Results for fiscal 2021

AN ACTIVE AND INVOLVED GROUP. Desjardins continues to support young people and enhances its commitment to nearly $80 million.

Desjardins continues to support members and clients and posts remarkable performance for fiscal 2021

Lévis, February 23, 2022 – At the end of the fiscal year at December 31, 2021, Desjardins Group, North America's leading financial cooperative group, recorded surplus earnings before member dividends of $2,942 million, up $523 million or 21.6%, compared to fiscal 2020. The growth in surplus earnings was mainly due to a lower loss experience in the Property and Casualty Insurance segment, a decrease in the provision for credit losses, and growth in both net interest income and other operating income[1]. The increase was offset by a higher non-interest expense mainly due to larger amounts invested in Desjardins-wide strategic projects.

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[1] For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 13 to 18.

For fiscal 2021, the provision for member dividends was $387 million, up $57 million or 17.3% from fiscal 2020. Sponsorships, donations and scholarships come to $110 million, including $41 million from caisse Community Development Funds, while $17 million was paid out through the Desjardins Member Advantages program. This amounted to a total of $514 million returned to members and the community[(1)], up $69 million or 15.5% from fiscal 2020. In 2021, Desjardins also announced $24 million in commitments related to the GoodSpark Fund which seeks in particular to provide social and economic support to the region.

For the fourth quarter ended December 31, 2021, surplus earnings before member dividends were $393 million, down $483 million or 55.1% from the same period in 2020. This decrease was primarily due to an increase in non-interest expense mainly because of larger amounts invested in Desjardins-wide strategic projects as well as changes in actuarial assumptions related to life and health insurance operations. This decrease was partly offset by a decline in the provision for credit losses compared to the same quarter of 2020.

"For fiscal 2021, I'm especially proud of how hard our teams worked together across Desjardins Group, the caisse network's strong performance and our ongoing efforts to ensure a green and inclusive socio-economic recovery. I'm also proud of how our employees continued to support our members and clients, whether individuals or businesses. Thanks to all of these efforts, Desjardins Group generated nearly $3 billion in surpluses before member dividends, gave back more than $500 million to the community and achieved nearly $400 billion in net growth in total assets," said Desjardins President and CEO Guy Cormier.

COVID-19: Desjardins Group supports its members and clients and takes part in the vaccination effort

Desjardins rolled out many relief measures to support members and clients during the COVID-19 pandemic.

Several of the relief measures implemented since March 16, 2020 are still in place and have been further developed to offer solutions for members and clients in financial difficulty at any time, regardless of their circumstances. Desjardins seeks to support members and clients experiencing financial hardship by offering them the solutions that best meet their needs at the times they need them most.

Desjardins is also proud to actively took part in the vaccination effort, with more than 10,000 doses administered at the Cité de la coopération in Lévis.

Support for economic and social recovery

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

Since the creation the GoodSpark Fund, Desjardins has committed a total of $147 million to 652 projects. Meanwhile, the Momentum Fund has supported 1,158 businesses for a total of $7 million.

The pandemic continues to have a significant impact on young people. According to a Desjardins-Academos survey, most are anxious about choosing a career, a concern that directly impacts their motivation at school. As a result, in February 2022, Desjardins announced its commitment to do even more for youth.

In order to respond to critical needs that have only been amplified by the pandemic, Desjardins committed by nearly $80 million in 2021 to support youth programs through more than 3,000 initiatives, including *Alloprof, EVOL, Altergo, la Fondation Autiste & majeur, Fitspirit* and *Lab 22.*

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(1) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 13 to 18.

Giving back to the community

During this pandemic, Desjardins has been more involved than ever in people's lives and continues to support initiatives on diversity, inclusion and cooperation. Here are some of the ways that Desjardins has been making a positive difference in people's lives since the third quarter :

- Signed, along with 27 other international financial institutions, the United Nation's Commitment to Financial Health and Inclusion to accelerate action on universal health and financial inclusion as a way to reduce social inequalities.
- Teamed up with Naomi Leanage, an Ontarian who creates content on TikTok, as part of our second annual #FinTalks campaign to help young people become financially literate.
- Provided support through the Goodspark Fund for Shelter Movers and *Vide ta sacoche*, two organizations making a difference for women in need.
- Ranking in Glassdoor's Top 10 (in French Only) best employers in Canada to be reconized at MediaCorp's top employers for young people in Canada.

Innovating

Desjardins is constantly innovating to meet the needs of its members and clients. Here are a few examples since the third quarter of 2021:

- Launch of the DGAM Global Private Infrastructure Fund for Canadian institutional investors looking to invest long term in infrastructure assets worldwide.
- Record number of 18 FundGrade A+® trophies in 2021 for Desjardins. Desjardins Group stood out, winning eight awards for its responsible investment products, namely three SocieTerra mutual funds, two low-carbon exchange traded funds (ETFs) and three guaranteed investment funds SocieTerra.
- Launch of the Desjardins SocieTerra American Equity (ETF), one of Desjardins's responsible investment ETF fund.

