Pillar 3 Report
(unaudited)

For the period ended December 31, 2018

PILLAR 3 REPORT

USE OF THIS DOCUMENT

The Pillar 3 Report (this document) is designed to support the transparency and disclosure of additional information on Desjardins Group's capital and risk management so that the various financial market participants can assess its risk profile and financial performance. The information disclosed in this document is unaudited.

This document should be used as a supplement to Desjardins Group's Interim Financial Reports and Annual Report. These reports, which include Desjardins Group's Combined Financial Statements as well as its MD&As, are available on its website at https://www.desjardins.com/about-us/investor-relations and on the SEDAR website at www.sedar.com (under the *Capital Desjardins inc.* profile). This document should also be used as a supplement to the document entitled "Additional Financial Information" of Desjardins Group, which is also available on its website.

Certain information relevant to Pillar 3 is disclosed in these documents. A reference table entitled "Information disclosed in separate reports" is presented under each regulatory requirement, when applicable. Such table outlines the Pillar 3 requirements that are not directly addressed in this document and refers the reader to the appropriate sections of separate documents.

The *Adequacy of capital base* guideline for financial services cooperatives is available on the *Autorité des marchés financiers* (AMF) website at https://lautorite.qc.ca/en/professionals/deposit-institutions/guidelines/ (in French only). The Basel Committee requirements, from which the AMF guideline is derived, can be found at https://www.bis.org/bcbs/basel3.htm.

Unless indicated otherwise, all amounts are in Canadian dollars.

SCOPE OF THIS DOCUMENT

The financial information presented in this document relates to Desjardins Group, which is made up of the Desjardins caisses in Quebec and Ontario (the caisses), the *Fédération des caisses Desjardins du Québec* (the Federation) and its subsidiaries, the *Fédération des caisses populaires de l'Ontario Inc.* and the *Fonds de sécurité Desjardins*. The entities included in Desjardins Group's accounting scope of consolidation are presented in the "Scope of the Group" section of Note 2, "Basis of presentation and significant accounting policies", to its Annual Combined Financial Statements.

The information on capital and risks presented in this document is mainly prepared using the regulatory scope in accordance with Basel III. This scope differs from the accounting scope as investments in insurance subsidiaries are excluded from it through capital deductions. In addition, the information presented results from combining accounting and regulatory data. The "Linkages between financial statements and regulatory exposures" section, on pages 12-13 sets out the differences between these data.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Desjardins Group's public communications often include oral or written forward-looking statements. Such forward-looking statements are contained in Desjardins Group's reports and may be incorporated in other filings with Canadian regulators or in 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 markets, as well as the outlook for the Canadian, U.S., European and other international economies. Such statements are typically identified by words or phrases such as "believe", "expect", "anticipate", "intend", "estimate", "plan" 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. It is therefore possible that, due to many factors, the assumptions formulated may be incorrect, or the 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 materially. Although Desjardins Group believes that the expectations expressed in these forward-looking statements are reasonable, it cannot guarantee that theses expectations will prove to be correct. Desjardins Group cautions readers against placing undue reliance on these forward-looking statements to make decisions since actual results, conditions, actions and future events could differ significantly from the targets, expectations, estimates or intents in the forward-looking statements, either explicitly or implicitly.

Forward-looking statements contained in Desjardins Group's reports represent the view of management only as at the date hereof, and are presented for the purpose of assisting readers in understanding and interpreting Desjardins Group's balance sheet as at the dates indicated or its results for the periods then ended, as well as its strategic priorities and objectives. These 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.

DISCLOSURE POLICY

Desjardins Group has a disclosure policy with respect to material financial disclosures (the Policy), which is approved by the Board of Directors and defines the control processes and internal procedures in that regard.

The main components of the Policy apply to the material financial documents of Desjardins Group and its reporting issuers, as well as to documents filed with regulatory authorities. In particular, the Policy outlines the guiding principles for disclosure that apply to these documents, including the Pillar 3 disclosures, the existence and maintenance of a process to control and validate material financial disclosures and the responsibility of the Board of Directors and senior management for implementing an effective internal control structure with respect to disclosing material information and ensuring such structure is in place.

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COMPOSITION OF CAPITAL

Composition of regulatory capital [1]

	(in millions of dollars and as a percentage)	As at December 31, 2018	Cross-reference[2]
	Tier 1A capital instruments: Instruments and reserves		
1	Directly issued qualifying Tier 1A capital instruments (and equivalent)	**$ 4,784**	A + P
2	Qualifying reserves and undistributed surplus earnings	**19,555**	B + C
3	Accumulated amounts of other general income (and other reserves) and accumulated other comprehensive income	**(13)**	D
4	Directly issued capital subject to phase-out from Tier 1A regulatory capital	**532**	F + G
5	Tier 1A capital instruments issued by subsidiaries and held by third parties (amount allowed in Tier 1A capital)	**-**	I
6	**Tier 1A capital instruments before regulatory adjustments**	**24,858**	
	Tier 1A capital instruments: Regulatory adjustments		
7	Prudent valuation adjustments	**-**	
8	Goodwill (net of related deferred tax liabilities)	**3**	J + K
9	Intangible assets other than mortgage servicing rights and software (net of qualifying deferred tax liabilities)	**125**	L + M
10	Deferred tax assets, excluding those arising from temporary differences (net of qualifying deferred tax liabilities)	**93**	N + O
11	Cash flow hedge reserve	**15**	E
12	Shortfall of allowances for expected losses[3]	**427**	Note
13	Securitization gain on sale	**-**	
14	Gains and losses due to changes in the entity's own credit risk on fair valued liabilities	**-**	
15	Defined benefit plan assets, after deduction of the authorized offsetting amount (net of qualifying deferred tax liabilities)	**-**	
16	Investments in own Tier 1A capital instruments (if not consolidated)	**-**	
17	Reciprocal cross-holdings in Tier 1A capital instruments	**13**	P
18	Investments of the "entity" in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the entity does not own more than 10% of their capital, net of qualifying short positions (amount above threshold of 10% of the entity's capital)	**-**	
19	Significant investments of the "entity" in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of qualifying short positions (amount above threshold of 10% of the entity's capital)	**1,770**	Q + R
20	Mortgage servicing rights (amount above 10% threshold)	**-**	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related deferred tax liabilities)	**-**	
22	Amount exceeding the 15% threshold	**-**	
23	Of which: significant investments in the Tier 1A capital of other financial institutions	**-**	S + T
24	Of which: mortgage servicing rights	**-**	
25	Of which: deferred tax assets arising from temporary differences	**-**	U
26	Other specific regulatory adjustments	**-**	
27	Regulatory adjustments applied to Tier 1A capital instruments due to insufficient Tier 1B capital and Tier 2 capital to cover deductions	**-**	
28	**Total regulatory adjustments to Common Equity Tier 1**	**2,446**	
29	**Total Tier 1A capital**	**22,412**	
	Tier 1B capital instruments		
30	Directly issued qualifying Tier 1B capital instruments	**-**	
31	Of which: instruments classified as equity under applicable standards	**-**	
32	Of which: instruments classified as liabilities under applicable standards	**-**	
33	Directly issued capital instruments subject to phase-out from Tier 1B capital	**-**	
34	Tier 1B capital instruments (and Tier 1A instruments not included in line 5) issued by subsidiaries and held by third parties (amount allowed in Tier 1B capital)	**-**	V
35	Of which: instruments issued by subsidiaries subject to phase-out	**-**	
36	**Tier 1B capital before regulatory adjustments**	**-**	
	Tier 1B capital: Regulatory adjustments		
37	Investments in own Tier 1B capital instruments	**-**	
38	Reciprocal cross-holdings in Tier 1B capital instruments	**-**	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the entity does not own more than 10% of their issued Tier 1A capital instruments, net of qualifying short positions (amount above threshold of 10% of the entity's capital)	**-**	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of qualifying short positions)	**-**	
41	Specific regulatory adjustments	**-**	
42	Regulatory adjustments applied to Tier 1B capital due to insufficient Tier 2 capital to cover deductions	**-**	
43	**Total regulatory adjustments to Tier 1B capital**	**-**	
44	**Total Tier 1B capital**	**-**	
45	**Total Tier 1 capital (1A + 1B)**	**$ 22,412**	

Footnotes to this table are presented on the next page.

Composition of regulatory capital (continued)[1]

	(in millions of dollars and as a percentage)	As at December 31, 2018	Cross-reference[2]
	Tier 2 capital: Instruments and provisions		
46	Directly issued qualifying Tier 2 capital instruments	**$ 25**	W
47	Directly issued capital instruments subject to phase-out from Tier 2 capital	**844**	X
48	Tier 2 capital instruments (and Tier 1A and 1B capital instruments not included in lines 5 or 34) issued by subsidiaries and held by third parties (amount allowed in Tier 2 capital)	**-**	Y
49	Of which: instruments issued by subsidiaries subject to phase-out	**-**	
50	Provisions	**377**	Z
51	**Tier 2 capital before regulatory adjustments**	**1,246**	
	Tier 2 capital: Regulatory adjustments		
52	Investments in own Tier 2 capital instruments	**-**	
53	Reciprocal cross-holdings in Tier 2 capital instruments	**-**	
54	Investments of the "entity" in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the entity does not own more than 10% of their issued Tier 1A capital instruments, net of qualifying short positions (amount above threshold of 10% of the entity's capital)	**-**	
55	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of qualifying short positions)	**820**	AA + AB
56	Specific regulatory adjustments	**-**	
57	**Total regulatory adjustments to Tier 2 capital**	**820**	
58	**Total Tier 2 capital**	**426**	
59	**Total capital (1A + 1B et 2)**	**22,838**	
60	**Total risk-weighted assets**	**$ 129,474**	
	Capital ratios and buffers		
61	Tier 1A (as a % of risk-weighted assets)	**17.3 %**	
62	Tier 1 (as a % of risk-weighted assets)	**17.3**	
63	Total capital (as a % of risk-weighted assets)	**17.6**	
64	Entity-specific buffer requirement (minimal Tier 1A requirement + capital conservation buffer + countercyclical buffer + systemically important financial institution buffer, as a % of risk-weighted assets)	**8.0**	
65	Of which: capital conservation buffer	**2.5**	
66	Of which: entity-specific countercyclical buffer	**N/A**	
67	Of which: systemically important financial institution buffer	**1.0**	
68	Tier 1A capital instruments available for buffers (as a % of risk-weighted assets)	**17.3**	
	National minima		
69	Minimum Tier 1A capital ratio	**8.0**	
70	Minimum Tier 1 capital ratio	**9.5**	
71	Minimum total capital ratio	**11.5**	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financial institutions	**$ 150**	AC
73	Significant investments in the Tier 1A capital of financial institutions	**2,418**	AD
74	Mortgage servicing rights (net of related tax liabilities)	**-**	
75	Deferred tax assets arising from temporary differences (net of related tax liabilities)	**793**	AE
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to the Standardized Approach (prior to application of cap)	**377**	Z
77	Cap on inclusion of provisions in Tier 2 capital under the Standardized Approach	**377**	Z
78	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to the Internal Ratings-Based Approach (prior to application of cap)	**N/A**	
79	Cap on inclusion of provisions in Tier 2 capital under the Internal Ratings-Based Approach	**N/A**	
	Capital instruments subject to phase-out (only applicable between December 31, 2018 and January 1, 2022)[3]		
80	Current cap on Tier 1A capital instruments subject to phase-out	**841**	
81	Amount excluded from Tier 1A capital due to cap (excess over cap after redemptions and maturities)	**-**	
82	Current cap on Tier 1B capital instruments subject to phase-out	**-**	
83	Amount excluded from Tier 1B capital due to cap (excess over cap after redemptions and maturities)	**-**	
84	Current cap on Tier 2 capital instruments subject to phase-out	**1,237**	
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	**-**	

