

Desjardins Trust Inc. Financial Information and Information on Risk Management (unaudited)

For the period ended March 31, 2014

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NOTES TO READERS

USE OF THIS DOCUMENT

The Financial Information and Information on Risk Management (the document) is designed to support the transparency and disclosure of Desjardins Trust's financial information and information on risk management so that the various financial market participants can assess its risk profile. The information disclosed in this document is unaudited.

DESJARDINS TRUST PROFILE

Desjardins Trust Inc. (the Company) is a trustee incorporated as a trust and loan company and registered under the *Trust and Loan Companies Act* (Canada) that provides a range of products and services, including asset custody, trust services to individuals and businesses and the Immigrant Investors Program. Since January 1, 2014, it is a wholly-owned subsidiary of Desjardins Financial Corporation, which in turn is wholly-owned by the *Fédération des caisses Desjardins du Québec* (the Federation). The Company was previously held directly by the Federation. The address of its head office is 1 Complexe Desjardins, Montreal, Quebec, Canada. Through a service and outsourcing agreement, the Company uses the services of the Federation and some of its subsidiaries to support its operations both in terms of managing staff as well as meeting its movable and immovable asset requirements. Under this agreement, the Federation and its subsidiaries agree to provide the Company with substantially all administrative and operating services. The Company is governed by the Office of the Superintendent of Financial Institutions (OSFI).

BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The Annual Financial Statements have been prepared by the Company'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 Quebec, which do not differ from IFRS. The unaudited financial information presented in this document is excerpted from the Annual and Interim Financial Statements of the Company. Unless indicated otherwise, all amounts are in Canadian dollars

FINANCIAL INFORMATION

TABLE 1 – STATEMENTS OF INCOME
(in thousands of dollars)

	For the three-month periods ended March 31	
	2014	2013 ⁽¹⁾
Income		
Fee and other income	\$ 29,824	\$ 34,578
Investment income		
Interest income		
Interest on securities at fair value through profit or loss	369	271
Interest on available-for-sale securities	3,027	2,565
Interest expense	1,649	1,513
Net interest income	1,747	1,323
Other investment income		
Foreign exchange gains	65	22
Net income on securities at fair value through profit or loss	22	89
Net gains on available-for-sale securities	789	765
	876	876
Net investment income	2,623	2,199
Total income	32,447	36,777
Non-interest expense		
Service agreements and outsourcing	15,880	15,762
Other	12,335	17,251
	28,215	33,013
Income before income taxes	4,232	3,764
Income taxes	1,141	1,014
Net income for the period	\$ 3,091	\$ 2,750

(1) Certain figures for the period were reclassified to be consistent with the presentation for the current period.

TABLE 2 – BALANCE SHEETS
(in thousands of dollars)

	As at March 31, 2014	As at December 31, 2013
Assets		
Cash and deposits with financial institutions	\$ 330,090	\$ 147,357
Securities		
Securities at fair value through profit or loss	736,616	573,230
Available-for-sale securities	729,192	790,721
Securities purchased under reverse repurchase agreements	780,080	520,884
Interest receivable	4,227	2,923
Derivative financial instruments	—	94
Amounts receivable from clients	34,210	40,050
Deferred tax assets	749	858
Other assets	1,722	3,766
Total assets	\$ 2,616,886	\$ 2,079,883
Liabilities and equity		
Liabilities		
Deposits	\$ 1,456,873	\$ 1,116,088
Commitments related to securities lent or sold under repurchase agreements	1,039,778	846,288
Derivative financial instruments	—	139
Defined benefit plan liabilities	2,088	2,066
Other liabilities	14,674	14,524
Total liabilities	2,513,413	1,979,105
Equity		
Share capital	59,972	59,972
Retained earnings	43,104	40,013
Accumulated other comprehensive income	397	793
Total equity	103,473	100,778
Total liabilities and equity	\$ 2,616,886	\$ 2,079,883

TABLE 3 – STATEMENTS OF COMPREHENSIVE INCOME
(in thousands of dollars)