Financial highlights

Comparison of fiscal 2021 with fiscal 2020:

- Surplus earnings before member dividends of $2,942 million, up $523 million or 21.6%.
- Operating income[(1)] of $20,405 million, up $2,006 million or 10.9%.
  - Net premiums of $11,278 million, up $1,358 million or 13.7%, due, in particular, to business growth and the impact of $155 million in auto insurance premium refunds granted in 2020 to members and clients as a relief measure to support them during the COVID-19 pandemic.
  - Net interest income of $5,786 million, up $146 million or 2.6%.
  - Other operating income[(1)] of $3,341 million, up $502 million or 17.7%, due, in particular, to income from growth in assets under management and to an increase in business volumes from payment activities at Desjardins Card Services.
- Provision for credit losses of $69 million, down $794 million from fiscal 2020.
- Developments in prior year claims that were more favourable than in fiscal 2020, primarily in auto insurance.
- Overall unfavourable impact of revisions to actuarial assumptions for life and health insurance operations in the normal course of business.
- Non-interest expense of $9,566 million, up $1,269 million, primarily due to greater amounts invested in Desjardins-wide strategic projects, including those aimed at creating innovative technological platforms, protecting privacy, ensuring security and improving business processes.
- $514 million returned to members and the community[(1)] , compared to $445 million for fiscal 2020.

(1) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 13 to 18.

Other highlights:
- Tier 1A capital ratio[1] of 21.1%, compared to 21.9% as at December 31, 2020.
- Total capital ratio[1] of 22.1%, compared to 22.6% as at December 31, 2020.
- Total assets grew 9.7% since December 31, 2020, to $397.1 billion as at December 31, 2021.
- 17.8% growth in assets under management[1] in 2021, to $91.3 billion as at December 31, 2021.
- Issuance of US$750 million under its legislative covered bond program on October 14, 2021.
- In December 2021, following its methodology update, the rating agency S&P affirmed the ratings of the instruments issued by the Federation while maintaining its outlook as stable.
- In January 2022, Fitch's rating agency affirmed the ratings of the instruments issued by the Federation while maintaining its outlook as stable.
- Issuance of 750 million euros under its legislative covered bond program on February 8, 2022.

Comparison of the fourth quarter of 2021 with the fourth quarter of 2020:
- Surplus earnings before member dividends of $393 million, down $483 million or 55.1%.
- Operating income[2] of $5,503 million, up $673 million or 13.9%.
  - Net premiums of $3,201 million, up $575 million or 21.9%, due to business growth.
  - Net interest income of $1,455 million, unchanged from the fourth quarter of 2020.
  - Other operating income[2] of $847 million, up $98 million or 13.1%.
- Provision for credit losses of $16 million, down $153 million.
- Unfavourable impact of revisions to actuarial assumptions for life and health insurance operations.
- Lower loss experience in Property and Casualty Insurance due to more favourable developments in prior year claims than in fiscal 2020, primarily in auto insurance.
- Non-interest expense of $2,736 million, up $404 million, mainly due to larger amounts invested in Desjardins-wide strategic projects.
- $179 million returned to members and the community[1], up $48 million from the same period in 2020.

(1) In accordance with the guideline on *Capital Adequacy Guideline - Financial services cooperatives* issued by the AMF and taking into account the applicable relief measures introduced by the AMF in response to the COVID-19 pandemic.
(2) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 13 to 18.