[1] Templates included in this document comply with the "all-in" method, which is defined by the AMF as equity calculated to include all the regulatory adjustments that will be required by 2019 but retaining the phase-out rules for non-eligible capital instruments.
[2] Cross-reference to the consolidated regulatory balance sheet. Refer to Template "Reconciliation of regulatory capital to balance sheet" of this report.
[3] Items considered only in regulatory capital.

Reconciliation of regulatory capital to balance sheet

As at December 31, 2018

(in millions of dollars)	Balance sheet per the Combined Financial Statements	Items excluded from the scope of regulatory consolidation [1]	Balance sheet using the scope of regulatory consolidation	Including	Cross-reference to the capital table [2]
Assets					
Cash and deposits with financial institutions	$ 3,384	$ 1,285	$ 2,099		
Securities	59,932	25,486	34,446		
Non-significant investments in the capital of other financial institutions not exceeding regulatory thresholds				$ 150	AC
Other securities				34,296	
Securities borrowed or purchased under reverse repurchase agreements	11,934	(907)	12,841		
Loans	191,229	3,023	188,206		
Significant investments in the Tier 2 capital of financial institutions				120	AA
Other loans				188,086	
Allowance for credit losses	(719)	(5)	(714)		
General allowance allowed for inclusion in Tier 2 capital				(377)	Z
Allowances not allowed for regulatory capital				(337)	
Segregated fund net assets	13,234	13,234	-	-	
Other assets					
Clients' liability under acceptances	160	-	160		
Premiums receivable	2,376	2,376	-		
Derivative financial instruments	3,743	115	3,628		
Amounts receivable from clients, brokers and financial institutions	1,315	85	1,230		
Reinsurance assets	1,958	1,958	-		
Investment property	958	942	16		
Property, plant and equipment	1,424	478	946		
Goodwill	121	118	3		J
Intangible assets	389	229	160		L
Deferred tax assets	1,174	289	885		
Deferred tax assets other than those attributable to temporary differences				180	N
Deferred tax liabilities other than those attributable to temporary differences				(87)	O
Deferred tax assets related to temporary differences exceeding the regulatory threshold corresponding to the basket of 15% of Tier 1A capital				-	U
Deferred tax assets related to temporary differences not exceeding the regulatory thresholds				793	AE
Deferred tax liabilities related to software and other intangible assets				(35)	M
Deferred tax liabilities related to goodwill				-	K
Other deferred tax assets				34	
Other				-	
Investments in associates and entities accounted for using the equity method	908	(4,040)	4,948		
Significant investments in the capital of other financial institutions exceeding the regulatory threshold of 10% of Tier 1A capital				142	Q
Significant investments in the capital of other financial institutions exceeding the regulatory threshold corresponding to the basket of 15% of Tier 1A capital				-	S
Significant investments in the capital of financial institutions not exceeding the regulatory thresholds				2,418	AD
Investments in deconsolidated subsidiaries exceeding the regulatory threshold of 10% of Tier 1A capital				1,628	R
Investments in deconsolidated subsidiaries exceeding the regulatory threshold corresponding to the basket of 15% of Tier 1A capital				-	T
Significant investments in the Tier 2 capital of other financial institutions				700	AB
Other adjustments related to investments				60	
Other items	1,945	27	1,918		
Total assets	**$ 295,465**	**$ 44,693**	**$ 250,772**		

Footnotes to this table are presented on the next page.

Reconciliation of regulatory capital to balance sheet (continued)
As at December 31, 2018

(in millions of dollars)	Balance sheet per the Combined Financial Statements	Items excluded from the scope of regulatory consolidation[1]	Balance sheet using the scope of regulatory consolidation	Including	Cross-reference to the capital table[2]
Liabilities					
Deposits	$ 183,158	$ (370)	$ 183,528		
Other liabilities					
Acceptances	160	-	160		
Commitments related to securities sold short	10,829	-	10,829		
Commitments related to securities lent or sold under repurchase agreements	16,845	(20)	16,865		
Derivative financial instruments	2,816	122	2,694		
Amounts payable to clients, brokers and financial institutions	4,105	54	4,051		
Insurance contract liabilities	28,740	28,740	-		
Segregated fund net liabilities	13,212	13,212	-		
Net defined benefit plan liabilities	2,537	601	1,936		
Deferred tax liabilities	214	176	38		
Other	5,822	1,424	4,398		
Liabilities of the disposal group held to be transferred	-	-	-		
Subordinated notes	1,378	-	1,378		
Subordinated notes allowed for inclusion in Tier 2 capital subject to phase out				$ 844	X
Subordinated indebtedness not allowed for Tier 2 capital				534	
Total liabilities	269,816	43,939	225,877		
Equity					
Capital stock	5,350	-	5,350		
Permanent shares and surplus shares				531	F
Qualifying shares				25	W
Qualifying shares, permanent shares and surplus shares not allowed for Tier 1A capital				10	
Federation capital shares				4,771	A
Reciprocal cross-holdings in Tier 1A capital instruments				13	P
Share capital	5	-	5		
Preferred shares allowed for inclusion in Tier 1A capital				1	G
Preferred shares not allowed for regulatory capital				4	
Undistributed surplus earnings	3,649	15	3,634		B
Accumulated other comprehensive income	(23)	(10)	(13)		D
Net unrealized gains (losses) on debt securities classified as at fair value through other comprehensive income				(15)	
Gains (losses) on derivative financial instruments designated as cash flow hedges				15	E
Net unrealized gains (losses) related to the overlay approach adjustment for insurance operations financial assets				(12)	
Other				(1)	
Reserves	15,920	(1)	15,921		C
Non-controlling interests	748	750	(2)		
Portion allowed for inclusion in Tier 1A capital				-	I
Portion allowed for inclusion in Tier 1 capital				-	V
Portion allowed for inclusion in Tier 2 capital				-	Y
Portion not allowed for regulatory capital				(2)	
Total equity	25,649	754	24,895		
Total liabilities and equity	**$ 295,465**	**$ 44,693**	**$ 250,772**		

(1) Include the insurance subsidiaries Desjardins General Insurance Group Inc. and Desjardins Financial Security Life Assurance Company, which are excluded from the scope of regulatory consolidation. A description of their activities can be found in section 2.3 of the MD&A, in the Annual Report.
(2) Refer to the “Composition of regulatory capital” table of this document.

Main features of regulatory capital instruments
As at December 31, 2018

	Features	Qualifying shares	Qualifying shares	Permanent shares	Surplus shares	F capital shares
1	Issuer	Desjardins caisses in Quebec	Fédération des caisses Desjardins du Québec	Desjardins caisses in Quebec	Desjardins caisses in Quebec	Fédération des caisses Desjardins du Québec
2	Unique identifier (CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A	N/A	N/A	N/A
3	Governing law(s) of the instrument	Quebec	Quebec	Quebec	Quebec	Quebec
	Regulatory treatment:					
4	Transitional Basel III rules	Tier 2 instrument	Tier 2 instrument	Tier 1A instrument	Tier 1A instrument	Tier 1A instrument
5	Post-transitional Basel III rules	Tier 2 instrument	Tier 2 instrument	Non-qualifying	Non-qualifying	Tier 1A instrument
6	Eligible at financial entity/group/group and financial entity	Entity	Entity	Entity	Entity	Entity
7	Instrument type	Qualifying shares	Qualifying shares	Capital shares	Capital shares	Capital shares
8	Amount recognized in regulatory capital (currency in thousands, as at the most recent reporting date)	$ 24,675	$ 100	$ 497,440	$ 33,936	$ 4,784,282[1]
9	Par value of instrument	$ 5	$ 5	$ 10	$ 1	$ 10
10	Accounting classification	Equity	Equity	Equity	Equity	Equity
11	Original date of issuance	N/A	N/A	N/A	N/A	N/A
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date
14	Issuer call subject to prior approval by the AMF	No	No	No	No	No
15	Optional call date, contingent call dates and redemption amount	N/A	N/A	N/A	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A	N/A	N/A	N/A
	Coupon/dividends					
17	Fixed or floating dividend/coupon	N/A	N/A	Floating	Floating	Floating
18	Coupon rate or any related index	N/A	N/A	2% per year	2% per year	4,25% per year
19	Existence of a payment stopper	N/A	N/A	Yes	Yes	Yes
20	Fully discretionary, partially discretionary or mandatory	N/A	N/A	Any discretionary power	Any discretionary power	Any discretionary power
21	Existence of step-up or other incentive to redeem	N/A	N/A	No	No	No
22	Non-cumulative or cumulative	N/A	N/A	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A	N/A
30	Writedown feature	No	No	No	No	No
31	Writedown trigger(s)	N/A	N/A	N/A	N/A	N/A
32	Full or partial writedown	N/A	N/A	N/A	N/A	N/A
33	Permanent or temporary writedown	N/A	N/A	N/A	N/A	N/A
34	If temporary writedown, description of writeup mechanism	N/A	N/A	N/A	N/A	N/A
35	In the event of liquidation, position in subordination hierarchy (specify instrument type immediately senior to instrument)	Subordinated notes issued by Desjardins caisses of Quebec[2]	Subordinated notes issued by Desjardins caisses of Quebec[2]	Subordinated notes issued by Desjardins caisses of Quebec[2]	Subordinated notes issued by Desjardins caisses of Quebec[2]	Subordinated notes issued by Desjardins caisses of Quebec[2]
36	Non-compliant transitioned features	No	No	Yes	Yes	No
37	If yes, specify non-compliant feature	N/A	N/A	Redemption by the issuer not limited to liquidation	Redemption by the issuer not limited to liquidation	N/A