	For the three-month periods ended March 31	
	2014	2013
Net income for the year	\$ 3,091	\$ 2,750
Items that will be reclassified subsequently to the Statements of Income		
Net change in unrealized gains on available-for-sale securities		
Net unrealized gains on available-for-sale securities	181	1,010
Reclassification of gains on available-for-sale securities to the Statements on Income	(577)	(560)
	(396)	450
Comprehensive income for the period	\$ 2,695	\$ 3,200

TABLE 4 – STATEMENTS OF CHANGES IN EQUITY

For the three-month periods ended March 31
(in thousands of dollars)

	Share capital	Retained earnings	Accumulated other comprehensive income	Total equity
Balance as at December 31, 2013	\$ 59,972	\$ 40,013	\$ 793	\$ 100,778
Net income for the period	—	3,091	—	3,091
Other comprehensive income for the period	—	—	(396)	(396)
Balance as at March 31, 2014	\$ 59,972	\$ 43,104	\$ 397	\$ 103,473
Balance as at December 31, 2012	\$ 49,972	\$ 29,975	\$ 842	\$ 80,789
Impact of restatement ⁽¹⁾	—	(102)	—	(102)
Balance as at December 31, 2012	49,972	29,873	842	80,687
Net income for the period	—	2,750	—	2,750
Other comprehensive income for the period	—	—	450	450
Balance as at March 31, 2013	\$ 49,972	\$ 32,623	\$ 1,292	\$ 83,887

(1) On January 1, 2013, the Company adopted the amendments to IAS 19, "Employee Benefits", which change the accounting rules related to employee benefits and mainly those related to defined benefit plans.

TABLE 5 – SECURITIES

As at March 31, 2014
(in thousands of dollars)

	Terms to maturity			Total
	Under 1 year	Over 1 year	No specific maturity	
Securities issued or guaranteed by				
Canada	\$ 525,732	\$ 5,000	\$ —	\$ 530,732
Provinces	558,565	70,368	—	628,931
Other securities in Canada				
Financial institutions	306,108	—	—	306,108
Other issuers	—	—	37	37
Total securities	\$ 1,390,405	\$ 75,366	\$ 37	\$ 1,465,808

As at December 31, 2013

	Terms to maturity			Total
	Under 1 year	Over 1 year	No specific maturity	
Securities issued or guaranteed by				
Canada	\$ 206,880	\$ 4,999	\$ —	\$ 211,879
Provinces	328,169	479,982	—	808,151
Other securities in Canada				
Financial institutions	314,237	29,648	—	343,885
Other issuers	—	—	36	36
Total securities	\$ 849,286	\$ 514,629	\$ 36	\$ 1,363,951

TABLE 5 – SECURITIES (continued)As at March 31, 2014
(in thousands of dollars)

	Distribution by province (excluding securities issued or guaranteed by Canada)							
	Quebec	Ontario	Manitoba	British Columbia	Saskatchewan	Alberta	Nova Scotia	Total
Securities issued or guaranteed	\$ 462,525	\$ 111,583	\$ —	\$ 42,823	\$ 12,000	\$ —	\$ —	\$ 628,931
Other securities in Canada	306,145	—	—	—	—	—	—	306,145
	\$ 768,670	\$ 111,583	\$ —	\$ 42,823	\$ 12,000	\$ —	\$ —	\$ 935,076

As at December 31, 2013

	Distribution by province (excluding securities issued or guaranteed by Canada)							
	Quebec	Ontario	Manitoba	British Columbia	Saskatchewan	Alberta	Nova Scotia	Total
Securities issued or guaranteed	\$ 495,648	\$ 105,198	\$ 60,321	\$ 42,695	\$ 19,988	\$ 75,305	\$ 8,996	\$ 808,151
Other securities in Canada	343,921	—	—	—	—	—	—	343,921
	\$ 839,569	\$ 105,198	\$ 60,321	\$ 42,695	\$ 19,988	\$ 75,305	\$ 8,996	\$ 1,152,072

TABLE 6 – SECURITIES PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS

(in thousands of dollars)

	As at March 31, 2014	As at December 31, 2013
Residents	\$ 780,080	\$ 520,884
Non-residents	—	—
Total	\$ 780,080	\$ 520,884

In the normal course of operations, the Company lends client securities. As part of such transactions, the Company acts as an agent for the holder of securities who agrees to lend them to a borrower for a commission under the terms of a pre-arranged contract.

