursuant to certain resolution operations* (Québec) and the *Regulation respecting the application of sections 40.15 to 40.17 of the Deposit Institutions and Deposit Protection Act to protected financial contracts and their transfer* (Québec).

### **Caution concerning forward-looking statements**

Certain statements made in this press release may be forward-looking, including, without limitation, statements regarding the resolution process and operations to which Desjardins Group and its security holders may be subject and the potential outcomes of any such resolution process or operations. By their very nature, forward-looking statements involve assumptions, uncertainties and inherent risks, both general and specific. It is therefore possible that, due to a number of factors, the predictions, projections or other forward-looking statements made herein as well as Desjardins Group’s objectives and priorities

may not materialize or may prove to be inaccurate and that actual results differ materially. Various factors that are beyond Desjardins Group's control, and therefore whose impacts on Desjardins Group are difficult to predict, could influence the accuracy of the forward-looking statements in this press release. Although Desjardins Group believes that the expectations expressed in these forward-looking statements are reasonable, it can give no assurance or guarantee that these expectations will prove to be correct. Desjardins Group cautions readers against placing undue reliance on forward-looking statements when making decisions. Desjardins Group does not undertake to update any written or verbal 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.

### **About Desjardins Group**

Desjardins Group is the leading cooperative financial group in Canada and the fifth largest cooperative financial group in the world, with assets of \$295.5 billion. It has been rated one of Canada's Top 100 Employers by Mediacorp. To meet the diverse needs of its members and clients, Desjardins Group 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 Group has one of the highest capital ratios and credit ratings in the industry.

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

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