[1] Including capital shares held by segregated funds.
[2] Subject to the amalgamation/liquidation as per the *Act respecting financial services cooperatives.*

Main features of regulatory capital instruments (continued)
As at December 31, 2018

	Features	Class A preferred shares	Series G Senior notes	Series J Senior notes
1	Issuer	Caisses populaires de l'Ontario	Desjardins Capital Inc.	Desjardins Capital Inc.
2	Unique identifier (CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	CA 14006ZAD92	CA 14006ZAF41
3	Governing law(s) of the instrument	Ontario	Quebec	Quebec
	Regulatory treatment:			
4	Transitional Basel III rules	Tier 1A instrument	Tier 2 instrument	Tier 2 instrument
5	Post-transitional Basel III rules	Non-qualifying	Non-qualifying	Non-qualifying
6	Eligible at financial entity/group/group and financial entity	Entity	Entity	Entity
7	Instrument type	Preferred shares	Subordinated notes	Subordinated notes
8	Amount recognized in regulatory capital (currency in thousands, as at the most recent reporting date)	$ 1,067	$ 345,112	$ 499,050
9	Par value of instrument	$ 1	$ 900,000,000	$ 500,000,000
10	Accounting classification	Equity	Liabilities – Amortized cost	Liabilities – Amortized cost
11	Original date of issuance	N/A	May 5, 2010	December 15, 2011
12	Perpetual or dated	Perpetual	Dated	Dated
13	Original maturity date	No maturity date	May 5, 2020	December 15, 2026
14	Issuer call subject to prior approval by the AMF	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	On any date since May 5, 2015, at the anticipated redemption price	On any date on or after December 15, 2021, at the anticipated redemption price
16	Subsequent call dates, if applicable	N/A	N/A	N/A
	Coupon/dividends			
17	Fixed or floating dividend/coupon	Floating	Fixed	Fixed, then floating
18	Coupon rate or any related index	2% per year	5.187% per year	4.954% per year until December 15, 2021. Afterwards, 90-day bankers' acceptance rate plus 2.67%
19	Existence of a payment stopper	Yes	No	No
20	Fully discretionary, partially discretionary or mandatory	Any discretionary power	Mandatory	Mandatory
21	Existence of step-up or other incentive to redeem	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Writedown feature	No	No	No
31	Writedown trigger(s)	N/A	N/A	N/A
32	Full or partial writedown	N/A	N/A	N/A
33	Permanent or temporary writedown	N/A	N/A	N/A
34	If temporary writedown, description of writeup mechanism	N/A	N/A	N/A
35	In the event of liquidation, position in subordination hierarchy (specify instrument type immediately senior to instrument)	Senior creditors	Senior creditors	Senior creditors
36	Non-compliant transitioned features	Yes	Yes	Yes
37	If yes, specify non-compliant feature	Redemption by the issuer not limited to liquidation	No non-viability contingent capital criteria	No non-viability contingent capital criteria

OVERVIEW OF RISK MANAGEMENT AND RISK-WEIGHTED ASSETS

Table OVA – Desjardins Group's risk management approach

Information disclosed in separate reports[1]

Reference	Wording	Location		
		Document(s)	Section(s)	Page(s)
OVA.a)	How the business model determines and interacts with the overall risk profile and how Desjardins Group's risk profile interacts with the risk tolerance approved by the Board of Directors.	2018 Annual Report	Risk factors that could impact future results Integrated risk management framework	67-70 70-75
OVA.b)	The risk governance structure: responsibilities attributed throughout Desjardins Group and the relationships between the structures involved in risk management processes.	2018 Annual Report	Risk management governance	73-75
OVA.c)	Channels to communicate, decline and enforce the risk culture within Desjardins Group.	2018 Annual Report	Proactive risk management approach Risk management governance	72-73 73-75
OVA.d)	The scope and main features of risk measurement systems.	2018 Annual Report	Risk appetite Risk measurement	71-72 72
OVA.e)	Description of the process of risk information reporting established by the board of directors and senior management, in particular, the scope and main content of reporting on risk exposure.	2018 Annual Report	Risk disclosure Risk appetite	72 72
OVA.f)	Qualitative information on stress testing.	2018 Annual Report	Risk measurement	71-72
OVA.g)	The strategies and processes to manage, hedge and mitigate risks that arise from Desjardins Group's business model and the processes for monitoring the continuing effectiveness of hedges and mitigants.	2018 Annual Report	Integrated risk management framework	70-75

[1] See the "Use of this document" section on page 2.

OV1 – Overview of risk-weighted assets (RWA)
As at December 31, 2018

		a	b	c
		RWA[1]		Minimum capital requirements[2]
	(in millions of dollars)	As at December 31, 2018	As at September 30, 2018	As at December 31, 2018
1	Credit risk (excluding counterparty credit risk – CCR)	$ 96,337	$ 92,700	$ 7,707
2	Of which: Standardized Approach (SA)	68,361	65,914	5,469
3	Of which: Internal Ratings-Based Approach (IRB)	27,976	26,786	2,238
4	Counterparty credit risk	2,271	1,592	182
5	Of which: Standardized Approach for counterparty credit risk (SA_CCR)[3]	2,271	1,592	182
6	Of which: Internal Model Method (IMM)	-	-	-
7	Equity positions in the banking book under the market approach	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – fall-back approach	91	97	7
11	Settlement risk	-	-	-
12	Securitization exposures in the banking book	63	68	5
13	Of which: Internal Ratings-Based Approach (IRB)	-	-	-
14	Of which: prudential approach (PA) based on internal ratings	-	-	-
15	Of which: Standardized Approach (SA)/simplified prudential approach (SPA)	63	68	5
16	Market risk	5,396	5,074	432
17	Of which: Standardized Approach (SA)	754	488	60
18	Of which: approaches based on the Internal Model Method (IMM)	4,642	4,586	372
19	Operational risk	12,232	12,171	979
20	Of which: Basic Indicator Approach	-	-	-
21	Of which: Standardized Approach	12,232	12,171	979
22	Of which: advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	8,029	7,882	642
24	Floor adjustment[4]	5,055	7,480	404
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24)**	**$ 129,474**	**$ 127,064**	**$ 10,358**

(1) The RWA presented correspond to the RWA for Tier 1A capital including the 6% scaling factor applied on RWA measured using the Internal Ratings-Based Approach for credit exposures.
(2) The minimum capital requirement represents 8% of risk-weighted assets.
(3) The Standardized Approach for counterparty credit risk will be effective as of first quarter of 2019. Counterparty credit risk is measured using the current exposure method.
(4) As prescribed in Section 1.6 of the AMF guideline. The CVA adjustment is presented to take into account risk-weighted assets after the transitional provisions for the CVA applicable to Tier 1A capital.

LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES

Template LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statements categories with regulatory risk categories

As at December 31, 2018

	a	b	c	d	e	f	g
			Carrying amounts of items[1]				
(in millions of dollars)	Carrying amounts as reported in published financial statements	Carrying amounts under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and deposits with financial institutions	$ 3,384	$ 2,099	$ 2,099	$ -	$ -	$ -	$ -
Securities at amortized cost	1,621	1,608	1,608	-	-	-	-
Securities at fair value through profit or loss	36,916	16,266	368	-	5	15,893	-
Securities at fair value through other comprehensive income	21,395	16,572	16,572	-	-	-	-
Loans and allowance for credit losses	190,510	187,492	187,372	-	-	-	120
Derivative financial instruments	3,743	3,628	-	2,759	-	507	869
Securities borrowed or purchased under reverse repurchase agreements	11,934	12,841	-	12,841	-	11,691	-
Investments in associates and joint ventures accounted for using the equity method	908	4,948	2,478	-	-	-	2,470
Assets including premiums receivable and reinsurance assets	17,568	-	-	-	-	-	-
Land, buildings and equipment	2,382	962	962	-	-	-	-
Goodwill, software and other intangible assets	510	163	-	-	-	-	163
Deferred tax assets	1,174	885	885	-	-	-	-
Other assets	3,420	3,308	3,308	-	-	-	-
Total assets	**$ 295,465**	**$ 250,772**	**$ 215,652**	**$ 15,600**	**$ 5**	**$ 28,091**	**$ 3,622**
Liabilities							
Deposits	$ 183,158	$ 183,528	$ -	$ -	$ -	$ -	$ 183,528
Commitments related to securities	27,674	27,694	-	16,865	-	26,158	-
Derivative financial instruments	2,816	2,694	-	2,694	-	449	-
Segregated fund and insurance contract net liabilities	28,740	-	-	-	-	-	-
Deferred tax liabilities	214	38	-	-	-	-	38
Acceptances and amounts payable to clients, brokers and financial institutions	4,265	4,211	-	-	-	-	4,211
Net defined benefit plan liabilities and other liabilities	21,571	6,335	-	-	-	-	6,335
Subordinated notes	1,378	1,378	-	-	-	-	1,378
Total liabilities	**$ 269,816**	**$ 225,878**	**$ -**	**$ 19,559**	**$ -**	**$ 26,607**	**$ 195,490**

[1] Amounts in columns c to g are not necessarily equal to those in column b, as certain items may be subject to regulatory capital requirements for several risk categories.