TABLE 7 – ALLOWANCE FOR CREDIT LOSSES

(in thousands of dollars)

	As at March 31, 2014	As at December 31, 2013
Total	\$ —	\$ —

TABLE 8 – DEPOSITS

(in thousands of dollars)

	As at March 31, 2014	As at December 31, 2013
Type		
Payable on demand	\$ 1,205,061	\$ 874,950
Payable on a fixed date	251,812	241,138
Total	\$ 1,456,873	\$ 1,116,088

	As at March 31, 2014	As at December 31, 2013
Distribution by province		
Quebec	\$ 1,443,125	\$ 1,104,105
Ontario	13,715	11,951
New Brunswick	33	32
Total	\$ 1,456,873	\$ 1,116,088

TABLE 9 – INTEREST RATE SENSITIVITY AND MATURITY MATCHINGAs at March 31, 2014
(in thousands of dollars)

	Maturity date												
	Floating rate	Under 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 12 months	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Non-interest-sensitive	Total	
Assets													
Cash and deposits with financial institutions	\$ —	\$ 330,090	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 330,090	
Securities	—	611,166	422,685	161,568	194,986	54,400	5,266	13,677	2,023	—	37	1,465,808	
Securities purchased under reverse repurchase agreements	—	780,080	—	—	—	—	—	—	—	—	—	780,080	
Interest receivable	—	—	—	—	—	—	—	—	—	—	4,227	4,227	
Derivative financial instruments	—	—	—	—	—	—	—	—	—	—	—	—	
Amounts receivable from clients	—	—	—	—	—	—	—	—	—	—	34,210	34,210	
Deferred tax assets	—	—	—	—	—	—	—	—	—	—	749	749	
Other assets	—	—	—	—	—	—	—	—	—	—	1,722	1,722	
Total assets	—	1,721,336	422,685	161,568	194,986	54,400	5,266	13,677	2,203	—	40,945	2,616,886	
Liabilities and equity													
Deposits	\$ 1,205,061	\$ 7,342	\$ 17,265	\$ 30,271	\$ 82,915	\$ 59,143	\$ 26,255	\$ 13,867	\$ 14,754	\$ —	\$ —	\$ 1,456,873	
Commitments related to securities lent or sold under repurchase agreements	—	1,039,778	—	—	—	—	—	—	—	—	—	1,039,778	
Derivative financial instruments	—	—	—	—	—	—	—	—	—	—	—	—	
Defined benefit plan liabilities	—	—	—	—	—	—	—	—	—	—	2,088	2,088	
Other liabilities	—	—	—	—	—	—	—	—	—	—	14,674	14,674	
Equity	—	—	—	—	—	—	—	—	—	—	103,473	103,473	
Total liabilities and equity	\$ (1,205,061)	\$ 1,047,120	\$ 17,265	\$ 30,271	\$ 82,915	\$ 59,143	\$ 26,255	\$ 13,867	\$ 14,754	\$ —	\$ 120,235	\$ 2,616,886	
Sensitivity gap – Balance Sheet items	\$ (1,205,061)	\$ 674,216	\$ 405,420	\$ 131,297	\$ 112,071	\$ (4,743)	\$ (20,989)	\$ (190)	\$ (12,731)	\$ —	\$ (79,290)	\$ —	
Off-balance sheet sensitivity gap ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	—	
Total interest rate sensitivity gap	\$ (1,205,061)	\$ 674,216	\$ 405,420	\$ 131,297	\$ 112,071	\$ (4,743)	\$ (20,989)	\$ (190)	\$ (12,731)	\$ —	\$ (79,290)	\$ —	

(1) The off-balance sheet sensitivity gap represents the net notional amount of off-balance sheet financial instruments used to manage interest rate risk.