FINANCIAL HIGHLIGHTS

(in millions of dollars and as a percentage)	As at and for the three-month periods ended December 31, 2021	September 30, 2021	December 31, 2020	For the years ended December 31, 2021	2020
Results					
Operating income[1]	**$ 5,503**	$ 5,250	$ 4,830	**$ 20,405**	$ 18,399
Provision for credit losses	**16**	52	169	**69**	863
Non-interest expense	**2,736**	2,288	2,332	**9,566**	8,297
Surplus earnings before member dividends[2]	**393**	816	876	**2,942**	2,419
Contribution to combined surplus earnings by business segment[3]					
Personal and Business Services	**$ 247**	$ 401	$ 364	**$ 1,459**	$ 1,314
Wealth Management and Life and Health Insurance	**(6)**	109	249	**463**	609
Property and Casualty Insurance	**330**	289	378	**1,197**	622
Other	**(178)**	17	(115)	**(177)**	(126)
	$ 393	$ 816	$ 876	**$ 2,942**	$ 2,419
Amount returned to members and the community[1]					
Member dividends	**$ 117**	$ 90	$ 93	**$ 387**	$ 330
Sponsorships, donations and scholarships[4]	**58**	20	28	**110**	72
Desjardins Member Advantages	**4**	4	10	**17**	43
	$ 179	$ 114	$ 131	**$ 514**	$ 445
Indicators					
Net interest margin[1]	**2.00 %**	2.07 %	2.17 %	**2.06 %**	2.38 %
Return on equity[1]	**4.3**	9.6	11.4	**8.9**	8.3
Productivity index[1]	**85.9**	66.8	65.1	**71.2**	67.8
Credit loss provisioning rate[1]	**0.03**	0.09	0.32	**0.03**	0.41
Gross credit-impaired loans/gross loans and acceptances ratio[1]	**0.47**	0.52	0.62	**0.47**	0.62
Liquidity coverage ratio[5]	**140**	150	157	**140**	157
Net stable funding ratio[5]	**129**	132	N/A	**129**	N/A
On-balance sheet and off-balance sheet					
Assets	**$ 397,085**	$ 390,641	$ 362,035	**$ 397,085**	$ 362,035
Net loans and acceptances	**230,779**	227,027	211,749	**230,779**	211,749
Deposits	**238,355**	239,677	225,236	**238,355**	225,236
Equity	**33,526**	33,603	30,263	**33,526**	30,263
Assets under administration[1]	**482,911**	480,578	458,177	**482,911**	458,177
Assets under management[1]	**91,258**	90,527	77,474	**91,258**	77,474
Capital ratio and leverage ratio[6]					
Tier 1A capital ratio	**21.1 %**	21.2 %	21.9 %	**21.1 %**	21.9 %
Tier 1 capital ratio	**21.1**	21.2	21.9	**21.1**	21.9
Total capital ratio	**22.1**	22.4	22.6	**22.1**	22.6
Leverage ratio	**8.5**	8.7	8.5	**8.5**	8.5
Risk-weighted assets	**$ 134,518**	$ 135,334	$ 120,101	**$ 134,518**	$ 120,101
Other information					
Number of employees	**53,783**	52,827	48,930	**53,783**	48,930

(1) For more information on non-GAAP financial measures, and ratios and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 13 to 18.

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

(3) The breakdown by line item is presented in Note 31, "Segmented information," to the Combined Financial Statements.

(4) Including $41 million from the caisse Community Development Funds ($35 million in fiscal 2020).

(5) In accordance with the *Liquidity Adequacy Guideline* issued by the AMF.

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

Assets of $397.1 billion, up $35.1 billion

As at December 31, 2021, Desjardins Group had total assets of $397.1 billion, up $35.1 billion or 9.7% since December 31, 2020.

Desjardins Group's cash and deposits with financial institutions increased by $4.2 billion or 34.7%, and securities, including those borrowed or purchased under reverse repurchase agreements, increase by $7.8 billion or 8.0%.

Desjardins Group's outstanding loan portfolio, including acceptances, net of the provision for credit losses, increased by $19.0 billion or 9.0%. This growth in 2021 was due to residential mortgages loans and business and government loans.

Very strong capital base

Desjardins Group maintains very strong capitalization levels in accordance with Basel III rules. As at December 31, 2021, its Tier 1A and total capital ratios stood at 21.1% and 22.1%, respectively, compared to 21.9% and 22.6%, respectively, as at December 31, 2020.

Analysis of business segment results

PERSONAL AND BUSINESS SERVICES SEGMENT

	For the three-month periods ended			For the years ended December 31	
(in millions of dollars)	**December 31, 2021**	September 30, 2021	December 31, 2020	**2021**	2020
Net interest income	**$ 1,250**	$ 1,280	$ 1,277	**$ 5,005**	$ 4,970
Other operating income[1]	**683**	680	625	**2,684**	2,366
Operating income[1]	**1,933**	1,960	1,902	**7,689**	7,336
Investment income[1]	**6**	61	76	**241**	276
Total income	**1,939**	2,021	1,978	**7,930**	7,612
Provision for credit losses	**17**	54	196	**75**	867
Non-interest expense	**1,593**	1,424	1,300	**5,886**	4,987
Income taxes on surplus earnings	**82**	142	118	**510**	444
Surplus earnings before member dividends	**247**	401	364	**1,459**	1,314
Member dividends net of income tax recovery	**86**	66	70	**284**	245
Net surplus earnings for the year after member dividends	**$ 161**	$ 335	$ 294	**$ 1,175**	$ 1,069

(1) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 13 to 18.