Template LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statements categories with regulatory risk categories (continued)

As at December 31, 2018

	a	b	c	d	e	f	g
			Carrying amounts of items				
(in millions of dollars)	Carrying amounts as reported in published financial statements	Carrying amounts under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Equity							
Capital stock	$ 5,350	$ 5,350	$ -	$ -	$ -	$ -	$ 5,350
Share capital	5	5	-	-	-	-	5
Undistributed surplus earnings	3,649	3,634	-	-	-	-	3,634
Accumulated other comprehensive income	(23)	(13)	-	-	-	-	(13)
Reserves	15,920	15,920	-	-	-	-	15,920
Equity – Group's share	**24,901**	**24,896**	**-**	**-**	**-**	**-**	**24,896**
Non-controlling interests	**748**	**(2)**	**-**	**-**	**-**	**-**	**(2)**
Total equity	**25,649**	**24,894**	**-**	**-**	**-**	**-**	**24,894**
Total liabilities and equity	**$ 295,465**	**$ 250,772**	**$ -**	**$ 19,559**	**$ -**	**$ 26,607**	**$ 220,384**

Template LI2 – Main sources of differences between regulatory exposure amounts and carrying amounts in financial statements

As at December 31, 2018

		a	b	c	d	e
			Items subject to[1]:			
	(in millions of dollars)	Total	Credit risk framework	Securitization framework	Counterparty credit risk framework	Market risk framework
1	Assets carrying amount under scope of regulatory consolidation (per Template LI1)	$ 250,772	$ 215,652	$ 5	$ 15,600	$ 28,091
2	Liabilities carrying amount under scope of regulatory consolidation (per Template LI1)	46,166	-	-	19,559	26,607
3	**Total net amount under scope of regulatory consolidation**	**204,606**	**215,652**	**5**	**(3,959)**	**1,484**
4	Off-balance sheet amounts[2]	110,070	51,469	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already reported in line 2	452	(21)	-	473	-
7	Differences due to consideration of provisions	667	667	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Adjustment for derivatives	5,445	-	-	5,445	-
10	Securities financing transaction exposures[3]	33,730	-	-	33,730	-
11	Other differences	-	-	-	-	-
12	**Regulatory exposure amounts[4]**	**$ 354,970**	**$ 267,767**	**$ 5**	**$ 35,689**	**$ 1,484**

[1] Amounts in columns b to e are not necessarily equal to those in column a, as certain items may be subject to regulatory capital requirements for several risk categories.
[2] The initial exposure is presented in column a; columns b to e present amounts after application of credit conversion factors, where relevant.
[3] As securities financing transaction exposures are deducted in line 2, an adjustment is required to obtain the exposure at default.
[4] Aggregate amount used to calculate RWA for each of the risk categories.

Table LIA – Explanations of differences between accounting and regulatory exposure amounts

Information disclosed in separate reports[1]

Reference	Wording	Location		
		Document(s)	Section(s)	Page(s)
LIA.a)	Explain the origin of any significant differences between the amounts in columns a and b in Template LI1.	Additional Financial Information	Table 7 – Reconciliation of capital and combined regulatory balance sheet	11-12

[1] See the "Use of this document" section on page 2.

CREDIT RISK

Table CRA – General information about credit risk

Information disclosed in separate reports[1]

Reference	Wording	Location		
		Document(s)	Section(s)	Page(s)
CRA.a)	How the business model translates into the components of Desjardins Group's credit risk profile.	2018 Annual Report	Credit risk	77-88
CRA.b)	Criteria and approach used for defining credit risk management policy and for setting credit risk limits.	2018 Annual Report	Credit risk management	77-84
CRA.c)	Structure and organization of the credit risk management and control function.	2018 Annual Report	Risk management governance	73-75
CRA.d)	Relationships between the credit risk management and the risk control, compliance and internal audit functions.	2018 Annual Report	Risk management governance	73-75
CRA.e)	Scope and main content of the reporting on credit risk exposure and on the credit risk management function to the executive management and to the board of directors.	2018 Annual Report	Risk measurement	71-72
			Risk disclosure	72
			Risk appetite	72
			Proactive risk management approach	72-73
			Risk management governance	73-75

[1] See the "Use of this document" section on page 2.

Template CR1 – Credit quality of assets

As at December 31, 2018

		a	b	c	d
		Gross carrying amounts of			
	(in millions of dollars)	Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Net values (a+b-c)
1	Loans	$ 1,438	$ 186,808	$ 714	**$ 187,532**
2	Debt securities	-	19,756	-	**19,756**
3	Off-balance sheet exposures	169	109,902	-	**110,071**
4	**Total**	**$ 1,607**	**$ 316,466**	**$ 714**	**$ 317,359**

Template CR2 – Changes in stock of defaulted loans and debt securities

For the six-month period ended December 31, 2018

	(in millions of dollars)	Loans	Debt securities	Total
1	**Defaulted loans and debt securities at end of the previous reporting period**	$ 1,260	$ -	**$ 1,260**
2	Loans and debt securities that have defaulted since the last reporting period	1,161	-	**1,161**
3	Returned to non-defaulted status	(784)	-	**(784)**
4	Amounts written-off	(179)	-	**(179)**
5	Other changes	(20)	-	**(20)**
6	**Defaulted loans and debt securities at end of the reporting period (1 + 2 - 3 - 4 ± 5)**	**$ 1,438**	**$ -**	**$ 1,438**

Table CRB – Additional disclosure related to the credit quality of assets

Information disclosed in separate reports[1]

Reference	Wording	Location		
		Document(s)	Section(s)	Page(s)
CRB.a)	The scope and definitions of "past due" and "impaired" exposures used for accounting purposes and the differences, if any, between the definition of past due and default for accounting and regulatory purposes.	2018 Annual Report	Credit risk management Note 2 – Basis of presentation and significant accounting policies	77-84 132-161
CRB.b)	The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this.	2018 Annual Report	Table 36 – Gross loans past due but not credit-impaired Note 2 – Basis of presentation and significant accounting policies	86 132-161
CRB.c)	Description of methods used for determining impairments.	2018 Annual Report	Note 2 – Basis of presentation and significant accounting policies	132-161
CRB.d)	Desjardins Group's own definition of "restructured exposure".	2018 Annual Report	Note 2 – Basis of presentation and significant accounting policies	132-161
CRB.e)	Breakdown of exposures by residual maturity.	2018 Annual Report	Table 49 – Residual contractual maturities of on-balance sheet items and off-balance sheet commitments	100-103
CRB.g)	Ageing analysis of past-due exposures.	2018 Annual Report	Table 36 – Gross loans past due but not credit-impaired	86
CRB.h)	Breakdown of restructured exposures between impaired and not impaired exposures.	2018 Annual Report	Loan debt relief	83

[1] See the "Use of this document" section on page 2.

Loans by borrower category and by industry

(in millions of dollars)	As at December 31, 2018			For the twelve-month period ended December 31, 2018
	Gross loans	Gross credit-impaired loans	Allowance for credit losses	Write-offs and recoveries
Residential mortgages	$ 120,113	$ 320	$ 78	$ (27)
Consumer, credit card and other personal loans	26,210	221	497	(308)
Public bodies[1]	3,326	-	-	-
Business				
Agriculture	9,191	115	15	(1)
Mining, oil and gas	336	1	1	-
Utilities	751	-	-	-
Construction	2,857	154	31	(5)
Manufacturing	3,892	36	26	(3)
Wholesale trade	1,455	12	8	(1)
Retail trade	3,046	37	15	(2)
Transportation	1,475	19	6	(1)
Information industry	519	6	4	-
Finance and insurance	651	-	1	-
Real estate	7,849	34	8	(1)
Professional services	788	4	2	-
Management of companies	945	5	2	-
Administrative services	311	4	3	(1)
Education	232	2	-	-
Health care	3,140	22	5	(1)
Arts and entertainment	809	12	5	-
Accommodation	1,545	29	7	(1)
Other services	1,046	9	5	(1)
Other businesses	742	-	-	-
Total business loans	**41,580**	**501**	**144**	**(18)**
Total loans	**$ 191,229**	**$ 1,042**	**$ 719**	**$ (353)**

[1] Including loans to governments.

Loans by geographic distribution

(in millions of dollars)	As at December 31, 2018			For the twelve-month period ended December 31, 2018
	Gross loans	Gross credit-impaired loans	Allowance for credit losses	Write-offs and recoveries
Canada				
Quebec	$ 173,788	$ 830	$ 569	$ (313)
Other Canadian provinces	16,752	209	150	(78)
Total – Canada	**190,540**	**1,039**	**719**	**(391)**
Other countries	689	3	-	38
Total	**$ 191,229**	**$ 1,042**	**$ 719**	**$ (353)**

Table CRC – Qualitative disclosure requirements related to credit risk mitigation (CRM) techniques

Information disclosed in separate reports[1]

Reference	Wording	Location		
		Document(s)	Section(s)	Page(s)
CRC.a)	Core features of policies and processes for, and an indication of the extent to which Desjardins Group makes use of, on- and off-balance sheet netting.	2018 Annual Report	Note 5 – Offsetting financial assets and liabilities	170-171
CRC.b)	Core features of policies and processes for collateral evaluation and management.	2018 Annual Report	Credit risk mitigation	83
CRC.c)	Information about market or credit risk concentrations under the credit risk mitigation instruments used (i.e. by guarantor type, collateral and credit derivative providers).	2018 Annual Report	Credit risk mitigation	83

[1] See the "Use of this document" section on page 2.

Template CR3 – Credit risk mitigation (CRM) techniques – overview

As at December 31, 2018

		a	b	c	d	f
	(in millions of dollars)	Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	$ 142,531	$ 45,001	$ 43,804	$ 1,197	$ -
2	Debt securities	19,755	-	-	-	-
3	**Total**	**$ 162,286**	**$ 45,001**	**$ 43,804**	**$ 1,197**	**$ -**
4	Of which defaulted	$ 1,206	$ 185	$ 183	$ 2	$ -

Table CRD – Qualitative disclosure on the "entity"'s use of external credit ratings under the Standardized Approach for credit risk

Information disclosed in separate reports[1]

Reference	Wording	Location		
		Document(s)	Section(s)	Page(s)
CRD	Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) used by the entity, and the reasons for any changes over the reporting period.	2018 Annual Report	Counterparty and issuer risk	88

[1] See the "Use of this document" section on page 2.

To properly manage its risk exposure, Desjardins Group assigns a credit rating to each counterparty and issuer, based on the ratings of four external credit rating agencies (DBRS, Moody's, Standard & Poor's and Fitch). The four credit rating agencies meet the eligibility criteria of the Basel Accord and are authorized by the AMF. Desjardins Group uses this credit rating to calculate capital requirements using the Standardized Approach. It is also used to calculate capital requirements for the "Businesses", "Banks" and "Sovereign borrowers" asset classes and for the "Trading portfolio" asset class.