TABLE 9 - INTEREST RATE SENSITIVITY AND MATURITY MATCHING (continued)As at December 31, 2013
(in thousands of dollars)

	Maturity date												
	Floating rate	Under 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 12 months	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Non-interest- sensitive	Total	
Assets													
Cash and deposits with financial institutions	\$ —	\$ 147,357	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 147,357	
Securities	—	391,589	62,534	242,516	152,648	162,067	155,961	50,449	92,058	54,093	36	1,363,951	
Securities purchased under reverse repurchase agreements	—	520,884	—	—	—	—	—	—	—	—	—	520,884	
Interest receivable	—	—	—	—	—	—	—	—	—	—	2,923	2,923	
Derivative financial instruments	—	—	—	—	—	—	—	—	—	—	94	94	
Amounts receivable from clients	—	—	—	—	—	—	—	—	—	—	40,050	40,050	
Deferred tax assets	—	—	—	—	—	—	—	—	—	—	858	858	
Other assets	—	—	—	—	—	—	—	—	—	—	3,766	3,766	
Total assets	\$ —	\$ 1,059,830	\$ 62,534	\$ 242,516	\$ 152,648	\$ 162,067	\$ 155,961	\$ 50,449	\$ 92,058	\$ 54,093	\$ 47,727	\$ 2,079,883	
Liabilities and equity													
Deposits	\$ 874,950	\$ 12,163	\$ 19,937	\$ 22,906	\$ 71,053	\$ 61,527	\$ 25,372	\$ 13,393	\$ 14,787	\$ —	\$ —	\$ 1,116,088	
Commitments related to securities lent or sold under repurchase agreements	—	846,288	—	—	—	—	—	—	—	—	—	846,288	
Derivative financial instruments	—	—	—	—	—	—	—	—	—	—	139	139	
Defined benefit plan liabilities	—	—	—	—	—	—	—	—	—	—	2,066	2,066	
Other liabilities	—	—	—	—	—	—	—	—	—	—	14,524	14,524	
Equity	—	—	—	—	—	—	—	—	—	—	100,778	100,778	
Total liabilities and equity	\$ 874,950	\$ 858,451	\$ 19,937	\$ 22,906	\$ 71,053	\$ 61,527	\$ 25,372	\$ 13,393	\$ 14,787	\$ —	\$ 117,507	\$ 2,079,883	
Sensitivity gap – Balance Sheet items	\$ (874,950)	\$ 201,379	\$ 42,597	\$ 219,610	\$ 81,595	\$ 100,540	\$ 130,589	\$ 37,056	\$ 77,271	\$ 54,093	\$ (69,780)	\$ —	
Off-balance sheet sensitivity gap ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	—	
Total interest rate sensitivity gap	\$ (874,950)	\$ 201,379	\$ 42,597	\$ 219,610	\$ 81,595	\$ 100,540	\$ 130,589	\$ 37,056	\$ 77,271	\$ 54,093	\$ (69,780)	\$ —	

(1) The off-balance sheet sensitivity gap represents the net notional amount of off-balance sheet financial instruments used to manage interest rate risk.

CAPITAL

BASEL III

The new Basel III regulatory framework increases capital requirements. Even though the Basel III regulatory framework provides for a transitional period from 2013 to 2019 to mitigate the impact of the new capitalization rules, OSFI required the Company to meet the Common Equity Tier 1 capital ratio requirements for 2019 in the first quarter of 2013. For the Tier 1 and total capital ratios, OSFI requires the Company to meet the levels established for 2019 in the first quarter of 2014.

The minimum Tier 1 capital ratio that the Company must maintain to meet regulatory requirements is 8.5%. In addition, the Common Equity Tier 1 capital ratio must be above 7%, including a 2.5% capital conservation buffer. Lastly, its total capital ratio must be above 10.5%, including this buffer.

TABLE 10 – STATEMENT OF CAPITAL

(in thousands of dollars and as a percentage)

	All-in method ⁽¹⁾	
	As at March 31, 2014	As at December 31, 2013
Common Equity Tier 1 capital ratio		
Common shares	\$ 59,972	\$ 59,972
Retained earnings	43,104	40,013
Accumulated other comprehensive income	397	793
Net Common Equity Tier 1 capital	\$ 103,473	\$ 100,778
Total risk-weighted assets	\$ 534,135	\$ 461,179
Capital ratios		
Common Equity Tier 1 capital ratio	19.4%	21.9%
Tier 1 capital ratio	19.4%	21.9%
Total capital ratio	19.4%	21.9%
Assets/capital ratio	15.2	12.2
Target ratios		
Common Equity Tier 1 capital ratio	7.0%	7.0%
Tier 1 capital ratio	8.5%	n. a.
Total capital ratio	10.5%	n. a.
Assets/capital ratio	20.0	20.0

(1) Under the all-in method, regulatory capital is calculated taking into account all the regulatory adjustments under Basel III effective January 1, 2013 and the phase-out of the capital of instruments that are not eligible for regulatory capital under the Basel III rules.