Results for the year

The Personal and Business Services segment reported surplus earnings before member dividends of $1,459 million for fiscal 2021, up $145 million from fiscal 2020. This increase was due to a decline in the provision for credit losses compared to the provision recorded in 2020, reflecting the impact of the deterioration in the economic outlook as a result of the COVID-19 pandemic, and by growth in net interest income and other operating income[1]. This increase was partly offset by an increase in non-interest expense mainly due to larger amounts invested in Desjardins-wide strategic projects.

Operating income[1] was $7,689 million, up $353 million or 4.8% compared to fiscal 2020. This increase was primarily due to higher net interest income arising mainly from a decrease in the average cost of funding and growth in the average outstanding loan portfolio. Higher income from online brokerage activities as a result of growth in assets under management, higher business volumes from payment activities at Desjardins Card Services and higher income from deposit and payment service charges due to the relief measures granted to members in 2020 also helped boost operating income.

Investment income[1] was $241 million, down $35 million from fiscal 2020. This decline was essentially due to losses on disposals of securities in 2021, while gains had been realized in fiscal 2020, as well as a decrease in trading income. This decrease was partly offset by a favourable change in activities related to derivative financial instruments, including those resulting from developments on financial markets and credit spreads.

The provision for credit losses was $75 million, down $792 million from fiscal 2020. This decline mainly reflects an improved macroeconomic outlook and borrowers' credit quality. In 2020, this indicator reflected the significant negative impact of the deterioration in the economic outlook because of the COVID-19 pandemic. The provision for credit losses for 2021 also shows lower net write-offs compared to 2020, particularly in the credit card portfolio.

Non-interest expenses were $5,886 million, up $899 million or 18.0% compared to fiscal 2020, mainly due to greater investments in digital information and information security and to business growth, especially activities aimed at enhancing the services offered to caisse members and clients.

Results for the fourth quarter

For the fourth quarter of fiscal 2021, surplus earnings before member dividends were $247 million, down $117 million from the same period in 2020, primarily due to the increase in non-interest expense because of greater amounts invested in Desjardins-wide strategic projects. This decline was partly offset by a lower provision for credit losses than in the same quarter of 2020, primarily due to lower net write-offs, particularly in the credit card portfolio.

[1] For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 13 to 18.

WEALTH MANAGEMENT AND LIFE AND HEALTH INSURANCE SEGMENT

	For the three-month periods ended			For the years ended December 31,	
(in millions of dollars)	**December 31, 2021**	September 30, 2021	December 31, 2020	**2021**	2020
Net interest income	**$ —**	$ —	$ 1	**$ —**	$ 8
Net premiums	**1,766**	1,475	1,240	**5,667**	4,711
Other operating income[(1)]	**383**	381	324	**1,487**	1,286
Operating income[(1)]	**2,149**	1,856	1,565	**7,154**	6,005
Investment income (loss)[(1)]	**1,000**	(165)	317	**(55)**	2,404
Total income	**3,149**	1,691	1,882	**7,099**	8,409
Recovery of credit losses	**—**	—	(2)	**—**	—
Claims, benefits, annuities and changes in insurance contract liabilities	**2,527**	956	1,048	**4,115**	5,564
Non-interest expense	**656**	611	539	**2,448**	2,100
Income taxes (recovery) on surplus earnings	**(28)**	15	48	**73**	136
Net surplus earnings (deficit) for the year	**$ (6)**	$ 109	$ 249	**$ 463**	$ 609

(1) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 13 to 18.

Results for the year

At the end of fiscal 2021, net surplus earnings generated by the Wealth Management and Life and Health Insurance segment were $463 million, down $146 million, or 24.0% compared to fiscal 2020. This decrease was primarily due to generally unfavourable changes in actuarial assumptions made in the normal course of business and to gains on the sale of securities and real estate investments that were lower than those realized in 2020. This decline was partly offset by the markets' positive impact on guaranteed investment funds and the effect of the travel insurance provisions recognized in 2020.

Operating income[(1)] was $7,154 million, up $1,149 million, or 19.1% compared to fiscal 2020. The increase was mainly due to higher net premiums as well as revenue growth tied to an increase in assets under management.

An investment loss[(1)] of $55 million was recorded for fiscal 2021 compared to $2,404 million in investment income[(1)] in fiscal 2020, primarily due to a unfavourable change in the fair value of assets related to life and health insurance operations and backing liabilities. This change was primarily due to an increase in market interest rates in 2021 compared to a decrease in 2020. Note that this change in fair value was partly offset by the change in the cost of claims because of a matching strategy. The decrease in investment income was also due to gains on the disposal of securities and real estate investments that were more modest than those realized in 2020.

Expenses related to claims, benefits, annuities and changes in insurance contract liabilities were $4,115 million, down $1,449 million, or 26.0% compared to fiscal 2020. This decline was primarily due to reduced actuarial liabilities included in changes in insurance contract liabilities, which included the effect of the decrease in the fair value of matched investments. The lower cost of claims was also due to the provision's effects and travel insurance claims in 2020 related to the COVID-19 pandemic. This decrease was partly offset by higher benefits related to health insurance claim applications.