Template CR4 – Standardized Approach – Credit risk exposure and Credit Risk Mitigation (CRM) effects[1]
As at December 31, 2018

		a	b	c	d	e	f
		Exposures before CCF and CRM[2]		Exposures post CCF and CRM[2]		RWA and RWA proportion	
	(in millions of dollars)	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA proportion
	Asset classes						
1	Sovereigns and their central banks	$ 14,493	$ 3,801	$ 14,493	$ 853	$ 102	0.66%
2	Non-central government public sector entities	4,388	9,325	4,388	1,530	1,137	19.22
3	Multilateral development banks	-	-	-	-	-	-
4	Banks and deposit-taking institutions	3,663	2,523	3,662	1,163	969	20.07
5	Investment companies	-	-	-	-	-	-
6	Businesses	59,532	21,119	59,279	7,187	55,467	83.45
7	Regulatory retail portfolios	9,465	7,991	8,523	565	5,890	64.82
8	Secured by residential property	435	1	435	-	152	35.00
9	Secured by commercial real estate	76	74	76	37	113	100.00
10	Equity	243	-	243	-	243	100.00
11	Past-due loans	732	117	730	10	820	110.73
12	Higher-risk categories[3]	80	133	80	73	230	150.00
13	Other assets[4]	12,708	-	12,708	-	3,239	25.49
14	**Total**	**$ 105,815**	**$ 45,084**	**$ 104,617**	**$ 11,418**	**$ 68,362**	**58.91%**

(1) Excluding counterparty credit risk, securitization, equity investments in funds and settlement risk.
(2) Exposures are presented net of the loss allowance for expected credit losses on credit-impaired loans other than retail clients (except for credit card loans).
(3) Non-defaulted exposures risk weighted at 150%.
(4) Other assets are measured using a method other than the Standardized or Internal Ratings-Based methods. They do not include items that are below a certain threshold and are weighted at 250%.

Template CR5 – Standardized Approach – Exposures by asset class and risk weights[1]
As at December 31, 2018

		a	b	c	d	e	f	g	h	i	j
		Risk weights									
	(in millions of dollars)	0%	10%	20%	35%	50%	75%	100%	150%	Other	Total credit exposures amount (post-CCF and post-CRM)[2]
	Asset classes										
1	Sovereigns and their central banks	$ 15,244	$ -	$ -	$ -	$ -	$ -	$ 102	$ -	$ -	**$ 15,346**
2	Non-central government public sector entities	231	-	5,687	-	-	-	-	-	-	**5,918**
3	Multilateral development banks	-	-	-	-	-	-	-	-	-	**-**
4	Banks and deposit-taking institutions	-	-	4,813	-	12	-	-	-	-	**4,825**
5	Investment companies	-	-	-	-	-	-	-	-	-	**-**
6	Businesses	10,495	-	219	-	658	-	55,094	-	-	**66,466**
7	Regulatory retail portfolios	1,234	-	-	-	-	7,854	-	-	-	**9,088**
8	Secured by residential property	-	-	-	435	-	-	-	-	-	**435**
9	Secured by commercial real estate	-	-	-	-	-	-	113	-	-	**113**
10	Equity	-	-	-	-	-	-	243	-	-	**243**
11	Past-due loans	185	-	-	-	-	-	27	528	-	**740**
12	Higher-risk categories[3]	-	-	-	-	-	-	-	153	-	**153**
13	Other assets[4]	9,468	-	2	-	-	-	3,238	-	-	**12,708**
14	**Total**	**$ 36,857**	**$ -**	**$ 10,721**	**$ 435**	**$ 670**	**$ 7,854**	**$ 58,817**	**$ 681**	**$ -**	**$ 116,035**

(1) Excluding counterparty credit risk, securitization, equity investments in funds and settlement risk.
(2) Exposures are presented net of the loss allowance for expected credit losses on credit-impaired loans other than retail clients (except for credit card loans).
(3) Non-defaulted exposures risk weighted at 150%.
(4) Other assets are measured using a method other than the Standardized or Internal Ratings-Based methods. They do not include items that are below a certain threshold and are weighted at 250%.

Table CRE – Qualitative disclosures related to IRB models

Information disclosed in separate reports[1]

Reference	Wording	Location		
		Document(s)	Section(s)	Page(s)
CRE.d)	Scope of the AMF's acceptance of approach.	2018 Annual Report	Risk-weighted assets (RWA) Basel capital accord	63-64 75
CRE.e)	For each of the portfolios, the entity must indicate the part of EAD within the group (in percentage of total EAD) covered by the Standardized, Foundation IRB or Advanced IRB Approach and the part of portfolios that are involved in a roll-out plan.	2018 Annual Report	Table 28 – Risk exposure by asset class (Exposure at default [EAD])	79

[1] See the "Use of this document" section on page 2.

Model design and development

Model design and development are based on the first line of defense, which necessarily must:

- use a selection of models that are proven to be relevant prior to development. Model selection must be documented;
- ensure that the risk of the credit portfolio is rated using rating systems in accordance with regulatory requirements and the risk profile of the organization;
- consider items underlying risk parameters, including the definition of default, segmentation, CRM collateral, recognized guarantors and governance;
- comply with risk appetite (RA) principles and indicators, when applicable;
- include measurement methods for sensitivity analyses, sources of uncertainty and levels of conservatism;
- comply with the frameworks in place developed by the Integrated Risk Management and Credit Risk Executive Division (IRMCRED).

In addition, models must be based on a comprehensive, detailed and accessible documentation, that includes:

- the modelling techniques adopted, the assumptions, approximations, data sources, data and indirect data used as well as all the relevant weaknesses and limitations of the model;
- an updated model inventory, to include, among other things, the sector concerned as part of the user test;
- an updated list of model uses.

The models developed on this basis are only implemented once they have been independently validated by the second line of defence, when applicable, and approved by the relevant authority, as defined in the guidelines. Ultimately, the third line of defence ensures that the work performed by the second line was truly independent from the first line and reserves the right to audit the work performed by the other two lines of defence.

Main features of approved models

The personal PD and LGD internal models approved for the calculation of regulatory capital are based on behavioural scoring models used in the operations or on collateral classes. The personal PD IRB models are segmented using behavioural models with data going back to 2005.

For PD, the definition of default is 12 months. For LGD, the workout method is used and quantifies all flows associated with the default.

The credit conversion factor (CCF) is also based on data going back to 2005, but it is segmented using the utilization rate or behavioural scoring.

Template CR6 – IRB – Credit risk exposures by portfolio and probability of default (PD) scale

As at December 31, 2018

		a	b	c	d	e	f
(in millions of dollars and as a percentage)	PD scale (%)	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of debtors
Exposures related to residential mortgage loans Insured exposures	0.00 to < 0.15	$ 8,386	$ 9	50.00 %	$ 8,390	0.08 %	67,416
	0.15 to < 0.25	-	-	-	-	-	-
	0.25 to < 0.50	7,252	21	50.00	7,263	0.26	47,115
	0.50 to < 0.75	6,179	22	50.00	6,190	0.65	37,919
	0.75 to < 2.50	5,369	23	50.00	5,381	1.56	32,606
	2.50 to < 10.00	1,491	6	50.00	1,494	5.41	9,365
	10.00 to < 100.00	308	1	50.00	308	27.39	3,750
	100.00 (default)	206	-	50.00	206	100.00	1,519
	Sub-total	29,191	82	50.00	29,232	1.78	199,690
Exposures related to residential mortgage loans Uninsured exposures	0.00 to < 0.15	22,240	10,009	54.70	27,715	0.08	399,257
	0.15 to < 0.25	-	-	-	-	-	-
	0.25 to < 0.50	16,590	5,793	59.35	20,026	0.26	251,215
	0.50 to < 0.75	11,636	2,916	57.46	13,312	0.65	163,041
	0.75 to < 2.50	9,346	1,674	54.81	10,264	1.57	120,159
	2.50 to < 10.00	2,490	323	52.89	2,661	5.33	32,034
	10.00 to < 100.00	452	44	40.64	470	27.42	9,953
	100.00 (default)	213	33	0.68	213	100.00	1,716
	Sub-total	62,967	20,792	56.25	74,661	1.08	977,375
Other retail client exposures (non-QRRCE), excluding SMEs	0.00 to < 0.15	2,623	18,612	67.05	15,103	0.06	1,780,368
	0.15 to < 0.25	575	13,361	64.49	9,192	0.19	330,043
	0.25 to < 0.50	1,709	4,062	64.65	4,335	0.39	596,587
	0.50 to < 0.75	451	437	58.73	708	0.68	65,792
	0.75 to < 2.50	4,102	5,628	53.82	7,131	1.84	3,268,068
	2.50 to < 10.00	1,154	710	31.20	1,376	4.90	255,968
	10.00 to < 100.00	1,145	562	12.16	1,213	19.95	333,016
	100.00 (default)	119	18	-	119	100.00	31,467
	Sub-total	11,878	43,390	62.91	39,177	1.55	6,661,309
Other retail client exposures (QRRCE), excluding SMEs	0.00 to < 0.15	844	443	69.45	1,152	0.08	57,649
	0.15 to < 0.25	1	4	64.21	3	0.19	-
	0.25 to < 0.50	1,255	160	68.26	1,364	0.28	97,103
	0.50 to < 0.75	1,649	69	58.48	1,689	0.61	121,735
	0.75 to < 2.50	2,405	26	57.47	2,420	1.60	148,112
	2.50 to < 10.00	4,108	16	54.59	4,117	3.22	238,553
	10.00 to < 100.00	403	4	62.43	406	24.44	39,182
	100.00 (default)	120	1	0.03	120	100.00	115,746
	Sub-total	10,785	723	67.23	11,271	3.60	818,080
Total (all portfolios)		**$ 114,821**	**$ 64,987**	**60.81 %**	**$ 154,341**	**1.52 %**	**8,656,454**

Template CR6 – IRB – Credit risk exposures by portfolio and probability of default (PD) scale (continued)
As at December 31, 2018