RISK MANAGEMENT

STRUCTURE AND ORGANIZATION OF THE RISK MANAGEMENT FUNCTION

The Company is exposed to different types of risks in its normal course of operations, including credit risk, market risk, liquidity risk, operational risk, strategic risk and reputation risk. Strict and effective management of these risks is a priority for the Company, its purpose being to support its major orientations, particularly regarding its financial stability as well as its profitable growth, while complying with regulatory requirements. The Company considers risk an inextricable part of its development and consequently strives to promote a culture in which each of its employees and managers is responsible for risk management.

INTEGRATED RISK MANAGEMENT FRAMEWORK

The Company's objective in risk management is to optimize the risk-return trade-off, within set tolerance limits, by applying integrated risk management and control strategies, policies and procedures to all its activities. It also aims to provide, through the Integrated Risk Management Framework, a prudent and appropriate framework that complies with accepted accountability and independence principles.

As important components of this management framework, risk appetite and tolerance determine the type and level of risk that the Company is prepared to assume to achieve its business and strategic objectives. They provide a basis for integrated risk management by promoting a better understanding of the risks and their impact on the risk profile. This framework provides for a system of risk indicators that are monitored on a regular basis to ensure that the Company's risk profile matches the level of risk appetite and tolerance sought by senior management and the Board of Directors in view of the Company's mission, vision and values. The Board of Directors is responsible for approving the risk appetite and tolerance framework, which must reflect the Company's financial and strategic objectives. The Company continuously monitors the risks associated with its main activities, in particular securities administration and custody as well as trust services.

The Company's governance principles comply with the regulatory criteria applicable to a federal trust company. The Company's Board of Directors is responsible for directing, planning and monitoring its activities. In particular, it is responsible for overseeing risk management, examining internal control systems as well as adopting and properly implementing relevant risk management policies. The Board of Directors is supported in its specific risk management responsibilities by the Risk Management Committee, the Audit Committee and the Review Committee. All of these committees benefit from Desjardins Group's support.

The Company's senior management is responsible for ensuring that sound risk management practices are complied with. In particular, it ensures that appropriate policies are developed, implemented, monitored and reviewed. It also ensures that the Company can identify all significant risks, assess their potential impact and implement practices, procedures and control measures to effectively manage them.

Desjardins Group's risk management approach is based on principles promoting the accountability of business units. The risk management function of Desjardins Group and the Company ensures that these units successfully manage and control on a daily basis the risks associated with their activities.

CREDIT RISK

Credit risk is the risk of losses resulting from a borrower's or a counterparty's failure to honour its contractual obligations, whether or not these obligations appear on the Balance Sheets.

Limits by commitments, issuers and counterparties, borrowers, groups of borrowers and industries are prescribed by policies. They are reviewed by senior management and the Risk Management Committee, which recommends them to the Board of Directors.

Mitigating credit risk

In its derivative financial instrument transactions and securities lending transactions, which include repurchase and reverse repurchase agreements and securities borrowing and lending, the Company uses various techniques to reduce its counterparty credit risk. Most derivative product transactions are over the counter and are governed by International Swaps and Derivatives Association master agreements (ISDA agreements), which define the terms and conditions for the transactions. These transactions are legal contracts that bind the counterparties. Most of the Company's agreements provide for netting to determine the net exposure in the event of default. In addition, a Credit Support Annex can be added to the master agreements in order to request the counterparties to pay or secure the current market value of the positions when such value exceeds a certain threshold.

Securities lending transactions are regulated by Investment Industry Regulatory Organization of Canada participation agreements. The Company also uses netting agreements with its counterparties to mitigate its credit risk exposure and requires a percentage of collateralization (a pledge) on these transactions.

The Company accepts from its counterparties only financial collateral that complies with the eligibility criteria set out in its policies. These eligibility criteria allow for the timely realization of collateral, if necessary, in the event of default. The types of collateral received and pledged by the Company are mainly cash and government securities

MARKET RISK

Market risk refers to the 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.