(1) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 13 to 18.

Non-interest expenses totalled $2,448 million, up $348 million, or 16.6% compared to fiscal 2020, mainly due to higher investments related to the continued implementation of Desjardins-wide strategic projects, higher administrative costs to improve services to caisse members and clients, as well as an increase in assets under management.

Results for the fourth quarter

The net deficit for the fourth quarter of 2021 was $6 million, compared to net surplus earnings of $249 million for the same period in 2020. This decrease was mainly due to the unfavourable impacts of changes in actuarial assumptions made in the normal course of business, compared to a favourable impact in fourth quarter 2020 and to additional administrative costs to improve services to caisse members and clients.

PROPERTY AND CASUALTY INSURANCE SEGMENT

	For the three-month periods ended			For the years ended December 31,	
(in millions of dollars)	**December 31, 2021**	September 30, 2021	December 31, 2020	**2021**	2020
Net premiums	**$ 1,513**	$ 1,505	$ 1,456	**$ 5,909**	$ 5,484
Other operating income (loss)[1]	**(51)**	(29)	(35)	**(178)**	(160)
Operating income[1]	**1,462**	1,476	1,421	**5,731**	5,324
Investment income[1]	**41**	40	162	**120**	497
Total income	**1,503**	1,516	1,583	**5,851**	5,821
Claims, benefits, annuities and changes in insurance contract liabilities	**661**	763	741	**2,792**	3,689
Non-interest expense	**404**	359	331	**1,460**	1,303
Income taxes on surplus earnings	**108**	105	133	**402**	207
Net surplus earnings for the year	**$ 330**	$ 289	$ 378	**$ 1,197**	$ 622

(1) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 13 to 18.

Results for the year

The Property and Casualty Insurance segment recorded $1,197 million in net surplus earnings for fiscal 2021, up $575 million compared to fiscal 2020. This increase was due to a lower cost of claims mostly because of a positive change in claims experience primarily in auto insurance in previous years and higher net premiums.

Operating income[1] was $5,731 million, up $407 million or 7.6% compared to fiscal 2020. This increase was due to higher net premiums, due, in particular, to business growth and the impact of the $155 million in automobile insurance premium refunds granted to members and clients in 2020 as a relief measure to support them during the COVID-19 pandemic.

Investment income[1] was $120 million, down $377 million from fiscal 2020. This decrease was basically due to the negative change in the fair value of matched bonds compared to an increase in 2020. This change was mainly due to higher market interest rates in 2021, while a decrease had occurred in 2020. Note that this change in the fair value of bonds was offset by the change in the cost of claims because of a matching strategy.

(1) For more information on non-GAAP financial measures and supplemental financial measures, see "Non-GAAP financial measures and other financial measures" on pages 13 to 18.

Expenses related to claims, benefits, annuities and changes in insurance contract liabilities totalled $2,792 million, down $897 million, or 24.3% compared to fiscal 2020, due to a lower loss ratio and the favourable impact of the increase in discount rates used to assess the provision for claims. This decline was partly offset by business growth, which increases the claims expense.

Non-interest expense was $1,460 million, up $157 million, or 12.0% from fiscal 2020, primarily due to the increase in investments related to the continued implementation of Desjardins-wide strategic projects.

Results for the fourth quarter

Net surplus earnings were $330 million, down $48 million or 12.7% from the fourth quarter of 2020 due to lower investment income. This decrease was partly offset by business growth, which results in higher net premiums and a lower loss experience, due, in particular, to favourable developments in claims primarily in auto insurance in previous years that were higher than in the fourth quarter of 2020.

OTHER CATEGORY

Results for the year

The Other category posted a net deficit of $177 million for fiscal 2021 compared to a net deficit of $126 million for fiscal 2020.

The increase in the net deficit was primarily due to greater amounts related to the continued implementation of Desjardins-wide strategic projects, including those aimed at creating innovative technological platforms, protecting privacy, ensuring security and improving business processes. This increase was partly offset by treasury activities, market rate fluctuations and changes in hedging positions for matching activities, which had a favourable overall impact on surplus earnings.

Results for the fourth quarter

The net deficit for the fourth quarter was $178 million, compared to a net deficit of $115 million for the same period in 2020. The loss was due to greater investments related to the continued implementation of Desjardins-wide strategic projects. Treasury activities, market rate fluctuations and changes in hedging positions for matching activities, which had a favourable overall impact on net interest income, reduced by an unfavourable impact on investment income, also helped offset this decrease.