(in millions of dollars and as a percentage)	PD scale (%)	g Average LGD	h Average maturity[1]	i RWA[2]	j RWA proportion	k Expected loss[3]	l Provisions[4]
Exposures related to residential mortgage loans Insured exposures	0.00 to < 0.15	11.45 %	-	$ 204	2.43 %	$ 1	N/A
	0.15 to < 0.25	-	-	-	-	-	N/A
	0.25 to < 0.50	12.53	-	470	6.47	2	N/A
	0.50 to < 0.75	13.07	-	803	12.98	5	N/A
	0.75 to < 2.50	13.64	-	1,294	24.07	12	N/A
	2.50 to < 10.00	13.62	-	717	47.96	11	N/A
	10.00 to < 100.00	12.70	-	242	78.47	11	N/A
	100.00 (default)	11.74	-	321	155.91	-	N/A
	Sub-total	12.59	-	4,051	13.86	42	$ 23
Exposures related to residential mortgage loans Uninsured exposures	0.00 to < 0.15	12.17	-	714	2.58	3	N/A
	0.15 to < 0.25	-	-	-	-	-	N/A
	0.25 to < 0.50	12.71	-	1,315	6.57	6	N/A
	0.50 to < 0.75	12.99	-	1,715	12.88	11	N/A
	0.75 to < 2.50	13.39	-	2,436	23.72	22	N/A
	2.50 to < 10.00	13.44	-	1,252	47.04	19	N/A
	10.00 to < 100.00	12.54	-	365	77.58	16	N/A
	100.00 (default)	11.77	-	333	156.26	-	N/A
	Sub-total	12.68	-	8,130	10.89	77	46
Other retail client exposures (non-QRRCE), excluding SMEs	0.00 to < 0.15	84.90	-	500	3.31	7	N/A
	0.15 to < 0.25	80.07	-	798	8.68	14	N/A
	0.25 to < 0.50	85.76	-	717	16.53	15	N/A
	0.50 to < 0.75	80.99	-	173	24.40	4	N/A
	0.75 to < 2.50	83.28	-	3,677	51.55	108	N/A
	2.50 to < 10.00	80.01	-	1,392	101.15	54	N/A
	10.00 to < 100.00	66.73	-	2,255	185.87	162	N/A
	100.00 (default)	79.96	-	1,258	1,057.33	-	N/A
	Sub-total	82.74	-	10,770	27.49	364	61
Other retail client exposures (QRRCE), excluding SMEs	0.00 to < 0.15	35.56	-	83	7.18	-	N/A
	0.15 to < 0.25	85.23	-	1	35.33	-	N/A
	0.25 to < 0.50	29.52	-	214	15.70	1	N/A
	0.50 to < 0.75	31.47	-	441	26.11	3	N/A
	0.75 to < 2.50	36.62	-	1,099	45.42	14	N/A
	2.50 to < 10.00	38.07	-	2,315	56.23	50	N/A
	10.00 to < 100.00	34.93	-	360	88.77	35	N/A
	100.00 (default)	32.09	-	512	426.65	-	N/A
	Sub-total	35.32	-	5,025	44.59	103	29
Total (all portfolios)		**32.10 %**	**-**	**$ 27,976**	**18.13 %**	**$ 586**	**$ 159**

(1) This parameter should only be filled out when it is used for the calculation of RWA.
(2) Includes the 6% scaling factor applied on RWA using the Internal Ratings-Based for credit exposures.
(3) The expected loss is assessed in accordance with the requirements of section 5.7.1 of the AMF guideline.
(4) Provisions are measured in accordance with the requirements of section 5.7.2 of the AMF guideline.

Template CR8 – Risk-weighted assets (RWA) flow statements of credit risk exposures under IRB
As at December 31, 2018

		a
		RWA amounts
1	**RWA as at end of previous reporting period**	**$ 26,786**
2	Asset size[1]	280
3	Asset quality[2]	(101)
4	Model updates[3]	939
5	Methodology and policy[4]	72
6	Acquisitions and disposals[5]	-
7	Foreign exchange movements[6]	-
8	Other	-
9	**RWA as at end of reporting period**	**$ 27,976**

(1) Increase or decrease in underlying exposures.
(2) Change in risk mitigation factors and portfolio quality.
(3) Change in models and risk parameters.
(4) Regulatory changes and developments regulatory capital calculation method.
(5) Change in portfolio size resulting from acquisitions and disposals of entities.
(6) Market fluctuations, such as foreign exchange movements.

Template CR9 – IRB – Backtesting of probability of default (PD) per portfolio
As at December 31, 2018

a	b	c	d	e	f		g	h	i
					Number of debtors				
(as a percentage)	PD scale	External rating equivalent	Weighted average PD	Arithmetic average PD by debtors	End of previous year	End of the year	Defaulted debtors in the year	Of which: new defaulted debtors in the year	Average historical annual default rate
Exposures related to residential mortgage loans – Insured exposures	0.00 to < 0.15	1	0.08%	0.08%	66,489	67,416	84	3	0.10%
	0.15 to < 0.25	2	-	-	-	-	-	-	-
	0.25 to < 0.50	3	0.26	0.26	47,227	47,115	219	12	0.34
	0.50 to < 0.75	4	0.65	0.65	38,526	37,919	351	21	0.72
	0.75 to < 2.50	5	1.56	1.56	32,946	32,606	570	36	1.44
	2.50 to < 10.00	6	5.41	5.52	9,364	9,365	467	23	4.17
	10.00 to < 100.00	7	27.39	55.54	4,089	3,750	2,173	70	20.16
Exposures related to residential mortgage loans – Uninsured exposures	0.00 to < 0.15	1	0.08	0.08	371,676	399,257	206	7	0.04
	0.15 to < 0.25	2	-	-	-	-	-	-	-
	0.25 to < 0.50	3	0.26	0.26	237,310	251,215	451	31	0.13
	0.50 to < 0.75	4	0.65	0.65	154,071	163,041	710	48	0.30
	0.75 to < 2.50	5	1.57	1.56	114,158	120,159	1,117	85	0.76
	2.50 to < 10.00	6	5.33	5.42	29,694	32,034	1,021	81	2.71
	10.00 to < 100.00	7	27.42	55.42	10,046	9,953	5,214	303	15.63
Qualifying revolving retail client exposures (QRRCE)	0.00 to < 0.15	1	0.06	0.06	1,706,611	1,780,368	825	22	0.04
	0.15 to < 0.25	2	0.19	0.19	322,660	330,043	577	15	0.15
	0.25 to < 0.50	3	0.39	0.40	594,696	596,587	2,266	88	0.33
	0.50 to < 0.75	4	0.68	0.68	68,798	65,792	436	27	0.54
	0.75 to < 2.50	5	1.84	1.91	3,263,860	3,268,068	29,615	5,093	0.79
	2.50 to < 10.00	6	4.90	5.04	249,087	255,968	12,289	1,435	4.46
	10.00 to < 100.00	7	19.95	29.38	333,534	333,016	89,941	1,743	16.95
Other retail client exposures, excluding SMEs similar to the other retail client exposures	0.00 to < 0.15	1	0.08	0.08	56,311	57,649	41	4	0.06
	0.15 to < 0.25	2	0.19	-	-	-	-	-	-
	0.25 to < 0.50	3	0.28	0.28	93,139	97,103	156	22	0.13
	0.50 to < 0.75	4	0.61	0.64	114,964	121,735	385	47	0.29
	0.75 to < 2.50	5	1.60	1.56	132,619	148,112	1,181	238	0.69
	2.50 to < 10.00	6	3.22	3.29	209,626	238,553	5,414	1,406	1.91
	10.00 to < 100.00	7	24.44	39.34	34,048	39,182	13,930	1,761	18.05
Total					**8,295,549**	**8,506,006**	**169,639**	**12,621**	

COUNTERPARTY CREDIT RISK

Table CCRA – Qualitative disclosure related to counterparty credit risk (CCR)

Information disclosed in separate reports[1]

Reference	Wording	Location		
		Document(s)	Section(s)	Page(s)
CCRA.a)	The method used to assign the operating limits defined in terms of internal capital for counterparty credit exposures and for central counterparties (CCPs) exposures.	2018 Annual Report	Credit risk management	77-84
			Counterparty and issuer risk	88
CCRA.a)	Policies relating to guarantees and other risk mitigants and assessments concerning counterparty risk, including exposures towards CCPs.	2018 Annual Report	Counterparty and issuer risk	88
			Note 5 – Offsetting financial assets and liabilities	170-171
			Note 19 – Derivative financial instruments and hedging activities	201-209
CCRA.a)	Policies with respect to wrong-way risk exposures.	2018 Annual Report	Counterparty and issuer risk	88
CCRA.a)	The impact in terms of the amount of collateral that Desjardins Group would be required to provide given a credit rating downgrade.	2018 Annual Report	Credit ratings of securities issued	99

[1] See the "Use of this document" section on page 2.

Template CCR1 – Analysis of counterparty credit risk (CCR) by approach[1]

As at December 31, 2018

		a	b	c	d	e	f
	(in millions of dollars)	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA – CCR (for derivatives)[2]	$ 2,514	$ 2,931	N/A	1.4	$ 3,285	$ 893
2	Internal Model Method (for derivatives and securities financing transactions – SFTs)	N/A	N/A	$ -	-	-	-
3	Simple Approach for CRM (for SFTs)	N/A	N/A	N/A	N/A	-	-
4	Comprehensive Approach for CRM (for SFTs)	N/A	N/A	N/A	N/A	723	203
5	VaR for SFTs	N/A	N/A	N/A	N/A	N/A	-
6	**Total**	**$ 2,514**	**$ 2,931**	**$ -**	**N/A**	**$ 4,008**	**$ 1,096**

[1] Excluding exposures and RWA for the credit valuation adjustment (presented in Template CCR2) and central counterparties (presented in Template CCR8).
[2] The Standardized Approach for counterparty credit risk will be effective as of the first quarter of 2019. Counterparty credit risk is measured using the current exposure method.

Template CCR2 – Credit valuation adjustment (CVA) capital charge

As at December 31, 2018

		a	b
	(in millions of dollars)	EAD post-CRM	RWA[2]
	Total portfolios subject to the Advanced CVA capital charge	**$ -**	**$ -**
1	(i) VaR component (including the 3 x multiplier)	N/A	-
2	(ii) Stressed VaR component (including the 3 x multiplier)	N/A	-
3	**All portfolios subject to the Standardized CVA capital charge[1]**	**3,282**	**1,162**
4	**Total subject to the CVA capital charge**	**$ 3,282**	**$ 1,162**

[1] The scaling factors used to account for the requirements for the CVA capital charge have been phased in to calculate the Tier 1A, Tier 1 and total capital ratios since January 1, 2014. These factors were 80%, 83% and 86%, respectively, in 2018. They will reach 100% for each capital tier by 2019.
[2] The RWA presented corresponds to RWA for Tier 1A capital using the 80% scaling factor.