The Company is exposed to market risk primarily through its financial intermediation and securities lending activities. The Company has adopted policies that set out the principles, limits and procedures to use in managing market risk.

Interest rate risk is the main component of market risk to which the Company is exposed. Sound and prudent management is applied to optimize net interest income while minimizing the negative incidence of interest rate movements. The established policies describe the principles, limits and procedures that apply to interest rate risk management. The Company's Management Committee is responsible for analyzing and approving the various interest rate matching strategies while respecting the parameters defined in the policies. Additional information of the Company's position with respect to interest rate sensitivity and maturity matching is provided in Table 9, "Interest rate sensitivity and maturity matching", in this document.

LIQUIDITY RISK

Liquidity risk refers to the Company'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 Balance Sheets.

The Company manages liquidity risk in order to ensure that it has timely and cost-effective access to the funds needed to meet its financial obligations as they become due, in both routine and crisis situations. For the Company, managing this risk involves maintaining a sufficient level of liquid securities. In addition, the Company ensures, through Desjardins Group, that there are stable and diversified sources of funding, that indicators are monitored and that there is a contingency plan to implement in the event of a liquidity crisis.

Liquidity risk management is a key component of the overall risk management strategy. The Company has established policies describing the principles, limits, risk appetite and tolerance thresholds as well as the procedures that apply to liquidity risk management. The policy is reviewed on a regular basis to ensure that it is appropriate for the operating environment, prevailing market conditions and regulatory requirements. It incorporates, in particular, OSFI's Guideline B-6, *Liquidity Principles*, as well as the monitoring and compliance with the new standards for the liquidity coverage ratio (LCR), the net stable funding ratio (NSFR) and net cumulative cash flow (NCCF) under Basel III. This policy has been approved by the Board of Directors and is monitored by the Risk Management Committee.

OPERATIONAL RISK

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

Operational risk management

Operational risk is inherent to all business activities as well as internal and outsourced activities. It may lead to losses mainly resulting from fraud, damage to tangible assets, illegal acts, systems failures, or problems in process management.

Operational risk management framework

The primary objective of the Company's operational risk management framework is to maintain operational risk at an acceptable level while focusing on the quality of service provided to clients, as well as organizational agility. Administrative units of Desjardins Group, including those of the Federation, ensure a sound and prudent management of operational risk through the development of frameworks to identify, measure, monitor and disclose operational risk. Practices in place to foster efficient and proactive management of events that could lead to operational risk include, among other things, risk assessment, outsourcing risk management, technology risk management, protection of information and insurance coverage, as well as business continuity and crisis management. The operational risk management framework is periodically reviewed based on regulatory authorities' expectations and industry practices.

STRATEGIC RISK

Strategic risk refers to a possible loss attributable to an inability to adapt to a changing environment because of failure to act, an inappropriate strategic choice or the inability to effectively implement strategies.

It is first up to senior management and the Board of Directors to address, define and monitor developments in the strategic orientations of Desjardins Group and the Company according to the consultation processes specific to Desjardins. Events that could compromise the achievement of the strategic objectives and initiatives of Desjardins Group and the Company are systematically and regularly monitored by their management personnel and senior management. Business sectors periodically assess events and risks that could prevent the achievement of strategic objectives, and report thereon to the appropriate bodies.

REPUTATION RISK

Reputation risk is the risk that a negative perception by the stakeholders, whether or not justified, of the Company's practices, actions or lack of action could have an unfavourable impact on income and equity, or the trust that it inspires.

A reputation is of critical importance, and reputation risk cannot be managed separately from other risks. Therefore, managing reputation risk in all its spheres of activity is a constant concern for Desjardins Group and the Company.

Desjardins Group has defined guidelines, a management framework, and roles and responsibilities with regard to reputation risk. This framework is in addition to various processes already in place, such as the regulatory compliance program, ethical requirements, and reputation risk assessment as part of new initiatives and the introduction of new products. All these aspects are aimed to promote sound reputation risk management. All management personnel and employees are required to perform their duties in accordance with these principles and the values of Desjardins Group and the Company.