More detailed financial information can be found in Desjardins Group's 2021 Annual Management's Discussion and Analysis (MD&A), which will be available on March 3, 2022 on the Desjardins.com website.

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 $397 billion. It was named one of the 2021 Canada's Top 100 Employers by MediaCorp. To meet the diverse needs of its members and clients, Desjardins offers a full range of products and services to individuals and businesses through its extensive distribution network, online platforms and subsidiaries across Canada. Ranked among the world's strongest banks according to *The Banker* magazine, Desjardins has some of the highest capital ratios and credit ratings in the industry.

Caution concerning forward-looking statements

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

These 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, as well as the possible 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", "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, forward-looking statements involve assumptions, uncertainties and inherent risks, both general and specific. Desjardins cautions readers against placing undue reliance on forward-looking statements since various factors that are beyond Desjardins Group's control, and whose impacts are therefore difficult to predict, could influence, individually or collectively, the accuracy of the assumptions made, predictions, forecasts or other forward-looking statements made 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 materially. Furthermore, the uncertainty created by the COVID-19 pandemic has greatly increased this risk by adding to the difficulty of making assumptions, predictions, forecasts or other forward-looking statements compared to previous periods.

The factors that could influence the accuracy of the forward-looking statements made in this press release and in the 2021 annual MD&A include those discussed in Section 4.0, "Risk management", and under "COVID-19 pandemic" in Section 1.3, "Significant events", such as credit, market, liquidity, operational, insurance, strategic and reputation risk, the risk related to pension plans, environmental or social risk, and legal and regulatory risk.

Additional such factors are those related to the COVID-19 pandemic, security breaches, government, corporate and household indebtedness, technological advancements and regulatory developments, interest rate fluctuations, climate change and geopolitical uncertainty. Furthermore, there are factors related to general economic and business conditions in regions in which Desjardins Group operates; monetary policies; the critical accounting estimates and accounting standards applied by Desjardins Group; new products and services to maintain or increase Desjardins Group's market share; geographic concentration; acquisitions and joint arrangements; credit ratings and dependence on third parties. Other factors include interest rate benchmark reform, amendments to tax laws, unexpected changes in consumer spending and saving habits, talent recruitment and retention for key positions, the ability to implement Desjardins Group's disaster recovery plan within a reasonable time, the potential impact on operations of international conflicts, public health crises such as pandemics and epidemics or any other similar disease affecting the local, national or global economy, and 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 and other factors are available in Section 4.0, "Risk management", and under the "COVID-19 pandemic" subsection in Section 1.3, "Significant events", of Desjardins Group's 2021 annual MD&A.

It is important to note that the above list of factors that could influence future results is not exhaustive. Other factors could have an adverse effect on Desjardins Group's results. Additional information on these and other factors are available in Section 4.0, "Risk management", of Desjardins Group's 2021 annual MD&A.

Although Desjardins Group believes that the expectations expressed in these forward-looking statements are reasonable and based on a valid foundation, it cannot guarantee that these expectations will materialize or prove to be correct. Desjardins Group cautions readers against placing undue reliance on these forward-looking statements when making decisions since actual results, conditions, actions or future events could differ significantly from the targets, expectations, estimates or intentions advanced in them, either 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 Section 1.5, “Economic environment and outlook”, of the 2021 annual MD&A. These assumptions may also be updated in the quarterly MD&As, in the “Economic environment and outlook” section. Readers are asked to consider the above factors when reading this section. When relying on forward-looking statements to make decisions with respect to Desjardins Group, they should carefully consider these factors, as well as other uncertainties and contingencies. To develop our economic growth forecasts, in general and for the financial services sector, we mainly use historical economic data provided by recognized and reliable organizations, empirical and theoretical relationships between economic and financial variables, expert judgment and identified upside and downside risks for the domestic and global economies. Given how the COVID-19 pandemic has developed and its impact on the global economy and financial market conditions, as well as on Desjardins Group’s business operations, financial results and financial position, greater uncertainty is attached to our economic assumptions compared to periods preceding the pandemic, such assumptions being based on uncertain future developments and considering the difficulty of anticipating the extent of the pandemic’s long-term effects.

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 verbal or written forward-looking statements that may be made from time to time by or on behalf of Desjardins Group, except as required under applicable securities legislation.