Template CCR3 – Standardized Approach – Counterparty credit risk (CCR) exposures by regulatory portfolio and risk weights[1][2]

As at December 31, 2018

	(in millions of dollars)	a	b	c	d	e	f	g	h	i	j
	Risk weight / Regulatory portfolio	0%	10%	20%	35%	50%	75%	100%	150%	Other	Total credit exposure
1	Sovereigns and their central banks	$ 371	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 371**
2	Non-central government public sector entities	-	-	18	-	-	-	-	-	-	**18**
3	Multilateral development banks	-	-	-	-	-	-	-	-	-	**-**
4	Banks and deposit-taking institutions	-	-	3,134	-	-	-	3	-	-	**3,137**
5	Investment companies	-	-	-	-	-	-	-	-	-	**-**
6	Businesses	-	-	14	-	12	-	423	-	-	**449**
7	Regulatory retail portfolios	-	-	-	-	-	29	-	-	-	**29**
8	Secured by residential property	-	-	-	-	-	-	-	-	-	**-**
9	Secured by commercial real estate	-	-	-	-	-	-	-	-	-	**-**
10	Equity	-	-	-	-	-	-	-	-	-	**-**
11	Past-due loans	-	-	-	-	-	-	-	-	-	**-**
12	Higher-risk categories	-	-	-	-	-	-	-	3	-	**3**
13	Other assets	-	-	-	-	-	-	-	-	-	**-**
14	**Total**	**$ 371**	**$ -**	**$ 3,166**	**$ -**	**$ 12**	**$ 29**	**$ 426**	**$ 3**	**$ -**	**$ 4,007**

[1] The Standardized Approach for counterparty credit risk will be effective as of the first quarter of 2019. Counterparty credit risk is measured using the current exposure method.

[2] Exposures are presented on a net basis, post-credit risk mitigation.

Template CCR5 – Composition of collateral for counterparty credit risk (CCR) exposure

As at December 31, 2018

		a	b	c	d	e	f
		Collateral used in derivative transactions				Collateral used in SFTs	
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	(in millions of dollars)	Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash – domestic currency	$ -	$ 681	$ -	$ -	$ 16,649	$ 11,772
2	Cash – other currencies	-	1,498	-	50	-	-
3	Domestic sovereign debt	255	-	156	-	-	-
4	Other sovereign debt	-	-	-	-	11,559	16,610
5	Government agency debt	-	-	5	-	249	55
6	Corporate bonds	1	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-
	Total	**$ 256**	**$ 2,179**	**$ 161**	**$ 50**	**$ 28,457**	**$ 28,437**

Template CCR6 – Credit derivatives exposures
As at December 31, 2018

		a	b
	(in millions of dollars)	Protection bought	Protection sold
	Notional amounts		
1	Single-name credit default swaps	$ -	$ -
2	Index credit default swaps	-	-
3	Total return swaps	125	152
4	Credit options	-	-
5	Other credit derivatives	-	-
6	Total notional amounts	125	152
	Fair values		
7	Positive fair value (asset)	$ -	$ 7
8	Negative fair value (liability)	1	-

Template CCR8 – Exposures to central counterparties (CCP)
As at December 31, 2018

		a	b
	(in millions of dollars)	EAD post-CRM	RWA
1	**Exposures to QCCPs (total)**	**$ 263**	**$ 13**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	241	4
3	i) OTC derivatives	8	-
4	ii) Exchange-traded derivatives	63	1
5	iii) Securities financing transactions	170	3
6	iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	22	9
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**	**$ -**	**$ -**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	i) OTC derivatives	-	-
14	ii) Exchange-traded derivatives	-	-
15	iii) Securities financing transactions	-	-
16	iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

SECURITIZATION

Table SECA – Qualitative disclosure requirements related to securitization exposures

Information disclosed in separate reports[1]

Reference	Wording	Location		
		Document(s)	Section(s)	Page(s)
SECA.a)	Desjardins Group's objectives in relation to securitization and re-securitization activity, including the extent to which these activities transfer credit risk of the underlying securitized exposures away from Desjardins Group to other entities as well as the types of risks borne or retained.	2018 Annual Report	Structured entities	67
			Note 8, "Derecognition of financial assets"	181
			Note 13, "Interests in other entities"	186-189
			Note 28, "Commitments, guarantees and liabilities"	218-219
SECA.b)	Desjardins Group must provide a list of: • special purpose entities (SPEs) where Desjardins Group acts as sponsor (but not as an originator such as an ABCP conduit), indicating whether Desjardins Group consolidates the SPEs into its scope or regulatory consolidation; • affiliated entities (i) that Desjardins Group manages or advises and (ii) that invest either in the securitization exposures that Desjardins Group has securitized or in SPEs that Desjardins Group sponsors; • entities to which Desjardins Group provides implicit support and the associated capital impact for each of them (as required in paragraphs 551 and 546 of the securitization framework).	2018 Annual Report	Risk-weighted assets	63-64
			Structured entities	67
			Additional information related to certain risk exposures	108
			Note 6, "Securities"	172-173
			Note 8, "Derecognition of financial assets"	181
			Note 13, "Interests in other entities"	186-189
			Note 28, "Commitments, guarantees and liabilities"	218-219
SECA.c)	Summary of Desjardins Group's accounting policies for securitization activities.	2018 Annual Report	Counterparty and issuer risk	88
			Liquidity risk	94-103
			Financing programs and strategies	97-99
SECA.d)	If applicable, the names of external credit assessment institutions (ECAIs) used for securitizations and the type of securitization exposure for which each agency is used.	2018 Annual Report	Counterparty and issuer risk	88

[1] See the "Use of this document" section on page 2.

Template SEC1 – Securitization exposures in the banking book

As at December 31, 2018

		a	b	c	e	f	g	i	j	k
		Financial entity acts as originator			Financial entity acts as sponsor			Financial entity acts as investor		
	(in millions of dollars)	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	**Retail (total), of which**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
2	residential mortgage	-	-	-	-	-	-	-	-	-
3	credit card	-	-	-	-	-	-	-	-	-
4	other retail exposures	-	-	-	-	-	-	-	-	-
5	re-securitization	-	-	-	-	-	-	-	-	-
6	**Wholesale (total), of which**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 5**	**$ -**	**$ 5**
7	business loans	-	-	-	-	-	-	-	-	-
8	commercial mortgage	-	-	-	-	-	-	-	-	-
9	lease and receivables	-	-	-	-	-	-	-	-	-
10	other wholesale exposures	-	-	-	-	-	-	-	-	-
11	re-securitization	-	-	-	-	-	-	5	-	5

Template SEC4 – Securitization exposures in the banking book and associated capital requirements (Financial entity acting as investor)
As at December 31, 2018

		a	b	c	d	e	f	g	h	i
		Exposure values (by risk weighting bands)					Exposure values (by regulatory approach)			
	(in millions of dollars)	≤ 20%	> 20% to 50%	> 50% to 100%	>100% < 1,250%	= 1,250%	IRB RBA (including IAA)	IRB SFA	SA/SFA	1,250%
1	**Total exposures**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 5**	**$ -**	**$ -**	**$ -**	**$ 5**
2	Traditional securitization	-	-	-	-	5	-	-	-	5
3	Of which securitization	-	-	-	-	-	-	-	-	-
4	Of which retail underlying	-	-	-	-	-	-	-	-	-
5	Of which wholesale	-	-	-	-	-	-	-	-	-
6	Of which re-securitization	-	-	-	-	5	-	-	-	5
7	Of which senior	-	-	-	-	-	-	-	-	-
8	Of which non-senior	-	-	-	-	5	-	-	-	5
9	Synthetic securitization	-	-	-	-	-	-	-	-	-
10	Of which securitization	-	-	-	-	-	-	-	-	-
11	Of which retail underlying	-	-	-	-	-	-	-	-	-
12	Of which wholesale	-	-	-	-	-	-	-	-	-
13	Of which re-securitization	-	-	-	-	-	-	-	-	-
14	Of which senior	-	-	-	-	-	-	-	-	-
15	Of which non-senior	-	-	-	-	-	-	-	-	-

		j	k	l	m	n	o	p	q
		RWA (by regulatory approach)				Capital charge after cap			
	(in millions of dollars)	IRB RBA (including IAA)	IRB SFA	SA/SFA	1,250%	IRB RBA (including IAA)	IRB SFA	SA/SFA	1,250%
1	**Total exposures**	**$ -**	**$ -**	**$ -**	**$ 63**	**$ -**	**$ -**	**$ -**	**$ 5**
2	Traditional securitization	-	-	-	63	-	-	-	5
3	Of which securitization	-	-	-	-	-	-	-	-
4	Of which retail underlying	-	-	-	-	-	-	-	-
5	Of which wholesale	-	-	-	-	-	-	-	-
6	Of which re-securitization	-	-	-	63	-	-	-	5
7	Of which senior	-	-	-	-	-	-	-	-
8	Of which non-senior	-	-	-	63	-	-	-	5
9	Synthetic securitizations	-	-	-	-	-	-	-	-
10	Of which securitization	-	-	-	-	-	-	-	-
11	Of which retail underlying	-	-	-	-	-	-	-	-
12	Of which wholesale	-	-	-	-	-	-	-	-
13	Of which re-securitization	-	-	-	-	-	-	-	-
14	Of which senior	-	-	-	-	-	-	-	-
15	Of which non-senior	-	-	-	-	-	-	-	-