Basis of presentation of financial information

The financial information in this document comes primarily from the 2021 Annual Combined Financial Statements. Those statements have been prepared by Desjardins Group's management in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the accounting requirements of the *Autorité des marchés financiers* (AMF) in Québec, which do not differ from IFRS. IFRS represent Canada's generally accepted accounting principles (GAAP). Desjardins Group modified certain accounting policies following the adoption of Phase 2 of IFRS 9, “Financial Instruments: Recognition and Measurement”, IAS 39, “Financial Instruments: Recognition and Measurement”, and IFRS 7, “Financial Instruments: Disclosures” on January 1, 2021. These amendments supplement the amendments adopted on January 1, 2020 arising from Phase 1 of the interest rate benchmark reform project. For more information about the accounting policies used and accounting policy changes, see Note 2, "Basis of presentation", to the 2021 Annual Combined Financial Statements. Unless otherwise indicated, all amounts are presented in Canadian dollars ($) and are primarily from Desjardins Group's Combined Financial Statements.

Non-GAAP and other financial measures

To assess its performance, Desjardins Group uses a variety of GAAP (IFRS) financial measures as well as various other financial measures, some of which are not prescribed by GAAP. *Regulation 52-112 - Non-GAAP and Other Financial Measures Disclosure* (Regulation 52-112) provides guidance to issuers disclosing specified financial measures, applicable to the following measures used by Desjardins Group:

- Non-GAAP financial measures;
- Non-GAAP ratios;
- Supplementary financial measures.

Non-GAAP financial measures

The non-GAAP financial measures used by Desjardins Group do not have standardized definitions and are not directly comparable to similar measures used by other companies, and may not be directly comparable to any GAAP measures. These non-GAAP financial measures may be useful to investors in, among other things, analyzing overall performance or financial position of Desjardins Group. They are defined as follows:

Amount returned to members and the community

By its very nature as a cooperative financial group, Desjardins Group's mission is to improve the economic and social well-being of people and communities. The amount returned to members and the community consists of member dividends; sponsorships, donations and scholarships; and amounts paid out under the Desjardins Member Advantages program.

The table "Financial highlights" in this press release provides more detailed information on the amount returned to members and the community.

Income

- Operating income

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

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

- Investment income

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

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

(in millions of dollars)	For the three-month periods ended December 31, 2021	September 30, 2021	December 31, 2020	For the years ended December 31, 2021	2020
Presentation of income in the Combined Financial Statements					
Net interest income	**$ 1,455**	$ 1,476	$ 1,455	**$ 5,786**	$ 5,640
Net premiums	**3,201**	2,905	2,626	**11,278**	9,920
Other income					
Deposit and payment service charges	**111**	109	104	**424**	388
Lending fees and credit card service revenues	**168**	198	165	**735**	628
Brokerage and investment fund services	**267**	283	243	**1,108**	954
Management and custodial service fees	**201**	185	168	**732**	617
Net investment income (loss)(1)	**956**	(90)	646	**319**	3,116
Overlay approach adjustment for insurance operations financial assets	**(88)**	(24)	(112)	**(404)**	(42)
Foreign exchange income	**29**	34	21	**121**	103
Other	**71**	60	48	**221**	149
Total income(2)	**$ 6,371**	$ 5,136	$ 5,364	**$ 20,320**	$ 21,473
Presentation of income in the press release					
Net interest income	**$ 1,455**	$ 1,476	$ 1,455	**$ 5,786**	$ 5,640
Net premiums	**3,201**	2,905	2,626	**11,278**	9,920
Other operating income					
Deposit and payment service charges	**111**	109	104	**424**	388
Lending fees and credit card service revenues	**168**	198	165	**735**	628
Brokerage and investment fund services	**267**	283	243	**1,108**	954
Management and custodial service fees	**201**	185	168	**732**	617
Foreign exchange income	**29**	34	21	**121**	103
Other	**71**	60	48	**221**	149
Operating income	**5,503**	5,250	4,830	**20,405**	18,399
Investment income (loss)					
Net investment income (loss)(1)	**956**	(90)	646	**319**	3,116
Overlay approach adjustment for insurance operations financial assets	**(88)**	(24)	(112)	**(404)**	(42)
Investment income (loss)	**868**	(114)	534	**(85)**	3,074
Total income (2)	**$ 6,371**	$ 5,136	$ 5,364	**$ 20,320**	$ 21,473

(1) The breakdown of this line item is presented in Note 26, "Net interest income and net investment income", to the Combined Financial Statements.

(2) To take into account the matching activities of the life and Health Insurance and Property and Casualty Insurance subsidiaries, the change in this item must be analyzed together with the item “Claims, benefits, annuities and changes in insurance contract liabilities” in the Combined Statement of Income.

Non-GAAP ratios

The non-GAAP ratios used by Desjardins Group and for which there is no standard definition are not directly comparable to similar measures used by other companies and may not be directly comparable to any measure prescribed by GAAP. Among other things, Regulation 52-112 specifies that any ratio consisting of at least one non-GAAP financial measure meets the definition of a non-GAAP financial measure. Non-GAAP ratios may be useful to investors analyzing Desjardins Group's financial position or performance. They are defined as follows:

Productivity index

The productivity index is used to measure efficiency and is expressed as a percentage. A lower ratio indicates greater productivity. The index is equal to the ratio of non-interest expense to total income, net of expenses related to claims, benefits, annuities and changes in insurance contract liabilities. Total income excluding claims is a non-GAAP financial ratio. It is used to exclude volatility from results specific to the investments of Life and Health Insurance and Property and Casualty Insurance operations, for which a very large proportion of investments are recognized at fair value through profit or loss and which is reflected in a similar change in actuarial liabilities included under "Claims, benefits, annuities and changes in insurance contract liabilities" in the Combined Statements of Income.

The following table presents the calculation of the productivity index.

	For the three-month periods ended			For the years ended December 31	
(in millions of dollars and as a percentage)	**December 31, 2021**	September 30, 2021	December 31, 2020	**2021**	2020
Non-interest expense	**$ 2,736**	$ 2,288	$ 2,332	**$ 9,566**	$ 8,297
Total income	**6,371**	5,136	5,364	**20,320**	21,473
Claims, benefits, annuities and changes in insurance contract liabilities	**(3,185)**	(1,713)	(1,781)	**(6,883)**	(9,233)
Total income excluding claims	**$ 3,186**	$ 3,423	$ 3,583	**$ 13,437**	$ 12,240
Productivity	**85.9 %**	66.8 %	65.1 %	**71.2 %**	67.8 %

Net interest margin

Net interest margin is used to measure the profitability of assets bearing interest less the cost of financing. 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 the financial position of Desjardins Group. They are averages of the month-end balances for the year. Average interest-bearing assets include securities, cash and deposits with financial institutions and loans. Average interest-bearing liabilities include deposits, subordinated notes and other liabilities bearing interest. Average interest-bearing assets and liabilities exclude insurance-related assets and liabilities and all other assets and liabilities not generating net interest income.

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

NET INTEREST INCOME ON AVERAGE ASSETS AND LIABILITIES

	For the years ended December 31					
(in millions of dollars and as a percentage)	**2021**			2020		
	Average volume	**Interest**	**Average rate**	Average volume	Interest(1)	Average rate
Assets						
Assets bearing interest						
Securities, cash and deposits at financial institutions	**$ 62,646**	**$ 473**	**0.76 %**	$ 35,992	$ 488	1.36 %
Loans	**217,864**	**6,928**	**3.18**	200,652	7,278	3.63
Total assets bearing interest	**280,510**	**7,401**	**2.64**	236,644	7,766	3.28
Other assets	**9,698**	**—**		8,422	—	
Total assets	**$ 290,208**	**$ 7,401**	**2.55 %**	$ 245,066	$ 7,766	3.17 %
Liabilities and equity						
Liabilities bearing interest						
Deposits	**$ 233,757**	**$ 1,508**	**0.65 %**	$ 202,888	$ 2,010	0.99 %
Subordinated notes	**2,058**	**65**	**3.16**	1,416	57	4.03
Other liabilities	**879**	**42**	**4.78**	916	59	6.44
Total liabilities bearing interest	**236,694**	**1,615**	**0.68**	205,220	2,126	1.04
Other liabilities	**30,401**			18,966		
Equity	**23,113**			20,880		
Total liabilities and equity	**$ 290,208**	**$ 1,615**	**0.56 %**	$ 245,066	$ 2,126	0.87 %
Net interest income		**$ 5,786**			$ 5,640	
Net interest margin			**2.06 %**			2.38 %

(1) The date have been reclassified to conform to the current year's presentation.

Supplemental financial measures

In accordance with Regulation 52-112, supplementary financial measures are used to represent historical or expected financial performance, financial position or cash flows. In addition, these measures are not presented in the financial statements. Desjardins uses certain supplemental financial measures, and their composition is shown below:

Assets under administration

These are assets administered by a financial institution that are beneficially owned by its members or clients and are therefore not recognized on its Combined Balance Sheet. Services provided in respect of such assets are administrative in nature, such as custodial services, collection of investment income, and the settlement of buy and sell transactions.

Assets under management

These are assets managed by a financial institution that are beneficially owned by its members or clients and are therefore not recognized on its Combined Balance Sheet. Services provided in respect of assets under management include selecting investments and offering investment advice. Assets under management may also be administered by the financial institution. When this is the case, they are included in assets under administration.

Return on equity

Return in equity is equal to surplus earnings before member dividends, excluding the non-controlling interests' share, expressed as a percentage of average equity before non-controlling interests.

Gross credit-impaired loans/gross loans and acceptances

This measure is equal to gross credit-impaired loans expressed as a percentage of total gross loans and acceptances.

Credit loss provisioning rate

This measure is equal to the provision for credit losses expressed as a percentage of average gross loans and acceptances.

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