OTHER INFORMATION

Pillar 3 disclosure requirements

	Templates and tables	Frequency	Most recent	
			Report	Page
	Composition of regulatory capital	Semi-annually	Current report	4
	Reconciliation of regulatory capital to balance sheet	Semi-annually	Current report	6
	Main features of regulatory capital instruments	Semi-annually	Current report	8
	Overview of risk management and risk-weighted assets			
OVA	"Entity"'s risk management approach	Annually	Current report	10
OV1	Overview of risk-weighted assets (RWA)	Quarterly	Current report	11
	Linkages between financial statements and regulatory exposures			
LI1	Differences between accounting and regulatory scopes of consolidation and mapping of financial statements with regulatory risk categories	Annually	Current report	12
LI2	Main sources of differences between regulatory exposure amounts and carrying amounts in financial statements	Annually	Current report	13
LIA	Explanations of differences between accounting and regulatory exposure amounts	Annually	Current report	13
	Credit risk			
CRA	General information about credit risk	Annually	Current report	14
CR1	Credit quality of assets	Semi-annually	Current report	14
CR2	Changes in stock of defaulted loans and debt securities	Semi-annually	Current report	14
CRB	Additional disclosure related to the credit quality of assets	Annually	Current report	15
CRC	Qualitative disclosure requirements related to credit risk mitigation (CRM) techniques	Annually	Current report	17
CR3	Credit risk mitigation (CRM) techniques – overview	Semi-annually	Current report	17
CRD	Qualitative disclosures on the "entity"'s use of external credit ratings under the Standardized Approach for credit risk	Annually	Current report	17
CR4	Standardized Approach – credit risk exposure and Credit Risk Mitigation (CRM) effects	Semi-annually	Current report	18
CR5	Standardized Approach – exposures by asset classes and risk weights	Semi-annually	Current report	18
CRE	Qualitative disclosures related to IRB models	Annually	Current report	19
CR6	IRB – Credit risk exposures by portfolio and probability of default (PD) scale	Semi-annually	Current report	20
CR7	IRB – Effect on risk-weighted assets (RWA) of credit derivatives used as credit risk mitigation (CRM) techniques	Semi-annually	Desjardins Group does not use the effect of credit derivatives in the IRB method.	
CR8	Risk-weighted assets (RWA) flow statements of credit risk exposures under IRB	Quarterly	Current report	22
CR9	IRB – Backtesting of probability of default (PD) per portfolio	Annually	Current report	22
CR10	IRB – Specialized lending and equities under the simple risk weight method	Semi-annually	Desjardins Group does not use the IRB Approach for specialized lending and equities.	
	Counterparty credit risk			
CCRA	Qualitative disclosure related to counterparty credit risk (CCR)	Annually	Current report	23
CCR1	Analysis of counterparty credit risk (CCR) exposure by approach	Semi-annually	Current report	23
CCR2	Credit valuation adjustment (CVA) capital charge	Semi-annually	Current report	23
CCR3	Standardized Approach – Counterparty credit risk (CCR) exposures by regulatory portfolio and risk weights	Semi-annually	Current report	24
CCR4	IRB – Counterparty credit risk (CCR) exposures by regulatory portfolio and probability of default (PD) scale	Semi-annually	Desjardins Group does not use the IRB Approach for counterparty credit risk	
CCR5	Composition of collateral for counterparty credit risk (CCR) exposure	Semi-annually	Current report	24
CCR6	Credit derivatives exposures	Semi-annually	Current report	25
CCR7	Risk-weighted assets (RWA) flow statements of counterparty credit risk (CCR) exposures under the Internal Model Method (IMM)	Quarterly	Desjardins Group does not use the IRB Approach for counterparty credit risk	
CCR8	Exposures to central counterparties (CCP)	Semi-annually	Current report	25
	Securitization			
SECA	Qualitative disclosure requirements related to securitization exposures	Annually	Current report	26
SEC1	Securitization exposures in the banking book	Semi-annually	Current report	26
SEC2	Securitization exposures in the trading book	Semi-annually	Desjardins Group's securitization exposure is not material	
SEC3	Securitization exposures in the banking book and associated regulatory capital requirements – financial entity acting as originator or as sponsor	Semi-annually	Desjardins Group does not act as originator or sponsor	
SEC4	Securitization exposures in the banking book and associated regulatory capital requirements – financial entity acting as investor	Semi-annually	Current report	27

Pillar 3 disclosure requirements (continued)

	Templates and tables	Frequency	Most recent	
			Report	Page
	Market risk			
MRA	Qualitative disclosure requirements related to market risk[1]	Annually		
MRB	Qualitative disclosures for financial entities using the Internal Models Approach (IMA)[1]	Annually		
MR1	Market risk under the Standardized Approach[1]	Semi-annually		
MR2	Risk-weighted assets (RWA) flow statements of market risk exposures under the Internal Models Approach (IMA)[1]	Quarterly		
MR3	Internal Models Approach (IMA) values for trading portfolios[1]	Semi-annually		
MR4	Comparison of VaR estimates with gains/losses[1]	Semi-annually		

[1] Desjardins Group has deferred the disclosure of market risk-specific information to the second phase of the implementation of Pillar 3 disclosure requirements.

ABBREVIATIONS

Abbreviation	Definition
AMF	Autorité des marchés financiers
ARFSC	*Act respecting financial services cooperatives*
BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
CCF	Credit conversion factor
CCP	Central counterparty
CCR	Counterparty credit risk
CRM	Credit risk mitigation
CVA	Credit valuation adjustment
D-SIFI	Domestic systemically important financial institution
EAD	Exposure at default
ECAI	External credit assessment institution
HVCRE	High-volatility commercial real estate
IFRS	International Financial Reporting Standards
IMM	Internal Models Method
IRB Approach	Internal Ratings-Based Approach
IRC	Incremental Risk Charge
LGD	Loss given default
OSFI	Office of the Superintendent of Financial Institutions
PD	Probability of default
QCCP	Qualifying central counterparty
QRRCE	Qualifying revolving retail client exposures
RBA	Ratings-based approach
RWA	Risk-weighted assets
sVaR	Stressed Value at Risk
VaR	Value at Risk

GLOSSARY

Allowance for credit losses

The loss allowance for expected credit losses reflects an unbiased amount, based on a probability-weighted present value of cash flow shortfalls, and takes into account reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

Autorité des marchés financiers (AMF)

Organization whose mission is to enforce the laws governing the financial industry, particularly in the areas of insurance, securities, deposit-taking institutions and financial product and service distribution.

Capital ratios

Regulatory Tier 1A capital, Tier 1 capital or total regulatory capital divided by risk-weighted assets. These measures are governed by the guidelines issued by the AMF, which are based on the standards developed by the Basel Committee on Banking Supervision.

Counterparty and issuer risk

Credit risk related to different types of securities, derivative financial instruments and securities lending transactions.

Credit risk

Risk of losses resulting from a borrower's, guarantor's, issuer's or counterparty's failure to honour its contractual obligations, whether or not such obligations appear on the Combined Balance Sheets.

Credit-impaired loan

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated cash flows of that financial asset have occurred or when contractual payments are 90 days past due.

Exposure at default

Estimate of the amount of a given exposure at time of default. For balance sheet exposures, it corresponds to the balance as at observation time. For off-balance sheet exposures, it includes an estimate of additional draws that may be made between observation time and default.

Incremental risk charge (IRC)

Additional capital charge related to default and migration risks of positions with issuer risk in trading portfolios.

Internal Models Method

Approach used to calculate, with internal models, risk-weighted assets for the four areas of market risk: interest rate risk, equity price risk, foreign exchange risk and commodity risk. The calculation is based on different risk measures, such as Value at Risk, stressed Value at Risk and the incremental risk charge (IRC).

Internal Ratings-Based Approach

Approach under which risk weighing is based on the type of counterparty (individuals, small or medium-sized business, large corporation, etc.) and risk-weighting factors determined using internal parameters: the borrower's probability of default, loss given default, effective maturity and exposure at default.

Leverage ratio

Ratio calculated as the capital measure (namely Tier 1 capital) divided by the exposure measure. The exposure measure includes: 1) on-balance sheet exposures; 2) securities financing transaction exposures; 3) derivative exposures; and 4) off-balance sheet items.

Liquidity risk

Risk related to Desjardins Group's capacity to raise the necessary funds (by increasing liabilities or converting assets) to meet a financial obligation, whether or not it appears on the Combined Balance Sheets.

Loss given default

Economic loss that may be incurred should the borrower default, expressed as a percentage of exposure at default.

Market risk

Risk of changes in the fair value of financial instruments resulting from fluctuations in the parameters affecting this value, in particular, interest rates, exchange rates, credit spreads and their volatility.

Off-balance sheet exposure

Includes guarantees, commitments, derivatives and other contractual agreements whose total notional amount may not be recognized on the balance sheet.

Office of the Superintendent of Financial Institutions (OSFI)

Organization whose mission is to enforce all laws governing the financial industry in Canada, particularly as concerns banks, insurance companies, trust companies, loan companies, cooperative credit associations, fraternal companies and private pension plans subject to federal oversight.

Operational risk

Risk of inadequacy or failure attributable to processes, people, internal systems or external events and resulting in losses, failure to achieve objectives or a negative impact on reputation.

Permanent share or capital share

Equity security offered to Desjardins caisse members.

Probability of default

Probability that a borrower defaults on his obligations over a period of one year.

Regulatory capital

In accordance with the definition set out in the guideline on adequacy of capital base standards applicable to financial services cooperatives issued by the AMF, the regulatory capital under Basel III comprises Tier 1A capital, Tier 1 capital and Tier 2 capital. The composition of these various tiers is presented in the “Capital management” section of the Management's Discussion and Analysis.

Risk-weighted assets

Assets adjusted based on a risk-weighting factor prescribed by regulations to reflect the level of risk associated with items presented in the combined balance sheets. Some assets are not weighted, but rather deducted from capital. The calculation method is defined in the AMF guidelines. For more details, see the “Capital management” section of the Management’s Discussion and Analysis.

Scaling factor

Adjustment representing 6.0% of risk assets measured using the Internal Ratings-Based Approach, applied to credit exposures in compliance with section 1.3 of the AMF guideline on adequacy of capital base standards applicable to financial services cooperatives.

Securitization

Process by which financial assets, such as mortgage loans, are converted into asset-backed securities and transferred to a trust.

Standardized Approach

- Credit risk

  Default approach used to calculate risk-weighted assets. Under this method, the entity uses valuations performed by external credit assessment institutions recognized by the AMF to determine the risk-weighting factors related to the various exposure categories.
- Market risk

  Default approach used to calculate risk-weighted assets for the four areas of market risk: interest rate risk, equity price risk, foreign exchange risk and commodity risk. The calculation is based on predefined rules such as those on the size and nature of the financial instruments held.
- Operational risk

  Risk measurement approach used to assess the capital charge for operational risk. For this measurement, activities are divided into predefined business lines for a financial institution. The capital charge is calculated by multiplying each business line’s gross income by a specific factor. The total capital charge represents the three-year average of the summation of the capital charges across each of the business lines in each year.

Unused exposure

Amount of credit authorizations offered in the form of margins or loans that is not yet used.

Used exposure

Amount of funds invested in or advanced to a member or client.

Value at Risk

Estimate of the potential loss over a certain period of time at a given confidence level, calculated using historical data for a one-year interval.